Alfalah Insurance

ANNUAL REPORT **2021**

CONTENTS

ABOUT US

Alfalah Insurance Co. Ltd. is one of the latest ventures of The Abu Dhabi Group in Pakistan that began its operations in 2007. It has its offices in:

LAHORE KARACHI ISLAMABAD PESHAWAR FAISALABAD SIALKOT GUJRANWALA MULTAN HYDERABAD

The paid-up capital to begin operations of the Company was Rs. 230 million, almost three times the minimum paid-up capital requirement of Rs. 80 million. Through its consistent performance and issuance of bonus shares, Alfalah Insurance has increased its paid-up capital to Rs. 500 million.

Our state-of-the-art IT platform and facilities ensure the deliverance of world-class services to the public. We have also secured the support of some of the most renowned reinsurers and provide customized insurance coverages for the most complex industrial, commercial or financial risks.

THE ABU DHABI GROUP

Abu Dhabi Group is one of the largest foreign investors in Pakistan. Bank Alfalah Limited was the first investment of The Abu Dhabi Group in Pakistan in 1997 and after the spectacular success of Bank Alfalah Limited, the Group has invested in different sectors of the Pakistani economy. Following are the Group's other ventures, presently operating successfully in the country:

Bank Alfalah Limited

Wateen Telecom

TAAVUN Limited

Alfalah GHP Investment Management Limited

Alfalah Securities (Pvt) Ltd.

COMPANY INFORMATION

Chairman
H.H. Sheikh Nahayan Mabarak Al Nahayan

Board of Directors

H.H. Sheikh Nahayan Mabarak Al Nahayan	Director
H.E Sheikh Saif Bin Mohammed Bin Butti	Director
Mr. Khalid Mana Saeed Al Otaiba	Director
Mr. Atif Bajwa	Director
Mr. Tanveer Hussain	Director
Ms. Anjum Hai	Director
Mr. Abdul Haye Mughal	Director

Chief Executive & Managing Director
Mr. Abdul Haye Mughal

Chief Financial Officer & Company Secretary
Mr. Adnan Waheed

BOARD COMMITTEES

Board Advisory/Strategy Committee

Mr. Atif Bajwa	Chairman
Mr. Tanveer Hussain	Member
Ms. Anjum Hai	Member
Mr. Abdul Haye	Member

Audit Committee

Mr. Atif Bajwa	Chairman
Mr. Tanveer Hussain	Member
Ms. Anjum Hai	Member
Mr. Faisal Shahzad	Secretary

Ethics, Human Resource and Remuneration Committee

Mr. Atif Bajwa	Chairman
Mr. Tanveer Hussain	Member
Ms. Anjum Hai	Member
Mr. Abdul Haye	Member
Mr. Adnan Waheed	Secretary

Investment Committee

Mr. Atif Bajwa	Chairman
Mr. Tanveer Hussain	Member
Ms. Anjum Hai	Member
Mr. Abdul Haye	Member
Mr. Adnan Waheed	Member & Secretary

MANAGEMENT COMMITTEES

Underwriting Committee

Mr. Abdul Haye	Chairman
Mr. Raza Javaid	Member
Mr. Faisal Arshad	Member
Mr. Farhan Anwar	Member & Secretary

Claims Settlement Committee

Mr. Abdul Haye	Member
Mr. Adnan Waheed	Member
Ch. Manzoor Hussain	Member
Mr. Muhammad Sarfraz	Member & Secretary

Reinsurance, Re-takaful and Coinsurance Committee

Mr. Abdul Haye	Chairman
Mr. Faisal Arshad	Member
Mr. Shahzad Aamir	Member
Mr. Shams ul Zuha	Member & Secretary

Risk Management & Compliance Committee

Mr. Abdul Haye	Chairman
Mr. Adnan Waheed	Member
Mr. Faisal Shahzad	Member
Mr. Naveed Akbar	Member & Secretary

Conventional Banks

Bank Alfalah Limited
Khushsali Bank Ltd
The Bank of Punjab
Zarai Taraqiati Bank Ltd
Mobilink Micronance Bank
Silk Bank Limited
NRSP Micro Finance Bank
Habib Bank Limited
Summit Bank Limited
Finca Micro Finance Bank
Soneri Bank Limited
The Punjab Provincial Cooperative Bank Ltd
Faysal Bank Limited
Allied Bank Limited

Takaful Banks

Bank Alfalah Limited
Askari Bank Limited
Meezan Bank Limited
Dubai Islamic Bank
Standard Chartered Bank

Auditors

M/s EY Ford Rhodes Chartered Accountants.

Legal Advisors

Salahuddin, Saif & Aslam (Attorneys at Law)

Head Office

5 – Saint Mary Park,
Gulberg III, Lahore.
UAN: 111-786-234
Fax: 92-42-35774329
Email:afi@alfalahinsurance.com
Web:www.alfalahinsurance.com

VISION & MISSION

VISION

To be a leading insurer by providing the most comprehensive yet flexible cost effective risk management solutions to our clients backed with friendly and efficient claims service and enhance the Alfalah brand value for the benefit of all stakeholders.

MISSION

We undertake to provide world class service with unmatched security to our clients and help in increasing awareness about insurance in the country, as well as enhancing public confidence in the insurance industry in Pakistan. We will introduce new modern insurance products comparable with international standards and will emerge as an innovative insurer providing complete risk management solutions to the insuring public in Pakistan.

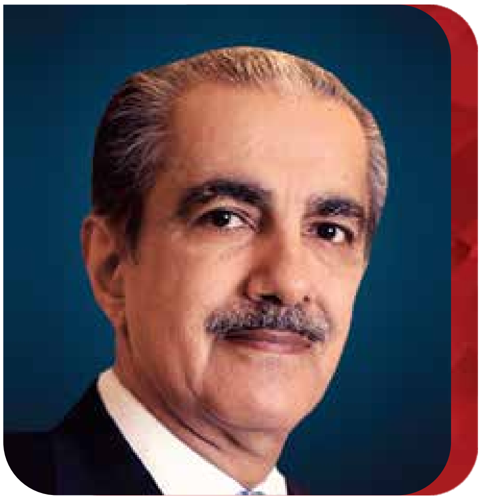
BOARD OF DIRECTORS

H.H. Sheikh Nahayan Mabarak Al Nahayan
Chairman

His Excellently Sheikh
Saif Bin Mohammed Bin Butti
Director

Mr. Khalid Mana Saeed Al Otaiba
Director

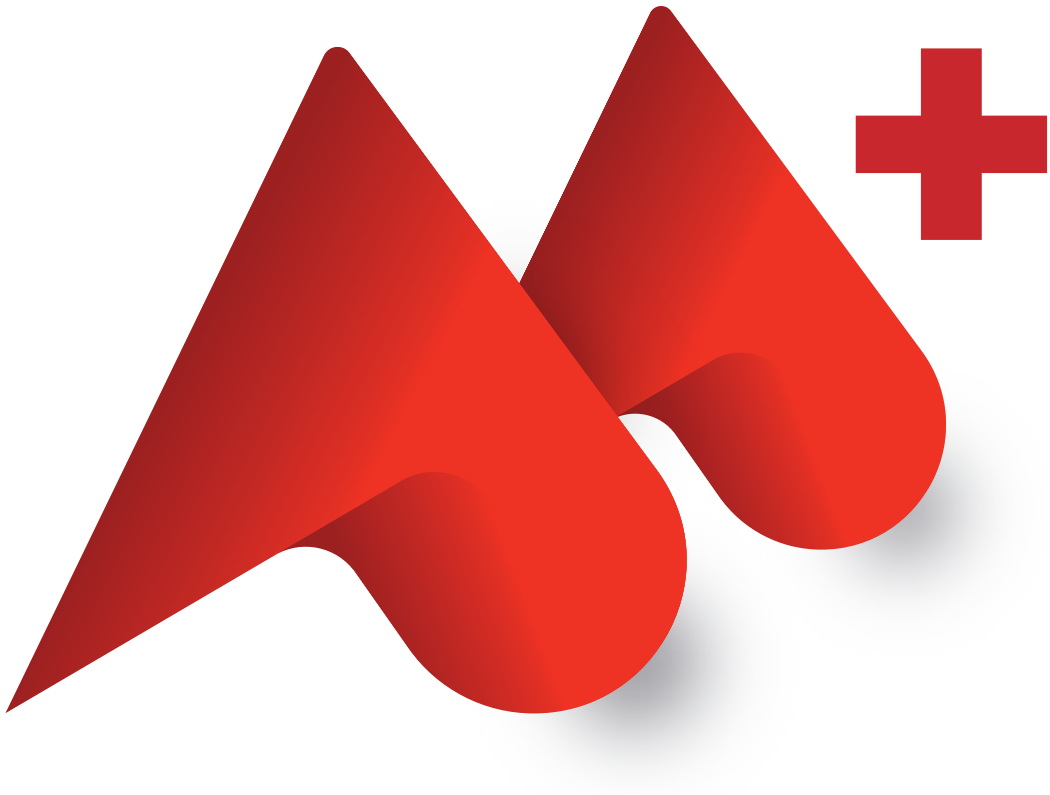
Mr. Tanveer Hussain
Director



Mr. Atif Bajwa
Director

Ms. Anjum Hai
Director

Mr. Abdul Haye
MD & CEO



"A" IS IN OUR DNA

UPGRADED TO **"AA+"** BY **PACRA**

Alfalah Insurance takes pride in upholding Abu Dhabi Group's legacy of performance excellence by achieving an upgrade to **"AA+"** by **PACRA.**

We generously thank our esteemed customers, shareholders, employees, and the stakeholders for motivating us to achieve this milestone.

DIRECTORS REPORT TO THE SHAREHOLDERS

The Directors of Alfalah Insurance Company Limited are pleased to submit 16th Annual Report of your company, together with audited financial statements for the year ended December 31, 2021.

ECONOMIC OVERVIEW

The Covid-19 pandemic that started in late 2019 continued to ravage the world in 2021. Pakistan was able to control it better with an effectively handled vaccination program managing to vaccinate one-third of the population but it, too, was hit by double digit global inflation. The rise in prices of petrol, sugar, wheat, food items and other essentials have earned the government wrath, time and time again. Despite difficult times, the country invested in welfare as well. Ehsaas programme, Kamyab Pakistan Programme including the universal health coverage through Sehat Insaf Cards were flagship welfare projects of this Government.

On economic front, the Current Account Deficit (CAD) widened to USD 7.09 billion for July-November 2021 in comparison to surplus of USD 1.64 billion during same period last year. This deficit was primarily driven by increased pressure on import bills, mainly due to global high commodity prices especially energy, steel and industrial raw materials as well as import of vaccines. Yet it must be said that Pakistan managed to achieve record exports and remittances from the Pakistani diaspora. It was a banner year for Pakistan's technology startups with over $300 million of venture investments, about 15 times higher than the last year.

On regional front, the war in Afghanistan ended with the US troops withdrawal and the fall of Kabul to the Taliban. A peaceful Afghanistan with internationally recognized inclusive Government would go well with the regional connectivity and peace efforts.

Pakistan has transformed its policy from geopolitics to geo-economics, and endeavor to promote trade, transit, and energy flows as well as people-to-people exchanges in the region to create a well-connected, integrated region of shared destiny, harmony and development. The CPEC would be playing a key role to achieve this vision and it would not only be benefiting Pakistan and China but with objectives of regional connectivity and trans-border trade, it would also have positive impact on regional countries like Iran, Afghanistan and Central Asian countries.

INSURANCE SECTOR

Although, the Covid-19 pandemic dominated a large part of the year, however, with restrictions being relaxed or removed in certain phases, the business activity continued picking up and the insurance industry managed to grow by 19% on the basis of nine months ended September 30, 2021 versus the same period last year. This growth in topline would positively impact the underwriting profits of the industry but the investment income of the insurance industry may remain under pressure due to sudden rise in discount rates by the SBP. Learning from the pandemic experience, there would be a strong realization in the insurance sector to digitally transform their conventional business processes to improve the procedural efficiency and customer service.

ALFALAH INSURANCE PERFORMANCE

Despite the challenges of corona virus disease, year 2021 was a remarkable year in terms of premium written and profitability. Increased premium revenue coupled with improved acquisition cost, controlled expenses, and better performance of window takaful operations together pushed Profit before tax to Rs365m, however, due to decrease in investment income, profitability was lower than Rs 16m i.e. 4% from last year.

On consolidated basis, your company exhibited growth of Rs820m i.e. 26% in terms of Gross Premium Written when compared with last year. Non-group business showed growth of Rs684m i.e. 27% while group business registered growth of Rs137m i.e. 21%. Group vs. Non-group business ratio remained at last year levels i.e. 20:80. Net premium revenue earned by the Company was increased by Rs208m i.e. 12% over last year and the major contribution came from Motor & Health segment but partially diluted with decrease in Crop/livestock segment. Overall loss ratio was increased from 43% of last year to 51% due to increase in loss ratio of motor, marine & health class. Loss ratio of these classes were reduced in last year due to covid lockdown, otherwise, these loss ratios remained within normal range except health class where higher than expected losses were reported in few corporate accounts. Net commission was decreased by Rs60m because of one single product which has a high acquisition structure and this reduction was in line with reduction in premium underwritten of that product. Management & Admin expenses remained within the range of last year with 3% increase only. Investment income of the Company was decreased by Rs46m from last year. It was mainly because the last year included Rs40m one-off capital gain on sale of long tenor PIBs. Although investment income of the Company witnessed a downward trend but improvement in underwriting income and the better control over expenses rescued the Company and it achieved the profit before tax of Rs365m which was slightly lower than last year.

SEGMENT WISE PROFITABILITY AT GLANCE

	Net Premium Revenue	Net Claim	Net Commission	Segment Profitability 2021	Segment Profitability 2020	Variance	%
Fire	29,119	14,392	(26,673)	41,400	13,414	27,986	209%
Marine	27,025	15,119	(7,749)	19,655	24,161	(4,506)	-19%
Motor	582,849	287,780	10,714	284,355	254,580	29,775	12%
Misc.	37,673	8,552	(44,463)	73,584	75,346	(1,762)	-2%
Health	1,258,100	662,235	490,947	104,918	128,958	(24,040)	-19%
Total	**1,934,766**	**988,078**	**422,776**	**523,912**	**496,459**	**27,453**	**6%**

Fire Segment contribution was increased by Rs28m i.e. by 209%. It was because net premium revenue was increased by Rs10m i.e. 55% coupled with decrease in claims expense by Rs16m caused by improvement in loss ratio from 161% of last year to 49% in year 2021.

Marine Segment contribution was decreased by Rs5m i.e. by 19%. It was because the claims expense was increased by Rs10m due to increase in loss ratio from 24% of last year to 56% in current year but its impact was partially diluted with increase in net premium revenue by Rs5m i.e. 25%.

Motor Segment contribution was increased by Rs30m i.e. by 12%. It was because net premium revenue was significantly increased by Rs106m i.e. 22 % although its impact was partially diluted due to increase in claims expense by Rs76m caused by increase in loss ratio from 44% of last year to 49% in current year.

Miscellaneous Segment contribution was slightly decreased by Rs2m i.e. by 2%. It was because the decrease in net premium revenue was offset by improvement in loss ratio and saving from acquisition cost.

Health Segment contribution was decreased by Rs24m i.e. by 19% despite the fact that the net premium revenue was increased by Rs133m i.e. by 12% and the acquisition cost was decreased by Rs56m i.e. by 10%. It was because the claims expense was increased by Rs213m mainly due to increase in loss ratio from 40% of last year to 53% in current year.

Reinsurance is indeed an important segment of any insurance company. Your company has been backed by leading reinsurers and we have developed and enhanced these relationships to the mutual advantage of the reinsurers and the company. Your company followed a policy of optimizing retention of risk through a carefully designed program of insurance risk manage-ment. Your company has also increased capacities for traditional reinsurance arrangements as well as obtained capacity for specialized line.

Window Takaful Operations (WTO) was able to underwrite contribution of Rs505m i.e. 35% higher than last year. This increase resulted in net contribution revenue growth of Rs62m i.e. 21% which was partially diluted due to increase in claims expense, although overall loss ratio almost remained same at 57% but it coupled with controlled expenses helped the Participant Takaful Fund to achieve surplus of Rs41m i.e. 27% higher than last year. Increase of 23% in wakala fee was aligned with the increase in earned contribution revenue by 22%. The controlled management/admin expenses of SHF and improvement in investment income helped the SHF to achieve the surplus of Rs75m in comparison to Rs61m of last year i.e. higher by 23%.

EARNING PER SHARE

During the year after tax earnings per share was Rs.5.32 (2020: Rs.5.47). Detailed working has been reported in Note 34 to the financial statements.

DIVIDEND

In view of the financial performance of the Company, the Board of Directors has recommended to pay final cash dividend of Rs.2 per share (20%) to the shareholders.

AUDITORS

M/s EY Ford Rhodes, Chartered Accountants, being eligible for appointment, have shown their willingness to act as external and Shariah Compliance auditors of the Company for the year ending December 31, 2022. The Audit Committee and Board of directors in their respective meetings have recommended M/s EY Ford Rhodes, Chartered Accountants as external and Shariah Compliance Auditors of the Company for the year ending December 31, 2022.

BOARD OF DIRECTORS MEETINGS

During the year 2021, four (4) meetings of the Board were held, with attendance as follows;

Name of Directors	No. of Meetings Attended
- HH Sheikh Nahayan Mabarak Al Nahayan	4
- HE Sheikh Saif Bin Mohammad Bin Butti	-
- Mr. Khalid Mana Saeed Al Otaiba	4
- Mr. Atif Bajwa	4
- Mr. Tanveer Hussain Awan	4
- Ms. Anjum Hai	3
- Mr. Abdul Haye	4

Leave of absence was granted to those Directors who could not attend the Board Meetings.

INSURERS FINANCIAL RATING STRENGTH

PACRA, during its recent review conducted on 18th June 2021, has upgraded the IFS rating of your Company to "AA" (Double A) from "AA-" (Double A minus). This rating denotes Very strong capacity to meet policyholder and contract obligations. Risk factors are modest, and the impact of any adverse business and economic factors is expected to be very small.

AUDIT COMMITTEE

As required under the Code of Corporate Governance, the Board of Directors has established an Audit Committee comprising of the following non-executive directors:

- Mr. Atif Bajwa - Chairman
- Mr. Tanveer Hussain Awan - Member
- Ms. Anjum Hai - Member

During the year Ms. Anjum Hai was admitted as member in place of Mr. Bilal Asghar.

RELATED PARTY TRANSACTIONS

At each board meeting, the Board of Directors approved company's transactions made with related parties. All the transactions executed with related parties were on commercial terms and conditions.

STATEMENT OF ETHICS AND BUSINESS PRACTICES/CODE OF CONDUCT

The Board has adopted the statement of ethics and business practices. All employees were informed of this statement and were required to observe these rules of conduct in relation to business and regulations. Statement of Ethics and business practices were based on integrity, dignity, culture of excellence and ethical dealing with clients, peers and the public.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The provisions of the Code of Corporate Governance for insurance companies have been complied with during the year under review which was as follows:

- The financial statements, together with the notes thereon have been drawn up in conformity with the Insurance Ordinance 2000 and rules thereunder and Companies Act, 2017.
- These statements present fairly the company's state of affairs, results of its operations, cash flow and changes in equity.
- Proper books of accounts have been maintained by the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards, International Financial Reporting Standards or any other regulation or law 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 control is sound in design and has been continuously monitored by the internal audits. This is a continuous process and any weakness will be removed and its effective implementation shall be ensured.
- There is no significant doubt upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance
- Key operating and financial data is separately annexed with the report.
- Outstanding taxes and duties are given in the financial statements.
- The value of investments of provident and gratuity fund on the basis of un-audited accounts as on December 31, 2021 is as follows:

	Rs in '000'
• Provident Fund	81,949
• Gratuity Fund	77,320

- The statement of pattern of shareholding in the Company as on December 31, 2021 is separately annexed with the report.

STATEMENT OF COMPLIANCE UNDER SECTION 46(6) OF THE INSURANCE ORDINANCE 2000

The directors of Alfalah Insurance Company Limited hereby certify that in their opinion:

a) the annual statutory accounts of the Company annexed hereto have been drawn up in accordance with the Ordinance and any rules made thereunder;

b) the Company has at all times in the period complied with the provisions of the Ordinance and the rules made thereunder relating to paid up capital, solvency and reinsurance arrangements; and

c) as at the date of the statement, the Company continues to be in compliance with the provisions of the ordinance and the rules made thereunder relating to paid up capital, solvency and reinsurance arrangements.

FUTURE OUTLOOK

With paid up capital of Rs500m and improved rating of AA, Alfalah Insurance is poised to increase its market share while maintaining its prudent underwriting policy which has helped the company from inception despite serious jolts in our initial years. We believe 2022 to be a very important year for us. We are aware of the challenges we face but we have set ambitious goals for ourselves and believe that the phenomenal strength of Dhabi Group will help us in achieving our targets.

As a responsible corporate entity we will continue to conduct our business in a transparent way, working closely with the regulators to ensure compliance. Our aim is to exceed expectation of our shareholders not only during the current year but beyond too.

ACKNOWLEDGEMENT

We are grateful to our Chairman HH Sheikh Nahayan Mubarak Al Nahayan and our Board of directors for their wise guidance and support to the Company during the year. We are equally thankful to our sponsor shareholders, our clients and to our reinsurers for their collective contribution. We would also like to place on record our special thanks to the Securities & Exchange Commission of Pakistan for rendering invaluable guidance during the year and to Pakistan Reinsurance Company for their support.

We would also like to express our appreciation to our executives, officers and staff for their hard work, dedication and their will to grow and make this company a leading insurer in Pakistan.

On behalf of the Board,

Director

Chief Executive Officer

HISTORICAL FINANCIAL INFORMATION OF LAST TEN (10) YEARS

Description	For the Year Ended on December 31									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Gross Premium Written	3,499,285	2,810,203	2,666,478	2,338,699	2,082,006	1,924,316	1,545,612	1,330,854	1,230,932	1,060,187
Net Premium Revenue	1,934,765	1,726,381	1,583,734	1,302,298	1,043,222	916,586	780,180	705,323	563,744	454,403
Premium deficiency	(9,126)									
Net Claim Expense	(978,950)	(742,441)	(658,573)	(617,966)	(470,630)	(493,076)	(429,297)	(410,817)	(317,378)	(262,368)
Management Expenses	(416,161)	(408,871)	(405,266)	(397,735)	(383,559)	(370,370)	(267,333)	(239,919)	(214,401)	(195,933)
Net Commission	(422,776)	(487,481)	(446,852)	(262,400)	(88,341)	33,028	96,608	95,928	94,672	96,358
Underwriting Profit	117,661	94,404	81,791	24,197	100,692	86,168	180,158	150,515	126,637	92,460
Investment/Other Income	212,727	261,240	165,694	72,675	78,888	119,407	77,137	105,103	85,605	96,088
Admin Expenses	(30,418)	(28,390)	(24,238)	(16,091)	(11,095)	(12,489)	(103,784)	(105,024)	(89,202)	(80,662)
Profit before tax	365,422	381,903	253,053	80,782	168,485	193,086	153,511	150,594	123,040	107,886
Profit from Window Takaful	75,361	61,467	38,554	14,407	8,410	1,890	-	-	-	-
Income tax	(99,582)	(108,175)	(93,709)	(29,421)	(53,855)	(65,602)	(38,297)	(27,557)	(20,463)	(9,864)
Profit after tax	265,840	273,730	159,344	65,768	123,040	129,374	115,214	123,037	102,577	98,022
Paid up Capital	500,000	500,000	500,000	500,000	500,000	500,000	500,000	300,000	300,000	300,000
Share deposit money	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381
General Reserve	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	15,000
Fair value reserve	9,210	72,902	33,015	(50,777)	951	52,160	9,453	-	-	-
Un-appropriated Profit	1,172,911	907,299	627,989	466,262	402,085	281,644	153,935	258,930	135,475	170,309
	1,833,502	1,631,582	1,312,385	1,066,866	1,054,417	985,185	814,769	710,311	586,856	486,690
Earnings per Share	5.32	5.47	3.19	1.32	2.46	2.59	2.30	2.46	3.42	3.27
Breakup Value per Share-with fair value adjustment	36.67	32.54	26.25	21.34	21.09	19.70	16.30	23.68	19.56	16.22
Breakup Value per Share-without fair value adjustment	36.48	31.17	25.59	22.38	21.07	18.66	16.11	23.68	19.56	16.22
Net Loss Ratio	-51%	-43%	-42%	-47%	-45%	-54%	-55%	-58%	-56%	-58%
Expense Ratio	-13%	-16%	-16%	-18%	-19%	-20%	-24%	-26%	-25%	-26%
Underwriting Profit to Net Premium	6%	5%	5%	2%	10%	9%	23%	21%	22%	20%
Return on Average Equity	15%	19%	13%	6%	12%	14%	15%	19%	19%	22%
WINDOWS TAKAFUL OPERATIONS										
Gross contribution revenue	504,771	373,370	338,869	263,203	175,491	98,065				
Net contribution revenue net of Wakala	225,562	186,648	176,244	131,516	93,134	20,997				
Retakaful rebate earned	15,443	13,261	7,513	5,430	3,177	1,060				
Net claims expense	(200,802)	(164,628)	(147,832)	(105,898)	(78,271)	(17,913)				
Direct expenses	(11,875)	(18,565)	(24,656)	(27,663)	(21,203)	(18,595)				
Investment / other income	13,869	16,391	16,392	6,572	3,958	744				
(Provision) / Reversal of doubtful	(1,185)	(723)	-	-	-	-				
Surplus / (deficit)-before taxation	41,012	32,384	28,088	9,957	795	(13,707)				
Surplus / (deficit)- PTF	24,638	32,384	28,088	9,957	795	(13,707)				

PATTERN OF SHARE HOLDING AS AT DECEMBER 31, 2021

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
-	1	100	-
2	101	500	1,000
-	501	1,000	-
4	1001	5,000	6,030
-	5,001	10,000	-
1	10,001	2,500,000	2,500,000
3	2,500,001	5,000,000	19,997,822
1	5,000,001	12,500,000	12,497,323
1	12,500,001	20,000,000	14,997,825
Total 12			**50,000,000**

Classification of Shares Categories
As at December 31, 2021

Categories of Members	Number of Shareholders	Number of Shares Held	Percentage
Individuals having shareholding five percent or more	**3**	**12,497,822**	**25.00%**
H.H. Sheikh Hamdan Bin Mubarak Bin Mohammed Al Nahayan		2,500,000	5.00%
H.E. Sheikh Mohammed Bin Butti Hamid Al Hamid		4,998,911	10.00%
H.E. Dr. Mana Saeed Al Otaiba		4,998,911	10.00%
Associated Companies	**1**	**14,997,825**	**30.00%**
M/s Bank Alfalah Limited		14,997,825	30%
Directors and CEO	**7**	**17,504,353**	**35.00%**
H.H. Sheikh Nahayan Mabarak Al Nahayan		17,497,323	34.99%
H.E Sheikh Saif Bin Mohammed Bin Butti		1,085	0.002%
Mr. Khalid Mana Saeed Al Otaiba		1,085	0.002%
Mr. Atif Aslam Bajwa		500	0.001%
Mr. Tanveer Hussain Awan		500	0.001%
Ms. Anjum Hai		1,085	0.002%
Mr. Abdul Haye Mughal		2,775	0.006%
Companies having shareholding five percent or more	**1**	**5,000,000**	**10.00%**
M/s Electromechanical Co. LLC		5,000,000	10.00%
Total	**12**	**50,000,000**	**100.00%**

حصص داری کا طریقہ ءکار

۳۱ دسمبر ۲۰۲۱ء تک

حصص داروں کی تعداد	حصص داری		مجموئی لئے گئے حصص
	سے	تک	
-	1	100	-
2	101	500	1,000
-	501	1,000	-
4	1,001	5,000	6,030
-	5,001	10,000	-
1	10,001	2,500,000	2,500,000
3	2,500,001	50,00,000	19,997,822
1	5,000,001	12,500,000	12,497,323
1	12,500,001	20,000,000	14,997,825
کُل			
12			**50,000,000**

حصص کے زمروں کی درجہ بندی

۳۱ دسمبر ۲۰۲۱ء تک

ارکان کے زمرے	حصص داروں کی تعداد	لئے گئے حصص کی تعداد	فیصد
افراد جن کے حصص ۵ فیصد یا اس سے زیادہ ہیں	**3**	**12,497,822**	**25.00٪**
جناب عالی شیخ حمدان بن مبارک بن محمد ال نہیان		2,500,000	5.00٪
فضیلت مآب شیخ محمد بن بُطّی حامد الحامد		4,998,911	10.00٪
فضیلت مآب ڈاکٹر مانع سعید العتیبہ		4,998,911	10.00٪
متعلقہ کمپنیاں	**1**	**14,997,825**	**30.00٪**
میسرز بنک الفلاح لمیٹڈ		14,997,825	30٪
ڈائریکٹرز اور چیف ایگزیکٹو آفیسرز	**7**	**17,504,353**	**35.00٪**
جناب عالی شیخ نہیان مبارک ال نہیان		17,497,323	34.99٪
فضیلت مآب شیخ سیف بن محمد بن بُطّی		1,085	0.002٪
جناب خالد مانع سعید العتیبہ		1,085	0.002٪
جناب عاطف اسلم باجوہ		500	0.001٪
جناب تنویر حسین اعوان		500	0.001٪
محترمہ انجم حیٔ		1,085	0.002٪
جناب عبدالحیٔ مغل		2,775	0.006٪
کمپنیاں جن کے حصص ۵ فیصد یا اس سے زیادہ ہیں	**1**	**5,000,000**	**10.00٪**
میسرز الیکٹرو مکینیکل کمپنی ایل ایل سی		5,000,000	10.00٪
کُل	**12**	**50,000,000**	**100.00٪**

ونڈو تکافل آپریشنز										
مجموعی اعانتی آمدن	504,771	373,370	338,869	263,203	175,491	98,065	-	-	-	-
وکالہ کی مجموعی اعانتی آمدن	225,562	186,648	176,244	131,516	93,134	20,997	-	-	-	-
مکرر تکافل کی چھوٹ پر آمدن	15,443	13,261	7,513	5,430	3,177	1,060	-	-	-	-
خالص دعووں کے اخراجات	(200,802)	(164,628)	(147,832)	(105,898)	(78,271)	(17,913)	-	-	-	-
بلاواسطہ اخراجات	(11,875)	(18,565)	(24,656)	(27,663)	(21,203)	(18,595)	-	-	-	-
سرمایہ کاری/دیگر آمدنی	13,869	16,391	16,392	6,572	3,958	744	-	-	-	-
(عبوری)/شبہے کی بنیاد پر استرداد	(1,185)	(723)	-	-	-	-	-	-	-	-
بیشی/(خسارہ)- ٹیکس سے پہلے	41,012	32,384	28,088	9,957	795	(13,707)	-	-	-	-
بیشی/(خسارہ)- حصص داروں کا تکافل فنڈ	24,638	32,384	28,088	9,957	795	(13,707)	-	-	-	-

پچھلے دس (۱۰) سال کا تاریخی مالیاتی اعداد و شمار

تفصیلات	۳۱ دسمبر کو ختم ہونے والے سال کے لئے									
	۲۰۲۱ء	۲۰۲۰ء	۲۰۱۹ء	۲۰۱۸ء	۲۰۱۷ء	۲۰۱۶ء	۲۰۱۵ء	۲۰۱۴ء	۲۰۱۳ء	۲۰۱۲ء
مجموئی خام بیمہ	3,499,285	2,810,203	2,666,478	2,338,699	2,082,006	1,924,316	1,545,612	1,330,854	1,230,932	1,060,187
خالص بیمہ آمدنی	1,934,765	1,726,381	1,583,734	1,302,298	1,043,222	916,586	780,180	705,323	563,744	454,403
بیمے میں کمی	(9,126)	-	-	-	-	-	-	-	-	-
خالص دعووں کے اخراجات	(978,950)	(742,441)	(658,573)	(617,966)	(470,630)	(493,076)	(429,297)	(410,817)	(317,378)	(262,368)
انتظامی اخراجات	(416,161)	(408,871)	(405,266)	(397,735)	(383,559)	(370,370)	(267,333)	(239,919)	(214,401)	(195,933)
خالص کمیشن کی رقم	(422,776)	(487,481)	(446,852)	(262,400)	(88,341)	33,028	96,608	95,928	94,672	96,358
ذمہ نویسی کا منافع	117,661	94,404	81,791	24,197	100,692	86,168	180,158	150,515	126,637	92,460
سرمایہ کاری / دیگر آمدنی	212,727	261,240	165,694	72,675	78,888	119,407	77,137	105,103	85,605	96,088
نظم و نسق کے اخراجات	(30,418)	(28,390)	(24,238)	(16,091)	(11,095)	(12,489)	(103,784)	(105,024)	(89,202)	(80,662)
قبل از ٹیکس منافع	365,422	381,903	253,053	80,782	168,485	193,086	153,511	150,594	123,040	107,886
ونڈو تکافل سے منافع	75,361	61,467	38,554	14,407	8,410	1,890	-	-	-	-
آمدنی پر ٹیکس	(99,582)	(108,175)	(93,709)	(29,421)	(53,855)	(65,602)	(38,297)	(27,557)	(20,463)	(9,864)
بعد از ٹیکس منافع	265,840	273,730	159,344	65,768	123,040	129,374	115,214	123,037	102,577	98,022
حصص کی مد میں حاصل کیا گیا سرمایہ	500,000	500,000	500,000	500,000	500,000	500,000	500,000	300,000	300,000	300,000
حصص کی مد میں جمع کرائی گئی رقم	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381
عام محفوظ فنڈ	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	15,000	15,000
مناسب قدر و قیمت کا فنڈ	9,210	72,902	33,015	(50,777)	951	52,160	9,453	-	-	-
غیر مختص منافع	1,172,911	907,299	627,989	466,262	402,085	281,644	153,935	258,930	135,475	170,309
	1,833,502	1,631,582	1,312,385	1,066,866	1,054,417	985,185	814,769	710,311	586,856	486,690
فی حصص آمدنی	5.32	5.47	3.19	1.32	2.46	2.59	2.30	2.46	3.42	3.27
فی حصص الگ الگ قدر و قیمت -- قدر و قیمت کے مناسب تطابق کے ساتھ	36.67	32.54	26.25	21.34	21.09	19.70	16.30	23.68	19.56	16.22
فی حصص الگ الگ قدر و قیمت -- قدر و قیمت کے مناسب تطابق کے بغیر	36.48	31.17	25.59	22.38	21.07	18.66	16.11	23.68	19.56	16.22
کل خسارے کا تناسب	-51%	-43%	-42%	-47%	-45%	-54%	-55%	-58%	-56%	-58%
اخراجات کا تناسب	-13%	-16%	-16%	-18%	-19%	-20%	-24%	-26%	-25%	-26%
کل بیمے کا ذمہ نویسی منافع	6%	5%	5%	2%	10%	9%	23%	21%	22%	20%
کمپنی کے حصص پر اوسط منافع	15%	19%	13%	6%	12%	14%	15%	19%	19%	22%

مستقبل کے مواقع

حصص کی مد میں حاصل کئے گئے ۵۰۰ ملین روپے کے سرمائے کے ساتھ "اے اے" درجہ پانے کے بعد الفلاح انشورنس، مارکیٹ میں اپنا کاروباری حصہ بڑھانے کے حوالے سے پُر اعتماد ہے اور اس کے ساتھ ساتھ اپنی محتاط ذمہ نویسی کی حکمت عملی برقرار رکھے ہوئے ہے، جس نے کمپنی کو آغاز سے ہی شدید نقصانات کے باوجود مدد پہنچائی۔ ہمیں یقین ہے کہ ۲۰۲۲ء ہمارے لئے ایک اہم سال ہے۔ ہم اپنے روبرو چیلنجز سے باخبر ہیں کیونکہ ہم نے اپنے لیے خود حوصلہ مندانہ منزل منتخب کی ہے اور یقین رکھتے ہیں کہ ظہبی گروپ کی غیر معمولی قوت اس منزل کو پانے میں ہماری مدد کرے گی۔

ایک ذمہ دار کارپوریٹ حیثیت رکھتے ہوئے، ہم اپنا کاروبار شفاف انداز میں چلائیں گے اور قوانین نافذ کرنے والوں کے ساتھ مل کر کام کریں گے تاکہ قواعد کی پابندی کو یقینی بنایا جاسکے۔ ہمارا مقصد نہ صرف اس سال بلکہ اس کے بعد بھی اپنے حصص داروں کی توقعات سے بڑھ کر دکھانا ہے۔

اعتراف

ہم اپنے چیئرمین جنابِ عالی شیخ نہیان مبارک ال نہیان اور اپنے بورڈ کے ڈائریکٹرز کے ممنون ہیں کہ انہوں نے دوران سال کمپنی کی رہنمائی اور مدد کی۔ ہم اپنے تعاون کرنے والے حصص داروں، اپنے موکلوں اور اپنے مکرر بیمہ کاروں کی طرف سے اس اجتماعی شراکت داری کے لئے شکر گزار ہیں۔ ہم ریکارڈ پر کمیشن برائے تمسکات و مبادلہ پاکستان[30] کی بیش بہا رہنمائی پر اور پاکستان مکرر بیمہ کمپنی[31] کا اس عرصہ کے دوران مدد کرنے پر خصوصی شکریہ ادا کرتے ہیں۔ ہم اپنے ایگزیکٹوز، افسروں اور سٹاف کو ان کی محنت، لگن، آگے بڑھنے کے مضبوط ارادے اور اس کمپنی کو پاکستان کی ایک نمایاں بیمہ کار بنانے کی کوششوں پر خوب سراہتے ہیں۔

بورڈ کی جانب سے،

چیف ایگزیکٹو آفیسر

ڈائریکٹر

[30] Securities & Exchange Commission of Pakistan

[31] Pakistan Reinsurance Company

■ واجب الادا ٹیکس اور محسولات[27] مالیاتی گوشواروں میں موجود ہیں۔

■ ۳۱ دسمبر ۲۰۲۱ء تک غیر پڑ تال شدہ کھاتوں کی بنیاد پر پراویڈنٹ اور گریجویٹی فنڈ سے ہونے والی سرمایہ کاری کی قیمت درج ذیل ہے:

	روپے '۰۰۰'
■ پراویڈنٹ فنڈ	۸۱،۹۴۹
■ گریجویٹی فنڈ	۷۷،۳۲۰

■ ۳۱ دسمبر ۲۰۲۱ء تک، کمپنی کے حصص داری کے طریقہ کار کا گوشوارہ رپورٹ کے ساتھ ضمیمے میں الگ سے شامل کر دیا گیا ہے۔

انشورنس آرڈیننس ۲۰۰۰ کے سیکشن (۶)۴۶ کے تحت تعمیلی گوشوارہ

الفلاح انشورنس کمپنی لمیٹڈ کے ڈائریکٹرز تصدیق کرتے ہیں کہ ان کی رائے میں:-

الف) یہاں ظاہر کئے گئے کمپنی کے سالانہ قانونی گوشوارے[28]، آرڈیننس کے عین مطابق ہیں اور اس کے مطابق وضع کئے گئے قوانین کے موافق ہیں؛

ب) کمپنی نے اس تمام عرصہ کے دوران آرڈیننس کی شرائط کی تعمیل کی ہے اور اس کے مطابق وضع کئے گئے قوانین کی، جو کہ حصص کی مد میں حاصل کئے گئے سرمائے، ادائے قرض کی صلاحیت، اور مکرر بیمے کے انتظامات کے بارے میں ہیں؛ اور

ج) اس گوشوارے کی تاریخ تک کمپنی نے تسلسل کے ساتھ آرڈیننس کی شرائط کی تعمیل کی ہے اور اس کے مطابق وضع کیے گئے قوانین کی، جو کہ حصص کی مد میں حاصل کئے گئے سرمائے، ادائے قرض کی صلاحیت[29]، اور مکرر بیمے کے انتظامات کے بارے میں ہیں۔

[27] Outstanding Taxes and Duties
[28] Statutory Accounts
[29] Paid up capital, Solvency

کارپوریٹ نظم ونسق کے ضابطہ کی پابندی

سال کے دوران بیمہ کمپنیوں کے لیے کارپوریٹ نظم ونسق کے ضابطہ کی دفعات پر عمل کیا گیا۔ جس کا جائزہ مندرجہ ذیل ہے:۔

- مالیاتی گوشوارے اور انکے ضمیمے انشورنس آرڈیننس ۲۰۰۰ء کے عین مطابق ہیں اور قواعد کمپنیز ایکٹ ۲۰۱۷ء کی شرائط کو ملحوظ رکھ کر بنائے گئے ہیں۔

- ان گوشواروں میں کمپنی کے معاملات کی صورتحال، سرگرمیوں کے نتائج، پیسے کے بہاؤ اور اصل کاروباری حصے میں تبدیلی کو واضح طور پر بیان کیا گیا ہے۔

- کمپنی نے گوشواروں کے کتابچوں کی خاص طور پر دیکھ بھال کی ہے۔

- مالیاتی گوشواروں اور حساب داری کے تخمینے تیار کرنے کے لیے موزوں حساب داری سے متعلق حکمت عملی کا اطلاق تسلسل سے کیا گیا ہے اور یہ حکمت عملی مناسب اور معقول تفہیم کے بعد اختیار کی گئی ہے۔

- مالیاتی گوشوارے تیار کرتے وقت حساب داری کے بین الاقوامی معیار، بین الاقوامی مالیاتی حساب داری کے معیار یا کوئی اور ضابطہ یا قانون جو پاکستان میں بھی قابل عمل ہے، اختیار کیا گیا ہے۔ مزید برآں معیار میں کسی بھی قسم کی ترمیم کو مناسب انداز میں ظاہر کیا گیا ہے۔

- اندرونی انضباطی نظام، ڈیزائن کے اعتبار سے مستحکم ہے اور مسلسل داخلی پڑتال کنندگان کے زیر نگرانی ہے۔ یہ نگرانی مسلسل جاری رہتی ہے اور کسی بھی کمی کو فوراً دور کیے جانے کے ساتھ ساتھ اس عمل کو یقینی بنایا جاتا ہے۔

- کاروبار کو جاری رکھنے کے حوالے سے کمپنی کی صلاحیت شکوک وشبہات سے بالاتر ہے۔

- کارپوریٹ نظم ونسق[۲۵] کے بہترین طرز عمل کے حوالے سے کوئی میٹیریل ڈیپارچر[۲۶] نہیں ہوا۔

- اہم اثاثوں اور مالیات سے متعلق اعداد وشمار، رپورٹ کے ساتھ ضمیمے میں شامل کر دیا گیا ہے۔

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[25] Corporate Governance
[26] Material Departure

پڑتال کمیٹی

ڈائریکٹرز کے بورڈ نے پڑتال کمیٹی تشکیل دی ہے جو کہ کارپوریٹ نظم و نسق کی شرائط کے مطابق درج ذیل غیر ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔

-جناب عاطف باجوہ - (چیئر مین)

-جناب تنویر حسین اعوان -(رکن)

- محترمہ انجم حئ - (رکن)

دوران سال جناب بلال اصغر کی جگہ محترمہ انجم حئ کو بطور رکن شامل کیا گیا۔

متعلقہ گروہ سے لین دین

ڈائریکٹرز کے بورڈ نے بورڈ کے ہر اجلاس میں متعلقہ گروہوں کے ساتھ لین دین کی منظوری دی۔ متعلقہ گروہوں کے ساتھ تمام تر لین دین کاروباری قواعد و ضوابط کے تحت طے پایا۔

اخلاقی و کاروباری ضابطہء عمل کا گوشوارہ / ضابطہء اخلاق

بورڈ اخلاقی و کاروباری ضابطہء عمل کے گوشوارے پر عمل پیرا ہے۔ تمام ملازمین کو اس سے متعلق آگاہ کیا گیا ہے اور توقع رکھی گئی ہے کہ وہ ان رہنما قواعد کے مطابق، کاروباری اصولوں کو مد نظر رکھتے ہوئے اپنا طرز عمل اختیار کریں گے۔ اخلاقی و کاروباری ضابطہ عمل کا گوشوارہ دیانتداری، وقار، مسابقت کے ماحول اور موکلوں، ساتھیوں اور عام آدمیوں کے ساتھ اخلاقیات کے دائرے میں رہتے ہوئے معاملات طے کرنے کے بارے میں ہے۔

ڈائریکٹرز کے بورڈ کے اجلاس

سال ۲۰۲۱ء کے دوران بورڈ کے چار (۴) اجلاس ہوئے، جن میں شرکت کی تفصیل مندرجہ ذیل ہے:۔

ڈائریکٹرز کے نام	اجلاس میں شرکت کی تعداد
– جنابِ عالی شیخ نہیان مبارک ال نہیان	۴
– فضیلت مآب شیخ سیف بن محمد بن بُطی	–
– جناب خالد مانع سعید العتیبہ	۴
– جناب عاطف باجوہ	۴
– جناب تنویر حسین اعوان	۴
– محترمہ انجم حیٔ	۳
– جناب عبدالحیٔ	۴

غیر حاضری کی رخصت ان ڈائریکٹرز کو دی گئی جو بورڈ کے اجلاسوں میں شرکت نہ کر پائے۔

کمپنی کی مالیاتی طاقت کی درجہ بندی

پاکستان کی کاروباری ساکھ کی درجہ بندی کرنے والی ایجنسی [۲۳] نے ۱۸ جون ۲۰۲۱ء کے حالیہ جائزے میں آپ کی کمپنی کی مالیاتی طاقت کے اعتبار سے درجہ بندی [۲۴] کو "ڈبل اے مائنس" سے ترقی دے کر "ڈبل اے" کر دیا ہے۔ یہ درجہ بندی، بیمہ پالیسی کے حامل افراد اور معاہدوں کی ذمہ داریوں کو پورا کرنے کی بھرپور صلاحیت کو ظاہر کرتی ہے۔ خطرے کی علامات کم ترین ہیں اور ناموافق اقتصادی و کاروباری اثرات سے متعلق خدشات نہ ہونے کے برابر ہیں۔

[23] PACRA
[24] IFS rating

ہوئی، جس کا اثر دعووں کے اخراجات میں اضافے سے جزوی طور پر کم ہوا، تاہم مجموعی نقصان کی شرح ۵۷ فیصد پر جوں کی توں رہی، لیکن اس کے ساتھ ساتھ منضبط اخراجات نے حصص داروں کے تکافل فنڈ[19] میں گزشتہ سال کے مقابلے میں ۷ ۲ فیصد کے حساب سے ۴۱ ملین روپے کی بیشی کے حصول میں مدد دی۔ وکالہ فیس میں ۲۳ فیصد اضافہ ،اکتسابی اعانت کی آمدن[20] میں ۲۲ فیصد اضافے کے مطابق تھا۔ حصص داروں کے فنڈ[21] کے انتظامی اور نظم و نسق کے منضبط اخراجات اور سرمایہ کاری کی آمدن میں بہتری نے حصص داروں کے فنڈ میں گزشتہ برس کے ۶۱ ملین روپے کے مقابلے میں ۷۵ ملین کی بیشی کے حصول میں مدد دی، جو کہ گزشتہ برس سے ۲۳ فیصد زیادہ ہے۔

فی حصص آمدنی

دورانِ سال ٹیکس کی ادائیگی کے بعد فی حصص آمدنی ۳۲ء۵روپے رہی جو ۲۰۲۰ء میں ۴ء۵۷ روپے تھی۔ اس کی تفصیلی رپورٹ مالی گوشوارے کے نوٹ نمبر ۳۴ میں موجود ہے۔

تقسیم شدہ منافع

ڈائرکٹرز کے بورڈ نے کمپنی کی مالیاتی کارکردگی کو مد نظر رکھتے ہوئے حصص داروں کو آخری تقسیم شدہ منافع[22] ۲روپے فی حصص (۲۰ فیصد) نقد دینے کی سفارش کی ہے۔

پڑتال کنندگان

میسرز ای۔وائی فورڈ رہوڈز، جو کہ سند یافتہ محاسب اور تقرری کے اہل ہیں، نے ۳۱ دسمبر ۲۰۲۲ء کو اختتام پذیر سال کے لئے خارجی اور شریعہ تعمیلی پڑتال کنندگان کی ذمہ داری لینے کے لئے رضامندی کا اظہار کیا ہے۔ پڑتال کمیٹی اور ڈائریکٹرز کے بورڈ نے اپنے متعلقہ اجلاسوں میں ۳۱ دسمبر ۲۰۲۲ء کو اختتام پذیر سال کے لیے میسرز ای۔وائی فورڈ رہوڈز، سند یافتہ محاسب کی خارجی اور شریعہ تعمیلی پڑتال کنندہ گان کے طور پر سفارش کی ہے۔

[19] Participant Takaful Fund
[20] Earned contribution revenue
[21] SHF
[22] Dividend

بحری شعبے کا حصہ ۱۹ فیصد کے حساب سے ۵ ملین روپے کم ہوا۔ جس کی وجہ نقصان کی شرح میں گزشتہ برس کے ۲۴ فیصد کے مقابلے میں اس سال ۵۶ فیصد اضافے کے باعث دعووں کے اخراجات کا ۱۰ ملین روپے تک بڑھ جانا ہے، لیکن اس کا اثر خالص بیمے کی آمدن میں ۲۵ فیصد کے حساب سے ۵ ملین روپے بڑھ جانے کی وجہ سے جزوی طور پر کم ہوا۔

موٹر کے شعبے کا حصہ ۱۲ فیصد کے حساب سے ۳۰ ملین روپے بڑھا۔ جس کی وجہ خالص بیمے کی آمدن میں ۲۲ فیصد کے حساب سے ۱۰۶ ملین کا خاطر خواہ اضافہ ہے، تاہم اس کا اثر نقصان کی شرح میں گزشتہ برس کے ۴۴ فیصد کے مقابلے میں اس سال ۴۹ فیصد کے اضافے کے سبب دعووں کے اخراجات کا ۷۶ ملین روپے بڑھ جانے کی وجہ سے جزوی طور پر کم ہوا۔

متفرق شعبے کے حصے میں ۲ فیصد کے حساب سے ۲ ملین روپے کی معمولی کمی ہوئی، کیونکہ خالص بیمے کی آمدن میں کمی کی تلافی نقصان کی شرح میں بہتری اور حصولی لاگت میں بچت سے ہوئی۔

صحت کے شعبے میں ۱۹ فیصد کے حساب سے ۲۴ ملین روپے کی کمی ہوئی، اس حقیقت کے باوجود کہ خالص بیمے کی آمدن میں ۱۲ فیصد کے حساب سے ۱۳۳ ملین روپے کا اضافہ ہوا اور حصولی لاگت میں ۱۰ فیصد کے حساب سے ۵۶ ملین روپے کی کمی ہوئی۔ اس کی وجہ نقصان کی شرح میں گزشتہ برس کے ۴۰ فیصد کے مقابلے میں اس سال ۵۳ فیصد کے اضافے کے سبب دعووں کے اخراجات میں ۲۱۳ ملین روپے کا اضافہ ہوا۔

مکرر بیمہ یقیناً کسی بھی بیمہ کمپنی کا ایک اہم شعبہ تصور کیا جاتا ہے۔ آپ کی کمپنی کو نمایاں مکرر بیمہ کاروں کا تحفظ حاصل رہا ہے، جن کے ساتھ تعلقات کو ہم نے کمپنی اور مکرر بیمہ کاروں کے باہمی مفاد کے پیش نظر تقویت اور وسعت دی ہے۔ آپ کی کمپنی نے نہایت احتیاط سے ڈیزائن کردہ بیمے سے متعلق رسک کے انتظام کے پروگرام کے ذریعے ایک خاص حد تک رسک لینے کی پالیسی اختیار کر رکھی ہے۔ کمپنی نے نہ صرف روایتی مکرر بیمہ کاری کی انتظامی صلاحیتوں میں اضافہ کیا ہے بلکہ اپنے تخصیصی شعبے میں بھی صلاحیت بڑھائی ہے۔

ونڈو تکافل آپریشنز (ڈبلیو۔ٹی۔او) نے ۵۰۵ ملین روپے کی اعانت تحریر کی ہے جو کہ گزشتہ برس کے مقابلے میں ۳۵ فیصد زیادہ ہے۔ اس اضافے کے نتیجے میں خالص اعانت کی آمدن[18] میں ۲۱ فیصد کے حساب سے ۶۲ ملین روپے کی نمو

[18] Net contribution revenue

منافعوں[17] میں بہتری اور اخراجات پر بہتر قابو نے کمپنی کو محفوظ رکھا اور وہ ٹیکس سے پہلے ۳۶۵ ملین روپے کے منافع کے حصول میں کامیاب ہوئی، جو کہ گزشتہ برس کے مقابلے میں قدرے کم تھا۔

شعبہ جات کے لحاظ سے منافع پر ایک نظر

شعبہ جات	خالص بیمہ کی آمدن	کل دعوے	خالص کمیشن	شعبہ جات کا منافع ۲۰۲۱ء	شعبہ جات کا منافع ۲۰۲۰ء	مِقدار تغیر	فیصد
آتشزدگی	۲۹،۱۱۹	۱۴،۳۹۲	(۲۶،۶۷۳)	۴۱،۴۰۰	۱۳،۴۱۴	۲۷،۹۸۶	۲۰۹٪
بحری	۲۷،۰۲۵	۱۵،۱۱۹	(۷،۷۴۹)	۱۹،۶۵۵	۲۴،۱۶۱	(۴،۵۰۶)	-۱۹٪
موٹر	۵۸۲،۸۴۹	۲۸۷،۷۸۰	۱۰،۷۱۴	۲۸۴،۳۵۵	۲۵۲،۵۸۰	۲۹،۷۷۵	۱۲٪
متفرق	۳۷،۶۷۳	۸،۵۵۲	(۴۴،۴۶۳)	۷۳،۵۸۴	۷۵،۳۴۶	(۱،۷۶۲)	-۲٪
صحت	۱،۲۵۸،۱۰۰	۶۶۲،۲۳۵	۴۹۰،۹۴۷	۱۰۴،۹۱۸	۱۲۸،۹۵۸	(۲۴،۰۴۰)	-۱۹٪
کُل	۱،۹۳۴،۷۶۶	۹۸۸،۰۷۸	۴۲۲،۷۷۶	۵۲۳،۹۱۲	۴۹۶،۴۵۹	۲۷،۴۵۳	۶٪

آتشزدگی کے شعبے کے حصے میں ۲۰۹ فیصد کے حساب سے ۲۸ ملین روپے کا اضافہ ہوا۔ جس کی وجہ خالص بیمے کی آمدن میں ۵۵ فیصد کے حساب سے ۱۰ ملین روپے کے اضافے کے ساتھ ساتھ نقصان کی شرح میں گزشتہ برس کے ۱۶۱ فیصد کے مقابلے میں اس سال ۴۹ فیصد کی بہتری کے سبب دعووں کے اخراجات میں ۱۶ ملین روپے کی کمی ہے۔

[17] Underwriting profits

الفلاح انشورنس کمپنی کی کارکردگی

کروناوائرس کی وباء سے پیدا ہونے والی مشکلات کے باوجود سال ۲۰۲۱ء خام بیمے[8] اور منافع کے اعتبار سے ایک غیر معمولی سال تھا۔ بیمے کی آمدن میں اضافے کا ساتھ ساتھ حصولی لاگت[9] میں بہتری، منضبط اخراجات اور ونڈو تکافل آپریشنز کی بہتر کارکردگی نے مجموعی طور پر منافع کو ٹیکس کے بغیر ۳۶۵ ملین روپے تک بڑھا دیا، تاہم سرمایہ کاری کی آمدن میں کمی کے سبب منافع میں ۱۶ ملین روپے کے حساب سے گزشتہ برس کی نسبت ۴ فیصد کمی ہوئی۔ مجموعی طور پر آپ کی کمپنی میں خام بیمے[10] کی مد میں گزشتہ برس کے مقابلے میں ۸۲۰ ملین روپے کے حساب سے ۲۶ فیصد کی نمو دیکھی گئی۔ غیر گروہی بیمے کے کاروبار[11] میں ۶۸۴ ملین روپے کے حساب سے ۲۷ فیصد نمو دیکھی گئی، جبکہ گروہی بیمے کے کاروبار میں ۱۳۷ ملین روپے کے حساب سے ۲۱ فیصد کی نمو دیکھی گئی۔ گروہی اور غیر گروہی بیمے کے درمیان نسبت گزشتہ برس کی سطح پر برقرار رہی، جو کہ ۸۰:۲۰ تھی۔ کمپنی کے خالص بیمہ کی مکسوبہ آمدن[12] میں گزشتہ برس کی نسبت ۲۰۸ ملین روپے کے حساب سے ۱۲ فیصد اضافہ ہوا، جس کا بڑا حصہ موٹر اور صحت کے شعبے سے آیا لیکن ایک حد تک اس کا اثر فصل/مال مویشی کے شعبے نے کم کر دیا۔ مجموئی اخراجات کی شرح گزشتہ برس کے ۴۳ فیصد کی نسبت ۵۱ فیصد بڑھی، جس کی وجہ بحری، موٹر اور صحت کے شعبوں میں نقصان کی شرح میں اضافہ ہے۔ گزشتہ برس ان شعبوں میں نقصان کی شرح میں کمی کووڈ کی وجہ سے قفل بندی کا نتیجہ ہے، ورنہ نقصان کی یہ شرحیں عمومی سطح پر برقرار رہیں، سوائے صحت کے شعبے کے جہاں کچھ کاروباری کھاتوں میں توقع سے زیادہ نقصانات کی اطلاع ملی۔ خالص کمیشن میں ۶۰ ملین روپے کی کمی ہوئی اور یہ کمی صرف اُس ایک پراڈکٹ کے ذمہ نویسی کے بیمے[13] میں کمی کے عین مطابق تھی، جس کے حصولی ڈھانچے[14] کی قیمت زیادہ ہے۔ انتظامی و نظم و نسق کے اخراجات صرف ۳ فیصد کے اضافے کے ساتھ گزشتہ برس کی سطح پر رہے۔ کمپنی کی سرمایہ کاری کی آمدن گزشتہ برس سے ۴۶ ملین روپے کم رہی۔ جس کی بنیادی وجہ گزشتہ برس لمبی مدت کے پاکستان سرمایہ کاری بانڈز (پی-آئی-بی)[15] کی فروخت پر ۴۰ ملین روپے کے صرف ایک دفعہ کے حاصلاتِ سرمایہ[16] کا شامل ہونا ہے۔ اگرچہ کمپنی کی سرمایہ کاری کی آمدن میں منفی رجحان دیکھا گیا لیکن ذمہ نویسی کے

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[8] Premium written
[9] Acquisition cost
[10] Premium written
[11] Non-group business
[12] Net premium revenue earned
[13] Premium underwritten
[14] Acquisition structure
[15] PIBs
[16] One-off capital gain

علاقائی محاذ پر، افغان جنگ امریکی افواج کے انخلاء اور طالبان کی طرف سے سقوطِ کابل پر ختم ہوئی۔ علاقائی ربط اور امن کی کوششوں کے لیے ایک پُرامن افغانستان جو کہ بین الاقوامی طور پر تسلیم شدہ جامع شمولیت پر مبنی حکومت رکھتا ہو، بہتر ثابت ہو سکتا ہے۔

پاکستان نے جغرافیائی سیاست کی بجائے جغرافیائی اقتصادیات کی حکمتِ عملی اپنائی ہے اور تجارت، نقل و حمل اور توانائی کی منتقلی کے ساتھ ساتھ خطے میں افراد سے افراد کے باہمی تبادلوں کی کوششیں کر رہا ہے تاکہ ایک مشترکہ منزل، ہم آہنگی اور ترقی پر مبنی بارسوخ اور مربوط خطہ تشکیل دیا جا سکے۔ اس خواب کی تکمیل میں پاک چین اقتصادی راہداری[4] ایک بنیادی کردار ادا کرے گی جو کہ نا صرف پاکستان اور چین کے لیے فائدہ مند ہو گی بلکہ علاقائی ربط اور سرحد پار تجارت کے مقاصد کے ساتھ ساتھ خطے کے ممالک جیسا کہ ایران، افغانستان اور وسط ایشیائی ممالک پر بھی مثبت اثر ڈالے گی۔

بیمہ کاری کا شعبہ

اگرچہ بڑے پیمانے پر پھیلنے والی وباء کووڈ ۱۹ سال کے زیادہ تر حصے پر چھائی رہی، تاہم کچھ مرحلوں میں پابندیاں نرم یا ختم کر دینے کی وجہ سے کاروباری سرگرمیوں میں اضافہ جاری رہا اور بیمے کی صنعت نوماہ کے اختتام، ۳۰ ستمبر ۲۰۲۱ء تک، گزشتہ برس کے اسی دورانیے کے مقابلے میں ۱۹ فیصد کی نمو پانے میں کامیاب رہی۔ خالص بیمے کی آمدن میں نمو کا اس صنعت کے ذمہ نویسی کے منافع[5] پر مثبت اثر پڑے گا لیکن بیمہ کاری کے شعبے کی سرمایہ کاری کی آمدن بینک دولت پاکستان[6] کی جانب سے کٹوتی کی شرح[7] میں اچانک اضافے کی وجہ سے دباؤ میں رہ سکتی ہے۔ بڑے پیمانے پر پھیلنے والی وباء کے تجربے سے سیکھتے ہوئے بیمہ کاری کے شعبے میں اس بات کا شدید احساس پیدا ہو گا کہ باضابطہ کارکردگی اور گاہکوں کی معاونت میں بہتری کے لیے روائتی کاروباری افعال کو ڈیجیٹل طریقہ کار میں بدلا جائے۔

[4] CPEC
[5] Underwriting Profits
[6] SBP
[7] Discount Rates

حصص داروں کے نام ڈائریکٹرز کی رپورٹ

الفلاح انشورنس کمپنی لمیٹڈ کے ڈائریکٹرز آپ کی کمپنی کی سولہویں سالانہ رپورٹ بخوشی پیش کررہے ہیں۔ جس میں ۳۱ دسمبر ۲۰۲۱ء کو اختتام پذیر سال کے پڑتال شدہ مالیاتی گوشوارے بھی شامل کئے گئے ہیں۔

معاشی جائزہ

بڑے پیمانے پر پھیلنے والی وباء کووڈ ۱۹ جس نے ۲۰۱۹ء کے اواخر میں پھیلنا شروع کیا تھا، ۲۰۲۱ء میں بھی دنیا بھر میں اپنی تباہ کاریوں کا سلسلہ جاری رکھا۔ ایک موثر طریقے سے سنبھالے گئے ویکسینیشن کے منصوبے کی وجہ سے ایک تہائی آبادی کو ویکسین لگا کر پاکستان کرونا کو بہتر طور پر قابو میں رکھنے کے قابل ہوا، لیکن یہ بھی دوہرے ہندسوں کی عالمگیر افراطِ زر[1] سے متاثر ہوا۔ پٹرول، چینی، گیہوں، غذائی اشیاء اور دیگر اشیاء ضرورت کی قیمتوں میں اضافہ بار بار حکومت کے خلاف شدید غصے کا باعث بنا۔ ان مشکل اوقات کے باوجود ملک نے فلاحی کاموں میں بھی سرمایہ کاری کی۔ احساس منصوبہ اور کامیاب پاکستان منصوبہ جس میں صحت انصاف کارڈ کے ذریعے ہمہ گیر تحفظِ صحت کی فراہمی شامل ہے، اس حکومت کے نمایاں ترین فلاحی منصوبے تھے۔

اقتصادی محاذ پر، گزشتہ برس جولائی تا نومبر کی ۱ء۶۴ بلین امریکی ڈالر کی بیشی کے مقابلے میں، ۲۰۲۱ء کے اسی دورانئے میں چالو کھاتے کے خسارے[2] میں ۷ء۰۹ بلین امریکی ڈالر کا اضافہ ہوا۔ یہ خسارہ بنیادی طور پر دنیا بھر میں اشیاء کی قیمتوں میں اضافے خصوصاً توانائی، سٹیل اور صنعتی خام مال کے علاوہ ویکسین کی درآمد کی وجہ سے درآمدی بل پر بڑھتے ہوئے دباؤ کے سبب تھا۔ تاہم یہ لازمی طور پر کہنا چاہیے کہ پاکستان نے ریکارڈ برآمدات اور پاکستانی تارکینِ وطن کی ترسیلاتِ زر کا حصول ممکن بنایا۔ یہ پاکستان کی نئی شروع ہونے والی ٹیکنالوجی کمپنیوں میں کی گئی ۳۰۰ ملین امریکی ڈالر سے زیادہ کی وینچر سرمایہ کاری[3] کے حوالے سے نمایاں رہا، جو کہ گزشتہ برس کے مقابلے میں ۱۵ گنا زیادہ تھی۔

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[1] Double digit global inflation
[2] Current Account Deficit (CAD)
[3] Venture Investments

OUR PRODUCTS

OUR PRODUCTS

Alfalah Insurance offers a comprehensive suite of products to cover various insurance requirements, with each one being tailor-made to cater specific individual needs.

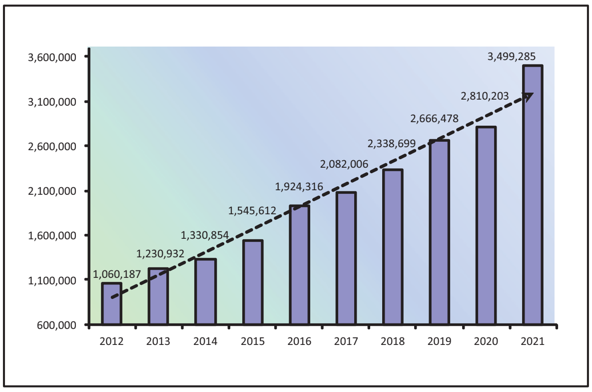
We constantly keep in tune with the changing commercial and social scenarios to understand the increasing diversity of multiple risk exposures. Our extensive knowledge and expertise enables us to structure the right insurance solutions to cover personal and corporate risk exposure in the best way possible.

- PROPERTY INSURANCE
- MOTOR INSURANCE
- MARINE CARGO, HULL & AVIATION INSURANCE
- MISCELLANEOUS INSURANCE
- TAKAFUL ISLAMIC INSURANCE
- GROUP HEALTH INSURANCE
- ENERGY INSURANCE
- ENGINEERING INSURANCE
- TRAVEL INSURANCE / SAFAR BAKHAIR
- AGRICULTURE INSURANCE

FINANCIAL SUMMARY

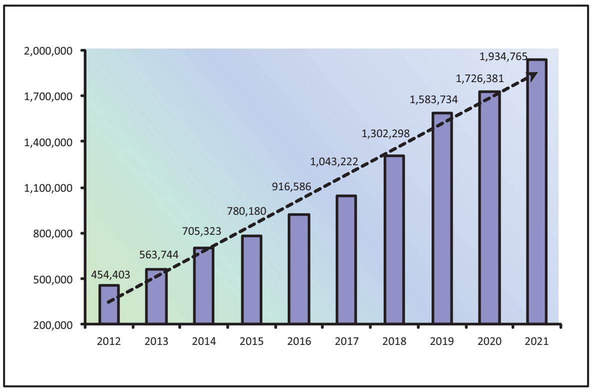
GROSS PREMIUM WRITTEN

(Rupees in Thousand)

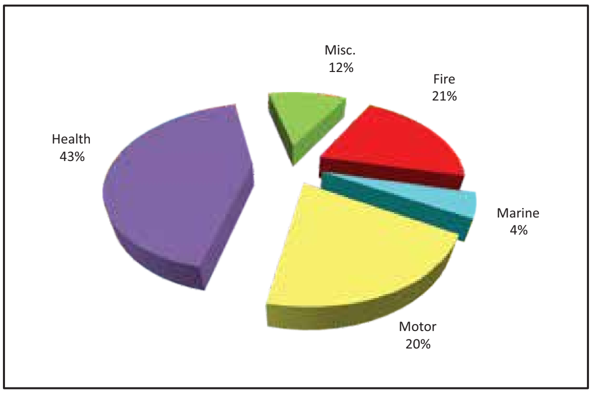


PREMIUM REVENUE

(Rupees in Thousand)

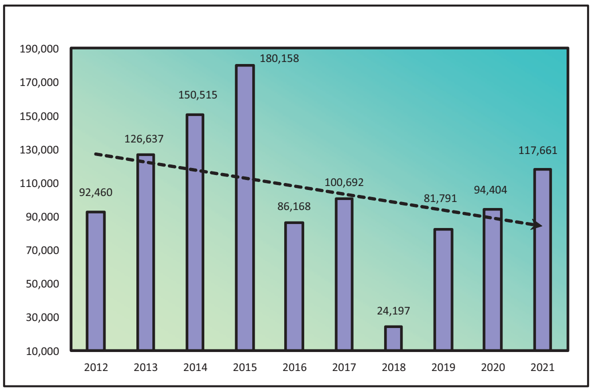


PRODUCT MIX ANALYSIS

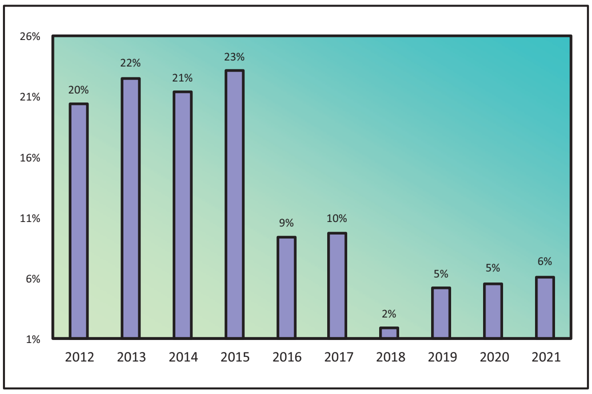


UNDERWRITING RESULTS

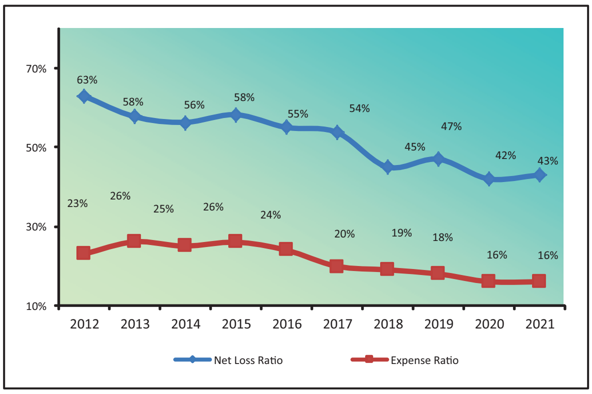
(Rupees in Thousand)



UNDERWRITING PROFIT MARGIN



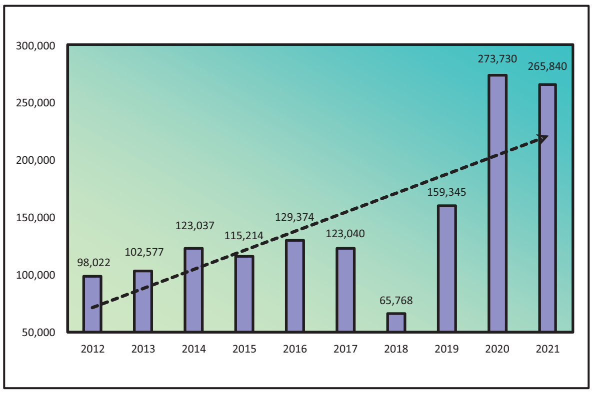
LOSS RATIO AND EXPENSE RATIO



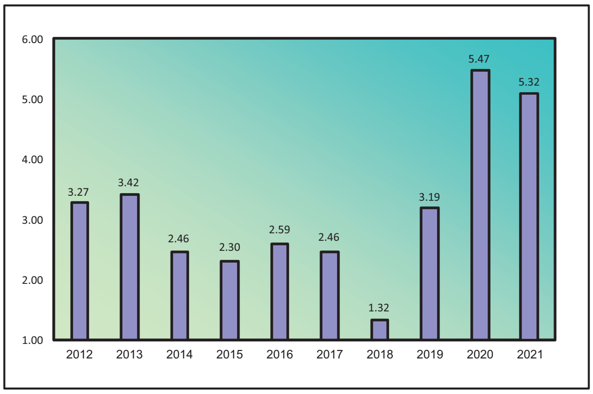
FINANCIAL SUMMARY

PROFIT AFTER TAX

(Rupees in Thousand)

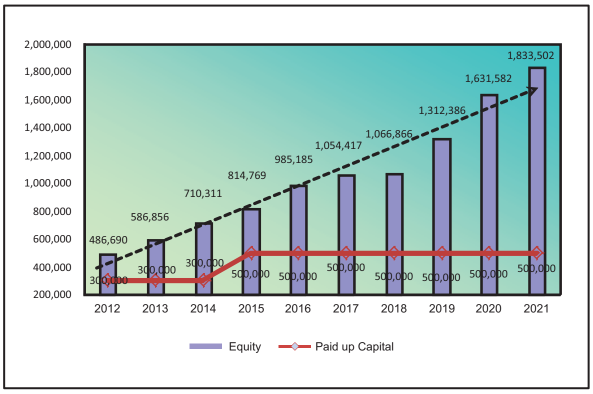


EARNING PER SHARE

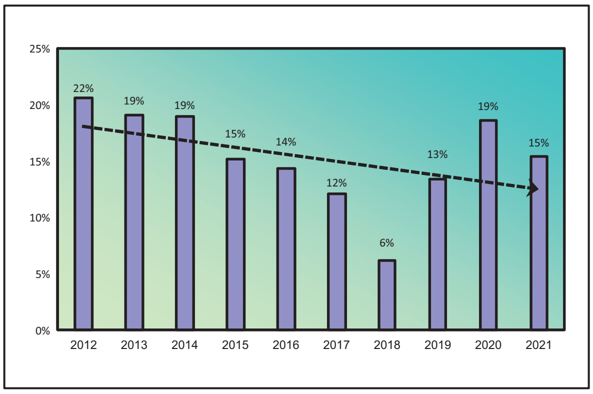


SHAREHOLDER EQUITY

(Rupees in Thousand)



RETURN ON EQUITY



TRAVEL INSURANCE – SAFAR BAKHAIR

In partnership with one of the largest travel reinsurance providers, we are pleased to announce that we are now in a position to provide complete travel insurance and assistance solutions around the world. Whereas there are many ready packages for individuals/families, we can also tailor-make travel insurance packages for large groups at special rates and terms.

Now you can travel peacefully around the world enjoying following facilities of our 'Safar Bakhair' travel insurance plans:

- MEDICAL ADVICE ON TELEPHONE
- MEDICINE DELIVERY
- HOSPITAL ADMISSION ARRANGEMENTS
- ACCOMMODATION ARRANGEMENTS
- REFERRALS FOR MEDICAL SERVICE PROVIDERS WORLDWIDE
- MEDICAL TRANSLATION SERVICES
- INTERPRETER REFERRAL
- LEGAL REFERRALS
- DOCUMENT DELIVERY
- ARRANGEMENT OF EMERGENCY MEDICAL EVACUATION AND REPATRIATION
- LOST LUGGAGE AND PASSPORT ASSISTANCE EMERGENCY TRAVEL ASSISTANCE

CODE OF CONDUCT AND PROFESSIONAL STANDARDS

1. **Client Service**
   The interest of the policyholders is absolute. We shall provide the best possible services equivalent to international standard to our clients and shall make arrangements to serve them without any cause of complaint relating to claim settlement and otherwise. Our endeavor is to introduce new and innovative schemes of arrangements for the benefit of clients so that they will be able to get better services at very economical premium.

2. **Compliance with the applicable laws**
   It is the basic principle of Alfalah Insurance Company Limited to obey the law of the land and comply with its legal system. Accordingly, every employee of the company shall obey the law. Any employee guilty of violation will be liable to disciplinary consequences because of the violation of his/her duties. Every manager and supervisor shall be responsible to see that there is no violation of laws within his/her area of responsibility which proper supervision could have prevented. The manager and supervisor shall still be responsible if he/she delegated particular tasks.

3. **Act with Honesty and Openness**
   The image and reputation of Alfalah Insurance Company Limited is determined by the way each and every one of us acts and conducts himself/herself at all times. Board members and staff of Alfalah Insurance Company Limited shall act with honesty and openness as representatives of the organization and in their interactions with one another. Alfalah Insurance Company Limited promotes a working environment that values respect, candor, and fairness.

4. **Conflict of Interest**
   Employees must avoid conflicts of interest between their private financial activities and conduct of company business.

5. **Integrity of financial information**
   All business transactions on behalf of Alfalah Insurance Company Limited must be reflected accordingly in the financial statements of the company.

6. **Equal opportunity employer**
   We are an equal opportunity employer. Our employees are entitled to a safe and healthy workplace.

MOTOR INSURANCE

Alfalah Motor Insurance is second to none. We have developed a very efficient infrastructure to provide excellent service to our motor insurance clients.

We can cover:

- MOTOR COMPREHENSIVE INSURANCE
- MOTOR THIRD PARTY LIABILITY INSURANCE

Various add-ons such as:
Personal Accident Benets to

- DRIVER AND PASSENGER
- PERSONAL EFFECTS
- REPLACEMENT VEHICLE

Can also be provided subject to applicable additional premium. We have established a large network of panel workshops around the country offering high quality & effective claim services

Statement of Compliance with the Code of Corporate Governance

For The Year Ended December 31, 2021

This statement is being presented to comply with the Code of corporate governance for Insurance Companies for the purpose of establishing a framework of good governance, whereby an Insurance company is managed in compliance with the best practices of corporate governance.

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

1. The company encourages representation of independent non-executive directors on its Board of Directors. Followings are the names of the Directors as at 31st December 2021.

Category	**Name**
Non-Executive Directors	HH Sheikh Nahayan Mabarak Al Nahayan
Non-Executive Directors	HE Sheikh Saif Bin Mohammed Bin Butti Al Hamid
Non-Executive Directors	Mr. Khalid Mana Saeed Al Otaiba
Non-Executive Directors	Mr. Atif Aslam Bajwa
Non-Executive Directors	Mr. Tanveer Hussain Awan
Non-Executive Directors	Ms. Anjum Hai
Executive Director/Chief Executive Officer	Mr. Abdul Haye Mughal

   There is no independent Director on Board due to relaxation provided in the Code of Corporate Governance for Insurers, 2016. However, the Company shall consider the effective representation of independent director at the time of its next election of directors.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this insurer.

3. All the resident directors of the Company have declared that they 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.

4. A casual vacancy occurring on the Board on 11th December 2020 due to the resignation of Mr. Bilal Asghar was filled up by Ms. Anjum Hai within 90 days thereof.

5. The Company has prepared a 'Statement of Ethics and Business Practices/Code of Conduct, which has been disseminated among all the directors and employees of the Company.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors and the key officers, if any, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the company. The Company has adopted and complied with all the necessary aspects of internal control given in the code.

Statement of Compliance with the Code of Corporate Governance

For The Year Ended December 31, 2021

10. The Board arranged Orientation course for its directors during the current tenure to apprise them of their duties and responsibilities.

11. There was no new appointment of CFO, Company Secretary or Head of Internal Auditor during the year.

12. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016 and fully describes the salient matters required to be disclosed.

13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

14. The directors, CEO and other executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

15. The Company has complied with all the applicable corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.

16. The Board has formed the following Management Committees:

Underwriting Committee:

Name	Category
Mr. Abdul Haye	Chairman
Mr. Raza Javaid	Member
Mr. Faisal Arshad	Member
Mr. Farhan Anwar	Member & Secretary

Claims Settlement Committee:

Name	Category
Mr. Abdul Haye	Member
Mr. Adnan Waheed	Member
Ch. Manzoor Hussain	Member
Mr. Muhammad Sarfraz	Member & Secretary

Reinsurance, Re-Takaful and Coinsurance Committee:

Name	Category
Mr. Abdul Haye	Chairman
Mr. Faisal Arshad	Member
Mr. Shahzad Aamir	Member
Mr. Shams ul Zuha	Member & Secretary

Risk Management & Compliance Committee:

Name	Category
Mr. Abdul Haye	Chairman
Mr. Adnan Waheed	Member
Mr. Faisal Shahzad	Member
Mr. Naveed Akbar	Member & Secretary

Statement of Compliance with the Code of Corporate Governance
For The Year Ended December 31, 2021

17. The Board has formed the following Board Committees:

Ethics, Human Resource and Remuneration Committee:

Name	Category
Mr. Atif Aslam Bajwa	Chairman
Mr. Tanveer Hussain Awan	Member
Ms. Anjum Hai	Member
Mr. Abdul Haye	Member
Mr. Adnan Waheed	Secretary

Terms of Reference of Nomination Committee as defined in the Code of Corporate Governance for Insurers, 2016 were discharged by the Ethics, Human Resource and Remuneration Committee.

Investment Committee:

Name	Category
Mr. Atif Aslam Bajwa	Chairman
Mr. Tanveer Hussain Awan	Member
Ms. Anjum Hai	Member
Mr. Abdul Haye	Member
Mr. Adnan Waheed	Member & Secretary

18. The Board has formed an audit committee comprising of three members, all of them are non-executive Directors including the Chairman of the committee. The composition of the Audit Committee is as follows:

Name of the Member	Category
Mr. Atif Aslam Bajwa	Chairman
Mr. Tanveer Hussain Awan	Member
Ms. Anjum Hai	Member

19. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as per the requirement of the Code of Corporate Governance for Insurers, 2016. The meetings of Board and Management Committees were also held once in every quarter except for Ethics, Human Resource and Remuneration/Nomination Committee which was held twice in the year. The terms of references of the Committees have been formed and advised to the Committees for compliance.

20. The Board has set-up an effective Internal Audit function which comprises of suitably qualified and experienced staff for the purpose and is conversant with the policies and procedures of the Company and are involved in the internal audit function on a regular basis.

21. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code of Corporate Governance for Insurers, 2016. Moreover, the persons heading the underwriting, claim, reinsurance, risk management departments possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000.

Name of the Person	Designation
Mr. Abdul Haye	Chief Executive Officer
Mr. Adnan Waheed	Chief Financial Officer & Company Secretary

Statement of Compliance with the Code of Corporate Governance
For The Year Ended December 31, 2021

Mr. Faisal Shahzad	Head of Internal Audit
Mr. Naveed Akbar	Compliance Officer
Mr. Faisal Arshad	Head of Underwriting
Mr. Manzoor Hussain	Head of Claims
Mr. Rashid Awan	Head of Risk Management
Mr. Shahzad Aamir	Head of Reinsurance
Mr. Shamsul Zuha	Head of Window Takaful Operation

There was no new appointment of Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit, or Compliance Officer during the reporting year.

22. The statutory auditors of the Company have been appointed from the panel of auditors approved by the commission in terms of section 48 of the Insurance Ordinance, 2000. The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

23. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.

24. The Company has drawn up its investment policy in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.

25. The Board ensures that the risk management system of the Company is in place as per requirement of the Code of Corporate Governance for Insurers, 2016.

26. The Company has set up a risk management function, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.

27. The Company has been rated by PACRA and the rating assigned by rating agency is AA with stable outlook.

28. The Company has set up a grievance function, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.

29. The Company has not obtained any exemption from the Securities and Exchange of Commission of Pakistan in respect of the requirement of the Code of Corporate Governance for Insurers, 2016.

30. We confirm that all other material principles contained in the Code of Corporate Governance for 2016 as applicable up to the reporting date have been complied by the Company.

Abdul Haye
Chief Executive Officer

GROUP HEALTH INSURANCE

Human resource is the most important asset of every company. Whether you wish to attract the cream of the industry or retain your nest talent, Health Insurance plays a paramount role. A company is as good as the employees it keeps. Smart employers appreciate the importance of a good medical insurance package which provides top drawer health benefits to keep their workforce happy, attract qualified applicants and reduce staff turnover.

With the rising cost of health insurance, you need a Medical Insurance Plan which is cost-effective and yet offers the most benefits. Alfalah Insurance Company Limited offers ideal Employee Medical Insurance solutions providing quality healthcare with the following features:

- FLEXIBLE INSURANCE PLANS TO SUIT EACH GROUP
- "CASHLESS" TREATMENT FACILITIES AT OUR NETWORK OF PANEL HOSPITALS
- A TEAM OF DOCTORS AND PHARMACISTS FOR COST-EFFECTIVE TREATMENT & 24 HOURS HELPLINE
- PROMPT AND EFFICIENT CASE MANAGEMENT
- FRIENDLY CLAIM SERVICE

Explore Alfalah Insurance Employee Medical Plans and take the rst step in building and engaging a high-performance workforce.

Building a better working world

EY Ford Rhodes
Chartered Accountants
96-B-I, 4th Floor, Pace Mall Building
M. M. Alam Road, Gulberg-II
P.O. Box 104, Lahore-54660

Tel: +92 42 3577 8402-11
Fax: +92 42 3577 8412-13
ey.lhr@pk.ey.com
ey.com/pk

INDEPENDENT AUDITOR’S REVIEW REPORT

TO THE MEMBERS OF ALFALAH INSURANCE COMPANY LIMITED REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) as prepared by the Board of Directors of Alfalah Insurance Company Limited (the Company) for the year ended 31 December 2021 to comply with the Code issued by the Securities and Exchange Commission of Pakistan applicable to non-listed insurance companies.

The responsibility for compliance with the Code 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 Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As 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 Code 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. We have not carried out procedures to assess and determine the Company’s process for identification of related parties and that whether the related party transactions were undertaken at arm’s length price or not.

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

EY Ford Rhodes

EY Ford Rhodes
Chartered Accountants
Engagement Partner: Abdullah Fahad Masood
Lahore: 21 February 2022
UDIN:CR2O2110177PTVbDe9nw

EY
Building a better
working world

EY Ford Rhodes
Chartered Accountants
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ey.com/pk

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALFALAH INSURANCE COMPANY LIMITED

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement 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 31 December 2021 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 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.

Information Other than the Financial Statements and Auditors' Report 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 the accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

A member firm of Ernst & Young Global Limited

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working world

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALFALAH INSURANCE COMPANY LIMITED

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

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

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

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 statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity, the cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Abdullah Fahad Masood.

EY Ford Rhodes

EY Ford Rhodes
Chartered Accountants
Lahore: 21 February 2022
UDIN:AR2021101774rdavqopt

ALFALAH INSURANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021	2020
ASSETS		**(Rupees in thousand)**	
Property and equipment	5	**168,169**	156,599
Right-of-use asset	6	**85,462**	59,239
Intangible assets	7	**7,691**	7,656
Investment property	8	**1,588**	1,588
Investments			
Equity securities	9	**478,389**	532,055
Debt securities	10	**1,657,130**	1,237,457
Term deposits	11	**-**	-
Loans and other receivables	12	**106,973**	88,853
Insurance / reinsurance receivables - unsecured and considered good	13	**755,243**	753,752
Reinsurance recoveries against outstanding claims	26	**467,748**	381,598
Salvage recoveries accrued		**36,776**	16,751
Deferred commission expense / acquisition cost	27	**60,976**	47,780
Deferred taxation	14	**10,608**	-
Taxation - payment less provisions		**31,088**	24,761
Retirement benefits	20	**827**	5,901
Prepayments	15	**476,682**	330,204
Cash and bank	16	**344,658**	350,668
		4,690,008	3,994,862
Total assets of Window Takaful Operations - Operator's Fund	17	**335,539**	238,761
TOTAL ASSETS		**5,025,547**	4,233,623
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Authorized capital			
50,000,000 (2020: 50,000,000) ordinary shares of Rs.10 each		**500,000**	500,000
Ordinary share capital	18	**500,000**	500,000
Reserves	19	**160,591**	224,283
Unappropriated profits		**1,172,911**	907,299
TOTAL EQUITY		**1,833,502**	1,631,582
LIABILITIES			
Underwriting provisions:			
Outstanding claims including IBNR	26	**840,710**	677,446
Unearned premium reserve	25	**991,716**	697,841
Premium deficiency reserves		**9,126**	-
Unearned reinsurance commission	27	**82,822**	61,681
Deferred taxation	14	**-**	21,022
Premium received in advance		**43,820**	40,291
Insurance / reinsurance payables	21	**488,330**	259,107
Lease liabilities	22	**105,391**	70,771
Other creditors and accruals	23	**486,875**	673,899
		3,048,790	2,502,058
Total liabilities of Window Takaful Operations - Operator's Fund	17	**143,255**	99,983
		3,192,045	2,602,041
TOTAL EQUITY AND LIABILITIES		**5,025,547**	4,233,623
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 45 form an integral part of these financial statements.

Chairman	Director	Director	Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		(Rupees in thousand)	
Net insurance premium	25	1,934,765	1,726,381
Net insurance claims	26	(978,950)	(742,441)
Premium deficiency		(9,126)	-
Net commission and other acquisition cost	27	(422,776)	(487,481)
Insurance claims and acquisition expenses		(1,410,852)	(1,229,922)
Management expenses	28	(406,252)	(402,055)
Underwriting results		117,661	94,404
Investment income	29	189,081	219,337
Other income	30	23,646	41,903
Other expenses	31	(30,418)	(28,390)
Results of operating activities		299,970	327,254
Finance cost	32	(9,909)	(6,816)
Profit from Window Takaful Operations - Operator's fund	17	75,361	61,467
Profit before tax		365,422	381,905
Income tax expense	33	(99,582)	(108,175)
Profit after tax		265,840	273,730
Earnings after tax per share - basic and diluted	34	5.32	5.47

The annexed notes 1 to 45 form an integral part of these financial statements.

Chairman	Director	Director	Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	(Rupees in thousand)	
Profit after tax	**265,840**	273,730
Items that may be reclassified to profit and loss account in subsequent periods (net of tax):		
Unrealized (loss) / gain on available-for-sale investments	**(63,692)**	39,887
Items that will not be reclassified to profit and loss account in subsequent periods (net of tax):		
Remeasurement (loss) / gain on defined benefit obligations	**(228)**	5,580
Other comprehensive (loss) / income for the year	**(63,920)**	45,467
Total comprehensive income for the year	**201,920**	319,197

The annexed notes 1 to 45 form an integral part of these financial statements.

Chairman	Director	Director	Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Capital reserve	Revennue reserve			
	Issued, subscribed and paid up	Share deposit money	Fair Value Reserves	General reserve	Unappropriated profits	Total
	---(Rupees in thousand)---					
Balance as at 1 January 2020	500,000	1,381	33,015	150,000	627,989	1,312,385
Profit for the year	-	-	-	-	273,730	273,730
Other comprehensive income for the year	-	-	39,887	-	5,580	45,467
Total comprehensive income for the year	-	-	39,887	-	279,310	319,197
Balance as at 31 December 2020	**500,000**	**1,381**	**72,902**	**150,000**	**907,299**	**1,631,582**
Profit for the year	**-**	**-**	**-**	**-**	**265,840**	**265,840**
Other comprehensive income for the year	**-**	**-**	**(63,692)**	**-**	**(228)**	**(63,920)**
Total comprehensive income for the year	**-**	**-**	**(63,692)**	**-**	**265,612**	**201,920**
Balance as at 31 December 2021	**500,000**	**1,381**	**9,210**	**150,000**	**1,172,911**	**1,833,502**

The annexed notes 1 to 45 form an integral part of these financial statements.

Chairman **Director** **Director** **Chief Executive Officer**

ALFALAH INSURANCE COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	(Rupees in thousand)	
Operating cash flows		
a) Underwriting activities		
Insurance premium received	**3,627,673**	2,966,371
Reinsurance premium paid	**(1,239,640)**	(1,399,880)
Claims paid	**(1,313,298)**	(1,250,726)
Reinsurance and other recoveries received	**411,462**	550,929
Commission paid	**(904,123)**	(713,526)
Commission received	**218,713**	209,260
Management expenses paid	**(361,333)**	(376,464)
Net cash flow from underwriting activities	**439,454**	(14,036)
b) Other operating activities		
Income tax paid	**(111,524)**	(130,117)
Other (paid) / received	**(39,086)**	83,300
Loans disbursed	**(9,860)**	(8,595)
Loans repayments received	**9,581**	8,682
Net cash flow from other operating activities	**(150,889)**	(46,730)
Total cash generated / (used in) from all operating activities	**288,565**	(60,766)
Investment activities		
Profit / return received on bank deposits	**97,740**	132,929
Dividends received	**35,380**	12,658
Payments for investments	**(3,522,897)**	(2,256,711)
Proceeds from disposal of investments	**3,145,399**	2,208,092
Fixed capital expenditure	**(27,930)**	(5,242)
Proceeds from disposal of operating fixed assets	**4,052**	11,996
Total cash (used in) / generated from investing activities	**(268,256)**	103,722
Financing activities		
Payment of lease liability in respect of right-of-use assets	**(26,319)**	(21,194)
Total cash flow from financing activities	**(26,319)**	(21,194)
Net cash flow from all activities	**(6,010)**	21,762
Cash and cash equivalents at beginning of the year	**350,668**	328,906
Cash and cash equivalents at end of the year	**344,658**	350,668

The annexed notes 1 to 45 form an integral part of these financial statements.

Chairman	**Director**	**Director**	**Chief Executive Officer**

ALFALAH INSURANCE COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	(Rupees in thousand)	
Reconciliation to profit and loss account		
Operating cash flows	**288,565**	(60,766)
Depreciation expense	**(34,164)**	(38,347)
Finance cost	**(11,339)**	(7,304)
Amortization of intangibles	**(1,662)**	(1,303)
Gain on disposal of operating fixed assets	**176**	7,019
Profit on sale of investments	**53,071**	93,390
Impairment in value of available-for-sale investments	**3,202**	(8,608)
Premium written off	**-**	(1,712)
Dividend and other income	**159,224**	162,969
Decrease / (increase) in assets other than cash	**293,361**	(80,045)
(Increase) / decrease in liabilities other than borrowings	**(559,983)**	134,683
Un-realized gain in value of held for trading investment	**28**	12,287
Profit from Window Takaful Operations	**75,361**	61,467
Profit after taxation	**265,840**	273,730
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	**2,223**	2,559
Current and other accounts	**342,435**	348,109
Total cash and cash equivalents	**344,658**	350,668

The annexed notes 1 to 45 form an integral part of these financial statements.

Chairman	Director	Director	Chief Executive Officer

1 LEGAL STATUS AND NATURE OF BUSINESS

Alfalah Insurance Company Limited ('the Company') is a public limited company incorporated in Pakistan on 21 December 2005 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is engaged in general non-life insurance business. The registered office of the Company is situated at 5-Saint Mary Park, Gulberg-III, Lahore.

The Company was granted authorization on 30 September 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations in respect of general takaful products by Securities and Exchange Commission of Pakistan (SECP) and commenced Window Takaful Operations on 13 January 2016.

1.1 The Company operates through the following locations in Pakistan;

Locations	Address
Head Office - Lahore	5-Saint Mary Park, Gulberg-III, Lahore
South Zone Karachi Office	1st Floor, Finlay House, I.I. Chundrigar Road Karachi
Peshawar Office	Ays Centre, 2nd Floor, Arbab Road, Peshawar Cantt. Peshawar
Islamabad Office	2nd Floor, Bank Alfalah Building Markaz I-8 Islamabad
Faisalabad Office	2nd Floor, Meezan Executive Tower, Liaqat Road, Faisalabad
Gujranwala Office	1st Floor, Al-Hameed Centre, Opp Govt. Iqbal High School, G.T. Road, Gujranwala
Sialkot Office	1st Floor, City Tower, Shahab Pura Road, Sialkot
Multan Office	10-A, 2nd Floor, Tehsil Chowk, Bosan Road, Multan
Hyderabad Branch	House No.49, 2nd Floor, Dr. Line Saddar Cantt, Hyderabad

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

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

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

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

2.1.2 As per the requirements of the SECP Takaful Rules, 2012 and SECP Circular No. 25 of 2015 dated 09 July 2015, the assets, liabilities and profit and loss of the Operator's Fund of the Window Takaful Operations of the Company have been presented as a single line item in the statement of financial position and profit and loss account of the Company respectively. A separate set of financial statements of the Window Takaful Operations has been annexed to these financial statements as per the requirements of the Takaful Rules, 2012.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except for certain foreign currency translation adjustments, certain financial instruments carried at fair value, and defined benefit obligations under employees benefits carried at present value. All transactions reflected in these financial statements are on accrual basis except for those reflected in cash flow statement.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All the financial information presented in Rupees has been rounded off to the nearest thousand in rupees,

2.4 New standards, interpretations and amendments applicable to the financial statements for the year ended 31 December 2021

The accounting policies adopted are consistent with those of the previous financial period, except for the following new and amended standards and interpretations effective for annual period beginning on 01 January 2021, as listed below. The Company has not early-adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New Standards, Interpretations and Amendments

IFRS 3	Definition of a Business — (Amendments)
IAS 1 and IAS 8	Definition of Material — (Amendments)
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform — (Amendments)
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 – (Amendments)
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 – Amendments

The adoption of amendments applied for the first time in the year did not have any material impact on the financial statements of the Company.

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

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 3	Reference to Conceptual Framework — (Amendments)	01 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before intended use — (Amendments)	01 January 2022
IAS 37	Onerous Contracts - Costs of Fulfilling a Contract — (Amendments)	01 January 2022
AIP IFRS 1	First-time Adoption of International Financial Reporting Standards - Subsidiary as a First-time Adopter	01 January 2022
AIP IFRS 9	Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	01 January 2022
AIP IAS 41	Agriculture – Taxation in Fair Value Measurements	01 January 2022
IAS 1	Classification of Liabilities as Current or Non-Current — (Amendments)	01 January 2023
IAS 8	Definition of Accounting Estimates — (Amendments)	01 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies — (Amendments)	01 January 2023

IAS 12	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction — (Amendments)	01 January 2023
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture — (Amendments)	
	Interest Rate Benchmark Reform — (Amendments)	01 January 2023

The above amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2022.

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 July 2019
IFRS 17	Insurance Contracts	01 January 2023

The management, in consultation with Insurance Association of Pakistan, is in the process of determining the effect of application of IFRS 17.

2.6 Amendments to IFRS 4 applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts

The Company meets the eligibility criteria of the temporary exemption from IFRS 9 and intends to defer the application of IFRS 9 until the effective date of the new insurance contracts standard (IFRS 17) for annual reporting periods beginning on or after 01 January 2023, as allowed by the amendments contained in Annual Improvements to IFRS Standards 2018-2020 Cycle.

The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning on 1 January 2023 and continue to apply IAS 39 to financial assets and liabilities. An entity may apply the temporary exemption from IFRS 9 if:

(i) it has not previously applied any version of IFRS 9, other than only the requirements for the presentation of gains and losses on financial liabilities designated as FVPL; and

(ii) its activities are predominantly connected with insurance on its annual reporting date.

3 USE OF JUDGEMENT AND ESTIMATES

The preparation of financial statement in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments 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 recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgment and complexity, or areas where assumptions and estimates are significant to these financial statements or judgment was exercised in application of accounting policies, are as follows:

	Note
- Provision for doubtful receivables	4.19
- Provision for outstanding claims including claims incurred but not reported (IBNR)	4.14
- Premium deficiency reserve	4.15
- Defined benefit plans	4.17
- Provision for taxation including the amount relating to tax contingency	4.22
- Useful lives, pattern of economic benefits and impairments - Fixed assets	4.1
- Useful lives, pattern of economic benefits and impairments - Investment property	4.2
- Segment reporting	4.23

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property and equipment

Operating fixed assets:

Items of operating fixed assets, except freehold land, are stated at cost less accumulated depreciation and impairment loss if any. Freehold land is stated at cost less identified impairment loss, if any.

Cost comprises of purchase price including import duties and non-refundable purchase taxes after deducting trade discounts, rebates and includes other costs directly attributable to the acquisition or construction including expenditures on the material, labour and overheads directly relating to construction, errection and installation of operating fixed assets.

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 item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the year in which they are incurred.

Depreciation on operating fixed assets is charged to profit and loss account using straight line method so as to write off the historical cost of an asset over its estimated useful life at the rates mentioned in note 5.1 after taking their residual value into account.

Depreciation on additions to operating fixed assets is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off.

Depreciation methods, residual values and the useful life of the assets are reviewed at least at each financial year end and adjusted if appropriate.

An item of operating fixed assets is derecognized upon disposal when no future economic benefits are expected from its use or disposal. Gain or loss on disposal of an asset is determined by comparing the proceeds from sale with the carrying amount and is recognized in profit and loss account.

Capital work-in-progress

Capital work in progress is stated at cost less identified impairment loss, if any and represents expenditure incurred on assets during the construction and installation. Cost also includes applicable borrowing costs, if any. Transfers are made to relevant categories as and when assets are available for use.

4.2 Investment Property

Property held for capital appreciation purpose is classified as investment property. The investment property of the Company comprises of land and is valued using the cost method less any identified impairment loss.

Fair value is disclosed and is determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee. Any gain or loss on disposal or retirement of investment property represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense in the profit and loss account.

The useful lives, residual values, depreciation method and impairment losses are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis. Further, fair value determination for the purpose of impairment loss requires adjustments for any differences in nature, location and condition of the investment property, if any, which involves significant judgment.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit and loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated above property and equipment up to the date of change in use.

4.3 Intangible assets

Intangible asset is stated at cost less accumulated amortization for finite intangible asset and identified impairment loss, if any. Finite intangible assets are amortized using straight line method over its estimated useful life at the rates mentioned in the note 7.

Amortization on additions to intangible assets is charged from the month in which an asset is put to use and on disposal up to the month of disposal. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

The Company assesses at each statement of financial position date whether there is any indication that intangible asset may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account currently. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.4 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and liabilities is included in profit and loss account.

4.4.1 Non-derivative financial assets

The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit and loss) are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company classifies non-derivativefinancial assets into the following categories namely: financial assets at fair value through profit and loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit and loss account

A financial asset is classified as at fair value through profit and loss account if it is classified as held-for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit and loss account if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognized in profit and loss account as incurred. Financial assets at fair value through profit and loss account are measured at fair value and changes therein, which takes into account any dividend income, are recognized in profit and loss account.

Held to maturity financial assets

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held to maturity. Held to maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise of long term deposits, trade debts, short term advances, deposits, other receivables and cash and bank balances.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available for sale financial assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit and loss account.

4.4.2 Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies financial liabilities recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities mainly includes other creditors and accruals.

4.4.3 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has legal enforceable right to set off the recognized amount and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

4.5 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

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 original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset’s carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit and loss account. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit and loss account. If the fair value of an impaired available for sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed though profit and loss account, otherwise it is reversed through other comprehensive income.

Non-financial assets

The carrying amounts of non-financial assets other than deferred tax asset, 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. The recoverable amount of an asset or cash-generating unit 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 assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually 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 groups of assets (the “cash generating unit, or CGU”).

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account.

4.6 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
- Accident and health
- Others including miscellaneous

These contracts are normally one year insurance contracts except marine and some contracts of others including miscellaneous class. Normally all marine insurance contracts are of three months period. In others including miscellaneous class, some engineering insurance contracts are of more than one year period.

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

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

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.

Accident and health insurance provides protection against losses incurred as a result of medical illnesses, surgical operations, accidental injuries and accidental death.

Other various types of insurance are classified in others including miscellaneous category which includes, terrorism, worker compensation, products of financial institutions, crop etc.

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

Premiums and administrative surcharge

Premiums and administrative surcharge received/ receivable under a policy or cover note is recognized over the period of insurance from the date of attachment of risk to the policy on the following basis:

a) For business other than marine cargo business, evenly over the period of the policy; and

b) For marine cargo business, immediately after the commencement of voyage;

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

Administrative surcharge represents documentation and other charges recovered by the Company from policy holders in respect of polices issued and is recognized in accordance with pattern. Administrative surcharge is recognized, at a rate of 5% of the premium restricted to a maximum of following limits:

Class	Rupees
Fire	3,000
Marine	3,000
Motor	3,000
Engineering	5,000
Health	5,000
Other including Miscellaneous	5,000

4.7 Provision for unearned premium

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage and is recognized as a liability by the Company on the following basis:

- for marine cargo business, premium written is recognized as provision for unearned premium until the commencement of voyage
- for Fire, Motor, Miscellaneous and Health (except Personal Accident) business, premium written is recognized as provision for unearned premium by applying the 1/24th method.
- for Personal accident business, premium written is recognized as provision for unearned premium, as the ratio of the unexpired period of the policy and the total period, both measured to the nearest day.

4.8 Receivables and Payables related to insurance contracts

Insurance / reinsurance receivable and payable including premium due but unpaid, relating to insurance contracts are recognized when due and carried at cost less provision for impairment (if any) . The cost is the fair value of the consideration to be received / paid in the future for services rendered / received. These amounts also include due to and from other insurance companies and brokers.

Premium received in advance is recognized as liability till the time of issuance of insurance contract there against.
An assessment is made at each reporting date to determine whether there is an objective evidence from external as well as internal sources of information that a financial asset or group of assets may be impaired i.e. recoverable amount at the reporting date is less than the earning amount of the asset. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized, in the profit and loss account, for the difference between the recoverable amount and the carrying amount. Provisions for impairment are reviewed at each reporting date and adjusted to reflect the current best estimates. Changes in the provisions are recognized as

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

Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured. The risks undertaken by the Company under these contracts for each class of business are stated in the financial statements.

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

Reinsurance assets or liabilities are derecognized when the contractual rights or obligations are extinguished or expired. Furthermore, reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contract are not off set against income or expenses

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

The portion of reinsurance premium not recognized as an expense is shown as a prepayment. Prepayment (i.e. premium ceded to reinsurers) is recognized as follows:

- for reinsurance contracts operating on a proportional basis, a liability to the reinsurer is recognized on attachment of the underlying policies reinsured, while an asset is recognized for the unexpired period of reinsurance coverage at the reporting date as prepaid reinsurance premium ceded and the same is expensed over the period of underlying policies.

Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to profit and loss account as commission income in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission and no claim bonus (if any), which the Company may be entitled to under the terms of reinsurance, is recognized on accrual basis.

4.10 Reinsurance expense

Premium Ceded to reinsurers is recognized as an expense. For reinsurance contracts operating on a proportional basis, on attachment of the underlying policies reinsured; and for reinsurance contracts operating on a non-proportional basis, on inception of the reinsurance contracts.

Reinsurance premium shall be recognized as an expense. For proportional reinsurance business, evenly over the period of the underlying policies, for non-proportional reinsurance business, evenly over the period of indemnity.

The portion of reinsurance premium ceded not yet recognized as an expense is recognized as a prepayment. The prepaid portion of premium ceded is recognized as an asset. Such asset is calculated by applying the twenty-forth method, whereby the liability shall equal 1/24 of the premium ceded relating to reinsurance contract commencing in the first month of the insurer's financial year, 3/24 of the premiums ceded relating to policies commencing in the second month of the insurer's financial years, and so on.

4.11 Commission expense / acquisition cost

Commission expense incurred in obtaining and recording insurance policies is charged to the profit and loss account based on the pattern of recognition of related premium revenue.

4.12 Deferred commission expense/ acquisition cost

Deferred commission expense represents the portion of commission expense relating to the unexpired period of insurance contract and is recognized as an asset. It is calculated in accordance with the pattern of its related unearned premium income.

4.13 Claims Expense

General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

4.14 Provision for outstanding claims incurred but not reported (IBNR)

The Company recognizes liability in respect of all claims incurred up to the statement of financial position date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. The liability for claims includes amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

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

Claims incurred but not reported

Securities and Exchange Commission of Pakistan ("SECP"), through its circular 9 of 2016 dated 09 March 2016, issued "Guidelines for estimation of incurred but not reported (IBNR) claims reserve 2016" ("Guidelines") for non-life insurance Companies and required to comply with all provisions of these guidelines with effect from 1 July 2016.

These Guidelines require the Company to develop an estimation of provision against claims incurred but not reported for each class of business, by either using “Chain Ladder Method” ("CLM") or other alternate method as allowed under the provisions of the Guidelines. The Chain Ladder Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level to derive an IBNR estimate.

As required under the Guidelines, the Company uses CLM by involving an actuary for determination of provision against IBNR. Accordingly, the actuarial valuation as at 31 December 2021 has been carried out by independent firm of actuaries for determination of IBNR for each class of business. The actuarial valuation is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions (as explained in preceding paragraph) that may include a margin for adverse deviation as required / allowed under the Guidelines. The method used, and the estimates made, are reviewed annually.

4.15 Premium deficiency reserve

The Company maintains a provision in respect of premium deficiency (also called unexpired risk reserve) on aggregation basis (except for health class) where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other claim handling expenses expected to be incurred after the statement of financial position date in respect of the unexpired policies as at the statement of financial position date. The movement in the premium deficiency reserve is recorded as an expense / income in the profit and loss account for the year.

For this purpose, premium deficiency reserve on aggregation basis and for health class is determined by independent actuary. The actuary determines the prospective loss ratio on aggregation basis and applies factors of unearned and earned premiums and uses assumptions appropriate to arrive at the expected claims settlement cost which when compared with unearned premium reserve (UPR) shows whether UPR is adequate to cover the unexpired risks. If these ratios are adverse, premium deficiency reserve is determined.

Based on recommendation of actuary, the unearned premium reserve, on aggregation basis, at the year end is adequate to meet the expected future liability after reinsurance claims and claim handling expenses, expected to be incurred after the statement of financial position date in respect of policies in force at the statement of financial position date. Therefore, no premium deficiency reserve has been accounted for in these financial statements, however for health class premium deficiency reserve has been accounted for separately.

4.16 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 in hand, deposits with banks and stamps in hand.

4.17 Employees benefit plans

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Company and measured on an undiscounted basis. The accounting policy for employee retirement benefits is described below:

Post employment benefits - Defined contribution plan

The Company operates an approved contributory provident fund for all permanent employees by establishing a separate Trust. Equal monthly contributions are made by the Company and employees to the fund at the rate of 8.33% (2020: 8.33%) of basic salary.

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Post employment benefits - Defined benefit plan

The Company has established an approved gratuity fund for all permanent employees including Window Takaful Operations. Monthly contributions are made to the fund on the basis of actuarial recommendations and in line with the provisions of the Income Tax Ordinance, 2001. The Company's net obligation in respect of defined benefit plans is calculated separately for plan by estimating the amount of future benefits that employees have earned in current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the 'Projected Unit Credit Method' and latest actuarial valuation has been carried out at 31 December 2021. When calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Actual gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to equity through other comprehensive income in the year in which they arise. Past service costs are recognized immediately in the profit and loss account. The main features of defined benefit schemes are mentioned in note 20.

4.18 Creditors and accruals

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

4.19 Provisions and contingencies

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

Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the assets.

The right-of-use assets are also subject to impairment. Refer to the note 4.5.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

4.20 Revenue recognition

Premium income and administrative surcharge

Premium income and administrative surcharge is recognised in line with note 4.6.

Commission income

Commission income from other reinsurers is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit / commission, if any, under the terms of reinsurance agreements is recognized when Company's right to same are established.

The unearned portion of commission income is recognized as a liability. Such liability is calculated by applying the twenty-forth method, whereby the liability shall equal 1/24 of the premium relating to policies commencing in the first month of the insurer's financial year, 3/24 of the premiums relating to policies commencing in the second month of the insurer's financial years, and so on.

Dividend income

Dividend income including bonus shares are recognized when right to receive such dividend or bonus shares is established.

Interest income and other returns

Interest / mark-up is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Return on investments and interest on loans is accounted for on a time proportionate basis using the applicable rate of return/ interest.

Miscellaneous Income

Return on bank deposits is recognized on a time proportion basis taking into account the effective yield.

Other revenues are recognized on accrual basis.

4.21 Management expenses

Management expenses are recognized in profit and loss account on accrual basis. Management expenses that are directly attributable to the distinguished operation of business (i.e. Conventional insurance business and Window Takaful Operations) are directly charged to the relevant business, whereas, common management expenses incurred for both conventional insurance business and Window Takaful Operations are proportionately charged on the basis of volume of respective business.

4.22 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 includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income in which case it is included in other comprehensive income.

4.23 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, the Insurance Rules, 2017 and Insurance Accounting Regulations, 2017. The reported operating segments are also consistent with the internal reporting framework provided to Board of Directors who 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.

Based on its classification of insurance contracts issued, the Company has five primary business segments for reporting purposes namely fire, marine, motor, health and others including miscellaneous. The nature and business activities of these segments are disclosed in note 4.6. Since the operation of the Company are predominantly carried out in Pakistan, information relating to geographical segment is not considered relevant.

The accounting policies of operating segment are the same as those described in the summary of significant accounting policies.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities which can not be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

4.24 Dividend distribution

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability in the Company's financial statements in the year in which it is approved.

4.25 Salvage recoveries

Salvage recoveries are recognized on estimated basis based on past experience and market patterns and are in line with the recognition of related claim expenses.

4.26 Window Takaful Operations

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

		Note	2021	2020
			Rupees in thousand	
5	**PROPERTY AND EQUIPMENT**			
	Operating assets	5.1	**168,169**	156,599

5.1 Operating assets

2021	Cost: As at 01 January 2021	Cost: Additions	Cost: Disposals	Cost: As at 31 December 2021	Depreciation: As at 01 January 2021	Depreciation: Charge for the year	Depreciation: On disposals	Depreciation: As at 31 December 2021	Written down value: As at 31 December 2021	Depreciation rates
	(Rupees in thousand)									%
Land - freehold	**121,671**	**-**	**-**	**121,671**	**-**	**-**	**-**	**-**	**121,671**	**-**
Building on leasehold land	**50,564**	**-**	**-**	**50,564**	**48,639**	**1,076**	**-**	**49,715**	**849**	**10**
Furniture and fixtures	**18,226**	**954**	**-**	**19,180**	**16,282**	**705**	**-**	**16,987**	**2,193**	**10**
Office equipment	**21,585**	**230**	**(425)**	**21,390**	**16,727**	**1,512**	**(425)**	**17,814**	**3,576**	**20**
Computer equipment	**42,668**	**1,271**	**-**	**43,939**	**37,240**	**2,389**	**-**	**39,629**	**4,310**	**25**
Vehicles	**54,449**	**23,778**	**(15,222)**	**63,005**	**33,676**	**5,104**	**(11,345)**	**27,435**	**35,570**	**25**
	309,163	**26,233**	**(15,647)**	**319,749**	**152,564**	**10,786**	**(11,770)**	**151,580**	**168,169**	

2020	Cost: As at 01 January 2020	Cost: Additions	Cost: Disposals	Cost: As at 31 December 2020	Depreciation: As at 01 January 2020	Depreciation: Charge for the year	Depreciation: On disposals	Depreciation: As at 31 December 2020	Written down value: As at 31 December 2020	Depreciation rates
	(Rupees in thousand)									%
Land - freehold	121,671	-	-	121,671	-	-	-	-	121,671	-
Building on leasehold land	50,564	-	-	50,564	47,534	1,105	-	48,639	1,925	10
Furniture and fixtures	17,809	417	-	18,226	15,576	706	-	16,282	1,944	10
Office equipment	20,917	668	-	21,585	15,019	1,708	-	16,727	4,858	20
Computer equipment	40,086	2,582	-	42,668	34,926	2,314	-	37,240	5,428	25
Vehicles	72,949	1,168	(19,668)	54,449	37,935	10,432	(14,691)	33,676	20,773	25
	323,996	4,835	(19,668)	309,163	150,990	16,265	(14,691)	152,564	156,599	

5.1.1 Immovable freehold land in the name of the Company comprise of land having an area of 2 Kanal situated at Tariq Block, Garden Town, Lahore.

5.1.2 These include operating assets amounting to Rs. 102.35 million (2020: Rs. 97.052 million) having nil book value as at year end.

5.1.3 Depreciation has been allocated as follows:

	Note	2021	2020
		Rupees in thousand	
Management expenses	28	**9,426**	14,358
Window Takaful Operations - Operator's Fund	17	**1,360**	1,907
		10,786	16,265

5.1.5 Disposal of property and equipment

Particulars	Particulars of buyer	Relationship with the Company	Cost	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal
			2021				
			-------------------(Rupees in thousand)-------------------				
Vehicles							
Mercedez Benz E-200 (AFC-668)	Mr. Abdul Haye Mughal	Employee / CEO	13,060	3,265	3,265	-	Board approval
Toyota Altis 1.6 (LEH-17-6962)	Mr. Faisal Shahzad	Employee	2,067	517	517	-	Company Policy
Office equipment							
Various	Rana Mukhtar	Third Party	425	-	176	176	Auction
2021			**15,552**	**3,782**	**3,958**	**176**	
2020			19,668	4,977	11,996	7,019	

	Note	2021	2020
		Rupees in thousand	
6 RIGHT-OF-USE ASSET			
As at January 01		**59,239**	70,673
Additions during the year		**-**	12,442
Deletions / modification during the year		**49,601**	(1,794)
Less: Depreciation	**6.1**	**23,378**	22,082
As at December 31		**85,462**	59,239

6.1 Depreciation has been allocated as follows:

	Note	2021	2020
Management expenses	**28**	**20,431**	19,492
Window Takaful Operations - Operator's Fund	**17**	**2,947**	2,590
		23,378	22,082

7 INTANGIBLE ASSETS

	Note	2021	2020
Intangible assets	**7.1**	**7,691**	4,095
Capital work-in-progress - intangibles	**7.2**	**-**	3,561
		7,691	7,656

7.1 Intangible assets

	Note	2021	2020
Cost			
Cost as at January 01		**21,876**	17,842
Additions during the year		**5,258**	4,034
Cost as at December 31		**27,134**	21,876
Amortization			
As at January 01		**17,781**	16,478
Charged during the year	**7.1.2**	**1,662**	1,303
As at December 31		**19,443**	17,781
Net book value as at December 31		**7,691**	4,095
Rate of amortization		**25%**	25%

7.1.1 These include intangible assets amounting to Rs. 17.49 million (2020: Rs. 14.65 million) having nil book value as at year end.

	Note	2021	2020
		Rupees in thousand	
7.1.2 Amortization has been allocated as follows:			
Management expenses	**28**	**1,453**	1,151
Window Takaful Operations - Operator's Fund	**17**	**209**	152
		1,662	1,303

7.2 This pertains to advance given in respect of 'Management Information System' to a software house. During the year, this amount is capitalized in intangible assets.

8 INVESTMENT PROPERTY

This represents land situated at 64 B Block, Eden Valley Faisalabad having a fair value of Rs. 10.58 million (2020: Rs. 8.11 million) measuring 7 Marla 15 square feet kept for long term capital appreciation purpose and measured at cost model.

As at 31 December 2021 and 2020, the fair values of the land are based on valuations performed by ARCH-e-decon, an accredited independent valuer on panel of Pakistan Banks' Association. ARCH-e-decon is a specialist in valuing these types of investment properties. A valuation model recommended by the International Valuation Standards Committee has been applied to determine the value of property. Investment properties of the Company are valued every year. There is no income or expense related to these investment properties.

The valuation has been carried out considering the segment and location of the property, size, utilization and current trends in price of real estate in close proximity and current market rents for similar properties including assumptions that ready buyers are available in the current market and analyzed through detailed market surveys and, the properties that have recently been sold or purchased or offered/quoted for sale into the same vicinity to determine the better estimates of the fair value.

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

9 INVESTMENTS IN EQUITY SECURITIES

	Note	2021			2020		
		Cost	**Impairment / Provision**	**Carrying value**	Cost	Impairment / Provision	Carrying value
		---------- (Rupees in thousand) ----------					
9.1 Available for sale - Quoted							
Related parties		-	-	-	-	-	-
Others							
Listed shares	**9.1.1**	**497,085**	**(16,584)**	**480,501**	511,161	(19,786)	491,375
		497,085	**(16,584)**	**480,501**	511,161	(19,786)	491,375
Unrealized (loss) / gain on revaluation		-	-	**(2,112)**	-	-	40,680
		497,085	**(16,584)**	**478,389**	511,161	(19,786)	532,055

	Note	2021	2020
9.2 Movement of provision:		**Rupees in thousand**	
As at January 01		**19,786**	11,177
Charged during the year	29	**31,011**	60,856
Transferred to profit and loss account on sale of investment		**(34,213)**	(52,247)
As at December 31		**16,584**	19,786

9.1.1 Others - listed shares

Shares		Company	Face value per share	Cost		Market Value	
2021	2020			**2021**	2020	**2021**	2020
--------Number---------				-------------- (Rupees in thousand) --------------			
		Commercial Banks					
1062,000	1200,500	The Bank of Punjab	**10**	**9,638**	11,624	**8,995**	11,129
340,000	-	Faysal Bank Limited	**10**	**6,339**	-	**7,820**	-
312,000	300,000	Habib Bank Limited	**10**	**39,953**	37,983	**36,385**	39,684
277,000	112,000	Bank AL Habib Limited	**10**	**21,327**	8,424	**19,116**	7,795
270,000	330,000	United Bank Limited	**10**	**34,087**	41,884	**36,877**	41,534
136,000	175,000	MCB Bank Limited	**10**	**24,773**	32,514	**20,856**	32,424
53,631	-	Meezan Bank Limited	**10**	**5,712**	-	**7,192**	-
15,000	-	Habib Metropolitan Bank Limited	**10**	**600**	-	**642**	-
		Engineering					
300,000	-	Aisha Steel Mills Limited	**10**	**6,540**	-	**4,518**	-
227,000	140,000	Agha Steel Inundstries Limited	**10**	**7,982**	5,251	**5,941**	5,517
50,725	75,000	Mughal Iron and Steels Industries	**10**	**4,371**	5,420	**5,281**	5,680
-	30,000	International Steels Limited	**10**	**-**	2,334	**-**	2,797
		Cement					
288,000	500,000	Fauji Cement Company Limited	**10**	**6,150**	10,673	**5,291**	10,835
192,000	315,000	Maple Leaf Cement Factory Limited	**10**	**7,928**	12,455	**6,902**	14,178
100,000	-	Flying Cement Company Limited	**10**	**1,190**	-	**1,253**	-
73,000	64,800	D.G Khan Cement Limited	**10**	**7,771**	7,365	**6,055**	7,425
61,500	110,000	Pioneer Cement Limited	**10**	**5,904**	10,385	**5,458**	11,363
47,000	49,000	Kohat Cement Company Limited	**10**	**9,120**	9,171	**8,864**	10,743
40,000	39,000	Lucky Cement Limited	**10**	**25,624**	22,808	**27,171**	27,148
32,000	80,000	Cherat Cement Limited	**10**	**4,545**	10,225	**4,746**	11,695
-	300,000	Gharibwal Cement Limited	**10**	**-**	7,215	**-**	11,256
		Fertilizers					
201,000	-	Fauji Fertilizer Bin Qasim Limited	**10**	**5,487**	-	**4,981**	-
91,500	75,000	Engro Corporation Limited	**10**	**28,430**	23,459	**24,926**	23,052
85,000	-	Fauji Fertilizer Company	**10**	**8,615**	-	**8,522**	-
		Pharmaceuticals					
60,500	-	AGP Limited	**10**	**5,391**	-	**5,868**	-
45,000	-	Citi Pharma Limited	**10**	**1,342**	-	**1,609**	-
36,600	22,000	The Searle Company Limited	**10**	**7,466**	5,536	**5,260**	5,483
50	8,500	Highnoon Laboratories Limited	**10**	**25**	4,703	**31**	5,098
-	28,000	Glaxosmith Kline Pakistan Limited	**10**	**-**	5,190	**-**	5,371
		Automobile Assembler					
25,000	18,000	Honda Atlas Cars (Pakistan) Limited	**10**	**5,111**	5,661	**5,920**	5,906
8,500	11,500	Atlas Honda Limited	**10**	**4,108**	5,556	**3,451**	5,750
6	5,000	Millat Tractors Limited	**10**	**4**	4,795	**5**	5,470
-	25,000	Pak Suzuki Motor Company Limited	**10**	**-**	5,573	**-**	6,049
-	-	Indus Motor Company Limited	**10**	**-**	-	**-**	-
		Power Generation and Distribution					
405,000	280,000	Hub Power Company Limited**	**10**	**32,759**	23,134	**28,893**	22,212
-	275,000	Kot Addu Power Company Limited*	**10**	**-**	8,689	**-**	7,480
		Oil and Gas Exploration Companies					
230,000	240,000	Oil And Gas Development Company Limited	**10**	**25,401**	29,613	**19,826**	24,905
65,000	60,000	Pakistan Oil Fields Limited	**10**	**24,159**	22,381	**23,245**	23,725
11,000	12,000	Mari Petroleum Company Limited	**10**	**14,533**	15,009	**18,197**	16,078
-	260,000	Pakistan Petroleum Limited	**10**	**-**	27,556	**-**	23,486

Shares		Company	Face value per share	Cost		Market Value	
2021	2020			2021	2020	2021	2020
--------Number---------				-------------- (Rupees in thousand) --------------			
		Textile Composite					
207,200	147,500	Gul Ahmad Textile Mills Limited	**10**	**8,566**	5,393	**9,751**	5,421
55,000	-	Nishat Chunian Limited	**10**	**2,419**	-	**2,505**	-
178,000	105,000	Nishat Mills Limited	**10**	**17,490**	10,460	**14,165**	10,686
134,480	85,000	Interloop Private Limited	**10**	**8,822**	5,558	**9,775**	5,786
56,500	88,000	Kohinoor Textile Mills Limited	**10**	**2,810**	3,596	**3,922**	6,003
		Cable and Electrical Goods					
-	75,000	Pak Elektron Limited	**10**	**-**	2,688	**-**	3,010
		Automobile Parts and Accessories					
2,559	-	Panther Tyres Limited	**10**	**122**	-	**107**	-
-	29,500	Thall Limited	**10**	**-**	11,076	**-**	13,944
		Insurance					
127,500	115,000	Adamjee Insurance Company Limited	**10**	**5,134**	4,507	**5,100**	4,522
		Glass and Ceramics					
56,700	64,000	Tariq Glass Industries Limited	**10**	**5,648**	5,709	**6,153**	5,618
		Refinery					
598,000	-	Cnergy PK Limited	**10**	**5,777**	-	**4,072**	-
		Technology					
20,045	23,000	System Limited	**10**	**9,866**	5,221	**15,231**	9,642
		Foods and Personal Care Products					
3,893	-	Unity Foods Ltd	**10**	**127**	-	**103**	-
76,650	-	The Organic Meat Company Limited	**10**	**2,672**	-	**2,432**	-
		Oil and Gas Marketing Companies					
97,785	-	Pakistan State Oil Company Limited	**10**	**17,804**	-	**17,786**	-
-	15,000	Attock Petroleum Limited	**10**	-	4,971	**-**	5,019
24,800	122,000	Hi-Tech Lubricants Limited	**10**	**1,451**	5,083	**1,079**	5,341
		Transport					
244,000	-	Pakistan International Bulk Terminal Limited	**10**	**1,900**	-	**1,796**	-
-	50,000	Pakistan National Shipping Corporation	**10**	**-**	4,128	**-**	4,570
		Chemical					
148,000	185,000	Engro Polymer and Chemicals Limited	**10**	**7,264**	8,459	**8,023**	8,789
		Miscellaneous					
217,000	325,000	Siddiqsons Tin Plate Limited	**10**	**2,997**	5,916	**2,641**	6,685
202,190	132,237	Synthetic Products Enterprises	**10**	**3,829**	5,810	**3,650**	5,751
		Value as at 31 December		**497,085**	511,161	**478,389**	532,055
		Grand Total		**497,085**	511,161	**478,389**	532,055

* 2021: Nil (2020: 90,000) shares are pledged with National Clearing Company of Pakistan Limited (NCCPL) as exposure margin.

** 2021: 221,396 (2020: 221,396) shares were pledged with National Clearing Company of Pakistan Limited (NCCPL) as exposure margin.

	Note	2021	2020
10 INVESTMENTS IN DEBT SECURITIES		(Rupees in thousand)	
10.1 Available for sale - Unquoted			
Sukuk certificates	10.1.1	5,887	22,524
Term finance certificates	10.1.2	54,679	54,693
Pakistan Investment Bonds	10.1.3	1,468,159	651,522
		1,528,725	728,739
Unrealized gain on debt securities		15,078	61,993
		1,543,803	790,732
10.2 Held for trading			
Treasury Bills	10.1.4	113,299	287,304
Pakistan Investment Bonds	10.1.5	-	145,303
		113,299	432,607
Unrealized gain on debt securities		28	14,118
Total Investment in debt securities		1,657,130	1,237,457

Description	Maturity	Profit Payment	Yield	2021	2020
				(Rupees in thousand)	
10.1.1 Sukuk certificates					
Sukuk-International Brands Ltd "ISBLSC"	15-Nov-22	Quarterly	3M KIBOR + 0.50%	5,887	22,524
10.1.2 Term finance certificates					
Habib Bank Limited	15-Nov-24	Quarterly	3M KIBOR + 1.60%	20,000	20,000
The Bank of Punjab	23-Dec-26	Semi Annually	6M KIBOR + 1.00%	34,679	34,693
				54,679	54,693
10.1.3 Pakistan Investment Bonds					
Pakistan Investment Bond-Floater	09-Aug-28	Semi Annually	8.20%	110,000	110,000
Pakistan Investment Bond	19-Sep-22	Semi Annually	12.87%	146,099	141,264
Pakistan Investment Bond	12-Jul-23	Semi Annually	13.77%	69,188	65,991
Pakistan Investment Bond	12-Jul-23	Semi Annually	13.59%	184,969	176,684
Pakistan Investment Bond	12-Jul-23	Semi Annually	13.78%	69,183	65,983
Pakistan Investment Bond	19-Sep-24	Semi Annually	12.38%	93,500	91,600
Pakistan Investment Bond	22-Oct-23	Quarterly	7.57%	198,887	-
Pakistan Investment Bond	22-Oct-23	Quarterly	7.61%	124,208	-
Pakistan Investment Bond	22-Oct-23	Quarterly	7.62%	49,680	-
Pakistan Investment Bond	26-Aug-23	Quarterly	8.77%	298,199	-
Pakistan Investment Bond	26-Aug-23	Quarterly	8.77%	124,246	-
Average Yield / total			10.45%	1,468,159	651,522
10.1.4 Treasury Bills - Held for Trading					
Treasury Bills	24-Mar-22	On Maturity	10.45%	14,649	
Treasury Bills	24-Mar-22	On Maturity	10.35%	98,650	
Treasury Bills	08-Apr-21	On Maturity	7.95%	-	162,538
Treasury Bills	11-Feb-21	On Maturity	7.08%	-	124,766
Average Yield / total			8.96%	113,299	287,304
10.1.5 Pakistan Investment Bonds - Held for Trading					
Pakistan Investment Bond	12-Jul-21	Semi Annually	13.61%	-	96,827
Pakistan Investment Bond	12-Jul-21	Semi Annually	13.35%	-	48,476
Average Yield / total			13.48%	-	145,303

10.1.6 Pakistan Investment Bonds having face value of Rs. 60 million (2020: Rs. 60 million) and market value of Rs. 60 million (2020: Rs. 60 million) respectively are held with State Bank of Pakistan as security deposit.

	Note	2021	2020
		(Rupees in thousand)	
11 INVESTMENTS IN TERM DEPOSITS			
Term Deposit Receipt - maturing within 12 months	11.1	**2,000**	2,000
Impairment		**(2,000)**	(2,000)
		-	-

11.1 These includes term deposit receipts (TDRs) purchased from Trust Investment Bank of Rs 2 million (2020: Rs. 2 million) matured in 2013. Impairment has been charged due to uncertainty surrounding the recoverability of the amount.

	Note	2021	2020
12 LOANS AND OTHER RECEIVABLES		(Rupees in thousand)	
Considered good			
Accrued investment income		**32,718**	28,529
Security deposits		**6,123**	4,301
Loan to employees		**4,701**	4,422
Insurance claim receivable		**2,853**	27
Receivable from Shareholders' fund	12.1	**58,258**	49,550
Other advances		**2,320**	5,824
		106,973	92,653
Provision against other advances	12.2	**-**	(3,800)
		106,973	88,853

12.1 This represents recievable in respect of common expenses incurred by Alfalah Insurance Company Limited on behalf of the Window Takaful Operations.

	Note	2021	2020
		(Rupees in thousand)	
12.2 Provision against other advances			
Balance as at January 01		**3,800**	3,800
Write-off during the year		**(3,800)**	-
Balance as at December 01		**-**	3,800
13 INSURANCE / REINSURANCE RECEIVABLES			
Unsecured and considered good			
Due from insurance contract holders		**367,327**	492,186
Less: provision for impairment of receivables from insurance contract holders	13.1	**(32,659)**	(30,272)
		334,668	461,914
Due from other insurers / reinsurers		**424,818**	295,884
Less: provision for impairment of due from other insurers / reinsurers	13.2	**(4,243)**	(4,046)
		420,575	291,838
		755,243	753,752
13.1 Provision for impairment for receivables from insurance contract holders			
Balance as at January 01		**30,272**	31,496
Addition made during the year	28	**2,387**	488
Write-off during the year		**-**	(1,712)
Balance as at December 31		**32,659**	30,272
13.2 Provision for impairment of due from other insurers / reinsurers			
Balance as at 01 January		**4,046**	305
Addition made during the year	28	**197**	3,741
Balance as at 31 December		**4,243**	4,046

	Note	2021	2020
		(Rupees in thousand)	

14 DEFERRED TAXATION

Credit / (debit) balances arising in respect of timing differences relating to:

	Note	2021	2020
Deferred credits arising in respect of			
Accelerated tax depreciation allowance		**3,787**	3,764
Leases - net		**5,780**	3,344
Investments - Available for sale		**4,809**	5,739
Deferred debits arising due to			
Investments - Available for sale		**(3,760)**	(29,775)
Investments - Held for trading		**(8)**	(4,094)
		10,608	(21,022)

14.1 Reconciliation of deferred tax liabilities, net

	Note	2021	2020
As at January 01		**(21,022)**	(12,792)
Tax income / (expense) recognized in profit and loss account		**5,615**	8,061
Tax income / (expense) recognized in OCI	**14.2**	**26,015**	(16,291)
As at December 31		**10,608**	(21,022)

14.2 This represents deferred tax charged to unrealized gain / (loss) on available-for-sale investments in other comprehensive income.

15 PREPAYMENTS

	Note	2021	2020
		(Rupees in thousand)	
Prepaid reinsurance premium ceded	**25**	**474,619**	327,959
Prepaid miscellaneous expenses		**2,063**	2,245
		476,682	330,204

16 CASH AND BANK

	Note	2021	2020
Cash and cash equivalents			
Cash in hand		**689**	483
Revenue stamps		**1,534**	2,076
		2,223	2,559
Cash at bank			
Current accounts			
- Local currency		**67,236**	52,553
- Foreign currency (USD 3,294.98) (2020: USD 3,294.98)		**588**	529
		67,824	53,082
Savings accounts	**16.1**	**274,611**	295,027
		342,435	348,109
		344,658	350,668

16.1 The balance in saving accounts carry mark-up at the rate of 5.53% to 8.50% per annum (2020: 5.53% to 7% per annum).

16.2 Cash at bank deposits includes an amount of Rs. 315.23 million (2020: Rs. 307.95 million) held with Bank Alfalah Limited, an associated undertaking.

17 WINDOW TAKAFUL OPERATIONS

	2021	2020
	(Rupees in thousand)	
Operator's Fund		
Assets:		
Cash and bank deposits	**49,217**	188,161
Qard-e-Hasna to Participants' Takaful Fund	**-**	10,000
Assets - Others	**286,322**	40,600
Total assets	**335,539**	238,761
Total Liabilities	**143,255**	99,983

17.1 Window Takaful Operations

Profit and loss account

	2021	2020
Wakala fee	**127,856**	104,364
Commission expense	**(20,037)**	(15,024)
Management expense	**(46,215)**	(39,770)
Investment income - net	**549**	-
Mudarib's share of PTF investment income	**4,623**	5,464
Other income	**13,485**	10,973
Finance cost	**(1,429)**	(857)
Direct expenses	**(3,471)**	(3,683)
Profit before tax from Window Takaful Operations	**75,361**	61,467
Taxation	**(21,855)**	(17,825)
Profit after tax from Window Takaful Operations	**53,506**	43,642

Details of assets, liabilities and segment disclosures of Window Takaful Operations are stated in the annexed financial statements of Window Takaful Operations.

18 SHARE CAPITAL

18.1 Authorized Capital

2021	2020		2021	2020
(Number of shares)			(Rupees in thousand)	
50,000,000	50,000,000	Ordinary share of Rs. 10 each	**500,000**	500,000

18.2 Issued, subscribed and paid-up share capital

2021	2020		2021	2020
(Number of shares)			(Rupees in thousand)	
30,000,000	30,000,000	Ordinary shares of Rs. 10 each, fully paid in cash	**300,000**	300,000
20,000,000	20,000,000	Ordinary shares of Rs. 10 each, issued as fully paid bonus shares	**200,000**	200,000
50,000,000	50,000,000		**500,000**	500,000

18.3 As at 31 December 2021, Bank Alfalah Limited and Sheikh Nahayan Mubarak Al Nahayan held 14,997,825 (2020: 14,997,825) and 17,497,323 (2020: 12,497,823) ordinary shares of Rs. 10 each fully paid, respectively.

19 RESERVES

	2021	2020
	(Rupees in thousand)	
Capital reserves		
Share deposit money	**1,381**	1,381
Revenue reserves		
Fair value reserves	**9,210**	72,902
General reserves	**150,000**	150,000
	160,591	224,283

	2021	2020
	(Rupees in thousand)	
20 RETIREMENT BENEFITS ASSET / OBLIGATION		
Staff gratuity (asset) / liability	**(827)**	(5,901)

Gratuity plan entitles an eligible employee to receive a lump sum amount equal to last drawn eligible salary multiplied by number of eligible years of service with the Company at the time of cessation of employment. An eligible employee means a permanent employee who has successfully completed minimum five years of service with the Company. Eligible salary means monthly basic salary of the eligible employee at the time of cessation of employment.

Gratuity plan is administered through separate fund that is legally separated from the Company. The Trust of the fund comprises of four employees, out of which one employee is the Chair. The Trustees of the funds are required by law to act in the best interests of the plan participants and are responsible for making all the investments and disbursements out of the funds.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

These defined benefit plan is fully funded by the Company. The funding requirements are evaluated by the management using the funds' actuarial measurement framework set out in the funding policies of the plans. The funding is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from time to time. Employees are not required to contribute to gratuity plan.

The Company is responsible to manage the deficit in the defined benefit obligation towards fair value of the plan assets. The Company has devised an effective periodic contribution plan to maintain sufficient level of plan assets to meet its obligations. Further, the Company also performs regular maturity analysis of the defined benefit obligation and manages its contributions accordingly.

	2021	2020
20.1 Statement of financial position reconciliation	(Rupees in thousand)	
The amounts recognized in the statement of financial statements are as follows:		
Present value of defined benefit obligations	**76,493**	64,650
Fair value of plan assets	**(77,320)**	(70,551)
Funded status Unrecognized net actuarial loss /(gain)	**-**	-
Recognized (asset) / liability	**(827)**	(5,901)
20.1.1 Movement in the defined benefit obligations		
Obligation as at January 01	**64,650**	54,897
Current service cost	**7,099**	6,685
Interest cost	**6,247**	7,142
Actuarial gain	**(345)**	(2,088)
Benefits paid	**(1,158)**	(1,986)
Obligation as at December 31	**76,493**	64,650
20.1.2 Movement in the fair value of plan assets		
Fair value as at January 01	**70,551**	57,776
Expected return on plan assets	**6,900**	6,648
Actuarial (losses) / gain	**(573)**	3,492
Employer contributions	**1,600**	4,621
Benefits paid	**(1,158)**	(1,986)
Fair value as at December 31	**77,320**	70,551

20.1.3 Cost

	2021	2020
	(Rupees in thousand)	
Current service cost	**7,099**	6,685
Interest cost	**6,247**	7,142
Expected return on plan assets	**(6,900)**	(6,648)
Recognition of actuarial loss	**-**	-
Expense	**6,446**	7,179
Actual return on plan assets	**6,327**	10,140

20.1.4 Principal actuarial assumptions used are as follows:

	2021	2020
Discount rate per annum - %	**11.75%**	9.75%
Expected return on plan assets per annum - %	**10.75%**	8.75%
Future salary increases - %	**10.75%**	8.75%
Net retirement age	**60**	60
Mortality rates	**SLIC 2001-05**	SLIC 2001-05
Withdrawal rate	**Moderate**	Moderate
Effective salary increase timing	**1st January 2021**	1st January 2020

20.1.5 Comparison for five years:

	2021	2020	2019	2018	2017
	(Rupees in thousand)				
As at December 31					
Present value of defined benefit obligation	**76,493**	64,650	54,897	62,709	53,202
Fair value of plan assets	**(77,320)**	(70,551)	(57,776)	(62,071)	(48,982)
Deficit	**(827)**	(5,901)	(2,879)	638	4,220

20.1.6 Experience adjustments

	2021	2020	2019	2018	2017
Gain / (loss) on plan assets - (as % age of plan assets)	**-0.45%**	-3.23%	-5.06%	2.57%	3.20%
Gain / (loss) on plan assets - (as % age of obligations)	**0.74%**	-4.95%	0.69%	2.65%	0.52%

20.1.7 Plan assets comprise of the following:

	2021		2020	
	Rupees in Thousand	**%**	Rupees in Thousand	%
Mutual funds	**933**	**1%**	863	1%
Pakistan Investment Bond	**54,632**	**71%**	54,751	78%
Others including (cash and bank balances)	**21,755**	**28%**	14,937	21%
	77,320	**100%**	70,551	100%

21 INSURANCE / REINSURANCE PAYABLE

	2021	2020
	(Rupees in thousand)	
Due to other insurers / reinsurers	**488,330**	259,107

22 LEASE LIABILITY

The effective interest rate used as the discounting factor (i.e. implicit in the lease) ranges from 7.95% to 12.68%. The amount of future payments and the period during which they will become due are:

	Note	2021	2020
		(Rupees in thousand)	
Year ending December 31			
2021		**-**	29,748
2022		**31,658**	17,933
2023		**32,542**	18,720
2024		**19,075**	6,108
2025		**19,764**	6,494
2026 onwards		**23,458**	8,123
	22.1	**126,496**	87,126
Less: Future finance charges		**(21,104)**	(16,355)
	22.2	**105,391**	70,771

22.1 Minimum Lease Payments (MLP) and their Present Value (PV) are as follow:

	2021		2020	
	MLP	PV of MLP	MLP	PV of MLP
Due not later than 1 year	**31,658**	**28,764**	29,748	23,883
Due later than 1 year but not later than 5 years	**88,667**	**71,169**	47,192	38,143
Due later than 5 years	**6,171**	**5,458**	10,186	8,745
	126,496	**105,391**	87,126	70,771

22.2 Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Note	2021	2020
		(Rupees in thousand)	
As at January 01		**70,771**	73,332
Additions during the year		**-**	12,442
Deletions / modification during the year		**49,601**	(1,112)
Markup on lease liabilities		**11,338**	7,303
		131,710	91,965
Lease rentals paid		**(26,319)**	(21,194)
As at December 31		**105,391**	**70,771**

23 OTHER CREDITORS AND ACCRUALS

	Note	2021	2020
Agent commission payable		**118,630**	311,833
Cash margin against performance bonds		**63,291**	103,454
Federal excise duty and sales tax		**71,420**	56,310
Federal Insurance Fee		**3,306**	2,813
Workers' welfare fund	23.1	**37,868**	30,166
Accrued expenses		**165,047**	141,329
Tax deducted at source		**9,576**	6,654
Payable to Participants' Fund		**6,000**	5,167
Others	23.2	**11,739**	16,173
		486,875	673,899

23.1 The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all insurance companies have been brought within the scope of WWF Ordinance.

During the year ended 31 December 2012, the Honorable Lahore High Court (LHC) in Constitutional Petition relating to the amendments brought to WWF Ordinance, 1971 through Finance Act, 2006 and the Finance Act, 2008, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Honorable Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act, 2006 and Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honorable Supreme Court of Pakistan declared broadening the scope of WWF (becoming applicable for all commercial organizations) to be void. Based on the above developments, the Company decided not to make provision against WWF for the year 2016 and 2017, however being prudent prior periods provision has not been reversed.

The provincial assembly of the Punjab has through notification dated 10 December 2019 has published The Punjab Workers Welfare Fund Act, 2019. Based on the above, management has recorded provision in respect of WWF. Set out below is the movement of provision for WWF:

Workers' welfare fund	Note	2021	2020
		(Rupees in thousand)	
As at January 01		**30,166**	22,110
Provision for the year	31	**7,702**	8,056
As at December 31		**37,868**	30,166

23.2 Unclaimed insurance benefits

Others include unclaimed insurance benefits of Rs. 6.22 million (2020: Rs. 6.14 million), aging of which is given below:

	Age-wise breakup of unclaimed insurance benefits					
	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	beyond 36 months	Total
	(Rupees in thousand)					
Claims not encashed - 2021	**24**	**1,527**	**1,427**	**561**	**2,678**	**6,217**
Claims not encashed - 2020	-	57	2,463	754	2,869	6,143

24 CONTINGENCIES AND COMMITMENTS

24.1 Tax Contingencies

a) Income tax - Tax Year 2011

The Company's appeal against order passed, raising a tax demand of Rs. 121.55 million under section 122(5A) of the Ordinance, was disposed of by Commissioner Inland Revenue (Appeals - I) ['CIR(A)'] through order dated 14 September 2017 for tax year 2011. While, a substantial amount of relief was allowed on issues decided in Company's favor by CIR(A) reducing the demand to Rs. 69.37 million, the treatment earlier accorded was repeated in respect of remaining issues. The Company, as well as the Department, assailed the order for cross appeals before Appellate Tribunal Inland Revenue (the 'Tribunal') whereby substantial relief was given, by ATIR's order dated 17 May 2018, by reducing demand to Rs. 0.61 million. The department has filed an appeal in Lahore High Court against ATIR's order. As per Company's Tax advisor, the Company has strong case, accordingly, the appeal is likely to be decided in favor of the Company. Therefore, no provision has been made in these financial statements.

b) Income tax - Tax Year 2017

For tax year 2017, the tax department disputed Company's treatment on certain issues and raised the aggregate liability of Rs. 93.9 million, however, upon assailing the assessment order before the first appellate authority, additions only to the extent of Rs 5.9 million were confirmed in respect of unpaid liabilities (Rs 0.4 million) and unverified expenses (Rs 5.5 million). While the former will be claimed on payment basis, the Company has preferred an appeal before the Appellate Tribunal Inland Revenue is respect of the latter. No provision has been made in the financial statements regarding the said additions, as the management is of the view that these issues will be decided in the Company's favor as and when these are taken up by the Appellate Authorities. Therefore, no provision has been made in these financial statements.

c) Income tax - Tax Year 2019

The deemed assessment for the tax year 2019 was amended through order dated 07 July 2021 issued under section 122 (5A) of the Ordinance, whereby deduction amounting to Rs. 16.22 million, claimed on account of 'provision for bad and doubtful debts', was disallowed by the assessing officer. As per Company's Tax advisor, the Company has strong case and appeal against such amendment order is pending before the first appellate authority, accordingly, the appeal is likely to be decided in favor of the Company. Therefore, no provision has been made in these financial statements.

		Note	2021	2020
25	**NET INSURANCE PREMIUM**		**(Rupees in thousand)**	
	Written gross premium		**3,499,285**	2,810,203
	Unearned premium reserve as at 01 January		**697,841**	759,513
	Unearned premium reserve as at 31 December		**(991,716)**	(697,841)
	Premium earned		**3,205,410**	2,871,875
	Reinsurance premium ceded		**(1,417,305)**	(1,096,926)
	Prepaid reinsurance premium ceded as at 01 January		**(327,959)**	(376,527)
	Prepaid reinsurance premium ceded as at 31 December	15	**474,619**	327,959
	Reinsurance expense		**(1,270,645)**	(1,145,494)
			1,934,765	1,726,381

		2021	2020
26	**NET INSURANCE CLAIMS**		
	Claims paid	**1,313,298**	1,250,726
	Outstanding claims including IBNR as at 31 December	**840,710**	677,446
	Outstanding claims including IBNR as at 01 January	**(677,446)**	(649,326)
	Claims expense	**1,476,562**	1,278,846
	Reinsurance and other recoveries received	**(411,462)**	(550,929)
	Reinsurance and other recoveries in respect of outstanding claims net of impairment as at 31 December	**(467,748)**	(381,598)
	Reinsurance and other recoveries in respect of outstanding claims net of impairment as at 01 January	**381,598**	396,122
	Reinsurance and other recoveries revenue	**(497,612)**	(536,405)
		978,950	742,441

26.1 Claim Development

The following table shows the development of fire, marine and others including miscellaneous claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year. Further, claims with significant uncertainties are not outstanding as at 31 December 2021.

	Accident year					
	2017 and earlier	**2018**	**2019**	**2020**	**2021**	**Total**
Estimate of ultimate claims cost						
At the end of accident year with IBNR	412,866	638,739	444,627	595,999	502,418	2,594,649
One year later	355,994	591,802	396,321	561,335	-	1,905,452
Two years later	344,956	569,530	383,285	-	-	1,297,771
Three years later	341,293	566,386	-	-	-	907,679
Four years later	339,420	-	-	-	-	339,420
Five years and beyond	2,636,635	-	-	-	-	2,636,635
Current estimate of cumulative claims	2,976,055	566,386	383,285	561,335	502,418	4,989,479
Cumulative payments to date	(2,920,833)	(562,660)	(337,851)	(489,850)	(186,585)	(4,497,779)
Liability recognized	**55,222**	**3,726**	**45,434**	**71,485**	**315,833**	**491,700**

		2021	2020
27	**NET COMMISSION / ACQUISITION EXPENSE / (INCOME)**	**(Rupees in thousand)**	
	Commission paid or payable	**724,173**	734,207
	Deferred commission expense as at 01 January	**47,780**	68,324
	Deferred commission expense as at 31 December	**(60,976)**	(47,780)
	Net commission	**710,977**	754,751
	Commission received or recoverable	**(309,342)**	(255,990)
	Unearned reinsurance commission as at 01 January	**(61,681)**	(72,961)
	Unearned reinsurance commission as at 31 December	**82,822**	61,681
	Commission from reinsurance	**(288,201)**	(267,270)
		422,776	487,481

	Note	2021	2020
		(Rupees in thousand)	
28 MANAGEMENT EXPENSES			
Employee benefit cost	28.1	**245,265**	240,593
Travelling expenses		**7,990**	3,049
Advertisement and sales promotion		**3,865**	453
Printing and stationery		**10,806**	7,767
Depreciation of operating assets	5.1.3	**9,426**	14,358
Depreciation of right-of-use asset	6.1	**20,431**	19,492
Amortization of intangibles	7.1.2	**1,453**	1,151
Rent, rates and taxes		**5,389**	4,976
Electricity, gas and water		**8,044**	6,735
Vehicle running expenses		**17,439**	13,956
Office repairs and maintenance		**14,251**	13,528
Bank charges		**2,006**	1,789
Postages, telegrams and telephone		**10,403**	9,678
Annual supervision fee SECP		**5,583**	4,677
Fee and subscription		**5,619**	8,580
Tracker expense		**14,369**	28,854
Training and development		**2,980**	3,646
Inspection fee		**1,032**	598
Bad and doubtful debts	13	**2,584**	4,229
Miscellaneous expenses		**17,317**	13,946
		406,252	402,055

28.1 Employee benefit cost

	2021	2020
Salaries, allowances and other benefits	**227,154**	223,113
Charges for post employment benefits	**18,111**	17,480
	245,265	240,593

28.2 Management expenses amounting to Rs. 33.86 million (2020: Rs. 29.08 million) have been allocated to Window Takaful Operations Operators fund.

	Note	2021	2020
29 INVESTMENT INCOME		(Rupees in thousand)	
Dividend income	29.1	**35,380**	12,658
Income from debt securities	29.2	**100,705**	115,548
Net realized gains on investments	29.3	**53,071**	93,390
Net unrealized gains on investments	29.4	**28**	12,287
Impairment on available-for-sale securities		**(31,011)**	(60,856)
Transferred to profit or loss on sale of investment	9.2	**34,213**	52,248
Investment related expenses		**(3,305)**	(5,938)
		189,081	219,337

	2021	2020
29.1 Dividend income		
- Available for sale		
Dividend income	**35,380**	12,658
	35,380	12,658
29.2 Income from debt securities		
- Available for sale		
Return on Pakistan Investment Bonds	**94,944**	87,695
Return on Sukkuk Certificate	**1,089**	2,747
Return on Term Finance Certificate	**4,815**	6,314
- Held for trading		
(Loss) / Return on Pakistan Investment Bonds	**(143)**	18,792
	100,705	115,548
29.3 Net realized gains on investments		
- Available for sale		
Realized gain on equity securities	**11,513**	31,831
Realized gain on debt securities	**-**	33,932
- Held for trading		
Realized gains on debt securities	**41,558**	27,627
	53,071	93,390
29.4 Net unrealized gains on investments		
- Held for trading		
Net un-realized gains on investments at fair value through profit and loss account	**28**	12,287
Total investment income	**189,184**	233,883
- Impairment of available for sale securities		
Equity securities	**(31,011)**	(60,856)
- Gain on sale of investment	**34,213**	52,248
- Investment related expenses	**(3,305)**	(5,938)
	189,081	219,337

	Note	2021	2020
		(Rupees in thousand)	
30 OTHER INCOME			
Return on bank balances		**23,139**	34,762
Gain on disposal of property and equipment		**175**	7,061
Exchange gain		**246**	-
Other		**86**	80
		23,646	41,903
31 OTHER EXPENSES			
Insurance expenses		**5,312**	4,072
Legal and professional fee		**12,593**	11,445
Auditor's remuneration	31.2	**1,870**	1,962
Miscellaneous expenses		**2,942**	2,855
Workers' welfare fund	23.1	**7,702**	8,056
		30,418	28,390

31.1 Other expenses amounting to Rs. 3.00 million (2020: Rs. 2.44 million) have been allocated to Window Takaful Operations Operators fund.

	2021	2020
31.2 Auditor's remuneration	(Rupees in thousand)	
Statutory audit fee	**764**	728
Half yearly review	**340**	323
Statutory returns	**435**	415
Certification and sundry services	**128**	122
Out of pocket expenses	**120**	120
Sales tax	**83**	254
	1,870	1,962

	2021	2020
32 FINANCE COST		
Mark up on lease liabilities	**9,909**	6,447
Exchange loss	**-**	369
	9,909	6,816

32.1 Finance cost amounting to Rs. 1.43 million (2020: Rs. 0.86) has been allocated to Window Takaful Operations Operators fund.

	2021	2020
33 TAXATION		
Current Tax:		
Current year	**111,679**	126,817
Prior years	**(6,482)**	(10,580)
	105,197	116,237
Deferred Tax:		
- Temporary differences	**(5,615)**	(8,061)
- Change in tax rate	**-**	-
	(5,615)	(8,061)
	99,582	108,175

33.1 Relationship between tax expense and accounting profit

A numerical reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate.

	2021	2020
	(Rupees in thousand)	
Accounting profit	**365,422**	381,905
Tax at the applicable rate of 29% (2020: 29%)	**105,972**	110,752
Tax effect of amounts that are:		
- Related to temporary differences	**(6,390)**	8,004
Prior year adjustment	**-**	(10,580)
	(6,390)	(2,576)
Tax expense	**99,582**	108,175

34 EARNINGS PER SHARE - BASIC AND DILUTED

Basic earnings per share are calculated by dividing the net profit for the year by the weighted average number of shares as at the year end as follows:

	2021	2020
	(Rupees in thousand)	
Net profit after tax for the year	**265,840**	273,730
	Number of shares	
Weighted average number of shares of Rs. 10 each	**50,000,000**	50,000,000
	-------------- (Rupees) ------------	
Basic earnings per share	**5.32**	5.47

34.1 There is no dilution in basic earnings per share as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

35 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND KEY MANAGEMENT PERSONNEL:

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Directors, Chief Executive and Key Management Personnel of the Company is as follows:

	Chief Executive Officer		Directors		Key Management Personnel	
	2021	2020	**2021**	2020	**2021**	2020
	(Rupees in thousand)					
Managerial remuneration	**14,388**	13,200	-	**-**	**84,062**	75,709
Leave fare assistance	**360**	330	-	**-**	**2,148**	1,973
Bonus	**6,250**	4,500	-	**-**	**12,490**	10,358
Charge for defined benefit plan	**605**	685	-	**-**	**3,363**	3,416
Contribution to defined contribution plan	**719**	660	-	**-**	**4,203**	3,785
Rent and house maintenance	**3,407**	3,407	-	**-**	**-**	-
Vehicle allowance	**-**	-	-	**-**	**13,766**	10,836
Other perquisites and allowances	**160**	54	-	**-**	**480**	480
	25,889	22,837	-	**-**	**120,513**	106,557
Number	**1**	1	**7**	7	**55**	51

In addition, the Chief Executive and certain other executives of the Company were also provided with Company maintained cars. No fee was paid to directors for attending meetings.

36 PROVIDENT FUND TRUST

The Company operates funded contributory provident fund scheme for all its eligible employees. The following information is based on the unaudited financial statements of the provident fund for the year ended 31 December 2021:

	2021	2020
	(Rupees in thousand)	
Size of the fund	**81,983**	87,564
Cost of investments made	**81,160**	72,599
Percentage of investments made (based on fair value)	**99.96%**	96.79%
Fair value of investments	**81,949**	84,752

Break up of Investments

Investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Act, 2017 and the rules formulated for this purpose. The break-up of investments is as follows:

	Percentage of Investments		Fair Value	
	2021	2020	**2021**	2020
			(Rupees in thousand)	
Mutual funds	**3%**	3%	**2,619**	2,423
Government Securities	**79%**	82%	**64,565**	69,683
Profit bearing bank accounts	**18%**	15%	**14,765**	12,646
			81,949	84,752

37 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of directors, key management personnel, associated companies, entities with common directors and employee retirement benefit funds. The Company, in the normal course of business, carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of directors, chief executive and key management personnel is disclosed in note 35. Contributions and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan as disclosed in note 20 and 36 of these financial statements, respectively.
Investment in related parties have been disclosed in note 9 to the financial statements. Other transactions with related parties are summarized as follows:

	2021	2020
	(Rupees in thousand)	
i) Associated undertakings and other related parties		
Premium written	**662,728**	562,337
Premium received	**671,438**	676,265
Claims paid	**469,289**	357,985
Interest income	**23,656**	31,647
License fees and connection charges	**3,438**	2,148
Rent paid	**1,820**	-
Commission paid	**90**	74
Expense charged in respect of retirement benefit plans	**15,885**	18,599
Investment advisory Fee	**2,325**	2,348
Key management personnel		
Premium written	**261**	150
Claims paid	**303**	57
Vehicle sold	**3,782**	718
Loan paid	**3,071**	4,952
Loan recovered	**4,132**	3,475
ii) Period end balances		
Associated undertakings and other related parties		
Premium receivable from related parties	**66,057**	17,262
Provision for outstanding claims	**110,368**	153,386
Key Management Personnel		
Premium receivable	**199**	48
Provision for outstanding claims	**219**	275
Loan outstanding	**1,406**	2,467

37.1 Following are the particulars of the related parties of the Company at the reporting date:

Name of related party	Basis of relationship	Aggregate % of shareholding
Bank Alfalah Limited	Common Directorship	30%
Taavun (Private) Limited	Common Directorship	Nil
Alfalah GHP Investment Management Limited	Common Directorship	Nil
Alfalah Securities(Private) Limited	Common Directorship	Nil
Wateen Telecom Limited	Common Directorship	Nil

38 SEGMENT REPORTING

Each class of business has been identified as reportable segment. The following is a schedule of class of business wise assets, liabilities, revenue and results have been disclosed in accordance with the requirements of the Insurance Ordinance, 2000, the Insurance Rules, 2017 and Insurance Accounting Regulations, 2017:

	31 December 2021					
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Total
	----(Rupees in thousand)----					
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	826,864	180,570	813,166	1,596,200	481,041	3,897,841
Federal Excise Duty	(100,488)	(20,999)	(109,450)	(73,823)	(58,980)	(363,739)
Federal Insurance Fee	(6,978)	(1,579)	(6,963)	(15,073)	(4,225)	(34,817)
Gross Written Premium (inclusive of Administrative Surcharge)	**719,399**	**157,992**	**696,754**	**1,507,304**	**417,836**	**3,499,285**
Gross direct premium	693,740	153,089	667,383	1,507,086	413,644	**3,434,942**
Facultative inward premium	23,686	242	1,009	-	2,648	**27,585**
Administrative surcharge	1,974	4,661	28,363	224	1,545	**36,767**
	719,400	**157,993**	**696,754**	**1,507,310**	**417,837**	**3,499,294**
Insurance premium earned	586,352	157,993	620,561	1,439,330	401,174	**3,205,410**
Insurance premium ceded to reinsurers	(557,233)	(130,968)	(37,713)	(181,230)	(363,501)	**(1,270,645)**
Net insurance premium	**29,119**	**27,025**	**582,848**	**1,258,100**	**37,673**	**1,934,765**
Commission income	96,197	32,443	714	54,369	104,478	**288,201**
Net underwriting income	**125,316**	**59,468**	**583,562**	**1,312,469**	**142,151**	**2,222,966**
Insurance claims	(196,753)	(97,726)	(289,279)	(739,398)	(153,406)	**(1,476,562)**
Insurance claims recovered from reinsurers	182,361	82,607	1,499	86,290	144,855	**497,612**
Net claims	(14,392)	(15,119)	(287,780)	(653,108)	(8,551)	**(978,950)**
Commission expense	(69,524)	(24,694)	(11,428)	(545,316)	(60,015)	**(710,977)**
Management expense	(80,565)	(17,693)	(92,398)	(168,803)	(46,793)	**(406,252)**
Premium deficiency reserve	-	-	-	(9,126)	-	**(9,126)**
Net insurance claims and expenses	**(164,481)**	**(57,506)**	**(391,606)**	**(1,376,353)**	**(115,359)**	**(2,105,305)**
Underwriting results	**(39,165)**	**1,962**	**191,956**	**(63,884)**	**26,792**	**117,661**
Net investment income						**189,081**
Other income						**23,646**
Other expenses						**(30,418)**
Profit from window takaful operations						**75,361**
Finance Cost						**(9,909)**
Profit before tax						**365,422**
Segment assets	882,598	113,476	76,767	219,769	425,305	**1,717,915**
Unallocated assets						**3,307,632**
						5,025,547
Segment liabilities	888,530	139,628	524,636	325,761	486,561	**2,365,116**
Unallocated liabilities						**826,929**
						3,192,045

	31 December 2020					
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Total
	--(Rupees in thousand)--					
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	555,201	167,071	612,638	1,390,855	425,237	3,151,002
Federal Excise Duty	(69,213)	(19,144)	(82,738)	(88,965)	(52,684)	(312,744)
Federal Insurance Fee	(4,657)	(1,441)	(5,250)	(13,005)	(3,702)	(28,055)
Gross Written Premium (inclusive of Administrative Surcharge)	481,331	146,486	524,650	1,288,885	368,851	2,810,203
Gross direct premium	459,451	141,880	503,196	1,288,705	366,835	2,760,067
Facultative inward premium	19,995	88	227	-	321	20,631
Administrative surcharge	1,885	4,518	21,227	180	1,695	29,505
	481,331	146,486	524,650	1,288,885	368,851	2,810,203
Insurance premium earned	480,344	146,495	503,063	1,296,009	445,964	2,871,875
Insurance premium ceded to reinsurers	(461,597)	(124,932)	(26,299)	(170,586)	(362,080)	(1,145,494)
Net insurance premium	18,747	21,563	476,764	1,125,423	83,884	1,726,381
Commission income	84,022	32,620	718	51,176	98,734	267,270
Net underwriting income	102,769	54,183	477,482	1,176,599	182,618	1,993,651
Insurance claims	(338,992)	(37,585)	(215,558)	(549,166)	(137,545)	(1,278,846)
Insurance claims recovered from reinsurers	308,792	32,338	4,209	100,145	90,921	536,405
Net claims	(30,200)	(5,247)	(211,349)	(449,021)	(46,624)	(742,441)
Commission expense	(59,155)	(24,775)	(11,553)	(598,620)	(60,648)	(754,751)
Management expense	(63,922)	(19,454)	(98,529)	(171,167)	(48,983)	(402,055)
Premium deficiency reserve	-	-	-	-	-	-
Net insurance claims and expenses	(153,277)	(49,476)	(321,431)	(1,218,808)	(156,255)	(1,899,247)
Underwriting results	(50,508)	4,707	156,051	(42,209)	26,363	94,404
Net investment income						219,337
Other income						41,903
Other expenses						(28,390)
Finance costs						(6,816)
Profit from window takaful operations						61,467
Profit before tax						381,905
Segment assets	716,498	42,707	58,204	366,078	254,717	1,438,204
Unallocated assets						2,795,419
						4,233,623
Segment liabilities	628,764	114,937	423,160	124,624	289,949	1,581,434
Unallocated liabilities						1,020,607
						2,602,041

39 MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through profit and loss account	Total
	---(Rupees in thousand)---			
As at beginning of previous year	-	1,090,304	451,155	1,541,459
Additions	-	1,049,918	1,206,793	2,256,711
Disposals (sales and redemptions)	-	(884,391)	(1,224,001)	(2,108,392)
Fair value net gains (excluding net realized gains)	-	19,392	7,961	27,353
(Discount) on investment bonds	-	56,174	4,816	60,990
Impairment/ (reversal) losses	-	(8,609)	-	(8,609)
At the beginning of the year	**-**	**1,322,788**	**446,724**	**1,769,512**
Additions	**-**	**1,233,472**	**2,289,438**	**3,522,910**
Disposals (sales and redemptions)	**-**	**(469,479)**	**(2,622,863)**	**(3,092,342)**
Fair value net gains (excluding net realized gains)	**-**	**(89,706)**	**28**	**(89,678)**
(Discount) on investment bonds	**-**	**21,915**	**-**	**21,915**
Impairment losses	**-**	**3,202**	**-**	**3,202**
At the end of current year	**-**	**2,022,192**	**113,327**	**2,135,519**

40 RISK MANAGEMENT

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from the events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management system in place.

The Company's risk management function is carried out by the Board of Directors (the Board), with its associated committees. This is supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the Board of Directors to the Chief Executive Officer and senior managers.

The Board of Directors meets regularly to approve any commercial, regulatory and organizational decisions. The Chief Executive Officer under the authority delegated from the Board of Directors defines the Company's risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirement.

The risk faced by the Company and the way these risks are mitigated by management are summarized below :

a) Financial risk, categorized into;

- Credit risk - note 40.1.1
- Liquidity risk - note 40.1.2
- Market risk - note 40.1.3

b) Capital adequacy risk - note 40.2

c) Insurance risk - note 40.3

40.1 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 principal financial risk instruments are financial investments, receivables arising from insurance and reinsurance contracts, statutory deposits and cash and cash equivalents. The Company does not enter into any derivative transactions.

The Company's financial risk focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Financial risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

40.1.1 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 the following:

a) Credit worthiness of counter party;
b) Sector wise concentration of counter party; and
c) Aging analysis of counter party.

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

Financial assets		**2021**	2020
		(Rupees in thousand)	
Bank balances	- note 40.1.1.1	**342,435**	348,109
Investments		**2,135,519**	1,769,512
Due from insurance contract holders	- note 40.1.1.2	**334,668**	461,914
Amount due from other insurers / reinsurers	- note 40.1.1.3	**420,575**	291,838
Accrued investment income		**32,718**	28,529
Reinsurance recoveries against outstanding claims	- note 40.1.1.3	**467,748**	381,598
Loans and Other receivables		**69,553**	55,902
		3,803,216	3,337,402

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

	Rating		Rating		
	Short-term	Long-term	Agency	**2021**	**2020**
				(Rupees in thousand)	
Bank Alfalah Limited	A1+	AA+	PACRA	**315,226**	307,950
Habib Bank Limited	A-1+	AAA	JCR-VIS	**1**	1
The Bank of Punjab	A1+	AA+	PACRA	**109**	108
Silk Bank Limited	A-2	A-	JCR-VIS	**5**	5
Summit Bank Limited	A3	BBB-	JCR-VIS	**1,240**	1,062
Mobilink Microfinance Bank Limited	A1	A	PACRA	**1,291**	11,192
Zarai Tarakiati Bank Limited	A-1+	AAA	JCR-VIS	**610**	14,609
NRSP Microfinance Bank Limited	A1	A	PACRA	**84**	81
Khushhali Microfinance Bank Limited	A-1	A+	JCR-VIS	**10,849**	2,629
Finca Microfinance Bank Limited	A1	A	PACRA	**10,707**	10,045
Faysal Bank Limited	A1+	AA	PACRA	**336**	320
Soneri Bank Limited	A1+	AA-	PACRA	**1,868**	6
The Punjab Provincial Cooperative Bank Limited	N/A	N/A	N/A	**102**	101
Allied Bank Limited	AAA	A1+	PACRA	**5**	-
				342,435	348,109

40.1.1.2 The management monitors exposure to credit risk in premium receivable arising from insurance and reinsurance contracts, through regular review of credit exposure and prudent estimates of provision for doubtful receivables. The provision for doubtful receivables amounting to Rs. 30.27 million (2020: Rs. 30.27 million million) is shown in note 13.1. The figures shown below are exclusive of any provisions made during the year. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sector segments.

Sector wise analysis of due from insurance contract holders but unpaid is as follows:	**2021**	2020
	(Rupees in thousand)	
Financial institutions	**85,202**	28,483
Telecom sector	**7,435**	15,092
Construction	**14,790**	14,659
Manufacturing	**9,385**	10,969
Personal Goods	**13,065**	6,151
Health & Pharmaceutical	**9,952**	6,125
Textile & composite	**6,874**	11,026
Miscellaneous & Others	**220,624**	399,681
	367,327	492,186
Provision for impairment of receivables from insurance contract holders	**(32,659)**	(30,272)
	334,668	461,914

The aging analysis of premium due but unpaid can be assessed with the following:

	2021			2020		
	Related parties	**Others**	**Total**	Related parties	Others	Total
	(Rupees in thousand)					
Up to 1 year	**59,615**	**278,443**	**338,058**	5,947	456,128	462,075
1-2 years	**42**	**6,965**	**7,007**	32	9,405	9,437
2-3 years	**-**	**6,112**	**6,112**	-	3,726	3,726
Over 3 years	**-**	**16,150**	**16,150**	-	16,948	16,948
	59,657	**307,670**	**367,327**	5,979	486,207	492,186

40.1.1.3 The credit quality of amount due from other insurers / reinsurers and reinsurance recoveries against outstanding claims can be assessed with reference to external ratings as follows:

	Amount due from other insurers / reinsurers	**Reinsurance recoveries against outstanding claims**	**Total**
	(Rupees in thousand)		
As at 31 December 2021			
BB+ or above (including PRCL)	**424,818**	**467,748**	**892,566**
As at 31 December 2020			
BB+ or above (including PRCL)	295,884	381,598	576,507

The credit risk of reinsurance recoveries against outstanding claims can be assessed with the following age analysis, estimated in a manner consistent with the provision for outstanding claims, in accordance with the reinsurance contracts:

The age analysis of reinsurance against outstanding claims is shown below:

	2021		2020	
	Reinsurance recoveries against outstanding claims	**Provision for outstanding claims**	Reinsurance recoveries against outstanding claims	Provision for outstanding claims
	(Rupees in thousand)			
Up to 1 year	**325,873**	**649,688**	266,348	523,764
1-2 years	**72,899**	**102,260**	61,507	76,939
2-3 years	**20,833**	**27,744**	7,589	12,032
Over 3 years	**48,143**	**61,018**	46,154	64,711
	467,748	**840,710**	381,598	677,446

40.1.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

On the statement of financial position date, the Company has cash and bank deposits and readily marketable securities with insignificant change in value of Rs. 344.66 million (2020: Rs. 350.66 million) and Rs. 2,135.52 million (2020: Rs. 1,769.51 million) respectively.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2021			
	Total	**On demand**	**Maturity up to one year**	**Maturity after one year**
	(Rupees in thousand)			
Provision for outstanding claims	**840,710**	**840,710**	**840,710**	-
Amounts due to other insurers / reinsurers	**488,330**	**488,330**	**488,330**	-
Other creditors and accruals	**486,875**	**486,875**	**486,875**	-
	1,815,915	**1,815,915**	**1,815,915**	**-**

	2021			
	Total	On demand	Maturity up to one year	Maturity after one year
	(Rupees in thousand)			
Provision for outstanding claims	677,446	677,446	677,446	-
Amounts due to other insurers / reinsurers	259,107	259,107	259,107	-
Other creditors and accruals	673,899	673,899	673,899	-
	1,610,452	1,610,452	1,610,452	-

40.1.2.1 Changes in liabilities arising from financing activities

		01 January	**Cashflows**	**Other**	**31 December**
		(Rupees in thousand)			
Lease liabilities	**2021**	**70,771**	**(26,319)**	**60,939**	**105,391**
Lease liabilities	2020	73,332	(21,194)	18,633	70,771

40.1.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as interest rates, foreign exchange rates and equity prices.

The Company is exposed to market risk with respect to its bank balances deposits and investments.

The Company limits market risk by maintaining a diversified portfolio of money market and equity market and by continuous monitoring of developments in respective markets. The company has formulated a liquidity-risk based investment policy approved by the Board of Directors which contains various guidelines for investment of surplus funds in money market and equity market.

40.1.3.1 Interest rate risk

Interest rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instrument exposes the Company to fair value interest risk.

Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

At the statement of financial position date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2021 Effective Interest rate %	**Carrying amounts Maturity up to one year**		**Carrying amounts Maturity after one year**	
		2021	2020	**2021**	2020
		(Rupees in thousand)			
Financial assets					
Bank balances	**5.53% to 8.50%**	**274,611**	295,027	-	-

	2020 Effective Interest rate %	Carrying amounts Maturity up to one year 2021	2020	Carrying amounts Maturity after one year 2021	2020
		--------(Rupees in thousand)--------			
Investments					
TFCs and Sukkuk	**11.26% to 12.07%**	**5,887**	-	**54,679**	77,217
PIB's	**7.57% to 13.77%**	**146,099**	145,303	**1,322,060**	651,522
T.Bills	**10.35% to 10.45%**	**113,299**	287,304	**-**	-
		265,285	432,607	**1,376,739**	728,739

Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss account. Therefore, a change in interest rate will not affect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below.

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

Impact on profit and loss account	Increase by 100 bps	Decrease by 100 bps
	(Rupees in thousand)	
As at 31 December 2021		
Cash flow sensitivity-variable rate financial assets	**13,460**	**(13,460)**
As at 31 December 2020		
Cash flow sensitivity-variable rate financial assets	16,325	(16,325)

40.1.3.2 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. Company is exposed to price risk since it has investments amounting to Rs. 2,135.52 million (2020: Rs 1,769.51 million) at the statement of financial position date. However the Company has no significant concentration of price risk.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable.

Sensitivity analysis

The table below summarizes Company's equity price risk as of 31 December 2021 and 31 December 2020 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios.

The impact of hypothetical change on held for trading portfolio would be as follows:

		Fair value	Hypothetical price change	Estimated fair value after hypothetical changes in price	Hypothetical increase/ (decrease) in Asset	Profit after tax
		--------(Rupees in thousand)--------				
31 December 2021	**Available for sale**	**478,389**	**10% increase**	**526,228**	**47,839**	**33,966**
			10% decrease	**430,550**	**(47,839)**	**(33,966)**
	Held for trading	**-**	**10% increase**	**-**	**-**	**-**
			10% decrease	**-**	**-**	**-**
31 December 2020	Available for sale	532,055	10% increase	585,261	53,206	37,776
			10% decrease	478,850	(53,206)	(37,776)
	Held for trading	-	10% increase	-	-	-
			10% decrease	-	-	-

40.1.3.3 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company's exposure to exchange rate fluctuation risk is insignificant as it hold liabilities of US $ Nil as at 31 December 2021 (2020: $ Nil).

40.1.3.4 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 certain debt instruments held. The fair values of financial instruments are disclosed in note 41 to these financial statements.

40.2 Capital adequacy risk

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 in its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

The Company's current paid-up capital is in accordance with the limit prescribed by the SECP vide SRO 89 (1) 2017.

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

40.3 Insurance risk

The Company's insurance activities are primarily concerned with the pricing, acceptance and management of risks from its customers. In accepting risks the Company is committing to the payment of claims and therefore these risks must be understood and controlled. Disciplined underwriting, encompassing risk assessment, risk management, pricing and exposure control is critical to the Company's success. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The company is facing three kinds of risk in its insurance activities, namely;

- Premium Risk - note 40.3.1
- Claim Risk - note 40.3.2
- Reinsurance Risk - note 40.3.3

40.3.1 Premium Risk

The underwriting strategy aims to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Pricing is generally based upon risk quality, historical claims frequencies, claims averages, adjusted for inflation and imposition of deductibles. Risk inspections surveys are also conducted before acceptance of larger risks. Underwriting limits and guidelines are in place to enforce appropriate risk selection criteria. For example, the Company does not offer health insurance to walk-in individual customers. Health insurance is generally offered to corporate customers with a large population to be covered under the policy.

The Company manatges the insurance risk arising from the geographical concentration of risk with the help of various MIS reports generated from the IT system. For this purpose all critical underwriting information including address lookups and geocoding is punched into the IT system. For example, for catastrophic aggregates, the IT system assigns precise geographic CRESTA (Catastrophe Risk Evaluating and Standardizing Target Accumulations) codes with reference to the accumulation of sum insured in force at any particular location against natural perils. For Marine risks, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea/air/inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are fed into the IT system.

The Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The following table demonstrates the class wise concentration of risk on the basis of sum insured:

	Gross sum insured		Net sum insured	
	2021	2020	**2021**	2020
Fire	**60%**	60%	**23%**	21%
Marine	**26%**	25%	**32%**	29%
Motor	**3%**	3%	**22%**	26%
Accident and Health	**3%**	2%	**20%**	19%
Others including miscellaneous	**8%**	10%	**3%**	5%
	100%	100%	**100%**	100%

The following table demonstrates the class wise concentration of risk on the basis of premium :

	Gross premium written		Net premium written	
	2021	2020	**2021**	2020
Fire	**21%**	17%	**2%**	1%
Marine	**5%**	5%	**1%**	1%
Motor	**20%**	19%	**32%**	28%
Accident and Health	**42%**	46%	**63%**	65%
Others including miscellaneous	**12%**	13%	**2%**	5%
	100%	100%	**99%**	100%

40.3.2 Claim Risk

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance is inevitably reflected in the financial statements of insurance companies and can be characterized under a number of specific headings, such as;

• Uncertainty as to whether an event has occurred which would give rise to an insured loss.
• Uncertainty as to the extent of policy coverage and limits applicable.
• Uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring.
• Uncertainty over the timing of a settlement to a policyholder for a loss suffered.

Therefore the objective of the Company is to ensure that sufficient reserves are available to cover these uncertainties and in case of any change in estimation due to further development on uncertainty or change on assumptions, the Company account for that change immediately.

Claims provisions are determined based upon previous claims experience, the knowledge of events and the terms and conditions of the relevant policies and on interpretation of circumstances. Particularly relevant is experience with similar cases and historical claims payment trends. It should be emphasized that corroborative evidence obtained from as wide a range of sources as possible also contribute to form the overall estimate. Large claims impacting each relevant business class are generally assessed separately, being measured at the face value of the surveyor's estimates.

Company has reasonably accounted for claims that have occurred by the end of the reporting period but remain unsettled and for those that may have occurred but have not yet been notified to the company and those that are not yet apparent to the insured. The Company's policy for accounting of its claims has been disclosed in note 4.13 to the financial statements.

Sensitivity analysis

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

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on equity (net of reinsurance) due to 10% change in claim expense.

	Underwriting result		Shareholders' Equity	
	2021	2020	**2021**	2020
	--------------------------(Rupees in thousand)--------------------------			
Fire	**1,439**	3,020	**1,022**	2,144
Marine	**1,512**	525	**1,073**	373
Motor	**28,778**	21,135	**20,432**	15,006
Accident and Health	**65,311**	44,902	**46,371**	31,880
Others including Miscellaneous	**855**	4,662	**607**	3,310
	97,895	74,244	**69,505**	52,713

40.3.3 Reinsurance risk

The Company purchases reinsurance as part of its risks mitigation program. Reinsurance ceded is placed on both proportional and non-proportional basis. The majority of proportional reinsurance is quota share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess of loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess of loss reinsurance vary by product line. The Company also arranges the local and foreign facultative reinsurance as part of its risk management strategy.

41 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

		Carrying amount							Fair value			
	Note	Available for sale	Fair value through profit and loss account	Held to maturity	Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2021	(Rupees in thousand)											
Financial assets - measured at fair value												
Investment - Equity securities	9	478,389	-	-	-	-	-	478,389	478,389	-	-	478,389
Investment - Debt securities	10	1,543,803	-	-	-	-	-	1,543,803	1,543,803	-	-	1,543,803
		2,022,192	-	-	-	-	-	2,022,192	2,022,192	-	-	2,022,192
Financial assets - not measured at fair value												
Investment - Debt securities	10	-	113,299	-	-	-	-	113,299	113,299	-	-	113,299
Loans and other receivables*	12	-	-	-	106,973	-	-	106,973	-	-	-	-
Insurance / reinsurance receivables - unsecured and considered good*	13	-	-	-	755,243	-	-	755,243	-	-	-	-
Reinsurance recoveries against - outstanding claims*	26	-	-	-	467,748	-	-	467,748	-	-	-	-
Cash and bank*	16	-	-	-	-	344,658	-	344,658	-	-	-	-
Total assets of Window Takaful Operations-Operator's Fund*	17	-	-	-	-	335,539	-	335,539	-	-	-	-
		-	113,299	-	1,329,964	680,197	-	2,123,460	113,299	-	-	113,299
Financial liabilities - measured at fair value												
Financial liabilities - not measured at fair value												
Underwriting provision against outstanding claims including IBNR*	26	-	-	-	-	-	840,710	840,710	-	-	-	-
Insurance / reinsurance payables*	21	-	-	-	-	-	488,330	488,330	-	-	-	-
Other creditors and accruals*	23	-	-	-	-	-	486,875	486,875	-	-	-	-
Total liabilities of Window Takaful Operations-Operator's Fund*	17	-	-	-	-	-	143,255	143,255	-	-	-	-
		-	-	-	-	-	1,959,170	1,959,170	-	-	-	-

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

	Note	Carrying amount							Fair value			
		Available for sale	Fair value through profit and loss account	Held to maturity	Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2020		(Rupees in thousand)										
Financial assets - measured at fair value												
Investment - Equity securities	9	532,055	-	-	-	-	-	532,055	532,055	-	-	532,055
Investment -Debt Securities	10	790,732	-	-	-	-	-	790,732	790,732	-	-	790,732
		1,322,787	-	-	-	-	-	1,322,787	1,322,787	-	-	1,322,787
Financial assets - not measured at fair value												
Investment - Debt securities	10	-	432,607	-	-	-	-	432,607	432,607	-	-	432,607
Loans and other receivables*	12	-	-	-	88,853	-	-	88,853	-	-	-	-
Insurance / reinsurance receivables - unsecured and considered good*	13	-	-	-	753,752	-	-	753,752	-	-	-	-
Reinsurance recoveries against - outstanding claims*	26	-	-	-	381,598	-	-	381,598	-	-	-	-
Cash and bank*	16	-	-	-	-	350,668	-	350,668	-	-	-	-
Total assets of Window Takaful Operations-Operator's Fund*	17	-	-	-	-	238,761	-	238,761	-	-	-	-
		-	432,607	-	1,224,203	589,429	-	2,246,239	432,607	-	-	432,607
Financial liabilities - measured at fair value												
Financial liabilities - not measured at fair value												
Underwriting provision against outstanding claims including IBNR*	26	-	-	-	-	-	677,446	677,446	-	-	-	-
Insurance / reinsurance payables*	21	-	-	-	-	-	259,107	259,107	-	-	-	-
Other creditors and accruals*	23	-	-	-	-	-	673,899	673,899	-	-	-	-
Total liabilities of Window Takaful Operations-Operator's Fund*	17	-	-	-	-	-	99,983	99,983	-	-	-	-
		-	-	-	-	-	1,710,435	1,710,435	-	-	-	-

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

42 NUMBER OF EMPLOYEES

The number of employees of the Company are as follows:	**2021**	2020
Average number of employees during the year	**215**	222
As at 31 December	**216**	214

43 SUBSEQUENT EVENTS

The Board of Directors at its meeting held on 2 February 2022 has proposed a final dividend @ Rs. 2 per share for the year ended December 31, 2021 (2020: Nil) amounting to Rs. 100,000,000/- (2020: Nil) for approval of the members at the Annual General Meeting to be held on March 31, 2022. These financial statements do not reflect this dividend.

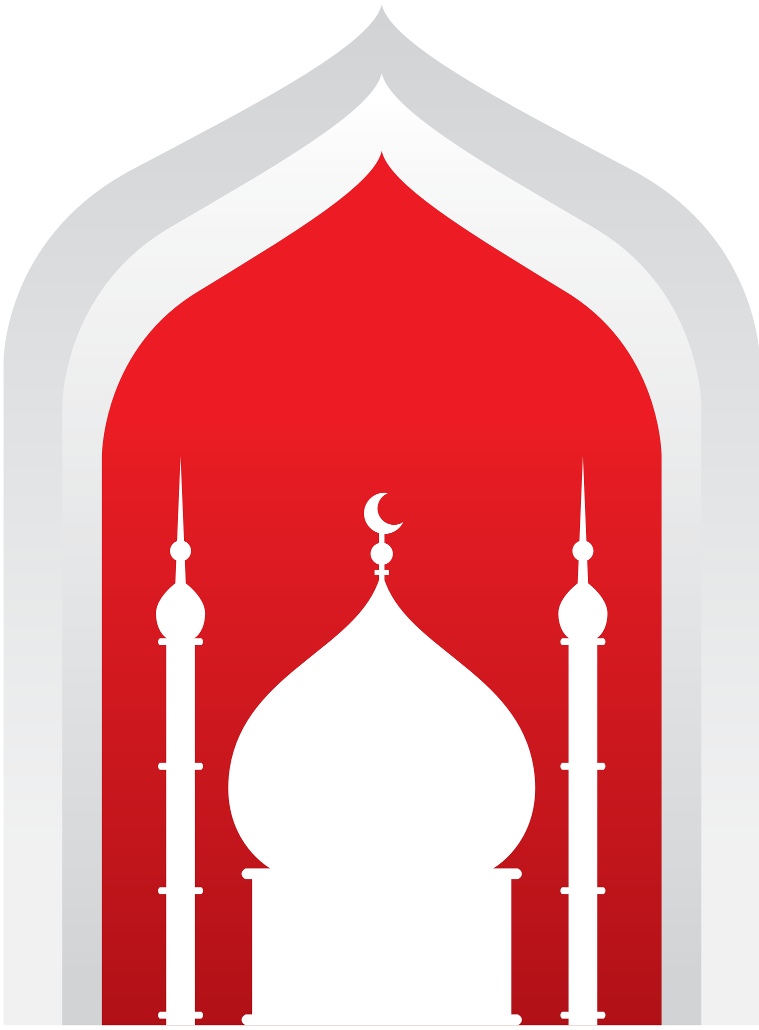
44 GENERAL

The corresponding figures have been rearranged / reclassified, wherever necessary for the purpose of better presentation. However, no significant rearrangements / reclassifications has been made during the year.

45 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on February 02, 2022.

Chairman	Director	Director	Chief Executive Officer



ALFALAH INSURANCE COMPANY LIMITED WINDOW TAKAFUL OPERATIONS

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Building a better working world

Independent Reasonable Assurance Report to the Board of Directors on the Statement of Management's Assessment of Compliance with the Takaful Rules, 2012

Scope

We have been engaged by Alfalah Insurance Company Limited ('the Operator') to perform a 'reasonable assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the management's assessment of compliance of the Window Takaful Operations (Takaful Operations) of the Operator, as set out in the annexed Statement of Compliance (the Statement) prepared by the management for the year ended 31 December 2021 ('the Report').

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express an opinion on this information.

Criteria Applied by the Management

In preparing the Subject Matter, the management applied the criteria in accordance with the Takaful Rules, 2012 (Criteria).

The Management's Responsibilities

The management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's Responsibilities

Our responsibility is to express an opinion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000') and the terms of reference for this engagement as agreed with the Operator on 02 July 2021. Those standards require that we plan and perform our engagement to obtain reasonable assurance about whether, in all material respects, the Subject Matter is presented in accordance with the criteria, and to issue a report. the nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error. We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our Independence and Qaulity Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, 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.

Description of procedures performed

- We checked that all the products and policies have been approved by Shariah Advisor and observed that the Operator has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and Shariah Rules

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Independent Reasonable Assurance Report to the Board of Directors on the Statement of Management's Assessment of Compliance with the Takaful Rules, 2012

and Principles as determined by Shariah Advisor.

- We checked that the assets and liabilities of Window Takaful Operations (Participants' Takaful Fund and Operator's fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

- We reviewed training certificates and attendance sheets to evaluate that the Operator has imparted necessary trainings and orientations to maintain the adequate level of awareness, capacity, and sensitization of the staff and management. We have designed and performed following verification procedures (including but not limited to) on various financial arrangements, based on judgmental and systematic samples with regard to the compliance with Takaful Rules, 2012 and Shariah Rules and Principles:

    - We obtained details of investments made and checked that all investments made in Shariah Compliant stocks as determined by Shariah Advisor;

    - We reviewed re-takaful and co-takaful parties along with arrangements / contracts entered into by Window Takaful Operations to assess compliance with Shariah Advisor guidelines and Takaful Rules, 2012; and

    - we re-calculated Operator's profit share and Wakala fee income to confirm that approved percentage are applied on income from investments and contribution respectively.

The procedures selected by us for the engagement depended on our judgment, including the assessment of the, risks of the Operator'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 Operator'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 Operator's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012. A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with the Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with the Takaful Rules, 2012 will be met. Further, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

In performing our audit procedures necessary guidance on Shariah matters was provided by the internal Shariah experts.

Opinion

In our opinion, the Statement of compliance of the Takaful Operations of the Operator as of 31 December 2021 is presented, in all material respects, in accordance with Takaful Rules, 2012.

EY Ford Rhodes

Chartered Accountants
Engagement Partner: Abdullah Fahad Masood
Lahore: 21 February 2022

Shariah Advisory Report to the Board of Directors
For the Year Ended December 31, 2021

Alhamdulillah, the year 2021 was the sixth year of Alfalah Insurance Company Ltd. (Window Takaful Operations), the launch of Window Takaful Operations (WTO) by Alfalah Insurance Company Ltd. (AICL) has been a positive contribution towards the development of a complete Islamic financial System in Pakistan. This initiative has successfully provided Takaful facilities to numerous individuals and companies seeking shariah compliant alternatives to insurance.

Progress of the year:

During this period, AICL (WTO) has achieved significant successes, details of which are mentioned below:

1. Under the guidance of the Shariah Advisor AICL (WTO) continued to offer a host of takaful products of Motor, Marine, Property, Health and Miscellaneous for its participants.

2. Significant success has been achieved in the Takaful agreements with new Islamic Banks.

3. AICL (WTO) has implemented a dedicated Takaful administration system which manages all operational aspects of window Takaful operations.

4. For the investment of Takaful Funds, a Shariah Compliant investment policy has been approved by the shariah advisor and all the investments of Takaful are undertaken in accordance with the approved policy. Moreover, all Bank Accounts of Takaful are separate from the conventional insurance business and they are maintained in Islamic Banks.

5. ALHAMDULILLAH This year PTF has repaid its remaining "Qard e Hasna" to operator fund after maintaining its solvency level.

Shariah Certification:

As Shariah Advisor of AICL (WTO); I confirm that:

- I have carefully reviewed all the products of AICL (WTO) including Waqf Deed, PTF Policies, Takaful Policies and Re-Takaful Agreements and I have found them to be in accordance with Shariah Principles. Further, I confirm that the Takaful Policies issued during the year under review are in accordance with the guidelines of Shariah.
- The management of AICL (WTO) continuously seeks advice and guidance regarding Shariah before launching any Takaful product. Furthermore, all the takaful products are developed through consultation with the Shariah Compliance Officer and in accordance with the guidelines provided by the Shariah Advisor.
- Segregation of Window Takaful Operations from the conventional insurance business is an essential part of valid takaful contracts. I am pleased to state that AICL (WTO) has made it a priority to separate all the Takaful Funds, Investments, Bank Accounts, Systems and other related issues from its conventional insurance business, as per requirement of Shariah.
- For the fulfillment of the financial needs of window Takaful Operations, Shariah Compliant Funds were arranged and the expenses of Takaful including the seed money of Waqf were paid with these shariah compliant funds.
- Training and Development is imperative for understanding the principles of Takaful and its practical implementation. For this purpose AICL (WTO) has fulfilled its responsibility and arranged Takaful training for head office and branch staff, I hope that AICL (WTO) will continue to invest in its human capital to ensure complete compliance of shariah principles at business and operational levels.
- In the end; I pray to that may ALLAH Almighty accept our efforts and enable us to perform our duties in the best manner. May Allah Almighty grant us success and help us at every step, keep us away from every hindrance and difficulty, and grant financial success to Alfalah Insurance Company Ltd. (Window Takaful Operations).

Wassalam

Dr. Mufti Khalil Ahmed Aazami
Shariah Advisor
Alfalah Insurance Company Ltd.
(Window Takaful Operation)

• ونڈو تکافل آپریشنز کی علیحدگی درست تکافل معاہدوں کا جزوِلازم ہے۔ میں یہ بیان کرتے ہوئے خوشی محسوس کررہاہوں کہ الفلاح انشورنس کمپنی (ونڈو تکافل آپریشن) نے اس بات کو ترجیحی بنیادوں پر ممکن بنایاہے کہ اس کے تمام تکافل فنڈز، سرمایہ کاری، بنک اکاؤنٹس، سسٹمز اور دوسرے متعلقہ معاملات کو روایتی انشورنس کے کاروبار سے الگ رکھا جائے جیسا کہ شریعت کا تقاضہ ہے۔

• ونڈو تکافل آپریشنز کی مالی ضروریات کو پورا کرنے کیلیئے شریعت کے تقاضوں کے مطابق فنڈز فراہم کئے گئے ہیں۔ اور تکافل کے تمام اخراجات بشمول وقف کی گئی اصل رقم، اسی فنڈ سے پورے کئے گئے ہیں۔

• تکافل نظام کے اصولوں اور اس کی عملی صورت کو سمجھنے کے لئے علمی و نظریاتی ترقی کی کوشش اور تربیت از حد ضروری ہے۔ الفلاح انشورنس کمپنی (ونڈو تکافل آپریشن) نے اس معاملے میں بھی اپنی ذمہ داری کو پورا کیا ہے اور ہیڈ آفس اور برانچز کے عملے کے لئے تکافل کے تربیتی پروگرام کا انتظام کیا ہے، مجھے یقین ہے کہ الفلاح انشورنس کمپنی (ونڈو تکافل آپریشن) کاروباری وانتظامی سطح پر شریعہ اصولوں کی مکمل پاسداری یقینی بنانے کے لئے اپنی افرادی قوت پر خرچ کرتا رہے گا۔

• اختتام پر میں اللہ تعالیٰ سے دعا گو ہوں، کہ اللہ تعالیٰ ہماری کوششوں کو قبول کرے اور ہمیں اس قابل بنائے کہ ہم اپنی ذمہ داریاں بہترین طریقے سے پوری کر سکیں۔ اللہ تعالیٰ ہمیں کامیابی عطا کرے اور ہر قدم پر ہماری مدد کرے، ہمیں ہر مشکل اور رکاوٹ سے دور رکھے اور الفلاح انشورنس کمپنی لمیٹڈ (ونڈو تکافل آپریشن) کو مالی کامیابی سے ہمکنار کرے۔

والسلام

ڈاکٹر خلیل احمد اعظمی

شریعہ مشیر

الفلاح انشورنس کمپنی لمیٹڈ

(ونڈو تکافل آپریشن)

بورڈ آف ڈائریکٹرز کو پیش کردہ 31 دسمبر 2021 کو اختتام پذیر سال کی

شریعہ ایڈوائزری رپورٹ

الحمدللہ، ۲۰۲۱ء کا سال الفلاح انشورنس کمپنی (ونڈو تکافل آپریشن) کا چھٹا سال تھا۔ ونڈو تکافل آپریشنز کا افتتاح کرتے ہوئے الفلاح انشورنس کمپنی لمیٹڈ نے اسلامی معاشی نظام کی ترقی کیلئے بہت اہم قدم اٹھایا ہے۔ یہ قدم پاکستان کے ان لوگوں اور کمپنیوں کو شریعہ کمپلائنٹ تکافل کی سہولیات پہنچانے کے لئے اٹھایا گیا ہے جو انشورنس کے شرعی متبادل شرعی نظام کی متلاشی ہیں۔

سال کی پیشرفت:

اس عرصے کے دوران الفلاح انشورنس کمپنی (ونڈو تکافل آپریشن) نے قابل ذکر کامیابیاں حاصل کی ہیں، جن کی تفصیلات درج ذیل ہیں۔

1۔ شریعہ ایڈوائزر کی رہنمائی میں الفلاح انشورنس کمپنی (ونڈو تکافل آپریشن) نے موٹر، میرین، املاک، صحت اور متفرق تکافل مصنوعات کی خدمات اپنے صارفین / حصہ داروں کو پیش کیں۔

2۔ اسلامی بینکوں کے ساتھ تکافل کے معاہدے کرتے ہوئے الفلاح انشورنس کمپنی (ونڈو تکافل آپریشن) نے قابل ذکر کامیابی حاصل کی۔

3۔ الفلاح انشورنس کمپنی (ونڈو تکافل آپریشن) نے خاص طور پر ایک مستقل تکافل ایڈمنسٹریشن سسٹم کا نفاذ کیا ہے۔ جو ونڈو تکافل آپریشنز کی تمام انتظامی ذمہ داریوں کو نبھا رہا ہے۔

4۔ تکافل فنڈز سے سرمایہ کاری کے لئے شریعہ ایڈوائزر نے شریعہ کمپلائنٹ سرمایہ کاری پالیسی کی منظوری دی ہے۔ تکافل فنڈز کی سرمایہ کاری کے تمام امور اس پالیسی کے تحت طے پاتے ہیں۔ مزید بر آں تکافل کے تمام بینک اکاؤنٹس کو روایتی انشورنس سے علیحدہ رکھنے کا اہتمام کیا گیا ہے اور یہ اکاونٹس اسلامی بینکوں کے ذریعے چلائے جاتے ہیں۔

5۔ اللہ تعالیٰ کے فضل و کرم سے اس سال پی۔ ٹی۔ ایف نے اپنا بقیہ "قرضِ حسنہ" بھی سولوینسی لیول کو برقرار رکھتے ہوئے آپریٹر فنڈ کو لوٹا دیا ہے۔

شریعہ سرٹیفکیشن:

الفلاح انشورنس کمپنی (ونڈو تکافل آپریشن) کے شریعہ ایڈوائزر ہونے کی حیثیت سے میں تصدیق کرتا ہوں کہ

- میں نے الفلاح انشورنس کمپنی (ونڈو تکافل آپریشن) کی تمام دستاویزات بشمول وقف ڈیڈ، پی۔ ٹی۔ ایف پالیسیوں، تکافل پالیسیوں اور ری تکافل معاہدات وغیرہ کا احتیاط سے جائزہ لیا ہے اور اَلْحَمدُلِلّٰہ میں نے ان کو شریعہ اصولوں سے ہم آہنگ پایا ہے۔ مزید یہ کہ دوران سال جاری کی جانے ولی تکافل پالیسیاں شریعہ کی ہدایات کے مطابق جاری کی گئی ہیں۔

- الفلاح انشورنس کمپنی (ونڈو تکافل آپریشن) کی انتظامیہ، تمام تر تکافل کی خدمات کے آغاز سے پہلے، مسلسل شرعی مشیر سے شرعی تناظر میں مشورہ اور رہنمائی لیتی رہتی ہے۔ مزید یہ کہ تمام تکافل پراڈکٹس شریعہ کمپلائنس آفیسر کے مشورے اور شریعہ ایڈوائزر کے ذریعہ فراہم کردہ ہدایات کے مطابق تیار کی گئیں ہیں۔

Statement of Compliance with the Shariah Principles

For the Year Ended December 31, 2021

The financial arrangements, contracts and transactions, entered into by Alfalah Insurance Company Limited - Window Takaful Operations ('the Operator') for the year ended December 31, 2021 are in compliance with the Takaful Rules, 2012.

Further, we confirm that:

- The Operator has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules, 2012 in their overall operations. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the Board of Directors have been implemented;

- The Operator has imparted necessary trainings / orientations and ensured availability of manuals / agreements approved by Shariah Advisor to maintain the adequate level of awareness, capacity and sensitization of the staff and management;

- All the products and policies have been approved by Shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions entered into by Window Takaful Operations are in accordance with the polices approved by Shariah Advisor; and

- The assets and liabilities of Window Takaful Operations (Participants' Takaful Fund and Operator's fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

This has been duly confirmed by the Shariah Advisor of the Company.

Chief Executive Officer

EY Ford Rhodes
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Members of Alfalah Insurance Company Limited - Window Takaful Operations - Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Alfalah Insurance Company Limited ('the Operator') - Window Takaful Operations ('the Operations'), which comprise the statement of financial position as at 31 December 2021, and profit and loss account, the statement of comprehensive income, the statement of changes in operator's fund, the statement of changes in participants' takaful fund and the cash flow statement 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, profit and loss account, the statement of comprehensive income, the statement of changes in operator's fund, the statement of changes in participants' takaful fund and the cash flow statement 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 operations as at 31 December 2021 and of the profit/surplus, total comprehensive income, the changes in operator's fund, the changes in participant's 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.

Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the 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 judgement 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

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INDEPENDENT AUDITOR'S REPORT

To the Members of Alfalah Insurance Company Limited - Window Takaful Operations - Report on the Audit of the Financial Statements

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 uncertainly 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 uncertainly 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.

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 Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, profit and loss account, the statement of comprehensive income, the statement of changes in operator's fund, the statement of changes in participant's takaful fund and the cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX 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 Operator's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Abdullah Fahad Masood.

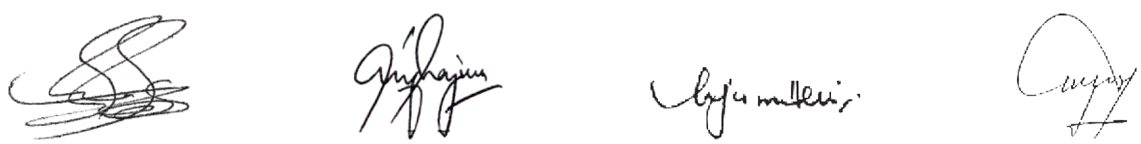
EY Ford Rhodes

EY Ford Rhodes
Chartered Accountants
Lahore: 21 February 2022
UDIN:AR2021101774rdavqopt

ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	OPF 2021	OPF 2020	PTF 2021	PTF 2020
ASSETS		(Rupees in thousand)			
Property and equipment	5	**31**	57	**-**	-
Investments	6				
Debt securities		**30,549**	-	**20,366**	-
Term deposits		**170,000**	-	**115,000**	50,000
Loans and other receivables		**-**	339	**6,000**	5,167
Takaful / retakaful receivables	7	**-**	-	**126,934**	32,898
Salvage recoveries accrued		**-**	-	**12,160**	6,464
Qard-e-Hasna to Participants' Takaful Fund	8	**-**	10,000	**-**	-
Deferred wakala fee	20	**-**	-	**64,649**	40,996
Receivable from PTF	9	**72,192**	33,337	**-**	-
Accrued investment income		**1,605**	908	**1,123**	335
Taxation - payments less provision		**-**	-	**-**	7,485
Retakaful recoveries against outstanding claims		**-**	-	**15,704**	41,893
Deferred commission expense / acquisition cost	21	**11,945**	5,959	**-**	-
Prepayments	14	**-**	-	**29,442**	18,378
Cash and bank	10	**49,217**	188,161	**175,685**	234,549
TOTAL ASSETS		**335,539**	238,761	**567,063**	438,165
RESERVES AND LIABILITIES					
RESERVES ATTRIBUTABLE TO OPERATOR AND PARTICIPANTS					
Operator's Reserves:					
Statutory reserves	11	**50,000**	50,000	**-**	-
Unappropriated profits		**142,284**	88,778	**-**	-
Total operator reserve		**192,284**	138,778	**-**	-
Participants' Takaful Fund (PTF)					
Seed money		**-**	-	**500**	500
Accumulated surplus / (deficit)		**-**	-	**82,155**	57,517
Balance of Participants' Takaful Fund		**-**	-	**82,655**	58,017
Qard-e-Hasna from Operator's Fund	8	**-**	-	**-**	10,000
LIABILITIES					
PTF Underwriting Provisions:					
Outstanding claims including IBNR	16	**-**	-	**129,185**	121,413
Unearned contribution reserve	14	**-**	-	**191,472**	137,673
Contribution deficiency reserves		**-**	-	**-**	253
Unearned retakaful rebate	15	**-**	-	**4,130**	2,378
		-	-	**324,787**	261,717
Unearned wakala fee	20	**64,649**	40,996	**-**	-
Contribution received in advance		**-**	-	**4,916**	3,107
Re takaful / Co-takaful payables		**2,540**	255	**62,357**	56,767
Other creditors and accruals	12	**76,066**	58,732	**13,727**	15,220
Taxation - provision less payments		**-**	-	**6,429**	-
Payable to OPF		**-**	-	**72,192**	33,337
TOTAL LIABILITIES		**143,255**	99,983	**484,408**	370,148
TOTAL FUND AND LIABILITIES		**335,539**	238,761	**567,063**	438,165
CONTINGENCIES AND COMMITMENTS	13				

The annexed notes from 1 to 32 form an integral part of these financial statements.



Chairman | **Director** | **Director** | **Chief Executive Officer**

ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
Participants' takaful fund		(Rupees in thousand)	
Contributions earned		323,116	266,221
Less: Contributions ceded to retakaful		97,554	79,573
Net contributions revenue	14	225,562	186,648
Retakaful rebate earned	15	15,443	13,261
Net underwriting income		241,005	199,909
Net claims - reported / settled		(202,419)	(162,214)
- IBNR		1,364	(2,161)
Reversal / (Charge) of contribution deficiency reserve		253	(253)
	16	(200,802)	(164,628)
Other direct expenses	17	(11,875)	(18,565)
Surplus before investment income		28,328	16,716
Investment income	18	4,031	3,064
Other income	19	14,461	18,791
Less: Modarib's share of investment income	4.14	(4,623)	(5,464)
(Provision)/Reversal for doubtful contributions (net of wakala fee)		(1,185)	(723)
Surplus before taxation		41,012	32,384
Taxation	26	(16,374)	-
Surplus transferred to accumulated surplus		24,638	32,384
Operator's fund			
Wakala fee	20	127,856	104,364
Commission expense	21	(20,037)	(15,024)
General administrative and management expenses	22	(46,215)	(39,770)
		61,604	49,570
Investment income	18	549	-
Mudarib's share of PTF investment income	4.14	4,623	5,464
Other income	19	13,485	10,973
Direct expenses	23	(3,471)	(3,683)
Finance cost		(1,429)	(857)
Profit before taxation		75,361	61,467
Taxation	26	(21,855)	(17,825)
Profit after taxation		53,506	43,642

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chairman	Director	Director	Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	(Rupees in thousand)	
Participants' takaful fund		
Surplus for the year	**24,638**	32,384
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**24,638**	32,384
Operator's fund		
Profit after taxation	**53,506**	43,642
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**53,506**	43,642

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chairman	Director	Director	Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	OPF 2021	OPF 2020	PTF 2021	PTF 2020
Operating cash flows	(Rupees in thousand)			
(a) Takaful activities				
Contributions received	-	-	**455,310**	389,582
Retakaful contribution paid	-	-	**(139,574)**	(74,328)
Retakaful rebate received	-	-	**9,790**	8,443
Claims paid	-	-	**(188,168)**	(187,283)
Commissions paid	**(16,156)**	(15,789)	-	-
Retakaful recoveries received	-	-	**21,074**	36,439
Wakala Fees received	**112,926**	91,431	-	-
Wakala Fees paid	-	-	**(112,926)**	(91,431)
Modarib share received	**4,351**	3,889	-	-
Modarib share paid	-	-	**(4,351)**	(3,889)
Net cash inflows from takaful activities	**101,121**	79,531	**41,155**	77,533
(b) Other operating activities				
Income tax paid	-	-	**(2,460)**	(3,402)
General and other expenses paid	**(23,835)**	(39,945)	**(12,708)**	(23,368)
Other operating receipts / (payments)	**(39,357)**	8,429	**(7,189)**	(870)
Loans disbursed	-	(787)	-	-
Loans repaid	**339**	507	-	-
Net cash outflows from other operating activities	**(62,853)**	(31,796)	**(22,357)**	(27,640)
Total cash inflows from operating activities	**38,268**	47,735	**18,798**	49,893
Investment activities				
Profit / return received	**13,337**	11,002	**17,704**	23,272
Qard-e-Hasna repayment by Participant's Takaful Fund	**10,000**	15,000	**(10,000)**	(15,000)
Payments for investments	**(200,549)**	-	**(501,366)**	(50,000)
Proceeds from disposal of investments	-	-	**416,000**	-
Total cash (outflows) / inflows from investing activities	**(177,212)**	26,002	**(77,662)**	**(41,728)**
Financing activities				
Total cash (outflow) / inflows from financing activities	-	-	-	-
Net cash (outflow) / inflow during the year	**(138,944)**	73,737	**(58,864)**	8,165
Cash at the beginning of the year	**188,161**	114,424	**234,549**	226,384
Cash at the end of the year	**49,217**	188,161	**175,685**	234,549

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chairman	Director	Director	Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020	2021	2020
	OPF		PTF	
Reconciliation to profit and loss account	-----------------------------(Rupees in thousand)		-------------------------------	
Operating cash flows	**38,268**	47,735	**18,798**	49,893
Depreciation	**(26)**	(47)	**-**	-
Reversal / (Charge) of contribution				
- deficiency reserve	**-**	-	**253**	(253)
Contribution written off	**-**	-	**-**	(410)
Increase in assets other than cash	**44,502**	14,424	**101,608**	38,224
Increase in liabilities	**(43,272)**	(29,443)	**(114,513)**	(76,925)
Return on bank deposits	**14,034**	10,973	**18,492**	21,855
Net profit / surplus for the year	**53,506**	43,642	**24,638**	32,384
Operator's Takaful Fund	**53,506**	43,642	**-**	-
Participants' Takaful Fund	**-**	-	**24,638**	32,384
	53,506	43,642	**24,638**	32,384

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chairman	Director	Director	Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
STATEMENT OF CHANGES IN OPERATOR'S FUND
FOR THE YEAR ENDED 31 DECEMBER 2021

	Statutory reserves	Unappropriated profits	Total
	(Rupees in thousand)		
Balance as at 1 January 2020	50,000	45,136	95,136
Profit after taxation	-	43,642	43,642
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	43,642	43,642
Balance as at 31 December 2020	50,000	88,778	138,778
Profit after taxation	**-**	**53,506**	**53,506**
Other comprehensive income for the year	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**53,506**	**53,506**
Balance as at 31 December 2021	**50,000**	**142,284**	**192,284**

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chairman	Director	Director	Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
STATEMENT OF CHANGES IN PARTICIPANT'S TAKAFUL FUND
FOR THE YEAR ENDED 31 DECEMBER 2021

	Seed money	Accumulated surplus	Total
	-----------------------(Rupees in thousand)		-----------------------
Balance as at 1 January 2020	500	25,133	25,633
Surplus for the year	-	32,384	32,384
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	32,384	32,384
Balance as at 31 December 2020	500	57,517	58,017
Surplus for the year	**-**	**24,638**	**24,638**
Other comprehensive income for the year	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**24,638**	**24,638**
Balance as at 31 December 2021	**500**	**82,155**	**82,655**

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chairman **Director** **Director** **Chief Executive Officer**

ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1 LEGAL STATUS AND NATURE OF BUSNIESS

Alfalah Insurance Company Limited ('the Operator') is a public limited company incorporated in Pakistan on 21 December 2005 under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is engaged in general non-life insurance business. The registered office of the Company is situated at 5-Saint Mary Park, Gulberg-III, Lahore.

The Operator was granted authorization on 30 September 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations in respect of general takaful products by Securities and Exchange Commission of Pakistan ('SECP').

For the purpose of carrying on the takaful business, the Operator formed a Waqf / Participant Takaful Fund (PTF) on 13 January 2016 under the Waqf deed. The Waqf deed governs the relationship of Operator and Participants for management of Takaful operations.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

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

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

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

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

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except for defined benefit obligations under employee's benefits carried at present value. All transaction reflected in these financial statements are on accrual basis except for those reflected in cash flow statement.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Operator operates ('the functional currency'). The financial statements are presented in Pak Rupees, which is the Operator's functional and presentation currency. All the financial information presented in Rupees has been rounded off to the nearest thousand in rupee, unless otherwise stated.

2.4 New standards, interpretations and amendments applicable to the financial statements for the year ended 31 December 2021

The accounting policies adopted are consistent with those of the previous financial period, except for the following new and amended standards and interpretations effective for annual period beginning on 01 January 2021, as listed below. The Company has not early-adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New Standards, Interpretations and Amendments

IFRS 3	- Definition of a Business — (Amendments)
IAS 1 and IAS 8	- Definition of Material — (Amendments)
IFRS 9, IAS 39 and IFRS 7	- Interest Rate Benchmark Reform — (Amendments)
IFRS 16	- Covid-19-Related Rent Concessions beyond 30 June 2021 – (Amendments)
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	- Interest Rate Benchmark Reform – Phase 2 – Amendments

The adoption of amendments applied for the first time in the year did not have any material impact on the financial statements of the Company.

2.5 Standards, interpretations and amendments to approved accounting standards that are not yet Effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 3	Reference to Conceptual Framework — (Amendments)	01 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before intended use — (Amendments)	01 January 2022
IAS 37	Onerous Contracts - Costs of Fulfilling a Contract — (Amendments)	01 January 2022
AIP IFRS 1	First-time Adoption of International Financial Reporting Standards - Subsidiary as a First-time Adopter	01 January 2022
AIP IFRS 9	Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	01 January 2022
AIP IAS 41	Agriculture – Taxation in Fair Value Measurements	01 January 2022
IAS 1	Classification of Liabilities as Current or Non-Current — (Amendments)	01 January 2023
IAS 8	Definition of Accounting Estimates — (Amendments)	01 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies — (Amendments)	01 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction — (Amendments)	01 January 2023
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture — (Amendments) Interest Rate Benchmark Reform — (Amendments)	01 January 2023

The above amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2022.

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 July 2019
IFRS 17	Insurance Contracts	01 January 2023

The management, in consultation with Insurance Association of Pakistan, is in the process of determining the effect of application of IFRS 17.

2.6 Amendments to IFRS 4 applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts

The Company meets the eligibility criteria of the temporary exemption from IFRS 9 and intends to defer the application of IFRS 9 until the effective date of the new insurance contracts standard (IFRS 17) of annual reporting periods beginning on or after 1 January 2023, as allowed by the amendments contained in Annual Improvements to IFRS Standards 2018-2020 Cycle.

The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning before 1 January 2023 and continue to apply IAS 39 to financial assets and liabilities. An entity may apply the temporary exemption from IFRS 9 if:

(i) it has not previously applied any version of IFRS 9, other than only the requirements for the presentation of gains and losses on financial liabilities designated as FVPL; and

(ii) its activities are predominantly connected with insurance on its annual reporting date.

The Company performed an assessment of the amendments and reached the conclusion that its activities are predominantly connected with insurance as at 31 December 2020. During 2021, there had been no significant change in the activities of the Company that requires reassessment.

3 USE OF JUDGEMENT AND ESTIMATES

The preparation of financial statement in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments 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 recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgment and complexity, or areas where assumptions and estimates are significant to these financial statements or judgment was exercised in application of accounting policies, are as follows:

	Note
- Residual values and useful lives of property and equipment	4.1
- Classification of takaful Contracts	4.4
- Provision for unearned contributions	4.5
- Rebate from retakaful operators	4.19
- Outstanding claims (including IBNR) and reinsurance recoveries there against	4.12
- Contribution deficiency reserve	4.13
- Defined benefit plans	4.16
- Segment reporting	4.22

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Operating assets

Items of operating assets are stated at cost less accumulated depreciation and any impairment loss.

Cost comprises of purchase price including import duties and non-refundable purchase taxes after deducting trade discounts, rebates and includes other costs directly attributable to the acquisition or construction including expenditures on the material, labour and overheads directly relating to constructions, errection and installation of operating fixed assets.

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 item will flow to the Operator and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the year in which they are incurred.

Depreciation on equipment is charged to profit and loss account using straight line method so as to write off the historical cost of an asset over its estimated useful life at the rates mentioned in note 5 after taking their residual value into account.

Depreciation on additions to operating fixed assets is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed of.

Depreciation methods, residual values and the useful life of the assets are reviewed at least at each financial year end and adjusted if appropriate.

An item of equipment is derecognized upon disposal when no future economic benefits are expected from its use or disposal. Gain or loss on disposal of an asset is determined by comparing the proceeds from sale with the carrying amount and is recognized in profit and loss account.

4.2 Financial instruments

Financial assets and liabilities are recognized when the Operator becomes a party to contractual provisions of the instrument and de-recognized when the Operator looses control of contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de recognition of financial assets and liabilities are included in profit and loss account for the year.

4.2.1 Non-derivative financial assets

The Operator initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit and loss account) are recognized initially on the trade date, which is the date that the Operator becomes a party to the contractual provisions of the instrument.

The Operator derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Operator is recognized as a separate asset or liability.

The Operator classifies non-derivative financial assets into the following categories namely: financial assets at fair value through profit and loss account, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit and loss account

A financial asset is classified as at fair value through profit and loss account if it is classified as held-for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit and loss account if the Operator manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Operator's documented risk management or investment strategy. Attributable transaction costs are recognized in profit and loss account as incurred. Financial assets at fair value through profit and loss account are measured at fair value and changes therein, which takes into account any dividend income, are recognized in profit and loss account.

Held to maturity financial assets

If the Operator has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held to maturity. Held to maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise of long term deposits, trade debts, short term advances, deposits, other receivables and cash and bank balances.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available for sale financial assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit and loss account.

4.2.2 Non-derivative financial liabilities

The Operator initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Operator becomes a party to the contractual provisions of the instrument.

The Operator derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Operator classifies financial liabilities recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities mainly includes other creditors and accruals.

4.2.3 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Operator has legal enforceable right to set off the recognized amount and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

4.3 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

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 original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit and loss account. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit and loss account. If the fair value of an impaired available for sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed though profit and loss account, otherwise it is reversed through other comprehensive income.

Non-financial assets

The carrying amounts of non-financial assets other than deferred tax asset, 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. The recoverable amount of an asset or cash-generating unit 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 assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually 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 groups of assets (the "cash generating unit, or CGU").

The Operator's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account.

4.4 Takaful contracts

Takaful contracts are based on the principles of Wakala. The takaful contracts so agreed usually inspired by the concept of tabarru (to donate for benefits of others) and mutual sharing of losses with the overall objective of eliminating the interest, gambling and uncertainty.

Takaful contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from the participant if specified uncertain future event (the takaful event) adversely affects the participant are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event as compared to its non happening. Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period unless all rights and obligations are extinguished or expired.

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

- Fire and property damage
- Marine, aviation and transport
- Motor
- Accident and health
- Others including miscellaneous

These contracts are normally one year takaful contracts except marine and some other contracts including miscellaneous class. Normally all marine takaful contracts are of three months period. In others including miscellaneous class, some engineering takaful contracts are of more than one year period.

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

Fire and property damage takaful contracts mainly compensate the Operator’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 takaful properties in their business activities.

Marine takaful covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination.

Motor takaful provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident.

Accident and health takaful contracts provide protection against losses incurred as a result of medical illness, surgical operations and accidental injuries.

Other various types of takaful contracts are classified in others including miscellaneous category which includes mainly engineering, terrorism, worker compensation, products of financial institutions, crop etc.

The Operator also accepts takaful risk pertaining to takaful contracts of other takaful Operators as co-takaful and re-takaful inward. The takaful risk involved in these contracts is similar to the contracts undertaken by the Operator as takaful contracts. All retakaful inward contracts are facultative (specific risk) acceptance contracts.

4.5 Provision for unearned contributions

Provision for unearned contribution represents the portion of contribution written relating to the unexpired period of coverage and is recognized as a liability by the Operator on the following basis:

- for other classes contribution written is recognized as provision for unearned contribution by applying the 1/24th method as specified in the Insurance Rules, 2017.

- for marine cargo business, contribution written is recognized as provision for unearned contribution until the commencement of voyage.

4.6 Receivables and Payables related to takaful contracts

Receivables related to takaful contracts are known as contribution due but unpaid. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any. Contributions received in advance is recognized as liability till the time of issuance of takaful contract there against.

Provision for impairment and write-off is estimated on a systematic basis after analyzing the receivables as per their aging.

4.7 Retakaful contracts held

These are contracts entered into by the Operator with retakaful operators for compensation of losses suffered on takaful contracts issued. These retakaful contracts include both facultative and treaty arrangement contracts and are classified in same categories of takaful contracts for the purpose of these financial statements. The Operator recognizes the entitled benefits under contracts as various retakaful assets and liabilities.

Retakaful assets represent balances due from retakaful operators and retakaful recoveries against outstanding claims. Due from retakaful operators are carried at cost less any provision for impairment. Cost represents the fair value of the consideration to be received. Retakaful recoveries against outstanding claims are measured at the amount expected to be received.

Retakaful assets are not offset against related takaful liabilities. Income or expenses from retakaful contracts are not offset against expenses or income from related takaful assets.

Retakaful liabilities represent balances due to retakaful operators. Due to retakaful operators are carried at cost which is the fair value of the consideration to be paid.

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

4.8 Retakaful expense

Contribution ceded to retakaful operators is recognized as an expense. For retakaful contracts operating on a proportional basis, on attachment of the underlying policies; and for retakaful contracts operating on a non-proportional basis, on inception of the retakaful contracts.

Retakaful contribution ceded shall be recognized as an expense. For proportional retakaful business, evenly over the period of the underlying policies, for non-proportional retakaful business, evenly over the period of indemnity.

The portion of retakaful contribution ceded not yet recognized as an expense is recognized as a prepayment. The prepaid portion of contribution ceded is recognized as an asset. Such asset is calculated by applying the twenty-forth method, whereby the liability shall equal 1/24 of the contribution ceded relating to retakaful contract commencing in the first month of the operator's financial year, 3/24 of the contributions ceded relating to policies commencing in the second month of the operator's financial years, and so on.

4.9 Commission expense/ acquisition cost

Commission expense incurred in obtaining and recording takaful policies is deferred and recognized as an asset on the attachment of the related risks. This expense is charged to the profit and loss account of the Operator's Fund based on the pattern of recognition of related contribution revenue.

4.10 Deferred commission expense/ acquisition cost

Deferred commission expense represents the portion of commission expense relating to the unexpired period of takaful contract and is recognized as an asset. It is calculated in accordance with the pattern of its related unearned contribution income.

4.11 Claims expense

General takaful claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Claims are charged to the PTF profit and loss account.

4.12 Outstanding claims including incurred but not reported (IBNR)

The Operator recognizes liability in respect of all claims incurred up to the statement of financial position date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in any policy. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. The liability for claims includes amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

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

Claims incurred but not reported

Securities and Exchange Commission of Pakistan ("SECP"), through its circular 9 of 2016 dated 09 March 2016, issued "Guidelines for estimation of incurred but not reported (IBNR) claims reserve 2016" ("Guidelines") and required to comply with all provisions of these guidelines with effect from 01 July 2016.

These Guidelines require the Operator to develop an estimation of provision against claims incurred but not reported for each class of business, by either using "Chain Ladder Method" ("CLM") or other alternate method as allowed under the provisions of the Guidelines. The Chain Ladder Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level to derive an IBNR estimate.

As required under the Guidelines, the Operator uses CLM by involving an actuary for determination of provision against IBNR. Accordingly, the actuarial valuation as at 31 December 2021 has been carried out by independent firm of actuaries for determination of IBNR for each class of business. The actuarial valuation is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions (as explained in preceding paragraph) that may include a margin for adverse deviation as required / allowed under the Guidelines. The method used, and the estimates made, are reviewed annually.

4.13 Contribution deficiency reserve

The Operator maintains a provision in respect of contribution deficiency (also called unexpired risk reserve) on aggregation basis where the unearned contribution liability is not adequate to meet the expected future liability, after retakaful, from claims and other claim handling expenses expected to be incurred after the statement of financial position date in respect of the unexpired policies as at the statement of financial position date. The movement in the contribution deficiency reserve is recorded as an expense/ income in the profit and loss account for the year.

For this purpose, contribution deficiency reserve on aggregation basis is determined by independent actuary. The actuary determines the prospective loss ratio on aggregation basis and applies factors of unearned and earned contributions and uses assumptions appropriate to arrive at the expected claims settlement cost which when compared with unearned contribution reserve (UCR) shows whether UCR is adequate to cover the unexpired risks. If these ratios are adverse, contribution deficiency reserve is determined.

Based on recommendation of actuary, the unearned contribution reserve, on aggregation basis, at the year end is adequate to meet the expected future liability after retakaful claims and claim handling expenses, expected to be incurred after the statement of financial position date in respect of policies in force at the statement of financial position date. Therefore, no contribution deficiency reserve has been accounted for in these financial statements.

4.14 Wakala fee and Mudarib Share

The Operator manages the general takaful operations for the participants and charge the following percentages of gross contribution as Wakala Fee to meet the marketing and selling expenses (including commissions), administrative and management expenses:

-	Fire and property damage	30%
-	Marine	30%
-	Motor	35%
-	Accident and health	15%
-	Others including miscellaneous	30%

Rate for Motor class has been changed to 35% from 30% effective from 1st April 2021.

The Takaful operator manages the investment of the Participant's Funds as Mudarib and charge 25% of the investment income earned by the PTF as Mudarib Share.

Wakala fee and Mudarib share shall be recognized on the same basis on which related revenue shall be recognized. Unexpired portion of Wakala fee shall be disclosed as a liability for the Operator's Fund and an asset for the Participant's Fund.

4.15 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 in hand, deposits with banks and stamps in hand.

4.16 Employees benefit

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Operator and measured on an undiscounted basis.

Alfalah Insurance Company Limited has underatken for employee benefit cost of the Operator.

4.17 Creditors and accruals

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

4.18 Provisions and contingencies

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

Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

4.19 Revenue recognition

4.19.1 Participant's Takaful Fund

Contribution

Contribution income under a policy is recognized in line with note 4.4 of these financial statements.

Rebate from retakaful operators

Rebate income from other reinsurers is recognized at the time of issuance of the underlying takaful policy by the Operator. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the retakaful contribution to which it relates. Profit commission, if any, which the Operator may be entitled to under the terms of retakaful, is recognized on accrual basis.

The unearned portion of rebate income is recognized as a liability. Such liability is calculated by applying the twenty-forth method, whereby the liability shall equal 1/24 of the contribution relating to policies commencing in the first month of the operator's financial year, 3/24 of the contributions relating to policies commencing in the second month of the operator's financial years, and so on.

For facultative acceptance the basis of recognizing commission and determining the unearned retakaful rebate is the same as for the direct policies.

Participants' Takaful Fund / Operator's Fund

Investment Income

Return on investments is accounted for on a time proportionate basis using the applicable rate of return/ interest.

Miscellaneous Income

Return on bank deposits is recognized on a time proportion basis taking into account the effective yield.

4.20 Management Expenses

Expenses of management allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross contribution written. Expenses not allocable to the underwriting business are charged as other expenses.

4.21 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit and loss account, except to the extent that relates to items recognized in equity or in other comprehensive income, in which case it is recognized in equity or in other comprehensive income respectively.

4.22 Segment reporting

A business segment is a distinguishable component of the Operator that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The

Operator accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, the Insurance Rules, 2017 and Insurance Accounting Regulations, 2017. The reported operating segments are also consistent with the internal reporting framework provided to Board of Directors who 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.

Based on its classification of insurance contracts issued, the Operator has five primary business segments for reporting purposes namely fire, marine, motor, health and others including miscellaneous. The nature and business activities of these segments are disclosed in note 4.4 of these financial statements. Since the operation of the Operator are predominantly carried out in Pakistan, information relating to geographical segment is not considered relevant.

The accounting policies of operating segment are the same as those described in the summary of significant accounting policies.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities which can not be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

4.23 Salvage recoveries

Salvage recoveries are recognized on estimated basis based on past experience and market patterns and are in line with the recognition of related claim expenses.

4.24 Takaful Surplus

Takaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves. Allocation to participants, if applicable, is made after adjustment of claims paid to them during the period.

4.25 Qard-e-Hasna

If there is a deficit of admissible assets over its liabilities in the PTF, the Operator from the Operators' fund may provide Qard-e-Hasna to the PTF so that the PTF may become solvent as per Takaful Rules, 2012.

5 PROPERTY AND EQUIPMENT

	Note	OPF 2021	OPF 2020	PTF 2021	PTF 2020
		---(Rupees in thousand)---			
Cost					
As at January 01		**188**	188	**-**	-
Additions during the year		**-**	-	**-**	-
As at December 31		**188**	188	**-**	-
Depreciation					
As at January 01		**131**	84	**-**	-
Charged during the year		**26**	47	**-**	-
As at December 31		**157**	131	**-**	-
Net book value		**31**	57		
Rate of depreciation		**25%**	25%		

6 INVESTMENTS

	2021 Cost	2021 Impairment provision	2021 Carrying value	2020 Cost	2020 Impairment provision	2020 Carrying value
	---(Rupees in thousand)---					
Investment in term deposits						
Musharika certificates - PTF	**115,000**	**-**	**115,000**	50,000	-	50,000
Musharika certificates - OPF	**170,000**	**-**	**170,000**	-	-	-
Investment in debt securities						
Mutual fund - PTF	**20,366**	**-**	**20,366**	-	-	-
Mutual fund - OPF	**30,549**	**-**	**30,549**	-	-	-

6.1 The maurity date of musharika certificates is 30 January 2022.

7 TAKAFUL / RE-TAKAFUL RECEIVABLES - UNSECURED AND CONSIDERED GOOD

	Note	OPF 2021	OPF 2020	PTF 2021	PTF 2020
		---(Rupees in thousand)---			
Contribution due from contract holders		**-**	-	**64,152**	12,882
Less: provision for impairment of receivables from takaful contract holders	7.1	**-**	-	**(1,943)**	(1,393)
		-	-	**62,209**	11,489
Amount due from other takaful / retakaful operator		**-**	-	**66,033**	22,082
Less: provision for impairment of due from other takaful / re-takaful operator	7.2	**-**	-	**(1,308)**	(673)
		-	-	**64,725**	21,409
		-	-	**126,934**	32,898

7.1 Provision for impairment for receivables from takaful contract holders

	OPF 2021	OPF 2020	PTF 2021	PTF 2020
Balance as at 01 January	**-**	-	**1,393**	894
Addition made during the year	**-**	-	**550**	909
Write-off	**-**	-	**-**	(410)
Balance as at 31 December	**-**	-	**1,943**	1,393

7.2 Provision for impairment of due from other takaful / retakaful operator

	OPF 2021	OPF 2020	PTF 2021	PTF 2020
Balance as at 01 January	**-**	-	**673**	116
Addition made during the year	**-**	-	**635**	557
Balance as at 31 December	**-**	-	**1,308**	673

8 QARD-E-HASNA TO PARTICIPANTS' TAKAFUL FUND

In accordance with the Takaful Rules, 2012, if at any point in time, assets in participant takaful fund are not sufficient to cover its liabilities, the deficit shall be funded by way of an interest free loan (Qard-e-Hasna) from Operator Fund. In the event of future surplus in the Participant Takaful Fund to which a Qard-e-Hasna has been made, the Qard-e-Hasna shall be repaid prior to distribution of surplus to participants.

	Note	OPF 2021	OPF 2020	PTF 2021	PTF 2020
9 RECEIVABLE FROM PTF		(Rupees in thousand)			
Wakala fee		**69,774**	31,191	**-**	-
Modaraba fee		**2,418**	2,146	**-**	-
		72,192	33,337	-	-
10 CASH AND BANK					
Cash in hand		**79**	41	**-**	-
Savings accounts	10.1	**49,138**	188,120	**175,685**	234,549
		49,217	188,161	**175,685**	234,549

10.1 The rate of profit on profit and loss sharing accounts from bank range from 2.29% to 9.35% (2020: 2.29% to 5.75%) per annum depending upon the size of average deposits.

10.2 Cash and bank deposits include Rs. 29.11 million (2020: Rs. 24.42 million) held with Bank Alfalah Limited (a related party).

11 STATUTORY FUND

Amount of Rs. 50 million is deposited as statutory reserves to comply with provisions of para 4 of Circular No. 8 of 2014 read with section 11(c) of Takaful Rules, 2012 issued by SECP.

	Note	OPF 2021	OPF 2020	PTF 2021	PTF 2020
12 OTHER CREDITORS AND ACCRUALS		(Rupees in thousand)			
Federal excise duty		**-**	-	**4,006**	2,242
Federal insurance fee		**-**	-	**418**	215
Payable to Alfalah Insurance Company Limited	12.1	**58,683**	49,550	**66**	264
Taxes payable		**267**	205	**3,131**	3,550
Agency commission payable		**13,946**	6,789	**-**	-
Accrued expenses	12.2	**2,965**	1,984	**3,225**	6,363
Others	12.3	**205**	204	**2,881**	2,586
		76,066	58,732	**13,727**	15,220

12.1 This represents payable in respect of common expenses incurred by Alfalah Insurance Company Limited on behalf of the Operator.

	OPF 2021	OPF 2020	PTF 2021	PTF 2020
12.2 Accrued expenses	(Rupees in thousand)			
Tracker expense payable	**-**	-	**3,225**	6,363
Bonus payable	**808**	769	**-**	-
Audit fee payable	**603**	408	**-**	-
Sundry expenses payable	**1,179**	543	**-**	-
Leave encashment payable	**375**	264	**-**	-
	2,965	1,984	**3,225**	6,363

12.3 Unclaimed insurance benefits

Others include unclaimed insurance benefits of Rs. 1.44 million (2020: Rs. 1.24 million), aging of which is given below:

	OPF 2021	OPF 2020	PTF 2021	PTF 2020
	(Rupees in thousand)			
Claims not encashed				
1 to 6 months	**-**	-	**9**	10
7 to 12 months	**-**	-	**124**	279
13 to 24 months	**-**	-	**435**	670
25 to 36 months	**-**	-	**592**	177
beyond 36 months	**-**	-	**281**	104
	-	-	**1,441**	1,240

13 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 31 December 2021 (2020: Nil).

ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
14	**NET CONTRIBUTIONS REVENUE**	**(Rupees in thousand)**	
	Written Gross Contribution	**504,771**	373,370
	Less: Wakala Fee	**127,856**	104,364
	Contribution Net of Wakala Fee	**376,915**	269,006
	Add: Unearned contribution reserve opening	**137,673**	134,888
	Less: Unearned contribution reserve closing	**191,472**	137,673
	Contribution earned	**323,116**	266,221
	Less: Re-takaful ceded	**108,618**	82,490
	Add: Prepaid retakaful contribution opening	**18,378**	15,461
	Less: Prepaid retakaful contribution closing	**29,442**	18,378
	Retakaful expense	**97,554**	79,573
	Net Contribution	**225,562**	186,648
15	**RETAKAFUL REBATE EARNED**		
	Rebate on retakaful received	**17,195**	13,254
	Add: Rebate on retakaful opening	**2,378**	2,385
	Less: Rebate on retakaful closing	**4,130**	2,378
		15,443	13,261
16	**NET CLAIMS - REPORTED / SETTLED**		
	Benefits / Claims paid	**188,168**	187,283
	Add: Outstanding benefits / claims including IBNR closing	**129,185**	121,413
	Less: Outstanding benefits / claims including IBNR opening	**121,413**	76,578
	Claims expense	**195,940**	232,118
	Retakaful and other recoveries received	**21,074**	36,439
	Add: Retakaful and other recoveries in respect of outstanding claims closing	**15,704**	41,893
	Less: Retakaful and other recoveries in respect of outstanding claims opening	**41,893**	10,589
	Re-takaful and other recoveries revenue	**(5,115)**	67,743
	Net Claims Expense	**201,055**	164,375

16.1 Claim development

The following table shows the development of fire, marine and others including miscellaneous claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year. Further, claims with significant uncertainties are not outstanding as at 31 December 2021.

	Accident year					
	2017	**2018**	**2019**	**2020**	**2021**	**Total**
	(Rupees in thousand)					
Estimate of ultimate claims cost						
At the end of accident year with IBNR	615	34,218	1,998	80,333	16,096	**133,260**
One year later	546	34,210	(672)	54,215	-	**88,299**
Two years later	546	34,210	(956)	-	-	**33,800**
Three years later	546	34,202	-	-	-	**34,748**
Four years later	47	-	-	-	-	**47**
Current estimate of cumulative claims	47	34,202	(956)	54,215	16,096	**103,604**
Cumulative payments to date	(47)	(19,569)	(7,675)	(50,677)	(6,414)	**(84,382)**
Liability recognized	**-**	**14,633**	**(8,631)**	**3,538**	**9,682**	**19,222**

		2021	2020
17	**OTHER DIRECT EXPENSES**	**(Rupees in thousand)**	
	Bank charges	**489**	119
	Tracker expenses	**11,386**	18,446
		11,875	18,565

		OPF		PTF	
		2021	2020	**2021**	2020
18	**INVESTMENT INCOME - NET**	----------------(Rupees in thousand)----------------			
	Profit on term deposit receipts	**-**	-	**3,665**	3,064
	Dividend income	**549**	-	**366**	-
		549	-	**4,031**	*3,064*
19	**OTHER INCOME**				
	Return on bank balances	**13,485**	10,973	**14,461**	18,791

20 WAKALA FEE

The shareholders of the Company manage the generel takaful operations for the participants and charge 35% for motor, 30% for fire, 30% for marine, 30% for miscellanous, 30% for engineering, 15% for health and 30% for any other class of the gross contribution written net off administrative surcharge on co-takaful inward as wakala fee against the services.

	Note	2021	2020
		(Rupees in thousand)	
Gross wakala fee		**151,509**	105,209
Add : Deferred wakala fee opening		**40,996**	40,151
Less : Deferred wakala fee closing		**64,649**	40,996
Wakala expense		**127,856**	104,364

21 COMMISSION EXPENSE

Commission paid or payable		**26,023**	14,080
Add : Deferred commission opening		**5,959**	6,903
Less : Deferred commission closing		**11,945**	5,959
		20,037	15,024

22 GENERAL ADMINISTRATIVE AND MANAGEMENT EXPENSES

Employee benefit cost	**22.1**	**21,728**	19,729
Travelling expenses		**1,493**	430
Advertisement and sales promotion		**557**	60
Printing and stationery		**2,040**	1,386
Depreciation of operating assets		**1,386**	1,954
Depreciation of right-of-use asset		**2,947**	2,590
Amortization of intangibles		**210**	153
Rent, rates and taxes		**777**	661
Electricity, gas and water		**1,160**	895
Vehicle running expenses		**2,842**	2,099
Office repairs and maintenance		**4,380**	4,121
Postages, telegrams and telephone		**1,561**	1,352
Annual supervision fee		**808**	1,069
Training and development		**475**	492
Shariah advisory fee		**1,888**	1,716
Miscellaneous		**1,963**	1,063
		46,215	39,770

22.1 Employee benefit cost

Salaries allowances and other benefits	**20,345**	18,486
Charges for post employment benefits	**1,383**	1,243
	21,728	19,729

22.2 Management expenses include reverse charge from conventional business to the Operator of Rs. 33.86 million (2020: Rs. 29.08 million) under various heads.

23 Direct Expense	Note	2021	2020
		(Rupees in thousand)	
Insurance expenses		**766**	541
Legal and professional fee		**1,817**	1,521
Auditor's remuneration	**23.1**	**464**	498
Miscellaneous		**424**	1,123
		3,471	3,683

	Note	2021	2020
		(Rupees in thousand)	
23.1 Auditor's remuneration			
Annual Audit Fee		**162**	154
Half year review		**97**	92
Shariah's Compliance report		**97**	92
Statutory returns		**53**	50
Sales tax		**20**	62
Out of pocket		**35**	48
		464	498

23.2 Other expenses include reverse charge from conventional business of the Operator of Rs. 3.00 million (2020: Rs 2.44 million) under various heads.

	2021	2020
	(Rupees in thousand)	
24 REMUNERATION OF HEAD OF WINDOW TAKAFUL OPERATIONS		
Managerial remuneration	**2,610**	2,440
Leave fare assistance	**69**	61
Bonus paid	**508**	428
Charge for defined benefit plan	**42**	130
Contribution to defined contribution plan	**131**	122
Vehicle allowance	**575**	480
	3,935	3,661
	--------- (Number) ---------	
	1	1

25 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of directors, key management personnel, associated companies, entities with common directors and employee retirement benefit funds. The Operator, in normal course of business, carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of head of Window Takaful Operations is disclosed in note 7. Contributions and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan.

	OPF		PTF	
	2021	2020	2021	2020
	-----------------(Rupees in thousand)----------------			
Other transactions with related parties are summarized as follows:				
i) Associated undertakings and other related parties				
Contribution written	**-**	-	**118,835**	82,914
Contribution received	**-**	-	**126,224**	112,285
Claims paid	**-**	-	**67,403**	48,442
Profit on bank deposits	**173**	297	**1,695**	1,251
ii) Year end balances				
Associated undertakings and other related parties				
Contribution receivable from related parties	**-**	-	**9,344**	964
Provision for outstanding claims	**-**	-	**15,508**	12,290
Expense charged in respect of retirement benefit plans	**131**	124	-	-
26 TAXATION				
Current Tax:				
Current year	**21,855**	17,825	**3,678**	-
Prior years	**-**	-	**12,696**	-
	21,855	17,825	**16,374**	-

27 SEGMENT REPORTING - OPF

Each class of business has been identified as reportable segment. The following is a schedule of class of business wise assets, liabilities, revenue and results have been disclosed in accordance with the requirements of the Insurance Ordinance, 2000, the Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulations 2019:

	31 December 2021					
	Fire and Property Damage	**Marine, Aviation and Transport**	**Motor**	**Accident & Health**	**Miscellaneous**	**Total**
	---(Rupees in thousand)---					
Wakala fee	9,820	4,999	89,859	11,574	11,604	127,856
Commission expense	(4,190)	(2,935)	(13,393)	(11)	492	(20,037)
Management expenses	(3,712)	(1,525)	(30,008)	(7,182)	(3,788)	(46,215)
	1,918	**539**	**46,458**	**4,381**	**8,308**	**61,604**
Mudarib's share of PTF investment income						**4,623**
Other income						**13,485**
Direct espenses						**(3,471)**
Finance Cost						**(1,429)**
Profit before tax						**75,361**
Segment assets	**10,925**	**2,278**	**63,151**	**5,577**	**679**	**82,610**
Unallocated assets						**252,929**
						335,539
Segment liabilities	**5,884**	**-**	**56,851**	**-**	**210**	**62,945**
Unallocated liabilities						**80,310**
						143,255

	31 December 2020					
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Total
	---(Rupees in thousand)---					
Wakala fee	7,722	3,374	74,931	6,811	11,526	104,364
Commission expense	(3,227)	(2,004)	(10,306)	(10)	523	(15,024)
Management expenses	(2,895)	(1,198)	(26,818)	(4,831)	(4,028)	(39,770)
	1,600	172	37,807	1,970	8,021	49,570
Investment income - net						-
Mudarib's share of PTF investment income						5,464
Other income						10,973
Direct espenses						(3,683)
Finance Cost						(857)
Profit before tax						61,467
Segment assets	6,741	2,700	24,625	-	2,865	36,931
Unallocated assets						201,830
						238,761
Segment liabilities	3,074	-	37,059	211	306	40,650
Unallocated liabilities						59,333
						99,983

28 SEGMENT REPORTING - PTF

Each class of business has been identified as reportable segment. The following is a schedule of class of business wise assets, liabilities, revenue and results have been disclosed in accordance with the requirements of the Insurance Ordinance, 2000, the Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019:

	31 December 2021					
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident and Health	Misc.	Total
	(Rupees in thousand)					
Contribution receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	46,763	18,904	381,476	79,231	47,942	**574,316**
Federal Excise Duty	(5,825)	(2,077)	(50,450)	-	(6,152)	**(64,504)**
Federal Insurance Fee	(400)	(166)	(3,275)	(784)	(414)	**(5,039)**
Gross Written Contribution (inclusive of Administrative Surcharge)	**40,538**	**16,661**	**327,751**	**78,447**	**41,376**	**504,773**
Gross Direct Contribution	40,012	16,615	327,531	78,447	41,376	**503,981**
Facultative inward contribution	526	46	220	-	-	**792**
	40,538	**16,661**	**327,751**	**78,447**	**41,376**	**504,773**
Wakala fees	(9,820)	(4,999)	(89,859)	(11,574)	(11,604)	**(127,856)**
Contribution earned	32,732	16,662	285,740	77,160	38,678	**450,972**
Contribution ceded to retakaful	(29,492)	(15,125)	(18,500)	-	(34,437)	**(97,554)**
Net takaful contribution	**(6,580)**	**(3,462)**	**177,381**	**65,586**	**(7,363)**	**225,562**
Net rebate on re-takaful	5,664	3,352	254	-	6,173	**15,443**
Net underwriting income	**(916)**	**(110)**	**177,635**	**65,586**	**(1,190)**	**241,005**
Takaful claims	14,272	(555)	(140,140)	(66,615)	(2,902)	**(195,940)**
Takaful claims recovered from retakaful	(13,163)	501	5,346	-	2,201	**(5,115)**
Net claims	1,109	(54)	(134,794)	(66,615)	(701)	**(201,055)**
Contribution defficiency reversal	-	-	-	253	-	**253**
Other direct expenses	(39)	(16)	(11,704)	(40)	(76)	**(11,875)**
(Deficit)/Surplus before investment income	**154**	**(180)**	**31,137**	**(1,069)**	**(1,967)**	**28,328**
Investment income						**4,031**
Other income						**14,461**
Less: Modarib's share of investment income						**(4,623)**
(Provision) / Reversal for doubtful contributions (net of wakala fee)						**(1,185)**
Profit before tax						**41,012**
Segment assets	55,064	6,341	147,019	8,816	16,804	**234,044**
Unallocated assets						**333,019**
						567,063
Segment liabilities	58,975	6,124	336,796	19,938	37,713	**459,546**
Unallocated liabilities						**24,862**
						484,408

	31 December 2020					
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Total
	---(Rupees in thousand)---					
Contribution receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	31,371	12,816	292,686	45,808	43,888	**426,569**
Federal Excise Duty	(3,928)	(1,459)	(38,397)	-	(5,691)	**(49,475)**
Federal Insurance Fee	(266)	(112)	(2,514)	(454)	(378)	**(3,724)**
Gross Written Contribution (inclusive of Administrative Surcharge)	**27,177**	**11,245**	**251,775**	**45,354**	**37,819**	**373,370**
Gross Direct Contribution	26,529	11,207	251,319	45,354	37,819	**372,228**
Facultative inward contribution	648	38	456	-	-	**1,142**
	27,177	**11,245**	**251,775**	**45,354**	**37,819**	**373,370**
Wakala fees	(7,722)	(3,374)	(74,931)	(6,811)	(11,526)	**(104,364)**
Contribution earned	25,740	11,245	249,770	45,407	38,423	**370,585**
Contribution ceded to retakaful	(23,036)	(9,994)	(12,206)	-	(34,337)	**(79,573)**
Net takaful contribution	**(5,018)**	**(2,123)**	**162,633**	**38,596**	**(7,440)**	**186,648**
Net rebate on re-takaful	4,616	2,289	168	-	6,188	**13,261**
Net underwriting income	**(402)**	**166**	**162,801**	**38,596**	**(1,252)**	**199,909**
Takaful claims	(73,374)	(588)	(106,228)	(48,227)	(3,701)	**(232,118)**
Takaful claims recovered from retakaful	64,323	531	185	-	2,704	**67,743**
Net claims	(9,051)	(57)	(106,043)	(48,227)	(997)	**(164,375)**
Charge of contribution deficiency reserve	-	-	-	(253)	-	**(253)**
Other direct expenses	(9)	(4)	(18,526)	(12)	(14)	**(18,565)**
(Deficit)/Surplus before investment income	**(9,462)**	**105**	**38,232**	**(9,896)**	**(2,263)**	**16,716**
Investment income						**3,064**
Other income						**18,791**
Less: Modarib's share of investment income						**(5,464)**
(Provision) / Reversal for doubtful contributions (net of wakala fee)						**(723)**
Profit before tax						**32,384**
Segment assets	56,049	4,492	57,473	362	9,883	**128,259**
Unallocated assets						**309,906**
						438,165
Segment liabilities	55,809	12,860	227,709	9,429	29,203	**335,010**
Unallocated liabilities						**35,138**
						370,148

29 RISK MANAGEMENT

The primary objective of the Operator's risk and financial management framework is to protect the Operator's shareholder from the events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management system in place.

The Board of Directors meets regularly to approve any commercial, regulatory and organizational decisions. The Chief Executive Officer under the authority delegated from the Board of Directors defines the Operator's risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, aligns underwriting and retakaful strategy to the corporate goals, and specifies reporting requirements.

The risks faced by the Operator and the way these risks are mitigated by management are summarized below:

a) Financial risk, categorized into;

- Credit risk	- note 29.1.1
- Liquidity risk	- note 29.1.2
- Market risk	- note 29.1.3
b) Capital adequacy risk	- note 29.2
c) Takaful risk	- note 29.3

29.1 Financial risk

The Operator's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk and price risk).

The Operator's principal financial risk instruments are financial investments, receivables arising from takaful and retakaful contracts, statutory deposits and cash and cash equivalents. The Operator does not enter into any derivative transactions.

The Operator's financial risk focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Financial risks arising from the Operator's financial assets and liabilities are limited. The Operator consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

29.1.1 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 Operator attempts to control credit risk by monitoring the following:

a) Credit worthiness of counter party;
b) Sector wise concentration of counter party; and
c) Aging analysis of counter party.

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

Financial assets		**2021**	2020
		(Rupees in thousand)	
Bank balances	- note 29.1.1.1	**224,823**	422,669
Takaful / retakaful receivables	- note 29.1.1.2	**126,934**	32,898
Retakaful recoveries against outstanding claims	- note 29.1.1.3	**15,704**	41,893
		367,461	497,460

29.1.1.1 The credit quality of Operator's bank balances can be assessed with reference to external credit ratings as follows:

	Rating		Rating		
	Short-term	Long-term	Agency	**2021**	2020
				(Rupees in thousand)	
Bank Alfalah Limited	A1+	AA+	PACRA	**29,107**	24,429
Askari Bank Limited	A1+	AA+	PACRA	**8,192**	11,704
Standard Chartered Bank	A1+	AAA	PACRA	**7,717**	162,904
Meezan Bank Limited	A-1+	AAA	JCR-VIS	**1,193**	1,193
Dubai Islamic Bank	A-1+	AA	JCR-VIS	**178,614**	222,439
				224,823	422,669

29.1.1.2 The management monitors exposure to credit risk in contribution receivable arising from takaful and retakaful contracts, through regular review of credit exposure and prudent estimates of provision for doubtful receivables.

Sector wise analysis of contributions due from policy holders is as follows :

	2021	2020
	(Rupees in thousand)	
Financial institutions	**53,919**	7,359
Manufacturing	**783**	888
Personal Goods	**373**	511
Health & Pharmaceutical	**988**	271
Textile & Composite	**310**	119
Others including miscellaneous	**7,779**	3,734
Provision for impairment of receivables from takaful contract holders	**(1,393)**	(1,393)
	62,759	11,489

The Operator monitors exposure to credit risk in contribution due from policy holders and amount due from co-takaful operators and re-takaful operators through regular review of credit exposure. The amount due from co-takaful operators/companies and re-takaful operators/companies represents low credit risk as they have strong credit ratings and have sound financial stability.

The aging analysis of contributions due from policy holders can be assessed with the following:

	2021			2020		
	Related parties	**Others**	**Total**	Related parties	Others	Total
	(Rupees in thousand)					
Up to 1 year	**10,748**	**51,707**	**62,455**	962	11,283	12,245
1-2 years	**-**	**785**	**785**	-	189	189
2-3 years	**-**	**324**	**324**	2	368	370
Over 3 years	**-**	**588**	**588**	-	78	-
	10,748	**53,404**	**64,152**	964	11,918	12,804

29.1.1.3 The credit quality of amount due from other takaful / retakaful and retakaful recoveries against outstanding claims can be assessed with reference to external ratings as follows:

	Amount due from Takaful / Other retakaful Operators	**Retakaful recoveries against outstanding claims**	**Total**
	(Rupees in thousand)		
As at 31 December 2021			
BB+ or above	**126,934**	**15,704**	**142,638**
BBB and BBB+	**-**	**-**	**-**
	126,934	**15,704**	**142,638**
As at 31 December 2020			
BB+ or above	32,898	41,893	74,791
BBB and BBB+	-	-	-
	32,898	41,893	74,791

The credit risk of retakaful recoveries against outstanding claims can be assessed with the following age analysis, estimated in a manner consistent with the provision for outstanding claims, in accordance with the retakaful contracts:

The aging analysis of retakaful recoveries against outstanding claims is shown below:

	2021		2020	
	Retakaful recoveries against outstanding claims	**Outstanding Claims including (IBNR)**	Retakaful recoveries against outstanding claims	Outstanding Claims including (IBNR)
	(Rupees in thousand)			
Up to 1 year	**12,020**	**116,073**	38,235	112,893
1-2 years	**1,994**	**10,441**	1,999	4,941
2 to 3years	**1,690**	**2,671**	9	244
Over 3 years	**-**	**-**	1,650	3,335
	15,704	**129,185**	41,893	121,413

29.1.2 Liquidity risk

Liquidity risk is the risk that the Operations will not be able to meet its financial obligations as they fall due. The Operations' approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the operation's reputation. The following are the contractual maturities of financial liabilities based on the remaining period at the reporting date to maturity date.

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

	2021 OPF			
	Carrying amount	**Contractual cash flows**	**Maturity up to one year**	**Maturity after one year**
	-----------------------(Rupees in thousand)-----------------------			
Re takaful / Co-takaful payables	**2,540**	**2,540**	**2,540**	
Other creditors and accruals	**76,066**	**76,066**	**76,066**	-
	78,606	**78,606**	**78,606**	**-**

	2021 PTF			
	Carrying amount	**Contractual cash flows**	**Maturity up to one year**	**Maturity after one year**
	-----------------------(Rupees in thousand)-----------------------			
Outstanding claims including IBNR	**129,185**	**129,185**	**129,185**	-
Re takaful / Co-takaful payables	**62,357**	**62,357**	**62,357**	-
Other creditors and accruals	**13,727**	**13,727**	**13,727**	-
	205,269	**205,269**	**205,269**	-

	2020 OPF			
	Carrying amount	Contractual cash flows	Maturity up to one year	Maturity after one year
	-------------------------(Rupees in thousand)-------------------------			
Re takaful / Co-takaful payables	255	255	255	-
Other creditors and accruals	58,732	58,732	58,732	-
	58,987	58,987	58,987	-

	2020 PTF			
	Carrying amount	Contractual cash flows	Maturity up to one year	Maturity after one year
	-------------------------(Rupees in thousand)-------------------------			
Outstanding claims including IBNR	121,413	121,413	121,413	-
Re takaful / Co-takaful payables	56,767	56,767	56,767	-
Other creditors and accruals	15,220	15,220	15,220	-
	193,400	193,400	193,400	-

29.1.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as interest rates, foreign exchange rates and equity prices.

The Operator is exposed to market risk with respect to its bank balance deposits.

The Operator limits market risk by maintaining a diversified portfolio of money market and equity market and by continuous monitoring of developments in respective markets. The Operator has formulated a liquidity-risk based investment policy approved by the Board of Directors which contains various guidelines for investment of surplus funds in money market and equity market.

29.1.3.1 Interest rate risk

Interest rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. Floating rate instruments expose the Operator to cash flow interest risk, whereas fixed interest rate instrument exposes the Operator to fair value interest risk.

Sensitivity to interest rate risk arises from mismatching of financial assets and liabilities that mature or re-price in a given period. The Operator manages these mismatching through risk management strategies where significant changes in gap position can be adjusted.

At the date of statement of financial position, the interest rate profile of the Operator's significant interest bearing financial instruments was as follows:

	2021				
	Effective Interest rate	**Carrying amounts Maturity up to one year**		**Carrying amounts Maturity after one year**	
		OPF	**PTF**	**OPF**	**PTF**
	%	**(Rupees in thousand)**			
Financial assets					
Bank balances	**2.29% to 9.35%**	**49,138**	**175,685**	-	-

	2020				
	Effective Interest rate	Carrying amounts Maturity up to one year		Carrying amounts Maturity after one year	
		OPF	PTF	OPF	PTF
	%	(Rupees in thousand)			
Financial assets					
Bank balances	**2.29% to 5.75%**	188,120	234,549	-	-
Term deposit receipt		-	-	-	-
		188,120	234,549	-	-

As on 31 December 2021, Operator had no financial instrument valued at fair value through profit and loss account.

29.1.3.2 Price risk

Other price risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

29.1.3.3 Foreign Currency risk

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

29.2 Capital adequacy risk

The Operator’s objective when managing capital is to safeguard the Operator’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 in its businesses.

29.3 Takaful risk

The Operator’s takaful activities are primarily concerned with the pricing, acceptance and management of risks from its customers. In accepting risks the Operator is committing to the payment of claims and therefore these risks must be understood and controlled. Disciplined underwriting, encompassing risk assessment, risk management, pricing and exposure control is critical to the Operator’s success. The Operator manages these risks through its underwriting strategy, adequate retakaful arrangements and proactive claims handling.

The Operator is facing three kinds of risk in its takaful activities, namely;

- Contribution Risk - note 29.3.1
- Claim Risk - note 29.3.2
- Retakaful Risk - note 29.3.3

29.3.1 Contribution Risk

The takaful strategy aims to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Pricing is generally based upon risk quality, historical claims frequencies, claims averages, adjusted for inflation and imposition of deductibles. Risk inspection surveys are also conducted before acceptance of larger risks. Underwriting limits and guidelines are in place to enforce appropriate risk selection criteria. For example, the Operator does not offer health takaful to walk-in individual customers. Health takaful is generally offered to corporate customers with a large population to be covered under the policy.

The Operator manages the takaful risk arising from the geographical concentration of risk with the help of various MIS reports generated from the IT system. For this purpose all critical takaful information including address lookups and geocoding is punched into the IT system. For example, for catastrophic aggregates, the IT system assigns precise geographic CRESTA (Catastrophe Risk Evaluating and Standardizing Target Accumulations) codes with reference to the accumulation of sum insured in force at any particular location against natural perils. For Marine risks, complete takaful details, besides sums insured and contributions, like vessel identification, voyage input (sea/air/inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are fed into the IT system.

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 neighboring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The following table demonstrates the class wise concentration of risk on the basis of sum insured:

	PTF			
	Gross sum insured		Net sum insured	
	2021	2020	**2021**	2020
Fire	**40%**	43%	**11%**	16%
Marine	**39%**	31%	**37%**	13%
Motor	**13%**	16%	**42%**	57%
Accident and Health	**3%**	3%	**8%**	10%
Others including miscellaneous	**5%**	7%	**2%**	4%
	100%	100%	**100%**	100%

The following table demonstrates the class wise concentration of risk on the basis of contribution :

	Gross contribution written		Net contribution written	
	2021	2020	**2021**	2020
Fire	**8%**	7%	**1%**	1%
Marine	**3%**	3%	**1%**	1%
Motor	**65%**	68%	**77%**	81%
Accident and Health	**16%**	12%	**20%**	16%
Others including miscellaneous	**8%**	10%	**1%**	1%
	100%	100%	**100%**	100%

29.3.2 Claim risk

One of the purposes of takaful is to enable policyholders to protect themselves against uncertain future events. Takaful companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in takaful is inevitably reflected in the financial statements of takaful companies and can be characterized under a number of specific headings, such as;

• Uncertainty as to whether an event has occurred which would give rise to an insured loss.
• Uncertainty as to the extent of policy coverage and limits applicable.
• Uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring.
• Uncertainty over the timing of a settlement to a policyholder for a loss suffered.

Therefore the objective of the Operator is to ensure that sufficient reserves are available to cover these uncertainties and in case of any change in estimation due to further development on uncertainty or change on assumptions, Operator accounts for that change immediately.

Claims provisions are determined based upon previous claims experience, the knowledge of events and the terms and conditions of the relevant policies and on interpretation of circumstances. Particularly relevant is experience with similar cases and historical claims payment trends. It should be emphasized that corroborative evidence obtained from as wide a range of sources as possible also contribute to form the overall estimate. Large claims impacting each relevant business class are generally assessed separately, being measured at the face value of the surveyor’s estimates.

Operator has reasonably accounted for claims that have occurred by the end of the reporting period but remain unsettled and for those that may have occurred but have not yet been notified to the operator and those that are not yet apparent to the insured. The Operator's policy for accounting of its claims has been disclosed in note 4.11 of these financial statements.

Sensitivity analysis

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

As the Operator enters into short term takaful 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 retakaful.

	PTF			
	Underwriting result		Participants' surplus	
	2021	2020	**2021**	2020
	(Rupees in thousand)			
Fire	**(1,109)**	9,051	**(11)**	91
Marine	**54**	57	**1**	1
Motor	**134,794**	106,043	**1,348**	1,060
Accident and Health	**66,615**	48,227	**666**	482
Others including Miscellaneous	**701**	997	**7**	10
	201,055	164,375	**2,011**	1,644

29.3.3 Retakaful risk

The Operator purchases retakaful as part of its risks mitigation program. Retakaful ceded is placed on both proportional and non-proportional basis. The majority of proportional retakaful is quota share reinsurance which is taken out to reduce the overall exposure of the Operator to certain classes of business. Non-proportional reinsurance is primarily excess of loss reinsurance designed to mitigate the Operator's net exposure to catastrophe losses. Retention limits for the excess of loss retakaful vary by product line. The Operator also arranges the local and foreign facultative retakaful as part of its risk management strategy.

Although the Operator has retakaful arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded takaful, to the extent that any retakaful is unable to meet its obligations assumed under such retakaful agreements. The Operator's placement of retakaful is diversified such that it is neither dependent on a single retakaful nor are the operations of the Operator substantially dependent upon any single retakaful contract. Operator's strategy is to seek retakaful with the best combination of financial strength, price and capacity. In compliance of the regulatory requirement, the retakaful agreements are duly submitted with SECP on an annual basis.

30 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

		Carrying amount				Fair value			
	Note	Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2021		----------	----------	----------	----------	Rupees	----------	----------	----------
Financial assets - measured at fair value		-	-	-	-	-	-	-	-
Financial assets - not measured at fair value									
Takaful / re-takaful receivables*	7	126,934	-	-	126,934	-	-	-	-
Retakaful recoveries against outstanding claims*		15,704	-	-	15,704	-	-	-	-
Cash and bank*	10	-	224,902	-	224,902	-	-	-	-
		142,638	224,902	-	367,540	-	-	-	-
Financial liabilities - measured at fair value		-	-	-	-	-	-	-	-
Financial liabilities - not measured at fair value									
Underwriting provisions outstanding claims including IBNR*	16	-	-	129,185	129,185	-	-	-	-
Re takaful / Co-takaful payables*		-	-	64,897	64,897	-	-	-	-
Other creditors and accruals*	12	-	-	89,793	89,793	-	-	-	-
		-	-	283,875	283,875	-	-	-	-

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

ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

		Carrying amount				Fair value			
	Note	Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2020		---------- Rupees ----------							
Financial assets - measured at fair value		-	-	-	-	-	-	-	-
Financial assets - not measured at fair value									
Takaful / re-takaful receivables*	7	32,898	-	-	32,898	-	-	-	-
Retakaful recoveries against outstanding claims*		41,893	-	-	41,893	-	-	-	-
Cash and bank*	10	-	422,710	-	422,710	-	-	-	-
		74,791	422,710	-	497,501	-	-	-	-
Financial liabilities - measured at fair value		-	-	-	-	-	-	-	-
Financial liabilities - not measured at fair value									
Underwriting provisions									
Outstanding claims including IBNR*	16	-	-	121,413	121,413	-	-	-	-
Re takaful / Co-takaful payables*		-	-	57,022	57,022	-	-	-	-
Other creditors and accruals*	12	-	-	73,952	73,952	-	-	-	-
		-	-	252,387	252,387	-	-	-	-

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

31 NUMBER OF FULL TIME EMPLOYEES

The number of employees of the Operations are as follows:	**2021**	2020
Average number of employees during the year	**3**	3
As at 31 December	**2**	3

32 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Operator on April 26, 2022

Chairman	Director	Director	Chief Executive Officer

NOTICE OF 16TH ANNUAL GENERAL MEETING

Notice is hereby given that 16th Annual General Meeting of the Shareholders of Alfalah Insurance Company Limited (the "Company") will be held on Thursday, March 31, 2022 at 11:00 a.m. at the registered office of the Company located at 5 – Saint Mary Park, Gulberg III, Lahore to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 15th Annual General Meeting held on April 15, 2021.

2. To receive, consider and adopt the financial statements of Conventional business and Window Takaful Operations for the year ended December 31, 2021 along with the Director's and Auditor's report thereon, Shariah Advisor's Report and Auditor's assurance report on Compliance with Shariah rules and principles.

3. To declare and approve, as recommended by the Directors, the payment of the final cash dividend of Rs.2 per share i.e., @ 20% for the year ended December 31, 2021.

4. To appoint Statutory and Shariah Compliance Auditors of the Company for the year ending December 31, 2022 and to fix their remuneration.

   M/s EY Ford Rhodes, Chartered Accountants, our retiring auditors, being eligible for re-appointment, have shown their willingness to act as external auditors of the Company for the year ending December 31, 2022. The Audit Committee and Board of directors in their respective meetings have suggested and recommended M/s EY Ford Rhodes, Chartered Accountants as external and Shariah Compliance Auditors of the Company for the year ending December 31, 2022.

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

By order of the Board
Adnan Waheed
Company Secretary

Date: March 08, 2022
Lahore

NOTES

1) The Share Transfer Books of the Company will be closed from March 25, 2022 to March 31, 2022 both days inclusive.

2) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as a proxy to attend and vote instead of him/her.

3) Every proxy shall be appointed in writing under the hand of the appointer or by an agent duly authorized under a Power of Attorney or if such appointer is a company or corporation under the Common Seal of the company or corporation or the hand of its Attorney who may be the appointer.

4) The instrument of proxy in order to be effective must reach the Company's registered address at 5-Saint Mary Park, Gulberg III, Lahore not less than 48 hours before the time for holding of the Meeting.

5) 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 the Meeting.

6) The signature on the instrument of proxy must conform to the specimen signature recorded with the Company.

7) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.

8) Shareholders are requested to notify change in their address, if any, to the Company Secretary.

9) SECP vide SRO No. 787(I) 2014 dated 8th September, 2014 has allowed companies to circulate the audited financial statements and notice of Annual General Meeting to shareholders through their email address subject to their written consent. Desiring shareholders are requested to provide their complete email address through a duly signed letter along with copy of valid CNIC or passport. Shareholders are also required to notify immediately any change in email address in writing to the Company Secretary.

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FORM OF PROXY

The Company Secretary
Alfalah Insurance Company Limited
5-Saint Mary Park, Gulberg III, Lahore

"I/We________________________________being a member of ALFALAH INSURANCE COMPANY LIMITED hereby appoint Mr./Mrs.____of__________________or failing him Mr./Mrs.________________________________of____as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of ALFALAH INSURANCE COMPANY LIMITED to be held on________ _____, 2022 at 11:00 a.m. at the registered office of the Company, 5-Saint Mary Park, Gulberg, III, Lahore and at any adjournment thereof."

Signed this ____________________ day of ___________________2022

Signature: ....

Name:..

Holder of .... Ordinary Shares

WITNESSES:

1.	Signature	:	....
	Name	:	....
	Address	:	....
			....
	CNIC/PP No	:	....
2.	Signature	:	....
	Name	:	....
	Address	:	....
			....
	CNIC/PP No	:	....

پراکسی فارم

کمپنی سیکرٹری
الفلاح انشورنس کمپنی لمیٹڈ
۵۔ سینٹ میری پارک، گلبرگ ااا لاہور۔

"میں / ہم ____________ ساکن ____________ بحثیت رکن الفلاح انشورنس کمپنی لمیٹڈ بزریعہ ہٰذا مسمی ____________ ساکن ____________ کو یا ان کی عدم دستیابی کی صورت میں مسمی ____________ ساکن ____________ کو میری / ہماری جانب سے پراکسی مقرر کررہاہوں تاکہ وہ الفلاح انشورنس کمپنی لمیٹڈ کے ________، ۲۰۲۲ء بوقت ۰۰:۱۱ بجے صبح کمپنی کے رجسٹرڈ آفس ۵۔ سینٹ میری پارک، گلبرگ ااا لاہور میں منعقد ہونے والے سالانہ اجلاسِ عام یا اِس کے التوائی اجلاس میں میری / ہماری طرف سے شرکت کرسکے یا ووٹ دے سکے۔"

دستخط بروز ____________ بتاریخ ________ ۲۰۲۲ء

دستخط: ____________

نام: ____________

حامل ________ عام حصص

گواہان:

۱. دستخط: ____________

نام: ____________

پتہ: ____________

سی این آئی سی / پاسپورٹ نمبر: ____________

۲. دستخط: ____________

نام: ____________

پتہ: ____________

سی این آئی سی / پاسپورٹ نمبر: ____________

Alfalah Insurance Network

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