

74th



PGI

**THE PAKISTAN GENERAL
INSURANCE COMPANY LTD.**

Annual
2021
Report



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Company Information

Board of Directors

Ch. Mazhar Zahoor
Nasira Raees
Sajid Rabbani
Muhammad Haroon
Malik Ejaz Nazir
Ch. Habibullah
Shehroz Qamar

Chief Executive Officer

Ch. Mazhar Zahoor

Chief Financial Officer

Javed Iqbal Khan

Company Secretary

Ch. Mohsin Ali

Audit Committee

Malik Ejaz Nazir (Chairman)
Muhammad Haroon
Ch. Habibullah

Investment Committee

Muhammad Haroon (Chairman)
Malik Ejaz Nazir
Ch. Habibullah
Ch. Mazhar Zahoor
Javed Iqbal Khan

Human Resources and Compensation Committee

Malik Ejaz Nazir (Chairman)
Nasira Raees
Ch. Habibullah

Underwriting Committee

Ch. Mazhar Zahoor (Chairman)
Zahid Iqbal Zia
Tariq Qureshi

Claims Settlement Committee

Nasira Raees (Chairperson)
Siddiq Sabir
Zaheer Ahmed

Reinsurance and Coinsurance Committee

Ch. Habibullah (Chairman)
Aftab Ahmad
Tariq Gorski

Legal Advisors

Ahmad Ali Ranjah (Advocate High Court)

Auditors

Sarwars
Chartered Accountants

Tax Consultants

Kamran & Co.
Chartered Accountants

Share Registrars

Corplink (Private) Limited
Wing Arcade, 1-K Commercial Area, Model Town Lahore

Bankers

Habib Bank Limited
The Bank of Punjab
Allied Bank Limited
National Bank of Pakistan
United Bank Limited
MCB Bank Limited
Faysal Bank Limited
Punjab Provincial Cooperative Bank Limited
Zarai Taraqyati Bank Limited
Soneri Bank Limited
The Bank of Khyber
Habib Metropolitan Bank Limited
First Women Bank Limited

Registered and Head Office

PGI House 5-A Bank Square, The Mall, Lahore

Contacts

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Fax: +92 (42) 3723-0895; 3723-0634

E-Contacts

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www.pgi.com.pk



Review Report by the Chairman on the Overall Performance of the Board

I am pleased to present a report on the overall performance of the Board and effectiveness of the role played by the Board in achieving the Company's objectives.

Powers for management and control of affairs of the Company rest with the Board of Directors, except for powers expressly required to be exercised by shareholders in general meeting. The Directors delegate day-to-day operations of the Company to the Management, but such delegation remains subject to the control and direction of the Board.

The Directors are required to carry out their fiduciary duties and exercise their independent judgment in the best interest of the Company.

As required under the Code of Corporate Governance, an annual evaluation of the Board of the Company is carried out. The purpose of this evaluation is to ensure the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

Following are the integral components on which the performance of the Board was evaluated:

- (a) Creating an Effective Board
- (b) Running an Effective Board
- (c) Understanding the Business including Risk
- (d) Performance Evaluation
- (e) Ethical & Values Driven
- (f) Strategic Objectives

Accordingly, performance evaluation of the Board was carried out and it was concluded that the overall performance of the Board, including effectiveness of the role played by the Board in achieving the Company's objectives, was found to be satisfactory.

Lastly, I wish to acknowledge the commitment and diligence of my fellow Directors, the executive team and all the employees of the Company for their hard work and dedication throughout the year.

-sd-
Nasira Raees
Chairperson

Lahore: March 31, 2022



Director's Report to the Shareholders'

Dear Fellow Shareholders!

Directors of "The Pakistan General Insurance Company Limited" take pleasure in presenting the 74th annual report of your Company, together with the audited financial statements for the year ended December 31, 2021.

During the year, economic landscape achieved stabilization as economic growth clocked in at 3.9% for fiscal year 2021. However, heightened global commodity prices led to external account imbalance and surging inflation. State Bank of Pakistan (SBP) proactively addressed these imbalances by increasing the policy rate by 275bps. Going forward, likely resumption of IMF program is anticipated to alleviate the pressure on current account.

Through investigation order dated 06 January, 2016 the Securities and Exchange Commission of Pakistan ('SECP') initiated an investigation into the affairs of the Company which led to issuance of the Order dated 07 June 2017 in which SECP fined the directors and directed the Company to cease entering into new contracts of insurance in contravention of the provisions of Section 11 (1) (f) and Section 12 (1) & (4) of the Insurance Ordinance, 2000. However, the Company had filed an appeal against the above order which is pending adjudication. The legal counsel of the Company is of the view that there is every likelihood that the case will be settled in favour of the Company.

The Company has posted after tax profit of Rs. 13.087 million. Following is tabular analysis of the Company's results at a glance.

	(rupees in '000)	
	Dec. 2021	Dec. 2020
Gross written premium	-	-
Net premium	-	-
Underwriting results	(35,504)	(19,642)
Profit / (loss) after tax	13,087	(41,791)
Earnings / losses per share (in Rs.)	0.28	(0.90)

Modifications in auditors' report

- a) The auditors' had highlighted the order passed by SECP in which it had issued a direction under section 63 of the Insurance Ordinance, 2000 according to which the Company shall not enter into new contracts of insurance against which the Company had filed an appeal with Honourable Lahore High Court, Lahore which is pending adjudication and the legal counsel of the Company is of the view that there is every likelihood that the matter will be decided in favour of the Company.

Moreover, the paid-up capital requirement of the Company as at December 31, 2021 is short by Rs. 36 million as per the statutory requirements of the Insurance Ordinance, 2000. As the Company is under direction for not entering into new contracts of insurance and with such restriction the members could not be induced to further invest into the Company but, however, as and when the direction is removed, the Company will issue right shares of Rs. 36 million which will meet the capital requirement.

- b) The auditors' had also highlighted that SECP through its letter no. ID/OSM/PGI/2020/1062, dated October 21, 2020, has confirmed that the conditions imposed by NAB, order no. ACR NO. 95/PB/2017 relating to recovery of claim amounting to Rs. 86.2 million from Ex- CEO Ch. Zahoor Ahmad has been duly waived off. As far as the remaining two conditions are concerned we are contesting the same in court and we are quite hopeful that the case will be decided in our favour.
- c) We have provided necessary details (receipts and bank statements) as regard to amount due from insurance contract holders to the auditors, however, as the customers are majority being individuals and there is general tendency in our economic culture that enquires as to balance confirmations remains unattended which is beyond our control.
- d) The amount is payable to PRCL, we had contacted PRCL to confirm the balance directly to the auditors, whereas the same remained un-responded from their end which is beyond our control.
- e) The Company shall meet the requirements of section 244 of Companies Act, 2017 within 3 to 6 months.

Modifications in auditors' review report on code of corporate governance:

The auditors' had highlighted certain issues and non-compliances of the best practices provided in the Code of Corporate Governance applicable to the Company. All these issues are primarily due to the non-operational status of the Company, as the Company is under direction from SECP to not enter into new contracts of insurance as per Insurance Ordinance, 2000. However, the Company will take due care to comply with all these non-compliances in future.



Director's Report to the Shareholders'

Corporate Social Responsibility (CSR)

Your Company is fully committed to the concept of Corporate Social Responsibility and fulfills this responsibility by engaging in a wide range of activities.

Directors Training Program

One out of seven directors has already attended the Directors' Training Program.

Auditors

The present auditors Sarwars Chartered Accountants retire and offer themselves for reappointment. As suggested by the Audit Committee, the Board of Directors has recommended their appointment as auditors of the Company for the year ending December 31, 2022, at a fee to be mutually agreed.

Appropriations and dividends

The amount available for appropriations is as under:

	Rs. in 000
a) Related earnings	
At beginning of the year	(82,420)
Profit for the year	13,087
Transfer from surplus on revaluation of fixed assets on account of:	
- Disposal of fixed assets (net of tax)	1,008
- Incremental Depreciation on fixed assets (net of tax)	17
Realisation of surplus on disposal of investment in shares	23
Amount available	(68,285)

For and on behalf of the Board

-sd-
Nasira Raees
Chairperson
Lahore:

Date: March 31, 2022



ممبران کے لیے ڈائریکٹرز کی رپورٹ (یہ انگریزی رپورٹ کا ترجمہ ہے)

عزیز ممبران دی پاکستان جنرل انشورنس کمپنی لمیٹڈ کے ڈائریکٹران کمپنی کی 74 ویں سالانہ رپورٹ بمعہ آڈٹ شدہ مالیاتی حساب برائے سال 31 دسمبر 2021 پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

سال کے دوران معاشی منظر نامے نے استحکام حاصل کیا کیونکہ مالی سال 2021 کے لیے اقتصادی ترقی کی شرح 3.9 فیصد رہی تاہم اشیاء کی عالمی قیمتوں میں اضافہ، بیرونی کھاتوں کے عدم توازن اور ہنگامی میں اضافے کا باعث بنا۔ سٹیٹ بینک آف پاکستان نے پالیسی ریٹ میں 275bps اضافہ کر کے ان عدم توازن کو فعال طور پر دور کیا۔ کرنٹ اکاؤنٹ پر دباؤ کو کم کرنے کے لیے آئی ایم ایف پروگرام کی بحالی متوقع ہے۔

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے 6 جنوری 2016 کے انویسٹی گیشن آرڈر کے تحت کمپنی کے معاملات چیک کیے جس میں 7 جون 2017 کو ایک آرڈر جاری ہوا جس کے تحت کمپنی کے ڈائریکٹرز کو جرمانہ ہوا اور کمپنی کو نئے انشورنس برنس حاصل کرنے کی پابندی لگا دی گئی۔ انشورنس آرڈیننس 2000 کے سیکشن (f) (1) اور سیکشن (4) & (1) کی خلاف ورزی کی وجہ سے تاہم کمپنی نے معزز لاہور ہائی کورٹ میں رٹ پٹیشن دائر کی ہوئی ہے جو کہ ابھی زیر التوا ہے۔ کمپنی کی قانونی مشاورتی ٹیم کے خیال کے مطابق اس کیس کا فیصلہ کمپنی کے حق میں ہونے کے روشن امکانات ہیں۔

کمپنی کا بعد از ٹیکس منافع 13.087 ملین روپے کا ہے۔ کمپنی کی مالیاتی کارکردگی کا گوشوارہ درج ذیل ہے۔

	(rupees in '000)	
	Dec. 2021	Dec. 2020
Gross written premium	-	-
Net premium	-	-
Underwriting results	(35,504)	(19,642)
Profit / (loss) after tax	13,087	(41,791)
Earnings / losses per share (in Rs.)	0.28	(0.90)

آڈیٹرز کی رپورٹ میں تراجم:

1- آڈیٹروں نے ایس ای سی پی کی طرف سے منظور کردہ آرڈر پر روشنی ڈالی جس نے انشورنس آرڈیننس کے سیکشن 63 کے تحت ایک حکم نامہ جاری کیا تھا۔ جس کے مطابق کمپنی انشورنس کے نئے معاہدے میں داخل نہیں ہوگی۔ کمپنی نے معزز لاہور ہائی کورٹ میں رٹ پٹیشن دائر کی ہوئی ہے جو کہ ابھی زیر التوا ہے۔ کمپنی کی قانونی مشاورتی ٹیم کے خیال کے مطابق اس کیس کا فیصلہ کمپنی کے حق میں ہونے کے روشن امکانات ہیں۔

نیز کمپنی کے اداء شدہ سرمایہ کی ضرورت جو کہ قانون کے مطابق 31 دسمبر 2021 کو قانوناً ہونی چاہیں اُس سے کمپنی 36 ملین کم ہے۔ جیسا کہ کمپنی ایس ای سی پی کے مطابق نئے بیمہ معاہدے نہیں کر سکتی اسی لحاظ سے کمپنی کے ممبران کو نئے شیئر لینے پر تیار نہیں کیا جاسکتا۔ جو نہی یہ حکم نامہ معطل ہو جائے گا کمپنی رائیٹ شیئر مبلغ 36 ملین جاری کر دے گی جس سے اداء شدہ سرمایہ کی کمی کی ضرورت پوری ہو جائے گی۔

2- آڈیٹرز نے SECP کے خط نمبر ID/OSM/PGI/2020/1062 بتاریخ 21 اکتوبر 2020 کا حوالہ دیتے ہوئے بتایا ہے کہ نیب نے آڈر نمبر ACR NO. 95/PB/2017 کے ذریعے جو شرط عائد کی تھی وہ ختم کر دی ہے۔ جہاں تک بقیہ دو شرائط کا تعلق ہے ہم اُس کے خلاف عدالت میں ہیں اور ہم پُر امید ہیں کہ اس کیس کا فیصلہ ہمارے حق میں آئے گا۔

3- ہم نے تمام ضروری تفصیلات (بینک سٹیٹمنٹ اور رسیدیں) اس رقم کی مد میں جو کہ انشورنس معاہدہ ہولڈرز سے وصول ہوئیں آڈیٹرز کو مہیا کر دیں تھیں۔ جیسا کہ آپ جانتے ہیں کہ بیمہ بہت سارے مختلف لوگوں نے کروا رکھا ہے اور پاکستان کی معاشی ثقافت میں اس قسم کے خطوط کا جواب عموماً لوگ دینا گوارہ نہیں کرتے لہذا ہمارے یہ اختیار میں نہیں ہے۔

4- ہم نے پاکستان ری انشورنس کمپنی کو بیلنس اکلوائزی بھیجی تھی۔ پاکستان ری انشورنس کمپنی نے آڈیٹرز کی بیلنس اکلوائزی کا جواب نہیں دیا جو کہ ہمارے اختیار میں نہیں ہے۔

5- کمپنیز ایکٹ 2017 کے سیکشن 244 کی ضروریات کو ہماری کمپنی 3 سے 6 ماہ کی مدت میں پوری کر لے گی۔



آڈیٹر کی رپورٹ میں ترامیم:

آڈیٹروں نے کمپنی پر لاگو کوڈ آف کارپوریٹ گورننس میں فراہم کردہ بہترین طریقوں کے بعض مسائل اور غیر تعمیل پر روشنی ڈالی ہے۔ یہ تمام مسائل بنیادی طور پر کمپنی کے نان آپریشنل ہونے کی وجہ سے ہیں کیونکہ کمپنی کو SECP نے انشورنس آرڈیننس کے تحت نئے انشورنس کے معاہدوں میں داخل ہونے پر پابندی لگا رکھی ہے۔ تاہم کمپنی مستقبل میں ان تمام مسائل کو حل کرنے کی مکمل کوشش کرے گی۔

کارپوریٹ سماجی ذمہ داری:

آپ کی کمپنی کارپوریٹ سماجی ذمہ داری کے تصور پر مکمل پر عزم ہے اور اپنی ذمہ داری مختلف سرگرمیوں میں شامل ہو کر پوری کرتی ہے۔

ڈائریکٹرز ٹریننگ پروگرام:

7 میں سے ایک ڈائریکٹر نے پہلے ہی ڈائریکٹرز ٹریننگ پروگرام کا سرٹیفکیٹ حاصل کر رکھا ہے۔

آڈیٹرز:

موجودہ آڈیٹرز میسرز سرورز چارٹرڈ اکاؤنٹنٹ ریٹائرڈ ہو گئے ہیں اور انہوں نے اپنے آپ کو دوبارہ منتخب ہونے کے لیے پیش کیا ہے۔ جیسا کہ آڈٹ کمیٹی نے تجویز کیا ہے، بورڈ آف ڈائریکٹرز نے میسرز سرورز چارٹرڈ اکاؤنٹنٹ کو سال 31 دسمبر 2022 کیلئے منتخب کر لیا جائے۔ فیس جو کہ دونوں کی باہمی رضامندی سے مقرر کی جائے۔

ایپروپرائیشن اور ڈیوڈینڈ:

ایپروپرائیشن کے لیے موجود رقم درج ذیل ہے۔

	Rs. in 000
a) Related earnings	
At beginning of the year	(82,420)
Profit for the year	13,087
Transfer from surplus on revaluation of fixed assets on account of:	
- Disposal of fixed assets (net of tax)	1,008
- Incremental Depreciation on fixed assets (net of tax)	17
Realisation of surplus on disposal of investment in shares	23
Amount available	(68,285)

-sd-

مسز ناصرہ رئیس

چیئر پرسن

لاہور: مارچ، 2022، 31



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Board and Management Committees

Your Company maintains following Board and Management Committees which meet atleast once every quarter.

Board Committees

Audit Committee
Investment Committee
Human Resources and Compensation Committee

Management Committees

Underwriting and Risk Management Committee
Claims Settlement Committee
Reinsurance and Coinsurance Committee

Audit Committee

Role and Focus

The Board is responsible for effective implementation of a sound internal control system including compliance with control procedures. In line with the best practices, the Board has established the audit committee. The audit committee is assisted by the internal auditor in reviewing the adequacy of operational controls and in monitoring and managing risks so as to provide reasonable assurance that such system continuous to operate satisfactorily and effectively in the Company and to add value and improve the Company's operations by providing independent and objective assurance. The principal responsibility of the internal auditors is to conduct periodic audits to ensure adequacy in operational controls, consistency in application of policies and procedures, compliance with laws and regulations.

Composition and Attendance

The composition of committee along with the meetings attended by the members is as under-

Name of the member	Meetings
1. Malik Ejaz Nazir	4/4
2. Muhammad Haroon	4/4
3. Ch. Habibullah	4/4

Terms of Reference

The Terms of Reference of the committee have been developed on the lines as laid down in the Code of Corporate Governance and approved by the Board. These include:

- To recommend the appointment, consider resignation, removal, audit fees, provision or any service to the Company by external auditors;
- To review quarterly, half-yearly and annual financial statements, prior to their approval by the Board;
- To facilitate the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that auditors may highlight;
- To review the management letter issued by external auditors and management's response thereto;
- To ensure coordination between the internal and external auditors;
- To review the scope and extent of internal audit and ensuring internal audit function has adequate resources and appropriately placed;

- To consider major findings of internal investigations and management's response thereto;
- To ascertain that internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- To determine compliance with relevant statutory requirements; and
- To monitor compliance with the best practices of corporate governance and identification of violations.

Investment Committee

Role and Focus

The committee is responsible for developing the investment policy for the Company.

Composition and Attendance

The composition of committee along with the meetings attended by the members is as under-

Name of the member	Meetings
1. Muhammad Haroon	4/4
2. Malik Ejaz Nazir	4/4
3. Ch. Habibullah	4/4
4. Ch. Mazhar Zahoor	4/4
5. Javed Iqbal Khan	4/4

Terms of Reference

- To review performance of all asset classes and total portfolio relative to the appropriate benchmark;
- To review management's proposed annual rate of return to be included in the Company's budget;
- To review the risk assumptions and asset return assumptions embedded in the current investment policy statement and if changes have occurred then review the policy asset mix and weighted benchmark standard of performance.
- To approve investments beyond delegated limit; and
- To ensure compliance with applicable legislation.

Human resource and remuneration committee

Role and Focus

Committee is responsible to the Board for recommending, human resource management (HRM) policies (selection, evaluation, training and compensation of key officers) of the Company.



Board and Management Committees

Composition and Attendance

The composition of committee along with the meetings attended by the members is as under-

Name of the member	Meetings
1. Malik Ejaz Nazir	4/4
2. Nasira Raees	4/4
3. Ch. Habibullah	4/4

Terms of Reference

- To review and recommend the compensation / benefits philosophy and strategy within the Company;
- To review the Company's strategy for succession planning across all management levels and to ensure that comprehensive succession plans are in place for senior executive positions.
- To recommend in consultation with CEO, appointment / compensation of all employees including benefits, incentives and retirement plans;
- To review the amount of incentive bonus based on corporate and individual performance for purpose of incentive calculations; and
- To review and recommend the CEO's compensation including incentive, benefits and retirement plans to the Board for approval.

Underwriting Committee

Composition and Attendance

The composition of committee along with the meetings attended by the members is as under-

Name of the member	Meetings
1. Ch. Mazhar Zahoor	4/4
2. Zahid Iqbal Zia	4/4
3. Zaheer Ahmad	4/4

Terms of Reference

- The underwriting committee formulates the underwriting policy of the Company;
- It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers; and
- It regularly reviews the underwriting and premium policies of the Company with due regard to relevant factors such as its business portfolio and the market development.

Claims settlement committee

Composition and Attendance

The composition of committee along with the meetings attended by the members is as under-

Name of the member	Meetings
1. Nasira Raees	4/4
2. Zaheer Ahmed Khan	4/4
3. Saddiq Sabir	4/4

Terms of Reference

- The claim settlement committee devices and review the claim settling policy of the Company;
- It determines the circumstances under which the claims disputes shall be brought to its attention and decides how to deal with such claims disputes; and
- It oversees the implementation of the measures for combating fraudulent claims cases.

Re-insurance and co-insurance committee

Composition and Attendance

The composition of committee along with the meetings attended by the members is as under-

Name of the member	Meetings
1. Ch. Habibullah	4/4
2. Aftab Ahmad	4/4
3. Tariq Gorski	4/4

Terms of Reference

- This committee ensures that adequate reinsurance arrangement are made for the Company's businesses;
- It peruses the proposed re-insurance arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsures, makes appropriate adjustments to those arrangements in the light of the market development; and
- It also assesses the effectiveness of the reinsurance programs for the future reference.



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Statement on Corporate and Financial Reporting Framework

1. The financial statements, prepared by the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements, changes if any, have been adequately disclosed and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. The Company is under direction from Securities and Exchange Commission of Pakistan (SECP) whereby the Company is ceased to enter into new contracts of insurance against which the management is of the view that final decision will be accorded in the favour of the Company. Therefore, there are no doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for the last six years is annexed.
9. Information about the taxes and levies is given in the notes to the financial statements.
10. During the year six Board meetings were held and the attendance of the Directors is as follows:

Name	Status	No. of Meetings Held	No. of Meetings Attended
Ch. Mazhar Zahoor	Chief Executive Officer	6	6
Nasira Raees	Non Executive Director	6	6
Muhammad Haroon	Non Executive Director	6	6
Sajid Rabbani	Executive Director	6	6
Malik Ejaz Nazir	Independent Director	6	6
Ch. Habibullah	Non Executive Director	6	6
Shehroz Qamar	Non Executive Director	6	6

11. The pattern of shareholding and additional information regarding pattern of shareholding is annexed.
12. No trades in the shares of the Company were carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.

On behalf of the Board of Directors

-sd-

Nasira Raees
Chairperson
Date: March 31, 2022



Six Years' Review at a Glance

	December 31,					
	2021	2020	2019	2018	2017	2016
	----- Rupees in thousands -----					
Underwriting results						
Gross premium written	-	-	-	-	201,098	352,440
Net insurance premium	-	-	(17,975)	(5,150)	287,600	250,957
Net insurance claims	-	-	41,200	(6,757)	4,142	84,856
Equity and total assets						
Paid-up capital	464,015	464,015	464,015	464,015	464,015	400,013
Reserves	51,525	51,765	51,983	52,184	51,942	114,988
Shareholders' equity	447,254	433,359	470,757	490,374	609,917	567,833
Total assets	507,998	507,520	549,389	637,139	918,178	979,585
Dividends and earnings						
Profit / (loss) after tax	13,087	(41,791)	(19,530)	(121,377)	40,241	32,217
Cash dividend	-	-	-	-	-	-
Stock dividend	-	-	-	-	-	16%



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Pattern of shareholding as at December 31, 2021

No. of Shareholders	-----Shareholding-----		Total Shares Held
	From	To	
305	1	100	5,276
188	101	500	62,414
137	501	1,000	100,840
549	1,001	5,000	960,939
77	5,001	10,000	583,228
24	10,001	15,000	312,007
17	15,001	20,000	309,568
8	20,001	25,000	183,205
8	25,001	30,000	224,060
5	30,001	35,000	163,216
3	35,001	40,000	117,600
6	40,001	45,000	249,260
5	45,001	50,000	244,811
4	50,001	55,000	207,725
7	55,001	60,000	413,395
3	60,001	65,000	190,571
1	70,001	75,000	72,093
2	75,001	80,000	157,000
2	90,001	95,000	184,910
5	95,001	100,000	495,999
2	115,001	120,000	233,199
1	125,001	130,000	128,475
1	140,001	145,000	143,157
1	170,001	175,000	172,264
1	175,001	180,000	178,500
1	200,001	205,000	204,879
1	255,001	260,000	257,248
1	275,001	280,000	275,328
1	315,001	320,000	319,237
1	330,001	335,000	331,041
1	370,001	375,000	370,624
1	390,001	395,000	394,000
1	450,001	455,000	450,500
1	455,001	460,000	459,372
1	460,001	465,000	464,260
1	580,001	585,000	583,044
1	595,001	600,000	600,000
1	650,001	655,000	652,500
1	675,001	680,000	676,260
1	680,001	685,000	683,500
1	810,001	815,000	812,678
1	1,065,001	1,070,000	1,067,637
1	1,180,001	1,185,000	1,184,605
1	1,185,001	1,190,000	1,187,480
1	1,340,001	1,345,000	1,340,058
1	1,460,001	1,465,000	1,460,500
1	2,125,001	2,130,000	2,129,718
1	2,130,001	2,135,000	2,130,384
1	2,265,001	2,270,000	2,266,306
1	2,285,001	2,290,000	2,288,473
1	2,305,001	2,310,000	2,309,508
1	7,055,001	7,060,000	7,058,196
1	8,340,001	8,345,000	8,340,402
1390			46,401,450



Categories of Shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	5,131,829	11.0596%
Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
NIT and ICP	1,668	0.0036%
Banks Development, Financial Institutions, Non Banking Financial Institutions	0	0.0000%
Insurance Companies	0	0.0000%
Modarabas and Mutual Funds	394,000	0.8491%
Shareholders holdings 10% or more	17,351,637	37.3946%
General Public		
a. Local	37,340,543	80.4728%
b. Foreign	-	-
Government Holding	459,516	0.9903%
Joint Stock Companies	3,063,894	6.6030%
Others	10,000	0.0216%

**Categories of Shareholding required under Code of Corporate Governance (CCG)
As on December 31, 2021**

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)		-	-
Directors, CEO and their Spouse and Minor Children (Name Wise):			
1	CH. MAZHAR ZAHOOR	2,130,384	4.5912%
2	MRS. NASIRA RAEES	1,330,637	2.8677%
3	MR. HAROON GHANI MEMON	257,248	0.5544%
4	MALIK EJAZ NAZIR	1,000	0.0022%
5	CH. HABIBULLAH	500	0.0011%
6	MR. SAJID RUBANI (CDC)	85,041	0.1833%
7	MR. SHEHROZE QAMAR	24,515	0.0526%
8	MRS. RUBINA MAZHAR W/O CH. MAZHAR ZAHOOR	1,184,605	2.5529%
9	MR. RAE-UD-DIN H/O NASIRA RAEES	117,999	0.2543%
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies and Modarabas and Pension Funds:		394,000	0.8491%
Shareholders holding five percent or more voting interest in the listed company (Name Wise)			
Sr.No	Name	Holding	% AGE
1	MR. USMAN ALI	7,058,196	15.2112%
2	CH. ZAHOOR AHMED	10,293,441	22.1834%

All trades in the shares of the listed company, carries out by its Directors, CEO, CFO, Company Secretary and their spouses and minor children:

Sr. No.	Name	Sale	Purchase
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Statement Of Compliance With The Code Of Corporate Governance for Insurers, 2016 & Listed Companies (Code of Corporate Governance) Regulations, 2019 For the Year Ended December 31, 2021

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the code) for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG 2019).

The Company has applied the principles contained in the Code and CCG 2019 in the following manner:

- The total number of Directors are seven as per following:
 - Male 6
 - Female 1
- The Insurer encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (the Board). At present the board includes:

Category	Names
Independent Director	Malik Ejaz Nazir
Non-Executive Directors	Shehroz Qamar
	Muhammad Haroon
	Ch. Habibullah
Executive Directors	Mazhar Zahoor (Chief Executive Officer)
	Sajid Rubbani
Female Directors (Non-Executive Director)	Nasira Raees (Chairperson)

The independent director meets the criteria of independence as laid down under the code and CCG 2019.

- The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
- All the resident Directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a development financial institution or a non-banking financial institution or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
- No casual vacancy occurring on the Board during the year.
- The Company has prepared a "Statement of Ethics and Business Practices" as Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
- The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company.
- All powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board /shareholders as empowered by the relevant provisions of the Act and CCG 2019. The decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of Chief Executive Officer and key Officers have been taken by the Board.
- The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board met at least once in every quarter. The Board has complied with the requirement of the Act and CCG 2019 with respect to frequency, recording and circulating minutes of meeting of Board. Written notices of Board meetings, along with agenda and working papers were circulated atleast seven days before the meeting.
- The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and CCG 2019.
- The Board of Directors of the Company consist of seven directors, out of which following one Director is certified under the Director's Training Program:
 - Ch. Mazhar Zahoor

The management is conscious of its responsibilities and is hopeful that the training of remaining directors shall be completed before December 31, 2022.

- The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the code.
- Orientation of the Board of Directors was conducted to appraise them of their duties and responsibilities including the fiduciary duties as contained in the Companies Act, 2017.
- There was no change of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. The Board had approved the remuneration of Chief Financial Officer, Company Secretary and the Head of Internal Audit Department.



**Statement Of Compliance With The Code Of Corporate Governance for Insurers,
2016 & Listed Companies (Code of Corporate Governance) Regulations, 2019
For the Year Ended December 31, 2021**

15. The Directors' Report for this year has been prepared in compliance with the requirements of the code and CCG 2019 and fully describes the salient matters required to be disclosed.
16. The financial statements of the company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
17. The Directors, Chief Executive Officer and Executives do not hold any interest in the shares of the company other than disclosed in the pattern of shareholding.
18. The company has complied with all the corporate and financial reporting requirements of the code and CCG 2019.
19. The Board has formed the following management committees, the detail of committees along with their composition is as follows:

Underwriting / Risk Management Committee

Name of Member	Category
Ch. Mazhar Zahoor	Chairman
Zahid Iqbal Zia	Member
Zaheer Ahmed Khan	Member

Claims Settlement Committee

Name of Member	Category
Nasira Raees	Chairperson
Saddiq Sabir	Member
Zaheer Ahmed Khan	Member

Reinsurance and Coinsurance Committee

Name of Member	Category
Ch. Habibullah	Chairman
Aftab Ahmad	Member
Tariq Gorsl	Member

20. The Board has formed the following board committees, the detail of committees along with their composition is as follows:

Investment Committee

Name of Member	Category
Muhammad Haroon	Chairman - Non-Executive Director
Malik Ejaz Nazir	Member - Independent Director
Ch. Habibullah	Member - Non-Executive Director
Ch. Mazhar Zahoor	Member - Chief Executive
Javed Iqbal Khan	Member - Chief Financial Officer

HR and Remuneration Committee

Name of Member	Category
Malik Ejaz Nazir	Chairperson - Non Executive Director
Nasira Raees	Member - Independent Director
Ch. Habibullah	Member - Non-Executive Director

21. The Board has formed an Audit Committee. It comprises of three members, of whom the Chairman of the committee Malik Ejaz Nazir is independent director and other two are non-executive directors. The composition of the Audit Committee is as follows:

Audit Committee

Name of Member	Category
Malik Ejaz Nazir	Chairman - Independent
Ch. Habibullah	Member - Non-Executive Director
Muhammad Haroon	Member - Non-Executive Director

22. The meetings of the Committees were held in accordance with the requirements of the Code and the Regulations. The meetings of the Audit Committee were held at least once in every quarter and prior to approval of interim and final results of the Company as required by the Code. The Company inadvertently had not disseminated the minutes of the meetings of investment committee to the SECP within 30 days of the meeting. However, in future the same shall be sent to SECP on due time.

23. The frequency of the meetings of the Committee were as per following:

- Audit Committee - quarterly meeting
- HR and Remuneration Committee - quarterly meeting
- Investment Committee - quarterly meeting
- Reinsurance and Coinsurance Committee - quarterly meeting
- Underwriting Committee - quarterly meeting
- Claim Settlement Committee - quarterly meeting



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**Statement Of Compliance With The Code Of Corporate Governance for Insurers,
2016 & Listed Companies (Code of Corporate Governance) Regulations, 2019
For the Year Ended December 31, 2021**

24. The Board has set up effective internal audit function which is staffed with the resources who are suitably qualified and experienced for the purpose and are conversant with policies and procedures of the Company and they are involved in the internal audit function on regular basis.
25. The CEO, CFO, Compliance Officer and the Head of Internal Audit possess such qualification and experience as required under the Code. Moreover, the persons heading the Underwriting, Claim, Reinsurance, Risk Management and Grievance Departments possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000).

Name	Designation	Qualification	Experience
Ch. Mazhar Zahoor	Chief Executive	MBA	Working in PGI since 2000
Javed Iqbal Khan	Chief Financial Officer	FA	Working in PGI since 1964
Ch. Mohsin Ali	Company Secretary	LLB	Working in PGI since 2018
Mr. Aftab Phambra	Compliance Officer	BS Insurance	43 Years
Abdul Rasheed	Head of Internal Audit	BA	34 Years
Zahid Iqbal Zia	Head of Underwriting/Grievance	Graduate	Working in PGI since 1988

All the key officers of the Company meet the qualification criteria of the Code applicable to insurance companies, except the Chief Financial Officer and Head of Internal Audit.

26. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan. and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.
27. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
28. The Board ensures that the Investment Policy of the Company has been drawn up in accordance with the provisions of the Code.
29. The Board ensures that the Risk Management System of the Company is in place as per the requirements of the Code.
30. The Company has set up a Risk Management function which carries out its tasks as covered under the Code.
31. The Board ensures that as part of the Risk Management System, the Company gets itself rated from the Pakistan Credit Rating Agency which is being used by its Risk Management Function and the respective Committee as a risk monitoring tool. However, due to cessation of underwriting operations by the Securities and Exchange Commission of Pakistan (SECP) the PACRA has suspended the rating of the Company.
32. The Board has set up a Grievance Function which fully complies with the requirements of the Code.
33. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of requirements of the Code.
34. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the CCG 2019 have been complied with.
35. We confirm that all other requirements of the Code and Regulations have been complied with except for certain matters disclosed above in para 11, 22, 25 and 31 towards which reasonable progress in being made by the Company to seek compliance.

On behalf of the Board of Directors

-sd-

Ch. Mazhar Zahoor
Chief Executive Officer
Lahore:
Date: March 31, 2022

-sd-

Sajid Rabbani
Director



PGI

Sarwars

Chartered Accountants

Office # 12-14, 2nd Floor, Lahore Center,
77-D, Main Boulevard, Gulberg III, Lahore

Independent Auditor's Modified Review Report To the Members of The Pakistan General Insurance Company Limited Review Report on the Statement of Compliance contained in the Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of The Pakistan General Insurance Company Limited (the Company) for the year ended December 31, 2021 in accordance with the requirements of regulation 36 of the Regulations and provision of Ixxvii of the Code of Corporate Governance for Insurers, 2016.

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

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

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

Following instances of non-compliance with the requirements of the Regulations were observed which are not stated in the Statement of Compliance:

- I. The Company does not have the required number of independent directors on its Board of Director;
- ii. The appointed independent director has not furnished the declaration of his independence to the Chairman of the Board of Directors;
- iii. The Board of Directors has not established a system of sound internal control;
- iv. No orientation courses were carried out during the year for the directors of the Company;
- v. The Board of Directors has not formed the Nominations Committee, Ethics and Compliance Committee and Risk Management Committee;
- vi. Restructuring of HR & Remuneration Committee is made without the approval of the Board;
- vii. The Company has not devised significant policies including investment policy, risk management policy, underwriting policy, claims management policy, reinsurance policy, IT backup policy and remuneration policy;
- viii. The Board of Directors has not established an effective internal audit function;
- ix. The Board of Directors has not set up Grievance function;
- x. The Board of Directors and the Chief Executive of the Company have not been duly approved by SECP under the Insurance Companies (Sound and Prudent Management) Regulations 2012; and
- xi. Casual vacancy occurred in the Board during the year ended December 31, 2019, filled up without the approval of the SECP.

Based on our review, except for the above instances of non-compliance, 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 Regulations as applicable to the Company for the year ended December 31, 2021.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Paragraph Reference	Description
i. Para 11	Directors' training program
ii. Para 22	Intimation to SECP about the decisions taken by the investment committee
iii. Para 25	Qualification of the Chief Financial Officer and Head of Internal Audit
iv. Para 31	Rating from credit rating agency

Chartered Accountants
Engagement Partner: Rashid Sarwar (FCA)
Place Lahore
Date: March 31, 2022
UDIN: CR202110208mpX1a0eU



Sarwars

Chartered Accountants

Office # 12-14, 2nd Floor, Lahore Center,
77-D, Main Boulevard, Gulberg III, Lahore

INDEPENDENT AUDITOR'S REPORT

**To the members of The Pakistan General Insurance Company Limited
Report on the Audit of the Financial Statements**

Adverse Opinion

We have audited the annexed financial statements of The Pakistan General Insurance Company Limited (the Company), which comprise the statement of financial position as at December 31, 2021, and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that, except for the matter described in paragraph (a to e) of 'Basis for Adverse Opinion' section below, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matter described in the "Basis for Adverse Opinion" section of our report the information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at December 31, 2021 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for adverse opinion

- a) As disclosed in note 2.3 to the financial statements, Securities and Exchange Commission of Pakistan (SECP) vide its order dated June 07, 2017 under section 11(1)(f) and section 12(1) and (4) read with section 63(1) and section 156 of the Insurance Ordinance, 2000, restricted the Company from entering into new contracts of insurance after July 07, 2017. Further, the Company has incurred a profit of Rs.13.09 million arising Rs. 24.01 million on account of change in accounting policy to comply with IAS 40 and Rs. 33.03 million on account of written back its financial liabilities that are no longer payable during the year ended December 31, 2021, therefore its accumulated loss stands Rs. 68.28 million (2020: Rs 82.42 million). These conditions, along with the inability of the Company to meet the minimum paid up capital requirements and restrictions imposed by the SECP, indicate the material uncertainties that may cast significant doubt of the company's ability to continue as going concern and therefore the company may not be able to realize its assets and discharge its liabilities in the normal course of business. The company has prepared these financial statements on going concern basis of accounting. The basis used by the management are not acceptable by the auditors, therefore the same has been qualified as per relevant provisions of ISA 570.
- b) SECP through its letter no. ID/OSM/PGI/2020/1062, dated October 21, 2020, has confirmed that the conditions imposed by NAB, order no. ACR NO. 95/PB/2017 relating to recovery of claim amounting to Rs. 86.2 million from Ex- CEO Ch. Zahoor Ahmad has been duly waived off. The previous disqualification of Ch. Zahoor Ahmad remains unchanged, the company is also required to meet condition no. 2 and 3 of SECP letter no. ID/OSM/PGI/2020/1062, dated October 21, 2020.
- c) The amount due from insurance contract holders as disclosed in note 11 to the financial statements, amounting to Rs 71.03 million (2020: Rs 100.40 million) remains unconfirmed. Management has written off bad debts Rs. 24.78 million in respect of these balances. The Company has claimed recovery of Rs 4.59 million (2020: Rs 14.16 million) during the year and paid recovery / commission of Rs 2.08 million (2020: Rs 2.87 million) against these recoveries as disclosed in note 26 to the financial statements also remains unverified. Due to pending confirmations and underlying record, resultant adjustments and consequential impacts thereof, if any, on the financial statements remain unascertained. Also see note no. 21.1 and 21.2.
- d) The insurers / reinsurers payables to Pakistan Reinsurance Company Limited (PRCL) amounting to Rs 29.25 million (2020: Rs 29.25 million) as disclosed in note 19 to the financial statements remain unconfirmed, due to unavailability of confirmation certificates relating to above balance, the financial effects of the same remain unascertained.
- e) The Company has not complied with the requirements of section 244 of the Companies Act, 2017.

We conducted our audit in accordance with international Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the code) and we have fulfilled our other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key audit matter

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

S. No.	Key audit matters	How the matter was addressed in our audit
1	<p>Verification of Opening balances</p> <p>Corresponding figures make an integral part of the current period financial statements. Being the newly appointed auditor of the company, inherent risk and audit risk is increased due to lack of previous understanding of the business and opening balances might contain misstatements or not have been brought forward correctly and consistent application of accounting policies may not being applied.</p> <p>By keeping in view the significance of the balances involved and previous auditor's report thereon, we consider these to be the key audit matters to be addressed and reported here.</p>	<p>Our audit procedures included the following:</p> <p>Reviewed the previous period's accounting records and schedules to ensure that the opening balances have been correctly brought forward to the current period and noted compliance to ISA 710 and ISA 510, and requested the previous auditors to confirm opening balances existing in the financial statements as at December 31, 2020.</p> <p>Reviewed working papers to ensure the correctness of the opening balances and accounting policies being adopted/applied/changed.</p> <p>Obtained evidence from the procedure performed in the current period to provide evidence relating to the correctness of opening balances and the consistent application of accounting policies except for the fact that the company has changed its accounting policy regarding investment property and has adopted fair value model in the current year as per IAS 40.</p>



S. No.	Key audit matters	How the matter was addressed in our audit
		<p>Regarding to qualification (c) in the audit report, dated March 31, 2021, as the company was restricted from entering into reinsurance arrangements with foreign reinsurer by SECP, the company booked provision amounting to Rs. 17.98 million against reinsurance premium ceded for the period ended December 31, 2019, however the company partially written off the provision in previous year and partially in current year. The same has been duly verified and corroborated with other audit evidence obtained and inquiries conducted towards the management.</p> <p>Regarding to qualification (e) and (g) in the audit report, dated March 31, 2021, we conducted inquiries towards the management and obtained sufficient, appropriate audit evidence to our satisfaction by performing substantial audit procedures to verify the acquisition, disposal of vehicles and expenses of the concerned periods respectively.</p> <p>Regarding to qualification (h) in the audit report, dated March 31, 2021, liabilities written off has been duly verified from the audit procedures performed and also obtained management representation that this outstanding balance was neither payable nor paid off and has been appropriately classified in other income in the previous year and it was subsequently verified till the date of audit report that the company has not received any claim from the creditors written off in earlier years.</p>
2	<p>Contingencies</p> <p>Refer note 21 to the financial statements, there are certain contingencies which could materially affect the financial statements if these contingencies are decided against the Company.</p> <p>There are significant uncertainties attached to the future outcome of these pending litigations and therefore, are considered as key audit matter.</p>	<p>We carried out audit procedures to verify the appropriateness of contingencies in the financial statements, this included, among others:</p> <p>We followed the progress of each case and the company's estimate of the cost to be incurred;</p> <p>We reviewed the key elements of the methodology employed by management in challenging reasonableness of the cost estimates;</p> <p>We obtained confirmations from legal advisor for current status on pending previous cases and new case filed during the year; and</p> <p>Checked orders by relevant authority on previous lawsuits / cases appearing in the financial statements.</p>

Information other than the financial statements and auditor's report thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information. We are required to report that fact because of the significance of matters discussed in 'Basis for Adverse' Opinion section of our report, we have concluded that other information is materially misstated for the same reasons.

Responsibilities of management and board of directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



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

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

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

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

Report on other legal and regulatory requirements

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

- (a) Except for the effects of the matters discussed in the 'Basis for Adverse Opinion' paragraph proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- (b) Because of the significance of the matters discussed in the 'Basis for Adverse Opinion' section, the statement of financial position, the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows together with the notes thereon have not been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017) and however are in agreement with the books of accounts;
- (c) Except for the effects of the matters discussed in the 'Basis for Adverse Opinion' paragraph, investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other matter

The financial statements for the year ended December 31, 2020 were audited by another firm of Chartered Accountants (M/s. Muniff Ziauddin & Co. Chartered Accountants), whose report dated March 31, 2021 expressed an adverse opinion on those financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Rashid Sarwar (FCA).

SARWARS CHARTERED ACCOUNTANTS

Place: Lahore
Date: March 31, 2022
UDIN: AR202110208tiKSI9Njk



Statement under section 46 (6) of the Insurance Ordinance, 2000

The incharge of the management of the business was Ch. Mazhar Zahoor, Chief Executive Officer and report on affairs of business during the year 2021 signed by Mrs. Nasira Raees and approved by the Board of Directors is part of the Annual Report 2021 under the title of “Directors' Report to the Shareholders” and

- a. In our opinion the annual statutory accounts of the Pakistan General Insurance Company Limited set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, 2000 (Ordinance) and any rules made thereunder.
- b. The Pakistan General Insurance Company Limited has at all the time in the year complied with the provisions of the Ordinance and the rules made thereunder except for point i, and ii below relating to re-insurance arrangements:
 - i. Minimum Paid up Capital Requirement;
 - ii. Reinsurance arrangements
- c. As at the date of the statement, the Pakistan General Insurance Company Limited except for point i, and ii above continues to be in compliance with the provisions of the Ordinance and the rules made there under relating to re-insurance arrangements.

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Chairperson

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Chief Executive Officer

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Director

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Director

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Chief Accountant



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Statement of Financial Position

As at December 31, 2021

	Note	Dec. 31 / 2021	Dec. 31 / 2020
----- Rupees -----			
Assets			
Property and equipment	5	119,080,583	95,778,364
Investment property	6	262,000,000	251,906,598
Investments			
- Equity securities	7	833,927	1,134,318
- Debt securities	8	39,990,395	44,990,395
- Term deposits	9	-	2,500,000
Loans and other receivables	10	6,477,473	6,871,163
Insurance / reinsurance receivables	11	71,029,904	100,395,257
Deferred taxation	12	-	-
Taxation - payments less provision	13	807,800	1,036,005
Cash and bank	14	7,777,520	2,907,551
Total Assets		507,997,602	507,519,651
Equity and liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	15	464,014,500	464,014,500
Reserves	16	51,524,558	51,764,815
Accumulated loss		(68,284,583)	(82,420,461)
Total equity		447,254,475	433,358,854
Surplus on revaluation of fixed assets	17	22,267,581	1,352,974
Liabilities			
Outstanding claims including IBNR		-	-
Loan from related parties	18	-	-
Insurance / Reinsurance payables	19	29,246,553	42,712,699
Other creditors and accruals	20	9,228,993	30,095,124
		38,475,546	72,807,823
Total equity and liabilities		507,997,602	507,519,651
Contingencies and commitments	21		

The annexed notes from 1 to 41 form an integral part of these financial statements.

-sd-
Chairperson

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Chief Executive Officer

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Director

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Director

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Chief Accountant



Statement of Comprehensive Income

For the Year Ended December 31, 2021

		Dec. 31 / 2021	Dec. 31 / 2020
	Note	----- Rupees -----	
Underwriting results			
Net insurance premium		-	-
Insurance claims and acquisition expenses			
Net insurance claims		-	-
Net commission and other acquisition costs	22	-	-
		-	-
Management expenses	23	(35,503,705)	(19,641,769)
		<u>(35,503,705)</u>	<u>(19,641,769)</u>
Investment income	24	3,611,951	4,904,387
Rental income		2,008,200	2,360,620
Other income	25	63,032,874	5,675,274
Other expenses	26	(28,079,979)	(35,027,497)
Results of operating activities		<u>5,069,341</u>	<u>(41,728,985)</u>
Finance costs	27	(52,022)	(62,064)
Income / (loss) before tax		5,017,319	(41,791,049)
Income tax	28	8,070,116	-
Income / (loss) after tax		<u>13,087,435</u>	<u>(41,791,049)</u>
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss:			
Unrealized (loss) / gain on available-for-sale investments		(255,450)	(487,687)
Less: Related deferred tax impact		38,318	-
		<u>(217,132)</u>	<u>(487,687)</u>
Items that will not be reclassified subsequently to profit and loss:			
Revaluation surplus on property, plant and equipment		30,901,303	-
Less: Related deferred tax impact		(8,961,378)	-
		<u>21,939,925</u>	<u>-</u>
Other comprehensive income / (loss) for the year		<u>21,722,793</u>	<u>(487,687)</u>
Total comprehensive income / (loss) for the year		<u>34,810,228</u>	<u>(42,278,736)</u>
Earnings / (Loss) per share - Rupees	29	<u>0.28</u>	<u>(0.90)</u>

The annexed notes from 1 to 41 form an integral part of these financial statements.

-sd-
Chairperson

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Chief Executive Officer

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Director

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Director

-sd-
Chief Accountant



Statement of Changes in Equity

For the Year Ended December 31, 2021

	Attributable to equity holders of the Company				
	Share capital	General reserves	Revenue reserves		Total
			Investments - net	Accumulated loss	
	Rupees				
Balance as at January 01, 2020	464,014,500	50,985,500	997,217	(45,240,335)	470,756,882
Loss after tax	-	-	-	(41,791,049)	(41,791,049)
Other comprehensive loss for the year	-	-	(487,687)	-	(487,687)
Total comprehensive loss for the year	-	-	(487,687)	(41,791,049)	(42,278,736)
Transfer from surplus on revaluation of fixed assets on account of:					
-Disposal of fixed asset - net of tax	-	-	-	750,723	750,723
-Incremental depreciation on fixed assets - net of tax	-	-	-	71,209	71,209
	-	-	-	821,932	821,932
Balance as at December 31, 2020	464,014,500	50,985,500	509,530	(86,209,452)	429,300,078
Revaluation surplus (see note. 42)				4,058,776	4,058,776
Revaluation reserve for unrealized (loss)/gain on investment in share (see note 40)			269,785	(269,785)	-
	-	-	269,785	3,788,991	4,058,776
Balance as at December 31, 2020 after re-classification	464,014,500	50,985,500	779,315	(82,420,461)	433,358,854
Income after tax	-	-	-	13,087,435	13,087,435
Other comprehensive loss for the year	-	-	(217,132)	-	(217,132)
Total comprehensive income for the year	-	-	(217,132)	13,087,435	12,870,303
Transfer from surplus on revaluation of fixed assets on account of:					
-Disposal of fixed asset - net of tax	-	-	-	1,008,073	1,008,073
-Incremental depreciation on fixed assets - net of tax	-	-	-	17,245	17,245
Realisation of surplus on disposal of investment in shares	-	-	(23,125)	23,125	-
	-	-	(23,125)	1,048,443	1,025,318
Balance as at December 31, 2021	464,014,500	50,985,500	539,058	(68,284,583)	447,254,475

The annexed notes, from 1 to 41, form an integral part of these financial statements.

-sd-
Chairperson

-sd-
Chief Executive Officer

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Director

-sd-
Director

-sd-
Chief Accountant



Statement of Cash Flows

For the Year Ended December 31, 2021

	Dec. 31 / 2021	Dec. 31 / 2020
Note	----- Rupees -----	
Operating cash flows		
a) Underwriting activities		
Insurance premiums received	4,588,103	14,155,934
Commission paid	-	(2,871,596)
General and management expenses paid	(21,613,028)	(26,570,828)
Net cash flow from underwriting activities	(17,024,925)	(15,286,490)
b) Other operating activities		
Income tax paid	(624,739)	(623,140)
Loan repayments received	(15,000)	2,262,500
Other operating payments	(145,508)	(230,114)
Net cash flow from other operating activities	(785,247)	1,409,246
Total cash out flows in all operating activities	<u>(17,810,172)</u>	<u>(13,877,244)</u>
Investment activities		
Profit / return received	4,010,435	4,603,520
Dividends received	5,628	-
Rentals received	2,008,200	2,360,620
Payments for investments	-	(2,500,000)
Proceeds from investments	7,550,000	-
Fixed capital expenditure	(4,007,100)	(6,045,900)
Proceeds from sale of property and equipment	9,165,000	7,750,000
Proceeds from sale of investment properties	4,000,000	4,300,000
Total cash inflows from investing activities	<u>22,732,163</u>	<u>10,468,240</u>
Financing activities		
Finance cost paid	(52,022)	(62,064)
Total cash outflows in financing activities	<u>(52,022)</u>	<u>(62,064)</u>
Net cash outflows through all activities	4,869,969	(3,471,068)
Cash and cash equivalents at beginning of year	2,907,551	6,378,619
Cash and cash equivalents at end of year	<u>14</u> <u>7,777,520</u>	<u>2,907,551</u>
Reconciliation to profit and loss account		
Operating cash flows	(17,810,172)	(13,877,244)
Depreciation on property and equipment	(18,348,456)	(20,844,292)
Financial charges expenses	(52,022)	(62,064)
Investment income	3,611,951	4,904,387
Rental income	2,008,200	2,360,620
Other income	33,026,380	463
Profit on disposal of investment properties and assets	5,991,758	5,422,235
Fair value adjustments	24,014,736	-
Decrease in assets other than cash	(20,660,837)	(19,909,012)
Decrease in liabilities other than borrowings	1,305,897	213,858
Income / (Loss) after taxation	<u>13,087,435</u>	<u>(41,791,049)</u>

The annexed notes from 1 to 41 form an integral part of these financial statements.

-sd-
Chairperson

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Chief Executive Officer

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Director

-sd-
Director

-sd-
Chief Accountant



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Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2021

1 Legal status and nature of business

The Pakistan General Insurance Company Limited ("the Company") was incorporated in Pakistan as a public limited company on July 26, 1947 under the Companies Act, 1913 (now the Companies Act, 2017) and the shares of the Company are quoted on the Pakistan Stock Exchange Limited. The registered office and principal place of the Company is located at PGI House, 5A Bank Square, The Mall, Lahore.

The Company is engaged in providing general insurance services in spheres of Fire and property damage; Marine, aviation and transport, Motor and Miscellaneous.

2 Basis of preparation and statement of compliance

2.1 Statement of compliance

These financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017 and Insurance Accounting Regulations, 2017.

In case requirements differ, provisions and directives issued under Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017 and Insurance Accounting Regulations, 2017, shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention, except for:

- (a) certain property and equipment which are measured at revalued amount; and
- (b) certain financial instruments at fair value

2.3 Going concern assumption

Securities and Exchange Commission of Pakistan (SECP) vide its order dated June 7, 2017 under section 11(1)(f) and section 12(1) and 12(4) read with section 63(1) and section 156 of the Insurance Ordinance, 2000 restricted the Company from entering into new contracts of insurance after July 7, 2017.

Moreover, in the aforementioned order, it is stated that the cessation order will be revoked subject to the fulfilment of conditions mentioned therein. The management of the Company is taking steps towards fulfilment of these conditions and as at the reporting date only two conditions are yet to be complied with and had prepared a road map, which will lead the Company in revocation of the said order.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business as the management in connection with legal opinion from its legal advisors is of the view that there is every likelihood that the above cited order will be revoked in the foreseeable future.

2.4 Significant estimates and judgements

The preparation of financial statements in conformity with accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, the 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if revision affects only that period, or in the period of the revision and future periods, if revision affects both current and future periods. The management, in process of applying accounting policies, has made following estimates and judgments which are significant to the financial statements:

- Provision for outstanding claims - note 4.10
- Provision for unearned premium - note 4.6
- Provision for doubtful receivables - note 4.9
- Provision for taxation and deferred tax - note 4.15
- Useful lives of investment properties - note 4.3
- Useful lives and residual values of property and equipment - note 4.1
- Provision for premium deficiency reserve - note 4.7
- Classification of investments and impairment - note 4.16



Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2021

2.5 Functional and presentation currency

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

2.6 Initial application of an accounting standard, amendment or an Interpretation to an existing standard and forthcoming requirements

a) Standards, interpretations and amendments to accounting and reporting standards that are effective in current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Company's operation and therefore not detailed in these financial statements.

b) Standards, interpretations and amendments to published accounting and reporting standards and interpretations not yet effective and have not been early adopted by the Company

There were certain amendments in accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and therefore have not been disclosed in these financial statements.

3 Change in accounting policy

During the current year, the Company changed its accounting policy of measuring its investment properties. Previously investment properties are measured at cost i.e. cost less any accumulated depreciation and any identified impairment loss. Investment properties represent constructed buildings which include the cost of land, and the value of land cannot be easily separable and were disclosed together since acquisition. Thus the depreciation is charged on the value of land as well, therefore, to avoid this anomaly, the management changed measurement policy of its investment properties from cost model to fair value model as per the relevant provisions of IAS-40.

4 Summary of Significant Accounting Policies

4.1 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any, except for free hold land and building on free hold land, which are stated at revalued amount less impairment loss. Assets' residual values and their useful lives are reviewed and adjusted, if appropriate, at each reporting date. When parts of an item of property and equipment have different useful lives, they are recognized as separate items of property and equipment.

Depreciation is charged to profit and loss account by applying the reducing balance method at the rates specified in note 5 to the financial statements. Depreciation on addition to property and equipment is charged from the month in which the asset is available for use while no depreciation is charge for the month in which the asset is disposed off. The useful lives and depreciation methods are reviewed on periodic intervals to ensure that the methods and period of depreciation charged during the year are consistent with the expected pattern of economic benefits from items of property and equipment.

Subsequent costs are recognized as part of asset only when it is probable that future economic benefits associated with the item will flow to the Company and cost of an item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the year in which they are incurred. 'Gains or losses on disposal of assets, if any, are included in profit and loss account for the year.

4.2 Surplus on revaluation of property and equipment

Surplus arising on revaluation is credited to surplus on revaluation of fixed assets. The surplus on revaluation of fixed assets to the extent of incremental depreciation is transferred by the Company to its accumulated profit/ loss.

4.3 Investment properties

Investment properties, which are property (Land & Building) held to earn rentals and / or for capital appreciation, is valued using the fair value model as per the relevant provision of IAS 40 with any change therein on each reporting period is recognized in profit or loss. Also refer note 3 to the financial statements.

4.4 Insurance contracts

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



Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2021

The Company underwrites non-life insurance contracts that can be categorized into fire and property damage, marine, aviation and transport, motor and miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year.

These contracts are entered with group companies, corporate clients, and individual residing or located in Pakistan. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its period, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

4.5 Commissions

a) Commission income

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

Profit commission, if any, under the terms of reinsurance arrangements, is recognised on accrual basis.

b) Commission expense

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

4.6 Premium

a) Premium

For all insurance contracts, premiums including administrative surcharge received / receivable under a policy are recognized as written at the time of issuance of policy. Where premiums for a policy are payable in instalments, full premium for duration of the policy is recognized as written at the inception of the policy and related assets set up for premiums receivable at a later date. Premiums are stated at gross of commission payable to intermediaries and exclusive of taxes and duties levied on premiums.

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

b) Unearned premium reserve

The unearned premium reserve is the unexpired portion of the premium including administrative surcharge, which relates to business in force at the reporting date. Unearned premiums have been calculated by applying 1/24th method as specified in the Insurance Rules, 2017.

4.7 Premium deficiency reserve (liability adequacy test)

At each reporting date, liability adequacy tests are performed separately for each class of business to ensure the adequacy of the unearned premium liability for that class. It is performed by comparing the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after financial statement date in respect of policies in force at reporting date with the carrying amount of unearned premium liability. Any deficiency is recognized by establishing a provision (premium deficiency reserve) to meet the deficit.

The expected future liability is estimated with reference to the experience during the expired period of the contracts, adjusted for the significant individual losses, which are not expected to recur during the remaining period of the policies, and expectations of future events that are believed to be reasonable. The movement in the premium deficiency reserve is recognized as an expense or income in the statement of profit or loss for the year.

4.8 Re-insurance contracts

Contracts entered into by the Company with reinsurers under which the Company cedes insurance risks assumed during normal course of its business and according to which the Company is compensated for losses on insurance contracts issued by the Company are classified as reinsurance contracts held.



Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2021

Reinsurance premium is recognized as an expense at the time the reinsurance is ceded. Commission on reinsurance cessions are recognized in accordance with the policy of recognizing premium revenue. Reinsurance assets represent balances due from reinsurance companies and reinsurance recoveries against outstanding claims.

Reinsurance recoveries are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Reinsurance liabilities represent balances due to reinsurance companies and are primarily premiums payable for reinsurance contracts and are recognized at the same time when reinsurance premiums are recognized as an expense. Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired.

An impairment review of reinsurance assets is performed at each financial statement date. If there is objective evidence that the asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the profit or loss.

4.9 Receivables and payables

a) Receivables and payables related to insurance contracts

Receivables and payables related to insurance contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any. If there is objective evidence that the insurance receivable is impaired, as a result of one or more events that occurred after the initial recognition, the Company reduces the carrying amount of the insurance receivable accordingly and recognizes that impairment loss in the profit or loss. Provision for impairment in premium receivables is estimated on a systematic basis after analysing the receivables as per their ageing.

b) Creditors, accruals and provisions

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

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

4.10 Claims

a) Claim expenses

Claims are charged to income as incurred based on estimated liability for compensation owed under the insurance contracts. It includes claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

b) Provision for outstanding claims

A liability for outstanding claims is recognized in respect of all claims incurred upto the financial statement date, which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs. Reinsurance recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

c) Claims reported but not settled

Provision for liability in respect of claims reported but not settled at the financial statement date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognized outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.



Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2021

d) Claims incurred but not reported (IBNR)

The provision for claims incurred but not reported (IBNR) at balance sheet date is based on an analysis of the past claims reporting pattern experienced by the Company. The provision for IBNR has been accounted for on the basis whereby all claims incurred before preceding year but reported up to current year were aggregated and the ratio of such claims to outstanding claims at preceding year has been applied to outstanding claims except exceptional losses at current year to arrive at liability for IBNR. The analysis is carried out separately for each class of business.

4.11 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company presents segment reporting of operating results using the classes of business as specified under Insurance Ordinance, 2000 and Insurance Rules, 2017 as the primary reporting format. The Company has four primary business segments for reporting purposes namely, fire and property damage, marine, motor and miscellaneous. The nature and business activities of these segments are:

Fire and property damage	damages caused by fire, riot, explosion, flood and other coverage.
Marine, aviation and transport	coverage against cargo risk, war risk and in inland transit.
Motor	car coverage and indemnity against third party loss.
Others	Other classes includes mainly crops, live stocks, engineering etc.

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

4.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, stamps in hand and deposits with banks in current and saving accounts.

4.13 Revenue recognition

a) Premium income

The revenue recognition policy for premiums is given under note 4.6 to the financial statements.

b) Commission income

The revenue recognition policy for commission income is given under note 4.5 to the financial statements.

c) Return on investments and dividend income

Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments. Gain or loss on sale of available for sale investments and investments at fair value through OCI and held for trading are recognized in profit or loss as per the relevant provisions of IFRS 09.

Dividend income and entitlement of bonus shares are recognized when the Company's right to receive such dividend and bonus shares is established.

d) Rental income

Rental income on investment properties is recognized over the term of lease.

e) Miscellaneous income

Other revenues are recognized on accrual basis.

f) Dividend income

Dividend income is recognized on accrual basis.



Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2021

4.14 Employees' retirement benefits

The Company operates a defined contribution plan a funded provident fund scheme for all its permanent employees. Monthly contribution is made by the Company at the rate of 10% of basic salary and the same is charged to profit or loss.

4.15 Taxation

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

a) Current

Provision for current taxation is based on taxable income determined in accordance with the prevailing law for taxation of income and is calculated using enacted rates of taxation after taking into account tax credits and rebates available if any. Charge for current taxation also includes adjustments relating to prior years which arise from assessments finalized during a year or required by any other reason.

b) Deferred

Deferred tax is recognized using the balance sheet liability method for all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities using effective tax rates enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.16 Investments

a) Initial measurement

These are initially measured at fair value plus transaction costs that are directly attributable to its acquisition. The Company classifies its financial assets as (a) at fair value through profit or loss (b) at fair value through comprehensive income and (c) measured at amortized cost.

b) Subsequent measurement

- | | | |
|------|---|--|
| i) | Financial assets at fair value through profit and loss | Subsequently measured at fair value. Net gains and losses, interest or dividend income, are recognized in profit or loss. |
| ii) | Financial assets measured at amortized cost | Subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. |
| iii) | Debt investments at fair value through other comprehensive income | These are subsequently measured at fair value. Interest / Mark-up income calculated using effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition gains and losses accumulated in other comprehensive income are reclassified to profit or loss. |
| iv) | Equity investments at fair value through other comprehensive income | These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss. |

c) De-recognition

These are derecognised when rights to receive cash flows from assets have expired or transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and are created as a result of statutory requirements imposed by government are not financial instruments.



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Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2021

4.17 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are set off and only net amount is reported in statement of financial position when there is a legally enforceable right to set off recognized amount and the Company intends to either settle on a net basis, or to realize asset and settle the liability simultaneously.

4.18 Foreign currencies

Revenue transactions in foreign currencies are recorded at the rates prevailing on the date of the transactions. Income and expense amounts relating to foreign branches have been translated at the applicable exchange rates. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on reporting date. Exchange gains or losses are taken into profit or loss.

4.19 Management expenses

Expenses of management allocated to underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross premium revenue. Expenses not allocable to underwriting business are charged as administrative expenses.

4.20 Dividends, bonus shares and reserve appropriation

Dividend to shareholders is recognized as liability in the period in which it is approved. Similarly, reserve for issue of bonus shares is recognized in the year in which such issue is approved.

4.21 Financial instruments

Financial instruments include cash and bank balances, loans to employees, investments, premiums due but unpaid, amount due from / to other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, security deposits, other receivables, outstanding claim liabilities, accrued expenses, agents' balances, other creditors, deposits and unclaimed dividends.

All the financial assets and liabilities are recognized at the time when the Company becomes a party to contractual provisions of instrument and de-recognized when the Company loses control of contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged. Any gain or losses on de-recognition are taken to income directly.

4.22 Impairment

A financial asset is assessed at each financial statement date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset. If a decline in fair value is significant or prolonged, then there is objective evidence of impairment, regardless of how long management intends to hold the investment.

The carrying amount of non-financial assets is reviewed at each financial statement date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. All impairment losses are recognized in the profit or loss. Provisions for impairment are reviewed at each reporting date and are adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense.

4.23 Related party transactions

Transactions with related parties are priced on arm's length basis other than that stated elsewhere in the financial statements. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

4.24 Earnings per share

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

	Note	Dec. 31 / 2021	Dec. 31 / 2020
..... Rupees			
5 Property and equipment			
Operating assets	5.1	119,080,583	94,078,364
Capital work-in-progress	5.2	-	1,700,000
		<u>119,080,583</u>	<u>95,778,364</u>

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2021

5.1 Operating assets

		2021					2020				
		Cost / Revaluation		Depreciation			Written down value				
As at January 01, 2021	Revaluation for the year	Additions / (disposals)	As at December 31, 2021	As at January 01, 2021	Disposals	Charge for the year	As at December 31, 2021	As at December 31, 2020	As at December 31, 2021	As at December 31, 2020	Depreciation Rate
----- Rupees -----											
Land and buildings	- cost	110,257,839	-	109,967,839	44,170,577	(149,753)	3,309,806	47,330,630	62,637,209	5	
	- revaluation	12,475,936	30,901,303	40,441,362	10,570,338	(1,516,056)	24,289	9,078,571	31,362,791	5	
		122,733,775	30,901,303	150,409,201	54,740,915	(1,665,809)	3,334,095	56,409,201	94,000,000		
Furniture and fixtures		14,145,879	-	14,172,679	11,565,798	-	258,455	11,824,253	2,348,426	10	
Office equipment		10,407,373	-	10,892,673	5,979,992	-	459,293	6,439,285	4,453,388	10	
Arms and ammunition		28,229	-	28,229	26,075	-	215	26,290	1,939	10	
Bicycles		145,176	-	145,176	128,812	-	1,636	130,448	14,728	10	
Motor vehicles		88,130,361	-	83,705,961	69,070,837	(5,295,683)	1,668,705	65,443,859	18,262,102	15	
		235,590,793	30,901,303	259,353,919	141,512,429	(6,961,492)	5,722,399	140,273,336	119,080,583		
----- Rupees -----											
As at January 01, 2020	Revaluation for the year	Additions / (disposals)	As at December 31, 2020	As at January 01, 2020	Disposals	Charge for the year	As at December 31, 2020	As at December 31, 2020	As at December 31, 2020	As at December 31, 2020	Depreciation Rate
----- Rupees -----											
Land and buildings	- cost	110,457,839	-	110,257,839	40,748,437	(101,182)	3,523,322	44,170,577	66,087,262	5	
	- revaluation	14,615,936	-	12,475,936	11,552,687	(1,082,644)	100,295	10,570,338	1,905,598	5	
		125,073,775	-	122,733,775	52,301,124	(1,183,826)	3,623,617	54,740,915	67,992,860		
Furniture and fixtures		14,097,379	-	14,145,879	11,283,613	-	282,185	11,565,798	2,580,081	10	
Office equipment		10,059,973	-	10,407,373	5,515,512	-	464,480	5,979,992	4,427,381	10	
Arms and ammunition		28,229	-	28,229	25,836	-	239	26,075	2,154	10	
Bicycles		145,176	-	145,176	126,994	-	1,818	128,812	16,364	10	
Motor vehicles		88,860,361	-	88,130,361	67,202,466	(1,533,807)	3,402,178	69,070,837	19,059,524	15	
		238,264,893	-	235,590,793	136,455,545	(2,717,633)	7,774,517	141,512,429	94,078,364		
----- Rupees -----											

5.1.1 Land and buildings

Constructed buildings with land were purchased in the past and value relating to components, building and land are not easily separable hence these are being disclosed together since acquisition.



Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2021

5.1.2 Details of property and equipment disposed off during the year, having written down value exceeding Rs. 50,000, are as follows:

Particular of asset	Cost	Accumulated Depreciation	Written down value	Sale Proceeds	Gain / (Loss) on disposals	Mode of disposal	Particulars of Purchaser	Status
			----- Rupees -----					
Land and Buildings								
Aurangzeb Market Sialkot	3,225,877	1,665,809	1,560,068	2,500,000	939,932	- Negotiations -	Mr. Muhammad Fayyaz	Outsider
Motor vehicles								
LER-15A-3583 Honda 125	102,900	56,348	46,552	40,000	(6,552)	- Negotiations -	Mr. Waseem Saleem	Outsider
LED-19-6088 Toyota Corola	2,856,000	944,265	1,911,735	2,325,000	413,265	- Negotiations -	Mr. Shan Qammar	Outsider
LEC-14-664 Honda Civic	2,430,000	1,650,692	779,308	1,200,000	420,692	- Negotiations -	Mr. Mohsin Tanveer	Outsider
LED-16-6982 Toyota Corola	1,740,500	1,064,764	675,736	1,500,000	824,264	- Negotiations -	Mr. Muhammad Waqar	Outsider
LEB-14-8945 Honda Civic	2,490,000	1,579,614	910,386	1,600,000	689,614	- Negotiations -	Mr. Maqsood Ahmad	Outsider
	<u>9,619,400</u>	<u>5,295,683</u>	<u>4,323,717</u>	<u>6,665,000</u>	<u>2,341,283</u>			
	<u>12,845,277</u>	<u>6,961,492</u>	<u>5,883,785</u>	<u>9,165,000</u>	<u>3,281,215</u>			

5.1.3 There are no assets held by third parties and assets with zero values.

5.1.4 Book value without revaluation surplus

Had there been no revaluation, the cost, accumulated depreciation, and book value of revalued property (land and buildings) at year end would have been as follows:

	Dec. 31 / 2021	Dec. 31 / 2020
	----- Rupees -----	
Cost	109,967,839	110,257,839
Accumulated depreciation	(47,330,630)	(44,170,577)
Book Value	<u>62,637,209</u>	<u>66,087,262</u>

5.1.5 Valuation techniques

The valuation of land and building was determined by external independent property valuers having appropriate recognized professional qualifications and experience. The valuation of land and building has been categorized as a Level 3 fair value (based on the inputs to the valuation techniques used).

The valuers have arranged enquiries and verification from various estate agents, brokers and dealers, the location and condition of the property, size, utilization and current trends in price of real estate including assumptions that ready buyers are available in the current scenario and analyzed through detailed market surveys to determine the better estimates of the fair value.

5.2 Capital work-in-progress

Advance to supplier - Motor vehicle	-	1,700,000
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6 Investment property

Note	2021							
	Cost		Depreciation			Written down value		Useful life
	As at 1 January	Additions (disposals)	As at 31 December	As at 1 January	For the year	As at 31 December	As at 31 December	
Land and building	306,405,527	24,014,736 (3,180,527)	327,239,736	54,498,929	12,626,057 (1,885,250)	65,239,736	262,000,000	20 years
	<u>306,405,527</u>	<u>24,014,736</u> <u>(3,180,527)</u>	<u>327,239,736</u>	<u>54,498,929</u>	<u>12,626,057</u> <u>(1,885,250)</u>	<u>65,239,736</u>	<u>262,000,000</u>	-
Land and building	2020							
	Cost		Depreciation			Written down value as at 31 December		Useful life
	As at 1 January	Additions/ (disposals)	As at 31 December	As at 1 January	For the year	As at 31 December	As at 31 December	
Land and building	311,685,527	- (5,280,000)	306,405,527	44,131,180	13,322,351 (2,954,602)	54,498,929	251,906,598	20 years
	<u>311,685,527</u>	<u>-</u> <u>(5,280,000)</u>	<u>306,405,527</u>	<u>44,131,180</u>	<u>13,322,351</u> <u>(2,954,602)</u>	<u>54,498,929</u>	<u>251,906,598</u>	

6.1 Details of investment property disposed off during the year, having written down value exceeding Rs. 50,000, are as follows:

Particular of asset	Cost	Accumulated Depreciation	Written down value	Sale Proceeds	Gain / (Loss) on disposals	Mode of disposal	Particulars of Purchaser	Status
			----- Rupees -----					
Investment property								
Al Karim Plaza Bahawalpur	3,180,527	1,885,250	1,295,277	4,000,000	2,704,723	- Negotiations -	Mr. Manzoor Ahmad	Outsider

6.2 This represents various properties held by the Company for investment purposes.

6.3 Constructed Buildings with land were purchased in the past and value components of building and land are not easily separable hence these are being disclosed together since acquisition.

6.4 Latest Revaluation by an independent valuer was carried out during the year December 31, 2021 who estimated market value of properties thereon at Rs. 262 million.

6.5 The company has measured its investment properties at fair value in current year in accordance IAS-40. Previously, investment properties were measured at cost model.



Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2021

7 Investments - Equity securities

Available for sale - Investment in quoted equities

Dec. 31 / 2021					
	Face value per share	Number of shares	Cost of shares	Accumulated Unrealized gain / (loss) on revaluation	Carrying value
	Rupees	Number	Rupees	Rupees	Rupees
Bank Al-Falah Limited	10	5	109	64	173
Silk Bank Limited	10	7,398	15,233	(4,506)	10,727
Soneri Bank Limited	10	1,872	19,822	(1,645)	18,177
Summit Bank Limited	10	450	1,050	62	1,112
Bank of Khyber	10	190	231	2,714	2,945
IGI Holding	10	36	4,950	581	5,531
JS Bank Limited	10	5,000	20,874	3,226	24,100
MCB Bank limited	10	106	57,799	(41,544)	16,255
Meezan Bank Limited	10	42	1,168	4,465	5,633
Zeal Pak Cement Limited	10	10,000	4,400	-	4,400
Shabbir Tiles & Ceramics	5	210	4,226	675	4,901
Modaraba Al-Mali	10	26	52	168	220
SNGP Limited	10	172	4,735	1,018	5,753
Best Way Cement Limited	10	100	28,000	(12,554)	15,446
Pakistan Tobacco Limited	10	600	37,092	681,462	718,554
		<u>26,207</u>	<u>199,741</u>	<u>634,186</u>	<u>833,927</u>

Dec. 31 / 2020					
	Face value per share	Number of shares	Cost of shares	Accumulated Unrealized gain / (loss) on revaluation	Carrying value
	Rupees	Number	Rupees	Rupees	Rupees
Bank Al-Falah Limited	10	5	109	68	177
Silk Bank Limited	10	7,398	15,233	(7,243)	7,990
Soneri Bank Limited	10	1,872	19,822	(1,196)	18,626
Summit Bank Limited	10	450	1,050	(208)	842
Bank of Khyber	10	3,039	17,965	27,559	45,524
IGI Holding	10	36	4,950	2,374	7,324
JS Bank Limited	10	5,000	20,874	11,226	32,100
MCB Bank limited	10	106	57,799	(38,159)	19,640
Meezan Bank Limited	10	34	1,168	2,382	3,550
Zeal Pak Cement Limited	10	10,000	4,400	-	4,400
Shabbir Tiles & Ceramics	5	210	4,226	237	4,463
Modaraba Al-Mali	10	26	52	72	124
SNGP Limited	10	172	4,735	2,905	7,640
Best Way Cement Limited	10	100	28,000	(11,866)	16,134
Pakistan Tobacco Limited	10	600	37,092	928,692	965,784
		<u>29,048</u>	<u>217,475</u>	<u>916,843</u>	<u>1,134,318</u>



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Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2021

	Note	Dec. 31 / 2021	Dec. 31 / 2020
----- Rupees -----			
8 Investments - Debt securities			
Held to maturity Government debt securities	8.1	39,990,395	44,990,395
		<u>39,990,395</u>	<u>44,990,395</u>
	Maturity Year	Effective yield % age per annum	
----- Rupees -----			
8.1 Government debt securities			
Pakistan Investment Bonds	2022	12.00%	7,500,000
Pakistan Investment Bonds	2021	12.00%	-
Pakistan Investment Bonds	2025	9.75%	2,300,000
Pakistan Investment Bonds	2026	9.75%	1,037,133
Pakistan Investment Bonds	2026	9.75%	6,134,475
Pakistan Investment Bonds	2026	8.75%	23,018,787
			<u>39,990,395</u>
			<u>44,990,395</u>
8.1.1 Statutory deposits			
Company has deposited following securities with State Bank of Pakistan pursuant to the requirements of clause (a) of sub - section 2 of section 29 of Insurance Ordinance, 2000:			
	Note	Dec. 31 / 2021	Dec. 31 / 2020
----- Rupees -----			
Pakistan Investment Bonds - face value		41,800,000	46,800,000
Cash deposit (included in cash with banks)	14	7,341,507	2,341,507
		<u>49,141,507</u>	<u>49,141,507</u>
9 Investments - Term deposits			
Held to maturity Deposits maturing within 12 months	9.1	-	2,500,000
		<u>-</u>	<u>2,500,000</u>
9.1 Deposits maturing within 12 months			
This represented Term Deposit Receipts (TDR's) with Bank of Punjab encashed during the year. It carried mark up at the rate of 8.75% (2020: 8.75%) per annum.			
10 Loans and other receivables			
Considered good			
Loan to employees		66,100	51,100
Security deposits		5,477,649	5,477,649
Accrued interest on investment income		929,815	1,333,927
Sundry receivables		3,909	8,487
		<u>6,477,473</u>	<u>6,871,163</u>
11 Insurance / reinsurance receivables			
Unsecured but considered good			
Due from insurance contract holders	11.1	71,029,904	100,395,257
		<u>71,029,904</u>	<u>100,395,257</u>
11.1	Bad debts amounting Rs. 24,777,250 has been written off during the year (2020 Nil).		



Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2021

	Note	Dec. 31 / 2021		Dec. 31 / 2020	
----- Rupees -----					
12 Deferred taxation					
Deferred tax credits arising in respect of:					
Tax depreciation allowance	12.1	8,974,905		8,288,597	
Accrued interest income		269,646		386,839	
Unrealized gain on available-for-sale investments		95,128		265,884	
Deferred tax debits arising in respect of:					
Tax losses	12.2	<u>(9,339,679)</u>		<u>(8,941,320)</u>	
		<u>-</u>		<u>-</u>	
12.1 Tax depreciation allowance					
Deferred tax on,					
Accelerated tax depreciation		(120,305)		7,735,974	
Incremental tax Depreciation		<u>9,095,209</u>		<u>552,623</u>	
		<u>8,974,904</u>		<u>8,288,597</u>	
12.2					
The management has recognised deferred tax on business losses and minimum tax on the basis of projection and reasonable assumptions used thereon, to the extent of the management expectation of its reversibility / adjustability in future.					
12.3 Movement in deferred tax due to taxable / (deductible) temporary differences -					
		Opening balance	Profit and loss	Other comprehensive (loss) / income for the year	Closing balance
				----- Rupees -----	
As at 31 December 2021					
Tax depreciation allowance		8,288,597	(8,275,070)	8,961,378	8,974,905
Accrued interest income		386,839	(117,193)	-	269,646
Unrealized gain on investments		265,884	(132,438)	(38,318)	95,128
Tax losses		<u>(8,941,320)</u>	<u>(398,359)</u>	-	<u>(9,339,679)</u>
		<u>-</u>	<u>(8,923,060)</u>	<u>8,923,060</u>	<u>-</u>
As at 31 December 2020					
Tax depreciation allowance		16,243,033	(7,954,436)	-	8,288,597
Accrued interest income		299,453	87,386	-	386,839
Unrealized gain on investments		407,313	(141,429)	-	265,884
Amortisation on debt securities		(10,422)	10,422	-	-
Tax losses		<u>(16,939,377)</u>	<u>7,998,057</u>	-	<u>(8,941,320)</u>
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Note	Dec. 31 / 2021		Dec. 31 / 2020	
----- Rupees -----					
13 Taxation - payments less provision					
Balance at beginning of the year		1,036,005		412,865	
Add: Paid / Deducted during the year		624,739		623,140	
Less: Provision for taxation	28.1	<u>(852,944)</u>		-	
Balance at end of the year		<u>807,800</u>		<u>1,036,005</u>	
14 Cash and bank					
Cash and cash equivalents	14.1	185,990		178,085	
Cash at bank	14.2	<u>7,591,530</u>		<u>2,729,466</u>	
		<u>7,777,520</u>		<u>2,907,551</u>	



Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2021

	Note	Dec. 31 / 2021	Dec. 31 / 2020
----- Rupees -----			
14.1 Cash and cash equivalents			
Cash in hand		62,690	54,785
Policy and revenue stamps, bond papers		123,300	123,300
		<u>185,990</u>	<u>178,085</u>
14.2 Cash at bank			
Current accounts		244,579	382,760
Saving accounts	14.2.1	5,444	5,199
Cash with State Bank of Pakistan	14.2.2	7,341,507	2,341,507
		<u>7,591,530</u>	<u>2,729,466</u>

14.2.1 Cash at bank - on saving accounts

Mark up in respect of savings accounts ranges between 2.50 % to 5.25% (2020: 2.50% to 5.25%) per annum.

14.2.2 Cash with State Bank of Pakistan

This represents deposit with State Bank of Pakistan pursuant to the requirements of clause (a) of sub - section 2 of section 29 of Insurance Ordinance, 2000.

	Dec. 31 / 2021	Dec. 31 / 2020	Dec. 31 / 2021	Dec. 31 / 2020
----- Number of shares -----		----- Rupees -----		
15 Share capital				
Authorized share capital				
Ordinary shares of Rs. 10 each	<u>50,000,000</u>	<u>50,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid up capital				
Ordinary shares of Rs. 10 each				
- Fully paid in cash	20,000,000	20,000,000	200,000,000	200,000,000
- Fully paid as bonus shares	26,401,450	26,401,450	264,014,500	264,014,500
	<u>46,401,450</u>	<u>46,401,450</u>	<u>464,014,500</u>	<u>464,014,500</u>

15.1 The Company has only one class of ordinary shares. The holder of ordinary shares are entitled to receive dividend as declared and are entitled to vote at meetings of the Company.

15.2 The Company has no reserved shares for issue under option and sales contracts.

	Note	Dec. 31 / 2021	Dec. 31 / 2020
----- Rupees -----			
16 Reserves			
Revenue reserves			
General reserve	16.1	50,985,500	50,985,500
Revaluation reserve for unrealized (loss) / gain on available-for-sale investments - net		539,058	779,315
		<u>51,524,558</u>	<u>51,764,815</u>

16.1 This represents distributable profits utilizable at the discretion of the board of directors in accordance with the relevant provisions of the Companies Act, 2017.

	Note	Dec. 31 / 2021	Dec. 31 / 2020
----- Rupees -----			
17 Surplus on revaluation of fixed assets			
At beginning of the year		1,352,974	6,233,682
Add: Surplus recognized during the year - net of tax		21,939,925	-
Less: Realization of surplus on disposal - net of tax		(1,008,073)	(750,723)
Less: Revaluation surplus to retained earnings on disposals		-	(4,058,776)
Less: Incremental depreciation for the year - net of tax		(17,245)	(71,209)
At end of the year		<u>22,267,581</u>	<u>1,352,974</u>

The latest revaluation of freehold land and building was carried out by independent valuers M/s. Muhammad Siddique Associates on December 27, 2021, who issued their report dated December 31, 2021 in this regard.



Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2021

18 Loan from related parties

During the year the Company has obtained interest free loan amounting Rs. 3.78 million from related parties (Chief Executive Officer Ch. Mazhar zahoor and head HR Usman Ali) to meet the day to day working capital requirements of the Company. The entire loan is re-paid in December, 2021.

19 Insurance / Reinsurance payables

Due to other insurers / reinsurers	19.1	29,246,553	42,712,699
------------------------------------	------	------------	------------

19.1 This includes Rs. 29.24 million (2020: Rs. 29.24 million) payable to Pakistan Reinsurance Company Limited.

20 Other creditors and accruals

Federal excise duty / sales tax	2,325,784	17,507,173
Federal insurance fee	2,518,832	2,518,832
Accrued expenses	3,131,715	4,286,765
Withholding tax payable	92,114	4,644,882
Payable to employees' provident fund	172,926	149,850
Unpaid and unclaimed dividend	657,622	657,622
Others	330,000	330,000
	9,228,993	30,095,124

21 Contingencies and commitments

21.1 Securities and Exchange Commission of Pakistan ('SECP') has passed an order dated June 07, 2017 under section 11(1) (f) and section 12(1) and (4) read with section 63 (1) and section 156 of the Insurance Ordinance, 2000, directing the Company to cease entering into new contracts of insurance from one month from date of direction. The operations of the Company remain ceased from July 7, 2017. The matter is pending for adjudication before the Honourable Lahore High Court, Lahore.

21.2 There are certain cases pending for adjudication before Civil/Session/ Insurance Tribunal/ Lahore High Court and Supreme Court of Pakistan amounting to Rs. 48.76 million (2020: Rs. 48.01 million). No provision has been made in these financial statements in respect of the aforementioned matters/amounts, as the management is confident that the ultimate outcome of cases will be in favour of the Company. The legal advisor is of the considered opinion that the cases will be settled in favor of company and the said matters are being pursued vigorously.

	Note	Dec. 31 / 2021	Dec. 31 / 2020
22 Net commission expense / acquisition costs		----- Rupees -----	
Commission paid or payable		-	-
Add: Deferred commission opening		-	-
Less: Deferred commission closing		-	-
Commission expense		-	-
Less: Commission received or recoverable from reinsurer		-	-
Net commission expense		-	-

23 Management expenses

Salaries, wages and benefits	23.1	4,529,781	7,336,284
Entertainment		184,468	377,907
Rent, rates and taxes		1,747,342	4,791,539
Electricity, gas and water		440,539	322,566
Travelling and conveyance		670,649	144,685
Computer expenses		47,130	8,100
Communication		293,582	308,240
Registration, subscription and association		2,812,964	2,864,470
Bad debts written off		24,777,250	3,487,978
		35,503,705	19,641,769

23.1 Salaries, wages and benefits

These include contribution to provident fund amounting to Rs. 44,681 (2020: Rs. 57,987).

24 Investment income

Income from equity securities

Available for sale investments

Dividend income

5,628

-

Income from debt securities

Held to maturity investments

Return on government debt securities

3,606,323

4,843,647

Income from term deposits

Return on term deposits

-

60,740

3,606,323

4,904,387

Net realized gains / (losses) on investments

Total investment income

3,611,951

4,904,387

Less: Investment related expenses

-

-

3,611,951

4,904,387



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Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2021

	Note	Dec. 31 / 2021	Dec. 31 / 2020
----- Rupees -----			
25 Other income			
On financial assets			
Return on bank balances		-	463
Gain on disposal of investment properties	6.2	2,704,723	1,974,602
Gain on sale of fixed asset and investments		3,287,035	3,447,633
Liabilities no more payable		33,026,380	-
FV gain on remeasurement of investment properties		24,014,736	-
		<u>63,032,874</u>	<u>5,422,698</u>
On non-financial assets			
Others		-	252,576
		<u>-</u>	<u>252,576</u>
		<u>63,032,874</u>	<u>5,675,274</u>
26 Other expenses			
Legal and professional fee		322,000	416,000
Salaries and allowances	26.1	3,706,184	6,002,414
Auditors' remuneration	26.2	500,000	1,000,000
Motor vehicle expenses		1,166,262	954,064
Books and periodicals		4,420	4,860
Printing and stationery		481,605	204,475
Depreciation	5.5	18,348,456	21,096,868
Office cleaning and maintenance		1,320,660	2,284,770
Advertisement		153,400	190,050
Charity and donations	26.3	1,800	2,400
Recovery cost	26.4	2,075,192	2,871,596
		<u>28,079,979</u>	<u>35,027,497</u>
26.1 Salaries and allowances			
These include contribution to provident fund amounting to Rs. 36,557 (2020: Rs. 47,444).			
26.2 Auditors' remuneration			
Audit fee		250,000	660,000
Review of Code of Corporate Governance		50,000	105,000
Fee for interim review		150,000	168,000
Special certifications and sundry advisory services		45,000	55,000
Out of pocket expenses including government levy		5,000	12,000
		<u>500,000</u>	<u>1,000,000</u>
26.3 Charity and donations			
During the year no donations were made.			
26.4 Recovery cost			
This represents amount paid to employees for services rendered for recovery of outstanding premium.			
27 Finance costs			
Bank charges and commissions		<u>52,022</u>	<u>62,064</u>
		<u>52,022</u>	<u>62,064</u>
28 Taxation			
Current year		852,944	-
Deferred tax		(8,923,060)	-
		<u>(8,070,116)</u>	<u>-</u>



Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2021

28.1 Current provision for taxation

Current year's provision has been made in accordance with relevant provisions of Income tax Ordinance, 2001.

28.2 Prior periods' taxation

Income tax assessments of the Company have been finalized up to tax year 2020 in accordance with the deeming provisions under section 120 (1) of the Ordinance.

28.3 Relationship between tax expense and accounting profit

Accounting profit / (loss) for the year	5,017,319	(41,791,049)
Tax effect of admissible amounts for tax purposes	(4,164,375)	41,791,049
Tax effect of timing difference	(8,923,060)	-
	<u>(8,070,116)</u>	<u>-</u>

29 Losses (after tax) per share

		Dec. 31 / 2021	Dec. 31 / 2020
Income / (loss) after tax	Rupees	13,087,435	(41,791,049)
Weighted average number of ordinary shares	Number	46,401,450	46,401,450
Income / (loss) per share-basic and diluted	Rupees	<u>0.28</u>	<u>(0.90)</u>

30 Transactions with related parties

Related parties comprise of directors of the company, key management personnel and post employment benefit plans. Remuneration of directors, chief executive and other executives are disclosed in note 31. All transactions with related parties are carried out on mutually agreed terms and conditions. The transactions are as follows:

Transactions with related parties has been duly authorized by BOD.

	Dec. 31 / 2021	Dec. 31 / 2020
	----- Rupees -----	
Remuneration paid to directors, chief executive officer and executives	4,267,497	2,033,188
Loan obtained from related parties (note 18)	3,780,000	-
Loan paid to related parties (note 18)	(3,780,000)	-
Contribution paid to provident fund	81,238	129,840

31 Remuneration of chief executive, directors and executives

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits to the chief executive, directors and other executives of the Company is as follows:

	Dec. 31 / 2021	Dec. 31 / 2020	Dec. 31 / 2021	Dec. 31 / 2020
	--- Number ---		----- Rupees -----	
Chief executive officer	1	1	1,373,606	1,418,117
Directors	1	1	2,893,891	615,071
Executives	-	-	-	-
	<u>2</u>	<u>2</u>	<u>4,267,497</u>	<u>2,033,188</u>

No executive falls under the definition of executive as laid down in the Companies Act, 2017. Moreover, managerial remuneration includes basic salary, house rent allowance and utility allowance.

The Chief Executive and directors of the Company are entitled to medical reimbursement up to a prescribed limit as per Company's policy. Remuneration to the above key management personnel are in accordance with the terms of their employment. Contribution to the provident fund is in accordance with the Company's staff services rules and other transactions with the related parties are in accordance with the agreed terms.

In addition to above the chief executive and the directors are provided with free use of Company's maintained cars and residential telephone and utility bills.

32 Number of employees

	Dec. 31 / 2021	Dec. 31 / 2020
Number of employees as at the end of year	26	24
Average number of employees during the year	25	46



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Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2021

33 Provident fund disclosure

The following information is based on the audited financial statements of the fund:

	Dec. 31 / 2021	Dec. 31 / 2020
	----- Rupees -----	
Size of the fund - total assets	1,107,204	1,111,036
Cost of Investments made	655,628	752,774
Percentage of investments made	59.21%	67.75%
Fair Value of investments	655,628	752,774

The break-up of cost of investments is:

	Dec. 31 / 2021	Dec. 31 / 2020	Dec. 31 / 2021	Dec. 31 / 2020
	----- % age -----		----- Rupees -----	
With bank (saving account)	6.96%	43.54%	45,628	327,774
Investments	93.04%	56.46%	610,000	425,000
	<u>100.00%</u>	<u>100.00%</u>	<u>655,628</u>	<u>752,774</u>

The investments out of provident fund by the trust have been made in accordance with section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

34 Segment information

As the Company is under direction from SECP to not enter into new insurance contracts, therefore the Company had not written any premium during the year. In view of the same, segment wise analysis is not reported in these financial statements as per the relevant requirements of IFRS 08.

	Available for sale	Held to maturity	Total
	----- Rupees -----		
35 Movement in investments			
As at Jan. 01, 2020	1,622,005	44,737,819	46,359,824
Additions	-	2,500,000	2,500,000
Fair value net gains (excluding net realized gain)	(487,687)	-	(487,687)
As at Dec. 31, 2020	1,134,318	47,237,819	48,372,137
Disposal (sale and redemption)	-	(2,500,000)	(2,500,000)
Fair value net gains (excluding net realized gain)	(255,450)	-	(255,450)
As at Dec. 31, 2021	833,927	44,737,819	45,571,746

36 Statement of solvency

Assets

	Dec. 31 / 2021
	Rupees
Property and equipment	119,080,583
Investment properties	262,000,000
Investments - Equity securities	833,927
Investments - Government debt securities	39,990,395
Loans and other receivables	6,477,473
Insurance / reinsurance receivables	71,029,904
Taxation - provision less payment	807,800
Cash and bank	7,777,520
Total assets (A)	<u>507,997,602</u>

In-admissible assets as per section 32 (2) of the Insurance Ordinance, 2000

Property and equipment	28,233,286
Investment properties	171,152,703
Loans and other receivables	66,100
Insurance / reinsurance receivables	71,029,904
Total of in-admissible assets (B)	<u>270,481,993</u>

Total admissible assets (C=A-B)

237,515,609

Total liabilities

Insurers / reinsurers payables	29,246,553
Other creditors	9,228,993
Total liabilities (D)	<u>38,475,546</u>

Total net admissible assets (E=C-D)

199,040,063

Minimum solvency requirements (F)

150,000,000

Surplus in net admissible assets over minimum requirements (E-F)

49,040,063



Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2021

37 Capital management

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 share holders 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 debts. The Company's overall strategy remains unchanged from 2011.

In accordance with Insurance Rules 2017, minimum paid up capital requirement to be complied with by Insurance Companies at the end of the year is Rs. 500 million. The Company is non-compliant with the aforementioned requirement, however, the management is taking steps for right issue of shares and believe that the above requirement will be fulfilled before December 31, 2022.

38 Insurance risk management

The Company issue contracts that creates insurance risk or financial risk or both. This section summarizes the insurance risks and the way the Company manages them.

38.1 Insurance risk

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

As the Company is under direction from SECP to cease entering into new contracts of insurance since July 2017 therefore there are no insurance risk is being envisaged by the management of the Company till the revocation of stated direction by the SECP.

38.2 Frequency and severity of claims

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

As the Company is under direction from SECP to cease entering into new contracts of insurance since July 2017 therefore there are no probable future claims being envisaged by the management of the Company. Moreover, no further analysis vis-à-vis 'uncertainty in estimation of future claims', 'sensitivity analysis' and 'key assumptions' in drawing the same are presented in these financial statements.

38.3 Concentration of risk

To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risk with reference to the geographical location, the most important of which is risk survey. Once against, as the Company is under direction from SECP to cease entering into new contracts of insurance since July 2017 therefore there is no concentration of credit risk.

39 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (including interest / mark up rate risk and price risk)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Board is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management control and procedures, the results of which are reported to the Audit Committee.



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Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2021

39.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

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 would effect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure 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:

Accounts	Category of financial assets	Dec. 31 / 2021	Dec. 31 / 2020
		----- Rupees -----	
Investments:			
- Equity securities	Available for sale	833,927	1,134,318
- Debt securities	Held to maturity	39,990,395	44,990,395
- Term deposits	Held to maturity	-	2,500,000
Loans and other receivables	Loans and receivables	6,477,473	6,871,163
Insurance/reinsurance receivables	Loans and receivables	71,029,904	100,395,257
Balances with banks	Loans and receivables	7,591,530	2,729,466
		<u>85,098,907</u>	<u>112,495,886</u>

39.1.1 Geographical concentration of credit risk

Geographically there is no concentration of credit risk.

39.1.2 Securities and provisions against receivables

The Company does not hold collateral as security. There is no single significant customer in the receivables of the Company. General provision is made for the impairment of due from insurance contract holders as disclosed in note 11.1 to these financial statements. 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.

Carrying Amount	Up to One year	From 1 to 2 years	More than 2 years
----- Rupees -----			

39.1.3 Age analysis of financial assets at the reporting date is as below:

Year ended: December 31, 2021

Loans and other receivables	6,477,473	999,824	-	5,477,649
Insurance/reinsurance receivables	71,029,904	-	-	71,029,904
Cash and bank	7,777,520	7,777,520	-	-
	<u>85,284,897</u>	<u>8,777,344</u>	<u>-</u>	<u>76,507,553</u>

Year ended: December 31, 2020

Loans and other receivables	6,871,163	1,393,514	-	5,477,649
Insurance/reinsurance receivables	100,395,257	-	-	100,395,257
Cash and bank	2,907,551	2,907,551	-	-
	<u>110,173,971</u>	<u>4,301,065</u>	<u>-</u>	<u>105,872,906</u>



Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2021

			Dec. 31 / 2021	Dec. 31 / 2020
	Rating	Agency	----- Rupees -----	
National Bank of Pakistan	AAA	PACRA	12,599	35,988
Habib Bank Limited	AAA	JCR - VIS	68,133	18,837
Allied Bank Limited	AAA	PACRA	13,160	20,697
MCB Bank Limited	AAA	PACRA	26,106	210,688
The Bank of Punjab	AA	PACRA	36,394	7,764
United Bank Limited	AAA	JCR - VIS	25,407	25,407
Soneri Bank Limited	AA-	PACRA	726	1,326
The Bank of Khyber	A	PACRA	11,093	11,093
Faysal Bank Limited	AA	PACRA	25	25
First Women Bank Limited	A-	PACRA	7,952	7,952
SILK Bank Limited	A-	JCR - VIS	3,756	3,756
Zarai Taraqiati Bank Limited	AAA	JCR - VIS	9,624	9,379
Bank Al-Falah Limited	AA+	PACRA	1,328	1,328
Habib Metropolitan Bank Limited	AA+	PACRA	10,388	10,388
Bank Al-Habib Limited	AA+	PACRA	5,512	5,511
Cash with State Bank of Pakistan			7,341,507	2,341,507
Unrated			17,820	17,820
			<u>7,591,530</u>	<u>2,729,466</u>

39.1.5 The credit quality of Company's investments in TDRs with reference to external credit ratings is:

			Dec. 31 / 2021	Dec. 31 / 2020
	Rating	Agency	----- Rupees -----	
The Bank of Punjab	AA	PACRA	-	2,500,000

39.1.6 Sector wise analysis of amount due from insurance contract holders is as under:

	Dec. 31 / 2021		Dec. 31 / 2020	
	Rupees	% age	Rupees	% age
Cables and rubber	1,520,930	2.14%	1,520,930	1.51%
Engineering	14,727,475	20.73%	17,858,386	17.79%
Construction	4,713,882	6.64%	4,743,188	4.72%
Services	9,959,289	14.02%	13,566,092	13.51%
Textile and composites	19,002,937	26.75%	35,604,394	35.46%
Agriculture	7,411,062	10.43%	7,436,594	7.41%
Other manufacturing	3,338,771	4.70%	4,363,465	4.35%
Miscellaneous	10,355,558	14.58%	15,302,208	15.24%
	<u>71,029,904</u>	<u>100.0%</u>	<u>100,395,257</u>	<u>100.0%</u>

39.2 Liquidity risk

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

39.2.1 Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfil its obligation; monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

39.2.2 Maturity analysis of financial assets and liabilities

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



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Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2021

	December 31, 2021		
	Carrying amount	Up to one year	More than one year
	----- Rupees -----		
Financial assets			
Investments			
- Equity securities	833,927	833,927	-
- Debt securities	39,990,395	-	39,990,395
Loans and other receivables	6,477,473	6,477,473	-
Insurance / reinsurance receivables	71,029,904	71,029,904	-
Cash and bank	7,777,520	7,777,520	-
	<u>126,109,219</u>	<u>86,118,824</u>	<u>39,990,395</u>
Financial liabilities			
Insurance / Reinsurance payables	29,246,553	29,246,553	-
Other creditors and accruals	6,811,095	6,811,095	-
	<u>36,057,648</u>	<u>36,057,648</u>	<u>-</u>
	December 31, 2020		
	Carrying amount	Up to one year	More than one year
	----- Rupees -----		
Financial assets			
Investments			
- Equity securities	1,134,318	1,134,318	-
- Debt securities	44,990,395	-	44,990,395
- Term deposits	2,500,000	2,500,000	-
Loans and other receivables	6,871,163	6,871,163	-
Insurance / reinsurance receivables	100,395,257	100,395,257	-
Cash and bank	2,907,551	2,907,551	-
	<u>158,798,684</u>	<u>113,808,289</u>	<u>44,990,395</u>
Financial liabilities			
Insurance / Reinsurance payables	42,712,699	42,712,699	-
Other creditors and accruals	7,943,069	7,943,069	-
	<u>50,655,768</u>	<u>50,655,768</u>	<u>-</u>

39.3 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest / mark up rate risk and price risk. The Company is not exposed to material currency risk.

39.3.1 Interest / mark up rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from balances held in saving accounts with reputable banks and government securities. The Company limits interest rate risk by monitoring changes in interest rates. Other risk management procedures are the same as those mentioned in the credit risk management.

39.3.2 Sensitivity analysis

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments were as follows:

	Dec. 31 / 2021	Dec. 31 / 2020	Dec. 31 / 2021	Dec. 31 / 2020
	Effective interest rate (%)		----- Rupees -----	
Fixed rates				
Government debt securities	8.75% to 12.00%	8.75% to 12.00%	39,990,395	44,990,395
Variable rates				
Investment in term deposits	-	8.75%	-	2,500,000
Balance with banks	2.50 % to 5.25%	2.50 % to 5.25%	5,444	5,199



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Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2021

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by amounts shown below. It is assumed that changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in interest rates could produce significant changes at time of early repayments. For these reasons, actual results might differ from those reflected in details specified below. Analysis assumes that all other variables remain constant.

	Dec. 31 / 2021	Dec. 31 / 2020	Dec. 31 / 2021	Dec. 31 / 2020
	Increase of 100 bps mark-up ----- Rupees -----		Decrease of 100 bps mark-up ----- Rupees -----	
Cash flow	72,126	49,044	(72,126)	(49,044)

39.3.3 Exposure to interest rate risk

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

		Dec. 31 / 2021			
	Mark-up / Return % age	Less than 1 Year	1 Year to 5 Year	More than 5 Years	Total
		----- Rupees -----			
Assets					
Debt securities	8.75% to 12.00%	-	9,800,000	30,190,395	39,990,395
Bank balances	2.50 % to 5.25%	5,444	-	-	5,444
		<u>5,444</u>	<u>9,800,000</u>	<u>30,190,395</u>	<u>39,995,839</u>
		Dec. 31 / 2020			
	Mark-up / Return % age	Less than 1 Year	1 Year to 5 Year	More than 5 Years	Total
		----- Rupees -----			
Assets					
Debt securities	8.75% to 12.00%	-	14,800,000	30,190,395	44,990,395
Bank balances	2.50% to 5.25%	5,199	-	-	5,199
		<u>5,199</u>	<u>14,800,000</u>	<u>30,190,395</u>	<u>44,995,594</u>

39.4 Price risk

Price risk represents risk that 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 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 and units of mutual funds at the reporting date.

The Company's strategy is to hold its equity investments for long time. Thus, Company's management is not concerned with short term price fluctuations with respect to its investments provided that underlying business and economic characteristics of investee remain favourable. It strives to maintain above levels of shareholders' capital to provide margin of safety against short term equity price volatility. It manages price risk by monitoring exposure in equity securities and implementing strict discipline in internal risk management and investment policies. Market prices are subject to fluctuation and consequently amount realized in subsequent sale of investment may significantly differ from market value. Furthermore, amount realized in sale of a security may be affected by the relative quantity of the security being sold. The Company has no significant concentration of price risk.

39.4.1 Sensitivity analysis

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



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Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2021

	Dec. 31 / 2021	Dec. 31 / 2020
	----- Rupees -----	
The impact of hypothetical change would be as follows:		
Fair value	833,927	1,134,318
Hypothetical price change	± 10%	± 10%
Estimated fair value after hypothetical change in prices	83,393	113,432
Hypothetical variance in shareholders' equity	± 59,209	± 80,537
Hypothetical variance in loss before tax	± 59,209	± 80,537

39.5 Foreign currency risk

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

39.6 Fair value of financial instruments

Fair value is amount for which asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximate their fair values except for equity and debt instruments whose fair values have been disclosed in their respective notes to these financial statements. Fair value is determined on the basis of objective evidence at each reporting date. The Company measures fair values using following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in active market for identical instrument.

Level 2: Valuation techniques based on observable inputs either directly or indirectly

Level 3: Valuation techniques using significant unobservable inputs.

Investments	Level 1	Level 2	Level 3	Dec. 31 / 2021	Dec. 31 / 2020
	----- Rupees -----				
Available for sale	833,927	-	-	833,927	1,134,318
Held to maturity					
- Debt securities	-	39,990,395	-	39,990,395	44,990,395
- Term deposits	-	-	-	-	2,500,000
	<u>833,927</u>	<u>39,990,395</u>	<u>-</u>	<u>40,824,322</u>	<u>48,624,713</u>

40 Corresponding figures

The corresponding and comparative figures have been rearranged and reclassified for purpose of comparison and better presentation however there has been no significant reclassification, effecting the financial results.

Description	Reclassified from	Reclassified to	2020
Surplus on revaluation of fixed assets	Revaluation surplus	Accumulated loss/Profit	4,058,776
Revenue reserves	Revaluation reserve for unrealized (loss) / gain on share	Accumulated loss/Profit	(269,785)
Net commission expense / acquisition costs	Commission paid or payable	Other expenses	2,871,596

41 Date of authorization for issue

These financial statements have been approved by the Board of Directors of the Company and are authorized for issue on March 31, 2022.

-sd-
Chairperson

-sd-
Chief Executive Officer

-sd-
Director

-sd-
Director

-sd-
Chief Accountant



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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 74th Annual General Meeting (AGM) of The Pakistan General Insurance Company Limited (the "Company") will be held on Friday, April 29, 2022 at 10:00 a.m. at PGI House, 5-A Bank Square, The Mall Lahore, to transact the following business:

1. To confirm the minutes of the Annual General Meeting of the Company held on April 30, 2021.
2. To receive and adopt the Audited Accounts for the year ended December 31, 2021 together with the Directors' and Auditors' Report thereon.
3. To appoint Auditors for the year ending December 31, 2022 and to fix their remuneration.
4. To consider any other business of the Company with the permission of the Chair.

By Order of the Board

-SD-

Ch. Mohsin Ali

Company Secretary

Lahore: March 31, 2022

Notes:

1. The share transfer books of the Company will remain closed from Saturday, April 23, 2022 to Friday, April 29, 2022 (both days inclusive).
2. A member entitled to attend and vote at this meeting is entitled to appoint another member of the Company as his/ her proxy to attend and vote on his/ her behalf. Proxy form, in order to be effective, must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.
3. Pursuant to the notification of the SECP the financial statement of the Company have been placed on the Company's website at www.pgi.com.pk
4. The CDC account/ sub account holders are requested to bring with them their Computerized National ID Cards along with the Participant(s) ID number and their account numbers at the time of attending the AGM in order to facilitate identification of the respective shareholders. In case of corporate entity, the Board of Directors Resolution/ Power of Attorney with specimen signatures be produced at the time of meeting.
5. Members are requested to promptly communicate any change in their address to our Share Registrar, M/s. Corplink (Private) Limited.
6. The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(I)/2014 dated September 8, 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail. Accordingly, members are requested to send their consent and e-mail addresses for receiving Audited Financial Statements and Notices through e-mail.



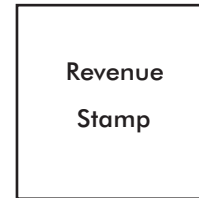
Proxy Form

I / We _____
of _____ member of The Pakistan General Insurance Company Limited hereby appoint
Mr. _____
or failing him _____
as my / our as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 74th
Annual General Meeting of the Company to be held on Friday April 29, 2022 at 10:00 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2022.

Witnesses

1. Signature _____
Name _____
Address _____
CNIC / Passport No. _____



Signature of Member (s)

2. Signature _____
Name _____
Address _____
CNIC / Passport No. _____

Shareholders' Folio No. _____
and / or CDC
Participant ID No. _____
And Sub-account No. _____

Important

This form of Proxy, duly completed, must be deposited at the Company's Registered Office at PGI House 5/A, Bank Square, The Mall Lahore, not later than 48 hours before the time appointed for the meeting.

CDC Shareholders and their Proxies are each requested to attach attested photocopy of their Computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the Company.

CDC Shareholders or their Proxies are requested to bring with them their Original Computerized National Identity Card or Passport along with the Participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification



دی پاکستان جنرل انشورنس کمپنی لمیٹڈ

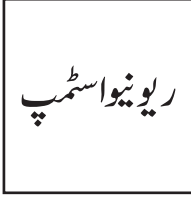
پراکسی فارم

میں / ہم
ساکن
بحیثیت ممبر دی پاکستان جنرل انشورنس کمپنی لمیٹڈ بذریعہ ہذا رسمی
ساکن
کویا ان کی عدم دستیابی کی صورت میں رسمی
ساکن

کو اپنی / ہماری جانب سے پراکسی مقرر کر رہا / رہی ہوں تاکہ وہ جمعہ 29 اپریل 2022 بوقت 10:00 بجے صبح منعقد ہونے والے
74 ویں سالانہ اجلاس عام یا اس کے کسی بھی التوا میں میری / ہماری جگہ شرکت کرے اور ووٹ ڈالے۔

دستخط بروز _____ بتاریخ _____ 2022

گواہان:



ممبر (ممبران) کے دستخط

1- دستخط: _____
نام: _____
پتہ: _____
شناختی کارڈ یا پاسپورٹ نمبر: _____

2- دستخط: _____
نام: _____
پتہ: _____
شناختی کارڈ یا پاسپورٹ نمبر: _____

اہم نوٹ:

پراکسی کا یہ فارم جو ہر طرح سے مکمل ہو لازماً کمپنی کے رجسٹرڈ آفس واقع کو پی جی ہاؤس 5/A بنک اسکوائر دی مال لاہور میں اجلاس کے طے شدہ وقت سے
کم از کم ۴۸ گھنٹے قبل جمع کر دیا جائے۔

سی ڈی سی شیئر ہولڈرز اور ان کی پراکسی سے درخواست ہے کہ ہر ایک اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) یا پاسپورٹ کی مصدقہ نقل کمپنی کو
پراکسی فارم جمع کرانے سے قبل اس کے ساتھ منسلک کرے۔

سی ڈی سی شیئر ہولڈرز یا ان کے پراکسی سے درخواست ہے کہ اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ بشمول پارٹیسپیٹ کا آئی ڈی نمبر اور ان کے
اکاؤنٹ نمبر اپنی شناخت میں سہولت کی غرض سے سالانہ اجلاس عام میں شرکت کے وقت ہمراہ لائیں۔



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