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NJI
Life

Annual Report 2010

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Vision

To be Pakistan's leading and most highly reputed life insurance company, enjoying the confidence and trust of its Shareholders, Policyholders, Business Partners and the Communities in which it operates.

Mission

Shareholders are the backbone of our business. They provide the initial capital which enables the Company to commence the business and to grow the business through retention of profits and by investing additional capital when required. We will strive to achieve above average earnings on their invested capital.

Our Policyholders are our most valuable assets. We will strive to provide them with a full range of life insurance and other products, security of their investment, a satisfactory return on their investments and efficient personal service.

Employees are our Partners enabling us to fulfil our vision and mission. We will endeavour to provide them a fair reward based on their performances and achievements, a good working environment, adequate training and opportunities for self development to empower them to grow and prosper with the company.

The Community in which we exist along with our Shareholders, Policyholders, Employees, etc also deserves our consideration. We will participate and contribute to the uplift and welfare of the community, and the improvement of the environment.

Company Information

BOARD OF DIRECTORS

Masood Noorani
Chairman

Javed Ahmed
Managing Director

Aly Noor Mahomed Rattansey
Director

John Joseph Metcalf
Director

Shahid Mahmood Loan
Director

Sultan Ali Akbar Allana
Director

Towfiq Habib Chinoy
Director

Manzoor Ahmed
Company Secretary

APPOINTED ACTUARY

Nauman A. Cheema
Nauman Associates, 7-B, Block F,
Gulberg III, Lahore
Ph:(0092)(42)35760204, 35754036
Fax:(0092)(42)35757867
E-mail: info@naumanassociates.com

AUDITORS

A. F. Ferguson & Co.
Chartered Accountants
State Life Building No. 1-C,
I. I. Chundrigar Road, P. O. Box 4716
Karachi - 74000, Pakistan.
Ph: (0092) (21) 32426682-6 / 32426711-5
Fax: (0092) (21) 32415007 / 32427938
Website: www.pwc.com/pk

BOARD COMMITTEES

Audit

Aly Noor Mahomed Rattansey
Chairman

John Joseph Metcalf
Member

Shahid Mahmood Loan
Member

Adeel Ahmed Khan
Secretary / Chief Internal Auditor

Human Resource

Towfiq Habib Chinoy
Chairman

Masood Noorani
Member

John Joseph Metcalf
Member

Finance & Investment

Masood Noorani
Chairman

Javed Ahmed
Member

John Joseph Metcalf
Member

Nurallah Merchant
Member

Manzoor Ahmed
Member

Technical

John Joseph Metcalf
Chairman

Javed Ahmed
Member

Nurallah Merchant
Member

Company Information

MANAGEMENT

Javed Ahmed

Managing Director & Chief Executive Officer

Faisal Qasim

Faisal Shahzad Abbasi

Farhan Akhtar Faridi

Manzoor Ahmed

Muhammad Sohail Fakhar

Munawar Khalil

Nurallah Merchant

Zahid Barki

REGISTERED OFFICE

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Jinnah Avenue, Blue Area, Islamabad

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

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

HEAD OFFICE

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

Ph:(0092)(21) 35611071-75, 35611802-08

Fax:(0092)(21) 35610959

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

LEGAL ADVISORS

Kabraji & Talibuddin

Advocate & Legal Counsellors

Karachi-75530

E-mail:kandt@kandtlaw.com

REGISTRAR & SHARE TRANSFER OFFICE

CDC House, 99-B, Block-B, S.M.C.H.S. Main

Shahra-e-Faisal Karachi-74400

Ph: 0800-CDCPL (23275) Fax: (92-21) 34326053

E-mail: info@cdcpak.com

BANKERS

Habib Bank Limited

Standard Chartered Bank (Pakistan) Limited

MANAGEMENT COMMITTEES

Claims

Javed Ahmed

Chairman

Nurallah Merchant

Member

Manzoor Ahmed

Member

Zahid Barki

Member

Reinsurance

Javed Ahmed

Chairman

Nurallah Merchant

Member

Zahid Barki

Member

Shan Rabbani

Member

Underwriting

Javed Ahmed

Chairman

Nurallah Merchant

Member

Zahid Barki

Member

Board of Directors



Left to Right:

Aly Noor Mahomed Rattansey
Director

Shahid Mahmood Loan
Director

Towfiq Habib Chinoy
Director

Masood Noorani
Chairman

John Joseph Metcalf
Director

Sultan Ali Akbar Allana
Director

Javed Ahmed
Chief Executive Officer

Directors' Report to the Shareholders

The Directors are pleased to present the Annual Report and the Audited Financial Statements of the Company for the year ended December 31, 2010.

Achievements:

Alhamd' Ollilah, 2010 has been a year of significant achievements for the Company, the highlights of which are as follows:

- The gross written premium amounted to Rs. 5,802 million, an increase of 33%, over the previous year (2009: Rs. 4,363 million).
- Life insurance business has generated a surplus of Rs. 516 million, which is 63% higher than the previous year (2009: Rs. 318 million).
- A record surplus transfer of Rs. 200 million (2009: Rs. 100 million) from the Revenue Account has been made to the Profit & Loss account, which includes a first time contribution of Rs. 40 million from the Individual Life Unit Linked Fund.
- The Company has achieved the distinction of becoming the leader in Bancassurance business by writing individual life premium of Rs. 2,623million (2009: Rs. 1,666 million), an increase of 57%. The Company now has the largest Bancassurance distribution net-work in the Country.
- The Company has been able to establish to the satisfaction of the Appointed Actuary, the stand alone solvency of the Individual Life Unit Linked Fund. This has enabled the Directors to repatriate the amount of Rs. 519.328 million which had been advanced from the Shareholders' fund to the Individual Life Unit Linked Fund during the period from 1996 to 2006, in order to maintain the solvency of the Fund.
- The repayment of the amount of Rs. 519.328 million to the Shareholders' Fund has primarily contributed to increase the Shareholders' equity from Rs. 546.505 million in 2009 to Rs. 1,149.873 million in 2010.
- In this context, we would like to remind the Shareholders that the Company was incorporated in Pakistan in June 1995 under the name of Commercial Union Life Assurance Company (Pakistan) Limited (CULAP), as a subsidiary of CGU International Insurance Plc of U.K. With effect from January 1, 2003, the Aga Khan Fund for Economic Development S.A. Switzerland (AKFED) acquired the shareholding of CGU International Insurance Plc in CULAP. At that time, the Shareholders' equity of CULAP stood at Rs. 32.075 million against the paid up capital of Rs. 402 million.
- JCR-VIS has upgraded the Insurer Financial Strength (IFS) rating of the Company to "AA-"(Double A minus) with stable outlook vide letter dated December 23, 2010.

Business Performance and Operating Results

The performance of each statutory fund and the overall operating results are summarized below:

- The Individual Life Unit Linked Fund has performed very satisfactorily in 2010. The fund has generated a surplus of Rs. 363 million during the year as compared to Rs. 170 million in 2009, an increase of 114%.
- The Conventional Business Fund comprising mainly of Group Life Insurance business has also performed satisfactorily despite tough competition during the year. It has generated a surplus of Rs. 125 million (2009: Rs. 125 million).
- The Accident & Health Fund comprising mainly of Group Health has performed satisfactorily, generating a surplus of Rs. 27 million in 2010 compared to Rs. 23 million in 2009, an increase of 17%.
- The total surplus generated by the statutory funds is Rs. 515 million in 2010 as compared to Rs. 318 million in 2009, an increase of 62%.
- An amount of Rs. 200 million has been transferred from the Revenue Account to the Profit & Loss Account as compared with Rs. 100 million in 2009.

Investment Performance

The Company continued its prudent policy for managing the investment portfolio of statutory funds. The total investment income of Rs. 1303 million in both the periods comprise of the income from fixed income securities, dividends and return from bank deposits amounting to Rs. 946 million (2009: Rs. 686 million) and the unrealized gain on investments amounting to Rs. 357 million (2009: Rs. 617 million).

The return to the policyholders on their investment in the unit linked schemes has also been quite satisfactory as may be seen from the following chart showing the year on year growth of the bid prices:

Sr. No.	Fund name	Bid price (PKR) per unit effective 31.12.2010	Bid price (PKR) per unit effective 31.12.2009	% Increase
1.	Managed	527.24	458.98	14.87%
2.	Sarmaya	265.56	215.61	23.17%
3.	Meesaq	508.94	471.67	7.90%
4.	Yaqeen Growth	548.80	503.09	9.09%

Profit & Loss Account

The Profit & Loss Account shows a pre-tax profit of Rs. 217 million compared with Rs. 161 million in 2009, an increase of 35%. The after tax profit of the year is Rs. 147 million compared to Rs. 130 million in 2009, an increase of 13%.

Earnings per Share

The earning per share for the year is Rs.2.34 (2009: Rs.2.07), an increase of 13%.

Dividend

In view of the higher profits earned during the year, the Directors are pleased to recommend the payment of a cash dividend of Rs1.50 (15%) per share for the year ended 31 December 2010 (2009: Rs.1.00 (10%) per share, subject to the approval of the members at the Annual General Meeting to be held on 30 March 2011.

Human Resource

The Company accords top priority to the training and development of its employees at all levels. Suitable training programs are arranged to upgrade the knowledge, skills and attitudes of all categories of employees to ensure increased productivity and better service to the policyholders and corporate clients.

Expansion of Branch Network

During the year, the Company opened eleven (11) new branches thereby increasing the total network to 75 branches from which the Company's sales force operates.

Donation

During the year, the Company donated an amount of Rs. 1.061 million for the victims of the severe floods which occurred in August 2010.

Board of Directors

Five (5) meetings of the Board of Directors were held in the year 2010. The attendance of each Director was as follows:

Name of Directors	No. of meetings attended
MasoodNoorani	5
Javed Ahmed	5
Towfiq Habib Chinoy	5
Sultan Ali Akbar Allana	3
Shahid Mahmood Loan	5
John Joseph Metcalf	5
Aly Noor Mahomed Rattansey	5

During the year, our following Directors attended the "Board Leadership and Training Program" organized by the HBL and conducted by the Institute of Directors, UK which is acknowledged as one of the eminent institutions on Corporate Governance:

Masood Noorani
Javed Ahmed
Towfiq Habib Chinoy
Sultan Ali Akbar Allana
Shahid Mahmood Loan
John Joseph Metcalf

In accordance with the provisions of Section 180 of the Companies Ordinance, 1984, the term of the existing Directors expires on March 30, 2011. The election of Directors for a further term of three (3) years shall take place at the Annual General Meeting scheduled on March 30, 2011.

Audit Committee

The following non-executive Directors served on the Audit Committee during the year 2010:

Aly Noor Mahomed Rattansey	Chairman
John Joseph Metcalf	Member
Shahid Mahmood Loan	Member

The Audit Committee held seven (7) meetings during the financial year 2010, with 100% attendance at all meetings. The Committee's terms of reference have been determined by the Board in accordance with the guidelines provided in the Code of Corporate Governance.

Internal Audit Function

With a view to further strengthen the internal audit function and introduce a full- fledged Risk Based Audit, the company has strengthened its existing in-house Internal Audit Department. The Department reports to the Board Audit Committee.

Compliance with Listing Regulations

The Statement of Compliance with the best corporate practices is annexed on page 21 of this report.

The Directors are pleased to confirm the following:

- The Financial Statements prepared by the management of the Company present a true and fair view of the state of its affairs, operational results, 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 Accounting Standards, as applicable in Pakistan, Insurance Ordinance and Rules have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is in place and is being continuously reviewed by the Internal Audit Department. The process of review will continue and weakness in controls, if any, will be removed.
- There are no doubts about 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 74.

The Key Operating and Financial Information

A summary of the Key operating and financial information of the last six years is shown on page 12 of this report.

Statement of Ethics and Business Practices

The Statement of Ethics and Business Practices adopted by the Board has been signed by all the Directors, Executives and the Employees of the Company.

Employees' Retirement Benefits

The value of investments made by the staff retirement funds, operated by the Company, as per their respective unaudited financial statements as at 31 December, 2010 are as follows:

Employees' Provident Fund	Rs. 71 million
Employees' Gratuity Fund	Rs. 59 million

Material Changes

There have been no material changes since December 31, 2010 to the date of this report and the Company has not entered into any commitment during this period, which would have an adverse effect on the financial position of the Company.

Statutory Auditors

The present Auditors, A. F. Ferguson & Co. Chartered Accountants, retire and being eligible, offer themselves for appointment.

The statutory auditors have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP). The statutory auditors have confirmed that their firm is in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP. The statutory auditors have not been appointed to provide other services except in accordance with the listing regulations and they have confirmed that they have observed IFAC guidelines in this respect.

The Audit Committee has recommended their appointment at a remuneration to be decided by the Board of Directors for the year ending 31 December 2011 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

The Company recognizes that it has a role to play in the uplift and betterment of the less advantaged members of the society and the victims of natural disasters and other unforeseen events. Besides financial contribution, the Company encourages its employees to participate directly by contributing their time and knowledge towards social causes.

Future Outlook

The global and domestic economic outlook for 2011 is uncertain. However, the low penetration of life insurance coverage in Pakistan and the expanding base of potential customers offer a unique opportunity for the growth of the business; and we look forward to be able to grow our business in the coming years.

Acknowledgements

We thank our valued policyholders for their confidence and patronage and reiterate our commitment to serve them in the best possible manner.

The tremendous growth and financial strength achieved by the Company since 2003 has been made possible with the dedication and hard work of the top management team who have been ably supported by their colleagues both in the offices and sales force of the Company. We thank all of them for their contribution.

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

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

On behalf of the Board of Directors



(MASOOD NOORANI)
Chairman



(JAVED AHMED)
Chief Executive

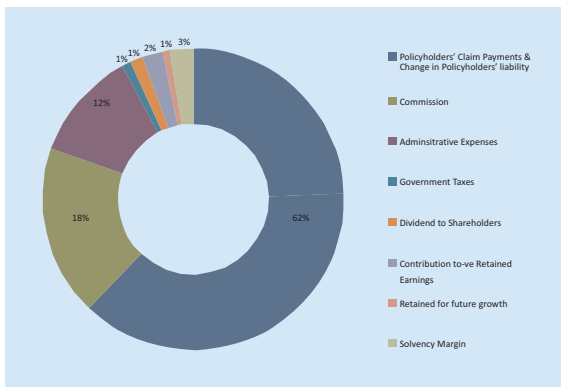
Karachi: 23 February, 2011

Statement of Value Additions

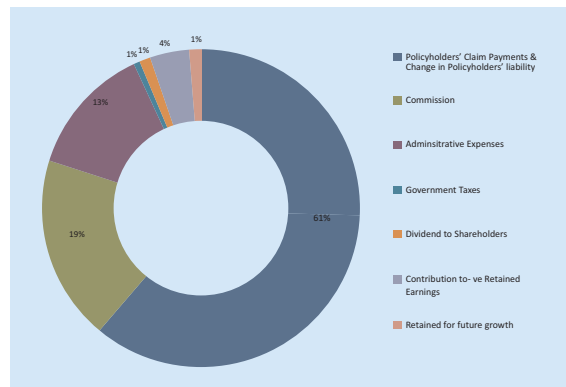
For The Year Ended December 31, 2010

Description	2010		2009	
	Amount (Rupees in '000)	%	Amount (Rupees in '000)	%
WEALTH GENERATED				
Net premium	5,451,804	80.19	4,054,739	74.57
Investment income	1,341,130	19.73	1,378,696	25.35
Other income	5,632	0.08	4,300	0.08
Total Inflow	6,798,566	100.00	5,437,735	100.00
DISTRIBUTION OF WEALTH				
Claims and surrenders	1,661,786	24.44%	1,388,756	25.54%
Change in Policyholders liabilities	2,559,705	37.65%	1,941,334	35.70%
Commission	1,250,293	18.39%	1,020,748	18.77%
Administrative	793,966	11.68%	708,633	13.03%
Government Taxes	70,516	1.04%	30,801	0.57%
Dividend to Shareholders	94,068	1.38%	62,712	1.15%
Contribution to -ve Retained Earnings	147,752	2.17%	217,520	4.00%
Retained for future growth	52,684	0.77%	67,231	1.24%
Solvency Margin	167,796	2.47%	-	0%
	6,798,566	100.00	5,437,735	100.00

Distribution of Wealth 2010



Distribution of Wealth 2009



Key Operating and Financial Data

	(Rupees in '000)					
Six Years Summary	2010	2009	2008	2007	2006	2005
Gross Premium	5,802,439	4,363,155	3,435,119	2,978,851	2,291,224	1,379,371
Revenue and P&L Account						
Premium - net of reinsurance	5,451,804	4,054,739	3,127,200	2,777,076	2,077,593	1,202,432
Net Investment income / (loss)	1,302,972	1,302,883	(700,714)	697,987	282,182	336,401
Total inflow	6,754,776	5,357,622	2,426,486	3,475,063	2,359,775	1,538,833
Total outflow	6,239,228	5,040,102	2,267,786	3,348,463	2,298,310	1,497,794
Surplus in Revenue Account	515,548	317,520	158,700	126,600	61,465	41,039
Surplus transfer to P&L	200,000	100,000	66,633	106,000	40,000	40,000
Profit / (loss) before tax per P&L Account	217,268	160,744	(49,972)	150,028	94,798	56,828
Income Tax (expense) / credit	(70,516)	(30,801)	(5,000)	(24,572)	(12,143)	(14,755)
Profit / (loss) after tax per P&L Account	146,752	129,943	(54,972)	125,456	82,655	42,073
Balance Sheet						
Investments including bank deposits	10,347,115	7,279,564	5,031,512	5,238,067	3,552,733	2,410,559
Other assets	838,489	926,301	516,786	531,719	415,207	235,395
Fixed assets	160,869	118,115	94,579	82,029	73,780	81,170
Total assets	11,346,473	8,323,980	5,642,877	5,851,815	4,041,720	2,727,124
Issued, subscribed and Paid up capital	627,120	627,120	627,120	627,120	627,120	627,120
Accumulated surplus /(deficit)	522,753	(80,615)	(210,558)	(145,892)	(270,348)	(326,407)
Statutory funds	9,144,236	6,788,311	4,629,457	4,967,990	3,318,280	2,103,778
Other liabilities	1,052,364	989,164	596,858	402,597	366,668	322,633
Total equity & liabilities	11,346,473	8,323,980	5,642,877	5,851,815	4,041,720	2,727,124

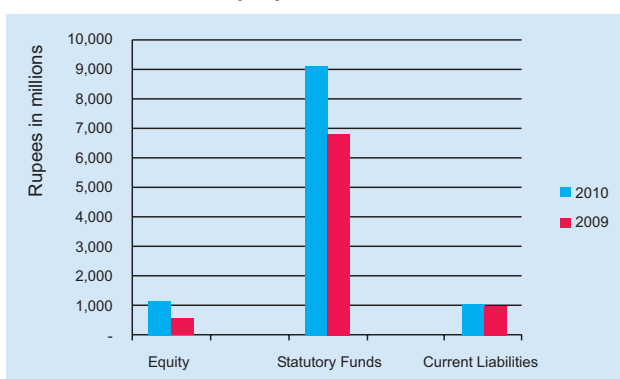
Key Operating and Financial Data

Six Years Summary		2010	2009	2008	2007	2006	2005
Financial Ratios							
Profitability							
Profit / (loss) Before Tax / Gross Premium		4%	4%	(1%)	5%	4%	4%
Profit / (loss) Before Tax / Net Premium		4%	4%	(2%)	5%	5%	5%
Profit / (loss) After Tax / Gross Premium		3%	3%	(2%)	4%	4%	3%
Profit / (loss) After Tax / Net Premium		3%	3%	(2%)	5%	4%	3%
Net claims / Net premium		30%	34%	50%	36%	30%	29%
Commission / Net premium		23%	25%	19%	13%	11%	15%
Administration Expenses / Net premium		14%	17%	17%	13%	12%	19%
Change in PHL / Net Inflow		38%	36%	(17%)	47%	51%	48%
Net investment income / Net premium		24%	32%	(22%)	25%	14%	28%
Return to Shareholders							
Return on equity		13%	24%	(13%)	26%	23%	14%
Earnings / (loss) per share (pre-tax)	Rupees	3.46	2.56	(0.80)	2.39	1.51	0.91
Earnings / (loss) per share (after-tax)	Rupees	2.34	2.07	(0.88)	2.00	1.32	0.67
Price Earning Ratio - PAT	Times	20	21	(51)	35	14	41
Net Assets per share	Rupees	18.34	8.71	6.64	7.67	5.69	4.80
Return on assets		1%	2%	(1%)	2%	2%	2%
Market Value							
Face value per share	Rupees	10.00	10.00	10.00	10.00	10.00	10.00
Break up value per share	Rupees	18.34	8.71	6.64	7.67	5.69	4.80
Market price per share at the end of the year	Rupees	46.09	44.21	45.13	70.55	18.50	27.30
Cash dividend per share	Rupees	1.50	1.00	-	0.50	0.50	-
Cash dividend		15%	10%	0%	5%	5%	0%
Dividend yield		3%	2%	0%	1%	3%	0%
Dividend payout		64%	48%	0%	25%	38%	0%
Dividend cover	Times	1.56	2.07	Nil	4.00	2.64	Nil
Performance Liquidity							
Current Ratio	Times	1.10	1.06	1.06	1.07	1.08	1.09
Total Liabilities / Equity	Times	9	14	13	11	10	8
Return on Capital employed		19%	29%	(12%)	31%	27%	19%
Paid up capital / Total Assets		6%	8%	11%	11%	16%	23%
Equity / Total Assets		10%	7%	7%	8%	9%	11%
Cash Flows (Rupees in '000)							
Net cash flow from operating activities		1,829,289	1,150,556	591,271	1,091,360	987,887	536,234
Net cash flow from investing activities		(2,720,233)	(2,370,526)	557,661	(489,251)	(561,173)	210,099
Net cash flow from financing activities		(62,419)	-	-	-	-	-
Net change in cash and cash equivalent		(953,363)	(1,219,970)	1,148,932	602,109	426,714	746,333

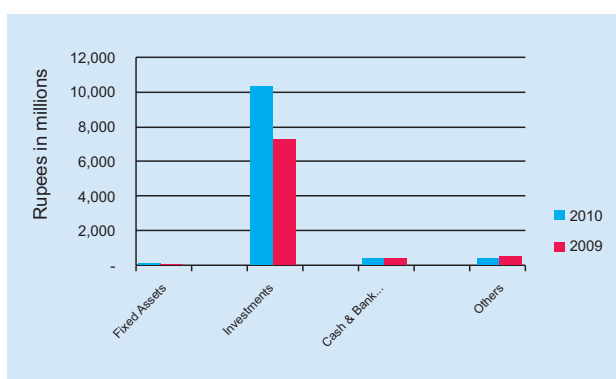
Vertical Analysis

	2010		2009	
	(Rupees in '000)	%	(Rupees in '000)	%
Balance Sheet				
Net equity	1,149,873	10.13	546,505	6.57
Statutory funds	9,144,236	80.59	6,788,311	81.55
Current liabilities	1,052,364	9.28	989,164	11.88
Total equity and Liabilities	11,346,473	100.00	8,323,980	100.00
Total non-current assets	165,151	1.46	125,435	1.51
Investments	10,347,115	91.19	7,279,564	87.45
Current assets	834,207	7.35	918,981	11.04
Total assets	11,346,473	100.00	8,323,980	100.00
Revenue and Profit & Loss Account				
Net Income	6,798,566	100.00	5,437,735	100.00
Claims, Expenditures and PHL	(6,265,750)	(92.16)	(5,059,471)	(93.04)
Contribution to -ve Retained Earnings	(147,752)	(2.17)	(217,520)	(4.00)
Solvency Margin	(167,796)	(2.47)	-	-
Profit / (loss) before tax	217,268	3.20	160,744	2.96
Income tax expense	(70,516)	(1.04)	(30,801)	(0.57)
Profit / (loss) for the year	146,752	2.16	129,943	2.39

Total Equity & Liabilities 2010



Total Assets 2010



Vertical Analysis

2008		2007		2006		2005	
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
416,562	7.38	481,228	8.22	356,772	8.83	300,713	11.03
4,629,457	82.04	4,967,990	84.90	3,318,280	82.10	2,103,778	77.14
596,858	10.58	402,597	6.88	366,668	9.07	322,633	11.83
5,642,877	100.00	5,851,815	100.00	4,041,720	100.00	2,727,124	100.00
100,579	1.78	82,029	1.40	73,780	1.83	81,170	2.98
5,031,512	89.17	5,238,067	89.51	3,552,733	87.90	2,410,559	88.39
510,786	9.05	531,719	9.09	415,207	10.27	235,395	8.63
5,642,877	100.00	5,851,815	100.00	4,041,720	100.00	2,727,124	100.00
2,320,820	100.00	3,526,239	100.00	2,419,550	100.00	1,559,436	100.00
(2,278,725)	(98.19)	(3,355,611)	(95.16)	(2,303,287)	(95.19)	(1,501,569)	(96.29)
(92,067)	(3.97)	(20,600)	(0.58)	(21,465)	(0.89)	(1,039)	(0.07)
-	-	-	-	-	-	-	-
(49,972)	(2.15)	150,028	4.25	94,798	3.92	56,828	3.64
(5,000)	(0.22)	(24,572)	(0.70)	(12,143)	(0.50)	(14,755)	(0.95)
(54,972)	(2.37)	125,456	3.56	82,655	3.42	42,073	2.70

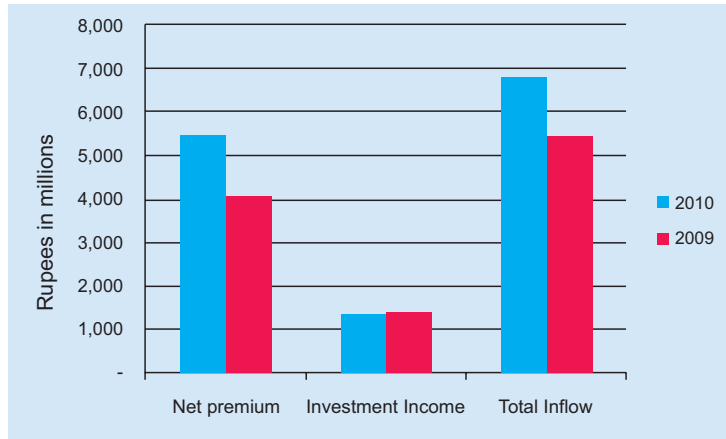
Horizontal Analysis

	2010 (Rupees in '000)	2009 (Rupees in '000)	2008 (Rupees in '000)	2007 (Rupees in '000)
Balance Sheet				
Net equity	1,149,873	546,505	416,562	481,228
Statutory funds	9,144,236	6,788,311	4,629,457	4,967,990
Current liabilities	1,052,364	989,164	596,858	402,597
Total equity and Liabilities	11,346,473	8,323,980	5,642,877	5,851,815
Total non-current assets	165,151	125,435	100,579	82,029
Investments	10,347,115	7,279,564	5,031,512	5,238,067
Current assets	834,207	918,981	510,786	531,719
Total assets	11,346,473	8,323,980	5,642,877	5,851,815
Revenue and Profit & Loss Account				
Net Income	6,798,566	5,437,735	2,320,820	3,526,239
Claims, Expenditures and PHL	(6,265,750)	(5,059,471)	(2,278,725)	(3,355,611)
Contribution to -ve Retained Earnings	(147,752)	(217,520)	(92,067)	(20,600)
Solvency Margin	(167,796)	-	-	-
Profit / (loss) before tax	217,268	160,744	(49,972)	150,028
Income tax expense	(70,516)	(30,801)	(5,000)	(24,572)
Profit / (loss) for the year	146,752	129,943	(54,972)	125,456

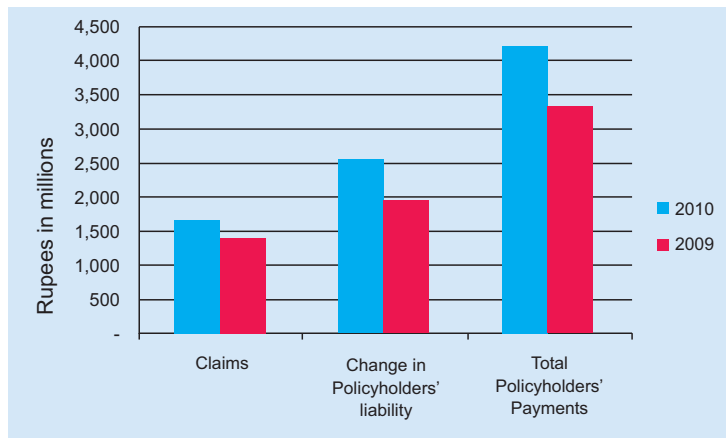
Horizontal Analysis

2006 (Rupees in '000)	2005 (Rupees in '000)	% increase / (decrease) over preceeding year					
		2010	2009	2008	2007	2006	2005
356,772	300,713	110.40	31.19	(13.44)	34.88	18.64	18.56
3,318,280	2,103,778	34.71	46.63	(6.81)	49.72	57.73	54.36
366,668	322,633	6.39	65.73	48.25	9.80	13.65	38.60
4,041,720	2,727,124	36.31	47.51	(3.57)	44.79	48.20	47.46
73,780	81,170	31.66	24.71	22.61	11.18	(9.10)	(18.87)
3,552,733	2,410,559	42.14	44.68	(3.94)	47.44	47.38	59.53
415,207	235,395	(9.22)	79.92	(3.94)	28.06	76.39	(1.19)
4,041,720	2,727,124	36.31	47.51	(3.57)	44.79	48.20	47.46
2,419,550	1,559,436	25.03	134.30	(34.18)	45.74	55.16	46.67
(2,303,287)	(1,501,569)	23.84	122.03	(32.09)	45.69	53.39	38.67
(21,465)	(1,039)	(32.07)	136.26	346.93	(4.03)	1,965.93	(101.84)
-	-	-	-	-	-	-	-
94,798	56,828	35.16	(421.67)	(133.31)	58.26	66.82	54.98
(12,143)	(14,755)	128.94	516.02	(79.65)	102.36	(17.70)	(218.23)
82,655	42,073	12.94	(336.38)	(143.82)	51.78	96.46	(14.40)

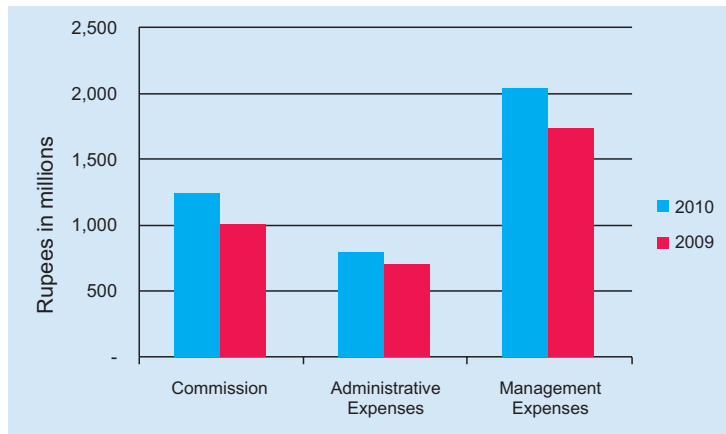
Net Premium, Investment Income = Total Inflow



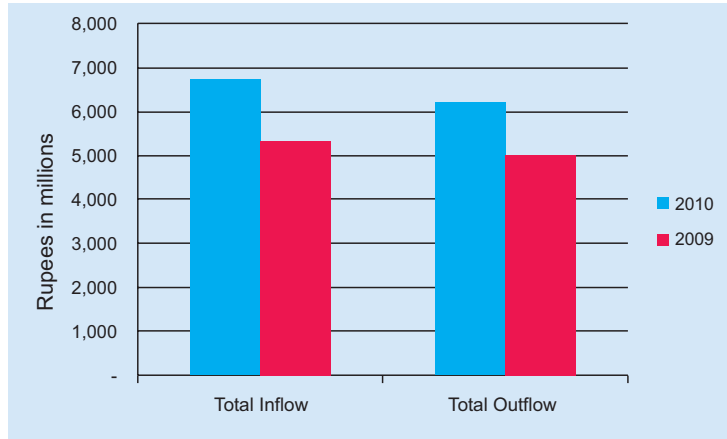
Claims, Change in Policyholders' liability = Total Policyholders Payments



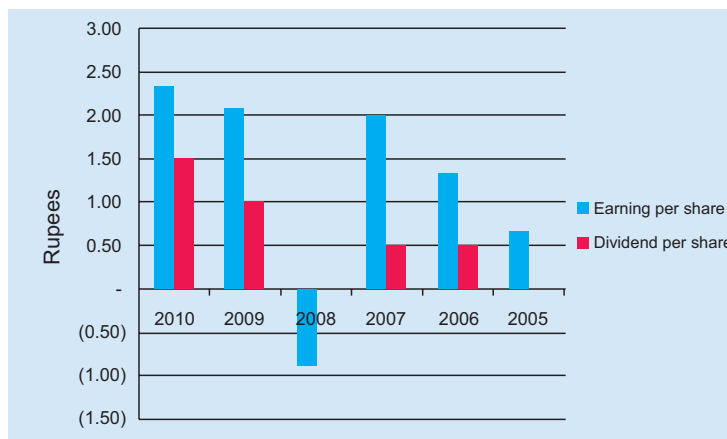
Commission, Administrative Expenses = Management Expenses



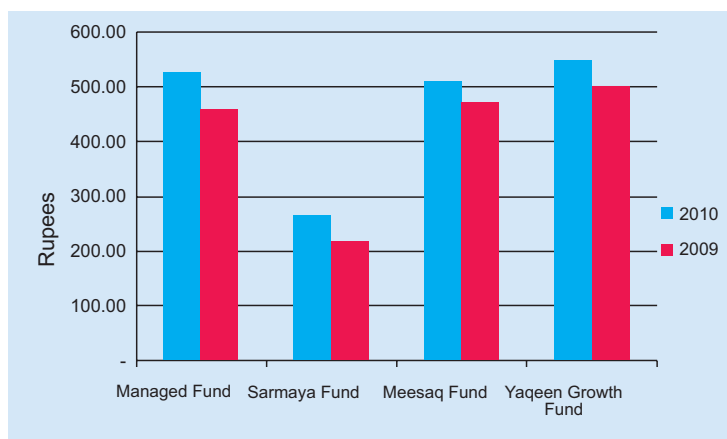
Total Inflow & Total Outflow



Earning per share & Dividend per share



Unit Bid Prices



Review Report to the Members

on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended December 31, 2010 prepared by the Board of Directors of New Jubilee Life Insurance Company Limited to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange where the company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company's personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal controls covers all controls and the effectiveness of such internal controls.

Further, sub-regulation (xiii a) Listing Regulation No. 35 of the Karachi Stock Exchange require the company to place before the Board of Directors for their consideration and approval 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before 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 of Corporate Governance as applicable to the company for the year ended December 31, 2010.



A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 8, 2011
Engagement partner: Farrukh Rehman

Statement of Compliance with the Code of Corporate Governance

For The Year Ended December 31, 2010

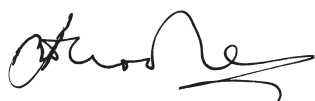
This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of the Listing Regulations of Karachi Stock Exchange and Code of Corporate Governance applicable to listed insurance companies as issued by the SECP, for the purpose of establishing a framework 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 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 six non-executive Directors.
2. The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. All the resident Directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs.
4. None of the Directors or their spouses is engaged in business of stock brokerage.
5. No casual vacancy occurred during the year 2010.
6. The company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the Directors and employees of the company.
7. The Board has developed a vision and mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
8. 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 and other executive directors, have been taken by the Board.
9. The meetings of the Board were presided over by the Chairman and in his absence by a director elected by the Board for this purpose and the Board meets at-least once in every quarter. Written notice 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.
10. The Company arranged through HBL the "Board Leadership and Training Program" for its Directors in 2010, which was attended by six (6) Directors.
11. Directors are well conversant with the listing regulations, legal requirements and operational imperatives of the company and as such are fully aware of their duties and responsibilities. Regular update on corporate requirements is taken care of.
12. The Board has approved appointment of CFO, Company Secretary, and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
13. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
14. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
15. 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.
16. The company has complied with all the corporate and financial reporting requirements of the Code.

17. The Board has formed an Audit Committee. It comprises of three members; all of whom are non-executive Directors including the Chairman of the committee.
 18. 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 Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
 19. The company has an internal audit function in place. The internal auditor is suitably qualified and experienced for the purpose.
 20. The related party transactions have been placed before the audit committee and approved by the Board of Directors along with pricing methods for transactions carried out on terms equivalent to those that prevail in the arm's length transactions.
 21. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
 22. 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.
 23. The company has established Underwriting Committee, Claims Settlement Committee and Reinsurance Committee in line with the Code of Corporate Governance for Insurance Companies.
 24. The actuary appointed by the company has confirmed that neither he nor his spouse and minor children hold shares of the company.
 25. The Board ensures that the appointed actuary complies with the requirements set for him in the Code.
- We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board



Masood Noorani
(Chairman)



Javed Ahmed
(Managing Director & CEO)

Date: 23 February, 2011

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 flows statement;
- v. revenue account;
- vi. statement of premiums;
- vii. statement of claims;
- viii. statement of expenses; and
- ix. statement of investment income

of New Jubilee Life Insurance Company Limited as at December 31, 2010 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 above said 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 accounts have been kept by the Company as required by the Insurance Ordinance, 2000;
- (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;
- (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, 2010 in accordance with the approved accounting standards as applicable in Pakistan and 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.



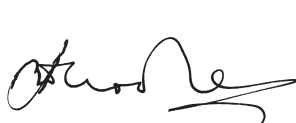
A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 8, 2011
Engagement partner: Farrukh Rehman

Balance Sheet

as at 31 December 2010

	Note	Share holders' Fund	Statutory Funds			Aggregate	
			Individual Life Unit Linked	Conventional business	Accident & Health	2010	2009
(Rupees in '000)							
Share capital and reserves							
Authorised share capital 100,000,000 ordinary shares of Rs. 10 each		<u>1,000,000</u>	-	-	-	<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up share capital 62,712,000 ordinary shares of Rs. 10 each	6	627,120	-	-	-	627,120	627,120
Accumulated surplus / (deficit)	7	522,753	-	-	-	522,753	(80,615)
Net shareholders' equity		<u>1,149,873</u>	-	-	-	<u>1,149,873</u>	<u>546,505</u>
Balance of statutory fund							
[including policyholders' liabilities							
Rs. 8.98 billion (2009: Rs. 6.42 billion)]	8	-	8,658,398	320,162	165,676	9,144,236	6,788,311
Creditors and accruals							
Outstanding claims	10	-	101,258	348,649	52,980	502,887	436,096
Premiums received in advance		-	113,798	33,102	17,951	164,851	156,941
Amounts due to insurers / reinsurers		-	-	15,206	-	15,206	38,325
Amounts due to agents		-	186,694	10,819	4,100	201,613	119,807
Accrued expenses		28,164	90,358	9,752	605	128,879	122,235
Other creditors and accruals	12	12,135	5,375	229	867	18,606	20,222
Inter-fund payable		-	18,720	-	558	19,278	94,787
		<u>40,299</u>	<u>516,203</u>	<u>417,757</u>	<u>77,061</u>	<u>1,051,320</u>	<u>988,413</u>
Other liabilities							
Unclaimed dividend		1,044	-	-	-	1,044	751
Total liabilities		<u>41,343</u>	<u>9,174,601</u>	<u>737,919</u>	<u>242,737</u>	<u>10,196,600</u>	<u>7,777,475</u>
Commitments							
	13						
Total equity and liabilities		<u>1,191,216</u>	<u>9,174,601</u>	<u>737,919</u>	<u>242,737</u>	<u>11,346,473</u>	<u>8,323,980</u>

The annexed notes 1 to 37 form an integral part of these financial statements.



Masood Noorani
Chairman



Towfiq H. Chinoy
Director



Shahid M. Loan
Director



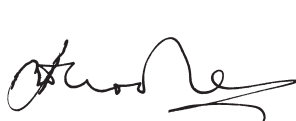
Javed Ahmed
Managing Director &
Chief Executive Officer

Balance Sheet

as at 31 December 2010

	Note	Share holders' Fund	Statutory Funds			Aggregate	
			Individual Life Unit Linked	Conventional business	Accident & Health	2010	2009
(Rupees in '000)							
Cash and bank deposits							
Cash and others		261	3,087	212	67	3,627	2,396
Current and other accounts		117,333	267,094	2,236	20,374	407,037	420,631
Deposits maturing within 12 months		500,000	174,000	-	-	674,000	1,700,000
		617,594	444,181	2,448	20,441	1,084,664	2,123,027
Unsecured advances to employees		4,560	-	-	-	4,560	3,876
Investments	14						
Government securities		179,766	5,925,801	608,295	179,409	6,893,271	3,427,899
Other fixed income securities		-	444,694	-	-	444,694	391,402
Listed equities and closed-end mutual funds		124,569	2,124,031	-	-	2,248,600	1,695,600
Open-end mutual funds		-	86,550	-	-	86,550	64,663
		304,335	8,581,076	608,295	179,409	9,673,115	5,579,564
Deferred taxation	15	4,282	-	-	-	4,282	7,320
Other assets - current							
Premiums due but unpaid	16	-	-	44,424	29,416	73,840	81,715
Investment income due but outstanding		-	897	-	-	897	8,663
Investment income accrued		2,968	63,488	2,893	2,153	71,502	100,921
Amounts due from other insurers / reinsurers	17	-	65,945	75,095	9,746	150,786	91,674
Taxation - payments less provision		63,131	-	-	-	63,131	72,261
Prepayments		9,621	14,161	-	-	23,782	21,979
Sundry receivable		5,753	4,853	3,589	1,572	15,767	20,078
Inter-fund receivable		18,103	-	1,175	-	19,278	94,787
		99,576	149,344	127,176	42,887	418,983	492,078
Fixed assets	18						
Tangible assets							
Capital work-in-progress		14,209	-	-	-	14,209	22,988
Furniture, fixtures, office equipments, computers and vehicles		132,830	-	-	-	132,830	86,067
Intangible assets							
Computer softwares		13,830	-	-	-	13,830	9,060
		160,869	-	-	-	160,869	118,115
Total assets		1,191,216	9,174,601	737,919	242,737	11,346,473	8,323,980

The annexed notes 1 to 37 form an integral part of these financial statements.



Masood Noorani
Chairman



Towfiq H. Chinoy
Director



Shahid M. Loan
Director



Javed Ahmed
Managing Director &
Chief Executive Officer

Profit and Loss Account

For the year ended 31 December 2010

	Note	2010 (Rupees in '000)	2009
Investment income not attributable to statutory funds			
Return on Government securities		20,643	20,191
Return on other fixed income securities		3,164	4,845
Amortisation of discount relative to par		4	26
Dividend income		7,180	5,227
		<u>30,991</u>	<u>30,289</u>
Gain / (loss) on disposal of investments		545	(26,733)
Reversal for impairment in value of investment			
Government securities		341	4,344
Listed equities		9,122	70,114
		<u>9,463</u>	<u>74,458</u>
Total investment income		<u>40,999</u>	<u>78,014</u>
Investment related expenses		(1)	(86)
Net investment income		<u>40,998</u>	<u>77,928</u>
Other revenues			
Gain on disposal of fixed assets		1,807	1,699
Others		985	486
		<u>2,792</u>	<u>2,185</u>
Total investment income and other revenues		<u>43,790</u>	<u>80,113</u>
Expenses not attributable to statutory funds	19	(26,522)	(19,369)
Profit before appropriation of surplus to shareholders' fund		<u>17,268</u>	<u>60,744</u>
Surplus appropriated to shareholders' fund from ledger account D	8	200,000	100,000
Profit before tax		<u>217,268</u>	<u>160,744</u>
Taxation	20	(70,516)	(30,801)
Net profit for the year		<u>146,752</u>	<u>129,943</u>
		(Rupees)	
Earnings per share	21	<u>2.34</u>	<u>2.07</u>


The annexed notes 1 to 37 form an integral part of these financial statements.



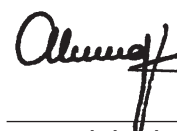
Masood Noorani
Chairman



Towfiq H. Chinoy
Director



Shahid M. Loan
Director



Javed Ahmed
Managing Director &
Chief Executive Officer

Statement of Changes in Equity

For the year ended 31 December 2010

	Share Capital	Net accumulated surplus			Total
		Accumulated surplus	Capital (contributions to) withdrawals from statutory funds	Net accumulated surplus / (deficit)	
← (Rupees in '000) →					
Balance as at January 1, 2009	627,120	308,770	(519,328)	(210,558)	416,562
Profit for the year ended December 31, 2009	-	129,943	-	129,943	129,943
Balance as at December 31, 2009	627,120	438,713	(519,328)	(80,615)	546,505
Dividend for the year ended December 31, 2009 (Rs. 1 per share)	-	(62,712)	-	(62,712)	(62,712)
Capital withdrawn from statutory fund - note 8	-	-	519,328	519,328	519,328
Profit for the year ended December 31, 2010	-	146,752	-	146,752	146,752
Balance as at December 31, 2010	627,120	522,753	-	522,753	1,149,873


The annexed notes 1 to 37 form an integral part of these financial statements.



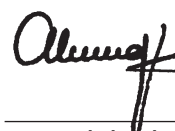
Masood Noorani
Chairman



Towfiq H. Chinoy
Director



Shahid M. Loan
Director



Javed Ahmed
Managing Director &
Chief Executive Officer

Cash Flow Statement

For the year ended 31 December 2010

Note	Share holders' Fund	Statutory Funds			Aggregate	
		Individual Life Unit Linked	Conventional business	Accident & Health	2010	2009
(Rupees in '000)						
Operating cash flows						
a) Underwriting activities						
Premiums received	-	4,503,465	1,005,209	307,344	5,816,018	4,384,114
Reinsurance premiums paid	-	(106,959)	(266,339)	(456)	(373,754)	(294,805)
Claims paid	-	(101,608)	(654,443)	(241,813)	(997,864)	(814,037)
Surrenders paid	-	(985,267)	-	-	(985,267)	(698,187)
Reinsurance and other recoveries received	-	30,502	280,618	17,904	329,024	247,766
Commissions paid	-	(1,048,448)	(106,193)	(13,846)	(1,168,487)	(965,861)
Commissions received	-	27,165	384	-	27,549	19,186
Net cash flow from underwriting activities	-	2,318,850	259,236	69,133	2,647,219	1,878,176
b) Other operating activities						
Income tax paid	(58,348)	-	-	-	(58,348)	(65,321)
General management expenses paid	-	(677,625)	(73,858)	(37,197)	(788,680)	(621,980)
Other operating payments	-	(12,036)	(3,343)	-	(15,379)	(47,653)
Other operating receipts	40,170	-	-	4,991	45,161	6,944
Loans advanced	(684)	-	-	-	(684)	390
Inter-fund transactions	(95,667)	103,730	(18,398)	10,335	-	-
Net cash outflow from other operating activities	(114,529)	(585,931)	(95,599)	(21,871)	(817,930)	(727,620)
Total cash flow from all operating activities	(114,529)	1,732,919	163,637	47,262	1,829,289	1,150,556
Investment activities						
Profit / return received	27,622	705,497	68,005	21,593	822,717	578,204
Dividends received	7,439	150,713	175	-	158,327	85,783
Payments for investments	(194,065)	(8,816,330)	(1,061,053)	(273,192)	(10,344,640)	(4,500,482)
Proceeds from disposal of investments	188,675	5,453,576	875,302	216,158	6,733,711	1,527,682
Fixed capital expenditure	(94,176)	-	-	-	(94,176)	(64,249)
Proceeds from disposal of fixed assets	3,828	-	-	-	3,828	2,536
Total cash flow from investing activities	(60,677)	(2,506,544)	(117,571)	(35,441)	(2,720,233)	(2,370,526)
Financing activities						
Final dividend paid	(62,419)	-	-	-	(62,419)	-
Capital returned to shareholders' fund	519,328	(519,328)	-	-	-	-
Surplus appropriated to shareholders' fund	200,000	(40,000)	(140,000)	(20,000)	-	-
Total cash flow from financing activities	656,909	(559,328)	(140,000)	(20,000)	(62,419)	-
Net cash inflow / (outflow) from all activities	481,703	(1,332,953)	(93,934)	(8,179)	(953,363)	(1,219,970)
Cash and cash equivalents at the beginning of the year	135,891	1,777,134	96,382	28,620	2,038,027	3,257,997
Cash and cash equivalents at the end of the year	22	444,181	2,448	20,441	1,084,664	2,038,027
Reconciliation to profit and loss account						
Operating cash flows					1,829,289	1,150,556
Depreciation expense					(42,131)	(34,350)
Amortisation expense					(7,270)	(5,526)
Profit on disposal of fixed assets					1,807	1,699
Increase in assets other than cash					(38,264)	189,764
Increase in liabilities					(2,418,832)	(2,551,177)
Profit / (loss) on sale of investments					32,750	(29,730)
Revaluation gain on investments					364,872	689,250
Investment income					943,859	719,457
Capital returned to Shareholders' fund					(519,328)	-
Profit after taxation					146,752	129,943

The annexed notes 1 to 37 form an integral part of these financial statements.



Masood Noorani
Chairman



Fowfiq H. Chinoy
Director



Shahid M. Loan
Director



Javed Ahmad
Managing Director &
Chief Executive Officer

Revenue Account

For the year ended 31 December 2010

Note	Statutory Funds			Aggregate	
	Individual Life Unit Linked	Conventional business	Accident & Health	2010	2009
← (Rupees in '000) →					
Income					
Premiums less reinsurances	4,428,308	721,680	301,816	5,451,804	4,054,739
Net investment income	1,215,197	65,103	22,672	1,302,972	1,302,883
Total net income	5,643,505	786,783	324,488	6,754,776	5,357,622
Claims and expenditures					
Claims net of reinsurance recoveries	1,026,043	397,568	238,175	1,661,786	1,388,756
Management expenses less recoveries	1,779,366	186,443	51,928	2,017,737	1,710,012
Total claims and expenditures	2,805,409	584,011	290,103	3,679,523	3,098,768
Excess of income over claims and expenditures	2,838,096	202,772	34,385	3,075,253	2,258,854
Add : Policyholders' liabilities at beginning of the year	6,149,989	156,119	110,627	6,416,735	4,475,401
Less : Policyholders' liabilities at end of the year	8,625,172	233,695	117,573	8,976,440	6,416,735
Surplus	362,913	125,196	27,439	515,548	317,520
Movement in policyholders' liabilities	2,475,183	77,576	6,946	2,559,705	1,941,334
Transfers (to) / from shareholders' fund					
- Surplus appropriated to shareholders' fund	(40,000)	(140,000)	(20,000)	(200,000)	(100,000)
- Capital returned to shareholders' fund	(519,328)	-	-	(519,328)	-
Net transfer to shareholders' fund	(559,328)	(140,000)	(20,000)	(719,328)	(100,000)
Balance of statutory funds at beginning of the year	6,379,630	257,390	151,291	6,788,311	4,629,457
Balance of statutory funds at end of the year	8,658,398	320,162	165,676	9,144,236	6,788,311
Represented by:	8				
Capital contributed by shareholders' fund	-	-	-	-	519,328
Policyholders' liabilities	8,625,172	233,695	117,573	8,976,440	6,416,735
Retained earnings on other than participating business	33,226	86,467	48,103	167,796	(147,752)
Balance of statutory funds	8,658,398	320,162	165,676	9,144,236	6,788,311


The annexed notes 1 to 37 form an integral part of these financial statements.



Masood Noorani
Chairman



Towfiq H. Chinoy
Director



Shahid M. Loan
Director



Javed Ahmed
Managing Director &
Chief Executive Officer

Statement of Premiums

For the year ended 31 December 2010

	Statutory Funds			Aggregate	
	Individual Life Unit Linked	Conven- tional business	Accident & Health	2010	2009
	← (Rupees in '000) →				
Gross premiums					
Regular premium individual policies *					
First year	1,769,656	1,503	425	1,771,584	1,582,669
Second year renewal	1,223,383	484	76	1,223,943	640,598
Subsequent years renewal	1,365,079	1,610	128	1,366,817	902,145
Single premium individual policies	166,517	2	-	166,519	157,763
Group policies without cash values	-	971,933	301,643	1,273,576	1,079,980
Total gross premiums	4,524,635	975,532	302,272	5,802,439	4,363,155
Less: reinsurance premiums ceded					
On individual life first year business	(29,014)	(417)	(8)	(29,439)	(22,426)
On individual life second year business	(18,567)	(186)	(1)	(18,754)	(11,609)
On individual life subsequent renewal business	(48,746)	(665)	(28)	(49,439)	(39,445)
On single premium individual policies	-	(1)	(19)	(20)	(49)
On group policies	-	(252,583)	(400)	(252,983)	(234,887)
	(96,327)	(253,852)	(456)	(350,635)	(308,416)
Net premiums	4,428,308	721,680	301,816	5,451,804	4,054,739

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


The annexed notes 1 to 37 form an integral part of these financial statements.



Masood Noorani
Chairman



Towfiq H. Chinoy
Director



Shahid M. Loan
Director



Javed Ahmed
Managing Director &
Chief Executive Officer

Statement of Claims

For the year ended 31 December 2010

	Statutory Funds			Aggregate	
	Individual Life Unit Linked	Conven- tional business	Accident & Health	2010	2009
	(Rupees in '000)				
Gross claims					
Claims under individual policies					
by death	101,116	500	575	102,191	131,124
by insured event other than death	26	-	(244)	(218)	226
by surrender	985,267	-	-	985,267	698,187
Total gross individual policy claims	1,086,409	500	331	1,087,240	829,537
Claims under group policies					
by death	-	620,722	-	620,722	550,605
by insured event other than death	-	18,044	244,962	263,006	237,999
experience refund	-	70,022	8,932	78,954	92,298
Total gross group policy claims	-	708,788	253,894	962,682	880,902
Total gross claims	1,086,409	709,288	254,225	2,049,922	1,710,439
Less: reinsurance recoveries					
On individual life first year business claims	(34,304)	-	(100)	(34,404)	(9,504)
On individual life second year business claims	(7,591)	(500)	-	(8,091)	(986)
On individual life renewal business claims	(18,471)	-	-	(18,471)	(57,689)
On group claims	-	(290,377)	(15,950)	(306,327)	(211,870)
On experience refund of premiums	-	(20,843)	-	(20,843)	(41,634)
	(60,366)	(311,720)	(16,050)	(388,136)	(321,683)
Net claims	1,026,043	397,568	238,175	1,661,786	1,388,756

The annexed notes 1 to 37 form an integral part of these financial statements.



Masood Noorani
Chairman



Towfiq H. Chinoy
Director



Shahid M. Loan
Director



Javed Ahmed
Managing Director &
Chief Executive Officer

Statement of Expenses

For the year ended 31 December 2010

Note	Statutory Funds			Aggregate	
	Individual Life Unit Linked	Conventional business	Accident & Health	2010	2009
← (Rupees in '000) →					
Acquisition costs					
Remuneration to insurance intermediaries on individual policies:					
- Commission on first year premiums	934,040	225	85	934,350	845,495
- Commission on second year premiums	85,376	48	16	85,440	48,584
- Commission on subsequent renewal premiums	33,091	81	19	33,191	22,640
- Commission on single premiums	2,434	-	-	2,434	2,121
	1,054,941	354	120	1,055,415	918,840
Remuneration to insurance intermediaries on group policies:					
- Commission	-	114,859	15,462	130,321	56,234
Branch overheads	432,335	18,805	9,515	460,655	376,426
Other acquisition costs:					
- Policy stamps	33,936	367	30	34,333	29,577
	1,521,212	134,385	25,127	1,680,724	1,381,077
Administration expenses					
Salaries, allowances and other benefits	134,913	26,471	12,340	173,724	164,859
Charge for defined benefit plan	4,984	1,196	372	6,552	6,674
Contribution to defined contribution plan	6,140	1,409	497	8,046	5,658
Travelling expenses	5,334	1,043	770	7,147	9,400
Auditors' remuneration	1,737	235	141	2,113	1,805
Actuary's fees	3,836	451	226	4,513	4,548
Medical fees	2,182	898	483	3,563	2,577
Advertisements	2,223	1,331	706	4,260	4,049
Printing and stationery	12,268	1,199	1,745	15,212	18,962
Depreciation	14,721	2,365	954	18,040	16,293
Amortisation	5,281	673	341	6,295	4,744
Rent	16,652	4,001	2,643	23,296	20,826
Legal and professional charges	5,936	993	573	7,502	14,643
Supervision fees	9,272	1,947	384	11,603	10,444
Utilities	11,242	1,419	710	13,371	12,822
Entertainment	871	88	45	1,004	2,310
Vehicle running	3,169	831	204	4,204	5,605
Repair and maintenance	15,392	1,650	831	17,873	11,977
Bank charges and brokerage	4,573	273	319	5,165	5,084
Training expenses	1,676	180	130	1,986	535
Postages, telegrams and telephone	12,110	1,841	905	14,856	15,055
Staff welfare	2,868	315	158	3,341	2,723
Insurance	2,728	343	159	3,230	4,609
Doubtful debts	4,058	1,125	1,081	6,264	1,218
Miscellaneous expenses	1,153	165	84	1,402	701
	285,319	52,442	26,801	364,562	348,121
Gross management expenses	1,806,531	186,827	51,928	2,045,286	1,729,198
Commission from reinsurers	(27,165)	(384)	-	(27,549)	(19,186)
Net management expenses	1,779,366	186,443	51,928	2,017,737	1,710,012

The annexed notes 1 to 37 form an integral part of these financial statements.



Masood Noorani
Chairman



Towfiq H. Chinoy
Director



Shahid M. Loan
Director



Javed Ahmed
Managing Director &
Chief Executive Officer

Statement of Investment Income

For the year ended 31 December 2010

	Statutory Funds			Aggregate	
	Individual Life Unit Linked	Conven- tional business	Accident & Health	2010	2009
	← (Rupees in '000) →				
Investment income					
- Government securities	494,928	58,976	19,176	573,080	140,505
- Other fixed income securities and deposits	189,279	5,629	1,503	196,411	461,418
- Dividends	143,381	-	-	143,381	87,271
- Gain / (loss) on sale of investments	31,029	940	236	32,205	(2,997)
- Amortisation of premium	-	(887)	(477)	(1,364)	(1,267)
- Unrealised gain on investments	357,121	-	-	357,121	603,842
- Other income	-	-	2,840	2,840	2,115
Total	1,215,738	64,658	23,278	1,303,674	1,290,887
Reversal / (provision) for impairment in value of investments					
- Government securities	(219)	460	(593)	(352)	9,663
- Listed equities	-	-	-	-	2,528
Less: Investment related expenses	(322)	(15)	(13)	(350)	(195)
Net investment income	<u>1,215,197</u>	<u>65,103</u>	<u>22,672</u>	<u>1,302,972</u>	<u>1,302,883</u>


The annexed notes 1 to 37 form an integral part of these financial statements.



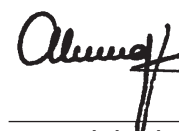
Masood Noorani
Chairman



Towfiq H. Chinoy
Director



Shahid M. Loan
Director



Javed Ahmed
Managing Director &
Chief Executive Officer

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. STATUS AND NATURE OF BUSINESS

1.1 New 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 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 NJI Life 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

1.2 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 as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984 and the Insurance Ordinance, 2000. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 and the Insurance Ordinance, 2000 have been followed.

3.1 Recent accounting developments

- Changes in accounting standards, interpretations and pronouncements

Certain standards, amendments and new interpretations to existing approved accounting standards are applicable from the current year. However as these did not affect the financial statements, these have not been detailed here.

- Amendments to published standards, new standards and interpretations not yet effective but relevant

The following standards and amendments to existing standards have been published and are mandatory for the company's accounting periods beginning on or after January 1, 2011:

	Effective date for periods beginning
- IAS 24 (Revised) - Related Party Disclosures	January 1, 2011
- IFRS 7 (Amendment) 'Financial Instruments: Disclosures'	January 1, 2011

The application of these standards will only affect the disclosures in the 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 and the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 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 recognised 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 and the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 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 35 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 which have been consistently applied during the year are set out below:

5.1 Insurance contracts

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 thereagainst. 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.

Revenue recognition

Premium received are recognised as follows:

First year, renewal and single premiums are recognised once the related policies are issued / renewed against receipt and realisation of premium.

Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on appointed actuary's valuation conducted as at the balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

Claim expense

Claim expenses are recognised earlier of the date the policy ceases to participate in the earnings of the fund and the date insured event is intimated.

Surrenders are recognised after these have been approved in accordance with the company's policy.

Liability for outstanding claims is recognised 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.

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.

Revenue recognition

Individual life conventional first year and renewal premiums are recognised once the related policies are issued / renewed against receipt and realisation of premium.

Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on appointed actuary's valuation conducted as at the balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

Claim expense

Claim expenses are recognised on the date the insured event is intimated.

Liability for outstanding claims is recognised in respect of all claims incurred 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.

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.

Revenue recognition

Group life premiums are recognised as and when due. In respect of certain group policies the company continues to provide insurance cover even if the premium is received after the grace period.

Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on appointed actuary's valuation conducted as at the balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

Claim expense

Claim expenses are recognised on the date the insured event is intimated.

Liability for outstanding claims is recognised in respect of all claims incurred 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.

Experience refund of premium

Experience refund of premium payable to policyholders is included in outstanding claims.

c) Accident & 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 in northern areas of Pakistan. The risk underwritten is medical expenses related to hospitalisation. This business is written through direct sales force.

Revenue recognition

Health premiums are recognised as and when due. In respect of certain group policies the company continues to provide cover even if the premium is received after the grace period.

Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on appointed actuary's valuation conducted as at the balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

Claim expense

Claim expenses are recognised on the date the insured event is intimated.

Liability for outstanding claims is recognised in respect of all claims incurred 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.

Experience refund of premium

Experience refund of premium payable to policyholders is included in outstanding claims.

5.2 Policyholders' liabilities

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 part 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 is held as a percentage of 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, large groups 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, normal and micro-insurance schemes. IBNR is calculated on separate basis for these two categories. IBNR is based upon reported claims for normal schemes and in proportion to the premium earned in the valuation year for micro-insurance schemes due to lack of fully credible experience in these schemes. 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.

5.3 Reinsurance contracts held

Reinsurance premiums

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

Claim recoveries

Claim recoveries from reinsurers are recognised at the same time as the claims are intimated and recorded in the books of accounts of the company.

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.

5.4 Receivables and payables related to insurance contracts

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

5.5 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 recognised on the basis of actuarial valuation carried out as at each year end using the projected unit credit method. Actuarial gains or losses in excess of 10% of the actuarial liability or plan assets are recognised over the average life of the employees.

Defined contribution plan

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 recognised as expense.

5.6 Accumulated compensated absences

The company makes provision in the financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of anticipated utilisation of such leaves based on past trends.

5.7 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.

5.8 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to the items recognised directly in equity, in which case it is recognised 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 is calculated using tax rates enacted or substantively enacted at the balance sheet date and includes adjustments, where considered necessary, relating to prior years.

Deferred

Deferred tax is recognised 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 realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available and the credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

5.9 Investments

Classification

Investments with fixed or determinable payments and fixed maturity, where the company has positive intent and ability to hold to maturity, are classified as Held - to - Maturity. Investments which are intended to be held for an indefinite period but may be sold in response to the need for liquidity or change in mark-up / interest rates are classified as available for sale.

Initial recognition

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

Subsequent measurement

Investments classified as held-to-maturity are subsequently measured at amortised cost, taking into account any discount or premium on acquisition, using the effective interest 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 is recognised as a provision for impairment in value of investment. Any change in the provision for impairment in value of an investment is recognised 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 recognised in revenue account of the respective linked fund.

Fair / market value measurements

For investments in Government securities, fair / market value is determined by reference to quotations obtained from Reuters page (PKRV). 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).

5.10 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. Depreciation is charged using the straight line method at the rates specified in note 18.2 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.

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

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

Gains and losses on disposal of fixed assets are taken to profit and loss account.

Intangible assets

These represent assets with finite lives and are stated at cost less accumulated amortisation and impairment losses (if any). Amortisation is charged over the estimated useful life of the asset applying the straight line method at the rates specified in note 18.4 to the financial statements.

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

5.11 Other revenue recognition

Mark-up / Interest

- Mark-up / interest income on bank deposits is recognised on time proportion basis.
- Interest on fixed income securities is recognised on time proportion basis using effective interest rate method.

Dividends

- Dividend income is recognised when company's right to receive dividend is established.

5.12 Acquisition cost

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

Commission and other expenses are recognised 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 recognised not later than the period in which the premium to which they refer is recognised as revenue.

5.13 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 income currently.

5.14 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 with original maturity upto three months

5.15 Impairment

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account / revenue account, as appropriate.

5.16 Provisions

Provisions are recognised 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.

5.17 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 three operating segments for reporting purposes namely; Individual life unit linked, Conventional business and Accident & health.

- The Individual life unit linked segment provides life insurance coverage to individuals under unit based policies issued by the company.
- The Conventional business segment includes 'Individual life - conventional' and 'Group life'. The Individual Life - conventional business segment provides life insurance coverage to individuals under conventional policies issued by the company. The group life business segment provides life insurance coverage to members of business enterprises, corporate entities in common interest groups under group life insurance schemes issued by the company.
- Accident & health business segment provides personal accident coverage to individuals and inpatient / outpatient health coverage to member enterprises, corporate entities and common interest groups under group health insurance schemes issued by the company.

5.18 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.

5.19 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.

5.20 Dividend and appropriation to reserves

Dividend and appropriation to reserves except appropriations required by the law or determined by the Appointed Actuary or allowed by the Insurance Ordinance, 2000 are recognised in the year in which these are approved.

6. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2010 (Number of shares in '000)	2009		2010 (Rupees in '000)	2009
<u>62,712</u>	<u>62,712</u>	Ordinary shares of Rs. 10 each fully paid in cash	<u>627,120</u>	<u>627,120</u>

6.1 As at December 31, 2010 and 2009 Aga Khan Fund for Economic Development S.A Switzerland and its nominees held 36,294,894 ordinary shares of Rs. 10 each.

7. ANALYSIS OF ACCUMULATED SURPLUS / (DEFICIT) AS SHOWN IN BALANCE SHEET

	2010 (Rupees in '000)	2009
Accumulated surplus in statement of changes in equity ignoring effect of capital transfers at start of the year	438,713	308,770
Add: Surplus in profit and loss account for the year	146,752	129,943
Dividend	(62,712)	-
Accumulated surplus in statement of changes in equity ignoring effect of capital transfers at end of the year	522,753	438,713
Accumulated net capital transfers to statutory funds	-	(519,328)
Accumulated surplus / (deficit)	<u>522,753</u>	<u>(80,615)</u>

8. MOVEMENT IN EQUITY OF STATUTORY FUND

	Statutory Funds			Aggregate	
	Individual Life Unit Linked	Conventional business	Accident & Health	2010	2009
	(Rupees in '000)				
Policyholders' liabilities					
Balance at beginning of the year	6,149,989	156,119	110,627	6,416,735	4,475,401
Increase during the year	2,475,183	77,576	6,946	2,559,705	1,941,334
Balance at end of the year	<u>8,625,172</u>	<u>233,695</u>	<u>117,573</u>	<u>8,976,440</u>	<u>6,416,735</u>
Retained earnings on other than participating business					
Balance at beginning of the year	(289,687)	101,271	40,664	(147,752)	(365,272)
Surplus for the year	362,913	125,196	27,439	515,548	317,520
Surplus appropriated to shareholders' fund	(40,000)	(140,000)	(20,000)	(200,000)	(100,000)
Balance at end of the year	<u>33,226</u>	<u>86,467</u>	<u>48,103</u>	<u>167,796</u>	<u>(147,752)</u>

	Statutory Funds			Aggregate	
	Individual Life Unit Linked	Conventional business	Accident & Health	2010	2009
	← (Rupees in '000) →				
Capital contributed by shareholders' fund					
Balance at beginning of the year	519,328	-	-	519,328	519,328
Capital withdrawn during the year	(519,328)	-	-	(519,328)	-
Balance at end of the year	-	-	-	-	519,328
Balance of statutory fund at end of the year	8,658,398	320,162	165,676	9,144,236	6,788,311

9. POLICYHOLDERS' LIABILITIES

	Statutory Funds			Aggregate	
	Individual Life Unit Linked	Conventional business	Accident & Health	2010	2009
	← (Rupees in '000) →				
Gross of reinsurance					
Actuarial liability relating to future events	8,570,046	168,767	85,032	8,823,845	6,353,305
Provision for outstanding reported claims payable over a period\ exceeding twelve months	46,174	41,560	-	87,734	30,726
Provision for incurred but not reported claims	60,036	132,784	32,588	225,408	154,546
	<u>8,676,256</u>	<u>343,111</u>	<u>117,620</u>	<u>9,136,987</u>	<u>6,538,577</u>
Net of reinsurance					
Actuarial liability relating to future events	8,558,311	107,970	84,988	8,751,269	6,274,630
Provision for outstanding reported claims payable over a period\ exceeding twelve months	46,174	41,560	-	87,734	30,726
Provision for incurred but not reported claims	20,687	84,165	32,585	137,437	111,379
	<u>8,625,172</u>	<u>233,695</u>	<u>117,573</u>	<u>8,976,440</u>	<u>6,416,735</u>

10. OUTSTANDING CLAIMS

	2010			2009		
	Gross	Re-insurance	Net	Gross	Re-insurance	Net
	(Rupees in '000)					
Individual life unit linked						
Notified claims at beginning of the year	101,724	(36,081)	65,643	32,545	(5,686)	26,859
Cash paid for claims settled in the year	(1,086,875)	38,749	(1,048,126)	(757,948)	36,784	(721,164)
Increase / (decrease) in liabilities:						
Arising from current year claims	1,128,447	(92,330)	1,036,117	840,635	(72,878)	767,757
Arising from prior year claims	(42,038)	31,964	(10,074)	(13,508)	5,699	(7,809)
Notified claims at end of the year	101,258	(57,698)	43,560	101,724	(36,081)	65,643
Conventional business						
Notified claims at beginning of the year	293,804	(43,993)	249,811	172,410	(11,675)	160,735
Cash paid for claims settled in the year	(654,443)	235,204	(419,239)	(549,403)	210,788	(338,615)
Increase / (decrease) in liabilities:						
Arising from current year claims	719,157	(316,994)	402,163	671,297	(243,376)	427,921
Arising from prior year claims	(9,869)	5,274	(4,595)	(500)	270	(230)
Notified claims at end of the year	348,649	(120,509)	228,140	293,804	(43,993)	249,811
Accident & health						
Notified claims at beginning of the year	40,568	(11,600)	28,968	32,926	(396)	32,530
Cash paid for claims settled in the year	(241,813)	17,672	(224,141)	(204,873)	194	(204,679)
Increase / (decrease) in liabilities:						
Arising from current year claims	254,725	(16,050)	238,675	212,788	(11,398)	201,390
Arising from prior year claims	(500)	-	(500)	(273)	-	(273)
Notified claims at end of the year	52,980	(9,978)	43,002	40,568	(11,600)	28,968

10.1 As the company settles its claim obligations within a year therefore, the claim development table has not been presented.

11. STATUTORY DEPOSITS

The company has deposited 10 & 20 years Pakistan Investment Bonds amounting to Rs. 70 million (2009: Rs. 63 million) with the State Bank of Pakistan under section 29 of the Insurance Ordinance, 2000.

12. OTHER CREDITORS AND ACCRUALS

	Share holders' Fund	Statutory Funds			Aggregate	
		Individual Life Unit Linked	Conventional business	Accident & Health	2010	2009
(Rupees in '000)						
Sundry creditors	5,252	3,197	30	187	8,666	12,379
Payable to associated undertaking - New Jubilee Insurance Company Limited	41	4	4	-	49	479
Withholding tax payable	2,408	2,102	195	680	5,385	4,302
Payable to Workers' Welfare Fund	4,434	-	-	-	4,434	3,000
Zakat payable	-	72	-	-	72	62
	<u>12,135</u>	<u>5,375</u>	<u>229</u>	<u>867</u>	<u>18,606</u>	<u>20,222</u>

12.1 Defined benefit plan

The latest actuarial valuation of the defined benefit plan based on Projected Unit Credit Method was carried out as at December 31, 2010. Following are the significant assumptions used in the valuation:

	2010	2009
Discount factor used (% per annum)	13	12
Expected long term rate of return on plan assets (% per annum)	13	12
Expected rate of increase in salary (% per annum)	13	12
Normal retirement age (years)	60	58
Average remaining working life of employees (years)	14	14

Expected contribution to the benefit plan for the year ending December 31, 2011 is Rs. 10 million (2010: Rs. 10 million)

12.1.1 Balance sheet reconciliation

	2010	2009
(Rupees in '000)		
Present value of defined benefit obligation - note 12.1.2	60,526	49,718
Fair value of plan assets - note 12.1.3	(57,748)	(45,892)
Unrecognised net actuarial loss	(2,778)	(3,826)
	<u>-</u>	<u>-</u>

12.1.2 Movement in present value of defined benefit obligation

Opening balance	49,718	40,313
Current service cost	9,447	9,233
Interest cost	5,966	6,450
Actuarial loss / (gain) on defined benefit obligation	169	(2,599)
Actual benefit paid during the year	(4,774)	(3,679)
Closing balance	<u>60,526</u>	<u>49,718</u>

12.1.3 Movement in fair value of plan assets

Opening balance	45,892	32,560
Expected return on plan assets	5,507	3,908
Contributions made	9,906	12,041
Benefit paid by the fund	(4,774)	(3,679)
Actuarial gain on plan assets	1,217	1,062
Closing balance - note 12.1.5	<u>57,748</u>	<u>45,892</u>

12.1.4 Actual return on plan assets

	<u>6,724</u>	<u>4,970</u>
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12.1.5 Plan assets comprise of the following:

	2010		2009	
	(Rupees in '000)	%	(Rupees in '000)	%
Bonds	53,817	93%	26,198	57%
Mutual Funds	-	-	16,587	36%
Others	3,931	7%	3,107	7%
	<u>57,748</u>	<u>100%</u>	<u>45,892</u>	<u>100%</u>

12.1.6 Charge for the year

	2010 (Rupees in '000)	2009
Current service cost	9,447	9,233
Interest cost	5,966	6,450
Expected return on plan assets	(5,507)	(3,908)
Actuarial loss recognised during the year	-	266
	<u>9,906</u>	<u>12,041</u>

12.1.7 Historical information

	2010	2009	2008	2007	2006
	(Rupees in '000)				
Defined benefit obligation	60,526	49,718	40,313	20,715	15,883
Fair value of plan assets	(57,748)	(45,892)	(32,560)	(17,313)	(14,812)
Deficit	<u>(2,778)</u>	<u>(3,826)</u>	<u>(7,753)</u>	<u>(3,402)</u>	<u>(1,071)</u>
Experience adjustment on plan liabilities	169	(2,599)	680	2,963	853
Experience adjustment on plan assets	1,217	1,062	(3,577)	632	-

13. COMMITMENTS

In respect of :

- Leased assets

Not later than one year

- Capital expenditure

Not later than one year

	2010 (Rupees in '000)	2009
- Leased assets	-	95
- Capital expenditure	3,570	3,135
	<u>3,570</u>	<u>3,230</u>

14. INVESTMENTS

14.1 Government securities

Held-to-maturity

10 years Defence Saving Certificates
20 years Pakistan Investment Bonds
15 years Pakistan Investment Bonds
10 years Pakistan Investment Bonds
5 years Pakistan Investment Bonds

	Share holders' Fund	Statutory Funds			Aggregate	
		Individual Life Unit Linked	Conventional business	Accident & Health	2010	2009
(Rupees in '000)						
	-	-	-	-	-	6,012
	-	-	50,200	9,946	60,146	60,152
	9,947	-	-	-	9,947	9,943
	-	-	20,849	10,425	31,274	32,712
	-	-	24,961	-	24,961	24,881
	9,947	-	96,010	20,371	126,328	133,700

Available-for-sale

20 years Pakistan Investment Bonds
10 years Pakistan Investment Bonds
5 years Pakistan Investment Bonds
3 years Pakistan Investment Bonds
3 years Ijara Sukuk Bond
1 year Treasury Bills
6 months Treasury Bills
3 months Treasury Bills

	-	36,969	-	-	36,969	40,756
	22,597	-	70,523	21,121	114,241	118,870
	47,570	-	14,571	9,714	71,855	71,855
	24,483	1,008,904	23,635	24,235	1,081,257	1,030,961
	-	401,612	-	-	401,612	-
	-	1,669,130	56,374	-	1,725,504	178,014
	80,850	1,416,952	149,672	80,081	1,727,555	1,883,896
	-	1,392,453	217,615	28,046	1,638,114	-
	175,500	5,926,020	532,390	163,197	6,797,107	3,324,352

Provision for impairment in value of investments - note 14.1.1

	185,447	5,926,020	628,400	183,568	6,923,435	3,458,052
	(5,681)	(219)	(20,105)	(4,159)	(30,164)	(30,153)

	179,766	5,925,801	608,295	179,409	6,893,271	3,427,899
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14.1.1 Reconciliation of provision

Balance at the beginning of the year
(Reversal) / provision for impairment in value of investments
Balance at the end of the year

	6,022	-	20,565	3,566	30,153	44,160
	(341)	219	(460)	593	11	(14,007)
	5,681	219	20,105	4,159	30,164	30,153

14.1.2 Particulars of government securities

Name of the investments	Maturity	Tenor (Years)	Principal payment	Coupon rate p.a. (%)	Coupon payment
Held-to-maturity					
Pakistan Investment Bonds	May 2011 to June 2024	5 - 20 years	On maturity	9-13	Half-yearly
Available-for-sale					
Ijara Sukuk Bond	December 2013	3 years	On maturity	13.37	Half-yearly
Pakistan Investment Bonds	August 2011 to June 2024	3 - 20 years	On maturity	8-14	Half-yearly
Treasury Bills	April to December 2011	1 year	On maturity	12.16 & 13.68	On maturity
Treasury Bills	January to June 2011	6 months	On maturity	12.32 to 13.38	On maturity
Treasury Bills	January to March 2011	3 months	On maturity	12.74 to 13.52	On maturity

14.2 Other fixed income securities

	Share holders' Fund	Statutory Funds			Aggregate	
		Individual Life Unit Linked	Conventional business	Accident & Health	2010	2009
(Rupees in '000)						
Available-for-sale						
Term Finance Certificates (TFCs) - note 14.2.1	-	351,246	-	-	351,246	391,402
Commercial paper - note 14.2.2	-	93,448	-	-	93,448	-
	-	444,694	-	-	444,694	391,402

14.2.1 Available-for-sale - Term finance certificates

	Market value as at		Maturity year	Tenor (Years)	Current Rate of profit p.a. (%)	Profit payment
	December 31, 2010	December 31, 2009				
(Rupees in '000)						
Individual Life (Unit Linked)						
Allied Bank Limited	49,036	48,381	2014	8 years	15.48	Half-yearly
Bank Al Habib Limited	49,685	49,950	2015	8 years	14.76	Half-yearly
Engro Chemicals Pakistan Limited (First Issue)	58,741	55,755	2015	8 years	14.96	Half-yearly
Faysal Bank Limited	24,215	23,876	2014	7 years	14.64	Half-yearly
Jahangir Siddiqui & Company Limited (Fourth Issue)	25,074	25,574	2012	5 years	15.76	Half-yearly
Jahangir Siddiqui & Company Limited (Third Issue)	-	20,416	2010	5 years	-	Half-yearly
Orix Leasing Company Limited	14,869	25,085	2012	5 years	14.81	Half-yearly
Pakistan Mobile Communication (Private) Limited	24,956	30,044	2013	7 years	16.26	Half-yearly
Standard Chartered Bank (Pakistan) Limited - (Second Issue)	4,993	13,697	2011	7 years	10.75	Half-yearly
United Bank Limited	99,677	98,624	2014	8 years	14.58	Half-yearly
	351,246	391,402				

The aggregate cost of the above investments as at December 31, 2010 was Rs. 352.77 million (2009: Rs. 397.15 million).

14.2.2 Available-for-sale - Commercial paper

	Share holders' Fund	Statutory Funds			Aggregate	
		Individual Life Unit Linked	Conventional business	Accident & Health	2010	2009
(Rupees in '000)						
Engro Fertilizers Limited	-	93,448	-	-	93,448	-

14.3 Listed equities and closed-end mutual funds

Available-for-sale

	Share holders' Fund	Statutory Funds			Aggregate	
		Individual Life Unit Linked	Conventional business	Accident & Health	2010	2009
(Rupees in '000)						
Ordinary shares and units of closed-end mutual funds - note 14.3.2	183,829	2,124,031	-	-	2,307,860	1,763,982
Less : Provision for impairment in value of investments - note 14.3.1	(59,260)	-	-	-	(59,260)	(68,382)
	124,569	2,124,031	-	-	2,248,600	1,695,600

14.3.1 Reconciliation of provision

Balance at the beginning of the year	68,382	-	-	-	68,382	141,024
Reversal for impairment in value of investments	(9,122)	-	-	-	(9,122)	(72,642)
Balance at the end of the year	59,260	-	-	-	59,260	68,382

14.3.2 Particulars of listed equities and closed-end mutual funds

The face value of ordinary shares are between Rs. 5 to Rs. 50 per share.

	31 December, 2010			31 December, 2009		
	Number of shares	Cost	Market Value	Number of shares	Cost	Market Value
	(Rupees in '000)			(Rupees in '000)		
Shareholders' fund						
Fauji Fertilizer Company Limited.	200,000	21,024	25,172	200,000	21,024	20,586
Habib Bank Limited	538,599	109,703	65,676	489,636	109,703	60,440
International Industries Limited	210,672	14,106	12,608	175,560	14,106	10,302
New Jubilee Insurance Company Limited	375,997	35,942	22,308	172,636	24,931	10,054
Pakistan State Oil Limited	10,000	3,054	2,952	-	-	-
		<u>183,829</u>	<u>128,716</u>		<u>169,764</u>	<u>101,382</u>
Individual life unit linked						
Allied Bank Limited	133,100	9,532	9,337	121,000	9,532	7,106
Askari Bank Limited	3,435,117	103,626	60,767	2,862,598	103,626	78,149
Bank Alfalah Limited	-	-	-	177,103	3,466	2,439
Bank Al-Habib Limited	1,317,655	29,496	47,778	1,098,046	29,496	35,972
Century Paper & Board Mills Limited	200,000	16,019	3,370	200,000	16,019	2,648
Cherat Cement Company Limited	558,475	27,333	6,004	558,475	27,333	7,009
D.G. Khan Cement Company Limited	234,000	15,303	7,060	195,000	14,523	6,349
Fauji Fertilizer Bin Qasim Limited	550,000	11,719	19,651	550,000	11,719	14,371
Fauji Fertilizer Company Limited	2,566,730	207,555	323,049	2,366,730	186,227	243,608
Faysal Bank Limited	2,945,764	84,631	45,924	2,454,804	84,631	43,033
First Habib Modaraba Limited	1,843,815	13,773	12,354	1,194,000	9,875	6,961
Glaxo SmithKline Pakistan Limited	156,250	16,526	13,780	156,250	16,526	17,073
Hinopak Motors Limited	33,300	19,801	4,392	33,300	19,801	6,631
Honda Atlas Cars Company Limited	52,500	1,314	609	52,500	1,314	1,004
Hub Power Company Limited	4,922,135	155,301	184,138	3,611,000	111,894	112,230
ICI Pakistan Limited	50,000	2,903	7,212	50,000	2,903	8,424
Indus Motor Company Limited	300,839	50,028	75,953	300,839	50,028	59,121
International Industries Limited	1,757,429	114,168	105,182	1,164,525	96,880	68,334
JS Growth Fund	796,117	11,831	4,418	796,117	11,831	3,933
JS Large Capital Fund	-	-	-	1,000,000	10,000	4,600
Kot Addu Power Company Limited	2,229,415	87,725	90,693	1,561,500	62,487	71,626
Lucky Cement Company Limited	125,000	14,182	9,474	125,000	14,182	8,280
MCB Bank Limited	12,801	503	2,926	11,638	503	2,557
Meezan Bank Limited	754,353	5,629	12,749	718,432	5,629	11,308
Millat Tractors Limited	441,077	64,011	220,441	308,062	36,097	117,002
National Bank of Pakistan	1,750,561	121,981	134,478	1,239,409	111,064	92,175
NIB Bank Limited	2,716,500	58,526	8,014	2,716,500	58,526	13,039
Nishat Mills Limited	924,411	40,538	59,319	637,525	29,063	44,563
Oil and Gas Development Company Limited	572,888	49,787	97,865	1,312,291	117,279	145,152
Orix Leasing Company Limited	530,127	17,738	3,642	530,127	17,738	4,055
Packages Limited	99,401	12,051	12,784	99,401	12,051	14,314
Pak Suzuki Motors Company Limited	228,125	43,541	15,928	228,125	43,541	20,294
Pakistan Oilfields Limited	484,000	123,709	143,246	384,000	99,383	88,616
Pakistan Petroleum Limited	721,418	91,467	156,656	541,182	79,621	102,603
Pakistan Refinery Limited	87,383	16,198	9,413	87,383	16,198	10,547
Pakistan Strategic Allocation Fund	-	-	-	1,000,000	10,000	4,440
Pakistan State Oil Limited	171,158	50,644	50,522	-	-	-
Pakistan Telecommunication Company Limited	1,705,000	31,416	33,111	1,155,000	20,628	20,386
Pakistan Tobacco Company Limited	156,700	19,948	17,273	156,700	19,948	16,453
PICIC Growth Fund	284,000	10,288	3,763	284,000	10,288	4,050
PICIC Investment Fund	150,500	2,663	965	150,500	2,663	876
Soneri Bank Limited	292,800	10,587	2,433	292,800	10,587	3,241
Standard Chartered Modaraba Limited	45,477	1,439	423	45,477	1,439	410
Thal Limited	317,902	21,861	41,407	264,919	21,861	22,484
The Bank of Punjab	432,414	28,775	4,242	432,414	28,775	8,432
Unilever Pakistan Limited	6,000	8,995	26,161	6,000	8,995	13,800
United Bank Limited	461,450	21,004	31,485	419,500	21,004	24,520
Wateen Telecom Limited	1,000,000	6,620	3,640	-	-	-
		<u>1,852,685</u>	<u>2,124,031</u>		<u>1,677,174</u>	<u>1,594,218</u>

14.4 Open-end mutual funds

	Share holders' Fund	Statutory Funds			Aggregate	
		Individual Life Unit Linked	Conventional business	Accident & Health	2010	2009
(Rupees in '000)						
Available-for-sale						
Units of open-end mutual funds - note 14.4.1	-	86,550	-	-	86,550	64,663

14.4.1 Individual life unit linked

	2010	2009
(Rupees in '000)		
ABL Income Fund	60,633	54,705
Atlas Money Market Fund	11,012	-
JS Large Capital Fund	6,515	-
Pakistan Strategic Allocation Fund	8,390	-
United Islamic Growth Fund	-	9,958
	86,550	64,663

The aggregate cost of the above mutual funds as at December 31, 2010 was Rs. 80.362 million (2009: Rs. 60.34 million).

14.5 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 equity. 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.

14.6 Movement in investments

	Shareholders' fund		Statutory funds				Total		
	Held to maturity	Available for sale	Individual life unit linked	Conventional business	Accident & health				
(Rupees in '000)									
As at January 01, 2009	34,917	247,899	45,600	1,446,673	97,721	108,692	21,291	28,719	2,031,512
Movement during the year:									
Additions	-	304,191	-	3,682,233	-	328,572	-	100,486	4,415,482
Disposals (sale and redemptions)	(25,000)	(347,558)	(39,588)	(993,369)	-	(121,794)	-	(29,371)	(1,556,680)
Amortisation of premium	26	-	-	-	(824)	-	(443)	-	(1,241)
Impairment reversal	-	74,458	-	-	-	9,664	-	2,527	86,649
Unrealised gain	-	-	-	603,842	-	-	-	-	603,842
As at December 31, 2009	9,943	278,990	6,012	4,739,379	96,897	325,134	20,848	102,361	5,579,564
Movement during the year:									
Additions	-	194,065	-	8,907,342	-	1,061,053	-	273,192	10,435,652
Disposals (sale and redemptions)	-	(188,130)	(6,012)	(5,422,547)	-	(874,362)	-	(215,922)	(6,706,973)
Amortisation of premium	4	-	-	-	(887)	-	(477)	-	(1,360)
Impairment (losses) / reversal	-	9,463	-	(219)	-	460	-	(593)	9,111
Unrealised gain / (loss)	-	-	-	357,121	-	-	-	-	357,121
As at December 31, 2010	9,947	294,388	-	8,581,076	96,010	512,285	20,371	159,038	9,673,115

	2010	2009
	(Rupees in '000)	
15. DEFERRED TAXATION		
Debit balances arising in respect of accelerated tax depreciation allowance	<u>4,282</u>	<u>7,320</u>

	2010			2009
	Conventional Business	Accident & health	Total	
	(Rupees in '000)			
Considered good				
Due from related parties - associates	6,065	4	6,069	506
Due from others	38,359	29,412	67,771	81,209
Considered doubtful	3,749	4,795	8,544	6,338
	<u>48,173</u>	<u>34,211</u>	<u>82,384</u>	<u>88,053</u>
Provision for bad & doubtful receivables - note 16.1	(3,749)	(4,795)	(8,544)	(6,338)
Net premium due but unpaid	<u>44,424</u>	<u>29,416</u>	<u>73,840</u>	<u>81,715</u>

16.1 Reconciliation of provision				
Balance at the beginning of the year	2,624	3,714	6,338	6,336
Provision for bad & doubtful receivables	1,125	1,081	2,206	2
Balance at the end of the year	<u>3,749</u>	<u>4,795</u>	<u>8,544</u>	<u>6,338</u>

	Individual Life Unit Linked	Conventional business	Accident & Health	2010	2009
	(Rupees in '000)				
Reinsurance recoveries against outstanding claims	65,945	62,692	9,746	138,383	77,486
Other reinsurance assets	-	12,403	-	12,403	14,188
	<u>65,945</u>	<u>75,095</u>	<u>9,746</u>	<u>150,786</u>	<u>91,674</u>

	2010	2009
	(Rupees in '000)	
18. FIXED ASSETS		
18.1 Capital work-in-progress		
Opening balance	22,988	10,175
Additions	74,144	52,505
Transfer to tangible operating assets	(82,923)	(39,692)
Closing balance	<u>14,209</u>	<u>22,988</u>

18.2 Tangible operating assets

	Leasehold Improvements	Furniture, fixture and fittings	Office equipments	Computers	Motor Vehicles	Total
	← (Rupees in '000) →					
Net carrying value basis						
Year ended December 31, 2010						
Opening net book value (NBV)	-	12,045	16,038	13,291	44,693	86,067
Additions	10,494	12,056	12,044	11,390	44,922	90,906
Disposals at NBV - note 18.3	-	(74)	(228)	(51)	(1,659)	(2,012)
Depreciation charge	(845)	(7,610)	(7,804)	(9,161)	(16,711)	(42,131)
Closing NBV	<u>9,649</u>	<u>16,417</u>	<u>20,050</u>	<u>15,469</u>	<u>71,245</u>	<u>132,830</u>
Gross carrying value basis						
At December 31, 2010						
Cost	21,466	68,052	59,516	49,652	119,562	318,248
Accumulated depreciation	(11,817)	(51,635)	(39,466)	(34,183)	(48,317)	(185,418)
NBV	<u>9,649</u>	<u>16,417</u>	<u>20,050</u>	<u>15,469</u>	<u>71,245</u>	<u>132,830</u>
Net carrying value basis						
Year ended December 31, 2009						
Opening net book value (NBV)	-	11,061	14,090	15,433	31,986	72,570
Additions	-	7,952	8,239	5,192	27,301	48,684
Disposals at NBV	-	(59)	(96)	-	(682)	(837)
Depreciation charge	-	(6,909)	(6,195)	(7,334)	(13,912)	(34,350)
Closing NBV	<u>-</u>	<u>12,045</u>	<u>16,038</u>	<u>13,291</u>	<u>44,693</u>	<u>86,067</u>
Gross carrying value basis						
At December 31, 2009						
Cost	10,972	56,489	48,985	41,335	87,776	245,557
Accumulated depreciation	(10,972)	(44,444)	(32,947)	(28,044)	(43,083)	(159,490)
NBV	<u>-</u>	<u>12,045</u>	<u>16,038</u>	<u>13,291</u>	<u>44,693</u>	<u>86,067</u>
Depreciation rate % per annum	<u>20</u>	<u>20</u>	<u>20</u>	<u>30</u>	<u>20</u>	

18.3 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) →					
Motor vehicles	849	679	170	170	Company policy	Mr. Anjum Iqbal House No. 38-A-1, Sadiqabad, Satellite Town, Rawalpindi
	800	480	320	520	Company policy	Mr. Azam Chaudhary House No. 3, Street No. 5B, Tariqabad, Delta Road, Gujranwala
	1,999	1,499	500	766	Negotiation	Mr. Javed Abdul Karim House No. 17, Block-3, Manya Housing Society, Khalid Bin Waleed Road, Karachi
	1,000	417	583	817	Insurance Claim	New Jubilee Insurance Company Limited
Net book value not exceeding Rs. 50,000 each	4,648	3,075	1,573	2,273		
Motor Vehicles	8,488	8,402	86	1,227		
Office equipments	1,513	1,285	228	225		
Furniture and Fixtures	493	419	74	24		
Computers	3,073	3,022	51	71		
	18,215	16,203	2,012	3,820		

18.4 Intangible assets - computer software

Net carrying value basis

Year ended December 31, 2010

Opening net book value (NBV)	9,060	11,834
Additions	12,049	2,752
Amortisation charge	(7,270)	(5,526)
Disposals at NBV	(9)	-
Closing NBV	<u>13,830</u>	<u>9,060</u>

Gross carrying value basis

At December 31, 2010

Cost	34,205	22,457
Accumulated amortisation	(20,375)	(13,397)
Closing NBV	<u>13,830</u>	<u>9,060</u>

Amortisation rate per annum

	2010	2009
	(Rupees in '000)	
	9,060	11,834
	12,049	2,752
	(7,270)	(5,526)
	(9)	-
	<u>13,830</u>	<u>9,060</u>
	34,205	22,457
	(20,375)	(13,397)
	<u>13,830</u>	<u>9,060</u>
	30%	30%

19. EXPENSES NOT ATTRIBUTABLE TO STATUTORY FUNDS

	2010	2009
	(Rupees in '000)	
Salaries, allowances and other benefits	11,523	7,965
Travelling expenses	1,011	1,203
Legal and professional charges	2,120	3,387
Workers' Welfare Fund	4,001	3,281
Donations - note 19.1	1,061	-
Miscellaneous	6,806	3,533
	<u>26,522</u>	<u>19,369</u>

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

19.1 None of the directors or their spouses had any interest in the donees.

20. TAXATION

	2010	2009
	(Rupees in '000)	
Current		
- for the year	69,864	40,017
- prior years	(2,386)	(7,896)
Deferred	3,038	(1,320)
	<u>70,516</u>	<u>30,801</u>

20.1 Relationship between tax expense and accounting profit

Profit before tax	<u>217,268</u>	<u>160,744</u>
Tax at the applicable rate of 35% (2009: 35%)	76,044	56,260
Tax effect of dividend income being taxable at lower rate	(1,795)	(1,307)
Prior years adjustment	(2,386)	(7,896)
Tax effect of capital loss being exempt	(3,503)	(15,183)
Others	2,156	(1,073)
Tax expense for the year	<u>70,516</u>	<u>30,801</u>

21. EARNINGS PER SHARE

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

	2010	2009
	(Rupees in '000)	
Profit after tax	<u>146,752</u>	<u>129,943</u>
	(Number of shares in '000)	
Weighted average number of ordinary shares outstanding as at year end	<u>62,712</u>	<u>62,712</u>
	(Rupees)	
Earnings per share - basic	<u>2.34</u>	<u>2.07</u>

22. CASH AND CASH EQUIVALENTS

	Share holders' Fund	Statutory Funds			Aggregate	
		Individual Life Unit Linked	Conventional business	Accident & Health	2010	2009
(Rupees in '000)						
Cash at banks						
- in current accounts	1,045	3,693	85	-	4,823	85,860
- in savings accounts	116,288	263,401	2,151	20,374	402,214	334,771
	117,333	267,094	2,236	20,374	407,037	420,631
Term deposits maturing within three months - note 22.1	500,000	174,000	-	-	674,000	1,615,000
Cash and stamps in hand	261	3,087	212	67	3,627	2,396
	617,594	444,181	2,448	20,441	1,084,664	2,038,027

22.1 These carry mark-up ranging from 10.20% to 13.40% (2009: 10.00% to 12.50%) per annum.

23. BRANCH OVERHEADS

	Statutory Funds			Aggregate	
	Individual Life Unit Linked	Conventional business	Accident & Health	2010	2009
(Rupees in '000)					
Salaries, allowances and other benefits	214,667	12,142	5,045	231,854	181,652
Charge for defined benefit plan	2,681	43	237	2,961	5,049
Contribution to defined contribution plan	4,668	386	391	5,445	4,938
Overriding commission	64,557	-	-	64,557	45,674
Travelling expenses	8,643	506	272	9,421	4,997
Advertisements	5,408	299	538	6,245	9,755
Printing and stationery	6,568	209	282	7,059	7,491
Depreciation	20,919	1,761	947	23,627	17,615
Amortisation	767	62	34	863	736
Rental	31,613	449	242	32,304	30,330
Legal and professional charges	2,874	81	44	2,999	1,229
Utilities	14,175	303	101	14,579	9,711
Entertainment	2,284	118	64	2,466	2,352
Vehicle running	16,594	1,529	823	18,946	18,470
Repairs and maintenance	6,565	33	23	6,621	9,726
Postage, telegram and telephone	22,453	799	430	23,682	22,652
Staff welfare	4,975	46	25	5,046	3,809
Miscellaneous expenses	1,924	39	17	1,980	240
	432,335	18,805	9,515	460,655	376,426

24. AUDITORS' REMUNERATION

	2010	2009
(Rupees in '000)		
Audit fee	1,300	1,000
Fee for review of half yearly financial information and other certifications	800	770
Out of pocket expenses	248	110
	2,348	1,880

25. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

25.1 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:

	2010		2009	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees in '000)			
Managerial remuneration	7,479	73,318	6,503	58,521
Performance bonus	3,000	28,095	3,000	20,410
Retirement benefits	1,311	12,729	1,344	12,084
House rent allowance	3,365	32,093	2,926	26,194
Utilities	748	7,331	650	6,045
Medical	7	743	19	894
Leave passage	500	-	500	-
Others	-	2,047	-	1,102
	16,410	156,356	14,942	125,250
Number of persons	1	42	1	36

In addition to the above, fee paid to four non-executive directors during the year amounted to Rs. 1,060 thousand (2009: Rs. 620 thousand).

The Chief Executive and executives are provided with company maintained cars in accordance with company policy.

26. 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 47% of the company's premium from such policies and premium against group life policies from the same bank amounts to 14% of the gross premium income of the Conventional Business.

27. TRANSACTIONS WITH RELATED PARTIES

The company is controlled by Aga Khan Fund for Economic Development, S.A Switzerland, which owns 57.87% (2009: 57.87%) of the company's shares. Associated undertakings include Habib Bank 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 transaction	2010 (Rupees in '000)	2009
i. Parent	Dividend paid	36,295	-
ii. Associated companies	Group insurance premium	144,672	65,810
	Incurring claims against insurance cover	179,231	85,800
	Rent of building	17,423	16,957
	Payment for premium against general insurance	4,240	4,610
	Claims lodged	35	302
	Investment advisory services	3,000	3,000
	Individual life unit linked insurance policy premium	12,310	-
	Purchase of goods	-	81
	Agency commission	524,825	411,164
	Interest income on term deposits	45,869	65,824
	Dividend received	10,311	5,065
	Dividend paid	4,033	-
iii. Staff retirement funds	Expense charged for retirement benefit plans	24,007	22,951
	Payments to retirement benefit plans	24,007	22,951
iv. Key management personnel	Salaries and other short-term employee benefits	78,191	54,632
	Post-employment benefits	6,542	5,370
	Consideration received for vehicle sold	150	403
	Receivable / (Payable)		
i. Associated companies	Bank account balance	331,491	338,037
	Short term deposits	674,000	800,000
	Investment in shares	279,327	163,446
	Interest accrued on term deposits	6,414	141
	Agency commission	(100,952)	(52,548)
	Claims against general policy	233	391
	Group life premium	6,064	506
	Premium received in advance	-	(1,118)
	Claims lodged & outstanding	(34,589)	(34,892)
	General insurance premium	-	(479)
ii. Staff retirement funds	Amount receivable against final settlement of an employee	-	4,500

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

28. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

28.1 Insurance Risk

28.1.1 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 Committees 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 underpricing.

a) Frequency and severity of claims

The company measures concentration of risk by geographical area. 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 2010			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	536,869	0.41%	511,616	0.63%
200,001 - 400,000	2,908,394	2.20%	2,848,393	3.52%
400,001 - 800,000	8,909,424	6.72%	7,978,943	9.88%
800,001 - 1,000,000	6,616,893	4.99%	5,457,810	6.75%
More than 1,000,000	113,552,246	85.68%	64,040,500	79.22%
Total	132,523,826	100.00%	80,837,262	100.00%

Assured at the end of 2009

Rupees	Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	415,506	0.43%	394,737	0.65%
200,001 - 400,000	1,936,126	1.99%	1,877,983	3.09%
400,001 - 800,000	6,977,815	7.18%	6,341,112	10.44%
800,001 - 1,000,000	4,931,928	5.07%	4,298,404	7.08%
More than 1,000,000	82,957,549	85.33%	47,816,131	78.74%
Total	<u>97,218,924</u>	<u>100.00%</u>	<u>60,728,367</u>	<u>100.00%</u>

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 behaviour.

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

- Mortality: The company assumes the expected mortality at 95% 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 95% 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 valuation conducted as at December 31, 2010, contains change in the reserving basis for the reserves maintained for individual life unit linked Incurred But Not Reported (IBNR) claims.

A study was conducted to test the adequacy of IBNRs held at December 31, 2009 for basic policies and riders. The net IBNR was found to be significantly in excess of the claims reported. As such, the net IBNR basis have been changed so that the ensuing IBNR was 60% compared to IBNR held on December 31, 2009 basis. Gross IBNR has not been changed.

The changed basis still has significant margin to cater to adverse deviations and also reflects the fact that the past experience can only be attached part credibility due to relatively few claims.

The above change in valuation basis has resulted in decrease in policyholders' liability by Rs. 13.78 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 2010 Rupees '000	Increase in liability 2009
Worsening of mortality rates for risk policies	221%	+10% p.a.	12,800	25,000
Worsening of persistency rates for long term individual policies *	-	-	-	-
Increase in expense levels and inflation	222%	+10% p.a.	8,700	9,000
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.

28.1.2 Conventional business

28.1.2.1 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.

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

Assured at the end of 2010

Rupees	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in '000	%	Rupees in '000	%
0 - 200,000	8,572	2.67%	2,893	3.71%
200,001 - 400,000	51,047	15.88%	17,161	22.02%
400,001 - 800,000	74,359	23.14%	26,089	33.48%
800,001 - 1,000,000	19,490	6.06%	7,356	9.44%
More than 1,000,000	167,888	52.25%	24,427	31.35%
Total	321,356	100.00%	77,926	100.00%

Assured at the end of 2009

Rupees	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in '000	%	Rupees in '000	%
0 - 200,000	7,683	2.75%	2,738	3.08%
200,001 - 400,000	49,149	17.61%	17,298	19.47%
400,001 - 800,000	78,091	27.98%	28,969	32.60%
800,001 - 1,000,000	25,132	9.00%	9,411	10.59%
More than 1,000,000	119,063	42.66%	30,445	34.26%
Total	279,118	100.00%	88,861	100.00%

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 policyholder liability held in the fund. Due to its immateriality, sensitivity analysis has not been conducted.

28.1.2.2 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 underpricing 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 underwriting 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 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 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

Assured at the end of 2010

Rupees	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in '000	%	Rupees in '000	%
0 - 200,000	106,916,613	23.27%	65,052,235	30.08%
200,001 - 400,000	40,738,918	8.86%	22,876,717	10.58%
400,001 - 800,000	49,084,677	10.68%	27,392,450	12.66%
800,001 - 1,000,000	23,910,761	5.20%	12,756,209	5.90%
More than 1,000,000	238,899,893	51.99%	88,187,362	40.78%
Total	459,550,862	100.00%	216,264,973	100.00%

Assured at the end of 2009

Rupees	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in '000	%	Rupees in '000	%
0 - 200,000	136,179,938	31.69%	99,249,400	42.82%
200,001 - 400,000	67,957,947	15.82%	36,515,364	15.75%
400,001 - 800,000	48,811,265	11.36%	26,112,713	11.27%
800,001 - 1,000,000	20,242,443	4.71%	10,199,646	4.40%
More than 1,000,000	156,467,703	36.42%	59,696,396	25.76%
Total	429,659,296	100.00%	231,773,519	100.00%

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 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

The valuation as at December 31, 2010, contains change in reserving basis for the reserves maintained for group life Incurred But Not Reported (IBNR) claims.

A study was conducted to test the adequacy for IBNRs held for premium based and claims based schemes. Gross and net IBNRs for premium based schemes were found to be in excess of actual claims while those for claims based schemes were found to be insufficient. This resulted in actual claims on an aggregate basis to be in excess of aggregate IBNRs. As such, the IBNR bases have been changed at December 31, 2010 for claims based schemes only. The claims based factors have been increased so that aggregate target adequacy is 110%.

The above change in valuation basis has resulted in increase in policyholders' liability by Rs. 14.69 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 2010	Increase in liability 2009
		Rupees '000	
Worsening of mortality rates for risk policies	+ 10% p.a.	3,200	1,300
Increase in reporting lag	+ 10% p.a.	3,200	1,300

The above analysis are based on a change in an assumption while holding all other assumptions constant.

28.1.3 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 and to mitigate the concentration of Micro-Insurance policies in northern areas, a stop loss reinsurance cover is in place. 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). For this purpose, it has a stop-loss reinsurance policy of micro-insurance policies which covers all claims (subject to a limit) in excess of a pre-defined aggregate claims ratio.

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 2010			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in '000	%	Rupees in '000	%
0 - 200,000	8,763,381	27.72%	8,763,381	27.72%
200,001 - 400,000	12,742,318	40.31%	12,742,318	40.31%
400,001 - 800,000	8,246,916	26.09%	8,246,916	26.09%
800,001 - 1,000,000	646,500	2.05%	646,500	2.05%
More than 1,000,000	1,212,350	3.83%	1,212,350	3.83%
Total	31,611,465	100.00%	31,611,465	100.00%

Rupees	Assured at the end of 2009			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in '000	%	Rupees in '000	%
0 - 200,000	7,383,438	28.63%	7,383,438	28.63%
200,001 - 400,000	10,735,647	41.63%	10,735,647	41.63%
400,001 - 800,000	5,854,041	22.70%	5,854,041	22.70%
800,001 - 1,000,000	69,000	0.27%	69,000	0.27%
More than 1,000,000	1,747,930	6.77%	1,747,930	6.77%
Total	25,790,056	100.00%	25,790,056	100.00%

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 conducted as at December 31, 2010, contains change in the reserving basis for the reserves maintained for group health Incurred But Not Reported (IBNR) claims.

A study was conducted to test the adequacy of IBNR held as at December 31, 2009 for normal schemes. The IBNR was significantly in excess of the claims reported subsequently. This is because the delay in claims reporting has reduced substantially over the last 2-3 years. As such, the claims lag factors were appropriately reduced with a reasonable margin for adverse deviation in the basis of IBNR for normal schemes as at December 31, 2010.

For micro-insurance schemes, IBNR basis was changed to target an ultimate loss ratio of 175% as at June 30, 2010. This basis has been continued at December 31, 2010 as it is consistent with the developing experience of micro-insurance schemes.

The above change in valuation basis has resulted in decrease in policyholders' liability by Rs. 1.8 million with corresponding impact in the 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

Worsening of morbidity rates for risk policies
Increase in reporting lag
Increase in average claim amount

Change in variable

+10% p.a.
+10% p.a.
+10% p.a.

Increase in liability 2010 Rupees '000

3,300
3,300
3,300

Increase in liability 2009

3,800
3,800
3,800

28.2 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 28.2.1

28.2.1 Mismatch of interest rate sensitive assets and liabilities / yield / interest rate risk

	2010											
	Effective Yield/ Interest rate %	Total	Exposed to Yield/ Interest rate risk							Over ten years	Non-interest bearing financial instruments	
			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
(Rupees in '000)												
On-balance sheet financial instruments												
Financial assets												
Cash and others		3,627	-	-	-	-	-	-	-	-	3,627	
Current and other accounts	7	407,037	402,214	-	-	-	-	-	-	-	4,823	
Deposits maturing within 12 months	10.2-13.4	674,000	174,000	500,000	-	-	-	-	-	-	-	
Unsecured advances to employees		4,560	-	-	-	-	-	-	-	-	4,560	
Investments - net of provision	8-16.26	9,673,115	1,002,231	1,593,591	1,649,045	2,034,004	112,074	509,334	340,569	9,947	87,170	
Premiums due but unpaid		73,840	-	-	-	-	-	-	-	-	73,840	
Investment income due but outstanding		897	-	-	-	-	-	-	-	-	897	
Investment income accrued		71,502	-	-	-	-	-	-	-	-	71,502	
Amounts due from other insurers / reinsurers		150,786	-	-	-	-	-	-	-	-	150,786	
Inter-fund receivable		19,278	-	-	-	-	-	-	-	-	19,278	
Sundry receivable		15,767	-	-	-	-	-	-	-	-	15,767	
		11,094,409	1,578,445	2,093,591	1,649,045	2,034,004	112,074	509,334	340,569	9,947	87,170	
											2,680,230	
Financial liabilities												
Outstanding claims		502,887	-	-	-	-	-	-	-	-	502,887	
Amounts due to other insurers / reinsurers		15,206	-	-	-	-	-	-	-	-	15,206	
Amounts due to agents		201,613	-	-	-	-	-	-	-	-	201,613	
Accrued expenses		128,879	-	-	-	-	-	-	-	-	128,879	
Other creditors and accruals		18,606	-	-	-	-	-	-	-	-	18,606	
Unclaimed dividend		1,044	-	-	-	-	-	-	-	-	1,044	
Inter-fund payable		19,278	-	-	-	-	-	-	-	-	19,278	
		887,513	-	-	-	-	-	-	-	-	887,513	
On-balance sheet gap		10,206,896	1,578,445	2,093,591	1,649,045	2,034,004	112,074	509,334	340,569	9,947	87,170	1,792,717
Off-balance sheet financial instruments												
Commitments		(3,570)	-	-	-	-	-	-	-	-	-	(3,570)
Off-balance sheet gap		(3,570)	-	-	-	-	-	-	-	-	-	(3,570)
Total yield / interest rate risk sensitivity gap			1,578,445	2,093,591	1,649,045	2,034,004	112,074	509,334	340,569	9,947	87,170	1,789,147
Cumulative yield / interest rate risk sensitivity gap			1,578,445	3,672,036	5,321,081	7,355,085	7,467,159	7,976,493	8,317,062	8,327,009	8,414,179	1,789,147

2009

Effective Yield/ Interest rate %	Total	Exposed to Yield/ Interest rate risk								Non-interest bearing financial instruments	
		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)											
On-balance sheet financial instruments											
Financial assets											
Cash and others		2,396	-	-	-	-	-	-	-	-	2,396
Current and other accounts	5	420,631	334,771	-	-	-	-	-	-	-	85,860
Deposits maturing within 12 months	10-12.5	1,700,000	40,000	1,575,000	85,000	-	-	-	-	-	-
Unsecured advances to employees		3,876	-	-	-	-	-	-	-	-	3,876
Investments - net of provision	8-15.26	5,579,564	6,012	94,100	1,789,796	225,005	1,102,817	50,659	334,353	115,648	100,907
Premiums due but unpaid		81,715	-	-	-	-	-	-	-	-	-
Investment income due but outstanding		8,663	-	-	-	-	-	-	-	-	-
Investment income accrued		100,921	-	-	-	-	-	-	-	-	-
Amounts due from other insurers / reinsurers		91,674	-	-	-	-	-	-	-	-	-
Inter-fund receivable		94,787	-	-	-	-	-	-	-	-	-
Sundry receivable		20,078	-	-	-	-	-	-	-	-	-
		8,104,305	380,783	1,669,100	1,874,796	225,005	1,102,817	50,659	334,353	115,648	100,907
											2,250,237
Financial liabilities											
Outstanding claims		436,096	-	-	-	-	-	-	-	-	-
Amounts due to other insurers / reinsurers		38,325	-	-	-	-	-	-	-	-	-
Amounts due to agents		119,807	-	-	-	-	-	-	-	-	-
Accrued expenses		125,235	-	-	-	-	-	-	-	-	-
Other creditors and accruals		17,222	-	-	-	-	-	-	-	-	-
Unclaimed dividend		751	-	-	-	-	-	-	-	-	-
Inter-fund payable		94,787	-	-	-	-	-	-	-	-	-
		832,223	-	-	-	-	-	-	-	-	-
		7,272,082	380,783	1,669,100	1,874,796	225,005	1,102,817	50,659	334,353	115,648	100,907
											832,223
On-balance sheet gap											
											1,418,014
Off-balance sheet financial instruments											
Commitments		(3,230)	(12)	(24)	(36)	(23)	-	-	-	-	-
											(3,135)
Off-balance sheet gap											
											(3,135)
Total yield / interest rate risk sensitivity gap											
			380,771	1,669,076	1,874,760	224,982	1,102,817	50,659	334,353	115,648	100,907
Cumulative yield / interest rate risk sensitivity gap											
			380,771	2,049,847	3,924,607	4,149,589	5,252,406	5,303,065	5,637,418	5,753,066	5,853,973
											1,414,879

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 amortised 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. 36.93 million (2009: Rs. 20.13 million). The portion of this loss that would be recognised directly in equity is Rs. 0.90 million (2009: Rs. 1.06 million)

A decrease in 100 basis points in interest yields would result in a gain of Rs. 15.22 million (2009: Rs. 19.88 million). The portion of this gain that would be recognised directly in equity is Rs. 0.74 million (2009: Rs. 0.85 million)

b) Sensitivity analysis - currency risk

The company 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.

29. FOREIGN CURRENCY RISK

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

30. 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.

31. 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)										
December 31, 2010											
Debt securities	129,744	14,869	108,426	73,252	24,955	-	-	-	-	6,893,271	7,244,517
Open-end mutual funds	-	11,012	-	-	60,633	-	-	-	-	14,905	86,550
Loans and receivables	-	-	-	94,827	9,265	46,694	-	-	-	113,389	264,175
Cash and cash equivalents	28,089	1,027,537	25,952	2,937	-	47	17	-	-	85	1,084,664
	157,833	1,053,418	134,378	171,016	94,853	46,741	17	-	-	7,021,650	8,679,906
December 31, 2009											
Debt securities	-	71,075	218,026	102,300	-	-	-	-	-	3,427,900	3,819,301
Open-end mutual funds	-	-	-	-	54,705	-	-	-	9,958	-	64,663
Loans and receivables	-	-	-	80,380	11,294	-	-	-	-	123,579	215,253
Cash and cash equivalents	150,050	866,353	212,615	175,759	368,212	60,332	100,798	1,512	-	102,396	2,038,027
	150,050	937,428	430,641	358,439	434,211	60,332	100,798	1,512	9,958	3,653,875	6,137,244

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:

	2010	2009
	(Rupees in '000)	
Cash and bank deposits	1,084,664	2,123,027
Unsecured advances to employees	4,560	3,876
Premiums due but unpaid	47,490	51,089
Investment income due but outstanding	897	8,663
Investment income accrued	71,502	100,921
Sundry receivable	15,767	20,078
	(Rupees in '000)	
The carrying values of financial assets which are past due but not impaired are as under:		
Premiums due but unpaid	13,475	24,328
	(Rupees in '000)	
The carrying values of financial assets which are past due and impaired are as under:		
Premiums due but unpaid	12,875	6,298

32. 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.

33. 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 which in respect of the current and next year is Rs. 500 million (2009: Rs 450 million);
- 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, with which the company is in compliance.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

As at December 31, 2010, the carrying value of all financial instruments is estimated to approximate their fair value, except for investments referable to non-linked funds, the market value of which exceeded the cost by Rs. 8.49 million (2009: Rs. 4.07 million) on an aggregate portfolio basis.

35. 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:

35.1 Policyholders' liabilities

35.1.1 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.

35.1.2 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.

35.1.3 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.

35.1.4 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.

35.2 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. Therefore, no amount is shown as a contingent liability of the company.

35.3 Impairment in respect of listed securities

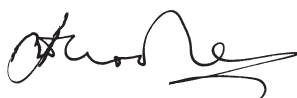
The company determines that listed available-for-sale securities are impaired when there has been a significant decline in fair value below its cost. In making this judgment, the company evaluates among other factors volatility in share prices in normal course.

36. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on February 23, 2011 proposed a final cash dividend of Rs. 1.50 per share (2009 : Re.1 per share) for the year ended December 31, 2010 amounting to Rs. 94.07 million (2009 : Rs. 62.71 million) for approval of the members at the forthcoming Annual General Meeting. These financial statements do not recognise this appropriation which will be accounted for in the financial statements for the year ending December 31, 2011.

37. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 23, 2011 by the Board of Directors of the company.



Masood Noorani
Chairman



Towfiq H. Chinoy
Director



Shahid M. Loan
Director



Javed Ahmed
Managing Director &
Chief Executive Officer

Statement of Directors

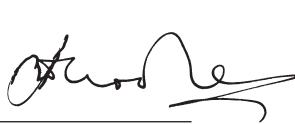
(As per the requirement of section 46(6) and section 52(2)(c) of the Insurance Ordinance, 2000)

Section 46(6)

- (a) In our opinion the annual statutory accounts of the New 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 there under;
- (b) New Jubilee Life Insurance Company Limited has at all times in the year complied with the provisions of the Ordinance and the rules made there under relating to paid-up capital, solvency and reinsurance arrangements; and
- (c) As at December 31, 2010 New 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 New Jubilee Life Insurance Company Limited complies with the solvency requirements of the Insurance Ordinance, 2000, and the Insurance Rules, 2002.



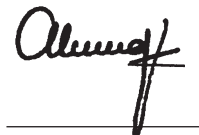
Masood Noorani
Chairman



Towfiq H. Chinoy
Director



Shahid M. Loan
Director



Javed Ahmed
Managing Director &
Chief Executive Officer

Statement of Appointed Actuary

(required under section 52(2) (a) & (b) of the Insurance Ordinance, 2000.

In my Opinion:

- (a) the policyholder liabilities in the balance sheet of New Jubilee Life Insurance Company Limited as at 31.12.2010 have been determined in accordance with the provisions of the Insurance Ordinance, 2000; and
- (b) each statutory fund of the New 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 the Society of Actuaries (USA)
Fellow of the Pakistan Society of Actuaries

Date: February 28, 2011

Pattern of Shareholding

As at 31 December 2010

Number of Shareholders	Shareholding' Slab		Total Shares held
	From	To	
106	1	100	3,668
605	101	500	261,560
238	501	1000	201,968
390	1001	5000	1,123,805
92	5001	10000	726,350
24	10001	15000	293,760
21	15001	20000	369,532
19	20001	25000	439,084
5	25001	30000	135,984
8	30001	35000	262,920
3	35001	40000	115,282
4	40001	45000	164,360
5	45001	50000	240,500
3	50001	55000	158,500
1	55001	60000	60,000
2	60001	65000	122,788
2	65001	70000	137,187
1	70001	75000	75,000
1	75001	80000	77,500
3	95001	100000	300,000
1	100001	105000	100,500
2	105001	110000	218,000
1	115001	120000	117,500
3	120001	125000	371,999
1	195001	200000	200,000
1	245001	250000	246,000
1	400001	405000	401,290
1	435001	440000	440,000
1	675001	680000	675,002
1	900001	905000	901,301
1	2190001	2195000	2,190,500
1	4030001	4035000	4,032,766
1	11250001	11255000	11,255,000
1	36290001	36295000	36,292,394
1,550			62,712,000

Pattern of Share Holding

As at 31 December 2010

Categories of Shareholders	Number of Shareholders	Shares held	Percentage
1 Directors, Chief Executive Officer and their Spouses and minor children	8	177,467	0.28%
Masood Noorani		67,187	
Javed Ahmed		780	
Towfiq Habib Chinoy		100,500	
Sultan Ali Akbar Allana		500	
Shahid Mahmood Loan		500	
John Joseph Metcalf		500	
Aly Noor Mahomed Rattansey		500	
Hina Javed		7,000	
2 Associated Companies, Undertakings and Related Parties:	3	15,727,766	25.08%
New Jubilee Insurance Company Limited		4,032,766	
Habib Bank Limited - Treasury Division		11,255,000	
The Aga Khan University Foundation		440,000	
3 NIT and ICP	1	500	0.00%
Investment Corporation of Pakistan		500	
4 Public Sector Companies & Corporations	-	-	
5 Banks, Development Financial Institutions, Non banking Financial Institutions	3	32,002	0.05%
MCB Bank Limited		16,000	
Invest Capital Investment Bank Limited		10,000	
Mybank Limited		6,002	
6 Insurance Companies	2	901,801	1.44%
The Premier Insurance Company of Pakistan		500	
EFU General Insurance Limited		901,301	
7 Modarbas and Mutual Funds	6	917,581	1.46%
First Equity Modarba		3,000	
CDC-Trustee PICIC Investment Fund		61,288	
CDC-Trustee PICIC Growth Fund		35,282	
CDC-Trustee First Dawood Mutual Fund		675,002	
CDC-Trustee JS Pension Savings Fund - Equity Account		20,509	
CDC-Trustee HBL - Stock Fund		122,500	
8 Others	33	365,042	0.58%
9 Executives	4	3,280	
Manzoor Ahmed		1,000	
Mohammad Sohail Fakhra		780	
Faisal Qasim		500	
Zahid Barki		1,000	
10 General Public	1,490	44,586,561	71.10%
Foreign	5	38,565,394	
Aga Khan Fund for Economic Development S.A. Swiss	*	36,292,394	
The Bank of New York Mellon SA/NV		2,190,500	
Habib Bank AG Zurich, Deira Dubai		70,000	
J.P. Morgan Clearing Corp. Clearing Account		10,000	
Mohammad Ishaq Khan		2,500	
Local	1,484	6,019,167	
TOTAL	1,550	62,712,000	100.00%

* Excluding 2,500 shares held by Nominee Directors

Pattern of Share Holding

Additional Information as at 31 December 2010

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

11 Trading in shares by the Directors, CEO & Spouse and Executives during 2010

Masood Noorani	Director	Purchased	66,407
Towfiq H. Chinoy	Director	Purchased	100,000
Hina Javed (Spouse of the CEO)		Purchased	5,000
Zahid Barki	Executive	Purchased	1,000

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

12 Categories of Shareholders as at December 31, 2010

Individuals	1,497	6,201,914	9.89%
Insurance Companies	3	4,934,567	7.87%
Joint Stock Companies	33	365,042	0.58%
Financial Institutions	8	13,558,002	21.62%
Modarabas & Mutual Funds	6	917,581	1.46%
Non Resident Shareholders	2	36,294,894	57.88%
Others	1	440,000	0.70%
TOTAL	1550	62,712,000	100.00%

Notice of Annual General Meeting

Notice is hereby given that the 16th Annual General Meeting of the Shareholders of New Jubilee Life Insurance Company Limited will be held as per below mentioned schedule:

Day, date and time: Wednesday, 30th March, 2011 at 11.00 a.m.
Venue Auditorium, Habib Bank Tower, Jinnah Avenue, Islamabad

Agenda

Ordinary Business

1. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2010 and the Directors and Auditors Reports.
2. To approve payment of Cash Dividend of Rs. 1.50 per share (15%) to the Shareholders as recommended by the Directors.
3. To consider the appointment of Auditors for the year ending 31 December 2011 and to fix their remuneration. The retiring Auditors Messrs. A.F. Ferguson & Co. Chartered Accountants being eligible offer themselves for re-appointment.
4. To elect Seven (7) Directors of the Company as fixed by the Board in the meeting held on February 23, 2011 in accordance with the provision of Section 178 of the Companies Ordinance, 1984, for a period of three (3) years commencing 31 March, 2011 in place of retiring directors namely:
 1. Mr. Masood Noorani
 2. Mr. Javed Ahmed
 3. Mr. Towfiq H. Chinoy
 4. Mr. Sultan Allana
 5. Mr. Shahid Mahmood Loan
 6. Mr. John Joseph Metcalf
 7. Mr. Aly Noor Mahomed Rattansey

The retiring directors are eligible, for re-election.

Special Business

5. To consider and if thought fit to pass the following resolution as a Special resolution with or without modification(s):

"Resolved that the name of the Company be changed from "New Jubilee Life Insurance Company Limited" to "Jubilee Life Insurance Company Limited" subject to approval by the Registrar".

"Further Resolved that clause 1 of the Memorandum of Association be replaced with "The name of the Company is Jubilee Life Insurance Company Limited".

"Further Resolved that "wherever the existing name appears in the Memorandum and Articles of Association and in other documents be substituted with the new name"

"Further Resolved that the "Chief Executive Officer or the Company Secretary be authorized to take the necessary legal steps in this regard".

Statement under Section 160(1) of the Companies Ordinance, 1984:

The Directors propose that the name of the Company be changed to "Jubilee Life Insurance Company Limited". The Company was established in the year 1995 and has been transacting life insurance business for the last 15 years. The word "New" as appearing in the present name gives the misleading impression that it is a newly established company. It is considered that the proposed name will create a stronger brand identity of the Company.

The Securities and Exchange Commission of Pakistan has confirmed the availability of the proposed name vide letter No. ADR-I/23188 dated March 1, 2011.

6. Investment in associated companies:

As required under the SRO No. 865(1)/2000 dated 6 December, 2000, the status of the following investments in associated companies against approvals held by the Company in Annual General Meeting of 26 April 2007 is as under:

a) International Industries Limited

As regards the approval granted by the shareholders in respect of investment of PKR 150 million, the Company has invested PKR 128.274 million (2009: Rs. 110.986 million) in the purchase of ordinary shares of the company. Further investment will be made on availability of shares at a suitable price after taking into consideration the latest financial position of the investee company.

b) Habib Bank Limited

As regards the approval granted by the shareholders in respect of investment of PKR 150 million, the Company has invested PKR 109.703 million (2009: Rs. 109.703 million) in purchase of ordinary shares of the company. Further investment will be made on availability of shares at suitable prices after taking into consideration the latest financial position of the investee company.

c) New Jubilee Insurance Company Limited

As regards the approval granted by the shareholders in respect of investment of PKR 150 million, the Company has invested PKR 35.942 million (2009: Rs. 24.931 million) in purchase of ordinary shares of the company. Further investment will be made on availability of shares at a suitable price after taking into consideration the latest financial position of the investee company.

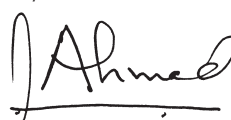
Up to date financial position of the respective investee company are as under:

Name of the investee company	Average market price of the shares during preceeding six months (Sep. 2010 to February 2010)	Break up value of shares on the basis of last published financial statements	Basic Earning (Loss) per share of investee company in the last three years.
International Industries Limited	Rs. 51.02	Rs.31.22	Basic earning per share 2007/08 Rs. 8.50 2008/09 Rs. 3.75 2009/10 Rs. 10.27 2010 /11HI Rs. 2.75
Habib Bank Limited	Rs. 110.60	Rs. 86.68	2008 Rs. 13.18 2009 Rs. 13.50 2010 Rs. 16.78
New Jubilee Insurance Company Limited	Rs. 57.38	Rs. 36.33	2008 Rs. (4.05) 2009 Rs. 9.96 2010 Rs. 5.69

7. To transact any other ordinary business as may be placed before the meeting with the permission of the Chair.

February 23, 2011
Karachi

By order of the Board



Manzoor Ahmed
Company Secretary

Notes:

1. The Share transfer books of the Company shall remain closed from March 22, 2011 to March 30, 2011 (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 Shara-e-Faisal, Karachi-74400, at the close of business on March 21, 2011 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.

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.

The shareholders registered on CDC are also requested to bring their particulars, I.D. numbers and account numbers in CDS.

- ii) In case of corporate entity, the Board of Directors' resolution/power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of 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.

C). FOR ELECTION OF DIRECTORS

The number of Directors to be elected at the Annual General Meeting has been fixed by the Board of Directors at Seven (7) at its meeting held on February 23, 2011.

Any person who seeks to contest election for directorship of the Company shall file with the Company at its registered office:

- i) A Notice of his / her intention to offer himself / herself for election 14 days before the date of the above said Annual General Meeting, in terms of Section 178 (3) of the Companies Ordinance, 1984;
- ii) Form 28 (consent to Act as Director) prescribed under Companies Ordinance, 1984;
- iii) A declaration with Consent to act as Director in the prescribed form under clause (ii) of the Code of Corporate Governance to the effect that he/she is aware of duties and powers of Directors as mentioned in Companies Ordinance, 1984, the Memorandum and Articles of the Company and the Listing Regulations of Karachi Stock Exchange and has read the relevant provisions contained therein;
- iv) A Declaration in terms of the Code of Corporate Governance to the effect that he/she is not serving as a Director of more than ten other listed companies, and he/she is a registered National Tax Payer (except where he/she is a non-resident); that he/she has not been convicted by a court of competent jurisdiction as defaulter in payment of any loan to a banking company, a development financial institution or a non-banking financial institution; that he/she or their spouse are not engaged in the business of Stock Brokerage (unless specifically exempted by the Securities and Exchange Commission of Pakistan);
- v) Attested copy of CNIC/NTN or copy of passport in case of non-resident.

New Jubilee life Insurance Company Limited

Head Office

74/1-A, Lalazar, M.T. Khan Road, Karachi-74000,
Tel: (021) 35611071-5, 35611802-8 Fax:(021) 35610959

BRANCH NETWORK SOUTHERN REGION

BADIN

Badin (Sub Office)
Shop # 33-34, Naseem City Centre, Badin
Tel: (0297) 861260
Fax: (0222) 786191

GHOTKI

Station Road Branch
Green Hotel Building, Main Chowk,
Station Road , Ghotki.
Tel: (0723) 600612 – 13

Ghotki City Branch

Green Hotel Building, Main Chowk,
Station Road , Ghotki.
Tel: (0723) 600612 – 13

HYDERABAD

Hyderabad Cant Branch
1st Floor, Block - CC 1, Civic Center,
Thandi Serak, Hyderabad.
Tel: (0222) 2729112, 2786193-4
Fax: (0222) 2786191

Hyderabad Indus Branch

1st Floor, Block - CC 1, Civic Center,
Thandi Serak, Hyderabad.
Tel: (0222) 2729112, 2786193-4
Fax: (0222) 2786191

Thandi Sarak Branch

1st Floor, Block - CC 1, Civic Center,
Thandi Serak, Hyderabad.
Tel: (0222) 2729112, 2786193-4
Fax: (0222) 2786191

Hyderabad Mehran Branch

Shop No. 1 & 2, Ground Floor Sambara Tower
Behind KFC Near State Life Building
Thandi Sarak Hyderabad
Tel (022) 2730141-42

Hyderabad Royal Branch

Shop No. 1 & 2, Ground Floor Sambara Tower
Behind KFC Near State Life Building
Thandi Sarak Hyderabad
Tel (022) 2730141-42

Hyderabad City Branch

Shop No. 1 & 2, Ground Floor Sambara Tower
Behind KFC Near State Life Building
Thandi Sarak Hyderabad
Tel (022) 2730141-42

JACOBABAD (Sub Office)

Quaid-e-Azam Road
Opp. Old Municipal Committee,
Quaid-e-Azam Road, Jaccobabad.
Tel: (0722) 655085, 651237

Khipro Branch

Sanghar Road
Opposite Forest Office
Khipro
Tel: (0235)879969

Kipro Lucky Branch

Sanghar Road
Opposite Forest Office
Khipro
Tel: (0235)879969

KARACHI

Civic Branch
1st Floor, Office No. 109,
Asia Pacific Trade Center, Opp. Millenuim Mall
Main Rashid Minhas Road, Karachi.
Tel : (021)-34663183-84

Karachi New city Branch

Office # 601, 6th Floor, Progressive Centre,
P.E.C.H.S., Block – 6, Karachi.
Tel : (021)-34392853-55
Fax : (021)-34322170

Alpha Branch

4th Floor, Duty Free Shop Center, Plot # 6,
Jinnah Coperative Housing society, Block 7/8,
Main Sharah-e-faisal, Karachi.
Tel: (021) 34325385-86

Ghazi Branch

4th Floor, Duty Free Shop Center, Plot # 6,
Jinnah Coperative Housing society, Block 7/8,
Main Sharah-e-faisal, Karachi.
Tel: (021) 34325385-86

Capricon Branch

4th Floor, Duty Free Shop Center, Plot # 6,
Jinnah Coperative Housing society, Block 7/8,
Main Sharah-e-faisal, Karachi.
Tel: (021) 34325385-86

Jauhar Branch

Ist. Floor, Office # 105-6, Asia Pacific TradeCentre,
Opposite Driv in Cinema, Main Rashid Minhas Road
Karachi.
Tel: (021) 34017412,34017414-5

Federal Branch

4th Floor, Duty Free Shop Center, Plot # 6,
Jinnah Coperative Housing society, Block 7/8,
Main Sharah-e-faisal, Karachi.
Tel: (021) 34325387

Pioneer Branch

Ist. Floor, Office # 105-6, Asia Pacific TradeCentre,
Opposite Drive in Cinema, Main Rashid Minhas Road
Karachi.
Tel: (021) 34017412,34017414-5

Karachi Central Branch

Ist. Floor, Office # 105-6, Asia Pacific TradeCentre,
Opposite Drive in Cinema, Main Rashid Minhas Road
Karachi.
Tel: (021) 34017412,34017414-5

Gulshan -e- Hadeed

A-1501, Phase I Gulshan-e- Hadeed

Garden Branch

4th Floor, Duty Free Shop Center, Plot # 6,
Jinnah Cooperative Housing society,
Block 7/8, Main Sharah-e-faisal
Karachi.
Tel: (021) 34325385-86

Royal Branch

Flat No. 9, Afzal Apartment,
KDA Scheme No. I-A
Stadium Road, Karachi.
Tel: (021) 34131346 – 50
Fax: (021) 34947252

Liberty Branch

1st Floor, Office No. 105-A & 106,
Asia Pacific Trade Center, Opp.
Drive-In-Cinema
Main Rashid Minhas Road, Karachi.
Tel: (021) 34017415

Nursery Branch

4th Floor, Duty Free Shop Center, Plot # 6,
Jinnah Coperative Housing society, Block 7/8,
Main Sharah-e-faisal, Karachi.
Tel: (021) 34325427-28

Shahrah-e-Faisal Branch 2

4th Floor, Duty Free Shop Center, Plot # 6,
Jinnah Coperative Housing society, Block 7/8,
Main Sharah-e-faisal, Karachi.
Tel: (021) 34325421

Shaheen – 1, Branch

Office # 601, 6th Floor, Progressive Centre,
P.E.C.H.S., Block – 6, Karachi.
Tel : (021)-34392853-55
Fax : (021)-34322170

Shaheen – 3, Branch

Mezzanine Floor, Farhan Towers,
Rashid Menhas Road, Block – 20,
Gulistan-e-Jauhar, Karachi
Tel : (021)-34663270-79

KHAIRPUR

Civic Center Branch
Near Ghareeb Nawaz Hotel,
Opp Circuit House, Khairpur
Tel: (0243) 714872

LARKANA

Station Road Branch
1st Floor, Asad Shopping Centre,
Near Ali-Manzar Cinema, Station Road, Larkana
Tel: (074) 4057483-4 4057486-7
Fax: (074) 4057482

Larkana City Branch

1364/2, Block C,
Nawatak Mohallah, Larkana
Tel: (074) 4057483-4 4057486-7
Fax: (074) 4057482

Larkana Mehran Branch

1364/2, Block C,
Nawatak Mohallah, Larkana
Tel: (074) 4057483-4 4057486-7
Fax: (074) 4057482

Shikarpur (sub Office)

Near Modern Public School,
Station Road, Old Saddar,
Shikarpur.

EMPLOYEES BENEFIT SERVICES

Karachi : NJI Life Building, 74/1-A, Lalazar, M.T. Khan Road, Karachi-74000 Tel: (021) 35611071-5, Ext. 2263 Fax: (021) 35612314
Lahore : 21-L, Gulberg III, Main Ferozepur Road, Lahore. Tel : (042) 5841915, Fax : (042) 5841913
Faisalabad : Satiana Road Branch, 1st Floor-721, Batala Colony, Satiana Road, Faisalabad. Tel: (041) 8712008, 8733179, 8717337, 8720984, 8714256, 8720487 Fax: (041) 8710101
Rawalpindi : DD-79, Asad Plaza, Shamsabad, Muree Road, Rawalpindi. Tel: (051) 4575243, 111-116-554

New Jubilee life Insurance Company Limited

Head Office

74/1-A, Lalazar, M.T. Khan Road, Karachi-74000,
Tel: (021) 35611071-5, 35611802-8 Fax:(021) 35610959

Larkana Royal Branch

1364/2, Block C,
Nawatak Mohallah, Larkana
Larkana
Tel: (074) 4057483-4 4057486-7
Fax: (074) 4057482

Larkana Indus Branch

1364/2, Block C,
Nawatak Mohallah, Larkana
Tel: (074) 4057483-4 4057486-7
Fax: (074) 4057482

Mehar City Branch

Eri Building, Girls School Road,
Near UBL Bank, Mehar.
Tele : (025) 4730406

Dhairki Branch

Near First Micro Finance Bank,
G.T. Road, Daharki
Tel : (0723) 644317 – 18

MIRPURKHAS

Mirpurkhas City Branch
Umar Kot Road , Mirpurkhas, Sindh
Tel: (0233) 873106

Mirpurkhas Royal Branch

Umar Kot Road , Mirpurkhas, Sindh
Tel: (0233) 873106

NAUSHEROZEROZ

Nausherozeroz City Branch
Near Rahil Clinic, Main Road,
Nausherozeroz
Tel: (0242) 448424, 481222

Panu Aqil Branch

Opposite Caltex Petrol Pump,
Baiji Chowk, Panoakil.
Tel : (071) 5691717 – 18

Rohri Branch

Opposite Caltex Petrol Pump,
Baiji Chowk, Panoakil.
Tel : (071) 5691717 – 18

QUETTA

Quetta City Branch
Suite # 11& 12, 2nd. Floor,
Institute of Engineering,
Zargoan Road, Quetta
Tel: (081) 2829822, 2823913

SUKKUR

Sukkur City Branch
1st Floor, Lala Azam Plaza, Opp. Excise Office,
Station Road, Sukkur.
Tel: (071) 5612056, 5614515, 5614261
Fax: (071) 5613375

NORTHERN REGION

ABBOTABAD

Mansehra Road Branch
Civic Shopping Center, Near Muqadas Tower,
Mansehra Road, Mandian,
Abbotabad
Tel # : (0992)383257, 383249

BHAWALPUR

Bhawalpur Branch
1st Floor, Adil Complex, Opp. Circuit House,
Ahmed Pur Road, Bhawalpur
Tel (062) 2877326

FAISALABAD

Satiana Road Branch
721-B, 1st Floor, - Batala Colony,
Satiana Road, Faisalabad.
Tel: (041) 8733179, 8720984, 8714256, 8733435
Fax: (041) 8710101

Layalpur Branch - 1

721-B, 1st Floor, - Batala Colony,
Satiana Road, Faisalabad.
Tel: (041) 8733179, 8720984, 8714256, 8733435
Fax: (041) 8710101

Layalpur Branch - 2

721-B, 1st Floor, - Batala Colony,
Satiana Road, Faisalabad.
Tel: (041) 8733179, 8720984, 8714256, 8733435
Fax: (041) 8710101

GUJRANWALA

G. T. Road Branch 1
Chughtai Centre, G.T Road
Shaheenabad Gujranwala
Tel: (055) 3824730 – 5

G.T. Road Branch 2

3rd floor Zaheer Plaza, GT Road Gujranwala
Tel: (055) 3736611 – 13

GUJRAT

Chanab Branch

Ground Floor, Ittefaq Plaza, Jinnah Road, Gujrat.
Tel: (0533) 3525115, 3535115, 3536115

ISLAMABAD

Jinnah Avenue Branch

D-26, 3rd Floor, Kashmir Plaza, Jinnah Avenue,
Islamabad.
Tel: (051) 2206930-3
Fax: (051) 2825372

Margala Hill Branch

D-26, 3rd Floor, Kashmir Plaza, Jinnah Avenue,
Islamabad.
Tel: (051) 2206930-3
Fax: (051) 2825372

Karakuram 1 & 2 Branch

D-26, 3rd Floor, Kashmir Plaza, Jinnah Avenue,
Islamabad.
Tel: (051) 2206930-3
Fax: (051) 2825372

Rawal Branch

D-26, 3rd Floor, Kashmir Plaza, Jinnah Avenue,
Islamabad.
Tel: (051) 2206930-3
Fax: (051) 2825372

Kotli

Pindi Road Branch

2nd Floor, Gulistan Plaza, Pindi Road,
Kotli, Azad Kashmir.
Tel: (058660) 44475
Fax: (058660) 46897

Kohat

Al-Madina Plaza, Pehzati Chikarkot,
Bannu Road, Kohat
Tel# 092-2519789

Lahore

Davis Road Branch
16/2, 2nd Floor, KSB Pumps Building,
Sir Aga Khan Road, Lahore.
UAN # (042) 111-11-6554
Tel: (042) 36308956 – 59
Fax: (042) 36308963

Ravi Branch

16/2, 2nd Floor, KSB Pumps Building
Sir Aga Khan Road, Lahore.
UAN # (042) 111-11-6554
Tel: (042) 36308956 – 59
Fax: (042) 36308963

Shalimar Branch

16/2, 2nd Floor, KSB Pumps Building
Sir Aga Khan Road, Lahore.
UAN # (042) 111-11-6554
Tel: (042) 36308956 – 59
Fax: (042) 36308963

Dawn Branch

16/2, 2nd Floor, KSB Pumps Building
Sir Aga Khan Road, Lahore.
UAN # (042) 111-11-6554
Tel: (042) 36308956 – 59
Fax: (042) 36308963

Shadman Branch

175 Gen. Sarfaraz Khan Road
Shadman Colony 2, Lahore.
Tel: (042) 37562705 – 6
Fax: (042) 37232246

Canal View Branch

175 Gen. Sarfaraz Khan Road
Shadman Colony 2, Lahore.
Tel: (042) 37562705 – 6
Fax: (042) 37232246

Corporate Office

21-L, Gulberg III, Ferozepur Road,
Lahore.
TEL: (042)5843612-619

Muzaffarabad

Muzaffarabad (Sub Office)
7 to 11 Building, 2nd Floor
Mir Waize Kashmir Road
Opp: C.M.H. , Muzzafarabad
Tel: (058) 81045041

Mirpur Azad Kashmir (AJK)

Allama Iqbal Road Branch
Plot No.629, 1st floor, Sector B-1, Bank Square
Allama Iqbal Road, Mirpur AJK
Tel : (058610) 45802-5

MULTAN

Abdali Road Branch – 1 & 2

NIPCO House, 63-A, Abdali Road, Multan
Tel: (061) 4573301- 02
Fax: (061) 4573397

EMPLOYEES BENEFIT SERVICES

Karachi : NJI Life Building, 74/1-A, Lalazar, M.T. Khan Road, Karachi-74000 Tel: (021) 35611071-5, Ext. 2263 Fax: (021) 35612314
Lahore : 21-L, Gulberg III, Main Ferozepur Road, Lahore. Tel : (042) 5841915, Fax : (042) 5841913
Faisalabad : Satiana Road Branch, 1st Floor-721, Batala Colony, Satiana Road, Faisalabad. Tel: (041) 8712008, 8733179, 8717337, 8720984, 8714256, 8720487 Fax: (041) 8710101
Rawalpindi : DD-79, Asad Plaza, Shamsabad, Muree Road, Rawalpindi. Tel: (051) 4575243, 111-116-554

New Jubilee life Insurance Company Limited

Head Office

74/1-A, Lalazar, M.T. Khan Road, Karachi-74000,
Tel: (021) 35611071-5, 35611802-8 Fax:(021) 35610959

PESHAWAR

University Road Branch
B - 501 - 502, City Tower,
University Road, Peshawar.
Tel: (091) 5850520-22
Fax: (091) 5842449

Cantt. Branch- 1

UG-Office # 422, 424, 426, 440, 442
Main Deans Trade Centre, Peshawar Cantt.
Tel: (091) 5270388, 5250395, 5270566

Cantt. Branch- 2

UG-Office # 422, 424, 426, 440, 442
Main Deans Trade Centre, Peshawar Cantt.
Tel: (091) 5270388, 5250395, 5270566

Khyber Branch

UG-Office # 422, 424, 426, 440, 442
Main Deans Trade Centre, Peshawar Cantt.
Tel: (091) 5270388, 5250395, 5270566

Chitral (Sub Office)

Ground Floor, Terichmir View Hotel, Shahi Qilla Road,
Main Bazar, Chitral
Tel : (0943) 412207 - 413649

RAHIM YAR KHAN

Shahi Road Branch

White Palace Hotel, 1st Floor, City Centre,
Shahi Road, Rahim Yar Khan.
Tel: (068) 5887601
Fax: (068) 5887602

City Center Branch

White Palace Hotel, 1st Floor, City Centre,
Shahi Road, Rahim Yar Khan.
Tel: (068) 5887601
Fax: (068) 5887602

RAWALPINDI

Haider Road Branch

2nd Floor, Hall no. 3, Bilal Plaza
Grindlay's Market, Haider road,
Rawalpindi cantt.
Tel# (051)-5111335, 5112581 - 4
Fax # (051)-5111336

Shamsabad 1 & 2 Branch

DD-83, 1st Floor, Minhas Shopping Plaza Shamsabad,
Murree Road, Rawalpindi.
UAN # (051) 111-116-554
Tel: (051) 4575201 - 4
Fax: (051) 4575209

Koh-e-Sufaid Branch

DD-83, 1st Floor, Minhas Shopping Plaza Shamsabad,
Murree Road, Rawalpindi.
UAN # (051) 111-116-554
Tel: (051) 4575201 - 4
Fax: (051) 4575209

JEHLUM

Jehlum (Sub Office)

1st Floor, Flat No. 9, Soilder Plaza,
Civil Lines, Jehlum
Tel: (0544) 614582
Fax: (0544) 614582

SARGODHA

Club Road Branch

405 Club Road, Opp. Cantonment Board,
Sargodha
Tel: (048) 3725467-69

SIALKOT

Paris Road Branch

2nd Floor, Al-Amin Centre,
Opp. Sialkot Chamber of Commerce & Industry
Paris Road Sialkot
Tel: (052) 4264687-8
Fax: (052) 4265041

Chakwal (Sub Office)

Office # C-7 & C-8, City Trade Centre,
Tehsil Chawk, Chakwal
Tel : (0543) 555146 - 47

Mehrabpur (Sub Office)

Shop No. 2, 3, 4, 5, S. # 243/2A, Unit # 1,
Masood Abad Colony, Link Road

BANCASSURANCE

Karachi Bancassurance

Karachi RBC, Banglow # 245/6/2/O,
Block -6 P.E.C.H.S, Karachi
Tel : (021) 34322411 - 495 - 497

Faisalabad Bancassurance

1st Floor, Ghori Arcade, Plot # 679,
D.G.M Block, Satiana Road
Tel : (041) 8500558 - 59 & 8500556

Sargodha Bancassurance

Al-Rehman Trade Centre, 2nd Floor,
Office # 55, Sargodha
Tel : (048) 3720725, 3768646 - 47

Sialkot Bancassurance

Office # 3, BASF Building, Defence Road,
Near Subline Chowk, Sialkot
Tel : (052) 4602942

Gujranwala Bancassurance

Main Block, Office # 12, 1st Floor,
GDA Trust Plaza
Gujranwala

Lahore Bancassurance

21-L, Gulberg III, Ferozepur Road, Lahore
Tel : (042) 35843612 - 19

Bahawalpur Bancassurance

Shop # 108, 109 & 110, 1st Floor, Awan Plaza,
Andron-e-Ahmed Puri Gate
Tel : (062) 2882237

Multan Bancassurance

23/B, Akber Tower, Near Goal Bagh,
Gulgast Colony, Multan
Tel : (061) 6511925, 6511927 & 6511937

Sahiwal Bancassurance

128 C, Guilstan Road Near
Ali Masjid/ Kutchery Road, Sahiwal
Tel : (040) 4224334, 4463334 & 4464442

Rawalpindi Bancassurance

DD-79, Asad Plaza
Shamsabad Murree Road, Rawalpindi
Tel: (051) 111-116-554

EMPLOYEES BENEFIT SERVICES

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Lahore : 21-L, Gulberg III, Main Ferozepur Road, Lahore. Tel : (042) 5841915, Fax : (042) 5841913
Faisalabad : Satiana Road Branch, 1st Floor-721, Batala Colony, Satiana Road, Faisalabad. Tel: (041) 8712008, 8733179, 8717337, 8720984, 8714256, 8720487 Fax: (041) 8710101
Rawalpindi : DD-79, Asad Plaza, Shamsabad, Murree Road, Rawalpindi. Tel: (051) 4575243, 111-116-554

Proxy Form

I/We _____ of _____ (full address)

being member(s) of New Jubilee Life Insurance Company Limited and holder of _____

ordinary shares as per shares 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 attend, speak and vote for me and on my behalf at the

Annual General Meeting of the Company to be held on 30 March 2011 (Wednesday) at 11.00 a.m. at Auditorium, Habib Bank tower, Jinnah Avenue Islamabad and at any adjournment thereof.

In witness whereof, I have placed my/our hand(s) this _____ day of March 2011.

Signed by _____

In presence of _____

Signature
Name:
Addressee:
Passport / NIC No.

Please affix
Revenue Stamp

Signature of Member(s)

A member entitled to attend and vote at the Annual General Meeting may appoint another member as proxy to attend, speak and vote instead of him.

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.

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.

AFFIX
CORRECT
POSTAGE

The Company Secretary

New Jubilee Life Insurance Company Limited

26-D, 3rd Floor, Kashmir Plaza,

Jinnah Avenue, Blue Area, Islamabad

Tel : 051-2206930-6 Fax : 051-2825372

Fold : Here

Fold : Here

Fold : Here

Fold : Here



New Jubilee life Insurance Company Limited
Head Office
74/1-A, Lalazar, M.T. Khan Road, Karachi-74000,
Tel: (021) 35611071-5, 35611802-8 Fax:(021) 35610959