

# Good People to Deal with



**65th Annual  
Report 2016**







alpha

**Insurance Company Limited.**

A subsidiary of State Life Insurance Corporation of Pakistan

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## Company Information

### BOARD OF DIRECTORS

Mr. GHUFRAN MEMON  
CHAIRMAN

MR. JAMIL ANWAR  
DIRECTOR

MR. MUSHTAQ AHMED SHAH  
DIRECTOR

MR. MUHAMMAD RASHID  
DIRECTOR

MR. MUSHTAQ AHMAD  
DIRECTOR

MR. FAZAL-UR-REHMAN  
DIRECTOR

MR. AZHAR HUSSAIN  
MANAGING DIRECTOR & CEO

### COMPANY SECRETARY

MR. M AYAZ GHORI

### BOARD COMMITTEES

#### AUDIT COMMITTEE

MR. MUHAMMAD RASHID  
CHAIRMAN

MR. GHUFRAN MEMON  
MEMBER

MR. JAMIL ANWAR  
MEMBER

MR. MUSHTAQ AHMED SHAH  
MEMBER

MR. MUSHTAQ AHMAD  
MEMBER

MR. FARAZ  
SECRETARY

### ETHICS, HUMAN RESOURCE AND REMUNERATION COMMITTEE

MR. GHUFRAN MEMON  
CHAIRMAN

MR. JAMIL ANWAR  
MEMBER

MR. MUSHTAQ AHMED SHAH  
MEMBER

MR. MUHAMMAD RASHID  
MEMBER

MR. AZHAR HUSSAIN  
MD/CEO - MEMBER

MR. SABIR ALI  
SECRETARY

### INVESTMENT COMMITTEE

MR. GHUFRAN MEMON  
CHAIRMAN

MR. MUHAMMAD RASHID  
MEMBER

MR. MUSHTAQ AHMAD  
MEMBER

MR. AZHAR HUSSAIN  
MD/CEO - MEMBER

MR. M AYAZ GHORI  
SECRETARY

### MANAGEMENT COMMITTEES

#### UNDERWRITING, RE-INSURANCE AND CO-INSURANCE COMMITTEE

MR. MUHAMMAD RASHID  
CHAIRMAN

MR. JAMIL ANWAR  
MEMBER

MR. AZHAR HUSSAIN  
MD/CEO - MEMBER

MR. KHALID SHAIKH  
MEMBER

MR. M AYAZ GHORI  
MEMBER

MR. KHWAJA BALIGUDDIN  
SECRETARY

### CLAIMS SETTLEMENT COMMITTEE

MR. JAMIL ANWAR  
CHAIRMAN

MR. GHUFRAN MEMON  
MEMBER

MR. MUSHTAQ AHMED SHAH  
MEMBER

MR. AZHAR HUSSAIN  
MD/CEO - MEMBER

MR. KHALID SHAIKH  
MEMBER

MR. SABIR ALI  
SECRETARY

### RISK MANAGEMENT AND COMPLIANCE COMMITTEE

MR. MUSHTAQ AHMED SHAH  
CHAIRMAN

MR. FAZAL-UR-REHMAN  
MEMBER

MR. MUSHTAQ AHMAD  
MEMBER

MR. AZHAR HUSSAIN  
MD/CEO - MEMBER

MR. M AYAZ GHORI  
SECRETARY



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## Company Information

### MANAGEMENT

MR. AZHAR HUSSAIN  
Managing Director/CEO

MR. KHALID SHAIKH  
General Manager (Operations)

MR. M AYAZ GHORI  
Chief Financial Officer &  
Company Secretary

MR. SALEEM ABDUL SATTAR  
Deputy General Manager (Accounts)

Mr. KHWAJA BALIGUDDIN  
Deputy General Manager  
(Underwriting & Re-insurance)

MR. MOHAMMAD FAROOQ  
Assistant General Manager  
(Underwriting)

MR. SABIR ALI  
Assistant General Manager (HR,  
Admn, Claims & LAW)

MR. FARAZ  
Head of Internal Audit

MR. MUHAMMAD KAMRAN  
Manager  
(Board Secretariat & Accounts)

MR. SALMAN KHURSHID  
Manager (Administration)

### MARKETING

S. A. RAZA  
Sr. General Manager &  
Regional Chief  
Northern Region  
Islamabad

MR. MANZOOR AHMED  
General Manager &  
Regional Chief  
Corporate Region  
Rawalpindi

MR. NADEEM SAFDAR  
CHOUDHRY  
General Manager & Regional Chief  
Central Region  
Lahore

MR. MOHAMMAD REYAZ  
AHMED  
General Manager / Branch Head  
Main Branch  
Karachi

MR. MALIK SULTAN MEHMOOD  
General Manager / Branch Head  
Tower Branch  
Karachi

MR. AZMAT ULLAH SHAIKH  
Asst. General Manager/ Branch Head  
Central Branch  
Karachi

MR. RIAZ AHMAD RAZZI  
Chief Manager  
Multan Branch  
Multan

MR. HAMZULLAH KHAN  
Branch Manager  
Peshawar Branch  
Peshawar

### AUDITORS

M/s. KPMG Taseer Hadi & Co.  
Chartered Accountants

### LEGAL CONSULTANTS

M/s. Mansoor Ahmed Khan & Co.  
Mr. Mohammad Shafiq Mughal  
Mian Mohammad Sharif  
Mr. Mohammad Yousuf Khan  
Mr. A.R. Shahid

### TAX CONSULTANTS

M/s. Ernst & Young Ford Rhodes  
Sidat Hyder, Chartered Accountants

### BANKERS

United Bank Limited  
NIB Bank Limited  
Allied Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
MCB Limited  
National Bank of Pakistan  
Soneri Bank Limited  
Faysal Bank Limited

### REINSURERS

Pakistan Re-Insurance Company Limited  
Labuan Re  
Saudi Re  
Emirates Re  
Labuan Reinsurance Ltd.

### REGISTERED OFFICE

State Life Building # 1-B,  
I.I.Chundrigar Road,  
Karachi -Pakistan.  
Tel: 32416041-45  
Fax: 32419968, 32422478  
E-mail: info@alphainsurance.com.pk  
Web: www.alphainsurance.com.pk



## Financial Highlights Ten Years At A Glance

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	(Rupees in '000)									
					(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Paid Up Capital	403,600	403,600	403,600	403,600	403,600	303,600	303,600	303,600	161,920	121,440
Reserves & Funds	512,945	387,049	438,046	435,720	377,600	296,639	261,810	221,554	262,999	342,941
Investments, Cash & Bank Balances	733,709	687,781	679,007	663,172	556,168	393,184	356,898	340,488	243,880	268,732
Gross Premium	151,448	179,989	219,652	265,239	203,849	155,043	139,767	109,245	118,809	147,918
Retained Premium	79,946	63,215	90,907	115,148	67,428	74,277	59,099	61,511	77,039	99,501
Claims Incurred	47,719	14,991	53,856	55,815	37,441	51,839	46,514	44,796	48,543	61,658
Investments and Miscellaneous Income	80,891	80,481	94,300	162,460	99,131	64,098	48,133	35,044	30,254	95,125
Profit / (Loss) Before Tax	(19,057)	41,128	23,056	103,200	31,883	4,876	(255)	(1,596)	2,870	86,487
Profit / (Loss) After Tax	(15,475)	31,664	19,509	97,677	35,208	17,848	(1,034)	(2,417)	(17,486)	84,023
Dividend - Cash	-	-	-	-	-	-	-	-	-	5%
Stock	-	-	-	-	-	-	-	25%	-	33%
Underwriting Profit / (Loss)	(73,177)	(12,280)	(42,981)	(30,534)	(43,419)	(38,580)	(30,544)	(20,128)	(9,723)	4,453



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## VISION STATEMENT

With help and involvement of all its Stakeholders to make Alpha one of the leading General Insurance Company of the Country with a vibrant marketing force and efficient and responsive office staff, so as to provide best quality services to its policyholders.

## MISSION STATEMENT

To work zealously towards attaining these objectives and be able to compete in the open market by developing a vibrant field force and efficient and responsive office staff.

## RATING

JCR-VIS has assigned Insurers Financial Strength rating 'A' with stable outlook to Alpha Insurance.



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## OUR QUALITY POLICY

We are committed to provide best quality service to our valued policyholders to their satisfaction by assessing their risk need, tailoring product to their requirements and by consistent efforts to reduce time for settlement of claims. We believe that proper assessment of risks of our clients and prompt settlement of claims are the key to our Company's growth.

To comply with and continuously improve the effectiveness of our Quality Management System.





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## Notice of Annual General Meeting

Notice is hereby given that 65th Annual General Meeting of Alpha Insurance Company Limited will be held on Sunday, April 30th, 2017 at 11:00 a.m. at the Company's Head Office, 4th Floor, Building No. 1-B, State Life Square, off I. I. Chundrigar Road, Karachi to transact the following business:

### ORDINARY BUSINESS:

1. To confirm the minutes of the Extraordinary General Meeting held on Friday, March 24th, 2017.
2. To receive, consider and adopt Directors' report (English and Urdu) and Audited Financial Statements of the Company for the year ended December 31, 2016 together with the Auditors' report thereon.
3. To appoint the auditors for the year 2017 and fix their remuneration.
4. Any other matter with the permission of the Chair.

By Orders of the Board

M Ayaz Ghori  
Company Secretary

Karachi: April 8, 2017

### Notes:

1. The share transfer Books of the Company will remain closed from April 20, 2017 to April 29, 2017 (both days inclusive)
2. A member entitled to attend and vote at the meeting may appoint another member as proxy to attend and vote in the meeting.
3. The instrument appointing a proxy must be received at the Head Office of the Company at 4th Floor, Building No. 1-B, State Life Square, off. I. I. Chundrigar Road, Karachi not later than 48 hours before the time appointed for the Meeting. A member shall not be entitled to appoint more than one proxy. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxies shall be rendered invalid.
4. Change of address, if any, should be notified immediately to the Company at 4th Floor, Building No. 1-B, State Life Square, I.I. Chundrigar Road, Karachi.



## Statement of Compliance with the Code of Corporate Governance

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (CCG 2016) and the Code of Corporate Governance Section B, 2003 (CCG 2003) for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practice of corporate governance.

The Company, being an insurer, has applied the principles contained in CCG 2016 and CCG 2003 in the following manner:

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

Category	Names
Independent Directors	Mr. Mushtaq Ahmad Shah
Executive Directors	Mr. Maudood Ahmad Lodhi
Non-Executive Directors	Mr. Ghufraan Memon Mr. Jamil Anwar Mr. Muhammad Rashid Mr. Mushtaq Ahmad Mr. Fazal-ur-Rehman

The independent director meets the criteria of independence under CCG 2016 and CCG 2003.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company have confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI. None of the directors or their spouses is engaged in business of stock brokerage.
4. Casual vacancies occurring on the Board on September 26, 2016, October 16, 2016 and October 17, 2016 were filled up by the directors within 30 days thereof except for a casual vacancy occurring on April 25, 2016 which was later filled on June 1, 2016.
5. The company has prepared a "Code of Conduct" which has been disseminated among all the directors and employees of the Company, however, it has not been uploaded on the Company's website.
6. The Board has developed a vision/ mission statement and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive officer, other executive and non-executive directors and the key officers, have been taken by the Board.



8. The meetings of the Board were presided over by the Chairman and the Board have met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated, except for one meeting, the minutes of which were not circulated within fourteen days thereof.
9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls as given in the code.
10. The Board comprises of senior executives, professionals and entrepreneurs who are fully aware of their duties and responsibilities, hence, no need was felt by the Directors for any Orientation course during the year.
11. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
12. An affidavit confirming the placement or non-placement of name on the exit control lost and status as to whether entered into a plea bargain with NAB has not been filed with SECP within a period of one month from the date of coming into effect of this code.
13. The Directors' report for this year has been prepared in compliance with the requirements of CCG 2016 and fully describes the salient matters required to be disclosed.
14. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before the approval of the Board.
15. The Directors, Chief Executive Officer and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
16. The Company has complied with all the corporate and financial reporting requirements of CCG 2016 and CCG 2003.
17. The Board has formed the following Management Committees under CCG 2016:

**Underwriting, Re-Insurance & Co-Insurance Committee:**

<b>Name of the member</b>	<b>Category</b>
Mr. Muhammad Rashid	Chairman (Director)
Mr. Jamil Anwar	Member
Mr. Maudood Ahmad Lodhi	Member (Chief Executive officer)
Mr. Latif Ahmad Choudhri	Member
Mr. Muhammad Ayaz Ghori	Member
Mr. Khwaja Balighuddin	Secretary



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**Claims Settlement Committee:**

Name of the member	Category
Mr. Jamil Anwar	Chairman (Director)
Mr. Mushtaq Ahmed Shah	Member
Mr. Ghufuran Memon	Member
Mr. Maudood Ahmad Lodhi	Member (Chief Executive officer)
Mr. Latif Ahmad Choudhri	Member
Mr. Sabir Ali	Secretary

**Risk Management & Compliance Committee**

Mr. Mushtaq Ahmed Shah	Chairman (Director)
Mr. Fazal-ur-Rehman	Member
Mr. Mushtaq Ahmad	Member
Mr. Maudood Ahmad Lodhi	Member (Chief Executive officer)
Mr. Latif Ahmad Choudhri	Secretary

18. The Board has formed the following Board Committees under CCG 2016:

**Ethics, Human Resource & Remuneration Committee:**

Mr. Ghufuran Memon	Chairman (Non-Executive Director)
Mr. Jamil Anwar	Member (Non-Executive Director)
Mr. Mushtaq Ahmed Shah	Member (Non-Executive Director)
Mr. Muhammad Rashid	Member (Non-Executive Director)
Mr. Maudood Ahmad Lodhi	Member (Chief Executive Officer)
Mr. Latif Ahmad Choudhri	Secretary

**Investment Committee:**

Mr. Ghufuran Memon	Chairman (Non-Executive Director)
Mr. Muhammad Rashid	Member (Non-Executive Director)
Mr. Mushtaq Ahmad	Member (Non-Executive Director)
Mr. Maudood Ahmad Lodhi,	Member (Chief Executive Officer)
Mr. Muhammad Ayaz Ghori	Member (Chief Financial Officer)

19. The Board has formed an Audit committee. It comprises of five members, of whom one is independent director and four are non-executive directors. The chairman of the Committee is a non-executive director. The composition of the Audit Committee is as follows:



**Audit Committee:**

Mr. Muhammad Rashid Mr. Ghufran Memon Mr. Jamil Anwar Mr. Mushtaq Ahmed Shah Mr. Mushtaq Ahmad Mr. Faraz	Chairman (Non-Executive Director) Member (Non-Executive Director) Member (Non-Executive Director) Member (Independent Director) Member (Non-Executive Director) Secretary
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20. The meetings of the Underwriting and Reinsurance committee were not held in first, third and fourth quarter.
21. Each committee (underwriting committee, claim settlement committee and reinsurance and coinsurance committee) shall consist of at least three members including one director. The committee shall meet at least once in every quarter. The proceedings of the meetings shall be recorded and be kept at the company's head office. Each Committee of an insurance company shall appoint a secretary of the Committee. The secretary shall circulate minutes of meetings of the relevant Committee to all members, directors and the CFO within a fortnight. Minutes of the meeting of the Reinsurance Committee have not been circulated within a fortnight.
22. The Board has setup an effective internal audit function.
23. The Chief Executive officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under CCG 2016. Moreover, the persons heading the underwriting, claim, and reinsurance departments, possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000.

<b>Name of the Person</b>	<b>Designation</b>
Mr. Maudood Ahmad Lodhi	Chief Executive Officer
Mr. Muhammad Ayaz Ghori	Chief Financial Officer
Mr. Latif Ahmad Choudhri	Compliance Officer
Mr. Latif Ahmad Choudhri	Company Secretary
Mr. Faraz	Head of Internal Audit
Mr. Khwaja Balighuddin	Head of Re-Insurance
Mr. Khwaja Balighuddin	Head of Underwriting
Mr. Sabir Ali	Head of Claims



Following changes in the appointments were made during the reporting period

Name of outgoing employee	Name of incoming employee	Designation	Reason of change in appointment
Mr. Saleem Abdul Sattar	Mr. Muhammad Ayaz Ghori	Chief Financial Officer	To meet the qualification requirement as per CCG 2016
Ms. Sidra Jafri	Mr. Faraz	Head of Internal Audit	To meet the qualification requirement as per CCG 2016
Captain Muhammad Jamil Akhtar Khan	Mr. Maudood Ahmad Lodhi	Chief Executive officer	Resignation by the old employee
Mr. Asad Ali Sheikh	Mr. Khwaja Balighuddin	Head of Underwriting and Re-insurance	Resignation by the old employee

24. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
25. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
26. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.
27. The Board ensures that the risk management system of the Company is in place as per the requirements of CCG 2016.
28. The Board ensures that as part of the risk management system, the Company gets itself rated from JCR-VIS which is being used by its risk management function / department and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency on 7 December 2016 is A with Stable outlook.
29. The Board has setup a grievance department, which fully complies with the requirements of CCG 2016.
30. The Company has not obtained any exemptions from the Securities and Exchange Commission of Pakistan in respect of the requirements of the CCG 2016.



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31. We confirm that all other material principles contained in CCG 2016 and CCG 2003 have been complied. Whereas, the remaining applicable principles will be applied within the specified time period provided in CCG 2016.

By Order of the Board

**Abdul Ghufuran**  
Chairman



## Directors' Report

The Directors of your Company take pleasure in presenting 65th Annual Report together with Audited Financial Statements and Auditors' Report thereon for the year ended December 31st, 2016.

### Financial Results

(Rupees)

	2016	2015
Gross premium	151,448,143	179,988,770
Net Premium Revenue	79,945,718	63,215,017
Underwriting results (Loss)	(73,176,703)	(12,280,396)
Profit / (Loss) before tax	(19,057,227)	41,127,632
Profit / (Loss) after tax	(15,474,564)	31,664,249
Profit available for appropriation	206,122,992	221,534,492

Gross premium has decreased by 15.86% over the previous year. Decline in the business is attributable mainly to the frequent changes of top management, non conducive economical environment for medium and small companies like Alpha and deficiency of technical resource in the Company. Despite that your management had managed to achieve the business of Rs 151 million in term of Gross Premium but end up with after tax loss of Rs. 15 million.

To coup up the situation efforts were started with the new Board members in November 2016. In December 2016 prevailing marketing structure were thoroughly reviewed and marketing staff were hired to boost up the sales of the company. At the same time efforts have also been made to strengthen the back office to achieve the new marketing strategy.

We are pleased to mention here that JCR-VIS has maintained our rating as of last year which is "A" with stable outlook.

The Board has sufficient reasons to believe that the ultimate outcome of contingencies mentioned in note # 10 to the Financial Statements will be in Company's favour.

### Appropriations

Due to after tax loss for the year and the statutory requirement to increase paid up capital the Directors have decided not to pay dividend for the year.





### **Earning Per Share**

Earning per share for the year 2016 has gone down to Re.(0.38) as against profit per share of Re.0.78 in 2015.

### **Auditors**

M/s. KPMG Taseer Hadi & Co., Chartered Accountants on completion of their tenure, being eligible, offer themselves for reappointment as Auditors of the Company. On recommendation of Audit Committee the Board proposes to appoint them for the year 2017.

### **Statement of Directors**

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The internal control system has been augmented and has provided effective monitoring and controls to the senior management.
- There is no basis to doubt about the Company's ability to continue as a going concern.
- Statement of Compliance with the Code of Corporate Governance is attached to these Financial Statements.



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### Board of Directors' Meetings

During the year the Board held six meetings. Attendance by each Director was as follows:

S. No.	Name of Directors	Eligible for No of meetings	Attended
1	Ms. Nargis Ghaloo	4	4
2	Mr. Abdul Ghufuran	2	2
3	Mr. Maudood Ahmad Lodhi	2	2
4	Mr. Muhammad Javed Khan	4	4
5	Mr. Jamil Anwar	6	5
6	Mr. Mushtaq Ahmad Shah	1	1
7	Mr. Muhammad Rashid	6	5
8	Mr. Mushtaq Ahmad	1	1
9	Mr. Fazal-ur-Rehman	1	1
10	Mr. Sultan A. Allana	3	3
11	Capt. Muhammad Jamil Akhtar Khan	2	2

During the year, the Board welcomed Mr. Abdul Ghufuran, Mr. Mushtaq Ahmed Shah, Mr. Mushtaq Ahmad and Mr. Fazal-ur-Rehman as newly appointed Directors and Mr. Maudood Ahmad Lodhi as Managing Director & Chief Executive Officer. The Directors wish to place on record their appreciation of valuable contributions made by the outgoing Directors Ms. Nargis Ghaloo, Mr. Muhammad Javed Khan, Mr. Sultan A. Allana and Capt. Muhammad Jamil Akhtar Khan Managing Director and Chief Executive Officer.

### Employees' Provident and Gratuity Funds

Values of investments based on the most recent audited accounts for the year of the respective funds are:

	Year	(Rupees)
Provident Fund	2014	32,888,400
Gratuity Fund	2015	8,340,340

### Pattern of Share Holding

Pattern of share holding is enclosed in this annual report.



### Ten Years Key Data

Ten years key data is also enclosed in this annual report.

Our thanks are due to our valued clients for placing confidence in the Company. Our thanks are also due to the Securities & Exchange Commission of Pakistan, The Insurance Association of Pakistan, State Bank of Pakistan and all our foreign correspondents and reinsurers as well as our major shareholder M/s State Life Insurance Corporation of Pakistan, whose cooperation, guidance and advice have been a source of valued assistance to us.

Last but not the least, I take this opportunity to place on record our appreciation of the services rendered by our marketing and office staff throughout the country during the year under review.

For and on behalf of the Board

**Abdul Ghufuran**  
Chairman

Karachi: April 08th, 2017

## ڈائریکٹرز کی رپورٹ

سال مختتمہ 31 دسمبر 2016 کیلئے آپ کی کمپنی کے ڈائریکٹران 65 ویں سالانہ رپورٹ مع آڈٹ شدہ فنانشل اسٹیٹمنٹس اور آڈیٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں:

روپے		فنانشل رزلٹس
2015	2016	
179,988,770	151,448,143	گراس پریمیئم
63,215,017	79,945,718	نیٹ پریمیئم ریویو
(12,280,396)	(73,176,703)	انڈر رائٹنگ رزلٹس
41,127,632	(19,057,227)	نفع / (نقصان) قبل ٹیکس
31,664,249	(15,474,564)	نفع / (نقصان) بعد ٹیکس
221,534,492	206,122,992	نفع دستیاب برائے appropriation

گذشتہ سال سے اس سال گراس پریمیئم میں %15.86 کمی آئی ہے۔ کاروبار میں کمی کی بنیادی وجہ اعلیٰ ترین انتظامیہ میں بار بار کی تبدیلی، درمیانے اور چھوٹے پیمانے کی کمپنیاں جیسا کہ الفاء کیلئے غیر موزوں اقتصادی ماحول اور کمپنی میں تکنیکی وسائل کی کمی ہے۔ 151 ملین روپے کا پریمیئم کرنے کے باوجود آپ کی کمپنی کو 15 ملین روپے کا بعد از ٹیکس نقصان اٹھانا پڑا۔

نومبر 2016 میں نئے بورڈ ممبران کیساتھ اس صورت حال سے نمٹنے کیلئے کوششیں شروع کی گئیں۔ دسمبر 2016 میں موجودہ مارکیٹنگ ڈھانچے کا اچھی طرح جائزہ لیا گیا اور کمپنی کی سیلز کو فروغ دینے کیلئے مارکیٹنگ اسٹاف کی خدمات حاصل کی گئیں اسی دوران بیک آفس کو مزید مستحکم کرنے کیلئے کوششیں کی گئی تاکہ نئے مارکیٹنگ اہداف کو حاصل کیا جائے۔

ہم انتہائی مسرت کیساتھ ذکر کرتے ہیں کہ JCR-VIS نے کمپنی کی ریٹنگ کو برقرار رکھتے ہوئے دوبارہ کمپنی کو "A" بمعہ مستحکم زاویے سے نوازا ہے۔

بورڈ کے پاس یقین کرنے کیلئے کافی وجوہات ہیں کہ فنانشل اسٹیٹمنٹس کے نوٹ نمبر 10 میں درج غیر یقینی معاملات کے نتائج کمپنی کے حق میں ہی آئیں گے۔



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## تقسیم منافع

سال مذکورہ میں نقصان بعد از محصولات اور ادا شدہ سرمائے میں قانونی پابندی برائے اضافہ کی وجہ سے ڈائریکٹرز نے منافع منقسمہ ادا نہ کرنے کا فیصلہ کیا ہے۔

## فی حصہ آمدنی

سال 2016 میں فی حصہ آمدنی کم ہو کر منفی 38 پیسے رہی جو کہ سال 2015 میں 78 پیسے تھی۔

## آڈیٹرز

میسرز KPMG تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے ہماری کمپنی کے ساتھ اپنی مدت میعاد کی تکمیل پر، اہل ہونے کے ناطے دوبارہ کمپنی کے آڈیٹرز کے طور پر اپنی خدمات پیش کی ہیں۔ آڈٹ کمیٹی کی سفارش پر بورڈ نے سال 2017 کیلئے ان کی تقرری کرنے کی تجویز دی ہے۔

## ڈائریکٹرز کی اسٹیٹمنٹس

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالی گوشوارے کمپنی کے معاملات اسکے آپریشنز کے نتائج، کیش فلوز احسن انداز میں پیش کئے گئے۔
- کمپنی کی بگس آف اکاؤنٹس کو مناسب طریقے سے مینٹین کیا گیا۔
- مالی گوشواروں کی تیاری میں مروجہ اکاؤنٹنگ پالیسیوں پر تسلسل کے ساتھ عمل کیا گیا اور اکاؤنٹنگ تخمینہ جات معقول اور محتاط اندازوں پر مبنی ہیں۔
- مالی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز پر عملدرآمد کیا گیا اور اگر کہیں انحراف کرنا پڑا تو وہ معقول طور پر شائع کیا گیا۔
- انٹرنل کنٹرول سسٹم میں اضافہ کیا گیا اور سینئر مینجمنٹ کو موثر مانیٹرینگ اینڈ کنٹرولز فراہم کئے گئے۔
- گونگ کنسرن کے طور پر جاری رکھنے کیلئے کمپنی کی صلاحیت پر شک کرنے کی کوئی بنیاد نہیں۔
- کوڈ آف کارپوریٹ گورننس کی تعمیل کا اسٹیٹمنٹ ان گوشواروں کے ساتھ منسلک ہے۔

## بورڈ آف ڈائریکٹرز میٹنگز

سال 2016 کے دوران بورڈ کے چھ اجلاس ہوئے۔ ہر ڈائریکٹر کی حاضری بمطابق ذیل ہے:



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حاضری	اہل برائے تعداد اجلاس	ڈائریکٹر کا نام	نمبر شمار
4	4	مس نرگس گھلو	1
2	2	جناب عبدالغفران	2
2	2	جناب مودود احمد لودھی	3
4	4	جناب محمد جاوید خان	4
5	6	جناب جمیل انور	5
1	1	جناب مشتاق احمد شاہ	6
5	6	جناب محمد راشد	7
1	1	جناب مشتاق احمد	8
1	1	جناب فضل الرحمن	9
3	3	جناب سلطان اے۔الانہ	10
2	2	کیپٹن محمد جمیل اختر خان	11

بورڈ نے رواں سال جناب عبدالغفران، جناب مشتاق احمد شاہ، جناب مشتاق احمد اور جناب فضل الرحمن کو بطور ڈائریکٹرز اور مودود احمد لودھی کو بطور مینیجنگ ڈائریکٹر اور چیف ایگزیکٹو آفیسر تعینات ہونے پر انہیں خوش آمدید کیا۔ ڈائریکٹرز سبکدوش ہونے والے ڈائریکٹرز مس نرگس گھلو، جناب محمد جاوید خان، جناب سلطان اے۔الانہ اور کیپٹن محمد جمیل اختر خان مینیجنگ ڈائریکٹر اور چیف ایگزیکٹو آفیسر کی خدمات کو سہاہتے ہیں۔

ایمپلائز پراویڈنٹ اور گریجویٹ فنڈز

متعلقہ فنڈز کے تازہ ترین آڈٹ شدہ سالانہ اکاؤنٹس پرمیٹیو انویسٹمنٹس کی ویلیوز درج ذیل ہیں۔

روپے	سال	
32,888,400	2014	پراویڈنٹ فنڈ
8,340,340	2015	گریجویٹ فنڈ

پیٹرن آف شیئر ہولڈنگز

شیئر ہولڈنگ کا پیٹرن اس سالانہ رپورٹ کیساتھ منسلک ہے۔



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دس سالہ کلیدی ڈیٹا

دس سالہ کلیدی ڈیٹا بھی اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

کمپنی پر بھروسے کا اظہار کرنے پر ہم اپنے قابل قدر کلائنٹس کے انتہائی مشکور ہیں ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، دی انشورنس ایسوسی ایشن آف پاکستان، اسٹیٹ بینک آف پاکستان اور اپنے بیرون ملک نمائندگان اور ری انشوررز کے علاوہ اپنے سب سے بڑے شیئر ہولڈرز اسٹیٹ لائف انشورنس کا پوریشن آف پاکستان کے بھی شکر گزار ہیں جن کا تعاون، رہنمائی اور مشاورت ہمیشہ ہمارے لئے معاون اور مددگار ثابت ہوئی۔  
آخر میں ہم اپنے مارکیٹنگ اور آفس اسٹاف کی خدمات کو سراہتے ہیں جو کہ انہوں نے پورے سال اس کمپنی کو دیں۔

برائے و منجانب بورڈ

عبدالغفران

چیئرمین

کراچی: مورخہ 8 اپریل 2017



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
Beaumont Road  
Karachi, 75530 Pakistan

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Fax + 92 (21) 3568 5095  
Internet [www.kpmg.com.pk](http://www.kpmg.com.pk)

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance for Insurers, 2016 and Code of Corporate Governance Section B, 2003 as mentioned in the S.R.O. 68 (I)/2003 dated 21 January 2003 issued by the Securities and Exchange Commission of Pakistan (“SECP”) (combined called “the Code”) as prepared by the Board of Directors (“the Board”) of Alpha Insurance Company Limited (“the Company”) for the year ended 31 December 2016 to comply with the requirements of the Code.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company’s compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2016.





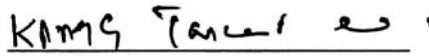
KPMG Taseer Hadi & Co.

Further, we highlight below instances of non-compliances with the requirement of the Code as reflected in paragraph references where these are stated in the Statement of Compliance:

Paragraph Reference	Description
4	Casual vacancy occurring on 25 April 2016 was filled on 1 June 2016, hence, after 30 days.
5	The Company has prepared a "Code of Conduct" which has been disseminated among all the directors and employees of the Company, however, it has not been uploaded on the Company's website.
8 & 21	The minutes of the meetings were appropriately recorded and circulated, except for one meeting, the minutes of which were not circulated within 14 days thereof as required by the Code.
10	During the year no orientation course was carried out by the Company for its Directors.
12	An affidavit confirming the placement or non-placement of name on the exit control list and status as to whether entered into a plea bargain with NAB has not been filed with SECP within a period of one month as required by the Code.
20.	The meetings of the Underwriting and Reinsurance committee were not held in first, third and fourth quarter.

Date: 8 April 2017

Karachi

  
KPMG Taseer Hadi & Co.  
Chartered Accountants



**KPMG Taseer Hadi & Co.**  
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Sheikh Sultan Trust Building No. 2  
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Karachi, 75530 Pakistan

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## **Auditors' Report to the Members of Alpha Insurance Company Limited**

We have audited the annexed financial statements comprising of:

- (i) balance sheet;
- (ii) profit and loss account;
- (iii) statement of comprehensive income;
- (iv) statement of changes in equity;
- (v) statement of cash flows;
- (vi) statement of premiums;
- (vii) statement of claims;
- (viii) statement of expenses; and
- (ix) statement of investment income

of **Alpha Insurance Company Limited** ("the Company") as at 31 December 2016 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

- a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;



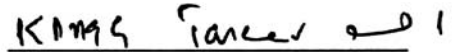
KPMG Taseer Hadi & Co.

- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2016 and of the loss, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The financial statements of the Company for the year ended 31 December 2015 were audited by another firm of chartered accountants who had expressed an unmodified opinion thereon dated 05 April 2016.

Date: 8 April 2017

Karachi

  
KPMG Taseer Hadi & Co.  
Chartered Accountants  
Muhammad Taufiq



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Insurance Company Limited.

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## Balance Sheet

As at December 31, 2016

	Note	2016	2015
		----- Rupees -----	
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised share capital</b> [50,000,000 (2015: 50,000,000) ordinary shares of Rs.10 each]	5	<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up share capital [40,360,000 (2015: 40,360,000) ordinary shares of Rs.10 each]	5	403,600,000	403,600,000
Retained earnings		206,122,992	221,534,492
Reserves	6	10,175,000	10,175,000
<b>TOTAL EQUITY</b>		<b>619,897,992</b>	<b>635,309,492</b>
<b>LIABILITIES</b>			
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		198,988,834	78,388,667
Provision for premium deficiency		19,610,021	1,176,868
Provision for unearned premium		72,294,491	67,283,918
Commission income unearned	24	5,753,868	8,489,852
		<u>296,647,214</u>	<u>155,339,305</u>
<b>Creditors and accruals</b>			
Amounts due to other insurers / reinsurers	7	103,075,459	97,231,396
Accrued expenses	8	34,608,813	33,550,439
Other creditors and accruals	9	48,293,276	50,034,119
		<u>185,977,548</u>	<u>180,815,954</u>
<b>Other liabilities</b>			
Unclaimed dividend		3,011,260	3,011,260
<b>TOTAL LIABILITIES</b>		<b>485,636,022</b>	<b>339,166,519</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,105,534,014</b></u>	<u><b>974,476,011</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		

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

Chief Executive

Chairman

Director

Director



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## Balance Sheet

As at December 31, 2016

	Note	2016	2015
		----- Rupees -----	
<b>ASSETS</b>			
<b>Cash and bank deposits</b>			
	11		
Cash and other equivalents		226,505	112,285
Current and other accounts		22,094,188	33,038,758
Deposits maturing within 12 months		75,000,000	-
		97,320,693	33,151,043
<b>Investments</b>	12	636,388,384	654,630,163
<b>Deferred Assets</b>			
	13	29,395,718	23,784,378
Deferred taxation			
Staff retirement benefits	30	1,866,229	2,189,209
		31,261,947	25,973,587
<b>Other assets</b>			
Premium due but unpaid - unsecured	14	61,178,663	66,591,122
Amounts due from other insurers / reinsurers - unsecured	15	33,966,669	43,941,200
Accrued investment income	16	19,984,830	22,667,053
Reinsurance recoveries against outstanding claims	17	137,403,653	33,663,772
Taxation - payments less provision	18	37,511,437	32,381,096
Deferred commission expense		13,195,827	11,946,420
Prepayments	19	25,709,828	35,038,702
Sundry receivables	20	4,247,532	4,084,849
		333,198,439	250,314,214
<b>Fixed assets</b>	21		
<b>Tangible</b>			
Furniture and fixtures		4,875,092	5,871,805
Office equipment		76,108	233,920
Computer and related accessories		403,385	624,053
Motor vehicles		1,229,984	2,634,427
Electrical installation		779,982	1,042,799
		7,364,551	10,407,004
<b>Intangible</b>			
Computer software		-	-
		7,364,551	10,407,004
<b>TOTAL ASSETS</b>		<b>1,105,534,014</b>	<b>974,476,011</b>

  
Chief Executive

  
Chairman

  
Director

  
Director



## Profit and Loss Account

For the year ended December 31, 2016

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	Note	Fire and property damage	Marine, aviation & transport	Motor	Accident and health	Credit and suretyship	Miscellaneous	Aggregate	
								2016	2015
-----Rupees-----									
<b>Revenue account</b>									
Net premium revenue		24,701,177	7,370,677	26,946,929	6,932,207	3,726,299	10,268,429	79,945,718	63,215,017
Net claims		(7,707,512)	(2,246,333)	(9,267,017)	(7,721,264)	-	(20,776,689)	(47,718,815)	(14,990,868)
Premium deficiency expenses		(5,060,741)	(1,367,005)	-	(1,674,529)	-	(10,330,878)	(18,433,153)	1,208,959
Management expenses	23	(33,106,358)	(11,192,665)	(14,737,199)	(3,899,214)	(2,663,061)	(9,680,352)	(75,278,849)	(53,527,718)
Net commission		(3,950,478)	(2,757,334)	(3,515,741)	(346,457)	(54,498)	(1,067,096)	(11,691,604)	(8,185,786)
Underwriting results		(25,123,912)	(10,192,660)	(573,028)	(6,709,257)	1,008,740	(31,586,586)	(73,176,703)	(12,280,396)
Other income and expenses									
Net investment income								78,203,091	77,296,826
Other income	25							2,688,384	3,183,727
General and administration expenses	26							(26,771,999)	(27,072,525)
<b>(Loss) / profit for the year before taxation</b>								<u>(19,057,227)</u>	<u>41,127,632</u>
Taxation - net	27							3,582,663	(9,463,383)
<b>(Loss) / profit for the year after taxation</b>								<u>(15,474,564)</u>	<u>31,664,249</u>
<b>Profit and loss appropriation account</b>									
Balance at commencement of the year								221,534,492	189,529,024
(Loss) / profit for the year after taxation								(15,474,564)	31,664,249
Other comprehensive income								63,064	341,219
<b>Balance of unappropriated profit at the end of the year</b>								<u>206,122,992</u>	<u>221,534,492</u>
<b>(Loss) / earnings per share - basic and diluted</b>	28							<u>(0.38)</u>	<u>0.78</u>

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

  
Chief Executive

  
Chairman

  
Director

  
Director



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## Statement of Comprehensive Income

For the year ended December 31, 2016

	Note	2016	2015
		----- Rupees -----	
(Loss) / profit for the year after taxation		(15,474,564)	31,664,249
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit and loss</b>			
Remeasurements of defined benefit plan	30.5	90,092	501,793
Tax on remeasurements of defined benefit plan		(27,028)	(160,574)
		63,064	341,219
<b>Total comprehensive income for the year</b>		<u>(15,411,500)</u>	<u>32,005,468</u>

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

  
Chief Executive

  
Chairman

  
Director

  
Director



## Statement of Changes in Equity

For the year ended December 31, 2016

	Share Capital	Reserves		Total shareholders' equity	
		Capital reserves	Revenue reserves		
	Paid - up share capital	Reserve for exceptional losses *	General reserve	Retained earnings	
Balance as at 1 January 2015	403,600,000	3,355,000	6,820,000	189,529,024	603,304,024
<b>Total comprehensive income for the year</b>					
Profit for the year after taxation	-	-	-	31,664,249	31,664,249
Remeasurement gain on defined benefit obligation - net of tax	-	-	-	341,219	341,219
Balance as at 31 December 2015	403,600,000	3,355,000	6,820,000	221,534,492	635,309,492
<b>Total comprehensive income for the year</b>					
Loss for the year after taxation	-	-	-	(15,474,564)	(15,474,564)
Remeasurement gain on defined benefit obligation - net of tax	-	-	-	63,064	63,064
Balance as at 31 December 2016	<u>403,600,000</u>	<u>3,355,000</u>	<u>6,820,000</u>	<u>206,122,992</u>	<u>619,897,992</u>

\* The reserve for exceptional losses represents amounts set aside till 31 December 1978 to avail deduction thereof in computing taxable income, as allowed previously under the old Income Tax Act of 1922. After the introduction of the Repealed Income Tax Ordinance, 1979, which did not permit the said deduction, the Company discontinued the setting aside of amounts as reserve for exceptional losses.

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

  
 Chief Executive

  
 Chairman

  
 Director

  
 Director





## Statement of Cash Flows

For the year ended December 31, 2016

	Note	2016	2015
		----- Rupees -----	
<b>OPERATING CASH FLOWS</b>			
<b>(a) Underwriting activities</b>			
Premiums received		156,860,602	185,456,230
Reinsurance premiums paid		(52,278,867)	(112,668,828)
Claims paid		(60,556,683)	(135,755,950)
Reinsurance and other recoveries received		29,698,154	82,152,260
Commission paid		(31,079,161)	(35,599,244)
Commission received		23,378,688	36,476,235
Other underwriting payments		(65,676,117)	(54,519,322)
<b>Net cash generated from / (used in) underwriting activities</b>		<b>346,616</b>	<b>(34,458,619)</b>
<b>(b) Other operating activities</b>			
Income tax paid		(7,186,046)	(5,420,074)
General management expenses paid		(30,906,408)	(25,656,151)
Other operating payments		(1,517,891)	(6,017,071)
Other operating receipts		3,911,342	3,212,747
<b>Net cash used in other operating activities</b>		<b>(35,699,003)</b>	<b>(33,880,549)</b>
<b>Net cash used in operating activities</b>		<b>(35,352,387)</b>	<b>(68,339,168)</b>
<b>INVESTMENT ACTIVITIES</b>			
Profit / return received		60,752,532	60,419,175
Dividend received		6,700,681	8,797,737
Payment for investments		(367,769,777)	(513,458,556)
Proceeds from disposal of investments		399,443,657	481,689,248
Fixed capital expenditure		(157,155)	(276,532)
Proceeds from disposal of fixed assets		552,099	-
<b>Net cash generated from investment activities</b>		<b>99,522,037</b>	<b>37,171,072</b>
<b>FINANCING ACTIVITIES</b>			
Dividends paid		-	-
<b>Net cash used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Increase / (decrease) in cash and cash equivalent</b>		<b>64,169,650</b>	<b>(31,168,096)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>33,151,043</b>	<b>64,319,139</b>
Cash and cash equivalents at the end of the year	11	<u>97,320,693</u>	<u>33,151,043</u>



alpha

Insurance Company Limited.

A subsidiary of State Life Insurance Corporation of Pakistan

## Statement of Cash Flows

For the year ended December 31, 2016

2016                      2015  
----- Rupees -----

### Reconciliation to Profit and Loss Account

Operating cash flows	(35,352,387)	(68,339,168)
Depreciation expense	(3,199,608)	(3,714,382)
Gain on disposal of fixed assets	552,099	-
Increase in assets other than cash	85,153,376	(61,558,192)
Decrease in liabilities	(146,469,503)	87,241,563
Investment income	78,203,091	77,296,826
Reversal of Deferred tax	5,638,368	737,602
<b>(Loss) / profit after taxation</b>	<b>(15,474,564)</b>	<b>31,664,249</b>

### Definition of cash:

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

2016                      2015  
----- Rupees -----

### Cash for the purpose of the Statement of Cash Flows consists of:

Cash and other equivalents		
- cash in hand	49,999	-
- stamps in hand	176,506	112,285
	<u>226,505</u>	<u>112,285</u>
Current and other accounts		
- current accounts	4,380,149	8,690,943
- savings accounts	17,714,039	24,347,815
	<u>22,094,188</u>	<u>33,038,758</u>
Deposits maturing within 12 months	75,000,000	-
	<u>97,320,693</u>	<u>33,151,043</u>

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

  
Chief Executive

  
Chairman

  
Director

  
Director



Alpha

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## Statement of Premiums

For the year ended December 31, 2016

### Business underwritten inside Pakistan

Class	Premium written (Note 22)	Unearned premium reserve		Premium earned	Re-insurance ceded	Prepaid re-insurance premium ceded		Re-insurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		2016	2015
----- <b>(Rupees)</b> -----										
<b>Direct and facultative</b>										
Fire and property damage	66,604,318	33,211,612	32,282,968	67,532,962	35,689,763	24,341,300	17,199,278	42,831,785	24,701,177	16,748,339
Marine, aviation and transport	22,517,724	3,884,575	8,232,202	18,170,097	9,021,276	3,007,005	1,228,861	10,799,420	7,370,677	6,850,912
Motor	29,648,718	16,814,340	15,738,401	30,724,657	4,588,000	1,479,990	2,290,262	3,777,728	26,946,929	26,270,623
Accident and health	7,844,551	2,920,267	3,832,611	6,932,207	-	-	-	-	6,932,207	5,022,775
Credit and suretyship	5,357,622	2,943,502	1,863,153	6,437,971	3,148,482	1,210,996	1,647,806	2,711,672	3,726,299	1,244,784
Miscellaneous	19,475,210	7,509,622	10,345,156	16,639,676	5,675,409	3,744,066	3,048,228	6,371,247	10,268,429	7,077,584
<b>Total</b>	<b>151,448,143</b>	<b>67,283,918</b>	<b>72,294,491</b>	<b>146,437,570</b>	<b>58,122,930</b>	<b>33,783,357</b>	<b>25,414,435</b>	<b>66,491,852</b>	<b>79,945,718</b>	<b>63,215,017</b>
<b>Treaty</b>										
Proportional / non-proportional	-	-	-	-	-	-	-	-	-	-
<b>Grand total</b>	<b>151,448,143</b>	<b>67,283,918</b>	<b>72,294,491</b>	<b>146,437,570</b>	<b>58,122,930</b>	<b>33,783,357</b>	<b>25,414,435</b>	<b>66,491,852</b>	<b>79,945,718</b>	<b>63,215,017</b>

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

  
Chief Executive

  
Chairman

  
Director

  
Director



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## Statement of Claims

For the year ended December 31, 2016

### Business underwritten inside Pakistan

Class	Claims paid		Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	
	Opening	Closing	Opening	Closing			Opening	Closing		2016	2015
------(Rupees)-----											
<b>Direct and facultative</b>											
Fire and property damage	11,784,429	40,222,593	98,265,862	69,827,698	7,222,261	24,153,896	79,051,821	62,120,186	7,707,512	9,408,528	
Marine, aviation and transport	2,823,045	8,827,006	14,133,066	8,129,105	1,586,492	5,641,075	9,937,355	5,882,772	2,246,333	(66,447)	
Motor	12,466,082	22,314,738	22,092,126	12,243,470	1,644,893	597,440	1,929,000	2,976,453	9,267,017	(357,066)	
Accident and health	8,199,550	831,217	352,931	7,721,264	-	-	-	-	7,721,264	5,529,567	
Credit and suretyship	-	-	-	-	-	-	-	-	-	-	
Miscellaneous	25,283,577	6,193,113	64,144,849	83,235,313	19,244,508	3,271,361	46,485,477	62,458,624	20,776,689	476,286	
<b>Total</b>	<b>60,556,683</b>	<b>78,388,667</b>	<b>198,988,834</b>	<b>181,156,850</b>	<b>29,698,154</b>	<b>33,663,772</b>	<b>137,403,653</b>	<b>133,438,035</b>	<b>47,718,815</b>	<b>14,990,868</b>	
<b>Treaty</b>											
Proportional / non-proportional	-	-	-	-	-	-	-	-	-	-	
<b>Grand total</b>	<b>60,556,683</b>	<b>78,388,667</b>	<b>198,988,834</b>	<b>181,156,850</b>	<b>29,698,154</b>	<b>33,663,772</b>	<b>137,403,653</b>	<b>133,438,035</b>	<b>47,718,815</b>	<b>14,990,868</b>	

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

  
Chief Executive

  
Chairman

  
Director

  
Director



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Insurance Company Limited.

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## Statement of Expenses

For the year ended December 31, 2016

### Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission expense		Net Commission expense	Other management expenses (refer Note 4.12 and 23)	Underwriting expenses	Commission from reinsurers (Note 24)	Net underwriting expenses	
		Opening	Closing					2016	2015
----- (Rupees) -----									
<b>Direct and facultative</b>									
Fire and property damage	15,991,164	7,529,969	8,722,719	14,798,414	33,106,358	47,904,772	10,847,936	37,056,836	27,391,698
Marine, aviation And transport	5,515,209	903,814	746,938	5,672,085	11,192,665	16,864,750	2,914,751	13,949,999	11,233,647
Motor	3,110,345	1,781,803	1,374,870	3,517,278	14,737,199	18,254,477	1,537	18,252,940	14,606,637
Accident and health	392,028	145,952	191,523	346,457	3,899,214	4,245,671	-	4,245,671	1,959,417
Credit and suretyship	782,285	448,197	429,584	800,898	2,663,061	3,463,959	746,400	2,717,559	1,346,371
Miscellaneous	3,290,121	1,136,685	1,730,193	2,696,613	9,680,352	12,376,965	1,629,517	10,747,448	5,175,734
<b>Total</b>	<b>29,081,152</b>	<b>11,946,420</b>	<b>13,195,827</b>	<b>27,831,745</b>	<b>75,278,849</b>	<b>103,110,594</b>	<b>16,140,141</b>	<b>86,970,453</b>	<b>61,713,504</b>
<b>Treaty</b>									
Proportional / non-proportional	-	-	-	-	-	-	-	-	-
<b>Grand total</b>	<b>29,081,152</b>	<b>11,946,420</b>	<b>13,195,827</b>	<b>27,831,745</b>	<b>75,278,849</b>	<b>103,110,594</b>	<b>16,140,141</b>	<b>86,970,453</b>	<b>61,713,504</b>

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

  
Chief Executive

  
Chairman

  
Director

  
Director



## Statement of Investment Income

For the year ended December 31, 2016

	2016	2015
	----- Rupees -----	
<b>Income from non-trading investments</b>		
<b>Loans and receivables</b>		
Return on term deposit receipts	35,137	-
<b>Held-to-maturity</b>		
Return on government securities	52,625,255	56,176,115
Return on term finance certificates	4,363,739	1,678,738
Amortisation of discount	613,902	2,487,301
	57,602,896	60,342,154
<b>Available-for-sale</b>		
Dividend income	7,132,957	8,781,986
Gain on sale of available-for-sale investments	5,365,323	19,158,484
	12,498,280	27,940,470
<b>Provision for impairment in value of investments</b>		
Reversal / (provision) for diminution in value of investments classified as available-for-sale	8,066,778	(10,985,798)
<b>Net investment income</b>	<u>78,203,091</u>	<u>77,296,826</u>

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

  
Chief Executive

  
Chairman

  
Director

  
Director



## Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2016

### 1 STATUS AND NATURE OF BUSINESS

Alpha Insurance Company Limited (the Company) was incorporated in Pakistan on 24 December 1951 under the Indian Companies Act VII of 1913 as a public limited company and was registered as a non-life insurance company by the Securities and Exchange Commission of Pakistan (SECP) under the Insurance Ordinance, 2000. The Company is engaged in providing non-life insurance business comprising fire, marine, motor, health, credit and suretyship and miscellaneous. The Company commenced its commercial operations on 23 January 1952.

The principal and registered office of the Company is situated at State Life Building 1-B, I. I. Chundrigar Road, Karachi. The Company has 15 (2015: 17) branches in Pakistan. The parent entity of the Company is State Life Insurance Corporation of Pakistan holding 93.99% (2015: 93.99%) shares of the Company.

### 2 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with the format prescribed by the Securities and Exchange Commission of Pakistan through the Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002] vide S.R.O. 938 dated 12 December 2002.

#### 2.1 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 (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984 and the provisions for and the directives issued by the SECP under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. Wherever the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 or the said directives prevail.

The SECP has allowed the insurance companies to defer the application of International Accounting Standard (IAS) - 39 "Financial Instruments: Recognition and Measurement" in respect of valuation of "available-for-sale investments". Accordingly, the requirements of IAS - 39, to the extent allowed by SECP as aforesaid, have not been considered in the preparation of these financial statements.

#### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are stated at fair value or amortised cost as applicable and obligations in respect of staff retirement benefit is carried at present value of defined benefit obligation less fair value of plan assets.

The financial statements have been prepared following the accrual basis of accounting.

#### 2.3 Functional and presentation currency

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



## 2.4 Critical accounting judgments and estimates

The preparation of financial statements is in conformity with the requirements of approved accounting standards as applicable to insurance companies in Pakistan requires management to make judgments, estimates and underlying assumptions that affect the application of policies and reported amounts of assets and liabilities and income and expenses. The judgments / estimates and associated assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

- Classification of insurance contracts (note 4.2);
- Underwriting provisions (note 4.2.3);
- Reinsurance recoveries against outstanding claims (note 4.2.6 and 17);
- Provision for premium due but unpaid (note 4.2.4 and 14);
- Provision for amount due from other insurers / reinsurers (note 4.2.5 and 15);
- Obligation in respect of defined benefit plan (note 4.4.1 and 30);
- Classification and valuation of financial assets (note 4.8.1);
- Residual values, useful lives and methods of depreciation / amortisation of fixed assets (note 4.9 and 21);
- Impairment of financial and non-financial assets (notes 4.8.1.4 and 4.1);
- Allocation of management expenses (note 4.12 and 23); and
- Current and deferred taxation (note 4.13 and 27).
- Segment Reporting (note 4.17 and 33).

### 2.4.1 Change in accounting estimate

Securities and Exchange Commission of Pakistan through its circular 9 of 2016 dated 9 March 2016 issued Guidelines for estimation of incurred but not reported (IBNR) claims reserve, 2016 for non-life insurance companies and required to comply with all provisions of these guidelines with effect from 1 July 2016.

The Guidelines require that estimation for provision for claims incurred but not reported for each class of business, by using prescribed Method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines, is determined for each accident year, the claims outstanding and claims paid till date are deducted from the ultimate claim payments for that particular year to derive an IBNR estimate for that year. Any negative values are ignored. The total for each accident year shall be the total IBNR as at the end of reporting year for that risk class.

In view of the SECP guidelines, the change in calculation from application of monthly factors on the claims reported during the period to application of yearly / quarterly factors on the claims paid during the period to determine the ultimate claim payments from which claims outstanding and claims paid till date is deducted for that particular year for estimation of provision for IBNR and application of alternative method for Accident and Health OP and Micro insurance business is considered as change in estimates which is also recommended by the Company's actuary.





This change has been accounted for as change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS-8) "Accounting Policies, Changes in Estimates and Errors" whereby the effects of these changes are recognised prospectively by including the same in determination of profit and loss in the period of the change, that is, during the current and future periods. Had the Company's accounting estimate not been changed, total liabilities would have been higher by Rs. 2.619 million net off tax of Rs. 1.177 million and profit for the year ended 31 December 2016 and equity would have been lower by Rs. 2.619 million.

### **3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE**

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on the Company's financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have an impact on the Company's financial statements.
- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on the Company's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Company's financial statements.

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on the Company's financial statements.



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- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Company's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The amendments are not likely to have an impact on the Company's financial statements.

There are certain new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after 1 January 2017 but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

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

There are certain new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after 1 January 2016 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

##### **4.2 Insurance contracts**

Insurance contracts are those contracts under which the Company, as insurer, has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured.

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



Insurance contracts are classified into the following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

- Fire and property damage;
  - Marine, aviation and transport;
  - Motor;
  - Accident and health;
  - Credit and suretyship; and
  - Miscellaneous.
- (a) Fire and property damage insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.
- (b) Marine, aviation and transport insurance covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired or held between the points of origin and final destination.
- (c) Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident.
- (d) Accident and health insurance covers unforeseen cash flows and financial hardships arising due to ailments, accidents and other natural causes necessitating hospitalisation.
- (e) Credit and suretyship insurance covers performance bonds in which surety assures the obligee that the principal can perform the task.
- (f) Other types of insurance contracts are classified in the miscellaneous category which includes mainly engineering, terrorism, worker compensation, and travel insurances, etc.

These contracts are provided to individuals as well as commercial organisations with various tenures according to the nature and terms of the contract and the needs of the insured.

#### **4.2.1 Premium**

Premium received / receivables under a policy is recognised as written from the date of attachment of the policy to which it relates. Premium income under a policy for direct businesses is recognised over the period of insurance from inception to expiry evenly over the period of the policy.

Premium income also includes administrative surcharge that represents documentation and other charges recovered by the Company from policy holders in respect of policies issued, at the rate of 5% of the premium written restricted to a maximum of Rs. 2,000 per policy. Administrative surcharge is recognised as premium at the time the policies are written.

Receivables under insurance contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognises that impairment loss in the profit and loss account.



#### 4.2.2 Reinsurance ceded

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums is accounted for in the same period as the related premium for the direct business being reinsured. Reinsurance premium is recognised as expense after taking into account the proportion of deferred premium expense which is calculated using pattern similar to calculation of premium income for the same policy. The deferred portion of premium expense is recognised as prepaid insurance premium ceded.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contracts.

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contracts are not offset against income or expenses from related insurance contracts.

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

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

#### 4.2.3 Underwriting provisions

Underwriting provisions in respect of the insurance contracts entered into by the Company are accounted for as under:

##### 4.2.3.1 Provision for outstanding claims including Incurred But Not Reported (IBNR)

Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

##### **Outstanding claims**

The amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year.

A liability for outstanding claims (claim incurred) is recognized for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including handling costs and the Company's reserving policy. Where applicable, deductions are made for salvage and their recoveries.



### **Incurred But Not Reported (IBNR) Claims**

The losses that have incurred or are in the occurrence period at the end of reporting year and have not been intimated to the Company by that end of reporting year, or if reported, complete details are not available to the Company, so as to ascertain the amount of loss for that claim as claims outstanding.

The Company is required, as per SECP circular no. 9 of 2016 dated 09 March 2016 “Guidelines for Estimation of Incurred but not reported claims reserve, 2016” to estimate and maintain the provision for claims incurred but not reported for each class of business by using prescribed Method “Chain Ladder Method” and other alternate method as allowed under the provisions of the Guidelines.

The actuarial valuation as at 31 December 2016 has been carried out by independent firm of actuaries for determination of IBNR for each class of business. The actuarial valuation is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required / allowed by the circular 9 of 2016. IBNR is determined by using Chain Ladder Method for all class of business. The claim outstanding and claims paid till date are deducted from the ultimate claim payments for that particular year to derive an IBNR estimate for that year.

Any negative values are ignored. The total for each accident year shall be the total IBNR as at the end of reporting year for that risk class. IBNR triangles are made on a yearly basis for each class of business. The methods used, and the estimates made, are reviewed regularly.

Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset and measured at the amount expected to be received.

#### **4.2.3.2 Premium deficiency reserve**

As per SEC (Insurance) Rules, 2002 where the cumulative unearned premium reserve for any classes of business is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the reporting date in respect of policies in that class of business in force at the reporting date, a premium deficiency reserve is recognised as a liability to meet the deficit. The movement in premium deficiency reserve is recorded as an expense / income in the profit and loss account for the year.

For this purpose, loss ratios for each class are estimated based on historical claims development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. Further, actuarial valuation has been carried out to determine the amount of premium deficiency reserve in respect of all class of business.

#### **4.2.3.3 Provision for unearned premium**

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage and is recognised as a liability by the Company. The unexpired portion based on the actuarial valuation carried out at each year end.

#### **4.2.3.4 Commission income unearned**

Commission income from reinsurers is recognised at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates.



#### **4.2.4 Premium due but unpaid**

This is recognised at cost, which is the fair value of the consideration receivable, less provision for impairment, if any.

#### **4.2.5 Amounts due to / from other insurers / reinsurers**

Amounts due to / from other insurers / reinsurers are carried at cost which is the fair value of the consideration to be paid / received in future for services received / rendered less provision for impairment.

#### **4.2.6 Reinsurance recoveries against outstanding claims**

Claim recoveries receivable from reinsurers are recognised as assets at the same time as the claims which give rise to the right of recoveries are recognised as liabilities and are measured at the amount expected to be recovered after considering impairment in relation thereto.

#### **4.2.7 Deferred commission expense**

Commission expense and costs incurred in obtaining and recording policies are deferred and recognised as an asset and are recognised in the profit and loss account as expenses in accordance with the pattern of recognition of premium income.

#### **4.2.8 Prepaid reinsurance premium ceded**

Prepaid reinsurance represents the portion of reinsurance premium which is not yet recognised as an expense. Re-insurance premium is recognised as an expense as follows:

- For proportional reinsurance business, evenly over the period of the underlying policies; and
- For non-proportional reinsurance business, evenly over the period of indemnity.

### **4.3 Creditors and other accruals**

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

### **4.4 Employees benefits plan**

#### **4.4.1 Defined benefit plan**

The Company operates an approved and funded gratuity scheme for all permanent employees who attain the minimum qualification period for entitlement to gratuity. The liability / asset recognized in the balance sheet is the present value of defined benefit obligation at the reporting date less fair value of plan assets. The defined benefit obligation is calculated annually using Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

The Company determines the net interest expense / (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability / (asset), taking into account any changes in the net defined benefit liability / (asset) during



the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognized in profit and loss account and actuarial gains / loss are recognised in other comprehensive income as they occur and are not reclassified to profit or loss in subsequent periods.

The last actuarial valuation of the Company's defined benefit plan was carried on as of 31 December 2016.

#### **4.4.2 Defined contribution plan**

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

#### **4.4.3 Employees' compensated absences**

The Company accounts for liability in respect of employees' compensated absences in the period in which these are earned.

#### **4.5 Provisions, contingent assets and contingent liabilities**

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

Contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

#### **4.6 Cash and cash equivalents**

Cash and cash equivalents are carried on the balance sheet at cost / amortised cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash, cheques and stamps in hand, deposits with banks in current and savings accounts and term deposits receipts with banks with original maturities of twelve months or less.

#### **4.7 Sundry receivables**

These are recognised at cost, which is the fair value of the consideration receivable less impairment, if any.

#### **4.8 Financial instruments**

##### **4.8.1 Financial assets**

##### **4.8.1.1 Classification**

The classification of financial assets is determined at initial recognition and depends on the purpose for which the financial assets were acquired. Currently, the financial assets of the Company are classified into the following categories:



**a) At fair value through profit or loss**

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

**b) Available-for-sale**

These are non-derivative financial assets, which are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or changes in price.

**c) Held-to-maturity**

These are non-derivative financial assets with fixed or determinable payments and fixed maturity, in respect of which the Company has the positive intent and ability to hold to maturity.

**d) Loans and receivables**

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

**4.8.1.2 Initial recognition and measurement**

Investments other than those categorised into 'financial assets at fair value through profit or loss' category are initially recognised at fair values which includes transaction costs which are directly attributable to the acquisition of the securities. Investments classified as 'financial assets at fair value through profit or loss' are initially recognised at fair values and transaction costs are expensed in the profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date when the Company commits to purchase or sell the investment.

**4.8.1.3 Subsequent measurement**

Financial assets classified as 'financial assets at fair value through profit or loss' are, subsequently, measured at their fair values and gains and losses arising from changes in respective fair values are included in the profit and loss account.

Available-for-sale investments are, subsequently, measured at the 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 S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan on 12 December 2002. In case of quoted equity securities, the market value is determined by using Stock Exchange quotations as at the reporting date.

Investments classified as held-to-maturity are, subsequently, measured at amortised cost using the effective interest method less any impairment losses. Any premium paid or discount availed on acquisition of held-to-maturity financial assets is deferred and amortised over the term of the asset using the effective interest method.

**4.8.1.4 Impairment of financial assets**

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash outflows, discounted at the original effective interest rate.





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**Insurance Company Limited.**

A subsidiary of State Life Insurance Corporation of Pakistan

#### 4.8.1.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

#### 4.8.2 Financial liabilities

Financial liabilities are recognised at the time the Company becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value and subsequently stated at amortised cost. Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of financial liabilities is taken to the profit and loss account.

#### 4.8.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

### 4.9 Fixed assets

#### 4.9.1 Tangible assets

These are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Historical cost includes expenditure that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance expenditure is charged to the profit and loss account as and when these are incurred.

Depreciation is charged to the profit and loss account using the straight line method whereby the depreciable amount of an asset is written off over the estimated useful life in accordance with the rates specified in note 21 to the financial statements. The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. Depreciation is charged on additions from the month of acquisition and on disposals upto the month of disposal.

An item of fixed assets is derecognised upon disposal and when no economic benefits are expected from its use or disposal.

Gains or losses on disposal of tangible assets are taken to the profit and loss account in the period in which disposals are made.

#### 4.9.2 Intangible assets

Intangible assets having finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. These are amortised using the straight line method over their estimated useful lives. The useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.



Gains or losses on disposal of intangible assets are taken to the profit and loss account in the period in which disposals are made.

#### **4.10 Impairment of non-financial assets**

The carrying values of assets are reviewed at each reporting date for impairment where events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such an indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to the recoverable amounts. The resulting impairment loss is recognised in the profit and loss account.

#### **4.11 Revenue recognition**

Premium income under a policy is recognised over the period of insurance from the date of inception of the policy to which it relates till the expiry in case of marine cargo business whereas, for all other cases of premium, income is recognised as a difference between total premium written and provision for unearned premium.

Commission income is taken to the profit and loss account on a time proportionate basis in accordance with the pattern of recognition of reinsurance premium to which it relates.

Administrative surcharge recovered by the Company from policy holders is included in income.

Income from held-to-maturity investments is recognised on time proportion basis taking into account the effective yield on the investment. The difference between redemption and purchase price of the held-to-maturity investment is amortised and recognised in the profit and loss account over the term of investment.

Dividend income is recognised when the right to receive such dividend is established.

Gain / loss on sale of investments is included in the profit and loss account in the period of sale.

Return on bank balances is recognised on a time proportion basis taking into account the effective yield.

#### **4.12 Allocation of management expenses**

Management expenses have been allocated to various business segments as are deemed equitable by the management. Expenses not allocable to the underwriting business are charged under general and administration expenses.

#### **4.13 Taxation**

Tax charge for the period comprises current and deferred taxation. Tax charge is recognised in the profit and loss account except to the extent that it relates to the items recognised directly in the equity in which case it is recognised in equity.

##### **Current**

Provision for current taxation is based on profits and gains of insurance business computed in accordance with the rules specified in the Fourth Schedule to the Income Tax Ordinance, 2001 after taking into account tax credits available, if any. The charge for current tax is calculated using the prevailing tax rates or tax rates expected to apply to the income for the period, if enacted. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the current year for such years.



## Deferred

Deferred taxation is accounted for using the balance sheet liability method in respect of all major temporary differences arising between the carrying amounts of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilised.

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

### 4.14 Earnings per share

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

### 4.15 Proposed dividends and transfers between reserves

Dividends, if any, declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which such dividends are declared and transfers are made.

### 4.16 Foreign currency transactions and translations

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. All exchange differences are routed through the profit and loss account.

### 4.17 Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting provided to the Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

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

Investment and income taxes are managed on an overall basis and are, therefore, not allocated to any segment. The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

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



## 5 SHARE CAPITAL

### 5.1 Authorised share capital

2016	2015		2016	2015
.....Number of shares.....			----- Rupees -----	
<u>50,000,000</u>	<u>50,000,000</u>	Ordinary shares of Rs. 10 each	<u>500,000,000</u>	<u>500,000,000</u>

### 5.2 Issued, subscribed and paid-up share capital

2016	2015		2016	2015
.....Number of shares.....			----- Rupees -----	
		Ordinary shares of Rs. 10 each:		
<u>1,162,000</u>	1,162,000	- fully paid in cash	<u>11,620,000</u>	11,620,000
<u>29,198,000</u>	29,198,000	- issued as fully paid bonus shares	<u>291,980,000</u>	291,980,000
<u>10,000,000</u>	10,000,000	- issued as right shares	<u>100,000,000</u>	100,000,000
<u>40,360,000</u>	<u>40,360,000</u>		<u>403,600,000</u>	<u>403,600,000</u>

### 5.3 Following is the pattern of the shareholding of the Company:

2016	2015		Percentage of holding	2016	2015
.....Number of shares.....			2016	----- Rupees -----	
		State Life Insurance Corporation of Pakistan (Parent Company)	93.99%	93.99%	
<u>37,934,843</u>	37,934,843	Individuals	5.98%	5.98%	
<u>2,412,526</u>	2,412,526	Director	0.03%	0.03%	
<u>12,631</u>	12,631				
<u>40,360,000</u>	<u>40,360,000</u>			<u>403,600,000</u>	<u>403,600,000</u>

Note

2016	2015
----- Rupees -----	

## 6 RESERVES

### Capital reserve

Reserve for exceptional losses

6.1 3,355,000 3,355,000

### Revenue reserves

General reserve

6,820,000 6,820,000  
10,175,000 10,175,000

6.1 The reserve for exceptional losses represents amounts set aside till 31 December 1978 to avail deduction thereof in computing taxable income, as allowed previously under the old Income Tax Act of 1922. After the introduction of the Repealed Income Tax Ordinance, 1979, which did not permit the said deduction, the Company discontinued the setting aside of amounts as reserve for exceptional losses.



	Note	2016 ----- Rupees -----	2015
<b>6.2 General reserve</b>			
Balance at beginning of the year		6,820,000	6,820,000
Transfer from retained earnings		-	-
Balance at end of the year		<u>6,820,000</u>	<u>6,820,000</u>
<b>7 AMOUNT DUE TO OTHER INSURERS / REINSURERS</b>			
Due to reinsurers		92,459,546	86,563,708
Due to other insurers		<u>10,615,913</u>	<u>10,667,688</u>
		<u>103,075,459</u>	<u>97,231,396</u>
<b>8 ACCRUED EXPENSES</b>			
Commission in respect of outstanding premium		28,473,467	27,401,125
Other accrued expenses		<u>6,135,346</u>	<u>6,149,314</u>
		<u>34,608,813</u>	<u>33,550,439</u>
<b>9 OTHER CREDITORS AND ACCRUALS</b>			
Commission payable to agents		15,159,485	17,157,494
Cash margins against performance bonds		4,696,972	4,546,972
Federal excise duty		21,609,860	23,127,751
Income tax deducted at source		348,973	100,505
Workers' Welfare Fund	9.1	2,197,746	2,197,746
Others	9.2	<u>4,280,240</u>	<u>2,903,651</u>
		<u>48,293,276</u>	<u>50,034,119</u>

**9.1** The Finance Act 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court.

The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

In view of the above, on prudent basis the management has decided not to reverse charge for WWF recorded for the years upto 2015 amounting to Rs. 2.198 million.

**9.2** This includes outstanding claims in respect of which cheques have been issued by the Company for claim settlement but the same have not been encashed by the claimant. The following is the ageing as required by SECP circular No. 11 dated 19 May 2014:



	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
- More than 6 months		<u>333,864</u>	<u>278,228</u>
- 1 to 6 months		<u>-</u>	<u>36,682</u>

	2016 ----- (Age-wise Breakup) -----					Total
	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 Months	
	----- Rupees -----					
Claims not encashed	-	18,954	115,124	199,786	-	<u>333,864</u>

	2015 ----- (Age-wise Breakup) -----					Total
	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 Months	
	----- Rupees -----					
Claims not encashed	36,682	78,442	199,786	-	-	<u>314,910</u>

## 10 CONTINGENCIES AND COMMITMENTS

### 10.1 Contingencies

10.1.1 Various claims amounting to Rs. 93.181 million (2015: Rs. 96.514 million) have been lodged by various parties against the Company. The Company has not acknowledged these claims as the management considers that the Company is not liable to settle these amounts.

10.1.2 The income tax assessments of the Company have been finalised upto tax year 2016. Matters of disagreement exist between the Company and the tax authorities for the tax years. 2008 and 2009. For tax year 2008, the tax authorities have made disallowances / additions to the taxable income in respect of Incurred but not reported provision (IBNR) amounting to Rs. 2.453 million. For tax year 2009, the tax authorities did not allow credit of taxes paid of Rs. 7.214 million for that year for need of verification of these payments and created additional demand of Rs. 4.627 million by charging dividend income at corporate tax rate of 35% instead of reduced rates provided under the First Schedule of the Income Tax Ordinance 2001. The management is contesting these matters. with the tax authorities and has filed appeals with the Appellate Tribunal, Inland Revenue (Tribunal) for tax year 2008 and with the Commissioner Inland Revenue (Appeals) for tax year 2009 and is confident that these matters. will be decided in favour of the Company. Consequently no provision has been made in these financial statements in respect of these amounts.

### 10.2 Commitments

There are no commitments as at 31 December 2016 and 31 December 2015.



	Note	2016	2015
		Rupees	
<b>11 CASH AND BANK DEPOSITS</b>			
<b>Cash and other equivalents</b>			
- cash in hand		49,999	-
- Policy stamps and bond papers in hand		176,506	112,285
		<u>226,505</u>	112,285
<b>Current and other accounts</b>			
- current accounts		4,380,149	8,690,943
- savings accounts	11.1	17,714,039	24,347,815
		<u>22,094,188</u>	33,038,758
<b>Deposits maturing within 12 months</b>			
Term deposits - local currency	11.2	75,000,000	-
		<u>97,320,693</u>	<u>33,151,043</u>

11.1 These accounts carry interest at rates ranging between 3.93% and 4.58% (2015: 4.00% and 6.00%) per annum.

11.2 This has tenure of one month and carries mark-up at the rate 5.7% per annum. No term deposit was placed with bank as at 31 December 2015.

	Note	2016	2015
		Rupees	
<b>12 INVESTMENTS</b>			
<b>Available-for-sale</b>			
Quoted equity securities	12.1	115,941,693	123,621,050
Less: Diminution in the value of investments		(2,485,131)	(12,587,856)
		<u>113,456,562</u>	111,033,194
<b>Unquoted equity shares</b>			
- GlaxoSmithKline Consumer Healthcare Pakistan Limited [37,044 shares (2015: Nil shares)] Name of CEO: Sohail Ahmed Matin			
Break-up value: Rs. 16.71 (2015: Rs. nil)	12.1.1	2,654,949	-
Less: Diminution in the value of investments		(2,035,947)	-
		<u>619,002</u>	-
		<u>114,075,564</u>	111,033,194
<b>Held-to-maturity</b>			
Government securities	12.2	501,396,084	510,502,514
Term finance certificates	12.3	20,916,736	33,094,455
		<u>522,312,820</u>	543,596,969
		<u>636,388,384</u>	<u>654,630,163</u>



## 12.1 Listed equity securities

2016 No. of shares	2015	Face value Rupees	Nature of investee Company	Note	2016 Rupees	2015 Rupees
			<b>Oil &amp; Gas</b>			
11,300	6,300	10	Oil & Gas Development Company Ltd.		2,369,127	1,680,808
5,000	5,000	10	Pakistan Oilfields Limited		2,169,519	2,169,519
92,000	92,000	10	Pakistan Petroleum limited		18,868,530	18,868,530
15,000	-	10	Pakistan State Oil Company Limited		6,279,552	-
35,063	35,063	10	Shell (Pakistan) Limited		784,895	784,895
			<b>Automobile Assembler</b>			
-	9,000	10	Millat Tractors Limited		-	5,405,731
			<b>Chemicals</b>			
-	4,100	10	ICI Pakistan Limited		-	2,083,538
2,000	2,000	10	Linde Pakistan Limited		322,500	322,500
			<b>Fertilizer</b>			
108,500	-	10	Engro Fertilizer Limited		6,825,543	-
79,627	79,627	10	Fauji Fertilizer Company Limited		5,892,283	5,892,283
			<b>Forestry (Paper and Board)</b>			
-	4,450	10	Packages Limited		-	2,794,322
120,000	120,000	10	Pakistan Paper Products Limited		150,000	150,000
			<b>Leasing</b>			
25,000	-	10	Orix Leasing Pakistan Limited		1,192,990	-
			<b>Textile Composite</b>			
-	110,000	10	Nishat Mills Limited		-	11,280,767
-	83,000	10	The Crescent Textile Mills Limited		-	1,929,206
			<b>Tobacco</b>			
23,367	23,367	10	Pakistan Tobacco Company Limited		78,710	78,710
			<b>Pharmaceuticals</b>			
123,483	123,483	10	GlaxoSmithKline Pakistan Limited	12.1.1	8,850,061	11,505,009
20,850	-	10	Highnoon Laboratories Limited		11,823,800	-
			<b>Travel and Leisure</b>			
28,815	28,815	10	Pakistan Services Limited		199,116	199,116
			<b>Commercial Banks</b>			
121,000	121,000	10	Allied Bank Limited		14,470,321	14,470,321
917,500	917,500	10	Askari Bank Limited		21,987,565	21,987,565
			<b>Non-life Insurance</b>			
19,831	19,831	5	Habib Insurance Company Limited		95,830	95,830
177,777	177,777	10	Pakistan Reinsurance Company Limited		3,003	3,003
			<b>Food &amp; Personal Care Products</b>			
202,000	202,000	10	Treet Corporation Limited		13,578,348	13,578,348
			<b>Transport</b>			
-	79,000	10	Pakistan National Shipping Company		-	8,341,049
					<b>115,941,693</b>	<b>123,621,050</b>





12.1.1 On 29 February 2016 the high court approved the demerger of GlaxoSmithKline (Pakistan) Limited and GlaxoSmithKline Consumer Healthcare (Pakistan) Limited result in the allotment of 03 Shares of GlaxoSmithKline Consumer Healthcare (Pakistan) Limited for every 10 shares of GlaxoSmithKline (Pakistan) Limited. The Company holds 123,483 shares of GlaxoSmithKline (Pakistan) Limited and accordingly 37,044 shares of GlaxoSmithKline Consumer Healthcare (Pakistan) Limited has been allotted. GlaxoSmithKline Consumer Healthcare (Pakistan) Limited is an unlisted company having the breakup value of Rs. 16.71.

12.1.2 The fair value of available-for-sale investments is Rs. 231,566,455 (2015: Rs. 187,052,981). Subsequent to initial recognition these are stated at the 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 S.R.O. 938 dated 12 December 2002 issued by the Securities and Exchange Commission of Pakistan. However, the International Accounting Standard (IAS 39), "Financial Instruments: Recognition and Measurement" requires these instruments to be measured at fair value.

Had these investments been measured at fair value as required under IAS 39, their carrying values as at 31 December 2016 would have been higher by Rs. 118,109,895 (2015: Rs. 76,019,787) and shareholders equity would have been higher by Rs. 81,495,828 (2015: Rs. 51,693,455).

## 12.2 Government securities

	Maturity	Principal repayment	Effective yield (% per annum)	Coupon payment	Face Value	Carrying Value	
						2016	2015
----- Rupees -----							
5 years Pakistan Investment Bonds	August-16	On maturity	11.50%	Semi-annually	12,500,000	-	12,428,065
3 years Pakistan Investment Bonds	July-16	On maturity	11.25%	Semi-annually	1,000,000	-	1,001,021
3 years Pakistan Investment Bonds	July-16	On maturity	11.25%	Semi-annually	20,000,000	-	19,968,042
3 years Pakistan Investment Bonds	July-16	On maturity	11.25%	Semi-annually	19,700,000	-	19,544,454
3 years Pakistan Investment Bonds	July-16	On maturity	11.25%	Semi-annually	300,000	-	298,620
3 years Pakistan Investment Bonds	July-17	On maturity	11.25%	Semi-annually	345,000,000	342,779,587	339,307,710
3 years Pakistan Investment Bonds	July-16	On maturity	11.25%	Semi-annually	9,700,000	-	9,808,429
3 years Pakistan Investment Bonds	March-18	On maturity	8.75%	Semi-annually	17,000,000	17,253,849	17,473,563
3 years Pakistan Investment Bonds	March-18	On maturity	8.75%	Semi-annually	30,000,000	30,432,821	30,878,234
3 years Pakistan Investment Bonds	April-19	On maturity	7.00%	Semi-annually	11,000,000	11,184,036	-
3 years Pakistan Investment Bonds	April-19	On maturity	7.00%	Semi-annually	12,500,000	12,692,047	-
Treasury Bills	February-16	On maturity	6.93%	On maturity	3,000,000	-	2,980,731
Treasury Bills	February-16	On maturity	6.95%	On maturity	10,000,000	-	9,909,691
Treasury Bills	April-16	On maturity	6.46%	On maturity	10,000,000	-	9,820,000
Treasury Bills	May-16	On maturity	6.29%	On maturity	11,000,000	-	10,755,631
Treasury Bills	May-16	On maturity	6.37%	On maturity	27,000,000	-	26,328,323
Treasury Bills	February-17	On maturity	6.22%	On maturity	13,000,000	12,929,042	-
Treasury Bills	February-17	On maturity	5.88%	On maturity	71,000,000	70,635,107	-
Treasury Bills	January-17	On maturity	5.86%	On maturity	3,500,000	3,489,595	-
					<u>627,200,000</u>	<u>501,396,084</u>	<u>510,502,514</u>

\*These include securities having a face value of Rs. 41.5 million (2015: Rs. 41.5 million) which have been deposited with the State Bank of Pakistan in compliance with the requirements of clause (a) of sub-section 2 of section 29 of the Insurance Ordinance, 2000.

## 12.3 Term finance certificates

Particulars	Tenure	Maturity	Number of certificates held	Rate of return (% per annum)	Profit payment	Face Value	Carrying Value	
							2016	2015
----- Rupees -----								
Bank Alfalah Limited	8 years	2017	2,000	15.00%	Semi-annually	10,000,000	6,970,341	11,023,373
Bank Alfalah Limited	8 years	2017	4,000	15.00%	Semi-annually	20,000,000	13,946,395	22,071,082
						<u>30,000,000</u>	<u>20,916,736</u>	<u>33,094,455</u>



	Note	2016	2015
		Rupees	
<b>13 DEFERRED TAXATION</b>			
Deferred tax debits / (credits) arising in respect of:			
Accelerated tax depreciation on fixed assets		1,493,839	1,286,132
Provision against premium due but unpaid		15,971,876	12,221,169
Provision for diminution in value of investment		1,356,323	1,647,870
Provision against amount due from other insurers / reinsurers		10,761,282	8,789,781
Provision for employees' benefits plan		(187,602)	(160,574)
		<u>29,395,718</u>	<u>23,784,378</u>
<b>14 PREMIUM DUE BUT UNPAID - UNSECURED</b>			
Considered good		61,178,663	66,591,122
Considered doubtful		53,239,588	39,423,126
		<u>114,418,251</u>	<u>106,014,248</u>
Provision for doubtful recoveries	14.1	(53,239,588)	(39,423,126)
		<u>61,178,663</u>	<u>66,591,122</u>
<b>14.1 Reconciliation of provision for doubtful recoveries</b>			
Opening provision		39,423,126	31,584,477
Charge for the year		13,816,462	7,838,649
Closing provision		<u>53,239,588</u>	<u>39,423,126</u>
<b>15 AMOUNTS DUE FROM OTHER INSURERS / REINSURERS</b>			
Considered good		33,966,669	43,941,200
Considered doubtful		35,870,941	28,354,133
		<u>69,837,610</u>	<u>72,295,333</u>
Provision for doubtful recoveries	15.1	(35,870,941)	(28,354,133)
		<u>33,966,669</u>	<u>43,941,200</u>
<b>15.1 Reconciliation of provision for doubtful recoveries</b>			
Opening provision		28,354,133	35,371,487
Charge / (reversal) for the year		7,516,808	(7,017,354)
Closing provision		<u>35,870,941</u>	<u>28,354,133</u>
<b>16 ACCRUED INVESTMENT INCOME</b>			
Accrued interest on Government Securities		19,279,678	22,310,302
Accrued interest on Term Finance Certificates		237,739	356,751
Accrued interest on Term Deposit Receipts		35,137	-
Dividend receivable		432,276	-
		<u>19,984,830</u>	<u>22,667,053</u>



	Note	2016	2015
		-----	-----
		Rupees	
<b>17 REINSURANCE RECOVERIES AGAINST OUTSTANDING CLAIM</b>			
	17.1	<u>137,403,653</u>	<u>33,663,772</u>
17.1 This includes claims receivable from Pakistan Reinsurance Company Limited (PRCL) and J.B. Boda & Co. Private Limited amounting to Rs. 46.879 million (2015: Rs. 13.599 million) and Rs. 36.311 million (2015: Rs. 7.786 million) respectively.			
<b>18 TAXATION - PAYMENTS LESS PROVISION</b>			
Balance as at 1 January		32,381,096	37,001,433
Tax paid including deducted at source		7,186,046	5,580,648
Provision for taxation		(2,055,705)	(10,200,985)
Balance as at 31 December		<u>37,511,437</u>	<u>32,381,096</u>
<b>19 PREPAYMENTS</b>			
Prepaid reinsurance premium ceded		25,414,435	33,783,357
Others		295,393	1,255,345
		<u>25,709,828</u>	<u>35,038,702</u>
<b>20 SUNDRY RECEIVABLES</b>			
<b>Advances - secured</b>			
To staff		143,452	133,971
<b>Unsecured</b>			
Long-term security deposit		1,919,461	1,893,461
Federal insurance fee		456,644	239,015
Miscellaneous receivables	20.1	1,727,975	1,818,402
		<u>4,247,532</u>	<u>4,084,849</u>

20.1 This includes Rs. 1,558,728 (2015: Rs. 1,558,728 million) receivable from State Life Insurance Corporation of Pakistan (Parent Company).



## 21. FIXED ASSETS

	Tangible					Intangible	Total
	Furniture and fixtures	Office equipment	Computers and related accessories	Motor vehicles	Electrical installations	Computer software	
----- (Rupees) -----							
<b>At 1 January 2016</b>							
Cost	14,369,371	5,077,506	8,787,773	23,984,779	4,295,247	2,411,912	58,926,588
Accumulated depreciation	(8,497,566)	(4,843,586)	(8,163,720)	(21,350,352)	(3,252,448)	(2,411,912)	(48,519,584)
Net book value	<u>5,871,805</u>	<u>233,920</u>	<u>624,053</u>	<u>2,634,427</u>	<u>1,042,799</u>	-	<u>10,407,004</u>
<b>Year ended 31 December 2016</b>							
Opening net book value	5,871,805	233,920	624,053	2,634,427	1,042,799	-	10,407,004
Additions	61,655	-	16,200	-	79,300	-	157,155
Disposals / write-offs							
Cost	-	-	-	1,406,500	-	-	1,406,500
Accumulated depreciation	-	-	-	1,406,500	-	-	1,406,500
Depreciation charge for the year	(1,058,368)	(157,812)	(236,868)	(1,404,443)	(342,117)	-	(3,199,608)
<b>Closing net book value</b>	<u>4,875,092</u>	<u>76,108</u>	<u>403,385</u>	<u>1,229,984</u>	<u>779,982</u>	-	<u>7,364,551</u>
<b>At 31 December 2016</b>							
Cost	14,431,026	5,077,506	8,803,973	22,578,279	4,374,547	2,411,912	57,677,243
Accumulated depreciation	(9,555,934)	(5,001,398)	(8,400,588)	(21,348,295)	(3,594,565)	(2,411,912)	(50,312,692)
<b>Net book value</b>	<u>4,875,092</u>	<u>76,108</u>	<u>403,385</u>	<u>1,229,984</u>	<u>779,982</u>	-	<u>7,364,551</u>
<b>Depreciation rate (% per annum)</b>	<u>10%</u>	<u>10 - 20%</u>	<u>20%</u>	<u>20%</u>	<u>15%</u>	<u>30%</u>	
<b>At 1 January 2015</b>							
Cost	14,369,371	5,004,010	8,701,073	23,984,779	4,178,911	2,411,912	58,650,056
Accumulated depreciation	(7,437,938)	(4,565,589)	(7,837,341)	(19,631,994)	(2,920,428)	(2,411,912)	(44,805,202)
Net book value	<u>6,931,433</u>	<u>438,421</u>	<u>863,732</u>	<u>4,352,785</u>	<u>1,258,483</u>	-	<u>13,844,854</u>
<b>Year ended 31 December 2015</b>							
Opening net book value	6,931,433	438,421	863,732	4,352,785	1,258,483	-	13,844,854
Additions	-	73,496	86,700	-	116,336	-	276,532
Disposals / write-offs							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Depreciation charge for the year	(1,059,628)	(277,997)	(326,379)	(1,718,358)	(332,020)	-	(3,714,382)
<b>Closing net book value</b>	<u>5,871,805</u>	<u>233,920</u>	<u>624,053</u>	<u>2,634,427</u>	<u>1,042,799</u>	-	<u>10,407,004</u>
<b>At 31 December 2015</b>							
Cost	14,369,371	5,077,506	8,787,773	23,984,779	4,295,247	2,411,912	58,926,588
Accumulated depreciation	(8,497,566)	(4,843,586)	(8,163,720)	(21,350,352)	(3,252,448)	(2,411,912)	(48,519,584)
Net book value	<u>5,871,805</u>	<u>233,920</u>	<u>624,053</u>	<u>2,634,427</u>	<u>1,042,799</u>	-	<u>10,407,004</u>
<b>Depreciation rate (% per annum)</b>	<u>10%</u>	<u>10 - 20%</u>	<u>20%</u>	<u>20%</u>	<u>15%</u>	<u>30%</u>	



**21.1 The depreciation charged during the year has been allocated as follows:**

	Note	2016	2015
		Rupees	
Management expenses	23	2,175,733	2,525,780
General and administrative expenses	26	1,023,875	1,188,602
		<u>3,199,608</u>	<u>3,714,382</u>

**21.2 Disposal of fixed assets**

	Original cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss) on sale	Mode of disposal	Particulars of buyer
	(Rupees)						
Assets having Written down value less than Rs. 50,000							
Motor vehicles	645,500	645,500	-	280,000	280,000	Negotiation	Hamzullah Khan (Employee)
Motor vehicles	719,000	719,000	-	265,102	265,102	Tender	Mohammad Afzal
Motor vehicles	42,000	42,000	-	7,000	7,000	Negotiation	Hamzullah Khan (Employee)
2016	<u>1,406,500</u>	<u>1,406,500</u>	-	<u>552,102</u>	<u>552,102</u>		
2015	-	-	-	-	-		

**22 ADMINISTRATIVE SURCHARGE**

Premium written and net premium revenue include administrative surcharge, class wise detail of which is given below:

	Note	2016	2015
		Rupees	
Fire and property damage		1,122,828	1,642,754
Marine, aviation And transport		930,507	1,458,126
Motor		917,145	1,189,150
Accident and health		4,000	2,000
Credit and suretyship		287,349	106,150
Miscellaneous		128,989	367,515
		<u>3,390,818</u>	<u>4,765,695</u>

**23 MANAGEMENT EXPENSES**

Salaries, wages and other benefits	23.1	31,964,842	30,236,689
Rent, rates, taxes and electricity		7,859,939	6,893,038
Legal and professional charges		698,020	961,112
Repair and maintenance		2,757,762	2,952,983
Communication		961,827	1,296,781
Printing and stationery		621,758	953,016
Subscriptions		240,241	263,816
Pre inspection fee		32,195	139,713
Travelling and conveyance		2,812,651	2,667,322
Advertisement and sales promotion		328,050	522,700
Provision for doubtful recoveries	14 & 15	21,333,270	821,295
Depreciation	21.1	2,175,733	2,525,780
Miscellaneous expenses		3,492,561	3,293,473
		<u>75,278,849</u>	<u>53,527,718</u>



23.1 These include Rs. 465,886 (2015: Rs. 504,956) being contribution for employees' provident fund and Rs. 280,890 (2015: Rs. 807,561) in respect of defined benefit plan.

## 24 COMMISSION FROM REINSURERS

	Commission received or receivables	Unearned Commission		2016	2015
		Opening	Closing		
Rupees					
Fire and property damage	8,753,123	6,316,870	4,222,057	10,847,936	18,947,090
Marine, aviation And transport	2,324,234	917,021	326,504	2,914,751	9,594,801
Motor	-	1,537	-	1,537	30,735
Accident and health	-	-	-	-	-
Credit and suretyship	872,950	333,024	459,574	746,400	448,843
Miscellaneous	1,453,850	921,400	745,733	1,629,517	3,470,718
	<u>13,404,157</u>	<u>8,489,852</u>	<u>5,753,868</u>	<u>16,140,141</u>	<u>32,492,187</u>

25 OTHER INCOME	Note	2016	2015
		Rupees	
Income from financial assets			
Interest on savings accounts		2,010,322	2,594,306
Income from non-financial assets			
Gain on disposal of fixed assets		552,099	-
Miscellaneous income		125,963	589,421
		678,062	589,421
		<u>2,688,384</u>	<u>3,183,727</u>

## 26 GENERAL AND ADMINISTRATION EXPENSES

Salaries, wages and benefits	26.1	15,042,277	14,229,029
Rent, rates, taxes and electricity		3,698,795	3,243,783
Legal and professional charges		328,480	452,288
Repairs and maintenance		1,297,769	1,389,640
Communication		452,624	610,249
Printing and stationery		292,591	448,478
Travelling and conveyance		1,323,600	1,255,210
Subscriptions		113,054	124,149
Directors' remuneration		750,000	870,000
Workers' Welfare Fund	9.1	-	1,169,745
Depreciation	21.1	1,023,875	1,188,602
Auditors' remuneration	26.2	805,377	541,485
Miscellaneous expenses		1,643,557	1,549,867
		<u>26,771,999</u>	<u>27,072,525</u>



26.1 These include Rs. 219,240 (2015: Rs. 237,627) being contribution for employees' provident fund and Rs. 132,183 (2015: Rs. 380,029) in respect of defined benefit plan.

	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
<b>26.2 Auditors' remuneration</b>			
Audit fee		288,750	288,750
Half yearly review fee		94,500	94,500
Fee for regulatory return and Code of Corporate Governance		289,250	89,250
Out of pocket expenses		<u>132,877</u>	<u>68,985</u>
		<u>805,377</u>	<u>541,485</u>
<b>27 TAXATION</b>			
Current - for the year		1,527,704	10,954,179
- for prior years		528,001	(753,194)
Deferred		<u>(5,638,368)</u>	<u>(737,602)</u>
	27.1	<u>(3,582,663)</u>	<u>9,463,383</u>
<b>27.1 Relationship between tax expense and accounting profit</b>			
Profit before taxation		<u>(19,057,227)</u>	<u>41,127,632</u>
Effects of:			
Tax at the applicable rate of 31% (2015: 32%)		(5,907,740)	13,160,842
Tax effect of capital gain taxed at lower rate		-	(2,560,839)
Tax impact of change in rate of tax		(1,280,764)	1,406,506
Prior year tax charge		528,001	(753,194)
Tax effect of Minimum Tax		1,527,704	-
Deferred tax asset not booked on taxable losses		1,550,136	-
Tax effect of dividend income taxed at lower rate		-	(1,846,351)
Others		-	56,419
Tax expense for the year		<u>(3,582,663)</u>	<u>9,463,383</u>

27.2 Contingencies in respect of taxation have been disclosed in note 10.1.2.

## 28 EARNINGS PER SHARE

### 28.1 Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of shares as at the year end as follows:

	2016 ----- Rupees -----	2015 ----- Rupees -----
(Loss) / profit after tax for the year	<u>(15,474,564)</u>	<u>31,664,249</u>
	----- Number of Shares -----	
Weighted average number of ordinary shares	<u>40,360,000</u>	<u>40,360,000</u>
	----- Rupee -----	
Basic (loss) / earnings per share	<u>(0.38)</u>	<u>0.78</u>



## 28.2 Diluted earnings per share

Diluted earnings per share has not been presented as the Company does not have any convertible dilutive potential ordinary shares outstanding on 31 December 2016 and 2015 which would have any effect on the earnings per share if the option to convert is exercised.

## 29 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise State Life Insurance Corporation of Pakistan being the parent company, companies having directors in common, key management personnel, gratuity fund and provident fund. Transactions with these related parties (other than remuneration of key management personnel which is disclosed in note 32) are as follows:

	Parent		Post employment benefit plans		Other related parties	
	2016	2015	2016	2015	2016	2015
	----- Rupees -----					
<b>Transactions during the year</b>						
Dividend received	-	-	-	-	682,403	950,745
Rent expense	4,167,896	4,167,856	-	-	-	-
Rent paid	4,167,896	4,167,856	-	-	-	-
Charge in respect of provident fund	-	-	685,126	742,583	-	-
Charge in respect of gratuity fund	-	-	413,073	445,007	-	-
Contribution to provident fund	-	-	685,126	624,298	-	-
<b>Balances as at year end</b>						
Investment in equity securities	-	-	-	-	5,892,283	5,892,283
Receivable from State Life Insurance Corporation of Pakistan	1,558,728	1,558,728	-	-	-	-
Payable to associated company IGI Insurance Limited	-	-	-	-	-	-
(Payable to) / receivable from gratuity fund	-	-	1,866,229	2,189,209	-	-
Payable to provident fund	-	-	-	118,285	-	-

## 30 DEFINED BENEFIT PLAN - STAFF RETIREMENT GRATUITY

### 30.1 General description

The Company operates an approved gratuity fund established in 1982 for its permanent employees who have completed the minimum qualifying period of service of five years. The Fund is administered by the Trustees in accordance with the provisions of the Trust Deed and contributions therein are made in accordance with actuarial recommendations. The most recent valuation in this regard was carried out as at December 31, 2016, using the Projected Unit Credit Method for valuation of the Fund.

The Company faces the following risks on account of the gratuity scheme.

- Mortality risks: This is the risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.
- Investment risks: This is the risk of investment under-performing and being insufficient to meet liabilities.
- Final salary risks: This is the risk that the final salary at the time of the cessation of service is greater than what was initially assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.





- (d) Withdrawal risks: This is the risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' services / age distribution and the benefit.

**30.2 Principal actuarial assumptions**

	2016	2015
Discount rate	9.05%	9.00%
Expected rate of salary	9.00%	8.50%
Mortality rates	60 years	60 years
Rate of employee turnover	SLIC (2001-05)-1 Light	SLIC (2001-05)-1 Light

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 ultimate mortality tables.

**30.3 Amount recognised in the balance sheet**

	2016	2015
	----- Rupees -----	
Present value of defined benefit obligations	4,792,675	6,314,730
Fair value of plan assets	(6,658,904)	(8,503,939)
	<u>(1,866,229)</u>	<u>(2,189,209)</u>

The movement in the defined benefit obligation during the year is as follows:

	2016		
	Present value of defined benefit obligation	Fair value of plan assets	Total
	----- Rupees -----		
As at 1 January	6,314,730	(8,503,939)	(2,189,209)
Current service cost	601,792	-	601,792
Interest expense / (income)	579,061	(767,780)	(188,719)
	<u>7,495,583</u>	<u>(9,271,719)</u>	<u>(1,776,136)</u>
Remeasurements:			
- Loss on plan assets	-	248,840	248,840
- (Gain) / loss from change in demographic assumptions	-	-	-
- Gain due to change in financial assumptions	12,211	-	12,211
- Gain due to change in experience adjustment	(351,144)	-	(351,144)
	<u>(338,933)</u>	248,840	<u>(90,093)</u>
	<u>7,156,650</u>	<u>(9,022,879)</u>	<u>(1,866,229)</u>
Contributions made	-	-	-
Benefits paid	(2,363,975)	2,363,975	-
<b>As at 31 December</b>	<u>4,792,675</u>	<u>(6,658,904)</u>	<u>(1,866,229)</u>



	2015		
	Present value of defined benefit obligation	Fair value of plan assets	Total
	----- Rupees -----		
As at 1 January	7,574,024	(9,706,447)	(2,132,423)
Current service cost	658,008	-	658,008
Interest expense / (income)	732,971	(945,972)	(213,001)
	<u>8,965,003</u>	<u>(10,652,419)</u>	<u>(1,687,416)</u>
Remeasurements:			
- Loss on plan assets	-	221,555	221,555
- Gain due to change in financial assumptions	(47,325)	-	(47,325)
- Gain due to change in experience adjustment	(676,023)	-	(676,023)
	<u>(723,348)</u>	<u>221,555</u>	<u>(501,793)</u>
	<u>8,241,655</u>	<u>(10,430,864)</u>	<u>(2,189,209)</u>
Contributions made	-	-	-
Benefits paid	(1,926,925)	1,926,925	-
As at December 31	<u>6,314,730</u>	<u>(8,503,939)</u>	<u>(2,189,209)</u>

**30.4 Amount recognised in the profit and loss account**

----- Rupees -----

Current service cost	<b>601,792</b>	658,008
Interest expense on defined benefit obligation	<b>579,061</b>	732,971
Interest income on plan assets	<b>(767,780)</b>	(945,972)
Cost recognised in the profit and loss account	<u><b>413,073</b></u>	<u>445,007</u>

**30.5 Remeasurements recognised in other comprehensive income**

Remeasurement gains on obligation		
- Gain due to change in financial assumptions	<b>12,211</b>	(47,325)
- Gain due to change in experience adjustments	<b>(351,144)</b>	(676,023)
	<u><b>(338,933)</b></u>	<u>(723,348)</u>
Remeasurement loss on plan assets		
- Actual return on plan assets	<b>(518,939)</b>	(724,417)
- Interest income on plan assets	<b>767,780</b>	945,972
	<u><b>248,841</b></u>	<u>221,555</u>
	<u><b>(90,092)</b></u>	<u>(501,793)</u>

**30.6 Analysis of present value of defined benefit obligation**

Vested / Non vested		
- Vested benefits	<b>4,508,982</b>	5,951,356
- Non- vested benefits	<b>283,693</b>	363,374
Total	<u><b>4,792,675</b></u>	<u>6,314,730</u>
Types of benefits		
- Accumulated benefit obligation	<b>2,065,240</b>	3,322,504
- Amounts attributed to future salary increases	<b>2,727,435</b>	2,992,226
Total	<u><b>4,792,675</b></u>	<u>6,314,730</u>



### 30.7 Composition of plan assets

	2016		2015	
	(Rupees)	%	(Rupees)	%
Market treasury bills	6,110,990	91.77%	8,458,320	99.46%
Bank balance	547,914	8.23%	45,619	0.54%
	<u>6,658,904</u>	<u>100.00%</u>	<u>8,503,939</u>	<u>100.00%</u>

### 30.8 The sensitivity analysis of the defined benefit obligation to changes in principal actuarial assumptions is as follows:

Particulars	----- As at December 31, 2016 -----			----- As at December 31, 2015 -----		
	Change in assumption	Increase / (decrease) in present value of defined benefit obligation		Change in assumption	Increase / (decrease) in present value of defined benefit obligation	
		(%)	Rupees		(%)	Rupees
Discount rate	+0.5%	-10.03%	(480,669)	+0.5%	-4.23%	(267,417)
	-0.5%	11.95%	572,660	-0.5%	4.60%	290,328
Long-term salary increase rate	+0.5%	12.40%	594,359	+0.5%	4.84%	305,530
	-0.5%	-10.57%	(506,583)	-0.5%	-4.49%	(283,738)

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

### 30.9 The weighted average duration of the defined benefit obligation is 10.92 years (2015: 8.81 years).

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

Particulars	----- At December 31, 2016 -----			
	Between 0-1 years	Between 2-4 years	Between 5-10 years	Total
Distribution of timing of payment of benefits	<u>66,548</u>	<u>1,402,464</u>	<u>3,179,201</u>	<u>4,648,213</u>
	----- Rupees -----			
Particulars	----- At December 31, 2015 -----			
	Between 0-1 years	Between 2-4 years	Between 5-10 years	Total
Distribution of timing of payment of benefits	<u>357,981</u>	<u>3,146,968</u>	<u>3,749,309</u>	<u>7,254,258</u>
	----- Rupees -----			



	2016	2015	2014	2013	2012	2011
<b>30.11 Historical information</b>	-----Rupees-----					
Present value of defined benefit obligation	<b>4,792,675</b>	6,314,730	7,574,024	7,107,817	5,892,236	5,663,176
Fair value of plan assets	<b>(6,658,904)</b>	(8,503,939)	(9,706,447)	(9,436,581)	(9,338,137)	(9,448,255)
Surplus	<b>(1,866,229)</b>	(2,189,209)	(2,132,423)	(2,328,764)	(3,445,901)	(3,785,079)
Remeasurements of plan liabilities	<b>(338,933)</b>	723,348	564,706	(418,151)	(326,149)	932,317
Remeasurements of plan assets	<b>248,840</b>	221,555	453,841	(348,158)	(65,284)	(693,001)

**30.12** Funding levels are monitored on an annual basis and are based on actuarial recommendations. The expected gratuity expense for the next year commencing 1 January 2017 works out to be Rs. 230,281 (2016: Rs. 413,073) as per the actuarial valuation report of the Company as of 31 December 2016.

**30.13** The disclosures made in notes 30.1 to 30.12 are based on the information included in the actuarial valuation report of the scheme as of 31 December 2016

### 31 PROVIDENT FUND RELATED DISCLOSURES

The Company has set up provident fund for its permanent employees and the contributions were made by the Company to the Fund in accordance with the requirements of Section 227 of the Companies Ordinance, 1984. The total charge against provident fund for the year ended 31 December 2016 was Rs. 685,126 (2015: Rs. 742,583).

The following information is based on the un-audited financial statements of the Fund as at 31 December 2016.

	2016	2015
	----- Rupees -----	
Size of the fund - Total assets	<b>33,336,983</b>	32,886,186
Fair value of investments	<b>32,086,284</b>	32,095,723
Percentage of investments made	<b>96%</b>	98%

**31.1** The cost of above investments amounted to Rs. 33.225 million (2015: Rs 32.650 million).

**31.2** The break-up of fair values of investments is as follows:

	2016	2015	2016	2015
	Percentage		----- Rupees -----	
Treasury Bills	<b>51.50%</b>	100.00%	<b>16,524,300</b>	32,095,723
Pakistan Investment Bonds	<b>48.50%</b>	0.00%	<b>15,561,984</b>	-
	<b>100.00%</b>	100.00%	<b>32,086,284</b>	32,095,723



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

## 32 REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

The aggregate amount charged in these financial statements for remuneration, including certain benefits, to the Chief Executive and Directors of the Company during the year are as follows:

	Chief Executive Officer		Directors		Executive		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
-----Rupees-----								
Managerial remuneration	5,321,267	2,319,500	-	-	11,973,348	9,091,360	17,294,615	11,410,860
Fee for attending board meeting	-	-	750,000	870,000	-	-	750,000	870,000
Leave encashment	-	573,079	-	-	-	-	-	573,079
Conveyance allowance	-	-	-	-	778,905	466,120	778,905	466,120
Housing and utilities	-	13,512	-	-	1,992,064	1,165,840	1,992,064	1,179,352
Others	208,333	27,026	-	-	584,800	689,968	793,133	716,994
	<u>5,529,600</u>	<u>2,933,117</u>	<u>750,000</u>	<u>870,000</u>	<u>15,329,117</u>	<u>11,413,288</u>	<u>21,608,717</u>	<u>15,216,405</u>
Number of persons	<u>2</u>	<u>1</u>	<u>9</u>	<u>6</u>	<u>15</u>	<u>13</u>		

The Chief Executive Officer is also provided with free use of Company maintained car.

## 33 SEGMENT REPORTING

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

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

### 33.1 SEGMENT RESULTS

	-----2016-----						
	Fire and property damage	Marine aviation and transport	Motor	Accident and Health	Credit and suretyship	Miscellaneous	Total
-----Rupees-----							
Net premium revenue	24,701,177	7,370,677	26,946,929	6,932,207	3,726,299	10,268,429	79,945,718
Net claims	(7,707,512)	(2,246,333)	(9,267,017)	(7,721,264)	-	(20,776,689)	(47,718,815)
Premium deficiency expense	(5,060,741)	(1,367,005)	-	(1,674,529)	-	(10,330,878)	(18,433,153)
Management expenses	(33,106,358)	(11,192,665)	(14,737,199)	(3,899,214)	(2,663,061)	(9,680,352)	(75,278,849)
Net commission	(3,950,478)	(2,757,334)	(3,515,741)	(346,457)	(54,498)	(1,067,096)	(11,691,604)
<b>Segment results</b>	<u>(25,123,912)</u>	<u>(10,192,660)</u>	<u>(573,028)</u>	<u>(6,709,257)</u>	<u>1,008,740</u>	<u>(31,586,586)</u>	<u>(73,176,703)</u>
Net investment income							78,203,091
Other income							2,688,384
General and administration expenses							(26,771,999)
							<u>(19,057,227)</u>



Alpha

Insurance Company Limited.

A subsidiary of State Life Insurance Corporation of Pakistan

-----2015-----

	Fire and property damage	Marine aviation and transport	Motor	Accident and Health	Credit and suretyship	Miscellaneous	Total
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-----Rupees-----

Net premium revenue	16,748,339	6,850,912	26,270,623	5,022,775	1,244,784	7,077,584	63,215,017
Net claims	(9,408,528)	66,447	357,066	(5,529,567)	-	(476,286)	(14,990,868)
Premium deficiency expense	-	-	1,998,879	(789,920)	-	-	1,208,959
Management expenses	(22,918,480)	(11,432,333)	(10,716,195)	(1,708,359)	(1,333,307)	(5,419,044)	(53,527,718)
Net commission	(4,473,218)	198,686	(3,890,442)	(251,058)	(13,064)	243,310	(8,185,786)
<b>Segment results</b>	<b>(20,051,887)</b>	<b>(4,316,288)</b>	<b>14,019,931</b>	<b>(3,256,129)</b>	<b>(101,587)</b>	<b>1,425,564</b>	<b>(12,280,396)</b>

Net investment income							77,296,826
Other income							3,183,727
General and administration expenses							(27,072,525)
							<u>41,127,632</u>

### 33.2 OTHER INFORMATION - STATEMENT OF ASSETS AND LIABILITIES

-----2016-----

	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Credit and suretyship	Miscellaneous	Total
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-----Rupees-----

Segment assets	135,766,881	25,485,179	16,402,880	282,237	2,634,144	56,621,257	237,192,578
Unallocated corporate assets							868,341,436
Consolidated total assets							<u>1,105,534,014</u>
Segment liabilities	134,867,601	22,691,772	37,830,527	4,185,542	2,322,727	75,235,738	277,133,907
Unallocated corporate liabilities							208,502,115
Consolidated total liabilities							<u>485,636,022</u>

-----2015-----

	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Credit and suretyship	Miscellaneous	Total
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-----Rupees-----

Segment assets	80,896,510	29,707,680	18,419,873	1,661,365	4,283,099	11,016,145	145,984,672
Unallocated corporate assets							828,491,339
Consolidated total assets							<u>974,476,011</u>
Segment liabilities	79,751,075	13,628,602	39,130,615	3,751,484	3,276,526	14,624,135	154,162,437
Unallocated corporate liabilities							185,004,082
Consolidated total liabilities							<u>339,166,519</u>



34 FINANCIAL INSTRUMENTS BY CATEGORY

Particulars	2016			
	Loans and receivables	Held-to-maturity	Available-for sale	Total
	-----Rupees-----			
<b>Financial assets</b>				
Cash and bank deposits	97,320,693	-	-	97,320,693
Investments	-	522,312,820	114,075,564	636,388,384
Premium due but unpaid	61,178,663	-	-	61,178,663
Amounts due from other insurers / reinsurers	33,966,669	-	-	33,966,669
Accrued investment income	19,984,830	-	-	19,984,830
Reinsurance recoveries against outstanding claims	137,403,653	-	-	137,403,653
Sundry receivables	3,790,888	-	-	3,790,888
	<u>353,645,396</u>	<u>522,312,820</u>	<u>114,075,564</u>	<u>990,033,780</u>

Particulars	2016		
	At fair value through profit or loss	At amortised cost	Total
	-----Rupees -----		
<b>Financial liabilities</b>			
Provision for outstanding claims (including IBNR)	-	198,988,834	198,988,834
Amounts due to other insurers / reinsurers	-	103,075,459	103,075,459
Accrued expenses	-	34,608,813	34,608,813
Other creditors and accruals	-	24,136,697	24,136,697
	-	<u>360,809,803</u>	<u>360,809,803</u>

Particulars	2015			
	Loans and receivables	Held-to-maturity	Available-for sale	Total
	-----Rupees-----			
<b>Financial assets</b>				
Cash and bank deposits	33,151,043	-	-	33,151,043
Investments	-	543,596,969	111,033,194	654,630,163
Premium due but unpaid	66,591,122	-	-	66,591,122
Amounts due from other insurers / reinsurers	43,941,200	-	-	43,941,200
Accrued investment income	22,667,053	-	-	22,667,053
Reinsurance recoveries against outstanding claims	33,663,772	-	-	33,663,772
Sundry receivables	3,845,834	-	-	3,845,834
	<u>203,860,024</u>	<u>543,596,969</u>	<u>111,033,194</u>	<u>858,490,187</u>

Particulars	2015		
	At fair value through profit or loss	At amortised cost	Total
	-----Rupees -----		
<b>Financial liabilities</b>			
Provision for outstanding claims (including IBNR)	-	78,388,667	78,388,667
Amounts due to other insurers / reinsurers	-	97,231,396	97,231,396
Accrued expenses	-	33,550,439	33,550,439
Other creditors and accruals	-	24,608,117	24,608,117
	-	<u>233,778,619</u>	<u>233,778,619</u>



## 35 MANAGEMENT OF FINANCIAL AND INSURANCE RISK

### 35.1 Financial risk

The Company's activities expose it to a variety of financial risks: market risk (including yield / interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk that could result in reduction in the Company's net assets or a reduction in the profits available for dividends. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework and is responsible for developing and monitoring risk management policies.

#### 35.1.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company manages market risk by monitoring exposures in related securities by following internal risk management policies.

Market risk comprises of three types of risks: yield/interest rate risk, foreign currency risk and price risk.

##### 35.1.1.1 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market yield / interest rates. The Company is exposed to yield / interest rates risk in respect of the following:

Particulars	2016							
	Effective yield/ mark-up rate (% per annum)	Exposed to yield/interest rate risk			Not exposed to yield/interest rate risk			
		Maturity up to one year	Maturity after one year	Sub- Total	Maturity up to one year	Maturity after one year	Sub- Total	Total
	R u p e e s							
<b>Financial assets</b>								
Cash and bank deposits	3.93 - 4.58	92,714,039	-	92,714,039	4,606,654	-	4,606,654	97,320,693
Investments	5.86 - 15.00	450,750,067	71,562,753	522,312,820	113,456,562	-	113,456,562	635,769,382
Premium due but unpaid		-	-	-	61,178,663	-	61,178,663	61,178,663
Amounts due from other insurers / reinsurers		-	-	-	33,966,669	-	33,966,669	33,966,669
Accrued investment income		-	-	-	19,984,830	-	19,984,830	19,984,830
Reinsurance recoveries against outstanding claims		-	-	-	137,403,653	-	137,403,653	137,403,653
Sundry receivables		-	-	-	3,790,888	-	3,790,888	3,790,888
		<u>543,464,106</u>	<u>71,562,753</u>	<u>615,026,859</u>	<u>374,387,919</u>	<u>-</u>	<u>374,387,919</u>	<u>989,414,778</u>
<b>Financial liabilities</b>								
Provision against outstanding claims		-	-	-	191,422,464	-	191,422,464	191,422,464
Amounts due to other insurers / reinsurers		-	-	-	103,075,459	-	103,075,459	103,075,459
Accrued expenses		-	-	-	34,608,813	-	34,608,813	34,608,813
Other creditors and accruals		-	-	-	24,136,697	-	24,136,697	24,136,697
		<u>-</u>	<u>-</u>	<u>-</u>	<u>353,243,433</u>	<u>-</u>	<u>353,243,433</u>	<u>353,243,433</u>
<b>On-balance sheet gap (a)</b>		<u>543,464,106</u>	<u>71,562,753</u>	<u>615,026,859</u>	<u>21,144,486</u>	<u>-</u>	<u>21,144,486</u>	<u>636,171,345</u>
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total interest rate sensitivity gap (a+b)</b>		<u>543,464,106</u>	<u>71,562,753</u>	<u>615,026,859</u>				
<b>Cumulative interest rate sensitivity gap</b>		<u>543,464,106</u>	<u>615,026,859</u>					





Particulars	2015							
	Effective yield/ mark-up rate (% per annum)	Exposed to yield/interest rate risk			Not exposed to yield/interest rate risk			
		Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	Total
----- Rupees -----								
<b>Financial assets</b>								
Cash and bank deposits	4.00 - 6.00	24,347,815	-	24,347,815	8,803,228	-	8,803,228	33,151,043
Investments	6.29 - 15.00	122,843,007	420,753,962	543,596,969	111,033,194	-	111,033,194	654,630,163
Premium due but unpaid		-	-	-	66,591,122	-	66,591,122	66,591,122
Amounts due from other insurers / reinsurers		-	-	-	43,941,200	-	43,941,200	43,941,200
Accrued investment income		-	-	-	22,667,053	-	22,667,053	22,667,053
Reinsurance recoveries against outstanding claims		-	-	-	33,663,772	-	33,663,772	33,663,772
Sundry receivables		-	-	-	3,845,834	-	3,845,834	3,845,834
		<u>147,190,822</u>	<u>420,753,962</u>	<u>567,944,784</u>	<u>290,545,403</u>	<u>-</u>	<u>290,545,403</u>	<u>858,490,187</u>
<b>Financial liabilities</b>								
Provision against outstanding claims		-	-	-	78,388,667	-	78,388,667	78,388,667
Amounts due to other insurers / reinsurers		-	-	-	97,231,396	-	97,231,396	97,231,396
Accrued expenses		-	-	-	33,550,439	-	33,550,439	33,550,439
Other creditors and accruals		-	-	-	24,608,117	-	24,608,117	24,608,117
		<u>-</u>	<u>-</u>	<u>-</u>	<u>233,778,619</u>	<u>-</u>	<u>233,778,619</u>	<u>233,778,619</u>
On-balance sheet gap (a)		<u>147,190,822</u>	<u>420,753,962</u>	<u>567,944,784</u>	<u>56,766,784</u>	<u>-</u>	<u>56,766,784</u>	<u>624,711,568</u>
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest rate sensitivity gap (a+b)		<u>147,190,822</u>	<u>420,753,962</u>	<u>567,944,784</u>				
Cumulative interest rate sensitivity gap		<u>147,190,822</u>	<u>567,944,784</u>					

The following table demonstrates the sensitivity to possible changes in interest rates, with all other variables held constant, of the Company's profit for the year before tax and shareholders' equity based upon average balances and rates:

	Increase / Decrease in basis points	Effect on profit before tax	Effect on shareholders' equity
----- Rupees -----			
31 December 2016	100	(100)	6,150,269 (6,150,269) 4,243,685 (4,243,685)
31 December 2015	100	(100)	5,679,448 (5,679,448) 3,862,025 (3,862,025)

### 35.1.1.2 Foreign currency risk

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

### 35.1.1.3 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs 113.457 million (2015: Rs 111.033 million) at the reporting date. The Company manages price risk by actively monitoring exposure in its quoted equity securities and by diversification of its equity portfolio.



The table below summarises the Company's equity price risk as of 31 December 2016 and 2015 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in price	Hypothetical increase (decrease) in profit / (loss) before tax	Hypothetical increase / (decrease) in shareholders' equity
	----- (Rupees) -----		----- (Rupees) -----		
<b>31 December 2016</b>	<b>231,566,455</b>	<b>10% increase</b>	<b>254,723,101</b>	<b>2,171,305</b>	<b>1,498,200</b>
		<b>10% decrease</b>	<b>208,409,810</b>	<b>(6,789,534)</b>	<b>(4,684,778)</b>
31 December 2015	187,052,981	10% increase	205,758,279	2,492,382	1,694,820
		10% decrease	168,347,683	(14,758,583)	(10,035,836)

The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios.

### 35.1.2 Credit risk

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

#### 35.1.2.1 Concentration of credit risk

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

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

	<b>2016</b>	<b>2015</b>
	----- Rupees -----	----- Rupees -----
Bank deposits	<b>97,320,693</b>	33,151,043
Investments	<b>20,916,736</b>	33,094,455
Premium due but unpaid	<b>61,178,663</b>	66,591,122
Amounts due from other insurers / reinsurers	<b>33,966,669</b>	43,941,200
Accrued investment income	<b>237,739</b>	356,751
Reinsurance recoveries against outstanding claims	<b>137,403,653</b>	33,663,772
Sundry receivables	<b>4,247,532</b>	4,084,849



The Company did not hold any collateral against the above during the year. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery. During the year receivables of Rs. 21,333,270 (2015: Rs. 821,295) were further impaired. The movement in the provision for doubtful debt account is shown in note 14 and 15. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no recent history of default.

### 35.1.2.2 Credit quality of financial assets

The credit quality of the Company's bank balances and investments in term finance securities can be assessed with reference to external credit ratings as follows:

Particulars	Rating		Rating Agency	2016 Rupees
	Short term	Long term		
<b>Bank balances</b>				
Allied Bank Limited	A1+	AA+	PACRA	129,391
JS Bank Limited	A1+	A+	PACRA	89,393
MCB Bank Limited	A1+	AAA	PACRA	37,553
National Bank of Pakistan	A1+/A-1+	AAA/AAA	PACRA/JCR-VIS	181,712
NIB Bank Limited	A1+	AA-	PACRA	120,925
Soneri Bank Limited	A1+	AA-	PACRA	44,223
United Bank Limited	A-1+	AAA	JCR-VIS	<u>21,490,990</u>
				<u>22,094,187</u>
<b>Investments in term finance certificates</b>				
Bank Alfalah Limited		AA+	MUFAP	<u>20,916,736</u>

Particulars	Rating		Rating Agency	2015 Rupees
	Short term	Long term		
<b>Bank balances</b>				
Allied Bank Limited	A1+	AA+	PACRA	130,345
Faysal Bank Limited	A1+	AA	PACRA	77,101
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	81,283
JS Bank Limited	A1+	A+	PACRA	607,966
MCB Bank Limited	A1+	AAA	PACRA	33,053
National Bank of Pakistan	A1+	AAA	PACRA	778,706
NIB Bank Limited	A1+	AA-	PACRA	464,435
Soneri Bank Limited	A1+	AA-	PACRA	220,341
United Bank Limited	A-1+	AA+	JCR-VIS	30,645,528
				<u>33,038,758</u>
<b>Investments in term finance certificates</b>				
Bank Alfalah Limited		AA-	PACRA	<u>33,094,455</u>



An analysis of the age of premiums due but unpaid that are past due but not impaired are as under:

	2016	2015
	----- Rupees -----	
Upto 30 days	3,112,795	4,506,022
31 to 180 days	21,599,752	17,081,534
Over 180 days	36,466,116	45,003,566
	<u>61,178,663</u>	<u>66,591,122</u>

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

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance asset	2016	2015
	----- (Rupees) -----				
A or above	18,254,299	42,393,893	-	60,648,192	52,494,905
A-	1,436,108	11,654,942	-	13,091,050	11,841,184
BBB	645,887	2,247,500	-	2,893,387	2,222,173
Others	13,630,375	81,107,318	-	94,737,693	11,046,710
Total	<u>33,966,669</u>	<u>137,403,653</u>	-	<u>171,370,322</u>	<u>77,604,972</u>

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

	2016		2015	
	Gross	Impairment	Gross	Impairment
	----- (Rupees) -----		----- (Rupees) -----	
Upto 1 year	10,670,080	-	20,875,040	-
1-2 years	16,058,705	-	16,628,293	-
Over 2-3years	43,108,825	35,870,941	34,792,000	28,354,133
	<u>69,837,610</u>	<u>35,870,941</u>	<u>72,295,333</u>	<u>28,354,133</u>

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

	2016		2015	
	Gross	Impairment	Gross	Impairment
	----- (Rupees) -----		----- (Rupees) -----	
Upto 1 year	59,554,341	-	7,113,023	-
1-2 years	46,108,063	-	5,178,563	-
Over 2 years	31,741,249	-	21,372,186	-
	<u>137,403,653</u>	<u>-</u>	<u>33,663,772</u>	<u>-</u>

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



### 35.1.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting payment obligations when they fall due under normal circumstances or can only settle liabilities on terms that are materially disadvantageous. To guard against the risk, the Company ensures diversified funding sources, maintains adequate balances in cash and cash equivalents and invests in readily marketable securities. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity is maintained at all times.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date on an undiscounted cash flow basis. Financial liabilities not having any contractual maturities are assumed to mature on the expected date on which these liabilities will be settled.

	2016			Total
	Within one year	Over one year to five years	Over five years	
------(Rupees)-----				
Financial liabilities				
Provision for outstanding claims (including IBNR)	191,422,464	-	-	191,422,464
Amounts due to other insurers / reinsurers	103,075,459	-	-	103,075,459
Accrued expenses	34,608,813	-	-	34,608,813
Other creditors and accruals	24,136,697	-	-	24,136,697
	<u>353,243,433</u>	<u>-</u>	<u>-</u>	<u>353,243,433</u>

	2015			Total
	Within one year	Over one year to five years	Over five years	
------(Rupees)-----				
Financial liabilities				
Provision for outstanding claims (including IBNR)	78,388,667	-	-	78,388,667
Amounts due to other insurers / reinsurers	97,231,396	-	-	97,231,396
Accrued expenses	33,550,439	-	-	33,550,439
Other creditors and accruals	24,608,117	-	-	24,608,117
	<u>233,778,619</u>	<u>-</u>	<u>-</u>	<u>233,778,619</u>

### 35.2 Insurance risk

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

The Company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquake, terrorist activities and other catastrophes.

The Company's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate reinsurance is arranged to mitigate the effect of the potential loss to the



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

### 35.2.1 Frequency and severity of claims

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

	2016	2015
	-----Rupees in million-----	
The Company's class wise major risk exposure is as follows:		
Fire and property damage	47,407	54,968
Marine, aviation and transport	13,988	24,525
Motor	1,288	1,464
Accidental, health and others	7,838	5,990
Credit and suretyship	611	539

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

### 35.2.2 Uncertainty in the estimation of future claims payment

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events that occur during the term of the insurance contract including the event reported after the expiry of the insurance contract.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on the amount notified by policy holders, management's judgment or preliminary assessment by an independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of these claims. The estimation of provision of claims incurred but not reported (IBNR) is based on analysis of the pattern on which claims have been reported in prior years.

There are several variable factors which affect the amount and timing of recognised claim liabilities. The Company takes all reasonable measures to identify and account for the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from the initially recognised amount. Similarly, provision for claims incurred but not reported is based on a historic reporting pattern of claims. Hence, actual amount of claims incurred but not reported may differ from the amount estimated.

### 35.2.3 Sensitivity analysis

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



As the Company mostly enters into short-term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below and show effects on profit before tax net of reinsurance. These effects have been worked out on the assumption that increase / decrease in net claims expense pertains to individual segment in isolation.

	Pre tax profit		Shareholders' equity	
	2016	2015	2016	2015
<b>10% increase in net claims (i.e. loss)</b>	-----Rupees-----			
Fire and property damage	(770,751)	(940,853)	(531,818)	(639,780)
Marine, aviation and transport	(224,633)	6,645	(154,997)	4,519
Motor	(926,702)	35,707	(639,424)	24,281
Accident and health	(772,126)	(552,957)	(532,767)	(376,011)
Credit and suretyship	-	-	-	-
Miscellaneous	(2,077,669)	(47,629)	(1,433,592)	(32,388)
	<u>(4,771,881)</u>	<u>(1,499,087)</u>	<u>(3,292,598)</u>	<u>(1,019,379)</u>

	Pre tax profit		Shareholders' equity	
	2016	2015	2016	2015
<b>10% decrease in net claims (i.e. profit)</b>	-----Rupees-----			
Fire and property damage	770,751	940,853	531,818	639,780
Marine, aviation and transport	224,633	(6,645)	154,997	(4,519)
Motor	926,702	(35,707)	639,424	(24,281)
Accident and health	772,126	552,957	532,767	376,011
Credit and suretyship	-	-	-	-
Miscellaneous	2,077,669	47,629	1,433,592	32,388
	<u>4,771,881</u>	<u>1,499,087</u>	<u>3,292,598</u>	<u>1,019,379</u>

### 35.2.4 Claims development tables

The development of all claims against insurance contracts written is not disclosed as uncertainty about the amount and timing of claim settlement is usually resolved within one year. However, all material claims for which there is still uncertainty about the amount and timing of claim's payment are presented below in gross amount. The table below illustrate, how the estimates of these material claims for each accident year has changed at successive year-ends.

#### Analysis of claims on a gross basis

Accident year	2011 & prior	2012	2013	2014	2015	2016	Total
	-----Rupees-----						
Estimate of ultimate claims cost:							
At end of accident year	217,748,858	67,376,819	105,379,622	101,866,074	78,189,400	169,793,357	740,354,130
One year later	226,201,486	76,002,151	115,093,951	131,810,963	75,116,968	-	624,225,519
Two years later	164,150,740	76,805,796	115,833,564	136,207,691	-	-	492,997,791
Three years later	166,042,672	72,644,830	117,223,438	-	-	-	355,910,940
Four years later	152,419,846	75,693,337	-	-	-	-	228,113,183
Five years later	160,195,208	-	-	-	-	-	160,195,208
Estimate of cumulative claims	160,195,208	75,693,337	117,223,438	136,207,691	75,116,968	169,793,357	734,229,999
Cumulative payments to date	(125,060,055)	(72,202,760)	(110,436,723)	(127,016,947)	(69,209,842)	(38,881,209)	(542,807,536)
Liability recognised in the balance sheet	<u>35,135,153</u>	<u>3,490,577</u>	<u>6,786,715</u>	<u>9,190,744</u>	<u>5,907,126</u>	<u>130,912,148</u>	<u>191,422,463</u>



### 35.2.5 Reinsurance arrangements

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

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

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

	2016		
	Maximum sum insured	Reinsurance cover	Highest net liability
	-----Rupees-----		
Fire and property damage	3,354,655,950	3,060,655,950	294,000,000
Marine, aviation and transport	164,053,478	159,053,478	5,000,000
Motor	9,000,000	8,300,000	700,000
Accident and health	20,000,000	-	20,000,000
Credit and suretyship	57,158,117	53,158,117	4,000,000
Miscellaneous	1,060,000,000	989,000,000	71,000,000
	<u>4,664,867,545</u>	<u>4,270,167,545</u>	<u>394,700,000</u>

	2015		
	Maximum sum insured	Reinsurance cover	Highest net liability
	-----Rupees-----		
Fire and property damage	2,536,588,180	2,506,588,180	30,000,000
Marine, aviation and transport	1,390,000,000	1,360,000,000	30,000,000
Motor	146,147,199	-	146,147,199
Accident and health	20,000,000	-	20,000,000
Credit and suretyship	103,250,000	98,750,000	4,500,000
Miscellaneous	1,081,885,277	1,066,885,277	15,000,000
	<u>5,277,870,656</u>	<u>5,032,223,457</u>	<u>245,647,199</u>





### 35.2.6 Geographical concentration of insurance risk

To optimise benefits from the principle of averages and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location. Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the location, occupation and coverage of the insured.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. It provides a way to better visualise the risk exposures so the Company determines the appropriate amount of reinsurance coverage to protect the business portfolio.

## 36 FAIR VALUES 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.

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

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

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

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

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:



		2016									
		Held-for- trading	Available- for sale	Held-to- maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets not measured at fair value</b>											
Cash and bank deposits*											
		-	-	-	97,320,693	-	97,320,693	-	-	-	-
Investments											
	- Government securities	-	-	501,396,084	-	-	501,396,084	-	501,396,084	-	501,396,084
	- Term finance certificates	-	-	20,916,736	-	-	20,916,736	-	20,916,736	-	20,916,736
	- Quoted equity securities	-	113,456,562	-	-	-	113,456,562	231,566,455	-	-	231,566,455
	- Unquoted equity shares	-	619,002	-	-	-	619,002	-	-	619,002	619,002
	Premiums due but unpaid*	-	-	-	61,178,663	-	61,178,663	-	-	-	-
	Amounts due from other insurers / reinsurers*	-	-	-	33,966,669	-	33,966,669	-	-	-	-
	Accrued investment income*	-	-	-	19,984,830	-	19,984,830	-	-	-	-
	Reinsurance recoveries against outstanding claims*	-	-	-	137,403,653	-	137,403,653	-	-	-	-
	Sundry receivables*	-	-	-	3,790,888	-	3,790,888	-	-	-	-
<b>Financial liabilities not measured at fair value</b>											
Provision for outstanding claims (including IBNR)*											
		-	-	-	-	(198,988,834)	(198,988,834)	-	-	-	-
	Amounts due to other insurers / reinsurers*	-	-	-	-	(103,075,459)	(103,075,459)	-	-	-	-
	Accrued expenses*	-	-	-	-	(34,608,813)	(34,608,813)	-	-	-	-
	Other creditors and accruals*	-	-	-	-	(24,136,697)	(24,136,697)	-	-	-	-
	Unclaimed dividend*	-	-	-	-	(3,011,260)	(3,011,260)	-	-	-	-
		-	114,075,564	522,312,820	353,645,396	(363,821,063)	626,212,717	231,566,455	522,312,820	619,002	754,498,277



Alpha

Insurance Company Limited.

A subsidiary of State Life Insurance Corporation of Pakistan

		2015									
		Held-for-trading	Available-for sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets not measured at fair value</b>											
	Cash and bank deposits*	-	-	-	33,151,043	-	33,151,043	-	-	-	-
	Investments	-	-	-	-	-	-	-	-	-	-
	- Government securities	-	-	510,502,514	-	-	510,502,514	-	510,502,514	-	510,502,514
	- Term finance certificates	-	-	33,094,455	-	-	33,094,455	-	33,094,455	-	33,094,455
	- Quoted equity securities	-	111,033,194	-	-	-	111,033,194	187,052,981	-	-	187,052,981
	- Unquoted equity shares	-	-	-	-	-	-	-	-	-	-
	Premiums due but unpaid*	-	-	-	66,591,122	-	66,591,122	-	-	-	-
	Amounts due from other insurers / reinsurers*	-	-	-	43,941,200	-	43,941,200	-	-	-	-
	Accrued investment income*	-	-	-	22,667,053	-	22,667,053	-	-	-	-
	Reinsurance recoveries against outstanding claims*	-	-	-	33,663,772	-	33,663,772	-	-	-	-
	Sundry receivables*	-	-	-	3,845,834	-	3,845,834	-	-	-	-
		-	111,033,194	543,596,969	203,860,024	(236,789,879)	621,700,308	187,052,981	543,596,969	-	730,649,950
<b>Financial liabilities not measured at fair value</b>											
	Provision for outstanding claims (including IBNR)*	-	-	-	-	(78,388,667)	(78,388,667)	-	-	-	-
	Amounts due to other insurers / reinsurers*	-	-	-	-	(97,231,396)	(97,231,396)	-	-	-	-
	Accrued expenses*	-	-	-	-	(33,550,439)	(33,550,439)	-	-	-	-
	Other creditors and accruals*	-	-	-	-	(24,608,117)	(24,608,117)	-	-	-	-
	Unclaimed dividend*	-	-	-	-	(3,011,260)	(3,011,260)	-	-	-	-



### 37 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

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

The Company currently meets the minimum paid-up capital requirement i.e., Rs. 400 million as required by the Securities and Exchange Commission of Pakistan.

### 38 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. No significant rearrangement or reclassification has been made in these financial statements during the current year.

### 39 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

There were no events subsequent to the reporting date that require adjustments or disclosures in these financial statements.

### 40 NUMBER OF EMPLOYEES

	2016	2015
	(Number)	
As at 31 December	<u>50</u>	<u>55</u>

### 41 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 8th April, 2017 by the Board of Directors of the Company.

### 42 GENERAL

Figures have been rounded off to the nearest Rupee unless otherwise stated.

  
Chief Executive

  
Chairman

  
Director

  
Director



alpha

Insurance Company Limited.

A subsidiary of State Life Insurance Corporation of Pakistan

## Pattern of Shareholding

As at December 31, 2016

Number of Shareholders	Shareholdings		Total Shares Held	
	From	To		
3	1	100	193	193
3	101	500	1,081	888
15	501	1,000	13,365	12,284
17	1,001	5,000	61,402	48,037
20	5,001	10,000	194,325	132,923
22	10,001	25,000	493,580	299,255
5	25,001	50,000	641,326	147,746
7	50,001	75,000	1,072,651	431,325
3	75,001	100,000	1,306,687	234,036
1	100,001	150,000	1,408,302	101,615
4	150,001	205,000	2,217,902	809,600
1	205,001	300,000	2,425,157	207,255
1	300,001	37,934,843	40,360,000	37,934,843
102				40,360,000

Number of Shareholders	Category of Shareholders	Total Shares Held	Percentage %
100	Individuals	2,412,526	5.98%
1	Director - Mr. Maudood Ahmad Lodhi	12,631	0.03%
1	Others: State Life Insurance Corporation of Pakistan	37,934,843	93.99%
102		40,360,000	100.00%



alpha

**Insurance Company Limited.**

A subsidiary of State Life Insurance Corporation of Pakistan

## BRANCHES

### **MAIN BRANCH, KARACHI**

406, 4th Floor,  
Business & Finance Centre,  
Opp: State Bank of Pakistan,  
I.I. Chundrigar Road,  
Karachi.  
Ph: 021-32429151, 021-32425547  
Fax: 021-32435142  
E-mail: reyaz@alphainsurance.com.pk

### **TOWER BRANCH**

4th Floor Building # 1-B,  
State Life Square,  
Off: I.I.Chundrigar Road,  
Karachi.  
PABX: 021-32416041-5  
Fax: 021-32422470  
E-mail: malik.alphainsurance@yahoo.com

### **CENTRAL BRANCH**

4th Floor Building # 1-B,  
State Life Square,  
Off: I.I.Chundrigar Road,  
Karachi.  
PABX: 021-32416041-45  
Fax: 021-32419968, 32422478-9  
E-mail: centralbranch@alphainsurance.com.pk

### **ZIAUDDIN BRANCH**

State Life Building No. 3,  
1st Floor,  
Dr. Ziauddin Ahmed Road,  
Karachi.

### **HYDERABAD**

Church Building, Tilak Incline,  
Hyderabad.  
Ph: 022-2621938  
Fax: 022-2618867

### **QUETTA**

23-3rd Floor,  
Agha Siraj Complex,  
M. A. Jinnah Road,  
Quetta.  
Ph: 081-2866176  
Fax: 081-2866176

### **NAWABSHAH (Representative)**

H. No. 702,  
Manwabad,  
Nawabshah.  
Ph: 0312-3363063

## REGIONAL OFFICES

### **GENERAL MANAGER & REGIONAL CHIEF (NORTHERN)**

Ground Floor, State Life Building - 5,  
China Chowk, Jinnah Avenue,  
Blue Area,  
Islamabad.  
Ph: 051-2274032-34  
Fax: 051-2274964  
E-mail: raza@alphainsurance.com.pk

## BRANCHES

### **ISLAMABAD**

Ground Floor, State Life Building - 5,  
China Chowk, Jinnah Avenue,  
Blue Area,  
Islamabad.  
Ph: 051-2274032-34  
Fax: 051-2274964

### **PESHAWAR**

Room # 7, 1st Floor,  
Khair Mohammad Plaza,  
Opp: State Bank of Pakistan,  
Peshawar Cantt.  
Ph: 091-5261691  
Fax: 091-5261692  
E-mail: hamzullah@alphainsurance.com.pk

### **GENERAL MANAGER & REGIONAL CHIEF (CORPORATE)**

2nd Floor, State Life Building # 8,  
Kashmir Road,  
Rawalpindi Cantt.  
Ph: 051-5568349, 051-5562249  
Fax: 051-5519201  
E-mail: manzoor@alphainsurance.com.pk

### **GENERAL MANAGER & REGIONAL CHIEF (CENTRAL)**

Cooperative Building,  
23-Shahrah-e-Quaid-e-Azam,  
Lahore.  
Ph: 042-37232136-7  
Fax: 042-37232138  
E-mail: nadeemsafdar@alphainsurance.com.pk

## BRANCHES

### **BANK SQUARE LAHORE**

4-Bank Square,  
Shahrah-e-Quaid-e-Azam,  
P. O. Box # 125,  
Lahore.  
Ph: 042-37322518, 042-37311618  
Fax: 042-37324628

### **FAISALABAD**

6th Floor, State Life Building,  
Liaquat Road,  
Faisalabad.  
Ph: 041-2640383  
Fax: 041-2640384

### **MULTAN**

1st Floor, Room,  
Khilji Arcade Centre,  
Kutchery Road,  
Multan.  
Tel: 061-4510694  
Fax: 061-4541649  
E-mail: riazahmed@alphainsurance.com.pk

### **BAHAWALPUR**

1st Floor, Shah Din Plaza,  
Outside Farid Road,  
Stadium Road,  
Bahawalpur.  
Ph: 062-2874236  
Fax: 062-2884090  
Fax: 062-2887761  
E-mail: aminriffat@alphainsurance.com.pk

### **SAHIWAL**

Green View Center,  
Stadium Road,  
Sahiwal.  
Ph: 040-4463870



alpha

Insurance Company Limited.

A subsidiary of State Life Insurance Corporation of Pakistan

PROXY FORM

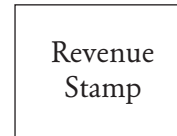
Annual General Meeting

I/We.....of.....being a member of Alpha Insurance Company Limited hereby appoint Mr..... of ..... of failing him Mr..... of.....as my/our Proxy to vote for me/us and on my/our behalf at the 65th Annual General Meeting of the Company to be held on 30th day of April, 2017 at 11:00 a.m. at Company's Head Office, 4th Floor, Building No. 1-B, State Life Square, I.I. Chundrigar Road, Karachi and at any adjournment thereof.

Signed this.....day of..... 2017

1. Witness:

Signature.....
Name .....
Address .....
.....
CNIC .....



2.

Signature.....
Name .....
Address .....
.....
CNIC .....

Signature.....
Holder of.....Ordinary Shares
Share Register Folio No.....

Note:

- 1. A Proxy must be member of the Company.
2. Proxies must be received at the Registered office of the Company not less than 48 hours before the time appointed for the Meeting.

The signature of the instrument of proxy must confirm to the specimen signature recorded with the Company.







State Life Building # 1-B, I.I. Chundrigar Road, Karachi - Pakistan  
Web: [www.alphainsurance.com.pk](http://www.alphainsurance.com.pk)