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## Company Information

### Board of Directors

Mr. Irshad Ali Shaban Ali Kassim (Chairman) \*  
 Mr. Abu Ahmed \*\*  
 Mr. Munawar Ali Kassim\*  
 Mr. Muzaffar Ali Shah Bukhari\*  
 Mr. Moiz Ali\*\*  
 Mr. Haji Ashraf Dhedhi\*\*  
 Ms. Nudrat Fatima\*\*  
 Mr. Hafiz Muhammad Hassan Saeed\*\*  
 Mr. Muhammad Abdul Rasheed\*\*  
 Mr. Muhammad Afzal Shehzad\*\*

### Managing Director / CEO

Mr. Moiz Ali

### Board Audit Committee

Mr. Muzaffar Ali Shah Bukhari (Chairman)  
 Mr. Abu Ahmed  
 Mr. Munawar Ali Kassim

### Board Human Resources & Remuneration Committee

Mr. Munawar Ali Kassim (Chairman)  
 Mr. Irshad Ali Shaban Ali Kassim  
 Mr. Moiz Ali

### Acting CFO & Company Secretary

Syed Zaigham Raza

### Auditors

Horwath Hussain Chaudhury & Co.  
 Chartered Accountants

### Legal Advisor

Jameel Khan & Associates

### Bankers

Habib Metropolitan Bank Limited  
 NIB Bank Limited  
 SIB Bank Limited  
 Bank Al Habib Limited

### Shares Registrar

F.D. Registrar Services (SMC- Pvt) Ltd,  
 1705, 17<sup>th</sup> Floor, Salma Trade Tower –A,  
 I.I. Chundrigar Road,  
 Karachi

### Registered & Head Office

3<sup>rd</sup> Floor, Nadir House, I.I. Chundrigar Road,  
 Karachi  
 Tel: 021-32410781  
 Fax: 021-32410782  
[www.piccinsurance.com](http://www.piccinsurance.com)

(\*Continuing till new board takes  
 charges after approval by SECP under  
 sound & prudent management)

(\*\* Appointed however not taken  
 charge pending approval by SECP  
 under sound & prudent management)

## 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

### (Statement of Ethics & Business Practice)

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 honesty, 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.

## **Chairman's Review Report**

I am pleased to present Chairman's Review report as required under section 192 of the Companies Act, 2017.

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of PICIC Insurance Limited has been carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended December 31, 2017, the Board's overall performance and effectiveness has been assessed as satisfactory, it is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business. Improvement is an ongoing process leading to action plans.

The Board of Director of your company received agendas and supporting written material including follow up material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.

I would like to thank my fellow directors who had carried their responsibilities diligently.

**Irshad Ali Shaban Ali Kassim**

Chairman

Karachi- April 3, 2018

## چیئرمین کی جائزہ رپورٹ

سکشن 192 آف کمپنیز ایکٹ 2017 کی ضرورت کے تحت میں چیئرمین کی جائزہ رپورٹ پیش کرنے میں مسرت محسوس کر رہا ہوں۔

کارپوریشن گورننس کے ضابطے کی ضرورت کے لئے پبلک انشورنس لمیٹڈ کے بورڈ کی ایک سالانہ تشخیص رپورٹ تیار کی گئی ہے۔ اس تشخیص کا مقصد اس بات کو یقینی بنانا ہے کہ کمپنی کے مقرر کردہ مقاصد کے مطابق بورڈ کی مجموعی کارکردگی اور اثر انداز ہونے کی صلاحیت کو جانچا جائے اور اسے اجاگر کیا جائے۔

31 دسمبر 2018ء کے اختتامی مالی سال کے لئے بورڈ کی مجموعی کارکردگی اور اثر انداز ہونے کی صلاحیت کو تسلی بخش قرار دیا گیا ہے، یہ مربوط اجزاء کی تشخیص پر مبنی ہے، جس میں نقطہ نظر، مشن اور اقدار، حکمت عملی کی منصوبہ بندی میں دلچسپی، پالیسیوں کی تشکیل، ادارے کے کاروباری سرگرمیوں کی جانچ، مالی وسائل کے انتظام کی دیکھ بھال، موثر مالی نگرانی، تمام ملازمین کا مناسب علاج اور بورڈ کے کاروبار کو فروغ دینے کی صلاحیت، جاری کارروائی کی منصوبہ بندی کے عمل میں اضافہ کرنا شامل ہے۔

آپ کی کمپنی کے بورڈ کے ڈائریکٹرز نے موصول شدہ ایجنڈا اور تحریری مواد کی حمایت کرتے ہوئے بورڈ اور اس کی کمیٹی کے اجلاسوں میں کافی وقت تک وصول شدہ مواد کو اپنانے پر عمل کیا ہے۔ غیر ایگزیکٹو اور خود مختار ڈائریکٹرز مساوی طور پر اہم فیصلوں میں شامل رہے ہیں۔

میں اپنے ساتھی ڈائریکٹرز کا شکریہ ادا کرنا چاہتا ہوں کہ جنہوں نے اپنی ذمہ داریاں پوری مستعدی کے ساتھ سرانجام دی ہیں۔

ارشاد علی شعبان علی قاسم

چیئرمین

کراچی: 3 اپریل 2018



## 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, 2017.

### Message from the Chairman

For the financial year ended December 31, 2017, the Board's overall performance and effectiveness has been assessed as satisfactory, it is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; monitor financial resource management. Improvement is an ongoing process leading to action plans.

The management of the Company decided to withdraw the proposed merger of PICIC Insurance Limited with and into Crescent Star Insurance Limited, keeping in view strategic decision to merge Crescent Star Foods (Pvt) Ltd, (which is a subsidiary of Crescent Star Insurance Ltd) with and into Picic Insurance Ltd subject to all necessary regulatory and corporate approvals. The process of the merger is at advanced stage and the approval for the said merger including that of the SWAP RATIO as per report issued by the auditors of the company, have been approved by the Board and EOGM of the company. The merger is subject to approval of the Honorable High Court of Sindh for which the petition is before the court and will be subject to approval of the Scheme of Amalgamation submitted in the High Court of Sindh with any changes or otherwise as approved by the Court.

Upon the completion of the proposed merger your company will become FMCG with food outlets backed with Franchise Agreements as held by Crescent Star Foods (Pvt) Ltd.

We are confident that once the merger phase, is completed your company can enter into a new phase and a new look. The management is considering all options and working on strategy to turn around the company and recover losses to regain a financial position.

### Future Plan

The management perceives this in the best interest of the Company. For the purpose of the calculation of swap ratio and the filing of the application necessary audit reports have been issued by the auditors. The management had a special audit of the company carried out by the company auditors in June 2017, according to which the Insurance related Assets and Liabilities were calculated and certified by the auditors. Accordingly the process for the transfer of insurance related liabilities has started to meet the requirements of section 9(3) of the Insurance Ordinance 2000. Accordingly Crescent Star Insurance Ltd has agreed to make such provisions. The managements of both companies have approved and agreed a consideration of PKR.69,740,000- as variance as certified by the company auditors. It has been agreed that PIL will issue new additional shares to the tune of 23,246,667 shares at Rs.3/share as OTHER THAN RIGHT, subject to all necessary, legal and regulatory approvals.

Since the company is unable to meet most of the regulatory requirements of the Insurance Ordinance 2000, such as Minimum Paid Up Capital Requirements, Solvency Ratio and submission of required Re Insurance Treaty arrangements, the management feels it necessary to protect the stake holders interest by transferring the insurance related liabilities to another registered insurer (policy holders) and to protect the shareholders interest by making efforts to change the sector of business and keep the company operations as a GOING CONCERN. These efforts are subject to all approvals as may be required and are proposed as the best strategy under the circumstances.

We are confident that once the merger phase, is completed your Company can enter into a new phase and a new look. The management is considering all options and working on strategy to turn around the Company and recover losses to regain a financial position.

### Financial Highlights

The comparative financial highlights of your Company for the year ended December 31, 2017 are as follows:

	2017	2016
	.....Rupees in '000.....	
Gross Premium Written	(511)	(15,375)
Net Premium Revenue	44,643	76,310
Net Claims including IBNR	(48,447)	(20,209)

(Loss) / Profit from underwriting business	(10,795)	24,998
Investment Income	2,395	1,389
Loss after Taxation	(42,231)	(24,881)
Loss per share (Rupees)	(1.21)	(0.71)

Portfolio mix, in terms of gross premium written in the year 2017 as compared to previous year was as follows:

Line of Business	2017		2016	
	Amount (Rupees in M)	Portfolio Mix (%)	Amount (Rupees in M)	Portfolio Mix (%)
Fire and property	(5)	(1.0)	(40.6)	263.6
Marine, Aviation & transport	123	24.1	13.0	(84.4)
Motor	(377)	(73.7)	10.2	(66.2)
Accident & health	(0)	0	(0.2)	1.2
Miscellaneous	(252)	(49.4)	2.2	(14.2)
<b>Total</b>	<b>(511)</b>	<b>100.0</b>	<b>(15.4)</b>	<b>100.0</b>

#### 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. Horwath Hussain Chaudhury & 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 2017. Referred in notes 1.2 & 1.3.

#### 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, effectively implemented and monitored. The process of review will continue to strengthen the system for its effective implementation.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. The Board of Directors does not recommend any Dividend for the year ended December 31, 2017.



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 related parties' transactions are approved or ratified by the Board Audit Committee and the Board of Directors.
11. All major decisions relating to the investments / disinvestments of funds, changes in the policies are taken by the Investment Committee / Board of directors.
12. 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.
13. Outstanding taxes and duties are given in the financial statements.

#### Board Meetings and Attendance

During the year under review four 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)	4	4
Mr. Abu Ahmed	4	2
Mr. Munawar Ali Kassim	4	4
Mr. Muzaffar Ali Shah Bukhari	4	2
Mr. Moiz Ali (Managing Director / CEO)	4	2

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 2017, two meetings of Human Resource and Remuneration Committee were held and attendance was as follows:

##### Attendance

Mr. Munawar Ali Kassim (Chairman)	1
Mr. Irshad Ali Shaban Ali Kassim	1
Mr. Moiz Ali	1

#### Investment Committee

During the year 2017, three meetings were held and attendance was as follows:

##### Attendance

Mr. Abu Ahmed (Chairman)	1
Mr. Irshad Ali Shaban Ali Kassim	1
Mr. Moiz Ali	1

**Underwriting, Claims, Reinsurance, Coinsurance and Risk Management Committees:**

During the year 2017, four meetings of Underwriting Committee were held and attendance was as follows:

**Attendance**

Mr. Irshad Ali Shaban Ali Kassim	1
Mr. Moiz Ali	1
Syed Zaigham Raza	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, 2017, 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:**

- 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;
- 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
- 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.

**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

Karachi: April 03, 2018

## ضابطہ اخلاق

بورڈ نے ڈائریکٹران اور ملازمین کے لئے ایک ضابطہ اخلاق اختیار کیا ہے۔ کمپنی نے ان کی پاسداری کو تسلیم کیا اور ان کی پیروی کی گئی۔

ڈائریکٹران اور پرنسپل آفیسر کا تصدیق نامہ ۲۷ دسمبر ۲۰۱۶ (6) ۱۴۸ ٹرسٹ آرڈیننس ۲۰۰۰ کے تحت

ہم تصدیق کرتے ہیں

- (a) ہماری رائے کے مطابق کمپنی کے سالانہ آئینی مالیاتی گوشوارے جو کہ بنیادی شکل میں منسلک ہیں ان کی تیاری میں آرڈیننس اور دیگر متعلقہ ضوابط کو ملحوظ خاطر رکھا گیا ہے
- (b) کمپنی نے پورے سال ادا شدہ سرمائے، ادائے قرض کی صلاحیت اور دہریہ کارروائیوں کے اہتمام سے متعلق ضوابط اور آرڈیننس کی دفعات کی مکمل پاسداری کی۔
- (c) بیان کی تاریخ کے وقت، کمپنی نے تسلسل کے ساتھ ادا شدہ سرمائے، ادائے قرض کی صلاحیت اور دہریہ کارروائیوں کے اہتمام سے متعلق ضوابط اور آرڈیننس کی دفعات کی مکمل پاسداری کی۔

## تسلیمات

بورڈ آف ڈائریکٹران اپنی غلصہ نہ تہنیت کمپنی کے قابل قدر کاموں، دہریہ سرمائے، بروکرز، کاروباری شراکت داروں اور دیگر مستفیدان کو پیش کرتا ہے۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹاک ایکسچینج اور سینٹرل ڈپازٹری کمپنی کی مسلسل رہنمائی اور تعاون پر بھی بورڈ ان کا شکریہ ادا کرتا ہے۔ کمپنی کو یہ کامیابیوں حاصل نہ ہوتیں اگر کمپنی کے متحرک ملازمین اختلاف محنت اور جدوجہد نہ کرتے، وہ اس موقع پر خصوصی حوصلہ افزائی کے مستحق ہیں۔

ارشاد علی شعبان علی قاسم

چیئرمین

کراچی: ۱۳ اپریل ۲۰۱۸

### انسانی وسائل اور معاوضہ کمیٹی

سال 2017 کے دوران انسانی وسائل اور معاوضہ کمیٹی کے دو اجلاس ہوئے اور ان میں حاضری درج ذیل رہی:

#### حاضری

- |   |                               |
|---|-------------------------------|
| 1 | جناب منور علی قاسم (چیئر مین) |
| 1 | جناب ارشد علی شہبان علی قاسم  |
| 1 | جناب معین علی                 |

### سرمایہ کاری کمیٹی

سال 2017 کے دوران تین اجلاس ہوئے جن میں حاضری درج ذیل رہی:

- |   |                              |
|---|------------------------------|
| 1 | جناب ابو احمد (چیئر مین)     |
| 1 | جناب ارشد علی شہبان علی قاسم |
| 1 | جناب معین علی                |

### ڈمٹوئسی، مطالبات، دہری بیمہ کاری، مشترکہ بیمہ کاری اور خطرات کی منتظم کمیٹی

سال کے دوران ڈمٹوئسی کمیٹی کے چار اجلاس ہوئے اور حاضری درج ذیل رہی:

#### حاضری

- |   |                              |
|---|------------------------------|
| 1 | جناب ارشد علی شہبان علی قاسم |
| 1 | جناب معین علی                |
| 1 | سید ضغم رضا                  |

### کمپنی کے حصص میں خرید و فروخت

ڈائریکٹران، سی ای او اور ایگزیکٹو (جن ملازمین کی تنخواہ 5 لاکھ یا اس سے زیادہ ہو) یا ان کے شریک حیات یا چھوٹے بچوں نے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی۔

### کاروباری نظم و نسق کے ضابطوں کی پاسداری

ضابطہ کی مطلوب بات جن کا تعین اسٹاک ایکسچینج نے اپنے فہرست سازی کے ضوابط میں کیا ہے، جن کا تعلق یکم ستمبر 2017 سے تھا، ان کی مکمل پاسداری کی گئی۔ اس حوالے سے ایک بیان اس رپورٹ کے ساتھ منسلک ہے۔

- 7- بورڈ آف ڈائریکٹرز نے مختصر سال 2017 کے لئے کسی منافع منقسمہ کی سفارش نہیں کی۔
- 8- کمپنی کاروباری نظم و نسق کے بہترین طور طریقوں پر عمل پیرا ہے اور کسی قسم کا کوئی بڑا اصرار نہیں ہوا۔
- 9- گزشتہ چھ سالوں کے مالیاتی اعداد و شمار اس رپورٹ کے ساتھ منسلک ہیں۔
- 10- ملحقہ پارٹنروں کے سودوں کی توثیق یا منظوری بورڈ کی آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کرتے ہیں۔
- 11- فنڈ کی سرمایہ کاری / عدم سرمایہ کاری، پالیسیوں میں تبدیلی سے متعلق تمام بڑے فیصلے سرمایہ کاری کمیٹی / بورڈ آف ڈائریکٹرز کرتے ہیں۔
- 12- سی ای او، سی ایف او اور کمپنی سیکریٹری اور ہیڈ انٹرنل آڈٹ کی تقرری اور ان کے معاوضہ کے تعین یا تبدیلی سے متعلق فیصلے بورڈ کی منظوری سے کئے جاتے ہیں۔

### بورڈ کے اجلاس اور حاضری

جائزہ سال کے دوران چار اجلاس ہوئے اور ان میں حاضری درج ذیل رہی:

نام	اجلاسوں کی تعداد جن میں حاضر ہونا ضروری تھا	حاضر اجلاسوں کی تعداد
جناب ارشد علی شعیان علی قاسم (چیئرمین)	4	4
جناب ابوالجود	4	2
جناب منور علی قاسم	4	4
جناب مظفر علی شاہ بخاری	4	2
جناب معین علی (مینجنگ ڈائریکٹر / سی ای او)	4	2

بورڈ ڈائریکٹر حاضریہ ہو سکے انکی رخصت منظور کر لی گئی۔

بورڈ نے ایک ایسا مکیزم ترتیب دیا ہے جس میں طے شدہ سوالنامے کے ذریعے از خود اپنی کارکردگی کی تشخیص کی جاسکتی ہے۔ یہ مکیزم اس طرح ترتیب دیا گیا ہے کہ جن سے بورڈ کے افعال میں نئے اور قائدانہ رجحانات کا اظہار ہوتا ہے اور جو اس کی اثر پذیریری میں بہتری لاتے ہیں۔ تشخیص کی مشق ہر سال کی جاتی ہے۔

بورڈ کی طے شدہ ملازمتی ذمہ داریوں کے مطابق بورڈ مینیجنگ ڈائریکٹر کی کارکردگی کی تشخیص اور نگرانی کرتا ہے۔

### بورڈ کی کمیٹیوں کے اجلاس

بورڈ نے بورڈ کی سطح پر مختلف کمیٹیاں تشکیل دی ہیں تاکہ موثر انداز میں گرفت رکھی جاسکے اور کاروباری افعال جاری رکھے جاسکے۔

متفرقات	(252)	(49.4)	2.2	(14.2)
کل	(511)	100.0	15.4	100.0

### بیرکار کے مالیاتی استحکام کی درجہ بندی

بے سی آروی آئی ایس نے بیرکار کے مالیاتی استحکام کی درجہ بندی میں پڑیر 'Developing Watch - Developing' کے تحت کمپنی کو 'BBB+' تفویض کیا ہے جس کی بنیادی وجہ عوامی نوٹس ڈریلے کے کریڈٹ اسٹار انشورنس لمیٹڈ کے امکانی الحاق مورخہ اپریل 2016-07 کا اعلان تھا۔

### خارجی آڈیٹر

موجودہ آڈیٹرز، ہورواٹھ سٹین چوہدری اینڈ کو چارٹرڈ اکاؤنٹنٹس آنے والے سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے۔ تقرری کی اہلیت ہونے کے باعث، انہوں نے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ بورڈ نے آڈٹ کمپنی کی تجویز پر ان کی دوبارہ تقرری کر دی ہے۔

آڈیٹرز نے سال 2017 کے دوران قرضہ ادائیگی کی اہلیت کی سطح کو پر کرنے پر زور دیا ہے۔ جس کا حوالہ نوٹ نمبر 3، 1.2 & 2 میں دیا گیا ہے۔

### کار باری اور مالیاتی رپورٹنگ کے طریقہ کاری کے متعلق بیان

ادارتی قوانین، قواعد و ضوابط جو کہ وضع کئے گئے ہیں کمپنی کے بورڈ کے مجموعی افعال میں ان کی عکاسی ہوتی ہے۔ بورڈ اچھے نظم و نسق کے کار باری مضابطوں کے بارے میں مکمل طور پر اپنی ادارتی ذمہ داریوں سے آگاہ ہے جن کی وضاحت سکیو رٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے کی ہے اور جنہیں اسٹاک ایکسچینج نے درج فہرست کمپنیوں کے لئے اختیار کیا ہے اور بخوشی تصدیق کرتا ہے کہ

- 1 کمپنی کی انتظامیہ کی جانب سے تیار کئے گئے مالیاتی گوشوارے کمپنی کا حاکم کار، اس کی سرگرمیوں، امور کے نتائج، حصص میں تبدیلی اور نقد بہاؤ کو متصفانہ طور پر پیش کرتے ہیں۔
- 2 کمپنی کے کھاتوں کی کتابیں کمپنیز آرڈیننس 1984 کے تحت مناسب انداز میں رکھی گئی ہیں۔
- 3 کمپنی کے مالیاتی گوشواروں کی تیاری میں تسلسل کے ساتھ مناسب حساباتی پالیسیاں اختیار کی گئی ہیں۔ جہاں تبدیلیاں ہوتی ہیں ان کو مناسب انداز میں منکشف کیا گیا اور حساباتی تخمینوں کی بنیاد حقائق اور مناسب فیصلوں پر ہے۔
- 4 منظور شدہ رپورٹنگ کے عالمی مالیاتی معیارات (IFRS) جو پاکستان میں نافذ ہیں ان کی مالیاتی گوشواروں کی تیاری میں بیرونی کی گئی ہے اور کسی بھی انحراف کو مناسب انداز میں منکشف کیا گیا ہے۔
- 5 اندرونی گرفت کے نظام کو مضبوط طرز پر بنایا گیا ہے اور اس کا موثر طور پر نفاذ کیا گیا ہے اور نگرانی کی جاتی ہے۔ اس کی نظر ثانی کا مکمل جاری رہتا ہے تاکہ نظام کو مضبوط کرتے ہوئے موثر انداز میں نافذ کیا جائے۔
- 6 کمپنی کے مسلسل چلتے ہوئے ادارے کی حیثیت میں کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔



گیا ہے کہ PIL-3/ روپے فی حصص کے حساب سے 23,246,667 اضافی حصص کا اجراء کرے گی جو RIGHT کے علاوہ ہونگے، بشرطیکہ تمام ضروری، قانونی اور ضابطہ کی منظوریوں حاصل ہو جائیں۔

چونکہ کمپنی انشورنس آرڈیننس 2000 کے بیشتر ضابطوں کی مطابقت پورا کرنے سے قاصر ہے، یعنی کم از کم ادا شدہ سرمائے کی ضروریات، ادائے قرض کی صلاحیت اور وبری بیمہ کاری کے پیناق کے اہتمامات، اس لئے انتظامیہ مستفیدان کے مفادات کے تحفظ کے لئے ضروری سمجھتی ہے کہ کاروباری دائرہ کو تبدیل کر دیا جائے اور اور چلتے ہوئے ادارے کی حیثیت سے اس کے افعال جاری رکھے جائیں۔ یہ کوششیں درکار منظور یوں سے مشروط ہیں اور حالات و واقعات کے پیش نظر بہتر حکمت عملی کے طور پر جو بڑی گئی ہے۔

ہم پر اعتماد ہیں کہ الحاق فیئر کمپل ہوتے ہی آپ کی کمپنی ایک نئے فیئر میں داخل ہو جائے گی اور ایک نیا منظر پیش کرے گا۔ انتظامیہ تمام پہلوؤں پر غور کر رہی ہے اور ایسی حکمت عملی پر کام کر رہی ہے جس سے آپ کی کمپنی میں خوشگوار تبدیلی آئے اور مالی حالت بہتر کر کے خساروں کو کم کیا جاسکے۔

### مالیاتی جھلکیاں

2016	2017	
روپے '000' میں		
(15,375)	(511)	تحریری خام پریمیم
76,310	44,643	خالص پریمیم آمدنی
(48,447)	(20,209)	خالص مطالبات بشمول آئی بی این آر
24,998	(10,795)	منافع بذریعہ سٹوکی کار بار
1,389	2,395	سرمایہ کاری سے آمدنی
(42,317)	24,881	(خسارہ) بعد از ٹیکس
(0.71)	(1.21)	(خسارہ) فی حصص (روپے)

سال 2017 کے پورٹ فولیو ایکس باسٹ تحریری خام پریمیم کا گزشتہ سال کے ساتھ موازنہ ذیل ہے:

2016	2017	
پورٹ فولیو ایکس باسٹ (%)	پورٹ فولیو ایکس باسٹ (%)	کاروباری نوعیت
263.6	(1.0)	آگ اور جانسیاد
(84.4)	24.1	سمندری، ہوائی و نقل و حمل
(66.2)	(73.7)	گازیاں
1.2	(0.2)	حادثہ اور صحت

## ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز اپنی سالانہ رپورٹ کے ساتھ مالیاتی گوشوارے برائے مختتمہ سال 31 دسمبر 2017 پیش کرتے ہوئے اظہارِ مسرت کرتے ہیں۔

### چیرمین کا پیغام

مالیاتی سال مختتمہ 31 دسمبر 2017 کو بورڈ کی مجموعی کارکردگی اور اثر پذیری اطمینان بخش رہی، جس کی بنیاد منفرد اجزاء کی تخصیص پر مبنی جن میں نصب اعلیٰ، مشن اور اقتدار، سکت عملی سے بھرپور منصوبہ بندی، مالیاتی وسائل کی انتظامی نگرانی، شامل ہیں۔ بہتری ایک ایسا مسلسل عمل ہے جس سے خصوصی اہداف کے حصول میں معاونت ہوتی ہے۔

کریڈنٹ اسٹار فوڈز (پرائیویٹ) لمیٹڈ (جو کہ کریڈنٹ اسٹار انشورنس کمپنی لمیٹڈ کی ذیلی کمپنی ہے) PICIC انشورنس لمیٹڈ میں اور اس کے ساتھ الحاق کے اہم ترین فیصلے کے پیش نظر آپ کی کمپنی کی انتظامیہ PICIC انشورنس لمیٹڈ کا کریڈنٹ اسٹار انشورنس لمیٹڈ میں اور اس کے ساتھ الحاق کے فیصلے سے دستبردار ہو گئی ہے، بشرطیکہ تمام ضروری ضابطوں اور اداراتی منظور پائے حاصل ہو جائیں۔ الحاق کا عمل آخری مراحل میں ہے اور مذکورہ الحاق کی منظوری بشمول SWAP RATIO جس کا تذکرہ کمپنی کے آڈیٹرز نے اپنی رپورٹ میں کیا ہے، کو بورڈ نے اور کمپنی کے غیر معمولی اجلاس عام میں منظور کر لیا گیا ہے۔ الحاق معزز عدالت عالیہ سندھ کی منظوری سے مشروط ہے جس کے لئے عدالت کے رد و ایک عرضی دائر کر دی گئی اور یہ ادغامی اسکیم سے کی منظوری مشروط ہے جسے عدالت عالیہ سندھ تہہ بلیوں یا بغیر تہہ بلیوں کے منظور کرے گی۔

جوزہ الحاق مکمل ہونے کے بعد آپ کی کمپنی FMCG بن جائے گی جس کی غذائی اشیاء کے آؤٹ لیٹس کے لئے کریڈنٹ اسٹار فوڈز (پرائیویٹ) لمیٹڈ سے فرنیچر معاہدے کئے جائیں گے۔

ہم پر اعتماد ہیں کہ الحاق فیر مکمل ہوتے ہی آپ کی کمپنی ایک نئے فیز میں داخل ہو جائے گی اور ایک نیا منظر پیش کرے گا۔ انتظامیہ تمام پہلوؤں پر غور کر رہی ہے اور ایسی حکمت عملی پر کام کر رہی ہے جس سے آپ کی کمپنی میں خوشگوار تبدیلی آئے اور مالی حالت بہتر کر کے خساروں کو کم کیا جاسکے۔

### مستقبل کے منصوبے

انتظامیہ سمجھتی ہے کہ ایسا کرنا کمپنی کے بہترین مفاد میں ہے۔ مبادلہ کے تناسب کا تخمینہ لگانے اور درخواست دائر کرنے کے لئے ضروری آؤٹ رپورٹس آڈیٹرز نے جاری کر دی ہیں۔ انتظامیہ نے کمپنی کے آڈیٹرز سے ایک خصوصی آؤٹ کروایا ہے، جس میں بیہ کاری سے متعلق اجازتوں اور وجوہات کا تخمینہ لگایا گیا ہے اور اس کی تصدیق آڈیٹرز نے کی ہے۔ لہذا بیہ کاری سے متعلق اجازت کی منتقلی کا عمل شروع ہو گیا ہے تاکہ انشورنس آرڈیننس 2000 کی مطلوبہ بات کو پورا کیا جاسکے۔ اسی طرح کریڈنٹ اسٹار انشورنس لمیٹڈ بھی کچھ اختصاص فراہم کرنے پر رضامند ہو گئی ہے۔ دونوں کمپنیوں کی انتظامیہ کمپنی کے آڈیٹرز کے تصدیق شدہ فرق یعنی 69,740,000 پاکستان روپے پر متفق ہو گئی ہیں اور انہوں نے منظوری بھی دے دی ہے۔ اس بات پر بھی اتفاق کیا

## Key Financial Highlights

	2017	2016	2015	2014	2013	2012
	(Rupees in thousand)					
Paid up share Capital	350,000	350,000	350,000	350,000	350,000	350,000
Accumulated (loss)	(354,020)	(311,789)	(290,856)	(285,962)	(121,395)	(126,373)
Investment Income	2,353	848	614	7,423	12,014	13,529
Return on bank balances	42	541	2,507	4,744	13,130	25,899
Total Assets	68,604	335,902	607,184	917,184	925,748	972,350
Gross Premiums Written	(511)	(15,375)	402,532	508,247	657,294	594,296
Net Premium Revenue	44,643	76,310	220,426	292,698	322,505	322,840
(Loss) / Profit from underwriting business	(10,795)	24,998	71,445	(52,580)	37,187	(11,755)
Net Claims	48,447	20,209	91,135	213,119	177,558	211,887
(Loss) / Profit before Taxation	(41,647)	(24,367)	(9,476)	(130,803)	9,908	(25,819)
Provision for Taxation	(584)	(514)	(357)	(159)	(484)	(660)
(Loss) / Profit after Taxation	(42,231)	(24,881)	(9,833)	(130,962)	9,424	(26,479)
(Loss) / earning per share (in Rupees)	(1.21)	(0.71)	(0.28)	(3.74)	0.27	(0.76)

## Pattern of Shareholding

As at December 31, 2017

Shareholder's Category	Number of Shareholders	Number of Shares Held
<b>Associated Companies, Undertakings and Related Parties.</b>		
KM Enterprises (Pvt.) Limited	1	11,340,838
<b>Mutual Funds</b>		
Asian Stock Fund Ltd	1	6
Safeway Mutual Fund Limited	1	19
Goldeun Arrow Selected Stocks Fund Ltd	1	22
Prudential Stocks Funds Limited	1	35
PICIC Benovolent Fund-2	1	44
<b>Directors, Chief Executive Officer, and their spouse minor children.</b>		
Mr. Irshad Ali Shaban Ali Kassim	1	1,000
Mr. Munamer Ali Kassim	1	1,000
Mr. Muzaffar Ali Shah Bukhari	1	500
<b>Public Sector Companies &amp; Corporations</b>	2	4,751,760
<b>Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Mudaraba and Pension Fund</b>	26	142,363
<b>Shareholder Holding five percent or more voting Rights in the Listed Company</b>		
KM Enterprises (Pvt.) Limited		11,340,838
State Life Insurance Corp. Of Pakistan		3,895,970
Arshad Hussain Laghari		6,790,000

## Pattern of Shareholding Additional Information

As at December 31, 2017

Shareholder's Category	Number of Shareholders	Number of Shares	Percentage
<b>Directors, Chief Executive Officer, and their spouse minor children.</b>			
Mr. Irshad Ali Shaban Ali Kassim	1	1,000	0.00
Mr. Munamir Ali Kassim	1	1,000	0.00
Mr. Muzaffar Ali Shah Bukhari	1	500	0.00
<b>Associated Companies, Undertakings and Related Parties.</b>			
KM Enterprises (Pvt.) Limited	1	11,340,838	32.40
Banks Development Financial Institution, Non Banking Financial Institution	13	6,582	0.02
Insurance Companies	9	4,887,281	13.96
Modarabas & Mutual Funds	12	386	0.00
Joint Stock Companies	73	2,018,331	5.77
Share holders holding 10%	2	15,236,808	43.53
Individuals	3,253	16,689,250	47.68
Others	25	54,832	0.16
<b>Total (excluding : share holders holding 10%)</b>	<b>3,389</b>	<b>35,000,000</b>	<b>100</b>

## Pattern of Shareholding

As at December 31, 2017

Number Of Shareholders	No. Of Sharesholding		Number Of Shares
	From	To	
1,850	1	100	44,715
584	101	500	156,902
225	501	1,000	194,365
422	1,001	5,000	1,141,918
126	5,001	10,000	1,039,142
42	10,001	15,000	558,900
33	15,001	20,000	616,784
31	20,001	25,000	715,440
7	25,001	30,000	197,000
9	30,001	35,000	298,751
8	35,001	40,000	314,032
6	40,001	45,000	260,000
10	45,001	50,000	493,005
1	50,001	55,000	51,500
2	55,001	60,000	117,000
4	60,001	65,000	247,722
2	65,001	70,000	136,000
3	70,001	75,000	222,000
1	75,001	80,000	80,000
1	85,001	90,000	87,701
1	90,001	95,000	94,000
4	95,001	100,000	400,000
1	130,001	135,000	131,297
1	145,001	150,000	150,000
1	170,001	175,000	174,500
2	185,001	190,000	377,500
1	210,001	215,000	214,000
1	220,001	225,000	220,500
1	295,001	300,000	300,000
1	360,001	365,000	365,000
1	415,001	420,000	416,500
1	540,001	545,000	540,500
1	855,001	860,000	855,790
1	1,000,001	1,005,000	1,000,228
1	1,300,001	1,305,000	1,301,000
1	3,895,001	3,900,000	3,895,970
1	6,785,001	6,790,000	6,790,000
1	10,800,001	10,805,000	10,800,338
<b>3,389</b>			<b>35,000,000</b>



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

### For the year ended December 31, 2017

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (The Code) for the purpose of establishing a framework of good governance, whereby the insurer is managed in compliance with the best practices of corporate governance and the Code of Corporate Governance, 2012 (CCG 2012) as contained in regulation No. 5.19.24 of rule book of Pakistan Stock Exchange Limited.

PICIC Insurance Limited has applied the principles contained in the Code in the following manner:

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

Category	Names
Independent Director	Mr. Muzaffar Ali Shan Bukhari Ms. Nudrat Fatima*
Executive Director	Mr. Moiz Ali (CEO)
Non-Executive Directors	Mr. Abu Ahmed* Mr. Irshad Ali Shaban Ali Kassim Mr. Munawar Ali Kassim Mr. Hafiz Muhammad Hassan Saeed* Mr. Muhammad Abdul Rasheed* Mr. Haji Ashraf Dhedhi* Mr. Afzal Shehzad*  *subject to the sound and prudent approval from SECP

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or being a member of stock exchange has been declared as a defaulter by the stock exchange.
4. Casual vacancies occurring on the Board were filled by the directors within 90 days.

5. The Company has prepared a "Statement of Ethics and Business Practices" as 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 Company has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the 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 agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The board has established a system of sound internal control, which is effectively implemented at all levels within the company. The company has adopted and complied with all the necessary aspects of internal control given in the Code.
10. The Company arranged briefing for its directors to appraise them off their duties and responsibilities.
11. There was no new appointment of CFO, Company Secretary and Head of Internal Audit during the year.
12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The Directors, CEO and executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
15. The company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed the following Management and Board Committees:

## Underwriting, Claims, Reinsurance, Coinsurance and Risk Management Committees:

Names	Category
Mr. Irshad Ali Shaban Ali Kassim	Chairman
Mr. Moiz Ali	Member
Syed Zaigham Raza	Member

## Ethics, Human Resource and Remuneration Committee:

Names	Category
Mr. Munawar Ali Kassim	Chairman
Mr. Irshad Ali Shaban Ali Kassim	Member
Mr. Moiz Ali	Member

## Investment Committee:

Names	Category
Mr. Abu Ahmed	Chairman
Mr. Irshad Ali Shaban Ali Kassim	Member
Mr. Moiz Ali	Member

17. The Board has formed an Audit Committee. It presently comprises of three members out of which two are non-executive and the chairman is an independent director. The Composition of the audit committee is as follows:

Names	Category
Mr. Muzaffar Ali Shah Bukhari	Chairman
Mr. Abu Ahmed	Member
Mr. Munawar Ali Kassim	Member

18. The meetings of the committees except Compliance Committee, Ethics, Human Resource and Remuneration Committee and Investment Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by this Code. The terms of references of the Committees have been formed and advised to the Committees for compliance this Code. No meeting of Risk Management & Compliance Committee was conducted as it was formed after the year end.
19. The Chief Executive Officer, Chief Financial Officer, Compliance Officer, Company Secretary and the Head of Internal Audit possess such qualification and experience as is required under this

Code. Moreover, the persons heading the underwriting, claim reinsurance, risk management and grievance function possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Name	Designation	Qualification	Experience
Moiz Ali	Managing Director	B.A	51 Years
Syed Zaigham Raza	Acting CFO / Company Secretary	B.Com	29 Years

20. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors 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 ICAP.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with IFAC guidelines and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The Board ensures that the investment policy of the company has been drawn up in accordance with the provision of the Code of Corporate Governance for Insurers, 2016.
23. The Board ensures that the risk Management system of the company is in the place as per the requirements of the Code of Corporate Governance for Insurers, 2016.
24. The Board ensures that as part of the risk management system, the Company get itself rated from JCR-VIS which is being used by its management function/department and the respective committee as a risk monitoring tool. The rating assigned by the rating agency on December 22, 2014 is "BBB+".
25. The Company has set up Grievance function in compliance with the requirement of the Code of Corporate Governance for Insurers, 2016.
26. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
27. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
28. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner

and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

29. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of the requirement of the Code.
30. We confirm that all other material principles enshrined in the Code have been complied.

For and on behalf of the Board of Directors  
**PICIC Insurance Limited**

**Moiz Ali**  
Managing Director / CEO  
Karachi: April 3, 2018

## Review Report to The Members on Statement of Compliance with Code of Corporate Governance

### For the year ended December 31, 2017

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 2017 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 ensued 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 under taken at arm's length price or not.

Following instances of non-compliance with the requirements of the Code were observed which are not stated in the Statement of Compliance:

Note reference	Description
9	The board has not setup an effective internal control function throughout the year to meet all necessary aspects of internal control given in the code.
10	The Board has not made arrangements to carry out orientation courses on the Code of Corporate Governance for its directors. Furthermore, the directors (excluding exempted directors) have not acquired the mandatory certification of directors training program from the Institutes specified by the SECP.



	company.
18	The board has not setup an effective internal audit function throughout the year.
20	Due to significant reduction of business activity, sizeable number of employees have left the company including, CFO and Head of Internal Audit.
22	The board has not devised investment policy of the Company as per the requirement of the Code of Corporate Governance for the Insurer, 2016.
25	The board has not setup risk management system as per the requirements of the Code of Corporate Governance for insurer 2016.
27	The board has not setup Grievance function in compliance with the requirement of the Code of Corporate Governance for the insurer, 2016

Based on our review, except for the above instances of non-compliances, 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 2017.

**Horwath Hussain Chaudhury & Co.**  
Chartered Accountants  
Karachi

**Date April 3, 2018**

## Auditor's Report to The Members

For the year ended December 31, 2017

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, 2017 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 repealed 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 and, after due verification, we report that;

1. As mentioned in note 1.2 to the financial statements, the Company is not meeting the solvency requirement as at December 31, 2017.
2. The Company has incurred a loss after taxation amounting to Rs.42.231 million during the year and its accumulated losses amounted to Rs. 354.020 million as at December 31, 2017. Further, the operating cash flows of the Company are also negative since 2011. These circumstances, along with the inability of the Company to meet the minimum solvency requirement and sizeable decline in business activities, indicate the material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements have been prepared on a going concern basis however, in our opinion, management's use of the going concern assumption in the financial statements is inappropriate.

In our opinion:

- a. Except for the effects of the matters referred to in paragraph 1 and 2, proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the repealed Companies Ordinance, 1984:
  - b. Except for the effects of the matters referred to in paragraph 1 and 2, the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the repealed Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied
  - c. Due to the significance of the matters referred to in paragraphs 1 and 2 above, the financial statements together with the notes thereon do not present fairly, in all material respects, the state of the company's affairs as at December 31, 2017 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 do not give the information required to be disclosed by the Insurance Ordinance, 2000 and the repealed Companies Ordinance, 1984: and
  - d. No Zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).
- (i) We draw attention to Note 1.4. to the financial statements that the intention of the Management is to transfer the Insurance business of the Company to Crescent Star Insurance Limited which assets and liabilities relating to Insurance business has been transferred. Keeping in line with the above intention the management has commenced proceedings for surrendering the Insurance License. Furthermore, the shareholders of the company has approved in an EOGM dated July 06, 2017 the scheme of merger of PICIC Insurance Limited and Crescent Star Foods (Private) Limited.

Our opinion is not qualified in respect of (i) of above-mentioned matters.

The financial statements of the company for the year ended December 31, 2016 were audited by another firm of chartered accountants; whose report dated May 02, 2017 expressed a qualified opinion on those financial statements.

**Horwath Hussain Chaudhury & Co.**  
Chartered Accountants  
Karachi

**Date April 3, 2018**

## Balance Sheet

As at December 31, 2017

	Note	2017	2016
		----- (Rupees in thousand) -----	
<b>Share capital and reserves</b>			
Authorised share capital			
[125,000,000 (December 31, 2016: 125,000,000)			
Ordinary shares of Rs.10 each]		1,250,000	1,250,000
Paid-up share capital			
[35,000,000 (December 31, 2016: 35,000,000)			
Ordinary shares of Rs.10 each]	7	350,000	350,000
Accumulated losses		(354,020)	(311,789)
		(4,020)	38,211
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		-	112,928
Provision for unearned premium		-	16,625
Commission income unearned		-	4,838
		-	134,391
<b>Creditors and accruals</b>			
Amounts due to other insurers / reinsurers	8	-	118,851
Other creditors and accruals	9	72,429	33,464
Accrued expenses		-	10,790
Unclaimed dividend		195	195
		72,624	163,300
<b>TOTAL LIABILITIES</b>		72,624	297,691
<b>TOTAL EQUITY AND LIABILITIES</b>		68,604	335,902
<b>Contingencies and commitments</b>	10		
The annexed notes 1 to 31 form an integral part of these financial statements.			

Chairman

Director

	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>----- (Rupees in thousand) -----</b>	
<b>Cash and bank deposits</b>	<b>11</b>		
Cash and other equivalents		75	96
Current and other accounts		705	400
Deposits maturing within 12 months		-	-
		<u>780</u>	<u>496</u>
<b>Investments</b>	<b>12</b>	38,208	36,387
<b>Deferred Taxation</b>	<b>13</b>	2,619	2,619
<b>Current Assets - Others</b>			
Premiums due but unpaid	<b>14</b>	-	22,812
Amounts due from other insurers / reinsurers - unsecured		-	147,025
Reinsurance recoveries against outstanding claims		-	57,218
Taxation - payments less provision		26,300	26,300
Deferred commission expense		-	3,494
Prepayments	<b>15</b>	-	19,995
Sundry and other receivables		-	6,168
		<u>26,300</u>	<u>283,012</u>
<b>Fixed assets</b>	<b>16</b>		
<b>Tangible</b>			
Furniture and fixture		1	7,763
Office equipment		54	2,164
Computer equipment		633	1,820
Motor vehicles		9	1,641
<b>Intangible</b>			
Computer software		-	-
		<u>697</u>	<u>13,388</u>
<b>TOTAL ASSETS</b>		<u>68,604</u>	<u>335,902</u>

Director

Managing Director / CEO

Chief Financial Officer

## Profit and Loss Account

For the year ended December 31, 2017

	Note	Fire and property	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Aggregate	
							2017	2016
<hr/> <i>(Rupees in thousand)</i> <hr/>								
<b>Revenue account</b>								
Net premium revenue		10,558	10,345	698	4	23,038	44,643	76,310
Net claims		(11,440)	(13,442)	2,325	21,524	(47,414)	(48,447)	(20,209)
Premium deficiency reversal / (expense)		-	-	-	-	-	-	225
Management expenses	17	(42)	1,122	(3,436)	-	(2,301)	(4,657)	(18,712)
Net commission		110	(3,704)	(135)	-	1,395	(2,334)	(12,616)
		<u>(814)</u>	<u>(5,679)</u>	<u>(548)</u>	<u>21,528</u>	<u>(25,282)</u>	<u>(10,795)</u>	<u>24,998</u>
Net investment income							2,353	848
Return on bank balances							42	541
Gain on disposal of fixed assets							(1,342)	298
Other income							-	-
							<u>(9,742)</u>	<u>26,685</u>
General and administrative expenses	18						(10,814)	(51,011)
Other charges	19						(12)	(41)
Bad debts against premium due but unpaid							(21,079)	-
<b>Loss before tax</b>							<u>(41,647)</u>	<u>(24,367)</u>
<b>Taxation</b>								
	20							
- Current							(584)	(514)
- Deferred							-	-
							<u>(584)</u>	<u>(514)</u>
<b>Loss after tax</b>							<u>(42,231)</u>	<u>(24,881)</u>
<b>Profit and loss appropriation account</b>								
<b>Balance at the commencement of year</b>							(311,789)	(290,856)
Total comprehensive loss for the year							(42,231)	(20,933)
<b>Closing loss appropriation account</b>							<u>(354,020)</u>	<u>(311,789)</u>
<b>Loss per share - basic and diluted (Rupees)</b>								
	21						(1.21)	(0.71)

The annexed notes 1 to 31 form an integral part of these financial statements.

Chairman

Director

Director

Managing Director / CEO

Chief Financial Officer



## Statement of Comprehensive Income

For the year ended December 31, 2017

	2017	2016
	----- <i>(Rupees in thousand)</i> -----	
<b>Net Loss for the year</b>	(42,231)	(24,881)
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurement of post retirement benefits obligations	-	3,948
<b>Total comprehensive loss for the year</b>	<u>(42,231)</u>	<u>(20,933)</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

Chairman

Director

Director

Managing Director / CEO

Chief Financial Officer

## Statement of Changes in Equity

For the year ended December 31, 2017

	Paid-up share capital	Accumulated losses	Total
	<i>----- (Rupees in thousand) -----</i>		
<b>Balance as at January 01, 2016</b>	350,000	(290,856)	59,144
<b>Total comprehensive loss for the year</b>			
Net loss for the year ended December 31, 2016	-	(24,881)	(24,881)
<b>Other comprehensive income for the year</b>			
- Re-measurement of post retirement benefit obligations	-	3,948	3,948
<b>Balance as at December 31, 2016</b>	350,000	(311,789)	38,211
<b>Total comprehensive loss for the year</b>			
Net loss for the year ended December 31, 2017	-	(42,231)	(42,231)
<b>Other comprehensive income for the year</b>			
- Re-measurement of post retirement benefit obligations	-	-	-
<b>Balance as at December 31, 2017</b>	350,000	(354,020)	(4,020)

The annexed notes 1 to 31 form an integral part of these financial statements.

Chairman

Director

Director

Managing Director / CEO

Chief Financial Officer

## Statement of Cash Flows

For the year ended December 31, 2017

**Note**      **2017**      **2016**  
 ----- (Rupees in thousand) -----

<b>OPERATING ACTIVITIES</b>		
<b>a) Underwriting activities</b>		
Premiums received	22,301	49,945
Reinsurance premiums paid	110,123	18,824
Claims paid	(104,157)	(80,887)
Reinsurance and other recoveries received	-	43,404
Commissions paid	(51,705)	(40,223)
Commission received	29	4,182
Net cash inflow from / (used in) underwriting activities	(23,409)	(4,755)
<b>b) Other operating activities</b>		
Income tax paid	(584)	(1,099)
General management expenses paid	28,821	(44,431)
Other operating receipts	7,116	1,169
Bad debts against premium due but unpaid	(21,079)	-
Other charges	(12)	(41)
Net cash used in other operating activities	14,262	(44,402)
<b>Total cash used in operating activities</b>	(9,147)	(49,157)
<b>INVESTMENT ACTIVITIES</b>		
Profit / return received	42	541
Dividend received	2,347	2,056
Payments for investments	(1,815)	16,106
Proceeds from disposal of fixed assets	8,854	537
Fixed capital expenditure	3	1
<b>Total cash generated from investing activities</b>	9,431	19,241
<b>Net cash used in all activities</b>	284	(29,916)
Cash at the beginning of the year	496	30,412
<b>Cash at the end of the year</b>	780	496
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	(9,147)	(49,157)
Depreciation / amortisation	(2,492)	(5,326)
Gain on disposal of fixed assets	(1,342)	298
Investment income	2,353	848
Return on bank balances	42	541
Decrease in assets other than cash	(237,665)	(129,158)
Decrease in liabilities	170,387	83,402
Decrease in unearned premium	35,633	73,671
<b>Loss after taxation</b>	(42,231)	(24,881)
<b>Definition of cash</b>		
Cash comprises of cash in hand and at banks, stamps in hand and short term placements with banks		
<b>Cash for the purpose of statement of cash flows consists of:</b>		
<b>Cash and other equivalents</b>		
- cash in hand	7	-
- stamps in hand	68	96
	75	96
<b>Current and other accounts</b>		
- current accounts	15	65
- saving accounts	690	335
	705	400
<b>Deposits maturing within 12 months</b>		
	-	-
	780	496

The annexed notes 1 to 31 form an integral part of these financial statements.

Chairman

Director

Director

Managing Director / CEO

Chief Financial Officer

## Statement of Premiums

For the year ended December 31, 2017

### Business underwritten inside Pakistan

Class	Premiums written/ Transfer	Unearned premium reserve		Premiums earned	Reinsurance ceded/ Transfer	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		2017	2016
	(Rupees in thousand)									
Direct and facultative										
1. Fire and property	(5)	(5,990)	-	(5,995)	(11,089)	(5,464)	-	(16,553)	10,558	31,342
2. Marine, aviation and transport	123	199	-	322	(10,207)	184	-	(10,023)	10,345	2,506
3. Motor	(377)	2,100	-	1,723	-	1,025	-	1,025	698	26,738
4. Accident and health	-	4	-	4	-	-	-	-	4	5,399
5. Miscellaneous	(252)	20,312	-	20,060	(26,241)	23,263	-	(2,978)	23,038	10,325
Total	(511)	16,625	-	16,114	(47,537)	19,008	-	(28,529)	44,643	76,310

The annexed notes 1 to 31 form an integral part of these financial statements.

Chairman

Director

Director

Managing Director / CEO

Chief Financial Officer

## Statement of Claims

For the year ended December 31, 2017

### Business underwritten inside Pakistan

Class	Claims paid/ Transfer	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		2017	2016
		(Rupees in thousand)								
Direct and facultative										
1. Fire and property	13,715	14,544	-	(829)	-	12,269	-	(12,269)	11,440	1,448
2. Marine, aviation and transport	17,054	14,695	-	2,359	-	11,083	-	(11,083)	13,442	2,942
3. Motor	22,925	25,626	-	(2,701)	-	376	-	(376)	(2,325)	12,645
4. Accident and health	-	21,524	-	(21,524)	-	-	-	-	(21,524)	5,125
5. Miscellaneous	50,463	36,539	-	13,924	-	33,490	-	(33,490)	47,414	(1,951)
Total	104,157	112,928	-	(8,771)	-	57,218	-	(57,218)	48,447	20,209

The annexed notes 1 to 31 form an integral part of these financial statements.

Chairman

Director

Director

Managing Director / CEO

Chief Financial Officer

## Statement of Expenses

For the year ended December 31, 2017

### 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					2017	2016
	(Rupees in thousand)								
Direct and facultative									
1. Fire and property	-	(23)	-	(23)	42	19	87	(68)	60,921
2. Marine, aviation and transport	3,733	37	-	3,770	(1,122)	2,648	66	2,582	(16,792)
3. Motor	(22)	187	-	165	3,436	3,601	30	3,571	(9,363)
4. Accident and health	-	-	-	-	-	-	-	-	129
5. Miscellaneous	(3)	3,293	-	3,290	2,301	5,591	4,685	906	(3,567)
Total	3,708	3,494	-	7,202	4,656	11,859	4,867	6,991	31,328

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

The annexed notes 1 to 31 form an integral part of these financial statements.

Chairman

Director

Director

Managing Director / CEO

Chief Financial Officer



## Statement of Investment Income

For the year ended December 31, 2017

	2017	2016
	----- (Rupees in thousand) -----	
<b>Income from non trading investments</b>		
<b>Held to maturity</b>		
Return on government securities	-	-
Loss on sale of investments	-	(547)
	-	(547)
<b>At fair value through profit or loss</b>		
Net unrealised loss on revaluation of investments	62	(405)
Dividend income	2,347	2,056
	2,409	1,651
	2,409	1,104
Investment related expenses	(56)	(256)
<b>Net investment income</b>	<u>2,353</u>	<u>848</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

Chairman

Director

Director

Managing Director / CEO

Chief Financial Officer

## Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2017

### 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 3rd Floor, Nadir House, I.I. Chundrigar Road, Karachi. The Company operates with 0 (2016: 21) 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 Company is not meeting the minimum solvency requirement as at December 31, 2017.
- 1.3.** Further, the Company has incurred a loss after taxation of Rs. 42,231 million during the current year and its accumulated losses as at December 31, 2017 amounted to Rs 354,020. 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.

### 1.4. Merger of Crescent Star Foods (Private) Limited into PICIC Insurance Limited

During the year, the shareholders of the company has approved in an EOGM dated July 06, 2017 the scheme of merger of PICIC Insurance Limited and Crescent Star Foods (Private) Limited. The intention of the Management is to transfer the Insurance business of the Company to Crescent Star Insurance Limited which assets and liabilities relating to Insurance business has been transferred. Keeping in line with the above intention the management has commenced proceedings for surrendering the Insurance License.

Based on the abovementioned intention and the transfer of operations of Crescent Star Foods (Private) Limited, which is a going concern, to the Company the management is confident that the company will continue as a going concern.

### 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, 2017 but are considered not to be 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, 2017, 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.

- 3.1. 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.
- 3.2. The Companies Ordinance 1984, was repealed by enactment of the Companies Act, 2017 on May 30, 2017. The SECP vide its Circular No. 23 of 2017 dated October 4, 2017, has clarified that all those companies whose financial year closes on or before December 31, 2017 shall prepare financial statements in accordance with the provisions of repealed Companies Ordinance, 1984.
- 3.3. The Securities and Exchange Commission of Pakistan (SECP) vide S.R.O. 88(1)/2017 and S.R.O. 89(1)/2017 dated 9 February 2017 has issued the Insurance Accounting Regulations, 2017 and Insurance Rules, 2017 (the new Rules and Regulations). The application of these Regulations and Rules for the purpose of preparation and presentation of the financial statements was effective from 1 April 2017. However, SECP vide letter ID/OSM/JubileeLife/2017/10484, dated 4 August 2017 has granted exemption to the Company to prepare their half yearly accounts for the period ended 30 June 2017, third quarter accounts for the period ended 30 September 2017 and annual audited accounts for the year ending 31 December 2017 in accordance with the requirements of Previous Rules [SEC (Insurance) Rules 2002] and has allowed the application of New Regulations effective from the accounting year commencing from 1 January 2018.

#### 4. ACCOUNTING CONVENTION

These financial statements have been prepared under the historical cost convention except for investments which are carried at fair value.

#### 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.

**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 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.

**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 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	5.8.1 & 12
Reinsurance recoveries against outstanding claims	5.9
Useful lives of assets and methods of depreciation	5.13 & 17
Deferred taxation	5.18 & 13
Staff retirement benefits	5.19

**7 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**

2017 (Number of shares)	2016 (Number of shares)	Note	2017 ----- (Rupees in thousand) -----	2016 ----- (Rupees in thousand) -----
35,000,000	35,000,000		350,000	350,000
Ordinary shares of Rs. 10 each issued as fully paid in cash				

**8 AMOUNTS DUE TO OTHER INSURERS / REINSURERS**

Gross amounts due to other insurers / reinsurers	-	118,851
Less: Written off	-	(32,920)
	-	85,931

**9 OTHER CREDITORS AND ACCRUALS**

Commission payable	-	12,804
Sales tax / Federal excise duty payable	-	2,293
Federal insurance fee payable	-	168
Security deposits	-	3,423
Compensated absences	-	27
Others	9.3	72,429
		72,429
		33,464

**9.1 Defined benefit plan - approved gratuity fund**

The Company offered an approved gratuity fund for all employees. Annual contributions were made to the fund on the basis of actuarial recommendations. The gratuity was 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. With effect from August 15, 2016 the Company has curtailed off the gratuity benefits with the consent of the employees.

**9.2 Valuation results**

Actuarial valuation is supposed to be carried out every year and the latest valuation was carried out as at December 31, 2015 due to termination of the scheme. 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:

	Note	2017	2016
Valuation discount rate	-	-	9%
Salary increase rate	-	-	8%
Expected return in plan assets	-	-	9%
		2017	2016
		----- (Rupees in thousand) -----	

**9.2.1 Reconciliation of payable to approved gratuity fund**

Present value of defined benefit obligation	-	10,313
Fair value of plan assets	-	(14,929)
	-	(4,616)

**9.2.2 Movement in liability during the year**

Obligation at the beginning of the year	-	(4,722)
Change to profit and loss account	-	-
Other comprehensive income	-	106
Contribution to the fund during the year	-	-
Closing balance	-	(4,616)

**9.3 PICIC Insurance Limited (PIL) is transferring its all insurance related assets and liabilities to Crescent Star Insurance Limited (CSIL). This balance represents the amount that is required to settle against the such transfer.****10. CONTINGENCIES AND COMMITMENTS****10.1. 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.

	Note	2017	2016
		---(Rupees in thousand)---	
<b>11. CASH AND BANK DEPOSITS</b>			
Cash and other equivalents			
- cash in hand		7	-
- stamps in hand		68	96
		75	96
Current and other accounts			
- current accounts	11.1	15	65
- saving accounts		690	335
		705	400
		780	496

11.1 The balances in savings accounts carry mark-up at 3.75% per annum (2016: 3.75% per annum).

## 12. INVESTMENTS

### Designated at fair value through profit and loss account

Mutual funds	12.1	38,208	36,387
		38,208	36,387

### 12.1 Mutual Funds

The mutual fund investments includes Rs.38.2 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.

## 13. DEFERRED TAXATION

The Company has an aggregate amount of Rs 205.012 million (2016: Rs 289.617 million) in respect of tax losses as at December 31, 2017 and deferred tax assets amounting to Rs 61.503 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.

	Note	2017	2016
		---(Rupees in thousand)---	
<b>14. PREMIUMS DUE BUT UNPAID - UNSECURED</b>			
Considered good	14.1	-	22,812
Considered doubtful		-	21,696
		-	44,508
Provision for doubtful recovery	14.2	-	(21,696)
		-	22,812

14.1 This includes an amount of Rs Nil (2016: Rs 2.483 million) due from related parties.

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

Opening balance	21,696	21,696
Charge for the year	-	-
Write off during the year/transfer	(21,696)	-
Closing balance	-	21,696

## 15. PREPAYMENTS

Prepaid reinsurance premium ceded	-	19,008
Others	-	987
	-	19,995

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## 16. FIXED ASSETS

2017										
Description	Cost				Accumulated depreciation / amortisation			Written down value	Rate	
	At the beginning of the year	Additions	Disposals	At the end of the year	At the beginning of the year	Charge for the year	Disposals	At the end of the year		At the end of the year
	(Rupees in thousand)									
Tangible - Owned										
Furniture and fixture	13,347	-	(13,276)	71	5,584	787	(6,301)	70	1 20	
Office equipment	4,718	-	(3,789)	929	2,555	225	(1,905)	875	54 20	
Computer equipment	10,157	-	(391)	9,766	8,339	1,079	(285)	9,133	633 33.33	
Motor vehicles	2,385	-	(2,300)	85	743	401	(1,069)	76	9 20	
	30,607	-	(19,756)	10,851	17,221	2,492	(9,560)	10,154	697	
Intangible										
Computer software	5,178	-	-	5,178	5,178	-	-	5,178	- 33.33	
Total	35,785	-	(19,756)	16,029	22,399	2,492	(9,560)	15,332	697	

2016										
Description	Cost				Accumulated depreciation / amortisation			Written down value	Rate	
	At the beginning of the year	Additions	Disposals	At the end of the year	At the beginning of the year	Charge for the year	Disposals	At the end of the year		At the end of the year
	(Rupees in thousand)									
Tangible - Owned										
Furniture and fixture	14,172	-	(825)	13,347	3,924	2,485	(825)	5,584	7,763 20	
Office equipment	6,798	-	(2,080)	4,718	3,735	785	(1,966)	2,554	2,164 20	
Computer equipment	10,367	-	(210)	10,157	6,983	1,534	(180)	8,337	1,820 33.33	
Motor vehicles	2,636	-	(251)	2,385	408	492	(156)	744	1,641 20	
	33,973	-	(3,366)	30,607	15,050	5,296	(3,127)	17,219	13,388	
Intangible										
Computer software	5,178	-	-	5,178	5,147	31	-	5,178	- 33.33	
Total	39,151	-	(3,366)	35,785	20,197	5,327	(3,127)	22,397	13,388	

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

	Note	2017	2016
		(Rupees in thousand)	
Management expenses	17	1,666	3,707
General and administrative expenses	18	826	1,619
		2,492	5,326

16.2 Cost of fully depreciated fixed assets that are still in the Company's use, as at December 31, 2017, amounted to Rs 12.369 million (2016: Rs 13.747 million).

16.3 Disposals of fixed assets during the year having written down value of more than Rs. 50,000 is Rs.8986 million are as follows

Description	Cost	Accumulated depreciation	Carrying Value	Sale Proceed	Mode of disposal	Particulars of buyer
Furniture and Fixtures	10,825	4,733	6,091	4,785	Trade in	Various
Office Equipment	2,722	1,132	1,590	1,249	Trade in	Various
Computer	271	197	74	57	Trade in	Various
Vehicle	2,300	1,069	1,231	1,825	Trade in	Mr. Nadeem Akhtar
<b>December 31, 2017</b>	<b>16,118</b>	<b>7,131</b>	<b>8,986</b>	<b>7,916</b>		
<b>December 31, 2016</b>	-	-	-	-		



	<i>Note</i>	<b>2017</b>	<b>2016</b>
		<i>---(Rupees in thousand)---</i>	
<b>17. MANAGEMENT EXPENSES</b>			
Salaries, wages and other benefits		1,154	5,739
Rent, rates and taxes		1,371	6,227
Depreciation / amortisation	16.1	1,666	3,707
Utilities		157	1,117
Travelling and conveyance		-	62
Printing and stationery		7	83
Vehicle running expenses		216	558
Communication		86	673
Survey fee		-	38
Health business expense		-	508
		<u>4,657</u>	<u>18,712</u>
Add: Opening deferred acquisition costs		-	-
		<u>4,657</u>	<u>18,712</u>
Less: Closing deferred acquisition costs		-	-
		<u>4,657</u>	<u>18,712</u>
<b>18. GENERAL AND ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits		6,549	32,574
Rent, rates and taxes		246	1,443
Depreciation / amortisation	16.1	826	1,619
Utilities		80	467
Repairs and maintenance		860	2,787
Legal and professional charges		717	5,039
Travelling and conveyance		148	381
Printing and stationery		220	649
Entertainment		113	196
General office expenses		106	523
Vehicle running expenses		218	278
Advertisement		170	515
Computer charges		82	538
Communication		50	358
Books and periodicals		-	487
Auditors' remuneration	18.1	515	515
Others		-	2,642
		<u>10,900</u>	<u>51,011</u>
<b>18.1 Auditors' remuneration</b>			
Audit fee		250	250
Half yearly review		100	100
Regulatory return and CCG		50	50
Out of pocket expenses		<u>115</u>	<u>115</u>
		<u>515</u>	<u>515</u>
<b>19. OTHER CHARGES</b>			
Bank charges		<u>12</u>	<u>41</u>
		<u>12</u>	<u>41</u>
<b>20. TAXATION</b>			
<b>20.1</b>	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.		



**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:

	2017	2016
	---(Rupees in thousand)---	
Loss after tax for the year	(42,231)	(24,881)
	---(Number in thousand)---	
Weighted average number of shares of Rs 10 each	35,000	35,000
	----- (Rupees) -----	
Basic loss per share of Rs 10 each	(1.21)	(0.71)

**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:

	2017			2016		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	---(Rupees in thousand)---			---(Rupees in thousand)---		
Fee for attending Board meetings*	-	-	-	-	370	-
Managerial remuneration	1,926	-	1,993	6,240	-	13,713
Leave fare assistance	-	-	-	-	-	-
Utilities	35	-	-	352	-	-
Medical expenses	29	-	36	142	-	326
Others	-	-	-	-	-	-
	1,990	-	2,029	6,734	370	14,039
Number of persons	1	-	1	1	4	8

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	2017	2016
		---(Rupees in thousand)---	
<b>Transactions</b>			
Premium written		-	1,577
Claims paid		-	4,370
<b>Balances outstanding at year end</b>			
Premiums due but unpaid		-	2,483

**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**

2017					
Fire and property	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	Total
(Rupees in thousand)					
Net premium revenue	10,558	10,345	698	4	23,038
Net claims	(11,440)	(13,442)	2,325	21,524	(48,447)
Management expenses	(42)	1,122	(3,436)	-	(2,301)
Net commission	110	(3,704)	(135)	-	1,395
<b>Segment results</b>	<b>(814)</b>	<b>(5,679)</b>	<b>(548)</b>	<b>21,528</b>	<b>(10,795)</b>
Net investment income					2,353
Return on bank balances					42
Gain on disposal of fixed assets					(1,342)
					(9,742)
General and administrative expenses					(10,900)
Bad debts against Premium but unpaid					(21,079)
Other charges					(12)
Loss before taxation					<b>(41,647)</b>

2016					
Fire and property	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	Total
(Rupees in thousand)					
Net premium revenue	31,342	2,506	26,738	5,399	10,325
Net claims	(1,446)	(2,942)	(12,645)	(5,125)	1,951
Reversal of premium deficiency expense	-	-	-	-	225
Management expenses	(49,436)	15,837	12,458	(201)	2,630
Net commission	(11,485)	955	(3,095)	72	937
<b>Segment results</b>	<b>(31,027)</b>	<b>16,356</b>	<b>23,456</b>	<b>145</b>	<b>16,068</b>
Net investment income					848
Return on bank balances					541
Gain on disposal of fixed assets					298
Other income					26,685
General and administrative expenses					(51,011)
Other charges					(41)
Profit before taxation					<b>(24,367)</b>

**24.3 Other information - Statement of Assets and Liabilities**

2017					
Fire and property	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	Total
(Rupees in thousand)					
Segment assets	-	-	-	-	-
Unallocated assets	-	-	-	-	68,604
Consolidated total assets	-	-	-	-	<b>68,604</b>
Segment liabilities	-	-	-	-	-
Unallocated liabilities	-	-	-	-	72,624
Consolidated total liabilities	-	-	-	-	<b>72,624</b>

  

2016					
Fire and property	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	Total
(Rupees in thousand)					
Segment assets	72,576	31,830	43,945	5,266	95,940
Unallocated assets	-	-	-	-	86,345
Consolidated total assets	-	-	-	-	<b>335,902</b>
Segment liabilities	100,496	9,613	37,116	22,826	95,995
Unallocated liabilities	-	-	-	-	266,046
Consolidated total liabilities	-	-	-	-	<b>311,645</b>

**25. FINANCIAL INSTRUMENTS BY CATEGORY**
**2017      2016**  
**-(Rupees in thousand)-**
**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

75	96
705	400
-	-
780	496

**Current assets - others**

 Premiums due but unpaid  
 Amounts due from other insurers / reinsurers  
 Reinsurance recoveries against outstanding claims  
 Sundry and other receivables

-	22,812
-	147,025
-	57,218
-	5,918
-	232,973

**Investments**

-At fair value through profit or loss

38,208	36,387
38,208	36,387
38,988	269,856

**Financial Liabilities**
**Amortised cost**

 Provision for outstanding claims (including IBNR)  
 Amounts due to other insurers / reinsurers  
 Accrued expenses  
 Unclaimed dividend  
 Obligation under musharakah agreement  
 Other creditors and accruals

-	112,928
-	118,851
-	10,790
195	195
-	-
54,859	30,182
55,054	272,946

**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.

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).

**2017**  
**-(Rupees in thousand)-**
**Financial assets designated at fair value through profit or loss**

- Equity securities

Level 1	Level 2	Level 3	Total
38,208	-	-	38,208

**2016**  
**-(Rupees in thousand)-**
**Financial assets designated at fair value through profit or loss**

- Equity securities

Level 1	Level 2	Level 3	Total
36,387	-	-	36,387

## 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:

	2017		
	Maximum sum insured	Reinsurance cover	Highest net liability
	(Rupees in thousand)		
Fire and property	-	-	-
Marine, aviation and transport	-	-	-
Motor	-	-	-
Accident and health	-	-	-
Miscellaneous	-	-	-
	-	-	-

  

	2016		
	Maximum sum insured	Reinsurance cover	Highest net liability
	(Rupees in thousand)		
Fire and property	436,360	416,360	20,000
Marine, aviation and transport	390,162	369,841	20,321
Motor	6,000	4,000	2,000
Accident and health	5,500	4,950	550
Miscellaneous	121,875	118,828	3,047
	959,897	913,979	45,918

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

	2017		
	Gross liabilities	Gross assets	Net liabilities (assets)
	(Rupees in thousand)		
Fire and property	-	-	-
Marine, aviation and transport	-	-	-
Motor	-	-	-
Accident and health	-	-	-
Miscellaneous	-	-	-
	-	-	-
	-	-	-
	-	-	-
	2016		
	Gross liabilities	Gross assets	Net liabilities / (assets)
	(Rupees in thousand)		
Fire and property	130,496	97,576	32,920
Marine, aviation and transport	24,613	46,830	(22,217)
Motor	37,116	73,945	(36,829)
Accident and health	22,826	5,266	17,560
Miscellaneous	121,434	118,144	3,290
	336,485	341,761	(5,276)

#### 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		Effect of 10% decrease in	
	Profit and Loss	Equity	Profit and Loss	Equity
	(Rupees in thousand)			
Fire and property	(1,144)	(1,144)	1,144	1,144
Marine, aviation and transport	(1,344)	(1,344)	1,344	1,344
Motor	233	233	(233)	(233)
Accident and health	2,152	2,152	(2,152)	(2,152)
Miscellaneous	(4,741)	(4,741)	4,741	4,741
	(4,644)	(4,644)	4,644	4,644

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:

Interest Rates	2017						Total	
	Interest / mark-up bearing			Non-interest / mark-up bearing				
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total		
(Rupees in thousand)								
<b>Financial assets</b>								
Cash and bank deposits	3.75%	693	-	693	87	-	87	780
Investments		-	-	-	38,208	-	38,208	38,208
Premium due but unpaid		-	-	-	-	-	-	-
Amount due from other insurers / reinsurers		-	-	-	-	-	-	-
Reinsurance recoveries against outstanding claims		-	-	-	-	-	-	-
Sundry and other receivables		-	-	-	-	-	-	-
		693	-	693	38,295	-	38,295	38,988
<b>Financial liabilities</b>								
Provision for outstanding claims (including IBNR)		-	-	-	-	-	-	-
Amounts due to other insurers / reinsurers		-	-	-	-	-	-	-
Other creditors and accruals		-	-	-	54,859	-	54,859	54,859
Accrued expenses		-	-	-	-	-	-	-
Unclaimed dividend		-	-	-	195	-	195	195
		-	-	-	55,054	-	55,054	55,054
		693	-	693	(16,759)	-	(16,759)	(16,066)

2016								
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		
----- <i>(Rupees in thousand)</i> -----								
<b>Financial assets</b>								
Cash and bank deposits	3.75%	335	-	335	161	-	161	496
Investments		-	-	-	36,387	-	36,387	36,387
Premium due but unpaid		-	-	-	22,812	-	22,812	22,812
Amount due from other insurers / reinsurers		-	-	-	147,025	-	147,025	147,025
Reinsurance recoveries against outstanding claims		-	-	-	57,218	-	57,218	57,218
Sundry and other receivables		-	-	-	-	5,918	5,918	5,918
		335	-	335	263,603	5,918	269,521	269,856
<b>Financial liabilities</b>								
Provision for outstanding claims (including IBNR)		-	-	-	112,928	-	112,928	112,928
Amounts due to other insurers / reinsurers		-	-	-	118,851	-	118,851	118,851
Other creditors and accruals		-	-	-	30,182	-	30,182	30,182
Accrued expenses		-	-	-	10,790	-	10,790	10,790
Unclaimed dividend		-	-	-	195	-	195	195
		-	-	-	272,946	-	272,946	272,946
		335	-	335	(9,343)	5,918	(3,425)	(3,090)



**Profit and Loss**  
**Increase      Decrease**  
**---(Rupees in thousand)---**

**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.

**As at December 31, 2017**

Cash flow sensitivity - financial assets	7	(7)
--	---	-----

**As at December 31, 2016**

Cash flow sensitivity - financial assets	290	(290)
--	-----	-------

**(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. 38.208 million (2016: Rs. 36.387 million) as at December 31, 2017 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.

**(d) Claims development tables**

The following table shows the development of claims of all classes over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments.

	2017	2016	2015 and prior years
Analysis on gross basis Accident year			
Estimate of ultimate claims cost:			
At end of accident year	-	25,084	46,310
One year later	-	20,308	42,493
Two year later	-	-	80,879
Current estimate of cumulative claims	-	20,308	80,879
Cumulative payments to date	-	(20,308)	(80,879)
Liability recognised in the balance sheet	-	-	-

**(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.

	2017			
	Carrying amount	Contractual cash flow (Rupees in thousand)	Upto one year	More than one year
Provision for outstanding claims	-	-	-	-
Amounts due to other Insurers / reinsurers	-	-	-	-
Other creditors and accruals	54,859	54,859	67,550	-
Accrued expenses	-	-	-	-
Unclaimed dividend	195	195	195	-
	<u>55,054</u>	<u>55,054</u>	<u>55,054</u>	<u>-</u>

  

	2016			
	Carrying amount	Contractual cash flow (Rupees in thousand)	Upto one year	More than one year
Provision for outstanding claims	112,928	112,928	112,928	-
Amounts due to other Insurers / reinsurers	118,851	118,851	118,851	-
Other creditors and accruals	30,182	30,182	30,182	-
Accrued expenses	10,790	10,790	10,790	-
Unclaimed dividend	195	195	195	-
	<u>272,946</u>	<u>272,946</u>	<u>272,946</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:

	2017	2016
	---(Rupees in thousand)---	
- Bank deposits*	705	400
- Premiums due but unpaid**	-	22,812
- Amounts due from other Insurers / reinsurers***	-	147,025
- Reinsurance recoveries against outstanding claims***	-	57,218
- Sundry and other receivables	-	5,918
	<u>705</u>	<u>233,373</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	2017	2016
	Short Term	Long Term		---(Rupees in thousand)---	
<b>Bank deposits</b>					
NTB Bank Limited	A1+	AA-	PACRA	303	5
Habib Metropolitan Bank Limited (including Term Deposit Receipts)	A1+	AA+	PACRA	387	330
Silk Bank Limited	A-2	A-	JCR VIS	7	7
Bank Al Habib Limited	A1+	AA+	PACRA	8	58
				<u>705</u>	<u>400</u>

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

	2017	2016
	---(Rupees in thousand)---	
Upto 1 year	-	1,719
1 - 2 years	-	7,361
Over 2 years	-	35,427
	<u>-</u>	<u>44,507</u>

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	2017		
	Amount due from reinsurers	Amount due from Co-insurers	Reinsurance recoveries against outstanding claims
	(Rupees in thousand)		
A or above	-	-	-
BBB	-	-	-
Other	-	-	-
	-	-	-
Rating	2016		
	Amount due from reinsurers	Amount due from Co-insurers	Reinsurance recoveries against outstanding claims
	(Rupees in thousand)		
A or above	29,740	111,294	57,070
BBB	3,539	2,452	148
Other	-	-	-
	<b>33,279</b>	<b>113,746</b>	<b>57,218</b>

#### 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, 2017.

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 Company is not meeting the minimum solvency requirement as at December 31, 2017.

#### 28 NUMBER OF EMPLOYEES

The total average number of employees during the year and as at December 31, 2017 and 2016 respectively are as follows:

	2017	2016
	No of employees	
Average number of employees during the year	10	31
Number of employees as at December 31,	4	16

#### 29. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on April 3, 2018 by the Board of Directors of the Company.

#### 30. GENERAL

##### 30.1 Figures in these financial statements have been rounded off to the nearest thousand rupees.

#### 31. CORRESPONDING FIGURES

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

Chairman

Director

Director

Managing Director / CEO

Chief Financial Officer

## Notice of Annual General Meeting

Notice is hereby given that the fourteenth (14<sup>th</sup>) Annual General Meeting of the Company will be held at 2<sup>nd</sup> Floor, Nadir House, I.I. Chundrigar Road, Karachi on Saturday, April 28, 2018 at 09.00 AM to transact the following business:

### Ordinary Business:

1. To confirm the Minutes of the Extra Ordinary General Meeting held on February 6, 2018.
2. To receive, consider and adopt the Audited Financial Statements for the year ended December 31, 2017 together with Directors' Report and Auditors' Report thereon.
3. To appoint Auditors of the Company for the year ending December 31, 2018 and to fix their remuneration.

### Special Business:

4. To consider and if thought fit to pass the following Special Resolution with or without modification(s), addition or deletion:

**"RESOLVED THAT**, approval of the members of PICIC Insurance Limited (the "Company") be and is hereby accorded to offer and allot 23,246,667 ordinary shares having face value of Rs.10/- each at Rs.3 per share by way of allotment otherwise than Right Shares under Section 83(1)(b) of The Companies Act, 2017, to Crescent Star Insurance Limited in consideration of Crescent Star Insurance taking over company's insurance related liabilities in pursuant to the company's decision to surrender its insurance license, in compliance of The Insurance Ordinance 2000, subject to compliance with the provisions of all applicable laws and requisite regulatory approvals, permissions and sanctions, including approval of the Securities and Exchange Commission of Pakistan.

**RESOLVED FURTHER THAT** the shares allotted will rank pari-passu in all respects with the existing shares of the Company.

**RESOLVED FURTHER THAT** the Chief Executive Officer and the Company Secretary ("The Authorized Officers") be and are hereby singly and severally authorized to get approval from SECP to issue ordinary shares to Crescent Star Insurance and to complete legal formalities and do all acts, deeds and things, take necessary actions including appointment of consultants(s)/advisers and to complete all legal formalities and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolution.

**RESOLVED FURTHER THAT** the aforesaid resolutions shall be subject to any amendment, modification, addition or deletion as may be suggested, directed and advised by SECP. The above mentioned Authorized Officers be and hereby authorized to make any such amendment, modification, addition or deletion as may be required without the need to obtain any further approval of the shareholders.

**Statement under section 134(3) of the Companies Act 2017 containing material facts concerning special business to be transacted as special resolution at the said Annual General Meeting of the Company is attached with this notice**

5. Any other matter with the permission of Chair.

By Order of the Board

Karachi: April 6, 2018

**Moiz Ali**  
 Managing Director / CEO

**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 April 22, 2018 to April 28, 2018 (both days inclusive). Transfers received in order by our Share Registrar, F.D. Registrar Services (SMC-Pvt) Limited, 1705, 17<sup>th</sup> Floor, Saima Trade Tower – A; I.I. Chundrigar Road, Karachi, Pakistan at the close of business on April 21, 2018 will be considered in time to attend and vote at the meeting.
  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: [www.picicinsurance.com](http://www.picicinsurance.com)

5. Audited Accounts of the Company for the year ended December 31, 2017 are available on the Company's website: [www.picicinsurance.com](http://www.picicinsurance.com).

#### **STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017**

**This Statement sets out material facts concerning the Special Business to be transacted at the Annual General Body Meeting of the Company to be held on April 28, 2018.**

The Board of Directors in their meeting held on September 21, 2017 have approved the allotment of 23,246,667 ordinary shares having face value of Rs.10/- each at Rs.3 per share by way of allotment otherwise than Right Shares under Section 83(1)(b) of The Companies Act, 2017, to Crescent Star Insurance Limited in consideration of Crescent Star Insurance taking over company's insurance related liabilities in pursuant to the company's decision to surrender its insurance license, subject to all requisite regulatory approvals, permissions and sanctions.

The requisite material facts concerning the Special Resolution are as follows:

- a. The purpose of allotting shares to Crescent Star insurance is the consideration for Crescent Star Insurance taking over the insurance related liabilities of the Company in pursuant to the Board of Directors decision to surrender the insurance license of the Company application of which has already been made. Crescent Star Foods (Pvt.) Limited is in the process of merger with and into the Company approval of which has been accorded by the shareholders of the Company. Resultantly the Company will become a FMCG company.
- b. The Company will issue shares to CSIL by way of allotment otherwise than the Right Shares at Rs.3. The breakup value of the Company as on June 30, 2017 was 0.01.
- c. The proposed shares of the Company will rank Pari-passu in all respects with the existing shares of the Company.
- d. The proposed issue of Shares other than Right Shares is subject to all requisite regulatory approvals, permissions and sanctions, including approval of the Securities and Exchange Commission of Pakistan

No Director or Chief Executive Officer of the Company or their relatives has any interest in the proposed issue, except in their capacities as Director / Chief Executive Officer / shareholder.



## 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, speak and vote for me/us and  
 on my/our behalf at the Annual General Meeting of the company to be held on Saturday, April 28, 2018  
 at 9:00 AM at 2<sup>nd</sup> Floor, Nadir House, I.I. Chundrigar Road, Karachi and at any adjournment thereof.

Signed this ..... day of..... 2018

**1. Witness:**

Signature.....  
 Name.....  
 Address.....  
 .....  
 CNIC or Passport No.....

Revenue  
Stamp

Signature of Shareholder

**2. Witness:**

Signature.....  
 Name.....  
 Address.....  
 .....  
 CNIC or Passport No.....

**Note:**

- Proxies in order to be effective must be received at the Registered Office of the company at 3<sup>rd</sup> Floor, Nadir House, I.I. Chundrigar Road, Karachi not later than 48 hour before the meeting.
- CDC Shareholders and their Proxies are each requested to attach an attested Photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the company.
- The Shareholders having shares deposited with the Central Depository Company (CDC) are requested to bring their Original Computerized National Identity Card and CDC account number for verification.

### سالانہ اجلاس عام

میں لاہور..... چیک انشورنس لمیٹڈ کے ممبر..... اور  
آرڈینری شیئرز (عام حصص) کے رجسٹریشن فیلو نمبر..... اور/یا سی ڈی سی کا آئی ڈی  
نمبر..... سب اکاؤنٹ نمبر..... شناختی کارڈ نمبر..... یا پاسپورٹ  
نمبر..... کا حامل ہوتے ہوئے جناب..... کو.....  
جو کہ کمپنی کے فیلو نمبر..... کے تحت ممبر ہے، ان کو اپنی/اپنے غیر حاضری کی صورت میں پراکسی (نمائندہ) مقرر کرنا ہوں/کرتے ہیں۔ اب وہ کمپنی کے سالانہ عام منعقد کردہ اجلاس ہفتہ 28، اپریل 2018 کو بوقت 9:00 بجے صبح، سینڈھور، آئی آئی چندر نگر روڈ، کراچی میں ہم/ہماری طرف سے حاضر، بحث و مباحثہ اور ووٹ دے سکتا ہے۔

تاریخ..... 2018 کو دستخط کئے۔

1- گواہ:

دستخط.....

نام.....

پتہ.....

شناختی کارڈ نمبر.....

2- گواہ:

دستخط.....

نام.....

پتہ.....

شناختی کارڈ نمبر.....

### نوٹ:

- 1- پراکسی (نمائندگان) کو موثر ہونے کے لئے کمپنی کے رجسٹرڈ آفس، قمر و ظہور، ٹاور ہاؤس، آئی آئی چندر نگر روڈ سے اجلاس سے 48 گھنٹے پہلے حاصل کرنا لازمی ہے۔
- 2- سی ڈی سی شیئرز ہولڈرز (حصص یافتگان) اور ان کے پراکسی ہر ایک سے درخواست کی جاتی ہے کہ وہ اپنے کمپیوٹر رائزڈ میٹل شناختی کارڈ یا پاسپورٹ کی فوٹو کاپی اپنے پراکسی فارم (Proxy Form) کو کمپنی میں جمع کروانے سے قبل منسلک کریں۔
- 3- حامل شیئرز ہولڈرز نے شیر ذکوہ سینٹرل ڈپازٹری کمپنی (CDC) کے ساتھ ڈپازٹ کئے ہیں ان سے درخواست کی جاتی ہے کہ تصدیق کروانے کے لئے اپنے کمپیوٹر رائزڈ میٹل شناختی کارڈ اور سی ڈی سی اکاؤنٹ نمبر اپنے ہمراہ ساتھ لائیں۔

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