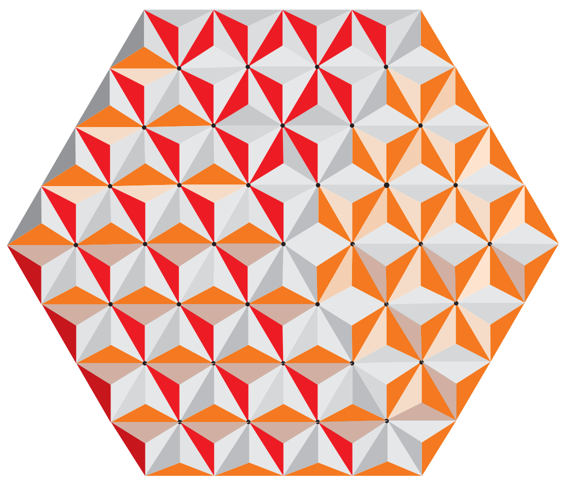
TPL Insurance

Annual Report 2020

Our business is a symmetric, interconnected, complex network, stronger than the sum of its individual parts, evolving over time to be bigger, better and more efficient.



Our ethos combines imagination, hard work, intelligence, data and innovation at high levels of congruency to build a dominion of excellence and success.

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Vision

To evolve as a dominant insurance player in Pakistan by exploring profitable niches through deployment of cutting edge technology and proficient human capital.

Mission

To combine strategic marketing with efficient operational execution; providing incomparable service and product innovations to create sustainable value for our stakeholders.

Values

Ethics and Integrity
Innovation
Our People
Customer Focus
Corporate Social Responsibility

2020 in Review

Leading
Insurtech player
in **Pakistan**

with Pakistan's Only Customer Insurance App with features to buy, claim, renew and pay for insurance policies

Managed
24/7 service
to customers

during the pandemic through our digital platforms and round the clock contact center

Developed and
delivered

'Know Your Livestock' project as Pakistan's First Livestock Management Solution

Launched **Agri**
Insurance
products

with a long term plan to develop tech based solutions for agriculture in Pakistan

Making **digital**
strides forward

We improved DrivePro - Pakistan's only telematics based insurance product, and made valuable updates to the TPL Insurance App

Despite the challenging economic scenario posed by the pandemic,

TPL Insurance
achieved a
growth of **10%**

Achieved
ISO 9001
2005 certification

A+ PACRA
Rating

300k+
Customer Base

15% CAGR
against Industry's 11% in the past five years up to FY 2019

CEO's Message

The world has become a drastically different place since 2019. The year brought both, challenges and reasons to celebrate for the industry at large, and especially, for TPL Insurance. We started the year with great momentum, brought about by major initiatives executed over the past two years. Earnings grew to Rs. 39.8 million, revenue and market share expanded across our retail and corporate businesses, and we continued to move forward successfully in a highly volatile market. I am pleased to share below, a snapshot of our accomplishments and innovations in the past year and I'm confident that these will enable TPL Insurance to continue to create and deliver value for all our stakeholders.

When the COVID-19 pandemic hit the global community, we remained focused on building the capabilities needed to successfully meet our customers' changing needs, and grow well into the future. In March, our biggest segment, Motor Insurance, came to a grinding halt when auto industry sales dropped to minimum levels, however, TPL Insurance maintained its operational efficiency throughout the pandemic, and provided unparalleled services to manage the financial burden to its customers which resulted in improved customer retention during the period. As a successful strategic response, we narrowed our focus to enhance our distribution channels and ensured continuous, multifaceted engagement with all our stake holders and end users.

Being Pakistan's leading Insurtech, TPL Insurance continually finds ways to utilize the digital paradigm to redefine insurance. During the course of the year, we capitalized on our digital assets and utilized rich data to ensure the most hassle-free policy issuance, claims and renewal processes. TPL Insurance launched its "Know Your Livestock" platform which is Pakistan's first digital initiative to manage livestock and connects all partners in the livestock value chain. We are developing our Pakistan's First Insurance app further to cater to a variety of customers' insurance and non-insurance needs. We sharpened our omni-channel strategy, expanded our supply chain, partnered with micro insurance brokers and invested in new B2C digital capabilities to offer highly personalized experiences.

Our claims and underwriting expertise ensured that we were ideally positioned to meet the shifts in the market. The Company registered a 10% growth with a Gross Written Premium of PKR 2,747 million vs. PKR 2,505 million in the preceding year (including Window Takaful Operations) and successfully created attractive top-line opportunities. Rest assured, our customers can always rely on TPL Insurance to identify emerging issues early and respond proactively.

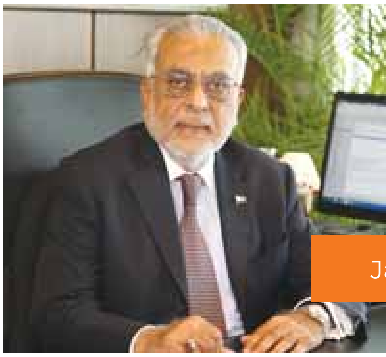
The pandemic has made supporting each other more critical than ever before. TPL Insurance remained committed to advocating the health and safety of its employees, customers and business partners and made conscientious efforts to 'give back'. The Company abbreviated its credit period and paid bills in advance, to ensure the fastest claims and settlement processes. We also offered free home insurance to qualifying motor customers, a one-of-a-kind initiative in the industry, along with options such as installment plans and short terms policies to assist our customers in keeping their assets insured at utmost convenience.

To meet the needs of the time, our people broke through the ordinary and opted for the unconventional. We achieved double digit revenue growth versus the same period last year, COVID and lockdown notwithstanding. The unfaltering confidence and empathy of the people at TPL Insurance demonstrates the shared values necessary to manage our business with compassion and integrity. I am grateful for their tremendous resolve and resilience in the face of this crisis, and have never felt more privileged to call them my team.

While this new chapter is unexpected, TPL Insurance remains committed to navigating a truly unprecedented time in our history. I am proud of what our team has accomplished as we approach the year ahead from a position of unwavering strength and optimism.

Warm Regards,
Muhammad Aminuddin

Board of Directors



Jameel Yusuf (S.ST.)

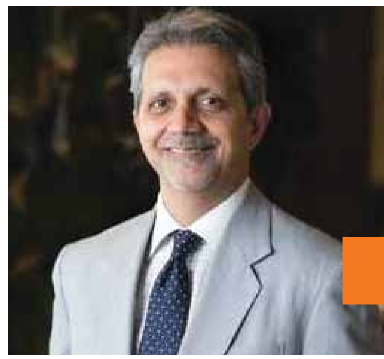
Chairman

Ali Jameel

Executive Director

Muhammad Aminuddin

Executive Director / CEO



Syed Nadir Shah

Independent Director

Naila Kassim

Independent Director

Rana Asad Amin

Non-Executive Director

Ali Asgher

Non-Executive Director

Andrew Borda

Non-Executive Director

Management Team

Muhammad Aminuddin
Chief Executive Officer

Syed Kazim Hasan
DMD Operations & Chief Risk Officer

Syed Muhammad Ali
Chief Internal Auditor

Yousuf Ali
Chief Financial Officer

Danish Qazi
Company Secretary &
Group General Counsel

Nader Nawaz
Group Head HR & Admin

Muhammad Talal Ibrahim
Chief Information Officer

Farah Sayed
Chief Marketing &
Communication Officer

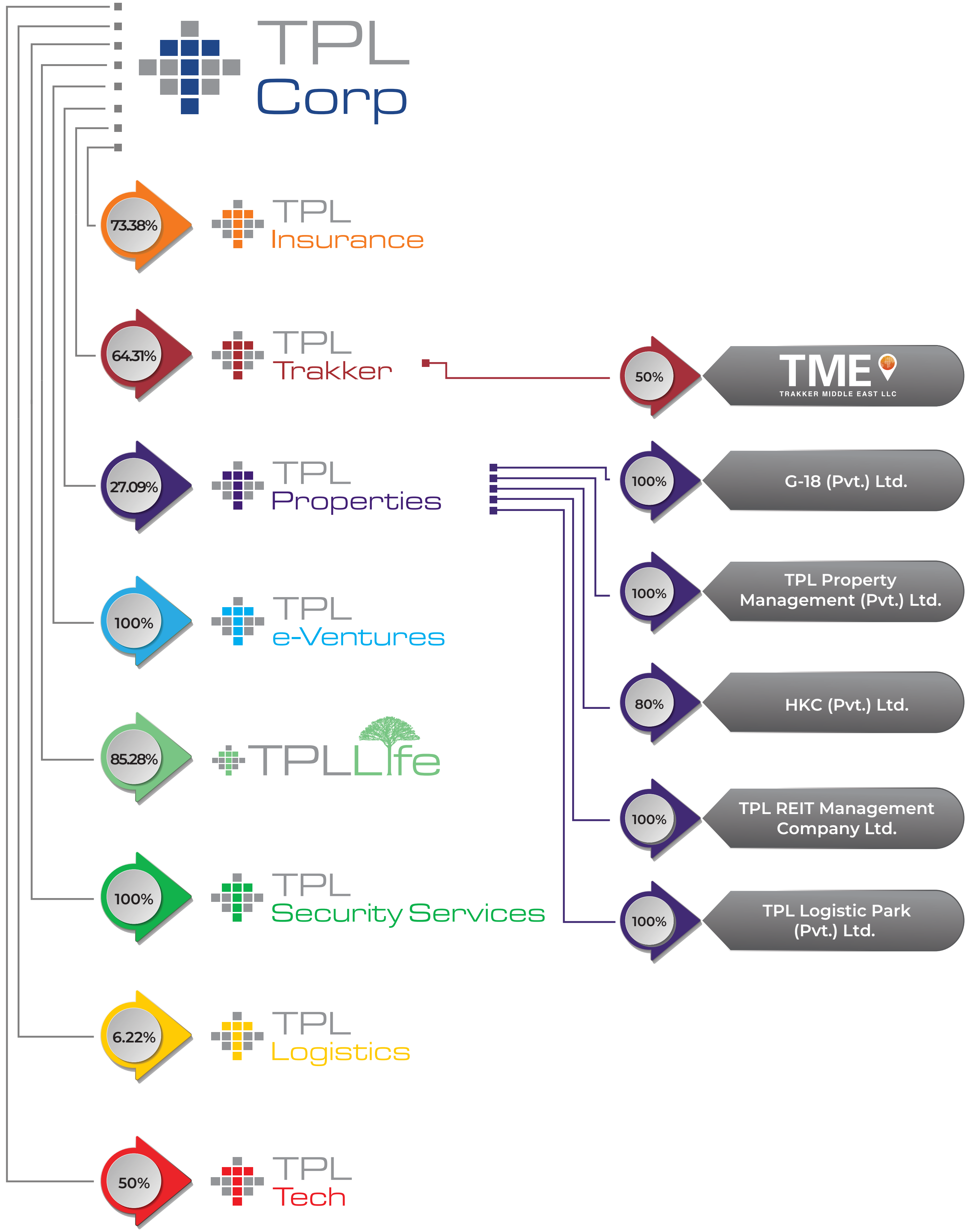
Syed Ali Hassan Zaidi
VP Operations, Chief Strategy
Officer & Head of Takaful

Altaf Ahmed Siddiqui
Chief Underwriting Officer

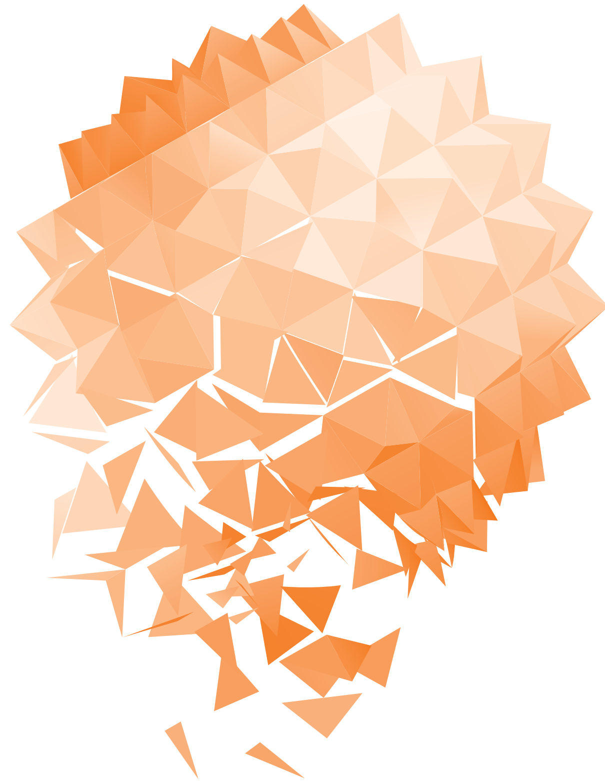
Company Profile

TPL Insurance is a pioneer in offering seamless insurance services to its customers in Pakistan through its state-of-the-art Insurtech infrastructure and 24/7 Call Center. The TPL Insurance Mobile App is one of the leading Insurtech platforms in Pakistan that offers its customers an end-to-end insurance experience from policy issuance, to claim lodging, self-surveys, endorsements and renewals. The Company introduced DrivePro, Pakistan's first Usage based Insurance product, enabling customers to track, monitor and earn rewards for their driving behavior.

TPL Insurance has disrupted the existing insurance ecosystem by servicing its customers through integration with multiple business partners, spanning startups and established players. These initiatives have enabled us to achieve new industry benchmarks, processing claims within 60 seconds while remaining customer friendly and maintaining superior service standards. We offer all lines of general insurance including Auto, Fire, Marine, Health, Home, Travel and Agriculture with both conventional and Takaful (Islamic insurance) solutions for our customers.


TPL Corp
73.38%
TPL Insurance
64.31%
TPL Trakker
50%
TME
TRAKKER MIDDLE EAST LLC
27.09%
TPL Properties
100%
G-18 (Pvt.) Ltd.
100%
TPL Property Management (Pvt.) Ltd.
80%
HKC (Pvt.) Ltd.
100%
TPL REIT Management Company Ltd.
100%
TPL Logistic Park (Pvt.) Ltd.
100%
TPL e-Ventures
85.28%
TPL Life
100%
TPL Security Services
6.22%
TPL Logistics
50%
TPL Tech

evolve



Constantly working to improve our business mix to respond to our customers' changing needs. We listen. We learn. We adapt. We implement.

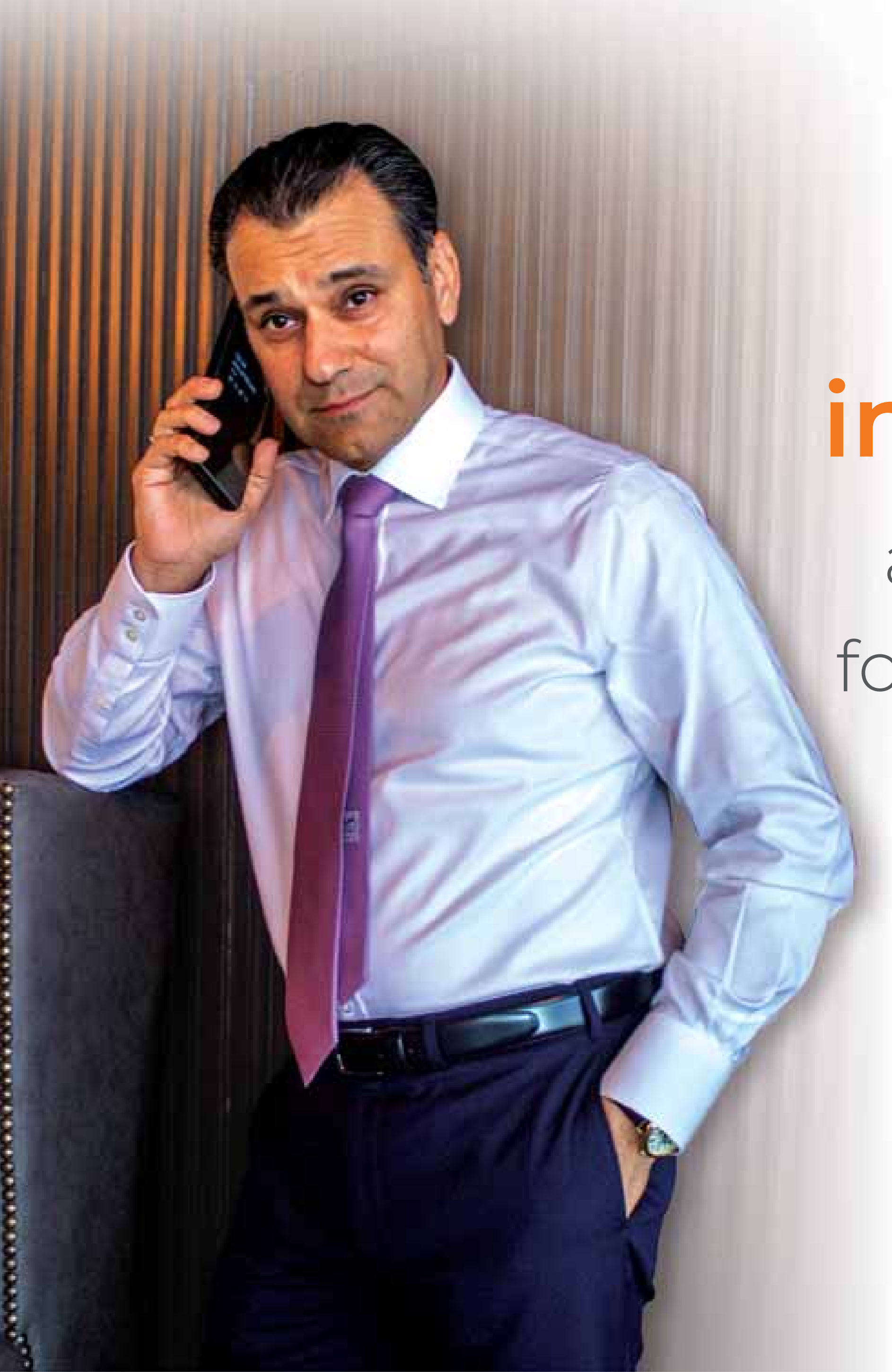
A+

PACRA Rating

"As Pakistan's leading insurtech, innovation and transformation are part of our DNA – its what we are proud of and what makes us stand out.

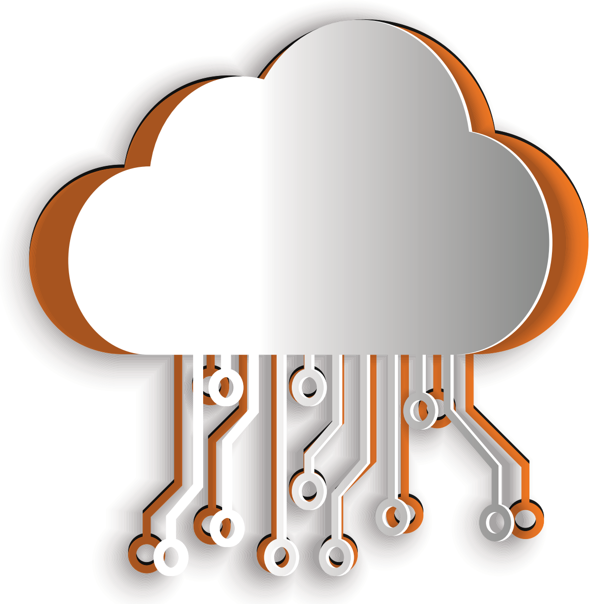
We did things differently because disruption has always been a core tenet of our strategy. It's a principle we strive to implement every single day, in everything we do.

Muhammad Aminuddin
CEO



A journey marked with **insights, innovation** and **ideas -** for our **Board,** our **people** and our **customers.**

imagine



Visualize ways to positively impact the lives of our people, stakeholders, customers and the environment we operate in. We observe. We learn. We dream. We create.

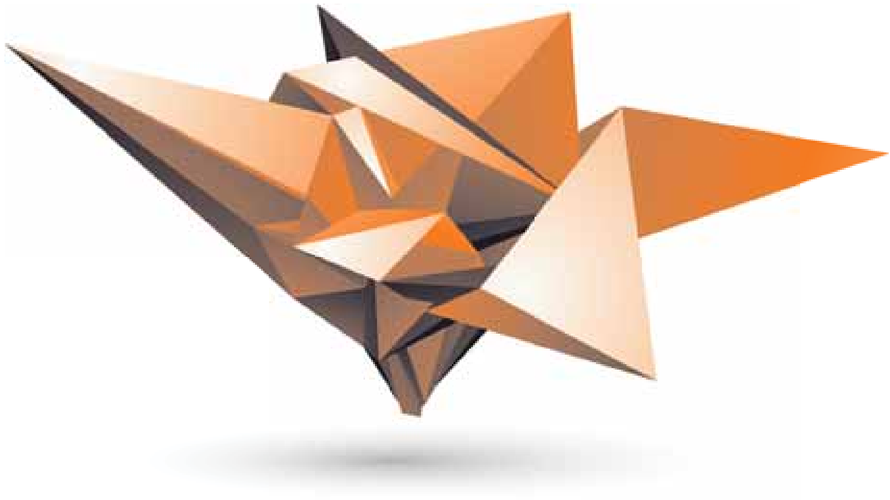
300k+

Customer Base

As a learning organization, we use consumer insights, data, and technology to see beyond the horizon. We focus on those key elements that provide the greatest impact to our customers and business growth. Everyday, we imagine a better world and strive to achieve it.

Farah Sayeed
Chief Marketing Officer

We will **transform** and **accelerate** **our business** through **data** and **analytics** while adhering to **best practices** from around the globe.



build

Create efficient systems and structures that enable our people to deliver their very best. We quantify. We craft. We adapt. We grow.

15%

CAGR

At TPL, we build and transform our businesses for what the future may hold. We do this because we keep customer demand front and centre. After all, they put their trust in us to protect them from life's uncertainties. And ultimately, that trust is reflected in our numbers.

Syed Ali Hassan Zaidi
Chief Strategy and Transformation Officer

Our **culture** ensures that **our clients** get the very **best products** and **services** to match their **needs.**

TPL Insurance's Fire and Property product is designed to cover insured properties (i.e. buildings, stock, machinery and other contents) against loss or damage caused by fire and lightning, riot, strike and civil commotion, explosions (limited or domestic), atmospheric disturbance, earthquake, fire and shock, burglary and housebreaking, aircraft or aerial devices falling, malicious damage, impact by road vehicles and water and sprinkler leakage. With an experienced team of underwriters, in-house risk assessors and claim settlement teams, we provide highly reliable services to our policyholders.

fire

agri

TPL Insurance's Agriculture Insurance mitigates the underlying risks involved in crop cultivation and livestock rearing. Farmers can buy financial coverage for their crops and livestock against fire, lightning, storms, earthquakes, flooding, landslides, subsidence, snowfall and external accidents caused by illness, disease and insects. While the majority of our country's population is employed in agriculture, this segment remains extremely under-penetrated and vulnerable, requiring improved efforts on the insurance front to provide financial stability.

health

TPL Insurance's Health coverage protects customers from expensive medical treatments in the event of hospitalization, resulting from serious illness or accidents. The financially vulnerable segment of our society can avail our Micro Health offering which enables our policyholders to get treated at any hospital as per their convenience, throughout Pakistan. TPL has the largest network of cashless hospitalization in the Micro Health segment.

TPL Insurance's Engineering Insurance ensures that all financial risks of this segment are protected against any unforeseen incident. Coverage is available against machinery, electronic equipment, erection all risks, machinery loss of profit, contractor's plant and machinery, all risks of contractor and deterioration of stock and boiler pressure vessel. We provide comprehensive coverage against the perils mentioned above while guaranteeing a smooth and swift claims process. This allows our customers to operate confidently and consistently.

engineering

TPL Insurance offers a wide range of innovative auto insurance products and services. Pioneers of telematics-based auto insurance in Pakistan, the Company offers cutting-edge solutions like Comprehensive Insurance, Self-Insurance, Secure-T, and 2T.

Our customers can bundle products with value additions like Kar4Kar, Courtesy Car, Emergency EVAC services, and personal accident. We also offer a no-claim bonus to safe drivers and year-wide discounts to senior citizens and female drivers.

auto

travel

TPL Insurance offers one of the most comprehensive Travel Insurance portfolios in Pakistan. With our coverage, one can get treatment for any medical emergency, assistance for hospitalization, emergency evacuation, delivery of medicines, accidental death and disability, burial and repatriation, loss of cash, loss of checked-in baggage, loss of documents, baggage and flight delays, trip cancellation, hijacking, kidnapping and ransom, etc. Travel coverage includes international and domestic destinations for business, religious, education or leisure purposes via air, train or road.

home

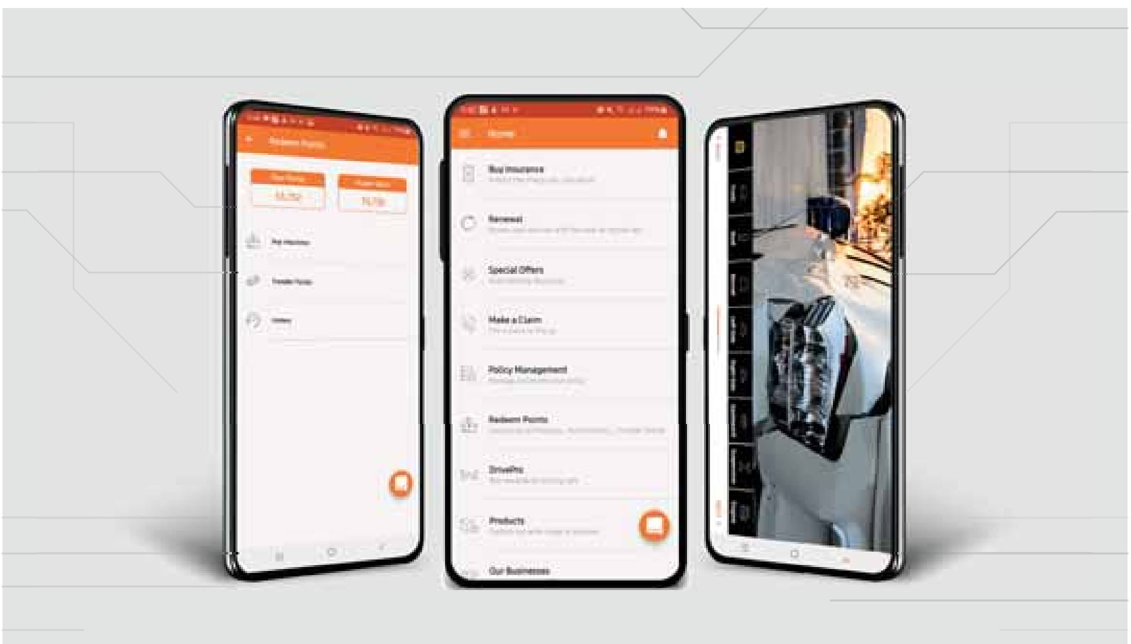
Home Insurance offers flexible packages for homeowners, landlords and tenants to cover the structure or the possessions within a home in case of loss or damage. TPL Insurance ensures that any unexpected event such as burglary and housebreaking, natural calamities, riots and accidents, water damage and acts malicious of persons, which may devastate a home, are financially covered.

TPL Insurance offers technologically advanced solutions for marine cargo import, export and inland transit to support the developing needs of this segment. We offer comprehensive coverage for goods in transit for manufacturers, importers, exporters, and commodity traders operating in local and international logistics companies. Our Marine Liability products provide coverage for charterers, marine operators, ship repairers, stevedores, terminal operators and wharfingers on both a primary and excess basis.

marine

mobile

The TPL Insurance App is Pakistan's only insurance app which allows users to buy insurance, lodge claims and manage and renew their insurance policies on the go. With Pakistan's first Self-Survey feature, our users get to experience hassle-free claim settlements and an escape from the conventional, document-driven insurance process. The app is free to use for both customers and non-customers and is available on Android and iOS.



Pakistan's First Telematics Auto Insurance

DrivePro is Pakistan's first telematics based auto insurance which enables users to harness the power of real-time driver analytics. Based on a point system, customers can track the driving score of any driver, view driving and violation data and spot areas for improvement. Over time, DrivePro customers will learn to drive safer and accumulate points for redemption. The product is available on the TPL Insurance App.

DrivePro

Window Takaful Operations

TPL Insurance is the 2nd largest window Takaful operator in Pakistan. Licensed in 2014, our Window Takaful Operations have grown remarkably over the years and contribute significantly to the Company's top line. The strategic objectives of the division are as follows:

a) To establish direct Takaful services and emphasize on risk mitigation by providing Islamic insurance i.e. Takaful services for non-life business

b) To provide Islamic insurance solutions through call centers and offer 24/7 service with the fastest claim settlement and processing time in the industry, backed by our robust in-house survey capability

c) To build upon our marketing and distribution channels, and strengthen our business relationships with Islamic banks and financial institutions which provide Islamic products

d) To offer fair and equitable premium rates, while ensuring effective risk profiling for our policyholders

e) To introduce ethical principles in line with Islamic rules to achieve the highest standards in the conduct of doing business

Mufti Talha Iqbal, Shariah Advisor, and Mufti Zakaria Iqbal, Head of Shariah Compliance, are instrumental in the development of our Takaful business.

Geographical Presence

Karachi Head Office
11th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Adjacent K.P.T. Interchange,
Karachi - 74900
Tel: 021.37130223 Fax: 021.35316031-2
UAN: 021.111.000.301

Export Processing Zone (EPZ)
Branch Office
EPZ Landhi, Plot # N-4,Sector B-III,
Phase-1, Export Processing Zone. Landhi.

Lahore Branch Office
Branch Office Lahore Tower 75, 4th Floor
Near Honda City Sales & Hondai Central Motors,
Kalma Chowk Lahore.
Tel: 042.35209000 UAN: 042.111.000.301
Fax: 042.35157233

Islamabad Branch Office
55-B, 10th Floor (South) ISE Tower,
Jinnah Avenue, Blue Area, Islamabad.
UAN: 051.111.000.301 Fax: 051.2895073

Faisalabad Branch Office
Office No. 4-02, 4th floor Meezan Executive Tower,
Civil Lines, Faisalabad.
UAN: 051.111.000.301 Tel: 041.8501471-3
Fax: 041.8501470

Multan Branch Office
Haider Street, Shalimar Colony
Northern Bypass-Boson Road Multan.
UAN: 061.111.000.301 Fax: 061.44243451

Hyderabad Branch Office
A-8, District Council Complex, Hyderabad.
Tel: 022.2728676 Fax: 022.2783154

Product Portfolio

TPL Insurance Ltd capitalizes on cutting edge technology and innovative products. With a mission to provide incomparable services and create sustainable value for its stakeholders, TPL Insurance Ltd has introduced unparalleled standards of service to its customers for over a decade.

TPL Insurance Ltd creates new and innovative methods to understand its customers' needs, ensuring a hassle-free claim settlement experience. Capitalizing on speed, transparency, convenience and reliability to ensure high standards of customer relations, it follows a set of pragmatic core values reflected in attitudes, decisions and behavior of our exceptional human capital. The only insurer in Pakistan that gives customers the ability to lodge, and monitor progress of claims through a free to use mobile app, TPL Insurance has introduced ease and convenience backed by innovation and technology like no other.

TPL Insurance offers a wide range of personal lines and commercial lines products including but not limited to Property, Marine, Engineering, Health, Auto, Home and Travel Insurance both on conventional as well as Shariah compliant Takaful model.

Auto

- Comprehensive
- DrivePro
- Old Car Comprehensive
- 2T
- Secure – T
- Bike Insurance

Health

- Micro Health
- Group Health

Home

- Structural & Content Cover
- Landlord Cover
- Tenant Cover

Travel

- Domestic Travel Cover
- International Travel Cover (including Covid-19 cover)
- Students Cover
- Hajj / Umrah Cover
- Ziarat Cover

Property

- Fire
- Business Interruption
- Comprehensive Machinery
- Terrorism
- Hotel Owners
- Engineering

Agriculture

- Crop
- Livestock
- Tractor

Marine

- Inland Transit
- Import
- Export
- Hull & Machinery

Miscellaneous

- Shop Insurance
- Mobile Insurance
- Cash in Safe / Transit
- Extended Warranty
- Cyber / Art / Yacht and Others

SWOT Analysis

Strengths

- Pakistan's first end to end digital insurance company
- Pakistan's first lifestyle insurance app
- Customer centric product innovation
- Fastest online renewals & claim settlement through digital app
- Diversified retail portfolio
- Pakistan's second largest window Takaful operations
- Building an insurance eco system for its valuable customers through multiple collaborations.

Weaknesses

- Low penetration in the corporate sector
- Lack of awareness regarding insurance products among GEN Z
- Low capacity to write larger risk
- Higher operating cost compared to the industry

Opportunities

- Tapping on the youth to spread awareness regarding insurance industry
- Partnerships with digital aggregators to increase customer touch points
- Innovation in agriculture insurance products
- Development of new mass retail channels
- Addition of 3S Dealership networks to deepen the strength of motor insurance
- New car manufactuers opening new window of opportunity for motor insurance

Threats

- Unstable economic conditions
- Changes due to Covid-19 pandemic
- Similar insurance block chain pattern by competitors

Pestel Analysis

Political

Political interventions have been seen as necessary to ensure the stabilization of the financial services industry. The government may have a more indirect effect on the industry, for instance, an increase in enforcement could considerably impact insurers.

Environmental

Climate change is fast becoming a risk to society as the increase in emissions of greenhouse gases has taken its toll on our climate. One catastrophic event can have disastrous effects and leave insurance companies obliged to pay out large amounts of money as compensation to policyholders as witnessed during the year 2020 due to torrential rains in Karachi.

Social

Family formation, trends in fertility, mortality and migration have also experienced a seismic shift over the past few decades resulting in changing demographics and socio-economic structures of societies. Consequently, they have an impact on the demand for insurance.

Technological

The growth of IoT devices affecting the availability of real-time information gives insurers an opportunity to have an edge over the competition. This information can be used to offer more affordable prices with better underwriting and loss control. Advances in Artificial Intelligence techniques will allow insurers to make data driven decisions

Economical

Low interest rates can cause insufficient returns which could have compensated weak underwriting results or offset the effects of inflation. However, it will help in development of industries and therefore a positive impact can be noted in certain lines of business. Inflation causes the value of items insured to increase, which in turn will increase the value of claims. This is because the cost to repair or replace is equivalent to the current market value. Insurers might also face higher medical care costs due to continuous advances in modern medicine.

Legal

Apart from introducing regulatory measures, governments may decide to introduce laws that affect just one class of insurance. Such decisions can impact the industry as a whole. This might lead to an increase in premium prices because of the high demand and the higher probability of a claim. Alternatively, the size of the market might attract larger players and greater price competition. The recent development of new regulations on AML / terrorism financing require strict compliance.

Porter’s 5 Forces

By analyzing the Porter’s 5 forces framework, TPL Insurance has developed competitive strategies by incorporating a diversified product portfolio in non- life insurance sector to operate as an insurtech company and ensures to become a market leader.

Threats of New Entrants

With new businesses entering in the insurance industry, innovation and technology is going to enhance which might put pressure on TPL Insurance to innovate their business process through digitization, building economies of scale to lower the fixed cost and have competitive pricing strategy to have an edge over its competitors to capture the larger market share. Significant number of insurtech players are entering the market with the aim to provide digitization services to insurance players. Since, TPL Insurance is leading the digital footprint, supplier of insurtech service will help competitors in taking up digital drive.

Bargaining Power of Suppliers

Suppliers in dominant positions might use their negotiating power to extract higher prices which will lower the over profitability of the insurance. An effective supply chain strategy and by building different product design which requires different partners will lower the risk of supplier’s higher prices and ensures higher profits.

Bargining Power of Buyers

Having the smaller customer base may increase the bargaining power of the buyers as they want to pay less for the best offering. TPL Insurance has a wide range of insurance products and relatively large customer base which decreases the bargaining power of the buyers. To hold this edge, the company is constantly innovating and developing new products to add in its current product offerings to provide the customer satisfaction and become a market leader. Corporate customers have more bargaining power where the risks and premiums are high, however TPL Insurance’s customer base and premiums are more skewed towards retails segment.

Threat of Substitute Products and Services

With the changing market dynamics and customers preferences, threat of substitute products and services might affect the profitability of the insurance industry. To lower this risk, TPL Insurance understands the core customer needs through thorough research and provide a digital customer experience along with the existing insurance products to ensure the customer satisfaction.

Rivalry among Existing Competitors

TPL Insurance is operating in a very competitive industry which requires it to offer competitive products and services to its customers by developing a diversified product portfolio. In order to grow as market leader TPL Insurance is developing an insurance eco system by collaborating with various digital partners to increase its customer touch points and have competitive edge.

Significant Changes From Prior Years

TPL Insurance's strategies and objectives are aligned and no significant changes have been made, however, our focus for digitization has enhanced in order to achieve operational efficiencies and augment sales and profitability. During the year, the company faced the biggest challenge of COVID-19 pandemic which impacted the business. However, effective digitization helped the company to get back on track. In addition to this the company was successful to further penetrate their roots in corporate line of business during this challenging year and generate healthy bottom line.

TPL Insurance is also taking strides towards becoming an insurer with wide spectrum of insurance products in non-life insurance business. Introduction of Agriculture Insurance is another step taken during the year and other such products are in process of being added in the product portfolio.

Calendar of major events during the year 2020

January

- ISO 9000:2015 Certification

March

- Country went into Lockdown due to COVID-19
- BOD Meeting - Annual Financial Statements of the Company for the year ended Dec 31, 2019
- Launched WhatsApp Business for our customers

April

- BOD Meeting - Financial Statements of the Company for the quarter ended Mar 31, 2020
- Offered free Home Insurance to our Auto customers
- Ensure 24*7 customer support during lockdown

May

- Annual General Meeting

August

- BOD Meeting - Financial Statements of the Company for the half-year ended Jun 30, 2020
- Launched Travel Takaful with COVID-19 cover
- Rain water damage claims settled within 7 days

September

- Launched online payment systems through Web & App for policy renewals

October

- BOD Meeting - Financial Statements of the Company for the nine months ended Sep 30, 2020
- Successfully launched KYLS- Know your livestock for tagging and systematically insuring livestock

December

- BOD Meeting - Budget for the year 2021

* During the year, all Board Meetings are held in Pakistan.

Other Information

Bankers

- Al-Baraka Bank Pakistan Ltd.
- Askari Bank Limited
- Bank Alfalah Limited.
- Bank Al Habib Ltd.
- Bank Islami Pakistan Ltd.
- Dubai Islamic Bank Pakistan Ltd.
- Faysal Bank Ltd.
- Habib Bank Ltd.
- Habib Metropolitan Bank Ltd.
- JS Bank Ltd.
- MCB Bank Ltd.
- Mezan Bank Ltd.
- Mobilink Micro Finance Bank Ltd.
- National Bank of Pakistan
- Silk Bank Ltd.
- Summit Bank Ltd.
- Telenor Micro Finance Bank Ltd.
- United Bank Ltd.
- Samba Bank Ltd.

Auditors

EY Ford Rhodes Chartered Accountants

Legal Advisor

Lari & Co. Maritime & Insurance Advocates

Share Registrar

THK Associates (Pvt) Limited
Plot No. 32-C, Jami Commercial Street 2,
DHA Phase VII, Karachi - 75500
Tel: +92-21-35310191-6
Fax: +92-21-35310190

Registered Office

11th & 12th Floor, Centrepoint,
Off Shaheed-e-Millat Expressway,
Adjacent KPT Interchange Flyover,
Karachi, Postal Code: 74900
Fax: +92-21-35316032
UAN: +92-21-111-000-301
Tel: +92-21-37130223

Web Presence

www.tplinsurance.com
insurancetpl
tplinsurance
tplinsurance

Horizontal Analysis

Balance Sheet	2020	2019	2018	2017	2016	2015
	------------------------Rupees in million-----------------------------					
Property and equipment	257.5	429.1	129.6	91.4	361.2	384.7
Investments	920.8	729.4	1,026.3	1,213.3	1,056.8	930.4
Loans and other receivables	95.8	287.9	335.4	260.4	102.6	239.8
Insurance / reinsurance receivables	418.7	308.3	298.3	448.6	381.3	198.5
Reinsurance and other recoveries against outstanding claims	371.7	89.8	126.8	102.0	71.7	31.0
Deferred commission expense	179.5	156.8	164.8	105.6	74.0	80.7
Deferred taxation	16.4	44.1	32.0	21.2	-	1.3
Prepayments	319.3	218.3	259.6	209.3	117.9	78.3
Taxation - payments less provision	8.1	-	-	-	-	-
Cash and bank balances	913.4	702.4	251.9	247.2	240.9	30.4
Total Assets	**3,501.2**	**2,966.1**	**2,624.7**	**2,699.0**	**2,406.4**	**1,975.1**
Issued, subscribed and paid up share capital	938.7	938.7	938.7	755.2	755.2	755.2
Unappropriated profits	(164.5)	(114.0)	16.9	253.9	148.9	45.7
Share premium - net of share issuance cost	8.0	8.0	8.0	138.7	138.7	138.7
Other capital reserves	24.1	-	-	-	-	-
Other comprehensive income reserve	(7.3)	-	-	-	-	-
Available-for-sale reserve	-	(29.7)	(26.7)	(26.4)	2.3	-
Total Shareholders' Fund	**799.0**	**803.0**	**936.9**	**1,121.4**	**1,045.1**	**939.6**
Participants' Takaful Fund	41.4	(48.9)	(170.3)	(201.7)	(121.9)	(55.1)
Total Equity	**840.4**	**754.1**	**766.6**	**919.7**	**923.2**	884.5
Provision for outstanding claims [including IBNR]	525.3	252.5	275.4	228.4	190.3	175.4
Provision for unearned premium	1,379.7	1,211.2	1,147.8	1,149.8	1,053.0	787.3
Premium deficiency reserves	2.5	-	-	-	-	7.3
Deferred commission income	63.3	41.4	24.2	5.4	4.6	-
Deferred taxation	-	-	-	-	2.4	-
Premiums received in advance	18.0	15.7	8.7	4.4	1.6	1.8
Insurance / reinsurance payables	275.0	206.9	189.3	158.9	77.3	24.5
Other creditors and accruals	267.4	193.7	195.9	198.6	141.5	83.9
Taxation - provision less payments	-	14.0	16.8	33.8	12.5	10.4
Lease liability against right-of-use asset	129.6	276.6	-	-	-	-
Total Equity and Liabilities	**3,501.2**	**2,966.1**	**2,624.7**	**2,699.0**	**2,406.4**	**1,975.1**

Profit and Loss Account	2020	2019	2018	2017	2016	2015
	------------------------Rupees in million-----------------------------					
Net insurance premium (Net of premium deficiency reserve)	2,162.6	2,136.2	2,246.6	2,068.8	1,750.5	1,419.3
Net Insurance claims	(970.1)	(882.9)	(965.4)	(893.2)	(800.7)	(691.1)
Net commission expense	(198.1)	(274.4)	(236.1)	(160.1)	(158.6)	(177.0)
Management expenses	(878.1)	(867.2)	(915.2)	(836.5)	(716.2)	(552.6)
Underwriting results	**116.3**	**111.7**	**129.9**	**179.0**	**75.0**	**(1.4)**
Investment income	90.5	80.9	0.9	28.0	58.2	49.6
Other income	113.5	71.2	69.8	33.9	48.6	43.9
Financial charges	(35.2)	(29.6)	(1.6)	(0.8)	(0.5)	(0.6)
Other expenses	(205.6)	(178.2)	(164.3)	(146.5)	(99.3)	(99.1)
Profit / (loss) before tax for the year	**79.5**	**56.0**	**34.7**	**93.6**	**82.0**	**(7.6)**
Taxation	(39.7)	(25.5)	(10.9)	(58.3)	(45.7)	(12.3)
Profit / (loss) after tax	**39.8**	**30.5**	**23.8**	**35.3**	**36.3**	**(19.9)**
Profit / (loss) after tax attributable to shareholders	(50.5)	(107.2)	3.6	105.2	103.1	33.3
Profit / (loss) after tax attributable to PTF	90.3	137.7	20.2	(69.9)	(66.8)	(53.2)

Vertical Analysis

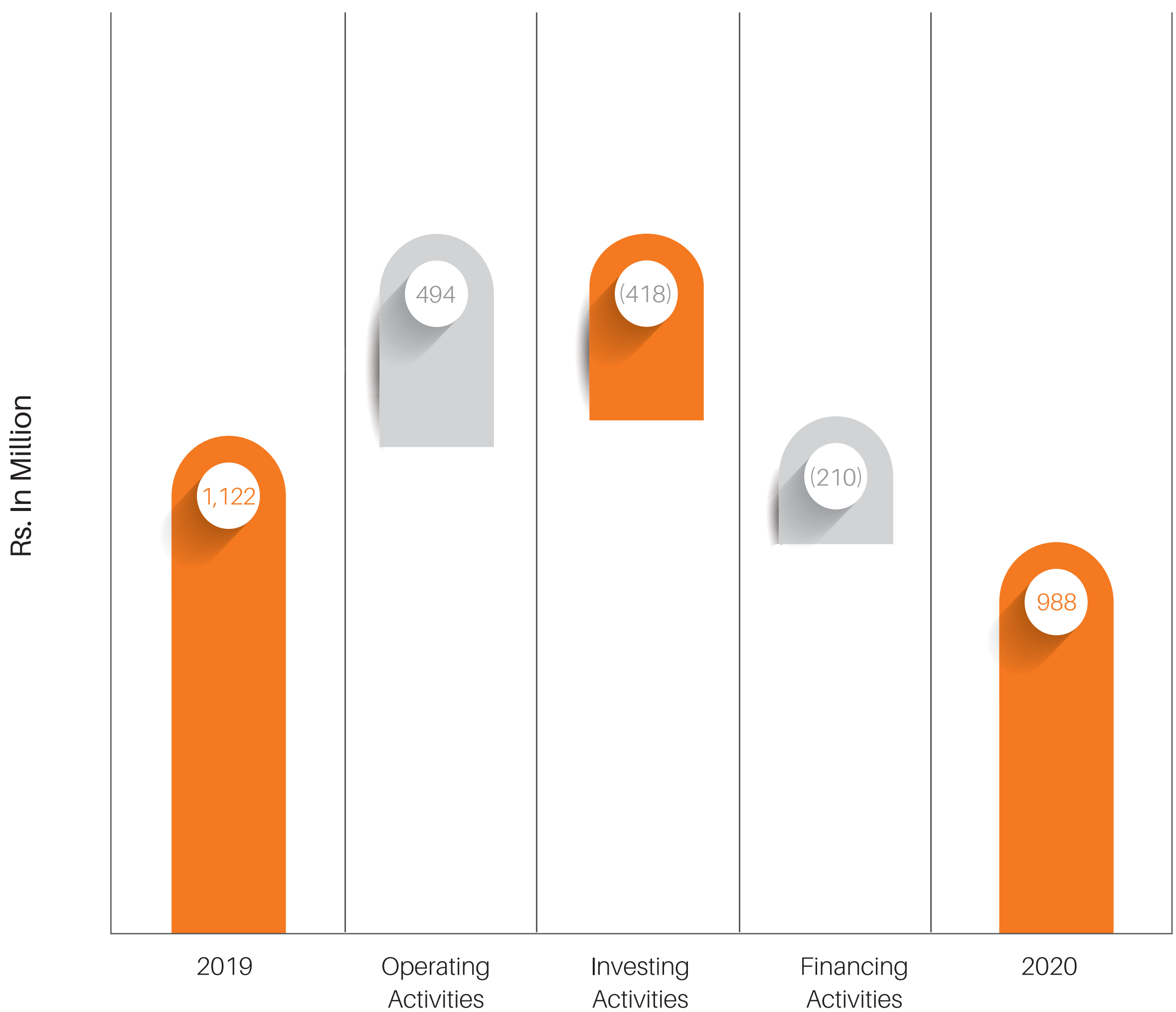
Balance Sheet	2020	2019	2018	2017	2016	2015
Property and equipment	7.4%	14.5%	4.9%	3.4%	15.0%	19.5%
Investments	26.3%	24.6%	39.1%	45.0%	43.9%	47.1%
Loans and other receivables	2.7%	9.7%	12.8%	9.7%	4.3%	12.1%
Insurance / reinsurance receivables	12.0%	10.4%	11.4%	16.6%	15.9%	10.1%
Reinsurance and other recoveries against outstanding claims	10.6%	3.0%	4.8%	3.8%	3.0%	1.6%
Deferred commission expense	5.1%	5.3%	6.3%	3.9%	3.1%	4.1%
Deferred taxation	0.5%	1.5%	1.2%	0.8%	0.0%	0.1%
Prepayments	9.1%	7.4%	9.9%	7.8%	4.9%	4.0%
Taxation - payments less provision	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash and bank balances	26.1%	23.7%	9.6%	9.2%	10.0%	1.5%
Total Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Issued, subscribed and paid up share capital	26.8%	31.7%	35.8%	28.0%	31.4%	38.2%
Unappropriated profits	-4.7%	-3.8%	0.6%	9.4%	6.2%	2.3%
Share premium - net of share issuance cost	0.2%	0.3%	0.3%	5.1%	5.8%	7.0%
Other capital reserves	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Other comprehensive income reserve	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Available-for-sale reserve	0.0%	-1.0%	-1.0%	-1.0%	0.1%	0.0%
Total Shareholders' Fund	22.8%	27.1%	35.7%	41.6%	43.4%	47.6%
Participants' Takaful Fund	1.2%	-1.7%	-6.5%	-7.5%	-5.1%	-2.8%
Total Equity	24.0%	25.4%	29.2%	34.1%	38.4%	44.8%
Provision for outstanding claims [including IBNR]	15.0%	8.5%	10.5%	8.5%	7.9%	8.9%
Provision for unearned premium	39.4%	40.8%	43.7%	42.6%	43.8%	39.9%
Deferred commission income	1.8%	1.4%	0.9%	0.2%	0.2%	0.0%
Premium deficiency reserves	0.1%	0.0%	0.0%	0.0%	0.0%	0.4%
Deferred taxation	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
Premiums received in advance	0.5%	0.5%	0.3%	0.2%	0.1%	0.1%
Insurance / reinsurance payables	7.9%	7.0%	7.2%	5.9%	3.2%	1.2%
Other creditors and accruals	7.6%	6.5%	7.5%	7.4%	5.9%	4.3%
Taxation - provision less payments	0.0%	0.5%	0.6%	1.3%	0.5%	0.5%
Lease liability against right-of-use asset	3.7%	9.3%	0.0%	0.0%	0.0%	0.0%
Total Equity and Liabilities	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Profit and Loss Account	2020	2019	2018	2017	2016	2015
Net insurance premium (Net of premium deficiency reserve)	100%	100.0%	100.0%	100.0%	100.0%	100.0%
Net Insurance claims	-44.9%	-41.3%	-43.0%	-43.2%	-45.7%	-48.7%
Net commission expense	-9.2%	-12.9%	-10.5%	-7.7%	-9.1%	-12.5%
Management expenses	-40.6%	-40.6%	-40.7%	-40.4%	-40.9%	-38.9%
Underwriting results	5.4%	5.2%	5.8%	8.7%	4.3%	-0.1%
Investment income	4.2%	3.8%	0.0%	1.4%	3.3%	3.5%
Other income	5.3%	3.3%	3.1%	1.6%	2.8%	3.1%
Financial charges	-1.6%	-1.4%	-0.1%	0.0%	0.0%	0.0%
Other expenses	-9.5%	-8.3%	-7.3%	-7.1%	-5.7%	-7.0%
Profit / (loss) before tax for the year	3.7%	2.6%	1.6%	4.5%	4.7%	-0.5%
Taxation	-1.8%	-1.2%	-0.5%	-2.8%	-2.6%	-0.9%
Profit / (loss) after tax	1.8%	1.4%	1.1%	1.7%	2.1%	-1.4%

Cashflow Analysis

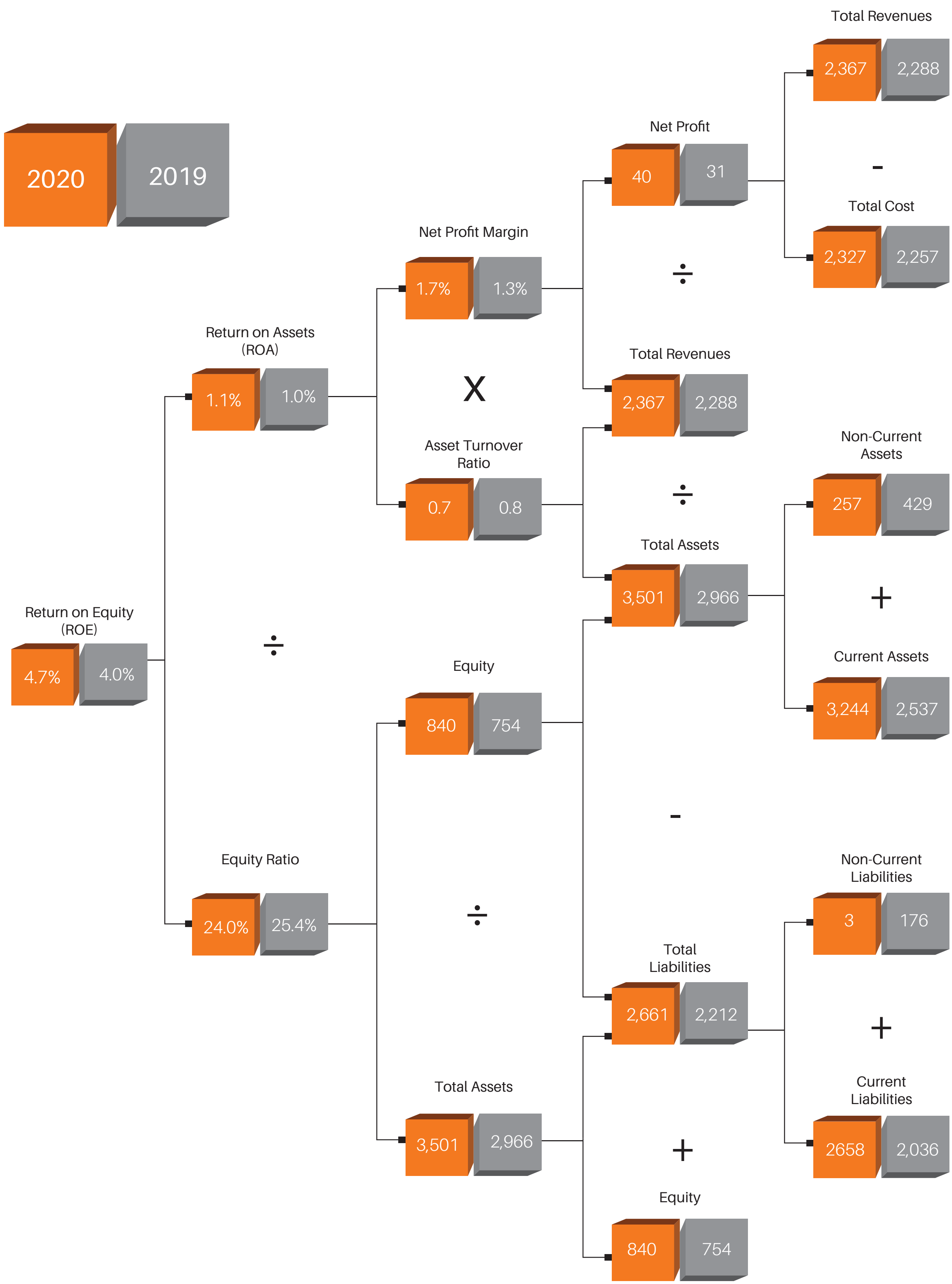
Particulars	2020	2019	2018	2017	2016	2015
	------------------------Rupees in million----------------------					
Net Cashfows from Operating Activities	494.2	348.9	212.7	(76.6)	344.8	263.5
Net Cashflows from Investing Activities	(418.1)	411.5	(101.8)	(438.3)	(10.9)	65.1
Net Cashflows from Financing Activities	(210.1)	(239.9)	(186.2)	(0.8)	(0.5)	441.0
Net Cash Inflow / (Outflow)	**(134.1)**	**520.5**	**(75.3)**	**(515.6)**	**333.5**	**769.6**
Cash and cash equivalent at the start of the year	1,122.4	601.9	677.2	1,192.9	859.4	89.8
Cash and cash equivalent at the end of the year	**988.4**	**1,122.4**	**601.9**	**677.2**	**1,192.9**	**859.4**

Cash & Cash Equivalent

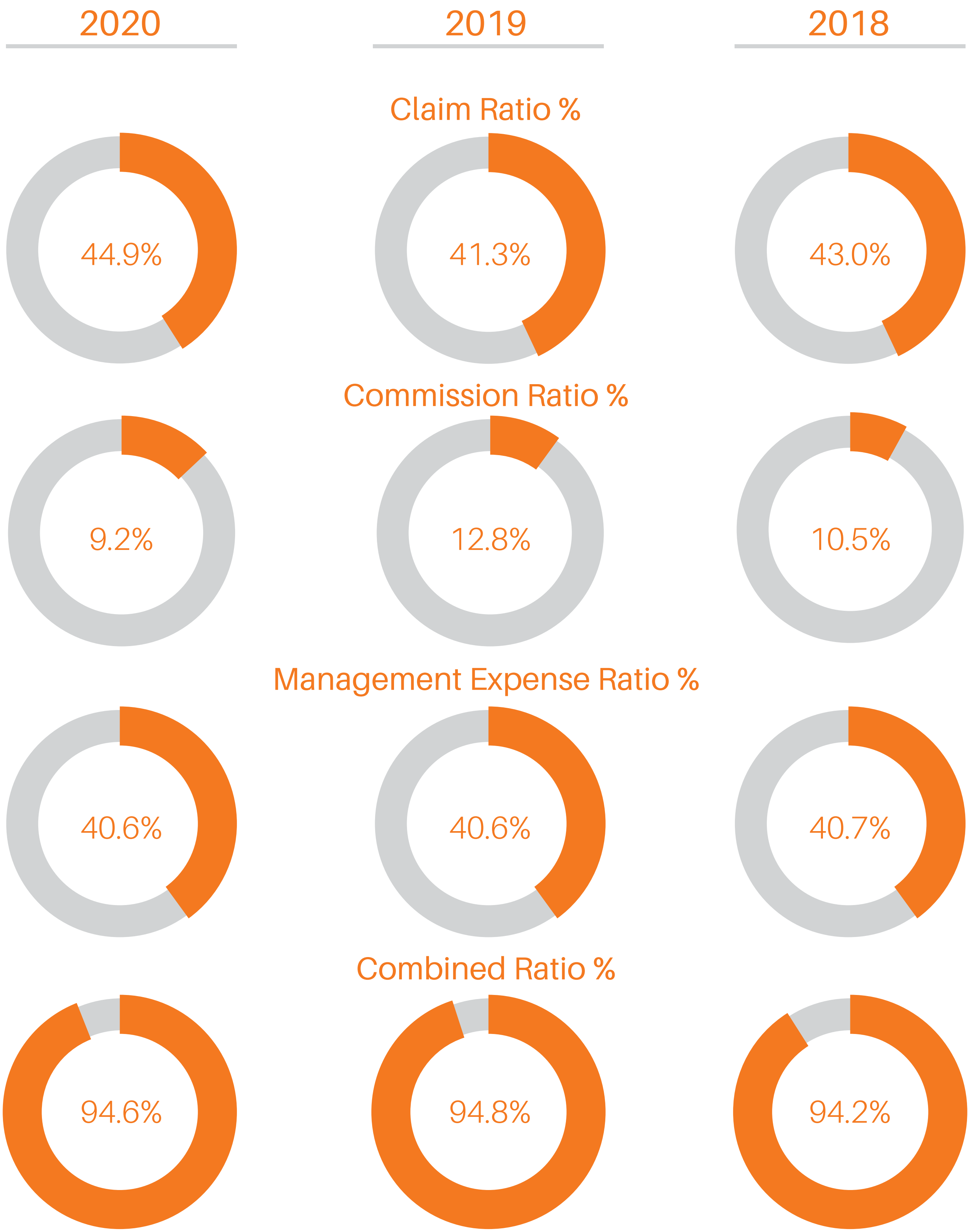


DuPONT Analysis

Rs. in million



Ratio Analysis



Ratio Analysis

		2020	2019	2018	2017	2016	2015
Profitability							
Profit Before Tax / Gross Premium	%	2.9%	2.2%	1.4%	4.1%	4.0%	-0.5%
Profit Before Tax / Net Premium	%	3.7%	2.6%	1.5%	4.5%	4.7%	-0.5%
Profit After Tax / Gross Premium	%	1.4%	1.2%	1.0%	1.5%	1.8%	-1.2%
Profit After Tax / Net Premium	%	1.8%	1.4%	1.1%	1.7%	2.1%	-1.4%
Underwriting Result / Gross Premium	%	4.2%	4.5%	5.4%	7.8%	3.7%	-0.1%
Underwriting Result / Net Premium	%	5.4%	5.2%	5.8%	8.7%	4.3%	-0.1%
Profit Before Tax / Total Income	%	3.4%	2.4%	1.5%	4.4%	4.4%	-0.5%
Profit After Tax / Total Income	%	1.7%	1.3%	1.0%	1.7%	2.0%	-1.3%
Combined ratio	%	94.6%	94.8%	94.2%	91.3%	95.7%	100.1%
Net Claims / Net Premium	%	44.9%	41.3%	43.0%	43.2%	45.7%	48.7%
Management Expenses / Net Premium	%	40.6%	40.6%	40.7%	40.4%	40.9%	38.9%
Net Profit Margin	%	1.7%	1.3%	1.0%	1.7%	2.0%	-1.3%
Return to Shareholders							
Return on Equity	%	4.7%	4.0%	3.1%	3.8%	3.9%	-2.2%
Return on Capital Employed	%	4.7%	3.3%	3.1%	3.8%	3.9%	-2.2%
Return on Assets	%	1.1%	1.0%	0.9%	1.3%	1.5%	-1.0%
Earnings / (Loss) Per Share attributable to Shareholders' Fund	Rs.	(0.54)	(1.14)	0.04	1.12	1.10	0.36
Price Earning Ratio	Times	N/A	N/A	564.8	22.1	17.3	67.0
Price to Book Ratio	Times	3.6	3.0	2.2	2.1	1.7	2.4
Breakup value per share	Rs.	8.5	8.6	10.0	11.9	11.1	10.0
Market Data							
Market Price per share at the end of the year	Rs.	30.3	25.7	21.9	24.8	19.0	23.8
Market Price per share - highest during the year	Rs.	35.8	29.7	25.7	28.4	23.2	24.5
Market Price per share - lowest during the year	Rs.	16.0	18.3	19.3	17.1	14.0	16.4
Performance / Liquidity							
Current Ratio	Times	1.2	1.2	1.3	1.5	1.4	1.5
Cash / Current Liabilities	%	34.4%	34.5%	13.6%	13.9%	16.2%	2.8%
Total Assets Turnover	Times	0.7	0.8	0.9	0.8	0.8	0.8
Fixed Assets Turnover	Times	9.2	5.3	17.9	23.3	5.1	3.9
Total Liabilities / Equity	Times	3.2	2.9	2.4	1.9	1.6	1.2
Cashflow from Operations Margin	%	22.8%	16.3%	9.5%	-3.7%	19.7%	18.6%
No. Of days in Premium Receivable	Days	56	45	45	71	68	44
No. Of days in Claim Settlement	Days	58	67	56	52	54	76
Paid-up Capital / Total Assets	%	26.8%	31.6%	35.8%	28.0%	31.4%	38.2%
Earning assets / Total Assets	%	52.4%	48.3%	48.7%	54.1%	53.9%	48.6%
Shareholders' Equity / Total Assets	%	22.8%	27.1%	35.7%	41.5%	43.4%	47.6%

Comments on Key Financial Data

Performance Ratios

- Claim ratio increased from 41.3% to 44.9% due to increased mix of corporate health business during the year.
- Commission ratio improved by 4% compared to prior year mainly due to reduced engagement costs and net recovery of commission from reinsurer.
- Expense ratio remained stable at 40.6%
- Combined ratio improved by 0.2% at 94.6% against last year at 94.8%
- Return on equity has improved from 4.0% to 4.7% YoY despite the COVID-19 related lockdowns during the year.
- Company's share price has increased from Rs. 25.7 per share to Rs. 30.3 per share, an increase of 17.9% YoY

Balance Sheet

- The Company's total assets have increased by 77% to Rs. 3.5 billion at the end of 2020 from Rs. 2 billion at the end of 2015.
- Number of days in claim settlement has improved at 58 days compared to the prior year at 67 days. This is due to effective claim management.
- Breakup value per share has slightly reduced from Rs. 8.6 per share in 2019 to Rs. 8.5 per share at the end of 2020.

Profit and Loss Account

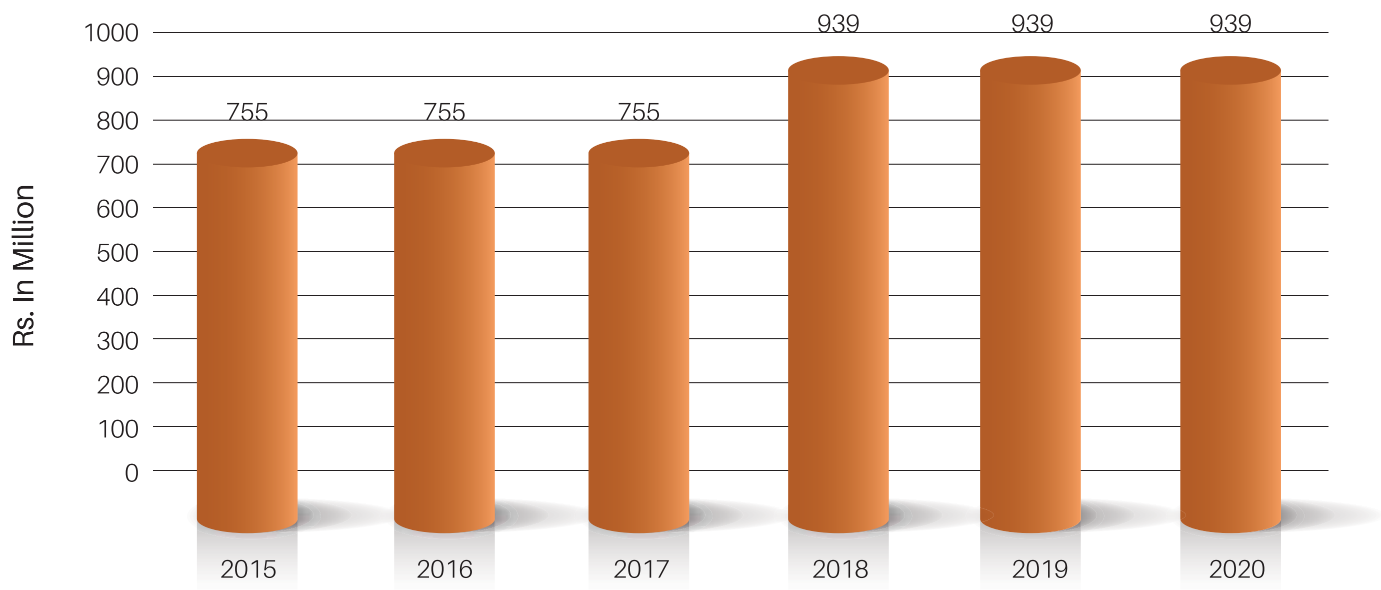
- The gross and net premium have reported growth of 68% and 52% respectively over the period of six years.
- The profit before tax increase by Rs. 23.5 million at Rs. 79.5 million compared to the last year.

Cash Flows

- The positive trend of the cash inflow from operating activities of the Company over the 6 years is a sound foundation for the Company's thriving future.
- During the year, the Company generated cash flow from operations of Rs. 494.2 million (Rs. 348.9 million). The company maintains strong liquidity position to carry out its operations smoothly.

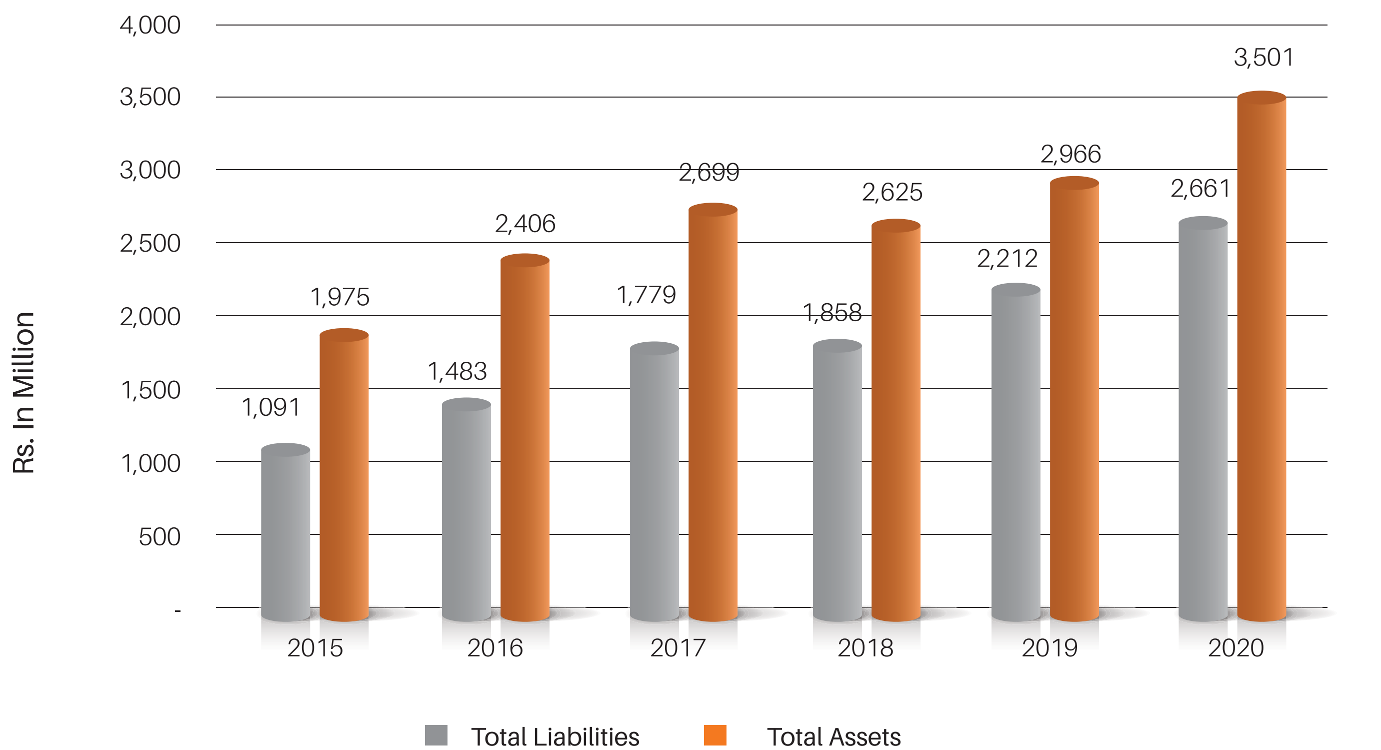
Performance at Glance

Share Capital



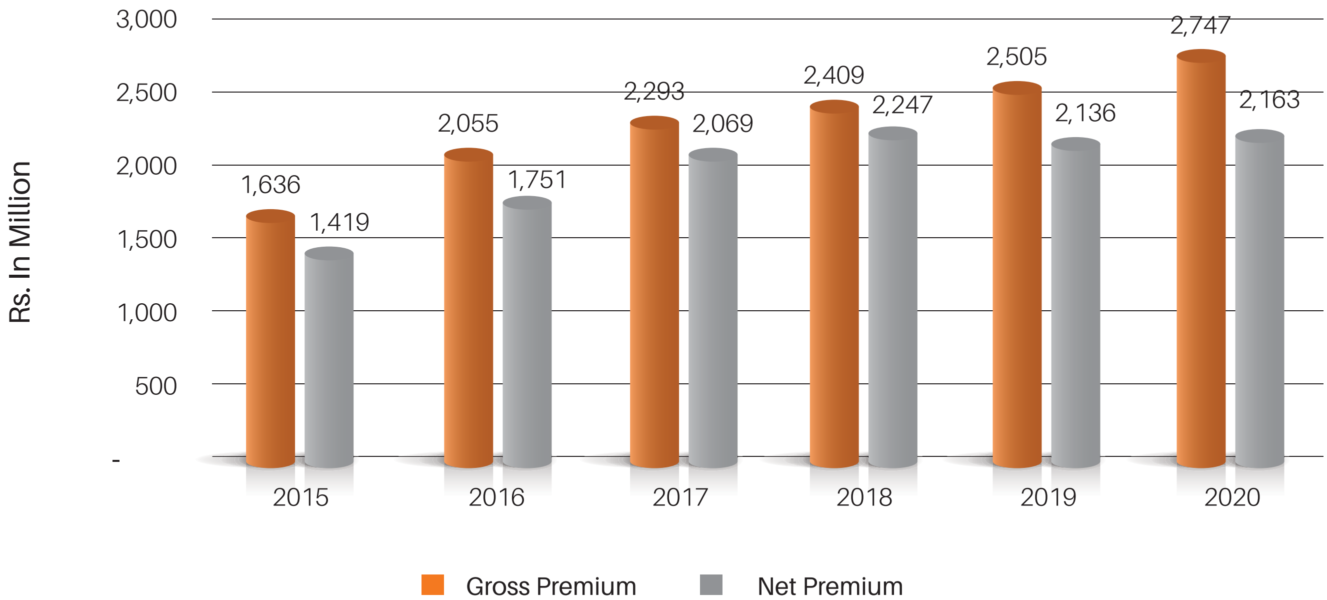
*Share capital includes share capital and share premium reserve

Assets vs. Liabilities

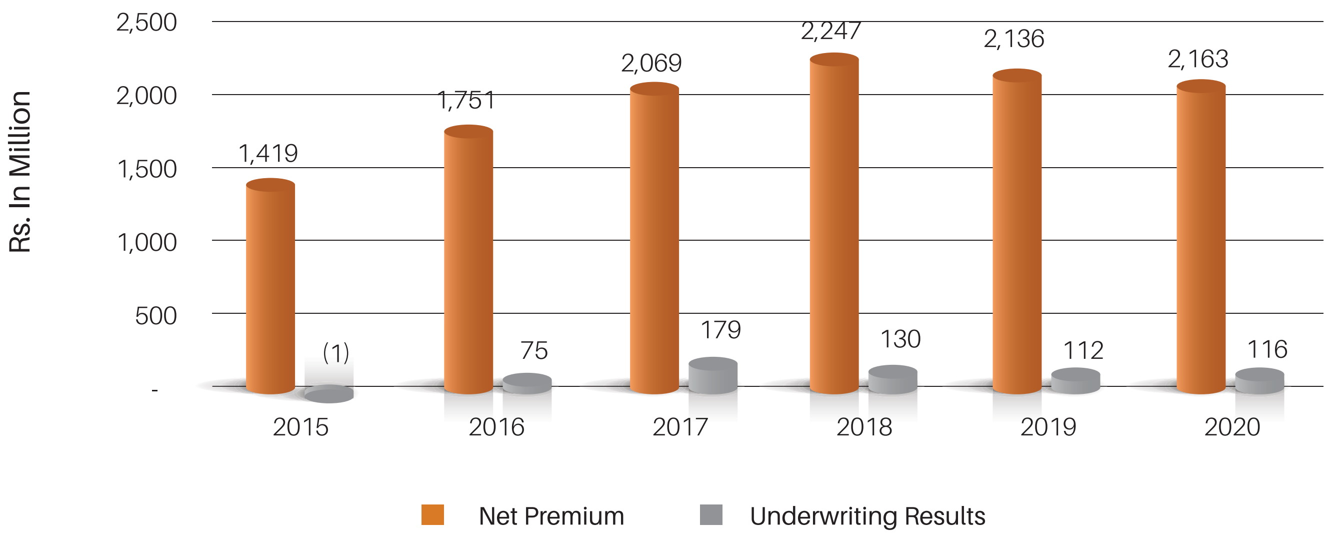


Performance at Glance

Gross Premium vs. Net Premium

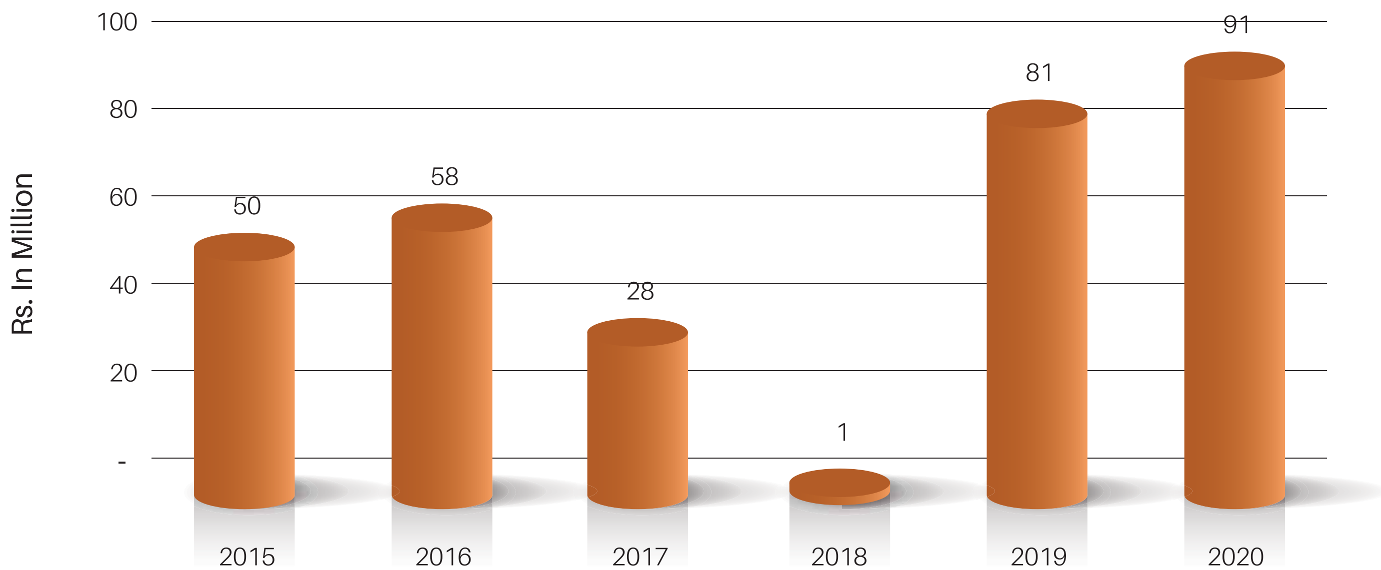


Net Premium vs. Underwriting Results

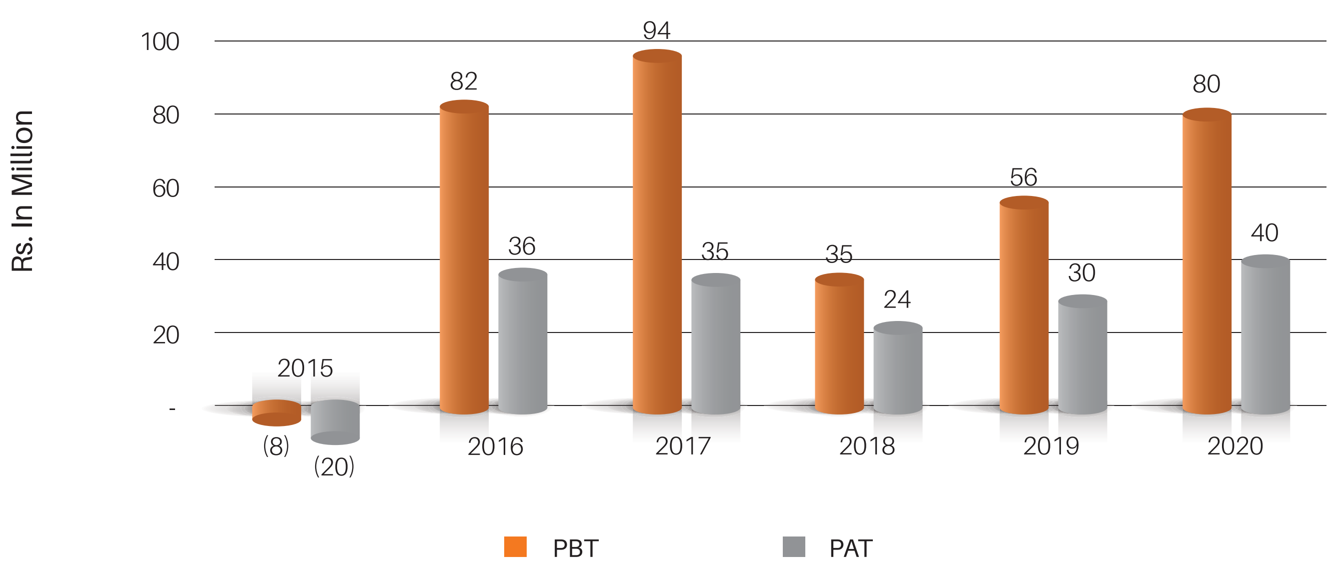


Performance at Glance

Investment Income

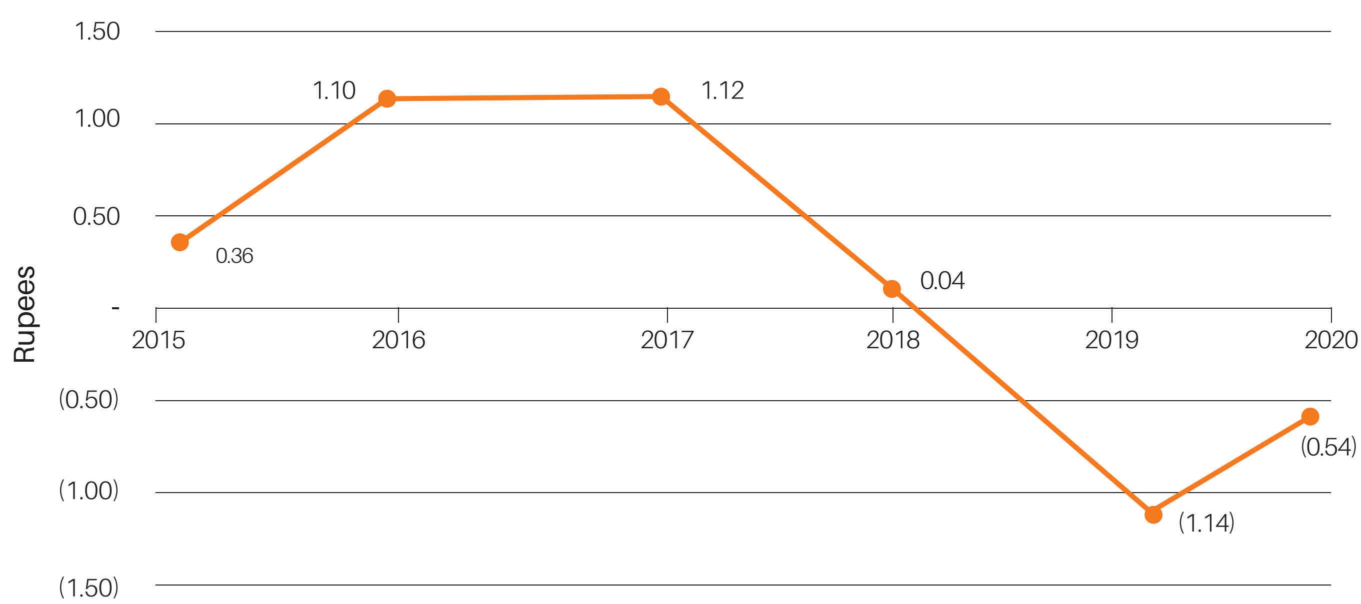


PBT vs. PAT

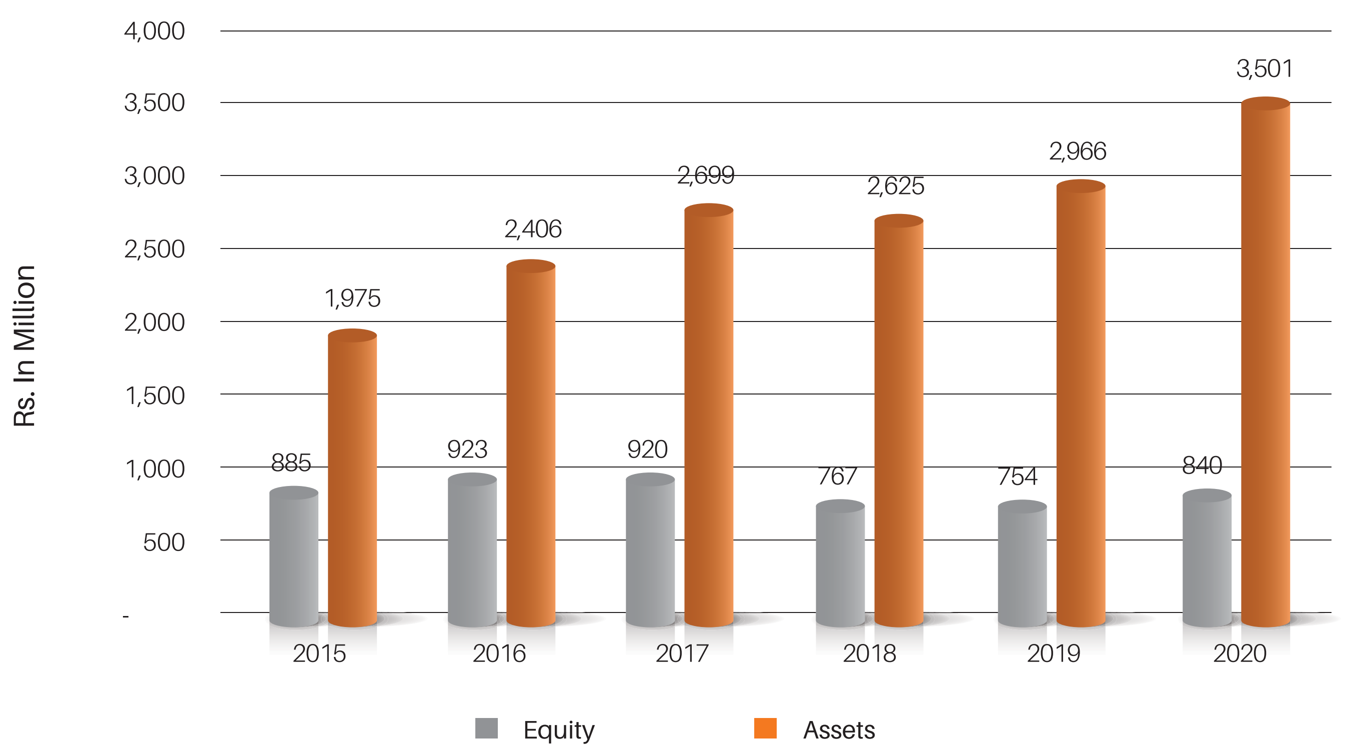


Performance at Glance

Earning per share

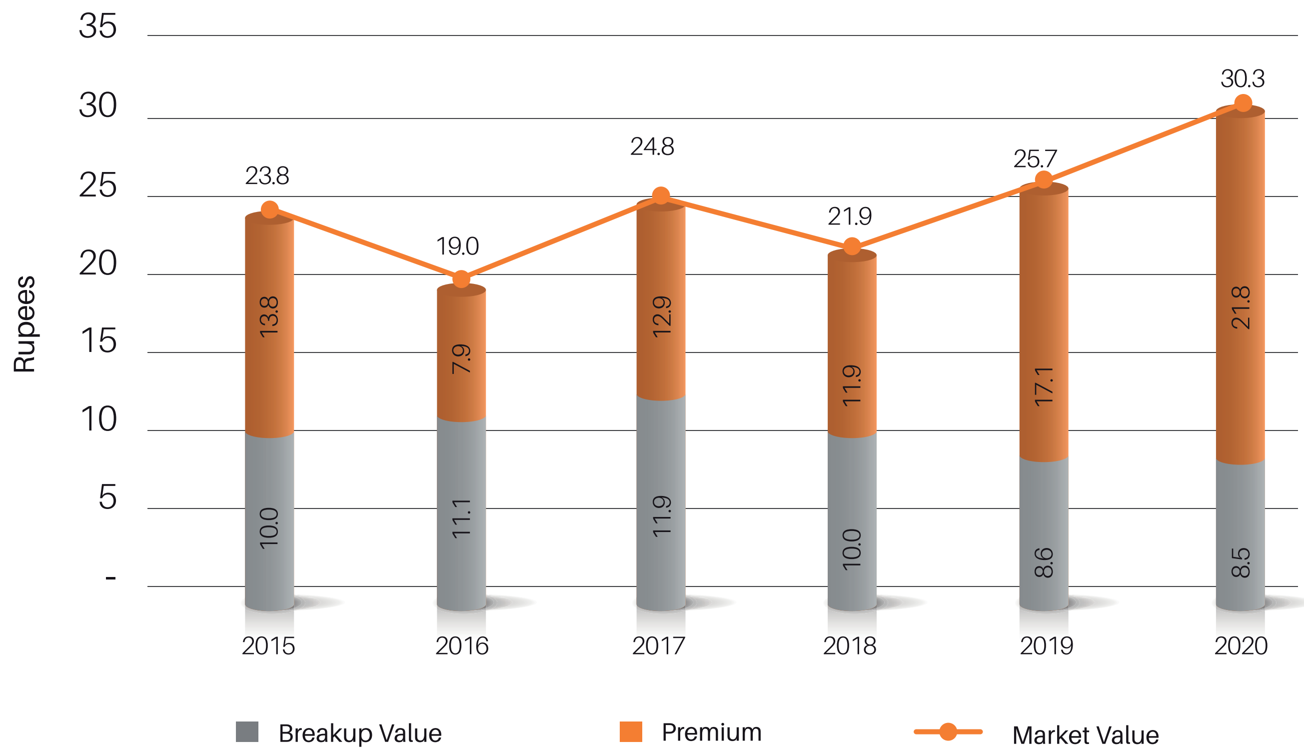


Equity vs. Total Assets



Performance at Glance

Breakup Value Per Share vs. Market Value Per Share



Share Price Sensitivity Analysis

Months	Max Price (Rs.)	Min Price (Rs.)	Average Volume	Closing Price (Rs.)
Jan 2020	25.25	21.52	15,500	21.52
Feb 2020	26.88	20.00	1,134,500	21.70
Mar 2020	22.70	18.36	86,000	18.36
Apr 2020	23.00	16.66	111,500	18.50
May 2020	19.00	16.00	162,500	18.49
Jun 2020	23.32	16.76	2,723,500	22.00
Jul 2020	28.86	20.51	629,000	25.95
Aug 2020	29.40	19.28	39,500	29.40
Sep 2020	30.44	23.50	20,000	29.08
Oct 2020	30.00	23.80	79,500	27.75
Nov 2020	30.50	23.50	26,500	30.50
Dec 2020	35.81	28.25	15,500	30.29

Statement of Value Addition

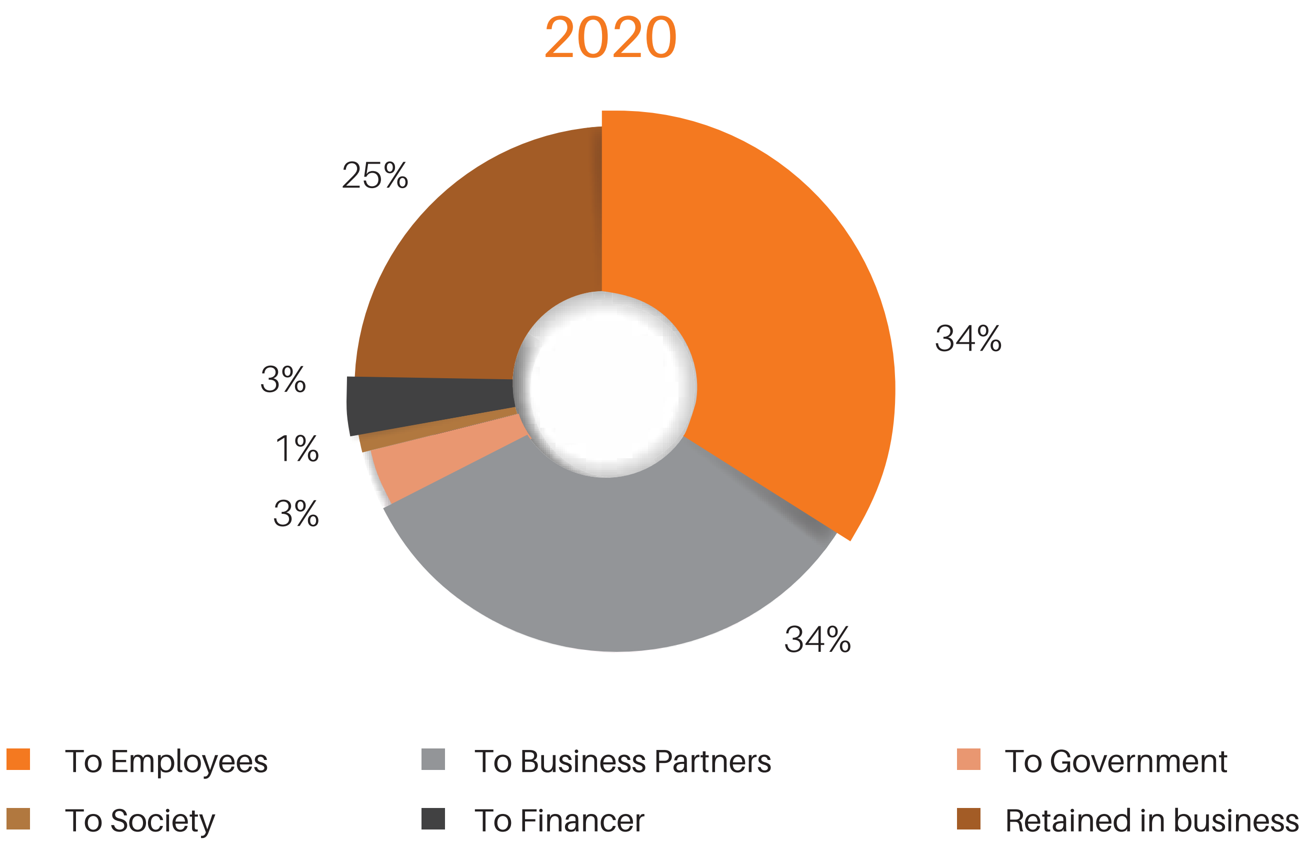
Wealth Generated

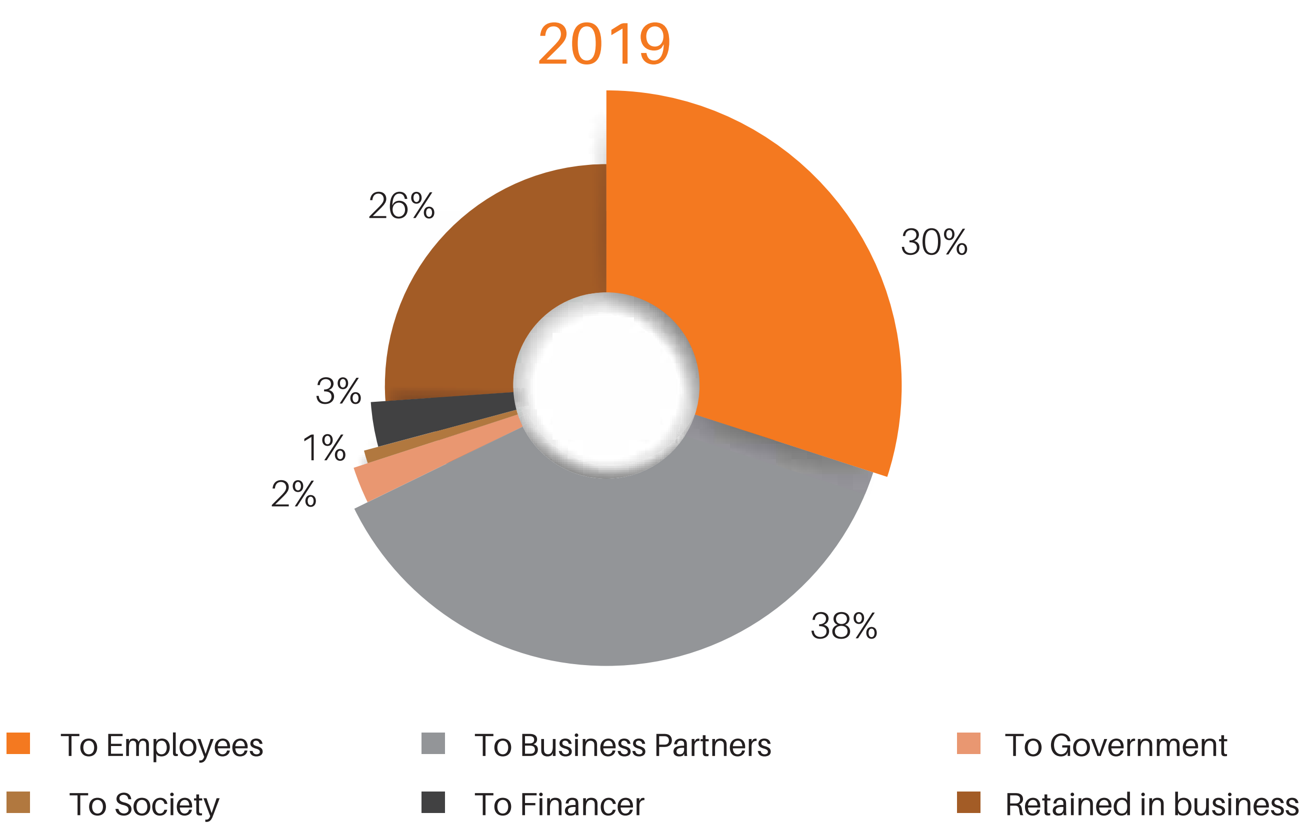
	2020		2019	
	Rupees	%	Rupees	%
Net premium earned	2,163,082,018		2,132,242,523	
Reversal of premium deficiency reserve	-		4,000,000	
Commission from reinsurers	99,891,199		60,953,639	
Investment and other income	204,085,956		152,174,264	
	2,467,059,173		2,349,370,426	
Less: Claims, Expenses and charge of premium deficiency reserve (excluding employees remuneration, donation, depreciation and taxes)	(1,347,944,507)		(1,226,513,405)	
	1,119,114,666	**100%**	**1,122,857,021**	**100%**

Wealth Distributed

	2020		2019	
	Rupees	%	Rupees	%
To employees	375,118,185	33.5%	337,996,142	30.1%
To business partners	381,759,156	34.1%	431,527,325	38.4%
To government	39,725,279	3.5%	25,514,021	2.3%
To society	12,928,242	1.2%	10,883,994	1.0%
To financer	35,224,854	3.1%	29,639,112	2.6%
Retained in business				
Depreciation and amortization	234,570,915	21.0%	256,780,977	22.9%
Retained profit / loss	39,788,035	3.6%	30,515,450	2.7%
	274,358,950	24.5%	287,296,427	25.6%
	1,119,114,666	**100%**	**1,122,857,021**	**100%**

In pursuit of robust digitization company has taken Boards approval for CAPEX of Rs.36.7m. This is imperative to address digitization, software security and the hardware upgrades. Further, an amount of Rs.21.2m is also approved that is intended for addition to the intangible assets (software and licenses) proposed for the year 2021.


2020
25%
34%
3%
1%
3%
34%
To Employees
To Business Partners
To Government
To Society
To Financer
Retained in business


2019
26%
30%
3%
1%
2%
38%
To Employees
To Business Partners
To Government
To Society
To Financer
Retained in business

Statement of Charity Account

		2020	2019
S.No	Particulars	Rupees in million	
1	Education	1.01	0.38
2	General Donations	4.37	0.50
3	Health Care and Environment	7.55	10.00
	Total	12.93	10.88

Stakeholders' Engagement

Investors

TPL Insurance Limited convenes Annual and Extra Ordinary General Meetings in accordance with the Companies Act, 2017. The Company's quarterly financial reports, annual reports and complete financial statements are published and hosted on the Company's website (www.tplinsurance.com). This transparency allows shareholders to remain connected with the Company as well as reaffirm their trust in the Company's promising performance and growth. Additionally, it facilitates potential investors in making their investment choices. In compliance with the Listed Companies (Code of Corporate Governance) Regulations and the Listing Regulations of the stock exchange, the Company notifies information to the Stock Exchange and the Securities and Exchange Commission of Pakistan regarding the dates of Board of Directors meetings and financial results in a timely manner

Minority Shareholders

In order to ensure that the minority shareholders of the Company attend the general meetings of the Company, notices are circulated to the shareholders well in advance. The notices of the general meeting are published in widely circulated newspapers of the country and the same are published in both English and Urdu.

Customers

The Company's philosophy has always been to keep its customers and policy holders above all. The Company, with its customer-centric service philosophy, offers multiple round the clock platforms such as the contact center, whatsapp, company website and self serviced customer mobile app. Our dedicated teams for sales, claims, renewals, and customer services have been acknowledged and awarded for observing, maintaining and raising the Quality and Standard in the industry. The Company also reaches out and engages its customers and policy holders through social media and the Company website in order to get feedback and eradicate grievances (if any). This results in solidifying our customer's trust and satisfaction.

Banks

The Company holds true to its values and relationships. We partner with various forerunners of finance and banking industry and forge relations in the FI sector. This collaboration is always aimed at providing mutual benefits.

Media

Events, achievements, product launches, expansions, briefings, press releases and advertisements keep the Company in the news often. The Company has a strong presence in the media and its promotional and social activities are thoroughly covered and published in various forms including print, radio, TV, digital, etc.

Regulators

In compliance with applicable laws and regulations, the Company's statutory returns and forms are filed with various regulatory bodies and federal and provisional taxation authorities periodically. The Company ensures that all requirements are met and complied with.

Analysts

The Company is recognized by Pakistan Credit Rating Agency (PACRA) with a rating of "A+".

Steps Taken by the Board towards Stakeholders Engagement

The Company ensures adequate level of engagement of its stakeholders and, in this regard, does maintain a policy covering the interest of its stakeholders including institutional investors, minority shareholders, customers, banks, media, regulators, analysts and others. In order to solicit and understand the views of its stakeholders, the Company holds corporate briefing sessions at least once in a year and post the same on its website for the disclosure to its stakeholders.

Issues Raised in the last AGM and Decisions Taken

No major issues were raised by the shareholders during the meeting. The following matters were taken up in the meeting as per the Agenda and were approved by the shareholders:

1. Approval of minutes of Annual General Meeting held on April 24th, 2019
2. Approval of audited financial statements of the Company for the year ended 31 December 2019.
3. Appointment of auditors for the year ended 31 December 2020.

Statement of Adherence with the International Integrated Reporting Framework

The Integrated Reporting System has been introduced by TPL Insurance to provide an overview of the philosophy of its business to explain the relation between its financial and non-financial information, in order to enhance the user's understanding of how the company is operating to improve its performance in the interest of stakeholders.

This Integrated Reporting Framework facilitates sustainable value creation over the long term by minimizing risks, improving harmony, generating cost efficiencies, and making capital allocation more efficient. The Company is well aware that information needs of stakeholders are changing in keeping with the dynamic environment we operate in. Investors in particular are increasingly becoming interested in the past performance as well as non-financial information which is becoming more and more relevant for ascertaining the future potential. Accordingly, the company has enhanced its disclosures of non-financial information in this Annual Report. This report is developed in accordance with the International Integrated Reporting Council's (IIRC) principal based International Integrated Reporting <IR> Framework to communicate with all our stakeholders with a concise and transparent assessment of the company to perform and create sustainable value.

In Annual Report 2020, we have covered following elements of International Integrated Reporting Framework.

- Organizational Overview
- Governance
- Risk and Opportunities
- Financial Performance
- Future Outlook
- Basis of Preparation and Presentation

In the future, we will continue to make improvements to this report so as to make it even easier to understand, while taking into account the opinions of stakeholders regarding this report.

Shariah Advisor’s Profile

Mufti Muhammad Talha Iqbal

Mufti Muhammad Talha Iqbal is a qualified and certified Islamic scholar and recognized Mufti from Jamia Darul-Uloom Karachi, a premier institution of Pakistan for quality religious education and leading institute for promoting Islamic Economics and Finance setting up the guidelines of Islamic Banking and Takaful System.

He has Takhassus fil Ifta / specialization in Fatwa (Islamic jurisprudence) and has vast experience in Islamic Fiqh and Islamic banking and Finance to provide solutions in corporate related matters in the light of Shariah Principles.

Mufti Talha has expertise on Shariah Standards and Takaful. He was awarded degree of PGD from Centre for Islamic Economics (CIE).

He serves as teacher of Dars-e-Nizami at Jamiah Darul-Uloom Karachi since 2006 till date and is also faculty member of Centre for Islamic Economics (CIE) since 2010.

Composition of Board and Management Committees

1. Board of Directors

Sr. No.	Name	Category
1.	Mr. Jameel Yusuf (S.St.)	Chairman
2.	Mr. Muhammad Ali Jameel	Executive Director
3.	Mr. Muhammad Aminuddin	Executive Director / Chief Executive Officer
4.	Syed Nadir Shah	Independent Director
5.	Ms. Naila Kassim	Independent Director
6.	Mr. Rana Asad Amin	Non-Executive Director
7.	Mr. Ali Asgher	Non-Executive Director
8.	Mr. Andrew Borda	Non-Executive Director

2. Board Committees

(a) Ethics, Human Resource, Remuneration and Nomination Committee:

Sr. No.	Name	Status / Designation
1.	Syed Nadir Shah	Chairman
2.	Mr. Muhammad Ali Jameel	Member
3.	Mr. Rana Assad Amin	Member
4.	Mr. Andrew Borda	Member
5.	Mr. Nader Nawaz	Secretary

(b) Investment Committee

Sr. No.	Name	Status / Designation
1.	Mr. Muhammad Ali Jameel	Chairman
2.	Mr. Andrew Borda	Member
3.	Mr. Muhammad Aminuddin	Member
4.	Mr. Ali Asgher	Member
5.	Mr. Yousuf Zohaib Ali	Secretary

(c) Audit Committee

Sr. No.	Name	Status / Designation
1.	Syed Nadir Shah	Chairman
2.	Mr. Rana Assad Amin	Member
3.	Mr. Andrew Borda	Member
4.	Syed Muhammad Ali	Secretary

(d) Compensation Committee

Sr. No.	Name	Status / Designation
1	Syed Nadir Shah	Chairman
2	Mr. Rana Assad Amin	Member
3	Mr. Andrew Borda	Member
4	Mr. Nader Nawaz	Secretary

3. Management Committees

(a) Risk Management and Compliance Committee

Sr. No.	Name	Status / Designation
1.	Mr. Andrew Borda	Chairman
2.	Mr. Muhammad Aminuddin	Member
3.	Syed Kazim Hasan	Member
4.	Mr. Khurram Ahmed	Member
5.	Ms. Shayan Mufti	Secretary

(b) Underwriting Committee

Sr. No.	Name	Status / Designation
1.	Mr. Andrew Borda	Chairman
2.	Syed Kazim Hasan	Member
3.	Mr. Altaf Ahmed Siddiqi	Member
4.	Mr. Shumail Iqbal	Secretary

(c) Claim Settlement Committee

Sr. No.	Name	Status / Designation
1.	Mr. Muhammad Aminuddin	Chairman
2.	Syed Ali Hassan Zaidi	Member
3.	Mr. Yousuf Zohaib Ali	Member
4.	Mr. Ovais Alam	Secretary

(d) Re-insurance and Co-Insurance Committee

Sr. No.	Name	Status / Designation
1.	Mr. Andrew Borda	Chairman
2.	Syed Kazim Hasan	Member
3.	Mr. Altaf Ahmed Siddiqi	Member
4.	Ms. Shadab Khan	Secretary

Structure of the Board

Category	Names
Independent Director(s)	Syed Nadir Shah, Ms. Naila Kassim
Executive Director(s)	Mr. Muhammad Aminuddin (Chief Executive Officer), Mr. Muhammad Ali Jameel
Non-Executive Director(s)	Mr. Jameel Yusuf, Mr. Andrew Borda, Mr. Rana Assad Amin, Mr. Ali Asgher

The Board exercises its statutory powers as granted to it under Section 183 of the Companies Act, 2017, on behalf of the Company. It comprises of seven directors who have a range of varying skills and expertise, while the Chairman leads the Board and ensures its effectiveness.

Before each Board and Committee meeting, relevant reports and papers, including financial performance data and detailed updates on the progress and implementation of the strategic plan where appropriate, are circulated to Directors.

The Board has formed Executive Committees comprising of members having the requisite skills and resources, to delegate the matters approved by the Board, to the management for implementation such as implementation of the Board's approved strategy, day to day management and operation of the business, appointment and remuneration of staff, implementation of risk management policies and processes.

Terms of Reference of Board and Management Committees

1. Audit Committee

The Audit Committee is responsible for:

(a) recommending the appointment of external auditors by the Company's shareholders and shall consider any question of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements;
(b) determining appropriate measures to safeguard the Company's assets;
(c) reviewing preliminary announcements of results prior to publication;
(d) reviewing quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:

   (i) major judgmental areas;
   (ii) significant adjustments resulting from the audit;
   (iii) the going-concern assumption;
   (iv) any changes in accounting policies and practices;
   (v) compliance with applicable accounting standards; and
   (vi) compliance with statutory and regulatory requirements;

(e) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
(f) reviewing management letter issued by external auditors and management's response thereto;
(g) ensuring coordination between the internal and external auditors of the Company;
(h) reviewing the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
(i) consideration of major findings of internal investigations and management's response thereto;
(j) ascertaining the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
(k) reviewing the Company's statement on internal control systems prior to endorsement by the Board of Directors;
(l) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;
(m) determination of compliance with relevant statutory requirements;
(n) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
(o) consideration of any other issue or matter as may be assigned by the Board of Directors.

2. Ethics, Human Resource, Remuneration and Nominations Committee

The Ethics, HR, Remuneration and Nominations Committee is responsible for:

(a) proposing a remuneration approach and related policies;
(b) preparing remuneration reports and disclosures on compensation practices, on an annual basis but at least prior to the convening of the annual general meeting for the immediate preceding year;

(c) reviewing and making recommendations to the Board of directors regarding the specific remuneration, retirement, succession planning of the Board members, the CEO, senior management and key officers;
(d) reviewing and approving training need assistance at all levels of the organization;
(e) establishing code of business and corporate ethics that are circulated to all the staff members;
(f) implementing the Board's policy on Board's renewal so that the Board individually and collectively continues to maintain target skill levels and independence;
(g) making recommendation to the Board with regard to the nomination for appointment or reappointment of members of the Board consistent with appropriate criteria established in their profile and any succession plans;
(h) ensuring proper orientation of Board members in respect of their responsibilities; and
(i) establishing a mechanism for the formal assessment of the effectiveness of the Board as a whole as well as the contribution of individual Board members along with ongoing training to fulfill their role requirements.

3. Investment Committee

The Investment Committee is responsible for:

(a) setting investment policies (subject to approval of the Board) and guidelines, including policies and guidelines regarding asset classes, asset allocation ranges, and prohibited investments in compliance with regulatory requirements;
(b) overseeing investment and reinvestment of the funds and maintenance of adequate solvency as laid down under Insurance Ordinance 2000 and rules framed thereunder;
(c) monitoring the management of the funds by reviewing written reports from investment staff and by discussions with investment staff at Committee meetings that focus on the primary determinants of returns, including asset allocation and investment strategy;
(d) evaluating investment performance based on a comparison of actual returns and benchmarks as the Board or Committee may from time to time select. The evaluation will take into account compliance with investment policies and guidelines and risk levels; and
(e) conducting a quarterly performance evaluation of the Committee and report its findings to the Chairman of the Board.

4. Risk Management and Compliance Committee

The Risk Management Committee is responsible for:

(a) overseeing the activities of the Risk Management function of the Company, and making appropriate recommendations to the Board;
(b) assisting the Board in implementation of the decision taken by the Board to mitigate probable risks falling within the scope of the risk management function;
(c) assessing, quantifying, monitoring and controlling the nature, significance and interdependence of the risk (at individual level and aggregate level) to which the Company is or may be exposed and shall also manage them accordingly;
(d) ensuring that the Company's Risk Management system is well integrated into its organization structure, decision making process and corporate culture and that there is a clear link to other functions;
(e) assisting the Board in its oversight of the risk profile, Risk Management framework and the risk reward strategy determined by the Board;
(f) reviewing and approving the Company's Risk Management policy including risk appetite and risk strategy;
(g) reviewing the adequacy and effectiveness of risk management and controls;
(h) assisting in oversight of management's process for the identification of significant risks across the Company and the adequacy of prevention, detection and reporting mechanisms;
(i) reviewing Company's compliance level with applicable laws and regulatory requirements that may impact the Company's risk profile;
(j) periodically reviewing changes in the economic and business environment, including emerging trends and other factors relevant to the Company's risk profile; and

(k) reviewing and recommending approval of the Board risk management procedures and controls for new products and services.

5. Underwriting Committee

The Underwriting Committee is responsible for:

a) reviewing periodically the policies and guidelines governing the Company's insurance and reinsurance underwriting;
b) reviewing periodically the policies and guidelines regarding the Company's agent, broker, insured, ceding Company, and reinsurer counterparty risk in connection with its insurance and reinsurance underwriting activities;
c) evaluating the Company's professional and development plans for key insurance and reinsurance underwriting and actuarial functions; and
d) performing such other responsibilities regarding the Company's insurance and reinsurance underwriting activities or policies or other matters as the Board may from time to time assign the Committee.

6. Claims Settlement Committee

The Claims Settlement Committee is responsible for:

a) Establishing, implementing and maintaining the claims processing time;
b) claims monitoring and ensuring the transparency, fairness and equality;
c) reviewing and analyzing periodically the feedback & complains obtained through the mechanism;
d) reviewing claims for suggesting corrective underwriting measures; and
e) ensuring that salvage sales made are at their optimum price and with transparency.

7. Reinsurance and Coinsurance Committee

The Reinsurance and Coinsurance Committee is responsible for:

(a) Monitoring on an ongoing basis the processes and procedures, policies and guidelines, counterparty risk and risk appetite of company.
(b) Ensuring adequate reinsurance protection available to company.
(c) Monitoring exposure to reinsurer and ensuring the reinsurance placements are not concentrated to minimise credit risk.
(d) performing such other responsibilities regarding the Company's insurance and reinsurance underwriting activities or policies or other matters as the Board may from time to time assign the Committee; and
(e) monitoring that proper commission are charged on outward cessions.

Directors' Training Programme

All Directors on the Board are fully conversant with their duties and responsibilities as Directors of the Company. Three (3) out of seven (7) Directors of the Company have undertaken the Directors' Training Program (DTP) from Securities and Exchange Commission of Pakistan (SECP) approved institutions whereas one (1) Director stands exempted from the requirement of certification of DTP. The remaining Directors are yet to obtain the certification.

The names of the Directors who have obtained the DTP Certification are as follows:

1. Mr. Rana Assad Amin
2. Mr. Jameel Yusuf Ahmed
3. Syed Nadir Shah

The following Director(s) have been granted exemption from the DTP Certification from SECP are as follows:

1. Mr. Ali Jameel

As regards the requirement of Head of Departments and Female Executives to undertake DTP, the Company shall comply with the said requirement within the time prescribed under the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Other Directorships

Details of other directorship of the Members and Board of Directors are as follow

Name	Company	Designation / Status
Mr. Mohammad Ali Jameel	TRG Pakistan Limited	Non-Executive Director
	Agriauto Industries Limited	Non-Executive Director
Mr. Mohammad Aminuddin	TPL Life Insurance Limited	Non-Executive Director

Role of the Chairman and Chief Executive Officer

The roles and responsibilities of the Chairman and the Chief Executive Officer are distinct and complementary. The same are set out below:

Chairman

The Chairman is in charge of the leadership of the Board. In particular, he is responsible for the following:

(a) to set the agenda and tone of the meetings of the Board in order to stimulate productive debate and ensure appropriate decision making regarding issues pertinent to those areas which are considered by the Board;
(b) to set a performance-oriented agenda which is largely fixated on strategizing, value creation and answerability;
(c) to manage the meetings of the Board to make sure that suitable time is allowed for discussion of all items on the agenda;
(d) to ensure that complex or contentious issues are dealt with meritoriously, making sure in particular that non-executive directors have sufficient time to consider them;
(e) to ensure the constructive running of the Board and its relevant committees while in compliance of the maximum standards set by the Code of Corporate Governance;
(f) to ensure active, accurate and timely communication with shareholders and Board members alike regarding inter alia the performance of the Company;
(g) to ensure that the Board defines, to the best of its ability, the extent of the significant risks the Company can afford to and is willing to take in the employment of its devised plans; and
(h) to warrant that the members review, consistently and continuously, the effectiveness of risk management and internal control systems.

Chief Executive Officer

The Chief Executive Officer is responsible to lead the business, supervising it within the authorities delegated to him by the Board. He oversees the implementation and development of the devised policies. In particular, he is responsible for the following:

(a) to lead, in conjunction with the Board, the development of the Company's strategy;
(b) to lead and oversee the implementation of the Company's long and short term plans in accordance with its strategy;
(c) to ensure the Company is appropriately organized and appropriately staffed and to enable it to achieve the approved strategy;
(d) to assess the principal risks of the Company and to ensure that these risks are being monitored and managed;
(e) to ensure that the Company has appropriate systems to enable it to conduct its activities both lawfully and ethically;
(f) to ensure that the Company maintains high standards of corporate citizenship and social responsibility wherever/whenever it does business;
(g) to act as a liaison between management and the Board and to provide information to the Board to enable the Directors to form appropriate judgments;
(h) to communicate effectively with shareholders, employees, Government authorities, other stakeholders and the public;
(i) to keep abreast of all material undertakings and activities of the Company and all material external factors affecting the Company, and ensure the integrity of all public disclosures by the Company;
(j) in concert with the Chairman, to develop focused agendas to be discussed by the Board in its meetings;

(k) to request that special or general meetings of the Board and shareholders be called when appropriate;
(l) to sit on committees of the Board where appropriate as determined by the Board; and
(m) to abide by specific internally established control systems and authorities, to lead by personal example and encourage all employees to conduct their activities in accordance with all applicable laws and the Company's standards and policies, including its environmental, safety and health policies.

Policy of related party transactions

The Company's policy for related party transactions duly approved by the Board encompasses the requirement of the applicable laws including Companies Act, 2017, the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 and listing regulations of the exchange. The policy was approved by the Board covering the necessary conditions relating to nature of related party relationship, potential risks and mitigating measures, pricing policy, limitation applicable in case of certain/particular related party transactions.

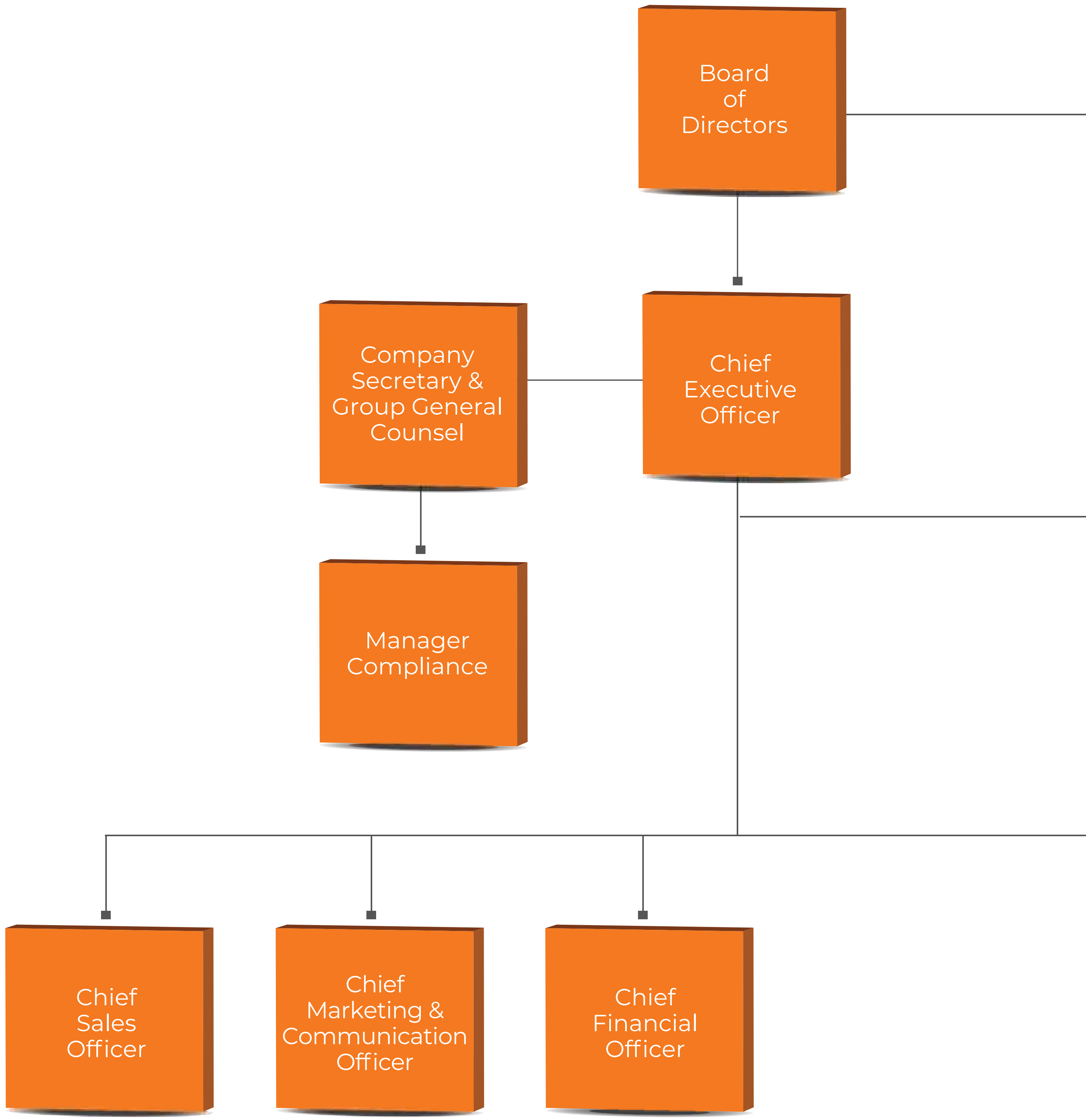
The Board ensures that the company meets its legal and regulatory obligations in relation to related party transactions and has set general criteria to approve transactions with related parties at various levels and identifies and determine whether a related party transaction requires members' approval and recommend the same to members where applicable.

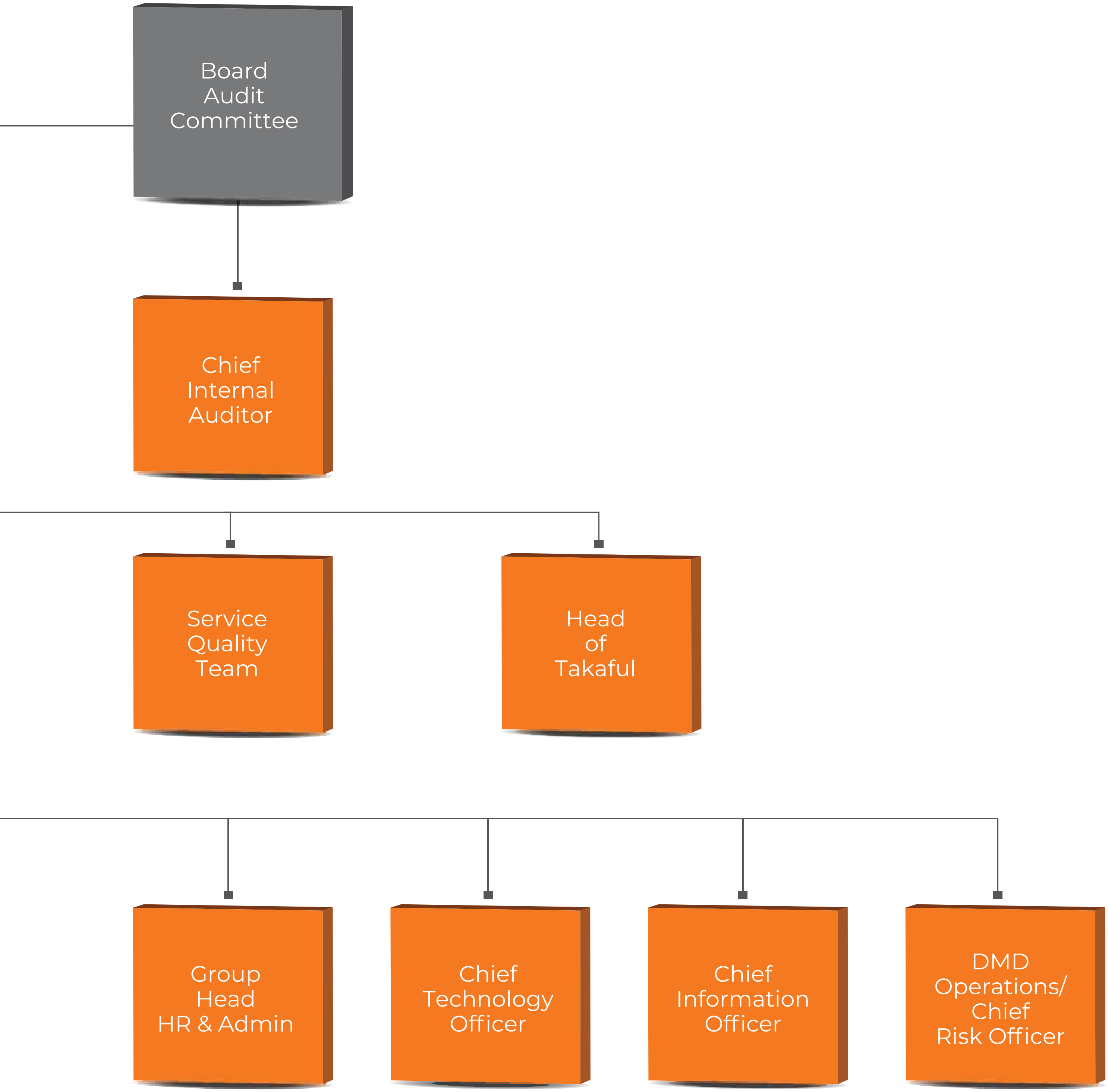
The Board considers and review the following minimum information for its approval for related party transactions

- name of related party, the interested or concerned persons or directors;
- nature of relationship, interest or concern in the related party;
- detail, description, terms and conditions of transactions;
- amount of transactions;
- timeframe or duration of the transactions or contracts or arrangements;
- pricing policy; and
- recommendations of the audit committee, where applicable.

During the year, the Company entered into several related party transactions in-line with the fair and equitable/ arms-length principle which were reviewed and approved by the Board on recommendation of the Board Audit Committee.

Organization Chart




Board Audit Committee
Chief Internal Auditor
Service Quality Team
Head of Takaful
Group Head HR & Admin
Chief Technology Officer
Chief Information Officer
DMD Operations/ Chief Risk Officer

Whistleblowing Policy

1.0 Introduction

All persons employed by the TPL Insurance Limited are under an obligation implied in their contract of employment to give honest and faithful service to their employer. This includes an obligation not to disclose to external sources any trade secrets or confidential information acquired during the course of employment or act in a manner that will undermine the mutual trust and confidence on which the employment relationship is based. The company complements obligations by providing protection to employees for disclosure made without malice and in good faith of certain specific confidential information to a third party in defined circumstances. These are outlined below in document. The purpose of this policy is to provide a means by which employees are enabled to raise concerns with the appropriate TPL Insurance Limited authorities if they have reasonable grounds for believing there is serious malpractice within the company. TPL Insurance Limited encourages employees to raise matters of concern responsibly through the procedures laid down in this policy statement.

2.0 Scope of the Policy

The policy is designed to deal with concerns raised in relation to the specific issues which are in the public interest and are detailed in below document, and which fall outside the scope of other company's policies and procedures. The policy will not apply to personal grievances concerning an individual's terms and conditions of employment, or other aspects of the working relationship, complaints of bullying or harassment, or disciplinary matters. Such complaints will be dealt with under existing procedures on grievance, bullying and harassment, discipline and misconduct in research. Details of these procedures will be found in the relevant employee handbook. They are also published on the online HR portal.

The policy may deal with specific concerns which are in the public interest and may include:

- a criminal offence
- failure to comply with legal obligations or with the Statutes, Ordinances, Code of Conduct, and Regulations of the company
- financial or non-financial maladministration or malpractice or impropriety or fraud
- academic or professional malpractice
- a risk to the health or safety of any individual
- environmental damage
- a miscarriage of justice
- improper conduct or unethical behavior
- attempts to suppress or conceal any information relating to any of the above.

If in the course of investigation any concern raised in relation to the above matters appears to the investigator to relate more appropriately to grievance, bullying or harassment, or discipline, those procedures will be invoked.

3.0 Who Can Raise a Concern?

Any employee, who has a reasonable belief that there is serious malpractice relating to any of the protected matters specified in above document, may raise a concern under the procedure detailed in paragraph 6 below. The issues raised under the protected list may relate to another employee, a group of employees, the individual's own department or another part of the company. Concerns must be raised without malice and in good faith, and the individual must reasonably believe that the information disclosed, and any allegations contained in it, are substantially true. The disclosure must not be made for purposes of personal gain, and in all the circumstances it must be reasonable to make the disclosure. The company will ensure that any member of staff who makes a disclosure in such circumstances will not be penalized or suffer any adverse treatment for doing so. However, a member of staff who does not act in good faith or makes an allegation without having reasonable grounds for believing it to be substantially true, or makes it for purposes of personal gain, or makes it maliciously may be subject to disciplinary proceedings.

In view of the protection afforded to an employee raising a bona fide concern, it is preferable if that individual puts his/her name to any disclosure. The identity of the person raising the matter will be kept confidential, if so requested, for as long as possible provided that this is compatible with a proper investigation. Anonymous complaints are not covered by this procedure, but may be reported, investigated or acted upon as the person receiving the complaint sees fit (including the use of this procedure), having regard to the seriousness of the issue raised, the credibility of the complaint, the prospects of being able to investigate the matter, and fairness to any individual mentioned in the complaint.

4.0 Procedure

4.1 Raising a concern

To raise a concern under the policy employees are requested to complete the whistle blowing complaint form and submit it to Human Resources department.

If employee is unsure about whether his concerns are best dealt with under this policy or Grievance procedure, employees are expected to consult HR Business Partner for further advice.

4.2 Process

The person to whom the disclosure is made will normally consider the information and decide whether there is a prima facie case to answer. He or she will decide whether an investigation should be conducted and what form it should take. This will depend on the nature of the matter raised and may be,

- investigated internally
- referred to the departments
- the subject of independent enquiry

If the person to whom the disclosure is made decides not to proceed with an investigation, the decision will be explained as fully as possible to the individual who raised the concern. It is then open to the individual to make the disclosure again either to another of the persons specified in the paragraph above or to the Head of HR department.

4.3 Investigation

Any investigation will be conducted as sensitively and speedily as possible. The employee will be notified of the intended timetable for the investigation. The person to whom the disclosure is made may authorize an initial investigation to establish the relevant facts. The investigation may be conducted by the internal auditor in the case of a financial irregularity, or by another person. The investigator will report his or her findings to the person to whom the disclosure was made, who will then decide if there is a case to answer and what procedure to follow. This may include taking steps with the competent authority to set up a special internal independent investigation or reference to some other authority, for further investigation. The decision may be that the matter would be more appropriately handled under existing procedures for grievance, bullying and harassment, or discipline. The individual making the disclosure will be informed of what action is to be taken.

4.4 Records

An official written record will be kept of each stage of the procedure.

4.5 Reporting of outcomes

A report of all disclosures and subsequent actions taken will be made by the persons deciding on the issues. This record should be signed by the Investigating Officer and the person who made the disclosure, and dated. Where appropriate the formal record need not identify the person making the disclosure, but in such a case that person will be required to sign a document confirming that the complaint has been investigated. Such reports will normally be retained for at least five years. In all cases a report of the outcome will be made to the Board and Council, which will refer the report on appropriately if necessary.

5.0 Confidentiality and Protection Mechanism

The policy assures that all complaints will be handled in complete confidence, and that the identity of the complainant will not be revealed to Management. In the unlikely event that the identity of Whistle Blower is revealed to any person in the Company, it will be ensured that the complainant is not subjected to any form of detrimental treatment.

5.1 Complaints of retaliation as a result of disclosure

The company accepts that it has an obligation to ensure that employee who make a disclosure without malice and in good faith are protected, regardless of whether or not the concern raised is upheld. An employee who has made a disclosure and who feels that, as a result, he or she has suffered adverse treatment should submit a formal complaint under the grievance procedure as set out in the relevant employee handbook detailing what has been done to him or her. If it appears that there are reasonable grounds for making the complaint, the onus will be on the person against whom the complaint of adverse treatment has been made to show that the actions complained of were not taken in retaliation for the disclosure.

Where it is determined that there is a prima facie case that an employee has suffered adverse treatment, harassment or victimization as a result of his or her disclosure, a further investigation may take place and disciplinary action may be taken against the perpetrator in accordance with the relevant procedure.

6.0 Success of the Policy and its implementation

All stakeholders are responsible for the success of this policy and should ensure that they use it to disclose suspected danger or wrongdoing. If a stakeholder has any question about the content or application of this policy, he or she may contact the Human Resources Department for obtaining necessary clarification.

7.0 Numbers of Instances Reported

No instance have been reported during the year 2020.

Code of Business Conduct and Ethical Principles

1. Ethical Obligations

TPL Insurance strives to maintain a positive work environment where employees treat each other with respect and courtesy. Certain guidelines of acceptable conduct such as responsibility and diligence towards work duties, courteous and civil behavior towards colleagues and customers alike, and high standards of integrity and honesty must be observed by all employees of the organization at all times. This includes avoiding using abusive or insulting language in communication (verbal or written). Any language which is deemed offensive by normal standards and practice is prohibited.

2. Code of Conduct

It is our aim to establish business principles for the professional conduct of the employees of TPL Insurance. All employees are liable for disciplinary action if found in violation of the policies. In general, the use of good judgment, based on high ethical principles, is the standard of acceptable conduct.

The successful business operation and reputation of TPL Insurance is built upon the principles of fair dealing and ethical conduct of our employees. Our reputation for integrity and excellence require careful observance of the spirit and letter of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of conduct and personal integrity.

The continued success of TPL Insurance is dependent upon our customers' trust and we are dedicated to preserving that trust. The employees owe a duty to TPL Insurance customers, and shareholders to act in a way that will merit the continued trust and confidence of the public. TPL Insurance complies with all applicable laws and regulations and expects its directors, officers, and employees to conduct business in accordance with the letter, spirit, and intent of all relevant laws and to refrain from any illegal, dishonest, or unethical conduct.

3. Conflict of Interest

TPL Insurance's policy regarding possible conflict of interest is based on the principle that an employee's decision in the course of business must be made solely in the best interests of the company. In reaching these decisions, an employee should not be influenced by personal or family considerations which might consciously (or unconsciously) affect his or her judgment as to what is in the best interest of the company. Each employee has an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. This document establishes only the framework within which the company wishes the business to operate. As a principle, relatives are not hired. On a later occasion if it is found out that a relative was hired with prior knowledge of an employee, this could become a ground for termination.

4. Child Labor and Worker Exploitation Policy

TPL Insurance does not use child or forced labor in any of its operations or facilities. TPL Insurance does not tolerate unacceptable worker treatment, such as exploitation of minors, physical punishment or abuse, or involuntary servitude. TPL Insurance expects its suppliers and contractors with whom the company does business with to uphold the same standards. TPL Insurance does not commit to exposing workers to situations in or outside of the workplace that are hazardous, unsafe, or unhealthy. TPL Insurance does not hire any employee under the age of eighteen (18) years for employment.

5. Confidentiality

All employees must protect confidential information, and prevent such information from being improperly disclosed to any person inside or outside the organization. All employees are prohibited from disclosing confidential information obtained from their position at the company to any person or using such information with the intention of obtaining personal benefits. Employees should not communicate or transmit confidential or sensitive information through external online communications services, such as the internet. Interaction with competitors beyond the approved level will be regarded as gross misconduct. The company shall take appropriate disciplinary actions in cases of negligence or non-compliance with the above policy.

6. Privacy of Records

It is vital that all employees maintain the utmost confidentiality with regards to work and employee information. All employees must ensure that the organization's work files are returned to their appropriate location at the end of each working day. All aspects of the employee records and information must be treated in the strictest confidence. Any violation will be treated as gross misconduct under the service rules. Access to HR files is provided to relate HR officials, heads of departments, internal and external auditors, chief financial officer and chief executive officer. The HR files are only accessible to be viewed in the HR department of the company's premises.

7. Environmentally Friendly

We are committed to running our business in an environmentally sound and sustainable manner. Accordingly, our aim is to ensure that, our processes and services have the minimum adverse impact commensurate with legitimate needs of the business.

8. Bribery & Fraud

Bribery is not tolerated in any form or manner and any such incident shall be immediately reported to the HR department. While representing the TPL Insurance, the employee is strictly prohibited from offering, paying, soliciting or accepting bribes in cash or kind. External and internal bribery risks are regularly and systematically assessed and preventative measure are in place to avoid such matters. Engaging in fraudulent activities is a fundamental breach of the company's core value of honesty. The company treats it as the most serious breach of discipline. The management has established and consistently maintains and further develops sufficient controls to ensure that risk of fraud is properly identified, monitored and mitigated.

9. Gifts, Entertainment and Gratuities

We conduct our business on the basis of the superior value of goods and services we buy and sell. Our policy on gifts, entertainment and gratuities is designed to preserve and maintain the Company's reputation as a global enterprise, which acts with integrity and bases decisions only on legitimate business considerations. Receiving gifts, entertainment or other gratuities from people with whom we do business is generally not acceptable because doing so would imply an obligation on the part of the Company and potentially pose a conflict of interest.

10. Misconduct

The acts listed below are considered as misconduct and an employee found guilty of the same may be liable for termination of service without notice and benefits:

- Habitual late attendance
- Absent from duty without information for more than 03 days.

- Habitual negligence or neglect of work
- Insubordination or disobedience of senior member of the employee
- Resorting to strike or instigating other employees to stop working or go slow or spreading discontentment
- Giving or possessing classified/unclassified information to unauthorized persons
- Any act bringing disrepute to the company
- Any fraudulent act or forgery or another criminal act
- Misuse of company assets
- Non-adherence to the Code of Conduct

The company shall initially suspend the service of an employee without pay (up to a maximum of fourteen (14) days') in case of misconduct, during the pendency of the proceedings initiated.

11. Health & Fire Safety

To build awareness on the health, safety and environment standards, the organization on regular basis, provides relevant information and trainings to its employees. The Administration / Security department ensures a safe and healthy environment, conduct regular fire drills, so as to prepare every employee of the organization in the case of emergency situation. There are emergency exit routes, fire exits and fire extinguishers placed strategically throughout the company's premises. The employees will further have the opportunity to receive training and attend briefings on the proper use of firefighting equipment in their respective areas.

12. Environmental Safety

All employees are requested to ensure a safe work environment is maintained at all times. The use of alcohol, chewing of betel nut, illegal drugs may seriously affect a person's ability to perform their duties in a proper and safe manner and therefore are strictly prohibited while on duty both on and off premises. Smoking is prohibited on all office premises.

13. Legal Proceedings

It is essential that an employee, who becomes involved in any legal proceedings, whether civil or criminal, should immediately inform his or her superior with a copy of the proceedings to the HR department in writing. Failure to do so may result in termination of employment.

14. Compliance

Compliance with business ethics and conduct is the responsibility of every employee. Disregarding or failing to comply with the standard of business ethics and conduct determined by the Company could lead to disciplinary action, including but not limited to the possible termination of employment. It is the responsibility of the HR department and all the immediate line managers to ensure that the principles embodied in this code are communicated to, understood and observed by all the employees.

Succession Planning

Our succession planning process covers the following areas:

Step 1 – Identify Key Positions

Criteria for key positions include:

- Positions that require specialized job skills or expertise.
- High-level leadership positions.
- Positions that are considered "critical" to the organization.

Step 2 – Build Job Profiles for each Key Position

Determine the key success factors of the job and how proficient the job holder would need to be. This information can be obtained several ways, including performing on the job analysis or gathering critical information during the performance appraisal process. The information that is gathered includes the knowledge, skills, abilities, and attributes that the current employee in a position possesses that allow for competent and efficient performance of the function.

Step 3 – Competency Gap Analysis

- Using relevant tools, gather data on current employee competencies for the key positions
- Analyze the difference between current employee competencies and future needs
- Document findings for development opportunities

Step 4 – Development Opportunities

- Assess the abilities and career interests of employees
- Candidates should demonstrate high potential or ability that will enable them to achieve success at a higher level within the organization.

Step 5 – Individual Development Plans

- Design a plan for each candidate – developmental plans should be available for candidates and then incorporated into their performance management plans. Plans may include identifying career paths for high-potential candidates and others who have the interest and ability to move upward in the organization
- Provide development opportunities – This can be accomplished through job assignments, training, or on job rotation, and it is one of the best ways for employees to gain additional knowledge and skills

Step 6 – Maintain Skills Inventory

- Continually monitor skills and needs to determine any gaps and develop plans to meet deficiencies
- Keep an inventory of current and future needs and maintain the information for individual and group development

Policy for Actual and Percieved Conflict of Interest

TPL Insurance Limited maintains the highest standards in ensuring that business ethics are always upheld and no corruption takes place. The Company ensures that all directors uphold and adhere to the code of conduct and are fully cognizant of their fiduciary duty towards the Company. The Directors are required to act in the highest standards of corporate governance and avoid/deflect conflicts of interests. Every director of the Company whose interest lies in any of the Company's dealings or arrangements are required to fully disclose their interests to the Board. As such, the Board ensures that any director with a conflict of interest is not a part of voting system for such matters. Each director is required to disclose the names of the companies they are associated with and the capacity of such associations.

Policy for Safety of Records of the Company

TPL Insurance Limited ensures safety of records in the following manner:

- The Company has properly documented and tested Business Continuity Plan / Disaster Recovery Plan (BCP / DRP) which elucidates the safety of company records and ensures continuity of business operations in the event of a disaster.
- Every department in the Company is responsible for creating backup logs on the server on a daily basis.
- The Company has advanced machines in place through which electronic retrieval of printed data can be extracted.

Security Clearance Policy

TPL Insurance Limited, complying with the requirements of Ministry of Interior (the MoI), allows its foreign shareholders and directors to become a part of the Company on the assumption that the MoI will grant them security clearance. In this respect, the Company submits an application to the MoI via the Securities and Exchange Commission of Pakistan for security clearance. The said application is supported by an undertaking on stamp paper from the foreign shareholders and directors that it shall sell the shares in the company or vacate the office (as necessary) in case it does not receive security clearance. The Company further submits identification documents (such as copies of company incorporation documents, passports and CVs (as applicable)) with the application.

In the event that the MoI denies security clearance for the respective foreign shareholder or director, the Company shall immediately take adequate steps to either compel the shareholder to sell its shareholding in the Company as per the undertaking submitted to the MoI or replace the director as soon as possible.

Policy on Diversity

TPL Insurance Limited is committed to fostering, cultivating and preserving a culture of diversity and inclusion. The Company's diversity initiatives include but are not limited to its practices and policies on recruitment and selection, professional development and training. The Company embraces its employees' differences in age, disability, ethnicity, family or marital status, language, physical and mental ability, political affiliation, race, religion, socio-economic status, and other characteristics which make its employees unique.

The Company believes that an ongoing development of a work environment built on the premise of gender and diversity equity encourages and enforces, inter alia, respectful communication, cooperation, and teamwork.

The employees have a responsibility to treat all colleagues with dignity and respect. The employees are expected to exhibit a conduct which reflects inclusion at all times. Any employee found to have exhibited any inappropriate conduct or behaviour against others may be subject to disciplinary action.

Further, any employee who believes that they have been subjected to any kind of discrimination which conflicts with the Company's diversity policy and initiatives should seek assistance from a supervisor or an HR representative.

Policy of Retention of Board Fee by the Executive Director in other Companies

Mr. Mohammad Ali Jameel and Mr. Muhammad Aminuddin who hold the positions of Executive Directors in the Company also hold Non-Executive Director positions on the Boards of other Companies and receive remuneration in compliance with the respective Company's policies approved by their Board of Directors.

Investor Grievance Policy

TPL Insurance has a well-defined mechanism for handling investor grievances and the subsequent redressal of the grievance. Our compliance team undertakes to ensure that the investors are provided impeccable services.

The Company has set the following guidelines to handle investor queries and complaints:

- timely responses to investor grievances;
- fair treatment of all investors;
- corrective measures to be taken instantly to avoid complaints in the future

The Company Secretary is the point of contact in such cases. The investors may directly write to the Company Secretary at the following address:

The Company Secretary
TPL Insurance Limited
12th Floor, Centerpoint,
off Shaheed-e-Millat Expressway,
adjacent to KPT Interchange
Qayoomabad
Karachi, Pakistan

Shareholders may present their enquiries in respect of their shareholding, dividends or share certificates etc. directly to the Share Registrar at the following address:

THK Associates (Private) Limited
Plot no. 32-C, Jami Commercial Street 2,
D.H.A Phase VII, Karachi, 75500 Pakistan
Tel: (0092 (021) 35310191-6

Alternatively, the investors may also send an email to designated email address info@tplinsurance.com for general queries/complaints.

If an investor remains unsatisfied with the response received from the Company or the Share Registrar against the complaint, he or she may approach the Securities & Exchange Commission of Pakistan complaint cell through the interactive link available on the Company's website.

IT Governance Framework

TPL Insurance is keen on strengthening its internal controls, therefore, it has an approved Information Security Policy in place. The policy aims to define an IT & information security governance framework by defining the roles and responsibilities, acceptable practices, protocols and procedures to ensure operations are running effectively and risks are treated accordingly.

The Policy entails the following aspects:

- Roles and Responsibilities
- Physical & Environmental Security Measures
- Access Management
- Acceptable Use of Network & Communication
- System Development Life Cycles (SDLC)
- Asset Management
- Network Security
- Disaster Recovery Management

Annual Evaluation of Board's Performance

The Board of the Company has developed a mechanism to evaluate its own performance, on an annual basis, through a questionnaire which evaluates the performance of the Board as whole and that of individual directors. The said questionnaire is prepared in accordance with the Code of Corporate Governance and is circulated to all the Directors covering, inter alia, the following areas:

- Fiduciary Duties
- Business Strategy
- Compliance with the Law
- Participation on the Board
- Corporate Reporting

This performance evaluation exercise helps the Board of the Company to evaluate its processes and effectiveness with the aim of ensuring the more efficient and effective operation and its functions, focusing on succession planning, the Board composition and the use of Board time.

Performance Review of the Chief Executive Officer

The Chief Executive Officer (CEO) is appointed by the Board of Directors for tenure of three (3) years. The Ethics, Human Resource, Remuneration and Nomination Committee of the Board sets operational, financial and strategic objectives to evaluate his performance. The Committee reviews and monitors the CEO's performance on an annual basis.

Chairman’s Review Report

For the year ended 31 December 2020

I feel delighted to apprise the valuable shareholders of TPL Insurance Limited (Company) regarding the remarkable performance of the Company duly abetted by its Board of Directors and management to sustain the profit trajectory, scaling to new heights in the entire industry and enhancing stakeholders’ value. The Company continued to expand its footprint in other lines of business even, amid the threat of COVID-19, lockdowns, closure of businesses across the country which severely halted the economic activity.

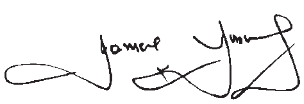
The Board remained committed in ensuring the efficient functionality of the businesses of the Company. To enhance its capital requirement, the Board accorded its approval for an equity investment by DEG – Deutsche Investitions – und Entwicklungsgesellschaft mbH (“DEG”) which after having received all the regulatory approvals is in its final stages of execution.

The appropriate balance of skills and experience of independent, non-executive and executive directors aided the Management to thrive consistently in all the situations through their knowledge, thoughtful engagement and regular support, thus enabling the Company to effectively operate varied businesses in complex and fast-changing markets and environment.

The Board has conducted its annual review, on a self-assessment basis, to ensure the high standards of corporate governance, aiming evaluation of its processes and effectiveness, focusing on succession planning, the Board composition and the use of Boards’ time. I proudly assert that the Company is the first insurance company in the industry to have offered Employee Stock Option Plan under the newly implemented regulations to its key managerial personal, based on recommendation of Compensation Committee, as a mechanism to attract, retain and motivate them to realize the stated business goals.

The Committees of the Board also played vital role in ensuring adherence to all regulatory requirements by the Management. In order to ensure the fair representation of the financial position of the Company, the Audit Committee provided an independent review and supervision of financial reporting and monitoring. The Ethics, Human Resource, Remuneration and Nomination Committee assisted in ensuring hiring and retaining key management personnel while, the performance of other Board and Management Committees are also appreciable.

Our Board shall continue, with the same determination and zeal, its efforts for the growth of the Company in the years to come.



Jameel Yusuf S.St.
Chairman of the Board
As of December 31, 2020

Audit Committee Report

The Audit Committee

The Audit Committee (AC) is delegated with the authority from the Board to provide independent oversight of the Company's financial reporting and internal control systems, and the adequacy of the external and internal audits. The AC is provided with sufficient resources to perform its duties including support, as necessary, from the Internal Audit Department (IAD), the external auditor, legal counsel and management in examining all matters relating to the Company's adopted accounting policies and practices, and in reviewing all material financial, operational and compliance controls. The AC comprises of one independent director, and two non-executive directors, and includes a member who is financially literate. The AC held five meetings in 2020.

Review of Financial Results

The AC reviewed the 2020 Financial Statements in conjunction with the Company's external auditors report. Based on this review and discussions with management, the AC was satisfied that the Financial Statements were prepared in accordance with applicable accounting standards and fairly present the Company's financial position and results for the year ended 31 December 2020. The AC therefore recommended the Financial Statements for the year ended 31 December 2020 be approved by the Board.

Review of Internal Control Systems

The AC reviewed the effectiveness of the Company's policies and procedures regarding internal control systems by reviewing the work of the IAD and the Company's external auditor, and regular reports from management including those on risk management, regulatory compliance and legal matters. In conjunction with the Risk Committee, the AC reviewed and concurred with the management confirmation that the Company's risk management and internal control systems were effective for the year ended 31 December 2020. The AC is satisfied that the Company has adopted necessary control mechanisms to ensure that it satisfactorily complies with the requirements of the Code of Corporate Governance in respect of internal control systems.

Review of Accounting, Financial Reporting and Internal Audit Functions

The AC reviewed and was satisfied with the adequacy of the resources, staff qualifications and experience, training programs and budget of the Company's accounting, financial reporting and internal audit functions.

Review of Related Party Transactions

During 2020, the Company entered into certain related party transactions as disclosed in the notes to the financial statements. The AC reviewed these transactions. The AC confirmed that the transactions were entered into by the Company are in accordance with the applicable requirements.

Re-appointment of External Auditors

The AC has reviewed the external auditors' independence and objectivity. External auditors have confirmed that they have been given satisfactory rating under Quality Control Review program of the Institute of Chartered Accountants of Pakistan.
EYFR has completed their statutory term of five years, in accordance with the requirements of Code of Corporate Governance. TPL Corp Limited, the parent of the Company and its subsidiaries continue to be audited by EYFR. In accordance with the requirements of CCG, all inter-related companies engaged in financial services are required to appoint the same firm of auditors. Accordingly, the AC, based on approval from SECP, recommend appointment of EY Ford Rhodes Chartered Accountants as statutory auditors of the Company for the year ending 31 December 2021.

Syed Nadir Shah
Chairman Board Audit Committee

March 2, 2021

Pandemic Recovery Plan by the Management And Policy Statement:

During covid-19 pandemic and its consequent lockdown, business activity came to a halt throughout the world. Being a leading insurtech player in Pakistan with digital platforms to onboard and service customers, TPL Insurance maintained its operational efficiency throughout the pandemic and provided unparalleled services to its customers.

It also assisted the customers facing financial challenge during the pandemic by providing various options from installment plans to short term policies and discounted products. TPL Insurance also provided its customers with an option to subscribe free home insurance cover for a year during pandemic lockdown.

Digital platforms were revamped to provide customers with secure options to make transactions with the company that included renewing through website and mobile app along with payments. Insurance coverage were extended to facilitate the customers and health claim services were enhanced to provide assistance during pandemic to the customers.

Continuous engagement and provision of multi-faceted assistance was welcomed by our esteemed customers and business partners which resulted in improved retention ratio and growth in premiums in the later part of the year. TPL Insurance wishes to improve the engagement with its customers and business partners further and is working on various initiatives to penetrate and grow its existing business channels along with development of new channels including but not limited to various digital platforms. TPL Insurance is also strengthening its product base with gradual roll outs in both corporate and retail segments where products are being tailored to cater for the requirements of our customers.

TPL Insurance is determined that its customer service and provision of improved and innovative products to the insurance industry of Pakistan should not be hindered by any pandemic or other adverse event and its growth trajectory should not be compromised in the foreseeable future.

Directors' Report

On behalf of the Board of Directors of TPL Insurance Limited ("the Company"), I am pleased to present the Annual Report of the Company for the year ended December 31, 2020.

Economic Review

2020 was a turbulent year for global economy. With the outbreak of COVID-19 and resultant lockdowns, the global economy reported highest contraction since the Second World War. Pakistan was no exception. The Country remained under complete lockdown from March 2020 till May 2020 shrinking the industrial output significantly. The Government and State Bank of Pakistan took various measures to curtail the adverse economic impact, including Rs. 1.24 trillion relief package, reduction in interest rates from 13.25% to 7%, and various incentives for construction and health sector. As a result, Pakistan's economy reported GDP contraction of 0.38%.

Due to lock-downs, auto industry reported sharp decline in sales during the first half of 2020 with car sales plunging 64% YoY. However, with the reopening of business in second half of 2020, motor sales reported uptick with a growth of 13.5% YoY.

On the external account front, Pakistan has reported current account surplus during the first half of the Fiscal Year 2020-21, attributed mainly to higher remittances, growth in exports and import substitution. As a result US Dollar parity remained relatively stable during the year, with a minor PKR depreciation of 3.2% during the year.

Business Review

Gross Written Premium

The Company has been allowed by SECP to report its results on consolidated basis i.e. conventional accounts clubbed with Takaful accounts on line by line basis. This reflects true reflection of the Company's performance as a whole which is also imperative from the investors' point of view.

During the year, the company reported Consolidated Gross Written Premium ("GWP") of Rs. 2,747 Million registering growth of 10% YoY. The premium includes contribution written by window takaful operations of the Company which amounts to Rs. 1,239 Million (2019: Rs. 1,179.4 Million).

Year	Consolidated Gross writtenpremium (Rs. In Millions)	Growth %
2014	1,220.8	40%
2015	1,635.5	34%
2016	2,054.5	26%
2017	2,292.7	12%
2018	2,408.7	5%
2019	2,505.3	4%
2020	**2,746.9**	**10%**

As reported above, COVID 19 pandemic caused country wide lockdowns, closure of businesses across the country and halted the economic activity. For the first time in Pakistan's history, no motor sales were recorded for the entire month in April 2020. Despite these challenges, the Company' motor portfolio remained stable at Rs. 2,158 Million mainly attributed to our digital initiatives including un-interruptive customer services via digital and online modes. During second half of the year, Automobile industry registered uptick in sales with the arrival of new entrants in the industry. With the reduction in interest rates, stability in exchange rate parity with US Dollar, and increase in consumer confidence, we expect that motor portfolio growth will revive in the next couple of years. The Company continued to maintain its 3rd position in the motor market on overall basis and 6th rank in the industry (based on Net Earned Premium for the year ended 31 December 2019).

During 2020, the Company continued to expand its footprint in other lines of business. Fire portfolio registered growth of 68% at Rs. 236.9 Million (2019: Rs. 141.0 Million) while Health business reported growth of 172% at Rs. 264.9 Million (2019: Rs. 97.4 Million).

The Company continues its focus on digitalization initiatives to further improve service quality for our customers. During the year, we have signed up with a leading bank of Pakistan to digitize our claims payment process. We have also on-boarded several digital platforms to enhance our sales through digital channel. To further enhance our customer experience, we have signed up with digital payment platforms to automate the end-to-end process of premium collection. In order to diversify our offering, we have signed up with leading banks to provide Crop Insurance services to their customers thereby increasing our footprint in Agriculture and livestock insurance. With all these new initiatives along-with increasing depth in our traditional distributional channels, we expect to achieve sustainable profitable growth in future.

Claims Analysis

Yearly Claims Incurred	
Year	% of Earned Premium
2014	50%
2015	49%
2016	46%
2017	43%
2018	43%
2019	41%
2020	45%

In 2020, claim ratio increased to 45%, mainly attributed to increased mix of health business in overall portfolio. Health business reported claim ratio of 103%. Health business has been underwritten as a relationship anchor to gain a share of profitable business of fire and marine from blue-chip corporates. The strategy will facilitate growth in future.

Claim ratio for Motor reported improvement at 40% (2019: 42%), despite one-off rainwater damage claims costing a net amount Rs. 15 Million, attributed to improvements in vendor management and better reinsurance protection.

Reinsurance

The Company continues to have strong relationship with reinsurance partners. The Company has treaty arrangements with blue-chip A rated insurers. Keeping in view the growing portfolios, the Company continues to focus on increasing treaty capacities in all classes of business. During the year, the Company has enhanced its natural catastrophe cover for Retakaful motor class from Rs. 200 Million to Rs. 300 Million while maintaining conventional catastrophe cover at Rs 900 Million. The Company received a Machinery Breakdown claim of one of its largest customer. The gross and net amount of this claim was Rs. 81 Million and Rs. 0.8 Million respectively. Due to its sufficient treaty and facultative arrangements, the company effectively processed and settled the claim ensuring best of customer services and claims servicing.

Window Takaful Operations

The Company's Window Takaful Operations (WTO) continue to grow and has underwritten contributions amounting to Rs. 1,239 Million (2019: Rs. 1,179 Million), reporting YoY growth of 5.1%. The consolidated assets of operator fund and participant takaful fund amounts to Rs. 1,270.8 Million (2019: Rs. 1,127.0 Million). The Company continues to maintain 2nd position in motor takaful market (based on Net Earned Premium for the year ended 31 December 2019).

During the year, the participant takaful fund reported a surplus of Rs. 90.3 Million (2019: Rs. 137.7 Million). This was achieved as a result of prudent underwriting and improvement in claims.

Capital Increase

Board of Directors of TPL Insurance Limited ("the Company") have accorded their approval for an equity investment by DEG – Deutsche Investitions – und Entwicklungsgesellschaft mbH ("DEG"), a wholly owned subsidiary of KFW Group based in Cologne, Germany, a major Development Finance Institution, of up to 19.9% equity interest in the Company by way of fresh issuance of ordinary shares other than by way of rights issue.

The Company is now in the final stages of negotiating the Shareholder's Agreement, while the Share Subscription Agreement has already been executed. The requisite corporate and regulatory approvals, including but not limited to Shareholders' approval, Competition Commission of Pakistan's approval and Securities and Exchange Commission of Pakistan's and State Bank of Pakistan's approval have already been obtained.

Equity investment involves the issuance of 23,325,000 Ordinary shares, having face value of PKR 10/- each, other than by way of rights, in favour of DEG at a price of PKR 20/- per share, aggregating up to PKR 466,500,000/-.

Employee Share Options

During the year, based on recommendation of Compensation Committee, the Board has approved to set aside 10% of the shareholders Equity/Paid-Up Capital as Stock Options to be awarded to the Key Managerial Personnel and other key employees, from time to time, as a mechanism to attract, retain and motive them to realize the stated business goals.

Subject to any amendments that may be required by the Securities and Exchange Commission of Pakistan (the SECP), to issue, offer and allot to eligible employees of the Company, options are exercisable into equity shares of the Company of nominal value of Rs. 10 each up to 4,750,000 shares under TPL Insurance Limited Employee Stock Option Scheme 2020 (the ESOP scheme), at discounted exercise price.

Financial Review

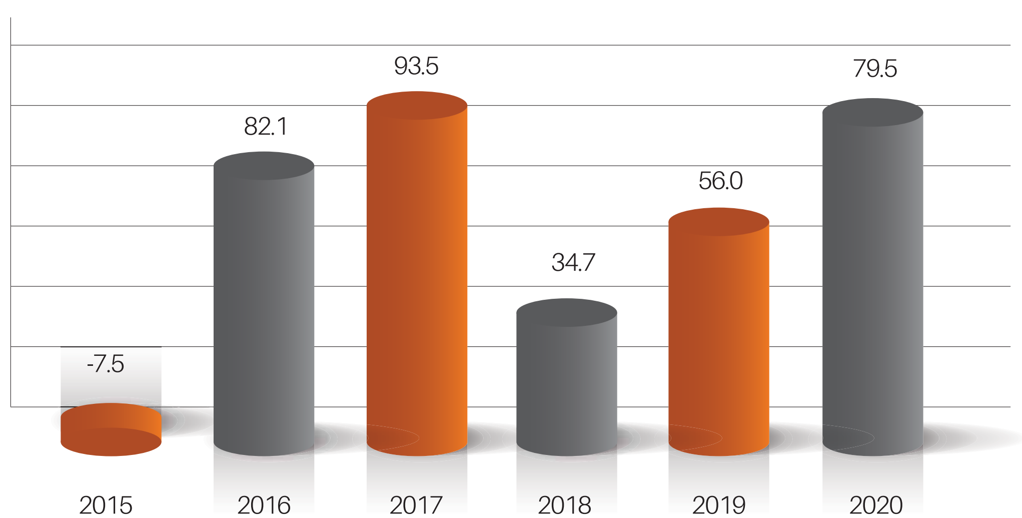
Profitability and Growth

The Company has recorded a consolidated pre-tax profit of Rs 79.5 Million (2019: Rs. 56.0 Million). The results include pre-tax surplus attributable to Participants' Takaful Fund amounting to Rs. 127.4 Million (2019: Rs. 137.7 Million). The loss attributable to shareholders' fund amounted to Rs. 50.5 Million (2019: Rs. 107.2 Million). The pre-tax and post-tax basic loss per share are Rs. 0.51 and Rs. 0.54 respectively (2019: Loss per share of Rs. 0.87 and Rs. 1.14).

The lower profitability is attributed to investment made in development of new channels and products, penetration in fire and health segments, digitization initiatives undertaken by the Company. While these measures have had a short term negative impact on profitability of the Company, we believe that these steps will improve financial performance of the Company in the years to come.

Profit Before Tax

(Rs. in millions)



Investments

As at 31 December 2020, investments made by the Company (including investments made by Participant's Takaful Fund) stands at Rs. 920.8 Million (2019: Rs. 729.4 Million). These mainly comprise of investments in term deposits amounting to 427.5 Million (2019: 420 Million), investment in government securities amounting to Rs. 344.9 Million (2019: Rs. 95.7 Million), investment in corporate debt instruments amounting to Rs. Nil (2019: Rs. 125 Million) and investment in equities and mutual funds amounting to Rs. 148.4 Million (2019: 88.7 Million). The aggregate market value of these investments is Rs. 925.4 Million (2019: Rs. 728.5 Million).

Cash & Bank Balances

The cash and bank balances of the Company stands at Rs. 913.4 Million (2019: Rs. 702.4 Million). This includes cash and bank balances of Participants' Takaful Fund amounting to Rs.145.2 Million (2019: Rs. 149.7 Million).

Dividend

To strengthen the balance sheet position, the Board of Directors have decided not to declare dividend for the year ended 31 December 2020 (2019: Nil).

Insurer Financial Strength (IFS) Rating

The Pakistan Credit Rating Agency Ltd (PACRA) has maintained the Insurers Financial Strength (IFS) rating of the Company to "A+" with a stable outlook.

Key Financial Data for the last Six Years

(Rs. in Millions)

Income Statement	2020	2019	2018	2017	2016	2015
Gross premium written	2,746.9	2,505.3	2,408.7	2,292.7	2,054.5	1,635.5
Net premium revenue	2,163.1	2,136.2	2,246.6	2,068.8	1,750.5	1,419.3
Underwriting expenses	(2,046.8)	(2,024.5)	(2,116.7)	(1,957.1)	(1,724.6)	(1,368.3)
Underwriting results	**116.3**	**111.7**	**129.9**	**111.7**	**25.9**	**51.0**
Investment income and other income	204.1	152.1	70.7	61.9	106.8	93.5
Other expenses	(240.8)	(207.8)	(165.9)	(80.1)	(50.6)	(152.0)
Profit / (Loss) before tax for the year	79.6	56.0	34.7	93.5	82.1	(7.5)
Profit / (Loss) after tax	39.8	30.5	23.8	35.2	36.4	(19.8)

(Rs. in Millions)

Balance Sheet	2020	2019	2018	2017	2016	2015
Paid up share capital	946.7	946.7	955.6	1,009.1	904.1	800.9
Accumulated (losses) / Unappropriated profits	(164.5)	(114.0)	8.0	138.7	138.7	138.7
Unrealized gain (loss) on revaluation of available-for-sale investments	(7.3)	(29.7)	(26.7)	(26.4)	2.3	-
Other capital reserves	24.1	-	-	-	-	-
Participant's Takaful Fund	41.4	(48.9)	(170.3)	(201.7)	(121.9)	(55.1)
Total Equity	**840.4**	**754.1**	**766.6**	**919.7**	**923.2**	**884.5**
Investments	920.8	729.4	1,026.3	1,213.3	1,056.8	930.4
Fixed assets	257.5	426.5	122.0	70.0	361.2	384.7
Capital work in progress	-	2.6	7.6	21.4	-	-
Cash and bank deposits	913.4	702.4	251.9	247.2	240.9	30.4
Other assets	1,409.5	1,105.2	1,216.9	1,147.1	759.0	635.7
Total Assets	**3,501.2**	**2,966.1**	**2,624.7**	**2,699.0**	**2,417.9**	**1,981.2**
Underwriting liabilities	1,970.8	1,505.1	1,447.4	1,383.6	1,247.9	970.0
Other liabilities	690.0	706.9	410.7	395.7	246.8	126.7
Total Liabilities	**2,660.8**	**2,212.0**	**1,858.1**	**1,779.4**	**1,494.7**	**1,096.7**

Auditors

M/s EY Ford Rhodes, Chartered Accountants ("EYFR") have completed the statutory term of five years as stipulated in the Code of Corporate Governance ("CCG"). TPL Corp Limited, the parent of the Company and its subsidiaries continue to be audited by EYFR. In accordance with the requirements of CCG, all inter-related companies engaged in financial services are required to appoint the same firm of auditors. Accordingly, based on the approval from SECP, the Board of Directors recommend appointment of EY Ford Rhodes Chartered Accountants as statutory auditors of the Company for the year ending 31 December 2021, at a fee to be mutually agreed.

Related Party Transactions

The related party transactions were placed before the Board of Audit Committee and approved by the Board, being executed on an arm's length basis. These transactions were in line with the International Financial Reports Standards and the Companies Act, 2017.

Antimoney Laundering and Counterfinancing of Terrorism

The Company is working towards ensuring compliance of the Anti-Money Laundering and Counter-financing of Terrorism Regulations, 2018 and in this regard the Board of Directors' of the Company have also approved the AML/CFT Policy

Corporate Social Responsibility

The global COVID-19 pandemic has disrupted businesses and economic activity. Even during these uncertain times, we continue to sustain our commitment to contribute now more than ever working with local communities and our country to benefit all stakeholders. Health being one of our main CSR goals we acted quickly to ensure that health and safety of our employee, contractors and customers was the first and overriding priority while ensuring safety for everyone. As we move towards 2021, we focus on retaining CSR's plan for the longer-term resilience of our business by focusing on innovation and expanding our outreach through strategic partnerships.

Statement on Corporate and Financial Reporting Framework

The Board is fully aware of its corporate responsibilities as envisaged under the Code of Corporate Governance, prescribed by the Securities and Exchange Commission of Pakistan and is pleased to certify that:

- The financial statements prepared by the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of financial statements except as disclosed in the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, International Financial Reporting Standard and other regulations (including but not limited to the Shariah guidelines /principles) as applicable in Pakistan, have been followed in the preparation of the financial statements and any departure there from have been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- The fundamentals of the Company are strong and there are no doubts about Company's ability to continue as a going concern.
- The Company has followed the best practices of the Corporate Governance and there has been no material departure there from.
- Key operating and financial data for the last six years in summarized form, is included in this annual report.
- Significant deviations from last year's operating results have been explained in this report
- Statutory payments on account of taxes, duties, levies and charges outstanding are in the normal course of business

- The board is duly complying in respect of the Directors' Training Program as referred under the Clause 19(1)(i) of the Listed Companies (Code of Corporate Governance) Regulations, 2019

- The value of investments of provident fund on the basis of unaudited financial statements of the provident fund as on 31 December 2020 is Rs. 58.9 Million (2019: Rs. 53.8 Million).

Directors' Remuneration

The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act 2017. The details of remuneration to directors is mentioned in notes to the Financial Statements.

Composition of Board of Directors and Committee are disclosed in Statement of Compliance with Code of Corporate Governance.

Insurance ordinance 2000

As required under the Insurance Ordinance 2000 and rules framed there under, the Directors confirm that:

- In their opinion and to the best of their belief, the annual statutory accounts of the Company set out in the forms attached with this statement have been drawn up in accordance with Insurance Ordinance 2000 and Insurance Rules made there under.

- The Company has at all times in the year complied with the provisions of the Ordinance and the rules made there under relating to the paid up capital, solvency and reinsurance arrangements; and as at the date of the statement, it continues to be in compliance with the provisions of the Ordinance and rules framed there under as mentioned above.

Code of Conduct

The Company ensures that all its activities are carried out in a transparent manner strictly following the code of business ethics with zero tolerance.

Pattern of Shareholding

A statement of pattern of share-holding of the Company as at 31 December 2020 is as follows:

Shareholder's Category	Number of Shares Held	Percentage of Shareholding
Parent Company – TPL Corp Limited	69,952,950	74.52%
Directors	16,861	0.02%
Banks, DFIs & NBFIs	11,866,196	12.64%
Mutual Funds	8,040,790	8.57%
General Public (Local)	3,423,444	3.65%
General Public (Foreign)	2,874	0.00%
Others	563,146	0.60%
Total	93,866,261	100.00%

Trading In Company's Shares

There was no trading in shares of the Company by major shareholders, Directors, CEO, CFO, Company Secretary, Head of Internal Audit, other employees and their spouses and minor children during the year.

Board Meetings

The Board of Directors held seven meetings in 2020. Attendance of Directors is indicated below:

Name of Director

Mr. Jameel Yusuf (S.St)	4	Mr. Syed Nadir Shah	7
Mr. Ali Jameel	7	Mr. Muhammad Aminuddin	7
Mr. Rana Assad Amin	7	Ms Naila Kassim	7
Mr Andrew Borda	7	Mr. Ali Asgher**	3
Mr. Waqar Ahmed Malik*	2		

*resigned during the year
**filled casual vacancy during the year

Future Outlook

While Pakistan's economy has experienced significant turbulence during 2020, our Company has shown resilience and has reported remarkable growth both in terms of top and bottom-line. With the reduction in discount rates, and stability of US Dollar Parity, economy is back on growth path. Motor sales have started to pick up from third quarter 2020. During 2021, our strategy is to continue our investments in digital infrastructure to further enhance the customer journey as well as to achieve operational efficiencies. The Company plans to further penetrate in non-motor segment to diversify its portfolio and increase its market share. We are confident that these measures will enable the Company to continue its path of sustainable growth in the years to come.

Acknowledgement

We would like to thank the shareholders of the Company for the confidence they have reflected in us. We also appreciate the valued support and guidance provided by the Pakistan Stock Exchange, Federal Board of Revenue, Provincial Revenue Authorities, Central Depository Company and Securities and Exchange Commission of Pakistan over time. We would also express our sincere thanks to the employees, strategic partners, vendors, bankers and customers for their support in pursuit of our corporate objectives.

For and on behalf of the Board of Directors

Muhammad Aminuddin	**Jameel Yusuf (S.St)**
Chief Executive Officer	Chairman

23 February 2021

Management responsibilities towards 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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement.

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

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

Pattern of Shareholding

No. of Shareholders	From	To	Shares Held	Percentage
217	1	100	1,383	0.002
38	101	500	10,953	0.012
98	501	1,000	61,430	0.065
101	1,001	5,000	195,539	0.208
18	5,001	10,000	119,874	0.128
11	10,001	15,000	137,774	0.147
1	15,001	20,000	16,734	0.018
3	20,001	25,000	72,603	0.077
2	25,001	30,000	57,272	0.061
1	30,001	35,000	33,412	0.036
2	35,001	40,000	74,763	0.080
1	40,001	45,000	43,307	0.046
1	45,001	50,000	46,000	0.049
1	50,001	55,000	53,556	0.057
1	55,001	60,000	59,790	0.064
1	60,001	65,000	60,062	0.064
2	95,001	100,000	196,500	0.209
1	120,001	125,000	124,300	0.132
1	295,001	300,000	300,000	0.320
1	355,001	360,000	358,641	0.382
1	370,001	375,000	373,290	0.398
1	400,001	405,000	400,020	0.426
1	405,001	410,000	405,919	0.432
1	505,001	510,000	507,688	0.541
1	520,001	525,000	524,154	0.558
1	535,001	540,000	535,620	0.571
1	650,001	655,000	654,000	0.697
1	675,001	680,000	676,970	0.721
1	750,001	755,000	750,483	0.800
1	990,001	995,000	991,000	1.056
1	2,495,001	2,500,000	2,498,500	2.662
1	2,995,001	3,000,000	2,998,367	3.194
1	3,125,001	3,130,000	3,128,897	3.333
1	8,820,001	8,825,000	8,821,500	9.398
1	14,795,001	14,800,000	14,800,000	15.767
1	18,240,001	18,245,000	18,240,363	19.432
1	35,535,001	35,540,000	35,535,597	37.858
519		**Company Total**	**93,866,261**	**100.000**

Category of Shareholders

As of December 31, 2020

Particulars	No of Folio	No of Shares	Percentage
Directors, CEO & their Spouse and Minor Children	**5**	**16,861**	**0.02**
Mr. Jameel Yousuf		620	0.00
Mr. Ali Jameel		620	0.00
Mr. Andrew Borda		1	0.00
Syed Nadir Shah		620	0.00
Mr. Muhammad Aminuddin		15000	0.02
Associated Companies	**6**	**69,952,950**	**74.52**
TPL Corp Limited		68,875,960	73.38
TPL Holdings Pvt. Ltd.		1,076,990	1.15
BANKS, DFI & NBFI	**4**	**11,866,196**	**12.64**
National Bank of Pakistan		8,821,500	9.40
Fawad Yusuf Securities (Pvt.) Limited		329	0.00
Sherman Securities (Private) Limited		2,998,367	3.19
Pearl Securities Limited - MF		46,000	0.05
Mutual Funds	**7**	**8,040,790**	**8.57**
Golden Arrow Selected Stocks Fund Limited		373,290	0.40
CDC - Trustee PICIC Investment Fund		535,620	0.57
CDC - Trustee PICIC Growth Fund		750,483	0.80
CDC - Trustee AKD Opportunity Fund		3,128,897	3.33
CDC - TRUSTEE HBL - STOCK FUND		654,000	0.70
CDC - TRUSTEE NBP STOCK FUND		2,498,500	2.66
CDC - TRUSTEE HBL EQUITY FUND		100,000	0.11
General Public (Local)	**478**	**3,423,444**	**3.65**
General Public (Foreign)	**6**	**2,874**	**0.00**
Others	**13**	**563,146**	**0.60**
Toyota Hyderabad Motors		33,412	0.04
Bonus Fraction B-2018		189	0.00
Cdc Stay Order Cases With Fracton		405,919	0.43
Bonus Fraction B-2019		168	0.00
Habib Sugar Mills Ltd		60,062	0.06
Maple Leaf Capital Limited		1	0.00
Federal Board Of Revenue		16734	0.02
Rao Systems (Pvt.) Ltd.		2,500	0.00
Sarfraz Mahmood (Private) Ltd		500	0.00
Mohammad Munir Mohammad Ahmed Khanani Securities Limited		5,500	0.01
Falcon-i (Private) Limited		1	0.00
Toyota Sahara Motors (Pvt) Ltd		38,038	0.04
Paradigm Factors (Private) Limited		122	0.00
Company Total	**519**	**93,866,261**	**100**

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

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Tel: + 9221 3565 0007-11
Fax: + 9221 3568 1965
e.y.khi@pk.ey.com
ey.com/pk

Independent Auditor's Review Report

To the members of TPL Insurance Limited (the Company)

Review Report on the Statement of Compliance with Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance prepared by the Board of **Directors of TPL Insurance Limited** for the year ended **31 December 2020** in accordance with the requirements of Code of Corporate Governance for Insurers, 2016 (the Code) and Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulation).

The responsibility for compliance with the Code and Regulation is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance that reflects the status of the Company's compliance with the provisions of the Code and Regulation, and report if it does not and to highlight any non-compliance with the requirements of the Code and Regulation. 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 and Regulation.

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 and Regulation require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Code and Regulation as applicable to the Company for the year ended 31 December 2020.

Chartered Accountants

Place: Karachi
Date: March 10, 2021

Statement of Compliance with the Code of Corporate Governance

For the year ended 31 December 2020

This statement is being presented in compliance with the Code of Governance for Insurers, 2016 (**"2016 Code"**) and Listed Companies (Code of Corporate Governance) Regulations, 2019 (**"2019 Code"**)

(Collectively referred to as the "Codes")

for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance.

TPL Insurance Limited (the "Company") has applied the principles contained in the Code in the following manner:

1. The total number of directors are 7 as per the following
   a. Male : 6
   b. Female : 1

2. The Company encourages representation of Independent and Non-Executive Directors representing the minority's interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Director(s)	Syed Nadir Shah, Ms. Naila Kassim
Executive Director(s)	Mr. Muhammad Aminuddin (Chief Executive Officer), Mr. Muhammad Ali Jameel
Non-Executive Director(s)	Mr. Jameel Yusuf, Mr. Andrew Borda, Mr. Rana Assad Amin, Mr. Ali Asgher

   All Independent Directors meet the criteria of independence as laid down under the Codes.

3. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

4. 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.

5. The casual vacancies were duly filled up by the Directors as follows:

S.No.	Resigned	Dated	Appointment	Dated
1	Mr. Waqar Ahmed Malik	April 28, 2020	Mr. Ali Asgher	July 07. 2020

6. During the year, there were changes in the position of the Chief Financial Officer, Head of Internal Audit and the Compliance Officer.

7. The Company has prepared a Code of Conduct, and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

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

9. All powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ Shareholders as empowered by the relevant provisions of the Act and the Codes.

10. The meetings of the Board were presided over by the Chairman and in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirement of the Companies Act, 2017 and the Codes with respect to frequency, recording and circulating minutes of meeting of the Board.

11. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and the Codes.

12. The Board has duly complied with the Directors' Training Program requirement and the criteria as prescribed in the 2019 Code.

13. 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 2016 Code.

14. An orientation of the Board of Directors was conducted to apprise them of their duties and responsibilities including the fiduciary duties as contained in the Companies Act, 2017.

15. The Board approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and condition of employment and complied with relevant requirements of the Codes.

16. The Directors' Report for this year has been prepared in compliance with the requirements of the 2016 Code and fully describes the salient matters required to be disclosed.

17. The Financial Statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

18. 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.

19. The Company has complied with all the corporate and financial reporting requirements of the 2016 Code.

20. The Board has formed the following Management Committees:

Underwriting Committee:

Name of the Member	Category
Andrew Borda	Chairman
Altaf Ahmed Siddiqi	Member
Syed Kazim Hasan	Member
Shumail Iqbal	Secretary

Claim Settlement Committee:

Name of the Member	Category
Muhammad Aminuddin	Chairman
Syed Ali Hassan Zaidi	Member
Yousuf Zohaib Ali	Member
Ovais Alam	Secretary

Reinsurance and Co-insurance Committee:

Name of the Member	Category
Andrew Borda	Chairman
Altaf Ahmed Siddiqi	Member
Syed Kazim Hassan	Member
Shadab Khan	Secretary

Risk Management and Compliance Committee:

Name of the Member	Category
Andrew Borda	Chairman
Syed Kazim Hasan	Member
Muhammad Aminuddin	Member
Khurram Ahmed	Member
Shayan Mufti	Secretary

21. The Board has formed the following Board Committees:

Ethics, HR, Remuneration and Nomination Committee:

Name of the Member	Category
Syed Nadir Shah	Chairman
Mr. Ali Jameel	Member
Mr. Rana Assad Amin	Member
Mr. Andrew Borda	Member
Mr. Nader Nawaz	Secretary

Compensation Committee

Name of the Member	Category
Syed Nadir Shah	Chairman
Mr. Rana Assad Amin	Member
Mr. Andrew Borda	Member
Mr. Nader Nawaz	Secretary

Investment Committee:

Name of the Member	Category
Ali Jameel	Chairman
Andrew Borda	Member
Muhammad Aminuddin	Member
Ali Asgher	Member
Yousuf Zohaib Ali	Secretary

22. The Board has formed an Audit Committee. It comprises of three members of whom one is an independent director and two non-executive directors with one member of the audit committee duly qualifying the requirement of being financially literate. The Chairman of the Committee is an independent director The composition of the Audit Committee is as follows:

Audit Committee:

Name of the Member	Category
Syed Nadir Shah	Chairman
Mr. Rana Assad Amin	Member
Mr. Andrew Borda	Member
Syed Muhammad Ali	Secretary

23. The meetings of the Committees, except Ethics, Human Resources and Remuneration Committee, were held at least once every quarter prior to approval of interim and final results of the insurer and as required by the 2016 Code.

24. The terms of references of the Committees have been formed, documented and advised to the Committees for Compliance.

25. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and is involved in the internal audit function on a regular basis.

26. The Chief Executive Officer, Chief Financial Officer, Compliance Officer, Company Secretary and the Head of Internal Audit possess such qualification and experience as is required under the 2016 Code. Moreover, the persons heading the underwriting, claim, reinsurance and risk management 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 Person	Designation
Mr. Muhammad Aminuddin	Chief Executive Officer
Mr. Yousuf Zohaib Ali	Chief Financial Officer
Mr. Khurram Ahmed	Compliance Officer
Mr. Danish Qazi	Company Secretary
Syed Muhammad Ali	Head of Internal Audit
Mr. Altaf Ahmed Siddiqui	Head of Underwriting
Mr. Ovais Alam	Head of Claims
Ms. Shadab Khan	Head of Reinsurance
Syed Ali Hassan Zaidi	Head of Strategy & Risk Management
Mr. Nader Nawaz	Head of Grievance Dept.

27. 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 programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the international Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.

28. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Codes or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

29. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the 2016 Code.

30. The Board ensures that the risk management system of the Company is in place as per the requirements of the 2016 Code. The Company has set up a risk management function/ department, which carries out its tasks as covered under the 2016 Code.

31. The Company has been rated by PACRA and the rating assigned by the rating agency on August 27, 2020 is A+ with stable outlook.

32. The Board has set up a grievance department/function, which fully complies with the requirements of the 2016 Code.

33. The Company has obtained exemption from the Securities and Exchange Commission of Pakistan in respect of the following requirement of the Code of Corporate Governance for Insurers, 2016:

    "Extension of Appointment of Auditors for one year."

34. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the 2019 Code other material principles contained in the 2016 Code have been complied with.

By Order of the Board

Chairman
Date: February 23, 2021

Sustainability

At TPL, we proactively integrate Sustainability into our routine decision making processes. Dedicated to driving positive change, we are aligned with the goals of the United Nation's 2030 Agenda for Sustainable Development.

Our Focus Areas

Health

799,337

Beneficiaries provided with good health and well-being

Education

6,998

Beneficiaries provided with quality education

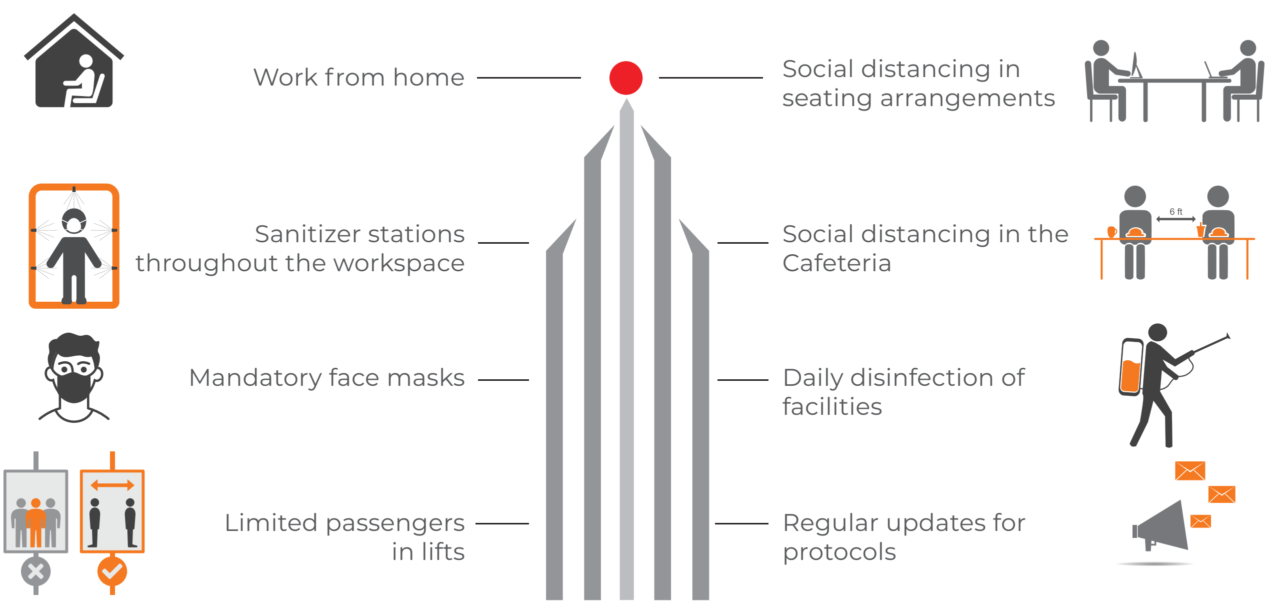
Environment

33,943

Agents of environmental change

COVID-19 Response at Centrepoint

In January 2020, the World Health Organization (WHO) declared the outbreak of COVID-19 to be a Public Health Emergency of International Concern. In response, we minimized the risk faced by our people and implemented strict precautionary measures at our offices, in compliance with international guidelines for the workplace. We will continue to ensure the safety and well-being of our employees, suppliers, customers, and local communities in the battle against COVID-19.



Health

COVID-19 Financial Assistance

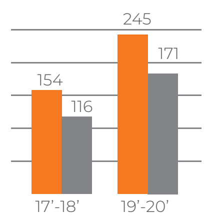
Financial aid was provided to The Indus Hospital, supporting them in the areas of diagnostics and PCR COVID-19 tests.

Rs. 10 million donated to TIH

847 Patients served at TIH

Blood Donation Drive

TPL partnered with The Indus Hospital and Pakistan Red Crescent Society to organize a Blood Donation Drive to help fulfill the nation's demand for blood.

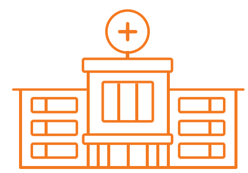


Number of blood units drawn in four years

Registrations   Blood units drawn

Surgical Complex at Patients' Aid Foundation (PAF)

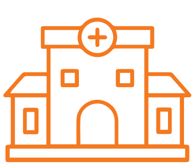
Financial assistance provided to PAF which will contribute to the development of a new surgical complex with state of the art medical facilities at Jinnah Post Graduate Medical Center.



70,000 Surgeries annually | 20 Operating Theatres 420 Beds

The Lady Dufferin Hospital

TPL contributed towards the construction of Lady Dufferin Hospital's new OPD building which provides free of cost gynaecological surgeries and deliveries, ensuring low clinical charges for the needy.



Construction of the OPD building that will result in a 10% increase in capacity

Awareness Sessions

To encourage employees to be mentally and physically fit, we regularly arrange awareness programs.

Session on Mental Health Awareness held for 100+ female staff on International Women's Day

Session on Breast Cancer Awareness held in collaboration with Shaukat Khanum Memorial Cancer Hospital for 45+ female employees

Session on Good Health & Well-Being conducted by Dr. Kholod Shafi (MBBS & CFT) for 20+ employees

Karwan-e-Hayat Fund Raiser

TPL financially contributed towards the fundraiser organized by Karwan-e-Hayat which has been providing psychiatric care and rehabilitation to the mentally ill, free or at highly subsidized rates, since 1983.

Rs. 100,000 donated

Education

4 QUALITY EDUCATION | 10 REDUCED INEQUALITIES | 17 PARTNERSHIPS FOR THE GOALS

Language Sessions

80+ employees successfully completed the sessions

TPL held basic English Language sessions for lift operators, housekeeping, security, electricians and kitchen staff.

Children Education Benefit Policy

10+ Students provided with scholarship

TPL, through its children education benefit policy provides the children of our Non-Managerial employees with full academic scholarships every year.

3 GOOD HEALTH AND WELL-BEING | 6 CLEAN WATER AND SANITATION | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 17 PARTNERSHIPS FOR THE GOALS

Environment

Drinking Water

Number of plastic bottles saved: 32,643

We have reduced our mineral water expense and mitigated plastic consumption by installing water purifying dispensers throughout Centrepoint.

No-Meat Monday

10 % reduction in meat consumption per month

TPL introduced the concept of going meat-less on Mondays at the Centrepoint cafeteria to increase awareness on adopting a healthier lifestyle.

Responsible Consumption and Waste Management

TPL launched a Company-wide water and energy conservation awareness campaign to reduce our carbon footprint. We also partnered with Davaam Waste to recycle the waste generated from Centrepoint.

70 % waste recycled per month

Social Responsibility

8 DECENT WORK & ECONOMIC GROWTH

17 PARTNERSHIPS FOR THE GOALS

CPR Training Workshop

TPL conducted a Cardiopulmonary Resuscitation (CPR) Training Session in collaboration with The Indus Hospital. By learning this life saving technique, our employees will be able to assist a person in an emergency.

50+
Employees received basic CPR certification

Health and Safety in the Workplace

TPL strives to ensure the routine implementation of strict policies and targeted safety drills. We aim to provide a workplace environment where employees are physically and mentally safe.

2
Health & Safety trainings in 2020

4 Fire Drills
conducted in 2020

Training and Development

TPL is committed to creating a dynamic and inclusive workplace that fosters a healthy, highly engaged and skilled workforce where everyone can excel. We ensure that everyone working with us feels welcomed, supported and valued for their talents. To ensure the continuous growth of our employees in their professional endeavors, we regularly conduct training sessions which include both soft and technical trainings.

580
Employees trained in soft and technical skills

Diversity and Inclusion

TPL strives to operate with integrity, promoting diversity and inclusion in the workplace. As an equal opportunity employer, our management teams ensure that people from diverse backgrounds are recruited. TPL implemented a Paternity Leave Policy with support and flexibility for fathers to help them transition to parenthood.

281
Total number of employees

1:10
Gender Diversity Ratio

Scaling for Impact

Over the years, TPL has supported more than 50 nonprofit organizations and charitable trusts across Pakistan, ranging from local charities to international NGOs and universities.

We aim to understand the challenges being faced by our communities to make collective change.

Awards 2021

TPL Insurance won three awards at the '10th Annual Corporate Social Responsibility Summit & Awards 2021.' The categories were:

- Reporting and Transparency
- Stakeholder / Employee Engagement
- Responsible Investment

The CSR Awards are organized by The Professionals Network (TPN) – a leading corporate entity based out of Karachi. Established in 2011, the Network recognizes Corporations and NGOs for their efforts towards bringing positive socio-economic change in Pakistan.

Management Objectives, KPIs and Significant Changes

Objective No. 1	Enhance Customer Satisfaction	KPI
	Improve the efficiency of complaint management system, reduce the complaints and providing the best value for Money	• Reduced no. of complaints • Reduce time taken to resolve those complaints • Value for Money
Objective No. 2	**Augment Premium and to attain persistent economic advancement**	**KPI**
	Through innovation and digitization, we will pull the demand for our products and engage a new channel of business for this purpose	• Growth in the turnover and customer base
Objective No. 3	**Grooming of Human Capital**	**KPI**
	Through appropriate trainings and reward and recognition system in place and by reducing employee turnover ratio, we can achieve highly effective and efficient human capital as they are the ones who represent us to the customers	• No. of trainings • Employee turnover ratio
Objective No. 4	**Maximizing Shareholder Returns**	**KPI**
	By enhancing the Company's overall performance, the shareholder returns would be maximized	• EPS • ROE
Objective No. 5	**Enhance operational efficiency to achieve synergies**	**KPI**
	By aligning our strategies to our processes and through innovation and digitization, we can achieve synergies	• Target vs. achieved

Business Continuity Plan

Core Objective:

Our team & infrastructure is determined to cope events like power failure, strikes, lockdowns, fire, accessibility to office, IT breakdown, inclement weather and acts of subversive activity to offer an uninterrupted business operation environment.

Plans in Force:

Business continuity planning (BCP) involves defining potential risks, determining how those risks will affect operations, implementing safeguards and procedures designed to mitigate those risks, testing those procedures to ensure that they work, and periodically reviewing the process to make sure that it is up to date. It also provides a means to recover technologies in the event of loss, damage or failure which is covered in the Disaster Recovery Plan (DRP).

The Company, in its BCP/DRP, covers risks pertaining to the operations of the Company, their impacts upon occurrence, prevention of a disaster to occur and backup strategies for each of the key business processes.

Upon successful implementation of BCP/DRP, the Company has established the competences to endure its business operations without any interruptions. In order to ensure its efficient continuation, a department is assigned who conducts various simulation drills to ensure the BCP/DRP is effective and in function

Forward Looking Statement

Analysis of Last year's Statement and Status of Projects:

Based on our last year forward looking statement, TPL Insurance has taken multiple initiatives and launched insurance solutions for retail and corporate customers to further diversify its product offerings. TPL has diversified its product range by introducing mobile insurance, shop shield, bike insurance and domestic travel insurance during the year. TPL Insurance is the first insurance company in Pakistan by introducing telematics based insurance 'Drive- Pro' for its esteemed customers. Furthermore, the company has partnered with various non- traditional insurance channels and digital aggregators to provide diversified insurance solutions to its customers. TPL Insurance also improved its penetration in the existing channels of banks and dealerships by partnering with new banks and dealerships across Pakistan.

Forward Looking Statement:

With the gradual role out of vaccinations across the globe, it is expected that the pandemic and it impact will recede gradually and economic activity will return to normalcy in the near future. Keeping in view the government's initiatives to bring economic stability and growth for the year 2021, the company is determined to achieve growth in the upcoming year.

Since automobile sector is gradually achieving improved production levels and new auto manufacturers are entering the market with increased competition, the company is determined to grow in the auto sector by providing diversified range of insurance solutions, product development and penetration through new digital and non- digital retail channels.

Further, in order to spread the awareness among the youth and create the importance of insurance products, TPL Insurance has introduced Pakistan's first insurance Student Ambassador Program to capture the youth through universities. The company also realizes the importance of "Insurtech" and is constantly investing in solutions like "Know Your Livestock" and "DrivePro" to bring innovation and product leadership in the industry. The management is committed to provide cutting edge IT based innovative solutions to its customer to enhance their insurance experience.

Moreover, with the emerging awareness regarding the Shariah complaint solutions, the company is making substantial growth in its Window Takaful Operations. Considering favorable circumstances for the economy and the future prospect, the expected outcomes are projected in below mentioned arenas:

• **Gross Premium and overall profitability** – TPL Insurance provides risk absorption to its customers by obtaining reinsurance for underwritten risk, implementing risk management and contingency plans and take appropriate preventive measures. TPL Insurance is operating in a very competitive environment by working with three leading players that's possess larger market share with a lower cost that becomes a challenging for the company to operate at a lower premium pricing.

However, with diversifying the insurance solutions to its customers and increased rate in gross premiums specifically in auto mobile industry, TPL Insurance is working towards growth leading to the maximization of the shareholder's wealth and sustainability of overall profits.

• **Return on Investments** – Changes in the macroeconomic factors may affect the stock market and interests rates which may affect the company's overall profits. However, to mitigate this risk and have high returns on investments, the company has prudent policy to minimize the risk and diversified its investment portfolio and continuously monitor relevant fixed incomes, mutual funds and equity investments.

• **Financial Strength** – The company has developed a diversified product portfolio of providing insurance solutions along with investments to obtain the financial strength in order to operate in such a competitive industry.

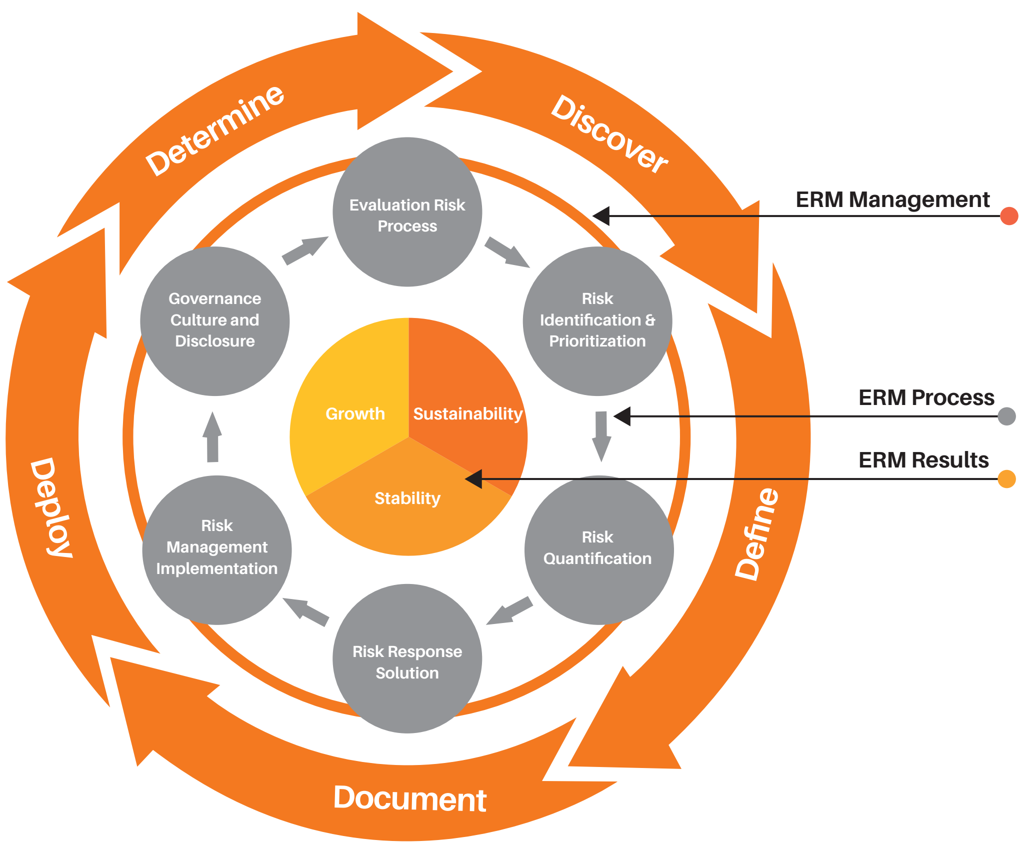
TPL Insurance is operating in an industry with high regulations. The company is cognizant of its responsibilities and keep tracks of its important deadlines and ensures all the requirements meets timely.

Risk and Opportunity Report
Enterprise Risk Management

The Board of TPL Insurance (TPLI) has approved an Enterprise Risk Management (ERM) Policy prepared by the Risk Management Committee.

TPL Insurance has a formal Risk Management Committee under the supervision of Chairman that ensures the implementation of Enterprise Risk Management Program. The program aims effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations such that all the measures for managing risks entity-wide are addressed and strategic objectives gets achieved. The program incorporates the following aspects:

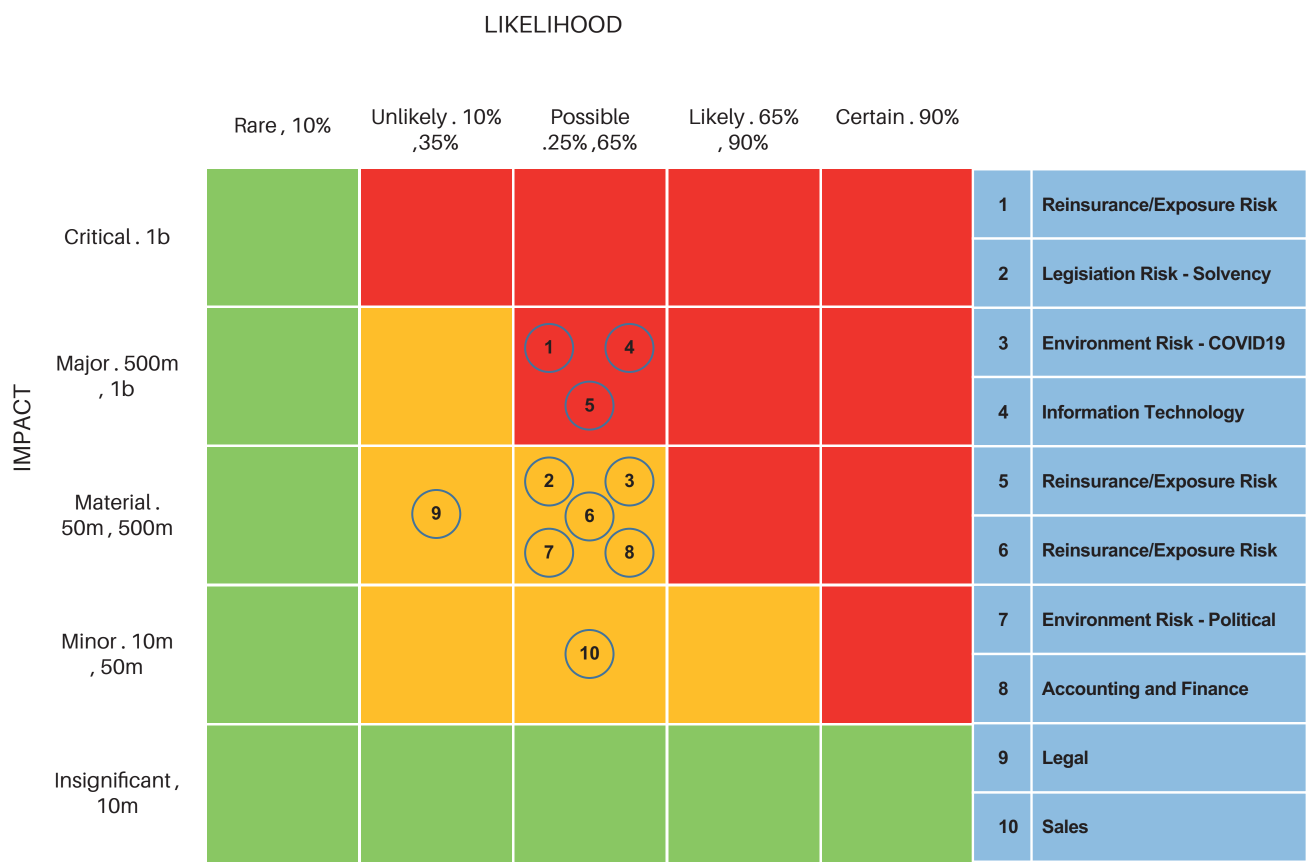
- Identification of Risk.
- Quantification & Prioritization of Risk.
- Risk Responses.
- Risk Management Implementation and Evaluation.



Below mentioned is the list of risks faced by TPLI and mitigating strategies that are in place to alleviate those risks:

Risks	Mitigating Strategies
Political and Economic Risks	
Challenges in the business due to the political instability and changes in the interest rates may become a snag in the achievement of Business objectives.	The Company is working on diversifying its insurance portfolio to reduce its exposure to political risk. The Company also has established the Strategy & Transformation Department to monitor and devise strategies to minimize exposure to political and economic risks.
Regulatory Risk	
The Company is operating in an industry with high regulations. Failure to meet those regulatory standards and requirements would expose the Company to various penalties and would increase reputational risk	The Company is cognizant of its responsibilities and thus has established a Compliance Department which is responsible to keep tracks of important deadlines and ensures all the mandatory requirements are met timely
Reinsurance Risks	
Reinsurance risk is the risk that reinsurance partners are unable to discharge their liabilities which makes the Company liable to the insured fully.	The Company only deals with reinsurance counterparties having strong financial strength ratings to minimize these risks
Investment Risk	
Changes in the macro economic factors may affect the stock market and interest rates which impacts the Company's cash flows.	The Company observes a prudent policy to minimize its risks through diversification of its portfolio and dedicating a specialized department to continuously monitor relevant fixed income, mutual funds and equity investments.
Liquidity Risk	
The Company may not be able to meet its financial obligations towards insured.	The Company manages its liquidity by sustaining strong cash flow position and regular monitoring of maturity profile of financial assets and liabilities.
Cyber Risk	
Any risk of financial loss, disruption or damage to the reputation of TPLI from failure of its information technology systems.	The Company has implemented strong controls including firewall, antivirus solutions and backup and recovery systems to minimize the risks posed by cyber risks.
People & Environment Risk	
People are the single most important asset in any business but they are also the most vulnerable asset.	In TPLI, High graduate Level Intake as per HR policy with background checks. Market based remuneration and adjustments made at annual appraisals. Long term benefits like PF is offered. Group insurance, health insurance covers are taken for each employee. Training is regularly imparted across the board.
Solvency Risk	
The Company may not be able to meet its Solvency requirement as define by regulatory bodies.	Quarterly solvency margin calculations are prepared to gauge the excess solvency.

RISK #	RISK CATEGORY	RISK DESCRIPTION	LIKELIHOOD	IMPACT	RISK ASSESSED	PERCEIVED CONTROL EFFECTIVENESS	RESIDUAL RISK
1	Reinsurance/ Exposure Risk	CAT RISK across all lines of business.	Possible	Major	High	Satisfactory	High
2	Environment Risk – Legislation	Changes in legislation impacting sales & claims cost	Possible	Material	Moderate	Satisfactory	Medium
3	Environment Risk - COVID19	IMPACT ON SALES - Sales may be significantly down due to closures and low business activity.	Possible	Material	High	Satisfactory	High
4	Information Technology	IT Data & System Security may be compromised	Possible	Major	High	Good	Medium
5	Reinsurance/ Exposure Risk	Loss of business due to inability/ delay in obtaining Reinsurance/ Fac support	Possible	Major	High	Good	Medium
6	Reinsurance/ Exposure Risk	Cash call from mandatory PRCL share of 35% may not be honored	Possible	Material	Moderate	Good	Low
7	Environment Risk - Political	Business Activity slows down may impact topline. However we have multiple business lines to make up for the deficiency.	Possible	Material	Moderate	Good	Low
8	Accounting and Finance	Inadequate cash flow management to meet short and long term cash flow requirements.	Possible	Material	Moderate	Good	Low
9	Legal	Inadequate management reporting on the status of pending litigations	Unlikely	Material	Low	Good	Low
10	Sales	Improperly trained sales force may not be able to execute the sales strategy and achieve the targets and goals of the company.	Possible	Minor	Low	Good	Low

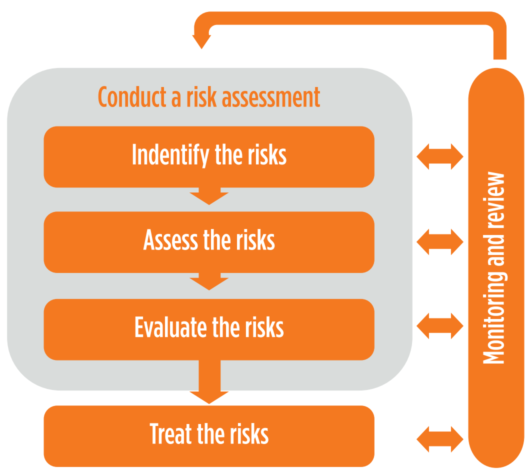


Risk Management Methodology

TPL Insurance Limited's risk management policy captures the spine of risk management not only limited to insurance risks but also operational, regulatory, environmental, cyber, reputation, financial performance, human resource related risks that can cause material impact on the organization and its objectives.

Given the imperatives of risk management, TPL Insurance Limited has formulated a risk management methodology comprising of follows following phases:

- Risk Assessment
  - Risk Identification
  - Risk Analysis
  - Risk Evaluation
- Risk Treatment
- Review, Monitoring & Reporting



RISK ASSESSMENT

This phase comprises of:

- Risk identification
- Risk analysis and
- Risk evaluation

RISK IDENTIFICATION

The aim of the risk identification step is to identify a list of risks based on events, threats or vulnerabilities that might create, enhance, prevent, degrade, accelerate or delay the achievement of business's objectives, and to document these possible risks in the risk register.

Risk Register

For documenting the Risk Management activity a risk register template is in place. The process of Risk Analysis, Risk Evaluation and Risk Treatment are documented within the template which comprises of following components:

- Category
- Risk Description
- Likelihood
- Impact
- Inherent Risk
- Existing Control(s)
- Perceived Control Effectiveness
- Residual Risk
- Planned Controls

Risk Category	Risk Description	Likelihood	Impact	Inherent Risk	Existing Control(s)	Perceived Control Effectiveness	Residual Risk	Planned Controls

RISK ANALYSIS

Risk analysis involves consideration of the causes of risk, its consequence and likelihood that those consequences can occur.

Controls represent any process, policy, practice or other actions taken by management which reduce the likelihood of a risk occurring or the potential damage arising from the risk. The risk analysis process involves the assignment of an overall residual risk rating for each risk documented in the risk register through the following three steps.

1 - Analyse the inherent risk

- Assess the likelihood and consequence of a risk event if it were to occur in the absence of controls

2 - Identify and assess controls

- Identify the existing controls in place to address the risk, and assess how effective they are in operation

3 - Analyse the residual risk

- Reassess the likelihood and consequence of a risk event if it were to occur, taking into consideration the effectiveness of the control environment as assessed in Step 2

To support staff in risk assessment, TPL Insurance Limited has adopted standardized criteria and rating scales to be applied across all risk management activities. These criteria and rating scales and their application to the three risk assessment steps outlined above, have been detailed in the following section:

Step 1: Analyze the Inherent Risk

For each risk identified in the risk register, the likelihood of the risk occurring in the absence of controls should be assessed. Likelihood refers to the chance of something happening. The TPL Insurance Limited's risk likelihood criteria are outlined in the following table.

Probability Scale	Guiding Measures
Rare	There is less than 10% chance of occurrence.
Unlikely	There is 11-25% chance that the risk will occur.
Possible	There is 26 - 65% chance that the risk will occur.
Likely	There is 66 – 90% chance that the risk will occur.
Almost Certain	There is more than 90% chance that the risk will occur.

For each risk identified in the risk register, the consequence of the risk occurring in the absence of controls should also be assessed using the Consequence/ Impact Criteria. Consequence refers to the outcome of an event affecting objectives.

<table>
<tr><th>Consequence/ Impact Scale</th><th>Guiding Measures</th></tr>
<tr><td>Insignificant</td><td>The risk may cause temporary operational inefficiency; however, business may be able to run as usual.
<table>
<tr><th colspan="2">Implications</th></tr>
<tr><td>Financial</td><td>Less than Rs. 10 Million</td></tr>
<tr><td>Operational</td><td>Temporary service disruption.</td></tr>
</table></td></tr>
<tr><td>Minor</td><td>The risk is likely to have a limited adverse effect on organizational operations, organizational assets, or individuals; and may cause temporary operational inefficiency. It may arise due to non-compliance with standard operating procedures or their absence etc.
<table>
<tr><th colspan="2">Implications</th></tr>
<tr><td>Financial</td><td>More than Rs. 10 Million but less than Rs. 50 Million</td></tr>
<tr><td>Operational</td><td>Minor impact on product/ service delivery.</td></tr>
<tr><td>Legal/ Regulatory</td><td>Regulatory/ police investigation of organization and/or Board without adverse findings.</td></tr>
</table></td></tr>
<tr><td>Material</td><td>The risk is likely to have a material adverse effect on the organization or individuals associated with the organization (e.g., employees, customers). It may arise due to fundamental control weaknesses, non-compliance of policies, minor errors in financial information, etc.
<table>
<tr><th colspan="2">Implications</th></tr>
<tr><td>Financial</td><td>More than Rs. 50 Million but less than Rs. 500 Million.</td></tr>
<tr><td>Operational</td><td>Widespread discontent of customers and suppliers.</td></tr>
<tr><td>Brand/ Reputation</td><td>Failure of prominent project, service or product.
Localized negative media coverage.
Investigation of serious individual misconduct.</td></tr>
<tr><td>Legal/ Regulatory</td><td>Regulatory/ police investigation with adverse findings against organization and/or Board.</td></tr>
</table></td></tr>
<tr><td>Major</td><td>The risk is likely to have a serious effect on organizational operations, reputation, organizational assets, or individuals.
<table>
<tr><th colspan="2">Implications</th></tr>
<tr><td>Financial</td><td>More than Rs.500 Million but less than Rs. 1 Billion</td></tr>
<tr><td>Operational</td><td>Widespread failure or loss of product/service standards.</td></tr>
<tr><td>Brand/ Reputation</td><td>Loss of a large number of customers to competitor organization.
Loss of suppliers/ service providers.
Loss of significant skills from Board or Senior Management.
Sustained public criticism of the organization.</td></tr>
<tr><td>Legal/ Regulatory</td><td>Civil action against organization and/or Board due to negligence.
New regulations that impede operations.</td></tr>
</table></td></tr>
<tr><td>Critical</td><td>A risk that can prove catastrophic or terminal for the whole organization.
It may affect organizational operations, reputation, organizational assets, or individuals; it may lead to loss of significant customer(s), litigations and hefty financial penalties.</td></tr>
</table>

	Implications	
	Financial	More than Rs. 1 Billion
	Operational	Unable to deliver product/ services. Prohibited from service delivery at any level. Loss of significant number of customers to competitor organization.
	Brand/ Reputation	Collapse of organization. Major inquiry into systemic misconduct. Wholesale resignation of Board Members or Senior Management.
	Legal/ Regulatory	Criminal prosecution of organization and/or Board due to failure to comply with the law.
	It may be caused due to significant errors in financial information, non-compliance with regulatory requirements, or contractual terms, security breach of mission critical system; significant control weaknesses, etc.	

Once a risk likelihood and consequence assessment has been made for each risk in the risk register, the inherent risk rating is then determined by combining the likelihood and indicative consequence level of the risk as per the following matrix.

Impact/ Consequence \ Likelihood/ Probability	Rare	Unlikely	Possible	Likely	Highly Probable
Critical	Low	Medium	High	High	Extreme
Major	Low	Medium	Medium	High	High
Material	Low	Medium	Medium	Medium	High
Minor	Low	Low	Medium	Medium	Medium
Insignificant	Low	Low	Low	Low	Low

Step 2: Identify and Assess Controls

A control is any process, policy, device, practice, or other actions that prevent, detect or mitigate. The controls should be identified and assessed. The assessment of the control's operating effectiveness should be determined using the criteria below.

Control Effectiveness	Description
Unsatisfactory	The control is not applied.
Weak	The control design does not meet the objective; or The control is applied incorrectly.
Satisfactory	The control design meets the objective and the control is usually operational but occasionally not applied when it should be, or not as intended.
Good	The control design meets the objective and the control is operating majority of the time.
Very good	The control design meets the objective and the control is operating effectively.

Step 3: Analyze the Residual Risk

Once the inherent risk and the effectiveness of relevant controls have been considered, the residual risk can be assessed. The residual risk will be determined by following a similar process to analyzing the inherent risk (in Step 1) however, the likelihood and consequence will be reassessed based on the effectiveness of the current controls as assessed in Step 2.

RISK EVALUATION

The purpose of risk evaluation is to assist in decision making based on the outcomes of risk analysis, about the risks that need treatment, and the implementation priority for these treatments. TPL Insurance Limited has adopted the following matrix to guide the communication escalation and risk management actions required for risks based on their overall risk rating (as determined in Step 3). However, this matrix is purposely broad and may be added to or amended where appropriate.

Risk Rating	Required action
Extreme	**Intolerable level of risk** • CEO to be informed ASAP and requested to provide urgent attention, guidance and approval of mitigation strategy. • Operations / activity should ideally be discontinued until level of risk is able to be reduced. Written instruction for such activity needs to be provided by the CEO of TPL Insurance Limited.
High	**Tolerable level of risk** • Issues to be highlighted to the CEO and to the Risk Management & Compliance Committee. • Action plan and attention of Senior Management required.
Medium	**Tolerable level of risk** • Action plan and attention of Concerned Manager required.
Low	**Tolerable level of risk** • Manage through routine procedures. • Concerned Manager to be intimated about it and its treatment. • Unlikely to need specific application of resources. • Protection to be sought in case of large impact through rare. Please Note:- There may be instances where existing control is deemed as effective, therefore, residual risk rating may be computed as LOW; for such instances no risk treatment plans will be required.

RISK TREATMENT

Risk treatment involves selecting one or more options for modifying risks and implementing those options; once implemented, treatments provide or modify the controls. Generally, there are a number of options when treating a risk:

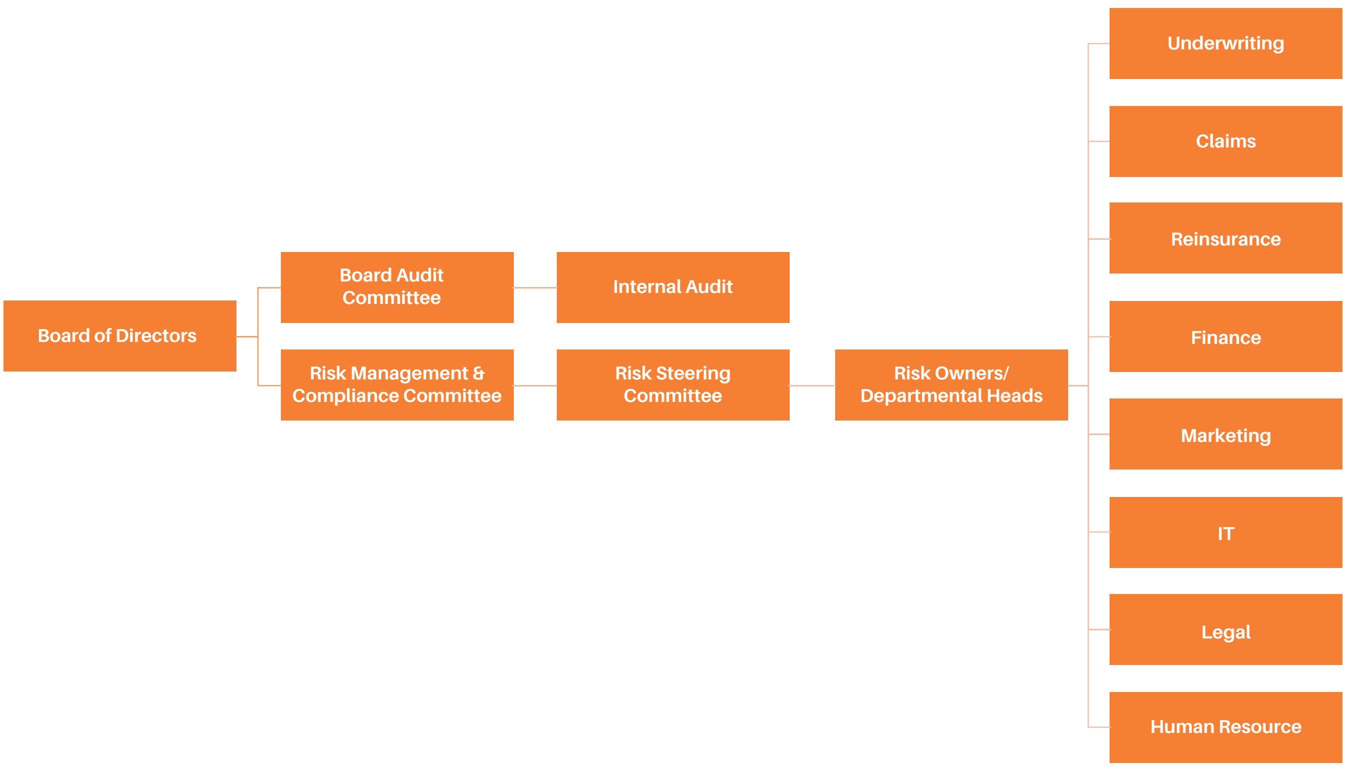
- Mitigate the risk (e.g. implement controls to reduce the impact and likelihood of any negative event from occurring)
- Avoid the risk (e.g. avoid the activity/partnership/sponsorship altogether);
- Transfer the risk (e.g. obtain a specialized insurance premium, additional contract clause); or
- Accept the risk.

As a range of options may be available to treat a risk, efficiency of treatment and reduction of the overall cost of the risk is an important consideration. Management should consider what approaches are available to treat the risk, the cost-benefit ratio for each viable treatment, and how such treatments will be implemented.

Board's efforts for determining the company's level of risk tolerance by establishing risk management policies.

The Board of Directors have established risk management committee which comprises of three members. The committee oversees and approves the company-wide risk management practices and provide an infrastructure to address the enterprise risks. Each member has an understanding of risk management expertise commensurate with the Company's size, complexity and capital structure. The committee is responsible for:

- Overseeing the development and implementation of risk management policy / framework which will set the risk management tone in the Company. The policy / framework will provide the guidelines to help in the identification of risks, assess the priorities according to their impacts and likelihoods and implement the relevant procedures to mitigate those risks to an acceptable level.
- Overseeing compliance framework which will report on compliances with legislation and regulations of risks pertaining to the entity.
- Provide an analysis regarding Company's approved risk appetite level and communicate the same to the entire enterprise.
- Review and confirm that all responsibilities outlined in the framework have been carried out.
- Review and monitor the steps taken to mitigate the risks identified.
- Continually, obtain reasonable assurance from the management that all known and emerging risks have been identified, mitigated and managed and monitor the adequacy of risk identification process.
- Make such recommendations with respect to any of the above and other matters as the Committee deems necessary or appropriate.
- Receive and review risk based reports and ensure entity-wide risks are mitigated to an acceptable level.



Opportunity Report

The insurance sector in Pakistan has remained dormant. This is reflected in very low level of insurance density and insurance penetration in the country. The Company is proficient of availing all arising opportunities, and focused to digitize its operations by providing innovative insurance solutions to the customers and providing them risk transfer solutions.

The Company is also concentrating on the other line of business and to maximize its return on earning assets.

Materiality Approach

Financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework. Judgments about materiality are made in the light of surrounding circumstances. The primary purpose for setting overall materiality when preparing the accounts is that it is used to identify performance materiality which is needed.

Key sources of uncertainty

International Financial Reporting Standards require management to make judgments, estimates and assumptions while preparing financial statements which affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Debt Repayment

The Company has not defaulted in payment of any debts and there is not any pending litigation against company, other than in ordinary course of business, as at December 31, 2020.

Cyber Security Updates

Development of Cyber Security Framework

- Cyber Security Framework has been approved by the Committee members.

Plans for Cyber Security Framework

- Concept of a renowned encryption solution.
- Timeline for kickoff would be Q1-2021.

SIEM* (Security Incident & Event Management) & Security Operations Center (SOC)**

- Requirements to build state of art SOC at vendor site has been discussed and is being evaluated with the SOC service provider.
- Timeline for Kickoff would be Q1 – 2021.

***SIEM** which is a tool which collects, parses, co-relates the security events of various systems and helps the SOC team to perform analysis for identifying cyber security incident.

****SOC:** A Security Operation Center (SOC) is a function within Information Security employing people, processes, and technology to continuously monitor and improve an organization's security posture while detecting, analyzing and responding to cybersecurity incidents.

Quality Policy

TPL Insurance is committed to become the market leader in non-life insurance sector focusing on all client segments by provision of quality services through innovation, product development and customer engagement. Our management team has continual commitment to:

Providing reliable services in a manner that satisfies customer needs and expectations to achieve the customer satisfaction.

- Communicate the quality policy among the internal and external stakeholders along with the bench mark to surpass the customer expectations.
- Ensuring the performance of all the employees related to their assigned tasks.
- Implement risk management through a process of plan, control and mitigate in line with business requirements and norms.
- Comply as a minimum with all applicable statutory and regulatory requirements for quality management systems.
- To monitor the effectives and effectiveness of the Quality Management System by establishing measurable quality objectives and conduct reviews of Quality Management Systems (QMS)
- Encourage continual improvement using strategy of risk based thinking.

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Independent Auditor's Report

To the members of TPL Insurance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements, which comprise the statement of financial position as at 31 December 2020 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at 31 December 2020 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.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Building a better
working world

Following are the Key Audit Matters:

S. #	Key Audit Matter(s)	How the matter was addressed in our audit
1	**Liabilities in respect of insurance contracts**	
	The liabilities in respect of insurance contracts issued as of 31 December 2020 amounts to Rs.525.295 million (note 23 to the financial statement), which represent 19.74% of the Company's total liabilities. We considered adequacy of insurance liabilities as a key audit matter due to significant judgments involved in estimating the liabilities and use of experts in this regard. (Refer to notes 3.4 and 37.1.8 to the financial statements for relevant disclosures).	Our key audit procedures included the following: - We assessed the controls over recording and settlement of claims in respect of insurance business and performed tests of such controls to check their effectiveness in relation to the year under audit; - In respect of adequacy of insurance contract liabilities (including IBNR and premium deficiency reserve) which are measured on the basis of undiscounted value of expected future payments, we involved our expert to review the methodology used by the management's expert in estimating claims liabilities in accordance with the prescribed methodology. As part of our testing we also considered the competence and objectivity of the experts used by the management for this purpose: - for insurance claims we also evaluated the management estimates regarding cost of claims settlements by considering reports of independent surveyors and the estimates regarding salvage values of insured assets; - we performed subsequent review to identify any significant claims reported post year end which pertain to the financial year under audit; and - we assessed the adequacy of disclosures made in respect of insurance contract liabilities in accordance with the approved accounting standards as applicable in Pakistan.

S. #	Key Audit Matter(s)	How the matter was addressed in our audit
2	**Adoption of IFRS 9 'Financial Instruments' during the year**	
	As referred to in note 2.4.1 to the financial statements, the Company has adopted lFRS 9 'Financial Instruments' with effect from 01 January 2020. The new standard requires the Company to make provision for relevant financial assets using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Company. Determination of ECL provision requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. We have considered the first-time application of IFRS 9 requirements as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.	We applied a range of audit procedures including the following: - we reviewed the methodology developed and applied by the Company to estimate the ECL in relation to relevant financial assets. - we considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates. - we assessed the integrity and quality of the data used for ECL computation based on the accounting records and information system of the Company as well as the related external sources as used for this purpose. - We checked the mathematical accuracy of the ECL model by performing recalculation on test basis. - we assessed the adequacy of disclosures in the financial statements of the Company regarding application of lFRS 9 as per the requirements of the above standard.

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 auditors' report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

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

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 Shaikh Ahmed Salman.

EY Ford Rhodes

Chartered Accountants
Karachi
Date: 02 March 2021

Statement of Financial Position

As at 31 December 2020

	Note	2020	2019
		(Rupees)	
ASSETS			
Property and equipment	5	248,937,125	419,574,248
Intangible assets	6	8,611,391	9,565,236
Investments			
Equity securities and mutual fund units	7	148,372,106	88,701,696
Government securities	8	344,900,707	95,677,804
Debt securities	9	-	125,000,000
Term deposits	10	427,500,000	420,000,000
Loans and other receivables	11	95,810,670	287,866,809
Insurance / reinsurance receivables	12	418,675,980	308,341,598
Reinsurance recoveries against outstanding claims		232,825,729	34,249,686
Salvage recoveries accrued		138,837,123	55,541,409
Deferred commission expense		179,505,165	156,754,128
Deferred taxation - net	13	16,424,228	44,064,267
Taxation - payment less provision		8,063,849	-
Prepayments	14	319,314,939	218,325,462
Cash and bank balances	15	913,388,550	702,441,602
Total assets		3,501,167,562	2,966,103,945
EQUITY AND LIABILITIES			
Equity			
Ordinary share capital	16	938,662,610	938,662,610
Share premium - net of share issuance cost	17	8,033,837	8,033,837
Other capital reserves	17	24,094,375	-
Accumulated losses	17	(164,486,426)	(114,008,588)
Other comprehensive income reserve	17	(7,325,659)	-
Available-for-sale reserve		-	(29,742,761)
Total shareholders' fund		798,978,737	802,945,098
Participant's Takaful Fund			
Seed Money		2,000,000	2,000,000
Accumulated surplus / (deficit)	18	39,374,255	(50,891,618)
Total Participant's Takaful Fund		41,374,255	(48,891,618)
Total Equity		840,352,992	754,053,480
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	23	525,295,311	252,522,221
Unearned premium reserves	22	1,379,671,304	1,209,232,507
Unearned reinsurance commission	25	63,336,103	41,427,063
Premium deficiency reserve		2,526,162	2,000,000
Premium received in advance		18,051,761	15,653,265
Insurance / reinsurance payables	19	275,009,289	206,886,319
Other creditors and accruals	20	267,370,811	193,713,970
Lease liability against right-of-use asset		129,553,829	276,621,459
Taxation - provision less payment		-	13,993,661
Total Liabilities		2,660,814,570	2,212,050,465
Total equity and liabilities		3,501,167,562	2,966,103,945
Contingencies and commitment	21		

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

Chief Financial Officer	Director	Director	Chief Executive Officer	Chairman

Statement of Comprehensive Income

For the year ended 31 December 2020

	Note	2020	2019
		(Rupees)	
Net insurance premium	22	2,163,082,018	2,132,242,523
Net Insurance claims expense	23	(970,052,896)	(882,931,195)
Reversal / (charge) of premium deficiency reserve		(526,162)	4,000,000
Net commission expense	25	(198,140,135)	(274,403,670)
Insurance claims and commission expense		(1,168,719,193)	(1,153,334,865)
Management expenses	26	(878,086,437)	(867,196,077)
Underwriting results		116,276,388	111,711,581
Investment income	27	90,577,397	80,930,598
Other income	28	113,508,559	71,243,666
Other expenses	29	(205,624,176)	(178,217,262)
Results of operating activities		114,738,168	85,668,583
Financial charges	30	(35,224,854)	(29,639,112)
Profit before tax for the period		79,513,314	56,029,471
Income tax expense	31	(39,725,279)	(25,514,021)
Profit after tax		39,788,035	30,515,450
Other comprehensive income:			
Items that will be reclassified to income statement:			
Net unrealized diminution on remeasurement of investments classified as 'available for sale'		-	(5,600,529)
Items that will be not reclassified to income statement:			
Changes in fair value of investments classified as financial assets at 'FVOCI'		31,573,381	-
Related tax impact		(9,156,279)	1,243,799
Other comprehensive income / (loss) for the period		22,417,102	(4,356,730)
Total comprehensive income for the period		62,205,137	26,158,720
Loss after tax per share - Rupees	32	(0.54)	(1.14)
Net loss attributable to shareholders' fund		(50,477,838)	(107,157,577)
Net surplus attributable to Participants' Takaful Fund		90,265,873	137,673,027
		39,788,035	30,515,450
Other comprehensive income attributable to shareholders' fund		22,417,102	(3,045,197)
Other comprehensive loss attributable to Participants' Takaful Fund		-	(1,311,533)
		22,417,102	(4,356,730)

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

Chief Financial Officer	Director	Director	Chief Executive Officer	Chairman

Statement of Changes In Equity

For the year ended 31 December 2020

		Reserves									
		Capital reserves					Revenue reserves				
		Net share premium									
Shareholders' Fund:	Share capital	Share premium	Share issuance cost	Net share premium	Other Capital Reserves (Note 17.1)	Total	Accumulated losses	Revaluation loss on available-for-sale investments	Unrealized appreciaiton / (diminuation) - fair value through other comprehensive income	Total	Total
	(Rupees)										
Balance as at January 1, 2019	938,662,610	16,936,998	(8,903,161)	8,033,837	-	8,033,837	(6,851,011)	(26,697,564)	-	(33,548,575)	913,147,872
Net loss for the year	-	-	-	-	-	-	(107,157,577)	-	-	(107,157,577)	(107,157,577)
Change in fair value of available for sale investments	-	-	-	-	-	-	-	(3,045,197)	-	(3,045,197)	(3,045,197)
Total comprehensive income / (loss) for the year	-	-	-	-	-	-	(107,157,577)	(3,045,197)	-	(110,202,774)	(110,202,774)
Balance as at December 31, 2019	938,662,610	16,936,998	(8,903,161)	8,033,837	-	8,033,837	(114,008,588)	(29,742,761)	-	(143,751,349)	802,945,098
Balance as at January 1, 2020	938,662,610	16,936,998	(8,903,161)	8,033,837	-	8,033,837	(114,008,588)	(29,742,761)	-	(143,751,349)	802,945,098
Effect due to adoption of IFRS 9 - note 2.4.1	-	-	-	-	-	-	-	29,742,761	(29,742,761)	-	-
Restated balance as at January 1, 2020	938,662,610	16,936,998	(8,903,161)	8,033,837	-	8,033,837	(114,008,588)	-	(29,742,761)	(143,751,349)	802,945,098
Net loss for the year	-	-	-	-	-	-	(50,477,838)	-	-	(50,477,838)	(50,477,838)
Other comprehensive income	-	-	-	-	-	-	-	-	22,417,102	22,417,102	22,417,102
Total comprehensive loss for the year	-	-	-	-	-	-	(50,477,838)	-	22,417,102	(28,060,736)	(28,060,736)
Share based payments reserve	-	-	-	-	24,094,375	24,094,375	-	-	-	-	24,094,375
Balance as at December 31, 2020	938,662,610	16,936,998	(8,903,161)	8,033,837	24,094,375	32,128,212	(164,486,426)	-	(7,325,659)	(171,812,085)	798,978,737

Statement of Changes in Equity (continued)

For the year ended 31 December 2020

	Ceded money	Accumulated surplus / (deficit)	Unrealized gain / (loss) on revaluation of available for sale investments - net of tax	Total
	(Rupees)			
Participants' Takaful Fund:				
Balance as at January 1, 2019	2,000,000	(188,564,645)	1,311,533	(185,253,112)
Surplus for the year	-	137,673,027	-	137,673,027
Change in fair value of available for sale investments	-	-	(1,311,533)	(1,311,533)
Total comprehensive surplus for the year	-	137,673,027	(1,311,533)	136,361,494
Balance as at December 31, 2019	2,000,000	(50,891,618)	-	(48,891,618)
Balance as at January 1, 2020	2,000,000	(50,891,618)	-	(48,891,618)
Surplus for the year	-	90,265,873	-	90,265,873
Balance as at December 31, 2020	2,000,000	39,374,255	-	41,374,255

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

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

Statement of Cash Flow

For the year ended 31 December 2020

		2020	2019
		(Rupees)	
	Operating cash flow		
(a)	Underwriting activities		
	Insurance premium received	2,642,866,037	2,484,821,565
	Reinsurance premium paid	(460,953,361)	(308,984,660)
	Claims paid	(1,139,278,804)	(1,258,995,777)
	Reinsurance and other recoveries received	462,116,086	392,390,943
	Commission paid	(278,250,679)	(320,762,966)
	Commission received	121,800,239	78,146,920
	Management and other expenses paid	(759,124,735)	(670,957,620)
	Net cash flow from underwriting activities	589,174,783	395,658,405
(b)	Other operating activities		
	Income tax paid	(59,908,396)	(22,026,683)
	Other operating payments	(34,490,934)	(26,723,054)
	Loans advanced	(2,777,686)	(4,272,364)
	Loan repayment received	2,147,515	6,313,440
	Net cash used in other operating activities	(95,029,501)	(46,708,661)
	Total cash generated from all operating activities	494,145,282	348,949,744
	Investment activities		
	Profit / return received	80,363,393	94,570,731
	Dividend received	12,256	64,798
	Payment for investments	(753,165,369)	(656,614,297)
	Proceeds from investments	265,000,000	1,006,349,371
	Proceeds from sale of property and equipment	4,719,639	186,000
	Fixed capital expenditure	(15,069,541)	(33,036,962)
	Total cash (used in) / generated from investing activities	(418,139,622)	411,519,641
	Financing activities		
	Cash dividend paid	-	(1,604,946)
	Lease obligation paid	(208,688,992)	(237,254,157)
	Financial charges paid	(1,369,720)	(1,092,720)
	Total cash used in financing activities	(210,058,712)	(239,951,823)
	Net cash generated from all activities	(134,053,052)	520,517,562
	Cash and cash equivalents at beginning of year	1,122,441,602	601,924,040
	Cash and cash equivalents at end of year	988,388,550	1,122,441,602
	Reconciliation to statement of comprehensive income		
	Operating cash flows	494,145,282	348,949,745
	Depreciation / amortization / bad debt expense	(256,570,915)	(272,752,851)
	Charge of Premium deficiency reserve	(526,162)	2,000,000
	Income tax paid	59,908,396	22,026,683
	Provision for taxation	(39,725,279)	(25,514,021)
	Financial charges	(35,224,854)	(32,707,941)
	Investment Income	90,577,397	80,930,597
	Increase in assets other than cash	148,285,811	(172,803,210)
	(Increase) / decrease in liabilities other than borrowings	(421,081,641)	80,386,448
	Profit after taxation	39,788,035	30,515,450

Cash comprises of cash in hand, policy stamps, bank balances and term deposits which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

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

Chief Financial Officer	Director	Director	Chief Executive Officer	Chairman

Notes to the Financial Statements

For the year ended 31 December 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 TPL Insurance Limited (the Company) was incorporated in Pakistan in 1992 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017) to carry on general insurance business. The Company was allowed to work as Window Takaful Operator on 04 September 2014 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan. The Company is listed at Pakistan Stock Exchange Limited. The principal office of the Company is located at 12th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near KPT Interchange Flyover, Karachi, Pakistan. The Company is owned 73.38% by TPL Corp Limited.

1.2 The Company operates through the following locations in Pakistan;

Locations	**Address**
Head Office	11th & 12th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi Postal Code: 74900.
Lahore Branch	Tower 75, 4th Floor, Near Honda City Sales & Hyundai Central Motors, Kalma Chowk, Lahore.
Islamabad Branch	55-B, 10th Floor (South), ISE Towers, Jinnah Avenue, Blue Area, Islamabad.
Faisalabad Branch	P-6161, West Canal Road, adjacent to Toyota Faisalabad Motors & behind HBL Canal Road Br, Faisalabad.
Multan Branch	Haider Street, Shalimar Colony, Northern Bypass-Boson Road, Multan.
Hyderabad Branch	A-8/9, District Council Complex, Hyderabad.
Export Processing Zone Branch	Plot # N-4, Sector B-III, Phase-1, Export Processing Zone. Landhi, Karachi.

1.3 The status of Company's compliance with regulatory minimum paid-up capital and solvency requirements is disclosed in note 38.4 and 39 respectively to the financial statements.

2. BASIS OF PREPARATION

2.1 These 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 (IFRS) 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 and Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012.

Incase requirement differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations and Takaful Rules, 2012, shall prevail.

2.1.1 These financial statements have been prepared in accordance with the format prescribed under Insurance Rules, 2017.

2.1.2 In terms of the requirements of the Takaful Rules 2012, read with SECP Circular 25 of 2015 dated 09 July 2015, the assets, liabilities and profit and loss of the Operator's Fund of the Window Takaful Operations (WTO) of the Company were presented as a single line item in the balance sheet and profit and loss account of the Company for the year ended 31 December 2018 respectively. Further, the PTF was not consolidated with the conventional insurance business. The similar requirements have been prescribed by General Takaful Accounting Regulations 2020 issued by SECP. However, as per SECP letter number ID/MDPR/ GTAR/2020/760 dated 19 February 2020, the Company has been granted relaxation from the above requirements and has been allowed line by line consolidation of financial statements of conventional and WTO (including PTF) upto the period ending 31 December 2020. Accordingly, these financial statements represent the consolidated financial position, results of operations and cashflows of the conventional business and WTO (including PTF) for the year ended 31 December 2020.

2.1.3 A separate set of financial statements of the General Takaful operations has been annexed to these financial statements as per the requirements of the Takaful Rules 2012.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain investments and liabilities for insurance contracts which are carried at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is also the Company's functional currency. All financial information presented in Pak Rupees has been rounded to nearest Rupees, unless otherwise stated.

2.4 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

2.4.1 IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" has replaced IAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after July 01, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The company initially elected to apply temporary exemption from IFRS 9, however, in the current year the Company has early adopted IFRS 9 with application date of 01 January 2020.

Upon adoption of IFRS 9, the Company has not restated comparative information and impact from the adoption of IFRS 9 have been recognised directly in unappropriated profit as of January 01, 2020, based on modified retrospective approach allowed under the standard.

(a) Classification of financial assets

The IFRS 9 has replaced categories of financial assets (Held For Trading (HFT), Available For Sale (AFS), held-to-maturity and amortised cost) by the following classifications of financial assets:

1) Debt instruments at amortised cost

2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to statement of profit or loss on derecognition.

3) Equity instruments at FVOCI, with no recycling of gains or losses to statement of profit or loss on derecognition.

4) Financial assets at Fair Value through Profit or Loss.

The accounting for financial liabilities remains largely the same as it was under IAS 39.

Under IFRS 9, the classification is based on two criteria, a) the entity's business model for managing the assets; and b) whether the instruments' contractual cashflows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The assessment of the Company's business model was made as at the date of initial application i.e. January 01, 2020, and then applied retrospectively to those financial assets that were not derecognised before January 01, 2020. As a result of the above assessment, the management has concluded as under:

i) All the investments in units of mutual funds previously classified as 'Available for Sale' will be re-classified as 'at Fair Value through Profit or Loss' as such investments are managed on a fair value basis and are held for trading purposes in accordance with the objectives of the Company. The impact has been disclosed in table below. Further, return on Mutual funds is not considered as solely payments of principal and interest.

ii) The investment in term finance certificates and shares previously classified as "Available for sale" will be reclassified as 'Fair Value through other comprehensive income' as per the business model of the Company and characteristics of the financial instrument.

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9:

	As at 31 December 2019	Impact of adoption of IFRS 9	As at 01 January 2020
		(Rupees)	
Impact on statement of assets and liabilities			
Investments - 'available for sale'	213,701,696	(213,701,696)	-
Investments - 'at fair value through profit or loss'	-	30,000,000	30,000,000
Investments - 'at fair value through other comprehensive income'	-	183,701,696	183,701,696
Investment- ' at held to maturity'	515,677,804	(515,677,804)	-
Investment- held at amortized cost	-	515,677,804	515,677,804
Impact on statement of changes In equity			
Revaluation loss on available-for-sale investments	(29,742,761)	29,742,761	-
Unrealized appreciaiton / (diminuation) - fair value through other comprehensive income	-	(29,742,761)	(29,742,761)

There are no other material impacts on these financial statements upon adoption of IFRS 9 other than as stated above. However, the Company will continue to assess the related impacts of classification on these financial statements and will make appropriate adjustments, if needed.

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The financial assets subject to ECL in the case of the Company are:

i) Investment in debt securities

ii) Term deposit receipts

iii) Bank balances

iv) Loans and advances

v) Other receivables

Considering the nature of the financial assets, the Company has applied the simplified approach allowed under IFRS 9 and has calculated ECL based on life time ECL. For this purpose, the management has conducted an exercise to assess the impairment of its financial assets using credit rating of the counterparties/instruments and the related probability of default factors.

Based on the above approach, the impact of ECL is not considered as material to these financial statements.

Summary of new accounting policies in respect of adoption of IFRS 9

Financial instruments

In the current period, the Company has adopted IFRS 9 "Financial Instruments". See above for an explanation of the impact. Comparative figures for the year ended December 31, 2019 have not been restated as allowed by IFRS 9. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 "Financial Instruments Recognition and Measurement".

Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances, loans and advances to employees / counter parties and due to counterparties, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Bank balances and loans and advances to employees / counter parties are recognised when funds are transferred to the banks / employees / counterparties. The Company recognises due to counterparties when funds reach the Company.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded as 'at fair value through profit or loss' in which transaction cost is charged to profit and loss.

Financial assets

The Company classifies its financial assets as subsequently measured 'at amortised cost' or measured 'at fair value through profit or loss' or 'at fair value through other comprehensive income' based on following:

- The entity's business model for managing of the financial assets;
- The contractual cash flow characteristics of the financial asset.

Financial assets measured 'at amortised cost'

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category short-term non-financing receivables, accrued income and other receivables.

Financial assets measured 'at fair value through profit or loss'

A financial asset is measured 'at fair value through profit or loss' if:

(a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or

(b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or

(c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets measured 'at fair value through other comprehensive income'

A financial asset is measured 'at fair value through other comprehensive income' if:

(a) Upon initial recognition the Company elects to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 "Financial Instruments: Presentation" and are not held for trading. The classification is determined on an instrument-by-instrument basis.

(b) Gains and losses on these financial assets are never recycled to profit and loss.

(c) Dividends are recognized as other income in profit and loss when the right of payment has been established except when the company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated as FVOCI are not subject to impairment assessment.

Financial liabilities

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured 'at fair value through profit or loss'. The Company includes in this category short-term payables, including accrued and other liabilities.

Financial liabilities measured at fair value through profit and loss

Currently the Company does not have any financial liability measured at fair value.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Company has:

(a) Transferred substantially all of the risks and rewards of the asset; or

(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Impairment of financial assets

The Company holds receivables with no financing component and which have maturities of less than 12 months 'at amortised cost' and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its receivables. Therefore, the Company does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company uses credit rating of counter parties / instruments to determine probability of defaults and related allowance for expected credit losses.

Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.5 New standards, interpretations and amendments to published approved accounting standards

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

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
Amendment to IAS 39 / IFRS 9 'Financial Instruments: Recognition and Meansurement' - Interest Rate Benchmark Reform - Phase 2	January 01, 2021
Amendments to IAS 37 'Provision contingent asset and contingent Liability – Onerous Contracts – Costs of Fulfilling a Contract	January 01, 2022
Amendment to IFRS 3 'Business Combinations' – Reference to the Conceptual Framework	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' – Classification of Liabilities as Current or Non-current	January 01, 2023
Amendments to IAS 16 'Property Plant and Equipment' – Proceeds before Intended Use	January 01, 2022
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	Not yet specified

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

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	January 01, 2022
IAS 41 Agriculture – Taxation in fair value measurements	January 01, 2022
IFRS 16 Leases - Partial Amendments to Illustrative Example 13	January 01, 2022

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	January 01, 2004
IFRS 17 – Insurance Contracts	January 01, 2023

2.5.2 New / Revised Standards, Interpretations and Amendments

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 14 – Regulatory Deferral Accounts
IFRS 16 - COVID 19 Related Rent Concessions (Amendments)
Amendment to IFRS 3 'Business Combinations' – Definition of a Business
Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Insurance contracts

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

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

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

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

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

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

All other insurances like cash in hand, cash in transit, personal accident, travel are included under Miscellaneous Insurance cover.

The company neither issues investments contracts nor does it issue insurance contracts with discretionary participation features (DPF).

These contracts are made with group companies, corporate clients and individuals residing or located in Pakistan.

3.2 Premium

Premium income under a policy is recognized, evenly over the period of insurance from the date of issuance of the policy till the date of its expiry.

Administrative surcharge is recognised as income at the time policies are written.

Revenue from premiums is determined after taking into account the unearned portion of premium by applying 1/24th method as prescribed by the Insurance Rules, 2017. The unearned portion of premium income is recognised as liability.

Premium due but unpaid under insurance contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognizes it as impairment loss.

3.3 Reinsurance contracts

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 and are classified in same categories of insurance contracts for the purpose of these financial statements. The Company recognises the entitled benefits under the contract as various reinsurance assets. 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 contract are not offset against expenses or income from related insurance assets.

The deferred portion of reinsurance premium ceded is recognised as a prepayment which is calculated by using 1/24th method as prescribed by theInsurance Rules, 2017.

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

3.4 Claims expense

Insurance claims include all claims incurred 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, and any adjustments to claims outstanding from previous years.

The Company recognises liability in respect of all claims incurred upto the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the 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. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates.

The provision for claims incurred but not reported (IBNR) is made at the balance sheet date. In accordance with SECP circular no. 9 of 2016, the Company takes actuarial advice for the determination of IBNR claims.

The Company follows Chain ladder method for determination of provision for claims IBNR by analyzing the pattern of the incurred cases (on net of reinsurance basis) of a given accident year in the succeeding development years. Thereafter link ratios of the accumulated incurred claims (benefits) through the development years are used for the estimation of the incurred claims (benefits) ultimately expected.

3.5 Reinsurance recoveries against outstanding claims

Claims recoveries against outstanding claims from the reinsurer and salvage 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

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

Commission income from reinsurers is recognised at the time of issuance of the underlying insurance policy. These are deferred and recognised as liability and recognised in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premiums.

3.7 Premium deficiency reserve

The Company is required as per Insurance Rules, 2017 and IFRS-4, to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The charge for premium deficiency reserve is recorded as an expense in the profit and loss account.

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

3.8 Staff retirement benefits

The Company operates a funded contributory provident fund (defined contribution plan) for all permanent employees. Equal contributions are made by the Company and the employees at the rate 8.33% of basic salary, to the fund.

3.9 Taxation

3.9.1 Current

Provision for current taxation is based on 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 year for such years.

3.9.2 Deferred

Deferred tax is accounted for using the balance sheet liability method, in respect of temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is utilized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the profit and loss account except in the case of items credited or charged to equity in which case it is included in equity.

3.10 Management expenses

Underwriting expenses have been allocated to various classes of business on a basis deemed equitable by the management. Expenses not attributable to the underwriting business are charged as administrative expenses.

3.11 Provisions

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

Provisions are reviewed at each balance sheet date and adjusted to reflect the current estimate.

3.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, stamps in hand deposits with banks (except for the deposit placed with statutory requirement) net off short term running finance, and short term maturity of three months or less from the date of acquisition.

3.13 Prepayments

Prepayments are recorded as an assets. It is be amortized as and when due over the period.

3.14 Fixed assets

3.14.1 Tangible assets

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged to income over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 5.1 to the financial statements. Depreciation is charged on additions from the month of acquisition and no depreciation is charged in the month of disposal. An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain and loss on disposal of fixed assets is included in income currently.

The assets residual values, useful lives and methods are reviewed and adjusted, if appropriate at each financial year end.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and assets so replaced, if any, are retired. Gain or loss on disposal of fixed asset is included in income currently.

3.14.2 Right of use asset

At the inception of the contract, the Company assesses whether a contract is, or contains, a lease. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within note 5 and are subject to impairment in line with the Company's policy as described in note 3.16.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities.

3.14.3 Ijara

The rental paid / payable on Ijara under Islamic financial accounting standard - 'Ijara' (IFAS 2) are recorded as expense.

3.14.4 Intangible assets

These are stated at cost less accumulated amortisation and impairment, if any. Amortisation is charged to income over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 6 to the financial statements. Amortisation is calculated from the month the assets are available for use. While on disposal, no amortisation is charged in the month in which the assets are disposed off. Software development costs are only capitalised to the extent that future economic benefits are expected to be derived by the Company.

3.14.5 Capital work-in-progress

Capital work-in-progress is stated at cost less any impairment in value.

3.15 Operating lease

Operating lease payments are recognised as an expense in the statement of comprehensive income over the lease term.

3.16 Impairment

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Changes in the provisions are recognised as income or expense.

3.17 Foreign currency translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

3.18 Revenue recognition

3.18.1 Premium

The revenue recognition policy for premiums is given under note 3.2.

3.18.2 Commission from reinsurers

The revenue recognition policy for commission from reinsurer is given under note 3.6.

3.18.3 Dividend income

Dividend income is recognized when the right to receive the dividend is established.

3.18.4 Gain / loss on sale / redemption of investments

Gain / loss on sale / redemption of investments is taken to profit and loss account in the year of sale / redemption.

3.18.5 Income on amortized cost investments

Income on amortized cost investments is recognised on a time proportionate basis taking account the effective yield on the investment.

3.18.6 Profit on bank accounts and deposits

Profit on bank accounts and deposits is recognised on accrual basis.

3.19 Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Company presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SECP (Insurance) Rules, 2017 as the primary reporting format.

The Company has five primary business segments for reporting purposes namely, fire and property, marine, health, motor and miscellaneous. The nature and business activities of these segments are disclosed in note no. 3.1.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

3.20 Share capital, reserve and dividend appropriation

Ordinary shares are classified as equity and are recorded 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.

Dividend declaration and reserve appropriations are recognized when approved.

3.21 Employees share option plan

Eligible employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of share option transactions is determined using intrinsic value method.

That cost is recognised in salaries and benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of income for the year represents the movement in cumulative expense recognised as at the beginning and end of that year.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

3.22 Contingencies

Contingencies are disclosed when the Company has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of recourse embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

Contingencies are reviewed at each balance sheet date and adjusted to reflect the current estimate.

3.23 Earnings per share

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting polices. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the financial statements, or judgments was exercised in application of accounting policies, are as follows:

Classification of Insurance Contracts (note 3.1)
Provision for unearned premium (note 3.2)
Provision for outstanding claims including IBNR (note 3.4)
Premium deficiency reserve (note 3.7)
Provision for current and deferred tax (note 3.9)
Classification of investments and impairment (note 2.4.1)
Useful lives and residual value of assets and methods of depreciation (note 3.14)
Provision for impairment (note 3.16)
Employees share option plan (note 3.21)
Contingencies (note 3.22)

5. PROPERTY AND EQUIPMENT

	Note	2020	2019
		(Rupees)	
Operating assets	5.1	88,234,783	110,855,162
Capital work-in-progress		-	2,609,412
Right-of-use assets	5.2	160,702,342	306,109,674
		248,937,125	419,574,248

Notes to the Financial Statements

For the year ended 31 December 2020

5.1 Operating Assets
Owned

	2020									
	Cost				Accumulated Depreciation				Written Down Value	Depreciation Rate %
	As at 1 January 2020	Additions	Disposals / Write-offs*	As at 31 December 2020	As at 1 January 2020	Charge for the Year	Disposals / Write-offs*	As at 31 December 2020	As at 31 December 2020	
	(Rupees)									
Leasehold Improvements	34,041,710	2,575,733	-	36,617,443	14,303,456	3,564,805	-	17,868,261	18,749,182	10
Computer equipment	50,234,980	7,807,563	(114,000)	57,928,543	28,315,255	12,111,367	(22,167)	40,404,455	17,524,088	33.33
Furniture and fixtures	26,447,492	2,233,960	-	28,681,452	9,798,454	2,731,564	-	12,530,018	16,151,434	10
Office equipments	15,967,797	682,466	-	16,650,263	15,423,536	385,203	-	15,808,739	841,524	20
Motor vehicles	90,478,710	1,400,000	(4,000,000)	87,878,710	38,474,826	15,901,996	(1,466,667)	52,910,155	34,968,555	20
	217,170,689	14,699,722	(4,114,000)	227,756,411	106,315,527	34,694,935	(1,488,834)	139,521,628	88,234,783	

Owned

	2019									
	Cost				Accumulated Depreciation				Written Down Value	Depreciation Rate %
	As at 1 January 2019	Additions	Disposals / Write-offs*	As at 31 December 2019	As at 1 January 2019	Charge for the Year	Disposals / Write-offs*	As at 31 December 2019	As at 31 December 2019	
	(Rupees)									
Leasehold Improvements	27,946,025	6,095,685	-	34,041,710	11,150,763	3,152,693	-	14,303,456	19,738,254	10
Computer equipment	28,351,496	24,425,514	(146,000) (2,396,030)	50,234,980	19,806,964	10,832,331	(59,417) (2,264,623)	28,315,255	21,919,725	33.33
Furniture and fixtures	24,885,580	1,561,912	-	26,447,492	7,713,663	2,084,791	-	9,798,454	16,649,038	10
Office equipments	15,931,497	36,300	-	15,967,797	12,970,885	2,452,651	-	15,423,536	544,261	20
Motor vehicles	88,919,023	1,855,000	(295,313)	90,478,710	21,451,450	17,318,689	(295,313)	38,474,826	52,003,884	20
	186,033,621	33,974,411	(441,313)	217,170,689	73,093,725	35,841,155	(354,730)	106,315,527	110,855,162	
			(2,396,030)				(2,264,623)			

5.1.1 The remaining useful life of material assets are estimated to be 7 years.

5.1.2 Disposal of operating assets

	Cost	Accumulated Depreciation	Book value	Sale proceeds	Net gain (loss)	Mode of disposals	Sold to
	(Rupees)						
Computer Equipment							
HP Laptop Probook 440G6	114,000	(22,167)	91,833	80,639	(11,194)	Insurance claim	EFU General Insurance Ltd.
Motor Vehicles							
Toyota Hilux Revo	4,000,000	(1,466,667)	2,533,333	4,639,000	2,105,667	Negotiation	Mr. Moinuddin
	4,114,000	(1,488,834)	2,625,166	4,719,639	2,094,473		

5.1.3 Fully depreciated assets amounts to Rs. 39.796 million (purchase price) at year end (2019: 31.377 million).

Notes to the Financial Statements

For the year ended 31 December 2020

5.2 Right-of-use assets

	2020											
	Cost					Accumulated Depreciation					Written Down Value	Depreciation Rate %
	As at 1 January 2020	Additions	Matured (Note 5.2.1)	Modification	As at 31 December 2020	As at 1 January 2020	Charge for the Year	Matured (Note 5.2.1)	Modification	As at 31 December 2020	As at 31 December 2020	
	(Rupees)											
Office Premises	380,996,580	-	(160,522,480)	(188,124,506)	32,349,594	196,796,400	46,415,582	(160,522,480)	(77,243,004)	5,446,498	26,903,096	20
Tracking Devices	531,723,850	161,417,074	(425,665,872)	-	267,475,052	409,814,356	149,527,322	(425,665,872)	-	133,675,806	133,799,246	50
	912,720,430	161,417,074	(586,188,352)	(188,124,506)	299,824,646	606,610,756	195,942,904	(586,188,352)	(77,243,004)	139,122,304	160,702,342	

	2019											
	Cost					Accumulated Depreciation					Written Down Value	Depreciation Rate %
	As at 1 January 2019	Additions	Disposals	Modification	As at 31 December 2019	As at 1 January 2019	Charge for the Year	Disposals	Modification	As at 31 December 2019	As at 31 December 2019	
	(Rupees)											
Office Premises	183,032,299	197,964,281	-	-	380,996,580	146,174,224	50,622,176	-	-	196,796,400	184,200,180	20
Tracking Devices	402,143,050	129,580,800	-	-	531,723,850	243,043,947	166,770,409	-	-	409,814,356	121,909,494	50
	585,175,349	327,545,081	-	-	912,720,430	389,218,171	217,392,585	-	-	606,610,756	306,109,674	

5.2.1 This represents right of use assets matured at the expiry of the lease term.

5.2.2 The tracking devices are not in possession of the Company.

6. INTANGIBLE ASSETS

	2020									
	Cost				Accumulated Amortisation				Written Down Value	Amortisation Rate %
	As at 1 January 2020	Additions	Disposals	As at 31 December 2020	As at 1 January 2020	Charge for the Year	Disposals	As at 31 December 2020	As at 31 December 2020	
Owned	(Rupees)									
Software licences	18,036,548	2,979,231	-	21,015,779	8,471,312	3,933,076	-	12,404,388	8,611,391	20

	2019									
	Cost				Accumulated Amortisation				Written Down Value	Amortisation Rate %
	As at 1 January 2019	Additions	Disposals / Write-off	As at 31 December 2019	As at 1 January 2019	Charge for the Year	Disposals / Write-off	As at 31 December 2019	As at 31 December 2019	
	(Rupees)									
Software licences	14,031,675	4,004,873	-	18,036,548	4,924,076	3,547,236	-	8,471,312	9,565,236	20

6.1 The remaining useful life of material assets are estimated to be 4 years.

7. INVESTMENT IN EQUITY SECURITIES AND MUTUAL FUNDS UNITS

	2020			2019		
	Cost	Revaluation	Carrying Value	Cost	Impairment / Revaluation	Carrying Value
	(Rupees)					
-Classified as 'available-for-sale'						
Related party						
Listed shares						
TPL Properties Limited (3% holding)	-	-	-	100,000,000	(42,544,000)	57,456,000
	-	-	-	100,000,000	(42,544,000)	57,456,000
Others						
Listed shares						
Business Industrial Insurance Company Limited	-	-	-	251,260	(251,260)	-
The Bank of Punjab	-	-	-	357,727	(270,135)	87,592
Hub Power Company Limited	-	-	-	357,000	576,500	933,500
Bank of Khyber	-	-	-	162,975	43,069	206,044
Summit Bank Limited	-	-	-	514,765	(496,205)	18,560
	-	-	-	1,643,727	(398,031)	1,245,696
Mutual funds						
Askari Sovereign Yield Enhance	-	-	-	30,000,000	-	30,000,000
	-	-	-	30,000,000	-	30,000,000
-Classified as 'At fair value through other comprehensive income'						
Related party						
Listed shares						
TPL Properties Limited (3% holding)	100,000,000	(10,847,440)	89,152,560	-	-	-
	100,000,000	(10,847,440)	89,152,560	-	-	-
Others						
Listed shares						
Business Industrial Insurance Company Limited	251,260	(251,260)	-	-	-	-
The Bank of Punjab	357,727	(286,055)	71,672	-	-	-
Hub Power Company Limited	357,000	436,300	793,300	-	-	-
Bank of Khyber	162,975	64,646	227,621	-	-	-
Summit Bank Limited	514,765	(484,845)	29,920	-	-	-
	1,643,727	(521,214)	1,122,513	-	-	-
-Classified as 'at fair value through profit or loss						
Mutual funds						
AKD Opportunity Fund	20,000,000	5,436,426	25,436,426	-	-	-
Askari Sovereign Yield Enhance	15,994,662	1,051,572	17,046,234	-	-	-
AKD Islamic Stock Fund	10,000,000	5,614,373	15,614,373	-	-	-
	45,994,662	12,102,371	58,097,033	-	-	-
	147,638,389	733,717	148,372,106	131,643,727	(42,942,031)	88,701,696

8. INVESTMENT IN GOVERNMENT SECURITIES
- Classified as 'At amortized cost' (2019: "Held to maturity")

	Note	2020	2019
		(Rupees)	
Treasury Bills	8.1	247,990,120	-
Pakistan Investment Bonds (PIBs)	8.2	96,910,587	95,677,804
		344,900,707	95,677,804

8.1 This represents three month treasury bills having face value of Rs. 250 million (2019: Nil). These carry mark-up of 7.05% and will mature on 11 February 2021.

8.2 This represents five and ten years Pakistan Investment Bonds having face value of Rs. 100 million (market value of Rs. 101.537 million) [2019: Rs. 101 million (market value of Rs. 95.763 million)]. These carry mark-up ranging from 7.75% to 12% (2019: 7.75% to 12%) per annum and will mature between 18 August 2021 to 12 July, 2023. These have been deposited with the State Bank of Pakistan (SBP) as statutory deposit in accordance with the requirements of Section 29 of the Insurance Ordinance 2000 and circular No. 15 of 2008 dated 7 July 2008 issued by the Securities and Exchange Commission of Pakistan.

9. INVESTMENT IN DEBT SECURITIES

- Classified as 'At fair value through other comprehensive income' (2019: "Available for sale")

	2020	2019
	(Rupees)	
Sukuks		
- Dubai Islamic Bank Pakistan Limited	-	50,000,000
Term Finance Certificates		
- JS Bank Limited	-	25,000,000
- Habib Bank Limited	-	50,000,000
	-	75,000,000
	-	125,000,000

10. TERM DEPOSITS

- Classified as 'At amortized cost' (2019: "Held to maturity")

	2020	2019
Deposits maturing within 12 months	425,000,000	420,000,000
Deposits maturing after 12 months	2,500,000	-
	427,500,000	420,000,000

10.1 These carry profit rate of 6.00% to 6.75% per annum (2019: 12.00% to 12.75% per annum) and have maturities upto 11 April 2021.

11. LOANS AND OTHER RECEIVABLES
- Considered good

	Note	2020	2019
		(Rupees)	
Advance to a related party - unsecured	11.1	31,500,000	70,000,000
Receivable from related parties	11.2	5,653,938	36,149,399
Deposit for hospital enlistment	11.3	5,290,000	5,290,000
Accrued investment income		10,765,386	12,666,006
Loan and advance to employees	11.4	3,042,878	2,158,328
Placement with a company	11.5	25,000,000	25,000,000
Advance Ijara Rentals		7,600,000	7,600,000
Security Deposit		5,188,530	3,048,920
Receivable from broker		-	124,636,758
Other receivable		1,769,938	1,317,398
		95,810,670	287,866,809

11.1 This represents advance to a related party. A special resolution of the shareholders authorising the Company to extend advance upto Rs.300 million was passed in Annual General Meeting of the Company held on 24 April 2019. The balance carries interest at the rate of 1 year KIBOR + 3.5% with a floor of 10% per annum.

11.2 This represents receivable from following related paries:

	2020	2019
	(Rupees)	
TPL Trakker Limited	422,627	287,376
TPL Properties Limited	-	6,169,128
TPL Security Services (Private) Limited	-	794,655
TPL Corp Limited	5,142,154	28,809,083
TPL E-Venture (Private) Limited	89,157	89,157
	5,653,938	36,149,399

11.3 This represent a refundable deposit placed for various hospital enlistments for services to the policy holders.

11.4 These include loans that were given to employees for domestic purposes and are secured against provident fund balances of employees. These loans carry a mark-up rate ranging from 0% - 5% (2019: 0% - 5%) per annum, and are maturing at various dates until September 2023.

11.5 This represents placements with Pearl Securities Limited and carries mark up at the rate of 8.28% per annum (2019: 11%) and will mature by 10 January 2021.

12. INSURANCE / REINSURANCE RECEIVABLES - Unsecured

	2020	2019
	(Rupees)	
Due from insurance contract holders		
Considered good	322,465,076	291,008,651
Considered doubtful	47,630,238	33,403,095
Less: provision for impairment of receivables from Insurance contract holders	(47,630,238)	(33,403,095)
	-	-
	322,465,076	291,008,651
Due from other insurers / reinsurers		
Considered good	96,210,904	17,332,947
Considered doubtful	2,754,393	2,754,393
Less: provision for impairment of due from other insurers / reinsurers	(2,754,393)	(2,754,393)
	-	-
	96,210,904	17,332,947
	418,675,980	308,341,598

13. DEFERRED TAXATION - NET

	2020	2019
Deferred debits arising in respect of		
- Provision for doubtful debts	14,611,543	5,607,328
- Provision for IBNR	-	1,073,000
- Unrealized loss on avaliable for sale investments	-	12,453,189
- Unrealized loss on investments classified at fair value through other comprehensive income	3,296,909	-
- Unused tax losses	-	35,968,257
- Other capital reserve - Employee share option plan	6,987,369	-
Deferred credits arising in respect of		
- Accelerated depreciation	(4,961,905)	(11,037,507)
- Unrealised gain on investments classified at fair value through profit or loss	(3,509,688)	-
	16,424,228	44,064,267

		Note	2020	2019
13.1	**Reconciliation of deferred tax**		(Rupees)	
	Opening balance		44,064,267	31,981,982
	Reversal for the year		(27,640,039)	12,082,285
	Closing balance		16,424,228	44,064,267

		Note	2020	2019
14.	**PREPAYMENTS**			
	Prepaid			
	- annual monitoring and other charges	14.1	26,914,530	47,849,850
	- rent		1,625,291	64,000
	- maintenance charges	14.2	2,409,273	2,639,814
	- reinsurance premium ceded		269,991,191	158,195,968
	- subscription		10,630,668	4,928,409
	- insurance		7,743,986	4,647,421
			319,314,939	218,325,462

14.1 This includes prepaid annual monitoring charges amounting to Rs. 21.153 million (2019: Rs. 39.706 million) paid to TPL Trakker Limited (Associated company) against the tracking services provided to the insurance policy holders of the Company.

14.2 This represents maintenance charges paid to TPL Properties Management (Private) Limited - common directorship (a related party) for the principal office space of the Company.

		Note	2020	2019
15.	**CASH AND BANK BALANCES**		(Rupees)	
	Cash and cash equivalent			
	- Cash in hand		683,471	122,950
	- Policy and Revenue stamps, Bond papers etc.		20,151	765,460
	Cash at bank			
	- Current accounts		68,975,155	53,540,775
	- Profit and loss sharing accounts	15.1	843,709,773	648,012,417
			912,684,928	701,553,192
			913,388,550	702,441,602

15.1 These accounts carry mark-up at a rate between 4.00% to 6.50% (2019: 6.00% to 13.00%) per annum.

	2020	2019
Cash and cash equivalents for the purpose of statement of cash flows:	(Rupees)	
Cash and cash equivalent	913,388,550	702,441,602
Term deposit receipts	75,000,000	420,000,000
	988,388,550	1,122,441,602

16. ORDINARY SHARE CAPITAL

16.1 Authorized Capital

2020	2019		2020	2019
(Number of Shares)			(Rupees)	
150,000,000	150,000,000	Ordinary shares of Rs.10 each	1,500,000,000	1,500,000,000

16.2 Issued, Subscribed and paid- up share capital

2020	2019		2020	2019
(Number of Shares)			(Rupees)	
75,515,899	75,515,899	Ordinary shares of Rs. 10 each, fully paid in cash	755,158,990	755,158,990
18,350,362	18,350,362	Ordinary shares of Rs. 10 each, issued as fully paid bonus shares	183,503,620	183,503,620
93,866,261	93,866,261		938,662,610	938,662,610

16.3 As at 31 December 2020 shares held by related parties are as follows:

	2020		2019	
	Number of Shares	Holding	Number of Shares	Holding
TPL Corp Limited	68,875,960	73.38%	68,875,960	73.38%
TPL Holdings (Private) Limited	1,076,990	1.15%	1,076,990	1.15%
Directors	16,861	0.02%	2,481	0.00%
	69,969,811	74.55%	69,955,431	74.53%

17. RESERVES

	Note	2020	2019
		(Rupees)	
Capital Reserves			
Share premium		16,936,998	16,936,998
Share issuance cost		(8,903,161)	(8,903,161)
Net share premium		8,033,837	8,033,837
Other capital reserves	17.1	24,094,375	-
		32,128,212	8,033,837
Revenue Reserves			
Accumulated losses		(164,486,426)	(114,008,588)
Available-for-sale reserve		-	(29,742,761)
Other comprehensive income reserve	17.2	(7,325,659)	-
		(171,812,085)	(143,751,349)
		(139,683,873)	(135,717,512)

17.1 Other capital reserves

During the year, the Company has introduced Employee Share Option Plan (ESOP) to employees meeting certain criteria. The exercise price of the shares is Rs. 10/-. The share options vest after a period of 2 years from the date of grant and the concerned employee remains employed on such date. The Plan is subject to approval from the Securities and Exchange Commission of Pakistan.

The share options can be exercised up to one year after the two-year vesting period and therefore, the contractual term of each option granted is three years. There are no cash settlement alternatives. The Company accounts for the ESOP as an equity-settled plan.

The expense recognized during the year related to equity settled share based payments amounts to Rs. 24.094 million (2019: Rs. Nil).

During the year, the Company has granted 4,750,000 share options at a weighted average exercise price of Rs. 10/-. Other than this, there is no movement during the year.

Weighted average remaining contractual life of options outstanding at 31 December 2020 was 2.5 years (2019: Nil).

		Note	2020	2019
			(Rupees)	
17.2	**Other comprehensive income reserve**			
	Unrealized diminuation - fair value through other comprehensive income		(10,317,725)	-
	Related deferred tax		2,992,066	-
			(7,325,659)	-
18.	**PARTICIPANTS' TAKAFUL FUND**			
18.1	**Ceded Money**		2,000,000	2,000,000
18.2	**Accumulated surplus / (deficit)**			
	Balance at the beginning of the year		(50,891,618)	(188,564,645)
	Surplus for the year		90,265,873	137,673,027
	Balance at the end of the year		39,374,255	(50,891,618)
19.	**INSURANCE / REINSURANCE PAYABLES**			
	Due to other insurers / reinsurers	19.1	275,009,289	206,886,319

19.1 This include reinsurance / retakaful payable to TPL Life Insurance Limited, a related party, amounting to Rs. 35.633 million (2019: Rs. Nil).

		Note	2020	2019
20.	**OTHER CREDITORS AND ACCRUALS**		(Rupees)	
	Commission payable		77,648,210	35,116,516
	Creditors		9,698,770	6,029,201
	Federal Insurance Fee		2,280,089	2,429,958
	Federal Excise Duty (FED) - net		49,690,128	29,530,489
	Margin deposit from customers		1,379,911	1,379,911
	Security deposit from customers		-	3,000,000
	Withholding tax payable		18,273,658	24,100,662
	Advance tax on premium		569,384	3,734,315
	Accrued Expenses		74,742,422	56,636,544
	Unclaimed dividend		1,527,468	1,527,468
	Payable to Provident Fund	20.1	2,153,176	1,581,599
	Payable to related parties		6,128,102	16,250,475
	Deposits from customers		7,280,587	645,160
	Others	20.2	15,998,906	11,751,672
			267,370,811	193,713,970

20.1 The investments made in collective investment schemes, listed equity and listed debt securities out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act 2017 and the conditions specified there under.

20.2 This includes Rs. 13.988 million (2019: Rs. 10.561 million) in respect of time barred cheques. These time barred cheques include outstanding claims in respect of which cheques aggregating to Rs. 13.807 million (2019: Rs. 7.562 million) have been issued by the Company for claim settlement but the same have not been encashed by the claimant.

The following is the ageing as required by SECP circular 11 of 2014 dated 19 May 2014:

	2020	2019
	(Rupees)	
-More than 6 months	11,488,529	4,994,233
-1 to 6 months (included in provision for outstanding claims)	41,031,453	18,872,600
	52,519,982	23,866,833

Claims not encashed	AGE-WISE BREAKUP 1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	TOTAL
	(Rupees)					
2020	41,031,453	3,754,228	3,313,101	4,421,200	-	52,519,982
2019	18,872,600	1,924,119	3,070,114	-	-	23,866,833

21. CONTINGENCIES AND COMMITMENT

21.1 Contigencies

Federal Government, through Finance Act 2017, imposed a tax on undistributed profits at the rate of 7.5% of profit before tax, in case the Company does not distribute at least 40% of its profit after tax to its shareholders either through cash dividend or issuance of bonus shares.

The legislation requires tax to be paid for Tax Year 2017 to 2019. In respect of Tax Year 2017 (Financial Year 2016) the Company did not make distribution to its shareholders. The Company has filed a constitutional petition in the High Court of Sindh challenging the tax on undistributed reserves.

The constitutional petition is pending in the High Court of Sindh and the Company has been granted stay order by the Court. The Company believes based on the opinion of it legal counsel, that outcome of this would be in its favour and accordingly, no provision for taxation on undistributed reserve amounted to Rs. 11.162 million has been made in these financial statements.

21.2 Ijarah commitments

The Company has entered into various non-cancellable operating lease agreements. The lease term is five years.

The future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	(Rupees)	
No later than 1 year	8,199,432	9,060,276
Later than 1 year and no later than 5 years	11,176,873	21,016,263
	19,376,305	30,076,539

22. NET INSURANCE PREMIUM

	2020	2019
	(Rupees)	
Written net premium	2,746,926,964	2,505,278,485
Add: Unearned premium reserve opening	1,209,232,507	1,141,809,592
Less: Unearned premium reserve closing	(1,379,671,304)	(1,209,232,507)
Premium earned	2,576,488,167	2,437,855,570
Less: Reinsurance premium ceded	525,201,372	336,504,313
Add: Prepaid reinsurance premium opening	158,195,968	127,304,702
Less: Prepaid reinsurance premium closing	(269,991,191)	(158,195,968)
Reinsurance expense	413,406,149	305,613,047
Net insurance Premium	2,163,082,018	2,132,242,523

23. NET INSURANCE CLAIMS EXPENSE

	2020	2019
Claims paid/ payable	1,441,267,650	1,258,995,777
Add: Outstanding claims including IBNR closing	525,295,311	252,522,221
Less: Outstanding claims including IBNR opening	(252,522,221)	(275,414,335)
Claims expense	1,714,040,740	1,236,103,663
Less: Reinsurance and other recoveries received	462,116,087	390,155,743
Add: Reinsurance and other recoveries in respect of outstanding claims net of impairment - closing	371,662,852	89,791,095
Less: Reinsurance and other recoveries in respect of outstanding claims net of impairment - opening	(89,791,095)	(126,774,370)
Reinsurance and other recoveries revenue	743,987,844	353,172,468
Net insurance claims expense	970,052,896	882,931,195

24. Claim Development

Claim Development table is included in note 37.1.8 to the financial statements.

25. NET COMMISSION EXPENSE

	2020	2019
	(Rupees)	
Commissions paid or payable	320,782,371	327,341,045
Add: Deferred commission - opening	156,754,128	164,770,392
Less: Deferred commission - closing	(179,505,165)	(156,754,128)
Commission expense	298,031,334	335,357,309
Less: Commission from reinsurers		
Commission received or receivable	121,800,239	78,146,919
Add: Unearned commission - opening	41,427,063	24,233,783
Less: Unearned commission - closing	(63,336,103)	(41,427,063)
Commission from reinsurance	99,891,199	60,953,639
Net Commission expense	198,140,135	274,403,670

26. MANAGEMENT EXPENSES

	Note	2020	2019
		(Rupees)	
Employee benefit costs	26.1	298,205,464	269,096,928
Annual Monitoring fee	26.2	73,924,434	87,222,427
Travelling expenses		4,582,941	7,450,909
Business Partner Engagement expenses		48,582,374	67,571,205
Advertisement and marketing		35,145,448	28,598,811
Printing and stationary		5,433,066	11,531,812
Rent, rates and taxes		25,757,776	14,377,484
Outsourcing Expenses		41,069,612	24,295,061
Communication		7,142,400	8,469,448
Utilities		14,245,688	12,189,785
Vehicle running expenses		13,688,716	15,838,732
Repair and Maintenance		49,491,815	46,103,369
Depreciation - Operating assets	5.1	34,694,935	35,841,156
Depreciation - Right of use assets	5.2	179,982,808	203,548,552
Amortization expense	6	3,933,076	3,547,236
Annual Supervision Fee SECP		4,817,400	4,585,430
Bad and doubtful debts		22,000,000	15,971,874
Insurance		12,466,924	8,207,179
Preinspection charges		2,921,560	2,748,679
		878,086,437	867,196,077

26.1 This includes Rs. 261.198 million being salaries and wages (2019: Rs. 245.385 million) and Rs. 10.375 million (2019: Rs. 10.830 million) being contribution to employees' provident fund.

26.2 This includes annual monitoring fee amounting to Rs. 59.135 million (2019: Rs. 70.339 million) charged by TPL Trakker Limited (Associated company) against the tracking services provided to the insurance policy holders of the Company.

27. INVESTMENT INCOME

	Note	2020	2019
Dividend and markup income		(Rupees)	
Dividend income		12,256	64,798
Return on debt securities		26,656,237	41,252,003
Return on term deposits and savings account		51,759,122	53,254,114
		78,427,615	94,570,915
Net realized gains / (losses) on investments			
- At fair value through other comprehensive income (2019: At available-for-sale)			
Realized gains on disposal / redemption of mutual funds		994,662	(9,910,982)
Net unrealized gains / (losses) on investments			
- Fair value through Profit or (Loss)			
Unrealized gain on valuation of mutual funds		12,102,367	-
Total investment income		91,524,644	84,659,933
Impairment in value of available-for-sale securities			
- Equity Securities		-	(4,000)
- Mutual Funds		-	(3,237,682)
		-	(3,241,682)
Less: Investment related expenses		(947,247)	(487,653)
		90,577,397	80,930,598

28. OTHER INCOME	Note	2020	2019
		(Rupees)	
Interest on advance to a related party		61,932,605	49,702,212
Income from other services		455,500	1,730,000
Income from savings accounts		24,406,186	16,190,469
Gain on sale of fixed assets		2,094,473	195,567
Gain on lease modification		22,714,328	-
Others		1,905,467	3,425,418
		113,508,559	71,243,666

29. OTHER EXPENSES	Note	2020	2019
Employee benefit costs		76,912,721	68,899,214
Legal and professional charges		41,245,636	26,371,800
Auditors' remuneration	29.1	2,303,914	2,512,573
Registration, subscription and association		7,956,926	4,751,567
Donations	29.2	12,928,242	10,883,994
Communication		2,176,811	2,131,414
IT Related Cost		23,232,971	22,728,329
Travelling and conveyance		1,350,582	4,252,715
Utilities		3,674,227	3,121,056
Depreciation - Right of use assets	5.2	15,960,096	13,844,033
Vehicle running expenses		1,508,617	1,871,194
Lease Rentals		8,891,389	8,925,212
Others		7,482,044	7,924,161
		205,624,176	178,217,262

29.1 Auditor's Remuneration

	2020	2019
Fee for audit of financial statements	730,538	664,125
Fee for review of financial statements	444,000	367,500
Fee for audit of financials for group reporting purpose	445,000	400,000
Fee for review of financials for group reporting purpose	-	200,000
Special certifications	381,934	608,529
Out-of-pocket expenses	302,442	272,419
	2,303,914	2,512,573

29.2 Donations

These include doantions made by the Company to the Indus Hospital, Pakistan Agriculture Coalition and Lady Dufferin Hospital amounting to Rs. 5 million, 3 million and 1 million respectively. None of the directors, sponsor shareholders, key management personnel and their spouses had any interest in the donee.

30. FINANCIAL CHARGES	2020	2019
	(Rupees)	
Bank charges	1,424,735	1,092,720
Interest expense on lease obligation related to right-of-use assets	33,800,119	28,546,392
	35,224,854	29,639,112

31. TAXATION

	Note	2020	2019
		(Rupees)	
For the year			
Current	31.1	37,239,861	34,775,922
Deferred		18,483,759	(10,838,485)
		55,723,620	23,937,437
For the prior years			
Current		(15,998,341)	1,576,584
		39,725,279	25,514,021

31.1 The tax rate applicable on the Company for Tax Year 2020 is 29% (2019: 29%).

31.2 Relationship between tax expense and accounting profit is as follows:

	2020
	(Rupees)
Profit before taxation	79,513,314
Tax at applicable rate	23,058,861
Effect of revision of prior year's tax assessment	10,275,812
Other affects	6,390,606
	39,725,279
Effective rate	50%

31.3 Relationship between tax expense and accounting profit is not produced for prior year as the tax charged was based on minimum tax turnover in that year.

32. EARNINGS PER SHARE - BASIC AND DILUTED

	2020	2019
	(Rupees)	
Loss after tax for the year attributable to shareholders	(50,477,838)	(107,157,577)
	(Number of Shares)	
Weighted average number of ordinary shares of Rs.10 each	93,866,261	93,866,261
	(Rupees)	
Loss per share - basic and diluted	(0.54)	(1.14)

32.1 As further explained in Note 17.1 to the financial statements, the Company has granted 4.75 million options to its employees meeting certain criteria. These options have anti-dilutive effect on the Company's Loss per share for the year ended 31 December 2020, and therefore have not been included in the said calculation.

33. COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements, including all benefits, to the Chief Executive, Directors and Executives / Key Management Personnel of the Company are as follows:

	Note	Chief Executive Officer		Directors		Executives		Total	
		2020	2019	2020	2019	2020	2019	2020	2019
		(Rupees)							
Managerial remuneration		15,484,800	15,484,899	-	-	72,636,914	73,967,252	88,121,714	89,452,151
Bonus		-	-	-	-	-	550,000	-	550,000
House rent allowance		6,968,160	6,968,160	-	-	32,686,481	33,285,099	39,654,641	40,253,259
Utilities		1,547,040	1,546,941	-	-	7,256,493	7,389,443	8,803,533	8,936,384
Retirement benefits		1,289,884	1,289,892	-	-	5,458,429	5,876,893	6,748,313	7,166,785
Relocation allowances		-	-	-	-	-	-	-	-
Others		-	-	-	-	13,944,422	14,822,441	13,944,422	14,822,441
Director fee		-	-	2,900,000	3,300,000	-	-	2,900,000	3,300,000
		25,289,884	25,289,892	2,900,000	3,300,000	131,982,739	135,891,128	160,172,623	164,481,020
Number of persons		1	1	4	4	30	28	35	33

33.1 In addition, the Chief Executive Officer, Directors and Executives are provided with free use of Company maintained cars and are also entitled to employee share options in accordance with their entitlement.

34. TRANSACTIONS WITH RELATED PARTIES

34.1 The related parties comprise Parent Company, associated undertakings, common directorships, employees provident fund, directors and key management personnel. The balances with / due from and transactions with related parties are as follows:

34.2 Balances and transactions with related parties

	Note	2020	2019
		(Rupees)	
TPL Trakker Limited - (associated company)			
Opening balance - receivable		287,376	69,336,860
Interest charged during the year		61,932,605	49,702,212
Net expenses charged - group shared costs		(47,024,922)	(57,233,913)
Rent and other services on tracking units		(212,684,713)	(280,516,240)
Adjustment against advance		38,500,000	70,000,000
Net payments made by the Company		159,412,281	148,998,457
Closing balance - receivable		422,627	287,376
Advance to TPL Trakker Limited - (associated company)			
Opening balance - receivable		70,000,000	200,000,000
Payments received during the year		-	(60,000,000)
Adjustment against receivable		(38,500,000)	(70,000,000)
Closing balance - receivable		31,500,000	70,000,000

This represents advance to a related party. A special resolution of the shareholders authorising the Company to extend advance upto Rs.300 million was passed in Annual General Meeting of the Company held on 21 April, 2019. The balance carries interest at the rate of 1 year KIBOR + 3.5% with a floor of 10% per annum.

	2020	2019
	(Rupees)	
TPL Properties Limited- common directorship		
Opening balance - receivable	6,169,128	5,215,569
Rent invoices received during the year	(46,351,782)	(61,134,684)
Net payments made during the year	41,282,571	61,134,684
Transferred from Centrepoint Management Services (Private) Limited on amalgamation	(1,282,984)	-
Expenses incurred by the company / (on behalf of the company)	(40,519)	953,559
Closing balance - receivable / (payable)	(223,586)	6,169,128

34.2 Balances and transactions with related parties (Continued)

	2020	2019
	(Rupees)	
TPL Properties Management (Private) Limited - common directorship		
Opening balance - payable	-	-
Services received during the year	6,499,240	-
Payments made by the company	(5,691,180)	-
Closing balance - payable	808,060	-
Centrepoint Management Services (Private) Limited - common directorship		
Opening balance - payable	5,838,687	660,043
Maintenance charges expensed during the period	10,570,541	12,292,204
Maintenance charges paid during the period	(10,570,541)	(11,741,423)
Other movement during the period	(118,724)	118,724
Transferred to TPL Properties Limited on amalgamation	(1,282,984)	-
Services received during the period	4,971,099	10,900,482
Payments made during the period	(9,408,078)	(6,391,343)
Closing balance - payable	-	5,838,687
Virtual World (Private) Limited - common directorship		
Opening accrued outsourcing expenses	10,198,176	10,000,000
Services received during the year	25,828,242	26,049,214
Expenses incurred by the company	(66,037)	-
Payments made during the year	(31,034,370)	(25,851,038)
Closing accrued outsourcing expenses	4,926,011	10,198,176
TPL Security Services (Private) Limited - common directorship		
Opening balance - receivable	794,655	1,934,239
Expenses incurred by the company	943,583	1,209,144
Services received during the year	(1,908,683)	(2,348,728)
Closing balance - receivable / (payable)	(170,445)	794,655
TPL Direct Insurance Limited Employees Provident Fund		
Opening balance - payable	1,581,599	4,770,815
Charge for the year	32,050,617	48,340,183
Contribution made during the year	(31,479,040)	(51,529,399)
Closing balance - payable	2,153,176	1,581,599
TPL Life Insurance Limited - common directorship		
Opening balance - payable	213,612	896,108
Expenses incurred by the company / (on behalf of the company)	(4,805,908)	1,062,473
Services received from the company	6,212,977	5,195,056
Other movement during the year	70,000	-
Reinsurance services received during the year	35,632,646	-
Net payments made during the year	(1,690,680)	(6,940,025)
Closing balance - payable	35,632,647	213,612
TPL Corp Limited - parent company		
Opening balance - receivable	28,809,083	129,577
Expenses incurred by the company / (on behalf of the company)	(38,143,031)	28,679,506
Net payments made during the year	14,476,102	-
Closing balance - receivable	5,142,154	28,809,083
TPL e-Venture (Private) Limited - common directorship		
Opening balance - receivable	89,157	-
Expenses incurred by the company	-	89,157
Closing balance - receivable	89,157	89,157

34.3 Remuneration to the key management personnel are in accordance with the terms of their employment. Contribution to the provident fund is in accordance with the Company's staff services rules and other transactions with the related parties are in accordance with the agreed terms.

34.4 The Company has signed up consultancy contract with one of the directors, Mr. Andrew Borda, to assist the Company in underwriting and reinsurance placements. The remuneration agreed during the year amounts to Rs. 16.271 million (2019: Rs. 17.965 million).

35. SEGMENT REPORTING

	For the year ended 31 December 2020					
	Fire & property damage	Marine, aviation & transport	Motor	Health	Miscellaneous	Aggregate
	(Rupees)					
Gross Written Premium (inclusive of Administrative Surcharge)	236,900,003	42,483,316	2,158,445,973	264,955,504	44,142,168	2,746,926,964
Gross Direct Premium	200,105,368	40,824,132	2,085,012,323	264,774,506	41,416,718	2,632,133,047
Facultative Inward Premium	35,975,558	571,803	3,541,213	-	30,285	40,118,859
Administrative Surcharge	819,077	1,087,381	69,892,437	180,998	2,695,165	74,675,058
Insurance premium earned	164,396,528	43,544,413	2,111,636,024	212,231,601	44,679,601	2,576,488,167
Insurance premium ceded to reinsurers	(139,665,385)	(25,703,094)	(184,872,003)	(43,057,798)	(20,107,869)	(413,406,149)
Net insurance premium	24,731,143	17,841,319	1,926,764,021	169,173,803	24,571,732	2,163,082,018
Commission income	28,885,940	6,525,592	48,886,006	8,097,625	7,496,036	99,891,199
Net underwriting income	53,617,083	24,366,911	1,975,650,027	177,271,428	32,067,768	2,262,973,217
Insurance claims	(175,841,623)	(25,600,028)	(1,282,263,649)	(211,710,516)	(18,624,924)	(1,714,040,740)
Insurance claims recovered from reinsurers / salvage	164,714,865	15,225,194	519,160,171	36,724,281	8,163,333	743,987,844
Net Claims	(11,126,758)	(10,374,834)	(763,103,478)	(174,986,235)	(10,461,591)	(970,052,896)
Charge of Premium deficiency reserve	-	-	-	(526,162)	-	(526,162)
Commission expense	(25,397,521)	(6,799,048)	(234,816,281)	(22,174,683)	(8,843,801)	(298,031,334)
Management expenses	(7,531,118)	(5,464,380)	(799,046,589)	(58,461,104)	(7,583,246)	(878,086,437)
Net insurance claims and expenses	(44,055,397)	(22,638,262)	(1,796,966,348)	(256,148,184)	(26,888,638)	(2,146,696,829)
Underwriting result	9,561,686	1,728,649	178,683,679	(78,876,756)	5,179,130	116,276,388
Investment income						90,577,397
Other income						113,508,559
Other expenses						(205,624,176)
Results of operating activities						114,738,168
Financial charges						(35,224,854)
Profit before tax for the period						79,513,314
Corporate segment assets	360,712,148	40,821,404	858,632,616	116,639,822	23,742,974	1,400,548,964
Corporate unallocated assets						2,100,618,598
Total assets						3,501,167,562
Corporate segment liabilities	273,820,105	30,959,760	1,611,591,950	153,836,659	30,174,236	2,100,382,710
Corporate unallocated liabilities						560,431,860
Total liabilities						2,660,814,570

	For the year ended 31 December 2019					
	Fire & property damage	Marine, aviation & transport	Motor	Health	Miscellaneous	Aggregate
	(Rupees)					
Gross Written Premium (inclusive of Administrative Surcharge)	141,009,066	67,517,200	2,158,530,053	97,411,486	40,810,680	2,505,278,485
Gross Direct Premium	122,033,924	66,033,182	2,084,919,673	95,605,205	38,010,833	2,406,602,817
Facultative Inward Premium	18,235,656	430,456	616,189	-	15,591	19,297,892
Administrative Surcharge	739,486	1,053,562	72,994,191	1,806,281	2,784,256	79,377,776
Insurance premium earned	106,989,544	66,740,862	2,084,188,440	143,911,916	36,024,808	2,437,855,570
Insurance premium ceded to reinsurers	(93,159,806)	(19,102,279)	(179,719,993)	-	(13,630,969)	(305,613,047)
Net insurance premium	13,829,738	47,638,583	1,904,468,447	143,911,916	22,393,839	2,132,242,523
Commission income	16,334,093	3,442,579	38,721,087	-	2,455,880	60,953,639
Net underwriting income	30,163,831	51,081,162	1,943,189,534	143,911,916	24,849,719	2,193,196,162
Insurance claims	(42,278,689)	(39,274,856)	(1,108,049,579)	(43,254,931)	(3,245,608)	(1,236,103,663)
Insurance claims recovered from reinsurers / salvage	35,438,662	7,018,330	309,488,051	-	1,227,425	353,172,468
Net Claims	(6,840,027)	(32,256,526)	(798,561,528)	(43,254,931)	(2,018,183)	(882,931,195)
Reversal of Premium deficiency reserve	-	-	-	4,000,000	-	4,000,000
Commission expense	(16,351,172)	(10,057,282)	(249,484,432)	(51,058,100)	(8,406,323)	(335,357,309)
Management expenses	(43,636,503)	(21,214,067)	(761,734,179)	(27,197,712)	(13,413,616)	(867,196,077)
Net insurance claims and expenses	(66,827,702)	(63,527,875)	(1,809,780,139)	(117,510,743)	(23,838,122)	(2,081,484,581)
Underwriting result	(36,663,871)	(12,446,713)	133,409,395	26,401,173	1,011,597	111,711,581
Investment income						80,930,598
Other income						71,243,666
Other expenses						(178,217,262)
Results of operating activities						85,668,583
Financial charges						(29,639,112)
Profit before tax for the period						56,029,471
Corporate segment assets	119,848,711	26,672,851	665,777,121	31,218,175	39,325,274	882,842,133
Corporate unallocated assets						2,083,261,812
Total assets						2,966,103,945
Corporate segment liabilities	94,501,230	21,796,038	1,593,038,335	49,299,300	23,168,347	1,781,803,250
Corporate unallocated liabilities						430,247,215
Total liabilities						2,212,050,465

36. MOVEMENT IN INVESTMENTS

	At Amortized cost (2019: Held to Maturity)	At Fair value through other comprehensive income (2019: Available for Sale)	At Fair value through profit and loss (2019: Available for Sale)	Total
As at 1 January 2019	642,834,095	110,641,136	252,874,210	1,006,349,441
Additions	512,623,339	450,000,000	55,000,000	1,017,623,339
Disposals (sale and redemption)	(643,471,977)	(374,225,349)	(291,690,450)	(1,309,387,776)
Fair value net gains (excluding net realized gains)	-	527,591	13,816,240	14,343,831
(Impairment) / Reversal of Impairment	-	(3,241,682)	-	(3,241,682)
Amortisation of premium / discount	3,692,347	-	-	3,692,347
As at 31 December 2019	515,677,804	183,701,696	30,000,000	729,379,500
Additions	500,250,900	-	30,000,000	530,250,900
Disposals (sale and redemption)	(245,000,000)	(125,000,000)	(15,000,000)	(385,000,000)
Fair value net gains (excluding net realized gains)	-	31,573,377	13,097,033	44,670,410
(Impairment) / Reversal of Impairment	-	-	-	-
Amortisation of premium / discount	1,472,003	-	-	1,472,003
As at 31 December 2020	772,400,707	90,275,073	58,097,033	920,772,813

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 MANAGEMENT

37.1.1 INSURANCE RISK

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of compensation to the insured. Generally most insurance contracts carry the insurance risk for a period of one year.

The Company's major insurance contracts are in respect of motor vehicles through issuance of general insurance contracts relating to motor insurance. For these contracts the most significant risks arise from theft, accidents and terrorist activities.

The Company's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate reinsurance is arranged to mitigate the effect of the potential loss to the Company from individual to large or catastrophic insured events. Further, the Company adopts strict claim review policies including active management and prompt pursuing of the claims and regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

37.1.2 FREQUENCY AND SEVERITY OF CLAIMS

Risk associated with general insurance contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the insured events. This has been managed by having in place underwriting strategy, reinsurance arrangements and proactive claim handling procedures.

The reinsurance arrangements against major risk exposure include excess of loss, quota share, surplus arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on Company's net retentions.

37.1.3 UNCERTAINTY IN THE ESTIMATION OF FUTURE CLAIM PAYMENTS

Claims on motor 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 contracts respectively, including the event reported after the expiry of the insurance contract term.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for the purpose. The initial estimates include expected settlement cost of the claims. Provision for IBNR is based on the management's best estimate which takes into account expected future patterns of reporting of claims and the claim actually reported subsequent to the balance sheet date. There are several variable factors which affect the amount and timing of recognized claim liabilities. 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 initial recognized amount. Outstanding claims are reviewed on a periodic basis.

37.1.4 KEY ASSUMPTIONS

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected income. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate case to case basis with due regard to the claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Core estimates are reviewed regularly and are updated as and when new information is available.

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserves is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative 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. During the year, the Company has not changed its assumptions for the insurance contracts.

37.1.5 SENSITIVITY ANALYSIS

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

The claim liabilities are sensitive to the incidence of insured events and severity / size of claims. As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of reinsurance. The impact of 10 % increase / decrease in incidence of insured events on profit before tax and shareholder's equity is as follows:

Average claim cost	Underwriting results / profit before tax		Shareholder's equity	
	2020	2019	2020	2019
	(Rupees)		(Rupees)	
Fire & property damage	1,112,676	684,003	790,000	485,642
Marine, aviation & transport	1,037,483	3,225,653	736,613	2,290,214
Motor business	76,310,348	79,856,153	54,180,347	56,697,869
Health	17,498,624	4,325,493	12,424,023	3,071,100
Miscellaneous	1,046,159	201,818	742,773	143,291
	97,005,290	88,293,120	68,873,756	62,688,116

37.1.6 Concentration of risk

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 risk 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 insured property.

The adequate event limit is a multiple of the treaty capacity or the primary recovery from excess of loss treaty, which is very much in line with the risk management philosophy of the Company.

Reinsurance ceded does not relieve the Company from its obligation towards policy holders and, as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that reinsurer fails to meet the obligation under the reinsurance agreements.

The Company minimises its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

Notes to the Financial Statements

For the year ended 31 December 2020

37.1.7 The concentration of risk by type of contracts based on single risk with maximum exposure is summarised below:

	Gross sum insured		Reinsurance		Net	
	2020	2019	2020	2019	2020	2019
	(Rupees)					
Fire & property damage	6,704,793,413	4,809,655,529	6,679,793,413	4,713,462,418	25,000,000	96,193,111
Marine, aviation & transport	276,261,081	948,763,200	256,261,081	928,763,200	20,000,000	20,000,000
Motor business	55,000,000	25,000,000	35,000,000	20,000,000	20,000,000	5,000,000
Health	1,000,000	1,000,000	700,000	-	300,000	1,000,000
Miscellaneous	199,000,000	250,000,000	184,075,000	175,000,000	14,925,000	75,000,000

37.1.8 Claims development table

The following table shows the development of claims over a period of time on gross basis. For each class of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

Analysis on gross basis

Accident year	Prior to 2011	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Estimate of ultimate claims cost:	(Rupees)											
At end of accident year	109,563,161	48,351,225	363,140,143	469,482,097	708,662,241	872,154,380	1,119,834,954	1,189,630,891	1,341,453,975	1,210,488,108	1,634,557,771	1,634,557,771
One year later	85,872,622	37,511,141	352,896,739	468,385,716	706,207,696	897,562,104	1,149,396,121	1,230,902,945	1,357,839,571	1,287,541,912	-	1,287,541,912
Two years later	83,650,936	37,423,966	352,717,003	468,442,371	698,292,362	899,731,568	1,144,863,477	1,237,132,102	1,363,015,496	-	-	1,363,015,496
Three years later	83,682,302	37,428,166	352,717,003	468,442,371	697,553,067	899,980,112	1,145,603,367	1,236,822,201	-	-	-	1,236,822,201
Four years later	84,547,302	37,428,166	352,717,003	468,442,371	697,681,017	900,959,825	1,143,148,973	-	-	-	-	1,143,148,973
Five years later	84,249,302	37,428,166	352,717,003	469,692,371	698,623,467	901,085,560	-	-	-	-	-	901,085,560
Six years later	84,020,557	37,428,166	352,720,503	469,736,121	698,172,267	-	-	-	-	-	-	698,172,267
Seven years later	84,170,557	37,428,166	352,845,503	469,736,121	-	-	-	-	-	-	-	469,736,121
Eight years later	84,170,557	37,598,166	352,845,503	-	-	-	-	-	-	-	-	352,845,503
Nine years later	84,208,057	37,598,166	-	-	-	-	-	-	-	-	-	37,598,166
Ten years later	88,607,819	-	-	-	-	-	-	-	-	-	-	88,607,819
Estimate of cumulative claims	88,607,819	37,598,166	352,845,503	469,736,121	698,172,267	901,085,560	1,143,148,973	1,236,822,201	1,363,015,496	1,287,541,912	1,634,557,771	9,213,131,789
Cumulative payments to date	(87,413,819)	(37,598,166)	(352,845,503)	(469,736,121)	(698,172,267)	(901,085,560)	(1,143,148,973)	(1,236,492,459)	(1,356,184,250)	(1,262,727,713)	(1,142,431,647)	(8,687,836,478)
Liability for outstanding claims	1,194,000	-	-	-	-	-	-	329,742	6,831,246	24,814,199	492,126,124	525,295,311

38. FINANCIAL RISK MANAGEMENT

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

COVID-19 has adversely impacted the Insurance industry on a number of fronts including increase in overall credit risk pertaining to the premium receivables and other financial assets, disruption in growth due to slowdown in economic activity, continuity of business operations and managing cybersecurity threat as a significant number of the company's staff is working from home.

38.1 Credit risk

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

Due to COVID-19 outbreak some of the Company's policy holders and their businesses have been adversely impacted. The Company does not carry any material credit risk in respect of its retail customers, as the premium collections are mostly upfront. With regards to corporates, the Company allows credit after performing necessary due diligence. The Company carries sufficient provision where customer payments are delayed due to any reason including Covid-19 related financial difficulties.

38.1.1 Management of credit risk

The Company's policy is to enter into financial contracts in accordance with the guidelines set by the Board of Directors. Credit risk is managed and controlled by the management of the Company in the following manner:

- Credit rating and / or credit worthiness of the counter party is taken into account along with the financial background so as to minimize the risk of default. Collaterals are obtained wherever appropriate / relevant.

- The risk of counterparty exposure due to failed agreements causing a loss to the Company is mitigated by a periodic review of the credit ratings, financial statements, credit worthiness, etc. on a regular basis and makes provision against those balances considered doubtful of recovery.

- Loans given to employees are deductible from the salary of the employees.

- Cash is held with reputable banks only.

To reduce the credit risk the management continuously reviews and monitors the credit exposure towards the policyholders and other insurers/reinsurers and makes provision against those balances considered doubtful of recovery.

38.1.2 Exposure to credit risk

In summary, compared to the amount included in statement of assets and liabilities, the maximum exposure to credit risk as at 31 December is as follows:

	2020 Balance as per the financial statements	Maximum exposure	2019 Balance as per the financial statements	Maximum exposure
	(Rupees)			
Investment in government securities	344,900,707	344,900,707	95,677,804	95,677,804
Investment in debt securities	-	-	125,000,000	125,000,000
Term deposits	427,500,000	427,500,000	420,000,000	420,000,000
Loans and other receivables	95,810,670	95,810,670	287,866,809	287,866,809
Insurance / reinsurance receivables	418,675,980	418,675,980	308,341,598	308,341,598
Reinsurance recoveries against outstanding claims	232,825,729	232,825,729	34,249,686	34,249,686
Salvage recoveries accrued	138,837,123	138,837,123	55,541,409	55,541,409
Bank balances	912,684,928	912,684,928	701,553,192	701,553,192
	2,571,235,137	2,571,235,137	2,028,230,498	2,028,230,498

38.1.3 Past due / impaired assets

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

	2020		2019	
	Gross	Impairment	Gross	Impairment
	(Rupees)			
0-90 days	316,655,413	-	231,571,566	-
Over 90 days	149,650,805	47,630,238	110,173,127	33,403,095
Total	466,306,218	47,630,238	341,744,693	33,403,095

Age analysis of amount due from other insurers / reinsurers at the reporting date was:

	2020		2019	
	Gross	Impairment	Gross	Impairment
	(Rupees)			
Upto 1 year	-	-	-	-
1-2 years	-	-	-	-
Over 2 years	2,754,393	(2,754,393)	2,754,393	(2,754,393)
Total	2,754,393	(2,754,393)	2,754,393	(2,754,393)

Age analysis of reinsurance recoveries against outstanding claims at the reporting date was:

	2020		2019	
	Gross	Impairment	Gross	Impairment
	(Rupees)			
Up to 1 year	225,842,358	-	33,210,326	-
1-2 years	6,392,466	-	847,000	-
Over 2 years	590,905	-	192,360	-
Total	232,825,729	-	34,249,686	-

In respect of the aforementioned insurance and reinsurance assets, the Company takes into account its past history / track record of recoveries and financial position of the counterparties while creating provision for impairment. Further, reinsurance recoveries are made when corresponding liabilities are settled.

38.1.4 Credit Rating and Collateral

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

Long term Rating	Rating Agency	2020	2019
		(Rupees)	
AAA	JCR-VIS	315,323,326	24,029,836
AAA	PACRA	1,014,282	32,831
AA+	PACRA	376,991,149	349,047,929
AA+	JCR-VIS	32,813,076	34,853,618
AA	PACRA	41,806,585	25,742,214
AA	JCR-VIS	55,650,302	47,348,525
AA-	JCR-VIS	22,851,700	-
AA-	PACRA	772,395	22,315,774
A+	PACRA	64,146,908	73,008,181
A+	JCR-VIS	-	-
A	PACRA	2,127,565	163,815
A-	JCR-VIS	111,796,222	103,607,030
BBB-	JCR-VIS	314,891,418	442,291,849
		1,340,184,928	1,122,441,602

The Company enters into re-insurance / co-insurance arrangements with re-insurers / other insurers having sound credit ratings accorded by reputed credit rating agencies. The Company is required to comply with the requirements of circular no. 32 / 2009 dated October 27, 2009 issued by SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. An analysis of all reinsurance assets relating to outward treaty cessions recognised by the rating of the entity from which it is due is as follows:

	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2020	2019
		(Rupees)		
A or above (including PRCL)	232,825,729	269,991,191	502,816,920	192,445,654

38.1.5 Concentration of credit risk

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company manages concentration of credit risk through diversification of activities among individuals, groups and industry segments.

Sector-wise analysis of premium due but unpaid at the reporting date was:

	2020		2019	
	(Rupees)	%	(Rupees)	%
Individuals	10,961,916	3%	40,725,096	13%
Corporate	407,714,064	97%	267,616,502	87%
	418,675,980	100%	308,341,598	100%

38.1.6 Settlement risk

The company's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

This risk is addressed more or less in accordance with the parameters set out in the credit risk management above.

38.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

Due to COVID-19 outbreak some of the Company's policy holders and their businesses have been adversely impacted. The Company has sufficient bank balances and liquid investments to cover the delays caused in payment from customers and therefore is not significantly exposed to liquidity risks arising from the pandemic.

38.2.1 Management of liquidity risk

The Company'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 Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfil its obligation; monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

38.2.2 Maturity analysis for financial assets and liabilities

The table below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows (including interest payments).

	2020		
	Carrying amount	Upto one year	More than one year
		(Rupees)	
Financial assets			
Investments			
Equity securities and mutual fund units	148,372,106	148,372,106	-
Government Securities	344,900,707	312,708,095	32,192,612
Term deposits	427,500,000	425,000,000	2,500,000
Loans and other receivables	95,810,670	95,810,670	-
Cash and bank balances	913,388,550	913,388,550	-
	1,929,972,033	1,895,279,421	34,692,612
Financial liabilities			
Other creditors and accruals	267,370,811	267,370,811	-
Lease liability against right-of-use asset	129,553,829	126,485,012	3,068,817
	396,924,640	393,855,823	3,068,817

	2019		
	Carrying amount	Upto one year	More than one year
	(Rupees)		
Financial assets			
Investments			
Equity securities and mutual fund units	88,701,696	88,701,696	-
Government Securities	95,677,804	-	95,677,804
Debt securities	125,000,000	-	125,000,000
Term deposits	420,000,000	420,000,000	-
Loans and other receivables	287,866,809	287,866,809	-
Cash and bank balances	702,441,602	702,441,602	-
	1,719,687,911	1,499,010,107	220,677,804
Financial liabilities			
Other creditors and accruals	193,713,970	193,713,970	-
Lease liability against right-of-use asset	276,621,459	100,829,219	175,792,240
	470,335,429	294,543,189	175,792,240

38.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will effect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The company has significant investment in shares classified as fair value through other comprehensive income category. Due to COVID-19 pandemic, the Pakistan Stock Market (PSX) has shown volatility in performance during the year. However, the stock market is now stable and KSE 100 index has reported YoY growth of 7.4% during the year 2020.

The Company is exposed to interest rate risk, currency risk and other price risk.

38.3.1 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. Interest rate exposure arises from balances held in profit and loss sharing accounts with reputable banks and government securities. The Company limits interest rate risk by monitoring changes in interest rates. Other risk management procedures are the same as those mentioned in the credit risk management.

The Company invests in securities and has deposits that are subject to interest / mark-up rate risk. Due to COVID-19 Pandemic, the State Bank of Pakistan has responded to the crises by cutting the Policy Rate by 625 basis point. Accordingly, the market interest rates have declined significantly. The management has taken necessary actions to minimise the impact of lower interest rates on its financial performance, by rebalancing its investment portfolio.

38.3.1.1 Sensitivity analysis

At the balance sheet date the interest rate profile of the Company's interest-bearing financial instrument are as follows:

	2020	2019	2020	2019
Financial assets	Effective interest rate (in %)		(Rupees)	
Assets subject to fixed rate				
- Government securities	7.04% - 12.00%	7.75% - 12.00%	344,900,707	95,677,804
- Placement with a company	8.28%	11%	25,000,000	25,000,000
- Term deposits	3.75% - 7.00%	12.00% - 12.75%	427,500,000	420,000,000
- Loan to employees	0% - 5.00%	0% - 5.00%	3,042,878	2,158,328
Assets subject to variable rate				
- Debt securities	-	12.00% - 16.00%	-	125,000,000
- Advance to related parties	10.00% - 16.91%	14.00% - 17.00%	31,922,627	70,287,376
- Bank balances	4.00% - 6.50%	6.00% - 13.00%	843,709,773	648,012,417

Fair value sensitivity analysis for fixed rate instruments.

The Company does not account for any fixed rate financial assets at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account and equity of the Company.

Cash flow sensitivity analysis for variable rate instruments.

A hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below.

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

	2020		2019	
	Profit and loss 100 bps		Profit and loss 100 bps	
	Increase	Decrease	Increase	Decrease
	(Rupees)		(Rupees)	
Cash flow sensitivity - Variable rate financial assets	87,563	(87,563)	84,330	(84,330)

38.3.1.2 Exposure to interest rate risk

A summary of the Company's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date, is as follows:

	2020			
	less than 1 year	1 year to 5 years	More than 5 years	Total
	(Rupees)			
Assets				
Investment in government securities	312,708,095	32,192,612	-	344,900,707
Term deposits	425,000,000	2,500,000	-	427,500,000
Loans and other receivables	95,810,670	-	-	95,810,670
Bank balances	843,709,773	-	-	843,709,773
Total assets	1,677,228,538	34,692,612	-	1,711,921,150
Liabilities				
Lease liability against right-of-use asset	126,485,015	3,068,818	-	129,553,833
Total interest sensitivity gap	1,550,743,523	31,623,794	-	1,582,367,317

	2019			
	less than 1 year	1 year to 5 year	More than 5 year	Total
	(Rupees)			
Assets				
Investment in government securities	-	95,677,804	-	95,677,804
Investment in debt securities	-	-	125,000,000	125,000,000
Term deposits	420,000,000	-	-	420,000,000
Loans and other receivables	287,866,809	-	-	287,866,809
Bank balances	648,012,417	-	-	648,012,417
Total assets	1,355,879,226	95,677,804	125,000,000	1,576,557,030
Liabilities				
Lease liability against right-of-use asset	100,829,219	160,359,342	15,432,899	276,621,459
Total interest sensitivity gap	1,255,050,007	(64,681,538)	109,567,101	1,299,935,571

38.3.2 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities at the balance sheet date.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favourable. Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold. The Company has no significant concentration of price risk.

38.3.2.1 Sensitivity analysis

The table below summarizes Company's equity price risk as of 31 December 2020 and 2019 and shows the effects of a hypothetical 10% increase / decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in Company's equity investment portfolio because of the nature of equity markets.

	Hypothetical price change	Estimated fair value after change in prices	Increase / (decrease) in shareholders' equity	Increase (decrease) in profit before tax
	(Rupees)			
2020	10% increase	163,209,317	10,534,420	14,837,211
	10% decrease	133,534,895	(10,534,420)	(14,837,211)
2019	10% increase	97,571,866	6,297,820	8,870,170
	10% decrease	79,831,526	(6,297,820)	(8,870,170)

38.3.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

38.4 Capital Management

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

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

The minimum paid up capital requirements for non-life insurer is Rs 500 million prescribed by SECP under Insurance Rules, 2017.The company is in compliance with the prescribed minimum paid up capital requirement at the year end. In addition, the Company is also required to maintain minimum solvency in accordance with the rules and regulations set by the SECP. The Company's status of compliance with solvency requirement is disclosed in note 39 to the financial statements.

38.5 Fair value of financial assets and liabilities

IFRS 13 defines fair value as an exit price. 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Following are the assets which are either measured at fair value or for which fair value is only disclosed and is different from their carrying value:

	2020		
	Fair value measurement using		
	Level 1	Level 2	Level 3
	(Rupees)		
At fair value through other comprehensive income	90,275,073	-	-
At fair value through profit or loss	58,097,033		
At amortized cost	-	349,527,033	-
	148,372,106	349,527,033	-

	2019		
	Fair value measurement using		
	Level 1	Level 2	Level 3
	(Rupees)		
Available-sale-investments (measured at fair value)	88,701,696	125,000,000	-
Held-to-maturity (fair value only disclosed)	-	95,763,000	-
	88,701,696	220,763,000	-

39. STATEMENT OF SOLVENCY

This statement represent solvency position of the conventional business including Operator's Fund. The Solvency position of Participants' Takaful Fund is disclosed in the separate financial statements of WTO.

	2020	2019
Assets	(Rupees)	
Property and equipment	88,234,781	113,464,573
Intangible assets	8,611,391	9,565,236
Investments		
Equity securities and mutual fund units	132,757,733	88,701,696
Government Securities	344,900,707	95,677,804
Debt securities	-	105,000,000
Term deposits	100,000,000	20,000,000
Loans and other receivables	94,053,975	282,123,277
Insurance / reinsurance receivables	264,480,445	156,127,067
Reinsurance recoveries against outstanding claims	198,303,240	31,052,200
Salvage recoveries accrued	49,585,123	23,939,337
Deferred commission expense	79,068,400	58,833,661
Deferred taxation	11,670,397	44,064,267
Taxation - provision less payment	49,057,092	-
Prepayments	349,999,868	300,671,344
Cash and bank balances	764,114,311	550,962,058
Assets under takaful / Operations - Operator's Fund	111,030,222	313,473,729
Total Assets (A)	2,645,867,685	2,193,656,249
In-admissible assets		
Property and equipment	88,234,781	113,464,574
Intangible assets	8,611,391	9,565,236
Investments		
Equity securities	89,152,560	57,456,000
Debt securities	-	7,045,207
Loans and other receivables	42,500,710	108,852,370
Insurance/ reinsurance receivable	60,905,905	33,441,768
Deferred taxation	11,670,397	44,064,267
Taxation - payment less provisions	49,057,092	-
Prepayments	109,698,214	151,893,891
Cash and bank balances	1,379,911	-
Assets under takaful / Operations - Operator's Fund	5,667,742	9,892,768
Total of In-admissible Assets (B)	466,878,703	535,676,081
Total of Admissible Assets (C=A-B)	2,178,988,982	1,657,980,168

39. STATEMENT OF SOLVENCY (Continued)

	2020	2019
	(Rupees)	
Total Liabilities		
Underwriting Provisions		
Outstanding claims including IBNR	349,887,712	123,761,342
Unearned premium reserves	742,770,665	622,591,256
Unearned reinsurance commission	54,555,504	39,068,678
Premium deficiency reserve	2,384,178	39,068,678
Premium received in advance	9,565,488	8,100,395
Insurance / reinsurance payables	193,685,259	149,356,287
Other creditors and accruals	259,077,055	226,686,642
Taxation - provision less payment	-	12,553,613
Total liabilities of Takaful Operations - OF	217,619,278	170,698,653
Total Liabilities (D)	1,829,545,139	1,391,885,544
Total Net Admissible Assets (E= C-D)	349,443,843	266,094,624
Minimum Solvency Requirement	(209,452,049)	(221,427,286)
Excess Solvency	139,991,794	44,667,338

39.1 During the year, the SECP vide its letter No. ID/MDPR/IAP/2021/1402 dated 11 January 2021, keeping in view the implications of IFRS 16 on the solvency position of insurers, has allowed relaxation from the application of IFRS 16 for solvency purposes for the period ended 30 September 2020 till 30 June 2021 and the Company is required to follow IFRS 16 for solvency statement as at 31 December 2021. Had the company not claimed exemption, excess solvency would have been lower by Rs. 75.042 million.

40. SUBSEQUENT EVENTS

The Company is in advanced stage of negotiation with a potential investor for issuance of 23,325,000 ordinary shares having face value of Rs. 10/- each other than by way of rights at a price of Rs. 20/- per share aggregating to Rs. 466.5 million. This represents approximately 24.8% of existing shares outstanding and approximately 19.9% of the post-issued paid up capital of the Company. The Company's shareholders have approved the transaction in Extraordinary General Meeting held on December 21, 2020.

41. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 23 February 2021 by the Board of Directors of the Company.

42. GENERAL

42.1 Figures have been rounded off to the nearest Rupee unless otherwise stated.

42.2 Total and average number of employees as at 31 December 2020 and 2019 are 278 (2019: 260) and 270 (2019: 278) respectively.

Chief Financial Officer	Director	Director	Chief Executive Officer	Chairman

Shariah Advisor's Report 2020

بسم الله الرحمن الرحيم

الحمد لله رب العالمين والصلاة والسلام على رسوله الكريم: اما بعد

Introduction:

Alhamdulillah, TPL Insurance Limited – Window Takaful Operations ("TPLI – WTO") has successfully completed another financial year ended 31st December 2020 with significant growth in overall Takaful operations and PTF amount contributions with large number of participants.

I, as Shariah Advisor of the Company, acknowledge that it is my mandatory responsibility to ensure that the financial contracts, policies, operational process and transactions entered into by the company with its participants and stakeholders are in compliance with the requirements of Shariah guidelines and in line with Takaful rules 2012. It is the responsibility of the company's management as Takaful operator and in capacity of Wakeel of PTF to ensure that the advises and instructions given by the Shariah Advisor and the guidelines set by the regulator are overall complied with Shariah rules such as policies, products and services being offered by the company are also approved by the Shariah Advisor.
I think it is appropriate to share my view on some points:

1. **Operations;**
   As per compliance report, the Takaful operations in motor Takaful and commercial line business are in line with takaful rules.

2. **Training:**
   The Company arranged various in house mandatory training sessions for its employees and staff on Takaful conducted by Shariah compliance department of company, but unfortunately these training sessions conducted online due to current pandemic situation.

3. **Shariah compliance:**
   The Company has a reliable Shariah Compliance Mechanism to monitor the functions of Takaful operations on regular basis. An effective Shariah compliance function is fundamental in achieving the objectives of Takaful Operations to operate as per Shariah principles and hence an experienced and expert Islamic scholar acts as Shariah Compliance Officer. Shariah Compliance Officer ensures and supervise on daily basis that the functions of TPLI-WTO including policy issuance, re-Takaful arrangements, claim settlements and financial transactions are undertaken as per the applicable regulatory guidelines and instructions issued by the Shariah Advisor.

Scope & Objective of Shariah Review:

The scope of the Shariah Review is to evaluate and monitor the overall functions of TPLI- WTO in accordance with the Shariah Principles and advise the company in the light of guidelines laid by SECP.

The objective of the Shariah Review is to determine that appropriate procedures and control mechanism is effectively in place for all major functions such as Policy issuance, Claims Settlements, Re-Takaful Arrangements, Financial transactions of the TPLI - WTO.

Conclusion:

In my opinion and as my best knowledge, the overall structure and operations of TPLI – WTO are in accordance with Shariah Principles and Takaful Rules issued by SECP.

As Shariah Advisor, I feel that it is my responsibility to mention here that we could make Takaful operation much better by enhancing customized Takaful products, and by introducing a comprehensive Takaful awareness program.

The primary responsibility for ensuring Shariah compliance lies with the management of TPLI-WTO. The services provided were reviewed and operations undertaken by TPLI – WTO during the year ended 31 December 2020 in my opinion, were found overall in conformity with the principles and guidelines of SECP.

At this stage, it may be helpful that we should refresh our motive and intention for spreading Takaful by its right way. So hopefully the management will continue its efforts to promote Takaful as well and solve other related issues on its priority.

Finally, I pray that almighty Allah Ta'ala guide us to the righteous path in this regard to exercise and promote Takaful with its true spirit.

Allah Ta'ala knows better.

Karachi: 9 March 2021

Mufti Muhammad Talha Iqbal
Shariah Advisor

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Independent Reasonable Assurance Report

To the Board of Directors on the Statement of Management's Assessment of Compliance with the Takaful Rules, 2012

1. Introduction

We were engaged by the Board of Directors of TPL Insurance Limited (the Operator) to report on the management's assessment of compliance of the Window Takaful Operations (Takaful Operations) of the Operator, as set out in the annexed Statement of Compliance (the Statement) prepared by the management for the year ended 31 December 2020, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

2. Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed is the Takaful Rules, 2012.

3. Responsibilities of Management

The management of the Operator is responsible for preparation of the annexed Statement that is free from material misstatement. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the annexed Statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Takaful Operations with the Takaful Rules, 2012.

4. Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

This engagement was conducted by a multidisciplinary team including assurance practitioners and internal Shari'ah experts.

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5. Our Responsibility and Summary of Work Performed

Our responsibility is to carry out an independent reasonable assurance engagement to express a conclusion as to whether the Statement is prepared in accordance with the applicable criteria, based on our work performed and the evidences obtained.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements other than audits or reviews of historical financial statements' (ISAE 3000) (Revised) issued by the International Auditing and Assurance Standards Board. ISAE 3000 (Revised) requires that we plan and perform this engagement to obtain reasonable level of assurance about whether the Statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules 2012, in all material respects.

The procedures selected by us for the engagement depended on our judgment, including the assessment of the, risks of the Operator's material non-compliance with the Takaful Rules 2012, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Operator's compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances but not for the purpose of expressing a conclusion as to the effectiveness of the Operator's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012. A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with the Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with the Takaful Rules, 2012 will be met. Further, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

We have designed and performed necessary verification procedures on various financial arrangements, contracts, classes of transactions and related policies and procedures based on judgmental and systematic samples with regard to the compliance with Takaful Rules, 2012.

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

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

6. Conclusion

In our opinion, the Statement for the year ended 31 December 2020 present fairly the status of compliance of the Takaful Operations of the Operator with the Takaful Rules, 2012, in all material respects.

EY Ford Rhodes

Chartered Accountants
Shaikh Ahmed Salman
Assurance Engagement Partner

Date: 17 March 2021
Karachi

Statement of Compliance with the Takaful Rules, 2012 and Sharia Rules and Principles

The financial arrangements , contracts and transactions, entered into by TPL Insurance Limited – Window Takaful Operations (the Operator) for the year ended 31 December 2020 are in compliance with the Takaful Rules, 2012 and the Sharia Rules and Principles determined by the Shariah Advisor of the Operator, (Sharia Rules and Principles).

Further, we confirm that:

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

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

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

- The assets and liabilities of Operator are segregated from the TPL Insurance Limited's other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

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

Muhammad Aminuddin
Chief Executive Officer

Date: 23rd February, 2021

EY
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Independent Auditor's Report

To the members of TPL Insurance Limited – Window Takaful Operations

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements, which comprise the statements of financial position as at 31 December 2020, and the statements of comprehensive income, the statements of changes in fund and the statements of cash flows of TPL Insurance Limited - Window Takaful Operations 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 statements of comprehensive income, the statements of changes in fund and the statements of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance. 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Operator's affairs as at 31 December 2020 and the results of its takaful operations 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S. No	Key audit matters	How the matter was addressed in our audit
1.	**Liabilities in respect of takaful contracts**	
	The liabilities in respect of insurance contracts issued as of 31 December 2020 amounts to Rs.175.407 million (note 19 to the financial statement), which represent 17.83% of the Participants' Takaful Fund's (PTF) total liabilities. We considered adequacy of takaful liabilities as a key audit matter due to significant judgments involved in estimating the liabilities and use of experts in this regard.	Our key audit procedures included the following: • We assessed the controls over recording and settlement of claims in respect of takaful business and performed tests of such controls to check their effectiveness in relation to the year under audit;

S. No	Key audit matters	How the matter was addressed in our audit
	(Refer to notes 3.4 and 19 to the financial statements for relevant disclosures).	• In respect of adequacy of insurance contract liabilities (including IBNR and premium deficiency reserve) which are measured on the basis of undiscounted value of expected future payments, we involved our expert to review the methodology used by the management's expert in estimating claims liabilities in accordance with the prescribed methodology. As part of our testing we also considered the competence and objectivity of the experts used by the management for this purpose: - for insurance claims we also evaluated the management estimates regarding cost of claims settlements by considering reports of independent surveyors and the estimates regarding salvage values of insured assets; - we performed subsequent review to identify any significant claims reported post year end which pertain to the financial year under audit; and - we assessed the adequacy of disclosures made in respect of takaful contract liabilities in accordance with the approved accounting standards as applicable in Pakistan.
2	**Adoption of IFRS 9 'Financial Instruments' during the year**	
	As referred to in note 2.4.1 to the financial statements, the Operator has adopted IFRS 9 'Financial Instruments' with effect from 01 January 2020. The new standard requires the Operator to make provision for relevant financial assets using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Operator. Determination of ECL provision requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. We have considered the first-time application of IFRS 9 requirements as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.	We applied a range of audit procedures including the following: - we reviewed the methodology developed and applied by the Operator to estimate the ECL in relation to relevant financial assets. - we considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates. - we assessed the integrity and quality of the data used for ECL computation based on the accounting records and information system of the Operator as well as the related external sources as used for this purpose.

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S. No	Key audit matters	How the matter was addressed in our audit
		- We checked the mathematical accuracy of the ECL model by performing recalculation on test basis. - we assessed the adequacy of disclosures in the unconsolidated financial statements of the Operator regarding application of IFRS 9 as per the requirements of the above standard.

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 auditors' report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, 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.

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

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

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

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

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the 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 equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;

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

d) no zakat 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 Shaikh Ahmed Salman.

Chartered Accountants
Karachi
Date: 02 March 2021

Window Takaful Operations

Statement of Financial Position

As at 31 December 2020

	Note	Operator's Fund 2020	Operator's Fund 2019	Participants' Takaful Fund 2020	Participants' Takaful Fund 2019
		(Rupees)		(Rupees)	
ASSETS					
Equipment	5	-	-	42,119,988	74,314,193
Investments					
Mutual Funds	6	-	-	15,614,373	-
Debt securities	7	-	-	-	20,000,000
Term deposits	8	-	-	327,500,000	400,000,000
		-	-	343,114,373	420,000,000
Takaful/ retakaful receivable	10	-	-	154,195,535	152,214,531
Retakaful recoveries against outstanding claims		-	-	34,522,489	3,197,486
Salvage recoveries accrued		-	-	89,252,000	31,602,072
Deferred Wakala Fee		-	-	281,159,399	150,405,253
Receivable from Participants' Takaful Fund	11	5,667,742	9,892,768	-	-
Accrued Investment Income		-	-	4,426,242	6,369,609
Deferred commission expense		100,436,765	97,920,467	-	-
Deferred taxation - net	12	-	-	4,753,831	-
Taxation		887,336	-	-	-
Prepayments	13	-	-	61,014,449	29,588,678
Bank balances	14	4,038,379	1,760,494	145,235,860	149,719,050
Total assets		111,030,222	109,573,729	1,159,794,166	1,017,410,872
EQUITY AND LIABILITIES					
RESERVES ATTRIBUTABLE TO:					
- OPERATOR'S FUND (OF)					
Statutory Fund		50,000,000	50,000,000	-	-
Accumulated losses		(434,416,312)	(264,072,288)	-	-
		(384,416,312)	(214,072,288)	-	-
- WAQF / PARTICIPANTS' TAKAFUL FUND (PTF)					
Seed money		-	-	2,000,000	2,000,000
Accumulated surplus / (deficit)		-	-	39,374,255	(50,891,618)
Balance of WAQF / PTF		-	-	41,374,255	(48,891,618)
QARD-E-HASNA	9	(103,900,000)	(203,900,000)	103,900,000	203,900,000
LIABILITIES					
PTF Underwriting provisions					
Outstanding claims (including IBNR)		-	-	175,407,599	128,760,879
Unearned contribution reserve		-	-	636,900,639	586,641,251
Unearned retakaful commission		-	-	8,780,599	2,358,385
Contribution deficiency reserve		-	-	141,984	2,000,000
Unearned Wakala Fee		281,159,399	150,405,253	-	-
Contribution received in advance		-	-	8,486,273	7,552,870
Takaful / retakaful payable	15	-	-	81,324,030	57,530,032
Other creditors and accruals	16	40,359,879	18,853,352	53,260,920	67,040,227
Payable to TPL Insurance Limited	17	277,827,256	356,847,364	2,669,546	626,078
Payable to Operator's Fund	11	-	-	5,667,742	9,892,768
Taxation - provision less payments		-	1,440,048	41,880,579	-
Total Liabilities		599,346,534	527,546,017	1,014,519,911	862,402,490
Total fund and liabilities		111,030,222	109,573,729	1,159,794,166	1,017,410,872

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Financial Officer	Director	Director	Chief Executive Officer	Chairman

Window Takaful Operations

Statement of Comprehensive Income

For the year ended 31 December 2020

	Note	2020	2019
Participants' Takaful Fund		(Rupees)	
Contribution earned net of wakala fee		788,096,606	793,571,533
Less: Contribution ceded to retakaful		(73,377,260)	(73,048,691)
Net takaful contribution	18	714,719,346	720,522,842
Net claims - reported / settled	19	(501,714,277)	(485,122,287)
- IBNR		(5,357,051)	150,000
		(507,071,328)	(484,972,287)
Reversal of Contribution deficiency reserve		1,858,016	4,000,000
Other direct expenses	23	(106,084,779)	(136,587,325)
Surplus before investment income		103,421,255	102,963,230
Investment income	26	45,768,149	53,969,464
Less: Modarib's share of investment income	27	(13,730,445)	(16,190,839)
Financial charges		(8,066,338)	(3,068,828)
Surplus before taxation		127,392,621	137,673,027
Taxation	28	(37,126,748)	-
Surplus transferred to accumulated surplus / (deficit)		90,265,873	137,673,027
Other comprehensive income :			
Items that will be reclassified to income statement:			
Net unrealized diminution on remeasurement of investments classified as 'available for sale'		-	(1,311,533)
Items that will be not reclassified to income statement:			
Changes in fair value of investments classified as financial assets at 'FVOCI'		-	-
Total other comprehensive income		-	(1,311,533)
Total comprehensive income for the year		90,265,873	136,361,494
Operator's Fund			
Wakala fee	22	401,102,428	304,583,249
Commission expense	21	(157,489,280)	(160,537,665)
Management expenses	24	(332,059,175)	(293,758,643)
		(88,446,027)	(149,713,059)
Investment income		196,178	97,985
Modarib's share of PTF investment income		13,730,445	16,190,839
		(74,519,404)	(133,424,235)
Other expenses	25	(95,824,620)	(75,033,024)
Loss before taxation		(170,344,024)	(208,457,259)
Taxation		-	(4,813,081)
Loss after tax for the year		(170,344,024)	(213,270,340)
Other comprehensive income		-	-
Total comprehensive loss for the year		(170,344,024)	(213,270,340)

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Financial Officer	Director	Director	Chief Executive Officer	Chairman

Window Takaful Operations

Statement of Changes in Fund

For the year ended 31 December 2020

	Attributable to Operator of the Company			
	Statutory Fund	Accumulated profit / (loss)	Unrealized gain / (loss) on revaluation of available for sale investments - net of tax	Total
	(Rupees)			
Balance as at 1 January 2019	50,000,000	(50,801,948)	-	(801,948)
Net loss for the year	-	(213,270,340)	-	(213,270,340)
Balance as at 31 December 2019	50,000,000	(264,072,288)	-	(214,072,288)
Balance as at 1 January 2020	50,000,000	(264,072,288)	-	(214,072,288)
Net loss for the year	-	(170,344,024)	-	(170,344,024)
Balance as at 31 December 2020	50,000,000	(434,416,312)	-	(384,416,312)

	Attributable to Participants of the PTF			
	Seed Money	Accumulated surplus / (deficit)	Unrealized gain / (loss) on revaluation of available for sale investments - net of tax	Total
	(Rupees)			
Balance as at 1 January 2019	2,000,000	(188,564,645)	1,311,533	(185,253,112)
Surplus for the year	-	137,673,027	-	137,673,027
Unrealized gain on revaluation of - available-for-sale investments	-	-	(1,311,533)	(1,311,533)
Total comprehensive surplus for the year	-	137,673,027	(1,311,533)	136,361,494
Balance as at 31 December 2019	2,000,000	(50,891,618)	-	(48,891,618)
Balance as at 1 January 2020	2,000,000	(50,891,618)	-	(48,891,618)
Surplus for the year	-	90,265,873	-	90,265,873
Balance as at 31 December 2020	2,000,000	39,374,255	-	41,374,255

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Financial Officer Director Director Chief Executive Officer Chairman

Window Takaful Operations

Statement of Cash Flow

For the year ended 31 December 2020

	Operator's Fund 2020	Operator's Fund 2019	Participants' Takaful Fund 2020	Participants' Takaful Fund 2019
	(Rupees)		(Rupees)	
Operating activities				
(a) Takaful activities				
Contributions received	-	-	1,238,620,958	1,164,080,089
Retakaful contribution paid	-	-	(82,833,807)	(56,759,506)
Claims paid	-	-	(692,025,419)	(631,680,205)
Retakaful and other recoveries received	-	-	142,625,881	162,891,058
Commission paid	(145,717,130)	(176,710,363)	-	-
Commission received	16,511,535	4,090,897	-	-
Wakala fees paid by PTF	531,600,000	316,078,828	(531,600,000)	(316,078,828)
Mudarib fees paid by PTF	13,600,000	12,000,000	(13,600,000)	(12,000,000)
Net cash inflow from takaful activities	415,994,405	155,459,362	61,187,613	310,452,608
(b) Other operating activities				
Income tax paid	(4,855,440)	(10,059,705)	-	-
Direct expenses paid	-	-	(10,787,542)	(23,309,828)
Management and other expenses paid	(383,536,087)	(300,043,307)	-	-
Other operating receipts / (payments)	(125,521,171)	151,259,490	(12,364,751)	(116,844,305)
Net cash outflow from other operating activities	(513,912,698)	(158,843,522)	(23,152,293)	(140,154,133)
Total cash generated from / (used in) all operating activities	(97,918,293)	(3,384,160)	38,035,320	170,298,475
Investment activities				
Profit / return received	196,178	97,985	42,097,143	49,206,950
Payment for investment in Mutual Funds / TDRs	-	-	(262,500,000)	(25,000,000)
Qard e Hasna returned by PTF	100,000,000	-	(100,000,000)	-
Payment for investment in Government Securities	-	-	-	(24,750,000)
Proceeds from Mutual Funds / TDRs	-	-	-	111,081,066
Proceeds from sale of Term Finance Certificates	-	-	20,000,000	-
Proceeds from Government Securities	-	-	-	122,250,000
Total cash (used in) / generated from investing activities	100,196,178	97,985	(300,402,857)	232,788,016
Financing activities				
Lease obligation paid	-	-	(60,542,209)	(90,663,581)
Financial charges paid	-	-	(6,573,444)	(6,528,419)
Total cash used in financing activities	-	-	(67,115,653)	(97,192,000)
Net cash generated from all activities	2,277,885	(3,286,175)	(329,483,190)	305,894,491
Cash and cash equivalent at beginning of the period	1,760,494	5,046,670	549,719,050	243,824,559
Cash and cash equivalent at end of the period	4,038,379	1,760,495	220,235,860	549,719,050
Reconciliation to profit and loss account				
Operating cash flows	(97,918,293)	(3,384,160)	38,035,320	170,298,475
Depreciation	(41,840,707)	(41,647,484)	(71,686,855)	(98,856,285)
Amortization	(2,028,870)	(1,708,626)	-	-
Bad debt expense	-	-	(10,000,000)	(10,821,874)
Reversal / (charges) of Contribution deficiency reserve	-	-	1,858,016	4,000,000
Income tax paid	4,855,440	10,059,705	-	-
Provision for taxation	-	(4,813,081)	(37,126,748)	-
Investment Income	196,178	97,985	45,768,149	53,969,464
Financial charges expense	-	-	(8,066,338)	(3,068,828)
Increase / (decrease) in assets other than cash	2,516,298	(24,234,526)	141,381,999	(62,207,328)
(Increase) / decrease in liabilities	(36,124,070)	(147,640,153)	(9,897,670)	90,359,403
Surplus / (Deficit) after taxation	(170,344,024)	(213,270,340)	90,265,873	143,673,027

Definition of cash

Cash comprises of cash in hand, policy stamps, bank balances and term deposits which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Financial Officer	Director	Director	Chief Executive Officer	Chairman

Notes to the Financial Statements

For the year ended 31 December 2020

1. STATUS AND NATURE OF BUSINESS

1.1 TPL Insurance Limited (the Company or the Operator) was incorporated in Pakistan in 1992 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017) to carry on general insurance business. The Operator was allowed to work as Window Takaful Operator (the Operator) on 04 September 2014 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan. The Operator is listed at Pakistan Stock Exchange Limited. The principal office of the Operator is located at 12th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near KPT Interchange Flyover, Karachi, Pakistan.

1.2 For the purpose of carrying on the takaful business, the Operator formed a Waqf / Participant Takaful Fund (PTF) on 20 August 2014 under the Waqf deed. The Waqf deed governs the relationship of Operator and Participants for management of takaful operations.

2. BASIS OF PREPARATION

These financial statements have been prepared in line with the format issued by the SECP through General Takaful Accounting Regulations 2019, and SECP circular no 25 of 2015 dated 9 July 2015.

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

2.1 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 comprise of:

- International Financial Reporting Standards (IFRS) 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, Insurance Ordinance 2000, Insurance Rules 2017, Insurance Accounting Regulations 2017, SECP Takaful Rules 2012 and General Takaful Accounting Regulations 2019.

Where the provisions of and directives issued under Companies Act 2017, Insurance Ordinance 2000, Insurance Rules 2017, Insurance Accounting Regulations 2017, SECP Takaful Rules 2012 and General Takaful Accounting Regulations 2019 differ with that issued under IFRS, the provisions and directives issued under Companies Act 2017, Insurance Ordinance 2000, Insurance Rules 2017, Insurance Accounting Regulations 2017, SECP Takaful Rules 2012 and General Takaful Accounting Regulations 2019 have been followed.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is also the Company's functional currency. All financial information presented in Pak Rupees has been rounded to nearest Rupees, unless otherwise stated.

2.4 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

The Company has adopted the following accounting standards and the amendments and interpretation of IFRSs which became effective for the current year:

2.4.1 IFRS 9 "Financial Instruments

IFRS 9 "Financial Instruments" has replaced IAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after July 01, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The company initially elected to apply temporary exemption from IFRS 9. However, in the current year, the company has early adopted IFRS 9 with application date of 01 January 2020.

Upon adoption of IFRS 9, the Company has not restated comparative information and impact from the adoption of IFRS 9 have been recognised directly in unappropriated profit as of January 01, 2020 based on modified retrospective approach allowed under the standard.

(a) Classification of financial assets

The IFRS 9 has replaced current categories of financial assets (Held For Trading (HFT), Available For Sale (AFS), held-to-maturity and amortised cost) by the following classifications of financial assets:

1) Debt instruments at amortised cost

2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to statement of profit or loss on derecognition.

3) Equity instruments at FVOCI, with no recycling of gains or losses to statement of profit or loss on derecognition.

4) Financial assets at Fair Value through Profit or Loss

The accounting for financial liabilities remains largely the same as it was under IAS 39.

Under IFRS 9, the classification is based on two criteria, a) the entity's business model for managing the assets; and b) whether the instruments' contractual cashflows represent 'solely payments of principal and profit' on the principal amount outstanding (the 'SPPI criterion'). The assessment of the Company's business model was made as at the date of initial application i.e. January 01, 2020, and then applied retrospectively to those financial assets that were not derecognised before January 01, 2020. As a result of the above assessment, the management has concluded as under:

i) All the investments in units of mutual funds previously classified as 'Available for Sale' will be re-classified as 'at Fair Value through Profit or Loss' as such investments are managed on a fair value basis and are held for trading purposes in accordance with the objectives of the Company. The impact has been disclosed in table below. Further, return on Mutual funds is not considered as solely payments of principal and profit.

ii) The investment in term finance certificates and shares previously classified as "Available for sale" will be reclassified as 'Fair Value through other comprehensive income' as per the business model of the company and characteristics of the financial instrument.

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9:

	As at 31 December 2019	Impact of adoption of IFRS 9	As at 01 January 2020
		(Rupees)	
Impact on statement of assets and liabilities			
Investments - 'available for sale'	-	-	-
Investments - 'at fair value through other comprehensive income'	-	-	-
Investment- ' at held to maturity'	400,000,000	(400,000,000)	-
Investment- held at amortized cost	-	400,000,000	400,000,000
Impact on statement of changes in equity			
Unrealised appreciation on 'available-for-sale' investments	-	-	-
Unappropriated profit	-	-	-

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The financial assets subject to ECL in the case of the Company are:

i) Investment in debt securities

ii) Term deposit receipts

iii) Bank balances

iv) Other receivables

Considering the nature of the financial assets, the Company has applied the simplified approach allowed under IFRS 9 and has calculated ECL based on life time ECL. For this purpose, the management has conducted an exercise to assess the impairment of its financial assets using credit rating of the counterparties/instruments and the related probability of default factors.

Based on the above approach, the impact of ECL is not considered as material to these financial statements.

Summary of new accounting policies in respect of adoption of IFRS 9

Financial instruments

In the current period, the Company has adopted IFRS 9 "Financial Instruments". See above for an explanation of the impact. Comparative figures for the year ended December 31, 2019 have not been restated as allowed by IFRS 9. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 "Financial Instruments Recognition and Measurement".

Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances, loans and advances to counter parties and due to counterparties, are initially recognised on the trade date, i.e., the date that the company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Bank balances and loans and advances to counter parties are recognised when funds are transferred to the counterparties. The Company recognises due to counterparties when funds reach the Company.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded as 'at fair value through profit or loss' in which transaction cost is charged to profit and loss.

Financial assets

The Company classifies its financial assets as subsequently measured 'at amortised cost' or measured 'at fair value through profit or loss' or 'at fair value through other comprehensive income' based on following:

- The entity's business model for managing of the financial assets;
- The contractual cash flow characteristics of the financial asset.

Financial assets measured 'at amortised cost'

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding. The Company includes in this category short-term non-financing receivables, accrued income and other receivables.

Financial assets measured 'at fair value through profit or loss'

A financial asset is measured 'at fair value through profit or loss' if:

(a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and profit (SPPI) on the principal amount outstanding; or

(b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or

(c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial liabilities

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured 'at fair value through profit or loss'. The Company includes in this category short-term payables, including accrued and other liabilities.

Financial liabilities measured at fair value through profit and loss

Currently the Company does not have any financial liability measured at fair value.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Company has:

(a) Transferred substantially all of the risks and rewards of the asset; or

(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Impairment of financial assets

"The Company holds receivables with no financing component and which have maturities of less than 12 months 'at amortised cost' and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its receivables. Therefore, the Company does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions."

The Company uses credit rating of counter parties / instruments to determine probability of defaults and related allowance for expected credit losses.

Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.5 New standards, interpretations and amendments to published approved accounting standards

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

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

Standard or Interpretation	**Effective date (annual periods beginning on or after)**
Amendment to IAS 39 / IFRS 9 'Financial Instruments: Recognition and Meansurement' - Profit Rate Benchmark Reform - Phase 2	January 01, 2021
Amendments to IAS 37 'Provision contingent asset and contingent Liability – Onerous Contracts – Costs of Fulfilling a Contract	January 01, 2022
Amendment to IFRS 3 'Business Combinations' – Reference to the Conceptual Framework	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' – Classification of Liabilities as Current or Non-current	January 01, 2023
Amendments to IAS 16 'Property Plant and Equipment' – Proceeds before Intended Use	January 01, 2022 =

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	Not yet specified

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

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	January 01, 2022
IAS 41 Agriculture – Taxation in fair value measurements	January 01, 2022
IFRS 16 Leases - Partial Amendments to Illustrative Example 13	January 01, 2022

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	January 01, 2004
IFRS 17 – Insurance Contracts	January 01, 2023

2.5.2 New / Revised Standards, Interpretations and Amendments

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 14 – Regulatory Deferral Accounts

IFRS 16 - COVID 19 Related Rent Concessions (Amendments)

Amendment to IFRS 3 'Business Combinations' – Definition of a Business

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 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.

A separate Participants Takaful Fund (PTF) is created in which all contribution received under general takaful contribution net off any government levies and administrative surcharge are credited. The role of takaful operator is of the management of the PTF. At the initial stage of the setup of the PTF, the takaful operator makes an initial donation to the PTF. The terms of the takaful contracts are in accordance with the generally accepted principles and norms of insurance business suitably modified with guidance by the Shariah Advisor of the Takaful operator.

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

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

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

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

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

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

3.2 Contribution

Contribution income net off administrative surcharge under a policy is recognised over the period of takaful from the date of inception of the policy to which it relates to its expiry as follows:

Administrative surcharge is recognised as income at the time policies are written in OF.

Contribution income net off administrative surcharge under a policy is recognised after taking into account the unearned portion of premium by applying 1/24th method as prescribed by the SEC (Insurance) Rules, 2002. The unearned portion of contribution is recognised as liability.

Contribution due but unpaid under takaful contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Operator reduces the carrying amount of the receivable accordingly and recognizes it as impairment loss.

3.3 Re-takaful contracts

Re-takaful expense is recognised evenly in the period of indemnity. The portion of retakaful contribution not recognised as an expense is shown as a prepayment which is calculated in the same manner as of unearned contribution.

Rebate from retakaful operators is recognised at the time of issuance of the underlying takaful policy by the Operator. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the retakaful contribution to which it relates. Receivable against claims from the retakaful operators are recognised as an asset at the same time as the claims which gives rise to the right of recovery are recognised as a liability and are measured at the amount expected to be recovered after considering an impairment in relation thereto.

Amount due from other takaful / re-takaful are carried at cost less provision for impairment, if any. Cost represents the fair value of consideration to be received in the future.

Amount due to takaful / re-takaful companies represent the balance due to re-takaful companies.

Re-takaful assets or liabilities are derecognised when the contractual rights are extinguished or expired.

3.4 Claims expense

Takaful claims include all claims incurred 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, and any adjustments to claims outstanding from previous years.

The PTF recognises liability in respect of all claims incurred upto the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in a takaful contract.

The provision for claims incurred but not reported (IBNR) is made at the balance sheet date. In accordance with SECP circular no. 9 of 2016, the Operator takes actuarial advice for the determination of IBNR claims. Provision for IBNR claims is estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

3.5 Retakaful recoveries against outstanding claims

Claims recoveries against outstanding claims from the retakaful operator and salvage 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

Commission expense incurred in obtaining and recording policies is deferred and recognised in profit and loss account as an expense in accordance with the pattern of recognition of contribution revenue.

Commission income from retakaful is recognised at the time of issuance of the underlying takaful policy. These are deferred and recognised as liability and recognised in the profit and loss account as revenue in accordance with the pattern of recognition of the retakaful contributions.

3.7 Contribution deficiency reserve

The PTF is required as per SEC (Insurance) Rules, 2002 and IFRS-4, to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after retakaful, from claims and other expenses, including retakaful expense, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the contribution deficiency reserve is recorded as an expense in the profit and loss account and the same shall be recognised as a liability.

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

3.8 Wakala and Mudarib fees

The Takaful operator manages the general takaful operations for the Participants. Wakala fee under a policy is recognised, evenly over the period of takaful from the date of issuance of the policy.

The Takaful operator also manages the participants' investment as Mudarib and charges 30% of the investment \ deposit income earned by the Participants' Takaful Fund as Mudarib's share .

Administrative surcharge is included in Wakala Fee at the date of inception of policy to which it relates.

3.9 Revenue recognition

3.9.1 Contribution

The revenue recognition policy for contributions is given under note 3.2.

3.9.2 Commission from reinsurers

The revenue recognition policy for commission from reinsurer is given under note 3.6.

3.9.3 Dividend income

Dividend income is recognized when the right to receive the dividend is established.

3.9.4 Gain / loss on sale / redemption of investments

Gain / loss on sale / redemption of investments is taken to profit and loss account in the year of sale / redemption.

3.9.5 Income on amortized cost investment

Income on amortized cost investments is recognised on a time proportionate basis taking account the effective yield on the investment.

3.9.6 Profit on bank accounts and deposits

Profit on bank accounts and deposits is recognised on accrual basis.

3.10 Management expenses

Underwriting expenses have been allocated to various classes of business on a basis deemed equitable by the management. Expenses not attributable to the underwriting business are charged as administrative expenses.

3.11 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.

3.12 Qard-e-Hasna

Qard-e-hasna is provided by Operators' Fund to Participants Takaful Fund in case of deficit in PTF. Qard-e-Hasna is recognised at the amount provided to Participant Takaful Fund less impairment, if any.

3.13 Provisions

Provisions are recognised when the Operator/PTF has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current estimate.

3.14 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, stamps in hand and deposits with banks (except for the deposit placed with statutory requirement) net off short term running finance, and short term maturity of three months or less from the date of acquisition.

3.15 Prepayments

Prepayments are recorded as an assets. It is be amortized as and when due over the period.

3.16 Impairment

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Changes in the provisions are recognised as income or expense.

3.17 Taxation

3.17.1 Current

Provision for current taxation is based on 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 year for such years.

3.17.2 Deferred

Deferred tax is accounted for using the balance sheet liability method, in respect of temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is utilized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the profit and loss account except in the case of items credited or charged to equity in which case it is included in equity.

3.18 Right of use asset

At the inception of the contract, the Operator assesses whether a contract is, or contains, a lease. The Operator applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Operator recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term.

At the commencement date of the lease, the Operator recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Operator determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Operator cannot readily determine the profit rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities.

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Changes in the provisions are recognised as income or expense.

3.19 Staff retirement benefits

The Operator operates funded contributory provident fund (defined contribution plan) for all permanent employees. Equal contributions are made by the Operator and the employees at the rate 8.33% of basic salary, to the fund.

3.20 Off setting of financial assets and financial liabilities

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

3.21 Foreign currency translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

3.22 Operating segments

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses. The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2017 as the primary reporting format.

The Operator has five primary business segments for reporting purposes namely, fire and property, marine, health,motor and miscellaneous. The nature and business activities of these segments are disclosed in note no. 3.1.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

3.23 Contingencies

Contingencies are disclosed when the Operator has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of recourse embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

Contingencies are reviewed at each balance sheet date and adjusted to reflect the current estimate.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Operator's accounting polices. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the financial statements, or judgments were exercised in application of accounting policies are as follows:

- Classification of Takaful Contracts (note 3.1)
- Provision for unearned contribution (note 3.2)
- Provision for outstanding claims including IBNR (note 3.4)
- Contribution deficiency reserve (note 3.7)
- Provision for current and deferred tax (note 3.17)
- Provisions (note 3.13)
- Contingencies (note 3.23)

5. EQUIPMENT - PTF

	Note	2020	2019
		(Rupees)	
Right of use Assets	5.1	42,119,988	74,314,193
		42,119,988	74,314,193

Notes to the Financial Statements

For the year ended 31 December 2020

5.1 Right of use Assets - PTF

	2020									
	Cost				Accumulated Depreciation				Written Down Value	Depreciation Rate %
	As at 1 January 2020	Additions	Disposals	As at 31 December 2020	As at 1 January 2020	Charge for the Year	Disposals	As at 31 December 2020	As at 31 December 2020	
	(Rupees)									
Tracking Devices	308,146,242	39,492,650	(212,244,472)	135,394,420	233,832,049	71,686,855	(212,244,472)	93,274,432	42,119,988	50
	308,146,242	39,492,650	(212,244,472)	135,394,420	233,832,049	71,686,855	(212,244,472)	93,274,432	42,119,988	

	2019									
Owned	Cost				Accumulated Depreciation				Written Down Value	Depreciation Rate %
	As at 1 January 2019	Additions	Disposals	As at 31 December 2019	As at 1 January 2019	Charge for the Year	Disposals	As at 31 December 2019	As at 31 December 2019	
	(Rupees)									
Tracking Devices	223,439,686	84,706,556	-	308,146,242	134,975,764	98,856,285	-	233,832,049	74,314,193	50
	223,439,686	84,706,556	-	308,146,242	134,975,764	98,856,285	-	233,832,049	74,314,193	

6. INVESTMENT IN MUTUAL FUNDS UNITS - PTF

	31 December 2020			31 December 2019		
	Cost	Unrealized Gain	Carrying Value	Cost	Unrealized Gain	Carrying Value
	(Rupees)					
- Classified as 'At fair value through profit and loss'						
AKD Islamic Income Fund	10,000,000	5,614,373	15,614,373	-	-	-
	10,000,000	5,614,373	15,614,373	-	-	-

Notes to the Financial Statements

For the year ended 31 December 2020

7. INVESTMENT IN DEBT SECURITIES

- PTF

	Note	2020	2019
		(Rupees)	
- Classified as 'At fair value through other comprehensive income' (2019:"Available for sale")			
Sukkuk		-	20,000,000
		-	20,000,000

8. TERM DEPOSITS

- PTF

	Note	2020	2019
- Classified as 'At amortized cost' (2019:"Held to Maturity")			
Deposits maturing within 12 months	8.1	325,000,000	400,000,000
Deposits maturing after 12 months		2,500,000	-
		327,500,000	400,000,000

8.1 These carry profit rate of 6.00% to 6.75% per annum (2019: 9.50% to 13.00% per annum) and have maturities upto 21 April 2021.

9. Qard-e-Hasna

	2020	2019
	(Rupees)	
Balance as at the beginning of the year	203,900,000	246,900,000
Qard e Hasna returned by PTF during the year	(100,000,000)	(43,000,000)
Balance as at the end of the year	103,900,000	203,900,000

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

The Participants' Takaful Fund has now generated sufficient surplus and is be able to repay Qard-e-Hasna to Operator's Fund. During the year, PTF has repaid Qard-e-Hasna amounting to Rs. 100 million (2019: 43 million).

10. TAKAFUL/ RETAKAFUL RECEIVABLES - PTF

	2020	2019
	(Rupees)	
Due from Takaful contract holders		
Considered good	146,295,451	148,471,132
Considered doubtful	22,006,893	16,821,874
Less: Provision for impairment of receivables from takaful contract holders	(22,006,893)	(16,821,874)
	-	-
Due from other takaful operators		
Considered good	7,900,084	3,743,399
	154,195,535	152,214,531

11. RECEIVABLE / PAYABLE BETWEEN OF & PTF

	2020	2019
Wakala fee	583,558	326,984
Mudarib fee	1,264,155	1,133,711
Taxes and Duties receivable	3,820,029	8,432,073
	5,667,742	9,892,768

12. DEFERRED TAXATION - NET

	2020	2019
	(Rupees)	
Deferred debits arising in respect of		
Provision for doubtful debts	6,381,999	-
Deferred credits arising in respect of		
Unrealised gain on investments classified at fair value through profit or loss	(1,628,168)	-
	4,753,831	-

12.1 Reconciliation of deferred tax

	2020	2019
Opening balance	-	-
Charge for the year	4,753,831	-
Closing balance	4,753,831	-

13. PREPAYMENTS - PTF

	2020	2019
Prepaid		
- annual monitoring and other charges	8,915,695	10,530,332
- retakaful contribution ceded	52,098,754	19,058,346
	61,014,449	29,588,678

14. BANK BALANCES

	Operator's Fund		Participants' Takaful Fund	
	31 December 2020		31 December 2019	
	(Rupees)		(Rupees)	
Current Accounts	-	-	-	83,589
Profit and loss sharing (PLS) accounts	4,038,379	1,760,494	145,235,860	149,635,461
	4,038,379	1,760,494	145,235,860	149,719,050

14.1 Cash and cash equivalents for the purpose of statement of cash flows:

Bank balances	4,038,379	1,760,494	145,235,860	149,719,050
Term deposit receipts	-	-	75,000,000	400,000,000
	4,038,379	1,760,494	220,235,860	549,719,050

15. TAKAFUL/ RETAKAFUL PAYABLE - PTF

	Note	2020	2019
		(Rupees)	
Amount due to other takaful / retakaful operator	15.1	81,324,030	57,530,032

15.1 This include retakaful payable to TPL Life Insurance Limited, a related party, amounting to Rs. 16.529 million (2019: Rs. Nil).

16. OTHER CREDITORS AND ACCRUALS

	Note	Operator's Fund		Participants' Takaful Fund	
		31 December 2020		31 December 2019	
		(Rupees)		(Rupees)	
Creditors		2,390,342	1,954,068	-	-
Federal Insurance Fee		-	-	1,084,318	998,338
Federal Excise Duty (FED) - net		792,148	1,613,465	12,385,635	11,725,008
Commission payable		35,587,186	11,209,416	-	-
Lease obligation against right-of-use assets		-	-	21,899,943	41,456,607
Withholding tax payable		381,001	2,909,058	4,001,085	6,265,959
Deposits from customers		-	-	7,280,587	645,160
Others	16.1 and 16.2	1,209,202	1,167,345	6,609,352	5,949,155
		40,359,879	18,853,352	53,260,920	67,040,227

16.1 This includes Rs. 0.18 million (2019: Rs. 0.14 million) and Rs. 5.84 million (2019: Rs. 5.95 million) in respect of time barred cheques under OF and PTF respectively.

16.2 This includes outstanding claims in respect of which cheques aggregating to Rs. 5.858 million (2019: 4.336 million) have been issued by the Operator for claim settlement but the same have not been encashed by the claimant.

16.3 The following is the ageing as required by SECP circular 11 of 2014 dated 19 May 2014:

	2020	2019
	(Rupees)	
- More than 6 months	5,061,753	2,285,551
- 1 to 6 months (included in provision for outstanding claims)	18,529,800	7,509,727
	23,591,553	9,795,278

	AGE-WISE BREAKUP				
Claims not encashed	**1 to 6 months**	**7 to 12 months**	**13 to 24 months**	**Beyond 36 months**	**TOTAL**
	(Rupees)				
2020	18,529,800	1,376,350	1,424,397	2,261,006	23,591,553
2019	7,509,727	777,923	1,507,628	-	9,795,278

17. PAYABLE TO TPL INSURANCE LIMITED

This represents payable in respect of funds provided by TPL Insurance to meet expenses and to provide Qard-e-Hasna to Participants' Takaful Fund.

Notes to the Financial Statements

For the year ended 31 December 2020

18. NET TAKAFUL CONTRIBUTION - PTF

	2020	2019
	(Rupees)	
Written Gross contribution	1,239,458,422	1,179,432,132
Less: Wakala Fee	(531,856,574)	(334,206,799)
Contribution Net of Wakala Fee	707,601,848	845,225,333
Add: Unearned contribution reserve opening net of deferred wakala fee	436,235,998	384,582,198
Less: Unearned contribution reserve closing net of deferred wakala fee	(355,741,240)	(436,235,998)
Contribution Earned	788,096,606	793,571,533
Retakaful contribution ceded	106,417,668	57,596,096
Add: Prepaid retakaful contribution opening	19,058,346	34,510,941
Less: Prepaid retakaful contribution closing	(52,098,754)	(19,058,346)
Retakaful expense	73,377,260	73,048,691
Net Contribution	714,719,346	720,522,842

19. NET TAKAFUL CLAIMS EXPENSE - PTF

	2020	2019
Claims paid or payable	692,025,419	631,680,204
Add: Outstanding claims including IBNR closing	175,407,599	128,760,879
Less: Outstanding claims including IBNR opening	(128,760,879)	(139,070,744)
Claims expense	738,672,139	621,370,339
Less: Retakaful and other recoveries received	142,625,880	160,655,858
Add: Retakaful and other recoveries in respect of outstanding claims net of impairment - closing	123,774,489	34,799,558
Less: Retakaful and other recoveries in respect of outstanding claims net of impairment - opening	(34,799,558)	(59,057,364)
Retakaful and other recoveries revenue	231,600,811	136,398,052
Net takaful claims expense	507,071,328	484,972,287

20. CLAIM DEVELOPMENT TABLE

The following table shows the development of claims over a period of time on gross basis. For each class of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

Accident year	2014	2015	2016	2017	2018	2019	2020	Total
					(Rupees)			
Estimate of ultimate claims cost:								
At end of accident year	4,674,723	190,721,464	381,323,105	480,355,303	613,435,787	615,034,813	699,971,869	699,971,869
One year later	4,674,723	205,217,425	389,247,844	487,410,451	618,233,766	650,180,499	-	650,180,499
Two year later	4,611,264	204,057,746	388,529,318	488,089,816	622,872,513	-	-	622,872,513
Three years later	4,611,264	204,298,155	388,573,048	488,148,611	-	-	-	488,148,611
Four years later	4,611,264	205,112,608	387,430,091	-	-	-	-	387,430,091
Five years later	4,611,264	205,112,608	-	-	-	-	-	205,112,608
Six years later	4,611,264	-	-	-	-	-	-	4,611,264
Estimate of cumulative claims	4,611,264	205,112,608	387,430,091	488,148,611	622,872,513	650,180,499	699,971,869	3,058,327,455
Cumulative payments to date	(4,611,264)	(205,112,608)	(387,430,091)	(488,017,611)	(617,778,013)	(640,907,603)	(539,062,666)	(2,882,919,856)
Liability for outstanding claims	-	-	-	131,000	5,094,500	9,272,896	160,909,203	175,407,599

Notes to the Financial Statements

For the year ended 31 December 2020

21. NET COMMISSION EXPENSE -OF

	2020	2019
	(Rupees)	
Commissions paid or payable	170,094,899	191,232,208
Add: Deferred commission - opening	97,920,467	73,685,941
Less: Deferred commission - closing	(100,436,765)	(97,920,467)
Commission expense	167,578,601	166,997,682
Less: Commission from retakaful		
Commission received or receivable	16,511,535	4,090,897
Add: Unearned commission - opening	2,358,385	4,727,505
Less: Unearned commission - closing	(8,780,599)	(2,358,385)
Commission from retakaful	10,089,321	6,460,017
Net commission expense	157,489,280	160,537,665

22. WAKALA FEE

The Operator manages the general takaful operations of the participants and charges wakala fee for its services. During the year, with effect from 1 April 2020 wakala fee was charged at 45% for all classes of business except for health for which it charged 10% wakala fee. During January to March 2020, the wakala fee at 40% for all classes of business except health for which no wakala fee was charged.

23. DIRECT EXPENSES - PTF

	2020	2019
	(Rupees)	
Tracker monitoring fee	22,280,912	26,909,166
Depreciation - Tracking devices	71,686,855	98,856,285
Annual Supervision Fee SECP	2,117,012	-
Bad and doubtful debts	10,000,000	10,821,874
	106,084,779	136,587,325

24. MANAGEMENT EXPENSES - OF

	2020	2019
Employee benefit costs	153,828,725	129,618,067
Travelling expenses	3,060,797	5,637,378
Business Partner Engagement expenses	25,061,126	32,547,562
Advertisement and marketing	18,129,713	13,775,418
Printing and Stationary	2,802,637	5,554,620
Rent, rates and taxes	13,287,100	6,925,318
Outsourcing Expenses	21,185,682	11,702,396
Communication	3,684,394	4,079,547
Utilities	7,348,611	5,871,551
Vehicle running expenses	7,839,515	8,530,482
Repair and Maintenance	25,530,259	22,206,978
Depreciation - Operating assets	17,897,317	17,263,896
Depreciation - Right of use assets	23,943,390	24,383,588
Amortization expense	2,028,870	1,708,626
Insurance	6,431,039	3,953,216
	332,059,175	293,758,643

Notes to the Financial Statements

For the year ended 31 December 2020

25. OTHER EXPENSES
- OF

	2020	2019
	(Rupees)	
Employee benefit costs	39,675,282	33,187,235
Legal and professional charges	21,276,483	12,702,716
Auditors' remuneration	650,145	513,777
Registration, subscription and association	4,104,565	2,288,725
Donations	6,669,009	5,242,580
Communication	1,122,904	1,026,655
IT Related Cost	11,984,684	10,947,736
Utilities	1,895,343	1,503,344
Lease Rentals	4,586,606	4,299,078
Others	3,859,599	3,321,178
	95,824,620	75,033,024

26. INVESTMENT INCOME
- PTF

	2020	2019
Return on debt securities	427,863	3,269,905
Return on savings account	10,911,003	11,798,042
Return on Term Deposits	28,905,914	34,074,389
	40,244,780	49,142,336
Net realized gains on investments		
- Available-for-sale		
Realized gains on disposal / redemption of mutual funds	-	4,850,877
Net unrealized gains on investments		
- Fair value through Profit or (Loss)		
Unrealized gains on mutual funds	5,614,373	-
Total investment income	45,859,153	53,993,213
Less: Investment related expenses	(91,004)	(23,749)
	45,768,149	53,969,464

27. MODARIB'S FEE

The Operator manages the Participants' investments as a Modarib and charges 30% Modarib's share of investment income earned by PTF.

28. TAXATION

	2020	2019
	(Rupees)	
For the year		
Current	41,880,579	-
Deferred	(4,753,831)	-
	37,126,748	-

Notes to the Financial Statements

For the year ended 31 December 2020

28.1 The tax rate applicable on the Company for Tax Year 2020 is 29%.

28.2 Relationship between tax expense and accounting surplus is as follows;

	2020
	(Rupees)
Surplus before taxation	127,392,621
Tax at applicable rate	36,943,860
Other affects	182,888
	37,126,748
Effective rate	29%

28.3 Relationship between tax expense and accounting surplus is not produced for prior year as the tax charged was based on minimum tax turnover in that year.

29. TRANSACTIONS WITH RELATED PARTIES
PTF

	2020	2019
	(Rupees)	
TPL Insurance Limited		
Opening balance - payable	626,078	18,706,960
Rental and other services charges	89,229,920	121,490,000
Payments made by PTF - net	(87,186,452)	(139,570,882)
Closing balance - payable	2,669,546	626,078
Operator's Fund		
Opening balance - payable (including Qard Hasan)	213,792,768	292,842,057
Wakala fee charged during the year	531,856,573	334,206,799
Qard-e-Hasna returned by PTF during the year	(100,000,000)	(43,000,000)
Modarib Fee charged during the year	13,730,445	16,190,839
Taxes and other movement	185,812,303	168,063,680
Payments made during the year	(735,624,347)	(554,510,607)
Closing balance - payable	109,567,742	213,792,768
TPL Life Insurance Limited - common directorship		
Opening balance - payable	-	-
Retakaful services received during the year	16,528,662	-
Closing balance - payable	16,528,662	-

Window Takaful Operations

Notes to the Financial Statements

For the year ended 31 December 2020

30. SEGMENT INFORMATION

		For the year ended 31 December 2020					
		Fire & property damage	Marine	Motor	Health	Miscellaneous	Aggregate
		(Rupees)					
30.1	**Participants' Takaful Fund**						
	Gross Written Contribution (inclusive of Administrative Surcharge)	40,042,330	12,564,571	1,098,363,534	87,640,112	847,875	1,239,458,422
	Gross Direct Contribution	39,467,431	12,067,652	1,059,579,636	87,515,434	792,488	1,199,422,641
	Facultative Inward Premium	430,965	88,304	2,585,053	-	30,285	3,134,607
	Administrative Surcharge	143,934	408,615	36,198,845	124,678	25,102	36,901,174
	Gross Wakala Fees during the year	(17,851,502)	(5,746,145)	(501,102,808)	(6,778,272)	(377,847)	(531,856,574)
	Takaful contribution earned net of wakala fee expense	21,209,832	7,381,059	680,686,531	78,498,014	321,170	788,096,606
	Takaful contribution ceded to retakaful operators	(25,174,568)	(9,857,717)	(26,311,079)	(12,033,896)	-	(73,377,260)
	Net takaful contribution	(3,964,736)	(2,476,658)	654,375,452	66,464,118	321,170	714,719,346
	Net underwriting income	(3,964,736)	(2,476,658)	654,375,452	66,464,118	321,170	714,719,346
	Takaful claims	(16,906,186)	(439,200)	(640,190,995)	(80,775,700)	(360,058)	(738,672,139)
	Retakaful claims and other recoveries	13,980,722	566,053	209,682,581	7,342,890	28,565	231,600,811
	Net Claims	(2,925,464)	126,853	(430,508,414)	(73,432,810)	(331,493)	(507,071,328)
	Reversal of Contribution deficiency reserve	-	-	-	1,858,016	-	1,858,016
	Direct expenses	-	-	(106,084,779)	-	-	(106,084,779)
	Surplus / (deficit) before investment income	(6,890,200)	(2,349,805)	117,782,259	(5,110,676)	(10,323)	103,421,255
	Investment income						45,768,149
	Less: Modarib's share of investment income						(13,730,445)
	Financial Charges						(8,066,338)
	Surplus before tax						127,392,621
	Corporate segment assets	56,923,375	5,863,505	556,129,158	43,080,134	267,688	662,263,860
	Corporate unallocated assets						497,530,306
	Total assets						1,159,794,166
	Corporate segment liabilities	35,417,458	2,226,207	739,447,956	65,485,886	553,257	843,130,764
	Corporate unallocated liabilities						171,389,147
	Total liabilities						1,014,519,911
30.2	**Operator's Fund**						
	Wakala fee	11,130,894	5,596,002	381,369,887	2,791,340	214,305	401,102,428
	Net Commission expense	(201,496)	(72,151)	(153,580,997)	(3,596,761)	(37,875)	(157,489,280)
	Management expenses	(2,104,420)	(916,029)	(304,157,897)	(24,723,580)	(157,249)	(332,059,175)
		8,824,978	4,607,822	(76,369,007)	(25,529,001)	19,181	(88,446,027)
	Modarib's share of PTF investment income						13,730,445
	Investment income						196,178
	Other expenses						(95,824,620)
	Loss before taxation						(170,344,024)
	Corporate segment assets	3,127,573	280,574	94,037,179	2,949,347	42,092	100,436,765
	Corporate unallocated assets						10,593,457
	Total assets						111,030,222
	Corporate segment liabilities	10,862,156	766,066	265,354,899	3,986,932	189,346	281,159,399
	Corporate unallocated liabilities						318,187,135
	Total liabilities						599,346,534

30. SEGMENT INFORMATION (CONTINUED)

	For the year ended 31 December 2019					
	Fire & property damage	Marine	Motor	Health	Miscellaneous	Aggregate
	(Rupees)					
30.3 Participants' Takaful Fund						
Gross Written Contribution (inclusive of Administrative Surcharge)	35,118,863	12,832,934	1,070,162,406	60,907,549	410,380	1,179,432,132
Gross Direct Contribution	34,655,732	12,415,943	1,033,276,632	60,839,549	397,445	1,141,585,301
Facultative Inward Premium	264,355	31,220	453,408	-	-	748,983
Administrative Surcharge	198,776	385,771	36,432,366	68,000	12,935	37,097,848
Gross Wakala Fees during the year	10,021,612	3,817,018	320,254,503	-	113,666	334,206,799
Takaful contribution earned net of wakala fee expense	23,378,717	9,078,507	711,908,331	48,959,702	246,276	793,571,533
Takaful contribution ceded to retakaful operators	(31,230,805)	(6,531,691)	(35,286,195)	-	-	(73,048,691)
Net takaful contribution	(7,852,088)	2,546,816	676,622,136	48,959,702	246,276	720,522,842
Takaful claims	(16,527,538)	(1,434,149)	(565,888,546)	(37,344,001)	(176,105)	(621,370,339)
Retakaful claims and other recoveries	12,253,699	164,000	123,967,353	-	13,000	136,398,052
Net Claims	(4,273,839)	(1,270,149)	(441,921,193)	(37,344,001)	(163,105)	(484,972,287)
Reversal of Contribution deficiency reserve	-	-	-	4,000,000	-	4,000,000
Direct expenses	-	-	(136,587,325)	-	-	(136,587,325)
Surplus / (deficit) before investment income	(12,125,927)	1,276,667	98,113,618	15,615,701	83,171	102,963,230
Investment income						53,969,464
Less: Modarib's share of investment income						(16,190,839)
Financial Charges						(3,068,828)
Surplus transferred to balance of PTF						137,673,027
Corporate segment assets	29,218,934	5,121,329	384,901,200	22,049,540	31,210	441,322,213
Corporate unallocated assets						576,088,659
Total assets						1,017,410,872
Corporate segment liabilities	20,847,547	2,627,506	656,513,881	39,673,872	97,708	719,760,514
Corporate unallocated liabilities						142,641,976
Total liabilities						862,402,490
30.4 Operator's Fund						
Wakala fee	9,403,166	3,701,011	291,384,057	-	95,015	304,583,249
Net Commission expense	(419,647)	(2,177,861)	(154,344,266)	(3,554,156)	(41,735)	(160,537,665)
Management expenses	(444,483)	(1,790,403)	(277,395,860)	(14,030,095)	(97,802)	(293,758,643)
	8,539,036	(267,253)	(140,356,069)	(17,584,251)	(44,522)	(149,713,059)
Modarib's share of PTF investment income						16,190,839
Investment income						97,985
Other expenses						(75,033,024)
Loss before taxation						(208,457,259)
Corporate segment assets	1,794,174	349,666	92,767,831	2,996,222	12,574	97,920,467
Corporate unallocated assets						11,653,262
Total assets						109,573,729
Corporate segment liabilities	4,141,548	615,922	145,621,978	-	25,805	150,405,253
Corporate unallocated liabilities						377,140,764
Total liabilities						527,546,017

31. MOVEMENT IN INVESTMENTS

	At Amortized cost (2019: Held to Maturity)	At Fair value through other comprehensive income (2019: Available for Sale)	At Fair value through profit and loss (2019: Available for Sale)	Total
	(Rupees)			
As at 1 January 2019	250,278,988	20,000,000	82,945,792	353,224,780
Additions	300,000,000	-	25,000,000	325,000,000
Disposals (sale and redemption)	(150,000,000)	-	(112,773,064)	(262,773,064)
Fair value net gains (excluding net realized gains)	-	-	4,827,272	4,827,272
Amortisation of premium / discount	(278,988)	-	-	(278,988)
As at 31 December 2019	400,000,000	20,000,000	-	420,000,000
Additions	127,250,000	-	10,000,000	137,250,000
Disposals (sale and redemption)	(199,750,000)	(20,000,000)	-	(219,750,000)
Fair value net gains (excluding net realized gains)	-	-	5,614,373	5,614,373
As at 31 December 2020	327,500,000	-	15,614,373	343,114,373

32. MANAGEMENT OF TAKAFUL 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 Company manages them.

32.1 Takaful risk management

32.1.1 Takaful risk

The risk under any takaful contract is the possibility that the insured event occurs and the uncertainty of the amount of compensation to the participant. Generally most takaful contracts carry the takaful risk for a period of one year.

The Operator's major takaful contracts are in respect of motor vehicles through issuance of general takaful contracts relating to motor takaful. For these contracts the most significant risks arise from theft, accidents and terrorist activities.

The Operator's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate retakaful is arranged to mitigate the effect of the potential loss to the PTF from individual to large or catastrophic insured events. Further, the Operator adopts strict claim review policies including active management and prompt pursuing of the claims and regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the takaful risk.

32.1.2 Frequency and severity of claims

Risk associated with general takaful contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the covered events. This has been managed by having in place underwriting strategy, retakaful arrangements and proactive claim handling procedures.

The retakaful arrangements against major risk exposure include excess of loss, quota share, surplus arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on PTF's net retentions.

32.1.3 Uncertainty in the estimation of future claim payments

Claims on motor takaful contracts are payable on a claim occurrence basis. The PTF is liable for all covered events that occur during the term of the takaful contracts respectively, including the event reported after the expiry of the takaful contract term.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgement or preliminary assessment by the independence surveyor appointed for the purpose. The initial estimates include expected settlement cost of the claims. Provision for IBNR claims is determined based on actuary advice and is estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

There are several variable factors which affect the amount and timing of recognised claim liabilities. 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 initial recognised amount. Outstanding claims are reviewed on a periodic basis.

32.1.4 Key assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected income. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate case to case basis with due regard to the claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Core estimates are reviewed regularly and are updated as and when new information is available.

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

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Operator, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

The details of estimation of outstanding claims (including IBNR) are given under note 3.5.

32.1.5 Sensitivity analysis

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

The claim liabilities are sensitive to the incidence of covered events and severity / size of claims. As the Operator enters into short term takaful contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of retakaful. The impact of 10 % increase / decrease in incidence of covered events on gross claim liabilities, underwriting results, net claim liabilities, profit before tax and shareholder's equity is as follows:

	PTF			
Average claim cost	**Underwriting results**		**Fund balance**	
	2020	**2019**	**2020**	**2019**
	(Rupees)		(Rupees)	
Fire & property damage	292,546	427,384	207,708	427,384
Marine	(12,685)	127,015	(9,006)	127,015
Motor business	43,050,841	44,192,119	30,566,097	44,192,119
Health	7,343,281	3,734,400	5,213,730	3,734,400
Miscellaneous	33,149	16,311	23,536	16,311
	50,707,132	48,497,229	36,002,064	48,497,229

32.1.6 Concentration of risk

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 risk 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 insured property.

The adequate event limit is a multiple of the treaty capacity or the primary recovery from excess of loss treaty, which is very much in line with the risk management philosophy of the Company.

Retakaful ceded does not relieve the Operator from its obligation towards participants and, as a result the Operator remains liable for the portion of outstanding claims retakaful to the extent that retakaful operator fails to meet the obligation under the retakaful agreements.

The Operator minimises its exposure to significant losses by obtaining retakaful from a number of retakaful, who are dispersed over several geographical regions.

The concentration of risk by type of contracts based on single risk with maximum exposure is summarised below:

	Gross sum covered		Retakaful		Net	
	2020	2019	2020	2019	2020	2019
	(Rupees)					
Fire & property damage	3,316,333,333	2,426,373,350	3,253,323,000	1,649,933,878	63,010,333	776,439,472
Marine, aviation & transport	124,112,922	120,659,000	110,460,501	111,006,280	13,652,421	9,652,720
Motor business	55,000,000	15,000,000	35,000,000	10,000,000	20,000,000	5,000,000
Health	630,000	1,000,000	441,000	-	189,000	1,000,000
Miscellaneous	5,000,000	10,000,000	-	-	5,000,000	10,000,000
	3,501,076,255	2,573,032,350	3,399,224,501	1,770,940,158	101,851,754	802,092,192

33. FINANCIAL RISK MANAGEMENT

The Board of Directors of the Operator has overall responsibility for the establishment and oversight of the Company's risk management framework. The Operator has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Operator’s risk management policies are established to identify and analyse the risks faced by the Operator, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Operator’s activities.

COVID-19 has adversely impacted the Insurance industry on a number of fronts including increase in overall credit risk pertaining to the premium receivables and other financial assets, disruption in growth due to slowdown in economic activity, continuity of business operations and managing cybersecurity threat as a significant number of the Operator's staff is working from home.

33.1 Credit risk

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

Due to COVID-19 outbreak some of the Participants and their businesses have been adversely impacted. The PTF does not carry any material credit risk in respect of its retail customers, as the contribution collections are mostly upfront. With regards to corporates, the PTF allows credit after performing necessary due diligence. The PTF carries sufficient provision where customer payments are delayed due to any reason including Covid-19 related financial difficulties.

33.1.1 Management of credit risk

The Operator's policy is to enter into financial contracts in accordance with the guidelines set by the Board of Directors. Credit risk is managed and controlled by the management of the Operator in the following manner:

- Credit rating and / or credit worthiness of the counter party is taken into account along with the financial background so as to minimize the risk of default. Collaterals are obtained wherever appropriate / relevant.
- The risk of counterparty exposure due to failed agreements causing a loss to the Operator is mitigated by a periodic review of the credit ratings, financial statements, credit worthiness, etc. on a regular basis and makes provision against those balances considered doubtful of recovery.
- Cash is held with reputable banks only.

To reduce the credit risk the management continuously reviews and monitors the credit exposure towards the policyholders and other insurers/reinsurers and makes provision against those balances considered doubtful of recovery.

33.1.2 Exposure to credit risk

In summary, compared to the amount included in statement of assets and liabilities, the maximum exposure to credit risk as at 31 December is as follows:

	OF		PTF	
	Balance as per the financial statements	Maximum exposure	Balance as per the financial statements	Maximum exposure
2020	(Rupees)			
Term deposits	-	-	327,500,000	327,500,000
Takaful/ retakaful receivable	-	-	154,195,535	154,195,535
Retakaful recoveries against outstanding claims	-	-	34,522,489	34,522,489
Salvage recoveries accrued	-	-	89,252,000	89,252,000
Bank balances	4,038,379	4,038,379	145,235,860	145,235,860
	4,038,379	4,038,379	750,705,884	750,705,884
2019				
Debt Securities	-	-	20,000,000	20,000,000
Term deposits	-	-	400,000,000	400,000,000
Takaful/ retakaful receivable	-	-	152,214,531	152,214,531
Retakaful recoveries against outstanding claims	-	-	3,197,486	3,197,486
Salvage recoveries accrued	-	-	31,602,072	31,602,072
Bank balances	1,760,494	1,760,494	149,719,050	149,719,050
	1,760,494	1,760,494	756,733,139	756,733,139

33.1.3 Past due / impaired assets

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

	PTF	
	2020	2019
	(Rupees)	
0-90 days	115,834,930	108,886,267
Over 90 days	38,360,605	43,328,264
Total	154,195,535	152,214,531

The above balance is considered good and is not impaired.

33.1.4 Credit Rating and Collateral

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

Rating Long term	Rating Agency	OF 2020	OF 2019
		(Rupees)	
AA+	PACRA	-	10,367
AA+	JCR-VIS	2,009,069	1,740,330
A	PACRA	2,029,311	9,797
		4,038,379	1,760,494

Rating Long term	Rating Agency	PTF 2020	PTF 2019
		(Rupees)	
AA+	PACRA	2,969,387	423
AA+	JCR-VIS	30,804,007	33,113,288
AA	JCR-VIS	50,010,096	41,462,209
AA	PACRA	38,472,927	25,056,134
AA-	JCR-VIS	-	-
A+	PACRA	64,133,016	72,648,009
A-	JCR-VIS	110,263,277	102,169,280
BBB-	JCR-VIS	176,170,785	275,269,707
		472,823,496	549,719,050

The Operator enters into re-takaful / co-takaful arrangements with re-takaful / other takaful operators 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 October 27, 2009 issued by SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. An analysis of re-takaful assets relating to outward treaty cessions recognised by the rating of the entity from which it is relates is as follows:

	Rating	PTF 2020	PTF 2019
		(Rupees)	
Prepaid re-takaful ceded	A or above (including PRCL)	52,098,754	19,058,346

33.1.5 Concentration of credit risk

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Operator manages concentration of credit risk through diversification of activities among individuals, groups and industry segments.

Sector-wise analysis of contribution due but unpaid at the reporting date was:

	PTF 2020		PTF 2019	
	(Rupees)	%	(Rupees)	%
Individuals	6,747,967	4%	13,129,366	9%
Corporate	147,447,568	96%	139,085,165	91%
	154,195,535	100%	152,214,531	100%

33.1.6 Settlement risk

The Operator's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

This risk is addressed more or less in accordance with the parameters set out in the credit risk management above.

33.2 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 may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

Due to COVID-19 outbreak some of the Participants and their businesses have been adversely impacted. The Company has sufficient bank balances and liquid investments to cover the delays caused in payment from customers and therefore is not significantly exposed to liquidity risks arising from the pandemic.

33.2.1 Management of liquidity risk

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. Due to nature of the business, the Operator maintains flexibility in funding by maintaining committed credit lines available. The Operator's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfil its obligation; monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

33.2.2 Maturity analysis of assets and liabilities

The table below analyses the Operator's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows (including profit payments).

	OF		
	2020		
	Carrying amount	Upto one year	More than one year
	(Rupees)		
ASSETS			
Receivable from Participants' Takaful Fund	5,667,742	5,667,742	-
Bank balances	4,038,379	4,038,379	-
Total assets	9,706,121	9,706,121	-
LIABILITIES			
Other creditors and accruals	40,359,879	40,359,879	-
Payable to TPL Insurance Limited	277,827,256	277,827,256	-
Total Liabilities	318,187,135	318,187,135	-

	2019		
	Carrying amount	Upto one year	More than one year
	(Rupees)		
ASSETS			
Receivable from Participants' Takaful Fund	9,892,768	9,892,768	-
Bank balances	1,760,494	1,760,494	-
Total assets	11,653,262	11,653,262	-
LIABILITIES			
Other creditors and accruals	18,853,352	18,853,352	-
Payable to TPL Insurance Limited	356,847,364	356,847,364	-
Total Liabilities	375,700,716	375,700,716	-

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For the year ended 31 December 2020

	PTF		
	2020		
	Carrying amount	Upto one year	More than one year
	(Rupees)		
ASSETS			
Investments			
Mutual Funds	15,614,373	15,614,373	-
Term deposits	327,500,000	325,000,000	2,500,000
Accrued Investment Income	4,426,242	4,426,242	-
Prepayments	61,014,449	61,014,449	-
Bank balances	145,235,860	145,235,860	-
Total assets	553,790,924	551,290,924	2,500,000
LIABILITIES			
Other creditors and accruals	53,260,920	53,260,920	-
Payable to TPL Insurance Limited	2,669,546	2,669,546	-
Payable to Operator's Fund	5,667,742	5,667,742	-
Total Liabilities	61,598,208	61,598,208	-

	2019		
	Carrying amount	Upto one year	More than one year
	(Rupees)		
ASSETS			
Investments			
Debt securities	20,000,000	20,000,000	-
Term deposits	400,000,000	400,000,000	-
Accrued Investment Income	6,369,609	6,369,609	-
Prepayments	29,588,678	29,588,678	-
Bank balances	149,719,050	149,719,050	-
Total assets	605,677,337	605,677,337	-
LIABILITIES			
Other creditors and accruals	67,040,227	67,040,227	-
Payable to TPL Insurance Limited	626,078	626,078	-
Payable to Operator's Fund	9,892,768	9,892,768	-
Total Liabilities	77,559,073	77,559,073	-

33.3 Market risk

Market risk is the risk that changes in market prices, such as profit rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will effect the Operator's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Participant has significant investment in shares classified as fair value through other comprehensive income category. Due to COVID-19 pandemic, the Pakistan Stock Market (PSX) has shown volatility in performance during the year. However, the stock market is now stable and KSE 100 index has reported YoY growth of 7.4% during the year 2020.

The Operator is exposed to profit rate risk, currency risk and other price risk.

33.3.1 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. Profit rate exposure arises from balances held in profit and loss sharing accounts with reputable banks and government securities. The Operator limits profit rate risk by monitoring changes in profit rates. Other risk management procedures are the same as those mentioned in the credit risk management.

The Participant invests in securities and has deposits that are subject to profit / mark-up rate risk. Due to COVID-19 Pandemic, the State Bank of Pakistan has responded to the crises by cutting the Policy Rate by 625 basis point. Accordingly, the market profit rates have declined significantly. The management has taken necessary actions to minimise the impact of lower profit rates on its financial performance, by rebalancing its investment portfolio.

33.3.1.1 Sensitivity analysis

At the balance sheet date the profit rate profile of the Operator's profit-bearing financial instrument are as follows:

	OF			
	2020	2019	2020	2019
Financial assets	**Effective profit rate (in %)**		**(Rupees)**	
Assets subject to variable rate				
- Bank balances	4.00% - 6.50%	5.00% - 9.00%	4,038,379	1,760,494

	PTF			
	2020	2019	2020	2019
Financial assets	**Effective profit rate (in %)**		**(Rupees)**	
Assets subject to fixed rate				
- Term deposits	3.75% - 7.00%	9.50% - 13.00%	327,500,000	400,000,000
Assets subject to variable rate				
- Debt Securities	-	12.00% - 16.00%	-	20,000,000
- Bank balances	4.00% - 6.00%	6.00% - 13.00%	145,235,860	149,635,461

Fair value sensitivity analysis for fixed rate instruments

The Operator does not account for any fixed rate financial assets at fair value through profit and loss. Therefore, a change in profit rates at the reporting date would not affect profit and loss account and Fund of the Operator.

The Operator does not account for any fixed rate financial assets at fair value through profit and loss. Therefore, a change in profit rates at the reporting date would not affect profit and loss account and Fund of the Operator.

Cash flow sensitivity analysis for variable rate instruments

The Operator is exposed to cash flow profit rate risk in respect of its balances with profit and loss sharing account with banks. A hypothetical change of 100 basis points in profit rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below.

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

	2020		2019	
	Profit and loss 100 bps		Profit and loss 100 bps	
	Increase	Decrease	Increase	Decrease
	----------(Rupees)----------		----------(Rupees)----------	
OF				
Cash flow sensitivity	40,384	(40,384)	17,605	(17,605)
PTF				
Cash flow sensitivity	4,727,359	(4,727,359)	5,496,355	(5,496,355)

33.3.1.2 Exposure to profit rate risk

A summary of the Operator's profit rate gap position, categorised by the earlier of contractual re-pricing or maturity date, is as follows:

OF

2020

	Mark-up / return (%)	less than 1 year	1 year to 5 years	More than 5 years	Total
		---------- (Rupees) ----------			
Assets					
Cash and bank deposits	4.00% - 6.50%	4,038,379	-	-	4,038,379
Total assets		4,038,379	-	-	4,038,379
Liabilities		-	-	-	-
Total profit sensitivity gap		4,038,379	-	-	4,038,379

OF

2019

	Mark-up / return (%)	less than 1 year	1 year to 5 years	More than 5 years	Total
		---------- (Rupees) ----------			
Assets					
Cash and bank deposits	4.00% - 6.00%	1,760,494	-	-	1,760,494
Total assets		1,760,494	-	-	1,760,494
Liabilities		-	-	-	-
Total profit sensitivity gap		1,760,494	-	-	1,760,494

PTF

2020

	Mark-up / return (%)	less than 1 year	1 year to 5 years	More than 5 years	Total
		---------- (Rupees) ----------			
Assets					
Term Deposits	3.75% - 7.00%	325,000,000	2,500,000	-	327,500,000
Bank deposits	4.00% - 6.00%	145,235,860	-	-	145,235,860
Total assets		470,235,860	2,500,000	-	472,735,860
Liabilities		-	-	-	-
Total profit sensitivity gap		470,235,860	2,500,000	-	472,735,860

	PTF				
	2019				
	Mark-up / return (%)	less than 1 year	1 year to 5 years	More than 5 years	Total
		(Rupees)			
Assets					
Debt Securities	12.00% - 13.00%	20,000,000	-	-	20,000,000
Term Deposits	9.00% to 9.50%	400,000,000	-	-	400,000,000
Bank deposits	5.00% - 9.50%	149,719,050	-	-	149,719,050
Total assets		569,719,050	-	-	569,719,050
Liabilities		-	-	-	-
Total profit sensitivity gap		569,719,050	-	-	569,719,050

33.3.2 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from profit/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. the Operator is not exposed to any price risk at the balance sheet date as it has no financial instrument that is linked to market price.

33.3.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Operator, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

33.4 Fund management

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

Notes to the Financial Statements

For the year ended 31 December 2020

34. STATEMENT OF SOLVENCY

	2020	2019
	(Rupees)	
Assets		
Investments		
Mutual Funds	15,614,373	-
Debt Securities	-	20,000,000
Term deposits	327,500,000	400,000,000
Takaful/ retakaful receivable	154,195,535	152,214,531
Retakaful recoveries against outstanding claims	34,522,489	3,197,486
Salvage recoveries accrued	89,252,000	31,602,072
Deferred Wakala expense	281,159,399	150,405,253
Accrued Investment Income	4,426,242	6,369,609
Deferred taxation - net	4,753,831	-
Prepayments	90,767,878	71,710,011
Bank balances	145,235,860	149,719,050
Total assets (A)	1,147,427,607	985,218,012
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000		
Takaful / retakaful receivable	38,360,269	43,328,264
Deferred taxation - net	4,753,831	-
Prepayments	38,669,124	52,651,665
Total of In-admissible Assets (B)	81,783,224	95,979,929
Total of admissible Assets (C=A-B)	1,065,644,383	889,238,083
Total liabilities including Qard-e-Hasna	1,096,519,970	1,024,845,883
Net deficit as at 31 December	(30,875,587)	(135,607,800)
Deficit already financed by Qard-e-Hasna	103,900,000	203,900,000
	73,024,413	68,292,200

35. GENERAL

35.1 Figures have been rounded off to the nearest Rupee.

36. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorised for issue on 23 February 2021 by the Board of Directors of the Operator.

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

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting ("AGM") of TPL Insurance Limited ("Company") will be held on Thursday, April 22 2021 at 11:00 a.m., through electronic mode, to transact the following business:

Ordinary Business:

1. To approve the minutes of the Extra Ordinary General Meeting held on December 21, 2020.

   "RESOLVED THAT the minutes of Extra Ordinary General Meeting of TPL Insurance Limited held on December 21, 2020 at 11:30 a.m. be and are hereby approved."

2. To receive, consider and adopt the Annual Audited Financial Statements of the Company together with the Chairman's Review Report, Directors' and Auditors' Report thereon for the year ended December 31, 2020.

   "RESOLVED THAT the Annual Audited Financial Statements of TPL Insurance Limited, the Chairman's Review Report, Directors' and Auditors' Report thereon for the year ended 31 December, 2020 be and are hereby approved."

3. To appoint Auditors for the year ending December 31, 2021 and fix their remuneration. M/s. EY Ford Rhodes., Chartered Accountants retire and being eligible, have offered themselves for re-appointment.

   "RESOLVED THAT M/s. EY Ford Rhodes, Chartered Accountants be and are hereby appointed as Auditors of M/s. TPL Insurance Limited on the basis of consent received by them, at a fee mutually agreed for the period ending December 31, 2021."

4. To elect directors of the Company for a three-year term. The Board of the directors in their meeting held on February 23, 2021, fixed the number of directors at Seven (7). The term of the following Seven (7) directors, in pursuance to the Section 158 of the Companies Act, 2017, will expire on May 01, 2021:

   1. Mr. Jameel Yusuf S.St
   2. Mr. Muhammad Ali Jameel
   3. Mr. Andrew Borda
   4. Mr. Rana Assad Amin
   5. Syed Nadir Shah
   6. Mr Ali Asgher
   7. Ms. Naila Kassim

Any Other Business

5. To transact any other business with the permission of the Chairman.

By Order of the Board

Danish Qazi
Company Secretary

Karachi, April 01, 2021

Notes

1. Reason for holding AGM through electronic mode i.e. Coronavirus Contingency Planning

In view of the pandemic outbreak of COVID-19 (Corona Virus) and directives of the Securities and Exchange Commission of Pakistan (SECP) vide Circular of even dates requiring listed companies to modify their usual planning for annual general meetings to protect the wellbeing of shareholders, the Company requests its members to attend and participate in the AGM through video link facility only to avoid large gathering at one place and prevent pandemic outbreak of COVID-19 (Corona Virus).

Therefore, to attend and participate in the AGM through video link facility, members are requested to register their particulars (Name, Folio/CDS Account Number, CNIC Number and Cell Phone Number) with the Company Secretary by emailing to company.secretary@tplholdings.com at least 24 hours before the time of AGM.

The members can also provide comments/suggestions for the proposed agenda items of the Annual General Meeting by emailing the same to company.secretary@tplholdings.com.

2. Closure of Share Transfer Books:

The Share Transfer Book of the Company will remain closed from April 16, 2021 to April 22, 2021 (both days inclusive). Share Transfers received at M/s THK Associates (Pvt.) Ltd, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. Pakistan by the close of business hours (5:00 PM) on Thursday, April 15, 2021, will be treated as being in time for the purpose of above entitlement to the transferees.

3. Participation in the Meeting:

As per directives of Securities and Exchange Commission of Pakistan to convene the annual general meeting with minimum members ensuring quorum of the meeting, the members are requested to consolidate their attendance and voting at the Annual General Meeting through proxies.

All members of the Company are entitled to attend the meeting and vote there at through Proxy. A proxy duly appointed shall have such rights as respect to the speaking and voting at the meeting as are available to a member. Duly filled and signed Proxy Form must be received at the Registrar of the Company M/s THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. Pakistan, not less than 48 hours before the Meeting.

4. For Attending the Meeting:

i. In case of individual, the Account holder and/or Sub-account holder whose registration details are uploaded as per the CDC regulations, shall authenticate his/her identity by providing copy of his/her valid CNIC or passport along with other particulars (Name, Folio/CDS Account Number, Cell Phone Number) via email to aforementioned ID and in case of proxy must enclose copy of his/her CNIC or passport.

ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be provided via email to aforementioned ID.

5. For Election of Directors:

In accordance with Section 159(1) of the Companies Act, 2017, the number of directors to be elected has been fixed at Seven (7) by the Board of Directors of the Company. In terms of section 159 (3) of the Companies Act, 2017, any person who seeks to contest election to the office of a director, whether he is a retiring director or otherwise, shall file with the Company at its Registered Office, not later than fourteen (14) days before the date of this meeting, the following documents:

a. Notice of his/her intention to offer himself/ herself for election as a Director. Provided that any such person may, at any time before the holding of election, withdraw such notice.

b. Consent to act as a Director u/s 167 of the Companies Act, 2017.

c. A detailed profile along with office address.

d. A Declaration confirming that:

i. He/ she is aware of the duties of directors under the Companies Act, 2017, the Memorandum and Article of Association and all applicable laws and regulations.

ii. He/ she does not violate any of the provisions or conditions prescribed by SECP for holding such office and further that such person shall fully comply with all the SECP directives issued or to be issued by the SECP in the form of circulars, notifications, directions, letters, instructions, and other orders.

iii. He/ she is not ineligible to become a director of the Company under any applicable laws and regulations.

iv. He/ she is not serving as a director of more than seven listed companies including this Company and excluding directorships in listed subsidiaries of listed holding companies.

6. Change of Address:

Members are requested to immediately notify the change, if any, in their registered address to the Share Registrar M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. Pakistan.

7. The Accounts of the Company for the year ended December 31, 2020 have been placed on the website of the Company https://tplinsurance.com.

Form of Proxy

I/We ______________________________ S/o / D/o / W/o ______________________________

resident of (full address)______________________________ being a

member(s) of TPL Insurance Limited, holding ______________________ ordinary shares, hereby appoint

______________________________ S/o / D/o / W/o ______________________ resident

of (full address) ____

or failing him / her______________________ S/o / D/o / W/o ______________________________

resident of (full address) ______________________________ as my / our proxy in my / our absence

to attend and vote for me / us on my / our behalf at Annual General Meeting of the Company to be held on Thursday, 22nd April, 2021 and/or adjournment thereof.

As witness my / our hand (s) seal this on the ____________________ day of ____________________ 2021.

Signed by the said:

Folio No. / CDC Account No.

Signature on Revenue Stamp of Appropriate Value.

The signature should agree with the specimen registered with the Company.

In presence of:

1. Signature:	____________	2. Signature:	____________
Name:	____________	Name:	____________
Address:	____________	Address:	____________
CNIC or Passport No:	____________	CNIC or Passport No:	____________

Important Instructions:

1. The Proxy form, duly completed and signed, must be received at the Registrar's Office of the Company not less than forty eight (48) hours before the time of holding the meeting.

2. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

3. In case of a proxy for an individual CDC shareholder, attested copies of CNIC or the passport, account and participant's ID number of the beneficial owner and along with the proxy is required to be furnished with the proxy form.

4. In case of a corporate entity, the Board of Directors' resolution / power of attorney with the specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form of the Company.

پراکسی فارم

میں / ہم ______________ ولد / دختر / زوجہ ______________

کا / کے (مکمل پتہ) ______________ بحیثیت رکن

TPL انشورنس لمیٹڈ مالک، ______________ عام حصص، بذریعہ ہذا

______________ محترم / محترمہ ______________ پتہ

(مکمل پتہ) ______________

یا اسکی غیر موجودگی میں محترم / محترمہ ______________

(مکمل پتہ) ______________

کمپنی میں عام شیئرز رکھتا ہے / رکھتی ہے / رکھتے ہے بطور میرا / ہمارے پراکسی مورخہ 22 اپریل 2021ء، بروز جمعرات کمپنی کے منعقد ہونے والے سالانہ اجلاس عام میں حق رائے وہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

آج بروز ______ بتاریخ ______ 2021ء کو میرے / ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

گواہان

سی ڈی سی اکاؤنٹ نمبر

سی ڈی سی اکاؤنٹ نمبر	ریونیو مہر دستخط

(دستخط کا کمپنی کے پاس رجسٹرڈ شدہ دستخط کے نمونے کی طرح ہونا ضروری ہے)

1- دستخط: ______________
نام: ______________
پتہ: ______________
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ______________

2- دستخط: ______________
نام: ______________
پتہ: ______________
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ______________

پراکسی کا ای میل آئی ڈی (اُسے وڈیو لنک فراہم کرنے کے لئے) ______________

اہم نوٹ

1- پراکسی فارم، باقاعدہ مکمل اور دستخط شدہ، کمپنی کے رجسٹرار دفتر میں اجلاس منعقدہ ہونے سے کم از کم 48 (اڑتالیس) گھنٹے قبل لازماً وصول ہو جانے چاہئیں۔

2- اگر ایک رکن ایک سے زیادہ پراکسی مقرر کرتا ہے اور کمپنی کے ہاں ایک سے زیادہ پراکسی آلات جمع کراتا ہے تو پراکسی کے ایسے تمام آلات مسترد کر دیئے جائیں گے۔

3- انفرادی سی ڈی سی شیئرز ہولڈرز کے پراکسی کی صورت میں بینیفیشل اونر معہ پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول، اکاؤنٹ اور پارٹیسپنٹ کا آئی ڈی نمبر پراکسی فارم (مختار نامہ) کے ہمراہ جمع کرانا ہونگی۔

4- بصورت کارپوریٹ اینٹی، بورڈ آف ڈائریکٹر کی قرارداد / مختار نامہ معہ پراکسی ہولڈر کے نمونے دستخط پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی میں جمع کرانا ہوگا (اگر پہلے مہیا نہیں کیا گیا)۔

Glossary

S.No	Term	Designation
1	Actuary	An actuary is a professional who assesses and manages the risks of financial investments, insurance policies and other potentially risky ventures.
2	Actuarial Valuations	A determination by an actuary at a special date of the value of an insurance Company's assets and its liabilities.
3	Amortization	The process of allocating the cost of an intangible asset over a period of time. It also refers to the repayment of loan principal over time.
4	Authorized Share Capital	The maximum value of share that a Company can legally issue.
5	Book Value	The value of an asset as entered in a company's books.
6	Capital Reserves	Any reserve not regarded free for distribution by way of dividends.
7	Cedant	Client of a reinsurance company.
8	Combined Ratio	Percentage ratio of the sum of net claims plus management expenses and net commission to net earned premiums. It corresponds to the sum of the loss ratio, commission ratio and the expense ratio.
9	Commission	Remuneration to an intermediary for services such as selling and servicing an insurer's products.
10	Claims	The amount payable under a contract of insurance arising from occurrence of an insured event
11	Claims Incurred	The aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate, adjusted by the gross claims reserve at the beginning and end of the accounting period.
12	Corporate Social Responsibility	Is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, and all other members of the public who may also be considered as stakeholders.
13	CPEC	The China-Pakistan Economic Corridor (OPEC] is a collection of infrastructure projects currently under construction throughout Pakistan.
14	Deferred Commission	Expenses which vary with and are primarily related to the acquisition of new insurance contracts and renewal of existing contracts, which are deferred as they relate toe period of risk subsequent to the Balance Sheet data.
15	Deferred Tax	An accounting concept (also known as future income taxes), meaning a future tax liability or asset in respect of taxable temporary differences.
16	Depreciation	Is the systematic allocation of the cost of an asset over its useful life.
17	Doubtful debts	Is a debt where circumstances have rendered its ultimate recovery uncertain.
18	Earnings per share	Amounts for profit or loss attributable to ordinary shareholders of the entity.
19	Fair Value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing business partners in an arm's length transaction.
20	General Insurance	All kind of Insurance except Life Insurance. i.e. Fire. Marine. Motor and Other Insurance.
21	General Takaful	Protection to participants for losses arising from perils such accident, fire, flood, liability and burglary.
22	Gross contribution	It is the payment of an amount by a participant to the Takaful Participant Fund, whether direct, through intermediaries for the purpose of mutual protection and assistance.

S.No	Term	Designation
23	Gross Written Premium	Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance
24	Impairment	The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.
25	Incurred but not reported (IBNR)	Claim incurred but not reported to the insurer until the financial statements reporting date.
26	Insurance Contracts	A contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder for a specified uncertain future event.
27	Intangibles	An identifiable non-monetary asset without physical substance.
28	Internal Control	An accounting procedure or system designed to promote efficiency or assure the implementation of a policy or safeguard assets or avoid fraud and error etc.
29	KIBOR (Karachi Interbank Offered Rate)	Interbank lending / borrowing rates quoted by the banks
30	Loss Ratio	Percentage ratio of claims expenses to net premium.
31	Market Share	The portion of a market controlled by a particular company or product.
32	Market Value	The highest estimated price that a buyer would pay and a seller would accept for an item in an open and competitive market
33	MIS	Management Information System.
34	Mutual fund	A type of professionally managed investment fund that pools money from many investors to purchase securities
35	National Exchequer	The account into which tax funds and other public funds are deposited.
36	Net Asset Value	The value of Total Assets less Current Liabilities.
37	Net Contributions	Gross Contributions less all re-takaful contributions payable.
38	Net Premium Revenue	Gross written premium less Reinsurance expense.
39	None-life Insurance	Non-Life Insurance and General Insurance have the identical meaning.
40	Outstanding Claims	A type of technical reserve or accounting provision in the Financial Statements of an Insurer to provide for the future liability or claims.
41	Paid up Capital	The amount of money a company has received from shareholders in exchange for shares of stock.
42	Pakistan Investment Bonds	Long term instruments issued by the Government of Pakistan.
43	Participant's Takaful Fund (PTF) Waqf Fund	An account to credit a portion of contribution from the participant for the purpose of Tabarru'.
44	Premium	Amount that has to be paid by the insured for the cover provided by the Insurer.
45	Proxy	Power of Attorney by which the Shareholder transfers the voting rights to another shareholder.
46	Qard-e-Hasna	Interest Free Loan from Takaful Operator to the Takaful Participant Fund in order to meet any shortfall in the Fund.
47	Quoted	Being listed on a Stock Exchange.
48	Registered Office	The registered office is an address which is registered with the government registrar as the official address of a company.
49	Reinsurance	A method of insurance arranged by insurers to share the exposure of risks accepted.

S.No	Term	Designation
50	Re-Takaful	The arrangement under which a part of the risk is shared between the companies originally issuing the policy (the takaful operator] to another Takaful company (Re-Takaful) known as the re-takaful
51	Reinsurance Commission	Commission received or receivable in respect of premium paid or payable tea reinsurer.
52	Reinsurance Premium	The premium payable to the reinsurer in respect of reinsurance contract.
53	Related Party	Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.
54	Retrocession	Transfer of risk from a reinsurer to another reinsurer.
55	Revenue Reserves	Reserve that is normally regarded as available for distribution through the profit and loss account, including general reserves and other specific reserves created out of profit and unappropriated profit.
56	Risk	Condition in which there is a possibility of loss.
57	Risk Management	Includes analyzing all exposures to gauge the likelihood of loss and choosing options to better manage or minimize loss.
58	Statutory levies	Fee charged (levied) by a government on a product, income, or activity.
59	Strategic Objectives	A broadly defined objective that an organisation must achieve to make its strategy succeed.
60	Subsequent Event	Are events concerning conditions which arose after the balance sheet date, but which may be of such materiality that their disclosure is required to ensure that the financial statements are not misleading.
61	Takaful	An Islamic concept of insurance.
62	Takaful Operator	A legal entity, who underwrites, administers and manages the Takaful program on behalf of the participants.
63	Takaful Policy	The agreement entered into between the operator and the participant(s) for the purposes of Takaful arrangements.
64	Tangibles	An asset whose value depends on particular physical properties.
65	Underwriting Profit	This is the profit generated purely from the General Insurance business without taking into account the investment income and other nontechnical income and expenses.
66	Unearned Premium	It represents the portion of premium already entered in the accounts as due but which relates to period of risk subsequent to the Balance Sheet date.
67	Wakala	Islamic terminology for agent-principal relationship, where a person nominates another to act on his behalf.

شیئر ہولڈر کیٹگری	موجود شیئر کی تعداد	شیئر ہولڈنگ کا تناسب
مادر کمپنی: TPL کارپوریشن لمیٹڈ	69,952,950	74.52%
ڈائریکٹرز	16,861	0.02%
بینکس، DFIs اور NBFIs	11,866,196	12.64%
میچوئل فنڈ	8,040,790	8.57%
عوام الناس (مقامی)	3,423,444	3.65%
عوام الناس (بیرون ملک)	2,874	0.00%
دیگر	563,146	0.60%
کل	**93,866,261**	**100.00%**

کمپنی کے شیئرز میں کاروبار

دوران سال کمپنی کے شیئرز میں ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ہیڈ آف انٹرنل آڈٹ، دیگر ملازمین اور ان کی شریک حیات اور بچوں میں سے کسی نے بھی تجارت نہیں کی۔

بورڈ کے اجلاس

سال 2020 کے دوران بورڈ آف ڈائریکٹر کے 7 اجلاس ہوئے۔ ڈائریکٹرز کی حاضری درج ذیل ہے:

ڈائریکٹر کا نام	اجلاس میں حاضری
جناب جمیل یوسف	4
جناب علی جمیل	7
جناب رانا اسد امین	7
جناب اینڈریو بورڈا	7
جناب وقار ملک *	2

ڈائریکٹر کا نام	اجلاس میں حاضری
جناب سید نادر شاہ	7
جناب محمد امین الدین	7
مس نائلہ قاسم	7
جناب علی اصغر **	3

* دوران سال مستعفی ہو گئے

** دوران سال خالی ہونے والی اسامی پُر کی گئی۔

مستقبل پر نظر

سال 2020 کے دوران پاکستان کی معیشت شدید مشکلات کا شکار رہی، اس کے باوجود ہماری کمپنی نے اپنی صلاحیت کی بدولت کاروبار میں شاندار ترقی حاصل کی۔ ڈسکاؤنٹ ریٹ میں کمی اور امریکی ڈالر کے مقابلے میں روپے کے استحکام سے معیشت ترقی کی راہ پر گامزن ہے۔ موٹر سیلز میں 2020 کی تیسری سہ ماہی سے بہتری دیکھی جا رہی ہے۔ 2021 کے دوران ہم اپنے صارفین کو باسہولت سروسز کی فراہمی کے ساتھ اپنے انتظامی صلاحیتوں سے فائدہ اٹھانے کے لیے ڈیجیٹل انفراسٹرکچر میں سرمایہ کاری کی منصوبہ بندی پر کام جاری رکھیں گے۔ کمپنی نان موٹر کے شعبے میں اپنی رسائی سے اپنے پورٹ فولیو اور مارکیٹ شیئر میں اضافے کے لیے کوشاں ہے۔ ہم ان اقدامات کی بدولت مطمئن ہیں کہ آنے والے وقت میں کمپنی کے لیے مستحکم اور مسلسل ترقی کا سفر آسان ہو گا۔

اظہارِ تشکر

ہم کمپنی کے حصص یافتگان کا، ان کے ہم پر کئے جانے والے اعتماد کا شکریہ ادا کرتے ہیں۔ ہم پاکستان اسٹاک ایکسچینج، فیڈرل بورڈ آف ریونیو، صوبائی ریونیو اتھارٹیز، سینٹرل ڈپازٹری کمپنی اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے گاہے بگاہے فراہم کی جانے والی معاونت اور راہنمائی پر ان کا بھی شکریہ ادا کرتے ہیں۔ ہم اپنے ملازمین، کاروباری شراکت داروں، وینڈرز، بینکرز اور صارفین کا بھی ادارے کے کارپوریٹ مقاصد کی تکمیل میں ساتھ دینے پر شکریہ ادا کرتے ہیں۔

از طرف اور بورڈ آف ڈائریکٹرز کی جانب سے،

محمد امین الدین
چیف ایگزیکٹو آفیسر

جمیل یوسف
چیئرمین

23 فروری 2021

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک سے متعلق اسٹیٹمنٹ

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے تجویز کردہ کوڈ آف کارپوریٹ گورننس پر عمل درآمد سے متعلق، بورڈ اپنی سماجی ذمہ داریوں سے واقف ہے، اور درج ذیل اُمور کی یقین دہانی کرتا ہے:

- کمپنی کی جانب سے تیار کردہ مالیاتی گوشوارے، کمپنی کے معاملات، آپریشن کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کی شفاف صورتحال پیش کررہے ہیں۔
- کمپنی کی جانب سے باقاعدہ طور پر اکاؤنٹس کی بکس برقرار رکھی گئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں پر عمل درآمد کیا جاتا ہے اور اکاؤنٹنگ تخمینے مناسب اور محتاط اندازکی بنیاد پر لگائے جاتے ہیں۔
- مالیاتی گوشواروں کی تیاری پاکستان میں لاگو انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز، انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈ اور دیگر ریگولیشنز (بشمول شریعہ اصول وضوابط) کے تحت کی جاتی ہے اور اس سے کسی طرح کے انحراف کو باقاعدہ واضح کیا گیا ہے۔
- انٹرنل کنٹرول کا سسٹم بہترین ہے اور اس پر موثر انداز میں عمل درآمد اور نگرانی کی جاتی ہے۔
- کمپنی کی بنیادیں مضبوط ہیں اور کمپنی کے استحکام اور آگے بڑھنے کی صلاحیت پر کسی بھی شک وشبہ کی کوئی گنجائش نہیں۔
- کمپنی کی طرف سے کارپوریٹ گورننس پر بہترین انداز میں عمل درآمد کی گئی ہے اور اس سے کسی طرح کا بھی انحراف دیکھنے میں نہیں آیا۔
- گزشتہ 6 سالوں کی اہم انتظامی اور مالیاتی تفصیلات کا خلاصہ، اس سالانہ رپورٹ میں شامل کیا گیا ہے۔
- گزشتہ سال کے کاروباری نتائج سے ممکنہ انحراف کو اس رپورٹ میں واضح کیا گیا ہے۔
- ٹیکسز، ڈیوٹیز، لیویز اور چارجز سے متعلق قانونی ادائیگیوں میں بقایہ جات کاروبار کے عمومی طریقہ کار کے مطابق ہیں۔
- بورڈ نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی شق نمبر 19(1)(i) کی تعمیل میں اپنے ڈائریکٹرز کی ٹریننگ کو یقینی بنایا ہے۔

31 دسمبر 2020 کے مطابق پراویڈنٹ فنڈ کے آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر پراویڈنٹ فنڈ میں سرمایہ کاریوں کی مقدار 58.9 ملین روپے (2019 میں 53.8 ملین روپے) ہے۔

ڈائریکٹرز کا مشاہرہ

بورڈ آف ڈائریکٹرز نے کمپنیز ایکٹ 2017 کی تعمیل میں ڈائریکٹرز کے مشاہرے کے لیے شفاف طریقہ کار اور مجوزہ پالیسی اپنائی ہے۔ ڈائریکٹرز کے مشاہرے کی تفصیل مالیاتی گوشواروں کے نوٹس میں درج کردی گئی ہے۔

بورڈ آف ڈائریکٹرز کی تشکیل اور کمیٹی سے متعلق کوڈ آف کارپوریٹ گورننس کی تعمیل کے اسٹیٹمنٹ میں وضاحت کردی گئی ہے۔

انشورنس آرڈیننس 2000

انشورنس آرڈیننس 2000 کی تعمیل میں مطلوب اور بعد ازاں تشکیل پانے والے اصولوں کی روشنی میں، ڈائریکٹرز تصدیق کرتے ہیں کہ:

- ان کے اپنے خیال اور یقین کی حد تک، کمپنی کے سالانہ قانونی اکاؤنٹس کی تیاری اور اس اسٹیٹمنٹ کے ساتھ منسلک فارمز، انشورنس آرڈیننس 2000 کی تعمیل اور بعد ازاں تشکیل پانے والے اصولوں کے تحت کی گئی ہے۔
- کمپنی نے دوران سال ہر موقع پر آرڈیننس کی شرائط اور متعلقہ اصولوں پر عمل درآمد کیا ہے۔ جس میں اداشدہ سرمایہ، قرض داری اور ری انشورنس کے انتظامات میں بھی ان شرائط واصولوں کی پاسداری کی گئی ہے۔ اور اس اسٹیٹمنٹ کی تاریخ تک بھی، کمپنی نے آرڈیننس کی شرائط اور دیگر اصولوں کی پاسداری کو یقینی بنایا ہے۔

کوڈ آف کنڈکٹ (کاروباری ضابطہ)

کمپنی اس بات کو یقینی بناتی ہے کہ تمام امور کو شفاف انداز میں کسی بھی رعایت کے بغیر کاروباری اخلاقیات کے مطابق ہی انجام دیا جائے۔

پیٹرن آف شیئر ہولڈنگ

کمپنی میں پیٹرن آف شیئر ہولڈنگ سے متعلق اسٹیٹمنٹ برائے 31 دسمبر 2020 درج ذیل ہے۔

بیلنس شیٹ	2020	2019	2018	2017	2016	2015
اداشدہ شیئر کیپیٹل	946.7	946.7	955.6	1,009.1	904.1	800.9
مجموعی (نقصانات) / غیر اداشدہ منافع	(164.5)	(114.0)	8.0	138.7	138.7	138.7
فروخت کے لیے موجود سرمایہ کاریوں کی دوبارہ ویلیو پر غیر حاصل شدہ منافع (نقصان)	(7.3)	(29.7)	(26.7)	(26.4)	2.3	-
دیگر کیپیٹل ریزروز	24.1	-	-	-	-	-
شراکت دار کا تکافل فنڈ	41.4	(48.9)	(170.3)	(201.7)	(121.9)	(55.1)
کل ایکویٹی	**840.4**	**754.1**	**766.6**	**919.7**	**923.2**	**884.5**
سرمایہ کاری	920.8	729.4	1,026.3	1,213.3	1,056.8	930.4
فکسڈ اثاثہ جات	257.5	426.5	122.0	70.0	361.2	384.7
لگایا ہوا سرمایہ	-	2.6	7.6	21.4	-	-
کیش اور بینک ڈپازٹ	913.4	702.4	251.9	247.2	240.9	30.4
دیگر اثاثہ جات	1,409.5	1,105.2	1,216.9	1,147.1	759.0	635.7
کل اثاثے	**3,501.2**	**2,966.1**	**2,624.7**	**2,699.0**	**2,417.9**	**1,981.2**
انڈر رائٹنگ واجبات	1,970.8	1,505.1	1,447.4	1,383.6	1,247.9	970.0
دیگر واجبات	690.0	706.9	410.7	395.7	246.8	126.7
کل واجبات	**2,660.8**	**2,212.0**	**1,858.1**	**1,779.4**	**1,494.7**	**1,096.7**

آڈیٹرز

کمپنی کے آڈیٹرز میسرز EY فورڈر ہوڈز (FYFR)، چارٹرڈ اکاؤنٹنٹس، نے کوڈ آف کارپوریٹ گورننس (CCG) کی متعین 5 سالہ مدت مکمل کرلی ہے۔ کمپنی کی مادر کمپنی ٹی پی ایل کارپوریشن اور ان کے ذیلی اداروں نے EYFR کو آڈیٹر کے طور پر رکھا ہوا ہے۔ CCG کی تعمیل میں، تمام متعلقہ کمپنیوں کے لیے ایک ہی فرم کو آڈیٹر منتخب کرنے کی ضرورت ہوتی ہے۔ اس ضمن میں ایس ای سی پی منظوری کی بنیاد پر، بورڈ آف ڈائریکٹرز نے EY فورڈر ہوڈرز کو ہی باہم گفت شنید سے طے پانے والی فیس پر 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے کمپنی کے آڈیٹرز مقرر کرنے کی تجویز دی ہے۔

منسلک فریق سے متعلق ادئیگیاں

منسلک فریق سے متعلق ادائیگیاں بورڈ کی آڈٹ کمیٹی کے سامنے رکھی گئیں اور بورڈ کی جانب سے منظور کی گئیں اور اسی بنیاد پر ان پر عمل درآمد کیا گیا۔ یہ ادئیگیاں انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز اور کمپنیز ایکٹ 2017 کی تعمیل کے مطابق تھیں۔

اینٹی منی لانڈرنگ اور دہشت گردی کے خلاف کاؤنٹر فنانسنگ

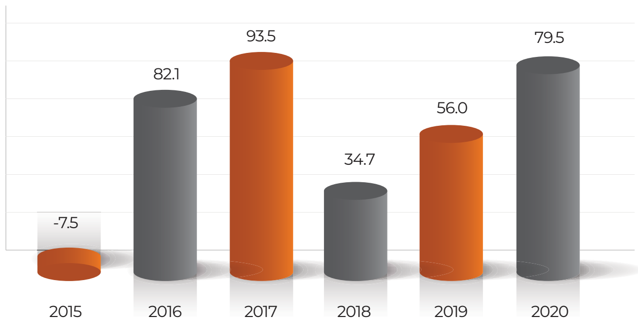
کمپنی اینٹی منی لانڈرنگ اور کاؤنٹر فنانسنگ آف ٹیررزم ریگولیشنز 2018 کی تعمیل کو یقینی بنانے کے لیے کوشاں ہے اور اس ضمن میں کمپنی کے بورڈ آف ڈائریکٹرز نے AML / CFT پالیسی کی منظوری دی ہے۔

کارپوریٹ سماجی بہبود

Covid-19 کی عالمی وباء سے کاروباری اور معاشی سرگرمیاں بدحالی کا شکار ہیں۔ ان مشکل حالات میں بھی ہم نے ضرورتمند کمیونٹیز میں پہلے سے بڑھ کر ایسے سماجی بہبود کے کام انجام دیئے جس سے ملک کے تمام اسٹیک ہولڈرز کو فائدہ پہنچے۔ ہمارے سی ایس آر مقاصد کے پیش نظر، ہم نے اپنے ملازمین، کنٹریکٹرز اور صارفین کی صحت کو یقینی بنانے کے اقدامات کے ساتھ ساتھ ہر فرد کی حفاظت کو یقینی بنانے کی کوششیں جاری رکھیں۔ سال 2021 میں ہم اپنے سی ایس آر پلان کو مزید طویل مدتی بنیاد پر اپنے کاروباری استحکام کے پیش نظر جدت اور کاروباری وسعت سے ہمکنار کرنے کے لیے سرگرم رہیں گے۔

مالیاتی جائزہ

منافع کی شرح اور ترقی



کمپنی نے 79.5 ملین روپے (2019 میں 56.0 ملین روپے) قبل از محصول منافع حاصل کیا ہے، اس میں شراکت دار تکافل فنڈ سے ملنے والا قبل از محصول سرپلس 127.4 ملین روپے (2019 میں 137.7 ملین روپے) بنتا ہے۔ شیئر ہولڈرز کے فنڈ میں ہونے والے نقصان کی رقم 50.5 ملین روپے (2019 میں 107.2 ملین روپے)۔ قبل از محصول اور بعد از محصول کی بنیاد پر ہر ایک شیئر پر نقصان بالترتیب 0.51 اور 0.54 روپے بنتا ہے (2019 میں 0.87 اور 1.14 روپے تھا)۔

دوران سال منافع میں کمی کے اسباب میں بزنس کی ترقی اور نئے چینلز میں توسیع کے لیے کی جانے والی سرمایہ کاری، کمپنی کی جانب سے فائر اور ہیلتھ کے شعبہ جات میں کام کا آغاز، ڈیجیٹلائزیشن کے لیے اٹھائے گئے اقدامات شامل ہیں۔ تاہم ان اقدامات سے کمپنی کے منافع پر کچھ عرصے کے لیے منفی اثرات سامنے آئیں گے لیکن ہمیں یقین ہے کہ ان اقدامات سے آنے والے سالوں میں مستحکم اور منافع بخش ترقی حاصل ہونا ناگزیر ہے۔

سرمایہ کاری

31 دسمبر 2020 کے مطابق کمپنی کی جانب سے کی جانے والی سرمایہ کاری (بشمول شراکت دار کے تکافل فنڈ) 920.8 ملین روپے (2019 میں 729.4 ملین روپے) بنتی ہے۔ یہ خاص طور پر ٹرم ڈپازٹ میں 427.5 ملین (2019 میں 420 ملین روپے)، گورنمنٹ سیکورٹیز میں 344.9 ملین روپے (2019 میں 95.7 ملین روپے)، کارپوریٹ ڈیٹ انسٹرومنٹ میں کچھ نہیں (2019 میں 125 ملین روپے) اور میچوئل فنڈز اور ایکوئٹیز میں سرمایہ کاری 148.4 ملین روپے (2019 میں 88.7 ملین روپے) بنتی ہیں۔ ان سرمایہ کاریوں کی مجموعی مارکیٹ ویلیو 925.4 ملین روپے (2019 میں 728.5 ملین روپے) بنتی ہے۔

کیش اور بینک بیلنس

کمپنی کے کیش اور بینک بیلنس 913.4 ملین روپے (2019 میں 702.4 ملین روپے) ہیں۔ شراکت دار تکافل فنڈ کے کیش اور بینک بیلنس 145.2 ملین روپے (2019 میں 149.7 ملین روپے) اس میں شامل ہیں۔

منافع منقسمہ

بیلنس شیٹ کو مضبوط بنانے کے لیے بورڈ آف ڈائریکٹرز نے 31 دسمبر 2020 کو ختم شدہ مالیاتی سال کے لیے کوئی بھی منافع منقسمہ نہ دینے کا فیصلہ کیا ہے۔ (2019 میں کچھ نہیں)

انشورر فنانشل اسٹرینتھ (IFS) ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے کمپنی کی "A+" انشورر فنانشل اسٹرینتھ (IFS) ریٹنگ مستحکم جائزے کے ساتھ برقرار رکھی ہے۔

گزشتہ 6 سال کی اہم مالیاتی معلومات

انکم اسٹیٹمنٹ

(روپے ملین میں)

	2020	2019	2018	2017	2016	2015
حاصل کردہ مجموعی پریمیم	2,746.9	2,505.3	2,408.7	2,292.7	2,054.5	1,635.5
پریمیم کی خالص آمدنی	2,163.1	2,136.2	2,246.6	2,068.8	1,750.5	1,419.3
انڈر رائٹنگ کے اخراجات	(2,046.8)	(2,024.5)	(2,116.7)	(1,957.1)	(1,724.6)	(1,368.3)
انڈر رائٹنگ نتائج	**116.3**	**111.7**	**129.9**	**111.7**	**25.9**	**51.0**
سرمایہ کاری اور دیگر آمدنی	204.1	152.1	70.7	61.9	106.8	93.5
دیگر اخراجات	(240.8)	(207.8)	(165.9)	(80.1)	(50.6)	(152.0)
قبل از ٹیکس منافع / (نقصان)	**79.6**	**56.0**	**34.7**	**93.5**	**82.1**	**(7.5)**
بعد از ٹیکس منافع / (نقصان)	**39.8**	**30.5**	**23.8**	**35.2**	**36.4**	**(19.8)**

نے بڑے بینکوں کے ساتھ معاہدے کیئے ہیں تاکہ ان کی زرعی انشورنس سروسز میں ہماری رسائی کے ساتھ ایگری کلچر اور لائیو اسٹاک انشورنس میں بھی شمولیت حاصل ہو جائے۔ اپنے روایتی چینلز میں استحکام کے ساتھ ان نئے اقدامات سے ہم امید رکھتے ہیں کہ مستقبل میں ایک مستحکم اور منافع بخش ترقی حاصل رہے گی۔

کلیمز کا جائزہ

2020 میں مجموعی پورٹ فولیو میں ہیلتھ بزنس کے اضافے کی وجہ سے کلیم ریشو 45 فیصد رہا۔ ہیلتھ کے بزنس میں 103 فیصد کلیم ریشو رپورٹ ہوا۔ ہیلتھ بزنس کی بدولت فائر اور میرین بزنسز میں منافع بخش کاروبار حاصل ہوا۔ یہی منصوبہ بندی مستقبل میں بھی ترقی کی راہ ہموار کرے گی۔

سالانہ کلیمز کا بوجھ	
سال	حاصل شدہ پریمیم کی فیصد
2014	50%
2015	49%
2016	46%
2017	43%
2018	43%
2019	41%
2020	45%

موٹر کا کلیم ریشو 40 فیصد (2019:42 فیصد) رہا، باوجود برساتی پانی سے تباہی سے متعلق کلیم ادائیگی کے جو کہ 15 ملین روپے رہی۔ اس کی بنیادی وجہ وینڈر مینجمنٹ اور ری انشورنس پروٹیکشن کی بہتری ہے۔

ری انشورنس

کمپنی نے اپنے ری انشورنس شراکت داروں کے ساتھ تعلقات مضبوط رکھے ہوئے ہیں۔ کمپنی نے بلیو چپ اے ریٹ انشورَرز کے ساتھ معاہدے کیئے ہیں۔ پورٹ فولیوز میں وسعت کے پیش نظر، کمپنی نے بزنس کے تمام کلاسز میں معاہدے کی اہلیت بڑھانے سے متعلق ترجیحی امور پر کام جاری رکھا۔ دوران سال، کمپنی نے اپنے قدرتی آفات سے متعلق ری تکافل موٹر کلاس کے کور کی رقم 200 ملین روپے سے بڑھا کر 300 ملین روپے کر دی ہے تاہم اس ضمن میں 900 ملین روپے کی روایتی سطح برقرار رکھی۔ کمپنی کو اپنے بڑے کسٹمرز میں سے ایک کے مشینری بریک ڈاؤن کا کلیم موصول ہوا ہے۔ اس کلیم کی گراس اور نیٹ رقم بالترتیب 81 ملین اور 0.8 ملین روپے بنتی ہے۔ کمپنی نے مناسب ری انشورنس معاہدے اور اختیاری انتظامات کی بدولت کلیم کی موثر اور بروقت پروسیس مکمل کی تاکہ اپنے کسٹمرز کو بہترین سروس دی جا سکے۔

ونڈو تکافل آپریشنز

کمپنی کے ونڈو تکافل آپریشنز (WTO) نے اپنی ترقی کا سفر جاری رکھا اور انڈررٹن کنٹری بیوشن 1,239 ملین روپے حاصل کیا (2019 میں 1,179 ملین روپے) اس سال یہ سال ترقی کی شرح 5.1 فیصد رہی۔ آپریٹر فنڈ اور شراکت دار تکافل فنڈ کے مشترکہ اثاثہ جات کی رقم 1,270.8 ملین روپے ہے (2019 میں 1,127.0 ملین روپے)۔ کمپنی نے موٹر تکافل مارکیٹ میں اپنی دوسری پوزیشن برقرار رکھی (31 دسمبر 2019 کو ختم ہونے والے سال کے لیے حاصل کردہ خالص پریمیم کی بنیاد پر)۔

دوران سال، ہمارے شراکت دار تکافل فنڈ نے 90.3 ملین روپے کا سرپلس رپورٹ کیا (2019 میں 137.7 ملین روپے کا)۔ یہ کامیابی مربوط انڈررائٹنگ اور کلیمز میں بہتری کے نتیجے میں حاصل کی گئی۔

بنیادی سرمایہ میں اضافہ

ٹی پی ایل انشورنس لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز نے (Deutsche investitionfundEntwicklungsgesellschaft,mbH (DEG)) کی جانب سے ایکوئٹی انویسٹمنٹ کے لیے اپنی منظوری کی توثیق کی ہے، یہ ایک بڑے مالیاتی ترقی کے ادارے KFW گروپ، کولون جرمنی کا ایک مکمل زیر ملکیتی ذیلی ادارہ ہے۔ یہ توثیق رائٹس کے اجراء کے علاوہ دیگر تازہ ترین عبوری شیئرز کے اجراء سے کمپنی میں 19.9 فیصد تک کی ایکویٹی انٹریسٹ میں سرمایہ کاری کی ہے۔

کمپنی اس وقت شیئر ہولڈر کے معاہدے سے متعلق گفت وشنید کے آخری مراحل میں ہے، جبکہ شیئر سبسکرپشن ایگریمنٹ پہلے سے طے پا چکا ہے۔ کارپوریٹ اور ریگولیٹری سے متعلق مطلوب منظوریاں، شیئر ہولڈرز کی منظوری، کمپی ٹیشن کمیشن آف پاکستان کی منظوری، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی منظوری پہلے سے حاصل کی جا چکی ہے۔

یہ سرمایہ کاری 23,325,000 دس روپے مالیت کے شیئر میں فی شیئر 20 روپے کے حساب سے جس کا مجموعہ -/466,500,000 روپے تک ہے۔

ملازمین کے لیے شیئرز کی تفویض

دوران سال، مراعات دینے والی کمیٹی کی سفارشات پر، بورڈ نے شیئر ہولڈرز کا 10 فیصد ایکوئٹی / پیڈ اپ کیپٹل، اسٹاک آپشن کے طور پر اہم انتظامی ملازمین اور دیگر اہم ملازمین کو تفویض کرنے کی منظوری دی ہے، یہ تفویض وقتاً فوقتاً ہو گی جس میں ملازمین کو مذکورہ کاروباری مقاصد حاصل کرنے کے پیش نظر ایسے مراعات دے کر برقرار رکھنے کے ساتھ حوصلہ افزائی بھی ہو گی۔

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے مطلوبہ کسی بھی ممکنہ ترامیم سے مشروط، ان آپشنز کا اجراء کمپنی کے اہل ملازمین کو تفویض کیا جائے گا، یہ آپشنز ٹی پی ایل انشورنس لمیٹڈ ایمپلائی اسٹاک آپشن اسکیم 2020 (ESOP اسکیم) کے تحت 4,750,000 شیئرز تک ہر ایک شیئر کی قدر 10 روپے کے حساب سے کمپنی کے ایکوئٹی شیئرز میں رعایتی قیمت پر حاصل کیئے جا سکیں گے۔

ڈائریکٹرز کی رپورٹ 2020

TPL انشورنس لمیٹڈ (" کمپنی ") کے بورڈ آف ڈائریکٹرز کی جانب سے، میں 31 دسمبر، 2020 کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ آپ کے گوش گزار کرتا ہوں۔

اقتصادی جائزہ

سال 2020 عالمی معیشت کے لیے مشکلات کا سال تھا۔ Covid-19 کے پھیلاؤ اور لاک ڈاؤنز کے نتیجے میں، عالمی معیشت دوسری جنگ عظیم کے بعد سب سے زیادہ بدحالی کا شکار ہوئی۔ پاکستان کی صورتحال بھی اس سے برعکس نہیں تھی۔ ملک میں مارچ 2020 سے مئی 2020 تک مکمل لاک ڈاؤن رہا جس سے صنعتی پیداوار سکڑ کر رہ گئی۔ حکومت اور اسٹیٹ بینک آف پاکستان نے معیشت کی بحالی کے لیے مختلف اقدامات اٹھائے جس میں 1.24 ٹریلین روپے کا ریلیف پیکیج، شرح سود میں 13.25 فیصد سے 7 فیصد تک کمی اور تعمیراتی اور صحت کے شعبے کے کئی اقدامات شامل ہیں۔ نتیجتاً پاکستان کی معیشت میں جی ڈی پی کی شرح 0.38 فیصد کی کم سطح پر آ گئی۔

لاک ڈاؤنز کی وجہ سے، آٹو انڈسٹری کی سیلز میں 2020 کی پہلی ششماہی کے دوران بہت شدید کمی واقع ہوئی اور گزشتہ سال کے مقابلے میں 64 فیصد کم سیلز رہی۔ تاہم 2020 کی دوسری ششماہی میں کاروبار کے دوبارہ کھلنے سے موٹر کی سیلز میں سال کے اعتبار سے 13.5 فیصد اضافہ دیکھنے میں آیا۔

خارجی محاذ پر، مالی سال 2020-21 کی پہلی ششماہی کے دوران پاکستان کا کرنٹ اکاؤنٹ سرپلس ریکارڈ کیا گیا جس میں بیرون ملک پاکستانیوں کی جانب سے زیادہ رقوم بھیجنے، برآمدات میں اضافے اور درآمدات میں کمی کی صورتحال نے کردار ادا کیا۔ نتیجے میں دوران سال امریکی ڈالر اور روپے کی قدر میں تقریباً یکسانیت رہی اور دوران سال روپے کی قدر میں 3.2 فیصد معمولی کمی واقع ہوئی۔

کاروباری جائزہ

گراس رٹن پریمیم

کمپنی کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے اپنے نتائج مشترکہ بنیادوں پر رپورٹ کرنے کی اجازت دی گئی ہے یعنی روایتی اکاؤنٹس کو تکافل اکاؤنٹس سے ترتیب کی بنیاد پر ملایا گیا۔ اس اقدام سے مجموعی طور پر کمپنی کی کارکردگی کا حقیقی عکس نمایاں ہوتا ہے جو کہ سرمایہ کاروں کے نقطہ نظر سے بھی بہت اہمیت کا حامل ہے۔

دوران سال کمپنی سالانہ بنیاد پر 10 فیصد ترقی کے ساتھ 2,747 ملین روپے کا گراس رٹن پریمیم حاصل کرنے میں کامیاب رہی۔ پریمیم میں کمپنی کے ونڈو تکافل آپریشن سے حاصل ہونے والا کنٹری بیوشن شامل ہے جس کی مالیت 1,239 ملین روپے بنتی ہے (2019 میں 1,179.4 ملین روپے)۔

جیسا کہ ذکر ہوا، Covid-19 کی وباء کے نتیجے میں ملک بھر میں لاک ڈاؤن، ملکی سطح پر کاروباری بندش اور معاشی سرگرمیاں ختم ہو کر رہ گئیں۔ پاکستان کی تاریخ میں یہ پہلا مہینہ تھا کہ اپریل 2020 کے مہینے میں ایک بھی گاڑی فروخت نہیں ہوئی۔ ان مسائل کے باوجود، کمپنی کا موٹر پورٹ فولیو مستحکم رہا اور ڈیجیٹل اور آن لائن ذرائع سے بغیر کسی رکاوٹ کے جاری رہنے والی ہماری ڈیجیٹل کسٹمر سروسز کی بدولت 2,158 ملین روپے کا کاروبار کرنے میں کامیاب رہے۔ سال کی دوسری ششماہی کے دوران، آٹو موبائل کے شعبے میں نئے مینوفیکچررز کی آمد کے ساتھ فروخت میں بہتری دیکھنے میں آئی۔ شرح سود میں کمی، امریکی ڈالر اور روپے کے ایکسچینج ریٹ میں استحکام اور صارفین کے اعتماد میں اضافے کی بدولت ہم امید کرتے ہیں کہ موٹر کے پورٹ فولیو میں آئندہ دو چار سالوں میں بحالی ممکن ہو گی۔ مجموعی طور پر کمپنی نے موٹر مارکیٹ میں اپنی تیسری پوزیشن اور اپنی صنعت میں چھٹی پوزیشن برقرار رکھی (31 دسمبر 2019 کو ختم ہونے والے سال کے لیے حاصل کردہ خالص پریمیم کی بنیاد پر)۔

سال	مشترکہ گراس رٹن پریمیم (ملین روپے)	اضافہ
2014	1,220.8	40%
2015	1,635.5	34%
2016	2,054.5	26%
2017	2,292.7	12%
2018	2,408.7	5%
2019	2,505.3	4%
2020	**2,746.9**	**10%**

2020 کے دوران کمپنی نے کاروبار کے دیگر شعبہ جات میں اضافے کی کوشش جاری رکھی۔ فائر کے پورٹ فولیو نے 68 فیصد ترقی کے ساتھ 236.9 ملین روپے کا بزنس کیا (2019 میں 141.0 ملین روپے) جبکہ ہیلتھ بزنس نے 172 فیصد ترقی کے ساتھ 264.9 ملین روپے کا کاروبار کیا (2019 میں 97.4 ملین روپے)۔

کمپنی نے اپنے صارفین کے لیے اپنی سروس کے معیار کو مزید بہتر کرنے کے لیے ڈیجیٹل اقدامات پر ترجیح جاری رکھی۔ دوران سال ہم نے اپنے کلیمز کی ادائیگی کو ڈیجیٹل انداز میں انجام دینے کے لیے پاکستان کے بڑے بینک کے ساتھ معاہدے پر دستخط کئے ہیں۔ ہم نے ڈیجیٹل چینل کے ذریعے اپنی سیلز میں بہتری کے لیے مختلف ڈیجیٹل پلیٹ فارمز کو بھی آن بورڈ لیا ہے۔ اپنے کسٹمر کے تجربات کو مزید باسہولت بنانے کے پیش نظر، ہم نے پریمیم جمع کرنے کے لیے ایک خودکار انداز میں ڈیجیٹل ادائیگی کے مختلف پلیٹ فارمز سے بھی معاہدے کئے ہیں۔ اپنی آفرز کو مزید پرکشش بنانے کے لیے ہم

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