



# STAY UNITED

Annual Report 2022

# FINANCIAL HIGHLIGHTS 2022



**Written Premium / Contribution**

2022 **Rs. 4.5** Billion



**Underwriting Profit**

2022 **Rs. 186** Million



**Shareholder's Equity**

2022 **Rs. 2,462** Million



## Investments

2022 **Rs. 3,092** Million



## Profit After Tax

2022 **Rs. 347** Million



## Earnings Per Share

2022 **Rs. 4.82**



## Investment Income

2022 **Rs. 268** 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  
Rizwan Ullah Khan  
Member  
Brig Mukhtar Ahmed (Retd)  
Member  
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  
Rizwan Ullah Khan  
Member  
Brig Mukhtar Ahmed (Retd)  
Member  
Mr. Abdul Waheed  
Member

## Audit Committee

Mr. M. Munir Malik  
Chairman  
Malik Riffat Mahmood  
Member  
Brig Mukhtar Ahmed (Retd)  
Member

## Ethics, Human Resource and Remuneration Committee

Mr. Imran Iqbal  
Chairman  
Brig Mukhtar Ahmed (Retd)  
Member  
Mr. Abdul Waheed  
Member

## Underwriting, Reinsurance & Coinsurance Committee

AVM Mohammad Athar Shams (Retd)  
Chairman  
Mr. Zaheer Abbas  
Member  
Mr. Shahzad Ameer  
Member  
Mr. Shahzad Munir  
Member

## Claims Settlement Committee

Malik Riffat Mahmood  
Chairman  
Mr. Abdul Waheed  
Member  
Mr. M. Qasim  
Member  
Mr. Nadeem Ahmad  
Member

## Investment Committee

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

## External Auditors

Yousuf Adil  
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  
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  
United Bank Limited  
U Microfinance Bank Limited  
JS Bank Limited  
The Bank of Khyber  
Al Baraka Bank Limited  
Punjab Provincial Cooperative Bank Limited

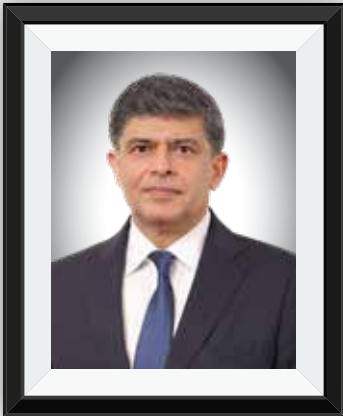
## Registrar & Share Transfer Office

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

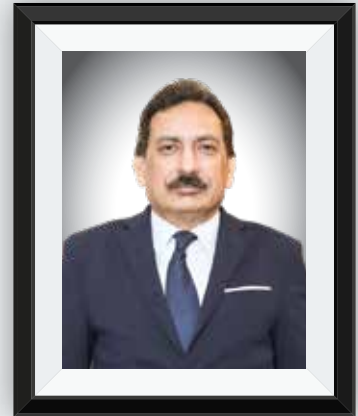
# OUR BOARD OF DIRECTORS



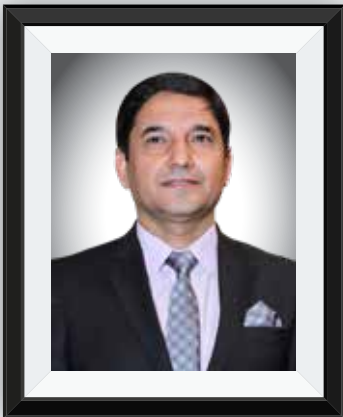
Lt Gen Naveed Mukhtar  
Chairman (Retd)



AVM Mohammad Athar Shams  
(Retd)



Mr. Rizwan Ullah Khan



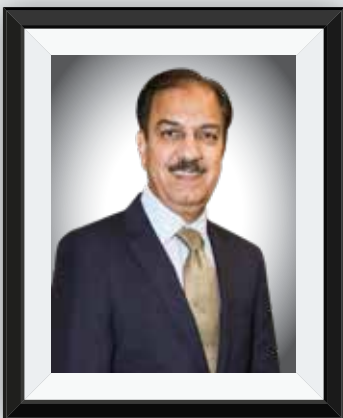
Brig Mukhtar Ahmed  
(Retd)



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.





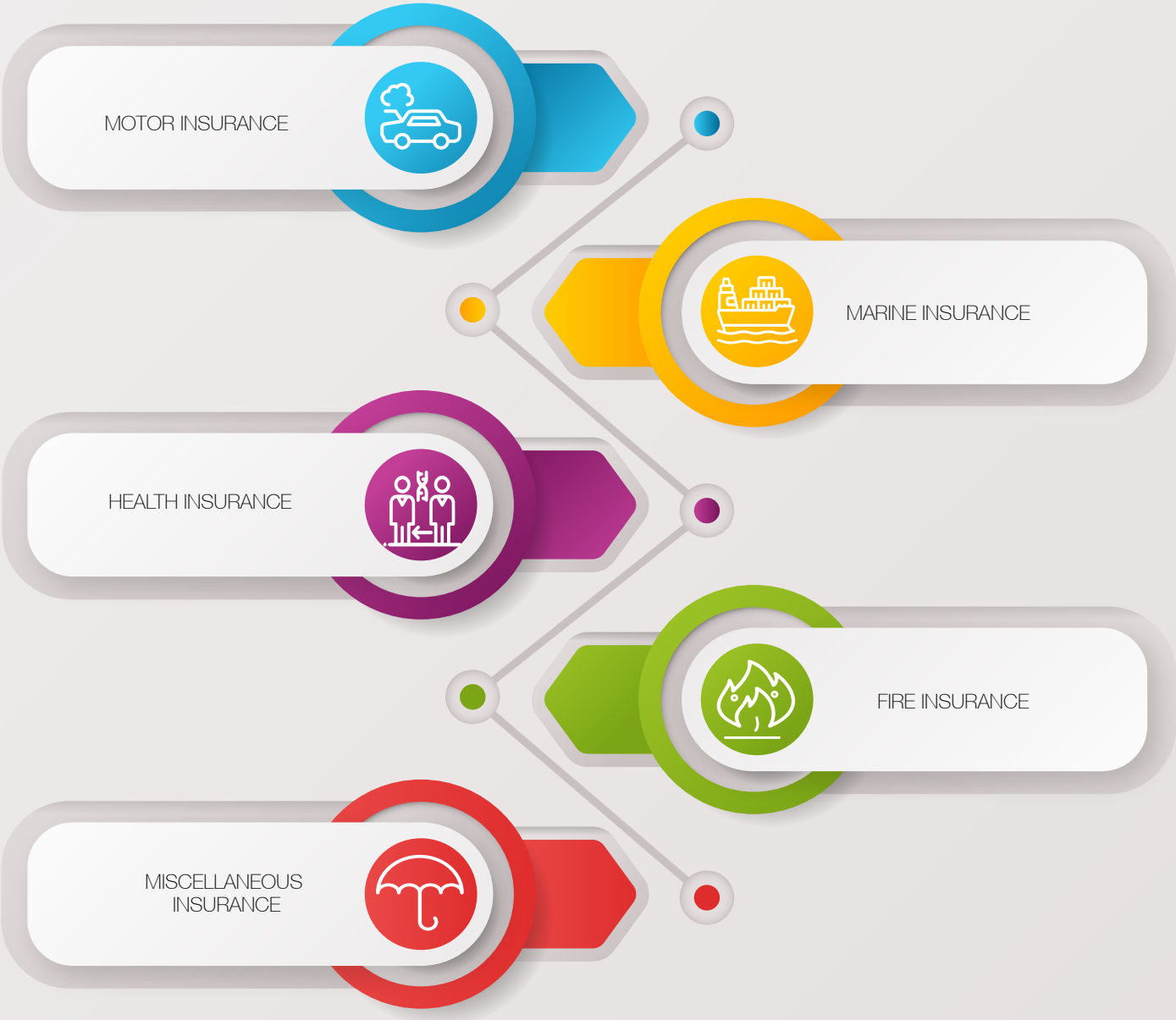


# MISSION

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.



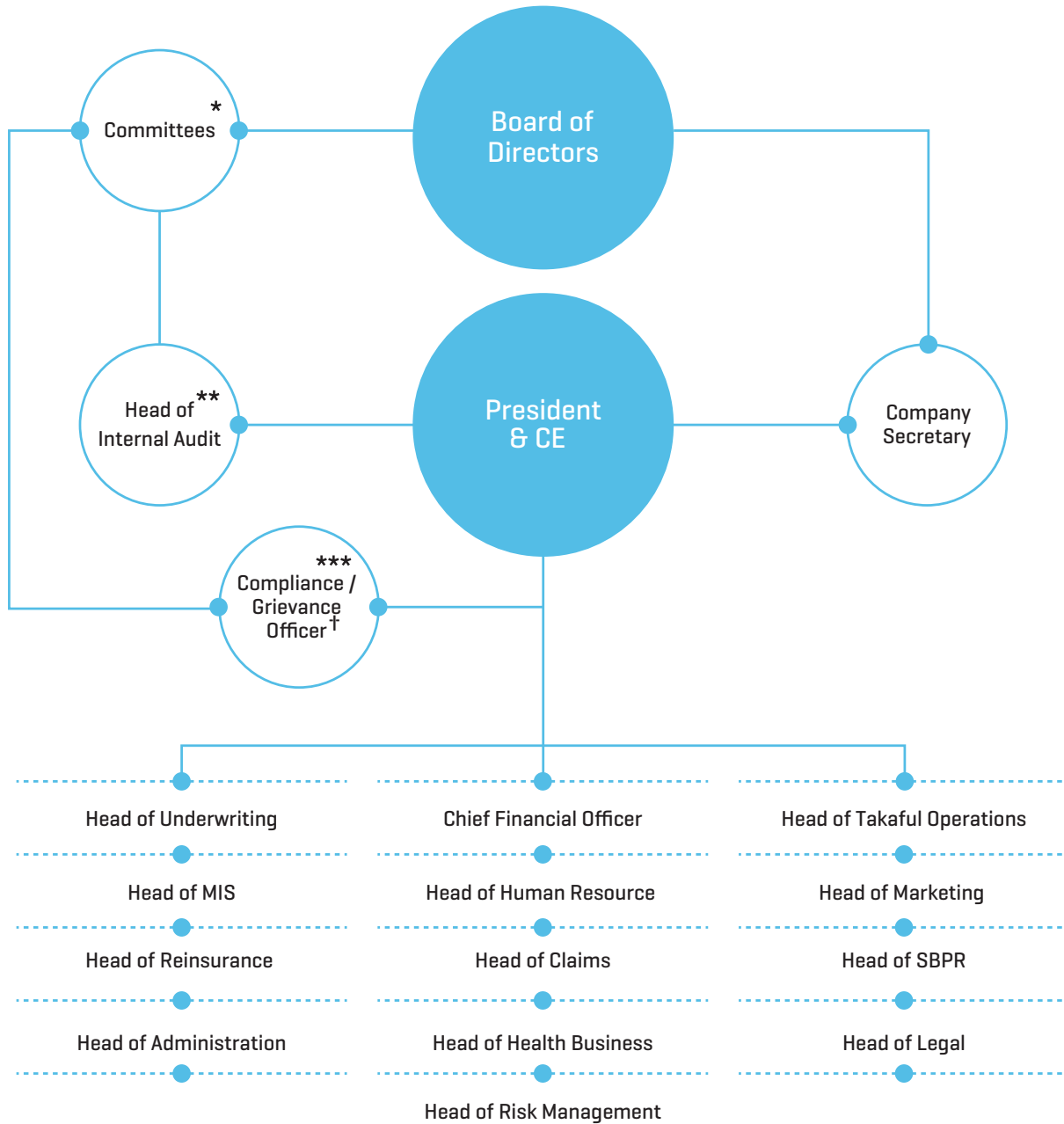
# OUR PRODUCTS







# ORGANIZATIONAL STRUCTURE



\*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

**Rana Shahbaz Ahmed**  
Head of Marketing

**Mr. Suleman Khalid**  
Chief Financial Officer

**Mr. Zahid Mehmood Chaudhry**  
Head of Human Resource

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





**Mr. Zaheer Abbas**  
Head of Underwriting

**Mr. Shahzad Ameer**  
Head of Reinsurance

**Mr. Anwar Ahmed Malik**  
Head of Compliance /  
Grievance Function

**Mr. Muhammad Qasim**  
Head of Claims



# OUR MANAGEMENT

**Mr. Raza Ali**  
Head of Takaful Operations

**Mr. Muhammad Hassan Shafique**  
Head of Risk Management

**Mr. Hassan Aziz Rana**  
Head of Legal Affairs





**Mr. Hassan Tahir**  
Head of MIS

**Mr. Ali Noor**  
Head of Internal Audit

**Mr. Haseeb Gul**  
Company Secretary



# CHAIRMAN'S REVIEW

ANNUAL REPORT 2022

## 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 economic and political instability. I will be sharing the role played by the Board of Directors in dealing with these challenges.

During 2022, 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 4.5 billion which reflects an increase of 12% 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.

The Company registered an increase in the bottom line as the profits of the Company increased by 7% over the last year. The underwriting profits suffered a decline of 4% due to inflation, squeezing margins and rising claim costs. PKR depreciation faced during 2022 also contributed negatively to the operational performance of the company.

During the year Super Tax for two years was imposed on profits of the company which led to decline in EPS of the company from last year. Despite a decline in the EPS of the company, the Board committed to its return towards the shareholders and recommended a disbursement of 29% (Rs. 2.9 per share) final cash dividend for the year 2022.

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 economic challenges.

We are 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, while continuing to focus on continuously improving client experience with the Company.

**Lt Gen Naveed Mukhtar (Retd)**

Chairman

Rawalpindi

March 15, 2023

## معزز شیئر ہولڈرز،

مجھے عسکری جرنل انشورنس کمپنی لمیٹڈ کی مجموعی کارکردگی کے بارے میں یہ جائزہ پیش کرتے ہوئے خوشی ہو رہی ہے۔ میں معاشی اور سیاسی عدم استحکام کی وجہ سے کاروبار کے لیے ایک اور مشکل سال کے دوران ان چیلنجوں سے نمٹنے کے لیے بورڈ آف ڈائریکٹرز کے کردار کو شیئر کروں گا۔

2022 کے دوران، ہم اپنے اندرونی اور بیرونی اسٹیک ہولڈرز کے لیے پر عزم رہے۔ ہماری ترجیح اس ترقی کی رفتار کو جاری رکھنا تھی جو ہم نے گزشتہ دہائی کے دوران بنایا ہے، اپنی افرادی قوت کا خیال رکھتے ہوئے ہم 4.5 بلین روپے کی اب تک کی بلند ترین مجموعی پر بیمہ تحریر کرنے میں کامیاب ہوئے جو گزشتہ سال کے مقابلے میں 12 فیصد اضافے کی عکاسی کرتا ہے۔ بورڈ کاروباری ماحول سے وابستہ میکر اور مائیکرو خطرات کا انتظام کرتے ہوئے کمپنی کو ترقی کی طرف لے جانے کے لیے رہنمائی فراہم کرتا رہتا ہے۔

کمپنی نے منافع میں اضافہ درج کیا کیونکہ کمپنی کے منافع میں پچھلے سال کے مقابلے میں 7 فیصد اضافہ ہوا ہے۔ انڈر رائٹنگ منافع میں افراط زر، نچوڑنے والے مارجن اور دعوے کے بڑھتے ہوئے اخراجات کی وجہ سے 4 فیصد کمی کا سامنا کرنا پڑا۔ 2022 میں روپے کی قدر میں کمی نے بھی کمپنی کی آپریشنل کارکردگی میں منفی کردار ادا کیا۔


سال کے دوران کمپنی کے منافع پر 2 سال کے لیے سپر ٹیکس عائد کیا گیا جس کی وجہ سے کمپنی کے ای پی ایس میں گزشتہ سال کے مقابلے میں کمی واقع ہوئی۔ کمپنی کے ای پی ایس میں کمی کے باوجود، بورڈ نے حصص یافتگان کی طرف اپنی واپسی کا عزم کیا اور سال 2022 کے لیے 29 فیصد (2.9 روپے فی شیئر) حتمی نقد منافع کی تقسیم کی سفارش کی۔

پی اے سی آر اے اور وی آئی ایس کریڈٹ ریٹنگ ایجنسیوں نے کمپنی کی مالی طاقت کی مسلسل شناخت کو ظاہر کرتے ہوئے بیمہ کنندہ کی مالی طاقت کی درجہ بندی کو ڈبل اے پلس کے طور پر نوازا۔

گورننس کی طرف، بورڈ کے اراکین نے معاشی چیلنجوں سے نمٹنے کے لیے انتظامیہ کو ہدایت دینے کے لیے فعال کردار ادا کیا۔

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 کا بھی مسلسل حمایت کا شکریہ ادا کرنا چاہوں گا۔

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



لیفٹیننٹ جرنل نوید مختار (ر)

چیرمین

راولپنڈی

15 مارچ 2023





# PRESIDENT'S MESSAGE

ASKARI GENERAL INSURANCE CO. LTD

In 2022, Pakistan faced economic challenges, devastating floods and rapid changes in government and subsequent political chaos. The current account deficit spurred a financial crisis whereby the import-driven nature of Pakistan's economy suffered with the depreciation of PKR in terms of higher commodity and finished good prices. The policy rate was jacked up to 16% by the end of year 2022; which resulted in reduced bank lending. Shadows over IMF program review and thin forex reserves reduced the imports and resulting exports thereby negatively impacting the related insurance business.

The general insurance industry gross premium revenue grew nearly 30 per cent in 2022. The sharp increase in the revenues was primarily associated with depreciation of PKR. The size of paid claims rose considerably mainly due to high inflation, fire incidents at multiple industrial units and floods, in which more than 33 million people and 113 districts were affected across Pakistan. Depreciation of the Pakistani rupee against USD triggered challenge for the insurance industry whereby international reinsurers, due to their revenue and profitability declining in USD terms, started tightening reinsurance capacities for Pakistan's general insurance industry.

Your company posted a 12% growth in Gross Premiums Underwritten (Including Takaful Contribution). Underwriting profits of Rs. 186 million were recorded with a slight decline of 4% over previous year. Investment income of the company increased by 6% over previous year. Your company was subjected to 4% Super Tax on two years profit owing to which it's Earning Per Share (EPS) dropped by 5% to Rs. 4.82 per share.

The new financial year will bring in its own set of challenges which are already lined up. We are well prepared to sail through these turbulent times and hope that 2023 would be a gateway to prosperity and stability for Pakistan.

The journey of profitability, innovation and excellence would not have been possible without the continued support and belief of the clients, employees, business partners and regulators. We look forward to serving and working closely with all stakeholders.



**Mr. Abdul Waheed**

President & Chief Executive

# DIRECTORS' REPORT

## Unconsolidated financial information for the year 2022

ANNUAL REPORT 2022

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, 2022.

### ECONOMIC REVIEW

Pakistan's economy has been facing various challenges in recent years, including a large trade deficit, high inflation, and a heavy debt burden. These challenges further accelerated in year 2022 where political uncertainty pushed the economic uncertainty even further. The Pakistani rupee has been on a steep depreciation against the US dollar, which has sent the inflation skyrocketing. Moreover, the country's foreign exchange reserves have stayed extremely thin.

The general insurance industry in Pakistan has faced several challenges, including intense competition, high claim costs and economic instability. The industry has struggled to maintain underwriting profitability. The intense competition has led to companies offering lower premiums and broader coverage, ultimately leading to a high claim ratio.

The devaluation of the Pakistani rupee has also impacted the industry, as it has resulted in higher reinsurance costs for insurance companies. With reinsurers' revenue and profitability declining in USD terms, Pakistan's general insurance industry is losing ranks in reinsurer's priorities.

During 2022, SBP raised the policy rate to 16%, to moderate the aggregate demand and control the rising Current Account Deficit (CAD). This has negatively affected the overall business activity and resultantly the insurance industry as well.

### AGICO in 2022

The Company, despite challenging economic conditions, successfully managed to underwrite a gross premium of Rs. 4.5 billion (inclusive of Rs. 456 million of Takaful contribution) in the year 2022 (2021: Rs. 4.0 billion). During 2022, the Company's prime focus was to improve its profit ability, maintaining better liquidity and retention of clientele. Profit after tax and Earning Per Share (EPS) were 347 million and 4.82 per share in the year 2022.

### KEY HIGHLIGHTS

#### CREDIT RATING

The Company has maintained Insurer Financial Strength Rating of "AA+" in the year 2022, awarded by both Pakistan Credit Rating Company Limited (PACRA) and VIS credit rating agency, with stable future outlook.

### DIGITAL INITIATIVES

IMS ERP undergoes continuous evolution every year, driven by advancements in architecture and technology. To accommodate these changes, we are adopting an SOA-based architecture that enables our core ERP to seamlessly integrate data injection and reporting across multiple channels. Additionally, we are transitioning our application implementation to native technologies, allowing us to cater to all devices using a single application. Our primary objective is to provide exceptional customer service, which can be a major challenge given the vast and diverse customer base we serve. With the proliferation of digital channels and the rise of mobile devices, customer engagement tactics have become increasingly complex. Therefore, we have tailored our ERP to be highly configurable, allowing us to meet the unique needs of our clients. Finally, we have implemented a comprehensive risk management and IT security system, which helps us safeguard critical assets and navigate the changing boundaries between client and insurer in the context of cyber risk.

The MIS team at AGICO has developed all the modules for our business processes in-house. These modules are interlinked and provide a unified environment for working with the same data lifecycle. Our main advantage lies in the fact that we have developed these modules internally. We use data analytics tools to augment our core ERP and deliver customer-facing apps and web portals. By developing these tools in-house, we can keep pace with the latest market trends and incorporate quality assurance and controls into our business processes to handle changing market conditions.

### 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 65.

### DIVIDEND DISTRIBUTION

The Board of Directors has recommended a final cash dividend of Rs. 2.90 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	
	2022	2021
	(Rupees in thousand)	
Gross premium written (Inclusive of Takaful Contribution)	4,500,148	4,009,173
Net premium revenue	2,427,949	2,172,782
Net claims	1,548,191	1,377,015
Underwriting profit	186,438	193,743
Investment, Rental and other income	326,990	276,949
Profit before tax - General Insurance Operations	478,661	449,385
Profit before tax - Window Takaful Operations (OPF)	61,369	54,849
Profit after tax	346,589	366,879
Earnings per share (Rs.)	4.82	5.10

#### SEGMENT WISE PERFORMANCE ANALYSIS

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

##### Motor

Motor segment shown a considerable growth in business, as a result, it became the highest contributor in overall business with gross premium written of Rs. 1291 million (2021: 1166 million). Business mix of this segment is 29% of total gross premium written in the year 2022. This segment reported contribution of Rs. 457 million (2021: Rs 448 million).

##### Accident & Health

Health segment was the second significant contributor towards the total underwritten premium. This segment secured business of Rs. 1063 million in the year 2022 (2021: Rs. 1095 million), which translated to a share of 24% (2021: 27%) of the total business portfolio. This segment reported contribution of Rs. 112 million (2021: Rs. 11 million).

##### Miscellaneous

This segment comprises of engineering insurance, bond insurance, crop insurance, travel insurance etc. Business mix of this segment is 21% of underwritten business in 2022 with gross premium underwritten of Rs. 960 million in 2022 (2021: 847 million). This segment reported contribution of Rs. 201 million (2021: Rs 242 million).

##### Fire & Property Damage

Gross premium underwritten for this segment was Rs. 815 million in the year 2022 (2021: Rs. 624 million). This segment contributed 18% towards total gross premium of the Company in the year

2022 (2021: 16%). The contribution from this segment in the year 2022 was Rs. 85 million (2021: Rs. 78 million).

##### Marine, Aviation & Transport

This segment contributed 8% to our total business underwritten in 2022 with gross premium underwritten of Rs. 371 million (2021: Rs. 277 million). This segment reported contribution of Rs. 85 million in the year 2022 (2021: Rs. 66 million).

##### Investment, Rental and other Income

Overall Investment and other income increased by 18% to Rs. 327 million in the year 2022, as compared to Rs. 277 million for the year 2021. Increase in investment and other income was majorly due to high policy rate and investment in fixed income securities during the year 2022.

##### 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 2022 was Rs. 458 million (2021: Rs. 403 million) while the profit from Operator's Fund for the year 2022 was Rs. 61 million as compared to Rs. 55 million of 2021.

##### 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

Yousuf Adil Chartered Accountants audited the financial statements of the Company for the year 2022 and being re-eligible, presented themselves for reappointment.

###### 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, were reappointed in the Board meeting held on 15<sup>th</sup> March 2023.

##### 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



# DIRECTORS' REPORT

## Unconsolidated financial information for the year 2022

ANNUAL REPORT 2022

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 2022, except as disclosed in the financial statements. All such dues primarily related to the dues of last month of the financial year 2022 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
- 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 60 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 2022 was:

Name of Fund	2022	2021
	Rupees in Millions	
Employees' Provident Fund	134	113
Employees' Gratuity Fund	181	143

### 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
<b>Independent Directors</b>	Mr. M. Munir Malik Mr. Imran Iqbal
<b>Non-Executive Directors</b>	Lt Gen Naveed Mukhtar (Retd) AVM Mohammad Athar Shams (Retd) Rizwan Ullah Khan Brig Mukhtar Ahmed (Retd) Malik Riffat Mahmood
<b>Executive Directors</b>	Mr. Abdul Waheed
<b>Female Director</b>	Ms. Saima Akbar Khattak

The number of elected/nominated directors on the Board are eight (8) whereas the Chief Executive is a "deemed director" under section 183(3) of the Companies Act, 2017.

During the year, non-executive directors of the Company, Rizwan Ullah Khan and Brig Mukhtar Ahmed (Retd) were appointed; therefore filling the casual vacancy.

### Board Meetings

During the year 2022, 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 2022) was as follows:

Name of Director	Meetings Attended
Lt Gen Naveed Mukhtar (Retd)	5
AVM Mohammad Athar Shams (Retd)	5
Rizwan Ullah Khan	4
Brig Mukhtar Ahmed	4
Maik Riffat Mahmood	5
Mr. Imran Iqbal	5
Mr. M. Munir Malik	3
Ms. Saima Akbar Khattak	4

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 48 of this report.

#### Pattern of Shareholding

The pattern of shareholding is given at page 273 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 40 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 43 of this report.

#### Board Committees

During the year 2022, the Audit Committee held five 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 48 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 49 of this report.

#### OUTLOOK

Pakistan economy is passing through challenging phase. 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



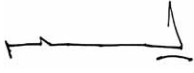
**Lt Gen Naveed Mukhtar (Retd)**  
Chairman – Board of Directors

Rawalpindi  
March 15, 2023

## 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 کبھی کی ترقی کے لیے اپنے ملازمین کے عزم اور محنت کی تعریف کرتے ہیں۔

بورڈ کے لیے اور اس کی جانب سے



یغینٹ جزل نوید خان (ر)  
چیئرمین - بورڈ آف ڈائریکٹرز

راولپنڈی

15 مارچ، 2023



عبدالوحید  
صدر اور چیف ایگزیکٹو

# ڈائریکٹر کی رپورٹ

## سال 2022 کے لیے غیر مربوط مالی معلومات

ASKARI GENERAL INSURANCE CO. LTD

بورڈ مینٹلز

سال 2022 کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس ہوئے۔ ان اجلاسوں میں ہر ایک ڈائریکٹر (2022 میں کمپنی کے بورڈ میں) کی حاضری حسب ذیل تھی:

ڈائریکٹر کا نام	مینٹلز میں شرکت کی۔
لیفٹیننٹ جنرل نوید مختار (ر)	5
اے وی ایم محمد اطہر بخش (ر)	5
رضوان اللہ خان	4
برگلیڈیئر مختار احمد (ر)	4
ملک رفعت محمود	5
جناب عمران اقبال	5
جناب ایم منیر ملک	3
محترمہ صائمہ اکبر خٹک	4

بورڈ نے ان ڈائریکٹرز 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 60 پر دی گئی ہیں۔

شیرز ہولڈنگ کا نمونہ

شیرز ہولڈنگ کا نمونہ اس رپورٹ کے صفحہ 273 پر دیا گیا ہے۔ ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانس 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 انٹرمل کنٹرول کا بیان اس رپورٹ کے صفحہ 40 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 43 پر دی گئی ہیں۔

بورڈ کمیٹیاں

سال 2022 کے دوران، آڈٹ کمیٹی نے پانچ 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 48 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 کوانٹورنس کمیٹی، کلیئرز سیٹلمنٹ کمیٹی، ایگزیکٹو، رسک مینجمنٹ اینڈ کپلائنس کمیٹی، اور انویسٹمنٹ کمیٹی ہیں۔ اراکین کے نام اور ان کمیٹیوں کے حوالہ جات کی شرائط اس رپورٹ کے صفحہ 49 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 استخراج 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۔

## 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 تشخیصی 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 موثر طریقے سے انجام دینے کے قابل بناتا ہے۔ یہ خود تشخیصی 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

## ڈائریکٹرز کے معاوضے کی پالیسی

متعلقہ قانونی تقاضوں اور ایسوسی ایشن کے مضامین کی تعمیل کرنے کے لیے، کمپنی کے پاس چیئر مین، 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 XXX پر منسلک ہے۔

## پروڈنٹ فنڈ اور گریجویٹ فنڈ میں سرمایہ کاری کی قدر

پروڈنٹ فنڈ اور گریجویٹ فنڈ میں سرمایہ کاری کی قدر، آڈٹ شدہ کھاتوں کی بنیاد پر، جیسا کہ 31 دسمبر 2022 تک تھی:

فنڈ کا نام	2022	2021
روپے کروڑوں میں		
ایکپلائرز پروڈنٹ فنڈ	134	113
ایکپلائرز گریجویٹ فنڈ	181	143

## بورڈ کی تشکیل

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

- a. مرد (08) آٹھ  
b. خاتون (01) ایک

زمرہ	ڈائریکٹر کا نام
آزاد ڈائریکٹرز	جناب ایم منیر ملک جناب عمران اقبال
نان ایگزیکٹو ڈائریکٹرز	لیفٹیننٹ جنرل نوید مختار (ر) اے وی ایم محمد اطہر شمس (ر) رضوان اللہ خان بریگیڈیئر مختار احمد (ر) ملک رفعت محمود
ایگزیکٹو ڈائریکٹرز	جناب عبدالوحید
خاتون ڈائریکٹر	محترمہ صائمہ اکبر خٹک

بورڈ میں منتخب اناجرو ڈائریکٹرز کی تعداد آٹھ (8) ہے جبکہ چیف ایگزیکٹو کونسلر ایکٹ 2017 کے سیکشن 183(3) کے تحت ایکٹ "ڈیٹڈ ڈائریکٹرز" ہے۔

سال کے دوران، کمپنی کے نان ایگزیکٹو ڈائریکٹرز، کی دو خالی آسامیوں پر رضوان اللہ خان اور بریگیڈیئر مختار احمد (ریٹائرڈ) کا تقرر کیا گیا۔

# ڈائریکٹر کی رپورٹ

## سال 2022 کے لیے غیر مربوط مالی معلومات

ASKARI GENERAL INSURANCE CO. LTD

میرین، ایوی ایشن اور فرانسپورٹ

اس شعبہ نے 2022 میں ہمارے کل انڈر رائٹ کاروبار میں 8 فیصد کا حصہ ڈالا جس میں مجموعی تحریری پریمیم کا 371 ملین (2021: 277 ملین) روپے ہے۔ اس شعبہ نے سال 2022 میں 85 ملین (2021: 66 ملین) روپے کی شراکت دی۔

سرمایہ کاری، کرایہ اور دیگر آمدنی

مجموعی طور پر سرمایہ کاری اور دیگر آمدنی سال 2022 میں 18 فیصد اضافے کے ساتھ 327 ملین ہو گئی، جو کہ سال 2021 کے لیے 277 ملین تھی۔ سرمایہ کاری اور دیگر آمدنی میں اضافے کی بڑی وجہ سال 2022 کے دوران مقررہ آمدنی کی سیکورٹیز میں اعلیٰ پالیسی کی شرح اور سرمایہ کاری تھی۔

وڈو نکافل آپریشنز

وڈو نکافل 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۔

2022 کے دوران WTO کی طرف سے تحریری شراکت 458 ملین روپے (2021: 403 ملین روپے) رہی۔ جبکہ سال 2022 کے لیے آپریٹرز فنڈ سے منافع 2021 کے 55 ملین روپے کے مقابلے میں 61 ملین روپے ہے۔

ٹریڈنگ اور دیگر خدمات کے لیے معاہدہ

کمپنیز ایکٹ، 2017 کے سیکشن 208(2) کے مطابق، ہم شراکت داروں 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۔ موٹر 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

یوسف عادل چارٹرڈ اکاؤنٹنٹس نے سال 2022 کے لیے کمپنی کے مالیاتی گوشواروں کا آڈٹ کیا اور دوبارہ اہل ہونے کے بعد خود کو دوبارہ تفری کے لیے پیش کیا۔

شریہ کیمپلینس آڈیٹرز

ایس ایم سہیل ایڈوکیٹس چارٹرڈ اکاؤنٹنٹس، دوبارہ تفری کے اہل ہوتے ہوئے، کمپنی کے شریہ کیمپلینس آڈیٹرز کے طور پر، جیسا کہ نکافل رولز 2012 کے تحت ضروری تھا، 15 مارچ 2023 کو ہونے والی بورڈ میٹنگ میں دوبارہ تعینات کیا گیا۔

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، کمپنیز غلو اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔
- کمپنی کے کھاتوں کی درست بک 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 اصولوں تک محدود نہیں) جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی گوشواروں کی تیاری میں بیرونی 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 موثر 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، لیونڈ اور چارجز کی مد میں کوئی قانونی ادائیگیاں نہیں ہیں جو کہ 31 دسمبر 2022 تک بتایا ہیں، سوائے اس کے کہ مالی بیانات میں ظاہر کیا گیا ہو۔ اس طرح کے تمام واجبات بنیادی طور پر مالی سال 2022 کے آخری مہینے 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 آف ڈائریکٹرز نے 2.90 روپے فی شیئر کے حتمی نقد منافع کی سفارش کی ہے ان شیئرز ہولڈرز کو جن کے نام بک بند ہونے کی مدت کے آغاز پر کمپنی کے شیئرز رجسٹر میں ظاہر ہوتے ہیں۔

## کارکردگی کا جائزہ

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

31 دسمبر		
2021	2022	
(روپے ہزار میں)		
4,009,173	4,500,148	مجموعی تحریری پریمیم (بشمول نکال شراکت)
2,172,782	2,427,949	خالص پریمیم آمدنی
1,377,015	1,548,191	خالص دعوے
193,743	186,438	انڈر رائٹنگ منافع
276,949	326,990	سرمایہ کاری، کرایہ اور دیگر آمدنی
449,385	478,661	قبل از ٹیکس منافع - جزیل انشورنس آپریشنز
54,849	61,369	قبل از ٹیکس منافع - ونڈو نکال آپریشنز (OPF)
366,879	346,589	بعد از ٹیکس منافع
5.10	4.82	فی شیئر آمدنی (روپے)

## شعبہ دار کارکردگی کا تجزیہ

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

## موٹر

موٹر کے شعبے نے کاروبار میں خاطر خواہ ترقی دکھائی، نتیجتاً، یہ مجموعی طور پر کاروبار میں سب سے زیادہ شراکت دار بن گیا جس کا مجموعی پریمیم 1291 ملین (2021: 1166 ملین) روپے لکھا گیا۔ اس شعبے کا بزنس سال 2022 میں لکھے گئے کل مجموعی پریمیم کا 29 فیصد ہے۔ اس شعبے نے روپے 457 ملین (2021: 448 ملین) روپے کی شراکت دی۔

## حادثہ اور صحت

صحت کا شعبہ کل زیر تحریر پریمیم میں دوسرا اہم حصہ دار تھا۔ اس شعبے نے سال 2022 میں 1063 ملین (2021: 1095 ملین روپے) کا کاروبار محفوظ کیا، جو کل کاروباری پورٹ فولیو کے 24 فیصد (2021: 27 فیصد) بنتا ہے۔ اس طبقے نے 112 ملین (2021: 11 ملین) روپے کی شراکت دی۔

## متفرق

اس شعبے میں انجینئرنگ انشورنس، ہانڈ انشورنس، کراپ انشورنس، ٹریول انشورنس وغیرہ شامل ہیں۔ اس شعبے کا مشترکہ بزنس 2022 میں انڈر رائٹ بزنس کا 21 فیصد ہے جس میں مجموعی پریمیم 2022 میں 960 ملین (2021: 847 ملین) کا تحریر ہوا۔ اس شعبے نے 201 ملین (2021: 242 ملین) روپے کی شراکت دی۔

## آگ اور املاک کا نقصان

اس شعبے کے لیے زیر تحریر مجموعی پریمیم سال 2022 میں 815 ملین (2021: 624 ملین) روپے تھا۔ اس شعبے نے سال 2022 میں 18 فیصد (2021: 16 فیصد) کمپنی کے کل مجموعی پریمیم میں حصہ ڈالا۔ سال 2022 میں اس شعبے کی طرف سے تعاون 85 ملین (2021: 78 ملین) روپے رہا۔



# ڈائریکٹر کی رپورٹ

## سال 2022 کے لیے غیر مربوط مالی معلومات

ASKARI GENERAL INSURANCE CO. LTD

بورڈ آف ڈائریکٹرز کی جانب سے، ہمیں عسکری جرنل انشورنس کمپنی لمیٹڈ (کمپنی) کے ڈائریکٹرز کی رپورٹ کے ساتھ 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے آڈٹ شدہ غیر مربوط مالیاتی گوشواروں اور اس پر آڈیٹرز کی رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

### اقتصادی جائزہ

پاکستان کی معیشت کو حالیہ برسوں میں مختلف چیلنجز کا سامنا رہا ہے، جن میں بڑا تجارتی خسارہ، بلند افراط زر اور قرضوں کا بھاری بوجھ شامل ہیں۔ سال 2022 میں ان چیلنجز میں مزید تیزی آئی جہاں سیاسی بے یقینی نے معاشی غیر یقینی صورتحال کو مزید آگے بڑھا دیا ہے اور امریکی ڈالر کے مقابلے پاکستانی روپے کی قدر میں زبردست گراوٹ ہے جس کی وجہ سے مچانگی آسان کو چھوڑی ہے۔ مزید یہ کہ ملک کے زر مبادلہ کے ذخائر انتہائی کم رہ گئے ہیں۔

پاکستان میں جرنل انشورنس انڈسٹری کو کئی چیلنجز کا سامنا ہے، جن میں شدید مسابقت، زیادہ دعوے کی لاگت اور معاشی عدم استحکام شامل ہیں۔ صنعت نے اندر رائٹنگ منافع کو برقرار رکھنے کے لیے جدوجہد کی ہے۔ شدید مسابقت کی وجہ سے کمپنیاں کم پریمیم اور وسیع تر کوریج کی پیشکش کرتی ہیں، بالآخر دعوئی کا تناسب بلند ہوتا ہے۔

پاکستانی روپے کی قدر میں کمی نے صنعت کو بھی متاثر کیا ہے، کیونکہ اس کے نتیجے میں انشورنس کمپنیوں کے لیے دوبارہ بیمہ کی لاگت میں اضافہ ہوا ہے۔ ری بیمہ کنندگان کی آمدنی اور منافع USD کے لحاظ سے کم ہونے کے ساتھ، پاکستان کی جرنل انشورنس انڈسٹری ری بیمہ کنندگان کی ترجیحات میں درجہ کھو رہی ہے۔

2022 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 16 فیصد کر دیا ہے۔ اس نے مجموعی کاروباری سرگرمیوں اور نتیجتاً انشورنس انڈسٹری کو بھی منفی طور پر متاثر کیا ہے۔

### 2022 میں AGICO کمپنی،

کمپنی مشکل معاشی حالات کے باوجود کامیابی سے سال 2022 میں 4.5 بلین (2021: 4.0 بلین روپے) (بشمول نکالنے شراکت کے 456 ملین روپے) کا مجموعی پریمیم انڈر رائٹ کرنے میں کامیاب رہی۔

سال 2022 کے دوران، کمپنی کی اولین توجہ اپنی اندر رائٹنگ کی کارکردگی کو بہتر بنانا، بہتر لیکویڈیٹی کو برقرار رکھنا اور ہابک کو برقرار رکھنا تھا۔ سال 2022 میں ٹیکس کے بعد منافع اور فی شیئر کمائی (EPS) 347 ملین اور 4.82 فی شیئر رہی۔

### اہم جھگیان

### کریڈٹ ریٹنگ

کمپنی نے پاکستان کریڈٹ ریٹنگ کمپنی لمیٹڈ (PACRA) اور VIS کریڈٹ ریٹنگ ایجنسی دونوں کی جانب سے مستحکم مستقبل کے آؤٹ لک کے ساتھ سال 2022 میں "AA+" کی بیمہ کنندہ کی مالیاتی طاقت کی درجہ بندی برقرار رکھی ہے۔

### ڈیجیٹل اقدامات

IMS ERP ہر سال مسلسل ارتقاء سے گزرتا ہے، جو کہ فن تعمیر اور ٹیکنالوجی میں پیشرفت کی وجہ سے ہے۔ ان تبدیلیوں کو ایڈجسٹ کرنے کے لیے، ہم ایک SOA پر مبنی فن تعمیر کو اپنا رہے ہیں جو ہمارے بنیادی ERP کو بغیر کسی رکاوٹ کے ڈیٹا انٹیگریشن اور متعدد چینلز میں رپورٹنگ کو مربوط کرنے کے قابل بناتا ہے۔ مزید برآں، ہم اپنی انٹیگریشن کے نفاذ کو مقامی ٹیکنالوجیز میں منتقل کر رہے ہیں، جس سے ہمیں ایک ہی انٹیگریشن کا استعمال کرتے ہوئے تمام آلات کو پورا کرنے کی اجازت ملتی ہے۔ تیزی سے ڈیٹا کی بازیافت کو یقینی بنانے کے لیے، ہم انٹر میڈیٹ No-SQL ڈیٹا بیسز کو بھی نافذ کر رہے ہیں۔ ہمارا بنیادی مقصد غیر معمولی کمپنری فرام کرنا ہے، جو کہ ہمارے پیش کردہ وسیع اور متنوع کمپنری کے پیش نظر ایک بڑا چیلنج ہو سکتا ہے۔ ڈیجیٹل چینلز کے پھیلاؤ اور موبائل آلات کے عروج کے ساتھ، کمپنری مشغولیت کی حکمت عملی تیزی سے پیچیدہ ہو گئی ہے۔ لہذا، ہم نے اپنے ERP کو انتہائی قابل ترتیب بنانے کے لیے تیار کیا ہے، جس سے ہمیں اپنے کلائنٹس کی منفرد ضروریات کو پورا کرنے کی اجازت ملتی ہے۔ آخر میں، ہم نے ایک جامع رسک مینجمنٹ اور آئی ٹی سیکیورٹی سسٹم نافذ کیا ہے، جو ہمیں اہم اٹاؤن کی حفاظت اور سائبر رسک کے تناظر میں کلائنٹ اور بیمہ کنندہ کے درمیان بدلتی ہوئی حدود کو یونیٹنگ کرنے میں مدد کرتا ہے۔

AGICO میں MIS ٹیم نے اندرون ملک ہمارے کاروباری عمل کے لیے تمام ماڈیولز تیار کیے ہیں۔ یہ ماڈیولز آجس میں جڑے ہوئے ہیں اور ایک ہی ڈیٹا لائف سائیکل کے ساتھ کام کرنے کے لیے ایک متحد ماحول فراہم کرتے ہیں۔ ہمارا بنیادی فائدہ اس حقیقت میں ہے کہ ہم نے ان ماڈیولز کو اندرون طور پر تیار کیا ہے۔ ہم اپنے بنیادی ERP کو بڑھانے کے لیے ڈیٹا اینالیٹکس ٹولز کا استعمال کرتے ہیں اور صارفین کو درپیش ایپس اور ویب پورٹل فرام کرتے ہیں۔ ان ٹولز کو اندرون ملک تیار کر کے، ہم مارکیٹ کے تازہ ترین رجحانات کے ساتھ رفتار برقرار رکھ سکتے ہیں اور مارکیٹ کے بدلتے ہوئے حالات کو سنبھالنے کے لیے اپنے کاروباری عمل میں کوالٹی اشورنس اور کنٹرولز کو شامل کر سکتے 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 اور کوڈ آف کارپوریٹ گورننس برائے بیمہ کنندگان، 2016 کمپنی پر لاگو ہیں۔ کمپنی نے ان ضوابط کی مشقوں کی مناسب تعمیل کی ہے۔ اس سلسلے میں تعمیل کا بیان صفحہ xx پر دیکھا جاسکتا ہے۔

# DIRECTORS' REPORT

Consolidated financial information for the year 2022

ANNUAL REPORT 2022

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, 2022.

## ECONOMIC REVIEW

Pakistan's economy has been facing various challenges in recent years, including a large trade deficit, high inflation, and a heavy debt burden. These challenges further accelerated in year 2022 where political uncertainty pushed the economic uncertainty even further. The Pakistani rupee has been on a steep depreciation against the US dollar, which has sent the inflation skyrocketing. Moreover, the country's foreign exchange reserves have stayed extremely thin.

The general insurance industry in Pakistan has faced several challenges, including intense competition, high claim costs and economic instability. The industry has struggled to maintain underwriting profitability. The intense competition has led to companies offering lower premiums and broader coverage, ultimately leading to a high claim ratio.

The devaluation of the Pakistani rupee has also impacted the industry, as it has resulted in higher reinsurance costs for insurance companies. With reinsurers' revenue and profitability declining in USD terms, Pakistan's general insurance industry is losing ranks in reinsurer's priorities.

During 2022, SBP raised the policy rate to 16%, to moderate the aggregate demand and control the rising Current Account Deficit (CAD). This has negatively affected the overall business activity and resultantly the insurance industry as well.

## AGICO in 2022

The Company, despite challenging economic conditions, successfully managed to underwrite a gross premium of Rs. 4.5 billion (inclusive of Rs. 456 million of Takaful contribution) in the year 2022 (2021: Rs. 4.0 billion). During 2022, the Company's prime focus was to improve its underwriting performance, maintaining better liquidity and retention of clientele. Profit after tax and Earning Per Share (EPS) were 355 million and 4.94 per share in the year 2022.

## KEY HIGHLIGHTS

### CREDIT RATING

The Company has maintained Insurer Financial Strength Rating of "AA+" in the year 2022, awarded by both Pakistan Credit Rating Company Limited (PACRA) and VIS credit rating agency, with stable future outlook.

## DIGITAL INITIATIVES

IMS ERP undergoes continuous evolution every year, driven by advancements in architecture and technology. To accommodate these changes, we are adopting an SOA-based architecture that enables our core ERP to seamlessly integrate data injection and reporting across multiple channels. Additionally, we are transitioning our application implementation to native technologies, allowing us to cater to all devices using a single application. To ensure rapid data retrieval, we are also implementing intermediate No-SQL databases. Our primary objective is to provide exceptional customer service, which can be a major challenge given the vast and diverse customer base we serve. With the proliferation of digital channels and the rise of mobile devices, customer engagement tactics have become increasingly complex. Therefore, we have tailored our ERP to be highly configurable, allowing us to meet the unique needs of our clients. Finally, we have implemented a comprehensive risk management and IT security system, which helps us safeguard critical assets and navigate the changing boundaries between client and insurer in the context of cyber risk.

The MIS team at AGICO has developed all the modules for our business processes in-house. These modules are interlinked and provide a unified environment for working with the same data lifecycle. Our main advantage lies in the fact that we have developed these modules internally. We use data analytics tools to augment our core ERP and deliver customer-facing apps and web portals. By developing these tools in-house, we can keep pace with the latest market trends and incorporate quality assurance and controls into our business processes to handle changing market conditions.

## 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 65.

## DIVIDEND DISTRIBUTION

The Board of Directors has recommended a final cash dividend of Rs. 2.90 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	
	2022	2021
	(Rupees in thousand)	
Gross premium written (Inclusive of Takaful Contribution)	4,499,140	4,009,173
Net premium revenue	2,426,941	2,172,782
Net claims	1,548,191	1,377,015
Underwriting profit	188,459	173,624
Investment, Rental and other income	327,751	276,985
Profit before tax - General Insurance Operations	481,291	450,609
Profit before tax - Window Takaful Operations (OPF)	68,568	54,849
Profit after tax	355,088	367,413
Earnings per share (Rs.)	4.94	5.11

## SEGMENT WISE PERFORMANCE ANALYSIS

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

### Motor

Motor segment shown a considerable growth in business, as a result, it became the highest contributor in overall business with gross premium written of Rs. 1291 million (2021: 1166 million). Business mix of this segment is 29% of total gross premium written in the year 2022. This segment reported contribution of Rs. 457 million (2021: Rs 448 million).

### Accident & Health

Health segment was the second significant contributor towards the total underwritten premium. This segment secured business of Rs. 1063 million in the year 2022 (2021: Rs. 1095 million), which translated to a share of 24% (2021: 27%) of the total business portfolio. This segment reported contribution of Rs. 112 million (2021: Rs. 11 million).

### Miscellaneous

This segment comprises of engineering insurance, bond insurance, crop insurance, travel insurance etc. Business mix of this segment is 21% of underwritten business in 2022 with gross premium underwritten of Rs. 960 million in 2022 (2021: 847 million). This segment reported contribution of Rs. 201 million (2021: Rs 242 million).

### Fire & Property Damage

Gross premium underwritten for this segment was Rs. 815 million in the year 2022 (2021: Rs. 624 million). This segment contributed 18% towards total gross premium of the Company in the year

2022 (2021: 16%). The contribution from this segment in the year 2022 was Rs. 85 million (2021: Rs. 78 million).

### Marine, Aviation & Transport

This segment contributed 8% to our total business underwritten in 2022 with gross premium underwritten of Rs. 371 million (2021: Rs. 277 million). This segment reported contribution of Rs. 85 million in the year 2022 (2021: Rs. 66 million).

### Investment, Rental and other Income

Overall Investment and other income increased by 18% to Rs. 328 million in the year 2022, as compared to Rs. 277 million for the year 2021. Increase in investment and other income was majorly due to high policy rate and investment in fixed income securities during the year 2022.

### 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 2022 was Rs. 458 million (2021: Rs. 403 million) while the profit from Operator's Fund for the year 2022 was Rs. 69 million as compared to Rs. 55 million of 2021.

### 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

Yousaf Adil & Co. Chartered Accountants audited the financial statements of the Company for the year 2022 and being re-eligible, presented themselves for reappointment.

#### 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, were reappointed in the Board meeting held on 15<sup>th</sup> March 2023.

### 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

# DIRECTORS' REPORT

Consolidated financial information for the year 2022

ANNUAL REPORT 2022

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 2022, except as disclosed in the financial statements. All such dues primarily related to the dues of last month of the financial year 2022 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

- 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 60 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 2022 was:

Name of Fund	2022	2021
Rupees in Millions		
Employees' Provident Fund	134	113
Employees' Gratuity Fund	181	143

## 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
Non-Executive Directors	Lt Gen Naveed Mukhtar (Retd) AVM Mohammad Athar Shams (Retd) Rizwan Ullah Khan Brig Mukhtar Ahmed (Retd) Malik Riffat Mahmood
Executive Directors	Mr. Abdul Waheed
Female Director	Ms. Saima Akbar Khattak



The number of elected/nominated directors on the Board are eight (8) whereas the Chief Executive is a “deemed director” under section 183(3) of the Companies Act, 2017.

During the year, non-executive directors of the Company, Rizwan Ullah Khan and Brig Mukhtar Ahmed (Retd) were appointed; therefore filling the casual vacancy.

### Board Meetings

During the year 2022, 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 2022) was as follows:

Name of Director	Meetings Attended
Lt Gen Naveed Mukhtar (Retd)	5
AVM Mohammad Athar Shams (Retd)	5
Rizwan Ullah Khan	4
Brig Mukhtar Ahmed	4
Malik Riffat Mahmood	5
Mr. Imran Iqbal	5
Mr. M. Munir Malik	3
Ms. Saima Akbar Khattak	4

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 xxx of this report.

### Pattern of Shareholding

The pattern of shareholding is given at page 273 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 40 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 43 of this report.

### Board Committees

During the year 2022, the Audit Committee held five 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 48 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 49 of this report.

### OUTLOOK

Pakistan economy is passing through challenging phase. 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  
March 15, 2023

بورڈ نے ان ڈائریکٹرز 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 60 پر دی گئی ہیں۔

### شیر ہولڈنگٹ کا نمونہ

شیر ہولڈنگٹ کا نمونہ اس رپورٹ کے صفحہ 273 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 انٹرنل کنٹرولز کا بیان اس رپورٹ کے صفحہ 40 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 43 پر دی گئی ہیں۔

### بورڈ کمیٹیاں

سال 2022 کے دوران، آڈٹ کمیٹی نے پانچ 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 48 پر دی گئی ہیں۔

مزید، کمیٹی کے پاس بورڈ کی چار ذیلی کمیٹیاں ہیں جو کاروبار کے بنیادی شعبوں کا احاطہ کرتی ہیں۔ یہ انڈر رائٹنگ، ری بیور اور کوانٹورنس کمیٹی، کلیئر سیٹلٹ کمیٹی، ایگزیکٹو، رسک مینجمنٹ اینڈ کپلائنس کمیٹی، اور انویسٹمنٹ کمیٹی ہیں۔ اراکین کے نام اور ان کمیٹیوں کے حوالہ جات کی شرائط اس رپورٹ کے صفحہ 49 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 چوکس انداز اپنایا جائے گا۔ ہم ترقی، منافع اور لیکویڈٹی 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 بیور کنڈگان 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



یعنیف جزل نوید مختار (ر)  
چیرمین - بورڈ آف ڈائریکٹرز



عبدالوحید  
صدر اور چیف ایگزیکٹو

راولپنڈی

15 مارچ، 2023

# ڈائریکٹر کی رپورٹ

## سال 2022 کے لیے جامع مالیاتی معلومات

ASKARI GENERAL INSURANCE CO. LTD

2021	2022	فنڈ کا نام
	روپے کروڑوں میں	
113	134	ایپلائنس پروڈینٹ فنڈ
143	181	ایپلائنس گریجویٹ فنڈ

### بورڈ کی تشکیل

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

a.	مرد	آٹھ (08)
b.	خاتون	ایک (01)

زمرہ	ڈائریکٹر کا نام
آزاد ڈائریکٹرز	جناب ایم منیر ملک جناب عمران اقبال
نان ایگزیکٹو ڈائریکٹرز	لیفٹیننٹ جنرل نوید مختار (ر) اسے وی ایم محمد اطہر شمس (ر) رضوان اللہ خان بریگیڈیئر مختار احمد (ر) ملک رفعت محمود
ایگزیکٹو ڈائریکٹرز	جناب عبدالوحید
خاتون ڈائریکٹر	محترمہ صائمہ اکبر خٹک

بورڈ میں منتخب نامزد ڈائریکٹرز کی تعداد آٹھ (8) ہے جبکہ چیف ایگزیکٹو کمپنیز ایکٹ 2017 کے سیکشن 183(3) کے تحت ایکٹ "ڈیپنڈنٹ ڈائریکٹر" ہے۔

سال کے دوران، کمپنی کے نان ایگزیکٹو ڈائریکٹرز، کی دو خالی آسامیوں پر رضوان اللہ خان اور بریگیڈیئر مختار احمد (ریٹائرڈ) کا تقرر کیا گیا۔

### بورڈ میٹنگز

سال 2022 کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس ہوئے۔ ان اجلاسوں میں ہر ایک ڈائریکٹر (2022 میں کمپنی کے بورڈ میں) کی حاضری حسب ذیل تھی:

ڈائریکٹر کا نام	میٹنگز میں شرکت کی۔
لیفٹیننٹ جنرل نوید مختار (ر)	5
اسے وی ایم محمد اطہر شمس (ر)	5
رضوان اللہ خان	4
بریگیڈیئر مختار احمد (ر)	4
ملک رفعت محمود	5
جناب عمران اقبال	5
جناب ایم منیر ملک	3
محترمہ صائمہ اکبر خٹک	4

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، پیش فلوار اینجی بی 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 فنانس رپورٹنگ اسٹینڈرڈز یا کوئی دوسرا ضابطہ یا قانون (بشمول شرعی رہنما خطوط اصولوں تک محدود نہیں) جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی گوشواروں کی تیاری میں بیرونی 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 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۔
- میکسر، ڈیویڈ، لیونز اور چارجز کی مد میں کوئی قانونی ادائیگیاں نہیں ہیں جو کہ 31 دسمبر 2022 تک بقایا ہیں، سوائے اس کے کہ مالی بیانات میں ظاہر کیا گیا ہو۔ اس طرح کے تمام واجبات بنیادی طور پر مالی سال 2022 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۔

#### 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 موثر 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

انفرادی بورڈ کے اراکین کی کارکردگی اور شرکت کا اندازہ لگانا

#### 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 XXX 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 2022 تک تھی:



# ڈائریکٹر کی رپورٹ

## سال 2022 کے لیے جامع مالیاتی معلومات

ASKARI GENERAL INSURANCE CO. LTD

### متفرق

اس شعبہ میں انجینئرنگ انشورنس، بانڈ انشورنس، کراپ انشورنس، ٹریڈ انشورنس وغیرہ شامل ہیں۔ اس شعبہ کا بزنس 2022 میں انڈر رائٹ بزنس کا 21 فیصد ہے جس میں مجموعی پریمیم 2022 میں 960 ملین (2021: 847 ملین) کا تحریر ہوا۔ اس طبقہ نے 201 ملین (2021: 242 ملین) روپے کی شراکت دی۔

### آگ اور املاک کا نقصان

اس شعبہ کے لیے زیر تحریر مجموعی پریمیم سال 2022 میں 815 ملین (2021: 624 ملین روپے) تھا۔ اس شعبہ نے سال 2022 میں 18 فیصد (2021: 16 فیصد) کمپنی کے کل مجموعی پریمیم میں حصہ ڈالا۔ سال 2022 میں اس شعبہ کی طرف سے تعاون 85 ملین (2021: 78 ملین) روپے رہا۔

### میرین، ایوی ایشن اور ٹرانسپورٹ

اس شعبہ نے 2022 میں ہمارے کل انڈر رائٹ کاروبار میں 8 فیصد کا حصہ ڈالا جس میں مجموعی تحریری پریمیم کا 371 ملین (2021: 277 ملین روپے) ہے۔ اس شعبہ نے سال 2022 میں 85 ملین (2021: 66 ملین روپے) کی شراکت دی۔

### سرمایہ کاری، کرایہ اور دیگر آمدنی

مجموعی طور پر سرمایہ کاری اور دیگر آمدنی سال 2022 میں 18 فیصد اضافے کے ساتھ 328 ملین ہو گئی، جو کہ سال 2021 کے لیے 277 ملین تھی۔ سرمایہ کاری اور دیگر آمدنی میں اضافے کی بڑی وجہ سال 2022 کے دوران مقررہ آمدنی کی سیکورٹیز میں اعلیٰ پالیسی کی شرح اور سرمایہ کاری تھی۔

### وئٹو نکال آپریشنز

وئٹو نکال 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۔ 2022 کے دوران WTO کی طرف سے تحریری شراکت 458 ملین روپے (2021: 403 ملین روپے) رہی۔ جبکہ سال 2022 کے لیے آپریٹرز فنڈ سے منافع 2021 کے 55 ملین روپے کے مقابلے میں 69 ملین روپے ہے۔

### ٹریکنگ اور دیگر خدمات کے لیے معاہدہ

کمپنیز ایکٹ 2017 کے سیکشن 208(2) کے مطابق، ہم شراکت داروں کو مطلع کرنا چاہتے ہیں کہ کمپنی نے کمپنی کی ذیلی کمپنی Asktech (Pvt.) Ltd کے ساتھ ٹریکنگ اور دیگر خدمات کی فراہمی کے لیے اپنا معاہدہ جاری رکھا ہوا ہے۔ موٹو انشورنس کے کاروبار میں خطرات کو کم کرنے کے لیے ٹریکنگ 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

یوسف عادل چارٹرڈ اکاؤنٹنٹس نے سال 2022 کے لیے کمپنی کے مالیاتی گوشواروں کا آڈٹ کیا اور دوبارہ اہل ہونے کے بعد خود کو دوبارہ تقرری کے لیے پیش کیا۔

### شرعیہ کپلائنس آڈیٹرز

ایس ایم سہیل اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، دوبارہ تقرری کے اہل ہوتے ہوئے، کمپنی کے شرعیہ کپلائنس آڈیٹرز کے طور پر، جیسا کہ نکال رولز 2012 کے تحت ضروری تھا، 15 مارچ 2023 کو ہونے والی بورڈ میٹنگ میں دوبارہ تعینات کیا گیا۔

پورٹلز فراہم کرتے ہیں۔ ان ٹولز کو اندرون ملک تیار کر کے، ہم مارکیٹ کے تازہ ترین رجحانات کے ساتھ رفتار برقرار رکھ سکتے ہیں اور مارکیٹ کے بدلتے ہوئے حالات کو سنبھالنے کے لیے اپنے کاروباری عمل میں کوالٹی اشورنس اور کٹرولز کو شامل کر سکتے ہیں۔

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

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

### ڈیویڈنڈ سٹریٹیجی

بورڈ آف ڈائریکٹرز نے 2.90 روپے فی شیئر کے حتمی نقد منافع کی سفارش کی ہے ان شیئرز ہولڈرز کو جن کے نام بک بند ہونے کی مدت کے آغاز پر کمپنی کے شیئرز رجسٹر میں ظاہر ہوتے ہیں۔

### کارکردگی کا جائزہ

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

31 دسمبر		
2021	2022	
(روپے سزار میں)		
4,009,173	4,499,140	مجموعی تحریری پر بیمہ (بشمول تکافل شراکت)
2,172,782	2,426,941	خالص پر بیمہ آمدنی
1,377,015	1,548,191	خالص دعویے
173,624	188,459	انڈر رائٹنگ منافع
276,985	327,751	سرمایہ کاری، کرایہ اور دیگر آمدنی
450,609	481,291	قبل از ٹیکس منافع - جبرل انشورنس آپریشنز
54,849	68,568	قبل از ٹیکس منافع - ونڈو تکافل آپریشنز (OPF)
367,413	355,088	بعد از ٹیکس منافع
5.11	4.94	فی شیئر آمدنی (روپے)

### شعبہ دار کارکردگی کا تجزیہ

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

### موٹر

موٹر کے شعبہ نے کاروبار میں خاطر خواہ ترقی دکھائی، نتیجتاً، یہ مجموعی طور پر کاروبار میں سب سے زیادہ شراکت دار بن گیا جس کا مجموعی پر بیمہ 1291 ملین (2021: 1166 ملین) روپے لکھا گیا۔ اس شعبہ کا بزنس سال 2022 میں لکھے گئے کل مجموعی پر بیمہ 29% فیصد ہے۔ اس طبقہ نے روپے 457 ملین (2021: 448) ملین روپے کی شراکت کی دی۔

### حادثہ اور صحت

صحت کا شعبہ کل زیر تحریر پر بیمہ میں دوسرا اہم حصہ دار تھا۔ اس شعبہ نے سال 2022 میں 1063 ملین (2021: 1095 ملین روپے) کا کاروبار محفوظ کیا، جو کل کاروباری پورٹ فولیو کے 24 فیصد (2021: 27 فیصد) بنتا ہے۔ اس طبقہ نے 112 ملین (2021: 11 ملین) روپے کی شراکت کی دی۔

# ڈائریکٹر کی رپورٹ

## سال 2022 کے لیے جامع مالیاتی معلومات

ASKARI GENERAL INSURANCE CO. LTD

بورڈ آف ڈائریکٹرز کی جانب سے، ہمیں عسکری جرنل انشورنس کمپنی لمیٹڈ (کمپنی) کے ڈائریکٹرز کی رپورٹ کے ساتھ 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے آڈٹ شدہ جامع مالیاتی گوشواروں اور اس پر آڈٹرز کی رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

### اقتصادی جائزہ

پاکستان کی معیشت کو حالیہ برسوں میں مختلف چیلنجز کا سامنا رہا ہے، جن میں بڑا تجارتی خسارہ، بلند افراط زر اور قرضوں کا بھاری بوجھ شامل ہیں۔ سال 2022 میں ان چیلنجوں میں مزید تیزی آئی جہاں سیاسی بے یقینی نے معاشی غیر یقینی صورتحال کو مزید آگے بڑھا دیا ہے اور امریکی ڈالر کے مقابلے پاکستانی روپے کی قدر میں زبردست گراوٹ ہے جس کی وجہ سے مہنگائی آسمان کو چھو رہی ہے۔ مزید یہ کہ ملک کے زر مبادلہ کے ذخائر انتہائی کم رہ گئے ہیں۔

پاکستان میں جرنل انشورنس انڈسٹری کو کئی چیلنجز کا سامنا ہے، جن میں شدید مسابقت، زیادہ دعوے کی لاگت اور معاشی عدم استحکام شامل ہیں۔ صنعت نے انڈر رائٹنگ منافع کو برقرار رکھنے کے لیے جدوجہد کی ہے۔ شدید مسابقت کی وجہ سے کمپنیاں کم پریمیم اور وسیع تر کوریج کی پیشکش کرتی ہیں، بالآخر دعویٰ کا تناسب بلند ہوتا ہے۔

پاکستانی روپے کی قدر میں کمی نے صنعت کو بھی متاثر کیا ہے، کیونکہ اس کے نتیجے میں انشورنس کمپنیوں کے لیے دوبارہ بیمہ کی لاگت میں اضافہ ہوا ہے۔ ری بیمہ کنندگان کی آمدنی اور منافع USD کے لحاظ سے کم ہونے کے ساتھ، پاکستان کی جرنل انشورنس انڈسٹری ری بیمہ کنندگان کی ترجیحات میں درجہ کھو رہی ہے۔

2022 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 16 فیصد کر دیا ہے۔ اس نے مجموعی کاروباری سرگرمیوں اور نتیجتاً انشورنس انڈسٹری کو بھی منفی طور پر متاثر کیا ہے۔

### 2022 میں AGICO کمپنی

کمپنی مشکل معاشی حالات کے باوجود، کامیابی سے سال 2022 میں 4.5 بلین (2021: 4.0 بلین روپے) (بشمول مکافل شراکت کے 456 ملین روپے) کا مجموعی پریمیم انڈر رائٹ کرنے میں کامیاب رہی۔ سال 2022 کے دوران، کمپنی کی اولین توجہ اپنی انڈر رائٹنگ کی کارکردگی کو بہتر بنانا، بہتر لیکویڈیٹی کو برقرار رکھنا اور گاہک کو برقرار رکھنا تھا۔ سال 2022 میں ٹیکس کے بعد منافع اور فی شیئر کمائی (EPS) 355 ملین اور 4.94 فی شیئر رہی۔

### اہم جھلکیاں

#### کریڈٹ ریٹنگ

کمپنی نے پاکستان کریڈٹ ریٹنگ کمپنی لمیٹڈ (PACRA) اور VIS کریڈٹ ریٹنگ ایجنسی دونوں کی جانب سے مستحکم مستقبل کے آؤٹ لک کے ساتھ سال 2022 میں "AA+" کی بیمہ کنندہ کی مالیاتی طاقت کی درجہ بندی برقرار رکھی ہے۔

#### ڈیجیٹل اقدامات

IMS ERP ہر سال مسلسل ارتقاء سے گزرتا ہے، جو کہ فن تعمیر اور ٹیکنالوجی میں پیشرفت کی وجہ سے ہے۔ ان تبدیلیوں کو ایڈجسٹ کرنے کے لیے، ہم ایک SOA پر مبنی فن تعمیر کو اپنا رہے ہیں جو ہمارے بنیادی ERP کو بغیر کسی رکاوٹ کے ڈیٹا انٹیگریشن اور متعدد چینلز میں رپورٹنگ کو مربوط کرنے کے قابل بناتا ہے۔ مزید برآں، ہم اپنی انٹیلیجنس کے نفاذ کو مقامی ٹیکنالوجی میں منتقل کر رہے ہیں، جس سے ہمیں ایک ہی انٹیلیجنس کا استعمال کرتے ہوئے تمام آلات کو پورا کرنے کی اجازت ملتی ہے۔ تیزی سے ڈیٹا کی بازیافت کو یقینی بنانے کے لیے، ہم انٹر میڈیٹ No-SQL ڈیٹا بیسز کو بھی نافذ کر رہے ہیں۔ ہمارا بنیادی مقصد غیر معمولی کسٹمر سروس فراہم کرنا ہے، جو کہ ہمارے پیش کردہ وسیع اور متنوع کسٹمر میں کے پیش نظر ایک بڑا چیلنج ہو سکتا ہے۔ ڈیجیٹل چینلز کے پھیلاؤ اور موبائل آلات کے عروج کے ساتھ، کسٹمر کی مشغولیت کی حکمت عملی تیزی سے پیچیدہ ہو گئی ہے۔ لہذا، ہم نے اپنے ERP کو انتہائی قابل ترتیب بنانے کے لیے تیار کیا ہے، جس سے ہمیں اپنے کلائنٹس کی منفرد ضروریات کو پورا کرنے کی اجازت ملتی ہے۔ آخر میں، ہم نے ایک جامع رسک مینجمنٹ اور آئی ٹی سیکورٹی سسٹم نافذ کیا ہے، جو ہمیں اہم اثاثوں کی حفاظت اور سائبر رسک کے تناظر میں کلائنٹ اور بیمہ کنندہ کے درمیان بدلتی ہوئی حدود کو نیوگیٹ کرنے میں مدد کرتا ہے۔

AGICO میں MIS ٹیم نے اندرون ملک ہمارے کاروباری عمل کے لیے تمام ماڈیولز تیار کیے ہیں۔ یہ ماڈیول آپس میں جڑے ہوئے ہیں اور ایک ہی ڈیٹا لائف سائیکل کے ساتھ کام کرنے کے لیے ایک متحد ماحول فراہم کرتے ہیں۔ ہمارا بنیادی فائدہ اس حقیقت میں ہے کہ ہم نے ان ماڈیولز کو اندرونی طور پر تیار کیا ہے۔ ہم اپنے بنیادی ERP کو بڑھانے کے لیے ڈیٹا انٹیلیجنس ٹولز کا استعمال کرتے ہیں اور صارفین کو درپیش اچھیں اور ویب

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ANNUAL REPORT 2022



## 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 2022. 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 انٹرنل کنٹرول سے متعلق بیان

## بورڈ کی ذمہ داریاں

« رپورٹوں اور کاروباری ترقی پر تبادلہ خیال کرنے اور اہم عمل کاروں 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 موثریت اور موثریت کا جائزہ لینا۔

## داخلی آڈٹ فنکشن

کمپنی کے پاس ایک داخلی آڈٹ فنکشن ہے جو کمپنی کی داخلی کنٹرول کے نظام کی موثریت 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 انٹرنل کنٹرول سسٹم" پر بنیاد رکھتے ہوئے کمپنی کے "رسک مینجمنٹ اینڈ انٹرنل 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 انٹرنل 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 انٹرنل کمیٹی 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 انٹرنل 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 انٹرنل کنٹرول" کی شناخت اور موثریت کو مد نظر رکھنے کے لئے اپنی مجموعی ذمہ داری کو تسلیم کرنے کا اعتراف کرتا ہے۔

بورڈ نے کمپنی کے "رسک مینجمنٹ اینڈ انٹرنل کنٹرول" کے نظام کی موثریت 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 تاثر 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 میٹریکس کے ساتھ ایک بالکل واضح تنظیمی ڈھانچہ جو مینجمنٹ کے اراکین کو تفویض کردہ اختیار مقرر کرتا ہے؛
- « تمام اہم عمل کاروں کے لئے دستاویزی پالیسیاں اور طریقہ کار؛
- « انتظامی جائزے اور فیصلے کے لئے اہم تنقیدی معلومات کو جمع کرنا، اس کی پروسیجر کرنا، اس کی نگرانی کرنا اور اس کو پھیلانے 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 کو فراہم کی جاتی ہیں؛
- « آڈٹ کمیٹی کی طرف سے سہ ماہی اور سالانہ مالیاتی نتائج کا جائزہ؛

# PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

ASKARI GENERAL 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

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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 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 پینشن فنڈ اور مقررہ پینشن 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 رپورٹنگ 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 اپرٹی" اور منظور شدہ بین الاقوامی اکاؤنٹنگ سٹینڈرڈ (آئی اے ایس) ۴۰ کے مطابق لاگت ماڈل کے تحت شمار کیا جاتا ہے۔ سرمایہ کاری پر اپرٹی کی تشخیص بھی خود مختار قابل قدر اشخاص کی طرف سے کی جاتی ہے 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 / کمزور ذمہ داریوں کی طرف سے غیر ادا شدہ اور قابل ادارت

کمپنی اپنے ان پریمیم واجبات کو جو کہ ابھی تک بیمہ کاروں / کمزور ذمہ داریوں کے پورٹ فولیو کی طرف سے غیر ادا شدہ اور قابل ادارت 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 لیکویڈٹی 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 لیکویڈٹی 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

مالی بیانات کی 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۔ "انٹرنس اکاؤنٹنگ ریگولیشنز، ۲۰۱۷ء" میں بیان کردہ طریقہ کار کے ۴۲/۱۷ میں حصے کو لاگو کرنے سے غیر موصول کردہ پریمیموں کا حساب لگایا جاتا ہے۔

### پریمیم کی کمی والی 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 کمی آمدن میں تحریک، بوقت ضرورت، سال کے لئے منافع اور نقصان کے اکاؤنٹ میں خرچ کے طور پر ریکارڈ کی گئی ہے۔

### بنایا جاتی رقم کے دعویٰ کے لئے شرط (IBNR سمیت)

بنایا 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 رعایتی 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 GENERAL 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 کپیبل وسائل کی قدر میں منفی تبدیلی کا خطرہ شامل ہوتا ہے جیسا کہ اندرونی نظام، ایپارٹس، 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 کارکنان 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 پیمائشی 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 شقیں کے خلاف ایکشن 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 مدنظر 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 اجراء کنندہ کے ساتھ مخصوص عوامل ہوں، یا مارکیٹ میں تجارت کیے جانے والے تمام بائیک 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 رجوع 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

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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
Rizwan Ullah Khan	Member
Brig Mukhtar Ahmed (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
Mr. M. Munir Malik	Chairman
Mr. Malik Riffat Mehmood	Member
Brig Mukhtar Ahmed (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
Mr. Imran Iqbal	Chairman
Brig Mukhtar Ahmed (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
Mr. Zaheer Abbas	Member
Mr. Shahzad Ameer	Member
Mr. Shahzad Munir	Member

#### **Claims Settlement Committee**

This committee devises the claims settling policy of the Company.



# BOARD COMMITTEES

ANNUAL REPORT 2022

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.

Following is the composition of this committee:

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



## AskTech (Pvt) Ltd.

OPEN & TRANSPARENT TO INNOVATION & DIVERSITY

The year 2022 has been challenging for the company as it has been for the country. We will continue facing these headwinds for some-time till the fiscal and governance issues are sorted by the domestic and international forces impacting the situation. There has been a drop on the sale of new vehicles exacerbated by substantial increase in the prices of the vehicles. All imported items have been impacted by the depreciation of the currency and more challenging environment is expected putting pressure on the availability and prices of the devices. Insurance companies have played a major role in the growth of the tracking industry through demand created by the bank financing of the vehicles. This particular segment has been severely affected by high interest rates, increasing vehicle prices and regulatory restriction on financing by the banks.

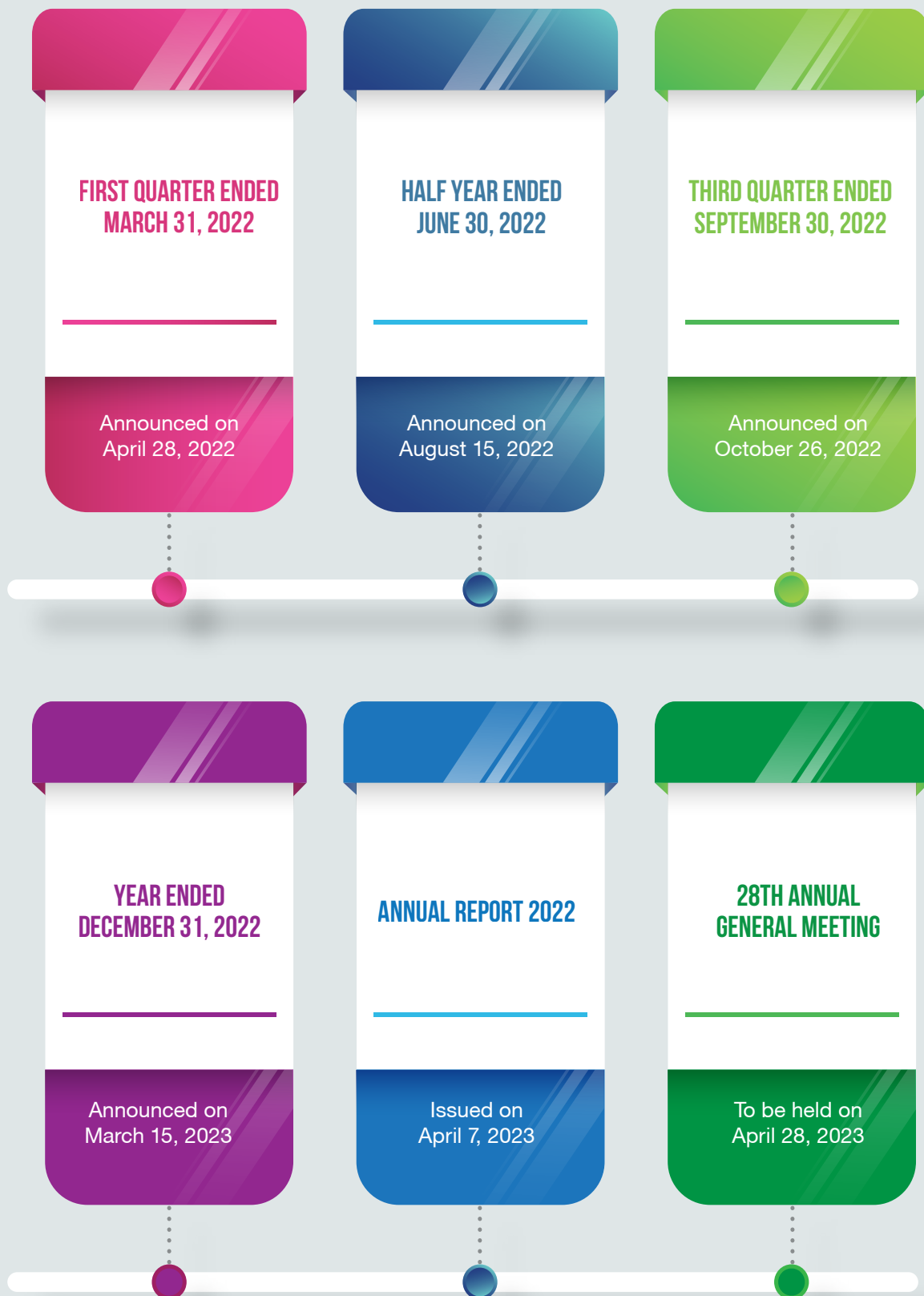
We are managing the situation to the best of our abilities. The shortfall from traditional channels has been compensated by aggressive penetration in commercial/ logistics market and we have been blessed with success due to our ability to meet the technical requirements of this sector. Notable breakthroughs were achieved by winning the contracts for National Highway Motor Police (NHMP) and Rawalpindi Waste Management Company. We also had a major breakthrough with logistics management in the cement sector and in the cash security/ delivery sector. These penetrations were primarily due to our ability to provide tailored targeted solutions to the customers. Going forward we believe this technical capability will be critical to growth and profitability.

We tried to introduce a heart monitoring remote medical device to diversify the product line which did not lead to fruition due to foreign exchange fluctuations. We continue to explore areas that complement our existing business allowing diversification and growth. We wish to leverage on our core competencies and position ourselves in the Business Process Outsourcing (BPO) market enabling us to earn foreign currency.

We have strengthened our HR despite the constraints as we believe the success of this organization is people dependent. 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.

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

# FINANCIAL CALENDAR



# FINANCIAL ANALYSIS

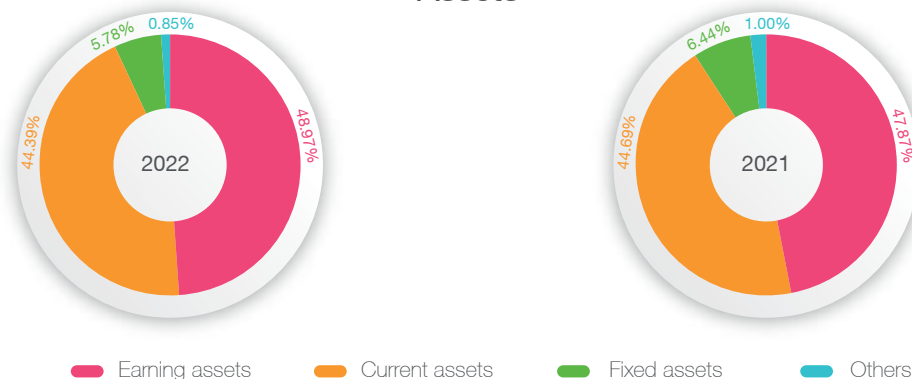
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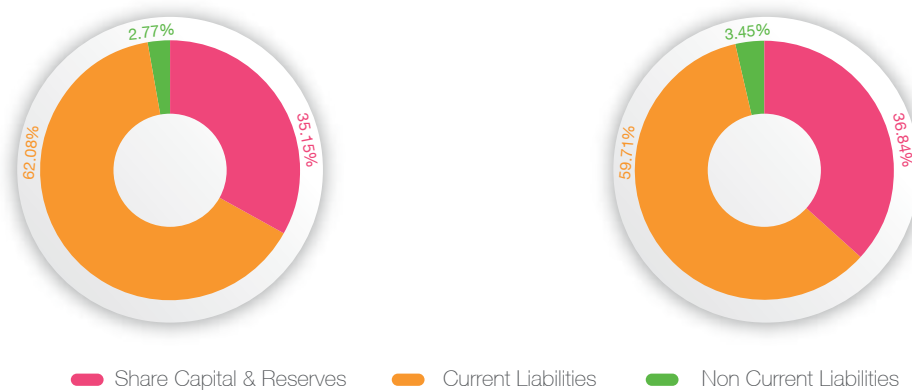
# PERFORMANCE AT A GLANCE

## GRAPHICAL ANALYSIS OF BALANCE SHEET

### Assets



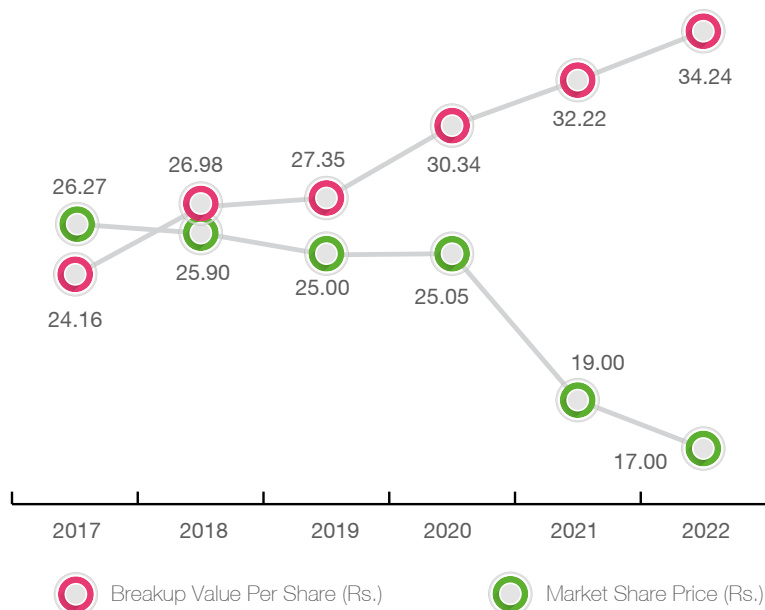
### Shareholders' Equity and Liabilities



Equity to Total Assets (%) Total Assets Equity

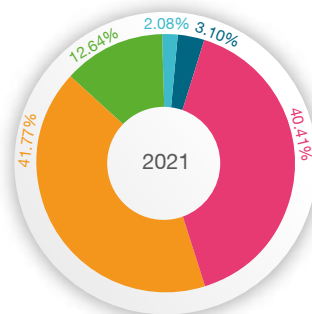
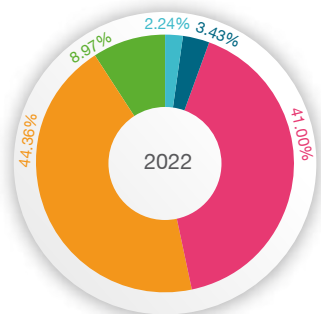


# PERFORMANCE AT A GLANCE



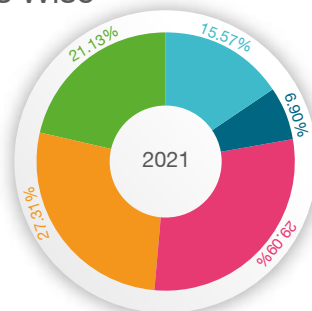
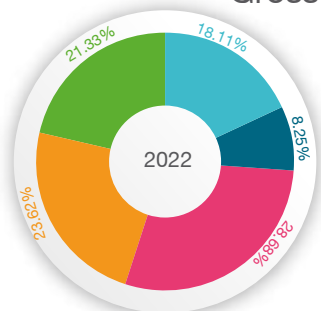
## GRAPHICAL ANALYSIS OF PROFIT & LOSS

### Net Premium - Business Wise



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

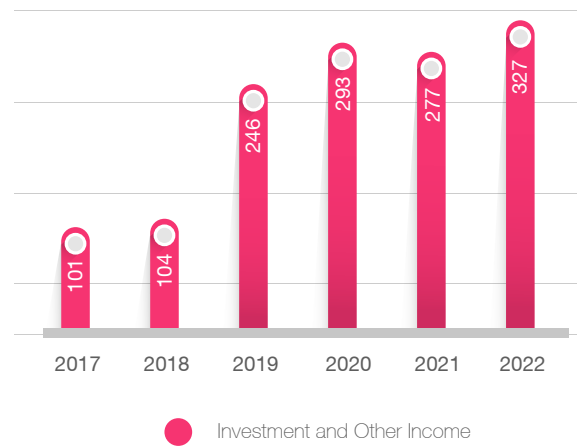
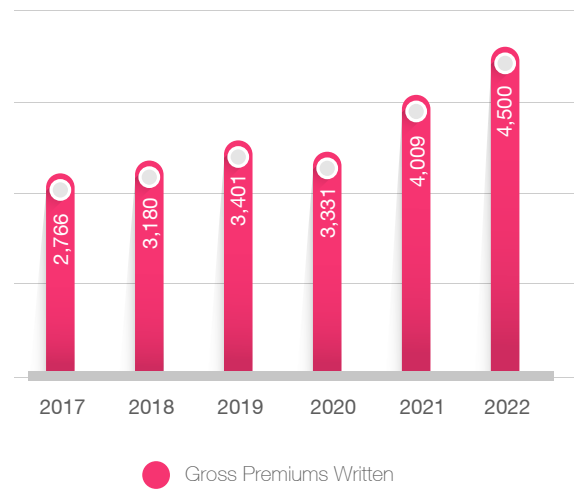
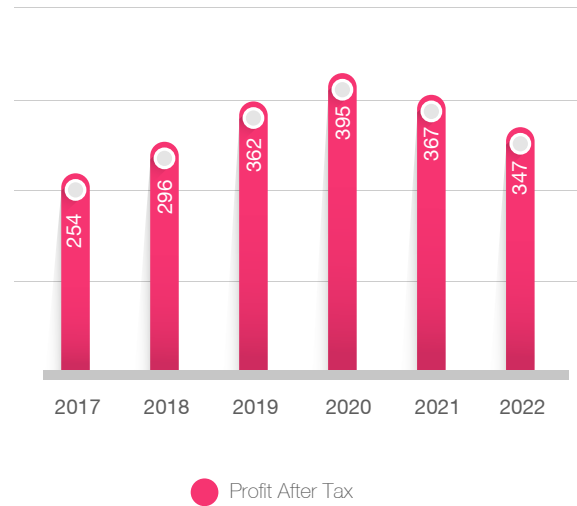
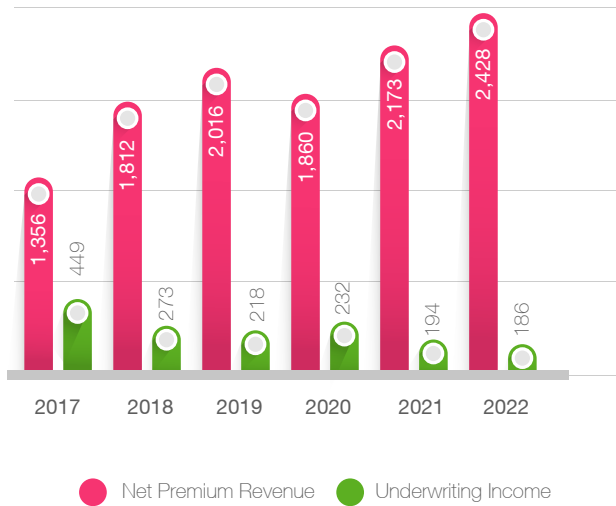
### Gross Premium - Business Wise



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

# PERFORMANCE AT A GLANCE

ANNUAL REPORT 2022



# STATEMENT OF VALUE ADDED

## FOR THE YEAR ENDED DECEMBER 31, 2022

ASKARI GENERAL INSURANCE CO. LTD

	2022	2021
	Rupees in thousand	
<b>Wealth Generated</b>		
Net Premium Revenue	2,427,948	2,172,782
Commission from reinsurer	320,710	304,193
Investment income and profit on bank deposits	293,621	263,832
Rental income	5,991	4,984
Other income	27,379	8,133
Gain on Takaful	61,369	54,849
	<b>3,137,018</b>	<b>2,808,772</b>
<b>Less:</b>		
Claims, commission and expenses (excluding employees remuneration, depreciation and other taxes)	1,956,130	1,744,643
Net wealth generated	<b>1,180,888</b>	<b>1,064,129</b>
<b>Wealth distribution:</b>		
Employees' remuneration	522,761	465,990
Government taxes (includes income tax, WWF and other taxes)	193,442	137,355
Finance cost	25,605	13,385
	<b>741,808</b>	<b>616,730</b>
<b>Distribution</b>		
Cash Dividend	197,730	197,730
Stock Dividend	-	-
	<b>197,730</b>	<b>197,730</b>
<b>Retained in business:</b>		
Depreciation and amortization	92,491	80,519
Earnings	148,859	169,149
	<b>241,350</b>	<b>249,668</b>
<b>Total Wealth Distributed</b>	<b>1,180,888</b>	<b>1,064,129</b>

# VERTICAL ANALYSIS

ANNUAL REPORT 2022

	2022		2021		2020		2019		2018		2017	
	Rupees '000	%	Rupees '000	%	Rupees '000	%	Rupees '000	%	Rupees '000	%	Rupees '000	%
<b>Balance Sheet</b>												
Cash and Bank Deposits	291,610	4.16	196,392	3.12	231,797	3.95	342,237	6.30	147,175	3.03	191,755	4.23
Loans to Employees	342	0.00	357	0.01	222	0.00	12	0.00	324	0.01	801	0.02
Investments	3,101,836	44.29	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
Investment Property	36,571	0.52	37,881	0.60	39,191	0.67	40,501	0.75	41,811	0.86	43,121	0.95
Deferred Taxation	35,595	0.51	21,945	0.35	13,748	0.23	15,592	0.29	31,940	0.66	12,989	0.29
Current Assets - without investments, advances and cash and bank	2,763,033	39.45	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
Fixed Assets - Tangible and Intangible	405,136	5.78	405,135	6.44	383,751	6.54	285,910	5.26	228,906	4.72	120,400	2.65
House Building Finance	3,129	0.04	4,012	0.06	2,863	0.05	2,961	0.05	12,771	0.00	00	0.00
Total Assets from Window Takatful Operators - Operators' Fund (OPF)	366,960	5.24	331,192	5.27	306,866	5.23	279,427	5.14	202,467	4.17	120,437	2.65
<b>Total Assets</b>	<b>7,004,213</b>	<b>100.00</b>	<b>6,287,100</b>	<b>100.00</b>	<b>5,868,254</b>	<b>100.00</b>	<b>5,431,398</b>	<b>100.00</b>	<b>4,854,565</b>	<b>100.00</b>	<b>4,537,133</b>	<b>100.00</b>
Share Holders' Equity	2,462,108	35.15	2,316,327	35.24	2,181,933	36.40	1,966,379	36.84	1,686,721	32.73	1,510,290	33.62
Underwriting Provisions	2,700,673	38.56	2,455,739	37.36	2,315,988	38.64	2,117,312	39.67	2,195,594	42.60	2,045,241	45.53
Staff Retirement Benefits	74,859	1.07	78,743	1.20	70,788	1.18	67,081	1.26	54,390	1.06	40,988	0.91
Creditors and Accruals	1,379,129	19.69	1,066,156	20.60	929,642	17.79	1,035,769	17.42	751,407	20.10	773,271	16.73
Finance Lease Liability	199,754	2.85	213,106	3.24	209,092	3.49	100,390	1.88	59,591	1.16	63,770	1.42
Deposits and other payables	59,063	0.84	43,137	0.66	43,137	0.72	55,818	1.05	45,610	0.88	33,604	0.75
Other Liabilities	9,708	0.14	10,971	0.15	9,105	0.18	945	0.17	945	0.14	528	0.09
Total Liabilities from Window Takatful Operators - OPF	118,919	1.70	102,923	1.57	95,887	1.60	91,699	1.718	69,209	1.34	43,091	0.96
<b>Total Equity and Liabilities</b>	<b>7,004,213</b>	<b>100.00</b>	<b>6,573,811</b>	<b>100.00</b>	<b>5,993,951</b>	<b>100.00</b>	<b>5,337,426</b>	<b>100.00</b>	<b>5,154,042</b>	<b>100.00</b>	<b>4,492,440</b>	<b>100.00</b>
<b>Profit &amp; Loss Account</b>												
Net Premium Revenue	2,427,948	100.00	2,172,782	100.00	1,860,234	100.00	2,016,249	100.00	1,811,751	100.00	1,356,189	100.00
Net Claims	1,548,190	63.77	1,377,015	63.38	1,116,735	60.03	1,250,767	62.03	1,069,485	59.03	622,365	45.89
Expenses	764,292	31.48	658,995	30.33	647,055	34.78	639,228	31.70	553,133	30.53	536,302	39.54
Net Commission	61,811	2.55	49,050	2.26	124,677	6.70	82,512	4.09	75,563	4.17	46,999	3.47
Investment Income including Rental & Bank Deposits Returns	299,612	12.34	268,815	12.37	284,130	15.27	224,875	11.15	81,824	4.52	98,320	7.25
Other Income	27,379	1.13	8,133	0.37	8,800	0.47	21,022	1.04	21,718	1.20	2,957	0.22
Finance Cost	25,605	1.05	13,385	0.62	16,982	0.91	12,356	0.61	4,297	0.24	5,056	0.37
Impairment in Value of Available for Sale Securities	34,970	1.44	-	-	00	-	-45,103	-2.24	38,711	2.14	4,463	0.33
Profit Before Window Takatful Operations and Tax	478,662	19.71	449,385	20.68	497,102	26.72	442,307	21.94	363,940	20.09	340,742	25.12
Profit / (loss) from Window Takatful Operators - OPF	61,369	2.53	54,849	2.52	62,898	3.38	67,157	3.33	56,907	3.14	23,755	1.75
Taxation - net	193,442	7.97	137,355	6.32	164,841	8.86	147,626	7.32	125,080	6.90	110,807	8.17
<b>Profit After Tax</b>	<b>346,589</b>	<b>14.27</b>	<b>366,879</b>	<b>16.89</b>	<b>395,159</b>	<b>21.24</b>	<b>361,838</b>	<b>17.95</b>	<b>295,767</b>	<b>16.32</b>	<b>253,690</b>	<b>18.71</b>

# HORIZONTAL ANALYSIS

ASKARI GENERAL INSURANCE CO. LTD

Balance Sheet	Rupees '000							% increase / (decrease) over preceding year				
	2022	2021	2020	2019	2018	2017	2022	2021	2020	2019	2018	2017
Cash and Bank Deposits	291,610	196,392	231,797	342,237	147,175	191,755	48.48	(15.27)	(32.27)	132.54	(23.25)	26.24
Loans to Employees	342	357	222	12	324	801	(4.35)	60.85	1,719.67	(96.23)	(59.57)	(40.40)
Investments	3,101,836	2,775,132	2,550,902	2,216,837	1,831,910	1,643,014	11.77	8.79	15.07	21.01	11.50	9.66
Investment Property	36,571	37,881	39,191	40,501	41,811	43,121	(3.46)	(3.34)	(3.23)	(3.13)	(3.04)	(2.95)
Deferred Taxation	35,595	21,945	13,748	15,592	31,940	12,989	62.20	59.62	(11.83)	(51.18)	145.90	16.25
Current Assets - without investments, advances, and cash and bank	2,763,033	2,515,054	2,338,914	2,247,921	2,357,261	2,404,616	9.86	7.53	4.05	(4.64)	(1.97)	33.02
Fixed Assets - Tangible and Intangible	405,136	405,135	383,751	285,910	228,906	120,400	0.00	5.57	34.22	24.90	90.12	(9.97)
House Building Finance	3,129	4,012	2,863	2,961	12,771	-	(22.02)	40.14	(3.30)	-	-	-
Total Assets from Window Takatuf Operations - OPF	366,960	331,192	306,866	279,427	202,467	120,437	10.80	7.93	9.82	38.01	68.11	54.31
<b>Total Assets</b>	<b>7,004,213</b>	<b>6,287,100</b>	<b>5,868,254</b>	<b>5,431,398</b>	<b>4,854,565</b>	<b>4,537,133</b>	<b>11.41</b>	<b>7.14</b>	<b>8.04</b>	<b>11.88</b>	<b>7.00</b>	<b>21.75</b>
Share Holders' Equity	2,462,108	2,316,327	2,181,933	1,966,379	1,686,721	1,510,290	6.29	6.16	10.96	16.58	11.68	9.03
Underwriting Provisions	2,700,673	2,455,739	2,315,988	2,117,312	2,195,594	2,045,241	9.97	6.03	9.38	(3.57)	7.35	23.84
Staff Retirement Benefits	74,859	78,743	70,788	67,081	54,390	40,988	(4.93)	11.24	5.53	23.33	32.70	26.67
Creditors and Accruals	1,379,129	1,066,156	929,642	1,035,769	751,407	773,271	29.36	14.68	(10.25)	37.84	(2.83)	52.21
Finance Lease Liability	199,754	213,106	209,092	100,390	59,591	63,770	(6.27)	1.92	108.28	68.47	(6.55)	(9.74)
Deposits and other payables	59,063	43,137	43,137	55,818	45,610	33,604	36.92	-	(22.72)	22.38	35.73	9.32
Other Liabilities	9,708	10,971	9,105	945	945	528	(11.51)	20.50	863.12	-	78.93	85.77
Total Liabilities from Window Takatuf Operations - OPF	118,919	102,923	95,887	91,699	69,209	43,091	15.54	7.34	4.57	32.50	60.61	76.17
<b>Total Equity and Liabilities</b>	<b>7,004,213</b>	<b>6,287,100</b>	<b>5,855,572</b>	<b>5,435,394</b>	<b>4,863,467</b>	<b>4,510,784</b>	<b>11.41</b>	<b>7.37</b>	<b>7.73</b>	<b>11.76</b>	<b>7.82</b>	<b>21.75</b>
<b>Profit &amp; Loss Account</b>												
Net Premium Revenue	2,427,948	2,172,782	1,860,234	2,016,249	1,811,751	1,356,189	11.74	16.80	(7.74)	11.29	33.59	8.04
Net Claims	1,548,190	1,377,015	1,116,735	1,250,767	1,069,485	622,365	12.43	23.31	(10.72)	16.95	71.84	(3.43)
Expenses	764,292	658,995	647,055	639,228	553,133	536,302	15.98	1.85	1.22	15.56	3.14	12.23
Net Commission	61,811	49,050	124,677	82,512	75,563	46,999	26.02	(60.66)	51.10	9.20	60.78	(3.54)
Investment Income including Rental & Bank Deposits Returns	299,612	268,815	284,130	224,875	81,824	98,320	11.46	(5.39)	26.35	174.83	(16.78)	(25.00)
Other Income	27,379	8,133	8,800	21,022	21,718	2,957	236.63	(7.58)	(68.14)	(3.21)	634.47	(53.14)
Finance Cost	25,605	13,385	16,982	12,356	4,297	5,056	91.30	(21.18)	37.44	187.55	(15.01)	25.87
Impairment in Value of Available for Sale Securities	34,970	-	-	(45,103)	38,711	4,463	-	-	(100.00)	(216.51)	767.37	92.20
Profit Before Window Takatuf Operations and Tax	478,662	449,385	497,102	442,307	363,940	340,742	6.51	(9.60)	12.39	21.53	6.81	8.18
Profit / (loss) from Window Takatuf Operations - OPF	61,369	54,849	62,898	67,157	56,907	23,755	11.89	(12.80)	(6.34)	18.01	139.56	328.56
Taxation - net	193,442	137,355	164,841	147,626	125,080	110,807	40.83	(16.67)	11.66	18.03	12.88	32.37
<b>Profit After Tax</b>	<b>346,569</b>	<b>366,879</b>	<b>395,159</b>	<b>361,838</b>	<b>296,767</b>	<b>253,690</b>	<b>(5.53)</b>	<b>(7.16)</b>	<b>9.21</b>	<b>22.34</b>	<b>16.59</b>	<b>7.13</b>



# SIX YEARS PERFORMANCE

ANNUAL REPORT 2022

Financial Position	2022	2021	2020	2019	2018	2017
	<b>Rupees in million</b>					
Paid-Up Capital	719	719	719	719	625	625
Retained Profits	1,576	1,425	1,269	1,056	888	694
Reserves - others	167	172	194	192	174	191
Equity	2,462	2,316	2,181	1,966	1,687	1,510
Underwriting Reserve	1,824	1,720	1,494	1,388	1,642	1,539
Investments	3,102	2,775	2,551	2,217	1,832	1,643
Investment Property	37	38	39	41	42	43
Fixed Assets - Tangible and Intangible	405	405	384	286	229	120
Total Assets	7,004	6,287	5,868	5,431	4,855	4,537
Market Share Price (Rs.)	17.00	19.00	25.05	25.00	25.90	26.27
Breakup Value Per Share (Rs.)	34.24	32.22	30.34	27.35	26.98	24.16
<b>Financial Performance</b>						
Gross Premiums Written Including Takaful	4,500	4,009	3,331	3,401	3,180	2,766
Net Premium Revenue	2,428	2,173	1,860	2,016	1,812	1,356
Net Claims	1,548	1,377	1,117	1,251	1,069	622
Underwriting Income	186	194	232	218	273	449
Management and Other Expenses	764	659	647	639	553	536
Investment and Other Income	327	277	293	246	104	101
Finance Cost	26	13	17	12	04	05
Profit Before Window Takaful Operations and Tax	479	449	497	442	364	341
Profit / (loss) from Window Takaful Operations - OPF	61	55	63	67	57	24
Profit After Tax	347	367	395	362	296	254
Dividend	29.00%	27.50%	28%	25%	15%	25%
Bonus Shares	0%	0%	0%	0%	15%	0%
Earning Per Share (Rs.) (Restated)	4.82	5.10	5.50	5.03	4.11	4.06
<b>Cash Flows Summary</b>						
Operating Activities	460	256	206	575	364	257
Investing Activities	(81)	(03)	(55)	(226)	(274)	(75)
Financing Activities	(284)	(289)	(261)	(155)	(134)	(143)
Cash & Cash Equiv. at the year end	292	196	232	342	147	192
E/A	35%	37%	37%	36%	35%	33%

# FINANCIAL RATIOS

ASKARI GENERAL INSURANCE CO. LTD

	2022	2021	2020	2019	2018	2017
<b>Profitability</b>						
Profit Before Tax / Gross Premium	%	18.34	12.58	16.81	14.98	13.24
Profit Before Tax / Net Premium	%	33.99	23.21	30.10	25.27	23.23
Profit After Tax / Gross Premium	%	7.70	9.15	11.86	10.64	9.30
Profit After Tax / Net Premium	%	14.27	16.89	21.24	17.95	16.32
Underwriting Result / Gross Premium	%	4.14	4.83	6.96	6.41	8.57
Underwriting Result / Net Premium	%	7.68	8.92	12.47	10.80	15.04
Profit Before Tax / Total Income	%	26.01	19.68	23.81	21.04	20.47
Profit After Tax / Total Income	%	10.92	14.32	16.80	14.95	14.39
Combined ratio	%	79.32	79.79	85.14	79.53	77.03
Net Claims / Net Premium	%	63.77	63.38	60.03	62.03	59.03
Management and Other Expense / Net Premium	%	31.48	30.33	34.78	31.70	30.53
<b>Return to Share Holders</b>						
Return on Equity - PAT	%	14.08	16.82	20.10	21.45	19.58
Earning Growth	%	-5.53	-7.16	9.21	22.34	16.59
Return on Assets (Book value)	%	4.95	5.84	6.73	6.66	6.09
Earning Per Share	Rs.	4.82	5.10	5.50	5.03	4.11
Breakup Value Per Share	Rs.	34.24	32.22	30.34	27.35	26.98
Market Share Price	Rs.	1700	1900	25.05	25.00	25.90
<b>Performance / Liquidity</b>						
Current Ratio	Times	0.94	0.95	1.44	1.38	1.39
Cash / Current Liabilities	Times	0.07	0.05	0.07	0.10	0.05
Total Assets Turnover	Times	0.64	0.64	0.57	0.63	0.66
Fixed Assets Turnover	Times	11.11	9.90	8.68	11.89	13.89
Total Liabilities / Equity	Times	1.84	1.71	1.69	1.76	1.88
Paid-up Capital / Total Assets	%	10.27	11.44	12.25	13.24	12.88
Earning Assets / Total Assets	%	44.81	44.74	48.09	47.86	41.63
Equity / Total Assets	%	35.15	36.84	37.17	36.20	34.75
Cash Flow from Operations / Premium Written	%	10.23	6.38	6.19	16.91	11.45



# STATEMENTS & **REPORTS**

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## 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

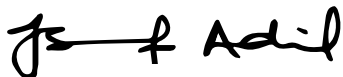
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Code of Corporate Governance for Insurers, 2016 (both herein referred to as 'the Regulations') prepared by the Board of Directors of Askari General Insurance Company Limited ('the Company') for the year ended December 31, 2022 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, 2022.



Chartered Accountants

Islamabad

Date: 6 April 2023

UDIN: CR202210134I6c3ERVNP



# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

ASKARI GENERAL INSURANCE CO. LTD

## Name of the Company:

Askari General Insurance Company Limited (the Company)

**Year Ending:** 31 December 2022

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	Eight (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
<b>Independent Directors</b>	Mr. M. Munir Malik Mr. Imran Iqbal Ms. Saima Akbar Khattak
<b>Non-Executive Directors</b>	Lt Gen Naveed Mukhtar (Retd) AVM Mohammad Athar Shams (Retd) Rizwan Ullah Khan Brig Mukhtar Ahmed (Retd) Malik Riffat Mahmood
<b>Executive Directors</b>	Mr. Abdul Waheed
<b>Female Director</b>	Ms. Saima Akbar Khattak

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

- The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.
- All the resident directors of the insurer are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
- Casual vacancies occurred on the Board on 27th April, 2022 which were filled by the directors within 90 days thereof.

- 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.
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the insurer. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 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.
- 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 and the Regulations 2019 with respect to frequency, recording and circulating minutes of meeting of Board.
- The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations 2019.
- No Orientation courses / training programs have been conducted for its directors during the year to apprise them of their duties and responsibilities. However, policies regarding roles and responsibilities of directors were provided to newly appointed director.
- The Board has established a system of sound internal control, which is effectively implemented at all levels within the insurer. The insurer has adopted and complied with all the necessary aspects of internal controls given in the CCG 2016.
- 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.
- 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.

# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

ANNUAL REPORT 2022

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 insurer 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 put in place a mechanism for an annual evaluation of the Board's own performance as required under the Regulations 2019.
19. 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. Shahzad Ameer	Member
Mr. Zaheer Abbas	Member
Mr. Shahzad Munir	Member

#### Claims Settlement Committee:

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

#### Executive, Risk Management & Compliance Committee:

Name of the Member	Category
AVM Mohammad Athar Shams (Retd)	Chairman
Rizwan Ullah Khan	Member
Brig. Mukhtar Ahmed (Retd)	Member
Mr. Abdul Waheed	Member

20. 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 Mukhtar Ahmed (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

21. 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 Mukhtar Ahmed (Retd)	Member

22. During the year meeting of the Committees, were held as follows:

Committee	No of Meetings
Underwriting, Reinsurance & Coinsurance Committee	2
Claims Settlement Committee	2
Executive, Risk Management & Compliance Committee	2
Ethics, Human Resource & Remuneration Committee	2
Investment Committee	3
Audit Committee	5

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 is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and they are involved in the internal audit function on regular basis.
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. Shahzad Ameer	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

26. The Statutory auditors of the insurer 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 insurer 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 appointed actuary complies with the requirements set out for him in the Code of Corporate Governance for Insurers, 2016.
30. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the CCG 2016.
31. The Board ensures that the risk management system of the Company is in place as per requirements of the CCG 2016.
32. The Board has set up a risk management function/ department, which carries out its tasks as covered under the CCG 2016.
33. The Board ensured that, as part of the risk management system, the Company obtained rating from 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 17 November 2022 and 14 February 2023 respectively, was "AA +" with Stable outlook.
34. The Board has set up a grievance department/function, which fully complies with the requirements of the CCG 2016.
35. 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.
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

Rawalpindi

March 15, 2022

**Abdul Waheed**

President & Chief Executive

# UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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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, 2022, 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, 2022, and of the profit, 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><b>Revenue Recognition</b></p> <p>(Refer notes 24 and 28 of the unconsolidated financial statements)</p> <p>The Company generated its revenue primarily from two main sources namely premiums on insurance policies (2,427.95 million) and investment income (267.96 million) for the year ended December 31, 2022.</p> <p>Premiums from insurance policies comprise of 90% of the total revenue. Premium income is one of the key performance indicators of the Company. Because of the significance of the premium as key performance indicator and risk that revenue transactions may not be recognized in the appropriate period in line with revenue recognition policy, we considered this area as a key audit matter.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> <li>- Obtained the understanding, evaluated the design and implementation and operating effectiveness controls over the process of capturing, processing and recording of premiums;</li> <li>- Assessed whether the Company's accounting policy for revenue recognition from premium is compliant with the requirements of applicable laws, accounting and reporting standards as applicable in Pakistan;</li> <li>- Evaluated the completeness, accuracy and reliability of the underlying policies/data used for revenue recognition from premiums;</li> <li>- Checked the premiums recorded on sample basis from the underlying policies issued to insurance contract holders;</li> <li>- Checked the policies on sample basis where premium was recorded close to year end and subsequent to year end to evaluate that revenue from premiums was recognized in the appropriate accounting period;</li> <li>- Recalculated the unearned portion of premium revenue to ensure that appropriate amount has been recorded as revenue for the current period; and</li> <li>- Assessed the relevant presentation and disclosures made in the financial statements to ascertain that these are compliant with laws, accounting and reporting standards as applicable in Pakistan.</li> </ul>

<b>2</b>	<p><b>Valuation of Claims Liabilities including Provision for Incurred but Not Reported (IBNR) Claims Reserves</b></p> <p>(Refer notes 3.9 and 25 of the annexed unconsolidated financial statements)</p> <p>As at December 31, 2022, claims liabilities represent 17% (Rs. 763.29 million including Rs. 304.10 million of IBNR reserves) of its total liabilities. Valuation of claim liabilities involves significant management judgment regarding uncertainty in the estimation of claims. Claims liabilities are recognized on intimation of the insured event based on management judgment and estimate. Provision for IBNR is calculated by the Company as required under Circular No. 9 of 2016 issued by the Securities and Exchange Commission of Pakistan based on the advice of actuary. The actuarial valuation process also involves significant judgment and the use of actuarial assumptions.</p> <p>Because of the significance of the impact of these judgments / estimations and assumptions used in determination of claims liabilities and calculation of provision for IBNR, we consider this area as Key Audit Matter.</p>	<p>Our audit procedures in relation to this matter included the following:</p> <ul style="list-style-type: none"> <li>- Assessed the design and implementation of the relevant controls over the measurement and calculation of IBNR reserves and evaluated the appropriateness of methodologies and assumptions used.</li> <li>- Evaluated the completeness, accuracy and reliability of the underlying data used by the management for the actuarial valuation.</li> <li>- Involved an independent actuarial expert to test the assumptions and assess the reasonableness of the assumptions used by management and their actuary.</li> <li>- Checked the adequacy of IBNR reserves and assessed an internal consistency and a reasonableness of basic actuarial figures with the prior year.</li> <li>- Assessed whether the financial statement disclosures in relation to the valuation of IBNR reserves are compliant with the relevant accounting and reporting standards as applicable in Pakistan.</li> </ul>
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#### 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:

- (a) 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);
- (b) 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;

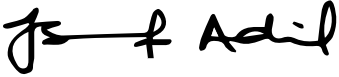
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and;
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

#### Other Matter

Prior Year Financial Statements Audited by Predecessor Auditor

The unconsolidated financial statements of the Company for the year ended December 31, 2021 were audited by another firm of Chartered Accountants who expressed an unmodified opinion on those statements on April 29, 2022.

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



Chartered Accountants  
Islamabad  
Date: 6 April 2023  
UDIN: AR2022101349ULvck2ws

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

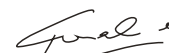
AS AT 31 DECEMBER 2022

ANNUAL REPORT 2022

		31 December 2022	31 December 2021
	Note	Rupees in thousand	
<b>ASSETS</b>			
Property and equipment	5	395,144	404,439
Intangible assets	6	9,992	696
Investment property	7	36,571	37,881
Investment in subsidiary	8	10,000	10,000
Investments			
- Equity securities	9	341,988	206,533
- Debt securities	10	2,749,845	2,558,599
Loans and other receivables	11	197,437	153,090
Insurance / Reinsurance receivables	12	1,474,879	1,435,030
Reinsurance recoveries against outstanding claims	25	310,712	245,466
Salvage recoveries accrued		3,341	3,769
Taxation - payments less provision		-	17,706
Deferred commission expense / Acquisition cost	26	108,258	102,363
Deferred taxation	15	35,595	21,945
Prepayments	16	671,877	561,999
Cash and bank	17	291,610	196,392
<b>Total assets from Window Takaful Operations - OPF</b>	44	<b>366,960</b>	<b>331,192</b>
<b>Total Assets</b>		<b>7,004,209</b>	<b>6,287,100</b>



Suleman Khalid  
Chief Financial Officer



Abdul Waheed  
President & Chief Executive



		31 December 2022	31 December 2021
	Note	Rupees in thousand	
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves attributable to Company's equity holders</b>			
Ordinary share capital	18	719,019	719,019
Share premium	19	121,161	121,161
Reserves	19	46,077	51,113
Unappropriated profit		1,575,852	1,425,034
<b>Total Equity</b>		<b>2,462,109</b>	<b>2,316,327</b>
<b>Liabilities</b>			
Underwriting Provisions			
- Outstanding claims including IBNR	25	763,291	639,160
- Unearned premium reserves	24	1,823,622	1,719,511
- Unearned reinsurance commission	26	113,761	97,068
Retirement benefit obligations	13	30,675	40,109
Staff compensated absences	14	44,185	38,633
Liabilities against assets - secured	20	199,754	213,106
Taxation - provision less payment		26,708	-
Premium received in advance		63,361	47,597
Insurance / Reinsurance payables	21	1,034,109	833,479
Unclaimed dividends		9,708	10,971
Other creditors and accruals	22	254,946	185,079
Deposits and other payables		59,061	43,137
<b>Total Liabilities</b>		<b>4,423,181</b>	<b>3,867,851</b>
<b>Total liabilities from Window Takaful Operations - OPF</b>	44	<b>118,919</b>	<b>102,923</b>
<b>Total Equity and Liabilities</b>		<b>7,004,209</b>	<b>6,287,100</b>
Contingencies and commitments	23		

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



Malik Riffat Mahmood  
Director



AVM Mohammad Athar Shams (Retd)  
Director



Lt Gen Naveed Mukhtar (Retd)  
Chairman

# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL REPORT 2022

		31 December 2022	31 December 2021
	Note	Rupees in thousand	
Net insurance premium	24	2,427,948	2,172,782
Net insurance claims	25	(1,548,190)	(1,377,015)
Net commission and other acquisition costs	26	61,811	49,050
Insurance claims and acquisition expenses		(1,486,379)	(1,327,965)
Management expenses	27	(755,131)	(651,074)
Underwriting results		186,438	193,743
Investment income	28	267,960	252,402
Rental income	29	5,991	4,984
Other income	30	53,039	19,563
Other expenses	31	(9,161)	(7,922)
Results of operating activities		504,267	462,770
Finance costs	32	(25,605)	(13,385)
<b>Profit before tax from General Operations</b>		<b>478,662</b>	<b>449,385</b>
<b>Profit before tax from Window Takaful Operations - OPF</b>	33	<b>61,369</b>	<b>54,849</b>
<b>Profit before tax</b>		<b>540,031</b>	<b>504,234</b>
Income tax expense	34	(193,441)	(137,355)
<b>Profit after tax</b>		<b>346,590</b>	<b>366,879</b>
<b>Other comprehensive income:</b>			
<b>Items that will be reclassified subsequently to profit and loss account:</b>			
Unrealised (loss) / gain on Available-for-sale investments - net		(4,149)	(21,972)
Unrealized loss on available for sale investments from Window Takaful Operations - OPF (net)		(887)	61
		(5,036)	(21,911)
<b>Items that will not be reclassified subsequently to profit and loss account:</b>			
Effect of remeasurement of staff retirement benefit plans - net		2,020	(12,788)
<b>Total comprehensive income for the period</b>		<b>343,574</b>	<b>332,180</b>
Earnings (after tax) per share - Rupees	35	4.82	5.10

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



Malik Riffat Mahmood  
Director



AVM Mohammad Athar Shams (Retd)  
Director



Lt Gen Naveed Mukhtar (Retd)  
Chairman

# UNCONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

	2022	2021
	Rupees in thousand	
<b>Operating cash flows</b>		
<b>a) Underwriting activities:</b>		
Premium received	4,012,553	3,401,081
Reinsurance premium paid	(1,456,638)	(831,092)
Claims paid	(1,889,692)	(1,887,268)
Reinsurance and other recoveries received	475,547	338,534
Commission paid	(244,413)	(229,565)
Commission received	316,927	144,678
Management expenses paid	(663,831)	(573,857)
<b>Net cash flows (used in) / generated from underwriting activities</b>	<b>550,453</b>	<b>362,512</b>
<b>b) Other operating activities:</b>		
Income tax paid	(142,065)	(149,313)
Other expenses paid	(9,700)	(8,327)
Other operating receipts / (payments)	61,505	50,932
Advances to employees	16	(135)
<b>Net cash used in other operating activities</b>	<b>(90,244)</b>	<b>(106,843)</b>
<b>Total cash flow generated from all operating activities</b>	<b>460,209</b>	<b>255,669</b>
<b>Investing activities:</b>		
Profit / return received	276,383	218,157
Dividends received	19,250	17,023
Payments for investments	(2,652,674)	(5,447,827)
Proceeds from investments	2,310,030	5,225,840
Fixed capital expenditure	(36,022)	(18,967)
Proceeds from disposal of fixed assets	2,291	3,200
<b>Total cash used in investing activities</b>	<b>(80,742)</b>	<b>(2,574)</b>
<b>Financing activities:</b>		
Financial charges paid	(25,605)	(13,385)
Repayment of obligation under finance lease	(68,642)	(78,249)
Dividend paid	(198,993)	(195,864)
Staff house building finance - net	884	(1,149)
Mark-up on staff house building finance received	477	199
Funds Amortized Against Leased Vehicles	7,692	-
Equity transactions costs paid	(62)	(55)
<b>Total cash used in financing activities</b>	<b>(284,249)</b>	<b>(288,503)</b>
<b>Net cash used in all activities</b>	<b>95,218</b>	<b>(35,405)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>196,392</b>	<b>231,797</b>
<b>Cash and cash equivalents at end of the period</b>	<b>291,610</b>	<b>196,392</b>

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

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Chairman

# UNCONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL REPORT 2022

	2022	2021
	Rupees in thousand	
<b>Reconciliation to Profit and Loss Account</b>		
Operating cash flows	460,209	255,669
Depreciation expense	(92,490)	(80,519)
Financial charges	(25,605)	(13,385)
Gain on disposal of fixed assets	2,160	2,563
Decrease in assets other than cash	134,192	547,309
Decrease in liabilities other than running finance	(435,491)	(675,397)
Unrealized gain on investments - held for trading	91	19
Provision for diminution in value of investments	(34,970)	-
Dividend income	19,250	16,979
Investment income	282,069	234,870
Profit on bank deposits	25,661	11,430
Income tax provision	(193,441)	(137,355)
Gain on trading	1,521	534
Tax paid	142,065	149,313
<b>Profit after taxation from General Insurance Operations</b>	<b>285,221</b>	<b>312,030</b>
<b>Profit from Window Takaful Operations - OPF</b>	<b>61,369</b>	<b>54,849</b>
<b>Profit after taxation</b>	<b>346,590</b>	<b>366,879</b>

#### 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.

	2022	2021
	Rupees in thousand	
<b>Cash for the purpose of cash flow statement consists of:</b>		
<b>Cash and other equivalents</b>		
Cash in hand	1,561	1,490
Stamp in hand	762	416
	<b>2,323</b>	<b>1,906</b>
<b>Current and other accounts</b>		
Current accounts	24,146	45,365
Deposit accounts	265,141	149,121
	<b>289,287</b>	<b>194,486</b>
<b>Total</b>	<b>291,610</b>	<b>196,392</b>

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



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# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

	Share capital		Reserves			Total reserves	Total equity
	Issued, subscribed and paid up	Capital reserve	General reserve	Revenue reserve			
				Share premium	Available for sale investment revaluation reserve		
Rupees in thousand							
Balance as at 01 January 2021	719,019	121,161	70,000	3,025	1,268,728	1,462,914	2,181,933
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	-	366,879	366,879	366,879
Other comprehensive income for the year	-	-	-	(21,911)	(12,788)	(34,699)	(34,699)
Total comprehensive income for the year	-	-	-	(21,911)	354,091	332,180	332,180
<b>Changes in owners' equity</b>							
Cash dividend 2020: 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 31 December 2021	719,019	121,161	70,000	(18,887)	1,425,034	1,597,308	2,316,327
<b>Balance as at 01 January 2022</b>	<b>719,019</b>	<b>121,161</b>	<b>70,000</b>	<b>(18,887)</b>	<b>1,425,034</b>	<b>1,597,308</b>	<b>2,316,327</b>
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	-	346,590	346,590	346,590
Other comprehensive loss for the year	-	-	-	(5,036)	2,020	(3,016)	(3,016)
Total comprehensive income for the year	-	-	-	(5,036)	348,610	343,574	343,574
<b>Changes in owners' equity</b>							
Cash dividend 2021: Rupees 2.75 per share	-	-	-	-	(197,730)	(197,730)	(197,730)
Equity transaction costs	-	-	-	-	(62)	(62)	(62)
	-	-	-	-	(197,792)	(197,792)	(197,792)
<b>Balance as at 31 December 2022</b>	<b>719,019</b>	<b>121,161</b>	<b>70,000</b>	<b>(23,923)</b>	<b>1,575,852</b>	<b>1,743,090</b>	<b>2,462,109</b>

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

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL REPORT 2022

## 1 LEGAL STATUS AND NATURE OF BUSINESS

Askari general insurance company limited ("the Company") was incorporated under the Companies Ordinance, 1984 as a public limited company on 12 April 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 15 October 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 as applicable in Pakistan for financial reporting consist 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, Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulation, 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 Regulation, 2019 shall prevail.

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

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

A separate set of financial statements of Window Takaful Operations has been reported which is annexed to these financial information as per the requirements of the SECP Takaful Rules, 2012.

### 2.2 Basis of measurement

These unconsolidated 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".

### 2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. Figures have been rounded off to the nearest rupees in thousand, unless otherwise stated.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL 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

The following amendments are effective for the year ended December 31, 2022. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	<b>Effective from Accounting period beginning on or after</b>
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
Annual Improvements to IFRS Standards 2018-2020 Cycle - IFRS 16 " Leases"	January 01, 2022

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

The following amendments are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	<b>Effective from Accounting period beginning on or after</b>
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IFRS 16 ' Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

### - IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' has become applicable, however as an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance and percentage of their liabilities connected with insurance relative to their total amount of liabilities to be greater than 90%. Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given below:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL REPORT 2022

The tables below set out the fair values as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

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

(b) All other financial assets

As at December 31, 2022					
Fail the SPPI test			Pass the SPPI test		
Fair Value	Change in unrealized gain / (loss) during the period		Carrying Value	Cost less Impairment	Change in unrealized gain / (loss) during the period
Rupees in thousands					
<b>Financial assets</b>					
Cash and Bank*	-	-	291,610	-	-
Investment in equity securities -available-for-sale	241,591	(70,528)	-	-	-
Investment in debt securities - available-for-sale*	-	-	235,025	-	293
Investment in debt securities - held to maturity	-	-	2,514,527	-	-
Loans and other receivables*	-	-	197,436	-	-
<b>Total</b>	<b>241,591</b>	<b>(70,528)</b>	<b>3,238,598</b>	<b>-</b>	<b>293</b>

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

### 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 impairment losses, if any, except for capital work in progress which is stated at cost less impairment losses, if any. Depreciation is charged on depreciable amount over the estimated useful life using straight line method. Depreciation is charged on monthly basis where full month depreciation is charged in the month of addition and no depreciation is charged in the month of disposal.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the profit and loss account in the year in which they are incurred. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

## 3.2 Intangible assets

Software development cost are only capitalized to the extent that future economic benefits are expected to flow to the entity. Intangible assets with finite useful lives are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged on the amortizable amount over the useful life of the asset by applying straight line method. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any.

## 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 dated 12 December 2002 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 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 reduces significantly during this period, unless all rights and obligations are extinguished or expired.

Insurance contracts are classified into following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

- Fire and property damage;
- Marine, aviation and transport;
- Motor;
- Health and accident; and
- Miscellaneous.

These contracts are normally one year insurance contracts except marine and miscellaneous classes. Normally all marine insurance contracts are of three months period. In miscellaneous class, some engineering insurance contracts are of more than one year period, whereas, normally travel insurance contracts and few bond insurance contracts in miscellaneous class expire within one month time.

These 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, marine, aviation and transport, accident and health and other commercial line products are provided to commercial organizations.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL REPORT 2022

Fire and property 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.

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.

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.

Health insurance includes coverage of in-patient-hospital, out-patient-department, medical and other related expenses of disease, sickness or accidental injury incurred during the period of insurance.

Liability insurance contracts protect 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.

Other various types of insurance are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, worker compensation, travel, products of financial institutions, livestock and crop insurance etc.

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.

## **Reinsurance contracts**

Those insurance contracts that are issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant are reinsurance contracts. The Company enters into reinsurance contracts with both foreign and local reinsurers.

### **3.5 Deferred Commission Expense**

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

### **3.6 Receivables and payables under insurance contracts**

Receivable under insurance contracts are recognized when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and that impairment loss is recognized in the profit and loss account.

### **3.7 Reinsurance contracts held**

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same year as the related premiums for the direct or accepted reinsurance business being reinsured. Reinsurance premium is recognized as expense after taking into account the proportion of deferred premium expense which is calculated using pattern similar to calculation of premium income for the same policy. The deferred portion of premium expense is recognized as prepayment.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in the manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurance are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contracts. Reinsurance liabilities or assets are derecognized when the contractual rights are extinguished or expired.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

The Company assesses its reinsurance assets for impairment on balance sheet date. If there is any objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the profit and loss account.

Pakistan Reinsurance Company Limited (PRCL) retrocession business is booked on the basis of PRCL statements pertaining to the previous years.

## 3.8 Revenue Recognition

### 3.8.1 Premiums

Premium written under all insurance policies is recognized as income over the period of insurance from the date of issuance of policy to its expiry, after taking into account the unearned portion of premiums. Amount is recorded as premium written at the time the policy is written. Where the pattern of incidence of risk varies over the year of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired year of coverage is recognized as unearned premium by the Company. The unearned premium is calculated by applying 1/365 method as specified in the Insurance Accounting Regulations, 2017.

Premium income includes administrative surcharge that represents documentation charges recovered by the Company from policy holders in respect of policies issued. Administrative surcharge is recognized as premium income at the time of issuance of policy.

### 3.8.2 Commission

Commission expense incurred on issuance of policies is deferred and recognized as asset and is recognized in the profit and loss account as an expense in accordance with pattern of recognition of premium revenue. Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognized as liability and recognized in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premium. Profit / commission, if any, under the terms of reinsurance arrangements, is recognized when the Company's right to receive the same is established.

### 3.8.3 Investment income

Following are recognized as investment income;

- Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments. The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of the investment.

- Dividend income on securities held for trading and available for sale securities and is recognized when the Company's right to receive the dividend is established

- Gain / loss on sale of available-for-sale investments is recognized in profit and loss account in the year of sale

## 3.9 Claim expense including provision for outstanding claims including Incurred But Not Reported

The Company recognizes liability in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claims except as otherwise expressly indicated in an insurance contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Provision for liability in respect of unpaid reported claims as at 31 December 2022 is made on the basis of individual case estimates by using Chain Ladder Method (Development technique) on the basis of recommendation by an independent actuary under the guidelines issued by Insurance Division of SECP vide its Circular 9 of 2016 dated March 09, 2016 for estimation of IBNR claims reserve, which were effective from 01 July 2016.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL REPORT 2022

Class of business	IBNR	
	Gross	Net
	Rupees in thousand	
- Fire and property damage;	5,483	1,371
- Marine, aviation and transport;	25,051	945
- Motor;	63,799	63,154
- Accident and health; and	174,188	171,703
- Miscellaneous.	35,582	2,364
	304,103	239,537

### 3.10 Reinsurance recoveries against claims

Claims recoveries receivables from the reinsurers are recognized as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received in accordance with respective reinsurance arrangements.

### 3.11 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 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.

### 3.12 Provision for unearned premium and prepaid reinsurance premium ceded

In accordance with the requirements of Insurance Rules, 2017, provision for unearned premium is calculated by applying 1/365 method. Unearned portion of premium is recognized as liability.

The deferred portion of reinsurance premium is recognized as reinsurance premium ceded using 1/365 method.

### 3.13 Creditors, accruals and provisions

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

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

## 3.14 Investments in subsidiary and associate

Investments in subsidiary and associated undertakings are carried at cost less impairment loss, if any.

At each reporting date, the carrying amounts of investments if any, in subsidiary and associates is reviewed to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. In making an estimate of recoverable amount of these investments, the management considers future dividend stream and an estimate of the terminal value of these investments. Impairment losses are recognized as expense in the profit and loss account.

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

## 3.15 Investments

### 3.15.1 Classification

The classification of financial assets is determined at initial recognition and depends on the purpose for which the financial assets were acquired. Currently, the financial assets of the Company are classified into the following categories:

#### a) In equity securities

Surplus / (deficit) arising on revaluation of quoted securities which are classified as available for sale investments is taken to a separate account which is shown in the statement of financial position as revaluation surplus. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realized upon disposal or in case of impairment of securities. The unrealized surplus / (deficit) arising on revaluation of quoted securities which are classified as held for trading is taken to the profit and loss account. Provision for diminution in the values of securities is made after considering impairment, if any, in their value and is taken to profit and loss account. Impairment is booked when there is an objective evidence of significant or prolonged decline in the value of such securities. Unquoted investments are recorded at cost less accumulated impairment losses, if any.

#### b) In debt securities

These are investments with fixed or determinable payments and fixed maturities which the Company has the intention and ability to hold till maturity. Provision for impairment against debt securities is made in accordance with the requirements of the law. In case of unquoted equity securities, the breakup value of the security should be considered to determine impairment amount. Premium or discount on debt securities classified as available for sale and held to maturity is amortized using effective interest method and taken to the profit and loss account.

#### c) In term deposits

These are investments with fixed or determinable payments and fixed (short term) maturities which the Company has the intention and ability to hold till maturity. Investments which are designated at fair value through profit or loss upon initial recognition.

### 3.15.2 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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3.16 settle the liability simultaneously.

## Taxation

### Current

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 finalized during the current year for such years.

### Deferred taxation

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 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.

3.17 **Employees' retirement benefits**

#### a) **Defined benefit plan**

The Company operates a funded gratuity scheme covering all eligible employees completing the minimum qualifying year of service as specified by the scheme. The assets of the funded plan are held independently in a separate fund. Provision for gratuity is made to cover obligations under the scheme in accordance with the actuarial recommendations. The latest actuarial valuation was carried out as at 31 December 2022.

Actuarial valuation was carried out using the Projected Unit Credit Method based on the following significant assumptions:

	2022	2021
Discount rate	14.50% per annum	11.75% per annum
Expected return on plan assets	14.50% per annum	11.75% per annum
Expected rate of increase in salary	14.50% per annum	11.75% per annum
Average expected remaining working life time of the employee	8 years	9 years
Mortality rate	SLIC 2001 - 2005	SLIC 2001 - 2005

The Company recognizes the actuarial gains or losses in other comprehensive income in the year in which they arise.

#### b) **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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## c) **Compensated absences**

Provisions for compensated absences is recognized annually to cover the obligation for compensated absences and charged to profit and loss account. The provision is determined using the projected unit credit method.

The latest actuarial valuation was carried out as at 31 December 2022 based on the following significant assumptions:

	2022	2021
Discount rate	14.50% per annum	11.75% per annum
Expected rate of increase in salary	14.50% per annum	11.75% per annum
Average number of leaves accumulated per annum	5 days	5 days
Mortality rate	SLIC 2001 - 2005 with 1 year setback	SLIC 2001 - 2005 with 1 year setback

## 3.18 **Management expenses**

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

## 3.19 **Earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary share. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

## 3.20 **Segment reporting**

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Accounting Regulations, 2017. The reported operating segments are also consistent with the internal reporting provided to Strategy Committee and Board of Directors which are responsible 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. The Company has following business segments:

Fire insurance segment provides insurance cover against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and impact.

Marine insurance segment provides coverage against cargo risk, war risk and damages occurring in inland transit.

Motor insurance provides comprehensive vehicle coverage and indemnity against third party loss.

Accident and health provides inpatient and outpatient medical coverage.

Miscellaneous insurance provides cover against burglary, loss of cash in safe and cash in transit, personal accident, money, engineering losses and other coverage.

Investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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amount of certain assets pertaining to two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

## 3.21 Foreign currency transactions

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are routed through profit and loss account.

## 3.22 Finance income

Finance income comprises interest income on funds invested, dividend income, exchange gain and changes in the fair value of financial assets at fair value through profit or loss - held for trading. Income on bank deposits is accrued on a time proportion basis using effective rate of interest. Income on investments is recognized on time proportion basis taking into account the effective yield of such securities. Dividend income on equity investments is recognized when the right to receive the payment is established. Foreign currency gains and losses are reported on a net basis.

## 3.23 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 amortized 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 amortized 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 recognized in profit or loss and reflected 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 recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

### 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 recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

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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 recognized 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 amortization, if no impairment loss had been recognized.

## 3.24 Right of use assets and lease liability

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company mainly lease properties for its operations and recognizes a right-of use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of the right-of-use asset or end of lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate of the Company. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. The Company has elected not to recognize right-of-use assets and lease liabilities for short term and low value assets. The lease payments associated with these leases are recognized as an expense on a straight line basis over the lease term. The right-of-use assets are presented in the same line item as it presents underlying assets for the same nature it owns.

## 3.25 Dividend Distribution

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

## 3.26 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash balances 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 Company in the management of its short-term commitments.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the requirements of accounting and reporting standards as applicable to insurance companies in Pakistan requires management to make judgments/estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These judgments/estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from their estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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In particular, the matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed below:

**a) Income tax**

In making the estimates for income taxes currently payable by the Company, the management takes into account current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.

**b) Fixed assets, depreciation and amortization**

In making estimates of the depreciation / amortization method, the management uses depreciation / amortization rate which reflects the pattern in which economic benefits are expected to be consumed by the Company. These rates are reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the depreciation / amortization rates would be changed to reflect the change in pattern. Further, the assets' residual values are reviewed and adjusted if appropriate, at each financial year end.

**c) Outstanding claims including incurred but not reported (IBNR)**

The liability for IBNR is computed through Chain Ladder Method (Development technique) in light of the guidelines issued by Insurance Division of SECP vide its Circular 9 of 2016 dated March 09, 2016 for estimation of IBNR claims reserve, the liability for IBNR for all classes of business is based on actuary recommendation. Any significant change in assumption used event may affect the management's judgement which could affect the provision made for IBNR. Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset and are measured at the amount expected to be received.

**d) Premium deficiency reserves**

The Company carries out an analysis of loss / combined ratios for the expired year, such ratio being calculated after taking into account the relevant IBNR provision for the determination of premium deficiency reserve for each class of business.

**e) Defined benefit plan**

Defined benefit plan is provided to eligible employees of the Company. Calculations in this respect require assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration, the expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

**f) Impairment**

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**g) Provision against premium due but unpaid & amount 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.

**h) Classification of investments**

In classifying investments as "fair value through profit and loss" the Company has determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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In classifying investments as "held-to-maturity" the Company has determined financial assets with fixed or determinable payments and fixed maturity. In making this judgement, the Company evaluates its intention and ability to hold such investments to maturity.

The investments which are not classified as fair value through profit and loss or held to maturity are classified as available for sale.

**i) Allocation of management expenses**

Management expenses which are not specifically related to a class of business are allocated on all classes of business on equitable basis.

**j) Provisions**

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

**k) Fair value of investments**

The fair value of held for trading and available for sale investments is determined by reference to their quoted closing repurchase price at the reporting date. Any change in the estimate might effect carrying amounts of investments held for trading with corresponding effect in profit and loss account. Fair value of held to maturity instruments is determined with reference to general interest rates prevailing in the market. Fair value of held to maturity investments is determined for disclosure purpose only.

**l) Lease term**

The Company applies judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liability and right of use assets recognized.

		2022	2021
	Note	Rupees in thousand	
<b>5</b>	<b>PROPERTY AND EQUIPMENT</b>		
	Capital work-in-progress	5.1	-
	Operating assets	5.2	404,439
		<b>395,144</b>	<b>404,439</b>
<b>5.1</b>	<b>Movement in Capital work-in-progress is as follows:</b>		
	Opening balance	-	1,637
	Additions	-	9,914
	Transfers	-	(11,550)
	Closing balance	-	-

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

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### 5.2 Operating assets

		Rupees in thousand											
		2022					2021						
Note		Cost		Depreciation		Written down value as at 31 December	Useful life / Lease term (years)	Cost		Depreciation		Written down value as at 31 December	Useful life / Lease term (years)
		As at 1 January	Additions / (Disposals)	Adjustments	As at 31 December			As at 1 January	For the period	(Disposals) / Adjustments	As at 31 December		
5.2.1	Building	146,412	-	-	146,412	10,988	3,660	-	14,648	131,764	40		
	Furniture and fixtures	28,143	(572)	-	27,571	22,662	2,905	(6,154)	19,413	8,158	5		
	Computers and office equipment	74,945	(13,554)	-	61,391	66,621	7,125	(24,989)	48,757	12,634	3		
	Motor vehicles (Owned)	23,775	(327)	-	23,448	15,914	3,201	(610)	18,505	4,943	5		
	Right of use assets - Motor vehicles	180,786	34,235	-	215,021	76,263	35,906	(22,131)	90,038	124,983	5		
	Right of use assets - Rental properties	188,618	1,245	-	189,863	62,512	27,427	3,268	93,207	96,656	2 to 20		
	Tracking devices	87,123	8,224	-	95,347	80,905	4,474	(1,114)	84,265	11,082	3		
	Leasehold improvements	37,462	(0)	-	37,462	26,960	5,578	-	32,538	4,924	3		
		767,264	29,251	-	796,515	362,824	90,278	(51,730)	401,371	395,144			
		Rupees in thousand											
		2021					2020						
		Cost		Depreciation		Written down value as at 31 December	Useful life / Lease term (years)	Cost		Depreciation		Written down value as at 31 December	Useful life / Lease term (years)
		As at 1 January	Additions / (Disposals)	Adjustments	As at 31 December			As at 1 January	For the period	(Disposals) / Adjustments	As at 31 December		
5.2.1	Building	142,602	3,810	-	146,412	7,367	3,621	-	10,988	135,424	40		
	Furniture and fixtures	27,964	179	-	28,143	20,275	2,906	(519)	22,662	5,481	5		
	Computers and office equipment	72,907	2,038	-	74,945	62,048	6,741	(2,168)	66,621	8,324	3		
	Motor vehicles (Owned)	22,393	1,382	-	23,775	14,154	3,756	(1,996)	15,914	7,861	5		
	Right of use assets - Motor vehicles	153,653	27,133	-	180,786	87,811	28,277	(39,826)	76,263	104,523	5		
	Right of use assets - Rental properties	220,478	(31,860)	-	188,618	81,570	23,213	(42,271)	62,512	126,106	2 to 20		
	Tracking devices	86,022	1,101	-	87,123	79,720	4,133	(2,948)	80,905	6,218	3		
	Leasehold improvements	28,743	8,719	-	37,462	20,735	6,225	-	26,960	10,502	3		
		754,762	12,502	-	767,264	373,680	78,872	(89,728)	362,825	404,439			

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.

5.2.2 Cost of fully depreciated assets that are still in use as at December 31, 2022 is Rs.186,538 thousand (2021: Rs. 262,897 thousand)

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

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### 5.2.3 Details of disposal of fixed assets during the year

Particulars of assets / buyers	Relationship	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain on sale
Rupees in thousand						
2022						
<b>Vehicles sold to following in-service/ resigning employees as per Company's policy</b>						
Muhammad Iqbal	Employee	1,930	1,930	-	-	-
Umer Sohail Khaliq	Employee	1,141	1,141	-	-	-
Ali Siddiqui	Employee	1,141	1,141	-	-	-
Rasli Sarwat	Employee	2,070	2,034	36	36	-
Hammad Haider	Employee	1,066	1,066	-	-	-
Sohail Kamran	Employee	1,088	1,088	-	-	-
Imran Shahzad Iqbal	Employee	1,336	1,336	-	-	-
Zulfiqar	Employee	1,152	1,152	-	-	-
Khurshid Shaheen	Employee	1,412	1,412	-	-	-
Bushra Saifdar	Employee	1,714	1,714	-	-	-
Dr. Sharzad	Employee	1,880	1,880	-	-	-
Muhammad Kamran	Employee	1,412	1,412	-	-	-
Nadeem Ansan	Employee	1,412	1,412	-	-	-
Nadeem Iqbal	Employee	1,837	1,837	-	-	-
Shahzad Ameer	Employee	1,575	1,575	-	-	-
<b>Aggregate value of other items with individual book value not exceeding Rs. 50,000/-</b>						
Motor vehicles (Owned)	Negotiation	610	610	-	1,879	1,879
Furniture and fixtures	Negotiation	6,154	6,154	-	20	20
Computers and office equipment	Negotiation	25,084	24,989	95	356	261
Right of use assets - Rental properties	Negotiation	3,589	3,589	-	-	-
Tracking devices	Negotiation	1,376	1,376	-	-	-
<b>Total</b>		<b>58,980</b>	<b>58,849</b>	<b>131</b>	<b>2,291</b>	<b>2,160</b>
2021		45,145	44,508	637	3,200	2,563

### 6 INTANGIBLE ASSETS

	As at 1 January		Cost		Anortization		Written down value as at 31 December		Useful life (years)
	As at 1 January	As at 31 December	Additions / (Disposals)	Adjustments	For the period	(Disposals) / Adjustments	As at 31 December	As at 31 December	
Rupees in thousand									
Computer software	5,579	15,779	10,200	-	650	-	5,998	9,781	2 to 10
Antivirus	760	760	295	253	253	-	549	211	3
2022	6,339	16,539	10,200	5,643	903	-	6,547	9,992	
Computer software	5,579	5,579	5,265	83	83	-	5,348	231	2 to 10
Antivirus	760	760	42	253	253	-	295	465	3
2021	6,339	6,339	5,307	336	336	-	5,643	696	

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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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.

	2022	2021
	Rupees in thousand	
<b>Cost</b>		
Balance at beginning of the year	52,400	52,400
Balance at end of the year	52,400	52,400
<b>Depreciation</b>		
Balance at beginning of the year	(14,519)	(13,209)
Depreciation for the year	(1,310)	(1,310)
Balance at end of the year	(15,829)	(14,519)
	36,571	37,881
Useful life (years)	40	40

7.1 The market value of the investment property as on 31 December 2022 is Rs. 117.9 million (2021: Rs. 100.084 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.

		2022	2021
	Note	Rupees in thousand	
<b>8 INVESTMENT IN SUBSIDIARY</b>			
AskTech (Private) Limited - At cost	8.1	10,000	10,000

8.1	Name	Country of Incorporation	Rupees in thousand				% interest held
			Assets	Liabilities	Revenues	Profit/(loss)	
<b>2022</b>							
	AskTech (Private) Limited	Pakistan	40,547	22,588	78,741	7,747	100
<b>2021</b>							
	AskTech (Private) Limited	Pakistan	29,559	19,098	55,201	782	100

8.2 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 2019. 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%.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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9	INVESTMENTS IN EQUITY SECURITIES	Note	2022	2021
			Rupees in thousand	
	Fair value through profit and loss	9.1	100,397	673
	Available-for-sale	9.2	241,591	205,859
	<b>Total equity securities</b>		<b>341,988</b>	<b>206,533</b>

	Number of shares / units		2022		2021		
	2022	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	-	-	654	673
	AWT Financial Sector Fund	998,443	-	100,306	100,397	-	-
		998,443	7,897	100,306	100,397	654	673

	2022			2021			
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value	
	Rupees in thousand						
9.2	Available-for-sale						
	Listed shares	312,120	(34,972)	277,148	232,161	-	232,161
	Mutual funds - AFS	-	-	-	2,939	-	2,939
	Unrealized (deficit)/surplus on revaluation	-	-	(35,557)	-	-	(29,241)
		312,120	(34,972)	241,591	235,100	-	205,859



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

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	2022			2021		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
	Rupees in thousand					
<b>Listed shares</b>						
Askari Bank Limited	3,993	-	3,993	3,353	-	3,353
Avanceon Limited	-	-	-	2,547	-	2,547
Bank Al Habib Limited	-	-	-	4,789	-	4,789
Energyco PK Limited	-	-	-	732	-	732
Engro Corporation Limited	-	-	-	1,644	-	1,644
Fauji Cement Company Limited	1,571	-	1,571	846	-	846
Fauji Fertilizer Bin Qasim Limited	-	-	-	5,444	-	5,444
Fauji Fertilizer Company Limited	-	-	-	14,451	-	14,451
Faysal Bank Limited	676	-	676	-	-	-
GlaxoSmithKline Pakistan Limited	1,178	(476)	702	2,597	-	2,597
Habib Bank Limited	35,874	(15,481)	20,394	21,063	-	21,063
Honda Atlas Cars (Pakistan) Limited	7,662	(2,176)	5,487	4,674	-	4,674
International Industries Limited	3,314	-	3,314	893	-	893
International Steels Limited	3,768	-	3,768	1,722	-	1,722
Lucky Cement	9,429	-	9,429	4,353	-	4,353
MCB Bank Limited	129,021	-	129,021	58,923	-	58,923
National Refinery Limited	3,210	-	3,210	756	-	756
Nishat Mills Limited	2,796	-	2,796	6,160	-	6,160
Oil & Gas Development Company	24,313	-	24,313	15,905	-	15,905
Pak Elektron Limited	-	-	-	4,820	-	4,820
Pak Suzuki Motor Company Limited	18,036	(6,083)	11,953	15,465	-	15,465
Pakistan Petroleum Limited	19,850	-	19,850	11,476	-	11,476
Pakistan State Oil Company Limited	30,006	(9,560)	20,447	24,704	-	24,704
Sui Northern Gas Pipeline Limited	6,484	-	6,484	6,857	-	6,857
System Limited	-	-	-	5,423	-	5,423
The Searl Company Limited	2,741	(1,196)	1,545	1,418	-	1,418
United Bank Limited	8,198	-	8,198	11,148	-	11,148
	312,120	(34,972)	277,151	232,161	-	232,161
Unrealized surplus / (deficit) on revaluation			(35,557)			(29,709)
			241,594			202,452
<b>Mutual funds</b>						
Dawood Income Fund	-	-	-	2,939	-	2,939
	-	-	-	2,939	-	2,939
Unrealized (deficit) / surplus on revaluation			-			469
			-			3,408



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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10.1		Pakistan Investment Bonds					2022	2021
Face Value	Profit Rate %	Profit Payment	Type of Security	Maturity Date				
							Rupees in thousand	
50,000,000	8.75%	On Maturity	Pakistan Investment Bonds	12-Jul-28		40,973	39,927	
37,500,000	8.75%	On Maturity	Pakistan Investment Bonds	12-Jul-28		30,767	29,987	
25,000,000	9.00%	On Maturity	Pakistan Investment Bonds	19-Sep-22		-	24,365	
25,000,000	9.50%	On Maturity	Pakistan Investment Bonds	19-Sep-24		23,927	23,389	
25,000,000	8.00%	On Maturity	Pakistan Investment Bonds	10-Dec-30		22,336	22,123	
50,000,000	9.50%	On Maturity	Pakistan Investment Bonds	19-Sep-24		50,071	50,095	
150,000,000	9.50%	On Maturity	Pakistan Investment Bonds	19-Sep-24		149,789	149,643	
200,000,000	7.00%	On Maturity	Pakistan Investment Bonds	20-Aug-23		197,429	193,732	
120,000,000	7.50%	On Maturity	Pakistan Investment Bonds	15-Oct-25		113,481	111,522	
50,000,000	8.00%	On Maturity	Pakistan Investment Bonds	10-Dec-30		44,199	43,740	
200,000,000	7.00%	On Maturity	Pakistan Investment Bonds	20-Aug-23		198,148	195,491	
350,000,000	7.50%	On Maturity	Pakistan Investment Bonds	15-Oct-25		336,597	332,511	
175,000,000	7.50%	On Maturity	Pakistan Investment Bonds	15-Oct-25		168,217	166,150	
200,000,000	8.00%	On Maturity	Pakistan Investment Bonds	10-Dec-30		181,368	179,857	
100,000,000	8.00%	On Maturity	Pakistan Investment Bonds	10-Dec-30		90,584	89,821	
70,000,000	7.00%	On Maturity	Pakistan Investment Bonds	20-Aug-23		69,379	68,489	
140,000,000	7.50%	On Maturity	Pakistan Investment Bonds	15-Oct-25		134,418	132,719	
60,000,000	8.00%	On Maturity	Pakistan Investment Bonds	10-Dec-30		54,015	53,533	
240,000,000	9.50%	On Maturity	Pakistan Investment Bonds	19-Sep-24		241,755	242,602	
25,000,000	9.00%	On Maturity	Pakistan Investment Bonds	19-Sep-22		-	25,064	
30,000,000	7.50%	On Maturity	Pakistan Investment Bonds	29-Apr-27		24,734	-	
						<b>2,172,187</b>	<b>2,174,760</b>	

10.1.1 These carry interest at effective rate of 8.49% to 13.49% per annum (2021: 8.56% to 13.60% per annum) and will mature by 10 December 2030 (2021: 10 December 2030). Market value of PIBs carried at amortised cost amounts to Rs. 2,310.7 million (2021: Rs.2,052.5 million).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

10.2	Treasury Bills						
	Face Value	Profit Rate %	Profit Payment	Type of Security	Maturity Date	2022	2021
Rupees in thousand							
	125,000,000	10.66%	Maturity	Treasury Bills	10-Mar-22	-	122,007
	75,000,000	15.67%	Maturity	Treasury Bills	12-Jan-23	72,389	-
	175,000,000	15.70%	Maturity	Treasury Bills	26-Jan-23	168,898	-
	105,000,000	16.97%	Maturity	Treasury Bills	9-Mar-23	101,053	-
						342,340	122,007

10.2.1 Treasury bills 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.

10.3	Term Finance Certificates						
	Number of certificates		Credit rating	Mark up Rate	Investee name	Value of Certificates	
	2022	2021				2022	2021
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

10.3.1 The term finance certificates have a maturity of ten years and are maturing on 05 January 2028 to 20 December 2028 (2020: 05 January 2028 to 20 December 2028)

10.4	Sukuks						
	Number of certificates		Mark up Rate	Investee name	Value of Certificates		
	2022	2021			2022	2021	
Rupees in thousand							
	50	50	Based on Monthly Shariah Pool	Meezan Bank Limited	50,025	50,025	
	500	50	3-M KIBOR Plus 190 bps	The Hub Power Company Limited	25,000	50,000	
			Cost of certificates		75,025	100,025	
			Unrealised surplus on revaluation		293	1,807	
			Carrying value		75,318	101,832	

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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			2022	2021
		Note	Rupees in thousand	
<b>11</b>	<b>LOANS AND OTHER RECEIVABLES</b>			
	Sundry receivables	11.1	137,573	100,693
	Advances to employees	11.2	342	357
	Staff house building finance	11.3	3,129	4,012
	Accrued investment income		56,393	48,029
			<b>197,437</b>	<b>153,090</b>
<b>11.1</b>	<b>Sundry receivables</b>			
	Security deposits		16,333	16,693
	Advances to suppliers - unsecured, considered good		3,373	1,836
	Receivable against sale of laptops		5,060	3,152
	Receivable against sale of vehicles		611	611
	Receivable from subsidiary		5,003	598
	Deposit against vehicles Ijarah		28,220	17,454
	Health Claim recoverable		21,557	31,170
	Earnest money		49,028	18,345
	Other receivables - unsecured, considered good		8,388	10,834
			<b>137,573</b>	<b>100,693</b>
<b>11.2</b>	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 31 December 2022 is Rs. Nil (2021: Rs. Nil).			
<b>11.3</b>	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.			
			2022	2021
<b>12</b>	<b>INSURANCE / REINSURANCE RECEIVABLES</b>	<b>Note</b>	<b>Rupees in thousand</b>	
	Due from insurance contract holders	12.1	1,336,412	1,279,055
	Less: provision for impairment of receivables from insurance contract holders	12.2	(9,965)	(10,174)
			<b>1,326,447</b>	<b>1,268,881</b>
	Due from other insurers / reinsurers	12.4	149,051	171,541
	Less: provision for impairment of receivables from other insurers / reinsurers	12.5	(619)	(5,392)
			<b>148,432</b>	<b>166,149</b>
			<b>1,474,879</b>	<b>1,435,030</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

## 12.1 Due from insurance contract holders

This includes premium amounting to Rs. 2,712 thousand (2021: Rs. 2,611 thousand) and Rs. 81,628 thousand (2021: Rs. 78,077 thousand) receivable from the Parent and associated undertakings respectively, the movement of which is as follows:

	2022	2021
	Rupees in thousand	
<b>Receivable from parent:</b>		
Balance at beginning of the year	2,611	1,639
Insurance premium written (including government levies, administrative surcharge and policies stamps)	10,619	10,776
Premium received during the year	(10,518)	(9,804)
Balance at end of the year	2,712	2,611
<b>Payable / (Receivable) from subsidiary:</b>		
Balance at beginning of the year	(599)	13,297
Services acquired	74,537	50,327
Paid during the year	(78,941)	(64,223)
Balance at end of the year	(5,003)	(599)
<b>Receivable from associated undertakings:</b>		
Balance at beginning of the year	78,077	69,079
Insurance premium written (including government levies, administrative surcharge and policies stamps)	147,782	138,287
Premium received during the year	(144,232)	(129,289)
Balance at end of the year	81,627	78,077
<b>12.2 Provision for doubtful balances</b>		
Balance at beginning of the year	10,174	20,760
Provision made / (reversed) during the year	(209)	(10,586)
Balance at end of the year	9,965	10,174



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

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	2022	2021
	Rupees in thousand	
<b>12.3</b>	<b>Age analysis of amounts receivable from related parties:</b>	
	<b>Receivable from parent:</b>	
Up to 1 year	2,457	2,253
1 to 2 years	228	242
2 to 3 years	27	116
	<b>2,712</b>	<b>2,611</b>
	<b>Receivable from associated undertakings:</b>	
Up to 1 year	79,314	74,453
1 to 2 years	1,463	2,288
2 to 3 years	850	1,336
	<b>81,627</b>	<b>78,077</b>
<b>12.4</b>	<b>Due from other insurers / reinsurers</b>	
Considered good	148,432	171,541
Considered doubtful	619	5,392
	<b>149,051</b>	<b>176,933</b>
Provision for doubtful balances	(619)	(5,392)
	<b>148,432</b>	<b>171,541</b>
<b>12.5</b>	<b>Provision for doubtful balances</b>	
Balance at beginning of the year	5,392	15,500
Provision made during the year	(4,773)	(10,108)
Balance at end of the year	619	5,392

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

## 13 RETIREMENT BENEFIT OBLIGATIONS

The company operates an approved gratuity scheme for all employees. The eligible employees under the scheme are 327 (2021 : 327). The latest actuarial valuation of gratuity scheme was carried out as at December 31, 2022 under the Projected Unit Credit Method as per the requirements of approved accounting standard - International Accounting Standard 19, the details of which are as follows:

		2022	2021
	Note	Rupees in thousand	
<b>13.1</b>	<b>Amount recognized in the balance sheet</b>		
	Present value of defined benefit obligation	212,020	178,024
	Benefits due but not paid during the year	4,012	4,067
		216,032	182,091
	Fair value of plan assets	(185,357)	(141,982)
	Net liability at end of the year	30,675	40,109
<b>13.2</b>	<b>Movement in liability recognized in balance sheet</b>		
	Balance at beginning of the year	40,109	36,469
	Expense for the year	19,113	16,461
	Actuarial (gain) / loss recognized in other comprehensive income	(3,015)	18,011
		56,207	70,941
	Contributions to the fund during the year	(25,532)	(30,832)
	Balance at end of the year	30,675	40,109
<b>13.3</b>	<b>Reconciliation of the present value of defined benefits obligation</b>		
	Present value of obligations as at beginning of the year	178,024	142,393
	Current service cost	16,378	14,653
	Interest cost	20,597	13,883
	Benefits paid	(2,972)	(5,566)
	Benefits due but not paid	(2,507)	(1,822)
	Actuarial (gain) / loss	2,500	14,483
	Present value of obligations as at end of the year	212,020	178,024

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

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		2022	2021
<b>13.4</b>	<b>Movement in the fair value of plan assets</b>	<b>Rupees in thousand</b>	
	Fair value of plan assets as at beginning of the year	141,982	108,435
	Interest income on plan assets	17,861	12,075
	Contribution to the fund	25,532	30,832
	Benefits paid	(5,533)	(5,832)
	Actuarial (gain) / loss	5,515	(3,528)
	Fair value of plan assets as at end of the year	185,357	141,982
<b>13.5</b>	<b>Expense for the year</b>		
	Current service cost	16,378	14,653
	Interest cost	20,596	13,883
	Interest income on plan assets	(17,861)	(12,075)
	Expense for the year	19,113	16,461
<b>13.6</b>	The estimated charge to profit & loss account for the defined benefit plan for the year ending December 31, 2023 is Rs. 18,404 thousand and expected contribution for the year ending 31, 2023 is Rs 25,533 thousands.		
<b>13.7</b>	<b>Composition of fair value of plan assets</b>		
		2022	2021
		Fair value	Fair value
		Percentage	Percentage
		Rupees in thousand	Rupees in thousand
		%	%
	Debt instruments	22,442	67,799
		12%	48%
	Cash and bank balances	639	20,962
		0%	15%
	Mutual funds	162,277	53,221
		88%	37%
	Fair value of plan assets	185,358	141,982
		100%	100%

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL 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:

	2022	2021	2020	2019	2018
	Rupees in thousand				
Present value of defined benefit obligation	212,020	178,024	142,393	124,970	107,728
Fair value of plan assets	(185,357)	(141,982)	(108,435)	(89,814)	(80,303)
Deficit	26,663	36,043	33,958	35,156	27,425
<b>Effect of remeasurement:</b>					
- Actuarial (gain) / loss on experience adjustment on obligation	2,500	14,483	1,488	(2,409)	2,502
- Actuarial (loss) / gain on plan assets	5,515	(3,528)	(2,046)	(9,262)	(8,511)

**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			
	2022		2021	
	Rupees in thousand			
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	195,693	230,689	163,571	195,140
Future salary growth	230,719	195,374	195,164	163,230

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

## FOR THE YEAR ENDED 31 DECEMBER 2022

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		2022	2021
<b>13.10</b>	<b>Significant Actuarial Assumption</b>	<b>per annum</b>	
The following significant assumptions have been used for valuation of this scheme:			
	a) Expected rate of increase in salary level	14.50%	11.75%
	b) Discount rate	14.50%	11.75%
<b>13.11</b>	<b>Risks</b>		
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.			
		2022	2021
		Note	Rupees in thousand
<b>14</b>	<b>STAFF COMPENSATED ABSENCES</b>	14.1	38,633
The company provides leave encashment plan to all employees. The eligible employees under the scheme are 327 (2021 : 327). The latest actuarial valuation of leave encashment was carried out as at December 31, 2022 under the Projected Unit Credit Method as per the requirements of approved accounting standard - International Accounting Standard 19, the details of which are as follows:			
<b>14.1</b>	<b>Movement in liability</b>		
	Balance at beginning of the year		34,320
	Charge for the year	14.1.1	7,573
	Benefits paid		(3,260)
	Balance at end of the year		38,633
<b>14.1.1</b>	<b>Charge for the year</b>		
	Current service cost		3,104
	Interest cost		3,187
	Actuarial loss / (gain) on experience adjustment		1,282
			7,573

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

	2022	2021
<b>15 DEFERRED TAXATION</b>	<b>Rupees in thousand</b>	
Deferred tax debits arising in respect of:		
- Provision for impairment in loans and receivables investments	3,673	3,227
- Effect of remeasurement of staff retirement benefit plans	5,253	6,248
- Unrealized losses on AFS investments	11,637	7,956
- Provision against premium due but unpaid	3,288	2,950
- Provision against amounts due from other insurers / reinsurers	204	1,564
- Provision for diminution in value of AFS investments	11,540	-
	<b>35,595</b>	<b>21,945</b>
<b>15.1 Movement in deferred tax balances is as follows:</b>		
As at January 01	21,945	13,748
Recognized in profit & loss account:		
- Provision for impairment in loans and receivables investments	446	-
- Provision against premium due but unpaid	338	(3,070)
- Provision against amounts due from other insurers / reinsurers	(1,359)	(2,931)
- Provision for diminution in value of AFS investments	11,540	-
Recognized in OCI:		
- Effect of remeasurement of staff retirement benefit plans	(995)	5,223
- Unrealized losses on AFS investments	3,681	8,975
As at December 31	<b>35,595</b>	<b>21,945</b>
<b>16 PREPAYMENTS</b>		
Prepaid reinsurance premium ceded	665,084	559,058
Prepaid rent	2,624	75
Others	4,169	2,866
	<b>671,877</b>	<b>561,999</b>
<b>17 CASH AND BANK</b>		
<b>Cash &amp; cash equivalents:</b>		
Cash in hand	1,561	1,490
Policy & Revenue stamps, Bond papers	762	416
	<b>2,323</b>	<b>1,906</b>
<b>Cash at bank</b>		
Current accounts	24,146	45,365
Deposit accounts - local currency	265,141	149,121
	<b>289,287</b>	<b>194,486</b>

17.1 These carry an annual effective markup rate ranging from 3.7% to 14.5% (2021 : 2.52% to 8%).



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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- 17.2 During the year, the Company has obtained running finance facility of Rs. 300,000 thousand from Bank Al Habib Limited at 3 months average KIBOR + 0.4%, prevailing on the date of disbursement. Tenor of the facility is one year. 110% lein is marked over market value of Pakistan Investment Bonds as security procured through Bank Al Habib's account maintained at Pak Oman Investment Bank.

18	SHARE CAPITAL	2022	2021
18.1	Authorized Capital	Rupees in thousand	
	100,000,000 Ordinary shares of Rs. 10 each	1,000,000	1,000,000

18.2	Issued, subscribed and paid-up share capital	2022	2021	2022	2021
		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	243,587	243,587
	47,543,196 47,543,196 - fully paid bonus shares	475,432	475,432	475,432	475,432
	71,901,895 71,901,895	719,019	719,019	719,019	719,019

- 18.3 Army Welfare Trust (AWT) and directors hold 42,600,734 (2021: 42,600,734) and 545,939 (2021: 549,939) ordinary shares of the Company respectively at the year end.

19	RESERVES	Note	2022	2021
			Rupees in thousand	
	Capital reserve			
	Share premium		121,161	121,161
	Revenue reserves			
	General reserves		70,000	70,000
	AFS Revaluation reserve		(23,923)	(18,887)
			46,077	51,112
			167,238	172,273
20	LEASE LIABILITIES			
	Lease liability - right of use assets - rental properties		112,202	140,879
	Lease liabilities - right of use assets - vehicles		87,552	72,227
			199,754	213,106

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

## 20.1 Lease liabilities - right of use assets

	2022			2021		
	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	80,398	23,824	56,785	74,989	14,932	60,057
Later than one year and not later than five years	141,624	30,832	110,792	156,989	33,778	123,211
Later than five years	52,688	20,510	32,177	57,639	27,801	29,838
	274,710	75,166	199,754	289,617	76,511	213,106

20.2 Interest rate used in calculation of lease liability is 6-months KIBOR + .7% for vehicles and 1-year KIBOR + 1% for rental properties

	Note	2022	2021
		Rupees in thousand	
<b>21</b>	<b>INSURANCE / REINSURANCE PAYABLES</b>		
	Amount due to other insurers	604,421	429,064
	Amount due to foreign reinsurers	429,688	404,415
		1,034,109	833,479
<b>22</b>	<b>OTHER CREDITORS AND ACCRUALS</b>		
	Agents' commission payable	78,762	61,256
	Tax deducted at source	5,148	5,107
	Federal excise duty / federal insurance fee	75,903	45,949
	Accrued expenses	11,014	7,002
	Fund received against leased vehicle	22.1	22,583
	Fund received against vehicle Ijarah	22.1	13,550
	Unearned rental income	2,376	5,749
	Others	45,610	32,253
		254,946	185,079
<b>22.1</b>	<b>Funds received from executives</b>		
	Fund received against leased vehicle	9,589	6,330
	Fund received against vehicle Ijarah	5,472	197
		15,061	6,527

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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## 23 CONTINGENCIES AND COMMITMENTS

### 23.1 Contingencies

- 23.1.1 The Inland Revenue 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 Department 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.
- 23.1.4 The Inland Revenue Tax authorities issued 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.
- 23.1.5 Taxation officer of Sindh Revenue Board (SRB) framed the Order-in-Original No 285 of 2022 dated 11 February 2022 raising a tax demand of Rs 288.13 million on account of non-payment of Sindh sales tax on reinsurance premiums and commission from reinsurer for the period January 2014 to Decemeber 2015. The management believes that the nature of demand is not appropriate as per applicable rules/laws/regulations and would result in double taxation and has filed an appeal before the CIR(A).
- 23.1.6 Taxation officer of SRB issued show cause notice No 818082 dated 28 January 2022 alleging the Company for under declaration of insurance premiums and short payment of sindh sales tax for tax periods January 2014 through December 2015. The Company has obtained stay from High Court of Sindh against the notice.
- 23.1.7 The Inland Revenue Tax authorities issued an Order-in-Original No 04/2020 dated 31 december 2020 raising a demand of Rs 1.39 million on account of inadmissible claim input tax credit and short payment of Federal Excise Duty for the tax period 2017. The Company preferred an appeal before the CIR(A) who deleted the tax demand to the extent of Rs 9,277 and upheld the remaining impugned tax demand throguh Order-in-Appeal No 06 dated 12 July 2021. Being aggrieved with the Appellate Order of CIR(A) , the Company has filed an appeal before the ATIR which is pending disposal. The Company has deposited total 15% of the impugned tax demand to avail stay order against the recovery of the impugned tax demand.
- 23.1.8 Certain claims have been filed against the Company. 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 no charge is required to be recognised and carried in the financial statements. Management on the basis of nature and facts of the claims believes that expected outcome of these cases will be favorable and adverse financial impact, if any, on these financial statements is not likely to be material.

### 23.2 Commitments

- 23.2.1 The Company's commitment under Ijarah arrangement with Meezan Bank Limited is Rs. 67.04 million (2021: Rs 37.6 million). The contracts have a term of five years.

	2022	2021
	Rupees in thousand	
Future Minimum Ijarah (lease) payments are as under:		
Not later than one year	16,861	9,139
Later than one year and not later than five years	50,186	28,469
	<b>67,047</b>	<b>37,608</b>
Ijarah payments recognized in expense during the year	16,506	8,067
23.2.2 The Company's commitment under rental agreements with lease term of less than 1 year are:		
Not later than one year	2,624	2,385
Rental payments recognized in expense during the year	10,544	10,072

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

	2022	2021
	Rupees in thousand	
<b>24</b>	<b>NET INSURANCE PREMIUM</b>	
Written gross premium	4,042,262	3,606,497
Add: Unearned premium reserve opening	1,719,511	1,493,846
Less: Unearned premium reserve closing	1,823,622	1,719,511
Premium earned	3,938,151	3,380,832
Less: Reinsurance premium ceded	1,616,229	1,323,827
Add: Prepaid reinsurance premium opening	559,058	443,281
Less: Prepaid reinsurance premium closing	665,084	559,058
Reinsurance expense	1,510,203	1,208,050
	2,427,948	2,172,782
<b>25</b>	<b>NET INSURANCE CLAIMS</b>	
Claims paid	1,889,692	1,887,268
Add: Outstanding claims including IBNR closing	763,291	639,160
Less: Outstanding claims including IBNR opening	639,160	735,247
Claims expense	2,013,823	1,791,181
Less: Reinsurance and other recoveries received	400,386	549,746
Add: Reinsurance and other recoveries in respect of outstanding claims closing	310,712	245,466
Less: Reinsurance and other recoveries in respect of outstanding claims opening	245,465	381,046
Reinsurance and other recoveries revenue	465,633	414,165
	1,548,190	1,377,015

## 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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Accident Year	2017 & prior	2018	2019	2020	2021	2022	Total
Rupees in thousand							
At the end of accident year	8,920	18,534	25,764	29,786	1,735,753	2,058,520	
One year later	10,502	22,302	29,863	688,815	549,750	-	
Two years later	28,172	25,718	55,773	40,409	-	-	
Three years later	34,363	10,835	39,460	-	-	-	
Four years later	21,321	3,318	-	-	-	-	
Five year later	10,665	-	-	-	-	-	
Current estimate of cumulative claims	10,665	3,318	39,460	40,409	549,750	2,058,520	2,702,122
Less: Cumulative payments to date	-	(1,763)	(18,767)	(24,726)	(492,698)	(1,400,877)	(1,938,831)
Liability recognized in statement of financial position	10,665	1,555	20,693	15,683	57,052	657,643	763,291

25.2 The provision for IBNR on the basis of actuarial valuation carried out as at December 31, 2022 amounted to Rs. 304,102 thousands (2021: Rs 239,537 thousands).

	2022	2021
<b>26 NET COMMISSION AND OTHER ACQUISITION COSTS</b>	<b>Rupees in thousand</b>	
Commission paid or payable	264,794	238,930
Add: Deferred commission expense opening	102,363	118,575
Less: Deferred commission expense closing	108,258	102,363
Net commission	258,899	255,142
Less: Commission received or recoverable	337,403	314,365
Add: Unearned reinsurance commission opening	97,068	86,896
Less: Unearned reinsurance commission closing	113,761	97,068
Commission from reinsurers	320,710	304,193
	(61,811)	(49,050)

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

		2022	2021
<b>27</b>	<b>MANAGEMENT EXPENSES</b>		
		<b>Rupees in thousand</b>	
	Employees benefit cost	522,761	465,990
	Rent	10,544	10,072
	Communication	8,341	5,135
	Tracker devices	5,455	3,578
	Monitoring of trackers	27,770	27,282
	Printing and stationery	11,653	9,345
	Traveling and entertainment	6,766	3,959
	Depreciation and amortization	92,491	80,519
	Repair and maintenance	13,440	11,894
	Utilities	21,579	14,425
	Advertisement	1,352	1,915
	Legal and professional charges	8,673	8,088
	Bank charges	1,813	1,750
	Provision against premium due but unpaid	(4,982)	(10,586)
	Vehicle ljarah rentals	16,506	8,067
	Miscellaneous	10,969	9,641
		<b>755,131</b>	<b>651,074</b>
<b>27.1</b>	<b>Employees benefit cost</b>		
	Salaries, allowance and other benefits	485,328	428,962
	Charges for post employment benefits	37,433	37,028
		<b>522,761</b>	<b>465,990</b>
<b>27.2</b>	This includes charges for defined benefit plans, staff compensated absences and defined contribution plans amounting to Rs. 19.11 million (2021: Rs. 16.46 million), Rs. 7.52 million (2021: Rs. 7.57 million) and Rs. 14.51 million (2021: Rs. 12.99 million) respectively.		

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

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		2022	2021
<b>28</b>	<b>INVESTMENT INCOME</b>		
		<b>Rupees in thousand</b>	
	<b>Dividend income on investments</b>		
	Dividend income on securities held for trading	528	34
	Dividend income on available for sale investments	18,722	16,945
		<b>19,250</b>	<b>16,979</b>
	<b>Income from debt securities</b>		
	Return on government securities	246,415	200,714
	Return on other fixed income securities	36,985	25,721
		<b>283,400</b>	<b>226,435</b>
	<b>Net realised gains on investments</b>		
	Gain on trading of held for trading investments	1,521	534
	(Loss) / Gain on sale of available-for-sale investments	(1,184)	8,568
		<b>337</b>	<b>9,102</b>
	Unrealized profit on re-measurement of investments held for trading	91	19
	Provision for diminution in available-for-sale investments	(34,970)	-
	Reversal for diminution in value of Certificate of Investments	-	-
	Investment related expenses	(148)	(133)
	<b>Total investment income</b>	<b>267,960</b>	<b>252,402</b>
<b>29</b>	<b>RENTAL INCOME</b>		
	Rental income	6,013	5,009
	Less : expenses of investment property	(22)	(25)
		<b>5,991</b>	<b>4,984</b>
<b>30</b>	<b>OTHER INCOME</b>		
	Profit on bank deposits	25,661	11,430
	Gain on sale of fixed assets	2,160	2,563
	Mark-up on staff house building finance	477	199
	Funds amortized against leased vehicles	7,692	4,826
	Others	17,049	545
		<b>53,039</b>	<b>19,563</b>



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

	2022	2021
<b>31 OTHER EXPENSES</b>	<b>Rupees in thousand</b>	
Subscription	7,026	6,022
Auditors' remuneration	2,135	1,900
	<b>9,161</b>	<b>7,922</b>
<b>31.1 Auditors' remuneration</b>		
Audit fee	1,135	900
Half yearly review	450	450
Special purpose review	250	450
Code of Corporate Governance	100	100
Other certifications	200	-
	<b>2,135</b>	<b>1,900</b>
<b>32 FINANCE COSTS</b>		
Interest on lease liabilities	24,964	13,385
Interest on running finance	641	-
	<b>25,605</b>	<b>13,385</b>
<b>33 WINDOW TAKAFUL OPERATIONS - OPF</b>		
Wakala fee	170,125	158,419
Management expenses	(94,636)	(79,446)
Commission expenses	(49,248)	(44,348)
Modarib's share of PTF investment income	9,797	5,384
Investment income	19,784	12,875
Other income - net	5,547	1,965
Profit from Window Takaful Operations - OPF	<b>61,369</b>	<b>54,849</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

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		2022	2021	
<b>34</b>	<b>INCOME TAX EXPENSE</b>	<b>Rupees in thousand</b>		
	<b>For the year</b>			
	Current	204,405		130,819
	Deferred	(10,964)		5,883
	<b>Prior year</b>			
	Current	-		653
		<b>193,441</b>		<b>137,355</b>
<b>34.1</b>	<b>Relationship between tax expense and accounting profit</b>			
		<b>2022</b>	<b>2021</b>	<b>2022</b>
				<b>2021</b>
		<b>Effective tax rate - %</b>		<b>Rupees in thousand</b>
	Profit for the year before taxation			540,031
	Tax at the applicable rate	29.00%	29.00%	156,609
	Effect of items that are not considered			
	in determining taxable income - net	-0.52%	-1.89%	(2,814)
	Effect of tax rate change	4.00%	0.00%	21,601
	Effect of prior year adjustment	3.34%	0.13%	18,044
		<b>35.82%</b>	<b>27.24%</b>	<b>193,441</b>
<b>34.2</b>	<b>Taxation charged to other comprehensive income</b>			
	Deferred tax income / (expense)			(2,686)
				(14,173)
<b>35</b>	<b>EARNINGS PER SHARE</b>		<b>2022</b>	<b>2021</b>
	Profit after tax (Rupees in thousand)		346,590	366,879
	Weighted average number of shares		71,902	71,902
	<b>Earnings (after tax) per share - (Rupees)</b>		<b>4.82</b>	<b>5.10</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL 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:

	2022			2021		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees in thousand					
Fees	-	1,560	-	-	1,565	-
Managerial remuneration	18,658	-	41,826	16,226	-	23,906
Leave encashment	949	-	1,213	859	-	775
Bonus	8,113	-	15,890	7,055	-	8,700
Charge to defined benefit plan	1,744	-	3,695	1,430	-	2,004
Rent and house maintenance	8,396	-	18,518	7,302	-	10,607
Utilities	1,866	-	4,115	1,623	-	2,357
Conveyance	935	-	10,019	1,317	-	9,883
Provident fund	1,554	-	2,955	1,352	-	1,574
Others	597	-	11,912	36	-	2,435
	42,812	1,560	110,143	37,200	1,565	62,241
<b>No of person(s)</b>	<b>1</b>	<b>8</b>	<b>25</b>	<b>1</b>	<b>8</b>	<b>14</b>

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

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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 12.1 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:

	2022	2021
<b>Transactions with the parent company:</b>	<b>Rupees in thousand</b>	
Insurance premium written (including government levies administrative surcharge and policies stamps)	10,619	10,776
Premium received during the period	10,519	9,804
Insurance claims paid	2,842	1,113
Rent paid	29,782	27,593
Dividend Paid	106,502	88,929
<b>Transactions with subsidiary:</b>		
Investment made	-	-
Services acquired	74,537	50,327
Payments made	(78,941)	(64,223)
Insurance premium written (including government levies administrative surcharge and policies stamps)	1,044	1,014
Premium received during the period	1,035	967
Insurance claims paid	740	664
<b>Transactions with associated undertakings:</b>		
<b>Army Welfare Sugar Mills</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	12,402	9,003
Premium received during the period	12,454	7,890
Insurance claims paid	672	108
<b>Askari Aviation (Private) Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	2,593	2,830
Premium received during the period	3,241	2,455
Insurance claims paid	917	380

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

	2022	2021
<b>Askari Development and Holdings (Private) Limited</b>	<b>Rupees in thousand</b>	
Insurance premium written (including government levies administrative surcharge and policies stamps)	7,320	8,298
Premium received during the period	7,760	8,176
Insurance claims paid	249	209
<b>Askari Enterprises (Private) Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	240	335
Premium received during the period	336	284
Insurance claims paid	50	191
<b>Askari CNG and Fuels</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	4,878	2,499
Premium received during the period	7,507	3,377
Insurance claims paid	369	1,145
<b>Askari Guards (Private) Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	60,880	67,905
Premium received during the period	61,811	56,297
Insurance claims paid	15,993	2,782
<b>Askari Lagoon Faisalabad</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	67	67
Premium received during the period	203	-
Insurance claims paid	-	50

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

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	2022	2021
<b>Askari Shoe Project</b>	<b>Rupees in thousand</b>	
Insurance premium written (including government levies administrative surcharge and policies stamps)	2,403	1,641
Premium received during the period	2,390	1,594
Insurance claims paid	1,046	570
<b>Askari Tours and Travels</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	1,095	431
Premium received during the period	224	145
Insurance claims paid	30	7
<b>Askari Woolen Mills</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	1,264	714
Premium received during the period	1,346	770
Insurance claims paid	180	261
<b>AWT Plaza Project</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	223	223
Premium received during the period	-	-
Insurance claims paid	240	203
<b>Army Welfare Trust CEO (Army Projects) Office</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	(4)
Premium received during the period	-	(4)
Insurance claims paid	-	-

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

	2022	2021
<b>Blue Lagoon</b>	<b>Rupees in thousand</b>	
Insurance premium written (including government levies administrative surcharge and policies stamps)	505	263
Premium received during the period	664	-
Insurance claims paid	-	60
<b>Fauji Security Services (Private) Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	25,149	19,067
Premium received during the period	22,686	21,913
Insurance claims paid	1,129	1,208
<b>MAL Pakistan Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	15,003	12,122
Premium received during the period	12,648	13,262
Insurance claims paid	5,017	4,564
<b>Petrosel Lubricants (Private) Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	(149)	-
Premium received during the period	-	-
Insurance claims paid	-	-
<b>Army Welfare Housing Scheme</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	566	418
Premium received during the period	523	418
Insurance claims paid	24	24



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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	2022	2021
<b>Rupees in thousand</b>		
<b>Army Welfare Real Estate Division</b>		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	2,210	1,363
Premium received during the period	2,058	1,208
Insurance claims paid	599	763
<b>Askari Apparel</b>		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	(206)	-
Premium received during the period	-	-
Insurance claims paid	-	-
<b>AWT Investments Limited</b>		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	2,878	2,750
Premium received during the period	2,313	2,758
Insurance claims paid	1,809	680
<b>Services Travels</b>		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	92	124
Premium received during the period	92	124
Insurance claims paid	17	-
<b>Askari Life Assurance</b>		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	1,640	2,841
Premium received during the period	4,101	2,783
Insurance claims paid	3,691	1,455

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

	2022	2021
<b>Askari Seeds</b>	<b>Rupees in thousand</b>	
Insurance premium written (including government levies administrative surcharge and policies stamps)	1,360	1,383
Premium received during the period	1,400	1,272
Insurance claims paid	366	604
<b>Medask</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	5,225	4,011
Premium received during the period	435	4,567
Insurance claims paid	1,498	1,017
<b>Jolidays (Private Limited)</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	144	4,011
Premium received during the period	40	4,567
Insurance claims paid	73	1,017
<b>Transactions with other related parties</b>		
Contributions to Employees Provident Fund Trust	47,432	41,945



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

	2021									
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Rupees in thousand										
<b>Financial assets measured at fair value</b>										
Investment at fair value through profit and loss	673	-	-	-	-	673	673	-	-	673
Investment at fair value through other comprehensive income	-	467,691	-	-	-	467,691	205,859	261,832	-	467,691
Investment at fair value through profit and loss - WTO	-	-	-	-	-	-	-	-	-	-
Investment at available for sale - WTO	-	-	-	-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>										
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*	-	-	-	100,693	-	100,693	-	-	-	-
Amounts due from insurance contract holders*	-	-	-	1,268,881	-	1,268,881	-	-	-	-
Amounts due from other insurers / reinsurers*	-	-	-	166,149	-	166,149	-	-	-	-
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 Takatuf Operations - OPF	-	5,000	-	331,191	-	336,191	-	-	-	-
<b>Financial liabilities not measured at fair value</b>										
Provision for outstanding claims (including IBNR)*	-	-	-	-	(639,160)	(639,160)	-	-	-	-
Lease liabilities	-	-	-	-	(213,106)	(213,106)	-	-	-	-
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 Takatuf Operations -OPF	-	-	-	-	(102,922)	(102,922)	-	-	-	-
	673	682,717	2,296,767	2,364,939	(2,027,854)	3,317,241	206,532	261,832	-	468,364

\* 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).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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39 SEGMENT INFORMATION  
39.1 Segment Profit and loss

	Fire and property damage		Marine, aviation and transport		Motor		Accident and health		Miscellaneous		Total
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	
	Rupees in thousand										
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative surcharge)	804,706	611,741	356,741	260,250	1,256,430	1,135,995	1,051,638	1,080,796	997,901	877,421	3,966,202
Less: Federal Excise Duty	108,075	77,688	39,841	28,950	170,937	154,533	-	-	52,694	52,306	371,548
Federal Insurance Fee	6,920	4,990	2,993	2,205	10,809	9,775	10,316	10,656	9,384	8,117	40,422
Stamp Duty	352	210	11,808	9,335	785	848	7	5	233	184	10,592
Gross written premium (inclusive of administrative surcharge)	689,359	528,953	302,099	219,760	1,073,899	970,838	1,041,315	1,070,135	935,590	816,814	3,606,500
Gross premium	689,554	523,595	294,490	211,591	1,035,183	938,891	1,037,527	1,065,451	925,329	804,965	3,882,083
Administrative surcharge	6,222	5,811	9,378	8,401	38,668	32,016	985	900	7,588	7,690	62,842
Facultative inward premium	4,372	5,991	-	130	-	-	-	-	850	3,506	5,223
Service charges	(10,790)	(6,434)	(1,769)	(362)	48	(69)	2,803	3,694	1,822	652	(7,886)
Insurance premium earned	603,609	495,231	267,356	195,825	1,037,289	917,955	1,112,123	1,063,784	917,774	718,036	3,938,151
Insurance premium ceded to reinsurers	(549,258)	(449,989)	(184,159)	(128,463)	(41,800)	(39,892)	(95,116)	(146,261)	(699,869)	(443,455)	(1,510,203)
Net insurance premium	54,351	45,242	83,197	67,363	995,489	878,073	1,077,007	907,523	217,905	274,581	2,427,949
Commission income	119,221	121,095	60,252	49,591	4,285	6,088	5,619	23,347	131,393	104,072	304,193
<b>Net underwriting income</b>	173,572	166,337	143,449	116,954	999,774	884,161	1,082,626	930,870	349,238	378,653	2,748,659
Insurance claims	(182,373)	(182,974)	(91,509)	(96,699)	(493,866)	(419,769)	(967,841)	(994,026)	(278,233)	(97,716)	(2,013,822)
Insurance claims recovered from reinsurers	160,076	152,214	73,557	77,142	(1,156)	26,815	30,904	121,042	202,251	36,952	465,632
<b>Net claims</b>	(22,297)	(30,760)	(17,952)	(19,556)	(495,023)	(392,952)	(936,938)	(872,984)	(75,982)	(60,764)	(1,548,190)
Commission expense	(66,201)	(57,210)	(40,011)	(31,573)	(47,507)	(43,559)	(33,221)	(47,298)	(71,960)	(75,542)	(258,899)
Management expense	(27,435)	(20,962)	(41,996)	(31,212)	(544,590)	(444,271)	(31,116)	(27,404)	(109,994)	(127,224)	(755,131)
<b>Underwriting results</b>	57,639	57,404	43,491	34,613	(67,345)	3,379	81,352	(16,777)	91,302	115,123	186,438
Investment income									267,960		267,960
Rental income									5,991		5,991
Other income									53,039		53,039
Finance costs									(25,605)		(25,605)
Other expenses									(9,161)		(9,161)
<b>Profit before tax from Window Takatful Operations - OPF</b>									478,662		478,662
<b>Profit before tax</b>									61,369		61,369
									540,031		540,031

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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## 39.2 Segment Assets and Liabilities

	Fire and property damage		Marine, aviation and transport		Motor		Accident and health		Miscellaneous		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Rupees in thousand												
Corporate Segment												
assets - Conventional	510,344	384,026	214,609	178,468	814,691	793,417	841,465	843,231	576,309	550,983	2,957,418	2,750,125
Corporate Segment												
assets - Takaful OPF	24,080	17,097	12,165	8,106	37,509	30,674	2,024	3,410	4,278	4,825	80,056	64,112
Corporate unallocated												
assets - Conventional											3,679,847	3,205,785
Corporate unallocated											286,888	267,050
assets - Takaful OPF											7,004,209	6,287,098
Consolidated total assets												
Corporate Segment												
liabilities - Conventional	589,126	432,384	252,662	199,263	1,196,123	1,033,615	1,274,827	1,181,460	716,257	635,675	4,006,995	3,482,357
Corporate Segment												
liabilities - Takaful OPF	26,738	19,944	12,654	9,090	61,242	52,446	3,033	3,148	5,228	5,222	108,895	89,850
Corporate unallocated												
Segment liabilities - Conventional											414,186	385,464
Corporate unallocated											10,024	13,073
Segment liabilities - Takaful OPF												
Consolidated total liabilities											4,542,100	3,970,775

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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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						
	<b>At beginning of previous year</b>	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 (excluding net realised gains)	-	(30,947)	19	-	(30,928)
	Designated at fair value through profit / loss upon initial recognition	-	-	-	-	-
	Classified as held for trading	-	-	-	-	-
	Impairment (loss) / reversal	-	-	-	-	-
	<b>At beginning of current year</b>	<b>2,296,767</b>	<b>467,691</b>	<b>673</b>	<b>-</b>	<b>2,765,131</b>
	Additions	1,699,489	338,474	809,099	-	2,847,063
	Disposals (sale and redemptions)	(1,481,729)	(286,451)	(709,466)	-	(2,477,645)
	Fair value net gain (excluding net realised gains)	-	(42,804)	91	-	(42,713)
	Designated at fair value through profit / loss upon initial recognition	-	-	-	-	-
	Classified as held for trading	-	-	-	-	-
	Impairment reversal	-	-	-	-	-
	<b>At end of current year</b>	<b>2,514,527</b>	<b>476,910</b>	<b>100,397</b>	<b>-</b>	<b>3,091,836</b>

## 41 MANAGEMENT OF FINANCIAL AND INSURANCE RISK

### 41.1 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.

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.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

	2022	2021
	Rupees in thousand	
Bank deposits	289,287	196,392
Investments	3,091,833	2,765,132
Salvage recoveries accrued	3,341	3,769
Advances to employees	342	357
Amounts due from insurance contract holders	1,326,447	1,254,309
Amounts due from other insurers / reinsurers	148,432	180,721
Accrued investment income	56,393	48,029
Reinsurance recoveries against outstanding claims	310,712	245,466
Staff house building finance	3,129	4,012
Sundry receivables	137,573	100,692
	<b>5,367,488</b>	<b>4,798,879</b>

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	2022 Aggregate	2021 Aggregate
	Rupees in thousand					
Up to 1 year	1,123,799	143,105	263,169	137,573	1,667,646	1,487,235
1-2 years	194,955	6,054	18,258	-	219,267	204,501
2-3 years	14,600	(449)	6,187	-	20,337	49,437
Over 3 years	3,058	341	23,098	-	26,498	23,044
	<b>1,336,412</b>	<b>149,051</b>	<b>310,712</b>	<b>137,573</b>	<b>1,933,748</b>	<b>1,764,217</b>

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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Rating Financial institution	Rating		Rating agency	2022	2021
	Long term	Short term		Rupees in thousand	
Askari Bank Limited	AA+	A1+	PACRA	237,284	154,002
Summit Bank Limited	BBB-	A-3	VIS	957	25
Habib Bank Limited	AAA	A-1+	VIS	852	231
Faysal Bank Limited	AA	A1+	PACRA	2,001	2,692
Silk Bank Limited	A-	A-2	VIS	-	1
Bank Al Falah Limited	AA+	A1+	PACRA	7	11
Bank Al-Habib Limited	AAA	A1+	PACRA	1,356	1,610
Meezan Bank Limited	AAA	A-1+	VIS	14,988	4
The Bank Of Punjab	AA+	A1+	PACRA	387	1,164
NRSP Microfinance Bank	A-	A2	PACRA	1,409	3,768
JS Bank Limited	AA-	A1+	PACRA	1,116	3,181
Sindh Bank Limited	A+	A-1	VIS	-	-
Bank Of Khyber	A	A1	PACRA	1,294	29
Punjab Provincial Cooperative Bank	Exempted	Exempted	Not applicable	1,565	1,811
Zarai Taraqiyati Bank	AAA	A-1+	VIS	2,441	24,995
Samba Bank Limited	AA	A-1	VIS	-	-
Allied Bank Limited	AAA	A1+	PACRA	2,459	778
Telenor Microfinance Bank	A	A-1	VIS	-	-
Finca Microfinance Bank	A	A1	PACRA	3,098	2
U Microfinance Bank	A+	A-1	VIS	10	24
MCB Islamic Banking	A	A1	PACRA	-	1
United Bank Limited	AAA	A-1+	VIS	18,064	156
				<b>289,287</b>	<b>194,486</b>

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:

Rating	2022		2021	
	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Aggregate	Aggregate
	Rupees in thousand			
A or above	149,051	310,712	459,763	431,579
Others	-	-	-	-
	<b>149,051</b>	<b>310,712</b>	<b>459,763</b>	<b>431,579</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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- c) 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 the unconsolidated financial statements. The Company has also maintained a provision against certain certificates of investments as disclosed in note 10.5 to the 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 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.

	2022			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees in thousand			
Provision for outstanding claims (including IBNR)	763,291	763,291	763,291	-
Amounts due to other insurers / reinsurers	1,034,109	1,034,109	1,034,109	-
Other creditors and accruals	89,777	89,777	89,777	-
Unclaimed dividend	9,708	9,708	9,708	-
Deposits and other payables	59,061	59,061	59,061	-
Lease liabilities	199,754	199,754	56,785	142,969
Other liabilities	45,610	45,610	45,610	-
	2,201,310	2,201,310	2,058,341	142,969
	2021			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees in thousand			
Provision for outstanding claims (including IBNR)	639,160	639,160	639,160	-
Amounts due to other insurers / reinsurers	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 dividend	10,971	10,971	10,971	-
Deposits and other payables	43,137	43,137	43,137	-
Liabilities 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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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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 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 balance sheet date exposure to interest bearing financial assets is as follows:

	2022	2021	2022	2021
	Effective interest rate (%)		Carrying amounts	
	Rupees in thousand			
Fixed rate financial assets				
Deposit accounts	3.70% to 14.5%	2.80% to 8%	265,141	149,121
Investments	8.49% to 13.49%	8.50% to 13.48%	3,091,833	2,765,132
			3,356,974	2,914,253

## 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, 2022 and 2021. 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 '000)		(Rupees in '000)
December 31, 2022	341,988	+10%	34,199
	341,988	-10%	(34,199)
December 31, 2021	206,533	+10%	20,653
	206,533	-10%	(20,653)

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## iv) Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximate their fair values except for available for sale and held to maturity investments whose fair values are determined for disclosure purpose only and have been disclosed in their respective notes to these financial statements.

### Determination of fair values

Fair values have been determined for measurement / or disclosure purpose based on the following methods:

Investment in fair value through profit and loss account - held for trading

The fair value of held for trading investment is determined by reference to their closing repurchase price / price quoted on the stock exchange at the reporting date.

### Available-for-sale investment

The fair value of available for sale investment is determined by reference to their closing repurchase price / price quoted on the stock exchange at the reporting date. They are being carried at fair value.

### Held to maturity investment

Fair value for held to maturity investment is estimated as the present values of future cash flows, discounted at the market rate of interest at the reporting date. They are being carried at fair value.

### Non-derivatives financial assets and liabilities

The fair value is estimated based on the present values of future cash flows, discounted at the market rate of interest at the reporting date. However, since these assets and liabilities are due to be settled within one year, their fair values approximate their carrying values.

## v) 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, 2022, the Company's paid-up capital is in excess of the prescribed limit.

## 41.2 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, steal, riot and strike, explosion, earthquake, atmospheric damage, hurricanes, typhoons, river flooding, electric fluctuation, terrorism, war risk, damages occurring in inland transit, burglary, loss of cash in safe and cash in transit, travel and personal accident, money losses, engineering

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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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 analyzed separately. The development of large losses / catastrophes is analyzed 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

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	106,223	88,782	5,190	8,464	3,786	-

**(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 balance sheet 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	
	2022	2021	2022	2021
	Rupees in thousand		Rupees in thousand	
<b>10% increase in loss</b>				
Fire and property damage	(1,789)	(1,658)	(1,199)	(1,177)
Marine aviation and transport	(2,154)	(2,357)	(1,443)	(1,674)
Motor	(16,626)	(14,711)	(11,139)	(10,445)
Health	(20,524)	(15,614)	(13,751)	(11,086)
Miscellaneous	(4,165)	(5,030)	(2,791)	(3,571)
	(45,258)	(39,370)	(30,323)	(27,954)

A 10% decrease would have had equal but opposite effect on the profit and loss account and shareholders' equity.

**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:



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL REPORT 2022

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on equity
		(Rupees in '000)	
December 31, 2022	100	4,533	3,037
	-100	(4,533)	(3,037)
December 31, 2021	100	3,631	2,578
	-100	(3,631)	(2,578)

**(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		
<b>2022</b>			
Fire and property	744,390,706	666,441,971	77,948,735
Marine, aviation and transport	613,988,830	372,182,600	241,806,230
Motor	67,852,699	1,885,714	65,966,985
Miscellaneous	482,876,418	371,986,705	110,889,713
	<b>1,909,108,653</b>	<b>1,412,496,990</b>	<b>496,611,663</b>
<b>2021</b>			
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
	<b>1,373,481,023</b>	<b>941,176,904</b>	<b>432,304,119</b>

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

	Maximum Gross Risk Exposure	
	2022	2021
	Rupees in thousand	
Fire and property	90,869,307	65,260,599
Marine, aviation and transport	37,400,000	21,000,000
Motor	3,078,032	1,810,783
Liability	1,890,000	1,485,000
Miscellaneous	23,196,748	20,913,300

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

2022

	Rupees in thousand						Total
	Interest / mark-up bearing financial instruments		Non-interest / mark-up bearing financial instruments		Total		
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	Sub total	Sub total	
<b>Financial assets</b>							
Investments							
Equity securities	-	-	341,988	-	-	341,988	341,988
Debt securities	807,296	1,942,549	-	-	2,749,845	-	2,749,845
Loans and other receivables	64	3,064	137,570	-	3,129	137,570	140,698
Insurance / reinsurance receivables	-	-	1,474,879	-	-	1,474,879	1,474,879
Reinsurance recoveries against outstanding claims	-	-	310,712	-	-	310,712	310,712
Salvage recoveries accrued	-	-	3,341	-	-	3,341	3,341
Cash and bank	265,141	-	26,469	-	265,141	26,469	291,610
3.7% to 14.5%	92,076	-	274,884	-	92,076	274,884	366,960
Total assets of Window Takatful Operations - Operator's Fund	1,164,577	1,945,613	3,110,191	2,569,843	-	2,569,843	5,680,033
<b>Financial liabilities</b>							
Outstanding claims including IBNR	-	-	(763,291)	-	-	(763,291)	(763,291)
Insurance / reinsurance payables	-	-	(1,034,109)	-	-	(1,034,109)	(1,034,109)
Other creditors and accruals	-	-	(135,386)	-	-	(135,386)	(135,386)
Deposits and other payables	-	-	(59,061)	-	-	(59,061)	(59,061)
Liabilities against assets - secured	(56,785)	(142,969)	-	-	(199,754)	-	(199,754)
Unclaimed dividends	-	-	(9,708)	-	-	(9,708)	-
Total liabilities of Window Takatful Operations - Operator's Fund	(56,785)	(142,969)	(118,919)	(118,919)	-	(118,919)	(118,919)
(2,120,473)	(2,120,473)	(2,120,473)	(2,120,473)	(2,120,473)	(2,120,473)	(2,120,473)	(2,310,519)
Interest risk sensitivity gap	1,107,793	1,802,644	2,910,437	449,370	-	459,078	3,369,515
Cumulative interest risk sensitivity gap	1,107,793	2,910,437	-	-	-	-	-



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

42	STATEMENT OF SOLVENCY	2022
	<b>Assets</b>	
	Property and equipment	395,144
	Intangible assets	9,992
	Investment property	36,571
	Investment in subsidiary	10,000
	Investments	
	- Equity securities	341,988
	- Debt securities	2,749,845
	Loans and other receivables	197,437
	Insurance / Reinsurance receivables - unsecured, considered good	1,474,879
	Reinsurance recoveries against outstanding claims	310,712
	Salvage recoveries accrued	3,341
	Taxation - payments less provision	-
	Deferred commission expense / Acquisition cost	108,258
	Deferred taxation	35,595
	Prepayments	671,877
	Cash and bank	291,610
	<b>Total assets from Window Takaful Operations - OPF</b>	<b>366,960</b>
	<b>Total Assets (A)</b>	<b>7,004,209</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

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2022

Rupees in thousand

In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000		
(d)	loans to employees	3,470
(g)	receivable from related parties	79,337
(g)	investment in subsidiary	10,000
(h)	insurance / reinsurance receivables for more than three months	599,399
(i)	intangible assets	9,992
(j)	deferred tax asset	35,595
(k)	security deposit receivable	16,333
(k)	security deposits	59,061
(l)	assets subject to encumbrances	330,000
(U)-(i)	vehicles	129,925
(U)-(ii)	office equipment	23,716
(U)-(ii)	office equipment (window takaful operator's fund)	573
(U)-(iii)	fixtures and fittings	8,158
(U)-(iii)	fixtures and fittings (window takaful operator's fund)	369
32(5)	Right of use assets - Rental properties	96,657
<b>Total of In-admissible assets (B)</b>		<b>1,402,585</b>
<b>Total Admissible Assets (C=A-B)</b>		<b>5,601,623</b>
<b>Total Liabilities</b>		
<b>Underwriting Provisions</b>		
	- Outstanding claims including IBNR	763,291
	- Unearned premium reserves	1,823,622
	- Unearned reinsurance commission	113,761
	Retirement benefit obligations	30,675
	Staff compensated absences	44,185
	Lease liabilities	199,754
	Taxation - provision less payment	26,708
	Premium received in advance	63,361
	Insurance / Reinsurance Payables	1,034,109
	Unclaimed dividend	9,708
	Other Creditors and Accruals	254,946
	Deposits and other payables	59,061
<b>Total Liabilities</b>		<b>4,423,181</b>
<b>Total liabilities from Window Takaful Operations - OPF</b>		<b>118,919</b>
<b>Total Liabilities (D)</b>		<b>4,542,100</b>
<b>Total Net Admissible Assets (E=C-D)</b>		<b>1,059,523</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

		2022
		Rupees in thousand
	<b>Minimum solvency requirement (higher of following)</b>	<b>485,590</b>
	Method A - U/s 36(3)(a)	150,000
	Method B - U/s 36(3)(b)	485,590
	Method C - U/s 36(3)(c)	322,223

	<b>Excess in Net Admissible Assets over Minimum Requirements</b>	<b>573,933</b>
--	--	----------------

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.

		2022	2021
		Rupees in thousand	
44	<b>WINDOW TAKAFUL OPERATIONS - OPF</b>		
	<b>Assets</b>		
	Cash and bank deposits	92,076	66,887
	Investments	177,479	179,450
	Current assets - others	96,462	84,247
	Fixed assets	943	608
	<b>Total assets</b>	<b>366,960</b>	<b>331,192</b>
	<b>Total liabilities - current</b>	<b>118,919</b>	<b>102,923</b>
	<b>Profit from Window Takaful Operations - OPF</b>	<b>61,369</b>	<b>54,849</b>

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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL REPORT 2022

## 46 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Company in the meeting held on 15 March 2023 have proposed a final cash dividend of Rupees 2.9 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 15 March 2023.

## 48 GENERAL

### Number of employees

Total number of employees at the end of the year were 377 (2021: 384). Average number of employees during the year were 381 (2021: 391).



Suleman Khalid  
Chief Financial Officer



Abdul Waheed  
President & Chief Executive



Malik Riffat Mahmood  
Director



AVM Mohammad Athar Shams (Retd)  
Director



Lt Gen Naveed Mukhtar (Retd)  
Chairman



# CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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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, 2022, 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, 2022, 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 are the Key audit matters:

S. No.	Key audit matter(s)	How the matters were addressed in our audit
1	<p><b>Revenue Recognition</b></p> <p>(Refer notes 23 and 27 of the consolidated financial statements)</p> <p>The Group generated its revenue primarily from two main sources namely premiums on insurance policies (2,427.95 million) and investment income (267.96 million) for the year ended December 31, 2022.</p> <p>Premiums from insurance policies comprise of 90% of the total revenue. Premium income is one of the key</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> <li>- Obtained the understanding, evaluated the design and implementation and operating effectiveness controls over the process of capturing, processing and recording of premiums;</li> <li>- Assessed whether the Company's accounting policy for revenue recognition from premium is compliant with the requirements of applicable laws, accounting and reporting standards as applicable in Pakistan;</li> </ul>

S. No.	Key audit matter(s)	How the matters were addressed in our audit
1	<p>performance indicators of the Company. Because of the significance of the premium as key performance indicator and risk that revenue transactions may not be recognized in the appropriate period in line with revenue recognition policy, we considered this area as a key audit matter.</p>	<ul style="list-style-type: none"> <li>- Evaluated the completeness, accuracy and reliability of the underlying policies/data used for revenue recognition from premiums;</li> <li>- Checked the premiums recorded on sample basis from the underlying policies issued to insurance contract holders;</li> <li>- Checked the policies on sample basis where premium was recorded close to year end and subsequent to year end to evaluate that revenue from premiums was recognized in the appropriate accounting period;</li> <li>- Recalculated the unearned portion of premium revenue to ensure that appropriate amount has been recorded as revenue for the current period; and</li> <li>- Assessed the relevant presentation and disclosures made in the financial statements to ascertain that these are compliant with laws, accounting and reporting standards as applicable in Pakistan.</li> </ul>
2	<p><b>Valuation of Claims Liabilities including Provision for Incurred but Not Reported (IBNR) Claims Reserves</b></p> <p>(Refer notes 3.9 and 25 of the annexed unconsolidated financial statements)</p> <p>As at December 31, 2022, claims liabilities represent 17% (Rs. 763.29 million including Rs. 304.10 million of IBNR reserves) of its total liabilities. Valuation of claim liabilities involves significant management judgment regarding uncertainty in the estimation of claims. Claims liabilities are recognized on intimation of the insured event based on management judgment and estimate. Provision for IBNR is calculated by the Company as required under Circular No. 9 of 2016 issued by the Securities and Exchange Commission of Pakistan based on the advice of actuary. The actuarial valuation process also involves significant judgment and the use of actuarial assumptions.</p> <p>Because of the significance of the impact of these judgments / estimations and assumptions used in determination of claims liabilities and calculation of provision for IBNR, we consider this area as Key Audit Matter.</p>	<p>Our audit procedures in relation to this matter included the following:</p> <ul style="list-style-type: none"> <li>- Assessed the design and implementation of the relevant controls over the measurement and calculation of IBNR reserves and evaluated the appropriateness of methodologies and assumptions used.</li> <li>- Evaluated the completeness, accuracy and reliability of the underlying data used by the management for the actuarial valuation.</li> <li>- Involved an independent actuarial expert to test the assumptions and assess the reasonableness of the assumptions used by management and their actuary.</li> <li>- Checked the adequacy of IBNR reserves and assessed an internal consistency and a reasonableness of basic actuarial figures with the prior year.</li> <li>- Assessed whether the financial statement disclosures in relation to the valuation of IBNR reserves are compliant with the relevant accounting and reporting standards as applicable in Pakistan.</li> </ul>

### 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 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 consolidated 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.

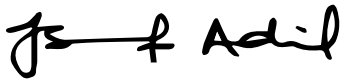
From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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, 2021 were audited by another firm of Chartered Accountants who expressed an unmodified opinion on those statements on April 29, 2022.

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

**Chartered Accountants**

Islamabad

Date: 6 April 2023

UDIN: AR202210134yfJ1g3huk

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

ANNUAL REPORT 2022

		31 December 2022	31 December 2021
	Note	Rupees in thousand	
<b>ASSETS</b>			
Property and equipment	5	417,054	418,970
Intangible assets	6	9,992	696
Investment property	7	36,571	37,881
Investments			
- Equity securities	8	341,988	206,532
- Debt securities	9	2,749,845	2,558,599
Loans and other receivables	10	205,284	161,479
Insurance / Reinsurance receivables	11	1,474,879	1,435,030
Reinsurance recoveries against outstanding claims	24	310,712	245,466
Salvage recoveries accrued		3,339	3,769
Taxation - payments less provision		-	17,016
Deferred commission expense / Acquisition cost	25	108,258	102,363
Deferred taxation	14	36,324	21,945
Prepayments	15	672,960	562,807
Cash and bank	16	295,746	201,374
<b>Total assets from Window Takaful Operations - OPF</b>	43	<b>366,960</b>	<b>331,192</b>
<b>Total Assets</b>		<b>7,029,912</b>	<b>6,305,119</b>



Suleman Khalid  
Chief Financial Officer



Abdul Waheed  
President & Chief Executive

		31 December 2022	31 December 2021
	Note	Rupees in thousand	
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves attributable to Company's equity holders</b>			
Ordinary share capital	17	719,019	719,019
Share premium	18	121,161	121,161
Reserves	18	46,077	51,113
Unappropriated profit		1,584,559	1,425,243
<b>Total Equity</b>		<b>2,470,816</b>	<b>2,316,537</b>
<b>Liabilities</b>			
Underwriting Provisions			
- Outstanding claims including IBNR	24	763,291	639,160
- Unearned premium reserves	23	1,823,622	1,719,511
- Unearned reinsurance commission	25	113,761	97,068
Retirement benefit obligations	12	30,675	40,109
Staff compensated absences	13	44,185	38,633
Liabilities against assets - secured	19	199,754	213,106
Taxation - provision less payment		28,864	-
Premium received in advance		63,361	47,598
Insurance / Reinsurance payables	20	1,034,109	833,479
Unclaimed dividends		9,708	10,971
Other creditors and accruals	21	269,786	202,887
Deposits and other payables		59,061	43,137
<b>Total Liabilities</b>		<b>4,440,177</b>	<b>3,885,659</b>
<b>Total liabilities from Window Takaful Operations - OPF</b>	43	<b>118,919</b>	<b>102,923</b>
<b>Total Equity and Liabilities</b>		<b>7,029,912</b>	<b>6,305,119</b>
Contingencies and commitments	22		

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



Malik Riffat Mahmood  
Director



AVM Mohammad Athar Shams (Retd)  
Director



Lt Gen Naveed Mukhtar (Retd)  
Chairman



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL REPORT 2022

		31 December 2022	31 December 2021
	Note	Rupees in thousand	
Net insurance premium	23	2,426,941	2,172,782
Net insurance claims	24	(1,548,190)	(1,377,015)
Net commission and other acquisition costs	25	61,811	49,050
Insurance claims and acquisition expenses		(1,486,379)	(1,327,965)
Management expenses	26	(752,103)	(671,193)
Underwriting results		188,459	173,624
Investment income	27	267,960	252,402
Rental income	28	5,991	4,984
Other income	29	53,800	41,022
Other expenses	30	(9,313)	(8,038)
Results of operating activities		506,897	463,994
Finance costs	31	(25,605)	(13,385)
<b>Profit before tax from General Operations</b>		<b>481,292</b>	<b>450,609</b>
<b>Profit before tax from Window Takaful Operations - OPF</b>	32	<b>68,568</b>	<b>54,849</b>
<b>Profit before tax</b>		<b>549,860</b>	<b>505,458</b>
Income tax expense	33	(194,772)	(138,045)
<b>Profit after tax</b>		<b>355,088</b>	<b>367,413</b>
<b>Other comprehensive income:</b>			
<b>Items that will be reclassified subsequently to profit and loss account:</b>			
Unrealised (loss) / gain on Available-for-sale investments - net		(4,149)	(21,972)
Unrealized loss on available for sale investments from Window Takaful Operations - OPF (net)		(887)	61
		(5,036)	(21,911)
<b>Items that will not be reclassified subsequently to profit and loss account:</b>			
Effect of remeasurement of staff retirement benefit plans - net		2,020	(12,788)
<b>Total comprehensive income for the period</b>		<b>352,072</b>	<b>332,714</b>
Earnings (after tax) per share - Rupees	34	4.94	5.11

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



Malik Riffat Mahmood  
Director



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Director



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Chairman

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

	2022	2021
	Rupees in thousand	
<b>Operating cash flows</b>		
<b>a) Underwriting activities:</b>		
Premium received	4,012,553	3,401,081
Reinsurance premium paid	(1,456,638)	(831,092)
Claims paid	(1,889,692)	(1,887,268)
Reinsurance and other recoveries received	475,547	338,534
Commission paid	(244,413)	(229,565)
Commission received	316,927	144,678
Management expenses paid	(726,102)	(625,847)
<b>Net cash flows (used in) / generated from underwriting activities</b>	<b>488,182</b>	<b>310,522</b>
<b>b) Other operating activities:</b>		
Income tax paid	(142,065)	(149,313)
Other expenses paid	(9,851)	(8,443)
Other operating receipts / (payments)	122,321	107,037
Advances to employees	16	(135)
<b>Net cash used in other operating activities</b>	<b>(29,579)</b>	<b>(50,853)</b>
<b>Total cash flow generated from all operating activities</b>	<b>458,603</b>	<b>259,669</b>
<b>Investing activities:</b>		
Profit / return received	277,143	218,157
Dividends received	19,250	17,023
Payments for investments	(2,652,673)	(5,447,827)
Proceeds from investments	2,310,030	5,225,840
Fixed capital expenditure	(36,021)	(18,967)
Proceeds from disposal of fixed assets	2,291	3,200
<b>Total cash used in investing activities</b>	<b>(79,980)</b>	<b>(2,574)</b>
<b>Financing activities:</b>		
Financial charges paid	(25,605)	(13,385)
Repayment of obligation under finance lease	(68,643)	(78,249)
Dividend paid	(198,993)	(195,864)
Staff house building finance - net	884	(1,149)
Mark-up on staff house building finance received	477	199
Funds Amortized Against Leased Vehicles	7,691	-
Equity transactions costs paid	(62)	(55)
<b>Total cash used in financing activities</b>	<b>(284,251)</b>	<b>(288,502)</b>
<b>Net cash used in all activities</b>	<b>94,372</b>	<b>(31,408)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>201,374</b>	<b>232,782</b>
<b>Cash and cash equivalents at end of the period</b>	<b>295,746</b>	<b>201,374</b>

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

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President & Chief Executive

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Director

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Director

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Chairman

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL REPORT 2022

	2022	2021
	Rupees in thousand	
<b>Reconciliation to Profit and Loss Account</b>		
Operating cash flows	458,603	259,669
Depreciation expense	(98,341)	(83,194)
Financial charges	(25,605)	(13,385)
Gain on disposal of fixed assets	2,160	2,563
Decrease in assets other than cash	149,144	553,765
Decrease in liabilities other than running finance	(441,115)	(681,954)
Unrealized gain on investments - held for trading	91	19
Provision For Diminution In Value Of Investments	(34,970)	-
Dividend income	19,250	16,979
Investment income	282,068	234,870
Profit on bank deposits	26,421	11,430
Income tax provision	(194,772)	(138,045)
Gain on trading	1,521	534
Tax paid	142,065	149,313
<b>Profit after taxation from General Insurance Operations</b>	<b>286,520</b>	<b>312,563</b>
<b>Profit from Window Takaful Operations - OPF</b>	<b>68,568</b>	<b>54,849</b>
<b>Profit after taxation</b>	<b>355,088</b>	<b>367,413</b>

#### 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.

	2022	2021
	Rupees in thousand	
<b>Cash for the purpose of cash flow statement consists of:</b>		
<b>Cash and other equivalents</b>		
Cash in hand	1,621	1,549
Stamp in hand	762	416
	<b>2,383</b>	<b>1,965</b>
<b>Current and other accounts</b>		
Current accounts	24,663	45,517
Deposit accounts	268,700	153,892
	<b>293,363</b>	<b>199,409</b>
<b>Total</b>	<b>295,746</b>	<b>201,374</b>

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



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# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

	Share capital		Reserves			Total reserves	Total equity
	Issued, subscribed and paid up	Capital reserve	General reserve	Revenue reserve			
				Share premium	Available for sale investment revaluation reserve		
Rupees in thousand							
Balance as at 01 January 2021	719,019	121,161	70,000	3,025	1,268,403	1,462,589	2,181,608
<b>Total comprehensive income for the year</b>							
Profit for the period	-	-	-	-	367,413	367,413	367,413
Other comprehensive income for the year	-	-	-	(21,911)	(12,788)	(34,699)	(34,699)
Total comprehensive income for the year	-	-	-	(21,911)	354,625	332,714	332,714
<b>Changes in owners' equity</b>							
Cash dividend 2020: 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 31 December 2021	719,019	121,161	70,000	(18,887)	1,425,243	1,597,518	2,316,537
<b>Balance as at 01 January 2022</b>	<b>719,019</b>	<b>121,161</b>	<b>70,000</b>	<b>(18,887)</b>	<b>1,425,243</b>	<b>1,597,518</b>	<b>2,316,537</b>
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	-	355,088	355,088	355,088
Other comprehensive loss for the period	-	-	-	(5,036)	2,020	(3,016)	(3,016)
Total comprehensive income for the year	-	-	-	(5,036)	357,108	352,072	352,072
<b>Changes in owners' equity</b>							
Cash dividend 2021: Rupees 2.75 per share	-	-	-	-	(197,730)	(197,730)	(197,730)
Equity transaction costs	-	-	-	-	(62)	(62)	(62)
	-	-	-	-	(197,792)	(197,792)	(197,792)
<b>Balance as at 31 December 2022</b>	<b>719,019</b>	<b>121,161</b>	<b>70,000</b>	<b>(23,923)</b>	<b>1,584,559</b>	<b>1,751,797</b>	<b>2,470,816</b>

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

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# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL REPORT 2022

## 1 LEGAL STATUS AND NATURE OF BUSINESS

Askari general insurance company limited ("the Company") was incorporated under the Companies Ordinance, 1984 as a public limited company on 12 April 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 15 October 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, 2019. 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 as applicable in Pakistan for financial reporting consist 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, Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulation, 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 Regulation, 2019 shall prevail.

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

Total assets, total liabilities and profit / (loss) of the Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in this consolidated financial statements in accordance with the requirements of Circular 25 of 2015 dated 9 July 2015.

A separate set of financial statements of Window Takaful Operations has been reported which is 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".

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

## 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

These consolidated financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. Figures have been rounded off to the nearest rupees in thousand, unless otherwise stated.

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

The following amendments are effective for the year ended December 31, 2022. These amendments are either not relevant to the Group's operations or are not expected to have significant impact on the Group's financial statements other than certain additional disclosures.

	<b>Effective from Accounting period beginning on or after</b>
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle - related to IFRS 9	January 01, 2022

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

The following amendments are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Group's operations or are not expected to have significant impact on the Group's financial statements other than certain additional disclosures.

	<b>Effective from Accounting period beginning on or after</b>
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to IFRS 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
	<b>Effective from Accounting period beginning on or after</b>
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL REPORT 2022

Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts
- IFRS 9 - Financial Instruments

'IFRS 9 'Financial Instruments' has become applicable, however as an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance and percentage of their liabilities connected with insurance relative to their total amount of liabilities to be greater than 90%. Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given below:

The tables below set out the fair values as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

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

(b) All other financial assets

As at December 31, 2022				
Fail the SPPI test		Pass the SPPI test		
Fair Value	Change in unrealized gain / (loss) during the period	Carrying Value	Cost less Impairment	Change in unrealized gain / (loss) during the period
Rupees in thousands				
<b>Financial assets</b>				
Cash and Bank*	-	295,746	-	-
Investment in equity securities -available-for-sale	241,591 (70,528)	-	-	-
Investment in debt securities - available-for-sale*	-	235,025	-	293
Investment in debt securities - held to maturity	-	2,514,527	-	-
Loans and other receivables*	-	205,284	-	-
<b>Total</b>	241,591 (70,528)	3,250,582	-	293

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



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

## 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 impairment losses, if any, except for capital work in progress which is stated at cost less impairment losses, if any. Depreciation is charged on depreciable amount over the estimated useful life using straight line method. Depreciation is charged on monthly basis where full month depreciation is charged in the month of addition and no depreciation is charged in the month of disposal.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the profit and loss account in the year in which they are incurred. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

### 3.2 Intangible

Software development cost are only capitalized to the extent that future economic benefits are expected to flow to the entity. Intangible assets with finite useful lives are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged on the amortizable amount over the useful life of the asset by applying straight line method. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any.

### 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 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 reduces significantly during this period, unless all rights and obligations are extinguished or expired.

Insurance contracts are classified into following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

- Fire and property damage;
- Marine, aviation and transport;
- Motor;
- Health and accident; and
- Miscellaneous.

These contracts are normally one year insurance contracts except marine and miscellaneous classes. Normally all marine insurance contracts are of three months period. In miscellaneous class, some engineering insurance contracts are of more than one year period, whereas, normally travel insurance contracts and few bond insurance contracts in miscellaneous class expire within one month time.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL REPORT 2022

These 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, marine, aviation and transport, accident and health and other commercial line products are provided to commercial organizations.

Fire and property 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.

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.

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.

Health insurance includes coverage of in-patient-hospital, out-patient-department, medical and other related expenses of disease, sickness or accidental injury incurred during the period of insurance.

Liability insurance contracts protect 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.

Other various types of insurance are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, worker compensation, travel, products of financial institutions, livestock and crop insurance etc.

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.

### ***Reinsurance contracts***

Those insurance contracts that are issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant are reinsurance contracts. The Company enters into reinsurance contracts with both foreign and local reinsurers.

### **3.5 Deferred Commission Expense**

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

### **3.6 Receivables and payables under insurance contracts**

Receivable under insurance contracts are recognized when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and that impairment loss is recognised in the profit and loss account.

### **3.7 Reinsurance contracts held**

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same year as the related premiums for the direct or accepted reinsurance business being reinsured. Reinsurance premium is recognised as expense after taking into account the proportion of deferred premium expense which is calculated using pattern similar to calculation of premium income for the same policy. The deferred portion of premium expense is recognised as prepayment.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in the manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurance are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contracts.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

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

The Company assesses its reinsurance assets for impairment on balance sheet date. If there is any objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the profit and loss account.

Pakistan Reinsurance Company Limited (PRCL) retrocession business is booked on the basis of PRCL statements pertaining to the previous years.

## 3.8 Revenue Recognition

### 3.8.1 Premiums

Premium written under all insurance policies is recognized as income over the period of insurance from the date of issuance of policy to its expiry, after taking into account the unearned portion of premiums. Amount is recorded as premium written at the time the policy is written. Where the pattern of incidence of risk varies over the year of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired year of coverage is recognized as unearned premium by the Company. The unearned premium is calculated by applying 1/365 method as specified in the Insurance Accounting Regulations, 2017.

Premium income includes administrative surcharge that represents documentation charges recovered by the Company from policy holders in respect of policies issued. Administrative surcharge is recognised as premium income at the time of issuance of policy.

### 3.8.2 Income from Tracker related services

The Company provide 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.

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.

### 3.8.3 Commission

Commission expense incurred on issuance of policies is deferred and recognized as asset and is recognized in the profit and loss account as an expense in accordance with pattern of recognition of premium revenue. Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognized as liability and recognized in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premium. Profit / commission, if any, under the terms of reinsurance arrangements, is recognized when the Company's right to receive the same is established.

### 3.8.4 Investment income

Following are recognised as investment income;

- Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments. The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of the investment.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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- Dividend income on securities held for trading and available for sale securities and is recognized when the Company's right to receive the dividend is established

- Gain / loss on sale of available-for-sale investments is recognized in profit and loss account in the year of sale

### 3.9 Claim expense including provision for outstanding claims including Incurred But Not Reported

The Company recognizes liability in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claims except as otherwise expressly indicated in an insurance contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Provision for liability in respect of unpaid reported claims as at 31 December 2022 is made on the basis of individual case estimates by using Chain Ladder Method (Development technique) on the basis of recommendation by an independent actuary under the guidelines issued by Insurance Division of SECP vide its Circular 9 of 2016 dated March 09, 2016 for estimation of IBNR claims reserve, which were effective from 01 July 2016.

Class of business	IBNR	
	Gross	Net
	Rupees in thousand	
- Fire and property damage;	5,483	1,371
- Marine, aviation and transport;	25,051	945
- Motor;	63,799	63,154
- Accident and health; and	174,188	171,703
- Miscellaneous.	35,582	2,364
	304,103	239,537

### 3.10 Reinsurance recoveries against claims

Claims recoveries receivables from the reinsurers are recognized as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received in accordance with respective reinsurance arrangements.

### 3.11 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 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.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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## 3.12 Provision for unearned premium and prepaid reinsurance premium ceded

In accordance with the requirements of Insurance Rules, 2017, provision for unearned premium is calculated by applying 1/365 method. Unearned portion of premium is recognized as liability.

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

## 3.13 Creditors, accruals and provisions

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

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and 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.

## 3.14 Investments

### 3.14.1 Classification

The classification of financial assets is determined at initial recognition and depends on the purpose for which the financial assets were acquired. Currently, the financial assets of the Company are classified into the following categories:

#### a) In equity securities

Surplus / (deficit) arising on revaluation of quoted securities which are classified as available for sale investments is taken to a separate account which is shown in the statement of financial position as revaluation surplus. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realised upon disposal or in case of impairment of securities. The unrealized surplus / (deficit) arising on revaluation of quoted securities which are classified as held for trading is taken to the profit and loss account. Provision for diminution in the values of securities is made after considering impairment, if any, in their value and is taken to profit and loss account. Impairment is booked when there is an objective evidence of significant or prolonged decline in the value of such securities. Unquoted investments are recorded at cost less accumulated impairment losses, if any.

#### b) In debt securities

These are investments with fixed or determinable payments and fixed maturities which the Company has the intention and ability to hold till maturity. Provision for impairment against debt securities is made in accordance with the requirements of the law. In case of unquoted equity securities, the breakup value of the security should be considered to determine impairment amount. Premium or discount on debt securities classified as available for sale and held to maturity is amortised using effective interest method and taken to the profit and loss account.

#### c) In term deposits

These are investments with fixed or determinable payments and fixed (short term) maturities which the Company has the intention and ability to hold till maturity.

Investments which are designated at fair value through profit or loss upon initial recognition.

### 3.14.2 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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## 3.15 Taxation

### Current

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 finalized during the current year for such years.

### Deferred taxation

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 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.

## 3.16 Employees' retirement benefits

### a) Defined benefit plan

The Company operates a funded gratuity scheme covering all eligible employees completing the minimum qualifying year of service as specified by the scheme. The assets of the funded plan are held independently in a separate fund. Provision for gratuity is made to cover obligations under the scheme in accordance with the actuarial recommendations. The latest actuarial valuation was carried out as at 31 December 2022.

Actuarial valuation was carried out using the Projected Unit Credit Method based on the following significant assumptions:

Class of business	2022	2021
Discount rate	14.50% per annum	11.75% per annum
Expected return on plan assets	14.50% per annum	11.75% per annum
Expected rate of increase in salary	14.50% per annum	11.75% per annum
Average expected remaining working life time of the employee	8 years	9 years
Mortality rate	SLIC 2001 - 2005	SLIC 2001 - 2005

The Company recognizes the actuarial gains or losses in other comprehensive income in the year in which they arise.

### b) 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.

### c) Compensated absences

Provisions for compensated absences is recognised annually to cover the obligation for compensated absences and charged to profit and loss account. The provision is determined using the projected unit credit method.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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The latest actuarial valuation was carried out as at 31 December 2022 based on the following significant assumptions:

Class of business	2022	2021
Discount rate	14.50% per annum	14.50% per annum
Expected rate of increase in salary	14.50% per annum	14.50% per annum
Average number of leaves accumulated per annum	5 days	5 days
Mortality rate	SLIC 2001 - 2005 with 1 year setback	SLIC 2001 - 2005 with 1 year setback

### 3.17 Management expenses

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

### 3.18 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary share. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

### 3.19 Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Accounting Regulations, 2017. The reported operating segments are also consistent with the internal reporting provided to Strategy Committee and Board of Directors which are responsible 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. The Company has following business segments:

Fire insurance segment provides insurance cover against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and impact.

Marine insurance segment provides coverage against cargo risk, war risk and damages occurring in inland transit.

Motor insurance provides comprehensive vehicle coverage and indemnity against third party loss.

Accident and health provides inpatient and outpatient medical coverage.

Miscellaneous insurance provides cover against burglary, loss of cash in safe and cash in transit, personal accident, money, engineering losses and other coverage.

Investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets pertaining to two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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## 3.20 Foreign currency transactions

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are routed through profit and loss account.

## 3.21 Finance income

Finance income comprises interest income on funds invested, dividend income, exchange gain and changes in the fair value of financial assets at fair value through profit or loss - held for trading. Income on bank deposits is accrued on a time proportion basis using effective rate of interest. Income on investments is recognized on time proportion basis taking into account the effective yield of such securities. Dividend income on equity investments is recognized when the right to receive the payment is established. Foreign currency gains and losses are reported on a net basis.

## 3.22 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.

### 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.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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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.

### 3.23 Right of use assets and lease liability

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company mainly lease properties for its operations and recognizes a right-of use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of the right-of-use asset or end of lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate of the Company. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. The Company has elected not to recognise right-of-use assets and lease liabilities for short term and low value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term. The right-of-use assets are presented in the same line item as it presents underlying assets for the same nature it owns.

### 3.24 Dividend Distribution

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

### 3.25 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash balances 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 Company in the management of its short-term commitments.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the requirements of accounting and reporting standards as applicable to insurance companies in Pakistan requires management to make judgments/estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These judgments/estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from their estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

In particular, the matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed below:

#### a) Income tax

In making the estimates for income taxes currently payable by the Company, the management takes into account current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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**b) Fixed assets, depreciation and amortisation**

In making estimates of the depreciation / amortisation method, the management uses depreciation / amortisation rate which reflects the pattern in which economic benefits are expected to be consumed by the Company. These rates are reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the depreciation / amortisation rates would be changed to reflect the change in pattern. Further, the assets' residual values are reviewed and adjusted if appropriate, at each financial year end.

**c) Outstanding claims including incurred but not reported (IBNR)**

The liability for IBNR is computed through Chain Ladder Method (Development technique) in light of the guidelines issued by Insurance Division of SECP vide its Circular 9 of 2016 dated March 09, 2016 for estimation of IBNR claims reserve, the liability for IBNR for all classes of business is based on actuary recommendation. Any significant change in assumption used event may affect the management's judgement which could affect the provision made for IBNR. Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset and are measured at the amount expected to be received.

**d) Premium deficiency reserves**

The Company carries out an analysis of loss / combined ratios for the expired year, such ratio being calculated after taking into account the relevant IBNR provision for the determination of premium deficiency reserve for each class of business.

**e) Defined benefit plan**

Defined benefit plan is provided to eligible employees of the Company. Calculations in this respect require assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration, the expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

**f) Impairment**

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**g) Provision against premium due but unpaid & amount 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.

**h) Classification of investments**

In classifying investments as "fair value through profit and loss" the Company has determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements.

In classifying investments as "held-to-maturity" the Company has determined financial assets with fixed or determinable payments and fixed maturity. In making this judgement, the Company evaluates its intention and ability to hold such investments to maturity.

The investments which are not classified as fair value through profit and loss or held to maturity are classified as available for sale.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

i) **Allocation of management expenses**

Management expenses which are not specifically related to a class of business are allocated on all classes of business on equitable basis.

j) **Provisions**

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

k) **Fair value of investments**

The fair value of held for trading and available for sale investments is determined by reference to their quoted closing repurchase price at the reporting date. Any change in the estimate might effect carrying amounts of investments held for trading with corresponding effect in profit and loss account. Fair value of held to maturity instruments is determined with reference to general interest rates prevailing in the market. Fair value of held to maturity investments is determined for disclosure purpose only.

l) **Lease term**

The Company applies judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liability and right of use assets recognised.

		2022	2021
	Note	Rupees in thousand	
<b>5</b>	<b>PROPERTY AND EQUIPMENT</b>		
	Capital work-in-progress	7,114	4,353
	Operating assets	409,940	414,617
		<b>417,054</b>	<b>418,970</b>
<b>5.1</b>	<b>Movement in Capital work-in-progress is as follows:</b>		
	Opening balance	4,353	1,724
	Additions	-	9,914
	Transfers	2,761	(7,285)
	Closing balance	7,114	4,353

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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## 5.2 Operating assets

Note	Rupees in thousand										
	2022										
	Cost			Depreciation			Written down value as at		Useful life (years)		
As at 1 January	Additions / (Disposals)	Adjustments	As at 31 December	As at 1 January	For the period	(Disposals) / Adjustments	As at 31 December	As at 31 December	As at 31 December		
5.2.1	146,412	-	-	146,412	10,988	3,660	-	14,648	131,764	40	
Furniture and fixtures	28,719	(572)	-	28,147	23,205	2,924	(6,154)	19,976	8,171	5	
Computers and office equipment	78,534	(11,883)	-	66,651	69,088	8,132	(25,151)	52,048	14,602	3	
Motor vehicles (Owned)	24,506	(327)	-	24,179	16,581	3,253	(610)	19,223	4,956	5	
Right of use assets - Motor vehicles	180,786	34,235	-	215,021	76,263	35,906	(22,131)	90,037	124,983	5	
Right of use assets - Rental properties	188,618	1,245	-	189,863	62,512	27,427	3,268	93,207	96,657	2 to 20	
Tracking devices	98,681	15,677	-	114,358	83,524	10,559	(3,607)	90,476	23,883	3	
Leasehold improvements	37,462	(0)	-	37,462	26,960	5,578	-	32,538	4,924	3	
	783,718	38,375	-	822,093	369,101	97,439	(54,385)	412,153	409,940		
Rupees in thousand											
2021											
Cost			Depreciation			Written down value as at		Useful life (years)			
As at 1 January	Additions / (Disposals)	Adjustments	As at 31 December	As at 1 January	For the period	(Disposals) / Adjustments	As at 31 December	As at 31 December	As at 31 December		
5.2.1	142,602	3,810	-	146,412	7,367	3,621	-	10,988	135,424	40	
Furniture and fixtures	28,540	179	-	28,719	20,760	2,964	(519)	23,205	5,514	5	
Computers and office equipment	75,786	2,749	-	78,534	64,109	7,449	(2,490)	69,068	9,466	3	
Motor vehicles (Owned)	23,124	1,382	-	24,506	14,730	3,846	(1,996)	16,581	7,925	5	
Right of use assets - Motor vehicles	153,653	27,133	-	180,786	87,811	28,277	(39,826)	76,263	104,523	5	
Right of use assets - Rental properties	220,478	(31,860)	-	188,618	81,570	23,213	(42,271)	62,512	126,106	2 to 20	
Tracking devices	87,104	11,577	-	98,681	79,823	5,840	(2,138)	83,524	15,157	3	
Leasehold improvements	28,743	8,719	-	37,462	20,735	6,225	-	26,960	10,501	3	
	760,030	23,689	-	783,718	376,905	81,435	(89,240)	369,101	414,617		

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.

5.2.2 Cost of fully depreciated assets that are still in use as at December 31, 2022 is Rs. 186,538 thousand (2021: Rs. 262,897 thousand)

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

## 5.2.3 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
2022						
Vehicles sold to following in-service/ resigning employees as per Company's policy						
Muhammad Iqbal	Employee	1,930	1,930	-	-	-
Umer Sohail Khaliq	Employee	1,141	1,141	-	-	-
Ali Siddiqui	Employee	1,141	1,141	-	-	-
Rasli Satwa	Employee	2,070	2,034	36	36	-
Hammad Haider	Employee	1,066	1,066	-	-	-
Sohail Kamran	Employee	1,088	1,088	-	-	-
Imran Shahzad Iqbal	Employee	1,336	1,336	-	-	-
Zulfiqar	Employee	1,153	1,153	-	-	-
Khurshid Shaheen	Employee	1,412	1,412	-	-	-
Bushra Saifdar	Employee	1,714	1,714	-	-	-
Dr. Sharzad	Employee	1,880	1,880	-	-	-
Muhammad Kamran	Employee	1,412	1,412	-	-	-
Nadeem Ahsan	Employee	1,412	1,412	-	-	-
Nadeem Iqbal	Employee	1,837	1,837	-	-	-
Sharzad Ameer	Employee	1,575	1,575	-	-	-
<b>Aggregate value of other items with individual book value not exceeding Rs. 50,000/-</b>						
Motor vehicles (Owned)	Negotiation	610	610	-	1,879	1,879
Furniture and fixtures	Negotiation	6,154	6,154	-	20	20
Computers and office equipment	Negotiation	25,084	24,989	95	356	261
Right of use assets - Rental properties	Negotiation	3,589	3,589	-	-	-
Tracking devices	Negotiation	1,376	1,376	-	-	-
<b>Total</b>		<b>58,980</b>	<b>58,849</b>	<b>131</b>	<b>2,291</b>	<b>2,160</b>
2021		45,145	44,508	637	3,200	2,563

## 6 INTANGIBLE ASSETS

	Cost		Amortization		Written down value as at 31 December	Useful life (years)
	As at 1 January	Additions / (Disposals)	For the period	(Disposals) / Adjustments		
Rupees in thousand						
Computer software	5,579	10,200	-	650	5,998	2 to 10
Antivirus	760	-	295	253	549	3
2022	6,339	10,200	-	903	6,547	
Computer software	5,579	-	5,265	83	5,348	2 to 10
Antivirus	760	-	42	253	295	3
2021	6,339	-	5,307	336	5,643	

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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7	INVESTMENT PROPERTY	2022		2021	
		Rupees in thousand			
	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.				
	<b>Cost</b>				
	Balance at beginning of the year	52,400		52,400	
	Balance at end of the year	52,400		52,400	
	<b>Depreciation</b>				
	Balance at beginning of the year	(14,519)		(13,209)	
	Depreciation for the year	(1,310)		(1,310)	
	Balance at end of the year	(15,829)		(14,519)	
		36,571		37,881	
	Useful life (years)	40		40	

7.1 The market value of the investment property as on 31 December 2022 is Rs. 117.9 million (2021: Rs. 100.084 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.

8	INVESTMENTS IN EQUITY SECURITIES	Note	2022		2021	
			Rupees in thousand			
	Fair value through profit and loss	8.1	100,397		673	
	Available-for-sale	8.2	241,591		205,859	
	<b>Total equity securities</b>		<b>341,988</b>		<b>206,532</b>	

	Number of shares / units		2022		2021	
	2022	2021	Cost	Carrying value	Cost	Carrying value
	Rupees in thousand					
8.1	Fair value through profit or loss					
	Mutual funds					
	786 Smart Fund (Dawood Income Fund)					
	-	7,897	-	-	654	673
	AWT Financial Sector Fund					
	998,443	-	100,306	100,397	-	-
	998,443	7,897	100,306	100,397	654	673



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

	2022			2021		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Rupees in thousand						
<b>8.2 Available-for-sale</b>						
Listed shares	312,120	(34,972)	277,148	232,161	-	232,161
Mutual funds - AFS	-	-	-	2,939	-	2,939
Unrealized (deficit)/surplus on revaluation	-	-	(35,557)	-	-	(29,241)
	312,120	(34,972)	241,591	235,100	-	205,859

	2022			2021		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Rupees in thousand						
<b>Listed shares</b>						
Askari Bank Limited	3,993	-	3,993	3,353	-	3,353
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	1,571	-	1,571	846	-	846
Fauji Fertilizer Bin Qasim Limited	-	-	-	5,444	-	5,444
Fauji Fertilizer Company Limited	-	-	-	14,451	-	14,451
Faysal Bank Limited	676	-	676	-	-	-
GlaxoSmithKline Pakistan Limited	1,178	(476)	702	2,597	-	2,597
Habib Bank Limited	35,874	(15,481)	20,394	21,063	-	21,063
Honda Atlas Cars (Pakistan) Limited	7,662	(2,176)	5,487	4,674	-	4,674
International Industries Limited	3,314	-	3,314	893	-	893
International Steels Limited	3,768	-	3,768	1,722	-	1,722
Lucky Cement	9,429	-	9,429	4,353	-	4,353
MCB Bank Limited	129,021	-	129,021	58,923	-	58,923
National Refinery Limited	3,210	-	3,210	756	-	756
Nishat Mills Limited	2,796	-	2,796	6,160	-	6,160
Oil & Gas Development Company	24,313	-	24,313	15,905	-	15,905
Pak Elektron Limited	-	-	-	4,820	-	4,820
Pak Suzuki Motor Company Limited	18,036	(6,083)	11,953	15,465	-	15,465
Pakistan Petroleum Limited	19,850	-	19,850	11,476	-	11,476
Pakistan State Oil Company Limited	30,006	(9,560)	20,447	24,704	-	24,704

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

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	2022			2021		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
	Rupees in thousand					
Sui Northern Gas Pipeline Limited	6,484	-	6,484	6,857	-	6,857
System Limited	-	-	-	5,423	-	5,423
The Searl Company Limited	2,741	(1,196)	1,545	1,418	-	1,418
United Bank Limited	8,198	-	8,198	11,148	-	11,148
	312,120	(34,972)	277,151	232,163	-	232,163
Unrealized surplus / (deficit) on revaluation			(35,557)			(29,709)
			241,594			202,454
<b>Mutual funds</b>						
Dawood Income Fund	-	-	-	2,939	-	2,939
	-	-	-	2,939	-	2,939
Unrealized surplus / (deficit) on revaluation			-			469
			-			3,408

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

## 8.3 Investments in units / shares - quoted

Number of shares / units		Face value per share / unit	Investee name	Carrying value	
2022	2021			2022	2021
		Rupees		Rupees in thousand	
-	39,989	100	786 Smart Fund (Dawood Income Fund)	-	2,939
Carrying value - before provision				-	2,939
Provision for diminution in market value				-	-
Carrying value				-	2,939
<b>Market value</b>				-	<b>3,408</b>

## 9 INVESTMENTS IN DEBT SECURITIES

	Note	2022			2021		
		Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
		Rupees in thousand					
<b>HELD TO MATURITY</b>							
<b>Government Securities</b>							
Pakistan Investment Bonds	9.1	2,172,187	-	2,172,187	2,174,760	-	2,174,760
Treasury Bills	9.2	342,340	-	342,340	122,007	-	122,007
		<b>2,514,527</b>	<b>-</b>	<b>2,514,527</b>	<b>2,296,767</b>	<b>-</b>	<b>2,296,767</b>
<b>AVAILABLE-FOR-SALE</b>							
Term Finance Certificates	9.3	160,000	-	160,000	160,000	-	160,000
Sukuks	9.4	75,025	-	75,025	100,025	-	100,025
Unrealized surplus on revaluation				293			1,807
		<b>235,025</b>	<b>-</b>	<b>235,318</b>	<b>260,025</b>	<b>-</b>	<b>261,832</b>
<b>LOANS AND RECEIVABLES</b>							
Certificates of Investments		11,128	(11,128)	-	11,128	(11,128)	-
		<b>2,760,680</b>	<b>(11,128)</b>	<b>2,749,845</b>	<b>2,567,920</b>	<b>(11,128)</b>	<b>2,558,599</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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9.1		Pakistan Investment Bonds					2022	2021
Face Value	Profit Rate %	Profit Payment	Type of Security	Maturity Date				
							Rupees in thousand	
50,000,000	8.75%	On Maturity	Pakistan Investment Bonds	12-Jul-28		40,973	39,927	
37,500,000	8.75%	On Maturity	Pakistan Investment Bonds	12-Jul-28		30,767	29,987	
25,000,000	9.00%	On Maturity	Pakistan Investment Bonds	19-Sep-22		-	24,365	
25,000,000	9.50%	On Maturity	Pakistan Investment Bonds	19-Sep-24		23,927	23,389	
25,000,000	8.00%	On Maturity	Pakistan Investment Bonds	10-Dec-30		22,336	22,123	
50,000,000	9.50%	On Maturity	Pakistan Investment Bonds	19-Sep-24		50,071	50,095	
150,000,000	9.50%	On Maturity	Pakistan Investment Bonds	19-Sep-24		149,789	149,643	
200,000,000	7.00%	On Maturity	Pakistan Investment Bonds	20-Aug-23		197,429	193,732	
120,000,000	7.50%	On Maturity	Pakistan Investment Bonds	15-Oct-25		113,481	111,522	
50,000,000	8.00%	On Maturity	Pakistan Investment Bonds	10-Dec-30		44,199	43,740	
200,000,000	7.00%	On Maturity	Pakistan Investment Bonds	20-Aug-23		198,148	195,491	
350,000,000	7.50%	On Maturity	Pakistan Investment Bonds	15-Oct-25		336,597	332,511	
175,000,000	7.50%	On Maturity	Pakistan Investment Bonds	15-Oct-25		168,217	166,150	
200,000,000	8.00%	On Maturity	Pakistan Investment Bonds	10-Dec-30		181,368	179,857	
100,000,000	8.00%	On Maturity	Pakistan Investment Bonds	10-Dec-30		90,584	89,821	
70,000,000	7.00%	On Maturity	Pakistan Investment Bonds	20-Aug-23		69,379	68,489	
140,000,000	7.50%	On Maturity	Pakistan Investment Bonds	15-Oct-25		134,418	132,719	
60,000,000	8.00%	On Maturity	Pakistan Investment Bonds	10-Dec-30		54,015	53,533	
240,000,000	9.50%	On Maturity	Pakistan Investment Bonds	19-Sep-24		241,755	242,602	
25,000,000	9.00%	On Maturity	Pakistan Investment Bonds	19-Sep-22		-	25,064	
30,000,000	7.50%	On Maturity	Pakistan Investment Bonds	29-Apr-27		24,734	-	
						2,172,187	2,174,760	

9.1.1 These carry interest at effective rate of 8.49% to 13.49% per annum (2021: 8.56% to 13.60% per annum) and will mature by 10 December 2030 (2021: 10 December 2030). Market value of PIBs carried at amortised cost amounts to Rs. 2,310.7 million (2021: Rs.2,052.5 million).

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

9.2	Treasury Bills						2022	2021
	Face Value	Profit Rate %	Profit Payment	Type of Security	Maturity Date	Rupees in thousand		
	125,000,000	10.66%	Maturity	Treasury Bills	10-Mar-22	-	122,007	
	75,000,000	15.67%	Maturity	Treasury Bills	12-Jan-23	72,389	-	
	175,000,000	15.70%	Maturity	Treasury Bills	26-Jan-23	168,898	-	
	105,000,000	16.97%	Maturity	Treasury Bills	9-Mar-23	101,053	-	
						342,340	122,007	

9.2.1 Treasury bills 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.

9.3	Term Finance Certificates						2022	2021
	Number of certificates		Credit rating	Mark up Rate	Investee name	Value of Certificates		
	2022	2022				2022	2021	
							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	

9.3.1 The term finance certificates have a maturity of ten years and are maturing on 05 January 2028 to 20 December 2028 (2020: 05 January 2028 to 20 December 2028)

9.4	Sukuks						2022	2021
	Number of certificates		Mark up Rate	Investee name	Value of Certificates			
	2022	2021				2022	2021	
							Rupees in thousand	
	50	50	Based on Monthly Shariah Pool	Meezan Bank Limited		50,025	50,025	
	500	500	3-M KIBOR Plus 190 bps	The Hub Power Company Limited		25,000	50,000	
				Cost of certificates		75,025	100,025	
				Unrealised surplus on revaluation		293	1,807	
				Carrying value		75,318	101,832	

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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		2022	2021
		Rupees in thousand	
	Note		
<b>10</b>	<b>LOANS AND OTHER RECEIVABLES</b>		
	Sundry receivables	143,977	108,716
	Advances to employees	347	365
	Staff house building finance	3,129	4,012
	Accrued investment income	57,831	48,387
		<b>205,284</b>	<b>161,480</b>
<b>10.1</b>	<b>Sundry receivables</b>		
	Security deposits	16,921	18,012
	Advances to suppliers - unsecured, considered good	3,373	1,836
	Receivable against sale of laptops	5,292	3,218
	Receivable against sale of vehicles	611	611
	Deposit against vehicles Ijarah	28,406	17,752
	Health Claim recoverable	21,557	31,170
	Earnest money	49,028	18,345
	Other receivables - unsecured, considered good	18,789	17,772
		<b>143,977</b>	<b>108,716</b>
<b>10.2</b>	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 31 December 2022 is Rs. Nil (2021: Rs. Nil).		
<b>10.3</b>	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.		
		2022	2021
<b>11</b>	<b>INSURANCE / REINSURANCE RECEIVABLES</b>		
	Due from insurance contract holders	1,336,412	1,279,055
	Less: provision for impairment of receivables from insurance contract holders	(9,965)	(10,174)
		<b>1,326,447</b>	<b>1,268,881</b>
	Due from other insurers / reinsurers	149,051	171,541
	Less: provision for impairment of receivables from other insurers / reinsurers	(619)	(5,392)
		<b>148,432</b>	<b>166,149</b>
		<b>1,474,879</b>	<b>1,435,030</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

## 11.1 Due from insurance contract holders

This includes premium amounting to Rs. 2,712 thousand (2021: Rs. 2,611 thousand) and Rs. 81,628 thousand (2021: Rs. 78,077 thousand) receivable from the Parent and associated undertakings respectively, the movement of which is as follows:

	2022	2021
	Rupees in thousand	
<b>Receivable from parent:</b>		
Balance at beginning of the year	2,611	1,639
Insurance premium written (including government levies, administrative surcharge and policies stamps)	10,619	10,776
Premium received during the year	(10,519)	(9,804)
Balance at end of the year	2,711	2,611
<b>Receivable from associated undertakings:</b>		
Balance at beginning of the year	78,077	69,079
Insurance premium written (including government levies, administrative surcharge and policies stamps)	147,782	138,287
Premium received during the year	(144,232)	(129,289)
Balance at end of the year	81,627	78,077
<b>11.2 Provision for doubtful balances</b>		
Balance at beginning of the year	10,174	20,760
Provision made / (reversed) during the year	(209)	(10,586)
Balance at end of the year	9,965	10,174



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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	2022	2021
	Rupees in thousand	
<b>11.3</b>	<b>Age analysis of amounts receivable from related parties:</b>	
	<b>Receivable from parent:</b>	
Up to 1 year	2,456	2,253
1 to 2 years	228	242
2 to 3 years	27	116
	<b>2,711</b>	<b>2,611</b>
	<b>Receivable from associated undertakings:</b>	
Up to 1 year	79,314	74,453
1 to 2 years	1,463	2,288
2 to 3 years	850	1,336
	<b>81,627</b>	<b>78,077</b>
<b>11.4</b>	<b>Due from other insurers / reinsurers</b>	
Considered good	148,432	171,541
Considered doubtful	619	5,392
	<b>149,051</b>	<b>176,934</b>
Provision for doubtful balances	(619)	(5,392)
	<b>148,432</b>	<b>171,541</b>
<b>11.5</b>	<b>Provision for doubtful balances</b>	
Balance at beginning of the year	5,392	15,500
Provision made during the year	(4,773)	(10,108)
Balance at end of the year	619	5,392

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

## 12 RETIREMENT BENEFIT OBLIGATIONS

The company operates an approved gratuity scheme for all employees. The eligible employees under the scheme are 327 (2021 : 327). The latest actuarial valuation of gratuity scheme was carried out as at December 31, 2022 under the Projected Unit Credit Method as per the requirements of approved accounting standard - International Accounting Standard 19, the details of which are as follows:

		2022	2021
	Note	Rupees in thousand	
<b>12.1</b>	<b>Amount recognized in the balance sheet</b>		
	Present value of defined benefit obligation	212,020	178,024
	Benefits due but not paid during the year	4,012	4,067
		<b>216,032</b>	<b>182,091</b>
	Fair value of plan assets	(185,357)	(141,982)
	Net liability at end of the year	<b>30,675</b>	<b>40,109</b>
<b>12.2</b>	<b>Movement in liability recognized in balance sheet</b>		
	Balance at beginning of the year	40,109	36,469
	Expense for the year	19,113	16,461
	Actuarial (gain) / loss recognized in other comprehensive income	(3,015)	18,011
		<b>56,207</b>	<b>70,941</b>
	Contributions to the fund during the year	(25,532)	(30,832)
	Balance at end of the year	<b>30,675</b>	<b>40,109</b>
<b>12.3</b>	<b>Reconciliation of the present value of defined benefits obligation</b>		
	Present value of obligations as at beginning of the year	178,024	142,393
	Current service cost	16,378	14,653
	Interest cost	20,597	13,883
	Benefits paid	(2,972)	(5,566)
	Benefits due but not paid	(2,507)	(1,822)
	Actuarial (gain) / loss	2,500	14,483
	Present value of obligations as at end of the year	<b>212,020</b>	<b>178,024</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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		2022	2021
<b>12.4</b>	<b>Movement in the fair value of plan assets</b>	<b>Rupees in thousand</b>	
	Fair value of plan assets as at beginning of the year	141,982	108,435
	Interest income on plan assets	17,861	12,075
	Contribution to the fund	25,532	30,832
	Benefits paid	(5,533)	(5,832)
	Actuarial gain / (loss)	5,515	(3,528)
	Fair value of plan assets as at end of the year	185,357	141,982
<b>12.5</b>	<b>Expense for the year</b>		
	Current service cost	16,378	14,653
	Interest cost	20,596	13,883
	Interest income on plan assets	(17,861)	(12,075)
	Expense for the year	19,113	16,461
<b>12.6</b>	The estimated charge to profit & loss account for the defined benefit plan for the year ending December 31, 2023 is Rs. 18,404 thousand and expected contribution for the year ending 31, 2023 is Rs 25,533 thousands.		
<b>12.7</b>	<b>Composition of fair value of plan assets</b>		
		2022	2021
		Fair value	Fair value
		Percentage	Percentage
		Rupees in thousand	Rupees in thousand
		%	%
	Debt instruments	22,442	67,799
		12%	48%
	Cash and bank balances	639	20,962
		0%	15%
	Mutual funds	162,277	53,221
		88%	37%
	Fair value of plan assets	185,358	141,982
		100%	100%

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

**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:

	2022	2021	2020	2019	2018
	Rupees in thousand				
Present value of defined benefit obligation	212,020	178,024	142,393	124,970	107,728
Fair value of plan assets	(185,357)	(141,982)	(108,435)	(89,814)	(80,303)
Deficit	26,663	36,042	33,958	35,156	27,425
<b>Effect of remeasurement:</b>					
- Actuarial (gain) / loss on experience adjustment on obligation	2,500	14,483	1,488	(2,409)	2,502
- Actuarial (loss) / gain on plan assets	5,515	(3,528)	(2,046)	(9,262)	(8,511)

**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			
	2022		2021	
	Rupees in thousand			
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	195,693	230,689	163,571	195,140
Future salary growth	230,719	195,374	195,164	163,230

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 2022

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		2022	2021
<b>12.10</b>	<b>Significant Actuarial Assumption</b>	<b>per annum</b>	
The following significant assumptions have been used for valuation of this scheme:			
	a) Expected rate of increase in salary level	<b>14.50%</b>	11.75%
	b) Discount rate	<b>14.50%</b>	11.75%
<b>12.11</b>	<b>Risks</b>	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.	
		2022	2021
		Note	Rupees in thousand
<b>13</b>	<b>STAFF COMPENSATED ABSENCES</b>	13.1	<b>44,185</b>
The company provides leave encashment plan to all employees. The eligible employees under the scheme are 327 (2021 : 327). The latest actuarial valuation of leave encashment was carried out as at December 31, 2022 under the Projected Unit Credit Method as per the requirements of approved accounting standard - International Accounting Standard 19, the details of which are as follows:			
<b>13.1</b>	<b>Movement in liability</b>		
	Balance at beginning of the year		<b>38,633</b>
	Charge for the year	13.1.1	<b>7,526</b>
	Benefits paid		<b>(1,974)</b>
	Balance at end of the year		<b>44,185</b>
<b>13.1.1</b>	<b>Charge for the year</b>		
	Current service cost		<b>3,150</b>
	Interest cost		<b>4,423</b>
	Actuarial loss / (gain) on experience adjustment		<b>(47)</b>
			<b>7,526</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

	2022	2021
<b>14 DEFERRED TAXATION</b>	<b>Rupees in thousand</b>	
Deferred tax debits arising in respect of:		
- Provision for impairment in loans and receivables investments	3,672	3,227
- Effect of remeasurement of staff retirement benefit plans	5,253	6,248
- Unrealized losses on AFS investments	11,637	7,956
- Provision against premium due but unpaid	3,288	2,950
- Provision against amounts due from other insurers / reinsurers	204	1,564
- Provision for diminution in value of AFS investments	11,540	-
- Others	730	-
	<b>36,324</b>	<b>21,945</b>
<b>15.1 Movement in deferred tax balances is as follows:</b>		
As at January 01	21,945	13,748
Recognized in profit & loss account:		
- Provision for impairment in loans and receivables investments	445	-
- Provision against premium due but unpaid	338	(3,070)
- Provision against amounts due from other insurers / reinsurers	(1,360)	(2,931)
- Provision for diminution in value of AFS investments	11,540	-
- Others	730	-
Recognized in OCI:		
- Effect of remeasurement of staff retirement benefit plans	(995)	5,223
- Unrealized losses on AFS investments	3,681	8,975
As at December 31	36,324	21,945
<b>15 PREPAYMENTS</b>		
Prepaid reinsurance premium ceded	665,084	559,058
Prepaid rent	2,624	75
Others	5,252	3,674
	<b>672,960</b>	<b>562,807</b>
<b>16 CASH AND BANK</b>		
<b>Cash &amp; cash equivalents:</b>		
Cash in hand	1,621	1,549
Policy & Revenue stamps, Bond papers	762	416
	<b>2,383</b>	<b>1,965</b>
<b>Cash at bank</b>		
Current accounts	24,663	45,517
Deposit accounts - local currency	268,700	153,892
	<b>293,363</b>	<b>199,409</b>

16.1 These carry an annual effective markup rate ranging from 3.7% to 14.5% (2021 : 2.52% to 8%).

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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16.2 During the year, the Company has obtained running finance facility of Rs. 300,000 thousand from Bank Al Habib Limited at 3 months average KIBOR + 0.4%, prevailing on the date of disbursement. Tenor of the facility is one year. 110% Lein is marked over market value of Pakistan Investment Bonds as security procured through Bank Al Habib's account maintained at Pak Oman Investment Bank.

17	SHARE CAPITAL		2022	2021
17.1	Authorized Capital		Rupees in thousand	
	2022	2021		
	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			
	2022	2021	2022	2021
	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
	47,543,196	47,543,196	- fully paid bonus shares	475,432
	71,901,895	71,901,895		719,019
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.			
			2022	2021
	Note		Rupees in thousand	
18	RESERVES			
	Capital reserve			
			121,161	121,161
	Revenue reserves			
			70,000	70,000
			(23,923)	(18,887)
			46,077	51,113
			167,238	172,274
19	LEASE LIABILITIES			
			112,202	140,879
			87,552	72,227
			199,754	213,106

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

## 19.1 Liabilities against assets - secured

	2022			2021		
	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	80,398	23,824	56,785	74,989	14,932	60,057
Later than one year and not later than five years	141,624	30,832	110,792	156,989	33,778	123,211
Later than five years	52,688	20,510	32,177	57,639	27,801	29,838
	274,710	75,166	199,754	289,617	76,511	213,106

19.2 Interest rate used in calculation of lease liability is 6-months KIBOR +.7% for vehicles and 1-year KIBOR + 1% for rental properties.

	Note	2022	2021
		Rupees in thousand	
<b>20</b>	<b>INSURANCE / REINSURANCE PAYABLES</b>		
	Amount due to other insurers	604,421	429,064
	Amount due to foreign reinsurers	429,688	404,415
		1,034,109	833,479
<b>21</b>	<b>OTHER CREDITORS AND ACCRUALS</b>		
	Agents' commission payable	78,762	61,256
	Tax deducted at source	5,282	5,185
	Federal excise duty / federal insurance fee	76,727	46,116
	Accrued expenses	11,623	9,166
	Fund received against leased vehicle	21.1	22,583
	Fund received against vehicle ljarah	21.1	13,550
	Unearned rental income		2,376
	Others		58,883
			269,786
			202,887
<b>21.1</b>	<b>Funds received from executives</b>		
	Fund received against leased vehicle		9,589
	Fund received against vehicle ljarah		5,472
			15,061
			6,527



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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## 22 CONTINGENCIES AND COMMITMENTS

### 22.1 Contingencies

- 22.1.1 The Inland Revenue 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.
- 22.1.2 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 Department has filed reference applications to the High Court on question of admissibility of management expenses for the Assessment Years 1996-1997 to 1999-2000.
- 22.1.3 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.
- 22.1.4 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.
- 22.1.5 Taxation officer of Sindh Revenue Board (SRB) framed the Order-in-Original No 285 of 2022 dated 11 February 2022 raising a tax demand of Rs 288.13 million on account of non-payment of Sindh sales tax on reinsurance premiums and commission from reinsurer for the period January 2014 to Decemeber 2015. The management believes that the nature of demand is not appropriate as per applicable rules/laws/regulations and would result in double taxation and has filed an appeal before the CIR(A).
- 22.1.6 Taxation officer of SRB issued show cause notice No 818082 dated 28 January 2022 alleging the Company for under declaration of insurance premiums and short payment of sindh sales tax for tax periods January 2014 through December 2015. The Company has obtained stay from High Court of Sindh against the notice.
- 22.1.7 The Inland Revenue Tax authorities issued an Order-in-Original No 04/2020 dated 31 december 2020 raising a demand of Rs 1.39 million on account of inadmissible claim input tax credit and short payment of Federal Excise Duty for the tax period 2017. The Company preferred an appeal before the CIR(A) who deleted the tax demand to the extent of Rs 9,277 and upheld the remaining impugned tax demand throguh Order-in-Appeal No 06 dated 12 July 2021. Being aggrieved with the Appellate Order of CIR(A) , the Company has filed an appeal before the ATIR which is pending disposal. The Company has deposited total 15% of the impugned tax demand to avail stay order against the recovery of the impugned tax demand.

#### Others

- 22.1.8 Certain claims have been filed against the Company. 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 no charge is required to be recognised and carried in the financial statements. Management on the basis of nature and facts of the claims believes that expected outcome of these cases will be favorable and adverse financial impact, if any, on these financial statements is not likely to be material.

### 22.2 Commitments

- 22.2.1 The Company's commitment under Ijarah arrangement with Meezan Bank Limited is Rs. 67.04 million (2021: Rs 37.6 million). The contracts have a term of five years.

	2022	2021
	Rupees in thousand	
Future Minimum Ijarah (lease) payments are as under:		
Not later than one year	17,431	9,139
Later than one year and not later than five years	50,567	28,469
	<b>67,998</b>	<b>37,608</b>
Ijarah payments recognized in expense during the year	<b>17,047</b>	<b>8,067</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

22.2.2 The Company's commitment under rental agreements with lease term of less than 1 year are:

	2022	2021
	Rupees in thousand	
Not later than one year	2,624	2,385
Rental payments recognized in the expense during the year	10,544	10,072

	2022	2021
	Rupees in thousand	
<b>23 NET INSURANCE PREMIUM</b>		
Written gross premium	4,041,255	3,606,497
Add: Unearned premium reserve opening	1,719,511	1,493,846
Less: Unearned premium reserve closing	1,823,622	1,719,511
Premium earned	3,937,144	3,380,832

Less: Reinsurance premium ceded	1,616,229	1,323,827
Add: Prepaid reinsurance premium opening	559,058	443,281
Less: Prepaid reinsurance premium closing	665,084	559,058
Reinsurance expense	1,510,203	1,208,050
	2,426,941	2,172,782

<b>24 NET INSURANCE CLAIMS</b>		
Claims paid	1,889,692	1,887,268
Add: Outstanding claims including IBNR closing	763,291	639,160
Less: Outstanding claims including IBNR opening	639,160	735,247
Claims expense	2,013,823	1,791,181
Less: Reinsurance and other recoveries received	400,386	549,746
Add: Reinsurance and other recoveries in respect of outstanding claims closing	310,712	245,466
Less: Reinsurance and other recoveries in respect of outstanding claims opening	245,465	381,046
Reinsurance and other recoveries revenue	465,633	414,166
	1,548,190	1,377,015

## 24.1 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.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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Accident Year	2017 & prior	2018	2019	2020	2021	2022	Total
Rupees in thousand							
At the end of accident year	8,920	18,534	25,764	29,786	1,735,753	2,058,520	
One year later	10,502	22,302	29,863	688,815	549,750	-	
Two years later	28,172	25,718	55,773	40,409	-	-	
Three years later	34,363	10,835	39,460	-	-	-	
Four years later	21,321	3,318	-	-	-	-	
Five year later	10,665	-	-	-	-	-	
Current estimate of cumulative claims	10,665	3,318	39,460	40,409	549,750	2,058,520	2,702,122
Less: Cumulative payments to date	-	(1,763)	(18,767)	(24,726)	(492,698)	(1,400,877)	(1,938,831)
Liability recognized in statement of financial position	10,665	1,555	20,693	15,683	57,052	657,643	763,291

24.2 The provision for IBNR on the basis of actuarial valuation carried out as at December 31, 2022 amounted to Rs. 304,102 thousands (2021: Rs 239,937 thousands).

	2022	2021
<b>25 NET COMMISSION AND OTHER ACQUISITION COSTS</b>	<b>Rupees in thousand</b>	
Commission paid or payable	264,794	238,930
Add: Deferred commission expense opening	102,363	118,575
Less: Deferred commission expense closing	108,258	102,363
Net commission	258,899	255,142
Less: Commission received or recoverable	337,403	314,365
Add: Unearned reinsurance commission opening	97,068	86,896
Less: Unearned reinsurance commission closing	113,761	97,068
Commission from reinsurers	320,710	304,193
	(61,811)	(49,050)

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

			2022	2021
26	MANAGEMENT EXPENSES	Note	Rupees in thousand	
	Employees benefit cost	26.1	539,940	496,918
	Rent		10,544	10,072
	Communication		8,414	6,643
	Tracker devices		5,455	3,585
	Monitoring of trackers		6,790	-
	Printing and stationery		11,768	7,699
	Traveling and entertainment		6,863	5,062
	Depreciation and amortization		93,679	83,083
	Repair and maintenance		13,605	9,324
	Utilities		21,579	14,425
	Advertisement		1,393	1,961
	Legal and professional charges		8,929	8,311
	Bank charges		1,840	1,768
	Provision against premium due but unpaid		(4,982)	(10,586)
	Vehicle ljarah rentals		17,047	8,709
	Miscellaneous		9,239	24,219
			<b>752,103</b>	<b>671,193</b>

26.1	Employees benefit cost			
	Salaries, allowance and other benefits		502,507	459,890
	Charges for post employment benefits	26.2	37,433	37,028
			<b>539,940</b>	<b>496,918</b>

**26.2** This includes charges for defined benefit plans, staff compensated absences and defined contribution plans amounting to Rs. 19.11 million (2021: Rs. 16.46 million), Rs. 7.52 million (2021: Rs. 7.57 million) and Rs. 14.51 million (2021: Rs. 12.99 million) respectively.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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		2022	2021
<b>27</b>	<b>INVESTMENT INCOME</b>		
		Rupees in thousand	
	<b>Dividend income on investments</b>		
	Dividend income on securities held for trading	528	34
	Dividend income on available for sale investments	18,722	16,945
		<b>19,250</b>	<b>16,979</b>
	<b>Income from debt securities</b>		
	Return on government securities	246,415	200,714
	Return on other fixed income securities	36,985	25,721
		<b>283,400</b>	<b>226,435</b>
	<b>Net realised gains on investments</b>		
	Gain on trading of held for trading investments	1,521	534
	(Loss) / Gain on sale of available-for-sale investments	(1,184)	8,568
		<b>337</b>	<b>9,102</b>
	Unrealized profit on re-measurement of investments held for trading	91	19
	Provision for diminution in available-for-sale investments	(34,970)	-
	Reversal for diminution in value of Certificate of Investments	-	-
	Investment related expenses	(148)	(133)
	<b>Total investment income</b>	<b>267,960</b>	<b>252,402</b>
<b>28</b>	<b>RENTAL INCOME</b>		
	Rental income	6,013	5,009
	Less : expenses of investment property	(22)	(25)
		<b>5,991</b>	<b>4,984</b>
<b>29</b>	<b>OTHER INCOME</b>		
	Profit on bank deposits	25,862	11,528
	Vehicle monitoring and other services	-	20,651
	Gain on sale of fixed assets	2,160	2,563
	Mark-up on staff house building finance	477	199
	Funds amortized against leased vehicles	7,692	4,826
	Others	17,609	1,255
		<b>53,800</b>	<b>41,022</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

	2022	2021
<b>30 OTHER EXPENSES</b>	<b>Rupees in thousand</b>	
Subscription	7,026	6,023
Auditors' remuneration	2,287	2,015
	<b>9,313</b>	<b>8,038</b>
<b>30.1 Auditors' remuneration</b>		
Audit fee	1,287	1,015
Half yearly review	450	450
Special purpose review	250	450
Code of Corporate Governance	100	100
Other certifications	200	-
	<b>2,287</b>	<b>2,015</b>
<b>31 FINANCE COSTS</b>		
Interest on lease liabilities	24,964	13,385
Interest on running finance	641	-
	<b>25,605</b>	<b>13,385</b>
<b>32 WINDOW TAKAFUL OPERATIONS - OPF</b>		
Wakala fee	170,125	158,419
Management expenses	(87,437)	(79,446)
Commission expenses	(49,248)	(44,348)
Modarib's share of PTF investment income	9,797	5,384
Investment income	19,784	12,875
Other income - net	5,547	1,965
Profit from Window Takaful Operations - OPF	<b>68,568</b>	<b>54,849</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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		2022	2021
<b>33</b>	<b>INCOME TAX EXPENSE</b>	<b>Rupees in thousand</b>	
	<b>For the year</b>		
	Current	206,465	131,509
	Deferred	(11,693)	5,883
	<b>Prior year</b>		
	Current	-	653
		<b>194,772</b>	<b>138,045</b>
<b>33.1</b>	<b>Relationship between tax expense and accounting profit</b>		
		2022	2021
		Effective tax rate - %	Rupees in thousand
	Profit for the year before taxation	549,860	505,458
	Tax at the applicable rate	29.00%	29.00%
	Effect of items that are not considered in determining taxable income - net	-0.86%	-1.82%
	Effect of tax rate change	4.00%	-
	Effect of prior year adjustment	3.28%	0.13%
		<b>35.42%</b>	<b>27.31%</b>
<b>33.2</b>	<b>Taxation charged to other comprehensive income</b>		
	Deferred tax income / (expense)	(1,232)	(14,173)
		<b>2022</b>	<b>2021</b>
<b>34</b>	<b>EARNINGS PER SHARE</b>		
	Profit after tax (Rupees in thousand)	355,088	367,413
	Weighted average number of shares	71,902	71,902
	<b>Earnings (after tax) per share - (Rupees)</b>	<b>4.94</b>	<b>5.11</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

## 35 COMPENSATION OF DIRECTORS AND EXECUTIVES

35.1 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:

	2022			2021		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees in thousand					
Fees	-	1,560	-	-	1,565	-
Managerial remuneration	20,578	-	43,666	16,226	-	23,906
Leave encashment	949	-	1,213	859	-	775
Bonus	8,113	-	15,890	7,055	-	8,700
Charge to defined benefit plan	1,744	-	3,695	1,430	-	2,004
Rent and house maintenance	8,396	-	18,518	7,302	-	10,607
Utilities	1,866	-	4,115	1,623	-	2,357
Conveyance	935	-	10,019	1,317	-	9,883
Provident fund	1,554	-	2,955	1,352	-	1,574
Others	2,495	-	13,437	36	-	2,435
	46,630	1,560	113,508	37,200	1,565	62,241
<b>No of person(s)</b>	<b>2</b>	<b>12</b>	<b>26</b>	<b>2</b>	<b>12</b>	<b>14</b>

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 2022

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## 36 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 12.1 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:

	2022	2021
<b>Transactions with the parent company:</b>	<b>Rupees in thousand</b>	
Insurance premium written (including government levies administrative surcharge and policies stamps)	10,619	10,776
Premium received during the period	10,519	9,804
Insurance claims paid	2,842	1,113
Rent paid	29,782	27,593
Dividend Paid	106,502	88,929
<b>Transactions with associated undertakings:</b>		
<b>Army Welfare Sugar Mills</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	12,402	9,003
Premium received during the period	12,454	7,890
Insurance claims paid	672	108
<b>Askari Aviation (Private) Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	2,593	2,830
Premium received during the period	3,241	2,455
Insurance claims paid	917	380

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

	2022	2021
<b>Askari Development and Holdings (Private) Limited</b>	<b>Rupees in thousand</b>	
Insurance premium written (including government levies administrative surcharge and policies stamps)	7,320	8,298
Premium received during the period	7,760	8,176
Insurance claims paid	249	209
<b>Askari Enterprises (Private) Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	240	335
Premium received during the period	336	284
Insurance claims paid	50	191
<b>Askari CNG and Fuels</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	4,878	2,499
Premium received during the period	7,507	3,377
Insurance claims paid	369	1,145
<b>Askari Guards (Private) Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	60,880	67,905
Premium received during the period	61,811	56,297
Insurance claims paid	15,993	2,782
<b>Askari Lagoon Faisalabad</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	67	67
Premium received during the period	203	-
Insurance claims paid	-	50

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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	2022	2021
<b>Askari Shoe Project</b>	<b>Rupees in thousand</b>	
Insurance premium written (including government levies administrative surcharge and policies stamps)	2,403	1,641
Premium received during the period	2,390	1,594
Insurance claims paid	1,046	570
<b>Askari Tours and Travels</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	1,095	431
Premium received during the period	224	145
Insurance claims paid	30	7
<b>Askari Woolen Mills</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	1,264	714
Premium received during the period	1,346	770
Insurance claims paid	180	261
<b>AWT Plaza Project</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	223	223
Premium received during the period	-	-
Insurance claims paid	240	203
<b>Army Welfare Trust CEO (Army Projects) Office</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	(4)
Premium received during the period	-	(4)
Insurance claims paid	-	-

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

	2022	2021
<b>Blue Lagoon</b>	<b>Rupees in thousand</b>	
Insurance premium written (including government levies administrative surcharge and policies stamps)	505	263
Premium received during the period	664	-
Insurance claims paid	-	60
<b>Fauji Security Services (Private) Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	25,149	19,067
Premium received during the period	22,686	21,913
Insurance claims paid	1,129	1,208
<b>MAL Pakistan Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	15,003	12,122
Premium received during the period	12,648	13,262
Insurance claims paid	5,017	4,564
<b>Petrosel Lubricants (Private) Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	(149)	-
Premium received during the period	-	-
Insurance claims paid	-	-
<b>Army Welfare Housing Scheme</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	566	418
Premium received during the period	523	418
Insurance claims paid	24	24

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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	2022	2021
<b>Army Welfare Real Estate Division</b>		
<b>Rupees in thousand</b>		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	2,210	1,363
Premium received during the period	2,058	1,208
Insurance claims paid	599	763
<b>Askari Apparel</b>		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	(206)	-
Premium received during the period	-	-
Insurance claims paid	-	-
<b>AWT Investments Limited</b>		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	2,878	2,750
Premium received during the period	2,313	2,758
Insurance claims paid	1,809	680
<b>Services Travels</b>		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	92	124
Premium received during the period	92	124
Insurance claims paid	17	-
<b>Askari Life Assurance</b>		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	1,640	2,841
Premium received during the period	4,101	2,783
Insurance claims paid	3,691	1,455

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

	2022	2021
<b>Askari Seeds</b>	<b>Rupees in thousand</b>	
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	1,360	1,383
Premium received during the period	1,400	1,272
Insurance claims paid	366	604
<b>Medask</b>		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	5,225	4,011
Premium received during the period	435	4,567
Insurance claims paid	1,498	1,017
<b>Jolidays (Private Limited)</b>		
Insurance premium written (including government levies		
administrative surcharge and policies stamps)	144	4,011
Premium received during the period	40	4,567
Insurance claims paid	73	1,017
<b>Transactions with other related parties</b>		
Contributions to Employees Provident Fund Trust	47,432	41,945

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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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.

		2022										
		Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
		Rupees in thousand										
<b>Financial assets measured at fair value</b>												
Investment at fair value through profit or loss		100,397	-	-	-	-	100,397	100,397	-	-	-	100,397
Investment at Available-for-sale		-	266,883	-	-	-	266,883	266,883	-	-	25,293	292,176
Investment at fair value through profit and loss - WTO		155,471	-	-	-	-	155,471	155,471	-	-	-	155,471
Investment at available for sale - WTO		-	22,008	-	-	-	22,008	17,008	-	-	5,000	22,008
<b>Financial assets not measured at fair value</b>												
Investments												
- Government securities		-	-	2,514,527	-	-	2,514,527	-	-	-	2,276,061	2,276,061
- Fixed term deposits		-	210,025	-	-	-	210,025	-	-	-	-	-
Loans to employees		-	-	-	347	-	347	-	-	-	-	-
Accrued investment income*		-	-	-	57,831	-	57,831	-	-	-	-	-
Staff house building finance		-	-	-	3,129	-	3,129	-	-	-	-	-
Sundry receivables*		-	-	-	143,977	-	143,977	-	-	-	-	-
Amounts due from insurance contract holders*		-	-	-	1,326,447	-	1,326,447	-	-	-	-	-
Amounts due from other insurers / reinsurers*		-	-	-	148,432	-	148,432	-	-	-	-	-
Reinsurance recoveries against outstanding claims*		-	-	-	310,712	-	310,712	-	-	-	-	-
Salvage recoveries accrued*		-	-	-	3,339	-	3,339	-	-	-	-	-
Cash and bank deposits*		-	-	-	295,746	-	295,746	-	-	-	-	-
Total assets of Window Takatuf Operations - OPF		-	-	-	161,395	-	161,395	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>												
Provision for outstanding claims (including IBNIP)*		-	-	-	-	(763,291)	(763,291)	-	-	-	-	-
Lease liabilities		-	-	-	-	(199,754)	(199,754)	-	-	-	-	-
Amounts due to other insurers / reinsurers*		-	-	-	-	(1,034,109)	(1,034,109)	-	-	-	-	-
Unclaimed dividend*		-	-	-	-	(9,708)	(9,708)	-	-	-	-	-
Accrued expenses*		-	-	-	-	(11,623)	(11,623)	-	-	-	-	-
Other creditors and accruals*		-	-	-	-	(258,163)	(258,163)	-	-	-	-	-
Deposits and other payables*		-	-	-	-	(59,061)	(59,061)	-	-	-	-	-
Total liabilities of Window Takatuf Operations - OPF		-	-	-	-	(38,258)	(38,258)	-	-	-	-	-
		255,868	498,916	2,514,527	2,451,355	(2,373,967)	3,346,699	539,759	-	-	2,306,354	2,846,113

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

	2021									
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Rupees in thousand									
<b>Financial assets measured at fair value</b>										
Investment at fair value through profit and loss	673	-	-	-	-	673	673	-	-	673
Investment at fair value through other comprehensive income	-	467,693	-	-	-	467,693	205,861	261,832	-	467,693
Investment at fair value through profit and loss - WTO	-	-	-	-	-	-	-	-	-	-
Investment at available for sale - WTO	-	-	-	-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>										
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*	-	-	-	1,268,881	-	1,268,881	-	-	-	-
Amounts due from other insurers / reinsurers*	-	-	-	166,149	-	166,149	-	-	-	-
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 Takatuf Operations - OPF	-	5,000	-	120,843	-	125,843	-	-	-	-
<b>Financial liabilities not measured at fair value</b>										
Provision for outstanding claims (including IBNR)*	-	-	-	-	(639,160)	(639,160)	-	-	-	-
Lease liabilities	-	-	-	-	(213,106)	(213,106)	-	-	-	-
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 Takatuf Operations -OPF	-	-	-	-	(33,718)	(33,718)	-	-	-	-
	673	682,718	2,296,767	2,167,961	(1,976,458)	3,171,661	206,534	261,832	-	468,366

\* 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).



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees in thousand											
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative surcharge)	804,706	611,741	356,741	260,250	1,256,430	1,135,995	1,050,631	1,080,796	997,901	877,421	4,466,408	3,966,202
Less: Federal Excise Duty	108,075	77,688	39,641	28,950	170,937	154,533	-	-	52,694	52,306	371,548	313,377
Federal Insurance Fee	6,920	4,990	2,993	2,205	10,809	9,775	10,316	10,656	9,384	8,117	40,422	35,743
Stamp Duty	352	210	11,808	9,335	785	848	7	5	233	184	13,184	10,592
Gross written premium (inclusive of administrative surcharge)	689,359	528,953	302,099	219,760	1,073,899	970,838	1,040,308	1,070,135	935,590	816,814	4,041,255	3,606,500
Gross premium	689,554	523,595	294,490	211,591	1,035,183	938,891	1,036,420	1,065,451	925,329	804,965	3,980,976	3,544,494
Administrative surcharge	6,222	5,811	9,378	8,401	38,668	32,016	985	900	7,588	7,690	62,842	54,907
Facultative inward premium	4,372	5,991	-	130	-	-	-	-	850	3,506	5,223	9,617
Service charges	(10,790)	(6,434)	(1,769)	(362)	48	(69)	2,803	3,694	1,822	652	(7,886)	(2,519)
Insurance premium earned	603,609	495,231	267,356	195,825	1,037,289	917,955	1,111,116	1,053,784	917,774	718,036	3,957,144	3,380,831
Insurance premium ceded to reinsurers	(549,258)	(449,989)	(184,159)	(128,463)	(41,800)	(39,892)	(95,116)	(146,261)	(699,869)	(443,455)	(1,510,203)	(1,208,050)
Net insurance premium	54,351	45,242	83,197	67,363	995,489	878,073	1,076,000	907,523	217,905	274,581	2,426,942	2,172,781
Commission income	119,221	121,095	60,252	49,591	4,285	6,088	5,619	23,347	131,393	104,072	320,710	304,193
<b>Net underwriting income</b>	<b>173,572</b>	<b>166,337</b>	<b>143,449</b>	<b>116,954</b>	<b>999,774</b>	<b>884,161</b>	<b>1,081,619</b>	<b>930,870</b>	<b>349,238</b>	<b>378,653</b>	<b>2,747,652</b>	<b>2,476,975</b>
Insurance claims	(182,373)	(182,974)	(91,509)	(96,699)	(493,866)	(419,769)	(967,841)	(994,026)	(278,233)	(97,716)	(2,013,823)	(1,791,181)
Insurance claims recovered from reinsurers	160,076	152,214	73,557	77,142	(1,156)	26,815	30,904	121,042	202,251	36,952	465,633	414,165
<b>Net claims</b>	<b>(22,297)</b>	<b>(30,760)</b>	<b>(17,952)</b>	<b>(19,556)</b>	<b>(495,023)</b>	<b>(392,952)</b>	<b>(936,938)</b>	<b>(872,984)</b>	<b>(75,982)</b>	<b>(60,764)</b>	<b>(1,548,190)</b>	<b>(1,377,016)</b>
Commission expense	(66,201)	(57,210)	(40,011)	(31,573)	(47,507)	(43,559)	(33,221)	(47,298)	(71,960)	(75,542)	(258,899)	(255,143)
Management expense	(273,19)	(20,962)	(41,810)	(31,212)	(542,359)	(444,271)	(31,116)	(27,404)	(109,506)	(127,224)	(752,103)	(651,074)
<b>Underwriting results</b>	<b>57,61</b>	<b>57,404</b>	<b>43,677</b>	<b>34,613</b>	<b>(65,114)</b>	<b>3,379</b>	<b>80,345</b>	<b>(16,777)</b>	<b>91,790</b>	<b>115,123</b>	<b>188,459</b>	<b>193,743</b>
Investment income									267,960		267,960	252,402
Rental income									5,991		5,991	4,984
Other income									53,800		53,800	41,022
Finance costs									(25,605)		(25,605)	(13,385)
Other expenses									(9,313)		(9,313)	(8,038)
<b>Profit before tax from Window Takatful Operations - OPF</b>									<b>481,292</b>		<b>470,728</b>	
<b>Profit before tax</b>									<b>68,568</b>		<b>54,849</b>	
									<b>549,860</b>		<b>525,577</b>	

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

## 38.2 Segment Assets and Liabilities

	Fire and property damage		Marine, aviation and transport		Motor		Accident and health		Miscellaneous		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Rupees in thousand												
Corporate Segment												
assets - Conventional	510,406	384,052	214,704	178,506	835,738	802,857	841,921	843,749	576,558	551,139	2,979,927	2,760,303
Corporate Segment												
assets - Takaful OPF	24,080	17,097	12,165	8,106	37,509	30,674	2,024	3,410	4,278	4,825	80,056	64,112
Corporate unallocated												
assets - Conventional											3,683,642	3,213,624
Corporate unallocated											286,888	267,050
assets - Takaful OPF											7,029,912	6,305,119
Consolidated total assets												
Corporate Segment												
liabilities - Conventional	569,156	432,388	252,708	199,268	1,196,674	1,033,682	1,274,903	1,181,530	716,377	635,697	4,009,818	3,482,655
Corporate Segment												
liabilities - Takaful OPF	26,738	19,944	12,654	9,090	61,242	52,446	3,033	3,148	5,228	5,222	108,895	89,850
Corporate unallocated												
Segment liabilities - Conventional											430,359	403,104
Insurance claims recovered from reinsurers											10,024	13,073
Corporate unallocated												
Segment liabilities - Takaful OPF											4,559,096	3,988,582
Consolidated total liabilities												

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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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						
	<b>At beginning of previous year</b>	2,216,657	323,591	654	-	2,540,901
	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 (excluding net realised gains)	-	(30,947)	19	-	(30,928)
	Designated at fair value through profit / loss upon initial recognition	-	-	-	-	-
	Classified as held for trading	-	-	-	-	-
	Impairment (loss) / reversal	-	-	-	-	-
	<b>At beginning of current year</b>	<b>2,296,767</b>	<b>467,691</b>	<b>673</b>	<b>-</b>	<b>2,765,131</b>
	Additions	1,699,489	338,474	809,099	-	2,847,063
	Disposals (sale and redemptions)	(1,481,729)	(286,451)	(709,466)	-	(2,477,645)
	Fair value net gain (excluding net realised gains)	-	(42,804)	91	-	(42,713)
	Designated at fair value through profit / loss upon initial recognition	-	-	-	-	-
	Classified as held for trading	-	-	-	-	-
	Impairment reversal	-	-	-	-	-
	<b>At end of current year</b>	<b>2,514,527</b>	<b>476,910</b>	<b>100,397</b>	<b>-</b>	<b>3,091,836</b>

## 40 MANAGEMENT OF FINANCIAL AND INSURANCE RISK

### 40.1 Insurance 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.

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.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

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

	2022	2021
	Rupees in thousand	
Bank deposits	293,363	196,392
Investments	3,091,833	2,765,132
Salvage recoveries accrued	3,339	3,769
Advances to employees	347	357
Amounts due from insurance contract holders	1,326,447	1,254,309
Amounts due from other insurers / reinsurers	148,432	180,721
Accrued investment income	57,831	48,029
Reinsurance recoveries against outstanding claims	310,712	245,466
Staff house building finance	3,129	4,012
Sundry receivables	144,977	100,692
	<b>5,379,411</b>	<b>4,798,879</b>

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	2022 Aggregate	2021 Aggregate
	Rupees in thousand					
Up to 1 year	1,123,799	143,105	263,169	143,977	1,674,050	1,487,235
1-2 years	194,955	6,054	18,258	-	219,267	204,501
2-3 years	14,600	(449)	6,187	-	20,338	49,437
Over 3 years	3,058	341	23,098	-	26,497	23,044
	<b>1,336,412</b>	<b>149,051</b>	<b>310,712</b>	<b>143,977</b>	<b>1,940,152</b>	<b>1,764,217</b>

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

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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Rating Financial institution	Rating		Rating agency	2022	2021
	Long term	Short term		Rupees in thousand	
Askari Bank Limited	AA+	A1+	PACRA	241,359	158,925
Summit Bank Limited	BBB-	A-3	VIS	957	25
Habib Bank Limited	AAA	A-1+	VIS	852	231
Faysal Bank Limited	AA	A1+	PACRA	2,001	2,692
Silk Bank Limited	A-	A-2	VIS	-	1
Bank Al Falah Limited	AA+	A1+	PACRA	7	11
Bank Al-Habib Limited	AAA	A1+	PACRA	1,356	1,610
Meezan Bank Limited	AAA	A-1+	VIS	14,988	4
The Bank Of Punjab	AA+	A1+	PACRA	387	1,164
NRSP Microfinance Bank	A-	A2	PACRA	1,409	3,768
JS Bank Limited	AA-	A1+	PACRA	1,116	3,181
Sindh Bank Limited	A+	A-1	VIS	-	-
Bank Of Khyber	A	A1	PACRA	1,294	29
Punjab Provincial Cooperative Bank	Exempted	Exempted	Not applicable	1,565	1,811
Zarai Taraqiyati Bank	AAA	A-1+	VIS	2,441	24,995
Samba Bank Limited	AA	A-1	VIS	-	-
Allied Bank Limited	AAA	A1+	PACRA	2,459	778
Telenor Microfinance Bank	A	A-1	VIS	-	-
Finca Microfinance Bank	A	A1	PACRA	3,098	2
U Microfinance Bank	A+	A-1	VIS	10	24
MCB Islamic Banking	A	A1	PACRA	-	1
United Bank Limited	AAA	A-1+	VIS	18,064	156
				<b>293,362</b>	<b>199,409</b>

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:

Rating	2022		2021	
	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Aggregate	Aggregate
	Rupees in thousand			
A or above	149,051	310,712	459,763	431,579
Others	-	-	-	-
	<b>149,051</b>	<b>310,712</b>	<b>459,763</b>	<b>431,579</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

- c) 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 the unconsolidated financial statements. The Company has also maintained a provision against certain certificates of investments as disclosed in note 10.5 to the 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 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.

	2022			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees in thousand			
Provision for outstanding claims (including IBNR)	763,291	763,291	763,291	-
Amounts due to other insurers / reinsurers	1,034,109	1,034,109	1,034,109	-
Other creditors and accruals	90,385	90,385	90,385	-
Unclaimed dividend	9,708	9,708	9,708	-
Deposits and other payables	59,061	59,061	59,061	-
Lease liabilities	199,754	199,754	56,785	142,969
Other liabilities	58,883	58,883	58,883	-
	2,215,191	2,215,191	2,072,222	142,969
	2021			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees in thousand			
Provision for outstanding claims (including IBNR)	639,160	639,160	639,160	-
Amounts due to other insurers / reinsurers	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 dividend	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

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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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 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 balance sheet date exposure to interest bearing financial assets is as follows:

	2022	2021	2022	2021
	Effective interest rate (%)		Carrying amounts	
	Rupees in thousand			
Fixed rate financial assets				
Deposit accounts	3.70% to 14.5%	2.80% to 8%	268,700	153,892
Investments	8.49% to 13.49%	8.50% to 13.48%	3,091,833	2,765,133
			3,360,533	2,919,025

## 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, 2022 and 2021. 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 '000)		(Rupees in '000)
December 31, 2022	341,988	+10%	34,199
	341,988	-10%	(34,199)
December 31, 2021	206,532	+10%	20,653
	206,532	-10%	(20,653)

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

## iv) Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximate their fair values except for available for sale and held to maturity investments whose fair values are determined for disclosure purpose only and have been disclosed in their respective notes to these financial statements.

### Determination of fair values

Fair values have been determined for measurement / or disclosure purpose based on the following methods:

Investment in fair value through profit and loss account - held for trading

The fair value of held for trading investment is determined by reference to their closing repurchase price / price quoted on the stock exchange at the reporting date.

### Available-for-sale investment

The fair value of available for sale investment is determined by reference to their closing repurchase price / price quoted on the stock exchange at the reporting date. They are being carried at fair value.

### Held to maturity investment

Fair value for held to maturity investment is estimated as the present values of future cash flows, discounted at the market rate of interest at the reporting date. They are being carried at fair value.

### Non-derivatives financial assets and liabilities

The fair value is estimated based on the present values of future cash flows, discounted at the market rate of interest at the reporting date. However, since these assets and liabilities are due to be settled within one year, their fair values approximate their carrying values.

## v) 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, 2022, the Company's paid-up capital is in excess of the prescribed limit.

## 40.2 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, steal, riot and strike, explosion, earthquake, atmospheric damage, hurricanes, typhoons, river flooding, electric fluctuation, terrorism, war risk, damages occurring in inland transit, burglary, loss of cash in safe and cash in transit, travel and personal accident, money losses, engineering



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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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 analyzed separately. The development of large losses / catastrophes is analyzed 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.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

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	106,223	88,782	5,190	8,464	3,786	-

**(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 balance sheet 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	
	2022	2021	2022	2021
Rupees in thousand				
<b>10% increase in loss</b>				
Fire and property damage	(1,789)	(1,658)	(1,199)	(1,177)
Marine aviation and transport	(2,154)	(2,357)	(1,443)	(1,673)
Motor	(16,626)	(14,711)	(11,139)	(10,445)
Health	(20,524)	(15,614)	(13,751)	(11,086)
Miscellaneous	(4,165)	(5,029)	(2,791)	(3,571)
	(45,258)	(39,369)	(30,323)	(27,952)

A 10% decrease would have had equal but opposite effect on the profit and loss account and shareholders' equity.

**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:

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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	Increase / (decrease) in basis points	Effect on profit before tax	Effect on equity
		(Rupees in '000)	
December 31, 2022	100	4,568	3,061
	-100	(4,568)	(3,061)
December 31, 2021	100	3,631	2,433
	-100	(3,631)	(2,433)

**(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		
<b>2022</b>			
Fire and property	744,390,706	666,441,971	77,948,735
Marine, aviation and transport	613,988,830	372,182,600	241,806,230
Motor	67,852,699	1,885,714	65,966,985
Miscellaneous	482,876,418	371,986,705	110,889,713
	<b>1,909,108,653</b>	<b>1,412,496,990</b>	<b>496,611,663</b>
<b>2021</b>			
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	54,910,275
Miscellaneous	355,458,156	215,707,699	139,750,457
	<b>1,373,481,023</b>	<b>941,176,904</b>	<b>432,304,118</b>

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

	Maximum Gross Risk Exposure	
	2022	2021
	Rupees in thousand	
Fire and property	90,869,307	65,260,599
Marine, aviation and transport	37,400,000	21,000,000
Motor	3,078,032	1,810,783
Liability	1,890,000	1,485,000
Miscellaneous	23,196,748	20,913,300

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

2022

	Rupees in thousand						Total
	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	Sub total	
<b>Financial assets</b>							
Investments							
Equity securities	-	-	-	341,988	-	341,988	341,988
Debt securities	807,296	1,942,549	2,749,845	-	-	-	2,749,845
Loans and other receivables	64	3,064	3,128	143,974	-	143,974	147,102
Insurance / reinsurance receivables	-	-	-	1,474,879	-	1,474,879	1,474,879
Reinsurance recoveries against outstanding claims	-	-	-	310,712	-	310,712	310,712
Salvage recoveries accrued	-	-	-	3,339	-	3,339	3,339
Cash and bank	268,700	-	268,700	27,047	-	27,047	295,746
Total assets of Window Takatful Operations - Operator's Fund	92,076	-	92,076	273,941	-	273,941	366,017
	1,168,136	1,945,613	3,113,748	2,575,881	-	2,575,881	5,689,628
<b>Financial liabilities</b>							
Outstanding claims including IBNR	-	-	-	(763,291)	-	(763,291)	(763,291)
Insurance / reinsurance payables	-	-	-	(1,034,109)	-	(1,034,109)	(1,034,109)
Other creditors and accruals	-	-	-	(149,268)	-	(149,268)	(149,268)
Deposits and other payables	-	-	-	(59,061)	-	(59,061)	(59,061)
Liabilities against assets - secured	(56,785)	(142,970)	(199,754)	-	-	-	(199,754)
Unclaimed dividends	-	-	-	(9,708)	-	(9,708)	(9,708)
Total liabilities of Window Takatful Operations - Operator's Fund	(56,785)	(142,970)	(199,754)	(118,919)	-	(118,919)	(118,919)
Interest risk sensitivity gap	1,111,351	1,801,644	2,913,994	441,524	-	441,524	3,355,519
Cumulative interest risk sensitivity gap	1,111,351	2,912,995					



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

41	STATEMENT OF SOLVENCY	2022
	<b>Assets</b>	
	Property and equipment	417,054
	Intangible assets	9,992
	Investment property	36,571
	Investment in subsidiary	-
	Investments	
	- Equity securities	341,988
	- Debt securities	2,749,845
	Loans and other receivables	205,284
	Insurance / Reinsurance receivables - unsecured, considered good	1,474,879
	Reinsurance recoveries against outstanding claims	310,712
	Salvage recoveries accrued	3,339
	Taxation - payments less provision	-
	Deferred commission expense / Acquisition cost	108,258
	Deferred taxation	36,324
	Prepayments	672,960
	Cash and bank	295,746
	<b>Total assets from Window Takaful Operations - OPF</b>	<b>366,960</b>
	<b>Total Assets (A)</b>	<b>7,029,912</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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	2022
	Rupees in thousand
<b>In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000</b>	
(d) loans to employees	3,475
(g) receivable from related parties	89,342
(g) investment in subsidiary	10,000
(h) insurance / reinsurance receivables for more than three months	589,394
(i) intangible assets	9,992
(j) deferred tax asset	36,324
(k) security deposit receivable	16,921
(k) security deposits	59,061
(l) assets subject to encumbrances	330,000
(U)-(i) vehicles	129,939
(U)-(ii) office equipment	38,485
(U)-(ii) office equipment (window takaful operator's fund)	573
(U)-(iii) fixtures and fittings	8,171
(U)-(iii) fixtures and fittings (window takaful operator's fund)	369
32(5) Right of use assets - Rental properties	96,657
<b>Total of In-admissible assets (B)</b>	<b>1,418,703</b>
<b>Total Admissible Assets (C=A-B)</b>	<b>5,611,209</b>
<b>Total Liabilities</b>	
<b>Underwriting Provisions</b>	
- Outstanding claims including IBNR	763,291
- Unearned premium reserves	1,823,622
- Unearned reinsurance commission	113,761
Retirement benefit obligations	30,675
Staff compensated absences	44,185
Lease liabilities	199,754
Taxation - provision less payment	28,864
Premium received in advance	63,361
Insurance / Reinsurance Payables	1,034,109
Unclaimed dividend	9,708
Other Creditors and Accruals	269,786
Deposits and other payables	59,061
<b>Total Liabilities</b>	<b>4,440,176</b>
<b>Total liabilities from Window Takaful Operations - OPF</b>	<b>118,919</b>
<b>Total Liabilities (D)</b>	<b>4,559,095</b>
<b>Total Net Admissible Assets (E=C-D)</b>	<b>1,052,114</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

		2022
		Rupees in thousand
	<b>Minimum solvency requirement (higher of following)</b>	<b>485,388</b>
	Method A - U/s 36(3)(a)	150,000
	Method B - U/s 36(3)(b)	485,388
	Method C - U/s 36(3)(c)	322,223
<b>Excess in Net Admissible Assets over Minimum Requirements</b>		<b>566,726</b>

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.

		2022	2021
		Rupees in thousand	
43	<b>WINDOW TAKAFUL OPERATIONS - OPF</b>		
	<b>Assets</b>		
	Cash and bank deposits	92,076	66,887
	Investments	177,479	179,450
	Current assets - others	96,462	84,247
	Fixed assets	943	608
	<b>Total assets</b>	<b>366,960</b>	<b>331,192</b>
	<b>Total liabilities - current</b>	<b>118,919</b>	<b>102,923</b>
	<b>Profit from Window Takaful Operations - OPF</b>	<b>68,568</b>	<b>54,849</b>

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.



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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## 45 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Company in the meeting held on 15 March 2023 have proposed a final cash dividend of Rupees 2.9 per share.

## 46 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements have been authorized for issue by the Board of Directors of the Company on 15 March 2023.

## 47 GENERAL

### Number of employees

Total number of employees at the end of the year were 377 (2021: 384). Average number of employees during the year were 381 (2021: 391).



Suleman Khalid  
Chief Financial Officer



Abdul Waheed  
President & Chief Executive



Malik Riffat Mahmood  
Director



AVM Mohammad Athar Shams (Retd)  
Director



Lt Gen Naveed Mukhtar (Retd)  
Chairman

# WINDOW TAKAFUL OPERATIONS **FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 DECEMBER 2022

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## **INDEPENDENT REASONABLE ASSURANCE REPORT ON WINDOW TAKAFUL OPERATIONS OF ASKARI GENERAL INSURANCE COMPANY LIMITED FOR THE YEAR 31 DECEMBER 2022**

### **TO THE BOARD OF DIRECTORS ON THE STATEMENT OF MANAGEMENT'S ASSESSMENT OF COMPLIANCE WITH THE TAKAFUL RULES 2012**

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 2022, 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.

#### **APPLICABLE CRITERIA**

The criteria against which the subject matter information for the Statement is assessed comprise of the provision of the Takaful Rules, 2012 as issued by the Securities and Exchange Commission of Pakistan (SECP).

#### **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.

The Management of the Company is also responsible for preventing and detecting fraud and for identifying and ensuring that the Takaful Operations comply with laws and regulations applicable to its activities. They are also responsible for ensuring that the management, where appropriate, the Board of Directors, and personnel involved with the Takaful Operations, compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

#### **OUR INDEPENDENCE AND QUALITY CONTROL**

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.

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.

#### **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.

That standard requires that we plan and perform our procedures 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 reasonable assurance is less than an absolute assurance. A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with Takaful Rules, 2012, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

The procedures performed included;

- ◆ Evaluate the systems, procedures and practices in place with respect to the Takaful operations against the Takaful Rules, 2012 and Shariah Advisor's guidelines;
- ◆ Evaluating the governance arrangements including the reporting of events and status to those charged with relevant responsibility, such as the Shariah Advisor and the Board of Directors;
- ◆ Test for a sample of transactions relating to Takaful operations to ensure that these are carried out in accordance with the laid down procedures and practices including the regulations relating to Takaful operations as laid down in Takaful Rules, 2012; and
- ◆ Review the statement of management's assessment of compliance of the Takaful transactions during the year ended December 31, 2022, with the Takaful Rules, 2012.

We believe that the evidence we have obtained through performing our procedures were sufficient and appropriate to provide a basis for our conclusion..

## CONCLUSION

In our opinion, the Statement for the year ended December 31, 2022 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-05232023  
Date: February 17, 2023



Askari General Insurance Co. Ltd.

Window Takaful Operations

نافذة التكافل

ANNUAL REPORT 2022

## Shariah Advisor Report to the Board of Directors

**For the year ended 31<sup>st</sup> December 2022**

As shariah Advisor of Askari General Insurance Company Limited (Window Takaful Operations) I have carefully reviewed all the 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 activates of Window Takaful Operations performed during the year are in line with guidelines of Shariah Advisor as well as requirements of Takaful Rules 2012.

According to my information Shariah principals have been followed in every aspect of practical implementation of Askari General Insurance Company Limited (Window Takaful Operation).

والله سبحانه وتعالى اعلم

Mufti Ehsan Waquar Ahmad  
Shariah Advisor  
Askari General insurance Company Limited  
(Window Takaful Operations)  
January 18, 2023.

## 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, 2022, 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, 2022 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:

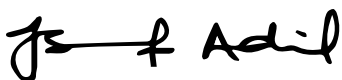
- proper books of account have been kept by the Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of comprehensive income, the statement of changes in operator's fund and participants' takaful fund and 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, 2021 were audited by another firm of Chartered Accountants who have expressed an unmodified opinion on the Statement vide their opinion on April 29, 2022.

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



Chartered Accountants

Islamabad

Date: 6 April 2023

UDIN: AR202210134GpOITYxfB



ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

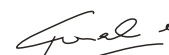
ANNUAL REPORT 2022

	Note	Operator's Fund		Participants' Takaful Fund	
		2022	2021	2022	2021
<b>ASSETS</b>		<b>Rupees in thousand</b>			
Property and equipment	5	943	608	-	-
<b>Investments</b>					
- Equity securities	6	157,303	143,366	184,629	167,853
- Debt securities	7	20,176	36,084	15,117	25,723
Loans and Other Receivables	8	6,686	9,402	878	3,685
Takaful/Retakaful receivable	9	-	1,204	113,137	80,096
Deferred wakala fee		-	-	80,661	69,082
Salvage recoveries accrued		-	-	3,900	9,576
Deferred taxation	11	298	-	-	-
Receivable from PTF	10	62,633	44,554	-	-
Retakaful recoveries against outstanding claims / Benefits		-	-	65,667	49,895
Deferred Commission expense/Acquisition cost	20	23,012	19,685	-	-
Taxation - provision less payments		3,632	9,096	-	-
Tax deducted at source - PTF		-	-	-	6,205
Prepayments	12	201	306	80,464	69,546
Cash & Bank	13	92,076	66,887	111,363	106,862
<b>Total Assets</b>		<b>366,960</b>	<b>331,192</b>	<b>655,816</b>	<b>588,523</b>

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



Suleman Khalid  
Chief Financial Officer



Abdul Waheed  
President & Chief Executive

	Note	Operator's Fund		Participants' Takaful Fund	
		2022	2021	2022	2021
<b>FUNDS AND LIABILITIES</b>					
<b>Rupees in thousand</b>					
<b>Funds attributable to:</b>					
<b>Operator's Fund</b>					
Statutory Fund		50,000	50,000	-	-
Reserves		(296)	591	-	-
Accumulated profit		198,337	177,678	-	-
<b>Balance of Operator's Fund</b>		<b>248,041</b>	<b>228,269</b>	<b>-</b>	<b>-</b>
<b>Waqf/Participants' Takaful Fund</b>					
Cede money		-	-	1,000	1,000
Reserves		-	-	117	723
Accumulated surplus		-	-	91,192	49,650
<b>Balance of Participants' Takaful Fund</b>		<b>-</b>	<b>-</b>	<b>92,309</b>	<b>51,373</b>
<b>Liabilities</b>					
<b>PTF Underwriting Provisions</b>					
Outstanding claims including IBNR		-	-	140,103	132,662
Unearned contribution reserves		-	-	200,737	175,358
Unearned retakaful rebate		-	-	19,255	16,340
		-	-	360,095	324,360
Contribution received in advance		-	-	6,447	5,642
Takaful / retakaful payables	14	6,336	5,849	123,605	152,580
Unearned wakala fees		80,661	69,082	-	-
Payable to OPF	10	-	-	62,633	44,554
Deferred taxation	11	-	123	-	-
Other creditors and accruals	15	31,922	27,869	10,727	10,014
		118,919	102,923	203,412	212,790
<b>Total Liabilities</b>		<b>118,919</b>	<b>102,923</b>	<b>563,507</b>	<b>537,150</b>
<b>Total funds and liabilities</b>		<b>366,960</b>	<b>331,192</b>	<b>655,816</b>	<b>588,523</b>

## Contingencies and Commitments

16



Malik Riffat Mahmood  
Director



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 2022

ANNUAL REPORT 2022

		2022	2021
	Note	Rupees in thousand	
<b>Participants' Takaful Fund</b>			
Contribution earned		262,383	249,389
Less: Contribution ceded to retakaful		(184,403)	(146,396)
<b>Net contribution revenue</b>	17	<b>77,980</b>	102,993
Retakaful rebate earned	18	46,976	31,582
<b>Net underwriting income</b>		<b>124,956</b>	134,575
Net claims - reported / settled including IBNR	19	(98,328)	(122,840)
Other direct expenses	23	(7,500)	(7,775)
<b>Surplus before investment income</b>		<b>19,128</b>	3,960
Investment income	24	24,492	13,461
Other income	25	7,719	2,291
Less: Mudarib's share of investment income	26	(9,797)	(5,384)
<b>Results of operating activities</b>		<b>22,414</b>	10,368
<b>Surplus transferred to accumulated surplus</b>		<b>41,542</b>	14,328
<b>Other comprehensive income</b>			
<b>Items that will be subsequently reclassified to profit and loss account</b>			
Unrealized (loss) / gain on available-for-sale investments		(606)	226
<b>Other comprehensive income for the year</b>		<b>(606)</b>	226
<b>Total comprehensive income for the year</b>		<b>40,936</b>	14,554
<b>OPF Revenue Account</b>			
Wakala fee	21	170,125	158,419
Commission expense	20	(49,248)	(44,348)
General administrative and Management expenses	22	(94,636)	(79,446)
		<b>26,241</b>	34,625
Modarib's share of PTF investment income	26	9,797	5,384
Investment income	24	19,784	12,875
Direct expenses	27	(484)	(484)
Other income	25	6,031	2,449
<b>Results of operating activities</b>		<b>35,128</b>	20,224
<b>Profit before taxation</b>		<b>61,369</b>	54,849
<b>Taxation</b>	28	<b>(19,202)</b>	(15,411)
<b>Profit after taxation</b>		<b>42,167</b>	39,438
<b>Other comprehensive income</b>			
<b>Items that will be subsequently reclassified to profit and loss account</b>			
Unrealized (loss) / gain on Available-for-sale investments - net		(887)	61
<b>Other comprehensive income for the year</b>		<b>(887)</b>	61
<b>Total comprehensive income for the year</b>		<b>41,280</b>	39,499

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



Suleman Khalid  
Chief Financial Officer




Abdul Waheed  
President & Chief Executive



Malik Riffat Mahmood  
Director



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 2022

ASKARI GENERAL INSURANCE CO. LTD

	Operator's Fund		Participants' Takaful Fund	
	2022	2021	2022	2021
<b>Operating Cash Flows</b>	<b>Rupees in thousand</b>			
<b>a) Takaful activities</b>				
Contribution received	-	-	416,345	381,749
Re-takaful Contribution paid	-	-	(157,726)	(103,658)
Claims paid	-	-	(188,617)	(142,396)
Re-takaful and other recoveries received	-	-	33,447	22,200
Commission paid	(42,937)	(42,695)	-	-
Re-takaful rebate received	-	-	37,295	21,182
Wakala fee received/ (paid)	167,881	156,074	(167,881)	(156,074)
Modarib's share received / (paid)	5,541	6,514	(5,541)	(6,514)
Management / Direct expenses paid	(89,976)	(77,993)	(7,500)	(7,775)
Net cash generated from underwriting activities	40,509	41,900	(40,178)	8,714
<b>b) Other operating activities:</b>				
Income tax paid	(14,158)	(18,774)	-	(2,384)
Other expenses paid	(184)	(478)	-	-
Other operating payments	(4,158)	(18)	(345)	(7,211)
Other operating receipts	5,006	1,369	20,851	(2,525)
<b>Net cash (outflows) / inflow from other operating activities</b>	<b>(13,494)</b>	<b>(17,901)</b>	<b>20,506</b>	<b>(12,120)</b>
<b>Total cash generated from / (used in) all operating activities</b>	<b>27,015</b>	<b>23,999</b>	<b>(19,672)</b>	<b>(3,406)</b>
<b>c) Investment activities:</b>				
Profit / return received	4,415	2,084	6,456	2,236
Dividend received	10,918	8,262	16,153	8,881
Payment for investments	(11,882)	(14,151)	(13,434)	(14,756)
Proceeds from disposals of investments	21,832	7,915	14,998	6,008
Fixed capital expenditure	(802)	(37)	-	-
<b>Total cash generated from / (used in) investing activities</b>	<b>24,481</b>	<b>4,073</b>	<b>24,173</b>	<b>2,369</b>
<b>d) Financing activities:</b>				
Payment against Ijarah	(4,799)	(5,611)	-	-
Pay-out in respect of Dividend	(21,508)	(22,209)	-	-
<b>Total cash used in financing activities</b>	<b>(26,307)</b>	<b>(27,820)</b>	<b>-</b>	<b>-</b>
<b>Net cash generated from / (used in) all activities</b>	<b>25,189</b>	<b>252</b>	<b>4,501</b>	<b>(1,037)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>66,887</b>	<b>66,635</b>	<b>106,862</b>	<b>107,899</b>
<b>Cash and cash equivalents at end of the year</b>	<b>92,076</b>	<b>66,887</b>	<b>111,363</b>	<b>106,862</b>

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

Suleman Khalid  
Chief Financial Officer

Abdul Waheed  
President & Chief Executive

Malik Riffat Mahmood  
Director

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 2022

ANNUAL REPORT 2022

	Operator's Fund		Participants' Takaful Fund	
	2022	2021	2022	2021
<b>Reconciliation to Profit and Loss Account:</b>	<b>Rupees in thousand</b>			
Operating cash flows	27,015	23,999	(19,672)	(3,406)
Depreciation expense	(468)	(410)	-	-
Dividend income	10,918	8,262	16,153	8,881
Increase in assets other than cash	18,953	5,423	131,870	75,710
Increase in liabilities other than running finance	(17,807)	(2,352)	(101,640)	(75,624)
Unrealized gain on investments held for trading	5,072	1,301	5,556	2,215
Investment income	3,794	3,312	2,783	2,365
Other income	4,532	2,151	6,492	1,804
Tax paid	14,158	18,774	-	2,384
Decrease in deposit against vehicle ljarah	(4,799)	(5,611)	-	-
<b>Profit/ surplus for the year</b>	<b>61,368</b>	<b>54,849</b>	<b>41,542</b>	<b>14,328</b>
<b>Attributed to</b>				
Participants' Takaful Fund	-	-	41,542	14,328
Operator's Fund	61,369	54,849	-	-
	<b>61,369</b>	<b>54,849</b>	<b>41,542</b>	<b>14,328</b>

**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	
	2022	2021	2022	2021
	<b>Rupees in thousand</b>			
Cash and other equivalents	-	-	320	191
Current and other accounts	92,076	66,887	111,043	106,671
	<b>92,076</b>	<b>66,887</b>	<b>111,363</b>	<b>106,862</b>

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



Suleman Khalid  
Chief Financial Officer



Abdul Waheed  
President & Chief Executive



Malik Riffat Mahmood  
Director



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 2022

ASKARI GENERAL INSURANCE CO. LTD

	Operator's Fund			Total
	Statutory Fund	Available-for-sale investments revaluation reserve	Accumulated Profit Surplus	
Rupees in thousand				
Balance as at January 01, 2021	50,000	530	160,449	210,979
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	39,438	39,438
Other comprehensive income for the year	-	61	-	61
	-	61	39,438	39,499
<b>Changes in Operator's Fund</b>				
Transfer of Profit to the Company	-	-	(22,209)	(22,209)
Balance as at December 31, 2021	50,000	591	177,678	228,269
Balance as at January 01, 2022	50,000	591	177,678	228,269
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	42,167	42,167
Other comprehensive income for the year	-	(887)	-	(887)
	-	(887)	42,167	41,280
<b>Changes in Operator's Fund</b>				
Transfer of Profit to the Company	-	-	(21,508)	(21,508)
<b>Balance as at December 31, 2022</b>	<b>50,000</b>	<b>(296)</b>	<b>198,337</b>	<b>248,041</b>

	Participants' Takaful Fund			Total
	Cede Money	Available-for-sale investments revaluation reserve	Accumulated Profit	
Rupees in thousand				
Balance as at January 01, 2021	1,000	497	35,322	36,819
<b>Total comprehensive income for the year</b>				
Surplus for the year	-	-	14,328	14,328
Other comprehensive income for the year	-	226	-	226
	-	226	14,328	14,554
<b>Balance as at December 31, 2021</b>	<b>1,000</b>	<b>723</b>	<b>49,650</b>	<b>51,373</b>
Balance as at January 01, 2022	1,000	723	49,650	51,373
<b>Total comprehensive income for the year</b>				
Surplus for the year	-	-	41,542	41,542
Other comprehensive income for the year	-	(606)	-	(606)
	-	(606)	41,542	40,936
<b>Balance as at December 31, 2022</b>	<b>1,000</b>	<b>117</b>	<b>91,192</b>	<b>92,309</b>

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


Suleman Khalid  
Chief Financial Officer

Abdul Waheed  
President & Chief Executive

Malik Riffat Mahmood  
Director

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 2022

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## 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 12 April, 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 Window Takaful Operations (WTO) on 10 August 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

These financial statements of the WTO have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IFAS) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017, provisions of and directive issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Takaful Rules, 2012 and the General Takaful Regulations, 2019. In case requirements differ, the provisions or directives of the Companies Act, 2017, Insurance Ordinance, 2000 the Takaful Rules, 2012, the General Takaful Accounting Regulations, 2019 shall prevail.

These financial statements reflect the financial position and results of operations of both the Operator's Fund (OPF) and Participants' Takaful Fund (PTF) in a manner that the assets, liabilities, income and expenses of the Operator and PTF remain separately identifiable.

### 2.1 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.

### 2.2 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Operator's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest thousand.

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

The following amendments are effective for the year ended December 31, 2022. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

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	<b>Effective from Accounting period beginning on or after</b>
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
Annual Improvements to IFRS Standards 2018-2020 Cycle - IFRS 16 " Leases"	January 01, 2022

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

The following amendments are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	<b>Effective from Accounting period beginning on or after</b>
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IFRS 16 ' Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts
- IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' has become applicable, however as an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given below:

The tables below set out the fair values as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

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



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(b) All other financial assets

## Operator's Fund

	Fail the SPPI test		Pass the SPPI test		
	Fair Value	Change in unrealized gain / (loss) during the period	Carrying Value	Cost less Impairment	Change in unrealized gain / (loss) during the period
Rupees in thousands					
<b>Financial assets</b>					
Cash and Bank*	-	-	92,076	-	-
Investment in equity securities - available-for-sale	155,471	5,072	-	-	-
Investment in debt securities - available-for-sale*	-	-	20,176	-	176
Loans and other receivables*	-	-	1,339	-	-
<b>Total</b>	<b>155,471</b>	<b>5,072</b>	<b>113,591</b>	<b>-</b>	<b>176.00</b>

## Participation Takaful Fund

	Fail the SPPI test		Pass the SPPI test		
	Fair Value	Change in unrealized gain / (loss) during the period	Carrying Value	Cost less Impairment	Change in unrealized gain / (loss) during the period
Rupees in thousands					
<b>Financial assets</b>					
Cash and Bank*	-	-	111,363	-	-
Investment in equity securities - available-for-sale	184,629	5,556	-	-	-
Investment in debt securities - available-for-sale*	-	-	15,117	-	-
Loans and other receivables*	-	-	878	-	-
<b>Total</b>	<b>184,629</b>	<b>5,556</b>	<b>127,358</b>	<b>-</b>	<b>-</b>

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

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### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are set out below:-

#### 3.1 Property and Equipments

These are stated at cost less accumulated depreciation and impairment losses, if any, except for capital work in progress which is stated at cost less impairment losses, if any. Depreciation is charged on depreciable amount over the estimated useful life.

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 asset's carrying amount or recognised separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the profit and loss account in the year in which they are incurred. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

#### 3.2 Takaful contracts

Takaful contracts are those contracts where the Participants' Takaful Fund (PTF) has accepted significant Takaful risk from another party (the participants) by agreeing to compensate the participants if a specified uncertain future event adversely affects the policyholders.

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 Operator underwrites non-life takaful contracts that can be categorised into Fire and Property Damage, Marine, Aviation and Transport, Motor, health and accident and Miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the Operator under which the contract holder is another Takaful Operator (inwards retakaful) of a facultative nature are included within the individual category of takaful contracts, other than those which fall under Treaty. The takaful risk involved in these contracts is similar to the contracts undertaken by the Operator as takaful operator.

Fire and Property takaful contracts mainly compensate the customers for damage suffered to their property. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the covered properties in their business activities (business interruption cover).

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

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

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All other takaful contracts like cash in hand, cash in transit, personal accident, infidelity, public liabilities, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, workers compensation etc. are included under Miscellaneous takaful cover.

### 3.3 Deferred commission expense

Commission incurred in obtaining and recording 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 net of Wakala fee 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 Insurance Accounting Regulations, 2017.

### 3.5 Contribution deficiency reserves

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 retakaful recoveries from claims, and 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 adequacy of liability of contribution deficiency by carrying out analysis of its loss ratio of expired period of contracts. The liability of contribution deficiency in relation to accident and health takaful contracts is based on actuary recommendation.

No provision has been made as the unearned contribution reserve for each class of business as at the year end is adequate to meet the expected future liability after retakaful 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

The Operator cedes retakaful in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Assets, liabilities, income and expense arising from ceded retakaful contracts are presented separately from the assets, liabilities, income and expense from the related takaful contracts because the retakaful arrangements do not relieve the PTF from its direct obligation to its policyholders.

### 3.7 Outstanding claims including incurred but not reported (IBNR)

The liability for IBNR is computed through Chain Ladder Method (Development technique) in light of the guidelines issued by Insurance Division of SECP vide its Circular 9 of 2016 dated March 09, 2016 for estimation of IBNR claims reserve, the liability for IBNR for all classes of business is based on actuary recommendation. Any significant change in assumption used event may affect the management's judgment which could affect the provision made for IBNR. Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset and are measured at the amount expected to be received.

### 3.8 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.

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### 3.9 Segment reporting

The Operator's operating businesses are recognised and managed separately according to the nature of services provided with each segment representing a strategic business unit that serves different markets.

### 3.10 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.

### 3.11 Revenue recognition

- a) Contribution income under a policy is recognised over the period of takaful net of wakala fee.
- b) Wakala fee charged from PTF is recognised upfront.
- c) Rebate from retakaful operators is recognised at the same time of takaful of underlying takaful policy by the Operator.
- d) Dividend income is recognised when the right to receive the dividend is established.
- e) Profit on Islamic investment products is recognised on an accrual basis.
- f) Gain / loss on sale of available for sale investments are included in profit and loss account.

### 3.12 Ijarah

Ijarah rentals are recognised as an expense on accrual basis as and when the rental becomes due.

### 3.13 Investments

#### 3.13.1 Classification

The classification of financial assets is determined at initial recognition and depends on the purpose for which the financial assets were acquired. Currently, the financial assets of the Operator are classified into the following categories:

#### a) In equity securities

Investments in equity securities are carried at their fair value. At each reporting date, the Company measures the investments at their fair value with any increase or decrease charged to Profit and Loss Account. Upon disposal the proceeds less fair value at the previous reporting date is charged to Profit and Loss.

#### b) In debt securities

These are investments with fixed or determinable payments and fixed maturities which the Company has the intention and ability to hold till maturity. Provision for impairment against debt securities is made in accordance with the requirements of the law. In case of unquoted equity securities, the breakup value of the security should be considered to determine impairment amount. Premium or discount on debt securities classified as available for sale and held to maturity is amortised using effective interest method and taken to the profit and loss account. Where the fair value of the debt security is available, unrealised gains/losses are recognised in other comprehensive income and upon disposal are reclassified to profit and loss.

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#### c) In term deposit

These are investments with fixed or determinable payments and fixed (short term) maturities which the Company has the intention and ability to hold till maturity.

Investments which are designated at fair value through profit or loss upon initial recognition

#### d) Loans and receivables

Loans and receivables comprise cash and bank deposits, contribution due but unpaid, amounts due from other Takaful & Retakaful operators and sundry receivables.

### 3.14 Offsetting of financial assets and liabilities

A financial asset and financial liability other than those relating to takaful contract is offset and net amount is reported in the balance sheet when the operator has a legally right to set-off the recognised amounts and it intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

### 3.15 Provisions

Provisions are recognised when the Operator has a legal or constructive obligation as a result of a past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, the provision are reviewed at balance sheet date and adjusted to reflect current best estimates.

### 3.16 Taxation

#### Current

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 finalized during the current year 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 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.

### 3.17 Takaful surplus

Takaful surplus attributable to the participants is arrived after charging all direct cost and setting aside various reserves.

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### 3.18 Impairment of assets

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset fair value less cost to sell and value in use. Impairment losses are recognised in profit and loss account.

### 3.19 Management expenses

Expenses allocated to the takaful business represents directly attributable expenses. Expense not directly allocable to takaful business are charged to OPF and allocated on the basis of gross contribution written during the year.

### 3.20 Qard-e-Hasna

Qard-e-Hasna is provided by Operator's fund to PTF in case of deficit or to fulfill cash flow requirements.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The judgements, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to reasonable under the circumstances, the results of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate revised if the revision effects only that period or in the revision and future periods if the revision affects both current and future periods.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

- Reserve for unearned contribution 3.4
- Contribution deficiency reserve 3.5
- Provision for outstanding claims (including IBNR) 3.7
- Useful lives of fixed assets 5.1

		2022	2021
		Rupees in thousand	
	Note		
<b>5</b>	<b>PROPERTY AND EQUIPMENT</b>		
	Operating assets	943	608
		<b>943</b>	<b>608</b>

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5.1 OPERATING ASSETS - OPF

		2022					2021				
		Cost		Depreciation		Written down value as at December 31, 2022	Useful life (years)			2021	
As at January 1, 2022	As at December 31, 2022	As at January 1, 2022	For the year	(Disposals) / Adjustments	As at December 31, 2022			As at January 1, 2022	For the year	(Disposals) / Adjustments	As at December 31, 2022
Rupees in thousand											
Furniture & fixtures	504	163	667	465	70	(238)	297	370	5		
Office equipment	1,080	282	1,362	511	397	(119)	789	573	3		
	1,584	445	2,029	976	467	(357)	1,086	943			
Rupees in thousand											
Furniture & fixtures	504	-	504	375	90	-	465	39	5		
Office equipment	1,043	37	1,080	191	320	-	511	569	3		
	1,547	37	1,584	566	410	-	976	608			
Rupees in thousand											
<b>6 INVESTMENTS IN EQUITY SECURITIES</b>											
		Cost		Depreciation <td colspan="2">Written down value as at December 31, 2022 <td colspan="2">Useful life (years) <td colspan="2"></td> </td></td>		Written down value as at December 31, 2022 <td colspan="2">Useful life (years) <td colspan="2"></td> </td>		Useful life (years) <td colspan="2"></td>			
		As at January 1, 2022	As at December 31, 2022	As at January 1, 2022	For the year	(Disposals) / Adjustments	As at December 31, 2022	As at January 1, 2022	For the year	(Disposals) / Adjustments	As at December 31, 2022
Rupees in thousand											
<b>OPERATOR'S FUND</b>											
<b>Available-for-sale</b>											
Mutual funds	6.1	2,500	-	2,500	2,500	2,500	2,500	-	2,500	(253)	2,247
Unrealized loss on revaluation					(668)						
<b>At fair value through profit or loss</b>		2,500	-	2,500	1,832	2,500	2,500	-	2,247		
Others											
Mutual funds	6.2	150,399	5,072	155,471	139,818	139,818	139,818	1,301	141,119		
<b>At fair value through profit or loss</b>		150,399	5,072	155,471	139,818	139,818	139,818	1,301	141,119		
<b>PARTICIPANTS' TAKAFUL FUND</b>											
<b>At fair value through profit and loss</b>											
Related Parties											
Mutual funds	6.3	38,329	1,567	39,897	37,792	37,792	37,792	537	38,329		
Others											
Mutual funds	6.3	140,743	3,989	144,732	127,846	127,846	127,846	1,678	129,624		
<b>At fair value through profit or loss</b>		179,072	5,556	184,629	165,638	165,638	165,638	2,215	167,853		

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6.1	Available-for-sale - OPF	Number of shares / units		2022		2021	
		2022	2021	Cost	Carrying value	Cost	Carrying value
	Open-end mutual funds						
				Rupees in thousand			
	AKD Islamic Stock Fund	50,940	50,940	2,500	1,832	2,500	2,247
				2,500	1,832	2,500	2,247
6.2	Fair value through profit and loss - held for trading - OPF						
	Others						
	Open-end mutual funds						
	ABL Islamic Income Fund	3,141,338	2,934,448	33,187	33,822	30,828	31,074
	JS Islamic Income Fund	449,145	424,991	47,888	50,084	44,874	45,359
	NBP Islamic Mahana Amadani Fund	4,054,884	3,772,784	42,230	43,582	39,046	39,395
	Alhamra Islamic Income Fund	256,383	238,699	27,094	27,983	25,070	25,291
				150,399	155,471	139,818	141,119
6.3	Fair value through profit and loss - held for trading - PTF						
	Related Parties						
	Open-end mutual funds						
	AWT (PIML) Islamic Income Fund	355,726	355,726	38,329	39,897	37,792	38,329
	Others						
	Open-end mutual funds						
	AKD Islamic Income Fund	758,373	704,048	39,466	41,277	36,371	36,763
	Atlas Islamic Income Fund	60,329	55,957	31,638	32,705	29,021	29,426
	HBL Islamic Income Fund	299,575	276,005	31,948	33,059	28,651	29,532
	ABL Islamic Cash Fund	3,769,080	3,380,235	37,691	37,691	33,802	33,802
				140,743	144,732	127,845	129,523



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7 INVESTMENTS IN DEBT SECURITIES

	2022			2021			
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value	
Rupees in thousand							
<b>Operator's Fund</b>							
Available-for-sale							
Sukuks	7.1	20,000	-	20,000	35,000	-	35,000
Profit on revaluation		-	176		-		1,084
		20,000	-	20,176	35,000	-	36,084

<b>Participants' takaful fund</b>							
Available-for-sale							
Sukuks	7.2	15,000	-	15,000	25,000	-	25,000
Surplus on revaluation			117				723
		15,000	-	15,117	25,000	-	25,723

7.1 Sukuks -OPF

Investee Name	Profit Rate	Number of certificates		2022		2021	
		2022	2021	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	150	300	15,000	15,176	30,000	31,084
				20,000	20,176	35,000	36,084

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	100	200	10,000	10,117	20,000	20,723
				15,000	15,117	25,000	25,723

8 LOANS AND OTHER RECEIVABLES - CONSIDERED GOOD

	Operator's Fund		Participants' Takaful Fund	
	2022	2021	2022	2021
Receivable against sale of asset	546	578	-	-
Deposit against Ijarah - vehicles	5,347	4,636	-	-
Accrued investment income	555	437	287	252
Other receivable	238	3,751	591	3,433
	6,686	9,402	878	3,685

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	Operator's Fund		Participants' Takaful Fund	
	2022	2021	2022	2021
Rupees in thousand				
<b>9 TAKAFUL / RETAKAFUL RECEIVABLES</b>				
Due from takaful contract holders	-	-	90,902	57,165
Provision against doubtful balances	-	-	(222)	(222)
	-	-	90,680	56,943
Due from other Takaful/Retakaful Operators	9.1	-	1,204	23,628
Provision against doubtful balances	-	-	(1,171)	(1,171)
	-	1,204	22,457	23,153
	-	1,204	113,137	80,096

9.1 This includes contribution amounting to Rs.1.19 million(2021: Rs.(0.04) million) receivable from the associated undertakings as follows:

	2022	2021
Rupees in thousand		
Askari Guards (Private) Limited	1,182	(28)
Mobil Askari Lubricants Pakistan Ltd	5	(12)
	1,187	(40)

	Operator's Fund		Participants' Takaful Fund	
	2022	2021	2022	2021
<b>10 RECEIVABLE / (PAYABLE)</b> (Current account between OPF and PTF)				
Rupees in thousand				
Wakala fee	57,453	43,630	(57,453)	(43,630)
Less: Provision for refund of wakala fee against doubtful balances	(408)	(408)	408	408
	57,045	43,222	(57,045)	(43,222)
Modarib's fee	5,588	1,332	(5,588)	(1,332)
	62,633	44,554	(62,633)	(44,554)

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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		Operator's Fund			
		2022		2021	
<b>11</b>	<b>DEFERRED TAXATION</b>				
	Deferred (credit) / debit arising in respect of:	Rupees in thousand			
	Unrealised gain on available-for-sales investments	(163)		241	
	Provision for refund of wakala fee against doubtful balances	(135)		(118)	
		(298)		123	
		Operator's Fund		Participants' Takaful Fund	
		2022	2021	2022	2021
<b>12</b>	<b>PREPAYMENTS</b>	Rupees in thousand			
	Prepaid retakaful contribution ceded - PTF	-	-	80,464	69,546
	Others - OPF	201	306	-	-
		201	306	80,464	69,546
<b>13</b>	<b>CASH &amp; BANK</b>				
	Cash and cash equivalent				
	- Stamps in hand	-	-	320	191
	Cash at bank				
	- Savings account	92,076	66,887	111,043	106,671
		92,076	66,887	111,363	106,862
		Operator's Fund		Participants' Takaful Fund	
		2022	2021	2022	2021
<b>14</b>	<b>TAKAFUL/RETAKAFUL PAYABLES</b>	Rupees in thousand			
	Due to takaful participants / retakaful payable	6,336	5,849	123,605	152,580
		6,336	5,849	123,605	152,580
<b>15</b>	<b>OTHER CREDITORS AND ACCRUALS</b>				
	Agents' commission payable	21,898	14,918	-	-
	Federal takaful fee payable	-	-	593	409
	Federal excise duty payable	161	138	7,796	7,099
	Tax deducted at source	517	576	380	317
	Accrued expenses	1,084	784	-	-
	Others	8,262	11,453	1,958	2,189
		31,922	27,869	10,727	10,014

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

## 16 CONTINGENCIES AND COMMITMENTS

### Contingency

There is no contingency as at 31 December 2022 (31 December 2021:Nil)

### Commitments

The Operator's commitment under Ijarah arrangement with Meezan Bank Limited is Rs.18.58 million (31 December 2021: Rs.15.02 million). The contracts have a term of five years.

Future Minimum Ijarah (lease) payments are as under:	Operator's Fund	
	2022	2021
	Rupees in thousand	
Not later than 1 year	4,313	3,359
Later than 1 year but not later than 5 years	14,262	11,658
	<b>18,575</b>	<b>15,017</b>
ijarah payments recognized in expense during the year	4,088	1,293

	Participants' Takaful Fund	
	2022	2021
	Rupees in thousand	

17	NET CONTRIBUTION	2022	2021
	Written Gross Contribution	457,887	402,676
	Less: Wakala fee	(181,704)	(158,218)
	<b>Contribution Net of Wakala Fee</b>	<b>276,183</b>	<b>244,458</b>
	Add: Unearned contribution reserve opening - net	106,276	111,207
	Less: Unearned contribution reserve closing - net	(120,076)	(106,276)
	Contribution earned	262,383	249,389
	Less: Retakaful Contribution ceded	195,321	160,645
	Add: Prepaid retakaful contribution opening	69,546	55,297
	Less Prepaid retakaful contribution closing	(80,464)	(69,546)
	Retakaful expense	184,403	146,396
	<b>Net contribution</b>	<b>77,980</b>	<b>102,993</b>

18	RETAKAFUL REBATE	2022	2021
	Retakaful Rebate income	49,891	35,966
	Add: Unearned retakaful rebate opening	16,340	11,956
	Less: Unearned retakaful rebate closing	(19,255)	(16,340)
	<b>Rebate from retakaful operators</b>	<b>46,976</b>	<b>31,582</b>

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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		Participants' Takaful Fund	
		2022	2021
<b>19</b>	<b>NET CLAIMS</b>	<b>Rupees in thousand</b>	
	Claim paid	188,617	142,396
	Add: Outstanding claims including IBNR closing	140,103	132,662
	Less: Outstanding claims including IBNR opening	(132,662)	(106,671)
	<b>Claim expense</b>	<b>196,058</b>	<b>168,387</b>
	Less: Retakaful and other recoveries received	81,958	38,100
	Add: Retakaful and other recoveries in respect of outstanding claims - closing	65,667	49,895
	Less: Retakaful and other recoveries in respect of outstanding claims - opening	(49,895)	(42,448)
	Retakaful and other recoveries revenue	97,730	45,547
	<b>Net claims expense</b>	<b>98,328</b>	<b>122,840</b>

## 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	2017 & prior	2018	2019	2020	2021	2022	Total
<b>Rupees in thousand</b>							
At the end of accident year	55,696	131,923	129,870	161,125	178,941	227,535	885,090
One year later	21,915	31,858	51,377	89,496	79,780	-	274,427
Two years later	933	2,632	5,810	20,432	-	-	29,808
Three years later	377	677	768	-	-	-	1,823
Four years later	24	163	-	-	-	-	187
Five year later	41	-	-	-	-	-	41
Current estimate of cumulative claims	41	163	768	20,432	79,780	227,535	328,720
Less: Cumulative payments to date	10	8	42	9,759	59,065	119,733	188,617
Liability recognized in statement of financial position	31	155	726	10,673	20,715	107,802	140,103

19.2 The provision for IBNR on the basis of actuarial valuation carried out as at December 31, 2022 amounted to Rs.58,997 thousands (2021: Rs. 35,905 thousands).

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

		Operator's Fund	
		2022	2021
		Rupees in thousand	
<b>20</b>	<b>COMMISSION EXPENSE</b>		
	Commission paid or payable	52,575	45,970
	Add: Deferred commission expense opening	19,685	18,063
	Less: Deferred commission expense closing	(23,012)	(19,685)
	<b>Commission expense</b>	<b>49,248</b>	<b>44,348</b>

<b>21</b>	<b>WAKALA FEE</b>		
	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:		
	Gross wakala fee	181,704	158,218
	Add: Unearned wakala fee opening	69,082	69,283
	Less: Unearned wakala fee closing	(80,661)	(69,082)
	<b>Net wakala fee income</b>	<b>170,125</b>	<b>158,419</b>

		Operator's Fund	
		2022	2021
		Rupees in thousand	
<b>22</b>	<b>GENERAL ADMINISTRATIVE AND MANAGEMENT EXPENSES</b>		
	Employee benefit cost - Note 22.1	61,824	55,210
	Rent	12,896	10,340
	Communication	2,085	1,292
	Printing and stationery	2,883	1,811
	Travelling and entertainment	1,585	1,050
	Depreciation	467	410
	Repairs and maintenance	2,386	2,112
	Utilities	5,399	3,600
	Legal and professional charges - business related	-	1,371
	Bank charges	21	19
	Vehicle Ijarah expenses	4,088	1,255
	Miscellaneous	1,002	976
		<b>94,636</b>	<b>79,446</b>

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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		Operator's Fund	
		2022	2021
22.1	Employee benefit cost	Rupees in thousand	
	Salary, allowances and other benefits	57,252	53,500
	Charges for post employment benefits	4,572	1,710
		61,824	55,210

		Participants' Takaful Fund	
		2022	2021
23	OTHER DIRECT EXPENSES	Rupees in thousand	
	Tracker installation and monitoring charges	7,411	7,665
	Inspection charges	-	10
	Bank Charges	89	100
		7,500	7,775

		Operator's Fund		Participants' Takaful Fund	
		2022	2021	2022	2021
		Rupees in thousand			
24	INVESTMENT INCOME				
	Income from equity securities - Held for trading				
	- Dividend income	10,918	8,262	16,153	8,881
	Income from debt securities - Held to maturity				
	- Return on fixed income securities	3,794	3,312	2,783	2,365
		14,712	11,574	18,936	11,246
	Net unrealized gains on investment				
	- Net unrealized gains on investments at fair value through profit or loss - held for trading	5,072	1,301	5,556	2,215
	Total investment income	19,784	12,875	24,492	13,461
25	OTHER INCOME				
	Return on bank balances	4,532	2,151	6,492	2,291
	Miscellaneous	1,499	298	1,227	-
		6,031	2,449	7,719	2,291

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

26	<b>MODARIB'S FEE</b>		
	The Operator manages the participants' investments as a Modarib's and charge 40% Modarib's share of the investment income earned by PTF.		

		Operator's Fund	
		2022	2021
27	<b>DIRECT EXPENSES</b>	Rupees in thousand	
	Auditors' remuneration	303	303
	Shariah Compliance Auditors' remuneration	181	181
		484	484

28	<b>TAXATION</b>		
	<b>For the year</b>		
	Current	18,781	15,529
	Deferred	421	(118)
		19,202	15,411

28.1	<b>Relationship between tax expense and accounting profit</b>	2022	2021	2022	2021
		Effective tax rate - %		Rupees in thousand	
	Profit for the year before taxation			61,369	54,849
	Tax at the applicable rate	33.00	29.00	20,252	15,906
	Effect of items that are not considered in determining taxable income - net	(1.71)	(0.90)	(1,050)	(495)
		31.29	28.10	19,202	15,411

		Executives	
		2022	2021
29	<b>COMPENSATION OF EXECUTIVES</b>	Rupees in thousand	
	Managerial remuneration	1,311	1,296
	Bonus	385	-
	Charge to defined benefit plan	-	-
	Rent and house maintenance	581	582
	Utilities	129	129
	Conveyance	489	402
	Provident fund	108	-
	Others	44	-
		3,047	2,409
	Number of persons	1	1

Executives mean employees, other than the Chief Executive and Directors, whose basic salary exceed twelve hundred thousand rupees in a financial year.



ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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## 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:

	2022	2021
	Rupees in thousand	
<b>Askari Guards (Private) Limited</b>		
Contribution written (including government levies and stamp duties)	1,210	1,802
Contribution received during the year	0	1,774
Takaful benefits paid	571	49
<b>Mobil Askari Lubricants Pakistan Limited</b>		
Contribution written (including government levies and stamp duties)	3,895	3,326
Contribution received during the year	3,878	3,314
Takaful benefits paid	648	1,878
<b>Askari Life Assurance Co. Limited</b>		
Contribution written (including government levies and stamp duties)	358	383
Contribution received during the year	358	383
Takaful benefits paid	8	128
<b>Army Welfare Trust</b>		
Contribution written (including government levies and stamp duties)	-	631
Contribution received during the year	8	631
Investment in AWT (PIML) Islamic Income Fund	2,104	1,209
<b>Army Welfare Sugar Mills</b>		
Contribution written (including government levies and stamp duties)	2,210	175
Contribution received during the year	2,210	175
<b>Askari Development and Holdings (Pvt) Limited</b>		
Contribution written (including government levies and stamp duties)	1,014	-
Contribution received during the year	1,014	-
<b>Others</b>		
Employees' retirement benefits	3,331	3,008

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

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## 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 (1)/2017 dated 9 February 2017. The following table presents estimated information regarding certain assets and liabilities of the segments as at 31 December 2022 and 31 December 2021, unallocated capital expenditure and non-cash expenses during the year then ended.

### 2022 - OPF & PTF

#### Participants' Takaful Fund

	For the year ended December 31, 2022						TOTAL
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous		
	Rupees in thousand						
Contribution receivable (inclusive of Federal Excise Duty, Federal Takaful Fee and Stamp duty)	144,035	84,524	251,129	21,945	28,039	529,672	
Less: Federal Excise Duty	(17,129)	(9,912)	(32,140)	-	(3,331)	(62,512)	
Federal Takaful Fee	(1,150)	(689)	(2,124)	(217)	(215)	(4,395)	
Stamp duty	(62)	(4,597)	(211)	-	(8)	(4,878)	
<b>Gross written contribution</b>	<b>125,694</b>	<b>69,326</b>	<b>216,654</b>	<b>21,728</b>	<b>24,485</b>	<b>457,887</b>	
Gross direct contribution	112,857	68,521	210,631	21,728	21,142	434,879	
Facultative inward contribution	12,837	805	6,023	-	3,343	23,008	
<b>Takaful contribution earned</b>	<b>116,680</b>	<b>64,809</b>	<b>207,589</b>	<b>19,444</b>	<b>23,986</b>	<b>432,508</b>	
Wakala expense	(40,417)	(22,470)	(92,783)	(4,861)	(9,594)	(170,125)	
Takaful contribution ceded to retakaful operators	(100,360)	(46,822)	(23,915)	-	(13,306)	(184,403)	
Net takaful contribution	(24,097)	(4,483)	90,891	14,583	1,086	77,980	
Retakaful Rebate income	26,339	13,570	3,933	-	3,134	46,976	
<b>Net underwriting income</b>	<b>2,242</b>	<b>9,087</b>	<b>94,824</b>	<b>14,583</b>	<b>4,220</b>	<b>124,956</b>	
Takaful claims	(64,296)	(14,139)	(98,527)	(6,155)	(12,941)	(196,058)	
Takaful claims recovered from retakaful operators	58,653	10,879	19,982	-	8,216	97,730	
Net takaful claims	(5,643)	(3,260)	(78,545)	(6,155)	(4,725)	(98,328)	
PTF Direct expense	(26)	(14)	(7,450)	(5)	(5)	(7,500)	
<b>Net takaful claims and expenses</b>	<b>(5,669)</b>	<b>(3,274)</b>	<b>(85,995)</b>	<b>(6,160)</b>	<b>(4,730)</b>	<b>(105,828)</b>	
<b>Underwriting result</b>	<b>(3,427)</b>	<b>5,813</b>	<b>8,829</b>	<b>8,423</b>	<b>(510)</b>	<b>19,128</b>	
Net investment income						24,492	
Other income						7,719	
Mudarb's share						(9,797)	
<b>Surplus for the year</b>						<b>41,542</b>	
	As at 31 December 2022						
Segment assets	105,053	45,765	152,469	15,885	24,656	343,828	
Unallocated assets						311,988	
Total assets						<b>655,816</b>	
Segment liabilities	92,347	50,454	252,028	38,059	33,643	466,531	
Unallocated liabilities						96,976	
Total liabilities						<b>563,507</b>	

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Operator's Fund	For the year ended 31 December 2022					TOTAL
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	
	Rupees in thousand					
Wakala Fee	40,417	22,470	92,763	4,861	9,594	170,125
Commission expense	(20,631)	(11,439)	(14,161)	(571)	(2,446)	(49,248)
Management expenses	(15,491)	(8,636)	(61,554)	(3,359)	(5,596)	(94,636)
Segment result	4,295	2,395	17,068	931	1,552	26,241
Mudarib's share of PTF investment income						9,797
Investment income						19,784
Other income						6,031
Other expenses						(484)
Profit before tax for the year						61,369
	As at 31 December 2022					
Segment assets	24,080	12,165	37,509	2,024	4,278	80,056
Unallocated assets						286,904
						366,960
Segment liabilities	26,738	12,654	61,242	3,033	5,228	108,895
Unallocated liabilities						10,024
Total liabilities						118,919

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

	For the year ended 31 December 2021					TOTAL
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	
	Rupees in thousand					
Contribution receivable (inclusive of Federal Excise Duty, Federal Takatuf Fee and Stamp duty)	108,177	69,046	225,490	25,170	35,142	463,025
Less: Federal Excise Duty	(12,067)	(7,910)	(28,157)	-	(4,495)	(52,629)
Federal Takatuf 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
Takatuf 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)
Takatuf contribution ceded to retakatuf operators	(75,689)	(81,012)	(27,034)	-	(12,657)	(146,396)
Net takatuf contribution	(17,004)	(676)	78,782	34,157	7,734	102,993
Retakatuf 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
Takatuf claims	(25,605)	(7,724)	(93,445)	(28,981)	(12,639)	(168,388)
Takatuf claims recovered from retakatuf operators	17,894	5,446	16,967	-	5,241	45,548
Net takatuf 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 takatuf 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
Mudarib's share						(5,384)
Surplus for the year						14,328
Segment assets	80,787	32,111	114,789	24,352	25,908	277,947
Unallocated assets						310,576
Total assets						588,523
Segment liabilities	74,939	37,638	231,689	72,354	39,853	456,473
Unallocated liabilities						80,677
Total liabilities						537,150

As at 31 December 2021

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Operator's Fund	For the year ended 31 December 2021					TOTAL
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	
	Rupees in thousand					
Wakala Fee	31,052	15,824	86,536	11,386	13,821	158,419
Commission expense	(17,964)	(8,111)	(14,088)	(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 2021					
Segment assets	17,097	8,106	30,674	3,410	4,825	64,112
Unallocated assets						216,316
Segment liabilities	19,944	9,090	52,446	3,148	5,222	89,850
Unallocated liabilities						13,073
Total liabilities						102,923

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

## 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	2022							
	Held-for-trading	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
Rupees in thousand								
<b>Financial assets measured at fair value</b>								
Investment at fair value through profit and loss	155,471	-	-	-	155,471	155,471	-	-
Investment at Available-for-sale	-	22,008	-	-	22,008	17,008	-	5,000
<b>Financial assets not measured at fair value</b>								
Cash and bank deposits	-	-	92,076	-	92,076	-	-	-
Loans and other receivables*	-	-	6,686	-	6,686	-	-	-
Receivable from PTF*	-	-	62,633	-	62,633	-	-	-
<b>Financial liabilities not measured at fair value</b>								
Takaful / Retakaful payables*	-	-	-	(6,336)	(6,336)	-	-	-
Other creditors and accruals*	-	-	-	(31,922)	(31,922)	-	-	-
	155,471	22,008	161,395	(38,258)	300,616	172,479	-	5,000

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	2021							
	Held-for-trading	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
Rupees in thousand								
<b>Financial assets not measured at fair value</b>								
Investment at fair value through profit and loss	141,119	-	-	-	141,119	141,119	-	-
Investment at Available-for-sale	-	38,331	-	-	38,331	33,331	-	5,000
<b>Financial assets not measured at fair value</b>								
Cash and bank deposits	-	-	66,887	-	66,887	-	-	-
Loans and other receivables*	-	-	9,402	-	9,402	-	-	-
Receivable from PTF	-	-	44,554	-	44,554	-	-	-
<b>Financial liabilities not measured at fair value</b>								
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	174,450	-	5,000

### 32.2 Participants' Takaful Fund

	2022							
	Held-for-trading	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
Rupees in thousand								
<b>Financial assets measured at fair value</b>								
Investment at fair value through profit and loss	144,732	-	-	-	144,732	144,732	-	-
Investment at Available-for-sale	-	15,117	-	-	15,117	10,117	5,000	-
<b>Financial assets not measured at fair value</b>								
Cash and bank deposits	-	-	111,363	-	111,363	-	-	-
Takaful / Retakaful receivables*	-	-	113,137	-	113,137	-	-	-
Retakaful recoveries against outstanding claims*	-	-	-	65,667	65,667	-	-	-
<b>Financial liabilities not measured at fair value - PTF</b>								
Provision for outstanding claims (including IBNR)*	-	-	-	140,103	140,103	-	-	-
Takaful / Retakaful payables*	-	-	-	123,605	123,605	-	-	-
Payable to OPF	-	-	-	62,633	62,633	-	-	-
Other creditors and accruals*	-	-	-	10,727	10,727	-	-	-
	144,732	15,117	224,500	402,735	771,967	154,849	5,000	-

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	2021							
	Held-for-trading	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
Rupees in thousand								
<b>Financial assets measured at fair value</b>								
Investment at fair value through profit and loss	167,853	-	-	-	167,853	167,853	-	-
Investment at Available-for-sale	-	25,723	-	-	25,723	20,723	5,000	-
<b>Financial assets not measured at fair value</b>								
Cash and bank deposits	-	-	106,862	-	106,862	-	-	-
Takaful/Retakaful receivable*	-	-	80,096	-	80,096	-	-	-
Retakaful recoveries against outstanding claims*	-	-	49,895	-	49,895	-	-	-
Loans and other receivables*	-	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
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	188,576	5,000	-

\* 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	
		2022	2021
Assets		Rupees in thousand	
	Investment		
	Equity securities	184,629	167,853
	Debt securities	15,117	25,723
	Loans and other receivables	878	3,685
	Takaful/Retakaful receivables	113,137	80,096
	Salvage recoveries accrued	3,900	9,576
	Retakaful recoveries against outstanding claims	65,667	49,895
	Deferred wakala fee	80,661	69,082
	Tax deducted at source	-	6,205
	Prepayments	80,464	69,546
	Cash & Bank	111,363	106,862
	<b>Total Assets (A)</b>	<b>655,816</b>	<b>588,523</b>
	<b>In-admissible assets as par following clauses of section 32 (2) of the Insurance Ordinance, 2000</b>		
	Takaful and retakaful receivable for more than three months	51,299	31,074
	Receivable from related parties	1,188	(39)
	<b>Total In-admissible Assets (B)</b>	<b>52,487</b>	<b>31,035</b>
	<b>Total Admissible Assets (C=A-B)</b>	<b>603,329</b>	<b>557,488</b>
	<b>Total Liabilities</b>		
	Underwriting Provisions		
	Outstanding benefits including IBNR	140,103	132,662
	Unearned contribution reserves	200,737	175,358
	Unearned retakaful rebate	19,255	16,340
	Contribution received in advance	6,447	5,642
	Takaful/ Retakaful payable	123,605	152,580
	Payable to OPF	62,633	44,554
	Other creditors and accruals	10,727	10,014
	<b>Total Liabilities (D)</b>	<b>563,507</b>	<b>537,150</b>
	<b>Total Net Admissible Assets (E=C-D)</b>	<b>39,822</b>	<b>20,338</b>

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ASKARI GENERAL INSURANCE CO. LTD

	Held to maturity	Available-for-sale	Fair value through P&L	Loans and receivables	Total
Rupees in thousand					
<b>34</b>	<b>MOVEMENT IN INVESTMENTS - OPF</b>				
At beginning of previous year	-	35,746	132,795	-	168,541
Additions / Re-investments	-	2,500	7,023	-	9,523
Disposals (sales and redemptions)	-	-	-	-	-
Fair value net (loss)/gain	-	85	1,301	-	1,386
Impairment losses	-	-	-	-	-
<b>At beginning of current year</b>	<b>-</b>	<b>38,331</b>	<b>141,119</b>	<b>-</b>	<b>179,450</b>
Additions / Re-investments	-	-	11,882	-	11,882
Disposals (sales and redemptions)	-	(15,000)	(1,301)	-	(16,301)
Fair value net gain	-	-	-	-	-
Classified as available for sale	-	-	-	-	-
Impairment gains	-	(1,323)	3,771	-	2,448
<b>At end of current year</b>	<b>-</b>	<b>22,008</b>	<b>155,471</b>	<b>-</b>	<b>177,479</b>
<b>35</b>	<b>MOVEMENT IN INVESTMENTS - PTF</b>				
At beginning of previous year	-	25,497	154,525	-	180,022
Additions / Re-investments	-	-	11,113	-	11,113
Disposals (sales and redemptions)	-	-	-	-	-
Fair value net gain	-	226	2,215	-	2,441
<b>At beginning of current year</b>	<b>-</b>	<b>25,723</b>	<b>167,853</b>	<b>-</b>	<b>193,576</b>
Additions / Re-investments	-	-	13,434	-	13,434
Disposals (sales and redemptions)	-	(10,000)	-	-	(10,000)
Fair value net loss	-	-	3,341	-	3,341
Classified as available for sale	-	-	-	-	-
Impairment losses	-	(606)	-	-	(606)
<b>At end of current year</b>	<b>-</b>	<b>15,117</b>	<b>184,628</b>	<b>-</b>	<b>199,745</b>

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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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2022	Gross sum takaful	Sum Retakaful	Net
Rupees in thousand			
Fire and property damage	133,506,217	115,994,648	17,511,569
Marine, aviation and transport	169,903,645	77,689,993	92,213,652
Motor	15,583,974	1,044,129	14,539,845
Miscellaneous	5,055,589	3,239,243	1,816,346
	<b>324,049,425</b>	<b>197,968,013</b>	<b>126,081,412</b>

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
	<b>214,115,545</b>	<b>148,258,388</b>	<b>65,857,157</b>

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

	2022	2021
Rupees in thousand		
<b>Class of business</b>		
Fire and property damage	<b>3,496,419</b>	2,461,200
Marine, aviation and transport	<b>3,000,000</b>	3,000,000
Motor	<b>334,000</b>	138,921
Miscellaneous	<b>1,448,000</b>	2,642,302

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 principle 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 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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ASKARI GENERAL INSURANCE CO. LTD

	Participants' Takaful Fund Revenue		Participants' Takaful Fund Equity	
	2022	2021	2022	2021
<b>10% increase in loss</b>	<b>Rupees in thousand</b>			
Fire and property damage	847	955	601	678
Marine aviation and transport	519	344	368	244
Motor	4,180	4,531	2,968	3,217
Health	955	1,632	678	1,159
Miscellaneous	943	815	670	579
	<b>7,444</b>	<b>8,277</b>	<b>5,285</b>	<b>5,877</b>

A 10% decrease would have had equal but opposite effect on the profit and loss account and Participants' Takaful Fund Equity.

**f) Age-wise breakup of unclaimed Takaful benefits**

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
		<b>Rupees in thousand</b>				
Claims not encashed	8,153	6,740	554	506	354	-

**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 oversight 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	
	2022	2021	2022	2021
	Rupees in thousand			
Bank deposits	92,076	66,635	111,363	106,862
Investments	177,479	168,541	199,746	193,576
Loans and Other Receivables	6,686	2,159	878	3,685
Takaful/Retakaful receivable	-	1,028	113,137	80,096
Retakaful recoveries				
against outstanding claims	-	-	65,667	49,895
Salvage recoveries accrued	-	-	3,900	9,576
Receivable from PTF	62,633	43,540	-	-
	<b>338,874</b>	<b>281,903</b>	<b>494,691</b>	<b>443,690</b>

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	2022			2021		
		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	-	6,686	6,686	1,187	9,402	10,589
	1-2 years	-	-	-	11	-	11
	2-3 years	-	-	-	6	-	6
		-	6,686	6,686	1,204	9,402	10,606

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b) Participants' takaful fund	2022				
	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	82,515	17,222	47,715	878	148,331
1-2 years	8,277	5,099	10,112	-	23,487
2-3 years	110	1,307	6,493	-	7,909
Over 3 years	-	-	1,348		
	90,902	23,628	65,668	878	179,727

	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

The credit quality of Operator's bank balances and deposits can be assessed with reference to external credit ratings as follows:

Financial institution	Rating		Rating agency	Operator's Fund		Participants' Takaful Fund	
	Short term	Long term		2022	2021	2022	2021
	Rupees in thousand						
Askari Islamic Bank	A1+	AA+	PACRA	60,640	36,497	22,079	9,558
Meezan Bank	A-1+	AAA	VIS	1,602	2,095	86,781	91,785
The Bank of Khyber	A1	A	PACRA	-	-	1,262	112
Al Barka Bank Ltd	A-1	A+	VIS	29,826	28,285	4	4
Faysal Bank Ltd	A1+	AA	PACRA	-	-	916	5,212
Bank Al-Habib Ltd	A1+	AAA	PACRA	8	10	-	-
				92,076	66,887	111,042	106,671



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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	2022		2021	
		Takaful / Retakaful Receivable	Takaful / Retakaful Receivable	Takaful / Retakaful Receivable	Takaful / Retakaful Receivable
Rupees in thousand					
	A or above	-	-	1,204	1,204

b)	Participants' takaful fund	2022		2021	
		Other Takaful / Retakaful Receivable	Retakaful recoveries against Outstanding claims	Other Takaful / Retakaful Receivable	Retakaful recoveries against Outstanding claims
Rupees in thousand					
	A or above	23,628	65,667	24,324	49,895
		23,628	65,667	24,324	49,895

### 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 outflows and expected retakaful recoveries.

The objective of the Operator's liquidity management process is to ensure, as far as possible, that it will always have sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Operator's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

The table below provides the maturity analysis of the Operator's liabilities as at balance sheet date. 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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	2022			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees in thousand			
<b>Financial Liabilities - OPF</b>				
Other creditors and accruals	31,922	31,922	31,922	-
Takaful/retakaful payable	6,336	6,336	6,336	-
	38,258	38,258	38,258	-
<b>Financial Liabilities - PTF</b>				
Provision for Outstanding Claims (including IBNR)	140,103	140,103	140,103	-
Takaful/retakaful payable	123,605	123,605	123,605	-
Wakala fees payable	57,045	57,045	57,045	-
Other creditors and accruals	10,727	10,727	10,727	-
	331,480	331,480	331,480	-
<b>2021</b>				
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees in thousand			
<b>Financial Liabilities - OPF</b>				
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	-
<b>Financial Liabilities - PTF</b>				
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	-

### 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.

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL REPORT 2022

## Profit rate risk

Profit rate risk is the risk that the fair value 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:

	2022					
	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	Maturity up to one year	Maturity after one year	
<b>Financial assets</b>						
<b>Operator's Fund</b>						
Investments in equity securities						157,303
Investments in Sukuks	10.22% to 17.81%	20,176	20,176	157,303	-	20,176
Loans and other receivables		-	-	6,686	6,686	6,686
Takaful / re-takaful receivables		-	-	-	-	-
Receivable from PTF		-	-	62,633	62,633	62,633
Cash and bank	3.99% to 7.75%	92,076	92,076	-	-	92,076
		92,076	20,176	226,622	-	338,874
<b>Participants' Takaful Fund</b>						
Investments in equity securities						184,629
Investments in Sukuks	10.22% to 17.81%	-	15,117	184,629	-	15,117
Loans and other receivables		-	-	878	878	878
Takaful / re-takaful receivables		-	-	113,137	113,137	113,137
Re-takaful recoveries against outstanding claims		-	-	65,667	65,667	65,667
Salvage recoveries accrued		-	-	3,900	3,900	3,900
Cash and bank	3.7% to 8.42%	111,043	111,043	320	320	111,363
		111,043	15,117	368,531	-	494,691
<b>Financial liabilities</b>						
<b>Operator's Fund</b>						
Takaful / re-takaful payables		-	-	(6,336)	(6,336)	(6,336)
Other creditors and accruals		-	-	(31,922)	(31,922)	(31,922)
		-	-	(38,258)	(38,258)	(38,258)
<b>Participants' Takaful Fund</b>						
Outstanding claims including IBNR		-	-	(140,103)	(140,103)	(140,103)
Payable to OPF		-	-	(62,633)	(62,633)	(62,633)
Takaful / re-takaful payables		-	-	(123,605)	(123,605)	(123,605)
Other creditors and accruals		-	-	(10,727)	(10,727)	(10,727)
		-	-	(337,068)	(337,068)	(337,068)

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

2021

	Interest / mark-up bearing financial instruments		Non-interest / mark-up bearing financial instruments		Total
	Effective rate % per annum		Rupees in thousand		
	Maturity to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
<b>Financial assets</b>					
<b>Operator's Fund</b>					
Investments in equity securities			143,366	-	143,366
Investments in Sukuks	7.28% to 9.37%	36,084	-	-	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	2.51% to 7.75%	66,887	-	-	66,887
		66,887	36,084	198,526	301,497
<b>Participants' Takaful Fund</b>					
Investments in equity securities			167,853	-	167,853
Investments in Sukuks	7.28% to 9.37%	25,723	-	-	25,723
Loans and other receivables		-	3,685	-	3,685
Takaful / re-takaful receivables		-	80,096	-	80,096
Re-takaful recoveries against outstanding claims		-	-	-	-
Salvage recoveries accrued		-	49,895	-	49,895
Cash and bank	2.51% to 7.75%	106,671	-	191	9,576
		106,671	25,723	311,296	443,690
<b>Financial liabilities</b>					
<b>Operator's Fund</b>					
Takaful / re-takaful payables		-	(5,849)	-	(5,849)
Other creditors and accruals		-	(27,869)	-	(27,869)
		-	(33,718)	-	(33,718)
<b>Participants' Takaful Fund</b>					
Outstanding claims including IBNR		-	-	-	-
Payable to OPF		-	(132,662)	-	(132,662)
Takaful / re-takaful payables		-	(44,554)	-	(44,554)
Other creditors and accruals		-	(152,580)	-	(152,580)
		-	(10,014)	-	(10,014)
		-	(339,810)	-	(339,810)

### 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 1.07 million (2021 : 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 1.18 million (2021 : Rs. 1.27 million).

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL REPORT 2022

## 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, 2022 and 2021. 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
<b>Operator's Fund</b>			
December 31, 2022	157,303	+10%	15,730
	157,303	-10%	(15,730)
December 31, 2021	143,366	+10%	14,337
	143,366	-10%	(14,337)
<b>Participants' Takaful Fund</b>			
December 31, 2022	184,629	+10%	18,463
	184,629	-10%	(18,463)
December 31, 2021	167,853	+10%	16,785
	167,853	-10%	(16,785)

## 36.8 Fair value

The fair value of all major financial assets is estimated to be not significantly different from their carrying values.

## 39 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on its meeting held on 15 March 2023.



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 2022

ASKARI GENERAL INSURANCE CO. LTD

No. of Shareholders	From	To	Shares Held	Percentage
304	1	100	11,929	0.0166
662	101	500	244,704	0.3403
189	501	1,000	144,457	0.2009
396	1,001	5,000	1,009,526	1.404
111	5,001	10,000	834,180	1.1602
54	10,001	15,000	656,095	0.9125
15	15,001	20,000	264,901	0.3684
10	20,001	25,000	228,677	0.318
10	25,001	30,000	280,009	0.3894
8	30,001	35,000	269,576	0.3749
3	35,001	40,000	109,023	0.1516
7	40,001	45,000	299,260	0.4162
8	45,001	50,000	389,055	0.5411
5	50,001	55,000	257,019	0.3575
3	55,001	60,000	175,476	0.244
3	60,001	65,000	191,347	0.2661
1	65,001	70,000	69,649	0.0969
2	70,001	75,000	147,000	0.2044
3	75,001	80,000	236,350	0.3287
1	80,001	85,000	81,500	0.1133
3	85,001	90,000	262,382	0.3649
1	90,001	95,000	94,000	0.1307
1	95,001	100,000	100,000	0.1391
2	100,001	105,000	202,970	0.2823
1	110,001	115,000	115,000	0.1599
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	140,001	145,000	141,787	0.1972
1	145,001	150,000	150,000	0.2086
2	150,001	155,000	302,266	0.4204
2	175,001	180,000	352,291	0.49
2	180,001	185,000	365,812	0.5088

# PATTERN OF SHAREHOLDING

## AS AT 31 DECEMBER 2022

ANNUAL REPORT 2022

No. of Shareholders	From	To	Shares Held	Percentage
1	185,001	190,000	188,025	0.2615
1	190,001	195,000	191,844	0.2668
2	195,001	200,000	397,225	0.5525
2	200,001	205,000	406,613	0.5655
1	205,001	210,000	205,938	0.2864
1	210,001	215,000	210,358	0.2926
2	225,001	230,000	457,733	0.6366
1	310,001	315,000	315,000	0.4381
1	370,001	375,000	374,000	0.5202
1	395,001	400,000	399,446	0.5555
1	505,001	510,000	506,810	0.7049
1	530,001	535,000	532,305	0.7403
1	560,001	565,000	563,000	0.783
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	805,001	810,000	808,162	1.124
1	855,001	860,000	858,962	1.1946
1	1,495,001	1,500,000	1,495,508	2.0799
1	1,980,001	1,985,000	1,980,976	2.7551
1	3,110,001	3,115,000	3,113,267	4.3299
1	5,700,001	5,705,000	5,701,303	7.9293
1	42,540,001	42,545,000	42,541,720	59.1663
<b>1842</b>		<b>Company Total</b>	<b>71,901,895</b>	<b>100</b>

# PATTERN OF SHAREHOLDING

## AS AT 31 DECEMBER 2022

ASKARI GENERAL INSURANCE CO. LTD

Particulars	No. of Shareholders	Shares Held	Percentage
Individuals	1,818	22,760,387	31.65%
Financial Institutions	1	4,562	0.01%
Mutual Funds	1	779,533	1.08%
Charitable Trust	4	42,600,734	59.25%
Others	18	5,756,679	8.01%
<b>Total</b>	<b>1,842</b>	<b>71,901,895</b>	<b>100.00%</b>
<b>Held By</b>			
Particulars	No. of Shareholders	Shares Held	Percentage
<b>Associated companies, undertakings &amp; related parties</b>			
Army Welfare Trust	4	42,600,734	59.25%
<b>Directors, CEO, their spouse &amp; minor children</b>			
Lt Gen Naveed Mukhtar (Retd)	1	3,521	0.00%
Rizwan Ullah Khan (Retd)	1	923	0.00%
AVM Mohammad Athar Shams (Retd)	1	3,521	0.00%
Brig Mukhtar Ahmed (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%
<b>Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Modarabas &amp; pension funds (other than specified above)</b>			
Escorts Investment Bank Limited	1	4,562	0.01%
<b>Mutual Funds</b>			
CDC - Trustee AKD Opportunity Fund	1	779,533	1.08%
<b>Shareholders holding five percent or more voting rights in the Company</b>			
Muhammad Iqbal	1	5,701,303	7.93%
<b>Individuals - local</b>			
- foreign	54	2,077,212	2.89%
<b>Others</b>			
	18	5,756,679	8.01%
<b>Total</b>	<b>1,842</b>	<b>71,901,895</b>	<b>100.00%</b>



# NOTICE OF 28<sup>TH</sup> ANNUAL GENERAL MEETING

ANNUAL REPORT 2022

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting (AGM) of the shareholders of Askari General Insurance Limited (the Company) will be held at Blue Lagoon, Rawalpindi on Friday April 28, 2023, at 11:00 a.m. to transact the following business:

## Ordinary Business:

1. To confirm minutes of the 27th Annual General Meeting held on May 30, 2022.
2. To elect eight (8) Directors of the Company as fixed by the Board in their meeting held on 15 March 2023 in accordance with provision of section 159(1) of the Companies Act, 2017 for a period of three (3) years commencing from April 21, 2023. The total strength of Board of Directors shall be 9 including President & Chief Executive Officer of the Company, being a deemed Director under section 188 (3) of the Companies Act, 2017.

Following are the names of the retiring Directors, who are eligible for re-election:

- Lt Gen Naveed Mukhtar (Retd)
- AVM Mohammad Athar Shams (Retd)
- Rizwan Ullah Khan
- Brig Mukhtar Ahmed (Retd)
- Mr. Malik Riffat Mehmood
- Mr. M. Munir Malik
- Mr. Imran Iqbal
- Ms. Saima Akbar Khattak

3. To receive, consider, approve and adopt the annual, Audited Financial Statements (Consolidated and Unconsolidated) of the Company for the year ended December 31, 2022 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>



4. To consider and approve payment of final cash dividend of 29% (Rs. 2.9 per share) for the year ended December 31, 2022, as recommended by the Directors of the Company.
5. To appoint auditors for the year 2023 and to fix their remuneration. The Audit Committee and the Board of Directors have recommended reappointing Yousuf Adil & Co. Chartered Accountants as statutory auditors of the company.

## Special Business:

6. To consider, and if deemed fit, pass the following Ordinary Resolution for the transmission of the Annual Audited Accounts through QR enabled code and weblink:

**Resolved that** "the circulation of Annual Balance Sheet, Profit & Loss Account, Auditors' Report and Directors' Report etc. ("Annual Audited Accounts") of AGICO to its members through QR enabled code and weblink instead of CD/DVD/USB thereof at their registered addresses, as per the Notification No. SRO 389 (I)/2023 dated March 21, 2023 issued by the Securities and Exchange Commission of Pakistan be and is hereby approved."

**Further Resolved that** "the annual audited financial statements be also circulated to members through email, in case email has been provided by the members of the company, without receiving consents from the members."

7. To transact any other business with permission of the Chairman.

By order of the Board

Haseeb Gul

Company Secretary

Rawalpindi

April 07, 2023

# NOTICE OF 28<sup>TH</sup> ANNUAL GENERAL MEETING

ASKARI GENERAL INSURANCE CO. LTD

## 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](mailto:cs@agico.com.pk) before close of business hours on April 20, 2023.

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](mailto:cs@agico.com.pk).

### 2. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from April 21, 2023 to April 28, 2023 (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 April 20, 2023 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.

### 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. E-Voting / Voting by Postal Ballot

If the number of persons who offer themselves to be elected is more than the number of directors fixed under sub-section (1) of section 159 of the Companies Act, 2017, then the company shall provide its members with options of e-voting or voting by postal ballot in accordance with the provisions of the Companies (Postal Ballot) Regulations, 2018.

Shareholders who wish to participate through e-voting, kindly provide immediately through a letter duly signed by them, i.e. Name, Folio/ CDC Account No., E-mail address, contact number to the Share Registrar.

### 5. 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 April 20, 2023.

### 6. 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 April 20, 2023.

# NOTICE OF 28<sup>TH</sup> ANNUAL GENERAL MEETING

ANNUAL REPORT 2022

## 7. 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 April 20, 2023, each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

## 8. 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.

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.

## 9. 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 2022 through email to shareholders whose email addresses are available with the Company's Share Registrar, THK Associates

# NOTICE OF 28<sup>TH</sup> ANNUAL GENERAL MEETING

ASKARI GENERAL INSURANCE CO. LTD

(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 2022 may send an email request to company secretary at [cs@agico.com.pk](mailto:cs@agico.com.pk)

## 10. 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.

## 11. 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](http://www.agico.com.pk)

## 12. ELECTION OF DIRECTORS:

### Statement of material facts under Section 166(3) of the Companies Act, 2017 with respect to Agenda Item No. 2

Section 166 of the Companies Act, 2017 provides that a statement of material facts is annexed to the notice of the general meeting called for the purpose of election of directors which shall indicate the justification for choosing the appointee for appointment as an independent director. The Company is required to have at least three independent directors on its Board in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019. The persons to be elected as independent directors shall meet the criteria set out for independence under Section 166 of the Companies Act, 2017 and are listed on the data bank of independent directors maintained by Pakistan Institute of Corporate Governance duly authorized by Securities & Exchange Commission of Pakistan. Further, their selection shall be made based on their respective competencies, requisite skills, knowledge and experience and will be elected as per section 159 of the Companies Act, 2017.

### Documents/information required to contest Election of Directors

Any person who seeks to contest the election of Directors shall, whether he/she is a retiring director or otherwise, file with the Company the following documents and information at its registered office not later than fourteen days before the day of the above said meeting:

- His/her Folio Number/CDC Investors Account Number/CDC Sub-Account Number;
- Notice of his/her intention to offer himself/herself for the election of directors in terms of Section 159(3) of the Companies Act, 2017;
- Consent to act as Director under:
  - a. Companies Act, 2017; and
  - b. Listed Companies (Code of Corporate Governance) Regulations, 2019;

# NOTICE OF 28<sup>TH</sup> ANNUAL GENERAL MEETING

ANNUAL REPORT 2022

- Profile along with his/her address to be placed on the website of the Company;
- An attested copy of CNIC or Passport (in case of foreigner);
- A declaration that he/she is not ineligible to become a director under:
  - a. Companies Act, 2017;
  - b. Listed Companies (Code of Corporate Governance) Regulations, 2019; and
  - c. Insurance Companies (Sound and Prudent Management) Regulations, 2012(Note).
  - d. Code of Corporate Governance for Insurers-2016
  - e. PSX Regulations
- He/she is aware of the duties and powers of a director under:
  - a. Companies Act, 2017;
  - b. Securities Act, 2015;
  - c. Listed Companies (Code of Corporate Governance) Regulations, 2019;
  - d. Listing of Companies and Securities Regulations of Pakistan Stock Exchange;
  - e. Memorandum and Articles of Association of the Company; and
  - f. Any other applicable laws/rules/regulations/codes etc.
- Any other document/information he/she may think necessary.

**Note:** Annexures A, B & C can be downloaded from the Company's website under the tab "Election of Directors"

Approval from SECP is needed to become director of the Company.

### 13. Availability of Audited Financial Statement on Company's Website:

The audited financial statements of the Company for the year ended December 31, 2022 have been made available on the Company's website [www.agico.com.pk](http://www.agico.com.pk)

### 14. Statement Under Section 134(3) of the Companies Act, 2017 with respect to Agenda Item No. 6

The Securities and Exchange Commission of Pakistan ("SECP") through its Notification No. S.R.O 389(I)/2023 dated March 21, 2023, has allowed companies to circulate the annual balance sheet and profit and loss account, auditor's report and directors report, etc. ("annual audited financial statements") to its members through QR enabled code and weblink. A shareholder may request the Company Secretary or Share Registrar of the Company to provide hard copy of Annual Audited Accounts and the same will be provided at shareholder's registered addresses, free of cost within one week of the demand. In this regard, email address of the Company Secretary / Share Registrar will be placed on website of the Company. A shareholder may also prefer to receive hard copies for all future Annual Audited Accounts. In view of the above, it is proposed that the Ordinary Resolution at Agenda 6 of the Notice of AGM be passed.

None of the Directors of the Company have any personal interest in the afore said Special Business except in their capacity as Shareholders or Directors of the Company.

## 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.

# NOTICE OF 28<sup>TH</sup> ANNUAL GENERAL MEETING

ASKARI GENERAL INSURANCE CO. LTD

## 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  
051-9028206, 051-9028101  
cs@agico.com.pk

### Shares Registrar

THK Associates (Private) Limited  
32-C, Jami Commercial Street-2,  
DHA Phase 7, Karachi

### 13. کپنی کی ویب سائٹ پر آڈٹ شدہ مالیاتی گوشوارے کی دستیابی:

31 دسمبر 2022 کو ختم ہونے والے سال کے لیے کپنی کے آڈٹ شدہ مالیاتی گوشواروں کو کپنی کی ویب سائٹ [www.agico.com.pk](http://www.agico.com.pk) پر دستیاب کروایا گیا ہے۔

### 14. ایجنڈا نمبر 6 کے حوالے سے کینیڈا ایکٹ 2017 کے سیکشن 134(3) کے تحت بیان

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے نوٹیفیکیشن نمبر S.R.O 389(I)/2023 مورخہ 21 مارچ 2023 کے ذریعے کینیڈوں کو سالانہ بیلنس شیٹ اور منافع و نقصان کے اکاؤنٹ، آڈیٹر کی رپورٹ اور ڈائریکٹرز کی رپورٹ ("سالانہ آڈٹ شدہ مالیاتی بیانات") وغیرہ کو اپنے اراکین کو QR نعال کوڈ اور ویب لنک کے ذریعے تقسیم کرنے کی اجازت دی ہے۔ ایک شیئر ہولڈر کپنی کے سیکرٹری یا شیئر رجسٹرار سے سالانہ آڈٹ شدہ اکاؤنٹس کی بارڈ کا پی فراہم کرنے کی درخواست کر سکتا ہے اور اسے شیئر ہولڈر کے رجسٹرڈ پتے پر ڈیماڈ کے ایک ہفتے کے اندر مفت فراہم کیا جائے گا۔ اس سلسلے میں کپنی کی ویب سائٹ پر کپنی سیکرٹری/شیئر رجسٹرار کی میل ایڈریس ڈال دیا جائے گا۔ شیئر ہولڈر مستقبل کے تمام سالانہ آڈٹ شدہ کھاتوں کی بارڈ کا پیال حاصل کرنے کو ترجیح دے سکتا ہے۔ مندرجہ بالا کے پیش نظر، یہ تجویز ہے کہ AGM کے نوٹس کے ایجنڈا 6 میں عام قرارداد منظور کی جائے۔

کپنی کے کسی بھی ڈائریکٹر/کامڈ کورہ بالا خصوصی کاروبار میں کوئی ذاتی دلچسپی نہیں ہے سوائے اس کے کہ وہ کپنی کے شیئر ہولڈرز یا ڈائریکٹرز کی حیثیت سے ہوں۔

### خصوصی نکات

#### A. اجلاس میں شرکت کے لیے:

- افراد کے معاملے میں، اکاؤنٹ ہولڈرز یا ذیلی اکاؤنٹ ہولڈرز جن کی رجسٹریشن کی تفصیلات ضوابط کے مطابق اپ لوڈ کی گئی ہیں، میٹنگ میں شرکت کے وقت اپنے اصل کپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ کی تصدیق کرے گا۔
- 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۔
- 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 پیکلے فراہم نہ کیا گیا ہو)۔

#### B. پراسیز کی تقرری کے لیے:

- 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 کپنی کا رکن نہیں ہے سوائے اس کے کہ حکومت پاکستان/کارپوریٹ ادارہ کسی ایسے شخص کو مقرر کر سکتا ہے جو کپنی کا رکن نہیں ہے۔ اگر ممبر کارپوریٹ ادارہ ہے (حکومت پاکستان کے علاوہ) اس کی عام مہر انشرومنٹ پر چسپاں ہونی چاہیے۔
- 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 انشرومنٹس کپنی کے پاس جمع کرائے جاتے ہیں تو ایسے تمام پراکسی انشرومنٹس 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 انشرومنٹ، کپنی سیکرٹری، عسکری جرنل انشورنس کپنی لمیٹڈ، تیسری منزل، اے ڈیلیٹی پلازہ، دی مال، راولپنڈی میٹنگ کے وقت سے 48 گھنٹے پہلے جمع کرایا جائے۔
- میٹنگ میں شرکت اور پراسیز کی تقرری کے لیے، سی ڈی سی اکاؤنٹ ہولڈرز کو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی طرف سے جاری کردہ 26 جنوری 2000 کے سرکلر نمبر 1 میں بیان کردہ رجسٹرڈ خطوط پر مزید عمل کرنا ہوگا۔ میٹنگ کے دوران ممبران اور ان کے پراسیز کے استعمال ہونے والے حقوق اور دیگر تمام متعلقہ معلومات کینیڈا ایکٹ 2017 کے S.137 میں درج ہیں، جنہیں سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی ویب سائٹ پر آسانی سے حاصل کیا جاسکتا ہے۔
- افراد کے معاملے میں، اکاؤنٹ ہولڈرز یا ذیلی اکاؤنٹ ہولڈر اور یا وہ افراد جن کی رجسٹریشن کی تفصیلات ضوابط کے مطابق اپ لوڈ کی گئی ہیں، کپنی کی طرف سے مطلع کردہ ضرورت کے مطابق پراکسی فارم جمع کرانیں گے۔
- پراکسی فارم پر دو افراد گواہی دیں گے جن کے نام، پتے اور شناختی کارڈ نمبر فارم پر درج ہوں گے۔
- شناختی کارڈ کی تصدیق شدہ کاپیاں یا فائدہ اٹھانے والے مالکان کے پاسپورٹ اور پراکسی کو پراکسی فارم کے ساتھ پیش کیا جائے گا۔
- پراکسی میٹنگ کے وقت اپنا اصل شناختی کارڈ یا اصل پاسپورٹ پیش کرے گا۔
- کارپوریٹ ادارے کے ممبر ہونے کی صورت میں، بورڈ آف ڈائریکٹرز کی ریزولوشن/پاور آف اٹارنی جس میں نامزد شخص/اتارنی کے نمونے کے دستخط ہوں گے (جب تک کہ اسے پیکلے فراہم نہ کیا گیا ہو) کپنی کو پراکسی فارم کے ساتھ جمع کرنا ہوگا۔

### رابطے کی معلومات:

کسی بھی سوال/مسئلہ/معلومات کے لیے، شیئر ہولڈرز کپنی سیکرٹری اور/یا شیئر رجسٹرار سے درج ذیل پر رابطہ کر سکتے ہیں:

### کپنی کا نامی نمبر

کپنی سیکرٹری

9028101-051, 9028206-051

cs@agico.com.pk

### شیئر رجسٹرار

THK ایس (پرائیویٹ) لمیٹڈ

C-32، جانی کرشل اسٹریٹ-2،

ڈی ایچ اے فیز 7، کراچی

شیر 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 شیر رجسٹرار، ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 32-سی، جامی کمرشل اسٹریٹ-2، ڈی ایچ اے 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](http://www.agico.com.pk) پر دستیاب ہے۔

## 12. ڈائریکٹرز کا انتخاب

### ایجنڈا نمبر 2 کے حوالے سے کمپنیز ایکٹ 2017 کے سیکشن 166(3) کے تحت مادی حقائق کا بیان

کمپنیز ایکٹ، 2017 کا سیکشن 166 یہ فراہم کرتا ہے کہ مادی حقائق کا بیان ڈائریکٹرز کے انتخاب کے مقصد کے لیے بلائی گئی جنرل میٹنگ کے نوٹس سے منسلک ہے جو ایک آزاد ڈائریکٹر کے طور پر تقرری کے لیے تقرری کے انتخاب کے جواز کی نشاندہی کرے گا۔ کمپنی کو لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے مطابق اپنے بورڈ میں کم از کم تین آزاد ڈائریکٹرز کا ہونا ضروری ہے۔ آزاد ڈائریکٹرز کے طور پر منتخب ہونے والے افراد سیکشن 166 کے تحت آزادی کے لیے مقرر کردہ معیار پر پورا اتریں گے۔ کمپنیز ایکٹ، 2017 اور پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس کے زیر انتظام آزاد ڈائریکٹرز کے ڈیٹا بینک میں درج ہیں جو کہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ذریعے مجاز ہیں۔ مزید، ان کا انتخاب ان کی متعلقہ قابلیت، مطلوبہ مہارت، علم اور تجربے کی بنیاد پر کیا جائے گا اور ان کا انتخاب کمپنیز ایکٹ، 2017 کے سیکشن 159 کے مطابق کیا جائے گا۔

### ڈائریکٹرز کا انتخاب لڑنے کے لیے درکار دستاویزات/معلومات

کوئی بھی شخص جو ڈائریکٹرز کا انتخاب لڑنا چاہتا ہے، چاہے وہ ریٹائر ہونے والا ڈائریکٹر ہو یا دوسری صورت میں، مندرجہ بالا میٹنگ کے دن سے چودہ دن پہلے کمپنی کو درج ذیل دستاویزات اور معلومات اس کے رجسٹر آفس میں جمع کرائے:

- فوئیو نمبر/CDC سرمایہ کار اکاؤنٹ نمبر/CDC ذیلی اکاؤنٹ نمبر،
- کمپنیز ایکٹ، 2017 کے سیکشن 159(3) کے مطابق ڈائریکٹرز کے انتخاب کے لیے اپنے آپ کو پیش کرنے کے ارادے کا نوٹس
- کارروائی کے تحت ڈائریکٹر کے طور پر کام کرنے کی رضامندی۔

a. کمپنیز ایکٹ، 2017؛ اور

b. لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019

○ پروفائل کے ساتھ اس کے ایڈریس کو کمپنی کی ویب سائٹ پر رکھا جائے گا۔

○ CNIC یا پاسپورٹ کی تصدیق شدہ کاپی (غیر ملکی کی صورت میں)۔

○ ایک اعلان کہ وہ ڈائریکٹر بننے کے لیے نااہل نہیں ہے:

a. کمپنیز ایکٹ، 2017؛

b. لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019؛ اور

c. انٹورنس کمپنیاں (سماؤنڈ اینڈ پرووڈنٹ مینجمنٹ) ریگولیشنز، 2012 (نوٹ)۔

d. بیہ کنڈگان کے لیے کارپوریٹ گورننس کا کوڈ 2016

e. PSX کے ضوابط

○ وہ اپنے تحت ڈائریکٹر کے فرائض اور اختیارات سے واقف ہے۔

a. کمپنیز ایکٹ، 2017؛

b. سیکیورٹیز ایکٹ، 2015؛

c. لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019؛

d. پاکستان اسٹاک ایکسچینج کی کمپنیوں اور سیکیورٹیز ریگولیشنز کی فہرست؛

e. کمپنی کی ایسوسی ایشن کے میمورنڈم اور آرٹیکلز؛ اور

f. کوئی اور قابل اطلاق قوانین/قواعد/ضابطے/کوڈز وغیرہ۔

○ کوئی اور دستاویز/معلومات جو وہ ضروری سمجھ سکتا ہے۔

نوٹ: ضمیمہ A اور B کو کمپنی کی ویب سائٹ سے "ڈائریکٹرز کے انتخاب" کے ٹیب کے تحت ڈاؤن لوڈ کیا جاسکتا ہے۔

کمپنی کا ڈائریکٹر بننے کے لیے SECP سے منظوری درکار ہے۔



**الیکٹرانک ڈیوڈ میٹریٹ**

کپنیز ایکٹ 2017 کے سیکشن 242 کے تحت، تمام لسٹڈ کمپنیوں کے لیے یہ لازمی ہے کہ وہ اپنے شیئرز ہولڈرز کو صرف الیکٹرانک موڈ کے ذریعے براہ راست متعلقہ شیئرز ہولڈرز کے نامزد کردہ بینک اکاؤنٹ میں نقد ڈیوڈ ادا کریں۔ براہ راست اپنے متعلقہ بینک اکاؤنٹ میں ڈیوڈ حاصل کرنے کے لیے، حقدار شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ (اگر پہلے سے فراہم نہیں کیا گیا ہو) نیچے دیے گئے کیش ڈیوڈ 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 شیئرز رجسٹرار THK Associates (Pvt.) Ltd., 32-C، جہاں کمرشل اسٹریٹ-2، DHA، فیز 7، کراچی، پاکستان کو بھیجیں۔

سی ڈی سی میں حصص رکھنے کی صورت میں، الیکٹرانک ڈیوڈ مینڈیٹ فارم لازماً براہ راست شیئرز ہولڈرز 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 شیئرز ہولڈرز کو ڈیوڈ کی ادائیگی روکنے کی پابند ہوگی۔

	کمپنی کا نام
	فولیو نمبر
	شیئرز ہولڈر کا نام
	شناختی کارڈ
	رابطہ نمبر
	ای میل پتہ
PK	انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN - 24 digit) لازمی
	بینک کا نام
	برانچ کا نام/پتہ
	نیا خط و کتابت کا پتہ

براہ کرم یہ بھی نوٹ کریں کہ کپنیز 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۔

**سالانہ رپورٹوں اور اجلاسوں کے نوٹسز کی سرکولیشن:**

کپنیز ایکٹ 2017 کے سیکشن 223(6) کی تعمیل میں، کمپنی نے الیکٹرانک طور پر سالانہ رپورٹ 2022 کو ای میل کے ذریعے ان شیئرز ہولڈرز تک پہنچایا ہے جن کے ای میل پتے کمپنی کے شیئرز رجسٹرار، THK ایسی سی ایٹس (پرائیویٹ) لمیٹڈ کے پاس دستیاب ہیں۔ ان معاملات میں، جہاں کمپنی شیئرز رجسٹرار، THK ایسی سی 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 شیئرز ہولڈرز کو ان کے مطالبے پر سالانہ رپورٹ کی بارڈر کاپیاں ان کے رجسٹرڈ پتے پر مفت فراہم کرے گی، ایسی درخواست کے ایک ہفتے کے اندر۔ جو ممبران سالانہ رپورٹ 2022 کی پرنٹ شدہ کاپی حاصل کرنا چاہتے ہیں وہ کمپنی سیکرٹری کو [cs@agico.com.pk](mailto:cs@agico.com.pk) پر ای میل درخواست بھیج سکتے ہیں۔

**فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنا:**

فزیکل شیئرز رکھنے والے شیئرز ہولڈرز کسی بھی بروکر کے ساتھ سی ڈی سی ذیلی 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، کپنیز ایکٹ، 2017 (ایکٹ) کا سیکشن 72 تقرر کرتا ہے کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے مطلع شدہ تاریخ سے ایکٹ کے نفاذ کے بعد، ایکٹ کمپنی جس کے پاس حصص کیپٹل ہے، صرف الیکٹرانک شکل میں حصص رکھے گی۔ ہر موجودہ کمپنی پر لازم ہوگا کہ وہ اپنے فزیکل شیئرز کو بک انٹری فارم کے ساتھ اس طریقے سے تبدیل کرے جیسا کہ بیان کیا گیا ہو اور ایسی ای سی پی کی طرف سے مطلع کردہ تاریخ سے، ایکٹ کے نفاذ سے چار سال سے زیادہ نہ ہو۔

**غیر دعویٰ شدہ ڈیوڈ**

ایکٹ کے سیکشن 244 کے پروویژن کے مطابق، کمپنی کی طرف سے جاری کردہ کسی بھی حصص، یا ڈیوڈ کا اعلان کیا گیا ہے جو اس تاریخ سے تین سال کی مدت کے لیے بغیر دعویٰ کیے/غیر ادا شدہ رہ گیا ہے جس دن یہ واجب الادا اور قابل ادائیگی ہے، کو شیئرز ہولڈرز کو اپنا دعویٰ دائر کرنے کے نوٹس جاری کرنے کے بعد وفاقی حکومت کے کریڈٹ کے لیے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے پاس جمع کرنا ضروری ہے۔

# 28 ویں سالانہ جنرل میٹنگ کی اطلاع

ASKARI GENERAL INSURANCE CO. LTD

اہم نوٹ:

1. **شیر ہولڈرز کی شرکت**  
کمیٹی کی طرف سے AGM میں شیر ہولڈرز کی آن لائن ویڈیو کانفرنس، ذاتی طور پر شرکت یا مقررہ پراسیجر کے ذریعے شرکت کے لیے انتظامات کیے گئے ہیں۔ اس سہولت سے فائدہ اٹھانے کے لیے، شیر ہولڈرز سے درخواست کی جاتی ہے کہ براہ کرم 20 اپریل 2023 کو کاروباری اوقات ختم ہونے سے پہلے ہمارے کمیٹی سیکریٹری آفس cs@agico.com.pk پر درج ذیل تفصیلات فراہم کریں۔

فولیو ای ڈی سی اکاؤنٹ نمبر	نام	شناختی کارڈ نمبر	موبائل نمبر	ای میل پتہ
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شیر ہولڈرز AGM کے مجوزہ ایجنڈا آئٹمز کے لیے اپنے تھمرے/مشورے ای میل: cs@agico.com.pk پر بھی فراہم کر سکتے ہیں۔

2. **حصص منتقلی کی بندش**  
کمپنی کی حصص کی منتقلی کی بجس 21 اپریل 2023 سے 28 اپریل 2023 تک (دونوں دن سمیت) بند رہیں گی۔ 20 اپریل 2023 کو کاروبار کے اختتام پر موصول ہونے والی منتقلیوں پر ہمارے شیر رجسٹرار، میسرز ٹی اے کے ایس ایس (پرائیویٹ) لمیٹڈ، 32-سی جی کمرشل اسٹریٹ-2، ڈی اے اے فیز 7، کراچی میں ممبران کے حتمی نقد ڈیویڈنڈ کے حقدار ہونے اور AGM میں شرکت اور ووٹنگ کے مقاصد کے لیے بروقت عمل کیا جائے گا۔

3. **بچے کی تبدیلی**  
کمپنی کے ممبران سے درخواست کی جاتی ہے کہ ایڈریس میں تبدیلی اگر کوئی ہو تو فوری طور پر مطلع کریں، اور شیر رجسٹرار کو، فولیو نمبر کو یکجا کرنے کا مطالبہ کریں، بشرطیکہ ممبر کے پاس ایک سے زیادہ فولیو ہوں۔

4. **ای دوٹنگ اپوسٹل بیلٹ کے ذریعے ووٹنگ**  
اگر اپنے آپ کو منتخب ہونے کی پیشکش کرنے والے افراد کی تعداد کمپنیز ایکٹ 2017 کے سیکشن 159 کی ذیلی دفعہ (1) کے تحت مقرر کردہ ڈائریکٹرز کی تعداد سے زیادہ ہے، تو کمپنی اپنے اراکین کو ای دوٹنگ یا کمپنیز (اپوسٹل بیلٹ) ریگولیشنز، 2018 کی دفعات کے مطابق پوسٹل بیلٹ کے ذریعے ووٹنگ کے اختیارات فراہم کرے گی۔  
وہ شیر ہولڈرز جو ای دوٹنگ کے ذریعے حصہ لینا چاہتے ہیں، برائے مہربانی فوری طور پر اپنے دستخط شدہ خط، یعنی نام، فولیو ای ڈی سی اکاؤنٹ نمبر، ای میل پتہ، رابطہ نمبر شیر رجسٹرار کو فراہم کریں۔

5. **ڈیویڈنڈ کی رقم پر ووٹنگ ٹیکس کی سٹوٹی**  
انکم ٹیکس آرڈیننس، 2001 کے سیکشن 150 کے تحت ڈیویڈنڈ کی آمدنی پر ووٹنگ ٹیکس کی سٹوٹی اس طرح کی جائے گی:  
انکم ٹیکس گو شواریوں کے فائلرز کے لیے 15%  
انکم ٹیکس گو شواریوں کے نان فائلرز کے لیے 30%  
کمپنی کو 30 فیصد کی بجائے 15 فیصد کیش ڈیویڈنڈ کی رقم پر ٹیکس سٹوٹی کرنے کے قابل بنانے کے لیے، تمام شیر ہولڈرز بشمول مشترکہ شیر ہولڈرز، جن کے نام FBR کی ویب سائٹ پر موجود ایکٹو ٹیکس بیسز 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 20 اپریل 2023 کو کاروبار کے اختتام تک اسے ٹی ایل میں داخل ہوں۔

6. **ٹیکس سے استثنیٰ اور زکوٰۃ کی سٹوٹی:**  
شیر 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 20 اپریل 2023 سے پہلے اپنے متعلقہ برادر/کمپنی کے حصص کے رجسٹرار کو ٹیکس سے استثنیٰ کے درست سرٹیفیکیٹ اور زکوٰۃ ڈیکلریشن فراہم کر دیں۔

7. **مشترکہ شیر 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 شیر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے پاس رکھے ہوئے حصص کے سلسلے میں پرنسپل شیر ہولڈر اور جوائنٹ ہولڈرز کے شیر ہولڈنگ کا تناسب فراہم کریں۔ ہمارے شیر رجسٹرار کو، نوٹس کے آخر میں بتائے گئے پتے پر، 20 اپریل 2023 کو کاروبار بند ہونے سے پہلے تحریری طور پر پیچھے دیے گئے فارمیٹ کے مطابق۔

پر پرنسپل شیر ہولڈر/جوائنٹ ہولڈرز کا نام	شیر ہولڈنگ کا تناسب (%)	شناختی کارڈ نمبر (کاپی منسلک کریں)	فولیو ای ڈی ایس اکاؤنٹ نمبر	کل شیرز	دستخط
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نوٹ: 20 اپریل 2023 تک معلومات نہ ملنے کی صورت میں، ہر شیر ہولڈر کے پاس حصص کا مساوی تناسب فرض کیا جائے گا اور اس کے مطابق ٹیکس کی سٹوٹی کی جائے گی۔

# 28 ویں سالانہ جنرل میٹنگ کی اطلاع

ANNUAL REPORT 2022

اطلاع دی جاتی ہے کہ عسکری جنرل انشورنس لمیٹڈ (کمپنی) کے شیئر ہولڈرز کی 28 ویں سالانہ جنرل میٹنگ (AGM) مندرجہ ذیل کاروبار کے لین دین کے لیے جمعہ 28 اپریل 2023 کو صبح 11:00 بجے Blue Lagoon، راولپنڈی میں منعقد ہوگی۔

## عام امور:

1. 30 مئی 2022 کو منعقدہ 27 ویں سالانہ جنرل میٹنگ کے منٹس کی تصدیق کرنے کے لیے۔
2. کمپنی کے آٹھ (8) ڈائریکٹرز کا انتخاب کرنا جیسا کہ بورڈ نے 15 مارچ 2023 کو ہونے والی میٹنگ میں کمپنیز ایکٹ، 2017 کے سیکشن 159(1) کے پروویژن کے مطابق تین (3) سال کی مدت کے لیے طے کیا تھا۔ 21 اپریل 2023 سے شروع ہو رہا ہے۔ بورڈ آف ڈائریکٹرز کی کل تعداد کمپنی کے صدر اور چیف ایگزیکٹو آفیسر سمیت 9 ہوگی، کمپنیز ایکٹ 2017 کے سیکشن 188 (3) کے تحت ڈیپلٹ ڈائریکٹرز ہونے کے ناطے ریٹائر ہونے والے ڈائریکٹرز کے نام درج ذیل ہیں، جو دوبارہ انتخاب کے اہل ہیں:
  - لیفٹیننٹ جنرل نوید مختار (ر)
  - اے وی ایم محمد اطہر شمس (ر)
  - رضوان اللہ خان
  - بریگیڈیئر مختار احمد (ر)
  - ملک رفعت محمود
  - جناب ایم منیر ملک
  - جناب عمران اقبال
  - محترمہ صائمہ اکبر خٹک
3. 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے کمپنی کے سالانہ، آڈٹ شدہ مالیاتی گوشواروں (جامع اور غیر مربوط) کو حاصل کرنے، غور کرنے، منظور کرنے اور اپنانے کے لیے چیئرمین جازہ، ڈائریکٹرز اور آڈیٹرز کی رپورٹس کے ساتھ۔
- جیسا کہ کمپنیز ایکٹ 2017 کے سیکشن 223(7) کے تحت مطلوب ہے، مالیاتی گوشوارے کمپنی کو کمپنی <https://www.agico.com.pk/reports.php> کی ویب سائٹ پر اپ لوڈ کر دیا گیا ہے جسے درج ذیل لنک سے ڈاؤن لوڈ کیا جاسکتا ہے۔
4. 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے 29 فیصد (2.9 روپے فی شیئر) کے حتمی نقد ڈیویڈنڈ کی اوائلی پر غور اور منظوری کے لیے، جیسا کہ کمپنی کے ڈائریکٹرز نے تجویز کیا ہے۔
5. سال 2023 کے لیے آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین کرنا۔ آڈٹ کمپنی اور بورڈ آف ڈائریکٹرز نے یوسف عادل اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو کمپنی کے قانونی آڈیٹرز کے طور پر دوبارہ تعینات کرنے کی سفارش کی ہے۔

## خاص امور

6. غور کرنے کے لیے، اور اگر مناسب سمجھا جائے تو، QR فعال کوڈ اور ویب لنک کے ذریعے سالانہ آڈٹ شدہ اکاؤنٹس کی ترسیل کے لیے درج ذیل عام قرارداد پاس کریں:

سیکیورٹیز اینڈ ایکسچینج کمیشن پاکستان کے نوٹیفیکیشن نمبر SRO 389 (I)/2023 کے مطابق AGICO کے سالانہ بیلنس شیٹ، منافع اور نقصان کے اکاؤنٹ، آڈیٹرز کی رپورٹ اور ڈائریکٹرز کی رپورٹ وغیرہ کی گردش ("سالانہ آڈٹ شدہ اکاؤنٹس") اس کے اراکین کو CD/DVD/USB کے بجائے QR فعال کوڈ اور ویب لنک کے ذریعے رسائی دی جائے۔

مزید یہ فیصلہ کیا گیا کہ "اراکین سے رضامندی حاصل کیے بغیر سالانہ آڈٹ شدہ مالیاتی گوشوارے بھی ای میل کے ذریعے ممبران کو بھیجے جائیں، اگر کمپنی کے ممبران کی طرف سے ای میل فراہم کی گئی ہو

7. چیئرمین کی اجازت سے کوئی دوسرے امور انجام دینا۔

بورڈ کے حکم سے



حبیب گل  
کمپنی سیکرٹری

راولپنڈی

17 اپریل 2023

# PROXY FORM

ASKARI GENERAL INSURANCE CO. LTD

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  
28<sup>th</sup> Annual General Meeting of the company to be held on Friday 28<sup>th</sup> April, 2023 at 11:00 a.m. and at  
any adjournment thereof.

Folio No.	CDC Account No.		Signature
	Participant ID	Account No.	
			Rs. 50 Revenue Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

Witness:

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 اہم \_\_\_\_\_ آف \_\_\_\_\_  
 عسکری جرنل انٹورنس کمپنی لمیٹڈ کے ممبر (ممبران) ہوتے ہوئے، عام شیئرز رکھتے ہیں، اور مسٹر/مسز/امس  
 کو نامزد یا اسے \_\_\_\_\_ آف \_\_\_\_\_  
 غیر نامزد کرتے ہیں \_\_\_\_\_ آف \_\_\_\_\_  
 جو کمپنی کا ممبر بھی ہے، میرے/ہمارے لیے ووٹ دینے کے لیے میرے/ہمارے پراکسی کے طور پر، اور میری/ہماری طرف سے کمپنی کی 28 ویں سالانہ میٹنگ میں جو جمعہ 28 اپریل 2023 کو صبح 11:00 بجے منعقد ہوگی۔ اور اس کے کسی بھی ملتوی ہونے پر۔

دستخط	سی ڈی سی اکاؤنٹ نمبر		فولیو نمبر
روپے 50 ریونیو سٹیٹمنٹ	اکاؤنٹ کا نمبر	شرکت کنندہ کی شناخت	

2023 کے اس \_\_\_\_\_ دن پر دستخط کئے۔

گواہ:

دستخط

نام

پتہ

شناختی کارڈ نمبر/پاسپورٹ نمبر

اہم نوٹ:

دستخط کمپنی کے ساتھ رجسٹرڈ نمونے کے دستخط سے متفق ہونا چاہیے۔

پراکسی فارم میٹنگ کے انعقاد کے وقت سے 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس میں جمع کرنا ضروری ہے۔

کوئی بھی شخص پراکسی کے طور پر کام نہیں کرے گا جب تک کہ وہ کمپنی کارکن نہ ہو۔

کے شیئرز ہولڈرز اور ان کے پراکسیز سے ہر ایک سے درخواست کی جاتی ہے کہ وہ کمپنی کو جمع کرانے سے پہلے اس پراکسی فارم کے ساتھ اپنے کمپیوٹر/ٹرانزڈومی شناختی کارڈ یا پاسپورٹ کی ایک تصدیق شدہ فوٹوکاپی منسلک کریں۔





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