

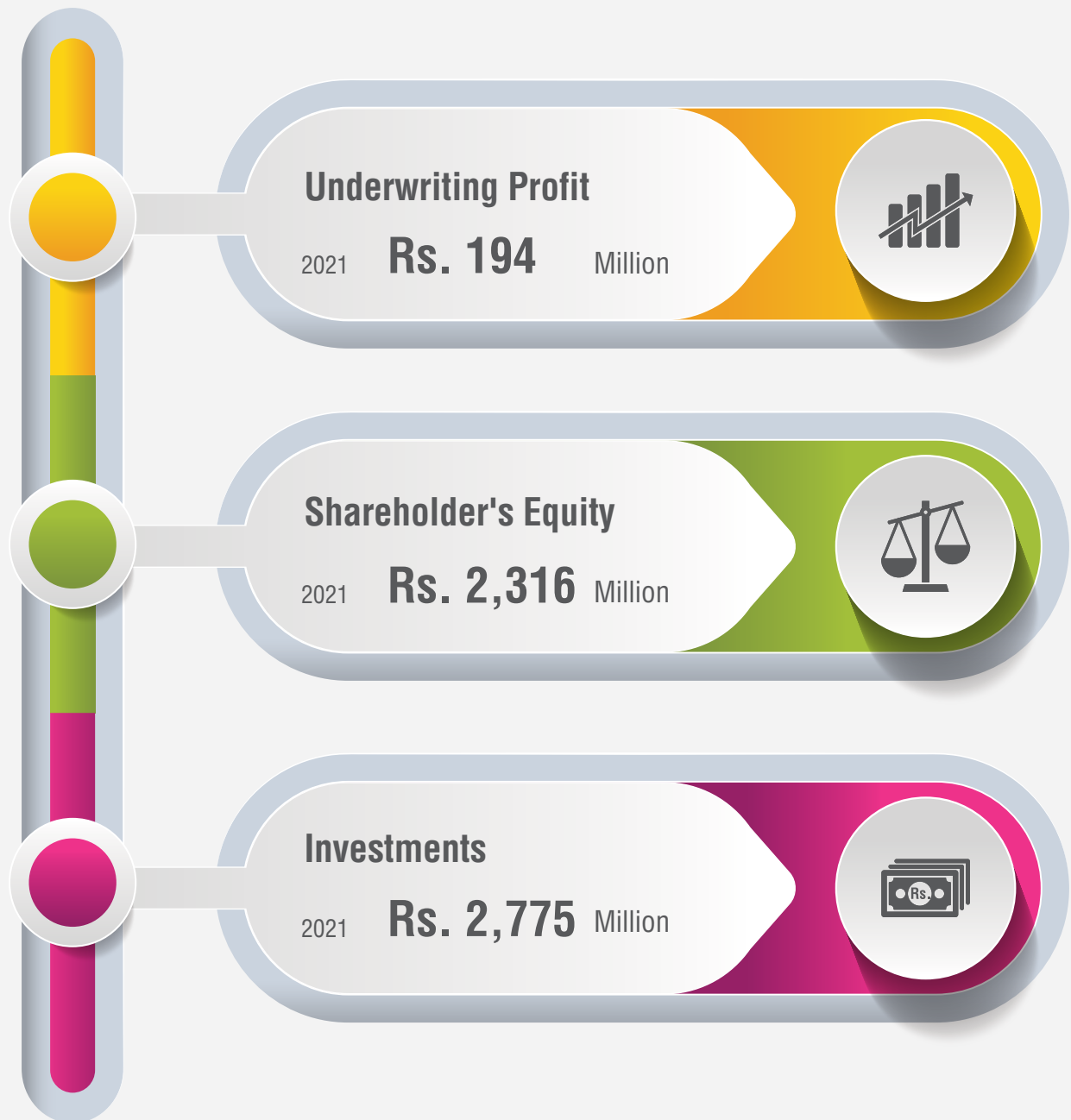


INSURANCE

2021

ANNUAL REPORT

FINANCIAL HIGHLIGHTS 2021





Profit After Tax

2021 **Rs. 367** Million



Earnings Per Share

2021 **Rs. 5.10**



Investment Income

2021 **Rs. 252** Million





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CORPORATE INFORMATION

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Board of Directors

Lt Gen Naveed Mukhtar (Retd)
Chairman
AVM Mohammad Athar Shams (Retd)
Member
Maj Gen Muhammad Muazzam Ali Goraya (Retd)
Member
Brig Kamran Asad (Retd)
Member
Mr. Malik Riffat Mahmood
Member
Mr. M. Munir Malik
Member
Mr. Imran Iqbal
Member
Ms. Saima Akbar Khattak
Member

President & Chief Executive Officer

Mr. Abdul Waheed

Chief Financial Officer

Mr. Suleman Khalid

Company Secretary

Mr. Haseeb Gul

Head of Internal Audit

Mr. Ali Noor

Executive, Risk Management & Compliance Committee

AVM Mohammad Athar Shams (Retd)
Chairman
Maj Gen Muhammad Muazzam Ali Goraya (Retd)
Member
Brig Kamran Asad (Retd)
Member
Mr. Abdul Waheed
Member

Audit Committee

Mr. M. Munir Malik
Chairman
Mr. Malik Riffat Mahmood
Member
Brig Kamran Asad (Retd)
Member

Ethics, Human Resource and Remuneration Committee

Mr. Imran Iqbal
Chairman
Brig Kamran Asad (Retd)
Member
Mr. Abdul Waheed
Member

Underwriting, Reinsurance & Coinsurance Committee

AVM Mohammad Athar Shams (Retd)
Chairman
Mr. Zaheer Abbas
Member
Mr. Sohail Khalid
Member

Claims Settlement Committee

Mr. Malik Riffat Mahmood
Chairman
Mr. Abdul Waheed
Member
Mr. M. Qasim
Member
Mr. Mian Syed Samir Ahmad
Member

Investment Committee

Mr. Malik Riffat Mahmood
Chairman
Mr. M. Munir Malik
Member
Mr. Abdul Waheed
Member
Mr. Suleman Khalid
Member
Mr. Shahid Qayyum
Member

External Auditors

A.F. Ferguson & Co.
Chartered Accountants
Islamabad

Shariah Compliance Auditors

S.M. Suhail & Co.
Chartered Accountants
Islamabad

Shariah Advisor

Mufti Ehsan Waquar

Legal Advisors

Hassan Kaunain Nafees

Bankers

Askari Bank Limited
Askari Islamic Bank Limited
Allied Bank Limited
Habib Bank Limited
The Bank of Punjab
Bank Alfalah Limited
Summit Bank Limited
NRSP Microfinance Bank Limited
Silk Bank Limited
Faysal Bank Limited
Bank Al Habib Limited
Meezan Bank Limited
Finca Microfinance Bank Limited
Zarai Taraqiati Bank Limited
Samba Bank Limited
U Microfinance Bank Limited
JS Bank Limited
Sindh Bank Limited
The Bank of Khyber
Telenor Microfinance Bank Limited
MCB Islamic Bank Limited
Al Baraka Bank Limited
Punjab Provincial Cooperative Bank Limited

Registrar & Share Transfer Office

THK Associates (Private) Limited
32-C, Jami Commercial Street # 2,
DHA Phase 7, Karachi 75400, Pakistan.
PABX: +92 (021) 111-000-322
Direct: +92 (021) 35310188
Fax: +92 (021) 35310191

Registered Office/Head Office

3rd Floor, AWT Plaza, The Mall,
Rawalpindi, Pakistan
Ph: +92-51-9028101-2
Fax: +92-51-9272424
Email: info@agico.com.pk

OUR BOARD OF DIRECTORS

ASKARI INSURANCE CO., LTD



Lt Gen Naveed Mukhtar
Chairman
(Retd)



AVM Mohammad Athar Shams
(Retd)



Maj Gen Muhammad Muazzam Ali Goraya
(Retd)



Brig Kamran Asad
(Retd)



Malik Riffat Mahmood



Mr. Imran Iqbal



Mr. M. Munir Malik



Ms. Saima Akbar Khattak

VISION

The vision of askari general insurance company limited (agico) is to be amongst the leading insurance companies of the country with the clear perception of upholding the principles of corporate governance and making agico a profitable and growth oriented insurance company while creating insurance awareness and culture.



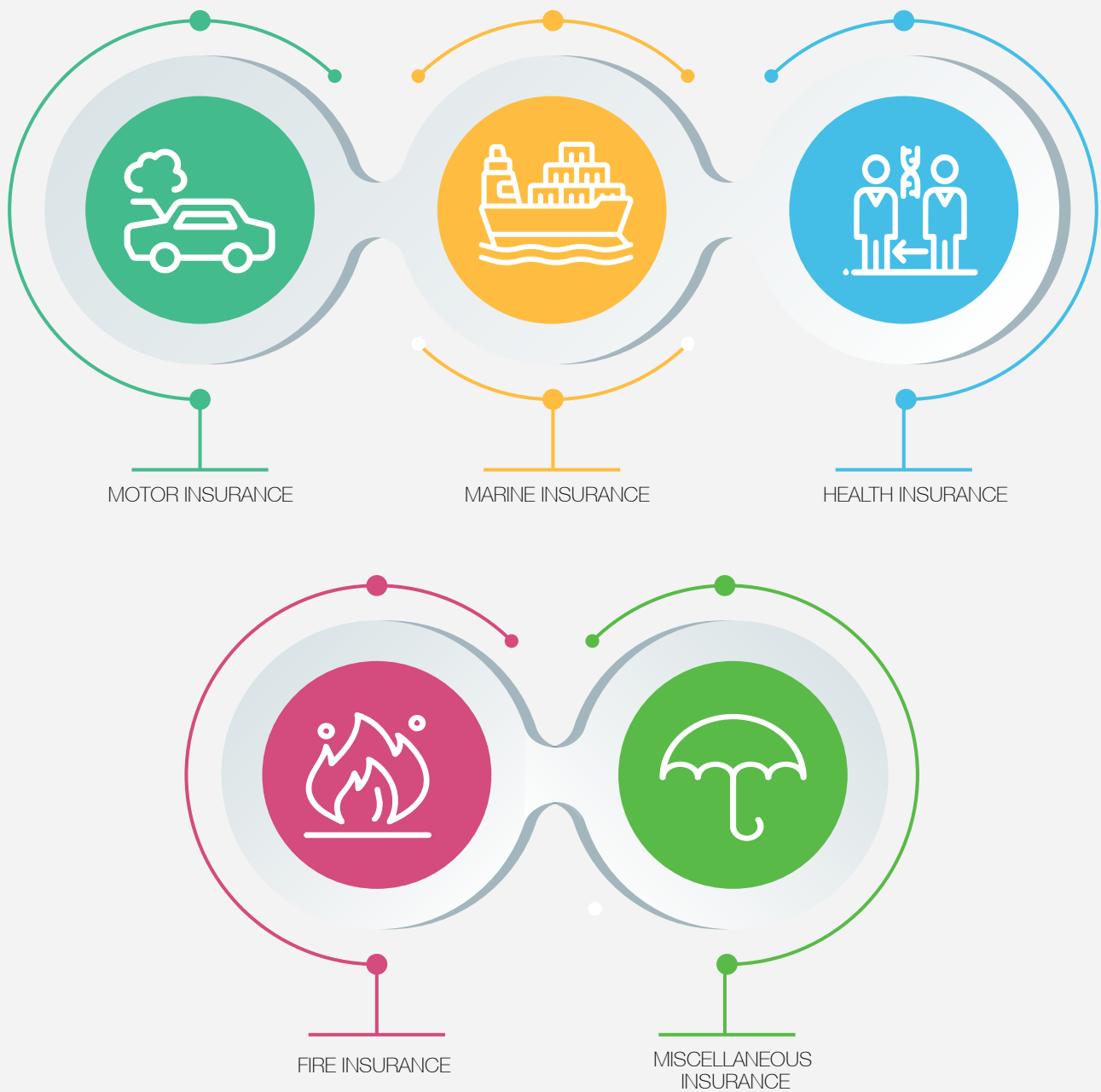


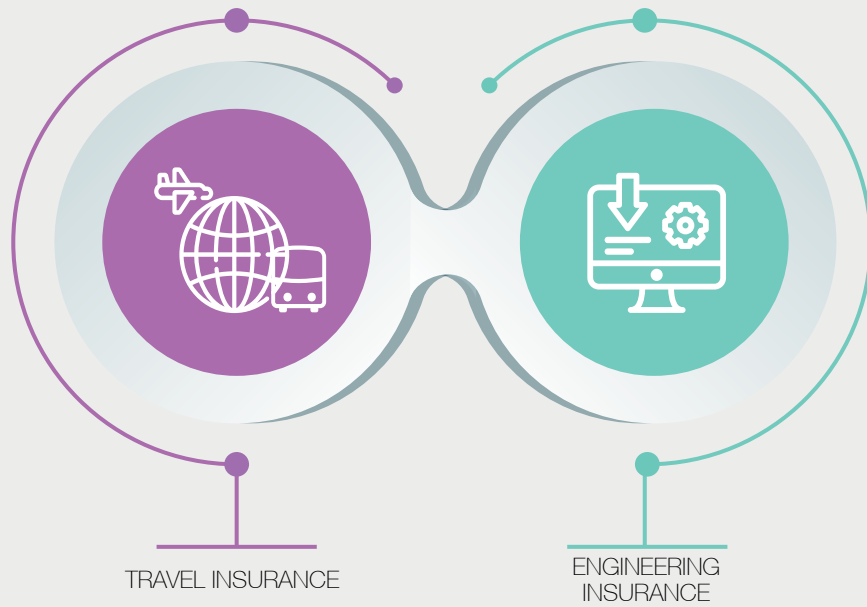
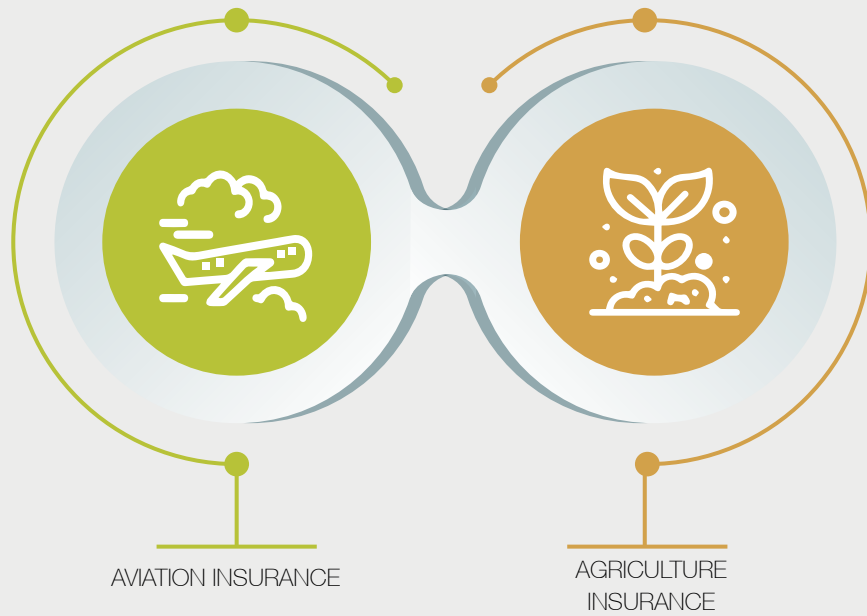
MISSION

To become a leading insurance company by providing client friendly services through highly motivated team of dedicated professionals and ensuring progressive return to the shareholders.



OUR PRODUCTS

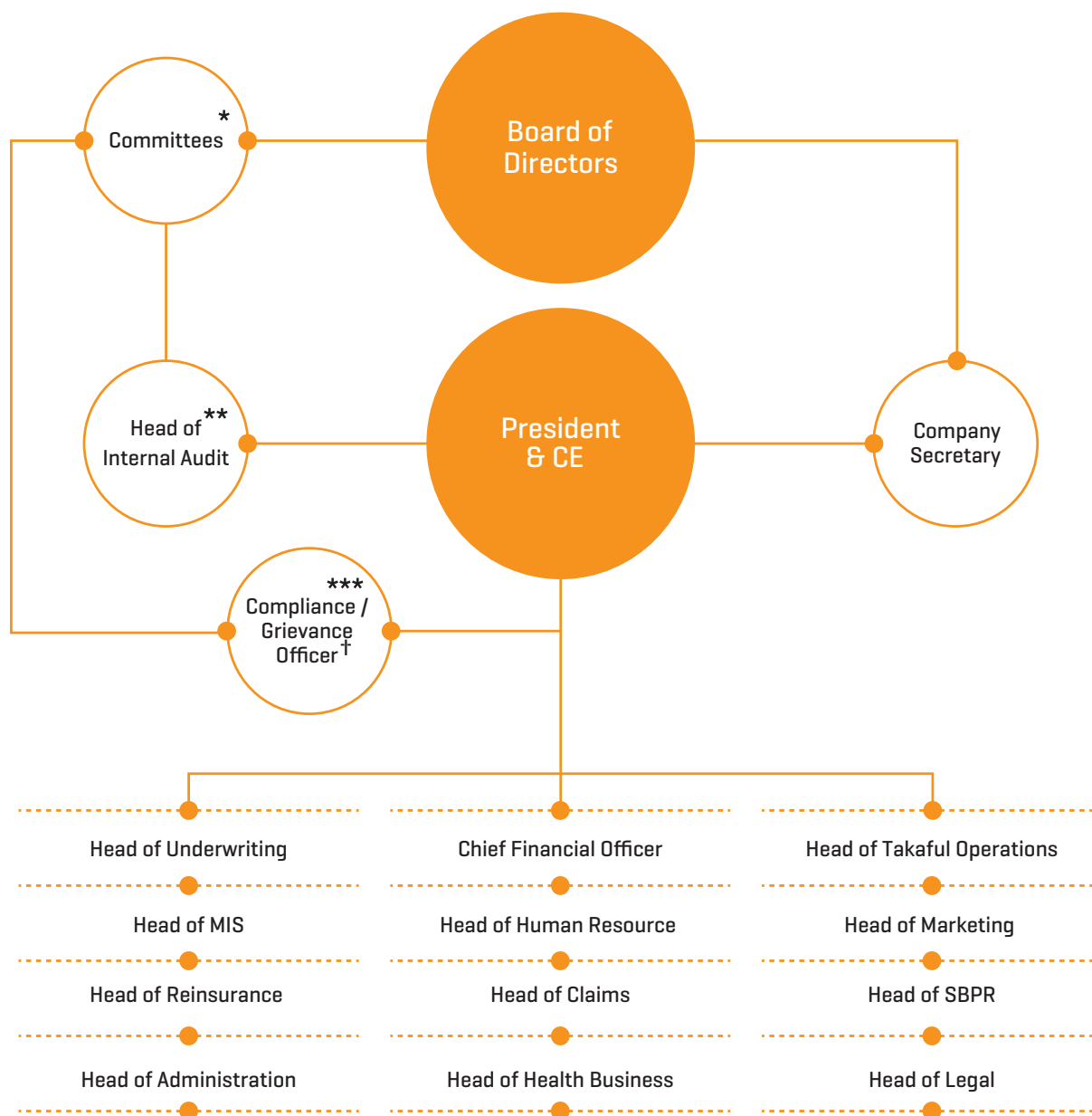






ORGANIZATIONAL STRUCTURE

ASKARI INSURANCE CO., LTD



*Committees include the following:-

- Audit Committee
- Executive, Risk Management & Compliance Committee
- Ethics, Human Resource and Remuneration Committee
- Underwriting, Reinsurance & Coinsurance Committee
- Claims Settlement Committee
- Investment Committee

** Internal Audit functionally reports to the Audit Committee

*** Compliance Officer functionally reports to the Executive, Risk Management & Compliance Committee

† Grievance Officer functionally reports to Claims Settlement Committee

OUR MANAGEMENT

ANNUAL REPORT 2021



Rana Shahbaz Ahmed
Head of Marketing

Mr. Zahid Mahmood Chaudary
Head of Human Resource

Mr. Suleman Khalid
Chief Financial Officer

Mr. Mustafa Salman Pasha
Head of Strategic Business
Planning & Relations



Mr. Anwar Ahmed Malik
Head of Compliance /
Grievance Function

Mr. Zaheer Abbas
Head of Underwriting

Mr. Muhammad Qasim
Head of Claims

Mr. Sohail Khalid
Head of Reinsurance

OUR MANAGEMENT

ANNUAL REPORT 2021



Mr. Muhammad Hassan Shafique
Head of Risk Management

Mr. Raza Ali
Head of Takaful Operations

Mr. Hassan Aziz Rana
Head of Legal Affairs



Mr. Hassan Tahir
Head of MIS

Mr. Haseeb Gul
Company Secretary

Mr. Ali Noor
Head of Internal Audit

CHAIRMAN'S REVIEW

ANNUAL REPORT 2021

Esteemed Shareholders,

I am pleased to present this review on overall performance of Askari General Insurance Company Limited during yet another challenging year for the businesses primarily because of multiple variants of Covid-19. I will be sharing the role played by the Board of Directors in dealing with the Covid-19 related and other economic challenges.

During 2021, we remained committed towards our internal and external stakeholders. Our priority was to continue the growth trajectory we have built over the past decade, by taking care of our workforce we were able to achieve highest-ever Gross Premium Written of Rs.4 billion which reflects an increase of 20% over last year. The Board continues to provide guidance towards anchoring the Company towards growth while managing macro and micro risks associated with the business environment. Profit contribution from Window Takaful Operations was also registered during the year.

Though the Company registered an increase in the top line, the profits of the Company decreased by 7% over the last year. This was primarily because of decline in investment income by 5% over last year. The investment income was impacted because of a lower policy rate and volatile but negative performance of the stock market. The underwriting profits also suffered a decline of 16% due to inflation, squeezing margins and rising claim costs. PKR depreciation faced during 2021 also contributed negatively to the operational performance of the company.

Despite a decline in the EPS of the company, the Board committed to its return towards the shareholders and recommended a disbursement of 27.5% (Rs. 2.75 per share) final cash dividend for the year 2021.

Reflecting a continued recognition of the financial strength of the Company both PACRA and VIS Credit Rating agencies awarded Insurer Financial Strength rating as Double A+ (AA+).

On governance side, members of the Board actively contributed towards giving a direction to the management to steer through the post covid challenges.

We are also grateful to our clients and shareholders for their continued trust, which has been the cornerstone of our continued success. I would also like to thank the Securities & Exchange Commission of Pakistan, Insurance Association of Pakistan, and our reinsurers for their continued support.

I am confident that the Company will overcome the challenges and regain its growth trajectory on the on the back of guidance of Board of Directors, innovative product portfolio while continuing to focus on continuously improving client experience with the Company.

Lt Gen Naveed Mukhtar (Retd)

Chairman

Rawalpindi

April 27, 2022

مجھے عسکری جزل انشورنس کمپنی لمیٹڈ کی مجموعی کارکردگی کے بارے میں یہ جائزہ پیش کرتے ہوئے خوشی ہو رہی ہے۔ میں COVID-19 سے متعلق اور دیگر معاشی چیلنجوں سے نمٹنے میں بورڈ آف ڈائریکٹرز کی جانب سے ادا کیے گئے کردار سے آگاہ کروں گا۔

2021 کے دوران، ہم اپنے اندرونی اور بیرونی اسٹیک ہولڈرز کے لیے پر عزم رہے ہیں۔ ہماری ترجیح اس ترقی کی رفتار کو جاری رکھنا تھی جو ہم نے گزشتہ دہائی کے دوران حاصل کی ہے، اپنی افرادی قوت کا خیال رکھتے ہوئے ہم 4 بلین روپے کی اب تک کی بلند ترین مجموعی بیمہ حاصل کرنے میں کامیاب ہوئے جو گزشتہ سال کے مقابلے میں 20 فیصد اضافے کو ظاہر کرتا ہے۔ بورڈ کاروباری ماحول سے وابستہ میکرو اور مائیکرو خطرات سے نمٹتے ہوئے کمپنی کو ترقی کی طرف لے جانے کے لیے رہنمائی فراہم کرتا رہتا ہے۔ سال کے دوران ونڈو کفیل آپریشنز سے بھی منافع کی شراکت رجسٹر کی گئی ہے۔

اگرچہ کمپنی نے تمام شعبوں میں اضافہ حاصل کیا ہے تاہم کمپنی کے منافعوں میں گزشتہ سال کے مقابلے میں 7% کی کمی واقع ہوئی ہے۔ اس کی بنیادی وجہ گزشتہ سال کے مقابلے میں سرمایہ کاری کی آمدنی میں 5% کی کمی تھی۔ کم پالیسی ریٹ اور اسٹاک مارکیٹ کی غیر مستحکم لیکن منفی کارکردگی کی وجہ سے سرمایہ کاری کی آمدنی متاثر ہوئی ہے۔ انڈر رائٹنگ منافع میں بھی افراط زر، سکڑتے مارجنز اور کلیمز کے بڑھتے ہوئے اخراجات کی وجہ سے 16 فیصد کی کمی کا سامنا کرنا پڑا ہے۔ 2021 کے دوران روپے کی قدر میں کمی نے بھی کمپنی کی آپریشنل کارکردگی میں منفی کردار ادا کیا ہے۔

کمپنی کے EPS میں کمی کے باوجود، بورڈ نے شیئر ہولڈرز کی طرف EPS کی واپسی کا عزم کیا ہے اور سال 2021 کے لیے 27.5% (2.75 روپے فی شیئر) حتمی نقد ڈیویڈنڈ کی تقسیم کی سفارش کی ہے۔

PACRA اور VIS کریڈٹ ریٹنگ ایجنسیوں نے کمپنی کی مالی طاقت کی مسلسل پہچان کو ظاہر کرتے ہوئے بیمہ کنندہ کی مالی طاقت کی درجہ بندی کو ڈبل (AA+) سے A+ سے نوازا ہے۔ گورننس کی طرف، بورڈ کے اراکین نے کووڈ کے بعد کے چیلنجوں سے نمٹنے کے لیے انتظامیہ کو ہدایت دینے میں فعال کردار ادا کیا ہے۔

ہم اپنے کلائنٹس اور شیئر ہولڈرز کے مسلسل اعتماد کے لیے ان کے شکر گزار ہیں، جو ہماری مسلسل کامیابی کا سنگ بنیاد ہے۔ میں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، انشورنس ایسوسی ایشن آف پاکستان، اور ہمارے ری بیمہ کنندگان اور ان کی مسلسل حمایت کا بھی شکریہ ادا کرنا چاہوں گا۔

مجھے یقین ہے کہ کمپنی چیلنجوں پر قابو پالے گی اور بورڈ آف ڈائریکٹرز کی رہنمائی، اختراعی پروڈکٹ پورٹ فولیو کی مدد سے کمپنی کے ساتھ کلائنٹ کے تجربے کو مسلسل بہتر بنانے پر توجہ مرکوز کرتے ہوئے اپنی ترقی کی رفتار کو دوبارہ حاصل کرے گی۔



لیفٹیننٹ جرنل نوید مختار (ر)

راولپنڈی

27 اپریل 2022

چیرمین

PRESIDENT'S MESSAGE

ANNUAL REPORT 2021

Dear Shareholders

As I look back on the past financial year, and ahead to what comes next, I see us in the middle of an exciting transformation, on the verge of a new digital future.

Amid the challenges faced over the past two years, at global, country, company, and individual level, we remained focused on innovation and continued to serve our clients with excellence. Now, when the pandemic and resulting restrictions have almost come to an end; we recognize that the consumer behavior has changed, and the future of our business is now more focused on going digital.

During year 2021, we achieved record revenue of over Rs. 4 billion. We renewed most of our existing clients and were able to underwrite business with new clients as well. In year 2021 we came out of the pandemic stronger than we were before it started.

In future, we intend to offer a swift process for issuance of policy, for lodging of claims and tracking the status of claim. For our health clients, we intend to offer electronic/digital cards, thus abandoning the need to carry physical cards with them. This will increase client satisfaction besides bringing efficiency and strength to the internal controls of the company.

To ensure our clients remain confident in our processes, we intend to invest more in technology over the coming years. We plan to improve our automated systems and at the same time protecting them against cyber-challenges.

In closing, I'd like to express my gratitude to all our stakeholders — our business partners, clients, shareholders, regulators, and our employees. As I look ahead to year 2022 and our ambitious goals for the future, I am extremely excited about the value we can bring to our clients, and to our investors.



Mr. Abdul Waheed
President & Chief Executive



DIRECTORS' REPORT

Unconsolidated financial information for the year 2021

ANNUAL REPORT 2021

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Askari General Insurance Company Limited (the Company) along with Audited Unconsolidated Financial Statements and the Auditors' Report thereon for the year ended December 31, 2021.

ECONOMIC REVIEW

Pakistan's economy already had volatile growth pattern over the recent years. The FY2021 began amid the most severe global health crisis experienced in modern history. Pakistan's economy,

like rest of the world, has struggled to combat the economic consequences of COVID-19 shock through prompt measures for supporting the economy and saving the lives and livelihoods however smart lockdowns and improved containment strategies aided in managing the reported cases and the resumption of economic activities. The GDP growth rate for FY 2021 was 5.57 percent, as compared to -1% for FY 2020. During FY 2021, SBP raised the policy rate to 9.75%, in order to moderate the aggregate demand and control the rising Current Account Deficit (CAD).



AGICO in 2021

The Company, despite challenging economic conditions primarily driven by COVID-19, successfully managed to underwrite a gross premium of Rs. 4 billion (inclusive of Rs. 403 million of Takaful contribution) in the year 2021 (2020: Rs. 3.33 billion). During 2021, the Company's prime focus was to improve its revenue, maintaining better liquidity and retention of clientele. Profit after tax and Earning Per Share (EPS) were Rs. 367 million and Rs. 5.10 per share respectively in the year 2021.

KEY HIGHLIGHTS

CREDIT RATING

Rating Scale for Insurer Financial Strength (IFS) has been modified to create a clear distinction in symbols and definitions of IFS Rating.

Accordingly, Insurer Financial Strength Rating of "AA" has been harmonized at "AA+" by both, Pakistan Credit Rating Company Limited (PACRA) and VIS credit rating agency.

DIGITAL INITIATIVES

The Company has continued to make investments in upgrading its systems and building new capabilities, having covered the Enterprise Architectural Revamp of its systems, wherein focus was to increase levels of automation and controls. The Company has embarked on the advanced journey of enhancing Tech capabilities via its revamped ERP journey. The Company has also taken substantial strides to improve workforce digital enablers, with Automation in Underwriting, Claims, Finance, Compliance, Employee ESS portal. "Work from Anywhere" enablers have

ensured smooth functioning of the organization without loss of productivity in the tough Pandemic environment and challenges posed due to the same.

Getting insured with AGICO is now not restricted to office timing. We have implemented Self Service Portal to get Motor and Travel policies, integrated with Self Inspection and Payment Gateway, driving growth in direct sales. We have integrated system-based

hospital approvals and enhancements to ensure the limits and bill processing as per policy. We have implemented Cyber Security Framework based on the guidance provided by SECP to anticipate, detect, prevent, and respond to cyber-attacks in line with international standards and best practice. Technologies to implement Cyber security framework includes new Firewalls, Antivirus, SIEM tools.

LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 & CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016

Listed Companies (Code of Corporate Governance) Regulations, 2019 (Regulations) and Code of Corporate Governance for Insurers, 2016 are applicable to the Company. The Company has duly complied with the provisions of these Regulations. A Statement of Compliance in this regard can be viewed at page 68.

DIVIDEND DISTRIBUTION

The Board of Directors has recommended a final cash dividend of Rs. 2.75 per share to the shareholders whose names appear in the share register of the Company at the start of the book closure period.

PERFORMANCE REVIEW

The key performance indicators of the Company are summarized below:

	31 December	
	2021	2020
	(Rupees in thousand)	
Gross premium written (Inclusive of Takaful Contribution)	4,009,173	3,331,065
Net premium revenue	2,172,782	1,860,234
Net claims	1,377,015	1,116,735
Underwriting profit	193,743	231,938
Investment, Rental and other income	276,949	292,930
Profit before tax - General Insurance Operations	449,385	497,102
Profit before tax - Window Takaful Operations (OPF)	54,849	62,898
Profit after tax	366,879	395,159
Earnings per share (Rs.)	5.10	5.50

SEGMENT WISE PERFORMANCE ANALYSIS

The segment wise performance analysis for each class of business is as follows:

Accident & Health

Health segment shown a considerable growth in business, as a result, it became the highest contributor in overall business with gross premium written of Rs. 1070 m (2020: 921 m). Business mix of this segment is 30% of total gross premium written in the year 2021. This segment reported contribution of Rs. 11 m (2020: Rs 21 m).

Motor

Motor segment was the second significant contributor towards the total underwritten premium. This segment secured business of Rs.

971 m in the year 2021 (2020: Rs. 824m), which translated to a share of 27% (2020: 28%) of the total business portfolio. This segment reported contribution of Rs. 448 m (2020: Rs. 387 m).

Miscellaneous

This segment comprises of engineering insurance, bond insurance, crop insurance, travel insurance etc. Business mix of this segment is 23% of underwritten business in 2021 with gross premium underwritten of Rs. 817m in 2021 (2020: 586 m). This segment reported contribution of Rs. 242 m (2020: Rs 309 m).

Marine, Aviation & Transport

Gross premium underwritten for this segment was Rs. 220m in the year 2021 (2020: Rs. 193). This segment contributed 6% towards total gross premium of the Company in the year 2021 (2020: 7%).

DIRECTORS' REPORT

Unconsolidated financial information for the year 2021

ANNUAL REPORT 2021



The contribution from this segment in the year 2021 was Rs. 66 m (2020: Rs. 51 m).

Fire & Property Damage

This segment contributed 15% to our total business underwritten in 2021 with gross premium underwritten of Rs. 529 m (2020: Rs. 431 m). This segment reported contribution of Rs. 78 m in the year 2021 (2020: Rs. 101 m).

Investment, Rental and other Income

Overall Investment and other income decreased by 5% to Rs. 277 m in the year 2021, as compared to Rs. 293 m for the year 2020. Decrease in investment and other income was majorly due to high volatility in the capital markets during the year 2021.

WINDOW TAKAFUL OPERATIONS

Window Takaful Operations (WTO) have been continuously adding volume and profitability towards business of the Company and we expect this trend to continue in the coming years as well.

The written contribution from WTO during 2021 was Rs. 403 m (2020: Rs. 376 m) while the profit from Operator's Fund for the year 2021 was Rs. 55 m as compared to Rs. 63 m of 2020.

CONTRACT FOR TRACKING AND OTHER SERVICES

In accordance with section 208(2) of Companies Act, 2017, we would like to inform the shareholders that the Company has continued its contract for provision of tracking and other services with Asktech (Pvt.) Ltd, a subsidiary of the Company. Tracking services have been sought to minimize the risks in motor insurance business. We have ensured that the transactions with the said

company are on arm's length.

AUDITORS

External Auditors

The existing auditors, A.F. Fergusons and Co. Chartered Accountants have audited the financial statements of the Company for the year 2021 and will retire at the conclusion of 27th Annual General Meeting on May 30, 2022.

The Board of Directors, on the suggestion of the Audit Committee, have recommended appointing Yousuf Adil, Chartered Accountants as statutory auditors of the Company for the financial year ending December 31, 2022, in place of retiring auditors, A.F. Fergusons and Co. Chartered Accountants, subject to the approval of the members in the AGM. Yousuf Adil, Chartered Accountants being eligible, have given their consent to act as statutory auditors. The decision for the change was made for commercial reasons, based on a consultative process within the Board members.

Shariah Compliance Auditors

S.M. Suhail & Co. Chartered Accountants, being re-eligible for reappointment, as Shariah Compliance Auditors of the company, as required under Takaful Rules 2012, presented themselves for reappointment.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

Statement of Directors Responsibilities

In compliance with the Corporate and Financial Reporting Framework of the Code of Corporate Governance, the Directors confirm the following:

- The financial statements, together with the notes forming an integral part of these statements, have been prepared by the management of the Company in conformity with the Companies Act, 2017 and the Insurance Ordinance 2000; present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, International Financial Reporting Standards or any other regulation or law (including but not limited to the Shariah guidelines I principles) as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed;
- The system of internal controls is sound in design and has been effectively implemented and monitored throughout the year.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 31 December 2021, except as disclosed in the financial statements. All such dues primarily related to the dues of last month of the financial year 2021 and were subsequently deposited in Government treasury in time.
- The related party transactions are approved or ratified by the Audit Committee and the Board of Directors.

Board Performance Evaluation

The Company's Board of Directors undergoes a self-evaluation exercise each year against a set of parameters. This evaluation is performed primarily to assist the Board in evaluating its quality of governance as it enables the Board members to perform their roles and responsibilities more effectively towards progress of your Company. This self-evaluation is carried out under an evaluation methodology based on certain parameters.

The evaluation exercise addresses areas of critical importance which include, but are not limited to, the following:

- Apprising the basic organization of the Board of Directors
- Assessment of overall roles and responsibilities of the Board members



DIRECTORS' REPORT

Unconsolidated financial information for the year 2021

ANNUAL REPORT 2021

- Effectiveness and efficiency of the operation of the Board and its Committees; and
- Assess performance and participation of individual Board members

The result of the Board's self-assessment of its overall performance was satisfactory against the set criteria.

Directors' Remuneration Policy

To comply with the relevant legal requirements and Articles of Association, the Company has policy with respect to the remuneration of Chairman, Non-Executive, Executive and Independent Directors. Directors are only paid a fee for attending the meetings of the Board and its sub-committees and are also reimbursed for expenses borne by them in that regard, as per the Articles of Association.

Key Financial Data

Key operational and financial data for the last 6 years is annexed at page 64 of the Annual Report.

Value of investments in Provident Fund and Gratuity Fund

The value of investments in provident fund and gratuity fund, on the basis of audited accounts, as at 31 December 2021 was:

Name of Fund	2021	2020
Rupees in Millions		
Employees' Provident Fund	113	108
Employees' Gratuity Fund	143	112

Composition of Board

At present, the total number of directors are Nine (09) as per the following:

a.	Male	Eight (08)
b.	Female	One (01)

Category	Name of Director
Independent Directors	Mr. M. Munir Malik Mr. Imran Iqbal
Independent Director (Female)	Ms. Saima Akbar Khattak
Executive Directors (Chief Executive Officer)	Mr. Abdul Waheed
Non-Executive Directors	Lt Gen Naveed Mukhtar (Retd) AVM Mohammad Athar Shams (Retd) Maj Gen Muhammad Muazzam Ali Goraya (Retd) Brig Kamran Asad (Retd) Malik Riffat Mahmood

The number of elected/nominated directors on the Board are eight (8) whereas the Chief Executive is a "deemed director" under section 188(3) of the Companies Act, 2017.

Subsequent to the year end, non-executive directors of the Company, Maj Gen Muhammad Muazzam Ali Goraya (Retd) and Brig Kamran Asad (Retd) have resigned from the directorship w.e.f. 22-Feb-2022 and 23-Feb-2022 respectively; therefore two casual vacancies have arisen on the Board.

Board Meetings

During the year 2021, five meetings of the Board of Directors were held. Attendance in those meetings, by each of the director (at the Board of the Company in 2021) was as follows:

Name of Director	Meetings Attended
Lt Gen Naveed Mukhtar (Retd)	5
AVM Mohammad Athar Shams (Retd)	5
Maj Gen Muhammad Muazzam Ali Goraya (Retd)	5
Brig Kamran Asad (Retd)	5
Malik Riffat Mahmood	3
Mr. Imran Iqbal	5
Mr. M. Munir Malik	4
Ms. Saima Akbar Khattak	5

The Board granted leave of absence to those directors who could not attend the Board Meetings. The list of the Board Committees, their composition and Terms of references are given at page 52 of this report.

Pattern of Shareholding

The pattern of shareholding is given at page 283 of this report. There was no trading in shares of the Company by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children.

Statement on Risk Management and Internal Controls

The statement on Risk Management and Internal Controls is given at page 44 of this report.

Principal Risks and Uncertainties Facing the Company

The information relating to principal risks and uncertainties faced by the Company is given at page 47 of this report.

Board Committees

During the year 2021, the Audit Committee held four meetings whereas Ethics, Human Resource & Remuneration Committee held two meetings. The composition of the Board Committees and



their terms of references are given at page 52 of this report.

Further, the Company has four sub committees of the Board which cover the core areas of business; these are Underwriting, Reinsurance & Coinsurance Committee, Claims Settlement Committee, Executive, Risk Management & Compliance Committee, and Investment Committee. The names of members and the terms of references of these committees are given at page 52 of this report.

OUTLOOK

Pakistan economy is passing through challenging phase. Although recovering from the situation, business development in current scenario is quite challenging. A vigilant approach would be adopted to cater the business risks. We strive to maintain a balance between growth, profitability, and liquidity. Further, with a blend of insurance expertise together with well-established and implemented internal controls system, improved IT systems and dedicated team who strives to achieve higher business levels as well as profits, even at most difficult times, gives us confidence to achieve success at times ahead.

ACKNOWLEDGMENTS

We would like to take this opportunity to thank our Regulators, the Insurance Association of Pakistan (IAP), for their continued support, and our valued reinsurers and other stakeholders for their trust and confidence in us. Finally, we place on record our appreciation for the commitment and hard work of our employees towards the growth of the Company.

For and on behalf of the Board

Abdul Waheed
President & Chief Executive

Lt Gen Naveed Mukhtar (Retd)
Chairman – Board of Directors

Rawalpindi
April 27, 2022

رسک مینجمنٹ اور اندرونی کنٹرولز پر بیان

رسک مینجمنٹ اور انٹرئل کنٹرولز کا بیان اس رپورٹ کے صفحہ 44 پر دیا گیا ہے۔

کمپنی کو درپیش بنیادی خطرات اور غیر یقینی صورتحال

کمپنی کو درپیش بنیادی خطرات اور غیر یقینی صورتحال سے متعلق معلومات اس رپورٹ کے صفحہ 47 پر دی گئی ہیں۔

بورڈ کمیٹیاں

سال 2021 کے دوران، آڈٹ کمیٹی نے چار اجلاس منعقد کیے جبکہ اخلاقیات، انسانی وسائل اور معاوضے کی کمیٹی نے دو اجلاس منعقد کیے۔ بورڈ کمیٹیوں کی تشکیل اور ان کے حوالہ جات کی شرائط اس رپورٹ کے صفحہ 52 پر دی گئی ہیں۔

مزید، کمپنی کے پاس بورڈ کی چار ذیلی کمیٹیاں ہیں جو کاروبار کے بنیادی شعبوں کا احاطہ کرتی ہیں۔ یہ انڈر رائٹنگ، ری بیمہ اور کوائن انشورنس کمیٹی، کلیمر سیٹلمنٹ کمیٹی، ایگزیکٹو، رسک مینجمنٹ اینڈ کمپلائنس کمیٹی، اور انویسٹمنٹ کمیٹی ہیں۔ اراکین کے نام اور ان کمیٹیوں کے ٹرمز آف ریفرنسز اس رپورٹ کے صفحہ 52 پر دیے گئے ہیں۔


نقطہ نظر

پاکستانی معیشت مشکل دور سے گزر رہی ہے۔ اگرچہ صورتحال میں بہتری ہو رہی ہے، مگر موجودہ منظر نامے میں کاروبار کی ترقی کافی مشکل ہے۔ کاروباری خطرات سے نمٹنے کے لیے جو کس انداز اپنایا جائے گا۔ ہم ترقی، منافع اور لیکویڈیٹی کے درمیان توازن برقرار رکھنے کی کوشش کرتے ہیں۔ مزید برآں، اچھی طرح سے قائم اور نافذ کردہ اندرونی کنٹرول سسٹم کے ساتھ ساتھ انشورنس کی مہارت کے امتزاج کے ساتھ، بہتر آئی ٹی سسٹمز اور سرشار ٹیم جو اعلیٰ کاروباری سطح کے ساتھ ساتھ منافع حاصل کرنے کی کوشش کرتی ہے، حتیٰ کہ مشکل ترین وقتوں میں بھی، ہمیں کامیابی حاصل کرنے کا اعتماد فراہم کرتی ہے۔

اعترافات

ہم اس موقع پر اپنے ریگولیٹرز، انشورنس ایسوسی ایشن آف پاکستان (IAP) کا شکریہ ادا کرنا چاہیں گے کہ ان کی مسلسل حمایت، اور ہمارے قابل قدر ری بیمہ کنندگان اور دیگر اسٹیک ہولڈرز کا ہم پر اعتماد اور بھروسہ ہے۔ آخر میں، ہم کمپنی کی ترقی کے لیے اپنے ملازمین کے عزم اور محنت کی تعریف کرتے ہیں۔

بورڈ کے لیے اور اس کی جانب سے



لیفٹیننٹ جنرل نوید مختار (ر)

چیئرمین - بورڈ آف ڈائریکٹرز



عبدالوحید

صدر اور چیف ایگزیکٹو

راولپنڈی

27 اپریل 2022

ڈائریکٹر کی رپورٹ سال 2021 کے لیے غیر مربوط مالی معلومات

ASKARI INSURANCE CO., LTD

ڈائریکٹر کا نام	زمرہ
جناب ایم منیر ملک جناب عمران اقبال	آزاد ڈائریکٹر
محترمہ صائمہ اکبر خٹک	آزاد ڈائریکٹر (عالتون)
عبدالوحید	ایگزیکٹو ڈائریکٹر (چیف ایگزیکٹو آفیسر)
لیفٹیننٹ جنرل نوید مختار (ر) اے وی ایم محمد اطہر شمس (ر) میجر جنرل محمد معظم علی گورایہ (ر) بریگیڈیئر کامران اسد (ر) ملک رفعت محمود	نان ایگزیکٹو ڈائریکٹر

بورڈ میں منتخب/نامزد ڈائریکٹر کی تعداد آٹھ (8) ہے جبکہ چیف ایگزیکٹو آفیسر ایکٹ 2017 کے سیکشن 188(3) کے تحت "ڈیوڈ ڈائریکٹر" ہیں۔

سال کے اختتام کے بعد، کمپنی کے نان ایگزیکٹو ڈائریکٹر میجر جنرل محمد معظم علی گورایہ (ریٹائرڈ) اور بریگیڈیئر کامران اسد (ریٹائرڈ) نے ڈائریکٹر شپ سے استعفیٰ دے دیا ہے۔ Feb-2022-22 اور Feb-2022-23 بالترتیب؛ اس لیے بورڈ میں دو غیر رسمی آسامیاں پیدا ہو گئی ہیں۔

بورڈ میٹنگز

سال 2021 کے دوران بورڈ آف ڈائریکٹر کے پانچ اجلاس ہوئے۔ ان میٹنگز میں ہر ایک ڈائریکٹر (2021 میں کمپنی کے بورڈ میں) کی حاضری حسب ذیل تھی:

ڈائریکٹر کا نام	میٹنگز میں شرکت کی۔
لیفٹیننٹ جنرل نوید مختار (ر)	5
اے وی ایم محمد اطہر شمس (ر)	5
میجر جنرل محمد معظم علی گورایہ (ر)	5
بریگیڈیئر کامران اسد (ر)	5
ملک رفعت محمود	3
جناب عمران اقبال	5
جناب ایم منیر ملک	4
محترمہ صائمہ اکبر خٹک	5

بورڈ نے ان ڈائریکٹر کو غیر حاضری کی چھٹی دے دی جو بورڈ کے اجلاس میں شرکت نہیں کر سکے۔ بورڈ کمیٹیوں کی فہرست، ان کی تشکیل اور حوالہ جات کی شرائط اس رپورٹ کے صفحہ 52 پر دی گئی ہیں۔

شیئر ہولڈنگ کا نمونہ

شیئر ہولڈنگ کا نمونہ اس رپورٹ کے صفحہ 283 پر دیا گیا ہے۔ ڈائریکٹر، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری اور ان کی شریک حیات اور نابالغ بچوں کی طرف سے کمپنی کے شیئرز میں کوئی تجارت نہیں ہوئی۔

بورڈ کی کارکردگی کا جائزہ

کمپنی کا بورڈ آف ڈائریکٹرز ہر سال پیرامیٹرز کے ایک سیٹ کے خلاف خود تشخیصی مشق سے گزرتا ہے۔ یہ تشخیص بنیادی طور پر بورڈ کو اس کے حکمرانی کے معیار کا جائزہ لینے میں مدد کرنے کے لیے کیا جاتا ہے کیونکہ یہ بورڈ کے اراکین کو آپ کی کمپنی کی ترقی کے لیے اپنے کردار اور ذمہ داریوں کو زیادہ مؤثر طریقے سے انجام دینے کے قابل بناتا ہے۔ یہ خود تشخیص مخصوص پیرامیٹرز کی بنیاد پر تشخیصی طریقہ کار کے تحت کیا جاتا ہے۔

تشخیصی مشق اہم اہمیت کے شعبوں پر توجہ دیتی ہے جس میں درج ذیل شامل ہیں، لیکن ان تک محدود نہیں ہیں:

- بورڈ آف ڈائریکٹرز کی بنیادی تنظیم سے آگاہ کرنا
 - بورڈ کے اراکین کے مجموعی کرداروں اور ذمہ داریوں کا اندازہ
 - بورڈ اور اس کی کمیٹیوں کے کام کی تاثیر اور کارکردگی؛ اور
 - انفرادی بورڈ کے اراکین کی کارکردگی اور شرکت کا اندازہ لگانا
- بورڈ کی اپنی مجموعی کارکردگی کے خود تشخیصی کا نتیجہ مقررہ معیار کے مطابق تسلی بخش تھا۔

ڈائریکٹرز کے معاوضے کی پالیسی

متعلقہ قانونی تقاضوں اور ایسوسی ایشن کے مضامین کی تعمیل کرنے کے لیے، کمپنی کے پاس چیئرمین، نان ایگزیکٹو، ایگزیکٹو اور آزاد ڈائریکٹرز کے معاوضے کے حوالے سے پالیسی ہے۔ ڈائریکٹرز کو بورڈ اور اس کی ذیلی کمیٹیوں کے اجلاسوں میں شرکت کے لیے صرف فیس ادا کی جاتی ہے اور ایسوسی ایشن کے آرٹیکلز کے مطابق، اس سلسلے میں ان کے ذریعے اٹھائے جانے والے اخراجات کی ادائیگی بھی کی جاتی ہے۔

کلیدی مالیاتی ڈیٹا

گزشتہ 6 سالوں کا کلیدی آپریشنل اور مالیاتی ڈیٹا سالانہ رپورٹ کے صفحہ 64 پر منسلک ہے۔

پراویڈنٹ فنڈ اور گریجویٹ فنڈ میں سرمایہ کاری کی قدر

پراویڈنٹ فنڈ اور گریجویٹ فنڈ میں سرمایہ کاری کی قدر، آڈٹ شدہ کھاتوں کی بنیاد پر، جیسا کہ 31 دسمبر 2021 تک تھی:

2020	2021	فنڈ کا نام
روپے کروڑوں میں		
108	113	ایمپلائز پراویڈنٹ فنڈ
112	143	ایمپلائز گریجویٹ فنڈ

بورڈ کی تشکیل

اس وقت ڈائریکٹرز کی کل تعداد نو (09) درج ذیل ہے:

آٹھ (08)	مرد	الف)
ایک (01)	خاتون	ب)

ڈائریکٹر کی رپورٹ

سال 2021 کے لیے غیر مربوط مالی معلومات

ASKARI INSURANCE CO., LTD

سرمایہ کاری، کرایہ اور دیگر آمدنی

مجموعی طور پر سرمایہ کاری اور دیگر آمدنی 1٪ کی کمی سے سال 2021 میں سال 2020 کے 302 ملین روپے کے مقابلے میں 298 ملین روپے رہی۔ سرمایہ کاری اور دیگر آمدنی میں کمی کی بڑی وجہ سال 2021 کے دوران کیپٹل مارکیٹوں میں زیادہ اتار چڑھاؤ تھا۔

ونڈو تکافل آپریشنز

ونڈو تکافل آپریشنز (WTO) کمپنی کے کاروبار کے حجم اور منافع میں مسلسل اضافہ کر رہے ہیں اور ہم امید کرتے ہیں کہ یہ رجحان آنے والے سالوں میں بھی جاری رہے گا۔ 2021 کے دوران WTO کی طرف سے تحریری شرائط 403 ملین روپے (2020: 376 ملین روپے) تھی۔ جبکہ سال 2021 کے لیے آپریٹرز فنڈ سے منافع 2020 کے 63 ملین روپے کے مقابلے میں 55 ملین روپے تھا۔

ٹریڈنگ اور دیگر خدمات کے لیے معاہدہ

کمپنیز ایکٹ، 2017 کے سیکشن 208(2) کے مطابق، ہم شیئر ہولڈرز کو مطلع کرنا چاہتے ہیں کہ کمپنی نے کمپنی کی ذیلی کمپنی Asktech (Pvt.) Ltd کے ساتھ ٹریڈنگ اور دیگر خدمات کی فراہمی کے لیے اپنا معاہدہ جاری رکھا ہوا ہے۔ موثر انشورنس کے کاروبار میں خطرات کو کم کرنے کے لیے ٹریڈنگ سروسز کی کوشش کی گئی ہے۔ ہم نے اس بات کو یقینی بنایا ہے کہ مذکورہ کمپنی کے ساتھ لین دین آسان ہو۔

آڈیٹرز

بیرونی آڈیٹرز

موجودہ آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے سال 2021 کے لیے کمپنی کے مالیاتی گوشواروں کا آڈٹ کیا ہے اور 30 مئی 2022 کو 27 ویں سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے۔

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی تجویز پر یوسف عادل، چارٹرڈ اکاؤنٹنٹس کو ریٹائر ہونے والے آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی جگہ 31 دسمبر 2022 کو ختم ہونے والے مالی سال کے لیے کمپنی کے قانونی آڈیٹرز کے طور پر مقرر کرنے کی سفارش کی ہے، AGM میں ممبران کی منظوری سے مشروط۔ یوسف عادل، چارٹرڈ اکاؤنٹنٹس اہل ہیں، نے قانونی آڈیٹرز کے طور پر کام کرنے کے لیے اپنی رضامندی دی ہے۔ تبدیلی کا فیصلہ تجارتی وجوہات کی بنا پر اور بورڈ کے اراکین کے درمیان مشاورتی عمل کی بنیاد پر کیا گیا۔

شریعہ کمپلائنس آڈیٹرز

ایس ایم سسٹیمز اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، دوبارہ تقرری کے لیے دوبارہ اہل ہوتے ہوئے، کمپنی کے شریعہ کمپلائنس آڈیٹرز کے طور پر، جیسا کہ تکافل رولز 2012 کے تحت ضروری ہے، نے خود کو دوبارہ تقرری کے لیے پیش کیا۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

ڈائریکٹرز کی ذمہ داریوں کا بیان

- کوڈ آف کارپوریٹ گورننس کے کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کی تعمیل میں، ڈائریکٹرز درج ذیل کی تصدیق کرتے ہیں:
- مالی گوشوارے، ان گوشواروں کا ایک لازمی حصہ بننے والے نوٹس کے ساتھ، کمپنی کی انتظامیہ نے کمپنیز ایکٹ، 2017 اور انشورنس آرڈیننس 2000 کے مطابق تیار کیے ہیں۔ اس کی حالت، اس کے کاموں کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔
- کمپنی کے کھاتوں کی درست بکس رکھی گئی ہیں۔
- ان مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز، انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز یا کوئی دوسرا ضابطہ یا قانون (بشمول شرعی رہنما خطوط I اصولوں تک محدود نہیں) جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی گوشواروں کی تیاری میں پیروی کی گئی ہے اور وہاں سے کسی بھی انحراف کا مناسب طور پر انکشاف کیا گیا ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن کے لحاظ سے درست ہے اور اسے پورے سال مؤثر طریقے سے لاگو اور مانیٹر کیا گیا ہے۔
- جاری توثیق کے طور پر کمپنی جاری رکھنے کی صلاحیت پر کوئی خاص شک نہیں ہے۔
- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی انحراف نہیں ہوا ہے۔
- ٹیکسز، ڈیوٹیز، عیوض اور چارجز کی مد میں کوئی قانونی ادائیگیاں نہیں ہیں جو کہ 31 دسمبر 2021 تک بقایا ہیں، سوائے اس کے کہ مالی بیانات میں ظاہر کیا گیا ہو۔ سب طرح کے تمام واجبات بنیادی طور پر مالی سال 2021 کے آخری مہینے کے واجبات سے متعلق ہیں اور بعد میں وقت پر سرکاری خزانے میں جمع کرائے گئے تھے۔
- متعلقہ فریق کے لین دین کو آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کے ذریعے منظور یا توثیق کیا جاتا ہے۔

ڈیویڈنڈ سٹریٹیجی

بورڈ آف ڈائریکٹرز نے 2.75 روپے فی شیئر کے حتمی نقد منافع کی سفارش کی ہے ان شیئر ہولڈرز کو جن کے نام بک بند ہونے کی مدت کے آغاز پر کمپنی کے شیئر رجسٹر میں ظاہر ہوتے ہیں۔

کارکردگی کا جائزہ

کمپنی کی کارکردگی کے اہم اشاریوں کا خلاصہ ذیل میں دیا گیا ہے:

31 دسمبر		
2020	2021	
(روپے ہزار میں)		
3,331,065	4,009,173	مجموعی تحریری پریمیم (بشمول تکافل شراکت)
1,860,234	2,172,782	خالص پریمیم آمدنی
1,116,735	1,377,015	خالص دعوے
231,938	193,743	انڈر رائٹنگ منافع
292,930	276,949	سرمایہ کاری، کرایہ اور دیگر آمدنی
497,102	449,385	قبل از ٹیکس منافع - جنرل انشورنس آپریشنز
62,898	54,849	قبل از ٹیکس منافع - ونڈو تکافل آپریشنز (OPF)
395,159	366,879	بعد از ٹیکس منافع
5.50	5.10	فی شیئر آمدنی (روپے)

شعبہ وار کارکردگی کا تجزیہ

کاروبار کے ہر طبقے کے لیے سیگنٹس و انڈیکس کارکردگی کا تجزیہ حسب ذیل ہے:

حادثہ اور صحت

صحت کے شعبے نے کاروبار میں خاطر خواہ ترقی دکھائی، جس کے نتیجے میں، یہ مجموعی طور پر کاروبار میں سب سے زیادہ حصہ دینے والا بن گیا جس میں مجموعی پریمیم 1070 ملین روپے درج کیا گیا۔ (2020: 921 ملین)۔ اس شعبے کا بزنس ملس سال 2021 میں درج کئے گئے کل مجموعی پریمیم کا 30% ہے۔ اس طبقہ نے 11 ملین روپے کی شراکت رپورٹ کی۔ (2020: 21 ملین روپے)۔

موٹر

کل انڈر رائٹ پریمیم میں موٹر کا شعبہ دوسرا اہم حصہ دار تھا۔ اس شعبے نے سال 2021 میں 971 ملین روپے (2020: 824 ملین روپے) کا کاروبار کیا، جس کا اطلاق کل کاروباری پورٹ فولیو کے 27% (2020: 28%) کے حصے میں ہوا۔ اس شعبے نے 448 ملین روپے (2020: 387 ملین روپے) کی شراکت رپورٹ کی۔

متفرق

اس شعبے میں انجینئرنگ انشورنس، ہانڈ انشورنس، کراپ انشورنس، ٹریول انشورنس وغیرہ شامل ہیں۔ اس سیگنٹ کا بزنس کس 2021 میں انڈر رائٹ بزنس کا 23% ہے جس کا مجموعی پریمیم 2021 میں 817 ملین روپے (2020: 586 ملین) انڈر رائٹ کیا گیا ہے۔ اس شعبے نے 242 ملین روپے (2020: 309 ملین روپے) کی شراکت رپورٹ دی۔

میرین، ایوی ایشن اور ٹرانسپورٹ

اس شعبے کے لیے سال 2021 میں زیر تحریر مجموعی پریمیم 220 ملین روپے (2020: 193 روپے) تھا۔ اس شعبے نے سال 2021 میں کمپنی کے کل مجموعی پریمیم میں 6% کا حصہ ڈالا (2020: 7%)۔ سال 2021 میں اس شعبے کی طرف سے شراکت 66 ملین روپے (2020: 51 ملین روپے) تھی۔

آگ اور املاک کا نقصان

اس شعبے نے سال 2021 میں ہمارے کل انڈر رائٹ بزنس میں 15% کا حصہ ڈالا جس میں مجموعی 529 ملین روپے (2020: 431 ملین روپے) کے پریمیم انڈر رائٹ ہوئے۔ اس شعبے نے سال 2021 میں 78 ملین روپے (2020: 101 ملین روپے) کی شراکت کی اطلاع دی۔

ڈائریکٹر کی رپورٹ

سال 2021 کے لیے غیر مربوط مالی معلومات

ASKARI INSURANCE CO., LTD

بورڈ آف ڈائریکٹر کی جانب سے، ہمیں عسکری جنرل انشورنس کمپنی لمیٹڈ (کمپنی) کے ڈائریکٹر کی رپورٹ کے ساتھ آڈٹ شدہ کنسولیدینڈ مالیاتی گوشواروں اور اس پر 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے آڈیٹر کی رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

اقتصادی جائزہ

پاکستان کی معیشت میں پہلے سے ہی سالوں کے دوران غیر مستحکم شرح نمو تھی، مالی سال 2021 کا آغاز جدید تاریخ کے سب سے شدید عالمی صحت کے بحران کے درمیان ہوا۔ پاکستان کی معیشت، پوری دنیا کی طرح، معیشت کو سہارا دینے اور زندگیوں اور ذریعہ معاش کو بچانے کے لیے فوری اقدامات کے ذریعے COVID-19 کے معاشی نتائج سے نمٹنے کے لیے جدوجہد کر رہی ہے تاہم سمارٹ لاک ڈاؤن اور بہتر کنٹینمنٹ حکمت عملی رپورٹ شدہ کیسز کو سنبھالنے اور اقتصادی سرگرمیوں کو دوبارہ شروع کرنے میں معاون ہے۔ مالی سال 2021 کے لیے جی ڈی پی کی شرح نمو 5.57 فیصد تھی، جبکہ مالی سال 2020 کے لیے -1 فیصد تھی۔

مالی سال 2021 کے دوران، SBP نے مجموعی طلب کو معتدل کرنے اور بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے (CAD) کو کنٹرول کرنے کے لیے پالیسی ریٹ کو بڑھا کر 9.75% کر دیا۔ مالیاتی پالیسی کا موجودہ موقف افراط زر کی توقعات کو اچھی طرح سے لنگر انداز کرنے اور مالی استحکام کو برقرار رکھنے کے ساتھ معاشی بحالی کی حمایت کے لیے موزوں رہا۔

2021 میں AGICO

کمپنی، بنیادی طور پر COVID-19 کے تحت پیش آنے والے چیلنجنگ معاشی حالات کے باوجود، کامیابی سے سال 2021 میں 4 بلین روپے (بشمول مکمل شراکت کے 403 ملین روپے) کا مجموعی پریمیم انڈرائٹ کرنے میں کامیاب رہی۔ (2020: 3.33 بلین روپے)۔ 2021 کے دوران، کمپنی کی اولین توجہ اپنی انڈرائٹنگ کی کارکردگی کو بہتر بنانا، بہتر لیکویڈیٹی کو برقرار رکھنا اور گاہک کو برقرار رکھنا تھا۔ سال 2021 میں ٹیکس کے بعد منافع اور فی شیئر کمائی (EPS) 367 ملین روپے اور 5.11 روپے فی شیئر تھی۔

اہم جھلکیاں

کریڈٹ ریٹنگ

بیمہ کنندہ مالیاتی طاقت (IFS) کے لیے درجہ بندی کے پیمانے میں ترمیم کی گئی ہے تاکہ IFS درجہ بندی کی علامتوں اور تعریفوں میں واضح فرق پیدا کیا جاسکے۔ اس کے مطابق، پاکستان کریڈٹ ریٹنگ کمپنی لمیٹڈ (PACRA) اور VIS کریڈٹ ریٹنگ ایجنسی دونوں کی طرف سے "AA" کی بیمہ کنندہ مالیاتی طاقت کی درجہ بندی کو "AA" + پر ہم آہنگ کیا گیا ہے۔

ڈیجیٹل اقدامات

ٹیکنالوجی AGICO حکمت عملی کا مرکز رہی ہے اور کمپنی نے اپنے سسٹمز کو اپ گریڈ کرنے اور نئی صلاحیتوں کی تعمیر میں اہم سرمایہ کاری کی ہے۔ اس کے سسٹمز کے انٹرپرائز آرکیٹیکچرل ریویپ کا احاطہ کرنے کے بعد، جس میں توجہ آئوٹیشن اور کٹرولز کی سطح کو بڑھانا تھی۔ کمپنی نے اپنے جدید ERP سفر کے ذریعے ٹیک صلاحیتوں کو بڑھانے کے جدید سفر کا آغاز کیا ہے۔ کمپنی نے انڈرائٹنگ، کلیمز، فنانس، کمپلائنس، ایسپلائی ای ایس ایس پورٹل میں آئوٹیشن کے ساتھ، افرادی قوت کے ڈیجیٹل انیبلرز کو بہتر بنانے کے لیے بھی خاطر خواہ اقدامات کیے ہیں۔ "کسی بھی جگہ سے کام" انیبلرز نے سخت وبائی ماحول اور اس کی وجہ سے درپیش چیلنجوں میں پیداواری صلاحیت میں کمی کے بغیر تنظیم کے ہموار کام کو یقینی بنایا ہے۔

AGICO کے ساتھ بیمہ کروانا اب دفتری اوقات تک محدود نہیں ہے۔ ہم نے موٹر اور ٹریول پالیسیاں حاصل کرنے کے لیے سیلف سروس پورٹل کو لاگو کیا ہے، جو خود معائنہ اور ادائیگی کے گیٹ وے کے ساتھ مربوط ہے، جس سے براہ راست فروخت میں اضافہ ہوا ہے۔ ہم نے پالیسی کے مطابق حدود اور بل پر اسپینگ کو یقینی بنانے کے لیے سسٹم پر مبنی ہسپتال کی منظوریوں اور اضافہ کو مربوط کیا ہے۔ ہم نے سابر سیکورٹی فریم ورک کو SECP کی طرف سے فراہم کردہ رہنمائی کی بنیاد پر نافذ کیا ہے تاکہ بین الاقوامی معیارات اور بہترین عمل کے مطابق سابر سیکورٹی کا اندازہ لگائے، ان کا پتہ لگائے، روکنے اور ان کا جواب دینے کے لیے۔ سابر سیکورٹی فریم ورک کو نافذ کرنے والی ٹیکنالوجیز میں سے فائروالز، اینٹی وائرس، SIEM ٹولز شامل ہیں۔

لنڈن کمپنیاں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 اور کوڈ آف کارپوریٹ گورننس برائے بیمہ کنندگان، 2016

لنڈن کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (ریگولیشنز) اور کوڈ آف کارپوریٹ گورننس برائے بیمہ کنندگان، 2016 کمپنی پر لاگو ہیں۔ کمپنی نے ان ضوابط کی شقوق کی مناسب تعمیل کی ہے۔ اس سلسلے میں تعمیل کا بیان صفحہ 68 پر دیکھا جاسکتا ہے۔

DIRECTORS' REPORT

Consolidated financial information for the year 2021

ANNUAL REPORT 2021

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Askari General Insurance Company Limited (the Company) along with Audited Consolidated Financial Statements and the Auditors' Report thereon for the year ended December 31, 2021.

ECONOMIC REVIEW

Pakistan's economy already had volatile growth pattern over the recent years. The FY2021 began amid the most severe global health crisis experienced in modern history. Pakistan's economy,

like rest of the world, has struggled to combat the economic consequences of COVID-19 shock through prompt measures for supporting the economy and saving the lives and livelihoods however smart lockdowns and improved containment strategies aided in managing the reported cases and the resumption of economic activities. The GDP growth rate for FY 2021 was 5.57 percent, as compared to -1% for FY 2020. During FY 2021, SBP raised the policy rate to 9.75%, in order to moderate the aggregate demand and control the rising Current Account Deficit (CAD).



AGICO in 2021

The Company, despite challenging economic conditions primarily driven by COVID-19, successfully managed to underwrite a gross premium of Rs. 4 billion (inclusive of Rs. 403 million of Takaful contribution) in the year 2021 (2020: Rs. 3.33 billion). During 2021, the Company's prime focus was to improve its revenue, maintaining better liquidity and retention of clientele. Profit after tax and Earning Per Share (EPS) were Rs. 367 million and Rs. 5.11 per share respectively in the year 2021.

KEY HIGHLIGHTS

CREDIT RATING

Rating Scale for Insurer Financial Strength (IFS) has been modified to create a clear distinction in symbols and definitions of IFS Rating. Accordingly, Insurer Financial Strength Rating of "AA" has been

harmonized at "AA+" by both, Pakistan Credit Rating Company Limited (PACRA) and VIS credit rating agency.

DIGITAL INITIATIVES

The Company has continued to make investments in upgrading its systems and building new capabilities, having covered the Enterprise Architectural Revamp of its systems, wherein focus was to increase levels of automation and controls. The Company has embarked on the advanced journey of enhancing Tech capabilities via its revamped ERP journey. The Company has also taken substantial strides to improve workforce digital enablers, with Automation in Underwriting, Claims, Finance, Compliance, Employee ESS portal. "Work from Anywhere" enablers have ensured smooth functioning of the organization without loss of productivity in the tough Pandemic environment and challenges

posed due to the same.

Getting insured with AGICO is now not restricted to office timing. We have implemented Self Service Portal to get Motor and Travel policies, integrated with Self Inspection and Payment Gateway, driving growth in direct sales. We have integrated system-based hospital approvals and enhancements to ensure the limits

and bill processing as per policy. We have implemented Cyber Security Framework based on the guidance provided by SECP to anticipate, detect, prevent, and respond to cyber-attacks in line with international standards and best practice. Technologies to implement Cyber security framework includes new Firewalls, Antivirus, SIEM tools.

LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 & CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016

Listed Companies (Code of Corporate Governance) Regulations, 2019 (Regulations) and Code of Corporate Governance for Insurers, 2016 are applicable to the Company. The Company has duly complied with the provisions of these Regulations. A Statement of Compliance in this regard can be viewed at page 68.

DIVIDEND DISTRIBUTION

The Board of Directors has recommended a final cash dividend of Rs. 2.75 per share to the shareholders whose names appear in the share register of the Company at the start of the book closure period.

PERFORMANCE REVIEW

The key performance indicators of the Company are summarized below:

	31 December	
	2021	2020
	(Rupees in thousand)	
Gross premium written (Inclusive of Takaful Contribution)	4,009,173	3,331,065
Net premium revenue	2,172,782	1,860,234
Net claims	1,377,015	1,116,735
Underwriting profit	173,624	224,588
Investment, Rental and other income	298,407	302,366
Profit before tax - General Insurance Operations	450,609	499,122
Profit before tax - Window Takaful Operations (OPF)	54,849	62,898
Profit after tax	367,413	396,482
Earnings per share (Rs.)	5.11	5.51

SEGMENT WISE PERFORMANCE ANALYSIS

The segment wise performance analysis for each class of business is as follows:

Accident & Health

Health segment shown a considerable growth in business, as a result, it became the highest contributor in overall business with gross premium written of Rs. 1070 m (2020: 921 m). Business mix of this segment is 30% of total gross premium written in the year 2021. This segment reported contribution of Rs. 11 m (2020: Rs 21 m).

Motor

Motor segment was the second significant contributor towards the total underwritten premium. This segment secured business of Rs.

971 m in the year 2021 (2020: Rs. 824m), which translated to a share of 27% (2020: 28%) of the total business portfolio. This segment reported contribution of Rs. 448 m (2020: Rs. 387 m).

Miscellaneous

This segment comprises of engineering insurance, bond insurance, crop insurance, travel insurance etc. Business mix of this segment is 23% of underwritten business in 2021 with gross premium underwritten of Rs. 817m in 2021 (2020: 586 m). This segment reported contribution of Rs. 242 m (2020: Rs 309 m).

Marine, Aviation & Transport

Gross premium underwritten for this segment was Rs. 220m in the year 2021 (2020: Rs. 193). This segment contributed 6% towards total gross premium of the Company in the year 2021 (2020: 7%).

DIRECTORS' REPORT

Consolidated financial information for the year 2021

ANNUAL REPORT 2021



The contribution from this segment in the year 2021 was Rs. 66 m (2020: Rs. 51 m).

Fire & Property Damage

This segment contributed 15% to our total business underwritten in 2021 with gross premium underwritten of Rs. 529 m (2020: Rs. 431 m). This segment reported contribution of Rs. 78 m in the year 2021 (2020: Rs. 101 m).

Investment, Rental and other Income

Overall Investment and other income decreased by 1% to Rs. 298 m in the year 2021, as compared to Rs. 302 m for the year 2020. Decrease in investment and other income was majorly due to high volatility in the capital markets during the year 2021.

WINDOW TAKAFUL OPERATIONS

Window Takaful Operations (WTO) have been continuously adding volume and profitability towards business of the Company and we expect this trend to continue in the coming years as well.

The written contribution from WTO during 2021 was Rs. 403 m (2020: Rs. 376 m) while the profit from Operator's Fund for the year 2021 was Rs. 55 m as compared to Rs. 63 m of 2020.

CONTRACT FOR TRACKING AND OTHER SERVICES

In accordance with section 208(2) of Companies Act, 2017, we would like to inform the shareholders that the Company has continued its contract for provision of tracking and other services with Asktech (Pvt.) Ltd, a subsidiary of the Company. Tracking services have been sought to minimize the risks in motor insurance business. We have ensured that the transactions with the said company are on arm's length.

AUDITORS

External Auditors

The existing auditors, A.F. Fergusons and Co. Chartered Accountants have audited the financial statements of the Company for the year 2021 and will retire at the conclusion of 27th Annual General Meeting on May 30, 2022.

The Board of Directors, on the suggestion of the Audit Committee, have recommended appointing Yousuf Adil, Chartered Accountants as statutory auditors of the Company for the financial year ending December 31, 2022, in place of retiring auditors, A.F. Fergusons and Co. Chartered Accountants, subject to the approval of the members in the AGM. Yousuf Adil, Chartered Accountants being eligible, have given their consent to act as statutory auditors. The decision for the change was made for commercial reasons, based on a consultative process within the Board members.

Shariah Compliance Auditors

S.M. Suhail & Co. Chartered Accountants, being re-eligible for reappointment, as Shariah Compliance Auditors of the company, as required under Takaful Rules 2012, presented themselves for reappointment.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

Statement of Directors Responsibilities

In compliance with the Corporate and Financial Reporting Framework of the Code of Corporate Governance, the Directors confirm the following:

- The financial statements, together with the notes forming

an integral part of these statements, have been prepared by the management of the Company in conformity with the Companies Act, 2017 and the Insurance Ordinance 2000; present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, International Financial Reporting Standards or any other regulation or law (including but not limited to the Shariah guidelines / principles) as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed;
- The system of internal controls is sound in design and has been effectively implemented and monitored throughout the year.
- There are no significant doubts upon the Company's ability to continue as a going concern.

- There has been no material departure from the best practices of corporate governance.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 31 December 2021, except as disclosed in the financial statements. All such dues primarily related to the dues of last month of the financial year 2021 and were subsequently deposited in Government treasury in time.
- The related party transactions are approved or ratified by the Audit Committee and the Board of Directors.

Board Performance Evaluation

The Company's Board of Directors undergoes a self-evaluation exercise each year against a set of parameters. This evaluation is performed primarily to assist the Board in evaluating its quality of governance as it enables the Board members to perform their roles and responsibilities more effectively towards progress of your Company. This self-evaluation is carried out under an evaluation methodology based on certain parameters.

The evaluation exercise addresses areas of critical importance which include, but are not limited to, the following:

- Apprising the basic organization of the Board of Directors
- Assessment of overall roles and responsibilities of the



DIRECTORS' REPORT

Consolidated financial information for the year 2021

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Board members

- Effectiveness and efficiency of the operation of the Board and its Committees; and
- Assess performance and participation of individual Board members

The result of the Board's self-assessment of its overall performance was satisfactory against the set criteria.

Directors' Remuneration Policy

To comply with the relevant legal requirements and Articles of Association, the Company has policy with respect to the remuneration of Chairman, Non-Executive, Executive and Independent Directors. Directors are only paid a fee for attending the meetings of the Board and its sub-committees and are also reimbursed for expenses borne by them in that regard, as per the Articles of Association.

Key Financial Data

Key operational and financial data for the last 6 years is annexed at page 64 of the Annual Report.

Value of investments in Provident Fund and Gratuity Fund

The value of investments in provident fund and gratuity fund, on the basis of audited accounts, as at 31 December 2021 was:

Name of Fund	2021	2020
	Rupees in Millions	
Employees' Provident Fund	113	108
Employees' Gratuity Fund	143	112

Composition of Board

At present, the total number of directors are Nine (09) as per the following:

a.	Male	Eight (08)
b.	Female	One (01)

Category	Name of Director
Independent Directors	Mr. M. Munir Malik Mr. Imran Iqbal
Independent Director (Female)	Ms. Saima Akbar Khattak
Executive Directors (Chief Executive Officer)	Mr. Abdul Waheed
Non-Executive Directors	Lt Gen Naveed Mukhtar (Retd) AVM Mohammad Athar Shams (Retd) Maj Gen Muhammad Muazzam Ali Goraya (Retd) Brig Kamran Asad (Retd) Malik Riffat Mahmood

The number of elected/nominated directors on the Board are eight (8) whereas the Chief Executive is a "deemed director" under section 188(3) of the Companies Act, 2017.

Subsequent to the year end, non-executive directors of the Company, Maj Gen Muhammad Muazzam Ali Goraya (Retd) and Brig Kamran Asad (Retd) have resigned from the directorship w.e.f. 22-Feb-2022 and 23-Feb-2022 respectively; therefore two casual vacancies have arisen on the Board.

Board Meetings

During the year 2021, five meetings of the Board of Directors were held. Attendance in those meetings, by each of the director (at the Board of the Company in 2021) was as follows:

Name of Director	Meetings Attended
Lt Gen Naveed Mukhtar (Retd)	5
AVM Mohammad Athar Shams (Retd)	5
Maj Gen Muhammad Muazzam Ali Goraya (Retd)	5
Brig Kamran Asad (Retd)	5
Malik Riffat Mahmood	3
Mr. Imran Iqbal	5
Mr. M. Munir Malik	4
Ms. Saima Akbar Khattak	5

The Board granted leave of absence to those directors who could not attend the Board Meetings. The list of the Board Committees, their composition and Terms of references are given at page 52 of this report.

Pattern of Shareholding

The pattern of shareholding is given at page 283 of this report. There was no trading in shares of the Company by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children.

Statement on Risk Management and Internal Controls

The statement on Risk Management and Internal Controls is given at page 44 of this report.

Principal Risks and Uncertainties Facing the Company

The information relating to principal risks and uncertainties faced by the Company is given at page 47 of this report.

Board Committees

During the year 2021, the Audit Committee held four meetings whereas Ethics, Human Resource & Remuneration Committee held two meetings. The composition of the Board Committees and



their terms of references are given at page 52 of this report.

Further, the Company has four sub committees of the Board which cover the core areas of business; these are Underwriting, Reinsurance & Coinsurance Committee, Claims Settlement Committee, Executive, Risk Management & Compliance Committee, and Investment Committee. The names of members and the terms of references of these committees are given at page 52 of this report.

OUTLOOK

Pakistan economy is passing through challenging phase. Although recovering from the situation, business development in current scenario is quite challenging. A vigilant approach would be adopted to cater the business risks. We strive to maintain a balance between growth, profitability, and liquidity. Further, with a blend of insurance expertise together with well-established and implemented internal controls system, improved IT systems and dedicated team who strives to achieve higher business levels as well as profits, even at most difficult times, gives us confidence to achieve success at times ahead.

ACKNOWLEDGMENTS

We would like to take this opportunity to thank our Regulators, the Insurance Association of Pakistan (IAP), for their continued support, and our valued reinsurers and other stakeholders for their trust and confidence in us. Finally, we place on record our appreciation for the commitment and hard work of our employees towards the growth of the Company.

For and on behalf of the Board

Abdul Waheed
President & Chief Executive

Rawalpindi
April 27, 2022

Lt Gen Naveed Mukhtar (Retd)
Chairman – Board of Directors

شیر ہولڈنگ کا نمونہ

شیر ہولڈنگ کا نمونہ اس رپورٹ کے صفحہ 283 پر دیا گیا ہے۔ ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری اور ان کی شریک حیات اور نابالغ بچوں کی طرف سے کمپنی کے شیرز میں کوئی تجارت نہیں ہوئی۔

رسک مینجمنٹ اور اندرونی کنٹرولز پر بیان

رسک مینجمنٹ اور انٹرئل کنٹرولز کا بیان اس رپورٹ کے صفحہ 44 پر دیا گیا ہے۔

کمپنی کو درپیش بنیادی خطرات اور غیر یقینی صورتحال

کمپنی کو درپیش بنیادی خطرات اور غیر یقینی صورتحال سے متعلق معلومات اس رپورٹ کے صفحہ 47 پر دی گئی ہیں۔

بورڈ کمیٹیاں

سال 2021 کے دوران، آڈٹ کمیٹی نے چار اجلاس منعقد کیے جبکہ اخلاقیات، انسانی وسائل اور معاوضے کی کمیٹی نے دو اجلاس منعقد کیے۔ بورڈ کمیٹیوں کی تشکیل اور ان کے حوالہ جات کی شرائط اس رپورٹ کے صفحہ 52 پر دی گئی ہیں۔

مزید، کمپنی کے پاس بورڈ کی چار ذیلی کمیٹیاں ہیں جو کاروبار کے بنیادی شعبوں کا احاطہ کرتی ہیں۔ یہ انڈر رائٹنگ، ری بیمہ اور کوائٹ انشورنس کمیٹی، کلیمز سیٹلمنٹ کمیٹی، ایگزیکٹو، رسک مینجمنٹ اینڈ کمپلائنس کمیٹی، اور انویسٹمنٹ کمیٹی ہیں۔ اراکین کے نام اور ان کمیٹیوں کے ریزمز آف ریلیفرنسز اس رپورٹ کے صفحہ 52 پر دیے گئے ہیں۔

نقطہ نظر

پاکستانی معیشت مشکل دور سے گزر رہی ہے۔ اگرچہ صورتحال سے نکلنا، موجودہ منظر نامے میں کاروبار کی ترقی کافی مشکل ہے۔ کاروباری خطرات سے نمٹنے کے لیے جو کس انداز اپنایا جائے گا۔ ہم ترقی، منافع اور لیکویڈیٹی کے درمیان توازن برقرار رکھنے کی کوشش کرتے ہیں۔ مزید برآں، اچھی طرح سے قائم اور نافذ کردہ اندرونی کنٹرول سسٹم کے ساتھ ساتھ انشورنس کی مہارت کے امتزاج کے ساتھ، بہتر آئی ٹی سسٹمز اور سرشار ٹیم جو اعلیٰ کاروباری سطح کے ساتھ ساتھ منافع حاصل کرنے کی کوشش کرتی ہے، حتیٰ کہ مشکل ترین وقتوں میں بھی، ہمیں کامیابی حاصل کرنے کا اعتماد فراہم کرتی ہے۔

اعترافات

ہم اس موقع پر اپنے ریگولیٹرز، انشورنس ایسوسی ایشن آف پاکستان (IAP) کا شکریہ ادا کرنا چاہیں گے کہ ان کی مسلسل حمایت، اور ہمارے قابل قدر ری بیمہ کنندگان اور دیگر اسٹیک ہولڈرز کا ہم پر اعتماد اور بھروسہ ہے۔ آخر میں، ہم کمپنی کی ترقی کے لیے اپنے ملازمین کے عزم اور محنت کی تعریف کرتے ہیں۔

بورڈ کے لیے اور اس کی جانب سے



لیفٹیننٹ جنرل نوید مختار (ر)

چیئرمین - بورڈ آف ڈائریکٹرز



عبدالوحید

صدر اور چیف ایگزیکٹو

راولپنڈی

27 اپریل، 2022

ڈائریکٹر کی رپورٹ

سال 2021 کے لیے جامع مالیاتی معلومات

ASKARI INSURANCE CO., LTD

بورڈ کی تشکیل

اس وقت ڈائریکٹرز کی کل تعداد نو (09) درج ذیل ہے:

الف)	مرد	آٹھ (08)
ب)	خاتون	ایک (01)

زمرہ	ڈائریکٹر کا نام
آزاد ڈائریکٹرز	جناب ایم منیر ملک جناب عمران اقبال
آزاد ڈائریکٹرز (خاتون)	محترمہ صائمہ اکبر خٹک
ایگزیکٹو ڈائریکٹرز (چیف ایگزیکٹو آفیسر)	عبدالوحید
نان ایگزیکٹو ڈائریکٹرز	لیفٹیننٹ جنرل نوید مختار (ر) اے وی ایم محمد اطہر بخش (ر) میجر جنرل محمد معظم علی گورایہ (ر) بریگیڈیئر کامران اسد (ر) ملک رفعت محمود

بورڈ میں منتخب/نامزد ڈائریکٹرز کی تعداد آٹھ (8) ہے جبکہ چیف ایگزیکٹو ایگزیکٹو ایکٹ 2017 کے سیکشن 188(3) کے تحت "ڈیوڈ ڈائریکٹر" ہیں۔

سال کے اختتام کے بعد، کمپنی کے نان ایگزیکٹو ڈائریکٹرز میجر جنرل محمد معظم علی گورایہ (ریٹائرڈ) اور بریگیڈیئر کامران اسد (ریٹائرڈ) نے ڈائریکٹر شپ سے بالترتیب 22-Feb-2022 اور 23-Feb-2022 کو استعفیٰ دے دیا ہے۔ اس لیے بورڈ میں دو آسامیاں پیدا ہو گئی ہیں۔

بورڈ میٹنگز

سال 2021 کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس ہوئے۔ ان میٹنگز میں ہر ایک ڈائریکٹر (2021 میں کمپنی کے بورڈ میں) کی حاضری حسب ذیل تھی:

ڈائریکٹر کا نام	میٹنگز میں شرکت کی
لیفٹیننٹ جنرل نوید مختار (ر)	5
اے وی ایم محمد اطہر بخش (ر)	5
میجر جنرل محمد معظم علی گورایہ (ر)	5
بریگیڈیئر کامران اسد (ر)	5
ملک رفعت محمود	3
جناب عمران اقبال	5
جناب ایم منیر ملک	4
محترمہ صائمہ اکبر خٹک	5

بورڈ نے ان ڈائریکٹرز کی غیر حاضری کی منظوری دے دی جو بورڈ کے اجلاس میں شرکت نہیں کر سکے۔ بورڈ کمیٹیوں کی فہرست، ان کی تشکیل اور حوالہ جات کی شرائط اس رپورٹ کے صفحہ 52 پر دی گئی ہیں۔

- ان مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز، انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز یا کوئی دوسرا ضابطہ یا قانون (بشمول شرعی رہنما خطوط I اصولوں تک محدود نہیں) جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی گوشواروں کی تیاری میں پیروی کی گئی ہے اور وہاں سے کسی بھی انحراف کا مناسب طور پر انکشاف کیا گیا ہے۔
- اندرونی کنٹرولز کا نظام ڈیزائن کے لحاظ سے درست ہے اور اسے پورے سال موثر طریقے سے لاگو اور مانیٹر کیا گیا ہے۔
- جاری تشویش کے طور پر کمپنی جاری رکھنے کی صلاحیت پر کوئی خاص شک نہیں ہے۔
- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی انحراف نہیں ہوا ہے۔
- ٹیکسز، ڈیوٹیز، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگیاں نہیں ہیں جو کہ 31 دسمبر 2021 تک بتایا ہیں، سوائے اس کے کہ مالی بیانات میں ظاہر کیا گیا ہو۔ اس طرح کے تمام واجبات بنیادی طور پر مالی سال 2021 کے آخری مہینے کے واجبات سے متعلق ہیں اور بعد میں وقت پر سرکاری خزانے میں جمع کرائے گئے تھے۔
- متعلقہ فریق کے لین دین کو آڈٹ کمپنی اور بورڈ آف ڈائریکٹرز کے ذریعے منظور یا توثیق کیا جاتا ہے۔

بورڈ کی کارکردگی کا جائزہ

کمپنی کا بورڈ آف ڈائریکٹرز ہر سال پیرامیٹرز کے ایک سیٹ کے خلاف خود تشخیصی مشق سے گزرتا ہے۔ یہ تشخیص بنیادی طور پر بورڈ کو اس کے حکمرانی کے معیار کا جائزہ لینے میں مدد کرنے کے لیے کیا جاتا ہے کیونکہ یہ بورڈ کے اراکین کو آپ کی کمپنی کی ترقی کے لیے اپنے کردار اور ذمہ داریوں کو زیادہ مؤثر طریقے سے انجام دینے کے قابل بناتا ہے۔ یہ خود تشخیص مخصوص پیرامیٹرز کی بنیاد پر تشخیصی طریقہ کار کے تحت کیا جاتا ہے۔

تشخیصی مشق اہم اہمیت کے شعبوں پر توجہ دیتی ہے جس میں درج ذیل شامل ہیں، لیکن ان تک محدود نہیں ہیں:

- بورڈ آف ڈائریکٹرز کی بنیادی تنظیم سے آگاہ کرنا
- بورڈ کے اراکین کے مجموعی کرداروں اور ذمہ داریوں کا اندازہ
- بورڈ اور اس کی کمیٹیوں کے کام کی تاثیر اور کارکردگی؛ اور
- انفرادی بورڈ کے اراکین کی کارکردگی اور شرکت کا اندازہ لگانا

بورڈ کی اپنی مجموعی کارکردگی کے خود تشخیصی کا نتیجہ مقررہ معیار کے مطابق تسلی بخش تھا۔

ڈائریکٹرز کے معاوضے کی پالیسی

متعلقہ قانونی تقاضوں اور ایسوسی ایشن کے مضامین کی تعمیل کرنے کے لیے، کمپنی کے پاس چیئرمین، نان ایگزیکٹو، ایگزیکٹو اور آزاد ڈائریکٹرز کے معاوضے کے حوالے سے پالیسی ہے۔ ڈائریکٹرز کو بورڈ اور اس کی ذیلی کمیٹیوں کے اجلاسوں میں شرکت کے لیے صرف فیس ادا کی جاتی ہے اور ایسوسی ایشن کے آرٹیکلز کے مطابق، اس سلسلے میں ان کے ذریعے اٹھائے جانے والے اخراجات کی ادائیگی بھی کی جاتی ہے۔

کلیدی مالیاتی ڈیٹا

گزشتہ 6 سالوں کا کلیدی آپریشنل اور مالیاتی ڈیٹا سالانہ رپورٹ کے صفحہ 64 پر منسلک ہے۔

پراویڈنٹ فنڈ اور گریجویٹ فنڈ میں سرمایہ کاری کی قدر

پراویڈنٹ فنڈ اور گریجویٹ فنڈ میں سرمایہ کاری کی قدر، آڈٹ شدہ کھاتوں کی بنیاد پر، جیسا کہ 31 دسمبر 2021 تک تھی:

فنانس نام	2021	2020
روپے کروڑوں میں		
ایکپلائیڈ پراویڈنٹ فنڈ	113	108
ایکپلائیڈ گریجویٹ فنڈ	143	112

ڈائریکٹر کی رپورٹ

سال 2021 کے لیے جامع مالیاتی معلومات

ASKARI INSURANCE CO., LTD

میرین، ایوی ایشن اور ٹرانسپورٹ

اس شعبے کے لیے سال 2021 میں زیر تحریر مجموعی پریمیم 220 ملین روپے (2020: 193 روپے) تھا۔ اس شعبے نے سال 2021 میں کمپنی کے کل مجموعی پریمیم میں 6% کا حصہ ڈالا (2020: 7%)۔ سال 2021 میں اس شعبے کی طرف سے شراکت 66 ملین روپے (2020: 51 ملین روپے) تھی۔

آگ اور املاک کا نقصان

اس شعبے نے سال 2021 میں ہمارے کل انڈر رائٹ بزنس میں 15% کا حصہ ڈالا جس میں مجموعی 529 ملین روپے (2020: 431 ملین روپے) کے پریمیم انڈر رائٹ ہوئے۔ اس شعبے نے سال 2021 میں 78 ملین روپے (2020: 101 ملین روپے) کی شراکت کی اطلاع دی۔

سرمایہ کاری، کرایہ اور دیگر آمدنی

مجموعی طور پر سرمایہ کاری اور دیگر آمدنی 1% کی کمی سے سال 2021 میں سال 2020 کے 302 ملین روپے کے مقابلے میں 298 ملین روپے رہی۔ سرمایہ کاری اور دیگر آمدنی میں کمی کی بڑی وجہ سال 2021 کے دوران کینیڈا مارکیٹوں میں زیادہ اتار چڑھاؤ تھا۔

ونڈو کفائل آپریشنز

ونڈو کفائل آپریشنز (WTO) کمپنی کے کاروبار کے حجم اور منافع میں مسلسل اضافہ کر رہے ہیں اور ہم امید کرتے ہیں کہ یہ رجحان آنے والے سالوں میں بھی جاری رہے گا۔ 2021 کے دوران WTO کی طرف سے تحریری شراکت 403 ملین روپے (2020: 376 ملین روپے) تھی۔ جبکہ سال 2021 کے لیے آپریٹرز فنڈ سے منافع 2020 کے 63 ملین روپے کے مقابلے میں 55 ملین روپے تھا۔

ٹریڈنگ اور دیگر خدمات کے لیے معاہدہ

کمپنیز ایکٹ، 2017 کے سیکشن 208(2) کے مطابق، ہم شیئرز ہولڈرز کو مطلع کرنا چاہتے ہیں کہ کمپنی نے اپنی ذیلی کمپنی Asktech (Pvt.) Ltd کے ساتھ ٹریڈنگ اور دیگر خدمات کی فراہمی کے لیے اپنا معاہدہ جاری رکھا ہوا ہے۔ موثر انشورنس کے کاروبار میں خطرات کو کم کرنے کے لیے ٹریڈنگ سروسز کی کوشش کی گئی ہے۔ ہم نے اس بات کو یقینی بنایا ہے کہ مذکورہ کمپنی کے ساتھ لین دین آسان ہو۔

آڈیٹرز

میرورٹی آڈیٹرز

موجودہ آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے سال 2021 کے لیے کمپنی کے مالیاتی گوشواروں کا آڈٹ کیا ہے اور 30 مئی 2022 کو 27 ویں سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے۔

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی تجویز پر یوسف عادل، چارٹرڈ اکاؤنٹنٹس کوریٹائر ہونے والے آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی جگہ 31 دسمبر 2022 کو ختم ہونے والے مالی سال کے لیے کمپنی کے قانونی آڈیٹرز کے طور پر مقرر کرنے کی سفارش کی ہے۔ AGM میں ممبران کی منظوری سے مشروط۔ یوسف عادل، چارٹرڈ اکاؤنٹنٹس اہل ہیں، نے قانونی آڈیٹرز کے طور پر کام کرنے کے لیے اپنی رضامندی دی ہے۔ تبدیلی کا فیصلہ تجارتی وجوہات کی بنا پر اور بورڈ کے اراکین کے درمیان مشاورتی عمل کی بنیاد پر کیا گیا۔

شرعیہ کمپلائنس آڈیٹرز

ایس ایم سہیل اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، تقرری کے لیے اہل ہوتے ہوئے، کمپنی کے شرعیہ کمپلائنس آڈیٹرز کے طور پر، جیسا کہ مکافل رولز 2012 کے تحت ضروری ہے، نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

ڈائریکٹرز کی ذمہ داریوں کا بیان

کوڈ آف کارپوریٹ گورننس کے کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کی تعمیل میں، ڈائریکٹرز درج ذیل کی تصدیق کرتے ہیں:

- مالی گوشوارے، ان گوشواروں کا ایک لازمی حصہ بننے والے نوٹس کے ساتھ، کمپنی کی اختصار میں نے کمپنیز ایکٹ، 2017 اور انشورنس آرڈیننس 2000 کے مطابق تیار کیے ہیں۔ اس کی حالت، اس کے کاموں کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔
- کمپنی کے کھاتوں کی درست بکس رکھی گئی ہیں۔

لسٹڈ کمپنیاں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 اور کوڈ آف کارپوریٹ گورننس برائے بیمہ کنندگان، 2016

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (ریگولیشنز) اور کوڈ آف کارپوریٹ گورننس برائے بیمہ کنندگان، 2016 کمپنی پر لاگو ہیں۔ کمپنی نے ان ضوابط کی شقوں کی مناسب تعمیل کی ہے۔ اس سلسلے میں تعمیل کا بیان صفحہ 68 پر دیکھا جاسکتا ہے۔

منافع کی تقسیم

بورڈ آف ڈائریکٹرز نے 2.75 روپے فی شیئر کے حتمی نقد منافع کی سفارش کی ہے ان شیئر ہولڈرز کو جن کے نام تک بند ہونے کی مدت کے آغاز پر کمپنی کے شیئر رجسٹر میں ظاہر ہوتے ہیں۔

کارکردگی کا جائزہ

کمپنی کی کارکردگی کے اہم اشاریوں کا خلاصہ ذیل میں دیا گیا ہے:

31 دسمبر		
2020	2021	
(روپے ہزار میں)		
3,331,065	4,009,173	مجموعی تحریری پر بیمہ (بشمول تکافل شراکت)
1,860,234	2,172,782	خالص پر بیمہ آمدنی
1,116,735	1,377,015	خالص دعوے
224,588	173,624	انڈر رائٹنگ منافع
302,366	298,407	سرمایہ کاری، کرایہ اور دیگر آمدنی
499,122	450,609	قبل از ٹیکس منافع - جزل انشورنس آپریشنز
62,898	54,849	قبل از ٹیکس منافع - ونڈو تکافل آپریشنز (OPF)
396,482	367,413	بعد از ٹیکس منافع
5.51	5.11	فی شیئر آمدنی (روپے)

شعبہ وار کارکردگی کا تجزیہ

کاروبار کے ہر طبقے کے لیے سیگنٹ وائز کارکردگی کا تجزیہ حسب ذیل ہے:

حادثہ اور صحت

صحت کے شعبے نے کاروبار میں خاطر خواہ ترقی دکھائی، جس کے نتیجے میں، یہ مجموعی طور پر کاروبار میں سب سے زیادہ حصہ دینے والا بن گیا جس میں مجموعی پر بیمہ 1070 ملین روپے درج کیا گیا ہے (2020: 921 ملین)۔ اس شعبے کا بزنس کس سال 2021 میں درج کئے گئے کل مجموعی پر بیمہ کا 30% ہے۔ اس طبقہ نے 11 ملین روپے کی شراکت رپورٹ کی۔ (2020: 21 ملین روپے)۔

موٹر

کل انڈر رائٹ پر بیمہ میں موٹر کا شعبہ دوسرا اہم حصہ دار تھا۔ اس شعبے نے سال 2021 میں 971 ملین روپے (2020: 824 ملین روپے) کا کاروبار کیا، جس کا اطلاق کل کاروباری پورٹ فولیو کے 27% (2020: 28%) کے حصے میں ہوا۔ اس شعبے نے 448 ملین روپے (2020: 387 ملین روپے) کی شراکت رپورٹ کی۔

تفریق

اس شعبے میں انجینئرنگ انشورنس، بانڈ انشورنس، کراپ انشورنس، ٹریول انشورنس وغیرہ شامل ہیں۔ اس سیگنٹ کا بزنس مرکب 2021 میں انڈر رائٹ بزنس کا 23% رہا ہے جس کا مجموعی پر بیمہ 2021 میں 817 ملین روپے (2020: 586 ملین) انڈر رائٹ کیا گیا ہے۔ اس شعبے نے 242 ملین روپے (2020: 309 ملین روپے) کی شراکت کی رپورٹ دی۔

ڈائریکٹر کی رپورٹ

سال 2021 کے لیے جامع مالیاتی معلومات

ASKARI INSURANCE CO., LTD

بورڈ آف ڈائریکٹر کی جانب سے، ہمیں عسکری جہل انشورنس کمپنی لمیٹڈ (کمپنی) کے ڈائریکٹر کی رپورٹ کے ساتھ آڈٹ شدہ کنسولیڈیٹڈ مالیاتی گوشواروں اور اس پر 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے آڈیٹر کی رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

اقتصادی جائزہ

پاکستان کی معیشت میں پہلے سے ہی سالوں کے دوران غیر مستحکم شرح نمو تھی، مالی سال 2021 کا آغاز جدید تاریخ کے سب سے شدید عالمی صحت کے بحران کے درمیان ہوا۔ پاکستان کی معیشت، پوری دنیا کی طرح، معیشت کو سہارا دینے اور زندگیوں اور ذریعہ معاش کو بچانے کے لیے فوری اقدامات کے ذریعے COVID-19 کے معاشی نتائج سے نمٹنے کے لیے جدوجہد کر رہی ہے تاہم سارٹ لاک ڈاؤن اور بہتر جامع حکمت عملی رپورٹ شدہ کیسز کو سنبھالنے اور اقتصادی سرگرمیوں کو دوبارہ شروع کرنے میں معاون ہے۔ مالی سال 2021 کے لیے جی ڈی پی کی شرح نمو 5.57 فیصد تھی، جبکہ مالی سال 2020 کے لیے 1- فیصد تھی۔

مالی سال 2021 کے دوران، SBP نے مجموعی طلب کو معتدل کرنے اور بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے (CAD) کو کنٹرول کرنے کے لیے پالیسی ریٹ کو بڑھا کر 9.75٪ کر دیا۔ مالیاتی پالیسی کا موجودہ موقف افراط زر کی توقعات کو اچھی طرح سے پورا کرنے اور مالی استحکام کو برقرار رکھنے کے ساتھ معاشی بحالی کی حمایت کے لیے موزوں رہا ہے۔

2021 میں AGICO

کمپنی، بنیادی طور پر COVID-19 کے تحت پیش آنے والے مشکل معاشی حالات کے باوجود، کامیابی سے سال 2021 میں 4 بلین روپے (بشمول ٹکافل شرائط کے 403 بلین روپے) کا مجموعی پرمیئم انڈرائٹ کرنے میں کامیاب رہی ہے (جبکہ 2020 میں 3.33 بلین روپے رہی ہے)۔ 2021 کے دوران، کمپنی کی اولین توجہ اپنی انڈرائٹنگ کی کارکردگی کو بہتر بنانا، بہتر لیکویڈیٹی کو برقرار رکھنا اور گاہک کو برقرار رکھنا تھا۔ سال 2021 میں ٹیکس کے بعد منافع اور فی حصص کمائی (EPS) 367 ملین روپے اور 5.11 روپے فی حصص رہی ہے۔

اہم جھلکیاں

کریڈٹ ریٹنگ

بیمہ کنندہ مالیاتی طاقت (IFS) کے لیے درجہ بندی کے پیمانے میں ترمیم کی گئی ہے تاکہ IFS درجہ بندی کی علامتوں اور تعریفوں میں واضح فرق پیدا کیا جاسکے۔ اس کے مطابق، پاکستان کریڈٹ ریٹنگ کمپنی لمیٹڈ (PACRA) اور VIS کریڈٹ ریٹنگ ایجنسی دونوں کی طرف سے "AA" کی بیمہ کنندہ مالیاتی طاقت کی درجہ بندی کو "AA+AA" پر ہم آہنگ کیا گیا ہے۔

ڈیجیٹل اقدامات

ٹیکنالوجی AGICO حکمت عملی کا مرکز رہی ہے اور کمپنی نے اپنے سسٹمز کو اپ گریڈ کرنے اور نئی صلاحیتوں کی تعمیر میں اہم سرمایہ کاری کی ہے۔ اس کے سسٹمز کے انٹرپرائز آرکیٹیکچرل ری ویسپ کا احاطہ کرنے کے بعد، جس میں توجہ آؤٹیشن اور کنٹرولز کی سطح کو بڑھانا تھی۔ کمپنی نے اپنے جدید ERP سفر کے ذریعے ٹیک صلاحیتوں کو بڑھانے کے جدید سفر کا آغاز کیا ہے۔ کمپنی نے انڈرائٹنگ، کلیمز، فنانس، کمپلائنس، ایسپلائی ای ایس ایس پورٹل میں آؤٹیشن کے ساتھ، افرادی قوت کے ڈیجیٹل انجیلز کو بہتر بنانے کے لیے بھی خاطر خواہ اقدامات کیے ہیں۔ "کسی بھی جگہ سے کام" انجیلز نے سخت وبائی ماحول اور اس کی وجہ سے درپیش چیلنجوں میں پیداواری صلاحیت میں کمی کے بغیر تنظیم کے ہموار کام کو یقینی بنایا ہے۔

AGICO کے ساتھ بیمہ کروانا اب دفتری اوقات تک محدود نہیں ہے۔ ہم نے موٹر اور ٹریلر پالیسیاں حاصل کرنے کے لیے سیلف سروس پورٹل کو لاگو کیا ہے، جو خود معائنہ اور ادائیگی کے گیٹ وے کے ساتھ مربوط ہے، جس سے براہ راست فروخت میں اضافہ ہوا ہے۔ ہم نے پالیسی کے مطابق حدود اور بل پر اسپیڈنگ کو یقینی بنانے کے لیے سسٹم پر مبنی ہسپتال کی منظوریوں اور اضافہ کو مربوط کیا ہے۔ ہم نے سائبر سیکیورٹی فریم ورک کو SECP کی طرف سے فراہم کردہ رہنمائی کی بنیاد پر نافذ کیا ہے تاکہ بین الاقوامی معیارات اور بہترین عمل کے مطابق سائبر حملوں کا اندازہ لگانے، ان کا پتہ لگانے، روکنے اور ان کا جواب دینے کے لیے۔ سائبر سیکیورٹی فریم ورک کو نافذ کرنے والی ٹیکنالوجیز میں نئے فائزولز، اینٹی وائرس، SIEM ٹولز شامل ہیں۔

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ANNUAL REPORT 2021



BOARD RESPONSIBILITIES

The Board of Directors ("the Board") of askari general insurance company limited (Company) recognizes the importance of maintaining a good system of risk management and internal controls to safeguard investment of shareholders and assets of the Company. The Board acknowledges its overall responsibility for reviewing the adequacy and integrity of the Company's system of risk management and internal controls, identifying principal risks and establishing an appropriate control environment and framework to manage risks and evaluating the Company's operational effectiveness and efficiency.

The Board has thoroughly reviewed the adequacy and effectiveness of the system of risk management and internal controls of the Company. It acknowledges the fact that owing to inherent limitations, the systems for this purpose can only manage rather than eliminate risk of business failure. Therefore, these systems cannot provide absolute assurance against

material misstatements or losses and the effectiveness of an internal control system may vary over time.

SYSTEM OF RISK MANAGEMENT

The Board also acknowledges that all areas of the Company's activities involve some degree of risks and appreciates that effective risk management is part of best business management practices aimed at successfully achieving the Company's goals and objectives. Operationally, the respective key management staff is responsible for managing the risks of their departments. Any significant risks facing the Company are highlighted at appropriate level of hierarchy to ensure such risks are closely monitored and appropriately addressed. The abovementioned practices culminate into an on-going process used to identify, evaluate and manage significant risks that affect the achievement of the Company's goals & objectives.

SYSTEM OF INTERNAL CONTROLS

The key measures implemented in the Company are as follows:-

- A well-defined organizational structure with well-defined responsibility matrix that sets out the authority delegated to the members of management;
- Documented policies and procedures for all significant processes;
- A management reporting system to facilitate the collection, processing, monitoring and dissemination of critical information for management review and decision;
- Performance reports such as quarterly financial reviews, business development and other corporate matters are regularly provided to the Directors for discussion and deliberations at meetings of the Board;
- Review of quarterly and annual financial results by the Audit Committee;
- Regular meetings by the management team to discuss and review reports for business development and to resolve key operations and managements issues; and
- Reviewing adequacy and effectiveness of the system of internal control, with the assistance of the internal audit function.

INTERNAL AUDIT FUNCTION

The Company has an in-house internal audit function that constantly reviews the adequacy and integrity of the internal control systems of the Company.

The functions of the internal audit are as follows:-

- i. Perform audit work in accordance with the pre-approved internal audit plan;
- ii. Carry out review of the system of internal controls of the Company;
- iii. Review and comment on the effectiveness and adequacy of the existing control policies and procedures;
- iv. Provide recommendations, if any, for the improvement of the control policies and procedures; and
- v. Review and comment on the implementation status of the recommendations by the internal audit function.

The internal audit function reports directly to the Audit Committee. The internal audit reports are submitted to the Audit Committee who reviews and deliberates on the findings before making the necessary recommendations to the Board to strengthen its system of internal control and policies.

CONCLUSION

The Board has utmost assurance that the Company's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company.

The Board reiterates its commitment towards operating a sound system of internal controls and effective risk management practices throughout the Company. It is the view of the Board that the system of internal controls is adequate, considering the size of the Company's operations and functions; and that there was no breakdown or weaknesses in the system of internal control that may have resulted in a significant loss to the Company for the year ended 31 December 2021. The Board will remain vigilant and continue implementing the necessary measures to improve and strengthen the Company's system of risk management and internal controls to adapt to the ever changing and challenging business environment.

رسک مینجمنٹ اینڈ انٹرئل کنٹرول سے متعلق بیان

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بورڈ کی ذمہ داریاں

« رپورٹوں اور کاروباری ترقی پر تبادلہ خیال کرنے اور اہم عمل کاریوں اور انتظامی مسائل کو حل کرنے کے لئے انتظامی ٹیم کی طرف سے باقاعدہ اجلاس؛ اور
« داخلی آڈٹ فنکشن کی مدد سے، داخلی کنٹرول کے نظام کی موزونیت اور موثریت کا جائزہ لینا۔

داخلی آڈٹ فنکشن

کمپنی کے پاس ایک داخلی آڈٹ فنکشن ہے جو کمپنی کی داخلی کنٹرول کے نظام کی موزونیت اور سالمیت کا تسلسل سے جائزہ لیتا ہے۔

داخلی آڈٹ کے افعال مندرجہ ذیل ہیں:-

i	پہلے سے منظور شدہ داخلی آڈٹ منصوبہ کے مطابق آڈٹ کے کام سرانجام دینا؛
ii	کمپنی کے داخلی کنٹرول کے نظام کا جائزہ لینے کی کوشش کرنا؛
iii	موجودہ کنٹرول کی پالیسیوں اور طریقہ کار کی موثر اور مناسب نظر ثانی اور اس پر تبصرہ؛
iv	کنٹرول پالیسیوں اور طریقہ کاروں کی بہتری کے لئے سفارشات مہیا کرنا، اگر کوئی ہے تو؛ اور
v	داخلی آڈٹ فنکشن کی سفارشات کی نفاذ کی حیثیت پر نظر ثانی اور تبصرہ کرنا۔

داخلی آڈٹ فنکشن براہ راست آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ داخلی آڈٹ رپورٹس آڈٹ کمیٹی کو پیش کی جاتی ہے جو، داخلی کنٹرول اور پالیسیوں کے نظام کو مضبوط کرنے کے لئے بورڈ کو ضروری سفارشات کرنے سے پہلے نتائج پر نظر ثانی کرتا ہے۔

نتیجہ

بورڈ نے انتہائی یقین دہانی کی ہے کہ کمپنی کے "رسک مینجمنٹ اینڈ انٹرئل کنٹرول سسٹم" پر بنیاد رکھتے ہوئے کمپنی کے "رسک مینجمنٹ اینڈ انٹرئل کنٹرول سسٹم" تمام مادی پہلوؤں میں موزوں اور موثر انداز میں کام کر رہے ہیں۔

بورڈ نے کمپنی بھر میں داخلی کنٹرول اور مؤثر خطرے کے انتظام کے طریقوں کی موثر نظام کو چلانے کے لئے اپنی عزم کا اعادہ کیا ہے۔ کمپنی کے آپریشن اور افعال کے سائز پر غور کرتے ہوئے، یہ بورڈ کا نقطہ نظر ہے کہ اندرونی کنٹرول کا نظام مناسب ہے؛ اور یہ کہ داخلی کنٹرول کے نظام میں کوئی ایسی خرابی یا کمزوری نہیں تھی جو ۳۱ دسمبر ۲۰۱۹ء کو ختم ہونے والے سال کے لئے کمپنی میں اہم نقصان کا باعث بن سکتی تھی۔ بورڈ محتاط رہے گا اور کمپنی کے "رسک مینجمنٹ اینڈ انٹرئل کنٹرول سسٹم" کو بہتر بنانے اور مضبوط کرنے کے لیے، کبھی بھی بدلنے والے اور مشکل کاروباری ماحول کے مطابق، ضروری اقدامات پر عملدرآمد جاری رکھے گا۔

عسکری جزل انشورنس کمپنی لمیٹڈ (کمپنی) کا بورڈ آف ڈائریکٹرز ("دی بورڈ") کمپنی کے اثاثوں اور حصے داروں کی سرمایہ کاری کو محفوظ کرنے کے لئے "رسک مینجمنٹ اینڈ انٹرئل کنٹرول" کے اچھے نظام کو برقرار رکھنے کی اہمیت کو تسلیم کرتا ہے۔ بورڈ، بڑے خدشات کی پہچان کرتے ہوئے نیز خدشات کو قابو کرنے، کمپنی کے آپریشنل اثر و رسوخ اور کارکردگی کا اندازہ کرنے اور مناسب کنٹرول والا ماحول کا انتظامی ڈھانچہ بناتے ہوئے، کمپنی کے "رسک مینجمنٹ اینڈ انٹرئل کنٹرول" کی شناخت اور موزونیت کو مد نظر رکھنے کے لئے اپنی مجموعی ذمہ داری کو تسلیم کرنے کا اعتراف کرتا ہے۔

بورڈ نے کمپنی کے "رسک مینجمنٹ اینڈ انٹرئل کنٹرول" کے نظام کی موزونیت اور موثریت کا اچھی طرح سے جائزہ لیا ہے۔ بورڈ اس حقیقت کا اعتراف کرتا ہے کہ معتدل حدود کی وجہ سے، اس مقصد کے نظام، کاروباری ناکامی کے خطرے کو ختم کرنے کے بجائے صرف اسے منظم کر سکتے ہیں۔ لہذا، یہ نظام مواد کی غلطی یا نقصانات کے خلاف مطمئن یقین دہانی نہیں فراہم کر سکتا اور ایک اندرونی کنٹرول کے نظام کی تاثیر وقتاً فوقتاً مختلف ہوتی ہے۔

رسک مینجمنٹ کا نظام

بورڈ یہ بھی اعتراف کرتا ہے کہ کمپنی کی سرگرمیوں کے تمام شعبہ جات میں کسی حد تک خدشہ شامل ہوتا ہے اور بورڈ یہ تعریف کرتا ہے کہ مؤثر رسک مینجمنٹ بہترین کاروباری مینجمنٹ کے طریقوں کا حصہ ہے جن کا مقصد کمپنی کے اغراض و مقاصد کو کامیابی سے حاصل کرنا ہے۔ عملی طور پر، متعلقہ کلیدی مینجمنٹ اسٹاف اپنے اپنے شعبہ جات کے خدشات کا انتظام کرنے کا خود مددگار ہے۔ کمپنی کو درپیش کسی بھی اہم خطرے کے متعلق تنظیمی ڈھانچے کے متعلق مناسب افراد کو باخبر کیا جائے تاکہ ان خدشات کی قریب سے نگرانی کی جائے اور مناسب طریقے سے ان کو حل کیا جائے۔ مندرجہ بالا طریقوں کا استعمال اس جاری عمل میں مفید ہے جو عمل ایسے نمایاں خدشات کی شناخت کرنے، ان کی تشخیص کرنے اور ان کو قابو کرنے کے لیے استعمال ہوتا ہے جو خدشات کمپنیوں کے اہداف اور مقاصد کی کامیابی کو متاثر کرتے ہیں۔

داخلی کنٹرول کا نظام

کمپنی میں لاگو اہم اقدامات مندرجہ ذیل ہیں:-

« بالکل واضح ذمہ داری بیان کرنے والے میٹرکس کے ساتھ ایک بالکل واضح تنظیمی ڈھانچہ جو مینجمنٹ کے اراکین کو تفویض کردہ اختیار مقرر کرتا ہے؛
« تمام اہم عمل کاریوں کے لئے دستاویزی پالیسیاں اور طریقہ کار؛
« انتظامی جائزے اور فیصلے کے لئے اہم تنقیدی معلومات کو جمع کرنا، اس کی پروسیجرنگ کرنا، اس کی نگرانی کرنا اور اس کو پھیلائے کے عمل کو بہل بنانے کے لیے مینجمنٹ رپورٹنگ سسٹم
« کارکردگی کی رپورٹیں جیسا کہ سہ ماہی مالیاتی جائزے، کاروباری ترقی اور دیگر کارپوریٹ سے متعلقہ معاملات بورڈ کے اجلاسوں میں بحث و مباحثہ اور غور و فکر کے لیے باقاعدگی سے ڈائریکٹرز فورام کی جاتی ہیں؛
« آڈٹ کمیٹی کی طرف سے سہ ماہی اور سالانہ مالیاتی نتائج کا جائزہ؛

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

ASKARI INSURANCE CO. LTD



STRATEGIC RISKS

Strategic risks are the result of Company's strategic objectives and business strategy decisions. The Company's Board of Directors have established an Executive, Risk Management & Compliance Committee through which it actively supervises the management of these risks and creates mitigating strategies wherever required.

BUSINESS RISKS

These risks are associated with the commercial essence of an entity. Common examples are reduced market share, amendments to product-pricing regulations or other regulatory changes undermining the organization's profitability are a few examples of these risks affecting the Company.

OPERATIONAL RISKS

These include risk of adverse change in the value of capital resources resulting from operational events such as inadequacy or failure of internal systems, personnel, procedures or controls etc.

FINANCIAL RISKS

The Company's activities exposes it to a variety of financial risks. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk without any material change from previous year in the manner described in notes below. The Board of Directors has overall responsibility for

the establishment and oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies. These risks are divided into following categories:

1. CREDIT RISK

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

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in similar manner. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and maintaining conservative estimates of provisions for doubtful assets, if required. The management believes it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

The Company has diversified portfolio of investment to mitigate the risk. The major credit risk exposure relates to held to maturity

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

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investment that are placed with Government of Pakistan and a financial institution as mentioned in note 10 to the financial statements. The Company has also maintained a provision against certain certificates of investments as disclosed in note 10.5 to the financial statements.

2. 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 variable such as interest / mark up rate, foreign exchange rate and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are as follows:

A). Interest / Mark up rate risk

Interest / mark-up rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market interest / mark up rates. The Company invests in securities and has deposits that are subject to interest / mark up rates risk. The Company limits interest / mark up rate risk by monitoring changes in interest / mark up rates in the currencies in which its cash and investments are denominated. The Company's financial liabilities are not exposed to interest / mark up rate risk.

B). Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company, at present, is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

C). Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. For further details relating to Price Risk, please refer note no. 41 to the financial statements.

3. LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Liquidity requirements are monitored by management to ensure that adequate funds are available to meet any obligations as they arise. To guard against risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities.

For further information relating to Liquidity Risks facing the Company, please refer to note no. 41 to the financial statements.

Key Sources of Estimating Uncertainty

The preparation of financial statements requires management and the Board of Directors to make estimates and judgments that impact reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingencies. The estimates and associated assumptions are based on historical experience and various other factors that the management and the Board believe to be reasonable under the prevailing conditions. The results of these estimates and assumptions form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The key areas of estimating uncertainty, which may have a significant effect on the amounts recognized in the financial statements, are discussed below:

Provision for unearned premiums

The unearned premium reserve is the unexpired portion of the premium which relates to business in force at the balance sheet date. Calculation of unearned premiums is performed by applying 1/365 method as specified in the Insurance Accounting Regulations, 2017.

Premium deficiency reserve (liability adequacy test)

The Company maintains a provision in respect of premium deficiency for the class of business where the unearned premium liability is inadequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses

expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense in profit and loss account for the year, if any.

Provision for outstanding claims (including IBNR)

A liability for outstanding claims (including IBNR) is recognized in respect of all claims incurred up to the balance sheet date that is measured at the undiscounted value of expected future payments. An actuary carries out the valuation of IBNR claims based on guidelines issued by the Securities and Exchange Commission of Pakistan.

Employees' retirement benefits

The Company operates defined benefit pension fund and defined benefit gratuity fund for its employees. The accounting of these benefits is performed in accordance with International Accounting Standard (IAS) 19 – Employee Benefits.

Deferred taxation

Deferred tax asset or liability is recognized using the balance sheet liability method for all temporary differences between the amounts attributed to assets and liabilities for financial reporting and taxation purposes. The amount of deferred tax recognized is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date.

Impairment in value of investments

All impairment losses are recognized in the profit and loss account. Provisions for impairment are reviewed at each balance sheet date and are adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense in the profit and loss account.

Investment properties

Investment Property is accounted for under cost model in accordance with approved International Accounting Standard (IAS) 40, "Investment Property" and S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan. Valuation of investment properties are also carried out by independent valuers having relevant professional qualifications.

Useful lives of fixed assets

The assets' residual values, useful lives and method for depreciation are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Premium due but unpaid and Amounts due from other insurers/reinsurers

The Company reviews its premium due but unpaid and amounts due from other insurers / reinsurers portfolio to assess their recoverability and provision required there-against. While assessing this requirement, various factors including the delinquency and financial position of the counter party are considered.

ملازمین کے ریٹائرمنٹ فوائد

کمپنی اپنے ملازمین کے لئے مقررہ پینی فنڈ پنشن فنڈ اور مقررہ پینی فنڈ گریجویٹ فنڈ چلاتی ہے۔ ان فوائد کی اکاؤنٹنگ "بین الاقوامی اکاؤنٹنگ سٹینڈرڈ (آئی اے ایس) 19- ملازمین فوائد" کے مطابق کی جاتی ہے۔

معطل ٹیکس

مالیاتی ریورنگ اور ٹیکس کے مقاصد کے لئے اثاثوں اور واجبات کی منسوب کردہ رقم کے درمیان تمام عارضی اختلافات کے لئے بیلنس شیٹ واجبات کا طریقہ استعمال کرتے ہوئے معطل ٹیکس اثاثہ یا واجبات کو تسلیم کیا جاتا ہے۔ شناخت شدہ معطل ٹیکس کی رقم کی بنیاد، بیلنس شیٹ ڈیٹ میں نافذ کردہ ٹیکس کی شرح کا استعمال کرتے ہوئے، اثاثوں اور واجبات کی رقم کی وصولی یا تصفیہ کے متوقع طریقہ کار پر ہے۔

سرمایہ کاری کی قیمت میں نقصان

منافع اور نقصان کے اکاؤنٹ میں تمام نقصانات کو تسلیم کیا جاتا ہے۔ ہر بیلنس شیٹ ڈیٹ میں نقصان کی شرائط کا جائزہ لیا جاتا ہے اور موجودہ بہترین تخمینوں کی عکاسی کرنے کے لئے اسے ایڈجسٹ کیا جاتا ہے۔ شرائط میں تبدیلی کو منافع اور نقصان کے اکاؤنٹ میں آمدنی یا اخراج کے طور پر تسلیم کیا جاتا ہے۔

سرمایہ کاری کی جائیداد

سرمایہ کاری کی جائیداد کو، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ S.R.O 938، "سرمایہ کاری پر اپنی" اور منظور شدہ بین الاقوامی اکاؤنٹنگ سٹینڈرڈ (آئی اے ایس) ۴۰ کے مطابق لاگت ماڈل کے تحت شمار کیا جاتا ہے۔ سرمایہ کاری پر اپنی کی تشخیص بھی خود مختار قابل قدر اشخاص کی طرف سے کی جاتے ہیں جو متعلقہ پیشہ ورانہ اہلیت رکھتے ہوں۔

فلسفہ اثاثوں کا مفید بقاء

اثاثے کے باقی رہنے والے اقدار، مفید بقاء اور استحصال کے طریقہ کار کی ہر مالی سال کے اختتام پر نظر ثانی کی جاتی ہیں اور اگر قیمتوں میں اضافہ بہت نمایاں ہو تو انہیں ایڈجسٹ کیا جاتا ہے۔

پریمیم واجبات لیکن دیگر بیمہ کاروں / کمر ذمہ داریوں کی طرف سے غیر ادا شدہ اور قابل ادا رقم

کمپنی اپنے ان پریمیم واجبات جو کہ ابھی تک بیمہ کاروں / کمر ذمہ داریوں کے پورٹ فولیو کی طرف سے غیر ادا شدہ اور قابل ادا ہیں، ان کا جائزہ لیتی ہے تاکہ ان کی بحالی اور مطلوبہ فراہمی کے لئے رسائی حاصل کرے۔ اس تقاضے کا اندازہ کرتے ہوئے، ہم منصب پارٹی کی لاقانونیت اور مالی پوزیشن سمیت کئی عوامل شامل ہیں۔

داری کو پورا کرنے کے لئے مناسب فنڈ موجود ہیں۔ خطرے سے بچنے کے لئے، کمپنی نے لیکویڈیٹی ذہن میں رکھنے کے ساتھ نقد، نقد مساوات اور مارکیٹنگ سکیورٹیز کے صحت مند توازن کو برقرار رکھتے ہوئے فنڈنگ وسائل اور اثاثہ جات کو مختلف جگہوں پر لگایا ہے۔

کمپنی کو درپیش لیکویڈیٹی خطرات سے متعلق مزید معلومات کے لئے، براہ کرم نوٹ نمبر 41 کی طرف رہنمائی کریں۔

غیر یقینی صورتحال کا تخمینہ کرنے کے اہم ذرائع

مالیاتی تیاری کے لیے اس چیز کی ضرورت ہوتی ہے کہ بورڈ آف ڈائریکٹرز ایسے تخمینے اور فیصلے کرے جو کہ اثاثہ جات، واجبات، آمدنیوں اور اخراجات اور متعلقہ افواہوں کے بارے میں اطلاع کی مقدار پر اثر انداز ہوں۔ تخمینہ جات اور منسلک مفروضات تاریخی تجربے اور دیگر متعدد عوامل پر مبنی ہیں جن کے بارے میں انتظامیہ اور بورڈ کا یہ خیال ہے کہ یہ موجودہ حالات کے تحت مناسب ہیں۔ ان تخمینوں اور مفروضوں کے نتائج ان اثاثوں اور واجبات کے اقدار کے بارے میں فیصلہ کرنے کے لئے بنیاد بناتے ہیں جو کہ دوسرے ذرائع سے آسانی سے ظاہر نہیں ہوتے ہیں۔ مختلف نتائج یا حالات کے تحت اصل نتائج ان تخمینوں سے مختلف ہو سکتے ہیں۔ غیر یقینی تخمینہ کی اہم وجوہات، جس کا مالی بیانات میں تسلیم کردہ مقداروں پر ایک اہم اثر ہو سکتا ہے، کے بارے میں ذیل میں تبادلہ خیال کیا گیا ہے:

غیر موصول شدہ پریمیم کے لئے فراہمی

غیر موصول شدہ پریمیم ریزرو، بیلنس شیٹ ڈیٹ میں مذکور کاروبار سے متعلق پریمیم کا غیر متوقع حصہ ہے۔ "انسورنس اکاؤنٹنگ ریگولیشنز، ۲۰۱۷ء" میں بیان کردہ طریقہ کار کے ۱/۴۲ ویں حصے کو لاگو کرنے سے غیر موصول کردہ پریمیموں کا حساب لگایا جاتا ہے۔

پریمیم کی مالی آمدن (واجبات جانچنے کا ٹیسٹ)

کمپنی، کاروبار کی کلاس کے لئے پریمیم کی کمی کے سلسلے میں شرط کو برقرار رکھتی ہے جہاں بکر بیمہ کاری کے بعد، مستقبل کے متوقع واجبات کو پورا کرنے کے لئے غیر موصول پریمیم واجبات ناقابل اعتماد ہے، ایسے دعویٰ جات اور دیگر اضافی اخراجات میں سے جن کے بارے میں یہ توقع ہے کہ یہ بیلنس شیٹ ڈیٹ میں کاروبار کی اس کلاس میں غیر متوقع پالیسی کے حوالے سے بیلنس شیٹ ڈیٹ کے بعد خرچ ہوں گے۔ پریمیم کی مالی آمدن میں تحریک، بوقت ضرورت، سال کے لئے منافع اور نقصان کے اکاؤنٹ میں خرچ کے طور پر ریکارڈ کی گئی ہے۔

بقایا جاتی رقم کے دعویٰ کے لئے شرط (IBNR سمیت)

بقایا جاتی رقم کے دعویٰ (بشمول آئی بی این آر) کی ذمہ داری ان تمام دعویوں کے سلسلے میں تسلیم کی جاتی ہے جو اس بیلنس شیٹ ڈیٹ تک خرچ ہوئے جس کی متوقع مستقبل کی ادائیگیوں کے غیر عادی اقدار تک پیمائش ہوئی۔ آئی بی این آر کے ان دعویٰ جات کی تشخیص عمل میں لائی گئی جو دعویٰ جات ان ہدایات پر مبنی تھے جو "سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان" نے جاری کیں۔

کمپنی کو درپیش بڑے خطرات اور غیر یقینی صورتحال

ASKARI INSURANCE CO., LTD

اسٹریٹجک رسک

اسٹریٹجک رسک کمپنی کے اسٹریٹجک مقاصد اور کاروباری حکمت عملی کے فیصلے کا نتیجہ ہیں۔ کمپنی کے بورڈ آف ڈائریکٹرز نے ایک "ایگزیکٹو، رسک مینجمنٹ اینڈ کمپلائنس کمیٹی" قائم کر دی ہے جس کے ذریعہ یہ کمپنی ان خطرات کے انتظام کی مؤثر طریقے سے نگرانی کرتی ہے اور جہاں بھی ضروری ہو یہ کمپنی ان خطرات کو کم کرنے کے لیے حکمت عملی بناتی ہے۔

کاروباری رسک

یہ خطرات کسی ادارے کے تجارتی جزو سے منسلک ہوتے ہیں۔ کمپنی کو متاثر کرنے والے ان خطرات کی چند مثالوں میں مارکیٹ شیئر کی کمی، مصنوعات کی قیمتوں کا تعین کرنے والے قواعد و ضوابط میں ترمیم یا کمپنی کے منافع کو کم کرنے والی دیگر ریگولیٹری تبدیلیاں بہت عام مثالیں ہیں۔

آپریٹنگ رسک

ان میں آپریٹنگ واقعات کے نتیجے میں کھپل وسائل کی قدر میں منفی تبدیلی کا خطرہ شامل ہوتا ہے جیسا کہ اندرونی نظام، اہلکار حضرات، طریقہ کار یا کنٹرول وغیرہ کا ناکافی ہونا یا ان چیزوں کی ناکامی۔

مالیاتی رسک

کمپنی کی سرگرمیاں مختلف مالیاتی خطرات سے نمٹنے کے لئے ظہور میں آتی ہیں۔ کمپنی کا مجموعی رسک مینجمنٹ پروگرام مالیاتی مارکیٹوں کی غیر متوقع صلاحیت پر توجہ مرکوز کرتا ہے اور مالی کارکردگی پر ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے۔ کمپنی درج ذیل اہم ملاحظات میں بیان کردہ طریقہ سے پچھلے سال کی نسبت اس سال بھی کسی چیز کی تبدیلی کے بغیر مالیاتی خطرے کے ظہور کا تسلسل سے انتظام کر رہی ہے۔ بورڈ آف ڈائریکٹرز پر کمپنی کے رسک مینجمنٹ فریم ورک کے قیام اور اس کی نگرانی کی مجموعی ذمہ داری ہے۔ کمپنی کی رسک مینجمنٹ پالیسیوں کی بہتری کے لئے بھی بورڈ ہی ذمہ دار ہے۔ یہ خطرات مندرجہ ذیل اقسام میں تقسیم کیے گئے ہیں:

کریڈٹ رسک (قرض کا خطرہ)

کریڈٹ رسک ایسا خطرہ ہے جو اس امکان سے پیدا ہوتا ہے کہ ایک مالی آلہ پر ایک پارٹی اپنی ذمہ داری کو ہٹانے میں ناکام ہو جائے اور دوسری پارٹی کو مالی نقصان پہنچا دے۔ کمپنی، مختلف صنعتوں میں بہت سی ہم منصب پارٹیوں کے ساتھ لین دین کا آغاز کرتے ہوئے اور ہم منصب پارٹیوں کے کریڈٹ کی اہلیت کا جائزہ لیتے ہوئے کریڈٹ کے ظہور کی نگرانی کے ذریعہ کریڈٹ رسک کنٹرول کرنے کی کوشش کرتی ہے۔ کریڈٹ رسک کا ارتکاز اس وقت ہوتا ہے جب کئی ہم منصب پارٹیاں ایک ہی قسم کی کاروباری سرگرمیاں کرتی ہیں۔ اس کے نتیجے میں، معاشی، سیاسی یا دیگر حالات میں کوئی بھی تبدیلی اسی طریقے سے ان کے معاہدے کو پورا کرنے کی صلاحیت پر اثر انداز ہوگی۔ مینجمنٹ، اگر ضرورت پڑے تو کلائنٹ کی پوشیدہ حقیقت کی نگرانی اور مشکوک اثاثہ جات کے لئے اشیاء کے روایتی تخمینوں کو برقرار رکھنے کے ذریعے، کمپنی کو کریڈٹ رسک میں پڑنے سے روکتی ہے یا اس خطرے کو کم کر دیتی ہے۔ مینجمنٹ کا خیال ہے کہ کریڈٹ رسک پر بہت زیادہ توجہ مرکوز کرنے کی ضرورت نہیں ہے کیونکہ کمپنی کے مالی اثاثہ جات مالیاتی لحاظ سے مضبوط اداروں میں ہے جو ادارے مختلف صنعتی شعبہ جات کا احاطہ کیے ہوئے ہیں۔

خطرے کو کم کرنے کے لئے کمپنی کے پاس سرمایہ کاری کا ایک متنوع پورٹ فولیو ہے۔ اہم کریڈٹ رسک کے واقع ہونے کا تعلق اس میچورٹی سرمایہ کاری کے ساتھ ہے جو حکومت پاکستان اور مالیاتی ادارے کے ساتھ رکھی جاتی ہے جیسا کہ مالیاتی بیانات کے ملاحظہ نمبر 10 میں مذکور ہے۔ کمپنی نے سرمایہ کاری کے بعض مشقیات کے خلاف ایک شیٹ بھی برقرار رکھی ہے جیسا کہ مالیاتی بیانات کے ملاحظہ نمبر 10.5 میں انکشاف کیا ہے۔

مارکیٹ رسک

مارکیٹ رسک ایسا خطرہ ہے کہ جس میں مارکیٹ کے متغیرات جیسا کہ سود/منافع کی شرح، غیر ملکی کرنسی کی شرح اور ایکویٹی کی قیمتوں وغیرہ میں تبدیلی کے نتیجے میں مالی وسائل کی منصفانہ قیمت یا مستقبل کے نقد بہاؤ میں کمی پیش ہو جائے گی۔ اصل مقصد قابل قبول پیرامیٹرز کے اندر رہتے ہوئے مارکیٹ رسک سے نمٹنے کا انتظام کرنا اور اسے کنٹرول کرنا ہے، جبکہ واپسی کو بہتر بنانا مقصود ہو۔ کمپنی کی کاروباری سرگرمیوں کے ساتھ منسلک مارکیٹ رسک مندرجہ ذیل ہیں:

(اے) سود/منافع کی شرح کا رسک

سود/منافع کی شرح کا رسک ایسا خطرہ ہے کہ جس میں مارکیٹ سود/منافع کی شرح میں تبدیلی کے نتیجے میں مالی وسائل کی منصفانہ قیمت یا مستقبل کے نقد بہاؤ میں کمی پیش ہو جائے گی۔ کمپنی سیکورٹیز میں سرمایہ کاری کرتا ہے اور اس کے پاس رقوم ہیں جس میں سود/منافع کی شرح کا رسک موجود ہے۔ کمپنی اس کرنسی میں سود/منافع کی شرح میں تبدیلی کو مد نظر رکھتے ہوئے سود/منافع کی شرح کے رسک کو محدود کرتی ہے جس کرنسی میں کمپنی کے نقد رقوم اور سرمایہ کاری کی نشان زدگی کی گئی ہوتی ہے۔

(بی) غیر ملکی کرنسی رسک

غیر ملکی کرنسی رسک ایسا خطرہ ہے جس میں غیر ملکی کرنسی کی شرح میں تبدیلیوں کی وجہ سے مالی وسائل کی منصفانہ قیمت یا مستقبل کے نقد بہاؤ میں تبدیلی آ جائے گی۔ اس وقت کمپنی مادی طور پر کرنسی رسک میں مبتلا نہیں ہے کیونکہ زیادہ تر لین دین پاکستانی روپوں میں کیا جاتا ہے۔

(سی) قیمتوں کا رسک

قیمتوں کا رسک ایسا خطرہ ہے کہ جس میں مارکیٹ کی قیمتوں (سود/منافع کی شرح کے رسک یا کرنسی رسک کے علاوہ) میں تبدیلی کی وجہ سے مالیاتی وسائل کی منصفانہ قیمت میں کمی پیش واقع ہوگی، چاہے ان تبدیلیوں کی وجہ انفرادی مالیاتی وسائل یا اس کے اجزاء کنندہ کے ساتھ مخصوص عوامل ہوں، یا مارکیٹ میں تجارت کیے جانے والے تمام یا ایک جیسے مالیاتی وسائل پر اثر انداز ہونے والے عوامل ہوں۔ قیمتوں کے رسک سے متعلق مزید تفصیلات کے لئے، براہ کرم نوٹ نمبر 41 کی طرف رہنمائی کریں۔

لیکویڈیٹی رسک (مائع جاتی خطرات)

لیکویڈیٹی رسک ایسا خطرہ ہے جس میں کمپنی اپنے پر لاگو ہونے والے مالی واجبات کو پورا کرنے میں کامیاب نہیں ہو سکے گی۔ متوقع لیکویڈیٹی رسک مینجمنٹ کا مطلب مناسب نقد رقم اور مارکیٹنگ سیکورٹیز کو برقرار رکھنا ہے۔ اختتامیہ لیکویڈیٹی کی ضروریات کی نگرانی کرتی ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ کسی بھی درپیش ذمہ

BOARD COMMITTEES

ANNUAL REPORT 2021

The company has six committees at the board level. These committees meet on quarterly basis to review the company's performance, which strengthens its governance framework.

The terms of reference and composition of these committees are given below:

Executive, Risk Management and Compliance Committee

The terms of reference of this committee include the following:

- a. Oversee the activities of the risk management function / department.
- b. Monitoring the compliance function and the insurer's risk profile in respect of compliance with the laws applicable to it as well as the internal policies and procedures.
- c. Supervise and monitor matters reported using the insurer's whistle blowing or other confidential mechanisms for employees and others to report compliance concerns or potential breaches, violations, or frauds.
- d. Approve all investments over Rs. 10 million and review progress of investments.
- e. Review yearly budget and recommend its approval to the Board.
- f. Review monthly performance of the Company.
- g. Review and approve claim payments over Rs. 1 million.
- h. Review legal suits filed by or against the Company.
- i. Consider any other matter related to the performance and operations of the Company.

The Committee comprises of four members, including the Chairman of this committee, three of whom are non-executive directors. Following is the composition of this committee:

Name	Status in Committee
AVM Mohammad Athar Shams (Retd)	Chairman
Maj Gen Muhammad Muazzam Ali Goraya (Retd)	Member
Brig Kamran Asad (Retd)	Member
Mr. Abdul Waheed	Member

Audit Committee

The terms of reference of this committee include the following:

- determination of appropriate measures to safeguard the Company's assets;

- review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:

- o major judgmental areas;
- o significant adjustments resulting from the audit;
- o the going concern assumption;
- o any changes in accounting policies and practices;
- o compliance with applicable accounting standards;
- o compliance with listing regulations and other statutory and regulatory requirements; and
- o significant related party transactions.

- review of preliminary announcements of results prior to publication;

- facilitating 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 (in the absence of management, where necessary);

- review of management letter issued by external auditors and management's response thereto;

- ensuring coordination between the internal and external auditors of the Company;

- review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

- consideration of major findings of internal investigations and management's response thereto;

- ascertaining that the internal control systems including financial and operational controls, accounting systems and the reporting structure are adequate and effective;

- review of the Company's statement on internal control systems prior to endorsement by the Board of Directors;

- determination of compliance with relevant statutory requirements;

- monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

- consideration of any other issue or matter as may be assigned by the Board of Directors.

The Committee comprises of three members, including the Chairman of this committee, all of whom are non-executive directors. Following is the composition of this committee:

Name	Status in Committee
M. Munir Malik	Chairman
Malik Riffat Mehmood	Member
Brig Kamran Asad (Retd)	Member

Ethics, Human Resource & Remuneration Committee

The terms of reference of this committee include the following:

- recommending human resource management policies to the board;
- recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
- recommending to the board the selection, evaluation, compensation (including retirement benefits) of CFO, Company Secretary and Head of Internal Audit; and
- consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO.
- proposing a remuneration approach and related policies for the insurer covering the remuneration policy, remuneration governance and structure (including approval policy for the level and composition of compensation), and the components of compensation (such as the amount of fixed remuneration, shares or options, other variable remuneration, pension rights, redundancy pay and other forms of compensation and benefits, as well as the performance criteria and their application);
- 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.

The committee comprises of three members including the Chairman of this Committee, out of which one is independent, and one is a non-executive director. Following is the composition of this committee:

Name	Status in Committee
Imran Iqbal	Chairman
Brig Kamran Asad (Retd)	Member
Mr. Abdul Waheed	Member

Furthermore, the Company has three sub-committees of the Board, which cover the core areas of business. These committees meet on regular basis and are headed by non-executive directors. The functions and composition of the committees are given below:

Underwriting, Reinsurance & Coinsurance Committee

The Underwriting, Reinsurance & Coinsurance Committee formulates the under writing policy of the Company. It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers. It regularly reviews the underwriting and premium policies of the Company with due regard to relevant factors such as business portfolio and the market development.

This committee also ensures that adequate reinsurance arrangements are made for the Company. It peruses the proposed reinsurances arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsures, makes appropriate adjustments to those arrangements in the light of the market development. It also assesses the effectiveness of the reinsurance program for the future reference

Following is the composition of this committee:

Name of Member	Status in Committee
AVM Mohammad Athar Shams (Retd)	Chairman
Abdul Waheed	Member
Zaheer Abbas	Member
Sohail Khalid	Member

Claims Settlement Committee

This 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 particular attention to significant claims cases or events, which give rise to a series of claims. The Claims Settlement Committee determines the circumstances under which the claims disputes be brought to its attention and decide how to deal with such claim's disputes. It also oversees the implementation of the measures for combating fraudulent claims cases.

BOARD COMMITTEES

ANNUAL REPORT 2021

Following is the composition of this committee:

Name	Status in Committee
Malik Riffat Mehmood	Chairman
Mr. Abdul Waheed	Member
Mr. M. Qasim	Member
Mian Syed Samir Ahmad	Member

Investment Committee

The Investment Committee is responsible for framing the investment policy for the Company and ensuring that the overall investment portfolio is managed in line with the approved investment policy. The functions of the committee are outlined below:

- Reviewing overall investment portfolio and investments and encashments made during the period under consideration;
- Reviewing the investment income generated in comparison with budgeted targets during the period under consideration;
- Reviewing and recommending the annual investment budget for the Board's approval;
- Assessing the macroeconomic and microeconomic factors for the foreseeable future and to issue guidance for further

investments/disinvestments, restructuring of investment portfolio and reallocation of funds etc. so as to make timely decisions to maximize profits (or reduce possible losses), within the parameters of prudent and sound investment operations;

- Assessing the performance benchmarks for the investment portfolio;
- To ensure that the investment decisions are in synchronization with overall business strategy and investment policy of the Company; and
- To recommend changes in the investment policy guidelines, as and when considered necessary, to the Board of Directors.

Following is the composition of this committee:

Name	Status in Committee
Malik Riffat Mehmood	Chairman
M. Munir Malik	Member
Abdul Waheed	Member
Suleman Khalid	Member
Shahid Qayyum	Member



AskTech (Pvt) Ltd.

OPEN & TRANSPARENT TO INNOVATION & DIVERSITY

At Asktech we believe that through diversity and transparency we can enhance the experience of our customers by providing them with quality services using cutting edge technologies and turnkey solutions. Since commencement of our operations our focus has been to develop a strong and close relationship with our customers, understand their individual needs and implement solutions.

We are also endeavoring to diversify our product base by partnering with world leading brands who seek access to our market with common objectives. Our future expansion plans include marketing & monitoring of heart functioning through medical devices. We are optimistic that the proposed plan shall result in diversifying our product base with a potential for higher returns to the company. Lately we have also started active participation in Government/commercial tenders which is helping increase our corporate customer base. The recent approval of license for tracking of transit trade to AGICO by FBR will improve the throughput of business for Asktech.

With the right mind set and a growing team of highly trained and experience staff, we aim to excel in everything we do, and to be considered best in the industry is a continuous process in our young history. We strive to providing exceptional client service and living our core values of Excellence, Integrity and Transparency.

We give our sincere gratitude to our valued customers for their confidence in us and our team for their hard work and dedication. Special thanks to our Board of Directors for their valuable guidance and support.

We believe that we are all set and ready to accept challenges of the future and excel according to expectations of our stakeholder.

Mr. Taimoor Afzal
Chief Executive Officer
AskTech (Pvt) Ltd.

FINANCIAL CALENDAR

**FIRST QUARTER ENDED
MARCH 31, 2021**

Announced on
April 27, 2021

**HALF YEAR ENDED
JUNE 30, 2021**

Announced on
August 26, 2021

**THIRD QUARTER ENDED
SEPTEMBER 30, 2021**

Announced on
October 27, 2021

**YEAR ENDED
DECEMBER 31, 2021**

Announced on
April 27, 2022

ANNUAL REPORT 2021

Issued on
May 9, 2022

**27TH ANNUAL
GENERAL MEETING**

To be held on
May 30, 2022

FINANCIAL ANALYSIS

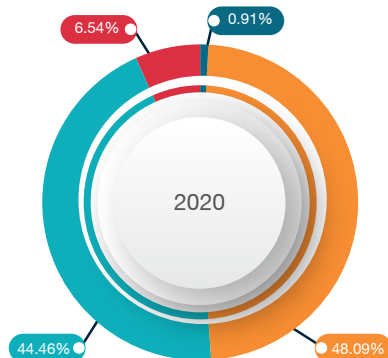
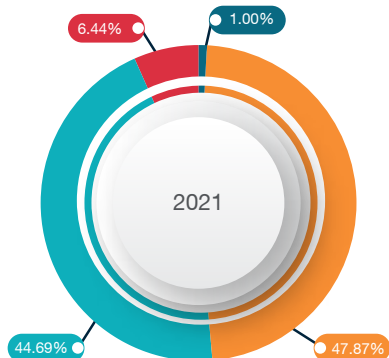
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PERFORMANCE AT A GLANCE

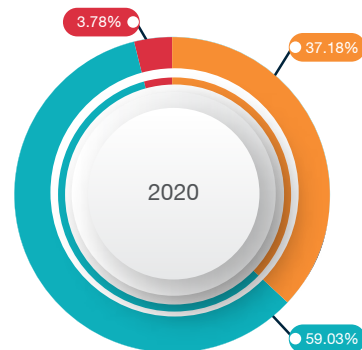
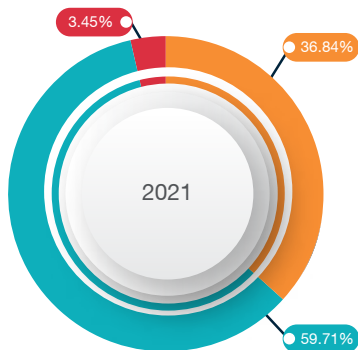
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Assets



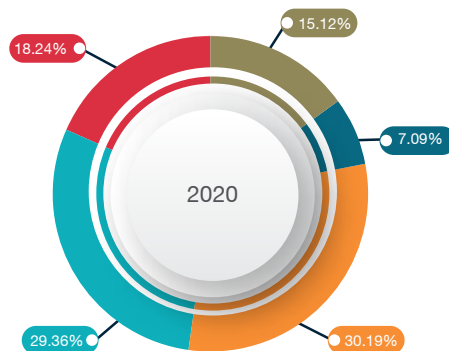
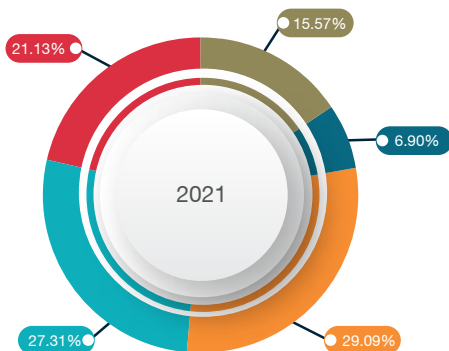
Earning assets Current assets Fixed assets Others

Shareholders' Equity and Liabilities



Share Capital & Reserves Current Liabilities Non Current Liabilities

Gross Premium - Business Wise

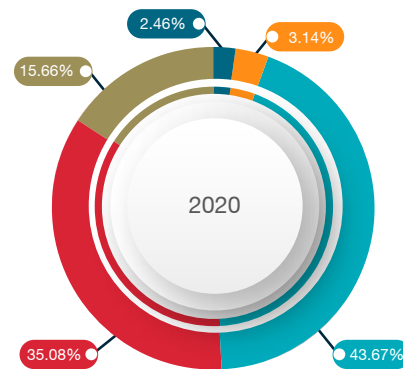
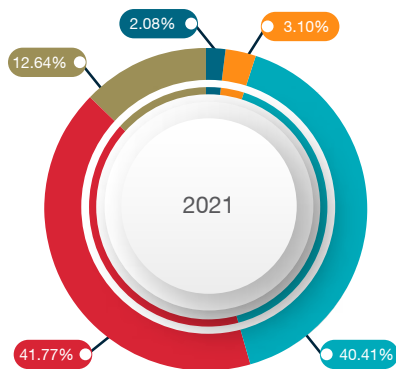


Fire and property damage Marine, aviation and transport Motor Accident and health Miscellaneous

PERFORMANCE AT A GLANCE

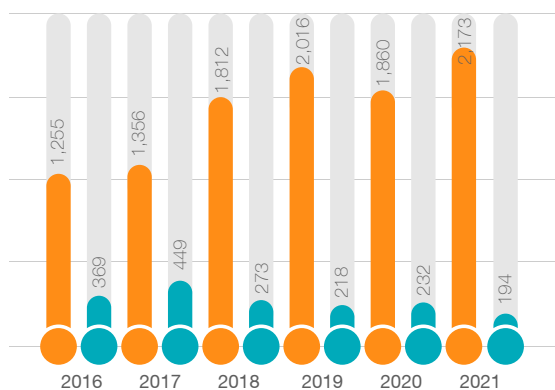
ASKARI INSURANCE CO., LTD

Net Premium - Business Wise

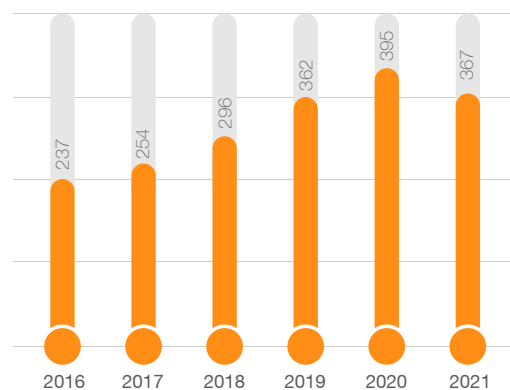


Fire and property damage Marine, aviation and transport Motor Accident and health Miscellaneous

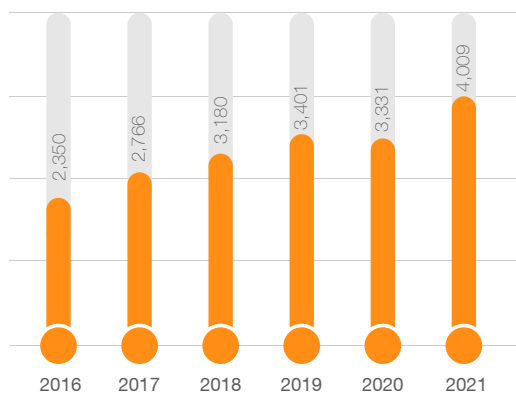
GRAPHICAL ANALYSIS OF BALANCE SHEET



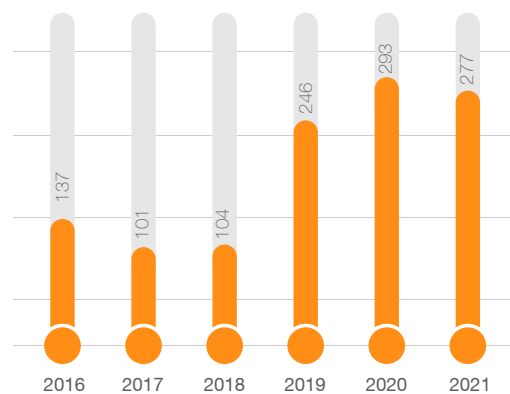
Net Premium Revenue Underwriting Income



Profit After Tax



Gross Premiums Written

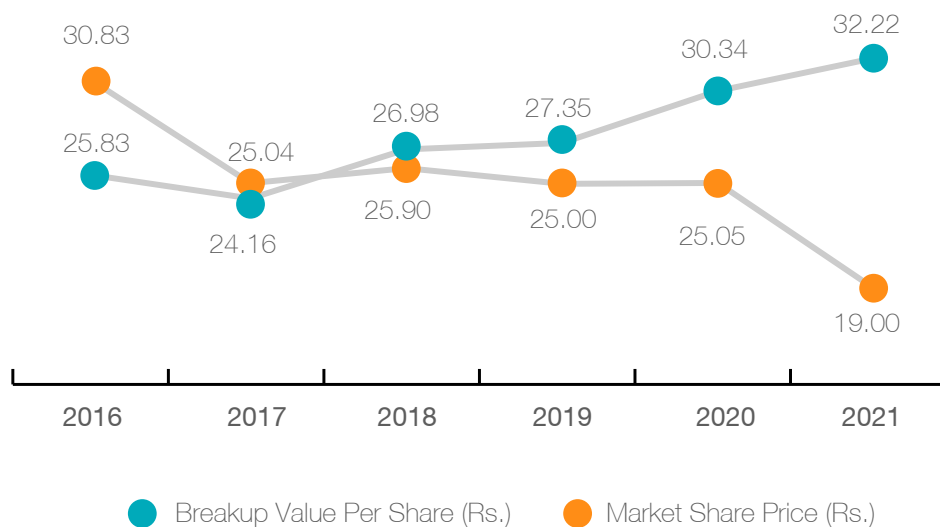
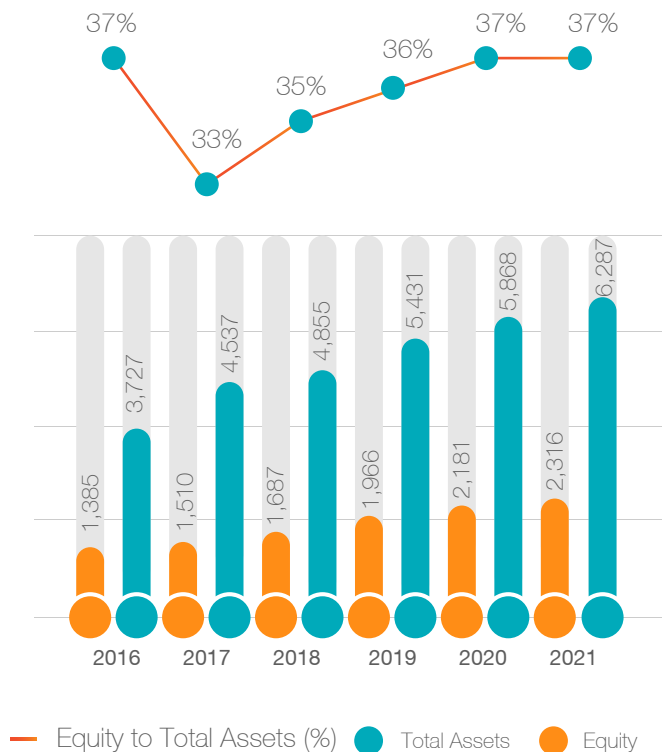


Investment and Other Income

PERFORMANCE AT A GLANCE

ANNUAL REPORT 2021

Graphical Analysis of P&L



STATEMENT OF **VALUE ADDED**

FOR THE YEAR ENDED DECEMBER 31, 2021

ASKARI INSURANCE CO. LTD

	2021	2020
	Rupees in thousand	
Wealth Generated		
Net Premium Revenue	2,172,782	1,860,234
Commission from reinsurer	304,193	319,317
Investment income and profit on bank deposits	263,832	279,114
Rental income	4,984	5,048
Other income	8,133	8,800
Gain on Takaful	54,849	62,898
	2,808,772	2,535,379
Less:		
Claims, commission and expenses (excluding employees remuneration, depreciation and other taxes)	1,744,643	1,440,680
Net wealth generated	1,064,129	1,094,699
Wealth distribution:		
Employees' remuneration	465,990	433,622
Government taxes (includes income tax, WWF and other taxes)	137,355	164,841
Finance cost	13,385	16,982
	616,730	615,445
Distribution		
Cash Dividend	197,730	179,755
Stock Dividend	-	-
	197,730	179,755
Retained in business:		
Depreciation and amortization	80,519	84,128
Earnings	169,149	215,371
	249,669	299,499
Total Wealth Distributed	1,064,129	1,094,699

	2021		2020		2019		2018		2017		2016	
	Rupees '000	%	Rupees '000	%	Rupees '000	%	Rupees '000	%	Rupees '000	%	Rupees '000	%
Balance Sheet												
Cash and Bank Deposits	196,392	3.12	231,797	3.95	342,237	6.30	147,175	3.03	191,755	4.23	151,902	4.08
Loans to Employees	357	0.01	222	0.00	12	0.00	324	0.01	801	0.02	1,344	0.04
Investments	2,775,132	44.14	2,550,902	43.47	2,216,837	40.82	1,831,910	37.74	1,643,014	36.21	1,498,227	40.20
Investment Property	37,881	0.60	39,191	0.67	40,501	0.75	41,811	0.86	43,121	0.95	44,431	1.19
Deferred Taxation	21,945	0.35	13,748	0.23	15,592	0.29	31,940	0.66	12,989	0.29	11,173	0.30
Current Assets - without investments, advances and cash and bank	2,515,054	40.00	2,338,914	39.86	2,247,921	41.39	2,357,261	48.56	2,404,616	53.00	1,807,718	48.51
Fixed Assets- Tangible and Intangible	405,135	6.44	383,751	6.54	285,910	5.26	228,906	4.72	120,400	2.65	133,732	3.59
House Building Finance	4,012	0.06	2,863	0.05	2,961	0.05	12,771	0.26	00	00	00	00
Total Assets from Window Takaful Operations - Operators' Fund (OPF)	331,192	5.27	306,866	5.23	279,427	5.14	202,467	4.17	120,437	2.65	78,051	2.09
Total Assets	6,287,100	100.00	5,888,254	100.00	5,431,398	100.00	4,854,565	100.00	4,537,133	100.00	3,726,578	100.00
Share Holders' Equity	2,316,327	36.84	2,181,933	37.18	1,966,379	36.20	1,686,721	34.75	1,510,290	33.29	1,385,172	37.17
Underwriting Provisions	2,455,739	39.06	2,315,988	39.47	2,117,312	38.98	2,195,594	45.23	2,045,241	45.08	1,651,460	44.32
Staff Retirement Benefits	78,743	1.25	70,788	1.21	67,081	1.24	54,390	1.12	40,988	0.90	32,357	0.87
Creditors and Accruals	1,066,156	16.96	929,642	15.84	1,035,769	19.07	751,407	15.48	773,271	17.04	508,014	13.63
Finance Lease Liability	213,106	3.39	209,092	3.56	100,390	1.85	59,591	1.23	63,770	1.41	70,655	1.90
Deposits and other payables	43,137	0.69	55,818	0.95	45,610	0.84	33,604	0.69	58,184	1.28	53,223	1.43
Other Liabilities	10,970,563	0.17	9,105	0.16	7,158	0.13	4,049	0.08	2,298	0.05	1,237	0.03
Total Liabilities from Window Takaful Operations - OPF	102,923	1.64	95,887	1.63	91,699	1.688	69,209	1.426	43,091	0.95	24,460	0.66
Total Equity and Liabilities	6,287,100	100.00	5,888,254	100.00	5,431,398	100.00	4,854,565	100.00	4,537,133	100.00	3,726,578	100.00
Profit & Loss Account												
Net Premium Revenue	2,172,782	116.80	1,860,234	92.26	2,016,249	100.00	1,811,751	100.00	1,356,189	100.00	1,255,230	100.00
Net Claims	1,377,015	63.38	1,116,735	60.03	1,250,767	62.03	1,069,485	59.03	622,365	45.89	644,502	51.35
Expenses	658,995	30.33	647,055	34.78	639,228	31.70	553,133	30.53	536,302	39.54	477,867	38.07
Net Commission	49,050	2.26	124,677	6.70	82,512	4.09	75,563	4.17	46,999	3.47	48,722	3.88
Investment Income including Rental & Bank Deposits Returns	268,815	12.37	284,130	15.28	224,875	11.15	81,824	4.52	98,320	7.25	131,098	10.44
Other Income	8,133	0.37	8,800	0.47	21,022	1.04	21,718	1.20	2,967	0.22	6,310	0.50
Finance Cost	13,385	0.62	16,982	0.91	12,356	0.61	4,297	0.24	5,056	0.37	4,017	0.32
Impairment in Value of Available for Sale Securities	-	-	-	-	-45,103	-2.24	38,711	2.14	4,463	0.33	2,322	0.18
Profit Before Window Takaful Operations and Tax	449,385	20.68	497,102	26.72	442,307	21.94	363,940	20.09	340,742	25.12	314,973	25.09
Profit / (loss) from Window Takaful Operations - OPF	54,849	2.52	62,898	3.38	67,157	3.33	56,907	3.14	23,755	1.75	5,543	0.44
Taxation - net	137,355	6.32	164,841	8.86	147,626	7.32	125,080	6.90	110,807	8.17	83,711	6.67
Profit After Tax	366,879	16.89	395,159	21.24	361,838	17.95	295,767	16.32	253,690	18.71	236,805	18.87

HORIZONTAL ANALYSIS

ASKARI INSURANCE CO. LTD

Balance Sheet	Rupees '000										% Increase / (decrease) over preceding year			
	2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016	2015	2014
Cash and Bank Deposits	196,392	231,797	342,237	147,175	191,755	151,902	(15.27)	(32.27)	132.54	(23.25)	26.24	(1.53)	(9.68)	(29.39)
Loans to Employees	357	222	12	324	801	1,344	60.85	1,719.67	(96.29)	(59.57)	(40.40)	(9.68)	(29.39)	(2.86)
Investments	2,775,132	2,550,902	2,216,837	1,831,910	1,643,014	1,498,227	8.79	15.07	21.01	11.50	9.66	(2.95)	(0.53)	36.83
Investment Property	37,881	39,191	40,501	41,811	43,121	44,431	(3.34)	(3.23)	(3.13)	(3.04)	(2.95)	(0.53)	36.83	34.37
Deferred Taxation	21,945	13,748	15,592	31,940	12,989	11,173	59.62	(11.83)	(51.18)	145.90	16.25	(0.53)	36.83	34.37
Current Assets - without investments, advances, and cash and bank	2,515,054	2,338,914	2,247,921	2,357,261	2,404,616	1,807,718	7.53	4.05	(4.64)	(1.97)	33.02	(0.53)	36.83	34.37
Fixed Assets- Tangible and Intangible	405,135	383,751	285,910	228,906	120,400	133,732	5.57	34.22	24.90	90.12	(9.97)	34.37	36.83	34.37
House Building Finance	4,012	2,863	2,961	12,771	-	-	40.14	(3.30)	(76.82)	-	-	-	34.37	34.37
Total Assets from Window Takatuf Operations - OPF	331,192	306,866	279,427	202,467	120,437	78,051	7.93	9.82	38.01	68.11	54.31	54.96	34.37	34.37
Total Assets	6,287,100	5,868,254	5,431,398	4,854,565	4,537,133	3,726,578	7.14	8.04	11.88	7.00	21.75	31.14	31.14	31.14
Share Holders' Equity	2,316,327	2,181,933	1,966,379	1,686,721	1,510,290	1,385,172	6.16	10.96	16.58	11.68	9.03	41.96	31.14	31.14
Underwriting Provisions	2,455,739	2,315,988	2,117,312	2,195,594	2,045,241	1,651,460	6.03	9.38	(3.57)	7.35	23.84	16.95	31.14	31.14
Staff Retirement Benefits	78,743	70,788	67,081	54,390	40,988	32,357	11.24	5.53	23.33	32.70	26.67	2.78	31.14	31.14
Creditors and Accruals	1,066,156	929,642	1,035,769	751,407	773,271	508,014	14.68	(10.25)	37.84	(2.83)	52.21	46.31	31.14	31.14
Finance Lease Liability	213,106	209,092	100,390	59,591	63,770	70,655	1.92	108.28	68.47	(6.55)	(9.74)	124.49	31.14	31.14
Deposits and other payables	43,137	55,818	45,610	33,604	58,184	53,223	(22.72)	22.38	35.73	(42.25)	9.32	-	31.14	31.14
Other Liabilities	10,971	9,105	7,158	4,049	2,298	1,237	20.49	27.20	76.78	76.20	85.77	52.90	31.14	31.14
Total Liabilities from Window Takatuf Operations - OPF	102,923	95,887	91,699	69,209	43,091	24,460	7.34	4.57	32.50	60.61	76.17	954.31	31.14	31.14
Total Equity and Liabilities	6,287,100	5,868,254	5,431,398	4,854,565	4,537,133	3,726,578	7.14	8.04	11.88	7.00	21.75	31.14	31.14	31.14
Profit & Loss Account														
Net Premium Revenue	2,172,782	1,860,234	2,016,249	1,811,751	1,356,189	1,255,230	16.80	(7.74)	11.29	33.59	8.04	14.96	31.14	31.14
Net Claims	1,377,015	1,116,735	1,250,767	1,069,485	622,365	644,502	23.31	(10.72)	16.95	71.84	(3.43)	19.84	31.14	31.14
Expenses	658,995	647,055	639,228	553,133	536,302	477,867	1.85	1.22	15.56	3.14	12.23	6.41	31.14	31.14
Net Commission	49,050	124,677	82,512	75,563	46,999	48,722	(60.66)	51.10	9.20	60.78	(3.54)	(11.36)	31.14	31.14
Investment Income including Rental & Bank Deposits Returns	268,815	284,130	224,875	81,824	98,320	131,098	(5.39)	26.36	174.83	(16.78)	(25.00)	15.68	31.14	31.14
Other Income	8,133	8,800	21,022	21,718	2,957	6,310	(7.58)	(58.14)	(3.21)	634.47	(53.14)	#DIV/0!	31.14	31.14
Finance Cost	13,385	16,982	12,356	4,297	5,056	4,017	(21.18)	37.44	187.55	(15.01)	25.87	308.65	31.14	31.14
Impairment in Value of Available for Sale Securities	-	-	(45,103)	38,711	4,463	2,322	#DIV/0!	(100.00)	(216.51)	767.37	92.20	(45.38)	31.14	31.14
Profit Before Window Takatuf Operations and Tax	449,385	497,102	442,307	363,940	340,742	314,973	(9.60)	12.39	21.53	6.81	8.18	13.76	31.14	31.14
Profit / (loss) from Window Takatuf Operations - OPF	54,849	62,898	67,157	56,907	23,755	5,543	(12.80)	(6.34)	18.01	139.56	328.56	(383.97)	31.14	31.14
Taxation - net	137,355	164,841	147,626	125,080	110,807	83,711	(16.67)	11.66	18.03	12.88	32.37	9.56	31.14	31.14
Profit After Tax	366,879	395,159	361,838	295,767	253,690	236,805	(7.16)	9.21	22.34	16.59	7.13	19.29	31.14	31.14

SIX YEARS PERFORMANCE

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Financial Position	2021	2020	2019	2018	2017	2016
	Rupees in thousand					
Paid Up Share Capital	719,019	719,019	719,019	625,234	625,000	543,681
Retained Profits	1,425,034	1,268,728	1,055,860	887,788	693,895	650,330
Reserves	172,274	193,656	191,500	173,699	191,161	191,161
Share Holders' Equity	2,316,327	2,181,403	1,966,379	1,686,721	1,510,290	1,385,172
Underwriting Reserve	1,719,511	1,493,846	1,388,338	1,642,458	1,538,596	1,160,228
Investments	2,775,132	2,550,902	2,216,837	1,831,910	1,643,014	1,498,227
Investment Property	37,881	39,191	40,501	41,811	43,121	44,431
Fixed Assets - Tangible and Intangible	405,135	383,751	285,910	228,906	120,400	133,732
Total Assets	6,287,356	5,868,254	5,431,398	4,864,565	4,537,133	3,726,578
Market Share Price	19.00	25.05	25.00	25.90	25.04	30.83
Breakup Value Per Share	32.22	30.34	27.35	26.98	24.16	25.48

Financial Performance

Gross Premium Written including Takaful	4,009,173	3,331,066	3,400,520	3,179,799	2,766,236	2,349,538
Net Premium Revenue	2,172,781	1,860,234	2,016,249	1,811,751	1,356,189	1,255,230
Net Claims	1,377,015	1,116,735	1,250,767	1,069,485	622,365	644,502
Underwriting Income	193,743	231,906	217,839	272,577	449,256	369,211
Management and Other Expenses	658,995	647,055	639,228	553,133	536,302	477,868
Investment and Other Income	276,974	292,962	245,897	103,541	101,277	137,408
Finance Cost	13,385	16,982	12,356	4,297	5,056	4,017
Profit Before Window Takaful Operations and Tax	449,385	497,101	442,307	363,940	340,742	314,973
Profit / (loss) from Window Takaful Operations - OPF	54,849	62,898	67,157	56,907	23,755	5,543
Profit After Tax	366,879	395,158	361,838	295,767	253,690	236,805
Dividend	27.50%	27.50%	25%	15%	25%	10%
Bonus Shares	0%	0%	0%	15%	0%	15%
Earning Per Share (Rs.) (Restated)	5.10	5.50	5.03	4.11	4.06	3.89

Cash Flows Summary

Operating Activities	255,670	206,117	575,132	364,137	257,472	123,594
Investing Activities	(2,574)	(55,301)	(225,537)	(274,436)	(75,044)	(227,053)
Financing Activities	(288,502)	(261,256)	(154,533)	(134,281)	(142,575)	140,097
Cash & Cash Equivalents at the year end	196,392	231,797	342,237	147,175	191,755	151,902

FINANCIAL RATIOS

ASKARI INSURANCE CO., LTD

Profitability	2021	2020	2019	2018	2017	2016
Profit Before Tax / Gross Premium	%	12.58	16.81	14.98	13.24	13.18
Profit Before Tax / Net Premium	%	23.21	30.10	25.27	23.23	26.88
Profit After Tax / Gross Premium	%	9.15	11.86	10.64	9.30	9.17
Profit After Tax / Net Premium	%	16.89	21.24	17.95	16.32	18.71
Underwriting Result / Gross Premium	%	4.83	6.96	6.41	8.57	16.24
Underwriting Result / Net Premium	%	8.92	12.47	10.80	15.04	33.13
Profit Before Tax / Total Income	%	19.68	23.81	21.04	20.47	21.03
Profit After Tax / Total Income	%	14.32	16.80	14.95	14.39	14.64
Combined ratio	%	79.79	85.14	79.53	77.03	74.91
Net Claims / Net Premium	%	63.38	60.03	62.03	59.03	45.89
Management and Other Expense / Net Premium	%	30.33	34.78	31.70	30.53	39.54
38.07						
Return to Share Holders						
Return on Equity - PAT	%	16.82	20.10	21.45	19.58	18.31
Earning Growth	%	-7.16	9.21	22.34	16.59	7.13
Return on Assets (Book value)	%	5.84	6.73	6.66	6.09	5.59
Earning Per Share	Rs.	5.10	5.50	5.03	4.11	4.06
Breakup Value Per Share	Rs.	32.22	30.34	27.35	26.98	24.16
Market Share Price	Rs.	19.00	25.05	25.00	25.90	25.04
30.83						
Performance / Liquidity						
Current Ratio	Times	2.19	1.52	1.38	1.39	1.44
Cash / Current Liabilities	Times	0.05	0.07	0.10	0.05	0.07
Total Assets Turnover	Times	0.64	0.57	0.63	0.66	0.61
Fixed Assets Turnover	Times	9.90	8.68	11.89	13.89	22.98
Total Liabilities / Equity	Times	1.71	1.69	1.76	1.88	2.00
1.69						
Paid-up Capital / Total Assets	%	11.44	12.25	13.24	12.88	13.78
Earning Assets / Total Assets	%	44.74	48.09	47.86	41.63	41.39
Equity / Total Assets	%	36.84	37.17	36.20	34.75	33.29
37.17						
Cash Flow from Operations / Premium Written	%	6.38	6.19	16.91	11.45	9.31
5.49						



STATEMENTS & **REPORTS**

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STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

ANNUAL REPORT 2021

Name of the Company:

Askari General Insurance Company Limited (the Company)

Year Ending: 31 December 2021

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (CCG 2016) and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (Regulations 2019).

The Company has applied the principles contained in CCG 2016 and Regulations 2019 in the following manner:

1. The total number of directors are nine (09) as per the following:

a.	Male	Seven (08)
b.	Female	One (01)

2. 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	Name of Director
Independent Directors	Mr. M. Munir Malik Mr. Imran Iqbal
Independent Director (Female)	Ms. Saima Akbar Khattak
Executive Directors (Chief Executive Officer)	Mr. Abdul Waheed
Non-Executive Directors	Lt Gen Naveed Mukhtar (Retd) AVM Mohammad Athar Shams (Retd) Maj Gen Muhammad Muazzam Ali Goraya (Retd) Brig Kamran Asad (Retd) Malik Riffat Mahmood

The number of elected/nominated directors on the Board are eight (8) whereas the Chief Executive is a "deemed director" under section 188(3) of the Companies Act, 2017.

All independent directors meet the criteria of independence as laid down under CCG 2016 and Regulations 2019.

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

5. Three casual vacancies occurring on the Board on February 16, 2021 were filled up by the directors within 10 days thereof.
6. The Company has prepared a Code of Conduct & Ethics and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
7. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
8. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 (Act) and Regulations 2019.
9. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act, the Regulations 2019 and CCG 2016 with respect to frequency, recording and circulating minutes of meeting of Board.
10. The Board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations 2019.
11. The Board has established a system of sound internal control, which is effectively implemented at all levels within the company. The company has adopted and complied with all the necessary aspects of internal controls given in the CCG 2016.
12. All the directors have either attended the orientation course or have been provided appropriate guidelines in this regard and as such they are fully aware of their duties and responsibilities.
13. 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 and complied with relevant requirements of the Regulations.
14. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG 2016 and the Regulations 2019 and fully describes the salient matters required to be disclosed.

15. CFO and Chief Executive Officer (CEO) duly endorsed the financial statements before approval of the Board.
16. The Directors, Chief Executive Officer and other executives do not hold any interest in the shares of the company other than disclosed in the pattern of shareholding.
17. The Company has complied with all the corporate and financial reporting requirements of CCG 2016 and Regulations 2019.
18. The Board has formed the following Management Committees under the CCG 2016:

Underwriting, Reinsurance & Coinsurance Committee:

Name of the Member	Category
AVM Mohammad Athar Shams (Retd)	Chairman
Mr. Sohail Khalid	Member
Mr. Zaheer Abbas	Member

Claims Settlement Committee:

Name of the Member	Category
Malik Riffat Mahmood	Chairman
Mr. Abdul Waheed	Member
Mr. M. Qasim	Member
Mian Syed Samir Ahmad	Member

Executive, Risk Management & Compliance Committee:

Name of the Member	Category
AVM Mohammad Athar Shams (Retd)	Chairman
Maj Gen Muhammad Muazzam Ali Goraya (Retd)	Member
Brig Kamran Asad (Retd)	Member
Mr. Abdul Waheed	Member

19. The Board has formed the following Board Committees under CCG 2016/Regulations 2019:

Ethics, Human Resource & Remuneration Committee:

Name of the Member	Category
Mr. Imran Iqbal	Chairman
Brig Kamran Asad (Retd)	Member
Mr. Abdul Waheed	Member

Investment Committee:

Name of the Member	Category
Malik Riffat Mahmood	Chairman
Mr. M. Munir Malik	Member
Mr. Abdul Waheed	Member
Mr. Suleman Khalid	Member
Mr. Shahid Qayyum	Member

20. The Board has formed an Audit Committee. It comprises of three (3) members, of whom one is independent director and two are non-executive director. The chairman of the Committee is an independent director. The composition of the Audit Committee is as follows:

Audit Committee:

Name of the Member	Category
Mr. M. Munir Malik	Chairman
Malik Riffat Mahmood	Member
Brig Kamran Asad (Retd)	Member

21. The meetings of the Committees, except Ethics, Human Resource and Remuneration Committee, were held at least once every quarter prior to approval of interim and final results of the insurer and as required by the Code of Corporate Governance for Insurers, 2016. The terms of references of the Committees have been formed and advised to the Committees for compliance.
22. The frequency of meetings of the committee were as per following:
 - a) Audit Committee: quarterly meetings;
 - b) Human Resource & Remuneration Committee: half yearly meeting;
 - c) Investment Committee: half yearly meeting; and
 - d) Risk Management & Compliance committee: half yearly meeting.
23. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
24. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on regular basis.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

ANNUAL REPORT 2021

25. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as required under the Code of Corporate Governance for Insurers, 2016. The persons heading the underwriting, claim, reinsurance, risk management and grievance functions / departments possess qualification and experience of direct relevance to their respective functions, as required under Section-12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Name of Persons	Designation
Mr. Abdul Waheed	Chief Executive Officer
Mr. Zaheer Abbas	Head of Underwriting
Mr. Sohail Khalid	Head of Reinsurance
Mr. M. Qasim	Head of Claims
Mr. Hassan Shafiq	Head of Risk Management
Mr. Anwar Ahmed Malik	Compliance Officer / Head of Grievance Function
Mr. Suleman Khalid	Chief Financial Officer
Mr. Haseeb Gul	Company Secretary
Mr. Ali Noor	Head of Internal Audit

Further, during the year 2021, Chief Financial Officer and Company Secretary of the Company resigned. Consequently, the Board appointed Mr. Suleman Khalid and Mr. Haseeb Gul as Chief Financial Officer and Company Secretary respectively.

26. The Statutory auditors of the company have been appointed from the panel of auditors approved by the Commission in terms of Section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partner 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) guidance on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

27. The statutory auditors and the partners of the firm involved in audit are not a close relative (spouse, parent, dependent and non-dependent children) of the CEO, CFO, Head of Internal Audit, Company Secretary or Director of the Company.

28. The statutory auditors or the persons associated with them have not been appointed to provide other services except

in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

29. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the CCG 2016.

30. The Board ensures that the risk management system of the Company is in place as per requirements of the CCG 2016.

31. The Board has set up a risk management function/ department, which carries out its tasks as covered under the CCG 2016.

32. The Board ensured that, as part of the risk management system, the Company obtained rating from JCR-VIS and PACRA, which is being used by its risk management function/department and the respective Committee as a risk monitoring tool. The rating assigned by VIS and PACRA on January 4, 2022 and February 14, 2022 respectively, was "AA" (Double A) with Stable outlook. Further, on March 31, 2022 Rating Scale for Insurers Financial Strength (IFS) has been modified to create a clear distinction in symbols and definitions of IFS Rating. Accordingly, Insurer Financial Strength Rating of "AA" has been harmonized at "AA+" by both, Pakistan Credit Rating Company Limited (PACRA) and VIS credit rating agency.

33. The Board has set up a grievance department/function, which fully complies with the requirements of the CCG 2016.

34. The Company has not obtained any exemptions from the Securities & Exchange Commission of Pakistan in respect of any of the requirements of the CCG 2016 and Regulations 2019.

35. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

36. We confirm that all material principles contained in CCG 2016 and all requirements of the Regulations 2019 have been complied with.



Lt Gen Naveed Mukhtar (Retd)
Chairman – Board of Directors



Abdul Waheed
President & Chief Executive

Rawalpindi
April 27, 2022

INDEPENDENT AUDITORS REVIEW REPORT

To the members of Askari General Insurance Company Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019 and Code of Corporate Governance for Insurers, 2016

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Code of Corporate Governance for Insurers, 2016 (both herein referred to as 'the Regulations') prepared by the Board of Directors of Askari General Insurance Company Limited ('the Company') for the year ended December 31, 2021 in accordance with the requirements of regulation 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and provision lxxvi of the Code of Corporate Governance for Insurers, 2016.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2021.



Chartered Accountants

Islamabad

Date: April 29, 2022

UDIN: CR202110083F5TBy1kPs

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■ KARACHI ■ LAHORE ■ ISLAMABAD

UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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INDEPENDENT AUDITORS' REPORT

To the members of Askari General Insurance Company Limited Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Askari General Insurance Company Limited (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2021, and the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at December 31, 2021 and of the total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

S. No.	Key audit matter(s)	How the matters were addressed in our audit
1	<p>Valuation of Incurred But Not Reported (IBNR) claims reserves</p> <p>(Refer notes 3.16 and 25 of the annexed unconsolidated financial statements)</p> <p>As at December 31, 2021, provision for IBNR amounted to Rs 239.926 million.</p> <p>The provision for IBNR claims is calculated by the Company as required under Circular No. 9 of 2016 issued by the Securities and Exchange Commission of Pakistan (SECP). As per the SECP Circular No. 9 of 2016, an insurer shall estimate and maintain the provision for IBNR for each class of business by using the prescribed method which is "Chain Ladder Method" or any other alternate method as allowed under the provisions of the Guidelines.</p> <p>The determination of provision for IBNR claims involves estimation and judgment. Because of the significance of the impact of these judgments / estimations, we considered the area of IBNR as a key audit matter.</p>	<p>Our audit procedures in relation to this matter included amongst others:</p> <ul style="list-style-type: none"> - Assessed the design and operating effectiveness of the relevant controls over the measurement and calculation of IBNR reserves and evaluated the appropriateness of methodologies and assumptions used. - Evaluated the completeness, accuracy and reliability of the underlying data utilised by the management to support the actuarial valuation. - Involved an independent actuarial expert to test the assumptions and assess the reasonableness of the assumptions used therein. - Checked the adequacy of IBNR reserves and assessed an internal consistency and a reasonableness of basic actuarial figures with the prior year. - Assessed whether the financial statement disclosures in relation to the valuation of IBNR reserves are compliant with the relevant accounting and reporting standards applicable in Pakistan.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

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

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

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- the unconsolidated statement of financial position, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and;
- 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.

Other Matter

Prior Year Financial Statements Audited by Predecessor Auditor

The unconsolidated financial statements of the Group for the year ended December 31, 2021 were audited by another auditor, KPMG Taseer Hadi & Co. Chartered Accountants, who expressed an unmodified opinion on those statements on April 30, 2021.

The engagement partner on the audit resulting in this independent auditor's report is Mr. JehanZeb Amin.



Chartered Accountants
Islamabad
Date: April 29, 2022
UDIN: AR2021100831akTDS9KF

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AS AT 31 DECEMBER 2021

ANNUAL REPORT 2021

		31 December 2021	31 December 2020
	Note	Rupees in thousand	
ASSETS			
Property and equipment	5	404,439	382,719
Intangible assets	6	696	1,032
Investment property	7	37,881	39,191
Investment in subsidiary	8	10,000	10,000
Investments			
- Equity securities	9	206,533	27,663
- Debt securities	10	2,558,599	2,513,239
Loans and other receivables	11	153,090	144,764
Insurance / Reinsurance receivables	12	1,435,030	1,218,722
Reinsurance recoveries against outstanding claims	25	245,466	381,046
Salvage recoveries accrued		3,769	33,899
Taxation - payments less provision		17,706	-
Deferred commission expense / Acquisition cost	26	102,363	118,575
Deferred taxation	15	21,945	13,748
Prepayments	16	561,999	444,993
Cash and bank	17	196,392	231,797
Total assets from Window Takaful Operations - OPF	44	331,192	306,866
Total Assets		6,287,100	5,868,254

Suleman Khalid
Chief Financial Officer

Abdul Waheed
President & Chief Executive

		31 December 2021	31 December 2020
	Note	Rupees in thousand	
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	18	719,019	719,019
Share premium	19	121,161	121,161
Reserves	19	51,113	73,025
Unappropriated profit		1,425,034	1,268,728
Total Equity		2,316,327	2,181,933
Liabilities			
Underwriting Provisions			
- Outstanding claims including IBNR	25	639,160	735,247
- Unearned premium reserves	24	1,719,511	1,493,846
- Unearned reinsurance commission	26	97,068	86,896
Retirement benefit obligations	13	40,109	36,468
Staff compensated absences	14	38,633	34,320
Liabilities against assets subject to finance lease - secured	20	213,106	209,092
Taxation - provision less payment		-	1,208
Premium received in advance		47,597	37,145
Insurance / Reinsurance payables	21	833,479	749,277
Unclaimed dividends		10,971	9,105
Other creditors and accruals	22	185,079	142,012
Deposits and other payables		43,137	55,818
Total Liabilities		3,867,851	3,590,433
Total liabilities from Window Takaful Operations - OPF	44	102,923	95,887
Total Equity and Liabilities		6,287,100	5,868,254
Contingencies and commitments	23		

The annexed notes 1 to 48 form an integral part of these unconsolidated financial statements.

AVM Mohammad Athar Shams (Retd)
Director

Lt Gen Naveed Mukhtar (Retd)
Chairman

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

ANNUAL REPORT 2021

		31 December 2021	31 December 2020
	Note	Rupees in thousand	
Net insurance premium	24	2,172,782	1,860,234
Net insurance claims	25	(1,377,015)	(1,116,735)
Net commission and other acquisition costs	26	49,050	124,677
Insurance claims and acquisition expenses		(1,327,965)	(992,058)
Management expenses	27	(651,074)	(636,238)
Underwriting results		193,743	231,938
Investment income	28	252,402	265,754
Rental income	29	4,984	5,016
Other income	30	19,563	22,160
Other expenses	31	(7,922)	(10,784)
Results of operating activities		462,770	514,084
Finance costs	32	(13,385)	(16,982)
Profit before tax from General Operations		449,385	497,102
Profit before tax from Window Takaful Operations - OPF	33	54,849	62,898
Profit before tax		504,234	560,000
Income tax expense	34	(137,355)	(164,841)
Profit after tax		366,879	395,159
Other comprehensive income:			
Items that will be reclassified subsequently to statement of comprehensive income:			
Unrealised (loss) / gain on Available-for-sale investments - net		(21,972)	2,156
Unrealized gain on Available-for-sale investments from Window Takaful Operations - OPF (net)		61	530
		(21,911)	2,686
Items that will not be reclassified subsequently to statement of comprehensive income:			
Effect of remeasurement of staff retirement benefit plans - net		(12,788)	(2,509)
Total comprehensive income for the period		332,180	395,335
Earnings (after tax) per share - Rupees	35	5.10	5.50

The annexed notes 1 to 48 form an integral part of these unconsolidated financial statements.



Suleman Khalid
Chief Financial Officer



Abdul Waheed
President & Chief Executive



AVM Mohammad Athar Shams (Retd)
Director



Lt Gen Naveed Mukhtar (Retd)
Chairman

UNCONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

	2021	2020
	Rupees in thousand	
Operating cash flows		
a) Underwriting activities:		
Premium received	3,401,081	2,934,432
Reinsurance premium paid	(831,092)	(1,493,713)
Claims paid	(1,887,268)	(1,484,248)
Reinsurance and other recoveries received	338,534	742,292
Commission paid	(229,565)	(200,261)
Commission received	144,678	376,374
Management expenses paid	(573,856)	(557,439)
Net cash flows generated from underwriting activities	362,512	317,437
b) Other operating activities:		
Income tax paid	(149,313)	(145,056)
Other expenses paid	(8,327)	(10,761)
Other operating receipts / (payments)	50,932	44,707
Advances to employees	(135)	(210)
Net cash (used in) other operating activities	(106,843)	(111,320)
Total cash flow generated from all operating activities	255,669	206,117
Investing activities:		
Profit / return received	218,157	267,035
Dividends received	17,023	2,466
Payments for investments	(5,447,827)	(7,526,179)
Proceeds from investments	5,225,840	7,204,738
Fixed capital expenditure	(18,967)	(6,726)
Proceeds from disposal of fixed assets	3,200	3,365
Total cash (used in) investing activities	(2,574)	(55,301)
Financing activities:		
Financial charges paid	(13,385)	(16,982)
Repayment of obligation under finance lease	(78,249)	(66,836)
Dividend paid	(195,864)	(177,809)
Staff house building finance - net	(1,149)	97
Mark-up on staff house building finance received	199	300
Equity transactions costs paid	(55)	(26)
Total cash (used in) financing activities	(288,503)	(261,256)
Net cash (used in) all activities	(35,405)	(110,440)
Cash and cash equivalents at beginning of the period	231,797	342,237
Cash and cash equivalents at end of the period	196,392	231,797

The annexed notes 1 to 48 form an integral part of these unconsolidated financial statements.

Suleman Khalid
Chief Financial Officer

Abdul Waheed
President & Chief Executive

AVM Mohammad Athar Shams (Retd)
Director

Lt Gen Naveed Mukhtar (Retd)
Chairman

UNCONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

ANNUAL REPORT 2021

	2021	2020
	Rupees in thousand	
Reconciliation to Statement of Comprehensive Income		
Operating cash flows	255,669	206,117
Depreciation expense	(80,519)	(84,128)
Financial charges	(13,385)	(16,982)
Gain on disposal of fixed assets	2,563	1,761
Increase / (decrease) in assets other than cash	547,309	(360,689)
Decrease / (increase) in liabilities other than running finance	(675,397)	326,853
Unrealized gain on investments - held for trading	19	15
Dividend income	16,979	2,466
Investment income	234,870	251,735
Profit on bank deposits	11,430	13,360
Income tax provision	(137,355)	(164,841)
Gain on trading	534	11,537
Tax paid	149,313	145,056
Profit after taxation from General Insurance Operations	312,030	332,260
Profit from Window Takaful Operations - OPF	54,849	62,898
Profit after taxation	366,879	395,158

Definition of cash :

Cash comprises cash in hand, bank balances, stamp in hand and short term placements with banks which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

	2021	2020
	Rupees in thousand	
Cash for the purpose of cash flow statement consists of:		
Cash and other equivalents		
Cash in hand	1,490	1,495
Stamp in hand	416	786
	1,906	2,281
Current and other accounts		
Current accounts	45,365	39,381
Deposit accounts	149,121	190,135
	194,486	229,516
Total	196,392	231,797

The annexed notes 1 to 48 form an integral part of these unconsolidated financial statements.



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Chief Financial Officer



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Director



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UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

	Share capital	Reserves				Total reserves	Total equity
	Issued, subscribed and paid up	Capital reserve	Revenue reserve				
		Share premium	General reserve	Retained earnings	Avail- able-for-sale investment revaluation reserve		
Rupees in thousand							
Balance as at January 01, 2020	719,019	121,161	70,000	1,055,860	339	1,247,021	1,966,040
Total comprehensive income for the period							
Profit for the period	-	-	-	395,159	-	395,159	395,159
Other comprehensive income for the period	-	-	-	(2,509)	2,686	177	177
Total comprehensive income for the period	-	-	-	392,650	2,686	395,336	395,336
Transactions with owners recorded directly in equity							
Cash dividend 2020: Rupees 2.5 per share	-	-	-	(179,755)	-	(179,755)	(179,755)
Equity transaction costs	-	-	-	(26)	-	(26)	(26)
	-	-	-	(179,781)	-	(179,781)	(179,781)
Balance as at December 31, 2020	719,019	121,161	70,000	1,268,729	3,025	1,462,576	2,181,595
Balance as at January 01, 2021	719,019	121,161	70,000	1,268,728	3,025	1,462,914	2,181,933
Total comprehensive income for the period							
Profit for the period	-	-	-	366,879	-	366,879	366,879
Other comprehensive loss for the period	-	-	-	(12,788)	(21,911)	(34,699)	(34,699)
Total comprehensive income for the period	-	-	-	354,091	(21,911)	332,180	332,180
Transactions with owners recorded directly in equity							
Cash dividend 2021: Rupees 2.75 per share	-	-	-	(197,730)	-	(197,730)	(197,730)
Equity transaction costs	-	-	-	(55)	-	(55)	(55)
	-	-	-	(197,785)	-	(197,785)	(197,785)
Balance as at December 31, 2021	719,019	121,161	70,000	1,425,034	(18,887)	1,597,308	2,316,327

The annexed notes 1 to 48 form an integral part of these unconsolidated financial statements.

Suleman Khalid
Chief Financial Officer

Abdul Waheed
President & Chief Executive

AVM Mohammad Athar Shams (Retd)
Director

Lt Gen Naveed Mukhtar (Retd)
Chairman

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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1 LEGAL STATUS AND NATURE OF BUSINESS

Askari general insurance company limited ("the Company") was incorporated under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017) as a public limited company on April 12, 1995. The Company is engaged in non-life insurance business comprising of fire, marine, motor, health and miscellaneous. The Company commenced its commercial operations on October 15, 1995. Shares of the Company are quoted on Pakistan Stock Exchange Limited. The registered office and principal place of business of the Company is located at AWT Plaza, Rawalpindi. The Company has 20 branches in Pakistan. The Company is a subsidiary of Army Welfare Trust.

The Company was granted license to work as Window Takaful Operator (WTO) dated August 10, 2015 by the Securities and Exchange Commission of Pakistan (SECP) under Takaful Rules, 2012 to carry on Window Takaful Operations in Pakistan.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019.

In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and the Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019 shall prevail.

The Securities and Exchange Commission of Pakistan ("SECP") vide its S.R.O 89(1) / 2017 dated February 9, 2017 has prescribed format of the presentation of annual financial statements for general insurance companies. These unconsolidated financial statements have been prepared in accordance with the format prescribed by the SECP.

2.1.1 Total assets, total liabilities and profit / (loss) of the Window Takaful Operations of the Company (referred to as the Operator's Fund) have been presented in these unconsolidated financial statements in accordance with the requirements of the General Takaful Accounting Regulations, 2019.

2.1.2 A separate set of financial statements of Window Takaful Operations has been annexed to these unconsolidated financial statements as per the requirements of the SECP Takaful Rules, 2012.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain investments which are carried at fair values, obligation in respect of staff retirement benefits which are carried at present value of the defined benefit obligation less fair value of plan assets and right-of-use assets and their related lease liability which are measured at their present values.

2.3 Functional and presentation currency

Items included in these unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. These unconsolidated financial statements are presented in Pakistani Rupees, which is the Company's functional and presentational currency.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

2.4 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are effective in the current year

2.4.1 There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore, have not been stated in these unconsolidated financial statements.

2.5 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are not yet effective

The following standards, amendments and interpretations of the accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 1, 2022:

Standards, amendments or interpretations	Effective date (period beginning on or after)
- IFRS 16 - 'Leases' (amendments)	April 1, 2021
- IAS 16 - 'Property, plant and equipment' (amendments)	January 1, 2022
- IAS 37 - 'Provisions, contingent liabilities and contingent assets' (amendments)	January 1, 2022
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2024
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2023
- IAS 12 - 'Income taxes' (amendments)	January 1, 2023
- IFRS 9 - 'Financial Instruments'	January 1, 2023*

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023 and yet to be notified by the Securities and Exchange Commission of Pakistan.

* The management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Further details relating to temporary exemption from the application of IFRS 9 are given in notes 2.5.1 and 2.5.1.1 to these unconsolidated financial statements.

The management is in the process of assessing the impacts of these standards and amendments on the financial statements of the Company.

2.5.1 Temporary exemption from application of IFRS 9

As an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Company doesn't engage in significant activities unconnected with insurance based on historical available information. Additional disclosures, as required by IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given in note 2.5.1.1 below.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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2.5.1.1 Fair value of financial assets as at December 31, 2021 and change in the fair values during the year ended December 31, 2021

Financial assets with contractual cash flows that meet the SPPI criteria, excluding those held for trading	As at December 31, 2021
	Rupees in thousand
Debt securities - Held to maturity (note 10)	
Opening value	2,216,657
Additions during the year - net	62,792
Change in value	17,317
Closing value	2,296,767
Debt Securities - Available-for-sale (note 10)	
Opening fair value	296,582
Disposals during the year - net	(35,000)
Change in fair value	250
Closing fair value	261,832
Financial assets that do not meet the SPPI criteria	
Equity Securities (note 9)	
Opening fair value	27,663
Additions during the year - net	210,047
Change in fair value	(31,178)
Closing fair value	206,532

2.5.2 There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or will not have any significant effect on the Company's operations and are therefore not stated in these unconsolidated financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies as set out below have been applied consistently to all periods presented in these unconsolidated financial statements.

3.1 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work in progress which is stated at cost less impairment losses, if any. Depreciation is charged using the straight line method in accordance with the rates specified in note 5 to these unconsolidated financial statements and after taking into account residual values, if significant.

Depreciation on additions is charged from the month the assets are available for use, while no depreciation is charged in the month of disposal.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to the statement of comprehensive income as and when incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised. Depreciation methods, useful lives and residual values are reviewed, and adjusted if appropriate, at each reporting date.

3.2 Intangible assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Costs directly associated with identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognised as an intangible asset.

Intangibles having indefinite useful life

These are stated at cost less impairment losses, if any.

Intangibles having definite useful life

These are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over its estimated useful life as specified in note 6 to these unconsolidated financial statements after taking into account residual values, if significant. Amortisation on additions is charged from the month in which the asset is put to use, whereas no amortisation is charged in the month the asset is disposed of. The useful lives and amortisation method are reviewed and adjusted, if appropriate, at each reporting date.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss account when the asset is derecognised.

3.3 Investment property

Investment Property is accounted for under cost model in accordance with approved International Accounting Standard (IAS) 40, "Investment Property" and S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan.

- Depreciation is charged on depreciable amount on straight line basis over its estimated useful life at the rate of 2.5% per annum.
- Subsequent capital expenditures on existing properties and gains or losses on disposals are accounted for in the same manner as tangible fixed assets.

3.4 Insurance contracts

Insurance contracts are those contracts under which the Company as an insurer has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk changes significantly during this period, unless all rights and obligations are extinguished or expired.

The Company's insurance contracts are classified into the following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ANNUAL REPORT 2021

a) Fire and property damage

Fire and property damage insurance 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 insured properties in their business activities. These contracts are generally one year contracts except some contracts that are of three months period.

b) Marine, aviation and transport

Marine Insurance covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination. These contracts are generally for three months period.

c) Motor

Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident. These contracts are generally one year contracts.

d) Liability

Liability insurance contracts protects the insured against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. These contracts are generally one year contracts.

e) Accident and health

Accident and health insurance contract mainly compensates hospitalisation and out-patient medical coverage to the insured. These contracts are generally one year contracts.

f) Miscellaneous

All other types of insurance contracts are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, worker compensation, travel, products of financial institutions, livestock and crop insurance etc. These contracts are normally one year insurance contracts except some engineering insurance contracts that are of more than one year period, whereas, normal travel insurance contracts expire within one month time.

These insurance contracts are provided to all types of customers based on assessment of insurance risk by the Company. Normally personal insurance contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, insurance contracts of fire and property damage, marine, aviation and transport, accident and health and other commercial line products are provided to commercial organisations.

The Company also accepts insurance risk pertaining to insurance contracts of other insurer as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer. All reinsurance inward contracts are facultative (specific risk) acceptance contracts.

3.5 Deferred commission expense / acquisition cost

Commission expense / acquisition cost incurred in obtaining and recording policies is deferred and recognised as an expense in accordance with the pattern of recognition of premium revenue.

3.6 Provision for unearned premium

Provision for unearned premium is calculated by applying 1/365 method.

3.7 Premium deficiency reserve

The Company is required as per the Insurance Accounting Regulations, 2017, to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

liability, after reinsurance from claims, and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the premium deficiency reserve is recorded as an expense in the statement of comprehensive income.

The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium. The liability of premium deficiency in relation to accident and health insurance is calculated in accordance with the advice of the actuary.

No provision has been made as the unearned premium reserve for each class of business as at the year end is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date.

3.8 Reinsurance contracts held

These are contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued. These reinsurance contracts include both facultative and treaty arrangement contracts and are classified in same categories of insurance contracts for the purpose of these unconsolidated financial statements. The Company recognises the entitled benefits under the contracts as various reinsurance assets and liabilities. Reinsurance assets and liabilities are derecognised when contractual rights are extinguished or expired.

The deferred portion of reinsurance premium is recognised as a prepayment. The deferred portion of reinsurance premium ceded is calculated by using 1/365 method.

3.9 Receivables and payables related to insurance contracts

Receivables including premium due but unpaid, relating to insurance contracts are recognised when due. The claim payable is recorded when intimation is received. These are recognised at cost, which is the fair value of the consideration given less provision for impairment losses, if any. Premium received in advance is recognised as liability till the time of issuance of insurance contract thereagainst.

If there is an objective evidence that any premium due but unpaid is impaired, the Company reduces the carrying amount of that insurance receivable and recognises the provision in the statement of comprehensive income.

3.10 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company presents segments reporting of operating results using the classes of business as specified under the Insurance Accounting Regulations, 2017. The reported operating segments are also consistent with the internal reporting process of the Company for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. All the Company's business segments operate in Pakistan only.

Based on its classification of insurance contracts issued, the Company has five primary business segments for reporting purposes namely fire, marine, motor, accident and health and miscellaneous. The nature and business activities of these segments are disclosed in note 3.4.

Assets and liabilities are allocated to particular segments on the basis of premium earned. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Further, the management expenses were allocated to each segment on the basis disclosed in note 3.21.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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3.11 Cash and cash equivalents

Cash and cash equivalents for the purposes of statement of cash flows includes policy and revenue stamps, bond papers, cash at bank and term deposits having original maturity within 3 months.

3.12 Revenue recognition

a) Premium

Premium including administrative surcharge under all types of insurance contracts is recognised as written from the date of issuance of policy / cover note (i.e. the date of attachment of risk).

Revenue from premium is determined after taking into account the unearned portion of premium. The unearned portion of premium income is recognised as a liability (refer note 3.6).

Reinsurance premium is recognised as an expense after taking into account the proportion of deferred premium expense which is calculated using 1/365 method. The deferred portion of premium expense is recognised as a prepayment.

b) Commission income

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognised as liability and recognised in the statement of comprehensive income as revenue in accordance with the pattern of recognition of the reinsurance premiums.

c) Rental income

Rental income from investment properties is recognised as a revenue on a straight line basis over the period of the lease agreement.

d) Investment income

- Unrealised gain or loss on revaluation of investments classified as at fair value through profit or loss is included in the statement of comprehensive income in the period to which it relates.
- Gain or loss on sale of investments is accounted for in the statement of comprehensive income in the period to which it relates.
- Dividend income is recognised when the Company's right to receive the dividend is established.
- Interest / mark-up on bank balances, term deposits and government securities is recognised on an accrual basis using the effective interest method.

e) Other income

- Gain or loss on sale of property and equipment, intangible assets and investment properties is recognised when the asset is derecognised.
- Return on loan to employees is recognised on an accrual basis.

3.13 Investments

3.13.1 Classification and recognition

All investments are initially recognised at cost, being the fair value of the consideration given and include transaction costs, except for investments at fair value through profit or loss in which case transaction costs are charged to the statement of comprehensive income.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

These are recognised and classified as follows:

- At fair value through profit or loss
- Held to maturity
- Available-for-sale

The classification depends on the purpose for which the financial assets were acquired.

3.13.2 Measurement

3.13.2.1 At fair value through profit or loss

These financial assets are acquired principally for the purpose of generating profit from short-term fluctuation in prices or are part of a portfolio for which there is a recent actual pattern of short-term profit taking.

Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with the resulting gain or loss being included in the statement of comprehensive income for the period to which it relates.

3.13.2.2 Held to maturity

Investments with fixed determinable payments and fixed maturity, where Company has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortised cost using the effective yield less provision for impairment losses, if any.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortised over the term of investment using the effective yield method.

3.13.2.3 Available-for-sale

Investments which are not eligible to be classified as at fair value through profit or loss or held to maturity are classified as 'available-for-sale'.

Quoted

Subsequent to initial recognition, these investments are remeasured at fair value. Gains or losses on remeasurement of these investments are recognised in the statement of comprehensive income.

Unquoted

Unquoted investments are recognised at fair value of the consideration paid less accumulated impairment losses, if any.

3.13.3 Fair value measurements

The fair value of investments in listed equity securities is determined by reference to the stock exchange's quoted market prices at the close of period end.

The fair value of investments in Government securities is determined by reference to the quotations obtained from the PKRV rate sheet on the Mutual Funds Association of Pakistan's website.

3.13.4 Investments in subsidiary

Subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Investment in subsidiary is initially recognized at cost, which is the fair value of the consideration paid / payable on acquisition of the subsidiary. At subsequent reporting date, recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amount of investment is adjusted accordingly. Impairment losses are recognized as an expense in profit or loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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Where impairment loss subsequently reverses, the carrying amount of investment is increased to its revised recoverable amount but limited to the extent of initial cost of investment. Reversal of impairment losses are recognized in the profit or loss.

The profits and losses of subsidiary are carried forward in their financial statements and not dealt within these unconsolidated financial statements except to the extent of dividend declared by the subsidiary which is recognized in other income. Gains and losses on disposal of investment is included in other income. When the disposal of investment in subsidiary resulted in loss of control such that it becomes an associate, the retained investment is carried at cost.

Currently the Company has investment in AskTech (Pvt.) Ltd. which is wholly owned subsidiary and classified as investments in subsidiary at reporting date, presented in these unconsolidated financial statements.

3.13.5 Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

3.14 Offsetting of financial assets and financial liabilities

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

3.15 Provisions

Provisions are recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

3.16 Provisions for outstanding claims including Incurred But Not Reported (IBNR)

Provisions for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Outstanding claims

This represents the amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year.

A liability for outstanding claims (claim incurred) is recognised for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including handling costs and the Company's reserving policy. Where applicable, deductions are made for salvage and their recoveries.

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

Incurred But Not Reported (IBNR) claims

This represents losses that have incurred or are in the occurrence period at the end of the reporting year and have not been intimated to the Company by the end of the reporting year.

The Company is required, as per the SECP circular no. 9 of 2016 dated March 9, 2016 "Guidelines for Estimation of Incurred But Not Reported (IBNR) Claims Reserve, 2016" to estimate and maintain the provision for claims incurred but not reported for each class of business by using the prescribed method which is "Chain Ladder Method" or any other alternate method as allowed under the provisions of the Guidelines.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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The actuarial valuation as at December 31, 2021 has been carried out by an independent firm of actuaries for determination of IBNR for each class of business.

3.17 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity or in the other comprehensive income, in which case it is recognised in equity or in the other comprehensive income respectively.

Current tax

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law 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 include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalised during the current period for such years.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the reporting date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited to the statement of comprehensive income, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

3.18 Employees Retirement benefits

3.18.1 Defined benefit plan

The company has an approved and funded gratuity scheme covering all eligible employees who attain the minimum qualifying year of service as specified by the scheme. The liability / asset recognised in the statement of financial position is the present value of defined benefit obligation at the reporting date less fair value of plan assets. The defined benefit obligation is calculated annually using Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognised immediately in the statement of comprehensive income. The Company makes contributions to the plan on the basis of advice of its actuary.

The Company determines the net interest expense / income on the net defined benefit liability / asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability / asset, taking into account any changes in the net defined benefit liability / asset during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognised in the statement of comprehensive income and actuarial gains / losses are recognised in the other comprehensive income as they occur and are not reclassified to the statement of comprehensive income in subsequent periods.

The latest actuarial valuation of the Company's defined benefit plan was carried out as of December 31, 2021.

3.18.2 Defined contribution plan

The Company operates a recognized staff provident fund as a defined contribution plan for all eligible employees. Equal monthly contributions are made both by the Company and the employees to the fund at the rate of 8.33% of basic salary. The Company's contribution is charged to income during the year.

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3.18.3 Employees' compensated absences

Provisions for compensated absences is recognised annually to cover the obligation for compensated absences and charged to statement of comprehensive income. The provision is determined using the projected unit credit method.

3.19 Impairment of assets

a) Non-derivative financial assets

All financial assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers and economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Company considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in as allowance against financial asset measured at amortized cost. Interest on the impaired asset is recognized only to the extent it is considered recoverable. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

In the case of equity securities classified as 'Available-for-sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an objective evidence of impairment. In case of impairment of available-for-sale equity securities, the cumulative loss previously recognised in the other comprehensive income is removed therefrom and included in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity securities are only reversed when the equity securities are derecognised.

b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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3.20 Dividend distribution and reserve appropriation

Cash dividends declared, bonus shares issued and other reserves' appropriations are recognized in the year in which these announcements or appropriations are made.

3.21 Management and other expenses

Management expenses have been allocated to various classes of business and window takaful operations on equitable basis. Expenses not allocable to underwriting business are charged under other expenses.

3.22 Foreign currency

3.22.1 Foreign currency transactions

Transactions in foreign currencies are translated to rupees at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the reporting date.

Non-monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the date of initial recognition of the non-monetary assets / liabilities.

3.23 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and are derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the statement of comprehensive income in the period in which financial instrument is derecognised.

3.24 Window Takaful Operations

The accounting policies followed by Window Takaful Operations are stated in the annexed financial statements of Window Takaful Operations for the year ended December 31, 2021.

3.25 Lease liability and right-of-use asset

The Company leases certain branches. Rental contracts are typically for a period of 2 to 20 years and may have extension options as described below. At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease term are negotiated on an individual basis and contain different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liability is initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payments that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

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The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Company reassesses the reasonable certainty of exercising the extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payments. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of comprehensive income if the carrying amount of right-of-use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right-to-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

The right-of-use asset is initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

The right-of-use asset is subsequently measured at cost model. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient of not to recognise right-of-use asset and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

3.26 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

3.27 Share capital

Ordinary shares are classified as equity and recognised at their face value.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

4.1 Use of estimates and judgments

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

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Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

- a) reserve for unearned premium (notes 3.6 and 24);
- b) provision for receivables and payables related to insurance contracts (notes 3.9 and 12);
- c) provision for outstanding claims including IBNR (notes 3.16 and 25);
- d) premium deficiency reserve (note 3.7);
- e) defined benefit plan (notes 3.18.1 and 13.1);
- f) classification and impairment of investments (notes 3.13, 3.19, 9 and 10);
- g) residual values and useful lives of property and equipment, intangible assets and investment properties (notes 3.1, 3.2, 3.3, 5, 6 and 7);
- h) allocation of management expenses (notes 3.21 and 27);
- i) taxation (notes 3.17 and 34); and
- j) lease liability and right-of-use asset (notes 3.25 and 5).

4.2 Change in accounting estimate

During the year, the Company changed its methodology for premium income earned whereby instead of 1/24 method, premium income is recognized under 1/365 method. This change has been accounted for as change in accounting estimate in accordance with the "IAS 8 Accounting Policies and Changes in Accounting Estimates and Errors" whereby the change has been applied prospectively. Had the Company's accounting estimate not been changed, unearned premium reserve would have been lower by approximately Rs. 17.2 million, prepaid reinsurance premium would have been lower by approximately Rs. 1.86 million, deferred commission expense would have been lower by Rs. 1.13 million and unearned reinsurance commission would have been lower by Rs. 0.64 million and profit before tax would have been higher by Rs. 15.12 and profit after tax would be higher by Rs. 10.4 million.

		2021	2020
	Note	Rupees in thousand	
5	PROPERTY AND EQUIPMENT		
Capital work-in-progress	5.1	-	1,637
Operating assets	5.2	404,439	381,082
		404,439	382,719
5.1	Movement in Capital work-in-progress is as follows:		
Opening balance		1,637	3,310
Additions		9,914	3,502
Transfers		(11,550)	(5,175)
Closing balance		-	1,637

5.2.1 This represents the carrying value of one office located at 8th Floor of Askari Tower, Lahore. The total area of the office is 5,460 square feet.

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5.2.2 Details of disposal of fixed assets during the year

Particulars of assets / buyers

Particulars of assets / buyers									
Rupees in thousand									
2021									
Vehicles sold to following in-service/ resigning employees as per Company's policy									
	Relationship	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain on sale			
Ahmed Asif Jah	Employee	1,875	1,531	344	344	-			
Muhammad Ramzan	Employee	1,715	1,715	-	-	-			
Hanif Zafri	Employee	2,207	2,207	-	-	-			
Aisar Ali Zuberi	Employee	1,473	1,473	-	-	-			
Israr Ali Shah	Employee	696	696	-	-	-			
Tahir Ali Khan	Employee	1,907	1,907	-	-	-			
Mohsin Naveed	Employee	1,123	1,123	-	-	-			
Muhammad Tariq	Employee	1,567	1,567	-	-	-			
Abdul Rauf Qadri	Employee	1,708	1,708	-	-	-			
Sarfraz Bajwa	Employee	1,124	1,124	-	-	-			
Jawad Rasheed	Employee	715	715	-	-	-			
Mabroor Ahmed	Employee	1,123	1,123	-	-	-			
Nafees Ahmed	Employee	1,119	1,119	-	-	-			
Abdul Rehman	Employee	1,837	1,837	-	-	-			
Sohail Lodhi	Employee	1,062	1,062	-	-	-			
Yasir Arfat	Employee	1,576	1,576	-	-	-			
Tahir ul Haq	Employee	2,021	2,021	-	-	-			
Rehman ul Haq	Employee	1,334	1,334	-	-	-			
Sultan Kazmi	Employee	1,068	1,068	-	-	-			
Innran Afzal	Employee	1,528	1,528	-	-	-			
Azhar Iqbal	Employee	1,819	1,819	-	-	-			
Muhammad Asif	Employee	1,706	1,706	-	-	-			
Javed Kamoka	Employee	1,516	1,516	-	-	-			
Zulfiqar	Employee	1,133	1,133	-	-	-			
Razi Haider	Employee	1,706	1,706	-	-	-			
Asim Reza	Employee	1,685	1,685	-	-	-			
Shahid Qayyum	Employee	1,837	1,837	-	-	-			
Ayaz ul Hasan	Negotiator	881	881	-	960	960			
Wajid Khan	Negotiator	1,060	1,060	-	1,170	1,170			
Aggregate value of other items with individual book value not exceeding Rs. 500,000/- Disposed via auction		3,034	2,741	293	726	433			
Total		45,145	44,508	637	3,200	2,563			
2021		36,519	34,915	1,604	3,365	1,761			
6 INTANGIBLE ASSETS									
		Cost		Amortization		Useful life			
	As at 1 January	Additions / (Disposals)	Adjustments	As at 31 December	For the period	Disposals) / Adjustments	As at 31 December	As at 31 December	Useful life (years)
Rupees in thousand									
Computer software	5,579	-	-	5,579	83	-	5,348	231	2 to 10
Antivirus	760	-	-	760	253	-	295	465	3
2021	6,339	-	-	6,339	336	-	5,643	696	
Computer software									
Antivirus	5,505	74	-	5,579	105	-	5,265	314	2 to 10
2021	5,505	834	-	6,339	147	-	42	718	3

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7 INVESTMENT PROPERTY

This represents the carrying amount of two offices in Islamabad Stock Exchange building, classified as investment property based on the management's intention to hold the property for earning rentals and / or capital appreciation.

	2021	2020
	Rupees in thousand	
Cost		
Balance at beginning of the year	52,400	52,400
Balance at end of the year	52,400	52,400
Depreciation		
Balance at beginning of the year	(13,209)	(11,899)
Depreciation for the year	(1,310)	(1,310)
Balance at end of the year	(14,519)	(13,209)
	37,881	39,191
Useful life (years)	40	40

7.1 The market value of the investment property as on December 31, 2021 is Rs. 100.084 million (2021: Rs. 98.25 million) as per valuation carried out by an independent valuer. Useful life of the investment property is estimated to be 40 years.

7.2 The amount of depreciation has been allocated to management expenses.

		2021	2020
8 INVESTMENT IN SUBSIDIARY	Note	Rupees in thousand	
AskTech (Private) Limited - At cost	8.1	10,000	10,000

Rupees in thousand						
Name	Country of Incorporation	Assets	Liabilities	Revenues	Profit/(loss)	% interest held
2021						
AskTech (Private) Limited	Pakistan	29,310	19,098	55,201	535	100
2021						
AskTech (Private) Limited	Pakistan	21,531	11,854	46,420	1,326	100

8.1 AskTech (Private) Limited is engaged in establishing, developing, expanding, enhancing, managing and operating information technology services, GPS/GSM based tracking and systems. The Company acquired 100% shareholding in AskTech (Private) Limited in February 2020. The Company holds 99.96% shares of AskTech (Private) Limited whereas the directors nominated by the Company on the Board of Directors of AskTech (Private) Limited hold qualification shares of 0.04%.

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			2021	2020		
9	INVESTMENTS IN EQUITY SECURITIES	Note	Rupees in thousand			
	Fair value through profit or loss	9.1	673	654		
	Available-for-sale	9.2	205,859	27,009		
Total equity securities			206,533	27,663		

		Number of shares / units		2021		2020	
		2021	2021	Cost	Carrying value	Cost	Carrying value
Rupees in thousand							
9.1	Fair value through profit or loss						
	Mutual funds						
	786 Smart Fund (Dawood Income Fund)	7,897	7,897	654	673	640	654
		7,897	7,897	654	673	640	654

		2021			2021		
		Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Rupees in thousand							
9.2	Available-for-sale						
	Listed shares	232,161	-	232,161	22,253	-	22,253
	Mutual funds - AFS	2,939	-	2,939	2,800	-	2,800
	Unrealized (deficit)/surplus on revaluation	-	-	(29,241)	-	-	1,956
		235,100	-	205,859	25,053	-	27,009

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	2021			2020		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
	Rupees in thousand					
Listed shares						
Askari Bank Limited	3,353	-	3,353	6,789	-	6,789
Avanceon Limited	2,547	-	2,547	-	-	-
Bank Al Habib Limited	4,789	-	4,789	-	-	-
Cnergyco PK Limited	732	-	732	-	-	-
Engro Corporation Limited	1,644	-	1,644	-	-	-
Fauji Cement Company Limited	846	-	846	-	-	-
Fauji Fertilizer Bin Qasim Limited	5,444	-	5,444	-	-	-
Fauji Fertilizer Company Limited	14,451	-	14,451	-	-	-
GlaxoSmithKline Pakistan Limited	2,597	-	2,597	-	-	-
Habib Bank Limited	21,063	-	21,063	1,323	-	1,323
Honda Atlas Cars (Pakistan) Limited	4,674	-	4,674	3,296	-	3,296
International Industries Limited	893	-	893	-	-	-
International Steels Limited	1,722	-	1,722	-	-	-
Lucky Cement Limited	4,353	-	4,353	-	-	-
MCB Bank Limited	58,923	-	58,923	681	-	681
National Refinery Limited	756	-	756	-	-	-
Nishat Mills Limited	6,160	-	6,160	2,016	-	2,016
Oil & Gas Development Company	15,905	-	15,905	-	-	-
Pak Elektron Limited	4,820	-	4,820	1,923	-	1,923
Pak Suzuki Motor Company Limited	15,465	-	15,465	2,871	-	2,871
Pakistan Petroleum Limited	11,476	-	11,476	893	-	893
Pakistan State Oil Company Limited	24,704	-	24,704	-	-	-
Sui Northern Gas Pipeline Limited	6,857	-	6,857	-	-	-
System Limited	5,423	-	5,423	-	-	-
The Searle Company Limited	1,418	-	1,418	1,224	-	1,224
United Bank Limited	11,148	-	11,148	1,237	-	1,237
	232,161	-	232,161	22,253	-	22,253
Unrealized surplus / (deficit) on revaluation			(29,709)			1,585
			202,452			23,838
Mutual funds						
Dawood Income Fund	2,939	-	2,939	2,800	-	2,800
	2,939	-	2,939	2,800	-	2,800
Unrealized (deficit) / surplus on revaluation			469			371
			3,408			3,171

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9.2.1	Investments in units / shares - quoted							
	Number of shares / units		Face value per share / unit	Investee name	Carrying value			
	2021	2020	Rupees		2021	2020		
	Rupees in thousand							
	Open-End Mutual Funds							
	39,989	38,280	100	786 Smart Fund (Dawood Income Fund)	2,939	2,800		
	Carrying value - before provision				2,939	2,800		
	Provision for diminution in market value				-	-		
	Carrying value				2,939	2,800		
	Market value				3,408	3,171		
10	INVESTMENTS IN DEBT SECURITIES							
			2021			2020		
			Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
	Note		Rupees in thousand					
	HELD TO MATURITY							
	Government Securities							
	Pakistan Investment Bonds	10.1	2,174,760	-	2,174,760	114,781	-	114,781
	Treasury Bills	10.2	122,007	-	122,007	2,101,876	-	2,101,876
			2,296,767	-	2,296,767	2,216,657	-	2,216,657
	AVAILABLE-FOR-SALE							
	Term Finance Certificates	10.3	160,000	-	160,000	160,000	-	160,000
	Sukuks	10.4	100,025	-	100,025	135,025	-	135,025
	Unrealised surplus on revaluation		-	-	1,807	-	-	1,557
			260,025	-	261,832	295,025	-	296,582
	LOANS AND RECEIVABLES							
	Certificates of Investments		11,128	(11,128)	-	11,128	(11,128)	-
			2,567,920	(11,128)	2,558,599	2,522,810	(11,128)	2,513,239

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10.1 Pakistan Investment Bonds							
Face Value	Profit Rate %	Profit Payment	Type of Security	Maturity Date	2021	2020	
Rupees in thousand					Rupees in thousand		
25,000	9.00%	Semi - Annually	Pakistan Investment Bonds	19-Sep-22	24,365	23,557	
25,000	9.50%	Semi - Annually	Pakistan Investment Bonds	19-Sep-24	23,389	22,912	
50,000	8.75%	Semi - Annually	Pakistan Investment Bonds	12-Jul-28	39,927	39,010	
37,500	8.75%	Semi - Annually	Pakistan Investment Bonds	12-Jul-28	29,987	29,302	
25,000	9.00%	Semi - Annually	Pakistan Investment Bonds	19-Sep-22	25,064	-	
200,000	7.00%	Semi - Annually	Pakistan Investment Bonds	20-Aug-23	193,732	-	
200,000	7.00%	Semi - Annually	Pakistan Investment Bonds	20-Aug-23	195,491	-	
70,000	7.00%	Semi - Annually	Pakistan Investment Bonds	20-Aug-23	68,489	-	
50,000	9.50%	Semi - Annually	Pakistan Investment Bonds	19-Sep-24	50,095	-	
150,000	9.50%	Semi - Annually	Pakistan Investment Bonds	19-Sep-24	149,643	-	
240,000	9.50%	Semi - Annually	Pakistan Investment Bonds	19-Sep-24	242,602	-	
120,000	7.50%	Semi - Annually	Pakistan Investment Bonds	15-Oct-25	111,522	-	
350,000	7.50%	Semi - Annually	Pakistan Investment Bonds	15-Oct-25	332,511	-	
175,000	7.50%	Semi - Annually	Pakistan Investment Bonds	15-Oct-25	166,150	-	
140,000	7.50%	Semi - Annually	Pakistan Investment Bonds	15-Oct-25	132,719	-	
25,000	8.00%	Semi - Annually	Pakistan Investment Bonds	10-Dec-30	22,123	-	
50,000	8.00%	Semi - Annually	Pakistan Investment Bonds	10-Dec-30	43,740	-	
200,000	8.00%	Semi - Annually	Pakistan Investment Bonds	10-Dec-30	179,857	-	
100,000	8.00%	Semi - Annually	Pakistan Investment Bonds	10-Dec-30	89,821	-	
60,000	8.00%	Semi - Annually	Pakistan Investment Bonds	10-Dec-30	53,533	-	
					2,174,760	114,781	
10.1.1	These carry interest at effective rate of 8.56% to 13.60% per annum (2021: 12.38% to 13.48% per annum) and will mature by December 2030 (2021: July 2028). Market value of PIBs carried at amortised cost amounts to Rs. 2,052.5 million (2021: Rs.131.05 million).						
10.1.2	Pakistan investment bonds are placed as statutory deposit with State Bank of Pakistan in accordance with the requirements of clause (a) of sub section 2 of section 29 of Insurance Ordinance, 2000.						
10.2 Treasury Bills							
Face Value	Profit Rate %	Profit Payment	Type of Security	Maturity Date	2021	2020	
Rupees in thousand					Rupees in thousand		
130,000	7.16%	Maturity	Treasury Bills	14-Jan-21	-	127,893	
250,000	7.15%	Maturity	Treasury Bills	28-Jan-21	-	245,954	
30,000	7.01%	Maturity	Treasury Bills	28-Jan-21	-	28,986	
250,000	7.14%	Maturity	Treasury Bills	11-Feb-21	-	245,958	
260,000	7.13%	Maturity	Treasury Bills	25-Feb-21	-	255,800	
185,000	13.29%	Maturity	Treasury Bills	25-Feb-21	-	163,351	
250,000	7.17%	Maturity	Treasury Bills	11-Mar-21	-	241,368	
380,000	7.11%	Maturity	Treasury Bills	11-Mar-21	-	373,879	
220,000	7.11%	Maturity	Treasury Bills	25-Mar-21	-	216,459	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

10.2	Treasury Bills							
	Face Value		Profit Rate %	Profit Payment	Type of Security	Maturity Date	2021	2020
	Rupees					Rupees in thousand		
	180,000		7.20%	Maturity	Treasury Bills	6-May-21	-	173,762
	15,000		7.20%	Maturity	Treasury Bills	20-May-21	-	14,480
	15,000		7.29%	Maturity	Treasury Bills	17-Jun-21	-	13,986
	125,000		10.66%	Maturity	Treasury Bills	10-Mar-22	122,007	-
							122,007	2,101,876
10.3	Term Finance Certificates							
	Number of certificates		Credit rating	Mark up Rate		Investee name	Value of Certificates	
	2021	2021					2021	2020
							Rupees in thousand	
	15,000	15,000	AA	6-M KIBOR Plus 150 bps		Bank Al Habib	75,000	75,000
	15,000	15,000	AA	6-M KIBOR Plus 150 bps		Bank Alfalah	75,000	75,000
	2,000	2,000	A	6-M KIBOR Plus 200 bps		Soneri Bank	10,000	10,000
							160,000	160,000
10.4	Sukuks							
	Number of certificates		Mark up Rate		Investee name		Value of Certificates	
	2021	2021					2021	2020
							Rupees in thousand	
	-	350	Three Month KIBOR Plus 100 bps		Dawood Hercules Corporation Limited		-	35,000
	50	50	Based on Monthly Shariah Pool		Meezan Bank Limited		50,025	50,025
	500	500	Three Month KIBOR Plus 190 bps		The Hub Power Company Limited		50,000	50,000
	Cost of certificates						100,025	135,025
	Unrealised surplus on revaluation						1,807	1,557
	Carrying value						101,832	136,582

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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		2021	2020
	Note	Rupees in thousand	
11	LOANS AND OTHER RECEIVABLES		
	Sundry receivables	100,692	97,520
	Advances to employees	357	222
	Staff house building finance	4,012	2,863
	Accrued investment income	48,029	44,159
		153,090	144,764
11.1	Sundry receivables		
	Security deposits	16,693	16,038
	Advances to suppliers - unsecured, considered good	1,836	3,439
	Receivable against sale of laptops	3,152	4,917
	Receivable against sale of vehicles	611	611
	Receivable from subsidiary	598	-
	Deposit against vehicles ljarah	17,454	3,629
	Health Claim recoverable	31,170	25,609
	Earnest money	18,345	25,511
	Other receivables - unsecured, considered good	10,834	17,766
		100,692	97,520
11.2	These represent short term interest free advances given in accordance with terms of employment. These are secured and considered good. The maximum amount due from executives at the end of any month during the year was Rs. Nil (2021: Rs. Nil) and outstanding balance at December 31, 2021 is Rs. Nil (2020: Rs. Nil).		
11.3	These represent housebuilding finance loans given to employees in accordance with terms of employment. Interest is charged at the rate of 6 months KIBOR. These are secured and considered good.		
		2021	2020
12	INSURANCE / REINSURANCE RECEIVABLES	Rupees in thousand	
	Due from insurance contract holders	1,264,483	1,048,107
	Less: provision for impairment of receivables from		
	insurance contract holders	(10,174)	(20,760)
		1,254,309	1,027,347
	Due from other insurers / reinsurers	186,113	206,875
	Less: provision for impairment of receivables from		
	other insurers / reinsurers	(5,392)	(15,500)
		180,721	191,375
		1,435,030	1,218,722

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

12.1 Due from insurance contract holders

This includes premium amounting to Rs. 2,611 thousand (2021: Rs. 1,639 thousand) and Rs. 78,077 thousand (2021: Rs. 69,079 thousand) receivable from the Parent and associated undertakings respectively, the movement of which is as follows:

	2021	2020
	Rupees in thousand	
Receivable from parent:		
Balance at beginning of the year	1,639	2,358
Insurance premium written (including government levies, administrative surcharge and policies stamps)	10,776	6,212
Premium received during the year	(9,804)	(6,931)
Balance at end of the year	2,611	1,639
Payable to subsidiary:		
Balance at beginning of the year	13,297	4,853
Services acquired	50,327	42,187
Paid during the year	(64,223)	(33,743)
Balance at end of the year	(599)	13,297
Receivable from associated undertakings:		
Balance at beginning of the year	69,079	80,204
Insurance premium written (including government levies, administrative surcharge and policies stamps)	138,287	117,263
Premium received during the year	(129,289)	(128,388)
Balance at end of the year	78,077	69,079
12.2 Provision for doubtful balances		
Balance at beginning of the year	20,760	20,760
Provision made / (reversed) during the year	(10,586)	-
Balance at end of the year	10,174	20,760

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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	2021	2020
	Rupees in thousand	
12.3	Age analysis of amounts receivable from related parties:	
	Receivable from parent:	
Up to 1 year	2,253	1,520
1 to 2 years	242	-
2 to 3 years	116	119
	2,611	1,639
	Receivable from associated undertakings:	
Up to 1 year	74,453	61,688
1 to 2 years	2,288	5,020
2 to 3 years	1,336	2,371
	78,077	69,079
12.4	Due from other insurers / reinsurers	
Considered good	180,721	191,375
Considered doubtful	5,392	15,500
	186,113	206,875
Provision for doubtful balances	(5,392)	(15,500)
	180,721	191,375
12.5	Provision for doubtful balances	
Balance at beginning of the year	15,500	15,500
Provision made during the year	(10,108)	-
Balance at end of the year	5,392	15,500

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

		2021	2020
	Note	Rupees in thousand	
13	RETIREMENT BENEFIT OBLIGATIONS		
13.1	Amount recognized in the statement of financial position		
	Present value of defined benefit obligation	178,024	142,393
	Benefits due but not paid during the year	4,067	2,510
		182,091	144,903
	Fair value of plan assets	(141,982)	(108,435)
	Net liability at end of the year	40,109	36,468
13.2	Movement in liability recognized in statement of financial position		
	Balance at beginning of the year	36,469	37,366
	Expense for the year	16,461	15,511
	Actuarial loss recognized in other comprehensive income	18,011	3,534
		70,941	56,411
	Contributions to the fund during the year	(30,832)	(19,942)
	Balance at end of the year	40,109	36,469
13.3	Reconciliation of the present value of defined benefits obligation		
	Present value of obligations as at beginning of the year	142,393	124,970
	Current service cost	14,653	12,678
	Interest cost	13,883	13,500
	Benefits paid	(5,566)	(9,397)
	Benefits due but not paid	(1,822)	(846)
	Actuarial gain	14,483	1,488
	Present value of obligations as at end of the year	178,024	142,393

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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		2021	2020
13.4	Movement in the fair value of plan assets	Rupees in thousand	
	Fair value of plan assets as at beginning of the year	108,435	89,814
	Interest income on plan assets	12,075	10,667
	Contribution to the fund	30,832	19,942
	Benefits paid	(5,832)	(9,943)
	Actuarial loss	(3,528)	(2,046)
	Fair value of plan assets as at end of the year	141,982	108,435
13.5	Expense for the year		
	Current service cost	14,653	12,678
	Interest cost	13,883	13,500
	Interest income on plan assets	(12,075)	(10,667)
	Expense for the year	16,461	15,511
13.6	The estimated charge to statement of comprehensive income for the defined benefit plan for the year ending December 31, 2022 is Rs. 18.90 million.		
13.7	Composition of fair value of plan assets		
		2021	2020
		Fair value	Fair value
		Percentage	Percentage
		Rupees in thousand	Rupees in thousand
		%	%
	Debt instruments	67,799	48%
	Cash and bank balances	20,962	15%
	Mutual funds	53,221	37%
	Fair value of plan assets	141,982	100%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO., LTD

13.8	Comparison of present value of defined obligation, fair value of plan assets and surplus / (deficit) of gratuity fund for the last four years:				
	2021	2020	2019	2018	2017
	Rupees in thousand				
Present value of defined					
benefit obligation	178,024	142,393	124,970	107,728	90,208
Fair value of plan assets	(141,982)	(108,435)	(89,814)	(80,303)	(77,318)
Deficit	36,043	33,958	35,156	27,425	12,890
Effect of remeasurement:					
- Actuarial (gain) / loss on					
experience adjustment					
on obligation	14,483	1,488	(2,409)	2,502	3,869
- Actuarial (loss) / gain on					
on plan assets	(3,528)	(2,046)	(9,262)	(8,511)	(11,097)

13.9 Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to the assumption used. The following table summarizes the impact on the defined benefit obligation at the end of the reporting period as a result of a change in the respective assumptions by one percent.

	Increase / decrease in defined benefit obligation			
	2021		2020	
	Rupees in thousand			
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	163,571	195,140	130,303	156,754
Future salary growth	195,164	163,230	156,771	130,018

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognized within the statement of financial position.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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		2021	2020	
13.10	Significant Actuarial Assumption	per annum		
The following significant assumptions have been used for valuation of this scheme:				
	a) Expected rate of increase in salary level	11.75%	9.75%	
	b) Discount rate	11.75%	9.75%	
13.11	Risks			
These defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk, final salary risk, asset volatility, withdrawal and market (investment) risk.				
		2021	2020	
		Note	Rupees in thousand	
14	STAFF COMPENSATED ABSENCES	14.1	38,633	34,320
14.1	Movement in liability			
	Balance at beginning of the year		34,320	29,715
	Charge for the year	14.1.1	7,573	7,534
	Benefits paid		(3,260)	(2,929)
	Balance at end of the year		38,633	34,320
14.1.1	Charge for the year			
	Current service cost		3,104	2,805
	Interest cost		3,187	3,178
	Actuarial loss on experience adjustment		1,282	1,551
			7,573	7,534

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ASKARI INSURANCE CO. LTD

	2021	2020
15 DEFERRED TAXATION	Rupees in thousand	
Deferred tax asset in respect of:		
- Provision for impairment in loans and receivables investments	3,227	3,227
- Effect of remeasurement of staff retirement benefit plans	6,248	1,025
- Unrealized losses on AFS investments	7,956	(1,019)
- Provision for diminution in value of AFS investments	-	-
- Provision against premium due but unpaid	2,950	6,020
- Provision against amounts due from other insurers / reinsurers	1,564	4,495
	21,945	13,748
16 PREPAYMENTS		
Prepaid reinsurance premium ceded	559,058	443,281
Prepaid rent	75	132
Others	2,866	1,580
	561,999	444,993
17 CASH AND BANK		
Cash and Cash Equivalent		
Cash in hand	1,490	1,495
Policy & Revenue stamps, Bond papers	416	786
Cash at bank		
Current accounts	45,365	39,381
Deposit accounts - local currency	149,121	190,135
	196,392	231,797

17.1 These carry an annual effective markup rate ranging from 2.52% to 8% (2021 : 2.51% to 11.25%).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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18	SHARE CAPITAL			2021	2020
18.1	Authorized Capital			Rupees in thousand	
	2021	2020			
	Number of shares				
	100,000,000	100,000,000	Ordinary shares of Rs. 10 each	1,000,000	1,000,000
18.2	Issued, subscribed and paid-up share capital				
	2021	2020		2021	2020
	Number of shares			Rupees in thousand	
			Ordinary shares of Rs. 10 each issued as:		
	24,358,699	24,358,699	- fully paid cash shares	243,587	243,587
	47,543,196	47,543,196	- fully paid bonus shares	475,432	475,432
	71,901,895	71,901,895		719,019	719,019
18.3	Army Welfare Trust (AWT) and directors hold 42,600,734 (2020: 42,600,734) and 545,939 (2020: 545,939) ordinary shares of the Company respectively at the year end.				
				2021	2020
			Note	Rupees in thousand	
19	RESERVES				
	Capital reserve				
	Share premium			121,161	121,161
	Revenue reserves				
	General reserves			70,000	70,000
	AFS Revaluation reserve			(18,887)	3,025
				51,113	73,025
				172,274	194,186
20	LEASE LIABILITIES				
	Lease liability - right of use assets - rental properties			140,879	160,254
	Lease liabilities - right of use assets - vehicles			72,227	48,838
				213,106	209,092

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO., LTD

20.1 Lease liabilities - right of use assets

	2021			2020		
	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments
	Rupees in thousand					
Not later than one year	74,989	14,932	60,057	57,882	12,825	45,057
Later than one year and not later than five years	156,989	33,778	123,211	153,094	32,712	120,382
Later than five years	57,639	27,801	29,838	57,639	13,986	43,653
	289,617	76,511	213,106	268,615	59,523	209,092

		2021	2020
	Note	Rupees in thousand	
21	INSURANCE / REINSURANCE PAYABLES		
	Amount due to other insurers	429,064	310,984
	Amount due to foreign reinsurers	404,415	438,293
		833,479	749,277
22	OTHER CREDITORS AND ACCRUALS		
	Agents' commission payable	61,256	49,313
	Tax deducted at source	5,107	10,310
	Federal excise duty / federal insurance fee	45,949	31,831
	Accrued expenses	7,002	4,879
	Fund received against leased vehicle	22.1	20,029
	Fund received against vehicle Ijarah	22.1	7,733
	Payable to subsidiary	-	13,297
	Time barred cheques	24,353	13,765
	Unearned rental income	5,749	1,492
	Others	7,901	6,986
		185,079	142,012

22.1 Funds received from executives

	Fund received against leased vehicle	6,330	6,211
	Fund received against vehicle Ijarah	197	240
		6,527	6,451

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 The IR authority framed an order under section 161/205 of the Ordinance creating a tax demand of Rs. 4.25 million for alleged non-withholding of tax on various heads of account for the Tax Year 2015. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) [the "CIR(A)"] against the impugned order. The CIR(A) confirmed the order. Subsequently, being aggrieved with the order, the Company filed second appeal before the Appellate Tribunal Inland Revenue [ATIR], which is subjudice till date.

23.1.2 Tax assessments for Assessment Years 1996-1997 to 1999-2000 were finalized by the tax authorities mainly by curtailing management expenses and thereby raising demands aggregating to Rs. 6.6 million. On appeals filed by the Company, these assessments were set aside by the ATIR. The Company has filed reference applications to the High Court on question of admissibility of management expenses for the Assessment Years 1996-1997 to 1999-2000.

23.1.3 The Inland Revenue Tax authorities issued an order raised a demand of Rs. 1.39 million on account of inadmissible claim of input tax credit, short payment of Federal Excise Duty for the tax period 2017. The Company being aggrieved with decision filed an appeal before Commissioner Inland Revenue (Appeals) who uphold the decision. Subsequently the Company filed an appeal before Appellate Tribunal Inland Revenue which is pending disposal to date.

The management, based on the opinion of its legal counsels, believes that the above mentioned matters are most likely to be decided in favour of the Company at superior appellate forums and further charge is not required to be recognised and carried in these matters in the financial statements.

23.2 Commitments

The Company's commitment under Ijarah arrangement with Meezan Bank Limited is Rs 37.6 million (2020: Rs 11.5 million). The contracts have a term of five years.

	2021	2020
	Rupees in thousand	
Future Minimum Ijarah (lease) payments are as under:		
Not later than one year	9,139	5,024
Later than one year and not later than five years	28,469	6,489
	37,608	11,513
Ijarah payments recognized in expense during the year	8,067	7,609

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	2021	2020
	Rupees in thousand	
24 NET INSURANCE PREMIUM		
Written gross premium	3,606,497	2,955,255
Add: Unearned premium reserve opening	1,493,846	1,388,337
Less: Unearned premium reserve closing	1,719,511	1,493,846
Premium earned	3,380,832	2,849,746
Less: Reinsurance premium ceded	1,323,827	977,982
Add: Prepaid reinsurance premium opening	443,281	454,811
Less: Prepaid reinsurance premium closing	559,058	443,281
Reinsurance expense	1,208,050	989,512
	2,172,782	1,860,234
25 NET INSURANCE CLAIMS		
Claims paid	1,887,268	1,484,248
Add: Outstanding claims including IBNR closing	639,160	735,247
Less: Outstanding claims including IBNR opening	735,247	624,125
Claims expense	1,791,181	1,595,370
Less: Reinsurance and other recoveries received	549,746	428,906
Add: Reinsurance and other recoveries in respect of outstanding claims closing	245,466	381,046
Less: Reinsurance and other recoveries in respect of outstanding claims opening	381,046	331,317
Reinsurance and other recoveries revenue	414,165	478,635
	1,377,015	1,116,735

25.1 Claim Development

The Company maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. The following table shows the development of the claims over a period of time. All amounts are presented in gross numbers before reinsurance.

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Accident Year	2016 & prior	2017	2018	2019	2020	2021	Total
Rupees in thousand							
At the end of accident year	1,575	7,345	18,534	25,764	29,786	1,735,753	-
One year later	1,779	8,723	22,302	29,863	688,815	-	-
Two years later	25,395	2,777	25,718	55,773	-	-	-
Three years later	26,892	7,471	10,835	-	-	-	-
Four years later	12,912	8,409	-	-	-	-	-
Five year later	26,843	-	-	-	-	-	-
Current estimate of cumulative claims	26,843	8,409	10,835	55,773	688,815	1,735,753	2,526,428
Less: Cumulative payments to date	(14,332)	(5,787)	(6,815)	(9,319)	(622,817)	(1,228,199)	(1,887,268)
Liability recognized in statement of financial position	12,511	2,622	4,020	46,454	65,998	507,554	639,160

25.2 The provision for IBNR on the basis of actuarial valuation carried out as at December 31, 2021 amounted to Rs 239,937 thousands (2020: Rs 200,248 thousands).

	2021	2020
26 NET COMMISSION AND OTHER ACQUISITION COSTS	Rupees in thousand	
Commission paid or payable	238,930	189,040
Add: Deferred commission expense opening	118,575	124,175
Less: Deferred commission expense closing	102,363	118,575
Net commission	255,142	194,640
Less: Commission received or recoverable	314,365	301,364
Add: Unearned reinsurance commission opening	86,896	104,849
Less: Unearned reinsurance commission closing	97,068	86,896
Commission from reinsurers	304,193	319,317
	(49,050)	(124,677)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

		2021	2020
27	MANAGEMENT EXPENSES	Note	Rupees in thousand
	Salaries and other benefits	27.1	465,990
	Rent		10,072
	Communication		5,135
	Tracker devices		3,578
	Monitoring of trackers		27,282
	Printing and stationery		9,345
	Traveling and entertainment		3,959
	Depreciation and amortization		80,519
	Repair and maintenance		11,894
	Utilities		14,425
	Advertisement		1,915
	Legal and professional charges		8,088
	Bank charges		1,750
	Provision against premium due but unpaid		(10,586)
	Vehicle ljarah rentals		8,067
	Miscellaneous		9,641
			651,074
			636,238
27.1	Employees benefit cost		
	Salaries, allowance and other benefits		428,962
	Charges for post employment benefits	27.2	37,028
			465,990
27.2	This includes charges for defined benefit plans, staff compensated absences and defined contribution plans amounting to Rs. 16.46 million (2020: Rs. 15.51 million), Rs. 7.57 million (2020: Rs. 7.53 million) and Rs. 12.99 million (2020: Rs. 12.02 million) respectively.		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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		2021	2020
28	INVESTMENT INCOME	Note	Rupees in thousand
	Dividend income on investments		
	Dividend income on securities held for trading	34	2,177
	Dividend income on Available-for-sale investments	16,945	290
		16,979	2,467
	Income from debt securities		
	Return on government securities	200,714	204,484
	Return on other fixed income securities	25,721	48,271
		226,435	252,755
	Net realised gains on investments		
	Gain / (Loss) on trading of held for trading investments	534	11,537
	Gain on sale of available-for-sale investments	8,568	(486)
		9,102	11,051
	Unrealized profit on re-measurement of investments held for trading	19	15
	Investment related expenses	(133)	(534)
	Total investment income	252,402	265,754
29	RENTAL INCOME		
	Rental income	5,009	5,048
	Less : expenses of investment property	(25)	(32)
		4,984	5,016
30	OTHER INCOME		
	Profit on bank deposits	11,430	13,360
	Gain on sale of fixed assets	5.2.2 2,563	1,761
	Mark-up on staff house building finance	199	300
	Funds amortized against leased vehicles	4,826	3,630
	Others	545	3,109
		19,563	22,160

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO., LTD

		2021	2020
31	OTHER EXPENSES	Note	Rupees in thousand
	Subscription		6,022 8,705
	Auditors' remuneration	31.1	1,900 2,079
			7,922 10,784
31.1	Auditors' remuneration		
	A. F. Ferguson & Co.		
	Audit fee		900 -
	Half yearly review		450 -
	Special purpose review		450 -
	Code of Corporate Governance		100 -
	Other certifications		- -
			1,900 -
	KPMG Taseer Hadi & Co.		
	Audit fee		- 900
	Half yearly review		- 347
	Special purpose review		- 331
	Other certifications		- 265
	Tax advisory services		- 236
			- 2,079
32	FINANCE COSTS		13,385 16,982
	Interest on lease liabilities		13,385 16,982
33	WINDOW TAKAFUL OPERATIONS - OPF		
	Wakala fee		158,419 147,625
	Management expenses		(79,446) (75,094)
	Commission expenses		(44,348) (33,911)
	Modarib's share of PTF investment income		5,384 5,258
	Investment income		12,875 15,479
	Other income - net		1,965 3,541
	Profit from Window Takaful Operations - OPF		54,849 62,898

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FOR THE YEAR ENDED 31 DECEMBER 2021

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		2021	2020
34	INCOME TAX EXPENSE	Rupees in thousand	
	For the year		
	Current	130,819	162,925
	Deferred	5,883	1,916
	Prior year		
	Current	653	-
		137,355	164,841
34.1	Relationship between tax expense and accounting profit		
		2021	2020
		Effective tax rate - %	Rupees in thousand
	Profit for the year before taxation	504,234	560,000
	Tax at the applicable rate	29.00%	146,228
	Effect of items that are not considered		
	in determining taxable income - net	-1.89%	(9,525)
	Effect of prior year adjustment	0.13%	653
		27.24%	137,355
34.2	Taxation charged to other comprehensive income		
	Deferred tax income / (expense)	(14,173)	72
35	EARNINGS PER SHARE	2021	2020
		Rupees in thousand	
	Profit after tax (Rupees in thousand)	366,879	395,159
	Weighted average number of shares	71,902	71,902
	Earnings (after tax) per share - (Rupees)	5.10	5.50

35.1 No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

36 COMPENSATION OF DIRECTORS AND EXECUTIVES

36.1 The aggregate amounts charged in these unconsolidated financial statements for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	2021			2020		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees in thousand					
Fees	-	1,565	-	-	1,645	-
Managerial remuneration	16,226	-	23,906	14,110	-	17,542
Leave encashment	859	-	775	751	-	639
Bonus	7,055	-	8,700	6,135	-	6,460
Charge to defined benefit plan	1,430	-	2,004	1,309	-	1,742
Rent and house maintenance	7,302	-	10,607	6,349	-	7,424
Utilities	1,623	-	2,357	1,411	-	1,650
Conveyance	1,317	-	9,883	1,179	-	6,541
Provident fund	1,352	-	1,574	1,175	-	1,122
Others	36	-	2,435	36	-	1,419
	37,200	1,565	62,241	32,455	1,645	44,539
No of person(s)	1	8	14	1	8	10

36.2 The Chief Executive and Executives are also provided with Company maintained cars.

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37 RELATED PARTY TRANSACTIONS

The Company is a subsidiary of Army Welfare Trust ("the parent company") therefore all subsidiaries and associated undertakings of the parent company are related parties of the Company. Other related parties comprise of directors, key management personnel, entities with common directorships and entities over which the directors are able to exercise influence. Balances with related parties are shown in the note 13.1 and the remuneration of chief executive, executives and directors is disclosed in note 36 to the unconsolidated financial statements. Transactions with related parties other than those disclosed elsewhere in these financial statements are as follows:

	2021	2020
Transactions with the parent company:	Rupees in thousand	
Insurance premium written (including government levies administrative surcharge and policies stamps)	10,776	6,212
Premium received during the period	9,804	6,931
Insurance claims paid	1,113	2,688
Rent paid	27,593	26,662
Dividend Paid	88,929	106,493
Bonus shares issued	-	-
Transactions with subsidiary:		
Investment made	-	-
Services acquired	50,327	42,187
Payments made	(64,223)	33,743
Insurance premium written (including government levies administrative surcharge and policies stamps)	1,014	997
Premium received during the period	967	958
Insurance claims paid	664	709
Transactions with associated undertakings:		
Army Stud Farms Boylegunj		
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	(42)
Premium received during the period	-	(42)
Insurance claims paid	-	-
Army Stud Farms Probynabad		
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	-
Premium received during the period	-	65
Insurance claims paid	-	-

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	2021	2020
Army Welfare Sugar Mills	Rupees in thousand	
Insurance premium written (including government levies administrative surcharge and policies stamps)	9,003	8,168
Premium received during the period	7,890	9,286
Insurance claims paid	108	552
Askari Aviation (Private) Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	2,830	3,958
Premium received during the period	2,455	3,585
Insurance claims paid	380	321
Askari Development and Holdings (Private) Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	8,298	8,261
Premium received during the period	8,176	7,817
Insurance claims paid	209	649
Askari Enterprises (Private) Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	335	335
Premium received during the period	284	344
Insurance claims paid	191	298
Askari CNG and Fuels		
Insurance premium written (including government levies administrative surcharge and policies stamps)	2,499	4,741
Premium received during the period	3,377	1,034
Insurance claims paid	1,145	620

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	2021	2020
Askari Guards (Private) Limited	Rupees in thousand	
Insurance premium written (including government levies administrative surcharge and policies stamps)	67,905	53,820
Premium received during the period	56,297	60,716
Insurance claims paid	2,782	2,455
Askari Lagoon Faisalabad		
Insurance premium written (including government levies administrative surcharge and policies stamps)	67	44
Premium received during the period	-	-
Insurance claims paid	50	-
Askari Shoe Project		
Insurance premium written (including government levies administrative surcharge and policies stamps)	1,641	2,577
Premium received during the period	1,594	4,243
Insurance claims paid	570	370
Askari Travel & Tours		
Insurance premium written (including government levies administrative surcharge and policies stamps)	431	1,177
Premium received during the period	145	2,309
Insurance claims paid	7	38
Askari Woolen Mills		
Insurance premium written (including government levies administrative surcharge and policies stamps)	714	1,055
Premium received during the period	770	265
Insurance claims paid	261	160

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ASKARI INSURANCE CO., LTD

	2021	2020
AWT Plaza Project	Rupees in thousand	
Insurance premium written (including government levies administrative surcharge and policies stamps)	223	160
Premium received during the period	-	-
Insurance claims paid	203	76
Army Welfare Trust CEO (Army Projects) Office		
Insurance premium written (including government levies administrative surcharge and policies stamps)	(4)	-
Premium received during the period	(4)	-
Insurance claims paid	-	18
Blue Lagoon		
Insurance premium written (including government levies administrative surcharge and policies stamps)	263	690
Premium received during the period	-	802
Insurance claims paid	60	246
Fauji Security Services (Private) Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	19,067	17,696
Premium received during the period	21,913	18,005
Insurance claims paid	1,208	1,800
MAL Pakistan Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	12,122	3,958
Premium received during the period	13,262	8,156
Insurance claims paid	4,564	3,576

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	2021	2020
Petrosel Lubricants (Private) Limited	Rupees in thousand	
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	-	-
Premium received during the period	-	-
Insurance claims paid	-	-
Army Welfare Housing Scheme		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	418	496
Premium received during the period	418	496
Insurance claims paid	24	67
Army Welfare Real Estate Division		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	1,363	1,502
Premium received during the period	1,208	1,486
Insurance claims paid	763	609
ASK Flying Academy		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	-	-
Premium received during the period	-	-
Insurance claims paid	-	-
Askari Apparel		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	-	25
Premium received during the period	-	25
Insurance claims paid	-	1

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ASKARI INSURANCE CO. LTD

	2021	2020
AWT Investments Limited	Rupees in thousand	
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	2,750	1,225
Premium received during the period	2,758	2,133
Insurance claims paid	680	868
Services Travels		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	124	225
Premium received during the period	124	225
Insurance claims paid	-	-
Askari Life Assurance		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	2,841	3,064
Premium received during the period	2,783	3,492
Insurance claims paid	1,455	3,303

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	2021	2020
Askari Chartered Services	Rupees in thousand	
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	-
Premium received during the period	-	-
Insurance claims paid	-	-
Askari Seeds		
Insurance premium written (including government levies administrative surcharge and policies stamps)	1,383	731
Premium received during the period	1,272	512
Insurance claims paid	604	153
Medask		
Insurance premium written (including government levies administrative surcharge and policies stamps)	4,011	3,396
Premium received during the period	4,567	3,434
Insurance claims paid	1,017	923
Transactions with other related parties		
Contributions to Employees Provident Fund Trust	41,945	39,466
Agent Commission Payable Outstanding at year end	2,669	-
Advance against Agent Commission Outstanding at year end	3,945	-
Commission paid during the year	-	-
Key Management Personnel		
Advance issued / settled during the year	4,000	-

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ASKARI INSURANCE CO. LTD

38 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	2021					
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total
	Level 1	Level 2	Level 3			
Rupees in thousand						
Financial assets measured at fair value						
Investment at fair value through profit or loss	673	-	-	-	-	673
Investment at Available-for-sale	-	257,666	-	-	-	257,666
						205,859
						51,807
Financial assets not measured at fair value						
Investments						
- Government securities	-	-	2,296,767	-	-	2,296,767
- Fixed term deposits	-	210,025	-	-	-	210,025
Loans to employees	-	-	-	357	-	357
Accrued investment income*	-	-	-	48,029	-	48,029
Staff house building finance	-	-	-	4,012	-	4,012
Sundry receivables*	-	-	-	100,692	-	100,692
Amounts due from insurance contract holders*	-	-	-	1,254,309	-	1,254,309
Amounts due from other insurers / reinsurers*	-	-	-	180,721	-	180,721
Reinsurance recoveries against outstanding claims*	-	-	-	245,466	-	245,466
Salvage recoveries accrued*	-	-	-	3,769	-	3,769
Cash and bank deposits*	-	-	-	196,392	-	196,392
Total assets of Window Takatful Operations - OPF	-	-	-	331,192	-	331,192
Financial liabilities not measured at fair value						
Provision for outstanding claims (including IBNR)*	-	-	-	-	(639,160)	(639,160)
Lease liabilities	-	-	-	-	(213,106)	(213,106)
Premium received in advance	-	-	-	-	(47,597)	(47,597)
Amounts due to other insurers / reinsurers*	-	-	-	-	(833,479)	(833,479)
Unclaimed dividend*	-	-	-	-	(10,971)	(10,971)
Accrued expenses*	-	-	-	-	(7,002)	(7,002)
Other creditors and accruals*	-	-	-	-	(178,077)	(178,077)
Deposits and other payables*	-	-	-	-	(43,137)	(43,137)
Total liabilities of Window Takatful Operations - OPF	-	-	-	-	(102,923)	(102,923)
	673	467,692	2,296,767	2,364,939	(2,075,452)	3,054,619
						206,533
						51,807

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	2020					
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total
	Level 3	Level 1	Level 2	Level 1	Level 2	Level 3
Rupees in thousand						
Financial assets measured at fair value						
Investment at fair value through profit or loss	654	-	-	-	654	-
Investment at Available-for-sale	-	78,566	-	-	78,566	51,557
Financial assets not measured at fair value						
Investments						
- Government securities	-	-	2,216,657	-	-	-
- Fixed term deposits	-	245,025	-	-	-	-
Loans to employees	-	-	-	222	-	-
Accrued investment income*	-	-	-	44,159	-	-
Staff house building finance	-	-	-	2,863	-	-
Sundry receivables*	-	-	-	97,520	-	-
Amounts due from insurance contract holders*	-	-	-	1,027,347	-	-
Amounts due from other insurers / reinsurers*	-	-	-	191,375	-	-
Reinsurance recoveries against outstanding claims*	-	-	-	381,046	-	-
Salvage recoveries accrued*	-	-	-	33,899	-	-
Cash and bank deposits*	-	-	-	231,797	-	-
Total assets of Window Takatful Operations - OPF	-	-	-	306,866	-	-
Financial liabilities not measured at fair value						
Provision for outstanding claims (including IBNR)*	-	-	-	-	(735,247)	-
Lease liabilities	-	-	-	-	(209,092)	-
Premium received in advance	-	-	-	-	(37,145)	-
Amounts due to other insurers / reinsurers*	-	-	-	-	(749,277)	-
Undeclared dividend*	-	-	-	-	(9,105)	-
Accrued expenses*	-	-	-	-	(4,879)	-
Other creditors and accruals*	-	-	-	-	(123,834)	-
Deposits and other payables*	-	-	-	-	(55,818)	-
Total liabilities of Window Takatful Operations - OPF	-	-	-	-	(95,887)	-
	654	323,591	2,216,657	2,317,094	(2,020,284)	27,663
	-	-	-	-	-	51,557

* The Company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

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

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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ASKARI INSURANCE CO. LTD

39 SEGMENT INFORMATION 39.1 Segment Profit and loss

	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	2021					
	Rupees in thousand					
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative surcharge)	611,741	260,250	1,135,995	1,080,796	877,421	3,966,202
Less: Federal Excise Duty	77,588	28,950	154,533	-	52,306	313,377
Federal Insurance Fee	4,990	2,205	9,775	10,656	8,117	35,743
Stamp Duty	210	9,335	848	5	184	10,582
Gross written premium (inclusive of administrative surcharge)	528,953	219,760	970,838	1,070,135	816,814	3,606,500
Gross premium	523,595	211,591	938,891	1,065,451	804,965	3,544,494
Administrative surcharge	5,811	8,401	32,016	990	7,690	54,907
Facultative inward premium	5,981	130	-	-	3,506	9,617
Service charges	(6,434)	(362)	(68)	3,694	652	(2,519)
Insurance premium earned	495,231	195,825	917,955	1,053,784	718,036	3,380,831
Insurance premium ceded to reinsurers	(449,989)	(128,463)	(39,882)	(146,261)	(443,455)	(1,208,050)
Net insurance premium	45,242	67,363	878,073	907,523	274,581	2,172,782
Commission income	121,095	49,591	6,088	23,347	104,072	304,193
Net underwriting income	166,337	116,954	884,161	930,870	378,653	2,476,975
Insurance claims	(182,974)	(96,699)	(419,766)	(994,026)	(97,716)	(1,791,181)
Insurance claims recovered from reinsurers	152,214	77,142	26,815	121,042	36,952	414,165
Net claims	(30,760)	(19,556)	(392,952)	(872,984)	(60,764)	(1,377,016)
Commission expense	(57,210)	(31,573)	(43,559)	(47,258)	(75,542)	(255,143)
Management expense	(20,962)	(31,212)	(444,271)	(27,404)	(127,224)	(651,074)
Underwriting results	57,404	34,613	3,379	(16,777)	115,123	193,742
Investment income						252,402
Rental income						4,984
Other income						19,563
Finance costs						(13,385)
Other expenses						(7,922)
Profit before tax from Window Takaful Operations - OPF						449,384
Profit before tax						54,849
						504,233

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39.2 Segment Assets and Liabilities

	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	2021 Rupees in thousand					
Corporate Segment						
assets - Conventional	384,026	178,468	793,417	843,231	550,983	2,750,125
Corporate Segment						
assets - Takaful OPF	17,097	8,106	30,674	3,410	4,825	64,112
Corporate unallocated assets - Conventional						3,205,783
Corporate unallocated assets - Takaful OPF						267,080
Consolidated total assets						6,287,100
Corporate Segment						
liabilities - Conventional	432,384	199,253	1,033,615	1,181,460	635,675	3,482,387
Corporate Segment						
liabilities - Takaful OPF	19,944	9,090	52,446	3,148	5,222	89,850
Corporate unallocated Segment liabilities - Conventional						385,464
Corporate unallocated Segment liabilities - Takaful OPF						13,073
Consolidated total liabilities						3,970,773

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ASKARI INSURANCE CO. LTD

39.3 Segment Profit and loss

	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	2020					
	Rupees in thousand					
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative surcharge)	501,213	228,989	963,319	930,478	635,086	3,259,085
Less: Federal Excise Duty	66,394	27,021	130,501	179	43,338	267,433
Federal Insurance Fee	4,234	1,925	8,277	9,182	5,878	29,496
Stamp Duty	39	6,606	130	5	119	6,899
Gross written premium (inclusive of administrative surcharge)	430,546	193,437	824,411	921,112	585,751	2,955,255
Gross premium	419,407	187,207	796,646	917,760	579,570	2,900,588
Administrative surcharge	5,701	6,946	26,047	835	6,464	45,993
Facultative inward premium	7,410	-	288	-	1,303	9,001
Service charges	(1,972)	(716)	1,430	2,517	(1,586)	(327)
Insurance premium earned	439,486	185,995	835,302	811,032	577,933	2,849,746
Insurance premium ceded to reinsurers	(393,785)	(127,630)	(22,999)	(158,396)	(286,702)	(989,512)
Net Insurance premium	45,701	58,365	812,303	652,636	291,231	1,860,234
Commission income	112,176	42,211	1,886	25,155	137,890	319,317
Net underwriting income	157,876	100,575	814,188	677,791	429,121	2,179,551
Insurance claims	(114,941)	(70,246)	(395,570)	(767,954)	(246,658)	(1,595,370)
Insurance claims recovered from reinsurers	95,474	48,045	8,151	131,392	195,573	478,635
Net claims	(19,467)	(22,201)	(387,419)	(636,562)	(51,085)	(1,116,735)
Commission expense	(37,807)	(27,408)	(40,185)	(20,428)	(68,812)	(194,640)
Management expense	(69,004)	(34,958)	(305,909)	(14,259)	(212,108)	(636,238)
Underwriting results	31,597	16,007	80,675	6,543	97,116	231,938
Investment income						265,754
Rental income						5,016
Other income						22,160
Finance costs						(16,982)
Other expenses						(10,784)
Profit before tax from Window Takaful Operations - OPF						497,102
Profit before tax						62,898
						560,000

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39.4 Segment Assets and Liabilities

	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	2020					
	Rupees in thousand					
Corporate Segment						
assets - Conventional	346,028	129,892	787,602	686,418	628,304	2,578,244
Corporate Segment						
assets - Takatful OPF	14,137	5,583	30,967	4,257	5,225	60,169
Corporate unallocated assets - Conventional						2,983,890
Corporate unallocated assets - Takatful OPF						245,961
Consolidated total assets						5,868,254
Corporate Segment						
liabilities - Conventional	397,029	150,669	962,221	1,011,122	718,331	3,239,372
Corporate Segment						
liabilities - Takatful OPF	16,559	4,695	50,325	8,228	6,565	86,372
Corporate unallocated Segment liabilities - Conventional						351,278
Corporate unallocated Segment liabilities - Takatful OPF						9,299
Consolidated total liabilities						3,686,320

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40	MOVEMENT IN INVESTMENTS	Held to maturity	Available-for-sale	Fair value through P&L	Loans and receivables	Total
Rupees in thousand						
	At beginning of previous year	1,335,361	308,055	311,421	252,000	2,206,837
	Additions	5,122,685	1,118,177	1,700,006	403,612	8,344,480
	Disposals (sale and redemptions)	(4,241,389)	(1,105,678)	(2,010,788)	(655,612)	(8,013,467)
	Fair value net gain	-	3,037	15	-	3,052
	Designated at fair value through profit / loss upon initial recognition	-	-	-	-	-
	Classified as held for trading	-	-	-	-	-
	Impairment (loss) / reversal	-	-	-	-	-
	At beginning of current year	2,216,657	323,591	654	-	2,540,902
	Additions	4,428,087	712,741	195,000	-	5,335,828
	Disposals (sale and redemptions)	(4,347,977)	(537,694)	(195,000)	-	(5,080,671)
	Fair value net gain / (loss)	-	(30,947)	19	-	(30,928)
	Designated at fair value through profit / loss upon initial recognition	-	-	-	-	-
	Classified as held for trading	-	-	-	-	-
	Impairment reversal	-	-	-	-	-
	At end of current year	2,296,767	467,691	673	-	2,765,132

41 MANAGEMENT OF FINANCIAL AND INSURANCE RISK

41.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The principal risk that the Company faces under its insurance contracts is that the actual claims exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random, and the actual number and amount of claims will vary from year to year from the level established.

Based on past experience, management is of the view that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome is. In addition, a more diversified portfolio is less likely to be affected 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.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

(a) Frequency and severity of claims

Political, environmental, economical and climatic changes give rise to more frequent and severe extreme events (for example, fire, theft, riot and strike, explosion, earthquake, atmospheric damage, hurricanes, typhoons, river flooding, electric fluctuation, terrorism, war risk, damages

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occurring in inland transit, burglary, loss of cash in safe and cash in transit, travel and personal accident, money losses, engineering losses and other events) and their consequences (for example subsidence claims). For certain contracts, the Company has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

Insurance contracts which are divided into direct and facultative arrangements are further subdivided into five segments: fire, marine, motor, accident and health and miscellaneous. The insurance risk arising from these contracts is concentrated in the territories in which the Company operates, and there is a balance between commercial and personal properties / assets in the overall portfolio of insured properties / assets. The Company underwrites insurance contract in Pakistan.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. The Company has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation). The claim payments are limited to the extent of sum insured on occurrence of the insured event.

The Company has entered into reinsurance cover / arrangements with local and foreign reinsurers having good credit rating by reputable rating agencies, to reduce its exposure to risks and resulting claims. Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional facultative reinsurance arrangements are in place to protect the net account in case of a major catastrophe. The effect of such reinsurance arrangements is that the Company recovers the share of claims from reinsurers thereby reducing its exposure to risk. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional reinsurance arrangements, any loss over and above the said limit would be recovered under non-proportional treaty which is very much in line with the risk management philosophy of the Company. In compliance of the regulatory requirement, the reinsurance agreements are duly submitted with Securities and Exchange Commission of Pakistan on an annual basis.

The Company has claims department dealing with the mitigation of risks surrounding claims incurred whether reported or not. This department investigates and settles all claims based on surveyor's report / assessment. The unsettled claims are reviewed individually on a periodic basis and adjusted to reflect the latest information on the underlying facts, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

(b) Sources of uncertainty in the estimation of future claim payments

Claims reported and otherwise are analysed separately. The development of large losses / catastrophes is analysed separately. The shorter settlement year for claims allows the Company to achieve a higher degree of certainty about the estimated cost of claims including IBNR. However, the longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain for these claims.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value, reinsurance and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome may be different from the original liability established. The liability comprises amount in relations to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs and a provision for unexpired risks at the end of the reporting year.

Liability in respect of outstanding claims is based on the best estimate of the claims intimated or assessed. In calculating the estimated cost of unpaid claims (both reported and not), the Company estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a prior financial years in relation to such claims) and an estimate based upon actual claims experience using predetermined basis where greater weight is given to actual claims experience as time passes.

In estimating the liability for the cost of reported claims not yet paid, the Company considers any information available from surveyor's assessment and information on the cost of settling claims with similar characteristics in previous years. Claims are assessed on a case-by-case basis separately.

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Particulars	Total amount	Age-wise Breakup				
		1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
Rupees in thousand						
Claims not encashed	82,439	63,717	9,212	5,662	3,848	

(c) **Key assumptions**

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserves is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgement to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgement includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

(d) **Changes in assumptions**

The Company did not change its assumptions for the insurance contracts as disclosed in above (b) and (c).

(e) **Sensitivity analysis**

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

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

	Profit before tax		Shareholders' equity	
	2021	2020	2021	2020
	Rupees in thousand		Rupees in thousand	
10% increase in loss				
Fire and property damage	(1,658)	(1,696)	(1,177)	(1,204)
Marine aviation and transport	(2,357)	(2,531)	(1,674)	(1,797)
Motor	(14,711)	(14,934)	(10,445)	(10,603)
Health	(15,614)	(10,365)	(11,086)	(7,359)
Miscellaneous	(5,030)	(5,894)	(3,571)	(4,185)
	(39,370)	(35,420)	(27,953)	(25,148)

A 10% decrease would have had equal but opposite effect on the statement of comprehensive income and shareholders' equity.

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(f) Concentration of insurance risk

A concentration of risk may also arise from a single insurance contract issued to a particular type of policyholder, within a geographical location or to types of commercial business. The Company minimizes its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

To optimize benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk survey. The concentration of risk by type of contracts is summarized below by reference to liabilities.

	Gross sum insured	Reinsurance	Net
	Rupees in thousand		
2021			
Fire and property	513,552,364	491,036,489	22,515,875
Marine, aviation and transport	446,832,021	231,704,510	215,127,511
Motor	57,638,482	2,728,206	54,910,276
Miscellaneous	355,458,156	215,707,699	139,750,457
	1,373,481,023	941,176,904	432,304,119
2020			
Fire and property	487,925,026	435,634,785	52,290,241
Marine, aviation and transport	236,721,735	175,424,139	61,297,596
Motor	44,807,666	790,639	44,017,027
Miscellaneous	194,205,999	121,966,863	72,239,136
	963,660,426	733,816,426	229,844,000

The Company's class wise major risk exposure is as follows:

	Maximum Gross Risk Exposure	
	2021	2020
	Rupees in thousand	
Fire and property	65,260,599	71,409,081
Marine, aviation and transport	21,000,000	13,000,000
Motor	1,810,783	130,000
Liability	1,485,000	3,925,000
Miscellaneous	20,913,300	11,972,411

41.2 Financial risk

The Company's activities exposes it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk without any material change from previous year in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

i) Credit risk

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

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Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and maintaining conservative estimates of provisions for doubtful assets, if required. The management believes it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

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

	2021	2020
	Rupees in thousand	
Bank deposits	196,392	229,516
Investments	2,765,132	2,540,902
Salvage recoveries accrued	3,769	33,899
Advances to employees	357	222
Amounts due from insurance contract holders	1,254,309	1,027,347
Amounts due from other insurers / reinsurers	180,721	191,375
Accrued investment income	48,029	44,159
Reinsurance recoveries against outstanding claims	245,466	381,046
Staff house building finance	4,012	2,863
Sundry receivables	100,692	97,520
	4,798,879	4,548,849

The Company does not hold any collateral against the above balances except for staff house building finance. Provision against receivable is written off when the Company expects that it cannot recover the balance due. Except as already provided for in these unconsolidated financial statements, past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no recent history of default. The age analysis of gross receivables is as follows:

	Amount due from insurance contract holders	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Sundry receivables	2021 Aggregate	2020 Aggregate
	Rupees in thousand					
Up to 1 year	1,078,241	171,000	137,302	100,692	1,487,235	1,432,649
1-2 years	176,068	(3,071)	31,506	-	204,501	220,995
2-3 years	7,708	13,152	28,577	-	49,437	34,973
Over 3 years	2,466	5,033	15,545	-	23,044	44,931
	1,264,483	186,113	212,930	100,692	1,764,217	1,733,548

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a) The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Rating Financial institution	Rating		Rating agency	2021	2020
	Long term	Short term		Rupees in thousand	
Askari Bank Limited	AA+	A1+	PACRA	154,002	174,298
Summit Bank Limited	BBB-	A-3	JCR-VIS	25	1,133
Habib Bank Limited	AAA	A-1+	JCR-VIS	231	303
Faysal Bank Limited	AA	A1+	PACRA	2,692	1,248
Silk Bank Limited	A-	A-2	JCR-VIS	1	51
Bank Al Falah Limited	AA+	A1+	PACRA	11	11
Bank Al-Habib Limited	AAA	A1+	PACRA	1,610	321
Meezan Bank Limited	AAA	A-1+	JCR-VIS	4	11,206
The Bank of Punjab	AA+	A1+	PACRA	1,164	89
NRSP Microfinance Bank	A	A1	PACRA	3,768	7,466
JS Bank Limited	AA-	A1+	PACRA	3,181	7,479
Sindh Bank Limited	A+	A-1	JCR-VIS	-	1
Bank Of Khyber	A	A1	PACRA	29	693
Punjab Provincial Cooperative Bank	Exempted	Exempted	Not Appli- cable	1,811	1,455
Zarai Taraqiyati Bank	AAA	A-1+	JCR-VIS	24,995	22,666
Samba Bank Limited	AA	A-1	JCR-VIS	0	0
Allied Bank Limited	AAA	A1+	PACRA	778	1,049
Telenor Microfinance Bank	A	A-1	JCR-VIS	-	-
Finca Microfinance Bank	A	A1	PACRA	2	3
U Microfinance Bank	A+	A-1	JCR-VIS	24	43
MCB Islamic Banking	A	A1	PACRA	1	1
United Bank Limited	AAA	A-1+	JCR-VIS	156	-
				194,486	229,516

b) The credit quality of amounts due from other insurers / reinsurers and reinsurance recoveries against outstanding claims can be assessed with reference to external credit rating as follows:

	2021		2020	
	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Aggregate	Aggregate
	Rupees in thousand			
Rating	186,113	245,466	431,579	587,922
A or above	-	-	-	-
Others	186,113	245,466	431,579	587,922

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- d) The Company has diversified portfolio of investment to mitigate the risk. The credit risk exposure relates to investment in debt securities as mentioned in note 10 to these unconsolidated financial statements. The Company has also maintained a provision against certain certificates of investments as disclosed in note 10 to these unconsolidated financial statements.

ii) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Liquidity requirements are monitored by management to ensure that adequate funds are available to meet any obligations as they arise. To guard against risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities.

The table below summarises the maturity profile of the Company's financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the statement of financial position date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.

2021				
	Carrying amount	Contractual cash flows	Up to one year	More than one year
Rupees in thousand				
Outstanding claims including IBNR	639,160	639,160	639,160	-
Insurance / Reinsurance payables	833,479	833,479	833,479	-
Accrued expenses	7,002	7,002	7,002	-
Other creditors and accruals	182,523	182,523	182,523	-
Unclaimed dividends	10,971	10,971	10,971	-
Deposits and other payables	43,137	43,137	43,137	-
Lease liabilities	213,106	213,106	60,057	153,049
Other liabilities	35,663	35,663	35,663	-
	1,965,041	1,965,041	1,811,992	153,049

2020				
	Carrying amount	Contractual cash flows	Up to one year	More than one year
Rupees in thousand				
Outstanding claims including IBNR	735,247	735,247	735,247	-
Insurance / Reinsurance payables	749,277	749,277	749,277	-
Accrued expenses	4,879	4,879	4,879	-
Other creditors and accruals	141,219	141,219	141,219	-
Unclaimed dividends	9,105	9,105	9,105	-
Deposits and other payables	55,818	55,818	55,818	-
Lease liabilities	209,092	209,092	45,057	164,035
Other liabilities	32,382	32,382	32,382	-
	1,937,019	1,937,019	1,772,984	164,035

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iii) 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 variable such as interest / mark up rate, foreign exchange rate and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest / mark up rate risk and price risk.

Interest / mark up rate risk

Interest / mark-up rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market interest / mark up rates. The Company invests in securities and has deposits that are subject to interest / mark up rates risk. The Company limits interest / mark up rate risk by monitoring changes in interest / mark up rates in the currencies in which its cash and investments are denominated. The Company's financial liabilities are not exposed to interest / mark up rate risk. At the statement of financial position date exposure to interest bearing financial assets is as follows:

	2021					
	Interest / mark-up bearing financial instruments			Non-interest / mark-up bearing financial instruments		
	Effective rate % per annum	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Sub total
Rupees in thousand						
Financial assets						
Investments						
Equity securities		-	-	-	206,533	206,533
Debt securities	8.56% to 13.60%	171,436	2,387,163	2,558,599	-	2,558,599
Loans and other receivables	8.15% to 10.28%	74	3,938	4,012	149,078	149,078
Insurance / reinsurance receivables		-	-	-	1,435,030	1,435,030
Reinsurance recoveries against outstanding claims		-	-	-	245,466	245,466
Salvage recoveries accrued		-	-	-	3,769	3,769
Cash and bank	2.52% to 8.00%	149,121	-	149,121	47,270	196,392
Total assets of Window Takaful Operations - Operator's Fund		66,887	-	66,887	264,304	331,191
		387,518	2,391,101	2,778,619	2,351,450	5,130,070
Financial liabilities						
Outstanding claims including IBNR		-	-	-	(639,160)	(639,160)
Insurance / reinsurance payables		-	-	-	(833,479)	(833,479)
Other creditors and accruals		-	-	-	(185,079)	(185,079)
Deposits and other payables		-	-	-	(43,137)	(43,137)
Total liabilities of Window Takaful Operations - Operator's Fund		-	-	-	(103,041)	(103,041)
		-	-	-	(1,803,896)	(1,803,896)
Interest risk sensitivity gap		387,518	2,391,101	2,778,619	547,554	3,326,174
Cumulative interest risk sensitivity gap		387,518	2,778,620			

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2020

	Effective rate % per annum	Interest / mark-up bearing financial instruments		Non-interest / mark-up bearing financial instruments		Total
		Maturity up to one year	Sub total	Maturity up to one year	Sub total	
Rupees in thousand						
Financial assets						
Investments						
Equity securities	12.38% to 13.48%	-	-	27,663	-	27,663
Debt securities	7.89% to 7.34%	2,101,876	411,363	2,513,239	-	2,513,239
Loans and other receivables		130	2,733	2,863	141,901	141,901
Insurance / reinsurance receivables		-	-	-	1,218,722	1,218,722
Reinsurance recoveries against outstanding claims		-	-	-	381,046	381,046
Salvage recoveries accrued		-	-	-	33,899	33,899
Cash and bank	2.51% to 11.25%	190,135	-	190,135	41,662	41,662
Total assets of Window Takaful Operations - Operator's Fund		66,635	-	66,635	240,231	240,231
		2,358,776	414,096	2,772,872	2,085,125	2,085,125
Financial liabilities						
Outstanding claims including IBNR		-	-	-	(735,247)	(735,247)
Insurance / reinsurance payables		-	-	-	(749,277)	(749,277)
Other creditors and accruals		-	-	-	(142,012)	(142,012)
Deposits and other payables		-	-	-	(55,818)	(55,818)
Total liabilities of Window Takaful Operations - Operator's Fund		-	-	-	(95,887)	(95,887)
		-	-	-	(1,778,241)	(1,778,241)
Interest risk sensitivity gap		2,358,776	414,096	2,772,872	306,883	3,079,755
Cumulative interest risk sensitivity gap		2,358,776	2,772,872			

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Cash flow sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, to the Company's profit before tax and equity based upon closing balances and rates:

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on equity
	Rupees in thousand		
December 31, 2021	100	3,631	2,578
	(100)	(3,631)	(2,578)
December 31, 2020	100	4,380	3,110
	(100)	(4,380)	(3,110)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the statement of comprehensive income and equity of the Company.

b) Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company, at present, is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign 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.

The Company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity market.

The following table summarises the Company's price risk as at December 31, 2021 and 2020. It shows the effects of an estimated increase of 10% in the market prices as on those dates. A decrease of 10% in the fair values of the listed securities would affect it in a similar and opposite manner.

	Fair value	Price change	Effect on fair value
	Rupees in thousand		Rupees in thousand
December 31, 2021	206,533	+10%	20,653
	206,533	-10%	(20,653)
December 31, 2020	27,663	+10%	2,766
	27,663	-10%	(2,766)

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iv) Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

In accordance with the requirements of the Insurance Rules, 2017 issued by the SECP, minimum paid-up capital requirement to be complied with by insurance/ takaful companies as at December 31, 2017 and for subsequent years is Rs. 500 million. As at December 31, 2021, the Company's paid-up capital is in excess of the prescribed limit.

42	STATEMENT OF SOLVENCY	2021	2020
		Rupees in thousand	
	Assets		
	Property and equipment	404,439	382,719
	Intangible assets	696	1,032
	Investment property	37,881	39,191
	Investment in subsidiary	10,000	10,000
	Investments		
	- Equity securities	206,533	27,663
	- Debt securities	2,558,599	2,513,239
	Loans and other receivables	153,090	144,764
	Insurance / Reinsurance receivables - unsecured, considered good	1,435,030	1,218,722
	Reinsurance recoveries against outstanding claims	245,466	381,046
	Salvage recoveries accrued	3,769	33,899
	Taxation - payments less provision	17,706	-
	Deferred commission expense / Acquisition cost	102,363	118,575
	Deferred taxation	21,945	13,748
	Prepayments	561,999	444,993
	Cash and bank	196,392	231,797
	Total assets from Window Takaful Operations - OPF	331,192	306,866
	Total Assets (A)	6,287,100	5,868,254

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

ANNUAL REPORT 2021

	2021	2020
	Rupees in thousand	
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000		
(d) loans to employees	357	222
(g) receivable from related parties	80,689	70,718
(g) investment in subsidiary	10,000	10,000
(h) insurance / reinsurance receivables for more than three months	557,151	497,548
(i) intangible assets	696	1,032
(j) deferred tax asset	21,945	13,748
(k) security deposit receivable	16,693	16,038
(k) security deposits	43,137	55,818
(U)-(i) vehicles	112,384	74,081
(U)-(ii) office equipment	14,542	18,798
(U)-(ii) office equipment (window takaful operator's fund)	532	852
(U)-(iii) fixtures and fittings	5,481	7,689
(U)-(iii) fixtures and fittings (window takaful operator's fund)	30	129
Total of In-admissible assets (B)	863,637	766,673
Total Admissible Assets (C=A-B)	5,423,463	5,101,581

Total Liabilities	2021	2020
	Rupees in thousand	
Underwriting Provisions		
- Outstanding claims including IBNR	639,160	735,247
- Unearned premium reserves	1,719,511	1,493,846
- Unearned reinsurance commission	97,068	86,896
Retirement benefit obligations	40,109	36,468
Staff compensated absences	38,633	34,320
Lease liabilities	213,106	209,092
Taxation - provision less payment	-	1,208
Premium received in advance	47,598	37,145
Insurance / Reinsurance Payables	833,479	749,277
Unclaimed dividend	10,971	9,105
Other Creditors and Accruals	185,079	142,012
Deposits and other payables	43,137	55,818
Total Liabilities	3,867,851	3,590,434
Total liabilities from Window Takaful Operations - OPF	102,923	95,887
Total Liabilities (D)	3,970,774	3,686,321
Total Net Admissible Assets (E=C-D)	1,452,690	1,415,260

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

	2021	2020
	Rupees in thousand	
Minimum solvency requirement (higher of following)	434,556	372,047
Method A - U/s 36(3)(a)	150,000	
Method B - U/s 36(3)(b)	434,556	
Method C - U/s 36(3)(c)	310,829	
Excess in Net Admissible Assets over Minimum Requirements	1,018,134	1,043,213

43 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified thereunder.

	2021	2020
	Rupees in thousand	
44 WINDOW TAKAFUL OPERATIONS - OPF		
Assets		
Cash and bank deposits	66,887	66,635
Investments	179,450	168,541
Current assets - others	84,247	70,709
Fixed assets	608	981
Total assets	331,192	306,866
Total liabilities - current	102,923	95,887
Profit from Window Takaful Operations - OPF	54,849	62,898

Details of total assets, total liabilities and segment disclosure of window takaful operations are stated in the annexed financial statements.

45 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions. Following major reclassifications have been made during the year:

Reclassified from	Reclassified to	Rupees in thousand
Amount due to foreign reinsurers	Amount due to other insurers	253,754
Repair and maintenance	Rental income	32
Current Tax	Deferred Tax	1,916

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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46 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Company in the meeting held on April 27, 2022 have proposed a final cash dividend of Rupees 2.75 per share.

47 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements have been authorized for issue by the Board of Directors of the Company on April 27, 2022.

48 GENERAL

Number of employees

Total number of employees at the end of the year were 389 (2021: 384). Average number of employees during the year were 387 (2021: 391).



Suleman Khalid
Chief Financial Officer



Abdul Waheed
President & Chief Executive



AVM Mohammad Athar Shams (Retd)
Director



Lt Gen Naveed Mukhtar (Retd)
Chairman

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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INDEPENDENT AUDITORS' REPORT

To the members of Askari General Insurance Company Limited Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Askari General Insurance Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and (of) its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1	<p>Valuation of Incurred But Not Reported (IBNR) claims reserves</p> <p>(Refer notes 3.16 and 24 of the annexed consolidated financial statements)</p> <p>As at December 31, 2021, provision for IBNR amounted to Rs 239.926 million.</p> <p>The provision for IBNR claims is calculated by the Company as required under Circular No. 9 of 2016 issued by the Securities and Exchange Commission of Pakistan (SECP). As per the SECP Circular No. 9 of 2016, an insurer shall estimate and maintain the provision for IBNR for each class of business by using the prescribed method which is "Chain Ladder Method" or any other alternate method as allowed under the provisions of the Guidelines.</p> <p>The determination of provision for IBNR claims involves estimation and judgment. Because of the significance of the impact of these judgments / estimations, we considered the area of IBNR as a key audit matter.</p>	<p>Our audit procedures in relation to this matter included amongst others:</p> <ul style="list-style-type: none"> - Assessed the design and operating effectiveness of the relevant controls over the measurement and calculation of IBNR reserves and evaluated the appropriateness of methodologies and assumptions used. - Evaluated the completeness, accuracy and reliability of the underlying data utilised by the management to support the actuarial valuation. - Involved an independent actuarial expert to test the assumptions and assess the reasonableness of the assumptions used therein. - Checked the adequacy of IBNR reserves and assessed an internal consistency and a reasonableness of basic actuarial figures with the prior year. - Assessed whether the financial statement disclosures in relation to the valuation of IBNR reserves are compliant with the relevant accounting and reporting standards applicable in Pakistan

Information Other than the consolidated Financial Statements and Auditor's Reports Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

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

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

Board of directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Matter

Prior Year Financial Statements Audited by Predecessor Auditor

The consolidated financial statements of the Company for the year ended December 31, 2020 were audited by another auditor, KPMG Taseer Hadi & Co. Chartered Accountants, who expressed an unmodified opinion on those statements on April 30, 2021.

The engagement partner on the audit resulting in this independent auditor's report is Mr. JehanZeb Amin.



Chartered Accountants
Islamabad
Date: April 29, 2022
UDIN: AR202110083kgnTHLD9J

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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■ KARACHI ■ LAHORE ■ ISLAMABAD

AS AT 31 DECEMBER 2021

ANNUAL REPORT 2021

		31 December 2021	31 December 2020
	Note	Rupees in thousand	
ASSETS			
Property and equipment	5	418,970	384,848
Intangible assets	6	696	1,032
Investment property	7	37,881	39,191
Investments			
- Equity securities	8	206,532	27,663
- Debt securities	9	2,558,599	2,513,239
Loans and other receivables	10	161,479	149,524
Insurance / Reinsurance receivables	11	1,435,030	1,218,722
Reinsurance recoveries against outstanding claims	24	245,466	381,046
Salvage recoveries accrued		3,769	33,899
Taxation - payments less provision		17,016	-
Deferred commission expense / Acquisition cost	25	102,363	118,575
Deferred taxation	14	21,945	13,748
Prepayments	15	562,807	445,352
Cash and bank	16	201,374	232,782
Total assets from Window Takaful Operations - OPF	43	331,192	306,866
Total Assets		6,305,119	5,866,487

Suleman Khalid
Chief Financial Officer

Abdul Waheed
President & Chief Executive

		31 December 2021	31 December 2020
	Note	Rupees in thousand	
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	17	719,019	719,019
Share premium	18	121,161	121,161
Reserves	18	51,113	73,025
Unappropriated profit		1,425,243	1,268,403
Total Equity		2,316,537	2,181,608
Liabilities			
Underwriting Provisions			
- Outstanding claims including IBNR	24	639,160	735,247
- Unearned premium reserves	23	1,719,511	1,493,846
- Unearned reinsurance commission	25	97,068	86,896
Retirement benefit obligations	12	40,109	36,469
Staff compensated absences	13	38,633	34,320
Liabilities against assets subject to finance lease - secured	19	213,106	209,092
Taxation - provision less payment		-	1,904
Premium received in advance		47,598	37,145
Insurance / Reinsurance payables	20	833,479	749,277
Unclaimed dividends		10,971	9,105
Other creditors and accruals	21	202,887	139,873
Deposits and other payables		43,137	55,818
Total Liabilities		3,885,659	3,588,992
Total liabilities from Window Takaful Operations - OPF	43	102,923	95,887
Total Equity and Liabilities		6,305,119	5,866,487
Contingencies and commitments	22		

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

AVM Mohammad Athar Shams (Retd)
Director

Lt Gen Naveed Mukhtar (Retd)
Chairman

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

ANNUAL REPORT 2021

		31 December 2021	31 December 2020
	Note	Rupees in thousand	
Net insurance premium	23	2,172,782	1,860,234
Net insurance claims	24	(1,377,015)	(1,116,735)
Net commission and other acquisition costs	25	49,050	124,677
Insurance claims and acquisition expenses		(1,327,965)	(992,058)
Management expenses	26	(671,193)	(643,588)
Underwriting results		173,624	224,588
Investment income	27	252,402	265,754
Rental income	28	4,984	5,016
Other income	29	41,022	31,596
Other expenses	30	(8,038)	(10,850)
Results of operating activities		463,994	516,104
Finance costs	31	(13,385)	(16,982)
Profit before tax from General Operations		450,609	499,122
Profit before tax from Window Takaful Operations - OPF	32	54,849	62,898
Profit before tax		505,458	562,020
Income tax expense	33	(138,045)	(165,538)
Profit after tax		367,413	396,482
Other comprehensive income:			
Items that will be reclassified subsequently to statement of comprehensive income:			
Unrealised (loss) / gain on Available-for-sale investments - net		(21,972)	2,156
Unrealized gain on Available-for-sale investments from Window Takaful Operations - OPF (net)		61	530
		(21,911)	2,686
Items that will not be reclassified subsequently to statement of comprehensive income:			
Effect of remeasurement of staff retirement benefit plans - net		(12,788)	(2,509)
Total comprehensive income for the period		332,714	396,659
Earnings (after tax) per share - Rupees	34	5.11	5.51

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.



Suleman Khalid
Chief Financial Officer



Abdul Waheed
President & Chief Executive



AVM Mohammad Athar Shams (Retd)
Director



Lt Gen Naveed Mukhtar (Retd)
Chairman

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

	2021	2020
	Rupees in thousand	
Operating cash flows		
a) Underwriting activities:		
Premium received	3,401,081	2,942,603
Reinsurance premium paid	(831,092)	(1,493,713)
Claims paid	(1,887,268)	(1,484,248)
Reinsurance and other recoveries received	338,534	742,292
Commission paid	(229,565)	(200,261)
Commission received	144,678	376,374
Management expenses paid	(625,847)	(609,491)
Net cash flows generated from underwriting activities	310,522	273,556
b) Other operating activities:		
Income tax paid	(149,313)	(145,317)
Other expenses paid	(8,443)	(10,827)
Other operating receipts / (payments)	107,037	85,203
Advances to employees	(135)	(210)
Net cash (used in) other operating activities	(50,853)	(71,151)
Total cash flow generated from all operating activities	259,669	202,405
Investing activities:		
Profit / return received	218,157	267,184
Dividends received	17,023	2,466
Payments for investments	(5,447,827)	(7,526,179)
Proceeds from investments	5,225,840	7,204,738
Fixed capital expenditure	(18,967)	(6,726)
Proceeds from disposal of fixed assets	3,200	3,365
Total cash (used in) investing activities	(2,574)	(55,152)
Financing activities:		
Financial charges paid	(13,385)	(16,995)
Repayment of obligation under finance lease	(78,249)	(66,836)
Dividend paid	(195,864)	(177,809)
Staff house building finance - net	(1,149)	97
Mark-up on staff house building finance received	199	300
Equity transactions costs paid	(55)	(26)
Total cash (used in) financing activities	(288,502)	(261,269)
Net cash (used in) all activities	(31,408)	(114,016)
Cash and cash equivalents at beginning of the period	232,782	346,798
Cash and cash equivalents at end of the period	201,374	232,782

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

Suleman Khalid
Chief Financial Officer

Abdul Waheed
President & Chief Executive

AVM Mohammad Athar Shams (Retd)
Director

Lt Gen Naveed Mukhtar (Retd)
Chairman

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

ANNUAL REPORT 2021

	2021	2020
	Rupees in thousand	
Reconciliation to Statement of Comprehensive Income		
Operating cash flows	259,669	202,405
Depreciation expense	(83,194)	(84,712)
Financial charges	(13,385)	(16,995)
Gain on disposal of fixed assets	2,563	1,761
Increase / (Decrease) in assets other than cash	553,765	(346,987)
(Decrease) / Increase in liabilities other than running finance	(681,954)	319,071
Unrealized gain on investments - held for trading	19	15
Dividend income	16,979	2,466
Investment income	234,870	251,735
Profit on bank deposits	11,430	13,509
Income tax provision	(138,045)	(165,538)
Gain on trading	534	11,537
Tax paid	149,313	145,317
Profit after taxation from General Insurance Operations	312,564	333,584
Profit from Window Takaful Operations - OPF	54,849	62,898
Profit after taxation	367,413	396,482

Definition of cash :

Cash comprises cash in hand, bank balances, stamp in hand and short term placements with banks which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

	2021	2020
	Rupees in thousand	
Cash for the purpose of cash flow statement consists of:		
Cash and other equivalents		
Cash in hand	1,549	1,555
Stamp in hand	416	786
	1,965	2,341
Current and other accounts		
Current accounts	45,517	39,431
Deposit accounts	153,892	191,010
	199,409	230,441
Total	201,374	232,782

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.



Suleman Khalid
Chief Financial Officer



Abdul Waheed
President & Chief Executive



AVM Mohammad Athar Shams (Retd)
Director



Lt Gen Naveed Mukhtar (Retd)
Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

	Share capital	Reserves				Total reserves	Total equity
	Issued, subscribed and paid up	Capital reserve	Revenue reserve				
		Share premium	General reserve	Retained earnings	Available-for-sale investment revaluation reserve		
Rupees in thousand							
Balance as at January 01, 2020	719,019	121,161	70,000	1,054,211	339	1,245,711	1,964,730
Total comprehensive income for the period							
Profit for the period	-	-	-	396,482	-	396,482	396,482
Other comprehensive income for the period	-	-	-	(2,509)	2,686	177	177
Total comprehensive income for the period	-	-	-	393,973	2,686	396,659	396,659
Changes in owners' equity							
Cash dividend 2020: Rupees 2.5 per share	-	-	-	(179,755)	-	(179,755)	(179,755)
Equity transaction costs	-	-	-	(26)	-	(26)	(26)
	-	-	-	(179,781)	-	(179,781)	(179,781)
Balance as at December 31, 2020	719,019	121,161	70,000	1,268,403	3,025	1,462,589	2,181,608
Balance as at January 01, 2021	719,019	121,161	70,000	1,268,403	3,025	1,462,589	2,181,608
Total comprehensive income for the period							
Profit for the period	-	-	-	367,413	-	367,413	367,413
Other comprehensive loss for the period	-	-	-	(12,788)	(21,911)	(34,699)	(34,699)
Total comprehensive income for the period	-	-	-	354,625	(21,911)	332,714	332,714
Changes in owners' equity							
Cash dividend 2021: Rupees 2.75 per share	-	-	-	(197,730)	-	(197,730)	(197,730)
Equity transaction costs	-	-	-	(55)	-	(55)	(55)
	-	-	-	(197,785)	-	(197,785)	(197,785)
Balance as at December 31, 2021	719,019	121,161	70,000	1,425,243	(18,887)	1,597,518	2,316,537

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

Suleman Khalid
Chief Financial Officer

Abdul Waheed
President & Chief Executive

AVM Mohammad Athar Shams (Retd)
Director

Lt Gen Naveed Mukhtar (Retd)
Chairman

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ANNUAL REPORT 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

Askari general insurance company limited ("the Company") was incorporated under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017) as a public limited company on April 12, 1995. The Company is engaged in non-life insurance business comprising of fire, marine, motor, health and miscellaneous. The Company commenced its commercial operations on October 15, 1995. Shares of the Company are quoted on Pakistan Stock Exchange Limited. The registered office and principal place of business of the Company is located at AWT Plaza, Rawalpindi. The Company has 20 branches in Pakistan. The Company is a subsidiary of Army Welfare Trust.

The Company was granted license to work as Window Takaful Operator (WTO) dated August 10, 2015 by the Securities and Exchange Commission of Pakistan (SECP) under Takaful Rules, 2012 to carry on Window Takaful Operations in Pakistan.

AskTech (Private) Limited was incorporated in Pakistan on December 17, 2018 as a private limited company under the Companies Act, 2017. AskTech (Private) Limited was acquired by Askari General Insurance Company Limited as a wholly owned subsidiary on February 01, 2020. The registered office and principal place of business of the subsidiary company is located at 1st Floor, Ferozsons Building, Harding Road, Saddar, Rawalpindi. The subsidiary specializes in establishing, developing, expanding, enhancing, managing and operating information technology services, GPS/GSM based tracking and systems.

For the purpose of these consolidated financial statements, the Company and its above referred wholly owned subsidiary AskTech (Pvt) Ltd is referred to as the Group.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019.

In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and the Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019 shall prevail.

The Securities and Exchange Commission of Pakistan ("SECP") vide its S.R.O 89(1) / 2017 dated February 9, 2017 has prescribed format of the presentation of annual financial statements for general insurance companies. These consolidated financial statements have been prepared in accordance with the format prescribed by the SECP.

2.1.1 Total assets, total liabilities and profit / (loss) of the Window Takaful Operations of the Company (referred to as the Operator's Fund) have been presented in these consolidated financial statements in accordance with the requirements of the General Takaful Accounting Regulations, 2019.

2.1.2 A separate set of financial statements of Window Takaful Operations has been annexed to these consolidated financial statements as per the requirements of the SECP Takaful Rules, 2012.

2.2 Basis of measurement

These consolidated financial statements have been prepared on the historical cost convention except for certain financial instruments which are stated at their fair values and obligation under certain employee retirement benefit funds including staff compensated absences which are measured at their present values as determined under the provisions of IAS-19, "Employee Benefits" and Lease Liability.

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2.3 Basis of consolidation

Subsidiary is an entity over which the Company has the control and power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights or otherwise has power to elect and appoint more than one half of its directors. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The assets, liabilities, income and expenses of subsidiary company have been consolidated on a line by line basis and the carrying value of investments held by the parent company is eliminated against the subsidiary shareholders' equity in the consolidated financial statements.

Material intra-company balances and transactions have been eliminated for consolidation purposes.

2.4 Functional and presentation currency

Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentational currency.

2.4.1 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are effective in the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Group's operations and therefore, have not been stated in these consolidated financial statements.

2.5 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are not yet effective

The following standards, amendments and interpretations of the accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 1, 2022:

Standards, amendments or interpretations	Effective date (period beginning on or after)
- IFRS 16 - 'Leases' (amendments)	April 1, 2021
- IAS 16 - 'Property, plant and equipment' (amendments)	January 1, 2022
- IAS 37 - 'Provisions, contingent liabilities and contingent assets' (amendments)	January 1, 2022
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2024
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2023
- IAS 12 - 'Income taxes' (amendments)	January 1, 2023
- IFRS 9 - 'Financial Instruments'	January 1, 2023*

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023 and yet to be notified by the Securities and Exchange Commission of Pakistan.

* The management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Further details relating to temporary exemption from the application of IFRS 9 are given in notes 2.5.1 and 2.5.1.1 to these consolidated financial statements.

The management is in the process of assessing the impacts of these standards and amendments on the financial statements of the Group.

2.5.1 Temporary exemption from application of IFRS 9

As an insurance group, the management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance as

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the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Group doesn't engage in significant activities unconnected with insurance based on historical available information. Additional disclosures, as required by IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given in note 2.5.1.1 below.

2.5.1.1 Fair value of financial assets as at December 31, 2021 and change in the fair values during the year ended December 31, 2021

Financial assets with contractual cash flows that meet the SPPI criteria, excluding those held for trading	As at December 31, 2021
	Rupees in thousand
Debt securities - Held to maturity (note 9)	
Opening value	2,216,657
Additions during the year - net	62,793
Change in value	17,317
Closing value	2,296,767
Debt Securities - Available-for-sale (note 9)	
Opening fair value	296,582
Disposals during the year - net	(35,000)
Change in fair value	250
Closing fair value	261,832
Financial assets that do not meet the SPPI criteria	
Equity Securities (note 8)	
Opening fair value	27,663
Additions during the year - net	210,047
Change in fair value	(31,178)
Closing fair value	206,532

2.5.2 There are certain other new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or will not have any significant effect on the Group's operations and are therefore not stated in these consolidated financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies as set out below have been applied consistently to all periods presented in these consolidated financial statements.

3.1 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work in progress which is stated at cost less impairment losses, if any. Depreciation is charged using the straight line method in

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accordance with the rates specified in note 5 to these consolidated financial statements and after taking into account residual values, if significant.

Depreciation on additions is charged from the month the assets are available for use, while no depreciation is charged in the month of disposal.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the Group and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to the statement of comprehensive income as and when incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised. Depreciation methods, useful lives and residual values are reviewed, and adjusted if appropriate, at each reporting date.

3.2 Intangible assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the Group and the cost of such asset can be measured reliably.

Costs directly associated with identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognised as an intangible asset.

Intangibles having indefinite useful life

These are stated at cost less impairment losses, if any.

Intangibles having definite useful life

These are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over its estimated useful life as specified in note 6 to these consolidated financial statements after taking into account residual values, if significant. Amortisation on additions is charged from the month in which the asset is put to use, whereas no amortisation is charged in the month the asset is disposed of. The useful lives and amortisation method are reviewed and adjusted, if appropriate, at each reporting date.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss account when the asset is derecognised.

3.3 Investment property

Investment Property is accounted for under cost model in accordance with approved International Accounting Standard (IAS) 40, "Investment Property" and S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan.

- Depreciation is charged on depreciable amount on straight line basis over its estimated useful life at the rate of 2.5% per annum.
- Subsequent capital expenditures on existing properties and gains or losses on disposals are accounted for in the same manner as tangible fixed assets.

3.4 Insurance contracts

Insurance contracts are those contracts under which the Group as an insurer has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk changes significantly during this period, unless all rights and obligations are extinguished or expired.

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The Group's insurance contracts are classified into the following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed:

a) Fire and property damage

Fire and property damage insurance contracts mainly compensate the Group'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 insured properties in their business activities. These contracts are generally one year contracts except some contracts that are of three months period.

b) Marine, aviation and transport

Marine Insurance covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination. These contracts are generally for three months period.

c) Motor

Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident. These contracts are generally one year contracts.

d) Liability

Liability insurance contracts protects the insured against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. These contracts are generally one year contracts.

e) Accident and health

Accident and health insurance contract mainly compensates hospitalisation and out-patient medical coverage to the insured. These contracts are generally one year contracts.

f) Miscellaneous

All other types of insurance contracts are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, worker compensation, travel, products of financial institutions, livestock and crop insurance etc. These contracts are normally one year insurance contracts except some engineering insurance contracts that are of more than one year period, whereas, normal travel insurance contracts expire within one month time.

These insurance contracts are provided to all types of customers based on assessment of insurance risk by the Group. Normally personal insurance contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, insurance contracts of fire and property damage, marine, aviation and transport, accident and health and other commercial line products are provided to commercial organisations.

The Group also accepts insurance risk pertaining to insurance contracts of other insurer as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Group as insurer. All reinsurance inward contracts are facultative (specific risk) acceptance contracts.

3.5 Deferred commission expense / acquisition cost

Commission expense / acquisition cost incurred in obtaining and recording policies is deferred and recognised as an expense in accordance with the pattern of recognition of premium revenue.

3.6 Provision for unearned premium

Provision for unearned premium is calculated by applying 1/365 method.

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3.7 Premium deficiency reserve

The Group is required as per the Insurance Accounting Regulations, 2017, to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance from claims, and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the premium deficiency reserve is recorded as an expense in the statement of comprehensive income.

The Group determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium. The liability of premium deficiency in relation to accident and health insurance is calculated in accordance with the advice of the actuary.

No provision has been made as the unearned premium reserve for each class of business as at the year end is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date.

3.8 Reinsurance contracts held

These are contracts entered into by the Group with reinsurers for compensation of losses suffered on insurance contracts issued. These reinsurance contracts include both facultative and treaty arrangement contracts and are classified in same categories of insurance contracts for the purpose of these consolidated financial statements. The Group recognises the entitled benefits under the contracts as various reinsurance assets and liabilities. Reinsurance assets and liabilities are derecognised when contractual rights are extinguished or expired.

The deferred portion of reinsurance premium is recognised as a prepayment. The deferred portion of reinsurance premium ceded is calculated by using 1/365 method.

3.9 Receivables and payables related to insurance contracts

Receivables including premium due but unpaid, relating to insurance contracts are recognised when due. The claim payable is recorded when intimation is received. These are recognised at cost, which is the fair value of the consideration given less provision for impairment losses, if any. Premium received in advance is recognised as liability till the time of issuance of insurance contract thereagainst.

If there is an objective evidence that any premium due but unpaid is impaired, the Group reduces the carrying amount of that insurance receivable and recognises the provision in the statement of comprehensive income.

3.10 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group presents segments reporting of operating results using the classes of business as specified under the Insurance Accounting Regulations, 2017. The reported operating segments are also consistent with the internal reporting process of the Group for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. All the Group's business segments operate in Pakistan only.

Based on its classification of insurance contracts issued, the Group has five primary business segments for reporting purposes namely fire, marine, motor, accident and health and miscellaneous. The nature and business activities of these segments are disclosed in note 3.4.

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Assets and liabilities are allocated to particular segments on the basis of premium earned. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Further, the management expenses were allocated to each segment on the basis disclosed in note 3.21.

3.11 Cash and cash equivalents

Cash and cash equivalents for the purposes of statement of cash flows includes policy and revenue stamps, bond papers, cash at bank and term deposits having original maturity within 3 months.

3.12 Revenue recognition

a) Premium

Premium including administrative surcharge under all types of insurance contracts is recognised as written from the date of issuance of policy / cover note (i.e. the date of attachment of risk).

Revenue from premium is determined after taking into account the unearned portion of premium. The unearned portion of premium income is recognised as a liability (refer note 3.6).

Reinsurance premium is recognised as an expense after taking into account the proportion of deferred premium expense which is calculated using 1/365 method. The deferred portion of premium expense is recognised as a prepayment.

b) Commission income

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognised as liability and recognised in the statement of comprehensive income as revenue in accordance with the pattern of recognition of the reinsurance premiums.

c) Rental income

Rental income from investment properties is recognised as a revenue on a straight line basis over the period of the lease agreement.

d) Investment income

- Unrealised gain or loss on revaluation of investments classified as at fair value through profit or loss is included in the statement of comprehensive income in the period to which it relates.
- Gain or loss on sale of investments is accounted for in the statement of comprehensive income in the period to which it relates.
- Dividend income is recognised when the Group's right to receive the dividend is established.
- Interest / mark-up on bank balances, term deposits and government securities is recognised on an accrual basis using the effective interest method.

e) Other income

- Gain or loss on sale of property and equipment, intangible assets and investment properties is recognised when the asset is derecognised.
- Return on loan to employees is recognised on an accrual basis.

The Group provides consultancy services which include vehicle monitoring services to companies having PTA license to establish, maintain and operate Data Class Value Added services in Pakistan, Digital scanning and other IT related services. Income of consultancy fee is recognized on the basis of contract period.

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- Sales revenue is recognized on installation of the device in the vehicle, transfer of ownership and possession to the client. Minor accessories are charged to expense as and when purchased.
- Rental revenue under a service agreement is recognized as income from the month of activation of monitoring to completion of the contract period. Income is recognized on monthly basis where full month income is charged in the month of activation of service and no income is recognized in the month of termination of services.
- Annual Vehicle Monitoring fee under a service agreement is recognized as income from the month of activation of monitoring to completion of contract period. Income is recognized on monthly basis where full month income is charged in the month of activation of service and no income is recognized in the month of termination of services.

3.13 Investments

3.13.1 Classification and recognition

All investments are initially recognised at cost, being the fair value of the consideration given and include transaction costs, except for investments at fair value through profit or loss in which case transaction costs are charged to the statement of comprehensive income.

These are recognised and classified as follows:

- At fair value through profit or loss
- Held to maturity
- Available-for-sale

The classification depends on the purpose for which the financial assets were acquired.

3.13.2 Measurement

3.13.2.1 At fair value through profit or loss

These financial assets are acquired principally for the purpose of generating profit from short-term fluctuation in prices or are part of a portfolio for which there is a recent actual pattern of short-term profit taking.

Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with the resulting gain or loss being included in the statement of comprehensive income for the period to which it relates.

3.13.2.2 Held to maturity

Investments with fixed determinable payments and fixed maturity, where Group has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortised cost using the effective yield less provision for impairment losses, if any.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortised over the term of investment using the effective yield method.

3.13.2.3 Available-for-sale

Investments which are not eligible to be classified as at fair value through profit or loss or held to maturity are classified as 'available-for-sale'.

Quoted

Subsequent to initial recognition, these investments are remeasured at fair value. Gains or losses on remeasurement of these investments are recognised in the statement of comprehensive income.

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Unquoted

Unquoted investments are recognised at fair value of the consideration paid less accumulated impairment losses, if any.

3.13.3 Fair value measurements

The fair value of investments in listed equity securities is determined by reference to the stock exchange's quoted market prices at the close of period end.

The fair value of investments in Government securities is determined by reference to the quotations obtained from the PKRV rate sheet on the Mutual Funds Association of Pakistan's website.

3.13.4 Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the Group commits to purchase or sell the investment.

3.14 Offsetting of financial assets and financial liabilities

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

3.15 Provisions

Provisions are recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

3.16 Provisions for outstanding claims including Incurred But Not Reported (IBNR)

Provisions for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Outstanding claims

This represents the amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year.

A liability for outstanding claims (claim incurred) is recognised for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including handling costs and the Group's reserving policy. Where applicable, deductions are made for salvage and their recoveries.

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

Incurred But Not Reported (IBNR) claims

This represents losses that have incurred or are in the occurrence period at the end of the reporting year and have not been intimated to the Group by the end of the reporting year.

The Group is required, as per the SECP circular no. 9 of 2016 dated March 9, 2016 "Guidelines for Estimation of Incurred But Not Reported (IBNR) Claims Reserve, 2016" to estimate and maintain the provision for claims incurred but not reported for each class of business by using the prescribed method which is "Chain Ladder Method" or any other alternate method as allowed under the provisions of the Guidelines.

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The actuarial valuation as at December 31, 2021 has been carried out by an independent firm of actuaries for determination of IBNR for each class of business.

3.17 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity or in the other comprehensive income, in which case it is recognised in equity or in the other comprehensive income respectively.

Current tax

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law 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 include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalised during the current period for such years.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the reporting date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited to the statement of comprehensive income, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

3.18 Employees Retirement benefits

3.18.1 Defined benefit plan

The Group has an approved and funded gratuity scheme covering all eligible employees who attain the minimum qualifying year of service as specified by the scheme. The liability / asset recognised in the statement of financial position is the present value of defined benefit obligation at the reporting date less fair value of plan assets. The defined benefit obligation is calculated annually using Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognised immediately in the statement of comprehensive income. The Group makes contributions to the plan on the basis of advice of its actuary.

The Group determines the net interest expense / income on the net defined benefit liability / asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability / asset, taking into account any changes in the net defined benefit liability / asset during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognised in the statement of comprehensive income and actuarial gains / losses are recognised in the other comprehensive income as they occur and are not reclassified to the statement of comprehensive income in subsequent periods.

The latest actuarial valuation of the Group's defined benefit plan was carried out as of December 31, 2021.

3.18.2 Defined contribution plan

The Group operates a recognized staff provident fund as a defined contribution plan for all eligible employees. Equal monthly contributions are made both by the Group and the employees to the fund at the rate of 8.33% of basic salary. The Group's contribution is charged to income during the year.

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3.18.3 Employees' compensated absences

Provisions for compensated absences is recognised annually to cover the obligation for compensated absences and charged to statement of comprehensive income. The provision is determined using the projected unit credit method.

3.19 Impairment of assets

a) Non-derivative financial assets

All financial assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers and economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Group considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in as allowance against financial asset measured at amortized cost. Interest on the impaired asset is recognized only to the extent it is considered recoverable. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

In the case of equity securities classified as 'Available-for-sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an objective evidence of impairment. In case of impairment of available-for-sale equity securities, the cumulative loss previously recognised in other comprehensive income is removed therefrom and included in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity securities are only reversed when the equity securities are derecognised.

b) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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3.20 Dividend distribution and reserve appropriation

Cash dividends declared, bonus shares issued and other reserves' appropriations are recognized in the year in which these announcements or appropriations are made.

3.21 Management and other expenses

Management expenses have been allocated to various classes of business and window takaful operations on equitable basis. Expenses not allocable to underwriting business are charged under other expenses.

3.22 Foreign currency

3.22.1 Foreign currency transactions

Transactions in foreign currencies are translated to rupees at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the reporting date.

Non-monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the date of initial recognition of the non-monetary assets / liabilities.

3.23 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument and are derecognised when the Group loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the statement of comprehensive income in the period in which financial instrument is derecognised.

3.24 Window Takaful Operations

The accounting policies followed by Window Takaful Operations are stated in the annexed financial statements of Window Takaful Operations for the year ended December 31, 2021.

3.25 Lease liability and right-of-use asset

The Group leases certain branches. Rental contracts are typically for a period of 2 to 20 years and may have extension options as described below. At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease term are negotiated on an individual basis and contain different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liability is initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payments that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Group under residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

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The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Group reassesses the reasonable certainty of exercising the extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payments. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of comprehensive income if the carrying amount of right-of-use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right-to-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

The right-of-use asset is initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

The right-of-use asset is subsequently measured at cost model. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group has elected to apply the practical expedient of not to recognise right-of-use asset and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

3.26 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

3.27 Share capital

Ordinary shares are classified as equity and recognised at their face value.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

4.1 Use of estimates and judgments

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

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Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

- a) reserve for unearned premium (notes 3.6 and 23);
- b) provision for receivables and payables related to insurance contracts (notes 3.9 and 11);
- c) provision for outstanding claims including IBNR (notes 3.16 and 24);
- d) premium deficiency reserve (note 3.7);
- e) defined benefit plan (notes 3.18.1 and 12.1);
- f) classification and impairment of investments (notes 3.13, 3.19, 8 and 9);
- g) residual values and useful lives of property and equipment, intangible assets and investment properties (notes 3.1, 3.2, 3.3, 5, 6 and 7);
- h) allocation of management expenses (notes 3.21 and 26);
- i) taxation (notes 3.17 and 33); and
- j) lease liability and right-of-use asset (notes 3.25 and 5).

4.2 Change in accounting estimate

During the year, the Group changed its methodology for premium income earned whereby instead of 1/24 method, premium income is recognized under 1/365 method. This change has been accounted for as change in accounting estimate in accordance with the "IAS 8 Accounting Policies and Changes in Accounting Estimates and Errors" whereby the change has been applied prospectively. Had the Group's accounting estimate not been changed, unearned premium reserve would have been lower by approximately Rs. 17.2 million, prepaid reinsurance premium would have been lower by approximately Rs. 1.59 million, deferred commission expense would have been lower by Rs. 1.13 million and unearned reinsurance commission would have been lower by Rs. 0.64 million and profit before tax would have been higher by Rs. 15.12 and profit after tax would be higher by Rs. 10.4 million.

		2021	2020
	Note	Rupees in thousand	
5	PROPERTY AND EQUIPMENT		
Capital work-in-progress	5.1	4,353	1,724
Operating assets	5.2	414,617	383,124
		418,970	384,848
5.1	Movement in Capital work-in-progress is as follows:		
Opening balance		1,724	4,211
Additions		9,914	3,502
Transfers		(7,285)	(5,989)
Closing balance		4,353	1,724

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5.2 Operating assets

Note

Rupees in thousand											
Note	2021										
	Cost				Depreciation			Written down value as at December 31,	Useful life (years)		
	As at January 1,	Additions / (Disposals)	Adjustments	As at December 31,	As at January 1,	For the period	(Disposals) / Adjustments			As at December 31,	
	5.2.1	142,602	3,810	-	146,412	7,367	3,621	-	10,988	135,424	40
		28,540	179	-	28,719	20,760	2,964	(519)	23,205	5,514	5
		75,786	2,749	-	78,535	64,109	7,449	(2,490)	69,068	9,466	3
		23,124	1,382	-	24,506	14,730	3,846	(1,996)	16,581	7,925	5
		153,653	27,133	-	180,786	87,811	28,277	(39,826)	76,263	104,523	5
		220,478	(31,860)	-	188,618	81,570	23,213	(42,271)	62,512	126,106	1 to 20
		87,104	11,577	-	98,681	79,823	5,840	(2,138)	83,524	15,157	3
		28,743	8,719	-	37,462	20,735	6,225	-	26,960	10,502	3
		760,030	23,689	-	783,718	376,905	81,435	(89,240)	369,101	414,617	
Rupees in thousand											
2020											
		As at January 1,	Additions / (Disposals)	Adjustments	As at December 31,	As at January 1,	For the period	(Disposals) / Adjustments	As at December 31,	Written down value as at December 31,	Useful life (years)
	5.2.1	142,602	-	-	142,602	3,802	3,565	-	7,367	135,235	40
		29,664	(1,124)	-	28,540	20,028	3,176	(2,444)	20,760	7,780	5
		71,585	4,201	-	75,786	61,395	5,783	(3,069)	64,109	11,676	3
		21,778	1,346	-	23,124	15,092	3,407	(3,769)	14,730	8,394	5
		140,407	13,246	-	153,653	86,298	25,301	(23,788)	87,811	65,842	5
		92,725	127,753	-	220,478	38,818	42,752	-	81,570	138,908	1 to 9
		87,004	(5,075)	5,175	87,104	82,001	3,744	(5,923)	79,823	7,281	3
		23,312	5,431	-	28,743	18,675	3,905	(1,845)	20,735	8,008	3
		609,077	145,778	5,175	760,030	326,109	91,633	(40,838)	376,905	383,124	

5.2.1 This represents the carrying value of one office located at 8th Floor of Askari Tower, Lahore. The total area of the office is 5,460 square feet.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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5.2.2 Details of disposal of fixed assets during the year

Particulars of assets / buyers

Particulars of assets / buyers						
	Relationship	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain on sale
Rupees in thousand						
2021						
Vehicles sold to following in-service/ resigning employees as per Company's policy						
Ahmed Asif Jah	Employee	1,875	1,531	344	344	-
Muhammad Ramzan	Employee	1,715	1,715	-	-	-
Hanif Zafri	Employee	2,207	2,207	-	-	-
Atsar Ali Zuberi	Employee	1,473	1,473	-	-	-
Israr Ali Shah	Employee	696	696	-	-	-
Tahir Ali Khan	Employee	1,907	1,907	-	-	-
Mohsin Naveed	Employee	1,123	1,123	-	-	-
Muhammad Tariq	Employee	1,567	1,567	-	-	-
Abdul Rauf Qadri	Employee	1,708	1,708	-	-	-
Saifraz Bajwa	Employee	1,124	1,124	-	-	-
Jawad Rasheed	Employee	715	715	-	-	-
Mabroor Ahmed	Employee	1,123	1,123	-	-	-
Nafees Ahmed	Employee	1,119	1,119	-	-	-
Abdul Rehman	Employee	1,837	1,837	-	-	-
Sohail Lodhi	Employee	1,062	1,062	-	-	-
Yasir Arafat	Employee	1,576	1,576	-	-	-
Tahir ul Haq	Employee	2,021	2,021	-	-	-
Rehman ul Haq	Employee	1,334	1,334	-	-	-
Sultan Kazmi	Employee	1,058	1,058	-	-	-
Imran Afzal	Employee	1,528	1,528	-	-	-
Azhar Iqbal	Employee	1,819	1,819	-	-	-
Muhammad Asif	Employee	1,706	1,706	-	-	-
Javed Kamoka	Employee	1,516	1,516	-	-	-
Zulfiqar	Employee	1,133	1,133	-	-	-
Razi Hader	Employee	1,706	1,706	-	-	-
Asim Raza	Employee	1,685	1,685	-	-	-
Shahid Qayyum	Employee	1,837	1,837	-	-	-
Ayaz ul Hasan	Negotiator	881	881	-	960	960
Wajid Khan	Negotiator	1,060	1,060	-	1,170	1,170
Aggregate value of other items with individual book value not exceeding Rs. 500,000/- Disposed via auction		3,034	2,741	293	726	433
Total		45,145	44,508	637	3,200	2,563
2020		36,519	34,915	1,604	3,365	1,761
6	INTANGIBLE ASSETS					
	Cost		Amortization		Written down	Useful life
	As at 1 January	Additions / (Disposals)	Adjustments	As at 31 December	value as at 31 December	(years)
			For the period	(Disposals) / Adjustments	As at 31 December	
Rupees in thousand						
Computer software	5,579	-	-	5,579	5,265	83
Antivirus	760	-	-	760	42	253
2021	6,339	-	-	6,339	5,307	336
Computer software	5,505	74	-	5,579	5,160	105
Antivirus	-	760	-	760	-	42
2020	5,505	834	-	6,339	5,160	147
					5,907	3
					1,032	3

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7	INVESTMENT PROPERTY		This represents the carrying amount of two offices in Islamabad Stock Exchange building, classified as investment property based on the management's intention to hold the property for earning rentals and / or capital appreciation.						
			2021		2020				
			Rupees in thousand						
Cost									
Balance at beginning of the year			52,400		52,400				
Balance at end of the year			52,400		52,400				
Depreciation									
Balance at beginning of the year			(13,209)		(11,899)				
Depreciation for the year			(1,310)		(1,310)				
Balance at end of the year			(14,519)		(13,209)				
			37,881		39,191				
Useful life (years)			40		40				
7.1	The market value of the investment property as on December 31, 2021 is Rs. 100.084 million (2021: Rs. 98.25 million) as per valuation carried out by an independent valuer. Useful life of the investment property is estimated to be 40 years.								
7.2	The amount of depreciation has been allocated to management expenses.								
			2021		2020				
8	INVESTMENTS IN EQUITY SECURITIES	Note	Rupees in thousand						
	Fair value through profit or loss	8.1	673		654				
	Available-for-sale	8.2	205,859		27,009				
	Total equity securities		206,532		27,663				
			Number of shares / units		2021		2020		
			2021		2020	Cost	Carrying value	Cost	Carrying value
8.1	Fair value through profit or loss	Rupees in thousand							
Mutual funds									
786 Smart Fund (Dawood Income Fund)			7,897	7,897	654	673	640	654	
			7,897	7,897	654	673	640	654	
			2021		2020				
			Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value	
			Rupees in thousand						
8.2	Available-for-sale								
	Listed shares	232,161	-	232,161	22,253	-	22,253		
	Mutual funds - AFS	2,939	-	2,939	2,800	-	2,800		
	Unrealized (deficit)/surplus on revaluation	-	-	(29,241)	-	-	1,956		
			235,100	-	205,859	25,053	-	27,009	

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	2021			2020		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
	Rupees in thousand					
Listed shares						
Askari Bank Limited	3,353	-	3,353	6,789	-	6,789
Avanceon Limited	2,547	-	2,547	-	-	-
Bank Al Habib Limited	4,789	-	4,789	-	-	-
Cnergyco PK Limited	732	-	732	-	-	-
Engro Corporation Limited	1,644	-	1,644	-	-	-
Fauji Cement Company Limited	846	-	846	-	-	-
Fauji Fertilizer Bin Qasim Limited	5,444	-	5,444	-	-	-
Fauji Fertilizer Company Limited	14,451	-	14,451	-	-	-
GlaxoSmithKline Pakistan Limited	2,597	-	2,597	-	-	-
Habib Bank Limited	21,063	-	21,063	1,323	-	1,323
Honda Atlas Cars (Pakistan) Limited	4,674	-	4,674	3,296	-	3,296
International Industries Limited	893	-	893	-	-	-
International Steels Limited	1,722	-	1,722	-	-	-
Lucky Cement Limited	4,353	-	4,353	-	-	-
MCB Bank Limited	58,923	-	58,923	681	-	681
National Refinery Limited	756	-	756	-	-	-
Nishat Mills Limited	6,160	-	6,160	2,016	-	2,016
Oil & Gas Development Company	15,905	-	15,905	-	-	-
Pak Elektron Limited	4,820	-	4,820	1,923	-	1,923
Pak Suzuki Motor Company Limited	15,465	-	15,465	2,871	-	2,871
Pakistan Petroleum Limited	11,476	-	11,476	893	-	893
Pakistan State Oil Company Limited	24,704	-	24,704	-	-	-
Sui Northern Gas Pipeline Limited	6,857	-	6,857	-	-	-
System Limited	5,423	-	5,423	-	-	-
The Searle Company Limited	1,418	-	1,418	1,224	-	1,224
United Bank Limited	11,148	-	11,148	1,237	-	1,237
	232,163	-	232,163	22,253	-	22,253
Unrealized (deficit) / surplus on revaluation			(29,709)			1,585
			202,454			23,838
Mutual funds						
Dawood Income Fund	2,939	-	2,939	2,800	-	2,800
	2,939	-	2,939	2,800	-	2,800
Unrealised surplus / (deficit) on revaluation			469			371
			3,408			3,171

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8.2.1 Investments in units / shares - quoted					
Number of shares / units		Face value per share / unit		Investee name	
2021	2020			2021	2020
Rupees			Rupees in thousand		
39,989	38,280	100	786 Smart Fund (Dawood Income Fund)	2,939	2,800
Carrying value - before provision				2,939	2,800
Provision for diminution in market value				-	-
Carrying value				2,939	2,800
Market value				3,408	3,171

9 INVESTMENTS IN DEBT SECURITIES

		2021			2020		
		Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Note		Rupees in thousand					
HELD TO MATURITY							
Government Securities							
Pakistan Investment Bonds	9.1	2,174,760	-	2,174,760	114,781	-	114,781
Treasury Bills	9.2	122,007	-	122,007	2,101,876	-	2,101,876
		2,296,767	-	2,296,767	2,216,657	-	2,216,657
AVAILABLE-FOR-SALE							
Term Finance Certificates	9.3	160,000	-	160,000	160,000	-	160,000
Sukuks	9.4	100,025	-	100,025	135,025	-	135,025
Unrealised surplus on revaluation		-	-	1,807	-	-	1,557
		260,025	-	261,832	295,025	-	296,582
LOANS AND RECEIVABLES							
Certificates of Investments		11,128	(11,128)	-	11,128	(11,128)	-
		2,567,920	(11,128)	2,558,599	2,522,810	(11,128)	2,513,239

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9.1 Pakistan Investment Bonds							
Face Value	Profit Rate %	Profit Payment	Type of Security	Maturity Date	2021	2020	
Rupees in thousand					Rupees in thousand		
25,000	9.00%	Semi - Annually	Pakistan Investment Bonds	19-Sep-22	24,365	23,557	
25,000	9.50%	Semi - Annually	Pakistan Investment Bonds	19-Sep-24	23,389	22,912	
50,000	8.75%	Semi - Annually	Pakistan Investment Bonds	12-Jul-28	39,927	39,010	
37,500	8.75%	Semi - Annually	Pakistan Investment Bonds	12-Jul-28	29,987	29,302	
25,000	9.00%	Semi - Annually	Pakistan Investment Bonds	19-Sep-22	25,064	-	
200,000	7.00%	Semi - Annually	Pakistan Investment Bonds	20-Aug-23	193,732	-	
200,000	7.00%	Semi - Annually	Pakistan Investment Bonds	20-Aug-23	195,491	-	
70,000	7.00%	Semi - Annually	Pakistan Investment Bonds	20-Aug-23	68,489	-	
50,000	9.50%	Semi - Annually	Pakistan Investment Bonds	19-Sep-24	50,095	-	
150,000	9.50%	Semi - Annually	Pakistan Investment Bonds	19-Sep-24	149,643	-	
240,000	9.50%	Semi - Annually	Pakistan Investment Bonds	19-Sep-24	242,602	-	
120,000	7.50%	Semi - Annually	Pakistan Investment Bonds	15-Oct-25	111,522	-	
350,000	7.50%	Semi - Annually	Pakistan Investment Bonds	15-Oct-25	332,511	-	
175,000	7.50%	Semi - Annually	Pakistan Investment Bonds	15-Oct-25	166,150	-	
140,000	7.50%	Semi - Annually	Pakistan Investment Bonds	15-Oct-25	132,719	-	
25,000	8.00%	Semi - Annually	Pakistan Investment Bonds	10-Dec-30	22,123	-	
50,000	8.00%	Semi - Annually	Pakistan Investment Bonds	10-Dec-30	43,740	-	
200,000	8.00%	Semi - Annually	Pakistan Investment Bonds	10-Dec-30	179,857	-	
100,000	8.00%	Semi - Annually	Pakistan Investment Bonds	10-Dec-30	89,821	-	
60,000	8.00%	Semi - Annually	Pakistan Investment Bonds	10-Dec-30	53,533	-	
					2,174,760	114,781	
9.1.1	These carry interest at effective rate of 8.56% to 13.60% per annum (2021: 12.38% to 13.48% per annum) and will mature by December 2030 (2021: July 2028). Market value of PIBs carried at amortised cost amounts to Rs. 2,052.5 million (2021: Rs.131.05 million).						
9.1.2	Pakistan Investment Bonds are placed as statutory deposit with State Bank of Pakistan in accordance with the requirements of clause (a) of sub section 2 of section 29 of Insurance Ordinance, 2000.						
9.2 Treasury Bills							
Face Value	Profit Rate %	Profit Payment	Type of Security	Maturity Date	2021	2020	
Rupees in thousand					Rupees in thousand		
130,000	7.16%	Maturity	Treasury Bills	14-Jan-21	-	127,893	
250,000	7.15%	Maturity	Treasury Bills	28-Jan-21	-	245,954	
30,000	7.01%	Maturity	Treasury Bills	28-Jan-21	-	28,986	
250,000	7.14%	Maturity	Treasury Bills	11-Feb-21	-	245,958	
260,000	7.13%	Maturity	Treasury Bills	25-Feb-21	-	255,800	
185,000	13.29%	Maturity	Treasury Bills	25-Feb-21	-	163,351	
250,000	7.17%	Maturity	Treasury Bills	11-Mar-21	-	241,368	

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Face Value	Profit Rate %	Profit Payment	Type of Security	Maturity Date	2021	2020
Rupees in thousand					Rupees in thousand	
380,000	7.11%	Maturity	Treasury Bills	11-Mar-21	-	373,879
220,000	7.11%	Maturity	Treasury Bills	25-Mar-21	-	216,459
180,000	7.20%	Maturity	Treasury Bills	6-May-21	-	173,762
15,000	7.20%	Maturity	Treasury Bills	20-May-21	-	14,480
15,000	7.29%	Maturity	Treasury Bills	17-Jun-21	-	13,986
125,000	10.66%	Maturity	Treasury Bills	10-Mar-22	122,007	-
					122,007	2,101,876

9.3 Term Finance Certificates

Number of certificates		Credit rating	Mark up Rate	Investee name	Value of Certificates	
2021	2020				2021	2020
					Rupees in thousand	
15,000	15,000	AA	Six Month KIBOR Plus 150 bps	Bank Al Habib	75,000	75,000
15,000	15,000	AA	Six Month KIBOR Plus 150 bps	Bank Alfalah	75,000	75,000
2,000	2,000	A	Six Month KIBOR Plus 150 bps	Soneri Bank	10,000	10,000
					160,000	160,000

9.4 Sukuks

Number of certificates		Mark up Rate	Investee name	Value of Certificates	
2021	2020			2021	2020
					Rupees in thousand
-	350	Three Month KIBOR Plus 100 bps	Dawood Hercules Corporation Limited	-	35,000
50	50	Based on Monthly Shariah Pool	Meezan Bank Limited	50,025	50,025
500	500	Three Month KIBOR Plus 190 bps	The Hub Power Company Limited	50,000	50,000
Cost of certificates				100,025	135,025
Unrealised surplus on revaluation				1,807	1,557
Carrying value				101,832	136,582

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		2021	2020
	Note	Rupees in thousand	
10	LOANS AND OTHER RECEIVABLES		
	Sundry receivables	108,715	102,202
	Advances to employees	365	252
	Staff house building finance	4,012	2,863
	Accrued investment income	48,387	44,207
		161,479	149,524
10.1	Sundry receivables		
	Security deposits	18,012	16,142
	Advances to suppliers - unsecured, considered good	1,836	3,439
	Receivable against sale of laptops	3,217	4,962
	Receivable against sale of vehicles	611	611
	Deposit against vehicles ljarah	17,752	4,039
	Health Claim recoverable	31,170	25,609
	Earnest money	18,345	25,511
	Other receivables - unsecured, considered good	17,772	21,889
		108,715	102,202
10.2	These represent short term interest free advances given in accordance with terms of employment. These are secured and considered good. The maximum amount due from executives at the end of any month during the year was Rs. Nil (2021: Rs. Nil) and outstanding balance at December 31, 2021 is Rs. Nil (2021: Rs. Nil).		
10.3	These represent housebuilding finance loans given to employees in accordance with terms of employment. Interest is charged at the rate of 6 months KIBOR. These are secured and considered good.		
		2021	2020
11	INSURANCE / REINSURANCE RECEIVABLES	Rupees in thousand	
	Due from insurance contract holders	1,264,483	1,048,107
	Less: provision for impairment of receivables from insurance contract holders	(10,174)	(20,760)
		1,254,309	1,027,347
	Due from other insurers / reinsurers	186,113	206,875
	Less: provision for impairment of receivables from other insurers / reinsurers	(5,392)	(15,500)
		180,721	191,375
		1,435,030	1,218,722

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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11.1 Due from insurance contract holders

This includes premium amounting to Rs. 2,611 thousand (2021: Rs. 1,639 thousand) and Rs. 78,077 thousand (2021: Rs. 69,079 thousand) receivable from the Parent and associated undertakings respectively, the movement of which is as follows:

	2021	2020
	Rupees in thousand	
Receivable from parent:		
Balance at beginning of the year	1,639	2,358
Insurance premium written (including government levies, administrative surcharge and policies stamps)	10,776	6,212
Premium received during the year	(9,804)	(6,931)
Balance at end of the year	2,611	1,639
Receivable from associated undertakings:		
Balance at beginning of the year	69,079	80,204
Insurance premium written (including government levies, administrative surcharge and policies stamps)	138,287	117,263
Premium received during the year	(129,289)	(128,388)
Balance at end of the year	78,077	69,079
11.2 Provision for doubtful balances		
Balance at beginning of the year	20,760	20,760
Provision made / (reversed) during the year	(10,586)	-
Balance at end of the year	10,174	20,760

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ASKARI INSURANCE CO. LTD

	2021	2020
	Rupees in thousand	
11.3	Age analysis of amounts receivable from related parties:	
	Receivable from parent:	
Up to 1 year	2,253	1,520
1 to 2 years	242	-
2 to 3 years	116	119
	2,611	1,639
	Receivable from associated undertakings:	
Up to 1 year	74,453	61,688
1 to 2 years	2,288	5,020
2 to 3 years	1,336	2,371
	78,077	69,079
11.4	Due from other insurers / reinsurers	
Considered good	180,721	191,375
Considered doubtful	5,392	15,500
	186,113	206,875
Provision for doubtful balances	(5,392)	(15,500)
	180,721	191,375
11.5	Provision for doubtful balances	
Balance at beginning of the year	15,500	15,500
Provision made during the year	(10,108)	-
Balance at end of the year	5,392	15,500

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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		2021	2020
	Note	Rupees in thousand	
12	RETIREMENT BENEFIT OBLIGATIONS		
12.1	Amount recognized in the statement of financial position		
	Present value of defined benefit obligation	12.3	178,024
	Benefits due but not paid during the year		4,067
			182,091
			144,904
	Fair value of plan assets	12.4	(141,983)
	Net liability at end of the year		40,109
			36,469
12.2	Movement in liability recognized in statement of financial position		
	Balance at beginning of the year		36,469
	Expense for the year		16,461
	Actuarial loss recognized in other comprehensive income		18,011
			70,941
			56,411
	Contributions to the fund during the year		(30,832)
			(19,942)
	Balance at end of the year		40,109
			36,469
12.3	Reconciliation of the present value of defined benefits obligation		
	Present value of obligations as at beginning of the year		142,393
			124,970
	Current service cost		14,653
			12,678
	Interest cost		13,883
			13,500
	Benefits paid		(5,566)
			(9,397)
	Benefits due but not paid		(1,822)
			(846)
	Actuarial loss		14,483
			1,488
	Present value of obligations as at end of the year		178,024
			142,393

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

	2021	2020
12.4 Movement in the fair value of plan assets	Rupees in thousand	
Fair value of plan assets as at beginning of the year	108,435	89,814
Interest income on plan assets	12,075	10,667
Contribution to the fund	30,832	19,942
Benefits paid	(5,832)	(9,942)
Actuarial loss	(3,528)	(2,046)
Fair value of plan assets as at end of the year	141,983	108,435
12.5 Expense for the year		
Current service cost	14,653	12,678
Interest cost	13,883	13,500
Interest income on plan assets	(12,075)	(10,667)
Expense for the year	16,461	15,511

12.6 The estimated charge to statement of comprehensive income for the defined benefit plan for the year ending December 31, 2022 is Rs. 18.90 million.

12.7 Composition of fair value of plan assets	2021		2020	
	Fair value	Percentage	Fair value	Percentage
	Rupees in thousand	%	Rupees in thousand	%
Debt instruments	67,799	48%	48,308	45%
Cash and bank balances	20,962	15%	11,046	10%
Mutual funds	53,221	37%	49,081	45%
Fair value of plan assets	141,983	100%	108,435	100%

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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12.8	Comparison of present value of defined obligation, fair value of plan assets and surplus / (deficit) of gratuity fund for the last four years:				
	2021	2020	2019	2018	2017
	Rupees in thousand				
Present value of defined					
benefit obligation	178,024	142,393	124,970	107,728	90,208
Fair value of plan assets	(141,983)	(108,435)	(89,814)	(80,303)	(77,318)
Deficit	36,042	33,958	35,156	27,425	12,890
Effect of remeasurement:					
- Actuarial (gain) / loss on					
experience adjustment					
on obligation	14,483	1,488	(2,409)	2,502	3,869
- Actuarial (loss) / gain on					
on plan assets	(3,528)	(2,046)	(9,262)	(8,511)	(11,097)

12.9 Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to the assumption used. The following table summarizes the impact on the defined benefit obligation at the end of the reporting period as a result of a change in the respective assumptions by one percent.

	(Increase) / decrease in defined benefit obligation			
	2021		2020	
	Rupees in thousand			
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	163,571	195,140	130,303	156,754
Future salary growth	195,164	163,230	156,771	130,018

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognized within the statement of financial position.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

		2021	2020
12.10	Significant Actuarial Assumption	per annum	
The following significant assumptions have been used for valuation of this scheme:			
	a) Expected rate of increase in salary level	11.75%	9.75%
	b) Discount rate	11.75%	9.75%
12.11	Risks		
These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk, final salary risk, asset volatility, withdrawal and market (investment) risk.			

		2021	2020	
	Note	Rupees in thousand		
13	STAFF COMPENSATED ABSENCES	13.1	38,633	34,320
13.1	Movement in liability			
	Balance at beginning of the year		34,320	29,715
	Charge for the year	13.1.1	7,573	7,534
	Benefits paid		(3,260)	(2,929)
	Balance at end of the year		38,633	34,320
13.1.1	Charge for the year			
	Current service cost		3,104	2,805
	Interest cost		3,187	3,178
	Actuarial loss on experience adjustment		1,282	1,551
			7,573	7,534

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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	2021	2020
14 DEFERRED TAXATION	Rupees in thousand	
Deferred tax asset in respect of:		
- Provision for impairment in loans and receivables investments	3,227	3,227
- Effect of remeasurement of staff retirement benefit plans	6,248	1,025
- Unrealized losses on AFS investments	7,956	(1,019)
- Provision for diminution in value of AFS investments	-	-
- Provision against premium due but unpaid	2,950	6,020
- Provision against amounts due from other insurers / reinsurers	1,564	4,495
	21,945	13,748
15 PREPAYMENTS		
Prepaid reinsurance premium ceded	559,058	443,281
Prepaid rent	75	132
Others	3,674	1,939
	562,807	445,352
16 CASH AND BANK		
Cash and Cash Equivalent		
Cash in hand	1,549	1,555
Policy & Revenue stamps, Bond papers	416	786
Cash at bank		
Current accounts	45,517	39,431
Deposit accounts - local currency	153,892	191,010
	201,374	232,782

16.1 These carry an annual effective markup rate ranging from 2.52% to 8% (2021 : 2.51% to 11.25%).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

17	SHARE CAPITAL	2021	2020
17.1	Authorized Capital	Rupees in thousand	
	2021	2020	
	Number of shares		
	100,000,000	100,000,000	Ordinary shares of Rs. 10 each
		1,000,000	1,000,000
17.2	Issued, subscribed and paid-up share capital		
	2021	2020	
	Number of shares		Rupees in thousand
	Ordinary shares of Rs. 10 each issued as:		
	24,358,699	24,358,699	- fully paid cash shares
	47,543,196	47,543,196	- fully paid bonus shares
	71,901,895	71,901,895	
17.3	Army Welfare Trust (AWT) and directors hold 42,600,734 (2021: 42,600,734) and 545,939 (2021: 545,939) ordinary shares of the Company respectively at the year end.		
		2021	2020
	Note	Rupees in thousand	
18	RESERVES		
	Capital reserve		
	Share premium	121,161	121,161
	Revenue reserves		
	General reserves	70,000	70,000
	AFS Revaluation reserve	(18,887)	3,025
		51,113	73,025
		172,274	194,186
19	LEASE LIABILITIES		
	Lease liability - right of use assets - rental properties	140,879	160,254
	Lease liabilities - right of use assets - vehicles	72,227	48,838
		213,106	209,092

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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19.1 Lease liabilities - right of use assets

	2021			2020		
	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments
	Rupees in thousand					
Not later than one year	74,989	14,932	60,057	57,882	12,825	45,057
Later than one year and not later than five years	156,989	33,778	123,211	153,094	32,712	120,382
Later than five years	57,639	27,801	29,838	57,639	13,986	43,653
	289,617	76,511	213,106	268,615	59,523	209,092

		2021	2020
	Note	Rupees in thousand	
20	INSURANCE / REINSURANCE PAYABLES		
	Amount due to other insurers	429,064	310,984
	Amount due to foreign reinsurers	404,415	438,293
		833,479	749,277
21	OTHER CREDITORS AND ACCRUALS		
	Agents' commission payable	61,256	49,313
	Tax deducted at source	5,185	10,368
	Federal excise duty / federal insurance fee	46,116	36,659
	Accrued expenses	9,166	6,368
	Fund received against leased vehicle	21.1	20,029
	Fund received against vehicle ljarah	21.1	7,733
	Payable to subsidiary	-	-
	Time barred cheques	24,353	13,765
	Unearned rental income	5,749	1,492
	Others	23,300	11,769
		202,887	139,873

21.1 Funds received from executives

	Fund received against leased vehicle	6,330	6,211
	Fund received against vehicle ljarah	197	240
		6,527	6,451

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

The IR authority framed an order under section 161/205 of the Ordinance creating a tax demand of Rs. 4.25 million for alleged non-withholding of tax on various heads of account for the Tax Year 2015. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) [the "CIR(A)"] against the impugned order. The CIR(A) confirmed the order. Subsequently, being aggrieved with the order, the Company filed second appeal before the Appellate Tribunal Inland Revenue [ATIR], which is subjudice till date.

Tax assessments for Assessment Years 1996-1997 to 1999-2000 were finalized by the tax authorities mainly by curtailing management expenses and thereby raising demands aggregating to Rs. 6.6 million. On appeals filed by the Company, these assessments were set aside by the ATIR. The Company has filed reference applications to the High Court on question of admissibility of management expenses for the Assessment Years 1996-1997 to 1999-2000.

The Inland Revenue Tax authorities issued an order raised a demand of Rs. 1.39 million on account of inadmissible claim of input tax credit, short payment of Federal Excise Duty for the tax period 2017. The Company being aggrieved with decision filed an appeal before Commissioner Inland Revenue (Appeals) who uphold the decision. Subsequently the Company filed an appeal before Appellate Tribunal Inland Revenue which is pending disposal to date.

The management, based on the opinion of its legal counsels, believes that the above mentioned matters are most likely to be decided in favour of the Group at superior appellate forums and further charge is not required to be recognised and carried in these matters in the financial statements.

22.2 Commitments

The Group's commitment under Ijarah arrangement with Meezan Bank Limited is Rs 37.6 million (2021: Rs 11.5 million). The respective contracts have a term of five years.

	2021	2020
	Rupees in thousand	
Future Minimum Ijarah (lease) payments are as under:		
Not later than one year	9,139	5,024
Later than one year and not later than five years	28,469	6,489
	37,608	11,513
Ijarah payments recognized in expense during the year	8,709	8,286

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	2021	2020
	Rupees in thousand	
23 NET INSURANCE PREMIUM		
Written gross premium	3,606,497	2,955,255
Add: Unearned premium reserve opening	1,493,846	1,388,337
Less: Unearned premium reserve closing	1,719,511	1,493,846
Premium earned	3,380,832	2,849,746
Less: Reinsurance premium ceded	1,323,827	977,982
Add: Prepaid reinsurance premium opening	443,281	454,811
Less: Prepaid reinsurance premium closing	559,058	443,281
Reinsurance expense	1,208,050	989,512
	2,172,782	1,860,234
24 NET INSURANCE CLAIMS		
Claims paid	1,887,268	1,484,248
Add: Outstanding claims including IBNR closing	639,160	735,247
Less: Outstanding claims including IBNR opening	735,247	624,125
Claims expense	1,791,181	1,595,370
Less: Reinsurance and other recoveries received	549,746	428,906
Add: Reinsurance and other recoveries in respect of outstanding claims closing	245,466	381,046
Less: Reinsurance and other recoveries in respect of outstanding claims opening	381,046	331,317
Reinsurance and other recoveries revenue	414,166	478,635
	1,377,015	1,116,735

24.1 Claim Development

The Group maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. The following table shows the development of the claims over a period of time. All amounts are presented in gross numbers before reinsurance.

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Accident Year	2016 & prior	2017	2018	2019	2020	2021	Total
Rupees in thousand							
At the end of accident year	1,575	7,345	18,534	25,764	29,786	1,735,753	-
One year later	1,779	8,723	22,302	29,863	688,815	-	-
Two years later	25,395	2,777	25,718	55,773	-	-	-
Three years later	26,892	7,471	10,835	-	-	-	-
Four years later	12,912	8,409	-	-	-	-	-
Five year later	26,843	-	-	-	-	-	-
Current estimate of cumulative claims	26,843	8,409	10,835	55,773	688,815	1,735,753	2,526,428
Less: Cumulative payments to date	(14,332)	(5,787)	(6,815)	(9,319)	(622,817)	(1,228,199)	(1,887,268)
Liability recognized in statement of financial position	12,511	2,622	4,020	46,454	65,998	507,554	639,160

24.2 The provision for IBNR on the basis of actuarial valuation carried out as at December 31, 2021 amounted to Rs 239,937 thousands (2021: Rs 200,248 thousands).

	2021	2020
25	Rupees in thousand	
NET COMMISSION AND OTHER ACQUISITION COSTS		
Commission paid or payable	238,930	189,040
Add: Deferred commission expense opening	118,575	124,175
Less: Deferred commission expense closing	102,363	118,575
Net commission	255,142	194,640
Less: Commission received or recoverable	314,365	301,364
Add: Unearned reinsurance commission opening	86,896	104,849
Less: Unearned reinsurance commission closing	97,068	86,896
Commission from reinsurers	304,193	319,317
	(49,050)	(124,677)

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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			2021	2020
26	MANAGEMENT EXPENSES	Note	Rupees in thousand	
	Salaries and other benefits	26.1	496,918	460,961
	Rent		10,072	10,228
	Communication		6,643	7,737
	Tracker devices		3,585	2,603
	Printing and stationery		7,699	4,668
	Traveling and entertainment		5,062	4,691
	Depreciation and amortization		83,083	84,600
	Repair and maintenance		9,324	12,996
	Utilities		14,425	12,288
	Advertisement		1,961	1,455
	Legal and professional charges		8,311	9,369
	Bank charges		1,768	1,426
	Provision against premium due but unpaid		(10,586)	-
	Vehicle ljarah rentals		8,709	8,286
	Service providers' charges		9,334	9,128
	Miscellaneous		14,885	13,150
			671,193	643,588
26.1	Employees benefit cost			
	Salaries, allowance and other benefits		459,890	425,901
	Charges for post employment benefits	26.2	37,028	35,060
			496,918	460,961
26.2	This includes charges for defined benefit plans, staff compensated absences and defined contribution plans amounting to Rs. 16.46 million (2021: Rs. 15.51 million), Rs. 7.57 million (2021: Rs. 7.53 million) and Rs. 12.99 million (2021: Rs. 12.02 million) respectively.			

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

		2021	2020
27	INVESTMENT INCOME	Note	Rupees in thousand
	Dividend income on investments		
	Dividend income on securities held for trading	34	2,177
	Dividend income on Available-for-sale investments	16,945	290
		16,979	2,467
	Income from debt securities		
	Return on government securities	200,714	204,484
	Return on other fixed income securities	25,721	48,271
		226,435	252,755
	Net realised gains on investments		
	Gain / (Loss) on trading of held for trading investments	534	11,537
	Gain on sale of available-for-sale investments	8,568	(486)
		9,102	11,051
	Unrealized profit on re-measurement of investments held for trading	19	15
	Investment related expenses	(133)	(534)
	Total investment income	252,402	265,754
28	RENTAL INCOME		
	Rental income	5,009	5,048
	Less : expenses of investment property	(25)	(32)
		4,984	5,016
29	OTHER INCOME		
	Profit on bank deposits	11,528	13,510
	Vehicle monitoring and other services	20,651	9,275
	Gain on sale of fixed assets	5.2.2 2,563	1,761
	Mark-up on staff house building finance	199	300
	Funds amortized against leased vehicles	4,826	3,630
	Others	1,255	3,120
		41,022	31,596

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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		2021	2020
30	OTHER EXPENSES	Rupees in thousand	
	Subscription	6,023	8,711
	Auditors' remuneration	2,015	2,139
		8,038	10,850
30.1	Auditors' remuneration		
	A. F. Ferguson & Co.		
	Audit fee	900	-
	Half yearly review	450	-
	Special purpose review	450	-
	Code of Corporate Governance	100	-
	Other certifications	-	-
		1,900	-
	KPMG Taseer Hadi & Co.		
	Audit fee	-	900
	Half yearly review	-	347
	Special purpose review	-	331
	Other certifications	-	265
	Tax advisory services	-	236
		-	2,079
	Audit fee for subsidiary	115	60
31	FINANCE COSTS	13,385	16,982
	Interest on lease liabilities	13,385	16,982
32	WINDOW TAKAFUL OPERATIONS - OPF		
	Wakala fee	158,419	147,625
	Management expenses	(79,446)	(75,094)
	Commission expenses	(44,348)	(33,911)
	Modarib's share of PTF investment income	5,384	5,258
	Investment income	12,875	15,479
	Other income - net	1,965	3,541
	Profit from Window Takaful Operations - OPF	54,849	62,898

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ASKARI INSURANCE CO. LTD

	2021	2020
33 INCOME TAX EXPENSE	Rupees in thousand	
For the year	131,509	163,622
Current	5,883	1,916
Deferred		
Prior year		
Current	653	-
	138,045	165,538
33.1 Relationship between tax expense and accounting profit		
	2021	2020
	Effective tax rate - %	Rupees in thousand
Profit for the year before taxation	505,458	562,020
Tax at the applicable rate	29.00%	29.00%
Effect of items that are not considered		
in determining taxable income - net	-1.82%	0.45%
Effect of prior year adjustment	0.13%	0.00%
	27.31%	29.45%
33.2 Taxation charged to other comprehensive income		
Deferred tax income / (expense)	(14,173)	72
	2021	2020
34 EARNINGS PER SHARE	Rupees in thousand	
Profit after tax (Rupees in thousand)	367,413	396,482
Weighted average number of shares	71,902	71,902
Earnings (after tax) per share - (Rupees)	5.11	5.51

34.1 No figure for diluted earnings per share has been presented as the Group has not issued any instrument which would have an impact on earnings per share when exercised.

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35 COMPENSATION OF DIRECTORS AND EXECUTIVES

35.1 The aggregate amounts charged in these consolidated financial statements for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Group are as follows:

	2021			2020		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees in thousand					
Fees	-	1,565	-	-	1,645	-
Managerial remuneration	16,226	-	23,906	14,110	-	17,542
Leave encashment	859	-	775	751	-	639
Bonus	7,055	-	8,700	6,135	-	6,460
Charge to defined benefit plan	1,430	-	2,004	1,309	-	1,742
Rent and house maintenance	7,302	-	10,607	6,349	-	7,424
Utilities	1,623	-	2,357	1,411	-	1,650
Conveyance	1,317	-	9,883	1,179	-	6,541
Provident fund	1,352	-	1,574	1,175	-	1,122
Others	36	-	2,435	36	-	1,419
	37,200	1,565	62,241	32,455	1,645	44,539
No of person(s)	2	12	14	2	12	10

35.2 The Chief Executive and Executives are also provided with Company maintained cars.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

36 RELATED PARTY TRANSACTIONS

The Group is a subsidiary of Army Welfare Trust ("the parent company") therefore all subsidiaries and associated undertakings of the parent company are related parties of the Group. Other related parties comprise of directors, key management personnel, entities with common directorships and entities over which the directors are able to exercise influence. Balances with related parties are shown in the note 13.1 and the remuneration of chief executive, executives and directors is disclosed in note 36 to the consolidated financial statements. Transactions with related parties other than those disclosed elsewhere in these financial statements are as follows:

	2021	2020
Transactions with the parent company:	Rupees in thousand	
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	10,776	6,212
Premium received during the period	9,804	6,931
Insurance claims paid	1,113	2,688
Rent paid	27,593	26,662
Dividend Paid	88,929	106,493
Bonus shares issued	-	-
Transactions with associated undertakings:		
Army Stud Farms Boylegunj		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	-	(42)
Premium received during the period	-	(42)
Insurance claims paid	-	-
Army Stud Farms Probynabad		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	-	-
Premium received during the period	-	65
Insurance claims paid	-	-

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	2021	2020
Army Welfare Sugar Mills	Rupees in thousand	
Insurance premium written (including government levies administrative surcharge and policies stamps)	9,003	8,168
Premium received during the period	7,890	9,286
Insurance claims paid	108	552
Askari Aviation (Private) Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	2,830	3,958
Premium received during the period	2,455	3,585
Insurance claims paid	380	321
Askari Development and Holdings (Private) Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	8,298	8,261
Premium received during the period	8,176	7,817
Insurance claims paid	209	649
Askari Enterprises (Private) Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	335	335
Premium received during the period	284	344
Insurance claims paid	191	298
Askari CNG and Fuels		
Insurance premium written (including government levies administrative surcharge and policies stamps)	2,499	4,741
Premium received during the period	3,377	1,034
Insurance claims paid	1,145	620

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	2021	2020
Askari Guards (Private) Limited	Rupees in thousand	
Insurance premium written (including government levies administrative surcharge and policies stamps)	67,905	53,820
Premium received during the period	56,297	60,716
Insurance claims paid	2,782	2,455
Tracker installation and rental during the year	8	392
Charges / rental receivables	-	392
Askari Lagoon Faisalabad		
Insurance premium written (including government levies administrative surcharge and policies stamps)	67	44
Premium received during the period	-	-
Insurance claims paid	50	-
Askari Shoe Project		
Insurance premium written (including government levies administrative surcharge and policies stamps)	1,641	2,577
Premium received during the period	1,594	4,243
Insurance claims paid	570	370
Askari Tours and Travels		
Insurance premium written (including government levies administrative surcharge and policies stamps)	431	1,177
Premium received during the period	145	2,309
Insurance claims paid	7	38
Askari Woolen Mills		
Insurance premium written (including government levies administrative surcharge and policies stamps)	714	1,055
Premium received during the period	770	265
Insurance claims paid	261	160

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	2021	2020
AWT Plaza Project	Rupees in thousand	
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	223	160
Premium received during the period	-	-
Insurance claims paid	203	76
Army Welfare Trust CEO (Army Projects) Office		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	(4)	-
Premium received during the period	(4)	-
Insurance claims paid	-	18
Blue Lagoon		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	263	690
Premium received during the period	-	802
Insurance claims paid	60	246
Fauji Security Services (Private) Limited		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	19,067	17,696
Premium received during the period	21,913	18,005
Insurance claims paid	1,208	1,800
MAL Pakistan Limited		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	12,122	3,958
Premium received during the period	13,262	8,156
Insurance claims paid	4,564	3,576

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ASKARI INSURANCE CO., LTD

	2021	2020
Petrosel Lubricants (Private) Limited	Rupees in thousand	
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	-	-
Premium received during the period	-	-
Insurance claims paid	-	-
Army Welfare Housing Scheme		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	418	496
Premium received during the period	418	496
Insurance claims paid	24	67
Army Welfare Real Estate Division		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	1,363	1,502
Premium received during the period	1,208	1,486
Insurance claims paid	763	609
ASK Flying Academy		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	-	-
Premium received during the period	-	-
Insurance claims paid	-	-
Askari Apparel		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	-	25
Premium received during the period	-	25
Insurance claims paid	-	1

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	2021	2020
AWT Investments Limited	Rupees in thousand	
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	2,750	1,225
Premium received during the period	2,758	2,133
Insurance claims paid	680	868
Services Travels		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	124	225
Premium received during the period	124	225
Insurance claims paid	-	-
Askari Life Assurance		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	2,841	3,064
Premium received during the period	2,783	3,492
Insurance claims paid	1,455	3,303
Employees group life insurance premium paid	130	100

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ASKARI INSURANCE CO., LTD

	2021	2020
Askari Chartered Services	Rupees in thousand	
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	-
Premium received during the period	-	-
Insurance claims paid	-	-
Askari Seeds		
Insurance premium written (including government levies administrative surcharge and policies stamps)	1,383	731
Premium received during the period	1,272	512
Insurance claims paid	604	153
Medask		
Insurance premium written (including government levies administrative surcharge and policies stamps)	4,011	3,396
Premium received during the period	4,567	3,434
Insurance claims paid	1,017	923
Transactions with other related parties		
Contributions to Employees Provident Fund Trust	42,554	40,637
Agent Commission Payable Outstanding at year end	2,669	-
Advance against Agent Commission Outstanding at year end	3,945	-
Commission paid during the year	-	-
Key Management Personnel		
Advance issued / settled during the year	4,000	-

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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37 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

2021									
Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	
Rupees in thousand									
Financial assets measured at fair value									
Investment at fair value through profit and loss	673	-	-	-	673	673	-	-	
Investment at Available-for-sale	-	257,666	-	-	257,666	205,859	51,807	-	
Financial assets not measured at fair value									
Investments									
- Government securities	-	-	2,296,767	-	2,296,767	-	-	-	
- Fixed term deposits	-	210,025	-	-	210,025	-	-	-	
Loans to employees	-	-	-	365	365	-	-	-	
Accrued investment income*	-	-	-	48,387	48,387	-	-	-	
Staff house building finance	-	-	-	4,012	4,012	-	-	-	
Sundry receivables*	-	-	-	108,715	108,715	-	-	-	
Amounts due from insurance contract holders*	-	-	-	1,254,309	1,254,309	-	-	-	
Amounts due from other insurers / reinsurers*	-	-	-	180,721	180,721	-	-	-	
Reinsurance recoveries against outstanding claims*	-	-	-	245,466	245,466	-	-	-	
Salvage recoveries accrued*	-	-	-	3,769	3,769	-	-	-	
Cash and bank deposits*	-	-	-	201,374	201,374	-	-	-	
Total assets of Window Takatful Operations - OPF	-	-	-	331,192	331,192	-	-	-	
Financial liabilities not measured at fair value									
Provision for outstanding claims (including IBNR)*	-	-	-	(639,160)	(639,160)	-	-	-	
Lease liabilities	-	-	-	(213,106)	(213,106)	-	-	-	
Premium received in advance	-	-	-	(47,598)	(47,598)	-	-	-	
Amounts due to other insurers / reinsurers*	-	-	-	(833,479)	(833,479)	-	-	-	
Unclaimed dividend*	-	-	-	(10,971)	(10,971)	-	-	-	
Accrued expenses*	-	-	-	(9,166)	(9,166)	-	-	-	
Other creditors and accruals*	-	-	-	(193,721)	(193,721)	-	-	-	
Deposits and other payables*	-	-	-	(43,137)	(43,137)	-	-	-	
Total liabilities of Window Takatful Operations - OPF	-	-	-	(102,923)	(102,923)	-	-	-	
673	467,691	2,296,767	2,378,310	(2,093,261)	3,050,181	206,532	51,807	-	

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

	2020					
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total
	Level 3	Level 1	Level 2	Level 1	Level 2	Level 3
Rupees in thousand						
Financial assets measured at fair value						
Investment at fair value through profit and loss	654	-	-	-	654	654
Investment at Available-for-sale	-	78,566	-	-	-	78,566
Financial assets not measured at fair value						
Investments						
- Government securities	-	-	2,216,657	-	-	2,216,657
- Fixed term deposits	-	245,025	-	-	-	245,025
Loans to employees	-	-	-	222	-	222
Accrued investment income*	-	-	-	44,159	-	44,159
Staff house building finance	-	-	-	2,863	-	2,863
Sundry receivables*	-	-	-	97,520	-	97,520
Amounts due from insurance contract holders*	-	-	-	1,027,347	-	1,027,347
Amounts due from other insurers / reinsurers*	-	-	-	191,375	-	191,375
Reinsurance recoveries against outstanding claims*	-	-	-	381,046	-	381,046
Salvage recoveries accrued*	-	-	-	33,899	-	33,899
Cash and bank deposits*	-	-	-	232,782	-	232,782
Total assets of Window Takaful Operations - OPF	-	-	-	306,866	-	306,866
Financial liabilities not measured at fair value						
Provision for outstanding claims (including IBNR)*	-	-	-	-	(735,247)	(735,247)
Lease liabilities	-	-	-	-	(209,092)	(209,092)
Premium received in advance	-	-	-	-	(37,145)	(37,145)
Amounts due to other insurers / reinsurers*	-	-	-	-	(749,277)	(749,277)
Unclaimed dividend*	-	-	-	-	(9,105)	(9,105)
Accrued expenses*	-	-	-	-	(4,879)	(4,879)
Other creditors and accruals*	-	-	-	-	(139,873)	(139,873)
Deposits and other payables*	-	-	-	-	(55,818)	(55,818)
Total liabilities of Window Takaful Operations -OPF	-	-	-	-	(95,887)	(95,887)
	654	323,591	2,216,657	2,318,079	(2,036,323)	2,822,658
				27,663		51,557

* The Group has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

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

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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38 SEGMENT INFORMATION 38.1 Segment Profit and loss

	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	2021					
	Rupees in thousand					
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative surcharge)	611,741	260,250	1,135,995	1,080,796	877,421	3,966,202
Less: Federal Excise Duty	77,588	28,950	154,533	-	52,306	313,377
Federal Insurance Fee	4,990	2,205	9,775	10,656	8,117	35,743
Stamp Duty	210	9,335	848	5	184	10,582
Gross written premium (inclusive of administrative surcharge)	528,953	219,760	970,838	1,070,135	816,814	3,606,500
Gross premium	523,595	211,591	938,891	1,065,451	804,965	3,544,494
Administrative surcharge	5,811	8,401	32,016	990	7,690	54,907
Facultative inward premium	5,981	130	-	-	3,506	9,617
Service charges	(6,434)	(362)	(68)	3,694	652	(2,519)
Insurance premium earned	495,231	195,825	917,955	1,053,784	718,036	3,380,832
Insurance premium ceded to reinsurers	(449,989)	(128,463)	(39,882)	(146,261)	(443,455)	(1,208,050)
Net Insurance premium	45,242	67,362	878,073	907,523	274,581	2,172,782
Commission income	121,095	49,591	6,088	23,347	104,072	304,193
Net underwriting income	166,337	116,954	884,161	930,870	378,653	2,476,974
Insurance claims	(182,974)	(96,699)	(419,766)	(994,026)	(97,716)	(1,791,181)
Insurance claims recovered from reinsurers	152,214	77,142	26,815	121,042	36,952	414,166
Net claims	(30,760)	(19,556)	(392,952)	(872,984)	(60,764)	(1,377,015)
Commission expense	(57,210)	(31,573)	(43,559)	(47,258)	(75,542)	(255,143)
Management expense	(21,682)	(32,283)	(458,234)	(27,404)	(131,590)	(671,193)
Underwriting results	56,685	33,541	(10,584)	(16,777)	110,757	173,624
Investment income						252,402
Rental income						4,984
Other income						41,022
Finance costs						(13,385)
Other expenses						(8,038)
Profit before tax from Window Takatful Operations - OPF						450,609
Profit before tax						54,849
						505,458

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

38.2 Segment Assets and Liabilities

	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	2021					
	Rupees in thousand					
Corporate Segment						
assets - Conventional	384,052	178,506	802,857	843,749	551,139	2,760,303
Corporate Segment						
assets - Takatufi OPF	17,097	8,106	30,674	3,410	4,825	64,112
Corporate unallocated						
assets - Conventional						3,213,625
Corporate unallocated						
assets - Takatufi OPF						267,080
Consolidated total assets						6,305,119
Corporate Segment						
liabilities - Conventional	432,388	199,258	1,033,682	1,181,530	635,697	3,482,555
Corporate Segment						
liabilities - Takatufi OPF	19,944	9,090	52,446	3,148	5,222	89,850
Corporate unallocated						
Segment liabilities - Conventional						403,104
Corporate unallocated						
Segment liabilities - Takatufi OPF						13,073
Consolidated total liabilities						3,988,582

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38.3 Segment Profit and loss

	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	2020					
	Rupees in thousand					
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative surcharge)	501,213	228,989	963,319	930,478	635,086	3,259,085
Less: Federal Excise Duty	66,394	27,021	130,501	179	43,338	267,433
Federal Insurance Fee	4,234	1,925	8,277	9,182	5,878	29,496
Stamp Duty	39	6,606	130	5	119	6,899
Gross written premium (inclusive of administrative surcharge)	430,546	193,437	824,411	921,112	585,751	2,955,255
Gross premium	419,407	187,207	796,646	917,760	579,570	2,900,588
Administrative surcharge	5,701	6,946	26,047	835	6,464	45,993
Facultative inward premium	7,410	-	288	-	1,303	9,001
Service charges	(1,972)	(716)	1,430	2,517	(1,586)	(327)
Insurance premium earned	439,486	185,995	835,302	811,032	577,933	2,849,746
Insurance premium ceded to reinsurers	(393,785)	(127,630)	(22,999)	(158,396)	(286,702)	(989,512)
Net Insurance premium	45,701	58,365	812,303	652,636	291,231	1,860,234
Commission income	112,176	42,211	1,886	25,155	137,890	319,317
Net underwriting income	157,876	100,575	814,188	677,791	429,121	2,179,551
Insurance claims	(114,941)	(70,246)	(395,570)	(767,954)	(246,658)	(1,596,370)
Insurance claims recovered from reinsurers	95,474	48,045	8,151	131,392	195,573	478,635
Net claims	(19,467)	(22,201)	(387,419)	(636,562)	(51,085)	(1,116,735)
Commission expense	(37,807)	(27,408)	(40,185)	(20,428)	(68,812)	(194,640)
Management expense	(69,011)	(35,138)	(309,084)	(17,480)	(212,874)	(643,588)
Underwriting results	31,590	15,827	77,500	3,321	96,350	224,588
Investment income						265,754
Rental income						5,016
Other income						31,596
Finance costs						(16,982)
Other expenses						(10,850)
Profit before tax from Window Takaful Operations - OPF						499,122
Profit before tax						62,898
						562,020

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ASKARI INSURANCE CO. LTD

38.4 Segment Assets and Liabilities

	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	2020					
	Rupees in thousand					
Corporate Segment						
assets - Conventional	346,064	129,925	789,133	686,790	628,470	2,580,372
Corporate Segment						
assets - Takatufi OPF	14,137	5,583	30,967	4,257	5,225	60,169
Corporate unallocated						
assets - Conventional						2,979,995
Corporate unallocated						
assets - Takatufi OPF						245,961
Consolidated total assets						5,866,487
Corporate Segment						
liabilities - Conventional	397,148	150,821	964,329	1,012,816	719,087	3,244,201
Corporate Segment						
liabilities - Takatufi OPF	16,559	4,695	50,325	8,228	6,565	86,372
Corporate unallocated						
Segment liabilities - Conventional						345,006
Corporate unallocated						
Segment liabilities - Takatufi OPF						9,299
Consolidated total liabilities						3,684,878

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39	MOVEMENT IN INVESTMENTS				
	Held to maturity	Available-for-sale	Fair value through P&L	Loans and receivables	Total
Rupees in thousand					
At beginning of previous year	1,335,361	308,055	311,421	252,000	2,206,837
Additions	5,122,685	1,118,177	1,700,006	403,612	8,344,480
Disposals (sale and redemptions)	(4,241,389)	(1,105,678)	(2,010,788)	(655,612)	(8,013,467)
Fair value net gain		3,037	15		3,052
"Designated at fair value through profit / (loss) upon initial recognition	-	-	-	-	-
Classified as held for trading	-	-	-	-	-
Impairment (loss) / reversal	-	-	-	-	-
At beginning of current year	2,216,657	323,591	654	-	2,540,902
Additions	4,428,087	712,741	195,000	-	5,335,828
Disposals (sale and redemptions)	(4,347,977)	(537,694)	(195,000)	-	(5,080,671)
Fair value net gain / (loss)	-	(30,947)	19	-	(30,928)
Designated at fair value through profit / (loss) upon initial recognition	-	-	-	-	-
Classified as held for trading	-	-	-	-	-
Impairment reversal		-	-	-	-
At end of current year	2,296,767	467,691	673	-	2,765,132

40 MANAGEMENT OF FINANCIAL AND INSURANCE RISK

40.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The principal risk that the Group faces under its insurance contracts is that the actual claims exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random, and the actual number and amount of claims will vary from year to year from the level established.

Based on past experience, management is of the view that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome is. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. the Group 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.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

(a) Frequency and severity of claims

Political, environmental, economical and climatic changes give rise to more frequent and severe extreme events (for example, fire, theft, riot and strike, explosion, earthquake, atmospheric damage, hurricanes, typhoons, river flooding, electric fluctuation, terrorism, war risk, damages

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occurring in inland transit, burglary, loss of cash in safe and cash in transit, travel and personal accident, money losses, engineering losses and other events) and their consequences (for example subsidence claims). For certain contracts, the Group has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

Insurance contracts which are divided into direct and facultative arrangements are further subdivided into five segments: fire, marine, motor, accident and health and miscellaneous. The insurance risk arising from these contracts is concentrated in the territories in which the Group operates, and there is a balance between commercial and personal properties / assets in the overall portfolio of insured properties / assets. The Group underwrites insurance contract in Pakistan.

The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. The Group has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs (for example, subrogation). The claim payments are limited to the extent of sum insured on occurrence of the insured event.

The Group has entered into reinsurance cover / arrangements with local and foreign reinsurers having good credit rating by reputable rating agencies, to reduce its exposure to risks and resulting claims. Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional facultative reinsurance arrangements are in place to protect the net account in case of a major catastrophe. The effect of such reinsurance arrangements is that the Group recovers the share of claims from reinsurers thereby reducing its exposure to risk. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional reinsurance arrangements, any loss over and above the said limit would be recovered under non-proportional treaty which is very much in line with the risk management philosophy of the Group. In compliance of the regulatory requirement, the reinsurance agreements are duly submitted with Securities and Exchange Commission of Pakistan on an annual basis.

The Group has claims department dealing with the mitigation of risks surrounding claims incurred whether reported or not. This department investigates and settles all claims based on surveyor's report / assessment. The unsettled claims are reviewed individually on a periodic basis and adjusted to reflect the latest information on the underlying facts, contractual terms and conditions, and other factors. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

(b) Sources of uncertainty in the estimation of future claim payments

Claims reported and otherwise are analysed separately. The development of large losses / catastrophes is analysed separately. The shorter settlement year for claims allows the Group to achieve a higher degree of certainty about the estimated cost of claims including IBNR. However, the longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain for these claims.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value, reinsurance and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome may be different from the original liability established. The liability comprises amount in relations to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs and a provision for unexpired risks at the end of the reporting year.

Liability in respect of outstanding claims is based on the best estimate of the claims intimated or assessed. In calculating the estimated cost of unpaid claims (both reported and not), the Group estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a prior financial years in relation to such claims) and an estimate based upon actual claims experience using predetermined basis where greater weight is given to actual claims experience as time passes.

In estimating the liability for the cost of reported claims not yet paid, the Group considers any information available from surveyor's assessment and information on the cost of settling claims with similar characteristics in previous years. Claims are assessed on a case-by-case basis separately.

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Particulars	Total amount	Age-wise Breakup				
		1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
Rupees in thousand						
Claims not encashed	82,439	63,717	9,212	5,662	3,848	

(c) **Key assumptions**

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserves is that the Group's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgement to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgement includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

(d) **Changes in assumptions**

The Group did not change its assumptions for the insurance contracts as disclosed in above (b) and (c).

(e) **Sensitivity analysis**

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

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

	Profit before tax		Shareholders' equity	
	2021	2020	2021	2020
	Rupees in thousand		Rupees in thousand	
10% increase in loss				
Fire and property damage	(1,658)	(1,696)	(1,177)	(1,204)
Marine aviation and transport	(2,357)	(2,531)	(1,674)	(1,797)
Motor	(14,711)	(14,934)	(10,445)	(10,603)
Health	(15,614)	(10,365)	(11,086)	(7,359)
Miscellaneous	(5,030)	(5,894)	(3,571)	(4,185)
	(39,370)	(35,420)	(27,953)	(25,148)

A 10% decrease would have had equal but opposite effect on the statement of comprehensive income and shareholders' equity.

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(f) Concentration of insurance risk

A concentration of risk may also arise from a single insurance contract issued to a particular type of policyholder, within a geographical location or to types of commercial business. The Group minimizes its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

To optimize benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk survey. The concentration of risk by type of contracts is summarized below by reference to liabilities.

	Gross sum insured	Reinsurance	Net
	Rupees in thousand		
2021			
Fire and property	513,552,364	491,036,489	22,515,875
Marine, aviation and transport	446,832,021	231,704,510	215,127,511
Motor	57,638,482	2,728,206	54,910,276
Miscellaneous	355,458,156	215,707,699	139,750,457
	1,373,481,023	941,176,904	432,304,119
2020			
Fire and property	487,925,026	435,634,785	52,290,241
Marine, aviation and transport	236,721,735	175,424,139	61,297,596
Motor	44,807,666	790,639	44,017,027
Miscellaneous	194,205,999	121,966,863	72,239,136
	963,660,426	733,816,426	229,844,000

The Group's class wise major risk exposure is as follows:

	Maximum Gross Risk Exposure	
	2021	2020
	Rupees in thousand	
Fire and property	65,260,599	71,409,081
Marine, aviation and transport	21,000,000	13,000,000
Motor	1,810,783	130,000
Liability	1,485,000	3,925,000
Miscellaneous	20,913,300	11,972,411

40.2 Financial risk

The Group's activities exposes it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk and price risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Group consistently manages its exposure to financial risk without any material change from previous year in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Group's risk management framework. The Board is also responsible for developing the Group's risk management policies.

i) Credit risk

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

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Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The management monitors and limits the Group's exposure to credit risk through monitoring of client's exposure and maintaining conservative estimates of provisions for doubtful assets, if required. The management believes it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

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

	2021	2020
	Rupees in thousand	
Bank deposits	199,409	230,441
Investments	2,765,132	2,540,902
Salvage recoveries accrued	3,769	33,899
Advances to employees	365	252
Amounts due from insurance contract holders	1,254,309	1,027,347
Amounts due from other insurers / reinsurers	180,721	191,375
Accrued investment income	48,387	44,207
Reinsurance recoveries against outstanding claims	245,466	381,046
Staff house building finance	4,012	2,863
Sundry receivables	108,715	102,202
	4,810,285	4,554,534

The Group does not hold any collateral against the above balances except for staff house building finance. Provision against receivable is written off when the Group expects that it cannot recover the balance due. Except as already provided for in these consolidated financial statements, past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no recent history of default. The age analysis of gross receivables is as follows:

	Amount due from insurance contract holders	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Sundry receivables	2021 Aggregate	2020 Aggregate
	Rupees in thousand					
Up to 1 year	1,078,241	171,000	137,302	108,715	1,495,258	1,437,331
1-2 years	176,068	(3,071)	31,506	-	204,501	220,995
2-3 years	7,708	13,152	28,577	-	49,437	34,973
Over 3 years	2,466	5,033	15,545	-	23,044	44,931
	1,264,483	186,114	212,930	108,715	1,772,240	1,738,230

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a) The credit quality of Group's bank balances can be assessed with reference to external credit ratings as follows:

Rating Financial institution	Rating		Rating agency	2021	2020
	Long term	Short term		Rupees in thousand	
Askari Bank Limited	AA+	A1+	PACRA	158,925	175,224
Summit Bank Limited	BBB-	A-3	JCR-VIS	25	1,133
Habib Bank Limited	AAA	A-1+	JCR-VIS	231	303
Faysal Bank Limited	AA	A1+	PACRA	2,692	1,248
Silk Bank Limited	A-	A-2	JCR-VIS	1	51
Bank Al Falah Limited	AA+	A1+	PACRA	11	11
Bank Al-Habib Limited	AAA	A1+	PACRA	1,610	321
Meezan Bank Limited	AAA	A-1+	JCR-VIS	4	11,206
The Bank of Punjab	AA+	A1+	PACRA	1,164	89
NRSP Microfinance Bank	A	A1	PACRA	3,768	7,466
JS Bank Limited	AA-	A1+	PACRA	3,181	7,479
Sindh Bank Limited	A+	A-1	JCR-VIS	-	1
Bank Of Khyber	A	A1	PACRA	29	693
Punjab Provincial Cooperative Bank	Exempted	Exempted	Not Appli- cable	1,811	1,455
Zarai Taraqiyati Bank	AAA	A-1+	JCR-VIS	24,995	22,666
Samba Bank Limited	AA	A-1	JCR-VIS	0	0
Allied Bank Limited	AAA	A1+	PACRA	778	1,049
Telenor Microfinance Bank	A	A-1	JCR-VIS	-	-
Finca Microfinance Bank	A	A1	PACRA	2	3
U Microfinance Bank	A+	A-1	JCR-VIS	24	43
MCB Islamic Banking	A	A1	PACRA	1	1
United Bank Limited	AAA	A-1+	JCR-VIS	156	-
				199,409	230,441

b) The credit quality of amounts due from other insurers / reinsurers and reinsurance recoveries against outstanding claims can be assessed with reference to external credit rating as follows:

	2021		2020	
	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Aggregate	Aggregate
	Rupees in thousand			
Rating	186,113	245,466	431,579	587,922
A or above	-	-	-	-
Others	186,113	245,466	431,579	587,922

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- d) The Group has diversified portfolio of investment to mitigate the risk. The credit risk exposure relates to investment in debt securities as mentioned in note 10 to these consolidated financial statements. The Group has also maintained a provision against certain certificates of investments as disclosed in note 10 to these consolidated financial statements.

ii) **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Liquidity requirements are monitored by management to ensure that adequate funds are available to meet any obligations as they arise. To guard against risk, the Group has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities.

The table below summarises the maturity profile of the Group's financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the statement of financial position date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.

2021				
	Carrying amount	Contractual cash flows	Up to one year	More than one year
Rupees in thousand				
Outstanding claims including IBNR	639,160	639,160	639,160	-
Insurance / Reinsurance payables	833,479	833,479	833,479	-
Accrued expenses	9,166	9,166	9,166	-
Other creditors and accruals	182,768	182,768	182,768	-
Unclaimed dividends	10,971	10,971	10,971	-
Deposits and other payables	43,137	43,137	43,137	-
Lease liabilities	213,106	213,106	60,057	153,049
Other liabilities	51,062	51,062	51,062	-
	1,982,849	1,982,849	1,829,800	153,049

2020				
	Carrying amount	Contractual cash flows	Up to one year	More than one year
Rupees in thousand				
Outstanding claims including IBNR	735,247	735,247	735,247	-
Insurance / Reinsurance payables	749,277	749,277	749,277	-
Accrued expenses	6,368	6,368	4,879	-
Other creditors and accruals	148,066	148,066	141,219	-
Unclaimed dividends	9,105	9,105	9,105	-
Deposits and other payables	55,818	55,818	55,818	-
Lease liabilities	209,092	209,092	45,057	164,035
Other liabilities	21,908	21,908	32,382	-
	1,934,881	1,934,881	1,772,984	164,035

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iii) Market risk

a) 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 variable such as interest / mark up rate, foreign exchange rate and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Group's business activities are interest / mark up rate risk and price risk.

Interest / mark up rate risk

Interest / mark-up rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market interest / mark up rates. The Group invests in securities and has deposits that are subject to interest / mark up rates risk. The Group limits interest / mark up rate risk by monitoring changes in interest / mark up rates in the currencies in which its cash and investments are denominated. The Group's financial liabilities are not exposed to interest / mark up rate risk. At the statement of financial position date exposure to interest bearing financial assets is as follows:

	2021						
	Effective rate % per annum	Interest / mark-up bearing financial instruments		Non-interest / mark-up bearing financial instruments		Total	
		Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year		Maturity after one year
Rupees in thousand							
Financial assets							
Investments							
Equity securities		-	-	-	206,532	206,532	206,532
Debt securities	8.56% to 13.60%	171,436	2,387,163	2,558,599	-	-	2,558,599
Loans and other receivables	8.15% to 10.28%	74	3,938	4,012	157,467	-	157,467
Insurance / reinsurance receivables		-	-	-	1,435,030	-	1,435,030
Reinsurance recoveries against outstanding claims		-	-	-	245,466	-	245,466
Salvage recoveries accrued		-	-	-	3,769	-	3,769
Cash and bank	2.52% to 8.00%	153,892	-	153,892	47,483	-	47,483
Total assets of Window Takatuf Operations - Operator's Fund		66,887	-	66,887	264,304	-	264,304
		392,289	2,391,101	2,783,390	2,360,051	-	2,360,051
							5,143,442
Financial liabilities							
Outstanding claims including IBNR		-	-	-	(639,160)	-	(639,160)
Insurance / reinsurance payables		-	-	-	(833,479)	-	(833,479)
Other creditors and accruals		-	-	-	(202,887)	-	(202,887)
Deposits and other payables		-	-	-	(43,137)	-	(43,137)
Total liabilities of Window Takatuf Operations - Operator's Fund		-	-	-	(103,041)	-	(103,041)
		-	-	-	(1,821,704)	-	(1,821,704)
							(1,821,704)
Interest risk sensitivity gap		392,289	2,391,101	2,783,390	538,347	-	538,347
							3,321,738

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2020

	Effective rate % per annum	Interest / mark-up bearing financial instruments		Non-interest / mark-up bearing financial instruments		Total	
		Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year		Maturity after one year
Rupees in thousand							
Financial assets							
Investments							
Equity securities		-	-	-	27,663	-	27,663
Debt securities	12.38% to 13.48%	2,101,876	411,363	2,513,239	-	-	2,513,239
Loans and other receivables	7.89% to 7.34%	130	2,733	2,863	146,661	-	146,661
Insurance / reinsurance receivables		-	-	-	1,218,722	-	1,218,722
Reinsurance recoveries against outstanding claims		-	-	-	381,046	-	381,046
Salvage recoveries accrued		-	-	-	33,899	-	33,899
Cash and bank	2.51% to 11.25%	191,010	-	191,010	41,772	-	41,772
Total assets of Window Takaful Operations - Operator's Fund		66,635	-	66,635	240,231	-	240,231
		2,359,651	414,096	2,773,747	2,089,994	-	2,089,994
Financial liabilities							
Outstanding claims including IBNR		-	-	-	(735,247)	-	(735,247)
Insurance / reinsurance payables		-	-	-	(749,277)	-	(749,277)
Other creditors and accruals		-	-	-	(139,873)	-	(139,873)
Deposits and other payables		-	-	-	(55,818)	-	(55,818)
Total liabilities of Window Takaful Operations - Operator's Fund		-	-	-	(95,887)	-	(95,887)
		-	-	-	(1,776,102)	-	(1,776,102)
Interest risk sensitivity gap		2,359,651	414,096	2,773,747	313,892	-	313,892
							3,087,640

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Cash flow sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, to the Group's profit before tax and equity based upon closing balances and rates:

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on equity
	Rupees in thousand		
December 31, 2021	100	3,679	2,612
	(100)	(3,679)	(2,612)
December 31, 2020	100	4,389	3,116
	(100)	(4,389)	(3,116)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for fixed rate financial assets at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect the statement of comprehensive income and equity of the Group.

b) Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Group, at present, is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign 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.

The Group's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Group limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity market.

The following table summarises the Group's price risk as at December 31, 2021 and 2020. It shows the effects of an estimated increase of 10% in the market prices as on those dates. A decrease of 10% in the fair values of the listed securities would affect it in a similar and opposite manner.

	Fair value	Price change	Effect on fair value
	Rupees in thousand		Rupees in thousand
December 31, 2021	206,532	+10%	20,653
	206,532	-10%	(20,653)
December 31, 2020	27,663	+10%	2,766
	27,663	-10%	(2,766)

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iv) Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

In accordance with the requirements of the Insurance Rules, 2017 issued by the SECP, minimum paid-up capital requirement to be complied with by insurance/ takaful companies as at December 31, 2017 and for subsequent years is Rs. 500 million. As at December 31, 2021, the Group's paid-up capital is in excess of the prescribed limit.

41	STATEMENT OF SOLVENCY	2021	2020
		Rupees in thousand	
	Assets		
	Property and equipment	418,970	384,848
	Intangible assets	696	1,032
	Investment property	37,881	39,191
	Investment in subsidiary	-	-
	Investments		
	- Equity securities	206,532	27,663
	- Debt securities	2,558,599	2,513,239
	Loans and other receivables	161,479	149,524
	Insurance / Reinsurance receivables - unsecured, considered good	1,435,030	1,218,722
	Reinsurance recoveries against outstanding claims	245,466	381,046
	Salvage recoveries accrued	3,769	33,899
	Taxation - payments less provision	17,016	-
	Deferred commission expense / Acquisition cost	102,363	118,575
	Deferred taxation	21,945	13,748
	Prepayments	562,807	445,352
	Cash and bank	201,374	232,782
	Total assets from Window Takaful Operations - OPF	331,192	306,866
	Total Assets (A)	6,305,120	5,866,487

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	2021	2020
	Rupees in thousand	
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000		
(d) loans to employees	365	252
(g) receivable from related parties	80,689	70,718
(g) investment in subsidiary	-	
(h) insurance / reinsurance receivables for more than three months	557,151	497,548
(i) intangible assets	696	1,032
(j) deferred tax asset	21,945	13,748
(k) security deposit receivable	18,012	16,142
(k) security deposits	43,137	55,818
(U)-(i) vehicles	112,448	74,236
(U)-(ii) office equipment	24,623	11,676
(U)-(ii) office equipment (window takaful operator's fund)	532	852
(U)-(iii) fixtures and fittings	5,514	7,780
(U)-(iii) fixtures and fittings (window takaful operator's fund)	30	129
Total of In-admissible assets (B)	865,142	749,931
Total Admissible Assets (C=A-B)	5,439,977	5,116,556

Total Liabilities	2021	2020
	Rupees in thousand	
Underwriting Provisions		
- Outstanding claims including IBNR	639,160	735,247
- Unearned premium reserves	1,719,511	1,493,846
- Unearned reinsurance commission	97,068	86,896
Retirement benefit obligations	40,109	36,469
Staff compensated absences	38,633	34,320
Lease liabilities	213,106	209,092
Taxation - provision less payment	-	1,904
Premium received in advance	47,598	37,145
Insurance / Reinsurance Payables	833,479	749,277
Unclaimed dividend	10,971	9,105
Other Creditors and Accruals	202,887	139,873
Deposits and other payables	43,137	55,818
Total Liabilities	3,885,657	3,588,992
Total liabilities from Window Takaful Operations - OPF	102,923	95,887
Total Liabilities (D)	3,988,580	3,684,879
Total Net Admissible Assets (E=C-D)	1,451,397	1,431,677

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	2021	2020
	Rupees in thousand	
Minimum solvency requirement (higher of following)	434,556	372,047
Method A - U/s 36(3)(a)	150,000	
Method B - U/s 36(3)(b)	434,556	
Method C - U/s 36(3)(c)	310,829	

Excess in Net Admissible Assets over Minimum Requirements	1,016,841	1,059,630
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42 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified thereunder.

	2021	2020
	Rupees in thousand	
43 WINDOW TAKAFUL OPERATIONS - OPF		
Assets		
Cash and bank deposits	66,887	66,635
Investments	179,450	168,541
Current assets - others	84,247	70,709
Fixed assets	608	981
Total assets	331,192	306,866
Total liabilities - current	102,923	95,887
Profit from Window Takaful Operations - OPF	54,849	62,898

Details of total assets, total liabilities and segment disclosure of window takaful operations are stated in the annexed financial statements.

44 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions. Following major reclassifications have been made during the year:

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

Reclassified from	Reclassified to	Rupees in thousand
Amount due to foreign reinsurers	Amount due to other insurers	253,754
Repair and maintenance	Rental income	32
Current Tax	Deferred Tax	1,916
Finance Cost	Bank Charges	13
Management Expenses	Other Income	9,275

45 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Company in the meeting held on April 27, 2022 have proposed a final cash dividend of Rupees 2.75 per share.

46 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements have been authorized for issue by the Board of Directors of the Company on April 27, 2022.

47 GENERAL

Number of employees

Total number of employees at the end of the year were 389 (2021: 384). Average number of employees during the year were 387 (2021: 391).



Suleman Khalid
Chief Financial Officer



Abdul Waheed
President & Chief Executive



AVM Mohammad Athar Shams (Retd)
Director



Lt Gen Naveed Mukhtar (Retd)
Chairman

WINDOW TAKAFUL OPERATIONS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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INDEPENDENT REASONABLE ASSURANCE REPORT TO THE BOARD OF DIRECTORS ON THE STATEMENT OF MANAGEMENT'S ASSESSMENT OF COMPLIANCE WITH THE TAKAFUL RULES 2012

WINDOW TAKAFUL OPERATIONS - ASKARI GENERAL INSURANCE COMPANY LIMITED

We were engaged by the Board of Directors of Askari General Insurance Company Limited (the Company) to report on the management's assessment of compliance, as set out in the annexed Statement of Compliance (the Statement) prepared by the management for the year ended 31 December 2021, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance with the Takaful Rules, 2012, in all material respects.

2. APPLICABLE CRITERIA

The criteria against which the subject matter information (the Statement) is assessed is the Takaful Rules, 2012.

3. RESPONSIBILITIES OF MANAGEMENT

The management of the Company is responsible for preparation of the annexed Statement that is free from material misstatement. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the annexed Statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance with the Takaful Rules, 2012.

4. OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. The firm applies International Standard on Quality Control 1 "Quality Control for firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. This engagement was conducted by a multidisciplinary team including assurance practitioners and Shariah expert.

5. OUR RESPONSIBILITY AND SUMMARY OF WORK PERFORMED

Our responsibility is to carry out an independent reasonable assurance engagement to express a conclusion as to whether the Statement is prepared in accordance with the applicable criteria, based on our work performed and the evidences obtained.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements other than audits or reviews of historical financial statements' (ISAE 3000) (Revised) issued by the International Auditing and Assurance Standards Board. ISAE 3000 (Revised) requires that we plan and perform this engagement to obtain reasonable level of assurance about whether the Statement presents fairly the status of compliance with the Takaful Rules 2012, in all material respects.

The procedures selected by us for the engagement depended on our judgment, including the assessment of the, risks of the Company's material non-compliance with the Takaful Rules 2012, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Company's compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances but not for the purpose of expressing a conclusion as to the effectiveness

of the Company's internal control over the compliance with the Takaful Rules, 2012. A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with the Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with the Takaful Rules, 2012 will be met. Further, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

We have designed and performed necessary verification procedures on various financial arrangements, contracts, classes of transactions and related policies and procedures based on judgmental and systematic samples with regard to the compliance with Takaful Rules, 2012.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

6. CONCLUSION

In our opinion, the Statement for the year ended December 31, 2021 present fairly the status of compliance of the Company with the Takaful Rules, 2012, in all material respects.

The engagement partner on the Shariah audit resulting in this independent auditors' report is Syed Imran Haider, FCA.

S. M. Suhail & Co.

S.M. Suhail & Co.
Chartered Accountants
Karachi

Our Ref: SMS-A-4782022
Date: March 3, 2022



Askari General Insurance Co. Ltd.

Window Takaful Operations

نافذة التكافل

ANNUAL REPORT 2021

Shariah Advisor Report to the Board of Directors.

For the year ended 31 December 2021

As Shariah Advisor of Askari General Insurance Company Limited (Window Takaful Operations), I have carefully approved the entire product documents including PTF policies, Takaful PMDs, Co-Takaful agreement, Re-Takaful agreement, Surplus distribution mechanism, Investment Policy and mechanism, etc. I confirm that overall transactions and activities of Window Takaful Operations performed during the year are in line with the guidelines of Shariah Advisor as well as requirements of Takaful Rules 2012.

According to my information, Shariah principles have been followed in every aspect of practical implementation of Askari General Insurance Company Limited (Window Takaful Operations)

والله سبحانه وتعالى اعلم

Mufti Ehsan Waquar Ahmad
Shariah Advisor
Askari General Insurance Company Ltd.
(Window Takaful Operation)
February 01, 2022

INDEPENDENT AUDITORS' REPORT

To the members of Askari General Insurance Company Limited Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Askari General Insurance Company Limited – Window Takaful Operations (the Operator), which comprise the statement of financial position of OPF and PTF as at December 31, 2021, and the statement of comprehensive income, the statement of changes in operator's fund and participants' takaful fund and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position of OPF and PTF, the statement of comprehensive income, the statement of changes in operator's fund and participants' takaful fund and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Operator's affairs as at December 31, 2021 and total comprehensive income, the changes in operator's fund and participants' takaful fund and its cash flows for the year then ended.

Basis for Opinion

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Board of directors are responsible for overseeing the Operator's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of comprehensive income, the statement of changes in operator's fund and participants' takaful fund and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Operator's business; and
- no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

Prior Year Financial Statements Audited by Predecessor Auditor

The financial statements of the Operator for the year ended December 31, 2020 were audited by another auditor, KPMG Taseer Hadi & Co. Chartered Accountants, who expressed an unmodified opinion on those statements on April 30, 2021.

The engagement partner on the audit resulting in this independent auditor's report is Mr. JehanZeb Amin.



Chartered Accountants

Islamabad

Date: April 29, 2022

UDIN: AR202110083YrKTm4Opu

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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■ KARACHI ■ LAHORE ■ ISLAMABAD

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

ANNUAL REPORT 2021

		Operator's Fund		Participants' Takaful Fund	
		2021	2020	2021	2020
ASSETS	Note	Rupees in thousand			
Property and equipment	5	608	981	-	-
Investments					
- Equity securities	6	143,366	132,795	167,853	154,525
- Debt securities	7	36,084	35,746	25,723	25,497
Loans and Other Receivables	8	9,402	2,159	3,685	1,024
Takaful / Retakaful receivables	9	1,204	1,028	80,096	53,554
Salvage recoveries accrued		-	-	9,576	32
Deferred wakala fee	21	-	-	69,082	69,283
Receivable from PTF	10	44,554	43,540	-	-
Retakaful recoveries against outstanding claims / benefits		-	-	49,895	42,448
Deferred Commission expense / Acquisition cost	20	19,685	18,063	-	-
Taxation - provision less payments		9,096	5,826	-	-
Tax deducted at source - PTF		-	-	6,205	3,822
Prepayments	12	306	93	69,546	55,297
Cash & Bank	13	66,887	66,635	106,862	107,899
Total Assets		331,192	306,866	588,523	513,381

The annexed notes 1 to 39 form an integral part of these financial statements.



Suleman Khalid
Chief Financial Officer



Abdul Waheed
President & Chief Executive

		Operator's Fund		Participants' Takaful Fund	
		2021	2020	2021	2020
FUNDS AND LIABILITIES	Note	Rupees in thousand			
Funds attributable to:					
Operator's Fund					
Statutory Fund		50,000	50,000	-	-
Reserves		591	530	-	-
Accumulated profit		177,678	160,449	-	-
Balance of Operator's Fund		228,269	210,979	-	-
Waqf/Participants' Takaful Fund					
Seed money		-	-	1,000	1,000
Reserves		-	-	723	497
Accumulated surplus		-	-	49,650	35,322
Balance of Participants' Takaful Fund		-	-	51,373	36,819
Liabilities					
PTF Underwriting Provisions					
Outstanding claims including IBNR		-	-	132,662	106,671
Unearned contribution reserves		-	-	175,358	180,490
Unearned retakaful rebate		-	-	16,340	11,956
		-	-	324,360	299,117
Contribution received in advance		-	-	5,642	2,836
Takaful / retakaful payables	14	5,849	4,543	152,580	119,917
Unearned wakala fees	21	69,082	69,283	-	-
Payable to OPF	10	-	-	44,554	43,540
Deferred taxation	11	123	216	-	-
Other creditors and accruals	15	27,869	21,845	10,014	11,152
		102,923	95,887	212,790	177,445
Total Liabilities		102,923	95,887	537,150	476,562
Total funds and liabilities		331,192	306,866	588,523	513,381

Contingencies and Commitments

16

AVM Mohammad Athar Shams (Retd)
Director

Lt Gen Naveed Mukhtar (Retd)
Chairman

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

ANNUAL REPORT 2021

		2021	2020
	Note	Rupees in thousand	
Participants' Takaful Fund			
Contribution earned		249,389	229,328
Less: Contribution ceded to retakaful		(146,396)	(122,466)
Net contribution revenue	17	102,993	106,862
Retakaful rebate earned	18	31,582	24,819
Net underwriting income		134,575	131,681
Net claims - reported / settled including IBNR	19	(122,840)	(124,068)
Other direct expenses	23	(7,775)	(5,669)
Surplus before investment income		3,960	1,944
Investment income	24	13,461	13,144
Other income	25	2,291	2,514
Less: Mudarib's share of investment income	26	(5,384)	(5,258)
Results of operating activities		10,368	10,400
Surplus transferred to accumulated surplus		14,328	12,344
Other comprehensive income			
Items that will be subsequently reclassified to profit and loss account			
Unrealized gain on available-for-sale investments		226	497
Other comprehensive income for the year		226	497
Total comprehensive income for the year		14,554	12,841
OPF Revenue Account			
Wakala fee	21	158,419	147,625
Commission expense	20	(44,348)	(33,911)
General administrative and Management expenses	22	(79,446)	(75,094)
		34,625	38,620
Modarib's share of PTF investment income	26	5,384	5,258
Investment income	24	12,875	15,479
Direct expenses	27	(484)	(484)
Other income	25	2,449	4,025
Results of operating activities		20,224	24,278
Profit before taxation		54,849	62,898
Taxation	28	(15,411)	(17,482)
Profit after taxation		39,438	45,416
Other comprehensive income			
Items that will be subsequently reclassified to profit and loss account			
Unrealized gain on Available-for-sale investments - net		61	530
Other comprehensive income for the year		61	530
Total comprehensive income for the year		39,499	45,946

The annexed notes 1 to 39 form an integral part of these financial statements.



Suleman Khalid
Chief Financial Officer



Abdul Waheed
President & Chief Executive



AVM Mohammad Athar Shams (Retd)
Director



Lt Gen Naveed Mukhtar (Retd)
Chairman

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

	Operator's Fund		Participants' Takaful Fund	
	2021	2020	2021	2020
Operating Cash Flows	Rupees in thousand			
a) Takaful activities				
Contribution received	-	-	381,749	391,571
Re-takaful Contribution paid	-	-	(103,658)	(56,264)
Claims paid	-	-	(142,396)	(134,090)
Re-takaful and other recoveries received	-	-	22,200	10,676
Commission paid	(42,695)	(32,745)	-	-
Re-takaful rebate received	-	-	21,182	11,098
Wakala fee received/ (paid)	156,074	146,626	(156,074)	(146,626)
Modarib's share received / (paid)	6,514	6,036	(6,514)	(6,036)
Management / Direct expenses paid	(77,993)	(72,877)	(7,775)	(5,669)
Net cash generated from underwriting activities	41,900	47,040	8,714	64,660
b) Other operating activities:				
Income tax paid	(18,774)	(19,003)	(2,384)	(2,080)
Other expenses paid	(478)	(167)	-	-
Other operating payments	(18)	(1,244)	(7,211)	(524)
Other operating receipts	1,369	3,857	(2,525)	1,393
Net cash used in other operating activities	(17,901)	(16,557)	(12,120)	(1,211)
Total cash generated from / (used in) all operating activities	23,999	30,483	(3,406)	63,449
c) Investment activities:				
Profit / return received	2,084	4,291	2,236	2,724
Dividend received	8,262	7,199	8,881	6,376
Payment for investments	(14,151)	-	(14,756)	(60,943)
Proceeds from disposals of investments	7,915	25,485	6,008	28,965
Fixed capital expenditure	(37)	(859)	-	-
Proceeds from disposals of fixed assets	-	225	-	-
Total cash generated from / (used in) investing activities	4,073	36,341	2,369	(22,878)
d) Financing activities:				
Payment against Ijarah	(5,611)	(1,460)	-	-
Pay-out in respect of Dividend	(22,209)	(23,695)	-	-
Total cash used in financing activities	(27,820)	(25,155)	-	-
Net cash generated from / (used in) all activities	252	41,669	(1,037)	40,571
Cash and cash equivalents at beginning of the year	66,635	24,966	107,899	67,328
Cash and cash equivalents at end of the year	66,887	66,635	106,862	107,899

The annexed notes 1 to 39 form an integral part of these financial statements.

Suleman Khalid
Chief Financial Officer

Abdul Waheed
President & Chief Executive

AVM Mohammad Athar Shams (Retd)
Director

Lt Gen Naveed Mukhtar (Retd)
Chairman

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

ANNUAL REPORT 2021

	Operator's Fund		Participants' Takaful Fund	
	2021	2020	2021	2020
Reconciliation to Profit and Loss Account:	Rupees in thousand			
Operating cash flows	23,999	30,483	(3,406)	63,449
Depreciation expense	(410)	(180)	-	-
Gain on disposal of investments	-	-	-	201
Dividend income	8,262	7,199	8,881	6,376
Increase in assets other than cash	5,423	1,414	75,710	26,612
Increase in liabilities other than borrowings	(2,352)	(5,866)	(75,624)	(95,458)
Unrealized gain on investments held for trading	1,301	2,616	2,215	3,642
Investment income	3,312	5,664	2,365	2,925
Other income	2,151	4,025	1,804	2,516
Tax paid	18,774	19,003	2,384	2,080
Decrease in deposit against vehicle Ijarah	(5,611)	(1,460)	-	-
Profit/ surplus for the year	54,849	62,898	14,328	12,344
Attributed to				
Participants' Takaful Fund	-	-	14,328	12,344
Operator's Fund	54,849	62,898	-	-
	54,849	62,898	14,328	12,344

Definition of cash :

Cash comprises of cash in hand, bank balances, stamp in hand and short term placements with banks which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

Cash for the purpose of the statement of cash flows consist of:

	Operator's Fund		Participants' Takaful Fund	
	2021	2020	2021	2020
	Rupees in thousand			
Cash and other equivalents	-	-	191	355
Current and other accounts	66,887	66,635	106,671	107,544
	66,887	66,635	106,862	107,899

The annexed notes 1 to 39 form an integral part of these financial statements.



Suleman Khalid
Chief Financial Officer



Abdul Waheed
President & Chief Executive



AVM Mohammad Athar Shams (Retd)
Director



Lt Gen Naveed Mukhtar (Retd)
Chairman

STATEMENT OF STATEMENT OF CHANGES IN OPERATOR'S FUND AND PARTICIPANTS' TAKAFUL FUND

FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

	Operator's Fund			
	Statutory Fund	Available-for-sale investments revaluation reserve	Accumulated Profit	Total
Rupees in thousand				
Balance as at January 01, 2020	50,000	-	138,728	188,728
Total comprehensive income for the year				
Profit for the year	-	-	45,416	45,416
Other comprehensive income for the year	-	530	-	530
	-	530	45,416	45,946
Changes in Operator's Fund				
Transfer of Profit to the Company	-	-	(23,695)	(23,695)
Balance as at December 31, 2020	50,000	530	160,449	210,979
Balance as at January 01, 2021	50,000	530	160,449	210,979
Total comprehensive income for the year				
Profit for the year	-	-	39,438	39,438
Other comprehensive income for the year	-	61	-	61
	-	61	39,438	39,499
Changes in Operator's Fund				
Transfer of Profit to the Company	-	-	(22,209)	(22,209)
Balance as at December 31, 2021	50,000	591	177,678	228,269

	Participants' Takaful Fund			
	Cede Money	Available-for-sale investments revaluation reserve	Accumulated Profit	Total
Rupees in thousand				
Balance as at January 01, 2020	1,000	-	22,978	23,978
Total comprehensive income for the year				
Surplus for the year	-	-	12,344	12,344
Other comprehensive income for the year	-	497	-	497
	-	497	12,344	12,841
Balance as at December 31, 2020	1,000	497	35,322	36,819
Balance as at January 01, 2021	1,000	497	35,322	36,819
Total comprehensive income for the year				
Surplus for the year	-	-	14,328	14,328
Other comprehensive income for the year	-	226	-	226
	-	226	14,328	14,554
Balance as at December 31, 2021	1,000	723	49,650	51,373

The annexed notes 1 to 39 form an integral part of these financial statements.


Suleman Khalid
Chief Financial Officer

Abdul Waheed
President & Chief Executive

AVM Mohammad Athar Shams (Retd)
Director

Lt Gen Naveed Mukhtar (Retd)
Chairman

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

ANNUAL REPORT 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

Askari general insurance company limited ("the Operator") was incorporated under the Companies Ordinance, 1984 (Repealed with the enactment of Companies Act, 2017 on May 30, 2017) on April 12, 1995. The Operator is registered in Pakistan Stock Exchange and is engaged in general insurance business. The registered office and principal place of the Operator is located at AWT Plaza, Rawalpindi.

The Operator has been allowed to undertake General Window Takaful Operations (WTO) on August 10, 2015 by Securities and Exchange Commission of Pakistan under SECP Takaful Rules 2012 to carry on General Window Takaful Operations in Pakistan.

For the purpose of carrying on the takaful business, the Operator has formed a Waqf/ Participants' Takaful Fund (PTF) under the Waqf deed. 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 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019.

In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019 shall prevail.

- 2.1.1 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 OPF and PTF remain separately identifiable.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments which are stated at their fair values.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Operator operates. The financial statements are presented in Pakistani Rupees, which is the Operator's functional and presentational currency.

2.4 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are effective in the current year

- 2.4.1 There are certain new and amended standards, interpretations and amendments that are mandatory for the Operator's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Operator's operations and therefore, have not been stated in these financial statements.

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2.5 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are not yet effective

The following standards, amendments and interpretations of the accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 1, 2022:

Standards, amendments or interpretations	Effective date (period beginning on or after)
- IFRS 16 - 'Leases' (amendments)	April 1, 2021
- IAS 16 - 'Property, plant and equipment' (amendments)	January 1, 2022
- IAS 37 - 'Provisions, contingent liabilities and contingent assets' (amendments)	January 1, 2022
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2023
- IAS 12 - 'Income taxes' (amendments)	January 1, 2023
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2024
- IFRS 9 - 'Financial Instruments'	January 1, 2023*

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023 and yet to be notified by the Securities and Exchange Commission of Pakistan.

* The management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Further details relating to temporary exemption from the application of IFRS 9 are given in notes 2.5.1 and 2.5.1.1 to these financial statements.

The management is in the process of assessing the impacts of these standards and amendments on the financial statements of the Operator.

2.5.1 Temporary exemption from application of IFRS 9

As an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Operator doesn't engage in significant activities unconnected with insurance based on historical available information. Additional disclosures, as required by IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given in note 2.5.1.1 below.

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2.5.1.1 Fair value of financial assets as at December 31, 2021 and changes in the fair values during year ended December 31, 2021

Financial assets with contractual cash flows that meet the SPPI criteria, excluding those held for trading	As at December 31, 2021
	Rupees in thousand
Operator's Fund	
Debt Securities (note 7)	
Opening fair value	35,746
Net additions during the year	-
Increase in fair value	338
Closing fair value	36,084
Participants' Takaful Fund	
Debt Securities (note 7)	
Opening fair value	25,497
Net additions during the year	-
Increase in fair value	226
Closing fair value	25,723
Financial assets that do not meet the SPPI criteria	
Operator's Fund	
Equity Securities (note 6)	
Opening fair value	132,795
Net additions during the year	9,523
Increase in fair value	1,048
Closing fair value	143,366
Participants' Takaful Fund	
Equity Securities (note 6)	
Opening fair value	154,525
Net additions during the year	11,113
Increase in fair value	2,215
Closing fair value	167,853

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- 2.5.2 There are certain other new and amended standards, interpretations and amendments that are mandatory for the Operator's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or will not have any significant effect on the Operator's operations and are therefore not stated in these financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as stated below have been applied consistently to all years presented in these financial statements.

3.1 Property and Equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged using the straight line method in accordance with the rates specified in note 5 to these financial statements and after taking into account residual values, if significant.

Depreciation is charged on monthly basis where full depreciation is charged in the month of addition and no depreciation is charged in the month of disposal.

"Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the Operator and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to the statement of comprehensive income as and when incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognised. Depreciation methods, useful lives and residual values are reviewed, and adjusted if appropriate, at each reporting date."

3.2 Takaful contracts

The takaful contracts are based on the principles of Wakala. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty.

Contracts under which PTF accepts significant takaful risk from another party (the participant) by agreeing to compensate the participant if a specified uncertain future event (the takaful event) adversely affects the participant are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non happening. Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The PTF underwrites non-life takaful contracts that can be categorised into the following main categories:

a) Fire and property

Fire and property takaful contracts mainly compensate the participants for damage suffered to their properties or for the value of property lost. Participants who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the takaful covered properties in their business activities. These contracts are generally one year contracts.

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b) Marine, aviation and transport

Marine takaful covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination. These contracts are generally for three months period.

c) Motor

Motor takaful provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident. These contracts are generally one year contracts.

d) Accident and health

Accident and health takaful contracts mainly compensate hospitalisation and outpatient medical coverage to the participant. These contracts are generally one year contracts.

e) Miscellaneous

All other types of takaful contracts are classified in miscellaneous category which mainly includes engineering, terrorism, personal accident, workmen compensation, travel and products of financial institutions etc. These contracts are normally one year takaful contracts except some engineering takaful contracts that are of more than one year period, whereas, normal travel takaful contracts expire within one month time.

These takaful contracts are provided to all types of customers based on assessment of takaful risk by the Operator. Normally personal takaful contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, takaful contracts of fire and property, marine, aviation and transport, accident and health and other commercial line products are provided to commercial organisations.

The contribution recognition policy and recording mechanism for liabilities against the above contracts and claims recognition have been disclosed in their respective notes to these financial statements.

3.3 Deferred Commission expense

Commission incurred in obtaining and recording takaful policies are deferred and recognised as an asset. These costs are charged to the profit and loss account based on the pattern of recognition of contribution revenue.

3.4 Reserve for unearned contribution

The unearned portion of contribution is set aside as a reserve. Unearned Contribution determined as a ratio of the unexpired period of the policy and the total period, both measured to the nearest day, as specified in the General Takaful Accounting Regulations, 2019.

3.5 Contribution deficiency reserve

The Operator is required as per the General Takaful Accounting Regulations, 2019, to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after re-takaful recoveries from claims, and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired takaful contracts in that class of business at the reporting date. The movement in the contribution deficiency reserve is recorded as an expense in the profit and loss account.

The Operator determines the adequacy of liability of contribution deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned contribution.

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The liability of contribution deficiency in relation to accident and health takaful is calculated in accordance with the advice of the actuary. No provision has been made as the unearned contribution reserve for each class of business except accident and health as at the year end is adequate to meet the expected future liability after re-takaful from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date.

3.6 Retakaful contracts held

These are contracts entered into by the Operator with re-takaful operators for compensation of losses suffered on takaful contracts issued. These re-takaful contracts include both facultative and treaty arrangement contracts and are classified in same categories of takaful contracts for the purpose of these financial statements. The PTF recognises the entitled benefits under the contracts as various re-takaful assets. Re-takaful contribution is recognised as an expense when re-takaful is ceded. Re-takaful assets and liabilities are derecognised when contractual rights are extinguished or expired.

The deferred portion of re-takaful contribution is recognised as a prepayment in PTF. The deferred portion of re-takaful contribution ceded is calculated by using 1/365 method.

Assets, liabilities, income and expenses arising from ceded re-takaful contracts are presented separately from the assets, liabilities, income and expenses from the related takaful contracts because the re-takaful arrangements do not relieve the PTF from its direct obligation to its policyholders.

3.7 Provisions for outstanding claims including Incurred But Not Reported (IBNR)

Provisions for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Outstanding claims

This represents the amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year.

A liability for outstanding claims (claim incurred) is recognised for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including handling costs and the Operator's reserving policy. Where applicable, deductions are made for salvage and their recoveries.

Re-takaful recoveries against outstanding claims and salvage recoveries are recognised as an asset and measured at the amount expected to be received.

Incurred But Not Reported (IBNR) claims

This represents losses that have incurred or are in the occurrence period at the end of reporting year and have not been intimated to the Operator by the end of reporting year.

The Operator is required, as per the SECP circular no. 9 of 2016 dated March 9, 2016 "Guidelines for Estimation of Incurred But Not Reported (IBNR) Claims Reserve, 2016" to estimate and maintain the provision for claims incurred but not reported for each class of business by using the prescribed method which is "Chain Ladder Method" or any other alternate method as allowed under the provisions of the Guidelines.

The actuarial valuation as at December 31, 2021 has been carried out by an independent firm of actuaries for determination of IBNR for each class of business.

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3.8 Amount due to / from takaful contract holders

Receivables including contribution due but unpaid relating to takaful contracts are recognised when due. The claim payable is recorded when intimation is received. These are recognised at cost, which is the fair value of the consideration given less provision for impairment losses, if any. Contribution received in advance is recognised as liability till the time of issuance of takaful contract there against.

If there is an objective evidence that any contribution due but unpaid is impaired, the Operator reduces the carrying amount of that contribution receivable and recognises the provision in the profit and loss account.

3.9 Amount due to / from retakaful operators

Amount due to / from retakaful operators are carried at cost less provision for impairment, if any. Cost represents the fair value of the consideration to be received / paid in the future for services rendered.

3.10 Segment reporting

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Operator's other components. All operating segments' results are reviewed regularly by the Operator's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Operator presents segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, the Insurance Accounting Regulations, 2017 and the General Takaful Accounting Regulations, 2019. The reported operating segments are also consistent with the internal reporting process of the Operator for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. All the Operator's business segments operate in Pakistan only.

Based on its classification of takaful contracts issued, the Operator has five primary business segments for reporting purposes namely fire, marine, motor, accident and health and miscellaneous. The nature and business activities of these segments are disclosed in note 3.2.

Assets and liabilities are allocated to particular segments on the basis of contribution earned. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Further, the management expenses are allocated to each segment on the basis disclosed in note 3.21.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, stamps in hand and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Operator in the management of its short-term commitments.

3.12 Revenue recognition

a) Contribution

Contribution including administrative surcharge under all types of takaful contracts is recognised as written from the date of issuance of policy / cover note (i.e. the date of the attachment of risk).

Contribution income net of wakala fee is determined after taking into account the unearned portion of contribution income. The unearned portion of contribution income is recognised as a liability in PTF (refer note 3.4).

Re-takaful contribution ceded is recognised as an expense after taking into account the proportion of deferred re-takaful contribution expense which is calculated using 1/365 method. The deferred portion of re-takaful contribution expense is recognised as a prepayment.

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b) Wakala fee

Wakala fee is recognised as income in the Operator's Fund on the same basis on which the related contribution revenue is recognised.

c) Re-takaful rebate

Rebate and other forms of revenue (apart from recoveries) from re-takaful operators are deferred and recognised as a liability and recognised in the profit and loss account as revenue of PTF in accordance with the pattern of recognition of the re-takaful contributions.

d) Investment income

Gain or loss on sale of investments is accounted for in the profit and loss account in the period to which it relates.

Dividend income is recognised when the Operator's right to receive the dividend is established.

Profit on bank balances and term deposit receipts is recognised on a time proportion basis taking into account the effective yield.

3.13 Ijarah

Ijarah rentals are recognised as an expense on accrual basis as and when the rental become due.

3.14 Investments

3.14.1 Classification

All investments are initially recognised at cost, being the fair value of the consideration given and include transaction costs, except for investments at fair value through profit or loss in which case transaction costs are charged to the profit and loss account.

These are recognised and classified as follows:

- At fair value through profit or loss
- Held to maturity
- Available-for-sale

The classification depends on the purpose for which the financial assets were acquired.

3.14.2 Measurement

3.14.2.1 At fair value through profit or loss

These financial assets are acquired principally for the purpose of generating profit from short-term fluctuation in prices or are part of a portfolio for which there is a recent actual pattern of short-term profit taking.

Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with the resulting gain or loss being included in the profit and loss account for the period to which it relates.

3.14.2.2 Held to maturity

Investments with fixed determinable payments and fixed maturity, where Operator has both the intent and the ability to hold to maturity, are classified as held to maturity.

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Subsequently, these are measured at amortised cost using the effective yield less provision for impairment losses, if any.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortised over the term of investment using the effective yield.

3.14.2.3 Available-for-sale

Investments which are not eligible to be classified as at fair value through profit or loss or held to maturity are classified as 'available-for-sale'.

Subsequent to initial recognition, these investments are remeasured at fair value. Gains or losses on remeasurement of these investments are recognised in the statement of comprehensive income.

3.14.3 Fair value measurements

The fair value of investments in listed equity securities is determined by reference to the stock exchange's quoted market prices at the close of period end.

3.14.4 Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the Operator commits to purchase or sell the investment.

3.15 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are other-than those relating to takaful contract offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognised amount and the Operator intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.16 Provisions

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

3.17 Qard-e-Hasna

Qard-e-Hasna is provided by Operator's fund (OPF) to PTF in case of deficit or to fulfil cash flow requirements.

3.18 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Operator's profit and loss account, except to the extent that it relates to items recognised directly in equity or in the statement of comprehensive income, in which case it is recognised in equity or in the statement of comprehensive income respectively.

Current tax

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law 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 include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalised during the current period for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent

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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 assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the profit and loss account, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

3.19 Takaful Surplus

Takaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves. Allocation to participants, if applicable, is made after adjustment of claims paid to them during the year.

3.20 Impairment of Assets

The management assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

In the case of equity securities classified as 'available-for-sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an objective evidence of impairment. In case of impairment of available-for-sale equity securities, the cumulative loss previously recognised in other comprehensive income is removed therefrom and included in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity securities are only reversed when the equity securities are derecognised.

3.21 Management expenses

Management expenses are allocated to various classes of business and Window Takaful Operations as deemed equitable by the management based on the detailed exercise carried out by the management on an annual basis.

3.22 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Operator becomes a party to the contractual provisions of the instrument and are derecognised when the Operator loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account in the period in which financial instrument is derecognised.

3.23 Provision for unearned wakala fee

The Operator manages the general takaful operations for the participants and charges wakala fee to PTF on gross contributions recognised for each class of business to meet the general and administrative expenses of the Operator including commissions to agents at following rates:

	2021	2020
	Percentage	
Class		
Fire and property damage	35%	35%
Marine, aviation and transport	35%	35%
Motor	45%	45%
Health	25%	25%
Miscellaneous	40%	40%

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Wakala fee is recognised as income in the Operator's Fund on the same basis on which the related contribution revenue is recognised. Unearned portion of wakala fee is recognised as a liability of the Operator's Fund.

3.24 Modarib's fee

The Operator manages the participants' investment as Modarib and charges 40 percent of the investment income earned by the PTF as Modarib's fee. It is recognised on the same basis on which related revenue is recognised.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

4.1 Use of estimates and judgments

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

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

- reserve for unearned contribution (notes 3.4 and 17);
- provision for receivables and payables related to takaful contracts (notes 3.8 and 9);
- provision for outstanding claims including IBNR (notes 3.7 and 19);
- contribution deficiency reserve (note 3.5);
- provision for unearned wakala fee (notes 3.23 and 21);
- classification and measurement of investments (notes 3.14, 3.20, 6 and 7);
- residual values and useful lives of property and equipment (notes 3.1 and 5);
- allocation of management expenses (notes 3.21 and 22); and
- taxation (notes 3.18, 11 and 28).

4.2 Change in accounting estimate

During the year, the Operator changed its methodology for premium income earned whereby instead of 1/24 method, premium income is recognized under 1/365 method. This change has been accounted for as change in accounting estimate in accordance with the "IAS 8 Accounting Policies and Changes in Accounting Estimates and Errors" whereby the change has been applied prospectively. Had the Company's accounting estimate not been changed, unearned contribution reserve would have been lower by approximately Rs. 3.69 million, prepaid retakaful would have been lower by approximately Rs. 1.28 million, deferred / unearned wakala fee would have been lower by Rs 1.45 million, deferred commission expense would have been lowered by Rs. 0.34 million and unearned retakaful rebate would have been lower by Rs. 0.32 million. The surplus transferred to accumulated surplus in PTF would have been higher by Rs. 1.28 million further the profit before tax for OPF would have been higher by Rs. 1.11 million and profit after tax would have been higher by Rs. 0.79 million.

		2021	2020
	Note	Rupees in thousand	
5	PROPERTY AND EQUIPMENT		
Operating assets	5.1	608	981
		608	981

2021

	2021					
	Cost		Depreciation		Written down	Useful life
	As at January 1, 2021	Additions / (Disposals)	As at December 31, 2021	As at January 1, 2021	For the year December 31, 2021	(years)
	Rupees in thousand					
Furniture & fixtures	504	-	504	375	90	5
Office equipment	1,043	37	1,080	191	320	3
	1,547	37	1,584	566	410	608

2020

	Cost		Depreciation		Written down value as at December 31, 2021	Useful life (years)
	As at January 1, 2021	Additions / Adjustments (Disposals)	As at December 31, 2021	For the year As at January 1, 2021 (Disposals) / Adjustments	As at December 31, 2021	
Rupees in thousand						
Furniture & fixtures	754	(250)	- 504	303 97	(25) 375	5
Office equipment	450	593	- 1,043	374 83	(266) 191	3
	1,204	343	- 1,547	677 180	(291) 566	981

6 INVESTMENTS IN EQUITY SECURITIES

Note	2021		2020	
	Cost/ Carrying value	Impairment/ provision	Carrying value	Cost/ Carrying value
Rupees in thousand				
OPERATOR'S FUNE				
Available-for-sale				
Mutual funds	6.1	2,500	2,500	-
Unrealized loss on revaluation		-	(253)	-
		2,500	2,247	-

At fair value through profit or loss

Mutual funds	6.2	139,818	1,301	141,119	130,179	2,616	132,795
		139,818	1,301	141,119	130,179	2,616	132,795

PARTICIPANTS' TAKAFUL FUND

At fair value through profit and loss							
Mutual funds	6.3	165,638	2,215	167,853	150,882	3,643	154,525
		165,638	2,215	167,853	150,882	3,643	154,525

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6.1	Available-for-sale - OPF	Number of shares / units		2021		2020	
		2021	2021	Cost	Carrying value	Cost	Carrying value
	Open-end mutual funds						
				Rupees in thousand			
	AKD Islamic Stock Fund	50,940	-	2,500	2,247	-	-
				2,500	2,247	-	-
6.2	Fair value through profit or loss - held for trading - OPF						
	Open-end mutual funds						
	ABL Islamic Income Fund	2,934,448	2,798,097	30,828	31,074	30,195	29,435
	JS Islamic Income Fund	424,991	401,355	44,874	45,359	41,111	42,451
	NBP Islamic Mahana Amadani Fund	3,772,784	3,578,008	39,046	39,395	35,861	37,090
	Alhamra Islamic Income Fund	238,699	226,406	25,070	25,291	23,012	23,819
				139,818	141,119	130,179	132,795
6.3	Fair value through profit or loss - held for trading - PTF						
	Open-end mutual funds						
	AKD Islamic Income Fund	704,048	574,242	36,371	36,763	28,801	29,792
	Atlas Islamic Income Fund	55,957	53,180	29,021	29,426	26,805	27,618
	HLB Islamic Income Fund	276,005	264,281	28,651	29,532	26,830	27,461
	AWT (PIML) Islamic Income Fund	355,726	355,726	37,792	38,329	36,583	37,792
	ABL Islamic Cash Fund	3,380,235	3,186,283	33,802	33,802	31,863	31,862
				165,638	167,853	150,882	154,525

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ASKARI INSURANCE CO. LTD

7 INVESTMENTS IN DEBT SECURITIES

		2021			2020		
		Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Rupees in thousand							
Operator's Fund							
Available-for-sale							
Sukuks	7.1	35,000	-	35,000	35,000	-	35,000
Profit on revaluation				1,084			746
		35,000	-	36,084	35,000	-	35,746
Participants' takaful fund							
Available-for-sale							
Sukuks	7.2	25,000	-	25,000	25,000	-	25,000
Surplus on revaluation				723			497
		25,000	-	25,723	25,000	-	25,497

7.1 Sukuks -OPF

Investee Name	Profit Rate	Number of certificates		2021		2020	
		2021	2020	Cost	Carrying value	Cost	Carrying value
Rupees in thousand							
Meezan Bank Ltd.	Based on monthly Shariah pool	5	5	5,000	5,000	5,000	5,000
The Hub Power Co. Ltd.	3 Month KIBOR Plus 190 bps	300	300	30,000	31,084	30,000	30,746
				35,000	36,084	35,000	35,746

7.2 Sukuks -PTF

Meezan Bank Ltd.	Based on monthly Shariah pool	5	5	5,000	5,000	5,000	5,000
The Hub Power Co. Ltd.	3 Month KIBOR Plus 190 bps	200	200	20,000	20,723	20,000	20,497
				25,000	25,723	25,000	25,497

8 LOANS AND OTHER RECEIVABLE

	Operator's Fund		Participants' Takaful Fund	
	2021	2020	2021	2020
Receivable against sale of asset	578	850	-	-
Deposit against Ijarah - vehicles	4,636	280	-	-
Accrued investment income	437	369	252	196
Other receivable	3,751	660	3,433	828
	9,402	2,159	3,685	1,024

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		Operator's Fund		Participants' Takaful Fund	
		2021	2020	2021	2020
Rupees in thousand					
9	TAKAFUL / RETAKAFUL RECEIVABLES				
	Due from takaful contract holders	-	-	57,165	40,485
	Provision against doubtful balances	-	-	(222)	(222)
		-	-	56,943	40,263
	Due from other Takaful/Retakaful Operators	9.1	1,204	1,028	24,324
	Provision against doubtful balances	-	-	(1,171)	(1,171)
		1,204	1,028	23,153	13,291
		1,204	1,028	80,096	53,554

9.1 This includes contribution amounting to Rs.(0.04) million (2020: 0.77 million) (payable) / receivable from the associated undertakings as follows:

		2021	2020
Rupees in thousand			
	Askari Guards (Private) Limited	(28)	849
	Mobil Askari Lubricants Pakistan Ltd	(12)	(12)
	Askari Life Assurance Company Ltd	-	(71)
		(40)	766

		Operator's Fund		Participants' Takaful Fund	
		2021	2020	2021	2020
10	RECEIVABLE / (PAYABLE) (Current account between OPF and PTF)	Rupees in thousand			
	Wakala fee	43,630	41,486	(43,630)	(41,486)
	Less: Provision for refund of wakala fee against doubtful balances	(408)	(408)	408	408
		43,222	41,078	(43,222)	(41,078)
	Modarib's fee	1,332	2,462	(1,332)	(2,462)
		44,554	43,540	(44,554)	(43,540)

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ASKARI INSURANCE CO., LTD

Operator's Fund

11	DEFERRED TAXATION	2021	2020
	Deferred credit arising in respect of:	Rupees in thousand	
	Unrealised gain on available-for-sales investments	241	216
	Deferred debit arising in respect of:		
	Provision for refund of wakala fee against doubtful balances	(118)	-
		123	216

		Operator's Fund		Participants' Takaful Fund	
		2021	2020	2021	2020
12	PREPAYMENTS	Rupees in thousand			
	Prepaid retakaful contribution ceded	-	-	69,546	55,297
	Prepaid takaful contribution - Ijarah Vehicles	306	-	-	-
	Others	-	93	-	-
		306	93	69,546	55,297

13	CASH & BANK				
	Cash and cash equivalent				
	- Policy & Revenue Stamps	-	-	191	355
	Cash at bank				
	- Savings account	13.1	66,887	66,635	106,671
			66,887	66,635	106,862
					107,899

13.1 Savings accounts carry profit rates ranging from 2% to 6.25% (2020: 2.51% to 7.75%) per annum.

		Operator's Fund		Participants' Takaful Fund	
		2021	2020	2021	2020
14	TAKAFUL/RETAKAFUL PAYABLES	Rupees in thousand			
	Due to takaful participants / retakaful payable	5,849	4,543	152,580	119,917
		5,849	4,543	152,580	119,917

15	OTHER CREDITORS AND ACCRUALS				
	Agents' commission payable	14,918	12,546	-	-
	Federal takaful fee payable	-	-	409	432
	Federal excise duty payable	138	51	7,099	8,296
	Tax deducted at source	576	402	317	364
	Accrued expenses	784	779	-	-
	Time barred cheques	511	9	1,877	1,906
	Funds received against leased vehicles	2,324	194	-	-
	Others	8,618	7,864	312	154
		27,869	21,845	10,014	11,152

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16 CONTINGENCIES AND COMMITMENTS

Contingency

There is no known contingency as at December 31, 2021 (December 31, 2020: Nil)

Commitments

The Operator's commitment under Ijarah arrangement with Meezan Bank Limited is Rs.15.02 million (2021: Rs.1.27 million). The contracts have a term of five years.

Future Minimum Ijarah (lease) payments are as under:	Operator's Fund	
	2021	2020
	Rupees in thousand	
Not later than one year	3,359	878
Later than one year but not later than five years	11,658	392
	15,017	1,270
Ijarah payments recognized in expense during the year	1,293	2,108

	Participants' Takaful Fund	
	2021	2020
	Rupees in thousand	
17 NET CONTRIBUTION		
Written Gross Contribution	402,676	375,810
Less: Wakala fee	(158,218)	(144,744)
Contribution Net of Wakala Fee	244,458	231,066
Add: Unearned contribution reserve opening - net	111,207	109,469
Less: Unearned contribution reserve closing - net	(106,276)	(111,207)
Contribution earned	249,389	229,328
Less: Retakaful Contribution ceded	160,645	119,140
Add: Prepaid retakaful contribution opening	55,297	58,623
Less: Prepaid retakaful contribution closing	(69,546)	(55,297)
Retakaful expense	146,396	122,466
Net contribution	102,993	106,862

18 RETAKAFUL REBATE		
Retakaful Rebate income	35,966	25,985
Add: Unearned retakaful rebate opening	11,956	10,790
Less: Unearned retakaful rebate closing	(16,340)	(11,956)
Rebate from retakaful operators	31,582	24,819

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		Participants' Takaful Fund	
		2021	2020
19	NET CLAIMS	Rupees in thousand	
	Claim paid	142,396	134,090
	Add: Outstanding claims including IBNR closing	132,662	106,671
	Less: Outstanding claims including IBNR opening	(106,671)	(71,686)
	Claim expense	168,387	169,075
	Less: Retakaful and other recoveries received	38,100	18,956
	Add: Retakaful and other recoveries in respect of outstanding claims - closing	49,895	42,448
	Less: Retakaful and other recoveries in respect of outstanding claims - opening	(42,448)	(16,397)
	Retakaful and other recoveries revenue	45,547	45,007
	Net claims expense	122,840	124,068

19.1 BENEFIT / CLAIM DEVELOPMENT

The Company maintains adequate reserves in respect of its takaful business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. The following table shows the development of the claims over a period of time. All amounts are presented in gross numbers before retakaful.

Accident Year	2016 & prior	2017	2018	2019	2020	2021	Total
Rupees in thousand							
At the end of accident year	9,882	55,696	131,923	129,870	161,125	178,941	667,437
One year later	16,960	21,915	31,858	51,377	89,496	-	211,607
Two years later	996	933	2,632	5,810	-	-	10,371
Three years later	107	377	677	-	-	-	1,162
Four years later	107	24	-	-	-	-	132
Five year later	109	-	-	-	-	-	109
Current estimate of cumulative claims	109	24	677	5,810	89,496	178,941	275,058
Less: Cumulative payments to date	1	6	83	1,632	65,831	74,842	142,396
Liability recognized in statement of financial position	107	18	594	4,178	23,665	104,099	132,662

19.2 The provision for IBNR on the basis of actuarial valuation carried out as at December 31, 2021 amounted to Rs 35,905 thousands (2021: Rs 29,292 thousands).

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		Operator's Fund	
		2021	2020
		Rupees in thousand	
20	COMMISSION EXPENSE		
	Commission paid or payable	45,970	36,781
	Add: Deferred commission expense opening	18,063	15,193
	Less: Deferred commission expense closing	(19,685)	(18,063)
	Commission expense	44,348	33,911
21	WAKALA FEE		
	Gross wakala fee	158,218	144,746
	Add: Unearned wakala fee opening	69,283	72,162
	Less: Unearned wakala fee closing	(69,082)	(69,283)
	Net wakala fee income	158,419	147,625

- 21.1** The Operator manages the general takaful operations for the participants and charges 35% for fire and property damage, 35% for marine and aviation, 45% for motor, 25% for health and accident and 40% for miscellaneous of the gross contribution written as wakala fee against the services as follows:

			Operator's Fund	
			2021	2020
22	GENERAL ADMINISTRATIVE AND MANAGEMENT EXPENSES	Note	Rupees in thousand	
	Employee benefit cost	22.1	55,210	42,450
	Rent		10,340	14,060
	Communication		1,292	1,644
	Printing and stationery		1,811	2,199
	Travelling and entertainment		1,050	1,061
	Depreciation		410	180
	Repairs and maintenance		2,112	2,263
	Utilities		3,600	2,905
	Legal and professional charges - business related		1,371	723
	Bank charges		19	17
	Vehicle Ijarah expenses		1,255	2,109
	Tracker management expense		-	3,280
	Miscellaneous		976	2,203
			79,446	75,094

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		Operator's Fund	
		2021	2020
22.1	Employee benefit cost	Rupees in thousand	
	Salary, allowances and other benefits	53,500	40,977
	Charges for post employment benefits	1,710	1,473
		55,210	42,450
		Participants' Takaful Fund	
		2021	2020
23	OTHER DIRECT EXPENSES	Rupees in thousand	
	Tracker installation and monitoring charges	7,665	5,525
	Inspection charges	10	89
	Bank Charges	100	55
		7,775	5,669
		Operator's Fund	
		2021	2020
		Participants' Takaful Fund	
		2021	2020
		Rupees in thousand	
24	INVESTMENT INCOME		
	Income from equity securities - Held for trading		
	- Dividend income	8,262	7,199
	- Gain on trading	-	-
		8,262	7,199
	Income from debt securities - Held to maturity		
	- Return on fixed income securities	-	1,560
	Income from debt securities - Available-for-sale		
	- Return on fixed income securities	3,312	4,104
		11,574	12,863
	Net unrealized gains on investment		
	- Net unrealized gains on investments at fair value through profit or loss - held for trading	1,301	2,616
		12,875	15,479
	Total investment income	12,875	15,479
25	OTHER INCOME		
	Return on bank balances	2,151	2,521
	Miscellaneous	298	1,504
		2,449	4,025
		2,291	2,514

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26	MODARIB'S FEE		The Operator manages the participants' investments as a Modarib and charges 40% Modarib's share of the investment income earned by PTF.		
			Operator's Fund		
			2021	2020	
27	DIRECT EXPENSES		Rupees in thousand		
	Auditors' remuneration		303	303	
	Shariah Compliance Auditors' remuneration		181	181	
			484	484	
28	TAXATION				
	For the year				
	Current		15,529	17,482	
	Deferred		(118)	-	
			15,411	17,482	
28.1	Relationship between tax expense and accounting profit	2021	2020	2021	2020
		Effective tax rate - %		Rupees in thousand	
	Profit for the year before taxation			54,849	62,898
	Tax at the applicable rate	29.00	29.00	15,906	18,240
	Effect of items that are not considered in determining taxable income - net	(0.90)	(1.21)	(495)	(758)
		28.10	27.79	15,411	17,482
			Executives		
			2021	2020	
29	COMPENSATION OF EXECUTIVES		Rupees in thousand		
	Managerial remuneration		1,296	-	
	Leave encashment		-	-	
	Bonus		-	-	
	Charge to defined benefit plan		-	-	
	Rent and house maintenance		582	-	
	Utilities		129	-	
	Conveyance		402	-	
	Provident fund		-	-	
	Others		-	-	
			2,410	-	
	Number of persons		1	-	
Executives mean employees, other than the Chief Executive and Directors, whose basic salary exceed twelve hundred thousand rupees in a financial year.					

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ASKARI INSURANCE CO. LTD

30 RELATED PARTY TRANSACTIONS

The related parties comprise of directors, major shareholders, key management personnel, entities under common control, entities with common directors and employees retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms.

Balance due from associated undertakings are disclosed in note 9 to the financial statements. Transaction with related parties during the year are as follows:

	2021	2020
	Rupees in thousand	
Askari Guards (Private) Limited		
Contribution written (including government levies and stamp duties)	1,802	1,139
Contribution received during the year	2,679	1,923
Takaful benefits paid	49	118
Mobil Askari Lubricants Pakistan Limited		
Contribution written (including government levies and stamp duties)	3,326	2,470
Contribution received during the year	3,326	2,481
Takaful benefits paid	1,878	1,130
Askari Life Assurance Co. Limited		
Contribution written (including government levies and stamp duties)	383	473
Contribution received during the year	312	544
Takaful benefits paid	128	106
Army Welfare Trust		
Contribution written (including government levies and stamp duties)	631	-
Contribution received during the year	631	-
Army Welfare Sugar Mills		
Contribution written (including government levies and stamp duties)	175	1,608
Contribution received during the year	175	1,608
Takaful benefits paid	-	-
Askari Development and Holdings (Pvt) Limited		
Contribution written (including government levies and stamp duties)	-	260
Contribution received during the year	-	260
Others		
Employees' retirement benefits	3,008	2,579

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31 SEGMENT INFORMATION

Business class wise revenue and results have been disclosed in the profit and loss account prepared in line with the format issued by SECP through SEC (Insurance) Rules, 2017, vide SECP S.R.O. No. 89 (I)/2017 dated February 9, 2017. The following table presents estimated information regarding certain assets and liabilities of the segments as at December 31, 2021 and December 31, 2021, unallocated capital expenditure and non-cash expenses during the year then ended.

2021 - OPF & PTF

Participants' Takaful Fund

	For the year ended December 31, 2021					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	TOTAL
	Rupees in thousand					
Contribution receivable (inclusive of Federal Exise Duty, Federal Takaful Fee and Stamp duty)	108,177	69,046	225,490	25,170	35,142	463,025
Less: Federal Exise Duty	(12,067)	(7,910)	(28,157)	-	(4,495)	(52,629)
Federal Takaful Fee	(802)	(549)	(1,856)	(249)	(285)	(3,741)
Stamp duty	(50)	(3,767)	(156)	(1)	(5)	(3,979)
Gross written contribution	95,258	56,820	195,321	24,920	30,357	402,676
Gross direct contribution	81,226	54,824	185,709	24,920	24,565	371,244
Facultative inward contribution	14,032	1,996	9,612	-	5,792	31,432
Takaful contribution earned	89,741	46,160	192,352	45,543	34,012	407,808
Wakala expense	(31,052)	(15,824)	(86,536)	(11,386)	(13,621)	(158,419)
Takaful contribution ceded to retakaful operators	(75,693)	(31,012)	(27,034)	-	(12,657)	(146,396)
Net takaful contribution	(17,004)	(676)	78,782	34,157	7,734	102,993
Retakaful Rebate income	17,192	7,470	4,420	-	2,500	31,582
Net underwriting income	188	6,794	83,202	34,157	10,234	134,575
Takaful claims	(25,605)	(7,724)	(93,444)	(28,981)	(12,633)	(168,387)
Takaful claims recovered from retakaful operators	17,894	5,446	16,966	-	5,241	45,547
Net takaful claims	(7,711)	(2,278)	(76,478)	(28,981)	(7,392)	(122,840)
PTF Direct expense	(33)	(12)	(7,708)	(14)	(8)	(7,775)
Net takaful claims and expenses	(7,744)	(2,290)	(84,186)	(28,995)	(7,400)	(130,615)
Underwriting result	(7,556)	4,504	(984)	5,162	2,834	3,960
Net investment income						13,461
Other income						2,291
Mudarb's share						(5,384)
Surplus for the year						14,328
	As at 31 December 2021					
Segment assets	80,787	32,123	114,942	24,415	25,927	278,194
Unallocated assets						310,329
Total assets						588,523
Segment liabilities	74,939	37,651	231,842	72,417	39,872	456,721
Unallocated liabilities						80,429
Total liabilities						537,150

Operator's Fund	For the year ended 31 December 2020					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	TOTAL
				Rupees in thousand		
Wakala Fee	31,052	15,824	86,536	11,386	13,621	158,419
Commission expense	(17,964)	(8,111)	(14,058)	(1,286)	(2,929)	(44,348)
Management expenses	(9,115)	(5,372)	(50,478)	(7,034)	(7,447)	(79,446)
Segment result	3,973	2,341	22,000	3,066	3,245	34,625
Mudarib's share of PTF Investment income						5,384
Investment income						12,875
Other income						2,449
Other expenses						(484)
Profit before tax for the year						54,849
				As at 31 DECEMBER 2020		
Segment assets	17,097	8,106	30,674	3,410	4,825	64,112
Unallocated assets						267,080
Segment liabilities	19,944	9,090	52,446	3,148	5,222	89,850
Unallocated liabilities						13,073
Total liabilities						102,923

2020 - OPF & PTF						
Participants' Takatful Fund						
For the year ended 31 December 2020						
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	TOTAL
Rupees in thousand						
Contribution receivable (inclusive of Federal Excise Duty, Federal Takatful Fee and Stamp duty)	83,362	51,142	211,178	57,456	24,480	427,618
Less: Federal Excise Duty	(9,521)	(5,562)	(27,919)	-	(2,537)	(45,539)
Federal Takatful Fee	(646)	(410)	(1,840)	(569)	(182)	(3,647)
Stamp duty	(20)	(2,550)	(48)	(1)	(2)	(2,621)
Gross written contribution	73,175	42,620	181,371	56,886	21,759	375,811
Gross direct contribution	65,520	41,663	180,220	56,886	17,383	361,672
Facultative inward contribution	7,655	957	1,151	-	4,376	14,139
Takatful contribution earned	62,199	38,664	190,988	49,450	35,652	376,953
Wakala expense	(21,765)	(13,407)	(65,947)	(12,242)	(14,264)	(147,625)
Takatful contribution ceded to retakatful operators	(51,542)	(26,674)	(23,409)	-	(20,841)	(122,466)
Net takatful contribution	(11,108)	(1,417)	81,632	37,208	547	106,862
Ratatkatful Rebate income	11,229	6,549	3,836	-	3,205	24,819
Net underwriting income	121	5,132	85,468	37,208	3,752	131,681
Takatful claims	(22,995)	(5,165)	(72,765)	(65,405)	(12,745)	(169,075)
Takatful claims recovered from retakatful operators	18,113	3,562	13,569	-	9,763	45,007
Net takatful claims	(4,882)	(1,603)	(59,196)	(65,405)	(2,982)	(124,068)
PTF Direct expense	(11)	(6)	(5,638)	(9)	(5)	(5,669)
Net takatful claims and expenses	(4,893)	(1,609)	(64,834)	(65,414)	(2,987)	(129,737)
Underwriting result	(4,772)	3,523	20,634	(18,206)	765	1,944
Net investment income						13,144
Other income						2,514
Mudarb's share						(5,258)
Surplus for the year						12,344
As at 31 December 2020						
Segment assets	70,132	15,025	98,509	21,882	14,818	220,366
Unallocated assets						293,015
Total assets						513,381
Segment liabilities	63,519	21,345	203,749	83,967	20,835	393,415
Unallocated liabilities						83,147
Total liabilities						476,562

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32 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

32.1 Operator's Fund	2021							
	Held-for-trading	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
Rupees in thousand								
Financial assets measured at fair value								
Investment at fair value through profit and loss	141,119	-	-	-	141,119	141,119	-	-
Investment at Available-for-sale	-	33,331	-	-	33,331	2,247	31,084	-
Financial assets not measured at fair value								
Cash and bank deposits	-	-	66,887	-	66,887	-	-	-
Investments	-	-	-	-	-	-	-	-
- Sukuks	-	5,000	-	-	5,000	-	-	-
Loans and other receivables*	-	-	9,402	-	9,402	-	-	-
Receivable from PTF*	-	-	44,554	-	44,554	-	-	-
Financial liabilities not measured at fair value								
Takaful / Retakaful payables*	-	-	-	(5,849)	(5,849)	-	-	-
Other creditors and accruals*	-	-	-	(27,869)	(27,869)	-	-	-
	141,119	38,331	120,843	(33,718)	266,575	143,366	31,084	-

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	2020							
	Held-for-trading	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
Rupees in thousand								
Financial assets not measured at fair value								
Investment at fair value through profit and loss	132,795	-	-	-	132,795	132,795	-	-
Investment at Available-for-sale	-	30,746	-	-	30,746	-	30,746	-
Financial assets not measured at fair value								
Cash and bank deposits	-	-	66,635	-	66,635	-	-	-
Investments						-	-	-
- Sukuks	-	5,000	-	-	5,000	-	-	-
Loans and other receivables*	-	-	2,159	-	2,159	-	-	-
Receivable from PTF	-	-	43,540	-	43,540	-	-	-
Financial liabilities not measured at fair value								
Takaful / Retakaful payables*	-	-	-	(4,543)	(4,543)			
Other creditors and accruals*	-	-	-	(21,845)	(21,845)	-	-	-
	132,795	35,746	112,334	(26,388)	254,487	132,795	30,746	-

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32.2 Participants' Takaful Fund	2021							
	Held-for-trading	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
Rupees in thousand								
Financial assets measured at fair value								
Investment at fair value through profit and loss	167,853	-	-	-	167,853	167,853	-	-
Investment at Available-for-sale	-	20,723	-	-	20,723	-	20,723	-
Financial assets not measured at fair value								
Cash and bank deposits	-	-	106,862	-	106,862	-	-	-
Investments						-	-	-
- Sukuks	-	5,000	-	-	5,000	-	-	-
Takaful / Retakaful receivables*	-	-	80,096	-	80,096	-	-	-
Retakaful recoveries against outstanding claims*	-	-	49,895	-	49,895	-	-	-
Financial liabilities not measured at fair value - PTF								
Provision for outstanding claims (including IBNR)*	-	-	-	(132,662)	(132,662)	-	-	-
Takaful / Retakaful payables*	-	-	-	(152,580)	(152,580)	-	-	-
Payable to OPF	-	-	-	(44,554)	(44,554)	-	-	-
Other creditors and accruals*	-	-	-	(10,014)	(10,014)	-	-	-
	167,853	25,723	236,853	(339,810)	90,619	167,853	20,723	-

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	2020							
	Held-for-trading	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
Rupees in thousand								
Financial assets measured at fair value								
Investment at fair value through profit and loss	154,525	-	-	-	154,525	154,525	-	-
Investment at Available-for-sale	-	20,497	-	-	20,497	-	20,497	-
Financial assets not measured at fair value								
Cash and bank deposits	-	-	107,899	-	107,899	-	-	-
Investments	-	-	-	-	-	-	-	-
- Sukuks	-	5,000	-	-	5,000	-	-	-
Takaful/Retakaful receivable*	-	-	53,554	-	53,554	-	-	-
Retakaful recoveries against outstanding claims*	-	-	42,448	-	42,448	-	-	-
Loans and other receivables*	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Provision for outstanding claims (including IBNR)*	-	-	-	(106,671)	(106,671)	-	-	-
Takaful / Retakaful payables*	-	-	-	(119,917)	(119,917)	-	-	-
Payable to OPF	-	-	-	(43,540)	(43,540)	-	-	-
Other creditors and accruals*	-	-	-	(11,152)	(11,152)	-	-	-
	154,525	25,497	203,901	(281,280)	102,643	54,525	20,497	-

* The Operator has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

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

The Operator measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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33	STATEMENT OF SOLVENCY	Participants' Takaful Fund	
		2021	2020
	Assets		
		Rupees in thousand	
	Investment		
	Equity securities	167,853	154,525
	Debt securities	25,723	25,497
	Loans and other receivables	3,685	1,024
	Takaful/Retakaful receivables	80,096	53,554
	Salvage recoveries accrued	9,576	32
	Retakaful recoveries against outstanding claims	49,895	42,448
	Deferred wakala fee	69,082	69,283
	Tax deducted at source	6,205	3,822
	Prepayments	69,546	55,297
	Cash & Bank	106,862	107,899
	Total Assets (A)	588,523	513,381
	In-admissible assets as par following clauses of section 32 (2) of the Insurance Ordinance, 2000		
	Takaful and retakaful receivable for more than three months	31,074	14,221
	Receivable from related parties	(39)	967
	Total In-admissible Assets (B)	31,035	15,188
	Total Admissible Assets (C=A-B)	557,488	498,193
	Total Liabilities		
	Underwriting Provisions		
	Outstanding benefits including IBNR	132,662	106,671
	Unearned contribution reserves	175,358	180,490
	Unearned retakaful rebate	16,340	11,956
	Contribution received in advance	5,642	2,836
	Takaful/ Retakaful payable	152,580	119,917
	Payable to OPF	44,554	43,540
	Other creditors and accruals	10,014	11,153
	Total Liabilities (D)	537,150	476,563
	Total Net Admissible Assets (E=C-D)	20,338	21,630

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	Held to maturity	Available-for-sale	Fair value through P&L	Loans and receivables	Total
	Rupees in thousand				
34	MOVEMENT IN INVESTMENTS - OPF				
	At beginning of previous year	-	35,000	151,560	186,560
	Additions	-	-	-	-
	Disposals (sales and redemptions)	-	(27,500)	-	(27,500)
	Fair value net gain		746	9,735	10,481
	Impairment losses	-	(1,000)	-	(1,000)
	At beginning of current year	-	35,746	132,795	168,541
	Additions	-	2,500	7,023	9,523
	Disposals (sales and redemptions)	-	-	-	-
	Fair value net gain	-	86	1,301	1,387
	Impairment losses	-	-	-	-
	At end of current year	-	38,331	141,119	179,450
35	MOVEMENT IN INVESTMENTS - PTF				
	At beginning of previous year	-	25,000	115,779	140,779
	Additions	-	-	60,943	60,943
	Disposals (sales and redemptions)	-	-	(25,840)	(25,840)
	Fair value net gain	-	497	3,643	4,140
	Impairment losses	-	-	-	-
	At beginning of current year	-	25,497	154,525	180,022
	Additions	-	-	11,113	11,113
	Disposals (sales and redemptions)	-	-	-	-
	Fair value net gain		226	2,215	2,441
	Impairment losses	-	-	-	-
	At end of current year	-	25,723	167,853	193,576

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36 MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

36.1 Takaful risk

The principal risk that is faced under takaful contracts is the possibility that the covered event occurs, the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the takaful liabilities. By the very nature of the takaful contract, this risk is random and therefore unpredictable. The objective of the Operator is to ensure that sufficient reserves are available to cover these liabilities.

The Operator manages these risks through its underwriting strategy, adequate retakaful arrangements and proactive 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. The Operator underwrites mainly property, motor, marine cargo and transportation and other miscellaneous business. These classes of takaful are generally regarded as short-term takaful contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate takaful risk.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Operator has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. 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'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. The Operator obtains retakaful cover only from companies with sound financial health.

a) 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 manages these risk through the measures described above. The Operator has limited its exposure to catastrophic and riot events by use of retakaful arrangements.

The Operator also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighbouring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk. The 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 concentration of risk by type of contracts is summarized below by reference of liabilities.

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2021	Gross sum takaful	Sum Retakaful	Net
Rupees in thousand			
Fire and property damage	96,677,267	83,739,011	12,938,256
Marine, aviation and transport	94,613,367	57,029,957	37,583,410
Motor	11,842,450	1,245,524	10,596,926
Miscellaneous	10,982,461	6,243,896	4,738,565
	214,115,545	148,258,388	65,857,157

2020	Gross sum takaful	Sum Retakaful	Net
Rupees in thousand			
Fire and property damage	76,112,160	62,872,582	13,239,578
Marine, aviation and transport	87,552,845	52,387,813	35,165,032
Motor	10,327,233	1,458,968	8,868,265
Miscellaneous	12,897,366	3,888,976	9,008,390
	186,889,604	120,608,338	66,281,266

The Operator's class wise major gross risk exposure is as follows:

	2021	2020
Rupees in thousand		
Class of business		
Fire and property damage	2,461,200	1,600,000
Marine, aviation and transport	3,000,000	3,500,000
Motor	138,921	59,500
Miscellaneous	2,642,302	5,360,599

Since the Operator operates in Pakistan only, hence, all the takaful risks relate to policies written in Pakistan.

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b) 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. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under takaful contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

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 incurred but not reported (IBNR) at the balance sheet date. The details of estimation of outstanding claims (including IBNR) are given under note 3.7.

c) Key assumptions

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserves is that the Operator's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgement to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgement includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

d) Changes in assumptions

The Operator did not change its assumptions for the takaful contracts as disclosed in above (b) and (c).

e) Sensitivity analysis

The Operator believes that the claim liabilities under takaful contracts outstanding at the year end are 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 analysed 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.

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	Participants' Takaful Fund Revenue		Participants' Takaful Fund Equity	
	2021	2020	2021	2020
10% increase in loss	Rupees in thousand			
Fire and property damage	955	663	678	471
Marine aviation and transport	344	255	244	181
Motor	4,531	3,585	3,217	2,545
Health	1,632	1,731	1,159	1,229
Miscellaneous	815	189	579	134
	8,277	6,423	5,877	4,560

A 10% decrease would have had equal but opposite effect on the Statement of Comprehensive Income and Participants' Takaful Fund.

f) Age-wise breakup of unclaimed Takaful benefits

Age-wise Breakup						
Particulars	Total amount	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
Rupees in thousand						
Claims not encashed	6,356	4,937	347	365	707	-

36.2 Financial risk

The Operator's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (comprising of currency risk, profit rate 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. There are Board Committees and Management Committees for developing and monitoring the risk management policies.

36.3 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. Due to the nature of financial assets, the Operator believes it is not exposed to any major concentration of credit risk.

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The carrying amounts of the following financial assets represent the Operator's maximum exposure to credit risk:

	Operator's Fund		Participants' Takaful Fund	
	2021	2020	2021	2020
	Rupees in thousand			
Bank deposits	66,887	66,635	106,862	107,544
Investments	179,450	168,541	193,576	180,022
Loans and Other Receivables	9,402	2,159	3,685	1,024
Takaful/Retakaful receivable	1,204	1,028	80,096	53,305
Retakaful recoveries				
against outstanding claims	-	-	49,895	42,448
Salvage recoveries accrued	-	-	9,576	32
Receivable from PTF	44,554	43,540	-	-
	301,497	281,903	443,690	384,375

The Operator does not hold any collateral against the above balances. Past due policies were not impaired as they relate to the number of policy holders and other Takaful/ retakaful operators for whom there is no recent history of default. The age analysis of gross receivables is as follows:

a)	Operator's Fund	2021			2020		
		Due from Other takaful/ retakaful Operators	Loans and other receivables	Aggregate	Due from Other takaful/ retakaful Operators	Loans and other receivables	Aggregate
		Rupees in thousand					
	Upto 1 year	1,187	9,402	10,589	594	2,159	2,753
	1-2 years	11	-	11	222	-	222
	2-3 years	6	-	6	212	-	212
		1,204	9,402	10,606	1,028	2,159	3,187

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b) Participants' takaful fund					
		2021			
	Due from takaful contract holders	Due from other takaful/retakaful operators	Retakaful recoveries against outstanding claims	Loans and other receivables	Aggregate
Rupees in thousand					
Upto 1 year	53,395	17,635	35,896	3,685	110,611
1-2 years	3,586	4,372	13,563	-	21,521
2-3 years	184	2,317	436	-	2,937
	57,165	24,324	49,895	3,685	135,069
		2020			
	Due from takaful contract holders	Due from other takaful/retakaful operators	Retakaful recoveries against outstanding claims	Loans and other receivables	Aggregate
Rupees in thousand					
Upto 1 year	38,047	8,638	40,827	1,024	88,536
1-2 years	2,362	3,982	977	-	7,321
2-3 years	76	1,593	644	-	2,313
	40,485	14,213	42,448	1,024	98,170

The credit quality of Operator's bank balances and deposits can be assessed with reference to external credit ratings as follows:

Rating							
Financial institution	Rating		Rating agency	Operator's Fund		Participants' Takaful Fund	
	Short term	Long term		2021	2020	2021	2020
	Rupees in thousand						
Askari Islamic Bank	A1+	AA+	PACRA	36,497	36,836	9,558	2,032
Meezan Bank	A-1+	AAA	JCR-VIS	2,095	2,230	91,785	99,258
The Bank of Khyber	A1	A	PACRA	-	-	112	6,249
Al Barka Bank Ltd	A-1	A+	JCR-VIS	28,285	27,570	4	4
Faysal Bank Ltd	A1+	AA	PACRA	-	-	5,212	-
Bank Al-Habib Ltd	A1+	AAA	PACRA	10	-	-	-
				66,887	66,636	106,671	107,543

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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.

The credit quality of amount due from other takaful & retakaful operators and retakaful recoveries against outstanding claims can be assessed with reference to external credit ratings as follows:

a)	Operator's Fund	2021		2020	
		Takaful / Retakaful Receivable		Takaful / Retakaful Receivable	
		Rupees in thousand			
	A or above	1,204		1,028	
		1,204		1,028	
b)	Participants' takaful fund	2021		2020	
		Other Takaful / Retakaful Receivable	Retakaful recoveries against Outstanding claims	Other Takaful / Retakaful Receivable	Retakaful recoveries against Outstanding claims
		Rupees in thousand			
	A or above	24,075	49,895	14,213	42,448
		24,075	49,895	14,213	42,448

36.4 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its obligations associated with financial liabilities. In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash out-flows 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. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.

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	2021			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees in thousand			
Financial Liabilities - OPF				
Other creditors and accruals	27,869	27,869	27,869	-
Takaful/retakaful payable	5,849	5,849	5,849	-
	33,718	33,718	33,718	-
Financial Liabilities - PTF				
Provision for Outstanding Claims (including IBNR)	132,662	132,662	132,662	-
Takaful/retakaful payable	152,580	152,580	152,580	-
Wakala fees payable	43,222	43,222	43,222	-
Other creditors and accruals	10,014	10,014	10,014	-
	338,478	338,478	338,478	-
	2020			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees in thousand			
Financial Liabilities - OPF				
Other creditors and accruals	21,845	21,845	21,845	-
Takaful/retakaful payable	4,543	4,543	4,543	-
	26,388	26,388	26,388	-
Financial Liabilities - PTF				
Provision for Outstanding Claims (including IBNR)	106,671	106,671	106,671	-
Takaful/retakaful payable	119,668	119,668	119,668	-
Wakala fees payable	41,078	41,078	41,078	-
Other creditors and accruals	11,153	11,153	11,153	-
	278,570	278,570	278,570	-

36.5 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 exchange rates and equity prices.

The Operator limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in Government securities, equity and term finance certificates' markets. In addition, the Operator actively monitors the key factors that affect the underlying value of these securities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

ANNUAL REPORT 2021

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 Operator's financial liabilities are not exposed to profit rate risk. The information about Operator's exposure to profit rate risk based on contractual reprising or maturity dates whichever is earlier is as follows:

	2021					
	Effective rate % per annum		Interest / mark-up bearing financial instruments		Non-interest / mark-up bearing financial instruments	
			Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year
			Rupees in thousand			
			Sub total	Sub total	Sub total	Sub total
						Total
Financial assets						
Operator's Fund						
Investments in equity securities			-	-	143,366	-
Investments in Sukuks	7.28% to 9.37%		36,084	-	-	-
Loans and other receivables			-	-	9,402	9,402
Takaful / re-takaful receivables			-	-	1,204	1,204
Receivable from PTF			-	-	44,554	44,554
Cash and bank	2% to 6.25%		66,887	-	-	66,887
			66,887	36,084	198,526	301,497
Participants' Takaful Fund						
Investments in equity securities			-	-	167,853	-
Investments in Sukuks	7.28% to 9.37%		25,723	-	-	-
Loans and other receivables			-	-	3,685	3,685
Takaful / re-takaful receivables			-	-	80,096	80,096
Re-takaful recoveries against outstanding claims			-	-	49,895	49,895
Salvage recoveries accrued			-	-	9,576	9,576
Cash and bank	2% to 6.25%		106,671	-	191	106,862
			106,671	25,723	311,296	443,690
Financial liabilities						
Operator's Fund						
Takaful / re-takaful payables			-	-	(5,849)	(5,849)
Other creditors and accruals			-	-	(27,869)	(27,869)
			-	-	(33,718)	(33,718)
Participants' Takaful Fund						
Outstanding claims including IBNR			-	-	(132,662)	(132,662)
Payable to OPF			-	-	(44,554)	(44,554)
Takaful / re-takaful payables			-	-	(152,580)	(152,580)
Other creditors and accruals			-	-	(10,014)	(10,014)
			-	-	(339,810)	(339,810)

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

2020

	Effective rate % per annum	Interest / mark-up bearing financial instruments		Non-interest / mark-up bearing financial instruments		Total		
		Rupees in thousand						
		Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year		Maturity after one year	Sub total
Financial assets								
Operator's Fund								
Investments in equity securities		-	-	-	132,795	-	132,795	132,795
Investments in Sukuks	8.53% to 15.51%	-	35,746	35,746	-	-	-	35,746
Loans and other receivables		-	-	-	2,159	-	2,159	2,159
Takaful / re-takaful receivables		-	-	-	1,028	-	1,028	1,028
Receivable from PTF		-	-	-	43,540	-	43,540	43,540
Cash and bank	2.51% to 7.75%	66,635	-	66,635	-	-	-	66,635
		66,635	35,746	102,381	179,522	-	179,522	281,903
Participants' Takaful Fund								
Investments in equity securities		-	-	-	154,525	-	154,525	154,525
Investments in Sukuks	8.53% to 15.51%	-	25,497	25,497	-	-	-	25,497
Loans and other receivables		-	-	-	1,024	-	1,024	1,024
Takaful / re-takaful receivables		-	-	-	53,554	-	53,554	53,554
Re-takaful recoveries against outstanding claims		-	-	-	42,448	-	42,448	42,448
Salvage recoveries accrued		-	-	-	32	-	32	32
Cash and bank	2.51% to 7.75%	106,671	-	106,671	355	-	355	107,026
		106,671	25,497	132,168	251,938	-	251,938	384,106
Financial liabilities								
Operator's Fund								
Takaful / re-takaful payables		-	-	-	(4,543)	-	(4,543)	(4,543)
Other creditors and accruals		-	-	-	(21,845)	-	(21,845)	(21,845)
		-	-	-	(26,388)	-	(26,388)	(26,388)
Participants' Takaful Fund								
Outstanding claims including IBNR		-	-	-	(106,671)	-	(106,671)	(106,671)
Payable to OPF		-	-	-	(43,540)	-	(43,540)	(43,540)
Takaful / re-takaful payables		-	-	-	(119,917)	-	(119,917)	(119,917)
Other creditors and accruals		-	-	-	(11,152)	-	(11,152)	(11,152)
		-	-	-	(281,280)	-	(281,280)	(281,280)

Cash flow sensitivity analysis for variable rate instruments

The Operator is exposed to cash flow profit rate risk in respect of its cash and bank balances and Sukuk bonds. In case of 100 basis points (bp) increase / decrease in profit rates at period end, assuming that all other variables remain constant, the net income and accumulated profit would have been higher / lower approximately by Rs 0.97 million (2020: Rs 0.97 million) in Operators' fund. Similarly, in case of Participants' Takaful Fund the net income and balance of Waqf / PTF would have been higher / lower approximately by Rs 1.27 million (2020: Rs. 1.28 million).

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.

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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36.6 Price risk

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.

The following table summarises the Company's price risk as at December 31, 2021 and 2020. It shows the effects of an estimated increase of 10% in the market prices as on those dates. A decrease of 10% in the fair values of equity securities would affect it in a similar and opposite manner.

	Fair value	Price change	Effect on fair value
	Rupees in thousand		Rupees in thousand
Operator's Fund			
December 31, 2021	143,366	+10%	14,337
	143,366	-10%	(14,337)
December 31, 2020	132,795	+10%	13,280
	132,795	-10%	(13,280)
Participants' Takaful Fund			
December 31, 2021	167,853	+10%	16,785
	167,853	-10%	(16,785)
December 31, 2020	154,525	+10%	15,453
	154,525	-10%	(15,453)

37 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions. Following major reclassifications have been made during the year:

Reclassified from	Reclassified to	Rupees in thousand
Due to takaful participants / retakaful payable	Due from other Takaful/Retakaful Operators	249

38 During the year, the novel coronavirus (COVID 19) emerged, the International Health Regulations Emergency Committee of the WHO declared the outbreak a "Public Health Emergency of International Concern". The scale and duration of this outbreak remains uncertain and as it evolves globally in 2021, the Company based on its current assessment considered that there would be no significant impact that will adversely affect its business, result of operations and financial condition of the Company.

39 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on its meeting held on April 27, 2022.



Suleman Khalid
Chief Financial Officer



Abdul Waheed
President & Chief Executive



AVM Mohammad Athar Shams (Retd)
Director



Lt Gen Naveed Mukhtar (Retd)
Chairman

PATTERN OF SHAREHOLDING

AS AT 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

No. of Shareholders	From	To	Shares Held	Percentage
291	1	100	11,606	0.0161
661	101	500	241,607	0.3360
186	501	1,000	141,328	0.1966
381	1,001	5,000	957,161	1.3312
103	5,001	10,000	747,603	1.0398
45	10,001	15,000	566,854	0.7884
19	15,001	20,000	328,275	0.4566
5	20,001	25,000	115,672	0.1609
13	25,001	30,000	360,339	0.5012
7	30,001	35,000	236,514	0.3289
6	35,001	40,000	228,198	0.3174
7	40,001	45,000	298,285	0.4148
9	45,001	50,000	433,616	0.6031
3	50,001	55,000	153,228	0.2131
1	55,001	60,000	57,500	0.0800
2	60,001	65,000	127,723	0.1776
1	65,001	70,000	69,649	0.0969
2	70,001	75,000	146,291	0.2035
1	75,001	80,000	79,350	0.1104
3	85,001	90,000	262,382	0.3649
1	95,001	100,000	100,000	0.1391
3	100,001	105,000	305,970	0.4255
2	110,001	115,000	229,000	0.3185
1	115,001	120,000	117,530	0.1635
1	120,001	125,000	121,256	0.1686
3	125,001	130,000	388,500	0.5403
1	135,001	140,000	140,000	0.1947
1	140,001	145,000	141,787	0.1972
3	150,001	155,000	455,610	0.6337
2	175,001	180,000	351,729	0.4892
4	180,001	185,000	731,146	1.0169
1	185,001	190,000	188,025	0.2615
1	195,001	200,000	197,225	0.2743

PATTERN OF SHAREHOLDING

AS AT 31 DECEMBER 2021

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No. of Shareholders	From	To	Shares Held	Percentage
1	200,001	205,000	201,613	0.2804
1	210,001	215,000	210,358	0.2926
1	225,001	230,000	227,733	0.3167
1	310,001	315,000	315,000	0.4381
1	395,001	400,000	399,546	0.5557
1	505,001	510,000	506,810	0.7049
1	530,001	535,000	532,305	0.7403
1	595,001	600,000	599,390	0.8336
1	660,001	665,000	661,250	0.9197
1	775,001	780,000	779,533	1.0842
1	800,001	805,000	805,000	1.1196
1	805,001	810,000	808,162	1.1240
1	855,001	860,000	858,962	1.1946
1	1,495,001	1,500,000	1,495,508	2.0799
1	1,730,001	1,735,000	1,732,500	2.4095
1	1,980,001	1,985,000	1,980,976	2.7551
1	2,510,001	2,515,000	2,513,267	3.4954
1	5,700,001	5,705,000	5,701,303	7.9293
1	42,540,001	42,545,000	42,541,720	59.1663
1,789		Company Total	71,901,895	100.0000

PATTERN OF SHAREHOLDING

AS AT 31 DECEMBER 2021

ASKARI INSURANCE CO. LTD

Particulars	No. of Shareholders	Shares Held	Percentage
Individuals	1,762	23,184,226	32.24%
Financial Institutions	1	4,562	0.01%
Mutual Funds	1	779,533	1.08%
Charitable Trust	4	42,600,734	59.25%
Others	21	5,332,840	7.42%
Total	1,789	71,901,895	100.00%

Held By			
Particulars	No. of Shareholders	Shares Held	Percentage
Associated companies, undertakings & related parties			
Army Welfare Trust	4	42,600,734	59.25%

Directors, CEO, their spouse & minor children			
Lt Gen Naveed Mukhtar (Retd)	1	3,521	0.00%
Maj Gen Muhammad Muazzam Ali Goraya (Retd)	1	923	0.00%
AVM Mohammad Athar Shams (Retd)	1	3,521	0.00%
Brig Kamran Asad (Retd)	1	3,521	0.00%
Malik Riffat Mahmood	1	923	0.00%
Mohammad Munir Malik	1	725	0.00%
Saima Akbar Khattak	1	500	0.00%
Imran Iqbal	1	532,305	0.74%

Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Modarabas & pension funds (other than specified above)			
Escorts Investment Bank Limited	1	4,562	0.01%

Mutual Funds			
CDC - Trustee AKD Opportunity Fund	1	779,533	1.08%

Shareholders holding five percent or more voting rights in the Company			
Muhammad Iqbal	1	5,701,303	7.93%

Individuals - local	1,705	15,030,715	20.90%
- foreign	48	1,906,269	2.65%

Others	21	5,332,840	7.42%
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Total	1,789	71,901,895	100.00%
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NOTICE OF 27TH ANNUAL GENERAL MEETING

ANNUAL REPORT 2021

Notice is hereby given that the 27th Annual General Meeting (AGM) of the shareholders of Askari General Insurance Limited (the Company) will be held at Blue Lagoon, Rawalpindi on Monday May 30, 2022, at 11:00 a.m. to transact the following business:

Ordinary Business:

1. To confirm minutes of the 26th Annual General Meeting held on May 25, 2021.
2. To receive, consider, approve and adopt the annual, Audited Financial Statements (Consolidated and Unconsolidated) of the Company for the year ended December 31, 2021 together with Chairman review, Directors' and Auditors' Reports thereon.
As required under section 223(7) of the Companies Act 2017, Financial statements of the Company have been uploaded on the website of the Company which can be downloaded from the following link: <https://www.agico.com.pk/reports.php>
3. To consider and approve payment of final cash dividend of 27.5% (Rs. 2.75 per share) for the year ended December 31, 2021, as recommended by the Directors of the Company.
4. To appoint auditors for the year 2022 and to fix their remuneration. The Audit Committee and the Board of Directors have recommended appointing Yousuf Adil, Chartered Accountants as statutory auditors of the Company in place of retiring auditors, A.F. Ferguson & Co. Chartered Accountants.
5. To transact any other business with permission of the Chair.

Rawalpindi
May 09, 2022

By order of the Board



Haseeb Gul

Company Secretary

IMPORTANT NOTES:

1. Participation by Shareholders

Arrangements have been made by Company to facilitate the participation of the shareholders in AGM through online video conference, in-person participation or through appointed proxies. To avail this facility, the shareholders are requested to please provide below particulars to our Company Secretary Office of the Company at cs@agico.com.pk before close of business hours on May 23, 2022.

Folio/CDC Account No	Name	CNIC No.	Cell No.	Email Address

The shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM on email: cs@agico.com.pk.

2. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from May 24, 2022 to May 30, 2022 (both days inclusive). Transfers received at our Share Registrars, Messrs. THK Associate (Pvt.) Limited, 32-C Jami Commercial Street -2, DHA Phase 7, Karachi, at the close of business on May 23, 2022 will be treated in time for the purposes of entitlement of members to the final cash dividend and for attending and voting at the AGM.

NOTICE OF 27TH ANNUAL GENERAL MEETING

ASKARI INSURANCE CO. LTD

3. Change of Address

Members of the Company are requested to immediately notify the change in address if any, and ask for consolidation of folio number, provided the member holds more than one folio, to the Share Registrar.

4. Deduction of Withholding Tax on the Amount of Dividend

Under Section 150 of the Income Tax Ordinance, 2001 withholding tax on dividend income will be deducted as follows:

For filers of Income Tax returns 15%

For non-filers of Income Tax returns 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders, including joint shareholders, whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they, or their joint holders, are filers, are advised to make sure that their names are entered into ATL by the close of business on May 23, 2022.

5. Exemption from Tax and Deduction of Zakat:

Shareholders, who intend to claim exemption from tax and/or zakat (where applicable), are advised to ensure that they have provided valid tax exemption certificates and zakat declaration to their respective broker/company's shares registrar before May 23, 2022

6. Taxation for Joint Shareholders

In order to ensure that holders of shares held in joint names or joint accounts are treated individually as filers or non-filers, all such shareholders are requested to provide shareholding proportions of principal shareholder and joint holder(s) in respect of shares held by them to our Share Registrar, on the address mentioned at end of notice, in writing before close of business on May 23, 2022 as per format given below.

Name of Principal Shareholder/Joint Holders	Shareholding proportions (%)	CNIC No. (copy to be attached)	Folio / CDS Account No.	Total Shares	Signature

NOTE: In the event of non-receipt of the information by May 23, 2022, each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

7. ELECTRONIC DIVIDEND MANDATE

Under section 242 of Companies Act, 2017, it is mandatory for all listed Companies to pay cash dividend to its shareholders only through electronic mode directly into the bank account designated by the entitled shareholders. In order to receive dividend directly into their respective bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend produced below and also on the Company's website and send it duly signed along with a copy of CNIC to the Share Registrar of the Company, THK Associates (Pvt.) Ltd., 32-C Jami Commercial Street-2, DHA Phase 7, Karachi, Pakistan, in case of physical shares.

In case shares are held in CDC, electronic dividend mandate form must be directly submitted to shareholder's brokers / participant / CDC account services.

In case of non-receipt of information, the Company will be obliged to withhold payment of dividend to such shareholders till provision of prescribed details.

NOTICE OF 27TH ANNUAL GENERAL MEETING

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Name of Company	
Folio No	
Name of Shareholder	
CNIC	
Contact No	
Email Address	
International Bank Account Number (IBAN -24 digit) Mandatory	PK
Bank's Name	
Branch Name/Address	
New Mailing Address	

Please also note that in compliance with section 244 of the Companies Act, 2017, after completion of required procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited with the Federal Government.

8. Circulation of annual reports and notices of meetings:

In compliance with the Section 223(6) of Companies Act 2017, the Company has electronically transmitted the Annual Report 2021 through email to shareholders whose email addresses are available with the Company's Share Registrar, THK Associates (Private) Limited. In those cases, where email addresses are not available with the Company Share Registrar, THK Associates (Private) Limited, printed notice of AGM along with the weblink to download the said financial statements have been dispatched. The Company would provide hard copies of the Annual Report to the Shareholders on their demand at their registered addresses, free of cost, within one week of such request. Those members who desire to receive printed copy of Annual Report 2021 may send an email request to company secretary at cs@agico.com.pk

9. Conversion of Physical Shares into Book-Entry Form:

The Shareholders having physical shares may open CDC sub-account with any of the brokers or Investor Account directly with the Central Depository Company (CDC) of Pakistan Limited to have their physical shares converted into electronic form. This will facilitate them in many ways including safe custody and timely sale of shares. Additionally, Section 72 of the Companies Act, 2017 (Act) requires that after the commencement of the Act from a date notified by the Securities and Exchange Commission of Pakistan (SECP), a company having share capital, shall have shares in electronic form only. Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four years from the commencement of the Act.

10. Unclaimed Dividend

As per provision of Section 244 of the Act, any shares issued, or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable are required to be deposited with Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the shareholders to file their claim.

Shareholders, who by any reason, could not claim their dividend, if any, are advised to contact our Share Registrar, THK Associates (Private) Limited, 32-C, Jami Commercial Street-2, DHA Phase 7, Karachi, to collect / enquire about their unclaimed dividend. In case, no claim is lodged with the company in the given time, the Company, after lapse of time period given in the notice in the newspaper, shall proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of the Act.

An updated list for unclaimed dividend/shares of the Company is available on the Company's website www.agico.com.pk.

11. Availability of Audited Financial Statement on Company's Website:

The audited financial statements of the Company for the year ended December 31, 2021 have been made available on the Company's website www.agico.com.pk

NOTICE OF 27TH ANNUAL GENERAL MEETING

ASKARI INSURANCE CO. LTD

SPECIAL NOTES

A. For Attending the meeting:

- i. In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Regulations shall authenticate his/her original valid Computerized National Identity Card (CNIC) or the original Passport at the time of attending the meeting.
- ii. The shareholders registered on CDC are also requested to bring their particulars, I.D numbers and account numbers in CDS.
- iii. In case of corporate entity, the Board of Directors' resolution/power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

B. For appointment of proxies:

- i. A Member entitled to attend and vote at the Annual General Meeting may appoint another person as his proxy to attend and vote for him/her. No person shall act as proxy, who is not a member of the Company except that Government of Pakistan/Corporate entity may appoint a person who is not a member of the Company. If the member is corporate entity (other than Government of Pakistan) its common seal should be affixed on the instrument.
- ii. A member shall not be entitled to appoint more than one proxy to attend anyone meeting. If any member appoints more than one proxy for anyone meeting and more than one instruments of proxy are deposited with the company, all such instruments of proxy shall be rendered invalid. The instrument appointing a proxy duly completed, together with Power of Attorney or Board Resolution, if any, under which it is signed or a notarially certified copy thereof, should be deposited with the Company Secretary, Askari General Insurance Company Limited, 3rd Floor, AWT Plaza, The Mall, Rawalpindi, not later than 48 hours before the time of holding the meeting.
- iii. For attending the meeting and appointing proxies, CDC Account Holders will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000, issued by Securities and Exchange Commission of Pakistan (SECP). The rights of the members and their proxies exercisable during meetings and all other relevant information are listed in S.137 of the Companies Act 2017, which can be easily accessed on the Securities and Exchange Commission of Pakistan (SECP) website.
- iv. In case of individuals, the account holder or sub-account holder and/or the persons whose registration details are uploaded as per the Regulations shall submit the proxy form as per requirement notified by the Company.
- v. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- vi. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- vii. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- viii. In case of corporate entity being a Member, the Board of Directors' resolution / power of attorney with specimen signature of the nominee / attorney shall have to be submitted (unless it has been provided earlier) along with the proxy form to the Company.

Contact Information:

For any query/problem/information, the shareholders may contact the Company Secretary and/or the Share Registrar at the following:

Company Representative

Company Secretary
051-9028119, 051-9028101
cs@agico.com.pk

Shares Registrar

THK Associates (Private) Limited
32-C, Jami Commercial Street-2,
DHA Phase 7, Karachi

خصوصی نوٹس

A. اجلاس میں شرکت کے لیے:

- i. افراد کے معاملے میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر جن کی رجسٹریشن کی تفصیلات ضوابط کے مطابق اپ لوڈ کی گئی ہیں، میٹنگ میں شرکت کے وقت اپنے اصل درست کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ کی تصدیق کرے گا۔
- ii. سی ڈی سی پر رجسٹرڈ شیئر ہولڈرز سے بھی درخواست کی جاتی ہے کہ وہ سی ڈی ایس میں اپنی تفصیلات، آئی ڈی نمبر اور اکاؤنٹ نمبر لائیں۔
- iii. کارپوریٹ ادارے کی صورت میں، میٹنگ کے وقت بورڈ آف ڈائریکٹرز کی ریزولوشن / پاور آف اٹارنی جس میں نامزد شخص کے دستخط کے نمونے دستیاب کئے جائیں گے (جب تک یہ پہلے فراہم نہ کیا گیا ہو)۔

B. پراکسیز کی تقرری کے لیے:

- i. سالانہ عام اجلاس میں شرکت کرنے اور ووٹ دینے کا حقدار رکن کسی دوسرے شخص کو شرکت کرنے اور اسے ووٹ دینے کے لیے اپنا پراکسی مقرر کر سکتا ہے۔ کوئی بھی شخص پراکسی کے طور پر کام نہیں کرے گا، جو کمپنی کا رکن نہیں ہے سوائے اس کے کہ حکومت پاکستان / کارپوریٹ ادارہ کسی ایسے شخص کو مقرر کر سکتا ہے جو کمپنی کا رکن نہیں ہے۔ اگر ممبر کارپوریٹ ادارہ ہے (حکومت پاکستان کے علاوہ) اس کی عام مہر انٹر وینٹ پر چسپاں ہونی چاہیے۔
- ii. ایک رکن کسی بھی میٹنگ میں شرکت کے لیے ایک سے زیادہ پراکسی مقرر کرنے کا حقدار نہیں ہوگا۔ اگر کوئی ممبر کسی بھی میٹنگ کے لیے ایک سے زیادہ پراکسی کا تقرر کرتا ہے اور پراکسی کے ایک سے زیادہ انسٹرومنٹس کمپنی کے پاس جمع کرائے جاتے ہیں تو ایسے تمام پراکسی انسٹرومنٹس کو غلط قرار دیا جائے گا۔ پاور آف اٹارنی یا بورڈ ریزولوشن کے ساتھ، اگر کوئی ہو، جس کے تحت اس پر دستخط کیے گئے ہوں یا اس کی ایک نوٹری سے تصدیق شدہ کاپی کے ساتھ، مناسب طریقے سے مکمل شدہ پراکسی کا تقرر کرنے والا انسٹرومنٹ، کمپنی سیکرٹری، عسکری جنرل انشورنس کمپنی لمیٹڈ، تیسری منزل، اے ڈبلیو ٹی پلازہ، دی مال، راولپنڈی کے پاس جمع کرایا جائے۔ میٹنگ کے وقت سے 48 گھنٹے پہلے۔
- iii. میٹنگ میں شرکت اور پراکسیز کی تقرری کے لیے، سی ڈی سی اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی طرف سے جاری کردہ 26 جنوری 2000 کے سرکلر نمبر 1 میں بیان کردہ رہنما خطوط پر مزید عمل کرنا ہوگا۔ میٹنگز کے دوران ممبران اور ان کے پراکسیز کے استعمال ہونے والے حقوق اور دیگر تمام متعلقہ معلومات کمپنیز ایکٹ 2017 کے S.137 میں درج ہیں، جنہیں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی ویب سائٹ پر آسانی سے حاصل کیا جاسکتا ہے۔
- iv. افراد کے معاملے میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور / یا وہ افراد جن کی رجسٹریشن کی تفصیلات ضوابط کے مطابق اپ لوڈ کی گئی ہیں، کمپنی کی طرف سے مطلع کردہ ضرورت کے مطابق پراکسی فارم جمع کرائیں گے۔
- v. پراکسی فارم پر دو افراد کو اپنی دیں گے جن کے نام، پتے اور شناختی کارڈ نمبر فارم پر درج ہوں گے۔
- vi. شناختی کارڈ کی تصدیق شدہ کاپیاں یا فائدہ اٹھانے والے مالکان اور پراکسی کی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ پیش کی جائیں گی۔
- vii. پراکسی میٹنگ کے وقت اپنا اصل شناختی کارڈ یا اصل پاسپورٹ پیش کرے گا۔
- viii. کارپوریٹ ادارے کے ممبر ہونے کی صورت میں، بورڈ آف ڈائریکٹرز کی ریزولوشن / پاور آف اٹارنی جس میں نامزد شخص / اٹارنی کے نمونے کے دستخط ہوں گے (جب تک کہ اسے پہلے فراہم نہ کیا گیا ہو) کمپنی کو پراکسی فارم کے ساتھ جمع کرانا ہوگا۔

رابطے کی معلومات:

کسی بھی سوال / مسئلہ / معلومات کے لیے، شیئر ہولڈرز کمپنی سیکرٹری اور / یا شیئر رجسٹرار سے درج ذیل پر رابطہ کر سکتے ہیں:

کمپنی کا نمائندہ

کمپنی سیکرٹری

9028101-051, 9028206-051

cs@agico.com.pk

شیئر رجسٹرار

THK ایس (پرائیویٹ) لمیٹڈ

32-C، جامی کمرشل اسٹریٹ-2،

ڈی ایچ اے فیز 7، کراچی

27 ویں سالانہ جنرل میٹنگ کی اطلاع

ASKARI INSURANCE CO. LTD

کمپنی کا نام	
فولیو نمبر	
شیئر ہولڈر کا نام	
شناختی کارڈ	
رابطہ نمبر	
ای میل پتہ	
انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN -24 digit) لازمی	PK
بینک کا نام	
برانچ کا نام / پتہ	
نیا خط و کتابت کا پتہ	

براہ کرم یہ بھی نوٹ کریں کہ کمپنیز ایکٹ، 2017 کے سیکشن 244 کی تعمیل میں، مطلوبہ طریقہ کار کی تکمیل کے بعد، مقررہ تاریخ سے تین سال کی مدت کے لیے بغیر دعویٰ کیے گئے تمام منافع اور قابل ادائیگی وفاقی حکومت کے پاس جمع کرائے جائیں گے۔

8. سالانہ رپورٹوں اور اجلاسوں کے نوٹسز کی سرکولیشن:

کمپنیز ایکٹ 2017 کے سیکشن 223(6) کی تعمیل میں، کمپنی نے الیکٹرانک طور پر سالانہ رپورٹ 2021 کو ای میل کے ذریعے ان شیئر ہولڈرز تک پہنچایا ہے جن کے ای میل پتے کمپنی کے شیئر رجسٹرار، THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کے پاس دستیاب ہیں۔ ان معاملات میں، جہاں کمپنی شیئر رجسٹرار، THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کے پاس ای میل ایڈریس دستیاب نہیں ہیں، مذکورہ مالیاتی گوشواروں کو ڈاؤن لوڈ کرنے کے لیے ویب لنک کے ساتھ AGM کا پرنٹ شدہ نوٹس بھیج دیا گیا ہے۔ کمپنی شیئر ہولڈرز کو ان کے مطالبے پر سالانہ رپورٹ کی ہارڈ کاپیاں ان کے رجسٹرڈ پتے پر مفت فراہم کرے گی، ایسی درخواست کے ایک ہفتے کے اندر۔ جو ممبر ان سالانہ رپورٹ 2021 کی پرنٹ شدہ کاپی حاصل کرنا چاہتے ہیں وہ کمپنی سیکرٹری کو cs@agico.com.pk پر ای میل درخواست بھیج سکتے ہیں۔

9. فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنا:

فزیکل شیئرز رکھنے والے شیئر ہولڈرز کسی بھی بروکر کے ساتھ سی ڈی سی ڈی بی اکاؤنٹ کھول سکتے ہیں یا پاکستان لمیٹڈ کی سینٹرل ڈیپازٹری کمپنی (سی ڈی سی) کے ساتھ براہ راست انویسٹر اکاؤنٹ کھول سکتے ہیں تاکہ ان کے فزیکل شیئرز کو الیکٹرانک شکل میں تبدیل کیا جاسکے۔ یہ انہیں کئی طریقوں سے سہولت فراہم کرے گا بشمول محفوظ تحویل اور حصص کی بروقت فروخت۔ مزید برآں، کمپنیز ایکٹ، 2017 (ایکٹ) 72 کا سیکشن یہ تقاضا کرتا ہے کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے مطلع شدہ تاریخ سے ایکٹ کے نفاذ کے بعد، ایک کمپنی جس کے پاس حصص کپٹل ہے، صرف الیکٹرانک شکل میں حصص رکھے گی۔ ہر موجودہ کمپنی پر لازم ہو گا کہ وہ اپنے فزیکل شیئرز کو بک انٹری فارم کے ساتھ اس طریقے سے تبدیل کرے جیسا کہ بیان کیا گیا ہو اور ایس ای سی پی کی طرف سے مطلع کردہ تاریخ سے، جو ایکٹ کے نفاذ سے چار سال سے زیادہ نہ ہو۔

10. غیر دعویٰ شدہ ڈیویڈنڈ

ایکٹ کے سیکشن 244 کے پروویژن کے مطابق، کمپنی کی طرف سے جاری کردہ کسی بھی حصص، یا ڈیویڈنڈ کا اعلان کیا گیا ہے جو اس تاریخ سے تین سال کی مدت کے لیے بغیر دعویٰ کے / بغیر ادا شدہ رہ گیا ہے جس دن یہ واجب الادا اور قابل ادائیگی ہے، کو شیئر ہولڈرز کو اپنا دعویٰ دائر کرنے کے نوٹسز جاری کرنے کے بعد وفاقی حکومت کے کریڈٹ کے لیے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے پاس جمع کرنا ضروری ہے۔

شیئر ہولڈرز، جو کسی بھی وجہ سے اپنے ڈیویڈنڈ کا دعویٰ نہیں کر سکے، اگر کوئی ہے، انہیں مشورہ دیا جاتا ہے کہ وہ اپنے غیر دعویٰ شدہ ڈیویڈنڈ حاصل / پوچھ گچھ کرنے کے لئے ہمارے شیئر رجسٹرار، ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 32-سی، جی کمرشل اسٹریٹ-2، ڈی ایچ ای فیز 7، کراچی سے رابطہ کریں۔ اگر دیے گئے وقت میں کمپنی کے پاس کوئی دعویٰ درج نہیں کیا جاتا ہے، تو کمپنی، اخبار میں نوٹس میں دی گئی مدت ختم ہونے کے بعد، غیر دعویٰ شدہ / غیر ادا شدہ رقم اور حصص وفاقی حکومت کے پاس جمع کرانے کے لیے ایکٹ کی دفعہ 244(2) کی پروویژن کے لئے آگے بڑھے گی۔

کمپنی کے غیر دعویٰ شدہ ڈیویڈنڈ / حصص کی ایک تازہ ترین فہرست کمپنی کی ویب سائٹ www.agico.com.pk پر دستیاب ہے۔ <http://www.agico.com.pk>

11. کمپنی کی ویب سائٹ پر آڈٹ شدہ مالیاتی گوشوارے کی دستیابی:

31 دسمبر 2021 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کو کمپنی کی ویب سائٹ www.agico.com.pk پر دستیاب کر دیا گیا ہے۔

3. چھ کی تبدیلی

کمپنی کے ممبران سے درخواست کی جاتی ہے کہ ایڈریس میں تبدیلی اگر کوئی ہو تو فوری طور پر مطلع کریں، اور شیئر رجسٹرار کو، فولیو نمبر کو یکجا کرنے کا مطالبہ کریں، بشرطیکہ ممبر کے پاس ایک سے زیادہ فولیو ہوں۔

4. ڈیویڈنڈ کی رقم پر دو ہولڈنگ ٹیکس کی کٹوتی

انکم ٹیکس آرڈیننس، 2001 کے سیکشن 150 کے تحت ڈیویڈنڈ کی آمدنی پر دو ہولڈنگ ٹیکس کی کٹوتی اس طرح کی جائے گی:

انکم ٹیکس گوشواروں کے فائلرز کے لیے 15%

انکم ٹیکس گوشواروں کے نان فائلرز کے لیے 30%

کمپنی کو 30% کی بجائے 15% کیش ڈیویڈنڈ کی رقم پر ٹیکس کٹوتی کرنے کے قابل بنانے کے لیے، تمام شیئر ہولڈرز بشمول مشترکہ شیئر ہولڈرز، جن کے نام ایف بی آر کی ویب سائٹ پر موجود ایکٹو ٹیکس پیوزر لسٹ (ATL) میں درج نہیں ہیں، اس حقیقت کے باوجود کہ وہ، یا ان کے جوائنٹ ہولڈرز، فائلرز ہیں، کو مشورہ دیا جاتا ہے کہ وہ اس بات کو یقینی بنائیں کہ ان کے نام 23 مئی 2022 کو کاروبار کے اختتام تک اسے ٹی ایل میں داخل ہوں۔

5. ٹیکس سے استثنیٰ اور زکوٰۃ کی کٹوتی:

شیئر ہولڈرز، جو ٹیکس اور / یا زکوٰۃ (جہاں قابل اطلاق ہو) سے استثنیٰ کا دعویٰ کرنے کا ارادہ رکھتے ہیں، انہیں مشورہ دیا جاتا ہے کہ وہ 23 مئی 2022 سے پہلے اپنے متعلقہ بروکر / کمپنی کے حصص کے رجسٹرار کو ٹیکس سے استثنیٰ کے درست سرٹیفکیٹ اور زکوٰۃ ڈیکلریشن فراہم کر دیں۔

6. مشترکہ شیئر ہولڈرز کے لیے ٹیکس

اس بات کو یقینی بنانے کے لیے کہ مشترکہ ناموں یا مشترکہ کھاتوں میں رکھے گئے حصص رکھنے والوں کے ساتھ انفرادی طور پر فائلرز یا نان فائلرز کے طور پر برتاؤ کیا جاتا ہے، ایسے تمام شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے پاس رکھے ہوئے حصص کے سلسلے میں پرنسپل شیئر ہولڈر اور جوائنٹ ہولڈرز کے شیئر ہولڈنگ کاتنسب فراہم کریں۔ ہمارے شیئر رجسٹرار کو، نوٹس کے آخر میں بتائے گئے پتے پر، 23 مئی 2022 کو کاروبار بند ہونے سے پہلے تحریری طور پر نیچے دیے گئے فارمیٹ کے مطابق۔

پر پرنسپل شیئر ہولڈر / جوائنٹ ہولڈرز کا نام	شیئر ہولڈنگ کاتنسب (%)	شناختی کارڈ نمبر (کاپی منسلک کریں)	فولیو / سی ڈی ایس اکاؤنٹ نمبر	کل شیئرز	دستخط

نوٹ: 23 مئی 2021 تک معلومات نہ ملنے کی صورت میں، ہر شیئر ہولڈر کے پاس حصص کا مساوی تناسب فرض کیا جائے گا اور اس کے مطابق ٹیکس کی کٹوتی کی جائے گی۔

7. الیکٹرانک ڈیویڈنڈ مینڈیٹ

کمپنیز ایکٹ، 2017 کے سیکشن 242 کے تحت، تمام لسٹڈ کمپنیوں کے لیے یہ لازمی ہے کہ وہ اپنے شیئر ہولڈرز کو صرف الیکٹرانک موڈ کے ذریعے براہ راست متعلقہ شیئر ہولڈرز کے نامزد کردہ بینک اکاؤنٹ میں نقد ڈیویڈنڈ ادا کریں۔ براہ راست اپنے متعلقہ بینک اکاؤنٹ میں ڈیویڈنڈ حاصل کرنے کے لیے، حصص یافتگان سے درخواست کی جاتی ہے کہ (اگر پہلے سے فراہم نہیں کیا گیا ہو) نیچے دیے گئے کیش ڈیویڈنڈ کے الیکٹرانک کریڈٹ کے لیے بینک مینڈیٹ فارم کو پُر کریں اور کمپنی کی ویب سائٹ پر بھی بھیجیں اور فزیکل شیئرز کی صورت میں شناختی کارڈ کی کاپی کے ساتھ اسے دستخط شدہ کمپنی کے شیئر رجسٹرار - C-32، THK Associates (Pvt.) Ltd., جابی کمرشل اسٹریٹ - 2، DHA فیز 7، کراچی، پاکستان کو بھیجیں۔

سی ڈی سی میں حصص رکھنے کی صورت میں، الیکٹرانک ڈیویڈنڈ مینڈیٹ فارم لازماً براہ راست شیئر ہولڈر کے بروکرز / شرکت کنندہ / سی ڈی سی اکاؤنٹ سروسز کو جمع کرایا جانا چاہیے۔ معلومات نہ ملنے کی صورت میں، کمپنی مقررہ تفصیلات کی فراہمی تک ایسے شیئر ہولڈرز کو ڈیویڈنڈ کی ادائیگی روکنے کی پابند ہوگی۔

27 ویں سالانہ جنرل میٹنگ کی اطلاع

ASKARI INSURANCE CO., LTD

اطلاع دی جاتی ہے کہ عسکری جنرل انشورنس لمیٹڈ (کمپنی) کے شیئرز ہولڈرز کی 27 ویں سالانہ جنرل میٹنگ (AGM)، Blue Lagoon، راولپنڈی میں پیر 30 مئی 2022 کو صبح 11:00 بجے منعقد ہوگی۔ درج ذیل امور کے لیے:

عام امور:

1. 25 مئی 2021 کو منعقدہ 26 ویں سالانہ جنرل میٹنگ کے منٹس کی تصدیق کرنے کے لیے۔
2. 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے کمپنی کے سالانہ، آڈٹ شدہ مالیاتی بیانات (متفقہ اور غیر متفقہ) کو حاصل کرنے، ان پر غور کرنے، منظور کرنے اور اپنانے کے لیے چیئرمین جائزہ، ڈائریکٹرز اور آڈیٹرز کی رپورٹس کے ہمراہ۔ جیسا کہ کمپنیز ایکٹ 2017 کے سیکشن 223(7) کے تحت مطلوب ہے، کمپنی کی مالیاتی سٹیٹمنٹس کمپنی کی ویب سائٹ پر اپ لوڈ کر دیے گئے ہیں جنہیں درج ذیل لنک سے ڈاؤن لوڈ کیا جاسکتا ہے <https://www.agico.com.pk/reports.php>
3. 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے 27.5% (2.75 روپے فی حصص) کے حتمی نقد ڈیویڈنڈ کی ادائیگی پر غور اور منظوری کے لیے، جیسا کہ کمپنی کے ڈائریکٹرز نے تجویز کیا ہے۔
4. سال 2022 کے لیے آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین کرنا۔ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے یوسف عادل، چارٹرڈ اکاؤنٹنٹس کوریٹائر ہونے والے آڈیٹر، اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی جگہ کمپنی کے قانونی آڈیٹر کے طور پر مقرر کرنے کی سفارش کی ہے۔
5. چیئرز کی اجازت سے کوئی دوسرے امور انجام دینا۔

بورڈ کے حکم سے



حسب گل
کمپنی سیکریٹری

راولپنڈی

09 مئی 2022

اہم نوٹ:

1. شیئرز ہولڈرز کی شرکت

کمپنی کی طرف سے AGM میں شیئرز ہولڈرز کی آن لائن ویڈیو کانفرنس، ذاتی طور پر شرکت یا مقررہ پراکسیز کے ذریعے شرکت کے لیے انتظامات کیے گئے ہیں۔ اس سہولت سے فائدہ اٹھانے کے لیے، شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ براہ کرم 23 مئی 2022 کو کاروباری اوقات ختم ہونے سے پہلے ہمارے کمپنی سیکریٹری آفس cs@agico.com.pk پر درج ذیل تفصیلات فراہم کریں۔

فولیو / سی ڈی سی اکاؤنٹ نمبر	نام	شناختی کارڈ نمبر	موبائل نمبر	ای میل پتہ

شیئرز ہولڈرز AGM کے مجوزہ ایجنڈا آئٹمز کے لیے اپنے تبصرے / مشورے ای میل cs@agico.com.pk پر بھی فراہم کر سکتے ہیں۔

2. حصص منتقلی بکس کی بندش

کمپنی کی حصص کی منتقلی کی بکس 24 مئی 2022 سے 30 مئی 2022 تک (دونوں دن سمیت) بند رہیں گی۔ 23 مئی 2022 کو کاروبار کے اختتام پر ہمارے شیئرز رجسٹرار، میسرز ٹی ایچ کے ایسوسی ایٹ (پرائیویٹ) لمیٹڈ، 32- سی جی کمرشل اسٹریٹ-2، ڈی ایچ ایچ 7، کراچی میں موصول ہونے والی منتقلیوں پر ممبران کے حتمی نقد ڈیویڈنڈ کے حقدار ہونے اور AGM میں شرکت اور ووٹنگ کے مقاصد کے لیے بروقت عمل کیا جائے گا۔

PROXY FORM

ANNUAL REPORT 2021

I/We _____ of _____ being Member(s) of askari general insurance co. ltd, holding _____ ordinary shares, hereby appoint Mr./Mrs./Miss _____ of _____ or failing him/her _____ of _____ who is also a member of the Company, as my/our proxy to vote for me/us, and on my/our behalf at the 27th Annual General Meeting of the Company to be held on **Monday 30th May, 2022** at 11:00 am and at any adjournment thereof.

Folio No.	CDC Account No.		Signature
	Participant ID	Account No.	
			Rs. 50 Revenue Stamp

As we witness my/our hand this _____ day of _____ 2022

Witness:

1

2

Signature _____

Name _____

Address _____

CNIC No./ Passport No. _____

Notes:

- 1 Signature should agree with the specimen signature registered with the Company.
- 2 The Proxy Form must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding the Meeting.
- 3 No person shall act as proxy unless he/she is a member of the Company.
- 4 CDC Shareholders and their proxies are each requested to attach an attested Photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

میں/ہم _____ آف _____
 عسکری جرنل انشورنس کمپنی لمیٹڈ کے نمبر (ممبران) ہوتے ہوئے، _____ عام شیئرز رکھتے ہیں، اور
 مسٹر/مس/میں _____ آف _____ کو
 نامزد یا اسے _____ آف _____ غیر نامزد
 کرتے ہیں
 جو کمپنی کا نمبر بھی ہے، ہمارے لیے ووٹ دینے کے لیے میرے/ہمارے پراکسی کے طور پر، اور میری/ہماری طرف سے کمپنی کی 27 ویں سالانہ میٹنگ میں جو پیر 30 مئی 2022 کو صبح 11:00 بجے
 منعقد ہوگی۔ اور اس کے کسی بھی ملتوی ہونے پر۔

دستخط	سی ڈی سی اکاؤنٹ نمبر		فولیو نمبر
	اکاؤنٹ کا نمبر	شرکت کنندہ کی شناخت	
روپے 50 ریونیو سٹیٹ			

_____ 2022 کے اس _____ دن پر دستخط کئے۔

گواہ:

دستخط

نام

پتہ

شناختی کارڈ نمبر/ پاسپورٹ نمبر

اہم نوٹ:

1. دستخط کو کمپنی کے ساتھ رجسٹرڈ نمونہ کے دستخط سے متفق ہونا چاہئے۔
2. پراکسی فارم میٹنگ کے انعقاد کے وقت سے 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس میں جمع کرانا ضروری ہے۔
3. کوئی بھی شخص پراکسی کے طور پر کام نہیں کرے گا جب تک کہ وہ کمپنی کا رکن نہ ہو۔
4. CDC کے شیئر ہولڈرز اور ان کے پراکسیز سے ہر ایک سے درخواست کی جاتی ہے کہ وہ کمپنی کو جمع کرانے سے پہلے اپنے کمپیوٹر انزڈ قومی شناختی کارڈ یا پاسپورٹ کی ایک تصدیق شدہ فوٹو کاپی اس پراکسی فارم کے ساتھ منسلک کریں۔



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