

CHUBB INSURANCE PAKISTAN LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024



INDEPENDENT AUDITOR'S REPORT

To the members of Chubb Insurance Pakistan Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Chubb Insurance Pakistan Limited** (the Company), which comprise the statement of financial position as at December 31, 2024, and the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2024 and of the profit, the total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

A/As



Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



A.F. FERGUSON & Co.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and;
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Shahbaz Akbar**.

A handwritten signature in blue ink, appearing to read 'A. Ferguson & Co.'.

A. F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: March 28, 2025

UDIN: AR202410068vZ9VgsM2R

CHUBB INSURANCE PAKISTAN LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	Note	2024	2023
		(Rupees)	
Assets			
Property and equipment	5	77,007,270	46,548,297
Investments			
Debt securities	6	2,384,601,859	1,605,750,894
Term deposits	7	246,870,409	65,000,000
Loans and other receivables	8	141,484,972	118,693,778
Insurance / reinsurance receivables	9	414,240,871	613,152,586
Reinsurance recoveries against outstanding claims	20	2,935,900,670	1,064,486,112
Deferred commission expense / acquisition cost	21	32,227,453	23,457,607
Deferred taxation - net	10	7,614,877	16,474,305
Taxation - payments less provision		18,960,728	-
Prepayments	11	251,077,654	180,647,688
Cash and bank	12	145,984,484	384,848,540
TOTAL ASSETS		6,655,971,247	4,119,059,807
Equity and liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	13	500,000,000	500,000,000
Reserves	14	35,240,663	28,952,387
Unappropriated profit		1,496,469,254	1,013,783,458
TOTAL EQUITY		2,031,709,917	1,542,735,845
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	20	3,233,565,924	1,310,705,922
Unearned premium reserves	19	871,186,676	876,796,159
Unearned reinsurance commission	21	44,545,219	34,009,416
Taxation - payments less provision		-	74,287,060
Retirement benefit obligations	15	8,444,769	20,525,854
Premium received in advance		3,993,110	1,104,376
Insurance / reinsurance payables	16	312,699,688	132,241,212
Other creditors and accruals	17	149,825,944	126,653,963
TOTAL LIABILITIES		4,624,261,330	2,576,323,962
TOTAL EQUITY AND LIABILITIES		6,655,971,247	4,119,059,807
Contingencies and commitments	18		

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

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Chairman


Chief Executive


Director


Director

CHUBB INSURANCE PAKISTAN LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	2024	2023
		(Rupees)	
Net insurance premium	19	857,738,452	874,270,129
Net insurance claims	20	(88,510,016)	(174,660,408)
Net commission and other acquisition costs	21	20,372,459	9,642,732
Insurance claims and acquisition expenses		(68,137,557)	(165,017,676)
Management expenses	22	(325,964,580)	(243,036,693)
Underwriting results		463,636,315	466,215,760
Investment income	23	380,210,136	285,577,655
Other income	24	10,181,598	11,111,107
Other expenses	25	(28,637,630)	(24,900,476)
Profit before taxation		825,390,419	738,004,046
Income tax expense	26	(338,962,189)	(291,881,823)
Profit after taxation		486,428,230	446,122,223
Other comprehensive loss			
Items that will never be reclassified to profit or loss in subsequent years			
Remeasurement of post employment benefit obligations	15.5	(6,135,137)	(22,130,566)
Taxation thereon		2,392,703	8,630,921
		(3,742,434)	(13,499,645)
Items that may be reclassified to profit or loss in subsequent years			
Unrealised gain / (loss) on revaluation of available-for-sale investments		308,007	(882,686)
Taxation thereon		(120,123)	344,248
		187,884	(538,438)
Other comprehensive loss for the year		(3,554,550)	(14,038,083)
Total comprehensive income for the year		482,873,680	432,084,140
Earnings (after tax) per share - Rupees	27	9.73	8.92

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

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Syed Ullah
Chairman

Huzefa Chaudhry
Chief Executive

Asif
Director

Ali
Director

CHUBB INSURANCE PAKISTAN LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024

	Issued, subscribed and paid-up share capital	Reserves				Total
		Capital reserves			Revenue reserves	
		Advance against future issue of shares	Share-based payment contribution reserve	Unrealised loss on revaluation of available-for- sale securities - net of tax	Unappropriated profit	
(Rupees)						
Balance as at January 1, 2023	500,000,000	11,450	24,180,984	-	581,160,880	1,105,353,314
Employee benefit cost under IFRS 2 - 'Share-based payment' - note 22.2	-	-	5,298,391	-	-	5,298,391
Total comprehensive income for the year						
Profit after taxation	-	-	-	-	446,122,223	446,122,223
Other comprehensive loss						
Remeasurement of post employment benefit obligations - net of tax	-	-	-	-	(13,499,645)	(13,499,645)
Unrealised loss on the revaluation of available-for-sale investments	-	-	-	(538,438)	-	(538,438)
	-	-	-	(538,438)	432,622,578	432,084,140
Balance as at December 31, 2023	500,000,000	11,450	29,479,375	(538,438)	1,013,783,458	1,542,735,845
Employee benefit cost under IFRS 2 - 'Share-based payment' - note 22.2	-	-	6,100,392	-	-	6,100,392
Total comprehensive income for the year						
Profit after taxation	-	-	-	-	486,428,230	486,428,230
Other comprehensive loss						
Remeasurement of post employment benefit obligations - net of tax	-	-	-	-	(3,742,434)	(3,742,434)
Unrealised gain on the revaluation of available-for-sale investments	-	-	-	187,884	-	187,884
	-	-	-	187,884	482,685,796	482,873,680
Balance as at December 31, 2024	500,000,000	11,450	35,579,767	(350,554)	1,496,469,254	2,031,709,917

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

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Syed Uchail

Huzefa Chaudhry

Free

Free

CHUBB INSURANCE PAKISTAN LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	2024 ----- (Rupees) -----	2023
OPERATING CASH FLOWS			
a) Underwriting activities			
Insurance premium received		2,267,254,421	2,164,671,660
Reinsurance premium paid		(939,094,571)	(1,478,578,778)
Claims paid		(489,211,186)	(333,416,387)
Reinsurance and other recoveries received		335,214,945	260,321,291
Commission paid		(82,815,031)	(66,973,195)
Commission received		76,082,106	131,764,949
Management expenses paid		(326,456,489)	(213,573,414)
Net cash generated from underwriting activities		840,974,195	464,216,126
b) Other operating activities			
Income tax paid		(421,077,969)	(214,986,312)
Other operating payments		(32,802,457)	(3,905,135)
Net cash used in other operating activities		(453,880,426)	(218,891,447)
Total cash generated from all operating activities		387,093,769	245,324,679
INVESTMENT ACTIVITIES			
Profit / return received		55,583,655	99,785,171
Payment for investments		(7,880,840,011)	(3,730,137,734)
Proceeds from investments		8,169,645,943	3,882,344,875
Proceeds from sale of property and equipment		4,250,000	-
Fixed capital expenditure		(47,229,246)	(3,700,329)
Total cash generated from investing activities		301,410,341	248,291,983
Net cash generated from all activities		688,504,110	493,616,662
Cash and cash equivalents at the beginning of the year		1,814,470,117	1,320,853,455
Cash and cash equivalents at the end of the year	12.1	2,502,974,227	1,814,470,117
Reconciliation to profit after taxation in the Statement of Comprehensive Income			
Operating cash flows		387,093,769	245,324,679
Depreciation expense	5.1	(14,645,691)	(11,275,513)
Amortisation of discount		13,783,494	14,420,835
Gain on disposal of property and equipment	24	2,125,418	-
Unrealised gain on investments		6,803,613	25,133,988
Realised gain on sale of investments		301,264,088	152,977,502
Other investment income		55,583,655	99,785,171
Employee benefit cost under IFRS 2, 'Share based payment'		(6,100,392)	(5,298,391)
Increase in assets other than cash		1,858,882,209	259,485,211
Increase in other liabilities other than borrowings		(2,118,361,933)	(334,431,259)
Profit after taxation		486,428,230	446,122,223

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

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Syed U A Shah
Chairman

Huzefa Chaudhri
Chief Executive

Asif
Director

Ali
Director

CHUBB INSURANCE PAKISTAN LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

Chubb Insurance Pakistan Limited (the Company) is a wholly owned subsidiary of Chubb INA International Holdings Limited U.S.A. (Holding Company). The Company was incorporated in Pakistan on August 6, 2001 as a public limited company under the Companies Ordinance, 1984 (now the Companies Act, 2017) and is engaged in general insurance business. The ultimate parent company of the Company is Chubb Limited.

The registered office of the Company is located at 6th Floor, NIC Building, Abbasi Shaheed Road, Off: Shahrah-e-Faisal, Karachi, Pakistan.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

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

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain staff retirement benefits which are carried at present value of defined benefit obligation less fair value of plan assets, certain equity settled share based payments which are measured at their respective fair values at the grant date and certain investments which are carried at fair value.

2.3 Functional and presentational currency

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

2.4 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are effective in the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2024 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore, have not been detailed in these financial statements.

2.5 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are not yet effective

The following standards, amendments and interpretations of the accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 1, 2025:

Standards and amendments	Effective date (period beginning on or after)
- IAS 21 - 'The effects of changes in foreign exchange Rates' (amendments)	January 1, 2025
- IFRS 7 - 'Financial Instruments Disclosures' (amendments)	January 1, 2026*
- IFRS 9 - 'Financial instruments'	January 1, 2026
- IFRS 17 - 'Insurance contracts'	January 1, 2026**
- IFRS 18 - 'Presentation and Disclosure in Financial Statements' (amendments)	January 1, 2027

* The management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Further details relating to temporary exemption from the application of IFRS 9 are given in notes 2.5.1 and 2.5.1.1 to these financial statements.

** IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However, the Securities and Exchange Commission of Pakistan through S.R.O. 1715 (1)/2023 has directed companies engaged

The management is in the process of assessing the impacts of these standards and amendments on the financial statements of the Company.

2.5.1 Temporary exemption from application of IFRS 9

As an insurance company, the management has opted for temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Company doesn't engage in significant activities unconnected with insurance based on historical available information. Additional disclosures, as required by IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given in note 2.5.1.1 below.

2.5.1.1 Fair value of financial assets as at December 31, 2024 and change in the fair values during the year ended December 31, 2024

	As at December 31, 2024 (Rupees)
Financial assets with contractual cash flows that meet the SPPI criteria, excluding those held for trading	
<i>Debt securities - Held-to-maturity (note 6)</i>	
Opening fair value	226,933,794
Additions / (disposal) during the year - net	47,548,731
Decrease in fair value	(23,768,758)
Closing fair value	<u>250,713,767</u>
<i>Debt securities - Available-for-sale (note 6)</i>	
Opening fair value	1,364,621,577
Additions / (disposal) during the year - net	746,072,436
Decrease in fair value	(574,679)
Closing fair value	<u>2,110,119,334</u>

- 2.5.1.2 There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2025 but are considered not to be relevant or will not have any significant effect on the Company's operations and are therefore not stated in these financial statements.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies as stated below have been applied consistently to all years presented in these financial statements.

3.1 Property and equipment

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

Depreciation is charged to the statement of comprehensive income by applying the reducing balance method at the rates specified in note 5 to the financial statements. The assets' residual values and useful lives are reviewed at each reporting date and adjusted, if appropriate. Depreciation is charged on additions from the month of acquisition and on disposals upto the month of disposal.

An item of fixed assets is derecognised upon disposal and when no economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

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3.2 Insurance contracts

Insurance contracts are those contracts under which the Company as an insurer has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk changes significantly during this period, unless all rights and obligations are extinguished or expired.

The Company neither issues investment contracts nor does it issue insurance contracts with discretionary participation features (DPF).

The Company's insurance contracts are classified into the following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed:

a) Fire and property damage

Fire and property damage insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost due to fires, riots and strikes, explosions, earthquakes and other causes. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities. These contracts are generally one year contracts.

b) Marine, aviation and transport

Marine insurance covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination. These contracts are generally one year contracts.

c) Motor

Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident. These contracts are generally one year contracts.

d) Accident and health

This provides coverage for accidental death and disability as a result of accident, medical expenses attributable to sickness or infirmity and travel insurance.

e) Liability

Liability insurance contracts protect the insured against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. These contracts are generally one year contracts.

The Company also accepts insurance risk pertaining to insurance contracts of other insurer as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer. All reinsurance inward contracts are facultative (specific risk) acceptance contracts.

The accounting policies of the above mentioned insurance contracts have been disclosed in their respective notes to these financial statements.

3.3 Deferred commission expense / acquisition cost

Commission expense / acquisition cost incurred in obtaining and recording policies is deferred and recognised as an expense in accordance with the pattern of recognition of premium revenue.

3.4 Provision for unearned premium

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage. The Company recognises unearned portion of premium income as a liability, calculated as a proportion of the gross premium of individual policies, determined as the ratio of the unexpired period to the total period of the policy, both measured to the nearest day, in accordance with the option given in the Insurance Accounting Regulations, 2017.

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3.5 Premium deficiency reserve

The Company is required as per the Insurance Rules, 2017 to maintain a provision in respect of premium deficiency for the class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance from claims and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the premium deficiency reserve is recorded as an expense / income in the profit or loss in the statement of comprehensive income for the year.

At each reporting date, liability adequacy tests are performed separately for each class of business to ensure the adequacy of the unearned premium liability for that class. It is performed by comparing the expected future liability, after reinsurance from claims and other expenses, including reinsurance expense, commission and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date with the carrying amount of unearned premium liability. Any deficiency is recognised by establishing a provision (premium deficiency reserve) to meet the deficit. The expected future liability is estimated with reference to the experience during the expired period of the contracts, adjusted for significant individual losses which are not expected to recur during the remaining period of the policies, and expectations of future events that are believed to be reasonable. The expected ultimate net claim ratios for the unexpired periods of policies in force at reporting date for relevant classes of business are as follows:

	2024	2023
Fire and property damage	16%	23%
Marine, aviation and transport	2%	-29%
Accident and health	7%	40%

Based on an analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned premium reserve for each line of business as at the year end is adequate to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the reporting date in respect of policies in those classes of business in force at the reporting date.

3.6 Prepaid reinsurance premium ceded

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

- (a) For proportional reinsurance ceded, evenly over the period of the underlying policies; and
- (b) For non-proportional reinsurance ceded, evenly over the period of indemnity.

3.7 Unearned reinsurance commission

Commission received from reinsurers is deferred and recorded as a liability. It is recognised in the profit or loss in the statement of comprehensive income as revenue in accordance with the pattern of recognition of reinsurance premium to which it relates.

3.8 Reinsurance contracts held

These are contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued. These reinsurance contracts are treaty arrangements. The Company recognises the entitled benefits under the contracts as various reinsurance assets and liabilities. Reinsurance assets and liabilities are derecognised when contractual rights are extinguished or expired.

The deferred portion of reinsurance premium is recognised as a prepayment. The deferred portion of reinsurance premium ceded is calculated by using the 365 days method.

3.9 Receivables and payables related to insurance contracts

3.9.1 Amounts due to / from other insurers / reinsurers

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

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3.9.2 Due from insurance contract holders

Premium / premium adjustments not yet processed but relating to the financial year, so far as is practicable, is recognised as a receivable and earned over the period covered by the policy. These are recognised at cost, which is the fair value of the consideration receivable, less provision for impairment, if any.

3.10 Segment reporting

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

The Company accounts for segment reporting using the classes of business as specified under the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017. The reported operating segments are also consistent with the internal reporting process of the Company for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

Based on its classification of insurance contracts issued, the Company has five primary business segments for reporting purposes namely fire, marine, motor, accident and health and liability. The nature and business activities of these segments are disclosed in note 3.2.

Assets, liabilities and capital expenditure are allocated to particular segments on the basis of premium earned. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Further, the management expenses were allocated to each segment on the basis disclosed in note 3.22.

3.11 Loans and other receivables

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

3.12 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement include policy and revenue stamps, cash at bank, term deposits having original maturity within 3 months and government securities having original maturity within 3 months.

3.13 Revenue recognition

a) Premium

Premium including administrative surcharge under all types of insurance contracts is recognised as written from the date of issuance of policy / cover note (i.e. the date of attachment of risk).

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

Endorsement and other adjustments in the existing policy is recognised as an adjustment to the premium in the year in which the endorsement / adjustment is made.

Revenue from premium is determined after taking into account the unearned portion of premium. The unearned portion of premium income is recognised as a liability (refer note 3.4).

Reinsurance premium is recognised as an expense after taking into account the proportion of deferred premium expense which is calculated using the 365 days method. The deferred portion of premium expense is recognised as a prepayment.

b) Commission income

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognised as liability and recognised in profit or loss in the statement of comprehensive income as revenue in accordance with the pattern of recognition of the reinsurance premium.

c) Investment income

Interest / mark-up on bank balances, term deposits and government securities is recognised on an accrual basis using the effective interest method.

d) Other income

Gain or loss on sale of property and equipment is recognised when the asset is derecognised.

e) Survey fee income

Survey fee income is recognised when the surveyor / co-insurer has billed the amount to the Company whether or not the bill has been generated against the broker of insured.

3.14 Financial instruments**3.14.1 Financial assets****3.14.1.1 Classification**

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

a) At fair value through profit or loss

These financial assets are acquired principally for the purpose of generating profit from short-term fluctuation in prices or are part of a portfolio for which there is a recent actual pattern of short-term profit taking. Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with the resulting gain or loss being included in the profit or loss in the statement of comprehensive income for the period in which it arises.

b) Available-for-sale

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

c) Held-to-maturity

These are non-derivative financial assets with fixed or determinable payments and fixed maturity, in respect of which the Company has the positive intention and ability to hold to maturity. Subsequently, these are measured at amortised cost using the effective yield less provision for impairment losses, if any.

d) Loans and receivables

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

3.14.1.2 Initial recognition and measurement

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

3.14.1.3 Subsequent measurement

Financial assets classified as 'financial assets at fair value through profit or loss' are subsequently measured at their fair values and gains and losses arising from changes in fair value are included in the profit or loss. Financial assets classified as 'available-for-sale' are also subsequently measured at fair value. The gain / loss on remeasurement is taken to equity. Financial assets classified as 'held-to-maturity' and 'loan and receivables' are subsequently measured at amortised cost less any impairment losses, taking into account any discount or premium on acquisition by using the effective interest rate method.

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3.14.1.4 Impairment of financial assets

For financial assets classified as 'loans and receivables', 'available-for-sale' and 'held-to-maturity', a provision for impairment is recognised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. In case of equity securities, a significant or prolonged decline in their values below cost is considered as an evidence of impairment. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash outflows, discounted at the original effective interest rate.

Financial assets are written off by the Company, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

3.14.1.5 Derecognition

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

3.14.2 Financial liabilities

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

3.15 Offsetting of financial assets and financial liabilities

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

3.16 Provisions, contingent assets and contingent liabilities

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

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

3.17 Provisions for outstanding claims including Incurred But Not Reported (IBNR) claims

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

Outstanding claims

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

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

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

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Incurred But Not Reported (IBNR) claims

The Company recognises a liability in respect of all claims incurred up to the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims includes amounts in relation to unpaid reported claims, IBNR and expected claim settlement costs. Outstanding claims comprise the estimated cost of claims incurred but not settled at the reporting date, whether reported or not.

The Company engages an actuary to estimate the IBNR as per the SECP Circular No. 9 of 2016, "SEC Guidelines for estimation of Incurred But Not Reported Claim Reserve, 2016" (Guidelines). The Guidelines require that estimation is made for provision for claims incurred but not reported for each class of business, by using prescribed method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines. The Chain Ladder Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level to derive an IBNR estimate. The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available. The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance arrangements. The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and contribution deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of reporting date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

The actuarial valuation as at December 31, 2024 has been carried out by an independent firm of actuaries for determination of IBNR for each class of business.

3.18 Taxation

Tax charge for the period comprises current and deferred taxation. Tax charge is recognised in the profit or loss in the statement of comprehensive income, except to the extent that it relates to the items recognised directly in equity, in which case it is recognised in equity.

Current tax

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed / finalised during the current period for such years.

Deferred tax

Deferred taxation is recognised using the balance sheet liability method on all major temporary differences arising between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited to the profit or loss in the statement of comprehensive income, except in the case of items credited or charged to equity in which case it is included in equity.

The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

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3.19 Staff benefits

3.19.1 Defined benefit plan

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

The Company determines the net interest expense / income on the net defined benefit liability / asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability / asset, taking into account any changes in the net defined benefit liability / asset during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognised in profit or loss in the statement of comprehensive income and actuarial gains / losses are recognised in other comprehensive income in the statement of comprehensive income as they occur and are not reclassified to the profit or loss in the statement of comprehensive income in subsequent periods.

The latest actuarial valuation of the Company's defined benefit plan was carried out as of December 31, 2024.

3.19.2 Defined contribution plan

The Company operates a funded contributory provident fund (defined contribution plan) for all permanent employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% of basic salary. The Company has no further payment obligation once the contributions have been paid. The contributions are recognised as employee benefit expense when these are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

3.19.3 Employees' compensated absences

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

3.19.4 Share-based compensation benefits

Certain employees of the Company are eligible to participate in Chubb Limited (the ultimate parent company) share based compensation plans. These plans provide for awards of Chubb Limited stock options and restricted stocks to be granted by Chubb Limited to the eligible employees of the Company. Equity settled share based payments are measured at fair value at the grant date. The fair value determined at the grant date is expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. The provision of stock by Chubb Limited for the settlement of share based compensation plans is accounted for as a capital contribution from Chubb Limited.

3.20 Right-of-use assets and their related lease liability

Right-of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

Right-of-use assets is depreciated over the expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which leases are entered into. No depreciation is charged in the month in which the leases mature or are terminated.

Lease liability against right-of-use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liability is initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Company reassesses the reasonable certainty of exercising the extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payments. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right-to-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

The Company has elected to apply the practical expedient of not to recognise right-of-use asset and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

3.21 Proposed dividends and transfers between reserves

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

3.22 Management and other expenses

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

3.23 Foreign currency transactions and translations

Transactions in foreign currencies are translated to rupees at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are translated in rupee terms at the rates of exchange prevailing at the reporting date.

Non-monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the date of initial recognition of the non-monetary assets / liabilities. All exchange differences are routed through the profit or loss in the statement of comprehensive income.

3.24 Earnings per share

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

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3.25 Share capital

Ordinary shares are classified as equity and recognised at their face value and incremental costs, if any, directly attributable to the issuance of shares, are recognised in equity as a deduction, net of tax, from the proceeds.

3.26 Creditors and accruals

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

3.27 Impairment of non-financial assets

The carrying amount of assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If any such indication exists, and where the carrying values exceeds the estimated recoverable amounts, the assets are written down to their recoverable amounts. The resulting impairment loss is charged to the profit or loss in the statement of comprehensive income.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**4.1 Use of estimates and judgments**

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

- a) provision for unearned premium (note 3.4);
- b) provision for outstanding claims including IBNR (notes 3.17 and 20);
- c) provision for receivables and payables related to insurance contracts (notes 3.9 and 9);
- d) reinsurance recoveries against outstanding claims (notes 3.17 and 20);
- e) premium deficiency reserve (note 3.5);
- f) obligation in respect of employee benefits (notes 3.19, 15, 22.2 and 37);
- g) classification and impairment of investments (notes 3.14.1.1, 3.14.1.4, 6 and 7);
- h) useful lives, residual value and depreciation method for property and equipment (notes 3.1 and 5); and
- i) provision for taxation and deferred tax (notes 3.18, 10 and 26).

5 PROPERTY AND EQUIPMENT

	Note	2024	2023
		----- (Rupees) -----	
Operating assets	5.1	77,007,270	46,548,297
		<u>77,007,270</u>	<u>46,548,297</u>

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5.1 Operating assets

	2024									
	Cost				Depreciation				Written down value as at December 31, 2024	Depreciation rate (% per annum)
	As at January 1, 2024	Additions during the year	Disposals / write-offs during the year	As at December 31, 2024	As at January 1, 2024	Depreciation for the year	Disposals / write-offs during the year	As at December 31, 2024		
	(Rupees)									
Furniture and fixtures	31,576,277	8,088,516	-	39,664,793	12,929,236	4,352,147	-	17,281,383	22,383,410	20%
Office equipment	15,510,705	1,750,030	344,697	16,916,038	9,308,612	1,297,803	312,875	10,293,540	6,622,498	20%
Motor vehicles	45,633,205	37,096,000	6,681,500	76,047,705	24,352,066	8,768,646	4,588,740	28,531,972	47,515,733	20%
Computers and related accessories	1,719,441	294,700	-	2,014,141	1,301,417	227,095	-	1,528,512	485,629	33%
	94,439,628	47,229,246	7,026,197	134,642,677	47,891,331	14,645,691	4,901,615	57,635,407	77,007,270	

	2023									
	Cost				Depreciation				Written down value as at December 31, 2023	Depreciation rate (% per annum)
	As at January 1, 2023	Additions during the year	Disposals / write-offs during the year	As at December 31, 2023	As at January 1, 2023	Depreciation for the year	Disposals / write-offs during the year	As at December 31, 2023		
	(Rupees)									
Furniture and fixtures	27,875,948	3,700,329	-	31,576,277	8,730,430	4,198,806	-	12,929,236	18,647,041	20%
Office equipment	15,510,705	-	-	15,510,705	7,758,086	1,550,526	-	9,308,612	6,202,093	20%
Motor vehicles	45,633,205	-	-	45,633,205	19,031,779	5,320,287	-	24,352,066	21,281,139	20%
Computers and related accessories	1,719,441	-	-	1,719,441	1,095,523	205,894	-	1,301,417	418,024	33%
	90,739,299	3,700,329	-	94,439,628	36,615,818	11,275,513	-	47,891,331	46,548,297	

5.2 There were no fully depreciated assets still in use by the Company as at December 31, 2024 and 2023.

5.3 Details of disposal of property and equipment

The following property, plant and equipment were disposed of by the Company during the year ended December 31, 2024.

Class of asset	Original cost	Accumulated depreciation	Net book value	Sale proceeds	Gain on disposal	Mode of disposal	Particulars of buyer	Relationship with buyer
(Rupees)								
Assets having book value of five hundred thousand rupees and more disposed of during the year								
Vehicles								
Honda City	1,883,000	(1,355,105)	527,895	1,500,000	972,105	Negotiation	Muhammad Waseem	Employee
Honda Civic	3,849,500	(2,500,499)	1,349,001	2,500,000	1,150,999	Negotiation	Mahad Rashid Hafeez	Employee
Assets having book value of not more than five hundred thousand rupees disposed of during the year								
	1,293,697	(1,046,011)	247,686	250,000	2,314	Various	Various	Various
Total - December 31, 2024	7,026,197	(4,901,615)	2,124,582	4,250,000	2,125,418			
Total - December 31, 2023	-	-	-	-	-			

6	INVESTMENTS IN DEBT SECURITIES	Note	2024		2023	
			Cost	Carrying value	Cost	Carrying value
			------(Rupees)-----			
	Government securities					
	Held-to-maturity					
	Pakistan Investment Bonds	6.1.1	252,541,389	274,482,525	226,139,475	241,129,317
	Available-for-sale					
	Market Treasury Bills	6.2	2,103,890,400	2,110,119,334	1,340,370,275	1,364,621,577
			2,356,431,789	2,384,601,859	1,566,509,750	1,605,750,894

6.1 Pakistan Investment Bonds with face value of Rs 65 million (2023: Rs 65 million) have been placed with the State Bank of Pakistan in compliance with the requirements of clause (a) of sub-section 2 of section 29 of the Insurance Ordinance, 2000. They carry coupon interest at the rate of 7.50% per annum and are due to mature on April 29, 2027.

6.1.1 Pakistan Investment Bonds

Face value	Profit rate	Profit payment	Type of security	Maturity date	2024		2023	
					Cost	Carrying value	Cost	Carrying value
(Rupees)	%				----- (Rupees) -----			
65,000,000	7.5	Semi annually	Pakistan Investment Bond - 5 years	29-Apr-27	52,853,645	58,894,420	52,853,645	56,259,231
60,000,000	7.0	Semi annually	Pakistan Investment Bond - 3 years	5-Aug-24	-	-	53,167,800	58,142,119
40,000,000	7.5	Semi annually	Pakistan Investment Bond - 5 years	15-Oct-25	34,324,280	38,664,748	34,324,280	36,962,094
100,000,000	10.0	Semi annually	Pakistan Investment Bond - 3 years	4-Aug-25	85,793,750	96,212,845	85,793,750	89,765,873
85,000,000	12.0	Semi annually	Pakistan Investment Bond - 3 years	4-Jul-26	79,569,714	80,710,512	-	-
Total as at Dec 31					252,541,389	274,482,525	226,139,475	241,129,317

6.1.1.1 The market value of these investments amount to Rs. 250.714 million (2023: Rs. 226.934 million).

6.2 Market Treasury Bills

Tenor	Date of issue	Face value				Balance as at Dec 31, 2024		
		As at Jan 01, 2024	Purchased during the year	Sold / matured during the year	As at Dec 31, 2024	Carrying value	Market value	Unrealised loss
(Rupees)								
Market Treasury Bills								
- 3 months	October 19, 2023	200,000,000	-	200,000,000	-	-	-	-
- 3 months	November 2, 2023	135,000,000	-	135,000,000	-	-	-	-
- 3 months	November 16, 2023	480,000,000	-	480,000,000	-	-	-	-
- 3 months	November 30, 2023	580,000,000	-	580,000,000	-	-	-	-
- 3 months	December 28, 2023	-	70,000,000	70,000,000	-	-	-	-
- 3 months	December 28, 2023	-	200,000,000	200,000,000	-	-	-	-
- 3 months	January 25, 2024	-	135,000,000	135,000,000	-	-	-	-
- 3 months	February 7, 2024	-	480,000,000	480,000,000	-	-	-	-
- 3 months	February 22, 2024	-	600,000,000	600,000,000	-	-	-	-
- 6 months	November 30, 2023	-	60,000,000	60,000,000	-	-	-	-
- 3 months	March 21, 2024	-	210,000,000	210,000,000	-	-	-	-
- 3 months	March 7, 2024	-	100,000,000	100,000,000	-	-	-	-
- 3 months	May 2, 2024	-	600,000,000	600,000,000	-	-	-	-
- 3 months	May 2, 2024	-	40,000,000	40,000,000	-	-	-	-
- 3 months	May 16, 2024	-	30,000,000	30,000,000	-	-	-	-
- 3 months	May 16, 2024	-	370,000,000	370,000,000	-	-	-	-
- 3 months	May 16, 2024	-	200,000,000	200,000,000	-	-	-	-
- 3 months	June 13, 2024	-	210,000,000	210,000,000	-	-	-	-
- 3 months	June 13, 2024	-	20,000,000	20,000,000	-	-	-	-
- 3 months	June 13, 2024	-	155,000,000	155,000,000	-	-	-	-
- 3 months	June 27, 2024	-	40,000,000	40,000,000	-	-	-	-
- 3 months	July 11, 2024	-	40,000,000	40,000,000	-	-	-	-
- 1 year	October 19, 2023	-	650,000,000	650,000,000	-	-	-	-
- 1 year	October 19, 2023	-	110,000,000	110,000,000	-	-	-	-
- 1 year	November 2, 2023	-	570,000,000	570,000,000	-	-	-	-
- 1 year	November 2, 2023	-	100,000,000	100,000,000	-	-	-	-
- 6 months	May 28, 2024	-	300,000,000	300,000,000	-	-	-	-
- 1 year	November 30, 2023	-	50,000,000	50,000,000	-	-	-	-
- 6 months	June 13, 2024	-	80,000,000	80,000,000	-	-	-	-
- 6 months	June 27, 2024	-	70,000,000	70,000,000	-	-	-	-
- 6 months	June 13, 2024	-	60,000,000	60,000,000	-	-	-	-
- 1 year	December 14, 2023	-	760,000,000	760,000,000	-	-	-	-
- 1 year	December 28, 2023	-	220,000,000	220,000,000	-	-	-	-
- 1 year	November 30, 2023	-	650,000,000	650,000,000	-	-	-	-
- 1 year	December 28, 2023	-	900,000,000	900,000,000	-	-	-	-
- 3 months	December 12, 2024	-	800,000,000	-	800,000,000	783,771,478	783,558,815	(212,663)
- 3 months	December 12, 2024	-	80,000,000	-	80,000,000	78,398,300	78,355,882	(42,418)
- 3 months	December 26, 2024	-	1,280,000,000	-	1,280,000,000	1,248,524,235	1,248,204,637	(319,598)
Total as at Dec 31, 2024		1,395,000,000	10,240,000,000	9,475,000,000	2,160,000,000	2,110,694,013	2,110,119,334	(574,679)

7

INVESTMENTS IN TERM DEPOSITS

Note

2024

2023

(Rupees)

Held to maturity

Deposits maturing within 12 months

Term deposits - local currency

7.1

246,870,409

65,000,000

246,870,409

65,000,000

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- 7.1 This carries interest at the rate of 5.75% (2023: 19.25%) per annum and is due to mature on March 15, 2025 (2023: February 27, 2024).

	Note	2024	2023
		----- (Rupees) -----	-----
8 LOANS AND OTHER RECEIVABLES			
Considered good			
Accrued investment income		11,230,346	8,455,060
Deposit against utilities		1,269,050	1,269,050
Survey fees receivable		-	4,136,361
Deposit with Sindh Revenue Board	18.1.3 & 18.1.11	128,505,858	104,678,626
Other receivables		479,718	154,681
		<u>141,484,972</u>	<u>118,693,778</u>

9 INSURANCE / REINSURANCE RECEIVABLES

Unsecured and considered good

Due from insurance contract holders		11,674,239	5,265,192
Due from other insurers / reinsurers	9.1	402,566,632	607,887,394
		<u>414,240,871</u>	<u>613,152,586</u>

- 9.1 The Company has entered into coinsurance and reinsurance arrangements with various other insurance companies. As at December 31, 2024, the aggregate balance due from other insurers arising from such arrangements amounts to Rs 331.558 million (2023: Rs 323.913 million).

In respect of these balances, during the year the Company has exchanged balance information with them based on the significance of the respective balances. This information corroborates the balance position of the Company in all material respects taking into account the underlying contracts and transactions supported by appropriate evidence.

The reconciliation process of these balances with the respective insurance companies is carried out on ongoing basis. However, as advised by the SECP, this process will be formalised as per the guidelines suggested by Insurance Association of the Pakistan (IAP) for the insurance industry.

	2024	2023
	----- (Rupees) -----	-----
10 DEFERRED TAXATION - NET		
Deferred tax debits arising in respect of:		
- Defined benefit plan	-	8,005,083
- Provision for Sindh Workers' Welfare Fund	6,341,236	5,798,411
- Unrealised loss on revaluation of available-for-sale securities	224,125	344,248
- Accelerated tax depreciation	3,405,328	2,326,563
	<u>9,970,689</u>	<u>16,474,305</u>
Deferred tax credits arising due to:		
- Defined benefit plan	(2,355,812)	-
	<u>(2,355,812)</u>	<u>-</u>
	<u>7,614,877</u>	<u>16,474,305</u>

- 10.1 Movement in net deferred tax asset is as follows:

Opening deferred tax	16,474,305	4,639,954
Reversal of / (charge to) to the profit or loss		
Accelerated tax depreciation	1,078,765	1,315,360
Provision for Sindh Workers' Welfare Fund	542,825	3,843,273
Actuarial loss on defined benefit plan	(8,751,056)	(2,299,451)
Prior year charge on defined benefit plan	(4,002,542)	-
	<u>(11,132,008)</u>	<u>2,859,182</u>
Reversal of / (charge to) other comprehensive income		
Actuarial loss on defined benefit plan	2,392,703	8,630,921
Unrealised loss on revaluation of available-for-sale securities	(120,123)	344,248
	<u>2,272,580</u>	<u>8,975,169</u>
Closing deferred tax	<u>7,614,877</u>	<u>16,474,305</u>

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	Note	2024 ----- (Rupees) -----	2023 -----
11 PREPAYMENTS			
Prepaid reinsurance premium ceded	19	235,607,254	178,142,551
Prepaid rent		12,873,601	-
Prepaid miscellaneous expenses		2,596,799	2,505,137
		<u>251,077,654</u>	<u>180,647,688</u>

12 CASH AND BANK**Cash and cash equivalents**

- Cash in hand	50,000	50,000
- Stamps in hand	850,850	7,323,485
	900,850	7,373,485

Cash at bank

- Current accounts	145,083,634	377,475,055
	<u>145,984,484</u>	<u>384,848,540</u>

12.1 Cash and cash equivalents include the following for the purpose of the cash flow statement:

Cash and other equivalents

Cash in hand	50,000	50,000
Stamps in hand	850,850	7,323,485
	900,850	7,373,485

Cast at bank

Current accounts	145,083,634	377,475,055
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Deposits having original maturity within 3 months

Term deposits - local currency	246,870,409	65,000,000
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Investments having original maturity within 3 months

Market Treasury Bills	2,110,119,334	1,364,621,577
	<u>2,502,974,227</u>	<u>1,814,470,117</u>

13 ORDINARY SHARE CAPITAL**13.1 Authorised share capital**

2024	2023	Note	2024 ----- (Rupees) -----	2023 -----
Number of shares				
<u>50,000,000</u>	<u>50,000,000</u>	Ordinary shares of Rs. 10 each	<u>500,000,000</u>	<u>500,000,000</u>

13.2 Issued, subscribed and paid-up share capital

2024	2023		2024	2023
Number of shares				
29,700,000	29,700,000	Ordinary shares of Rs. 10 each:	297,000,000	297,000,000
20,300,000	20,300,000	- fully paid in cash	203,000,000	203,000,000
<u>50,000,000</u>	<u>50,000,000</u>	- issued as bonus shares	<u>500,000,000</u>	<u>500,000,000</u>

13.2.1 Chubb INA International Holdings Limited U.S.A. and its nominee directors collectively hold 50,000,000 (2023: 50,000,000) ordinary shares of Rs. 10 each as at December 31, 2024.

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14	RESERVES	Note	2024	2023
			(Rupees)	
14.1	Capital reserves			
	Advance against future issue of shares		11,450	11,450
	Share-based payment contribution reserve	14.1.1	35,579,767	29,479,375
	Unrealised loss on revaluation of available-for-sale securities - net of tax		(350,554)	(538,438)
			<u>35,240,663</u>	<u>28,952,387</u>
14.1.1	These plans provide for awards of Chubb Limited (ultimate parent) stock options and restricted stocks to be granted to the eligible employees of the Company. The Company recognises as expense the services acquired over the vesting period and the corresponding increase in equity (as contribution from the ultimate parent) at fair value of the ultimate parent's shares at the grant date.			
14.2	Revenue reserves		2024	2023
			(Rupees)	
	Unappropriated profit		1,496,469,254	1,013,783,458
			<u>1,531,709,917</u>	<u>1,042,735,845</u>
15	RETIREMENT BENEFIT OBLIGATIONS			
15.1	Salient features			
	<p>The Company operates an approved gratuity fund for all employees which is governed under the repealed Trust Act, 1882, the Trust Deed, the Rules of the Fund, the Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. Responsibility for governance of the defined benefit plan including investment decisions and contribution schedule lies with the Board of Trustees of the Fund and annual contributions therein are made in accordance with actuarial recommendations. An actuarial valuation is carried out every year to determine the liability of the Company in respect of the benefit. The most recent valuation in this regard has been carried out for the year ended December 31, 2024 using the projected unit credit method as allowed under the International Accounting Standard (IAS) 19, 'Employee benefits' for valuation of the Fund.</p> <p>The Company faces the following risks on account of the gratuity fund:</p> <p>a) Final salary risk</p> <p>This is the risk that the final salary at the time of cessation of service is greater than what was assumed. Since, the benefit is calculated on the basis of the final salary, the benefit amount increases accordingly.</p> <p>b) Withdrawal risk</p> <p>This is the risk of higher or lower withdrawal experience from the Fund than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.</p> <p>c) Investment risk</p> <p>This is the risk of investments underperforming and not being sufficient to meet the liabilities.</p> <p>d) Mortality risk</p> <p>This is the risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.</p>			
15.2	Principal actuarial assumptions		2024	2023
	Discount rate (% per annum)		12.25%	15.25%
	Expected rate of increase in salaries (% per annum)		12.25%	15.25%
	Mortality rates*		SLIC(2001-05)-1	SLIC (2001-05)-1
	Rates of employee turnover		Light	Light

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

15.3 Amounts recognised in the statement of financial position

	2024	2023
	(Rupees)	
Present value of defined benefit obligation	138,992,947	105,909,755
Fair value of plan assets	(130,548,178)	(85,383,901)
Gratuity liability as at December 31	<u>8,444,769</u>	<u>20,525,854</u>

	2024		
	Present value of defined benefit obligation	Fair value of plan assets	Net
	(Rupees)		
As at January 1	105,909,755	(85,383,901)	20,525,854
Current service cost	9,571,223	-	9,571,223
Interest expense / (income)	16,725,723	(13,595,530)	3,130,193
	<u>132,206,701</u>	<u>(98,979,431)</u>	<u>33,227,270</u>
Remeasurements:			
- Difference in actual and expected return on plan assets	-	(651,109)	(651,109)
- Gain due to change in financial assumptions	(1,845,120)	-	(1,845,120)
- Loss due to change in experience adjustment	8,631,366	-	8,631,366
	<u>6,786,246</u>	<u>(651,109)</u>	<u>6,135,137</u>
	<u>138,992,947</u>	<u>(99,630,540)</u>	<u>39,362,407</u>
Contributions made	-	(30,917,638)	(30,917,638)
Benefits paid	-	-	-
As at December 31	<u>138,992,947</u>	<u>(130,548,178)</u>	<u>8,444,769</u>

	2023		
	Present value of defined benefit obligation	Fair value of plan assets	Net
	(Rupees)		
As at January 1	66,895,867	(61,824,312)	5,071,555
Current service cost	6,046,787	-	6,046,787
Interest expense / (income)	9,789,204	(9,066,508)	722,696
	<u>82,731,858</u>	<u>(70,890,820)</u>	<u>11,841,038</u>
Remeasurements:			
- Difference in actual and expected return on plan assets	-	(1,047,331)	(1,047,331)
- Loss due to change in financial assumptions	460,479	-	460,479
- Loss due to change in experience adjustment	22,717,418	-	22,717,418
	<u>23,177,897</u>	<u>(1,047,331)</u>	<u>22,130,566</u>
	<u>105,909,755</u>	<u>(71,938,151)</u>	<u>33,971,604</u>
Contributions made	-	(13,445,750)	(13,445,750)
Benefits paid	-	-	-
As at December 31	<u>105,909,755</u>	<u>(85,383,901)</u>	<u>20,525,854</u>

15.4 Amounts recognised in profit or loss in the statement of comprehensive income

	2024	2023
	(Rupees)	
Current service cost	9,571,223	6,046,787
Interest expense on defined benefit obligation	16,725,723	9,789,204
Interest income on plan assets	(13,595,530)	(9,066,508)
	<u>12,701,416</u>	<u>6,769,483</u>

	2024	2023
	(Rupees)	
15.5 Remeasurements recognised in other comprehensive income		
Remeasurement loss on obligation		
- (Gain) / loss due to change in financial assumptions	(1,845,120)	460,479
- Loss due to change in experience adjustments	8,631,366	22,717,418
	6,786,246	23,177,897
Remeasurement gain on plan assets		
- Actual return on plan assets	(14,246,639)	(10,097,323)
- Interest income on plan assets	13,595,530	9,066,508
- Others	-	(16,516)
	(651,109)	(1,047,331)
	6,135,137	22,130,566

15.6 Analysis of present value of defined benefit obligation

Vested / non-vested		
- Vested benefits	138,992,947	105,909,755
- Non-vested benefits	-	-
Total	138,992,947	105,909,755
Types of benefits		
- Accumulated benefit obligation	43,502,479	25,900,795
- Amounts attributed to future salary increases	95,490,468	80,008,960
Total	138,992,947	105,909,755

	2024		2023	
	(Rupees)	%	(Rupees)	%
15.7 Composition of plan assets				
Cash in bank	130,548,178	100.00%	85,383,901	100.00%
	130,548,178	100.00%	85,383,901	100.00%

15.8 The sensitivity analysis of the defined benefit obligation to changes in principal actuarial assumptions are as follows:

	Change in assumption	----- As at December 31, 2024 -----		----- As at December 31, 2023 -----	
		(Decrease) / increase in present value of defined benefit obligation		(Decrease) / increase in present value of defined benefit obligation	
		Rupees	(%)	Rupees	(%)
Discount rate	+1.00%	(14,821,635)	-10.66%	(11,389,477)	-10.75%
	-1.00%	17,561,822	12.64%	13,462,444	12.71%
Long-term salary increase rate	+1.00%	11,803,748	8.49%	13,852,814	13.08%
	-1.00%	(10,390,695)	-7.48%	(11,891,707)	-11.23%

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

15.9 The weighted average duration of defined benefit obligation is 11.50 years (2023: 11.66 years).

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

	Between 0-1 year	Between 2-4 years	Between 5-10 years	Over 10 years	Total
	(Rupees)				
As at December 31, 2024					
Distribution of timing of payment of benefits	2,228,775	63,878,419	45,276,131	2,567,408,091	2,678,791,416
As at December 31, 2023					
Distribution of timing of payment of benefits	1,759,939	12,565,487	89,709,986	4,058,175,806	4,162,211,218

15.11 Historical information

	2024	2023	2022	2021	2020
	(Rupees)				
Present value of defined benefit obligation	138,992,947	105,909,755	66,895,867	52,000,123	46,930,652
Fair value of plan assets	(130,548,178)	(85,383,901)	(61,824,312)	(46,932,882)	(40,980,750)
Deficit	8,444,769	20,525,854	5,071,555	5,067,241	5,949,902
Remeasurements of plan liabilities	6,786,246	23,177,897	3,397,369	2,875,254	1,151,440
Remeasurements of plan assets	(651,109)	(1,047,331)	1,357,562	1,832,167	1,146,353

15.12 The plan assets and defined benefit obligation are based in Pakistan.

15.13 Funding levels are monitored on an annual basis and are based on actuarial recommendations. Gratuity cost comprising the service cost and the net interest cost for the next year will approximate to Rs 13.162 million (2023: Rs 12.701 million) as per the actuarial valuation report of the Fund as of December 31, 2024.

15.14 The disclosures made in notes 15.1 to 15.13 are based on the information included in the actuarial valuation report of the Fund for the year ended December 31, 2024.

	Note	2024	2023
		(Rupees)	
16 INSURANCE / REINSURANCE PAYABLES			
Due to other insurers / reinsurers		312,699,688	132,241,212
		312,699,688	132,241,212
17 OTHER CREDITORS AND ACCRUALS			
Federal insurance fee		740,264	137,106
Sales tax payable		37,167,055	24,686,706
Provision for Workers' Welfare Fund	17.1	5,856,130	5,856,130
Provision for Sindh Workers' Welfare Fund		16,259,578	14,867,720
No claim bonus payable		2,884,650	3,805,391
Survey fee received in advance		5,471,310	-
Commission payable		38,851,227	38,770,107
Accrued expenses		42,441,969	38,503,854
Others		153,761	26,949
		149,825,944	126,653,963

17.1 This denotes provision for Workers' Welfare Fund (WWF) for the year ended December 31, 2014 levied by the Federal Government. During the year ended December 31, 2016, the Supreme Court of Pakistan vide its order dated November 10, 2016 had held that the amendments made in the law introduced by the Federal Government for the levy of WWF were unlawful. The Federal Board of Revenue filed review petitions against this order which are currently pending. The management believes that consequent to filing these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Company maintains its provision of Rs 5.856 million (2023: Rs 5.856 million) in respect of Federal WWF in these financial statements.

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18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

18.1.1 While finalising the assessment for the assessment years 1999-2000 to 2001-2002, the taxation officer has added back management expenses in excess of the limits laid down in the Insurance Rules, 1958 read with section 40C of the Insurance Act, 1938 by taking recourse to the provisions of Rule 5(c) of the Fourth Schedule to the repealed Income Tax Ordinance, 1979. The gross amounts added back in respect of these assessment years aggregated to Rs. 31.859 million which were disputed by the Company and appeals were filed against these. In respect of assessment years 1999-2000 and 2000-2001, the add backs made by the taxation officer aggregating to Rs. 22.394 million have been maintained by the Income Tax Appellate Tribunal (ITAT) and the Company's appeals are currently pending in the High Court of Sindh. As regards assessment year 2001-2002, the add back amounting to Rs. 9.466 million has been set aside by the ITAT but the set aside proceedings have not commenced so far. No provision has been made in these financial statements in respect of the additional tax liability of Rs. 7.838 million which may arise on account of these add backs as (a) the issue is being contested in appeals, (b) excess management expenses were being regularly condoned by the Controller of Insurance under Section 40C (1) of the Insurance Act, 1938 and (c) the Insurance Ordinance, 2000 provides no limitation on management expenses.

18.1.2 The return of income of the Company for Tax Year 2013 was selected for audit under section 214C of the Income Tax Ordinance, 2001 by the Federal Board of Revenue. Upon finalising the audit proceedings, the taxation officer passed an amended order thereby raising a tax demand of Rs 24.979 million by making certain additions aggregating to Rs 57.275 million relating to provision for outstanding claims (including IBNR), addition on account of disposal of motor vehicle and commission expenses for non-deduction of tax. The Company preferred its first appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] who deleted the addition of Rs 0.352 million on account of motor vehicle but maintained the other additions. The Company then preferred its second appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication.

Subsequent to filing the second appeal before the ATIR, a rectified order under section 221 dated December 28, 2015 was passed wherein a revised tax demand of Rs 20.791 million was raised. The amount was paid by the Company and is currently being treated in the financial statements as a balance recoverable from taxation authorities.

Against the order of the CIR(A), the company preferred a further appeal before the ATIR. Despite a favorable decision on the core issue (disallowance of IBNR) already decided in the cases of other insurance companies by the Honorable Sindh High Court, the ATIR has confirmed the same issue in the instant case. Moreover, the disallowance of commission expense of Rs.1.182 million was set-aside with the directions to the department to verify that the recipient i.e. "EFU General Insurance Company" had already offered tax on the commission income.

Against the order of the ATIR, the company had filed a Reference Application (RA) before the Honourable High Court of Sindh by engaging a lawyer. Apart from filing the RA, the Company had also filed a Miscellaneous Application (MA) before the ATIR on the issue of disallowance of IBNR. The hearing was fixed on June 6, 2022, however, the same after being dissatisfied, has been dismissed on October 24, 2023.

Apart from the above, a separate order was also passed under section 205(1B) of the Ordinance dated September 17, 2014 for the above tax year wherein default surcharge of Rs.1,598,061 was imposed on the company for failure to discharge its 90% advance tax liability under section 147 for the year. The default surcharge was paid without contesting the same in appeal.

The management, based on the advice of the tax consultant, is confident that the above matter will be decided in favour of the Company and has accordingly not made any provision for the aforementioned amount.

18.1.3 On April 26, 2016, the Company received a show cause notice from the Sindh Revenue Board (SRB) alleging therein that the Company was liable to pay Sindh Sales Tax aggregating to Rs 209.357 million on reinsurance services obtained by the Company from foreign reinsurers for the period from July 1, 2011 to June 30, 2014 under the Sindh Sales Tax on Services Act, 2011 along with penalty and default surcharge. The Company filed an application with the Honourable High Court of Sindh contending that the reinsurance obtained by the Company is not subject to the Sindh sales tax on services and further the show cause notice served to the Company is without lawful authority as the alleged liability raised in the notice has been computed with a retrospective effect. Similar applications were filed by other insurance companies receiving foreign reinsurance services and the matter was taken up by the Insurance Association of Pakistan with the Sindh Revenue Board (SRB). The Honourable High Court of Sindh vide its order dated May 31, 2016 restrained the SRB from taking any coercive action against the Company on the basis of the show cause notice issued earlier. During the year ended December 31, 2022, on instructions of the High Court of Sindh, the Company deposited 50% of the amount alleged in show cause notice with the SRB to continue with the suit in

During the current year, the Honourable High Court of Sindh has dismissed similar suits on the basis that it does not have jurisdiction to hear civil suits challenging show cause notices of tax authorities and that the taxpayer ought to follow the departmental remedies provided in the relevant statute. The Company have, therefore, voluntarily withdrawn the case from the Honourable High Court of Sindh when it came up for dismissal and currently waiting for the SRB to issue notice for hearing.

The management, based on the advice received from its legal advisors, believes that the Company has good grounds to argue its defence against this demand. The Company has recorded Rs 104.679 million (2023: Rs 104.679 million) as 'loans and other receivables' in these financial statements (note 8).

- 18.1.4** Engro Fertilizers Limited had filed a claim with respect to replacement cost of its boiler amounting to USD 12.7 million in 2018 which was covered under a co-insurance policy in which the Company had 5% share. Based on the findings set out in an independent root cause analysis exercise carried out by the co-insurers, the claim was rejected in February 2021. Subsequently, Engro Fertilizers Limited has filed a recovery suit with the Insurance Tribunal of Sindh against all the co-insurers for USD 12.7 million and USD 21.39 million being the replacement cost of the boiler and damages / loss charges associated therewith respectively which is pending adjudication. The management is confident that the case will be decided in their favour and accordingly no provision has been recognised in these financial statements.
- 18.1.5** During the year ended December 31, 2021, the SECP issued a Show Cause Notice No. ID/Enf/Chubb/2019/1166 (the Show Cause Notice) dated May 31, 2021 to the Company in violation of Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2018. An Order was passed on November 30, 2021 imposing a penalty of Rs 125,000 on the Company. The Company, being aggrieved by the Order, has filed an Appeal under Section 33 of the Securities and Exchange Commission of Pakistan Act, 1997 before the SECP's Appellate Bench. The appeal is pending adjudication. The reply to the appeal was filed on December 29, 2023, however, no date is fixed for further proceedings. The management, based on the advice of the tax consultant, is confident that the above matter will be decided in favour of the Company and has accordingly not made any provision for the aforementioned amount.
- 18.1.6** Under Section 161(A) of the Income Tax Ordinance, 2001, a Show Cause Notice was issued against monitoring of withholding tax which was duly complied with by the management. Pursuant to the aforesaid notice, an Order has been passed under Section 161(A) wherein a tax demand of Rs 12.219 million (including penalty and default surcharge) was raised. The Order was contested in appeal before the CIR(A) who has decided the appeal through the Order passed on March 21, 2023. The CIR(A) confirmed the tax charged on certain issues while remanding back certain issues for re-adjudication to the tax department. As a result, the tax demand raised in the impugned Order is likely to be reduced after passing of the appeal effect order which is yet to be issued. The company has contested the appellate order before ATIR which is pending adjudication. The management, based on the advice of the tax consultant, is confident that the above matter will be decided in favour of the Company and has accordingly not made any provision for the aforementioned amount.
- 18.1.7** During the year ended December 31, 2023, the Assistant Commissioner - Sindh Revenue Board (SRB) has issued a Show Cause Notice under section 23(2) read with 23(1) of the Sindh Sales Tax on Services Act, 2011 regarding non-declaration of sales tax on reinsurance premium ceded and on commission received from reinsurers amounting to Rs. 81.594 million and Rs. 7.801 million respectively for the tax period from January 2015 to December 2015. The Company has filed a constitutional petition before the Honourable High Court of Sindh against the Notice and has obtained a restraining order whereby the SRB cannot pass any adverse order in pursuance of the Notice until the matter is decided by the Honourable High Court of Sindh.

Based on the tax advisor's opinion, the management is confident of a favourable outcome of the petition. Hence, no provision has been made in these financial statements.

- 18.1.8** During the year ended December 31, 2023, the Assistant Commissioner - SRB has issued a Show Cause Notice under section 23(2) read with 23(1) of the Sindh Sales Tax on Services Act, 2011 regarding non-declaration of sales tax on reinsurance premium ceded amounting to Rs. 43.351 million and Rs. 55.706 million for the year ended December 31, 2016 and December 31, 2017 respectively and on commission received from reinsurer during the period from January 2016 till December 2017 amounting to Rs. 14.458 million. The Company has filed a constitutional petition before the Honourable High Court of Sindh against the Notice and has obtained a restraining order whereby the SRB cannot pass any adverse order in pursuance of the Notice until the matter is decided by the Honourable High Court of Sindh.

Based on the tax advisor's opinion, the management is confident of a favourable outcome of the petition. Hence, no provision has been made in these financial statements.

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18.1.9 During the year ended December 31, 2023, the Deputy Commissioner Inland Revenue (DCIR) issued an order under section 161/205 read with section 124 of the Income Tax Ordinance, 2001 with respect to the tax year 2017. The DCIR in his order created a demand of Rs. 1.842 million on account of non-deduction of withholding tax on payments of various management expenses. The demand included a default surcharge and penalty of Rs. 0.181 million and Rs. 0.151 million respectively. The Company has filed an appeal against the order passed by the DCIR before the Commissioner Inland Revenue (Appeals) (CIRA) and has obtained a stay order on the matter. Based on the tax advisor's opinion, the management is confident of a favourable outcome of the appeal and therefore, no provision has been recorded in these financial statements.

18.1.10 During the year ended December 31, 2023, the Assistant Commissioner - SRB has issued a Show Cause Notice under section 23(2) read with 23(1) of the Sindh Sales Tax on Services Act, 2011 regarding non-declaration of sales tax amounting to Rs. 43.960 million on gross premium of Rs 920.792 million for the tax period from January 2016 to December 2017. The Company has filed a constitutional petition before the Honourable High Court of Sindh against the Notice who has issued a restraining order to SRB from passing any adverse order in pursuance of the Notice until the matter is decided by the Honourable High Court of Sindh.

Based on the tax advisor's opinion, the management is confident of a favourable outcome of the petition. Hence, no provision has been made in these financial statements.

18.1.11 During the year ended December 31, 2023, the Deputy Commissioner - SRB has issued a Show Cause Notice under section 23(2) read with 23(1) of the Sindh Sales Tax on Services Act, 2011 regarding non-declaration of sales tax amounting to Rs. 226.926 million on gross premium of Rs 2,840.122 million for the tax period from January 2018 to December 2021.

During the current year, an Order was passed against the Company for recovery of alleged short payment of SST amounting to Rs. 238.272 million including penalty. An appeal has been filed against this Order along with the payment of 10% of total demand for obtaining automatic stay against forced recovery. The hearing of the appeal is currently awaited.

The management, based on the advice received from its legal advisors, believes that the Company has good grounds to argue its defence against this demand. The Company has recorded Rs. 23.827 million as 'loans and other receivables' in these financial statements (note 8).

18.1.12 During the year ended December 31, 2023, the Deputy Commissioner - SRB has issued a show cause under section 23(1), 43(3) and 44 of the Sindh Sales Tax on Services Act, 2011 and has created a demand of Rs. 228.208 million and Rs. 25.793 million by charging sales tax on reinsurance premium ceded and commission received from reinsurers respectively during the period from January 2018 till December 2021. The Company has filed an extension date to the SRB, the extension has been granted by the SRB. Based on the tax advisor's opinion, the management is confident of a favourable outcome of the appeal. Hence, no provision has been made in these financial statements.

18.2 Commitments

There were no commitments outstanding as at December 31, 2024 and 2023.

19	NET INSURANCE PREMIUM	2024	2023
		----- (Rupees) -----	-----
	Written gross premium	2,017,683,444	2,035,063,275
	Add: Unearned premium reserve - opening	876,796,159	722,972,794
	Less: Unearned premium reserve - closing	(871,186,676)	(876,796,159)
	Premium earned	2,023,292,927	1,881,239,910
	Less: Reinsurance premium ceded	1,223,019,178	1,035,086,023
	Add: Prepaid reinsurance premium - opening	178,142,551	150,026,309
	Less: Prepaid reinsurance premium - closing	(235,607,254)	(178,142,551)
	Reinsurance expense	1,165,554,475	1,006,969,781
		857,738,452	874,270,129

20 NET INSURANCE CLAIMS

	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
Claims paid	489,211,186	333,416,387
Add: Outstanding claims including IBNR closing	3,233,565,924	1,310,705,922
Less: Outstanding claims including IBNR opening	(1,310,705,922)	(772,568,368)
Claims expense	2,412,071,188	871,553,941
Less: Reinsurance and other recoveries received	452,146,614	240,083,578
Add: Reinsurance and other recoveries against outstanding claims closing	2,935,900,670	1,064,486,112
Less: Reinsurance and other recoveries against outstanding claims opening	(1,064,486,112)	(607,676,157)
Reinsurance and other recoveries revenue	2,323,561,172	696,893,533
	<u>88,510,016</u>	<u>174,660,408</u>

20.1 Claim development

The following table shows the development of fire and property damage claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claim payments. For other classes of business the uncertainty about the amount and timings of claim payments is usually resolved within a year. Further, there are no material claims that are outstanding as at December 31, 2024 which pertain to years prior to the year ended December 31, 2020.

Accident year	2020	2021	2022	2023	2024	Total
Rupees						
Estimate of ultimate claims cost:						
At end of accident year	11,735,254	23,946,223	465,156,720	221,419,578	2,668,611,487	3,390,869,262
One year later	6,772,550	83,717,745	1,113,662,243	142,784,472		1,346,937,010
Two years later	6,068,291	72,110,654	774,970,931			853,149,876
Three years later	8,643,487	71,262,627				79,906,114
Four years later	6,514,147					6,514,147
Current estimate of cumulative claims	6,514,147	71,262,627	774,970,931	142,784,472	2,668,611,487	3,664,143,664
Cumulative payments to date	4,024,572	71,046,058	487,656,346	93,226,072	33,268,595	689,221,643
Liability recognised in the statement of financial position	<u>2,489,575</u>	<u>216,569</u>	<u>287,314,585</u>	<u>49,558,400</u>	<u>2,635,342,892</u>	<u>2,974,922,021</u>

20.2

Particulars	Total amount	Age-wise Breakup				
		1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
		Rupees				
Unclaimed maturity benefits	-	-	-	-	-	-
Unclaimed death benefits	-	-	-	-	-	-
Unclaimed disability benefits	-	-	-	-	-	-
Claims not encashed	-	-	-	-	-	-
Other unclaimed benefits	-	-	-	-	-	-
Total	-	-	-	-	-	-

21 NET COMMISSION AND OTHER ACQUISITION COSTS

	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
Commission paid or payable	82,896,151	73,817,437
Add: Deferred commission expense - opening	23,457,607	18,961,564
Less: Deferred commission expense - closing	32,227,453	23,457,607
Net commission	74,126,305	69,321,394
Less: Commission received or recoverable	105,034,567	85,889,928
Add: Unearned reinsurance commission - opening	34,009,416	27,083,614
Less: Unearned reinsurance commission - closing	44,545,219	34,009,416
Commission from reinsurers	94,498,764	78,964,126
	<u>(20,372,459)</u>	<u>(9,642,732)</u>

ABT

22	MANAGEMENT EXPENSES	Note	2024 ----- (Rupees) -----	2023
	Employee benefit cost	22.1 & 22.2	192,381,185	143,142,609
	Travelling expenses		12,445,899	5,737,418
	Printing and stationery		2,913,927	2,355,606
	Depreciation	5.1	14,645,691	11,275,513
	Rent, rates and taxes		25,625,722	23,520,252
	Professional charges - business related		713,902	673,492
	Utilities		3,723,882	2,956,592
	Office repairs and maintenance		9,541,111	5,202,494
	Education and training		3,264,266	1,391,550
	Vehicle running expenses		17,813,190	14,428,896
	Communication		2,445,051	1,749,870
	Service charges		1,889,235	1,435,165
	Registration, subscription and association fees		5,569,978	3,210,267
	Annual supervision fee to the SECP		371,947	279,976
	Advertisement and sales promotion		15,171,438	10,745,327
	Entertainment		1,122,790	1,203,119
	Bank charges		6,825,699	4,895,351
	Others		9,499,667	8,833,196
			<u>325,964,580</u>	<u>243,036,693</u>

22.1 Employee benefit cost

Salaries, allowances and other benefits		167,529,375	127,793,622
Charges for post employment benefit	22.1.1	<u>24,851,810</u>	<u>15,348,987</u>
		<u>192,381,185</u>	<u>143,142,609</u>

22.1.1 These include contributions to defined contribution plan aggregating to Rs 11.831 million (2023: Rs 8.343 million).

22.2 Share-based payments

As explained in note 3.19.4, certain employees of the Company are provided share-based compensation benefits. These include the following:

22.2.1 Restricted stock

The restricted stock is granted with a 4-year vesting period, based on a graded vesting schedule. The restricted stock vests in equal annual instalments over the respective vesting period, which is also the requisite service period. The restricted stocks are granted at market close price on the grant date and are equity settled.

The following table shows changes in the restricted stock grants for the years ended December 31, 2024 and 2023:

	Number of restricted stocks	
	2024	2023
Unvested at the beginning of the year	278	318
Vested during the year	(126)	(130)
Granted during the year	74	90
Forfeited during the year	-	-
Unvested at the end of the year	<u>226</u>	<u>278</u>

The fair value of restricted stock granted during the year was USD 254.84 (2023: USD 208.60) which was measured on the basis of observable market price of the date on which the restricted stock options were granted.

The Company recognised an expense of Rs. 4.538 million (2023: Rs 3.958 million) related to equity-settled restricted stock grants.

At

22.2.2 Non-qualified stock options

The non-qualified stock options are granted at an option price per share of 100 percent of fair market value of Chubb Limited's ordinary share on the date of grant. Stock options are granted with a 3-year grant vesting period and 10-year term. The stock options vest in equal instalments over the respective vesting period, which is also the requisite service period.

The following table shows changes in the stock option grants for the years ended December 31, 2024 and 2023:

	Number of stock options	
	2024	2023
Outstanding at the beginning of the year	1,745	2,210
Granted during the year	99	120
Exercised during the year	(380)	(585)
Expired during the year	-	-
Forfeited during the year	-	-
Outstanding at the end of the year	1,464	1,745
Exercisable at the end of the year	1,232	1,471
Unvested at the end of the year	232	274
Outstanding at the end of the year	1,464	1,745
Vested during the year	140	185

	Weighted average exercise price	
	2024	2023
	----- (US Dollar) -----	
Outstanding at the beginning of the year	76.86	75.42
Granted during the year	254.84	208.60
Exercised during the year	(118.87)	(97.76)
Outstanding at the end of the year	78.43	76.86
Exercisable at the end of the year	75.31	73.83
Vested during the year	190.56	168.16

The fair value of non-qualified stock options are estimated on the date of grant using Black-Scholes option valuation model. The Company recognised an expense of Rs. 1.563 million (2023: Rs. 1.340 million) related to equity-settled non-qualified share options vested during the year. The exercise price of these shares varies from USD 164.94 - USD 208.60. Weighted average remaining contractual life of these options is 1 years and 6 months.

23

INVESTMENT INCOME

Income from debt securities - held-to-maturity

Return on government securities	24,418,867	21,324,383
Amortisation of discount	13,783,494	13,648,747

Income from debt securities - available-for-sale

Return on government securities	-	772,088
Amortisation of discount	308,062,239	182,726,218

Income from term deposits

Return on term deposits	33,940,074	70,286,521
	380,204,674	288,757,957

Net realised losses on investments

Gain / (loss) on sale of debt securities	5,462	(3,180,302)
	380,210,136	285,577,655

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		Note	2024	2023
			(Rupees)	
24	OTHER INCOME			
	Exchange gain - net		-	602,541
	Liability written off		2,444,453	4,906,419
	Gain on sale of property and equipment		2,125,418	-
	Survey fee		5,013,813	5,301,132
	Others		597,914	301,015
			<u>10,181,598</u>	<u>11,111,107</u>
25	OTHER EXPENSES			
	Auditors' remuneration	25.1	2,461,497	2,421,016
	Legal and professional charges - other than business related		9,421,517	7,418,153
	Sindh Workers' Welfare Fund		16,642,967	15,061,307
	Exchange loss - net		111,649	-
			<u>28,637,630</u>	<u>24,900,476</u>
25.1	Auditors' remuneration			
	Audit fee		1,027,591	1,014,905
	Half yearly review fee		395,467	390,585
	Fee for the review of compliance with the Code of Corporate Governance		186,835	184,528
	Fee for regulatory returns		132,860	131,220
	Sindh sales tax on services		182,333	179,334
	Out-of-pocket expenses		536,411	520,444
			<u>2,461,497</u>	<u>2,421,016</u>
26	INCOME TAX EXPENSE			
	Current tax			
	- Current year expense		324,537,860	294,741,005
	- Prior year		3,292,320	-
			<u>327,830,180</u>	<u>294,741,005</u>
	Deferred tax			
	- Current year expense / (income)		7,129,467	(2,859,182)
	- Prior year		4,002,542	-
			<u>11,132,009</u>	<u>(2,859,182)</u>
			<u>338,962,189</u>	<u>291,881,823</u>
26.1	Relationship between income tax expense and accounting profit			
		2024	2023	
		Effective tax rate (%)		
	Profit before taxation			
				<u>825,390,419</u>
	Tax at the applicable rate of 29% (2023: 29%)	29.00	29.00	214,021,173
	Super tax - current year	10.18	10.24	75,574,618
	Prior year charge	0.88	-	-
	Permanent differences	1.10	0.28	2,045,013
	Others	(0.10)	0.03	241,019
		<u>41.07</u>	<u>39.55</u>	<u>291,881,823</u>
27	EARNINGS (AFTER TAX) PER SHARE	Note	2024	2023
			(Rupees)	
	Profit after tax		<u>486,428,230</u>	<u>446,122,223</u>
			Number of shares	
	Weighted average number of ordinary shares		<u>50,000,000</u>	<u>50,000,000</u>
			(Rupees)	
	Earnings per share - basic and diluted	27.1	<u>9.73</u>	<u>8.92</u>

- 27.1 As at December 31, 2024 and 2023, the Company did not have any convertible instruments in issue which would have had a dilutive effect on the earnings per share if the option to convert was exercised.

28 REMUNERATION OF CHIEF EXECUTIVE OFFICER / COUNTRY PRESIDENT, DIRECTORS AND EXECUTIVES

Aggregate amounts charged in the financial statements for the year for remuneration, including benefits to the key management personnel of the Company namely the Chief Executive Officer / Country President, directors and executives of the Company are as follows:

	2024			2023		
	Chief Executive Officer / Country President	Directors	Executives	Chief Executive Officer / Country President	Directors	Executives
	(Rupees)					
Short-term employee benefits						
Consultancy fees	-	10,869,144	-	-	10,316,539	-
Managerial remuneration	28,923,672	-	90,132,517	19,153,708	-	65,991,949
Bonus	3,684,807	-	9,289,606	3,582,415	-	7,631,032
Leave encashment	6,704,928	-	3,255,441	-	-	1,596,800
Housing, utilities and others	545,464	-	-	419,333	-	-
Conveyance	-	-	5,552,851	-	-	5,739,462
Medical	441,897	-	4,906,486	208,490	-	1,829,469
	<u>40,300,768</u>	<u>10,869,144</u>	<u>113,136,901</u>	<u>23,363,946</u>	<u>10,316,539</u>	<u>82,788,712</u>
Other employee benefits						
Shared-based compensation benefits	6,026,519	-	73,870	5,053,552	-	244,839
Post-employment benefits						
Charge for defined benefit plan	3,223,378	-	9,478,037	1,616,187	-	5,153,296
Contribution to defined contribution plan	2,892,366	-	8,938,278	1,915,371	-	6,427,383
Total	<u>52,443,031</u>	<u>10,869,144</u>	<u>131,627,086</u>	<u>31,949,056</u>	<u>10,316,539</u>	<u>94,614,230</u>
Number of persons	<u>1</u>	<u>2</u>	<u>16</u>	<u>1</u>	<u>2</u>	<u>15</u>

- 28.1 The Company also provides key management personnel with facilities such as Company maintained cars and monthly subscription of club facilities.
- 28.2 During the year the Chief Executive / Country President and executives of the Company received dividends on shares of the Holding Company amounting to Rs. 226,978 and Rs. 9,335 (2023: Rs. 240,281 and Rs. 24,708) respectively.
- 28.3 The managerial remuneration includes the 2023 bonus paid in the current year. An estimated accrual in respect of the above bonus was made in the last year financial statements. For the current year, an amount of Rs. 15.346 million (2023: Rs. 12.974 million) has been accrued on an estimated basis. Individual entitlements in respect of this accrual will be determined next year and will then be disclosed accordingly.
- 28.4 Executives mean employees, other than chief executive and directors whose basic salary exceed five hundred thousand rupees in a financial year.

29 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include major shareholders, parent company, related group companies with or without common directors, retirement benefit funds, directors, and key management personnel and their close family members. The Company in the normal course of business carries out transactions with various related parties at agreed terms and conditions. Remuneration of the Chief Executive Officer / Country President, directors and executives is disclosed in note 28.

Amounts due to / from related parties and other significant transactions other than those disclosed elsewhere in these financial statements, are as follows:

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	Group / associated companies		Other related parties		Total	
	2024	2023	2024	2023	2024	2023
BALANCES AS AT YEAR END						
(Rupees)						
Loans and other receivables						
- Chubb Limited (ultimate parent company)	57,175	67,770	-	-	57,175	67,770
Due from other insurers / reinsurers						
- Chubb INA Overseas Insurance Company Limited	12,693,026	-	-	-	12,693,026	-
Reinsurance recoveries against outstanding claims						
- Chubb Tempest Reinsurance Limited	2,760,802,747	911,449,829	-	-	2,760,802,747	911,449,829
- Chubb European Group SE	1,025,000	10,841,462	-	-	1,025,000	10,841,462
- Chubb INA Overseas Insurance Company Limited	44,220,000	39,500,000	-	-	44,220,000	39,500,000
Prepaid reinsurance premium ceded	235,607,254	178,142,551	-	-	235,607,254	178,142,551
Provision for outstanding claims	101,935,645	113,766,686	-	-	101,935,645	113,766,686
Due to other insurers / reinsurers	282,976,133	132,241,212	-	-	282,976,133	132,241,212
Retirement benefit obligations	-	-	8,444,769	20,525,854	8,444,769	20,525,854
Other creditors and accruals						
- Key management personnel	-	-	27,684,893	27,947,872	27,684,893	27,947,872

	Group / associated companies		Other related parties		Total	
	2024	2023	2024	2023	2024	2023
TRANSACTIONS DURING THE YEAR						
(Rupees)						
Gross premium written	-	1,910,032	189,650	226,696	189,650	2,136,728
Reinsurance premium ceded	1,223,019,178	1,035,086,023	-	-	1,223,019,178	1,035,086,023
Claims paid	-	-	-	-	-	-
Claims ceded	452,146,614	240,083,578	-	-	452,146,614	240,083,578
Commission on cession	105,034,567	85,889,928	-	-	105,034,567	85,889,928
Remuneration of key management personnel	-	-	194,939,262	136,879,825	194,939,262	136,879,825
Contribution to gratuity fund	-	-	30,917,638	13,445,750	30,917,638	13,445,750
Contribution to provident fund	-	-	11,830,644	8,342,754	11,830,644	8,342,754

29.1 The maximum aggregate amount due from the related parties outstanding during the year aggregated to Rs. 3,219.437 million (2023: Rs. 1,232.298 million).

30 SEGMENT INFORMATION

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

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

At

Particulars	For the year ended December 31, 2024					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Liability	Total
(Rupees)						
Premium receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	1,619,882,561	84,559,450	820,614	62,976,491	311,539,027	2,079,778,143
Less: Sales tax	(24,426,992)	(7,836,034)	(112,221)	(2,109,770)	(23,436,688)	(57,921,705)
Federal insurance fee	(1,604,571)	(538,091)	(7,014)	(439,927)	(1,583,391)	(4,172,994)
Premium receivable (net of sales tax and federal insurance fee)	1,593,850,998	76,185,325	701,379	60,426,794	286,518,948	2,017,683,444
Gross written premium (inclusive of administrative surcharge)						
Gross direct premium	159,647,927	68,970,481	696,379	43,584,733	158,538,056	431,437,576
Facultative inward premium	1,434,048,231	6,976,552	-	16,737,061	127,425,142	1,585,186,986
Administrative surcharge	154,840	238,292	5,000	105,000	555,750	1,058,882
	1,593,850,998	76,185,325	701,379	60,426,794	286,518,948	2,017,683,444
Insurance premium earned	1,665,151,839	60,513,410	753,395	61,539,682	235,334,601	2,023,292,927
Insurance premium ceded to reinsurers	(902,593,645)	(48,251,400)	(748,395)	(46,590,770)	(167,370,265)	(1,165,554,475)
Net insurance premium	762,558,194	12,262,010	5,000	14,948,912	67,964,336	857,738,452
Commission income	41,379,921	3,980,548	246,661	22,720,797	26,170,837	94,498,764
Net underwriting income	803,938,115	16,242,558	251,661	37,669,709	94,135,173	952,237,216
Insurance claims	2,261,819,022	132,436,776	260,144	11,420,871	6,134,375	2,412,071,188
Insurance claims recovered from reinsurers	2,175,257,686	134,275,485	385,759	10,974,825	2,667,417	2,323,561,172
Net claims	86,561,336	(1,838,709)	(125,615)	446,046	3,466,958	88,510,016
Commission expense	43,957,029	1,144,808	(13,946)	12,286,393	16,752,021	74,126,305
Management expenses	257,492,806	12,308,035	113,310	9,762,183	46,288,246	325,964,580
Net insurance claims and expenses	388,011,171	11,614,134	(26,251)	22,494,622	66,507,225	488,600,901
Underwriting result	415,926,944	4,628,424	277,912	15,175,087	27,627,948	463,636,315
Net investment income						380,210,136
Other income						10,181,598
Other expenses						(28,637,630)
Profit before tax						825,390,419

Particulars	As at December 31, 2024					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Liability	Total
(Rupees)						
Segment assets	3,297,537,708	135,106,322	1,109,754	39,252,579	144,969,885	3,617,976,248
Unallocated assets	-	-	-	-	-	3,037,994,999
Total assets	3,297,537,708	135,106,322	1,109,754	39,252,579	144,969,885	6,655,971,247
Segment liabilities	4,103,883,842	142,171,527	1,333,906	52,218,230	252,039,156	4,551,646,661
Unallocated liabilities	-	-	-	-	-	72,614,669
Total liabilities	4,103,883,842	142,171,527	1,333,906	52,218,230	252,039,156	4,624,261,330
Net assets						2,031,709,917
Depreciation	11,569,233	553,004	5,091	438,618	2,079,745	14,645,691
Unallocated capital expenditure	-	-	-	-	-	47,229,246

Particulars	For the year ended December 31, 2023					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Liability	Total
(Rupees)						
Premium receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	1,691,967,608	67,508,556	4,391,042	91,951,905	218,574,710	2,074,393,821
Less: Sales tax	(7,770,067)	(6,809,616)	(3,070,432)	(18,530,847)	(112,532)	(36,293,494)
Federal insurance fee	(543,047)	(523,825)	(617,286)	(1,345,861)	(7,033)	(3,037,052)
Premium receivable (net of sales tax and federal insurance fee)	1,683,654,494	60,175,115	703,324	72,075,197	218,455,145	2,035,063,275
Gross written premium (inclusive of administrative surcharge)						
Gross direct premium	54,136,434	51,888,608	698,324	61,024,331	133,766,546	301,514,243
Facultative inward premium	1,629,393,404	8,111,558	-	10,955,078	84,261,274	1,732,721,314
Administrative surcharge	124,656	174,949	5,000	95,788	427,325	827,718
	1,683,654,494	60,175,115	703,324	72,075,197	218,455,145	2,035,063,275
Insurance premium earned	1,567,411,071	53,757,727	469,781	62,282,676	197,318,655	1,881,239,910
Insurance premium ceded to reinsurers	(799,505,104)	(41,105,747)	(464,781)	(47,667,981)	(118,226,168)	(1,006,969,781)
Net insurance premium	767,905,967	12,651,980	5,000	14,614,695	79,092,487	874,270,129
Commission income	35,545,166	3,031,361	166,967	21,857,144	18,363,488	78,964,126
Net underwriting income	803,451,133	15,683,341	171,967	36,471,839	97,455,975	953,234,255
Insurance claims	803,623,285	52,199,892	25,615	7,315,042	8,390,107	871,553,941
Insurance claims recovered from reinsurers	639,502,520	49,902,892	-	5,588,890	1,899,231	696,893,533
Net claims	164,120,765	2,297,000	25,615	1,726,152	6,490,876	174,660,408
Commission expense	26,283,405	1,114,981	-	29,703,714	12,219,294	69,321,394
Management expenses	201,069,828	7,186,391	83,994	8,607,554	26,088,926	243,036,693
Net insurance claims and expenses	391,473,998	10,598,372	109,609	40,037,420	44,799,096	487,018,495
Underwriting result	411,977,135	5,084,969	62,358	(3,565,581)	52,656,879	466,215,760
Net investment income						285,577,655
Other income						11,111,107
Other expenses						(24,900,476)
Profit before tax						738,004,046

Particulars	As at December 31, 2023					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Liability	Total
(Rupees)						
Segment assets	1,613,519,141	97,288,987	843,921	49,959,603	117,627,204	1,879,238,856
Unallocated assets	-	-	-	-	-	2,239,820,951
Total assets	1,613,519,141	97,288,987	843,921	49,959,603	117,627,204	4,119,059,807
Segment liabilities	2,072,684,133	90,917,850	1,004,186	45,839,963	143,306,577	2,353,752,709
Unallocated liabilities	-	-	-	-	-	222,571,253
Total liabilities	2,072,684,133	90,917,850	1,004,186	45,839,963	143,306,577	2,576,323,962
Net assets						1,542,735,845
Depreciation	9,328,490	333,407	3,897	399,342	1,210,377	11,275,513
Unallocated capital expenditure	-	-	-	-	-	3,700,329

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31 MOVEMENT IN INVESTMENTS

	Held to maturity	Available- for-sale	At fair value through profit or loss	Total
	----- (Rupees) -----			
As at January 1, 2023	201,686,820	-	-	201,686,820
Additions	85,793,750	5,008,965,560	-	5,094,759,310
Disposals (sales and redemptions)	(60,000,000)	(3,825,525,177)	-	(3,885,525,177)
Fair value net losses (excluding net realised gains)	-	(882,686)	-	(882,686)
Interest income	-	-	-	-
Impairment losses	-	-	-	-
Effect of unwinding of discount	13,648,747	182,063,880	-	195,712,627
As at December 31, 2023	<u>241,129,317</u>	<u>1,364,621,577</u>	<u>-</u>	<u>1,605,750,894</u>
 Additions	 79,569,714	 9,911,389,570	 -	 9,990,959,284
Disposals (sales and redemptions)	(60,000,000)	(9,474,262,059)	-	(9,534,262,059)
Fair value net losses (excluding net realised gains)	-	308,007	-	308,007
Interest income	-	-	-	-
Impairment losses	-	-	-	-
Effect of unwinding of discount	13,783,494	308,062,239	-	321,845,733
As at December 31, 2024	<u>274,482,525</u>	<u>2,110,119,334</u>	<u>-</u>	<u>2,384,601,859</u>

32 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Company's activities expose it to a variety of financial risks namely market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

32.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in market interest rates or market price of securities arising due to changes in credit rating of the issuer of the instrument, changes in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Company manages market risk by monitoring exposure in marketable securities and by following the internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk namely currency risk, yield / interest rate risk and price risk.

32.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's principal transactions are carried out in Pakistani rupees.

32.1.2 Maturity profile / yield interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company invests in securities and has deposits that are subject to interest / mark-up rate risk. The Company limits interest / mark-up rate risk by monitoring changes in interest / mark-up rates in the currencies in which its cash and investments are denominated.

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The Company's maturity profile of financial assets and liabilities is as follows:

2024								
Effective yield / mark-up rate (% per annum)	Interest / mark-up bearing			Non-interest / mark-up bearing			Total	
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total		
(Rupees)								
Financial assets								
Investments								
- Debt securities	12.85% - 19.70%	2,244,996,927	139,604,932	2,384,601,859	-	-	-	2,384,601,859
- Term deposits	5.75%	246,870,409	-	246,870,409	-	-	-	246,870,409
Loans and other receivables		-	-	-	12,979,114	-	12,979,114	12,979,114
Insurance / reinsurance receivables		-	-	-	414,240,871	-	414,240,871	414,240,871
Reinsurance recoveries against outstanding claims		-	-	-	2,935,900,670	-	2,935,900,670	2,935,900,670
Cash and bank		-	-	-	145,984,484	-	145,984,484	145,984,484
		2,491,867,336	139,604,932	2,631,472,268	3,509,105,139	-	3,509,105,139	6,140,577,407
Financial liabilities								
Outstanding claims including IBNR		-	-	-	3,233,565,924	-	3,233,565,924	3,233,565,924
Insurance / reinsurance payables		-	-	-	312,699,688	-	312,699,688	312,699,688
Other creditors and accruals		-	-	-	89,802,917	-	89,802,917	89,802,917
		-	-	-	3,636,068,529	-	3,636,068,529	3,636,068,529
On-balance sheet gap (a)		2,491,867,336	139,604,932	2,631,472,268	(126,963,390)	-	(126,963,390)	2,504,508,878
Off-balance sheet financial instruments								
		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		2,491,867,336	139,604,932	2,631,472,268				
Cumulative interest rate sensitivity gap		2,491,867,336	2,631,472,268					

2023								
Effective yield / mark-up rate (%) per annum)	Interest / mark-up bearing			Non-interest / mark-up bearing			Total	
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total		
(Rupees)								
Financial assets								
Investments								
- Debt securities	12.85% - 21.25%	1,422,763,696	182,987,198	1,605,750,894	-	-	-	1,605,750,894
- Term deposits	19.25%	65,000,000	-	65,000,000	-	-	-	65,000,000
Loans and other receivables		-	-	-	14,015,152	-	14,015,152	14,015,152
Insurance / reinsurance receivables		-	-	-	613,152,586	-	613,152,586	613,152,586
Reinsurance recoveries against outstanding claims		-	-	-	1,064,486,112	-	1,064,486,112	1,064,486,112
Cash and bank		-	-	-	384,848,540	-	384,848,540	384,848,540
		1,487,763,696	182,987,198	1,670,750,894	2,076,502,390	-	2,076,502,390	3,747,253,284
Financial liabilities								
Outstanding claims including IBNR		-	-	-	1,310,705,922	-	1,310,705,922	1,310,705,922
Insurance / reinsurance payables		-	-	-	132,241,212	-	132,241,212	132,241,212
Other creditors and accruals		-	-	-	81,106,301	-	81,106,301	81,106,301
		-	-	-	1,524,053,435	-	1,524,053,435	1,524,053,435
On-balance sheet gap (a)		1,487,763,696	182,987,198	1,670,750,894	552,448,955	-	552,448,955	2,223,199,849
Off-balance sheet financial instruments								
		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		1,487,763,696	182,987,198	1,670,750,894				
Cumulative interest rate sensitivity gap		1,487,763,696	1,670,750,894					

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Sensitivity analysis

(a) Sensitivity analysis for variable rate instruments

Presently, the Company does not hold any variable rate instrument.

(b) Sensitivity analysis for fixed rate instruments

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

32.1.3 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. As at December 31, 2024 and 2023, the Company did not have any financial instrument which exposed it to price risk.

32.2 Credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counter parties.

32.2.1 Concentration of credit risk exposure

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political and / or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk arises from bank deposits in current and other accounts, insurance and reinsurance receivables, reinsurance recoveries against outstanding claims, loans and other receivables. The total financial assets of Rs 6,140.577 million (2023: Rs 3,747.253 million) except Rs 2,385.503 million (2023: Rs 1,613.124 million) are subject to credit risk.

Out of the total financial assets, bank balances of Rs 145.084 million (2023: Rs. 377.475 million) and fixed term deposits of Rs. 246.870 million (2023: Rs 65 million) have been placed with banks having credit rating of A and above as at December 31, 2024 and December 31, 2023.

The management monitors exposures to credit risk through regular review of credit exposure and prudent estimates of provisions for doubtful receivables. Due to the Company's long outstanding business relationships with its counterparties and after giving due consideration to their sound financial standing, the management does not expect non-performance by these counter parties on their obligations to the Company.

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

Name of bank	Rating agency	2024		2023	
		Rating		Rating	
		Short-term	Long-term	Short-term	Long-term

Current accounts and term deposits

Citibank N.A. - Pakistan branches	Moody's	P-1	AA3	P-1	AA3
Habib Bank Limited	VIS	A1+	AAA	A1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	A1+	AAA
Mobilink Microfinance Bank Limited	VIS	NA	NA	A-1	A

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32.2.1.1 An age analysis of amounts due from insurance contract holders that are past due but not impaired are as under:

	2024	2023
	------(Rupees)-----	
Upto 30 days	-	20,000
31 to 180 days	-	-
Over 180 days	-	-
	<u>-</u>	<u>20,000</u>

32.2.1.2 As of December 31, 2024, total amount due from insurance contract holders is Rs 11.674 million (2023: Rs 5.265 million). These amounts wholly relate to policies effective in the current year, for which premiums are not yet due, due to agreed contractual terms.

32.2.1.3 Sector wise analysis of amounts due from insurance contract holders is as follows:

	2024	2023
	------(Rupees)-----	
Financial sector	3,895,892	4,882,761
Miscellaneous	7,778,347	382,431
	<u>11,674,239</u>	<u>5,265,192</u>

32.2.1.4 The credit quality of receivables in respect of insurance contract which can be assessed with reference to external credit ratings is as follows:

	-----2024-----			
	Insurance / reinsurance receivables		Reinsurance recoveries against outstanding claims	Aggregate
	Due from insurance contract holders	Amount due from other insurers / reinsurers		
	----- (Rupees) -----			
A or above	5,065,789	402,566,632	2,935,900,670	3,343,533,091
Others	4,643,152	-	-	4,643,152
Unrated	1,965,298	-	-	1,965,298
Total	<u>11,674,239</u>	<u>402,566,632</u>	<u>2,935,900,670</u>	<u>3,350,141,541</u>

	-----2023-----			
	Insurance / reinsurance receivables		Reinsurance recoveries against outstanding claims	Aggregate
	Due from insurance contract holders	Amount due from other insurers / reinsurers		
	----- (Rupees) -----			
A or above	4,882,761	607,887,394	1,064,486,112	1,677,256,267
Others	-	-	-	-
Unrated	382,431	-	-	382,431
Total	<u>5,265,192</u>	<u>607,887,394</u>	<u>1,064,486,112</u>	<u>1,677,638,698</u>

Assets that pass the SPPI test include government securities and term deposits. Government securities are unrated while credit quality of term deposits have been given in bank-wise ratings in note 32.2.1.

32.3 Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

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The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date on an undiscounted cash flow basis.

	2024			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	(Rupees)			
Outstanding claims including IBNR	3,233,565,924	3,233,565,924	3,233,565,924	-
Insurance / reinsurance payables	312,699,688	312,699,688	312,699,688	-
Other creditors and accruals	89,802,917	89,802,917	89,802,917	-
	<u>3,636,068,529</u>	<u>3,636,068,529</u>	<u>3,636,068,529</u>	<u>-</u>
	2023			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	(Rupees)			
Outstanding claims including IBNR	1,310,705,922	1,310,705,922	1,310,705,922	-
Insurance / reinsurance payables	132,241,212	132,241,212	132,241,212	-
Other creditors and accruals	81,106,301	81,106,301	81,106,301	-
	<u>1,524,053,435</u>	<u>1,524,053,435</u>	<u>1,524,053,435</u>	<u>-</u>

33 FINANCIAL INSTRUMENTS BY CATEGORY

	As at December 31, 2024			
	Loans and receivables	Available-for-sale	Held-to-maturity	Total
	(Rupees)			
Financial assets				
Investments				
- Debt securities	-	2,110,119,334	274,482,525	2,384,601,859
- Term deposits	246,870,409	-	-	246,870,409
Loans and other receivables	12,979,114	-	-	12,979,114
Insurance / reinsurance receivables	414,240,871	-	-	414,240,871
Reinsurance recoveries against outstanding claims	2,935,900,670	-	-	2,935,900,670
Cash and bank	145,984,484	-	-	145,984,484
	<u>3,755,975,548</u>	<u>2,110,119,334</u>	<u>274,482,525</u>	<u>6,140,577,407</u>

	As at December 31, 2024		
	At fair value through profit or loss	At amortised cost	Total
	(Rupees)		
Financial liabilities			
Outstanding claims including IBNR	-	3,233,565,924	3,233,565,924
Insurance / reinsurance payables	-	312,699,688	312,699,688
Other creditors and accruals	-	89,802,917	89,802,917
	<u>-</u>	<u>3,636,068,529</u>	<u>3,636,068,529</u>

	As at December 31, 2023			
	Loans and receivables	Available-for-sale	Held-to-maturity	Total
	(Rupees)			
Financial assets				
Investments				
- Debt securities	-	1,364,621,577	241,129,317	1,605,750,894
- Term deposits	65,000,000	-	-	65,000,000
Loans and other receivables	14,015,152	-	-	14,015,152
Insurance / reinsurance receivables	613,152,586	-	-	613,152,586
Reinsurance recoveries against outstanding claims	1,064,486,112	-	-	1,064,486,112
Cash and bank	384,848,540	-	-	384,848,540
	<u>2,141,502,390</u>	<u>-</u>	<u>241,129,317</u>	<u>3,747,253,284</u>

As at December 31, 2023		
At fair value through profit or loss	At amortised cost	Total
(Rupees)		
Outstanding claims including IBNR	1,310,705,922	1,310,705,922
Insurance / reinsurance payables	132,241,212	132,241,212
Other creditors and accruals	81,106,301	81,106,301
	<u>1,524,053,435</u>	<u>1,524,053,435</u>

Financial liabilities

Outstanding claims including IBNR
Insurance / reinsurance payables
Other creditors and accruals

34 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

34.1 Insurance risk

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty in the amount of compensation to the insured. Generally, most insurance contracts carry the insurance risk for a period of one year (refer note 3.2).

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

The Company's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate reinsurance is arranged to mitigate the effect of the potential loss to the Company from individual to large or catastrophic insured events. Further, the Company adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

As is common with other insurance companies, in order to minimise the financial exposure arising from large claims, the Company, in the normal course of business, enters into agreement with other parties for reinsurance purposes. To minimise its exposure to significant losses from reinsurer insolvencies, the Company obtains reinsurance cover only from companies with sound financial position.

The greatest likelihood of significant losses on the contracts underwritten by the Company mainly arises from earthquakes or floods. The Company's estimated exposure on account of such perils for any given single loss event and maximum re-insurance cover against those perils are summarised below:

2024		
Maximum gross exposure	Reinsurance cover	Highest net liability
Rupees in million		

Earthquake	608,131	608,125	6
Flood / windstorm	289,245	289,239	6

2023		
Maximum gross exposure	Reinsurance cover	Highest net liability
Rupees in million		

Earthquake	416,973	416,967	6
Flood / windstorm	393,207	393,201	6

34.2 Geographical concentration of insurance risk

The Company's significant geographical concentration lies inside Pakistan. To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk survey.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with commercial / industrial / residential occupation of the policyholders. Details regarding the fire separation / segregation with respect to the manufacturing processes, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details form part of the reports which are made available to the underwriters / reinsurance personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Insurance Association of Pakistan) which includes measures like the presence of perfect party walls, double fire proof iron doors, physical separation between the buildings within an insured's premises, etc. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

Address look-up and geocoding is the essential field of the policy data interphase of Information Technology (IT) systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is punched into the IT system / application through which a number of MIS reports can be generated to assess the concentration of risk.

A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualise the risk exposures so the Company determines the appropriate amount of reinsurance coverage to protect the business portfolio.

For marine risks, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are entered into the IT system. The reinsurance module of the IT system is designed to satisfy the requirements as laid down in the treaty agreements. Shipment declarations are also endorsed on the policies. Respective reinsurance cessions are automatically made upon the posting of policy documents.

34.3 Frequency and severity of claims

For the Company's insurance contracts, climatic changes give rise to frequent and severe extreme weather events (for example river flooding) and their consequences. The Company has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of the contents insured. Claims payment limits are always included to cap the amount payable on occurrence of the insured event.

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

The Company's insurance contracts are sub-divided into risk segments fire and property damage, marine aviation and transport, motor, accident & health and liability. The Company manages these risk segments through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

34.4 Sources of uncertainty in the estimation of future claim payments

An estimated amount of the claim is recorded immediately on intimation to the Company. The estimation of the amount is based on the amount notified by the policy holder, management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. The estimation of provision for claims incurred but not reported (IBNR) is determined on the basis of actuarial recommendation for all classes of business.

The Company takes all reasonable measures to identify and account for the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from the amounts recognised initially.

34.5 Process used to decide on assumptions and changes therein

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

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34.6 Sensitivity analysis

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of reinsurance.

	Pre-tax profit		Shareholders' equity	
	2024	2023	2024	2023
	----- (Rupees) -----			
10% increase in net claims (i.e. loss)				
Fire and property damage	(8,656,134)	(16,412,077)	(5,280,242)	(10,011,367)
Marine, aviation and transport	183,871	(229,700)	112,161	(140,117)
Motor	12,562	(2,562)	7,663	(1,563)
Accident and health	(44,605)	(172,615)	(27,209)	(105,295)
Liability	(346,695)	(649,087)	(211,484)	(395,943)
	<u>(8,851,001)</u>	<u>(17,466,041)</u>	<u>(5,399,111)</u>	<u>(10,654,285)</u>
10% decrease in net claims (i.e. loss)				
Fire and property damage	8,656,134	16,412,077	5,280,242	10,011,367
Marine, aviation and transport	(183,871)	229,700	(112,161)	140,117
Motor	(12,562)	2,562	(7,663)	1,563
Accident and health	44,605	172,615	27,209	105,295
Liability	346,695	649,087	211,484	395,943
	<u>8,851,001</u>	<u>17,466,041</u>	<u>5,399,111</u>	<u>10,654,285</u>

34.7 Reinsurance arrangements

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

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

35 CAPITAL RISK MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are:

- to comply with the minimum paid-up capital requirements as prescribed by the Securities and Exchange Commission of Pakistan (SECP);
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for the other stakeholders;
- to provide an adequate return to shareholders by pricing insurance contracts commensurate with the level of risk; and
- to maintain a strong capital base to support the sustained development of its business.

The current requirement for regulatory capital is Rs 500 million as at December 31, 2024. The Company complies with this requirement.

36 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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Fair value hierarchy

International Financial Reporting Standard (IFRS) 13; 'Fair value measurement' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The following table shows the fair value of investments as at December 31, 2024 and 2023. The fair value of all other financial assets and financial liabilities approximate their fair values.

Assets	As at December 31, 2024			
	Level 1	Level 2	Level 3	Total
	(Rupees)			
Held-to-maturity				
Pakistan Investment Bonds	-	250,713,767	-	250,713,767
Available-for-sale				
Market Treasury Bills	-	2,110,119,334	-	2,110,119,334
	-	2,360,833,101	-	2,360,833,101

Assets	As at December 31, 2023			
	Level 1	Level 2	Level 3	Total
	(Rupees)			
Held-to-maturity				
Pakistan Investment Bonds	-	226,933,794	-	226,933,794
Available-for-sale				
Market Treasury Bills	-	1,364,621,577	-	1,364,621,577
	-	1,591,555,371	-	1,591,555,371

37 DEFINED CONTRIBUTION PLAN - PROVIDENT FUND

The Company has set up a provident fund for its permanent employees wherein contributions are made by the Company in accordance with the requirements of Section 218 of the Companies Act, 2017. The total charge against provident fund for the year ended December 31, 2024 is Rs 11.831 million (2023: Rs 8.343 million).

The following information is based on the un-audited financial statements of the Fund for the year ended December 31, 2024 and 2023:

	2024	2023
	(Rupees)	
Size of the fund - net assets	145,984,134	103,737,090
Fair value / cost of investments made	143,920,379	103,806,152
	Percentage	
Investments made as a percentage of total assets	98.51%	99.96%

The break-up of investments made is given below:

Particulars of investments	2024		2023	
	Amount	Amount as a percentage of total investments	Amount	Amount as a percentage of total investments
	Rupees	%	Rupees	%
Khas deposit certificates	23,000	0.02%	23,000	0.02%
Bank deposits	143,897,379	99.98%	103,783,152	99.98%
	143,920,379	100.00%	103,806,152	100.00%

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

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38	STAFF STRENGTH	2024	2023
		(Number of employees)	
	Number of employees as at December 31	17	16
	Average number of employees during the year	16	16

39 CORRESPONDING FIGURES

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

40 DATE OF AUTHORISATION FOR ISSUE

25 MAR 2025

These financial statements have been authorised for issue on _____ by the Board of Directors of the Company. The Board of Directors has the power to amend and re-issue the financial statements.

41 GENERAL

Figures in these financial statements have been rounded off to the nearest Rupee, unless otherwise stated.

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Syed K. A. M. A.

Chairman

Huzefa Chaudhry

Chief Executive

A. Free

Director

Ali

Director