



# ANNUAL REPORT 2015

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UNSUNG HEROES  
OF  
PAKISTAN

Pakistan is a country that not only possesses beautiful landscapes but is also home to some of the most inspiring people in the world. With no shortage of talent and resilience in Pakistan, there is so much good happening, be it on individual basis or on a larger scale. This year Jubilee Life pays tribute to the people who determine both the pace and quality of the social change that we all desire.

## Our Vision

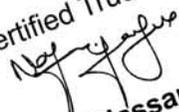
Enabling people to overcome uncertainty.

## Our Mission

To provide solutions that protect the future of our customers.

## Our Core Values

- Teamwork
- Integrity
- Excellence
- Passion

Certified True Copy  
  
**Najam Ul Hassan Janjua**  
Company Secretary



# Code of Conduct

Our Integrity guides our conduct towards our policyholders, participants, colleagues, shareholders and the general public. This principle constitutes the foundation of our code of conduct and ethics as under:

- Compliance with law and the legal system is a fundamental principle for Jubilee. Every employee, agent and director shall obey the laws and regulations of the legal systems in letter and spirit within which he / she acts. Regardless of the sanctions foreseen by the law, any director, employee or an agent guilty of a violation will be liable to disciplinary consequences related to such violation.
- Respect for personal integrity, privacy and personal right of every individual is a fundamental principle. We work together with individuals of various backgrounds, ethnic types, different cultures, gender, religions, ages and disabilities.
- We compete fairly with the quality and the price of our innovative products and services, not by offering improper benefits to others. Employees are not permitted to use their jobs to solicit, to demand, accept, obtain or be promised advantages.
- Jubilee does not make political contributions (donations to politicians, political parties or political organizations). As a responsible member of society and a good corporate citizen, Jubilee makes donations for education, health, and social and humanitarian projects.
- It is Jubilee's objective to conduct business with reputable clients and business partners who are involved in lawful business activities. We do not facilitate money laundering.
- It is the duty of Jubilee employees to make business decisions in the best interest of Jubilee Insurance and not based on their personal interest.
- Jubilee employees are obligated to protect all assets of the Company, including intangible assets and software products, and use these properly only for the benefit of the Company.
- Open and effective communication requires accurate and truthful reporting. Jubilee is required to maintain sound processes and controls so that transactions are executed within approved authorization. Confidentiality is maintained with regard to Jubilee's proprietary information that has not been made known to public.
- Protecting the health and safety of employees in the workplace is a high priority for Jubilee. Jubilee promotes sound environment friendly business practices.



## Corporate Strategy

Jubilee Life Insurance Company is a growth oriented insurance company in Pakistan. Our strategic objective is to increase our market share to be the market leader without compromising the customer service level and profitability. We aim to achieve our objective by diversifying our distribution channels, development of innovative products, sustaining profitable growth through employees' training, and enhancing customer satisfaction level.

# Company Information

## Board of Directors

**Kamal A. Chinoy**  
Chairman (Independent  
Non Executive Director)

**Aly Noor Mahomed Rattansey**  
Director (Independent  
Non Executive Director)

**John Joseph Metcalf**  
Director (Non Independent  
Non Executive Director)

**Sultan Ali Akbar Allana**  
Director (Non Independent  
Non Executive Director)

**Rafiuddin Zakir Mahmood**  
Director (Non Independent  
Non Executive Director)

**Ayaz Ahmed**  
Director (Non Independent  
Non Executive Director)

**Javed Ahmed**  
Managing Director &  
Chief Executive Officer  
(Executive Director)

## Board Committees

### Audit

**Aly Noor Mahomed Rattansey** Chairman

**John Joseph Metcalf** Member

**Ayaz Ahmed** Member

**Najam Ul Hassan Janjua** Secretary

### Human Resource & Remuneration

**Kamal A. Chinoy** Chairman

**John Joseph Metcalf** Member

**Rafiuddin Zakir Mahmood** Member

**Javed Ahmed** Member

**Muhammad Munawar Khalil** Secretary

### Finance & Investment

**Ayaz Ahmed** Chairman

**Sultan Ali Akbar Allana** Member

**John Joseph Metcalf** Member

**Javed Ahmed** Member

**Shan Rabbani** Member

**Lilly R. Dossabhoy** Member/Secretary

### Technical

**John Joseph Metcalf** Chairman

**Javed Ahmed** Member

**Faisal Shahzad Abbasi** Member

**Shan Rabbani** Member/Secretary

The above information is as at March 1, 2016.

## Management

### **Javed Ahmed**

Managing Director & Chief Executive Officer

### **Faisal Shahzad Abbasi**

Group Head Customer Experience, Marketing & Products

### **Muhammad Sohail Fakhar**

Group Head Corporate Business & Micro Insurance

### **Farhan Akhter Faridi**

Head of Retail Distribution

### **Najam ul Hassan Janjua**

Company Secretary & Head of Legal Department

### **Muhammad Kashif Naqvi**

Head of Planning & Execution

### **Faiz ul Hassan**

Head of Corporate Distribution

## Company Secretary / Compliance Officer Head of Internal Audit

### **Lilly R. Dossabhoy**

Chief Financial Officer

### **Zahid Barki**

Group Head Technology, Projects & Quality

### **Muhammad Munawar Khalil**

Head of HR, Learning & Support

### **Nadym Chandna**

Head of Takaful

### **Shan Rabbani**

Head of Actuarial Services & Investment

### **Faisal Qasim**

Head of IT&S

### **Najam ul Hassan Janjua**

**Adeel Ahmed Khan**

The above information is as at March 1, 2016.

# Management Committees

## Claims

<b>Javed Ahmed</b>	Chairman
<b>Zahid Barki</b>	Member
<b>Muhammad Sohail Fakhra</b>	Member
<b>Faisal Shahzad Abbasi</b>	Member
<b>Muhammad Junaid Ahmed</b>	Member/Secretary

## Underwriting

<b>Javed Ahmed</b>	Chairman
<b>Zahid Barki</b>	Member
<b>Faisal Shahzad Abbasi</b>	Member
<b>Farhan Akhtar Faridi</b>	Member
<b>Adnan Qadir</b>	Member/Secretary

## Procurement

<b>Lilly R. Dossabhoy</b>	Chairperson
<b>Muhammad Sohail Fakhra</b>	Member
<b>Muhammad Munawar Khalil</b>	Member
<b>Kashif Naqvi</b>	Member
<b>Najam ul Hassan Janjua</b>	Member/Secretary

## Reinsurance

<b>Javed Ahmed</b>	Chairman
<b>Faisal Shahzad Abbasi</b>	Member
<b>Muhammad Sohail Fakhra</b>	Member
<b>Shan Rabbani</b>	Member
<b>Muhammad Amir</b>	Member/Secretary

## Fraud & Misrepresentation Review Committee

<b>Javed Ahmed</b>	Chairman
<b>Zahid Barki</b>	Member
<b>Faisal Shahzad Abbasi</b>	Member
<b>Lilly R. Dossabhoy</b>	Member
<b>Muhammad Munawar Khalil</b>	Member
<b>Adeel Ahmed Khan</b>	Member/Secretary

## Investment Management Committee

<b>Javed Ahmed</b>	Chairman
<b>Lilly R. Dossabhoy</b>	Member
<b>Faisal Shahzad Abbasi</b>	Member
<b>Shan Rabbani</b>	Member
<b>Nazia Nauman</b>	Member/Secretary

The above information is as at March 1, 2016.

## Rating of The Company

**Insurer Financial Strength (IFS) Rating**  
**"AA+" (Double A plus)**

**Outlook**  
**"Stable"**

**Rating Agency**  
**JCR-VIS**



## Appointed Actuary

### **Nauman Associates**

249-CCA- Sector FF, Phase IV, DHA, Lahore, Pakistan.

Tel: (0092)(42)35741827-29

## Auditors

### **KPMG Taseer Hadi & Co. Chartered Accountants**

#### **Engagement Partner: Syed Iftikhar Anjum**

Sheikh Sultan Trust Building No. 2, Beaumont Road, Karachi-75530, Pakistan.

Telephone : +92 (21) 35685847 Fax: +92 (21) 35685095

Web: www.kpmg.com.pk

## Registered Office

26-D, 3rd Floor, Kashmir Plaza, Jinnah Avenue, Blue Area, Islamabad, Pakistan.

Tel: (0092)(51) 2206930-6 Fax: (0092)(51) 2825372

Web: www.jubileelife.com E-mail: info@jubileelife.com

## Head Office

74/1-A, Lalazar, M. T. Khan Road, Karachi -74000

Ph: (0092) (21) 35205095

Web: www.jubileelife.com E-mail: info@jubileelife.com

## Bankers

### **Habib Bank Limited**

### **Standard Chartered Bank (Pakistan) Limited**

### **Central Depository Company of Pakistan Limited**

CDC House, 99-B, Block-B, S.M.C.H.S. Main Shakra-e-Faisal Karachi-74400, Pakistan.

Tel: (0092) (21) 111-111-500

## Registrar & Share Transfer Office

## Shariah Advisor

### **Mufti Zeeshan Abdul Aziz**

## Legal Advisors

### **Kabraji & Talibuddin**

Advocates & Legal Counsellors, 406-407, 4th Floor, The Plaza at Do Talwar, Block 9, Clifton, Karachi-75600

Tel:(0092)(21) 35838871-6 Fax:(0092)(21)35838879

The above information is as at March 1, 2016.

# Board of Directors' Profile



**Kamal A. Chinoy**  
Chairman

Mr. Kamal A Chinoy is Chief Executive of Pakistan Cables Ltd. He graduated from the Wharton School, University of Pennsylvania, USA.

He serves on the Board of Directors of ICI Pakistan Ltd, International Industries Ltd., International Steels Ltd, NBP Fullerton Asset Management Ltd (NAFA), and Atlas Battery Ltd. & is Chairman of Jubilee Life Insurance. He is also Honorary Consul General of the Republic of Cyprus.

Mr. Kamal Chinoy is a member of the Executive Committee of the International Chamber of Commerce (ICC) Pakistan and Past President of the Management Association of Pakistan (MAP). He is also serving on the Board of Governors of Army Burn Hall Institutions.

He has previously served as the Chairman of the Aga Khan Foundation (Pakistan). He has also served as a Director of Pakistan Centre of Philanthropy, Pakistan Security Printing Corporation, Atlas Insurance & First International Investment Bank (an Amex JV). He has also served on the Undergraduate Admissions Committee of the Aga Khan University and the University of Pennsylvania Alumni Committee for Pakistan.

He is an advisor to Tharapak, a consortium of international companies interested in developing the Thar coal field.

He is a "Certified Director" having been certified by the Pakistan Institute of Corporate Governance.



**Aly Noor Mahomed Rattansey**  
Director

Mr. Aly Rattansey is a fellow member of the Institute of Chartered Accountants (England & Wales) and also in Pakistan. He was associated with A.F. Ferguson & Co., Chartered Accountants, a member firm of PricewaterhouseCoopers, as a partner from 1984 to 2007. He has over 40 years of experience in the fields of audit, accounting, taxation and corporate consultancy.

He has had significant exposure to the corporate sector in Pakistan, including subsidiaries of leading multinational companies operating in Pakistan; and considerable liaison with related regulatory agencies and the government.

Mr. Rattansey is currently on the Board of Directors of Jubilee General Insurance Company Limited, International Industries Limited, the Aga Khan Rural Support Program and the Rural Support Program Network. He has previously served as a director on the Islamabad Stock Exchange.



**John Joseph Metcalf**  
Director

Mr. John Joseph Metcalf is a Chartered Insurer and Fellow of the Chartered Insurance Institute of UK who has extensive international experience within the insurance industry.

Mr. Metcalf started his insurance career in the UK, where he held various positions within insurance companies and brokers before embarking on his international career in 1990 in the Sultanate of Oman and then the United Arab Emirates. In 1996 Mr. Metcalf joined the Allianz Group, with whom he was engaged as Regional General Manager for Life in Asia-Pacific prior to taking up the appointment as Executive Chairman of Allianz Life Assurance Company and Allianz Insurance Company of Egypt.

Since 2006 he has been Head of Insurance with responsibility for the insurance business of AKFED, including management oversight of all AKFED investments in the insurance sector comprising of 10 insurance operations in 7 countries in Africa, Pakistan and Kyrgyzstan.

Mr. Metcalf currently holds Board appointments for the Jubilee General Insurance Company Limited, Pakistan (Listed), Jubilee Holdings Limited, Kenya (Listed), Jubilee Insurance Company of Kenya, Jubilee Life Insurance Company of Uganda, Jubilee Insurance Company of Tanzania, Jubilee Life Insurance Company Tanzania, Jubilee Insurance Company Burundi, Jubilee Insurance Company of Mauritius and Jubilee Kyrgyzstan Insurance Company, Kyrgyzstan.



**Sultan Ali Akbar Allana**  
Director

Mr. Sultan Ali Allana is a Director of the Aga Khan Fund for Economic Development (AKFED) and has the oversight responsibilities for AKFED's investments in Banking, Insurance and Aviation. Mr. Allana is a career banking professional with over 30 years of experience in retail, corporate and investment banking. Mr. Allana is also the Chairman of Habib Bank Limited, which is the largest bank in Pakistan with over 1,600 branches and with presence in 25 countries around the world.

Since 1997, Mr. Allana has also been serving as a Director of the Tourism Promotion Services Pakistan Limited, the owners and the operators of the Serena Hotels in Pakistan.

Mr. Allana holds Undergraduate and Post Graduate degrees from McGill University and the University of Wisconsin in Engineering and Management.



**Ayaz Ahmed**  
Director

Mr. Ayaz Ahmed is a member of the Management Committee of Habib Bank Limited (HBL) and is currently the Head, Acquisitions and Investments. He joined HBL in 2000, and has worked at various senior positions in the Bank including over 15 years as its CFO.

He was also the Chief Information Officer at HBL for several years and was involved in the large scale technology and process reengineering in the Bank. His area of expertise is in supply chain and straight through processing.

Before joining HBL, he has worked with HSBC for five years. At HSBC, he was the CFO for Pakistan and then moved to Hong Kong with their international operations for the Asia Pacific Region. His responsibilities there as Manager Finance Planning were to manage and advise on structural and risk related issues for the 22 countries in the region.

Prior to joining HSBC, Mr. Ayaz Ahmed was the Commercial Manager for Detergents / Personal Products Business at Unilever Pakistan Limited, where apart from accounting, he was also incharge of Logistics and Planning of its own and seven third party operated production facilities. He has also worked for five years at a Merchant Bank (Morgan Grenfell & Co) in London, looking after the middle office of the Asset Management business.

Presently he is a Director of Jubilee Life Insurance Company Limited, Central Depository Company of Pakistan Limited, HBL Asset Management Company Limited, and HBL Currency Exchange (Pvt) Limited. He has previously been a Director of Habib Allied Bank Plc, UK, and Chairman of 1Link (the National Switch) and NIFT (the National Cheque Clearing Company).

He is an Alumni of Harvard Business School, Boston (AMP 188). He is a Senior Member of the Institute of Chartered Accountants of Scotland (since 1984), having trained with Arthur Andersen and has completed his schooling and his Bachelors of Science in Accounting and Electrical Engineering from the University of Strathclyde in Glasgow, UK.

Mr. Ayaz Ahmed is an active member of professional bodies e.g. ICAP, PBA and IBP where he has served on several committees including the Professional Standards and Technical Committee and as a member of the Quality Assurance Board of ICAP.



**Rafiuddin Zakir Mahmood**  
Director

Mr. Rafiuddin Zakir Mahmood has retired as President and CEO of HBL after over 12 years in office. He played a major role in the restructuring of HBL and its growth.

Mr. Zakir Mahmood holds a Master degree in Engineering and an M.B.A. majoring in Finance both, from University of California at Los Angeles (UCLA). He has over 34 years of working experience with international and local banks in various parts of the world including Europe, Middle East and Pakistan.

Prior to joining HBL, Mr. Zakir Mahmood served Credit Agricole Indosuez as General Manager UAE and Head of Corporate Banking and as Senior Vice President Pakistan during the period 1991-2000. He has also served at various senior positions with Bank of America in various facets of banking in Europe, Middle East and Pakistan during the period from 1977 to 1991.

He is currently serving on the Boards of Jubilee General Insurance Company Limited (Listed), the Aga Khan University (Unlisted), Kyrgyz Investment and Credit Bank, Closed Joint Stock Company (Unlisted), and Ace First Consulting (FZE), UAE.



**Mr. Javed Ahmed**  
Managing Director &  
Chief Executive Officer

Mr. Javed Ahmed is the Managing Director and Chief Executive Officer of Jubilee Life Insurance Company Limited. He serves as a Director on the Board of Jubilee Kyrgyzstan Insurance Company, CJSC, Kyrgyzstan. He is also a member of the Executive Committee of the Insurance Association of Pakistan.

Mr. Ahmed has been associated with Jubilee Life since 1997 when he joined the Company as the Head of Operations. In 1999, he was made responsible for Business Development as Head of Sales & Marketing. He was elevated as the Managing Director and Chief Executive Officer in 2003 when the Company was acquired by AKFED. Under his leadership, Jubilee Life has emerged as one of the leading private sector insurers in Pakistan.

Prior to joining Jubilee Life, he was associated with EFU Life for 4 years and State Life for 7 years where he worked in Operations, Group & Pensions, Sales & Marketing and Actuarial.

Mr. Ahmed is a Fellow of the Society of Actuaries (USA), Associate of Institute of Actuaries (Australia) and Fellow of the Pakistan Society of Actuaries.



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-  Stock trading simulator  
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler\*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
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Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

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\*Mobile apps are also available for download for android and ios devices

# Statement of Value Addition

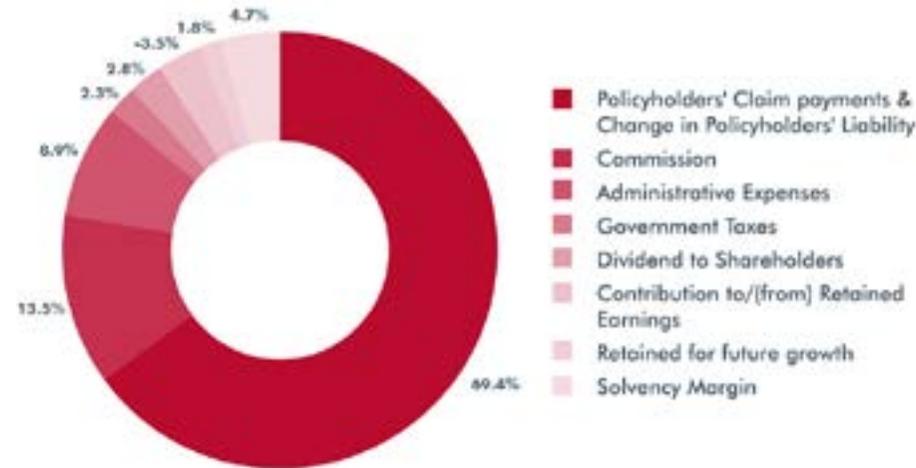
For the Year ended December 31, 2015

Description	2015		2014	
	Amount (Rupees in '000)	%	Amount (Rupees in '000)	%
<b>WEALTH GENERATED</b>				
Net premium / contribution	29,120,815	82.13	21,085,925	77.08
Investment income	6,320,482	17.83	6,253,133	22.86
Other income	15,176	0.04	16,066	0.06
Net Wealth	<b>35,456,473</b>	<b>100.00</b>	<b>27,355,124</b>	<b>100.00</b>
<b>DISTRIBUTION OF WEALTH</b>				
Claims and surrenders	7,021,641	19.80	5,082,604	18.58
Change in Policyholders' liabilities	17,597,155	49.63	13,680,727	50.01
Commission expense	4,793,834	13.52	3,796,127	13.88
Administrative expenses	3,165,179	8.93	2,413,577	8.82
Government Taxes	820,000	2.31	639,931	2.34
Proposed Dividend to Shareholders	973,604	2.75	685,129	2.50
Contribution to / (from) opening Retained Earnings	(1,227,867)	(3.46)	(847,241)	(3.10)
Retained for future growth	647,956	1.82	676,403	2.48
Solvency Margin	1,664,971	4.70	1,227,867	4.49
Total	<b>35,456,473</b>	<b>100.00</b>	<b>27,355,124</b>	<b>100.00</b>

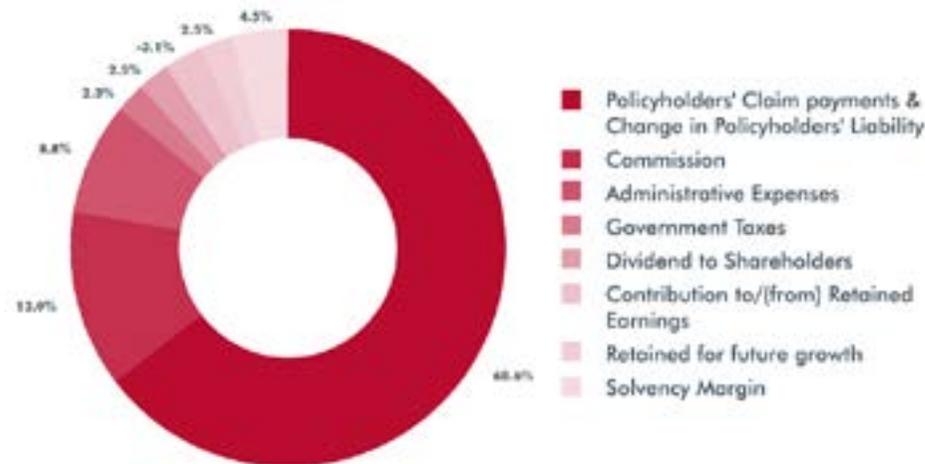
# Statement of Value Addition

For the Year ended December 31, 2015

## Distribution of Wealth 2015



## Distribution of Wealth 2014



# Key Operating & Financial Data

## Six Years Summary

	2015	2014	2013	2012	2011	2010
	(Rupees in '000)					
Gross Premium / Contribution	29,929,196	21,823,383	17,076,588	12,080,180	8,215,262	5,802,439
<b>Revenue and P&amp;L Account</b>						
Premium / Contribution - net of reinsurance / retakaful	29,120,815	21,085,925	16,349,900	11,501,196	7,756,624	5,451,804
Net Investment income	5,982,333	6,053,374	3,549,912	2,667,925	1,257,908	1,302,972
Total inflow	35,103,148	27,139,299	19,899,812	14,169,121	9,014,532	6,754,776
Total outflow	32,446,044	24,878,673	18,296,038	13,267,817	8,387,165	6,239,228
Surplus in Revenue Account	2,657,104	2,260,626	1,603,774	901,304	627,367	515,548
Surplus transfer to P&L from Statutory Funds	2,220,000	1,880,000	1,273,000	650,000	530,000	200,000
Profit before tax as per P&L Account	2,441,560	2,001,463	1,389,941	808,669	582,356	217,268
Income tax expense	(820,000)	(639,931)	(448,470)	(255,296)	(207,763)	(70,516)
Profit after tax as per P&L Account	1,621,560	1,361,532	941,471	553,373	374,593	146,752
<b>Balance Sheet</b>						
Investments including term deposits	64,499,033	45,308,749	32,719,956	21,955,492	14,780,198	10,347,115
Other assets	4,185,379	3,814,993	1,193,739	1,271,761	799,823	840,598
Fixed assets	539,522	489,761	376,905	320,487	207,587	160,869
Total assets	69,223,934	49,613,503	34,290,600	23,547,740	15,787,608	11,348,582
Issued, subscribed and paid up capital	721,188	721,188	627,120	627,120	627,120	627,120
Accumulated surplus / (deficit)	3,189,049	2,438,677	1,616,002	1,168,515	803,278	522,753
Statutory funds	62,205,691	44,020,932	29,914,579	19,853,501	12,844,091	9,144,236
Current liabilities	3,108,006	2,432,706	2,132,899	1,898,604	1,513,119	1,054,473
Total equity & liabilities	69,223,934	49,613,503	34,290,600	23,547,740	15,787,608	11,348,582

# Key Operating & Financial Data

## Six Years Summary

### Financial Ratios

#### Profitability

	2015	2014	2013	2012	2011	2010
Profit before Tax / Gross Premium / Contribution	8%	9%	8%	7%	7%	4%
Profit before Tax / Net Premium / Contribution	8%	9%	9%	7%	8%	4%
Profit after Tax / Gross Premium / Contribution	5%	6%	6%	5%	5%	3%
Profit after Tax / Net Premium / Contribution	6%	6%	6%	5%	5%	3%
Net claims / Net premium / Contribution	24%	24%	22%	20%	23%	30%
Commission expenses / Net premium / Contribution	16%	18%	20%	24%	25%	23%
Administration Expenses / Net premium / Contribution	11%	11%	11%	14%	15%	14%
Change in Policy Holders' Liability / Net Inflow	50%	50%	49%	48%	40%	38%
Net investment income / Net premium / Contribution	21%	29%	22%	23%	16%	24%

#### Return to Shareholders

Return on equity	41%	43%	42%	31%	26%	13%
Earnings / per share (pre-tax)	33.85	27.75	22.16	12.89	9.29	3.46
Earnings / per share (after-tax)	22.48	18.88	15.01	8.82	5.97	2.34
Price Earning Ratio - PAT (Rs.)	22	23	11	11	10	20
Net Assets per share (Rs.)	54.22	43.81	35.77	28.63	22.81	18.34
Return on assets	2%	3%	3%	2%	2%	1%

#### Market Value

Face value per share (Rs.)	10	10	10	10	10	10
Break up value per share (Rs.)	54.22	43.81	35.77	28.63	22.81	18.34
Market price per share at the end of the year (Rs.)	504.00	436.50	164.90	92.95	62.39	46.09

# Key Operating & Financial Data

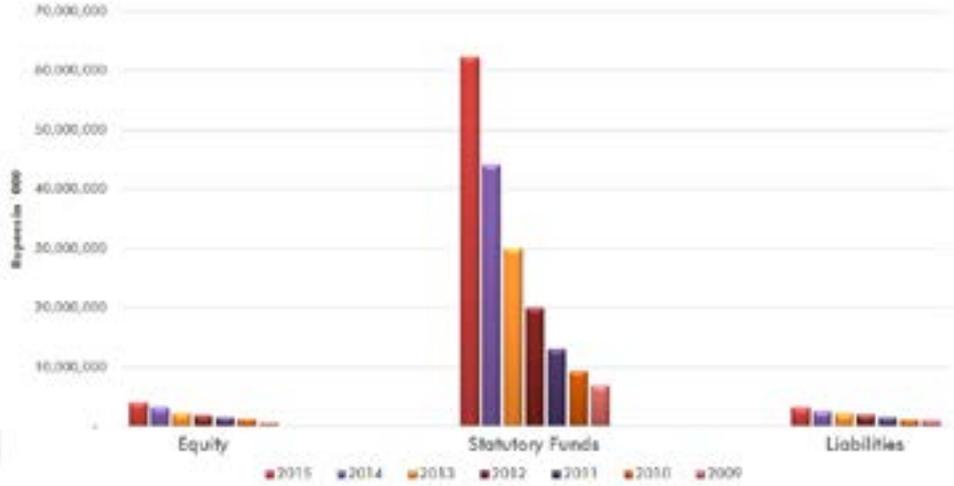
Six Years Summary	2015	2014	2013	2012	2011	2010
	(Rupees in '000)					
Cash dividend per share	13.50	9.50	6.00	4.50	3.00	1.56
Cash dividend	135%	95%	60%	45%	30%	15%
Dividend yield	3%	2%	4%	5%	5%	3%
Dividend payout	60%	50%	40%	51%	50%	64%
Dividend cover - (Times)	1.67	1.99	2.50	1.96	1.99	1.56
<b>Performance Liquidity</b>						
Current Ratio - (Times)	1.05	1.06	1.06	1.07	1.09	1.10
Total Liabilities / Equity - (Times)	17	15	14	12	10	9
Return on Capital employed	62%	63%	62%	45%	41%	19%
Paid up capital / Total Assets	1%	1%	2%	3%	4%	6%
Equity / Total Assets	6%	6%	7%	8%	9%	10%
<b>Cash Flows</b>						
Net cash flow from operating activities	14,024,645	9,457,705	7,390,766	5,092,687	3,304,453	1,829,289
Net cash flow from investing activities	(12,999,941)	(9,535,174)	(7,342,780)	(1,523,263)	(3,845,494)	(2,720,233)
Net cash flow from financing activities	(715,821)	(396,847)	(435,169)	(187,138)	(93,470)	(62,419)
Net change in cash and cash equivalents	308,883	(474,316)	(387,183)	3,382,286	(634,511)	(953,363)

# Vertical Analysis

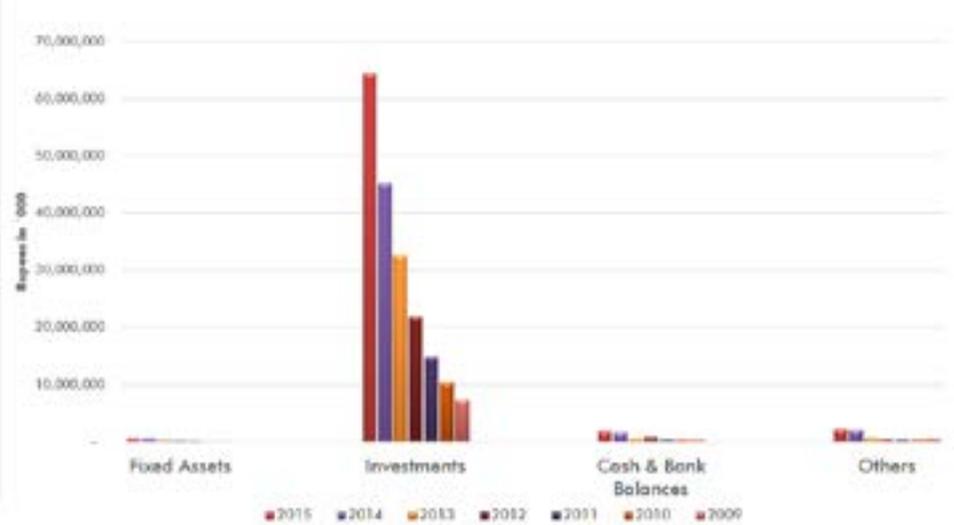
	2015		2014		2013		2012		2011		2010	
	Rupees in '000	%										
<b>Balance Sheet</b>												
Net equity	3,910,237	5.65	3,159,865	6.37	2,243,122	6.54	1,795,635	7.63	1,430,398	9.06	1,149,873	10.13
Statutory funds	62,205,691	89.86	44,020,932	88.73	29,914,579	87.24	19,853,501	84.31	12,844,091	81.36	9,144,236	80.58
Current liabilities	3,108,006	4.49	2,432,706	4.90	2,132,899	6.22	1,898,604	8.06	1,513,119	9.58	1,054,473	9.29
<b>Total equity and Liabilities</b>	<b>69,223,934</b>	<b>100.00</b>	<b>49,613,503</b>	<b>100.00</b>	<b>34,290,600</b>	<b>100.00</b>	<b>23,547,740</b>	<b>100.00</b>	<b>15,787,608</b>	<b>100.00</b>	<b>11,348,582</b>	<b>100.00</b>
Total non-current assets including deferred tax	559,617	0.81	505,780	1.02	385,350	1.12	321,993	1.37	209,996	1.33	165,151	1.46
Investments	64,499,033	93.17	45,308,749	91.32	32,719,956	95.42	21,955,492	93.24	14,780,198	93.62	10,347,115	91.17
Current assets	4,165,284	6.02	3,798,974	7.66	1,185,294	3.46	1,270,255	5.39	797,414	5.05	836,316	7.37
<b>Total assets</b>	<b>69,223,934</b>	<b>100.00</b>	<b>49,613,503</b>	<b>100.00</b>	<b>34,290,600</b>	<b>100.00</b>	<b>23,547,740</b>	<b>100.00</b>	<b>15,787,608</b>	<b>100.00</b>	<b>11,348,582</b>	<b>100.00</b>
<b>Revenue and Profit &amp; Loss Account</b>												
Net Income	35,456,473	100.00	27,355,124	100.00	20,076,747	100.00	14,357,686	100.00	9,098,044	100.00	6,798,566	100.00
Claims, Expenditures and PHL	(24,618,796)	(69.43)	(18,763,331)	(68.59)	(18,356,032)	(91.43)	(13,297,713)	(92.62)	(8,418,321)	(92.53)	(6,265,750)	(92.16)
Contribution to / (from) opening Retained Earnings	1,227,867	3.46	847,241	3.10	516,467	2.57	265,163	1.85	167,796	1.84	(147,752)	(2.17)
Solvency Margin	(1,664,971)	(4.70)	(1,227,867)	(4.49)	(847,241)	(4.22)	(516,467)	(3.60)	(265,163)	(2.91)	(167,796)	(2.47)
Profit before tax	2,441,560	6.89	2,001,463	7.32	1,389,941	6.92	808,669	5.63	582,356	6.40	217,268	3.20
Income tax expense	(820,000)	(2.31)	(639,931)	(2.34)	(448,470)	(2.23)	(255,296)	(1.78)	(207,763)	(2.28)	(70,516)	(1.04)
Profit for the year	1,621,560	4.57	1,361,532	4.98	941,471	4.69	553,373	3.85	374,593	4.12	146,752	2.16

# Vertical Analysis

## Total Equity & Liabilities



## Total Assets

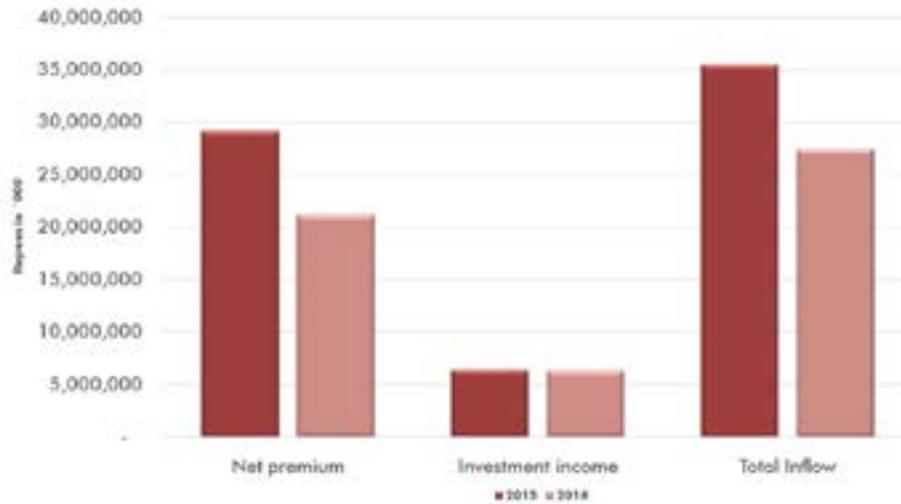


# Horizontal Analysis

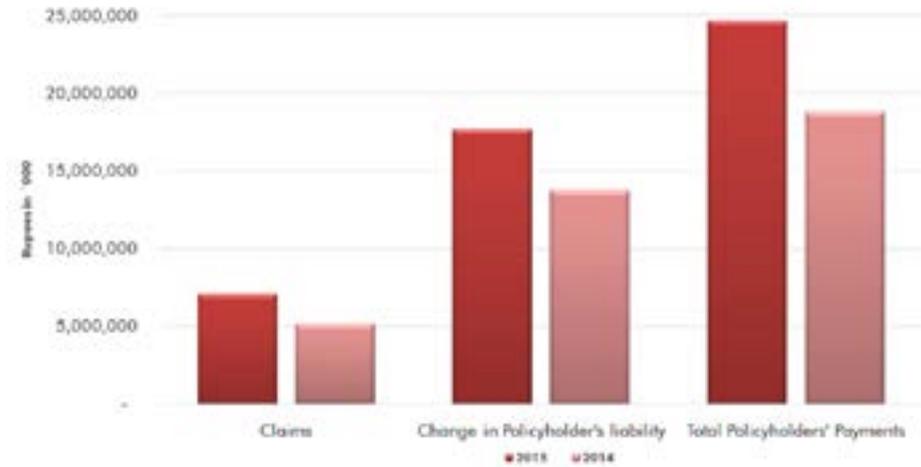
	2015	2014	2013	2012	2011	2010	2015	2014	2013	2012	2011	2010
	Rupees in '000	% Increase / (decrease) over preceding year										
<b>Balance Sheet</b>												
Net equity	3,910,237	3,159,865	2,243,122	1,795,635	1,430,398	1,149,873	23.75	40.87	24.92	25.53	24.40	110.40
Statutory funds	62,205,691	44,020,932	29,914,579	19,853,501	12,844,091	9,144,236	41.31	47.16	50.68	54.57	40.46	34.71
Current liabilities	3,108,006	2,432,706	2,132,899	1,898,604	1,513,119	1,054,473	27.76	14.06	12.34	25.48	43.50	6.60
<b>Total equity and Liabilities</b>	<b>69,223,934</b>	<b>49,613,503</b>	<b>34,290,600</b>	<b>23,547,740</b>	<b>15,787,608</b>	<b>11,348,582</b>	<b>39.53</b>	<b>44.69</b>	<b>45.62</b>	<b>49.15</b>	<b>39.12</b>	<b>36.34</b>
Total non-current assets	559,617	505,780	385,350	321,993	209,996	165,151	10.64	31.25	19.68	53.33	27.15	31.66
Investments	64,499,033	45,308,749	32,719,956	21,955,492	14,780,198	10,347,115	42.35	38.47	49.03	48.55	42.84	42.14
Current assets	4,165,284	3,798,974	1,185,294	1,270,255	797,414	836,316	9.64	220.51	(6.69)	59.30	(4.65)	(9.00)
<b>Total assets</b>	<b>69,223,934</b>	<b>49,613,503</b>	<b>34,290,600</b>	<b>23,547,740</b>	<b>15,787,608</b>	<b>11,348,582</b>	<b>39.53</b>	<b>44.69</b>	<b>45.62</b>	<b>49.15</b>	<b>39.12</b>	<b>36.34</b>
<b>Revenue and Profit &amp; Loss Account</b>												
Net Income	35,456,473	27,355,124	20,076,747	14,357,686	9,098,044	6,798,566	29.62	36.25	39.83	57.81	33.82	25.03
Claims, Expenditures and PHL	(24,618,796)	(18,763,331)	(18,356,032)	(13,297,713)	(8,418,321)	(6,265,750)	31.21	2.22	38.04	57.96	34.35	23.84
Contribution to / (from) opening Retained Earnings	1,227,867	847,241	516,467	265,163	167,796	(147,752)	44.93	64.05	94.77	58.03	(213.57)	(32.07)
Solvency Margin	(1,664,971)	(1,227,867)	(847,241)	(516,467)	(265,163)	(167,796)	35.60	44.93	64.05	94.77	58.03	-
Profit before tax	2,441,560	2,001,463	1,389,941	808,669	582,356	217,268	21.99	44.00	71.88	38.86	168.04	35.16
Income tax expense	(820,000)	(639,931)	(448,470)	(255,296)	(207,763)	(70,516)	28.14	42.69	75.67	22.88	194.63	128.94
Profit for the year	1,621,560	1,361,532	941,471	553,373	374,593	146,752	19.10	44.62	70.13	47.73	155.26	12.94

# Horizontal Analysis

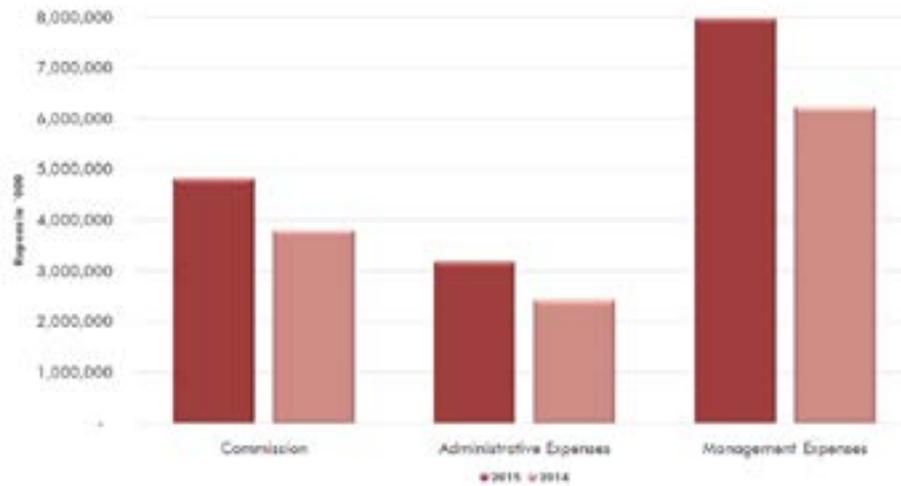
Net Premium, Investment Income = Total Inflow



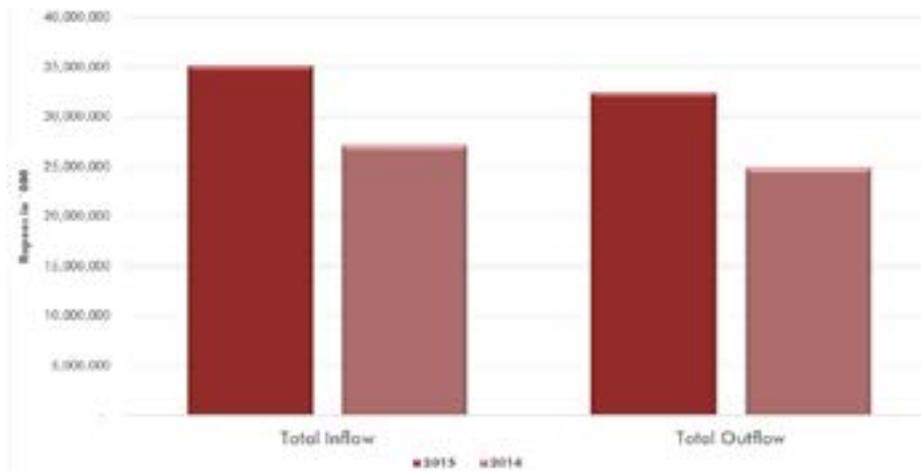
Claims, Change in Policyholders' liability = Total Policy Holders' Payments



Commission, Administrative Expenses = Management Expenses

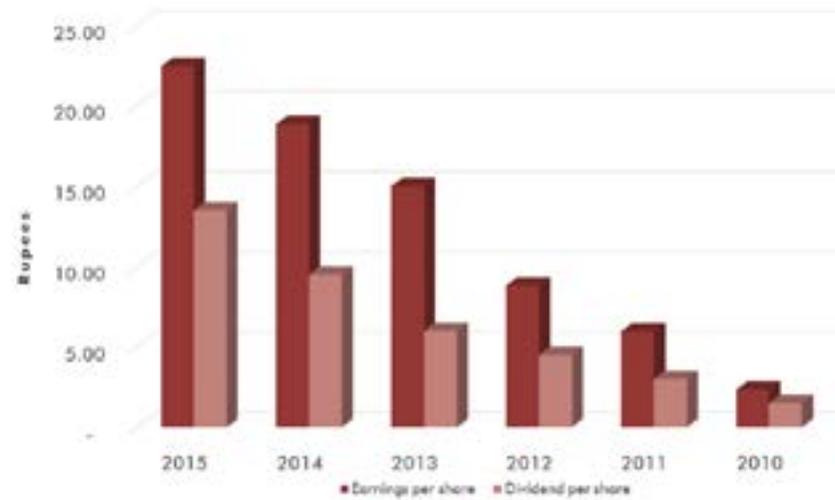


Total Inflow & Total Outflow

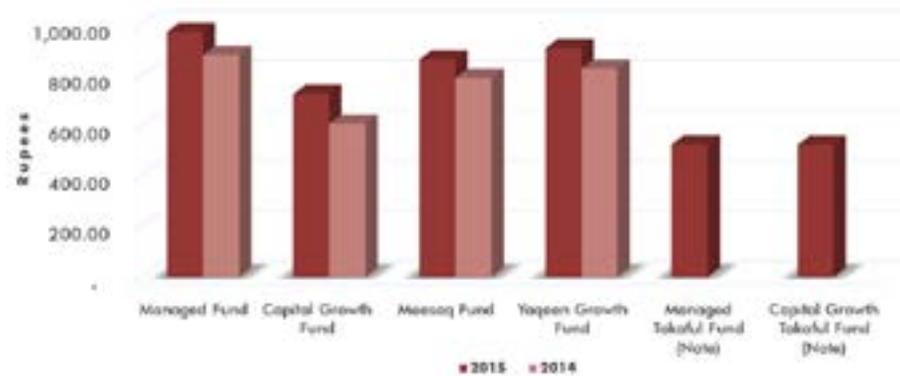


# Horizontal Analysis

Earnings per share & Dividend per share



Unit Bid Prices



Note: Launched in July 2015

# Directors' Report to the Shareholders

The Directors take pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended December 31, 2015.

## Achievements

We have continued to pursue growth in business together with sustainable profitability. 2015 has been yet another year of significant achievements by the Company, highlights of which are:

- The gross written premium amounted to Rs.29,929 million, an increase of 37% over the previous year (2014: Rs.21,823 million).
- The Company further consolidated its leadership position in Bancassurance business by writing individual life premium of Rs.22,061 million (2014: Rs.15,378 million), an increase of 43%.
- The Company is the largest underwriter of Health Insurance business in the country with a premium of Rs.2,198 million.
- The Company launched Window Family Takaful Operations by introducing Individual Family Takaful, Group Life and Group Health Family Takaful products.
- The Shareholders' equity has now reached the all-time high level of Rs.3,910 million compared with Rs.3,160 million in 2014, an increase of 24%.
- The solvency margins of the Company's funds are higher than the minimum statutory requirements.
- Your Company became the first life insurance company in the private sector to be assigned an Insurer Financial Strength (IFS) Rating of AA+ (Double A Plus), with a "Stable" outlook, by JCR-VIS.

## Business Performance and Operating Results

All lines of business performed satisfactorily during the year. The overall operating results are summarized below:

- Individual Life Unit-Linked business grew by 39%, from Rs.18,822 million to Rs.26,091 million and generated a surplus of Rs.2,413 million this year, an increase of 21%.

- Accidental and Health business grew by 36%, from Rs.1,621 million to Rs.2,198 million. A surplus of Rs.141 million was achieved this year, i.e. a growth of 16%.
- Conventional Business, which comprises mainly Group Life Insurance, grew by 17%, from Rs.1,348 million to Rs.1,578 million. A surplus of Rs.130 million was achieved this year.
- Overseas Group Life and Group Health business which is a small captive business generated a premium of Rs.35 million which was a nominal 4% increase over the previous year. The surplus of Rs.19 million was achieved for this year.
- The gross contribution from Window Family Takaful Operations segment was Rs.27 million. Being a newly launched business, this segment recorded a deficit of Rs.46 million during the period.
- The overall surplus from all business lines increased to Rs.2,657 million, from Rs.2,261 million in previous year. A surplus transfer of Rs.2,220 million (2014: Rs.1,880 million), has been made from the Revenue Account to the P&L Account.

Your Company continues to look for opportunities to increase its foot-prints in insurance, both within Pakistan and overseas. During 2014, your Company made an investment of Rs.44 million representing a 19.50% shareholding in Jubilee Kyrgyzstan Insurance Company Limited, CJSC. To assist Jubilee Kyrgyzstan in launching new line of business and in meeting the regulatory requirements of increased share capital, your Company sought the approval of the shareholders for subscribing to a share capital increase of Jubilee Kyrgyzstan. The members approved the same. Your Company has applied to the State Bank of Pakistan for seeking remittance approval, which is in process.

### Investment Performance

Investment Income is a significant element contributing to profitability of the Company. Your Company pursues a prudent investment policy. In spite of negative returns of the KSE 30 index (7.17%) and declining interest rates on the fixed income investments during the year, the Company recorded a minor increase of 1% in the aggregate investment income for the year 2015 of Rs.6,331 million, as against Rs.6,264 million in 2014. The flow of funds for individual life policyholders continues to grow significantly from the plough-back of investment income and additional cash inflow from New and Renewal Business; net of Claims and Surrenders.

The substantial portion of this income is attributable to individual life policyholders. Your Company offers four unit-linked funds to its Individual Life policyholders in conventional insurance business, and two unit-linked funds to its Individual participants in Window Family Takaful operations. These funds have varying risk exposure and are chosen by the individual policy holders / participants as per their individual risk appetite. The rate of return of these Funds for the calendar year 2015 ranges from 5.80% to 19.53%.

Your Company's largest fund, the Managed Fund closed the year end with a fund size of Rs.47,785 million and recorded an annual return of 10.46% for the year 2015.

The Capital Growth Fund (CGF) grew by two times to Rs.2,938 million at the end of 2015 and earned a return of 19.53% for the year.

The Meesaq Fund recorded a growth of 32% YoY basis, with a fund size of Rs.6,680 million at the end of 2015. The return for 2015 was 9.29%.

The Yaqeen Growth Fund, with a fund size of Rs.1,155 million, earned a return of 9.96% during 2015.

The newly launched Individual Family Takaful business offers its participants a choice of two funds – the Managed Takaful Fund, and the Capital Growth Takaful Fund. The Managed Takaful Fund closed with a fund size of Rs.21.2 million, and earned a return of 5.80% for the period. The Capital Growth Takaful Fund closed at a fund size of Rs.21.3 million and earned a return of 5.64% for the period.

### **Profit & Loss Account**

The Profit & Loss Account of the Company shows a pre-tax profit of Rs.2,442 million for 2015, (2014: Rs.2,001 million) including share in the profit of an associated company, representing an increase of 22%. The after tax profit for the year 2015 is Rs.1,622 million as compared to Rs.1,362 million in 2014, an increase of 19%.

### **Earnings per Share**

The basic and diluted earnings per share for the year amount to Rs.22.48 (2014: Rs.18.88), an increase of 19%.

### **Dividend to Shareholders**

The Board of Directors have recommended a final cash dividend of Rs.10.50 per share, i.e. 105%, (2014: Rs.7.00 per share (70%) per share. The Company had paid an interim cash dividend of Rs.3.00 per share (30%) during the year, (2014: Rs.2.50 (25%)), thereby making a total cash dividend of Rs.13.50 per share, i.e. 135% for the year 2015 (2014: Rs.9.50 per share i.e. 95%).

### **Human Resources**

The Company firmly believes that its human resources are its biggest strength behind achieving success, hence, investment in Human Resources and their training is one of its highest priorities.

Creating a continuous learning environment within the Company ensures that the employees build their business knowledge quickly. During 2015, the Company significantly expanded its sales trainings to equip its sales force with skills required for high quality and ethical sales.

The Company provides various developmental initiatives including training programs in management excellence, functional and technical proficiencies. The Company encourages its employees to pursue professional excellence by taking the examinations of world recognized professional organizations such as Society of Actuaries (USA), the Institute and Faculty of Actuaries (UK) and the Life Office Management Association (USA).

The Company also undertakes developmental initiatives of providing employees diverse exposure and improving their functional intellect through job rotations at all levels.

## Awards and Accolades

The Company's achievements in various areas were recognized by independent bodies during the year. The Company received the following awards:

- "3rd FPCCI Achievement Award" by the Federation of Pakistan Chamber of Commerce and Industry (FPCCI) in appreciation of its outstanding services in the fields of life insurance and savings.
- "Training Leader of the Year" by Asian Confederation of Businesses during Asian Training and Leadership Awards ceremony.

## Corporate Governance

Following the highest standards of Corporate Governance, ethics and good business practices is an integral part of the Company's Code of Conduct approved by the Board. The Code of Conduct, Corporate Strategy, Vision, Mission, and Core Values have been adopted by the Board.

The Code defines the obligations and responsibilities of all – the Board members, the employees, and the Company towards its various stakeholders, towards each other, and towards the society as a whole. Necessary steps have been taken to disseminate the same throughout the Company. The Code is also available on the Company's website.

## Board Evaluation Mechanism

During the year, the Board of Directors of the Company approved the mechanism for the annual evaluation of the Board's performance, as envisaged under the Code of Corporate Governance, 2012. The Board carried out the initial evaluation exercise in February 2015.

## Compliance with Listing Regulations

The Statement of Compliance with the best corporate practices is annexed on page 35 of this report.

The Directors are pleased to confirm the following:

- The Financial Statements prepared by the management of the Company present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Financial Reporting Standards, as applicable in Pakistan, the Insurance Ordinance, 2000 and SEC Rules, 2002 have been followed in the preparation of financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and is continuously reviewed and monitored by internal audit and weakness in internal controls, if any identified, are rectified swiftly.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the stock exchange of Pakistan.
- Information regarding outstanding taxes is given in the notes to the audited financial statements.
- The pattern of shareholding and the information regarding trading in the shares of the company by Directors, CEO, CFO, Company Secretary, Appointed Actuary, Executives and their spouses and minor children is shown on page 160.

### **Board of Directors**

The Board of Directors of the company comprises of one executive and six non-executive directors. There was no casual vacancy during the year.

The Board currently comprises of the following:

- Mr. Kamal A. Chinoy (Chairman)
- Mr. Aly Noor Mahomed Rattansey
- Mr. John Joseph Metcalf
- Mr. Sultan Ali Akbar Allana
- Mr. Rafiuddin Zakir Mahmood
- Mr. Ayaz Ahmed
- Mr. Javed Ahmed (Managing Director & Chief Executive Officer)

During the year 2015, five meetings of the Board of Directors were held and attended as follows:

S. No.	Director's Name	Meetings Attended
01	Mr. Kamal A. Chinoy	5
02	Mr. Aly Noor Mahomed Rattansey	5
03	Mr. John Joseph Metcalf	5
04	Mr. Sultan Ali Akbar Allana	1
05	Mr. Rafiuddin Zakir Mahmood	4
06	Mr. Ayaz Ahmed	3
07	Mr. Javed Ahmed	5

Four meetings of the Board Audit Committee were held during 2015, and attended as follows:

S. No.	Director's Name	Meetings Attended
01	Mr. Aly Noor Mahomed Rattansey	4
02	Mr. John Joseph Metcalf	4
03	Mr. Ayaz Ahmed	2

The Human Resource & Remuneration Committee of the Board held three meetings during 2015, which were attended as follows:

S. No.	Director's Name	Meetings Attended
01	Mr. Kamal A. Chinoy	3
02	Mr. John Joseph Metcalf	3
03	Mr. Rafiuddin Zakir Mahmood	3
04	Mr. Javed Ahmed	3

The Board Finance & Investment Committee met thrice during the year, and the meetings were attended as follows:

S. No.	Director's Name	Meetings Attended
01	Mr. Ayaz Ahmed	2
02	Mr. John Joseph Metcalf	3
03	Mr. Sultan Ali Akbar Allana	Nil
04	Mr. Javed Ahmed	3
05	Mr. Nurallah Merchant (Management Executive)	3
06	Mr. Manzoor Ahmed (Management Executive) (Uptil Aug. 18, 2015)	2
07	Ms. Lilly R. Dossabhoy (Management Executive) ( w.e.f. Aug. 19, 2015)	1
08	Mr. Shan Rabbani (Management Executive) (w.e.f. Dec. 29, 2015)	N/A

The terms of reference of the various Board Committees have been determined by the Board in accordance with the guidelines provided in the Code of Corporate Governance.

## Internal Audit Function

The Company has an Internal Audit Department, whose scope and authority is defined in the duly approved Internal Audit Charter. The Internal Audit Department has adopted a risk based approach to conduct internal audits, and monitors and evaluates the efficacy and adequacy of internal controls, consistency in application of policies and procedures and compliance with laws and regulations. Based on the report of the internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. To maintain its objectivity and independence, the Internal Audit Department reports functionally to the Board Audit Committee and administratively to the CEO.

## The Key Operating and Financial Information

A summary of the Key operating and financial information of the last six years is shown on page 16 of this report.

## Retirement Benefits

The fair value of investments made by the staff retirement funds, operated by the Company, as per their respective financial statements as at December 31, 2015, the audits of which are in progress, are as follows:

- Provident Fund                      Rs.245.8 million
- Gratuity Fund                        Rs.211.2 million

## Material Changes

There have been no material changes since December 31, 2015 to the date of this report.

## Statutory Auditors

The present Auditors, KPMG Taseer Hadi & Co., Chartered Accountants, retire after the completion of the present term and are eligible for re-appointment.

In line with the requirement of the Code of Corporate Governance, the Audit Committee has recommended the re-appointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants, as the Auditors of the Company, including as Shariah Compliance Auditors, for the year 2016, and the Board endorses this recommendation.

## Holding Company

The Company is a subsidiary of the Aga Khan Fund for Economic Development S.A., Switzerland, who holds 57.87% shares of the Company.

## Corporate Social Responsibility

Your Company is committed to act responsibly for the long term in how it does business, to help meet its vision of “Enabling people to overcome uncertainty”.

The Corporate Social Responsibility (CSR) and Donations Policy of the Company provides a guiding framework for achieving our vision by creating a strong focus and channelizing efforts that positively impact Company’s CSR endeavours and donations.

The essence of Jubilee Life’s CSR initiatives is to leverage on its core business expertise to create and provide sustainable life and health micro-insurance solutions at highly affordable cost. With an aim of improving quality of lives by reducing vulnerability of greater section of low-income population, the Company enhanced its provision of micro-insurance facilities to over 2.5 million persons during 2015.

The micro-insurance initiatives were complemented by Health Awareness Campaigns organized by your Company to create a wider awareness on issues relating to health care and healthy living in the less-privileged segments of the population. These health camps were held in liaison with other organizations, largely in the rural areas of all four provinces and the Northern Areas. The Company’s contribution towards the cost of these health camps was Rs.2.2 million, besides the time spent by its employees. The Company encourages its employees to participate directly by contributing their time and knowledge towards social causes.

In collaboration with a well reputed hospital, the Company also hosted a Blood Donation Camp in its Head Office in which many employees enthusiastically participated by donating blood.

In line with the approved CSR and Donations Policy, the Company’s total donation expense during 2015 aggregated to Rs.16.5 million, aimed at the support of health care, education, rural development, cultural heritage, civil society and humanitarian assistance.



## Future Outlook

The continuation of economic reforms and efforts to improve the security environment is expected to boost business confidence. At the same time, decrease in inflation, arising from lower oil prices, will augment the increase in individual disposable income enabling the potential customers to allocate fund for purchase of life insurance and Family Takaful. These factors, together with Pakistan's increasing population and low level of life insurance penetration present an exciting opportunity of business growth.

Your Company will continue to follow a strategy of aggressive business growth with sustainable profitability.

## Acknowledgements

We thank our valued customers and business partners for their confidence and patronage and reaffirm our commitment to serve them in the best possible manner.

The significant growth and financial strength achieved by the Company since 2003 has been made possible with the dedication and hard work of its management team ably supported by their colleagues. We thank all of them for their contribution.

The Directors also wish to acknowledge the contribution of their colleagues who have served on the Committees: Audit; Finance & Investment; Human Resource and Remuneration; and Technical.

We would also like to record our appreciation of the positive regulatory role adopted by the Securities & Exchange Commission of Pakistan for their continuing efforts in promoting the growth and functioning of the Life Insurance business on a sound basis.

### On behalf of the Board of Directors



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**KAMAL A. CHINOY**  
Chairman



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**JAVED AHMED**  
Managing Director &  
Chief Executive Officer

Karachi, February 23, 2016

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

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

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

Date: February 23, 2016

Karachi



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**KPMG Taseer Hadi & Co.**  
Chartered Accountants

# Statement of Compliance

## with the Code of Corporate Governance

For the Year ended December 31, 2015

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.5.19.23 of the Listing Regulations of the Pakistan Stock Exchange (formerly the Karachi Stock Exchange) and the Code of Corporate Governance applicable to listed insurance companies as issued by the SECP, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Name
Independent Directors	Kamal A. Chinoy Aly Noor Mahomed Rattansey
Executive Director	Javed Ahmed
Non-Executive Directors	Sultan Ali Akbar Allana Rafiuddin Zakir Mahmood John Joseph Metcalf Ayaz Ahmed

The independent directors meet the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven (7) listed companies, including this company.
3. All the resident directors of the company have confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs. None of the directors or their spouses is engaged in the business of stock brokerage.

4. No casual vacancy occurred on the Board during the year.
5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. Policies on Investors’ relations, Governance, Risk management and Compliance are in the process of preparation. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non - executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at-least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. All Directors of the Company have attended orientation courses to acquaint them with this Code, applicable laws and their duties and responsibilities.
10. The Board has put in place a mechanism for an annual evaluation of the Board’s own performance.
11. The Board has approved appointment of the CFO, Company Secretary, and Head of Internal Audit, including their remuneration and terms and conditions of employment.
12. The Directors’ Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before the approval of the Board.
14. The Directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the CCG.
16. The Board has formed an Audit Committee. It comprises of three (3) members; all of whom are Non-Executive Directors and the Chairman of the Committee is an Independent Director.
17. The meetings of the Audit Committee were held at least once every quarter, prior to the approval of the interim and final results of the Company, as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

18. The Board has formed an HR and Remuneration Committee. It comprises of four (4) members, of whom, three (3) are Non-Executive Directors and the Chairman of the Committee is an Independent Director.
19. The Board has set up an effective internal audit function in place.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period' prior to announcement of interim / final results, and business decisions, which may materially affect the market price of Company's shares, was determined and intimated to directors, employees and the Pakistan Stock Exchange (formerly the Karachi Stock Exchange).
23. Material/price sensitive information has been disseminated among all market participants at once through the Pakistan Stock Exchange (formerly the Karachi Stock Exchange).
24. The Company has established Underwriting Committee, Claims Settlement Committee and Reinsurance Committee in line with the Code of Corporate Governance for Insurance Companies.
25. The actuary appointed by the Company has confirmed that neither he nor his spouse and minor children hold shares of the Company.
26. The Board ensures that the appointed actuary complies with the requirements set for him in the Code for Insurance Companies.
27. We confirm that all other material principles enshrined in the CCG have been complied with.

**On behalf of the Board of Directors**



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**KAMAL A. CHINOY**

Chairman



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**JAVED AHMED**

Managing Director & Chief Executive Officer

Karachi, February 23, 2016

# Shariah Advisor's Report to the Board of Directors

For the Period ended 31 December 2015

الحمد لله رب العالمين و الصلوة والسلام على سيد الانبياء والمرسلين و بعد

I have reviewed the accompanying financial statements, Takaful products including all related documents, as well as, the Participant Takaful Fund Policy, Investment Policy, Re-Takaful arrangements and the related transactions of Jubilee Life Insurance - Window Takaful Operations (hereafter referred to as "Takaful Operator") for the period ended 31 December 2015.

I acknowledge that as Shariah Advisor of Jubilee Life Insurance - Window Takaful Operations, it is my responsibility to approve the above mentioned documents and ensure that the financial arrangements, contracts and transactions entered into by the Takaful Operator with its participants and stakeholders are in compliance with the requirements of Shariah rules and principles.

It is the responsibility of the Takaful Operator to ensure that the rules, principles and guidelines set by the Shariah Advisor are complied with, and that all products and services being offered are duly approved by the Shariah Advisor.

The primary objective of Shariah Advisor's report is to inform about the Takaful Operator's compliance with Shariah Guidelines, including the transactions undertaken by the Takaful Operator during the period ended 31 December 2015 and to express his opinion on the transactions and operational aspects of Window Takaful Operations.

In my opinion and to the best of my understanding based on the provided information and explanations:

- Transactions undertaken by the Takaful Operator for the period ended 31 December 2015 were in accordance with guidelines issued by Shariah Advisor as well as the requirements of Takaful Rules, 2012;
- The investments have been made into Shariah Compliant avenues with Shariah approval. Further all bank accounts related to Window Takaful Operations have been opened in Islamic Banking Institutions (IBIs) with prior Shariah approval;
- The transactions and activities of Jubilee Life Insurance - Window Takaful Operations are in accordance with the Shariah principles, while considering the accompanying financial statements of the Participants' Takaful Fund (Waqf Fund), Participants' Investment Fund, and the Operator's Sub Fund (OSF).

"And Allah Knows Best"



Mufti Zeeshan Abdul Aziz  
Shariah Advisor

Karachi, February 18, 2016

# Independent Reasonable Assurance Report to the Board of Directors on the Statement of Management's Assessment of **Compliance with the Shariah Principles**

We were engaged by the Board of Directors of Jubilee Life Insurance Company Limited ("the Company") to report on the management's assessment of compliance of the Window Takaful Operations ("Takaful Operations") of the Company, as set out in the annexed statement prepared by the management for the period from 01 July 2015 to 31 December 2015, 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 Operations with the Takaful Rules, 2012, in all material respects.

## **Responsibilities of the Management**

The Board of Directors / management of the Company are 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.

The Board of Directors / management of the Company are also responsible for preventing and detecting fraud and for identifying and ensuring that the Takaful Operations comply with laws and regulations applicable to its activities. They are also responsible for ensuring that the management, where appropriate, those charged with governance, and personnel involved with the Takaful Operations compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

## **Our Responsibilities**

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we comply with ethical requirements, including independence requirements, implement the quality control procedures applicable to the individual engagement, and plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Takaful Operations compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012. Reasonable assurance is less than absolute assurance.

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with Takaful Rules, 2012, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

The procedures performed included:

- Evaluate the systems, procedures and practices in place with respect to the Takaful operations against the Takaful Rules, 2012 and Shariah Advisor's guidelines;
- Evaluating the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee/ Shari'ah Advisor and the board of directors;
- Test for a sample of transactions relating to Takaful operations to ensure that these are carried out in accordance with the laid down procedures and practices including the regulations relating to Takaful operations as laid down in Takaful Rules, 2012; and
- Review the statement of management's assessment of compliance of the Takaful transactions during the period from 01 July 2015 to 31 December 2015 with the Takaful Rules, 2012.

## Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, for the period from 01 July 2015 to 31 December 2015, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Date: February 23, 2016

Karachi

# Management's Statement of Compliance with **the Shariah Principles**

The financial arrangements, contracts and transactions, entered into by Jubilee Life Insurance Company Limited – Window Takaful Operations (the Company) for the period from July 1, 2015 to December 31, 2015 are in compliance with the Takaful Rules, 2012.

Further we confirm that:

- The Company has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor alongwith a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules, 2012 in their overall operations with zero tolerance. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shari'ah Advisor and the Board of Directors have been implemented;
- The Company 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 Window Takaful Operations (Participant Takaful Fund and Operator's Sub Fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

This has been duly confirmed by the Shari'ah Advisor of the Company.



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**Javed Ahmed**  
Managing Director &  
Chief Executive Officer

Karachi, February 18, 2016

# Independent **Auditors' Report** to the Members

We have audited the annexed financial statements comprising of:

- (i) Balance sheet
- (ii) Profit and loss account
- (iii) Statement of changes in equity
- (iv) Cash flow statement
- (v) Revenue account
- (vi) Statement of premiums
- (vii) Statement of claims
- (viii) Statement of expenses; and
- (ix) Statement of investment income

of **Jubilee Life Insurance Company Limited** ("the Company") as at December 31, 2015 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

- a) Proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) The financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied except for the change disclosed in note 3.1 with which we concur;
- c) The financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2015, and of the profit, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- d) The apportionment of assets, liabilities, revenue and expenses between two or more funds has been performed in accordance with the advice of the appointed actuary; and
- e) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Date: February 23, 2016

Karachi

*KPMG Taseer Hadi & Co.*

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KPMG Taseer Hadi & Co.  
Chartered Accountants  
Syed Iftikhar Anjum

# Balance Sheet

As at December 31, 2015

Note	Statutory Funds								Aggregate			
	Share holders' fund	Individual life unit linked	Conventional business	Accident & health business	Overseas group life and health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014		
(Rupees in '000)												
<b>Share capital and reserves</b>												
	Authorised share capital 200,000,000 ordinary shares of Rs. 10 each	2,000,000	-	-	-	-	-	-	2,000,000	2,000,000		
	Issued, subscribed and paid-up share capital 72,118,800 (2014:72,118,800) ordinary shares of Rs. 10 each	6	721,188	-	-	-	-	-	721,188	721,188		
	Accumulated surplus	7	3,189,049	-	-	-	-	-	3,189,049	2,438,677		
	<b>Net shareholders' equity</b>		<b>3,910,237</b>	-	-	-	-	-	<b>3,910,237</b>	<b>3,159,865</b>		
	<b>Balance of statutory funds [including policyholders' liabilities / technical reserves Rs. 60.29 billion (2014: Rs. 42.69 billion)]</b>	8	-	60,033,177	696,892	1,272,382	91,491	90,402	10,120	11,227	62,205,691	44,020,932
	<b>Operators' Sub Fund balances</b>		98,820	-	-	-	-	(82,477)	(8,018)	(8,325)	-	-
	<b>Shareholders' fund unit holding in PIF</b>		-	-	-	-	-	40,000	-	-	40,000	-
	<b>Deferred Liabilities</b>											
	Staff retirement benefits	10	8,063	9,959	1,872	1,440	-	-	-	-	21,334	-

# Balance Sheet

As at December 31, 2015

Note	Statutory Funds								Aggregate	
	Share holders' fund	Individual life unit linked	Conventional business	Accident & health business	Overseas group life and health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014
(Rupees in '000)										
<b>Creditors and accruals</b>										
11	-	191,495	340,061	257,685	13,755	-	-	94	803,090	709,306
	7,107	413,421	30,547	16,809	148	-	38	9	468,079	232,254
	-	8,374	5,969	4,809	521	159	110	-	19,942	21,236
	5,947	435,280	27,508	10,504	-	-	-	-	479,239	570,431
	114,194	718,423	31,207	15,193	58	-	-	-	879,075	597,440
	27,997	-	-	-	-	-	-	-	27,997	148,899
13	155,495	150,945	6,298	11,518	-	-	-	-	324,256	120,298
	-	30,463	41	-	155	-	71	-	30,730	23,445
	<b>310,740</b>	<b>1,948,401</b>	<b>441,631</b>	<b>316,518</b>	<b>14,637</b>	<b>159</b>	<b>219</b>	<b>103</b>	<b>3,032,408</b>	<b>2,423,309</b>
<b>Other liabilities</b>										
	14,264	-	-	-	-	-	-	-	14,264	9,397
	<b>431,887</b>	<b>61,991,537</b>	<b>1,140,395</b>	<b>1,590,340</b>	<b>106,128</b>	<b>48,084</b>	<b>2,321</b>	<b>3,005</b>	<b>65,313,697</b>	<b>46,453,638</b>
<b>Contingency &amp; Commitments</b>										
14										
	<b>4,342,124</b>	<b>61,991,537</b>	<b>1,140,395</b>	<b>1,590,340</b>	<b>106,128</b>	<b>48,084</b>	<b>2,321</b>	<b>3,005</b>	<b>69,223,934</b>	<b>49,613,503</b>

The annexed notes 1 to 44 form an integral part of these financial statements.

**Kamal A. Chinoy**  
Chairman

**Aly Noor Mahomed Rattansey**  
Director

**John Joseph Metcalf**  
Director

**Javed Ahmed**  
Managing Director &  
Chief Executive Officer

# Balance Sheet

As at December 31, 2015

Note	Statutory Funds								Aggregate	
	Share holders' fund	Individual life unit linked	Conventional business	Accident & health business	Overseas group life and health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014
(Rupees in '000)										
<b>Cash and bank deposits</b>	15									
Cash and others	4,281	28,188	129	479	-	-	-	-	33,077	32,456
Current and other accounts	379,199	1,430,638	8,854	25	1,404	22,318	2,173	2,135	1,846,746	1,638,484
Deposits maturing within 12 months	-	4,630,000	50,000	-	-	20,000	-	-	4,700,000	3,400,000
Deposits maturing over 12 months	-	800,000	-	-	-	-	-	-	800,000	-
	<b>383,480</b>	<b>6,888,826</b>	<b>58,983</b>	<b>504</b>	<b>1,404</b>	<b>42,318</b>	<b>2,173</b>	<b>2,135</b>	<b>7,379,823</b>	<b>5,070,940</b>
<b>Unsecured advances to employees</b>		9,350	-	-	-	-	-	-	9,350	6,199
<b>Investments</b>	16									
Government securities	2,115,646	33,248,783	733,688	1,171,949	67,229	-	-	-	37,337,295	29,945,453
Other fixed income securities	-	707,492	-	-	-	-	-	-	707,492	325,961
Listed equities and closed-ended mutual funds	1,064,040	18,547,279	46,085	32,259	-	2,151	-	-	19,691,814	10,488,197
Investment in an associate	51,009	-	-	-	-	-	-	-	51,009	48,077
Open-ended mutual funds	-	1,211,423	-	-	-	-	-	-	1,211,423	1,101,061
	<b>3,230,695</b>	<b>53,714,977</b>	<b>779,773</b>	<b>1,204,208</b>	<b>67,229</b>	<b>2,151</b>	<b>-</b>	<b>-</b>	<b>58,999,033</b>	<b>41,908,749</b>
<b>Deferred taxation</b>	17	20,095	-	-	-	-	-	-	20,095	16,019
<b>Deferred Assets</b>										
Staff retirement benefits	10	-	-	-	-	-	-	-	-	8,202

# Balance Sheet

As at December 31, 2015

Note	Statutory Funds								Aggregate	
	Share holders' fund	Individual life unit linked	Conventional business	Accident & health business	Overseas group life and health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014
..... (Rupees in '000) .....										
<b>Other assets - current</b>										
18	-	-	117,082	311,277	35,721	-	148	2	464,230	299,656
	-	10,046	-	-	-	-	-	-	10,046	7,052
	50,962	1,300,125	28,398	41,909	895	1,091	-	-	1,423,380	1,424,046
19	-	2,809	148,772	378	879	-	-	-	152,838	189,281
	40,000	-	-	-	-	-	-	-	40,000	-
	22,040	36,313	-	5,016	-	-	-	-	63,369	96,470
	28,401	38,441	7,387	17,289	-	-	-	-	91,518	73,683
	17,579	-	-	9,759	-	2,524	-	868	30,730	23,445
	<b>158,982</b>	<b>1,387,734</b>	<b>301,639</b>	<b>385,628</b>	<b>37,495</b>	<b>3,615</b>	<b>148</b>	<b>870</b>	<b>2,276,111</b>	<b>2,113,633</b>
<b>Fixed assets</b>										
20	<b>Tangible assets</b>									
	77,591	-	-	-	-	-	-	-	77,591	65,366
	394,417	-	-	-	-	-	-	-	394,417	360,288
<b>Intangible assets</b>										
	67,514	-	-	-	-	-	-	-	67,514	64,107
	<b>539,522</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>539,522</b>	<b>489,761</b>
<b>Total assets</b>	<b>4,342,124</b>	<b>61,991,537</b>	<b>1,140,395</b>	<b>1,590,340</b>	<b>106,128</b>	<b>48,084</b>	<b>2,321</b>	<b>3,005</b>	<b>69,223,934</b>	<b>49,613,503</b>

The annexed notes 1 to 44 form an integral part of these financial statements.

**Kamal A. Chinoy**  
Chairman

**Aly Noor Mahomed Rattansey**  
Director

**John Joseph Metcalf**  
Director

**Javed Ahmed**  
Managing Director &  
Chief Executive Officer

# Profit and Loss Account

For the Year ended December 31, 2015

Note	2015	2014
	..... (Rupees in '000) .....	
<b>Investment income not attributable to statutory funds</b>		
Return on Government securities	167,325	132,078
Return on other fixed income securities and deposits	5,578	8,014
Amortisation of discount relative to par	535	3,003
Dividend income	126,528	61,850
	<b>299,966</b>	204,945
<b>Gain on disposal of investments</b>	45,853	756
<b>(Impairment) / Reversal of impairment in the value of available for sale investments</b>		
Government securities	(83)	774
Listed equities	-	119
	<b>(83)</b>	893
<b>Total investment income</b>	<b>345,736</b>	206,594
Investment related expenses	(184)	(193)
<b>Net investment income</b>	<b>345,552</b>	206,401
<b>Other revenues</b>		
Gain on disposal of fixed assets	4,208	4,860
Share in profit of an associate - ( including exchange loss)	2,932	4,200
Others	633	364
	<b>7,773</b>	9,424
<b>Total investment income and other revenues</b>	<b>353,325</b>	215,825

# Profit and Loss Account

For the Year ended December 31, 2015

Note	2015	2014
	..... (Rupees in '000) .....	
21	(131,765)	(94,362)
	<b>221,560</b>	121,463
8	<b>2,220,000</b>	1,880,000
	<b>2,441,560</b>	2,001,463
22	(820,000)	(639,931)
	<b>1,621,560</b>	1,361,532
	(Rupees)	
23	<b>22.48</b>	18.88

Expenses not attributable to statutory funds  
Profit before appropriation of surplus to shareholders' fund

Surplus appropriated to shareholders' fund from ledger account D

**Profit before tax**

**Taxation**

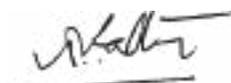
**Profit after tax**

**Basic and diluted earnings per share**

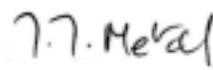
The annexed notes 1 to 44 form an integral part of these financial statements.



**Kamal A. Chinoy**  
Chairman



**Aly Noor Mahomed Rattansey**  
Director



**John Joseph Metcalf**  
Director



**Javed Ahmed**  
Managing Director &  
Chief Executive Officer

# Statement of Changes in Equity

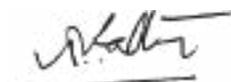
For the Year ended December 31, 2015

	Net accumulated surplus				Total
	Share capital	Accumulated Surplus	Capital contribution (to) / from Statutory funds	Net Accumulated Surplus	
	(Rupees in '000)				
Balance as at January 1, 2014	627,120	1,671,002	(55,000)	1,616,002	2,243,122
Profit for the year ended December 31, 2014	-	1,361,532	-	1,361,532	1,361,532
<b>Transactions with the owners recorded directly in equity</b>					
Dividend for the year ended December 31, 2013 @ 35% (Rs. 3.50 per share)	-	(219,492)	-	(219,492)	(219,492)
Interim dividend for the year ended December 31, 2014 @ 25% (Rs. 2.50 per share)	-	(180,297)	-	(180,297)	(180,297)
Issue of bonus shares for the year ended December 31, 2013 @ 15%	94,068	(94,068)	-	(94,068)	-
Capital contributed to statutory fund - note 8	-	-	(95,000)	(95,000)	(95,000)
Capital withdrawn from statutory fund - note 8	-	-	50,000	50,000	50,000
Balance as at December 31, 2014	<b>721,188</b>	<b>2,538,677</b>	<b>(100,000)</b>	<b>2,438,677</b>	<b>3,159,865</b>
Profit for the year ended December 31, 2015	-	1,621,560	-	1,621,560	1,621,560
<b>Transactions with the owners recorded directly in equity</b>					
Dividend for the year ended December 31, 2014 @ 70% (Rs. 7.00 per share)	-	(504,832)	-	(504,832)	(504,832)
Interim dividend for the year ended December 31, 2015 @ 30% (Rs. 3.00 per share)	-	(216,356)	-	(216,356)	(216,356)
Capital contributed to statutory fund - note 8	-	-	(150,000)	(150,000)	(150,000)
<b>Balance as at December 31, 2015</b>	<b>721,188</b>	<b>3,439,049</b>	<b>(250,000)</b>	<b>3,189,049</b>	<b>3,910,237</b>

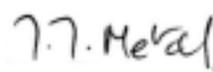
The annexed notes 1 to 44 form an integral part of these financial statements.



**Kamal A. Chinoy**  
Chairman



**Aly Noor Mahomed Rattansey**  
Director



**John Joseph Metcalf**  
Director



**Javed Ahmed**  
Managing Director &  
Chief Executive Officer

# Cash Flow Statement

For the Year ended December 31, 2015

Note	Share holders' fund	Statutory Funds							Aggregate	
		Individual life unit linked	Conventional business	Accident & health business	Overseas group life and health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014
<b>Operating cash flows</b>		(Rupees in '000)								
<b>a) Underwriting activities</b>										
Premium / contribution received	7,107	26,313,467	1,566,012	2,054,581	32,334	25,028	172	1,745	30,000,446	21,703,140
Reinsurance premium / retakaful contribution paid	-	(324,360)	(449,269)	(21,988)	(13,954)	(105)	-	-	(809,676)	(721,040)
Claims paid	-	(581,491)	(1,113,002)	(1,528,758)	(19,531)	-	-	(200)	(3,242,982)	(2,555,516)
Surrenders paid	-	(4,302,578)	-	-	-	-	-	-	(4,302,578)	(3,017,164)
Reinsurance / retakaful and other recoveries received	-	177,451	448,856	19,148	8,691	-	-	-	654,146	527,014
Commissions paid	-	(4,569,033)	(242,346)	(66,074)	-	(7,574)	-	-	(4,885,027)	(3,742,106)
Commissions received	-	69,724	4,295	3,840	-	105	-	-	77,964	61,837
Net cash inflow from underwriting activities	<b>7,107</b>	<b>16,783,180</b>	<b>214,546</b>	<b>460,749</b>	<b>7,540</b>	<b>17,454</b>	<b>172</b>	<b>1,545</b>	<b>17,492,293</b>	<b>12,256,165</b>
<b>b) Other operating activities</b>										
Income tax paid	(944,978)	-	-	-	-	-	-	-	(944,978)	(549,564)
General management expenses paid	(74,500)	(2,289,691)	(91,544)	(203,364)	(1,134)	(52,572)	(122)	(751)	(2,713,678)	(2,250,082)
Other operating receipts	61,282	130,401	4,734	7,541	-	599	71	542	205,170	15,523
Other operating payments	(5,670)	(675)	(49)	(4,388)	(229)	-	-	-	(11,011)	(17,109)
Unsecured advances	(3,151)	-	-	-	-	-	-	-	(3,151)	2,772
Inter-fund transactions	261,272	(146,879)	(9,851)	(28,130)	(257)	(55,006)	(9,948)	(11,201)	-	-
Net cash outflow from other operating activities	<b>(705,745)</b>	<b>(2,306,844)</b>	<b>(96,710)</b>	<b>(228,341)</b>	<b>(1,620)</b>	<b>(106,979)</b>	<b>(9,999)</b>	<b>(11,410)</b>	<b>(3,467,648)</b>	<b>(2,798,460)</b>
<b>Total cash (outflow) / inflow from all operating activities</b>	<b>(698,638)</b>	<b>14,476,336</b>	<b>117,836</b>	<b>232,408</b>	<b>5,920</b>	<b>(89,525)</b>	<b>(9,827)</b>	<b>(9,865)</b>	<b>14,024,645</b>	<b>9,457,705</b>

# Cash Flow Statement

For the Year ended December 31, 2015

Note	Share holders' fund	Statutory Funds							Aggregate	
		Individual life unit linked	Conventional business	Accident & health business	Overseas group life and health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014
..... (Rupees in '000) .....										
<b>Investment activities</b>										
Profit / return received	192,181	3,487,620	83,351	106,181	6,633	1,405	-	-	3,877,371	1,812,103
Dividends received	126,528	951,633	8,094	5,666	-	21	-	-	1,091,942	575,282
Payments for investments	(1,461,099)	(31,817,745)	(690,131)	(1,140,820)	(88,958)	(22,083)	-	-	(35,220,836)	(63,602,588)
Proceeds from disposal of investments	493,543	15,624,673	500,977	788,025	77,778	-	-	-	17,484,996	51,927,976
Fixed capital expenditure	(247,232)	-	-	-	-	-	-	-	(247,232)	(266,113)
Proceeds from disposal of fixed assets	13,818	-	-	-	-	-	-	-	13,818	18,166
<b>Total cash (outflow) / inflow from investing activities</b>	<b>(882,261)</b>	<b>(11,753,819)</b>	<b>(97,709)</b>	<b>(240,948)</b>	<b>(4,547)</b>	<b>(20,657)</b>	<b>-</b>	<b>-</b>	<b>(12,999,941)</b>	<b>(9,535,174)</b>
<b>Financing activities</b>										
Dividend paid	(716,321)	-	-	-	-	-	-	-	(716,321)	(396,847)
Capital contributed to Takaful	(150,000)	-	-	-	-	130,000	10,000	10,000	-	-
Money ceded to Waqf	-	-	-	-	-	500	-	-	500	-
Qard-e-Hasna from Window Takaful Operator	(6,000)	-	-	-	-	-	-	-	(6,000)	-
Qard-e-Hasna received by Participant Takaful Fund	-	-	-	-	-	2,000	2,000	2,000	6,000	-
Surplus appropriated to shareholders' fund	2,220,000	(2,115,000)	(105,000)	-	-	-	-	-	-	-
<b>Total cash inflow / (outflow) from Financing activities</b>	<b>1,347,679</b>	<b>(2,115,000)</b>	<b>(105,000)</b>	<b>-</b>	<b>-</b>	<b>132,500</b>	<b>12,000</b>	<b>12,000</b>	<b>(715,821)</b>	<b>(396,847)</b>
<b>Net cash (outflow) / inflow from all activities</b>	<b>(233,220)</b>	<b>607,517</b>	<b>(84,873)</b>	<b>(8,540)</b>	<b>1,373</b>	<b>22,318</b>	<b>2,173</b>	<b>2,135</b>	<b>308,883</b>	<b>(474,316)</b>



# Revenue Account

For the Year ended December 31, 2015

Note	Statutory Funds							Aggregate		
	Individual life unit linked	Conventional business	Accident & health business	Overseas group life and health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014	
..... (Rupees in '000) .....										
<b>Income</b>										
Premiums / Contributions less reinsurances / retakaful	25,777,131	1,123,199	2,171,478	22,331	24,765	173	1,738	29,120,815	21,085,925	
Net investment income	5,750,036	98,496	123,409	6,597	3,183	71	541	5,982,333	6,053,374	
<b>Total net income</b>	<b>31,527,167</b>	<b>1,221,695</b>	<b>2,294,887</b>	<b>28,928</b>	<b>27,948</b>	<b>244</b>	<b>2,279</b>	<b>35,103,148</b>	<b>27,139,299</b>	
<b>Claims and expenditures</b>										
Claims net of reinsurance / retakaful recoveries	4,777,997	681,486	1,553,393	8,471	-	-	294	7,021,641	5,082,604	
Management expenses less recoveries	7,119,189	348,620	289,191	1,320	68,046	124	758	7,827,248	6,115,342	
<b>Total claims and expenditures</b>	<b>11,897,186</b>	<b>1,030,106</b>	<b>1,842,584</b>	<b>9,791</b>	<b>68,046</b>	<b>124</b>	<b>1,052</b>	<b>14,848,889</b>	<b>11,197,946</b>	
<b>Excess / (deficit) of income over claims and expenditures</b>	<b>19,629,981</b>	<b>191,589</b>	<b>452,303</b>	<b>19,137</b>	<b>(40,098)</b>	<b>120</b>	<b>1,227</b>	<b>20,254,259</b>	<b>15,941,353</b>	
Add: Policyholders' liabilities at beginning of the year	41,912,415	319,662	460,988	-	-	-	-	42,693,065	29,012,338	
Less: Policyholders' liabilities / technical reserves at end of the year	9	59,129,854	380,915	772,089	-	5,663	161	1,538	60,290,220	42,693,065
<b>Surplus / (deficit)</b>	<b>2,412,542</b>	<b>130,336</b>	<b>141,202</b>	<b>19,137</b>	<b>(45,761)</b>	<b>(41)</b>	<b>(311)</b>	<b>2,657,104</b>	<b>2,260,626</b>	
<b>Movement in policyholders' liabilities / technical reserves</b>	<b>17,217,439</b>	<b>61,253</b>	<b>311,101</b>	<b>-</b>	<b>5,663</b>	<b>161</b>	<b>1,538</b>	<b>17,597,155</b>	<b>13,680,727</b>	
<b>Transfers (to) / from shareholders' fund</b>										
- Surplus appropriated to shareholders' fund	(2,115,000)	(105,000)	-	-	-	-	-	(2,220,000)	(1,880,000)	
- Capital contributed from shareholders' fund	-	-	-	-	130,000	10,000	10,000	150,000	95,000	
- Qard-e-Hasna from Window Takaful Operator to PTF	-	-	-	-	(2,000)	(2,000)	(2,000)	(6,000)	-	
- Qard-e-Hasna received by PTF	-	-	-	-	2,000	2,000	2,000	6,000	-	
- Money ceded to Waqf	-	-	-	-	500	-	-	500	-	
- Capital returned to shareholders' fund	-	-	-	-	-	-	-	-	(50,000)	
<b>Net transfer (to) / from shareholders' fund</b>	<b>(2,115,000)</b>	<b>(105,000)</b>	<b>-</b>	<b>-</b>	<b>130,500</b>	<b>10,000</b>	<b>10,000</b>	<b>(2,069,500)</b>	<b>(1,835,000)</b>	
Balance of statutory funds at beginning of the year	42,518,196	610,303	820,079	72,354	-	-	-	44,020,932	29,914,579	
<b>Balance of statutory funds at end of the year</b>	<b>8</b>	<b>60,033,177</b>	<b>696,892</b>	<b>272,382</b>	<b>91,491</b>	<b>90,402</b>	<b>10,120</b>	<b>11,227</b>	<b>62,205,691</b>	<b>44,020,932</b>

# Revenue Account

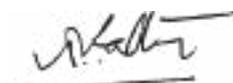
For the Year ended December 31, 2015

Note	Statutory Funds							Aggregate	
	Individual life unit linked	Conventional business	Accident & health business	Overseas group life and health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014
(Rupees in '000)									
<b>Represented by:</b>									
8									
Capital contributed by shareholders' fund	-	-	50,000	50,000	130,000	10,000	10,000	250,000	100,000
Policyholders' liabilities / technical reserves	59,129,854	380,915	772,089	-	5,663	161	1,538	60,290,220	42,693,065
Qard-e-Hasna from Window Takaful operator to PTF	-	-	-	-	(2,000)	(2,000)	(2,000)	(6,000)	-
Qard-e-Hasna received by PTF	-	-	-	-	2,000	2,000	2,000	6,000	-
Money ceded to Waqf	-	-	-	-	500	-	-	500	-
Retained earnings on other than participating business	903,323	315,977	450,293	41,491	(45,761)	(41)	(311)	1,664,971	1,227,867
Capital contributed by shareholders' fund									
<b>Balance of statutory funds</b>	<b>60,033,177</b>	<b>696,892</b>	<b>1,272,382</b>	<b>91,491</b>	<b>90,402</b>	<b>10,120</b>	<b>11,227</b>	<b>62,205,691</b>	<b>44,020,932</b>

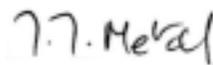
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**Kamal A. Chinoy**  
Chairman



**Aly Noor Mahomed Rattansey**  
Director



**John Joseph Metcalf**  
Director



**Javed Ahmed**  
Managing Director &  
Chief Executive Officer

# Statement of Premiums

For the Year ended December 31, 2015

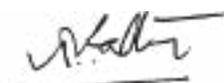
	Statutory Funds						Aggregate		
	Individual life unit linked	Conventional business	Accident & health business	Overseas group life and health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014
(Rupees in '000)									
<b>Gross premiums</b>									
Regular premiums / contributions individual policies *									
- First year	7,947,462	93	113	-	24,523	-	-	7,972,191	6,239,852
- Second year renewal	5,222,238	129	-	-	-	-	-	5,222,367	4,339,046
- Subsequent years renewal	10,698,920	1,312	14	-	-	-	-	10,700,246	7,425,348
Single premiums / contributions individual policies	2,222,682	1	-	-	505	-	-	2,223,188	819,273
Group policies without cash values	-	1,576,219	2,198,148	34,816	-	283	1,738	3,811,204	2,999,864
<b>Total gross premiums / contributions</b>	<b>26,091,302</b>	<b>1,577,754</b>	<b>2,198,275</b>	<b>34,816</b>	<b>25,028</b>	<b>283</b>	<b>1,738</b>	<b>29,929,196</b>	<b>21,823,383</b>
<b>Less: Reinsurance premiums / Retakaful contributions ceded</b>									
On individual life first year business	(49,050)	(9)	-	-	(263)	-	-	(49,322)	(32,748)
On individual life second year business	(23,346)	209	-	-	-	-	-	(23,137)	(68,222)
On individual life subsequent renewal business	(241,775)	(420)	(17)	-	-	-	-	(242,212)	(185,025)
On single premiums / contributions individual policies	-	8	(12)	-	-	-	-	(4)	(2)
On group policies	-	(454,343)	(26,768)	(12,485)	-	(110)	-	(493,706)	(451,461)
<b>Total reinsurance premiums / retakaful contributions ceded</b>	<b>(314,171)</b>	<b>(454,555)</b>	<b>(26,797)</b>	<b>(12,485)</b>	<b>(263)</b>	<b>(110)</b>	<b>-</b>	<b>(808,381)</b>	<b>(737,458)</b>
<b>Net premiums / contributions</b>	<b>25,777,131</b>	<b>1,123,199</b>	<b>2,171,478</b>	<b>22,331</b>	<b>24,765</b>	<b>173</b>	<b>1,738</b>	<b>29,120,815</b>	<b>21,085,925</b>

\*Individual policies are those underwritten on an individual bases and include joint life policies underwritten as such.

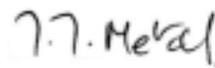
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**Kamal A. Chinoy**  
Chairman



**Aly Noor Mahomed Rattansey**  
Director



**John Joseph Metcalf**  
Director



**Javed Ahmed**  
Managing Director &  
Chief Executive Officer

# Statement of Claims

For the Year ended December 31, 2015

	Statutory Funds						Aggregate		
	Individual life unit linked	Conventional business	Accident & health business	Overseas group life and health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014
(Rupees in '000)									
<b>Gross claims</b>									
Claims under individual policies									
by death	629,811	325	-	-	-	-	-	630,136	406,533
by insured event other than death	3,836	-	-	-	-	-	-	3,836	1,268
by maturity	15,131	-	-	-	-	-	-	15,131	4,548
by surrender	3,027,505	-	-	-	-	-	-	3,027,505	2,081,104
by partial withdrawal	1,275,073	-	-	-	-	-	-	1,275,073	936,060
<b>Total gross individual policy claims</b>	<b>4,951,356</b>	<b>325</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,951,681</b>	<b>3,429,513</b>
Claims under group policies									
by death	-	947,447	-	1,622	-	-	-	949,069	799,702
by insured event other than death	-	20,059	1,567,121	2,294	-	-	294	1,589,768	1,213,918
bonus in cash	-	2,387	-	-	-	-	-	2,387	2,662
experience refund	-	128,759	3,838	13,842	-	-	-	146,439	165,714
<b>Total group policy claims</b>	<b>-</b>	<b>1,098,652</b>	<b>1,570,959</b>	<b>17,758</b>	<b>-</b>	<b>-</b>	<b>294</b>	<b>2,687,663</b>	<b>2,181,996</b>
<b>Total gross claims</b>	<b>4,951,356</b>	<b>1,098,977</b>	<b>1,570,959</b>	<b>17,758</b>	<b>-</b>	<b>-</b>	<b>294</b>	<b>7,639,344</b>	<b>5,611,509</b>

# Statement of Claims

For the Year ended December 31, 2015

	Statutory Funds						Aggregate		
	Individual life unit linked	Conventional business	Accident & health business	Overseas group life and health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014
	(Rupees in '000)								
<b>Less: Reinsurance / retakaful recoveries</b>									
On individual life first year business claims	(17,144)	-	-	-	-	-	(17,144)	(3,795)	
On individual life second year business claims	(21,556)	-	-	-	-	-	(21,556)	(25,703)	
On individual life renewal business claims	(131,482)	(225)	-	-	-	-	(131,707)	(91,490)	
On group claims	-	(382,227)	(17,566)	(5,258)	-	-	(405,051)	(335,487)	
On experience refund of premiums	(3,177)	(35,039)	-	(4,029)	-	-	(42,245)	(72,430)	
Total reinsurance / retakaful recoveries	(173,359)	(417,491)	(17,566)	(9,287)	-	-	(617,703)	(528,905)	
<b>Net claims</b>	<b>4,777,997</b>	<b>681,486</b>	<b>1,553,393</b>	<b>8,471</b>	<b>-</b>	<b>-</b>	<b>294</b>	<b>7,021,641</b>	<b>5,082,604</b>

The annexed notes 1 to 44 form an integral part of these financial statements.

**Kamal A. Chinoy**  
Chairman

**Aly Noor Mahomed Rattansey**  
Director

**John Joseph Metcalf**  
Director

**Javed Ahmed**  
Managing Director &  
Chief Executive Officer

# Statement of Expenses

For the Year ended December 31, 2015

Note	Statutory Funds							Aggregate		
	Individual life unit linked	Conventional business	Accident & health business	Overseas group life and health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014	
(Rupees in '000)										
<b>Acquisition costs</b>										
Remuneration to insurance / takaful intermediaries individual policies:										
	- Commission on first year premiums / contributions	3,734,033	14	23	-	12,417	-	-	3,746,487	2,986,371
	- Commission on second year premiums / contributions	256,728	13	-	-	-	-	-	256,741	221,534
	- Commission on subsequent renewal premiums / contributions	191,338	65	3	-	-	-	-	191,406	138,385
	- Commission on single premiums / contributions	41,751	-	-	-	12	-	-	41,763	15,439
		<b>4,223,850</b>	<b>92</b>	<b>26</b>	<b>-</b>	<b>12,429</b>	<b>-</b>	<b>-</b>	<b>4,236,397</b>	<b>3,361,729</b>
Remuneration to Insurance / Takaful intermediaries on group policies:										
	- Commission	-	242,383	71,922	-	-	-	-	314,305	239,249
25	Branch overheads	1,434,769	34,824	62,740	-	7,572	12	49	1,539,966	1,212,985
Other acquisition costs:										
	- Policy stamps	133,510	100	2,200	-	1,386	-	-	137,196	113,017
		<b>5,792,129</b>	<b>277,399</b>	<b>136,888</b>	<b>-</b>	<b>21,387</b>	<b>12</b>	<b>49</b>	<b>6,227,864</b>	<b>4,926,980</b>
<b>Administration expenses</b>										
26	Salaries, allowances and other benefits	498,460	39,657	75,307	610	19,292	14	60	633,400	488,540
	Charge for defined benefit plan	21,037	1,851	3,193	26	828	1	2	26,938	18,609
	Contribution to defined contribution plan	17,633	1,519	2,596	22	457	1	3	22,231	17,187
	Travelling expenses	21,087	1,267	6,672	36	483	-	5	29,550	23,729
27	Auditors' remuneration	4,388	133	178	4	705	8	48	5,464	2,693
	Actuary's fees	10,087	1,777	528	21	23	1	-	12,437	8,149
	Medical fees	2,809	1,177	1,599	33	15	1	1	5,635	4,600
	Advertisements	340,484	3,379	7,793	-	12,491	1	6	364,154	237,389
	Printing and stationery	49,066	2,571	13,217	57	3,451	7	10	68,379	60,493
20.2	Depreciation	84,718	5,143	7,973	145	1,307	2	6	99,294	82,302
20.4	Amortisation	31,729	1,737	2,390	50	444	-	2	36,352	7,804
	Rent expense	59,602	3,924	8,416	45	1,162	1	7	73,157	57,052
	Legal and professional charges	12,924	324	275	7	1,349	-	-	14,879	6,228
	Supervision fees	43,596	2,609	3,673	58	41	1	3	49,981	43,700

(Continued...)

# Statement of Expenses

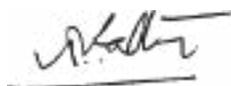
For the Year ended December 31, 2015

Note	Statutory Funds							Aggregate	
	Individual life unit linked	Conventional business	Accident & health business	Overseas group life and health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014
(Rupees in '000)									
<b>Administration expenses</b> (Continued...)									
Utilities	36,693	1,842	3,837	27	608	1	3	43,011	43,532
Entertainment	7,768	340	1,449	8	954	-	1	10,520	8,332
Vehicle running	6,941	583	1,969	16	69	-	2	9,580	10,655
Repairs and maintenance	57,365	2,710	4,538	72	1,335	1	4	66,025	35,772
Bank charges and brokerage	10,012	78	117	13	19	-	-	10,239	9,147
Training expenses	7,056	292	408	8	122	-	-	7,886	5,608
Postages, telegrams and telephone	56,695	1,750	4,287	39	745	1	3	63,520	47,261
Staff welfare	11,450	334	516	8	142	-	1	12,451	8,713
General insurance	4,850	479	747	15	117	-	-	6,208	3,337
Doubtful debts	(1)	22	4,428	-	-	-	-	4,449	18,199
Miscellaneous expenses	335	18	37	-	605	71	542	1,608	1,168
	<b>1,396,784</b>	<b>75,516</b>	<b>156,143</b>	<b>1,320</b>	<b>46,764</b>	<b>112</b>	<b>709</b>	<b>1,677,348</b>	<b>1,250,199</b>
<b>Gross management expenses</b>	<b>7,188,913</b>	<b>352,915</b>	<b>293,031</b>	<b>1,320</b>	<b>68,151</b>	<b>124</b>	<b>758</b>	<b>7,905,212</b>	<b>6,177,179</b>
Commission from reinsurers	(69,724)	(4,295)	(3,840)	-	(105)	-	-	(77,964)	(61,837)
<b>Net management expenses</b>	<b>7,119,189</b>	<b>348,620</b>	<b>289,191</b>	<b>1,320</b>	<b>68,046</b>	<b>124</b>	<b>758</b>	<b>7,827,248</b>	<b>6,115,342</b>

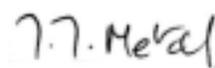
The annexed notes 1 to 44 form an integral part of these financial statements.



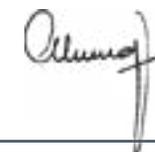
**Kamal A. Chinoy**  
Chairman



**Aly Noor Mahomed Rattansey**  
Director



**John Joseph Metcalf**  
Director



**Javed Ahmed**  
Managing Director &  
Chief Executive Officer

# Statement of Investment Income

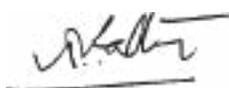
For the Year ended December 31, 2015

	Statutory Funds						Aggregate		
	Individual life unit linked	Conventional business	Accident & health business	Overseas group life and health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014
	(Rupees in '000)								
<b>Investment income</b>									
- Government securities	3,094,498	71,140	101,486	6,198	-	-	-	3,273,322	2,655,825
- Other fixed income securities and deposits	411,667	11,125	4,757	435	2,496	-	-	430,480	374,708
- Dividends	1,069,397	8,750	6,125	-	21	-	-	1,084,293	595,822
- Gain on sale of investments	367,397	7,275	5,263	100	-	-	-	380,035	105,513
- Amortisation of premium	16,744	(502)	111	93	-	-	-	16,446	96,499
- Unrealised gain on investments	907,324	-	-	-	68	-	-	907,392	2,287,956
- Other income	190	-	6,230	(229)	599	71	542	7,403	6,642
<b>Total</b>	<b>5,867,217</b>	<b>97,788</b>	<b>123,972</b>	<b>6,597</b>	<b>3,184</b>	<b>71</b>	<b>542</b>	<b>6,099,371</b>	<b>6,122,965</b>
<b>Reversal for impairment in the value of available for sale investments</b>									
- Government securities	29	1,391	(87)	-	-	-	-	1,333	7,450
<b>Less: Investment related expenses</b>	(2,440)	(27)	(17)	-	(1)	-	(1)	(2,486)	(1,158)
<b>Less: Tax on dividend under FTR</b>	(114,770)	(656)	(459)	-	-	-	-	(115,885)	(75,883)
<b>Net investment income</b>	<b>5,750,036</b>	<b>98,496</b>	<b>123,409</b>	<b>6,597</b>	<b>3,183</b>	<b>71</b>	<b>541</b>	<b>5,982,333</b>	<b>6,053,374</b>

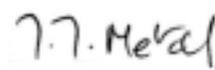
The annexed notes 1 to 44 form an integral part of these financial statements.



**Kamal A. Chinoy**  
Chairman



**Aly Noor Mahomed Rattansey**  
Director



**John Joseph Metcalf**  
Director



**Javed Ahmed**  
Managing Director &  
Chief Executive Officer

# Notes to and Forming Part of the Financial Statements

For the Year ended December 31, 2015

## 1. STATUS AND NATURE OF BUSINESS

1.1 Jubilee Life Insurance Company Limited (the Company) was incorporated in Pakistan on June 29, 1995 as a public limited Company under the Companies Ordinance, 1984. Its shares are quoted on the Pakistan Stock Exchange (formerly the Karachi Stock Exchange). The Company started its business on June 20, 1996. The addresses of its registered and principal office are 26 - D, 3rd Floor, Kashmir Plaza, Jinnah Avenue, Blue Area, Islamabad and Jubilee Life Insurance Building, 74/1-A, Lalazar, M.T Khan Road, Karachi, respectively.

The Company is engaged in life insurance, carrying on non-participating business. In accordance with the requirements of the Insurance Ordinance, 2000 the Company has established a shareholders' fund and following statutory funds in respect of each class of its life insurance business:

- Individual life unit linked
- Conventional business
- Accident & health
- Overseas group life and health business
- Individual Family Takaful (note 1.2)
- Group Family Takaful (note 1.2)
- Accident & Health Family Takaful (note 1.2)

1.2 The Company was issued the Certificate of authorization for commencement of Window Takaful Operations under Rule 6 of the Takaful Rules, 2012 by the Securities and Exchange Commission of Pakistan (SECP) vide Authorization Reference no. 7 dated June 17, 2015 and the Company launched the Window Takaful Operations on July 13, 2015.

1.3 The Company is a subsidiary of Aga Khan Fund For Economic Development, S.A., Switzerland.

## 2. BASIS OF PRESENTATION

These financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through the Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002] vide S.R.O.938 (1)/2002 dated December 12, 2002.

## 3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 and the Takaful Rules, 2012. In case requirements differ, the provisions of or directives issued thereunder of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 and the Takaful Rules, 2012 shall prevail.

### 3.1 Standards, interpretations and amendments effective in current year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for the following standards, which became effective during the year:

#### **New, Amended and Revised Standards And Interpretations of IFRSs**

- IFRS 10 'Consolidated Financial Statements,' IFRS 11 'Joint Arrangements', and IFRS 12 'Disclosure of Interests in Other Entities', IFRS 13 'Fair Value Measurements'. These standards became applicable from January 1, 2015, as per the adoption status of IFRS in Pakistan
- IFRS 10 replaces the current guidance on consolidation in IAS 27 Consolidated and Separate Financial Statements. It introduces a single model of assessing control whereby an investor controls an investee when it has the power, exposure to variable returns and the ability to use its power to influence the returns of the investee. IFRS 10 also includes specific guidance on de facto control, protective rights and the determination of whether a decision maker is acting as principal or agent, all of which influence the assessment of control. The application of IFRS 10 did not result in any investee being in control of the company.
- IFRS 11 replaces IAS 31 Interests in Joint Ventures. It requires all joint ventures to be equity accounted there by removing the option in IAS 31 for proportionate consolidation. It also removes the IAS 31 concept of jointly controlled assets. The application of IFRS 11 did not result in identification of any associate as a joint venture.
- IFRS 12 prescribes additional disclosures around significant judgements and assumptions made in determining whether an entity controls another entity and has joint control or significant influence over another entity. The standard also requires disclosures on the nature and risks associated with interests in unconsolidated structured entities. These disclosures are presented in notes 16.4.

- IFRS 13 Fair Value Measurement, consolidates the guidance on how to measure fair value, which was spread across various IFRS, in to one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 does not have an impact on the financial statements of the Company except for certain disclosers presented in note 40.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 January 2016:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 –Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's financial statements.
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's financial statements.
- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs

to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.

- Annual Improvements 2012-2014 cycle (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contains amendments to the following standards:
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above amendments are not likely to have an impact on Company's financial statements.

#### 4. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except as disclosed in accounting policies relating to investments.

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumption are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of approved accounting standards as applicable in Pakistan that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 41 to the financial statements.

#### 4.1 Functional and presentation currency

These financial statements have been presented in Pak Rupee, which is the Company's functional and presentation currency. Amounts presented have been rounded off to the nearest thousand.

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below:

#### 5.1 Types of Insurance / Window Takaful Operations

##### a) Individual life unit linked

Individual life contracts are mainly regular premium unit linked policies, where policy value is determined as per the underlying assets' value. Various types of riders (Accidental Death, Family Income Benefit, etc.) are also sold along with the basic policies. Some of these riders are charged through deductions from policyholders' fund value, while others are conventional i.e. additional premium is charged there against. Policies are sold to a wide cross-section of population with different income levels. The risk underwritten is mainly death and sometimes disability and/or critical illness. This business is written through two distribution channels, namely, the direct sales force and bancassurance.

Individual life single premium policies are also issued and their value is determined as per underlying assets' value of the fund.

##### b) Conventional business

###### i) Individual life conventional business

Individual life conventional contracts are mainly protection policies sold to a wide cross-section of population with different income levels. The risk underwritten is mainly death and sometimes critical illness. This business is written through direct sales force.

###### ii) Group life

Group life contracts are mainly issued to employers to insure their commitments to their employees as required under The West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance, 1968. The Company also writes business for consumer banking related schemes and micro-insurance schemes. The risk underwritten is mainly death and sometimes disability. This business is written through direct sales force and bancassurance.

### **c) Accident & health**

#### **i) Individual accident & health business**

Individual accident and health contracts are mainly protection policies sold to a wide cross-section of population with different income levels. The risk underwritten is medical expenses related to outpatient services and hospitalization. This business is written through direct sales force.

#### **ii) Group health**

Group health contracts are mainly issued to employers to insure their commitments to their employees. The Company also writes business for micro-insurance schemes. The risk underwritten is medical expenses related to outpatient services and hospitalization. This business is written through direct sales force.

#### **d) Overseas group life and health business**

The Company has issued group life and health policies to a policyholder based in Afghanistan. The risk underwritten under life policy is mainly death and sometimes disability while the risk underwritten under health policy is medical expenses related to hospitalization and out-patient.

#### **e) Family Takaful Contracts**

The Company offers Family Takaful Contracts. Family Takaful Contract is an arrangement which rests on key Shariah principles of mutual cooperation, solidarity and well-being of a community, and is based on the principles of Wakala Waqf Model. Under a Takaful arrangement, individuals come together and contribute towards the common objective of protecting each other against financial losses by sharing the risk on the basis of mutual assistance.

The obligation of Waqf for Waqf participants' liabilities is limited to the amount available in the Waqf fund. In case there is a deficit the Waqf Fund, the Window Takaful Operator shall grant an interest free loan (Qard-e-Hasna) to make good the deficit. The loan shall be repayable from the future surpluses generated in the Waqf Fund, without any excess of the actual amount given to it. Repayment of Qard-e-Hasna shall receive priority over surplus distribution to Participants from the Waqf Fund. The detailed disclosures of window takaful operations are presented in note 33.

#### **i) Individual Takaful Contracts Unit - Linked**

The Company offers Unit Linked Takaful Plans which provide Shariah Compliant financial protection and investment vehicle to individual participants. These plans carry cash value, and offer investment choices to the participants to direct their investment related contributions based on their risk / return objectives. The investment risk is borne by the participants.

## ii) Group Family Takaful

The Group Family Takaful contracts are issued typically on yearly renewable term basis. The Company offers group term life and group credit plans to its participants.

## 5.2 Revenue recognition

### 5.2.1 Premiums

First year, renewal and single premium are recognized once resulted policies are issued /renewed against receipt and realization of premium except for Group life, Group health and Overseas group life and health business.

Premium for group life, group health and overseas group life and health business are recognized as and when due. The Company continues to provide the cover even if the premium is received after the grace period.

### 5.2.2 Contributions

#### i) Individual Life Family Takaful

First year contributions and single contributions are recognized once the related policies are issued against receipt of contribution.

#### ii) Group Family Takaful

Group Family contributions are recognized as and when due. In respect of these policies, the Company will continue to provide cover even if the contribution is received after grace period.

#### iii) Accident & Health Family Takaful

Group Health contributions are recognized as and when due. In respect of these policies, the Company will continue to provide cover even if the contribution is received after grace period.

## 5.3 Claim expenses

Claim expenses are recognized on the date the insured event is intimated except for individual life unit linked where claim expenses are recognized earlier of the date the policy cease to participate in the earnings of the fund and the date insured event is intimated.

Surrenders of individual life unit linked are recognized after these have been approved in accordance with the Company's policy.

Liability for outstanding claims is recognized in respect of all claims intimated up to the balance sheet date. Claims liability includes amounts in relation to unpaid reported claims.

Liability for claims "Incurred But Not Reported" (IBNR) is included in policyholders' liabilities.

#### 5.4 Experience refund of premium

Experience refund of premium payable to policyholders except for individual life unit linked is included in outstanding claims.

#### 5.5 Recognition of Policyholders' liabilities / Technical Reserves

##### a) Individual life unit linked

Policyholders' liabilities constitute the fund value of unit linked contracts as well as non-unit reserves of these linked contracts. Non-linked reserves constitute liability kept to account for risks such as death, disability, critical illness, etc. Incurred But Not Reported (IBNR) claims and non-linked riders (Accidental Death and Disability, Waiver of Premium, etc.).

Reserves for risks such as death, disability, etc. are kept on the basis of risk charges deducted for these risks.

##### - Incurred But Not Reported (IBNR) claims

For IBNR, the Company uses statistical methods to incorporate assumptions made in order to estimate the ultimate cost of claims. The claims experience for this line of business has not developed sufficiently to attach full credibility to the experience. Hence, IBNR reserves are being kept as a percentage of risk charges. A lag study has been conducted at various points of time to attach greater credibility to the experience in order to determine the amount of IBNR claims.

The method involves the analysis of historical claims and the lags are estimated based on this historical pattern. Actual IBNR claims experience at various points of time is compared to the IBNR reserves kept at these time periods, to determine the adequacy of IBNR reserves. This validates the factor that is applied to risk charges in order to arrive at IBNR reserves. Adequate margins are also built-in to compensate for any adverse deviations in claims experience. In view of grossly insufficient claims experience, IBNR reserves for non-linked riders have been held in proportion to the premium earned in the valuation year.

##### - Unearned premium and premium deficiency reserve

Unearned premium reserve is not applicable to main policies. The rider premium proportionate to the unexpired duration of the period for which the respective premiums have been received are held as unearned premium reserves. Liabilities for claims in course of payment for Family Income Benefit rider and Waiver of Premium rider are held in accordance with the advice of the appointed actuary.

The Premium Deficiency Reserve (PDR) is not applicable to these policies. For riders, there is no need to hold a PDR since these maintain very reasonable claim ratios.

## **b) Conventional business**

### **i) Individual life conventional**

Policyholders' liabilities constitute the reserves for base plans, riders attached to the base plans and reserves for IBNR claims. For base plans, policyholders' liabilities are determined as per the minimum criteria given in Insurance Rules, 2002. Discount rate used in this calculation is 3.75% and the mortality rates assumed are those according to EFU (61-66) table. For critical illness policies, the future incidence of critical illness is according to a percentage of reinsurer's risk premium rates for this coverage.

- **Incurred But Not Reported (IBNR) claims**

IBNR reserves for riders are held as a percentage of rider premium earned in the valuation year in view of grossly insufficient claims experience.

- **Unearned premium and premium deficiency reserve**

Unearned Premium Reserves (UPR) methodology is applied to rider premium to arrive at riders' reserves. The rider premium proportionate to the unexpired duration of the period for which the respective premiums have been received are held as unearned premium reserves.

Tests are conducted periodically on the basis of gross premium valuation to confirm the adequacy of reserves kept on modified net premium basis. For riders, there is no requirement to hold premium deficiency reserves since these maintain very reasonable claims ratios.

### **ii) Group life**

Policyholders' liabilities comprise of Unearned Premium Reserves (UPR), reserves for Incurred But Not Reported (IBNR) claims and pay-continuation reserves.

- **Incurred But Not Reported (IBNR) claims**

For purposes of estimation, the business has been split into two categories, namely, normal and other than normal schemes (including consumer banking schemes and micro-insurance). IBNR reserves is calculated on separate basis for these two categories. IBNR is based upon reported claims for normal schemes and on earned premium for other than normal schemes due to lack of fully credible experience. For IBNR reserves based on reported claims, the Company uses the chain-ladder method (a statistical technique) to estimate the ultimate cost of claims.

- **Unearned premium and premium deficiency reserve**

Gross premium proportionate to the unexpired duration of the period for which the respective premiums have been billed are held as unearned premium reserves.

The unearned premium reserve can deem to become insufficient if either there is gross deterioration in mortality, there is an occurrence of a catastrophic event, or there is a reduction in asset value on potential encashment of assets. No requirement for holding premium deficiency reserve was found since the Company has a good combined ratio and it is unlikely that there will be a sudden, significant worsening of mortality due to good dispersion of risk across various geographical and income stratas. Also, the Company holds a catastrophe reinsurance cover which reduces its exposure to large number of claims arising from any one incident.

Liabilities for claims in course of payment (pay continuation reserves) are held in accordance with the advice of the appointed actuary.

### **c) Accident & health**

Policy holder liability comprises of Unearned Premium Reserves (UPR) and reserves for Incurred But Not Reported (IBNR) claims.

- **Incurred But Not Reported (IBNR) claims**

For purposes of estimation, the business has been split into two categories, namely, non-micro non-outpatient and other (includes non-micro-insurance schemes' outpatient components and micro-insurance schemes). IBNR reserve is calculated on separate basis for these two categories. IBNR is based upon reported claims for the non-micro-insurance non-outpatient category and on earned premium for the other category due to lack of fully credible experience.

For IBNR reserves based on reported claims, the Company uses the chain-ladder method (a statistical technique) to estimate the ultimate cost of claims.

- **Unearned premium and premium deficiency reserve**

Gross premium proportionate to the unexpired duration of the period for which the respective premiums have been billed are held as unearned premium reserves.

The unearned premium reserve can deem to become insufficient if either there is sudden worsening of morbidity or inflationary increase in claims. No requirement for holding premium deficiency reserve was found at present since the portfolio has a combined ratio of less than 100% and the average claims have been low in spite of overall inflation.

#### **d) Overseas group life and health fund**

Policy holder liability comprises of Unearned Premium Reserves (UPR) and reserves for Incurred But Not Reported (IBNR) claims.

- Incurred But Not Reported (IBNR) claims

This reserve has been set as Nil as at the valuation date in view of the reinsurance arrangements in place.

- Unearned premium and premium deficiency reserve

Gross premium proportionate to the unexpired duration of the period for which the respective premiums have been billed are held as unearned premium reserves.

The unearned premium reserve can deem to become insufficient if either there is gross deterioration in mortality, sudden worsening of morbidity, occurrence of a catastrophic event, reduction in asset value on potential encashment of assets or inflationary increase in claims. No requirement for holding premium deficiency reserve was found at present since the portfolio has a good combined ratio and the average claims have been low in spite of overall inflation.

#### **e) Reserve for claims - Incurred but not reported (IBNR) - Takaful Contracts**

The liability for claims - IBNR, is determined by the Appointed Actuary and is included in the Technical Reserves. The IBNR is expressed on the basis of past claims reporting pattern as a percentage of earned contribution.

#### **f) Reserve for unearned contribution - Takaful Contracts**

The unearned portion of gross contribution, net off wakala fee, is set aside as a reserve and included in the technical reserves. Such reserve is calculated as a portion of the gross contribution of each policy, determined according to the ratio of the unexpired period of the policy and the total period, both measured to the nearest day.

#### **g) Contribution Deficiency Reserve - Takaful Contracts**

The Company maintains 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 claims and other supplementary 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. Provision for contribution deficiency reserve is made as per the advice of the appointed actuary. The movement in the contribution deficiency reserve is recorded as an expense / income in the revenue account.

## **h) Technical Reserves**

Technical reserves are stated at a value determined by the appointed actuary through an actuarial valuation carried out as at each balance sheet date, in accordance with Section 50 of the Insurance Ordinance, 2000.

### **5.6 Reinsurance / Retakaful contracts held**

#### **5.6.1 Conventional**

##### **Reinsurance premiums**

Reinsurance premium is recognized at the same time when the premium income is recognized. It is measured in line with the terms and conditions of the reinsurance treaties.

##### **Claim recoveries**

Claim recoveries from reinsurers are recognized at the same time as the claims are intimated in line with the term and condition of the reinsurance arrangements.

##### **Experience refund of premium**

Experience refund receivable from reinsurers is included in the reinsurance recoveries of claims.

Individual life unit linked and conventional policies are reinsured under an individual life reinsurance agreement whereas group life policies are reinsured under a group life reinsurance agreement.

All receivables (reinsurer's share in claims, inward commission and experience refund) and payables (reinsurance premium) under reinsurance agreements are recognised net in the Company's financial statements, under the circumstances only that there is a clear legal right of off-set of the amounts. Furthermore, credit is taken on account of reinsurer's share in policyholders' liabilities as advised by the appointed actuary.

#### **5.6.2 Takaful**

##### **Retakaful Contribution**

These contracts are entered into by the Company with the retakaful operator under which the retakaful operator cedes the Takaful risk assumed during normal course of its business, and according to which the Waqf is compensated for losses on contracts issued by it.

Retakaful contribution is recorded at the time the retakaful is ceded. Surplus from retakaful operator is recognized in the revenue account.

Retakaful liabilities represent balances due to retakaful companies. Amounts payable are calculated in a manner consistent with the associated retakaful treaties.

### **Retakaful Expenses**

Retakaful expenses are recognized as a liability.

Retakaful assets represent balances due from retakaful operator. Recoverable amounts are estimated in a manner consistent with the associated retakaful treaties.

Retakaful assets are not offset against related Retakaful liabilities. Income or expenses from retakaful contract are not offset against expenses or income from related Retakaful contracts as required by the Insurance Ordinance, 2000. Retakaful assets and liabilities are derecognized when the contractual rights are extinguished or expired.

## **5.7 Receivables and payables related to insurance contracts**

Receivables and payables are recognized when due. These include amounts due to and from agents and policyholders.

## **5.8 Staff retirement benefits**

### **Defined benefit plan**

The Company operates an approved funded gratuity scheme for all permanent employees who have completed minimum qualifying eligible service of 5 years. Contribution to the fund is made and expense is recognized on the basis of actuarial valuation carried out as at each year end using the projected unit credit method.

The measurement differences representing actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost / income are recognized immediately with a charge or credit to profit and loss and revenue account. The accounting standard requires these to be recognized in other comprehensive income (OCI). However, the format of presentation and disclosure of financial statements notified by SECP does not require preparation of statement of comprehensive income, resultantly the charge / credit has been taken to profit and loss and revenue account.

The Company operates an approved contributory provident fund for all its permanent employees. Equal monthly contributions are made by both the Company and the employees to the fund at the rate of 10% of basic salary. Contributions made by the Company are recognized as expense.

## 5.9 Accumulated compensated absences

The Company makes provision in the financial statements for its liabilities towards vested and non-vested compensated absences accumulated by its employees on the basis of anticipated utilization of such leaves based on past trends.

## 5.10 Statutory funds

The Company maintains statutory funds in respect of each class of life insurance business. Assets, liabilities, revenues and expenses of the Company are referable to respective statutory funds, however, where these are not referable to statutory funds, these are allocated to the shareholders' fund.

Apportionment of assets, liabilities, revenues and expenses, wherever required, between funds are made on a fair and equitable basis in accordance with the written advice of the appointed actuary.

## 5.11 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to the items recognized directly in equity, in which case it is recognized in equity.

### Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation on income. Charge for the current tax includes adjustments, where considered necessary, relating to prior years.

### Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available and the credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

## 5.12 Investments

### Classification

The Company has classified its investment portfolio except for investment in associate into 'held-to-maturity' and 'available-for-sale' categories as follows:

- Held-to-maturity – These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold till maturity.
- Available-for-sale – These are investments that do not fall under the Held-for-trading or Held-to-maturity categories.
- Held for trading – category represent investment acquired principally for the purpose of selling or repurchasing in the near term. The Company does not hold any portfolio which is held for trading.

### Initial recognition

All investments classified as above are initially recognized at fair value including acquisition charges associated with the investments.

All regular way purchases / sales of investment are recognized on the trade date, i.e., the date the Company commits to purchase / sell the investments. Regular way purchases or sales of investment require delivery of securities within the time frame generally established by regulation or convention in the market place.

### Subsequent measurement

Investments classified as held-to-maturity are subsequently measured at amortized cost, taking into account any discount or premium on acquisition, using the effective interest rate method.

Investments classified as available-for-sale are subsequently measured at lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002 and the reduction is recognized as a provision for impairment in value of investment. Any change in the provision for impairment in value of an investment is recognized in the profit and loss account or revenue account of the respective non-linked fund. However, investments classified as available-for-sale, which are linked to the units of the unit linked fund, are marked to their market values. Any gain or loss on such available-for-sale investments is recognized in revenue account of the respective linked fund.

### **Investment in an associate - equity method**

Associates are those entities in which the company has significant influence, but does not have control, over the financial and operating policies. These financial statements include the company's share of total recognized gains and losses of associates on the equity accounting basis, from the date significant influence commences until the date that significant influence ceases. When the company's share of losses exceeds its interest in an associate, the Company's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the company has incurred legal or constructive obligation.

### **Fair / market value measurements**

For investments in Government securities, fair / market value is determined by reference to quotations obtained from Reuters page (PKRV) where applicable. For investments in quoted marketable securities, other than Term Finance Certificates, fair / market value is determined by reference to Stock Exchange quoted market price at the close of business on balance sheet date. The fair market value of Term Finance Certificates is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP).

## **5.13 Fixed assets**

### **Tangible assets**

Tangible assets are stated at cost less accumulated depreciation and impairment losses, if any, except for capital work in progress which is stated at cost. Assets having cost exceeding the minimum threshold as determined by the management are capitalized. All other assets are charged in the year of acquisition. Cost includes expenditure that is directly attributable to the acquisition of the asset.

### **Subsequent cost**

Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other expenses are charged to income during the year in which they are incurred.

### **Depreciation**

Depreciation is charged to profit and loss account using the straight line method at the rates specified in note 20.2 on all assets available for use at the end of each month. When parts of an item of asset have different useful lives, they are accounted for as separate fixed assets items.

Depreciation on additions is charged from the month in which the asset is available for use while no depreciation is charged in the month of disposal.

The assets' residual value and useful lives are reviewed at each balance sheet date and adjusted if appropriate.

### **Gains and losses on disposal**

An item of tangible assets is derecognized upon disposal or where no future economic benefits are expected to be realized from its use or disposal. Gains or losses on disposal of an item of tangible assets are recognized in the profit and loss account.

### **Intangible assets**

These represent assets with finite lives and are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged over the estimated useful life of the asset applying the straight line method at the rates specified in note 20.4 to the financial statements.

Software development costs are only capitalized to the extent that future economic benefits are expected to be derived by the Company.

### **Capital work in progress**

Capital work in progress is stated at cost and consists of expenditure incurred and advances made in respect of assets in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.

## **5.14 Other revenue recognition**

### **Mark-up / Interest**

- Mark-up / interest income on bank deposits and government securities is recognized on time proportion basis, using effective yield method.
- Interest on fixed income securities is recognized on time proportion basis using effective yield method.

### **Dividends**

Dividend income is recognized when Company's right to receive dividend is established.

## **5.15 Acquisition cost**

These are costs incurred in acquiring insurance policies / takaful contracts, maintaining such policies / takaful contracts, and include without limitation, all forms of remuneration paid to insurance / takaful agents.

Commission and other expenses are recognized as expense in the earlier of the financial year in which they are paid and financial year in which they become due and payable, except that commission and other expenses which are directly referable to the acquisition or renewal of specific contracts are recognized not later than the period in which the premium to which they refer is recognized as revenue.

### 5.16 Takaful Operator's Fee

The shareholders of the Company manage the Window Takaful operations for the participants. Accordingly, the Company is entitled to Takaful Operator's Fee for the management of Window Takaful Operations under the Waqf Fund, to meet its general and administrative expenses. The Takaful Operator's fee, termed Wakala Fee, is recognised upfront.

### 5.17 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date. Foreign currency transactions are recorded using the rates of exchange prevailing at the date of transaction. Exchange gains and losses on translation are included in investment income currently.

The assets and liabilities of foreign operations are translated into Pakistani rupees at exchange rates prevailing at the reporting date. The income and expense of foreign operations (associate) are translated at average rate of exchange for the year. Translation gains and losses arising on the translation of net investment in foreign associate are required to be recognized in other comprehensive income under "Exchange Translation Reserve" and is transferred to profit and loss account on its disposal as per IAS 21. However, the Company recorded exchange loss in profit and loss account directly due to the fact that the format prescribed by SECP does not specify the Other Comprehensive Income statement and therefore, the Company has taken charge of related Other Comprehensive Income items in Profit and Loss Account.

### 5.18 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include the following:

- Cash at bank in current and saving accounts
- Cash and stamps in hand
- Term deposits receipts with original maturity upto three months
- Certificate of Islamic Investment with original maturity upto three months

### 5.19 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 recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account / revenue account, as appropriate.

## 5.20 Provisions

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

## 5.21 Segment reporting

Operating segments are reported in a manner consistent with that provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

The Company has five operating segments for reporting purposes namely; Individual life unit linked, Conventional business, Accident & Health, Overseas Group Life & Health, and the Window Takaful Operations. The details of all operating segments are described in note 5.1 to these financial statements.

The Window Takaful has three primary business segments for reporting purposes - the Individual Family Takaful, Group Family Takaful, and Accident & Health Family Takaful.

- a) The Individual Family Takaful segment provides family takaful coverage to individuals under unit based policies issued by the PTF.
- b) The Group Family Takaful segment provides family takaful coverage to members of business enterprises, corporate entities, and common interest groups under Group Family Takaful schemes issued by the PTF.
- c) The Accident & Health Takaful segment provides accident coverage and inpatient / outpatient health coverage to members of business enterprises and corporate entities under Group Family Takaful schemes issued by the PTF.

## 5.22 Off-setting

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

## 5.23 Financial assets and liabilities

All financial assets and liabilities are initially measured at fair value. These financial assets and liabilities are subsequently measured at fair / market value or amortised cost as the case may be.

## 5.24 Dividend and appropriation to reserves

Dividend and appropriation to reserves except appropriations required by the law are recognised in the year in which these are approved.

## 6. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2015	2014		2015	2014
(Number of shares in '000)			(Rupees in '000)	
72,119	62,712	Ordinary shares of Rs. 10 each fully paid in cash	721,188	627,120
-	9,407	Issued as fully paid bonus shares	-	94,068
<b>72,119</b>	<b>72,119</b>		<b>721,188</b>	<b>721,188</b>

6.1 As at December 31, 2015 Aga Khan Fund for Economic Development S.A., Switzerland and its nominees held 41,739,128 ordinary shares (2014: 41,739,128 ordinary shares) of Rs.10 each respectively.

## 7. ANALYSIS OF ACCUMULATED SURPLUS AS SHOWN IN BALANCE SHEET

	2015	2014
	(Rupees in '000)	
Accumulated surplus in statement of changes in equity at beginning of the year	2,438,677	1,616,002
Add: Surplus in profit and loss account for the year	1,621,560	1,361,532
Less: Dividend	(721,188)	(399,789)
Less: Issue of bonus shares	-	(94,068)
Accumulated surplus in statement of changes in equity ignoring effect of capital transfers at end of the year	<b>3,339,049</b>	<b>2,483,677</b>
Capital transfers to statutory fund	(150,000)	(95,000)
Capital withdrawn from statutory fund	-	50,000
Accumulated surplus	<b>3,189,049</b>	<b>2,438,677</b>

## 8. MOVEMENT IN EQUITY OF STATUTORY FUND

	Statutory Funds							Aggregate	
	Individual life unit linked	Conventional business	Accident & health	Overseas group life and health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014
	(Rupees in '000)								
<b>Policyholders' liabilities / Technical reserves'</b>									
Balance at beginning of the year	41,912,415	319,662	460,988	-	-	-	-	42,693,065	29,012,338
Increase during the year	17,217,439	61,253	311,101	-	5,663	161	1,538	17,597,155	13,680,727
Balance at end of the year - note 9	<b>59,129,854</b>	<b>380,915</b>	<b>772,089</b>	<b>-</b>	<b>5,663</b>	<b>161</b>	<b>1,538</b>	<b>60,290,220</b>	<b>42,693,065</b>
<b>Retained earnings on other than participating business</b>									
Balance at beginning of the year	605,781	290,641	309,091	22,354	-	-	-	1,227,867	847,241
Surplus / (deficit) for the year	2,412,542	130,336	141,202	19,137	(45,761)	(41)	(311)	2,657,104	2,260,626
Surplus appropriated to shareholders' fund	(2,115,000)	(105,000)	-	-	-	-	-	(2,220,000)	(1,880,000)
Balance at end of the year - note 8.1	<b>903,323</b>	<b>315,977</b>	<b>450,293</b>	<b>41,491</b>	<b>(45,761)</b>	<b>(41)</b>	<b>(311)</b>	<b>1,664,971</b>	<b>1,227,867</b>
<b>Capital contributed by shareholders' fund</b>									
Balance at beginning of the year	-	-	50,000	50,000	-	-	-	100,000	55,000
Capital contributed during the year	-	-	-	-	130,000	10,000	10,000	150,000	95,000
Qard-e-Hasna from Window Takaful Operator to PTF	-	-	-	-	(2,000)	(2,000)	(2,000)	(6,000)	-
Qard-e-Hasna received by PTF	-	-	-	-	2,000	2,000	2,000	6,000	-
Money ceded to Waqf	-	-	-	-	500	-	-	500	-
Capital withdrawn during the year	-	-	-	-	-	-	-	-	(50,000)
Balance at end of the year	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>50,000</b>	<b>130,500</b>	<b>10,000</b>	<b>10,000</b>	<b>250,500</b>	<b>100,000</b>
Balance of statutory fund at end of the year	<b>60,033,177</b>	<b>696,892</b>	<b>1,272,382</b>	<b>91,491</b>	<b>90,402</b>	<b>10,120</b>	<b>11,227</b>	<b>62,205,691</b>	<b>44,020,932</b>

8.1 Balances in retained earnings are principally maintained in accordance with the SEC Insurance rules, 2002 to meet solvency margins.

## 9 POLICYHOLDERS' LIABILITIES / TECHNICAL RESERVES'

	Statutory Funds							Aggregate	
	Individual life unit linked	Conventional business	Accident & health	Overseas group life and health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014
	(Rupees in '000)								
<b>Gross of reinsurance / retakaful</b>									
Actuarial liability relating to future events	58,824,152	262,679	566,907	-	5,650	237	1,464	59,661,089	42,253,112
Provision for outstanding reported claims payable over a period exceeding twelve months	230,966	123,413	-	-	-	-	-	354,379	268,073
Provision for incurred but not reported claims	171,820	126,219	208,021	64	120	-	74	506,318	473,657
	<b>59,226,938</b>	<b>512,311</b>	<b>774,928</b>	<b>64</b>	<b>5,770</b>	<b>237</b>	<b>1,538</b>	<b>60,521,786</b>	<b>42,994,842</b>
<b>Net of reinsurance / retakaful</b>									
Actuarial liability relating to future events	58,785,785	157,233	565,236	-	5,583	145	1,464	59,515,446	42,128,276
Provision for outstanding reported claims payable over a period exceeding twelve months	230,966	123,413	-	-	-	-	-	354,379	268,073
Provision for incurred but not reported claims	113,103	100,269	206,853	-	80	16	74	420,395	296,716
	<b>59,129,854</b>	<b>380,915</b>	<b>772,089</b>	<b>-</b>	<b>5,663</b>	<b>161</b>	<b>1,538</b>	<b>60,290,220</b>	<b>42,693,065</b>

## 10. STAFF RETIREMENT BENEFITS

### 10.1 Defined benefit plan

- 10.1.1 As stated in note 5.9, the Company operates an approved funded gratuity scheme for all permanent employees who have completed minimum qualifying eligible service of 5 years.
- 10.1.2 Plan assets held in trust are governed by local regulations which mainly include Trust Act, 1882; the Companies Ordinance, 1984, Income Tax Rules, 2002 and Rules under the Trust Deed of the plan. Responsibility for governance of the plans, including investment decisions and contribution schedules, lies with the Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.
- 10.1.3 The latest actuarial valuation of the scheme as at December 31, 2015 was carried out using the Projected Unit Credit Method. The results of actuarial valuation are as follows:

	2015	2014
	(Rupees in '000)	
<b>10.1.4 Balance sheet reconciliation</b>		
Present value of defined benefit obligation at December 31 - note 10.1.5	248,773	194,035
Fair value of plan assets at December 31 - note 10.1.6	(227,439)	(202,237)
(Surplus) / deficit	<u>21,334</u>	<u>(8,202)</u>
<b>10.1.5 Movement in present value of defined benefit obligation</b>		
Balance as at January 1	194,035	142,882
Benefits paid by the plan	(10,689)	(3,668)
Current service cost	26,576	20,921
Interest cost	23,114	18,336
Remeasurement loss on obligation	15,737	15,564
Closing balance	<u>248,773</u>	<u>194,035</u>
<b>10.1.6 Movement in fair value of plan assets</b>		
Balance at 1 January	202,237	106,416
Contributions paid into the plan	15,544	76,839
Benefits paid by the plan	(10,689)	(3,668)
Interest income	25,286	18,694
Remeasurement gain / (loss)	(4,939)	3,956
Balance at December 31	<u>227,439</u>	<u>202,237</u>
<b>10.1.7 Expense recognised in profit and loss account</b>		
Current service cost	26,576	20,921
Net interest cost	(2,172)	(358)
Experience losses	20,676	11,608
	<u>45,080</u>	<u>32,171</u>

	2015	2014
	(Rupees in '000)	
<b>10.1.8 Net recognised liability / (asset)</b>		
Net liability / (asset) at beginning of the year	(8,202)	36,466
Expense recognised in profit and loss account	45,080	32,171
Contribution made to the fund	(15,544)	(76,839)
	<b>21,334</b>	<b>(8,202)</b>

**10.1.9 Plan assets comprise of the following:**

	2015		2014	
	(Rupees in '000)	%	(Rupees in '000)	%
Government Securities	192,208	84.5%	171,767	84.9%
Mutual Funds	18,947	8.3%	9,817	4.9%
Cash and others	16,284	7.2%	20,653	10.2%
	<b>227,439</b>	<b>100%</b>	<b>202,237</b>	<b>100%</b>

**10.1.10 Actuarial assumptions**

	2015	2014
	%	%
Discount rate at December 31	10.00%	12.25%
Future salary increases	10.00%	12.25%

10.1.11 Expected mortality was based on SLIC (2001 - 05) mortality table.

10.1.12 In case of the funded plan, the Company ensures that the investment positions are managed within an Asset-Liability Matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the retirement benefit plan. Within this framework, the Company's ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets consists of government securities. The Company believes that government securities offer the best returns over the long term with an acceptable level of risk.

10.1.13 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

The Company's contribution to the fund in 2016 is expected to amount to Rs. 33.98 million (2015: Rs. 45.08 million).

The actuary conducts valuations for calculating contribution rates and the Company contributes to the fund according to the actuary's advice. Expense of the defined benefit plan is calculated by the actuary.

#### 10.1.14 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	(Rupees in '000)		
Discount rate at December 31	1%	220,369	282,455
Future salary increases	1%	285,550	219,766

If longevity increases by 1 year, the resultant increase in obligation is insignificant.

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

#### 10.1.15 Historical information

	2015	2014	2013	2012	2011
	(Rupees in '000)				
Defined benefit obligation	248,773	194,035	142,882	92,242	69,336
Fair value of plan assets	(227,439)	(202,237)	(106,416)	(89,704)	(72,862)
Surplus / (deficit)	(21,334)	8,202	(36,466)	(2,538)	3,526
<b>Experience adjustments</b>					
(Gain) / loss on obligation	15,737	15,564	29,614	5,651	(3,378)
Gain / (loss) on plan assets	(4,939)	(3,956)	(2,654)	1,735	776

10.1.16 The weighted average duration of the defined benefit obligation is 12 years.

10.1.17 Figures in note 10 are based on the latest actuarial valuation carried out as at December 31, 2015.

## 10.2 Defined Contribution Plan

The Company's contributions towards the provident fund for the year ended December 31, 2015 amounted to Rs. 37 million (2014: Rs. 30 million).

## 11. OUTSTANDING CLAIMS

	2015			2014		
	Gross	Re-insurance	Net	Gross	Re-insurance	Net
	(Rupees in '000)					
<b>Individual life unit linked</b>						
Notified claims at beginning of the year	124,208	1,346	125,554	105,846	(10,110)	95,736
Cash paid for claims settled in the year	(4,884,069)	163,639	(4,720,430)	(3,408,946)	141,436	(3,267,510)
Increase / (decrease) in liabilities:						
Arising from current year claims	4,970,502	(177,814)	4,792,688	3,460,548	(149,306)	3,311,242
Arising from prior year claims	(19,146)	4,455	(14,691)	(33,240)	19,326	(13,914)
<b>Notified claims at end of the year</b>	<b>191,495</b>	<b>(8,374)</b>	<b>183,121</b>	<b>124,208</b>	<b>1,346</b>	<b>125,554</b>
<b>Conventional business</b>						
Notified claims at beginning of the year	354,086	(225,551)	128,535	366,508	(207,469)	159,039
Cash paid for claims settled in the year	(1,113,002)	636,871	(476,131)	(946,533)	365,389	(581,144)
Increase / (decrease) in liabilities:						
Arising from current year claims	1,084,967	(420,923)	664,044	939,614	(387,851)	551,763
Arising from prior year claims	14,010	3,432	17,442	(5,503)	4,380	(1,123)
<b>Notified claims at end of the year</b>	<b>340,061</b>	<b>(6,171)</b>	<b>333,890</b>	<b>354,086</b>	<b>(225,551)</b>	<b>128,535</b>
<b>Accident &amp; health</b>						
Notified claims at beginning of the year	215,484	(1,960)	213,524	157,594	(16,110)	141,484
Cash paid for claims settled in the year	(1,528,758)	14,717	(1,514,041)	(1,173,675)	18,877	(1,154,798)
Increase / (decrease) in liabilities:						
Arising from current year claims	1,601,514	(16,595)	1,584,919	1,256,178	(4,356)	1,251,822
Arising from prior year claims	(30,555)	(971)	(31,526)	(24,613)	(371)	(24,984)
<b>Notified claims at end of the year</b>	<b>257,685</b>	<b>(4,809)</b>	<b>252,876</b>	<b>215,484</b>	<b>(1,960)</b>	<b>213,524</b>

	2015			2014		
	Gross	Re-insurance	Net	Gross	Re-insurance	Net
	(Rupees in '000)					
<b>Overseas group life and health Fund</b>						
Notified claims at beginning of the year	15,528	(17,498)	(1,970)	40,529	(21,732)	18,797
Cash paid for claims settled in the year	(19,531)	26,548	7,017	(43,526)	14,961	(28,565)
Increase / (decrease) in liabilities:						
Arising from current year claims	17,758	(9,570)	8,188	18,525	(10,727)	7,798
Notified claims at end of the year	13,755	(520)	13,235	15,528	(17,498)	(1,970)
<b>Group Health Takaful</b>						
Notified claims at beginning of the year	-	-	-	-	-	-
Cash paid for claims settled in the year	(200)	-	(200)	-	-	-
Increase / (decrease) in liabilities:						
Arising from current year claims	294	-	294	-	-	-
Arising from prior year claims	-	-	-	-	-	-
Notified claims at end of the year	94	-	94	-	-	-

11.1 No claims were notified in respect of individual family takaful and group family takaful business. As the Company settles its claim obligations within a year, the claim development table has not been presented.

## 11.2 UNCLAIMED INSURANCE BENEFIT

Circular 11 of 2014 dated May 19, 2014 issued by the Securities and Exchange Commission of Pakistan (SECP) has established requirement for all insurers to disclose age wise break up of unclaimed insurance benefits in accordance with format prescribed in the annexure to the said circular.

The unclaimed benefits is described in the circular as the amounts which have become payable in accordance with the terms and conditions of an insurance policy but have not been claimed by the policyholders or their beneficiaries. Such unclaimed amounts may fall into the following categories:

	Age-wise break up					
	Total Amount	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
	(Rupees in '000)					
Unclaimed maturity benefits	961	859	93	9	-	-
Unclaimed death benefits	-	-	-	-	-	-
Unclaimed disability benefits	-	-	-	-	-	-
Claims not encashed	7,011	-	416	5,093	798	704
Other unclaimed benefits	-	-	-	-	-	-
<b>Total</b>	<b>7,972</b>	<b>859</b>	<b>509</b>	<b>5,102</b>	<b>798</b>	<b>704</b>

## 12. STATUTORY DEPOSITS

The Company has deposited 20 years Pakistan Investment Bonds amounting to Rs. 86 million (2014: Rs. 86 million) with the State Bank of Pakistan under section 29 of the Insurance Ordinance, 2000.

## 13. OTHER CREDITORS AND ACCRUALS

	Statutory funds							Aggregate		
	Share holders' fund	Individual life unit linked	Conventional business	Accident & health business	Overseas group life and health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014
	(Rupees in '000)									
Sundry creditors	39,531	129,129	5,604	10,903	-	-	-	185,167	40,693	
Withholding tax payable	2,702	21,447	694	615	-	-	-	25,458	15,904	
Payable to Workers' Welfare Fund	113,262	-	-	-	-	-	-	113,262	63,434	
Zakat payable	-	369	-	-	-	-	-	369	267	
	155,495	150,945	6,298	11,518	-	-	-	324,256	120,298	

## 14. CONTINGENCY & COMMITMENTS

### 14.1 Contingency

While finalising the Company's income tax assessment for the accounting years ended December 31, 2012 (Tax Year 2013) and December 31, 2011 (Tax year 2012), the taxation officer raised additional tax demand of Rs. 8.27 million and Rs. 9.86 million on the Company on account of non-deduction of withholding tax under section 151(1)(d) of the Income Tax Ordinance, 2001 on the amount of surrenders paid during the respective years. The Company filed an appeal with the Commissioner Inland Revenue Appeals (CIRA) contesting that the tax officer had misunderstood the contracts of life insurance, against which the CIRA passed an order rejecting the Company's plea. The Company has filed an appeal with the Appellate Tribunal challenging the order passed by CIRA. The Company believes the matter would be settled in its favour and hence no provision has been made in respect of the aforementioned additional tax demand.

### 14.2 Commitments in respect of capital expenditure - Leased assets

Not later than one year

Note	2015	2014
	(Rupees in '000)	
	<b>163,684</b>	<b>144,212</b>

## 15. CASH AND BANK DEPOSITS

Policy stamps in hand

Current and other accounts

Cash at bank - PLS saving accounts

Cash at Bank - Current accounts

Deposits maturing within 12 months

Term deposit receipts

Deposits maturing over 12 months

Certificate of Islamic Investment

		<b>33,077</b>	32,456
15.1		<b>1,622,041</b>	900,082
		<b>224,705</b>	738,402
		<b>1,846,746</b>	<b>1,638,484</b>
15.2		<b>4,700,000</b>	3,400,000
15.3		<b>800,000</b>	-
		<b>7,379,823</b>	<b>5,070,940</b>

15.1 These carry mark-up ranging from 4.0% to 6.0% (2014: 6.8% to 8.3%) per annum.

15.2 The rates of return on these term deposit receipts range between 6.10% to 9.60% (2014 : 8.35% to 11%) per annum and will mature between January 27, 2016 and December 21, 2016.

15.3 The expected rate of return on this Certificate of Islamic Investment ranges between 6.70% to 6.80% (2014: Nil) per annum payable on quarterly basis, and will mature on December 31, 2018.

## 16 INVESTMENTS

### 16.1 Government securities

	Statutory Funds							Aggregate		
	Share holders' fund	Individual life unit linked	Conventional business	Accident & health business	Overseas group life and health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014
(Rupees in '000)										
<b>Held-to-maturity</b>										
20 years Pakistan Investment Bonds	-	-	-	9,959	-	-	-	-	9,959	9,956
15 years Pakistan Investment Bonds	9,975	-	-	-	-	-	-	-	9,975	9,969
	9,975	-	-	9,959	-	-	-	-	19,934	19,925
<b>Available-for-sale</b>										
20 years Pakistan Investment Bonds	-	52,419	36,090	-	-	-	-	-	88,509	84,273
10 years Pakistan Investment Bonds	96,188	-	-	-	-	-	-	-	96,188	-
5 years Pakistan Investment Bonds	29,040	7,164,957	-	255,103	-	-	-	-	7,449,100	6,543,806
3 years Pakistan Investment Bonds	1,447,369	22,150,790	602,940	683,949	17,422	-	-	-	24,902,470	20,506,222
3 years Ijara Sukuk Bonds	-	-	-	-	-	-	-	-	-	651,010
8 years Wapda Sukuk Bonds	-	236,621	-	-	-	-	-	-	236,621	305,697
1 year Treasury Bills	533,157	3,094,674	94,672	223,025	49,807	-	-	-	3,995,335	629,377
6 months Treasury Bills	-	299,650	-	-	-	-	-	-	299,650	-
3 months Treasury Bills	-	249,705	-	-	-	-	-	-	249,705	1,206,548
	2,105,754	33,248,816	733,702	1,162,077	67,229	-	-	-	37,317,578	29,926,933
	2,115,729	33,248,816	733,702	1,172,036	67,229	-	-	-	37,337,512	29,946,858
Provision for impairment in value of investments - note 16.1.2	(83)	(33)	(14)	(87)	-	-	-	-	(217)	(1,405)
Balance at the end of the year	2,115,646	33,248,783	733,688	1,171,949	67,229	-	-	-	37,337,295	29,945,453

### 16.1.1 Reconciliation of provision

	Statutory Funds							Aggregate		
	Share holders' fund	Individual life unit linked	Conventional business	Accident & health business	Overseas group life and health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014
(Rupees in '000)										
Balance at beginning of the year	-	-	(1,405)	-	-	-	-	-	(1,405)	9,442
(Reversal) / provision for impairment in value of investments	83	33	1,419	87	-	-	-	-	1,622	(8,037)
Balance at end of the year	83	33	14	87	-	-	-	-	217	1,405

### 16.1.2 Particulars of government securities

Name of the investments	Maturity	Tenor (Years)	Principal payment	Coupon rate p.a. (%)	Coupon payment
<b>Held-to-maturity</b>					
Pakistan Investment Bonds	January 2019 & January 2024	15 - 20 years	On maturity	9 - 10	Half-yearly
<b>Available-for-sale</b>					
WAPDA Sukuk Bond	October 2021	8 years	Half-yearly	8.34	Half-yearly
Pakistan Investment Bonds	July 2015 - June 2024	3 - 20 years	On maturity	8.75 - 12.00	Half-yearly
Treasury Bills	January 2016 - November 2016	1 year	On maturity	6.23 - 8.64	On maturity
Treasury Bills	January 2016	3-6 months	On maturity	6.44	On maturity

### 16.2 Other fixed income securities

#### 16.2.1 Available-for-sale - Term finance certificates

	Market value as at		Maturity year	Tenor (Years)	Current Rate of profit p.a. (%)	Profit payment
	December 31, 2015	December 31, 2014				
(Rupees in '000)						
<b>Individual life (unit linked)</b>						
Bank Al Habib Limited (Second Issue)	-	24,952	2015	8 years	-	Half-yearly
Bank Al Habib Limited (Fourth Issue)	46,872	48,666	2021	10 years	15.00	Half-yearly
Bank Al-Falah Limited	218,674	213,318	2021	8 years	8.31	Half-yearly
Pakistan Mobile Communication (Private) Limited (Seventh Issue)	14,006	39,025	2016	4 years	9.23	Quarterly
Soneri Bank Limited	427,940	-	2023	8 years	8.39	Half-yearly
	<b>707,492</b>	<b>325,961</b>				

The aggregate cost of the above investments as at December 31, 2015 was Rs. 709.96 million (2014: Rs. 326.60 million).

### 16.3 Listed equities and closed-ended mutual funds

	Statutory Funds							Aggregate		
	Share holders' fund	Individual life unit linked	Conventional business	Accident & health business	Overseas group life and health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014
<b>Available-for-sale</b>	(Rupees in '000)									
Ordinary shares and units of closed-ended mutual funds - note 16.3.1	1,064,040	18,547,279	46,085	32,259	-	2,151	-	-	19,691,814	10,488,197

#### 16.3.1 Particulars of listed equities and closed-ended mutual funds

The face value of ordinary shares are between Rs. 5 to Rs. 10 per share.

Shareholders' fund	December 31, 2015			December 31, 2014		
	Number of shares	Cost (Rupees in '000)	Market value	Number of shares	Cost (Rupees in '000)	Market value
Allied Bank Limited	154,376	7,141	14,551	154,376	7,141	17,534
Fauji Fertilizer Company Limited	575,000	44,254	67,839	575,000	44,254	67,338
Habib Bank Limited	4,617,492	713,086	924,052	2,685,950	388,574	580,864
Hub Power Company Limited	650,000	24,332	66,690	650,000	24,332	50,934
International Industries Limited	10,672	615	656	10,672	615	665
Jubilee General Insurance Company Limited	745,883	35,942	76,826	745,883	35,942	76,080
Kot Addu Power Company Limited	5,000,000	230,423	405,000	5,000,000	230,423	394,700
Pakistan State Oil Limited	15,840	3,053	5,160	15,840	3,053	5,669
United Bank Limited	81,441	5,194	12,619	81,441	5,194	14,391
		1,064,040	1,573,393		739,528	1,208,175

### Individual life unit linked

	December 31, 2015			December 31, 2014		
	Number of shares	Cost (Rupees in '000)	Market value	Number of shares	Cost (Rupees in '000)	Market value
Agriautos Industries Limited	54,600	9,280	11,302	-	-	-
Akzo Nobel Pakistan Limited	16,730	971	3,630	16,730	971	5,981
Al-Ghazi Tractors Limited	28,800	10,920	11,894	-	-	-
Allied Bank Limited	1,640,538	177,818	154,637	920,438	95,240	104,543
Altern Energy Limited	2,073,000	74,257	67,373	-	-	-
Archroma Pakistan Limited	217,000	109,963	99,996	217,000	109,963	123,898
Attock Cement Pakistan Limited	1,846,900	367,917	309,817	-	-	-
Attock Petroleum Limited	790,350	415,830	399,222	403,950	211,375	217,963
Bank Alfalah Limited	11,045,500	297,819	318,331	7,796,000	197,524	271,924
Bank Al-Habib Limited	10,932,099	404,622	454,775	11,209,099	401,255	544,202
Biafo Industries Limited	360,400	67,793	102,714	113,300	21,932	21,004
Century Paper & Board Mills Limited	368,402	15,081	18,858	563,902	24,838	30,569
Cherat Cement Company Limited	321,137	75,564	97,340	36,500	2,724	5,915
D.G. Khan Cement Company Limited	2,877,240	321,717	424,652	1,071,240	87,425	118,404
Engro Corporation Limited	2,306,300	635,892	644,357	271,000	29,646	60,029
Engro Fertilizers Limited	5,968,600	519,584	502,138	424,600	26,748	33,161
Engro Foods Limited	1,790,000	302,092	262,396	-	-	-
Engro Powergen Qadirpur Limited	2,000,000	60,156	68,360	2,000,000	60,156	82,300
Fatima Fertilizer Company Limited	885,000	24,468	39,586	885,000	24,468	31,656
Fauji Cement Company Limited	28,550,500	672,207	1,051,229	16,593,500	256,006	428,776
Fauji Fertilizer Bin Qasim Limited	1,760,000	62,038	92,717	1,475,000	48,683	66,685
Fauji Fertilizer Company Limited	10,723,212	908,919	1,265,125	8,151,512	589,219	954,624
Faysal Bank Limited	799,673	11,149	12,339	695,368	11,149	12,656
Ferozsons Laboratories Limited	78,850	85,208	87,279	-	-	-
First Habib Modaraba	2,143,315	16,443	21,433	2,143,315	16,443	19,611
Habib Bank Limited	7,727,000	1,298,188	1,546,327	-	-	-
Habib Metropolitan Bank Limited	3,560,500	112,331	108,488	-	-	-

	December 31, 2015			December 31, 2014		
	Number of shares	Cost	Market value	Number of shares	Cost	Market value
	(Rupees in '000)			(Rupees in '000)		
Hascol Petroleum Limited	2,235,240	221,713	322,433	-	-	-
Highnoon Laboratories Limited	934,720	202,325	539,707	50,200	11,694	11,067
Hub Power Company Limited	12,562,135	623,397	1,288,875	11,461,635	524,237	898,134
ICI Pakistan Limited	20,560	3,234	9,951	20,560	3,234	9,508
Indus Motor Company Limited	281,414	51,703	284,701	295,514	54,851	260,147
International Industries Limited	2,056,857	128,521	126,497	2,056,857	128,521	128,224
K.S.B. Pumps Company Limited	500	66	128	-	-	-
K-Electric Limited	4,272,000	32,877	31,784	-	-	-
Kohat Cement Limited	1,218,000	263,695	293,392	-	-	-
Kohinoor Energy Limited	16,500	703	710	16,500	703	814
Kohinoor Textile Mills Limited	835,500	38,045	59,738	-	-	-
Kot Addu Power Company Limited	19,842,173	947,175	1,607,216	18,732,173	850,466	1,478,717
Lotte Pakistan PTA Limited	600,000	8,330	3,900	600,000	8,330	4,116
Lucky Cement Company Limited	2,068,800	985,709	1,024,139	264,600	84,520	132,374
Mari Petroleum Company Limited	205,750	103,057	143,437	-	-	-
Meezan Bank Limited	2,456,296	48,340	112,376	2,456,296	48,340	115,446
Millat Tractors Limited	771,820	190,441	426,639	771,420	190,223	499,001
National Bank of Pakistan	1,525,200	65,701	82,422	4,124,700	177,679	286,502
National Foods Limited	34,350	13,161	10,889	-	-	-
Nishat Chunian Power Limited	1,303,500	63,544	71,758	448,000	17,907	22,198
Nishat Mills Limited	2,064,187	156,370	195,829	2,365,187	181,305	286,164
Nishat Power Limited	7,537,500	371,739	404,613	2,505,000	96,517	114,228
Oil and Gas Development Company Limited	813,987	201,474	95,513	826,387	204,741	170,128
Orix Leasing Company Limited	506,747	12,918	30,658	506,747	12,918	24,349
Pak Suzuki Motor Company Limited	62,300	28,828	30,857	-	-	-
Pakcem Limited	1,293,168	22,616	22,023	-	-	-
Pakistan Oilfields Limited	1,130,900	474,813	303,104	1,130,900	474,813	429,018
Pakistan National Shipping Corporation	-	-	-	64,500	5,433	10,343

	December 31, 2015			December 31, 2014		
	Number of shares	Cost	Market value	Number of shares	Cost	Market value
	(Rupees in '000)			(Rupees in '000)		
Pakistan Petroleum Limited	3,075,349	454,416	374,608	3,075,349	454,416	542,861
Pakistan State Oil Limited	892,392	305,307	290,715	879,392	300,469	314,743
Pakistan Telecommunication Company Limited	4,075,000	82,666	67,197	4,075,000	82,666	93,847
Pakistan Tobacco Company Limited	39,300	4,719	43,788	39,300	4,719	41,648
PICIC Growth Fund	284,000	10,288	6,399	284,000	10,288	7,001
PICIC Investment Fund	1,263,500	16,434	14,442	1,263,500	16,434	15,415
Pioneer Cement Limited	4,785,500	406,600	434,811	-	-	-
Standard Chartered Modaraba	797,977	13,666	21,705	797,977	13,666	19,511
Sui Northern Gas Pipelines Limited	1,856,500	48,865	44,630	-	-	-
Synthetic Products Enterprises Limited	1,395,200	41,856	74,643	-	-	-
The Searle Company Limited	1,849,796	366,128	732,020	116,620	15,759	28,203
Thal Limited	701,800	66,950	177,787	715,900	67,684	192,599
Tri-Pack Films Limited	83,789	15,903	20,669	168,689	32,056	43,982
United Bank Limited	4,402,577	599,706	682,179	2,749,777	332,932	485,913
		<b>14,752,226</b>	<b>18,685,197</b>		<b>6,623,286</b>	<b>9,800,103</b>
<b>Conventional business</b>						
Kot Addu Power Company Limited	1,000,000	46,085	81,000	1,000,000	46,085	78,940
		<b>46,085</b>	<b>81,000</b>		<b>46,085</b>	<b>78,940</b>
<b>Accident &amp; health</b>						
Kot Addu Power Company Limited	700,000	32,259	56,700	700,000	32,259	55,258
		<b>32,259</b>	<b>56,700</b>		<b>32,259</b>	<b>55,258</b>
<b>Individual Family Takaful - Unit Linked</b>						
Fauji Fertilizer Company Limited	8,000	977	944	-	-	-
Fauji Cement Company Limited	20,000	663	736	-	-	-
Lucky Cement Limited	400	201	198	-	-	-
Pioneer Cement Limited	3,000	243	273	-	-	-
		<b>2,084</b>	<b>2,151</b>		-	-

\*Effect of securities not allocated to unit holders carried at lower of cost or market value amounting to Rs. 138 million.

## 16.4 Investment in an associate

### 16.4.1 Particulars of investment in an associate - unquoted

Number of shares		Face value per share (KGS)	Name of associate	Nature of Activities	Main area of Operations	Percentage of holding	2015	2014
2015	2014						(Rupees in '000)	
10,106,691	10,106,691	1	Jubilee Kyrgyzstan Insurance Company - CJSC (Incorporated outside Pakistan)	Insurance	Kyrgyzstan	19.5	51,009	48,077

Jubilee Kyrgyzstan Insurance Company, CJSC is considered as an associate because of significant influence the Company is able to exercise over its management and its financial and operating policies. Significant influence is evidenced largely through the representation on the board of directors of the Company and participation in the decisions over its financial and operating policies.

16.4.2 In 2014, the Company invested Rs. 43.88 million to acquire 19.5% holding in Jubilee Kyrgyzstan Insurance Company (JKIC), a Closed Joint Stock Company (CJSC). Break-up value of investment as at December 31, 2015 is Rs. 4.30 per share (2014: Rs. 4.12 per share). The Company has assessed the recoverable amount of investment in JKIC based on value in use calculation. This calculation has been made on the discounted cash flow methodology considering certain assumptions. Based on valuation, the recoverable amount exceeds the carrying amount and accordingly, no impairment has been recorded.

### 16.4.3 Movement of investment in associate

	2015	2014
	(Rupees in '000)	
Balance as at January 1	48,077	-
Investment made during the year	-	43,877
Share in profit for the year / period	13,947	4,200
	62,024	48,077
Less: Exchange loss	(11,015)	-
Closing balance as at December 31, 2015	51,009	48,077

16.4.4 Following information has been summarized based on financial statements of Jubilee Kyrgyzstan Insurance Company (JKIC) as at December 31, 2015 (2014: December 31, 2014). The functional and presentation currency of JKIC is Kyrgyz Som. All assets and liabilities for each statement of financial position presented (i.e. including comparatives) have been translated at the closing rate at the date of the financial statements and all income and expenses for each statement presenting profit and loss (i.e. including comparatives) have been translated at the average rate.

	2015 Audited	2014 Audited
	(Rupees in '000)	
Total assets	354,539	281,300
Total liabilities	131,272	81,887
Net assets	223,268	199,412
Share of net asset	43,537	38,885
Revenue	49,772	43,541
Profit after tax	71,524	40,955

## 16.5 Open-ended mutual funds

	Statutory Funds							Aggregate		
	Share holders' fund	Individual life unit linked	Conventional business	Accident & health business	Overseas group life and health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014
	(Rupees in '000)									
<b>Available-for-sale</b>	.....									
Units of open-ended mutual funds - note 16.5.1	-	1,211,423	-	-	-	-	-	-	1,211,423	1,101,061

### 16.5.1 Individual life unit linked - note 16.5.1.1

	2015	2014
	(Rupees in '000)	
JS Growth Fund	15,664	15,579
JS Large Capital Fund	28,843	27,357
Meezan Balanced Fund	-	16,798
Meezan Islamic Fund	460,239	408,517
Al Meezan Mutual Fund	63,188	57,307
MCB Pakistan Islamic Stock Fund (formerly : Pakistan Strategic Allocation Fund)	19,043	19,049
PICIC Energy Fund	9,801	9,616
NI(U)T Unit Fund	325,350	320,678
NAFA Stock Fund	72,188	65,863
Atlas Stock Market Fund	61,033	59,451
UBL Al-Ameen Islamic PP Fund III	106,774	100,846
NIT Islamic Equity Fund	49,300	-
	<b>1,211,423</b>	<b>1,101,061</b>

16.5.1.1 The aggregate cost of the above mutual funds as at December 31, 2015 was Rs. 897.71 million (2014: Rs. 850.68 million).

16.6 International Accounting Standard IAS-39 "Financial Instruments - Recognition and Measurement" was revised effective from January 1, 2005. In the revised IAS-39, the option of taking the revaluation gain / (loss) on the available-for-sale securities to income / revenue account has been deleted and all such gain / (loss) is to be taken directly into OCI. However, the Securities and Exchange Commission of Pakistan (SECP) through Insurance Rules, 2002 had prescribed the format of presentation and disclosure of financial statements, according to which the statutory funds have no equity accounts, resultantly, the changes in IAS-39 were not implemented.

## 16.7 Movement in investments

	Statutory Funds												Total
	Shareholders' fund		Individual life unit linked		Conventional business		Accident & health		Overseas group life and Health Business		Family Takaful Business		
	Held to maturity	Available for sale	Held to maturity	Available for sale	Held to maturity	Available for sale	Held to maturity	Available for sale	Held to maturity	Available for sale	Held to maturity	Available for sale	
	(Rupees in '000)												
As at January 01, 2014	9,963	1,892,111	-	25,047,001	-	769,976	9,953	571,471	-	27,481	-	-	28,327,956
Movement during the year:													
Additions	-	3,634,764	-	56,733,739	-	1,601,862	-	1,556,176	-	76,047	-	-	63,602,588
Disposals (sale and redemptions)	-	(3,326,832)	-	(45,996,455)	-	(1,748,164)	-	(1,294,847)	-	(47,798)	-	-	(52,414,096)
Amortisation of discount / (premium)	6	2,997	-	87,983	-	2,144	3	2,779	-	91	-	-	96,003
Impairment reversal / (losses)	-	893	-	187	-	6,637	-	590	-	35	-	-	8,342
Unrealised gain	-	-	-	2,287,956	-	-	-	-	-	-	-	-	2,287,956
<b>As at December 31, 2014</b>	<b>9,969</b>	<b>2,203,933</b>	<b>-</b>	<b>38,160,411</b>	<b>-</b>	<b>632,455</b>	<b>9,956</b>	<b>836,169</b>	<b>-</b>	<b>55,856</b>	<b>-</b>	<b>-</b>	<b>41,908,749</b>
Movement during the year:													
Additions	-	1,461,099	-	29,887,745	-	640,131	-	1,140,821	-	88,958	-	2,083	33,220,837
Disposals (sale and redemptions)	-	(433,909)	-	(15,257,276)	-	(493,702)	-	(782,762)	-	(77,678)	-	-	(17,045,327)
Amortisation of discount / (premium)	6	529	-	16,744	-	(502)	3	108	-	93	-	-	16,981
Impairment (losses) / reversal	-	83	-	29	-	1,391	-	(87)	-	-	-	-	1,416
Unrealised gain	-	-	-	907,324	-	-	-	-	-	-	-	68	907,392
Exchange loss	-	(11,015)	-	-	-	-	-	-	-	-	-	-	(11,015)
<b>As at December 31, 2015</b>	<b>9,975</b>	<b>3,220,720</b>	<b>-</b>	<b>53,714,977</b>	<b>-</b>	<b>779,773</b>	<b>9,959</b>	<b>1,194,249</b>	<b>-</b>	<b>67,229</b>	<b>-</b>	<b>2,151</b>	<b>58,999,033</b>

## 17. DEFERRED TAXATION

### Deductible temporary difference on:

Difference between accounting book value of operating fixed assets and tax base

### Taxable temporary difference on:

Difference between accounting book value of investment in associate and tax base

2015	2014
(Rupees in '000)	
22,235	16,439
(2,140)	(420)
<b>20,095</b>	<b>16,019</b>

## 18. PREMIUMS DUE BUT UNPAID

	2015						2014	
	Conventional business	Accident & health	Overseas group life and health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	Total	
(Rupees in '000)								
Considered good								
Due from related parties - associates	18,179	3,618	35,721	-	-	-	57,518	49,471
Due from others	98,777	307,659	-	-	148	2	406,586	250,186
Considered doubtful	1,495	4,167	-	-	-	-	5,662	5,407
	<b>118,451</b>	<b>315,444</b>	<b>35,721</b>	<b>-</b>	<b>148</b>	<b>2</b>	<b>469,766</b>	<b>305,064</b>
Provision for bad & doubtful receivables - note 18.1	(1,369)	(4,167)	-	-	-	-	(5,536)	(5,408)
Net premium due but unpaid	<b>117,082</b>	<b>311,277</b>	<b>35,721</b>	<b>-</b>	<b>148</b>	<b>2</b>	<b>464,230</b>	<b>299,656</b>

18.1 There are no trade debts receivable from related party that are past due or impaired.

### 18.2 Reconciliation of provision

Balance at the beginning of the year	1,473	3,935	-	-	-	-	5,408	6,749
(Reversal) / provision for bad and doubtful receivables	22	4,428	-	-	-	-	4,450	(1,341)
Receivable written off during the year	(126)	(4,196)	-	-	-	-	(4,322)	-
Balance at the end of the year	<b>1,369</b>	<b>4,167</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,536</b>	<b>5,408</b>

## 19. AMOUNTS DUE FROM INSURERS / REINSURERS

	Statutory Funds						Aggregate		
	Individual life unit linked	Conventional business	Accident & health	Overseas group life and health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014
	(Rupees in '000)								
Reinsurance recoveries against outstanding claims net of reinsurance premium payable	(3,892)	126,841	378	(1,238)	-	-	-	122,089	125,854
Other reinsurance assets	6,701	21,931	-	2,117	-	-	-	30,749	63,427
	<b>2,809</b>	<b>148,772</b>	<b>378</b>	<b>879</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>152,838</b>	<b>189,281</b>

## 20. FIXED ASSETS

		2015	2014
		(Rupees in '000)	
Capital work-in-progress	Note 20.1	77,591	65,366
Tangible assets	Note 20.2	394,417	360,288
Intangible assets	Note 20.4	67,514	64,107
		<b>539,522</b>	<b>489,761</b>

### 20.1 Capital work-in-progress

Opening balance		65,366	35,865
Additions		161,226	211,508
Transfer to tangible operating assets		(149,001)	(182,007)
Closing balance		<b>77,591</b>	<b>65,366</b>

## 20.2 Tangible operating assets

### Net carrying value basis

#### Year ended December 31, 2015

Opening net book value (NBV)
Additions
Disposals at NBV - note 20.3
Depreciation charge
Closing NBV

### Gross carrying value basis

#### At December 31, 2015

Cost
Accumulated depreciation
NBV

### Net carrying value basis

#### Year ended December 31, 2014

Opening net book value (NBV)
Additions
Disposals at NBV
Depreciation charge
Closing NBV

### Gross carrying value basis

#### At December 31, 2014

Cost
Accumulated depreciation
NBV

Depreciation rate % per annum

	Leasehold improvements	Furniture, fixtures and fittings	Office equipment	Computers	Motor vehicles	Total
..... (Rupees in '000).....						
	91,592	44,472	35,929	58,193	130,102	360,288
	32,341	23,914	12,062	46,069	80,785	195,171
	(1,168)	(849)	(476)	(192)	(6,911)	(9,596)
	(33,321)	(21,948)	(17,082)	(38,709)	(40,386)	(151,446)
	89,444	45,589	30,433	65,361	163,590	394,417
	196,221	166,935	119,641	200,242	266,367	949,406
	(106,777)	(121,346)	(89,208)	(134,881)	(102,777)	(554,989)
	89,444	45,589	30,433	65,361	163,590	394,417
	88,219	28,803	34,973	57,713	116,509	326,217
	34,485	36,682	17,229	33,231	57,998	179,625
	(2,330)	(257)	(361)	(351)	(9,944)	(13,243)
	(28,782)	(20,756)	(15,912)	(32,400)	(34,461)	(132,311)
	91,592	44,472	35,929	58,193	130,102	360,288
	166,549	152,166	113,263	159,796	215,018	806,792
	(74,957)	(107,694)	(77,334)	(101,603)	(84,916)	(446,504)
	91,592	44,472	35,929	58,193	130,102	360,288
	20	20	20-33	30	20	

### 20.3 Details of disposals of fixed assets

Disposal of fixed assets during the year having net book value (NBV) of Rs. 50,000 and above are as follows:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyers
	(Rupees in '000)					
<b>Motor vehicles</b>	1,200	1,020	180	180	Company Policy	Mr. Adnan Ahmed House # R-224, Block 5, Gulshan-e-Iqbal, Karachi
	1,200	1,020	180	180	Company Policy	Mr. Ameer Ahmed Khoro Khuhra House C/O Ghulam Sarwar, Near Ameet Clinic, Kousar Mill Road, Hydri Muhalla, Larkana
	1,200	1,100	100	501	Company Policy	Mr. Muhammad Imran Khan House # 300, Sector 1-C, Qazba Mor Gulshanabad, Orangi Town, Karachi
	1,200	1,020	180	180	Company Policy	Mr. Ramesh Super Palace Flat # A-27. Civil Lines, Doctor Ziauddin Ahmed Road, Karachi
	1,500	1,350	150	906	Company Policy	Mr. Ansa Sohail House # 71/1/F, Block 6, PECHS, Karachi
	685	582	103	103	Company Policy	Mr. Kashif Adnan House # 725, Area 37-D, Landhi # 1, Karachi
	1,895	1,611	284	284	Company Policy	Mr. Zahid Barki Flat # D-A-1, Ibrahim Terrace, Adam Road, Frere Town, Clifton, Karachi
	685	582	103	103	Company Policy	Mr. Imran Hameed House # 80/11, North Karachi, Sector 5-G, Karachi
	850	723	127	127	Company Policy	Mr. Atif Nadeem Khan House # 110, Kashmir Block, Allama Iqbal Town, Lahore
	800	680	120	120	Company Policy	Mr. Saad Habib House # C2/338, Haroon Royal City, Block 17, Phase II, Gulistan-e-Jauhar, Karachi
	1,058	899	159	194	Company Policy	Mr. Muhammad Faizan (Ex-Employee) House # FF-402, Phase IV, DHA, Cantt, Lahore
	1,750	1,488	262	350	Company Policy	Mr. Jamil Ahmed Shamsi House # B-57, KAECHS, Block 5, Karachi
	495	413	82	349	Company Policy	Mr. Khalid Anwar House # 2029, Block 3, Near Sharif Clinic, Charnal Road, Harbar Bhatta Village.
Balance carried forward	<b>14,518</b>	<b>12,488</b>	<b>2,030</b>	<b>3,577</b>		

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyers
..... (Rupees in '000) .....						
Balance brought forward	14,518	12,488	2,030	3,577		
<b>Motor vehicles</b>	1,750	967	783	669	Company Policy	Mr. Nadym Chandna, House # C-105, Block 2, KAECHS, Karachi
	742	368	374	79	Company Policy	Mr. Nazim Dukha House # 30, Naimal Arcade, Block 7, FB Area, Karachi
	742	368	374	80	Company Policy	Mr. Muhammad Kamran House # 217-22/1-J, Street # 25, Nadeem Colony Aariya, Rawalpindi
	1,211	532	679	828	Company Policy	Mr. Adnan Jawaid (Ex-Employee) H.NO 56/1, Lane No.22, Phase 7, DHA, Karachi.
	2,500	885	1,615	1,500	Company Policy	Mr. Manzoor Ahmed (Ex-Employee) B-207, Block-3, Gulistan-e-Jauhar, Karachi
	1,401	1,191	210	210	Company Policy	Mr. Shabbir Hussain R # 33 Ali Abad Colony, Block No-8, F.B Area, Karachi.
	1,250	407	843	1,021	Company Policy	Mr. Mohammad Aadil Naz (Ex-Employee) House # 237, Street # 1, Faiz Abad, Okara
	<b>24,114</b>	<b>17,206</b>	<b>6,908</b>	<b>7,964</b>		
<b>Computer</b>	164	86	78	-	Company Policy	Mr. Manzoor Ahmed (Ex-Employee) B-207, Block-3, Gulistan-e-Jauhar, Karachi
	<b>164</b>	<b>86</b>	<b>78</b>	<b>-</b>		
<b>Furniture, fixtures &amp; fittings</b>	115	63	52	10	External Scrap dealer	Mr. Mohammad Khalid House # 17, Reti Line, Block 189, Karachi
	116	56	60	15	External Scrap dealer	Mr. Muhammad Asif Flat # 9-10, 3rd Floor, Razzak Mansion, Ramaswami, Karachi
	78	22	56	3	External Scrap dealer	Shahzad Gul Steel Works Tangi Road Rejar, Charsadda
	<b>309</b>	<b>141</b>	<b>168</b>	<b>28</b>		

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyers
	..... (Rupees in '000) .....					
<b>Leasehold Improvements</b>			588	343	245	105
			652	435	217	15
			1,135	530	605	143
			<b>2,375</b>	<b>1,308</b>	<b>1,067</b>	<b>263</b>
<b>Net book value not exceeding Rs. 50,000 each</b>						
Motor vehicles			5,322	5,320	2	3,465
Computers			5,459	5,345	114	114
Furniture, fixtures & fittings			8,836	8,155	682	1,267
Office equipment			5,684	5,207	477	665
Leasehold Improvements			294	194	100	52
			<b>25,595</b>	<b>24,221</b>	<b>1,375</b>	<b>5,563</b>

Mr. Tanveer Ahmed  
Pano Aqil Sukkur

Mr. Mehrab Ali  
Goth Sardar Khan Korai, Mirpur Mathelo, Ghotki

Mr. Muhammad Asif  
Flat # 9-10, 3rd Floor, Razzaq Mansion, Ramaswami, Karachi

#### 20.4 Intangible assets - computer software

	2015	2014
	(Rupees in '000)	
<b>Net carrying value basis</b>		
<b>Year ended December 31, 2015</b>		
Opening net book value (NBV)	64,107	14,823
Additions	41,887	59,203
Amortisation charge	(38,466)	(9,857)
Disposals at NBV	(14)	(62)
Closing NBV	<b>67,514</b>	<b>64,107</b>
<b>Gross carrying value basis</b>		
<b>At December 31, 2015</b>		
Cost	154,944	113,975
Accumulated amortisation	(87,430)	(49,868)
Closing NBV	<b>67,514</b>	<b>64,107</b>
Amortisation rate per annum	<b>30%</b>	<b>30%</b>

20.5 The depreciation and amortisation charge for the year has been allocated as under:

	Statutory Funds							Aggregate		
	Shareholders' fund	Individual life unit linked	Conventional business	Accident & health	Overseas group life & health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014
	(Rupees in '000)									
Administration expense	3,223	116,447	6,880	10,363	195	1,751	2	8	138,869	91,417
Branch overheads	-	42,370	2,344	3,970	-	308	-	-	48,992	48,536
Sharing with an associated company	-	-	-	2,051	-	-	-	-	2,051	2,215
	<b>3,223</b>	<b>158,817</b>	<b>9,224</b>	<b>16,384</b>	<b>195</b>	<b>2,059</b>	<b>2</b>	<b>8</b>	<b>189,912</b>	<b>142,168</b>

20.6 The tangible assets (note 20.2) include items costing Rs. 244.72 million (2014: Rs. 193.66 million) which are fully depreciated as of December 31, 2015 but are still in active use.

## 21. EXPENSES NOT ATTRIBUTABLE TO STATUTORY FUNDS

	Note	2015	2014
		Rupees in '000	
Salaries, allowances and other benefits		18,727	10,058
Travelling expenses		3,262	6,143
Legal and professional charges		4,518	12,033
Workers' Welfare Fund		49,828	41,432
Depreciation		2,390	1,034
Amortisation		833	277
Advertisement and publicity		17,696	12,002
Auditors' remuneration		281	257
Donations	21.2	16,500	-
Money Ceded to Waqf Fund		500	-
Miscellaneous		17,230	11,126
		<b>131,765</b>	<b>94,362</b>

21.1 The above expenses represent allocation in accordance with the advice of appointed actuary as approved by the Board of Directors.

21.2 The above donations include a donation of Rs. 5 million to Baltit Heritage Trust, whose address is 10, Waljis Building, Khayaban-e-Suhrawardy, Islamabad, in which Mr. Aly Noor Mahomed Rattansey, Independent Director, is a Trustee, as a nominee of Aga Khan Rural Support Programme (2014: Nil).

## 22. TAXATION

	2015	2014
	(Rupees in '000)	
For the year		
Current	761,249	647,505
Prior Years	62,828	-
Deferred	(4,077)	(7,574)
	<b>820,000</b>	<b>639,931</b>
22.1 Relationship between tax expense and accounting profit		
Profit before tax	2,441,560	2,001,463
Tax at the applicable rate of 32% (2014: 33%)	781,299	660,483
Tax effect of dividend income being taxable at lower rate and Final Tax Regime	(28,153)	(20,008)
Prior year tax	62,828	-
Tax effect of capital gain being exempt	-	(544)
Others	4,026	-
Tax expense for the year	<b>820,000</b>	<b>639,931</b>

22.2 Finance Act, 2015 has introduced a new tax under the section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or a Modarba, that derives profits for a tax year but does not distribute cash dividend within six months of the end of the said tax year (requisite time) or distributes dividends to such an extent that its reserves, after such distribution, are in excess of hundred percent of its paid up capital. Such company is liable to pay tax at the rate of ten percent on undistributed reserve that exceeds hundred percent of its paid up capital. The said provision shall not apply to public company which distributes profit equal to either forty percent after tax profits or fifty percent of its paid up capital, whichever is less, within six months of end of the tax year.

The Company's undistributed reserves are in excess of its paid up capital. However, no provision has been made for tax on undistributed reserves as the company intends to distribute sufficient cash dividend for the year ending December 31, 2015, so that such tax is not required to be paid.

## 23. BASIC AND DILUTED EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	2015	2014
	(Rupees in '000)	
Profit after tax	1,621,560	1,361,532
	(Number of shares in '000)	
Weighted average number of ordinary shares outstanding as at year end	72,119	72,119
	(Rupees)	
Basic earnings per share	22.48	18.88

## 24. CASH AND CASH EQUIVALENTS

	Statutory Funds							Aggregate		
	Share holders' fund	Individual life unit linked	Conventional business	Accident & health	Overseas group life & health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014
	(Rupees in '000)									
Cash at banks										
- in current accounts	14,265	207,031	3,409	-	-	-	-	-	224,705	738,402
- in savings accounts	364,934	1,223,607	5,445	25	1,404	22,318	2,173	2,135	1,622,041	900,082
	<b>379,199</b>	<b>1,430,638</b>	<b>8,854</b>	<b>25</b>	<b>1,404</b>	<b>22,318</b>	<b>2,173</b>	<b>2,135</b>	<b>1,846,746</b>	<b>1,638,484</b>
Term deposits having maturity of three months	-	1,400,000	-	-	-	-	-	-	1,400,000	1,300,000
Cash and stamps in hand	4,281	28,188	129	479	-	-	-	-	33,077	32,456
	<b>383,480</b>	<b>2,858,826</b>	<b>8,983</b>	<b>504</b>	<b>1,404</b>	<b>22,318</b>	<b>2,173</b>	<b>2,135</b>	<b>3,279,823</b>	<b>2,970,940</b>

## 25. BRANCH OVERHEADS

	Statutory Funds						Aggregate		
	Individual life unit linked	Conventional business	Accident & health	Overseas group life & health business	Individual Family Takaful	Group Family Takaful	Accident & Health Family Takaful	2015	2014
	(Rupees in '000)								
Salaries, allowances and other benefits	936,362	23,827	37,265	-	2,339	12	47	999,852	689,425
Charge for defined benefit plan	13,897	1,081	1,741	-	10	-	1	16,730	12,561
Contribution to defined contribution plan	11,422	897	1,425	-	7	-	1	13,752	11,795
Overriding commission	242,040	-	-	-	1,092	-	-	243,132	195,149
Travelling expenses	2,928	1,420	2,933	-	19	-	-	7,300	19,299
Advertisements	12,637	515	704	-	34	-	-	13,890	40,351
Printing and stationery	17,936	131	6,014	-	346	-	-	24,427	19,098
Depreciation	41,373	2,285	3,878	-	304	-	-	47,840	46,927
Amortisation	997	59	92	-	4	-	-	1,152	1,609
Rent expense	45,090	352	482	-	1,197	-	-	47,121	50,599
Legal and professional charges	2,120	79	109	-	-	-	-	2,308	4,683
Utilities	19,295	140	237	-	378	-	-	20,050	22,828
Entertainment	11,789	170	334	-	14	-	-	12,307	7,016
Training expenses	2,005	44	59	-	-	-	-	2,108	5,012
Vehicle running	21,289	2,092	3,123	-	190	-	-	26,694	24,387
Repairs and maintenance	7,370	6	119	-	1,480	-	-	8,975	13,135
Postage, telegram and telephone	34,736	947	1,441	-	87	-	-	37,211	34,159
Staff welfare	4,504	6	34	-	70	-	-	4,614	4,644
General Insurance	6,091	418	697	-	1	-	-	7,207	6,265
Miscellaneous expenses	888	355	2,053	-	-	-	-	3,296	4,043
	<b>1,434,769</b>	<b>34,824</b>	<b>62,740</b>	<b>-</b>	<b>7,572</b>	<b>12</b>	<b>49</b>	<b>1,539,966</b>	<b>1,212,985</b>

## 26. ADMINISTRATION EXPENSES

Administration expenses in respect of Accident and Health Fund are net off common costs amounting to Rs. 35.26 million (2014: Rs. 29.32 million) shared with Jubilee General Insurance Company Limited, an associated undertaking, on account of joint operating activities.

## 27. AUDITORS' REMUNERATION

	2015	2014
	(Rupees in '000)	
Audit fee	1,600	1,600
Half Yearly review	300	300
Shariah Compliance Audit - Window Takaful Operations	400	-
Certification Charges & other Advisory Services	2,740	500
Out of pocket expenses	705	550
	<b>5,745</b>	<b>2,950</b>

## 28 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

28.1 The aggregate amount charged in the financial statements for remuneration including all benefits to the Chief Executive, Directors and Executives of the Company are as follows:

	2015		2014	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees in '000)			
Managerial remuneration	19,200	212,814	16,000	163,167
Performance bonus	8,450	77,144	6,500	58,635
Retirement benefits	4,235	44,729	3,746	36,800
House rent allowance	7,680	95,766	6,400	73,425
Utilities	1,920	21,281	1,600	16,317
Medical	28	7,104	23	6,028
Leave passage	600	7,277	750	4,056
Commission	-	74,736	-	61,320
Others	-	6,470	-	10,288
	<b>42,113</b>	<b>547,321</b>	<b>35,019</b>	<b>430,036</b>
Number of persons	1	142	1	110

## 28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES (Continued...)

In addition to the above, fee paid to four (2014: seven) non-executive directors during the year amounted to Rs.2.3 million (2014: Rs.3.4 million).

The Chief Executive is provided with Company maintained cars whereas the executives are provided with cars in accordance with Company policy.

## 29. INFORMATION ABOUT MAJOR CUSTOMERS

The Company considers its external customers to be individuals and group policyholders. However, premium against individual life unit linked policies from one of the bancassurance arrangements constitutes 67.1% (2014: 65.6%) of the Company's premium from such policies, premium against group life policies from the same bank amounts to 17.8% (2014: 11.9%). Moreover, premium from one of the customers of Accident and Health fund contributed 16.1% (2014: 20%) of the total premium of the fund and Company's overseas business from two policies constitutes 100% of the Overseas group life and health business (2014: 100%).

## 30. TRANSACTIONS WITH RELATED PARTIES

The Company is controlled by Aga Khan Fund for Economic Development, S.A Switzerland, which owns 57.87% (2014: 57.87%) of the Company's shares. Associated undertakings comprise Habib Bank Limited, Jubilee Kyrgyzstan Insurance Company (CJSC) and Jubilee General Insurance Company Limited being under common control of the parent Company. Other associated undertakings are classified due to common directorship.

The related parties comprise related group companies, local associated companies, directors of the Company, companies where directors also hold directorship, key management employees, staff retirement funds and statutory funds.

The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

Relationship with the Company	Nature of transactions	2015	2014
		(Rupees in '000)	
i. Parent	Cash dividend	417,391	231,364
	Individual Life Premium	15,285	14,766

Relationship with the Company		Nature of transactions	2015	2014
			(Rupees in '000)	
ii	Associated companies	Group insurance premium	512,065	474,460
		Incurred claims against insurance cover	417,362	388,235
		Rent of building	31,484	30,258
		Payment for premium against general insurance	14,419	9,664
		Claims lodged against general insurance	995	1,021
		Investment advisory services	-	500
		Purchase of government securities	8,480,581	12,613,987
		Sale proceeds of government securities	7,696,828	28,689,158
		Agency commission	2,422,299	2,012,350
		Interest income on term deposits	36,508	168,033
		Dividend received	162,110	40,840
		Cash dividend	181,471	100,598
		Donations	5,000	-
		Payment for rent of vehicle	396	360
	CDC charges	2,477	1,181	
iii	Staff retirement funds	Expense charged for retirement benefit plans	80,736	68,970
		Payments to retirement benefit plans	50,786	105,455
iv	Key management personnel	Salaries and other short-term employee benefits	208,935	153,456
		Post-employment benefits	20,597	16,958
		Cash dividend	2,489	1,336
		Consideration received for vehicle sold	2,453	3,850
		Policy premium	7,745	3,890
v	Directors	Director's fees	2,325	3,430
		Cash dividend	453	1,974
<b>Receivable / (Payable)</b>				
i	Parent Company	Receivable from AKFED	315	315

Relationship with the Company		Nature of transactions	2015	2014
			(Rupees in '000)	
ii	Associated companies	Bank account balance	1,586,652	1,575,893
		Short term deposits	-	200,000
		Investment in shares	2,555,614	652,603
		Interest accrued on term deposits	2,274	5,865
		Agency commission payable	(181,259)	(354,456)
		Claims against general policy	135	3,198
		Receivable / (payable) against health insurance administration services	1,441	1,496
		Group premium	51,223	49,472
		Claims lodged & outstanding	(62,325)	(74,240)
		Claims receivable against general insurance policies	135	3,198
		Receivable against common back office operations	1,441	1,496
		Prepaid rent	14,436	12,988
iii	Staff retirement funds	Advance against CDC charges	1,175	638
		Payable to / receivable from retirement benefit plans	(21,753)	8,202
iv	Key management personnel	Advance against salary	1,516	1,225
		Temporary Security Deposit	300	300

These are settled in the ordinary course of business. The receivables and payables are mainly unsecured in nature and bear no interest.

### 31 PROVIDENT FUNDS RELATED DISCLOSURE

The following information is based on un-audited financial statements of the fund as at December 31, 2015:

	2015	2014
	(Rupees in '000)	
Size of the fund-total assets	332,935	203,247
Fair value of investment	245,761	198,382
Percentage of investment made	73.82%	97.61%

The cost of above investments amounted to Rs. 231.28 million (2014: Rs. 187.11 million).

31.1 The breakup of fair value of investments is as follows:

	2015	2014	2015	2014
	Percentage		(Rupees in '000)	
Government securities	92%	100%	226,592	198,382
NIUT Fund	4%	-	9,337	-
NIT Islamic Growth Fund	4%	-	9,832	-

31.2 The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

### 32 NUMBER OF EMPLOYEES

	2015	2014
	Numbers	
Number of employees at December 31	1,699	1,674
Average number of employees at December 31	1,697	1,876

### 33 WINDOW TAKAFUL OPERATIONS

The Statement of financial position of Window Takaful Operations as at December 31, 2015 and its financial performance for the period from July 01, 2015 to December 31, 2015 are as follows:

#### Balance Sheet

As at December 31, 2015

	Statutory Funds			Aggregate		
	Operator Sub Fund	Individual Family Takaful	Group Family Takaful	Group Health Takaful	2015	2014
..... (Rupees in '000) .....						
Share capital and reserves						
Operator's Fund	150,000	-	-	-	150,000	-
Accumulated Surplus / (Deficit)	(45,180)	-	-	-	(45,180)	-
Qard-e-Hasna contributed by the Takaful Operators' Sub Fund	(6,000)	-	-	-	(6,000)	-
Shareholders' Fund units in PIF	-	40,000	-	-	40,000	-
Net Takaful operators' equity	98,820	40,000	-	-	138,820	-

## Balance Sheet

As at December 31, 2015

	Statutory Funds			Aggregate		
	Operator Sub Fund	Individual Family Takaful	Group Family Takaful	Group Health Takaful	2015	2014
(Rupees in '000)						
<b>Balance of statutory fund</b>						
Including policyholders' liabilities Rs 7.362 million	-	7,925	2,102	2,902	12,929	-
<b>Creditors and accruals</b>						
Outstanding claims	-	-	-	94	94	-
Premiums received in advance	7,107	-	38	9	7,154	-
Amounts due to takaful / re-takaful operators	-	159	110	-	269	-
Amounts due to agents	5,947	-	-	-	5,947	-
Accrued expenses	9,782	-	-	-	9,782	-
Retirement benefit payable	318	-	-	-	318	-
Other creditors and accruals	766	-	-	-	766	-
Inter-fund payable	13,028	-	71	-	13,099	-
	<b>36,948</b>	<b>159</b>	<b>219</b>	<b>103</b>	<b>37,429</b>	<b>-</b>
<b>Total liabilities</b>	<b>135,768</b>	<b>48,084</b>	<b>2,321</b>	<b>3,005</b>	<b>189,178</b>	<b>-</b>
<b>Commitments</b>						
<b>Total equity and liabilities</b>	<b>135,768</b>	<b>48,084</b>	<b>2,321</b>	<b>3,005</b>	<b>189,178</b>	<b>-</b>

## Balance Sheet

As at December 31, 2015

	Statutory Funds			Aggregate		
	Operator Sub Fund	Individual Family Takaful	Group Family Takaful	Group Health Takaful	2015	2014
(Rupees in '000)						
<b>Cash and bank deposits</b>						
Cash and others	4,151	-	-	-	4,151	-
Current and other accounts	91,026	22,318	2,173	2,135	117,652	-
Deposits maturing within 12 months	-	20,000	-	-	20,000	-
	95,177	42,318	2,173	2,135	141,803	-
<b>Investments in listed equities</b>	-	2,151	-	-	2,151	-
<b>Other assets - current</b>						
Premiums due but unpaid	-	-	148	2	150	-
Investment income accrued	-	1,091	-	-	1,091	-
Prepayments	576	-	-	-	576	-
Sundry receivable	15	-	-	-	15	-
Shareholders' Fund units in PIF	40,000	-	-	-	40,000	-
Inter-fund receivable	-	2,524	-	868	3,392	-
	40,591	3,615	148	870	45,224	-
<b>Total assets</b>	<b>135,768</b>	<b>48,084</b>	<b>2,321</b>	<b>3,005</b>	<b>189,178</b>	<b>-</b>

### 33.1 Revenue Account

For the period ended December 31, 2015

#### 33.1.1 Participants' Investment Fund (PIF)

##### Income

Allocated Contribution

Investment income

**Total net income**

##### Less: Claims and Expenditures

Mortality charges

Takaful Operator Fee

Bank charges

**Total**

**Excess of income over claims and expenditures**

Technical reserves at beginning of the period

Technical reserves at end of the period

**Movement in technical reserves**

**Surplus / (Deficit)**

**Movement in Technical reserves**

Balance of PIF at beginning of the period

Balance of PIF at end of the period

	Statutory Funds			Aggregate	
	Individual Family Takaful	Group Family Takaful	Group Health Takaful	2015	2014
(Rupees in '000)					
Allocated Contribution	5,330	-	-	5,330	-
Investment income	80	-	-	80	-
<b>Total net income</b>	<b>5,410</b>	<b>-</b>	<b>-</b>	<b>5,410</b>	<b>-</b>
<b>Less: Claims and Expenditures</b>					
Mortality charges	264	-	-	264	-
Takaful Operator Fee	58	-	-	58	-
Bank charges	5	-	-	5	-
<b>Total</b>	<b>327</b>	<b>-</b>	<b>-</b>	<b>327</b>	<b>-</b>
<b>Excess of income over claims and expenditures</b>	<b>5,083</b>	<b>-</b>	<b>-</b>	<b>5,083</b>	<b>-</b>
Technical reserves at beginning of the period	-	-	-	-	-
Technical reserves at end of the period	5,083	-	-	5,083	-
<b>Movement in technical reserves</b>	<b>(5,083)</b>	<b>-</b>	<b>-</b>	<b>(5,083)</b>	<b>-</b>
<b>Surplus / (Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Movement in Technical reserves</b>	<b>5,083</b>	<b>-</b>	<b>-</b>	<b>5,083</b>	<b>-</b>
Balance of PIF at beginning of the period	-	-	-	-	-
Balance of PIF at end of the period	5,083	-	-	5,083	-



## Revenue Account

For the period ended December 31, 2015

### 33.1.3 Operator Sub Fund

#### Income

##### Wakala fees

Unallocated contributions

Takaful Operator Fee

Investment income

Modarib Fee

**Total net income**

#### Less: Expenditures

Acquisition costs

Administration cost

**Total Management cost**

**Excess / (deficit) of income over expenditures**

Technical reserves at beginning of the period

Technical reserves at end of the period

**Movement in technical reserves**

**Surplus / (Deficit) for the period**

**Movement in technical reserves**

Contribution received from Shareholders' Fund

Qard-e-Hasna contributed to the Participants' Takaful Fund

Balance of Operator Sub Fund at beginning of the period

**Balance of Operator Sub Fund at end of the period**

	Statutory Funds			Aggregate	
	Individual Family Takaful	Group Family Takaful	Group Health Takaful	2015	2014
	(Rupees in '000)				
Unallocated contributions	19,193	-	-	19,193	-
Takaful Operator Fee	333	71	542	946	-
Investment income	2,497	-	-	2,497	-
	22,023	71	542	22,636	-
Modarib Fee	3	-	-	3	-
<b>Total net income</b>	<b>22,026</b>	<b>71</b>	<b>542</b>	<b>22,639</b>	<b>-</b>
Acquisition costs	21,387	12	49	21,448	-
Administration cost	46,162	41	168	46,371	-
<b>Total Management cost</b>	<b>67,549</b>	<b>53</b>	<b>217</b>	<b>67,819</b>	<b>-</b>
<b>Excess / (deficit) of income over expenditures</b>	<b>(45,523)</b>	<b>18</b>	<b>325</b>	<b>(45,180)</b>	<b>-</b>
Technical reserves at beginning of the period	-	-	-	-	-
Technical reserves at end of the period	126	59	456	641	-
<b>Movement in technical reserves</b>	<b>(126)</b>	<b>(59)</b>	<b>(456)</b>	<b>(641)</b>	<b>-</b>
<b>Surplus / (Deficit) for the period</b>	<b>(45,649)</b>	<b>(41)</b>	<b>(131)</b>	<b>(45,821)</b>	<b>-</b>
<b>Movement in technical reserves</b>	<b>126</b>	<b>59</b>	<b>456</b>	<b>641</b>	<b>-</b>
Contribution received from Shareholders' Fund	130,000	10,000	10,000	150,000	-
Qard-e-Hasna contributed to the Participants' Takaful Fund	(2,000)	(2,000)	(2,000)	(6,000)	-
Balance of Operator Sub Fund at beginning of the period	-	-	-	-	-
<b>Balance of Operator Sub Fund at end of the period</b>	<b>82,477</b>	<b>8,018</b>	<b>8,325</b>	<b>98,820</b>	<b>-</b>

### 33.2 Statement of Contribution

For the period ended December 31, 2015

	Statutory Funds			Aggregate	
	Individual Family Takaful	Group Family Takaful	Group Health Takaful	2015	2014
<b>Gross Contribution</b>	(Rupees in '000)				
Regular Contribution individual policies first year	24,523	-	-	24,523	-
Non Linked Riders	505	-	-	505	-
Group policies without Cash values	-	283	1,738	2,021	-
<b>Total Gross Contribution</b>	<b>25,028</b>	<b>283</b>	<b>1,738</b>	<b>27,049</b>	<b>-</b>
<b>Participants' Investment Fund (PIF)</b>					
Allocated Regular Contribution	5,330	-	-	5,330	-
<b>Total Allocated Contribution</b>	<b>5,330</b>	<b>-</b>	<b>-</b>	<b>5,330</b>	<b>-</b>
<b>Participants' Takaful Fund (PTF)</b>					
Allocated gross contribution	505	283	1,738	2,526	-
Add: Commission	-	-	-	-	-
Less: Retakaful contribution ceded					
On Individual life first year	263	-	-	263	-
On group policies	-	110	-	110	-
<b>Total retakaful contribution ceded</b>	<b>263</b>	<b>110</b>	<b>-</b>	<b>373</b>	<b>-</b>
<b>Net risk contribution of PTF</b>	<b>242</b>	<b>173</b>	<b>1,738</b>	<b>2,153</b>	<b>-</b>
<b>Operators' Sub Fund</b>					
Unallocated regular contribution	19,193	-	-	19,193	-

### 33.3 Statement of Expenses

For the period ended December 31, 2015

	Operator Sub Fund	Statutory Funds			Aggregate	
		Individual Family Takaful	Group Family Takaful	Group Health Takaful	2015	2014
(Rupees in '000)						
<b>Acquisition costs</b>						
<b>Remuneration to takaful intermediaries on individual policies</b>						
- Commission on first year contribution	12,417	-	-	-	12,417	-
- Commission on single contribution	12	-	-	-	12	-
	12,429	-	-	-	12,429	-
<b>Branch overheads</b>	7,572	-	12	49	7,633	-
<b>Other acquisition costs:</b>						
- Policy stamps	1,386	-	-	-	1,386	-
<b>Total acquisition cost</b>	<b>21,387</b>	<b>-</b>	<b>12</b>	<b>49</b>	<b>21,448</b>	<b>-</b>
<b>Administration expenses</b>						
Salaries, allowances and other benefits	19,292	-	14	60	19,366	-
Charge for defined benefit plan	828	-	1	2	831	-
Contribution to defined contribution plan	457	-	1	3	461	-
Travelling expenses	483	-	-	5	488	-
Auditors' fees	705	-	8	48	761	-
Actuary's fees	23	-	1	-	24	-
Medical fees	15	-	1	1	17	-
Advertisements	12,491	-	1	6	12,498	-
Printing and stationery	3,451	-	7	10	3,468	-
Depreciation	1,307	-	2	6	1,315	-
Amortisation	444	-	-	2	446	-
Rental	1,162	-	1	7	1,170	-
Legal and professional charges	1,349	-	-	-	1,349	-
Supervision fees	41	-	1	3	45	-
Utilities	608	-	1	3	612	-
Entertainment	954	-	-	1	955	-
Vehicle running	69	-	-	2	71	-
Repairs and maintenance	1,335	-	1	4	1,340	-

(Continued...)

### 33.3 Statement of Expenses (Continued...)

	Statutory Funds				Aggregate	
	Operator Sub Fund	Individual Family Takaful	Group Family Takaful	Group Health Takaful	2015	2014
..... (Rupees in '000) .....						
Bank charges and brokerage	19	-	-	-	19	-
Training expenses	122	-	-	-	122	-
Postages, telegrams and telephone	745	-	1	3	749	-
Staff welfare	142	-	-	1	143	-
General insurance	117	-	-	-	117	-
Miscellaneous expenses	3	602	71	542	1,218	-
	46,162	602	112	709	47,585	-
<b>Net management expenses</b>	<b>67,549</b>	<b>602</b>	<b>124</b>	<b>758</b>	<b>69,033</b>	<b>-</b>

### 33.4 Statement of Investment Income

For the period ended December 31, 2015

	Statutory Funds			Aggregate		
	Individual Family Takaful	Group Family Takaful	Group Health Takaful	2015	2014	
..... (Rupees in '000) .....						
<b>Participants' Investment Fund (PIF)</b>						
Dividend income		12	-	-	12	-
Unrealised gain on revaluation of available for sale Investments		68	-	-	68	-
<b>Net Investment income of PIF</b>	(a)	80	-	-	80	-
<b>Participants' Takaful Fund (PTF)</b>						
Profit on bank balances and deposits		7	-	-	7	-
<b>Net Investment income of PTF</b>	(b)	7	-	-	7	-
<b>Operators' Sub Fund</b>						
Profit on bank balances and deposits		2,489	-	-	2,489	-
Dividend income		9	-	-	9	-
Less: Investment related expenses		(1)	-	-	(1)	-
<b>Net Investment income of OSF</b>	(c)	2,497	-	-	2,497	-
<b>Net Investment Income</b>	(a+b+c)	2,584	-	-	2,584	-

## 34. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

### 34.1 Insurance Risk

#### 34.1.1 Individual life unit linked

The risk underwritten is mainly death and sometimes disability and/or critical illness. The risk of death and disability will vary from region to region. The Company may get exposed to poor risks due to unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on monies invested in the fund. The Company faces the risk of under-pricing particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency may result in the Company being unable to recover expenses incurred at policy acquisition.

The Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Company has a well defined medical under-writing policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. Profit testing is conducted on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Company to limit the maximum exposure on any one policyholder. The Company has a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Company applies quality controls on the standard of service provided to policyholders and has placed checks to curb mis-selling and improvement in standard of service provided to the policyholders. For this, a regular branch wise monitoring of lapsation rates is conducted. On the claims handling side, the Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Company maintains adequate liquidity in each unit fund to cater for potentially sudden and high cash requirement. The Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under-pricing.

#### a) Frequency and severity of claims

Concentration of risk is not a factor of concern due to spread of risks across various parts of the country.

However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Company charges for mortality risk on a monthly basis for all insurance contracts without a fixed term. It has the right to alter these charges based on its mortality experience and hence minimises its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may reduce its mitigating effect. The Company manages these risks through its underwriting strategy and reinsurance arrangements.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the Company.

The amounts presented are showing total exposure of the Company including exposure in respect of riders attached to the main policies.

**Benefits assured per life**

Rupees	Assured at the end of 2015			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	6,133,507	1.68%	6,053,689	2.40%
200,001 - 400,000	28,174,204	7.73%	27,569,338	10.92%
400,001 - 800,000	57,184,947	15.68%	53,386,897	21.15%
800,001 - 1,000,000	39,885,492	10.94%	34,695,533	13.74%
More than 1,000,000	233,247,117	63.97%	130,767,434	51.79%
<b>Total</b>	<b>364,625,266</b>	<b>100.00%</b>	<b>252,472,891</b>	<b>100.00%</b>

Rupees	Assured at the end of 2014			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	4,266,457	1.37%	4,228,245	2.04%
200,001 - 400,000	22,197,677	7.11%	21,705,292	10.49%
400,001 - 800,000	44,818,566	14.36%	41,336,821	19.97%
800,001 - 1,000,000	32,286,721	10.33%	26,966,522	13.03%
More than 1,000,000	208,621,996	66.83%	112,714,059	54.46%
<b>Total</b>	<b>312,191,417</b>	<b>100%</b>	<b>206,950,939</b>	<b>100%</b>

## **b) Sources of uncertainty in the estimation of future benefit payments and premium receipts**

Uncertainty in the estimation of future benefit payments and premium receipts for long – term unit linked insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in policyholder’s behavior.

Factors impacting future benefit payments and premium receipts are as follows:

- **Mortality:** The Company assumes the expected mortality at 80% of LIC (94-96) since the current experience for this line of business is not credible.
- **Persistency:** The Company conducts a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

## **c) Process used to decide on assumptions**

For long-term unit linked insurance contracts, assumptions are made in two stages. At inception of the contract, the Company determines assumptions on future mortality, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

- **Mortality:** The expected mortality is assumed at 80% of LIC (94-96) since the current experience for this line of business is not credible.
- **Persistency:** A periodic analysis of the Company’s recent and historic experience is performed and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.
- **Expense levels and inflation:** A periodic study is conducted on the Company’s current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.
- **Investment returns:** The investment returns are based on the historic performance of the fund.

## **d) Changes in assumptions**

The methodology to calculate IBNR Reserve, before and after reinsurance, has been modified to better streamline the calculation in accordance with the underlying business.

The above change in valuation bases has resulted in an increase in policyholder liability by Rs. 6.0 million with corresponding impact on revenue account of the respective statutory fund.

### e) Sensitivity analysis

The table below indicates the level of the respective variable that will trigger an adjustment and then indicates the liability adjustment required as a result of a further deterioration in the variable:

Variables	Trigger level	Change in variable	Increase in liability 2015	Increase in liability 2014
			(Rupees in '000)	
Worsening of mortality rates for risk policies	261%	+10% p.a.	51,400	52,500
Worsening of persistency rates for long term individual policies *	-	-	-	-
Increase in expense levels and inflation	178%	+10% p.a.	76,300	71,000
Decrease in investment returns *	-	-	-	-

\* Due to sufficient margins, liability adequacy test does not trigger at any value.

The above analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated – for example, change in interest rate and change in market values; and change in lapses and future mortality.

#### 34.1.2 Conventional business

##### 34.1.2.1 Individual life conventional business

The risk underwritten, i.e. the risk of death and critical illness will vary from region to region. The Company may be exposed to the risk of unexpected claim severity or frequency. This can be as a result of anti-selection and fraudulent claims. The Company also faces a risk of under-pricing due to long-term nature of the contract statistical methods.

The Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Company has a well defined medical under-writing policy and avoids selling policies to high risk individuals, while critical illness policies are rarely offered with effective screening of pre-existing conditions. This puts a check on anti-selection. Profit testing is conducted on an annual basis to ensure adequacy of premiums charged. Reinsurance contracts have been purchased by the Company to limit the maximum exposure of any policyholder.

The Company has a good spread of business throughout the country thereby ensuring diversification of geographical risks. On the claims handling side, the Company ensures that payment of any fraudulent claims is avoided. For this, a claims committee reviews all large claims for verification and conducts detailed investigation of all apparently doubtful claims.

### a) Frequency and severity of claims

The Company measures concentration of risk in terms of exposure by geographical area and by its exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country. To mitigate risk accumulation resulting from catastrophic events, the Company maintains a catastrophe excess of loss reinsurance cover which ensures that the Company's liability in respect of catastrophic events remains within reasonable limits.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the Company.

The amounts presented are showing total exposure of the Company including exposure in respect of riders attached to the main policies.

#### Benefits assured per life

Rupees	Assured at the end of 2015			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in '000)	%	(Rupees in'000)	%
0 - 200,000	12,612	5.71%	5,683	8.31%
200,001 - 400,000	49,391	22.35%	15,730	22.99%
400,001 - 800,000	60,211	27.25%	14,821	21.66%
800,001 - 1,000,000	15,842	7.17%	5,729	8.37%
More than 1,000,000	82,911	37.52%	26,466	38.67%
<b>Total</b>	<b>220,967</b>	<b>100.00%</b>	<b>68,429</b>	<b>100.00%</b>

Rupees	Assured at the end of 2014			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in'000)	%	(Rupees in'000)	%
0 - 200,000	13,621	5.07%	4,145	5.54%
200,001 - 400,000	56,719	21.11%	18,958	25.33%
400,001 - 800,000	73,957	27.53%	18,061	24.13%
800,001 - 1,000,000	18,744	6.98%	6,931	9.26%
More than 1,000,000	105,597	39.31%	26,762	35.74%
<b>Total</b>	<b>268,638</b>	<b>100%</b>	<b>74,857</b>	<b>100%</b>

#### **b) Sources of uncertainty in the estimation of future benefit payments and premium receipts**

Uncertainty in the estimation of future benefit payments and premium receipts for long – term conventional insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and critical illness incidence rates.

Mortality rates are assumed as EFU (61-66). Critical Illness (CI) incidence rates are taken as a percentage of reinsurer’s risk premium rate.

#### **c) Process used to decide on assumptions**

For long-term conventional insurance contracts, the Company determines assumptions on future mortality and morbidity. At regular intervals, tests are conducted on main policies. Assumptions used to profit test the main policies are as follows:

Mortality rates are assumed as EFU (61-66). Critical Illness (CI) incidence rates are taken as a percentage of reinsurer’s risk premium rate.

#### **d) Changes in assumptions**

There has been no change in assumptions.

#### **e) Sensitivity analysis**

The overall liability for this business stands at less than 2% of the total policyholders’ liability held in the fund. Due to its immateriality, sensitivity analysis has not been conducted.

### **34.1.2.2 Group life**

The main risk written by the Company is mortality. The Company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, difficulty of verification of claims, fraudulent claims or a catastrophe. The Company also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of premium in due time. There also exists a potential risk of asset liability term mismatch due to liabilities being very short term in nature.

The Company manages these risks through underwriting, reinsurance, effective claims handling and other related controls. The Company has a well defined medical under-writing policy and avoids writing business for groups with overly hazardous exposure. Pricing is done in line with the actual experience of the Company. The premium charged takes into account the actual experience of the client and the nature of mortality exposure the group faces. The rates are certified by the appointed actuary for large groups. The Company also maintains an MIS to track the adequacy of the premium charged. Reinsurance contracts have been purchased by the Company to limit the maximum exposure of any life. The Company also has a catastrophe excess of loss cover with respect to group life. The intent of the cover is to limit the liability of the Company in a single happening that results in multiple claims. At the same time, due caution is applied in writing business in areas of high probability of terrorism. The Company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor exposure. Writing business of known hazardous groups is also avoided. On the claims handling side, the Company ensures that payment of any fraudulent claims is avoided. For this, a claims committee reviews all large claims for verification. Strict monitoring is in place at the Board of Directors level in order to keep the outstanding balances of premium at a minimum, especially the ones that are due for more than 90 days. The bulk of the assets held against liabilities of this line of business have a short duration, thus mitigating the risk of asset value deterioration.

### a) Frequency and severity of claims

The Company measures concentration of risk by its exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country. To mitigate risk accumulation resulting from catastrophic events, the Company maintains a catastrophe excess of loss reinsurance cover which ensures that the Company's liability in respect of catastrophic events remains within reasonable limits.

The following table presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the Company.

The amounts presented are showing total exposure of the Company including exposure in respect of riders attached to the main policies.

#### Benefits assured per life

Rupees	Assured at the end of 2015			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	192,884,519	24.48%	142,407,833	33.43%
200,001 - 400,000	92,886,618	11.79%	47,886,275	11.24%
400,001 - 800,000	127,121,324	16.13%	99,162,066	23.28%
800,001 - 1,000,000	61,500,080	7.81%	31,394,206	7.37%
More than 1,000,000	313,491,440	39.79%	105,134,188	24.68%
<b>Total</b>	<b>787,883,981</b>	<b>100.00%</b>	<b>425,984,570</b>	<b>100.00%</b>

Rupees	Assured at the end of 2014			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	140,120,354	21.15%	96,891,008	27.56%
200,001 - 400,000	70,701,953	10.67%	36,347,921	10.34%
400,001 - 800,000	111,725,129	16.87%	82,651,691	23.51%
800,001 - 1,000,000	53,747,185	8.11%	26,954,434	7.67%
More than 1,000,000	286,123,828	43.20%	108,781,666	30.92%
<b>Total</b>	<b>662,418,449</b>	<b>100%</b>	<b>351,626,720</b>	<b>100%</b>

## b) Sources of uncertainty in the estimation of future benefits payments and premium receipts

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate mortality for future years because of the short duration of the contracts.

## c) Process used to decide on assumptions

An investigation into group's experience over the last ten years was performed, and statistical methods are used to adjust the rates to a best estimate of mortality. For this purpose, the crude rates were adjusted to reflect the slope in mortality as per India's mortality table of LIC (94-96). Where data is sufficient to be statistically credible, the statistics generated by the data is assigned appropriate credibility factors to account for the group's experience.

## d) Changes in assumptions

There has been no change in assumptions.

## e) Sensitivity analysis

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant.

Variables	Change in variable	Increase in liability 2015	Increase in liability 2014
		(Rupees in '000)	
Worsening of mortality rates for risk policies	+10% p.a.	1,779	1,717
Increase in reporting lag	+10% p.a.	1,779	1,717

### 34.1.2.3 Accident & Health

The main risk written by the Company is morbidity. The Company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of high exposure in a particular geographical area (Micro-Insurance in Northern Areas), medical expense inflation, fraudulent claims and catastrophic event. The Company potentially faces the risk of lack of adequate claims control (such as for very large groups). The Company also faces a risk of under-pricing to acquire business in a competitive environment and of non-receipt of premium in due time.

The Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Company has a well defined medical under-writing policy and avoids writing business for groups with potentially high health related risk exposure such as Government Schemes. Any pre-existing conditions are screened at this stage. Pricing is done as per actual experience of the Company's portfolio. The premium charged takes into account the actual experience of the client and an MIS is maintained to track the adequacy of the premium charged.

The Company has pre-determined charges for certain illnesses with its panel hospitals, and to keep a check on medical inflation, it continues to negotiate these rates. The portfolio has a spread across various geographical regions. On the claims handling side, the Company ensures that payment of any fraudulent claims is avoided. For this, the claims are reviewed and managed by technical staff and doctors while an on-site monitoring and checking is performed. Strict monitoring is in place at the Board of Directors level in order to keep the outstanding balances of premium at a minimum, especially the ones that are due for more than 90 days.

#### a) Frequency and severity of claims

Company measures risk accumulation in terms of potentially high exposure concentration in a particular geographical area (such as micro insurance policy in northern areas).

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Company including exposure in respect of riders attached to the main policies.

#### Benefits assured per life

Rupees	Assured at the end of 2015			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	62,114,852	44.77%	62,114,752	45.16%
200,001 - 400,000	39,933,617	28.78%	39,920,247	29.03%
400,001 - 800,000	33,121,245	23.88%	31,929,580	23.22%
800,001 - 1,000,000	1,293,072	0.93%	1,293,072	0.94%
More than 1,000,000	2,275,662	1.64%	2,267,020	1.65%
<b>Total</b>	<b>138,738,448</b>	<b>100.00%</b>	<b>137,524,671</b>	<b>100.00%</b>

Rupees	Assured at the end of 2014			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in'000)	%	(Rupees in'000)	%
0 - 200,000	15,033,649	17.60%	15,033,649	17.67%
200,001 - 400,000	33,703,717	39.46%	33,703,717	39.61%
400,001 - 800,000	31,217,235	36.55%	30,879,476	36.29%
800,001 - 1,000,000	1,952,363	2.29%	1,952,363	2.29%
More than 1,000,000	3,512,828	4.10%	3,512,828	4.14%
<b>Total</b>	<b>85,419,792</b>	<b>100%</b>	<b>85,082,033</b>	<b>100%</b>

## b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate morbidity for future years because of the short duration of the contracts.

## c) Process used to decide on assumptions

An investigation into group's experience is performed periodically, and statistical methods are used to adjust the rates to a best estimate of morbidity. For this purpose, the experience is adjusted as per the international experience studies such as HIPE. Where data is sufficient to be statistically credible, the statistics generated by the data are assigned appropriate credibility factors to account for the group's experience.

## d) Changes in assumptions

The valuation as at December 31, 2015, contains a change in reserving basis for the reserves maintained for Group Health Incurred But Not Reported (IBNR) claims. The revised IBNR reserving methodology for non-micro insurance schemes' non-outpatient benefit scheme was revised to take into account the fact that a small portion of business, despite billing, remains unissued with incurred but not reported claims. Under the revised methodology, this portion of business was treated separately by keeping 100% of the earned premium as IBNR Reserve. The claim lag factors for the rest of the business were revised to take into account the latest claim reporting patterns and will be updated at the subsequent three quarters end. An overall revised margin was built into the IBNR Reserve to cater for the risk of a potential change in claim reporting pattern.

For micro insurance schemes, the IBNR basis as at December 31, 2015 has been changed so as to have a reserve of 35% of last 12 months' earned premium across all of micro insurance portfolio.

The IBNR reserving methodology for non-micro insurance schemes' outpatient benefit has been changed as at December 31, 2015 so as to target an ultimate claims ratio of 65% on the earned premium of last 12 months.

The above change in valuation bases has resulted in a decrease in policyholder's liability by Rs. 9.9 million with corresponding impact on revenue account of the respective statutory fund.

## e) Sensitivity analysis

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant.

Variables	Change in variable	Increase in liability 2015	Increase in liability 2014
		(Rupees in '000)	
Worsening of morbidity rates for risk policies	+10% p.a.	20,700	13,300
Increase in reporting lag	+10% p.a.	20,700	13,300
Increase in average claim amount	+10% p.a.	20,700	13,300

#### 34.1.2.4 Overseas group life and health business

The risk underwritten by the Company is mainly mortality and morbidity. The Company may be exposed to the risk of unexpected claim severity and/or frequency. With regards to mortality, the risk can be a result of writing business with higher than expected mortality (such as terrorism in the region), writing high cover amounts without adequate underwriting, difficulty of verification of claims, fraudulent claims or a catastrophe. As for the morbidity, the risk may stem from higher than assumed medical expenses, fraudulent claims, inadequate claims control or catastrophic events (including terrorism). The Company also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of premium in due time.

The Company manages these risks through underwriting, reinsurance, effective claims handling and other related controls. As part of its risk management, the Company has in place reinsurance arrangement to fully cover the mortality and morbidity risks underwritten. At the same time, the Company has a well defined medical under-writing policy and avoids writing business for groups with overly hazardous exposure. Pricing is done in line with the actual experience of the Company. The premium charged takes into account the actual experience of the client and the nature of mortality and morbidity exposure the group faces. The rates are certified by the appointed actuary for large groups. The Company also maintains an MIS to track the adequacy of the premium charged. On the claims handling side, the Company ensures that payment of any fraudulent claims is avoided. For this, a claims committee reviews all large claims for verification. Strict monitoring is in place at the Board of Directors level in order to keep the outstanding balances of premium at a minimum, especially the ones that are due for more than 90 days.

As part of the risk management process, the Company has fully reinsured the underwritten risks and hence the primary risk to which the Company may be exposed to is that of reinsurer defaulting on its obligations. Presently, as per the requirements of the State Bank of Pakistan, the Company is required to settle all claims under this business from its reinsurance recoveries.

##### a) Frequency and severity of claims

The Company measures concentration of risk in terms of its exposure to catastrophic events. As the portfolio for this line of business is relatively small, concentration of risk arising from geographical area is a source of concern. To mitigate this risk Company maintains reinsurance which ensures that the Company's liability in respect of concentration of risk remains within reasonable limits.

The following table presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross of the reinsurance contracts described above.

Since the Company maintains a 100% reinsurance, benefits insured net of the reinsurance contracts are practically Nil.

The amounts presented are showing total exposure of the Company including exposure in respect of riders attached to the main policies.

Benefits assured per life

Rupees
0 - 200,000
200,001 - 400,000
400,001 - 800,000
800,001 - 1,000,000
More than 1,000,000
Total

Rupees
0 - 200,000
200,001 - 400,000
400,001 - 800,000
800,001 - 1,000,000
More than 1,000,000
Total

Assured at the end of 2015

Total benefits assured			
Before reinsurance		After reinsurance	
(Rupees in '000)	%	(Rupees in '000)	%
-	-	-	-
-	-	-	-
222,955	11.24%	-	-
83,864	4.23%	-	-
1,676,881	84.53%	-	-
1,983,700	100.00%	-	-

Assured at the end of 2014

Total benefits assured			
Before reinsurance		After reinsurance	
(Rupees in '000)	%	(Rupees in '000)	%
-	-	-	-
-	-	-	-
237,988	11.10%	-	-
113,935	5.31%	-	-
1,792,438	83.59%	-	-
2,144,361	100%	-	-

**b) Sources of uncertainty in the estimation of future benefit payments and premium receipts**

There is no need to estimate mortality and morbidity for future years because of the short duration of the contracts.

**c) Process used to decide on assumptions**

An investigation in to group's experience is performed periodically and statistical methods are used to adjust the rates to a best estimate of mortality and morbidity. For this purpose, the crude rates for morality were adjusted to reflect the slope in mortality as per India's mortality table of LIC (94-96) while for morbidity, international experience studies such as HIPE are used. Reinsurance rates provided by the reinsurer are also kept under consideration.

**d) Changes in assumptions**

There has been no change in assumptions.

#### e) Sensitivity analysis

The Company has fully reinsured its underwritten risks and therefore a sensitivity analysis has not been conducted.

### 34.1.3 MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK

The Company is responsible for managing contracts that result in the transfer of Takaful and Financial Risk from the Participant to the respective PTF. This section summarizes the risks and the way the Company manages them, as part of the Company's Window Takaful Operations.

#### Takaful Risk

The PTF issues Takaful contracts that are classified in the following segments:

- Individual Family Takaful
- Group Family Takaful
- Accident and Health Family Takaful

#### Individual Family Takaful

The risk covered is mainly death and sometimes disability and/or critical illness. The risk of death and disability will vary from region to region. The PTF may get exposed to poor risks due to unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The PTF may also face the risk of poor investment return, and liquidity issues on monies invested in the fund.

The PTF faces the risk of inadequacy of the Mortality Charge (Takaful Contribution) particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency can lead to an impact on the size of the PTF. A larger PTF may allow for a greater degree of cross subsidization of Mortality Risk, increasing the probability of convergence between actual and expected Mortality experience.

The Company manages these risks through its underwriting, retakaful, claims handling policy and other related controls. The Company has a well defined medical under-writing policy and avoids issuing cover to high risk individuals. This puts a check on anti-selection. Profit testing is conducted on an annual basis to ensure reasonableness of Takaful Contributions charged for risk underwritten by the PTF. Retakaful contracts have been purchased by the Company to limit the maximum exposure on any one participant. The Company has a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Company applies quality controls on the standard of service provided to Participants of the PTF and has placed checks to curb mis-selling and improvement in the standard of customer service. For this, a regular branch wise monitoring of lapsation rates is conducted. On the claims handling side, the Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, a Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Company maintains adequate liquidity in assets underlying the PTF to accommodate claims from Participants. The Company reserves the right to review the Takaful Contributions deductible under the contracts, thus limiting the risk of under-pricing.

### a) Frequency and severity of claims

Company has not had a concern from the concentration of risk because of the ability to spread risks across various parts of the country. The Company issues Takaful Contracts through a large network of its own branches and branches belonging to partner banks in Bancassurance. This ascertains a spread of geographical risk.

However, a risk of concentration of risk on any one Participant of the PTF still exists. The Company caters to this risk by entering into suitable Retakaful arrangements. The Company charges for mortality risk (credited to the PTF) on a monthly basis for all Takaful contracts without fixed term. It has the right to alter these charges (on behalf of the PTF) based on the PTF's mortality experience. This minimises the PTF's exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may reduce this mitigating effect. The Company manages these risks through the underwriting strategy and retakaful arrangements used for the PTF.

The table below presents the concentration of covered benefits across five bands of benefits covered per Participant. The benefit covered figures are shown gross and net of the retakaful contracts described above.

The amounts presented are showing total exposure of the PTF including exposure in respect of riders attached to the main policies.

#### Benefits covered per Participant

Rupees	Assured at the end of 2015			
	Total benefits covered			
	Before retakaful		After retakaful	
	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	415	0.06%	415	0.08%
200,001 - 400,000	2,786	0.39%	2,786	0.55%
400,001 - 800,000	35,053	4.86%	35,053	6.94%
800,001 - 1,000,000	46,713	6.48%	46,713	9.25%
More than 1,000,000	635,632	88.21%	419,868	83.17%
<b>Total</b>	<b>720,599</b>	<b>100.00%</b>	<b>504,835</b>	<b>100.00%</b>

There are no comparative figures to report, as the Individual Family Takaful was launched during the year.

### b) Source of uncertainty in the estimate of future benefits payments and contributions receipts

Uncertainty in the estimation of future benefit payments and contribution receipts for long – term unit linked takaful contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in participant's behavior.

Factors impacting future benefit payments and contribution receipts are as follows:

- **Mortality:** The Company assumes the expected mortality at 80% of LIC (94-96) since the current claims experience for this line of business is too limited to be credible.

- **Persistency:** The Company conducts a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

#### c) Process used to decide on assumptions

For long-term unit linked Takaful contracts, assumptions are made in two stages. At inception of the contract, the Company determines assumptions on future mortality, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on flagship products. Assumptions used for profit testing of the flagship products are as follows:

- **Mortality:** The expected mortality is assumed at 80% of LIC (94-96) since the current claims experience for this line of business is too limited to be credible.
- **Persistency:** A periodic analysis of the Company's recent and historic experience is performed and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.
- **Expense levels and inflation:** A periodic study is conducted on the Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.
- **Investment returns:** The investment returns are based on anticipated future performance of the fund.

#### d) Sensitivity analysis

The size of the fund is not material enough to enable a credible sensitivity analysis due to this immateriality, sensitivity analysis is not conducted.

#### Group Life Family Takaful

The main exposure of the PTF is to mortality risk. The PTF may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, difficulty of verification of claims, fraudulent claims or a catastrophe. The PTF also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of takaful contributions due to policy lapsations. There also exists a potential risk of asset liability term mismatch due to liabilities being very short term in nature.

The Company manages these risks through underwriting, retakaful, effective claims handling and other related controls. The Company has a well defined medical under-writing policy and avoids writing business for groups with overly hazardous exposure. Pricing is done in line with the actual experience of the PTF. The premium charged takes into account the actual experience of the client and the nature of mortality exposure the group faces. The rates are certified by the appointed actuary for large groups. The Company also maintains an MIS to track the adequacy of the takaful contribution charged. Retakaful contracts have been purchased by the Company to limit the maximum mortality exposure of the PTF. The Company is also contemplating a catastrophe excess of loss cover for the Group Family Takaful Business. The intent of the cover is to limit the liability of the PTF in a single happening that results in multiple claims. At the same time, due caution is applied in writing business in areas of high probability of terrorism. The Company ensures writing business with good geographical spread and tries

to maintain a controlled exposure to large groups which generally have poor exposure. Writing business of known hazardous groups is also avoided. On the claims handling side, the Company ensures that payment of any fraudulent claims is avoided. For this, a claims committee reviews all large claims for verification. Strict monitoring is in place at the Board of Directors level in order to keep the outstanding balances of premium at a minimum, especially the ones that are due for more than 90 days.

#### a) Frequency and severity of claims

The Company measures concentration of risk by the PTF's exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country. To mitigate risk accumulation resulting from catastrophic events, the Company is considering a catastrophe excess of loss retakaful cover which ensures that the PTF's liability in respect of catastrophic events remains within reasonable limits.

The following table presents the concentration of covered benefits across five bands of covered benefits per individual life covered. The benefit covered figures are shown gross and net of the retakaful contracts described above.

The amounts presented are showing total exposure of the PTF including exposure in respect of riders attached to the main policies.

#### Benefits covered per Participant

Rupees	Assured at the end of 2015			
	Total benefits covered			
	Before retakaful		After retakaful	
	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	-	-	10,400	13.12%
200,001 - 400,000	20,800	11.18%	44,716	56.39%
400,001 - 800,000	89,432	48.08%	16,176	20.40%
800,001 - 1,000,000	24,000	12.90%	8,000	10.09%
More than 1,000,000	51,772	27.83%	-	-
<b>Total</b>	<b>186,004</b>	<b>100.00%</b>	<b>79,292</b>	<b>100.00%</b>

There are no comparative figures to report, as the Group Life Family Takaful was launched during the year.

#### b) Sources of uncertainty in the estimation of future benefits payments and contribution receipts

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate mortality for future years because of the short duration of the contracts.

### c) Process used to decide on assumptions

An investigation into group's experience over the last ten years was performed, and statistical methods are used to adjust the rates to a best estimate of mortality. For this purpose, the crude rates were adjusted to reflect the slope in mortality as per India's mortality table of LIC (94-96). Where data is sufficient to be statistically credible, the statistics generated by the data is assigned appropriate credibility factors to account for the group's experience.

### d) Sensitivity analysis

The size of the fund is not material enough to enable a credible sensitivity analysis due to this immateriality, sensitivity analysis is not conducted.

## Accident & Health Family Takaful

The main risk exposure of the PTF is morbidity. The PTF may be exposed to the risk of unexpected claim severity or frequency. This can be a result of high exposure in a particular geographical area, medical expense inflation, fraudulent claims and catastrophic event. The PTF potentially faces the risk of lack of adequate claims control (such as for very large groups). The PTF also faces a risk from under-pricing to acquire business in a competitive environment and of non-receipt of contribution in due time.

The Company manages these risks through its underwriting, retakaful, claims handling policy and other related controls. The Company has a well defined medical under-writing policy and avoids writing business for groups with potentially high health related risk exposure such as Government Schemes. Any pre-existing conditions are screened at this stage. Pricing is done as per actual experience of the risks already covered by the PTF. The takaful contribution charged takes into account the actual experience of the client and an MIS is maintained to track the adequacy of the takaful contribution charged. The Company has pre-determined charges for certain illnesses with its panel hospitals, and to keep a check on medical inflation, it continues to negotiate these rates. The portfolio will be diversified to spread across various geographical regions. On the claims handling side, the Company ensures that payment of any fraudulent claims is avoided. For this, the claims are reviewed and managed by technical staff and doctors while an on-site monitoring and checking is performed. Strict monitoring is in place at the Board of Directors level in order to keep the outstanding balances of premium at a minimum, especially the ones that are due for more than 90 days.

### a) Frequency and severity of claims

Company measures risk accumulation in the PTF in terms of potentially high exposure concentration in a particular geographical area.

The table below presents the concentration of covered benefits across five bands of benefits covered per individual life covered. The benefit covered figures are shown gross and net of the retakaful contracts described above.

The amounts presented are showing total exposure of the PTF including exposure in respect of riders attached to the main policies.

## Benefits covered per Participant

### Rupees

0 - 200,000  
200,001 - 400,000  
400,001 - 800,000  
800,001 - 1,000,000  
More than 1,000,000  
Total

Assured at the end of 2015

### Total benefits covered

Before retakaful		After retakaful	
(Rupees in '000)	%	(Rupees in '000)	%
350	0.45%	350	0.45%
349	0.45%	349	0.45%
67,063	86.26%	67,063	86.26%
9,986	12.84%	9,986	12.84%
-	-	-	-
77,748	100.00%	77,748	100.00%

There are no comparative figures to report, as the Group Life Family Takaful was launched during the year.

### b) Sources of uncertainty in the estimation of future benefits payments and contribution receipts

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate morbidity for future years because of the short duration of the contracts.

### c) Process used to decide on assumptions

An investigation into group's experience is performed periodically, and statistical methods are used to adjust the rates to a best estimate of morbidity. For this purpose, the experience is adjusted as per the international experience studies such as HIPE. Where data is sufficient to be statistically credible, the statistics generated by the data are assigned appropriate credibility factors to account for the group's experience.

### d) Sensitivity analysis

The size of the fund is not material enough to enable a credible sensitivity analysis. Due to this immateriality, sensitivity analysis is not conducted.

## 34.2 Financial risk

### Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure that adequate liquidity is maintained.

## Interest rate risk

The Company invests in securities and has deposits that are subject to interest rate risk. Interest rate risk to the Company is the risk of changes in market interest rates reducing the overall return on its interest bearing securities. The Company limits interest rate risk by monitoring changes in interest rates in the currencies in which its cash and investments are denominated. The Company's interest rate sensitivity and liquidity positions based on maturities is given in note 34.2.1.

### 34.2.1 Mismatch of interest rate sensitive assets and liabilities / yield / interest rate risk

		2015										
		Exposed to yield/ interest rate risk										
On-balance sheet financial instruments	Effective yield / interest rate %	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years	Non-interest bearing financial instruments
	..... (Rupees in '000) .....											
<b>Financial assets</b>												
Cash and others		33,077	-	-	-	-	-	-	-	-	-	33,077
Current and other accounts	4.0 - 6.0	1,846,746	1,622,041	-	-	-	-	-	-	-	-	224,705
Deposits maturing within 12 months	6.1 - 9.6	4,700,000	700,000	700,000	850,000	2,450,000	-	-	-	-	-	-
Deposits maturing over 12 months	6.7 - 6.8	800,000	-	-	-	-	800,000	-	-	-	-	-
Unsecured advances to employees		9,350	-	-	-	-	-	-	-	-	-	9,350
Investments - net of provision		58,999,033	22,480,105	433,930	1,366,704	1,232,010	11,950,461	19,910,434	596,812	1,028,577	-	-
Premiums due but unpaid		464,230	-	-	-	-	-	-	-	-	-	464,230
Investment income due but outstanding		10,046	-	-	-	-	-	-	-	-	-	10,046
Investment income accrued	8.31 - 15	1,423,380	-	-	-	-	-	-	-	-	-	1,423,380
Amounts due from other insurers / reinsurers		152,838	-	-	-	-	-	-	-	-	-	152,838
Inter-fund receivable		30,730	-	-	-	-	-	-	-	-	-	30,730
Sundry receivable		91,518	-	-	-	-	-	-	-	-	-	91,518
		68,560,948	24,802,146	1,133,930	2,216,704	3,682,010	12,750,461	19,910,434	596,812	1,028,577	-	2,439,874

2015										
Effective yield / interest rate %	Exposed to yield/ interest rate risk									
	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years

(Rupees in '000)

#### Financial liabilities

Outstanding claims	803,090	-	-	-	-	-	-	-	-	-	803,090
Amounts due to other insurers / reinsurers	19,942	-	-	-	-	-	-	-	-	-	19,942
Amounts due to agents	479,239	-	-	-	-	-	-	-	-	-	479,239
Accrued expenses	879,075	-	-	-	-	-	-	-	-	-	879,075
Other creditors and accruals	324,256	-	-	-	-	-	-	-	-	-	324,256
Unclaimed dividend	14,264	-	-	-	-	-	-	-	-	-	14,264
Inter-fund payable	30,730	-	-	-	-	-	-	-	-	-	30,730
	2,550,596	-	-	-	-	-	-	-	-	-	2,550,596

#### On-balance sheet gap

	66,010,352	24,802,146	1,1,33,930	2,216,704	3,682,010	12,750,461	19,910,434	596,812	596,812	-	(110,722)
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#### Off-balance sheet financial instruments

Commitments	163,684	-	-	-	-	-	-	-	-	-	163,684
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#### Off-balance sheet gap

	163,684	-	-	-	-	-	-	-	-	-	163,684
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#### Total yield / interest rate risk sensitivity gap

		24,802,146	1,1,33,930	2,216,704	3,682,010	12,750,461	19,910,434	596,812	596,812	-	52,962
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#### Cumulative yield / interest rate risk sensitivity gap

		24,802,146	25,936,076	28,152,780	31,834,790	44,585,251	64,495,685	65,092,497	66,121,074	66,121,074	163,684
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## Exposed to yield / interest rate risk

On-balance sheet financial instruments	Effective yield / interest rate %	Exposed to yield / interest rate risk										
		Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years	Non-interest bearing financial instruments
(Rupees in '000)												
<b>Financial assets</b>												
Cash and others		32,456	-	-	-	-	-	-	-	-	-	32,456
Current and other accounts	6.8-8.3	1,638,484	900,082	-	-	-	-	-	-	-	-	738,402
Deposits maturing within 12 months	8.35-11.5	3,400,000	200,000	1,100,000	1,150,000	950,000	-	-	-	-	-	-
Unsecured advances to employees		6,199	-	-	-	-	-	-	-	-	-	6,199
Investments - net of provision		41,908,749	11,637,336	24,952	1,206,548	3,430,401	17,513,586	881,647	6,553,775	660,504	-	-
Premiums due but unpaid		299,656	-	-	-	-	-	-	-	-	-	299,656
Investment income due but outstanding	9.31-15	7,052	-	-	-	-	-	-	-	-	-	7,052
Investment income accrued		1,424,046	-	-	-	-	-	-	-	-	-	1,424,046
Amounts due from other insurers / reinsurers		189,281	-	-	-	-	-	-	-	-	-	189,281
Inter-fund receivable		23,445	-	-	-	-	-	-	-	-	-	23,445
Sundry receivable		73,683	-	-	-	-	-	-	-	-	-	73,683
		49,003,051	12,737,418	1,124,952	2,356,548	4,380,401	17,513,586	881,647	6,553,775	660,504	-	2,794,220
<b>Financial liabilities</b>												
Outstanding claims		709,306	-	-	-	-	-	-	-	-	-	709,306
Amounts due to other insurers / reinsurers		21,236	-	-	-	-	-	-	-	-	-	21,236
Amounts due to agents		570,431	-	-	-	-	-	-	-	-	-	570,431
Accrued expenses		597,440	-	-	-	-	-	-	-	-	-	597,440
Other creditors and accruals		120,298	-	-	-	-	-	-	-	-	-	120,298
Unclaimed dividend		9,397	-	-	-	-	-	-	-	-	-	9,397
Inter-fund payable		23,445	-	-	-	-	-	-	-	-	-	23,445
		2,051,553	-	-	-	-	-	-	-	-	-	2,051,553
<b>On-balance sheet gap</b>		46,951,498	12,737,418	1,124,952	2,356,548	4,380,401	17,513,586	881,647	6,553,775	660,504	-	742,667

2014

Effective yield / interest rate %	Exposed to yield / interest rate risk										Non-interest bearing financial instruments
	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years	
	(Rupees in '000)										
<b>Off-balance sheet financial instruments</b>											
Commitments	144,212	-	-	-	-	-	-	-	-	-	144,212
<b>Off-balance sheet gap</b>	144,212	-	-	-	-	-	-	-	-	-	144,212
<b>Total yield / interest rate risk sensitivity gap</b>		12,737,418	1,124,952	2,356,548	4,380,401	17,513,586	881,647	6,553,775	660,504	-	598,455
<b>Cumulative yield / interest rate risk sensitivity gap</b>		12,737,418	13,862,370	16,218,918	20,599,319	38,112,905	38,994,552	45,548,327	46,208,831	46,208,831	598,455

#### a) Sensitivity analysis - interest rate risk

The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

Debt securities held to maturity are accounted for at amortized cost and their carrying amounts are not sensitive to changes in the level of interest rates.

Management monitors the sensitivity of reported interest rate movements periodically by assessing the expected changes in the different portfolios due to parallel movements of 100 basis points in all yield curves.

An increase in 100 basis points in interest yields would result in a loss of Rs.592.14 million (2014: Rs. 500.117 million). The portion of this loss that would be recognized directly in profit and loss account is Rs.13.75 million (2014: Rs.21.48 million).

A decrease in 100 basis points in interest yields would result in a gain of Rs.507.52 million (2014: Rs.516.637 million). The portion of this gain that would be recognized directly in profit and loss account is Rs.14.19 million (2014: Rs.22.06 million).

## b) Sensitivity analysis - currency risk

Except for business underwritten in Overseas group life and health fund, the Company primarily underwrites insurance contracts in Pak Rupees and invests in assets denominated in the same currency, which eliminates the foreign currency exchange rate risk for these operations.

### 35 FOREIGN CURRENCY RISK

As at balance sheet date, there are no material financial instruments denominated in foreign currency. Therefore, the Company is not materially exposed to risk from foreign currency exchange rate fluctuation.

### 36 MARKET RISK

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

The Company is exposed to market risk with respect to its investments.

The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in Government securities, equity, open-end and closed-end mutual funds and term finance certificates markets. In addition, the Company actively monitors the key factors that affect the underlying value of these securities.

### 37 CREDIT RISK AND CONCENTRATION OF CREDIT RISK

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

Concentration of credit risk arises when a number of counterparties have similar types of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner.

Major credit risk is in premiums receivable, reinsurance receivables, bank balances and investments. The management monitors exposure to credit risk through regular review of credit exposure and assessing credit worthiness of counter parties.

	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	Not rated	Total
(Rupees in '000)											
<b>December 31, 2015</b>											
Debt securities	-	-	46,872	232,680	427,940	-	-	-	-	-	707,492
Open-end mutual funds	-	-	1,138,072	-	-	73,351	-	-	-	-	1,211,423
Investment in associate	-	-	-	-	-	-	-	-	-	51,009	51,009
Loans and receivables	-	-	-	-	-	-	-	-	-	771,955	771,955
Cash and cash Equivalents	1,474,784	647,815	764,056	267,564	21,252	53,650	17,623	-	-	33,076	3,279,820
	<u>1,474,784</u>	<u>647,815</u>	<u>1,949,000</u>	<u>500,244</u>	<u>449,192</u>	<u>127,001</u>	<u>17,623</u>	<u>-</u>	<u>-</u>	<u>856,040</u>	<u>6,021,699</u>
<b>December 31, 2014</b>											
Debt securities	-	-	73,618	252,342	-	-	-	-	-	29,945,453	30,271,413
Open-end mutual funds	-	-	1,091,445	-	-	9,616	-	-	-	-	1,101,061
Investment in associate	-	-	-	-	-	-	-	-	-	48,077	48,077
Loans and receivables	-	9,560	5,751	60,663	116,606	8,476	17,298	4,189	10,125	434,626	667,294
Cash and cash Equivalents	1,505,961	609,718	532,595	253,706	-	4,405	32,099	-	-	32,456	2,970,940
	<u>1,505,961</u>	<u>619,278</u>	<u>1,703,409</u>	<u>566,711</u>	<u>116,606</u>	<u>22,497</u>	<u>49,397</u>	<u>4,189</u>	<u>10,125</u>	<u>30,460,612</u>	<u>35,058,785</u>

Due to the nature of its business the Company is not exposed to concentration of credit risk.

The carrying values of financial assets which are neither past due nor impaired are as under:

	2015	2014
(Rupees in '000)		
Cash and bank deposits	7,379,823	5,070,940
Unsecured advances to employees	9,350	6,199
Premiums due but unpaid	356,581	228,627
Investment income due but outstanding	10,046	7,052
Investment income accrued	1,423,380	1,424,046
Sundry receivables	91,518	73,683

The carrying values of financial assets which are past due but not impaired are as under:

	2015	2014
	(Rupees in '000)	
Premiums due but unpaid	97,181	58,952

The carrying values of financial assets which are past due and impaired are as under:

	2015	2014
	(Rupees in '000)	
Premiums due but unpaid	10,468	12,077

### 38 REINSURANCE RISK

In order to minimise the financial exposure arising from large claims, the Company, in the normal course of business, enters into agreement with other reinsurers.

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

In order to manage this risk, the Company obtains reinsurance cover only from companies with sound financial health.

### 39 CAPITAL MANAGEMENT

The Company's goals and objectives when managing capital are:

- To comply with the minimum paid-up capital requirements as prescribed by SECP;
- 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 the other stakeholders;
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk;
- Maintain strong ratings and to protect the Company against unexpected events / losses; and
- To ensure a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

As prescribed by SECP, Company is required to maintain the minimum capital and to comply with the solvency requirements both for shareholders' and statutory funds in accordance with the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 as amended by S.R.O. 16 (1)/2012 dated January 9, 2012, with which the Company is in compliance.

## 40 FAIR VALUE OF FINANCIAL INSTRUMENTS

### On balance sheet financial instruments

	2015									
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)									
<b>Financial assets measured at fair value</b>										
Investments										
Market treasury bills	-	3,504,231	-	-	-	3,504,231	-	3,504,231	-	3,504,231
Pakistan investment bonds	-	28,010,175	-	-	-	28,010,175	-	28,010,175	-	28,010,175
Listed equities and close ended funds	-	18,367,395	-	-	-	18,367,395	18,367,395	-	-	18,367,395
Ijara Sukuks	-	236,621	-	-	-	236,621	-	236,621	-	236,621
Term Finance Certificates	-	707,492	-	-	-	707,492	-	707,492	-	707,492
Open ended mutual funds	-	1,211,423	-	-	-	1,211,423	-	1,211,423	-	1,211,423
<b>Financial assets not measured at fair value</b>										
Cash	-	-	-	33,077	-	33,077	-	-	-	-
Current & other accounts	-	-	-	1,846,746	-	1,846,746	-	-	-	-
Deposits maturing within 12 months	-	-	-	4,700,000	-	4,700,000	-	-	-	-
Deposits maturing over 12 months	-	-	-	800,000	-	800,000	-	-	-	-
Market treasury bills	-	1,040,267	-	-	-	1,040,267	-	1,040,281	-	1,040,281
Pakistan investment bonds	-	4,526,066	19,935	-	-	4,546,001	-	4,600,674	-	4,600,674
Listed equities and close ended funds	-	1,324,419	-	-	-	1,324,419	2,031,044	-	-	2,031,044
Shares of unlisted associates	-	51,009	-	-	-	51,009	-	-	-	-
Premiums due but unpaid	-	-	-	464,230	-	464,230	-	-	-	-
Investment income due but outstanding	-	-	-	10,046	-	10,046	-	-	-	-
Investment income accrued	-	-	-	1,423,380	-	1,423,380	-	-	-	-
Amounts due from reinsurers / retakaful	-	-	-	152,838	-	152,838	-	-	-	-
Sundry receivables	-	-	-	91,518	-	91,518	-	-	-	-
	-	58,979,098	19,935	9,521,835	-	68,520,868	20,398,440	39,310,898	-	59,709,338

2015										
Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)										
<b>Financial liabilities not measured at fair value</b>										
Policyholders' liabilities/technical reserves	-	-	-	-	60,290,220	60,290,220	-	-	-	-
Staff retirement benefits	-	-	-	-	21,334	21,334	-	-	-	-
Outstanding claims	-	-	-	-	803,090	803,090	-	-	-	-
Premium / contribution received in advance	-	-	-	-	468,079	468,079	-	-	-	-
Amounts due to reinsurers / retakaful	-	-	-	-	19,942	19,942	-	-	-	-
Amounts due to agents	-	-	-	-	479,239	479,239	-	-	-	-
Other creditors and accruals	-	-	-	-	324,256	324,256	-	-	-	-
Unclaimed dividend	-	-	-	-	14,264	14,264	-	-	-	-
	-	-	-	-	62,420,424	62,420,424	-	-	-	-

2014									
Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
<b>Financial assets measured at fair value</b>									
Investments									
Market treasury bills	-	578,805	-	-	578,805	-	578,805	-	578,805
Pakistan investment bonds	-	24,219,830	-	-	24,219,830	-	24,219,830	-	24,219,830
Ijara Sukuks	-	956,707	-	-	956,707	-	956,707	-	956,707
Shares of listed companies	-	9,488,291	-	-	9,488,291	9,488,291	-	-	9,488,291
Term Finance Certificates	-	325,961	-	-	325,961	-	325,961	-	325,961
Open ended mutual funds	-	1,101,061	-	-	1,101,061	-	1,101,061	-	1,101,061

2014

	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)									
<b>Financial assets not measured at fair value</b>										
Cash	-	-	-	32,456	-	32,456	-	-	-	-
Current & other accounts	-	-	-	1,638,484	-	1,638,484	-	-	-	-
Deposits maturing within 12 months	-	-	-	3,400,000	-	3,400,000	-	-	-	-
Market treasury bills	-	1,257,121	-	-	-	1,257,121	-	1,257,614	-	1,257,614
Pakistan investment bonds	-	2,913,065	19,925	-	-	2,932,990	-	3,006,515	-	3,006,515
Listed equities and close ended funds	-	999,906	-	-	-	999,906	1,654,187	-	-	1,654,187
Shares of unlisted associates	-	48,077	-	-	-	48,077	-	-	-	-
Staff retirement benefits	-	-	-	8,202	-	8,202	-	-	-	-
Premiums due but unpaid	-	-	-	299,656	-	299,656	-	-	-	-
Investment income due but outstanding	-	-	-	7,052	-	7,052	-	-	-	-
Investment income accrued	-	-	-	1,424,046	-	1,424,046	-	-	-	-
Amounts due from reinsurers / retakaful	-	-	-	189,281	-	189,281	-	-	-	-
Sundry receivables	-	-	-	73,683	-	73,683	-	-	-	-
	-	<b>41,888,824</b>	<b>19,925</b>	<b>7,072,860</b>	-	<b>48,981,609</b>	<b>11,142,478</b>	<b>31,446,493</b>	-	<b>42,588,971</b>
<b>Financial liabilities not measured at fair value</b>										
Policyholders' liabilities/technical reserves'	-	-	-	-	42,693,065	42,693,065	-	-	-	-
Outstanding claims	-	-	-	-	709,306	709,306	-	-	-	-
Premium / contribution received in advance	-	-	-	-	232,254	232,254	-	-	-	-
Amounts due to reinsurers / retakaful	-	-	-	-	21,236	21,236	-	-	-	-
Amounts due to agents	-	-	-	-	570,431	570,431	-	-	-	-
Other creditors and accruals	-	-	-	-	120,298	120,298	-	-	-	-
Unclaimed dividend	-	-	-	-	9,397	9,397	-	-	-	-
	-	-	-	-	<b>44,355,987</b>	<b>44,355,987</b>	-	-	-	-

The fair value of financial assets and liabilities not carried at fair value is not significantly different from their carrying values since assets and liabilities are either short term in nature or in case of loans are frequently repriced.

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

## **41 ACCOUNTING ESTIMATES AND JUDGMENTS**

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates relating to insurance contracts are based on the advice of the appointed actuary. Some of the critical accounting estimates and judgments are as follows:

### **41.1 Policyholders' liabilities/technical reserves'**

#### **41.1.1 Valuation discount rate**

The valuation of policyholders' liabilities has been based on a discount rate of 3.75%, which is in line with the requirements under the repealed Insurance Act, 1938 and is considerably lower than the actual investment return the Company is managing on its conventional portfolio. The difference each year between the above and the actual investment return is intended to be available to the Company for meeting administration expense and provide margins for adverse deviation.

#### **41.1.2 Mortality assumption**

For the purpose of valuing the insurance contracts, the mortality assumption used is based on EFU (61-66) table. This table is constructed on the basis of EFU (61-66) table, adjusted to reflect the mortality expectation in Pakistan. In the opinion of appointed actuary the adjusted table gives the closest match to the underlying mortality of the covered population. SECP vide its circular 17/2013 dated September 13, 2013 has stipulated that SLIC (2001 - 05) Individual Life Ultimate Mortality Table published by Pakistan Society of Actuaries (PSOA) be used as the minimum valuation basis prescribed under SECP's notification S.R.O 16(1)/2012. However, existing valuation basis is considered to be more prudent than the minimum.

### 41.1.3 Claims provision

The calculation of Incurred But Not Reported Claims Reserve for both Group Life under Conventional Business and Accident and Health lines has been based on the assumption that the claims lag pattern would follow the trend experienced over the past 3 years.

The reserving basis has been formulated on the recent claims lag pattern and experience of the Company for each line of business separately. Appropriate margins have been added to ensure that the reserve set aside is resilient to changes in the experience.

### 41.1.4 Surrenders

For the purpose of valuation of conventional business, no provision has been made for lapses and surrenders. This gives prudence to the value placed on the liability by not taking any credits for the profits made on surrenders.

### 41.2 Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on disputed issues in the past. However, the Company has made adequate provision in this respect except for the matter disclosed in note 14.1.

### 41.3 Impairment in respect of listed securities

The Company determines that listed available-for-sale securities are impaired when there has been a significant or prolonged decline in fair value below its cost. In making this judgment, the Company evaluates, among other factors, volatility in the share prices in normal course. In addition, impairment may be appropriate when there is evidence of deterioration in financial health of the investee, industry or sector performance.

## 42 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Board of Directors, in their meeting held on February 23, 2016 proposed a final cash dividend of Rs.10.50 per share (2014: Rs. 7.00 per share) for the year ended December 31, 2015 amounting to Rs.757.247 million (2014: Rs. 504.832 million).

Interim dividend declared and already paid in respect of half year ended June 30, 2015 was Rs.3.00 per share (2014: Rs.2.50 per share) amounting to Rs.216.36 million (2014: Rs. 180.297 million).

These financial statements do not recognize the proposed final dividend which will be recognized in the financial statements for the year ending December 31, 2016.

43 **CORRESPONDING FIGURES**

Corresponding figures have been re-arranged and reclassified, wherever necessary for purpose of comparison. However, there were no significant reclassifications in these financial statements.

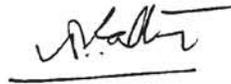
44 **DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue on February 23, 2016 by the Board of Directors of the Company.



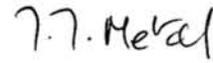
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**Kamal A. Chinoy**  
Chairman



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**Aly Noor Mahomed Rattansey**  
Director



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**John Joseph Metcalf**  
Director



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**Javed Ahmed**  
Managing Director &  
Chief Executive Officer

Certified True Copy  
  
**Najam Ul Hassan Janjua**  
Company Secretary

# Statement of Directors

(As per the requirement of section 46(6) and section 52(2) (c) of the Insurance Ordinance, 2000)

## Section 46(6)

- a) In our opinion, the annual statutory accounts of the Jubilee Life Insurance Company Limited set out in the forms attached to the statement have been drawn up in accordance with the Ordinance and any rules made thereunder;
- b) Jubilee Life Insurance Company Limited has at all the times in the year complied with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and reinsurance arrangements; and
- c) As at December 31, 2015, Jubilee Life Insurance Company Limited continues to be in compliance with the provisions of the Ordinance and the rules made there under relating to paid-up capital, solvency and reinsurance arrangements.

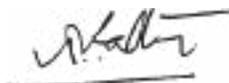
## Section 52(2) (c)

- d) In our opinion, each statutory fund of Jubilee Life Insurance Company Limited complies with the solvency requirements of the Insurance Ordinance, 2000 and the Insurance Rules, 2002.



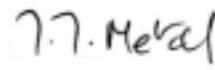
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**Kamal A. Chinoy**  
Chairman



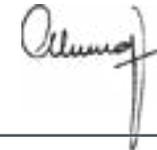
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**Aly Noor Mahomed Rattansey**  
Director



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**John Joseph Metcalf**  
Director



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**Javed Ahmed**  
Managing Director &  
Chief Executive Officer

# Statement of Appointed Actuary

As per the requirement of section 52(2)(a) and (b) of the Insurance Ordinance, 2000

**In my opinion:**

- a) The policyholders' liabilities in the balance sheet of Jubilee Life Insurance Company Limited as at December 31, 2015 have been determined in accordance with the provisions of the Insurance Ordinance, 2000; and
- b) Each Statutory Fund of Jubilee Life Insurance Company Limited complies with the solvency requirements of the Insurance Ordinance, 2000.



**Nauman A. Cheema**  
Appointed Actuary of the Company  
Fellow of Society of Actuaries (USA)  
Fellow of Pakistan Society of Actuaries

Date: February 19, 2016

# Notice of Annual General Meeting

Notice is hereby given that the 21st Annual General Meeting of the Shareholders of Jubilee Life Insurance Company Limited will be held as per below mentioned schedule:

Date and time: March 28, 2016 (Monday) at 11.00 a.m.

Venue: Auditorium, Habib Bank Tower, Jinnah Avenue, Islamabad

## Agenda

### Ordinary Business

1. Confirmation of the minutes of 8th EOGM held on December 11, 2015.
2. To consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2015 and the Directors and Auditors Reports thereon.
3. To consider and approve the payment of final cash dividend of 105% (Rs. 10.50 per ordinary share of Rs. 10 each) for the year ended December 31, 2015 as recommended by the Directors of the Company, in addition to the interim dividend of Rs. 3 per share i.e. 30 % already paid to shareholders, thus making a total of Rs.13.50 per share i.e. 135% for the year ended December 31, 2015.
4. To appoint external auditors and Shariah Compliance Auditors for the year 2016 and to fix their remuneration. The retiring auditors, M/s KPMG Taseer Hadi & Co., Chartered Accountants, being eligible offer themselves for re-appointment as Statutory Auditors and Shariah Compliance Auditors.
5. To transact any other ordinary business as may be placed before the meeting with the permission of the Chair.

March 07, 2016  
Karachi

By order of the Board



Najam ul Hassan Janjua  
Company Secretary

## Notes:

1. The Share transfer books of the Company shall remain closed from March 22, 2016 to March 28, 2016 (both days inclusive). Transfers received in order by our registrar, M/s Central Depository Company of Pakistan, CDC Share Registrar Service, CDC House, 99-B, Block-B, SMCHS, Main Sharah-e-Faisal, Karachi-74400, at the close of business on March 21, 2016 will be treated in time for the purpose of attending the meeting.
2. A Member of the company entitled to attend and vote at this Meeting shall be entitled to appoint another member, as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the Meeting as are available to a member.
3. A Member shall not be entitled to appoint more than one proxy to attend any one meeting. If any Member appoints more than one proxy for any one meeting and more than one instruments of proxy are deposited with the Company, all such instruments of proxy shall be rendered invalid.
4. Proxies, in order to be effective, must be received by / lodged with the Company at its Registered Office 26-D, 3rd floor, Kashmir Plaza, Jinnah Avenue, Blue Area, Islamabad not less than 48 hours before the Meeting.
5. Members are requested to immediately notify any change in their addresses.
6. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
7. In pursuance with the Securities & Exchange Commission of Pakistan (SECP) notification No. SRO 779(1)/2011 dated August 18, 2011 and SRO. 831 (1)/2012 dated July 05, 2012, the shareholders possessing physical shares are requested to immediately send a copy of their Computerized National Identity Card (CNIC) to our Registrar Office, Central Depository Company of Pakistan Limited, CDC House, 99-B, Block B, SMCHS, Main Sharah-e-Faisal, Karachi for printing / insertion of CNIC number on respective Dividend Warrant. In case of non-receipt of the copy of valid CNIC and non-compliance of the above requirement, the Company will be constrained to withhold dispatch of Dividend Warrants to such shareholders. Corporate entities are also requested to submit their NTN at the address of our Registrar as given above.
8. Please further note that under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act, 2014 withholding tax on dividend income will be deducted for "Filer" and "Non-Filer" shareholders @ 12.5% and 17.5% respectively. According to clarification received from Federal Board of Revenue (FBR) withholding tax will be determined separately on "Filer/ Non-Filer" status of Principal shareholder as well as Joint Holder (s) based on their shareholding proportions, in case of joint accounts.

In this regard, all shareholders who hold shares with joint shareholders, are requested to provide shareholding proportions of Principal shareholder and Joint Holder (s) in respect of shares held by them to our Share Registrar Central Depository Company of Pakistan Limited, CDC House, 99-B, Block "B" SMCHS Main Shahr-e-Faisal, Karachi-74400, in writing as follows:

Folio/ CDS Account No.	Total Shares	Name and CNIC	Shareholding proportions (No. of shares)	Name and CNIC	Shareholding Proportion (No. of shares)

Note: The required information must be reached to our Share Registrar by March 24, 2016, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

**A) FOR ATTENDING THE MEETING**

- i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his / her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii) The shareholders registered on CDC are also requested to bring their particulars, I.D. numbers and account numbers in CDS.
- iii) In case of corporate entity, the Board of Directors' resolution/power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

**B) FOR APPOINTMENT OF PROXIES:**

- i) In case of individual, the account holder or sub account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per requirement notified by the company.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
- v) In case of corporate entity being a Member, the Board of Directors' resolution / power of attorney with specimen signature of the nominee / attorney shall have to be submitted (unless it has been provided earlier) along with the proxy form to the Company.

# Pattern of Shareholding

As at December 31, 2015

Number Of Shareholders	Shareholdings' Slab		Total Shares held
	From	To	
158	1	to 100	5,431
180	101	to 500	54,693
459	501	to 1000	300,518
312	1001	to 5000	753,294
100	5001	to 10000	671,995
26	10001	to 15000	317,617
12	15001	to 20000	214,723
12	20001	to 25000	272,389
9	25001	to 30000	240,021
2	30001	to 35000	66,394
4	35001	to 40000	150,032
1	40001	to 45000	44,850
2	45001	to 50000	97,300
2	50001	to 55000	100,640
1	55001	to 60000	58,400
3	60001	to 65000	184,525
4	70001	to 75000	294,925
2	80001	to 85000	164,255
2	85001	to 90000	176,250
3	90001	to 95000	280,300
1	95001	to 100000	100,000
1	100001	to 105000	100,312
1	105001	to 110000	105,900
1	110001	to 115000	114,523
1	115001	to 120000	117,872

Number Of Shareholders	Shareholdings' Slab		Total Shares held
	From	To	
1	120001	to 125000	120,298
1	135001	to 140000	136,625
1	140001	to 145000	143,750
1	170001	to 175000	175,000
1	195001	to 200000	200,000
1	305001	to 310000	307,625
1	350001	to 355000	353,050
1	565001	to 570000	566,191
1	625001	to 630000	625,445
2	705001	to 710000	1,413,365
1	720001	to 725000	724,500
1	865001	to 870000	866,755
1	1060001	to 1065000	1,063,709
1	1115001	to 1120000	1,119,870
1	4635001	to 4640000	4,637,680
1	12940001	to 12945000	12,943,250
1	41730001	to 41735000	41,734,528
<b>1,317</b>			<b>72,118,800</b>

# Pattern of Shareholding

As at December 31, 2015

Categories of Shareholders	Number of Shareholders	Shares held	Percentage
<b>1. Directors, Chief Executive Officer, their spouse and minor children:</b>	<b>8</b>	<b>147,697</b>	<b>0.20%</b>
Kamal A. Chinoy		50,250	
Hina Javed		92,825	
Javed Ahmed		897	
Sultan Ali Akbar Allana		575	
Rafiuddin Zakir Mahmood		500	
Ayaz Ahmed		1,000	
John Joseph Metcalf		575	
Aly Noor Mahomed Rattansey		1,075	
<b>2. Associated Companies, Undertakings &amp; related parties:</b>	<b>4</b>	<b>59,883,374</b>	<b>83.03%</b>
Aga Khan Fund for Economic Development S.A., Switzerland *		41,736,253	
Habib Bank Limited - Treasury Division		12,943,250	
Jubilee General Insurance Company Limited		4,637,680	
The Aga Khan University Foundation		566,191	
<b>3. NIT and ICP</b>	<b>1</b>	<b>575</b>	
Investment Corporation of Pakistan		575	
<b>4. Public sector Companies &amp; Corporations</b>		-	
<b>5. Banks, Development Financial Institutions &amp; Non Banking Financial Institutions</b>	<b>2</b>	<b>28,400</b>	<b>0.04%</b>
MCB Bank Limited		18,400	
Askari Bank Limited		10,000	
<b>6. Insurance Companies</b>	<b>2</b>	<b>1,064,284</b>	<b>1.48%</b>
EFU General Insurance Limited		1,063,709	
The Premier Insurance Company of Pakistan		575	
<b>7. Modarbas and Mutual Funds</b>	<b>4</b>	<b>175,650</b>	<b>0.24%</b>
First Equity Modarba		3,450	
CDC - Trustee AKD Index Tracker Fund		3,100	
CDC - Trustee UBL Stock Advantage Fund		105,900	
CDC - Trustee UBL Retirement Savings Fund- Equity Sub Fund		63,200	

# Pattern of Shareholding

As at December 31, 2015

Categories of Shareholders	Number of Shareholders	Shares held	Percentage
<b>8. Others</b>	<b>27</b>	<b>892,530</b>	<b>1.24%</b>
<b>9. Executives</b>	<b>6</b>	<b>106,925</b>	<b>0.15%</b>
Muhammad Sohail Fakhar		49,000	
Muhammad Munawar Khalil		250	
Shan RAbbani		22,175	
Zahid Barki		10,000	
Faisal Shahzad Abbasi		24,925	
Faisal		575	
<b>10. General Public - Local</b>	<b>1252</b>	<b>6,421,565</b>	<b>8.90%</b>
<b>Foreign</b>	<b>10</b>	<b>3,397,800</b>	<b>4.71%</b>
ACACIA Partners LP		1,119,870	
ACACIA Institutional Partners LP		724,500	
ACACIA II Partners LP		353,050	
ACACIA Conservation Fund-Offshore Ltd.		866,755	
Habib Bank AG Zurich, Zurich Switzerland		5,750	
Mohammad Ishaq		2,875	
Farooq Lakhani		300	
Florida Retirement System		75,000	
Aberdeen Institutional Commingled Fund LLC		74,700	
Aberdeen Global Frontier Markets Equity Fund		175,000	
<b>TOTAL</b>	<b>1,316</b>	<b>72,118,800</b>	<b>100.00%</b>

\* Excluding 2,875 shares held by Nominee Directors

## 11. Trading in shares by the Directors, CEO & Spouse and Executives during the year 2015

Kamal A. Chinoy

Director

Purchased

13,500

Hina Javed (spouse of the CEO)

Director

Purchased

15,000

Zahid Barki

Group Head Tech. Projects & Quality

Sold

9,435

Designation	Transaction	No. of Shares
-------------	-------------	---------------

# Pattern of Shareholding

As at December 31, 2015

Categories of Shareholders	Number of Shareholders	Shares held	Percentage
Muhammad Sohail Fakhra	Group Head Corp. Business & Micro Ins.	Sold	5,000
Faisal Shahzad Abbasi	Group Head Customer Exp., Mkt. & Products	Purchased	10,000
Faisal Shahzad Abbasi	Group Head Customer Exp., Mkt. & Products	Sold	5,000
Muhammad Munawar Khalil	Group Head HR & Learning Support	Sold	40,100
Shan Rabbani	Department Head Actuarial Services	Purchased	1,500
Shan Rabbani	Department Head Actuarial Services	Sold	2,200
Adeel Ahmad Khan	Head of Internal Audit	Purchased	500
Adeel Ahmad Khan	Head of Internal Audit	Sold	500

No. of Shareholders	Shares Held	Percentage
---------------------	-------------	------------

## 12. Categories of Shareholders as at December 31, 2015

Individuals	1,268	6,679,362	9.26%
Insurance Companies	3	5,701,964	7.91%
Joint Stock Companies	27	892,530	1.24%
Financial Institutions	5	54,708,478	75.86%
Modarbas & Mutual Funds	4	175,650	0.24%
Non Residential Shareholders	8	3,394,625	4.71%
Others	1	566,191	0.79%
<b>TOTAL</b>	<b>1,316</b>	<b>72,118,800</b>	<b>100.00%</b>

## 13. Shareholders holding 5% or more voting interest

Aga Khan Fund for Economic Development S.A., Switzerland	41,736,253	57.87%
Habib Bank Limited Treasury Division	12,943,250	17.95%
Jubilee General Insurance Company Limited	4,637,680	6.43%

# Branch Network

## SOUTH REGION

### Karachi

#### Royal Branch

Office No. 105-A & 106 Asia Pacific Trade Centre, Opposite Drive-In-Cinema, Main Rashid Minhas Road, Karachi.

021-34663421

#### Alpha Branch

Office No. 105-A & 106 Asia Pacific Trade Centre, Opposite Drive-In-Cinema, Main Rashid Minhas Road, Karachi.

021-34663421

#### Karachi Central

Office No. 105-A & 106 Asia Pacific Trade Centre, Opposite Drive-In-Cinema, Main Rashid Minhas Road, Karachi.

021-34663421

#### Liberty Branch

Office # 109, Asia Pacific Centre, Sub Plot # 250/1/9, Block-19, Gulistan-e-Jauhar, Karachi.

021-34017412

#### Nobel Branch

B-1 & B-2, Anar Kali Apartment, F.B Area, Block-7, Karachi.

021-36321452-7

#### Shaheen Branch

Office No. 601, 6th Floor, Progressive Centre PECHS Block 6, Karachi.

021-34322170

#### Horizon Branch

G-5, Adenwella Appartment, GRE325 / 2, Garden East, Karachi.

021-34322170

#### Platinum Branch

G-5, Adenwella Appartment, GRE325 / 2, Garden East, Karachi.

021-34322170

#### Imperial Branch

G-5, Adenwella Appartment, GRE325 / 2, Garden East, Karachi.

021-34322170

#### Gulshan-e-Iqbal Branch

Plot # 6 / FL-6, 2nd Floor, Block -6, KDA Scheme # 24, Gulshan-e-Iqbal, Karachi.

021-34834216

#### Galaxy Branch

Plot # 6 / FL-6, 2nd Floor, Block -6, KDA Scheme # 24, Gulshan-e-Iqbal, Karachi.

021-34834216

#### Crescent Branch

Office # 302 & 303, 3rd Floor, Arab Busniess Center, Plot # 5, Block # 3, Karachi Cooperative Housing Society, Main Bahadurabad Chowrangi(4 Meenar), Aalamgeer Road Bahadurabad, Karachi

021-34123264

#### Civic Branch

Flat No. 9 Afzal Apartment KDA Scheme 1-A Stadium Road, Karachi.

021-34947252

#### Priority Insurance

1st Floor, Plot # 20-C, Ittehad Lane - 12, D.H.A., Phase-II Extension, Karachi.

021-35391586

#### Hyderabad

Thandi Sadak Branch

1st Floor, CC-1 Block, Civic Centre, Thandi Sarak, Hyderabad.

0222-786194

#### Mirpurkhas

Mirpurkhas City Branch

Adam Tower Mirpur Khas, Plot No. 864/4, Mirpurkhas .

072-3652191

#### Khipro

#### Khipro Branch

Sanghar Road, Opposite forest office Khipro.

0235-879969

#### Naushehro Feroz

#### Naushehroferoz City Branch

2nd Floor, Property located at Near Muhammadi Iron Store & Jalbani Petrol Pump, Naushehro Feroz.

024-2448424

#### Ghotki

#### Station Road Branch

1st floor , Green Hotel Building near Mian Chowk, Ghotki .

072-3600612 / 3

#### Daharki

#### Daharki Branch

GT Raod, Near First Micro Finance Bank, Daharki.

072-3644317

#### Mehar

#### Mehar City Branch

Near United Bank Limtied, Mehar District Dadu

025-4730402

## **Panoakil**

### **Panoakil Branch**

Opposite Caltex Petrol Pump, Baiji Chowk, National Highway, Panu Aqil.

071-5691717 / 8

## **Khairpur**

### **Khairpur City Branch**

Opposite Session Court, Katchery Road, Khairpur

024-3714872

## **Sukkur**

### **Sukkur City Branch**

1st Floor, Lala Azam Plaza, Opposite Excise Office, Station Road, Sukkur

071-5614261

## **Larkana**

### **Larkana City Branch**

1364/2, Block-C, Nawatak Mohallah, Larkana.

074-4057486-7

### **Larkana Royal Branch**

1364/2, Block-C, Nawatak Mohallah, Larkana.

074-4057486-7

### **Station Road Branch Larkana**

1364/2, Block-C, Nawatak Mohallah, Larkana.

074-4057486-7

## **MULTAN REGION**

### **Dera Ghazi Khan**

#### **Dera Ghazi Khan Branch**

Al-Ajwa Plaza, 1st Floor, Bank road, Block-1, Dera Ghazi Khan.

064-2466500/064-2463994/ 064-2470893

## **Multan**

### **Abdali Road Branch**

NIPCO Building, 63-Abdali Road, Multan .

061-4573301 - 02

### **Multan Royal Branch**

NIPCO Building, 63-Abdali Road, Multan .

061-4573301 - 02

## **Bahawalpur**

### **Bahawalpur Branch**

1st Floor Adil complex Bahawalpur.

062-2877682

## **Rahimyar Khan**

### **Rahimyar Khan Branch**

24-Model Town, First Floor, City Chowk Hospital, RahimYar Khan

068-5887601

## **Sahiwal**

### **Sahiwal Branch**

1st Floor, Alpha Tower, 276/B-1, High Street, Sahiwal

040-4220503

## **CENTRAL REGION**

## **Faisalabad**

### **Faisalabad City Branch**

577-B, Peoples Colony, Main Satiana Road, Near Saleemi Chowk, Faisalabad.

041-8720984

### **Satiana Road Branch**

577-B, Peoples Colony, Main Satiana Road, Near Saleemi Chowk, Faisalabad.

041-8720984

## **Gujranwala**

### **GT. Road Branch 1**

Chughtai Centre, G.T. Road, Shaheenabad, Gujranwala.

055-3824735

## **Sargodha**

Club Road Branch Sargodha

405 Club Road, Sargodha.

048-3768468-9

## **Hafizabad**

### **Hafizabad Branch**

House # A-1481, Post Office Road, above Aga Khan Laboartary

0547-524879

## **Okara**

### **Okara Branch**

2nd Floor, Nasir Plaza, Depalpur Chowk, Okara.

044-2520477

## **Lahore**

### **New Cavalry Branch**

2nd & 3rd Floor, Plot # 79, Officers Housing Scheme, Cavalry Ground, Lahore

042-35941897

### **Ravi Branch**

2nd & 3rd Floor, Plot # 79, Officers Housing Scheme, Cavalry Ground, Lahore

042-35941897

### **Model Town Branch**

2nd & 3rd Floor, Plot # 79, Officers Housing Scheme, Cavalry Ground, Lahore

042-35941897

### **Corp. Service Unit Branch**

2nd & 3rd Floor, Plot # 79, Officers Housing Scheme, Cavalry Ground, Lahore

042-35941897

**Cavalry Ground Branch**

1st Floor, Plot # 79, Officers Housing Scheme, Cavalry Ground, Lahore

042-35941897

**Lahore Pioneer Branch**

1st Floor, 41 Civic Center, Barkat Market, New Garden Town, Lahore

042-3597189

**Gujrat****Chenab Branch**

B-1 / 421, Iqbal Center, Near Prince Chowk, Khawajgan Road, Gujrat.

0533-535115

**Sialkot****Paris Road Branch**

2nd Floor, Al Amin Centre, B1- 16 S -98 B Paris Road, Sialkot .

052-4265041

**Jehlum****Jehlum Buraq Branch**

1st and 2nd floor, Saran plaza, Near MCB bank, G.T road, Jada, Jehlum

0544-7206818-3

**NORTH REGION****Rawalpindi****Twin City Branch**

1st Floor Minhas Shopping Centre Shamsabad Muree Road Rawalpindi.

051-4575211

**Islamabad****Margalla Hills Branch**

Main Civic Centre, 2nd Floor, Kashmir Plaza, Blue area Sector G-6, F-6 Islamabad.

051-2206934

**Blue Area Branch**

Main Civic Centre, 2nd Floor, Kashmir Plaza, Blue area Sector G-6, F-6 Islamabad.

051-2206934

**Peshawar****Cant. Branch**

Office #: UG-422, 1st Floor, Upper Ground Deans Trade Centre, Islamia Road, Peshawar Cantt.

091-5253262

**University Road Branch**

2nd Floor, Samad Plaza, Tehkal, Main University Road, Peshawar

091-5850520 / 5842449

**Laki Marwat****Lakki Marwat (Sub Office)**

Upper Ground Floor, Asmat Ali Market, Mian Wali Road, Near Kargal Chowk, Lakki Marwat

0969-512006

**Chitral****Chitral Branch**

Ground Floor, Terichmir View Hotel, Shahi Qilla Road, Main Bazar, Chitral .

0943-412207

**Kohat****Kohat (Sub-Office)**

Al-Madina Plaza, Pehzati Chikarkot, Bannu Road, Kohat.

091-5270344

**Mirpur A.J.K****Mirpur A.K. Branch**

1st Floor, Bank Square, Allam Iqbal Road, Mirpur AK.

05827-445803-5

**Muzaffarabad****Muzaffarabad Branch**

2nd Floor, Bilal Shopping Plaza, Upper Adha, Muzaffarabad

05822-445803-5

**Kotli****Kotli Branch**

2nd Floor, Ghulastan Plaza, Pirdi Road, Kotli Azad Kashmir.

05826-444475

**Gilgit****Karakoram Branch 1**

Nisar Market, Near Heli Chowk, Jutial , Gilgit.

0581-1450095

**Karakoram Branch 2**

2nd Floor, ZS-Plaza, in front of Radio Pakistan, Main Sharah-e-Quaid-e-Azam, Jutial, Gilgit

05811-457070

**Hunza****Hunza Branch**

1st Floor, Gulzar-e-Hunza Market, Bank Square, Aga Khan Abad, Ali Abad, Main Karakoram Highway, Hunza

0581-1450092

**Gahkuch****Ghizer Branch**

(Shop # 10 – 17 )Ground Floor, Shahbaz Market, Raja Bazar, Near DHQ Hospital, Gahkuch Ghizer

05814- 451511

## **BANCASSURANCE OFFICES**

### **Karachi Bancassurance**

Office # 211, 213, 2nd Floor,  
Business Avenue, Shahrah-e-Faisal,  
Karachi.

021-34374310

### **Retail Business Center (RBC)**

Banglow # 245/6/2/O, Block -6,  
P.E.C.H.S., Karachi.

021- 34315970

### **Hyderabad Bancassurance**

Building # 97, Mazanine Floor, Opp.  
Bank Al - Habib, Doctor Line, Saddar  
Bazar.

0222-786084

### **Sukkur Bancassurance**

1st Floor, Bilal Plaza, Opposite Jatoi  
House, Military Road Sukkur

071-5631169

### **Bahawalpur Bancassurance**

Shop # 108, 109 & 110, 1st Floor,  
Awan Plaza, Andron-e-Ahmed Puri  
Gate, Bahawalpur.

062-2882237-9

### **Multan Bancassurance**

10-A, 1st. Floor, Twin Towers, Tehsil  
Chowk, Gulgasht Colony, Near Silk  
Bank, Bosan Road, Multan.

061-6212052

### **Sahiwal Bancassurance**

1st Floor, Naveed Plaza, Jinnah Road,  
High Street, Sahiwal.

052-4603161

### **Faisalabad Bancassurance**

3rd Floor, Office # 09, Legacy Tower,  
Main Boulevard, Kohinoor City  
Faisalabad

041-8555061-63

### **Lahore Bancassurance**

2nd & 3rd Floor, Tufail Plaza, 56  
Shadman 1, Post Office Shadman,  
Lahore

042-37529600 & 37421793

### **Sargodha Bancassurance**

Al-Rehman Trade Centre, 2nd Floor,  
Office # 55, Sargodha.

048-3768646-7

### **Gujranwala Bancassurance**

3rd Floor, Zaheer Plaza G.T Road,  
Gujranwala .

055-3736611-13

### **Jehlum Bancassurance**

1st Floor, Mian GT Road, Behind  
Caltex Petrol Pump, Near HBL Jadah  
Branch, Jehlum.

0544-720681-83

### **Gujrat Bancassurance**

Sadiq Centre, Ground Floor Left Wing,  
(G1, G2, G3, G4), Rehman Sahaheed  
Road, Opposite Total Petrol Pump,  
Gujrat.

053-3533020-2

### **Sialkot Bancassurance**

Plot # 16 S, 71/A/1, Moon Tower,  
Shop # 1,2,3, 2nd Floor, Opp. Mission  
Hospital, Paris Road, Sialkot

052-4603161

### **Islamabad Bancassurance**

1st & 2nd Floor, Plot # 21, I & T  
Center, Sector G/6, Main Khayaban-e-  
Suharwardi, Aabpara, Islamabad

051-4602900

### **Peshawar Bancassurance**

No. 501-502 B, 5th Floor, City Towers,  
University Road, Peshawar

091- 5842175-7 & 9

### **Muzaffarabad Bancassurance**

D-141, Stree # 17, Upper Chittar  
Housing Scheme, Muzaffarabad, Azad  
Kashmir.

058-22432195-6

### **Mardan Bancassurance**

1st Floor, Sheikh Enayat Plaza  
Opposite Askari Bank, The mall road  
Mardan

0937-874021-3

### **Quetta Bancassurance**

1st Floor, A-7, Swiss Plaza, Jinnah  
Road, Quetta

081-2829822 / 2822439

## **TAKAFUL FAMILY LIFE OFFICES**

### **Karachi, Prime Branch Takaful**

Mezzanine Floor, Alif Residency, SB-8,  
Block-2, Near Rab Medical, Gulshan-  
e-Iqbal, Karachi

021-34984617

### **Premier 1 Branch Rawalpindi**

2nd Floor, Hall # 3, Bilal Plaza,  
Grindly Market, Haider Road,  
Rawalpindi .

051-35111335

### **Khyber Branch Takaful**

Office #: UG-422, 1st Floor, Upper  
Ground Deans Trade Centre, Islamia  
Road, Peshawar Cantt.

091-5253262

### **Takaful Lahore**

Plot # 217-218 BP GESH Lahore, 1st  
Floor on Punjab Bank, Model Town,  
Link Road, Lahore.

042-35970127

## **CORPORATE OFFICES**

### **Corporate Office, Faisalabad**

Saleemi Tower, 2nd Floor, Dground, Faisalabad.

041-8559849

### **Corporate Office, Lahore**

2nd & 3rd Floor, Tufail Plaza, 56 Shadman 1, Post Office Shadman, Lahore

042-7421793

### **Corporate Office Multan**

10-A, 1st. Floor, Twin Towers, Tehsil Chowk, Gulgasht Colony, Near Silk Bank, Bosan Road, Multan.

061-6212052

### **Corporate Office Rawalpindi**

1st & 2nd Floor, DD-79, Asad Plaza, Shamsabad, Murree Road.

051- 4935549

### **Corporate Office Sialkot**

Right wing, 2nd floor, Moon Tower. Opp DHL office, Paris Road, Sialkot

052-4293529

### **CSD Center Gilgit**

2nd Floor, ZS-Plaza, in front of Radio Pakistan, Main Sharah-e-Quaid-e-Azam, Jutial, Gilgit

05811-457070

### **CSD Center Peshawar**

2nd Floor, Samad Plaza, Tehkal, Main University Road, Peshawar

091-5850520 / 5842449

### **CSD Center Sukkur**

1st Floor, Lala Azam Plaza, Opposite Excise Office, Station Road, Sukkur

071-5614261

## **CORPORATE DISTRIBUTION**

### **Karachi**

2nd Floor, PNSC Building, M.T. Khan Road, Lalazar, Karachi

021- 35657886

### **Lahore**

2nd & 3rd Floor, Tufail Plaza, 56 Shadman 1, Post Office Shadman, Lahore

042-37529600 & 37421793

### **Faisalabad**

Saleemi Tower, 2nd Floor, Dground, Faisalabad.

041-8559849

### **Rawalpindi**

1st & 2nd Floor, DD-79, Asad Plaza, Shamsabad, Murree Road.

051- 4935549

### **Multan**

10-A, 1st. Floor, Twin Towers, Tehsil Chowk, Gulgasht Colony, Near Silk Bank, Bosan Road, Multan.

061-6212052

### **Peshawar**

2nd Floor, Samad Plaza, Tehkal, Main University Road, Peshawar

091-5850520 / 5842449

# Proxy Form

I/We \_\_\_\_\_ of \_\_\_\_\_ (full address) being member(s) of Jubilee Life Insurance Company Limited and holder of \_\_\_\_\_ . Ordinary Shares as per Share Register Folio No. \_\_\_\_\_ CDC Participant ID \_\_\_\_\_ CDC Account No. \_\_\_\_\_ hereby appoint Mr./Mrs./Miss \_\_\_\_\_ of \_\_\_\_\_ (full address) or failing him/her \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on Monday, March 28, 2016 at 11.00 a.m. at Auditorium, Habib Bank Tower, Jinnah Avenue, Islamabad and at any adjournment thereof.

As witness my/our hand this \_\_\_\_\_ day of March, 2016.

Signed by \_\_\_\_\_

In presence of \_\_\_\_\_

\_\_\_\_\_  
Signature and Address of Witness

Please affix  
Revenue Stamp

\_\_\_\_\_  
Signature of Member(s)

Share holder's Folio No. \_\_\_\_\_ Number of Shares held \_\_\_\_\_

A member entitled to attend and vote at the Annual General Meeting to appoint another member as proxy to attend, speak and vote instead of him/her. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing, if the appointer is a corporation, under its common seal or the hand of an officer or attorney duly authorized. A proxy must be a member of the Company. The instrument appointing a proxy, together with the power of attorney if any under which it is signed or a notarial certified copy thereof, should be deposited at the Registered Office not less than 48 hours before the time of holding the meeting.

**Jubilee**  
LIFE INSURANCE

If undelivered please return to:  
**Jubilee Life Insurance Company Limited**  
74/1-A, Lalazar, M. T. Khan Road, Karachi-74000  
Phone : (0092) (21) 35205095  
Fax : (0092) (21) 35610959

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JUBILEELIFE.COM

**JUBILEE LIFE INSURANCE COMPANY LIMITED**

74/1-A, Lalazar, M.T. Khan Road,  
Karachi-74000, Pakistan.

Phone: (021) 35205094-95  
Fax: (021) 35610959  
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complaints@jubileelife.com  
Website: www.jubileelife.com