PGI

The Pakistan General
Insurance Company Limited

Annual Report 2015

68th
SUSTAINABLE GROWTH

Building Sustainable Performance

This has been a year of progress towards our strategic targets. We introduced new customer initiatives, enhanced our technical pricing capability; continued the transformation of our claims capability; and increased our operating efficiency. Our strong customer focus remains integral: we aspire to provide our customers with products that best suit their evolving needs and encourage them to expect a high quality of service throughout their relationship with us.

Company and Corporate Information

Governance

Financial Review

Statutory Corporate Governance

Financial Statements

Annual General Meeting

Insurers' Financial Strength (IFS) Rating

Rating Agencies

PACRA		JCR - VIS	
Rating	A -	Rating	A -
Outlook	**Positive**	Outlook	**Positive**
Denotes	Strong capacity to meet policyholder and contract obligations. Risk factors are moderate, and the impact of any adverse business and economic factors is expected to be small. Per rating scale, companies falling under A-, A and A+ have above characteristics.	Denotes	High capacity to meet policyholder and contract obligations; Risk factors may vary over time due to business /economic conditions. Per rating scale, companies falling under A-, A and A+ have above characteristics.

IFS Rating History

- This has been a year of progress towards our strategic targets, our customer focus remains integral.
- PGI posted gross premium of over Rs. 450 million in a challenging environment.
- Aims to maintain rating in the 'A' range from our rating agencies.
- The Board considers that PGI is currently strongly capitalized with a risk-based capital coverage ratio at the upper end of its risk-based capital coverage target range and an 'A' rating with stable outlook from its credit rating agencies.

Vision

The Pakistan General Insurance Company Limited is committed to provide quality insurance services by virtue of sound professionalism and risk management expertise, to provide better coverage and satisfaction to their customers.

Mission

Our aim is to provide cost effective insurance covered to our customers.

We follow good governance and sound professionalism to become a well reputed and respected corporate entity in the eyes of all stakeholders.

We strive to maintain a customer focused approach by ensuring that our services are delivered to the customers in time, according to the required specifications and within our stipulated cost.

Strategic Objectives

To create a niche market within the Insurance Industry, wherein customers are provided unrivaled services – permeated by best practices – that will assist them in minimizing their risk via dedicated and tailored advice.

Core Values

Professionalism

We define professionalism as a mind-set towards perfection. Our business model works on the philosophy of passion and customer delight. We serve all our stakeholders with dedication, discipline, decisiveness and distinction.

Integrity

In conducting business we are inspired by and comply with the principles of fairness, transparency, completeness and efficiency. Our relationships with employees and other stakeholders are characterized by honesty, co-operation and mutual respect.

Commitment to Growth

Through our expertise, analysis and focus, we assure growth for all our stakeholders.

Commitment to Excellence

Performing consistently at higher levels, striving continuously for innovation, agility, optimization and responding vigorously to change is our mark of excellence.

Whistle Blowing Policy

In compliance with the code of corporate governance the Company has adopted whistle blowing policy.

The Company has an established code of ethics which sets out the standards of conduct expected in the management of its business.

All employees are expected to carry out their duties in the manner that is consistent with the code.

If employees become aware of the circumstances, which are not in compliance with the code, they may communicate their concerns to the Chief Executive Officer of the Company.

Employee Diversification and Centricity

The Company values the diversity of its employees and is committed to creating a working environment that is inclusive of all. The Company embraces people's differences in order to attract and retain talent and seeks to enable employees to reach their potential; these differences include but are not limited to age, belief, disability, ethnicity, gender and religion orientation.
These commitments extend to recruitment and selection, training, career development, flexible working arrangements, promotion and performance appraisal.
As an organization we are committed to ensuring that diversity is promoted across all areas of our business. At recruitment we make adjustments to facilitate applications and the selection process and provide guidance and where necessary additional training for interviewers.

Company Information

Board of Directors;
Ch. Manzoor Ahmed PSP Retd. (Chairman)
Ch. Zahoor Ahmed
Nasir Ali (ACII)
Ghulam Mustafa
Raees-ud-Din
Rehan Beg
Mazhar Zahoor
Ather Zahoor

Chief Executive Officer
Ch. Zahoor Ahmed

Executive Director
Ghulam Mustafa

Chief Financial Officer
Azhar Hafeez Ch.

Company Secretary
Mazhar Zahoor

Audit Committee
Rehan Beg (Chairman)
Raees-ud-Din
Nasir Ali (ACII)

Investment Committee
Ch. Zahoor Ahmed (Chairman)
Rehan Beg
Ather Zahoor

Human Resources and Compensation Committee
Raees ud Din (Chairman)
Nasir Ali (ACII)
Ather Zahoor

Underwriting Committee
Ch. Zahoor Ahmed (Chairman)
Zahid Iqbal Zia
Zaheer Ahmed Khan

Claims Settlement Committee
Ghulam Mustafa (Chairman)
Kashif Ali
Mian Muhammad Iqbal

Reinsurance and Coinsurance Committee
Nasir Ali (ACII)
Muhammad Maqsood Peracha
Usman Ali

Legal Advisors
M. Javed Iqbal (Advocate Supreme Court)
Ch. M. Maqsood Ahmed (Advocate Supreme Court)

Auditors
Rahman Sarfraz Rahim Iqbal Rafiq
Chartered Accountants
(member firm of Russell Bedford)

IFS Rating Agencies
JCR – VIS
PACRA

Tax Consultants
Kamran & Co.
Chartered Accountants

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

Bankers
Habib Bank Limited
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
Dubai Islamic Bank Limited
Standard Chartered Bank (Pakistan) Limited
Meezan Islamic Bank Limited
First Women Bank Limited

Registered and Head Office
Cooperative Bank House
5 Bank Square, Shahrah e Quaid e Azam
Lahore

Contacts
Tel.: +92 (42) 3732-4404; 3722-3224
Fax: +92 (42) 3723-0895; 3723-0634

E-Contacts
info@pgi.com.pk
www.pgi.com.pk

Company Profile

Early days to-date

The Pakistan General Insurance Company Limited ('PGI' or 'the Company') came into existence in the year 1947 with the incorporation No. 1 under the Insurance Ordinance, 2000. Since its inception PGI has grown into a reputed name in the insurance industry. With an experience of over 60 years and on the basis of well-governed procedures founded on the highest ethical and moral practices, PGI has instituted a good business footing in the non-life insurance sector in Pakistan.
With an asset base of around 900 million rupees, PGI is one of the emerging quoted insurance companies in Pakistan and has been listed on all the Stock Exchanges of the country now Pakistan Stock Exchange since July 1995. The organization is also on the approved list of most scheduled banks operating in the country since its inception.

PGI philosophy

Our philosophy at PGI is to provide our customers and clients with peace of mind. We are dedicated to maintaining the highest standards of integrity and sound dealing in our relationships with all stakeholders, which include customer intermediaries, employees, shareholders and business partners.
In every action PGI seek to make a positive contribution toward community activities and are committed to perform in a socially responsible manner. With technical expertise in the field of non-life insurance, PGI offers unparalleled advice and personalized services in all spheres of general insurance: fire, marine, motor, engineering and others.

Presence around the country

With an aim to relentlessly cater to the needs of its customers and clients across the nation, PGI has a wide network (with one of biggest network of branches) of its offices across the country.
With an unrelenting drive to expand and further establish itself, PGI has enhanced its presence in almost all areas of business. The Company's proven ability to manage associated risks, along with its substantial risk absorption capacity, provides significant cushioning to make inroads into relatively high-risk areas. PGI continues to maintain re-insurance agreements with highly reputable and world renowned reinsurers.
PGI has been awarded Insurer Financial Strength (IFS) Rating of 'A-' by both the credit rating companies, JCR-VIS (with a positive outlook) and PACRA (with a stable outlook), denoting an adequate capacity to meet policy holder and contract obligations.

Our focused processes

Product distribution

We aim to make our products easy to access and to give our customers what they are looking for, to ensure they are appropriately covered when unexpected events happen. We apply a multi-brand, multi-product and multi-distribution channel business model to sell to retail customers and businesses. Each brand provides products targeted at one or more insurance segment. By tailoring the mix of distribution channel for each product, we can offer our customers a combination of brands, products and services that best suits their needs.

Pricing and underwriting

The scale of our business, which has been operating for almost 70 years, gives us deep insight into the risks we underwrite, which enables us to improve pricing accuracy. It also allows us to invest more heavily in data and achieve efficiencies, which means we can more accurately set the appropriate price for the risks we underwrite.

Settling claims

If the time comes to make a claim, it is at that point that customers see the value of their policy. Through active engagement with our customers, we aim to settle their claim as quickly and as easily as possible.
Doing this the right way helps us to demonstrate the value of the products and services we provide and manage our claims costs.

Our disciplined approach

Managing finances

We seek to ensure that our business is well governed and controlled. We aim to manage our finances carefully by spending money on items that add the most value to our customers, balancing this with the need to generate a suitable and sustainable return to our shareholders.
We hold assets in excess of our expected liabilities in the form of capital, which is designed to absorb unexpected losses that might occur, as well as to meet regulatory capital requirements.

Managing risks

We ensure that our products meet regulatory standards and that customers understand what they are purchasing from us. We also aim to make sure we price our policies prudently and we invest our assets appropriately to minimise any potential losses. We mitigate risks by adopting policies and minimum standards that are regularly reviewed and updated to ensure that we are in line with the risk appetite set by the Board. Regular reviews by external experts supplement this internal control framework.

Protecting Customers & Product Portfolio

We have multiple brands, products and distribution channels that enable customers to choose the right level of cover to protect

Our business divisions

We tailor our products to target specific market segments.

Fire and property damage

Our portfolio comprises of a broad spread of quality business ranging from simple residential property to very large sophisticated industrial risks. These would include activities involving complex risks relating to various major industrials. The fire portfolio in the main comprises of operational risks.
The insurance covers include both material damage as well as loss of revenue due to business interruption following the material damage.

Motor

PGI provides a full range of products for all kinds of vehicles being either private or commercial and the coverage includes physical damage including theft and liabilities as required under law.
Ancillary products are also offered for personal accident to drivers, passengers and the like.

Marine, aviation and transport

Marine cargo

Insurance coverage is provided for goods in transit from all over the world to Pakistan and vice versa by all means of conveyance i.e. sea, air and land. Special insurance products are also offered for large project cargoes and this class also includes for such projects, loss of revenue insurance.

Marine Hull and aviation

Coverage is provided for the insurance of ships, other vessels and aircraft ranging from small single general aviation to airlines. This insurance includes both physical damage as well as liabilities to third parties and passengers.

Miscellaneous

Engineering

The engineering part of the portfolio would include in the main construction risks be it simple civil work or major infrastructure projects like dams, highways etc.
Other engineering risks would include coverage for breakdown of plant / machinery.

Others

All other insurance products of various types to suit individual client requirements are also available like engineering, personal accident and other like insurances. Also specialized insurance covers are offered to crops covering loss due to natural calamities and health attacks.
In addition, our qualified engineers provide recommendations and guidance to our Property Insurance clients on various aspects of industrial safety including protection measures as well as sharing of information on latest techniques as per international standards.

Board of Directors and Management

Name	Status	Board Committee
Ch. Manzoor Ahmed	Non-Executive Director	Chairman of the Board
Ch. Zahoor Ahmed	Chief Executive / Executive Director	Investment and Underwriting Committee
Nasir Ali	Non-Executive Director	Audit, HR Compensation and Reinsurance Committee
Ghulam Mustafa	Executive Director	Claims Settlement Committee
Raees ud Din	Independent / Non-Executive Director	Audit and HR Compensation Committee
Rehan Beg	Independent / Non-Executive Director	Audit and Investment Committee
Mazhar Zahoor	Executive Director	Company Secretary
Ather Zahoor	Non-Executive Director	HR Compensation & Investment Committee

The independent directors meet the criteria of independence as set in the Code of Corporate Governance adopted by the Karachi Stock Exchange at the time of their appointment on the Board.

Management

Functional and Department Heads

Chief Executive Officer	Ch. Zahoor Ahmed
Chief Financial Officer	Azhar Hafeez Ch.
Company Secretary	Mazhar Zahoor
Head Human Resources	Usman Ali
Head Internal Audit	Abdul Rasheed
Head Underwritings	Zahid Iqbal Zia
- Fire and Property Damage	Muhammad Yusuf Zahid
- Marine, Aviation and Transport	Mian Muhammad Iqbal
- Motor	Zaheer Ahmed Khan
Head Legal Affairs and Compliance Officer	Ghulam Mustafa
Head Corporate Taxation	Javed Iqbal Khan
Head Reinsurance	Muhammad Maqsood Peracha
Head Claims	Kashif Ali
Head Administration	Waseem Ahmed Khan Lodhi
Head Marketing & Public Relations	Siddiq A. Sabir
Head of MIS and Information Technology	Aziz ud Din Gillani

Regional Heads

Lahore – Zone I	Sh. Azmat Ali
Lahore – Zone II	Ch. Habib Ullah
Lahore – Zone III	Sh. Muhammad Anwar
Lahore – Zone IV	Mehmood ul Hassan Ch.
North Zone	Ahsan Rasheed Mirza
Multan	Syed Fahim Waris
Bhawalpur and Vehari	Syed Waqar Rizvi
Sind and Balochistan	Muhammad Shafi Chundrigar
Karachi – Zone I	Salma Majid
Karachi – Zone II	Haroon Ghani Memon
South Zone	Raja Gul Saeed Ahmed Khan

PGI

Presence across the Country

Lahore

Head office
Cooperative Bank House, 5 Bank Square, Shahrah-e-Quaid-e-Azam, Lahore
(042) 3732-3569; 3732-5382
3732-4404; 3735-2182
Fax (042) 3723-0634
Email info@pgi.com.pk

President and CEO Office
Gardee Trust Building
Thornton Road, Lahore
(042) 3722-3224; 3731-0655
3731-0590; 3731-0675
3731-0685; 3735-5598
Fax 3723-0895
Email info@pgi.com.pk

Zone I
Aftab Phambra (GM-M & S)
M. Dilawar (SM)
1st Floor Gulberg Center
Main Boulevard, Lahore
(042) 3576-3146

Zone I – II
Ch. Habib Ullah (GM-M & S)
89 A, Temple Road, Lahore
(042) 3636-6997; 3637-2891

Zone – III
M. Anwar Sh. (GM- M & S)
488 Tufail Road,
Lahore Cantt
(042) 3666-7926

Zone – IV
M. Nawab Qureshi (SVP)
226 Manzoor Market
Ewing Road, Lahore
(042) 3735-6202; 3724-0965

Mehmood Hassan (SVP)
PGI House, 5A Bank Square
Shahrah-e-Quaid-e-Azam, Lahore
(042) 3711-3551; 3711-3552
Fax 3731-2997; 3711-3527

Ch. Gulzar Ahmed (VP)
212/213 Abid Market, Lahore
(042) 3636-0959; 3630-1187

Karachi

Zone – I (Corporate Office)
Mr. Khalid Shafi (ED- M & S)
Suite No. 601, Business Plaza
Mumtaz Hassan Road, Karachi
(021) 3243-1426 – 3243-1427
3246-3285 – 3246-3286

Mrs. Salma Majid (SEVP)
Suite No. 604, Business Plaza
Mumtaz Hassan Road, Karachi
(021) 3246-1523 – 3246-1525
Fax 3246-1526
Email sevp.pgi@gmail.com

Zone - II
Haroon Ghani Memon (GM)
10/24, Arkay Square, New Chali
Shahrah-e-Liaqat, Karachi
(021) 3241-6648
Fax 3241-5097

Hyderabad
Muhammad Shafi Chndrigar (GM)
Room 1 & 2, Al-Falah Chambers
Tilac Incline, Hyderabad
(022) 263-5128; 263-0545
Fax 261-0140

Quetta
Muhammad Sidique (VP)
Room 1, 2nd Floor, Siraj Complex
Circular Road, Quetta
(081) 282-1126

Sukhur
Raja Gul Saeed Ahmed Khan (JP)
16 Mehran Markaz, Sukhur
(071) 561-3508; 563-0919

Kot Addu
Muhammad Nadeem Khan (BM)
Flat 4, Abbass Plaza, Kot Addu
(066) 224-2847

Dera Ghazi Khan
Mian Javed (BM)
Quaid e Azam Road, DG Khan
(064) 246-1253

Rahim Yar Khan
Khadim Hussain Bhatti (BM)
80/B Umer Block, Abbasia Town, RY Khan
Tel. (068) 587-7883

Bahawalpur
Syed Waqar Ali Rizvi (GM)
1st Floor, Al-Karim Plaza
Circular Road, Bahawalpur
(062) 287-6535; 273-2335

Multan
Syed Waqas Rizvi (GM)
Arif Masood (AVP-Sales)
Shopping Center # 3,
Shahrah-e-Quaid-e-Azam, Multan
(061) 454-3130; 458-1227
Fax 450-4140

Vehari
Imran Sattar (BM)
14 B, Grain Market, Vehari
(067) 336-1046

Chishtian
Ch. Muhammad Amin Javed (VP)
Gala Mandi, Chishtian
(063) 250-3042

Sahiwal
Ch. Iqbal Hussain (EVP)
147 Railway Road, Sahiwal
(040) 422-0825

Sabir Hussain (SVP)
Khawar Plaza Sttadiumm Road
Opposite Fiveway Hotle, Sahiwal
(040) 422-6247

Faisalabad
M. Waseem Saleem Ch. (VP)
Opposite Iqbal Park, Jhang Road,
Faisalabad
(041) 261-5774
Fax 262-2874

Presence across the Country

Sargodha
Ch. Zaffar Niaz (RM)
Shaheen Plaza, Railway Road,
Sargodha
(048) 372-2435

Mianwali
Muhammad Khan Baloch (AVP)
Bank Street, Mianwali
(0459)233-130

Jhang
Mian Zulfiqar Ali (VP)
Opposite Bank of Punjab,
Yousaf Shah Road, Sadar, Jhang
(047) 762-1943

Gujranwalla
Mr. Javed Malik (M)
58 B, Trust Plaza, GT Road,
Gujranwalla
(055) 325-2113; 322-1117
Fax 384-2988

Sialkot
Muhammad Arif Khokhar (BM)
Aurangzeb Market,
Karimpura Road, Sialkot
(052) 458-6406; 460-1358

Chakwal
Raja Munir Akhtar (BM)
Near Dr. Mushtaq Awan Clinic
Bowan Road, Chakwal
(0543) 551-150

Mirpur
Ashfaq Amer Qureshi (VP)
House No. 94, Sector C/4, Mirpur,
Azad Kashmir
(05827) 432-838
Fax 432-838

Muzaffarabad
Tahir Masud Minhas (BM)
91 Light Road,
Muzaffarabad, Azad Kashmir
(058810) 43830

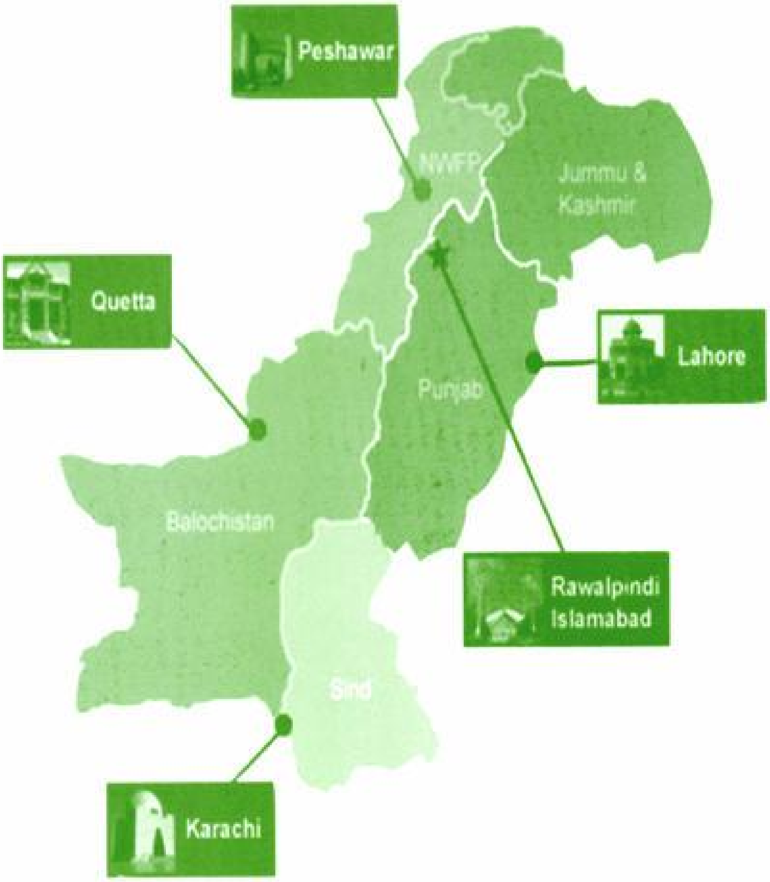
Islamabad
Ahsan Rasheed Mirza (GM)
Room 13, 2nd Floor Hill View Plaza
Blue Area, Islamabad
(051) 287-6274

Rawalpindi
Aamir Manzoor (SVP/R.Head)
Office No. 08 Ist Floor Royal Plaza
6th Road Rawalpindi
(051) 44239-44
(051) 44239-55
Fax (051) 4421969

Gilgit
Syed M. Shaukat (BM)
Alfalah Market,Zulfiqarabad, Gilgit
Tel. (0355) 419-8555

Abbotabad
Ahsan Rasheed Mirza (GM)
119 Iqbal Shopping Complex
The Mall, Abbotabad
(0992) 336-087

Peshawer
Ahsan Rasheed Mirza (GM)
S/3 & S/4, Belore Palace
Peshawer
(091) 527-5184; 527-5405
Fax 527-1077



Glossary of Designations

SEVP	Senior Executive Vice President
SVP	Senior Vice President
EVP	Executive Vice President
JP	Joint President
VP	Vice President
RM	Regional Manager
GM	General Manager
BM	Branch Manager
M	Manager

Organogram

Chief Executive Officer
Finance and Accounts
Claims
Reinsurance & Coinsurance
Underwriting & Risk Management
Marketing & Sales
Human Resources
Information Technology
Corporate and Secretarial Practices
Investment
Board
Audit
Internal Audit Department
Human Resources

Business Model

We use a multiproduct and multi-distribution channel business model, aiming for each of our brands to offer a specific proposition to a distinct customer segment. We believe that this approach, when combined effectively with our significant scale, should help us achieve high performance in distribution, pricing, claims and cost. In turn, this enables us to aim to generate value for customers and sustainable returns for our shareholders.

Generating value for our customers through our people

Our customers

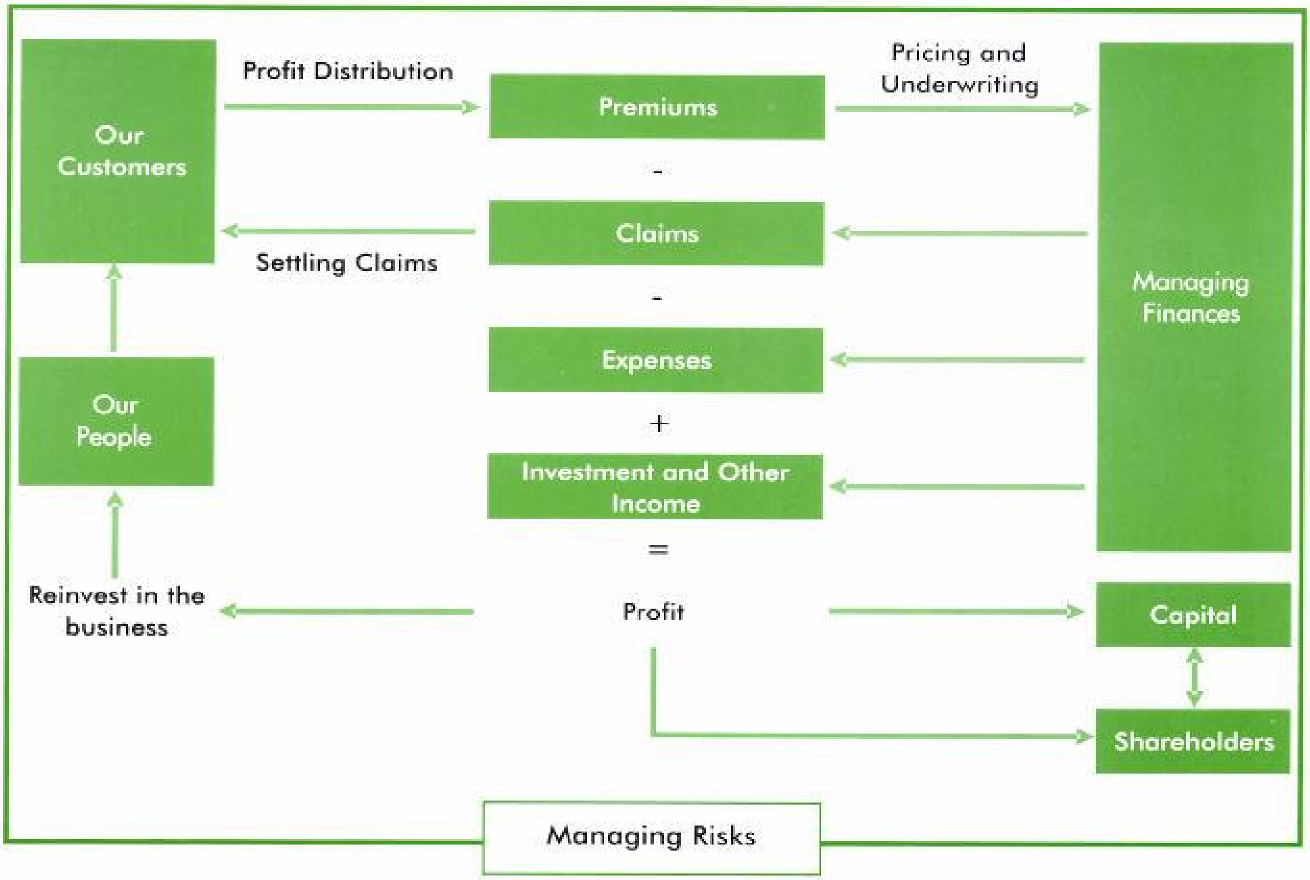
Our business model starts with our customers, whom we aim to keep at the core of what we do. We aspire to give them the products that best suit their needs and encourage them to expect a high quality of service throughout their relationship with us. We also strive to be a business that can adapt to their changing needs. We treat each phase of the customer journey as an opportunity to provide an excellent service and outcome from the moment customers select our products, through to the time they make a claim or need to resolve an unexpected event.

Our people

Everyone—from front-line staff, who interact directly with our customers, to our people in support and central functions, who run the processes that support our products and services—plays a part in ensuring we are meeting customers' needs. Without our people, we could not generate value for our customers and sustainable returns for our shareholders.

Our shareholders

Our shareholders form a crucial part of our business model by investing in us, in the expectation of achieving a return. We aim to deliver value for our shareholders by sustaining the generation of business profit, which is reinvested in the business or distributed to shareholders in the form of dividends.



Code of Conduct

The "Values" and "Principles" that the organization has developed over the years are adhered to by all employees within the organization.

PGI's operations and activities will be carried out in compliance with the law, regulations, and ethical integrity. Employees are committed tofulfill their duties with utmost sincerity and fairness

Salient features of the code of conduct are-

PGI's operations and activities will be carried out in compliance with the law, regulations, and ethical integrity. Employees are committed to fulfill their duties with utmost sincerity and fairness. In conducting its business PGI is inspired by and acts in accordance with the principles of loyalty and efficiency.
Employees of PGI avoid conflict of interest while conducting business and ensure that their judgment is not influenced whenever there is a prospect of direct or indirect personal gain. Employees should not take advantage of the PGI's information or property for personal gains. Any member of PGI shall not disclose or reveal any information which is confidential in nature or any such information which may benefit the employee directly or indirectly.
The members of PGI are forbidden to pass on inside information at any time to any other person, inside or outside the company. Inside information refers to information that is generally not known to the public, but if known would affect the price of a PGI's share or influence a person's investment decisions.
Employees shall not use company resources for the benefit of political parties or any association directly or indirectly connected to a political party. It is the responsibility of all PGI members while dealing with government agencies, external agencies, suppliers, consultants and individuals to exercise good judgment, so as to act in a manner that will not damage the integrity and reputation of the organization.
Every employee of PGI has the right to work in an environment that is free from harassment. PGI is an equal opportunity employer. All phases of the employment relationship including promotion, benefits, recruitment, compensation, transfers, layoffs and leaves are carried out by all managers without any regard.
All employees are responsible for the security of authorized access to and proper use of PGI physical and intangible assets and any third party assets in custody with an employee.

Board and Management Committees

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

Board Committees	Management Committees
Audit Committee	Underwriting and Risk Management Committee
Investment Committee	Claims Settlement Committee
Human Resources and Compensation 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. Rehan Beg (Chairman) Independent & Non-Executive Director	-/-
2. Muazzam Gul (Ex-Chairman) Independent & Non-Executive Director	4 / 4
3. Raees ud Din Independent & Non-Executive Director	4 / 4
4. Nasir Ali Non-Executive Director	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. Ch. Zahoor Ahmed (Chairman) Chief Executive Officer & Executive Director	4 / 4
2. Dr. Mehmood ul Haq Independent & Non-Executive Director	2 / 2
3. Rehan Beg Independent & Non-Executive Director	2 / 2
4. Ather Zahoor Non-Executive Director	-/-

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.

Code of Conduct

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.

Composition and Attendance

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

Name of the member	Meetings
1. Raees ud Din (Chairman) Independent & Non-Executive Director	4 / 4
2. Nasir Ali Non-Executive Director	4 / 4
3. Ather Zahoor Non-Executive Director	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. Zahoor Ahmed (Chairman)	4 / 4
2. Zahid Iqbal Zia	4 / 4
3. Zaheer Ahmed Khan	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. Ch Ghulam Mustafa (Chairman)	4 / 4
2. Kashif Ali	4 / 4
3. Mian Muhammad Iqbal	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. Nasir Ali (Chairman)	4 / 4
2. Muhammad Maqsood Peracha	4 / 4
3. Usman Ali	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.

Chief Executive Officer Review

Ch. Zahoor Ahmed
Chief Executive Officer

"Investing in Our Future"

"Our strategic progress and successful delivery of our targets is a direct result of the hard work demonstrated throughout the business. This has enabled us to deliver benefits to our customers and returns to our shareholders."

Overview of financial performance

I am pleased that in 2015 we continued to make good progress with our strategic priorities and financial targets, while maintaining our disciplined approach to underwriting in a highly competitive and deflationary marketplace in Pakistan.

We took positive steps towards reducing costs across the business and improving our operating efficiency. Within other areas of our strategy, such as pricing and claims, we continued to deliver sustainable benefits for our customers and shareholders.

Delivering value for our customers

Our focus on improving our pricing capability and claims infrastructure has particularly helped us to reduce prices for our customers. In addition, we have been exploring new ways in which we can innovate to achieve better outcomes for customers. PGI's heritage is rooted in the revolution it unleashed by using the telephone to bypass the traditional high street insurance broker model and provide customers with more competitive products.

We are on the cusp of a new era, when growing customer use of new technologies prompts them to seek a different experience from their insurer, and where nimble providers can harness technology to offer both competitive products and more personalized solutions. The strength of our data and brands, together with the operational and financial transformation of our platform, leaves us well placed to help draw the road map for this new age.

We have also been working hard to reduce customer complaints. This is a key area of focus for us. To ensure we are tracking how well we are responding to our customers' needs, we have introduced a new key performance indicator to measure the volume of customer complaints.

We recognize that, while we have made improvements in how we interact with our customers, we have not met all of our aspirations to develop and differentiate our customer propositions and brands. We have much to do to meet the evolving needs of our customers, but we are rising to the challenge with determination and energy.

Delivering for our people

Our people continue to be the main driver behind delivering better outcomes for our customers, to ensure our organization can operate in the most cost-efficient manner, our consistent aim has been to treat colleagues with the utmost fairness and respect throughout redeployment or redundancy processes. As we continue to drive an agenda of operational and cultural change through the organization, we remain committed to investing in our people, which in turn will help us to deliver the products and services that our customers value.

Strategic priorities for 2016

During 2016 we aim to progress further towards delivering the remainder of the strategic financial targets we have set ourselves. We will also continue to enhance our products and update our infrastructure to ensure we sharpen our customer experience, delivering what the customer has grown to expect, and doing so sustainably for all of our stakeholders, be they our customers, our people or our shareholders.

I would like to thank our people for the continuous hard work and dedication that they have demonstrated throughout the year. This has enabled us to continue to deliver benefits to our customers, shareholders, and wider stakeholders.

Ch. Zahoor Ahmed,
Chief Executive Officer
Lahore, March 31, 2016

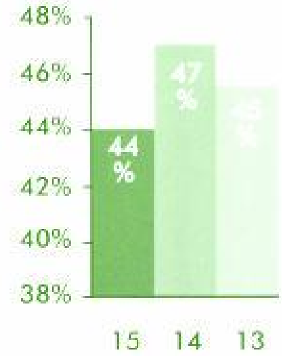
Key Performance Indicators

Measuring Our Performance

We have defined following key performance indicators that allow us to monitor our performance against our strategic priorities. In turn, these are supported by further performance indicators monitored by management.

Combined Operating Ratio

44%



Definition

A measure of financial year underwriting profitability calculated by the sum of claims, commissions and expenses divided by net earned premium for ongoing operations. A COR of less than 100% indicates profitable underwriting.

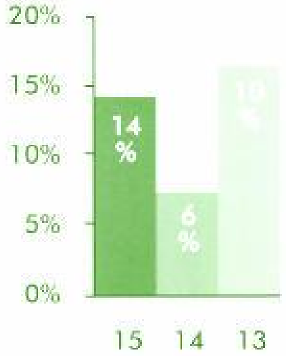
Aim

We aim to make an underwriting profit, and in 2015 set and achieved a target of a 40% COR.

For 2016, we are providing guidance of a COR in the range of 35% to 45%. This assumes a normal level of claims from different segments.

Investment Income Yield

14%



Definition

The return generated by investing the assets we hold.

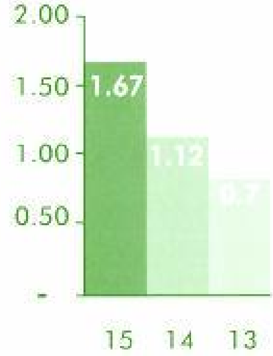
These investments are held to pay out future claims and to support our capital base. It is calculated by dividing investment income by investment assets held by the Company.

Aim

We aim to maximize investment income subject to the risk appetite set by the Board. The investment portfolio assets are currently invested in credit and sovereign debt securities, cash and property.

Earnings per share

Rs. 1.67



Definition

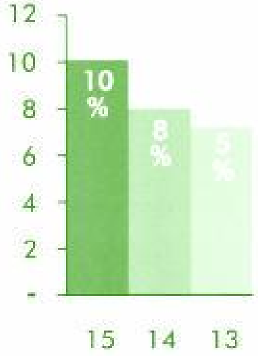
The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares.

Aim

We have not set a target for earnings per share given the cyclical nature of the insurance industry. Growing earnings per share is considered one indicator of a healthy business.

Return on Equity

10%



Definition

The return generated on the capital shareholders have in the business. This is calculated by dividing adjusted earnings by average tangible equity.

Aim

We have set a target to achieve a 15% return on equity for the next fiscal year.

Financial Data

Financial Data for the last six Years

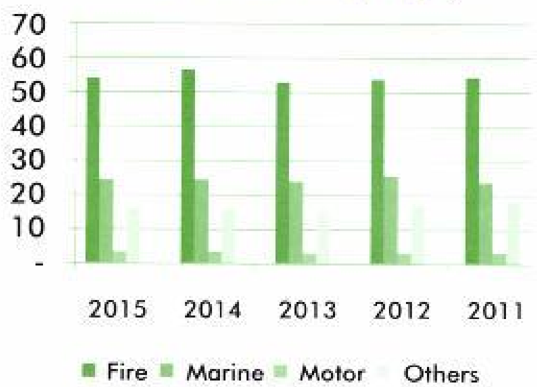
	December 31,					
	2015	2014	2013	2012	2011	2010
	Rupees in thousands					
Underwriting results						
Gross premium written	457,540	412,925	330,443	383,764	423,522	312,207
Earned premium	455,524	375,749	329,485	443,961	345,416	261,643
Net premium revenue	264,591	224,004	176,568	228,961	142,680	110,546
Claims paid	254,203	226,261	177,141	185,210	218,743	183,691
Underwriting results	62,566	58,653	16,650	135,026	48,400	21,239
Underwriting provisions	270,232	270,825	240,639	188,777	264,309	184,332
Investment income						
Return on fixed deposits	11,518	18,510	9,088	8,264	8,766	8,164
Return on other securities	368	2,959	1,959	1,371	504	1,052
Return on equity instruments	14,519	1,389	22,009	2,797	(951)	47
Income from real estate	5,208	6,304	5,731	19,245	12,046	6,118
Investments and assets						
Shares and securities (at book value)	29,915	27,002	18,407	55,463	29,205	8,887
Shares and securities (at market value)	34,022	40,515	22,762	76,173	30,493	10,843
Bank deposits	258,300	317,500	91,500	83,508	83,508	83,508
Properties	41,646	105,093	110,624	116,447	136,791	228,318
Fixed assets	98,347	97,387	73,765	77,538	82,246	88,761
Cash and bank balances	39,396	11,761	18,122	113,671	35,096	7,349
Equity						
Paid-up capital	400,013	375,000	375,000	300,000	300,000	250,000
Reserves	114,988	140,000	115,000	19,000	100,000	55,000
Shareholders' equity	638,768	571,861	526,737	499,153	404,367	351,640
Dividends and earnings						
Profit after tax	66,640	44,842	27,287	109,474	52,397	4,826
Earnings per share	1.67	1.12	0.75	3.66	1.75	0.19
Cash dividend	-	-	-	-	5%	-
Stock dividend	6.67%	-	-	25%	-	10%
Cash flows						
Operating	(143942)	97,064	(21,228)	76,848	(55,599)	33,763
Investing	112,800	123,134	(65,652)	17,082	83,889	(70,498)
Financing	424	(559)	(677)	(15,355)	(543)	(10,623)
Cash and cash equivalents	297,696	329,262	109,622	197,179	118,604	90,857
Technical reserves						
Fire and property damage	100,064	107,665	96,228	85,624	126,708	81,714
Marine, aviation and transport	70,496	51,625	37,627	42,975	51,666	31,746
Motor	7,855	7,660	5,250	6,050	5,824	4,570
Miscellaneous	26,102	35,552	26,220	29,718	40,367	28,430
Total	204,517	202,502	165,325	164,367	224,565	146,460

Financial Data

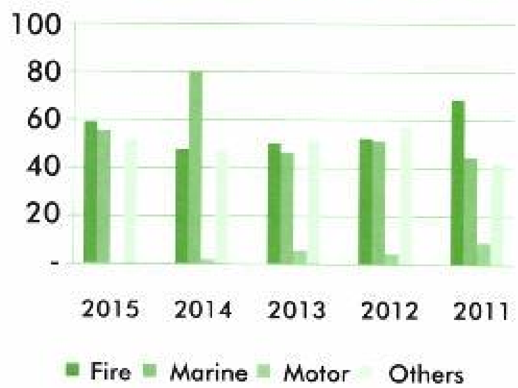
Financial Data for the last six Years

	December 31,					
	2015	2014	2013	2012	2011	2010
Profitability ratios						
Profit after tax to gross premium	14.84	13.57	8.26	28.53	12.37	1.55
Profit after tax to net premium	25.19	20.02	15.45	47.81	36.72	4.37
Underwriting results to gross premium	13.93	17.75	5.04	35.18	11.43	6.80
Underwriting results to net premium	23.65	26.18	9.43	58.97	33.92	19.21
Profit after tax to total income	22.80	19.01	13.36	39.67	31.51	3.43
Profit before tax to gross premium	15.43	15.05	5.76	34.13	7.82	(0.53)
Profit before tax to net premium	26.19	22.20	10.78	57.21	23.21	(1.50)
Management expenses to net premium	20.39	10.82	46.43	15.00	22.11	31.74
Net claims to net premium	48.62	54.68	36.81	32.71	46.23	62.29
Net commission to net premium	(7.35)	(8.32)	(7.33)	6.69	2.25	13.25
General expenses to net premium	15.11	17.39	21.42	15.39	24.72	34.42
Combined ratio	91.47	91.20	111.99	56.42	90.79	115.21
Return to shareholders'						
Return on assets	6.83	5.02	3.38	14.90	7.42	0.81
Return on equity	10.43	7.84	5.18	21.93	12.96	1.37
Earnings per share	1.67	1.21	0.73	3.66	1.75	0.19
Earnings growth	39.17	64.38	(80.05)	109.14	821.05	(94.33)
Par value per share	10	10	10	10	10	10
Dividend payout	25.00	6.67	-	25.00	5.00	10.00
Performance / Liquidity						
Current ratio	1.66	1.05	1.70	1.74	1.24	0.81
Cash to current liabilities	0.73	0.31	0.79	3.55	1.43	0.32
Total assets turnover	3.69	3.99	4.57	3.21	4.95	5.38
Total liabilities / equity	0.37	0.43	0.51	0.45	0.72	0.66
Paid-up capital to assets	41.01	41.97	46.44	40.82	42.49	50.49
Equity / total assets	65.49	64.00	65.23	67.92	57.28	59.18

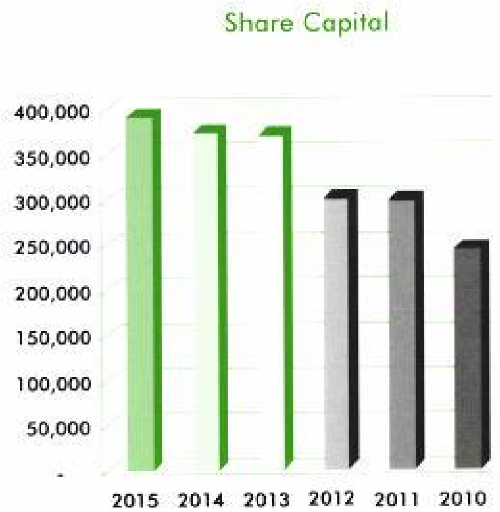
Business Mix (% age)

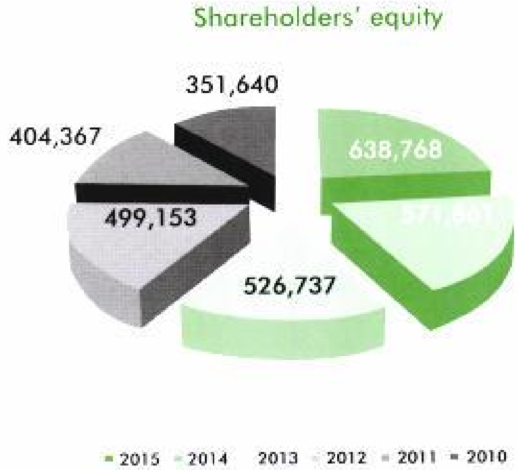


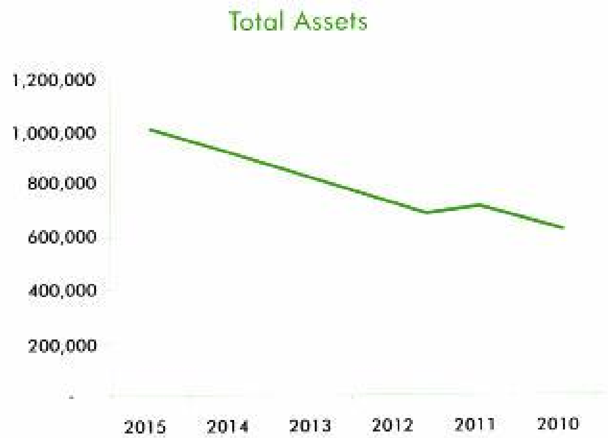
Claims Analysis (% age)

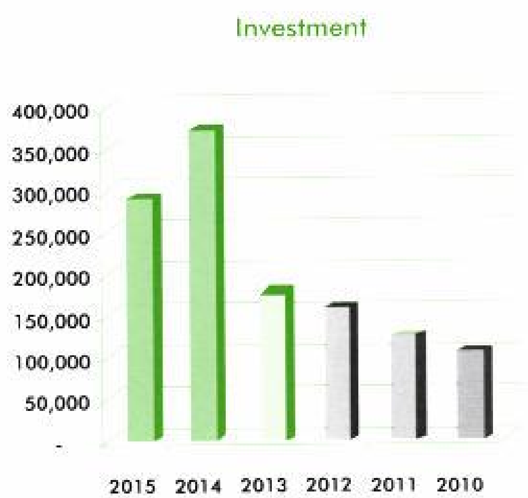


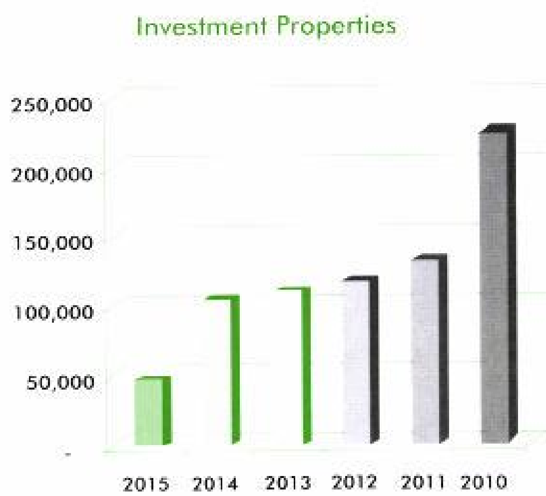
Graphical Financial Analysis





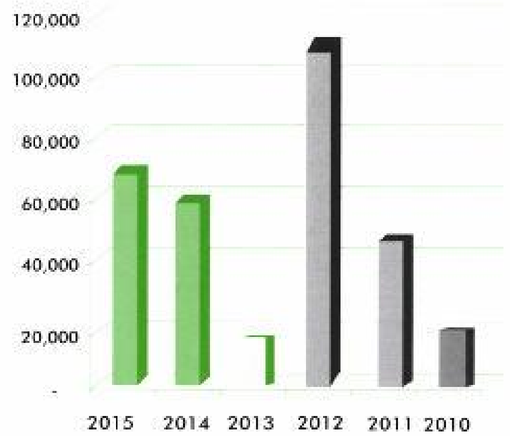






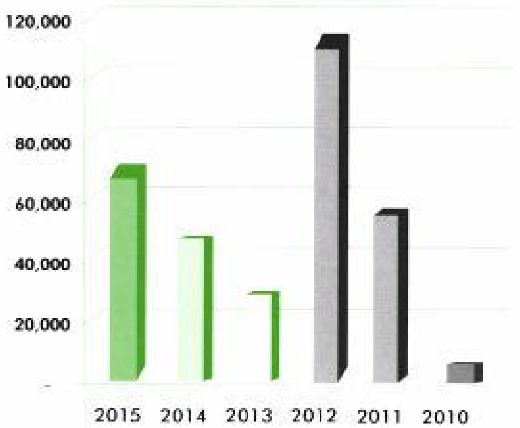
Graphical Financial Analysis

Underwriting results

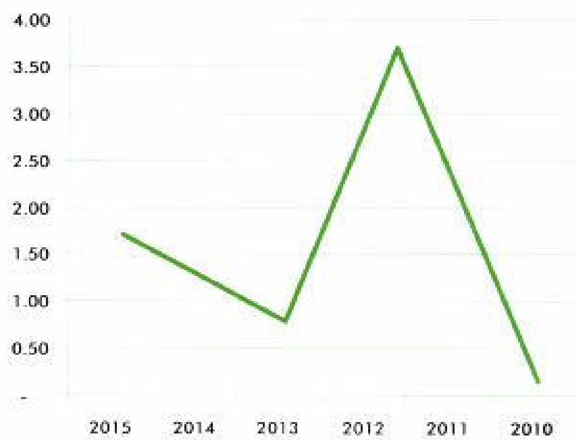


Gross Written premium

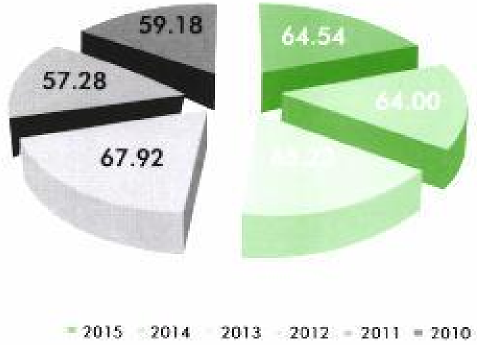
Profit after tax



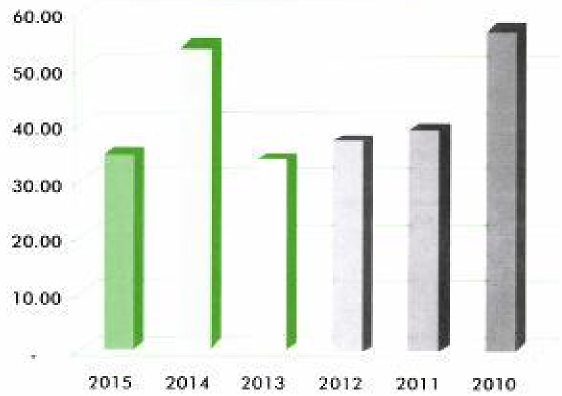
Earnings per share



Shareholders' Equity to Total Assets (%)



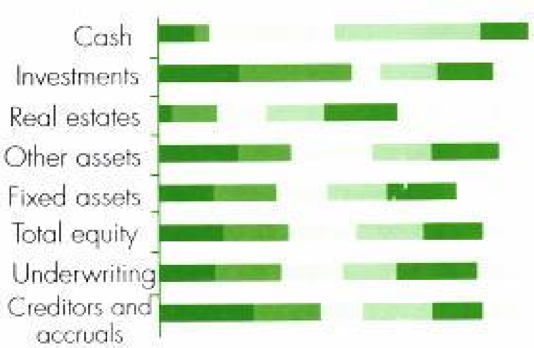
Investments (inclusive of properties) to total assets &% age



PGI

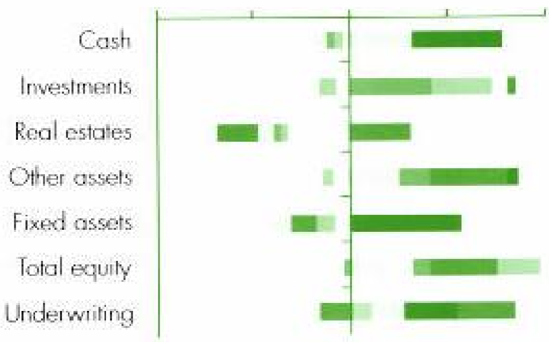
Vertical Analysis of Financial Statements

	December 31,					
	2015	2014	2013	2012	2011	2009
	--------------------% age--------------------					
Balance Sheet						
Assets						
Cash and bank balances	4.04	1.32	2.24	15.47	4.97	1.24
Loans to employees	0.45	0.03	0.03	0.03	0.03	0.03
Investments	30.06	41.03	21.55	21.25	18.21	18.14
Investment properties	4.27	11.76	13.70	15.84	19.34	38.43
Other assets	51.09	34.96	53.34	36.86	45.77	27.23
Fixed assets	10.08	10.90	9.13	10.55	11.65	14.94
Total assets	100.00	100.00	100.00	100.00	100.00	100.00
Equity and liabilities						
Total equity	65.49	64.00	65.23	67.92	57.28	59.18
Underwriting provisions	27.71	30.31	29.80	25.69	37.44	31.02
Surplus on revaluation of assets	0.98	1.10	1.26	1.42	1.52	1.86
Deferred liabilities	0.27	0.33	0.83	0.57	0.24	3.92
Creditors and accruals	5.52	4.23	2.85	4.36	3.47	3.92
Other liabilities	0.02	0.03	0.03	0.04	0.05	0.09
Total equity and liabilities	100.00	100.00	100.00	100.00	100.00	100.00
Profit and loss						
Net premium revenue	100.00	100.00	100.00	100.00	100.00	100.00
Net claims	(48.62)	(54.68)	(36.81)	(32.71)	(46.23)	(62.29)
Management expenses	(20.39)	(10.82)	(46.43)	(15.00)	(22.11)	(31.74)
Net commission	(7.35)	(8.32)	(7.33)	6.69	2.25	13.25
Investment income / (loss)	8.96	9.89	18.72	5.43	5.83	8.38
Rental income	1.97	2.81	3.25	3.23	4.72	5.53
Other income	6.89	0.91	1.05	5.17	3.73	0.12
Finance cost	(0.16)	(0.21)	(0.25)	(0.21)	(0.27)	(0.33)
General and administrative expenses	(15.11)	(17.39)	(21.42)	(15.39)	(24.72)	(34.42)
Profit / (Loss) before tax	26.19	22.20	10.78	57.21	23.21	(1.50)
Taxation	(1.01)	(2.19)	4.68	(9.39)	13.51	5.87
Profit after tax	25.19	20.02	15.45	47.81	36.72	4.37



Horizontal Analysis of Financial Statements

	2015	2014	2013	2012	2011	2010
	December 31,					
	% age					
Balance Sheet						
Assets						
Cash and bank balances	234.95	(35.10)	(39.92)	(14.06)	377.59	(88.09)
Loans to employees	1865.83	9.85	(7.47)	14.00	6.68	70.68
Investments	(20.02)	110.63	(27.38)	86.47	19.26	10.18
Investment properties	(60.37)	(5.00)	(5.00)	(14.87)	(40.09)	53.50
Other assets	59.50	(27.45)	59.02	(16.17)	99.69	14.62
Fixed assets	0.99	32.02	(4.87)	(5.72)	(7.34)	(6.79)
Total assets	9.16	10.65	9.88	4.10	18.81	9.07
Equity and liabilities						
Total equity	11.70	8.57	5.53	23.44	14.99	(2.88)
Underwriting provisions	(0.22)	12.54	27.47	(28.58)	43.39	49.21
Surplus on revaluation of assets	(2.71)	(2.78)	(2.84)	(2.90)	(2.97)	62.58
Deferred liabilities	(10.21)	(55.80)	59.81	145.59	(92.66)	(25.95)
Creditors and accruals	42.63	63.89	(28.01)	30.67	5.10	15.36
Other liabilities	-	-	(28.46)	(3.76)	(36.41)	(22.10)
Total equity and liabilities	9.16	10.65	9.88	4.10	18.81	9.07
Profit and loss						
Net premium revenue	18.12	26.87	(22.88)	60.47	29.07	0.60
Net claims	5.02	88.43	(13.22)	13.57	(4.22)	136.07
Management expenses	122.67	(70.44)	138.62	8.93	(10.12)	12.62
Net commission	4.27	44.07	(184.45)	376.66	(78.05)	170.89
Investment income	7.04	(32.97)	165.89	49.45	(10.19)	10.77
Rental income	(17.39)	10.01	(22.62)	10.04	10.00	10.00
Other income	795.06	10.17	(84.38)	122.41	3,790.68	(99.81)
Finance cost	(8.84)	7.33	(11.93)	27.56	7.20	(71.05)
General and administrative expenses	2.68	2.98	7.34	(0.08)	(7.33)	8.91
Profit / (Loss) before tax	39.34	161.37	(85.47)	295.43	(2,098)	(101.57)
Taxation	45.51	(159.31)	(138.40)	(211.56)	197.28	(131.19)
Profit after tax	48.61	64.33	(75.07)	108.93	985.74	(94.30)



Shareholders' Information

Registered Office
Cooperative House, 5 Bank Square, Shahrah-e-Qaid-e-Azam (The Mall)
Lahore

Share Registrar
Corplink (Pvt.) Ltd.
Wing Arcade,
1-K, Commercial Area
Model Town, Lahore

Listing on stock exchanges
PGI equity shares are listed on Pakistan Stock Exchange (PSE).

Listing fees
The annual listing fee for the financial year 2015 – 2016 has been paid to all of the stock exchanges within the prescribed time limit.

Stock code
The stock code for dealing in equity shares of PGI at Pakistan Stock Exchange (PSE).

Investor service center
PGIs share department is operated by Corplink (Private) Limited. It also functions as an investor service center. The investor service center is managed by a well experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the registration purposes. The team is headed by Saleem Iqbal Khawaja at Registrar Office and Mazhar Zahoor at PGI Registered Office.
The share department undertakes activities pertaining to dematerialization of shares, shares transfers and transmission, issue of duplicate / revalidated dividend warrants, issue of duplicate / replaced share certificates, change of address and other related matters.

Services standards
PGI has always endeavored to provide investors with prompt services. Listed below are various investors' services and the maximum time limit set for the execution.

	Requests received thru posts	Over the counter
Transfer of shares	45 days	45 days
Duplicate shares	45 days	45 days
Duplicate / Revalid dividend warrant	5 days	5 days
Address change	2 days	15 mins.

Well reputed and experienced firm of the Share Registrar Services has been entrusted with the responsibility of ensuring that services are rendered within the specified time limits.

Statutory compliance
During the year, the Company has complied with all applicable provisions, filed all returns / forms and furnished all the relevant information as required under the Companies Ordinance, 1984 and allied laws and rules, the Securities and Exchange Commission of Pakistan ("SECP) regulations and the listing regulations.

Book closure date
The register of members and share transfer books of the Company will remain close from April 23, 2016 to April 30, 2016 both days inclusive.

Investors' grievances
As on date none of the investor or shareholder has filled any letter of complaint against any service provided by the Company to its shareholders'.

Legal proceedings
No case has ever been filed by shareholders' against the Company for non-receipt of share / refund.

Shareholders' information, general meetings and voting rights
Pursuant to section 158 of the Companies Ordinance, 1984, PGI holds general meeting of shareholders atleast once a year. Every shareholder has a right to attend the general meeting; the notice of such meeting is sent to all the shareholders at least twenty one days before the meeting and also advertised in 1 English and 1 Urdu newspaper having circulation in Sindh and Punjab. Shareholders having at least ten percent of voting rights may also apply to Board to call for a meeting of shareholders, and if Board does not take action on such application within twenty one days, shareholders may themselves call the meeting. All shares issued by the Company carry equal voting rights. Generally, matters at general meetings are decided by show of hands in first instance. Voting by show of hands operates on the principal of "one member one vote". If majority of shareholders raise their hands in favor of particular resolution, it is taken as past, unless poll is demanded. Since fundamental voting principal is "one share one vote", voting takes place by a poll, if demanded. On poll being taken the decision arrived by a poll is final, overruling any decision taken on a show of hands.

Proxies
Pursuant to Section 161 of the Companies Ordinance, 1984 and according to the MOA and AOA of the Company, every shareholder who is entitled to attend and vote at a general meeting, can appoint another person as his/her proxy to attend and vote instead of himself/herself. Every notice calling a general meeting contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy who needs not to be a member. The instrument appointing proxy, duly signed by the shareholder appointing that proxy should be deposited with the Company not less than 48 hours before the meeting.

Shareholders' Information

Category-wise Shareholders

Shareholders' category	Number	Shareholding	% age
Directors, chief executive and dependent family	12	14,785,309	36.9621%
NIT and ICP	2	1,991	0.0050%
Joint stock companies	7	3,706	0.0093%
Shares held by general public–local	1,025	25,085,932	62.7129%
Government Holding	1	12,312	0.3108%
Total	1,047	40,001,250	100.0000%

Categories of shareholders as required under code of corporate governance as at December 31, 2015

Categories of Shareholders of shareholders	Share held	% age
a) Chief Executive Officer, Directors, Executives their spouse and minor children		
Ch. Manzoor Ahmed	1,006,873	2.5171%
Ch. Zahoor Ahmed	2,346,310	5.8656%
Raees ud Din	1,340,472	3.3511%
Ghulam Mustafa	476,520	1.1913%
Ather Zahoor	1,848,714	4.6216%
Nasir Ali	637,434	1.5935%
Mazhar Zahoor	1,213,231	3.0330%
Mrs. Qaiser Sultana w/o Ch. Manzoor Ahmed	219,319	0.5483%
Mrs. Perveen Akhter w/o Ch. Zahoor Ahmed	2,762,880	6.9070%
Mrs. Asma Ather w/o Ather Zahoor	1,727,406	4.3184%
Mrs. Mehwish Nasir w/o Nasir Ali	177,847	0.4446%
Mrs. Rubina Mazhar w/o Mazhar Zahoor	1,028,303	2.5707%
	14,785,309	36.9621%
b) Shareholders holding 5% or more voting interests		
Ch. Zahoor Ahmed	2,346,310	5.8656%
Mrs. Perveen Akhter w/o Ch. Zahoor Ahmed	2,762,880	6.9070%
	5,109,190	12.7726%

Trade in shares of the Company by directors, executives and their families

Following transactions in shares of the Company were carried out by directors, chief executive officer, chief financial officer, company secretary, their spouses and minor children during the fiscal year.

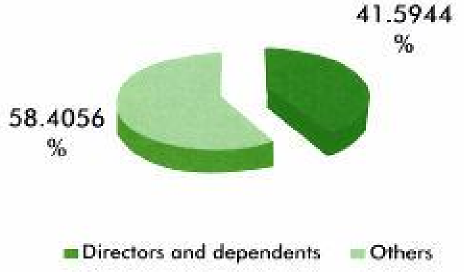
Sr. No.	Name of directors, executives and their families	Sale	Purchase
1.	Ch. Zahoor Ahmed (chief executive officer)	-	139,814
2.	Ch. Manzoor Ahmed	-	59,998
3.	Nasir Ali	-	37,984
4.	Ch. Mazhar Zahoor	-	72,295
5.	Ather Zahoor	-	110,163
6.	Raees ud Din	-	79,877
7.	Ghulam Mustafa	-	28,395
8.	Mrs. Qaiser Sultana	-	13,069
9.	Mrs. Rubina Mazhar	-	61,275
10.	Mrs. Perveen Akhter	111,000	164,636
11.	Mrs. Asma Ather	-	102,934
12.	Mrs. Mehwish Nasir	-	10,597

Shareholders' Information

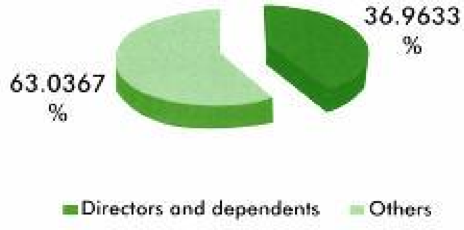
Pattern of Shareholding as at December 31, 2015

No. of Share-holders	Share Holding From	Share Holding To	Total No. of Shares Held
261	1	100	3,601
111	101	500	33,631
402	501	1,000	382,030
123	1,001	5,000	271,932
24	5,001	10,000	156,428
10	10,001	15,000	118,048
10	15,001	20,000	188,000
2	20,001	25,000	44,578
5	25,001	30,000	143,301
2	30,001	35,000	64,796
12	35,001	40,000	465,931
1	40,001	45,000	43,863
1	45,001	50,000	49,845
1	50,001	55,000	54,376
1	55,001	60,000	59,814
2	65,001	70,000	133,730
2	75,001	80,000	156,784
1	85,001	90,000	85,069
8	95,001	100,000	796,276
1	100,001	105,000	103,678
2	105,001	110,000	214,247
1	110,001	115,000	111,524
2	115,001	120,000	239,256
1	135,001	140,000	139,566
1	145,001	150,000	149,535
2	155,001	160,000	315,395
2	165,001	170,000	338,946
1	170,001	175,000	174,456
1	175,001	180,000	177,847
2	185,001	190,000	370,662
3	195,001	200,000	598,140
2	210,001	215,000	426,553
3	215,001	220,000	657,957
1	220,001	225,000	223,306
3	235,001	240,000	716,679
2	255,001	260,000	518,390
1	280,001	285,000	282,441
1	315,001	320,000	319,009
1	345,001	350,000	348,916
1	395,001	400,000	398,761
2	405,001	410,000	816,665
1	410,001	415,000	410,939
1	415,001	420,000	418,699
1	445,001	450,000	447,608
2	470,001	475,000	947,613
3	475,001	480,000	1,431,155
1	501,001	505,000	500,446
1	535,001	540,000	538,328
1	580,001	585,000	580,039
2	615,001	620,000	1,235,576
2	645,001	650,000	1,293,583
1	660,001	665,000	664,177
1	740,001	745,000	743,690
1	795,001	800,000	795,712
1	935,001	940,000	939,084
1	1,005,001	1,010,000	1,006,873
1	1,025,001	1,030,000	1,028,303
1	1,030,001	1,035,000	1,030,799
1	1,075,001	1,080,000	1,078,635
1	1,210,001	1,215,000	1,213,231
1	1,315,001	1,320,000	1,319,940
1	1,320,001	1,325,000	1,324,884
1	1,340,001	1,345,000	1,340,472
1	1,480,001	1,485,000	1,483,512
1	1,725,001	1,730,000	1,727,406
1	1,750,001	1,755,000	1,754,495
1	1,845,001	1,850,000	1,848,714
1	2,000,001	2,005,000	2,003,375
1,047			40,001,250

2014



2015



Corporate Calendar

Financial Calendar

Results		
First quarter ended March 31, 2015	Announcement date	April 28, 2015
Half year ended June 30, 2015	Announcement date	August 29, 2015
Third quarter ended September 30, 2015	Announcement date	October 29, 2015
Year ended December 31, 2015	Announcement date	March 31, 2016

Dividend		
Final cash dividend for the year ended December 31, 2015	Announcement date	March 31, 2016
	Entitlement date	April 22, 2016
	Statutory limit upto which payable	May 30, 2016

Date of issuance of annual report 2015	**April 8, 2016**
Date of annual general meeting	**April 30, 2016**

Access to Reports and Enquiries

Quarterly and annual reports

The Company publishes interim reports, at end of first, second and third quarters of the financial year. These interim reports along with annual report of the Company can be downloaded / accessed from the Company's website www.pgi.com.pk or printed copies obtained by writing to Company Secretary.

Shareholders' enquiries

Shareholders' enquiries about their holding, dividends or share certificates can be directed to Share Registrar at the following address-

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

Stock exchange listing

The shares of the Company are listed on Karachi, Lahore and Islamabad stocks exchanges. The symbol code is PKGI.

Web Presence

Updated information regarding the Company can be accessed at PGI web site, www.pgi.com.pk.

Share Price Sensitivity Analysis

Specific factors that can affect share prices are-

Earnings

News releases on earnings and profits and future estimated earnings develop investor interest in the stocks of the Company.

Announcement of dividends

Expected distribution from earnings could increase the share prices in expectation of realization of profit on investments.

Introduction of new insurance products

This could lead to positive earnings growth which in return affects share prices.

Industry performance

Government policies, specific to industry like "Takaful' business could result in movement of stock price.

Investor sentiment / confidence

Positive economic reforms can attract investors.

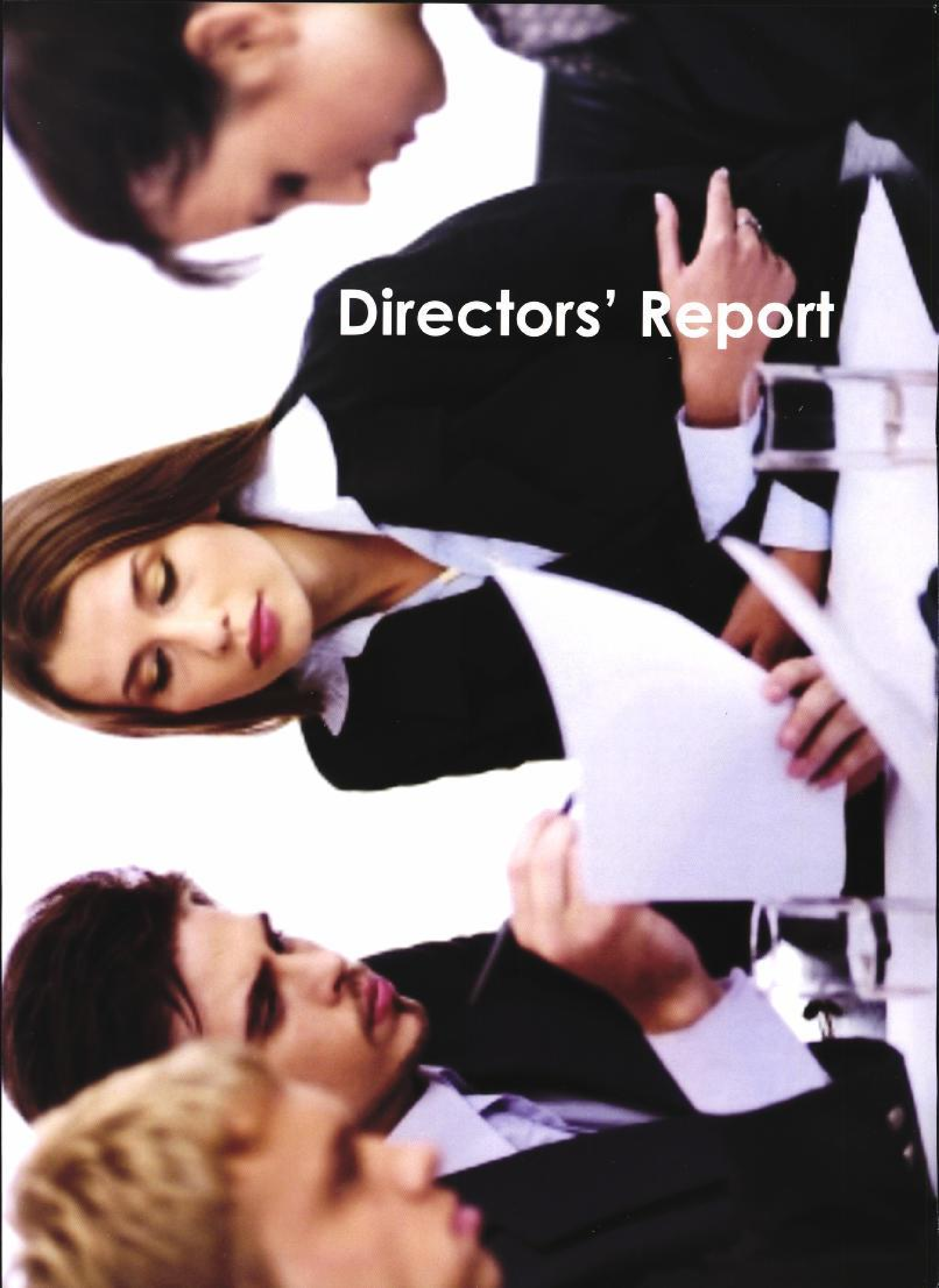
Economic and other shocks

An economic outlook could include expectations for inflation productivity, growth, unemployment and balance of trade. Changes around the world can affect both the economy and stock prices.

Government policies

Government policies could be perceived as +ve or −ve for businesses, which inturn may affect stock prices.

Directors' Report



PGI

Director's Report to the Shareholders'

Dear Fellow Shareholder!

Directors of "The Pakistan General Insurance Company Limited" take pleasure in presenting the 68th annual report of your Company, together with the audited financial statements for the year ended December 31, 2015.

Economic overview

The year showed improvement in Pakistan's overall economic indicators including containment of current account deficit, owing to continuing decline in international oil prices along with an uplift in remittances from abroad. The successful issue of Sukuk Bond in the international market also helped the foreign exchange reserves to swell to unprecedented levels. The economy grew by 4.24% in fiscal year 2015 which is highest achievement since 2008-2009. Inflation during the year has remained significantly low, achieving the lowest levels since 2003. Services sector registered a growth of 5 percent against the target of 5.2% but remained higher compared to the last year growth of 4.4%.

Company performance review 2015

The country's economy showed a modest improvement but performed below its potential due to energy shortages and poor law and order situation. The conditions of insurance industry continued to be challenging and characterized by intense competition and pressure with premium rates. Despite difficult business environment, the Company has maintained a moderate position by offering the best professional services to its clients. We do not see any improvement (atleast in the near future) in level of economic and business activities in the country and our strategy will therefore continue to emphasize on –

- Customer-driven business focus;
- Financial and investment strategy based on further strengthening its asset base;
- Conservative and sound risk management; and
- Operational agility by maintaining quality leadership.

Despite, difficult economic scenario, your Company has posted after tax profit of Rs. 66.640 million. Following is tabular analysis of the Company's results at a glance.

	(rupees in '000)	
	Dec 2015	Dec. 2014
Gross written premium	457,540	412,925
Net premium	264,591	224,004
Underwriting results	62,565	58,653
Return on investments	46,255	30,463
Profit after tax	66,640	44,842
Earnings per share	1.67	1.12

Segments at a glance

Fire and property damage

The written premium is increased by 10% to Rs. 253 million as compared to Rs. 229 million in 2014. The net premium is also increased by 12.2% to Rs. 142 million as compared to Rs.127 million in 2014. The tabular analysis is as under –

	2015	2014	---Variation---	
	------rupees in millions------			% age
Gross premium	253	229	23	10%
Net premium	142	127	15	12%
Net claims	(70)	(74)	3	(4%)
Expenses	(30)	(19)	11	56%
Net commission	(12)	(12)	(0.2)	2%
Underwriting results	30	22	8	38%
Net claims ratio (%)	50%	58%		
Expense ratio (%)	21%	15%		
Combined ratio (%)	70%	73%		

Marine aviation and transport

Written premium is increased by 37% to Rs. 139 million as compared to Rs. 102 million in 2014. The tabular analysis is as under –

	2015	2014	---Variation---	
	------rupees in millions------			% age
Gross premium	139	102	37	37%
Net premium	73	53	20	37%
Net claims	(46)	(30)	(16)	53%
Expenses	(16)	(8)	(8)	94%
Net commission	(5)	(4)	(1)	21%
Underwriting results	5	10	(5)	(49%)
Net claims ratio (%)	64%	57%		
Expense ratio (%)	23%	16%		
Combined ratio (%)	86%	73%		

Motor

The written premium is increased by 6% to Rs. 16 million as compared to Rs. 15 million in 2014. The tabular analysis is as under –

	2015	2014	---Variation---	
	------rupees in millions------			% age
Gross premium	16	15	1	6%
Net premium	15	12	3	26%
Net claims	0.1	0.5	(04)	(75%)
Expenses	(2)	(1)	-	51%
Net commission	(1)	(1)	-	2%
Underwriting results	12	10	2	20%
Net claims ratio (%)	(1%)	(5%)		
Expense ratio (%)	13%	11%		
Combined ratio (%)	12%	6%		

Director's Report to the Shareholders'

Miscellaneous

The written premium is decreased by 26% to Rs.50 million as compared to Rs. 67 million in 2014. The tabular analysis is as under –

	2015	2014	---Variation---	
	------rupees in millions------			% age
Gross premium	50	67	(17)	(26%)
Net premium	34	32	2	7%
Net claims	(12)	(19)	7	37%
Expenses	(6)	(6)	-	0%
Net commission	(1)	(1)	-	0%
Underwriting results	15	7	9	132%
Net claims ratio (%)	35%	59%		
Expense ratio (%)	17%	17%		
Combined ratio (%)	52%	76%		

Investments and related income

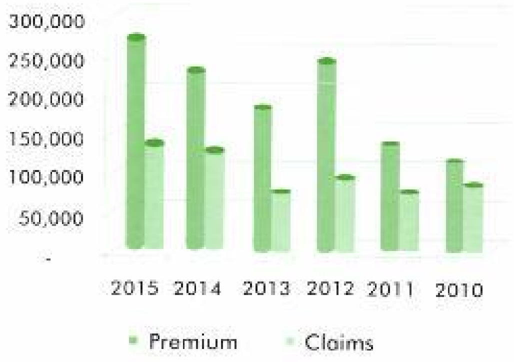
Equity and other investments

During the current year, in line with its investment policy, the Company had invested the funds so generated in short-term bank placements. Our investment objective is to achieve optimum total return on the investment portfolio adhering to our investment philosophy and the regulations as applicable from time to time. We are guided by value investing principles. Appropriate risk management practices are adopted with an objective to manage risks arising out of duration, market, credit, legal and operations. Your Company's investment portfolio is invested with prudence while seeking a reasonable yield, in line with market conditions. The book value of your Company's investments is Rs. 293.216 million as at December 31, 2015. The Company will continue to place special emphasis in generating a significant portion of its investment income from sustainable sources such as interest and dividends. The Company has generated net income from investments of Rs. 23.718 million as against Rs. 22.158 million depicting increase of 7% over 2014. PGI Autos (a sister concern) has been incorporated during the year, However, the Company has yet to invest the amount approved by members in last meeting.

Investment Properties

During the year, the Company had divested one of its properties which resulted in gain of Rs. 17 million. A new property has also acquired during the year. The amount so received was invested in short-term bank placements. The Company has generated rental income of Rs. 5.2 million as compared to Rs. 6.3 million in previous year. The decline resulted due to disposal of property.

Net Premium to Net Claims



Wealth Generated and Distribution

Business Mix

Director's Report to the Shareholders'

Insurer Financial Strength (IFS) rating

Both the credit rating companies operating in Pakistan, JCR VIS Credit Rating Agency and PACRA has assigned your Company, an "Insurer Financial Strength" (IFS) Rating of "A-" with Positive Outlook, on the basis of financial statements for the year 2014 and financial statements for the half year period ended June 2015.

Product development

To meet the emerging changes in the business environment and to reach a wider segment of customers, the Company has developed new products to enter into retail segments. The Company continues to invest in knowledge based products and in training of its manpower to keep itself competitive and responsive to fast changing environment.

Claims

The settlement time for claims depends on various factors such as the line of business, cause of loss, the nature of claim etc. Typically, claims which result in total or partial destruction of assets or records (such as those caused by Acts of God), those where adequate documentation to establish the claims are awaited and those which are the subject matter of judicial processes tend to have longer settlement times, which are beyond the control of the Company. The Company has improved internal processes, for further reduction of average claims settlement time and claims outstanding.

Loss prevention initiatives

Risk mitigation is built into our planning process; the concept of loss prevention is now part of our business philosophy. The Company has developed guidelines for defining risk tolerance levels. Through our loss prevention program we protect our clients' business continuity.
We also consider it as our responsibility to educate the clients on the scope of the coverage of the insurance policies. The efforts of our risk engineering team have helped our clients significantly.
For a successful insurance carrier, pervasive spirit of partnership is required with the insured. Focused risk engineering services help clients understand the hazards that threaten their businesses and determine cost-effective loss prevention solutions.
We are committed to developing strong relationships with our clients through:

- Underwriting knowledge, expertise and products;
- Customized property and marine loss prevention engineering programs; and
- Sharing the lessons learnt from major industrial losses.

Reinsurance

Your Company follows a policy of optimizing retention of risk through a carefully designed high quality program of re-insurance with "A" rated and well reputed re-insurers lead by our leader "Trust Reinsurance Company". The focus of reinsurance treaty program has been designated to protect the value of risk by insuring timely and quality protection for individual risks and in catastrophic events. Your Company follows a high quality, low risk reinsurance strategy. Your Company's conventional reinsurance policy reduces the potential volatility of the earnings stream. Reinsurance arrangements in place include quota share, surplus, excess of loss and catastrophe coverage. The effect of such reinsurance arrangement is that the Company should not suffer total net insurance losses beyond the Company's risk appetite in any one year.
In this challenging period of economic slowdown, declining prices and softening of local insurance markets, your Company's strategy of increasing its risk retention has contributed to the overall profitability.

Information Technology, Business Process Re-engineering and Disaster Recovery Program

Strategic initiative to leverage IT for improved business performance continued yielding required results. Your Directors recognize the importance of Technology in the conduct of business and the need for investing in new technology. As in all industries, adapting new technology has become absolute necessity in Insurance Industry to achieve the desired effect. Disaster Recovery Program (DRP) remains implemented during the current year.
The Company has achieved its major branches inter-connected thru real time online system during the current year, the new system will provide more efficient support to the management and clients amongst other things by providing real time information to the users for timely decision making.

PGI website

Website of your Company is **www.pgi.com.pk** which allows the user to obtain the Company related information. PGI is the first and pioneer in offering innovative online "Insurance Quote System".

Earnings per share

Your Company has reported earnings per share of Rs. 10 each at Rs. 1.67 in 2015 as compared Rs. 1.12 in 2014.

Business risks and risk management

Insurance being the business of transfer of risks from client to insurer is viable only if the underwriter has the ability to precisely assess the risk. Your Company's approach is proficient in qualitative evaluation of risk, providing safety consultancy for loss reduction and suggesting measures for risk mitigation to the client. PGI strive to develop expertise in areas like risk pricing, business continuity planning and consequence analysis helps in offering value added services to the clients which not only develops the confidence level of the client for remaining profitable by virtue of its core operations but also improves the quality of risk the Company is exposed to. The company continuously monitors and controls the risks. Following are the major risks faced:

Economic and political risk

Volatile economic, political and financial market conditions coupled with power shortage in the country may cause hurdle in overall business scenario of the country. The insurance sector will also face challenges arising from the economic and political scenario. The company has cautious underwriting approach to deal with such risks and increase market share without compromising profitability.

Insurance risk

The principal risk faced under insurance contracts is the possibility that the insured event occurs and uncertainty of the amount of the resulting claims. PGI manages these risks through its underwriting strategy, proactive claims handling and adequate reinsurance arrangements. The underwriting strategy aims to minimize insurance risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits.

Interest rate risk

The Company limits interest rate risk by monitoring changes in interest rates in the currencies in which its financial assets are denominated.

Liquidity risk

PGI manages it's liquidity by ensuring it has sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

IT risk

To meet the challenges of changing business environment, PGI has taken the initiative to interlink branches in real time.

Credit risk

The Company monitors exposure to credit risk through regular review of credit exposure, entering in transactions with large number of counter parties in several industries and by continually assessing credit worthiness of parties.

Market risk

The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in government securities, equity and term finance certificate markets. In addition, the Company actively monitors the key factors that affect the underlying value of these securities.

Investment risk

The Company manages its market price risk by maintaining a diversified investment portfolio and monitors developments in equity and term finance certificate and money markets.

Reinsurance risk

PGI's arrangement of reinsurance is diversified such that it is not dependent on a single reinsurer. The Company obtains reinsurance cover only from companies with sound financial health.

Effect of such reinsurance arrangements is that PGI may not suffer ultimate net insurance losses beyond the Company's risk appetite in any one year.

Human Resources

At PGI Human Resources, in its business partner role, enacts strategies to raise the performance of each team member to its maximum potential.

The primary reason for our success is that our organization is built around people. Team efforts played a key role in achieving the stretched business goals. However, this was also possible through continuous review of the organizational structure, which ensured the business' stability.

Claims and Underwriting were centralized to improve customer focus and optimize performance. Synergies were created among support functions to enhance efficiency and optimize costs.

Management trainees were inducted in all core functions to enhance manpower skill base and encourage new approach to our business processes.

Employees are rewarded based on performance, resulting in enhanced retention and motivation at all levels.

Director's Report to the Shareholders'

Talent mapping and development plans are underway to ensure that employees are engaged at all levels. All our operational activities are carried out in a transparent manner following our code of ethics, on which there can be no compromise. Continuous improvement philosophy and benchmarking with the best in class will ensure in making PGI a high performance organization.

Capital management and liquidity

The Company has a policy to maintain a strong capital position and provide the flexibility necessary to take advantage of growth opportunities, to support the risk associated with its businesses and to optimize shareholder return. The Company's capital base is structured to meet regulatory capital targets and maintain strong credit ratings while maintaining a capital-efficient structure and desired capital ratios. The Company's risk management framework includes number of liquidity risk management procedures, including prescribed liquidity stress testing, active monitoring and contingency planning. The Company maintains an overall asset liquidity profile that exceeds requirements to fund potential liabilities under adverse scenarios. The Company also actively manages and monitors the matching of asset positions against its commitments, together with the diversification and credit quality of its investments against established targets.

The Company's primary source of funds is cash provided by operating activities, including premiums and net investment income. These funds are used primarily to pay claims, commissions, operating expenses and shareholder dividends. Cash flows generated from operating activities are generally invested to support future payment requirements, including the payment of dividends to shareholders. The Company's liquidity remained strong with total cash equivalents of Rs. 297.696 million against Rs. 329.262 million in 2015. The Company prudently manages liquidity to ensure its ability to meet contractual obligations as and when they fall due.

Appropriations and dividends

The amount available for appropriations is as under:

	Rs. in 000
a) Retained earnings	
At beginning of the year	56,861
Total comprehensive income	66,907
Amount available	123,768
b) General reserves	
At beginning of the year	140,000
Bonus shares issued	(25,013)
Amount available	114,987
	238,755

The directors of your Company or pleased to announce cash dividend fro the year 2015 at the rate of 7.5%.

For and on behalf of the Board

Ch. Manzoor Ahmed
Chairman
Lahore: March 31, 2016

PGI

ممبران کے لیے ڈائریکٹرز کی رپورٹ

(یہ انگریزی رپورٹ کا ترجمہ ہے)

عزیز ممبران دی پاکستان جنرل انشورنس کمپنی لمیٹیڈ کے ڈائریکٹرز نہایت خوشی سے کمپنی کی ۶۸ ویں سالانہ رپورٹ بمعہ آڈٹ شدہ مالیاتی حساب برائے سال ۲۰۱۵ دسمبر ۳۱ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

اقتصادی جائزہ

اس سال پاکستان کی مجموعی معاشی صورتِ حال بہتر ہوئی ہے تیل کی بین الاقوامی قیمتوں میں کمی اور بیرون ملک سے زرمبادلہ میں اضافے کے باعث سکوک بانڈ کے کامیاب تجربے نے غیر ملکی کرنسی ذخائر میں افزودگی پیدا کی۔ اقتصادی صورتحال 4.24% تک پہنچ گئی جو 2008 اور 2009 سے 2015 تک سب سے زیادہ ہے۔ افراطِ زر 2015 میں بہت کم رہی جو 2003 سے لے کر 2015 تک کم ترین سطح پر آگئی۔ سروسز سیکٹر میں 5% اضافہ رجسٹر کیا گیا جو کہ 4.4 سے بڑھ کر 5.2% ہو گیا۔

کمپنی کی 2015 کی کارکردگی:۔ ملک پاکستان نے اقتصادی طور پر تھوڑی ترقی کی توانائی بحران اور لاقانونیت کی وجہ سے انشورنس انڈسٹری میں پریمیم ریٹ کی وجہ سے زبردست مقابلہ رہا مشکل کے باوجود آپ کی کمپنی اپنی پیشہ وارانہ خدمات اور اچھے تعلقات کی بنا پر مناسب پوزیشن پر رہی۔ ہم مستقبل قریب میں بھی اقتصادی صورتحال میں کوئی بہتری نہیں دیکھتے ہم اس لیے درج ذیل اصولوں پر کار فرما رہیں گے۔

- موجودہ کسٹمر کے ساتھ خوشگوار تعلقات
- سرمایہ کاری پر زور دینا
- مظبوط اور محتاط بزنس کا انتخاب
- اعلیٰ قیادت کی موجودگی

ابتر اقتصادی حالات کے باوجود آپکی کمپنی نے بعد از ٹیکس منافع مبلغ 66.910 ملین روپے کمایا ہے کمپنی کی مالیاتی کارکردگی کا گوشواری تجزیہ درج ذیل ہے۔

	(rupees in '000)	
	Dec 2015	Dec. 2014
Gross written premium	457,540	412,925
Net premium	264,591	224,004
Underwriting results	62,565	58,653
Return on investments	46,255	30,463
Profit after tax	66,640	44,842
Earnings per share	1.67	1.12

مختلف شعبوں کی کارکردگی:۔

فائر اور پراپرٹی ڈیمیج:۔ تحریری پریمیم 10% بڑھ کر 253 ملین روپے تک پہنچ گیا 2014 میں 229 ملین روپے کے مقابلے میں نیٹ پریمیم بھی 12.2% بڑھ کر 142 ملین روپے ہو گیا جو کے 2014 میں 127 ملین روپے تھا۔ گوشواری تجزیہ درج ذیل ہے۔

	2015	2014	---Variation---	
	------rupees in millions------			% age
Gross premium	253	229	23	10%
Net premium	142	127	15	12%
Net claims	(70)	(74)	3	(4%)
Expenses	(30)	(19)	11	56%
Net commission	(12)	(12)	(0.2)	2%
Underwriting results	30	22	8	38%
Net claims ratio (%)	50%	58%		
Expense ratio (%)	21%	15%		
Combined ratio (%)	70%	73%		

میرین ایویشن اور ٹرانسپورٹ:۔ تحریری پریمیم 37% اضافے کے ساتھ 139 میلین روپے ہو گیا جو کے 2014 میں 102 میلین روپے تھا۔ گوشواری تجزیہ درج ذیل ہے۔

	2015	2014	---Variation---	
	------rupees in millions------			% age
Gross premium	139	102	37	37%
Net premium	73	53	20	37%
Net claims	(46)	(30)	(16)	53%
Expenses	(16)	(8)	(8)	94%
Net commission	(5)	(4)	(1)	21%
Underwriting results	5	10	(5)	(49%)
Net claims ratio (%)	64%	57%		
Expense ratio (%)	23%	16%		
Combined ratio (%)	86%	73%		

موٹر:۔ تحریری پریمیم 6% اضافے کے ساتھ 16 ملین روپے ہو گیا جو کے 2014 میں 15 ملین روپے تھا۔ گوشواری تجزیہ درج ذیل ہے۔

	2015	2014	---Variation---	
	------rupees in millions------			% age
Gross premium	16	15	1	6%
Net premium	15	12	3	26%
Net claims	0.1	0.5	(04)	(75%)
Expenses	(2)	(1)	-	51%
Net commission	(1)	(1)	-	2%
Underwriting results	12	10	2	20%
Net claims ratio (%)	(1%)	(5%)		
Expense ratio (%)	13%	11%		
Combined ratio (%)	12%	6%		

متفرق:۔ تحریری پریمیم 26% کمی کے بعد 50 ملین روپے ہو گیا جو کے 2014 میں 67 ملین روپے تھا۔ گوشواری تجزیہ درج ذیل ہے۔

	2015	2014	---Variation—	
	------rupees in millions------			% age
Gross premium	50	67	(17)	(26%)
Net premium	34	32	2	7%
Net claims	(12)	(19)	7	37%
Expenses	(6)	(6)	-	0%
Net commission	(1)	(1)	-	0%
Underwriting results	15	7	9	132%
Net claims ratio (%)	35%	59%		
Expense ratio (%)	17%	17%		
Combined ratio (%)	52%	76%		

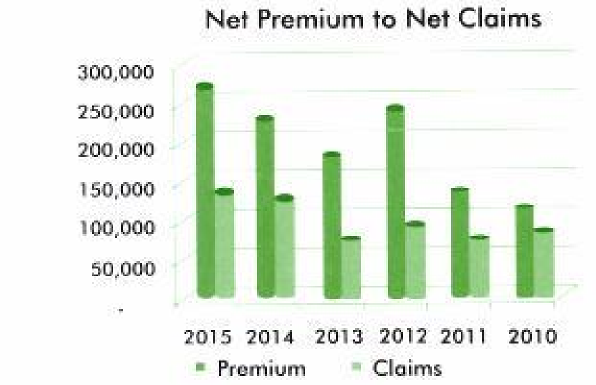
سرمایہ کاری اور متعلقہ آمدن:۔ بینکوں کے ساتھ ڈپازٹ کی صورت میں سرمایہ کاری کے نتائج مثبت نکلے جو بینکوں سے تعلقات سرمایہ کاری کے منافع اور دونوں کے میل سے انشورنس بزنس سے آمدنی کے بہت اچھے نتائج نکلے۔ آپکی کمپنی کی سرمایہ کاری نہایت ہنرمندی سے کی جا رہی ہے جس کے نتائج بہت اچھے آ رہے ہیں۔ 31 دسمبر 2015 تک کمپنی کی سرمایہ کاری 293.216 ملین روپے تک پہنچ چکی ہے جس سے آپکی کمپنی کو بینک انٹرسٹ اور ڈیویڈنڈ کی صورت میں خاطر خواہ منافع ہوا ہے۔ اس سرمایہ کاری سے کمپنی کو 23.718 ملین روپے کی آمدن ہوئی جو کے 2014 میں 22.158 ملین روپے تھی۔ یہ 2014 کے مقابلے میں 7% اضافے کو ظاہر کرتی ہے۔ اس سال پی جی آئی آٹوز (سسٹر کنسرن) بنائی گئی ہے تاہم کمپنی نے ابھی تک اس میں سرمایہ کاری نہیں کی ہے جو کے ممبران نے پچھلے اجلاس میں منظوری دی تھی

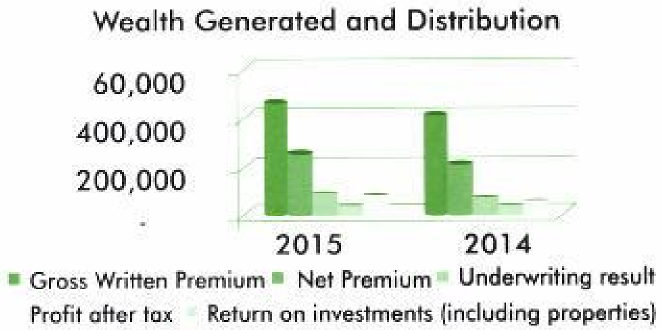
ممبران کے لیے ڈائریکٹرز کی رپورٹ

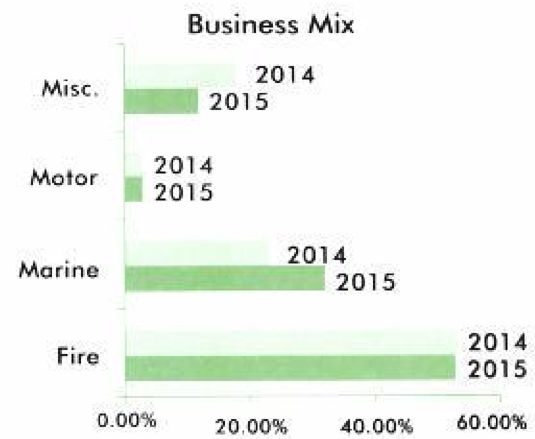
(یہ انگریزی رپورٹ کا ترجمہ ہے)

جائیداد میں سرمایہ کاری:۔ کمپنی نے 2015 میں 17 ملین روپے پراپرٹی کے عوض کمائے۔اس سال ایک نئی پراپرٹی بھی خریدی گئی۔جو رقم وصول کی گئی اُسے بینک کے ساتھ شارٹ ٹرم کی صورت میں سرمایہ کاری کردی گئی۔کمپنی نے جائیداد کے کرائے کی صورت میں 5.2 ملین روپے وصول کیے جو کے پچھلے سال 6.3 ملین روپے تھے۔یہ کمی جائیداد کی فروخت کی وجہ سے ہے۔

کمپنی کی اقتصادی ریٹنگ:۔ 2014 کے سالانہ مالیاتی حساب اور 30 جون 2015 کے نصف سال کے مالیاتی حساب کو مدِنظر رکھتے ہوئے پاکستان کی دونوں کریڈٹ ریٹنگ کمپنیز JCR VIS کریڈٹ ریٹنگ ایجنسی اور PACRA نے آپکی کمپنی کو A- ریٹنگ دے رکھی ہے پازیٹو آوٹ لُک کے ہمراہ۔







نئی پیداوری وضع:۔ کاروباری دُنیا کے نت نئے انداز کو مدِنظر رکھ کر کمپنی نے اپنے سٹاف کو مختلف شعبوں میں ٹریننگ دلوائی ہے تاکے مارکیٹ میں تبدیلیوں کے ساتھ ساتھ ترقی لائی جاسکے۔

کلیم:۔ کلیم کی ادائیگی شعبہ جات کے مطابق جلد سے جلد کی جاتی ہے جو مطلوبہ ثبوت اور کاغذات کے اصول کے بعد پوری تسلی کر کے فوراً کی جاتی ہے۔اگر کوئی کیس عدالتی ہو جائے تو اس میں تھوڑی سی دیر ہو جاتی ہے جو کے عدالت کے فیصلے پر منحصر ہوتی ہے۔

نقصان کو کم کرنے کے اقدامات:۔ نقصان کو کم سے کم سطح پر رکھنے کے لیے بہت سے اقدامات کیے جاتے ہیں جس کے لیے کمپنی نے رہنمائی اصول وضع کر رکھے ہیں۔مثلاً اپنے کسٹمر کو طریقہ جات سے مستفید کرنا فائر بریگیڈ وغیرہ کا مناسب انتظام پراپرٹی کی مناسب دیکھ بھال،نقصان کی صورت میں فوری اطلاع اور ایسے اقدامات جس سے نقصانات کو بڑھنے سے روکا جاسکے۔

ری انشورنس:۔ آپکی کمپنی نے جسامت کے مطابق رسک کو اپنے پاس رکھ کر باقی کی ری انشورنس کروانے کا نہایت اچھا انتظام کر رکھا ہے اور جو بھی ری انشورنس کرواتے ہیں وہ Aکلاس کمپنیوں کے ساتھ کروا رہے ہیں۔بڑھے کلیم کی صورت میں ری انشورنس ہی کمپنی کی مدد کرتی ہے اور مناسب وقت پر ساتھ دیتی ہے۔اس وقت ٹرسٹ ری انشورنس کمپنی کی سربراہی میں ری انشورنس پینل کام کر رہا ہے۔کمپنی نے اپنی ری ٹینشن کو بڑھایا ہے۔جس نے بھی منافع میں حصہ ادا کیا ہے۔

انفارمیشن ٹیکنالوجی اور آفات ریکوری پروگرام:۔ آپ کی کمپنی کے ڈائریکٹرز اس بات کا فہم رکھتے ہیں کے مارکیٹ میں بڑھنے اور پھولنے کے لیے نئی ٹیکنالوجی پر عمل کرنا ہوگا۔تاکہ نہ صرف اپنے بزنس اہداف کو حاصل کیا جاسکے بلکہ بڑھایا بھی جاسکے لہذا آفات کا ریکوری پروگرام مکمل کنٹرول میں چل رہا ہے۔کمپنی کا آن لائن سسٹم اس سلسلے میں مکمل طور پر کام کرتا ہے۔اور ہر چیز کنٹرول میں ہے۔جس کی وجہ سے بروقت فیصلہ جات ہوتے ہیں۔

پی جی آئی ویب سائیٹ:۔ آپکی کمپنی کی ویب سائٹ www.pgi.com.pk ہے۔جس کی بدولت آپ کمپنی سے متعلقہ ہر قسم کی معلومات حاصل کر سکتے ہیں۔دی پاکستان جنرل انشورنس کمپنی لمیٹیڈ سب سے پہلی انشورنس کمپنی ہے جس کا آن لائن انشورنس کوٹ سسٹم لایا گیا ہے۔

آمدنی فی شیئر:۔ آپکی کمپنی کی فی شیئر آمدنی 2015 میں 1.67 روپے ہے جو کہ 2014 میں 1.12 روپے تھی۔

بزنس رسک اور رسک مینجمینٹ:۔ انشورنس بزنس خطرات کی منتقلی میں حصہ داری ہے جو کہ ایک سمجھ دار انشورنس ایگزیکٹو ہی کر سکتا ہے۔مالکان کاروبار اپنے خطرات انشورنس کمپنی کے سپرد کرتے ہیں جو اچھی اور سمجھدار انشورنس کمپنی سے سنبھل سکتی ہے۔اچھی انشورنس کمپنیز سمجھدار پڑھے لکھے ہوئے سٹاف کو صورت میں کردار ادا کرتی ہیں۔دی پاکستان جنرل انشورنس کمپنی لمیٹیڈ نے سٹاف ٹریننگ اور پڑھے لکھے تجربہ کار ایگزیکٹو کی صورت میں اپنی جگہ بنائی ہوئی ہے تمام ایجنٹس نے ایجنٹ فاؤنڈیشن کورس کر رکھا ہے جب کہ سینئر سٹاف نہایت پڑھا لکھا ہے۔آپکی کمپنی نہ صرف ان خطرات پر نظر رکھتی ہے بلکہ ان کو کنٹرول بھی کرتی ہے۔اہم خطرات درج ذیل ہیں۔

ممبران کے لیے ڈائریکٹرز کی رپورٹ

(یہ انگریزی رپورٹ کا ترجمہ ہے)

اقتصادی اور سیاسی رسک:۔ ملک میں بجلی کی کمی اقتصادی اور سیاسی صورتِ حال کی وجہ سے کئی مسائل پیدا ہورہے ہیں جس کا انشورنس سیکٹر مقابلہ کررہا ہے۔ ہمارے انشورنس ایگزیکٹیو ہر طرح سے باخبر ہیں اور کمپنی کی بہتری کو مدِ نظر رکھے ہوئے ہیں۔

انشورنس رسک:۔ انشورنس میں پالیسی کی کوریج کے مطابق کلیم آسکتا ہے۔ دی پاکستان جنرل انشورنس کمپنی لمیٹڈ اس سے باخوبی واقف ہے اور کلیم کی ادائیگی میں جلد بازی کی بجائے اُس کو ہر زاویے سے معائنہ کرکے ہی سیٹل کرتی ہے تاکہ پالیسی ہولڈر کی ناراضگی نہ لی جاسکے۔

انٹرسٹ ریٹ رسک:۔ آپکی کمپنی انٹرسٹ ریٹ رسک کی حدود اور اُس کرنسی کی انٹرسٹ ریٹ میں تبدیلی کی نگرانی کرتی ہے جس کرنسی میں آپکی کمپنی کے مالیاتی اثاثہ جات موجود ہیں۔

لیکویڈیٹی رسک:۔ دی پاکستان جنرل انشورنس کمپنی لمیٹڈ نے لیکویڈیٹی رسک کو احسن طریقے کو سنبھال رکھا ہے جس سے کلیم اور دیگر ذمہ داریاں پوری کی جاسکیں۔ تاکہ کمپنی کو مارکیٹ میں کسی بھی قسم کو نقصان نہ ہو۔ بینکوں کے ساتھ سرمایہ کاری اس طرح کر رکھی ہے کہ ضرورت کی صورت میں کوئی رکاوٹ پیش نہ آئے۔

آئی ٹی رسک:۔ دی پاکستان جنرل انشورنس کمپنی لمیٹڈ نے بدلتی بزنس صورتِ حال کے خطرات سے نمٹنے کے لیے تمام برانچ آفسز کو ملک بھر میں انٹرلنک کر رکھا ہوا ہے تاکہ دیر کی کوئی گنجائش نہ رہے۔

کریڈٹ رسک:۔ آپکی کمپنی نے ایسی پالیسی واضع کر رکھی ہے جس سے کریڈٹ اکاؤنٹ پر برابر نظر رکھی جاسکے اور پوزیشن متواتر مانیٹر ہوتی رہے۔

مارکیٹ رسک:۔ کمپنی نے ایسا نظام واضع کر رکھا ہے جس سے مارکیٹ میں مختلف نوعیت کے کاروبار میں کمی زیادتی میں نظر رکھی جاسکے۔ مثلاً گورنمنٹ سیکورٹیز، ایکویٹی اور ٹرم فائنانس سرٹیفکیٹ وغیرہ اس کے علاوہ کمپنی اُن اہم فیکٹرز پر بھی گہری نظر رکھتی ہے جو ان سیکورٹیز کی مالیت پر اثر انداز ہوتے ہیں۔

انویسٹمنٹ رسک:۔ کمپنی نے سرمایہ کاری کو محدود کرنے کے لیے مختلف قسم کی سرمایہ کاری کر رکھی ہے جو کہ ایکویٹی اور ٹرم فائنانس سرٹیفکیٹ کی صورت میں ہوتی ہے۔

ری انشورنس رسک:۔ دی پاکستان جنرل انشورنس کمپنی لمیٹڈ نے اپنی ری انشورنس کو اس طریقے سے قائم کر رکھا ہے کہ ایک ری انشورنس پر انحصار نہیں رکھا بلکہ ری انشورنس پینل بنایا ہوا ہے تاکہ کلیم رکوری کی صورت میں کوئی مشکل پیش نہ آئے۔

ہیومین ریسورس:۔ دی پاکستان جنرل انشورنس کمپنی لمیٹڈ نے اپنا کاروبار چلانے کے لیے ایسا ماحول پیدا کیا ہوا ہے کہ ہر ٹیم ممبر اپنی تمام تر قابلیت کے ساتھ کام کرے جس کے نتائج بہت مثبت رہے ہیں۔ ہمیشہ ٹارگٹ اور مقاصد حاصل کیے ہیں۔ کلیم اور انڈر رائٹنگ ڈیپارٹمنٹ نے ہمیشہ بہترین کارکردگی کا مظاہرہ کیا ہے۔ بہت سے نئے ممبرز نے کمپنی میں شمولیت اختیار کی جن کو مناسب ٹریننگ دے کر ٹیم میں شامل کرلیا گیا اور انہوں نے اپنی قابلیت کا بھرپور مظاہرہ کیا۔ اللہ کے فضل سے اچھے نتائج آپ کے سامنے ہیں۔

کیپٹل منجمنٹ اور لیکویڈیٹی:۔ کمپنی نے ایسی پالیسی اپنا رکھی ہے جس سے ترقی اور شیئر ہولڈر کو منافع کو صورت میں سامنے لایا جائے۔ کمپنی نے اپنے کیپٹل ٹارگٹ کو حاصل کرکے کریٹ ریٹنگ میں بہترین کردار ادا کیا ہے۔ کمپنی کا رسک منجمنٹ فریم ورک، لیکویڈیٹی رسک ذرائع، لیکویڈیٹی سٹریس ٹیسٹنگ، مانیٹرنگ اور مستقبل کی پلاننگ پر منحصر ہے۔ کمپنی مکمل سرمایہ کاری اور فنڈز کے میسر کرنے میں نہایت مناسب اقدام کرنے کی قابلیت رکھتی ہے جو کہ مشکل حالات میں اہم کردار ادا کرتے ہیں۔ کمپنی اپنی سرمایہ کاری اور انشورنس کاروبار کا مقابلہ کرتی رہتی ہے تاکہ اپنی صحیح پوزیشن کا ہر وقت علم رہے۔ کمپنی کے ابتدائی ذرائع آمدنی پریمیم اور سرمایہ کاری پر منحصر ہیں جن سے کلیم، کمیشن اور دوسرے اخراجات پورے کیے جاتے ہیں۔ سرمایہ کاری سے شیئر ہولڈرز کو ادائیگی کی جاتی ہے۔ کمپنی کی کیش پوزیشن اس وقت 329.262 ملین روپے ہے جو کہ 2014 میں 297.696 ملین روپے تھی۔ کمپنی نے نہایت ماہرانہ طریقے سے اپنی ذمہ داریاں پوری کیں ہیں۔

اپیروپریشن اور ڈیویڈینڈ:۔ اپیروپریشن کے لیے موجود رقم درج ذیل ہے۔

	Rs. in 000
a) Retained earnings	
At beginning of the year	56,861
Total comprehensive income	66,907
Amount available	123,768
b) General reserves	
At beginning of the year	140,000
Bonus shares issued	(25,013)
Amount available	114,987
	238,755

آپکی کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ کیش ڈیویڈنڈ برائے سال 2015 کا اعلان کرتے ہیں جو کہ 7.5% فیصد ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

چوہدری منظور احمد
چیئرمین

لاہور: 31/مارچ/2016

Corporate Sustainability at PGI

We at PGI are conscious of well-being of our employees as well as community at large. Pollution reduction and waste management processes have been defined and are being applied to ensure minimal impact on our environment. Waste management includes reduce, reuse, recycle and disposal processes. PGI focus on energy conservation and all employees adhere to the power conservation measures. PGI takes its contribution for national economy seriously and has always discharged its obligations in accurate, transparent and timely manner Since Corporate Social Responsibility (CSR) is a continuous process, this year we have strived to ensure sustainability for our stakeholders through numerous initiatives encompassing:

- Corporate Social Responsibility;
- Employee Development;
- Compliance; and
- Optimization of Resources.

Corporate social responsibility

PGI believes in giving the youth of Pakistan confidence, opportunities for learning and success. We have offered paid internships all around the year to students from diverse colleges and universities to apply their knowledge practically and gain hands on experience which can enable them to secure rewarding opportunities not only at PGI but in the external job market as well.

We take our contribution towards national economy seriously and have always discharged our obligations in a transparent, accurate and timely manner. During the year, Rs. 66.387 million was paid on account of income tax and other levies.

The Company contributed towards various social sector organizations in the education, health and environment areas during the year and aims to enhance its contribution in the future.

We also extend support to the employees for the education of their children.

Environmental sustainability

Pollution reduction and waste management measures have been defined and are being applied to ensure that it has a minimal impact on our environment. Our waste management process is based on reduce, reuse, recycle and disposal philosophy.

PGI Insurance gives due care to energy conservation. All departments and employees are conscious and implement power conservation measures not only during, but after business hours as well.

Employee development & engagement

PGI recognizes the value of a balanced work force and is committed to the principles of equal opportunity, equality of treatment and creating a dynamic climate where diversity is valued as a source of enrichment and opportunity.

We have an outstanding concentration of specialist expertise and talent. Providing our people with learning and growth opportunities coupled with a safe and secure workplace is one of our top priorities.

It is encouraging to report that this year:

- Customized training programs were carried out in various disciplines like Finance, Claims, Underwriting and Risk management function.
- Investment on employee training & education was around Rs. 0.5 million.
- Average training hours per employee for the year were 12 hours.
- There have been zero accidents / injury at the workplace.
- Health Awareness Sessions arranged for employees every quarter.

Business sustainability

The Company has built a reputation for conducting business with integrity, in accordance with high standards of ethical behavior, and in compliance with the laws and regulations that govern our business. PGI carefully checks for compliance with the Code by providing suitable information, prevention and control tools and ensuring transparency in all transactions and behaviors by taking creative measures as required.

To further capitalize on internal & external strengths, adopt best practices and increase operational efficiencies the following committees exist:

- Cross functional team for business process optimization
- Salvage Disposal Committee & Theft Vehicle Recovery Team for maximizing the return for the company while ensuring integrity & transparency

For and on behalf of the Board

Ch. Manzoor Ahmed
Chairman
Lahore: March 31, 2016

Report of the Board Audit Committee

The role of the Committee in the context of governance frame work is to monitor:

a) The integrity of financial statements;
b) The appointment, qualification, independence and performance of external auditors;
c) The performance of internal audit function; and
d) The effectiveness of system of internal controls and risk management; and
e) Compliance with legal and regulatory requirements.

The committee concluded its annual review of the conduct and operations of the Company for the year ended December 31, 2015 and reports that:

- Four meetings of the Committee were held during the year and presided by Chairman of the Committee.
- The Committee reviewed the quarterly and annual financial statements of the Company and recommended them for approval of the Board.
- The Company issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed by the external auditors of the Company.
- The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements of the Company and Directors report. They acknowledged their responsibility for true and fair presentation of the financial statements, accuracy of reporting, compliance with regulations and applicable financial reporting standards and establishment and maintenance of internal controls and systems of the Company.
- The financial statements have been prepared in accordance with approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified by the Companies Ordinance, 1984 the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002.
- Appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgment. Applicable accounting standards were followed in preparation of the financial statements of the Company on a going concern basis for the financial year ended December 31, 2015 which present fairly the state of affairs, results of operations, profits, cash flows and changes in equity of the Company for the year under review.
- Proper, accurate and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984.

Internal Audit Function

- The internal control framework has been effectively implemented. The Company's system of internal controls is sound in design and has been continuously evaluated for effectiveness and control.
- The Committee has ensured the achievement of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company through effective financial, operational and compliance controls and risk management at all levels within the Company.
- Coordination between the external and internal auditors was facilitated to ensure efficiency and contributions to the Company's objectives, including a reliable financial reporting systems and compliance with laws and regulations.'

External Auditors

- The statutory auditors of the Company, M/s. Rahman Sarfraz Rahim Iqbal Rafiq Chartered Accountants and M/s. Kamran & Co. Chartered Accountants have completed their audit of the Company's financial statements and the Statement of Compliance with the Code of Corporate Governance for the year ended December 31, 2015.
- The management letter is required to be submitted within 45 days of the date of the Auditors' Report on the financial statements under the listing regulations and shall therefore accordingly be discussed in the next committee meeting.
- The audit firms have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firms are fully compliant with the International Federation of Accountants (IFAC) guidelines on Code of Ethics, as adopted by ICAP. The statutory auditors have indicated their willingness to continue as auditors.
- Being eligible for reappointment under listing regulations, the Board Audit Committee recommends the appointment of M/s. Rahman Sarfraz Rahim Iqbal Rafiq Chartered Accountants as statutory auditors for the financial year ending December 31, 2016 on terms approved by the Board of Directors.

Rehan Beg

Rehan Beg
Chairman, Board Audit Committee
Lahore: March 31, 2016

Report on Code of Corporate Governance

Compliance with the requirements of code of corporate governance

From its inception the Company has maintained a visible record of good corporate governance this is reflected merely by the growth of the Company over the years. In the phase of implementing the revised code of corporate governance ('the code') as required by the listing regulations, the Company has implemented all aspects of the code and the management is pleased to state that the fullest efforts have been made to comply with the provisions of the code.

Corporate and financial reporting framework

The directors confirm compliance with the Corporate and Financial Reporting Framework of the code for following:

a) The financial statements are prepared by management of PGI in conformity with the Companies Ordinance, 1984 and the Insurance Ordinance, 2000 and present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

b) Proper books of accounts of the Company have been maintained.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) The 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.

e) The system of internal control is sound in design and has been continuously monitored by the internal audits. This is a continuing process and any weaknesses will be removed and its effective implementation shall be ensured.

f) There is no doubt upon the Company's ability to continue as a going concern.

g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h) Key operating and financial data for the last six years is attached with this report.

i) Outstanding taxes and duties are given in the financial statements.

j) The trade carried out during the year by the Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children has been disclosed in this report under the "shareholders' information".

k) The value of investments based on audited financial statements of the Company's Employee Provident Fund as at December 31, 2015 is Rs. 0.900 million.

l) All the major decisions relating to investments / disinvestments of funds, change in the policy of underwriting, if any, appointment, remuneration and terms & conditions of CEO are taken to the Board.

Related party transactions

The related party transactions are approved or ratified by the audit committee and the Board of Directors in their meetings. All the transactions executed with related parties are on arms' length basis.

Pattern of shareholding

Statement of pattern of shareholding of the Company as on December 31, 2015 is attached with this report.

Chief Executive Officer (CEO) performance review

The Board appoints the CEO for the tenure of three years. The HR and remuneration committee of the Board sets the operational, financial and strategic objectives and reviews the CEO's performance on annual basis.

Material changes

There have been no material changes and commitments affecting financial position of PGI since December 31 2015.

Board of directors

The directors of your Company were elected at annual general meeting of the Company held on April 30, 2013 for a term of three years expiring on April 30, 2016. The number of meetings attended by each director is given hereunder:

Name of the member	Meetings attended
1. Ch. Manzoor Ahmed (Chairman)	4/4
2. Ch. Zahoor Ahmed (CEO)	4/4
3. Nasir Ali	4/4
4. Ghulam Mustafa	4/4
5. Raees ud Din	4/4
6. Mazhar Zahoor	4/4
7. Muazzam Gul	4/4
8. Mehmood-ul-Haq	2/2
9. Ather Zahoor	4/4
10. Rehan Beg	2/2

The casual vacancies occurred on the board had been filled in accordance with the provisions of the Companies Ordinance, 1984.

Report on Code of Corporate Governance

Board & Management Committees

Members of management committees comprise of executives as well as directors to monitor above core areas of its business. Meetings of the Board of directors, Audit, Underwriting, Reinsurance, Claims, Investment and Human Resources Committees were held according to Schedule. Meetings held and attendance by each director in the meetings of the Board and its sub-committees are as follows:

	BOD	Audit	Under Writing	Re-Insurance	Claims	Invest-ments	Human Resources
No. of meetings held	4	4	4	4	4	4	4
		ATTENDANCE					
Ch. Manzoor Ahmed	4	-	-	-	-	-	-
Ch. Zahoor Ahmed	4	-	4	-	-	4	-
Ghulam Mustafa	4	-	-	-	4	-	-
Mazhar Zahoor	4	-	-	-	-	-	-
Rais Ud Din	4	4	-	-	-	-	4
Nasir Ali	4	4	-	4	-	-	4
Dr. Mehmood Ul Haq	2	-	-	-	-	2	-
Rehan Beg	2	-	-	-	-	2	-
Mauzam Gul	4	4	-	-	-	4	-
Ather Zahoor	4	-	-	-	-	-	4

Insurance Ordinance, 2000

As required under the Insurance Ordinance and rules framed there under, the Directors confirm that:

a) in their opinion and to the best of their belief the annual statutory accounts of the Company set out in the forms attached with this statement have been drawn up in accordance with the Insurance Ordinance and any rules made there under;

b) the Company has at all times in the year complied with the provisions of the Ordinance and the rules made there under relating to the paid-up capital, solvency and re-insurance arrangements; and

c) as at the date of the statement, the Company continues to be in compliance with the provisions of the Ordinance and rules framed there under as mentioned above.

Statement of ethics & business practices

Board has adopted "Statement of Ethics & Business Practices". Entire staff is aware of the statement and are obliged to observe the rules of conduct in relation to the business operations and regulations.

Auditors

The present auditors M/s. Rehman Sarfraz Rahim Iqbal Rafiq, Chartered Accountants and had been retired. As suggested by the audit committee, the Board of Directors has recommended the appointment of M/s. Rehman Sarfraz Rahim Iqbal Rafiq, Chartered Accountants as auditors of the Company for the year 2016, at a fee to be agreed.

Future outlook

Our strategy for 2016 is designed to deliver sustainable, growth in a changing and competitive business environment in order to maintain competitive position in the industry. We have applied to SECP for Window Takaful Operations License. Your Company would then be able to market shariah compliant products in addition to conventional product.

The way to success will be the flawless and relentless execution of our strategic plan to build a more competitive, more successful business that will be recognized as the best in the industry.

Acknowledgements

We would like to thank our customers and business partners whose loyalty and dedication makes PGI the great Company that it is. We also take this opportunity to thank Securities and Exchange Commission of Pakistan, our brokers and reinsurers including Pakistan Reinsurance Company Limited, bankers and our shareholders for their continued support and confidence put in PGI during the year. Lastly, we would like to place on record our appreciation for the devotion, loyalty and continued hard work of the workforce and the employees.

For and on behalf of the Board

Ch. Manzoor Ahmed
Chairman
Lahore: March 31, 2016

Statement of Compliance with Code of Corporate Governance

This statement is being presented to comply with the code of corporate governance contained in the listing regulations of Pakistan Stock Exchange for purpose of establishing a framework of good governance where by a listed company is managed in compliance with the best practices of corporate governance.

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

1. PGI encourages representation of Independent non-executive and minority directors on its Board. At present the Board includes:

   Non-executive directors
   a) Independent directors
      - Raees Ud Din
      - Rehan Beg
   b) Other non-executive directors
      - Ch. Manzoor Ahmed (Chairman)
      - Ather Zahoor
      - Nasir Ali

   Executive directors
      - Ch. Zahoor Ahmed (Chief Executive)
      - Ghulam Mustafa
      - Mazhar Zahoor

   The independent directors meet the criteria of independence under clause i (b) of Code of Corporate Governance.

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Casual vacancies occurred on the Board during the year had been accordingly filled in by the Board of Directors of the Company.

5. 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 along with its supporting policies and procedures and been signed by all directors / employees of Company.

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board including appointment and determination of remuneration, terms and conditions of employment of CEO, executive and non-executive directors have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. Minutes of the meetings were appropriately recorded and circulated.

9. As per the Code, Directors of the Company having 15 years of experience on the Board of listed company and 14 years of education are exempted from Directors' training program. Three out of nine Board members of the Company qualify for exemption under the provision (xi) of the Code. Two Directors has already obtained training certificate as required and remaining Directors will complete their course in subsequent years. Further, the Company will arrange training program for all Directors as provided under the Code.

10. The Board has approved appointment of Company Secretary including his remuneration and terms and conditions of employment. There was no new appointment of Chief Financial Officer and Head of Internal Audit during the year.

11. The Directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all corporate and financial reporting requirements of the Code of Corporate Governance.

Statement of Compliance with Code of Corporate Governance

15. The Board has formed an Audit Committee. It comprises of three members which are non-executive directors and the Chairman of the Committee is an independent director.

16. The meeting of underwriting, claims settlement, re / coinsurance and investment committees were held at least once every quarter.

17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code of Corporate Governance. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

18. The Board has formed an HR and Remuneration Committee. It comprises of three members which are non-executive directors and the Chairman of the Committee is an independent director.

19. The Company has an effective team for internal audit. The team is fully conversant with the policies and procedures of the Company and is involved in the internal audit function on full time basis.

20. All related party transactions entered during the year were on arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions are duly reviewed and approved by the Audit committee and Board of Directors along with pricing method.

21. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

22. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

23. The 'closed period', prior to the announcement of interim / final results and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

24. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).

25. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Ch. Manzoor Ahmed
Chairman
Lahore: March 31, 2016

PGI

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance ('the Code') prepared by the Board of Directors of **The Pakistan General Insurance Company Limited** (the Company) for the year ended **December 31, 2015** to comply with the requirements of Listing Regulation No. 35 of the respective Pakistan Stock Exchange where the Company is listed.

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

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

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

Rahman Sarfraz Rahim Iqbal Rafiq
Chartered Accountants

Engagement Partner: A. Rahman Mir (FCA)

Lahore, March 31, 2016

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SECP

PGI

RSRIR RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS

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Auditors' Report to the members of The Pakistan General Insurance Company Limited

We have audited the annexed financial statements comprising of:

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

of **The Pakistan General Insurance Company Limited** as at **December 31, 2015** together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;

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

c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2015, and of the profit / comprehensive income, its cash flows and changes in equity for the year then ended in accordance with Approved Accounting Standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Rahman Sarfraz Rahim Iqbal Rafiq
Chartered Accountants

Engagement Partner: A. Rahman Mir (FCA)
Lahore, March 31, 2016

Balance Sheet
As at December 31, 2015

	Note	Dec. 31 / 2015	Dec. 31 / 2014
		---------- Rupees ---------	
Share capital and reserves			
Authorized share capital			
50,000,000 (2014: 40,000,000) ordinary shares of Rs. 10 each		500,000,000	400,000,000
Issued, subscribed and paid-up share capital	5	400,012,500	375,000,000
General reserves	6	114,987,500	140,000,000
Un-appropriated profit		123,767,700	56,860,719
Total equity		638,767,700	571,860,719
Surplus on revaluation of fixed assets	7	9,586,146	9,853,609
Underwriting provisions			
Provision for outstanding claims (including IBNR)		44,509,457	50,156,211
Provision for unearned premium		204,517,465	202,501,375
Commission income unearned		21,205,556	18,167,223
Total underwriting provisions		270,232,478	270,824,809
Deferred liability			
Deferred taxation	8	2,662,815	2,965,647
Creditors and accruals			
Amounts due to other insurers / reinsurers		31,139,980	15,621,216
Accrued expenses		1,300,425	1,585,090
Taxation - provision less payments	9	9,673,789	10,918,785
Other creditors	10	11,770,534	9,654,379
		53,884,728	37,779,470
Other liabilities			
Unpresented dividend warrants		235,913	235,913
Total liabilities		327,015,934	311,805,839
Total equity and liabilities		975,369,780	893,520,167
Contingencies and commitments	11		

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chairman	Chief Executive / Principal Officer	Director	Director
(Ch. Manzoor Ahmed)	(Ch. Zahoor Ahmed)	(Ghulam Mustafa)	(Ather Zahoor)

Balance Sheet
As at December 31, 2015

	Note	Dec. 31 / 2015	Dec. 31 / 2014
		---------- Rupees ---------	
Cash and bank deposits			
Cash and other equivalents	12	166,309	181,398
Current and other accounts		39,229,427	11,580,454
Deposits maturing within 12 months	13	218,500,000	280,000,000
Deposits maturing after 12 months	14	39,800,000	37,500,000
		297,695,736	329,261,852
Loans - unsecured; considered good			
To employees		4,401,410	223,896
Investments	15	34,915,884	49,105,882
Investment properties	16	41,646,352	105,093,173
Current assets - others			
Premiums due but unpaid (net - unsecured)	17	338,559,475	162,984,180
Amounts due from other insurers / reinsurers (unsecured)		13,665,871	15,877,264
Accrued investment income		1,639,820	3,112,066
Reinsurance recoveries against outstanding claims		2,022,612	5,375,000
Deferred commission expense		23,600,999	24,832,486
Prepaid reinsurance premium ceded		113,866,968	99,817,801
Prepayments		537,991	-
Sundry receivables		4,469,945	449,612
		498,363,681	312,448,409
Fixed assets - Owned			
- land and buildings		67,894,938	71,468,356
- furniture, fixtures and office equipment		5,475,054	5,361,387
- vehicles		24,976,725	20,557,212
	18	98,346,717	97,386,955
Total assets		975,369,780	893,520,167

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chairman	Chief Executive / Principal Officer	Director	Director
(Ch. Manzoor Ahmed)	(Ch. Zahoor Ahmed)	(Ghulam Mustafa)	(Ather Zahoor)

Profit and Loss Account/ Statement of Comprehensive Income For the Year Ended December 31, 2015

	Fire and property damage	Marine, aviation and transport	Motor	Others	Note	Aggregate Dec. 31 / 2015	Aggregate Dec. 31 / 2014
	------ Rupees ------					------ Rupees ------	
Revenue account							
Net premium revenue	142,433,444	72,834,603	14,971,860	34,351,520	19	264,591,427	224,003,996
Net claims	(70,410,631)	(46,269,074)	144,393	(12,096,518)		(128,631,830)	(122,478,595)
Premium deficiency	-	-	-	-		-	10,064,523
Expenses	(29,793,735)	(16,420,635)	(1,894,752)	(5,845,493)	20	(53,954,615)	(34,295,628)
Net commission	(11,930,602)	(4,978,081)	(1,389,461)	(1,140,360)		(19,438,504)	(18,641,734)
Underwriting result	30,298,476	5,166,813	11,832,040	15,269,149		62,566,478	58,652,562
Investment income						23,718,394	22,158,522
Rental income						5,207,895	6,304,200
Other income					21	18,231,179	2,036,877
Finance cost					22	(423,659)	(464,731)
General and administration expenses					23	(39,992,359)	(38,947,966)
						6,741,450	(8,913,098)
Profit before tax						69,307,928	49,739,464
Taxation					24	(2,668,410)	(4,897,387)
Profit for the year						66,639,518	44,842,077
Other comprehensive income							
Items that may not be subsequently reclassified to 'profit and loss account:							
Incremental depreciation on revalued assets, net of tax						267,463	281,540
Items that may be subsequently reclassified to 'profit and loss account						-	-
Other comprehensive income for the year, net of tax						267,463	281,540
Total comprehensive income for the year						66,906,981	45,123,617
Profit and loss appropriation account							
Balance at beginning of the year						56,860,719	36,737,102
Total comprehensive income for the year						66,906,981	45,123,617
Transferred to general reserves						-	(25,000,000)
Balance at end of the year						123,767,700	56,860,719
Earnings per share - basic and diluted					25	1.67	1.12

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chairman	Chief Executive / Principal Officer	Director	Director
(Ch. Manzoor Ahmed)	(Ch. Zahoor Ahmed)	(Ghulam Mustafa)	(Ather Zahoor)

Statement of Changes in Equity
For the Year Ended December 31, 2015

	Share Capital	General Reserves	Un-appropriated Profit	Total Equity
	------------------------------	Rupees	------------------------------	
Balance as at January 1, 2014	**375,000,000**	**115,000,000**	**36,737,102**	**526,737,102**
Total comprehensive income for the year				
Profit for the year	-	-	44,842,077	44,842,077
Other comprehensive income for the year	-	-	281,540	281,540
	-	-	45,123,617	45,123,617
Transactions with owners, recorded directly in equity				
Bonus shares @ 25% issued during the year	-	25,000,000	(25,000,000)	-
Balance as at December 31, 2014	**375,000,000**	**140,000,000**	**56,860,719**	**571,860,719**
Total comprehensive income for the year				
Profit for the year	-	-	66,639,518	66,639,518
Other comprehensive income for the year	-	-	267,463	267,463
	-	-	66,906,981	66,906,981
Transactions with owners, recorded directly in equity				
Transfers to general reserves	25,012,500	(25,012,500)	-	-
Balance as at December 31, 2015	**400,012,500**	**114,987,500**	**123,767,700**	**638,767,700**

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chairman (Ch. Manzoor Ahmed) | Chief Executive / Principal Officer (Ch. Zahoor Ahmed) | Director (Ghulam Mustafa) | Director (Ather Zahoor)

Statement of Cash Flows
For the Year Ended December 31, 2015

		Dec. 31 / 2015	Dec. 31 / 2014
		------------- Rupees	-----------
Operating cash flows			
a)	**Underwriting activities**		
	Premiums received	264,783,101	445,455,821
	Reinsurance premiums paid	(187,251,732)	(144,405,652)
	Claims paid	(254,202,627)	(226,260,554)
	Reinsurance and other recoveries received	123,276,431	102,610,254
	Commissions paid	(52,530,265)	(49,678,705)
	Commissions received	37,361,581	31,730,074
	Net cash (outflow) / inflow from underwriting activities	(68,563,511)	159,451,238
b)	**Other operating activities**		
	Income tax paid	(4,216,238)	(3,508,644)
	General and management expenses paid	(64,971,849)	(60,911,514)
	Loans to employees	(4,177,514)	(20,070)
	Other receipts / (payments) in respect of operating assets	(4,077,264)	968,178
	Other receipts in respect of operating assets	2,064,095	1,084,925
	Net cash out flow from other operating activities	(75,378,770)	(62,387,125)
Total cash (outflow) / inflow from all operating activities (a+b)		(143,942,281)	97,064,113
Investing activities			
Profit / Return Received		10,304,166	15,127,030
Dividends received		524,464	437,802
Rentals received		4,778,895	6,304,200
Miscellaneous income		314,762	36,877
Payments for investments		(107,724,584)	(9,578,297)
Proceeds from disposal of investments		136,276,592	46,934,180
Fixed capital expenditure		(31,874,471)	(30,127,625)
Proceeds from disposal of investment properties & fixed assets		100,200,000	94,000,000
Total cash inflow from investing activities		112,799,824	123,134,167
Financing activities			
Financial charges paid		(423,659)	(464,731)
Payments of finance leases		-	(93,872)
Total cash (outflow) from financing activities		(423,659)	(558,603)
Net cash inflow / (outflow) from all activities		(31,566,116)	219,639,677
Cash at beginning of the year		329,261,852	109,622,175
Cash at end of the year		297,695,736	329,261,852

Statement of Cash Flows
For the Year Ended December 31, 2015

	Dec. 31 / 2015	Dec. 31 / 2014
	------------- Rupees	-----------
Reconciliation to profit and loss account		
Operating cash flows	(143,942,281)	97,064,113
Depreciation expense	(11,569,722)	(12,037,358)
Finance cost	(423,659)	(464,731)
Increase / (Decrease) in assets other than cash	188,954,142	(27,501,941)
(Increase) / Decrease in liabilities	(15,210,095)	(41,262,463)
Other adjustments		
Reversal / (provision) for impairment - available for sale	(1,145,360)	308,516
Provision for doubtful receivables	(17,181,843)	(1,455,142)
Doubtful debts written off	18,855,508	-
Investment income	24,339,290	21,412,204
Rental income	5,207,895	6,304,200
Dividend income	524,464	437,802
Other income	18,231,179	2,036,877
Profit after taxation as per profit and loss account	66,639,518	44,842,077

Definition of cash

Cash for the purposes of the statement of cash flows consists of:

	Dec. 31 / 2015	Dec. 31 / 2014
Cash and other equivalents	166,309	181,398
Current and other accounts	39,229,427	11,580,454
Deposits maturing within 12 months	218,500,000	280,000,000
Deposits maturing after 12 months	39,800,000	37,500,000
	297,695,736	329,261,852

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chairman (Ch. Manzoor Ahmed)	Chief Executive / Principal Officer (Ch. Zahoor Ahmed)	Director (Ghulam Mustafa)	Director (Ather Zahoor)

Statement of Premiums
For the Year Ended December 31, 2015

Business underwritten inside Pakistan

Class of business	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		Dec. 31 / 2015	Dec. 31 / 2014
	Rupees									
Direct and facultative										
Fire and property damage	252,653,688	107,665,495	100,063,811	260,255,372	124,106,690	60,645,297	66,930,059	117,821,928	142,433,444	126,937,366
Marine, aviation and transport	139,248,542	51,624,814	70,496,185	120,377,171	58,153,217	23,484,212	34,094,861	47,542,568	72,834,603	52,995,671
Motor	16,067,677	7,659,547	7,855,364	15,871,860	900,000	-	-	900,000	14,971,860	11,881,003
Miscellaneous	49,570,332	35,551,519	26,102,105	59,019,746	21,821,982	15,688,292	12,842,048	24,668,226	34,351,520	32,189,956
Total	457,540,239	202,501,375	204,517,465	455,524,149	204,981,889	99,817,801	113,866,968	190,932,722	264,591,427	224,003,996

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chairman (Ch. Manzoor Ahmed)	Chief Executive / Principal Officer (Ch. Zahoor Ahmed)	Director (Ghulam Mustafa)	Director (Ather Zahoor)

Statement of Claims
For the Year Ended December 31, 2015

Business underwritten inside Pakistan

Class of business	Claims paid	Outstanding claims		Claims expenses	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing			Opening	Closing		Dec. 31 / 2015	Dec. 31 / 2014
	Rupees									
Direct and facultative										
Fire and property damage	147,339,500	4,683,000	1,257,900	143,914,400	75,950,269	3,345,000	898,500	73,503,769	70,410,631	73,668,670
Marine, aviation and transport	83,453,870	44,140,000	42,432,196	81,746,066	36,452,880	1,680,000	704,112	35,476,992	46,269,074	30,303,731
Motor	474,457	808,211	189,361	(144,393)	-	-	-	-	(144,393)	(582,661)
Miscellaneous	22,934,800	525,000	630,000	23,039,800	10,873,282	350,000	420,000	10,943,282	12,096,518	19,088,855
Total	254,202,627	50,156,211	44,509,457	248,555,873	123,276,431	5,375,000	2,022,612	119,924,043	128,631,830	122,478,595

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chairman
(Ch. Manzoor Ahmed)

Chief Executive / Principal Officer
(Ch. Zahoor Ahmed)

Director
(Ghulam Mustafa)

Director
(Ather Zahoor)

Statement of Expenses
For the Year Ended December 31, 2015

Business underwritten inside Pakistan

Class of business	Commissions paid or payable	Deferred commission		Net Commission expense	Other management expenses	Underwriting expense	Commissions from reinsurers	Net underwriting expense	
		Opening	Closing					Dec. 31 / 2015	Dec. 31 / 2014
	Rupees								
Direct and facultative									
Fire and property damage	29,945,660	14,031,347	11,837,393	32,139,614	29,793,735	61,933,349	20,209,012	41,724,337	31,233,787
Marine, aviation and transport	15,416,287	5,997,263	7,828,621	13,584,929	16,420,635	30,005,564	8,606,848	21,398,716	12,574,577
Motor	1,428,553	664,137	703,229	1,389,461	1,894,752	3,284,213	-	3,284,213	2,623,474
Miscellaneous	5,739,765	4,139,739	3,231,756	6,647,748	5,845,493	12,493,241	5,507,388	6,985,853	6,505,524
Total	52,530,265	24,832,486	23,600,999	53,761,752	53,954,615	107,716,367	34,323,248	73,393,119	52,937,362

Note: Commission from reinsurers is arrived at taking impact of opening and closing unearned commission.

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chairman
(Ch. Manzoor Ahmed)

Chief Executive / Principal Officer
(Ch. Zahoor Ahmed)

Director
(Ghulam Mustafa)

Director
(Ather Zahoor)

Statement of Investment Income
For the Year Ended December 31, 2015

	Note	Dec. 31 / 2015	Dec. 31 / 2014
		----------- Rupees ---------	
Income from non - trading investments			
Available for sale			
Dividend income		524,464	437,802
Held to maturity			
Return on Defense Saving Certificates		367,644	2,958,657
Profit on bank deposits		11,518,012	18,510,335
		11,885,656	21,468,992
Gain on sale of non trading investments- available for sale		15,139,726	641,684
Reversal / (provision) for impairment - available for sale	15	(1,145,360)	308,516
Investment related expenses		(2,686,092)	(698,472)
Net investment income		23,718,394	22,158,522

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chairman	Chief Executive / Principal Officer	Director	Director
(Ch. Manzoor Ahmed)	(Ch. Zahoor Ahmed)	(Ghulam Mustafa)	(Ather Zahoor)

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

1 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 (repealed by the Companies Ordinance, 1984) and is quoted on the Pakistan Stock Exchange (formerly Karachi, Lahore and Islamabad Stock Exchanges) on July 25, 1995.

The Company is engaged in providing general insurance services in spheres of Fire and property damage; Marine, aviation and transport; Motor and Miscellaneous. The registered office of the Company is situated at Cooperative Bank House, 5-Bank Square, Lahore.

2 Basis of Preparation

These financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through Securities and Exchange Commission (Insurance) Rules, 2002, vide SRO 938 dated December 12, 2002.

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Insurance Ordinance 2000, the SEC (Insurance) Rules, 2002, the Companies Ordinance, 1984 ("the Ordinance"), directives issued by the Securities and Exchange Commission of Pakistan ("SECP"), and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") as notified under the provisions of the Ordinance. Wherever, the requirements of the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, the Ordinance or directives issued by SECP differ with the requirements of these standards, the requirements of the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, the Ordinance or the requirements of the said directives take precedence.

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

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention, modified by:
(a) revaluation of certain fixed assets at fair value; and
(b) financial instruments at fair value

2.3 Significant estimates

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the revision has been made. Estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in ensuing paragraphs.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates

- Provision for outstanding claims (including IBNR) - note 4.2
- Provision for unearned premium - note 4.3
- Provision for doubtful receivables - note 4.5
- Provision for taxation and deferred tax - note 4.8
- Useful lives of investment properties - note 4.13
- Useful lives and residual values of fixed assets - note 4.14
- Provision for premium deficiency reserve - note 4.21

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

2.4 Functional and presentation currency

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

3 Initial Application of a Standard, Amendment or an Interpretation to an Existing Standard and Forthcoming Requirements

3.1 Adoption of International Financial Reporting Standards that are effective and applicable to the Company -

Following standards, amendments to standards and interpretations including amendments to interpretations became effective during the year. However, the applications of these amendments and interpretations did not have any material effect on the Company's financial statements.

IFRS 2	Shared Based Payments (Amendments)
IFRS 3	Business Combinations (Amendments)
IFRS 8	Operating Segments (Amendments)
IFRS 12	Disclosures of Interests in Other Entities (Amendments)
IFRS 13	Fair Value Measurement (Amended)
IAS 16	Property, Plant and Equipment (Amendments)
IAS 19	Employee Benefits (Amendments)
IAS 24	Related Party Disclosures (Amendments)
IAS 27	Separate financial statements (Amendments)
IAS 38	Intangible Assets (Amendments)
IAS 40	Investment Property (Amendments)

3.2 Standards, interpretations and amendments to the published approved accounting standards not yet effective -

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or

Standard		IASB effective date (annual periods beginning on or after)
IFRS 5	Non Current Assets Held for Sale and Discontinued Operations (Amendments)	January 1, 2016
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 1, 2016
IFRS 10	Consolidated Financial Statements (Amendments)	January 1, 2016
IFRS 11	Joint Arrangements (Amendments)	January 1, 2016
IFRS 12	Disclosures of Interests in Other Entities (Amendments)	January 1, 2016
IAS 1	Presentation of financial statements (Amendments)	January 1, 2016
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2016
IAS 19	Employee Benefits (Amendments)	January 1, 2016
IAS 27	Separate financial statements (Amendments)	January 1, 2016
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 1, 2016
IAS 34	Interim financial reporting (Amendments)	January 1, 2016
IAS 38	Intangible Assets (Amendments)	January 1, 2016
IAS 41	Agriculture (Amendments)	January 1, 2016

3.3 Annual improvements to International Financial Reporting Standards

In addition to the above amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 1, 2014 and July 1, 2014. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

3.4 Standards issued by IASB but not applicable in Pakistan

Following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan. The Company expects that these improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

IFRS 1	First-time adoption of International Financial Reporting Standards
IFRS 9	Financial Instruments
	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers (New Pronouncement)

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

3.5 Interpretations and amendments that are waived off by SECP.

IFRIC 4 Determining whether an arrangement contains lease

IFRIC 12 Service concession arrangements

The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

4 Summary of Significant Accounting Policies

4.1 Insurance contracts

Insurance contracts are those contracts when 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.

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

The Company underwrites non-life insurance contracts that can be categorized into Fire and Property Damage, Marine, Aviation and Transport, Motor, Miscellaneous and Treaty 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. However, most of the contracts are for twelve months duration. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) of a facultative nature other than those which fall under Treaty are included within the individual category of insurance contracts. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer.

Fire and Property insurance contracts mainly compensate the customers for damage suffered to their property. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Marine, Aviation and Transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships and liabilities to third parties and passengers arising from their use.

Motor insurance covers physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.

All other insurances like cash in hand, cash in transit, general accident, crop, livestock, professional indemnity, bonds, workers compensation are included under Miscellaneous.

4.2 Provision for outstanding claims including incurred but not reported (IBNR)

The Company recognizes liability in respect of all claims incurred up to balance sheet date which is measured at undiscounted value of expected future payments. Claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims includes amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Provision in respect of unpaid reported claims is made on basis of individual case estimates. These are accounted for on management's best estimate which takes into account past trends, expected future patterns of reporting claims actually reported subsequent to the balance sheet date. Reinsurance recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

Claims reported but not settled

Provision for liability in respect of claims reported but not settled at the balance sheet 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

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.

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

4.3 Provision for unearned premium

Provision for unearned premium represents the portion of premium written relating to unexpired period of coverage including administrative surcharge which relates to the business in force at the balance sheet date and is recognized as a liability by the Company. The Company has opted for 1/24th method and maintained its reserves for unexpired risk in accordance with the SEC (insurance) Rules, 2002.

4.4 Commission

Income

Commission from reinsurers is deferred and recognized as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. The commission under the terms of reinsurance arrangements is recognized when the Company's right to receive the same is established.

Expenses

Commission expenses incurred in obtaining and recording policies is deferred and recognized as an expense in accordance with pattern of recognition of premium revenue by applying the 1/24th method.

4.5 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 and loss account.

4.6 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 / or services received, whether or not billed to the Company.

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

4.7 Employees' retirement benefits

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

4.8 Taxation

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

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 or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for the current taxation also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year or required by any other reason.

Deferred

Deferred tax is accounted for using liability method in respect of all temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

4.9 Leases

Lease is classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liabilities to the lessor are included in the balance sheet as liabilities against assets subject to finance lease. Lease payments are classified as current and long term depending upon the timing of payment. Lease payments are apportioned between finance charge and reduction of the liabilities against assets subject to finance lease, so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.Rentals payable under operating leases are charged to profit and loss account on the straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

4.10 Investments

Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include the transaction cost except for 'held for trading' in which case transaction costs are charged to the profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sell the investments. These are classified into the following categories:

a) Held to maturity

b) Available for sale

c) Investment in Associates

Measurement

a) Held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and with fixed maturity that the management has the positive intent and ability to hold to maturity. Held to maturity investments are initially measured at cost and at subsequent reporting dates measured at amortized cost using the effective yield method.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and included in the income for the period on a straight-line-basis over the term of the investment using the effective yield method.

b) Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity or change in interest rates, exchange rates and equity price . After initial recognition, the Company has stated these investments, classified as available for sale, at lower of cost or market value; in accordance with the requirements of SEC (Insurance) Rules, 2002.

c) Investment in associates

Entities in which the Company has significant influence but not control and which are neither its subsidiary nor joint ventures are associates and are accounted for by using the equity method of accounting. Under equity method of accounting, the investments are initially recognized at cost, thereafter its carrying amount is increased or decreased for the Company's share of post acquisition changes in the net assets of the associate and for dividend distributions.

The company's share of the profit and loss of the associate is accounted for in the Company's profit and loss account, whereas changes in the associates' equity which are not recognized in the associates' profit and loss account are recognized directly in other comprehensive income of the Company.

After application of equity method, the carrying amount of investment in associate is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognized in profit and loss account

Derecognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

4.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand and deposits with banks.

4.12 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.

Reinsurance premium is recognized as an expense at the time the reinsurance is ceded. Commission on reinsurance cessions is 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 balance sheet date. If there is an 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 and loss account.

4.13 Investment properties

Investment property, which is property held to earn rentals and / or for capital appreciation, is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Depreciation on buildings is charged to income on the reducing balance method so as to write off the depreciable amount of building over its estimated useful life at the rates specified in note 16 to the financial statements. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

4.14 Fixed assets

Fixed assets are stated at historical cost except free hold land and building on free hold land, which are stated at re-valued amount, less accumulated depreciation and impairment in value, if any.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance

When parts of an item of fixed assets have different useful lives, they are recognized as separate items of fixed assets.

Depreciation is charged to profit and loss account by applying the reducing balance method at the rates specified in note 18 to the financial statements. Depreciation on addition to fixed asset is charged from the month in which fixed asset is available for use while no depreciation is charge for the month in which fixed 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 fixed assets.

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 the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit and loss account during the period in which they are incurred.

Gains or losses on disposal of assets, if any, are included in profit and loss account for the year.

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 charged on the related assets is transferred by the Company to its

4.15 Assets subject to finance lease

Assets subject to finance lease are depreciated over their expected useful lives on the same basis as owned assets.

Depreciation on assets subject to finance lease is charged from the month of acquisition and up to the month preceding the disposal.

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

4.16 Impairment

A financial asset is assessed at each balance sheet 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.

The carrying amount of non-financial assets is reviewed at each balance sheet 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 and loss account. Provisions for impairment are reviewed at each balance sheet date and are adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense.

4.17 Financial instruments

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

All the financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

Any gain or loss on de-recognition of financial assets and financial liabilities is taken to profit and loss account for the year.

4.18 Offsetting of financial assets and financial liabilities

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

4.19 Revenue recognition

Premium income

For all the 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 the 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 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

Return on investments

Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.

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

Gain / loss on sale of available for sale investments and investments at fair value through profit and loss - held for trading are recognized in profit and loss account.

Miscellaneous income

Other revenues are recognized on accrual basis.

4.20 Expenses of management

Expenses of management allocated to the 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 the underwriting business are charged as administrative expenses.

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

4.21 Premium deficiency reserve

The Company is required as per SEC (Insurance) Rules, 2002, to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance from claims, and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as expense/income in the profit and loss account.

The unearned premium reserve for each class of business as at the year end is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in force at balance sheet date hence no provision has been.

4.22 Claims

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

4.23 Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 as the primary reporting format.

The Company has five primary business segments for reporting purposes namely fire, marine, motor, miscellaneous and investment properties.

The perils covered under fire insurance include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and impact.

Marine insurance provides coverage for cargo, war risk and damages occurring in inland transit.

Motor insurance provides comprehensive car coverage and indemnity against third party loss.

Miscellaneous insurance provides cover against burglary, loss of cash in safe and cash in transit, personal accident, money, engineering losses and other covers.

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

4.24 Related party transactions

Transactions with related parties are priced on arm's length basis. 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.

4.25 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

4.26 Dividends and bonus shares

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are approved. Similarly, reserve for issue of bonus shares is recognized in the year in which such issue is approved.

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

5 Issued, Subscribed And Paid-Up Share Capital

Dec. 31 / 2015	Dec. 31 / 2014		Dec. 31 / 2015	Dec. 31 / 2014
---------- Number of Shares ----------			---------- Rupees --------	
		Ordinary shares of Rs. 10 each		
20,000,000	20,000,000	fully paid in cash	200,000,000	200,000,000
20,001,250	17,500,000	fully paid as bonus shares	200,012,500	175,000,000
40,001,250	37,500,000		400,012,500	375,000,000

The Company has only one class of ordinary shares. The holder of ordinary shares are entitled to receive dividend as declared and entitled to vote at meetings of the Company.
The Company has no reserved shares for issue under option and sales contracts.

Reconciliation of number of shares at beginning and at end of the year is as under:

Dec. 31 / 2015	Dec. 31 / 2014		Dec. 31 / 2015	Dec. 31 / 2014
---------- Number of Shares ----------			---------- Rupees --------	
37,500,000	37,500,000	At beginning of the year	375,000,000	375,000,000
2,501,250	-	Bonus shares issued during the year	25,012,500	-
40,001,250	37,500,000	At end of the year	400,012,500	375,000,000

6 General Reserves

	Dec. 31 / 2015	Dec. 31 / 2014
	---------- Rupees --------	
Balance at beginning of the year	140,000,000	115,000,000
Transfer from retained earnings	-	25,000,000
Less: Bonus shares issued during the year	(25,012,500)	-
Balance at end of the year	114,987,500	140,000,000

These represent distributable profits transferred and utilizable at the discretion of the board of directors.

7 Surplus On Revaluation Of Fixed Assets

Balance at beginning of the year	9,853,609	10,135,149
Less: Transferred to unappropriated profit in respect of incremental depreciation (net of deferred tax)	(267,463)	(281,540)
Balance at end of the year	9,586,146	9,853,609

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

The latest revaluation of freehold land and building was carried out by Independent valuers M/s. S & A Associates on 31, December 2015, who issued their report dated 21, March 2016 in this regard according to this revaluation report market value of these assets is Rs. 69.766 million and forced sale value is 62.789 million, suggesting and increase in market value of about 1.871 million only. The Directors are of the view that as the suggested change in existing valuation is not significant, hence no new adjustment is required. The basis used for valuation were as follows:

Building on free hold land Location, type (e.g commercial / residential) & construction rates for different type of building structures depreciated on account of the age and condition of the building etc.

		Dec. 31 / 2015	Dec. 31 / 2014
		---------- Rupees --------	
8	**Deferred Taxation**		
	Deferred tax liability on taxable temporary differences:		
	Tax depreciation allowance	4,604,024	5,345,416
	Deferred tax asset on deductible temporary differences:		
	Provision for doubtful receivables	(1,522,380)	(2,108,163)
	Loss on re-measurement of available for sale investments	(418,829)	(271,606)
		2,662,815	2,965,647
9	**Taxation - Provision Less Payments**		
	Balance at beginning of the year	10,918,785	5,785,366
	Add: Charge for -		
	Current year	9,673,789	8,285,063
	prior period taxation	(6,702,547)	357,000
	Less: Paid during the year	(4,216,238)	(3,508,644)
	Balance at end of the year	9,673,789	10,918,785
10	**Other Creditors**		
	Federal excise duty	2,996,874	2,354,263
	Federal insurance fee	3,351,407	1,920,102
	Withholding tax payable	4,671,135	4,655,956
	Payable to staff provident fund	61,118	9,058
	Others	690,000	715,000
		11,770,534	9,654,379

11 Contingencies And Commitments

- There are certain cases pending for adjudication before Civil, Session and High Court amounting to Rs. 14.423 million. (2014: Rs. 8.221 million). No provision has been made in these financial statements in respect of the aforementioned matters as the management is confident that the ultimate outcome of cases will be in favour of the Company.
- The assessment order under section 182 of the Income Tax Ordinance 2001, imposing penalties of Rs. 14,813,406/- and Rs. 1,340,000/- for the tax years 2013 and 2014 respectively were deleted by the Honourable Appelate Tribunal Inland Revenue. However, the income tax department has filed a reference application with the Honourable High Court, Lahore, against the order of the ATIR, which is likely to be listed for hearing in the near future.
- The Company is defendant in a lawsuit of Marine insurance claim amounting to Rs. 64 million before the Federal Insurance Ombudsman against Shaikh Pipe Mills. However provision in respect of the said liability has been included in these financial statements under provision for outstanding claims amounting to Rs. 41.2 million.

12 Cash And Other Equivalents

		Dec. 31 / 2015	Dec. 31 / 2014
Cash with State Bank of Pakistan	- note 12.1	61,358	61,358
Cash in hand		104,951	120,040
		166,309	181,398

12.1 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.

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

		Dec. 31 / 2015	Dec. 31 / 2014
		---------- Rupees --------	
13 Deposits Maturing Within 12 Months			
Investment in Call Deposit Receipts ('CDRs')	- note 13.1	218,500,000	280,000,000

13.1 Investment in Call Deposit Receipts ('CDRs')

This represents Call Deposit Receipts (CDR's) with different banks encashable within one year. It carries mark up ranging from 5.5% to 6.5% (2014: 9.00% to 9.40%) per annum.

14 Deposits maturing after 12 months

Government securities	- note 14.1	39,800,000	37,500,000

14.1 Government securities

	Maturity Year	Effective Yield % age per annum	Dec. 31 / 2015	Dec. 31 / 2014
			---------- Rupees --------	
Pakistan Investment Bonds	2019	9.60%	5,000,000	5,000,000
Pakistan Investment Bonds	2019	12.00%	7,000,000	7,000,000
Pakistan Investment Bonds	2019	12.00%	7,500,000	7,500,000
Pakistan Investment Bonds	2019	12.00%	5,000,000	5,000,000
Pakistan Investment Bonds	2025	9.75%	2,300,000	-
Pakistan Investment Bonds	2019	9.60%	13,000,000	13,000,000
			39,800,000	37,500,000

14.1.1 Fair Value of Pakistan Investment Bonds

The fair value of the Pakistan Investment Bonds carried at amortized cost amounts to Rs. 39.02 million (2014: Rs. 36.70 million).

14.1.2 Statutory Deposits

These represent 10 year Pakistan Investment Bonds. These are deposited with State Bank of Pakistan pursuant to the requirements of clause (a) of sub - section 2 of section 29 of Insurance Ordinance, 2000.

15 Investments

Held to maturity	- note 15.1	-	22,103,856
Available for sale investments	- note 15.2	34,915,884	27,002,026
		34,915,884	49,105,882

15.1 Held to maturity

These have been encashed during the year.

15.2 Available for sale investments

Ordinary equity securities & Mutual funds (quoted)		36,112,539	27,778,042
Less: Provision for impairment	- note 15.2.1	(1,196,655)	(776,016)
	- note 15.3.2	34,915,884	27,002,026

15.2.1 Provision for impairment

As per the Company's accounting policy and in accordance with the requirements of SEC (Insurance) Rules 2002 available for sale investments are stated at lower of cost or market value. However, International Accounting Standard 39 - Financial Instruments: Recognition and Measurement, requires that these instruments should be measured at their fair value. Accordingly, had these investments been measured at fair value, their carrying value as on December 31, 2015 would have been higher by Rs. 4,214,873 (2014: higher by Rs. 13,513,431).

Notes to and Forming Part of the Financial Statements
For the Year Ended December 31, 2015

15.2.2 Ordinary equity securities & Mutual funds (quoted)

Number of Shares/Units Dec. 31 / 2015	Number of Shares/Units Dec. 31 / 2014	Value / Share/Unit (Rupees) Par Value	Value / Share/Unit (Rupees) Fair Value	Company's Name	Cost Dec. 31 / 2015	Cost Dec. 31 / 2014	Market Value Dec. 31 / 2015	Market Value Dec. 31 / 2014	Lower of Cost or Market Value Dec. 31 / 2015	Lower of Cost or Market Value Dec. 31 / 2014
					Rupees					
Ordinary equity securities										
26,687	26,787	10	28.82	Bank AlFalah Limited	661,085	659,515	769,119	934,331	661,085	659,515
9,706	94,235	10	11.26	The Bank of Khyber Limited	57,377	557,071	109,290	928,215	57,377	557,071
1,200,000	298,000	10	9.21	The Bank of Punjab Limited	9,485,789	2,468,223	11,052,000	3,263,100	9,485,789	2,468,223
-	222,000	10	11.50	KASB Bank Limited	-	575,320	-	441,780	-	441,780
15,000	285,000	10	1.90	NIB Bank Limited	57,799	1,098,172	28,500	661,200	28,500	661,200
177,398	177,398	10	1.82	Silk Bank Limited	365,276	397,532	322,864	393,824	322,864	393,824
225,000	100,360	10	21.74	Askari Bank Limited	4,459,149	1,401,504	4,891,500	2,315,305	4,459,149	1,401,504
-	15,000	10	200.12	Habib Bank Limited	-	2,740,600	-	3,243,900	-	2,740,600
101,872	145,218	10	15.13	Soneri Bank Limited	1,078,710	1,261,604	1,541,323	1,790,538	1,078,710	1,261,604
10,450	450	10	54.04	National Bank of Pakistan	535,253	25,898	564,718	31,257	535,253	25,898
1,179	7,640	10	45.75	Meezan Bank Limited	47,502	307,816	53,939	359,080	47,502	307,816
35,000	125,000	10	7.75	JS Bank Limited	146,118	521,850	271,250	892,500	146,118	521,850
-	10,000	10	21.90	Standard Chartered Bank Limited	-	84,800	-	236,000	-	84,800
3,000	3,000	10	1.57	IGI Bank limited	4,950	4,950	4,710	7,110	4,710	4,950
30,000	60,000	10	15.43	Faysal Bank Limited	477,149	677,000	462,900	1,092,000	462,900	677,000
-	200,000	10	6.00	Samba Bank Limited	-	1,348,000	-	1,400,000	-	1,348,000
2,000	37,000	10	30.47	Habib Metropolitan Bank Limited	53,653	946,256	60,940	1,380,100	53,653	946,256
450	281,450	10	3.93	Summit Bank Limited	1,050	656,848	1,769	1,252,453	1,050	656,848
20,500	11,650	10	41.60	Bank Al Habib Limited	834,188	491,048	852,800	565,608	834,188	491,048
-	125,000	10	11.50	Bank Islami Limited	-	980,000	-	1,226,250	-	980,000
-	10,000	10	112.98	Fauji Fertilizer Company Limited	-	913,580	-	1,171,100	-	913,580
-	1,300	10	2.07	Dewan Salman Fiber Limited	-	2,902	-	2,483	-	2,483
5,000	5,000	10	279.39	Engro Corporation Limited	1,212,988	533,950	1,396,950	1,107,550	1,212,988	533,950
-	17,700	10	147.59	DG Khan Cement Limited	-	1,175,071	-	1,956,381	-	1,175,071
-	50,000	10	36.82	Fauji Cement Co. Limited	-	343,920	-	1,292,000	-	343,920
-	9,200	10	495.04	Lucky Cement Limited	-	2,317,923	-	4,602,576	-	2,317,923
18,000	18,000	10	0.44	Zeal Pak Cement Limited	7,920	7,920	7,920	7,920	7,920	7,920
258,000	86,000	10	17.03	Lafarge Pakistan Cement Limited	4,288,732	705,200	4,393,740	1,492,100	4,288,732	705,200
-	1,500	10	3.12	Dadabhoy Cement Limited	-	16,650	-	6,090	-	6,090
-	20,000	10	74.58	Maple Leaf Cement Limited	-	558,500	-	885,000	-	558,500
3,210	3,058	5	8.26	Shabbir Tiles & Ceramics Limited	64,601	62,914	26,515	34,617	26,515	34,617
-	12,000	10	102.60	Hub Power Co. Limited	-	399,915	-	940,320	-	399,915
26	35,026	10	3.00	Modaraba Al-Mali	52	70,044	78	82,661	52	70,044
-	500	10	9.40	Standard Chartered Leasing	-	5,925	-	4,205	-	4,205
-	20,000	10	16.49	Pakistan Telecommunication	-	526,200	-	460,600	-	460,600
-	6,000	10	34.85	Noon Sugar Mills Limited	-	151,290	-	186,600	-	151,290
172	31,172	10	24.04	SNGPL	4,735	858,145	4,135	894,948	4,135	858,145
-	90,000	10	8.46	PIA Corporation	-	765,700	-	670,500	-	670,500
50,000	60,000	10	21.98	Byco Petroleum Pakistan Limited	892,472	541,200	1,099,000	558,600	892,472	541,200
900	900	10	43.15	Ibrahim Fibers Limited	40,899	40,899	38,835	80,991	38,835	40,899
-	2,500	10	14.30	Fatima Enterprises Limited	-	25,000	-	35,750	-	25,000
-	4,500	10	577.40	Highnoon Laboratories Limited	-	514,095	-	992,070	-	514,095
600	600	10	1,114.19	Pakistan Tobacco Company	37,092	37,092	668,514	635,844	37,092	37,092
30,000	-	10	90.86	Pioneer Cement Limited	2,555,295	-	2,725,800	-	2,555,295	-
300,000	-	10	8.91	Power Cement Limited	3,742,705	-	2,673,000	-	2,673,000	-
2,524,150	2,710,144				31,112,539	27,778,042	34,022,109	40,515,457	29,915,884	27,002,026
Mutual Funds										
49,389	-	100	103.44	PICIC Cash Fund	5,000,000	-	5,108,647	-	5,000,000	-
Grand Total					36,112,539	27,778,042	39,130,756	40,515,457	34,915,884	27,002,026

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

16 Investment Properties

	Dec. 31 / 2015	Dec. 31 / 2014
	Rupees	
Cost		
At beginning of the year	145,940,919	145,940,919
Additions during the year	22,800,000	-
Disposals during the year	(116,816,000)	-
At end of the year	51,924,919	145,940,919
Accumulated depreciation		
At beginning of the year	40,847,746	35,316,526
Adjustments on disposal	(34,144,778)	-
Depreciation charge for the year	3,575,599	5,531,220
At end of the year	10,278,567	40,847,746
Carrying value at end of the year	41,646,352	105,093,173
Useful life (in terms of years)	20 years	20 years

16.1 This represents various buildings held by the Company for investment purposes.

16.2 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.

16.3 Market value of investment properties as on 31, December 2015, as per independent valuer, is Rs. 42.300 million to which management concurs (2014; 110.000 million).

16.4 Details of Investment Properties disposed off during the year are as follows:

Mode of disposal	Particulars of Purchaser	Cost	Accumulated Depreciation	Sale Proceeds	Gain / (loss)
		Rupees			
Negotiation	Mehmood Sadiq	116,816,000	(34,144,778)	100,000,000	17,328,778

17 Premiums Due But Unpaid (Net - Unsecured)

		Dec. 31 / 2015	Dec. 31 / 2014
		Rupees	
Considered good		338,559,475	162,984,180
Considered doubtful		4,349,658	6,023,323
		342,909,133	169,007,503
Less: Provision for doubtful receivables	- note 17.1	4,349,658	6,023,323
		338,559,475	162,984,180

17.1 Provision for doubtful receivables

	Dec. 31 / 2015	Dec. 31 / 2014
Balance at beginning of the year	6,023,323	4,568,181
Add: Provision for doubtful receivables during the year	17,181,843	1,455,142
Less: Doubtful debts written off during the year	(18,855,508)	-
Balance at end of the year	4,349,658	6,023,323

18 Fixed Assets - Owned

	Cost / Fair Value				Accumulated Depreciation				Book Value	Annual
	At beginning of the year	Additions / (disposals)	Transfers in / (out)	At end of the year	At beginning of the year	Transfers in / (out)	Charge for the year	At end of the year	At end of the year	rate of dep
	Rupees									%
18.1 Reconciliation of carrying values as at December 31, 2015										
Owned assets										
Land and buildings - note 18.3										
- cost	85,977,839	-	-	85,977,839	22,739,096	-	3,161,937	25,901,033	60,076,806	5
- revaluation	21,467,148	-	-	21,467,148	13,237,535	-	411,481	13,649,016	7,818,132	5
	107,444,987	-	-	107,444,987	35,976,631	-	3,573,418	39,550,049	67,894,938	
Furniture, fixtures and office equipment										
Furniture and fixtures	13,253,309	22,370	-	13,275,679	9,824,044	-	344,418	10,168,462	3,107,217	10
Office equipment	5,901,552	661,301	-	6,562,853	3,973,482	-	225,181	4,198,663	2,364,190	10
Arms and ammunition	28,229	-	-	28,229	24,177	-	405	24,582	3,647	10
Vehicles										
Motor vehicles	80,162,704	8,390,800 (700,000)	-	87,853,504	59,636,283	(579,414)	3,847,622	62,904,491	24,949,013	15
Bicycles	145,176	-	-	145,176	114,385	-	3,079	117,464	27,712	10
	206,935,957	9,074,471 (700,000)	-	215,310,428	109,549,002	(579,414)	7,994,123	116,963,711	98,346,717	
Assets subject to finance lease										
Vehicles	-	-	-	-	-	-	-	-	-	15
Total	206,935,957	9,074,471 (700,000)	-	215,310,428	109,549,002	(579,414)	7,994,123	116,963,711	98,346,717	
18.2 Reconciliation of carrying values as at December 31, 2014										
Owned assets										
Land and buildings - note 18.3										
- cost	64,470,964	21,506,875	-	85,977,839	20,165,368	-	2,573,728	22,739,096	63,238,743	5
- revaluation	21,467,148	-	-	21,467,148	12,804,397	-	433,138	13,237,535	8,229,613	5
	85,938,112	21,506,875	-	107,444,987	32,969,765	-	3,006,866	35,976,631	71,468,356	
Furniture, fixtures and office equipment										
Furniture and fixtures	11,699,609	1,553,700	-	13,253,309	9,557,898	-	266,146	9,824,044	3,429,265	10
Office equipment	5,565,702	335,850	-	5,901,552	3,777,131	-	196,351	3,973,482	1,928,070	10
Arms and ammunition	28,229	-	-	28,229	23,727	-	450	24,177	4,052	10
Vehicles										
Motor vehicles	72,119,504	6,731,200	1,312,000	80,162,704	55,907,764	726,434	3,002,085	59,636,283	20,526,421	15
Bicycles	145,176	-	-	145,176	110,964	-	3,421	114,385	30,791	10
	175,496,332	30,127,625	1,312,000	206,935,957	102,347,249	726,434	6,475,319	109,549,002	97,386,955	
Assets subject to finance lease										
Vehicles	1,312,000	-	(1,312,000)	-	695,615	(726,434)	30,819	-	-	15
Total	176,808,332	30,127,625	1,312,000 (1,312,000)	206,935,957	103,042,864	726,434 (726,434)	6,506,138	109,549,002	97,386,955	

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

18.3 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.

18.4 Book value without revaluation surplus

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

	Dec. 31 / 2015	Dec. 31 / 2014
	Rupees	
Cost	85,977,839	85,977,839
Accumulated depreciation	(25,901,033)	(22,739,096)
Book Value	60,076,806	63,238,743

18.5 Details of fixed assets (vehicles) disposed off during the year are as follows:

Mode of disposal	Particulars of Purchaser	Cost	Accumulated Depreciation	Sale Proceeds	Gain / (loss)
			Rupees		
Negotiation	Muhammad Imran S/o Kamil Ghulam Bannu	700,000	(579,414)	200,000	79,414

19 Net Premium Revenue

		Dec. 31 / 2015	Dec. 31 / 2014
		Rupees	
Premium revenue (net of reinsurance)		256,229,919	218,204,771
Administrative surcharge	- note 19.1	8,361,508	5,799,225
		264,591,427	224,003,996

19.1 Net premium revenue includes administrative surcharge as under:

	Dec. 31 / 2015	Dec. 31 / 2014
Fire and property damage	5,442,128	2,725,879
Marine, aviation and transport	2,036,862	2,149,766
Motor	388,847	314,726
Miscellaneous	493,671	608,854
	8,361,508	5,799,225

20 Management Expenses

		Dec. 31 / 2015	Dec. 31 / 2014
Salaries, wages and benefits	- note 20.1	18,524,853	16,134,455
Entertainment		3,261,954	3,416,453
Rent, rates and taxes		4,018,121	3,793,966
Electricity, gas and water		2,392,651	2,170,379
Travelling and conveyance		577,200	460,634
Computer expenses		61,114	186,190
Communication		4,189,852	3,936,515
Service charges		89,728	85,864
Registration, subscription and association		3,657,299	2,656,030
Provision for doubtful receivables	- note 17.1	17,181,843	1,455,142
		53,954,615	34,295,628

20.1 Salaries, wages and benefits

These include contribution to provident fund amounting to Rs. 50,876 (2014: Rs. 49,917).

21 Other Income

Income from non-financial assets:

	Dec. 31 / 2015	Dec. 31 / 2014
Gain on disposal of properties	17,328,778	2,000,000
Gain on disposal of operating fixed assets	79,414	
Liabilities no longer payable written back	508,225	-
Others	314,762	36,877
	18,231,179	2,036,877

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

		Dec. 31 / 2015	Dec. 31 / 2014
		---------- Rupees --------	

22 Finance Cost

	Dec. 31 / 2015	Dec. 31 / 2014
Mark-up on finance lease liabilities	-	4,339
Bank charges	423,659	460,392
	423,659	464,731

23 General And Administration Expenses

		Dec. 31 / 2015	Dec. 31 / 2014
Salaries and allowances	- note 23.1	15,156,698	13,200,918
Motor vehicle expenses		7,315,649	7,215,895
Tours and travelling		436,096	1,006,297
Books and periodicals		9,016	22,951
Printing and stationery		1,071,337	904,001
Depreciation	- note 23.2	11,569,722	12,037,358
Office cleaning and maintenance		1,204,452	907,342
Auditors' remuneration	- note 23.3	943,225	1,220,950
Advertisement		243,255	76,100
Legal and professional		1,640,653	1,782,354
Insurance		80,317	-
Charity and donations	- note 23.4	13,810	34,860
Penalty imposed by SECP		50,000	-
Sundry expenses		258,129	538,940
		39,992,359	38,947,966

23.1 Salaries and allowances

These include contribution to provident fund amounting to Rs. 41,625 (2014: Rs. 40,842).

23.2 Depreciation is allocated to general and administration expenses, which is composed of:

		Dec. 31 / 2015	Dec. 31 / 2014
Tangible fixed assets	- note 18	7,994,123	6,506,138
Investment properties	- note 16	3,575,599	5,531,220
		11,569,722	12,037,358

23.3 Auditors' remuneration

	Dec. 31 / 2015	Dec. 31 / 2014
Rahman Sarfaraz Rahim Iqbal Rafiq		
Audit fee	660,000	660,000
Review of Code of Corporate Governance	100,000	100,000
Fee for interim review	160,000	80,000
Out of pocket expenses	23,225	23,225
	943,225	863,225
Kamran & Co. *		
Audit fee	-	-
Taxation advisory services	-	150,000
Review of Code of Corporate Governance	-	-
Fee for interim review	-	80,000
Certification charges	-	104,500
Out of pocket expenses	-	23,225
	-	357,725
	943,225	1,220,950

* Resigned as auditors last year therefore payments on account of various services of Rs. 185,000/- this year have been grouped in legal and professional charges.

23.4 Charity and donations

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

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

	Dec. 31 / 2015	Dec. 31 / 2014
	---------- Rupees --------	
24 Taxation		
Current year	9,673,789	8,285,063
Prior year	(6,702,547)	357,000
Deferred	(302,832)	(3,744,676)
	2,668,410	4,897,387

24.1 Relationship between tax expense and accounting profit

	Dec. 31 / 2015	Dec. 31 / 2014
Accounting profit for the year	69,307,928	49,739,464
Tax at the rate of 32% (2014: 33%)	22,178,537	16,414,023
Adjustment in respect of tax at different rates	(106,803)	(246,482)
Tax effect of inadmissible amounts for tax purposes	(12,397,945)	(7,882,478)
Tax impact of deferred tax	(302,832)	(3,744,676)
Tax effect of prior years	(6,702,547)	357,000
Tax charge for the year	2,668,410	4,897,387

24.2 Prior periods assessment

Income tax assessment for the tax year 2015 (financial year ended December 31, 2014) is deemed to have been assessed under section 120 of the Income Tax Ordinance, 2001. For contingences related to taxation please refer to note 11.

25 Earnings Per Share - Basic And Diluted

The calculation of the basic earnings per share is based on the following data.

		Dec. 31 / 2015	Dec. 31 / 2014
Profit after taxation attributable to ordinary shares	Rupees	66,639,518	44,842,077
Weighted average number of ordinary shares outstanding	Number	40,001,250	40,001,250
Earning per share (Rupees)	Rupees	1.67	1.12

25.1 Diluted earnings per share

No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

25.2 Comparative Earnings per share is restated due to issuance of bonus shares during the year.

26 Transactions With Related Parties

The related parties comprise holding company, subsidiaries and associated undertakings, other related group companies, directors of the company, key management personnel and post employment benefit plans. The remuneration of directors is disclosed in note 27.

	Dec. 31 / 2015	Dec. 31 / 2014
	---------- Rupees --------	
Remuneration paid to directors, chief executive officer and executive of the Company	3,442,946	3,532,831
Contribution paid to provident fund	92,501	90,759

All transactions with related parties have been carried out on commercial terms and conditions.

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

27 Remuneration Of Chief Executive And Directors

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:

	Chief Executive Officer	Executive Directors	Management Executives	Aggregate
	Rupees			
For the year ended December 31, 2015				
Managerial remuneration	400,000	576,000	536,000	1,512,000
House rent	160,000	230,400	214,400	604,800
Utilities	40,000	57,600	53,600	151,200
Others	539,902	635,044	-	1,174,946
	1,139,902	1,499,044	804,000	3,442,946
Number of persons	1	2	1	4
For the year ended December 31, 2014				
Managerial remuneration	400,000	488,000	536,000	1,424,000
House rent	160,000	195,200	214,400	569,600
Utilities	40,000	48,800	53,600	142,400
Others	556,981	839,850	-	1,396,831
	1,156,981	1,571,850	804,000	3,532,831
Number of persons	1	2	1	4

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

28 Number Of Employees

	Dec. 31 / 2015	Dec. 31 / 2014
Number of employees as at the end of year	131	121
Average number of employees during the year	126	128

29 Provident Fund Disclosure

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

	(Un-audited) Dec. 31 / 2015	(Audited) Dec. 31 / 2014
	Rupees	
Size of the fund - total assets	1,858,930	1,661,770
Cost of Investments made	1,192,402	1,123,568
Percentage of investments made	64.14%	67.61%
Fair Value of investments	1,192,402	1,123,568

The break-up of cost of investments is:

	Dec. 31 / 2015	Dec. 31 / 2014	Dec. 31 / 2015	Dec. 31 / 2014
	% age		Rupees	
With bank (saving account)	24.52%	19.90%	292,402	223,568
Fixed Deposit Receipts	75.48%	80.10%	900,000	900,000
	100.00%	100.00%	1,192,402	1,123,568

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

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

30 Segment Reporting

The Company has five primary business segments for reporting purposes namely fire and property damage, marine, aviation and transport, motor, investment properties and miscellaneous. Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of gross premium earned by the segments.

	December 31, 2015					
	Fire and property damage	Marine, aviation and transport	Motor	Investment properties	Miscellaneous	Aggregate
	Rupees					
Revenue	260,255,372	120,377,171	15,871,860	5,207,895	59,019,746	460,732,044
Depreciation	4,567,297	2,112,533	278,540	3,575,599	1,035,754	11,569,723
Segment profitability	30,298,476	5,166,813	11,832,040	1,632,296	15,269,149	64,198,774
Capital expenditure	18,210,895	8,423,173	1,110,604	22,800,000	4,129,799	54,674,471
Segment assets	337,121,473	155,930,419	20,559,594	41,646,352	76,451,155	631,708,993
Segment liabilities	158,019,346	73,089,451	9,636,923	690,000	35,835,040	277,270,760

	December 31, 2014					
	Fire and property damage	Marine, aviation and transport	Motor	Investment properties	Miscellaneous	Aggregate
	Rupees					
Revenue	218,029,205	87,757,282	12,737,503	6,304,200	57,225,107	382,053,297
Depreciation	3,775,201	1,519,527	220,551	5,531,220	990,859	12,037,358
Segment profitability	22,034,909	20,181,886	9,840,190	772,980	6,595,577	59,425,542
Capital expenditure	17,481,618	7,036,393	1,021,295	-	4,588,319	30,127,625
Segment assets	235,741,161	94,886,388	13,772,255	105,093,173	61,873,882	511,366,859
Segment liabilities	159,626,875	64,250,204	9,325,575	715,000	41,896,520	275,814,174

30.1 Reconciliations of reportable segments are as follows:

	Dec. 31 / 2015	Dec. 31 / 2014
	Rupees	
Revenue		
Total revenue for reportable segments	64,198,774	59,425,542
Other revenue / (loss)	23,718,394	22,158,522
Entity's revenue	87,917,168	81,584,064
Profit for the year		
Total profit for reportable segments	87,917,168	81,584,064
Unallocated corporate income / (expenses)	(18,609,240)	(31,844,600)
Profit before income tax expense	69,307,928	49,739,464
Assets		
Total assets for reportable segments	631,708,993	511,366,859
Other unallocated corporate assets	343,660,787	382,153,308
Entity's assets	975,369,780	893,520,167
Liabilities		
Total liabilities for reportable segments	277,270,760	275,814,174
Other unallocated corporate liabilities	49,745,174	35,991,665
Entity's liabilities	327,015,934	311,805,839

Geographical segmentation

The Company has no reportable geographical segment.

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

31 Financial Risk Management Objectives And Policies

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 analyze 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 adhoc reviews of risk management control and procedures, the results of which are reported to the Audit Committee.

31.1 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 Company is exposed to credit risk from its operating activities primarily for premiums due but unpaid, amount due from other insurers/reinsurers, reinsurance recoveries and other financial assets.

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

Accounts Nomenclature	Category of Financial Assets	Dec. 31 / 2015	Dec. 31 / 2014
		---------- Rupees	--------
Bank deposits	Loans and receivables	297,529,427	329,080,454
Investments			
Available for sale	Available for sale	34,915,884	27,002,026
Held to maturity	Held to maturity	-	22,103,856
Loan to employees	Loans and receivables	4,401,410	223,896
Premiums due but unpaid	Loans and receivables	338,559,475	162,984,180
Accrued investment income	Loans and receivables	1,639,820	3,112,066
Due from other insurers	Loans and receivables	13,665,871	15,877,264
Reinsurance recoveries against outstanding claims	Loans and receivables	2,022,612	5,375,000
Sundry receivables	Loans and receivables	4,469,945	449,612
		697,204,444	566,208,354

Geographical concentration of credit risk

Geographically there is no concentration of credit risk.

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 premium due but unpaid against doubtful receivable as disclosed in note 17 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.

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

	December 31, 2015			
	Carrying Amount	Upto One year	From 1 to 2 years	More than 2 years
	Rupees			
Loan to employees	4,401,410	4,401,410	-	-
Premiums due but unpaid (net of provision)	338,559,475	338,559,475	-	-
Amounts due from other insurers / reinsurers	13,665,871	13,230,859	435,012	-
Accrued investment income	1,639,820	1,639,820	-	-
Reinsurance recoveries against outstanding claims	2,022,612	2,022,612	-	-
Sundry receivables	4,469,945	4,020,333	-	449,612
	364,759,133	363,874,509	435,012	449,612

	December 31, 2014			
	Carrying Amount	Upto One year	From 1 to 2 years	More than 2 years
	Rupees			
Loan to employees	223,896	223,896	-	-
Premiums due but unpaid (net of provision)	162,984,180	162,984,180	-	-
Amounts due from other insurers / reinsurers	15,877,264	15,442,252	435,012	-
Accrued investment income	3,112,066	3,112,066	-	-
Reinsurance recoveries against outstanding claims	5,375,000	5,375,000	-	-
Sundry receivables	449,612	-	-	449,612
	188,022,018	187,137,394	435,012	449,612

31.1.2 The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows: follows:

	Rating	Agency	Dec. 31 / 2015	Dec. 31 / 2014
			Rupees	
National Bank of Pakistan	AAA	PACRA / JCR-VIS	180,899	22,799
Habib Bank Limited	AAA	JCR-VIS	7,460,900	265,430
KASB Bank Limited	N/A	N/A	3,311	3,628
Allied Bank Limited	AA+	PACRA	1,125,478	2,766,742
MCB Bank Limited	AAA	PACRA	5,487,764	4,536,922
The Bank of Punjab	AA-	PACRA	13,625,080	1,436,328
United Bank Limited	AA+	JCR-VIS	24,962	16,036
Soneri Bank Limited	AA-	PACRA	1,674	3,548
NIB Bank Limited	AA-	PACRA	6,459	1,688
The Bank of Khyber	A	PACRA / JCR-VIS	22,227	24,568
Faysal Bank Limited	AA	PACRA / JCR-VIS	17,547	17,522
First Women Bank Limited	BBB+	PACRA	7,952	2,915
SILK Bank Limited	A-	JCR-VIS	3,756	3,756
Zarai Taraqiati Bank Limited	AAA	JCR-VIS	5,733,070	2,251,129
The Punjab Provincial Cooperative Bank Ltd	N/A	N/A	5,420,149	218,692
Bank Al-falah Limited	AA	PACRA	3,390	5,991
Bank Al-Habib Limited	AA+	PACRA	38,970	2,760
Meezan Bank Limited	AA	JCR-VIS	65,839	-
			39,229,427	11,580,454

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

	Dec. 31 / 2015	Dec. 31 / 2014
	---------- Rupees --------	
31.1.3 Sector wise analysis of premiums due but unpaid		
Cables and rubber	18,875,223	5,315,819
Engineering	51,550,684	22,670,710
Construction	11,789,296	7,379,786
Services	48,956,265	24,450,579
Textile and composites	106,441,938	56,237,119
Agriculture	26,236,517	17,563,261
Other manufacturing	11,143,970	5,947,150
Miscellaneous	67,915,240	29,443,079
	342,909,133	169,007,503
Less: Provision for doubtful receivables	(4,349,658)	(6,023,323)
	338,559,475	162,984,180

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

	Financial Strength Ratings		Aggregate	
	A or above	B or above	Dec. 31 / 2015	Dec. 31 / 2014
	Rupees			
Amounts due from other insurers / reinsurers	11,142,684	2,523,187	13,665,871	15,877,264
Reinsurance recoveries against outstanding claims	2,022,612	-	2,022,612	5,375,000
Other reinsurance assets	113,866,968	-	113,866,968	99,817,801
	127,032,264	2,523,187	129,555,451	121,070,065

31.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company is financing its operations mainly through equity, working capital and lease finance to minimize risk.

The following are the contractual maturities of financial liabilities, including estimated interest payments on an undiscounted cash flow basis:

	December 31, 2015			
	Carrying amount	Contractual cash flows	Up to one year	Greater than one year
	Rupees			
Provision for outstanding claims	44,509,457	44,509,457	44,509,457	-
Amounts due to other insurers	31,139,980	31,139,980	31,139,980	-
Accrued expenses	1,300,425	1,300,425	1,300,425	-
Unpresented dividend warrants	235,913	235,913	235,913	-
Other creditors	751,118	751,118	751,118	-
	77,936,893	77,936,893	77,936,893	-

	December 31, 2014			
	Carrying amount	Contractual cash flows	Up to one year	Greater than one year
	Rupees			
Provision for outstanding claims	50,156,211	50,156,211	50,156,211	-
Amounts due to other insurers	15,621,216	15,621,216	15,621,216	-
Accrued expenses	1,585,090	1,585,090	1,585,090	-
Unpresented dividend warrants	235,913	235,913	235,913	-
Other creditors	724,058	724,058	724,058	-
	68,322,488	68,322,488	68,322,488	-

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

31.3 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.

31.3.1 Interest/mark up rate risk

Interest/mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature in a given period.

At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	Dec. 31 / 2015	Dec. 31 / 2014	Dec. 31 / 2015	Dec. 31 / 2014
	Effective interest rate (%)		---------- Rupees --------	
Financial assets				
Bank deposits	5.50% to 12.00%	9.00% to 12.00%	258,300,000	317,500,000
Investments	-	9.46%	-	22,103,856

Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rate will not effect fair value of any financial instrument. The Company is not exposed to significant interest / mark-up rate risk as the Company has not entered into any significant variable rate instruments.

31.3.2 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 34.022 million (2014: Rs. 40.515 million) at the balance sheet date.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable. The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are based on quoted market prices as of the balance sheet date

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold. However, the Company has no significant concentration of price risk.

Sensitivity analysis

The table below summarizes Company's equity price risk as on December 31, 2015 and 2014 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the 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 better or worse in Company's equity investment portfolio because of the nature of equity markets.

The impact of hypothetical change would be as follows:

	Dec. 31 / 2015	Dec. 31 / 2014
	---------- Rupees	--------
Fair value	34,022,109	40,515,457
Hypothetical price change	± 10%	± 10%
Estimated fair value after hypothetical change in prices	3,402,211	4,051,546
Hypothetical variance in shareholders' equity	± 2,211,437	± 2,633,505
Hypothetical variance in profits / (loss) before tax	± 2,211,437	± 2,633,505

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

31.4 Fair value of financial instruments

Fair value is the amount for which an 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 the 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 (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques using significant unobservable inputs.

	Level 1	Level 2	Level 3	Dec. 31 / 2015	Dec. 31 / 2014
	Rupees				
Available for sale investments	34,022,109	-	-	34,022,109	40,515,457
Held to maturity	-	-	-	-	22,103,856
Loans and investments	258,300,000	-	-	258,300,000	317,500,000
	292,322,109	-	-	292,322,109	380,119,313

31.5 Insurance risk

The Company accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial business. The Company minimizes its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

Geographical concentration of insurance risk

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial, industrial/residential occupation of the insured. Details regarding the fire separation/segregation with respect to the manufacturing processes, storage, utilities, etc are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters/reinsurance personnel for their evaluation.

Reference is made to the standard construction specifications as laid down by Insurance Association of Pakistan (IAP). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within a insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. For catastrophic aggregates, the IT system also assigns precise geographic CRESTA (Catastrophe Risk Evaluating and Standardizing Target Accumulations) codes with reference to the accumulation of sums insured in force at any particular location against natural perils. A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualize risk exposures so the Company determines appropriate amount of reinsurance coverage to protect business portfolio.

Reinsurance arrangements

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

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

The concentration of risk by type of contracts (i.e. Fire and property damage, Marine, aviation and transport, Motor and Miscellaneous) is summarized below by reference to liabilities.

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

	December 31, 2015		
	Gross Sum Insured	Reinsurance	Net
	---------- Rupees ----------		
Fire and property damage	63,635,610,372	31,258,617,406	32,376,992,966
Marine, aviation and transport	33,606,685,166	14,034,881,996	19,571,803,170
Motor	1,494,625,865	83,718,591	1,410,907,274
Miscellaneous	961,366,859	423,215,449	538,151,410
	99,698,288,262	45,800,433,442	53,897,854,820

	December 31, 2014		
	Gross Sum Insured	Reinsurance	Net
	---------- Rupees ----------		
Fire and property damage	83,167,900,163	39,774,205,243	43,393,694,920
Marine, aviation and transport	36,639,847,253	15,148,260,079	21,491,587,174
Motor	738,919,477	41,782,466	697,137,011
Miscellaneous	1,465,459,408	577,756,561	887,702,847
	122,012,126,301	55,542,004,349	66,470,121,952

Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for insurance claims recognized in the balance sheet is adequate. However, actual experience will differ from the expected outcome. As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of reinsurance.

	Impact on pre tax profit		Shareholders' equity	
	Dec. 31 / 2015	Dec. 31 / 2014	Dec. 31 / 2015	Dec. 31 / 2014
± 10% variation in profits (net)	---------- Rupees ----------			
Fire and property damage	7,041,063	7,366,867	4,576,691	4,788,464
Marine, aviation and transport	4,626,907	3,030,373	3,007,490	1,969,742
Motor	14,439	58,266	9,385	37,873
Miscellaneous	1,209,652	1,908,886	786,274	1,240,776
	12,892,061	12,364,392	8,379,840	8,036,855

Claims development tables

The following table shows the development of fire claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year. Further, claims with significant uncertainties are not outstanding as at December 31, 2015.

	Accident Year		
	Dec. 31 / 2013	Dec. 31 / 2014	Dec. 31 / 2015
Estimate of ultimate claims cost - Analysis on gross basis:	---------- Rupees ----------		
At end of accident year	89,702,500	139,901,210	143,914,400
One year later	2,257,500	-	
Cumulative payments to date	(91,960,000)	(135,218,210)	(147,339,500)
Liability recognized in the balance sheet	-	4,683,000	(3,425,100)

Notes to and Forming Part of the Financial Statements For the Year Ended December 31, 2015

32 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. The company has not obtained long term finance and short term borrowings, therefore gearing ratio of the company is not applicable. In accordance with Circular No. 03 of 2007 of Securities and Exchange Commission of Pakistan (SECP), minimum paid up capital requirement to be complied with by Insurance Companies at the end of each year are as follows:

	Dec. 31 / 2013	Dec. 31 / 2014	Dec. 31 / 2015
	----------	Rupees	----------
Minimum paid-up capital	300,000,000	300,000,000	300,000,000

The company currently meets the externally imposed capital limit.

33 Events After Balance Sheet Date

The Board of Directors have proposed cash dividend for the year ended 31, December 2015 of Re. 0.75/- (2014: Nil) per share i.e 7.50% (2014: Nil) amounting to Rs.30,000,938/- (2014:Nil) at their meeting held on 31, March 2016 for approval of the members at Annua General Meeting.

34 Re-Classifications And Re-Arrangements

Corresponding figures have been re-classified and re-arranged, wherever necessary, to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, no significant re-classification and re-arrangement have been made in these financial statements.

35 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, 2016.

Chairman (Ch. Manzoor Ahmed)	Chief Executive / Principal Officer (Ch. Zahoor Ahmed)	Director (Ghulam Mustafa)	Director (Ather Zahoor)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 68th Annual General Meeting of The Pakistan General Insurance Company Limited (the "Company") will be held on Saturday, April 30, 2016, at 10:00 a.m. at the Registered Office of the Company located at Cooperative Bank House, 5 Bank Square, Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:

Ordinary business

1. To confirm the minutes of Annual General Meeting of the Company held on April 30, 2015;
2. To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' report thereon for the year ended December 31, 2015.
3. To appoint auditors for the ensuing year and to fix their remuneration.
4. To elect seven directors of the Company as fixed by the board for a term of three years in accordance with the provisions of section 178 of the Companies Ordinance, 1984. The retiring directors are:

Ch. Manzoor Ahmed	Ch. Zahoor Ahmed	Ghulam Mustafa	Nasir Ali
Raees ud Din	Ather Zahoor	Rehan Beg	Mazhar Zahoor

5. Consider and if thought fit to approve the payment of final cash dividend at the rate of Rs. 0.75 per share as recommended by the board of directors for the year ended December 31, 2015.

Any other business

6. To consider any other business with the permission of the Chairman.

(Attached to this Notice of meeting being sent to the members is a statement under section 160(1)(b) of the Companies Ordinance, 1984 setting forth "Status of previous approval of investment in associated company".

By Order of the Board

Mazhar Zahoor
Company Secretary
Lahore: March 31, 2016

Notes:

1. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote in respect of him. Form of proxy must be deposited at the Company's Registered Office not later than 48 hours before the time appointed for the meeting.
2. CDC Account holders are advised to follow the following guidelines of the Securities and Exchange Commission of Pakistan.
   A. For attending the meeting:
      (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
      (ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
   B. For appointing proxies:
      (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
      (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
      (iii) Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with proxy form.
      (iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.
      (v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
3. The Share Transfer Books of the Company will be closed from April 23, 2016 to April 30, 2016 (both days inclusive). Transfers received in order by our Shares Registrar, M/s. Corplink (Private) Limited, Lahore at the close of business on April 22, 2016 will be considered in time to attend and vote at the meeting and for the entitlement of Bonus Shares.
4. Members are requested to communicate to our Shares Registrar of any change in their addresses.

PGI

Notice of Annual General Meeting

Statement of material facts

This statement sets out the material facts pertaining to the Special Business to be transacted at the Annual General Meeting of the Company to be held on April 30, 2015.

Status of previous approval for investment in associated company.

As required under clause 4(2) of SRO No. 27(1) / 2012 dated January 16, 2012 the status of investment in PGI Autos and Tracking Services (Private) limited, against approval obtained by the Company in Annual General Meeting held on April 30, 2015 is as under:

a)	Total Investment approved	Rs. 4.90 million approved by the shareholders at Annual General Meeting of April 30, 2015.
b)	Amount of investment made to date	The Company has not invested in the Company yet, as the Company is registered as a private limited company in November 2015.
c)	Reasons for not having made complete investment so far where resolution required it to be implemented in specified time	The proposed company was incorporated as a private limited company with Securities and Exchange Commission of Pakistan in November 2015
d)	Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.	None

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 68th Annual General Meeting of the Company to be held on Saturday, April 30, 2016 at 10:00 a.m. and at any adjournment thereof.

Signed this ______________ day of ______________ 2016.

Witnesses:

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

Revenue Stamp

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 Cooperative Bank House, 5 Bank Square, Shahrah-e-Quaid-e-Azam, 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 مسمی ______________________________

ساکن ______________________________

کو یا ان کی عدم دستیابی کی صورت میں مسمی ______________________________

ساکن ______________________________

کو اپنی / ہماری جانب سے پراکسی مقرر کر رہا / رہی ہوں تاکہ وہ ہفتہ ۳۰ اپریل ۲۰۱۶ بوقت ۱۰:۰۰ بجے صبح منعقد ہونے والے ۶۸ ویں سالانہ اجلاسِ عام یا اس کے اس کے کسی بھی التوا میں میری / ہماری جگہ شرکت کرے اور ووٹ ڈالے۔

دستخط بروز ______ بتاریخ ______ ۲۰۱۶ء

گواہان:

1۔ دستخط: ______________________________

نام: ______________________________

پتہ: ______________________________

شناختی کارڈ یا پاسپورٹ نمبر: ______________________________

ریونیو اسٹمپ

ممبر (ممبران) کے دستخط

2۔ دستخط: ______________________________

نام: ______________________________

پتہ: ______________________________

شناختی کارڈ یا پاسپورٹ نمبر: ______________________________

شیئر ہولڈر کا / فولیو نمبر اور / یا سی ڈی سی ______________________________

پارٹیسپنٹ کا شناختی کارڈ نمبر ______________________________

اور ذیلی اکاؤنٹ نمبر ______________________________

اہم نوٹ:

پراکسی کا یہ فارم جو ہر طرح سے مکمل ہو لازماً کمپنی کے رجسٹرڈ آفس واقع کوآپریٹو بینک ہاؤس، ۵ بینک اسکوائر شاہراہ قائداعظم 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 شناختی کارڈ یا پاسپورٹ بشمول پارٹیسپنٹ کا آئی ڈی نمبر اور ان کے اکاؤنٹ نمبر اپنی شناخت میں سہولت کی غرض سے سالانہ اجلاسِ عام میں شرکت کے وقت ہمراہ لائیں۔

PGI

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