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(NOT USE FOR FREE WILL & DIVORCE PURPOSE)

1. These shall be called Policies for Accident and Health Takaful Participant Fund (hereinafter referred to as AHTPF).

In the AHTPF Policies unless there is anything repugnant in the subject or context:

- (i) **Contribution** means amount payable by the Participant to the Window Takaful Operator under a Takaful Plan. The Contributions are deposited into the AHTPF and comprise of the Window Takaful Operator's Fee and the Takaful Contribution (Risk Charge);
- (ii) **Accident and Health Takaful Participant's Fund (AHTPF)** means the statutory collective fund under the Waqf Fund (PTF) established by the Window Takaful Operator, into which all Contributions pertinent to Takaful Plans attached to the AHTPF are pooled. The AHTPF is a sub-fund of the Waqf Fund (PTF);
- (iii) **Takaful Contribution** means the portion of the Contributions paid into the AHTPF that covers the cost (risk charge) of the benefits provided to Participants under a Takaful Plan attached to the AHTPF.
- (iv) **Valuation Date** means the date on which AHTPF is valued for its assets and liabilities

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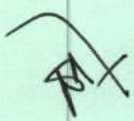




- (v) **Commission** refers to the Securities and Exchange Commission of Pakistan (SECP);
- (vi) **Deficit** means, the excess of liabilities over the assets of the AHTPF;
- (vii) **Surplus** means, the excess of assets over the liabilities of the AHTPF

Unless the context otherwise requires, words or expressions contained in these AHTPF Policies (whether defined or not) shall have the same meaning as in the Insurance Ordinance 2000, Takaful Rules 2012, Waqf Deed, Waqf (PTF) Policies, AHTPF Supplementary Deed, PMD and words importing the singular shall include the plural, and *vice versa*, and words importing the masculine gender shall include feminine, and words importing persons shall include bodies corporate.

### 3. Operator's Obligations:

- a) The Window Takaful Operator shall assess, classify, and determine risks prudently in accordance with sound Actuarial guidelines and Shariah principles.
- b) The Window Takaful Operator shall perform all functions necessary for the operations of the AHTPF, including but not limited to:
  - i. Receiving Contributions from the Participants;
  - ii. Utilizing these Contributions for the benefits of all the Participants;
  - iii. Acting as Modarib or Wakeel, or both, in order to manage the funds in the best interest of the AHTPF;
  - iv. The Window Takaful Operator shall define, design, implement, manage, administer, run, control, govern and modify Takaful Plans or Supplementary Takaful Benefit for the benefits of all the Participants, whether existing or prospective, with the approval of Shariah Advisor and the Appointed Actuary;
  - v. The Window Takaful Operator shall invest funds available in the AHTPF in the modes and products as may be permissible from time-to-time.
- c) The Window Takaful Operator would periodically perform surplus calculation for the AHTPF, under advice from the Appointed Actuary. At least at the end of each Accounting Year the Window Takaful Operator shall evaluate the assets and liabilities of the AHTPF and determine whether the operation for that particular period had produced a Surplus or a Deficit.
- d) Contributions received by the AHTPF are based on the applicable Takaful Benefit under the membership of a Takaful Plan and any Supplementary Takaful Benefits attached to the AHTPF. Takaful Contributions are dependent on certain factors such as age (age at entry, age last birthday, age nearest birthday, whichever is applicable), gender, residence, health, occupation, nationality, smoker/non-smoker status, Window Takaful operator fee and such other factors for the duration of the membership.
- e) Takaful Contributions will be calculated using age based charges as well as past claims experience of various Participants or Takaful Plans attached to the AHTPF.
- f) The Window Takaful Operator fee expressed as a percentage of the Takaful Contribution would be taken out by the Window Takaful Operator in form of Wakalah Fee from the AHTPF for underwriting, administration and general management of the AHTPF. As Modarib, the Window Takaful Operator will also be entitled to a share in the investment income earned by the AHTPF.
- g) The Window Takaful Operator needs to be satisfied about the suitability of the applicant's state of health and occupation and may impose suitable additional conditions or limit the amount of benefits applied for, if the proposed Life Covered is subject to unusual risks at the Commencement Date or Reinstatement Date, whichever is later, as per the authority granted to the Window Takaful Operator in the AHTPF Policies.
- h) Any payments made by the Window Takaful Operator from the AHTPF on account of benefits covered under a Takaful Plan and Supplementary Takaful Benefits will be in



accordance with the terms & conditions of the PMD and Supplementary Takaful Benefit documents attached to the AHTPF.

#### 4. Asset and Liability Position of the AHTPF

- a) At least at the end of each Accounting Year the Window Takaful Operator shall evaluate the assets and liabilities of the AHTPF. The Window Takaful Operator shall:

- (i) Determine whether the AHTPF has a Surplus or a Deficit at the end of the period;
- (ii) Evaluate the requirement of Qard-e-Hasana at the end of the period; and
- (iii) Distribute the Surplus of the AHTPF among the participants, if any.

- b) The Surplus/Deficit at the end of the period will be:

- Surplus/Deficit at the beginning of the period<sup>1</sup>

**Add:**

- Contributions received in the AHTPF
- Investment income earned by investment of the AHTPF itself
- Receipts from Re-takaful pools as their share of any claims paid out or as shares of surplus earned on Re-takaful arrangements
- Rebate/ commission from Re- Takaful Operators
- Reserves required by preceding year's Actuarial valuation to be brought forward
- Any donation made to the AHTPF by the Window Takaful Operator

**Less:**

- Incurred Claims
- Window Takaful Operator's Fees
- Window Takaful Operator's share in investment income earned by investment of the AHTPF itself
- Amounts paid out to Re-takaful pools as Re-takaful contributions
- Any third party costs directly associated with underwriting and claims investigation
- Reserves required by Actuarial valuation to be carried forward

- c) Where applicable (Re-takaful Contributions, commission from Re-takaful Operators, Investment Income, etc.), the above calculations will take into account accruals of receipts and payments, as advised by the Appointed Actuary.

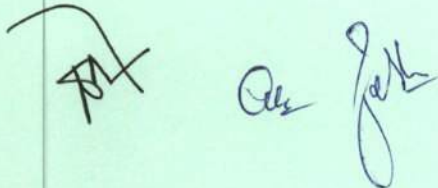
- d) For the purpose of determining the reserves required by Actuarial valuation, the Window Takaful Operator may require at least such technical reserves and solvency margins to be setup in the AHTPF, as may be prescribed by the Commission. In case the Commission does not prescribe such technical reserves and solvency requirements, the Window Takaful Operator may require such technical reserves and solvency margins as may be deemed appropriate, which may include, but not limited to:

- (i) Unearned Contributions reserves;
- (ii) Incurred but not reported claims reserves;
- (iii) Deficiency reserves;
- (iv) Reserve for Qard-e-Hasana to be returned in the future;
- (v) Surplus equalization reserves;
- (vi) Outstanding claims reserves;
- (vii) Solvency Margins for AHTPF; and
- (viii) Any other reserve as may be specified by the Appointed Actuary.

- e) In case of Deficit in the AHTPF at the end of the period, the Window Takaful Operator would ensure that there is adequate Qard-e-Hasana in the AHTPF to fully meet the Deficit.

- f) In case of a Surplus in the AHTPF at the end of the period, the Window Takaful Operator will determine the extent of repayment of Qard-e-Hasana, if any, from the

<sup>1</sup> This does not include Qard-e-Hasana made to the AHTPF





AHTPF as advised by the Appointed Actuary and Shariah Advisor, prior to distributing any Surplus.

## 5. Surplus Distribution

- a) Participants are entitled to any Surplus in the AHTPF at the end of the period subject to Condition 4(f).
- b) The basis of the Surplus allocation amongst participants would be recommended by the Appointed Actuary in consultation with the Shariah Advisor. The basis of Surplus allocation shall:
  - (i) ensure fair and equitable treatment of the Participants of the AHTPF;
  - (ii) be in line with the prescribed regulations of the Commission;
  - (iii) be in line with the generally acceptable actuarial principles;
  - (iv) be in line with the terms & conditions of the Participants' Membership Document;
  - (v) be in line with the Net Contribution of each Participant under a membership.

- c) The Net Contribution for each Participant under a membership would be calculated as follows:

Contributions received in the AHTPF  
Less: Change in technical reserves  
Less: Earned portion of Operator's Fee  
Less: Incurred claims

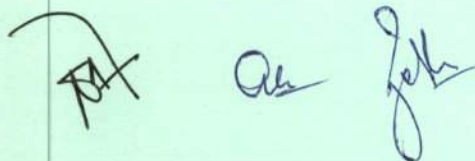
Surplus will be shared between all memberships that are in force on the Valuation Date of the AHTPF. The share of surplus allocable to each membership will be based on the ratio of the Net Contribution by the membership to the Net Contributions of all memberships, with a positive Net Contribution, that are in force as on the Valuation Date. The Net Contribution used for each membership will be based on the interval-valuation period ranging from the last Valuation date of the AHTPF on which Surplus was distributed to the current Valuation Date of the AHTPF. The frequency of Surplus distribution amongst participants would be as approved by the Appointed Actuary and the Shariah Advisor.

- d) Surplus may be distributed in the form of:
  - (i) Set-off against future Contributions
  - (ii) Payment of Cash to the Participants
  - (iii) Any other method as advised by the Appointed Actuary and the Shariah Advisor and approved by the Commission.

A Participant may donate its Surplus for social or charitable purposes and may request the Window Takaful Operator to arrange for the transfer of the donation.

## 6. General

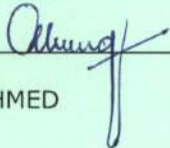
- a) These AHTPF Policies shall be governed by the Waqf Deed; the Waqf (PTF) Policies; the Supplementary Deed for AHTPF; and the Laws in Pakistan, subject to Shariah guidelines, for the time being in force and are applicable on the Window Takaful Operator;
- b) The Participant Membership Document and Supplementary Takaful Benefit Document (s) for Takaful Plans attached to the Accident and Health Takaful Participant Fund would be an integral part of these AHTPF Policies.

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- c) The Window Takaful Operator shall have the right to modify, vary, alter, change in, add to, subtract from these AHTPF Policies, as may be deemed necessary, subject to the approval of Shariah Advisor.

**IN WITNESS HEREOF** these Rules are executed hereunto on 6<sup>th</sup> Nov 2015 at Karachi.

For and on behalf of

 (the Settler)  
JAVED AHMED

  
Witness 1:

  
Witness 2: