

PICIC INSURANCE LIMITED



ANNUAL REPORT 2015



PICIC
INSURANCE

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Company Information

Board of Directors	Mr. Irshad Ali Shaban Ali Kassim (Chairman) Mr. Shahid Ahmad Mr. Abu Ahmed Mr. Munawar Ali Kassim Mr. Muzaffar Ali Shah Bukhari (Subsequent to year end the casual vacancy created due to resignation of 3 Directors will be filled within the given time limit)
Managing Director / CEO	Mr. Jalees Ahmed Siddiqi
Board Audit Committee	Mr. Muzaffar Ali Shah Bukhari (Chairman) Mr. Abu Ahmed Mr. Munawar Ali Kassim
Board Human Resources & Remuneration Committee Board of Directors	Mr. Munawar Ali Kassim (Chairman) Mr. Irshad Ali Shaban Ali Kassim Mr. Jalees Ahmed Siddiqi
CFO & Company Secretary	Mr. Afroz Quraishi
Compliance Officer	Mr. Nizar Somani
Auditors	Muniff Ziauddin & Co. Chartered Accountants
Legal Advisor	Jameel Khan & Associates
Bankers	Habib Metropolitan Bank Limited NIB Bank Limited Silk Bank Limited Bank Al Habib Limited
Shares Registrar	FAMCO Associates (Pvt.) Ltd. 8-F, Next to Hotel Faran, Nursery Block - 6, P.E.C.H.S. Shahra-e-Faisal Karachi
Credit Rating	Triple B Plus "BBB+" by JCR-VIS
Registered & Head Office	1204, 12th Floor, Emerald Tower Clifton, Block-5, Karachi - 75600, Pakistan t +92-21-35147651-5 UAN: 11 12 PICIC (111-274-242) f +92-21-35147656 www.picicinsurance.com

VISION STATEMENT

To emerge as a progressive and reliable Insurance company, with expertise in providing Insurance Solutions essential to Risk Management; and pioneering a culture of Insurance awareness to customer.

MISSION STATEMENT

PICIC Insurance shall fully satisfy the needs and expectations of all its stakeholders by:

- Delivering value to customers by creating optimized Risk solutions.
- Providing our employees an environment essential to their career progression.
- Continually provide above average returns to our shareholders.
- Support and develop the Communities in which we live and work.

CORE VALUES

Integrity

We make sure that our business interactions and relations with all the stakeholders are delimited with honesty, loyalty and transparency

Excellence

Our commitment is to persistently strive for better and better, while we keep on building upon our achievements.

Growth

We define our growth through nurturing and supplementing growth for our stakeholders.

Professionalism

We have a strong commitment to set high bars of quality service standards for our internal and external clients; this will be supported with the pillars of expertise, steadiness, dedication and business acumen

Code of Conduct

1. It is the responsibility of all directors, officers and employees of the company to carry out their assigned duties in compliance with all applicable legal requirements and company policies. Beyond compliance with strictly legal aspects involved, all directors, officers and employees are expected to conduct themselves with honesty, integrity and professionalism in the discharge of their assigned responsibilities. Except as otherwise permitted by company policies, all assets of the company shall be used for legitimate business purposes. All directors, officers and employees shall protect the company assets and ensure their efficient use.

Each director, officer and employee of the company must avoid any activities that could involve, or lead to involvement in any unlawful practice, as well as any actions that may jeopardize or impair the confidence or respect in which the company are held by their customers, regulators and the general public. All directors, officers and employees must comply completely with all applicable law, rules, and regulations.

2. The company policy statement regarding conflicts of interest requires all directors, officers and employees to avoid situations in which their personal interests conflict with the interests of the company. Prior to engaging in any conduct or activity that may result in a conflict of interest; the facts and circumstances of the proposed conduct or activity must be disclosed to the company.
3. Directors, officers, and employees shall not take for themselves personal opportunities that are discovered through the use of the corporate property, information, or position; shall not use corporate property, information or position for personal gain; and shall not compete with the company. All directors, officer, and employees owe a duty to the company to advance the legitimate business interests of the company.
4. Directors, officers, and employees shall endeavor to deal fairly with the company customers, suppliers, competitors, and employees. No one should take unfair advantage through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.
5. Directors, officers, and employees frequently have access to confidential information concerning the company, business and the businesses of customers, agents, policyholders and other employees. Safeguarding confidential information is absolutely essential. Confidential information includes, but is not limited to all non-public information that might be of use to competitors, or harmful to the company or its customers, if disclosed. Directors, officers, and employees shall not disclose confidential information except when disclosure is authorized or legally mandated. Directors, officers, and employees shall not access, or use, confidential information unless it is relevant to the performance of their job and they have proper authorization. Except for information routinely provided to industry bureaus and agencies, vendors or other representatives of the Company, in accordance with the Company policies and procedures, no director, officer, or employee may disclose confidential information of any type to anyone, except person within the company who has a clear business need to know.
6. Accuracy and reliability in the preparation and maintenance of all books and records is not only mandated by law, it is of critical importance to the company decision making process and to the proper discharge of the company legal, financial and reporting obligations. All business records expenses accounts, vouchers, bills, payroll and services records and other reports must be prepared with care and honestly, and maintained in accordance with the company policy.
7. The company is an equal opportunity employer, and does not discriminate against employees or applicants for employment on the basis of race, color, religion, sex , sexual orientation, national origin, age, physical or mental disability. The company complies with all applicable laws and regulations in the hiring, treatment and termination of all employees, and endeavors to maintain a working environment that is conducive to professional growth accomplishment and satisfaction, and free from any type of hostility or harassment.

Directors' Report

The Directors' of your company are pleased to present the annual report together with the audited financial statements for the year ended December 31, 2015.

Message from the Chairman

2015 was an unprecedented and unique year in terms of challenges PICIC encountered on several fronts. Gross Written Premium was recorded at 403M, which was lower than 2014 GWP of 508M. However, underwriting results showed positive improvement. From a loss of (52.6M) in 2014, underwriting profit of 46.5M was achieved in 2015.

Company continued to consolidate and expand mutually-beneficial relationships with customers associated with PICIC. To bring improvement in the financial position of the company, acquisition of new businesses was based on its risk profile. Health class was critically revisited with a zero-base approach. Developing healthy business in each class will ultimately lead to healthy bottom line in the coming periods.

We partner with our clients to identify, mitigate risks and advise clients on loss prevention. Re-Insurance arrangements take into consideration client's risk profile, concentration of risks, and related factors. The company has back-end support of leading global Re-Insurers for capacity building and seamless running of its underwriting operations.

The company strongly believes that improvement in business and customer service is directly linked to the quality of human capital. To prepare for the increasingly competitive business environment, various steps were taken in the areas of image and brand building, organization redesign, upgrading quality of human resources, and resource optimization. Special attention was placed on technology for speeding up information/data processing and its availability for better customer service; customer remains at the center of all our improvement efforts. Internal processes have been streamlined to ensure transparency and ownership at each level.

Cognizant of the challenges in the near and distant future, proactive measures are underway to ensure a long term sustainable growth.

In the interim, due to present situation of the company, financial rating and Bank limits prolonged the restraint on business acquisition and growth for the company causing decline in Gross Written Premium during the last quarter 2015.

Subsequent to year end, on April 07, 2016 PICIC Board, in principle agreed to a merger of PICIC Insurance Limited with and into Crescent Star Insurance Limited, subject to all necessary regulatory approvals, including that of the Securities & Exchange Commission of Pakistan, Competition Commission of Pakistan and other relevant authorities.

The company has started to complete the formalities required in this respect including but not limited to conducting due diligence and valuation for the consideration of the Board as well as finalizing any memorandum of understandings required to be entered into as well as the scheme of amalgamation and related petitions and applications.

This follows the earlier process, initiated in September 2015 for 35M Right shares at par, which could not move forward because of non-availability of Underwriters for the issue. However, SECP vide letter No. ID/PRDD/026-APPROVALS/2016/3760 dated January 21, 2016, based on Board decision of January 13, 2016 to go for rights at a discount, had also allowed to apply to the Commission for sanctioning the issuance of right shares at a discount of Rs.5 per share.

We are confident that once the merger phase, followed by Financial Rating and Bank limits is completed, business cycle will move forwards and accordingly solvency gap will be met.

In the meanwhile, we have applied to SECP for extension of meeting the minimum solvency level, however, approval is awaited.

Economy and Regulatory changes

The year 2015 depicted a positive trend for Pakistan with improvement in the security environment, low inflation and expected investment from China in the country. S&P and Moody also upgraded Pakistan's credit rating from stable to positive. In 2015, mainly due to reduction in oil prices and also in food prices, the inflation is continuing on its downward trajectory. State Bank of Pakistan has reduced the interest rate which will give a boost to the investment climate. However, fundamental reforms will be needed to fully overcome Pakistan's chronic energy crisis. While the IMF program and the easing of inflation has provided some relief, the government still faces challenges in narrowing the fiscal deficit and building sustainable foreign currency inflows.

The SECP is continuously implementing regulatory changes to further regulate the industry. The minimum paid up capital requirement has been increased to reach Rs.500 million by 2017.

Human Resource developments

We invest extensively in cultivating and motivating our employees and train them to face market challenges effectively. We provide necessary on job training to employees so that they acquire knowledge and skills needed to accomplish their tasks efficiently. Department Heads impart training to employees / officers. The methods of knowledge and skill transfer, adopted are varied, pragmatic and useful. Classroom lectures are augmented by group discussion and observations.

Corporate Social Responsibility

PICIC insurance is fully committed to play its role as a responsible corporate citizen and fulfills its responsibility through energy conservation, environment protection and occupational safety and health through restricting unnecessary usage of artificial lighting, implementing tobacco control law and "No Smoking Zone", and providing a safe and healthy work environment. During the year the company supported community development work of Lady Dufferin Hospital and Old Associates of Kinnaird Society.

The Company contributed Rs. 102.6 Million to the National Exchequer during the year in the form of direct and indirect taxes and other mandatory contributions.

Financial Highlights

The comparative financial highlights of your Company for the year ended December 31, 2015 are as follows:

	2015	2014
	--- (Rupees in thousand) ---	
Gross Premium Written	402,532	508,247
Net Premium Revenue	220,426	292,698
Net Claims including IBNR	(91,135)	(213,119)
Profit / (Loss) from underwriting business	46,492	(52,580)
Investment Income	3,121	12,167
(Loss) after Taxation	(34,786)	(130,962)
(Loss) per share (Rupees)	(0.99)	(3.74)

Performance Review

The gross premium written for the year was Rs.402.5M as compared to Rs.508.2M for the corresponding period of last year. The net premium revenue for the year was 220.4M as compared to Rs.292.7M. This was mainly due to decrease of gross premium written during the year in various classes, except fire and property business.

The underwriting profit of the Company was Rs.46.5M against a loss of Rs. (52.6M) in the corresponding period of last year. This is mainly due to lower loss ratios in all the classes except miscellaneous class of business. The Company also saw decrease in the incidence of Motor theft claims during the year ended December 31, 2015 as a consequence of improvement in law and order situation compared to the previous year. Underwriting guidelines have been tightened and rates adjusted on selected high risk businesses.

The net commission has increased to Rs.19.4M as compared to Rs.13.7M for the corresponding year. The management & general & administrative expenses during the year decreased to Rs.155.3M from 202.3M compared to the corresponding period, despite the deferred acquisition costs, reduced mainly due to decrease in gross premium written.

Currently, the company has adopted a conservative investment strategy with primary focus on preserving capital, maintaining liquidity and generating a stable income stream over the longer term. Due to market fluctuations there is a reduction in net investment income.

During the year your company's authorized capital was increased from Rs.0.50 billion to Rs.1.25 billion, duly approved by the relevant authorities.

A loss after tax of Rs.34.7M was reported for the year ended December 31, 2015 compared to a loss after tax of Rs.130.9M in the corresponding period. Management of your Company is making concerted efforts and continues to endeavor to achieve improved performance in the future.

The Company's real strength is its highly motivated & dedicated team. Marketing efforts are being made to capitalize on market opportunities, through challenging and aggressive targets. Underwriting processes have been strengthened to meet the twin requirement of speedy response and optimal pricing.

Portfolio mix, in terms of gross premium written in the year 2015 as compared to previous year was as follows:

Line of Business	2015		2014	
	Amount (Rupees in M)	Portfolio Mix (%)	Amount (Rupees in M)	Portfolio Mix (%)
	----- (Rupees in thousand) -----			
Fire and property	244.9	60.8	156.0	30.7
Marine, Aviation & transport	21.2	05.3	53.2	10.5
Motor	55.0	13.7	172.5	33.9
Accident & health	19.3	04.8	38.7	07.6
Miscellaneous	62.1	15.4	87.8	17.3
Total	402.5	100.0	508.2	100.0

Claim Settlement

Prompt settlement of claims and customer satisfaction is management's top priority. The Company endeavors to indemnify the losses of the insured promptly. This is the most important element which builds the image of an insurance company in the eyes of its valued clients and consolidates goodwill which is critical for an insurance business.

Reinsurance Treaties

The Company has strong reinsurance arrangements with some of the world's leading companies. As risk underwriting capacities for traditional lines of business have remained the same in 2015. Accordingly, the Company is able to underwrite larger risks. We are thankful to all our reinsurers for their unwavering support and continued cooperation.

Insurer Financial Strength Rating

JCR VIS assigned Insurer Financial Strength Rating to the Company of 'BBB+' (Triple B Plus), under 'Rating Watch - Developing' status on account of public notice for its prospective merger with Crescent Star Insurance Limited on April 07, 2016.

External Audit

The auditors M/s. Muniff Ziauddin & Co. Chartered Accountants retire at the conclusion of the Annual General Meeting. Being eligible, they have offered themselves for re-appointment. The Board on the recommendation of the Audit Committee has proposed their re-appointment.

The Auditors in their Auditor's report emphasized on the gap in the solvency requirement during 2015. Referred in notes 1.2 & 1.3.

Internal Audit

The Company's Board closely follows the activities of the Internal Audit Department as a service to all levels of Management. The main objective of the independent Internal Audit Department is to provide reasonable assurance to the Board and Management that the existing systems of internal control are adequate and operating satisfactorily. As an internal consultant Internal Audit Department adds value to the Company's operations, makes suggestions and recommendations for improved operational performance.

Statement of Corporate and Financial Reporting Framework

The corporate laws, rules and regulations framed thereunder spell out the overall functions of the Board of Directors of the Company. The Board is fully aware of its corporate responsibilities envisaged under the Code of Corporate Governance, prescribed by the Securities and Exchange Commission of Pakistan and adopted by the Stock Exchanges for all listed companies, and is pleased to certify that:

1. The financial statements, prepared by the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. The Company has maintained proper books of accounts as required under the Companies Ordinance, 1984.
3. The Company has followed consistently appropriate accounting policies in preparation of the financial statements. Changes wherever made, have been adequately disclosed and accounting estimates are on the basis of prudent and reasonable judgment
4. Approved Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure therefrom, if any, has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve objectives, and by its nature can provide only reasonable, and not absolute, assurance against material misstatement or loss. The process used by the Board to review the effectiveness of the system of internal control includes, inter-alia, the following:

- A Board Audit Committee (BAC) is in place. It reviews the approach adopted by the Company's internal audit department and the scope of and the relationship with, the external auditors. It also receives reports from the internal audit department and the external auditors on the system of internal control and any material weaknesses that have been identified. Further, the BAC discusses the actions to be taken in areas of concern with the relevant executives. The BAC consists of four members. The Chairman of the BAC is an independent non-executive director and all the other members of the BAC are non-executive directors. During the year 2015, four meetings of BAC were held with one in each quarter and attendance was as follows:

Name of member	No. of meetings attended
Mr. Muzaffar Ali Shah Bukhari (Chairman)	3
Mr. Abu Ahmed	3
Mr. Ghulam Muhammad	4
Mr. Munawar Ali Kassim	3

Leave of absence was granted to the members unable to attend the meeting.

- An organizational structure has been established, which supports clear lines of communication and tiered levels of authority with delegation of responsibility and accountability.
 - There is an annual budgeting and strategic planning process. Financial forecasts are prepared and these strategies are reviewed during the year to reflect significant changes in the business environment.
6. There is no doubt upon the Company's ability to continue as a going concern.
 7. The Directors of your Company feel that preservation of capital for future growth is very important, therefore no dividend is declared for the current year.
 8. The Company has followed the best practices of the Code of Corporate Governance and there is no material departure there from.
 9. Key operating and financial data for last six years is annexed with the report.
 10. The value of investments including accrued income of provident fund on the basis of audited financial statements as at December 31, 2015 is Rs.16.7M (2014: audited amount Rs. 29.0M) and the value of investments including accrued income of gratuity fund on the basis of audited financial statements as at 31 December 2015 is Rs.17.5M (2014: audited amount Rs. 20.8M).
 11. The related parties' transactions are approved or ratified by the Board Audit Committee and the Board of Directors.
 12. All major decisions relating to the investments / disinvestments of funds, changes in the policies are taken by the Investment Committee / Board of directors.
 13. Decisions regarding appointment of CEO, CFO & Company Secretary and Head of Internal Audit, and fixing or changing of remuneration are taken and approved by the Board.
 14. Outstanding taxes and duties are given in the financial statements.

Board of Directors

The Board of Directors comprises of eight Non-Executive Directors including one independent Director and one Executive Director (MD & Chief Executive Officer).

During the year under review ten meetings were held and attended as follows:

Name	No. of meetings eligible to attend during the tenure	No. of meetings attended
Mr. Irshad Ali Shaban Ali Kassim(Chairman)	10	10
Mr. Shahid Ahmad	10	06
Mr. Abu Ahmed	10	09
Mr. Munawar Ali Kassim	10	10
Ms. Ayesha Mohammad	10	05
Mr. Ghulam Muhammad	10	10
Mr. Khalid Nawaz Awan	10	07
Mr. Muzaffar Ali Shah Bukhari	10	04
Mr. Afroz Quraishi (MD & Chief Executive Officer)	05	05
Mr. Jalees Ahmed Siddiqi (MD & Chief Executive Officer)	05	05

The Board accepted the resignation of MD & Chief Executive Officer, Mr. Afroz Quraishi on July 22, 2015. To fill the casual vacancy thus caused appointed new MD & Chief Executive Officer, Mr. Jalees Ahmed Siddiqi on July 22, 2015.

The Board accepted the resignation of directors, Mr. Khalid Nawaz Awan, Ms. Ayesha Mohammad and Mr. Ghulam Muhammad with effect from March 22, 2016, March 24, 2016 and March 31, 2016 respectively and to fill the casual vacancy thus caused will be appointing new directors within the given 90 days' time limit.

Leave of absence was granted to the directors unable to attend the meeting.

The Board has developed a mechanism to evaluate its own performance by adopting self- evaluation methodology through an agreed questionnaire. The mechanism devised is based on the emerging and leading trends on the functioning of the Board and improving its effectiveness. The evaluation exercise is carried out every year.

Managing Director's performance is monitored and evaluated by the Board against the job description set by the Board.

Board Committee Meetings

Board has constituted various committees at Board level for effective control and operation.

Human Resource and Remuneration Committee

During the year 2015, two meetings of Human Resource and Remuneration Committee were held and attendance was as follows:

Attendance

Ms. Ayesha Mohammad (Chairperson)	2
Mr. Khalid Nawaz Awan	1
Mr. Munawar Ali Kassim	2
Mr. Afroz Quraishi	2

Investment Committee

During the year 2015, three meetings were held and attendance was as follows:

Attendance

Mr. Abu Ahmed (Chairman)	3
Mr. Irshad Ali Shaban Ali Kassim	2
Mr. Khalid Nawaz Awan	2
Mr. Afroz Quraishi	2
Mr. Jalees Ahmed Siddiqi	1

Underwriting Committee

During the year 2015, four meetings of Underwriting Committee were held and attendance was as follows:

Attendance

Mr. Irshad Ali Shaban Ali Kassim	4
Mr. Afroz Quraishi	2
Mr. Jalees Ahmed Siddiqi	1

Claims Committee

During the year 2015, four meetings of Claims Committee were held and attendance was as follows:

Attendance

Mr. Abu Ahmed	4
Mr. Afroz Quraishi	2
Mr. Jalees Ahmed Siddiqi	1

Co-Insurance and Re-Insurance Committee

During the year 2015, four meetings of Co-Insurance and Re-Insurance Committee were held and attendance was as follows:

Attendance

Mr. Irshad Ali Shaban Ali Kassim	4
Mr. Afroz Quraishi	2
Mr. Jalees Ahmed Siddiqi	1

Pattern of Shareholding

A statement showing the pattern of shareholding is attached with this report.

Trading of Company's Share

No trading in the shares of the Company was carried out by the Directors, CEO and Executives (employees with basic salary of Rs.0.5M or above) or their spouses or minor children, if any.

Compliance with the Code of Corporate Governance

The requirements of the Code set out by the stock exchanges in their listing regulations, relevant for the year ended December 31, 2015, have been duly complied with. A statement to this effect is annexed with this report.

Code of Conduct

The Board has adopted a statement of Code of Conduct for directors and employees. Acknowledgment for compliance are obtained and held by the Company.

Certificate of the Directors and Principal Officer under Section 46(6) of the Insurance Ordinance, 2000

We certify that:

- (a) in our opinion the annual statutory accounts of the Company set out in the forms attached to the statements have been drawn up in accordance with the Ordinance and rules made there under;
- (b) the Company has at all times in the year complied with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency (refer notes to the financial statements note: 1.2) 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 (refer notes to the financial statements note: 1.2) and reinsurance arrangements.

Directors training program

Two directors, Mr. Irshad Ali Shaban Ali Kassim and Mr. Munawar Ali Kassim are exempted from the requirement of directors training program, one of whom also acquired certification on "Role of Independent Director" conducted by the Pakistan Institute of Corporate Governance and one director, Mr. Shahid Ahmad is also a certified director from Pakistan Institute of Corporate Governance.

During the year 2015 our previous MD & Chief Executive Officer Mr. Afroz Quraishi obtained Directors Training program certification from ICMAP. Our Current MD & Chief Executive Officer Mr. Jalees Ahmed Siddiqi holds Directors Training program certification from Pakistan Institute of Corporate Governance.

Future Plan /growth

Merger would make the company solvent, facilitate growth of the business and rating of the company, which will reduce the loss of business, improve operational viability, profitability of the company and ensure return to the shareholders on their investment.

Our ability to win new business, and achieving growth, gives us confidence that the areas of activity in which we have chosen to operate are the right ones for the Company. The prevailing business conditions and the, highly competitive insurance markets will continue to pose challenges. We have, however adopted a strategy that will support in profitable business growth.

Acknowledgement

The Board of Directors would like to express its sincere appreciation to the Company's valued clients, reinsurers, brokers, business partners and other stakeholders. The Board would also like to thank the Securities and Exchange Commission of Pakistan, the Stock Exchanges and the Central Depository Company for their continued guidance and support. The Company's accomplishments would not have been possible without the dedication and commitment of the Company's motivated & dedicated employees; they deserve special recognition on behalf of the Board.

Irshad Ali Shaban Ali Kassim
Chairman

Jalees Ahmed Siddiqi
MD & Chief Executive Officer

Karachi: May 06, 2016

Key Financial Highlights

	2015	2014	2013	2012	2011	2010
	(Rupees in thousand)					
Paid up share Capital	350,000	350,000	350,000	350,000	350,000	350,000
Accumulated (loss)	(280,289)	(250,442)	(121,395)	(126,373)	(99,302)	(119,163)
Investment Income	614	7,423	12,014	13,529	3,441	6,221
Return on bank balances	2,507	4,744	13,130	25,899	24,836	20,454
Total Assets	617,751	952,704	925,748	972,350	1,071,579	919,922
Gross Premiums Written	402,532	508,247	657,294	594,296	694,665	549,629
Net Premium Revenue	220,426	292,698	322,505	322,840	224,914	166,770
Profit / (Loss) from underwriting business	46,492	(52,580)	37,187	(11,755)	19,981	4,890
Net Claims	91,135	213,119	177,558	211,887	143,668	91,135
(Loss) / Profit before Taxation	(34,429)	(130,803)	9,908	(25,819)	8,424	5,090
Provision for Taxation	(357)	(159)	(484)	(660)	3,346	(63)
(Loss) / Profit after Taxation	(34,786)	(130,962)	9,424	(26,479)	11,770	5,027
(Loss) / earning per share (in Rupees)	(0.99)	(3.74)	0.27	(0.76)	0.34	0.14

Pattern of Shareholding

As at December 31, 2015

Number of Shareholders	Size of Holding Rs. 10 Shares		Number of Shares
1,927	1	100	48,218
594	101	500	152,508
181	501	1,000	147,547
259	1,001	5,000	575,429
49	5,001	10,000	376,781
14	10,001	15,000	177,580
9	15,001	20,000	158,703
7	20,001	25,000	155,538
3	25,001	30,000	80,505
3	30,001	35,000	98,251
2	35,001	40,000	77,032
2	40,001	45,000	88,000
1	45,001	50,000	47,500
1	50,001	55,000	52,600
2	60,001	65,000	123,722
1	85,001	90,000	87,701
1	275,001	280,000	279,490
1	855,001	860,000	855,790
1	3,895,001	3,900,000	3,895,970
1	6,720,001	6,725,000	6,720,797
1	20,800,001	20,805,000	20,800,338
3,060			35,000,000

Pattern of Shareholding

Information as required under Code of Corporate Governance

As at December 31, 2015

Shareholder's Category	Number of shareholder	Number of share held
i. Associated Companies, Undertaking and Related Parties		
KM Enterprises (Pvt) Ltd	1	20,800,338
ii. Mutual Funds		
	1	6
Asian Stock Fund Ltd.	1	35
Prudential Stocks Funds Limited.	1	19
Safeway Mutual Fund Limited	1	44
Picic Benovelent Fund-2	1	22
Golden Arrow Selected Stocks Fund Ltd.		
iii. Directors and their spouse		
Mr. Irshad Ali Shaban Ali Kassim	1	1,000
Mr. Shahid Ahmad	1	500
Mr. Munawar Ali Kassim	1	1,000
Mr. Muzaffar Ali Shah Bukhari	1	500
Ms. Ayesha Mohammad	1	1,000
Mr. Ghulam Haji Ali Mohammed	1	279,490
Mr. Khalid Nawaz Awan	1	500
iv. Executives		
Ms. Aisha Baig	1	1,000
v. Public Sector Companies and Corporations	2	4,751,760
vi. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	29	7,603,654
vii. Shareholder Holding five percent or more voting Rights in the Listed Company		
State Life Insurance Corp. Of Pakistan	1	3,895,970
Excel Insurance Co.Ltd.	1	6,720,797
KM Enterprises (Pvt) Ltd	1	20,800,338

Pattern of Shareholding Additional Information

As at December 31, 2015

Shareholder's Category	Number of Shareholder	Number of Shares	Percentage
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Directors, Chief Executive Officer, and their spouse and minor children

Mr. Irshad Ali Shaban Ali Kassim	1	1,000	0.00
Mr. Shahid Ahmad	1	500	0.00
Mr. Munawar Ali Kassim	1	1,000	0.00
Mr. Muzaffar Ali Shah Bukhari	1	500	0.00
Ms. Ayesha Mohammad	1	1,000	0.00
Mr. Ghulam Haji Ali Mohammed	1	279,490	0.80
Mr. Khalid Nawaz Awan	1	500	0.00

Associated Companies, Undertakings and related Parties

KM Enterprises (Pvt) Ltd	1	20,800,338	59.43
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Banks, Development Financial Institutions, Non Banking

Financial Institutions	15	22,159	0.06
Insurance Companies	9	11,477,226	32.79
Modarabas and Mutual Funds	10	365	0.00
Share holders holding 10%	3	31,417,105	89.76
Individual	2,920	2,211,312	6.32
Others	98	204,610	0.58

Total (including : share holders holding 10%)	3,060	35,000,000	100
---	-------	------------	-----

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (Code) contained in Regulation No. 5.19 of Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Name of Directors
Independent Director	Mr. Muzaffar Ali Shah Bukhari
Executive Director	Mr. Jalees Ahmed Siddiqi (CEO)
Non-Executive Directors	Mr. Abu Ahmed Ms. Ayesha Mohammad Mr. Ghulam Muhammad Mr. Irshad Ali Shaban Ali Kassim Mr. Khalid Nawaz Awan Mr. Munawar Ali Kassim Mr. Shahid Ahmad

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurred on the Board and was duly filled within 90 days.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
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, other executive and non-executive directors, 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 the agenda and working papers were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.
9. The Company arranged briefings for its Directors to apprise them of their duties and responsibilities. Two directors are exempted from the requirement of directors training program, one of whom also acquired certification on "Role of Independent Director" conducted by the Pakistan Institute of Corporate Governance, and one director, Mr. Shahid Ahmad is also a certified director from Pakistan Institute of Corporate Governance.

During the year 2015 our previous MD & Chief Executive Officer Mr. Afroz Quraishi obtained Directors Training program certification from ICMAP. Our Current MD & Chief Executive Officer Mr. Jalees Ahmed Siddiqi holds Directors Training program certification from Pakistan Institute of Corporate Governance.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The Directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
15. The Board has formed an Audit Committee. It comprises of four members, all of whom are non-executive directors and the chairman of the committee is an independent director.
16. 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 required by the Code of Corporate Governance. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed a Human Resource Committee. It comprises of four members, of whom three are non-executive directors, and one is an executive director.
18. The Board has outsourced the internal audit function to M/s. BDO Ebrahim & Company - Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the 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 International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Rule book of Pakistan Stock Exchange Limited and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. The Board ensures that the appointed actuary complied with the requirements set out for him in this code.
24. The actuary appointed by the Company has confirmed that he or his spouse and minor children do not hold shares of the Company.
25. The underwriting, claims settlement and reinsurance and coinsurance committees have been formed. The minutes of the meetings of the committees were circulated to the members, directors, and the CFO.
26. We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied with.

Jalees Ahmed Siddiqi
 Managing Director / CEO
 Dated: May 06, 2016

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

We have reviewed the enclosed Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of PICIC Insurance Limited (the Company) for the year ended 31 December 2015 to comply with the requirements of Listing Regulations of the Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement 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 part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of 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 requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2015.

KARACHI:
Dated: May 06, 2016

MUNIFF ZIAUDDIN & CO
CHARTERED ACCOUNTANTS
(Muhammad Moin Khan)

Auditors' Report to the Members of PICIC Insurance Limited

We have audited the annexed financial statements comprising of:

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

of **PICIC Insurance Limited as at December 31, 2015** together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

- (a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984:
- (b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- (c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2015 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended, in accordance with the approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984: and
- (d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Emphasis of matter paragraph

We draw attention to the following:

- i) note 1.2 to the financial statements which describes the matter relating to non-compliance by the Company with the minimum solvency requirement as specified by the Securities and Exchange Commission of Pakistan (SECP) as at December 31, 2015: and

- ii) note 1.3 to the financial statements which highlights that the Company has incurred a loss after taxation amounting to Rs. 34.786 million during the year and its accumulated losses amounted to Rs. 280.289 million as at December 31, 2015. These circumstances, along with the shortfall in minimum solvency requirement, indicate that there exists a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The directors have a plan to either go for the merger or inject further equity into the Company through right shares issue to meet the minimum solvency requirement and to hold valid the management's assessment that the Company would continue as a going concern.

Our opinion is not qualified in respect of the above matters.

Other Matters:

The financial statements of the Company for the year ended December 31, 2014, were audited by another firm of Chartered Accountants, whose reports dated April 08, 2015 expressed an unqualified opinion thereon.

KARACHI:

Dated: May 06, 2016

MUNIFF ZIAUDDIN & CO
CHARTERED ACCOUNTANTS
(Muhammad Moin Khan)

Balance Sheet

As at December 31, 2015

	Note	2015	2014
		--- (Rupees in thousand) ---	
Share capital and reserves			
Authorised share capital			
[1,250,000,000 (December 31, 2014: 50,000,000)			
Ordinary shares of Rs.10 each]		1,250,000	500,000
Paid-up share capital			
[35,000,000 (December 31, 2014: 35,000,000)			
Ordinary shares of Rs.10 each]	7	350,000	350,000
Accumulated losses		(280,289)	(250,442)
		69,711	99,558
Underwriting provisions			
Provision for outstanding claims (including IBNR)		141,549	185,953
Provision for unearned premium		183,932	286,037
Provision for premium deficiency		225	7,781
Commission income unearned		11,954	20,380
		337,660	500,151
Creditors and accruals			
Amounts due to other insurers / reinsurers		180,343	284,089
Other creditors and accruals	8	21,029	56,582
Accrued expenses		8,813	12,129
Unclaimed dividend		195	195
		210,380	352,995
TOTAL LIABILITIES		548,040	853,146
TOTAL EQUITY AND LIABILITIES		617,751	952,704
Contingencies and commitments	9		

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

	Note	2015	2014
		--- (Rupees in thousand) ---	
Cash and bank deposits	10		
Cash and other equivalents		283	236
Current and other accounts		30,129	21,197
Deposits maturing within 12 months		-	20,000
		30,412	41,433
Investments	11	53,701	75,572
Deferred Taxation	12	2,619	2,619
Current Assets - Others			
Premiums due but unpaid	13	88,132	292,421
Amounts due from other insurers / reinsurers - unsecured		173,909	199,834
Accrued profit		-	120
Reinsurance recoveries against outstanding claims		68,565	72,172
Taxation - payments less provision		25,715	24,543
Deferred commission expense		23,984	18,224
Deferred acquisition costs	14	10,567	35,520
Prepayments	15	113,817	170,572
Sundry and other receivables		7,376	6,820
		512,065	820,226
Fixed assets	16		
Tangible			
Furniture and fixture		10,248	7
Office equipment		3,063	641
Computer equipment		3,384	1,263
Motor vehicles		2,228	195
Capital work in progress	16.4	-	10,557
Intangible			
Computer software		31	191
		18,954	12,854
TOTAL ASSETS		617,751	952,704

Irshad Ali Shaban Ali Kassim
Chairman

Muzaffar Ali Shah Bukhari
Director

Munawar Ali Kassim
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Profit and Loss Account

For the year ended December 31, 2015

	Note	Fire and property	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Aggregate	
							2015	2014
----- (Rupees in thousand) -----								
Revenue account								
Net premium revenue		70,203	9,884	87,150	42,285	10,904	220,426	292,698
Net claims		(8,738)	(2,455)	(35,746)	(41,067)	(3,129)	(91,135)	(213,119)
Premium deficiency reversal / (expense)		-	-	-	7,556	-	7,556	(7,781)
Management expenses	17	(17,490)	(6,407)	(30,933)	(5,870)	(10,225)	(70,925)	(110,679)
Net commission		(18,323)	1,764	(7,128)	523	3,734	(19,430)	(13,699)
Underwriting results								
		<u>25,652</u>	<u>2,786</u>	<u>13,343</u>	<u>3,427</u>	<u>1,284</u>	46,492	(52,580)
Net investment income							614	7,423
Return on bank balances							2,507	4,744
Gain on disposal of fixed assets							771	1,713
							50,384	(38,700)
General and administrative expenses	18						(84,397)	(91,659)
Financial charges							-	(199)
Other charges	19						(416)	(245)
(Loss) before tax							(34,429)	(130,803)
Taxation								20
- Current							(357)	(159)
- Deferred							-	-
							(357)	(159)
(Loss) after tax								
							(34,786)	(130,962)
Profit and loss appropriation account								
Balance at the commencement of year							(250,442)	(121,395)
Total comprehensive (loss) for the year							(29,847)	(129,047)
Closing profit and loss appropriation account								
							(280,289)	(250,442)
(Loss) per share - basic and diluted (Rupees)								21
							(0.99)	(3.74)

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

Irshad Ali Shaban Ali Kassim
Chairman

Muzaffar Ali Shah Bukhari
Director

Munawar Ali Kassim
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Statement of Comprehensive Income

For the year ended December 31, 2015

	2015	2014
	--- (Rupees in thousand) ---	
Net (Loss) for the year	(34,786)	(130,962)
Items that will not be reclassified to profit or loss		
Remeasurement of post retirement benefits obligations	4,939	1,915
Total comprehensive (loss) for the year	(29,847)	(129,047)

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

Irshad Ali Shaban Ali Kassim
Chairman

Muzaffar Ali Shah Bukhari
Director

Munawar Ali Kassim
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Statement of Changes In Equity

For the year ended December 31, 2015

	Paid-up share capital	Accumulated losses	Total
	----- (Rupees in thousand) -----		
Balance as at January 01, 2014	350,000	(121,395)	228,605
Total comprehensive loss for the year			
Net loss for the year ended December 31, 2014	-	(130,962)	(130,962)
Other comprehensive income for the year			
- Re-measurement of post retirement benefit obligations	-	1,915	1,915
Balance as at December 31, 2014	350,000	(250,442)	99,558
Total comprehensive loss for the year			
Net loss for the year ended December 31, 2015	-	(34,786)	(34,786)
Other comprehensive income for the year			
- Re-measurement of post retirement benefit obligations	-	4,939	4,939
Balance as at December 31, 2015	<u>350,000</u>	<u>(280,289)</u>	<u>69,711</u>

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

Irshad Ali Shaban Ali Kassim
Chairman

Muzaffar Ali Shah Bukhari
Director

Munawar Ali Kassim
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Statement of Cash Flows

For the year ended December 31, 2015

OPERATING ACTIVITIES

a) Underwriting activities

Premiums received	
Reinsurance premiums paid	
Claims paid	
Reinsurance and other recoveries received	
Commissions paid	
Commission received	
Net cash inflow from underwriting activities	

b) Other operating activities

Income tax paid	
General management expenses paid	
Other operating (payment) / receipts	
Other charges	
Net cash used in other operating activities	

Total cash used in operating activities

INVESTMENT ACTIVITIES

Profit / return received	
Dividend received	
Payments for investments	
Proceeds from redemption of investments	
Proceeds from disposal of fixed assets	
Fixed capital expenditure	

Total cash generated from investing activities

FINANCING ACTIVITIES

Payments under musharakah agreement

Total cash used in financing activities

Net cash used in all activities

Cash at the beginning of the year

Cash at the end of the year

Reconciliation to profit and loss account

Operating cash flows	
Depreciation / amortisation	
Gain on disposal of fixed assets	
Financial charges	
Investment income	
Return on bank balances	
(Decrease) / increase in assets other than cash	
Decrease / (increase) in liabilities	
Decrease in unearned premium	

(Loss) after taxation

Definition of cash

Cash comprises of cash in hand and at banks, stamps in hand and short term placements with banks

Cash for the purpose of statement of cash flows consists of:

Cash and other equivalents

- cash in hand	
- stamps in hand	

Current and other accounts

- current accounts	
- saving accounts	

Deposits maturing within 12 months

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

2015	2014
--- (Rupees in thousand) ---	
606,821	471,389
(270,345)	(166,579)
(228,179)	(203,668)
96,247	35,904
(99,890)	(67,810)
25,357	33,650
130,011	102,886
(1,529)	(1,072)
(154,250)	(167,958)
(295)	6,834
(416)	(245)
(156,490)	(162,441)
(26,479)	(59,555)
2,627	4,799
3,928	1,585
(18,120)	(41,313)
36,677	45,202
837	1,960
(10,491)	(11,652)
15,458	581
-	(1,755)
-	(1,755)
(11,021)	(60,729)
41,433	102,162
30,412	41,433
(26,479)	(59,555)
(4,325)	(2,139)
771	1,713
-	(199)
614	7,423
2,507	4,744
(257,658)	109,541
196,617	(250,275)
53,167	57,785
(34,786)	(130,962)
-	-
283	236
283	236
1,076	8,298
29,053	12,899
30,129	21,197
-	20,000
30,412	41,433

Irshad Ali Shaban Ali Kassim
Chairman

Muzaffar Ali Shah Bukhari
Director

Munawar Ali Kassim
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Statement of Premiums

For the year ended December 31, 2015

Business underwritten inside Pakistan

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		2015	2014
(Rupees in thousand)										
Direct and facultative										
1. Fire and property	244,852	97,820	90,735	251,937	151,964	86,183	56,413	181,734	70,203	17,516
2. Marine, aviation and transport	21,198	20,467	3,448	38,217	14,000	16,684	2,351	28,333	9,884	9,243
3. Motor	55,019	72,506	25,181	102,344	5,843	12,102	2,751	15,194	87,150	146,664
4. Accident and health	19,345	31,112	6,324	44,133	2,272	321	745	1,848	42,285	104,080
5. Miscellaneous	62,118	64,132	58,244	68,006	53,638	54,073	50,609	57,102	10,904	15,195
Total	402,532	286,037	183,932	504,637	227,717	169,363	112,869	284,211	220,426	292,698

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

Irshad Ali Shaban Ali Kassim
Chairman

Muzaffar Ali Shah Bukhari
Director

Munawar Ali Kassim
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Statement of Claims

For the year ended December 31, 2015

Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing			Opening	Closing		2015	2014
	(Rupees in thousand)									
Direct and facultative										
1. Fire and property	67,720	19,879	19,618	67,459	59,522	18,379	17,578	58,721	8,738	2,032
2. Marine, aviation and transport	28,280	36,498	16,710	8,492	22,195	27,634	11,476	6,037	2,455	7,644
3. Motor	59,364	61,139	40,777	39,002	10,040	9,237	2,453	3,256	35,746	71,403
4. Accident and health	67,164	47,977	21,880	41,067	-	-	-	-	41,067	130,109
5. Miscellaneous	5,651	20,460	42,564	27,755	4,490	16,922	37,058	24,626	3,129	1,931
Total	228,179	185,953	141,549	183,775	96,247	72,172	68,565	92,640	91,135	213,119

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

Irshad Ali Shaban Ali Kassim
Chairman

Muzaffar Ali Shah Bukhari
Director

Munawar Ali Kassim
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Statement of Expenses

For the year ended December 31, 2015

Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers*	Net underwriting expense	
		Opening	Closing					2015	2014
	(Rupees in thousand)								
Direct and facultative									
1. Fire and property	45,980	10,163	17,069	39,074	17,490	56,564	20,751	35,813	32,087
2. Marine, aviation and transport	3,379	1,648	567	4,460	6,407	10,867	6,224	4,643	9,257
3. Motor	5,506	5,096	2,592	8,010	30,933	38,943	882	38,061	37,311
4. Accident and health	197	(293)	65	(161)	5,870	5,709	362	5,347	21,452
5. Miscellaneous	3,911	1,610	3,691	1,830	10,225	12,055	5,564	6,491	24,271
Total	58,973	18,224	23,984	53,213	70,925	124,138	33,783	90,355	124,378

* Commission from reinsurers is arrived after taking impact of opening and closing unearned commission.

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

Irshad Ali Shaban Ali Kassim
Chairman

Muzaffar Ali Shah Bukhari
Director

Munawar Ali Kassim
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Statement of Investment Income

For the year ended December 31, 2015

	2015	2014
	--- (Rupees in thousand) ---	
Income from non trading investments		
Held to maturity		
Return on government securities	3,038	4,104
Loss on sale of investments	(928)	(28)
	2,110	4,076
At fair value through profit or loss		
Net unrealised (loss) / gain on revaluation of investments	(5,256)	1,784
Dividend income	3,928	1,585
	(1,328)	3,369
	782	7,445
Investment related expenses	(168)	(22)
Net investment income	614	7,423

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

Irshad Ali Shaban Ali Kassim
Chairman

Muzaffar Ali Shah Bukhari
Director

Munawar Ali Kassim
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2015

1. STATUS AND NATURE OF BUSINESS

- 1.1. PICIC Insurance Limited (the Company) was incorporated on April 23, 2004 under the Companies Ordinance, 1984 as a public limited company and registered as a non-life insurance company by the Securities and Exchange Commission of Pakistan (SECP) under the Insurance Ordinance, 2000. The company is a subsidiary of KM Enterprises (Pvt) Ltd. It is engaged in providing all classes of non-life insurance business. The Company is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 1204, 12th floor, Emerald Tower, Clifton Block - 5, Karachi. The Company operates with 5 (2014: 6) branches in Pakistan.
- 1.2. In accordance with the requirements of the Insurance Ordinance, 2000 and as mentioned in the Securities and Exchange Commission (Insurance) Rules, 2002 "Rules" (amended vide SRO 16(1)/2012 dated January 09, 2012), the minimum solvency requirement (i.e excess of admissible assets over liabilities) is Rs 150 million. The admissible assets of the Company as at December 31, 2015 are in excess of the Company's liabilities by Rs 28.717 million. Hence, the Company is not meeting the minimum solvency requirement by Rs 121.283 million as at December 31, 2015.
- 1.3. The Company has incurred a loss after taxation of Rs. 34.786 million during the current year and its accumulated losses as at December 31, 2015 amounted to Rs 280.289 million resulting in net equity of Rs 69.711 million as at December 31, 2015. Further, the operating cash flows of the Company are also negative since 2011. These circumstances, together with the non-compliance of minimum solvency requirement as mentioned in note 1.2 above, indicate existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Subsequent to year end, on April 07, 2016 PICIC Board, in principle agreed to a merger of PICIC Insurance Limited with and into Crescent Star Insurance Limited, subject to all necessary regulatory approvals, including that of the Securities & Exchange Commission of Pakistan, Competition Commission of Pakistan and other relevant authorities.

The Company has started to complete the formalities required in this respect including, but not limited to, conducting due diligence and valuation for the consideration of the Board as well as finalizing any memorandum of understandings required to be entered into as well as the scheme of amalgamation and related petitions and applications.

This follows the earlier process, initiated in September 2015 for 35 million Right shares at par, which could not move forward because of non-availability of Underwriters for the issue. However, SECP vide letter No. ID/PRDD/026-APPROVALS/2016/3760 dated January 21, 2016, based on Board decision of January 13, 2016 to go for rights at a discount, had also allowed to apply to the Commission for sanctioning the issuance of right shares at a discount of Rs.5 per share.

2. BASIS OF PRESENTATION

- 2.1 These financial statements have been prepared on the format issued by the SECP through SEC (Insurance) Rules, 2002 vide SRO 938 dated December 12, 2002.
- 2.2 **Standards, interpretations and amendments to published approved accounting standards that are effective in the current year**

There are certain new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2015 but are considered not be to relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

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

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

3. STATEMENT OF COMPLIANCE

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

The SECP has allowed the insurance companies to defer the application of International Accounting Standard (IAS) -39 "Financial Instruments: Recognition and Measurement" in respect of valuation of investments classified as available-for-sale. However, the Company has no investments in available-for-sale category as of the balance sheet date.

4. ACCOUNTING CONVENTION

These financial statements have been prepared under the historical cost convention except for investments and certain staff retirement benefits which are carried at fair value and at present value respectively.

5. SIGNIFICANT ACCOUNTING POLICIES

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

5.2 Premium

Premium received / receivable under a policy is recognised as written from the date of attachment of the policy to which it relates. Premium income under a policy is recognised over the period of insurance as a difference between the total premium written and provision for unearned premium as mentioned in note 5.4.2 to these financial statements.

Premium income also includes administrative surcharge that represents documentation and other charges recovered by the Company from policy holders in respect of policies issued.

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

5.3 Reinsurance ceded

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted insurance business being reinsured.

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

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contracts are not offset against expenses or income from related insurance contracts.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire.

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

5.4 Underwriting provisions

Underwriting provisions in respect of the insurance contracts entered into by the Company are accounted for as under:

5.4.1 Provision for outstanding claims

The liability in respect of outstanding claims is based on the estimates of the claims intimated or assessed before the end of the accounting year. In addition, conforming to the requirements of the SEC (Insurance) Rules, 2002, a provision is made on an estimated basis for the claims which may have been incurred in the current reporting period but have not been reported to the Company as of the balance sheet date (IBNR), after taking into consideration the expected recoveries and settlement costs. Any difference between the provision at the balance sheet date and settlements in the following years is included in the financial statements of that year.

IBNR for health and personal accident is determined and recognised in accordance with valuation carried out by an appointed actuary.

5.4.2 Provision for unearned premium

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage and is recognised as a liability by the Company. This liability is calculated as follows:

- For marine cargo business, as a ratio of unexpired period to the total period of policy applied on the gross premium of the individual policies; and
- For other classes / line of business, by applying 1/24th method as allowed by the SEC (Insurance) Rules, 2002.

5.4.3 Premium deficiency reserve

The Company is required as per SEC (Insurance) Rules, 2002, to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability for claims and other expenses expected to be incurred after the balance sheet date in respect of unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense / income in profit and loss account for the year.

For this purpose, loss ratios for each class are estimated on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. Further, actuarial valuation has been carried out to determine the amount of premium deficiency reserve in respect of accident and health insurance as required by SRO 16 (I) / 2012 issued by Securities and exchange commission of Pakistan on 9th January 2012. If these ratios are adverse, premium deficiency is determined.

5.4.4 Unearned commission income

Commission income and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognised as a liability and are recognised in the profit and loss account as revenue in accordance with the pattern of recognition of related insurance premiums.

5.5 Other creditors and accruals

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

5.6 Provisions

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

5.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand, deposits with banks, stamps in hand and short term investments.

5.8 Financial assets

5.8.1 Classification

The Company classifies its financial assets into the following categories: 'at fair value through profit or loss', 'available for sale', 'held to maturity' and 'loans and receivables'. The classification is determined at initial recognition and depends on the purpose for which the financial assets were acquired.

At fair value through profit or loss

A financial asset is classified in the 'financial assets at fair value through profit or loss' category at inception if it is acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit taking, or if so designated by the management.

Available for sale

These are non-derivative financial assets, which are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or changes in price.

Held to maturity

These are non-derivative financial assets with fixed or determinable payments and fixed maturity, in respect of which the Company has the positive intention and ability to hold to maturity.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

5.8.2 Initial recognition and measurement

Investments other than those categorised into 'financial assets at fair value through profit or loss' category are initially recognised at fair value which includes transaction costs which are directly attributable to the acquisition of the securities. Investments classified as 'financial assets at fair value through profit or loss' are initially recognised at fair value and transaction costs are expensed in the profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the settlement date.

5.8.3 Subsequent measurement

Investments classified as 'financial assets at fair value through profit or loss' are subsequently measured at their fair values and gains and losses arising from changes in fair value are included in the profit and loss account. Available for sale investments are subsequently measured at the lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002. In case of quoted equity securities, the market value is determined by using Stock Exchange quotations at the balance sheet date. However, in case of Government securities the market value is determined using rates announced by the Financial Market Association. Investments classified as held to maturity are subsequently measured at amortised cost less any impairment losses, taking into account any discount or premium on acquisition by using the effective interest rate method.

5.8.4 Impairment against financial assets

The Company assesses at each balance sheet date whether there is an objective evidence that the financial asset or a group of financial assets is impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss, - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss account, as the case may be, is taken to the profit and loss account. For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash outflows, discounted at the original effective interest rate.

5.8.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

5.9 Reinsurance recoveries against outstanding claims

These are recognised as assets at the same time as the claims which gives rise to the right of recovery are recognised as liabilities and are measured at the amount expected to be recovered after considering an impairment in relation thereto.

5.10 Deferred commission expense and deferred acquisition costs

Commission and other acquisition costs incurred in obtaining and recording policies of insurance and re-insurance are deferred and recognised as an asset on acquisition of the related policies. Accordingly, these costs are charged to the profit and loss account as an expense based on the pattern of recognition of related premium revenue.

5.11 Prepaid reinsurance

Reinsurance expense is recognised evenly in the period of indemnity. The portion of reinsurance contribution not recognised as an expense is shown as a prepayment.

5.12 Sundry receivables

These are recognised at cost, which is the fair value of the consideration receivable less impairment, if any.

5.13 Fixed assets

Owned assets

These are stated at cost less accumulated depreciation and accumulated impairment losses if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenditure are charged to the profit and loss account during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. The useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date. Depreciation is charged on additions from the date the asset is available for use and depreciation on disposals is charged till the date of disposal.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposal, if any, of assets are included in income currently.

Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised using the straight-line method over the estimated useful lives. The useful lives and amortisation method are reviewed and adjusted, if appropriate, at each reporting date. Intangible assets having an indefinite useful life are stated at acquisition cost, less impairment losses, if any.

Capital work in progress

Capital work in progress is stated at cost less any impairment in value. It consists of advances made to suppliers in respect of tangible fixed assets.

Impairment

The carrying values of the Company's fixed assets are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit and loss account.

5.14 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 financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

5.15 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are de-recognised when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liabilities is recognised in the profit and loss account of the current period.

5.16 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set-off and the Company intends either to settle the assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

5.17 Revenue recognition

- Premium income under a policy is recognised over the period of insurance from the date of inception of the policy to which it relates till its expiry in case of marine cargo business whereas for all other cases of premium income is recognised as a difference between total premium written and provision for unearned premium using 1/24th method as mentioned in note 5.4.2 to these financial statements.
- Commission income is being taken to the profit and loss account, on a time proportionate basis, in accordance with the pattern of recognition of reinsurance premium to which they relate.
- Administrative surcharge recovered by the Company from policy holders is included in income currently.
- Return on bank balances and government securities is recognised on an accrual basis.
- Dividend income is recognised when the right to receive the dividend is established.
- Gain / loss on sale / redemption of investments is included in the profit and loss account in the period of sale / redemption.
- Income from held to maturity investment is recognised on time proportion basis taking into account the effective yield on the investment. The difference between the redemption and the purchase price of the held to maturity investment is amortised and taken to the profit and loss account over the term of the investment.

5.18 Taxation

Current

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account rebates and tax credits available, if any.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is probable that the taxable profits will be available against which these can be utilised.

The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

5.19 Staff retirement benefits

5.19.1 Defined contribution plan

The Company operates an approved provident fund scheme for its permanent employees who have completed the minimum qualifying period of service. Equal monthly contributions to the fund are made both by the Company and employees at the rate of 10% of the basic salary.

5.19.2 Defined benefit plan - approved gratuity fund

All employees of the Company, who have completed the minimum qualifying period of service, participate in an approved funded defined gratuity plan. Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out for the year ended December 31, 2015 using the Projected Unit Credit Method. Amounts arising as a result of 'Remeasurements', representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the Balance Sheet immediately, with a charge or credit to 'Other Comprehensive Income' in the periods in which they occur.

5.19.3 Compensated absences

The Company accounts for the liability in respect of employees' compensated absences in the period in which they are earned.

5.20 Premiums due but unpaid

These are recognised at cost, which is the fair value of the consideration receivable, less provision for impairment, if any.

5.21 Amount due from / to other insurers / reinsurers

Amounts due from / to other insurers / reinsurers are carried at cost which is the fair value of the consideration to be received / paid in the future for services rendered / received, less provision for impairment, if any.

5.22 Management expenses

These are allocated to various classes of business in proportion to the respective gross premium written for the year.

5.23 Dividends and appropriations to reserves

Dividends and appropriations to reserves are recorded in the period in which these are approved.

5.24 Foreign currencies transactions

Foreign currency transactions are translated into Pakistani Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Exchange gains or losses are included in income currently.

5.25 Earnings / loss per share

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

6. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

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

	Note
Underwriting provisions	5.4
Classification of investments and its impairment	5.8 & 11
Reinsurance recoveries against outstanding claims	5.9
Deferred acquisition costs	5.10 & 18
Useful lives of assets and methods of depreciation	5.13 & 17
Deferred taxation	5.18 & 13
Staff retirement benefits	5.19 & 8.1

7. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2015	2014
(Number of shares)	
<u>35,000,000</u>	<u>35,000,000</u>

Ordinary shares of Rs. 10 each issued as fully paid in cash

2015	2014
--- (Rupees in thousand) ---	
<u>350,000</u>	<u>350,000</u>

	Note	2015	2014
		--- (Rupees in thousand) ---	
8 OTHER CREDITORS AND ACCRUALS			
Commission payable		14,410	20,134
Sales tax / Federal excise duty payable		(2,692)	23,150
Federal insurance fee payable		54	980
Security deposits		3,423	3,506
Compensated absences		1,124	1,564
Defined benefit plan - approved gratuity fund	8.1	(937)	1,795
Others		5,647	5,453
		21,029	56,582

8.1 Defined benefit plan - approved gratuity fund

8.1.1 Salient features

The Company offers an approved gratuity fund for all employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The gratuity is governed under the Trust Act, 1882, Trust Deed and Rules of the Fund, Companies Ordinance, 1984, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

The Company faces the following risks on account of the gratuity fund:

Final salary risks

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility

Most assets are invested in risk free investments. However, investments in shares are subject to adverse fluctuation as a result of changes in market prices.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. The risk is mitigated by closely monitoring the performance of investment.

Risk of insufficiency of assets

This is managed by making regular contribution to the Fund as advised by the actuary.

The benefits under the gratuity scheme are payable on retirement at the age of sixty years , resignation , or earlier cessation of service. The benefit is equal to one month's last basic salary drawn for each year of eligible service. The minimum qualifying period for eligibility under the plan is five years of continuous service.

8.1.2 Valuation results

Actuarial valuation is carried out every year and the latest valuation was carried out as at December 31, 2015. The information provided in notes 8.1.3 to 8.1.12 has been obtained from the actuarial valuation carried out as at December 31, 2015. The following significant assumptions have been used for valuation of this scheme:

	2015	2014
	----- (%) -----	
Valuation discount rate	10.00	11.25
Salary increase rate	9.00	10.25
Expected return on plan assets	10.00	11.25

8.1.3 Reconciliation of payable to approved gratuity fund

Present value of defined benefit obligation
Fair value of plan assets

2015	2014
--- (Rupees in thousand) ---	
17,389	20,688
(18,326)	(18,893)
(937)	1,795

8.1.4 Movement in liability during the year

Obligation at the beginning of the year
Charge to profit and loss account
Other comprehensive income
Contribution to the fund during the year
Closing balance

2015	2014
--- (Rupees in thousand) ---	
1,795	1,588
4,002	3,710
(4,939)	(1,915)
(1,795)	(1,588)
(937)	1,795

8.1.5 Movement in present value of defined benefit obligation

Present value of obligation as at January 1
Current service cost
Interest cost
Benefits paid
Actuarial (gain) / loss
Present value of obligation as at December 31

2015	2014
--- (Rupees in thousand) ---	
20,688	30,410
4,168	3,299
1,849	3,058
(3,764)	(13,768)
(5,552)	(2,311)
17,389	20,688

8.1.6 Movement in fair value of plan assets

Fair value of plan assets as at January 1
Expected return on plan assets
Contributions to the fund
Benefits paid
Actuarial loss
Fair value as at December 31

2015	2014
--- (Rupees in thousand) ---	
18,893	28,822
2,015	2,647
1,795	1,588
(3,764)	(13,768)
(613)	(396)
18,326	18,893
4,168	3,299
(166)	411
4,002	3,710
2,015	2,647
(613)	(396)
1,402	2,251

8.1.7 Amounts recognised in the profit and loss account:

Current service cost
Interest cost

8.1.8 Actual return on plan assets

Expected return on assets
Actuarial loss

8.1.9 Sensitivity analysis

a) The impact of 1% change in following variables on defined benefit obligation is as follows:

	Change in assumption	Increase in assumption	Decrease in assumption
	---- (Rupees in thousand) ----		
Discount rate	1%	11,218	14,568
Expected rate of increase in salaries	1%	14,635	11,141

b) The impact on defined benefit obligation due to increase in life expectancy by 1 year would be Rs 12.744 million.

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

8.1.10 Plan assets comprise the following:

	2015		2014	
	(Rupees in thousand)	%	(Rupees in thousand)	%
Term deposit receipts	16,159	88.18	17,442	92.33
Bank deposits	2,167	11.82	1,451	7.68
Total	18,326	100	18,893	100

8.1.11 Based on actuarial advice, the Company intends to charge an amount of Rs 2.072 million in the financial statements for the year ending December 31, 2016.

8.1.12 5 year data on (deficit) / surplus of the plan is as follows:

	2015	2014	2013	2012	2011
	----- (Rupees in thousand) -----				
Historical information					
Present value of defined benefit obligation	(17,389)	(20,688)	(30,410)	(12,719)	(18,176)
Fair value of plan assets	18,326	18,893	28,822	7,192	23,023
(Deficit) / surplus	937	(1,795)	(1,588)	(5,527)	4,847

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

The tax assessment of the Company has been finalised upto and including the tax year 2013. The tax returns filed are to be taken as deemed assessment in terms of Section 120 of the Income Tax Ordinance, 2001. However, while finalising the tax audit for the tax year 2007, the Taxation Officer had disallowed certain expenses claimed by the Company and increased the tax charge by Rs. 3.128 million. The Company has contested the amended order by filing an appeal before the Commissioner Inland Revenue (Appeals) which has been decided whereby substantial relief has been allowed. However, a second appeal has been filed before the Appellate Tribunal Inland Revenue for the remaining disallowed amount which is pending adjudication. Further, while finalising the tax audit for the tax year 2008, the Taxation Officer had charged minimum taxation on gross receipts of the Company and increased the tax charge by Rs. 1.51 million. The Company has contested the amended order by filing an appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication. The management, based on the advice of its tax advisor, is confident of a favourable outcome in both cases and, accordingly, no provision in this respect has been made in these financial statements.

During the year ended 2009, the Taxation Officer had passed an order along with notice of demand under section 161/205 of the Income Tax Ordinance, 2001, on alleged default of non-deduction of withholding tax on payments of insurance premium to non-resident reinsurer for the tax year 2009. The tax authorities had filed a writ petition against the Company along with other insurance companies in the High Court of Sindh. The petition has been dismissed by the Court and favorable outcome has been given in favor of the Company along with other insurance companies. The Company had also filed an appeal with the Commissioner Income Tax Appeals which is pending adjudication, to date. The tax impact of the above amounts to Rs 5.48 million against which no provision has been made in these financial statements, as the Company is confident of a favorable outcome.

9.2 Commitments

Commitments for capital expenditure

2015	2014
--- (Rupees in thousand) ---	
-	4,607

	Note	2015	2014
		--- (Rupees in thousand) ---	
10. CASH AND BANK DEPOSITS			
Cash and other equivalents			
- cash in hand		-	-
- stamps in hand		283	236
		283	236
Current and other accounts			
- current accounts		1,076	8,298
- saving accounts	10.1	29,053	12,899
		30,129	21,197
Deposits maturing within 12 months - Term deposit receipts	10.2	-	20,000
		30,412	41,433

10.1 The balances in savings accounts carry mark-up at 4.00% per annum (2014: 7.00% per annum).

10.2 This represents term deposits with a commercial bank carrying interest rate of NIL (2014: 8.85%) per annum and will mature by January 2015.

	Note	2015	2014
		--- (Rupees in thousand) ---	
11. INVESTMENTS			
Designated at fair value through profit and loss account			
Mutual funds	11.1, 11.3 & 11.3.1	41,039	4,203
Listed shares	11.2	12,662	27,920
Held to maturity			
Government securities		-	43,449
		53,701	75,572

11.1 Mutual funds

2015	2014		2015	2014
----- (No. of Units) -----		Name of Entity	--- (Rupees in thousand) ---	
65,587	65,587	Golden Arrow Selected Stocks Fund Limited- closed end fund	630	725
36,087	33,208	PICIC Cash Fund - open end fund	3,732	3,478
			4,362	4,203

11.2 Listed shares

2015	2014		2015	2014
----- (No. of shares) -----		Name of Entity	--- (Rupees in thousand) ---	
11,343	11,343	Arif Habib Corporation Limited	580	635
2,812	2,812	Fatima Fertilizer Company Limited	126	101
22,959	22,959	Glaxo SmithKline Limited	5,051	5,035
16,105	16,105	Habib Bank Limited	3,223	3,483
7,320	7,320	MCB Bank Limited	1,587	2,237
15,812	15,812	National Bank of Pakistan	854	1,098
10,000	10,000	Nishat Mills Limited	949	1,210
-	10,000	Oil and Gas Development Company Limited	-	2,059
-	62,310	Pakistan Petroleum Limited	-	10,999
-	3,125	Shell Pakistan Limited	-	809
1,031	1,031	Aisha Steel Mills Limited	9	7
5,000	5,000	Adamjee Insurance Company Limited	283	247
			12,662	27,920

11.3 Mutual Funds

The mutual fund investments includes Rs.36.7 million invested during the year in Pakistan Income Fund and deposited with the State Bank of Pakistan in compliance with the requirement of section 29 of the Insurance Ordinance 2000.

Government Securities - Market treasury bills

- 11.3.1** These securities were deposited in corresponding year with the State Bank of Pakistan in compliance with the requirements of section 29 of the Insurance Ordinance, 2000. They carried rate of return of 9.96% per annum.

12. DEFERRED TAXATION

The Company has an aggregate amount of Rs 270.747 million (2014: Rs 236.079 million) in respect of tax losses as at December 31, 2015 and deferred tax assets amounting to Rs 78.396 million is available to the Company. The management carries out periodic assessment to assess the benefit of these losses whether the Company would be able to set off the profits earned in future years against these losses. Although the Company is expected to acquire new business which will result in increase in taxable profits in future years, but the determination of future taxable profit is most sensitive to certain key assumptions such as gross premium written, reinsurance ceded, net claim expenses, investment returns, net commission expense and related expenses. Any significant change in the key assumptions may have a significant effect on the realisability of the deferred tax asset. Considering these factors along with the uncertainty regarding the timing and extent of future taxable profits against which such benefits can be utilized, the management has adopted a prudent approach and has not recognized further deferred tax asset during the current year. The amount of deferred tax asset recognised as at December 31, 2015 amounted to Rs. 2.619 million (2014: Rs 2.619 million).

13. PREMIUMS DUE BUT UNPAID - UNSECURED

	Note	2015	2014
		--- (Rupees in thousand) ---	
Considered good	13.1	88,134	292,421
Considered doubtful		21,696	13,071
		109,830	305,492
Provision for doubtful recovery	13.2	(21,696)	(13,071)
		88,134	292,421

13.1 This includes an amount of Rs 2.113 million (2014: Rs 1.630 million) due from related parties.

13.2 The movement of provision for doubtful recovery is as follows:

	Note	2015	2014
		--- (Rupees in thousand) ---	
Opening balance		17,460	15,960
Charge for the year	18	4,236	8,625
Write off during the year		-	(7,125)
Closing balance		21,696	17,460

14. DEFERRED ACQUISITION COSTS

The Company followed a policy of apportioning management expenses between the earned and unearned portion of premium written by charging as expense the portion relating to the earned portion and carrying forward as deferred acquisition costs the portion relating to the unearned portion of premium written.

In accordance with the directives of the SECP, the management of the Company carried out an exercise to identify expenses which need to be charged to the profit and loss account and those which can be deferred. Based on the results of this exercise the company discontinued allocating certain expenses to deferred acquisition cost. In prior year, the Company has also obtained the consent of the Securities and Exchange Commission of Pakistan (SECP) for this revised methodology.

15. PREPAYMENTS

	Note	2015	2014
		--- (Rupees in thousand) ---	
Prepaid reinsurance premium ceded		112,869	169,363
Others		948	1,209
		113,817	170,572

16. FIXED ASSETS

Description	2015											Rate	
	Cost					Accumulated depreciation / amortization					Written down value		
	At the beginning of the year	Additions	Disposals	Transfer	At the end of the year	At the beginning of the year	Charge for the year	Disposals	Transfer	At the end of the year	At the end of the year		
	(Rupees in thousand)												
													%
Tangible - Owned													
Furniture and fixture	6,063	12,375	(4,266)		14,172	6,056	2,134	(4,266)	-	3,924	10,248	20	
Office equipment	4,207	3,323	(732)		6,798	3,566	835	(666)		3,735	3,063	20	
Computer equipment	8,541	3,045	(1,219)		10,367	7,278	924	(1,219)	-	6,983	3,384	33.33	
Motor vehicles	372	2,300	(36)	-	2,636	177	267	(36)	-	408	2,228	20	
	19,183	21,043	(6,253)	-	33,973	17,077	4,160	(6,187)	-	15,050	18,923		
Tangible - Under Musharakah agreement													
Motor vehicles	-	-	-	-	-	-	-	-	-	-	-	20	
	19,183	21,043	(6,253)	-	33,973	17,077	4,160	(6,187)	-	15,050	18,923		
Intangible													
Computer software	5,178	-	-	-	5,178	4,987	160	-	-	5,147	31	33.33	
Total	24,361	21,043	(6,253)	-	39,151	22,064	4,320	(6,187)	-	20,197	18,954		

Description	2014											Rate	
	Cost					Accumulated depreciation / amortization					Written down value		
	At the beginning of the year	Additions	Disposals	Transfer	At the end of the year	At the beginning of the year	Charge for the year	Disposals	Transfer	At the end of the year	At the end of the year		
	(Rupees in thousand)												
													%
Tangible - Owned													
Furniture and fixture	6,063	-	-	-	6,063	6,051	5	-	-	6,056	7	20	
Office equipment	4,436	23	(252)	-	4,207	3,394	383	(211)	-	3,566	641	20	
Computer equipment	8,343	900	(702)	-	8,541	7,259	713	(694)	-	7,278	1,263	33.33	
Motor vehicles	2,648	172	(7,163)	4,715	372	2,571	799	(6,965)	3,772	177	195	20	
	21,490	1,095	(8,117)	4,715	19,183	19,275	1,900	(7,870)	3,772	17,077	2,106		
Tangible - Under Musharakah agreement													
Motor vehicles	4,715	-	-	(4,715)	-	3,772	-	-	(3,772)	-	-	20	
	26,205	1,095	(8,117)	-	19,183	23,047	1,900	(7,870)	-	17,077	2,106		
Intangible													
Computer software	5,178	-	-	-	5,178	4,748	239	-	-	4,987	191	33.33	
Total	31,383	1,095	(8,117)	-	24,361	27,795	2,139	(7,870)	-	22,064	2,297		

16.1 The depreciation / amortisation charge for the year has been allocated as follows:

	Note	2015	2014
		--- (Rupees in thousand) ---	
Management expenses	17	3,141	1,571
General and administrative expenses	18	1,184	568
		<u>4,325</u>	<u>2,139</u>

16.2 Cost of fully depreciated fixed assets that are still in the Company's use, as at December 31, 2015, amounted to Rs 14.190 million (2014: Rs 14.387 million).

16.3 Disposals of fixed assets during the year having written down value of more than Rs. 50,000 NIL:

	Note	2015	2014
		--- (Rupees in thousand) ---	
16.4 CAPITAL WORK IN PROGRESS			
Advances – to suppliers	16.4.1	-	10,557

16.4.1 The Company had paid these advances to suppliers for construction and renovation work at Emerald Tower office.

17. MANAGEMENT EXPENSES

Salaries, wages and other benefits	17.1	20,423	45,546
Rent, rates and taxes		8,328	9,977
Depreciation / amortisation	16.1	3,141	1,571
Utilities		1,710	4,227
Travelling and conveyance		854	1,163
Printing and stationery		824	825
Vehicle running expenses		5,141	24,619
Communication		1,359	1,800
Survey fee		202	116
Health business expense		3,989	12,628
Others		-	1,426
		<u>45,971</u>	<u>103,898</u>
Add: Opening deferred acquisition costs		35,520	42,301
		<u>81,491</u>	<u>146,199</u>
Less: Closing deferred acquisition costs		10,567	35,520
		<u>70,924</u>	<u>110,679</u>

17.1 This includes an amount of Rs. 1.205 million (2014: Rs. 2.918 million) in respect of staff retirement benefits.

	Note	2015	2014
18. GENERAL AND ADMINISTRATIVE EXPENSES		--- (Rupees in thousand) ---	
Salaries, wages and other benefits	18.1	50,756	59,176
Rent, rates and taxes		2,666	2,860
Depreciation / amortisation	16.1	1,184	568
Utilities		501	1,290
Repairs and maintenance		4,283	2,423
Legal and professional charges		6,569	7,271
Travelling and conveyance		384	152
Printing and stationery		707	693
Entertainment		420	746
General office expenses		3,301	1,415
Vehicle running expenses		304	640
Advertisement		4,039	1,409
Computer charges		2,125	1,866
Communication		446	310
Provision against premium due but unpaid		4,236	8,625
Books and periodicals		651	1,155
Auditors' remuneration	18.2	515	1,037
Others		1,310	23
		84,397	91,659

18.1 This includes an amount of Rs. 5.327 million (2014: Rs. 4.253 million) in respect of staff retirement benefits.

	2015	2014
18.2 Auditors' remuneration	--- (Rupees in thousand) ---	
Audit fee	250	550
Half yearly review	100	230
Regulatory return and CCG	50	120
Out of pocket expenses	115	137
	515	1,037
19. OTHER CHARGES		
Contribution to Workers' Welfare Fund	-	202
Exchange loss	46	15
Bank charges	370	292
	416	509

20. TAXATION

20.1 Current tax charge has only been recorded in respect of dividend income which has been treated as a separate block of income. The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented as the Company has incurred loss during the year and has accumulated losses in respect of prior periods.

20.2 Under section 114 of the Income Tax Ordinance, 2001 (Ordinance), the Company has filed the returns of income for the tax years from 2005 to 2014 on due dates. These returns were deemed completed under the provisions of the prevailing income tax law as applicable in Pakistan during the relevant accounting years except as explained in note 9 to these financial statements.

21. LOSS PER SHARE - basic and diluted

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

	2015	2014
	--- (Rupees in thousand) ---	
(Loss) after tax for the year	(34,786)	(130,962)
	---	---
	(Number in thousand) ---	
Weighted average number of shares of Rs 10 each	35,000	35,000
	----- (Rupee) -----	
Basic (loss) per share of Rs 10 each	(0.99)	(3.74)

- 21.1 No figure for diluted (loss) / earnings per share has been presented as the Company has not issued any instrument which would have an impact on (loss) / earnings per share when exercised.

22. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

- 22.1 Aggregate amounts charged in the financial statements for remuneration, including all benefits to the Chief Executive Officer, Director and Executives of the Company are as follows:

	2015			2014		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- (Rupees in thousand) -----			----- (Rupees in thousand) -----		
Fee for attending Board meetings*	-	730	-	-	230	-
Managerial remuneration	6,421	-	20,599	9,754	4,350	34,269
Leave fare assistance	-	-	-	2,610	-	-
Utilities	195	-	-	76	71	-
Medical expenses	83	-	479	201	64	827
Others	-	-	-	-	-	-
	6,699	730	21,078	12,641	4,715	35,096
Number of persons	2**	1***	14	2**	1***	17

*This includes fee for attending Board meetings of seven directors.

** During the year Mr. Afroz Quraishi resigned from the post of Chief Executive and Mr. Jalees Ahmed Siddiqi was appointed as the new Chief Executive of the company w.e.f July 22, 2015

*** The current Chief Executive Officer is also provided Company maintained car

23. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated entities having directors in common, major shareholders, directors, post employment benefit plan and key management personnel. The transactions with related parties and balances with them as at year end, other than remuneration of key management personnel (which is disclosed in note 22.1) are as follows:

	Note	2015	2014
--- (Rupees in thousand) ---			
Transactions			
Premium written		3,152	10,266
Claims paid		150	2,912
Return on bank balances		-	1,164
Bank charges		-	112
Contribution for staff provident fund		2,530	3,462
Contribution to gratuity fund	8.1.6	1,795	1,588
Charge in respect of gratuity fund	8.1.4	4,002	3,710
Proceeds from sale of fixed assets	16.3	-	122
Balances outstanding at year end			
Payable to gratuity fund		937	(1,795)
Premiums due but unpaid		2,113	1,630

24. SEGMENT REPORTING

24.1 The Company's business is organised and managed separately according to the nature of services provided with the following segments:

- Fire and property insurance provides coverage against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.
- Marine, aviation and transport insurance provides coverage against cargo risk, war risk, damages occurring in inland transit and other related perils.
- Motor insurance provides comprehensive car coverage, indemnity against third party loss and other related coverage.
- Accident and health insurance provides coverage against personal accident, hospitalization and other medical benefits.
- Miscellaneous insurance provides coverage against burglary, loss of cash in safe and cash in transit, engineering losses, travel, credit and suretyship insurance and other coverage.

24.2 Segment results

	-----2015-----					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	Total
	----- (Rupees in thousand) -----					
Net premium revenue	70,203	9,884	87,150	42,285	10,904	220,426
Net claims	(8,738)	(2,455)	(35,746)	(41,067)	(3,129)	(91,135)
Premium deficiency expense	-	-	-	7,556	-	7,556
Management expenses	(17,490)	(6,407)	(30,933)	(5,870)	(10,225)	(70,925)
Net commission	(18,323)	1,764	(7,128)	523	3,734	(19,430)
Segment results	<u>25,652</u>	<u>2,786</u>	<u>13,343</u>	<u>3,427</u>	<u>1,284</u>	<u>46,492</u>
Net investment income						614
Return on bank balances						2,507
Gain on disposal of fixed assets						771
						<u>50,384</u>
General and administrative expenses						(84,397)
Financial charges						-
Other charges						(416)
Loss before taxation						<u>(34,429)</u>

	-----2014-----					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	Total
	----- (Rupees in thousand) -----					
Net premium revenue	17,516	9,243	146,664	104,080	15,195	292,698
Net claims	(2,032)	(7,644)	(71,403)	(130,109)	(1,931)	(213,119)
Reversal of premium deficiency expense	-	-	-	(7,781)	-	(7,781)
Management expenses	(33,800)	(10,260)	(26,218)	(15,760)	(24,641)	(110,679)
Net commission	1,713	1,003	(11,093)	(5,692)	370	(13,699)
Segment results	<u>(16,603)</u>	<u>(7,658)</u>	<u>37,950</u>	<u>(55,262)</u>	<u>(11,007)</u>	<u>(52,580)</u>
Net investment income						7,423
Return on bank balances						4,744
Gain on disposal of fixed assets						1,713
Other income						-
						<u>(38,700)</u>
General and administrative expenses						(91,659)
Financial charges						(199)
Other charges						(245)
Loss before taxation						<u>(130,803)</u>

24.3 Other information - Statement of Assets and Liabilities

	-----2015-----					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	Total
	----- (Rupees in thousand) -----					
Segment assets	187,067	50,118	81,600	6,439	152,802	478,026
Unallocated assets	-	-	-	-	-	139,725
Consolidated total assets	-	-	-	-	-	617,751
Segment liabilities	232,295	29,877	75,348	29,502	165,391	532,413
Unallocated liabilities	-	-	-	-	-	15,627
Consolidated total liabilities						548,040

	-----2014-----					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	Total
	----- (Rupees in thousand) -----					
Segment assets	303,427	122,501	131,954	29,691	199,961	787,534
Unallocated assets	-	-	-	-	-	165,170
Consolidated total assets	-	-	-	-	-	952,704
Segment liabilities	272,861	103,966	152,775	88,195	186,577	804,374
Unallocated liabilities	-	-	-	-	-	48,772
Consolidated total liabilities						853,146

25. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities

Financial assets

Loans and receivables - amortisation

Cash and bank deposits

Cash and other equivalents

Current and other accounts

Deposits maturing within 12 months

Current assets - others

Premiums due but unpaid

Amounts due from other insurers / reinsurers

Accrued interest

Reinsurance recoveries against outstanding claims

Sundry and other receivables

Investments

-At fair value through profit or loss

-Held to maturity

Financial Liabilities

Amortised cost

Provision for outstanding claims (including IBNR)

Amounts due to other insurers / reinsurers

Accrued expenses

Unclaimed dividend

Other creditors and accruals

	2015	2014
	--- (Rupees in thousand) ---	
	283	236
	30,129	21,197
	-	20,000
	30,412	41,433
	88,132	292,421
	173,909	199,834
	-	120
	68,565	72,172
	7,172	6,758
	337,778	571,305
	53,701	32,123
	-	43,449
	53,701	75,572
	421,891	688,310
	141,549	185,953
	180,343	284,089
	8,813	12,129
	195	195
	22,846	31,631
	353,746	513,997

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is an 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 reflected in the financial statements approximate their fair values except for market treasury bills whose fair value is specified in note 11.3.1.

The different level by valuation method of financial instruments have been defined as follows:

- 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 or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	----- 2015 -----			
	Level1	Level2	Level3	Total
	----- (Rupees in thousand) -----			
Financial assets designated at fair value through profit or loss				
- Equity securities	53,701	-	-	53,701
	----- 2014 -----			
	Level1	Level2	Level3	Total
	----- (Rupees in thousand) -----			
Financial assets designated at fair value through profit or loss				
- Equity securities	32,123	-	-	32,123

27. RISK MANAGEMENT

27.1 Risk management framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives. Key management recognises the critical importance of having efficient and effective risk management systems in place. The Board of Directors of the Company supervises the overall risk management approach within the Company. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the Board to Executive Management Committees and senior managers.

27.2 Insurance risks

The Company mainly issues the following types of insurance contracts:

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

These contracts are normally one year insurance contracts except marine contracts which are generally for a period of 3 to 6 months.

27.2.1 Frequency and severity of claims

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or timing thereof, differ from expectations. This is influenced by frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

27.2.2 Reinsurance Arrangements

Such risk exposure is mitigated by diversification across a large portfolio of insurance contracts and careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. Strict claim review policies to assess all new and ongoing claims and regular detailed review of claims handling procedures are also put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future development.

In compliance with the regulatory requirement, the reinsurance agreements are duly submitted to the Securities and Exchange Commission of Pakistan on an annual basis.

The Company's class wise risk exposure (based on maximum loss coverage in a single policy) is as follows:

	2015		
	Maximum sum insured	Reinsurance cover	Highest net liability
	------(Rupees in thousand)-----		
Fire and property	29,443,532	29,149,097	294,435
Marine, aviation and transport	6,250,000	4,107,143	2,142,857
Motor	18,500	16,500	2,000
Accident and health	1,193	-	1,193
Miscellaneous	15,662,217	15,623,073	39,143
	<u>51,375,441</u>	<u>48,895,813</u>	<u>2,479,628</u>

	2014		
	Maximum sum insured	Reinsurance cover	Highest net liability
	------(Rupees in thousand)-----		
Fire and property	14,490,000	14,417,550	72,450
Marine, aviation and transport	12,337,500	12,275,813	61,687
Motor	21,400	10,700	10,700
Accident and health	600	-	600
Miscellaneous	14,490,000	14,417,550	72,450
	<u>41,339,500</u>	<u>41,121,613</u>	<u>217,887</u>

The table below sets out the concentration of insurance contract liabilities by type of contract:

	2015		
	Gross liabilities	Gross assets	Net liabilities / (assets)
	----- (Rupees in thousand) -----		
Fire and property	232,295	187,067	45,228
Marine, aviation and transport	29,877	50,118	(20,241)
Motor	75,348	81,600	(6,252)
Accident and health	29,502	6,439	23,063
Miscellaneous	165,391	152,802	12,589
	<u>532,413</u>	<u>478,026</u>	<u>54,387</u>

	2014		
	Gross liabilities	Gross assets	Net liabilities / (assets)
	----- (Rupees in thousand) -----		
Fire and property	272,861	303,427	(30,566)
Marine, aviation and transport	103,966	122,501	(18,535)
Motor	152,775	131,954	20,821
Accident and health	88,195	29,691	58,504
Miscellaneous	186,577	199,961	(13,384)
	<u>804,374</u>	<u>787,534</u>	<u>16,840</u>

27.2.3 Uncertainty in the estimation of future claims payment

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events that occur during the term of the insurance contract.

An estimated amount of the claim is recorded immediately on intimation to the Company. The estimation of the amount is based on the amount notified by the policy holder, management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims incurred but not reported (IBNR), the Company uses historical experience factor based on analysis of the past years claim reporting pattern.

There are several variable factors which affect the amount and timing of recognized claim liabilities. However, the management considers that uncertainty about the amount and timing of claim payments is generally resolved within a year. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from recognized amounts.

27.2.4 Key assumptions

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

27.2.5 Sensitivities

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:

	Effect of 10% increase in claims		Effect of 10% decrease in claims	
	Profit and Loss account	Equity	Profit and Loss account	Equity
	----- (Rupees in thousand) -----			
Fire and property	(874)	(874)	874	874
Marine, aviation and transport	(246)	(246)	246	246
Motor	(3,575)	(3,575)	3,575	3,575
Accident and health	(4,107)	(4,107)	4,107	4,107
Miscellaneous	(313)	(313)	313	313
	<u>(9,115)</u>	<u>(9,115)</u>	<u>9,115</u>	<u>9,115</u>

The above effects before tax, have been calculated on the assumption that increase / decrease in net claims expense pertains to individual segment in isolation.

27.3 Financial risk

(i) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and market prices.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest / mark-up rate risk in respect of the following:

		-----2015-----						
Interest Rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total	
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total		
----- (Rupees in thousand) -----								
Financial assets								
Cash and bank deposits	7% - 9.5%	29,053	-	29,053	1,359	-	1,359	30,412
Investments	9.96%	-	-	-	53,701	-	53,701	53,701
Premium due but unpaid		-	-	-	88,132	-	88,132	88,132
Amount due from other insurers / reinsurers		-	-	-	173,909	-	173,909	173,909
Accrued interest		-	-	-	-	-	-	-
Reinsurance recoveries against outstanding claims		-	-	-	68,565	-	68,565	68,565
Sundry and other receivables		-	-	-	-	7,172	7,172	7,172
		29,053	-	29,053	385,666	7,172	392,838	421,891
Financial liabilities								
Provision for outstanding claims (including IBNR)		-	-	-	141,549	-	141,549	141,549
Amounts due to other insurers / reinsurers		-	-	-	180,343	-	180,343	180,343
Other creditors and accruals		-	-	-	22,846	-	22,846	22,846
Accrued expenses		-	-	-	8,813	-	8,813	8,813
Unclaimed dividend		-	-	-	195	-	195	195
		-	-	-	353,746	-	353,746	353,746
		29,053	-	29,053	31,920	7,172	39,092	68,145

		2014						
Interest Rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total	
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total		
----- (Rupees in thousand) -----								
Financial assets								
Cash and bank deposits	7% - 9.5%	32,899	-	32,899	8,534	-	8,534	41,433
Investments	9.96%	43,449	-	43,449	32,123	-	32,123	75,572
Premium due but unpaid		-	-	-	292,421	-	292,421	292,421
Amount due from other insurers / reinsurers		-	-	-	199,834	-	199,834	199,834
Accrued interest		-	-	-	120	-	120	120
Reinsurance recoveries against outstanding claims		-	-	-	72,172	-	72,172	72,172
Sundry and other receivables		-	-	-	-	6,758	6,758	6,758
		76,348	-	76,348	605,204	6,758	611,962	688,310
Financial liabilities								
Provision for outstanding claims (including IBNR)		-	-	-	185,953	-	185,953	185,953
Amounts due to other insurers / reinsurers		-	-	-	284,089	-	284,089	284,089
Other creditors and accruals		-	-	-	31,631	-	31,631	31,631
Accrued expenses		-	-	-	12,129	-	12,129	12,129
Unclaimed dividend		-	-	-	195	-	195	195
		-	-	-	513,997	-	513,997	513,997
		76,348	-	76,348	91,207	6,758	97,965	174,313

Sensitivity analysis

The Company is exposed to interest risk in respect of saving bank deposits, borrowings under musharakah agreement, investments in term deposit receipts. For cash flow sensitivity analysis of variable and fixed rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / (increased) 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 variables remain constant.

	Profit and Loss	
	Increase	Decrease
--- (Rupees in thousand) ---		
As at December 31, 2015		
Cash flow sensitivity - financial assets	290	(290)
As at December 31, 2014		
Cash flow sensitivity - financial assets	588	(588)

(b) Foreign currency risk

Currency risk is the risk that the value of a financial asset or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As of the balance sheet date, the Company does not have material assets or liabilities which are exposed to foreign currency risk.

(c) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company manages its exposure to such risks by maintaining a diversified portfolio of investments.

The Company has investments in quoted equity securities amounting to Rs. 53.701 million (2014: Rs. 32.123 million) as at December 31, 2015 which have been carried at fair value. The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the reporting date. Market prices are subject to fluctuation which may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions.

Sensitivity analysis

On quoted securities a 10% increase / decrease in redemption value and share prices at year end would have increased / decreased unrealised gain / loss of investment recognised in profit and loss account by Rs 5.370 million.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. To guard against the risk, the Company maintains balance of cash and other equivalents and readily marketable securities. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity is maintained. All financial liabilities of the Company are short term in nature.

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date on an undiscounted cash flow basis.

	2015			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	----- (Rupees in thousand) -----			
Provision for outstanding claims	141,549	141,549	141,549	-
Amounts due to other insurers / reinsurers	180,343	180,343	180,343	-
Other creditors and accruals	22,846	22,846	22,846	-
Accrued expenses	8,813	8,813	8,813	-
Unclaimed dividend	195	195	195	-
	<u>353,746</u>	<u>353,746</u>	<u>353,746</u>	<u>-</u>

	2014			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
----- (Rupees in thousand) -----				
Provision for outstanding claims	185,953	185,953	185,953	-
Amounts due to other insurers / reinsurers	284,089	284,089	284,089	-
Other creditors and accruals	31,631	31,631	31,631	-
Accrued expenses	12,129	12,129	12,129	-
Unclaimed dividend	195	195	195	-
	<u>513,997</u>	<u>513,997</u>	<u>513,997</u>	<u>-</u>

(iii) Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Credit risk also arises in respect of reinsurance contracts as reinsurance ceded does not relieve the Company from its obligation to policy holders and as a result the Company remains liable for the portion of outstanding claims ceded to the extent that the reinsurance operator fails to meet the obligation under the reinsurance arrangements. The Company attempts to control credit risk by monitoring credit exposures and continually assessing the credit worthiness of counterparties. The table below analyses the Company's maximum exposure to credit risk:

	2015	2014
--- (Rupees in thousand) ---		
- Bank deposits*	30,129	41,197
- Premiums due but unpaid**	88,134	292,421
- Amounts due from other insurers / reinsurers***	173,909	199,834
- Accrued interest*	-	120
- Reinsurance recoveries against outstanding claims***	68,565	72,172
- Sundry and other receivables	7,172	6,758
	<u>367,909</u>	<u>612,502</u>

* The credit quality of Company's bank deposits and accrued interest can be assessed with reference to external credit ratings as follows:

	Rating		Rating Agency	2015	2014
	Short Term	Long Term		--- (Rupees in thousand) ---	
Bank deposits					
NIB Bank Limited	A1+	AA-	PACRA	7	21,173
Habib Metropolitan Bank Limited (including Term Deposit Receipts)	A1+	AA+	PACRA	29,047	20,019
Silk Bank Limited	A-2	A-	JCR VIS	4	5
Bank Al Habib Limited	A1+	AA+	PACRA	1,071	-
				30,129	41,197
Accrued interest					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	-	120

** The age analysis of premiums due but unpaid is as follows:

Upto 1 year
1 - 2 years
Over 2 years

2015	2014
--- (Rupees in thousand) ---	
25,463	254,941
53,359	28,982
31,008	25,958
109,830	309,881

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial assets subject to credit risk is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

*** An analysis of all reinsurance assets recognised by the rating of the entity from which it is due is as follows:

Rating

A or above
BBB
Other

2015		
Amount due from reinsurers	Amount due from Co-insurers	Reinsurance recoveries against outstanding claims
----- (Rupees in thousand) -----		
41,570	129,025	68,512
862	2,452	52
-	-	-
42,432	131,477	68,564

Rating

A or above
BBB
Other

2014		
Amount due from reinsurers	Amount due from Co-insurers	Reinsurance recoveries against outstanding claims
----- (Rupees in thousand) -----		
60,994	129,151	64,105
4,221	1,488	52
3,979	1	8,015
69,194	130,640	72,172

27.4 Capital management

Capital requirements applicable to the Company are set and regulated by the SECP. These requirements are put in place to ensure sufficient paid up capital and solvency margins. The Company manages its capital requirement by assessing its capital structure against the required capital level on a regular basis. Currently, the Company has a paid-up capital of Rs 350 million against the minimum required paid-up capital of Rs 300 million set by the SECP for non-life insurance companies through issue of Circular No. 3 dated April 10, 2007 for the year ended December 31, 2015.

In accordance with the requirements of the Insurance Ordinance, 2000 and as mentioned in the Securities and Exchange Commission (Insurance) Rules, 2002 "Rules" (amended vide SRO 16(1)/2012 dated January 09, 2012), the minimum solvency requirement (i.e excess of admissible assets over liabilities) is Rs 150 million. The admissible assets of the Company as at December 31, 2015 are in excess of the Company's liabilities by Rs 28.717 million. Hence, the Company is not meeting the required minimum solvency requirement by Rs 121.283 million as at December 31, 2015. On April 7, 2016 PICIC Board, in principle agreed to a merger of PICIC Insurance Limited with and into Crescent Star Insurance Limited, subject to all necessary regulatory approvals, including that of the Securities & Exchange Commission of Pakistan, Competition Commission of Pakistan and other relevant authorities.

28 PROVIDENT FUND RELATED DISCLOSURES

The following information is based on the latest financial statements of the Fund for the year ended December 31:

	2015	2014
	--- (Rupees in thousand) ---	
	Unaudited	Audited
Size of the fund - Total assets	16,675	29,216
Cost of investments made	20,144	25,355
Percentage of investments made	121%	87%
Fair value of investments	20,144	25,355

28.1 The break-up of fair value of investments is as follows:

	2015		2014	
	(Rupees in thousand)	%	(Rupees in thousand)	%
TDR certificates	20,144	100%	25,355	100%

28.2 The management is in compliance with the requirements of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

29 NUMBER OF EMPLOYEES

The total average number of employees during the year and as at December 31, 2015 and 2014 respectively are as follows:

	2015	2014
	(No of employees)	
Average number of employees during the year	62	83
Number of employees as at December 31,	46	78

30. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on May 06, 2016 by the Board of Directors of the Company.

31. GENERAL

31.1 Figures in these financial statements have been rounded off to the nearest thousand rupee.

32. CORRESPONDING FIGURES

Corresponding figures have been reclassified, wherever necessary, to facilitate comparisons. No significant reclassification / restatement was made during the current year.

Irshad Ali Shaban Ali Kassim
Chairman

Muzaffar Ali Shah Bukhari
Director

Munawar Ali Kassim
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Notice of Annual General Meeting

Notice is hereby given that the Twelfth (12th) Annual General Meeting of the Company will be held at the Institute of Chartered Accountants of Pakistan (ICAP) Auditorium, Chartered Accountants Avenue, Near Teen Talwar, Clifton, Karachi on Tuesday May 31, 2016 at 10.00 AM to transact the following business:

Ordinary Business

1. To confirm the Minutes of the Extra Ordinary General Meeting held on October 30, 2015.
2. To receive, consider and adopt the Audited Financial Statements for the year ended December 31, 2015 together with Directors' Report and Auditors' Report thereon.
3. To appoint Auditors of the Company for the year ending December 31, 2016 and to fix their remuneration. The previous auditors M/s Muniff Ziauddin & Co., Chartered Accountants, being eligible, have offered themselves for reappointment.

Special Business

4. To consider, and if thought fit, to pass the following Resolution as Special Resolution to amend the Articles of Association of the Company by inserting a new clause numbering 42A to introduce E-Voting as prescribed by Securities & Exchange Commission of Pakistan:

"RESOLVED that the Articles of Association of PICIC Insurance Ltd. be and is hereby amended as under:-

To insert the following new clause No. 42A:

42A) Any member desiring to appoint an intermediary, as defined in "Companies (E-Voting) Regulations, 2016," as may be amended from time to time, shall inform Company Secretary at least 10 days before the holding of Annual General Meeting or Extraordinary General Meeting of Shareholders of the Company intimating about his decision to appoint an intermediary to vote at a poll."

Other Business

5. Any other matter with the permission of Chair.

A Statement of Material Facts under section 160 (1) (b) of the Companies Ordinance, 1984 relating to said Special Business is given hereunder.

By Order of the Board

Afroz Quraishi
Company Secretary

Karachi: May 10, 2016

Notes:

1. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote in respect of him. Form of proxy must be deposited at the Company's Registered Office not later than 48 hours before the time appointed for the meeting.
2. CDC Account holders are advised to follow the following guidelines of the Securities and Exchange Commission of Pakistan.

A. For attending the meeting:

- (i) In case of individuals, the account holder and or sub-account holder and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- (ii) 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.

B. For appointing proxies:

- i. In case of individuals, the account holder and or sub-account holder and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
 - ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv. The proxy shall produce his original CNIC or original passport at the time of the meeting.
 - v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
3. The Share Transfer Books of the Company will be closed from May 24, 2016 to May 31, 2016 (both days inclusive). Transfers received in order by our Share Registrar, FAMCO Associates (Pvt) Limited, 8-F, next to Hotel Faran, Nursery Block - 6, P.E.C.H.S Shahra-e-Faisal, Karachi, Pakistan at the close of business on May 23, 2016 will be considered in time to attend and vote at the meeting and for the entitlement of Dividend and Bonus Shares.
4. Members are requested to notify / submit the following, in case of book entry securities in CDC to respective CDC participants and in case of physical shares, to the Company's Share Registrar, if not earlier provided/ notified:-
- a. Change in their addresses;
 - b. Valid and legible photocopies of Computerized National Identity card (CNIC) for Individuals and National Tax Number (NTN) both for individual & corporate entities; and
 - c. Consent to receive Annual Financial Statements through e-mail. The Securities & Exchange Commission of Pakistan through its Notification SRO 787(1)2014 of September 8, 2014 has allowed companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail.

Members who wish to avail this facility can give their consent to Company Secretary at email address : afroz.quraishi@picicinsurance.com

5. Audited Accounts of the Company for the year ended December 31, 2015 are available on the Company's website: www.picicinsurance.com.

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

This statement sets out the material facts concerning the special Business, given in Agenda Item No.4 of the Notice, to be transacted at the Twelfth (12th) Annual General Meeting of the PICIC Insurance Limited to be held on May 31, 2016.

Item 4 regarding e-voting:

To give effect to the Companies (E-Voting) Regulation 2016, shareholders' approval is being sought to amend the Articles of Association of the Company to enable e-voting.

Branch Network

Branch Network

Address

Lahore Branch

Office # 615, 6th Floor, Plot # 82-D/1
Al Hafeez Shopping Main Boulevard, Gulberg-III, Lahore
Tel : 042-3577 4921
Fax : 042-3577 4922

Multan Branch

1st Floor Al Razzak Plaza Opp. Children
Hospital, Abdali Road, Multan
Tel : 061-4589398 - 99 & 4586665
Fax : 061-4585896

Faisalabad Branch

Ahmed Plaza, 4th Floor Civil Line,
Bilal Road Faisalabad
Tel : 041-254 0420-22
Fax : 041-254 0423

Karachi Export Processing Zone Branch

Plot # N-2, Sector B-III, Landhi Industrial
Area Extension, Mehran Highway, Karachi
Tel: 021-35130702
Fax: 021-35130701

Karachi Office

Suit No. E-1, Executive Floor, Glass Tower,
Main Clifton Road, Karachi.
Tel: 021-35654764, 35639712

ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹر صاحبان 31 دسمبر 2015ء کو ختم ہونے والے سال کے لیے سالانہ رپورٹ اور آڈٹ شدہ مالی تفصیلات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

چیئرمین کی جانب سے پیغام:

PICIC 2015 کے لیے اس حوالے سے بے مثال اور مختلف سال تھا کہ اس میں ادارے کو کئی محاذوں پر چیلنجز کا سامنا کرنا پڑا۔ مجموعی تحریری پر بیمہ (GWP) 403 ملین قلمبندی کی گئی جو کہ سال 2014ء کے 508 ملین کے مقابلے میں کم تر رہی۔ بہر حال انڈر رائٹنگ نتائج میں مثبت بہتری دیکھی گئی۔ اس سلسلے میں 2014ء میں 52.6 ملین کے خصارہ سے برعکس 2015ء میں 46.5 ملین کا منافع حاصل کیا گیا۔

کمپنی نے PICIC سے وابستہ صارفین کے ساتھ مشترکہ مفاد کے رشتوں کو مستقل بنیادوں پر مضبوط کرنے اور انہیں بڑھانے کی کوشش کی۔ کمپنی کی مالی حالت کو بہتر کرنے کی غرض سے نئے کاروباروں کا حصول کرتے وقت ان کی رسک پروفائل کے حساب سے فیصلے کیے گئے۔ منافع بخش طبقے پر زیر و بیس طریقہ کار کے کاروبار بالا خزانے والے وقتوں میں نفع بخش خط زیریں تک پہنچنے میں مدد دیتے ہیں۔

ہم اپنے کلائنٹ کے ساتھ مل کر رسک کی شناخت اور اسے کم کرنے کی کوشش کرتے ہیں اور کلائنٹس کو نقصان سے بچنے کے لئے مشورے فراہم کرتے ہیں۔ ری انشورنس کے انتظامات کیے جانے کے لئے کلائنٹ کی رسک پروفائل، رسک کے امکانات اور متعلقہ معاملات کو مد نظر رکھا جاتا ہے۔ کمپنی کو اپنے انڈر رائٹنگ امور کے ہموار طریقے سے چلانے اور گنجائش بڑھانے کے سلسلے میں سرفہرست عالمی ری انشورنس کمپنیوں کی پس پردہ حمایت حاصل ہے۔

کمپنی اس بات پر مکمل یقین رکھتی ہے کہ کاروبار اور صارفین کو فراہم کی جانے والی خدمات کا براہ راست تعلق انفرادی اثاثے کے معیار سے ہوتا ہے۔ تیزی سے بڑھتے ہوئے مسابقتانہ کاروباری ماحول کے لیے تیاری کی خاطر کمپنی کے امیج کو بہتر بنانے، تنظیمی خاکے کو نئی شکل دینے، انسانی وسائل کو مزید فعال بنانے اور وسائل کو بہتر طور پر بروئے کار لانے کے حوالے سے کئی اقدامات کیے گئے۔ معلومات یا ڈیٹا کے پروسیس کیے جانے کے عمل کو تیز تر کرنے اور گاہکوں کی بہتر خدمات کی خاطر ان کی فراہمی کو یقینی بنانے کے لیے ٹیکنالوجی پر خصوصی توجہ دی گئی کیونکہ گاہک ہی ہماری بہتری کے لیے کی جانے والی تمام کاوشوں کا محور ہیں۔ اندرونی معاملات کو مزید ہموار کیا گیا تاکہ ہر سطح پر شفافیت اور ذمہ داری کے احساس کو اجاگر کیا جاسکے۔

مستقبل قریب اور یقین کے چیلنجز سے آگاہ رہتے ہوئے دیر پا اور پائیدار ترقی کے لیے بھرپور کوششیں جاری ہیں۔

کمپنی کی موجودہ صورتحال کی وجہ سے عارضی طور پر مالی درجہ بندی اور بینک کی حدود نے کاروبار حاصل نہ کیے جانے اور کمپنی کے بڑھانے میں رکاوٹ کا سبب بنی جس کی وجہ سے 2015 کی آخری سہ ماہی میں مجموعی تحریری پر بیمہ میں زوال کا سامنا کرنا پڑا۔

بعد ازاں 7 اپریل 2016 کو PICIC بورڈ، سیکیورٹی اینڈ ایکسیج کمیشن آف پاکستان، کمیشنیشن کمیشن آف پاکستان اور دیگر متعلقہ حکام کی منظوری ملنے تک پبلک انشورنس لمیٹڈ کے کریڈنٹ اسٹار انشورنس لمیٹڈ میں ضم کیے جانے پر رضامندی کی گئی۔

کمپنی نے اس سلسلے میں ضروری کارروائیاں مکمل کرنی شروع کر دی ہیں جن میں بورڈ کی سفارشات پر توجہ کے ساتھ ان کا تھیمہ لگانا، کسی ممکنہ مفاہمت کی یادداشت کو حتمی شکل دینا اور اختلاف اور اس سے متعلق گزارشات کی منصوبہ بندیاں شامل ہیں۔

یہ 35 ملین کے رائٹ حصص کے لیے ستمبر 2015ء میں شروع کیے جانے والے عمل کے بعد کیا جا رہا ہے، جس کے سلسلے میں انڈر رائٹ کی عدم فراہمی کی وجہ سے پیشرفت نہیں ہو سکی تھی۔ بہر حال رائٹ حصص کی کوٹنی کے سلسلے میں بورڈ کے فیصلے بتاریخ 13 جنوری 2016ء کی بنیاد پر SECP نے اپنے

لیٹر نمبر ID/PRDD/026-APPROVALS/2016/3760، بتاریخ 21 جنوری 2016 کے ذریعے رائٹ شیئر کے معاملے میں پانچ روپے فی شیئر کے حساب سے اجزاء کی منظوری کے لیے کمیشن کو درخواست دینے کی اجازت دے دی ہے۔

ہم پُر اُمید ہیں کہ ایک بار جب انضمام، اور اس کے بعد مالیاتی درجہ بندی اور بینک حدود کے مراحل طے پا جاتے ہیں تو کاروباری پہیہ آگے کی جانب گھومے گا اور سالوینسی کے فرق سے نمٹا جاسکے گا۔

اسی دوران ہم نے SECP کو سالوینسی کے کم از کم سطح پر آنے کے لیے مزید وقت کی درخواست دے رکھی ہے جسکی منظوری کا انتظار کیا جا رہا ہے۔

معیشت اور ضوابط کی تبدیلی:

محفوظ تر ماحول، کم افراط زر اور چین کی جانب سے متوقع سرمایہ کاری کی وجہ سے سال 2015 میں مثبت رجحان دیکھا گیا۔ S&P and Moody نے بھی پاکستان کو کریڈٹ درجہ بندی میں ترقی دے کر اسے مستحکم سے مثبت قرار دے دیا۔ 2015 میں تیل اور کھانے پینے کی اشیاء کی قیمتوں میں کمی کی وجہ سے افراط زر خط حرکت میں نیچے کی جانب گامزن رہا۔ اسٹیٹ بینک آف پاکستان نے شرح سود میں کمی کر دی ہے جسکی وجہ سے سرمایہ کاری کے لیے ماحول سازگار ہوگا۔ بہر حال پاکستان کے توانائی کے دیرینہ مسئلے پر مکمل طور پر قابو پانے کے لیے بنیادی اصلاحات کی ضرورت پڑے گی۔ IMF پروگرام اور افراط زر کے معاملے میں نرمی نے اگرچہ کچھ سکون مہیا کیا ہے تاہم حکومت کو تاحال بجٹ خسارہ کو کم کرنے اور غیر ملکی زرمبادلہ کے داخلی بہاؤ کے عمل کو پائیدار بنیادوں پر استوار کرنے کے سلسلے میں کئی مشکلات کا سامنا ہے۔

SECP صنعت کو مزید منظم کرنے کے لیے مستقل بنیادوں پر قواعد و ضوابط میں روئما ہونیوالی تبدیلیوں کو نافذ کر رہی ہے۔ 2017ء تک کم از کم ادا شدہ سرمائے کی سطح بڑھا کر 500 ملین کر دی گئی ہے۔

انسانی وسائل کی ترقی:

ہم اپنے ملازمین کی حوصلہ افزائی، ان کی تربیت اور ان کی تیاری کے غرض سے وسیع پیمانے پر سرمایہ لگاتے ہیں تاکہ وہ کاروبار میں درپیش چیلنجز سے احسن طور پر نمٹ سکیں۔ ہم ملازمین کو دوران ملازمت ضروری تربیت دیتے ہیں تاکہ وہ اپنی ذمہ داریوں کو مؤثر طریقے سے پورا کرنے کے لیے ضروری معلومات اور ہنر حاصل کر سکیں۔ شعبہ کے سربراہان ملازمین/افسروں کو تربیت دیتے ہیں۔ معلومات اور ہنر کی منتقلی کے لیے اختیار کیے جانے والے طریقہ کار مختلف نوعیت کے، نتیجہ خیز اور کارآمد ہوتے ہیں۔ کلاس روم لیکچر کے ساتھ ساتھ گروہی بحث اور مشاہدات کا بھی اہتمام کیا جاتا ہے۔

کارپوریٹ کی سماجی ذمہ داری:

ادارہ ایک ذمہ دار کارپوریٹ کی حیثیت سے اپنا کردار ادا کرنے کے لیے پوری طرح سے پُر عزم ہے اور مصنوعی روشنی کے ذرائع غیر ضروری استعمال، تمباکو کے استعمال سے متعلق قوانین واضح کر کے اور ”نوا سموکنگ زون“ قائم کر کے اور کام کے محفوظ اور صحت مند ماحول کی فراہمی کے ذریعے، توانائی و ماحولیاتی تحفظ کے ذریعے اور پیشہ ورانہ تحفظ اور صحت سے متعلق امور کے ذریعے اپنی ذمہ داریاں احسن طریقے سے نبھا رہی ہے۔ پورے سال کے دوران کمپنی نے لیڈی ڈفرن ہسپتال اور اولڈ ایبوسی ایشن آف کنیئر ڈسوسائٹی سے وابستہ برادری کی ترقی کے لیے کیے جانے والے کاموں کی حمایت کی۔

کمپنی نے سال کے دوران قومی خزانے میں 102.6 ملین روپے بالواسطہ اور بلاواسطہ اور دیگر ضروری مد میں اپنا حصہ ڈالا۔

مالی جھلکیاں:

31 دسمبر 2015 کو ختم ہونے والے سال کے لیے آپ کی کمپنی کی تقابلی مالی جھلکیاں ذیل میں ہیں:

2014	2015	
508,247	402,532	مجموعی تحریری پریمیم
292,698	220,426	نیٹ پریمیم آمدنی
(213,119)	(91,135)	نیٹ دعوے بشمول IBNR
(52,580)	46,492	نفع/(نقصان) برائے کاروبار بیمہ
12,167	3,121	سرمایہ کاری کی مد میں آمدنی
(130,962)	(34,786)	بعد از ٹیکس (نقصان)
(3.74)	(0.99)	فی شیئر (نقصان) (روپوں میں)

کارکردگی کا جائزہ:

سال کی مجموعی تحریری پریمیم گزشتہ سال کے اسی دورانیے 508.2 ملین روپوں کے مقابلے میں 402.5 ملین روپے رہی۔ سال کی نیٹ پریمیم آمدنی 292.7 ملین روپوں کے مقابلے میں 220.4 ملین روپے رہی۔ اس کی اہم وجہ علاوہ آگ اور جائیداد سے وابستہ کاروباروں کے مختلف طبقوں میں سال کے دوران مجموعی تحریری پریمیم کی کمی رہی۔

کمپنی کا بیمہ کے ذریعے ہونے والا منافع گزشتہ سال کے اسی عرصے کے دوران ہونے والے 52.6 ملین روپوں کے برخلاف 46.5 ملین روپے رہا۔ اس کی اہم وجہ کاروبار کے چند متفرق طبقات کے علاوہ دیگر تمام طبقات میں نقصان کا کم تر تناسب رہا۔ کمپنی نے اس بات کا بھی مشاہدہ کیا کہ 31 دسمبر 2015 کو ختم ہونے والے سال میں گزشتہ سال کی نسبت امن و امان کی صورت حال میں بہتری آنے کی وجہ سے گاڑی چوری ہونے کے سلسلے میں کیے جانے والے کم کلیم رونما ہوئے یا سامنے آئے۔ بیمہ سے متعلق ہدایات سخت کردی گئیں ہیں اور منتخب کردہ زیادہ رسک والے کاروبار کے لیے ریٹ پھر سے متعین کئے گئے ہیں۔

نیٹ کمیشن کی مد میں مالیت 13.7 ملین روپوں سے بڑھا کر 19.4 ملین روپے کردی گئی ہے۔ مینجمنٹ اور عمومی اور انتظامی معاملات کے ضمن میں ہونے والے اخراجات 202.3 ملین روپوں سے کم ہو کر 155.3 ملین روپے پر آ گئے اور ایسا مجموعی تحریری پریمیم میں کمی کی وجہ سے ممکن ہو سکا۔ فی الوقت کمپنی سرمایہ کاری کے سلسلے میں اعتدال پسندانہ حکمت عملی پر عمل پیرا ہے جس میں اس کا بنیادی مقصد سرمایہ کا تحفظ، لیکویڈیٹی کا باقی رکھنا اور لمبے دورانیے کے لیے آمدنی کے پائیدار داخلی بہاؤ کا قیام ہے۔ مارکیٹ میں ہونے والے اتار چڑھاؤ کی وجہ سے سرمائے پر ہونیوالی نیٹ آمدنی میں کمی واقع ہوئی ہے۔

سال کے دوران آپ کی کمپنی کا اختیار سرمایہ 0.5 بلین روپوں سے بڑھا کر 1.25 بلین روپے کر دیا گیا جس کی باضابطہ طور پر منظوری متعلقہ حکام نے دی۔

31 دسمبر 2015 کو اختتام پذیر ہونیوالے سال بعد از ٹیکس نقصان کی رقم 34.7 ملین روپے رہی جو کہ پہلے اسی عرصے کے دوران 130.9 ملین

روپے رہی تھی۔ آپکی کمپنی کی انتظامیہ ٹھوس اقدامات کر رہی ہے اور مستقبل میں بہتر کارکردگی کے حصول کے لیے جدوجہد میں مصروف ہے۔ کمپنی کی اصل قوت اسکی بلند حوصلہ اور محنتی ٹیم ہے۔ مندی میں پائے جانے والے مواقع سے فائدہ اٹھانے کے لیے چیلنج سے بھرپور اور جارحانہ اہداف کا تعین کر کے مارکیٹنگ کی کوششیں کی جا رہی ہیں۔ بیمہ کے حوالے سے ان کے معاملات میں بہتری لائی گئی ہے تاکہ تیز تر سپائس اور آپٹیمیل پرائسنگ کے دونوں مقاصد پورے کیے جاسکیں۔

سال 2015 اور اس کے پچھلے سال کا مجموعی تحریری پریمیم کی مد میں تقابل درج ذیل ہے:

2014		2015		
پورٹ فولیو کمس (%)	مالیت (روپے ملین میں)	پورٹ فولیو کمس (%)	مالیت (روپے ملین میں)	
30.7	156.0	60.8	244.9	آگ اور جائیداد
10.5	53.2	5.3	21.2	آبی، ہوائی اور نقل و حمل
33.9	172.5	13.7	55.0	موٹر
7.6	38.7	4.8	19.3	حادثہ اور صحت
17.3	87.8	15.4	62.1	متفرق
100.0	508.2	100.0	402.5	کل

دعوؤں کے تصفیے:

دعوؤں کے فوری تصفیے کرنا اور گاہک کو مطمئن کرنا انتظامیہ کی اولین ترجیح ہے۔ کمپنی کی کوشش رہتی ہے کہ بیمہ دار کے نقصان کے عوض اسکے معاوضے کی فوری فراہمی کو یقینی بنایا جائے۔ یہ سب سے اہم جز ہے جو انشورنس کمپنی کے معزز کلائنٹس کی نگاہوں میں کمپنی کا اچھا تاثر قائم کرتا ہے اور اسکی ساکھ کو استحکام بخشتا ہے جو انشورنس کے کاروبار کے لیے کلیدی حیثیت رکھتا ہے۔

ری انشورنس کے معاہدے:

اس ضمن میں کمپنی کے دنیا بھر کے صف اول کی کمپنیوں کے ساتھ روابط ہیں۔ چونکہ روایتی انواع کاروبار کی بیمہ گنجائش کے سلسلے میں رسک 2015 میں یکساں رہا لہذا کمپنی اس قابل ہے کہ بڑے خطرات سے متعلق بیمہ کر سکے۔ ہم اپنے تمام ری انشورنس کے ان کی غیر متزلزل اعانت اور مسلسل تعاون کی وجہ سے شکرگزار ہیں۔

بیمہ کار کی مالیاتی طاقت کی درجہ بندی:

JCR VIS نے کمپنی کو اس درجہ بندی کے تحت 'BBB+' تفویض کیا اور اسکے 07 اپریل 2016 کو کریڈٹ اسٹار انشورنس لمیٹڈ کے ساتھ ممکنہ

طور پر ضم کیے جانے کے عوامی نوٹس کی وجہ سے ”ریٹنگ واچ ڈویلپنگ“ کا درجہ عطا کیا۔

بیرونی آڈٹ:

سالانہ جنرل اجلاس کے خاتمے پر آڈیٹرز منیف ضیا الدین اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں۔ اہل ہونے کے ناطے انہوں نے خود کو دوبارہ تقرر کیے جانے کی پیشکش کی ہے۔ بورڈ نے آڈٹ کمیٹی کی سفارش انکی دوبارہ تقرری کی تجویز دے دی ہے۔

2015ء کے دوران آڈیٹرز نے اپنی رپورٹ میں سالوینسی کی ضروریات میں پائے جانے والے خلج پر زور دیا۔ نوٹ 1.2 اور 1.3 پر رجوع کریں۔

انٹرنل/اندرونی آڈٹ:

کمپنی کا بورڈ انٹرنل آڈٹ کے شعبے کی سرگرمیوں کو انتظامیہ کی تمام سطحوں کے لیے خدمات کے طور پر فراہم کیے جانے کو باریک بینی سے دیکھتا ہے۔ خود مختار طور پر کام کرنے والے انٹرنل آڈٹ کے شعبے کا اصل مقصد بورڈ اور انتظامیہ کو یہ یقین دہانی کرانا ہے کہ انٹرنل کنٹرول کا موجودہ نظام مناسب ہے اور تسلی بخش طور پر فعال ہے۔ اندرونی کنسلٹنٹ کے طور پر اندرونی آڈٹ کا شعبہ کمپنی کے افعال میں چارچاند لگا دیتا ہے اور بہتر کارکردگی کے لیے تجاویز اور سفارشات دیتا ہے۔

کارپوریٹ اور مالیاتی احوال کے ڈھانچے کا بیان:

کارپوریٹ قوانین کے تحت بنائے گئے قواعد و ضوابط کمپنی کے بورڈ آف ڈائریکٹرز کے تمام تر افعال کا احاطہ کیے ہوئے ہیں۔ کارپوریٹ گورننس کے ضوابط میں اپنی مذکورہ ذمہ داریوں سے بورڈ مکمل طور پر آگاہ ہے، جسکی ہدایت سیکوریٹی اینڈ ایکسچینج کمیشن آف پاکستان نے بھی کی اور جسے اسٹاک ایکسچینج نے تمام رجسٹرڈ کمپنیوں کے لیے لازم قرار دیا اور وہ یہ تصدیق کرتے ہوئے خوشی محسوس کرتے ہیں کہ:

1- کمپنی کی جانب سے تیار کردہ مالیاتی اسٹیٹمنٹ اسکے تمام اُمور، افعال کے نتیجے، نقدی، بہاؤ اور ایکویٹی میں کی جانے یا ہونے والی تبدیلیوں کی صحیح عکاسی کرتی ہیں۔

2- 1984ء کے کمپنی آرڈیننس کے مطابق کمپنی نے اپنے حسابات کا مکمل اور باقاعدہ اندراج کر رکھا ہے۔

3- کمپنی نے مالیاتی اسٹیٹمنٹ کی تیاری کے سلسلے میں اکاؤنٹنگ کی پالیسیوں پر باقاعدگی سے عمل کیا ہے۔ جہاں جہاں تبدیلیاں کی گئیں انکو مناسب طور پر ظاہر کیا گیا ہے اور حسابات کے اندازے لگاتے ہوئے احتیاط سے کام لیا گیا ہے۔

4- پاکستان میں نافذ کردہ مصدقہ اکاؤنٹنگ معیارات پر عمل پیرا ہوتے ہوئے مالیاتی اسٹیٹمنٹ کی تیاری عمل میں لائی گئی ہے اور جہاں کہیں ان معیارات کو مدنظر نہیں رکھا جاسکا وہاں وہاں مناسب طریقے سے اس بات کی نشاندہی کر دی گئی ہے۔

5- اندرونی کنٹرول کا نظام ڈیزائن کے اعتبار سے اچھا ہے اور اسے مؤثر طریقے سے نافذ کیا گیا اور اسکی نگرانی کی جاتی ہے۔ ایسا نظام اپنی بناوٹ کے اعتبار سے مقاصد کے حصول کے سلسلے میں ہونیوالی ممکنہ ناکامی کے خطرے کو مکمل طور پر ختم کرنے کے بجائے اس کو منظم کرتا ہے اور اپنی نوعیت کے اعتبار سے یہ مادی نقصانات کے حوالے سے قطعی طور پر نہیں بلکہ صرف ایک معقول حد تک یقین دہانی کروا سکتا ہے۔ بورڈ کی جانب سے اندرونی کنٹرول کے نظام کی تاثیر پر نظر ثانی کیے جانے کے معاملے میں بشمول دوسرے اُمور کے مندرجہ ذیل باتوں کا خیال رکھا جاتا ہے:

o ایک بورڈ آڈٹ کمیٹی اپنی جگہ پر موجود ہو جو کمپنی کے اندرونی آڈٹ کے شعبے کے اپنائے جانے والے طریقہ کار پر نظر ثانی کرتا ہے اور بیرونی آڈیٹرز کے ساتھ ان کے تعلق کے دائرہ کار کا جائزہ لیتا ہے۔ بورڈ آڈٹ کمیٹیوں انٹرل آڈٹ کے شعبے اور بیرونی آڈیٹرز سے اندرونی کنٹرول کے نظام سے متعلق رپورٹ بھی حاصل کرتی ہے اور کسی بھی طرح کی شناخت کردہ کمزوریوں کے متعلق بھی آگاہ رہتی ہے۔ مزید یہ کہ کمیٹی توجہ طلب امور پر متعلقہ ایگزیکٹو صاحبان کے ساتھ اقدامات کے سلسلے میں بات چیت بھی کرتی ہے۔ یہ کمیٹی 14 اراکین پر مشتمل ہوتی ہے۔ کمیٹی کا چیئر مین ایک خود مختار غیر ایگزیکٹو، ڈائریکٹر ہوتا ہے اور باقی رہا اراکین بھی غیر ایگزیکٹو، ڈائریکٹر صاحبان ہوتے ہیں۔ سال 2015 کے دوران کمیٹی کے چار اجلاس ہر سہ ماہی میں منعقد کیے گئے اور ان میں حاضری مندرجہ ذیل رہی۔

رکن کا نام	شرکت کردہ اجلاسوں کی تعداد
جناب مظفر علی شاہ بخاری (چیئر مین)	3
جناب ابوالاحمد	3
جناب غلام محمد	4
جناب منور علی قاسم	3

- جو اراکین اجلاس میں حاضر ہونے سے قاصر رہے ان کو چھٹی کے سلسلے میں رعایت دے دی گئی۔
- o ایک تنظیمی ڈھانچہ قائم کر دیا گیا ہے جو وفد کے ساتھ ذمہ داری اور جوابدہی کے معاملات کو مد نظر رکھتے ہوئے شفاف طرز رابطہ کی حمایت کرتا ہے۔
- o سالانہ بجٹنگ اور حکمت عملی کی منصوبہ بندی کی جاتی ہے اور مالیاتی پیشگوئیاں کی جاتی ہیں اور ان حکمت عملیوں کا ہر سال پھر جائزہ لیا جاتا ہے تاکہ کاروباری ماحول کا واقع ہونے والی واضح تبدیلیوں کی عکاسی کی جاسکے۔
- 6- حالیہ تشویش کے معاملات پر غور و فکر کرنے کے لیے کمپنی کی صلاحیت پر کسی قسم کا کوئی شبہ نہیں ہے۔
- 7- آپ کی کمپنی کے ڈائریکٹر حضرات یہ محسوس کرتے ہیں کہ مستقبل میں نشوونما پانے کے لیے سرمائے کا باقی رکھا جانا انتہائی ضروری ہے۔ لہذا رواں سال کے لیے کسی ڈیوڈنڈ کا اعلان نہیں کیا گیا۔
- 8- کمپنی نے کارپوریٹ گورننس کے ضابطے کے بہترین طریقوں کو اختیار کیا اور اس سے کسی قسم کی روگردانی نہیں کی گئی ہے
- 9- پچھلے 6 سالوں کا اہم فعلی اور مالیاتی ڈیٹا اس رپورٹ کے ساتھ منسلک کر دیا گیا ہے۔
- 10- 31 دسمبر 2015 تک آڈٹ شدہ مالیاتی اسٹیٹمنٹس کی رو سے سرمائے کی قدر بشمول پراویڈنٹ فنڈ کی جمع شدہ آمدنی کے 16.7 ملین روپے ہے (2014: آڈٹ شدہ رقم 29.0 ملین روپے)۔ اسی طرح آڈٹ شدہ مالیاتی اسٹیٹمنٹس کے مطابق سرمائے کی قدر بشمول گریجویٹ فنڈ کی جمع شدہ آمدنی کے 31 دسمبر 2014 تک 20.8 ملین روپے رہی (2015: غیر آڈٹ شدہ رقم 17.5 ملین روپے)۔
- 11- متعلقہ فریقین کے لین دین کے معاملات بورڈ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کے منظور شدہ ہیں۔
- 12- سرمایہ کاری کرنے یا نہ کرنے سے متعلق تمام اہم فیصلے اور پالیسیوں میں تبدیلی، سرمایہ کاری کمیٹی یا بورڈ آف ڈائریکٹرز کی طرف سے کیے جاتے ہیں۔
- 13- CEO، CFO، کمپنی سیکریٹری اور اندرونی آڈٹ کے سربراہ کی تقرریوں کے فیصلے اور معاوضوں کا طے کرنا یا ان میں تبدیلی کرنے کے امور کی منظوری بورڈ دیتا ہے۔

14- واجب الادائیکسوں اور فرائض کا تذکرہ مالیاتی اسٹیٹمنٹ میں کیا جاتا ہے۔

بورڈ آف ڈائریکٹرز:

یہ بورڈ 8 غیر ایگزیکٹو ڈائریکٹرز پر مشتمل ہوتا ہے جن میں ایک خود مختار ڈائریکٹر اور ایک ایگزیکٹو ڈائریکٹر شامل ہوتے ہیں۔

سال کے دوران دس اجلاس منعقد کیے گئے جن میں حاضری مندرجہ ذیل رہی۔

نام	دوران ڈائریکٹر شپ حاضر ہو سکے والے اجلاسوں کی تعداد	شرکت کردہ اجلاسوں کی تعداد
جناب ارشد علی شعبان علی قاسم (چیرمین)	10	10
جناب شاہد احمد	10	06
جناب ابوالاحمد	10	09
جناب منور علی قاسم	10	10
مس عائشہ محمد	10	05
جناب غلام محمد	10	10
جناب خالد نواز اعوان	10	07
جناب مظفر علی شاہ بخاری	10	04
جناب افروز قریشی (ایم ڈی اور چیف ایگزیکٹو افسر)	05	05
جناب جلیس احمد صدیقی (ایم ڈی اور چیف ایگزیکٹو افسر)	05	05

بورڈ نے 22 جولائی 2015 کو ایم ڈی اور چیف ایگزیکٹو افسر جناب افروز قریشی کا استعفیٰ قبول کیا۔ اس اچانک سے خالی ہو جانے والی آسامی کو پُر کرنے کے لیے نئے ایم ڈی اور چیف ایگزیکٹو افسر جناب جلیس احمد صدیقی کا 22 جولائی 2015 کو تقرر کیا گیا۔ بورڈ نے جناب خالد نواز اعوان، مس عائشہ محمد اور جناب غلام محمد کے استعفیٰ بالترتیب 22 مارچ 2016، 24 مارچ 2016 اور 31 مارچ 2016ء کو قبول کیے اور ان خالی ہونے والی جگہوں کو پُر کرنے کے لیے 90 روز کی حد کے اندر نئے ڈائریکٹرز کا تقرر کرے گا۔

ایسے ڈائریکٹر جو اجلاس میں شرکت نہ کر سکے ان کو چھٹی کے سلسلے میں رعایت کردی گئی۔

بورڈ نے ایک متفقہ سوالنامے کے ذریعے خود کی کارکردگی کا اندازہ لگانے کے لیے ایک طریقہ کار وضع کر کے اسے اختیار کیا ہے۔ یہ طریقہ کار بورڈ کے معاملات اور اس میں مزید بہتری پیدا کرنے کے لیے ابھرتے ہوئے اور معروف رجحانات پر مبنی ہے اور یہ عمل ہر سال کیا جاتا ہے۔ مینیجنگ ڈائریکٹر کی کارکردگی کی نگرانی اور اس کا جائزہ بورڈ اسے تفویض کردہ فرائض کے حوالے سے لیتا ہے۔

بورڈ کمیٹی کے اجلاس:

بورڈ کی سطح پر موثر کنٹرول اور کام کے بہتر طور پر انجام دہی کے لیے کئی کمیٹیاں قائم کی گئی ہیں۔

انسانی وسائل اور معاوضہ کمیٹی:

سال 2015ء کے دوران اس کمیٹی کے دو اجلاس منعقد کیے گئے جن میں حاضری مندرجہ ذیل رہی:

حاضری

2	مس عائشہ محمد
1	جناب خالد نواز اعوان
2	جناب منور علی قاسم
2	جناب افروز قریشی

سرمایہ کاری کمیٹی:

سال 2015ء کے دوران تین اجلاسوں میں مندرجہ ذیل حاضری رہی۔

حاضری

3	جناب ابوالاحمد (چیئر مین)
2	جناب ارشاد علی شعبان علی قاسم
2	جناب خالد نواز اعوان
2	جناب افروز قریشی
1	جناب جلیس احمد صدیقی

بیمہ کمیٹی:

سال 2015ء کے دوران بیمہ کمیٹی کے چار اجلاسوں میں حاضری کچھ یوں رہی:

حاضری

4	جناب ارشاد علی شعبان علی قاسم
2	جناب افروز قریشی
1	جناب جلیس احمد صدیقی

دعویٰ کمیٹی:

2015ء کے دوران دعویٰ کمیٹی کے چار اجلاسوں میں حاضری مندرجہ ذیل رہی:

حاضری

4	جناب ایوا احمد
2	جناب افروز قریشی
1	جناب چلیس احمد صدیقی

کوانٹورنس اور ری انشورنس کمیٹی:

سال 2015ء کے دوران اس کمیٹی کے چار اجلاسوں میں حاضری مندرجہ ذیل رہی:

حاضری

4	جناب ارشاد علی شعبان علی قاسم
2	جناب افروز قریشی
1	جناب چلیس احمد صدیقی

شیر ہولڈنگ کا نمونہ:

اس رپورٹ کے ساتھ ایسے نمونہ کے اظہار کے لیے ایک اسٹیٹمنٹ منسلک کر دی گئی ہے۔

کمپنی کے حصص کی تجارت:

کمپنی کے حصص کے حوالے سے ڈائریکٹر، چیف ایگزیکٹو افسر، اور ایگزیکٹو اور ایسے تمام ملازمین جن کی بنیادی تنخواہ پانچ لاکھ یا اس سے زیادہ ہے کی جانب سے یا ان کے شریک حیات یا نابالغ بچوں کی جانب سے کوئی تجارت نہیں کی گئی۔

کارپوریٹ گورننس کے ضابطے کی تعمیل:

اشاک ایکسچینج کی جانب سے 31 دسمبر 2015 کو ختم ہونے والے سال کے حوالے سے مقرر کردہ ضابطے کی ضروریات کا مکمل خیال رکھا گیا۔ اس ضمن میں ایک اسٹیٹمنٹ اس رپورٹ کے ساتھ منسلک کر دی گئی ہے۔

ضابطہ اخلاق:

بورڈ نے ڈائریکٹر اور ملازمین کے لیے ضابطہ اخلاق کا ایک طریقہ کار اپنایا ہوا ہے، اس طریقہ کار کی تعمیل کروانا کمپنی کے ذمہ ہے۔ انشورنس آرڈیننس 2000ء کے سیکشن (6) 46 کے تحت سند برائے ڈائریکٹر و پرنسپل افسر۔

ہم تصدیق کرتے ہیں کہ:

(a) ہماری رائے میں اسٹیٹمنٹ کے ساتھ منسلکہ فارمز میں ذکر کیے گئے کمپنی کے سالانہ قانونی اکاؤنٹس مندرجہ ذیل قوانین سے مطابقت رکھنے کے لحاظ سے

- تیار کیے گئے ہیں۔ (مالی تفصیلات کے نوٹ 1.2 پر رجوع کریں)
- (b) کمپنی نے سال کے دوران تمام اوقات میں ادا شدہ سرمایہ، سالوینسی (مالی تفصیلات کے نوٹ 1.2 پر رجوع کریں) اور ری انشورنس کے انتظامات سے متعلق قوانین کی تمام دفعات کی پابندی کی ہے۔
- (c) کمپنی تاحال ادا شدہ سرمایہ، سالوینسی (مالی تفصیلات کے نوٹ 1.2 پر رجوع کریں) اور ری انشورنس کے انتظامات کے سلسلے میں تمام قوانین کی دفعات کی تعمیل/ پاسداری کر رہا ہے۔

ڈائریکٹرز کی تربیت کا پروگرام:

دو ڈائریکٹرز جناب ارشاد علی شعبان علی قاسم اور جناب منور علی قاسم ڈائریکٹرز تربیتی پروگرام میں شمولیت کی شرط سے مستثنیٰ ہیں جن میں سے ایک نے پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس کی جانب سے منعقدہ ”خود مختار ڈائریکٹر کے کردار“ کی سند بھی حاصل کر رکھی ہے اور ایک ڈائریکٹر جناب شاہد احمد پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس ہی کے سند یافتہ ڈائریکٹر ہیں۔

سال 2015ء کے دوران ہمارے سابقہ ایم ڈی اور چیف ایگزیکٹو افسر جناب افروز قریشی نے ICMAP سے ڈائریکٹرز تربیتی پروگرام کی سند حاصل کی۔ ہمارے موجودہ ایم ڈی اور چیف ایگزیکٹو افسر جناب جلیس احمد صدیقی نے پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس کی ڈائریکٹرز تربیتی پروگرام کی سند حاصل کی ہے۔

مستقبل کی منصوبہ بندی/نشوونما:

انضمام کیے جانے کی بدولت کمپنی کی سالوینسی کے معاملات کو بہتر کر دے گی ساتھ ہی کاروبار صحیح طور پر پروان چڑھ پائے گا اور کمپنی کی درجہ بندی میں بہتری آئی گی جسکی وجہ سے کاروباری نقصان کم ہو جائے گا، اٹھائے جانے والے اقدامات نتیجہ خیز ثابت ہونگے، کمپنی منافع بخش ہو جائے گی اور حصص یافتہ افراد کو انکی سرمایہ کاری کے عوض اچھے ریٹرن کی فراہمی یقینی ہو جائے گی۔

ہماری نئے کاروبار کو حاصل کرنے اور ترقی پانے کی قابلیت ہمیں یہ اعتماد بخشتی ہے کہ جن میدانوں کو ہم نے اپنی سرگرمیوں کے لیے منتخب کیا ہے وہ کمپنی کے لیے بالکل صحیح ہیں۔ مروجہ کاروباری حالات اور انتہائی حد تک مسابقتی انشورنس مارکیٹ آنے والے وقت میں بھی چیلنجز دیتی رہے گی۔ بہر حال ہم نے جو طریقہ کار اپنا رکھا ہے وہ کاروبار کو منافع بخش اور اسے ترقی دینے میں مدد دے گا۔

اعتراف:

بورڈ آف ڈائریکٹرز کمپنی کے محترم کلائنٹس، ری انشورنس، بروکر حضرات، کاروبار میں شریک افراد اور دیگر اسٹیک ہولڈرز کے لیے اپنی قدردانی کا اظہار کرتا ہے۔ بورڈ سیکورٹی اینڈ ایگزیکٹو کمیشن آف پاکستان، اسٹاک ایکسچینج اور سینٹرل ڈپازٹری کمپنی کا بھی انکی جانب سے مستقل بنیادوں پر ہدایات اور مدد کی فراہمی پر شکریہ ادا کرتا ہے۔ کمپنی کی کامیابیوں کا سفر اپنے مستقل مزاج اور محنتی ملازمین کی محنت اور لگن کے بغیر ممکن نہ ہوتا اور یہ ملازمین بورڈ کی طرف سے خصوصی داد اور قدردانی کے مستحق ہیں۔

جلیس احمد صدیقی
ایم ڈی اور چیف ایگزیکٹو افسر

ارشاد علی شعبان علی قاسم
چیئر مین

کراچی: 06 مئی، 2016

Proxy Form

Annual General Meeting

I / We _____
of _____ being a member of PICIC Insurance Limited
and holder of _____ Ordinary shares as per
Registered Folio No _____ and
/ or CDC Participant I.D. No _____ Sub-Account No _____
CNIC No _____ or Passport No _____
Hereby appoint _____ of _____ who
is also a member of the company, Folio No _____ or failing
him / her _____ of _____ as my
/ our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 12th Annual
General Meeting of the Company to be held on Tuesday, May 31, 2016 at 10:00 a.m. at the Institute of Chartered
Accountants of Pakistan (ICAP) Auditorium, Chartered Accountants Avenue, Near Teen Talwar, Clifton, Karachi
and at any adjournment thereof.

Signed this _____ day of _____ 2016.

1. Witness:

Signature _____

Name _____

Address _____

CNIC or Passport No _____

Rupee Five
Revenue
Stamp

Signature of Shareholder

2. Witness:

Signature _____

Name _____

Address _____

CNIC or Passport No _____

Notes:

1. This form of Proxy, duly completed, must be deposited at the Company's Registered Office at 1204, 12th Floor, Emerald Towers, Clifton, Block-5, Karachi not later than 48 hours before the time appointed for the meeting.
2. CDC Shareholders and their Proxies are each requested to attach attested photocopy of their Computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the Company.
3. CDC Shareholders or their Proxies are requested to bring with them their Original Computerized National Identity Card or Passport along with the Participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.

فارم برائے قائم مقام/متبادل

سالانہ اجلاس عامہ

میں/ہم _____
 پتہ: _____
 PICIC انشورنس لمیٹڈ کے ممبر ہونے کے ناطے اپنا/اپنے مندرجہ ذیل قائم مقام/متبادل مقرر کرتا ہوں/کرتے ہیں۔
 نام (جناب/محترمہ) _____
 پتہ: _____
 اور اُن کی غیر موجودگی میں جناب/محترمہ _____
 پتہ: _____
 میری/ہماری غیر موجودگی میں بطور قائم مقام/متبادل کمپنی کی 12 ویں سالانہ جنرل میٹنگ میں شرکت کریں گے، جو بروز منگل 31 مئی 2016ء کو بوقت 10:00 بجے صبح آڈیٹوریم، انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP)، چارٹرڈ اکاؤنٹنٹس ایونیو، نزد تین تلوار، کلفٹن، کراچی میں منعقد ہوگی۔
 اس دستاویز پر مورخہ _____ 2016 کو دستخط ہوئے۔

گواہان:

ریونیو اسٹیٹمپ

شیئر ہولڈر کے دستخط

شیئر ہولڈر کا فوٹو نمبر: _____
 اور/یا CDC _____
 شریک ہونے والے ID نمبر _____
 اور سب اکاؤنٹ نمبر _____

(1) دستخط: _____
 نام: _____
 پتہ: _____
 CNIC یا پاسپورٹ نمبر _____
 (2) دستخط: _____
 نام: _____
 پتہ: _____
 CNIC یا پاسپورٹ نمبر _____

نوٹ:- یہ قائم مقام/متبادل فارم مکمل کر کے میٹنگ کی تاریخ سے 48 گھنٹے پہلے تک کمپنی کے رجسٹرار بمقام 1204، 12 ویں منزل، امرلڈاؤر، کلفٹن، بلاک-5 کراچی کو جمع کروائیں۔
 CDC شیئر ہولڈر اور اُن کے قائم مقام/جانشین ہر ایک سے گزارش ہے کہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ کی فوٹو کاپی اس فارم کے ساتھ کمپنی میں جمع کروائیں۔
 CDC شیئر ہولڈر یا اُن کے قائم مقام سے گزارش ہے کہ اپنے اصلی کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ ہمراہ شرکت کا I.D نمبر اور اپنا اکاؤنٹ نمبر سالانہ جنرل میٹنگ میں شرکت کے لیے آتے ہوئے ساتھ لائیں تاکہ اُن کی شناخت میں آسانی ہو۔



PICIC Insurance Limited
Registered & Head Office

1204, 12th Floor, Emerald Towers, Clifton, Block-5, Karachi - 75600, Pakistan.
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Fax: +92 21 35147656 www.picicinsurance.com