

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Islamabad, the 9th February, 2017

NOTIFICATION

S.R.O. 89(I)/2017.- In exercise of powers conferred by section 167 of Insurance Ordinance, 2000 (XXXIX of 2000) read with S.R.O. 708(I)/2009 dated 27th July 2009, the Securities and Exchange Commission of Pakistan, with the approval of the Policy Board, is pleased to make the following rules, the same having been previously published in the official Gazette through S.R.O. 1057(I)/2015 dated October 30th, 2015.

- 1. Short title and commencement.-** (1) These Rules shall be called the Insurance Rules, 2017.
(2) These rules shall come into force at once.
- 2. Definitions.-** (1) In these rules, unless there is anything repugnant in the subject or context.-
 - (a) “Agent” means an insurance agent appointed by an insurer in accordance with the provisions of the Ordinance and these rules;
 - (b) “Authorized Surveying Officer” means an authorized surveying officer registered in accordance with the provisions of the Ordinance and these rules;
 - (c) “Class” means the class of insurance surveyors as provided in sub-rule (1) of rule 41;
 - [(ca) “Digital-only insurer” means insurer as defined in the Ordinance having registration to carry on insurance business and primarily relies on technology for its insurance operations and makes distribution only through digital modes including outbound calls;
 - (cb) “Microinsurance” means as defined in the SEC (Microinsurance) Rules, 2014;
 - (cc) “Microinsurer” means insurer as defined in the Ordinance which is allowed to transact the microinsurance only;
 - (cd) “protection products” means products as defined in the Corporate Insurance Agents Regulations, 2020;
 - (ce) “Saving products” means products as defined in the Corporate Insurance Agents Regulations, 2020;]¹
 - (d) “Related Party” of a person (“the first person”) includes:
 - (i) member of the family of the first person;
 - (ii) lender of any person in which the first person has any interest or shareholder, other than as a passive investor;
 - (iii) any partner or employer or employee of the first person;

¹ Inserted by S.R.O. 1513(I)/2022 dated August 16, 2022

- (iv) if the person is owner or a partner and directly or indirectly holds or controls shares carrying not less than ten percent of voting power in such company; and
- (v) any person to whom the first person is indebted;

(e) "Ordinance" means the Insurance Ordinance, 2000 (XXXIX of 2000).

(2) The words and expression used but not defined shall have the meaning assigned to them in the Ordinance.

3. Qualifications of actuaries.- (1) Subject to sub-rule (2), any person signing as actuary under the Ordinance shall be a fellow of –

- (a) the Pakistan Society of Actuaries; or
- (b) the Institute of Actuaries in England; or
- (c) the Society of Actuaries in the United States of America; or
- (d) such other body as may be recognized by the Commission for the purposes of this rule, after obtaining views of the Pakistan Society of Actuaries.

(2) The person referred to in sub-rule (1) shall have at least thirty-six months' post fellowship experience out of which at least twelve months shall have been in Pakistan within the thirty-six months preceding the date of signing.

4. Additional sub-classes of insurance business.- For the purposes of sub-section (5) of section 4 of the Ordinance, insurance business of the nature of a domestic insurance policy or of a private motor property damage policy as defined in section 2 of the Ordinance shall not be considered related and subsidiary to life insurance business.

5. Restricted classes of insurance business.- For the purposes of subsection (6) of section 4 of the Ordinance, the Commission while granting licence as a life or non-life insurer, as the case may be, may declare the following as restricted classes of insurance business for that applicant, namely:-

- (a) For life insurance:
 - (i) pension fund business; and
 - (ii) accident and health business.
- (b) For non-life insurance:
 - (i) motor third-party compulsory business;
 - (ii) workers' compensation business;
 - (iii) accident and health business;
 - (iv) proportional treaty business; and
 - (v) non -proportional treaty business.

6. Application for registration as an insurer.- (1) For the purposes of subsection (6) of section 6 of the Ordinance, an application for registration as an insurer shall contain the following information, namely:-

- (a) The name of the insurer;
- (b) the address of the principal office and in the case of an insurer incorporated outside Pakistan, the address of the principal office outside Pakistan;
- (c) the name, address and occupation of the directors of the insurer, and particulars of other directorships held by them;
- (d) the nature of, and all considerations and other benefits passing under, any agreement between the applicant and any director;
- (e) the names and addresses of, and particulars of any business carried on by, each person holding an interest of ten per cent or more in the issued share capital of the insurer;
- (f) a statement of the class or classes of insurance business to be carried on by the insurer;
- (g) where registration is sought for life insurance, a statement of the statutory funds to be established by the insurer;
- (h) the name and address of the auditor of the insurer, and a statement by the auditor that he consents to act as auditor of the insurer;
- (i) where registration is sought for life insurance, the name and address of the appointed actuary of the insurer, and a statement by the appointed actuary that he consents to act as appointed actuary of the insurer;
- (j) the name and address of the bank or banks which the insurer uses or proposes to use as its principal banker or bankers;
- (k) the name and address of any investment custodian used or proposed to be used by the insurer;
- (l) a statement of the authorized share capital and the paid-up share capital of the insurer, certified by the auditor of the insurer;
- (m) a statement, dated not more than seven days previous to the date of the application, from the State Bank of Pakistan showing the amount deposited pursuant to section 29 of the Ordinance;
- (n) a statement of the existing, if any, and proposed reinsurance arrangements of the insurer;
- (o) particulars of any agreement other than a reinsurance agreement which the applicant has with any person or body corporate carrying on insurance business;
- (p) particulars of the measures proposed by the applicant to ensure compliance with the requirements laid down in section 11 of the Ordinance including particulars of the senior management structure of the applicant, and the qualifications and experience of senior managers and directors; and

(q) particulars of the investment policy of the insurer.

(2) For the purposes of section 8 of the Ordinance, an application shall be a document, which may be inspected or copied, to the extent only of the information described in clauses (a) to (m), both inclusive, of sub-rule (1).

[(3) The applicant desirous to obtain registration as digital-only insurer shall provide the following information in addition to the information mentioned in sub-rule (1), namely:-

- (a) description of business model of digital-only insurer, its vision, mission and strategic plan;
- (b) market analysis along with analysis of business and economic conditions and inherent opportunities;
- (c) description of target market or customer segment, along with relevant geographic or demographic factors and strategic plan to access that segment;
- (d) need analysis of targeted customer segment, products and services proposed to be offered and illustration of how these will address the customer needs;
- (e) distribution strategy, intended partnerships and alliances to be built, and product-wise projected business volume and value from each distribution channel/ mode;
- (f) product-wise expected claim ratios along with comparison of claim ratios of similar products in Pakistan and in regional and international markets;
- (g) branding, marketing and go to market strategy;
- (h) details of payment platform(s) with which the applicant intends to integrate/ partner for premium collection and claim disbursements while considering the accessibility and outreach factor;
- (i) demonstration of adequacy of human resources capacity with core competencies particularly in the area of technology such as data sciences, artificial intelligence/ machine learning, among others;
- (j) risk assessment, with special focus on operational risk and mitigating measures to be taken by the applicant to materialize its strategic plan and achieve the business targets as per submitted financial projections;
- (k) details of technology architecture to be deployed for conduct of end-to-end digital only operations in the areas of customer acquisition, underwriting, administration, claims processing and payment, etc. along with implementation plan. Also include the details of vendors/ entities from whom technology systems will be procured or outsourced, technology implementation partners, use of cloud service, where cloud will be hosted, security/ encryption mechanism used by cloud service provider (CSP) and/ or any service level agreement between company and SLA;
- (l) results of Vulnerability Assessment and Penetration Testing performed by the Company, if any, and remedial actions taken by the company;
- (m) results of third-party independent audit conducted by the applicant on Information Technology and Information System operations, if any;

- (n) CV of sponsors/ shareholders and details of sources of capital;
- (o) any other information/document as required by the Commission.

(4) The applicant desirous to obtain registration as microinsurer will provide the following information, in addition to the information mentioned in sub-rule (1), namely:-

- (a) description of business model of microinsurer, its vision, mission, and strategic plan with special focus on serving the underprivileged societal segment;
- (b) market analysis along with analysis of business and economic conditions and inherent opportunities;
- (c) description of geographic and demographic segment in which it intends to operate and strategic plan to access that segment;
- (d) need analysis of targeted customer segment, target products and services and illustration of how these will address the customer needs;
- (e) distribution strategy, intended partnerships and alliances to be built, and product-wise projected business volume and value from each distribution channel/ mode;
- (f) product-wise expected claim ratios along with comparison of claim ratios of similar products in Pakistan and in regional and international markets;
- (g) branding, marketing and go to market strategy;
- (h) risks and mitigating measures to be taken by the applicant to materialize its strategic plan and achieve the business targets as per submitted financial projections;
- (i) CV of sponsors/ shareholders and details of sources of capital;
- (j) any other information/ document as required by the Commission.]²

7. Documents to be submitted along with application for registration.- (1) For the purposes of sub-section (6) of section 6 of the Ordinance, the following documents shall be submitted along with any application for registration, namely:-

- (a) a copy of the statute, charter, deed of settlement, memorandum of association or other document by which the applicant is constituted;
- (b) a copy of the articles of association or rules in respect of the applicant;
- (c) if applicable, a photocopy of the certificate of incorporation and the certificate of commencement of business of the applicant;
- (d) copies of all accounts, statements and reports laid before the shareholders of the applicant at the last five annual general meetings of the shareholders or, if less than five annual general meetings of the shareholders of the applicant have been held, copies of the accounts,

² Inserted by S.R.O. 1513(I)/2022 dated August 16, 2022

statements and reports laid before the annual general meetings of shareholders which have been held;

- (e) in respect of life insurance and in respect of such classes of non-life insurance as are prescribed pursuant to sub-section (6) of section 4 of the Ordinance, a certified copy of the published prospectus, if any, and of the standard policy forms of the insurer and statements of the assured rates, advantages, terms and conditions to be offered in connection with insurance policies together with a certificate in connection with life insurance business by the appointed actuary that such rates, advantages, terms and conditions are workable and sound; and
- (f) a business plan showing projected business to be written and cash flows for a period of not less than ten years from the date of the application in the case of a life insurer and not less than three years from the date of the application in the case of a non-life insurer, showing the forecast financial position of the insurer as at the 31st December, in each calendar year, and the forecast results of the insurer for each year or part of a year ending on the 31st December.

(2) Any document required to be submitted which is not in either English or Urdu language shall be accompanied by a certified translation of that document into English or Urdu language.

(3) For the purposes of section 8 of the Ordinance, the documents specified in clauses (a), (b), (c), (d) and (e) of sub-rule (1) shall be the documents which may be inspected and copied.

8. [Annual supervision fee to be paid by an insurer in terms of clause (c) of subsection (3) of section 11 of the Ordinance. - (1) Every insurer registered under the Ordinance shall pay to the Commission, on or before the fifteenth day of January in every calendar year, an annual supervision fee at the rate of Rs. 1.60 per thousand of gross direct premium written in Pakistan during the calendar year preceding to the last year, subject to a maximum of rupees one hundred million.

(2) Every insurer registered under the Ordinance and undertaking reinsurance business only shall pay to the Commission, on or before the fifteenth day of January in every calendar year, an annual supervision fee at the rate of Rs. 0.8 per thousand of gross reinsurance premium written in Pakistan during the calendar year preceding to the last year.]³

9. Transfer of policies.- For the purposes of sub-section (5) of section 16 of the Ordinance, the amount of assets to be transferred shall be determined in such a manner as is fair and equitable between the policy holders of the statutory funds concerned as advised by the appointed actuary.

10. Expense adjustment.- For the purposes of sub-section (9) of section 23 of the Ordinance, the prescribed proportion shall be one hundred percent.

11. Minimum paid-up capital requirement for insurers.- (1) For the purposes of sub-section (2) of section 28, the amount given in the table below shall be the minimum required amount of paid-up capital for an insurer registered under the Ordinance to carry on insurance business:-

³ Rule 8 substituted by S.R.O. 1871(I)/2023 dated December 26, 2023. Rule 8 before substitution stated:

“8. Annual supervision fee to be paid by an insurer in terms of clause (c) of sub-section (3) of section 11 of the Ordinance.- Every insurer registered under the Ordinance shall pay to the Commission, on or before the fifteenth day of January in every calendar year, an annual supervision fee at the rate of [Rs. 1.60 per thousand of gross direct premium written]³ in Pakistan during the calendar year preceding to the last year, subject to a maximum of rupees fifty million.”

[Minimum Paid up Capital Requirement	
	Amount in PKR (million)
Life insurers	700
Non-life insurers	500
Life microinsurers	150
Non-life microinsurers	80
Life digital-only insurers	250
Non-life digital-only insurers	100] ⁴

(2) An applicant who, after the commencement of this rule, desires to register itself under the Ordinance shall be required to comply with the above mentioned minimum paid up capital requirement.

(3) For the purposes of sub-rule (1), the amount of minimum paid up capital will be net off any discount offered on issue of shares.

12. Admissibility of assets.- For the purposes of sub-section (2) of section 32 of the Ordinance, the percentages[/ limit of admissibility]⁵ specified in column (3) of the table below shall apply for the clauses of the said sub-section specified in column (1) of that table in respect of the assets described in column (2) thereof.

Clause	Description of Assets	Percentage [/ limit of admissibility] ⁶
(1)	(2)	(3)
(b)	In a statutory fund of a life insurer, any assets	For assets other than bank deposits – five per cent For total bank deposits – one hundred per cent; and For deposits in a single bank – greater of Rs. 25 million or fifteen per cent.
(f)	Loans which are secured against immovable property	Five percent for both life and non-life insurer.
(n)	Any one unit of immovable property	In the case of both a non-life insurer and a life insurer, – fifty percent till 31 December 2011;

⁴ Substituted for the following table by S.R.O. 1513(I)/2022 dated August 16, 2022:

Type of Insurer	Minimum Paid-Up Capital Requirement				
	Amount given in million rupees				
	Year 2015	Year 2016		Year 2017 and onwards	
	31 st December	30 th June	31 st December	30 th June	31 st December
(1)	(2)	(3)	(4)	(5)	(6)
Life Insurers	500	550	600	650	700
Non-Life Insurers	300	350	400	450	500

⁵ Inserted by S.R.O. 1012(I)/2022 dated July 5, 2022

⁶ Inserted by S.R.O. 1012(I)/2022 dated July 5, 2022

		then thirty five percent till 31 December 2013; then twenty percent till 31 December 2014 and thereafter.
(o)	Total immovable property	In the case of both a non-life insurer and a life insurer, – sixty percent till 31 December 2011; then forty five percent till 31 December 2013; then thirty percent till 31 December 2014 and thereafter.
(p)	Shares in any one company or in group of related companies	five percent in case of life insurer. In the case of a non-life insurer – - till 30 December 2012 twenty-five per cent; and - thereafter as per the following table On and after 31 December 2012 twenty percent On and after 31 December 2013 fifteen percent On and after 31 December 2014 ten percent On or after 31 December 2015 five percent
(q)	Shares of listed companies in the aggregate	In case of both life and non-life insurers.– Seventy percent till 31 December 2011; Sixty percent till 31 December 2012; Fifty percent till 31 December 2013 and thereafter
(r)	Shares of companies (not being listed companies) in the aggregate	Five per cent in case of non-life insurer and two and half per cent in case of life insurer till 31 December 2012 and thereafter.
(s)	Immovable property and shares in the aggregate	In the case of both life and non-life insurers.– Eighty per cent till 31 December 2011; Seventy per cent till 31 December 2012;

		Sixty per cent till 31 December 2013 and thereafter.
(t)	Loans to any person or group of related persons	For both life and non-life insurers: <ul style="list-style-type: none"> • To any one person – one per cent; and • To a group of related persons – two per cent till 31 December 2012 and thereafter.
(v)	Following assets prescribed by the Commission shall be effective from 31 December 2012:	
	Term finance certificates / sukuk bonds issued by one issuer, not being a state owned enterprise	To the extent they exceed five percent of the non-life insurer's total investment or in case of a life insurer five percent of the total investment of the relevant statutory fund or shareholders' fund.
	Term finance certificates / sukuk bonds in aggregate	To the extent they exceed thirty percent of the non-life insurer's total investment or in case of a life insurer, thirty percent of the total investment of the relevant statutory fund or shareholders' fund.
	[Units in any one open ended mutual fund including exchange traded funds	To the extent they exceed ten percent of the non-life insurer's total investment or in case of a life insurer ten percent of the total investment of the relevant statutory fund or shareholders' fund.
	Units in all open ended mutual funds including exchange traded funds managed by the same asset management company	In the case of units of open ended mutual funds including exchange traded funds of the same asset management company, to the extent they exceed fifteen percent of the non-life insurer's total investment or in case of a life insurer fifteen percent of the total investment of the relevant statutory fund or shareholders' fund. In the case of units of exchange traded funds of the same asset management company, to the extent they exceed an additional five percent of the non-life insurer's total investment or in case of a life insurer an additional five percent of the total investment of the relevant statutory fund or shareholders' fund.] ⁷

⁷ Entries appearing in clause (v) substituted by S.R.O. 1011(I)/2022 dated July 5, 2022. Entries appearing in clause (v) before substitution stated:

	Units in any one open ended mutual fund	To the extent they exceed ten percent of the non-life insurer's total investment or in case of a life insurer ten percent of the total investment of the relevant statutory fund or shareholders' fund.
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	Investment in any single real estate investment trust	To the extent they exceed five percent of the non-life insurer's total investment or in case of a life insurer five percent of the total investment of the relevant statutory fund or shareholders' fund.
	Investment in all real estate investment trusts in aggregate	To the extent they exceed ten percent of the non-life insurer's total investment or in case of a life insurer, ten percent of the total investment of the relevant statutory fund or shareholders' fund.
	All investment in shares (listed and unlisted), modaraba certificates, property, mutual funds and real estate investment trusts in aggregate but excluding mutual funds which have no direct or indirect investment in equities or property	To the extent they exceed sixty percent of the non-life insurer's total investment or in case of a life insurer, sixty percent of the total investment of the relevant statutory fund or shareholders' fund.
	Listed modaraba certificates issued by any one company	To the extent they exceed five percent of the non-life insurer's total investment or in case of a life insurer five percent of the total investment of the relevant statutory fund or shareholders' fund.
	Loans to any person or group of related persons in aggregate	To the extent they exceed five percent of the non-life insurer's total investment or in case of a life insurer five percent of the total investment of the relevant statutory fund or shareholders' fund.
	[Right of Use Assets recorded as per International Financial Reporting Standard 16 (Leases)]	From the date of coming into effect of this amendment, in the case of both life insurer and non-life insurer, right of use asset to the extent of the corresponding right-of-use liability but excluding right of use assets created against vehicles, office equipment and intangible assets.] ⁸

13. Valuation.- (1) For the purposes of sub-section (3) of section 34 of the Ordinance, where an amount referred to in sub-section (1) of that section cannot be reliably determined by reason of the absence of relevant information on which to base a determination, an insurer may perform a valuation based on the present value of the expected future cash flows pertaining to an asset or a liability, as the case may be, and in determining the present value a discount rate appropriate to the timing of the future cash flows shall be used.

	Units in all open ended mutual funds managed by the same asset management company	To the extent they exceed fifteen percent of the non-life insurer's total investment or in case of a life insurer fifteen percent of the total investment of the relevant statutory fund or shareholders' fund.
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⁸ Inserted by S.R.O. 1012(I)/2022 dated July 5, 2022

(2) For the purpose of sub-section (3) of Section 34 of the Ordinance the amounts determined under clauses (c) and (d) of sub-section (2) of section 34 of the Ordinance shall for Accident and Health Business written by a non-life insurer be based on the advice of an Actuary as defined in Rule 3.

14. Net admissible assets of life insurers.- (1) For the purposes of sub-section (2) of section 35 of the Ordinance, the required minimum amount to be maintained in the Shareholders' Fund shall be the sum of the following:

[(a) A fixed amount which shall be as follows:

- (i) for life insurer, rupees one hundred and sixty-five million only; and
- (ii) for life microinsurer and life digital-only insurer, rupees seventy-five million only;]⁹

(b) If the company has been given written permission by the Commission under Rule 14(2) below, a solvency margin calculated in accordance with the principles set out in Annexure III.

(2) The Commission may grant written permission to a life insurer to maintain the solvency margin calculated in accordance with the principles set out in Annexure III in its shareholders' fund and statutory funds in aggregate (this being in addition to the fixed amount prescribed in Rule 14(1)(a)) instead of in each statutory fund on the following conditions:

- (a) The life insurer makes an application in writing, not less than three months before the date on which such permission is to come into effect, seeking permission to maintain the solvency margin calculated in accordance with the principles set out in Annexure III in its shareholders' fund and statutory funds in aggregate instead of in each statutory fund, such margin being in addition to the fixed amount specified in Rule 14(1)(a); and
- (b) The application in Rule 14(2)(a) is supported by a non-revocable resolution of the Board of Directors of the life insurer to maintain the solvency margin calculated in accordance with the principles set out in Annexure III in its shareholders' fund and statutory funds in aggregate for a period of not less than ten years from the date of the application, and, during this period, not to declare any dividend without the express written consent of the Appointed Actuary of the life insurer.

(3) For the purpose of sub-section (3) of section 35 of the Ordinance, the surplus of admissible assets in Pakistan over liabilities in Pakistan, other than policyholder liabilities, which a life insurer shall maintain at all times in each statutory fund maintained by it for the conduct of business other than investment-linked business shall be the amount of policyholder liabilities plus, unless written permission has been granted to the life insurer under Rule 14(2) to maintain the solvency margin in its

⁹ Substituted by S.R.O. 1513(I)/2022 dated August 16, 2022. Clause (a) of rule 14(1) before substitution stated:

(a) A fixed amount which shall be as follows:

- till 30 December 2012 – seventy five million rupees; and
- thereafter as per the following table;

On or After	Rupees
'31 December 2012	One hundred and five million
'31 December 2013	One hundred and thirty five million
'31 December 2014	One hundred and sixty five million

shareholders' fund and statutory funds in aggregate, a solvency margin calculated in accordance with the principles set out in Annexure III.

(4) For the purpose of sub-section (4) of section 35 of the Ordinance, the surplus of admissible assets in Pakistan over liabilities in Pakistan, other than policyholder liabilities, which a life insurer shall maintain at all times in each statutory fund maintained by it for the conduct of investment-linked business shall be the amount of policyholder liabilities plus, unless written permission has been granted to the life insurer under Rule 14(2) to maintain the solvency margin in its shareholders' fund and statutory funds in aggregate, a solvency margin calculated in accordance with the principles set out in Annexure III.

(5) For the purpose of sub-Section (5) of Section 35 of the Ordinance, the surplus of admissible assets denominated in each currency over liabilities including policyholder's liabilities denominated in such currency shall be a solvency margin calculated in accordance with the principles set out in Annexure III with respect to policies denominated in such currency.

(6) Where sub-section (6) of section 50 of the Ordinance applies in respect of a statutory fund, policyholder liabilities for the purposes of the said sub-sections shall not be less than the amount determined by the appointed actuary under that sub-section.

15. Solvency of non-life insurer.- (1) For the purposes of clause (a) of subsection (3) of section 36 of the Ordinance, the following shall be the prescribed amount, namely:-

[(a) for non-life insurer, rupees one hundred and fifty million only;

(b) for non-life microinsurer, rupees fifty million only; and

[(c) for non-life digital-only insurer:

(i) Rupees fifty million till December 31, 2024; and

(ii) Rupees seventy-five million thereafter.]¹⁰]¹¹

(2) For the purposes of clause (b) of sub-section (3) of section 36 of the Ordinance, the prescribed percentage shall be twenty per cent.

(3) For the purposes of clause (c) of sub-section (3) of section 36 of the Ordinance, the prescribed percentage shall be twenty per cent.

¹⁰ Substituted by S.R.O. 1513(I)/2022 dated August 16, 2022. Clause (a) and (b) of rule 15(1) before substitution stated:

(a) till 31 December 2011, fifty million rupees; and

(b) thereafter as per the following table

<u>On or After</u>	<u>Rupees</u>
31 December 2012	One hundred million
31 December 2013	One hundred and twenty five million
31 December 2014	One hundred and fifty million

¹¹ Substituted by S.R.O. 435(I)/2023 dated March 28, 2023. Clause (c) before substitution stated:

(c) for non-life digital-only insurer, rupees seventy-five million only.

16. [Assets to be invested in securities.- (1) Thirty per cent of the assets of the shareholders' fund of a life insurer, or of a statutory fund of a life insurer, other than a statutory fund which contains only investment linked policies, shall be invested in Government securities, under sub -section (7) of section 35 of the Ordinance.

(2) A further ten percent of the assets of the shareholders' fund of a life insurer, or of a statutory fund of a life insurer, other than a statutory fund which contains only investment linked policies, shall be invested in a combination of Government securities and other approved securities, under sub -section (7) of section 35 of the Ordinance:

Provided that for the purposes of computation of the limits provided at sub-rule (1) and (2) above, inter-fund receivables of a shareholders' fund or a statutory fund and right of use assets, other than right of use assets created against vehicle, office equipment and intangible assets, shall be excluded.]¹²

17. Requirement to effect and maintain reinsurance arrangements.- (1) For the purposes of sub-sections (2) and (3) of section 41 of the Ordinance, the following information shall be submitted in respect of each reinsurance arrangement namely:-

- (a) Type of reinsurance treaty;
- (b) number of lines or slabs, as the case may be;
- (c) insurers maximum retention;
- (d) maximum liabilities under total reinsurance treaty;
- (e) estimated premium income;
- (f) aggregate commission loss limit, if any;
- (g) commission;
- (h) profit commission;
- (i) over riding commission;

¹² Rule 16 substituted by S.R.O. 1012(I)/2022 dated July 5, 2022. Rule 16 before substitution stated:

16. Assets to be invested in securities.- (1) Thirty per cent of the assets, excluding inter-fund receivables of the shareholders' fund of a life insurer, or of a statutory fund of a life insurer, other than a statutory fund which contains only investment linked policies, shall be invested in Government securities, under sub -section (7) of section 35 of the Ordinance.

(2) A further ten percent of the assets, excluding inter-fund receivables of the shareholders' fund of a life insurer, or of a statutory fund of a life insurer, other than a statutory fund which contains only investment linked policies, shall be invested in a combination of Government securities and other approved securities, under sub -section (7) of section 35 of the Ordinance.

- (j) name and addresses of re-insurers with their respective shares and their rating by reputable international rating agencies;
- (k) maximum liabilities of each reinsurer; and
- (l) name and addresses of broker who placed reinsurance.

(2) If the insurer's retention is based on maximum probable loss the maximum liabilities of each reinsurer must be stated, including maximum liability under the total reinsurance treaty and a separate statement for each class or sub-class of business shall be furnished.

18. Reinsurance outside Pakistan.—(1) For the purposes of sub -section (5) of section 41 of the Ordinance, no insurer shall reinsure facultatively outside Pakistan any insurance business or any part thereof underwritten by it in Pakistan without the permission of the Commission.

(2) The Commission may, grant permission under sub - rule (1) in any of the following circumstances, namely:

- (a) The insurance or any part thereof is in excess of the insurer's treaty arrangements, and the Commission is provided with documentary evidence that such excess cannot be reasonably placed within Pakistan;
- (b) the insurance business, although covered by a treaty arrangement shall be desired to be reinsured facultatively for protecting the treaty or for any other special reason, subject to satisfaction of the Commission;

Provided that such facultative reinsurance shall not run contrary to subsisting contractual obligations under the treaty; and

- (c) the insurance business is of special nature and there are no treaty arrangements for it.

(3) No insurer in Pakistan shall accept reinsurance on facultative basis in excess of its net retention if the insurer seeking such reinsurance so indicates in the reinsurance slip, request note or otherwise in writing.

19. Accounting and reporting.- For the purposes of sub-sections (1) and (2) of section 46 of the Ordinance, the statements as set out in Annexure II shall be furnished.

Provided that annual accounts for the period ended 31st December, 2016 and quarterly accounts for the period ending 31st March 2017 shall be prepared in accordance with the previous requirements.

Provided further that where the Commission is satisfied that it is not practicable to give effect or comply with the formats annexed as Annexure II under this rule, the Commission may, for reasons to be recorded in writing, relax such requirement subject to such conditions as it may deem fit.

20. Additional copies.- (1) For the purposes of sub-sections (1) and (2) of section 47 of the Ordinance, the number of additional copies required to be delivered shall be one, which shall be delivered in printed form to the Insurance Division of the Commission.

(2) For the purposes of sub-section (4) of section 47 of the Ordinance, one translation either into the English or Urdu language shall accompany each copy in the original language required to be delivered, and that translation shall be duly attested.

21. Fees for special audit.- (1) The fees payable under sub-section (4) of section 49 of the Ordinance to an auditor for a special audit shall be such as may be determined by the Commission on case-to-case basis.

(2) The Commission shall in determining such fees have regard to, without limitation-

- (a) the size of an insurer and the complexity of the business of the insurer;
- (b) the quality of the books and records of the insurer;
- (c) the nature of the considerations which led the Commission to direct that the special audit be performed and the impact of such considerations on the risk of material error in the company's records and returns and the difficulty of performance of the special audit;
- (d) the seniority and experience of the persons involved in the special audit;
- (e) the amount of time necessarily expended on the special audit;
- (f) the amount of money disbursed as expenses in the conduct of the special audit; and
- (g) the fees ordinarily charged for specialist auditing services.

22. Financial Condition Report. - For the purposes of Section 50 of the Ordinance, the Financial Condition Report shall be prepared in accordance with the requirements prescribed in Annexure IV.

23. Minimum valuation basis.- For the purposes of sub-section (5) of section 50 of the Ordinance, the minimum valuation basis shall be such as is set out in Annexure V.

24. Financial Statements of Life Insurance Companies. (1) For the purposes of section 52 of the Ordinance, the statements required to be filed by life insurers under the Companies Ordinance, 1984 (XLVII of 1984), shall be as set out in Annexure II.

(2) The Commission may, by notification in the official Gazette, not inconsistent with these rules, provide for accounting and presentation procedures for preparing financial statements under this rule, and the basis of calculation of any amount or ratio required under this rule to be included in any statement forming a part of those financial statements.

25. Power of the Commission to Issue Directives.- For the purposes of section 60 of the Ordinance, the Commission may, if it believes on reasonable grounds that an insurer registered with the Commission under the Ordinance, has failed, or is about to fail, to comply with the conditions of registration set out in section 11 of the Ordinance, issue such direction, not inconsistent with and not otherwise provided in the Ordinance, to protect the interest of the policyholders, as it deem appropriate.

26. Procedure to be followed by the Commission while issuing direction under rule 25.- While issuing directions the Commission shall follow the following procedure.-

- (a) **Establishment of Non-Compliance with Section 11:** The Commission shall ensure that there is

a reasonable ground that an insurer has failed, or is about to fail, to comply with any conditions of registration set out in section 11 of the Ordinance.

- (b) **Notice of Non-Compliance:** The Commission shall send a notice to insurer to inform him in writing the details and nature of non-compliance or potential non-compliance with section 11 and give fifteen days time period to respond to such notice in writing.
- (c) **Extension of time to respond to the Notice of Non-Compliance:** The Commission may grant an extension of time period not exceeding fifteen days to the insurer to respond to the notice as per sub-rule (b) above:

Provided that no further extension shall be granted if an insurer fails to respond to such notice within the stipulated time period.

- (d) **Hearing Opportunity:** Based on the insurer's written response of the notice, where the Commission determines that the non-compliance or potential non-compliance with Section 11 still exists, the Commission shall, while adjudicating upon the rights of insurer or imposing any other penalty, provide an opportunity of hearing to the insurer within a period of fifteen days by informing the insurer in writing:

Provided that the Commission may grant an extension of time period not exceeding fifteen days to the insurer on the written application of insurer to that effect and no further extension shall be granted where an insurer refuses or fails to avail such hearing opportunity within the stipulated time period.

Provided further that where the Commission is satisfied that delay in issuing direction to the insurer shall be detrimental to the interest of the insurance policy holders and immediate regulatory action is required, the Commission may, after recording reasons in writing, immediately issue interim direction to an insurer till the time an opportunity of hearing is provided and a final decision is taken within a period of not more than thirty days.

- (e) **Other Considerations:** Where the Commission determines that non-compliance or potential non-compliance to Section 11 still exists, the Commission shall issue such directions to the insurer, having regards to the aspects given under sub-section (4) of section 22 of the SECP Act 1997, (XLII of 1997) as it deem appropriate.

27. Amalgamation and transfer of life insurance business.- The statement of assets and liabilities required under clause (b) of sub-section (3) of section 68 of the Ordinance shall be made as set out in Annexure I.

28. Procedure when nominee is a minor.- (1) For the purposes of the proviso to sub-section (1) of section 72 and the proviso to sub -section (1) of section 73 of the Ordinance, an appointment shall be made in writing and signed by the policy holder making the appointment and shall be communicated to the insurer.

(2) Any appointment referred to in sub-rule (1), in order to be effectual shall, unless incorporated in the text of the policy itself, be made by an endorsement on the policy.

(3) Any appointment referred to in sub-rule (1) may, at any time before the policy matures for payment, be cancelled or changed by an endorsement, or further endorsement, as the case may be, and communicated to the insurer.

29. Nomination under group life insurance policies.- A nomination under section 73 of the Ordinance shall be made in writing and shall be either—

- (a) signed by the person whose life is insured under a contract of group life insurance; or
- (b) affixed with the thumb impression of the person whose life is insured under a contract of group life insurance, if he is illiterate, after it has been read to him in the presence of a responsible person, who shall sign the nomination as witness to the fact that it has been so read, and shall be furnished to the policy holder.

30. Compliance visiting.- (1) This rule refers to the powers given to the Commission to conduct compliance visits under section 84 and 110 of the Ordinance.

(2) A compliance visit by the Commission or a delegate of the Commission to the premises of an insurer, an agent, or a broker ('party visited') shall not constitute an investigation or an audit under the Ordinance.

(3) The Commission shall give not less than two week's written notice of an intention to perform a compliance visit, and shall have regard to the convenience of the party proposed to be visited in setting the date, time, place and duration of the visit:

Provided that if the Commission believes on reasonable grounds that waiver of notice is necessary to prevent breach of the Ordinance, or to prevent concealment of evidence of actual or apprehended breach of the Ordinance, the period of notice may, with the consent of the Chairman of the Commission, be reduced to twenty-four hours.

(4) The notice of a visit shall set out the provision or provisions of the Ordinance, rules, regulations or directives of the Commission in respect of which it is proposed to verify compliance.

(5) A visit under this rule shall not be carried out in such a way as to disrupt unduly the operations of the party visited.

(6) A party visited shall not be visited again under this rule until the elapse of not less than six months from the termination of the previous visit, except to the extent that the Commission believes on reasonable grounds that a subsequent visit is necessary to satisfy it that appropriate action is being taken to remedy a defect noted on a compliance visit.

(7) A party visited shall co-operate fully with the Commission in the conduct of compliance visit, and shall make available such books and records, information and explanations as the Commission may reasonably require.

(8) The Commission shall give to a party visited, within one month following the completion of compliance visit, a written report on the results of the compliance visit.

(9) The party visited shall, if the Commission so requires, respond to the written report referred to in sub-rule (8) within one month following receipt by the visited party of the report.

(10) The Commission may have regard to the results of a compliance visit in deciding whether to take any action in respect of a party visited under powers given to the Commission under the Ordinance, rules or regulations; provided that no such action shall be taken without giving the party visited an opportunity to be heard.

31. Independent insurance survey to be conducted.- ^[13] For the purposes of sub-section (1) of section 85 of the Ordinance, the Commission, may direct the insurer to arrange for an independent or another survey of the loss through another surveyor or surveyors approved by the Commission, if in case the Commission has reason to believe that an insurance surveyor has given a false report or has grossly over-assessed or under-assessed a loss or has made an adjustment of loss in a grossly unjust manner.

^[14]

32. Paid-up policy values.- (1) For the purposes of clause (b) of subsection (3) of section 92 of the Ordinance, the paid-up policy value shall, in the case of participating and non-participating conventional contracts, before the inclusion of bonuses, be not less than-

- (a) where the whole of the benefits payable under the policy are payable on a particular date or on the happening of a particular event, the amount bearing to the total sum insured by the policy exclusive of bonuses the same proportion as the total period for which premiums have already been paid bears to the maximum period for which premiums were originally payable; and
- (b) where the benefits payable under the policy are payable on two or more dates, the amount bearing to total of each planned payment exclusive of bonuses the same proportion as the total period for which premiums have been paid bears to the maximum period for which premiums were originally payable less any benefit paid earlier.

(2) In the case of unit linked and universal life contracts, the paid-up policy value shall be determined in any of the following two manners:

- (a) the paid up sum insured shall not be less than the amount of sum cover of the policy at inception, as long as the cash value in the unit/investment account is sufficient to meet the ongoing periodic administration charges and insurance coverage charges, otherwise the policy would lapse without value. Under this option, the paid up sum insured is payable at the death of the life assured.
- (b) The paid up sum insured shall be reduced to zero and the policy shall be maintained for the unit/investment account only. In such case, the insurance coverage charges, shall not be deducted and only the administrative charge shall be deducted. Under this option, the amount payable on the death of the life insured shall be the unit/investment account value, if any.

¹³ The words "(1) Subject to sub-rule (2)," omitted by S.R.O. 658(I)/2018 dated 28th May, 2018.

¹⁴ Sub-rule (2) of rule 31 omitted by S.R.O. 658(I)/2018 dated 28th May, 2018. Omitted rule 31(2) stated:

"(2) Independent survey shall be conducted in respect of the claim lodged for the amount exceeding one hundred thousand rupees except in case of motor and casualty insurance where the amount of loss or claim is for more than fifty thousand rupees.

33. Conduct of agents and insurer.- (1) For the purpose of sections 96 to 99 of the Ordinance, the following actions of an agent shall be treated as violations of the Ordinance, and the agent shall be disqualified from engaging into the business of insurance agency for a period of five years, namely:-

- (a) Acts as agent in breach of any of the sub-sections of section 96;
- (b) holds the property or other documents and cover notes of the previous insurer after entering into the contract of agency with the new insurer;
- (c) fails to pass on the payment received from the policyholder to the insurer within the prescribed time as per sub-section (2) of section 99; and
- (d) receives from or pays to a policyholder or intending policyholder any sum in relation to the contract of insurance without prior approval of the insurer in violation of sub-section (3) of section 99.

(2) For the purposes of sections 96 to 99, the following actions of an insurer shall be treated as violations of the Ordinance, and the insurer shall be liable to penalty as per section 156 of the Ordinance, namely:-

- (a) Appoints a person as an agent in breach of any of the subsections of section 96;
- (b) fails to take action as provided in sub-rule (3) on the written complaint of the policyholder or intending policyholder within a period of two months;
- (c) knowingly permits a disqualified agent to obtain and operate another contract of insurance agency in the name of another person or close relative who is not an active insurance agent;
- (d) pays commission or other remuneration to an agent in violation of sub-section (5) of section 99; and
- (e) fails to disqualify an agent found guilty of offence under sub-rule (1).

(3) On receipt of a written complaint from the policyholder or intending policyholder that an agent or any other person related to the agent has received money in relation to a contract of insurance from the complainant and the agent has failed to deposit this money with the insurer, the insurer shall conduct an inquiry into it and inform the policyholder or intending policyholder, as the case may be, about the outcome of the inquiry within two months period of the complaint.

34. Qualifications required of insurance agents.- For the purposes of section 97 of the Ordinance, the following shall be the prescribed qualifications, namely:-

- (a) For persons holding licence of insurance agent or certificate of employer of agents under the repealed Act, there shall be no prescribed qualifications; and
- (b) for persons entering into agency contracts after commencement of the Ordinance, the minimum qualification shall be Matriculate or Secondary School Certificate, and in the case of a natural person, that person, or in the case of a body corporate, each director, or in the case of a partnership, each partner, shall have the said qualification, and -

- (i) agents operating in the non-life insurance business shall be required to complete the foundation course of the Pakistan Insurance Institute or a foundation course of thirty days' duration, to be organized in-house by the concerned insurance company, subject to that insurance company having prior approval of the course syllabus by the Commission; and
 - (ii) agents operating in the life insurance business shall be required to complete a foundation course of three months duration, to be organized by the concerned insurance company.
- [(c) for persons entering into agency contracts with insurers after April 1, 2023, following shall be the prescribed qualification in respect of a natural person, and in the case of a body corporate or a partnership, each of its designated persons engaged in insurance sales: -
- (i) for life insurance, Matriculate or Secondary School Certificate (SSC) and a sixty (60) days foundation course based on a curriculum notified by the Commission, to be conducted by the respective Insurer or an institute approved by the Commission, and shall also be examined and certified by an institute approved by the Commission within a period of six months from the date of entering into agency contract;
- or Higher Secondary School Certificate or equivalent and 60 hours foundation course based on a curriculum notified by the Commission conducted by the respective insurer or an institute approved by the Commission, and shall also be examined and certified by an institute approved by the Commission within a period of six months from the date of entering into agency contracts.
- (ii) For non-life insurance, Higher Secondary School Certificate or equivalent and 60 hours foundation course based on a curriculum notified by the Commission conducted by the respective insurer or an institute approved by the Commission, and shall also be examined and certified by an institute approved by the Commission within a period of six months from the date of entering into agency contracts:

Provided that agents and designated persons may be given exemption from the requirement of foundation course who meet such criteria and requirements as may be specified by the Commission through notification.

Provided further that the person who has completed agent foundation course from an insurer/ approved institute and has obtained certification from an approved institute during agency with an insurer, will not be required to undergo the complete agent foundation course on joining the different insurer and may start agency with another insurer after completing the refresher course.]¹⁵

¹⁵ Substituted by S.R.O. 436(I)/2023 dated March 28, 2023. Clause (c) before substitution stated:

- (c) for persons entering into agency contracts with insurers after June 30, 2017, the minimum qualification shall be Higher Secondary School Certificate or equivalent, and in the case of a natural person, that person, or in the case of a body corporate or a partnership, each of its designated persons engaged in the business of insurance sales, shall have the said qualification, and such agents or designated person shall be required to undergo a foundation course based on a curriculum as approved by the Commission within a period of one year from the date of entering into agency contracts, conducted by the respective insurer or an institute recognized by the Commission, and shall also be examined and certified by an institute. The agents or designated person shall also be required to attend a refresher course after every two years from such institute(s) as specified by the Commission for the purposes of continued professional education:

[(d) The agents or designated person shall also be required to attend a refresher course after every two years from the institute approved by the Commission or complete CPD hours as notified by the Commission from the institute approved by the Commission.]¹⁶

35. Registration of insurance agents.- Every insurer shall, in the register required to be kept by it for the purposes of sub -section (1) of section 98 of the Ordinance, maintain the following details in respect of each insurance agent, namely:

(a) For a natural person:

- (i) his name;
- (ii) his date of birth;
- (iii) his residential address;
- (iv) his postal address (if different);
- (v) the names of persons employed by the insurance agent for the purpose of carrying out the business of an insurance agent;
- (vi) the date of appointment and his registration; and
- (vii) such other particulars as may be specified by the Commission.

(b) For a body corporate:

- (i) its name;
- (ii) the address of its registered office;
- (iii) its postal address (if different);
- (iv) a description of the business carried on by it (other than insurance agent);
- (v) the names of shareholders holding more than ten per cent of the issued share capital;

Provided that agents and designated persons may be given exemption from the requirement of foundation course who meet such criteria and requirements as may be approved by the Commission from time to time, but such exemption shall be availed through registering with an institute as approved by the Commission.

Provided further that agents or designated persons who are matriculate or hold Secondary School Certificate and have already completed a foundation course, in case of non-life insurance from Pakistan Insurance Institute and in case of life insurance from the respective insurer prior to commencement of this sub-rule, shall stand exempted from the requirement of foundation course. Such person shall, however, be required to register with an institute as approved by the Commission within three months of the date of effect of this sub-rule and attend a refresher course after every two years from such institute(s) as specified by the Commission for the purposes of continued professional education.

¹⁶ Inserted by S.R.O. 436(I)/2023 dated March 28, 2023

- (vi) the date of appointment and its registration; and
- (vii) such other particulars as may be specified by the Commission.

(c) For a firm:

- (i) its name;
- (ii) the address of its principal office;
- (iii) its postal address (if different);
- (iv) a description of the business carried on by it (other than insurance agent);
- (v) the names of the partners in the firm; and
- (vi) the date of appointment and its registration.

36. Statement and declaration required of insurance agents.- (1) Every insurer shall, before appointing an insurance agent, and thereafter at intervals of not less than twelve months, obtain from every insurance agent continuing to be appointed by it a statement of the information required under Rule 35 to be held by it in its register.

(2) Every statement obtained under sub-rule (1) shall be accompanied by a declaration by the insurance agent stating that—

- (a) the information given by him in accordance with sub-rule (1) is complete and correct;
- (b) he has complied with the requirements of the Ordinance and the rules made thereunder concerning the required qualifications of an agent;
- (c) he is (in the case of an existing agent) engaged or (in the case of an agent seeking appointment) proposes to engage *bona fide* in obtaining insurance policies for the insurer to whom the declaration is made;
- (d) he undertakes to comply, and (in the case of an existing agent) declares that he has during the previous twelve months complied with the relevant provisions of the Ordinance and the rules made thereunder concerning the conduct of an agent; and
- (e) he, or, in the case of a body corporate, any director of the body corporate, or officer of the body corporate engaging in the business of insurance agency, or, in the case of a firm, any partner of the firm, or officer of the firm engaging in the business of insurance agency, is not disqualified from acting as an insurance agent by virtue of:-
 - (i) being a minor;
 - (ii) having been found of unsound mind by a Court of competent jurisdiction;
 - (iii) having been found guilty, within the five years preceding the date of the declaration, of criminal misappropriation or criminal breach of trust, cheating or forgery or an abetment of or attempt to commit any such offence by a Court of competent jurisdiction;

- (iv) having served any custodial sentence imposed by a Court of competent jurisdiction, ending within the five years preceding the date of the declaration;
- (v) having been found guilty by a Court of competent jurisdiction of any offence involving insurance; or
- (vi) having been otherwise declared as disqualified by the Insurance Tribunal, other than for a term which had expired prior to the date of the declaration.

(3) Every statement and declaration required under this rule shall be made in writing and the declaration shall be signed —

- (a) in the case of a natural person, by the applicant and duly attested in the presence of witnesses who shall, not be related to the applicant;
- (b) in the case of a body corporate, by not fewer than two directors of the body corporate and duly attested; and
- (c) in the case of a firm, by not fewer than two partners of the firm and duly attested.

(4) The statement and declaration shall be retained by the insurer for a period of not less than five years from the date of the declaration and shall be produced to the Commission on demand.

(5) An agent shall notify to the insurer of any change in the details required under sub-rule (1) within three months of that change having effect, such notification to be in writing and signed —

- (a) in the case of a natural person, by the agent and duly attested in the presence of witnesses who shall not be related to the agent;
- (b) in the case of a body corporate, by not fewer than two directors of the body corporate and duly attested; and
- (c) in the case of a firm, by not fewer than two partners of the firm and duly attested.

(6) If an agent or, in the case of a body corporate, any director or officer of the body corporate engaging in the business of insurance agency, or, in the case of a firm, any partner or officer of the body corporate engaging in the business of insurance agency becomes disqualified for any reason from acting as an insurance agent, the agent shall within seven days notify the insurer of the disqualification and shall forthwith cease, or cause the disqualified person to cease, engaging in the business of insurance agency.

(7) In addition to the statement and declaration under this rule, the insurer may, as and when it deem necessary, call for other information, documents, photographs, etc.

37. Requirements for insurance broker's licence.- For the purposes of sub-section (3) of section 102 of the Ordinance, the following shall be the prescribed qualifications of a company for issuance of an insurance broker's licence, namely:-

- (a) A minimum paid-up share capital of not less than fifteen million rupees for an insurance broker to be registered in Pakistan:

Provided that existing licensed insurance brokers who have paid up capital less than the minimum required amount shall comply with enhanced requirement of the paid up capital by December 31, 2017:

- (b) cash or approved securities to the value of ten percent (10%) of the minimum prescribed paid up capital of the insurance broker, deposited with the State Bank of Pakistan;

Provided that existing licensed insurance brokers shall comply with the requirement of statutory deposit by December 31, 2017.

- (c) professional indemnity insurance, to a limit of thirty million rupees for any one occurrence;

Provided that existing licensed insurance brokers shall comply with the requirement of professional indemnity insurance on the expiry of their active licence after coming into force of this provision.

The insurance cover must indemnify an insurance broker against:

- (i) Any error or omission or negligence on his part or on the part of his employees and directors;
- (ii) Any loss of money or other property for which the broker is legally liable in consequence of any financial or fraudulent act or omission;
- (iii) Any loss of documents and costs and expenses incurred in replacing or restoring such documents;
- (iv) The indemnity cover:
 - (a) Should be on a yearly basis for the entire period of license;
 - (b) Should not contain any terms to the effect that payments of liabilities (claims under the policy) depend upon the insurance broker having first met the liability;
 - (c) Should indemnify in respect of all liabilities (claims under the policy) made during the period of the insurance regardless of the time at which the event giving rise to the claim may have occurred.

- (d) every registered insurance broker shall maintain a net equity, which is total assets of the insurance broker over its total liabilities, of at least following percentages of their minimum paid-up capital, as per the following schedule:

1st Year of Business	2nd Year of Business	3rd Year of Business	4th Year of Business and onwards
35%	50%	60%	70%

Provided that existing insurance brokers shall comply with this requirement as per the above schedule from the date of coming into force of this provision.

Provided further that while determining the value of the assets owned by a company, any amount on account of goodwill or of any other intangible asset like deferred tax asset, shall be disregarded.

- (e) the body corporate engaging in the business of insurance broking —
 - (i) has not been found guilty, within the five years preceding the present date, of criminal misappropriation or criminal breach of trust, cheating or forgery or an abetment of or attempt to commit any such offence by a Court of competent jurisdiction;
 - (ii) has not been found guilty by a Court of competent jurisdiction of any offence involving insurance; or
 - (iii) has not been otherwise declared as disqualified by the Insurance Tribunal, other than for a term which had expired prior to the present date.

38. Fitness and propriety requirements for the Chief Executive and Directors of Insurance Brokers.- (1) For the purposes of sub-section (3) of section 102 of the Ordinance, the following shall be the prescribed fitness and proprietary requirements for the Chief Executive Officer and Directors of the insurance broker.

Provided that a proposed director or chief executive officer of an insurance broker shall not assume the charge of office until his appointment has been approved by the Commission.

(2) The fitness and propriety of the chief executive officer and director of an insurance broker shall be assessed by taking into account all the relevant factors including but not limited to the following:

- (a) In determining a person's integrity and track record, a person shall not be considered a Fit and Proper person if such person:
 - (i) has been convicted in criminal breach of trust, fraud, etcetera;
 - (ii) has been convicted of an offence involving moral turpitude;
 - (iii) has been subject to adverse findings, after conducting an inquiry, by the Commission or any other regulatory, judicial or professional body or any government agency or authority;
 - (iv) has been involved in the financial irregularities or malpractices in a Company due to which the registration or license of the Company has been revoked or cancelled or which has gone into liquidation or other similar proceedings;
 - (v) is ineligible, under the Companies Ordinance, 1984 or any other legislation from acting as a director;
 - (vi) has entered into a plea bargain arrangement with the National Accountability Bureau or any other regulatory body;
 - (vii) having served any custodial sentence imposed by a Court of competent jurisdiction, ending within five years preceding the date of the declaration; or
 - (viii) having been otherwise declared as disqualified by the Insurance Tribunal, other than for a term which had expired prior to the date of the declaration.

(b) In determining a person's financial soundness, the following shall be considered:

- (i) all persons subject to this Rule shall submit an affidavit to the Commission affirming under the oath that the person and the companies, firms, sole proprietorship etc. where the person is a chief executive, director (other than nominee director), owner or partner etc. has no overdue payment of any financial institution.

Provided that the Commission shall provide an opportunity of making representation to the person in case of overdue or past due payment;

- (ii) all persons subject to this Rule shall not be considered as fit and proper if any overdue/past due payment to a financial institution, irrespective of amount, is appearing in the overdue column of latest CIB report of the person and of the companies, firms, sole proprietorship etc. where the person is a chief executive, director (other than nominee director), owner or partner etc.

Provided that the following exceptions may be granted by the Commission for the purpose of this clause in case where:

- (a) Amount overdue is under litigation and the same is also appearing as amount under litigation in the CIB report; and

- (b) No overdue payment appearing in the overdue column in the subsequent latest CIB report.

- (iii) all persons subject to fit and proper criteria under this Rule shall report any change with reference to their financial soundness to the insurance broker within three business days and the insurance broker shall within a period of seven business days report the same to the Commission.

- (iv) whether the person has applied to be adjudicated as an insolvent and his application is pending; or

- (v) whether the person is an un-discharged insolvent.

(c) In determining a person's competence and capability the following shall be considered:

- (i) the chief executive must have a minimum educational qualification of a bachelor's degree or equivalent from an institution recognized by the Higher Education Commission of Pakistan or foreign qualification of equivalent level recognized by the Higher Education Commission of Pakistan along with insurance related qualification, with at least five years of management cadre experience working with an insurer, reinsurer or an insurance/reinsurance broker or surveyor/loss adjustor or corporate agent or in such capacity, in an entity related to insurance business, or at least seven years of senior level experience with any financial institution as it may satisfy the Commission.

- (d) The position of chief executive or director of an insurance broker shall not give rise to any conflict of interest or potential conflict of interest in accordance with the provisions of the Ordinance.

- (e) After coming into force of these provisions, the insurance broker applying for a new license shall ensure that the person appointed as chief executive officer or director is in compliance with these provisions; however, the existing chief executive officer and directors of an existing insurance broker shall comply with these requirements as follows:
 - (i) the chief executive officer of an insurance broker shall comply with these provisions before the commencement of his new term in the office, if any, as chief executive officer
 - (ii) the existing directors of an insurance broker shall comply with these provisions before the commencement of their new term in the office, if any, as directors.

39. Licensing of insurance brokers.- (1) An application for grant of a licence or renewal of licence to act as an insurance broker shall, for the purposes of sub-section (4) or (5) of section 102 of the Ordinance, shall contain the following details in respect of the applicant, namely :-

- (a) registered name of the insurance broker;
- (b) the address of its registered office;
- (c) its postal address (if different);
- (d) details of the insurance broking business to be carried out by the new insurance broker and in case of an existing insurance broker, details of the insurance broking business carried out during the last year including but not limited to the break-up of the revenue/income into reinsurance/insurance commission, brokerage commission, brokerage fees and details of any other revenue/income along with the detailed break-up of the expenses incurred;
- (e) the names of insurance companies, if any, which have appointed the applicant as insurance agent along with the details of these arrangements;
- (f) details of the pattern of shareholding of the issued share capital of the insurance broker; and
- (g) for the purposes of Rule 38 above, details of the Chief Executive and Directors of the insurance broker and duly signed declaration in the form as set out in Annexure VI and VII, respectively;
- (h) the annual audited accounts of the insurance broker referred to in rule 50 of these rules.

(2) Every application made under sub-rule (1) shall be accompanied by a declaration by the applicant stating that –

- (a) the information given by him in accordance with sub-rule (1) is complete and correct;
- (b) he has complied with the requirements of the Ordinance and the rules made thereunder concerning the required qualifications of an insurance broker;
- (c) he undertakes to comply, and (in the case of an existing insurance broker) declares that he has during the previous twelve months has complied with the Ordinance and the rules made thereunder concerning the conduct of an insurance broker; and
- (d) the body corporate engaging in the business of insurance broking —

- (i) has not been found guilty, within the five years preceding the present date, of criminal misappropriation or criminal breach of trust, cheating or forgery or an abetment of or attempt to commit any such offence by a Court of competent jurisdiction;
- (ii) has not been found guilty by a Court of competent jurisdiction of any offence involving insurance; or
- (iii) has not been otherwise declared as disqualified by the Insurance Tribunal, other than for a term which had expired prior to the present date.

(3) The application under this rule shall be in writing and signed by at least two directors while the declaration required under this rule shall also be signed by at least two directors of the insurance broker on a stamp paper of appropriate value.

(4) Any application for issue of initial authorization to act as an insurance broker shall be accompanied by a fee of [rupees fifty thousand]¹⁷, which shall be refunded in full by the Commission if the authorization is not granted.

[(5) An application for renewal of authorization to act as an insurance broker shall be submitted to the Commission at least one month prior to the expiry of the licence and shall also be accompanied by a renewal fee of rupees thirty seven thousand five hundred or rupees one for every rupees one thousand of the gross revenue, without netting off any expenses, whichever is higher during the preceding financial year, subject to a maximum of rupees two hundred and fifty thousand.]¹⁸

(6) An insurance broker shall notify to the Commission of any change in the details required under sub-rule (1) immediately and not later than two weeks of that change having effect, such notification being in written form and signed by at least two directors of the body corporate.

40. Protection of run-off. —For the purposes of sub-section (1) of section 107, the level of professional indemnity insurance shall be thirty million rupees and the period for which such run-off insurance is required shall be five years or until all liabilities of an insurance broker are irrevocably transferred to another licensed insurance broker, whichever is the earlier.

41. [Classes of insurance surveyors.]— (1) For the purposes of section 114 of the Ordinance, the following shall be the main classes of insurance surveyors, namely :-

- (a) Fire and property damage business;
- (b) Marine, aviation and transport business;
- (c) Motor business (to include own damage and third party liability);
- (d) Miscellaneous business;

¹⁷ Substituted for “rupees one hundred thousand” by S.R.O. 550(I)/2020 dated 10th June, 2020.

¹⁸ Sub-rule (5) substituted by S.R.O. 550(I)/2020 dated 10th June, 2020. Sub-rule (5) before substitution stated:

(5) An application for the renewal of authorization to act as an insurance broker shall be submitted to the Commission at least one month prior to the expiry of the licence and shall also be accompanied by a renewal fee of rupees seventy five thousand rupees or rupees two for every rupees one thousand of the gross revenue, without netting off any expenses, whichever is higher during the preceding financial year, subject to a maximum of rupees five hundred thousand.

Provided that miscellaneous business shall be classified into following sub-classes, namely:-

- (i) Liability business;
- (ii) Workers compensation business;
- (iii) Credit and surety ship business;
- (iv) Accident and health business;
- (v) Agriculture insurance including crop insurance;
- (vi) Engineering business including machinery breakdown; and
- (vii) Others.

(2) A licence granted by the Commission under section 112 of the Ordinance shall specify the main class of insurance surveyors for which the licence is granted.

Provided that existing licencees as insurance surveyors shall apply for the licence of the main classes referred in sub-rule (1) on the expiry of their valid licence as on the commencement date of this notification.

Provided further that the insurance surveyors having licence for the miscellaneous class on the commencement date of this sub-rule shall at the time of renewal of their existing licence be issued a licence of miscellaneous business confirming that the applicant is eligible to undertake all the sub-classes stated at sub-clause (i) to (vii) of clause (d) of sub-rule (1) above.

(3) A certificate of registration as an authorized surveying officer under section 113 of the Ordinance shall specify the main class of insurance surveyors for which the certificate of registration is granted.

Provided that existing licencees as authorised surveying officers shall apply for the licence of the main classes referred in sub-rule (1) on the expiry of their valid licence as on the commencement date of this notification.

Provided further that the authorised surveying officers having licence for the miscellaneous class on the commencement date of this sub-rule shall at the time of renewal of their existing licence be issued a licence of miscellaneous business confirming that the applicant is eligible to undertake all the sub-classes stated at sub-clause (i) to (vii) of clause (d) of sub-rule (1) above.]¹⁹

¹⁹ Rule 41 substituted by S.R.O. 658(I)/2018 dated 28th May, 2018. Rule 41 before substitution stated:

41. Classes of insurance surveyors.— (1) For the purposes of section 114 of the Ordinance, the following shall be the classes of insurance surveyors, namely :-

- (a) Fire and property damage business.
- (b) Marine, aviation and transport business.
- (c) Motor third-party compulsory business.
- (d) Liability business.
- (e) Workers compensation business.
- (f) Credit and surety ship business.
- (g) Accident and health business.
- (h) Agriculture insurance including crop insurance.
- (i) Miscellaneous business (business which does not relate to the classes mentioned above).

Provided that existing licencees shall apply for the licence of the above classes on the expiry of their licence.

42. Conditions for licensing of insurance surveyors.— For the purposes of subsection (3) of section 112 of the Ordinance, the following shall be the prescribed conditions, namely :—

- (a) [For the purposes of clause (a) of that sub-section, the prescribed minimum paid-up share capital shall be one million rupees.

A surveying company registered under this Ordinance shall at all times ensure that the provision relating to minimum paid up share capital requirements are complied with.]²⁰

- (b) for the purposes of clause (b) of that sub-section, the prescribed minimum level of professional indemnity insurance shall be [one million rupees for any one event]²¹ and such insurance shall extend to a body corporate and all directors or officers of the body corporate who act as authorized surveying officers;

- (c) for the purposes of clause (e) of that sub-section, there shall be [an]²² approved professional association [which shall be determined by the Commission]²³; and

- (d) for the purposes of clause (f) of that sub-section, the following shall be the prescribed other conditions, namely:—

- (i) At least one officer or director who is individually certified as an authorised surveying officer for the class or classes of insurance surveyor in which a body corporate acts or proposes to act; and

Provided further that the persons having licence for the miscellaneous class and allowed to undertake class of insurance surveyors stated at clause (d), (e), (f), (g) and (h) of this sub-rule, on the date of notification of these rules shall be issued licence for the classes as aforesaid within a year of coming into force of this sub-rule.

(2) A licence granted by the Commission under section 112 of the Ordinance shall specify the class of insurance surveyors for which the licence is granted.

(3) A certificate of registration as an authorized surveying officer under section 113 of the Ordinance shall specify the class of insurance surveyors for which the certificate of registration is granted.

²⁰ Rule 42(a) substituted by S.R.O. 658(I)/2018 dated 28th May, 2018. Rule 42(a) before substitution stated:

- (a) For the purposes of clause (a) of that sub-section, the prescribed minimum paid-up share capital shall be two million rupees;

Whereas, the existing insurance surveyors shall comply with the requirement of minimum paid up share capital by December 31, 2017.

A surveying company registered under this Ordinance shall at all times ensure that the provision relating to minimum paid up share capital requirements are complied with.

²¹ Substituted for “three million rupees” by S.R.O. 658(I)/2018 dated 28th May, 2018.

²² Substituted for “an” by S.R.O. 658(I)/2018 dated 28th May, 2018.

²³ Inserted by S.R.O. 658(I)/2018 dated 28th May, 2018.

- (ii) neither a body corporate in respect of such of the following conditions as apply to the body corporate, nor any director of the body corporate in respect of such of the following conditions as apply to a natural person—
 - (a) is a minor;
 - (b) has been found of unsound mind by a Court of competent jurisdiction;
 - (c) has been found guilty, within the five years preceding the present date, of criminal misappropriation or criminal breach of trust, cheating or forgery or an abetment of or attempt to commit any such offence by a Court of competent jurisdiction;
 - (d) has served any custodial sentence imposed by a Court of competent jurisdiction, ending within five years preceding the present date;
 - (e) has been found guilty by a Court of competent jurisdiction of any offence involving insurance;
 - (f) has been otherwise declared as disqualified by the Insurance Tribunal, other than for a term which had expired prior to the present date; or
 - (g) has directorship of any insurance brokers company formed under Section 102 of the Ordinance.

43. Grant of licences to insurance surveyors. — (1) An application for grant of licence for any class of insurance surveyors, for which a current licence is not held shall, for the purpose of sub-section (4) of section 112 of the Ordinance, contain the following details in respect of the applicant, namely:

- (a) the name of the body corporate;
- (b) the address of its registered office;
- (c) its postal address (if different);
- (d) a description of the business carried on by it (other than insurance surveying);
- (e) the names of shareholders holding more than ten per cent of its issued share capital;
- (f) the names of all officers or directors of the body corporate who are individually registered to act as authorised insurance surveyors;
- (g) the names of other persons employed by the body corporate for the purpose of carrying out the business of an insurance surveyor;
- (h) the class of surveyors for which licence is sought; []²⁴
- (i) evidence, in original or certified copy form, of compliance with the prescribed qualifications[; and]²⁵

²⁴ The word “and” omitted by S.R.O. 658(I)/2018 dated 28th May, 2018

²⁵ Semicolon and the word “and” inserted by S.R.O. 658(I)/2018 dated 28th May, 2018

(j) [such other information as may be specified by the Commission in writing.]²⁶

(2) An application for renewal of a licence for a class of insurance surveyors for which a licence is held shall, for the purposes of sub-section (4) of section 112 of the Ordinance, contain the following details in respect of the applicant, namely:—

(a) For a natural person:

- (i) his name;
- (ii) his date of birth;
- (iii) his residential address;
- (iv) his postal address (if different);
- (v) a description of his occupation (other than insurance surveying);
- (vi) the name of his employer (if employed); and
- (vii) the class of surveyors for which renewal of licence is sought.

(b) For a body corporate:

- (i) its name;
- (ii) the address of its registered office;
- (iii) its postal address (if different);
- (iv) a description of the business carried on by it (other than insurance surveying);
- (v) the names of shareholders holding more than ten per cent of the issued share capital;
- (vi) the names of all officers or directors of the body corporate who are individually licensed as an insurance surveyor;
- (vii) the names of other persons employed by the body corporate for the purpose of carrying out the business of an insurance surveyor; []²⁷
- (viii) the class of surveyors for which renewal of licence is sought[]; and]²⁸
- (ix) [such other information as may be specified by the Commission in writing.]²⁹

(c) For a firm:

²⁶ Rule 43(1)(j) inserted by S.R.O. 658(I)/2018 dated 28th May, 2018

²⁷ The word “and” omitted by S.R.O. 658(I)/2018 dated 28th May, 2018.

²⁸ Semicolon and the word “and” inserted by S.R.O. 658(I)/2018 dated 28th May, 2018

²⁹ Rule 43(2)(b)(ix) inserted by S.R.O. 658(I)/2018 dated 28th May, 2018

- (i) its name;
- (ii) the address of its principal office;
- (iii) its postal address (if different);
- (iv) a description of the business carried on by it (other than insurance surveying);
- (v) the names of the partners in the firm;
- (vi) the names of all officers or partners of the firm who are individually licensed as an insurance surveyor;
- (vii) the names of other persons employed by the firm for the purpose of carrying out the business of an insurance surveyor; []³⁰
- (viii) the class of surveyors for which renewal of licence is sought[; and]³¹
- (ix) [such other information as may be specified by the Commission in writing.]³²

(3) Every application made under sub-rule (1) or sub-rule (2) shall be accompanied by a declaration by the applicant stating that —

- (a) the information presented in accordance with sub-rule (1) or sub-rule (2), as the case may be, is complete and correct;
- (b) the applicant has complied with the requirements of the Ordinance and rules concerning the required qualifications of an insurance surveyor;
- (c) the applicant is not appointed as an insurance agent of an insurance company;
- (d) the applicant undertakes to comply and, in the case of an existing insurance surveyor, declares that he has during the previous twelve months complied, with the Ordinance and rules concerning the conduct of insurance surveyors;
- (e) the insurance surveyor or, in the case of a body corporate, any [present]³³ director of the body corporate, or [present]³⁴ officer of the body corporate engaging in the business of insurance surveying or, in the case of a firm, any [present]³⁵ partner of the firm, or [present]³⁶ officer of the firm engaging in the business of insurance surveying, is not disqualified from acting as an insurance surveyor by virtue of:
 - (i) being a minor;
 - (ii) having been found of unsound mind by a Court of competent jurisdiction;

³⁰ The word “and” omitted by S.R.O. 658(I)/2018 dated 28th May, 2018.

³¹ Semicolon and the word “and” inserted by S.R.O. 658(I)/2018 dated 28th May, 2018.

³² Rule 43(2)(c)(ix) inserted by S.R.O. 658(I)/2018 dated 28th May, 2018.

³³ Inserted by S.R.O. 658(I)/2018 dated 28th May, 2018.

³⁴ Inserted by S.R.O. 658(I)/2018 dated 28th May, 2018.

³⁵ Inserted by S.R.O. 658(I)/2018 dated 28th May, 2018.

³⁶ Inserted by S.R.O. 658(I)/2018 dated 28th May, 2018.

- (iii) having been found guilty, within five years preceding the date of the declaration, of criminal misappropriation or criminal breach of trust, cheating or forgery or an abetment of or attempt to commit any such offence by a Court of competent jurisdiction;
- (iv) having served any custodial sentence imposed by a Court of competent jurisdiction, ending within five years preceding the date of the declaration;
- (v) having been found guilty by a Court of competent jurisdiction of any offence involving insurance; or
- (vi) having been otherwise declared as disqualified by the Insurance Tribunal, other than for a term which had expired prior to the date of the declaration.

(4) An application and declaration required under this rule shall be made in written form and the declaration shall be signed —

- (a) in the case of a natural person, by the applicant in the presence of a witness who shall be a natural person not a related party of the applicant, and who shall also sign the declaration as witness;
- (b) in the case of a body corporate by at least two directors of the body corporate; and
- (c) in the case of a firm, by at least two partners of the firm.

(5) An insurance surveyor shall inform the Commission of any change in the details required to be given under sub-rule (1) or (2) within three months of that change having taken effect and, such information shall be in written form and signed—

- (a) in the case of a natural person, by the insurance surveyor and duly attested in the presence of witnesses who shall not be related party of the insurance surveyor;
- (b) in the case of a body corporate, by not fewer than two directors of the body corporate and duly attested; and
- (c) in the case of a firm, by not fewer than two partners of the firm and duly attested.

(6) An application for grant of a new licence or renewal of a licence for any class of insurance surveyors shall be accompanied by a fee of Rs. 25,000/- (twenty five thousand) which shall be refunded if the licence is not granted.

[(7) An application for grant of a new licence for any main class of insurance surveyors shall be accompanied by a fee of Rs. 7,500/- (rupees seven thousand and five hundred) per main class, which shall be refunded if the application is not granted.

(8) An application for renewal of a surveyor licence for any main class of insurance surveyors shall be accompanied by a fee of Rs. 5,000/- (rupees five thousand) per main class, which shall be refunded if the application is not granted.

Provided that on the commencement date of sub-rule (7) and (8), the provision of sub-rule (6) shall lapse, and where an applicant for fresh licence or renewal of licence as an insurance surveyor, paid the licence fee to the Commission in accordance with sub-rule (6) above, the Commission shall recalculate the fee as imposed through sub-rule (7) or sub-rule (8), as the case may be, and shall refund the excess amount of fee paid by the insurance surveyor.

(9) Where an application for renewal of a licence has been made to the Commission under sub-rule (2) above, but has not been decided by the Commission prior to the expiry date, the licence of the insurance surveyor shall continue to be valid until the application for renewal has been decided by the Commission.

Provided that the Commission shall decide the renewal of registration of the insurance surveyor within a period of not more than thirty days from the expiry date of its licence.]³⁷

44. Authorised surveying officers — For the purposes of clause (c) of sub-section (3) of section 113 of the Ordinance, any person entitled to apply to be registered as an authorised surveying officer shall possess the following qualifications, namely:-

- (a) The minimum educational qualification for an insurance surveyor or authorized surveying officer shall be Bachelor's Degree in any discipline from a recognized university;
- (b) a minimum of three years' practical experience of insurance survey in the class or classes of insurance surveyors for which registration is sought, either conducted under the supervision of an insurance surveyor licensed at that time under the Ordinance or registered under the repealed Act, or conducted as an employee of an insurance company;
- (c) a fresh applicant, seeking first time registration as an authorised surveying officer, shall be registered by the Commission as an authorised surveying officer, on obtaining passing marks in a test for any or all classes of insurance surveying business, which shall be undertaken from any professional institute, approved by the Commission for the purposes of this sub-rule.

Provided that, the requirement of this sub-rule, may be waived by the Commission, if the fresh applicant has undertaken a masters' degree in any discipline from an HEC recognized university and also has minimum of three years of experience in the financial sector.

Provided further that, the requirement of this sub-rule, may be waived by the Commission, if the fresh applicant is an associate of the Chartered Insurance Institute and has served in a senior management position in the claims or underwriting department of a non-life insurer for a period of not less than ten years.

- (d) the person:
 - (i) is not a minor;
 - (ii) has not been found of unsound mind by a Court of competent jurisdiction

³⁷ Inserted by S.R.O. 658(I)/2018 dated 28th May, 2018.

- (iii) has not been found guilty within five years preceding the present date of criminal misappropriation or criminal breach of trust cheating or forgery or an abetment of or an attempt to commit any such offence by a Court of competent jurisdiction;
- (iv) has not served any custodial sentence imposed by a Court of competent jurisdiction ending within five years preceding the present date
- (v) has not been found guilty by a Court of competent jurisdiction of any offence involving insurance;
- (vi) has not been otherwise declared as disqualified by the Insurance Tribunal, other than for a term which had expired prior to the present date; and
- (vii) is not an appointed agent (otherwise than in the sense that a person conducting a survey on the instructions of an insurance company may be described as that company's agent) or an employee of an insurance company carrying on business in Pakistan.

45. Training and Continuous Professional Development: [(1) With effect from January 1, 2019, the directors and chief executive officer of all fresh applicants for Miscellaneous business of survey will submit Continuous Professional Development Certificate as evidence of completion of four days training undertaken during the immediate preceding three years' from an insurance institute(s), approved by the Commission, in the relevant sub classes.]³⁸

(2) With effect from [January 1, 2019]³⁹, an application by an authorized surveying officer for renewal will be accompanied by an evidence of completion of four hours' Continuous Professional Development in that class in the preceding year from any professional institute, approved by the Commission.

46. Registration of authorised surveying officers.- (1) An application for registration as an authorised surveying officer for any class of insurance surveyors for which a valid certificate is not held shall for the purposes of sub-section (4) of section 113 of the Ordinance, contain the following details in respect of the applicant, namely :—

- (i) his name;
- (ii) his date of birth;
- (iii) his residential address;
- (iv) his postal address (if different)

³⁸ Sub-rule (1) of rule 45 substituted by S.R.O. 658(I)/2018 dated 28th May, 2018. Sub-rule (1) of rule 45 before substitution stated:

“(1) With effect from January 1, 2018, the directors and chief executive officer of all fresh applicants for classes of insurance surveyor business specified at clause (d), (e), (f), (g) and (h) of sub-rule (1) of rule 41 will submit Continuous Professional Development Certificate as evidence of completion of four days training undertaken during the immediate preceding three years' from an insurance institute(s), approved by the Commission, in the relevant classes.”

³⁹ Substituted for “January 1, 2018” by S.R.O. 658(I)/2018 dated 28th May, 2018.

- (v) a description of his occupation (other than insurance surveying)
- (vi) the name of his employer;
- (vii) the class of surveyors for which registration is sought; []⁴⁰
- (viii) evidence in original or certified copy form of compliance with prescribed qualifications[; and]⁴¹.
- (ix) [such other information as may be specified by the Commission in writing.]⁴²

(2) An application for renewal of registration as an authorised surveying officer for a class of insurance surveyors for which registration is held shall, for the purposes of sub-section (4) of section 113 of the Ordinance, contain the following details in respect of the applicant, namely :-

- (i) His name;
- (ii) his date of birth;
- (iii) his residential address;
- (iv) his postal address (if different); -
- (v) a description of his occupation (other than insurance surveying);
- (vi) the name of his employer;
- (vii) the class of surveyors for which renewal of registration is sought[; and]⁴³
- (viii) [such other information as may be specified by the Commission in writing.]⁴⁴

(3) Every application made under sub-rule (1) or (2) shall be accompanied by a declaration by the applicant stating that —

- (a) the information presented in accordance with sub-rule (1) or (2), as the case may be, is complete and correct;
- (b) the applicant has complied with the requirements of the Ordinance and these rules concerning the required qualifications of an authorized surveying officer;
- (c) the applicant is not appointed as an insurance agent of an insurance company carrying on business in Pakistan;
- (d) the applicant is not an employee of an insurance company carrying on business in Pakistan; -

⁴⁰ The word “and” omitted by S.R.O. 658(I)/2018 dated 28th May, 2018.

⁴¹ Semicolon and the word “and” inserted by S.R.O. 658(I)/2018 dated 28th May, 2018

⁴² Rule 46(1)(ix) inserted by S.R.O. 658(I)/2018 dated 28th May, 2018

⁴³ Semicolon and the word “and” inserted by S.R.O. 658(I)/2018 dated 28th May, 2018

⁴⁴ Rule 46(2)(viii) inserted by S.R.O. 658(I)/2018 dated 28th May, 2018

- (e) the applicant undertakes to comply, and in the case of an existing authorised surveying officer declares that he has during the previous twelve months complied with the provisions of the Ordinance and rules concerning the conduct of an authorised surveying officer; and –
- (f) the applicant is not disqualified from acting as an authorised surveying officer by virtue of –
 - (i) being a minor;
 - (ii) having been found of unsound mind by a Court of competent jurisdiction;
 - (iii) having been found guilty, within five years preceding the date of the declaration, of criminal misappropriation or criminal breach of trust, cheating or forgery or an abetment of or attempt to commit any such offence by a Court of competent jurisdiction;
 - (iv) having served any custodial sentence imposed by a Court of competent jurisdiction, ending within five years preceding the date of the declaration;
 - (v) having been found guilty by a Court of competent jurisdiction of any offence involving insurance; or
 - (vi) having been otherwise declared as disqualified by the Insurance Tribunal, other than for a term which had expired prior to the date of the declaration.

(4) An application and declaration required under this rule shall be made in writing and the declaration shall be signed by the applicant in the presence of a witness who shall be a natural person, not a related party of the applicant, and who shall also sign the declaration as witness.

(5) An authorized surveying officer shall inform the Commission of any change in the details required to be presented under sub-rule (1) or (2) within three months of that change having effect, such information shall be in written form and signed by the authorised surveying officer in the presence of a witness who shall be a natural person, not a related party of the authorized surveying officer and who shall also sign the declaration as witness.

(6) An application for grant of an Authorized Surveying Officers' new licence or renewal of licence will be accompanied by a fee of Rs. 5,000/- (five thousand rupees) per class.

[(7) An application for grant of an Authorized Surveying Officers' new licence will be accompanied by a fee of Rs. 5,000/- (rupees five thousand) per main class, which shall be refunded if the application is not granted.

(8) An application for renewal of an Authorized Surveying Officers' licence shall be accompanied by a fee of Rs. 2,000/- per main class (rupees two thousand), which shall be refunded if the application is not granted.

Provided that on the commencement date of sub-rule (7) and (8), the provision of sub-rule (6) shall lapse, and where an applicant for fresh licence or renewal of licence as an authorised surveying officer, paid the licence fee to the Commission in accordance with sub-rule (6) above, the Commission shall recalculate the fee as imposed through sub-rule (7) or sub-rule (8), as the case may be, and shall refund the excess amount of fee paid by the authorised surveying officer.

(9) Where an application for renewal of a licence has been made to the Commission under sub-rule (2) above, but has not been decided by the Commission prior to the expiry date, the licence of the authorised surveying officer shall continue to be valid until the application for renewal has been decided by the Commission.

Provided that the Commission shall decide the renewal of registration of the authorised surveying officer within a period of not more than thirty days from the expiry date of its licence.]⁴⁵

47. Surveys and reports of insurance surveyors.- (1) Pursuant to clause (d) of subsection (3) of section 112 the report of an insurance surveyor shall be subject to the conditions as laid down in sub rule (2).

(2) Every report given by an insurance surveyor shall be signed by a natural person who is, at the date of the report, registered as an authorised surveying officer for the class of insurance surveyors to which the loss being surveyed relates and authorized surveying officer and the insurance surveyor be jointly and severally responsible for the report, and shall include the following, namely: —

- (a) a description of the property or interest which constitutes the subject matter of the survey report, sufficient to identify the property or interest;
- (b) the terms of reference given to the insurance surveyor by the person engaging him;
- (c) any instructions given to the insurance surveyor by the person engaging him, as to the facts to be assumed or other assumptions to be made by the insurance surveyor;
- (d) a description of the procedures carried out by the insurance surveyor in the conduct of the survey;
- (e) the opinion of the insurance surveyor on the matters contained in the term of reference; and
- (f) a declaration that neither the insurance surveyor, nor any director, employee, associate or partner of the insurance surveyor, nor any related party of any of those persons, has any interest directly or indirectly by way of insurance, ownership, agency commission, repairs, disposal of salvage, or in any other way whatsoever, other than as an insurance surveyor in the property or interest which constitutes the subject matter of the survey report.

(3) Every survey conducted by, and report given by, an insurance surveyor shall comply with the relevant professional standards of any professional body of which the insurance surveyor is a member.

(4) Every survey conducted by, and report given by, an insurance surveyor shall be conducted and given with due diligence and skill, and in good faith and the report shall be finalized as early as possible but within the period of ninety days:

Provided that where claim, in motor (to include own damage and third party liability) and marine cargo, hull and aviation and miscellaneous business, amount exceeds rupees one million, and in fire and allied perils and engineering classes amount exceeds rupees ten million, and final report has not been submitted within the 90 days of his appointment, the insurance surveyor shall submit preliminary report to the Commission before expiry of the 90 days, mentioning therein the reasons for delay, if any. In case no preliminary report is submitted

⁴⁵ Inserted by S.R.O. 658(I)/2018 dated 28th May, 2018.

within the 90 days in the first instance, he will be required to submit status report thereafter every 90 days.

(5) If the Commission has reason to believe that a survey performed has not been performed with due diligence or skill, or in good faith, or that it otherwise does not comply with the conditions of this rule, such that the report does not present a fair opinion on the matters contained in the terms of reference, the Commission may direct the insurer to arrange an additional survey of the subject matter of the survey report to be performed by one or more licensed insurance surveyors who shall be approved by the Commission.

(6) An additional survey under sub-rule (5) shall be performed at the expense of the insurer and a copy of the report on the additional survey shall be provided to the Commission.

48. Insurance of interests in Pakistan .—(1) For the purposes of subsection (1) of section 165 of the Ordinance, no person shall insure outside Pakistan any risk or part thereof in respect of any property or interest which is located in Pakistan at the time the insurance is effected.

(2) The Federal Government may grant exemption to any person from the requirements of sub-rule (1):

- (a) Where any risk cannot be insured suitably in Pakistan; or
- (b) Where there are reasons of exceptional nature for granting exemption.

(3) The exemption under sub-rule (2) shall be for such property or interests, and for such period as the Federal Government may deem fit.

49. Prescribed fee for copying and for provision of duplicate documents.- (1) This rule shall apply to all provisions in the Ordinance pursuant to which a person is entitled to charge a prescribed fee for the provision of a document, or a duplicate document, or is entitled to charge a fee for the grant of permission to make copies.

(2) The fee shall be determined by the person entitled to charge the fee but shall not exceed the sum of:

- (a) twenty-five rupees for each page of a document of which one copy is made; or
- (b) where a document or a duplicate document is provided, twenty-five rupees for each page of the document or duplicate document.

(3) Where multiple copies are made or provided of one document or of one page of a document, the fee for second and subsequent copies shall not exceed one half of the fee as set out in sub rule (2).

(4) For the purposes of this rule a page which is printed on both sides shall be counted as two pages.

50. Reporting by insurance brokers.- (1) Each year an insurance broker shall be required to provide to the Commission, as at the preceding 31st December, or in respect of the year then ended –

- (a) a balance sheet of the company;
- (b) a profit and loss account of the company;

- (c) a certificate from the auditors of the insurance broker certifying the amount of net equity maintained by the insurance broker as on the reporting date;
- (d) a statement of the insurance premium written through the broker, distinguishing between premium in respect of which the broker had an agency agreement with the insurer, subdivided by classes of insurance business, and premium in respect of which the broker did not have an agency agreement with the insurer; subdivided by classes of insurance business; and
- (e) a statement of the commission or brokerage, by whatever name called, receivable by the broker, subdivided by classes of insurance business, distinguishing between commission earned on premium in respect of which the broker had an agency agreement with the insurer, and commission earned on premium in respect of which the broker did not have an agency agreement with the insurer.

(2) The Commission may, on the application of a broker, approve a date other than the 31st December, for the date as at which the statements shall be required to be made up for the purposes of sub-rule (1).

(3) The statements referred to in this rule shall be provided to the Commission not later than four months after the date to which they are made up.

51. Misrepresentation by life insurers.- (1) Subject to sub-rule (2), no life insurer shall –

- (a) make, issue, circulate or cause to be made, issued or circulated, any estimate, illustration, circular or statement misrepresenting the terms of any policy issued or to be issued or the benefits or advantages promised thereby or the bonuses, shareholders' dividends or share of the surplus to be received thereon, or make any false or misleading statement as to the bonuses, shareholders' dividends or share of surplus previously paid on similar policies or make any misleading representation or any misrepresentation as to the financial condition of any policyholder insured in any company for the purpose of inducing or tending to induce such policyholder to enter into, allow to lapse, forfeit or surrender his insurance policy; or
- (b) make, publish, disseminate, circulate or place before the public, or cause, directly or indirectly, to be made, published, disseminated, circulated or placed before the public in a newspaper, magazine or other publication, or in the form of a notice, circular, pamphlet, letter or poster or in the electronic media or in any other manner an advertisement, announcement or statement with respect to the business of insurance, or the financial position of any insurer or with respect to any person in the conduct of his insurance business, which is false, untrue, deceptive, misleading or calculated to injure any person engaged in the business of insurance.

(2) Nothing contained in sub-rule (1) shall prevent an insurer from publishing any return in a form in which it has been furnished to the Commission or a true and accurate abstract from such returns.

52. Power of the Commission to provide for matters in respect of promotional material and policy documentation.- (1) The Commission may, by notification in the official Gazette, not inconsistent with the provisions of the Ordinance, provide for matters in relation to any promotional material or policy documentation issued by a life insurer, including but not limited to the form and content of that material or documentation and the form and content of any notices which that material or documentation shall contain.

(2) A notification issued under sub-rule (1) shall have regard to the information needs of policyholders and their capability of understanding information provided to them.

(3) For the purposes of this rule,-

- (a) “promotional material” means any document or advertisement that contains statements that may affect a person’s decision to enter into, vary or continue a life policy, or a particular type of life policy; and
- (b) “policy documentation” includes contracts, endorsements and proposal documentation.

53. Power to require withdrawal of materials used for communication.- The Commission may require any person carrying on such activities in Pakistan to withdraw any written, electronic or other material issued by it for mass communication or communication with a policyholder or prospective policyholder including a policy or proposal document –

- (a) if it includes any matter which is, in the opinion of the Commission, likely to mislead a policyholder or a prospective policyholder; or
- (b) if it is, in the opinion of the Commission, misleading by omission, ambiguous or couched in obscure language.

54. Liability for insurance advice.- Where insurance advice is given in writing to a person by an insurer, an agent of an insurer or an insurance broker, that advice shall have regard to the circumstances of the person, and where that advice is not reasonable having regard to those circumstances, and where it is reasonable for the person receiving the advice to rely upon it, the person receiving the advice shall be entitled to recover (in the case of an insurer or an agent of an insurer), from the insurer or broker, as the case may be, any loss or damage directly suffered by him as a result of following or acting upon the advice in good faith. The burden of proving that due regard was given to the circumstances of the policyholder and that the advice was reasonable under the circumstances shall rest with the insurer or broker.

55. Policyholder’s duty of disclosure.- (1) A proposal form provided to a prospective policyholder shall carry or contain a notice of his duty of disclosure stating the consequences of non-disclosure.

(2) If an insurer fails to comply with the provisions of sub-rule (1), the insurer shall not be able to rely upon non-disclosure by the policyholder (other than fraudulent non-disclosure) as grounds for refusing to pay a claim or for diminishing a claim which is otherwise payable.

56. Duty of life insurer to provide certain information.- (1) A life insurer shall provide to an intending policyholder under a policy the terms of which or the provisions of the Ordinance provide for it to acquire a surrender value, at or before the commencement of the policy, a clear statement of the expected surrender values on the policy at one year from the commencement of the policy and at subsequent dates at an interval of one year, for a period of not less than ten years or if earlier until maturity, and the assumptions on which those expected surrender values are based.

(2) A life insurer shall provide to the intending policyholder a clear statement of the options available to the policyholder should the policy holder not maintain premium payments:

Provided that this statement shall not be required in respect of a life insurance policy under the terms of which the premium is payable once only.

(3) The Commission may, by notification in the official Gazette, not inconsistent with the provisions of the Ordinance, provide for any matters relating to the form and content of the notices provided to an intending policyholder under this rule, including but not limited to –

- (a) the assumed investment earnings rates and in the case of participating policies bonus crediting rates on the basis of which surrender values included in such notices are calculated;
- (b) the assumed expense rates on the basis of which surrender values included in such notices are calculated; and
- (c) the inclusion in such notices of words in a form as required by such notification.

57. Unit valuations.- (1) Subject to sub-rule (2), a life insurer offering investment-linked policies shall publish, in a newspaper having general circulation, not more than ten days following the last day of each month, the values attributed by it to units for the purpose of redemption of units by policyholders at close of business on the last working day of that month.

(2) Where a life insurer offering investment-linked policies publishes the values attributed by it to units for the purpose of redemption of units by policyholders more frequently than is required by sub-rule (1), that insurer shall not be required to publish the information as at close of business on the last working day of a month provided that –

- (a) information referred to in sub-rule (1), made up as at close of business on a date not more than five days prior to the last working day of that month or not more than five days after the last working day of that month, is published in a newspaper having general circulation; and
- (b) the information is published not more than ten days following the date as at which it is made up.

58. Insurance policy not to be issued without receipt of premium.- (1) Save as provided under sub-rule (2), (3) and (4) below, no insurance policy shall be issued where premium has not been received by the insurer.

(2) An insurer may issue a cover note prior to the receipt of premium, in order to enable the intending policyholder to review the details and scope of coverage being offered.

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Provided that the cover note should not be for a period exceeding seven days in the case of motor business and beyond thirty days in all other cases and must be replaced with an insurance policy before expiry of such cover note, subject to receipt of premium by the insurer.

(3) Notwithstanding the above, an insurance policy may be issued where the premium has been mutually agreed to be paid in installments and the first such installment has been duly received by the insurer.

(4) The policy schedule must clearly specify the number of agreed installments and their due dates, along with a stipulation that cover under the policy shall stand suspended in case any instalment is not received within the scheduled due date thereof.

(5) The provision of this rule shall apply in respect of direct non-life insurance contracts only.

59. Endorsements.- No endorsement to a policy, which has retrospective effect, may be made without the express consent in writing of the policyholder.

60. Effect of averaging provision in domestic insurance policy.- (1) Subject to sub-rule (2), the operation of an averaging provision in a domestic insurance policy shall be limited to cases in which the amount of the sum insured is less than eighty per cent of the value of the property insured at the time of taking out the policy, and to cases in which the amount of the loss is greater than five per cent of the sum insured. The value of the loss to be paid shall be determined according to a sliding scale such that one hundred per cent of the loss is payable when the sum insured is eighty per cent of the value of the property, and the amount of the loss payable is reduced by one and a quarter per cent for each percentage point below eighty per cent that the sum insured bears to the value of the property insured at the time of taking out the policy.

(2) Nothing contained in sub-rule (1), shall prevent an insurer from inserting an averaging clause, which is more favourable to the policyholder.

61. Insurer's duties when claim denied.- (1) An insurer shall, whenever a claim is denied, provide the policyholder with a written statement of reasons for denial of the claim.

(2) Where refusal to pay a claim, in whole or in part, is based, in whole or in part, upon a survey report, the policyholder shall be provided, at his option, with a copy of the survey report.

62. Free look period for life insurance.- (1) A life insurance policy, not being a group life insurance policy, and the term of which is for more than one year, shall be liable to be cancelled at the option of the policyholder within fourteen days of commencement, and if the policyholder cancels the policy within that time all amounts paid by way of premium shall be refunded without any deduction for management expenses, other than expenses incurred in connection with the medical examination of any person insured under the policy.

(2) No person shall offer any inducement to a person for the purposes of procuring that person to cancel his policy in accordance with this rule.

[62A. Allowable classes of business.- (1) For the purposes of sub-section (6) of section 4 of the Ordinance and rule 5 of these Rules, a life digital-only insurer is allowed to transact class 1 and class 4 as stated in sub-section (1) of section 4 of the Ordinance subject to the requirement that digital-only insurance will only cover the individuals and/or natural persons and not the legal persons or any person who is not a natural person.

(2) For the purposes of sub-section (6) of section 4 of the Ordinance and rule 5 of these Rules, a non-life digital-only insurer may transact class 1, 2, 7, 8 and class 9 as provided in sub-section (3) of section 4 of the Ordinance subject to the requirement that digital-only insurance will only cover the individuals and/or natural persons and not the legal persons or any person which is not a natural person:

Provided that life and non-life digital-only insurer may sell insurance to legal person for covering the risks of individuals associated with it such as in case of group life insurance or group health insurance or such similar cases where beneficiary of the insurance policy is natural person and not the legal person.

(3) The maximum exposure of a digital-only insurer under a single policy issued by it shall be 5% of the shareholders' equity of the digital-only insurer plus the related reinsurance available to it under the said policy:

Provided that for the purposes of this sub-rule, the shareholders' equity shall be taken as per the latest available audited accounts of the digital-only insurer on the date of issuance of the policy.

Provided further that the Commission may revise the percentage of maximum exposure provided in this sub-rule through notification in the official Gazette.

(4) The life digital-only insurer will underwrite protection products only as per classes envisaged in sub-rule (1).

(5) Without *prejudice* to the requirements of sub-rule (4) above, the Commission may, on application in writing, allow a life digital-only insurer to underwrite life insurance saving products, subject to compliance with the following requirements:

- (a) The life digital only insurer shall have minimum paid up capital of at least Rs. 500 million;
- (b) The life digital only insurer shall maintain net admissible assets in its shareholders fund in accordance with the requirement of sub-clause (i) of clause (a) of sub-rule (1) of rule 14 of these rules;
- (c) The life digital only insurer shall demonstrate technological and operational readiness before the launch of life insurance saving products substantially in accordance with the requirements of rule 62C of these rules.
- (d) For all saving products, the life digital only insurer, shall demonstrate its readiness for compliance with the following:
 - (i) provision of policy illustration to the policyholder in accordance with the requirements of the Directive for Life Insurance and Family Takaful Illustrations, 2016;
 - (ii) pre and post-sale disclosure and communication to be made with the policyholders along with timelines thereof;
 - (iii) acknowledgment of receipt of policy documentation and terms and conditions by the insurance policyholder;
- (e) Where the life digital only insurer intends to issue unit linked contracts, it shall demonstrate its readiness for compliance with the following:
 - (i) communication of disclosure requirements under rule 6 of the Unit Linked Product and Fund Rules, 2015 to the policyholder through digital modes;
 - (ii) undertaking of need analysis and unit linked fund suitability analysis under rule 7 and rule 7A of the Unit Linked Product and Fund Rules, 2015 through digital modes; and
 - (iii) the minimum allocations proposed to be made into the investment account of the insurance policyholders.

(6) The products underwritten by the microinsurer will be subject to the sum insured limits prescribed under SEC (Microinsurance) Rules, 2014 and as revised from time to time.

(7) Subject to meeting the minimum paid-up capital, solvency, and other applicable regulatory requirements applicable to life insurer and non-life insurer, as the case may be, the Commission may, on application by the digital-only insurer and/ or microinsurer, remove the restriction on classes of business to be underwritten and the requirements of net retained exposure by the digital-only insurer and/ or microinsurer, as the case may be.

62B. Digital-only Insurer to have adequate Reinsurance Arrangements. – (1) The digital-only insurer will maintain adequate reinsurance arrangements having regard to its exposure, nature and volume of business and risk portfolio, in accordance with the provisions of Section 41 of the Ordinance.

(2) Subject to the requirements of section 42 of the Ordinance, the digital-only insurer shall make reinsurance arrangements with insurers or reinsurers registered under the Ordinance.

Provided that where it is not practicable to comply with the requirements of sub-rule (2) above, the digital-only insurer shall along with its reinsurance arrangements submit reasons for its inability to comply with sub-rule (2) along with supporting documentary evidence thereof.

62C. Digital-only insurer to demonstrate technological and / or operational readiness before commencement of operations.- (1) The Commission may require the applicant desirous to obtain registration as digital-only insurer to present the system prototype demonstration in operational environment during the registration process to assess the technology and operational readiness level of the digital-only insurer.

(2) The digital-only insurer will develop digital claim lodgment and payment process since inception of operations, and will develop system to provide updates to the policyholder about the stage of claims processing. The digital-only insurer will demonstrate the implementation plan for complete transition to digitalized claims processing comprising of claim intimation, claims assessment and payment.

(3) The Commission may give directions to the applicant desirous to obtain registration as digital-only insurer to make such modifications in its technology, systems, products, solutions, and/ or business model as the Commission may deem fit.

(4) The Commission may conduct onsite inspection of applicant desirous to obtain registration as digital-only insurer or may require it to produce such documents, information, or reports, verified by independent experts for assessment of its technological or operational and/ or commercial readiness, as it may deem fit.

(5) The Commission may levy certain conditions at the time of registration such as number or volume of transactions, number or nature of customers to be enrolled, limits on premium and / or overall business volume or such other elements, to be complied with during specified period of time.

62D. Competence and Capability of Digital-only Insurer.- (1) Without prejudice to anything stated in the Insurance Companies (Sound and Prudent Management) Regulations, 2012, the digital-only insurer should have at least two directors on its Board with at least five years' experience in digital financial services, or Insurtech or fintech or such other relevant field preferably at senior level.

(2) The digital-only insurer will ensure the availability of technology proficient human resource necessary for the conduct of business operations on digital basis with least involvement of non-tech mode for any aspect of core business.

62E. Digital-only insurer to file products with Commission.- (1) Along with the product details submitted in compliance of Section 13 of the Ordinance, the life digital-only insurer is required to submit, in respect of each product, break-up of profit margins and expenses, associated terms and conditions, benefits, exclusions, expected claim ratios, with special focus on communication of terms and conditions to the policyholders through digital mode, offer and acceptance mechanism, customer enrolment process, premium collection mode, claim lodgment options available to policyholder, claim payment mechanism, and any other aspect related to the insurance policy proposed to be distributed by the life digital-only insurer.

(2) The non-life digital-only insurer is required to submit to the Commission, on semi-annual basis, details of products launched in last six months envisaging product features, rates, benefits, pricing mechanism and all contents specified in (1) above.

(3) The submission made under sub-rule (1) and (2) will be accompanied by the assessment of whether the proposed insurance product has and is likely to provide value to the policyholders for whom it is designed, whether the product is sustainable, and whether the terms of the contract are fair to insured persons along with the basis on which it has assessed the proposed insurance product as meeting the criteria.

(4) The digital-only insurer is required to ensure that anything in the insurance product contents or the promotional material is not misleading or deceptive.

(5) The Commission may, as it may deem fit, require the digital-only insurer to make such changes in the particulars submitted as per sub-rule (1), (2) and (3).

62F. Technological Capability of Digital-only insurer.- (1) The digital-only insurer will develop adequate technological capability to conduct the operations digitally in the areas of customer engagement, customer enrolment, distribution, administration, servicing, claim processing and/ or any other aspect of core operations. This may include *inter alia* the necessary resources to carry out the business operations, the availability of back-up system for business continuity planning and disaster recovery and arrangements to protect the confidentiality of policyholder data.

(2) The digital-only insurer will make available its technology systems/ platforms along with the details of applications and/ or algorithms used in its business operations, whether proprietary or outsourced, for review or inspection of the Commission, as may be required by the Commission.

(3) The digital-only insurer will comply with the SEC Guidelines on Cybersecurity for Insurance Sector, 2020, and will formulate cybersecurity framework in accordance with the guidance given in the said Guidelines and align its risk management framework with the cybersecurity framework.

62G. Disclosures and Business Conduct Requirements.- (1) The digital-only insurer will ensure that the key facts relating to insurance policy such as risk insured, sum insured, policy benefits, premium, free look period, period of coverage and any other material fact, are communicated to the prospective policyholder while making the sales pitch before the offer to insurance contract is made. The detailed terms and conditions may be communicated to the policyholder after issuance of insurance policy and the onus of such communication as stated in this sub-rule lies on digital-only insurer.

(2) The digital-only insurer will provide evidence of insurance cover promptly after inception of insurance policy.

(3) The digital-only insurer will obtain necessary information that forms part of proposal form and the beneficiary information including name, CNIC/ passport number or another national identity number

and relationship of policyholder with the beneficiary. The insurer will disclose the risk of refusal of claim payment due to non-disclosure of medical or other material information in the proposal form.

(4) In case of loyalty insurance products where policyholders are automatically enrolled, the insurance policy summary envisaging benefits, period of coverage, and claim notifying process will be communicated to the policyholder/ insured person.

(5) The digital-only insurer will take all reasonable steps possible to ensure that potential policyholder is able to take informed decision about the proposed insurance policy. Where intermediaries' services are used, the digital-only will ensure that intermediaries are taking such steps which enable the potential policyholder to take informed decision about the proposed insurance policy.

(6) The digital-only insurer may provide the policyholder with a copy of the insurance policy in electronic form that enables reproduction and storing.

(7) The digital-only insurer may provide post sale servicing to the policyholder through electronic means, in respect of insurance policies issued by it.

(8) The information about claim lodging process and complaint filing forums will be provided to the policyholder along with the insurance terms and conditions. The digital-only insurer will be first resort for complaint resolution.

(9) The digital-only insurer will seek to enhance inclusive insurance with special focus on section 87 of the Ordinance so as to not create undue discrimination against certain individuals.

62H. Requirements related to AML/ CFT for digital-only insurance.- (1) The digital-only insurer will comply with the requirements of SEC (AML/ CFT) Regulations, 2020, and as amended from time to time, including but not limited to Customer Due Diligence (CDD), Enhanced Due Diligence (EDD) where applicable, ongoing transaction monitoring, filing of Suspicious Transactions Report (STR), screening of customer database against proscribed persons in accordance with TFS obligations under the United Nations (Security Council) Act 1948 and/or Anti-Terrorism Act 1997, as stated in the SEC (AML/ CFT) Regulations, 2020.

(2) The digital-only insurer may obtain and store the documents and information as required in the SEC (AML/ CFT) Regulations, 2020 digitally.

(3) The digital-only insurer may obtain information directly from customer or through another source such as entity through which customer database is accessed, for example, mobile network operator (MNO) or microfinance bank in case of branchless banking account holder or such other entity with which customer information is available.

(4) The information of source of income will suffice for the purpose of identification of source of funds required under SEC (AML/ CFT) Regulations, 2020 in respect of policies issued by the digital-only insurer and microinsurer subject to limits applicable under these Rules and SEC (Microinsurance) Rules, 2014 as the case may be.

(6) To counter the risk of identity theft, the digital-only insurers are encouraged to verify identity of customer through two-factor authorization, mobile sim ownership verification (CNIC – MSISDN Pairing Authentication) through Pakistan Mobile Network Database, and/ or conduct video call interview with prospective customer at the time of inception of insurance policy.

(7) The digital-only insurer may conduct simplified due diligence of the customer/ policyholder as per Regulation 17 of the SEC (AML/ CFT) Regulations, 2020 if it is able to rate the customer/ policyholder as low risk, and justify the decision to rate the customer/ policyholder as low risk in writing.

62I. Digital-only Insurer to be responsible for Policyholder Data Security and Confidentiality.- (1)

The digital-only insurer will ensure fair usage of policyholder information, which it has acquired during the course of its business and may include identity information, financial information, medical/ health related details, among others, and will be responsible for accuracy, safety and confidentiality of policyholder data.

(2) The policyholder information will only be used for the purpose of provision of insurance services to the policyholders and the data will not be shared with any other party except in instances where the applicable regulatory requirements so require.

(3) The insurers will only collect and share the information which is necessary to provide insurance to the policyholder or potential policyholder through the technology-based platforms and not any additional information without the express and informed consent of the policyholder or potential policyholder.

62J. Free look period and accuracy of information.- (1) All life and non-life insurance policies offered by digital-only insurer, except the group insurance policies, will be subject to free look period of at least fourteen (14) days starting from date of issuance of policy provided and where the policy is cancelled by the policyholder within the free look period, the premium will be refunded to the policyholder in the manner as stipulated in Rule 62 of these Rules.

(2) The disclosure about free look period will be part of key facts required to be communicated to the potential policyholder before the sale of insurance and will also be communicated to the policyholder after the issuance of policy as part of policy terms and conditions and any other medium which is most likely to be viewed by policyholder such as in-app notifications or pop-up messages on opening application/ website/ email.

(3) The digital-only insurer will be responsible for accuracy of information presented to the policyholders or potential policyholders through its customer interface and will be liable for any loss caused to the policyholders due to incorrect, inconsistent or incomplete information through its digital customer interface.

(4) The digital-only insurer will ensure that the promotional/ marketing material it uses, whether on its own or through intermediaries or third parties, is accurate, clear, fair and not misleading.

62K. Use of intermediaries or third parties' services in Distribution and Insurance Policy Administration.- The digital-only insurer will only use services of insurance intermediaries, or third parties through written agreements, to the extent of digital distribution and/ or policy administration through digital means and will not use non-digital modes of insurance distribution through any intermediary, third party or otherwise.

62L. Place of business and Customer Support. – (1) The digital-only insurer will establish a physical place of business in Pakistan and will keep the Commission updated about the address of its place of business.

(2) The digital-only insurer will maintain a round-the-clock customer support mechanism, preferably through voice-call/ telephonic helpline and will communicate the details of such helpline to policyholders along with insurance policy.

62M. Electronic Communication.- (1) The digital-only insurer may make all communication with the policyholder using electronic/ digital means while ensuring that the policyholder has received the same.

(2) The communication between the digital-only insurer and the Commission, including submission of documents, reporting and filing as required under the applicable provisions of the Ordinance and Rules and Regulations issued thereunder, may be made electronically/ digitally unless otherwise specified explicitly on case to case basis.

62N. Submission returns by digital-only insurer.- (1) A digital-only insurer shall, in addition to the returns required to be submitted under the Ordinance and these Rules, shall also submit the “Statement of Solvency”, as provided in Annexure – II to these Rules, on a quarterly basis along with the returns required to be submitted under sub-section (2) of section 46 of the Ordinance.

(2) The quarterly returns of a life digital-only insurer shall be accompanied by a certificate from its appointed actuary deliberating on the adequacy of capital of the life digital-only insurer and its solvency position.

(3) The annual as well as quarterly returns of a non-life digital-only insurer shall be accompanied by a certificate from an actuary deliberating on the adequacy of capital of the non-life digital-only insurer and its solvency position.

(4) The Commission may at its own expense carry out actuarial investigation of a digital only insurer, from an actuary appointed by the Commission for such purpose.]⁴⁶

63. Repeal.- The Insurance Rules, 2002 and the Securities and Exchange Commission of Pakistan (Insurance) Rules, 2002 are hereby repealed.

64. Savings.- Save as otherwise specifically provided, nothing in these Rules, or any repeal effected thereby, shall affect or be deemed to affect anything done, action taken, investigation or proceedings commenced, order, appointment, conveyance, mortgage deed, document or agreement made, fee directed, resolution passed, direction given, proceedings taken or instrument executed or issued, under or in pursuance of any rules or notifications repealed by these Rules and any such thing, action, investigation, proceedings, order, appointment, conveyance, mortgage deed, document, agreement, fee, resolution, direction, proceedings or instrument shall if in force at the coming into force of these Rules and not inconsistent with any of the provisions of these Rules, continue to be in force, and have effect as if it were respectively done, taken, commenced, made, directed, passed, given, executed or issued under these Rules.

⁴⁶ Inserted by S.R.O. 1513(I)/2022 dated August 16, 2022

ANNEXURE – I

[See rule 27]

FORM OF STATEMENT OF ASSETS AND LIABILITIES (LIFE)

Company Name:
Financial Year ended 31 December
Balance Sheet

FORM LA

Figures in Rs 000

	Shareholders Fund	Statutory Fund				Accident & health	Aggregate current year	Aggregate prior year
		Ordinary life (investment linked)	Ordinary life	Capital redemption	Pension fund			
Share Capital and Reserves								
Authorised Share Capital								
Issued, subscribed and paid up Share Capital								
Accumulated Surplus/(Deficit)								
Other Reserves (describe)								
Less: Capital contributed by shareholders fund								
Net Shareholders' Equity								
Balance of statutory fund (including policyholder liabilities Rs. Prior year: Rs.)								
Deferred Liabilities								
Deferred Taxation								
Staff Retirement Benefits								
Others								
Creditors and Accruals								
Outstanding claims (including IBNR)								
Premiums Received in Advance								
Amounts due to other insurers/reinsurers								
Amounts due to Agents								
Accrued Expenses								
Inter-Fund Balances								
Taxation - Provision less payments								
Other Creditors and Accruals (describe)								
Borrowings								
Short term running finance								
Loans received from banks								
Other loans								
Other debt security issued								
Other liabilities								
Other liabilities (please specify)								
TOTAL LIABILITIES								
TOTAL EQUITY AND LIABILITIES								
CONTINGENCIES AND COMMITMENTS (if applicable)								

Chief Executive Officer

Director

Director

Chairman

ANNEXURE – I

[See rule 27]

FORM OF STATEMENT OF ASSETS AND LIABILITIES (LIFE)

Company Name:
Financial Year ended 31 December
Balance Sheet

FORM LA

Figures in Rs 000

	Shareholders Fund	Statutory Fund				Aggregate current year	Aggregate prior year
		Ordinary life (investment linked)	Ordinary life	Capital redemption	Pension fund		
Cash and Bank Deposits							
Cash and others							
Current and other accounts							
Deposits maturing within 12 months							
Fixed Deposits maturing after 12 months							
Loans Secured Against Life Insurance Policies							
Loans Secured Against other assets							
To employees							
To agents							
Others							
Unsecured Loans							
To employees or agents							
Others							
Investment Property							
Investment in subsidiaries and associates							
Fixed Income Securities							
Listed Equities							
Unlisted Equities							
Other Investments							
Government Securities							
Other Fixed Income Securities							
Listed Equities							
Unlisted Equities							
Mutual Funds							
Others (describe)							
Less: Provision for diminution in value							
Deferred Taxation							
Preliminary and Deferred Expenses							
Current Assets - Others							
Premiums due but unpaid							
Amounts due from other insurers/ reinsurers							
Agents Balances							
Investment Income Due but Outstanding							
Investment Income Accrued							
Taxation - payments less provision							
Inter-Fund Balances							
Prepayments							
Sundry receivables							
Others (please specify)							
Fixed Assets							
Tangible & Intangible							
Land and Buildings							
Furniture, Fixtures and Office Equipment							
Motor Vehicles							
Capital Work in Progress							
Intangibles (Please specify)							
TOTAL ASSETS							

Chief Executive Officer

Director

Director

Chairman

Annexure II

[See rules 19 and 24(1)]

STATEMENTS REQUIRED TO BE FILED BY LIFE AND NON-LIFE INSURERS

As required by rules 19 and 24(1) read with sub-section (1) and (2) of the Section 46 of the Insurance Ordinance, 2000 following statements are required to be filed by the life and non-life insurers.

A- STATEMENTS FOR LIFE INSURERS

(1) Regulatory Returns: The Regulatory Returns shall consist of the following statements which shall be submitted according to the annexed Forms:

- Balance Sheet (Form LA), which shall be deemed to constitute the “Statement of Assets and Liabilities” required by section 46(1)(a)(i) of the Ordinance.
- Profit and Loss Account (Form LB), which shall be deemed to constitute the “statement of profits and losses for the shareholders’ fund” required by section 46(1)(a)(ii) of the Ordinance.
- Statement of Cash Flows (Form LC) required under section 46(1)(a)(iii) of the Ordinance.
- Revenue Account (Form LD) required under section 46(1)(a)(iv) of the Ordinance.
- Statement of Premiums (Form LE) required under section 46(1)(a)(v) of the Ordinance.
- Statement of Claims (Form LF) required under section 46(1)(a)(vi) of the Ordinance.
- Statement of Expenses (Form LG) required under section 46(1)(a)(vii) of the Ordinance.
- Statement of Investment Income (Form LH) required under section 46(1)(a)(viii) of the Ordinance.
- Statement of Solvency (Form LI) which is hereby prescribed under section 46(1)(a)(ix) of the Ordinance.
- Classified Summary of Assets in Pakistan (Form LJ) which is hereby prescribed under section 46(1)(a)(ix) of the Ordinance.
- Statement of Maximum Management Expense Limits for Life Insurers.
- Statement of itemized computation of Bancassurance acquisition cost.

(2) Published Financial Statements: The Published Financial Statements shall consist of the following statements which shall be submitted according to the annexed Forms:

- Statement of Financial Position.
- Statement of Comprehensive Income.
- Statement of Cash Flows.

- Statement of Changes in Equity.

B- STATEMENTS FOR NON-LIFE INSURERS

(1) Regulatory Returns: The Regulatory Returns shall consist of the following statements which shall be submitted according to the annexed Forms:

- Balance Sheet (Form GA), which shall be deemed to constitute the “Statement of Assets and Liabilities” required under section 46(1)(b)(i) of the Ordinance.
- Profit and Loss Account (Form GB), which shall be deemed to constitute the “statement of profits and losses” required under section 46(1)(b)(ii) of the Ordinance.
- Statement of Cash Flows (Form GC), required under section 46(1)(b)(iii) of the Ordinance.
- Statement of Premiums (Form GD), required under section 46(1)(b)(iv) of the Ordinance.
- Statement of Claims (Form GE), required under section 46(1)(b)(v) of the Ordinance.
- Statement of Expenses (Form GF), required under section 46(1)(b)(vi) of the Ordinance.
- Statement of Investment Income (Form GG), required under section 46(1)(b)(vii) of the Ordinance.
- Statement of Claims Analysis (Form GH), required under section 46(1)(b)(viii) of the Ordinance.
- Statement of Exposures (Form GI), required under section 46(1)(b)(ix) of the Ordinance.
- Statement of Solvency (Form GJ), which is hereby prescribed under section 46(1)(b)(x) of the Ordinance.
- Classified Summary of Assets in Pakistan (Form GK), which is hereby prescribed under section 46(1)(b)(x) of the Ordinance.

(2) Published Financial Statements: The Published Financial Statements shall consist of the following statements which shall be submitted according to the annexed Forms:

- Statement of Financial Position.
- Statement of Comprehensive Income.
- Statement of Cash Flows.
- Statement of Changes in Equity.

FORMS OF REGULATORY RETURNS FOR LIFE INSURERS

Company Name:
 Financial Year ended 31 December
 Balance Sheet

FORM LA

Figures in Rs 000

	Shareholders Fund	Statutory Fund					Aggregate current year	Aggregate prior year
		Ordinary life (investment linked)	Ordinary life	Capital redemption	Pension fund	Accident & health		
Share Capital and Reserves								
Authorised Share Capital								
Issued, subscribed and paid up Share Capital								
Accumulated Surplus/(Deficit)								
Other Reserves (describe)								
Less: Capital contributed by shareholders fund								
Net Shareholders' Equity								
Balance of statutory fund (including policyholder liabilities Rs. Prior year: Rs.)								
Deferred Liabilities								
Deferred Taxation								
Staff Retirement Benefits								
Others								
Creditors and Accruals								
Outstanding claims (including IBNR)								
Premiums Received in Advance								
Amounts due to other insurers/reinsurers								
Amounts due to Agents								
Accrued Expenses								
Inter-Fund Balances								
Taxation - Provision less payments								
Other Creditors and Accruals (describe)								
Borrowings								
Short term running finance								
Loans received from banks								
Other loans								
Other debt security issued								
Other liabilities								
Other liabilities (please specify)								
TOTAL LIABILITIES								
TOTAL EQUITY AND LIABILITIES								
CONTINGENCIES AND COMMITMENTS (if applicable)								

The annexed notes form an integral part of these accounts.

Chief Executive Officer

Director

Director

Chairman

Figures in Rs 000

	Shareholders Fund	Statutory Fund					Aggregate current year	Aggregate prior year
		Ordinary life (investment linked)	Ordinary life	Capital redemption	Pension fund	Accident & health		
Cash and Bank Deposits								
Cash and others								
Current and other accounts								
Deposits maturing within 12 months								
Fixed Deposits maturing after 12 months								
Loans Secured Against Life Insurance Policies								
Loans Secured Against other assets								
To employees								
To agents								
Others								
Unsecured Loans								
To employees or agents								
Others								
Investment Property								
Investment in subsidiaries and associates								
Fixed Income Securities								
Listed Equities								
Unlisted Equities								
Other Investments								
Government Securities								
Other Fixed Income Securities								
Listed Equities								
Unlisted Equities								
Mutual Funds								
Others (describe)								
Less: Provision for diminution in value								
Deferred Taxation								
Preliminary and Deferred Expenses								
Current Assets - Others								
Premiums due but unpaid								
Amounts due from other insurers/ reinsurers								
Agents Balances								
Investment Income Due but Outstanding								
Investment Income Accrued								
Taxation - payments less provision								
Inter-Fund Balances								
Prepayments								
Sundry receivables								
Others (please specify)								
Fixed Assets								
Tangible & Intangible								
Land and Buildings								
Furniture, Fixtures and Office Equipment								
Motor Vehicles								
Capital Work in Progress								
Intangibles (Please specify)								
TOTAL ASSETS								

The annexed notes form an integral part of these accounts.

Chief Executive Officer

Director

Director

Chairman

Company Name:

FORM LB

Financial Year ended 31 December

Profit and Loss Account

Figures in Rs 000

	Current Year	Prior Year
Investment income not attributable to statutory funds		
Return on Government Securities		
Return on Other Fixed Income Securities and Deposits		
Amortization of discount/premium relative to par		
Dividend Income		
Gain/(Loss) on Sale of Investments		
Provision for Impairment in Value of investments		
Government Securities		
Other Fixed Income Securities and Deposits		
Equities		
Reversal of Provisions		
Total investment Income		
Less: Investment Related Expenses		
Net Investment Income		
Income from Rental Properties		
Net Rental income		
Net realised gains / losses on investment property		
Net unrealised gains / losses on investment property		
Other Income (please specify)		
Total of Investment Income, Rental Income and Other Revenues		
Less: Expenses not attributable to statutory funds (provide details)		
Add: Surplus appropriated to Shareholders' Fund from Ledger A/c C or D		
Profit/(Loss) before tax (and extraordinary items, if any)		
Extraordinary items (provide details)		
Profit/(Loss) before Tax and after extraordinary items		
Tax expense		
Profit/(Loss) after tax		

Earning per Share (Rupees)

The annexed notes form an integral part of these accounts.

Chief Executive Officer

Director

Director

Chairman

Company Name:
 Financial Year ended 31 December
 Statement of Cash Flows

FORM LC

Figures in Rs 000

Shareholders' fund	Statutory Fund					Aggregate current year	Aggregate prior year
	Ordinary life (investment linked)	Ordinary life	Capital redemption	Pension fund	Accident & health		

Operating Cash Flows

a) Underwriting activities

Premiums received
 Reinsurance premiums paid
 Claims paid
 Surrenders paid
 Reinsurance and other recoveries received
 Commissions paid
 Commissions received
 Other underwriting payments, if any
 Other underwriting receipts, if any

XXXXXXXX							
XXXXXXXX							
XXXXXXXX							
XXXXXXXX							
XXXXXXXX							
XXXXXXXX							
XXXXXXXX							
XXXXXXXX							
XXXXXXXX							
Net cash flow from underwriting activities	0	0	0	0	0	0	

b) Other operating activities

Income tax paid
 General management expenses paid
 Other operating payments
 Other operating receipts
 Loans advanced
 Loan repayments received
 Other payments on operating assets
 Other receipts in respect of operating assets

Net cash flow from other operating activities	0	0	0	0	0	0	

Total cash flow from all operating activities

	0	0	0	0	0	0	
--	---	---	---	---	---	---	--

Company Name:
 Financial Year ended 31 December
 Statement of Cash Flows

FORM LC

Figures in Rs 000

Investment activities

Profit/ Return received
 Dividends received
 Rentals received
 Payments for investments
 Proceeds from disposal of investments
 Fixed Capital Expenditure
 Proceeds from disposal of fixed assets

Total cash flow from investing activities

0	0	0	0	0	0	0
---	---	---	---	---	---	---

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Financing activities

Share capital received
 Loans received
 Loans repaid
 Capital payments received by statutory funds
 Capital payments repaid by statutory funds
 Surplus appropriated to shareholders' fund
 Dividends paid
 Financial charges paid
 Payments on finance leases

	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	
	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	
	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	
	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	
	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	

Total cash flow from financing activities

--	--	--	--	--	--	--

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Net cash inflow/outflow from all activities

--	--	--	--	--	--	--

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Cash at the beginning of the year

--	--	--	--	--	--	--

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Cash at the end of the year

--	--	--	--	--	--	--

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Company Name:
 Financial Year ended 31 December
 Statement of Cash Flows

FORM LC

Figures in Rs 000

Reconciliation to Profit and Loss Account

Operating cash flows	0	0	0	0	0	0	0	
Depreciation expense								
Financial charges expense								
Profit/(loss) on disposal of fixed assets								
Increase/(decrease) in assets other than cash								
(Increase)/decrease in liabilities other than running finance								
Revaluation adjustment								
Other adjustments (please specify)								

Profit or loss after taxation (must agree to Profit and Loss Account (shareholders' fund only))	0	0	0	0	0	0	0	
---	---	---	---	---	---	---	---	--

Definition of cash

Please provide a definition of which items have been treated as cash for the purposes of this statement, and if different from Cash and Overdrafts as disclosed in the Balance Sheet, provide a reconciliation.

Cash for the purposes of the Statement of Cash Flows consists of:

The annexed notes form an integral part of these accounts.

Chief Executive Officer

Director

Director

Chairman

Company Name:

FORM LD

Financial Year ended 31 December

Figures in Rs 000

Revenue Account

		Statutory Fund					Aggregate	Aggregate
		Ordinary life (investment linked)	Ordinary life	Capital redemption	Pension fund	Accident & health	current year	prior year
Income								
A	Premiums less Reinsurances							
B	Policy Transfers from Other Statutory Funds							
C	Net Rental Income from Investment Property							
C1	Net realised gains / losses on investment property							
C2	Net unrealised gains / losses on investment property							
D	Net Investment Income							
E=SUM(A to D)	Total Net Income							
Claims and Expenditure								
F	Claims, including bonuses, net of reinsurance recoveries							
G	Policy Transfers to Other Statutory Funds							
H	Management Expenses less Recoveries							
I=SUM(F to H)	Total Claims and Expenditure							
J=E-I	Excess of Income over Claims and Expenditure							
K	Add : Policyholder Liabilities at Beginning of Year							
L	Less : Policyholder Liabilities at End of Year							
M=J+K-L	Surplus/(Deficit) Before Tax							
Taxes chargeable to statutory funds								
- Current year								
- Prior year(s)								
- Deferred								
N	Total Taxes							
O=M-N	Surplus/(Deficit) After Tax							
P	Movement in policy holder liabilities							
Transfers to or from Shareholders' Fund								
- Surplus appropriated to Shareholders' Fund								
- Capital returned to Shareholders' Fund								
- Capital contributions from Shareholders' Fund								
Q	Net transfer to/from Shareholders' Fund							
R	Balance of Statutory Fund at Beginning of Year							
S=O+P-Q+R	Balance of Statutory Fund at End of Year							
Represented by:								
Capital contributed by shareholders' fund								
Policyholder liabilities								
Retained earnings attributable to policyholders (Ledger A/c A)								
Retained earnings on par business attributable to shareholders - Undistributable (Ledger A/c B)								
Retained earnings on par business attributable to shareholders - Distributable (Ledger A/c C)								
Retained earnings on other than participating business (Ledger A/c D)								
Other equity/reserves, if any (please specify)								
BALANCE OF STATUTORY FUND								

The annexed notes form an integral part of these accounts.

Chief Executive Officer

Director

Director

Chairman

Company Name:
Financial Year ended 31 December
Statement of Premiums

FORM LE

Figures in Rs 000

	Statutory Fund				Aggregate current year	Aggregate prior year
	Ordinary life (investment linked)	Ordinary life	Capital redemption	Pension fund		
Gross Premiums						
Regular Premium Individual Policies*						
First year						
Second year renewal						
Subsequent year renewal						
Single Premium Individual Policies						
Group Policies with Cash Values						
Group Policies without Cash Values						
Less: Experience Refund (if any)						
Annuities						
Total Gross Premiums						
Less: Reinsurance Premiums Ceded						
On individual life first year business						
On individual life second year business						
On individual life renewal business						
On group policies						
On annuities						
Less: Experience refund from reinsurers (if any)						
Less: Reinsurance commission on risk premiums						
Net Premiums						

* Individual policies are those underwritten on an individual basis, and includes joint life policies underwritten as such

The annexed notes form an integral part of these accounts.

Chief Executive Officer

Director

Director

Chairman

Company Name:
Financial Year ended 31 December
Statement of Claims

FORM LF

Figures in Rs 000

	Statutory Fund					Aggregate current year	Aggregate prior year
	Ordinary life (investment linked)	Ordinary life	Capital redemption	Pension fund	Accident & health		
Gross Claims							
Claims under individual policies (including provision for claims intimated or incurred but not reported)							
by death						0	0
by insured event other than death						0	0
by maturity						0	0
by surrender						0	0
annuity payments						0	0
bonus in cash						0	0
Total gross individual policy claims							
Claims under group policies (including provision for claims intimated or incurred but not reported)							
by death						0	0
by insured event other than death						0	0
by maturity						0	0
by surrender						0	0
annuity payments						0	0
bonus in cash						0	0
Total gross group claims							
Total Gross Claims							
Less: Reinsurance Recoveries							
On individual life claims						0	0
On group life claims						0	0
On annuities						0	0
On others						0	0
Net Claims	0	0	0	0	0	0	0

The annexed notes form an integral part of these accounts.

Chief Executive Officer

Director

Director

Chairman

	Current year		
	Rupees in thousand		
	Shareholders' Fund	Statutory Fund	Statutory Fund
Assets			
Property and equipment	-	-	-
Intangible assets	-	-	-
Investment property	-	-	-
Investments in subsidiaries and associates (applicable where equity accounting is followed)	-	-	-
Investments	-	-	-
Equity securities	-	-	-
Government securities	-	-	-
Debt securities	-	-	-
Term deposits	-	-	-
Others (please specify)	-	-	-
Loans secured against life insurance policies	-	-	-
Insurance / reinsurance receivables	-	-	-
Other loans and receivables	-	-	-
Deferred taxation	-	-	-
Taxation - payments less provision	-	-	-
Prepayments	-	-	-
Cash & Bank	-	-	-
Total Assets (A)	-	-	-
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000			
(a)	-	-	-
(b)	-	-	-
...	-	-	-
...	-	-	-
...	-	-	-
...	-	-	-
...	-	-	-
(U)-(i)	-	-	-
(U)-(ii)	-	-	-
(U)-(iii)	-	-	-
(v)	-	-	-
(w)	-	-	-
Total of In-admissible assets (B)	-	-	-
Total Admissible Assets (C=A-B)	-	-	-
Total Liabilities			
Insurance Liabilities Net of Reinsurance Recoveries	-	-	-
Retirement benefit obligations	-	-	-
Deferred taxation	-	-	-
Borrowings	-	-	-
Premium received in advance	-	-	-
Insurance / reinsurance payables	-	-	-
Other creditors and accruals	-	-	-
Taxation - provision less payments	-	-	-
Total Liabilities (D)	-	-	-
Total Net Admissible Assets (E=C-D)	-	-	-
Minimum Solvency Requirement			
Shareholder's Fund	-	-	-
Policyholders Liability	-	-	-
Solvency Margin	-	-	-
Excess / Deficit in Net Admissible Assets over Minimum Requirements	-	-	-

The annexed notes form an integral part of these accounts.

Chief Executive Officer

Director

Director

Chairman

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STATEMENT OF FINANCIAL POSITION AS AT

	Note	Current year Rupees in thousand	Prior year
Assets			
Property and equipment	5		
Intangible assets	6	-	-
Investment property	7	-	-
Investments in subsidiaries and associates (applicable where equity accounting is followed)	8	-	-
Investments		-	-
Equity securities	9		
Government securities	10		
Debt securities	11	-	-
Term deposits	12	-	-
Mutual funds	13	-	-
Others (please specify)			
Loans secured against life insurance policies			
Insurance / reinsurance receivables	14	-	-
Other loans and receivables	15		
Deferred tax asset	16	-	-
Taxation - payments less provision		-	-
Prepayments	17		
Cash & Bank	18	-	-
		-	-
Total Assets		<u>-</u>	<u>-</u>
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital			
Share premium	19	-	-
Ledger account C & D			
Reserves	20	-	-
Unappropriated profit/(Accumulated loss)		-	-
		-	-
Total Equity		<u>-</u>	<u>-</u>
Surplus on Revaluation of Fixed Assets	21	-	-
Liabilities			
Insurance Liabilities	22		
Liabilities under Investment Contracts			
Retirement benefit obligations	23	-	-
Deferred taxation	16	-	-
Borrowings	24	-	-
Premium received in advance		-	-
Insurance / reinsurance payables	25	-	-
Other creditors and accruals	26	-	-
Taxation - provision less payments			
Total Liabilities		-	-
		-	-
Total Equity and Liabilities		<u>-</u>	<u>-</u>
Contingency(ies) and commitment(s)	27		

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

Chief Executive Officer

Director

Director

Chairman

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED.....

	Note	Current Year	Prior Year
Premium Revenue		-	-
Premium ceded to reinsurers		-	-
Net premium revenue	28	-	-
Fee income	29	-	-
Investment income	30	-	-
Net realised fair value gains on financial assets	31	-	-
Net fair value gains on financial assets at fair value through profit or loss	32	-	-
Net rental Income	33	-	-
Net realised gains / losses on investment property		-	-
Net unrealised gains / losses on investment property		-	-
Other income / loss	34	-	-
Net income		-	-
Insurance benefits		-	-
Recoveries from reinsurers		-	-
Claims related expenses		-	-
Net Insurance Benefits	35	-	-
Net Change in Insurance Liabilities (other than outstanding claims)		-	-
Acquisition expenses	36	-	-
Marketing and administration expenses	37	-	-
Other expenses	38	-	-
Total Expenses		-	-
Finance costs	39	-	-
Results of operating activities		-	-
Share of (loss)/profit of associates		-	-
Profit before tax		-	-
Income tax expense	40	-	-
Profit for the year		-	-
Other comprehensive income:		-	-
Change in unrealised gains/(losses) on available-for-sale financial assets		-	-
Currency translation differences (related to net investment in foreign currency)		-	-
Actuarial gains/(losses) on retirement benefit schemes		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		-	-
Earnings (after tax) per share - Rupees	41		

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

Chief Executive Officer Director Director Chairman

Note: "The insurer may, instead of a single statement, provide two statements: a statement displaying components of profit or loss (separate profit and loss account) and a second statement beginning with profit or loss and displaying components of other comprehensive income (statement of comprehensive income)."

CASH FLOW STATEMENT FOR THE YEAR ENDED

	Current year	Prior year
	Rupees in thousand	
Operating Cash flows		
(a) Underwriting activities		
Insurance premium received	-	-
Reinsurance premium paid	-	-
Claims paid	-	-
Reinsurance and other recoveries received	-	-
Commission paid	-	-
Commission received	-	-
Marketing and administrative expenses paid	-	-
Others if any (please specify)	-	-
Net cash flow from underwriting activities	-	-
(b) Other operating activities		
Income tax paid	-	-
Other operating payments	-	-
Other operating receipts	-	-
Loans advanced	-	-
Loan repayments received	-	-
Net cash flow from other operating activities	-	-
Total cash flow from all operating activities	-	-
Investment activities		
Profit/ return received	-	-
Dividend received	-	-
Rental received	-	-
Payment for investments / investment properties	-	-
Proceeds from investments / investment properties	-	-
Fixed capital expenditure	-	-
Proceeds from sale of property, plant and equipment	-	-
Total cash flow from investing activities	-	-
Financing activities		
Proceeds from issuance of shares	-	-
Interest paid	-	-
Loan received	-	-
Loan paid	-	-
Proceeds from issuance of convertible bond	-	-
Payments for redemption of convertible bond	-	-
Dividends paid	-	-
Total cash flow from financing activities	-	-
Net cash flow from all activities	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	-	-
Reconciliation to Profit and Loss Account		
Operating cash flows	-	-
Depreciation expense	-	-
Financial charges expense	-	-
Profit/(loss) on disposal of property, plant and equipment	-	-
Profit/(loss) on disposal of investments / investment properties	-	-
Rental income	-	-
Dividend income	-	-
Other Investment income	-	-
Share of profit from associates	-	-
Increase/(decrease) in assets other than cash	-	-
(Increase)/decrease in liabilities other than borrowings	-	-
Revaluation adjustment	-	-
Other adjustments (please specify)	-	-
Profit or loss after taxation	-	-

Chief Executive Officer

Director

Director

Chairman

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED

	Attributable to equity holders of the Company					Total
	Share capital	Capital reserves (please specify)	Revenue reserves		Unappropriated profit / (Accumulated loss)	
			General reserves	Others (please specify)		
	← Rupees in thousand →					
Balance as at January 1, 200X						
At beginning of year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-
Others (if any, please specify)	-	-	-	-	-	-
Dividend relating to 200X	-	-	-	-	-	-
Balance as at December 31, 200X	-	-	-	-	-	-
Total comprehensive income for the year						
Others (if any, please specify)	-	-	-	-	-	-
Dividend relating to 200X	-	-	-	-	-	-
Balance as at December 31, 200X	-	-	-	-	-	-

Chief Executive Officer

Director

Director

Chairman

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED _____**

1 LEGAL STATUS AND NATURE OF BUSINESS

Disclose the domicile and legal form of the company, its country of incorporation and the address of the registered office (or principal place of business, if different from the registered office); a description of the nature of company's operations and its principal activities; the name of the parent enterprise and the ultimate parent enterprise of the group, as applicable.

Also specify list of statutory funds the company has established and a brief description of the business written in each.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial statements are prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017 shall prevail.

2.1 Basis of measurement

Specify accounting convention e.g. historical cost model. {Where Fixed Assets, Investment Properties or Investments are revalued, a note to that effect needs to be included}

2.2 Functional and presentation currency

Specify presentation and functional currency of the company. Also specify basis of accounting for transactions and balances in other currencies.

2.3 Standards, interpretations and amendments effective in 2xxx

Specify for each standard the details as required by the applicable IFRS.

2.4 Standards, interpretations and amendments not effective at year end

Specify for each standard the details as required by the applicable IFRS.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are set out below.

3.1 Property and Equipment

3.2 Intangible assets

3.3 Investment property

3.4 Insurance contracts

Disclose the general terms of insurance contracts issued by the company specifying the types of contracts issued. A suggested list of possible types is given below (include relevant ones only)

Individual

- Conventional participating policies
- Conventional non participating policies
 - With cash value
 - Without cash value (protection only)
- Unit Linked policies
- Universal Life/ Non unit linked policies
- Annuities (specify nature)
- Personal Accident Policies

Group

- Short-term group life employer schemes
- Short-term group credit life schemes
- Long term group life schemes written on a single premium basis
- Managed fund or deposit administration contracts
- Group Health Schemes

For each type of insurance contract issued by the company, identify the insurance risks which are taken by the company and the insured events. The type of customers for which such contracts are relevant and the insured events against which compensation is payable.

Also disclose for each type of contract, the revenue recognition policy, the recording mechanism for liabilities against each such contract and claims recognition.

For contracts with a discretionary participating feature indicate how the discretion is exercised (eg., what is the basis on which reversionary and terminal bonuses of with profit conventional contracts are declared).

3.5 Deferred Commission expense

Specify the deferment policy, the costs deferred and the mechanism of amortisation of such deferred costs.

3.6 Policyholder Liability

Disclose the methods used to determine the various components of policyholder liabilities.

Disclose the details of the method used to determine premium deficiency (liability adequacy test) and whether this is determined for each operating segment separately or on a whole company basis along with the accounting treatment thereof.

3.7 Reinsurance contracts held

Identify the criteria on the basis of which contracts are designated as those of reinsurance and their classification in the financial statements.

3.8 Receivables and payables related to insurance contracts

Disclose when such receivables and payables are recognised and the measurement basis thereof. These may include amounts due to and from agents, brokers and insurance contract holders and other insurance companies.

Disclose whether impairment testing is performed, the criteria used to assess impairment and the accounting treatment in case such impairment exists.

3.9 Operating segments

3.10 Cash and cash equivalents

3.11 Revenue recognition

a) Premiums only reference be made to description under insurance contracts

b) Experience Refunds

c) Commission income

d) Investment income

e) Dividend income

Add others if considered significant

3.12 Investments

- in subsidiary and associate

- in equity securities

- in debt securities

- in term deposits

- in mutual funds

3.13 Offsetting of financial assets and liabilities

3.14 Provisions

3.15 Taxation

Current

Deferred

3.16 Staff retirement benefits

Defined benefit plan

Defined contribution plan

3.17 Leases

3.18 Impairment of assets

3.19 Dividend distribution

3.20 Management expenses

3.21 Others (to be specified)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Disclose that the Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year and that such estimates and judgments are continually evaluated based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

Disclose that the management has exercised its judgment in the process of applying accounting policies.

Disclose the significant estimates made by the company and the basis of such estimation. Also specify the factors subject to uncertainty and the classes of transactions most prone to changes.

Where assets have been revalued, the first balance sheet subsequent to the revaluation shall show the original cost; the revalued amount; the date and amount of the revaluation and the basis thereof; name and qualification of the valuer who should be an independent person competent to do so; the nature of any indices used to determine revaluation; and the carrying amount of each class of property and equipment that would have been included in the financial statements had the assets not been carried at revalued amount. Every balance sheet subsequent to the revaluation shall show the total amount of the revaluation; and the carrying amount of each class of property and equipment that would have been included in the financial statements had the assets not been carried at revalued amount.

In the case of sale of fixed assets (otherwise than through a regular auction) made to chief executive or a director or an executive or a shareholder holding not less than ten percent of the voting shares of the company or any related party, irrespective of the value, and in the case of any other person if the original cost or the book value of the asset or assets in aggregate exceeds Rupees one million or two hundred fifty thousands respectively (whichever is lower) disclose (a) particulars of the assets (b) cost or revalued amount (c) the book value (d) the sale price (e) the mode of disposal (e.g. by tender or negotiation) and (f) the particulars of the purchaser.

Disclose the existence of any restrictions/ discrepancies on the title along-with amount involved; and the existence of any pledge/ mortgage along-with the nature of facilities obtained against such pledge/ mortgage.

6 Intangible assets

	Cost			Amortisation			Written down value as at 31 December	Amortisation period
	As at 1 January	Additions	Adjustments	As at 31 December	As at 1 January	For the year		
Computer softwares								
Others (Please specify)								
Current year	_____			_____			_____	
Prior year	_____			_____			_____	

Disclose the classification of intangible as either finite or infinite life and basis of amortisation for each intangible asset.

Disclose description, the carrying amount and remaining amortization period of any individual intangible asset that is material to the financial statements as a whole; the existence and carrying amounts of intangible assets whose title is restricted and the carrying amounts of intangible assets pledged as security for liabilities; a description of any fully amortized intangible asset that is still in use; and a brief description of significant intangible assets controlled by the enterprise but not recognized as assets because they did not meet the recognition criteria.

7 INVESTMENT PROPERTIES (where cost model is followed)

(Rupees in '000)

	Cost			Current year			Written down value as at 31 December	Useful life
	As at 1 January	Additions (disposals)	As at 31 December	As at 1 January	For the year	As at 31 December		
	Leasehold land	-	-	-	-	-		
Building								
Other installations								
Others (specify)								
	-	-	-	-	-	-	-	

	Cost			Prior year			Written down value as at 31 December	Useful life
	As at 1 January	Additions	As at 31 December	As at 1 January	For the year	As at 31 December		
	Leasehold land	-	-	-	-	-		
Building								
Other installations								
	-	-	-	-	-	-	-	

7.1 The market value of the investment properties as per valuation carried out by professional valuers in ____ is Rs. _____

7 INVESTMENT PROPERTY (where fair value model is followed)

	Rupees in '000	
	Aggregate 200X	Aggregate 200Y
Opening net book value	-	-
Additions and capital improvements	-	-
Unrealized Fair value gain/(loss)	7.1	-
Closing net book value	-	-
	-	-

7.1 (Only where Company is following fair value model for investment property, disclose information about fair valuation techniques used as required above for Property Plant and Equipment.)

8 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The company's interests in its subsidiaries and associates were as follows:

Name	Country of Incorporation	Assets	Liabilities	Revenues	Profit / (loss)	% interest held
ABC Ltd	AA	-	-	-	-	-
DEF Ltd	BB	-	-	-	-	-
Total at the end of 200X		-	-	-	-	-
ABC Ltd	AA	-	-	-	-	-
DEF Ltd	BB	-	-	-	-	-
Total at the end of 200Y		-	-	-	-	-

11.3 Disclose particulars of provision for impairment and the movement in the said account in the year.

There shall be stated the name of each company, modaraba, firm, government, municipal committee and local authority; in case of shares, various classes and different paid-up values together with the terms of redemption, if any, in case of preference shares; in case of modaraba and redeemable capital the number of certificates and the nominal value of each certificates; and in case of debentures and bonds the terms of redemption, if any, and the rate of interest.

If investment is made in unlisted companies and modarabas (other than associates and subsidiaries) there shall be stated the name of the chief executive, managing agent or modaraba company. Percentage of the equity held by the company in an investee company or modaraba or a controlled firm or other associated undertaking, where it exceeds ten percent of the investee's total equity, shall be disclosed.

Value of investments in unlisted investees in which the company holds ten percent or more of the investee's total equity should be calculated by reference to net assets of the investee on the basis of the last available audited accounts in the case of unlisted companies and modarabas and last available accounts incase of other investees together with the period of such accounts shall be disclosed.

12 INVESTMENTS IN TERM DEPOSITS

	(Total Current Year)	(Total Prior Year)
Rupees in '000		
Held to maturity		
Deposits maturing within 12 months		
Deposits maturing after 12 months		
	-	-

13 INVESTMENTS IN MUTUAL FUNDS - (DISTINGUISH BETWEEN AT FAIR VALUE THROUGH PROFIT AND LOSS AND AVAILABLE FOR SALE)

	Cost	Current year impairment / provision	Carrying value	Cost	Prior year impairment / provision	Carrying value
Related parties						
Others						

14 INSURANCE / REINSURANCE RECEIVABLES

Unsecured and considered good

	<u>(Total Current Year)</u>	<u>(Total Prior Year)</u>
Due from insurance contract holders	-	-
Less provision for impairment of receivables from Insurance contract holders	-	-
Due from other insurers / reinsurers	-	-
Less provision for impairment of due from other insurers / reinsurers	-	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

15 OTHER LOANS AND RECEIVABLES

	<u>(Total Current)</u>	<u>(Total Prior Year)</u>
Loans to related parties	-	-
Receivable from related	-	-
Rent receivable	-	-
Accrued investment income		
Security deposit	-	-
Advance to supplier	-	-
Loans to agents		
Loans to employees	-	-
Other receivables		
Less: provision for impairment of loans and receivables	-	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

If the loans to related parties are interest bearing, disclose the interest rate. Also disclose the effective interest rates on such loans.

		Rupees in '000	
		(Total Current Year)	(Total Prior Year)
16 DEFERRED TAXATION			
	Deferred debits arising in respect of (To be specified)	-	-
	Deferred credits arising due to (To be specified)	-	-
		<u> </u>	<u> </u>

		Rupees in '000	
		(Total Current Year)	(Total Prior Year)
17 PREPAYMENTS			
	Prepaid rent	-	-
	Prepaid miscellaneous expenses	-	-
		<u> </u>	<u> </u>

		Rupees in '000	
		(Total Current Year)	(Total Prior Year)
18 CASH & BANK			
	Cash and Cash Equivalent		
	- Cash in hand	-	-
	- Policy & Revenue stamps, Bond papers	-	-
	Cash at bank		
	- Current account	-	-
	- Savings account	-	-
		<u> </u>	<u> </u>

Cash and short term borrowing include the following for the purposes of the cash flow statement:

		(Total Current Year)	(Total Prior Year)
	Cash and cash equivalents	-	-
	Short term borrowings of upto three months including running finance, if any	-	-
		<u> </u>	<u> </u>

19 SHARE CAPITAL**19.1 Authorized Capital**

	(Current Year)	(Prior Year)
	Rupees in '000	
_____ Ordinary shares of Rs. _____ each	_____	_____

19.2 Issued, subscribed and paid-up share capital

Disclose information about the purchase and reissue of treasury shares in the period and the values thereof.

20 RESERVES

	(Current Year)	(Prior Year)
	Rupees in '000	
Capital reserves		
Reserve for exceptional loss	-	-
Revenue reserves		
General reserve	-	-
Others (Please specify)	-	-
	_____	_____

21 SURPLUS ON REVALUATION OF FIXED ASSETS

This represents surplus arising on revaluation of freehold land, building on freehold land, plant and machinery both owned and leased carried out in the year 200V . This has been adjusted by surplus realized on disposal of revalued assets and incremental depreciation arising due to revaluation net of deferred tax.

	(Current Year)	(Prior Year)
	Rupees in '000	
Surplus on revaluation assets as at 01 January		
Surplus arising on revaluation of assets during the period		
Surplus relating to incremental depreciation charged on related assets- transferred to inappropriated profit		
Net of deferred tax		
Related deferred tax liability		
Surplus on revaluation of assets as at 31 December		
Less : Related deferred tax liability on Balance at the beginning of the year		
Transferred to profit and loss account incremental depreciation charged during the year		
	_____	_____

22 INSURANCE LIABILITIES

		(Total Current Year)	(Total Prior Year)
Reported outstanding claims (including claims in payment)	22.1		
Incurred but not reported claims	22.2		
Investment component of unit-linked and account value policies	22.3		
Liabilities under individual conventional insurance contracts	22.4		
Liabilities under group insurance contracts (other than investment linked)	22.5		
Other Insurance Liabilities	22.6		
Unearned Reinsurance Commission		-	-
		_____	_____

	<u>(Total Current Year)</u>	<u>(Total Prior Year)</u>
22.1 Reported Outstanding Claims		
Gross of Reinsurance		
Payable within one year	-	-
Payable over a period of time exceeding one year	-	-
	<u>-</u>	<u>-</u>
Recoverable from Reinsurers		
Receivable within one year	-	-
Receivable over a period of time exceeding one year	-	-
	<u>-</u>	<u>-</u>
Net Reported Outstanding Claims	<u>-</u>	<u>-</u>
22.2 Incurred But Not Reported Claims		
Gross of Reinsurance		
Reinsurance Recoveries	-	-
Net of Reinsurance	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
22.3 Investment Component of Unit Linked and Account Value Policies		
Investment Component of Unit Linked Policies	-	-
Investment Component of Account Value Policies	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
22.4 Liabilities under Individual Conventional Insurance Contracts		
Gross of Reinsurance	-	-
Reinsurance Credit	-	-
Net of Reinsurance	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
22.5 Liabilities under Group Insurance Contracts (other than investment linked)		
Gross of Reinsurance	-	-
Reinsurance Credit	-	-
Net of Reinsurance	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
22.6 Other Insurance Liabilities		
Gross of Reinsurance	-	-
Net of Reinsurance	-	-

23 RETIREMENT BENEFIT OBLIGATIONS

Disclose the general description of the type of plans, changes in the plans, if any, and effect of any changes in the

Disclose when was the latest actuarial valuation of the defined benefit plans was conducted and specify the method

	Pension Fund (Disclose only if applicable)		Gratuity Funds (Disclose only if applicable)	
	Current year	Prior year	Current year	Prior year
	← (Rupees in thousand) →			
Balance Sheet Reconciliation				
Fair value of plan assets	-	-	-	-
Present value of defined benefit obligations	-	-	-	-
Funded status	-	-	-	-
Unrecognised net actuarial loss / (gain)	-	-	-	-
Recognised asset / (liability)	-	-	-	-
Movement in the fair value of plan assets				
Fair value as at January 1	-	-	-	-
Expected return on plan assets	-	-	-	-
Actuarial gains / (losses)	-	-	-	-
Employer contributions	-	-	-	-
Benefits paid	-	-	-	-
Fair value as at December 31	-	-	-	-
Movement in the defined benefit obligations				
Obligation as at January 1	-	-	-	-
Service cost	-	-	-	-
Interest cost	-	-	-	-
Settlement and Curtailment	-	-	-	-
Actuarial losses / (gains)	-	-	-	-
Benefits paid	-	-	-	-
Obligation as at December 31	-	-	-	-
Cost				
Current service cost	-	-	-	-
Interest cost	-	-	-	-
Expected return on plan assets	-	-	-	-
Settlement and curtailment	-	-	-	-
Recognition of actuarial loss	-	-	-	-
Expense	-	-	-	-
Actual return on plan assets	-	-	-	-

Principal actuarial assumptions used are as follows:

Discount rate & expected return on plan assets	-	-
Future salary increases	-	-
Future pension increases (if applicable)	-	-
Medical cost trend rates (if applicable)	-	-

Disclose the expected contribution for the upcoming year along with current year comparison.

Comparison for five years:

	Current year	2016	2015	2014	2013
	← (Rupees in thousand) →				
As at December 31					
Fair value of plan assets	-	-	-	-	-
benefit obligations	-	-	-	-	-
(Deficit) / surplus	-	-	-	-	-
Experience adjustments					
Gain / (loss) on plan assets (as percentage of plan assets)	-	-	-	-	-
(Gain) / loss on obligations (as percentage of plan obligations)	-	-	-	-	-

The effects of a 1% movement in the assumed medical cost trend rate are as follows:

	Increase	Decrease
	(Rupees in thousand)	
Effect on the aggregate of current service and interest costs	-	-
Effect on the defined benefit obligations	-	-

Plan assets comprise of the following:

	Current year		Perior year	
	Rupees in thousand	%	Rupees in thousand	%
Equity	-	-	-	-
Debt	-	-	-	-
Others (include cash and bank balances)	-	-	-	-
	-	-	-	-

Disclose the method used for determination of expected return on plan assets. Disclose the methodology used by the actuary for calculating contribution rates and how the company makes its contribution to the plan.

Disclose the amounts of assets and liabilities of retirement benefit plan as per actuarial valuation along with prior year comparison.

Disclose the amount contributed in the current year to the defined contribution plan along with prior year comparison.

24 BORROWINGS	(Current Year)	(Prior Year)
	Rupees in '000	
Bank loans	-	-
Liabilities against assets subject to finance lease	24.1	
Other (please specify)	-	-
Total borrowings	<u>-</u>	<u>-</u>
Current portion	-	-
Non-current portion	-	-

Disclose information about the extent and nature, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows. Further, disclose the nature and carrying amount of the assets pledged as security.

24.1 Liabilities against assets subject to finance lease

	(Current Year)			(Prior Year)		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	Rupees in '000					
Not later than one year	-	-	-	-	-	-
Later than one year and not later than five years	-	-	-	-	-	-
Over five years	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Disclose the interest rates used as the discounting factor; the existence and terms of renewal or purchase options and escalation clauses; restrictions imposed by lease arrangements, such as those concerning dividends, additional debt and further leasing; and any other material terms.

Rupees in '000

25 INSURANCE / REINSURANCE PAYABLES

	(Total Current Year)	(Total Prior Year)
Due to insurance contract holders		
Due to other insurers / reinsurers		

26 OTHER CREDITORS AND ACCRUALS

	(Total Current Year)	(Total Prior Year)
Agents commission payable	-	-
Federal Excise Duty	-	-
Federal Insurance Fee	-	-
WWF	-	-
Payable to related parties	-	-
Accrued expenses	-	-
Income tax liabilities		
Other liabilities		
Other tax payables	-	-
Unpaid and Unclaimed Dividend	-	-
Others (please specify)	-	-

(Specify the nature of provision recorded and the reason thereof.)

27 CONTINGENCY(IES) AND COMMITMENT(S)

All Contingent liabilities other than those arising from contract with policy holders shall be disclosed, unless the possibility of any outflow in settlement is remote, disclose for each class of contingent liability (including taxation contingency) at the balance sheet date a brief description of the nature of contingent liability and, where practicable an estimate of its financial effect; an indication of the uncertainties relating to the amount or timing of any outflow; and the possibility of any reimbursement. Where any of the information required above is not disclosed because it is not practicable to do so, disclose that fact.

27.1 Commitments for the acquisition of operating fixed assets

(Current Year) (Prior Year)
Rupees in '000

27.2 Commitments in respect of operating leases

Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-

Disclose a general description of the lessee's significant leasing arrangements including, but not limited to, the basis on which contingent rent payments are determined; the existence and terms of renewal or purchase options and escalation clauses; and restrictions imposed by lease arrangements, such as those concerning dividends, additional debt and further leasing.

Rupees in '000

28	NET INSURANCE PREMIUM REVENUE	<u>Total (Current Year)</u>	<u>(Total Prior Year)</u>
	Gross Premiums		
	Regular Premium Individual Policies*		
	First year		
	Second year renewal		
	Subsequent year renewal		
	Single Premium Individual Policies		
	Group Policies with Cash Values		
	Group Policies without Cash Values		
	Less: Experience refund (if any)		
	Annuities		
	Total Gross Premiums		
	Less: Reinsurance Premiums Ceded		
	On individual life First year business		
	On individual life Second year business		
	On individual life Renewal business		
	On group policies		
	Less: Experience refund (if any)		
	Less: Reinsurance commission on risk premiums		
	On annuities		
	On others (please specify)		
	Net Premiums	<u>-</u>	<u>-</u>

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

Rupees in '000

29	FEE INCOME	<u>Total (Current Year)</u>	<u>(Total Prior Year)</u>
	Fee received	-	-
	Add:	-	-
	Less:	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
	30 INVESTMENT INCOME	<u>Total (Current Year)</u>	<u>(Total Prior Year)</u>
	Income from equity securities (Separate classification for AFS and held for trading)		
	- Dividend income	-	-
	- Mutual funds	-	-
	- Other (please specify)	-	-
	Income from debt securities (Separate classification for AFS and held to maturity)		
	- Return on debt securities	-	-
	- Other (please specify)	-	-
	Income from term deposits		
	- Return on term deposits	-	-
	- Other (please specify)	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
	31 NET REALISED FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS	<u>(Total Current Year)</u>	<u>(Total Prior Year)</u>
	Available for sale financial assets		
	Realised gains on:		
	-Equity securities	-	-
	-Debt securities		
	Realised losses on:		
	-Equity securities	-	-
	-Debt securities		
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

32	NET FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	<u>(Total Current Year)</u>	<u>(Total Prior Year)</u>
	Net unrealised gains / (losses) on investments at fair value through profit or loss (held for trading purposes)	-	-
	Net unrealised gains / (losses) on investments in financial assets		
	Net unrealised gains / (losses) on investments at fair value through profit or loss (designated upon initial recognition)	-	-
	Total investment income	-	-
	Less: Impairment in value of available for sale securities	-	-
	Less: Investment related expenses	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
33	NET RENTAL INCOME	<u>(Total Current Year)</u>	<u>(Total Prior Year)</u>
	Rental income		
	Less: Expenses of investment property		
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
34	OTHER INCOME	<u>(Total Current Year)</u>	<u>(Total Prior Year)</u>
	Return on bank balances		
	Gain on sale of fixed assets	-	-
	Return on loans to employees	-	-
	Liabilities written back	-	-
	Miscellaneous (please specify individual head if more than 5% of total)	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
35	NET INSURANCE BENEFITS	<u>(Total Current Year)</u>	<u>(Total Prior Year)</u>
	Gross Claims		
	Claims under individual policies		
	by death		
	by insured event other than death		
	by maturity		
	by surrender		
	annuity payments		
	bonus in cash		
	Total gross individual policy claims	<u>-</u>	<u>-</u>
	Claims under group policies		
	by death		
	by insured event other than death		
	by maturity		
	by surrender		
	annuity payments		
	bonus in cash		
	Total gross policy claims	<u>-</u>	<u>-</u>
	Total Gross Claims	<u>-</u>	<u>-</u>
	Less: Reinsurance Recoveries		
	On Individual life claims		
	On Group Life claims		
	On annuities		
	On others		
	Net Insurance benefit expense	<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

35.1 Claim Development

The claim development pattern for the last five years (including the current year) should be disclosed where more than 10% of the claims are normally reported after the end of the year in which the claim event occurred. The pattern should be reported separately for group business and individual business (where relevant).

Accident year	2013	2014	2015	2016	Current year
Estimate of ultimate claims costs:					
At end of accident year	-	-	-	-	-
One year later	-	-	-	-	-
Two years later	-	-	-	-	-
Three years later	-	-	-	-	-
Four years later	-	-	-	-	-
Current estimate of cumulative claims	-	-	-	-	-
Cumulative payments to date	-	-	-	-	-
Liability recognised in the statement of financial position	-	-	-	-	-

Rupees in '000

36 ACQUISITION EXPENSES

	(Total Current Year)	(Total Prior Year)
Remuneration to insurance intermediaries on individual policies:		
- commission to agent on first year premiums	-	-
- commission to agent on second year premiums	-	-
- commission to agent on subsequent renewal premiums	-	-
- commission to agent on single premiums	-	-
- overriding commission to supervisors	-	-
- other benefits to insurance intermediaries	-	-
- salaries, allowances and other benefits	-	-
Remuneration to insurance intermediaries on group policies:		
- commission	-	-
- other benefits to insurance intermediaries	-	-
Other acquisition costs (provide details)		
- Employee benefit cost		
- Traveling expenses (including cost of contests, conventions etc.)		
- Printing and stationery		
- Depreciation		
- Amortisation		
- Rent, rates and taxes		
- Electricity, gas and water		
- Entertainment		
- Vehicle running expenses		
- Office repairs and maintenance		
- Postages, telegrams and telephone		
- others		
- stamp duty	-	-
- initial medical fees	-	-
	-	-

(*) These should only include costs specifically related to the branch and not include any apportionment of head office costs

MARKETING AND ADMINISTRATION EXPENSES

Rupees in '000

	<u>(Total Current Year)</u>	<u>(Total Prior Year)</u>
Employee benefit cost - note 35.1	-	-
Traveling expenses	-	-
Advertisements & sales promotion	-	-
Printing and stationery	-	-
Depreciation	-	-
Amortisation	-	-
Rent, rates and taxes	-	-
Legal and professional charges - business related	-	-
Electricity, gas and water	-	-
Entertainment	-	-
Vehicle running expenses	-	-
Office repairs and maintenance	-	-
Appointed Actuary fees	-	-
Bank charges	-	-
Postages, telegrams and telephone	-	-
Insurance Ombudsman expense contribution	-	-
Annual Supervision fee SECP	-	-
Bad and doubtful debts	-	-
Miscellaneous (separately identify individual expense head if more than 5% of total)	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
37.1 Employee benefit cost		
	<u>(Total Current Year)</u>	<u>(Total Prior Year)</u>
Salaries, allowance and other benefits	-	-
Charges for post employment benefit	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

38 OTHER EXPENSES

Rupees in '000

	<u>(Total Current Year)</u>	<u>(Total Prior Year)</u>
Legal & professional fee other than business related	-	-
Auditors' remuneration - note 38.1	-	-
Subscription	-	-
Registration fee	-	-
Expenses on bonus issue	-	-
Donations	-	-
Workers Welfare Fund	-	-
Misc. (Please specify separately if more than 5% of total)	-	-
	<u>-</u>	<u>-</u>

In case of donations where any director/ executive or their spouse has interest in the donee, disclose the names of such directors / executive, their interest in the donee and the names and addresses of all donees irrespective of the amount of donation.

38.1 Auditors' remuneration

Rupees in '000

	<u>(Total Current Year)</u>	<u>(Total Prior Year)</u>
Audit fee	-	-
Fee for audit of provident, pension, gratuity and other funds	-	-
Special certifications and sundry advisory services	-	-
Tax services	-	-
Out-of-pocket expenses	-	-
	<u>-</u>	<u>-</u>

In case of joint auditors the above information should be shown separately for each of the joint auditors.

- ii) each of principal types of income/mark-up, interest expense and commissions paid;
- iii) the amount of the expense recognized in the period for losses on loans and advances and the amount of the provision at the balance sheet date; and
- iv) irrevocable commitments and contingencies and commitments arising from off-balance sheet items;
- d) provisions for doubtful debts related to the amount of outstanding balances; and
- e) the elements of transactions necessary for an understanding of the financial statements of the company.

44 SEGMENTAL INFORMATION

44.1 Revenue Account by Statutory Fund

200Y	Rupees in '000					Aggregate Current Year
	Statutory Funds					
Income	SF 1	SF 2	SF 3	SF 4	SF 5	
Premiums less Reinsurances	-	-	-	-	-	-
Policy Transfers from Other Statutory Funds	-	-	-	-	-	-
Rental Income from Investment Property	-	-	-	-	-	-
Net Investment Income	-	-	-	-	-	-
Total Net Income	-	-	-	-	-	-
Insurance benefits and Expenditures						
Insurance benefits, including bonuses, net of Policy Transfers to Other Statutory Funds	-	-	-	-	-	-
Management Expenses less Recoveries	-	-	-	-	-	-
Total Insurance benefits and Expenditures	-	-	-	-	-	-
Excess of Income over Insurance benefits and Expenditures	-	-	-	-	-	-
Net Change in Insurance liabilities (other than outstanding claims)	-	-	-	-	-	-
Surplus/(Deficit Before Tax)	-	-	-	-	-	-
<i>Taxes chargeable to statutory funds</i>						
- Current year	-	-	-	-	-	-
- Prior year(s)	-	-	-	-	-	-
- Deferred	-	-	-	-	-	-
Total Taxes	-	-	-	-	-	-
Surplus/(Deficit After Tax)	-	-	-	-	-	-
Movement in policyholder liabilities	-	-	-	-	-	-
Transfer to and from Shareholders' Fund						
- Surplus appropriated to Shareholders' Fund	-	-	-	-	-	-
- Capital returned to Shareholders' Fund	-	-	-	-	-	-
- Capital contributions from Shareholders' Fund	-	-	-	-	-	-
Net transfer to/from Shareholders' Fund	-	-	-	-	-	-
Balance of Statutory Fund at Beginning of Year	-	-	-	-	-	-
Balance of Statutory Fund at End of Year	-	-	-	-	-	-

Rupees in '000

200X	Statutory Funds					Aggregate Previous Year
	SF 1	SF 2	SF 3	SF 4	SF 5	
Income						
Premiums less Reinsurances	-	-	-	-	-	-
Policy Transfers from Other Statutory Funds	-	-	-	-	-	-
Rental Income from Investment Property	-	-	-	-	-	-
Net Investment Income	-	-	-	-	-	-
	-	-	-	-	-	-
Total Net Income	-	-	-	-	-	-
Insurance benefits and Expenditures						
Insurance benefits, including bonuses, net of reinsurance recoveries	-	-	-	-	-	-
Policy Transfers to Other Statutory Funds	-	-	-	-	-	-
Management Expenses less Recoveries	-	-	-	-	-	-
	-	-	-	-	-	-
Total Insurance benefits and Expenditures	-	-	-	-	-	-
Excess of Income over Insurance benefits and Expenditures	-	-	-	-	-	-
Net Change in Insurance liabilities (other than outstanding claims)	-	-	-	-	-	-
Surplus/(Deficit) Before Tax	-	-	-	-	-	-
Movement in policyholder liabilities	-	-	-	-	-	-
Taxes chargeable to statutory funds						
- Current year	-	-	-	-	-	-
- Prior year(s)	-	-	-	-	-	-
- Deferred	-	-	-	-	-	-
Total Taxes	-	-	-	-	-	-
	-	-	-	-	-	-
Surplus/(Deficit After Tax)	-	-	-	-	-	-
Movement in policyholder liabilities	-	-	-	-	-	-
Transfer to and from Shareholders' Fund						
- Surplus appropriated to Shareholders' Fund	-	-	-	-	-	-
- Capital returned to Shareholders' Fund	-	-	-	-	-	-
- Capital contributions from Shareholders' Fund	-	-	-	-	-	-
Net transfer to/from Shareholders' Fund	-	-	-	-	-	-
Balance of Statutory Fund at Beginning of Year	-	-	-	-	-	-
Balance of Statutory Fund at End of Year	-	-	-	-	-	-

44.2 Segmental Results by Line of Business

Note: Segments for the purpose of this note should include the following (where this is 10% or more of the gross premium revenue):

- an analysis between group life, group health, individual life distributed through a direct sales force, individual life distributed through banks, other
- an analysis between business written in Pakistan and business written outside Pakistan

Income	200X	Lines of Business				Total Current Year
		LOB1	LOB2	LOB3	LOB4	
Gross Premiums						
- First Year Individual Regular Premiums		-	-	-	-	-
- Individual Renewal Premiums		-	-	-	-	-
- Individual Single Premiums		-	-	-	-	-
- Group Premiums		-	-	-	-	-
Total Gross Premiums						
Reinsurance Premiums						
- Individual		-	-	-	-	-
- Group		-	-	-	-	-
Total Reinsurance Premiums						
Net Premium Revenues						
Policy Transfers from Other Statutory Funds		-	-	-		
Rental Income from Investment Property		-	-	-		
Net Investment Income		-	-	-		
Total Net Income		-	-	-		
Insurance benefits and Expenditures						
Insurance benefits, including bonuses, net of reinsurance		-	-	-		
Policy Transfers to Other Statutory Funds		-	-	-		
Management Expenses less Recoveries		-	-	-		
Total Insurance benefits and Expenditures		-	-	-		
Excess of Income over Insurance benefits and		-	-	-		
Add: Policyholder Liabilities at Beginning of Year		-	-	-		
Less: Policyholder Liabilities at End of Year		-	-	-		
Surplus/(Deficit) Before Tax		-	-	-		

200Y	Lines of Business				Total Previous Year
	LOB1	LOB2	LOB3	LOB4	
Income					
Gross Premiums	-	-	-		
- First Year Individual Regular Premiums					
- Individual Renewal Premiums					
- Individual Single Premiums					
- Group Premiums					
Total Gross Premiums					
Reinsurance Premiums					
- Individual					
- Group					
Total Reinsurance Premiums					
Net Premium Revenues					
Policy Transfers from Other Statutory Funds	-	-	-		
Rental Income from Investment Property	-	-	-		
Net Investment Income	-	-	-		
Total Net Income	-	-	-		
Claims and Expenditures					
Claims, including bonuses, net of reinsurance recoveries	-	-	-		
Policy Transfers to Other Statutory Funds	-	-	-		
Management Expenses less Recoveries	-	-	-		
Total Claims and Expenditures	-	-	-		
Excess of Income over Claims and Expenditures	-	-	-		
Add: Policyholder Liabilities at Beginning of Year	-	-	-		
Less: Policyholder Liabilities at End of Year	-	-	-		
Surplus/(Deficit Before Tax)	-	-	-		

44.3 Segment statement of financial position at 31 December 200Y

	Statutory Funds	Shareholders Fund	Total
Property and equipment			
Intangible assets			
Investment property			
Investment in subsidiaries and associates			
Investments			
Loans secured against life insurance policies			
Insurance / reinsurance receivables			
Other loans and receivables			
Deferred taxation			
Taxation - payments less provision			
Prepayments			
Cash and bank			
Total Assets			
Insurance liabilities net of reinsurance recoveries			
Retirement benefit obligations			
Deferred taxation			
Borrowings			
Premium received in advance			
Insurance / reinsurance payables			
Other creditors and accruals			
Total Liabilities			

Segment statement of financial position at 31 December 200X

	Statutory Funds	Shareholders Fund	Total
Property and equipment			
Intangible assets			
Investment property			
Investment in subsidiaries and associates			
Investments			
Loans secured against life insurance policies			
Insurance / reinsurance receivables			
Other loans and receivables			
Deferred taxation			
Taxation - payments less provision			
Prepayments			
Cash and bank			
Total Assets	<hr/>	<hr/>	<hr/>
Insurance liabilities net of reinsurance recoveries			
Retirement benefit obligations			
Deferred taxation			
Borrowings			
Premium received in advance			
Insurance / reinsurance payables			
Other creditors and accruals			
Total Liabilities	<hr/>	<hr/>	<hr/>

45 **MOVEMENT IN INVESTMENTS**

	Held to maturity	Available for sale	Fair value through P&L	Total
At beginning of previous year				
Additions	-	-	-	-
Disposals (sale and redemptions)	-	-	-	-
Fair value net gains (excluding net realised gains)	-	-	-	-
Designated at fair value through profit of loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Impairment losses	-	-	-	-
At beginning of current year	-	-	-	-
Additions	-	-	-	-
Disposals (sale and redemptions)	-	-	-	-
Fair value net gains (excluding net realised gains)	-	-	-	-
Designated at fair value through profit of loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Impairment losses	-	-	-	-
At end of current year	-	-	-	-

46 **MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK**

Specify what is the risk under any insurance contract for e.g. the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim.

46.1 **Insurance risk**

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

Disclose the objective of each risk mitigating factor along with the details as to how these mitigating factors are applied to each insurance contract. This information shall include qualitative as well as quantitative criteria used for such risk management.

a) **Frequency and severity of claims**

Define factors affecting the frequency and severity of claims, indicating how each factor is dealt with through the management of insurance risk (as described above). The management of concentration risk should specifically be included as a part of this note as should risks associated with the improvement in mortality for annuity contracts.

This should include, in the case this is significant, quantitative data on exposure of the company to specific risks and locations relevant to possible accumulation of losses.

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

Disclose factors impacting future benefit payments and premium receipts along with a statement of the assumptions made by the company and an indication of factors which may cause these assumptions to vary. These may include (where applicable):

- Mortality and morbidity experience, especially for various classes of short term business (group life, health, personal accident etc).
- Persistency rates for long term individual policies.
- Expense levels and inflation
- Investment returns
- Tax

Disclose the process followed for recording and estimating the cost of unpaid claims (both reported and not) and the estimation techniques used by the company. Disclose how the techniques are used by the company.

Disclose the process for estimation of IBNR and its provisioning mechanism in detail.

c) Process used to decide on assumptions

Where assumptions are made with respect to amounts recognized in the financial statements (especially those listed above under (b)), disclose the process used to determine these assumptions which shall, where relevant, include the process followed to arrive at any judgement made by the company's management. In the case of each separate assumption specify details about the assumptions and on the basis on which such assumptions are used by the company.

d) Changes in assumptions

Disclose the changes in assumptions if any, the qualitative and quantitative information in this respect and the monetary impact of such changes on the profit and loss account. Also disclose why such changes in assumptions have been incorporated in the company's estimation.

e) Sensitivity analysis

In respect of all the variables affecting the estimates reported in the financial statements indicate the impact of any variation in the assumptions made

46.2 Financial risk

Maturity profile of financial assets and liabilities:

	Interest / Mark up bearing			Non-interest / Non-mark up bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
(Rupees in thousand)							
FINANCIAL ASSETS							
Investments	-	-	-	-	-	-	-
Loans and other receivables	-	-	-	-	-	-	-
Insurance receivables	-	-	-	-	-	-	-
Cash	-	-	-	-	-	-	-
Others (please specify)	-	-	-	-	-	-	-
December 31, 200X	-	-	-	-	-	-	-
FINANCIAL LIABILITIES							
Premium received in adv	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-
Others (please specify)	-	-	-	-	-	-	-
December 31, 200X	-	-	-	-	-	-	-
OFF BALANCE SHEET ITEMS							
Financial Commitments:							
Please specify	-	-	-	-	-	-	-
December 31, 200X	-	-	-	-	-	-	-

a) Sensitivity analysis - interest rate risk

b) Sensitivity analysis - equity risk

46.3 Credit risk

46.4 Capital management

An entity shall disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.

47 STATEMENT OF SOLVENCY (TO BE PRESENTED IN THE FINANCIAL STATEMENTS BY LISTED CONCERNS ONLY)

	Current year		
	Rupees in thousand		
	Shareholders' Fund	Statutory Fund	Statutory Fund
Assets			
Property and equipment	-	-	-
Intangible assets	-	-	-
Investment property	-	-	-
Investments in subsidiaries and associates (applicable where equity accounting is followed)	-	-	-
Investments	-	-	-
Equity securities	-	-	-
Government securities	-	-	-
Debt securities	-	-	-
Term deposits	-	-	-
Others (please specify)	-	-	-
Loans secured against life insurance policies	-	-	-
Insurance / reinsurance receivables	-	-	-
Other loans and receivables	-	-	-
Deferred taxation	-	-	-
Taxation - payments less provision	-	-	-
Prepayments	-	-	-
Cash & Bank	-	-	-
Total Assets (A)	<u>-</u>	<u>-</u>	<u>-</u>
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000			
(a)	-	-	-
(b)	-	-	-
...	-	-	-
...	-	-	-
...	-	-	-
..	-	-	-
.	-	-	-
(U)-(i)	-	-	-
(U)-(ii)	-	-	-
(U)-(iii)	-	-	-
(v)	-	-	-
(w)	-	-	-
Total of In-admissible assets (B)	<u>-</u>	<u>-</u>	<u>-</u>
Total Admissible Assets (C=A-B)	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities			
Insurance Liabilities Net of Reinsurance Recoveries	-	-	-
Retirement benefit obligations	-	-	-
Deferred taxation	-	-	-
Borrowings	-	-	-
Premium received in advance	-	-	-
Insurance / reinsurance payables	-	-	-
Other creditors and accruals	-	-	-
Taxation - provision less payments	-	-	-
Total Liabilities (D)	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Admissible Assets (E=C-D)	<u>-</u>	<u>-</u>	<u>-</u>
Minimum Solvency Requirement			
Shareholder's Fund	-	-	-
Policyholders Liability	-	-	-
Solvency Margin	-	-	-
Excess / Deficit in Net Admissible Assets over Minimum Requirements	<u>-</u>	<u>-</u>	<u>-</u>

48 CORRESPONDING FIGURES

Disclose the reclassification from and to of the prior period figures.

49 SUBSEQUENT EVENTS - NON ADJUSTING

- Dividend
- Issue of bonus shares
- Transfer to / (from) reserves

50 DATE OF AUTHORISATION FOR ISSUE

51 GENERAL

The figures in the financial statements may be rounded off to the nearest thousand.

Chief Executive Officer

Director

Director

Chairman

FORMS OF REGULATORY RETURNS FOR NON-LIFE INSURERS

Company Name:
Financial Year ended 31 December
Balance Sheet

FORM GA

Figures in Rs 000

	Note	Current Year Rs	Prior Year Rs		Note	Current Year Rs	Prior Year Rs
Share Capital and Reserves				Cash and Bank Deposits			
Domestic companies				Cash and other equivalent			
Authorised Share Capital				Current and other accounts			
Paid-up share capital				Deposits maturing within 12 months			
Retained earnings				Deposits maturing after 12 months			
Reserves							
Other equity (please specify)				Loans (Secured or un-secured - classify as appropriate)			
Foreign companies				To employees			
Head office account				To agents			
Other equity (please specify)				Others			
				Investment in subsidiaries and associates			
Underwriting provisions				Fixed Income Securities			
Provision for outstanding claims (including IBNR)				Listed Equities			
Provision for unearned premium				Unlisted Equities			
Premium Deficiency Reserve				Other Investments			
Unearned Reinsurance Commission				Government Securities			
Total underwriting provisions				Other Fixed Income Securities			
Deferred Liabilities				Listed Equities			
Deferred Taxation				Unlisted Equities			
Staff Retirement Benefits				Mutual Funds			
Others (please specify)				Others (describe)			
				Less: Provision for diminution in value			
Creditors and Accruals				Investment Property			
Premiums Received in Advance				Deferred Taxation			
Amounts due to other insurers/reinsurers				Preliminary and Deferred Expenses			
Accrued Expenses				Current Assets - Others			
Taxation - Provision less payments				Premiums due but unpaid			
Other Creditors and Accruals (describe)				Amounts due from other insurers/ reinsurers			
Borrowings				Reinsurance recoveries due but unpaid			
Short term running finance				Reinsurance recoveries against outstanding claims			
Loans received from banks				Salvage recoveries accrued			
Other loans				Premium and claim reserves retained by cedants			
Other debt security issued				Accrued investment income			
Other liabilities				Taxation - payments less provision			
Other liabilities (please specify)				Deferred commission expense			
TOTAL LIABILITIES				Other deferred acquisition costs			
TOTAL EQUITY AND LIABILITIES				Prepayments			
CONTINGENCIES AND COMMITMENTS (if applicable)				Sundry receivables(provide details)			
				Fixed Assets			
				Tangible & Intangible			
				Land and Buildings			
				Furniture, Fixtures and Office Equipment			
				Motor Vehicles			
				Capital Work in Progress			
				Intangibles (Please specify)			
				TOTAL ASSETS			

The annexed notes form an integral part of these accounts.

Chief Executive Officer

Director

Director

Chairman

Company Name:
 Financial Year ended 31 December
 Profit and Loss Account

FORM GB

Figures in '000

	Note	Fire & Property	Marine, & Aviation & Transport	Motor Act	Liability	Others	Treaty	Current Year Aggregate	Prior Year Aggregate
Revenue Account									
Net Premium Revenue									
Net Claims									
Premium Deficiency Expenses									
Expenses									
Net Commission									
Underwriting result									
Investment Income									
Rental Income									
Other Income (provide details)									
General and administration expenses									
Finance costs									
Share of (loss)/profit of associates									
Profit/(Loss) before tax									
Provision for Taxation									
Profit/(Loss) after tax									
Profit and Loss Appropriation Account									
Balance at commencement of year									
Profit/Loss after tax for the year									
Prior Year Adjustments (provide details)									
Proposed Dividend/Remittance to Head Office									
Transfers to/(from) reserves (provide details)									
Other appropriations (provide details)									
Balance Unappropriated Profit/(Loss) at end of Year									

The annexed notes form an integral part of these accounts.

Chief Executive Officer

Director

Director

Chairman

Company Name:
Financial Year ended 31 December
Statement of Cash Flows

FORM GC

Figures in '000

Operating Cash Flows	Current Year	Prior Year
a) Underwriting activities		
Premiums received	0	0
Reinsurance premiums paid	0	0
Claims paid	0	0
Surrenders paid	0	0
Reinsurance and other recoveries received	0	0
Commissions paid	0	0
Commissions received	0	0
Other underwriting payments, if any	0	0
Other underwriting receipts, if any	0	0
Net cash flow from underwriting activities	0	0
b) Other operating activities		
Income tax paid	0	0
General management expenses paid	0	0
Other operating payments	0	0
Other operating receipts	0	0
Loans advanced	0	0
Loan repayments received	0	0
Other payments on operating assets	0	0
Other receipts in respect of operating assets	0	0
Net cash flow from other operating activities	0	0
Total cash flow from all operating activities	0	0
Investment activities		
Profit/ Return received	0	0
Dividends received	0	0
Rentals received	0	0
Payments for investments	0	0
Proceeds from disposal of investments	0	0
Fixed Capital Expenditure	0	0
Proceeds from disposal of fixed assets	0	0
Total cash flow from investing activities	0	0

Financing activities

Share capital received
 Remittance to/from Headoffice
 Loans received
 Loans repaid
 Dividends paid
 Financial charges paid
 Payments on finance leases

Total cash flow from financing activities

--	--

Net cash inflow/outflow from all activities

--	--

Cash at the beginning of the year

0	0
---	---

Cash at the end of the year

0	0
---	---

Reconciliation to Profit and Loss Account

Operating cash flows
 Depreciation expense
 Financial charges expense
 Profit/(loss) on disposal of fixed assets
 Increase/(decrease) in assets other than cash
 (Increase)/decrease in liabilities other than running finance
 Revaluation adjustment
 Other adjustments (please specify)

Profit or loss after taxation

0	0
---	---

Definition of cash

Please provide a definition of which items have been treated as cash for the purposes of this statement, and if different from Cash and Overdrafts as disclosed in the Balance Sheet, provide a reconciliation.

Cash for the purposes of the Statement of Cash Flows consists of:

The annexed notes form an integral part of these accounts.

Chief Executive Officer

Director

Director

Chairman

Company Name:
Financial Year ended 31 December
Statement of Premiums

FORM GD
 Figures in '000

Class		Unearned premium reserve			Premiums earned Rs	Reinsurance ceded Rs	Prepaid Reins ceded Rs	Premium ceded Rs	Reinsurance expense Rs	Current	Prior
		Premiums written Rs	Opening Rs	Closing Rs						Net premium revenue Rs	Year Net premium revenue Rs
Direct and facultative	1 Fire and Property Damage				0			0			
	2 Marine, Aviation and Transport				0			0			
	3 Motor (*)				0			0			
	4 Liability				0			0			
	5 Workers' Compensation				0			0			
	6 Credit and Suretyship				0			0			
	7 Accident and Health				0			0			
	8 Agriculture (including crop insurance)				0			0			
	9 Miscellaneous				0			0			
	Total	0	0	0	0	0	0	0	0		
Treaty	9 Proportional				0			0			
	10 Non-proportional				0			0			
	Total	0	0	0	0	0	0	0			
Grand Total		0	0	0	0	0	0	0			

Note: If there is any business written outside Pakistan then a separate statement on a similar format should be prepared in respect of that business.

(*) Motor should include both third party liability and comprehensive

The annexed notes form an integral part of these accounts.

Chief Executive Officer

Director

Director

Chairman

Company Name:
Financial Year ended 31 December
Statement of Claims

FORM GE

Figures in '000

Current Year Prior Year

Class	Claims paid	Outstanding claims		Claims expense	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		Rs	Rs
		Rs	Rs			Rs	Rs		Rs	Rs
Direct and facultative										
1 Fire and Property Damage	0	0	0	0	0	0	0	0	0	0
2 Marine, Aviation and Transport	0	0	0	0	0	0	0	0	0	0
3 Motor (*)	0	0	0	0	0	0	0	0	0	0
4 Liability	0	0	0	0	0	0	0	0	0	0
5 Workers' Compensation	0	0	0	0	0	0	0	0	0	0
6 Credit and Suretyship	0	0	0	0	0	0	0	0	0	0
7 Accident and Health	0	0	0	0	0	0	0	0	0	0
8 Agriculture (including crop insurance)	0	0	0	0	0	0	0	0	0	0
9 Miscellaneous	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0
Treaty										
9 Proportional	0	0	0	0	0	0	0	0	0	0
10 Non-proportional	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0
Grand Total	0	0	0	0	0	0	0	0	0	0

Note: If there is any business written outside Pakistan then a separate statement on a similar format should be prepared in respect of that business.

(*) Motor should include both third party liability and comprehensive

The annexed notes form an integral part of these accounts.

Chief Executive Officer

Director

Director

Chairman

Company Name:
 Financial Year ended 31 December
 Statement of Expenses

FORM GF

Figures in '000

Class		Commissions	Opening	Closing	Net commission	Other man-	Underwriting	Commissions	Net underwriting	Net underwriting
		paid or payable	Deferred	Deferred	expense	agement expenses	expense		from reinsurers	expense
		Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
		a	b	c	d = a+b-c	e	f = d+e	g	g = e-f	
Direct and facultative						Refer note 5		refer note below		
	1 Fire and Property Damage									
	2 Marine, Aviation and Transport									
	3 Motor (*)									
	4 Liability									
	5 Workers' Compensation									
	6 Credit and Suretyship									
	7 Accident and Health									
	8 Agriculture (including crop insurance)									
	9 Miscellaneous									
	Total	0					0	0		
Treaty										
	9 Proportional									
	10 Non-proportional									
	Total	0					0	0		
	Grand Total	0					0	0		

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

If there is any business written outside Pakistan then a separate statement on a similar format should be prepared in respect of that business.

(*) Motor should include both third party liability and comprehensive

The annexed notes form an integral part of these accounts.

Chief Executive Officer

Director

Director

Chairman

Company Name:
Financial Year ended 31 December
Statement of Investment Income

FORM GG

Figures in '000

Current Year Rs	Prior Year Rs
-----------------------	---------------------

Income from Trading Investments

Gain/loss on trading (I.e. buying and selling difference)
 Dividend Income (earned while holding the securities)
 Others, if any (Please specify)

Income from Non-Trading Investments

Held to Maturity or Available for sale (classify as appropriate)

Return on Government Securities
 Return on Other Fixed Income Securities and Deposits
 Dividend Income
 Amortisation of discount/premium relative to par
 Others, if any (Please specify)

Gain/Loss on Sale of Non-Trading Investments (classify as appropriate)

--	--

Gain/Loss on Revaluation of Investments

- Trading Investments
- Available for sale

Provision for Impairment in Value of Investments

Provision for Portfolio Held to Maturity
 Provision for Portfolio Available for Sale

Less: Investment Related Expenses

--	--

Net Investment Income

--	--

The annexed notes form an integral part of these accounts.

Chief Executive Officer

Director

Director

Chairman

Form GH

Numbers of claims in year:

		0	1	2	3	4	5 and above	Total
		Rs	Rs	Rs	Rs	Rs	Rs	Rs
1 Fire and Property Damage	Notified in year							0
	Paid in year							0
	Outstanding at end of year							0
2 Marine, Aviation and Transport	Notified in year							0
	Paid in year							0
	Outstanding at end of year							0
3 Motor Act	Notified in year							0
	Paid in year							0
	Outstanding at end of year							0
4 Liability	Notified in year							0
	Paid in year							0
	Outstanding at end of year							0
5 Workers Compensation	Notified in year							0
	Paid in year							0
	Outstanding at end of year							0
6 Credit and Surety Ship	Notified in year							0
	Paid in year							0
	Outstanding at end of year							0
7 Accident and Health	Notified in year							0
	Paid in year							0
	Outstanding at end of year							0
8 Agricultural (including crop insurance)	Notified in year							0
	Paid in year							0
	Outstanding at end of year							0
9 Miscellaneous	Notified in year							0
	Paid in year							0
	Outstanding at end of year							0
Total	Notified in year	0	0	0	0	0	0	0
	Paid in year	0	0	0	0	0	0	0
	Outstanding at end of year	0	0	0	0	0	0	0
9 Proportional	Notified in year	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Paid in year	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Outstanding at end of year	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10 Non-Proportional	Notified in year							0
	Paid in year							0
	Outstanding at end of year							0

Note If there is any business written outside Pakistan then a separate statement on a similar format should be prepared in respect of that business.

The annexed notes form an integral part of these accounts.

Chief Executive Officer

Director

Director

Chairman

Company Name:
Financial Year ended 31 December
Statement of Estimated Exposures

FORM GI

1) Risk Exposures

		Maximum Gross Risk Exposure Rs million	Maximum Gross Risk PML Rs million	Highest Net Risk Retention Rs million	Maximum Reinsurance Cover Rs million
Direct and facultative	1 Fire and Property Damage				
	2 Marine, Aviation and Transport				
	3 Motor Act				
	4 Liability				
	5 Workers' Compensation				
	6 Credit and Suretyship				
	7 Accident and Health				
	8 Agriculture (including crop insurance)				
	9 Miscellaneous				
Treaty	9 Proportional				
	10 Non-proportional				

2) Aggregate Event Exposures

Provide below up to five aggregate events which constitute the maximum exposures of the company.
 Include:

- the highest gross aggregate exposure;
- the highest gross maximum probable loss;
- the highest net maximum probable loss.

Event (description)	Gross Aggregate Exposure Rs million	Gross Event PML Rs million	Net Event Retention Rs million	Maximum Reinsurance Cover Rs million

The annexed notes form an integral part of these accounts.

Chief Executive Officer

Director

Director

Chairman

FORMS OF PUBLISHED FINANCIAL STATEMENTS OF NON-LIFE INSURERS

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	Statement of comprehensive income
	Statement of changes in equity
	Cash flow statement
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2	Basis of preparation and statement of compliance
2.1	Basis of measurement
2.2	Functional and presentation currency
2.3	Standards, interpretations and amendments effective in (current year)
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3	Summary of significant accounting policies
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3.2	Intangible assets
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3.6	Unearned premium
3.7	Premium deficiency
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3.9	Receivables and payables related to insurance contracts
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3.14	Offsetting of financial assets and liabilities
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3.17	Staff retirement benefits
3.18	Leases
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3.20	Dividend distribution
3.21	Management expenses
3.22	Others (to be specified)
4	Critical accounting estimates and judgments
5	Property and equipment
5.1	Operating assets
5.2	Capital work-in-progress
6	Intangible assets
7	Investment property
8	Investments in subsidiary and associate
9	Investments in equity securities - (distinguish between at fair value through profit and loss and available for sale)
10	Investments in debt securities - (distinguish between at fair value through profit and loss, held to maturity and available for sale)
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12	Loans and other receivables
13	Insurance / Reinsurance receivables
14	Retirement benefit obligations
15	Deferred taxation
16	Prepayments
17	Cash & Bank

18	Share capital
18.1	Authorized capital
18.2	Issued, subscribed and paid-up share capital
19	Reserves
20	Borrowings
20.1	Liabilities against assets subject to finance lease
21	Insurance / Reinsurance payables
22	Other creditors and accruals
23	Contingency(ies) and commitment(s)
23.1	Commitments for the acquisition of operating fixed assets
23.2	Commitments in respect of operating leases
24	Net Insurance premium
25	Net Insurance Claims Expense
26	Net Commission Expense / Acquisition Cost
27	Management expenses
27.1	Employee benefit cost
28	Investment income
29	Rental income
30	Other income
31	Other expenses
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39.3	Credit risk
39.4	Capital management
40	Statement of Solvency (To be presented in the case of listed concerns only)
41	Corresponding figures
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44	General

STATEMENT OF FINANCIAL POSITION AS AT

	Note	Current year	Prior year
		Rupees in thousand	
Assets			
Property and equipment	5	-	-
Intangible assets	6	-	-
Investment property	7	-	-
Investments in subsidiary and associate	8	-	-
Investments			
Equity securities	9	-	-
Debt securities	10	-	-
Term deposits	11		
Loans and other receivables	12	-	-
Insurance / Reinsurance receivables	13	-	-
Reinsurance recoveries against outstanding claims			
Salvage recoveries accrued		-	-
Deferred Commission Expense / Acquisition cost	26	-	-
Deferred taxation	15	-	-
Taxation - payment less provisions			
Prepayments	16		
Cash & Bank	17	-	-
Total Assets		<u>-</u>	<u>-</u>
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	18	-	-
Share premium	19	-	-
Reserves			
Unappropriated profit/(Accumulated loss)		-	-
Total Equity		<u>-</u>	<u>-</u>
Surplus on revaluation of fixed assets		-	-
Liabilities			
Underwriting Provisions			
Outstanding claims including IBNR	25	-	-
Unearned premium reserves	24	-	-
Premium deficiency reserves		-	-
Unearned Reinsurance Commission	26	-	-
Retirement benefit obligations	14	-	-
Deferred taxation	15	-	-
Borrowings	20	-	-
Premium received in advance		-	-
Insurance / Reinsurance Payables	21	-	-
Other Creditors and Accruals	22		
Taxation - provision less payment		-	-
Total Liabilities		<u>-</u>	<u>-</u>
Total Equity and Liabilities		<u>-</u>	<u>-</u>
Contingency(ies) and commitment(s)	23		

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED

(as per one Statement approach)

	Note	Current year Rupees in thousand	Prior year
Net insurance premium	24	-	-
Net Insurance claims	25	-	-
Premium deficiency		-	-
Net Commission and other acquisition costs	26	-	-
Insurance claims and acquisition expenses		-	-
Management Expenses	27	-	-
Underwriting results		-	-
Investment income	28	-	-
Rental income	29	-	-
Other income	30	-	-
Other expenses	31	-	-
Results of operating activities		-	-
Finance costs	32	-	-
Share of (loss)/profit of associates		-	-
Profit before tax		-	-
Income tax expense	33	-	-
Profit after tax		-	-
Other comprehensive income:			
Unrealised gains / (losses) on available-for-sale investments		-	-
Others (please specify)		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		-	-
Earnings (after tax) per share - Rupees	34	-	-

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

Chief Executive Officer

Director

Director

Chairman

Note: The Company has the option to prepare the Statement of Comprehensive Income as per one Statement approach or two Statement approach

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
(as per two Statement approach)

	Note	Current year Rupees in thousand	Prior year
Net insurance premium	24	-	-
Net Insurance claims	25	-	-
Premium deficiency		-	-
Net Commission and other acquisition costs	26	-	-
Insurance claims and acquisition expenses		-	-
Management Expenses	27	-	-
Underwriting results		-	-
Investment income	28	-	-
Rental income	29	-	-
Other income	30	-	-
Other expenses	31	-	-
Results of operating activities		-	-
Finance costs	32	-	-
Share of (loss)/profit of associates		-	-
Profit before tax		-	-
Income tax expense	33	-	-
Profit after tax		-	-
Earnings (after tax) per share - Rupees	34	-	-

The annexed notes ---- form an integral part of these financial statements

Chief Executive Officer

Director

Director

Chairman

Note: The Company has the option to prepare the Statement of Comprehensive Income as per one Statement approach or two Statement approach

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
 (as per two Statement approach)

	Note	Current year	Prior year
Rupees in thousand			
Profit after tax		-	-
Other comprehensive income:			
Unrealised gains / (losses) on available-for-sale investments		-	-
Others (please specify)		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		-	-

Chief Executive Officer

Director

Director

Chairman

Note: The Company has the option to prepare the Statement of Comprehensive Income as per one Statement approach or two Statement approach

CASH FLOW STATEMENT FOR THE YEAR ENDED

	Current year	Prior year
	Rupees in thousand	
Operating Cash flows		
(a) Underwriting activities		
Insurance premium received	-	-
Reinsurance premium paid	-	-
Claims paid	-	-
Reinsurance and other recoveries received	-	-
Commission paid	-	-
Commission received	-	-
Management expenses paid	-	-
Others if any (please specify)	-	-
Net cash flow from underwriting activities	-	-
(b) Other operating activities		
Income tax paid	-	-
Other operating payments	-	-
Other operating receipts	-	-
Loans advanced	-	-
Loan repayments received	-	-
Net cash flow from other operating activities	-	-
Total cash flow from all operating activities	-	-
Investment activities		
Profit/ return received	-	-
Dividend received	-	-
Rental received	-	-
Payment for investments / investment properties	-	-
Proceeds from investments / investment properties	-	-
Fixed capital expenditure	-	-
Proceeds from sale of property, plant and equipment	-	-
Total cash flow from investing activities	-	-
Financing activities		
Proceeds from issuance of shares	-	-
Interest paid	-	-
Loan received	-	-
Loan paid	-	-
Proceeds from issuance of convertible bond	-	-
Payments for redemption of convertible bond	-	-
Dividends paid	-	-
Total cash flow from financing activities	-	-
Net cash flow from all activities	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	-	-
Reconciliation to Profit and Loss Account		
Operating cash flows	-	-
Depreciation expense	-	-
Financial charges expense	-	-
Profit/(loss) on disposal of property, plant and equipment	-	-
Profit/(loss) on disposal of investments / investment properties	-	-
Rental income	-	-
Dividend income	-	-
Other Investment income	-	-
Share of profit from associates	-	-
Increase/(decrease) in assets other than cash	-	-
(Increase)/decrease in liabilities other than borrowings	-	-
Revaluation adjustment	-	-
Other adjustments (please specify)	-	-
Profit or loss after taxation	-	-

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

Chief Executive Officer

Director

Director

Chairman

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED

	Attributable to equity holders of the Company					Total
	Share capital	Capital reserves (please specify)	Revenue reserves		Unappropriated profit / (Accumulated loss)	
			General reserves	Others (please specify)		
	← Rupees in thousand →					
Balance as at January 1, 200X	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-
Others (if any, please specify)	-	-	-	-	-	-
Dividend relating to 200X	-	-	-	-	-	-
Balance as at December 31, 200X	-	-	-	-	-	-
Total Comprehensive Income for the year						
Others (if any, please specify)	-	-	-	-	-	-
Dividend relating to 200X	-	-	-	-	-	-
Balance as at December 31, 200X	-	-	-	-	-	-

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

Chief Executive Officer

Director

Director

Chairman

COMPANY NAME

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED _____

1 LEGAL STATUS AND NATURE OF BUSINESS

Disclose the domicile and legal form of the company, its country of incorporation and the address of the registered office (or principal place of business, if different from the registered office); a description of the nature of company's operations and its principal activities; the name of the parent enterprise and the ultimate parent enterprise of the group, as applicable.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial statements are prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017 shall prevail.

2.1 Basis of measurement

Specify accounting convention e.g. historical cost model.

2.2 Functional and presentation currency

Specify presentation and functional currency of the company.

2.3 Standards, interpretations and amendments effective in (current year)

Specify for each standard the details as required by the applicable IFRS.

2.4 Standards, interpretations and amendments not effective at year end

Specify for each standard the details as required by the applicable IFRS.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are set out below.

3.1 Property and Equipment

3.2 Intangible assets

3.3 Investment property

3.4 Insurance contracts

Disclose the general term of the insurance contracts issued by the company and that such contracts consist of fire and property, marine, aviation and transport,² insurance contracts, etc.

For each type of insurance contract issued by the company, identify the insurance risks which are taken by the company and the insured events. The type of customers for which such contracts are relevant and the insured events against which compensation is payable.

Also disclose for each type of contract, the revenue recognition policy, the recording mechanism for liabilities against each such contract and claims recognition.

3.5 Deferred Commission expense /Acquisition cost

Specify the deferment policy, the costs deferred and the mechanism of amortisation of such deferred costs

3.6 Unearned premium

Specify the method of recording unearned premium.

3.7 Premium deficiency

Disclose the details of the method used to determine premium deficiency (liability adequacy test) and whether this is determined for each operating segment separately or on a whole company basis along with the accounting treatment thereof.

3.8 Reinsurance contracts held

Identify the criteria on the basis of which contracts are designated as those of reinsurance and their classification in the financial statements.

3.9 Receivables and payables related to insurance contracts

Disclose when such receivables and payables are recognised and the measurement basis thereof. These may include amounts due to and from agents, brokers and insurance contract holders and *other insurance companies*.

Disclose whether impairment testing is performed, the criteria used to assess impairment and the accounting treatment in case such impairment exists.

3.10 Segment reporting

3.11 Cash and cash equivalents

3.12 Revenue recognition

- a) Premiums (only reference be made to description under insurance contracts)
- b) Commission income
- c) Investment income
- d) Dividend income

Add others if considered significant

3.13 Investments

in subsidiary and associate
in equity securities
in debt securities
in term deposits

3.14 Offsetting of financial assets and liabilities

3.15 Provisions

3.16 Taxation

Current
Deferred

3.17 Staff retirement benefits

Defined benefit plan
Defined contribution plan

3.18 Leases

3.19 Impairment of assets

3.20 Dividend distribution

3.21 Management expenses

3.22 Others (to be specified)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Disclose that the Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year and that such estimates and judgments are continually evaluated based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

Disclose that the management has exercised its judgment in the process of applying accounting policies.

Disclose the significant estimates made by the company and the basis of such estimation. Also specify the factors subject to uncertainty and the classes of transactions most prone to changes.

	Note	(Current Year) Rupees in '000	(Prior Year)
5 PROPERTY AND EQUIPMENT			
Operating assets - note ---	5.1	-	-
Capital work-in-progress - note ---	5.2	-	-
		<u>-</u>	<u>-</u>

5.1 Operating assets

(Rupees in '000)

Current year										
Cost				Depreciation			Written down	Depreciation		
As at	Additions /	Adjustments	As at	As at	For the year /	Adjustment	As at	value as at	rate	
1 January	(disposals)		31 December	1 January	(disposals)		31 December	31 December	%	
Land (Distinguish between freehold and leasehold)										
Building (Distinguish between freehold and leasehold)										
Leasehold improvements										
Furniture and fixtures										
Office equipment										
Computer equipment										
Vehicles										
Others (if any)										
<hr/>										
<hr/>										

Prior year										
Cost				Depreciation			Written down	Depreciation		
As at	Additions /	Adjustments	As at	As at	For the year /	Adjustment	As at	value as at	rate	
1 January	(disposals)		31 December	1 January	(disposals)		31 December	31 December	%	
Land (Distinguish between freehold and leasehold)										
Building (Distinguish between freehold and leasehold)										
Leasehold improvements										
Furniture and fixtures										
Office equipment										
Computer equipment										
Vehicles										
Others (if any)										
<hr/>										
<hr/>										

5.1.1 Disposal of fixed assets

Disclose if the book value of the asset or assets sold exceeds in aggregate fifty thousand rupees, particular of the assets and in aggregate:

- cost or valuation, as the case may be;
- the book value; and
- the sale price and the mode of disposal (e.g. by tender or negotiation) and the particulars of purchaser

5.1.2 Please specify the value of assets held by third parties and assets with zero values.

	(Current Year)	(Prior Year)
	Rupees in '000	
5.2 Capital Work-In-Progress		
Civil works	-	-
Advances to suppliers	-	-
Others (please specify)	-	-
	<hr/>	<hr/>
	<hr/>	<hr/>

Where assets have been revalued, the first balance sheet subsequent to the revaluation shall show the original cost; the revalued amount; the date and amount of the revaluation and the basis thereof; name and qualification of the valuer who should be an independent person competent to do so; the nature of any indices used to determine revaluation; and the carrying amount of each class of property and equipment that would have been included in the financial statements had the assets not been carried at revalued amount. Every balance sheet subsequent to the revaluation shall show the total amount of the revaluation; and the carrying amount of each class of property and equipment that would have been included in the financial statements had the assets not been carried at revalued amount.

In the case of sale of fixed assets (otherwise than through a regular auction) made to chief executive or a director or an executive or a shareholder holding not less than ten percent of the voting shares of the company or any related party, irrespective of the value, and in the case of any other person if the original cost or the book value of the asset or assets in aggregate exceeds Rupees one million or two hundred fifty thousands respectively (whichever is lower) disclose (a) particulars of the assets (b) cost or revalued amount (c) the book value (d) the sale price (e) the mode of disposal (e.g. by tender or negotiation) and (f) the particulars of the purchaser.

Disclose the existence of any restrictions/ discrepancies on the title along-with amount involved; and the existence of any pledge/ mortgage along-with the nature of facilities obtained against such pledge/ mortgage.

6 Intangible assets

	Cost			Amortisation			Written down value as at 31 December	Amortisation period
	As at 1 January / (Disposals)	Additions	Adjustments 31 December	As at 1 January	For the year	Adjustment 31 December		
Computer softwares								
Others (Please specify)								
Current year	=====	=====	=====	=====	=====	=====	=====	
Prior year	=====	=====	=====	=====	=====	=====	=====	

Disclose the classification of intangible as either finite or infinite life and basis of amortisation for each intangible asset.

Disclose description, the carrying amount and remaining amortization period of any individual intangible asset that is material to the financial statements as a whole; the existence and carrying amounts of intangible assets whose title is restricted and the carrying amounts of intangible assets pledged as security for liabilities; a description of any fully amortized intangible asset that is still in use; and a brief description of significant intangible assets controlled by the enterprise but not recognized as assets because they did not meet the recognition criteria.

7 INVESTMENT PROPERTIES (where cost model is followed)
(Rupees in '000)

Current year							
Cost			Depreciation			Written down value as at 31 December	Useful life
As at 1 January	Additions (disposals)	As at 31 December	As at 1 January	For the year	As at 31 December		
-	-	-	-	-	-	-	-
<hr/>							
<hr/>							

Land (Distinguish between freehold and leasehold)

Building (Distinguish between freehold and leasehold)

Other installations

Prior year							
Cost			Depreciation			Written down value as at 31 December	Useful life
As at 1 January	Additions / (disposals)	As at 31 December	As at 1 January	For the year	As at 31 December		
-	-	-	-	-	-	-	-
<hr/>							
<hr/>							

Land (Distinguish between freehold and leasehold)

Building (Distinguish between freehold and leasehold)

Other installations

7.1 The market value of the investment properties as per valuation carried out by professional valuers in _____ is Rs. _____

(Current Year) (Prior Year)
Rupees in '000

7 INVESTMENT PROPERTY (where fair value model is followed)

Opening net book value	-	-
Additions and capital improvements / (disposals)	-	-
Unrealized Fair value gain / (loss)	7.1	-
Closing net book value	-	-

7.1 (Disclose the fair value of investment property. In the exceptional cases, when a Company cannot determine the fair value of the investment property reliably, it shall disclose:)

- (i) a description of the investment property;
- (ii) an explanation of why fair value cannot be determined reliably; and
- (iii) if possible, the range of estimates within which fair value is highly likely to lie.

	(Current Year)	(Prior Year)
	Rupees in '000	
8 INVESTMENTS IN SUBSIDIARY AND ASSOCIATE		
Beginning of year	-	-
Acquisition / (Disposal) of subsidiary / investment in associate - Note ---	-	-
Share of (loss)/profit	-	-
Less: Dividend Received		
Changes in Comprehensive income - Note ---	-	-
End of year	<u>-</u>	<u>-</u>

The company's interests in its subsidiaries and associates were as follows:

Name	Country of Incorporation	Assets	Liabilities	Revenues	Profit / (loss)	% interest held
ABC Ltd	AA	-	-	-	-	-
DEF Ltd	BB	-	-	-	-	-
Total at the end of 200Y		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ABC Ltd	AA	-	-	-	-	-
DEF Ltd	BB	-	-	-	-	-
Total at the end of 200X		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

9 INVESTMENTS IN EQUITY SECURITIES - (DISTINGUISH BETWEEN AT FAIR VALUE THROUGH PROFIT AND LOSS AND AVAILABLE FOR SALE)

	Current year			Prior year		
	Cost	impairment / provision	Carrying value	Cost	impairment / provision	Carrying value
Related parties						
Listed shares						
Unlisted shares						
Mutual funds						
Others						
Listed shares						
Unlisted shares						
Mutual funds						

10 INVESTMENTS IN DEBT SECURITIES - (DISTINGUISH BETWEEN AT FAIR VALUE THROUGH PROFIT AND LOSS, HELD TO MATURITY AND AVAILABLE FOR SALE)

	Cost	impairment / provision	Carrying value
Related parties			
Term Finance Certificates		10.1	
Others			
Term Finance Certificates		10.2	

	No. of certificates		Face value	Value of certificates	
	(Current Year)	(Prior Year)		(Current Year)	(Prior Year)
					Rupees in '000
Related parties					
10.1 Term Finance Certificates					
Others					
10.2 Term Finance Certificates					

10.1 Disclose particulars of provision for impairment and the movement in the said account in the year.

There shall be stated the name of each company, modaraba, firm, government, municipal committee and local authority; in case of shares, various classes and different paid-up values together with the terms of redemption, if any, in case of preference shares; in case of modaraba and redeemable capital the number of certificates and the nominal value of each certificates; and in case of debentures and bonds the terms of redemption, if any, and the rate of interest.

If investment is made in unlisted companies and modarabas (other than associates and subsidiaries) there shall be stated the name of the chief executive, managing agent or modaraba company. Percentage of the equity held by the company in an investee company or modaraba or a controlled firm or other associated undertaking, where it exceeds ten percent of the investee's total equity, shall be disclosed.

Value of investments in unlisted investees in which the company holds ten percent or more of the investee's total equity should be calculated by reference to net assets of the investee on the basis of the last available audited accounts in the case of unlisted companies and modarabas and last available accounts incase of other investees together with the period of such accounts shall be disclosed.

	(Current Year)	(Prior Year)
	Rupees in '000	
11 INVESTMENTS IN TERM DEPOSITS		
Held to maturity		
Deposits maturing within 12 months		
Deposits maturing after 12 months	<u> </u> -	<u> </u> -

	(Current Year)	(Prior Year)
	Rupees in '000	
12		
LOANS AND OTHER RECEIVABLES - Considered good		
Loans to related parties	-	-
Receivable from related parties	-	-
Rent receivable	-	-
Accrued investment income		
Security deposit	-	-
Advance to supplier	-	-
Agents commission receivable		
Loans to employees	-	-
Other receivable		
Less: provision for impairment of loans and receivables	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

If the loans to related parties are interest bearing, disclose the interest rate. Also disclose the effective interest rates on such loans.

	(Current Year)	(Prior Year)
	Rupees in '000	
13		
INSURANCE / REINSURANCE RECEIVABLES - Unsecured and considered good		
Due from insurance contract holders	-	-
Less provision for impairment of receivables from Insurance contract holders	-	-
Due from other Insurers / reinsurers	-	-
Less provision for impairment of due from other insurers / reinsurers	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

14 RETIREMENT BENEFIT OBLIGATIONS

Disclose the general description of the type of plans, changes in the plans, if any, and effect of any changes in the plans during the period; employees covered; and the accounting policy for recognising actuarial gains and losses.

Disclose when was the latest actuarial valuation of the defined benefit plans was conducted and specify the method used for valuation. Details of the defined benefit plans are:

	Pension Fund (Disclose only if applicable)		Gratuity Funds (Disclose only if applicable)	
	Current year	Prior year	Current year	Prior year
	← (Rupees in thousand) →			
Balance Sheet Reconciliation				
Fair value of plan assets	-	-	-	-
Present value of defined benefit obligations	-	-	-	-
Funded status	-	-	-	-
Unrecognised net actuarial loss / (gain)	-	-	-	-
Recognised asset / (liability)	-	-	-	-
Movement in the fair value of plan assets				
Fair value as at January 1	-	-	-	-
Expected return on plan assets	-	-	-	-
Actuarial gains / (losses)	-	-	-	-
Employer contributions	-	-	-	-
Benefits paid	-	-	-	-
Fair value as at December 31	-	-	-	-
Movement in the defined benefit obligations				
Obligation as at January 1	-	-	-	-
Service cost	-	-	-	-
Interest cost	-	-	-	-
Settlement and Curtailment	-	-	-	-
Actuarial losses / (gains)	-	-	-	-
Benefits paid	-	-	-	-
Obligation as at December 31	-	-	-	-
Cost				
Current service cost	-	-	-	-
Interest cost	-	-	-	-
Expected return on plan assets	-	-	-	-
Settlement and curtailment	-	-	-	-
Recognition of actuarial loss	-	-	-	-
Expense	-	-	-	-
Actual return on plan assets	-	-	-	-

Principal actuarial assumptions used are as follows:

Discount rate & expected return on plan assets	-	-
Future salary increases	-	-
Future pension increases (if applicable)	-	-
Medical cost trend rates (if applicable)	-	-

Disclose the expected contribution for the upcoming year along with current year comparison.

Comparison for five years:

	Current year	2016	2015	2014	2013
	← (Rupees in thousand) →				
As at December 31					
Fair value of plan assets	-	-	-	-	-
benefit obligations	-	-	-	-	-
(Deficit) / surplus	-	-	-	-	-

Experience adjustments

Gain / (loss) on plan assets (as percentage of plan assets)	-	-	-	-	-
(Gain) / loss on obligations (as percentage of plan obligations)	-	-	-	-	-

The effects of a 1% movement in the assumed medical cost trend rate are as follows:

	Increase	Decrease
	(Rupees in thousand)	
Effect on the aggregate of current service and interest costs	-	-
Effect on the defined benefit obligations	-	-

Plan assets comprise of the following:

	Current year		Perior year	
	Rupees in thousand	%	Rupees in thousand	%
Equity	-	-	-	-
Debt	-	-	-	-
Others (include cash and bank balances)	-	-	-	-
	-	-	-	-

Disclose the method used for determination of expected return on plan assets. Disclose the methodology used by the actuary for calculating contribution rates and how the company makes its contribution to the plan.

Disclose the amounts of assets and liabilities of retirement benefit plan as per actuarial valuation along with prior year comparison.

Disclose the amount contributed in the current year to the defined contribution plan along with prior year comparison.

15 DEFERRED TAXATION	(Current Year)	(Prior Year)
	Rupees in '000	
Deferred debits arising in respect of (To be specified)		
Deferred credits arising due to (To be specified)		

16 PREPAYMENTS	(Current Year)	(Prior Year)
	Rupees in '000	
Prepaid reinsurance premium ceded	-	-
Prepaid rent	-	-
Prepaid miscellaneous expenses	-	-
Others (if any)	-	-
	-	-

17 CASH & BANK	(Current Year)	(Prior Year)
	Rupees in '000	
Cash and Cash Equivalent		
Cash in hand	-	-
Policy & Revenue stamps, Bond papers	-	-
Cash at bank		
- Current account	-	-
- Savings account	-	-
	-	-

Cash and short term borrowing include the following for the purposes of the cash flow statement:

	(Current Year)	(Prior Year)
	Rupees in '000	
Cash and cash equivalents	-	-
Short term borrowings of upto three months including running finance, if any	-	-
	-	-

18 SHARE CAPITAL

18.1 Authorized Capital

(Current Year) (Prior Year)
Rupees in '000

_____ Ordinary shares of Rs. _____ each _____

18.2 Issued, subscribed and paid-up share capital

Disclose information about the purchase and reissue of treasury shares in the period and the values thereof.

19 RESERVES

(Current Year) (Prior Year)
Rupees in '000

Capital reserves		
Reserve for exceptional loss	-	-
Revenue reserves		
General reserve	-	-
Others (Please specify)	-	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

(Current Year) (Prior Year)
Rupees in '000

20 BORROWINGS

Bank loans	-	-
Liabilities against assets subject to finance lease	21.1	
Other (please specify)	-	-
Total borrowings	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
Current portion	-	-
Non-current portion	-	-

Disclose information about the extent and nature, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows. Further, disclose the nature and carrying amount of the assets pledged as security.

20.1 Liabilities against assets subject to finance lease

	(Current Year)			(Prior Year)		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
Not later than one year	-	-	-	-	-	-
Later than one year and not later than five years	-	-	-	-	-	-
Over five years	-	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Disclose the interest rates used as the discounting factor; the existence and terms of renewal or purchase options and escalation clauses; restrictions imposed by lease arrangements, such as those concerning dividends, additional debt and further leasing; and any other material terms.

	(Current Year)	(Prior Year)
	Rupees in '000	
21 INSURANCE / REINSURANCE PAYABLES		
Due to insurance contract holders	-	-
Due to other insurers / reinsurers	-	-
	<u>-</u>	<u>-</u>
22 OTHER CREDITORS AND ACCRUALS		
Agents commission payable		
Federal Excise Duty / Sales Tax	-	-
Federal Insurance Fee	-	-
WWF	-	-
Payable to related parties	-	-
Accrued expenses	-	-
Other tax payables	-	-
Unpaid and Unclaimed Dividend	-	-
Others (please specify)	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

(Specify the nature of provision recorded and the reason thereof.)

23 CONTINGENCY(IES) AND COMMITMENT(S)

All Contingent liabilities other than those arising from contract with policy holders shall be disclosed, unless the possibility of any outflow in settlement is remote, disclose for each class of contingent liability (including taxation contingency) at the balance sheet date a brief description of the nature of contingent liability and, where practicable an estimate of its financial effect; an indication of the uncertainties relating to the amount or timing of any outflow; and the possibility of any reimbursement. Where any of the information required above is not disclosed because it is not practicable to do so, disclose that fact.

23.1 Commitments for the acquisition of operating fixed assets

23.2 Commitments in respect of operating leases

	(Current Year)	(Prior Year)
	Rupees in '000	
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-

Disclose a general description of the lessee's significant leasing arrangements including, but not limited to, the basis on which contingent rent payments are determined; the existence and terms of renewal or purchase options and escalation clauses; and restrictions imposed by lease arrangements, such as those concerning dividends, additional debt and further leasing.

		(Current Year)	(Prior Year)
		Rupees in '000	
24 NET INSURANCE PREMIUM			
Written Gross Premium		-	-
Add: Unearned premium reserve opening		-	-
Less: Unearned premium reserve closing		-	-
Premium earned		-	-
Less :Reinsurance premium ceded		-	-
Add:Prepaid reinsurance premium opening		-	-
Less:Prepaid reinsurance premium closing		-	-
Reinsurance expense		-	-
25 NET INSURANCE CLAIMS EXPENSE			
Claim Paid		-	-
Add : Outstanding claims including IBNR closing	25.1	-	-
Less: Outstanding claims including IBNR Opening		-	-
Claims expense		-	-
Less: Reinsurance and other recoveries received		-	-
Add: Reinsurance and other recoveries in respect of outstanding claims net of impairment (if any) opening		-	-
Less: Reinsurance and other recoveries in respect of outstanding claims net of impairment (if any) closing		-	-
Reinsurance and other recoveries revenue		-	-

25.1 Claim Development

Actual claims compared to last four years will be disclosed as follows if there is still uncertainty about the amount and timing of the claims payments for material claims. The disclosure is not required if there is no change in previous estimates as uncertainty regarding amount of material claim payments do not exist. The disclosed balance may not need to be reconciled with the balance reported in the statement of financial position.

An insurer also need not to disclose this information if uncertainty about the amount and timing of claims payments is usually resolved within one year.

Accident year	2013	2014	2015	2016	Current year
Estimate of ultimate claims costs:					
At end of accident year	-	-	-	-	-
One year later	-	-	-	-	-
Two years later	-	-	-	-	-
Three years later	-	-	-	-	-
Four years later	-	-	-	-	-
Current estimate of cumulative claims	-	-	-	-	-
Cumulative payments to date	-	-	-	-	-
Liability recognised in the statement of financial position	-	-	-	-	-

	(Current Year)	(Prior Year)
	Rupees in '000	
26 NET COMMISSION EXPENSE / ACQUISITION COST		
Commission paid or payable	-	-
Add: Deferred commission expense opening	-	-
Less: Deferred commission expense closing	-	-
Net Commission	<u>-</u>	<u>-</u>
Less: Commission received or recoverable	<u>-</u>	<u>-</u>
Add: Unearned Reinsurance Commission	-	-
Less: Unearned Reinsurance Commission	-	-
Commission from reinsurers	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

	(Current Year)	(Prior Year)
	Rupees in '000	
27 MANAGEMENT EXPENSES		
Employee benefit cost - note 27.1	-	-
Traveling expenses	-	-
Advertisements & sales promotion	-	-
Printing and stationery	-	-
Depreciation	-	-
Amortisation	-	-
Rent, rates and taxes	-	-
Legal and professional charges - business related	-	-
Electricity, gas and water	-	-
Entertainment	-	-
Vehicle running expenses	-	-
Office repairs and maintenance	-	-
Bank charges	-	-
Postages, telegrams and telephone	-	-
Insurance Ombudsman expense contribution	-	-
Annual Supervision fee SECP	-	-
Bad and doubtful debts	-	-
Miscellaneous (separately identify individual expense head if more than 5% of total)	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

27.1 Employee benefit cost

Salaries, allowance and other benefits	-	-
Charges for post employment benefit	-	-
	<u>-</u>	<u>-</u>

	(Current Year)	(Prior Year)
	Rupees in '000	
28 INVESTMENT INCOME		
Income from equity securities (Separate classification for AFS and held for trading)		
- Dividend income	-	-
- Other (please specify)	-	-
Income from debt securities (Separate classification for AFS and held to maturity)		
- Return on debt securities	-	-
- Other (please specify)	-	-
Income from term deposits		
- Return on term deposits	-	-
- Other (please specify)	-	-
	<u>-</u>	<u>-</u>
Net realised gains/(losses) on investments		
Available for sale financial assets		
Realised gains on:		
-Equity securities	-	-
-Debt securities	-	-
Realised losses on:		
-Equity securities	-	-
-Debt securities	-	-
	<u>-</u>	<u>-</u>
Net unrealised gains/(losses) on investments		
Net unrealised gains / (losses) on investments at fair value through profit or loss (held for trading purposes)	-	-
Net unrealised gains / (losses) on investments at fair value through profit or loss (designated upon initial recognition)	-	-
	<u>-</u>	<u>-</u>
Total investment income	<u>-</u>	<u>-</u>
Less: Impairment in value of available for sale securities		
-Equity Securities	-	-
-Debt Securities	-	-
Less: Investment related expenses	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

29 RENTAL INCOME

Rental income	-	-
Less: Expenses of investment property	-	-
	<u>-</u>	<u>-</u>

30 OTHER INCOME

Return on bank balances		
Gain on sale of fixed assets	-	-
Return on loans to employees	-	-
Liabilities written back	-	-
Miscellaneous (please specify individual head if more than 5% of total)	-	-
	<u>-</u>	<u>-</u>

(Current Year) (Prior Year)
Rupees in '000

31 OTHER EXPENSES

Legal & professional fee other than business related	-	-
Auditors' remuneration - note 31.1	-	-
Subscription	-	-
Registration fee	-	-
Expenses on bonus issue	-	-
Donations	-	-
Workers Welfare Fund		
Others (Please specify separately if more than 5% of total)	-	-
	<u>-</u>	<u>-</u>

In case of donations where any director/ executive or their spouse has interest in the donee, disclose the names of such directors / executive, their interest in the donee and the names and addresses of all donees irrespective of the amount of donation.

31.1 Auditors' remuneration

(Current Year) (Prior Year)
Rupees in '000

Audit fee	-	-
Fee for audit of provident, pension, gratuity and other funds	-	-
Special certifications and sundry advisory services	-	-
Tax services	-	-
Out-of-pocket expenses	-	-
	<u>-</u>	<u>-</u>

In case of joint auditors the above information should be shown separately for each of the joint auditors.

	(Current Year)	(Prior Year)
	Rupees in '000	
32 FINANCE COST		
Mark-up on short term financing	-	-
Bank charges (financing related)	-	-
Mark-up on finance leases	-	-
Exchange loss	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
33 TAXATION		
For the year		
Current	-	-
Deferred	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
For the prior year(s)		
Current	-	-
Deferred	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Distinguish, where applicable, between the provision for Pakistan taxation and the provision for taxation elsewhere.

33.1 Relationship between tax expense and accounting profit

An explanation of the relationship between tax expense (income) and accounting profit in either or both of the following forms:

- (i) a numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate(s), disclosing also the basis on which the applicable tax rate(s) is (are) computed; and/ or
- (ii) a numerical reconciliation between the average effective tax rate and the applicable tax rate, disclosing also the basis on which the applicable tax rate is computed.

Disclose an explanation of changes in the applicable tax rate compared to the previous accounting period.

	(Current Year)	(Prior Year)
	Rupees	
34 EARNINGS PER SHARE		
Profit (after tax) for the year		
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u> </u>	<u> </u>
Diluted earnings per share	<u> </u>	<u> </u>

Company should also disclose reconciliation between diluted earnings per share and basic earnings per share.

35 COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	(Current Year)	(Prior Year)	(Current Year)	(Prior Year)	(Current Year)	(Prior Year)
	Rupees in '000					
Fees	-	-	-	-	-	-
Managerial remuneration	-	-	-	-	-	-
Leave encashment	-	-	-	-	-	-
Bonus	-	-	-	-	-	-
Ex-gratia allowance	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	-	-
Contribution to defined contribution plan	-	-	-	-	-	-
Rent and house maintenance	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Medical	-	-	-	-	-	-
Conveyance	-	-	-	-	-	-
Others (to be specified, if material)	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Number of persons	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Also disclose short term employee benefits, post employment benefits, other long term benefits, termination benefits and share (stock options) based payments.

Executives mean employees, other than the chief executive and directors, whose basic salary exceed five hundred thousand rupees in a financial year.

36 RELATED PARTY TRANSACTIONS

Disclose related party relationships where control or significant influence exists, irrespective of whether transactions have taken place between the parties. If there have been transactions between related parties, disclose:

- a) the nature of the related party relationship;
- b) the type of transactions;
- c) amount or appropriate proportions of (this should be disclosed in the foot note to the relevant outstanding items in the notes to the accounts):
 - i) each of loans and advances, deposits and acceptances and promissory notes; disclosure may include the aggregate amounts outstanding at the beginning and end of the period, as well as advances, deposits, repayments and other changes during the period;

- ii) each of principal types of income/mark-up, interest expense and commissions paid;
- iii) the amount of the expense recognized in the period for losses on loans and advances and the amount of the provision at the balance sheet date; and
- iv) irrevocable commitments and contingencies and commitments arising from off-balance sheet items;
- d) provisions for doubtful debts related to the amount of outstanding balances; and
- e) the elements of transactions necessary for an understanding of the financial statements of the company.

37 SEGMENT INFORMATION

Segment information in respect of the following is to be given at a minimum. In case business included in Miscellaneous is 10% or more separate disclosure is expected. In addition disclosures in accordance with IFRS 8 regarding major customers etc will also be given in this note.

Rupees in '000

Current year	Fire and property damage	Marine, aviation and transport	Motor	Miscellan- eous	Treaty	Total
Premium receivable (inclusive of Federal Exice Duty, Federal Insurance Fee and Administrative Surcharge)	-	-	-	-	-	-
Less: Federal Exice Duty	-	-	-	-	-	-
Federal Insurance Fee	-	-	-	-	-	-
Gross written premium (inclusive of Administrative Surcharge)	-	-	-	-	-	-
Gross direct premium	-	-	-	-	-	-
Facultative inward premium	-	-	-	-	-	-
Administrative surcharge	-	-	-	-	-	-
Insurance premium earned	-	-	-	-	-	-
Insurance premium ceded to reinsurers	-	-	-	-	-	-
Net insurance premium	-	-	-	-	-	-
Commission income	-	-	-	-	-	-
Net underwriting income	-	-	-	-	-	-
Insurance claims	-	-	-	-	-	-
Insurance claims recovered from reinsurers	-	-	-	-	-	-
Net claims	-	-	-	-	-	-
Commission expense	-	-	-	-	-	-
Management expenses	-	-	-	-	-	-
Premium deficiency expense	-	-	-	-	-	-
Net insurance claims and expenses	-	-	-	-	-	-
Underwriting result	-	-	-	-	-	-
Net Investment income						-
Rental income						-
Other income						-
Other expenses						-
Finance costs						-
Share of (loss)/profit of associates						-
Profit before tax						-
Segment assets	-	-	-	-	-	-
Unallocated assets						-
Segment liabilities	-	-	-	-	-	-
Unallocated liabilities						-

Rupees in '000

Prior year	Fire and property damage	Marine, aviation and transport	Motor	Miscellan- eous	Treaty	Total
Premium receivable (inclusive of Federal Exice Duty, Federal Insurance Fee and Administrative Surcharge)	-	-	-	-	-	-
Less: Federal Exice Duty	-	-	-	-	-	-
Federal Insurance Fee	-	-	-	-	-	-
Gross written premium (inclusive of Administrative Surcharge)	-	-	-	-	-	-
Gross direct premium	-	-	-	-	-	-
Facultative inward premium	-	-	-	-	-	-
Administrative surcharge	-	-	-	-	-	-
Insurance premium earned	-	-	-	-	-	-
Insurance premium ceded to reinsurers	-	-	-	-	-	-
Net insurance premium	-	-	-	-	-	-
Commission income	-	-	-	-	-	-
Net underwriting income	-	-	-	-	-	-
Insurance claims	-	-	-	-	-	-
Insurance claims recovered from reinsurers	-	-	-	-	-	-
Net claims	-	-	-	-	-	-
Commission expense	-	-	-	-	-	-
Management expenses	-	-	-	-	-	-
Premium deficiency expense	-	-	-	-	-	-
Net insurance claims and expenses	-	-	-	-	-	-
Underwriting result	-	-	-	-	-	-
Net Investment income						-
Rental income						-
Other income						-
Other expenses						-
Finance costs						-
Share of (loss)/profit of associates						-
Profit before tax						-
Segment assets	-	-	-	-	-	-
Unallocated assets						-
Segment liabilities	-	-	-	-	-	-
Unallocated liabilities						-

Disclose the net insurance premium information on country basis for the current and prior year.

38 MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P&L	Total
At beginning of previous year				
Additions	-	-	-	-
Disposals (sale and redemptions)	-	-	-	-
Fair value net gains (excluding net realised gains)	-	-	-	-
Designated at fair value through profit of loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Impairment losses	-	-	-	-
At beginning of current year	-	-	-	-
Additions	-	-	-	-
Disposals (sale and redemptions)	-	-	-	-
Fair value net gains (excluding net realised gains)	-	-	-	-
Designated at fair value through profit of loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Impairment losses	-	-	-	-
At end of current year	-	-	-	-

39 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

Specify what is the risk under any insurance contract for e.g. the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim.

39.1 Insurance risk

Also disclose the mitigating factors for such risks.

a) Frequency and severity of claims

Disclose how the Company manages these risks for e.g. through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

Disclose the objective of each risk mitigating factor along with the details as to how these mitigating factors are applied to each insurance contract. This information shall include qualitative as well as quantitative criteria used for such risk management.

The disclosure regarding concentration risk will form part of this note.

b) Sources of uncertainty in estimation of future claim payments

Disclose the claims recognition criteria and the claim settlement mechanism in this respect. Specify the factors that affect the claim liabilities and how such liabilities are affected. Also specify what cost components are included as claim expense.

Disclose the criteria for estimation of cost of unpaid claims (both reported and not), the estimation techniques used by the company. Disclose how the techniques are used by the company.

Disclose the process for estimation of IBNR and its provisioning mechanism in detail.

c) Process used to decide on assumptions

Disclose the risks associated with these insurance contracts and variables that complicate quantitative sensitivity analysis.

Specify the details about separate assumptions and the basis on which such assumptions are used by the company.

d) Changes in assumptions

Disclose the changes in assumptions if any, the qualitative and quantitative information in this respect and the monetary impact of such changes on the statement of comprehensive income. Also disclose why such changes in assumptions have been incorporated in our estimation.

e) Sensitivity analysis

In respect of all the variables affecting the estimates reported in the financial statements.

39.2 Financial risk

Maturity profile of financial assets and liabilities:

	Interest / Mark up bearing			Non-interest / Non-mark up bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
(Rupees in thousand)							
FINANCIAL ASSETS							
Investments	-	-	-	-	-	-	-
Loans and other receivables	-	-	-	-	-	-	-
Insurance receivables	-	-	-	-	-	-	-
Cash	-	-	-	-	-	-	-
Others (please specify)	-	-	-	-	-	-	-
December 31, 200X	-	-	-	-	-	-	-
FINANCIAL LIABILITIES							
Premium received in advance	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-
Others (please specify)	-	-	-	-	-	-	-
December 31, 200X	-	-	-	-	-	-	-
OFF BALANCE SHEET ITEMS							
Financial Commitments:							
Please specify	-	-	-	-	-	-	-
December 31, 200X	-	-	-	-	-	-	-

a) Sensitivity analysis - interest rate risk

b) Sensitivity analysis - equity risk

39.3 Credit risk

The disclosure regarding credit rating will form part of this note.

39.4 Capital management

An entity shall disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.

40 **STATEMENT OF SOLVENCY (TO BE PRESENTED IN THE FINANCIAL STATEMENTS BY LISTED CONCERNS ONLY)**

		Current year
		Rupees in thousand
Assets		
Property and equipment		-
Intangible assets		-
Investment property		-
Investments in subsidiary and associate (applicable where equity accounting is followed)		-
Investments		
Equity securities		-
Debt securities		-
Term deposits		
Loans and other receivables		-
Insurance / Reinsurance receivables		-
Reinsurance Recoveries against O/S claims		-
Salvage recoveries accrued		-
Deferred Commission Expense		-
Deferred taxation		-
Prepayments		-
Cash & Bank		-
Total Assets (A)		<u>-</u>
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000		
(a)		-
(b)		-
...		-
...		-
...		-
..		-
.		-
(U)-(i)		-
(U)-(ii)		-
(U)-(iii)		-
(v)		-
(w)		-
Total of In-admissible assets (B)		<u>-</u>
Total Admissible Assets (C=A-B)		-
Total Liabilities		
Underwriting Provisions		-
Outstanding claims including IBNR		-
Unearned premium reserves		-
Premium deficiency reserves		-
Unearned commission income		-
Retirement benefit obligations		-
Deferred taxation		-
Borrowings		-
Premium received in advance		-
Insurance / Reinsurance Payables		-
Other Creditors and Accruals		-
Income tax liabilities		-
Total Liabilities (D)		<u>-</u>
Total Net Admissible Assets (E=C-D)		<u>-</u>
Minimum Solvency Requirement (higher of following)		
Method A - U/s 36(3)(a)	-	-
Method B - U/s 36(3)(b)	-	-
Method C - U/s 36(3)(c)	-	-
Excess / Deficit in Net Admissible Assets over Minimum Requirements		<u>-</u>

41 CORRESPONDING FIGURES

Disclose the reclassification from and to of the prior period figures.

42 SUBSEQUENT EVENTS - NON ADJUSTING

- Dividend
- Issue of bonus shares
- Transfer to / (from) reserves

43 DATE OF AUTHORISATION FOR ISSUE

44 GENERAL

The figures in the financial statements may be rounded off to the nearest thousand.

Chief Executive Officer

Director

Director

Chairman

ANNEXURE III

Principles for Calculation of Solvency Margin of Life Insurers

[See Rule 14]

1. Each life insurer is required to maintain an excess of admissible assets over liabilities, including policyholder liabilities, of:
 - (a) a fixed amount as specified in Rule 14(1)(a); plus
 - (b) a solvency margin calculated in accordance with this Annexure, to be maintained as prescribed in Rule 14.
2. For statutory funds of life insurers set up under sub-section (5) of section 14 of the Ordinance in which accident and health business is written, the solvency margin as at any date would be calculated as the higher of:
 - (a) 20% of earned premium revenue in the preceding twelve months, net of reinsurance expense subject to a maximum deduction for reinsurance of 50% of the gross figure; or
 - (b) 20% of sum of liability for unexpired risk and its liability for outstanding claims, net of reinsurance subject to a maximum deduction for reinsurance in each case of 50% of the gross figure.
3. For other statutory funds the solvency margin shall be calculated by carrying out two exercises as under, and to take the higher of the two figures:
 - (a) Determination of the solvency margin to be maintained in each Statutory Fund on the basis as provided in paragraphs 5 to 9 below; and
 - (b) Requiring the appointed actuary to determine the policyholder liabilities on certain scenarios to be specified by the Commission through circular, with the margin being determined as the highest excess of the liabilities determined in any of the scenarios over those displayed in the financial statements.
4. The Commission shall specify through circular the scenarios mentioned in paragraph 3(b) above after consulting the Pakistan Society of Actuaries. Till the scenarios are prescribed only the first calculation shall be carried out.
5. The first calculation of the solvency margin for each Statutory Fund for business other than Accident and Health business would be determined in two parts (the margin being the sum of the two parts):
 - (a) A proportion of the policyholder liabilities determined by the Appointed Actuary, such proportion being referred to below as the "First Factor"; and
 - (b) A proportion of the Sum at Risk, such proportion being referred to below as the "Second Factor".
6. The First and Second factors will depend upon the nature of underlying policies and will be as per Attachment 1 to this Annexure.

7. The first part for each line of business will be calculated as follows:

$K1 \times \text{Policyholder Liabilities before Reinsurance} \times \text{First Factor (per Attachment 1)}$

where $K1 = 0.85^*$ or $(\text{Mathematical Reserves after Reinsurance} / \text{Mathematical Reserves before Reinsurance})$, whichever is higher. [$* 0.50$ in case of reinsurers, carrying on life insurance - business].

8. The second part for each line of business will be calculated as follows:

$K2 \times \text{Total Sum at Risk before Reinsurance} \times \text{Second Factor (per Attachment 1)}$

where $K2 = 0.5$ or $(\text{Sum at Risk after reinsurance} / \text{Sum at risk before reinsurance})$, whichever is higher; where the Sum at Risk for an individual policy is negative it is to be ignored.

9. The solvency margins mentioned in paragraphs 5 to 8 shall be partially applicable until 31 December 2014, in that life insurers will be required to maintain at least the following proportion of the margins calculated:

As on 31 December 2012	33%
As on 31 December 2013	67%
As on 31 December 2014	100%

The calculations set out in paragraphs 2 to 9 above shall be carried out for each statutory fund separately and shall be supported by a statement to be prepared in accordance with the form given in Attachment 2, such Attachment requiring to be submitted as a part of each Financial Condition Report being submitted under section 50 of the Ordinance. In case a life insurer applies for and is granted permission by the Commission to maintain the solvency margin in its shareholders' fund and statutory funds in aggregate (rather than within each statutory fund), then the statutory margin to be maintained in the shareholders' fund and statutory funds in aggregate shall be the aggregate of the margin calculated for each statutory fund separately, and shall be in addition to the fixed amount prescribed under Rule 14 (1)(a).

FACTORS FOR DETERMINATION OF SOLVENCY MARGIN FOR LIFE INSURERS

Code	Type of Business	Policy Types with Examples	Factor 1	Factor 2	
				Life Risk	Other
0	Non-Linked Individual Life Business				
01	Conventional non-linked policies	Includes both risk products (term assurances, decreasing term assurances, family income benefit, accident and disability riders [other than those written in a statutory fund in which only accident & health business is written] including waiver of premiums, and savings products (endowment assurances (participating and non-participating), whole life policies, etc.). Also includes all riders attached to these products.	4%	0.075%	0.0375%
02	Conventional riders attached to investment-linked policies	Includes all risk riders (as defined above) where the benefit payable under the rider is defined and not determined with reference to the underlying asset value and where the premium payable is in addition to the basic policy premium.	4%	0.075%	0.0375%
03	General Annuities	Both immediate or deferred annuities where the amount of annuity payable is defined, with the possible exception of the addition of bonuses to be declared by the life insurer	4%	0%	0%
04	Pension		4%	0%	0%
1	Non-Linked Group Life Business				
11	Group Risk Products with Premiums Guaranteed for up to a year	Group life policies and related riders where the premiums are guaranteed for one year or less.	1%	0.05%	0.015%(*)
12	Group Risk Products with Premiums Guaranteed for more than a year	Group life policies and related riders where the premiums are guaranteed for more than a year.	3%	0.1%	0.03%(*)
13	General Annuities	Both immediate or deferred annuities where the amount of annuity payable is defined, with	4%	0%	0%

		the possible exception of the addition of bonuses to be declared by the life insurer			
14	Pension		4%	0%	0%
15	Group Savings Products	Conventional group savings policies (eg., endowment policies priced as individual life but sold as group policies	4%	0.075%	0.0375%
2	Investment Linked Account Value Individual Life Business				
21	Account Value policies with a capital guarantee	Universal life policies with a capital guarantee and possible interest rate guarantee with either part or all of the interest to be credited to the policy being linked to returns on investment. No right to write down the value of the investment.	4%	0.075%	0.0375%
22	Account Value policies with a right to write down capital values	Universal life policies with the interest to be credited to the policy being linked to returns on investment but with a right to write down the value of the investment.	2%	0.075%	0.0375%

(*) In the case of Group non-death risk, the part of the margin calculated by applying Factor 2 shall not be less than 25% of the premium charged for the concerned risk.

Code	Type of Business	Policy Types with Examples	Factor 1	Factor 2	
				Life Risk	Other
3	Investment Linked Account Value Group Life Business				
31	Deposit Administration Contracts with a capital guarantee	Deposit Administration Contracts (typically for Group Pension Schemes) with a capital guarantee and possible interest rate guarantee with either part or all of the interest to be credited to the policy being linked to returns on investment. No right to write down the value of the investment.	4%	0.075%	0.0375%
32	Deposit Administration Contracts with a right to write down capital values	Deposit Administration Contracts (typically for Group Pension Schemes) with the interest to be credited to the policy being linked to returns on investment but with a right to write down the value of the investment.	2%	0.075%	0.0375%
4	Investment Linked Unit Linked Individual Life Business				
41	Unit Linked life policies with a maturity guarantee	Unit linked policies with the policy value being linked to the value of one or more underlying funds but with a guarantee at maturity based on parameters other than the value of the underlying funds.	2%	0.075%	0.0375%
42	Unit Linked life policies without a maturity guarantee	Unit linked policies with the policy value being linked to the value of one or more underlying funds and without any guarantee at maturity	1%	0.075%	0.0375%
43	Unit Linked annuities with guarantees	Unit linked annuities with the annuity value being based on the value of one or more underlying funds but with a guarantee of the minimum amount payable based on parameters other than the value of the underlying funds.	2%	0%	0%
44	Unit Linked policies without a guarantee	Unit linked annuities with the annuity value being based on the value of one or more underlying funds and without any guarantee of the amount of annuity to be paid.	1%	0%	0%
43	Unit Linked pensions with guarantees		2%	0%	0%
44	Unit Linked Pensions without guarantees		1%	0%	0%
5	Investment Linked Unit Linked Group Life Business				
51	Managed Fund Contracts	Managed Fund Contracts (typically for Group Pension Schemes) with the amount payable being linked to the value of one or more underlying funds and without any guarantee.	1%	0%	0%

ANNEXURE IV

Financial Condition Report Requirements

[See Rule 22]

1. Interpretation. – In this Annexure ---

- (i) “extra premium” means a charge for any risk not provided for in the minimum contract premium;
- (ii) “individual business” means individual insurance contracts issued on single/joint lives;
- (iii) “inter valuation period” means, as respects any valuation, the period of the valuation date of that valuation from the valuation date of the preceding valuation in connection with which an abstract was prepared under the Ordinance or, in a case where no such valuation has been made in respect of the class of business in question, from the date on which the insurer began to carry on that class of business;
- (iv) “maturity date” means a fixed date on which benefit may become payable either absolutely or contingently;
- (v) “office yearly premium” means regular premium (excluding extra premiums which are required to be shown separately) payable by the policyholder to secure the basic benefits under the policy in a policy year;
- (vi) “riders” or “rider benefits” means add-on benefits, which are in addition to basic benefits under a policy; and
- (vii) “valuation date” means as respects any valuation the date as at which the valuation is made.

2. Requirements Applicable to FCR. – (1) An insurer shall prepare the following statements which shall be annexed to the financial condition report separately for each statutory fund annually. Where financial condition report relates to a shorter period the forms may be adjusted accordingly:-

(a) in respect of Investment Linked Business:

- (i) Form LB-1;
- (ii) Form LB-2;
- (iii) Form LB-3;
- (iv) Form DD;
- (v) Form DDD; and
- (vi) Form DDDD;

(b) in respect of Non-Investment Linked Business:

- (i) Form NLB-1;
- (ii) Form DD;
- (iii) Form DDD; and
- (iv) Form DDDD;

(c) in respect of Universal Life and Universal Life Hybrid Business:

- (i) Form ULB-1;
- (ii) Form DD;
- (iii) Form DDD; and
- (iv) Form DDDD;

(d) in respect of Accident and Health Insurance Business, -

- (i) Form NLB-1.

(e) Summary statements:

- (i) Form H;
- (ii) Form I; and
- (iii) Statement of Composition and Distribution of surplus in respect of policyholders' fund as specified under Clause 7.

(2) Each financial condition report shall state and, wherever applicable, provide written evidence with respect to the following:-

- (a) the date at which the valuation of policyholders liabilities was performed;
- (b) the Statement required under sub-section (3) of section 50 of the Ordinance;
- (c) a statement of any reservations or qualifications, including any material matters and reasons thereof in which the appointed actuary has been unable to comply with any relevant professional standards issued by the Pakistan Society of Actuaries;
- (d) a brief description of:-
 - (i) The total business underwritten by the life insurer and its respective share with respect to each statutory fund in which it is written;
 - (ii) the reinsurance arrangements of the life insurer;
 - (iii) the assets of the life insurer;
 - (iv) the investment policy of the life insurer;
 - (v) where applicable, the unit pricing policy of the life insurer ; and
 - (vi) Such other matters with respect to the business of the life insurer as the appointed actuary believes should be brought to the attention of the life insurer;
- (e) a statement of the appointed actuary's opinion with respect to the adequacy of premium rates and charges in respect of policies underwritten by the life insurer. This shall relate to both policies in force at the valuation date and policies being underwritten after the valuation date. In the case of participating policies the appointed actuary shall state whether premium rates applicable to new business are capable of supporting bonus rates last declared and, if not, the steps taken to manage policyholders' reasonable expectations;
- (f) a statement of the appointed actuary's valuation of policyholders' liabilities according to the minimum valuation basis prescribed under sub-section (5) of section 50 of the Ordinance including details of:
 - (i) the general principle adopted in the valuation of each class of business and group of policies in force at the valuation date and the reasons thereof;

- (ii) the methods adopted in the valuation;
 - (iii) policies which under the valuation methods would be treated as an asset, and actions taken to identify and eliminate such assets from the valuation;
 - (iv) bases adopted for mortality and morbidity; and
 - (v) procedure adopted for currency exchange rates and justification thereof.
- (g) where sub-section (6) of section 50 applies, a statement of the appointed actuary's valuation of policyholders' liabilities under that sub-section;
- (h) Where applicable a statement of the appointed actuary's determination of the surplus including surplus arising on participating life insurance business, surplus adjustment, and expense adjustment;
- (i) a statement by the appointed actuary, expressing an opinion as to whether:-
- (i) the basis of distribution of revenues and expenses between the statutory and other funds of the life insurer and between classes of policyholder within statutory funds and appropriateness of such distribution;
 - (ii) the surplus attributed to participating policyholders has been determined in accordance with provisions of the Ordinance;
 - (iii) in relation to its each statutory fund, whether the life insurer has complied as of valuation date with the provisions of sub-sections (3), (4) and (5) of section 35 of the Ordinance, relying on the audited statements of admissible assets; and
 - (iv) the life insurer has adequate capital to continue its business at planned levels for a period of not less than five years.
- (j) a statement by the appointed actuary to the effect that:-
- (i) the data furnished by the principal officer has been included in conducting the valuation of liabilities for the purpose of investigation;
 - (ii) reasonable steps have been taken to ensure the accuracy and completeness of the data;
 - (iii) he has complied with the provisions of the Ordinance;
 - (iv) he has complied with guidance notes issued by the Pakistan Society of Actuaries; and
 - (v) in his opinion, the mathematical reserves are adequate to meet the insurer's future commitment under the contracts.

3. Further information. – In addition to the information required to be provided the following information shall also be appended:-

- (i) return on assets as specified under clause 4;
- (ii) distribution of surplus as specified under clause 5;
- (iii) principles adopted in distribution of surplus as specified under clause 6; and
- (iv) miscellaneous, if any.

4. Returns on assets. – (1) The average gross rates of return yielded by the assets may be determined expressing the investment income as percentage of the mean fund. $[i = 2 \times I / (A + B - I)]$; where i is the gross yield; I = investment income; A = the assets at the beginning of the financial year, and B = the assets at the end of the financial year]. A more accurate determination may also be carried out in which case this should be supported by an explanation of the method used.

(2) The average gross rates of return, referred to under sub-clause (1), shall be furnished for each statutory fund maintained by a life insurer. In the case of investment linked funds the returns shall be provided separately for each fund and for non-linked assets.

5. Distribution of surplus. – The basis adopted in the distribution of surplus as between the shareholders and the policyholders, and whether such distribution was determined by the instruments constituting the company, or by its regulations or by-laws or how otherwise shall be mentioned.

6. Principles adopted in distribution of profits. – The general principles adopted in distribution of profits among policyholders, including statements on following points, shall be furnished:-

- (i) whether the principles were determined by instruments constituting the life insurer, or by its regulations or by-laws or how otherwise;
- (ii) the number of years for which premium is to be paid, period to elapse and other conditions to be fulfilled before a bonus is allocated;
- (iii) whether the bonus is allocated in respect of each year's premium paid, or in respect of each calendar year or year of assurance or how otherwise; and
- (iv) whether the bonus vests immediately on allocation, or, if not, conditions of vesting.

7. Statement of composition of surplus and distribution of surplus in respect of policyholders' fund.

– (1) A statement showing total amount of surplus arising during the inter- valuation period and the allocation of such surplus, shall be furnished separately for each statutory fund as per Form L.

(2) A statement of Specimen of Bonuses allotted to policies for one thousand rupees together with the amounts apportioned under the various manners in which the bonus is receivable, for each type of participating products, shall be furnished.

FORM DD
(See Clause 2)

**CLASSIFIED STATEMENT OF LIFE INSURANCE POLICIES FOR THE YEAR ENDED
31ST DECEMBER, 20__**
(Direct Business plus reinsurance accepted, if any)

Name of Insurer:
Statutory Fund:

Item No.	Description	New business transacted during the year						Total business in force at the end of the year				
		Number of policies	Sums Assured	Annuity pa	Annualized Premium	Single Premiums	Number of policies	Sum Assured	Annuity pa	Vested Bonus	Annualized Premium	Single Premium
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
A	An Individual Life Business											
	(a) Regular Premium Contracts;											
	(b) Single Premium Contracts;											
	(c) Others											
B	Group Business											
	(a) Group Policies with Cash Value											
	(b) Group Policies without Cash Values											
C	Annuity Business											
	(a) Immediate Annuities											
	(b) Deferred Annuities											

Notes to Form DD-

1. All amounts must be furnished in thousands of Pak rupees.
2. In respect of Group Business, number of group schemes shall be furnished under the column: 'number of policies'.
3. 'Premium' refers to Annualised Premium.
4. 'Single Premium' includes consideration for immediate or deferred annuities and all other premiums paid at the outset of the contracts and no subsequent premium is payable.
5. All amounts stated shall be total gross amounts without taking into account reinsurance ceded or accepted.
6. Column (2) Item A(c) "Others" includes paid-up contracts where no premium is payable in future.
7. Annualized premiums shall be calculated as modal installment premium multiplied by the number of installments payable in a year. For policies which are subject to increase, the annualized premium shall reflect the premium amount at the date of the valuation.

FORM DDD
(See Clause 2)

ADDITIONS TO AND DELETIONS FROM POLICIES FOR THE YEAR ENDED

31st December, 20__

Name of Insurer: Statutory Fund:

Item No.	Description	Number of policies (Individual Business)	Sum Assured (Individual Business)	Annuity pa	Reversionary bonus additions	Annualized Premiums	Single Premium
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Policies at the beginning of the period						
	ADDITIONS during the period:						
2	New Policies issued						
3	Old policies revived/reinstated						
4	Old policies changed and increased						
5	Bonus additions allotted/increases						
6	Total additions (Sum of items 2 to 5)						
	DELETIONS during the period						
7	By death						
8	By survivance or the happening of contingencies insured against, other than death						
9	By expiry of term under temporary insurance						
10	By surrender of policy						
11	By surrender of bonus						
12	By forfeiture or lapse						
13	By change and decrease						
14	By being not taken up						
15	Total discontinued: (Sum of items 7 to 14)						
16	Total existing at the end of the period: [(1) + (6) – (15)]						

Notes to Form DDD-

1. All amounts must be furnished in thousands of Pak Rupees.
2. All amounts stated shall be total gross amounts without taking into account of re-insurances ceded or accepted.
3. Annualized premiums shall be calculated as a modal installment premium multiplied by the number of installments payable in a year. For policies which are subject to increase the Annualized Premium shall reflect the premium amount at the date of valuation, increases being reflected in row 5.

FORM DDDD
(See Clause 2)

PARTICULARS OF POLICIES FORFEITED OR LAPSED IN THE LAST YEAR UNDER REVIEW AND OF POLICIES REVIVED AND REINSTATED FOR FULL BENEFITS CLASSIFIED ACCORDING TO THE YEAR IN WHICH THEY WERE ISSUED ---FOR THE YEAR ENDED 31ST December 20__.

Name of Insurer:
Statutory Fund:

Item No	Year in which policies were issued	POLICIES FORFEITED/LAPSED				POLICIES REVIVED AND REINSTATED FOR FULL BENEFITS			
		Number of policies	Sum Assured	Annuity pa	Annualized Premium	Number of policies	Sum Assured	Annuity pa	Annualized Premium
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Year ending __ , being the year under review								
2	Year ending __ , being the year previous to that under review								
3	Year ending __ , being the year previous to that under review ...								
4	Year ending __ , being the year previous to that under review								
5	Year ending __ , being the year previous to that under review								
6	Year ending __ , being the year and earlier								

Notes to Form DDDD-

1. This form shall be completed for all regular premium individual life policies.
2. All amounts must be furnished in thousand of Pak Rupee.
3. All amounts stated shall be total gross amounts without taking into account of re-insurance ceded or accepted.
4. For Col (2), for instance, valuation date is 31.12.2010. Item 01 should relate to the year ending on 31.12.2010. Item 02 should relate to the year ending on 31.12.2009. Item 03 should relate to the year ending on 31.3.2008, and so on. Item 06 should relate to the year ending on 31.12.2005 and earlier.

FORM LB-1

(See Clause 2)

PARTICULARS OF POLICIES AND VALUATION DETAILS AS AT 31st December, 20__.

(Direct Business plus reinsurance accepted less reinsurance ceded)

Name of Insurer: Statutory Fund:

		PARTICULARS OF POLICIES			VALUATION DETAILS		
Item No.	Description	Number of policies	Sum Assured	Office Premium yearly	Unit Liabilities	Non Unit Liabilities	Mathematical Reserves
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	(A) Insurance Product: i) Regular premium ii) Single premium iii) Fully paid up iv) Reduced paid up (B) Insurance Product: i) Regular premium ii) Single premium iii) Fully paid up iv) Reduced paid up						
2	Rider benefits, specify						
3	Other adjustments, specify						
4	Total before reinsurance						
5	Deduct reinsurance ceded						
6	Total after reinsurance						

Note to Form LB-1 -

1. Particulars have to be given separately for each product for which separate approval has been obtained from the SECP.
2. All amounts should be in thousands of Pak Rupees.
3. Column (8) = Column (6) + Column (7).

FORM LB-2*(See Clause 2)***STATEMENT OF NET ASSET VALUES FOR THE UNIT LINKED FUNDS MAINTAINED BY THE INSURER FOR ITS LINKED BUSINESS FOR THE FINANCIAL YEAR ENDED****31ST DECEMBER 20** _____

Name of Insurer:

Statutory Fund:

Item No.	Description	<i>Unit Linked Fund (1)</i>	<i>United Linked Fund (2)</i>	<i>Unit Linked Fund (3)</i>	<i>...</i>	<i>Total</i>
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Fund brought forward					
2	Value of creation of units					
3	Increase (decrease) in value of investments in the financial year					
4	Other income					
5	Total income (Sum 1 to 4)					
6	Value of cancellation of units					
7	Management charges					
8	Tax paid					
9	Other expenditure					
10	Increase (decrease) in provisions					
11	Total expenditure (Sum 6 to 10)					
12	Fund carried forward					
13	Total Number of Units:					
14	Net Asset Value per Unit					

Notes to Form LB-2:

1) All amounts must be in thousands of Pak Rupees.

FORM LB-3

(See Clause2)

STATEMENT OF ANALYSIS OF UNITS IN UNIT LINKED FUNDS AS AT

31 DECEMBER 20__

Name of Insurer: Statutory Fund:

ITEM NO.	DESCRIPTION	<i>NUMBER OF UNITS IN</i>				
		<i>Unit Linked Fund 1</i>	<i>Unit Linked Fund 2</i>	<i>Unit Linked Fund 3</i>	<i>.....</i>	<i>Total</i>
		(3)	(4)	(5)	(6)	(7)
(1)	(2)					
1	a) Insurance Product 1					
2	b) Insurance Product 2					
3	c) Insurance Product 3					
4	Total					

FORM NLB-1

(See Clause 2)

PARTICULARS OF POLICIES AND VALUATION DETAILS AS AT 31st December 20___.

(Direct Business plus reinsurance accepted less reinsurance ceded)

Name of Insurer:
Statutory Fund:

Item No.	Description	PARTICULARS OF POLICIES							VALUATION				
		Number of policies	Sums Assured	Annuity pa	Vested Bonuses	Office Yearly Premium	Net Yearly Premium	Sum Assured	Vested Bonuses	Annuity pa	Office Yearly Premium	Net Yearly Premium	Mathematical Reserves excluding cost of bonuses allocated
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	(a) Insurance Product: i) Regular premium ii) Single premium iii) Fully paid up iv) Reduced paid up (b) Insurance Product: i) Regular premium ii) Single premium iii) Fully Paid up iv) Reduced paid up												
2	Rider benefits, specify												
3	Other adjustments, specify												
4	Total before reinsurance												
5	Reinsurance ceded												
6	Total after Reinsurance												

Note to Form NLB-1:

- All amounts should be in thousands of Pak Rupees.
- Particulars have to be given separately for each product for which separate approval has been obtained from the SECP.
- Information relating to insurance products shall be given in the following order of insurance products, wherever required:
 Whole Life Assurances.
 Endowment Assurances.

Anticipated Endowment Plans (Money Back Plans).
Pure Endowments.
Term Insurance Contracts.
Group Term Insurance Contracts.
Group Endowment Contracts.
Others (specifying each).

FORM ULB 1

(See Clause 2)

PARTICULARS OF POLICIES AND VALUATION DETAILS AS AT 31 DECEMBER 20__

(Direct Business plus reinsurance acceptance less reinsurance ceded)

Name of Insurer:
Statutory Fund:

		<i>PARTICULARS OF POLICIES</i>			<i>VALUATION DETAILS</i>		
Item No.	Description	Number of policies	Sum Assured	Office yearly Premium	Fund Liabilities	Non Fund Liabilities	Mathematical Reserves
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	(A) Insurance Product: i) Regular premium ii) Single premium iii) Fully paid up iv) Reduced Paid up						
2	(B) Insurance Product: i) Regular premium ii) Single premium iii) Fully paid up iv) Reduced paid up						
3	Rider Benefits, specify						
4	Other adjustments, specify						
5	Total before reinsurance						
6	Deduct reinsurance ceded						
7	Total after reinsurance						

Note to Form ULB-1 -

- Particulars have to be given separately for each product for which separate approval has been obtained from the SECP.
- All amounts should be in thousands of Pak Rupees.
- Column (8) = Column (6) + Column (7).

FORM H
(See Clause 2)

SUMMARY OF VALUATION AS AT 31ST December, 20____.

Name of Insurer:

ITEM NO.	CATEGORY OF BUSINESS	COST OF ALLOCATED BONUSES (if applicable)	MATHEMATICAL RESERVES (INCLUSIVE OF COST OF BONUSES ALLOCATED)
(1)	(2)	(3)	(4)
1	Statutory Fund 1		
2	Statutory Fund 2		
3	Statutory Fund 3		
4	TOTAL		

Note to Form H -

1. All amounts should be in thousands of Pak Rupees.

FORM I
(See Clause 2)

VALUATION RESULTS AS AT 31st December, 20__

Name of Insurer: _____

ITEM NO	DESCRIPTION	BALANCE OF FUND SHOWN IN BALANCE SHEET BEFORE TRANSFER TO/FROM SHAREHOLDERS FUND	MATHEMATICAL RESERVES (EXCLUDING COST OF BONUSES ALLOCATED)	SURPLUS/ DEFICIT
(1)	(2)	(3)	(4)	(5)
1	Statutory Fund 1			
2	Statutory Fund 2			
3	Statutory Fund 3			
4	Total			

Note to Form I -

1. All amounts should be in thousands of Pak Rupees.
2. Col (5) = Col (3) - Col (4).

FORM L
(See Clause 7)

STATEMENT OF COMPOSITION OF SURPLUS AND DISTRIBUTION OF SURPLUS IN RESPECT OF POLICYHOLDERS' FUND

Name of Insurer:				
	Statutory Fund 1	Statutory Fund 2	Statutory Fund 3	Aggregate
<p>1. Policyholders' Liabilities</p> <p style="margin-left: 20px;">a. Balance at beginning of year</p> <p style="margin-left: 20px;">b. Increase/(decrease) during the year</p> <p style="margin-left: 20px;">c. Balance at end of year</p> <p>2. Retained Earnings attributable to policyholders (Ledger Account A)</p> <p style="margin-left: 20px;">a. Balance at beginning of year</p> <p style="margin-left: 20px;">b. Surplus allocated at beginning of year</p> <p style="margin-left: 20px;">c. Surplus adjustments (if any)</p> <p style="margin-left: 20px;">d. Bonus allocated during the year</p> <p style="margin-left: 20px;">e. Other movements (if any)</p> <p style="margin-left: 20px;">f. Balance at end of year</p> <p>3. Retained Earnings on par business attributable to shareholders – undistributable (Ledger Account B)</p> <p style="margin-left: 20px;">a. Balance at beginning of year</p> <p style="margin-left: 20px;">b. Surplus allocated at beginning of year</p> <p style="margin-left: 20px;">c. Surplus adjustments (if any)</p> <p style="margin-left: 20px;">d. Bonus allocated during the year</p> <p style="margin-left: 20px;">e. Other movements (if any)</p> <p style="margin-left: 20px;">f. Balance at end of year</p> <p>4. Retained Earnings on par business attributable to shareholders – distributable (Ledger Account C)</p> <p style="margin-left: 20px;">a. Balance at beginning of year</p> <p style="margin-left: 20px;">b. Surplus adjustments (if any)</p> <p style="margin-left: 20px;">c. Transfer from undistributed profits</p> <p style="margin-left: 20px;">d. Surplus apportioned to shareholders' fund</p> <p style="margin-left: 20px;">e. Other movements (if any)</p> <p style="margin-left: 20px;">f. Balance at end of year</p> <p>5. Retained Earnings on other than participating business (Ledger Account D)</p> <p style="margin-left: 20px;">a. Balance at beginning of year</p> <p style="margin-left: 20px;">b. Surplus allocated in respect of the year</p> <p style="margin-left: 20px;">c. Expense adjustment (if any)</p>				

<p>d. Surplus apportioned to shareholders fund e. Other movements (if any) f. Balance at end of year</p> <p>6. Capital contributed by shareholders' fund a. Balance at beginning of year b. Capital contributed during the year c. Capital withdrawn (returned) during the period d. Capital apportioned as bonus during the period e. Other increase/(decrease) f. Balance at end of year</p> <p>7. Accumulated Deficits (if any) a. Balance at the beginning of year b. Deficit arising during the year c. Less: amount set off against surpluses arising d. Balance at end of year</p> <p>8. Capital contributed less any accumulated deficits</p>				
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Note to Form L –

1. All amounts shall be in thousands of Pak Rupees.

ANNEXURE V

Minimum Valuation Basis

[See Rule 23]

1. Valuation of Assets.--Every life insurer shall prepare a statement of assets in accordance with the requirements of Form LI and LJ of these Rules.

2. Determination of Amount of Liabilities.--Every life insurer shall prepare a statement with respect to its liabilities in accordance with the requirement of this annexure.

3. Interpretation.--In this annexure, --

“Valuation date”, in relation to an actuarial investigation, means the date to which the investigation relates; and

“Actuarial Reserve” means the “minimum actuarial reserve for policyholder liabilities” as referred to in Section (50), sub section (5) of the Ordinance.

4. Method of Determination of Actuarial Reserves (for policies other than those covered by Clauses 8 and 9) —(1) Actuarial Reserves shall be determined separately for each contract by a prospective method of valuation in accordance with sub-clauses (2) to (5):

(2) For a whole life policy, the actuarial reserve shall not be less than the mathematical reserve of a policy calculated on the following assumptions:

- (i) The policy takes effect one year later than the actual date of commencement;
- (ii) Total number of years’ premium paid is reduced by one year;
- (iii) The interest rate is at the rate of interest in accordance with clause 6; and
- (iv) The mortality in respect of the life assured under the contract is in accordance with clause 6.

(3) For an endowment policy or a whole life policy where the premium paying period is not less than twenty years the actuarial reserve shall not be less than the mathematical reserve of a policy calculated on the following assumptions:

- (i) The policy takes effect one year later than the actual date of commencement;
- (ii) Total number of years’ premium paid is reduced by one year;
- (iii) The interest rate is at the rate of interest in accordance with clause 6; and
- (iv) The mortality in respect of the life assured under the contract is in accordance with clause 6.

(4) For an endowment policy or a whole life policy where the premium paying period is less than twenty years the actuarial reserve shall not be less than the mathematical reserve of a policy calculated on the assumptions in sub-clause (2), and to the reserve so obtained shall be added one twentieth the number of years by which the premium paying period falls short of twenty years of the difference between the reserve obtained on the assumptions in sub-clause (2) and the reserve obtained as follows:

- (i) The policy takes effect on the date it commenced and for the premium paying period mentioned therein;
- (ii) Total number of years’ premium paid is unadjusted
- (iii) The interest rate is at the rate of interest in accordance with clause 6; and

- (iv) The mortality in respect of the life assured under the contract is in accordance with clause 6.

(5) For a single premium policy the actuarial reserve shall not be less than the mathematical reserve calculated on the following assumptions:

- (i) The interest rate is at the rate of interest in accordance with clause 6; and
- (ii) The mortality in respect of the life assured under the contract is in accordance with clause 6.

5. Considerations in determination of Actuarial Reserves under Clause 4 — (1) The valuation method shall take into account all prospective liabilities as determined by the policy conditions for each existing contract taking credit for premiums payable after the valuation date.

(2) The appointed actuary shall take appropriate steps to ensure that the amount of actuarial reserve for any policy is not “negative”

(3) The valuation method shall be the “Net Premium Method”.

(4) If in the opinion of the appointed actuary, a method of valuation other than the Net Premium Method of valuation is to be adopted, then, other approximations (e.g. retrospective method) may be used:

Provided that where the appointed actuary is satisfied that the amount of calculated reserve is expected to be at least equal to the amount that shall be produced by the application of the Net Premium Method.

(5) The method of calculation of the amount of liabilities and the assumptions for the valuation parameters shall not be subject to arbitrary discontinuities from one year to the next.

6. Valuation Parameters (applicable to clauses 4 & 5) — (1) The valuation parameters shall constitute the bases on which actuarial reserves have to be computed.

(2) **Mortality rates** to be used shall be in accordance with the table of mortality rates prescribed by the Pakistan Society of Actuaries.

(3) **Morbidity rates** to be used shall be by reference to a table, the use of which can be justified by the appointed actuary.

(4) **Valuation rates of interest**, to be used by appointed actuary, subject to the following, shall be an effective rate of 3.75% per annum.

- (a) this rate shall be subject to review by the Pakistan Society of Actuaries from time to time; and
- (b) other parameters, may be taken into account, depending on the type of policy. In establishing the values of such parameters, the considerations set out in this Annexure shall be taken into account.

7. Applicability to Reinsurance.—(1) This annexure shall be applicable on both Gross of reinsurance and Net of reinsurance valuation of business.

8. Requirements for Linked Business.—(1) Reserves in respect of linked business shall consist of two components, namely, unit reserves and non-unit reserves.

(2) Unit reserves shall be calculated in respect of the units allocated to the policies in force at the valuation date using unit values at the valuation date.

(3) Non-unit reserves shall be determined by the Appointed Actuary using generally accepted actuarial principles. These reserves shall also take into account guarantees, if any, relating to surrender values or minimum death and maturity benefits.

9. Requirements for Universal Life and Universal Life Hybrid Business. – (1) Reserves in respect of universal life and universal life hybrid business shall consist of two components, namely, fund reserves and non-fund reserves.

(2) Fund reserves shall be the account value at the valuation date of the policies in force at the valuation date.

(3) Non-fund reserves shall be determined by the Appointed Actuary using generally accepted actuarial principles. These reserves shall also take into account guarantees, if any, relating to surrender values or minimum death and maturity benefits.

10. Requirements for other business. – Reserves in respect of business not mentioned in these regulations shall be determined by the Appointed Actuary using generally accepted actuarial principles and provisions of Guidance Notes issued by the Pakistan Society Actuaries.

11. Additional Requirements for Provisions.--- The appointed actuary shall make aggregate provisions in respect of the following, where it is not possible to calculate mathematical reserves for each policy, in the determination of mathematical reserves:

- a) policies in respect of which extra premiums have been charged on account of underwriting of under-average lives that are subject to extra risks such as occupational hazard, over-weight, under-weight, smoking history, health, climatic or geographical conditions;
- b) lapsed policies not included in the valuation but under which a liability exists or may arise;
- c) options available under individual and group insurance policies;
- d) guarantees available to individual and group insurance policies;
- e) the rates of exchange at which benefits in respect of policies issued in foreign currencies have been converted into Pakistan Rupees and what provision has been made for possible increase of mathematical reserves arising from future variations in rates of exchange;
- f) expenses reserves where the expected future expenses exceed the margins built in the pricing of products; and
- g) Other, if any.

12. Statement of Liabilities-- An insurer shall furnish a statement of liabilities in accordance with this Annexure.

Annexure – VI

[See Rule 39(1)(g)]

Information to be provided

by proposed director and proposed chief executive of the insurance broker

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1.	Curriculum Vitae/Resume containing:
a	Name: (former name if any):
b	Father's or Husband Name:
c	C.N.I.C # (attach copy)
d	Nationality:
e	Age:
f	Contact details:
	i) Residential address:
	ii) Business address:
	iii) Tel:
	iv) Mobile:
	v) Fax:
	vi) E-mail:
g	National Tax Number:
h	Present occupation:
i	Qualification(s):
	i) Academic:

	ii) Professional:
j	Experience (Positions held during the last 10 years along with name and address of company/ institution)
2	<p>Nature of directorship Executive <input type="checkbox"/> n-executive <input type="checkbox"/></p> <p>Status of directorship Nominee director <input type="checkbox"/></p> <p>Number of shares subscribed or held _____</p> <p>Nominated by _____ (name of shareholder)</p>
3	Names of companies, firms and other organizations of which the proposed person is a director, partner, office holder.
4	In the case of appointment of directors the date of board of directors' meeting in which the appointment of proposed director was approved. (Attach copy of the minutes of the meeting of the board of directors. If the director is elected, then attach a copy of the minutes of the general meeting of the company.)

* Latest Photograph of the applicant must be attached

Signature _____

*use additional sheets if required

Annexure – VII

Declaration for the Purposes of Sub-rule 1(g) of Rule 39 of the Insurance Rules, 2017

(On stamp paper of appropriate value)

I, _____ son/daughter/wife of _____ adult, resident of _____ and holding CNIC/Passport No. _____ do hereby state on solemn affirmation as under:-

1. That I am eligible for the position of _____ according to the Insurance Rules, 2017 for the position of _____ in _____.
2. That I hereby confirm that the statements made and the information given by me is correct and that there are no facts which have been concealed.
3. That I have no objection if the Securities and Exchange Commission of Pakistan requests or obtains information about me from any third party.
4. That I undertake that I and the companies, firms, sole proprietorship etc. where I am a chief executive, director (other than nominee director), owner or partner etc. have no overdue payment of any financial institution.
5. That I undertake to bring to the attention of the Securities and Exchange Commission of Pakistan any matter which may potentially affect my status for the position of _____ as per the Insurance Rules, 2017.
6. That all the documents provided to the Securities and Exchange Commission of Pakistan are certified true copies of the originals.

DEPONENT

The Deponent is identified by me

Signature _____

ADVOCATE

(Name and Seal)

Solemnly affirmed before me on this _____ day of _____ at _____ by the Deponent above named who is identified to me by _____, Advocate, who is known to me personally.

Signature _____

(Name and Seal)