IGI GENERAL INSURANCE LIMITED

ANNUAL REPORT 2022

Contents

DIRECTORS REPORT TO THE SHAREHOLDERS

The Directors of IGI General Insurance Limited ("the Company") take pleasure in presenting the annual report of your Company, together with the audited financial statements for the year ended December 31, 2022.

PRINCIPAL ACTIVITES OF THE COMPANY

The Company was incorporated as a public limited company on November 18, 2016 under the Companies Ordinance 1984 (now Companies Act, 2017). The objects of the Company include general insurance services in spheres of Fire, Marine, Motor, Health and Miscellaneous including engineering and travel as well as general takaful services, which the Company commenced in July 2017.

PERFORMANCE OF THE COMPANY

During the year, the Company has achieved milestone of Rs 10 billion premium/contribution reflecting growth of 19% as compared to 2021.

On conventional business side, the Company has written gross premium of Rs 8,538 million compared with Rs 7,389 million during 2021 i.e. 16% higher than last year.

The net premium revenue stood at Rs 3,414 million compared to Rs 2,716 million during 2021 i.e. 26% higher than last year.

The Company incurred net claims of Rs 2,029 million during the year as compared to Rs 1,497 million during 2021. The increase is mainly attributable to increase in claims relating to fire segment.

Net commission expense stood at Rs 153 million compared to Rs 59 million during last year. The increase is due to lower commission income earned from reinsurance contracts.

Investment income increased by Rs 147 million during the year mainly due to increase in interest rates.

On the window takaful business side, the Company has written gross contribution of Rs 1,552 million compared to Rs 1,122 million in the corresponding period. The participants incurred surplus of Rs 27 million compared to deficit of Rs 95 million, the Company has taken corrective measures to improve the profitability.

The operator fund earned Rs 109 million from its Takaful operations compared to that of Rs 87 million in the corresponding period.

As a result, the Company generated profit before tax of Rs 741 million with profit after tax of Rs 468 million during the year compared to Rs 603 million and Rs 428 million respectively in the corresponding period.

Earnings per share (EPS) of the Company stood at Rs 2.44 per share as compared to Rs 2.23 per share in corresponding period.

SEGMENTS AT A GLANCE

FIRE

Gross Premium written was Rs 3,292 million compared to Rs 2,402 million during 2021. Net Premium Earned and Net claims were Rs 247 million and Rs 201 million respectively compared to Rs 223 million and Rs 40 million respectively during 2021. This resulted in underwriting loss of Rs 345 million compared to that of Rs 49 million during 2021.

MARINE, AVIATION AND TRANSPORT

Marine business gross written premium was Rs 1,203 million in 2022 compared to Rs 878 million during 2021. Net Premium Earned and Net claims were Rs 369 million and Rs 173 respectively compared to Rs 196 million and Rs 130 million respectively during 2021. This resulted in underwriting profit of Rs 153million compared to Rs 141 million during 2021.

MOTOR

Motor business gross Premium was Rs 1,942 million compared to Rs 1,663 million during 2021. Net Premium Earned and Net claims were Rs 1,636 million and Rs 831 million respectively. This resulted in underwriting profit of Rs 393 million compared to Rs 349 million during 2021.

HEALTH

Gross Premium was Rs 700 million compared to Rs 857 million during 2021. Net Premium Earned and Net claims were Rs 873 million and Rs 705 million respectively. This resulted in underwriting profit of Rs 52 million compared to underwriting loss of Rs 61 million in 2021.

MISCELLANEOUS

Miscellaneous segment includes Engineering and Contractor’s All Risk Insurance, Trade credit, Travel, Bond and Pecuniary lines of business. During the year, this business line has written gross premium of Rs 1,401 million compared to Rs 1,589 million during 2021. Net premium earned and net claims amounted to Rs 288 million and Rs 121 million respectively with underwriting profit of Rs 1 million compared to underwriting loss of Rs 72 million in 2021.

CLAIMS

Our focus is on swift settlement of claims. For this purpose, the Company has taken a number of initiatives to further reduce the claims settlement turnaround time.

Incurred loss ratio increased to 59% during the year compared to 55% during 2021.

RE-INSURANCE AND RISK MANAGEMENT

The Company follows a policy of risk optimization through a carefully designed program of re-insurance. The Company believe in building partnerships with our clients to provide them a long term risk management solution by using our insurance expertise, a state of the art technology platform and a focused risk management service that helps our clients understand the hazards that may threaten their businesses and determine cost-effective loss prevention solutions.

APPROPRIATIONS

The Board of Directors has proposed final dividend for the year ended December 31, 2022 of Rs 0.86 per share (2021: Rs 0.26 per share), amounting to Rs 165 million (2021: Rs 50 million). This is in addition to accumulated interim dividend of Rs 1.2 per share (2021: Rs 1.3 per share) amounting to Rs 230 million (2021: Rs 250 million) declared and disbursed during the year.

BOARD OF DIRECTORS MEETINGS

During the year 2022, meetings of the board of directors were held on timely basis. Attendance by each director in the meetings held was as follows:

	Attendance
Syed Hyder Ali	4
Mr. Shamim Ahmad Khan	5
Syed Hasnain Ali	5
Mr. Tahir Masaud (CEO)	5
Mr. Sajjad Iftikhar	5
Ms. Arjumand Ahmed Shah	4

RELATED PARTY TRANSACTIONS

The Board of Directors approved Company's transactions made with Associated Companies / Related parties. All the transactions executed with related parties were on commercial terms and conditions.

CAPITAL MANAGEMENT AND LIQUIDITY

The Company actively manages and monitors the matching of its asset positions against its commitments, together with diversification and credit quality of its investments against established targets.

The Company's primary source of funds is cash provided by operating activities i.e. insurance business. Net operating cash flows have also been invested to generate investment income for the Company. Net cash flows of the Company are utilized for business commitments, expansions and for dividend payout to the shareholder.

INSURER'S FINANCIAL STRENGTH RATING

Pakistan Credit Rating Agency (Private) Limited (PACRA) and VIS Credit Rating Company Limited (VIS) has assigned your Company an “Insurer Financial Strength” (IFS) Rating of “AA+” (Double A plus). IFS rating of “AA+” (Double A plus) denotes a very strong capacity to meet policy holders and contract obligations. Risk factors are very low, and the impact of any adverse business and economic factors is expected to be very small.

RISK MITIGATION

The senior management team, led by the Chief Executive Officer is responsible for risk mitigation measures. The Company’s proactive risk management program helps in identifying and responding to changing business and regulatory requirements on timely basis.

MATERIAL CHANGES

There have been no material changes during the year which would affect financial position of Company.

CODE OF CONDUCT

The Board has adopted a statement of ethics and business practices. The Code of Conduct is signed by all the employees undertaking that they subscribed to high ethical values. All our operational activities are carried out in a transparent manner in accordance with the code of ethics.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is aware of its corporate social responsibilities and is supporting social sector organizations in the fields of education, health and environment. The Company also offers internships all around the year to students from colleges and universities.

ISO CERTIFICATION AND ITS VALUE TO OUR CUSTOMERS

Your Company continues to focus on improving productivity and efficiency in its operations and is Quality Management Certification to ISO 9001:2015.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

- The financial statements prepared by the management of the Company present the state of its affairs, the results of its operations, cash flows and changes in equity, fairly.

- Proper books of accounts have been maintained by the Company.

- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- The financial statements have been prepared in conformity with the Companies Act 2017 and International Financial Reporting Standards, as applicable in Pakistan. Any departures therefrom have been adequately disclosed and explained;

- The system of internal control is sound in design and has been effectively implemented and monitored;

- There are no doubts on the Company's ability to continue as a going concern;

- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;

- Key operating and financial data is separately annexed with the report.

- Outstanding taxes and duties are given in the financial statements.

- The value of investments of based on audited accounts of the respective finds were as follows:

  Provident fund as at June 30, 2020 - Rs 131 million
  Gratuity fund as at December 31, 2020 - Rs 69 million

- The statement of pattern of shareholding in the Company as on December 31, 2022 is as follows:

<u>Holding Co</u>	
IGI Holdings Limited	191,838,394
<u>Directors</u>	
Syed Hyder Ali	1
Mr Tahir Masaud (Chief Executive Officer)	1
Mr Sajjad Iftikhar	1
Syed Hasnain Ali	1
Mr Shamim Ahmed Khan	1
Ms Arjumand Ahmed Shah	1
Total	**191,838,400**

The directors are holding one share each of the Company as nominee of IGI Holdings.

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

The directors hereby certify that in their opinion:

- the annual statutory accounts of the company annexed hereto have been drawn up in accordance with the Ordinance and any Rules made thereunder;
- the company has during the period complied with the provisions of the Ordinance and the Rules made thereunder relating to paid up capital, solvency 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 and reinsurance arrangements.

FUTURE OUTLOOK

The insurance industry is likely to observe a modest growth due to prevailing challenging economic environment, inflation and depreciation of rupee.
Increase in interest rates have positive effect on the investment income of the company. However, by continuing to invest in risk management and innovations, the insurance industry can continue to provide valuable protection to customers.

AUDITORS

The present auditors M/s A.F Ferguson & Co., Chartered Accountants have retire and offer themselves for reappointment. They have confirmed achieving satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the Guidelines on the Code of Ethics of the International Federation of Accountants (IFAC) as adopted by ICAP.

The Board of Directors have recommended their reappointment as Auditors of the Company for the year ending December 31, 2023, at a fee to be mutually agreed.

ACKNOWLEDGEMENT

We would like to thank our customers for their loyalty and trust. We also value the support and patronage extended by our business partners and all stakeholders. We appreciate the dedicated and sincere efforts of our employees.

We would also like to thank the Securities and Exchange Commission of Pakistan for their continued guidance.

For and on behalf of the Board

Shamim Ahmad Khan	Tahir Masaud
Chairman	**Chief Executive Officer**
Lahore: March 15, 2023	Lahore: March 15, 2023

IGI GENERAL INSURANCE LIMITED
KEY OPERATIONAL AND FINANCIAL DATA
Rupees in '000

	2022	2021	2020	2019	2018	2017	2016 *
Gross premium	8,537,522	7,388,824	5,476,591	5,177,105	4,417,930	2,901,560	-
Gross contribution	1,551,607	1,121,994	537,318	435,435	190,078	36,366	-
Total premium/contribution	10,089,129	8,510,818	6,013,909	5,612,540	4,608,008	2,937,926	-
BALANCE SHEET							
Paid up share capital	1,918,384	1,918,384	1,918,384	1,918,384	1,918,384	1,501,000	1,000
Shareholders equity	2,736,938	2,541,995	2,446,797	2,462,112	2,250,039	2,091,006	1,000
Surplus on revaluation of property and equipment	387,613	368,414	333,025	313,309	-	-	-
Investments	2,118,672	2,973,027	2,908,657	3,151,476	2,564,963	321,211	-
Fixed assets	1,001,292	889,082	881,032	858,910	319,313	279,820	-
Total assets	16,705,425	11,656,901	10,458,234	8,928,619	6,858,395	5,744,538	1,000
Underwriting provisions	9,904,720	5,479,219	4,751,965	3,568,308	2,959,309	2,513,410	-
Total liabilities	13,580,874	8,746,492	7,678,412	6,153,198	4,537,136	5,744,538	-
PROFIT AND LOSS ACCOUNT							
Underwriting result	254,314	308,649	299,684	233,123	242,000	388,999	-
Investment income	290,972	144,434	344,294	465,848	134,816	64,037	-
Profit / (loss) from Window Takaful Operations	108,872	86,756	37,573	70,818	23,677	(2,539)	-
Profit before tax	741,495	603,063	685,556	806,897	467,599	248,798	-
Taxation	(273,304)	(175,153)	(199,096)	(233,740)	(140,213)	(74,919)	-
Profit after tax	468,191	427,910	486,460	573,157	327,386	173,879	-
CASH FLOW SUMMARY							
Operating activities	(496,535)	298,031	(22,090)	452,031	263,180	473,635	-
Investing activities	449,771	(87,835)	1,165,935	(454,590)	(1,545,264)	(222,397)	-
Financing activities	(375,345)	(414,455)	(567,897)	(566,492)	(183,497)	2,215,504	1,000
Cash & cash equivalents	382,690	804,799	1,009,058	433,110	1,002,161	2,467,742	1,000
PROFITABILITY RATIOS							
Earnings per share (Rs.)	2.44	2.23	2.54	2.99	1.71	1.16	-
Cash dividend per share (Rs.)	2.05	1.56	2.50	2.39	1.06	0.85	-
Break up value per share (Rs.)	16.29	15.17	14.49	14.47	11.73	13.93	10.00
Return on equity (%)	17.11	16.83	19.88	23.28	14.55	8.32	-
Return on assets (%)	2.80	3.67	4.65	6.42	4.77	3.03	-
Underwriting profit to gross premium (%)	2.98	4.18	5.47	4.50	5.48	13.41	-
Profit before tax to total gross premium (%)	7.35	7.09	11.40	14.38	10.15	8.47	-
Profit after tax to total gross premium (%)	4.64	5.03	8.09	10.21	7.10	5.92	-

** IGI General Insurance Limited was incorporated on November 18, 2016 and the insurance business of IGI Insurance Limited (now IGI Holdings Limited) was transferred to the Company w.e.f. January 31, 2017 through the Court sanctioned Scheme of Arrangement.*

IGI GENERAL INSURANCE LIMITED

UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the members of IGI General Insurance Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **IGI General Insurance Limited** (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2022, and the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at December 31, 2022 and of the total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Shahbaz Akbar**.

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A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: April 5, 2023
UDIN: AR202210068AoEwnjK53

IGI GENERAL INSURANCE LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	Note	2022	2021
		(Rupees in '000)	
Assets			
Property and equipment	5	992,301	874,386
Intangible assets	6	8,991	14,696
Investment properties	7	429,402	399,575
Investment in subsidiary	8	5,000	5,000
Investments			
- Equity securities	9	90,974	952,722
- Government securities	10	1,622,698	1,865,305
- Debt securities	11	400,000	150,000
Loans and other receivables	12	596,012	473,870
Insurance / reinsurance receivables	13	4,617,429	2,548,993
Reinsurance recoveries against outstanding claims	25	4,761,352	1,914,772
Salvage recoveries accrued		106,324	97,084
Deferred commission expense	26	353,588	264,221
Taxation - payment less provisions		102,334	87,920
Prepayments	15	1,743,505	1,384,456
Cash and bank	16	382,690	203,743
		16,212,600	11,216,743
Total assets of Window Takaful Operations - operator's fund		492,825	440,158
Total assets		16,705,425	11,656,901
Equity and liabilities			
Capital and reserves attributable to Company's equity holders			
Authorised capital			
250,000,000 (2021: 250,000,000) ordinary shares of Rs 10 each		2,500,000	2,500,000
Issued, subscribed and paid-up share capital			
191,838,400 (2021: 191,838,400) ordinary shares of Rs 10 each	17	1,918,384	1,918,384
Unappropriated profit		818,554	623,611
Total equity		2,736,938	2,541,995
Surplus on revaluation of property and equipment - net of tax	18	387,613	368,414
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	25	6,623,855	2,584,937
Unearned premium reserves	24	3,007,816	2,674,247
Premium deficiency reserve	25.2	3,424	1,345
Unearned reinsurance commission	26	269,625	218,690
Retirement benefit obligations	14	28,658	6,577
Borrowings	19	81,415	147,775
Premium received in advance		4,119	1,918
Insurance / reinsurance payables	20	1,838,227	1,593,114
Deferred taxation	21	206,641	168,929
Other creditors and accruals	22	1,147,213	1,020,399
		13,210,993	8,417,931
Total liabilities of Window Takaful Operations - operator's fund		369,881	328,561
Total liabilities		13,580,874	8,746,492
Total equity and liabilities		16,705,425	11,656,901
Contingencies and commitments	23		

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

IGI GENERAL INSURANCE LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		---------(Rupees in '000)---------	
Net insurance premium	24	3,413,733	2,715,962
Net insurance claims	25	(2,029,381)	(1,497,392)
Charge for premium deficiency reserve	25.2	(2,079)	(1,346)
Net commission expense	26	(152,831)	(58,718)
Insurance claims and acquisition expenses		(2,184,291)	(1,557,456)
Management expenses	27	(975,128)	(849,858)
Underwriting results		254,314	308,649
Investment income	28	290,972	144,434
Rental income		31,078	30,810
Other income	29	131,824	89,165
Other expenses	30	(58,853)	(44,037)
Result of operating activities		649,335	529,021
Finance costs against right-of-use assets		(16,712)	(12,714)
Profit from Window Takaful Operations - operators fund		108,872	86,756
Profit before tax		741,495	603,063
Income tax expense	31	(273,304)	(175,153)
Profit after tax		468,191	427,910
Other comprehensive income			
Items that will not be subsequently reclassified to the unconsolidated profit or loss			
-Remeasurement (loss) / gain on defined benefit obligations	14.1.4	(20,453)	12,885
-Related deferred tax		6,749	(3,737)
		(13,704)	9,148
Total comprehensive income		454,487	437,058
Earnings (after tax) per share - Rupees	32	2.44	2.23

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

IGI GENERAL INSURANCE LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	Issued, subscribed and paid-up share capital	Unappropriated profit	Total
		(Rupees in '000)	
Balance as at January 1, 2021	1,918,384	528,413	2,446,797
Profit after taxation for the year ended December 31, 2021	-	427,910	427,910
Other comprehensive income for the year - net of tax	-	9,148	9,148
Total comprehensive income for the year ended December 31, 2021	-	437,058	437,058
Transfer from surplus on revaluation of property and equipment on account of incremental depreciation - net of tax (note 18)	-	18,140	18,140
Transactions with owners - directly recognised in equity			
Final dividend at rate of Re. 0.57 per share for year ended December 31, 2020 approved on April 22, 2021	-	(110,000)	(110,000)
Interim dividend at rate of Re. 0.78 per share for year ending December 31, 2021 declared on August 23, 2021	-	(150,000)	(150,000)
Interim dividend at rate of Re. 0.52 per share for year ending December 31, 2021 declared on October 25, 2021	-	(100,000)	(100,000)
	-	(360,000)	(360,000)
Balance as at December 31, 2021	1,918,384	623,611	2,541,995
Profit after taxation for the year ended December 31, 2022	-	468,191	468,191
Other comprehensive loss for the year - net of tax	-	(13,704)	(13,704)
Total comprehensive income for the year ended December 31, 2022	-	454,487	454,487
Transfer from surplus on revaluation of property and equipment on account of incremental depreciation - net of tax (note 18)	-	20,456	20,456
Transactions with owners - directly recognised in equity			
Final dividend at rate of Re. 0.26 per share for year ended December 31, 2021 approved on April 26, 2022	-	(50,000)	(50,000)
Interim dividend at rate of Re. 0.57 per share for year ending December 31, 2022 declared on August 22, 2022	-	(110,000)	(110,000)
Interim dividend at rate of Re. 0.62 per share for year ending December 31, 2022 declared on October 25, 2022	-	(120,000)	(120,000)
	-	(280,000)	(280,000)
Balance as at December 31, 2022	1,918,384	818,554	2,736,938

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

IGI GENERAL INSURANCE LIMITED
UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		----------(Rupees in '000)----------	
OPERATING CASH FLOWS			
Underwriting activities			
Premiums received		8,366,108	7,163,284
Reinsurance premiums paid		(6,816,853)	(4,697,192)
Claims paid		(5,884,018)	(3,676,785)
Reinsurance and other recoveries received		5,046,975	2,388,333
Commissions paid		(943,373)	(724,599)
Commissions received		803,185	652,528
General management expenses paid		(923,846)	(773,868)
Net cash inflow from underwriting activities		(351,822)	331,681
Other operating activities			
Income tax paid		(256,755)	(172,945)
Operating receipts - net		112,042	139,295
Net cash outflow on operating activities		(144,713)	(33,650)
Total cash (outflow on) / inflow from all operating activities		(496,535)	298,031
INVESTMENT ACTIVITIES			
Profit received		288,883	189,912
Proceeds from investments		4,581,165	9,261,285
Proceeds for investments		(4,359,870)	(9,576,666)
Amount received from Window Takaful Operations - operator's fund		61,598	26,677
Fixed capital expenditure		(151,189)	(28,664)
Proceeds from sale of property and equipment		29,184	39,621
Total cash inflow from / (outflow on) investing activities		449,771	(87,835)
FINANCING ACTIVITIES			
Dividend paid		(280,000)	(360,000)
Financial charges paid		(16,712)	(12,714)
Repayment of liability against right-of-use assets		(78,633)	(41,741)
Total cash outflow on financing activities		(375,345)	(414,455)
Net cash outflow on all activities		(422,109)	(204,259)
Cash and cash equivalents at beginning of the year		804,799	1,009,058
Cash and cash equivalents at end of the year	16.2	382,690	804,799

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

IGI GENERAL INSURANCE LIMITED
UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	---- (Rupees in '000) ----	
Reconciliation to unconsolidated statement of comprehensive income		
Operating cash flows	(496,535)	298,031
Depreciation and amortisation expense	(101,822)	(83,577)
Depreciation on right-of-use assets	(21,607)	(37,876)
Finance cost againts right-of-use assets	(16,712)	(12,714)
Gain on disposal of fixed assets	20,589	29,680
Unrealised fair value gain on investment properties	29,827	21,776
Increase in assets other than cash	5,545,602	886,818
Increase in liabilities other than borrowings	(4,859,422)	(880,261)
Return on term deposits	-	4,099
Other investment income	290,972	140,335
Profit from Window Takaful Operations - net of tax	77,299	61,597
Profit after tax	468,191	427,910

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 IGI General Insurance Limited ("the Company"), a Packages Group Company, was incorporated as a public limited company on November 18, 2016 under the Companies Ordinance, 1984 (now Companies Act 2017). The registered office of the Company is situated at 7th floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi. The objectives of the Company include providing general insurance services (mainly in the sphere of Fire, Marine, Motor, Health and Miscellaneous) and general takaful services (mainly in the sphere of Fire, Marine, Motor, Health and Miscellaneous).

1.2 The Company is a wholly owned subsidiary of IGI Holdings Limited ("Holding Company") and had been formed to facilitate the transfer of general insurance segment of IGI Insurance Limited to the Company under the Scheme of Arrangement filed with the Honourable High Court of Sindh (SHC). The transfer of general insurance business and related assets and liabilities from IGI Insurance Limited to the Company had been made effective from January 31, 2017, which had been sanctioned by SHC vide Order dated December 16, 2017. The insurance license was transferred to the Company from IGI Insurance Limited with effect from January 16, 2018.

1.3 The Company commenced its Window Takaful Operations with effect from July 1, 2017 after getting the approval from the Securities and Exchange Commission of Pakistan (SECP).

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules 2017, the Insurance Accounting Regulations, 2017, the General Takaful Accounting Regulations, 2019 and the Takaful Rules, 2012.

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

2.1.1 In terms of the requirements of the General Takaful Accounting Regulations, 2019, the assets, liabilities and profit and loss of the Operator Fund of the Window Takaful Operations of the Company have been presented as a single line item in the unconsolidated statement of financial position and unconsolidated statement of comprehensive income of the Company respectively.

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

2.1.3 These financial statements are the separate unconsolidated financial statements of IGI General Insurance Limited. In addition to these unconsolidated financial statements, consolidated financial statements of IGI General Insurance Limited and its subsidiary company, IGI FSI (Private) Limited (the Group) have also been prepared.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for certain staff retirement benefits which are carried at present value of the defined benefit obligation less fair value of plan assets, lease liabilities against right-of-use assets are carried at the present value of minimum lease payments, property and equipment and investment properties which are carried at fair value and certain investments which are carried at market value.

2.3 Functional and presentation currency

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

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

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

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

The following standards, amendments and interpretations of the accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 1, 2023:

Standards, amendments or interpretations	**Effective date (period beginning on or after)**
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2023
- IAS 12 - 'Income taxes' (amendments)	January 1, 2023
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2023 & January 1, 2024
- IFRS 9 - 'Financial Instruments'	January 1, 2023*
- IFRS 16 - 'Leases' (amendments)	January 1, 2024

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

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

IFRS 9 'Financial Instruments' and amendment (effective for period ending on or after June 30, 2019). IFRS 9 replaces the existing guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets during and new general hedge accounting requirements. It also carries the guidance on recognition and derecognition of financial instruments from IAS 39.

Temporary exemption from application of IFRS 9

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

Fair values of financial assets as at December 31, 2021 and changes in the fair values during the year ended December 31, 2022

	2022	2021
	---- (Rupees in '000) ----	
Financial assets that do not meet SPPI criteria		
- Equity securities-(note 9)		
Opening fair value	952,722	497,236
(Disposals) / additions during the year	(854,846)	522,512
Decrease in fair value	(6,902)	(67,026)
Closing fair value	90,974	952,722

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There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or will not have any significant effect on the Company's operations and are therefore not stated in these unconsolidated financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of these unconsolidated financial statements are set out below. Accounting policies relating to Window Takaful Operations are disclosed in a separate financial statements of Window Takaful Operations which have been annexed to these unconsolidated financial statements. The accounting policies have been consistently applied for all the years presented.

3.1 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

The Company enters into fire and property damage, marine, motor, health, burglary, loss of cash in transit, travel, personal accident, engineering losses and other insurance contracts with corporate clients and individuals residing or located in Pakistan.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

The Company neither issues investment contracts nor does it issue insurance contracts with Discretionary Participation Features (DPF).

3.2 Premium

Premium received / receivable under a policy is recognised as written from the date of attachment of the risk to the policy to which it relates. Where the pattern of incidence of risk varies over the period of the policy, premium is recognised as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired period of coverage is recognised as unearned premium by the Company. This liability is calculated by applying 1/24 method as specified in the Insurance Accounting Regulations, 2017.

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from policyholders in respect of policies issued, at the rate of 5% (2021: 5%) of the premium written restricted to a maximum of Rs. 7,990 per policy.

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 an objective evidence that the receivables are impaired, the Company reduces the carrying amount of the receivables and recognises that impairment loss in the unconsolidated statement of comprehensive income.

3.3 Reinsurance ceded

Insurance contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued, are reinsurance contracts. These reinsurance contracts include both facultative and treaty arrangement contracts.

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 reinsurance 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 assets.

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

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

3.4 Claims expense

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

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

The provision for Incurred But Not Reported (IBNR) claims is determined by the Company as required under circular No. 9 of 2016 SECP guidlines for estimation of Incurred But Not Reported (IBNR) issued by the SECP. As per the Guidelines an insurer shall estimate IBNR claims reserve based on the prescribed method provided in the Guidelines. The guidelines also allow the use of any other alternative method of determining IBNR, if found more suitable for the risk class, provided that the amount estimated under the alternative method shall not be less than the amount calculated under prescribed method. The prescribed method for estimating IBNR claim reserve is the chain ladder method based on paid claims hereinafter called 'Incurred But Not Paid' or 'IBNP'. The Basic Chain Ladder (BCL) method uses a run off triangle to estimate the development factors for each accident period which are further used to estimate the ultimate paid claims. Data from settlement registers are used in the BCL models. Lags are determined to be the difference between the 'date of loss' and 'date of claim payment'. Monthly lags are used since it reflects the claim development pattern within a given year and the back testing supports the same. Once IBNP has been determined using BCL, the outstanding claims are deducted to arrive at IBNR on paid basis.

Under alternative method, IBNR is determined on reported basis. IBNR (reported basis) is much similar to IBNR (paid basis) but is calculated using a different methodology. It does not use either IBNP or outstanding claims to estimate IBNR rather, is determined using BCL method. Development factors are determined for each accident period to estimate the ultimately reported claims directly. Intimation registers are used in the BCL model where lags are calculated as the difference between the 'date of loss' and 'date of intimation'.

The analysis is carried out separately for each class of business and results determined through this alternative method are compared to the results of prescribed method and higher of the two are set as the final reserve.

3.5 Reinsurance recoveries against claims

Claim recoveries receivable from the reinsurer are recognised as an asset at the same time as the claims which give rise to the right of recovery are recognised as a liability and are measured at the amount expected to be received.

3.6 Commission and other acquisition costs

Commission expense and other acquisition costs incurred in obtaining and recording policies is deferred and brought to unconsolidated statement of comprehensive income as an expense in accordance with the pattern of recognition of the gross premium to which it relates. Commission expense is arrived at after taking the impact of opening and closing deferred commission.

Commission income from reinsurers is deferred and brought to unconsolidated statement of comprehensive income as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Commission from reinsurers is arrived at after taking the impact of opening and closing unearned commission. Profit commission, if any, which the Company may be entitled to under the terms of reinsurance, is recognised on accrual basis.

3.7 Premium deficiency reserve

The Company is required as per Insurance Accounting Regulations, 2017 to maintain a provision in respect of premium deficiency for the class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the premium deficiency reserve is recorded as an expense / income in the unconsolidated statement of comprehensive income for the year.

At each reporting date, liability adequacy tests are performed separately for each class of business to ensure the adequacy of the unearned premium liability for that class. It is performed by comparing the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after reporting date in respect of policies in force at reporting date with the carrying amount of unearned premium liability. Any deficiency is recognised by establishing a provision (premium deficiency reserve) to meet the deficit. The expected future liability is estimated with reference to the experience during the expired period of the contracts, adjusted for significant individual losses which are not expected to recur during the remaining period of the policies, and expectations of future events that are believed to be reasonable. The expected ultimate net claim ratios for the unexpired periods of policies in force at reporting date for each class of business is as follows:

	2022	2021
Fire and property damage	81%	18%
Marine, aviation and transport	47%	44%
Motor	51%	50%
Health	81%	89%
Miscellaneous	42%	48%

The Company has recorded premium deficiency reserve on the recommendation of actuary for health business.

3.8 **Creditors, accruals and provisions**

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

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

3.9 **Taxation**

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalised during the current period for such years.

Deferred

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

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

3.10 **Cash and cash equivalents**

Cash and cash equivalents are carried in the unconsolidated statement of financial position at cost. For the purposes of unconsolidated cash flow statement, cash and cash equivalents comprise cash in hand, deposits with banks, stamps in hand, term deposits with original maturity of less than three months and short term finances.

3.11 **Investments**

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

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

3.11.1.1 Investments at fair value through profit or loss

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

Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with the resulting gain or loss being included in net profit or loss for the period in which it arises.

Unrealised gains / (losses) arising on remeasurement of investments classified as financial assets at 'fair value through profit or loss' are recorded in statement of comprehensive income in the period in which these arise.

3.11.1.2 Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost being the fair value of the consideration given and include transaction cost. At subsequent reporting dates, these are measured at amortised cost using the effective yield method.

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

Income from held to maturity investments including any premium or discount is recognised on a time proportion basis using the effective yield method.

3.11.1.3 Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. Subsequent to initial recognition, these are stated at market value. The unrealised gains / losses on available for sale investments are recognised in other comprehensive income and recycled to profit and loss on disposal.

Subsequent to initial recognition, these are stated at market value.

Dividend income and entitlement of bonus shares are recognised when the Company's right to receive such dividend and bonus shares is established.

Gains / (losses) on sale of available for sale investments are recognised in the unconsolidated statement of comprehensive income.

Unrealised gains / (losses) arising on remeasurement of investments classified as financial assets at 'available for sale' are recorded in unconsolidated statement of comprehensive income in the period in which these arise.

3.11.1.4 Loans and other receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition these are measured at amortised cost.

3.11.1.5 Date of recognition

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

3.12 Investment properties

Investment properties are held for earning rentals and capital appreciation. Investment properties are accounted for under the fair value model in accordance with International Accounting Standards (IAS) 40, "Investment property".

Investment properties, principally office buildings, are held for long-term rental yields. These are carried at fair value. The changes in fair values are presented in the unconsolidated statement of comprehensive income as part of other income.

3.13 Operating assets

Tangible

These are stated at cost less accumulated depreciation and accumulated impairment losses (if any) other than buildings and leasehold improvements. Buildings and leasehold improvements are stated at revalued amounts less accumulated depreciation and accumulated impairment losses (if any).

Depreciation on all operating assets is charged to the unconsolidated statement of comprehensive income using the straight line method so as to write-off depreciable amount of an asset over its useful life. Depreciation on additions to fixed assets is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed of.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted, if appropriate. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to unconsolidated statement of comprehensive income in the period in which they are incurred.

The gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

An increase arising on revaluation is credited to the surplus on revaluation of property and equipment. A decrease arising on revaluation of fixed assets is adjusted against the surplus of that asset or, if no surplus exists, is charged to the unconsolidated statement of comprehensive income as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the unconsolidated statement of comprehensive income up to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been had no impairment loss has been recognised. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the unconsolidated statement of comprehensive income and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus on property and equipment to unappropriated profit.

Intangible

Intangible assets with finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any. Software development cost are only capitalised to the extent that future economic benefits are expected to flow to the entity.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted, if appropriate. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably.

Amortisation is charged to unconsolidated statement of comprehensive income using the straight line method.

3.14 Staff retirement benefits

3.14.1 Defined contribution plan

The Company operates an approved contributory provident fund for all permanent employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 10 percent of basic salary.

3.14.2 Defined benefit plan

All permanent employees of the Company participate in an approved funded defined gratuity plan. Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out as at December 31, 2022 using the Projected Unit Credit Method. Amounts arising as a result of 'Remeasurements', representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the unconsolidated statement of financial position, with a charge or credit to 'Other Comprehensive Income' in the periods in which they occur. Current service cost, past service cost and net interest income / expense are recognised in the profit or loss.

3.14.3 Accumulating compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to unconsolidated statement of comprehensive income.

3.15 Impairment of assets

The management assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

3.16 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and are derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the unconsolidated statement of comprehensive income in the period in which financial instrument is derecognised.

3.17 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated financial statements only when there is a legally enforceable right to set-off the recognised amount and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

3.18 Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017. The reported operating segments are also consistent with the internal reporting provided to Board of Directors which are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

The Company has five primary business segments for reporting purposes namely fire, marine, motor, health and miscellaneous.

The perils covered under fire insurance include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and terrorism.

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

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

Health insurance provides coverage against expenses incurred during the hospitalisation due to sickness, emergency and accidents.

Miscellaneous insurance provides cover against burglary, loss of cash in safe and cash in transit, travel, personal accident, money, engineering losses, live stocks, crops and other covers.

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment.

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

3.19 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak 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.

3.20 Right-of-use assets and their related lease liabilities

Right-of-use assets

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

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

Right-of-use assets are depreciated over the expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which leases are entered into. No depreciation is charged in month in which the leases mature or are terminated.

Lease liabilities against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liabilities are subsequently measured at amortised cost using the effective interest rate method. The lease liabilities are also measured to reflect any remeasurement or change in lease terms. These remeasurement of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Lease payments reduce the lease liability against right-of-use assets. Finance cost is charged to the unconsolidated statement of comprehensive income as financial charges over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

3.21 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.22 Expenses of management

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

Basis for allocation of management expenses between the Company and Window Takaful Operations and its allocation amongst the various classes of business is reviewed on regular basis and the revised basis is followed consistently in future periods.

3.23 Dividends and appropriations to reserves

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

3.24 Earnings per share

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

- Provision for outstanding claims including IBNR (notes 3.4 and 25);
- Provision for taxation and deferred tax (notes 3.9, 21 and 31);
- Defined benefit plan (notes 3.14.2 and 14);
- Fair valuation of buildings and leasehold improvements (notes 3.13, and 5);
- Fair valuation of investment properties (notes 3.12 and 7);
- Useful lives, residual value and depreciation method of property and equipment and intangible assets (notes 3.13, 5 and 6);
- Premium deficiency reserve (note 3.7 and 25.2);
- Classification of investments and its impairment (notes 3.11, 9, 10 and 11);
- Provision against reinsurance recoveries against outstanding claims (notes 3.5 and 25);
- Provision against premium due but unpaid and amount due from other insurers / reinsurers (notes 3.2, 13.3 and 13.4); and
- Allocation of management expenses (note 3.23 and 27.1).
- Right-of use assets and lease liabilties (note 3.20 and 5).

5 PROPERTY AND EQUIPMENT

	Note	2022	2021
		---- (Rupees in '000) ----	
Operating assets	5.1	980,767	865,508
Capital work-in-progress	5.4	11,534	8,878
		992,301	874,386

5.1 Operating assets

	2022												
	Cost / revalued amounts						Accumulated depreciation					Written down value as at December 31	Deprecia-tion rate (% per annum)
	As at January 1	Additions	Transfers	Disposals / writeoff (note 5.2)	Revalua-tion	As at December 31	As at January 1	Charge for the year	Transfers	Disposals / writeoff (note 5.2)	As at December 31		
	-(Rupees in '000)-												
Tracker equipment	62,075	16,389	-	-	-	78,464	24,786	23,468	-	-	48,254	30,210	33.33%
Furniture and fixtures	34,613	1,884	-	(1,563)	-	34,934	13,969	3,841	-	(922)	16,888	18,046	10%
Office equipment	36,071	8,488	-	(1,432)	-	43,127	23,480	5,907	-	(1,183)	28,204	14,923	16.67%
Computer equipment	45,790	6,775	-	(59)	-	52,506	29,657	3,970	-	(35)	33,592	18,914	33.33%
Buildings / leasehold improvements (note 5.1.1)	733,895	319	-	(2,585)	94,194	825,823	133,756	45,133	-	(2,585)	176,304	649,519	5%-33%
Motor vehicles - owned	68,041	114,678	2,492	(4,756)	-	180,455	34,082	27,220	1,524	(4,688)	58,138	122,317	16.67%
Right-of-use assets - vehicle	195,136	12,273	(2,492)	(22,417)	-	182,500	69,384	15,537	(1,524)	(14,824)	68,573	113,927	20%
Right-of-use asset - rented premises	33,073	-	-	-	-	33,073	14,092	6,070	-	-	20,162	12,911	16.67%
	1,208,694	160,806	-	(32,812)	94,194	1,430,882	343,186	131,146	-	(24,217)	450,115	980,767	

	2021												
	Cost / revalued amounts						Accumulated depreciation					Written down value as at December 31	Deprecia-tion rate (% per annum)
	As at January 1	Additions	Transfers	Disposals / writeoff (note 5.2)	Revalua-tion	As at December 31	As at January 1	Charge for the year	Transfers	Disposals / writeoff (note 5.2)	As at December 31		
	-(Rupees in '000)-												
Tracker equipment	41,062	21,013	-	-	-	62,075	7,576	17,210	-	-	24,786	37,289	33.33%
Furniture and fixtures	35,170	146	-	(703)	-	34,613	10,441	3,878	-	(350)	13,969	20,644	10%
Office equipment	31,565	6,778	-	(2,272)	-	36,071	17,659	7,798	-	(1,977)	23,480	12,591	16.67%
Computer equipment	43,773	4,809	-	(2,792)	-	45,790	25,792	6,603	-	(2,738)	29,657	16,133	33.33%
Buildings / leasehold improvements (note 5.1.1)	659,809	-	-	(1,307)	75,393	733,895	95,496	39,552	-	(1,292)	133,756	600,139	5%-33%
Motor vehicles - owned	38,924	5,811	35,832	(12,526)	-	68,041	12,481	6,887	27,152	(12,438)	34,082	33,979	20%
Right-of-use assets - vehicle	207,844	39,940	(35,832)	(16,816)	-	195,136	72,415	31,801	(27,152)	(7,680)	69,384	125,752	20%
Right-of-use asset - rented premises	33,073	-	-	-	-	33,073	8,017	6,075	-	-	14,092	18,981	16.67%
	1,091,220	78,497	-	(36,416)	75,393	1,208,694	249,877	119,794	-	(26,475)	343,186	865,508	

5.1.1 Movement in written down value of buildings / leasehold improvements:

	2022	2021
	---- (Rupees in '000) ----	
Cost	733,895	659,809
Accumulated depreciation	(133,756)	(95,496)
Written down value	600,139	564,313
Additions during the year	319	-
Disposals during the year		
Cost	(2,585)	(1,307)
Accumulated depreciation	2,585	1,292
	-	(15)
Depreciation charge during the year	(45,133)	(39,552)
Revaluation during the year	94,194	75,393
Written down value - closing	649,519	600,139
Cost	825,823	733,895
Accumulated depreciation	(176,304)	(133,756)
Written down value	649,519	600,139

5.1.2 The forced sale value of buildings and leasehold improvements as at December 31, 2022 amounted to Rs. 544.627 million (2021:Rs. 510.118 million).

5.1.3 Buildings and leasehold improvements are carried at revalued amount. The latest revaluation was carried out on December 31, 2022 by Hamid Mukhtar & Co. (Pvt) Limited which resulted in a surplus of Rs. 94.194 million (2021: Rs. 75.393 million). The revaluation was carried out based on the market value assessment being the fair value of the buildings and leasehold improvements. Had there been no revaluation, the carrying value of the revalued assets would have been as follows:

	2022	2021
	------- (Rupees in '000) -------	
Buildings and leasehold improvements	69,485	72,862

5.1.4 During the year, the management of the Company has revised its estimate of the useful life of motor vehicles. Previously, these were depreciated over 5 years and now these are being amortised over a revised useful life of 6 years.

The revision has been accounted for as a change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS) 8 'Accounting policies, changes in accounting estimates and errors'. Had the revision in useful lives of these assets not been made, the depreciation expense for the year would have been higher by Rs. 1.053 million and consequently profit before tax would have been lower by the same amount.

5.2 Disposal of operating assets

Particulars of the assets	Cost	Accumulated depreciation	Book value	Sale proceeds	Net gain / (loss)	Mode of disposal	Particulars of purchaser
	-(Rupees in '000)						
Disposals having book value exceeding Rs. 50,000 individually							
Office equipment							
Mobile phones	180	(96)	84	66	(18)	Company Policy	Jahanzaib Khan*
Right-of-use assets - vehicle							
Toyota Corolla	1,883	(1,422)	461	710	249	Company Policy	Nafees Ahmed*
Toyota Corolla	1,883	(1,422)	461	2,317	1,856	Company Policy	Haider Ali*
Toyota Corolla	2,065	(1,563)	502	2,519	2,017	Negotiation	Abdul Qayyum
Suzuki Cultus	1,202	(908)	294	294	-	Company Policy	Nasir Iqbal*
Toyota Corolla	2,040	(1,547)	493	2,635	2,142	Negotiation	Mohammad Sharif
Suzuki Cultus	1,197	(905)	292	1,100	808	Company Policy	Abdul Rauf*
Toyota Corolla	2,084	(1,580)	504	2,708	2,204	Company Policy	Awais Ahmed*
Honda City	1,601	(1,113)	488	1,965	1,477	Company Policy	Waqas Mehmood*
Suzuki Alto	1,235	(742)	493	1,350	857	Insurance Claim	Alfalah Insurance
Honda City	1,904	(983)	921	2,265	1,344	Company Policy	Dr Shazia*
Toyota Passo	1,620	(858)	762	1,924	1,162	Company Policy	Zohair Sharih*
Honda Civic	3,703	(1,781)	1,922	4,100	2,178	Insurance Claim	Alfalah Insurance
	22,417	(14,824)	7,593	23,887	16,294		

Particulars of the assets	Cost	Accumulated depreciation	Book value	Sale proceeds	Net gain / (loss)	Mode of disposal	Particulars of purchaser
	----------	----------	(Rupees in '000)	----------	----------		
Disposals having book value not exceeding Rs. 50,000 individually							
Furniture and fixtures	1,563	(922)	641	252	(389)	Negotiation	Various
Office equipment	1,252	(1,087)	165	291	126	Negotiation	Various
Computer equipment	59	(35)	24	17	(7)	Negotiation	Various
Buildings / leasehold improvements	2,585	(2,585)	-	412	412	Negotiation	Various
Motor vehicles - owned	4,756	(4,668)	88	4,259	4,171	Negotiation	Various
	10,215	(9,297)	918	5,231	4,313		
Total - December 31, 2022	32,812	(24,217)	8,595	29,184	20,589		
Total - December 31, 2021	36,416	(26,475)	9,941	39,621	29,680		

* These represent persons in the employment of the Company.

5.3 The cost and accumulated depreciation of fully depreciated property and equipment still in use amounts to Rs.130.796 million (2021: Rs. 110.699 million).

	2022	2021
5.4 Capital work-in-progress	------- (Rupees in '000)	-------
Trackers	11,206	8,550
Others	328	328
	11,534	8,878

6 INTANGIBLE ASSETS

	2022									
	Cost				Accumulated amortisation				Written down value as at	Amortisation rate (% per annum)
	As at January 1	Additions	Disposals	As at December 31	As at January 1	Charge for the year	Disposals	As at December 31		
	----------	----------	----------	----------	(Rupees in '000)	----------	----------	----------	----------	
Computer software	34,107	-	-	34,107	19,411	5,705	-	25,116	8,991	20%

	2021									
	Cost				Accumulated amortisation				Written down value as at	Amortisa-tion rate (% per annum)
	As at January 1	Additions	Disposals	As at December 31	As at January 1	Charge for the year	Disposals	As at December 31		
	----------	----------	----------	----------	(Rupees in '000)	----------	----------	----------	----------	
Computer software	29,931	4,176	-	34,107	13,189	6,222	-	19,411	14,696	20%

6.1 The cost and accumulated amortisation of fully amortised intangibles still in use amounts to Rs. 15.130 million (2021: Rs. 15.130 million).

	Note	2022	2021
7 INVESTMENT PROPERTIES		------- (Rupees in '000)	-------
Opening net book value		399,575	377,797
Unrealised fair value gain during the year		29,827	21,778
Closing net book value	7.1	429,402	399,575

7.1 The market value and forced sale value of investment properties is Rs. 429.402 million (2021: Rs. 399.575 million) and Rs 383.490 million (2021: Rs. 339.639 million), respectively as per the valuation carried out by the independent professional valuer as at December 31, 2022.

8 INVESTMENTS IN SUBSIDIARY

The Company's interests in its subsidiary were as follows:

Name	Country of incorporation	Number of shares held	Cost	Assets	Liabilities	Revenues	Profit / (loss)	Interest held
			----------	----------	(Rupees in '000)	----------	----------	---(%)---
IGI FSI (Private) Limited - note 8.1	Pakistan	500,000	5,000	7,072	2,938	40,052	899	100%
Total			5,000	7,072	2,938	40,052	899	100%

8.1 The Company incorporated a wholly owned subsidiary namely IGI FSI (Private) Limited (the Subsidairy Company) on July 6, 2020 under the Companies Act, 2017. The registered office of the Subsidiary Company is situated at First Floor, Ali Institute Ferozepur Rd, Lahore. The Subsidiary Company is engaged in providing technology led business solutions including training services in the market. The breakup value of these shares on the basis of latest available unaudited financial statements for the year ended December 31, 2022 was Rs.8.27 (2021: Rs. 9.59) per share.

9 INVESTMENT IN EQUITY SECURITIES	Note	2022	2021
		------- (Rupees in '000) -------	
Mutual funds	9.1	4,822	952,722
Listed shares	9.2	86,152	-
		90,974	952,722

9.1 Mutual fund

	2022					2021				
	Number of units	Carrying value	(Impairment / provision)	Unrealised gain / (loss)	Market value	Number of units	Carrying value	(Impairment / provision)	Unrealised gain / (loss)	Market value
		----(Rupees in '000)----					----(Rupees in '000)----			
Fair value through profit or loss										
Alfalah GHP Stock Fund	-	-	-	-	-	1,487,599	176,421	-	(19,657)	156,764
MCB Pakistan Stock Market Fund	-	-	-	-	-	2,562,957	273,035	-	(19,162)	253,873
NBP Stock Fund	-	-	-	-	-	15,150,794	241,471	-	(4,441)	237,030
UBL Stock Advantage Fund	-	-	-	-	-	2,291,504	181,586	-	(3,812)	177,774
Faysal Money Market Fund	-	-	-	-	-	53	5	-	-	5
HBL Equity Fund	-	-	-	-	-	458,371	63,798	-	(13,790)	50,008
NBP Islamic Stock Fund	-	-	-	-	-	5,916,484	78,132	-	(6,168)	71,964
NBP Financial Sector Income Fund	-	-	-	-	-	502,465	5,300	-	4	5,304
UBL Liquidity Plus Fund	23,942	2,414	-	15	2,429	-	-	-	-	-
UBL Cash Fund	22,167	2,289	-	104	2,393	-	-	-	-	-
	46,109	4,703	-	119	4,822	28,370,227	1,019,748	-	(67,026)	952,722

9.2 Listed shares

	Number of units	Carrying value	(Impair-ment / provision)	Unrealised gain / (loss)	Market value	Number of units	Carrying value	(Impair-ment / provision)	Unrealised gain / (loss)	Market value
		----(Rupees in '000)----					----(Rupees in '000)----			
Fair value through profit or loss										
Bank AL Habib Limited	8,500	515	-	(45)	470	-	-	-	-	-
Engro Corporation Limited	33,800	9,145	-	(289)	8,856	-	-	-	-	-
Engro Fertilizers Limited	78,500	6,864	-	(828)	6,036	-	-	-	-	-
Fatima Fertilizer Company Limited	24,400	895	-	(75)	820	-	-	-	-	-
Fauji Fertilizer Company Limited	61,000	7,135	-	(1,114)	6,021	-	-	-	-	-
Faysal Bank Limited	65,500	1,706	-	(14)	1,692	-	-	-	-	-
GlaxoSmithKline Consumer Healthcare	3,700	860	-	(253)	607	-	-	-	-	-
Habib Bank Limited	59,300	4,429	-	(650)	3,779	-	-	-	-	-
Habib Metropolitan Bank Limited	36,500	1,577	-	(338)	1,239	-	-	-	-	-
Highnoon Laboratories Limited	2,000	1,081	-	(1)	1,080	-	-	-	-	-
Interloop Limited	27,872	1,751	-	(172)	1,579	-	-	-	-	-
Kohinoor Textile Mills Limited	18,000	923	-	(71)	852	-	-	-	-	-
Lucky Cement Limited	10,500	5,249	-	(560)	4,689	-	-	-	-	-
Maple Leaf Cement Factory Limited	38,000	1,111	-	(253)	858	-	-	-	-	-
Mari Petroleum Company Limited	3,215	5,371	-	(398)	4,973	-	-	-	-	-
MCB Bank Limited	12,215	1,563	-	(144)	1,419	-	-	-	-	-
Meezan Bank Limited	41,700	4,770	-	(618)	4,152	-	-	-	-	-
Oil & Gas Development Company Limited	73,000	5,870	-	(55)	5,815	-	-	-	-	-
Pakistan Oilfields Limited	8,700	3,253	-	165	3,418	-	-	-	-	-
Pakistan Petroleum Limited	85,000	5,535	-	257	5,792	-	-	-	-	-
Pakistan State Oil Company Limited	20,000	3,545	-	(666)	2,879	-	-	-	-	-
Systems Limited	12,300	5,067	-	885	5,952	-	-	-	-	-
The Hub Power Company Limited	101,366	6,641	-	(247)	6,394	-	-	-	-	-
United Bank Limited	67,300	8,317	-	(1,537)	6,780	-	-	-	-	-
	892,368	93,173	-	(7,021)	86,152	-	-	-	-	-

10 INVESTMENTS IN GOVERNMENT SECURITIES

Particulars	Year of maturity	Effective yield % per annum	Profit payment	2022	2021
				------ (Rupees in '000) ------	
At fair value through profit or loss					
Market Treasury Bills	2022	10.06%	On maturity	-	77,747
Market Treasury Bills	2022	10.28%	On maturity	-	523,309
Pakistan Investment Bonds	2023	9.22%	Semi-annual	94,153	93,623
Pakistan Investment Bonds	2023	8.61%	Semi-annual	188,306	187,246
Pakistan Investment Bonds	2025	9.78%	Semi-annual	143,202	154,325
Pakistan Investment Bonds	2024	14.00%	Semi-annual	217,382	-
Pakistan Investment Bonds	2030	12.52%	Semi-annual	68,647	-
Pakistan Investment Bonds	2027	12.87%	Semi-annual	93,314	-
Pakistan Investment Bonds (floaters)	2028	16.35%	Semi-annual	571,898	579,362
Pakistan Investment Bonds (floaters)	2028	17.56%	Semi-annual	122,619	123,972
Pakistan Investment Bonds (floaters)	2029	16.45%	Semi-annual	123,177	125,721
				1,622,698	1,865,305
Total market value				1,622,698	1,865,305
Total carrying value				1,678,303	1,882,955

10.1 These include Pakistan Investment Bonds which are placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of Clause (a) of sub-section 2 of section 29 of the Insurance Ordinance, 2000, having market value of Rs. 221.772 million (2021: Rs. 224.756 million).

11 INVESTMENTS IN DEBT SECURITIES

	2022					2021				
	Number of certificates	Maturity year	Coupon rate	Profit payment	Carrying amount	Number of certificates	Maturity year	Coupon rate	Profit payment	Carrying amount
					(Rupees in '000)					(Rupees in '000)
Fair value through profit or loss										
Term finance certificate										
Habib Bank Limited	500,000	Perpetual	3 months Kibor plus 1.6%	Quarterly	50,000	500,000	Perpetual	3 months Kibor plus 1.6%	Quarterly	50,000
Bank Alfalah Limited	1,000,000	Perpetual	Higher of 3 year PKRV plus 0.75% or 9%	Quarterly	100,000	1,000,000	Perpetual	Higher of 3 year PKRV plus 0.75% or 9%	Quarterly	100,000
Bank Alfalah Limited	750,000	2030	6 months Kibor plus 2.0%	Semi-annual	75,000	-	-	-	-	-
Soneri Bank Limited	250,000	2030	6 months Kibor plus 1.70%	Semi-annual	25,000	-	-	-	-	-
Sukuk										
China Power Hub Generation Company (Pvt.) Ltd	500,000	2023	6 months Kibor plus 1.35%	Semi-annual	50,000	-	-	-	-	-
Lucky Electric Power Company Limited	1,000,000	2023	6 months Kibor plus 1.20%	Semi-annual	100,000	-	-	-	-	-
	4,000,000				400,000	1,500,000				150,000

11.1 The effective yields of term finance certificates and sukuk certificates are 17.06% to 19.02% (2021 : 8.90% to 11.97%) per annum.

12 LOANS AND OTHER RECEIVABLES

	Note	2022	2021
		------- (Rupees in '000) -------	
Receivable from related parties	12.1	192,250	149,784
Advances - considered good		23,253	12,060
Security deposits		48,715	93,166
Sales tax recoverable		155,948	113,317
Accrued income on investments and deposits		83,187	38,856
Loans and advances to employees		7,163	3,683
Others	12.3	85,496	63,004
		596,012	473,870

12.1 This includes receivables amounting to Rs. 0.403 million, Rs. 99.844 million, Rs. 15,578 million, Rs.2.863 million and Rs.11.884 million (2021: Rs. 0.161 million, Rs. 51.479 million, Rs. 9.176 million, Rs. 3.784 million and Rs. 2.294 million) charged to IGI Investments (Pvt.) Limited, IGI Life Insurance Limited, IGI Finex Securities Limited, IGI Holdings Limited and Packages Limited, respectively, under group shared services.

12.3 These include a receivable from takaful operations amounting to Rs 58.028 million (2021: Rs 58.028 million) in respect of Sindh Sales Tax as disclosed in note 23.4 to the unconsolidated financial statements.

13 INSURANCE / REINSURANCE RECEIVABLES	Note	2022	2021
		------- (Rupees in '000) -------	
Due from insurance contract holders - unsecured			
- considered good		1,270,949	1,097,334
- considered doubtful		161,592	152,028
	13.1	1,432,541	1,249,362
Less: provision for impairment of receivables from insurance contract holders	13.2	(161,592)	(152,028)
		1,270,949	1,097,334
Due from other insurer / reinsurer - unsecured			
- considered good		3,346,480	1,451,659
- considered doubtful		51,765	41,303
	13.4	3,398,245	1,492,962
Less: provision for impairment of receivables from other insurer / reinsurer	13.3	(51,765)	(41,303)
		3,346,480	1,451,659
		4,617,429	2,548,993

13.1 This includes an amount of Rs. 57.462 million (2021: Rs. 36.090 million) receivable from related parties.

13.2 Provision for doubtful receivables - insurance contract holders	Note	2022	2021
		------- (Rupees in '000) -------	
Balance at the beginning of the year		152,028	143,047
Charge for the year		27,217	8,981
Written off during the year		(17,653)	-
Balance at the end of the year	13.2.1	161,592	152,028

13.2.1 This includes an amount of Rs.1.112 million (2021: Rs. 0.967 million) provided against related parties.

13.3 Provision for doubtful receivables - other insurer / reinsurer	2022	2021
	------- (Rupees in '000) -------	
Opening	41,303	41,303
Charge for the year	10,462	-
Written off during the year	-	-
Balance as at the end of the year	51,765	41,303

13.4 The Company has entered into coinsurance and reinsurance arrangements with various other insurance companies and one local reinsurance company. As at December 31, 2022, the aggregate net balance due to / from other insurers and local reinsurer arising from such arrangements amounts to Rs 1,343 million and Rs 927.170 million respectively.

In respect of these balances, during the year the Company has exchanged balance information with them based on the significance of the respective balances. This information corroborates the balance position of the Company in all material respects taking into account the underlying contracts and transactions supported by appropriate evidence.

The reconciliation process of these balances with the respective insurance companies as advised by SECP is being formalised and is expected to be completed during the year ended December 31, 2023 based on the mechanism agreed between the Securities and Exchange Commission of Pakistan (the SECP) and the Insurance Association of Pakistan (the IAP).

14 RETIREMENT BENEFITS OBLIGATIONS

14.1 Defined benefit plan - Gratuity Fund

The Company offers an approved gratuity fund for all employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The gratuity is governed under the Trust Act, 1882, the Trust Deed and the Rules of the Fund, the Income Tax Ordinance, 2001, the Income Tax Rules, 2002 and the applicable local regulations. An actuarial valuation is carried out every year to determine the liability of the Company in respect of the benefit. The most recent valuation in this regard has been carried out as at December 31, 2022 using the Projected Unit Credit (PUC) Actuarial Cost Method as allowed under the International Accounting Standard (IAS) 19 - 'Employee Benefits' for valuation of the Fund.

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

Final salary risks

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

Asset volatility

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

Discount rate fluctuation

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

Investment risks

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

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Withdrawal risks

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

14.1.1 Principal actuarial assumptions

	2022	2021
Valuation discount rate	14.50%	12.25%
Valuation discount rate for statement of comprehensive income	12.25%	10.25%
Salary increase rate - *short term*	15.00%	10.00%
Salary increase rate - *long term*	12.60%	9.75%
Return on plan assets	14.50%	12.25%
Duration	7.80 years	10.05 years
Normal retirement age	58	58
Withdrawal rate	Moderate	Low
Mortality rate	SLIC 2001-05	SLIC 2001-05
Next salary increase date	1-Jan-2023	1-Jan-2022

14.1.2 Amount recognised in the unconsolidated statement of financial position

	Note	2022	2021
		------- (Rupees in '000) -------	
Reconciliation			
Present value of defined benefit obligation		162,820	139,257
Less: fair value of plan assets		(134,162)	(132,680)
Payable to defined benefit plan		28,658	6,577
Movement in net liability recognised			
Opening net liability		6,577	17,677
Expense for the year	14.1.3	17,028	16,083
Other comprehensive (loss) / gain	14.1.4	(20,453)	12,885
Contributions		(15,400)	(14,298)
		28,658	6,577

	Note	2022	2021
		------- (Rupees in '000) -------	
Movement in present value of defined benefit obligation			
Opening		139,257	132,484
Current service cost	14.1.3	17,137	15,004
Interest cost		16,641	13,150
Benefits paid		(7,289)	(8,381)
Actuarial gain on obligation	14.1.4	(2,926)	(13,000)
Closing		162,820	139,257
Movement in the fair value of plan assets			
Opening		132,680	114,807
Expected return on plan assets		16,750	12,071
Contributions		15,400	14,298
Benefits paid		(7,289)	(8,381)
Actuarial loss on obligation	14.1.4	(23,379)	(115)
		134,162	132,680

14.1.3 Amount recognised in unconsolidated statement of comprehensive income

	2022	2021
Current service cost	17,137	14,440
Interest (income) / cost	(109)	1,454
Expense for the year	17,028	15,894

14.1.4 Amount recognised in other comprehensive income

	2022	2021
Remeasurement gain on obligation	(2,926)	(13,000)
Remeasurement loss on plan assets	23,379	115
	20,453	(12,885)

14.1.5 Actual return on plan assets

	2022	2021
Expected return on assets	16,750	12,071
Actuarial loss	(23,379)	(115)
	(6,629)	11,956

14.1.6 Analysis of present value of defined benefit obligation

	2022	2021
Split by vested / non-vested		
(i) Vested benefits	162,820	139,257
(ii) Non-vested benefits	-	-
	162,820	139,257

14.1.7 Sensitivity analysis

	2022			2021		
	Change in assumption	Increase / (decrease) in present value of defined benefit obligation		Change in assumption	Increase / (decrease) in present value of defined benefit obligation	
		(%)	(Rupees in '000)		(%)	(Rupees in '000)
Discount rate	+1%	-7.33%	(11,939)	+1%	-9.01%	(12,553)
	-1%	8.26%	13,457	-1%	10.36%	14,429
Salary increase rate	+1%	8.79%	14,320	+1%	10.89%	15,166
	-1%	-7.91%	(12,873)	-1%	-9.60%	(13,374)
Life expectancy / withdrawal rate	+10%	0.04%	71	+10%	-0.04%	(51)
	-10%	-0.05%	(78)	-10%	0.04%	51

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

14.1.8 Plan assets comprise of the following:

	2022 (Rupees in '000)	Percentage composition	2021 (Rupees in '000)	Percentage composition
Equity investments	21,938	16.36%	14,851	11.20%
Cash and bank deposits	80,625	60.10%	80,928	60.99%
Government securities	31,599	23.55%	36,901	27.81%
Fair value of plan assets	134,162	100%	132,680	100%

14.1.9 As per the actuarial recommendations, the expected return on plan assets was taken as 14.50% (2021: 12.25%), which is representative of yields on long-term Government bonds. Due to the increased volatility of share prices in recent months, there is no clear indication of return on equity. It is therefore assumed that the yield on equity matches the return on debt.

Based on actuarial advice, the Company intends to charge an amount of Rs. 19.117 million in the unconsolidated financial statements for the year ending December 31, 2023.

The expected contribution for the next one year should take into account the maximum annual contribution limit set by the Income Tax Rules, 2002 i.e. the basic payroll of the last month of the financial year end. The Expected Gratuity Expense is around 8.72% of annual basic salary. Therefore, the Company may contribute up to Rs. 19.117 million during 2023.

14.1.10 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

	Less than a year	Between 1-2 Years	Between 2-5 years	Over 5 years	Total
	(Rupees in '000)				
2022					
Gratuity	23,653	7,141	34,045	120,511	185,350
2021					
Gratuity	11,323	14,431	14,876	66,787	107,417

14.1.11 Historical data on the deficit / (surplus) of the plan is as follows:

	2022	2021	2020	2019
	(Rupees in '000)			
Present value of defined benefit obligation	162,820	139,257	132,484	113,983
Fair value of plan assets	(134,162)	(132,680)	(114,807)	(94,620)
Deficit	28,658	6,577	17,677	19,363

14.2 Defined contribution plan - Provident Fund

The Company has set up a provident fund for its permanent employees and contributions were made by the Company to the Trust in accordance with the requirements of Section 218 of the Companies Act, 2017. The total charge against provident fund for the year ended December 31, 2022 was Rs. 20.666 million (2021: Rs. 18.573 million). The net assets based on unaudited financial statements of Provident Fund as at December 31, 2022 are Rs. 149.081 million (2021: 139.248 million) out of which 94% were invested in different financial instruments categories as provided in Section 218 of the Companies Act, 2017 and the rules formulated therein. The carrying value of the investments of the provident fund as at December 31, 2022 (unaudited) was Rs. 155.431 million (2021: 139.248 million). The above investments out of provident fund have been made in accordance with the requirements of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	December 31, 2022 (un-audited)		December 31, 2021 (un-audited)	
	(Rupees in '000)	% of the size of the fund	(Rupees in '000)	% of the size of the fund
Government securities	30,336	20.35%	33,085	23.76%
Listed securities	6,037	4.05%	6,133	4.40%
Bank deposits	92,719	62.19%	78,999	56.73%
Mutual Funds	14,989	10.06%	16,031	11.52%
Term finance certificates	5,000	3.35%	5,000	3.59%
Total	149,081	100%	139,248	100%

14.3 Staff strength

	2022	2021
	(Number of employees)	
Number of employees as at December 31	199	185
Average number of employees during the year	199	184

	Note	2022	2021
		------- (Rupees in '000) -------	
15 PREPAYMENTS			
Prepaid reinsurance premium ceded	24	1,704,594	1,327,669
Prepaid rentals		36,992	28,154
Others		1,919	8,633
		1,743,505	1,364,456

16 CASH AND BANK

	Note	2022	2021
Cash and cash equivalents			
Cash in hand		544	-
Policy stamps in hand		8,949	1,320
Cash at bank			
Current accounts		2,398	1,964
Savings accounts	16.1	370,799	200,459
		373,197	202,423
		382,690	203,743

16.1 The balances in savings accounts carry mark-up ranging from 14.5% to 15.5% (2021: 7% to 8.25%) per annum.

	Note	2022	2021
		------- (Rupees in '000) -------	
16.2 Cash and cash equivalents for the purpose of unconsolidated cash flow statement:			
Cash and bank	16	382,690	203,743
Market Treasury Bills having original maturity of upto three months		-	601,056
		382,690	804,799

17 MOVEMENT IN NUMBER OF SHARES

	2022	2021
	(Number of Shares)	
At beginning of the year	191,838,400	191,838,400
Issuance of shares during the year	-	-
At end of the year	191,838,400	191,838,400

17.1 All ordinary shares carry equal voting and dividend rights.

	Note	2022	2021
		------- (Rupees in '000) -------	
18 SURPLUS ON REVALUATION OF PROPERTY AND EQUIPMENT - NET OF TAX			
Opening balance		368,414	333,025
Transfer from surplus on revaluation of property and equipment on account of incremental depreciation		(30,532)	(25,549)
Related deferred tax		10,076	7,409
		(20,456)	(18,140)
Change in fair value - net of tax		39,655	53,529
Closing surplus on revaluation of property and equipment		387,613	368,414

19 BORROWINGS

	Note	2022	2021
Lease liability against right-of-use assets - motor vehicle	19.2	67,457	135,180
Lease liability against right-of-use assets - rented premises	19.3	13,958	12,595
	19.1	81,415	147,775
Current portion		33,182	30,335
Non-current portion		48,233	117,440
		81,415	147,775

19.1 Lease liability against right-of-use assets

	2022			2021		
	Minimum lease Payments	Financial charges	Principal outstanding	Minimum lease Payments	Financial charges	Principal outstanding
	(Rupees in '000)					
Not later than one year	44,364	11,182	33,182	50,043	19,708	30,335
Later than one year and not later than five years	57,283	9,050	48,233	154,964	37,524	117,440
	101,647	20,232	81,415	205,007	57,232	147,775

19.2 The Company leases motor vehicles from banks which are provided to employees as an employment benefit.

19.3 The Company leases various offices, branches and other premises to meet its operational business.

	2022	2021
	------- (Rupees in '000) -------	
20 INSURANCE / REINSURANCE PAYABLES		
Due to other insurers / reinsurers	1,838,227	1,593,114

21 DEFERRED TAXATION

	2022	2021
Deferred debits arising in respect of :		
- Provision for doubtful receivables	(70,408)	(56,066)
- Retirement benefit obligations	(9,457)	(1,907)
- Unrealised loss on investments	(48,610)	(24,556)
- Lease liability against right-of-use assets	(26,867)	(45,359)
	(155,342)	(127,888)
Deferred credits arising due to		
- Accelerated tax depreciation	9,858	18,151
- Surplus on revaluation of property and equipment	224,584	170,045
- Fair value gain on investment properties	85,684	66,648
- Right-of-use assets	41,857	41,973
	361,983	296,817
	206,641	168,929

22 OTHER CREDITORS AND ACCRUALS

	2022	2021
	------- (Rupees in '000) -------	
Agent commission payable	311,159	260,084
Cash margin	287,982	283,589
Federal excise duty	109,250	82,541
Federal insurance fee	6,796	6,901
Accrued expenses	146,023	146,437
Payable to customers	223,550	172,546
Others	62,453	68,301
	1,147,213	1,020,399

23 CONTINGENCIES AND COMMITMENTS

23.1 The Company is defending a suit against it by M/s Nawaz Enterprises for recovery of Rs. 9.45 million on account of insurance claim. The management, based on a advice of the legal counsel, is confident that the outcome of the case is likely to be in favor of the Company.

23.2 The Company is defending a suit filed against it and the beneficiary on account of damages by the Federation of Pakistan amounting to Rs. 4.929 million. The petition is pending for hearing before Civil Court judge. The management, based on a advice of the legal counsel, is hopeful that the outcome of the case is likely to be decided in favor of the Company.

23.3 An appeal was filed before the Commissioner - Appeals, the Sindh Revenue Board (SRB) against the order passed by the Assistant Commissioner, SRB under section 23(1) of the Sindh Sales Tax on Services Act, 2011 for tax periods July 2011 to December 2012 in respect of re-insurance accepted transactions which was decided against the Company. The department alleged that the Company provided re-insurance services to local insurance companies and demanded Sindh sales tax on services under Sindh Sales Tax on Services Act, 2011. The Commissioner Appeals had decided the matter against the Company. Against the order of the Commissioner - Appeals, further appeal had been filed before the Appellate Tribunal, SRB on January 16, 2015, which was also decided against the Company. The Company had filed an appeal in the Honourable High Court of Sindh which is pending adjudication. The management, based on advice of the legal counsel, is hopeful that the outcome of the case will be decided in favor of the Company.

23.4 During the year 2018, the Sindh Revenue Board (SRB) raised a demand of tax of Rs 430.412 million under section 23(1) of Sindh Sales Tax on Services Act (SSTA), 2011, in respect of sales tax on reinsurance obtained from foreign re-insurers by the Company. The department has also imposed a penalty of Rs 21.520 million.

The department alleged that the Company has received re-insurance services from foreign re-insurance companies for the period from July 2011 to December 2014 and it is the contention of the department that these services are liable to sales tax under SSTA, 2011. The department attached the Company's bank account and directed the Company's banker to issue pay orders to SRB. The pay orders of Rs 58.028 million from the Company's bank account were issued by the Company's banker on December 27, 2018 upon direction of SRB.

The Company had filed an appeal before the Commissioner Appeals on December 28, 2018 against the above order. The management in hearings held before the Commissioner (Appeals) SRB had submitted that:

- The payments to foreign re-insurance companies are not a service and is merely a re-distribution of the insurance risk and therefore the insurance premium. There is no value addition involved since in essence it is a sharing of the insurance risk between the insurer and re-insurers. The management believes that the gross premium charged by the insurer was already subject to Sales Tax on the gross amount, hence it is illogical to again subject it to sales tax upon its re-distribution keeping in view the fact that neither any service is being provided to the policyholder nor any value addition is being made.

- These risk sharing arrangements have been made by the Company with the re-insurance companies incorporated outside Pakistan with no legal or physical presence therefore it is the view that the provisions of Sindh Sales Tax laws are not applicable to these type of arrangements and are outside the jurisdiction of Sindh Sales Tax laws.

The management believes that even if it is assumed that Sindh Sales Tax on re-insurance provided to insurer / insurance companies is applicable, the law does not provide any mechanism for calculating the basis on which such tax will be imposed and its related payment and the same would have been claimed as adjustable input tax by the Company against its output tax liability.

The Company had also filed a constitutional petition before the Honourable High Court of Sindh at Karachi (the Court) on December 28, 2018 seeking protection from the above mentioned coercive action taken by the tax department. The Court had suspended the above mentioned attachment notice and also instructed the bank that the said pay orders should not be encashed.

During the year ended December 31, 2020, the Court of Sindh has disposed of the constitutional petition together with the other similar petitions and has ordered SRB not to enforce recovery of impugned demand before expiry of seven days of the receipt of the final decision in appeal or stay application by the Commissioner (Appeals) SRB, whichever is earlier.

The management, based on the advice received from their tax and legal advisors, is confident that this matter is likely to be decided in favour of the Company. The Company has recorded Rs 58.028 million as 'other receivable' in these unconsolidated financial statements.

Further, during the year 2021, the Company, along with the Insurance Association of Pakistan (IAP) and other insurance companies, has also filed a constitutional petition in the Honourable High Court of Sindh challenging the levy of Sindh Sales Tax on reinsurance. The Court has abstained the respondents from passing an adverse order against notices issued to the petitioners.

23.5 During the year ended December 31, 2020, one of the policyholders lodged a claim with the Company under Export Credit Insurance Policy due to insolvency of one of their customers. The Company appointed a surveyor to verify the claim. Appointed surveyor through its survey report concluded that this claim was a 'NO LOSS' claim and was outside the scope of the insurance cover. Based on the outcome of the survey report by appointed surveyor, the policyholder filed a complaint with the SECP against the Company and the appointed surveyor. The SECP directed the Company to appoint another surveyor to conduct the verification procedures. Other surveyor after performing their due procedures (including consultation with a lawyer) also concluded this claim to be 'NO LOSS' due to the same facts that were stated by the appointed surveyor.

During the year 2021, the policyholder, through its legal counsel served a legal notice to the Company for claiming losses amounting to USD 709,356 under the afore-mentioned insurance policy. The Company responded to the subject legal notice after consulting its legal counsel and rejected the claim based on the grounds mentioned in the paragraph above. Subsequently, the Company received a legal notice from the Insurance Tribunal, Faisalabad summoning the representatives of the Company and seeking the written response. The Company through its legal counsel has submitted its response to the Insurance Tribunal explaining the basis of its contention.

In this connection, the proceedings of the Insurance Tribunal are under progress and there has been no correspondence on this matter after the response was submitted by the Company. The management believes that it has a strong case based on the reports of the two reputed independent surveyors and the advice of the legal counsel. Accordingly, no provision has been recognised in respect of this matter in the unconsolidated financial statements of the Company for the year ended December 31, 2022.

23.6 The contingencies relating to taxation are given in note 31.2 to the unconsolidated financial statements.

24 NET INSURANCE PREMIUM

	Note	2022	2021
		------- (Rupees in '000) -------	
Written gross premium	24.1	8,537,522	7,388,824
Add: Unearned premium reserve - opening		2,674,247	1,913,043
Less: Unearned premium reserve - closing		(3,007,816)	(2,674,247)
Premium earned	24.1	8,203,953	6,627,620
Less: Reinsurance premium ceded		(5,167,145)	(4,237,587)
Add: Prepaid reinsurance premium ceded - opening		(1,327,669)	(1,001,740)
Less: Prepaid reinsurance premium ceded - closing		1,704,594	1,327,669
Reinsurance expense		(4,790,220)	(3,911,658)
		3,413,733	2,715,962

24.1 This includes an amount of Rs.133.382 million (2021: 110.891 million) and Rs.122.807 million (2021: 94.570 million) in respect of amount written and earned on tracking services.

25 NET INSURANCE CLAIMS

	Note	2022	2021
		------- (Rupees in '000) -------	
Claims paid		5,884,018	3,676,785
Add: Outstanding claims (including IBNR) - closing		6,623,855	2,584,937
Less: Outstanding claims (including IBNR) - opening		(2,584,937)	(2,626,867)
Claims expense		9,922,936	3,634,855
Less: Reinsurance and other recoveries received		(5,046,975)	(2,368,333)
Add: Reinsurance and other recoveries in respect of outstanding claims - closing		(4,761,352)	(1,914,772)
Less: Reinsurance and other recoveries in respect of outstanding claims - opening		1,914,772	2,165,642
Reinsurance and other recoveries revenue		(7,893,555)	(2,137,463)
		2,029,381	1,497,392

25.1 Claims development tables

The following table shows the development of fire claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

Analysis on gross basis

Accident year	2018 and prior	2019	2020	2021	2022 (including IBNR)	Total
	(Rupees in '000)					
Estimate of ultimate claims cost:						
At end of accident year	363,401	482,385	1,593,639	947,831	6,011,615	9,378,871
One year later	905,823	468,609	1,574,803	935,532	-	3,884,767
Two years later	670,210	710,275	1,541,164	-	-	2,921,649
Three years later	660,372	823,421	-	-	-	1,483,793
Four years later	770,064	-	-	-	-	770,064
Estimate of cumulative claims	770,064	823,421	1,541,164	935,532	6,011,615	10,081,796
Cumulative payments to date	(649,244)	(357,757)	(1,371,347)	(928,428)	(3,380,085)	(6,686,861)
Liability recognised in the unconsolidated statement of financial position	120,820	465,664	169,817	7,104	2,631,530	3,394,935

The above effects have been worked out on the assumption that increase / decrease in net claims expense pertains to individual segment in isolation.

25.2 Movement of IBNR / PDR

	2022 IBNR	2022 PDR	2021 IBNR	2021 PDR
	(Rupees in '000)			
IBNR / PDR - opening	93,962	1,345	76,333	-
Charge during the year	16,955	2,079	17,629	1,345
IBNR / PDR - closing	110,917	3,424	93,962	1,345

26 NET COMMISSION EXPENSE

	2022	2021
	------- (Rupees in '000) -------	
Commission paid or payable	994,448	782,368
Add: Deferred commission expense - opening	264,221	186,464
Less: Deferred commission expense - closing	(353,588)	(264,221)
Net commission	905,081	704,611
Less: Commission received or receivable	(803,185)	(652,528)
Add: Unearned reinsurance commission - opening	(218,690)	(212,055)
Less: Unearned reinsurance commission - closing	269,625	218,690
Commission from reinsurers	(752,250)	(645,893)
	152,831	58,718

27 MANAGEMENT EXPENSES

	Note	2022	2021
		------- (Rupees in '000) -------	
Employee benefit cost	27.1.1	502,222	461,145
Rent, rates and taxes		50,215	47,541
Electricity and gas		22,500	16,111
Repairs and maintenance		22,317	19,873
Communication		29,638	26,320
Tracker related expenditures		17,649	38,250
Depreciation and amortisation	27.1.2	123,429	121,453
Bad and doubtful debts	13.2 & 13.3	37,679	8,981
Vehicle running expenses		72,863	37,020
Travelling expenses		29,264	12,285
Representation expenses		6,403	3,979
Printing and stationery		8,121	5,881
Legal and professional		30,911	28,656
SECP Supervision fee		8,763	8,283
Advertisement expenses		9,118	11,200
Miscellaneous		4,036	2,880
	27.1	975,128	849,858

27.1 During the year, the Company has allocated certain management expenses to Window Takaful Operations on the basis of reasonable and supportable information available for determining such allocation amounting to Rs. 128.828 million (2021: 71,603 million).

	Note	2022 Total Expense	2022 Allocated to WTO	2022 Net Expense	2021 Total Expense	2021 Allocated to WTO	2021 Net Expense
		------- (Rupees in '000) -------					
Employee benefit cost	27.1.1	571,881	69,659	502,222	507,154	46,009	461,145
Rent, rates and taxes		60,096	9,881	50,215	54,588	7,047	47,541
Electricity and gas		26,927	4,427	22,500	18,199	2,088	16,111
Repairs and maintenance		25,455	3,138	22,317	21,233	1,360	19,873
Communication		31,660	2,022	29,638	27,573	1,253	26,320
Tracker related expenditures		17,649	-	17,649	38,250	-	38,250
Depreciation and amortisation	27.1.2	136,851	13,422	123,429	126,006	4,553	121,453
Bad and doubtful debts		37,679	-	37,679	8,981	-	8,981
Vehicle running expenses		87,551	14,688	72,863	41,669	4,649	37,020
Travelling expenses		35,253	5,989	29,264	13,835	1,550	12,285
Representation expenses		7,714	1,311	6,403	4,495	516	3,979
Printing and stationery		9,776	1,655	8,121	6,643	762	5,881
Legal and professional		39,674	-	39,674	36,939	-	36,939
Advertisement expenses		10,986	1,868	9,118	12,651	1,451	11,200
Miscellaneous		4,804	768	4,036	3,245	365	2,880
		1,103,956	128,828	975,128	921,461	71,603	849,858

27.1.1 Employee benefit cost

	Note	2022	2021
		------- (Rupees in '000) -------	
Salaries, allowance and other benefits		534,187	472,498
Charges for post employment benefit	14.1.3 & 14.2	37,694	34,656
Less: employee benefit cost allocated to Window Takaful Operations		(69,659)	(46,009)
		502,222	461,145

27.1.2 Depreciation and amortisation

	Note	2022	2021
Depreciation and amortisation charged during the year	5 & 6	136,851	126,006
Less: depreciation and amortisation allocated to Window Takaful Operations		(13,422)	(4,553)
		123,429	121,453

28 INVESTMENT INCOME

	Note	2022	2021
		-------- (Rupees in '000) --------	
Income from equity securities			
Fair value through profit or loss			
Dividend income		67,955	19,971
Income from debt securities			
Fair value through profit or loss			
Return on government securities		236,216	167,518
Return on term finance certificate		29,043	13,596
Income from term deposits			
Held to maturity			
Return on term deposits		-	4,099
Net realised gain / (loss) on investments			
Fair value through profit or loss			
Mutual funds		25,438	22,955
Litsed shares		(3,217)	-
Government securities		(1,956)	972
		20,265	23,927
Net unrealised loss on investments			
Fair value through profit or loss			
Mutual funds		119	(67,026)
Litsed shares		(7,021)	-
Government securities		(55,605)	(17,650)
		(62,507)	(84,676)
Total investment income		290,972	144,434

29 OTHER INCOME

	Note	2022	2021
Return on savings accounts		69,803	36,185
Gain on sale of operating assets	5.2	20,589	29,680
Fair value gain on investment properties	7	29,827	21,778
Miscellaneous		11,605	1,522
		131,824	89,165

30 OTHER EXPENSES

	Note	2022	2021
Group shared services expenses		10,939	6,920
Insurance expense		21,444	17,934
Repairs and maintenance		1,944	2,808
Exchange loss		320	-
Legal and professional		2,428	3,075
Auditors' remuneration	30.1	13,220	8,435
Donations	30.2	8,558	4,865
		58,853	44,037

30.1 Auditor's remuneration

	2022	2021
Fee for statutory audit	1,581	1,375
Fee for audit of consolidated financial statements	380	330
Fee for interim review	696	605
Fee for audit of regulatory return	1,043	907
Special certifications and sundry services	190	165
Tax advisory and other consultancy services	8,792	4,563
Out of pocket expenses	538	490
	13,220	8,435

30.2 This represents donation paid to Packages Foundation (a related party), in which Mr Shamim Ahmed Khan and Syed Hyder Ali (directors of the Company) are Trustees.

31 TAXATION

	2022	2021
	------- (Rupees in '000) -------	
Current Tax		
- current year	253,736	213,525
- prior year	29,646	-
	283,382	213,525
Deferred tax		
- current year	(10,078)	(38,372)
	273,304	175,153

31.1 Effective tax rate reconciliation

Numerical reconciliations between the average tax rate and the applicable tax rate for the year ended December 31, 2022 and December 31, 2021 are as follows:

	2022 (Effective tax rate) (%)	2022 '000	2021 (Effective tax rate) (%)	2021 '000
Profit before taxation		741,495		603,063
Tax at enacted tax rate	33.00	244,693	29.00	174,888
Prior year tax	4.00	29,646	-	-
Others	(0.14)	(1,035)	0.04	265
	36.86	273,304	29.04	175,153

31.2 Taxation

31.2.1 The Company has a group taxation policy with its Holding Company under section 59AA of the Income Tax Ordinance, 2001 under which payments of tax are made through the Holding Company.

The income tax assessments of the Company have been finalised up to and including the tax year 2017. However, the Company has filed appeals in respect of certain assessment years which mainly relate to the following:

31.2.2 While finalising the assessment for the year 1999-2000 the Taxation Officer (TO) had not allowed credit for tax paid under section 54 amounting to Rs. 3 million for which rectification application is filed which is pending.

The Company has also filed applications in respect of certain mistakes made in the orders passed under section 124 of the Income tax Ordinance for 2001-2002 and 2002-2003. The applications filed were rejected by the T.O. against which appeals had been filed with the CIT (A) which are pending.

The Additional Commissioner of Income Tax (AC) has issued notice under section 122 (5A) of the Income Tax Ordinance, 2001 in respect of the tax year 2005 and 2006 whereby he has proposed to disallow claim of expenses and exemption in respect of gain on sale of shares and taxed income from associates. Against the above notice, the Company has filed a constitutional petition before the Honorable High Court. The regular hearing of petition is currently pending with the High Court.

31.2.3 In respect of tax year 2007, all significant issues involved amounting to Rs. 7 billion were decided in favor of the Company by CIR(A) and then by the ATIR. However, no appeal effect order has been passed. Further, certain matters amounting to Rs. 82 million that were remanded back to DCIR by the CIR(A) were not decided upon by the High Court. The Company has written a letter to the taxation officer for passing appeal effect orders. The department had filed Income Tax Reference Application before Honorable High Court of Sindh against the deletion of the addition made on account of re-characterisation of actual realized capital gain. The said Income Tax Reference Application was heard by Honorable High Court and the judgment has been passed in favour of the Company.

The tax department has further filed a civil petition before the Honorable Supreme Court of Pakistan against the judgment of the Honorable High Court which is pending adjudication.

31.2.4 In case of tax year 2008, the Additional Commissioner Audit Division-II had issued notice under section 122 (5A) of the Ordinance for passing an amended order on certain issues. The Company filed a writ petition before the Honorable High Court of Sindh which dismissed the petition by directing the Company to submit its responses to the assessing authority. Moreover, the Honorable High Court had directed the assessing authority to pass the order, preferably within two months of the service of the Court's order, strictly in accordance with law keeping in view the provisions relating to insurance business and the decisions of the High Court and the Supreme Court on the subject issues. However, to-date no notice has been received from the taxation authorities.

The additional Commissioner Audit zone III LTU Karachi issued another notice under section 122(5A) of the Ordinance in May 14, 2014 and passed an amended assessment order under section 122(5A) by disallowing provision for IBNR and allocation of expense against capital gains and dividend income. As a result of amended assessment demand of Rs. 63.166 million was created. Against the disallowances made by the ACIR, the Company has filed an appeal before the Commissioner Inland Revenue (Appeals) and also filed an application for stay of demand. Pursuant to the stay application, the CIR(A) has granted stay of demand to the Company. Against the above disallowance, the Company filed an appeal before the learned Appellate Tribunal Inland Revenue. Further, the Company challenged the assessment order on the ground that the assessment was barred by limitation of time. Moreover, the department filed a cross appeal before the ATIR challenging the relief granted by the CIR(A). The ATIR has decided both the appeals on the point of limitation of law as contained under section 122(2) of the Ordinance and have decided the appeal in favor of the Company. Moreover, the departmental appeal has also been rejected being treated as infructuous. The department has filed a reference application before the Sindh High Court against the order of the ATIR which is pending adjudication.

Moreover, pursuant to the decision of the CIR(A), the ACIR has passed an appeal effect order duly incorporating the relief granted by the CIR(A) in respect of allocation of expenses and tax refundable of Rs. 18.030 million has been determined.

31.2.5 In case of tax year 2009, the Deputy Commissioner of Inland Revenue (DCIR) has passed the amended order under section 122(5A) of the Ordinance by disallowing provisions on account of IBNR, Unearned Commission and allocation of expenses relating to exempt income. As a result of amended assessment demand of Rs 141 million was created. The DCIR has made certain errors in the order for which application for rectification was filed. Rectified order under section 221 has been passed and as a result demand has been reduced to Rs. 51 million. The learned CIR(A) has granted partial relief in respect of certain issues and confirmed certain disallowances. The Company filed further appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of issues on which relief was not allowed by the CIR(A). The ATIR, pursuant to the appeals filed against the order of CIR(A), has now passed the order whereby the ATIR has confirmed disallowance made on account of provision for IBNR. Further issue of allocation of expenses against investment income has been remanded back to CIR(A). As regards, the issue of addition made on account of provision of unearned commission, the ATIR has upheld the decision of CIR(A) whereby disallowance made on this score is deleted. In respect of issues decided against the Company, a reference application was filed before Honorable Sindh High Court where the IBNR issue has been decided in favor of the Company whereas remaining issues are pending adjudication.

The Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend income, commission income and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the Company under Fourth Schedule to the Ordinance. As a result of the amended assessment demand of Rs.31.420 million was created. The Company paid an amount of Rs.10 million and obtained stay from the Commissioner Inland Revenue till August 31, 2015 in respect of payment of the remaining tax demand of Rs. 21.420 million. Further, against the above treatment meted out by the ACIR, the Company has filed an appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication. The Company also filed a petition against the said order before the Honorable Sindh High Court which was disposed off with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed which is pending adjudication.

31.2.6 In case of tax year 2010, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the Company under Fourth Schedule to the Ordinance. Further, the ACIR has disallowed provision of IBNR under section 34(3) of the Ordinance. As a result of the amended assessment demand of Rs.93.445 million has been created. The Company has filed appeal and application for stay of tax demand before the CIR(A) against the above assessment order. The Company has also filed a petition against the said order before the Honorable Sindh High Court which is pending adjudication.

Pursuant to the appeal, the learned CIR(A) vide combined appellate order No.21 and 22/A-1 dated 10 March 2016 has decided all issues in favor of the Company. The tax department has filed further appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of the issues on which relief was allowed by the CIR(A) which is pending adjudication.

31.2.7 In case of tax year 2011, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the Company under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR, claim of brought forward loss for the tax year 2008 and refund adjustments for tax years 2004 and 2009 in the amended assessment order . Moreover, Workers' Welfare Fund @ 2% of the accounting profit for the year has also been levied. As a result of the amended assessment demand of Rs.142.414 million has been created. The Company has filed appeal and application for stay of tax demand before the CIR(A) against the above assessment order.

Pursuant to the appeal, the learned CIR(A) vide combined appellate order No. 21 & 22/A-1 dated 10 March 2016 has decided the following issues in favor of the Company:

(a) Chargeability of tax on dividend income and property income at corporate tax rate;

(b) Provision for IBNR;

(c) Levy of Workers' welfare fund for the year.

As regards, credit / adjustment of refunds available to the Company, the CIR(A) has remanded back the issue with the directions to verify the claim of refunds and allow the adjustment as per law. The tax department has filed further appeal before the Appellate Tribunal Inland Revenue(ATIR) in respect of the issues on which relief was allowed by the CIR(A) which is pending adjudication.

31.2.8 In case of tax year 2012, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the Company under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR amounting to Rs. 33 million in the amended assessment order. As a result of the amended assessment, demand of Rs. 106.563 million was created. The Company has obtained stay from the Honorable Sindh High court in respect of the above tax demand. Further, against the aforesaid order, the Company also filed an appeal before CIR(A) which is pending adjudication. The stay from the Honorable Sindh High Court has been disposed off subsequently with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed is finalised. The learned CIR(A) has passed the appellate order wherein both the aforesaid issues have been decided in favor of the Company.

The department has filed an appeal before Appellate Tribunal, Inland Revenue (ATIR) against the order passed by the CIR(A) which is pending adjudication.

31.2.9 In case of tax year 2013, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the Company under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR, claim of brought forward loss for the tax year 2012 and has also made an addition on account of disposal of fixed assets at less than fair market value (FMV) in the amended assessment order. As a result of the amended assessment, demand of Rs. 95.008 million was created. Against the aforesaid order, the Company has filed an appeal before CIR(A). Pursuant to the appeal, the learned CIR(A) vide appellate order No. 10/A-1 dated 05 October 2016 has decided the following issues in favor of the Company:

(a) Chargeability of tax on dividend income and property income at corporate tax rate;

(b) Provision for IBNR amounting to Rs. 33 million;

(c) Addition on account of disposal of fixed assets.

Further the CIR(A) has remanded back the issues in respect of adjustment of brought forward loss for the tax year 2012 and credit of Workers' Welfare Fund paid with the return of income. The tax department has filed further appeal before the Appellate Tribunal Inland Revenue(ATIR) in respect of the issues on which relief was allowed by the CIR(A) which is pending adjudication.

31.2.10 In case of tax year 2014, case of the Company was selected for audit under section 177 of the ordinance and subsequently, the Deputy Commissioner Inland Revenue (DCIR) has passed an amended assessment order under section 122(1) of the Ordinance wherein tax on dividend income has been charged at corporate tax rate (i.e. 34% for the year) by treating such income as business income of the Company under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR and has also made an addition on account of disposal of fixed assets at less than Fair Market Value (FMV) and motor car expenses paid in cash under section 21(l) in the amended assessment order. As a result of the amended assessment, demand of Rs. 148.444 million was created. The Company has obtained stay from the Honorable Sindh High court in respect of the above tax demand. Further, against the aforesaid order, the Company has also filed an appeal before CIR(A). The stay from the Honorable Sindh High Court has been disposed off subsequently with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed is finalised.

Pursuant to the appeal before CIR(A), the CIR(A) has passed the appellate order whereby issues in respect of levy of tax on dividend income at corporate tax rates, disposal of vehicles at less than FMV and levy of WWF have been decided in favor of the Company. However, issues in respect of levy of minimum tax under section 113, provision for IBNR and motor car expenses in cash has been decided against the Company. The Company has filed further appeal before the ATIR in respect of the issues decided against the Company except issue of motor car expenses paid in cash, which is pending adjudication.

31.2.11 In case of tax year 2015, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 33% for the year) by treating such income as business income of the Company under Fourth Schedule to the Ordinance. Further, the ACIR has levied Super tax under section 4B of the ordinance amounting to Rs. 27.743 million and Workers' Welfare Fund for the year. As a result of the amended assessment, demand of Rs. 234.287 million was created. The Company has obtained stay from the Honorable Sindh High court in respect of the above tax demand. Further, against the aforesaid order, the Company has also filed an appeal before CIR(A). The stay from the Honorable Sindh High Court has been disposed off subsequently with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed which is pending adjudication.

Pursuant to the appeal before CIR(A), the CIR(A) has passed the appellate order whereby issue of levy of tax on dividend income at corporate tax rates has been decided in favor of the Company whereas the issue of levy of Super tax under section 4B has been decided against the Company. Furthermore, the CIR(A) has remanded back the issue of levy of WWF. The Company has filed further appeal before the ATIR in respect of the issue of levy of Super tax, which is pending adjudication.

The ACIR also passed an appeal effect order whereby a tax demand of Rs.2.776 million was created. While passing the aforesaid order, the ACIR did not consider the impact of payment of WWF for the year amounting to Rs. 3.635 million. Accordingly, a rectification application was duly filed pursuant to which the ACIR has now passed a rectified order whereby a refund of Rs. 0.859 million has been created.

The ACIR also passed an order under section 221 of the Ordinance charging Super tax under section 4B amounting to Rs 27.912 million. Without prejudice to the stance in appeal, the Company made payment of Rs 20 million in respect of the Super tax liability under section 4B whereas the remaining Super tax demand of Rs 7.912 million was adjusted against the refund of tax year 2008. The Company filed an application with the ACIR requesting to annul the order based on various legal grounds, however, no order was passed in this regard. Moreover, the Company also filed an appeal before the CIR(A) in respect of the order passed under section 221 of the Ordinance. Pursuant to the above appeal, the CIR(A) passed the appellate order wherein the action of the ACIR in charging super tax under section 221 of the Ordinance was annulled. The Company has written a letter to the concerned taxation officer for passing appeal effect order in line with the appellate order passed by the CIR(A), which is pending. The tax department has also filed further appeal before the ATIR against the order passed by the CIR(A), which is pending adjudication.

31.2.12 The case for tax year 2015 was further selected for audit under section 177 of the Ordinance. The Company submitted all the information requested through the Information and Document Request (IDR) pursuant to which a show-cause notice was issued in December 2017. During the year, the Deputy Commissioner Inland Revenue (DCIR) has passed an amended assessment order under section 122(4) of the Income Tax Ordinance, 2001 wherein tax on outstanding commission payable has been imposed on account of being outstanding for more than three years and provision for IBNR has been disallowed. As a result of the amended assessment, demand of Rs. 62.032 million was created. The Company has filed an appeal and stay application before the Commissioner Inland Revenue (Appeals) (CIRA) against the order. While the appeal is pending adjudication, the CIRA has granted stay against the order.

31.2.13 In case of tax year 2016, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend income has been charged at corporate tax rate (i.e. 32% for the year) by treating such income as business income of the Company under Fourth Schedule to the Ordinance. Further, the ACIR has disallowed the claim of expense on account of health administrative services under section 21(c) of the ordinance and has also made an addition on account of disposal of fixed assets at less than Fair Market Value (FMV) in the amended assessment order. As a result of the amended assessment, demand of Rs. 105.190 million was created. The Company has filed stay application in respect of the above tax demand in the Honorable High Court of Sindh and also filed an appeal against the aforesaid order before the CIR(A).

Pursuant to the appeal before CIR(A), the CIR(A) has passed the appellate order whereby issues in respect of levy of tax on dividend income at corporate tax rates and disposal of vehicles at less than FMV have been decided in favor of the Company whereas the issue of non-deduction of tax on payment for health plan administrative services under section 21(c) of the Ordinance has been decided against the Company.

31.2.14 During the year, the Company received a notice from Federal Board of Revenue (FBR) bearing reference No. DCIR/A&P/ENF-II/LTO/2022-2023/5213 dated September 16, 2022 issued under section 11(2) of the Sales Act, 1990 (ST Act) highlighting certain non-compliance related to violation of section 48 of the ST Act.

Further, the Company received an assement order dated December 16, 2022 demanding of Rs. 16.301 million. Subsequent to the year end, IGI General filed an appeal before CIR(A) dated January 12, 2023 and paid 10% of the demand under section 48 of the ST Act which is pending adjudication.

31.2.15 During the year, the Company received a notice from Federal Board of Revenue (FBR) bearing reference No. DCIR/UNIT4/ENF-II/LTU/2021-2022 dated March 16, 2022 issued under section 11(2) of the Sales Act, 1990 (ST Act) highlighting certain non-compliance related to violation of section 48 of the ST Act.

Further, IGI General received an assement order dated July 07, 2022 demanding of Rs. 13.350 million. Subsequent to the year end, the Company filed an appeal before CIR(A) dated January 12, 2023 and paid 10% of the demand under section 48 of the ST Act which is pending adjudication.

The management and tax advisor of the Company are confident that the above matters will be decided in the Company's favor. Accordingly, no provision has been recognised in these unconsolidated financial statements.

32 EARNINGS PER SHARE

	2022	2021
	(Rupees in '000)	
Profit (after tax) for the year	468,191	427,910
	(Number of shares)	
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	191,838,400	191,838,400
	(Rupees)	
Earnings (after tax) per share	2.44	2.23

33 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Holding Company, subsidiary company, associates, related group companies, directors of the Company, key management personnel, post employment benefit plans and other related parties. The Company in the normal course of business carries out transactions with various related parties at agreed / commercial terms and conditions. Amounts due to / from and other significant transactions, other than those disclosed else where in these unconsolidated financial statements, are as follows:

	Holding Company		Subsidiary Company		Post employment benefit plans		Key management personnel (including directors)		Other related parties	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in '000)									
Transactions										
Premium underwritten	67	120	-	-	-	-	1,850	475	468,964	414,739
Premium collected	67	120	-	-	-	-	1,850	475	392,096	407,782
Claims expense - net of recoveries	-	-	-	-	-	-	833	191	4,492,396	27,289
Claims paid	-	-	-	-	-	-	772	-	3,662,496	18,826
Rental income	-	-	-	-	-	-	-	-	31,076	30,810
Dividend paid	280,000	360,000	-	-	-	-	-	-	-	-
Key management personnel compensation	-	-	-	-	-	-	292,180	246,298	-	-
Charge in respect of gratuity fund	-	-	-	-	17,028	16,083	-	-	-	-
Charge in respect of provident fund	-	-	-	-	20,666	18,573	-	-	-	-
Contribution to gratuity fund	-	-	-	-	15,400	14,298	-	-	-	-
Contribution to provident fund	-	-	-	-	7,636	10,683	-	-	-	-
Insurance premium expense	-	-	-	-	-	-	-	-	10,009	10,123
Insurance premium paid	-	-	-	-	-	-	-	-	10,009	10,123
Education and training fee paid	-	-	745	762	-	-	-	-	-	-
Donation paid	-	-	-	-	-	-	-	-	8,558	4,865
Rent paid	-	-	-	-	-	-	-	-	1,919	1,747
Tracker rental income from Takaful Operations	-	-	-	-	-	-	-	-	10,257	1,367
Profit received from Window Takaful Operations	-	-	-	-	-	-	-	-	61,597	26,677
Expenses allocated to Window Takaful Operations	-	-	-	-	-	-	-	-	128,828	71,603

	Holding Company		Subsidiary Company		Post employment benefit plans		Key management personnel (including directors)		Other related parties	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in '000)									
Balances										
Premium receivable	-	-	-	-	-	-	-	-	112,958	36,090
Outstanding claim	-	-	-	-	-	-	61	-	838,363	8,463
Other receivable / (payable)	2,863	4,089	(445)	(579)	-	-	-	-	189,832	146,274
Payable to gratuity fund	-	-	-	-	(28,658)	(6,577)	-	-	-	-
Receivable from / (payable) to provident fund	-	-	-	-	28,601	15,571	-	-	-	-

The maximum aggregate amount due from related parties outstanding during the year aggregated to Rs. 169.657 million (2021: Rs. 128.517 million).

33.1 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

S. No.	Name of related party	Basis of association / relationship
1	IGI Life Insurance Limited	Subsidiary of Holding Company
2	IGI Finex Securities Limited	Subsidiary of Holding Company
3	IGI Investment (Pvt.) Limited	Subsidiary of Holding Company
4	DIC Pakistan Limited	Associate
5	Bulleh Shah Packaging (Private) Limited	Associate
6	Tri Pack Films Limited	Associate
7	Packages Real Estate (Private) Limited	Associate
8	Packages Limited	Associate
9	Omypack (Pvt.) Limited	Associate
10	IGI FSI (Private) Limited	Subsidiary
11	Syed Babar Ali	Other related party
12	Syed Hyder Ali	Other related party
13	Shamim Ahmed Khan	Other related party
14	Packages Foundation	Associate

34 COMPENSATION FOR DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Fee for attending board meeting	-	-	5,675 *	5,475 *	-	-
Managerial remuneration	19,122	17,384	-	-	99,384	80,505
Bonus	9,500	10,384	-	-	49,963	42,864
Retirement benefits (including provident fund)	1,912	1,738	-	-	8,910	7,855
Housing and utilities	10,517	9,612	-	-	49,008	43,887
Medical expenses	1,912	1,738	-	-	5,805	4,265
Conveyance allowance	1,099	623	-	-	16,531	9,110
Others	4,695	4,088	-	-	8,147	6,770
	48,757	45,567	5,675	5,475	237,748	195,256
Number of persons	1	1	5	5	34	28

* This includes fee for attending Board meeting of directors.

34.1 Chief Executive and executives of the Company are provided with Company maintained cars, mobile phones and residential telephones.

35 SEGMENT REPORTING

The Company has five primary business segments for reporting purposes namely fire and property damage, marine, aviation and transport, motor, accident and health and miscellaneous.

Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of the gross premium written by the segments.

Particulars	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	2022					
	(Rupees in '000)					
Premium receivable (inclusive of Sindh Sales Tax, federal insurance fee and administrative surcharge)	3,792,719	1,414,783	2,258,803	722,808	1,608,978	9,798,091
Less: Federal Excise Duty	(468,293)	(153,629)	(295,854)	(15,766)	(193,421)	(1,126,963)
Federal Insurance Fee	(32,203)	(11,928)	(19,415)	(7,000)	(925)	(71,471)
Stamp duty	(125)	(46,340)	(1,674)	(10)	(13,986)	(62,135)
Gross written premium (inclusive of administrative surcharge)	3,292,098	1,202,886	1,941,860	700,032	1,400,646	8,537,522
Gross direct premium	3,213,618	1,177,809	1,887,592	698,980	1,362,433	8,340,432
Facultative inward premium	69,836	9,998	536	-	5,140	85,510
Administrative surcharge	8,644	15,079	53,732	1,052	33,073	111,580
	3,292,098	1,202,886	1,941,860	700,032	1,400,646	8,537,522
Insurance premium earned	2,923,441	1,179,074	1,840,749	873,147	1,387,542	8,203,953
Insurance premium ceded to reinsurers	(2,676,079)	(810,084)	(204,270)	-	(1,099,787)	(4,790,220)
Net insurance premium	247,362	368,990	1,636,479	873,147	287,755	3,413,733
Commission income	370,196	231,594	44,653	-	105,807	752,250
Net underwriting income	617,558	600,584	1,681,132	873,147	393,562	4,165,983
Insurance claims	(6,065,673)	(669,687)	(939,082)	(704,615)	(1,543,879)	(9,922,936)
Insurance claims recovered from reinsurers	5,865,408	497,171	107,637	-	1,423,339	7,893,555
Net claims	(200,265)	(172,516)	(831,445)	(704,615)	(120,540)	(2,029,381)
Commission expense	(383,612)	(137,475)	(234,421)	(37,700)	(111,873)	(905,081)
Management expenses	(376,013)	(137,390)	(221,793)	(79,956)	(159,976)	(975,128)
Net insurance claims and expenses	(959,890)	(447,381)	(1,287,659)	(822,271)	(392,389)	(3,909,590)
Premium deficiency	(3,424)	-	-	1,345	-	(2,079)
Underwriting result	(345,756)	153,203	393,473	52,221	1,173	254,314
Investment income						290,972
Rental income						31,078
Other income						131,824
Other expenses						(58,853)
Result of operating activities						649,335
Finance cost on right-of-use assets						(16,712)
Profit from window takaful operations						108,872
Profit before tax						741,495
Segment assets	5,388,415	1,148,530	1,460,502	382,351	3,057,164	11,436,962
Unallocated assets	-	-	-	-	-	4,775,638
Assets of Window Takaful Operations - operator's fund						492,825
						16,705,425
Segment liabilities	5,602,185	1,179,748	1,676,446	530,599	2,758,090	11,747,068
Unallocated liabilities	-	-	-	-	-	1,463,925
Total liabilities of Window Takaful Operations - operator's fund						369,881
						13,580,874

Particulars	2021					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	(Rupees in '000)					
Premium receivable (inclusive of Sindh Sales Tax, federal insurance fee and administrative surcharge)	2,769,248	1,051,651	1,935,606	883,974	1,830,587	8,471,066
Less: Federal Excise Duty	(344,000)	(119,206)	(254,497)	(18,730)	(224,159)	(960,592)
Federal Insurance Fee	(23,357)	(8,768)	(16,663)	(8,624)	(15,881)	(73,293)
Stamp duty	(118)	(45,345)	(1,547)	(9)	(1,338)	(48,357)
Gross written premium (inclusive of Administrative Surcharge)	2,401,773	878,332	1,662,899	856,611	1,589,209	7,388,824
Gross direct premium	2,326,229	861,718	1,608,727	855,559	1,553,074	7,205,307
Facultative inward premium	66,900	1,535	440	-	3,062	71,937
Administrative surcharge	8,644	15,079	53,732	1,052	33,073	111,580
	2,401,773	878,332	1,662,899	856,611	1,589,209	7,388,824
Insurance premium earned	2,237,805	864,732	1,557,005	588,631	1,379,447	6,627,620
Insurance premium ceded to reinsurers	(2,015,027)	(569,041)	(171,148)	-	(1,156,442)	(3,911,658)
Net insurance premium	222,778	295,691	1,385,857	588,631	223,005	2,715,962
Commission income	322,472	184,415	37,995	-	101,011	645,893
Net underwriting income	545,250	480,106	1,423,852	588,631	324,016	3,361,855
Insurance claims	(1,278,006)	(422,518)	(759,183)	(526,011)	(649,137)	(3,634,855)
Insurance claims recovered from reinsurers	1,238,384	292,265	65,289	-	541,525	2,137,463
Net claims	(39,622)	(130,253)	(693,894)	(526,011)	(107,612)	(1,497,392)
Commission expense	(278,239)	(107,753)	(190,095)	(23,335)	(105,189)	(704,611)
Management expenses	(276,250)	(101,025)	(191,266)	(98,528)	(182,789)	(849,858)
Net insurance claims and expenses	(594,111)	(339,031)	(1,075,255)	(647,874)	(395,590)	(3,051,861)
Premium deficiency	-	-	-	(1,345)	-	(1,345)
Underwriting result	(48,861)	141,075	348,597	(60,588)	(71,574)	308,649
Net investment income						144,434
Rental Income						30,810
Other income						89,165
Other expenses						(44,037)
Result of operating activities						529,021
Finance cost on right-of-use assets						(12,714)
Profit from window takaful operations						86,756
Profit before tax						603,063
Segment assets	2,697,287	605,079	843,598	316,181	1,593,509	6,055,654
Unallocated assets	-	-	-	-	-	5,161,089
Assets of Window Takaful Operations - operator's fund						440,158
						11,656,901
Segment liabilities	2,592,647	706,693	1,458,944	733,918	1,582,050	7,074,252
Unallocated liabilities	-	-	-	-	-	1,343,679
Total liabilities of Window Takaful Operations - operator's fund						328,561
						8,746,492

36 MOVEMENT IN INVESTMENTS

	2022		
	Held to maturity	Fair value through profit or loss	Total
	(Rupees in '000)		
As at January 1, 2022	-	2,968,027	2,968,027
Additions	-	4,359,870	4,359,870
Disposals (sale and redemptions)	-	(5,231,263)	(5,231,263)
Net fair value gains (excluding net realised gains)	-	(62,507)	(62,507)
Amortisation of premium / discount	-	79,545	79,545
As at December 31, 2022	-	2,113,672	2,113,672

	2021		
	Held to maturity	Fair value through profit or loss	Total
	(Rupees in '000)		
As at January 1, 2021	-	2,903,657	2,903,657
Additions	651,000	8,925,666	9,576,666
Disposals (sale and redemptions)	(651,000)	(8,854,760)	(9,505,760)
Net fair value gains (excluding net realised gains)	-	(84,676)	(84,676)
Amortisation of premium / discount	-	78,140	78,140
As at December 31, 2021	-	2,968,027	2,968,027

37 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

The Company issue contracts that transfer insurance risk or financial risk or both. This section summarises the insurance risks and the way the company manages them.

37.1 Insurance risk

The Company accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts. The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

Further, the Company adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

Concentration of insurance risk

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

To optimise benefits from the principle of average and large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk survey.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial / industrial / residential occupation of the insured. Details regarding the fire separation / segregation with respect to the manufacturing processes, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters / reinsurance personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors and physical separation between the buildings within an insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

Address look-up and decoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is punched into the IT system / application through which a number of MIS reports can be generated to assess the concentration of risk.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. For catastrophic aggregates, the IT system also assigns precise geographic CRESTA (Catastrophe Risk Evaluating and Standardising Target Accumulations) codes with reference to the accumulation of sums insured in force at any particular location against natural perils. A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualise the risk exposures so the Company determines the appropriate amount of reinsurance coverage to protect the business portfolio.

For Marine risks, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are fed into the IT system. The reinsurance module of the IT system is designed to satisfy the requirements as laid down in the proportional treaty agreement. Shipment declarations are also endorsed on the policies. Respective reinsurance cessions are automatically made upon the posting of policy documents.

The voyage cards so maintained for the particular set of policies for a single vessel voyage are automatically logged into the system showing actual gross, treaty and net exposure, both in terms of sums insured and premiums.

37.1.1 Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, accumulated losses on net account can also be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

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

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

	2022		
	Maximum sum insured	Reinsurance cover	Highest net liability
		(Rupees in '000)	
Fire and property damage	42,405,661	42,105,661	300,000
Marine, aviation and transport	51,250,000	51,154,675	95,325
Motor	992,460	396,984	595,476
Health	3,660,515	-	3,660,515
Miscellaneous	139,440,000	139,156,937	283,063
Window Takaful Operations	9,781,423	9,034,356	747,067
	247,530,059	241,848,613	5,681,446

	2021		
	Maximum sum insured	Reinsurance cover	Highest net liability
		(Rupees in '000)	
Fire and property damage	39,145,571	38,947,836	197,735
Marine, aviation and transport	41,250,000	41,043,750	206,250
Motor	67,500	62,500	5,000
Health	3,257,500	-	3,257,500
Miscellaneous	235,221,468	235,174,424	47,044
Window Takaful Operations	19,110,205	17,345,310	1,764,895
	338,052,244	332,573,820	5,478,424

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

	2022		
	Gross liabilities	Gross assets	Net liabilities / (assets)
	(Rupees in '000)		
Fire and property damage	5,602,185	5,388,415	213,770
Marine, aviation and transport	1,179,748	1,148,530	31,218
Motor	1,676,446	1,460,502	215,944
Health	530,599	382,351	148,248
Miscellaneous	2,758,090	3,057,164	(299,074)
Window Takaful Operations	369,881	492,825	(122,944)
	12,116,949	11,929,787	187,162

	2021		
	Gross liabilities	Gross assets	Net liabilities / (assets)
	(Rupees in '000)		
Fire and property damage	2,592,647	2,697,287	(104,640)
Marine, aviation and transport	706,693	605,079	101,614
Motor	1,458,944	843,598	615,346
Health	733,918	316,181	417,737
Miscellaneous	1,582,050	1,593,509	(11,459)
Window Takaful Operations	328,561	440,158	(111,597)
	7,402,813	6,495,812	907,001

37.1.2 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 policyholder, 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 actuarial advice as more fully explained in note 3.4 to these unconsolidated financial statements.

There are several variable factors which affect the amount and timing of recognised 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 recognised amounts.

37.1.3 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.

37.1.4 Sensitivities

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

	Effect of 10% increase in claims		Effect of 10% decrease in claims	
	Total comprehensive income	Equity	Total comprehensive income	Equity
	(Rupees in '000)			
Fire and property damage	(14,219)	(14,219)	14,219	14,219
Marine, aviation and transport	(12,249)	(12,249)	12,249	12,249
Motor	(59,033)	(59,033)	59,033	59,033
Health	(50,028)	(50,028)	50,028	50,028
Miscellaneous	(8,558)	(8,558)	8,558	8,558
Window Takaful Operations	(89,000)	(89,000)	89,000	89,000
	(233,087)	(233,087)	233,087	233,087

37.1.5 Statement of age-wise breakup of unclaimed insurance benefits

Particulars	Total amount	Age-wise breakup				
		1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
	(Rupees in '000)					
Claims not encashed						
2022	135,120	-	72,563	20,445	14,627	27,485
2021	61,312	5,655	26,453	4,681	7,346	17,177

37.2 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 has adopted appropriate policies to minimise its exposure to this risk. The interest rate profile of the Company's significant interest bearing financial instruments and the periods in which these will mature are as follows:

	Interest rates	2022						
		Interest / mark-up bearing			Non-interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
		(Rupees in '000)						
Financial assets								
Cash and bank	14.5% to 15.5%	2,398	-	2,398	380,292	-	380,292	382,690
Investments	8.60% to 19.02%	-	2,022,698	2,022,698	90,974	-	90,974	2,113,672
Insurance / reinsurance receivables		-	-	-	4,617,429	-	4,617,429	4,617,429
Reinsurance recoveries against outstanding claims		-	-	-	4,761,352	-	4,761,352	4,761,352
Loans and other receivables		-	-	-	440,064	-	440,064	440,064
Salvage recoveries accrued		-	-	-	106,324	-	106,324	106,324
Window Takaful Operations - total assets		21,571	-	21,571	471,254	-	471,254	492,825
		23,969	2,022,698	2,046,667	10,867,689	-	10,867,689	12,914,356
Financial liabilities								
Outstanding claims including BNR		-	-	-	6,623,855	-	6,623,855	6,623,855
Insurance / reinsurance payables		-	-	-	1,838,227	-	1,838,227	1,838,227
Other creditors and accruals		-	-	-	1,031,167	-	1,031,167	1,031,167
Borrowings	12.22% - 17.79%	33,182	48,233	81,415	-	-	-	81,415
Window Takaful Operations - total liabilities		-	-	-	219,294	-	219,294	219,294
		33,182	48,233	81,415	9,712,543	-	9,712,543	9,793,958
		(9,213)	1,974,465	1,965,252	1,155,146	-	1,155,146	3,120,398

	Interest Rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
		2021						
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
		(Rupees in '000)						
Financial assets								
Cash and bank	7% to 8.25%	200,459	-	200,459	3,284	-	3,284	203,743
Investments	8.20% to 12.10%	601,056	1,414,249	2,015,305	952,722	-	952,722	2,968,027
Insurance / reinsurance receivables		-	-	-	2,548,993	-	2,548,993	2,548,993
Reinsurance recoveries against outstanding claims		-	-	-	1,914,772	-	1,914,772	1,914,772
Loans and other receivables		-	-	-	360,553	-	360,553	360,553
Salvage recoveries accrued		-	-	-	97,084	-	97,084	97,084
Window Takaful Operations - total assets		22,635	-	22,635	263,054	-	263,054	285,689
		824,150	1,414,249	2,238,399	6,140,462	-	6,140,462	8,378,861
Financial liabilities								
Outstanding claims including IBNR		-	-	-	2,584,937	-	2,584,937	2,584,937
Insurance / reinsurance payables		-	-	-	1,593,114	-	1,593,114	1,593,114
Other creditors and accruals		-	-	-	930,957	-	930,957	930,957
Borrowings	5.36% - 14.92%	30,335	117,440	147,775	-	-	-	147,775
Window Takaful Operations - total liabilities		-	-	-	112,092	-	112,092	112,092
		30,335	117,440	147,775	5,221,100	-	5,221,100	5,368,875
		793,815	1,296,809	2,090,624	919,362	-	919,362	3,009,986

Sensitivity analysis

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. Borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes. The table below summarises Company's interest rate risk as of December 31, 2022 and 2021 and shows the effects of a hypothetical 1% increase and a 1% decrease in interest rates as at the year end.

	Profit or Loss	
	Increase	Decrease
	------- (Rupees in '000) -------	
2022		
Cash flow sensitivity - Variable rate financial liabilities	(814)	814
Cash flow sensitivity - Variable rate financial assets	18,227	(18,227)
2021		
Cash flow sensitivity - Variable rate financial liabilities	(1,478)	1,478
Cash flow sensitivity - Variable rate financial assets	18,653	(18,653)

(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 reporting 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 fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is exposed to equity price risk because of investments held by the Company and classified on the unconsolidated statement of financial position at 'fair value through profit and loss'.

In case of 5% increase / (decrease) in Net Asset Value/Market Value on December 31, 2022, with all other variables held constant, equity for the year would increase / (decrease) by Rs 4.596 million (2021: Rs 47.636 million) as a result of gains / (losses) on equity securities classified 'at fair value through profit or loss'.

The analysis is based on the assumption that equity index had increased / (decreased) by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible chnage in Market Value. Accordingly, the sensitivity analysis prepared as of December 31, 2022 is not necessarily indicative of the effect on the Company's profitability.

(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

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 reporting date to the contractual maturity date on an undiscounted cash flow basis.

	2022			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in '000)			
Outstanding claims including IBNR	6,623,855	6,623,855	6,623,855	-
Insurance / reinsurance payables	1,838,227	1,838,227	1,838,227	-
Other creditors and accruals	1,031,167	1,031,167	1,031,167	-
Borrowings	81,415	101,647	44,364	57,283
Window Takaful Operations - total liabilities	219,294	219,294	219,294	-
	9,793,958	9,814,190	9,756,907	57,283

	2021			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in '000)			
Outstanding claims including IBNR	2,584,937	2,584,937	2,584,937	-
Insurance / reinsurance payables	1,593,114	1,593,114	1,593,114	-
Other creditors and accruals	930,957	930,957	930,957	-
Borrowings	147,775	161,634	30,335	131,299
Window Takaful Operations - total liabilities	112,092	112,092	112,092	-
	5,368,875	5,382,734	5,251,435	131,299

37.3 Credit risk

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

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

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

		2022	2021
		-------- (Rupees in '000) --------	
	Investments		
-	Equity	90,974	952,722
-	Debt securities	400,000	150,000
-	Loans and other receivables	440,064	360,553
	Insurance / reinsurance receivables		
-	Insurance / reinsurance receivables	4,617,429	2,548,993
-	Reinsurance recoveries against outstanding claims	4,761,352	1,914,772
-	Salvage recoveries accrued	106,324	97,084
-	Cash and bank	373,197	202,423
-	Window Takaful Operations - total assets	492,825	285,689
		11,282,165	6,512,236

The Company did not hold any collateral against the above during the year. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery. The movement in the provision for doubtful debt account is shown in notes 13.3 and 13.4. The remaining past due balances were not impaired as they relate to a number of policyholders and other insurers / reinsurers for whom there is no recent history of default.

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

	Rating Agency	Rating	
		Short Term	Long Term
Bank deposits and term deposit receipts			
Faysal Bank Limited	PACRA	A1+	AA
JS Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Bank Al-Habib Limited	PACRA	A1+	AAA
MCB Bank Limited	PACRA	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Bank of Punjab	PACRA	A1+	AA+
Soneri Bank Limited	PACRA	A1+	A+
United Bank Limited	VIS	A1+	AAA
Bank Islami Pakistan Limited	PACRA	A1	A+
National Bank of Pakistan	PACRA	A1+	AAA
Samba Bank Limited	VIS	A1	AA
Mobilink Microfinance Bank Limited	PACRA	A1	A
Khushali Microfinance Bank Limited	VIS	A2	A-
Telenor Microfinance Bank	PACRA	A1	A
Finca Microfinance Bank Limited	PACRA	A1	A
NRSP Microfinance Bank Limited	PACRA	A2	A-
Habib Bank Limited	VIS	A1+	AAA
Summit Bank Limited	VIS	Not rated	Not rated
Allied Bank Limited	PACRA	A1+	AAA
First Microfinance Bank Limited	PACRA	A1	A+
U Microfinance Bank Limited	VIS	A1	A+

The age analysis of premiums due but unpaid and amounts due from other insurers / reinsurers is as follows:

	2022	2021
	-------- (Rupees in '000) --------	
Upto 1 year	4,210,415	2,222,244
1-2 years	293,983	147,906
2-3 years	95,297	124,062
Over 3 years	231,091	248,112
	4,830,786	2,742,324

	2022	2021
	-------- (Rupees in '000) --------	
Window Takaful Operations		
Upto 1 year	346,745	233,981
Upto 1 - 2 years	78,892	36,246
Upto 2 - 3 years	32,733	13,613
Over 3 years	7,730	3,846
	466,100	287,686

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.

	2022	2021
	-------- (Rupees in '000) --------	
Sector wise analysis of premiums due but unpaid		
Foods and beverages	71,107	14,186
Financial services	99,256	48,007
Pharmaceuticals	26,444	31,120
Textile and composites	373,254	86,155
Plastic industries	-	307
Engineering	53,605	29,844
Other manufacturing	247,545	407,551
Miscellaneous	561,330	632,192
	1,432,541	1,249,362
Window Takaful Operations		
Textile	72,162	18,669
Financial services	46,390	47,067
Engineering	4,083	2,016
Pharmaceuticals	1,223	8,552
Food	76,041	20,478
Other manufacturing	14,667	35,955
Others	85,215	77,228
	299,781	209,965

The credit quality of amount due from other insurers and reinsurers can be assessed with reference to external credit ratings as follows:

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2022	2021
			(Rupees in '000)		
A- or above (including PRCL)	3,142,649	4,403,231	1,576,384	9,122,264	4,513,557
BBB and B+	152,704	213,957	76,598	443,259	124,976
Others	102,892	144,164	51,612	298,668	96,870
Total	3,398,245	4,761,352	1,704,594	9,864,191	4,735,403

	Due from other insurers / re-takaful operators	Re-takaful recoveries against outstanding claims	Prepaid re-takaful contribution ceded	2022	2021
			(Rupees in '000)		
A- or above (including PRCL)	89,174	178,177	71,706	339,057	233,515
BBB	61,110	111,203	44,754	217,067	70
Others	4,518	8,222	3,309	16,049	16,250
	154,802	297,602	119,769	572,173	249,835

37.4 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company currently meets the paid up capital requirement as required by Securities and Exchange Commission of Pakistan.

38 FINANCIAL INSTRUMENTS BY CATEGORY

	2022	2021
	(Rupees in '000)	
Financial assets and financial liabilities		
Financial assets		
Loans and receivables		
Cash and bank	382,690	203,743
Insurance / reinsurance receivables	4,617,429	2,548,993
Reinsurance recoveries against outstanding claims	4,761,352	1,914,772
Loans and other receivables	440,064	360,553
Salvage recoveries accrued	106,324	97,084
Window Takaful Operations - total assets	492,825	285,689
	10,800,684	5,410,834
Investments - fair value through profit or loss		
Equity securities	90,974	952,722
Commercial paper and term finance certificate	400,000	150,000
Government securities	1,622,698	1,865,305
	2,113,672	2,968,027
Financial liabilities		
Amortised cost		
Outstanding claims including IBNR	6,623,855	2,584,937
Insurance / reinsurance payables	1,838,227	1,593,114
Other creditors and accruals	1,031,167	930,957
Borrowings	81,415	147,775
Window Takaful Operations - total liabilities	219,294	112,092
	9,793,958	5,368,875

39 FAIR VALUES MEASUREMENT

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

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Company has no items to report in this level.

The Company held the following financial instruments measured at fair value:

	2022		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets - measured at fair value			
Fair value through profit or loss			
Listed shares	86,152	-	-
Mutual funds	-	4,822	-
Term finance certificate	-	400,000	-
Government securities	-	1,622,698	-
Non - financial assets - measured at fair value			
Property and equipment (Buildings and leasehold improvements) *	-	-	649,519
Investment properties *	-	-	429,402

	2021		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets - measured at fair value			
Fair value through profit or loss			
Mutual funds	-	952,722	-
Commercial paper and term finance certificate	-	150,000	-
Government securities	-	1,865,305	-
Non - financial assets - measured at fair value			
Property and equipment (Buildings and leasehold improvements) *	-	-	600,139
Investment properties *	-	-	399,575

Item	Valuation approach and input used
Government securities	The fair value of Government securities is derived using PKRV rates. PKRV rate is average of the yield-to-maturity on government securities traded in the secondary market and determined at the end of day. The yield-to-maturity on government securities is quoted by the six (06) brokerage houses keeping in view the yield-to-maturity on government securities traded in the secondary market.
Mutual funds	The fair value of mutual funds is derived from using rates published on Mutual Funds Association of Pakistan.
Property and equipment (Buildings and leasehold improvements) *	The revaluation by the valuer is carried out on the basis of professional assessment of present market values.
Investment properties *	The revaluation by the valuer is carried out on the basis of professional assessment of present market values.

* Buildings including leasehold improvements and investment properties are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 5 and 7 to these unconsolidated financial statements. The valuation experts used a market based approach to arrive at the fair value of the Company's properties. The approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

The carrying amounts of all other financial assets and liabilities reflected in these unconsolidated financial statements approximate their fair values.

40 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary for the purpose of better presentation. No significant rearrangements or reclassifications have been made in these financial statements.

40 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue by the Board of Directors of the Company on March 15, 2023.

41 EVENTS AFTER REPORTING DATE

The Board of Directors has proposed a final dividend for the year ended December 31, 2022 of Re. 0.86 per share, amounting to Rs 165 million in its meeting held on March 15, 2023. The effect of this distribution will be incorporated in the unconsolidated financial statements of the Company for the year ending December 31, 2023.

42 GENERAL

Figures in these unconsolidated financial statements have been rounded off to the nearest thousand of rupees unless otherwise stated.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

IGI GENERAL INSURANCE LIMITED
WINDOW TAKAFUL OPERATIONS

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the members of IGI General Insurance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **IGI General Insurance Limited – Window Takaful Operations** ("the Operator"), which comprise the statement of financial position as at December 31, 2022, and the statement of comprehensive income, the statement of changes in operator's fund and participants' takaful fund and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of changes in operator's fund and participants' takaful fund and the cash flow statement together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Operator's affairs as at December 31, 2022 and of the total comprehensive income, the changes in operator's fund and participants' takaful fund and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Operator's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Operator's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Operator to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of comprehensive income, the statement of changes in operator's fund and participants' takaful fund and the cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Shahbaz Akbar**.

Afferguson&Co.

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: April 5, 2023
UDIN: AR202210068tHTfL1AsY

IGI GENERAL INSURANCE LIMITED
WINDOW TAKAFUL OPERATIONS
STATEMENT OF FINANCIAL POSITION OF OPF AND PTF
AS AT DECEMBER 31, 2022

	Note	Operator's Fund		Participants' Takaful Fund	
		2022	2021	2022	2021
		(Rupees in '000)			
Assets					
Property and equipment	5	95	7	-	-
Investments					
- Mutual funds	6	45	41,282	166,238	15,088
- Term deposits	7	-	-	546,350	365,200
Other receivables	8	8,382	8,309	54,077	51,138
Takaful / retakaful receivables	9	24,402	8,754	454,583	278,932
Salvage recoveries accrued		-	-	47,422	41,047
Deferred wakala fee	20	-	-	147,434	108,367
Receivable from PTF / OPF (including Qard-e-Hasan)	10	402,327	327,282	-	105,339
Accrued investment income		29	29	14,219	2,723
Taxation - payment less provisions		-	-	18,904	7,843
Retakaful recoveries against outstanding claims	18	-	-	297,602	96,050
Deferred commission expense	19	56,698	40,614	-	-
Prepayments	11	200	-	119,769	84,818
Cash and bank	12	646	22,635	42,689	13,427
Total assets		492,825	448,912	1,909,287	1,169,972
Funds and liabilities					
Funds attributable to Operator and Participants					
Operator's Fund (OPF)					
Statutory fund		50,000	50,000	-	-
Unappropriated profit		72,944	61,597	-	-
		122,944	111,597	-	-
Waqf / Participants' Takaful Fund (PTF)					
Ceded money		-	-	500	500
Accumulated deficit		-	-	(76,398)	(103,012)
Balance of Participants' Takaful Fund		-	-	(75,898)	(102,512)
Qard-e-Hasan	10.1	-	-	205,339	205,339
Liabilities					
PTF Underwriting Provisions					
Outstanding claims including IBNR	18	-	-	698,131	318,805
Unearned contribution reserve	17	-	-	500,974	390,251
Contribution deficiency reserve	18.2	-	-	18,442	17,395
Unearned retakaful reward	21	-	-	32,970	22,483
		-	-	1,250,517	748,934
Unearned wakala fee	20	147,434	108,367	-	-
Contribution received in advance		-	-	13,693	10,349
Takaful / Retakaful payables	13	8,581	6,922	190,777	109,330
Other creditors and accruals	14	213,076	106,052	127,871	76,589
Accrued expenses		790	1,881	-	-
Payable to PTF / OPF	15	-	114,093	196,988	121,943
		369,881	337,315	529,329	318,211
Total funds and liabilities		492,825	448,912	1,909,287	1,169,972
Contingencies and commitments	16				

The annexed notes 1 to 39 form an integral part of these financial statements.

Chairman	Director	Director	Chief Financial Officer	Chief Executive Officer

IGI GENERAL INSURANCE LIMITED
WINDOW TAKAFUL OPERATIONS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		----------(Rupees in '000)----------	
Participants' Takaful Fund			
Contribution earned		1,080,706	684,484
Less: Contributions ceded to retakaful		(252,656)	(197,379)
Net contribution revenue	17	828,050	487,105
Retakaful reward earned	21	66,964	55,499
Net underwriting income		895,014	542,604
Net claims - reported / settled		(889,998)	(618,545)
- IBNR	18.2	(15,582)	(20,065)
	18	(905,580)	(638,610)
Charge of contribution deficiency reserve		(1,047)	(13,231)
		(11,613)	(109,237)
Other direct expenses	22	(29,001)	(12,675)
Deficit before investment income		(40,614)	(121,912)
Investment income	24	88,067	29,459
Other income	25	5,942	4,181
Less: Mudarib's share of investment income	26	(18,802)	(6,728)
Provisions for doubtful contributions (net of Wakala fee)	9.1.1	(7,979)	-
Surplus / (deficit) transferred to accumulated deficit		26,614	(95,000)
Other comprehensive income for the year		-	-
Total comprehensive income / (loss) for the year		26,614	(95,000)
Operator's Fund			
Net Wakala fee	20	360,178	246,246
Commission expense	19	(129,567)	(84,582)
General administration and management expenses	23	(142,835)	(82,925)
		87,776	78,739
Investment income	24	1,697	1,220
Other income	25	1,355	723
Mudarib's share of PTF investment income	26	18,802	6,728
Less: other charges	27	(758)	(654)
Profit before taxation		108,872	86,756
Taxation	28	(35,928)	(25,159)
Profit after taxation		72,944	61,597
Other comprehensive income for the year		-	-
Total comprehensive income for the year		72,944	61,597

The annexed notes 1 to 39 form an integral part of these financial statements.

Chairman	Director	Director	Chief Financial Officer	Chief Executive Officer

IGI GENERAL INSURANCE LIMITED
WINDOW TAKAFUL OPERATIONS
STATEMENT OF CHANGES IN OPERATOR'S FUND AND PARTICIPANTS' TAKAFUL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Attributable to Operator's Fund		
	Statutory fund *	Unappropraited profit	Total
	(Rupees in '000)		
Balance as at January 1, 2021	50,000	26,677	76,677
Transfer of profit to the Operator	-	(26,677)	(26,677)
Profit for the year	-	61,597	61,597
Other comprehensive income for the year	-	-	-
Balance as at December 31, 2021	50,000	61,597	111,597
Transfer of profit to the Operator	-	(61,597)	(61,597)
Profit for the year	-	72,944	72,944
Other comprehensive income for the year	-	-	-
Balance as at December 31, 2022	50,000	72,944	122,944

	Attributable to participants of the PTF		
	Ceded money **	Accummulated deficit	Total
	(Rupees in '000)		
Balance as at January 1, 2021	500	(8,012)	(7,512)
Deficit for the year	-	(95,000)	(95,000)
Other comprehensive income for the year	-	-	-
Balance as at December 31, 2021	500	(103,012)	(102,512)
Surplus for the year	-	26,614	26,614
Other comprehensive income for the year	-	-	-
Balance as at December 31, 2022	500	(76,398)	(75,898)

* This represents fund created by the Operator as per the requirement of circular 8, of 2014.
** This represents money ceded by the Operator.

The annexed notes 1 to 39 form an integral part of these financial statements.

Chairman	Director	Director	Chief Financial Officer	Chief Executive Officer

IGI GENERAL INSURANCE LIMITED
WINDOW TAKAFUL OPERATIONS
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	Operator's Fund		Participants' Takaful	
		2022	2021	2022	2021
		----------(Rupees in '000)----------			
OPERATING CASH FLOWS					
Takaful activities					
Contributions received		-	-	1,453,618	1,054,576
Retakaful contribution paid		-	-	(291,995)	(275,898)
Claims / benefits paid		-	-	(831,242)	(593,707)
Re-takaful and other recoveries received		-	-	103,436	78,559
Retakaful reward received		-	-	77,451	61,435
Commission paid		(127,205)	(73,298)	-	-
Wakala fee received		335,567	248,131	-	-
Wakala fee paid		-	-	(332,029)	(248,131)
Other takaful receipts / (payments)		-	-	110,871	(52,241)
Net cash inflow from takaful activities		208,362	174,833	290,110	24,593
Other operating activities					
Income tax paid		-	-	(11,061)	(3,109)
General and other expenses paid		(212,938)	(88,096)	-	-
Net cash outflow on other operating activities		(212,938)	(88,096)	(11,061)	(3,109)
Total cash (outflow on) / inflow from all operating activities		(4,576)	86,737	279,049	21,484
INVESTING ACTIVITIES					
Profit received		2,995	2,087	71,857	33,266
Payments against fixed assets - net		(47)	-	-	-
Receipts / (payments) for investments		41,236	(41,219)	(686,844)	56,502
Total cash inflow from / (outflow on) investing activities		44,184	(39,132)	(614,987)	89,768
FINANCING ACTIVITIES					
Profit paid to the Operator		(61,597)	(26,677)	-	-
Total cash outflow on financing activities		(61,597)	(26,677)	-	-
Net cash (outflow on) / inflow from from all activities		(21,989)	20,928	(335,938)	111,252
Cash and cash equivalents at beginning of the year		22,635	1,707	378,627	267,375
Cash and cash equivalents at end of the year	12.2	646	22,635	42,689	378,627
Reconciliation to statement of comprehensive income					
Operating cash flows		(4,576)	86,737	279,049	21,484
Depreciation expense		(13,436)	(4,580)	-	-
Profit on bank balances and investments		3,052	1,943	94,009	33,640
Increase in liabilities		(19,501)	(197,781)	(712,701)	(393,997)
Increase in assets other than cash		107,405	175,278	366,257	243,873
Profit / surplus / (deficit) for the year		72,944	61,597	26,614	(95,000)

The annexed notes 1 to 39 form an integral part of these financial statements.

Chairman	Director	Director	Chief Financial Officer	Chief Executive Officer

1 LEGAL STATUS AND NATURE OF BUSINESS

IGI General Insurance Limited (the Operator), a Packages Group Company, was incorporated as a public limited company on November 18, 2016 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The registered office of the Operator is situated at 7th floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi. The objective of the Operator include providing general insurance services (in spheres of fire, marine, motor, health and miscellaneous) and general takaful services.

The Operator was granted authorisation on June 20, 2017 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations (WTO) by the Securities and Exchange Commission of Pakistan (SECP) under Takaful Rules, 2012 to carry on general takaful in Pakistan.

The Operator transferred statutory fund of Rs. 50 million in a separate bank account for the Window Takaful Operations as per the requirement of circular 8 of 2014. The Operator has formed a Waqf for Participants' Fund by executing the Waqf deed dated February 27, 2017 and deposited a cede money of Rs. 0.5 million. The cede money is required to be invested in Shari'ah compliant remunerative instrument which may be used to acquire immovable Waqf property if Shari'ah and law so warrants. Waqf Deed governs the relationship of Operator and participants for management of takaful operations, investments of Participants' Funds and investments of the Operator's Funds approved by the Shari'ah advisor of the Operator. The Operator commenced activities of WTO on July 1, 2017.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan, as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, the General Takaful Accounting Regulations, 2019 and Takaful Rules, 2012.

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Operator operates. The financial statements are presented in Pakistani Rupees, which is the Operator's functional and presentation currency.

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

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

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

2.5.1 The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standard, amendments or interpretation:

	Effective date (accounting periods beginning on or after)
- IFRS 9 - 'Financial Instruments'	January 1, 2023*
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2023 & January 1, 2024
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2023
- IAS 12 - 'Income taxes' (amendments)	January 1, 2023

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

The management is currently in the process of assessing the impact of these standards and amendments on the financial statements of the Operator.

* IFRS 9 'Financial Instruments' and amendment (effective for period ending on or after June 30, 2019). IFRS 9 replaces the existing guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets during and new general hedge accounting requirements. It also carries the guidance on recognition and derecognition of financial instruments from IAS 39.

Further, IFRS 4 provides two alternative options in relation to application of IFRS 9 for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from the effective date to remove from the profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The Operator has adopted the temporary exemption which allows the Operator to defer the application of IFRS 9 until December 31, 2022. For the companies adopting the temporary exemption, IFRS 4 requires certain disclosures which have been disclosed as follows:

Temporary exemption from application of IFRS 9

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

Fair value of financial assets as at December 31, 2022 and December 31, 2021 and change in the fair values during the year:

	OPF		PTF	
	2022	2021	2022	2021
	------- (Rupees in '000) -------		------- (Rupees in '000) -------	
Financial assets that do not meet the SPPI criteria				
Mutual funds (note 6)				
Opening fair value	41,282	63	15,088	42,740
(Disposals) / additions during the year	(41,238)	40,002	140,494	(27,818)
Increase in fair value	2	1,217	10,656	166
Closing fair value	46	41,282	166,238	15,088
Financial assets classified as "Held to Maturity" that meeting SPPI criteria				
Term deposits (note 7)				
Opening fair value	-	-	365,200	172,750
Additions during the year	-	-	181,150	192,450
Increase in fair value	-	-	-	-
Closing fair value	-	-	546,350	365,200

2.5.2 There are certain other new and amended standards and interpretations that are mandatory for the Operator's accounting periods beginning on or after January 1, 2023 but are not considered to be relevant or will not have any significant effect on the Operator's operations and, therefore, not detailed in these financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are same as those applied in the preparation of financial statements of the Operator for the year ended December 31, 2021 unless otherwise stated.

3.1 Property and equipment

Tangible

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

Depreciation on all fixed assets is charged to statement of comprehensive income on the straight line method so as to write-off depreciable amount of an asset over its useful life. Depreciation on additions to fixed assets is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted, if impact on depreciation is significant. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Operator and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the statement of comprehensive income in the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

3.2 Takaful contracts

The takaful contracts are based on the principles of wakala. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty.

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

The PTF underwrites non-life takaful contracts that can be categorised into following main categories:

3.2.1 Fire and property

Fire and property takaful contracts mainly compensate the participants for damage suffered to their properties or for the value of property lost. Participants who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the takaful covered properties in their business activities. These contracts are generally one year contracts except some contracts that are of three months period.

3.2.2 Marine, aviation and transport

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

3.2.3 Motor

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

3.2.4 Health

Health takaful provides coverage against expenses incurred during the hospitalisation due to sickness, emergency and accidents. These contracts are generally one year contracts.

3.2.5 Miscellaneous

All other various types of takaful contracts are classified in miscellaneous category. These contracts are normally one year contracts except some engineering contracts that are of more than one year period, whereas, normally travel contracts expire within one month time.

3.3 Deferred commission expense

Commission incurred in obtaining and recording takaful are deferred and recognised as an asset. These costs are charged to the statement of comprehensive income based on the pattern of recognition of contribution revenue.

3.4 Contribution revenue / reserve for unearned contribution

Contribution written under a policy is recognised as income over the period of takaful from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, contribution is recognised as revenue in PTF in accordance with the pattern of the incidence of risk. The portion of contribution written relating to the unexpired period of coverage is recognised as unearned contribution by the PTF. This liability is calculated by applying 1/24 method as specified in the General Takaful Accounting Regulations, 2019.

3.5 Re-takaful ceded

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

The deferred portion of re-takaful contribution is recognised as a prepayment in PTF. The deferred portion of re-takaful contribution ceded is calculated by using 1/24 method.

3.6 Claims expense

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

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

The provision for Incurred But Not Reported (IBNR) claims is determined by the Operator as required under circular No. 9 of 2016 issued by the SECP. As per the SECP circular No. 9 of 2016, an Operator shall estimate IBNR claims reserve based on the prescribed method provided in the guidelines. Guidelines also allows the use of any other alternative method of determining IBNR, if found more suitable for the risk class, provided that the amount estimated under the alternative method shall not be less than the amount calculated under prescribed method. The prescribed method for estimating IBNR claim reserve is the chain ladder method based on paid claims hereinafter called 'Incurred But Not Paid' or 'IBNP'. The Basic Chain Ladder (BCL) method uses a run off triangle to estimate the development factors for each accident period which are further used to estimate the ultimate paid claims. Data from settlement registers is used in the BCL models. Lags are determined to be the difference between the 'date of loss' and 'date of claim payment'. Monthly lags are used since it reflects the claim development pattern within a given year and the back testing supports the same. Once IBNP has been determined using BCL, the outstanding claims are deducted to arrive at IBNR on paid basis.

Under alternative method IBNR is determined on reported basis. IBNR (reported basis) is much similar to IBNR (paid basis) but is calculated using a different methodology. It does not use either IBNP or outstanding claims to estimate IBNR rather, is determined using BCL method. Development factors are determined for each accident period to estimate the ultimately reported claims directly. Intimation registers are used in the BCL model where lags are calculated as the difference between the 'date of loss' and 'date of intimation'.

The analysis is carried out separately for each class of business and results determined through this alternative method are compared to the results of prescribed method and higher of the two are set as the final reserve.

3.7 Re-takaful recoveries against claims

Re-takaful recoveries against outstanding claims is recognised as an asset and measured at the amount expected to be received.

3.8 Commission, other acquisition costs and re-takaful reward

Commission expense and other acquisition costs are charged to the OPF at the time the policies are accepted. This expense is deferred and brought to statement of comprehensive income as an expense in accordance with the pattern of recognition of the gross contribution to which it relates. Commission expense is arrived at after taking the impact of opening and closing deferred commission. Re-takaful reward from re-takaful operator is recognised at the time of issuance of the underlying takaful policy by the PTF. This income is deferred and brought to the statement of comprehensive income as revenue in accordance with the pattern of recognition of the re-takaful contribution to which it relates. Retakaful reward from re-takaful operator is arrived at after taking the impact of opening and closing unearned re-takaful reward. Profit on re-takaful contracts, if any, which the PTF may be entitled to under the terms of re-takaful, is recognised on accrual basis.

3.9 Contribution deficiency reserve

The Operator is required as per the General Takaful Accounting Regulations, 2019, to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after re-takaful from claims, and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired takaful contracts in that class of business at the reporting date. The movement in the contribution deficiency reserve is recorded as an expense / income in the statement of comprehensive income.

The Company has recorded contribution deficiency reserve on the recommendation of actuary for marine, health and miscellaneous business.

3.10 Takaful surplus

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

3.11 Wakala fee

The Operator of window takaful manages the general takaful operations for the participants and charge wakala fee to PTF to meet the general and administrative expenses of the Operator including commissions to agents at following rates:

	Percentage	
Class	**2022**	**2021**
Fire and property	31%	30%
Marine, aviation and transport	35%	35%
Motor	32%	30%
Health	16%	20%
Miscellaneous	28%	25%

The deferred portion of wakala fee is recognised as a prepayment in PTF and unearned wakala fee in OPF. The deferred portion of wakala fee is calculated by using 1/24 method.

3.12 Mudarib's share - PTF

The Operator also manages the participants' investment as Mudarib and charges 20% (2021: 20%) of the investment income earned by the PTF as Mudarib's share. It is recognised on the same basis on which related revenue is recognised.

3.13 Qard-e-Hasan

If there is a deficit of admissible assets over liabilities in PTF, the Operator provides interest free loan 'Qard-e-Hasan' to PTF from OPF so that PTF may become solvent as per Takaful Rules, 2012.

Qard-e-Hasan from PTF can be recovered by the Operator over any period of time without charging any profit.

3.14 Creditors, accruals and provisions

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

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

3.15 Taxation

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

Current tax

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalised during the current period for such years.

Deferred tax

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

3.16 Cash and cash equivalents

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

3.17 Investments

3.17.1 The Operator invests in Shariah compliant financial instruments only. All investments are initially recognised at cost, being the fair value of the consideration given and include transaction cost, except for investments classified as fair value through profit or loss in which case transaction costs are charged to the statement of comprehensive income. The Operator follows trade date accounting for 'regular way purchase and sale' of investment. Investments are classified into the following categories:

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

3.17.2 Investments at fair value through profit or loss

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

Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with the resulting gain or loss being included in net profit or loss for the period in which it arises.

Unrealised gains / (losses) arising on remeasurement of investments classified as financial assets at 'available for sale' are recorded in statement of comprehensive income in the period in which these arise.

3.17.3 Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost. At subsequent reporting dates, these are measured at amortised cost using the effective yield method.

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

Income from held to maturity investments is recognised on a time proportion basis taking into account the effective yield on the investments.

3.17.4 Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

Subsequent to initial recognition, these are stated at market value.

Dividend income and entitlement of bonus shares are recognised when the Operator's right to receive such dividend and bonus shares is established.

Gains / (losses) on sale of available for sale investments are recognised in statement of comprehensive income.

Unrealised gains / (losses) arising on remeasurement of investments classified as financial assets at 'available for sale' are recorded in statement of comprehensive income in the period in which these arise.

3.17.5 Other receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition these are measured at amortised cost.

3.17.6 Date of recognition

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

3.17.7 Sale and repurchase agreements

Securities purchased under an agreement to resell (reverse repo) are not recognised in the financial statements as investments and the amount extended to the counter party is included in other receivables. The difference between the sale and repurchase price is recognised as income and included in other income.

3.18 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the Operator intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

3.19 Segment reporting

A business segment is a distinguishable component of the Operator that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Operator accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and General Takaful Accounting Regulations, 2019. The reported operating segments are also consistent with the internal reporting provided to Board of Directors who are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

The Operator has five primary business segments for reporting purposes namely fire, marine, motor, health and miscellaneous.

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

3.20 Impairment

The carrying values of the Operator's non-financial 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 statement of comprehensive income.

3.21 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak 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.

3.22 Expenses of management

Expenses allocated to the takaful business represent directly attributable expenses. Expenses not directly attributable to takaful business are allocated between the conventional business and takaful business of the Operator on the basis of reasonable and supportable information available for determining such allocation.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates, judgments and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise its judgment in the process of applying the Operator's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

The areas where various assumptions and estimates are significant to the Operator's financial statements are as follows:

i) provision for outstanding claims including IBNR (notes 3.6 and 18);
ii) provision for unearned contribution (notes 3.4 and 17);
iii) provision against contribution due but unpaid and amount due from other takaful / re-takaful operators (note 9);
iv) provision for contribution deficiency reserve (notes 3.9 and 18.2);
v) provision for unearned wakala fee (notes 3.11 and 20);
vi) classification of investments and its impairment (notes 3.17, 6, 7 and 24);
vii) residual values, useful lives and depreciation method of property and equipment (notes 3.1 and 5);
viii) allocation of management expenses (notes 3.22 and 23);
ix) provision for taxation (notes 3.15 and 28); and
x) retakaful recoveries against outstanding claims (notes 3.7 and 18).

	Note	2022	2021
		-------(Rupees in '000)-------	
5 PROPERTY AND EQUIPMENT			
Operating assets	5.1	95	7

5.1 Following is the movement of operating assets:

	OPF 2022									
	Cost				Accumulated depreciation				WDV as at December 31	Depreciation rate (% per annum)
	As at January 1	Additions	Disposals	As at December 31	As at January 1	For the year	Disposals	As at December 31		
	(Rupees in '000)									
Computer equipment	133	102	(77)	158	126	14	(77)	63	95	33.33%

	OPF 2021									
	Cost				Accumulated depreciation				WDV as at December 31	Depreciation rate (% per annum)
	As at January 1	Additions	Disposals	As at December 31	As at January 1	For the year	Disposals	As at December 31		
	(Rupees in '000)									
Computer equipment	133	-	-	133	99	27	-	126	7	33.33%

6 INVESTMENTS IN MUTUAL FUNDS

	2022				2021			
	Cost	Impair-ment / provision	Net unrealised gains (note 24)	Market value	Cost	Impair-ment / provision	Net unrealised gains (note 24)	Market value
	(Rupees in '000)							
OPF								
At fair value through profit or loss								
Alfalah GHP Islamic Income Fund	13	-	1	14	13	-	-	13
Al-Ameen Islamic Cash Fund	13	-	1	14	12	-	1	13
HBL Islamic Income Fund	-	-	-	-	30,013	-	653	30,666
MCB Al- Hamra Islamic Income Fund	-	-	-	-	10,012	-	562	10,574
NBP Riba Free Savings Fund	12	-	-	12	10	-	1	11
Faysal Islamic Saving Growth Fund	6	-	-	6	5	-	-	5
	44	-	2	46	40,065	-	1,217	41,282
PTF								
At fair value through profit or loss								
Alfalah GHP Islamic Income Fund	-	-	-	-	12,894	-	81	12,975
Alfalah IPPF-2 Islamic Capital Preservation Plan 6	51,275	-	2,963	54,238	-	-	-	-
Al-Ameen Islamic Sovereign Fund	1,062	-	23	1,085	955	-	42	997
MCB Al- Hamra Islamic Income Fund	30,541		2,152	32,693				
HBL Islamic Income Fund	45,983		3,601	49,584				
NBP Riba Free Savings Fund	12	-	-	12	10	-	1	11
NBP Islamic Income Fund	26,704	-	1,917	28,621	1,058	-	42	1,100
Faysal Islamic Saving Growth Fund	5	-	-	5	5	-	-	5
	155,582	-	10,656	166,238	14,922	-	166	15,088

7 INVESTMENTS IN TERM DEPOSITS

	Note	OPF 2022	OPF 2021	PTF 2022	PTF 2021
		(Rupees in '000)			
Held to maturity					
Term deposits	7.1	-	-	546,350	365,200

7.1 These term deposits carry expected profit at the rate of 15% to 15.5% (2021: 7.52% to 11.02%) per annum and are due to mature in April 2023.

8 OTHER RECEIVABLES

	Note	OPF 2022	OPF 2021	PTF 2022	PTF 2021
		(Rupees in '000)			
Others	8.1	8,382	8,309	54,077	51,138

8.1 During the year ended December 31, 2018, the Sindh Revenue Board (SRB) raised a demand of tax of Rs 430.412 million under section 23(1) of Sindh Sales Tax on Services Act (SSTA), 2011, in respect of sales tax on reinsurance obtained from foreign re-insurers by the conventional business of Operator. The department has also imposed a penalty of Rs 21.520 million.

The department alleged that the conventional business of Operator has received re-insurance services from foreign re-insurance companies for the period from July 2011 to December 2014 and it is the contention of the department that these services are liable to sales tax under SSTA, 2011. The department attached the bank accounts relating to Window Takaful Operations and directed the Operator's banker to issue pay orders from these bank accounts to SRB. The pay orders of Rs 58.028 million from the Operator's bank accounts (Rs. 50.391 million from PTF's bank account and Rs. 7.637 million from OPF's bank account) were issued by the Operator's banker on December 27, 2018 upon direction of SRB. The Operator had reimbursed the said amount withdrawn from these bank accounts to Window Takaful Operations from its conventional business since the amount withdrawn pertain to conventional business only. Accordingly, a receivable against the amount withdrawn of Rs. 58.028 million and a corresponding liability to conventional business has been recorded in these financial statements.

The Operator filed an appeal before the Commissioner (Appeals) SRB on December 28, 2018 against the above order and submitted that:

- The payments to foreign re-insurance companies are not a service and is merely a re-distribution of the insurance risk and therefore the contribution. There is no value addition involved since in essence it is a sharing of the insurance risk between the insurer and re-insurers. The management believes that the gross premium charged by the insurer was already subject to Sales Tax on the gross amount, hence it is illogical to again subject it to sales tax upon its re-distribution keeping in view the fact that neither any service is being provided to the policy holder nor any value addition is being made.
- These risk sharing arrangements have been made by the Operator from the re-insurance companies incorporated outside Pakistan with no legal or physical presence therefore it is a view that the provisions of Sindh Sales Tax laws are not applicable to these type of arrangements and are outside the jurisdiction of Sindh Sales Tax laws.

The management believes that even if it is assumed that Sindh Sales Tax on re-insurance provided to insurer / insurance companies is applicable, the law does not provide any mechanism for calculating the basis on which such tax will be imposed and its related payment and the same would have been claimed as adjustable input tax by the Operator against its output tax liability.

The Operator also filed a constitutional petition before the Honourable High Court (the Court) of Sindh at Karachi on December 28, 2018 seeking protection from the above mentioned coercive action taken by the tax department. The Court has suspended the above mentioned attachment notice and also instructed the bank that the said pay orders should not be encashed.

During the year ended December 31, 2020, the Court disposed of the constitutional petition together with the other similar petitions and has ordered SRB not to enforce recovery of impugned demand before expiry of seven days of the receipt of the final decision in appeal or stay application by the Commissioner (Appeals) SRB, whichever is earlier.

The management, based on the advice received from their tax and legal advisors, is confident that this matter is likely to be decided in favour of the Operator. The Operator shall repay the amount withdrawn from Window Takaful Operations to conventional business once the matter is decided in favour of the Operator and the pay orders are cancelled accordingly.

			OPF		PTF	
9	**TAKAFUL / RETAKAFUL RECEIVABLES - PTF**	**Note**	**2022**	**2021**	**2022**	**2021**
			(Rupees in '000)			
	Due from Takaful participants holders					
	-considered good		-	-	299,781	209,965
	-considered doubtful		-	-	11,517	-
					311,298	209,965
	Less: provision for impairment from contract holder	9.1	-	-	(11,517)	-
			-	-	299,781	209,965
	Due from other insurers / retakaful operators	9.2	24,402	8,754	154,802	68,967
			24,402	8,754	454,583	278,932
9.1	**Provision for doubtful receivables - insurance contract holders**					
	Balance at the beginning of the year		-	-	-	-
	Charge for the year	9.1.1	-	-	11,517	-
	Written off during the year		-	-	-	-
	Balance at the end of the year		-	-	11,517	-
9.1.1	**Charge for the year**					
	Provision for doubtful debt		-	-	11,517	-
	Less: related wakala fee		-	-	(3,538)	-
	Provision for doubtful debt (net of wakala fee)		-	-	7,979	-

9.2 The Company has entered into coinsurance and reinsurance arrangements with various other insurance companies and one local reinsurance company. As at December 31, 2022, the aggregate net balance due to / from other insurers and local reinsurer arising from such arrangements amounts to Rs 92.545 million and Rs 36.398 million respectively.

In respect of these balances, during the year the Company has exchanged balance information with them based on the significance of the respective balances. This information corroborates the balance position of the Company in all material respects taking into account the underlying contracts and transactions supported by appropriate evidence.

The reconciliation process of these balances with the respective insurance companies as advised by SECP is being formalised and is expected to be completed during the year ended December 31, 2023 based on the mechanism agreed between the Securities and Exchange Commission of Pakistan (the SECP) and the Insurance Association of Pakistan (the IAP).

10	RECEIVABLE FROM OPF / PTF (INCLUDING QARD-E-HASAN)	Note	OPF 2022	OPF 2021	PTF 2022	PTF 2021
			(Rupees in '000)			
	Wakala fee		169,104	105,426	-	-
	Qard-e-Hasan to Participant Takaful Fund	10.1	205,339	205,339	-	105,339
	Mudarib fee		18,802	6,728	-	-
	Others		9,082	9,789	-	-
			402,327	327,282	-	105,339

10.1	Qard-e-Hasan	PTF 2022	PTF 2021
		(Rupees in '000)	
	Opening balance of Qard-e-Hasan	205,339	100,000
	Qard-e-Hasan from OPF during the year	-	105,339
	Closing balance of Qard-e-Hasan	205,339	205,339

10.1.1 The Operator fund has funded the deficit in participant takaful fund by way of an interest free loan (Qard-e-Hasan) in accordance with the Takaful Rules, 2012. In the event of future surplus in the Participant Takaful Fund to which a Qard-e-Hasan has been made, the Qard-e-Hasan shall be repaid prior to distribution of surplus to participants.

11	PREPAYMENTS	Note	OPF 2022	OPF 2021	PTF 2022	PTF 2021
			(Rupees in '000)			
	Prepaid retakaful contribution ceded	17	-	-	119,769	84,818
	Others		200	-	-	-
			200	-	119,769	84,818
12	**CASH AND BANK**					
	Cash and cash equivalent					
	-Policy stamps in hand		-	-	914	1,222
	Cash at bank					
	-Savings accounts		646	22,635	41,775	12,205
		12.1	646	22,635	42,689	13,427

12.1 These savings accounts carry profit rates ranging from 8.5% to 12.65% (2021: 7% to 8.25%) per annum.

12.2	Cash and cash equivalents for the purpose of cash flow statement:	Note	OPF 2022	OPF 2021	PTF 2022	PTF 2021
			(Rupees in '000)			
	Cash and bank	12	646	22,635	42,689	13,427
	Term deposits having original maturity of 3 months or less	7	-	-	-	365,200
			646	22,635	42,689	378,627
13	**TAKAFUL / RETAKAFUL PAYABLES**					
	Due to takaful participants / re-takaful payable to re-takaful operators		8,581	6,922	190,777	109,330
14	**OTHER CREDITORS AND ACCRUALS**					
	Commission payable		73,923	55,477	-	-
	Federal excise duty and sales tax		3,153	2,763	31,058	6,391
	Federal takaful fee		-	-	1,953	2,026
	Payable to IGI General Insurance Limited - Operator		134,505	45,949	77,229	68,030
	Payable to customers		-	-	9,891	-
	Others		1,495	1,863	7,740	142
			213,076	106,052	127,871	76,589

15 PAYABLE TO OPF / PTF

	OPF 2022	OPF 2021	PTF 2022	PTF 2021
	(Rupees in '000)			
Qard-e-Hasan to Participants' Takaful Fund	-	105,339	-	-
Wakala fee	-	-	169,104	105,426
Mudarib fee	-	-	18,802	6,728
Others	-	8,754	9,082	9,789
	-	114,093	196,988	121,943

16 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at December 31, 2022 and December 31, 2021.

17 NET CONTRIBUTION REVENUE

	Note	2022	2021
		(Rupees in '000) PTF	
Written gross contribution		1,551,607	1,121,994
Less: Wakala fee	20	(360,178)	(246,246)
Contribution net off wakala fee		1,191,429	875,748
Add: Unearned contribution reserve - opening		390,251	198,987
Less: Unearned contribution reserve - closing		(500,974)	(390,251)
Contribution earned		1,080,706	684,484
Less: Re-takaful contribution ceded		(287,607)	(227,325)
Add: Prepaid re-takaful contribution ceded - opening		(84,818)	(54,872)
Less: Prepaid re-takaful contribution ceded - closing		119,769	84,818
Re-takaful expense		(252,656)	(197,379)
Net contribution		828,050	487,105

18 TAKAFUL BENEFITS / CLAIM EXPENSE - REPORTED / SETTLED

	2022	2021
Benefits / claims paid	831,242	593,707
Add: Outstanding claims (including IBNR) - closing	698,131	318,805
Less: Outstanding claims (including IBNR) - opening	(318,805)	(176,068)
Claims expense	1,210,568	736,444
Less: Re-takaful and other recoveries received	(103,436)	(78,559)
Add: Re-takaful and other recoveries in respect of outstanding claims - closing	(297,602)	(96,050)
Less: Re-takaful and other recoveries in respect of outstanding claims - opening	96,050	76,775
Re-takaful and other recoveries revenue	(304,988)	(97,834)
Net claims expense	905,580	638,610

18.1 Claim / benefits development

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

	2018 and prior	2019	2020	2021	2022 (including IBNR)	Total
	(Rupees in '000)					
Gross estimate of ultimate claims cost:						
- At end of accident year	4,292	13,661	32,699	65,228	323,681	439,561
- One year later	4,292	13,661	32,699	61,802	-	112,454
- Two years later	4,242	12,119	32,669	-	-	49,030
- Three years later	4,185	12,119	-	-	-	16,304
- Four years later	4,185	-	-	-	-	
Current estimate of cumulative claims	4,185	12,119	32,669	61,802	323,681	434,456
Cumulative payment to date	3,970	7,534	28,932	52,077	24,764	117,277
Liability recognised in the statement of financial position	215	4,585	3,737	9,725	298,917	317,179

18.2 Movement of IBNR / CDR	2022 IBNR	2022 CDR	2021 IBNR	2021 CDR
	(Rupees in '000)			
IBNR / CDR - opening	35,522	17,395	15,457	4,164
Charge during the year	15,582	1,047	20,065	13,231
IBNR / CDR - closing	51,104	18,442	35,522	17,395

19 NET COMMISSION EXPENSE

	Note	2022	2021
		(Rupees in '000)	
Commission paid or payable		145,651	100,885
Add: Deferred commission expense- opening		40,614	24,311
Less: Deferred commission expense- closing		(56,698)	(40,614)
		129,567	84,582

20 NET WAKALA FEE

	2022	2021
Gross wakala fee	399,245	296,231
Add: Deferred wakala fee - opening	108,367	58,382
Less: Deferred wakala fee - closing	(147,434)	(108,367)
	360,178	246,246

20.1 The wakala fee rates have been charged as specified in note 3.11 to the financial statements.

21 RETAKAFUL REWARD EARNED

	2022	2021
Retakaful reward received	77,451	61,435
Add: Unearned re-takaful reward - opening	22,483	16,547
Less: Unearned re-takaful reward - closing	(32,970)	(22,483)
	66,964	55,499

22 OTHER DIRECT EXPENSES

	2022	2021
Trackers cost	27,631	12,294
Bank charges	442	268
Inspection fees	21	113
Other expenses	907	-
	29,001	12,675

23 GENERAL ADMINISTRATIVE AND MANAGEMENT EXPENSES

	Note	2022	2021
Salaries, allowances and other benefits		75,697	52,846
Shariah advisor fees		1,677	1,511
Printing and stationery		1,669	784
Computer running expenses		3,504	2,691
Depreciation		13,436	4,580
Legal and professional charges		1,102	698
Rent, rates and taxes		9,881	7,047
Electricity, gas and water		4,427	2,088
Repairs and maintenance		1,254	750
Education and training		621	204
Communication		2,022	1,253
Motor expenses		14,693	4,769
Tour and travelling		5,367	1,359
Advertisement		1,868	1,451
Reversal of wakala fee		3,638	-
Other		2,079	894
	23.1	142,835	82,925

23.1 Following is detail of allocation of expenses as fully explained in note 3.22 to the financial statements charged by the Operator in respect of its window takaful operations:

Allocated expenses	2022	2021
	---- (Rupees in '000) ----	
Salaries, allowances and other benefits	69,659	46,009
Printing and stationery	1,656	762
Computer running expenses	1,884	610
Depreciation	13,422	4,553
Rent, rates and taxes	9,881	7,047
Electricity, gas and water	4,427	2,088
Repairs and maintenance	1,254	750
Education and training	621	204
Communication	2,022	1,253
Motor expenses	14,688	4,649
Tour and travelling	5,367	1,346
Advertisement	1,868	1,451
Other	2,079	881
	128,828	71,603

24 INVESTMENT INCOME

	Note	OPF 2022	OPF 2021	PTF 2022	PTF 2021
		(Rupees in '000)			
Income from equity securities					
Net realised gains		1,692	-	207	2,269
Net unrealised gains		2	1,217	10,656	166
Dividend income		3	3	3,867	3,385
Income from term deposits					
Return on term deposits	24.1	-	-	73,337	23,639
		1,697	1,220	88,067	29,459

24.1 This includes Rs. 0.064 million (2021: Rs. 0.036 million) profit earned on placement of ceded money in term deposit.

25 OTHER INCOME

	OPF 2022	OPF 2021	PTF 2022	PTF 2021
	(Rupees in '000)			
Gain on disposal of fixed assets	55	-	-	-
Profit on bank deposits	1,300	723	5,942	4,181
	1,355	723	5,942	4,181

26 MUDARIB'S FEE

The shareholders of the Operator manage the participants' investments as a mudarib and charge 20% (2021: 20%) mudarib's share of the investment income earned by PTF.

27 OTHER CHARGES

	Note	2022	2021
		---- (Rupees in '000) ----	
Bank charges		17	10
Auditors' remuneration	27.1	741	644
		758	654

27.1 Auditors' remuneration

	2022	2021
Audit fee	690	600
Out-of-pocket expenses	51	44
	741	644

28 TAXATION

The current tax charge for the year is Rs. 35.928 million (2021: Rs. 25.159 million) at the tax rate of 33% (2021: 29%) and the same has been recorded in these financial statements hence no tax reconciliation has been made.

29 COMPENSATION OF EXECUTIVES

	Executives *	
	2022	2021
	---- (Rupees in '000) ----	
Managerial remuneration	3,030	3,960
Bonus	326	350
Contribution to defined benefit plan	286	326
Rent and house maintenance	1,352	1,453
Utilities	301	323
Medical	111	183
Others	290	280
	5,696	6,875
Number of persons	2	2

* Executive means employees, other than Chief Executive and directors, whose basic salary exceed five hundred thousand rupees in a financial year.

30 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of related group companies, directors of the Operator, key management personnel, major shareholders, post employment benefit plans and other related parties. The Operator in the normal course of business carries out transactions with various related parties at agreed / commercial terms and conditions. Balances and transactions with the related parties other than those disclosed in the relevant notes to the financial statements are as follows:

	OPF		PTF	
	2022	2021	2022	2021
Transactions with related parties	---------------------- (Rupees in '000)		----------------------	
Contribution underwritten	-	-	5,231	3,801
Contribution collected	-	-	8,114	2,516
Claims expense	-	-	3,031	1,568
Claims paid	-	-	2,860	7,942
Wakala fee income	360,178	246,246	-	-
Wakala fee expense	-	-	360,178	246,246
Wakala fee received	335,567	248,131	-	-
Wakala fee paid	-	-	335,567	248,131
Mudarib's share on investment income - income	18,802	6,728	-	-
Mudarib's share on investment income - expense	-	-	18,802	6,728
Mudarib's share on investment income - received	6,728	6,539	-	-
Mudarib's share on investment income - paid	-	-	6,728	6,539
Profit paid to the Operator	61,597	26,677	-	-
Allocated expenses incurred	128,829	71,603	-	-
Tracker rental charges	-	-	10,257	1,367
Allocated expenses paid	63,979	36,137	-	-

	OPF		PTF	
	2022	2021	2022	2021
Balances with related parties	---------------------- (Rupees in '000)		----------------------	
Payable to IGI General Insurance Limited - Operator	134,505	45,949	77,229	68,030
Inter-fund receivable	196,988	121,943	-	-
Inter-fund payable	-	-	196,988	121,943
Contribution receivable / (advance)	-	-	(1,576)	1,307
Outstanding claim	-	-	789	618

30.1 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

S. No.	Name of related party	Basis of association / relationship
1	IGI Life Insurance Limited	Associate
2	IGI General Insurance Limited	Operator
3	Tri Pack Films Limited	Associate

31 SEGMENT INFORMATION

The Company has five primary business segments for reporting purposes namely fire and property damage, marine, aviation and transport, motor, accident and health and miscellaneous.

Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of the gross contribution written by the segments.

31.1 Participant's Takaful Fund

2022 - PTF						
Particulars	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Total
	(Rupees in '000)					
Contribution receivable (inclusive of federal excise duty, federal takaful fee and administrative surcharge)	264,194	84,905	714,207	595,876	49,149	1,708,331
Less: Federal Excise Duty	(33,869)	(8,928)	(88,708)	-	(3,748)	(135,253)
Federal Takaful Fee	(2,247)	(698)	(6,166)	(5,900)	(452)	(15,463)
Stamp duty	(40)	(5,451)	(502)	(3)	(12)	(6,008)
Gross written contribution (inclusive of administrative surcharge)	228,038	69,828	618,831	589,973	44,937	1,551,607
Gross direct contribution	223,089	68,510	609,188	589,826	44,629	1,535,242
Facultative inward contribution	3,358	-	267	-	-	3,625
Administrative surcharge	1,591	1,318	9,376	147	308	12,740
	228,038	69,828	618,831	589,973	44,937	1,551,607
Wakala fee	70,176	24,362	192,769	99,528	12,411	399,245
Takaful contribution earned	132,413	44,611	384,313	487,774	31,595	1,080,706
Takaful contribution ceded to retakaful	(158,976)	(60,471)	(17,325)	-	(15,884)	(252,656)
Net contribution revenue	(26,563)	(15,860)	366,988	487,774	15,711	828,050
Retakaful reward	45,429	15,915	1,469	-	4,151	66,964
Net underwriting income	18,866	55	368,457	487,774	19,862	895,014
Takaful claims	(303,314)	(29,235)	(329,521)	(522,733)	(25,765)	(1,210,568)
Takaful claims recovered from retakaful	272,536	24,571	2,382	-	5,499	304,988
Net claims	(30,778)	(4,664)	(327,139)	(522,733)	(20,266)	(905,580)
Contribution deficiency expense	(4,683)	(231)	-	5,874	(2,007)	(1,047)
Direct expenses	(202)	(62)	(28,177)	(521)	(39)	(29,001)
Underwriting result	(16,797)	(4,902)	13,141	(29,606)	(2,450)	(40,614)
Net investment income						88,067
Other income						5,942
Mudarib share on investment income						(18,802)
Provisions for doubtful contributions (net of Wakala fee)						(7,979)
Surplus for the year						26,614
Corporate segment assets	445,636	64,289	279,060	185,219	45,184	1,019,388
Corporate unallocated assets	-	-	-	-	-	889,899
Total assets	445,636	64,289	279,060	185,219	45,184	1,909,287
Corporate segment liabilities	495,759	58,510	587,017	251,714	61,987	1,454,987
Corporate unallocated liabilities	-	-	-	-	-	324,859
Total liabilities	495,759	58,510	587,017	251,714	61,987	1,779,846

Particulars	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Total
	2021 - PTF					
	(Rupees in '000)					
Contribution receivable (inclusive of federal excise duty, federal takaful fee and administrative surcharge)	174,442	69,460	559,285	393,586	46,416	1,243,189
Less: Federal Excise Duty	(22,365)	(7,542)	(70,246)	(16)	(5,837)	(106,006)
Federal Takaful Fee	(1,492)	(577)	(4,829)	(3,889)	(403)	(11,190)
Stamp duty	(33)	(3,595)	(357)	(2)	(12)	(3,999)
Gross written contribution (inclusive of administrative surcharge)	150,552	57,746	483,853	389,679	40,164	1,121,994
Gross direct contribution	148,616	57,324	483,324	389,679	40,070	1,119,013
Facultative inward contribution	1,553	68	224	-	-	1,845
Administrative surcharge	383	354	305	-	94	1,136
	150,552	57,746	483,853	389,679	40,164	1,121,994
Wakala fee	43,553	20,093	144,671	77,936	9,978	296,231
Takaful contribution earned	85,473	37,220	273,172	265,703	22,916	684,484
Takaful contribution ceded to retakaful	(111,275)	(52,345)	(12,354)	-	(21,405)	(197,379)
Net contribution revenue	(25,802)	(15,125)	260,818	265,703	1,511	487,105
Retakaful reward	31,462	14,917	2,603	-	6,517	55,499
Net underwriting income	5,660	(208)	263,421	265,703	8,028	542,604
Takaful claims	(63,502)	(17,698)	(260,071)	(360,098)	(35,075)	(736,444)
Takaful claims recovered from retakaful	56,960	13,848	458	-	26,568	97,834
Net claims	(6,542)	(3,850)	(259,613)	(360,098)	(8,507)	(638,610)
Contribution deficiency expense	-	25	-	(10,330)	(2,926)	(13,231)
Direct expenses	(51)	(19)	(12,463)	(129)	(13)	(12,675)
Underwriting result	(933)	(4,052)	(8,655)	(104,854)	(3,418)	(121,912)
Investment income						29,459
Other income						4,181
Mudarib share on investment income						(6,728)
Deficit for the year						(95,000)
Corporate segment assets	154,655	46,558	193,415	115,486	66,806	576,920
Corporate unallocated assets	-	-	-	-	-	593,052
Total assets	154,655	46,558	193,415	115,486	66,806	1,169,972
Corporate segment liabilities	135,330	27,631	398,960	259,562	47,130	868,613
Corporate unallocated liabilities	-	-	-	-	-	198,532
Total liabilities	135,330	27,631	398,960	259,562	47,130	1,067,145

31.2 Operator's fund

Particulars	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Total
	2022 - OPF					
	(Rupees in '000)					
Wakala fee	55,445	23,901	166,851	102,727	11,254	360,178
Commission expense	(24,169)	(6,718)	(60,193)	(34,107)	(4,380)	(129,567)
Management expenses	(20,473)	(6,269)	(55,556)	(56,503)	(4,034)	(142,835)
	10,803	10,914	51,102	12,117	2,840	87,776
Investment income - net						1,697
Other income						1,355
Mudarib's share on investment income						18,802
Other expense						(758)
Profit before taxation						108,872
Taxation						(35,928)
Profit after taxation						72,944
Corporate segment assets						-
Corporate unallocated assets						492,825
Total assets						492,825
Corporate segment liabilities						-
Corporate unallocated liabilities						369,881
Total liabilities						369,881

Particulars	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Total
	2021 - OPF					
	(Rupees in '000)					
Wakala fee	34,634	19,873	116,401	67,779	7,559	246,246
Commission expense	(16,144)	(5,519)	(43,365)	(16,380)	(3,174)	(84,582)
Management expenses	(11,125)	(4,267)	(35,757)	(28,808)	(2,968)	(82,925)
	7,365	10,087	37,279	22,591	1,417	78,739
Investment income - net						1,220
Other income						723
Mudarib's share on investment income						6,728
Other expense						(654)
Profit before taxation						86,756
Taxation						(25,159)
Profit after taxation						61,597
Corporate segment assets						-
Corporate unallocated assets						448,912
Total assets						448,912
Corporate segment liabilities						-
Corporate unallocated liabilities						337,315
Total liabilities						337,315

32 MOVEMENT IN INVESTMENTS

	Held to maturity		At fair value through profit or loss	
	OPF	PTF	OPF	PTF
	(Rupees in '000)			
As at January 1, 2021	-	172,750	63	42,740
Additions	-	2,342,373	40,014	133,121
Disposals (sale and redemptions)	-	(2,149,923)	(12)	(160,939)
Net fair value gains (excluding net realised gains)	-	-	1,217	166
As at December 31, 2021	-	365,200	41,282	15,088
As at January 1, 2022	-	365,200	41,282	15,088
Additions	-	5,788,978	45,003	153,468
Disposals (sale and redemptions)	-	(5,607,828)	(86,241)	(12,974)
Net fair value gains (excluding net realised gains)	-	-	2	10,656
As at December 31, 2022	-	546,350	46	166,238

33 MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK

The Operator issue contracts that transfer takaful risk or financial risk or both. This section summarises the takaful risks and the way the Operator manages them.

33.1 Takaful risk management

33.1.1 Takaful risk

The risk under any one takaful contract is the possibility of the covered event occurring and the uncertainty of the amount of the resulting claim. The Operator is exposed to the uncertainty surrounding the timing, frequency and severity of claims under takaful contracts and there is a risk that actual claims exceed the carrying amount of the takaful liabilities.

Experience shows that the larger the portfolio of similar takaful contracts, the smaller will be the relative variability about the expected outcome. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Operator has developed its takaful underwriting strategy to diversify the type of takaful risks accepted and within each of these categories the Operator's takaful contract are for a maximum period of one year.

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

(a) Frequency and severity of claims / benefits

Political, environmental, economical and climatic changes give rise to more frequent and severe extreme events (for example, fire, theft, riot and strike, explosion, earthquake, atmospheric damage, hurricanes, typhoons, river flooding, electric fluctuation, terrorism, war risk, damages occurring in inland transit, burglary, loss of cash in safe and cash in transit, travel and personal accident, money losses, engineering losses and other events) and their consequences (for example, subsidence claims). For certain contracts, the Operator has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

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

The Operator manages these risks through its underwriting strategy, adequate re-takaful arrangements and proactive claims handling.

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

The Operator has entered into re-takaful cover / arrangements, with local and foreign re-takaful operators having good credit rating by reputable rating agencies, to reduce its exposure to risks and resulting claims. Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional facultative re-takaful arrangements are in place to protect the net account in case of a major catastrophe. The effect of such re-takaful arrangements is that the Operator recovers the share of claims from re-takaful companies thereby reducing its exposure to risk. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional re-takaful arrangements, any loss over and above the said limit would be recovered under non-proportional treaty which is very much in line with the risk management philosophy of the Operator.

In compliance of the regulatory requirement, the re-takaful agreements are duly submitted with the Securities and Exchange Commission of Pakistan (SECP) on an annual basis.

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

(b) Sources of uncertainty in the estimation of future claims payment

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

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

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

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

(c) Process used to decide on assumptions

The risks associated with takaful contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. This exposure is geographically concentrated in the Pakistan only.

The Operator uses internal data to measure its related estimated claim liabilities. Internal data is derived mostly from the Operator's monthly claims reports, surveyor's report for particular claim and screening of the actual takaful contracts carried out to derive data for the contracts held. The Operator has reviewed the individual contracts and in particular the industries in which the participant companies operate and the actual exposure years of claims. This information is used to develop related provision for outstanding claims (both reported and non-reported).

The principal assumption underlying the liability estimation of IBNR and contribution deficiency reserve is that the Operator'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.

(d) Changes in assumptions

The Operator has not changed its assumptions for the takaful contracts as disclosed in paragraphs (b) and (c) above.

(e) Sensitivity analysis

The analysis of exposure described in paragraph (c) above is also used to test the sensitivity of the selected assumptions to changes in the key underlying factors. Assumptions of different levels have been used to assess the relative severity of subsidence claims given past experience. The key material factor in the Operator's exposure to subsidence claims is the risk of more permanent changes in geographical location in which Operator

The Operator makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Operator considers that the liability for takaful claims recognised in the statement of financial position is adequate. However, actual experience will differ from the expected outcome.

As the Operator enters into short term takaful contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, results of sensitivity testing assuming 10% change in the claim incidence net of recoveries showing effect on underwriting results and balance of waqf is set out below.

	2022		2021	
	Underwriting results	Balance of Waqf	Underwriting results	Balance of Waqf
	(Rupees in '000)			
10% increase in average claim cost				
Fire and property damage	(3,078)	(3,078)	(654)	(654)
Marine, aviation and transport	(466)	(466)	(385)	(385)
Motor	(32,714)	(32,714)	(25,961)	(25,961)
Health	(52,273)	(52,273)	(36,010)	(36,010)
Miscellaneous	(2,027)	(2,027)	(851)	(851)
	(90,558)	(90,558)	(63,861)	(63,861)
10% decrease in average claim cost				
Fire and property damage	3,078	3,078	654	654
Marine, aviation and transport	466	466	385	385
Motor	32,714	32,714	25,961	25,961
Health	52,273	52,273	36,010	36,010
Miscellaneous	2,027	2,027	851	851
	90,558	90,558	63,861	63,861

Concentration of takaful risk

A concentration of risk may also arise from a single takaful contract issued to a particular type of participant, within a geographical location or to types of commercial business. In order to minimise the financial exposure arising from large claims, the Operator, in the normal course of business, enters into agreement with other re-takaful operators, who are dispersed over several geographical regions.

The Operator has certain single takaful contracts which it considers as risk of high severity but very low frequency. The Operator cedes substantial part of these risks to the re-takaful companies on its panel and its maximum exposure on any single policy is limited to the amount of Rs. 0.747 million (2021: Rs. 1.765 million).

The maximum class wise risk exposure (in a single policy) is as follows:

	2022			2021		
	Gross sum covered	Retakaful cover	Highest net liability	Gross sum covered	Retakaful cover	Highest net liability
	(Rupees in'000)					
Fire and property damage	4,786,356	4,736,356	50,000	4,909,641	4,255,545	654,096
Marine, aviation and transport	1,200,000	1,080,000	120,000	11,000,000	9,900,000	1,100,000
Motor	92,000	64,400	27,600	51,000	46,000	5,000
Health	199,067	-	199,067	-	-	-
Miscellaneous	3,504,000	3,153,600	350,400	3,149,564	3,143,765	5,799
	9,781,423	9,034,356	747,067	19,110,205	17,345,310	1,764,895

34 FINANCIAL RISK MANAGEMENT

The Operator has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

Every takaful operator is exposed to a wide range of risks, some discrete and some interdependent; integrated risk management entail strong governance processes; ensuring greater accountability, transparency and risk awareness in underwriting, investment and strategic decisions. The Board take ultimate responsibility for supervising the Operator's risk management framework. Risk management framework covers the need to review the strategy of a Operator and to assess the risk associated with it.

The Audit Committee oversees compliance by management with the Operator's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Operator. The Audit Committee is assisted in its oversight role by an Internal Audit Function. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

34.1 Credit risk

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

34.1.1 Exposure to credit risk

Credit risk of the Operator arises principally from the deposit and placement with banks, investments, contribution due but unpaid, amount due from other takaful / re-takaful operators, retakaful and other recoveries against outstanding claims, accrued investment income and other receivables. To reduce the credit risk, Operator's management monitors exposure to credit risk through its regular review, assessing credit worthiness of counter parties and prudent estimates of provision for doubtful debts.

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

	Note	OPF 2022	OPF 2021	PTF 2022	PTF 2021
		---------- (Rupees in '000)			----------
Cash and bank	12	646	22,635	42,689	13,427
Investments-equity securities	6	46	41,282	166,238	15,088
Investments-term deposits	7	-	-	546,350	365,200
Salvage recoveries accrued		-	-	47,422	41,047
Takaful / retakaful receivables	9	24,402	8,754	454,583	278,932
Accrued investment income		29	29	14,219	2,723
Retakaful recoveries against outstanding claims	18	-	-	297,602	96,050
		25,123	72,700	1,569,103	812,467

The Operator did not hold any collateral against the above during the year.

The credit quality of the Operator's bank balances and deposits can be assessed with reference to external credit ratings as follows:

	2022			2021		
	Short term	Long term	Agency	Short term	Long term	Agency
MCB Bank Limited	A1+	AAA	PACRA	A1	A	PACRA
Meezan Bank Limited	A1+	AAA	VIS	A1+	AAA	VIS
Bank Al Habib Limited	A1+	AAA	PACRA	A1+	AAA	PACRA
Dubai Islamic Bank Pakistan Limited	A1+	AA	VIS	A1+	AA	VIS
Faysal Bank Limited	A1+	AA	PACRA / VIS	A1+	AA	PACRA
BankIslami Pakistan Limited	A1	A+	PACRA	A1	A+	PACRA
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	A1+	AAA	PACRA

The ratings of mutual funds in which the Operator held investments as at the reporting dates are as follows:

	2022	2021	Rating agency
Alfalah GHP Islamic Income Fund	AA-(f)	AA-(f)	PACRA
Al-Ameen Islamic Cash Fund	AA+(f)	AA+(f)	VIS
MCB Al- Hamra Islamic Income Fund	AA-(f)	AA-(f)	PACRA
NBP Riba Free Savings Fund	A+(f)	A-(f)	PACRA
Faysal Islamic Saving Growth Fund	A+(f)	A+(f)	VIS
HBL Islamic Income Fund	A+(f)	A+(f)	VIS
Al-Ameen Islamic Sovereign Fund	AA-(f)	AA(f)	VIS
NBP Islamic Income Fund	A+(f)	A(f)	PACRA

Contribution due but unpaid

Contribution due but unpaid is mostly recoverable from corporate customers.

Concentration of credit risk

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. Sector-wise analysis of gross "contribution due but unpaid" (before charging of provision for impairment) at the reporting date was:

	2022		2021	
	(Rupees in '000)	%	(Rupees in '000)	%
Textile	72,162	24.1%	18,669	8.9%
Financial services	46,390	15.5%	47,067	22.4%
Engineering	4,083	1.5%	2,016	1.0%
Pharmaceuticals	1,223	0.5%	8,552	4.1%
Food	76,041	25.4%	20,478	9.8%
Other manufacturing	14,667	4.9%	35,955	17.1%
Others	85,215	28.4%	77,228	36.8%
	299,781	100%	209,965	100%

Age analysis of "contribution due but unpaid" at the reporting date was:

	2022 Gross	2022 Impairment	2021 Gross	2021 Impairment
	------------------	(Rupees in '000)	------------------	
Upto 1 year	255,132	-	178,385	-
Upto 1 - 2 years	34,437	-	25,841	-
Upto 2 - 3 years	10,212	-	5,739	-
Over 3 years	-	-	-	-
	299,781	-	209,965	-

Re-takaful ceded does not relieve the Operator from its obligation to participants and as a result the Operator remains liable for the portion of outstanding claims covered by re-takaful to the extent that re-takaful fails to meet the obligation under the re-takaful agreements.

In common with other takaful companies, in order to minimise the financial exposure arising from large claims, the Operator, in the normal course of business, enters into agreement with other re-takaful companies.

The Operator enters into re-takaful arrangements with re-takaful companies having sound credit ratings accorded by reputed credit rating agencies. The Operator is required to comply with the requirements of circular no. 32 / 2009 dated 27 October 2009 issued by SECP which requires a takaful operator to place at least 80% of their outward treaty cessions with re-takaful companies rated 'A' or above by Standard & Poor's or equivalent rating by any other reputed international rating agency, with the balance (20%) being placed with entities rated at least 'BBB' by Standard & Poor's or equivalent rating by any other reputed international rating agency. An analysis of re-takaful and other takaful assets is as follows:

	2022				2021			
	Due from other insurers / retakaful operators	Retakaful recoveries against outstanding claims	Prepaid re-takaful contribution ceded	Total	Due from other insurers / retakaful operators	Retakaful recoveries against outstanding claims	Prepaid re-takaful contribution ceded	Total
				(Rupees in '000)				
A or above	89,174	171,434	68,993	329,601	64,062	89,988	79,465	233,515
BBB	61,110	117,482	47,280	225,872	21	26	23	70
Others	4,518	8,686	3,496	16,700	4,884	6,036	5,330	16,250
	154,802	297,602	119,769	572,173	68,967	96,050	84,818	249,835

Age analysis of "amount due from other takaful companies" at the reporting date was:

	2022 Gross	2022 Impairment	2021 Gross	2021 Impairment
	------------------	(Rupees in '000)	------------------	
Upto 1 year	85,952	-	46,842	-
1 - 2 years	46,453	-	10,405	-
2 - 3 years	14,667	-	7,874	-
Over 3 years	7,730	-	3,846	-
	154,802	-	68,967	-

In respect of the aforementioned takaful and re-takaful assets, the Operator takes into account its track record of recoveries and financial position of the counterparties while creating provision for impairment. Further, re-takaful recoveries are made when corresponding liabilities are settled.

34.2 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Operator could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Operator's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Operator's reputation. The diversified funding sources and assets of the Operator are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities.

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

	2022				2021			
	Carrying amount	Contractual cash flows	Up to 6 months	Over 6 months to 1 year	Carrying amount	Contractual cash flows	Up to 6 months	Over 6 months to 1 year
	(Rupees in '000)							
Financial liabilities-OPF								
Takaful / retakaful payable	8,581	8,581	8,581	-	6,922	6,922	6,922	-
Other creditors and accruals	209,923	209,923	209,923	-	103,289	103,289	103,289	-
Accrued expenses	790	790	790	-	1,881	1,881	1,881	-
Payable to PTF	-	-	-	-	114,093	114,093	114,093	-
	219,294	219,294	219,294	-	226,185	226,185	226,185	-
Financial liabilities-PTF								
Outstanding claims including IBNR	698,131	698,131	698,131	-	318,805	318,805	318,805	-
Takaful / retakaful payables	190,777	190,777	190,777	-	109,330	109,330	109,330	-
Other creditors and accruals	94,860	94,860	94,860	-	76,926	76,926	76,926	-
Payable to OPF	196,988	196,988	196,988	-	121,943	121,943	121,943	-
	1,180,756	1,180,756	1,180,756	-	627,004	627,004	627,004	-
	1,400,050	1,400,050	1,400,050	-	853,189	853,189	853,189	-

34.3 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 profit rates, foreign exchange rates and market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As at reporting date there are no financial instruments denominated in foreign currencies. Therefore, the Operator is not exposed to risk from foreign currency exchange rate fluctuations.

34.3.1 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. Majority of the profit rate exposure arises from balances held in term deposits and banks with reputable banks.

At the reporting date, the profit rate profile of the Operator's significant profit-bearing financial instrument is:

	2022					
	Profit rate	Profit bearing			Non-profit bearing	Total
		Maturity upto one year	Maturity after one year	Sub total		
		(Rupees in '000)				
Financial assets						
OPF						
Cash and bank	8.5% to 12.65%	646	-	646	-	646
Investments in equity securities - mutual funds		-	-	-	46	46
Receivable from PTF		-	-	-	402,327	402,327
Accrued investment income		-	-	-	29	29
		646	-	646	402,402	403,048
PTF						
Cash and bank	8.5% to 12.65%	41,775	-	41,775	914	42,689
Investments-term deposits	15% to 15.5%	546,350	-	546,350	-	546,350
Receivable from OPF		-	-	-	-	-
Investments in equity securities - mutual funds		-	-	-	166,238	166,238
Takaful / retakaful receivables		-	-	-	454,583	454,583
Retakaful recoveries against outstanding claims		-	-	-	297,602	297,602
Salvage recoveries accrued		-	-	-	47,422	47,422
Accrued investment income		-	-	-	14,219	14,219
		588,125	-	588,125	980,978	1,569,103

	Profit rate	2022 Profit bearing Maturity upto one year	Maturity after one year	Sub total	Non-profit bearing	Total
		-----(Rupees in '000)-----				
Financial liabilities						
OPF						
Takaful / retakaful payable		-	-	-	8,581	8,581
Other creditors and accruals		-	-	-	209,923	209,923
Accrued expenses		-	-	-	790	790
Payable to PTF		-	-	-	-	-
		-	-	-	219,294	219,294
PTF						
Outstanding claims including IBNR		-	-	-	698,131	698,131
Takaful / retakaful payable		-	-	-	190,777	190,777
Other creditors and accruals		-	-	-	94,860	94,860
Payable to OPF		-	-	-	196,988	196,988
		-	-	-	1,180,756	1,180,756

	Profit Rate	2021 Profit bearing Maturity upto one year	Maturity after one year	Sub total	Non-profit bearing	Total
		-----(Rupees in '000)-----				
Financial assets						
OPF						
Cash and bank	7% to 8.25%	22,635	-	22,635	-	22,635
Investments in equity securities - mutual funds		-	-	-	41,282	41,282
Receivable from PTF		-	-	-	336,036	336,036
Accrued investment income		-	-	-	29	29
		22,635	-	22,635	377,347	399,982
PTF						
Cash and bank	7% to 8.25%	12,205	-	12,205	1,222	13,427
Investments-term deposits	7.52% to 11.02%	365,200	-	365,200	-	365,200
Investments in equity securities - mutual funds		-	-	-	15,088	15,088
Takaful / retakaful receivables		-	-	-	278,932	278,932
Retakaful recoveries against outstanding claims		-	-	-	96,050	96,050
Salvage recoveries accrued		-	-	-	41,047	41,047
Receivable from OPF		-	-	-	105,339	105,339
Accrued investment income		-	-	-	2,723	2,723
		377,405	-	377,405	540,401	917,806
Financial liabilities						
OPF						
Takaful / retakaful payable		-	-	-	6,922	6,922
Other creditors and accruals		-	-	-	103,289	103,289
Accrued expenses		-	-	-	1,881	1,881
Payable to PTF		-	-	-	114,093	114,093
		-	-	-	226,185	226,185
PTF						
Outstanding claims including IBNR		-	-	-	318,805	318,805
Takaful / retakaful payable		-	-	-	109,330	109,330
Other creditors and accruals		-	-	-	76,926	76,926
Payable to OPF		-	-	-	121,943	121,943
		-	-	-	627,004	627,004

Cash flow sensitivity analysis for variable rate instruments

The Operator is exposed to cash flow profit rate risk in respect of its cash and bank balances and term deposits receipts. In case of 100 basis points (bp) increase / decrease in profit rates at year end, assuming that all other variables remain constant, the net income and accumulated profit would have been higher / lower approximately by Rs. 0.65 million (2021: Rs. 2.264 million) in Operators' fund. Similarly, in case of Participants' Takaful Fund the deficit and balance of Waqf / PTF would have been lower / higher approximately by Rs. 55.828 million (2021: Rs. 37.675 million).

34.3.2 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Operator is exposed to equity price risk because of investments held by the Operator in units of mutual funds and classified on the statement of financial position at 'fair value through profit and loss'.

In case of 5% increase / (decrease) in KSE 100 index on 31 December 2022, with all other variables held constant, net assets for the year would increase / (decrease) by Rs. 8.314 million (2021: Rs. 2.819 million) as a result of gains / (losses) on equity securities classified 'at fair value through profit and loss'.

The analysis is based on the assumption that equity index had increased / (decreased) by 5% with all other variables held constant and all the equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the investment portfolio and the correlation thereof to the KSE 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of December 31, 2022 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 index.

34.4 Capital Management

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

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

35 FINANCIAL INSTRUMENTS BY CATEGORY

	Operator's Fund		Participants' Takaful	
	2022	2021	2022	2021
	(Rupees in '000)			
Financial assets and financial liabilities				
Financial assets				
Loans and receivables - amortised cost				
Cash and bank	646	22,635	42,689	13,427
Investments-term deposits	-	-	546,350	365,200
Receivable from OPF / PTF	402,327	327,282	-	105,339
Takaful / retakaful receivables	24,402	8,754	454,583	278,932
Accrued investment income	29	29	14,219	2,723
Salvage recoveries accrued	-	-	47,422	41,047
Retakaful recoveries against outstanding claims	-	-	297,602	96,050
	427,404	358,700	1,402,865	902,718
Investments - fair value through profit or loss				
Investments in equity securities - mutual funds	46	41,282	166,238	15,088
Financial liabilities				
Amortised cost				
Outstanding claims including IBNR	-	-	698,131	318,805
Takaful / retakaful payable	8,581	6,922	190,777	109,330
Other creditors and accruals	209,923	103,289	94,860	76,926
Accrued expenses	790	1,881	-	-
Payable to OPF / PTF	-	114,093	196,988	121,943
	219,294	226,185	1,180,756	627,004

36 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

Underlying the definition of fair value is the presumption that the Operator is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Operator has no items to report in this level.

The Company held the following financial instruments measured at fair value:

	2022			2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	(Rupees in '000)					
Assets carried at fair value						
Investment in equity securities mutual funds	-	168,284	-	-	56,370	-

Item	Valuation approach and input used
Mutual funds	The fair value of mutual funds is derived from using rates published on Mutual Funds Association of Pakistan.

37 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There have been no significant reclassifications in these financial statements.

38 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Operator on March 15, 2023

39 GENERAL

Figures in these financial statements have been rounded off to the nearest thousand of rupees unless otherwise stated.

Chairman	Director	Director	Chief Financial Officer	Chief Executive Officer

Directors' Report to the Shareholders on Consolidated Financial Statements for the year ended December 31, 2022

On behalf of the Board, we are pleased to present the consolidated financial statements of IGI General Insurance Limited ("IGI General") and its subsidiary IGI FSI (Private) Limited (IGI FSI). (collectively referred to as 'the Group') for the year ended December 31, 2022.

GROUP PERFORMANCE REVIEW

	2022	2021
	Rupees in 000	
Profit before tax	741,227	603,255
Taxation	(273,304)	(175,153)
Profit after tax	**467,923**	**428,102**
Earnings per share (Rupees)	**2.44**	**2.23**

During the current year, the Group recorded profit after tax of Rs 468 million compared to Rs 428 million earned in 2021.

The Group achieved earnings per share of Rs 2.44 compared to Rs 2.23 during 2021.

Financial Highlights of IGI FSI is hereunder:

IGI FSI was incorporated as private limited company on July 6, 2020. IGI FSI is engaged in providing technology led business solutions including training services in the market.

During 2022 IGI FSI earned revenue of Rs 40 million and made a profit after tax of Rs 1.3 million.

We value the support and patronage extended by our business partners and all stakeholders and appreciate the dedicated and sincere efforts of our employees.

For and on behalf of the Board

Shamim Ahmad Khan
Chairman
Lahore: March 15, 2023

Tahir Masaud
Chief Executive Officer
Lahore: March 15, 2023

IGI GENERAL INSURANCE LIMITED

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the members of IGI General Insurance Limited

Opinion

We have audited the annexed consolidated financial statements of **IGI General Insurance Limited** and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

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

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

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

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

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

The engagement partner on the audit resulting in this independent auditor's report is **Shahbaz Akbar**.

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: April 5, 2023
UDIN: AR202210068VqyjfKxTN

IGI GENERAL INSURANCE LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	Note	2022	2021
		(Rupees in '000)	
Assets			
Property and equipment	5	992,301	874,386
Intangible assets	6	8,991	14,696
Investment properties	7	429,402	399,575
Investments			
- Equity securities	8	90,974	952,722
- Government securities	9	1,622,698	1,885,305
- Debt securities	10	400,000	150,000
Loans and other receivables	11	599,563	475,546
Insurance / reinsurance receivables	12	4,617,429	2,548,993
Reinsurance recoveries against outstanding claims	24	4,761,352	1,914,772
Salvage recoveries accrued		106,324	97,084
Deferred commission expense	25	353,588	264,221
Taxation - prepayments less provision		102,334	87,920
Prepayments	14	1,743,505	1,364,632
Cash and bank	15	385,902	208,127
		16,214,363	11,217,979
Total assets of Window Takaful Operations - operator's fund		492,825	440,158
Total assets		16,707,188	11,658,137
Equity and liabilities			
Capital and reserves attributable to Company's equity holders			
Authorised capital			
250,000,000 (2021: 250,000,000) ordinary shares of Rs 10 each		2,500,000	2,500,000
Issued, subscribed and paid-up share capital			
191,838,400 (2021: 191,838,400) ordinary shares of Rs 10 each	16	1,918,384	1,918,384
Unappropriated profit		818,084	623,409
Total equity		2,736,468	2,541,793
Surplus on revaluation of property and equipment - net of tax	17	387,613	368,414
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	24	6,623,855	2,584,937
Unearned premium reserves	23	3,007,816	2,674,247
Premium deficiency reserve	24.2	3,424	1,345
Unearned reinsurance commission	25	269,625	218,690
Retirement benefit obligations	13	28,658	6,577
Borrowings	18	81,415	147,775
Premium received in advance		4,119	1,918
Insurance / reinsurance payables	19	1,838,227	1,593,114
Deferred taxation	20	206,641	168,929
Other creditors and accruals	21	1,149,446	1,021,837
		13,213,226	8,419,369
Total liabilities of Window Takaful Operations - operator's fund		369,881	328,561
Total liabilities		13,583,107	8,747,930
Total equity and liabilities		16,707,188	11,658,137
Contingencies and commitments	22		

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

IGI GENERAL INSURANCE LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		---------(Rupees in '000)---------	
Net insurance premium	23	3,413,733	2,715,962
Net insurance claims	24	(2,029,381)	(1,497,392)
Charge for premium deficiency reserve	24.2	(2,079)	(1,345)
Net commission expense	25	(152,831)	(58,718)
Insurance claims and acquisition expenses		(2,184,291)	(1,557,455)
Management expenses	26	(975,128)	(849,858)
Underwriting results		254,314	308,649
Investment income	27	290,972	144,434
Rental income		31,078	30,810
Other income	28	171,013	103,774
Other expenses	29	(98,310)	(58,454)
Result of operating activities		649,067	529,213
Finance costs against right-of-use assets		(16,712)	(12,714)
Profit from Window Takaful Operations - operator's fund		108,872	86,756
Profit before tax		741,227	603,255
Income tax expense	30	(273,304)	(175,153)
Profit after tax		467,923	428,102
Other comprehensive income			
Items that will not be subsequently reclassified to the unconsolidated profit or loss			
-Remeasurement gain on defined benefit obligations	13.1.4	(20,453)	12,885
-Related deferred tax		6,749	(3,737)
		(13,704)	9,148
Total comprehensive income		454,219	437,250
Earnings (after tax) per share - Rupees	31	2.44	2.23

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

IGI GENERAL INSURANCE LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	Issued, subscribed and paid-up share capital	Unappropriated profit	Total
	(Rupees in '000)		
Balance as at January 1, 2021	1,918,384	528,019	2,446,403
Profit after taxation for the year ended December 31, 2021	-	428,102	428,102
Other comprehensive income for the year - net of tax	-	9,148	9,148
Total comprehensive income for the year ended December 31, 2021	-	437,250	437,250
Transfer from surplus on revaluation of property and equipment on account of incremental depreciation - net of tax (note 17)	-	18,140	18,140
Transactions with owners - directly recognised in equity			
Final dividend at rate of Re. 0.57 per share for year ended December 31, 2020 approved on April 22, 2021	-	(110,000)	(110,000)
Interim dividend at rate of Re. 0.78 per share for year ending December 31, 2021 declared on August 23, 2021	-	(150,000)	(150,000)
Interim dividend at rate of Re. 0.52 per share for year ending December 31, 2021 declared on October 25, 2021	-	(100,000)	(100,000)
	-	(360,000)	(360,000)
Balance as at December 31, 2021	1,918,384	623,409	2,541,793
Profit after taxation for the year ended December 31, 2022	-	467,923	467,923
Other comprehensive loss for the year - net of tax	-	(13,704)	(13,704)
Total comprehensive income for the year ended December 31, 2022	-	454,219	454,219
Transfer from surplus on revaluation of property and equipment on account of incremental depreciation - net of tax (note 17)	-	20,456	20,456
Transactions with owners - directly recognised in equity			
Final dividend at rate of Re. 0.26 per share for year ended December 31, 2021 approved on April 26, 2022	-	(50,000)	(50,000)
Interim dividend at rate of Re. 0.57 per share for year ending December 31, 2022 declared on August 22, 2022	-	(110,000)	(110,000)
Interim dividend at rate of Re. 0.62 per share for year ending December 31, 2022 declared on October 25, 2022	-	(120,000)	(120,000)
	-	(280,000)	(280,000)
Balance as at December 31, 2022	1,918,384	818,084	2,736,468

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Chairman | Director | Director | Chief Executive Officer | Chief Financial Officer

IGI GENERAL INSURANCE LIMITED AND ITS SUBSIDIARY
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		-----------(Rupees in '000)-----------	
OPERATING CASH FLOWS			
Underwriting activities			
Premiums received		8,366,108	7,163,264
Reinsurance premiums paid		(6,816,853)	(4,697,192)
Claims paid		(5,884,018)	(3,676,785)
Reinsurance and other recoveries received		5,046,975	2,388,333
Commissions paid		(943,373)	(724,599)
Commissions received		803,185	652,528
General management expenses paid		(922,787)	(789,911)
Net cash inflow from underwriting activities		(350,763)	315,638
Other operating activities			
Income tax paid		(259,512)	(172,784)
Operating receipts - net		112,569	124,336
Net cash outflow on operating activities		(146,943)	(48,448)
Total cash (outflow on) / inflow from all operating activities		(497,706)	267,190
INVESTMENT ACTIVITIES			
Profit received		288,883	189,912
Payments for investments		(4,359,870)	(9,542,906)
Proceeds from investments		4,581,165	9,261,285
Amount received from Window Takaful Operations - operator's fund		61,598	26,677
Fixed capital expenditure		(151,189)	(28,664)
Proceeds from sale of property and equipment		29,184	39,621
Total cash inflow / (outflow) from investing activities		449,771	(54,075)
FINANCING ACTIVITIES			
Dividend paid		(280,000)	(360,000)
Financial charges paid		(16,712)	(12,714)
Repayment of liability against right-of-use assets		(78,634)	(41,741)
Total cash outflow on financing activities		(375,346)	(414,455)
Net cash outflow from all activities		(423,281)	(201,340)
Cash and cash equivalents at beginning of the year		809,183	1,010,523
Cash and cash equivalents at end of the year	15.2	385,902	809,183

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

IGI GENERAL INSURANCE LIMITED AND ITS SUBSIDIARY
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	---- (Rupees in '000) ----	
Reconciliation to consolidated statement of comprehensive income		
Operating cash flows	(497,706)	267,190
Depreciation and amortisation expense	(101,822)	(83,577)
Depreciation on right-of-use assets	(21,607)	(37,876)
Finance cost againts right-of-use assets	(16,712)	(12,714)
Gain on disposal of fixed assets	20,589	29,680
Unrealised fair value gain on investment properties	29,827	21,778
Increase in assets other than cash	5,526,847	920,377
Increase in liabilities other than borrowings	(4,839,764)	(882,787)
Return on term deposits	-	4,099
Other investment income	290,972	140,335
Profit from Window Takaful Operations - net of tax	77,299	61,597
Profit after tax	467,923	428,102

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

Holding Company
- IGI General Insurance Limited

Subsidiary Company	**Percentage shareholding**
- IGI FSI (Pvt.) Limited	100%

1.2 Holding Company

IGI General Insurance Limited ("the Holding Company"), a Packages Group Company, was incorporated as a public limited company on November 18, 2016 under the Companies Ordinance, 1984 (now Companies Act 2017). The registered office of the Holding Company is situated at 7th floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi. The objectives of the Holding Company include providing general insurance services (mainly in the sphere of Fire, Marine, Motor, Health and Miscellaneous) and general takaful services (mainly in the sphere of Fire, Marine, Motor, Health and Miscellaneous).

The Holding Company is a wholly owned subsidiary of IGI Holdings Limited ("the Ultimate Parent Company") and had been formed to facilitate the transfer of general insurance segment of IGI Insurance Limited to the Holding Company under the Scheme of Arrangement filed with the Honourable High Court of Sindh (SHC). The transfer of general insurance business and related assets and liabilities from IGI Insurance Limited to the Holding Company had been made effective from January 31, 2017, which had been sanctioned by SHC vide Order dated December 16, 2017. The insurance license was transferred to the Holding Company from IGI Insurance Limited with effect from January 16, 2018.

1.3 Subsidiary Company

IGI FSI (Pvt.) Limited ("the Subsidiary Company") was incorporated as a private limited company on July 6, 2020 under the Companies Act, 2017 with an authorised capital of Rs 7 million. The Subsidiary Company is engaged in providing technology led business solutions including training services in the market.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of Compliance

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

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

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

2.1.1 In terms of the requirements of the General Takaful Accounting Regulations, 2019, the assets, liabilities and profit or loss of the Operator Fund of the Window Takaful Operations of the Holding Company have been presented as a single line item in the consolidated statement of financial position and consolidated statement of comprehensive income of the Holding Company respectively.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for certain staff retirement benefits which are carried at present value of the defined benefit obligation less fair value of plan assets, lease liabilities against right-of-use assets are carried at the present value of minimum lease payments, property and equipment and investment properties which are carried at fair value and certain investments which are carried at market value.

2.3 **Functional and presentation currency**

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

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

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

2.5 **Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are not effective in the current year:**

The following standards, amendments and interpretations of the accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 1, 2023:

Standards, amendments or interpretations	**Effective date (period beginning on or after)**
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2023
- IAS 12 - 'Income taxes' (amendments)	January 1, 2023
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2023 & January 1, 2024
- IFRS 9 - 'Financial Instruments'	January 1, 2023*
- IFRS 16 - 'Leases' (amendments)	January 1, 2024

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

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

IFRS 9 'Financial Instruments' and amendment (effective for period ending on or after June 30, 2019). IFRS 9 replaces the existing guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets during and new general hedge accounting requirements. It also carries the guidance on recognition and derecognition of financial instruments from IAS 39.

Temporary exemption from application of IFRS 9

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

Fair values of financial assets as at December 31, 2021 and changes in the fair values during the year ended December 31, 2022

	2022	**2021**
Financial assets that do not meet SPPI criteria	---- (Rupees in '000) ----	
Closing fair value		
Opening fair value	952,722	497,236
Additions / (disposals) during the year	(854,725)	522,512
(Decrease) / increase in fair value	(7,023)	(67,026)
Closing fair value	90,974	952,722

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or will not have any significant effect on the Group's operations and are therefore not stated in these consolidated financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of these consolidated financial statements are set out below. Accounting policies relating to Window Takaful Operations are disclosed in a separate financial statements of Window Takaful Operations which have been annexed to these consolidated financial statements. The accounting policies have been consistently applied for all the years presented.

3.1 Insurance contracts

Insurance contracts are those contracts where the Group (the insurer) has accepted significant insurance risk from another party (the policy holders) by agreeing to compensate the policy holders if a specified uncertain future event (the insured event) adversely affects the policy holders.

The Group enters into fire and property damage, marine, motor, health, burglary, loss of cash in transit, travel, personal accident, engineering losses and other insurance contracts with corporate clients and individuals residing or located in Pakistan.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

The Group neither issues investment contracts nor does it issue insurance contracts with Discretionary Participation Features (DPF).

3.2 Premium

Premium received / receivable under a policy is recognised as written from the date of attachment of the risk to the policy to which it relates. Where the pattern of incidence of risk varies over the period of the policy, premium is recognised as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired period of coverage is recognised as unearned premium by the Group. This liability is calculated by applying 1/24 method as specified in the Insurance Accounting Regulations, 2017.

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Holding Company from policyholders in respect of policies issued, at the rate of 5% (2021: 5%) of the premium written restricted to a maximum of Rs. 7,990 per policy.

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 an objective evidence that the receivables are impaired, the Group reduces the carrying amount of the receivables and recognises that impairment loss in the consolidated statement of comprehensive income.

3.3 Reinsurance ceded

Insurance contracts entered into by the Group with reinsurers for compensation of losses suffered on insurance contracts issued, are reinsurance contracts. These reinsurance contracts include both facultative and treaty arrangement contracts.

The Group 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 reinsurance 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 assets.

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

The Group assesses its reinsurance assets for impairment on the reporting date. If there is an objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the consolidated statement of comprehensive income.

3.4 Claims expense

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

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

The provision for Incurred But Not Reported (IBNR) claims is determined by the Group as required under circular No. 9 of 2016 SECP guidlines for estimation of Incurred But Not Reported (IBNR) issued by the SECP. As per the Guidelines an insurer shall estimate IBNR claims reserve based on the prescribed method provided in the Guidelines. The Guidelines also allow the use of any other alternative method of determining IBNR, if found more suitable for the risk class, provided that the amount estimated under the alternative method shall not be less than the amount calculated under prescribed method. The prescribed method for estimating IBNR claim reserve is the chain ladder method based on paid claims hereinafter called 'Incurred But Not Paid' or 'IBNP'. The Basic Chain Ladder (BCL) method uses a run off triangle to estimate the development factors for each accident period which are further used to estimate the ultimate paid claims. Data from settlement registers are used in the BCL models. Lags are determined to be the difference between the 'date of loss' and 'date of claim payment'. Monthly lags are used since it reflects the claim development pattern within a given year and the back testing supports the same. Once IBNP has been determined using BCL, the outstanding claims are deducted to arrive at IBNR on paid basis.

Under alternative method, IBNR is determined on reported basis. IBNR (reported basis) is much similar to IBNR (paid basis) but is calculated using a different methodology. It does not use either IBNP or outstanding claims to estimate IBNR rather, is determined using BCL method. Development factors are determined for each accident period to estimate the ultimately reported claims directly. Intimation registers are used in the BCL model where lags are calculated as the difference between the 'date of loss' and 'date of intimation'.

The analysis is carried out separately for each class of business and results determined through this alternative method are compared to the results of prescribed method and higher of the two are set as the final reserve.

3.5 Reinsurance recoveries against claims

Claim recoveries receivable from the reinsurer are recognised as an asset at the same time as the claims which give rise to the right of recovery are recognised as a liability and are measured at the amount expected to be received.

3.6 Commission and other acquisition costs

Commission expense and other acquisition costs incurred in obtaining and recording policies is deferred and brought to consolidated statement of comprehensive income as an expense in accordance with the pattern of recognition of the gross premium to which it relates. Commission expense is arrived at after taking the impact of opening and closing deferred commission.

Commission income from reinsurers is deferred and brought to consolidated statement of comprehensive income as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Commission from reinsurers is arrived at after taking the impact of opening and closing unearned commission. Profit commission, if any, which the Group may be entitled to under the terms of reinsurance, is recognised on accrual basis.

3.7 Premium deficiency reserve

The Group is required as per Insurance Accounting Regulations, 2017 to maintain a provision in respect of premium deficiency for the class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the premium deficiency reserve is recorded as an expense / income in the consolidated statement of comprehensive income for the year.

At each reporting date, liability adequacy tests are performed separately for each class of business to ensure the adequacy of the unearned premium liability for that class. It is performed by comparing the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after reporting date in respect of policies in force at reporting date with the carrying amount of unearned premium liability. Any deficiency is recognised by establishing a provision (premium deficiency reserve) to meet the deficit. The expected future liability is estimated with reference to the experience during the expired period of the contracts, adjusted for significant individual losses which are not expected to recur during the remaining period of the policies, and expectations of future events that are believed to be reasonable. The expected ultimate net claim ratios for the unexpired periods of policies in force at reporting date for each class of business is as follows:

	2022	2021
Fire and property damage	81%	18%
Marine, aviation and transport	47%	44%
Motor	51%	50%
Health	81%	89%
Miscellaneous	42%	48%

Based on an analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned premium reserve for all classes of business as at the year end is adequate to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the reporting date in respect of policies in those classes of business in force at the reporting date.

3.8 Creditors, accruals and provisions

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

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

3.9 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalised during the current period for such years.

Deferred

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

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

3.10 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated statement of financial position at cost. For the purposes of unconsolidated cash flow statement, cash and cash equivalents comprise cash in hand, deposits with banks, stamps in hand, term deposits with original maturity of less than three months and short term finances.

3.11 Investments

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

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

3.11.1.1 Investments at fair value through profit or loss

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

Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with the resulting gain or loss being included in net profit or loss for the period in which it arises.

Unrealised gains / (losses) arising on remeasurement of investments classified as financial assets at 'fair value through profit or loss' are recorded in consolidated statement of comprehensive income in the period in which these arise.

3.11.1.2 Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost being the fair value of the consideration given and include transaction cost. At subsequent reporting dates, these are measured at amortised cost using the effective yield method.

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

Income from held to maturity investments including any premium or discount is recognised on a time proportion basis using the effective yield method.

3.11.1.3 Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. Subsequent to initial recognition, these are stated at market value. The unrealised gains / losses on available for sale investments are recognised in other comprehensive income and recycled to profit or loss on disposal.

Subsequent to initial recognition, these are stated at market value.

Dividend income and entitlement of bonus shares are recognised when the Group's right to receive such dividend and bonus shares is established.

Gains / (losses) on sale of available for sale investments are recognised in the consolidated statement of comprehensive income.

Unrealised gains / (losses) arising on remeasurement of investments classified as financial assets at 'available for sale' are recorded in consolidated statement of comprehensive income in the period in which these arise.

3.11.1.4 Loans and other receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition these are measured at amortised cost.

3.11.1.5 Date of recognition

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

3.12 Investment properties

Investment properties are held for earning rentals and capital appreciation. Investment properties are accounted for under the fair value model in accordance with International Accounting Standards (IAS) 40, "Investment property".

Investment properties, principally office buildings, are held for long-term rental yields. These are carried at fair value. The changes in fair values are presented in the consolidated statement of comprehensive income as part of other income.

3.13 Operating assets

Tangible

These are stated at cost less accumulated depreciation and accumulated impairment losses (if any) other than buildings and leasehold improvements. Buildings and leasehold improvements are stated at revalued amounts less accumulated depreciation and accumulated impairment losses (if any).

Depreciation on all operating assets is charged to the consolidated statement of comprehensive income using the straight line method so as to write-off depreciable amount of an asset over its useful life. Depreciation on additions to fixed assets is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed of.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted, if appropriate. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated statement of comprehensive income in the period in which they are incurred.

The gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

An increase arising on revaluation is credited to the surplus on revaluation of property and equipment. A decrease arising on revaluation of fixed assets is adjusted against the surplus of that asset or, if no surplus exists, is charged to the consolidated statement of comprehensive income as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the consolidated statement of comprehensive income up to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been had no impairment loss recognised. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the consolidated statement of comprehensive income and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus on property and equipment to unappropriated profit.

Intangible

Intangible assets with finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any. Software development cost are only capitalised to the extent that future economic benefits are expected to flow to the entity.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted, if appropriate. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Holding Company and the cost of the item can be measured reliably.

Amortisation is charged to consolidated statement of comprehensive income using the straight line method.

3.14 Staff retirement benefits

3.14.1 Defined contribution plan

The Holding Company operates an approved contributory provident fund for all permanent employees. Equal monthly contributions are made by the Holding Company and employees to the fund at the rate of 10 percent of basic salary.

3.14.2 Defined benefit plan

All permanent employees of the Holding Company participate in an approved funded defined gratuity plan. Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out as at December 31, 2022 using the Projected Unit Credit Method. Amounts arising as a result of 'Remeasurements', representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the consolidated statement of financial position, with a charge or credit to 'Other Comprehensive Income' in the periods in which they occur. Current service cost, past service cost and net interest income / expense are recognised in the profit or loss.

3.14.3 Accumulating compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to consolidated statement of comprehensive income.

3.15 Impairment of assets

The management assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

3.16 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument and are derecognised when the Group loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the consolidated statement of comprehensive income in the period in which financial instrument is derecognised.

3.17 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated financial statements only when there is a legally enforceable right to set-off the recognised amount and the Group intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

3.18 Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Group accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017. The reported operating segments are also consistent with the internal reporting provided to Board of Directors which are responsible for allocating resources and assessing performance of the operating segments. However, results of IGI FSI (Pvt.) Limited haven't been separately disclosed as a segment as the revenues were below thresholds defined for a reportable segment. The performance of remaining segments is evaluated on the basis of underwriting results of each segment.

The Group has five primary business segments for reporting purposes namely fire, marine, motor, health and miscellaneous.

The perils covered under fire insurance include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and terrorism.

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

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

Health insurance provides coverage against expenses incurred during the hospitalisation due to sickness, emergency and accidents.

Miscellaneous insurance provides cover against burglary, loss of cash in safe and cash in transit, travel, personal accident, money, engineering losses, live stocks, crops and other covers.

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment.

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

3.19 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak 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.

3.20 Right-of-use assets and their related lease liabilities

Right-of-use assets

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

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

Right-of-use assets are depreciated over the expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which leases are entered into. No depreciation is charged in month in which the leases mature or are terminated.

Lease liabilities against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also measured to reflect any remeasurement or change in lease terms. These remeasurement of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Lease payments reduce the lease liability against right-of-use assets. Finance cost is charged to the consolidated statement of comprehensive income as financial charges over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

3.21 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.22 Expenses of management

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

Basis for allocation of management expenses between the Holding Company and Window Takaful Operations and its allocation amongst the various classes of business is reviewed on regular basis and the revised basis is followed consistently in future periods.

3.23 Dividends and appropriations to reserves

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

3.24 Earnings per share

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

- Provision for outstanding claims including IBNR (notes 3.4 and 24);
- Provision for taxation and deferred tax (notes 3.9, 20 and 30);
- Defined benefit plan (notes 3.14.2 and 13);
- Fair valuation of buildings and leasehold improvements (notes 3.13, and 5);
- Fair valuation of investment properties (notes 3.12 and 7);
- Useful lives, residual value and depreciation method of property and equipment and intangible assets (notes 3.13, 5 and 6);
- Premium deficiency reserve (note 3.7 and 24.2);
- Classification of investments and its impairment (notes 3.11, 8, 9 and 10);
- Provision against reinsurance recoveries against outstanding claims (notes 3.5 and 24);
- Provision against premium due but unpaid and amount due from other insurers / reinsurers (notes 3.2, 12.2 and 12.3); and
- Allocation of management expenses (note 3.22 and 26).
- Right-of use assets and lease liabities (note 3.20, 5 and 18).

5 PROPERTY AND EQUIPMENT

	Note	2022	2021
		---- (Rupees in '000) ----	
Operating assets	5.1	980,767	865,508
Capital work-in-progress	5.4	11,534	8,878
		992,301	874,386

5.1 Operating assets

	2022												
	Cost / revalued amounts						Accumulated depreciation					Written down value as at December 31	Depreciation rate (% per annum)
	As at January 1	Additions	Transfers	Disposals / writeoff (note 5.2)	Revaluation	As at December 31	As at January 1	Charge for the year	Transfers	Disposals / writeoff (note 5.2)	As at December 31		
	(Rupees in '000)												
Tracker equipment	62,075	16,389	-	-	-	78,464	24,786	23,468	-	-	48,254	30,210	33.33%
Furniture and fixtures	34,613	1,884	-	(1,563)	-	34,934	13,969	3,841	-	(922)	16,888	18,046	10%
Office equipment	36,071	8,488	-	(1,432)	-	43,127	23,480	5,907	-	(1,183)	28,204	14,923	16.67%
Computer equipment	45,790	6,775	-	(59)	-	52,506	29,657	3,970	-	(35)	33,592	18,914	33.33%
Buildings / leasehold improvements (note 5.1.1)	733,895	319	-	(2,585)	94,194	825,823	133,756	45,133	-	(2,585)	176,304	649,519	5%-33%
Motor vehicles - owned	68,041	114,678	2,492	(4,756)	-	180,455	34,062	27,220	(1,524)	(4,668)	55,090	125,365	16.67%
Right-of-use assets - vehicle	195,136	12,273	(2,492)	(22,417)	-	182,500	69,384	15,537	1,524	(14,824)	71,621	110,879	20%
Right-of-use asset - rented premises	33,073	-	-	-	-	33,073	14,092	6,070	-	-	20,162	12,911	16.67%
	1,208,694	160,806	-	(32,812)	94,194	1,430,882	343,188	131,146	-	(24,217)	450,115	980,767	

	2021												
	Cost / revalued amounts						Accumulated depreciation					Written down value as at December 31	Depreciation rate (% per annum)
	As at January 1	Additions	Transfers	Disposals / writeoff (note 5.2)	Revaluation	As at December 31	As at January 1	Charge for the year	Transfers	Disposals / writeoff (note 5.2)	As at December 31		
	(Rupees in '000)												
Tracker equipment	41,082	21,013	-	-	-	62,095	7,576	17,210	-	-	24,786	37,309	33.33%
Furniture and fixtures	35,170	146	-	(703)	-	34,613	10,441	3,878	-	(350)	13,969	20,644	10%
Office equipment	31,565	6,778	-	(2,272)	-	36,071	17,659	7,798	-	(1,977)	23,480	12,591	16.67%
Computer equipment	43,773	4,809	-	(2,792)	-	45,790	25,792	6,603	-	(2,738)	29,657	16,133	33.33%
Buildings / leasehold improvements (note 5.1.1)	659,809	-	-	(1,307)	75,393	733,895	95,496	39,552	-	(1,292)	133,756	600,139	5%-33%
Motor vehicles - owned	38,924	5,811	35,832	(12,526)	-	68,041	12,481	6,867	27,152	(12,438)	34,062	33,979	20%
Right-of-use assets - vehicle	207,844	39,940	(35,832)	(16,816)	-	195,136	72,415	31,801	(27,152)	(7,680)	69,384	125,752	20%
Right-of-use asset - rented premises	33,073	-	-	-	-	33,073	8,017	6,075	-	-	14,092	18,981	16.67%
	1,091,240	78,497	-	(36,416)	75,393	1,208,714	249,877	119,784	-	(26,475)	343,186	865,528	

5.1.1 Movement in written down value of buildings / leasehold improvements:

	2022	2021
	---- (Rupees in '000) ----	
Cost	733,895	659,809
Accumulated depreciation	(133,756)	(95,496)
Written down value	600,139	564,313
Additions during the year	319	-
Disposals during the year		
Cost	(2,585)	(1,307)
Accumulated depreciation	2,585	1,292
	-	(15)
Depreciation charge during the year	(45,133)	(39,552)
Revaluation during the year	94,194	75,393
Written down value - closing	649,519	600,139
Cost	825,823	733,895
Accumulated depreciation	(176,304)	(133,756)
Written down value	649,519	600,139

5.1.2 The forced sale value of buildings and leasehold improvements as at December 31, 2022 amounted to Rs. 544.627 million (2021: Rs. 510.118 million).

5.1.3 Buildings and leasehold improvements are carried at revalued amount. The latest revaluation was carried out on December 31, 2022 by Hamid Mukhtar & Co. (Pvt) Limited which resulted in a surplus of Rs.94.194 million (2021: Rs. 75.393 million). The revaluation was carried out based on the market value assessment being the fair value of the buildings and leasehold improvements. Had there been no revaluation, the carrying value of the revalued assets would have been as follows:

	2022	2021
	------- (Rupees in '000) -------	
Buildings and leasehold improvements	69,485	72,862

5.1.4 During the year, the Holding Company has revised its estimate of the useful life of motor vehicles. Previously, these were depreciated over 5 years and now these are being amortised over a revised useful life of 6 years.

The revision has been accounted for as a change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS) 8 'Accounting policies, changes in accounting estimates and errors'. Had the revision in useful lives of these assets not been made, the depreciation expense for the year would have been higher by Rs. 1.053 million and consequently profit before tax would have been lower by the same amount.

5.2 Disposal of operating assets

Particulars of the assets	Cost	Accumulated depreciation	Book value	Sale proceeds	Net (loss) / gain	Mode of disposal	Particulars of purchaser
	--------	--------	(Rupees in '000)	--------	--------		
Disposals having book value exceeding Rs. 50,000 individually							
Office equipment							
Mobile phones	180	(96)	84	66	(18)	Company Policy	Jahanzaib Khan*
Right-of-use assets - vehicle							
Toyota Corolla	1,883	(1,422)	461	710	249	Company Policy	Nafees Ahmed
Toyota Corolla	1,883	(1,422)	461	2,317	1,856	Company Policy	Haider Ali
Toyota Corolla	2,065	(1,563)	502	2,519	2,017	Negotiation	Abdul Qayyum
Suzuki Cultus	1,202	(908)	294	294	-	Company Policy	Nasir Iqbal*
Toyota Corolla	2,040	(1,547)	493	2,635	2,142	Negotiation	Mohammad Sharif
Suzuki Cultus	1,197	(905)	292	1,100	808	Company Policy	Abdul Rauf (Employee)
Toyota Corolla	2,084	(1,580)	504	2,708	2,204	Company Policy	Awais Ahmed
Honda City	1,601	(1,113)	488	1,965	1,477	Company Policy	Waqas Mehmood
Suzuki Alto	1,235	(742)	493	1,350	857	Insurance Claim	Alfalah Insurance
Honda City	1,904	(983)	921	2,265	1,344	Company Policy	Dr Shazia
Toyota Passo	1,620	(858)	762	1,924	1,162	Company Policy	Zohair Sharih
Honda Civic	3,703	(1,781)	1,922	4,100	2,178	Insurance Claim	Alfalah Insurance
	22,417	(14,824)	7,593	23,887	16,294		
Disposals having book value not exceeding Rs. 50,000 individually							
Furniture and fixtures	1,563	(922)	641	252	(389)	Negotiation	Various customers
Office equipment	1,252	(1,087)	165	291	126	Negotiation	Various customers
Computer equipment	59	(35)	24	17	(7)	Negotiation	Various customers
Buildings / leasehold improvements	2,585	(2,585)	-	412	412	Negotiation	Various customers
Motor vehicles - owned	4,756	(4,668)	88	4,259	4,171	Negotiation	Various customers
	10,215	(9,297)	918	5,231	4,313		
Total - December 31, 2022	32,812	(24,217)	8,595	29,184	20,589		
Total - December 31, 2021	36,416	(26,475)	9,941	39,621	29,680		

* These represent persons in the employment of the Company.

5.3 The cost and accumulated depreciation of fully depreciated property and equipment still in use amounts to Rs.130.796 million (2021: Rs. 110.699 million).

5.4 Capital work-in-progress

	2022	2021
	------- (Rupees in '000)	-------
Trackers	11,206	8,550
Others	328	328
	11,534	8,878

6 INTANGIBLE ASSETS

	2022									
	Cost				Accumulated amortisation				Written down value as at December 31	Amortisation rate (% per annum)
	As at January 1	Additions	Disposals	As at December 31	As at January 1	Charge for the year	Disposals	As at December 31		
	--------	--------	--------	--------	(Rupees in '000)	--------	--------	--------	--------	
Computer software	34,107	-	-	34,107	19,411	5,705	-	25,116	8,991	20%

	2021									
	Cost				Accumulated amortisation				Written down value as at December 31	Amortisa-tion rate (% per annum)
	As at January 1	Additions	Disposals	As at December 31	As at January 1	Charge for the year	Disposals	As at December 31		
	--------	--------	--------	--------	(Rupees in '000)	--------	--------	--------	--------	
Computer software	29,931	4,176	-	34,107	13,189	6,222	-	19,411	14,696	20%

6.1 The cost and accumulated amortisation of fully amortised intangibles still in use amounts to Rs. 15.130 million (2021: Rs. 15.130 million).

7 INVESTMENT PROPERTIES

	Note	2022	2021
		------- (Rupees in '000) -------	
Opening net book value		399,575	377,797
Unrealised fair value gain during the year		29,827	21,778
Closing net book value	7.1	429,402	399,575

7.1 The market value and forced sale value of investment properties is Rs. 429.402 million (2021: Rs. 399.575 million) and Rs 383.490 million (2021: Rs. 339.639 million), respectively as per the valuation carried out by the independent professional valuer as at December 31, 2022.

8 INVESTMENT IN EQUITY SECURITIES

	Note	2022	2021
		------- (Rupees in '000) -------	
Mutual funds	8.1	4,822	952,722
Listed shares	8.2	86,152	-
		90,974	952,722

8.1 Investment in mutual fund

	2022					2021				
	Number of units	Carrying value	(Impairment / provision)	Unrealised (loss) / gain	Market value	Number of units	Carrying value	(Impairment / provision)	Unrealised (loss) / gain	Market value
		(Rupees in '000)					(Rupees in '000)			
Fair value through profit or loss										
Alfalah GHP Stock Fund	-	-	-	-	-	1,487,599	176,421	-	(19,657)	156,764
MCB Pakistan Stock Market Fund	-	-	-	-	-	2,562,957	273,035	-	(19,162)	253,873
NBP Stock Fund	-	-	-	-	-	15,150,794	241,471	-	(4,441)	237,030
UBL Stock Advantage Fund	-	-	-	-	-	2,291,504	181,586	-	(3,812)	177,774
Faysal Money Market Fund	-	-	-	-	-	53	5	-	-	5
HBL Equity Fund	-	-	-	-	-	458,371	63,798	-	(13,790)	50,008
NBP Islamic Stock Fund	-	-	-	-	-	5,916,484	78,132	-	(6,168)	71,964
NBP Financial Sector Income Fund	-	-	-	-	-	502,465	5,300	-	4	5,304
UBL Liquidity Plus Fund	23,942	2,414	-	15	2,429					
UBL Cash Fund	22,167	2,289	-	104	2,393					
	46,109	4,703	-	119	4,822	28,370,227	1,019,748	-	(67,026)	952,722

8.2 Investment in Listed shares

	Number of units	Carrying value	(Impair-ment / provision)	Unrealised (loss) / gain	Market value	Number of units	Carrying value	(Impair-ment / provision)	Unrealised (loss) / gain	Market value
		(Rupees in '000)					(Rupees in '000)			
At fair value through profit or loss										
Bank AL Habib Limited	8,500	515	-	(45)	470	-	-	-	-	-
Engro Corporation Limited	33,800	9,145	-	(289)	8,856	-	-	-	-	-
Engro Fertilizers Limited	78,500	6,864	-	(828)	6,036	-	-	-	-	-
Fatima Fertilizer Company Limited	24,400	895	-	(75)	820	-	-	-	-	-
Fauji Fertilizer Company Limited	61,000	7,135	-	(1,114)	6,021	-	-	-	-	-
Faysal Bank Limited	65,500	1,706	-	(14)	1,692	-	-	-	-	-
GlaxoSmithKline Consumer Healthcare	3,700	860	-	(253)	607	-	-	-	-	-
Habib Bank Limited	59,300	4,429	-	(650)	3,779	-	-	-	-	-
Habib Metropolitan Bank Limited	36,500	1,577	-	(338)	1,239	-	-	-	-	-
Highnoon Laboratories Limited	2,000	1,081	-	(1)	1,080	-	-	-	-	-
Interloop Limited	27,872	1,751	-	(172)	1,579	-	-	-	-	-
Kohinoor Textile Mills Limited	18,000	923	-	(71)	852	-	-	-	-	-
Lucky Cement Limited	10,500	5,249	-	(560)	4,689	-	-	-	-	-
Maple Leaf Cement Factory Limited	38,000	1,111	-	(253)	858	-	-	-	-	-
Mari Petroleum Company Limited	3,215	5,371	-	(398)	4,973	-	-	-	-	-
MCB Bank Limited	12,215	1,563	-	(144)	1,419	-	-	-	-	-
Meezan Bank Limited	41,700	4,770	-	(618)	4,152	-	-	-	-	-
Oil & Gas Development Company Limited	73,000	5,870	-	(55)	5,815	-	-	-	-	-
Pakistan Oilfields Limited	8,700	3,253	-	165	3,418	-	-	-	-	-
Pakistan Petroleum Limited	85,000	5,535	-	257	5,792	-	-	-	-	-
Pakistan State Oil Company Limited	20,000	3,545	-	(666)	2,879	-	-	-	-	-
Systems Limited	12,300	5,067	-	885	5,952	-	-	-	-	-
The Hub Power Company Limited	101,368	6,641	-	(247)	6,394	-	-	-	-	-
United Bank Limited	67,300	8,317	-	(1,537)	6,780	-	-	-	-	-
	892,368	93,173	-	(7,021)	86,152	-	-	-	-	-

9 INVESTMENTS IN GOVERNMENT SECURITIES

Particulars	Year of maturity	Effective yield % per annum	Profit payment	2022	2021
				------- (Rupees in '000) -------	
At fair value through profit or loss					
Market Treasury Bills	2022	10.06%	On maturity	-	77,747
Market Treasury Bills	2022	10.28%	On maturity	-	523,309
Pakistan Investment Bonds	2023	9.22%	Semi-annual	94,153	93,623
Pakistan Investment Bonds	2023	8.61%	Semi-annual	188,306	187,246
Pakistan Investment Bonds	2025	9.78%	Semi-annual	143,202	154,325
Pakistan Investment Bonds	2024	14.00%	Semi-annual	217,382	-
Pakistan Investment Bonds	2030	12.52%	Semi-annual	68,647	-
Pakistan Investment Bonds	2027	12.87%	Semi-annual	93,314	-
Pakistan Investment Bonds (floaters)	2028	16.35%	Semi-annual	571,898	579,362
Pakistan Investment Bonds (floaters)	2028	17.56%	Semi-annual	122,619	123,972
Pakistan Investment Bonds (floaters)	2029	16.45%	Semi-annual	123,177	125,721
				1,622,698	1,865,305
Total market value				1,622,698	1,865,305
Total carrying value				1,678,074	1,882,955

9.1 These include Pakistan Investment Bonds which are placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of Clause (a) of sub-section 2 of section 29 of the Insurance Ordinance, 2000, having market value of Rs. 221.772 million (2021: Rs. 224.756 million).

10 INVESTMENTS IN DEBT SECURITIES

	2022					2021				
	Number of certificates	Maturity year	Coupon rate	Profit payment	Carrying amount	Number of certificates	Maturity year	Coupon rate	Profit payment	Carrying amount
					(Rupees in '000)					(Rupees in '000)
Fair value through profit or loss										
Term finance certificate										
Habib Bank Limited	500,000	Perpetual	3 months Kibor plus 1.6%	Quarterly	50,000	500,000	Perpetual	3 months Kibor plus 1.6%	Quarterly	50,000
Bank Alfalah Limited	1,000,000	Perpetual	Higher of 3 year PKRV plus 0.75% or 9%	Quarterly	100,000	1,000,000	Perpetual	Higher of 3 year PKRV plus 0.75% or 9%	Quarterly	100,000
Bank Alfalah Limited	750,000	2030	6 months Kibor plus 2.0%	Semi-annual	75,000					
Soneri Bank Limited	250,000	2030	6 months Kibor plus 1.70%	Semi-annual	25,000					
Sukuk										
China Power Hub Generation Company (Pvt.) Ltd	500,000	2023	6 months Kibor plus 1.35%	Semi-annual	50,000					
Lucky Electric Power Company Limited	1,000,000	2023	6 months Kibor plus 1.20%	Semi-annual	100,000					
	4,000,000				400,000	1,500,000				150,000

10.1 The effective yield term finance certificates and sukuk certificates are 17.06% to 19.02% (2021 : 8.90% to 11.97%) per annum.

11 LOANS AND OTHER RECEIVABLES	Note	2022	2021
		------- (Rupees in '000) -------	
Receivable from related parties	11.1	192,250	149,784
Advances - considered good		23,253	12,060
Security deposits		48,715	93,166
Sales tax recoverable		157,396	113,772
Accrued income on investments and deposits		83,187	38,856
Loans and advances to employees		7,163	3,683
Others	11.2	87,599	64,225
		599,563	475,546

11.1 This includes receivables amounting to Rs. 0.403 million, Rs. 99.844 million, Rs. 15,578 million, Rs.2.863 million and Rs.11.884 million (2021: Rs. 0.161 million, Rs. 51.479 million, Rs. 9.176 million, Rs. 3.784 million and Rs. 2.294 million) charged to IGI Investments (Pvt.) Limited, IGI Life Insurance Limited, IGI Finex Securities Limited, IGI Holdings Limited and Packages Limited, respectively, under group shared services.

11.2 These include a receivable from takaful operations amounting to Rs 58.028 million (2021: Rs 58.028 million) in respect of Sindh Sales Tax as disclosed in note 22.4 to the consolidated financial statements.

12 INSURANCE / REINSURANCE RECEIVABLES	Note	2022	2021
		------- (Rupees in '000) -------	
Due from insurance contract holders - unsecured			
- considered good		1,270,949	1,097,334
- considered doubtful		161,592	152,028
	12.1	1,432,541	1,249,362
Less: provision for impairment of receivables from insurance contract holders	12.2	(161,592)	(152,028)
		1,270,949	1,097,334
Due from other insurer / reinsurer - unsecured			
- considered good		3,346,480	1,451,659
- considered doubtful		51,765	41,303
		3,398,245	1,492,962
Less: provision for impairment of receivables from other insurer / reinsurer	12.4	(51,765)	(41,303)
		3,346,480	1,451,659
		4,617,429	2,548,993

12.1 This includes an amount of Rs. 57.462 million (2021: Rs. 36.090 million) receivable from related parties.

12.2 Provision for doubtful receivables - insurance contract holders	Note	2022	2021
		------- (Rupees in '000) -------	
Balance at the beginning of the year		152,028	143,047
Charge for the year		27,217	8,981
Written off during the year		(17,653)	-
Balance at the end of the year	12.2.1	161,592	152,028

12.2.1 This includes an amount of Rs. 1.112 million (2021: Rs. 0.967 million) provided against related parties.

12.3 The Holding Company has entered into coinsurance and reinsurance arrangements with various other insurance companies and one local reinsurance company. As at December 31, 2022, the aggregate net balance due to / from other insurers and local reinsurer arising from such arrangements amounts to Rs. 1,343 million and Rs.927.170 million respectively.

In respect of these balances, during the year the Holding Company has exchanged balance information with them based on the significance of the respective balances. This information corroborates the balance position of the Holding Company in all material respects taking into account the underlying contracts and transactions supported by appropriate evidence.

The reconciliation process of these balances with the respective insurance companies as advised by SECP is being formalised and is expected to be completed during the year ended December 31, 2023 based on the mechanism agreed between the Securities and Exchange Commission of Pakistan (the SECP) and the Insurance Association of Pakistan (the IAP).

	2022	2021
	------- (Rupees in '000) -------	
12.4 Provision for doubtful receivables - other insurer / reinsurer		
Opening	41,303	41,303
Charge for the year	10,462	-
Written off during the year	-	-
Balance as at the end of the year	51,765	41,303

13 RETIREMENT BENEFITS OBLIGATIONS

13.1 Defined benefit plan - Gratuity Fund

The Holding Company offers an approved gratuity fund for all employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The gratuity is governed under the Trust Act, 1882, the Trust Deed and the Rules of the Fund, the Income Tax Ordinance, 2001, the Income Tax Rules, 2002 and the applicable local regulations. An actuarial valuation is carried out every year to determine the liability of the Group in respect of the benefit. The most recent valuation in this regard has been carried out as at December 31, 2021 using the Projected Unit Credit (PUC) Actuarial Cost Method as allowed under the International Accounting Standard (IAS) 19 - 'Employee Benefits' for valuation of the Fund.

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

Final salary risks

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

Asset volatility

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

Discount rate fluctuation

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

Investment risks

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

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Withdrawal risks

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

13.1.1 Principal actuarial assumptions

	2022	2021
Valuation discount rate	14.50%	12.25%
Valuation discount rate for statement of comprehensive income	12.25%	10.25%
Salary increase rate - *short term*	15.00%	10.00%
Salary increase rate - *long term*	12.60%	9.75%
Return on plan assets	14.50%	12.25%
Duration	7.80 years	10.05 years
Normal retirement age	58	58
Withdrawal rate	Moderate	Low
Mortality rate	SLIC 2001-05	SLIC 2001-05
Next salary increase date	1-Jan-2023	1-Jan-2022

13.1.2 Amount recognised in the consolidated statement of financial position

	Note	2022	2021
		------- (Rupees in '000) -------	
Reconciliation			
Present value of defined benefit obligation		162,820	139,257
Less: fair value of plan assets		(134,162)	(132,680)
Payable to defined benefit plan		28,658	6,577
Movement in net liability recognised			
Opening net liability		6,577	17,677
Expense for the year	13.1.3	17,028	16,083
Other comprehensive gain / (loss)	13.1.4	20,453	(12,885)
Contributions		(15,400)	(14,298)
		28,658	6,577
Movement in present value of defined benefit obligation			
Opening		139,257	132,484
Current service cost	13.1.3	17,137	15,004
Interest cost		16,641	13,150
Benefits paid		(7,289)	(8,381)
Actuarial gain on obligation	13.1.4	(2,926)	(13,000)
Closing		162,820	139,257
Movement in the fair value of plan assets			
Opening		132,680	114,807
Expected return on plan assets		16,750	12,071
Contributions		15,400	14,298
Benefits paid		(7,289)	(8,381)
Actuarial loss on obligation	13.1.4	(23,379)	(115)
		134,162	132,680

13.1.3 Amount recognised in consolidated statement of comprehensive income

	2022	2021
Current service cost	17,137	15,004
Interest (income) / cost	(109)	1,079
Expense for the year	17,028	16,083

13.1.4 Amount recognised in other comprehensive income

	2022	2021
Remeasurement gain on obligation	(2,926)	(13,000)
Remeasurement loss on plan assets	23,379	115
	20,453	(12,885)

13.1.5 Actual return on plan assets

	2022	2021
Expected return on assets	16,750	12,071
Actuarial loss	(23,379)	(115)
	(6,629)	11,956

13.1.6 Analysis of present value of defined benefit obligation	2022	2021
	------- (Rupees in '000) -------	
Split by vested / non-vested		
(i) Vested benefits	162,820	139,257
(ii) Non-vested benefits	-	-
	162,820	139,257

13.1.7 Sensitivity analysis

	2022			2021		
	Change in assumption	Increase / (decrease) in present value of defined benefit obligation		Change in assumption	Increase / (decrease) in present value of defined benefit obligation	
		(%)	(Rupees in '000)		(%)	(Rupees in '000)
Discount rate	+1%	-7.33%	(11,939)	+1%	-9.01%	(12,553)
	-1%	8.26%	13,457	-1%	10.36%	14,429
Salary increase rate	+1%	8.79%	14,320	+1%	10.89%	15,166
	-1%	-7.91%	(12,873)	-1%	-9.60%	(13,374)
Life expectancy / withdrawal rate	+10%	0.04%	71	+10%	-0.04%	(51)
	-10%	-0.05%	(78)	-10%	0.04%	51

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

13.1.8 Plan assets comprise of the following:	2022 (Rupees in '000)	Percentage composition	2021 (Rupees in '000)	Percentage composition
Equity investments	21,938	16.36%	14,851	11.20%
Cash and bank deposits	80,625	60.10%	80,928	60.99%
Government securities	31,599	23.55%	36,901	27.81%
Fair value of plan assets	134,162	100%	132,680	100%

13.1.9 As per the actuarial recommendations, the expected return on plan assets was taken as 14.50% (2021: 12.25%), which is representative of yields on long-term Government bonds. Due to the increased volatility of share prices in recent months, there is no clear indication of return on equity. It is therefore assumed that the yield on equity matches the return on debt.

Based on actuarial advice, the Holding Company intends to charge an amount of Rs. 19.117 million in the consolidated financial statements for the year ending December 31, 2023.

The expected contribution for the next one year should take into account the maximum annual contribution limit set by the Income Tax Rules, 2002 i.e. the basic payroll of the last month of the financial year end. The Expected Gratuity Expense is around 8.72% of annual basic salary. Therefore, the Holding Company may contribute up to Rs. 19.117 million during 2023.

13.1.10 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

	Less than a year	Between 1-2 Years	Between 2-5 years	Over 5 years	Total
	(Rupees in '000)				
2022					
Gratuity	23,653	7,141	34,045	120,511	185,350
2021					
Gratuity	11,323	14,431	14,876	66,787	107,417

13.1.11 Historical data on the deficit of the plan is as follows:

	2022	2021	2020	2019
	(Rupees in '000)			
Present value of defined benefit obligation	162,820	139,257	132,484	113,983
Fair value of plan assets	(134,162)	(132,680)	(114,807)	(94,620)
Deficit	28,658	6,577	17,677	19,363

13.2 Defined contribution plan - Provident Fund

The Holding Company has set up a provident fund for its permanent employees and contributions were made by the Holding Company to the Trust in accordance with the requirements of Section 218 of the Companies Act, 2017. The total charge against provident fund for the year ended December 31, 2022 was Rs. 20,666 million (2021: Rs, 18.573 million). The net assets based on unaudited financial statements of Provident Fund as at December 31, 2022 are Rs. 149,081 million (2021: 139.248 million) out of which 94% were invested in different financial instruments categories as provided in Section 218 of the Companies Act, 2017 and the rules formulated therein. The carrying value of the investments of the provident fund as at December 31, 2022 (unaudited) was Rs. 155,431 million (2021: 139.248 million). The above investments out of provident fund have been made in accordance with the requirements of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	December 31, 2022 (un-audited)		December 31, 2021 (un-audited)	
	(Rupees in '000)	% of the size of the fund	(Rupees in '000)	% of the size of the fund
Government securities	30,336	20.35%	33,085	23.76%
Listed securities	6,037	4.05%	6,133	4.40%
Bank deposits	92,719	62.19%	78,999	56.73%
Mutual Funds	14,989	10.06%	16,031	11.52%
Term finance certificates	5,000	3.35%	5,000	3.59%
Total	149,081	100%	139,248	100%

13.3 Staff strength

	2022	2021
	(Number of employees)	
Number of employees as the end of the year	199	185
Average number of employees during the year	199	184

14 PREPAYMENTS

	Note	2022	2021
		(Rupees in '000)	
Prepaid reinsurance premium ceded	23	1,704,594	1,327,669
Prepaid rentals		36,992	28,154
Others		1,919	8,809
		1,743,505	1,364,632

15 CASH AND BANK

	Note	2022	2021
Cash and cash equivalents			
Cash in hand		604	60
Policy stamps in hand		8,949	1,320
Cash at bank			
Current accounts		5,550	6,288
Savings accounts	15.1	370,799	200,459
		376,349	206,747
		385,902	208,127

15.1 The balances in savings accounts carry mark-up ranging from 14.5% to 15.5% (2021: 7% to 8.25%) per annum.

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	Note	2022	2021
		------- (Rupees in '000) -------	

15.2 Cash and cash equivalents for the purpose of consolidated cash flow statement:

	Note	2022	2021
Cash and bank	15	385,902	208,127
Market Treasury Bills having original maturity of upto three months		-	601,056
		385,902	809,183

16 MOVEMENT IN NUMBER OF SHARES

	2022	2021
	(Number of Shares)	
At beginning of the year	191,838,400	191,838,400
Issuance of shares during the year	-	-
At end of the year	191,838,400	191,838,400

16.1 All ordinary shares carry equal voting and dividend rights.

17 SURPLUS ON REVALUATION OF PROPERTY AND EQUIPMENT - NET OF TAX

	Note	2022	2021
		------- (Rupees in '000) -------	
Opening balance		368,414	333,025
Transfer from surplus on revaluation of property and equipment on account of incremental depreciation		(30,532)	(25,549)
Related deferred tax		10,076	7,409
		(20,456)	(18,140)
Change in fair value - net of tax		39,655	53,529
Closing surplus on revaluation of property and equipment		387,613	368,414

18 BORROWINGS

	Note	2022	2021
Lease liability against right-of-use assets - motor vehicle	18.2	67,457	135,180
Lease liability against right-of-use assets - rented premises	18.3	13,958	12,595
	18.1	81,415	147,775
Current portion		33,182	30,335
Non-current portion		48,233	117,440
		81,415	147,775

18.1 Lease liability against right-of-use assets

	2022			2021		
	Minimum lease Payments	Financial charges	Principal outstanding	Minimum lease Payments	Financial charges	Principal outstanding
	(Rupees in '000)					
Not later than one year	44,364	11,182	33,182	50,043	19,708	30,335
Later than one year and not later than five years	57,283	9,050	48,233	154,964	37,524	117,440
	101,647	20,232	81,415	205,007	57,232	147,775

18.2 The Holding Company leases motor vehicles from banks which are provided to employees as an employment benefit.

18.3 The Holding Company leases various offices, branches and other premises to meet its operational business.

		2022	2021
		------- (Rupees in '000) -------	
19	**INSURANCE / REINSURANCE PAYABLES**		
	Due to other insurers / reinsurers	1,838,227	1,593,114

		2022	2021
20	**DEFERRED TAXATION**		
	Deferred debits arising in respect of:		
	- Provision for doubtful receivables	(70,408)	(56,066)
	- Retirement benefit obligations	(9,457)	(1,907)
	- Unrealised loss on investments	(48,610)	(24,556)
	- Lease liability against right-of-use-assets	(26,867)	(45,359)
		(155,342)	(127,888)
	Deferred credits arising due to		
	- Accelerated tax depreciation	9,858	18,151
	- Surplus on revaluation of property and equipment	224,584	170,045
	- Fair value gain on investment properties	85,684	66,648
	- Right-of-use assets	41,857	41,973
		361,983	296,817
		206,641	168,929

		2022	2021
21	**OTHER CREDITORS AND ACCRUALS**		
	Agent commission payable	311,159	260,084
	Cash margin	287,982	283,589
	Federal excise duty	109,250	82,541
	Federal insurance fee	6,796	6,901
	Accrued expenses	148,267	146,429
	Payable to customers	223,550	172,546
	Others	62,442	69,747
		1,149,446	1,021,837

22 CONTINGENCIES AND COMMITMENTS

22.1 The Holding Company is defending a suit against it by M/s Nawaz Enterprises for recovery of Rs. 9.45 million on account of insurance claim. The management, based on a advice of the legal counsel, is confident that the outcome of the case is likely to be in favour of the Holding Company.

22.2 The Holding Company is defending a suit filed against it and the beneficiary on account of damages by the Federation of Pakistan amounting to Rs. 4.929 million. The petition is pending for hearing before Civil Court judge. The management, based on a advice of the legal counsel, is hopeful that the outcome of the case is likely to be decided in favour of the Holding Company.

22.3 An appeal was filed before the Commissioner - Appeals, the Sindh Revenue Board (SRB) against the order passed by the Assistant Commissioner, SRB under section 23(1) of the Sindh Sales Tax on Services Act, 2011 for tax periods July 2011 to December 2012 in respect of re-insurance accepted transactions which was decided against the Holding Company. The department alleged that the Holding Company provided re-insurance services to local insurance companies and demanded Sindh Sales Tax on services under Sindh Sales Tax on Services Act, 2011. The Commissioner Appeals had decided the matter against the Holding Company. Against the order of the Commissioner - Appeals, further appeal had been filed before the Appellate Tribunal, SRB on January 16, 2015, which was also decided against the Holding Company. The Holding Company had filed an appeal in the Honourable High Court of Sindh which is pending adjudication. The management, based on advice of the legal counsel, is hopeful that the outcome of the case will be decided in favour of the Holding Company.

22.4 During the year 2018, the Sindh Revenue Board (SRB) raised a demand of tax of Rs 430.412 million under section 23(1) of Sindh Sales Tax on Services Act (SSTA), 2011, in respect of sales tax on reinsurance obtained from foreign re-insurers by the Holding Company. The department has also imposed a penalty of Rs 21.520 million.

The department alleged that the Holding Company has received re-insurance services from foreign re-insurance companies for the period from July 2011 to December 2014 and it is the contention of the department that these services are liable to sales tax under SSTA, 2011. The department attached the Holding Company's bank account and directed the Holding Company's banker to issue pay orders to SRB. The pay orders of Rs 58.028 million from the Holding Company's bank account were issued by the Holding Company's banker on December 27, 2018 upon direction of SRB.

The Holding Company had filed an appeal before the Commissioner Appeals on December 28, 2018 against the above order. The management in hearings held before the Commissioner (Appeals) SRB had submitted that:

- The payments to foreign re-insurance companies are not a service and is merely a re-distribution of the insurance risk and therefore the insurance premium. There is no value addition involved since in essence it is a sharing of the insurance risk between the insurer and re-insurers. The Management believes that the gross premium charged by the insurer was already subject to Sales Tax on the gross amount, hence it is illogical to again subject it to sales tax upon its re-distribution keeping in view the fact that neither any service is being provided to the policy holder nor any value addition is being made.

- These risk sharing arrangements have been made by the Holding Company with the re-insurance companies incorporated outside Pakistan with no legal or physical presence therefore it is the view that the provisions of Sindh Sales Tax laws are not applicable to these type of arrangements and are outside the jurisdiction of Sindh Sales Tax laws.

The management believes that even if it is assumed that Sindh Sales Tax on re-insurance provided to insurer / insurance companies is applicable, the law does not provide any mechanism for calculating the basis on which such tax will be imposed and its related payment and the same would have been claimed as adjustable input tax by the Holding Company against its output tax liability.

The Holding Company had also filed a constitutional petition before the Honourable High Court of Sindh at Karachi (the Court) on December 28, 2018 seeking protection from the above mentioned coercive action taken by the tax department. The Court had suspended the above mentioned attachment notice and also instructed the bank that the said pay orders should not be encashed.

During the year ended December 31, 2020, the Court of Sindh has disposed of the constitutional petition together with the other similar petitions and has ordered SRB not to enforce recovery of impugned demand before expiry of seven days of the receipt of the final decision in appeal or stay application by the Commissioner (Appeals) SRB, whichever is earlier.

The management, based on the advice received from their tax and legal advisors, is confident that this matter is likely to be decided in favour of the Holding Company. the Group has recorded Rs 58.028 million as 'other receivable' in these consolidated financial statements.

Further, during the year 2021, the Holding Company, along with the Insurance Association of Pakistan (IAP) and other insurance companies, has also filed a constitutional petition in the Honourable High Court of Sindh challenging the levy of Sindh Sales Tax on reinsurance. The Court has abstained the respondents from passing an adverse order against notices issued to the petitioners.

22.5 During the year ended December 31, 2020, one of the policyholders lodged a claim with the Holding Company under Export Credit Insurance Policy due to insolvency of one of their customers. The Holding Company appointed a surveyor to verify the claim. Appointed surveyor through its survey report concluded that this claim was a 'NO LOSS' claim and was outside the scope of the insurance cover. Based on the outcome of the survey report by appointed surveyor, the policyholder filed a complaint with the SECP against the Holding Company and the appointed surveyor. The SECP directed the Holding Company to appoint another surveyor to conduct the verification procedures. Other surveyor after performing their due procedures (including consultation with a lawyer) also concluded this claim to be 'NO LOSS' due to the same facts that were stated by the appointed surveyor.

During the year 2021, the policyholder, through its legal counsel served a legal notice to the Holding Company for claiming losses amounting to USD 709,356 under the afore-mentioned insurance policy. The Holding Company responded to the subject legal notice after consulting its legal counsel and rejected the claim based on the grounds mentioned in the paragraph above. Subsequently, the Holding Company received a legal notice from the Insurance Tribunal, Faisalabad summoning the representatives of the Holding Company and seeking the written response. The Holding Company through its legal counsel has submitted its response to the Insurance Tribunal explaining the basis of its contention.

In this connection, the proceedings of the Insurance Tribunal are under progress and there has been no correspondence on this matter after the response was submitted by the Holding Company. The management of the Holding Company believes that it has a strong case based on the reports of the two reputed independent surveyors and the advice of the legal counsel. Accordingly, no provision has been recognised in respect of this matter in the consolidated financial statements of the Holding Company for the year ended December 31, 2022.

22.6 The contingencies relating to taxation are given in note 30.2 to the consolidated financial statements.

23	NET INSURANCE PREMIUM	Note	2022	2021
			(Rupees in '000)	
	Written gross premium	23.1	8,537,522	7,388,824
	Add: Unearned premium reserve - opening		2,674,247	1,913,043
	Less: Unearned premium reserve - closing		(3,007,816)	(2,674,247)
	Premium earned	23.1	8,203,953	6,627,620
	Less: Reinsurance premium ceded		(5,167,145)	(4,237,587)
	Add: Prepaid reinsurance premium ceded - opening		(1,327,669)	(1,001,740)
	Less: Prepaid reinsurance premium ceded - closing		1,704,594	1,327,669
	Reinsurance expense		(4,790,220)	(3,911,658)
			3,413,733	2,715,962

23.1 This includes an amount of Rs. 133.382 million (2021: 110.891 million) and Rs. 122.807 million (2021: 54.088 million) in respect of amount written and earned on tracking services.

24	NET INSURANCE CLAIMS	Note	2022	2021
			(Rupees in '000)	
	Claims paid		5,884,018	3,676,785
	Add: Outstanding claims (including IBNR) - closing		6,623,855	2,584,937
	Less: Outstanding claims (including IBNR) - opening		(2,584,937)	(2,626,867)
	Claims expense		9,922,936	3,634,855
	Less: Reinsurance and other recoveries received		(5,046,975)	(2,388,333)
	Add: Reinsurance and other recoveries in respect of outstanding claims - closing		(4,761,352)	(1,914,772)
	Less: Reinsurance and other recoveries in respect of outstanding claims - opening		1,914,772	2,165,642
	Reinsurance and other recoveries revenue		(7,893,555)	(2,137,463)
			2,029,381	1,497,392

24.1 Claims development tables

The following table shows the development of fire claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

Analysis on gross basis

Accident year	2018 and prior	2019	2020	2021	2022 (including IBNR)	Total
	(Rupees in '000)					
Estimate of ultimate claims cost:						
At end of accident year	363,401	462,385	1,593,639	947,831	6,011,615	9,378,871
One year later	905,823	468,609	1,574,803	935,532	-	3,884,767
Two years later	670,210	710,275	1,541,164	-	-	2,921,649
Three years later	660,372	823,421	-	-	-	1,483,793
Four years later	770,064	-	-	-	-	770,064
Estimate of cumulative claims	770,064	823,421	1,541,164	935,532	6,011,615	10,081,796
Cumulative payments to date	(649,244)	(357,757)	(1,371,347)	(928,428)	(3,380,085)	(6,686,861)
Liability recognised in the consolidated statement of financial position	120,820	465,664	169,817	7,104	2,631,530	3,394,935

The above effects have been worked out on the assumption that increase / decrease in net claims expense pertains to individual segment in isolation.

24.2 Movement of IBNR / PDR	2022 IBNR	2022 PDR	2021 IBNR	2021 PDR
	(Rupees in '000)			
IBNR / PDR - opening	93,962	1,345	76,333	-
Charge during the year	16,955	2,079	17,629	1,345
IBNR / PDR - closing	110,917	3,424	93,962	1,345

25	NET COMMISSION EXPENSE	Note	2022	2021
			------- (Rupees in '000) -------	
	Commission paid or payable		994,448	782,368
	Add: Deferred commission expense - opening		264,221	186,464
	Less: Deferred commission expense - closing		(353,588)	(264,221)
	Net commission		905,081	704,611
	Less: Commission received or receivable		(803,185)	(652,528)
	Add: Unearned reinsurance commission - opening		(218,690)	(212,055)
	Less: Unearned reinsurance commission - closing		269,625	218,690
	Commission from reinsurers		(752,250)	(645,893)
			152,831	58,718

26	MANAGEMENT EXPENSES	Note	2022	2021
	Employee benefit cost	26.1.1	502,222	461,145
	Rent, rates and taxes		50,215	47,541
	Electricity and gas		22,500	16,111
	Repairs and maintenance		22,317	19,873
	Communication		29,638	26,320
	Tracker related expenditures		17,649	38,250
	Depreciation and amortisation	26.1.2	123,429	121,453
	Bad and doubtful debts	12.2 & 12.4	37,679	8,981
	Vehicle running expenses		72,863	37,020
	Travelling expenses		29,264	12,285
	Representation expenses		6,403	3,979
	Printing and stationery		8,121	5,881
	Legal and professional		30,911	28,656
	SECP Supervision fee		8,763	8,283
	Advertisement expenses		9,118	11,200
	Miscellaneous		4,036	2,880
		26.1	975,128	849,858

26.1 During the year, the Holding Company has allocated certain management expenses to Window Takaful Operations (WTO) on the basis of reasonable and supportable information available for determining such allocation amounting to Rs. 128.828 million (2021: Rs. 71.603 million).

	Note	2022			2021		
		Total Expense	Allocated to WTO	Net Expense	Total Expense	Allocated to WTO	Net Expense
		(Rupees in '000)					
Employee benefit cost	26.1.1	571,881	69,659	502,222	507,154	46,009	461,145
Rent, rates and taxes		60,096	9,881	50,215	54,588	7,047	47,541
Electricity and gas		26,927	4,427	22,500	18,199	2,088	16,111
Repairs and maintenance		25,455	3,138	22,317	21,233	1,360	19,873
Communication		31,660	2,022	29,638	27,573	1,253	26,320
Tracker related expenditures		17,649	-	17,649	38,250	-	38,250
Depreciation and amortisation	26.1.2	136,851	13,422	123,429	126,006	4,553	121,453
Bad and doubtful debts		37,679	-	37,679	8,981	-	8,981
Vehicle running expenses		87,551	14,688	72,863	41,669	4,649	37,020
Travelling expenses		35,253	5,989	29,264	13,835	1,550	12,285
Representation expenses		7,714	1,311	6,403	4,495	516	3,979
Printing and stationery		9,776	1,655	8,121	6,643	762	5,881
Legal and professional		39,674	-	39,674	36,939	-	36,939
Advertisement expenses		10,986	1,868	9,118	12,651	1,451	11,200
Miscellaneous		4,804	768	4,036	3,245	365	2,880
		1,103,956	128,828	975,128	921,461	71,603	849,858

26.1.1 Employee benefit cost

	Note	2022	2021
		------- (Rupees in '000) -------	
Salaries, allowance and other benefits		534,187	472,498
Charges for post employment benefit	13.1.3 & 13.2	37,694	34,656
Less: employee benefit cost allocated to Window Takaful Operations		(69,659)	(46,009)
		502,222	461,145

26.1.2 Depreciation and amortisation

	Note	2022	2021
Depreciation and amortisation charged during the year	5 & 6	136,851	126,006
Less: depreciation and amortisation allocated to Window Takaful Operations		(13,422)	(4,553)
		123,429	121,453

27 INVESTMENT INCOME

	2022	2021
Income from equity securities		
Fair value through profit or loss		
Dividend income	67,955	19,971
Income from debt securities		
Fair value through profit or loss		
Return on government securities	236,216	167,518
Return on term finance certificate	29,043	13,595
Income from term deposits		
Held to maturity		
Return on term deposits	-	4,099
Net realised gain / (loss) on investments		
Fair value through profit or loss		
Mutual funds	25,438	22,955
Equity securities	(3,217)	-
Government securities	(1,956)	972
	20,265	23,927
Net unrealised loss on investments		
Fair value through profit or loss		
Mutual funds	119	(67,026)
Equity securities	(7,021)	-
Government securities	(55,605)	(17,650)
	(62,507)	(84,676)
Total investment income	290,972	144,434

28 OTHER INCOME

	Note	2022	2021
Return on savings accounts		69,803	36,185
Gain on sale of operating assets	5.2	20,589	29,680
Fair value gain on investment properties	7	29,827	21,778
Training income		34,007	12,719
Miscellaneous		16,787	3,412
		171,013	103,774

29 OTHER EXPENSES

	Note	2022	2021
Group shared services expenses		10,939	6,920
Insurance expense		21,444	17,934
Repairs and maintenance		1,944	2,808
Exchange loss		320	-
Legal and professional		3,097	3,291
Auditors' remuneration	29.1	13,220	8,618
Donations	29.2	9,198	5,825
Miscellaneous		38,148	13,058
		98,310	58,454

29.1 Auditor's remuneration

	2022	2021
	------- (Rupees in '000) -------	
Fee for statutory audit	1,581	1,558
Fee for audit of consolidated financial statements	380	330
Fee for interim review	696	605
Fee for audit of regulatory return	1,043	907
Special certifications and sundry services	190	165
Tax advisory and other consultancy services	8,792	4,563
Out of pocket expenses	538	490
	13,220	8,618

29.2 This represents donation paid to Packages Foundation (a related party), in which Mr Shamim Ahmed Khan and Syed Hyder Ali (directors of the Group) are Trustees.

30 TAXATION

	2022	2021
	------- (Rupees in '000) -------	
Current Tax		
- current year	253,736	213,525
- prior year	29,646	-
	283,382	213,525
Deferred	(10,078)	(38,372)
	273,304	175,153

30.1 Effective tax rate reconciliation

Numerical reconciliations between the average tax rate and the applicable tax rate for the year ended December 31, 2022 and December 31, 2021 are as follows:

	2022 (Effective tax rate) (%)	2022 '000	2021 (Effective tax rate) (%)	2021 '000
Profit before taxation		741,227		603,255
Tax at enacted tax rate	33.00	244,605	29.00	174,944
Prior year tax	4.00	29,646	0	-
Others	(0.13)	(947)	0.03	209
	36.87	273,304	29.03	175,153

30.2 Taxation

30.2.1 The Holding Company has a group taxation policy with its Ultimate Parent under section 59AA of the Income Tax Ordinance, 2001 under which payments of tax are made through the Holding Company.

The income tax assessments of the Holding Company have been finalised up to and including the tax year 2017. However, the Holding Company has filed appeals in respect of certain assessment years which mainly relate to the following:

30.2.2 While finalising the assessment for the year 1999-2000 the Taxation Officer had not allowed credit for tax paid under section 54 amounting to Rs. 3 million for which rectification application is filed which is pending.

The Holding Company has also filed applications in respect of certain mistakes made in the orders passed under section 124 of the Income tax Ordinance for 2001-2002 and 2002-2003. The applications filed were rejected by the T.O. against which appeals had been filed with the CIT (A) which are pending.

The Additional Commissioner of Income Tax (AC) has issued notice under section 122 (5A) of the Income Tax Ordinance, 2001 in respect of the tax year 2005 and 2006 whereby he has proposed to disallow claim of expenses and exemption in respect of gain on sale of shares and taxed income from associates. Against the above notice, the Holding Company has filed a constitutional petition before the Honourable High Court. The regular hearing of petition is currently pending with the High Court.

30.2.3 In respect of tax year 2007, all significant issues involved amounting to Rs. 7 billion were decided in favour of the Holding Company by CIR(A) and then by the ATIR. However, no appeal effect order has been passed. Further, certain matters amounting to Rs. 82 million that were remanded back to DCIR by the CIR(A) were not decided upon by the High Court. The Holding Company has written a letter to the taxation officer for passing appeal effect orders. The department had filed Income Tax Reference Application before Honourable High Court of Sindh against the deletion of the addition made on account of re-characterisation of actual realized capital gain. The said Income Tax Reference Application was heard by Honourable High Court and the judgment has been passed in favour of the Holding Company.

The tax department has further filed a civil petition before the Honourable Supreme Court of Pakistan against the judgment of the Honourable High Court which is pending adjudication.

30.2.4 In case of tax year 2008, the Additional Commissioner Audit Division-II had issued notice under section 122 (5A) of the Ordinance for passing an amended order on certain issues. The Holding Company filed a writ petition before the Honourable High Court of Sindh which dismissed the petition by directing the Holding Company to submit its responses to the assessing authority. Moreover, the Honourable High Court had directed the assessing authority to pass the order, preferably within two months of the service of the Court's order, strictly in accordance with law keeping in view the provisions relating to insurance business and the decisions of the High Court and the Supreme Court on the subject issues. However, to-date no notice has been received from the taxation authorities.

The additional Commissioner Audit zone III LTU Karachi issued another notice under section 122(5A) of the Ordinance in May 14, 2014 and passed an amended assessment order under section 122(5A) by disallowing provision for IBNR and allocation of expense against capital gains and dividend income. As a result of amended assessment demand of Rs. 63.166 million was created. Against the disallowances made by the ACIR, the Holding Company has filed an appeal before the Commissioner Inland Revenue (Appeals) and also filed an application for stay of demand. Pursuant to the stay application, the CIR(A) has granted stay of demand to the Holding Company. Against the above disallowance, the Holding Company filed an appeal before the learned Appellate Tribunal Inland Revenue. Further, the Holding Company challenged the assessment order on the ground that the assessment was barred by limitation of time. Moreover, the department filed a cross appeal before the ATIR challenging the relief granted by the CIR(A). The ATIR has decided both the appeals on the point of limitation of law as contained under section 122(2) of the Ordinance and have decided the appeal in favour of the Holding Company. Moreover, the departmental appeal has also been rejected being treated as infructuous. The department has filed a reference application before the Sindh High Court against the order of the ATIR which is pending adjudication.

Moreover, pursuant to the decision of the CIR(A), the ACIR has passed an appeal effect order duly incorporating the relief granted by the CIR(A) in respect of allocation of expenses and tax refundable of Rs. 18.030 million has been determined.

30.2.5 In case of tax year 2009, the Deputy Commissioner of Inland Revenue (DCIR) has passed the amended order under section 122(5A) of the Ordinance by disallowing provisions on account of IBNR, Unearned Commission and allocation of expenses relating to exempt income. As a result of amended assessment demand of Rs 141 million was created. The DCIR has made certain errors in the order for which application for rectification was filed. Rectified order under Section 221 has been passed and as a result demand has been reduced to Rs. 51 million. The learned CIR(A) has granted partial relief in respect of certain issue and confirmed certain disallowances. The Holding Company filed further appeal before the appellate tribunal inland revenue (ATIR) in respect of issues on which relief was not allowed by the CIR(A). The ATIR, pursuant to the appeals filed against the order of CIR(A), has now passed the order whereby the ATIR has confirmed disallowance made on account of provision for IBNR. Further issue of allocation of expenses against investment income has been remanded back to CIR(A). As regards, the issue of addition made on account of provision of unearned commission, the ATIR has upheld the decision of CIR(A) whereby disallowance made on this score is deleted. In respect of issues decided against the Holding Company, a reference application was filed before Honourable Sindh High Court where the IBNR issue has been decided in favour of the Holding Company whereas remaining issues are pending adjudication.

The Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend income, commission income and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the Holding Company under Fourth Schedule to the Ordinance. As a result of the amended assessment demand of Rs.31.420 million was created. The Holding Company paid an amount of Rs.10 million and obtained stay from the Commissioner Inland Revenue till August 31, 2015 in respect of payment of the remaining tax demand of Rs. 21.420 million. Further, against the above treatment meted out by the ACIR, the Holding Company has filed an appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication. The Holding Company also filed a petition against the said order before the Honourable Sindh High Court which was disposed off with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed which is pending adjudication.

30.2.6 In case of tax year 2010, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the Holding Company under Fourth Schedule to the Ordinance. Further, the ACIR has disallowed provision of IBNR under section 34(3) of the Ordinance. As a result of the amended assessment demand of Rs.93.445 million has been created. The Holding Company has filed appeal and application for stay of tax demand before the CIR(A) against the above assessment order. The Holding Company has also filed a petition against the said order before the Honourable Sindh High Court which is pending adjudication.

Pursuant to the appeal, the learned CIR(A) vide combined appellate order No.21 and 22/A-1 dated 10 March 2016 has decided all issues in favour of the Holding Company. The tax department has filed further appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of the issues on which relief was allowed by the CIR(A) which is pending adjudication.

30.2.7 In case of tax year 2011, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the Holding Company under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR, claim of brought forward loss for the tax year 2008 and refund adjustments for tax years 2004 and 2009 in the amended assessment order. Moreover, Workers' Welfare Fund @ 2% of the accounting profit for the year has also been levied. As a result of the amended assessment demand of Rs.142.414 million has been created. The Holding Company has filed appeal and application for stay of tax demand before the CIR(A) against the above assessment order.

Pursuant to the appeal, the learned CIR(A) vide combined appellate order No. 21 & 22/A-1 dated 10 March 2016 has decided the following issues in favour of the Holding Company:

(a) Chargeability of tax on dividend income and property income at corporate tax rate;
(b) Provision for IBNR;
(c) Levy of Workers' welfare fund for the year.

As regards, credit / adjustment of refunds available to the Holding Company, the CIR(A) has remanded back the issue with the directions to verify the claim of refunds and allow the adjustment as per law. The tax department has filed further appeal before the Appellate Tribunal Inland Revenue(ATIR) in respect of the issues on which relief was allowed by the CIR(A) which is pending adjudication.

30.2.8 In case of tax year 2012, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the Holding Company under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR amounting to Rs. 33 million in the amended assessment order. As a result of the amended assessment, demand of Rs. 106.563 million was created. The Holding Company has obtained stay from the Honourable Sindh High court in respect of the above tax demand. Further, against the aforesaid order, the Holding Company also filed an appeal before CIR(A) which is pending adjudication. The stay from the Honourable Sindh High Court has been disposed off subsequently with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed. The learned CIR(A) has passed the appellate order wherein both the aforesaid issues have been decided in favour of the Holding Company.

The department has filed an appeal before Appellate Tribunal, Inland Revenue (ATIR) against the order passed by the CIR(A) which is pending adjudication.

30.2.9 In case of tax year 2013, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the Holding Company under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR, claim of brought forward loss for the tax year 2012 and has also made an addition on account of disposal of fixed assets at less than fair market value (FMV) in the amended assessment order. As a result of the amended assessment, demand of Rs. 95.008 million was created. Against the aforesaid order, the Holding Company has filed an appeal before CIR(A). Pursuant to the appeal, the learned CIR(A) vide appellate order No. 10/A-1 dated 05 October 2016 has decided the following issues in favour of the Holding Company:

(a) Chargeability of tax on dividend income and property income at corporate tax rate;
(b) Provision for IBNR amounting to Rs. 33 million;
(c) Addition on account of disposal of fixed assets.

Further the CIR(A) has remanded back the issues in respect of adjustment of brought forward loss for the tax year 2012 and credit of Workers' Welfare Fund paid with the return of income. The tax department has filed further appeal before the Appellate Tribunal Inland Revenue(ATIR) in respect of the issues on which relief was allowed by the CIR(A) which is pending adjudication.

30.2.10 In case of tax year 2014, case of the Holding Company was selected for audit under section 177 of the ordinance and subsequently, the Deputy Commissioner Inland Revenue (DCIR) has passed an amended assessment order under section 122(1) of the Ordinance wherein tax on dividend income has been charged at corporate tax rate (i.e. 34% for the year) by treating such income as business income of the Holding Company under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR and has also made an addition on account of disposal of fixed assets at less than Fair Market Value (FMV) and motor car expenses paid in cash under section 21(l) in the amended assessment order. As a result of the amended assessment, demand of Rs. 148.444 million was created. The Holding Company has obtained stay from the Honourable Sindh High court in respect of the above tax demand. Further, against the aforesaid order, the Holding Company has also filed an appeal before CIR(A). The stay from the Honourable Sindh High Court has been disposed off subsequently with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed is finalised.

Pursuant to the appeal before CIR(A), the CIR(A) has passed the appellate order whereby issues in respect of levy of tax on dividend income at corporate tax rates, disposal of vehicles at less than FMV and levy of WWF have been decided in favour of the Holding Company. However, issues in respect of levy of minimum tax under section 113, provision for IBNR and motor car expenses in cash has been decided against the Holding Company. The Holding Company has filed further appeal before the ATIR in respect of the issues decided against the Holding Company except issue of motor car expenses paid in cash, which is pending adjudication.

30.2.11 In case of tax year 2015, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 33% for the year) by treating such income as business income of the Holding Company under Fourth Schedule to the Ordinance. Further, the ACIR has levied Super tax under section 4B of the ordinance amounting to Rs. 27.743 million and Workers' Welfare Fund for the year. As a result of the amended assessment, demand of Rs. 234.287 million was created. The Holding Company has obtained stay from the Honourable Sindh High court in respect of the above tax demand. Further, against the aforesaid order, the Holding Company has also filed an appeal before CIR(A). The stay from the Honourable Sindh High Court has been disposed off subsequently with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed which is pending adjudication.

Pursuant to the appeal before CIR(A), the CIR(A) has passed the appellate order whereby issue of levy of tax on dividend income at corporate tax rates has been decided in favour of the Holding Company whereas the issue of levy of Super tax under section 4B has been decided against the Holding Company. Furthermore, the CIR(A) has remanded back the issue of levy of WWF. The Holding Company has filed further appeal before the ATIR in respect of the issue of levy of Super tax, which is pending adjudication.

The ACIR also passed an appeal effect order whereby a tax demand of Rs.2.776 million was created. While passing the aforesaid order, the ACIR did not consider the impact of payment of WWF for the year amounting to Rs. 3.635 million. Accordingly, a rectification application was duly filed pursuant to which the ACIR has now passed a rectified order whereby a refund of Rs. 0.859 million has been created.

The ACIR also passed an order under section 221 of the Ordinance charging Super tax under section 4B amounting to Rs 27.912 million. Without prejudice to the stance in appeal, the Holding Company made payment of Rs 20 million in respect of the Super tax liability under section 4B whereas the remaining Super tax demand of Rs 7.912 million was adjusted against the refund of tax year 2008. the Holding Company filed an application with the ACIR requesting to annul the order based on various legal grounds, however, no order was passed in this regard. Moreover, the Holding Company also filed an appeal before the CIR(A) in respect of the order passed under section 221 of the Ordinance. Pursuant to the above appeal, the CIR(A) passed the appellate order wherein the action of the ACIR in charging super tax under section 221 of the Ordinance was annulled. The Holding Company has written a letter to the concerned taxation officer for passing appeal effect order in line with the appellate order passed by the CIR(A), which is pending. The tax department has also filed further appeal before the ATIR against the order passed by the CIR(A), which is pending adjudication.

30.2.12 The case for tax year 2015 was further selected for audit under section 177 of the Ordinance. The Holding Company submitted all the information requested through the Information and Document Request (IDR) pursuant to which a show-cause notice was issued in December 2017. During the year ended December 2021, the Deputy Commissioner Inland Revenue (DCIR) has passed an amended assessment order under section 122(4) of the Income Tax Ordinance, 2001 wherein tax on outstanding commission payable has been imposed on account of being outstanding for more than three years and provision for IBNR has been disallowed. As a result of the amended assessment, demand of Rs. 62.032 million was created. The Holding Company has filed an appeal and stay application before the Commissioner Inland Revenue (Appeals) (CIRA) against the order. While the appeal is pending adjudication, the CIRA has granted stay against the order.

30.2.13 In case of tax year 2016, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend income has been charged at corporate tax rate (i.e. 32% for the year) by treating such income as business income of the Holding Company under Fourth Schedule to the Ordinance. Further, the ACIR has disallowed the claim of expense on account of health administrative services under section 21(c) of the ordinance and has also made an addition on account of disposal of fixed assets at less than Fair Market Value (FMV) in the amended assessment order. As a result of the amended assessment, demand of Rs. 105.190 million was created. The Holding Company has filed stay application in respect of the above tax demand in the Honourable High Court of Sindh and also filed an appeal against the aforesaid order before the CIR(A).

Pursuant to the appeal before CIR(A), the CIR(A) has passed the appellate order whereby issues in respect of levy of tax on dividend income at corporate tax rates and disposal of vehicles at less than FMV have been decided in favour of the Holding Company whereas the issue of non-deduction of tax on payment for health plan administrative services under section 21(c) of the Ordinance has been decided against the Holding Company.

30.2.14 During the year, the Holding Company received a notice from Federal Board of Revenue (FBR) bearing reference No. DCIR/A&P/ENF-II/LTO/2022-2023/5213 dated September 16, 2022 issued under section 11(2) of the Sales Act, 1990 (ST Act) highlighting certain non-compliance related to violation of section 48 of the ST Act.

Further, the Holding Company received an assement order dated December 16, 2022 demanding of Rs. 16.301 million. Subsequent to the year end, IGI General filed an appeal before CIR(A) dated January 12, 2023 and paid 10% of the demand under section 48 of the ST Act which is pending adjudication.

30.2.15 During the year, the Holding Company received a notice from Federal Board of Revenue (FBR) bearing reference No. DCIR/UNIT4/ENF-II/LTU/2021-2022 dated March 16, 2022 issued under section 11(2) of the Sales Act, 1990 (ST Act) highlighting certain non-compliance related to violation of section 48 of the ST Act.

Further, the Holding Company received an assement order dated July 07, 2022 demanding of Rs. 13.350 million. Subsequent to the year end, the Company filed an appeal before CIR(A) dated January 12, 2023 and paid 10% of the demand under section 48 of the ST Act which is pending adjudication.

The management and tax advisor of the Holding Company are confident that the above matters will be decided in the Holding Company's favour. Accordingly, no provision has been recognised in these consolidated financial statements.

31 EARNINGS PER SHARE

	2022	2021
	------- (Rupees in '000) -------	
Profit (after tax) for the year	467,923	428,102
	(Number of shares)	
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	191,838,400	191,838,400
	(Rupees)	
Earnings (after tax) per share	2.44	2.23

32 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associates, related group companies, directors of the Group, key management personnel, post employment benefit plans and other related parties. The Group in the normal course of business carries out transactions with various related parties at agreed / commercial terms and conditions. Amounts due to / from and other significant transactions, other than those disclosed else where in these consolidated financial statements, are as follows:

	Ultimate Parent Company		Post employment benefit plans		Key management personnel (including directors)		Other related parties	
	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in '000)							
Transactions								
Premium underwritten	67	120	-	-	1,850	475	468,964	414,739
Premium collected	67	120	-	-	1,850	475	392,096	407,782
Claims expense	-	-	-	-	833	191	4,492,396	27,289
Claims paid	-	-	-	-	772	-	3,662,496	18,826
Rental income	-	-	-	-	-	-	31,078	30,810
Dividend paid	280,000	360,000	-	-	-	-	-	-
Key management personnel compensation	-	-	-	-	325,651	255,006	-	-
Charge in respect of gratuity fund	-	-	17,028	16,083	-	-	-	-
Charge in respect of provident fund	-	-	20,666	18,573	-	-	-	-
Contribution to gratuity fund	-	-	15,400	14,298	-	-	-	-
Contribution to provident fund	-	-	7,636	10,683	-	-	-	-
Insurance premium expense	-	-	-	-	-	-	10,009	10,123
Insurance premium paid	-	-	-	-	-	-	10,009	10,123
Amount transferred for incorporation	-	-	-	-	-	-	-	-
Education and training fee paid	-	-	-	-	-	-	-	-
Donation paid	-	-	-	-	-	-	8,558	4,865
Rent paid	-	-	-	-	-	-	1,919	1,747
Tracker rental income from Takaful Operations	-	-	-	-	-	-	10,257	1,367
Profit received from Window takaful operations	-	-	-	-	-	-	61,597	26,677
Expenses allocated to Window takaful operations	-	-	-	-	-	-	128,828	71,603

	Holding Company		Post employment benefit plans		Key management personnel (including directors)		Other related parties	
	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in '000)							
Balances								
Premium receivable	-	-	-	-	-	-	112,958	36,090
Outstanding claim	-	-	-	-	61	-	838,363	8,463
Other receivable / (payable)	2,863	4,089	-	-	-	-	189,832	146,274
Payable to gratuity fund	-	-	(28,658)	(6,577)	-	-	-	-
Receivable from / (payable) to provident fund	-	-	-	15,571	-	-	-	-

The maximum aggregate amount due from related parties outstanding during the year aggregated to Rs. 169.657 million (2021: Rs. 128.517 million).

32.1 Following are the related parties with whom the Group had entered into transactions or have arrangement / agreement in place:

S. No	Name of related party	Basis of association / relationship
1	IGI Life Insurance Limited	Subsidiary of Holding Company
2	IGI Finex Securities Limited	Subsidiary of Holding Company
3	IGI Investment (Pvt.) Limited	Subsidiary of Holding Company
4	DIC Pakistan Limited	Associate
5	Bulleh Shah Packaging (Private) Limited	Associate
6	Tri Pack Films Limited	Associate
7	Packages Real Estate (Private) Limited	Associate
8	Packages Limited	Associate
9	Omypack (Pvt.) Limited	Associate
10	Syed Babar Ali	Other related party
11	Syed Hyder Ali	Other related party
12	Shamim Ahmed Khan	Other related party
13	Packages Foundation	Associate

33 COMPENSATION FOR DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Fee for attending board meeting	-	-	5,675 *	5,475 *	-	-
Managerial remuneration	42,772	22,609	-	-	99,384	80,505
Bonus	9,500	10,384	-	-	49,963	42,864
Retirement benefits (including provident fund)	1,912	1,738	-	-	8,910	7,855
Housing and utilities	15,882	11,727	-	-	49,008	43,887
Medical expenses	3,238	2,260	-	-	5,805	4,265
Conveyance allowance	2,847	1,468	-	-	16,531	9,110
Others	6,077	4,088	-	-	8,147	6,770
	82,228	54,275	5,675	5,475	237,748	195,256
Number of persons	2	2	5	5	34	28

* This includes fee for attending Board meeting of directors.

33.1 Chief Executive and executives of the Holding Company are provided with Holding Company's maintained cars, mobile phones and residential telephones.

34 SEGMENT REPORTING

The Holding Company has five primary business segments for reporting purposes namely fire and property damage, marine, aviation and transport, motor, accident and health and miscellaneous.

Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of the gross premium written by the segments.

Particulars	2022					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	(Rupees in '000)					
Premium receivable (inclusive of Sindh Sales Tax, federal insurance fee and administrative surcharge)	3,792,719	1,414,783	2,258,803	722,808	1,608,978	9,798,091
Less: Federal Excise Duty	(468,293)	(153,629)	(295,854)	(15,766)	(193,421)	(1,126,963)
Federal Insurance Fee	(32,203)	(11,928)	(19,415)	(7,000)	(925)	(71,471)
Stamp duty	(125)	(46,340)	(1,674)	(10)	(13,986)	(62,135)
Gross written premium (inclusive of administrative surcharge)	3,292,098	1,202,886	1,941,860	700,032	1,400,646	8,537,522
Gross direct premium	3,213,618	1,177,809	1,887,592	698,980	1,362,433	8,340,433
Facultative inward premium	69,836	9,998	536	-	5,140	85,509
Administrative surcharge	8,644	15,079	53,732	1,052	33,073	111,580
	3,292,098	1,202,886	1,941,860	700,032	1,400,646	8,537,522
Insurance premium earned	2,923,441	1,179,074	1,840,749	873,147	1,387,542	8,203,953
Insurance premium ceded to reinsurers	(2,676,079)	(810,084)	(204,270)	-	(1,099,787)	(4,790,220)
Net insurance premium	247,362	368,990	1,636,479	873,147	287,755	3,413,733
Commission income	370,196	231,594	44,653	-	105,807	752,250
Net underwriting income	617,558	600,584	1,681,132	873,147	393,562	4,165,983
Insurance claims	(6,065,673)	(669,687)	(939,082)	(704,615)	(1,543,879)	(9,922,936)
Insurance claims recovered from reinsurers	5,865,408	497,171	107,637	-	1,423,339	7,893,555
Net claims	(200,265)	(172,516)	(831,445)	(704,615)	(120,540)	(2,029,381)
Commission expense	(383,612)	(137,475)	(234,421)	(37,700)	(111,873)	(905,081)
Management expenses	(376,013)	(137,390)	(221,793)	(79,956)	(159,976)	(975,128)
Net insurance claims and expenses	(959,890)	(447,381)	(1,287,659)	(822,271)	(392,389)	(3,909,590)
Premium deficiency	(3,424)	-	-	1,345	-	(2,079)
Underwriting result	(345,756)	153,203	393,473	52,221	1,173	254,314
Investment income						290,972
Rental income						31,078
Other income						171,013
Other expenses						(98,310)
Result of operating activities						649,067
Finance cost on right-of-use assets						(16,712)
Profit from Window Takaful Operations						108,872
Profit before tax						741,227
Segment assets	5,388,415	1,148,530	1,460,502	382,351	3,057,164	11,436,962
Unallocated assets	-	-	-	-	-	4,777,401
Assets of Window Takaful Operations - operator's fund						492,825
						16,707,188
Segment liabilities	5,602,185	1,179,748	1,676,446	530,599	2,758,090	11,747,068
Unallocated liabilities	-	-	-	-	-	1,466,158
Total liabilities of Window Takaful Operations - operator's fund						369,881
						13,583,107

Particulars	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	2021					
	(Rupees in '000)					
Premium receivable (inclusive of Sindh Sales Tax, federal insurance fee and administrative surcharge)	2,769,248	1,051,651	1,935,606	883,974	1,830,587	8,471,066
Less: Federal Excise Duty	(344,000)	(119,206)	(254,497)	(18,730)	(224,159)	(960,592)
Federal Insurance Fee	(23,357)	(8,768)	(16,663)	(8,624)	(15,881)	(73,293)
Stamp duty	(118)	(45,345)	(1,547)	(9)	(1,338)	(48,357)
Gross written premium (inclusive of Administrative Surcharge)	2,401,773	878,332	1,662,899	856,611	1,589,209	7,388,824
Gross direct premium	2,326,229	861,718	1,608,727	855,559	1,553,074	7,205,307
Facultative inward premium	66,900	1,535	440	-	3,062	71,937
Administrative surcharge	8,644	15,079	53,732	1,052	33,073	111,580
	2,401,773	878,332	1,662,899	856,611	1,589,209	7,388,824
Insurance premium earned	2,237,805	864,732	1,557,005	588,631	1,379,447	6,627,620
Insurance premium ceded to reinsurers	(2,015,027)	(569,041)	(171,148)	-	(1,156,442)	(3,911,658)
Net insurance premium	222,778	295,691	1,385,857	588,631	223,005	2,715,962
Commission income	322,472	184,415	37,995	-	101,011	645,893
Net underwriting income	545,250	480,106	1,423,852	588,631	324,016	3,361,855
Insurance claims	(1,278,006)	(422,518)	(759,183)	(526,011)	(649,137)	(3,634,855)
Insurance claims recovered from reinsurers	1,238,384	292,265	65,289	-	541,525	2,137,463
Net claims	(39,622)	(130,253)	(693,894)	(526,011)	(107,612)	(1,497,392)
Commission expense	(278,239)	(107,753)	(190,095)	(23,335)	(105,189)	(704,611)
Management expenses	(276,250)	(101,025)	(191,266)	(98,528)	(182,789)	(849,858)
Net insurance claims and expenses	(594,111)	(339,031)	(1,075,255)	(647,874)	(395,590)	(3,051,861)
Premium deficiency	-	-	-	(1,345)	-	(1,345)
Underwriting result	(48,861)	141,075	348,597	(60,588)	(71,574)	308,649
Net investment income						144,434
Rental income						30,810
Other income						103,774
Other expenses						(58,454)
Result of operating activities						529,213
Finance cost on right-of-use assets						(12,714)
Profit from Window Takaful Operations						86,756
Profit before tax						603,255
Segment assets	2,698,523	605,079	843,598	316,181	1,593,509	6,056,890
Unallocated assets	-	-	-	-	-	5,161,089
Assets of Window Takaful Operations - operator's fund						440,158
						11,658,137
Segment liabilities	2,594,085	706,693	1,458,944	733,918	1,582,050	7,075,690
Unallocated liabilities	-	-	-	-	-	1,343,679
Total liabilities of Window Takaful Operations - operator's fund						328,561
						8,747,930

35 MOVEMENT IN INVESTMENTS

	2022		
	Held to maturity	Fair value through profit or loss	Total
	(Rupees in '000)		
As at January 1, 2022	-	2,968,027	2,968,027
Additions	-	4,359,870	4,359,870
Disposals (sale and redemptions)	-	(5,231,263)	(5,231,263)
Net fair value gains (excluding net realised gains)	-	(62,507)	(62,507)
Amortisation of premium / discount	-	79,545	79,545
As at December 31, 2022	-	2,113,672	2,113,672

	2021		
	Held to maturity	Fair value through profit or loss	Total
	(Rupees in '000)		
As at January 1, 2021	-	2,903,657	2,903,657
Additions	651,000	8,925,666	9,576,666
Disposals (sale and redemptions)	(651,000)	(8,854,760)	(9,505,760)
Net fair value gains (excluding net realised gains)	-	(84,676)	(84,676)
Amortisation of premium / discount	-	78,140	78,140
As at December 31, 2021	-	2,968,027	2,968,027

36 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

The Group issue contracts that transfer insurance risk or financial risk or both. This section summarises the insurance risks and the way the Group manages them.

36.1 Insurance risk

The Group accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The Group is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts. The Group manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Group from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

Further, the Group adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

Concentration of insurance risk

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

To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk survey.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial / industrial / residential occupation of the insured. Details regarding the fire separation / segregation with respect to the manufacturing processes, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters / reinsurance personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors and physical separation between the buildings within an insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

Address look-up and decoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is punched into the IT system / application through which a number of MIS reports can be generated to assess the concentration of risk.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. For catastrophic aggregates, the IT system also assigns precise geographic CRESTA (Catastrophe Risk Evaluating and Standardising Target Accumulations) codes with reference to the accumulation of sums insured in force at any particular location against natural perils. A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualise the risk exposures so the Group determines the appropriate amount of reinsurance coverage to protect the business portfolio.

For Marine risks, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are fed into the IT system. The reinsurance module of the IT system is designed to satisfy the requirements as laid down in the proportional treaty agreement. Shipment declarations are also endorsed on the policies. Respective reinsurance cessions are automatically made upon the posting of policy documents.

The voyage cards so maintained for the particular set of policies for a single vessel voyage are automatically logged into the system showing actual gross, treaty and net exposure, both in terms of sums insured and premiums.

36.1.1 Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, accumulated losses on net account can also be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Group.

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

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

	2022		
	Maximum sum insured	Reinsurance cover	Highest net liability
	(Rupees in '000)		
Fire and property damage	42,405,661	42,105,661	300,000
Marine, aviation and transport	51,250,000	51,154,675	95,325
Motor	992,460	396,984	595,476
Health	3,660,515	-	3,660,515
Miscellaneous	139,440,000	139,156,937	283,063
Window Takaful Operations	9,781,432	9,034,356	747,076
	247,530,068	241,848,613	5,681,455

	2021		
	Maximum sum insured	Reinsurance cover	Highest net liability
	(Rupees in '000)		
Fire and property damage	39,145,571	38,947,836	197,735
Marine, aviation and transport	41,250,000	41,043,750	206,250
Motor	67,500	62,500	5,000
Health	3,257,500	-	3,257,500
Miscellaneous	235,221,468	235,174,424	47,044
Window Takaful Operations	19,110,205	17,345,310	1,764,895
	338,052,244	332,573,820	5,478,424

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

	2022		
	Gross liabilities	Gross assets	Net liabilities / (assets)
	(Rupees in '000)		
Fire and property damage	5,602,185	5,388,415	213,770
Marine, aviation and transport	1,179,748	1,148,530	31,218
Motor	1,676,446	1,460,502	215,944
Health	530,599	382,351	148,248
Miscellaneous	2,758,090	3,057,164	(299,074)
Window Takaful Operations	369,881	492,825	(122,944)
	12,116,949	11,929,787	187,162

	2021		
	Gross liabilities	Gross assets	Net (assets) / liabilities
	(Rupees in '000)		
Fire and property damage	2,592,647	2,697,287	(104,640)
Marine, aviation and transport	706,693	605,079	101,614
Motor	1,458,944	843,598	615,346
Health	733,918	316,181	417,737
Miscellaneous	1,582,050	1,593,509	(11,459)
Window Takaful Operations	328,561	440,158	(111,597)
	7,402,813	6,495,812	907,001

36.1.2 Uncertainty in the estimation of future claims payment

Claims on general insurance contracts are payable on a claim occurrence basis. The Group 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 Group. The estimation of the amount is based on the amount notified by the policyholder, 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 Group uses actuarial advice as more fully explained in note to these consolidated financial statements.

There are several variable factors which affect the amount and timing of recognised claim liabilities. However, the management considers that uncertainty about the amount and timing of claim payments is generally resolved within a year. The Group 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 recognised amounts.

36.1.3 Key assumptions

The principal assumption underlying the liability estimation of IBNR and premium deficiency reserve is that the Group'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.

36.1.4 Sensitivities

As the Group enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below:

	Effect of 10% increase in		Effect of 10% decrease in claims	
	Total comprehensive income	Equity	Total comprehensive income	Equity
	(Rupees in '000)			
Fire and property damage	(14,219)	(14,219)	14,219	14,219
Marine, aviation and transport	(12,249)	(12,249)	12,249	12,249
Motor	(59,033)	(59,033)	59,033	59,033
Health	(50,028)	(50,028)	50,028	50,028
Miscellaneous	(8,558)	(8,558)	8,558	8,558
Window Takaful Operations	(89,000)	(89,000)	89,000	89,000
	(233,087)	(233,087)	233,087	233,087

36.1.5 Statement of age-wise breakup of unclaimed insurance benefits

Particulars	Total amount	Age-wise breakup				
		1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
	(Rupees in '000)					
Claims not encashed						
2022	135,120	-	72,563	20,445	14,627	27,485
2021	61,312	5,655	26,453	4,681	7,346	17,177

36.2 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 Group has adopted appropriate policies to minimise its exposure to this risk. The interest rate profile of the Group's significant interest bearing financial instruments and the periods in which these will mature are as follows:

	Interest rates	2022						
		Interest / mark-up bearing			Non-interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
		(Rupees in '000)						
Financial assets								
Cash and bank	14.5% to 15.5%	370,799	-	370,799	15,103	-	15,103	385,902
Investments	8.60% to 19.02%	-	2,022,698	2,022,698	90,974	-	90,974	2,113,672
Insurance / reinsurance receivables		-	-	-	4,617,429	-	4,617,429	4,617,429
Reinsurance recoveries against outstanding claims		-	-	-	4,761,352	-	4,761,352	4,761,352
Loans and other receivables		-	-	-	442,167	-	442,167	442,167
Salvage recoveries accrued		-	-	-	106,324	-	106,324	106,324
Window Takaful Operations - total assets		21,571	-	21,571	471,254	-	471,254	492,825
		392,370	2,022,698	2,415,068	10,504,603	-	10,504,603	12,919,671
Financial liabilities								
Outstanding claims including IBNR		-	-	-	6,623,855	-	6,623,855	6,623,855
Insurance / reinsurance payables		-	-	-	1,838,227	-	1,838,227	1,838,227
Other creditors and accruals		-	-	-	1,033,400	-	1,033,400	1,033,400
Borrowings	12.22% - 17.79%	33,182	48,233	81,415	-	-	-	81,415
Window Takaful Operations - total liabilities		-	-	-	219,294	-	219,294	219,294
		33,182	48,233	81,415	9,714,776	-	9,714,776	9,796,191
		359,188	1,974,465	2,333,653	789,827	-	789,827	3,123,480

	Interest Rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
		---2021---						
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
		(Rupees in '000)						
Financial assets								
Cash and bank	7% to 8.25%	200,459	-	200,459	7,668	-	7,668	208,127
Investments	8.20% to 12.10%	601,056	1,414,249	2,015,305	952,722	-	952,722	2,968,027
Insurance / reinsurance receivables		-	-	-	2,548,993	-	2,548,993	2,548,993
Reinsurance recoveries against outstanding claims		-	-	-	1,914,772	-	1,914,772	1,914,772
Loans and other receivables		-	-	-	362,229	-	362,229	362,229
Salvage recoveries accrued		-	-	-	97,084	-	97,084	97,084
Window Takaful Operations - total assets		22,635	-	22,635	263,054	-	263,054	285,689
		824,150	1,414,249	2,238,399	6,146,522	-	6,146,522	8,384,921
Financial liabilities								
Outstanding claims including IBNR		-	-	-	2,584,937	-	2,584,937	2,584,937
Insurance / reinsurance payables		-	-	-	1,593,114	-	1,593,114	1,593,114
Other creditors and accruals		-	-	-	932,395	-	932,395	932,395
Borrowings	5.36% - 14.92%	30,335	117,440	147,775	-	-	-	147,775
Window Takaful Operations - total liabilities		-	-	-	112,092	-	112,092	112,092
		30,335	117,440	147,775	5,222,538	-	5,222,538	5,370,313
		793,815	1,296,809	2,090,624	923,984	-	923,984	3,014,608

Sensitivity analysis

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. Borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes. The table below summarises Group's interest rate risk as of December 31, 2022 and 2021 and shows the effects of a hypothetical 1% increase and a 1% decrease in interest rates as at the year end.

	Profit or Loss	
	Increase	Decrease
	------- (Rupees in '000) -------	
2022		
Cash flow sensitivity - Variable rate financial liabilities	(814)	814
Cash flow sensitivity - Variable rate financial assets	16,227	(16,227)
2021		
Cash flow sensitivity - Variable rate financial liabilities	(1,478)	1,478
Cash flow sensitivity - Variable rate financial assets	18,653	(18,653)

(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 reporting date, the Group does not have material assets or liabilities which are exposed to foreign currency risk.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is exposed to equity price risk because of investments held by the Group and classified on the consolidated statement of financial position at 'fair value through profit or loss'.

In case of 5% increase / (decrease) in Net Asset Value/Market Value on December 31, 2022, with all other variables held constant, equity for the year would increase / (decrease) by Rs. 4.598 million (2021: Rs. 47.636 million) as a result of gains / (losses) on equity securities classified 'at fair value through profit or loss'.

The analysis is based on the assumption that equity index had increased / (decreased) by 5% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible change in Market Value. Accordingly, the sensitivity analysis prepared as of December 31, 2022 is not necessarily indicative of the effect on the Group's profitability.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities. To guard against the risk, the Group 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.

Liquidity risk is the risk that the Group 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 Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date on an undiscounted cash flow basis.

	2022			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in '000)			
Outstanding claims including IBNR	6,623,855	6,623,855	6,623,855	-
Insurance / reinsurance payables	1,838,227	1,838,227	1,838,227	-
Other creditors and accruals	1,033,400	1,033,400	1,033,400	-
Borrowings	81,415	101,647	44,364	57,283
Window Takaful Operations - total liabilities	219,294	219,294	219,294	-
	9,796,191	9,816,423	9,759,140	57,283

	2021			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in '000)			
Outstanding claims including IBNR	2,584,937	2,584,937	2,584,937	-
Insurance / reinsurance payables	1,593,114	1,593,114	1,593,114	-
Other creditors and accruals	932,395	932,395	932,395	-
Borrowings	147,775	161,634	30,335	131,299
Window Takaful Operations - total liabilities	112,092	112,092	112,092	-
	5,370,313	5,384,172	5,252,873	131,299

36.3 Credit risk

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

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

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

	2022	2021
	------- (Rupees in '000) -------	
Investments		
- Equity	90,974	952,722
- Debt securities	400,000	150,000
- Loans and other receivables	442,167	362,229
Insurance / reinsurance receivables		
- Insurance / reinsurance receivables	4,617,429	2,548,993
- Reinsurance recoveries against outstanding claims	4,761,352	1,914,772
- Salvage recoveries accrued	106,324	97,084
- Cash and bank	376,349	206,747
- Window Takaful Operations - total assets	492,825	285,689
	11,287,420	6,518,236

The Group did not hold any collateral against the above during the year. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery. The movement in the provision for doubtful debt account is shown in notes 12.2 and 12.3. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no recent history of default.

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

	Rating Agency	Rating	
		Short Term	Long Term
Bank deposits and term deposit receipts			
Faysal Bank Limited	PACRA	A1+	AA
JS Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Bank Al-Habib Limited	PACRA	A1+	AAA
MCB Bank Limited	PACRA	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Bank of Punjab	PACRA	A1+	AA+
Soneri Bank Limited	PACRA	A1+	A+
United Bank Limited	VIS	A1+	AAA
Bank Islami Pakistan Limited	PACRA	A1	A+
National Bank of Pakistan	PACRA	A1+	AAA
Samba Bank Limited	VIS	A1	AA
Mobilink Microfinance Bank Limited	PACRA	A1	A
Khushali Microfinance Bank Limited	VIS	A2	A-
Telenor Microfinance Bank	PACRA	A1	A
Finca Microfinance Bank Limited	PACRA	A1	A
NRSP Microfinance Bank Limited	PACRA	A2	A-
Habib Bank Limited	VIS	A1+	AAA
Summit Bank Limited	VIS	Not rated	Not rated
Allied Bank Limited	PACRA	A1+	AAA
First Microfinance Bank Limited	PACRA	A1	A+
U Microfinance Bank Limited	VIS	A1	A+

The age analysis of premiums due but unpaid and amounts due from other insurers / reinsurers is as follows:

	2022	2021
	------- (Rupees in '000) -------	
Upto 1 year	4,210,415	2,222,244
1-2 years	293,983	147,906
2-3 years	95,297	124,062
Over 3 years	231,091	248,112
	4,830,786	2,742,324

	2022	2021
	------- (Rupees in '000) -------	
Window Takaful Operations		
Upto 1 year	346,745	233,981
Upto 1 - 2 years	78,892	36,246
Upto 2 - 3 years	32,733	13,613
Over 3 years	7,730	3,846
	466,100	287,686

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 Group's total credit exposure. The Group'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.

	2022	2021
	------- (Rupees in '000) -------	
Sector wise analysis of premiums due but unpaid		
Foods and beverages	71,107	14,186
Financial services	99,256	48,007
Pharmaceuticals	26,444	31,120
Textile and composites	373,254	86,155
Plastic industries	-	307
Engineering	53,605	29,844
Other manufacturing	247,545	407,551
Miscellaneous	561,330	632,192
	1,432,541	1,249,362
Window Takaful Operations		
Textile	72,162	18,669
Financial services	46,390	47,067
Engineering	4,083	2,016
Pharmaceuticals	1,223	8,552
Food	76,041	20,478
Other manufacturing	14,667	35,955
Others	85,215	77,228
	299,781	209,965

The credit quality of amount due from other insurers and reinsurers can be assessed with reference to external credit ratings as follows:

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2022	2021
			(Rupees in '000)		
A- or above (including PRCL)	3,142,649	4,403,231	1,576,384	9,122,264	4,513,557
BBB and B+	152,704	213,957	76,598	443,259	124,976
Others	102,892	144,164	51,612	298,668	96,870
Total	3,398,245	4,761,352	1,704,594	9,864,191	4,735,403

	Due from other insurers / re-takaful operators	Re-takaful recoveries against outstanding claims	Prepaid re-takaful contribution ceded	2022	2021
			(Rupees in '000)		
A- or above (including PRCL)	89,174	171,434	68,993	329,601	233,515
BBB	61,110	117,482	47,280	225,872	70
Others	4,518	8,686	3,496	16,700	16,250
	154,802	297,602	119,769	572,173	249,835

36.4 **Capital management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group currently meets the paid up capital requirement as required by Securities and Exchange Commission of Pakistan.

37 **FINANCIAL INSTRUMENTS BY CATEGORY**

	2022	2021
	------ (Rupees in '000) --------	
Financial assets and financial liabilities		
Financial assets		
Loans and receivables		
Cash and bank	385,902	206,747
Insurance / reinsurance receivables	4,617,429	2,548,993
Reinsurance recoveries against outstanding claims	4,761,352	1,914,772
Loans and other receivables	442,167	362,229
Salvage recoveries accrued	106,324	97,084
Window takaful operations - total assets	492,825	285,689
	10,805,999	5,415,514
Investments - fair value through profit or loss		
Equity securities	90,974	952,722
Commercial paper and term finance certificate	400,000	150,000
Government securities	1,622,698	1,865,305
	2,113,672	2,968,027
Financial liabilities		
Amortised cost		
Outstanding claims including IBNR	6,623,855	2,584,937
Insurance / reinsurance payables	1,838,227	1,593,114
Other creditors and accruals	1,033,400	932,395
Borrowings	81,415	147,775
Window Takaful Operations - total liabilities	219,294	112,092
	9,796,191	5,370,313

38 **FAIR VALUES MEASUREMENT**

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

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Group has no items to report in this level.

The Group held the following financial instruments measured at fair value:

	2022		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets - measured at fair value			
Fair value through profit or loss			
Listed Shares	86,152	-	-
Mutual funds	-	4,822	-
Term finance certificate	-	400,000	-
Government securities	-	1,622,698	-
Non - financial assets - measured at fair value			
Property and equipment (Buildings and leasehold improvements) *	-	-	649,519
Investment properties *	-	-	429,402

	2021		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets - measured at fair value			
Fair value through profit or loss			
Mutual funds	-	952,722	-
Commercial paper and term finance certificate	-	150,000	-
Government securities	-	1,865,305	-
Non - financial assets - measured at fair value			
Property and equipment (Buildings and leasehold improvements) *	-	-	600,139
Investment properties *	-	-	399,575

Item	Valuation approach and input used
Government securities	The fair value of Government securities is derived using PKRV rates. PKRV rate is average of the yield-to-maturity on government securities traded in the secondary market and determined at the end of day. The yield-to-maturity on government securities is quoted by the six (06) brokerage houses keeping in view the yield-to-maturity on government securities traded in the secondary market.
Mutual funds	The fair value of mutual funds is derived from using rates published on Mutual Funds Association of Pakistan.
Property and equipment (Buildings and leasehold improvements) *	The revaluation by the valuer is carried out on the basis of professional assessment of present market values.
Investment properties *	The revaluation by the valuer is carried out on the basis of professional assessment of present market values.

* Buildings including leasehold improvements and investment properties are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 5 and 7 to these consolidated financial statements. The valuation experts used a market based approach to arrive at the fair value of the Holding Company's properties. The approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these consolidated financial statements.

The carrying amounts of all other financial assets and liabilities reflected in these consolidated financial statements approximate their fair values.

39 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue by the Board of Directors of the Holding Company on March 15, 2023.

40 EVENTS AFTER REPORTING DATE

The Board of Directors of the Holding Company has proposed a final dividend for the year ended December 31, 2022 of Re. 0.86 per share, amounting to Rs 165 million in its meeting held on March 15, 2023 The effect of this distribution will be incorporated in the consolidated financial statements of the Group for the year ending December 31, 2023.

41 GENERAL

Figures in these consolidated financial statements have been rounded off to the nearest thousand of rupees unless otherwise stated.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of IGI General Insurance Limited

Review Report on the Statement of Compliance contained in the Code of Corporate Governance for Insurers, 2016

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) prepared by the Board of Directors of **IGI General Insurance Limited** ('the Company') for the year ended December 31, 2022 in accordance with the requirements of provision lxxvi of the Code of Corporate Governance for Insurers, 2016 applicable to insurance companies as issued by the Securities and Exchange Commission of Pakistan (SECP).

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

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

The Code 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. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Code as applicable to the Company for the year ended December 31, 2022.

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A.F. Ferguson & Co.
Chartered Accountants
Dated: April 5, 2023
Karachi
UDIN: CR202210068SsIDZMuWR

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STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016

IGI GENERAL INSURANCE LIMITED
for the year ended 31st December 2022

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 IGI General Insurance Company (the Company), an unlisted insurer is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Directors	None*
Executive Directors	Mr. Chaudhry Tahir Masaud
Non-Executive Directors	Mr. Shamim Ahmad Khan Mr. Syed Hyder Ali Mr. Sajjad Iftikhar Mr. Syed Hasnain Ali
Female Directors	Ms. Arjumand Ahmed Shah

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies in which each one of them is a director).

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI, or being a member of stock exchange, has been declared as a defaulter by a stock exchange.

4. No casual vacancy occurred during the year.

5. The Company has prepared a Code of Conduct, which has been disseminated among all the directors and employees of the Company.

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

7. All 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 Chief Executive Officer, other executive directors and the key officers, have been taken by the Board.

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

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms & conditions of employment.

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

12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

13. The directors, Chief Executive Officer and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.

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

15. The Board has formed the following Management Committees:

UNDERWRITING, RE-INSURANCE & CO-INSURANCE COMMITTEE	
Name of the Member	**Category**
Mr. Syed Hyder Ali	Chairman
Mr. Syed Hasnain Ali	Member
Mr. Chaudhry Tahir Masaud	Member
Mr. Faisal Khan	Member
Mr. Sajjad Iftikhar	Member
Mr. Jamshaid Hussain	Member

CLAIM SETTLEMENT COMMITTEE	
Name of the Member	**Category**
Mr. Shamim Ahmad khan	Chairman
Mr. Chaudhry Tahir Masaud	Member
Mr. Syed Awais Amjad	Member
Mr. Kashif Qayyum	Member
Mr. Zahid Mehmood	Member

RISK MANAGEMENT & COMPLIANCE COMMITTEE	
Name of the Member	**Category**
Mr. Shamim Ahmad khan	Chairman
Mr. Chaudhry Tahir Masaud	Member
Mr. Sajjad Iftikhar	Member
Mr. Faisal Khan	Member
Mr. Syed Awais Amjad	Member
Ms. Saira Sheikh	Member

16. The Board has formed the following Board Committees:

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE	
Name of the Member	**Category**
Mr. Syed Hyder Ali	Chairman
Mr. Syed Hasnain Ali	Member
Mr. Chaudhry Tahir Masaud	Member

INVESTMENT COMMITTEE	
Name of the Member	**Category**
Mr. Syed Hasnain Ali	Chairman
Mr. Chaudhry Tahir Masaud	Member
Mr. Sajjad Iftikhar	Member
Mr. Syed Awais Amjad	Member

17. The Board has formed an Audit Committee. It comprises of three (3) members, all of whom are non-executive directors*. The chairman of the Committee is a non-executive director. The composition of the Audit Committee is as follows:

AUDIT COMMITTEE	
Name of the Member	**Category**
Mr. Syed Hasnain Ali	Chairman
Mr. Syed Hyder Ali	Member
Mr. Sajjad Iftikhar	Member

18. The terms of references of the Committees have been formed and advised to the Committees for compliance. The frequency of meetings (quarterly / half yearly / yearly) of the Committees were as follows:

BOARD COMMITTEES	
Name of the Committee	**Frequency**
Ethics, Human Resource & Remuneration Committee & Nominations Committee	Half yearly
Investment Committee	Quarterly
Audit Committee	Quarterly
Underwriting, Reinsurance & Cooinsurance committee	Quarterly
Claim Settlement Committee	Quarterly
Risk Management & Compliance Committee	Quarterly

19. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a regular basis.

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

Name of the Person	Designation
Mr. Chaudhry Tahir Masaud	Chief Executive Officer
Mr. Syed Awais Amjad	Chief Financial Officer
Ms. Saira Shaikh	Compliance Officer & Head of Grievance Department
Ms. Nadia Perveen Hussain	Company Secretary and Legal Counsel
Mr. Shahzeb Haider	Head of Internal Audit
Mr. Jamshaid Hussain	Head of Underwriting
Mr. Kashif Qayyum	Head of Claims
Mr. Faisal Khan	Head of Risk Management & Reinsurance

21. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

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

23. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.

24. The Board ensures that the risk management system of the Company is in place as per the requirement of the Code.

25. The Company has set up a risk management function, which carries out its tasks as covered under the Code.

26. The Board ensures that as part of the risk management system, the Company gets itself rated from VIS Credit Rating Company Limited and PACRA which is being used by its risk management function and the respective Committee as a risk monitoring tool. The ratings assigned by the said rating agencies on December 29, 2022 and February 23, 2023 are "AA+" & "AA+" respectively.

27. The Board has set up a grievance department / function, which fully complies with the requirements of the Code.

28. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 have been complied with.

* The requirement of appointment of independent directors on the board of directors of for unlisted insurers shall be applicable on the expiry of the current term of its board of directors.

By Order of the Board

S Am khan

Shamim Ahmad Khan
Chairman

Date: March 15, 2023

Tahir Masaud
Chief Executive Officer

Date: March 15, 2023

IGI GENERAL INSURANCE LIMITED
NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 7th Annual General Meeting of IGI General Insurance Limited (**the "Company"**) will be held on Wednesday, April 26, 2023, at 11:00 am. at the Registered Office of the Company/video link located at 7th Floor, The Forum, G-20, Block 9, Khyaban-e-Jami, Clifton, Karachi, to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of Annual General Meeting of the Company held on April 26, 2022.

2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2022 together with the Directors' and Auditors report thereon.

3. To consider and approve the payment of final cash dividend of Rs. 165 million @ Rs. 0.86 per share for the financial year ended December 31, 2022 as recommended by the Board. This is in addition to the interim cash dividends of Rs. 230 million @ Rs. 1.20 per share paid already to the members during the year.

4. To appoint auditors for the ensuing year and to fix their remuneration. The current Auditors, M/s A.F. Ferguson & Co., Chartered Accountants have consented to be appointed as Auditors for the Financial Year 2023 and the Board of Directors has recommended their appointment.

ANY OTHER BUSINESS:

5. To consider any other business with the permission of the Chairman.

By Order of the Board

Nadia Hussain

Nadia Hussain
Company Secretary
Karachi: April 5, 2023

Distribution:

1. All Directors
2. A.F. Ferguson & Co., (Ext. Auditor)

IGI General Insurance Limited
Head Office
7th Floor, The Forum, Suite No. 701 - 713, G-20, Block-9, Khayaban-e-jami, Clifton, Karachi-75600, Pakistan.
UAN: +92(21) 111-234-234 | Fax: +92(21) 111-567-567

IGI General

Notes:

1. The Share Transfer Books of the Company will remain closed from **April 19, 2023 to April 26, 2023**, both days inclusive.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as a proxy to attend and vote instead of him/her.
3. Every proxy shall be appointed in writing under the hand of the appointer or by an agent duly authorized under a Power of Attorney or if such appointer is a company or corporation under the Common Seal of the company or corporation or the hand of its Attorney who may be the appointer.
4. The instrument of proxy in order to be effective must reach the Company's registered address at 7th Floor, The Forum, G-20, Block 9, Khyaban-e-Jami, Clifton, Karachi not less than 48 hours before the time for holding of the Meeting.
5. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
6. The signature on the instrument of proxy must conform to the specimen signature recorded with the Company.
7. The proxy shall produce his/her original NIC or original passport at the time of the Meeting.
8. Shareholders are requested to notify change in their address, if any, to the Company Secretary.
9. SECP vide SRO No. 787(1)2014 dated 8th September, 2014 has allowed companies to circulate the audited financial statements and notice of Annual General Meeting to shareholders through their email address subject to their written consent. Desiring shareholders are requested to provide their complete email address through a duly signed letter along with copy of valid CNIC or passport. Shareholders are also required to notify immediately any change in email address in writing to the Company Secretary.

IGI General Insurance Limited
Head Office
7th Floor, The Forum, Suite No. 701 - 713, G-20, Block-9, Khayaban-e-jami, Clifton, Karachi-75600, Pakistan.
UAN: +92(21) 111-234-234 I Fax: +92(21) 111-567-567

IGI GENERAL INSURANCE LIMITED

7th Floor, The Forum, Suite No. 701-713, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi-75600, Pakistan

FORM OF PROXY

Annual General Meeting

The Company Secretary
IGI General Insurance Ltd
7th Floor, The Forum,
Suite Nos. 701-713, G-20, Block 9,
Khayaban-e-Jami, Clifton,
Karachi-75600, Pakistan.

I/We ______________________________ of ______________________________ being member (s) of **IGI General Insurance Limited** and holder of____________Ordinary Shares as per Share Register Folio No _____________ hereby appoint ______________________ of ___________________________ or failing him / her ___________________________ of ___________________________ as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on **Wednesday,** the **26th** day of **April 2023,** at **11:00 am.** at the Registered Office of the Company/video link and at any adjournment thereof.

Signed this_____________ day of _____________ 2023

1) Witness:

Signature ____________________

Name ____________________

Address ____________________

____

CNIC or ____________________

Passport No. ____________________

Signature:

Please affix Rupees five revenue stamp

2) Witness:

Signature ____________________

Name ____________________

Address ____________________

____

CNIC or ____________________

Passport No. ____________________

(Signature should agree with the specimen signature registered with the Company)

Note: Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting.

IGI General | Takaful

تشکیل نیابت داری

برائے سالانہ اجلاس عام

دی کمپنی سیکریٹری
آئی جی آئی جنرل انشورنس لمیٹڈ
7 ویں منزل، دی فورم
سوئٹ نمبر 713-701، جی-20، بلاک 9
خیابان جامی، کلفٹن، کراچی- 75600، پاکستان

میں / ہم ---------------بابت-- بحیثیت ممبر (ممبران) برائے آئی جی آئی جنرل انشورنس لمیٹڈ اور ہولڈر بابت

---عمومی شیئرز بمطابق شیئرز رجسٹر فولیو نمبر ------------------------------------

بذریعہ ہذا---------------------------بابت---------------------------یا ان کی عدم حاضری پر -------------------------

کو اپنا/ ہمارا یا کسی مقرر کردہ/ کر رہا ہوں/ کر رہے ہیں جو کمپنی کے سالانہ اجلاس عام منعقدہ بروز بدھ 26 اپریل 2023 بوقت 11:00 بجے صبح بمقام کمپنی کے ہیڈ آفس یا کسی دیگر التوا تاریخ پر منعقد ہونے والے اجلاس میں

میری/ ہماری غیر موجودگی کی صورت میں میری/ ہماری جگہ شرکت کرنے اور ووٹ دینے کے لئے بطور نیابت داری شریک ہوں گے۔

دستخط مورخہ ---------------- 2023

-1 گواہ:

دستخط:------------------------

نام:------------------------

پتہ:------------------------

سی این آئی سی یا------------------

پاسپورٹ نمبر------------------

-2 گواہ:

دستخط:------------------------

نام:------------------------

پتہ:------------------------

سی این آئی سی یا------------------

پاسپورٹ نمبر------------------

ریونیو ٹکٹ چسپاں کریں۔

(دستخط کمپنی میں پہلے سے موجود نمونہ کے مطابق ہونے چاہئے)

نوٹ: نیابت داری کے موثر ہونے کے لئے لازمی ہے کہ وہ اجلاس سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جائیں۔

گزارشات :

1. کمپنی کی حصص کی منتقلی کی کتابیں 19 اپریل 2023 سے 26 اپریل 2023 تک، دونوں دنوں سمیت بند رہیں گی-
2. سالانہ اجلاس عام میں شرکت کرنے اور ووٹ دینے کا حقدار رکن اس کے بجائے کسی دوسرے شخص کو شرکت کرنے اور ووٹ دینے کے لیے بطور پراکسی مقرر کرنے کا حقدار ہے-
3. ہر پراکسی کا تقرر تحریری طور پر تقرر کنندہ کے ہاتھ یا کسی پاور آف اٹارنی کے تحت بااختیار کسی ایجنٹ کے ذریعے کیا جائے گا یا اگر ایسا تقرر کرنے والا کمپنی یا کارپوریشن کی مشترکہ مہر کے تحت کمپنی یا کارپوریشن ہے یا اس کے اٹارنی کے ہاتھ سے جو تقرر کرنے والا ہو سکتا ہے-
4. پراکسی کا آلہ کارآمد ہونے کے لیے کمپنی کے رجسٹرڈ ایڈریس پر 7 فلور، The Forum, G-20, Block 9, Khyaban-e-jami, Clifton, کراچی پہنچنا چاہیے انعقاد کے وقت سے کم از کم 48 گھنٹے اجلاس سے پہلے-
5. کارپوریٹ ادارے کی صورت میں، میٹنگ کے وقت بورڈ آف ڈائریکٹرز کی ریزولیوشن/پاور آف اٹارنی جس میں نامزد شخص کے نمونے کے دستخط ہوں گے (جب تک کہ اسے پہلے فراہم نہ کیا گیا ہو) پیش کیا جائے گا-
6. اکسی کے آلے پر دستخط کمپنی کے ساتھ ریکارڈ کردہ نمونہ دستخط کے مطابق ہونے چاہئیں-
7. پراکسی میٹنگ کے وقت اپنا اصل NIC یا اصل پاسپورٹ پیش کرے گا-
8. شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے ایڈریس میں تبدیلی، اگر کوئی ہو، تو کمپنی سیکرٹری کو مطلع کریں-
9. ایس ای سی پی نے ایس آر او نمبر 787(1)2014 مورخہ 8 ستمبر 2014 کے ذریعے کمپنیوں کو اجازت دی ہے کہ آڈٹ شدہ مالیاتی گوشواروں اور سالانہ جنرل میٹنگ کے نوٹس شیئر ہولڈرز کو ان کے ای میل ایڈریس کے ذریعے ان کی تحریری رضامندی سے مشروط کریں- خواہشمند حصص یافتگان سے درخواست کی جاتی ہے کہ وہ اپنا مکمل ای میل پتہ ایک درست دستخط شدہ خط کے ساتھ ساتھ درست CNIC یا پاسپورٹ کی کاپی فراہم کریں- شیئر ہولڈرز سے یہ بھی ضروری ہے کہ وہ ای میل ایڈریس میں ہونے والی کسی بھی تبدیلی کو فوری طور پر کمپنی سیکرٹری کو تحریری طور پر مطلع کریں-

اطلاع برائے سالانہ اجلاس عام

اطلاع دی جاتی ہے کہ آئی جی آئی جنرل انشورنس لمیٹڈ ("کمپنی") کا 7واں سالانہ اجلاس بدھ 26 اپریل 2023 کو صبح 11:00 بجے منعقد ہوگا- کمپنی کے رجسٹرڈ آفس/ ویڈیو لنک پر جو 7ویں منزل، دی فورم، جی-20، بلاک 9، خیابانِ جامی، کلفٹن، کراچی میں واقع ہے، درج ذیل کاروبار کے لیے:

عمومی کاروائی

1. 26 اپریل 2022 کو ہونے والی کمپنی کی سالانہ اجلاس عام کی کاروائی کی توثیق-
2. ڈائریکٹرز اور آڈیٹرز کی رپورٹ کے ساتھ 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کی وصولی، غوروخوص اور منظوری-
3. 31 دسمبر 2022 کو ختم ہونے والے مالی سال کے لیے 165 ملین روپے (0.86 روپے فی شیئر) حتمی نقد ڈیویڈنڈ کی ادائیگی پر غور کرنا اور اسے منظور کرنا جیسا کہ بورڈ نے تجویز کیا ہے- یہ 230 ملین روپے (1.20 روپے فی شیئر) کے عبوری نقد منافع کے علاوہ ہے جو پہلے ہی سال کے دوران ممبران کو ادا کیا جاچکا ہے-
4. آنے والے سال کے لیے آڈیٹرز کی تقرری اور ان کے معاوضے کا تعین کرنا- موجودہ آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی نے مالی سال 2023 کے لیے بطور آڈیٹر مقرر کیے جانے پر رضامندی دی ہے اور بورڈ آف ڈائریکٹرز نے ان کی تقرری کی سفارش کی ہے-

دیگر امور

5. چیئرمین کی اجازت سے کسی بھی دیگر امور کی انجام دہی-

بحکم بورڈ

Nadia Hussain

نادیہ حسین

کمپنی سیکرٹری

مورخہ 5 اپریل 2023

کراچی

تقسیم

تمام ڈائریکٹرز

اے ایف فرگوسن اینڈ کمپنی

اس رپورٹ سے منسلک کمپنی کے سالانہ قانونی اکاونٹس آرڈیننس اور اس کے تحت بنائے گئے کسی بھی قواعد کے مطابق تیار کیے گئے ہیں۔

کمپنی نے اس مدت کے دوران آرڈیننس کی دفعات اور اس کے تحت ادائیگی شدہ سرمایہ ، سالوینسی اور دوبارہ انشورنس انتظامات سے متعلق قوانین کی تعمیل کی ہے۔ اور

بیان کی تاریخ تک ، کمپنی آرڈیننس کی دفعات اور اس کے تحت ادائیگی شدہ سرمایہ ، سالوینسی اور دوبارہ انشورنس انتظامات سے متعلق قوانین کی تعمیل کرتی رہتی ہے۔

مستقبل کے امکانات

بیمہ کی صنعت میں ایک معمولی نمو کا امکان ہے جو موجودہ چیلنجنگ معاشی ماحول، افراط زر اور روپے کی قدر میں کمی آئے گی۔ شرح سود میں اضافے کا کمپنی کی سرمایہ کاری کی آمدنی پر مثبت اثر پڑتا ہے۔ تاہم، رسک مینجمنٹ اور اختراعات میں سرمایہ کاری جاری رکھ کر، انشورنس انڈسٹری صارفین کو قیمتی تحفظ فراہم کرنا جاری رکھ سکتی ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی ، چارٹرڈ اکاونٹنٹ سبکدوش ہو رہے ہیں اور انہوں نے خود کو دوبارہ تقرری کےلئے پیش کیا ہے۔
انہوں نے انسٹی ٹیوٹ آف چارٹرڈ اکاونٹنٹس آف پاکستان اور ذریعہ بین الاقوامی فیڈریشن آف اکاونٹنٹس کے ضابطہ اخلاق کے رہنما اصولوں کی تعمیل کی تصدیق کی ہے۔

بورڈ آف ڈائریکٹرز نے باہمی رضامندی سے طے کردہ معاوضے پر 31 دسمبر 2023ءکو ختم ہونے والے سال کے لئے کمپنی کے آڈیٹرز کی حیثیت سے ان کی دوبارہ تقرری کی سفارش کی ہے۔

اعتراف

ہم اپنے صارفین کی وفاداری اور اعتماد کے لئے ان کا شکریہ ادا کرنا چاہتے ہیں۔ ہم اپنے کاروباری شراکت داروں اور تمام اسٹیک ہولڈرز کی طرف سے توسیع کی حمایت اور سرپرستی کی بھی قدر کرتے ہیں۔ ہم اپنے ملازمین کی سرشار اور مخلصانہ کوششوں کو سراہتے ہیں۔

ہم سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ان کی مسلسل رہنمائی کے لئے بھی شکریہ ادا کرنا چاہیں گے۔

منجانب بورڈ

طاہر مسعود
چیف ایگزیکٹو آفیسر
لاہور: 15مارچ 2023

سمیم احمد خان
چیئرمین
لاہور: 15مارچ 2023

آپ کی کمپنی مستقل بنیادوں پر اپنی صلاحیتیں اور کارکردگی کو بہتر بنانے پر توجہ مرکوز کرتی رہتی ہے اورآئی ایس او کوالٹی مینیجمنٹ کی سرٹیفیکیشن اس بات کا ثبوت ہے۔

کارپوریٹ گورننس کے ضوابط کے ساتھ تعمیل

کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے اس کے امور ،آپریشنز کے نتائج ، نقد بہاواور ایکویٹی میں تبدیلی کو شفاف انداز میں پیش کرتے ہیں۔ -

کمپنی کی جانب سے مالیاتی کھاتوں کا باقاعدہ ریکارڈ رکھا جاتا ہے۔

مالی گوشواروں کی تیاری کے لئے مناسب اکاونٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور محاسبہ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔ -

مالیاتی گوشوارے کمپنیز ایکٹ مجریہ 2017ء اور بین الاقوامی مالیاتی رپورٹنگ معیارات ، جیسا کہ پاکستان میں لاگو ہیں، کے مطابق تیار کیے گئے ہیں اور ان سے کسی بھی روگردانی کی مناسب طور پر وضاحت کی گئی ہے۔ -

اندرونی کنٹرول کا نظام ڈیزائن مستحکم ہے اور اسے موثر انداز میں نافذکرکے اس کی اور نگرانی کی گئی ہے۔ -

کمپنی کی کاروبار جاری رکھنے کی صلاحیت پرکوئی شک نہیں ہے۔ -

کارپوریٹ گورننس کے بہترین طریقہ کار سے کسی قسم کی روگردانی نہیں ہوئی ہے ، جیسا کہ فہرست سازی کے ضوابط میں تفصیل ہے۔ -

کلیدی آپریٹنگ اور مالی اعداد و شمار کو الگ الگ رپورٹ کے ساتھ منسلک کیا گیا ہے۔ -

مالیاتی بیانات میں بقایا ٹیکس اور ڈیوٹی دی جاتی ہے۔ -

متعلقہ فنڈز کے آڈٹ شدہ کھاتوں پر مبنی سرمایہ کاری کی مالیت مندرجہ ذیل کے مطابق ہے۔ -

پرووڈنٹ فنڈ 30جون2020ء تک	131 ملین روپے
گریچیوٹی فنڈ 31 دسمبر 2020ء تک	69 ملین روپے

کمپنی میں حصص یافتگی کے انداز کا بیانیہ 31 دسمبر 2022ءکو مندرجہ ذیل ہے۔-

ہولڈنگ کمپنی	
191,838,394	آئی جی آئی ہولڈنگز لمیٹڈ
ڈائریکٹرز	
1	سید حیدر علی
1	جناب طاہر مسعود (چیف ایگزیکٹو آفیسر)
1	جناب سجاد افتخار
1	سید حسنین علی
1	جناب شمیم احمد خان
1	ارجمند احمد شاہ
191,838,400	کل

آئی جی آئی ہولڈنگز کے نامزد کردہ ڈائریکٹرز کمپنی میں ایک شیئر رکھتے ہیں۔

انشورنس آرڈیننس 2000 کے سیکشن 46(6) کے تحت مطابقت کا بیانیہ

ڈائریکٹرز تصدیق کرتے ہیں کہ ان کے مطابق

بورڈ آف ڈائریکٹرز کے اجلاس

سال 2022ءکے دوران ، بورڈ آف ڈائریکٹرز کے اجلاس بروقت بنیاد پر کیے گئے۔ منعقدہ اجلاس میں ہر ڈائریکٹر کی حاضری کچھ یوں تھی:

	حاضری
سید حیدر علی	4
شمیم احمد خان	5
سید حسنین علی	5
طاہر مسعود (سی ای او)	5
سجاد افتخار	5
ارجمند احمد شاہ	4

متعلقہ پارٹی سے لین دین

بورڈ آف ڈائریکٹرز نے ایسوسی ایٹڈ کمپنیوں / متعلقہ فریقوں کے ساتھ کمپنی کے لین دین کی منظوری دی ہے۔ متعلقہ فریقوں کے ساتھ انجام پانے والے سارے لین دین تجارتی شرائط و ضوابط پر تھے۔

کیپٹل مینجمنٹ اور لیکویڈیٹی

کمپنی اپنے وعدوں کے خلاف اپنے اثاثوں کی پوزیشن کے مماثلت کے ساتھ ، اہداف کے خلاف متنوع اور کریڈٹ معیار کے ساتھ فعال طور پر انتظام اور نگرانی کرتی ہے۔

کمپنی کے فنڈز کا بنیادی ذریعہ آپریٹنگ سرگرمیوں یعنی انشورنس بزنس کے ذریعہ فراہم کردہ نقد رقم ہے۔ کمپنی کی سرمایہ کاری کی آمدنی پیدا کرنے کے لئے خالص آپریٹنگ کیش فلو پر بھی سرمایہ کاری کی گئی ہے۔ کمپنی کے نیٹ کیش فلو کا استعمال کاروباری وعدوں ، توسیع اور حصص یافتگان کو منافع کی ادائیگی کے لئے کیا جاتا ہے۔

انشورر کی مالی مضبوطی کی درجہ بندی

آپ کی کمپنی کوانشورنس **(VIS)** اور وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ **(PACRA)** پاکستان کریڈٹ ریٹنگ ایجنسی (پرائیوٹ) لمیٹڈ کی آئی ایف ایس کی درجہ بندی **(AA+)** " تفویض کی ہے۔ "اے اے پلس **(AA+)** " کی درجہ بندی "اے اے پلس **(IFS)** "مالیاتی طاقت پالیسی ہولڈر اور معاہدہ کی ذمہ داریوں ، معمولی رسک عوامل ، اور اس توقع کی تکمیل کے لئے ایک بہت ہی مضبوط صلاحیت کی نشاندہی کرتی ہے اور یہ توقع کرتی ہے کہ کسی بھی منفی کاروبار اور معاشی عوامل کا اثر بہت محدود ہوگا۔

خطرات کی تخفیف

چیف ایگزیکٹو آفیسر کی سربراہی میں سینئر مینجمنٹ ٹیم ، خطراتکم کرنے کے اقدامات کی ذمہ دار ہے۔ کمپنی کا فعال رسک مینجمنٹ پروگرام بروقت بنیاد پر کاروباری اور ریگولیٹری تقاضوں میں بدلاؤ اور ان کے جواب دینے میں مدد کرتا ہے۔

اہم تبدیلیاں

سال کے دوران کوئی اہم تبدیلیاں نہیں ہوئی ہیں جس سے کمپنی کی مالی حیثیت متاثر ہو۔

ضابطہ اخلاق

بورڈ نے اخلاقیات اور کاروباری طریقہ کار کا ایک ضابطہ اخلاق رائج کیا ہے۔ ضابطہ اخلاق پر تمام ملازمین نے دستخط کیے ہیں اور یقین دہانی کی ہے کہ وہ اعلیٰ اخلاقی اقدار کو برقرار رکھیں گے۔ ہماری تمام کاروباری سرگرمیاں اخلاقیات کے ضابطہ اخلاق کے مطابق شفاف انداز میں انجام دی جاتی ہیں۔

کارپوریٹ سماجی ذمہ داری

آپ کی کمپنی اپنی کارپوریٹ سماجی ذمہ داریوں سے واقف ہے اور تعلیم ، صحت اور ماحولیات کے شعبوں میں سماجی شعبے کی تنظیموں کی حمایت کررہی ہے۔ کمپنی کالجوں اور یونیورسٹیوں کے طلبا کو سال بھر انٹرن شپ بھی پیش کرتی ہے۔

ISO 9001:2015 سرٹیفیکیشن

شعبہ جات پرایک نظر

آگ

2021ء کے دوران 2,402 ملین روپے کے مقابلے میں 3,292 ملین روپے مجموعی پریمیم حاصل کیاگیا ۔ 2021 ءکے دوران نیٹ پریمیم آمدنی اور نیٹ کلیمز بالترتیب223 ملین روپے اور 40 ملین روپے کے مقابلے میں بالترتیب 247 ملین روپے اور 201 ملین روپے رہے۔ اس کے نتیجے میں 2021 ءکے دوران 49ملین روپے کے مقابلے میں 345 ملین روپے کا انڈر رائٹنگ خسارہ ہوا۔

میرین ، ایوی ایشن اور ٹرانسپورٹ

میرین بزنس کا مجموعی تحریری پریمیم 2021 ئ میں878 ملین روپےکے مقابلے میں2022 ءمیں 1,203 ملین روپے ریکارڈ کیا گیا۔ نیٹ حاصل شدہ پریمیم اور نیٹ کلیمز 2021 ءکے دوران بالترتیب 196 ملین روپے اور 130 ملین روپے کے مقابلے میں بالترتیب 369 ملین روپے اور 173 ملین روپے حاصل ہوا۔اس کے نتیجے میں 2021 ءکے دوران 141 ملین روپے کے مقابلے میں 153 ملین روپے کا انڈررٹنگ منافع حاصل کیا۔

موٹر

مجموعی موٹر بزنس پریمیم 2021ءکے دوران 1,663ملین روپے کے مقابلے میں 1,942ملین روپے حاصل ہوا۔ نیٹ حاصل شدہ پریمیم اورنیٹ کلیمز بالترتیب 1,636 ملین اور 831 ملین روپے رہے۔ اس کے نتیجے میں 2021ءکے دوران 349 ملین روپے کے مقابلے میں 393 ملین روپے کا انڈرورائٹنگ منافع حاصل کیا۔

صحت

2021ء کے دوران 857 ملین روپے کے مقابلے میں مجموعی پریمیم 700 ملین روپے رہا۔ خالص حاصل شدہ پریمیم اورخالص کلیمز بالترتیب 873 ملین روپے اور 705 ملین روپے رہے۔اس کے نتیجے میں 2021ءکے دوران 61 ملین روپے انڈررائٹنگ نقصان کے مقابلے میں 51 ملین روپے کا انڈررائٹنگ منافع ہوا۔

متفرق

متفرق شعبے میں انجینئرنگ اور کنٹریکٹرز آل رسک انشورنس ، تجارتی ساکھ ، ٹریول ، بانڈ اور کاروبار کی خصوصی پیشے شامل ہیں۔ رواں سال کے دوران ، اس کاروباری لائن نے مجموعی طور پر 1,401ملین روپے کا مجموعی پریمیم حاصل ہوا جبکہ 2021ءکے دوران 1,589ملین روپے تھا۔نیٹ حاصل شدہ پریمیم اور نیٹ کلیمز بالترتیب 288 ملین روپے اور 121ملین روپے بشمول 2021ءکے 72ملین روپے کے انڈررائٹنگ خسارہ کے مقابلے میں 1 ملین روپے انڈررائٹنگ منافع ہوا۔

کلیم

ہماری توجہ کلیمز کی تیزی سے ادائیگی کرنے پر مرکوز ہے۔ اس مقصد کے لئے ، کمپنی نے کلیمز کے تصفیے کے وقت کو مزید کم کرنے کے لئے متعدد اقدامات اٹھائے ہیں۔2021ءکے دوران 55فیصد کے مقابلے میں رواں سال میں نقصان کا تناسب 59فیصد رہا۔

ری انشورنس اور رسک مینجمنٹ

احتیاطی تدابیر اختیار کرتے ہوئے کمپنی ری انشورنس پروگرام کے تحت خطرات سے نمٹنے کی پالیسی پر عمل پیرا ہے۔ کمپنی انشورنس کی مہارت ، آرٹ ٹیکنالوجی کے پلیٹ فارم اور ایک مرکوز رسک مینجمنٹ سروس کا استعمال کرکے اپنے کلائنٹس کے ساتھ طویل مدتی رسک مینجمنٹ حل فراہم کرنے کے لئے شراکت قائم کرنے میں یقین رکھتی ہے جو ہمارے کلائنٹس کو ان خطرات کو سمجھنے میں مدد دیتی ہے جن سے ان کے کاروبار کو خطرہ لاحق ہو سکتا ہے اور یہ نظام اس کے ساتھ خسارے سے بچنے کے با کفایت حل کا تعین بھی کرتا ہے۔

اختصاصات

بورڈ آف ڈائریکٹر نے 31 دسمبر 2022ءکو ختم ہونے والے سال کے لئے 0.86 روپے فی شیئر (2021ء : 0.26روپے فی شیئر) کے حتمی منافع منقسمہ کی تجویز پیش کی ہے ، جوکہ رقم کے طور پر 165ملین روپے (2021ء : 50 ملین روپے) ہے۔یہ 1.2 روپے فی شیئر(2021ء: 1.3 روپے فی شیئر) جمع شدہ عبوری منافع کے علاوہ ہے جو کہ 230 ملین روپے (2021ء: 250 ملین روپے) سال کے دوران اعلان اور تقسیم کیا گیا ہے۔

ڈائریکٹر رپورٹ برائے حصص یافتگان

آئی جی آئی جنرل انشورنس لمیٹڈ ("دی کمپنی") کے ڈائریکٹرز 31 دسمبر 2022 ء کو مکمل ہونے والے سال کے لئے آڈٹ شدہ مالیاتی گوشوارے بشمول ، آپ کی کمپنی کی سالانہ رپورٹ پیش کرنے میں خوشی محسوس کررہے ہیں۔

کمپنی کی بنیادی سرگرمیاں

کمپنی کو کمپنیز آرڈیننس مجریہ 1984ء(موجودہ کمپنیز ایکٹ مجریہ 2017ء) کے تحت 18 نومبر ، 2016 ءکو پبلک لمیٹڈ کمپنی کے طور پروجود میں لایا گیا تھا۔ کمپنی کے مقاصد میں فائر ، میرین ، موٹر ، صحت اور متنوع شعبوں میں عمومی انشورنس خدمات کی فراہمی شامل ہیں جن میں انجینئرنگ اور سفر کے ساتھ ساتھ ونڈوتکافل خدمات بھی شامل ہیں ، جس کا آغاز جولائی 2017 ءمیں ہوا تھا۔

کمپنی کی کارکردگی

رواں سال کے دوران، کمپنی نے 10 بلین روپے پریمیم/ تعاون کا سنگ میل حاصل کیا ہے جو 2021 ءکے مقابلے میں 19 فیصد کی نمو کی عکاسی کرتا ہے۔

روایتی کاروباری لحاظ سے ،کمپنی نے 2021 ءکے دوران 7,389 ملین روپے کے مقابلے میں 8,538 ملین روپے کا مجموعی پریمیم حاصل کیاہے جو کہ گزشتہ سال کے مقابلے میں 16 فیصد زیادہ ہے۔

نیٹ پریمیم آمدنی 2021 ءکے دوران 2,716 ملین روپے کے مقابلے میں 3,414 ملین روپے برقراررہی یعنی گزشتہ سال کے مقابلے میں 26 فیصد زیادہ رہی۔

کمپنی نے 2021 کے دوران 1,497 ملین روپے کے مقابلے میں سال کے دوران 2,029 ملین روپے کے نیٹ کلیم کیے ہیں۔یہ اضافہ بنیادی طور پر فائر سیگمنٹ سے متعلق کلیمز میں اضافے سے منسوب ہے۔

نیٹ کمیشن کے اخراجات گزشتہ سال کے 59 ملین روپے کے مقابلے میں 153 ملین روپے رہا۔ یہ اضافہ ری بیمہ کے معاہدوں سے کمیشن آمدنی کی کمی کی وجہ سے ہوا ہے۔

رواں سال کے دوران سرمایہ کاری کی آمدنی میں 147 ملین روپے کا اضافہ ہوا جس کی بنیادی وجہ شرح سود میں اضافہ ہے۔

ونڈو تکافل کے کاروبار کے سلسلے میں ، کمپنی نے اسی عرصے میں 1,122 ملین روپے کے مقابلے میں 1,552 ملین روپے کی مجموعی زرتعاون حاصل کیا۔شرکاءنے 2021 کے 95 ملین روپے کے خسارے کے مقابلے میں 27 ملین روپے کا منافع کیا ، کمپنی نے منافع کو بہتر بنانے کے لیے اصلاحی اقدامات کیے ہیں۔

آپریٹر فنڈ نے اپنے تکافل آپریشنز سے 109 ملین روپے کمائے جو کہ گزشتہ سال اسی مدت میں 87 ملین روپے تھے۔

نتیجتاً، کمپنی نےگزشتہ سال کے اسی عرصے میں بالترتیب 603 ملین روپے قبل ازٹیکس منافع اور 428 ملین روپے بعد از ٹیکس منافع کے مقابلے میں سال کے دوران 741 ملین روپے قبل ازٹیکس منافع اور 468 ملین روپے بعد از ٹیکس منافع حاصل کیا۔

کمپنی کی فی حصص آمدنی **(EPS)** گزشتہ سال کی اسی مدت میں 2.23 روپے کے مقابلے میں 2.44 روپے فی حصص رہی۔

31 دسمبر 2022ءکو ختم ہونے والے سال کےلئے مشترکہ مالیاتی گوشوارے پر ڈائریکٹرز کی رپورٹ بنام حصص یافتگان

بورڈ کی جانب سے ، ہم آئی جی آئی جنرل انشورنس لمیٹڈ (آئی جی آئی جنرل) اور اس کا ذیلی ادارہ آئی جی آئی ایف ایس آئی(پرائیوٹ) لمیٹڈ (آئی جی آئی ایف ایس آئی) (اجتماعی طور پر "گروپ" کہا جاتا ہے) کی 31 دسمبر 2022 ءکو ختم ہوئے سال کے لئے مشترکہ مالی گوشوارے پیش کرتے ہوئے انتہائی مسرت محسوس کر رہے ہیں۔

گروپ کارکردگی جائزہ

	2022	2021
	----(روپے ہزار میں)-----	
منافع قبل ازٹیکس	741,227	603,255
ٹیکس کاری	(273,304)	(175,153)
منافع بعدازٹیکس	**467,923**	**428,102**
آمدنی فی حصص (روپے)	**2.44**	**2.23**

رواں سال کے دوران ، گروپ نے 2021ءمیں حاصل ہونے والے 428 ملین روپے کے مقابلے میں 468 ملین روپے بعد ازٹیکس منافع ریکارڈ کیا۔

گروپ نے 2021ءکے دوران 2.23 روپے کے مقابلے میں رواں سال 2.44روپے فی حصص کی آمدنی حاصل کی۔

آئی جی آئی ایف ایس آئی کی مالیاتی جھلکیاں حسب ذیل ہیں

آئی جی آئی ایف ایس آئی 6 جولائی 2020 ءکو پرائیوٹ لمیٹڈ کمپنی کی حیثیت سے تشکیل دیا گیا۔ آئی جی آئی ایف ایس آئی مارکیٹ میں تربیت کی خدمات سمیت ٹیکنالوجی سے چلنے والے کاروباری حل فراہم کرنے میں مصروف عمل ہے۔

سال 2022ءکے دوران آئی جی آئی ایف ایس آئی نے 40 ملین روپے کی آمدنی حاصل کی اور 1.3ملین روپے بعد ازٹیکس منافع ہوا۔

ہم اپنے کاروباری شراکت داروں اور تمام اسٹیک ہولڈرز کی طرف سے توسیع کی حمایت اور سرپرستی کی قدر کرتے ہیں اور اپنے ملازمین کی سرشار اور مخلصانہ کوششوں کی تعریف کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

طاہر مسعود
چیف ایگزیکٹو آفیسر
لاہور، 15 مارچ 2023

شمیم احمد خان
چیئرمین
لاہور ، 15 مارچ 2023