



NATIONAL INSURANCE COMPANY LIMITED

DIRECTORS' REPORT – 2021

ON THE ANNUAL AUDITED ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2021

The Directors of your Company take pleasure in presenting their report together with the audited financial statements and Auditors' Report thereon for the year ended December 31, 2021. The Director's report prepared under Section 227 of the Companies Act, 2017, the Public Sector Companies (Corporate Governance) Rules, 2013 and the Code of Corporate Governance for Insurers, 2016, will be put forward to the members at the 22nd Annual General Meeting of the Company to be held on January 21, 2025.

HISTORY, OBJECTIVES AND STATE OF AFFAIRS OF YOUR COMPANY

National Insurance Company Limited ("the Company") was incorporated in Pakistan on March 31, 2000, as an unquoted public limited company under the repealed Companies Ordinance 1984 (now the Companies Act, 2017) through National Insurance Corporation (Reorganization) Ordinance, 2000.

Major Objectives of National Insurance Company Limited include:

- To provide insurance cover to the Government/Semi Government organizations at economical cost;
- To reduce outflow of foreign exchange by reducing dependence on reinsurance abroad;
- To make significant contributions to public exchequer by payment of taxes & dividends;
- To make prudent investments in public as well as private sector in order to obtain maximum returns.

The Company provides general insurance coverage to the moveable and immoveable assets, liabilities, risks and/or interests belonging to Federal & Provincial Governments, Local Authorities and Statutory Corporations. It has a captive clientele in terms of the provisions of Section 166 of the Insurance Ordinance, 2000.

The Company provides insurance coverage in the following areas:

- | | |
|------------------------------------|----------------------------|
| • Fire and Allied Perils | • Marine Cargo |
| • Property All Risk | • Marine Hull |
| • Machinery Breakdown | • Aviation Hull |
| • Contractors' All Risk | • Bankers Blanket Bond |
| • Erection All Risk | • Electronic Equipment |
| • Business Interruption following; | • Workmen Compensation |
| ➤ Property Damage | • General Public Liability |
| ➤ Machinery Breakdown | • Cash-in-Safe |
| | • Cash-in-Transit |

The Company has never been in loss ever since the year 2000 i.e. when the National Insurance Corporation was converted into a public limited company through the promulgation of the National Insurance Corporation (Reorganization) Ordinance, 2000.

The Company's operations and governance remained smooth until the year 2009, however, during the period from 2009 and 2010 due to certain decisions taken by the then Board members as a collegiate, the Company underwent a state of turmoil due to cases relating to purchase of properties. Thereafter, the Hon'ble Supreme Court of Pakistan took notice of the same and Suo Moto case bearing No. 18 of 2010 necessitated an overhaul of the Company. As a consequence, the Company has been functioning without a duly constituted Board of Directors for a significant period of time.

A Board of Directors was appointed / nominated during the year 2013 for a period of six months only. Hence, during the period from 2010 / 2011 to 2015, the Company largely functioned without a Board of Directors. Consequently, the audits of the Company's accounts could not be carried out and the same interfered with the Company's smooth functioning as it created a backlog of numerous issues including, but not limited to, the audit of accounts given the fact that the process of auditing is a sequential one.

Another Board of Directors was appointed / nominated February 2015 which remained for three years, which got the financial statements for the years 2010, 2011, 2012, 2013 and 2014 audited and approved. After that, another Board of Directors was appointed / nominated through notification dated May 31, 2018 for a period of three years and its tenure ended on May 31 2021, this Board of Directors got the financial statements for the years 2015, 2016 and 2017 audited and approved. Then after a gap two-and-a-half-year new Board (i.e. the present Board) was notified on August 8, 2023 and held its first meeting on November 13, 2023. This current Board of Directors of the Company took initiatives to conclude the pending audits and finalization / approval of pending financial years. The Board of Directors completed the audit of accounts for the years 2018, 2019 and 2020, the same have been adopted by the shareholders in 19th, 20th & 21st Annual General Meetings (AGM) held on September 12, 2024 & December 09, 2024 and now completed the audit of accounts for the year 2021, the same is being adopted by the shareholders in 22nd Annual General Meeting being held on January 21, 2025.

Moreover, alongside the audit and finalization of accounts, the Company has not been in compliance with other statutory obligations including the ones relating / ancillary to the audit and finalization of accounts. Other shortcomings in compliance of other statutory requirements include, but are not limited to, the following:

- i. Non-existence of Board of Directors for a considerable time.
- ii. Appointment of a qualified person as Chief Financial Officer, which has now been done on April 22, 2024, and a qualified professional from the finance function has been nominated as its Chief Financial Officer, who was looking after the finance function as Acting Chief Financial Officer since April 12, 2023. Before this the Company appointed its Chief Financial Officer on October 15, 2020, who stayed for around a year till November 19, 2021.
- iii. Appointment of Chief Internal Auditor, which is under process. The company had a Chief Internal Auditor from January 1, 2020, till July 31, 2022, and was transferred to Finance function to assist in completion of financial statements and looking after the finance function.
- iv. Appointment of Compliance Officer, which is under process. The company had a Compliance Officer from April 22, 2021, till March 7, 2023.
- v. Obtaining credit rating(s), which can only be done once all outstanding accounts are audited, signed and approved.
- vi. Non-holding of Annual General Meetings within the timeframe stipulated under the Companies Law.
A delayed Annual General Meeting was held on December 30, 2020, to adopt financials of years 2015 till 2017 and another Annual General Meeting was held on September 12, 2024 to adopt financials of years 2018 and 2019 and another Annual General Meeting was held on December 09, 2024 to adopt financials of years 2020 now 22nd Annual General Meeting is being held on January 21, 2025 to adopt financials of year 2021.
- vii. Timely appointment of external auditors.
The external auditors, RSM Avais Hyder Liaquat Nauman, were appointed for the years from 2017 to 2019 on 30th August 2019 and for the years from 2020 till 2023 in 20th Annual General Meeting held on September 12, 2024.
- viii. Timely audit, signing, approval and filing of accounts including quarterly statements of assets and liabilities, and other ancillary reports (Directors' Reports) and Statements of Compliance / Non-Compliances under the Corporate Governance Laws as well as the Insurance Ordinance, 2000 applicable to the respective years.
- ix. Non-existence of various policies & procedures, which has already been addressed by the Board and many new policies & procedures in line with the best practices have now been made and approved, while some other policies & procedures are being made by the consultants engaged for this purpose and it is expected that those policies will be finalized and approved sooner.

The Company's Board of Directors and the Management has made all out efforts to ensure that the Company meets all its statutory obligations including finalization of the accounts for the previous years, within the earliest possible time, because of which the Company is able to conclude the audit of accounts for the year under consideration.

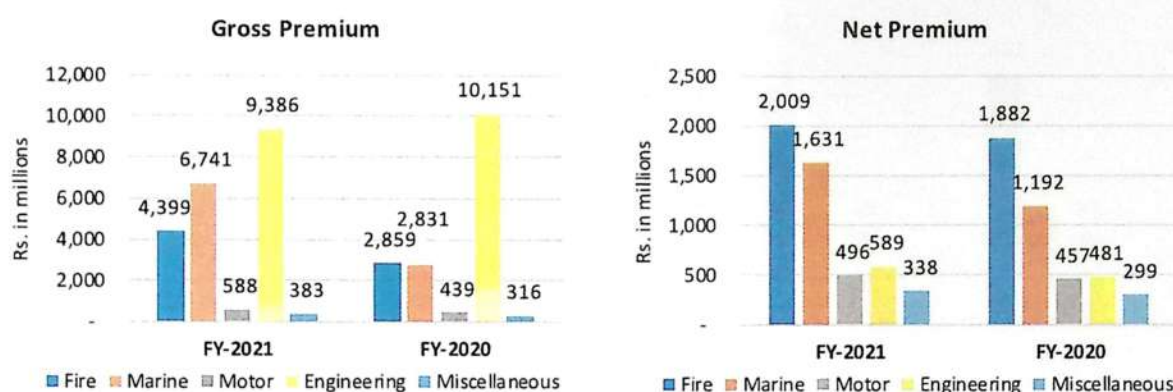


COMPANY PERFORMANCE REVIEW

Key financial data depicting the business performance of the Company in the year 2021 in comparison with last year (2020) is presented below (all figures are stated in Rupees in millions): Despite the challenging environment and the uncertainty caused by the Omicron variant of COVID-19 pandemic, the Company performed well in 2021 as we closed the year delivering sound financial results with a premium growth of 29.53% in business over the preceding year. We continued to follow the strategy of sustainable growth.

In 2021, the gross premium increased to Rs. 21,496.25 million as compared to Rs. 16,595.95 million in 2020. The net insurance premium revenue was 23.55% (Rs. 5,063.00 million) of total gross premium underwritten as compared to the net insurance premium revenue of 25.98% (Rs. 4,312.42 million) in 2020. The net claims ratio for the year 2021 was at 14.48% as compared to last year's ratio of 17.93%. The underwriting results reported a profit of Rs. 2,620.77 million in 2021 as against profit of Rs. 2,095.26 million in the year 2019.

The Gross Written Premium and Net Premium for different classes of business for the year 2021 as compared to previous year, 2020 as below:



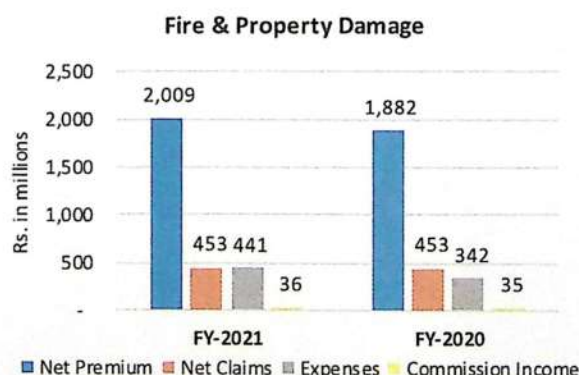
The return-on-investment portfolio has decreased to Rs. 3,808.21 million in 2021 as compared to Rs. 3,889.62 million in 2020. This is due to investment income from Pakistan Investment Bonds (PIBs) of Rs. 3,257.72 million. Rental and other income was Rs. 554.11 million whereas the same amount was Rs. 409.59 million in the preceding year.

Profit before tax amounted to Rs. 7,041.61 million in the year 2021 recorded an increase of 10.99% against the preceding year's profit of Rs. 6,344.64 million. Also, the Profit after tax witnessed an increase of 7.82% to Rs. 4,738.03 million as against profits of Rs. 4,394.19 million in the preceding year.

PORTFOLIO ANALYSIS

Fire and Property Damage

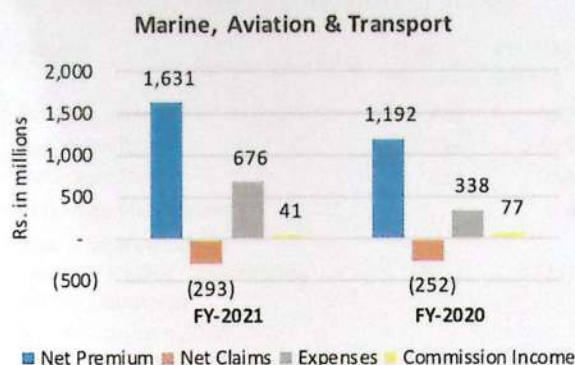
Fire and property class of business constituted 20.46% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 4,398.58 million (2020: Rs. 2,859.19 million). Net claims to net premium ratio decreased to 22.54% in 2021 as compared to 24.05% in 2020. As a result, the fire and property class posted an underwriting profit of Rs. 1,151.18 million in 2021 as compared to a profit of Rs. 1,122.75 million in 2020.





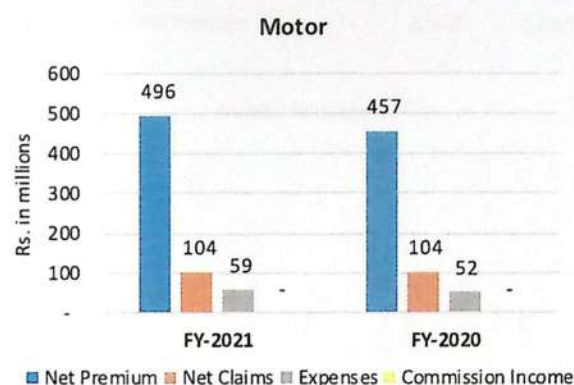
Marine, Aviation & Transport

Marine, Aviation & Transport class of business constituted 31.36% of the total portfolio. During the year, the Company's underwritten gross premium is Rs. 6,740.90 million (2020: Rs. 2,831.14 million). Net claims to net premium ratio is -17.93% in 2021 as compared to -21.12% in 2020. As a result, this portfolio showed underwriting profit of Rs. 1,288.42 million in 2021 as compared to a profit of Rs. 1,182.73 million in 2020.



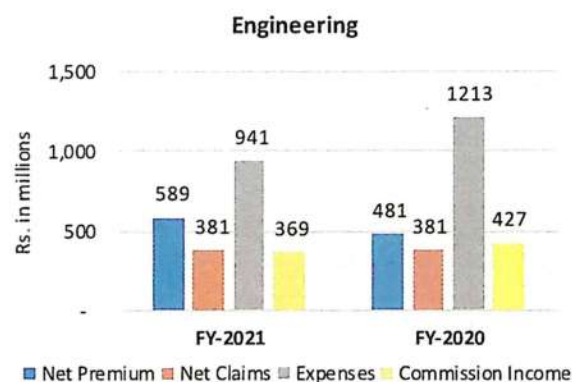
Motor

Motor class of business constituted 2.73% of the total portfolio. During the year, the gross written premium is Rs. 587.53 million (2020: Rs. 439.17 million). Net claims to net premium ratio decreased to 21.06% in 2021 as compared to 22.83% in 2020. As a result, Motor class reported increased profit of Rs. 332.30 million in 2021 as compared to profit of Rs. 300.24 million in 2020.



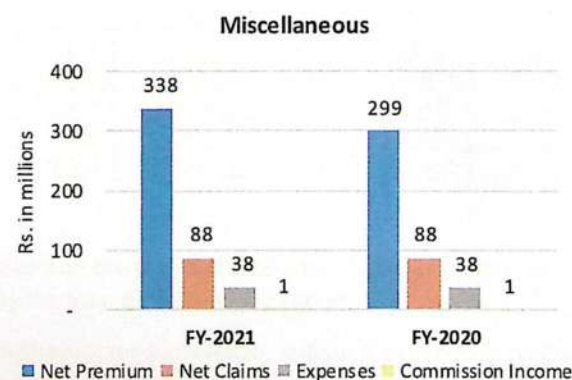
Engineering

The Engineering class of business constituted 43.66% of the total portfolio. During the year, the gross written premium has decreased to Rs. 9,386.26 million (2020: Rs. 10,150.69 million). Net claims to net premium ratio decreased to 64.56% in 2021 as compared to 79.03% in 2020. As a result, this portfolio showed an underwriting loss of Rs. (363.85) million (2020: loss of Rs. (684.61) million).



Miscellaneous

The Miscellaneous class of business constituted 1.78% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 382.97 million (2020: Rs. 315.75 million). Net claims to net premium ratio decreased to 25.99% in 2020 as compared to 29.37% in 2020. As a result, this portfolio showed an underwriting profit of Rs. 212.72 million (2020: profit of Rs. 174.15 million).





Investment Income

The Investment income of the Company witnessed a decrease of 2.08% mainly due to the decrease in return on (T-Bills) of 15.95% and loss on sale of 'Held for trading' investments of Rs. (304) million. Whereas return on (PIBs) increased by 9.59%.

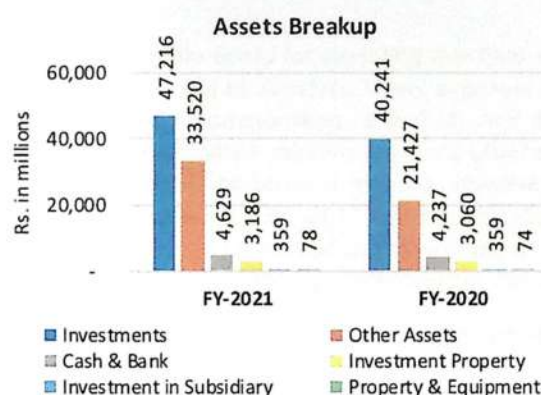
Dividend income increased by 20.63%, and no income on term deposit in 2021. As a result, the overall income from investments amounted to Rs. 3,808 million in 2021 as against Rs. 3,889 million in 2020.

The break-up of investment income is as under:

Income	FY-2021	FY-2020
	(Rupees in million)	
Dividend income	228	189
Return on PIBs	3,258	2,973
Return on T-Bills	627	746
Return on term deposits	-	3
(Loss)/Gain on sale of 'Held for trading' investments (Net impairment)	(304)	(25)
(Loss)/Gain on sale of 'Available-for-sale' investments (Net impairment)	-	0
Net Investment Income	3,808	3,889

Company's Assets

Total assets of the Company as of 31 December 2021 amounted to Rs. 88,987 million as against Rs. 69,307 million in 2020. Total investments increased by 17.33% to Rs. 47,216 million as compared to Rs. 40,240.98 million in 2020. The management's strategy is to optimize utilization of funds over a long-term investment horizon to maximize investment returns.



KEY OPERATIONAL AND FINANCIAL DATA

(Figures in Rs. million)

Description	FY-2014	FY-2015	FY-2016	FY-2017	FY-2018	FY-2019	FY-2020	FY-2021
Gross Written Premium	6,401	4,899	5,534	4,939	8,990	11,814	16,596	21,496
Net Written Premium	3,264	2,851	2,923	3,709	3,561	3,952	4,315	5,063
Net Claims	119	697	498	799	768	974	774	733
Underwriting Profit	2,398	1,415	1,705	2,271	1,593	1,825	2,095	2,621
Investment income	2,266	2,915	3,152	1,620	1,403	3,185	3,889	3,808
Profit Before Tax	4,183	3,865	4,411	2,823	4,416	4,727	6,345	7,042
Income Tax Expense	888	813	1,256	719	1,555	1,242	1,950	2,304
Profit After Tax	3,295	3,052	3,155	2,104	2,861	3,485	4,394	4,738
Total Equity	23,185	25,871	28,933	28,327	30,837	35,215	39,836	43,827
Total Liability	19,498	18,979	21,625	21,100	21,654	28,390	29,470	45,160
Dividend	500	500	500	500	410	500	500	500
Total Investments	24,734	23,725	31,390	29,653	27,757	38,988	43,660	47,216

BOARD OF DIRECTORS

During the year 2021, following persons have been the directors on the Board of Directors of your company, whose appointments / nominations on the Board were approved by the Insurance Division of SECP.

During the year 2021, the Board comprised of seven directors having the knowledge, skills and experience required to provide oversight and strategic guidelines to the Company. All the directors represented diverse fields / professions and possessed the necessary skills and understanding to deal with various business issues and had the ability to review management performance. However, the 3 years term of the below constituted Board of Directors was completed on May 30, 2021 after that NICL remained without Board of Directors, the new NICL Board was constituted on August 08, 2023.



Total number of directors during the year 2021 and Board composition was:

S. No.	Name	Category	Date of Appointment	End of Term
1	Shafqaat Ahmed	Independent Director	31-May-2018	30-May-2021
2	Aasim Azim Siddiqui	Independent Director	31-May-2018	30-May-2021
3	Tariq Jamil	Independent Director	29-Nov-2019	30-May-2021
4	Dr. Rashid Manzoor	Non-Executive Director (Ex-Officio Director)	31-May-2018	30-May-2021
5	Manzoor Ali Shaikh	Non-Executive Director (Ex-Officio Director)	04-Feb-2019	30-May-2021
6	Syed Rafeo Bashir Shah	Acting Chief Executive Officer	01-Jun-2020	31-May-2021

DIRECTORS' REMUNERATION

The remuneration of the directors is approved by the Board. However, no director takes part in deciding his own remuneration. The Company pays remuneration to directors for attending the meetings of the Board of Directors and its Committees.

The Board of Directors has approved the remuneration of the members of the Board for attending meetings of the Board and Board Committee. The meeting fee of Rs. 50,000 per meeting is paid to directors. Travel expenses by air from the city of residence to the city of the meeting are paid with hotel accommodation, if availed. And that in addition to the said fee, each Director who is coming to attend a Board/Committee meeting from any other city, a daily allowance of Rs. 5,000/- shall also be paid for a day of his/her visit at the place of meeting. However, the Ministry of Commerce & Textile, vide its letter no. 3(10)/98-Ins dated September 06, 2017 has directed that the Director's Fee shall be standardized at no more than Rs.50,000/-. Hence, ever since the said directive of the Ministry of Commerce & Textile was received, the Directors have been paid a fee of Rs.50,000/- per meeting per director.

The remuneration paid to directors for attending the meetings of the Board of Directors as well as its committees have been disclosed in Note 35 to the financial statements.

BOARD MEETINGS & ATTENDANCE

During year 2021, 3 meetings of the Board of Directors were held and attended by the Directors as under:

Directors	Meetings Attended
Dr. Rashid Manzoor	3
Shafqaat Ahmed	3
Syed Rafeo Bashir Shah	3
Manzoor Ali Shaikh	3
Aasim Azim Siddiqui	3
Tariq Jamil	3

BOARD COMMITTEES & ITS MEMBERS

The Board has formed the following committees:

AUDIT COMMITTEE

(From June 04, 2020)

NAME	CATEGORY
Mr. Shafqaat Ahmed	Chairman
Mr. Tariq Jamil	Member
Mr. Manzoor Ali Shaikh	Member
Dr. Rashid Manzoor	Member
General Manager (Internal Audit)	Secretary



ETHICS, HUMAN RESOURCE & REMUNERATION

(From June 04, 2020)

NAME	CATEGORY
Mr. Tariq Jamil	Chairman
Mr. Shafqaat Ahmed	Member
Dr. Rashid Manzoor	Member
Mr. Manzoor Ali Shaikh	Member
Syed Rafeo Bashir Shah	Member
General Manager (Human Resource)	Secretary

INVESTMENT

(From June 04, 2020)

NAME	CATEGORY
Mr. Shafqaat Ahmed	Chairman
Mr. Tariq Jamil	Member
Syed Rafeo Bashir Shah (Acting CEO)	Member
Mr. Manzoor Ali Shaikh	Member
Chief Manager Accounts	Secretary

PROCUREMENT

(From June 04, 2020)

NAME	CATEGORY
Mr. Shafqaat Ahmed	Chairman
Mr. Tariq Jamil	Member
Dr. Rashid Manzoor	Member
Syed Rafeo Bashir Shah (Acting CEO)	Member
General Manager Administration	Secretary

CORPORATE SOCIAL RESPONSIBILITY (CSR)

(From June 04, 2020)

NAME	CATEGORY
Mr. Tariq Jamil	Chairman
Mr. Shafqaat Ahmed	Member
Syed Rafeo Bashir Shah (Acting CEO)	Member
Company Secretary	Secretary

SHAREHOLDING

The Company is 100% owned by Government of Pakistan and working under administrative control of Ministry of Commerce.

No. of Shareholders	Shareholdings	Total Shares Held
-	Shareholding from 1 to 100 shares	-
-	Shareholding from 101 to 500 shares	-
-	Shareholding from 501 to 1,000 shares	-
-	Shareholding from 1001 to 5,000 shares	-
-	Shareholding from 5,001 to 10,000 shares	-
-	Shareholding from 10,001 to 1,000,000 shares	-
-	Shareholding from 1,000,001 to 10,000,000 shares	-
-	Shareholding from 10,000,001 to 100,000,000 shares	-
1	Shareholding from 100,000,001 to 200,000,000 shares	200,000,000
1		200,000,000



Categories of Shareholders	Share(s) Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	-	0%
Associated Companies, undertakings and related parties	-	0%
Executives	-	0%
Banks, Development Financial Institutions, Non-Banking Financial Institutions	-	0%
Insurance Companies and Takaful Companies	-	0%
Modarabas and Mutual Funds	-	0%
Shareholders holding 5% or more		
General Public:		
- Local	-	0%
- Foreign	-	0%
Others:		
- Public Sector Companies and Corporations	-	0%
- Federation of Pakistan (In the name of President of Pakistan)	200,000,000	100%
- NIC Employees Empowerment Trust (NEET)	-	0%

SUBSIDIARY COMPANY

M/s. Civic Center Company (Private) Limited ("the subsidiary company") is the only wholly owned subsidiary of the Company. The subsidiary company was incorporated in the year 1994, and at present, it has a paid-up capital of Rs.448.20 million (divided into 44.820 million shares of Rs.10/- each share). The subsidiary company is engaged in the business of rental management and upkeep of its real estate properties / buildings.

MOST RECENT DEVELOPMENT – SCHEME OF MERGER / AMALGAMATION OF THE COMPANY'S WHOLLY OWNED SUSIDIARY WITH AND INTO THE COMPANY

NICL holds 100% shares of CCCL which is contrary the requirements of sections 14(1) (b) and 15 read with section 200 of The Companies Act, 2017, therefore, SECP has required the change in the shareholding while transferring share(s) in the name of new nominee director(s) who would then also become the shareholder(s) of the CCCL.

As per resolution of the Board of Directors of CCCL, the matter for transfer of share(s) in the name of new nominee Director(s), from the existing shares i.e. Rs. 44,820,009, was referred to NICL's Board of Directors for necessary approval and further proceedings.

In pursuance of this, NICL Board of Directors in its 125th meeting held on 25th July 2024 approved to transfer one share of CCCL to the Chief Executive Officer of National Insurance Company in order to comply with Security Exchange Commission requirement.

EARNINGS PER SHARE

During the year under review, earnings per share were Rs. 23.69 /- (2020: Rs. 21.97/-). Detailed working has been reported in Note 34 to the Unconsolidated Financial Statements in this regard.

INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY

The Board has adopted policies and procedures for ensuring orderly and efficient conduct of its business including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures. The system provides, though not absolute, reasonable assurance that adequate control mechanisms have been established within the operational businesses.

The Company's internal control system is commensurate with its size, scale, and complexities of its operations. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control system and suggests improvements to strengthen the same.

RECOMMENDATION OF THE AUDIT COMMITTEE

The appointment of external auditors for the year ended December 31, 2020, 2021, 2022 and 2023 was done in 20th Annual General Meeting held on September 12, 2024.

No casual vacancy arose with respect to the external auditors for the year 2021.



Other matters considered and / or recommended by the Audit Committee included the following:

- Discussions with external auditors on the issues from the audit and review of the financial statements.
- Communication between the management and external auditors that are ought to have been affecting the progress of audit of financial statements.
- Other matters requiring presence and outcomes of discussions with the external auditors.

OPINIONS EXPRESSED IN THE AUDITOR'S REPORT AND EXPLANATION

Auditors of the Company for the year ended December 31, 2021, have expressed their opinions on the financial statements for the said period, and an explanation thereto has been given as under:

S. No.	Audit Opinion	Explanation
1	<p>The Company does not neither maintain a fixed asset register nor have an item-wise detail of fixed assets available with it (refer note 5 of the unconsolidated financial statements). Due to non-availability of this information, we were unable to obtain sufficient appropriate audit evidence in relation to following:</p> <ul style="list-style-type: none"> - the existence, completeness, rights & obligations and valuation assertions of fixed assets recorded in the unconsolidated financial statements of the Company as at December 31, 2015, December 31, 2016, December 31, 2017, December 31, 2018, December 31, 2019, December 31, 2020 and December 31, 2021. - the impairment, if any, of any fixed assets recorded in the unconsolidated financial statements of the Company as at December 31, 2015, December 31, 2016, December 31, 2017, December 31, 2018, December 31, 2019, December 31, 2020 and December 31, 2021. <p>Consequently, we are unable to quantify the impact of the adjustments, if any, on the unconsolidated financial statements.</p>	<p>Similar opinion was given by the external auditors for the year 2020. Factually, there was no fixed assets register during the year 2021.</p> <p>The Company is in process of acquiring new software solution, offering advanced asset register capabilities, including Procure-to-Payment and Fixed Asset Management Systems. This new solution will be integrated with NICL's existing General Ledger System, providing a complete procure-to-pay solution that will revolutionize business process and technology integration for procurement, services, and finance departments. By laying the foundation for incremental system evolution, this mission-critical solution will enable a new level of efficiency and integration, transforming the way procurement and finance departments operate.</p> <p>We expect that this opinion shall change in the later years, as the auditors for those years will be able to see the fixed assets register and will also be able to carry out necessary audit verification procedures in respect of fixed assets as well as investment properties.</p>
2	<p>We were appointed subsequent to the balance sheet date; consequently, we were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the quantities and condition of investment properties and fixed assets appearing in the unconsolidated statement of financial position as at December 31, 2021 and application of appropriate cut off procedures. We were also unable to review the events subsequent to the balance sheet date till the date of our audit report, which may affect the financial statements. Further, there being no satisfactory alternative audit procedures that we could adopt to obtain sufficient and appropriate audit evidence regarding the objectives of these procedures. Consequently, we are unable to assess due impact of the adjustments, if any, that may have been identified as a result of such audit procedures on the balances as appearing in the unconsolidated financial statements.</p>	<p>This is an inherent limitation that the external auditors for the year ended December 31, 2021 were appointed in the year 2024.</p>
3	<p>As stated in note 13 of the unconsolidated financial statements, insurance/reinsurance receivables amounting to Rs. 11.833 billion includes a balance of Rs. 1.185 billion for which we were not provided sufficient and appropriate audit evidence concerning the nature, identification, and recoverability of the amount. Due to this lack of evidence, we were unable to determine whether any adjustment to the receivable balance is necessary, which may have a material effect on the financial statements.</p>	<p>The breakups of all figures appearing in the Financial Statements for the year ended Dec 31, 2017 are not available including an amount of around Rs.3 billion in account receivables.</p> <p>In absence of breakups, as an alternative way, the exercise over system collection reports has been conducted in order to trace the said amount of Rs. 3 billion appearing in account receivable. As a result, receivables amounting to Rs. 1.815 billion as at Dec 31, 2017, were allocated to the clients.</p> <p>However, the remaining amount of Rs. 1.185 billion appearing in the account receivable could not be allocated to any client based on system collection reports. Therefore, the said amount remains untraceable.</p>

DIRECTION / PREPARATION TO HOLD ANNUAL GENERAL MEETING

On the application(s) made by the Company in terms of Section 147(1) of The Companies Act, 2017, vide letter No.CS.SEC/19th, 20th AGM/Sec.147-CA/2024 dated August 9, 2024, the Securities and Exchange Commission of Pakistan, vide its letter No.E-0004795 dated August 12, 2024, has intimated that the commission vide Circular No. 07/2024 March 7, 2024 has clarified that the spirit of section 147 of the Companies Act, 2017 is to empower the members/directors of the company to compel it to hold its overdue general meetings with the intervention of Commission. Hence any application under section in 147 shall not be entertained by the Commission in case same is filed by on behalf of the company as a company cannot seek direction against itself.

In addition to above, SECP further clarified that, in case the company has held its overdue meeting without invocation of the provision of section 147 of the Companies Act, 2017, such meeting would be considered as valid meetings, if held in accordance with the relevant provisions of the law.

Therefore, as directed by SECP the Company will hold its Annual General Meetings on January 21, 2025, for the years 2021.

RECOMMENDATION FOR DIVIDEND

A final dividend of Rs. 500 million for the financial year 2021 has been recommended for declaration by the Board Audit Committee and approved by the Board of Directors.

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Corporate laws, rules and regulations framed there under spell out the overall functions of the Board of Directors of the Company. The Board is fully aware of its corporate responsibilities as envisaged under the Companies Act, 2017, the Code of Corporate Governance for Insurers, 2016 and the Public Sector Companies (Corporate Governance) Rules 2013 (the Codes) and is pleased to give the following statements:

- The financial statements prepared by the Company, present fairly its state of affairs, the results of its operation, cash flows and changes in equity. The Company has maintained proper books of accounts as required under The Companies Act, 2017.
- The Company has followed consistently appropriate accounting policies in preparation of the financial statements. Changes, wherever made, have been disclosed, and accounting estimates made are on the basis of prudent and reasonable judgment.
- Financial Statements have been prepared by the Company in accordance with the International Financial Reporting Standards as applicable in Pakistan. The departure therefrom (if any), is disclosed adequately and explained.
- The fundamentals of the Company are strong and there are no doubts about its ability to continue as a going concern.

COMPLIANCE WITH PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013 AND THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016

Although, the Directors signing and approving this Report along with the financial statements for the year ended December 31, 2021, on the basis of the indemnity to the Board for signing and approving the financial statements / accounts for the year ended December 31, 2021, as elaborated in the "Disclaimer & Indemnity" part given in this Report were not present during the period to which these financial statements relate, however, the present Directors have approved and signed this Report along with the financial statements for the year ended December 31, 2021, and the relevant Statements of Compliance / Non-Compliances, so as to meet the filing requirements as laid down under the law.

Based on the said indemnity to the Board, the Statements of Compliance / Non-compliances under Rule 24 of the Public Sector Companies (Corporate Governance) Rules, 2013 and Clause (lxxvi) or the Code of Corporate Governance for Insurers, 2016 [Clauses (lxxviii) to (lxxx) of the Code of Corporate Governance for Insurers, 2016 have been omitted vide S.R.O.277(1)/2020 dated April 01, 2020; hence, these provisions do not exist as at the date hereof, and accordingly, the Statement of Compliance with Section 11 and Section 12 of the Insurance Ordinance, 2000 is not been presented herewith], has been approved, signed, issued and annexed to these financial statements by the present Board of Directors without assuming any financial and / or legal liability and / or risk of any type or kind whatsoever, as the present Board of Directors was neither present during the period to which



nor is the Board in a position to confirm the exact compliance status with respect to the requirements of the Companies Ordinance, 1984 (now the Companies Act, 2017), the Insurance Ordinance, 2000, the Public Sector Companies (Corporate Governance) Rules, 2013 and the Code of Corporate Governance for insurers, 2016.

STATEMENT OF COMPLIANCE UNDER SECTION 46(6) OF THE INSURANCE ORDINANCE, 2000

Just like the Statement of Compliance / Non-Compliances under Rule 24 of the Public Sector Companies (Corporate Governance) Rules, 2013, the Statement of Compliance required under Section 46(6) of the Insurance Ordinance, 2000 is being presented as under:

"In compliance with sub-Section (6) of Section 46 of the Insurance Ordinance, 2000, we, the Board of Directors of M/S. NATIONAL INSURANCE COMPANY LIMITED, bearing insurance registration no. 183 dated 1st January, 2002, through the Chairman Board, Chief Executive Officer and two Directors nominated by the Board of Directors to sign the financial statements for the year ended December 31, 2021, hereby make out the statement that:

- a) in our opinion the annual statutory accounts of the Company set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, 2000 and any rules made thereunder;*
- b) the insurer has at all times in the year 2020 complied with the following provisions of the Insurance Ordinance, 2000 and the rules made thereunder relating to:*
 - i. the provisions of the Ordinance relating to minimum paid-up share capital requirements;*
 - ii. the provisions of the Ordinance relating to minimum solvency requirements;*
 - iii. the provisions of the Ordinance relating to the obtaining of reinsurance arrangements.*
- c) as at the date of the statement, the insurer continues to be in compliance with the following provisions of the Insurance Ordinance, 2000 and the rules made thereunder relating to:*
 - i. the provisions of the Ordinance relating to minimum paid-up share capital requirements;*
 - ii. the provisions of the Ordinance relating to minimum solvency requirements;*
 - iii. the provisions of the Ordinance relating to the obtaining of reinsurance arrangements."*

The abovementioned statement of compliance under Section 46(6) of the Insurance Ordinance, 2000 should not be read in isolation; rather the statement should be read in conjunction with the "Disclaimer & Indemnity" part given in this Report.

EXEMPTION FROM THE REQUIREMENT TO PREPARE & FILE CONSOLIDATED STATEMENTS

The financials for the years 2021 of NICL's subsidiary, Civic Center Company Limited, has not been audited and approved, hence the consolidated financial statements of NICL cannot be prepared for the year 2021.

The reason for non-finalization of accounts of CCCL is due to the absence of the Board of Directors of NICL and Civic Center Company Limited (CCCL) as directors of CCCL are from the directors of NICL.

Therefore, an application was made by the Company in terms of Section 228(7) of the Companies Act, 2017 read with Regulation 5 of the Companies (General Provisions and forms) Regulations, 2018, vide letter No. CS.SEC/Accounts/indemnity/2024/2 dated November 12, 2024, whereby request was made before the Securities and Exchange Commission of Pakistan for issuance of directions for grant of exemption from the requirements of Section 228 of The Companies Act, 2017 concerning the preparation, audit and submission of the consolidated financial statements for the years 2021, 2022, 2023 & 2024. The Securities and Exchange Commission of Pakistan, vide its letter No. ID/PRDD/020-RA/2024/3367 dated December 11, 2024, accorded the requisite exemption from the requirements of Section 228 of the Companies Act, 2017 for the years 2021, 2022, 2023 & 2024.

DISCLAIMER AND INDEMNITY

As mentioned earlier, the present Board of Director of the Company was notified on August 8, 2023 and their first meeting was held on November 13, 2023. At that time, none of the accounts of NICL after the year 2017 were audited nor approved. The previous Board had approved and signed the financial statements for the years 2015, 2016 & 2017 on the basis of the indemnity provided by SECP on 10th August 2020.



On the same basis, accordingly, the Insurance Division of SECP was approached vide the Company's letter No. CS.SEC/Accounts/indemnity/2024 dated July 11, 2024, regarding issuance of indemnity to the Board of NICL for signing and approving of accounts of NICL for the years 2018 till 2023, which was responded to by SECP vide its letter No.ID/PRDD/020-RA/2024/3290 dated July 19, 2024. In the light of the said letter from SECP, the Board of Directors of the Company has considered approving, signing and recommending the accounts for the year 2020 for placement before the shareholders in the 22nd Annual General Meeting to be convened with the permission of SECP in terms of Section 147 of the Companies Act, 2017.

The present Board of Directors has taken initiative to approve and sign these financial statements merely on the basis of the indemnity issued by SECP vide its letter No.ID/PRDD/020-RA/2024/3290 dated July 19, 2024, as the present Board was neither present during the period to which these financial statements relate nor is the Board aware of the circumstances and compliance status of the Company during that period with respect to the requirements of the Companies Ordinance, 1984 (now the Companies Act, 2017), the Insurance Ordinance, 2000, the Public Sector Companies (Corporate Governance) Rules, 2013, and the Code of Corporate Governance for Insurers, 2016. Likewise, the present Directors have approved and signed this Report along with the financial statements for the year ended December 31, 2021, and the relevant Statements of Compliance / Non-compliances, so as to meet the filing requirements as laid down under the law.

Based on the above said indemnity to the Board:

- i. the Statements of Compliance / Non-Compliances have been approved, signed, issued and annexed to these financial statements by the present Board of Directors without assuming any financial and/ or legal liability and/ or risk of any type or kind whatsoever; and
- ii. the approval of the financial statements and / or all statements and notes annexed thereto does not, in any way, mean or constitute approval of transactions carried out during the period to which these accounts relate and earlier.

COMPLIANCE WITH SECRETARIAL PRACTICES

Secretarial Compliance Certificate under Clause (xxxiii) of the Code of Corporate Governance for Insurers, 2016 duly signed by the Company Secretary is being furnished herewith, as part of the annual financial statements for the year ended December 31, 2021.

HEALTH, SAFETY AND ENVIRONMENT

We strongly believe in maintaining the highest standards in health, safety and environment to ensure the well-being of the people who work with us as well as of the communities where we operate. The Real Estate Department looks after the real estate properties and matters ancillary to those properties including health safety (hygiene) and security of the buildings and its occupants (including the tenants). However, the nature of the Company's business is such that it is not detrimental to the overall health, safety and environment.

EMPLOYEES RETIREMENT BENEFITS

Detailed disclosure about deferred liabilities and movements in respect of employees' retirement benefits have been given in Note 22 to the financial statements for the year ended December 31, 2021.

INTERNAL AUDIT

The Internal Audit Department has been made functional in the year 2020 by hiring a qualified Chartered Accountant as Chief Internal Auditor with a reporting line to Board Audit Committee. Subsequently, the Internal Audit Manual has been developed and approved by the Board of Directors. According to the said manual, a risk based Internal Audit Plan has been developed and implemented. Resultantly, Internal Audit Reports were presented to the Board Audit Committee. Before the year 2020, the Internal Audit Department was not fully functional. The Internal Audit Department used to perform pre-audit of all vouchers/ transactions to be carried out before any payment was to be made.



FINANCIAL STATEMENTS

The financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity, as opined by the external auditors in their report thereon.

BOOKS OF ACCOUNTS

The Company has maintained proper books of account, as opined by the external auditors in their report thereon.

ACCOUNTING POLICIES

Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment, as opined by the external auditors in their report thereon.

INTERNATIONAL ACCOUNTING STANDARDS

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements, as opined by the external auditors in their report thereon.

INTERNAL CONTROL SYSTEM

The system of internal control is evolving across the Company, and the present Board is painstakingly getting the policies developed by professional consultants so that the policies are approved and implemented in line with the best practices. Moreover, the present Board of Directors is in process of appointing a professionally qualified person to act as the Chief Internal Auditor. Many other initiatives are being taken to strengthen the internal control system across the Company.

GOING CONCERN

There is no doubt about the Company's ability to continue as a going concern, and hence, the financial statements for the year ended December 31, 2021 have been accordingly made.

TAXES AND LEVIES

Information about taxes and levies is given in Note 33 to the financial statements for the year ended December 31, 2021.

STATUTORY PAYMENTS

There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 31 December 2021, except those disclosed in the financial statements.

TRANSACTIONS WITH RELATED PARTIES

Detailed disclosure on transactions with related parties is given in Note 36 to the financial statements for the year ended December 31, 2021.

COMMUNICATION

Communication with the shareholders is given a high priority. Financial statements / Annual reports are circulated to the members and are also uploaded onto the website of the Company (www.nicl.com.pk), as and when they are adopted by the AGM. Once the outstanding accounts are approved by the Board and adopted by the shareholders at the respective Annual General Meetings, the Company shall ensure that all half yearly and quarterly reports are also circulated, as per the requirement of the law, and also placed on Company's website within the time specified by the Companies Act, 2017. The Company has a website, www.nicl.com.pk, which contains information on Company's activities and financial reports.

NON-ADJUSTING EVENTS & COMMITMENTS

As per External Auditors, there were no non-adjusting material events which need disclosure in the Financial Statement for the year ended December 31, 2021. Further, detail disclosure about contingencies & commitments has been given in Note 23 to the financial statements for the year ended December 31, 2021.

SAFEGUARDING OF RECORDS

The Company emphasizes storage and safe custody of its financial records. The Company is using oracle-based GIS system for recording its financial information. Access to electronic documentation has been ensured through implementation of comprehensive password protected authorization matrix. Also, the digitization of records as well as of files has been achieved to ensure that the records are present in physical as well as in digital form.



WHISTLEBLOWER POLICY

The Company has Whistleblower Policy in place.

CODE OF CONDUCT

The Company has prepared a 'Code of Conduct', which has been approved by the Board of Directors. This Code has been disseminated throughout the Company. The basic philosophy underlying this Code is to conduct business operations with honesty, integrity and openness, and with respect for human rights and the interests of the employees. The Company respects the legitimate interest of all those with whom it has a relationship - government, employees, clients, shareholders and other stakeholders. The Code has been placed on Company's website.

PRINCIPAL RISKS AND UNCERTAINTIES

Risks associated with the Company and its business have been discussed in Note 39 to the financial statements for the year ended December 31, 2021.

AUDITORS

The Auditors, M/s. RSM Avais Hyder Liaquat Noman, Chartered Accountants for the year ended December 31, 2021, have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP). The external auditors have confirmed that their firm is in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP. The external auditors have not been appointed to provide other services except in accordance with the provisions of the Companies Act, 2017 and the Insurance Ordinance, 2000, and they have confirmed that they have observed IFAC guidelines in this respect.

The external auditors attended those Audit Committee meetings in which audited / reviewed financial statements of the Company were considered by the Audit Committee. It may be noted that the financial statements for the period ended December 31, 2021 were neither audited by the external auditors nor approved by the Board of Directors during the year 2021 in the relevant year. The auditors have confirmed that they have no issue of independence, and they have already reported all their concerns in the Board letter. Audit Committee & Board has recommended appointment and remuneration of the external auditors for consideration of the Board in the year 2024 for the years 2020, 2021, 2022 and 2023. They are appointed for the said years in the 20th AGM held on September 12, 2024.

ACKNOWLEDGEMENT

The present board of directors has been endeavoring to make all out efforts and strengthening the internal control system of the company and also upgrade the overall working of the company through technological advancements, digitization of systems, employees' skill and capacity development and moving forward towards more competitive approach.

The Board of Directors of the Company are thankful to the management as well as the regulators for the support and cooperation as without which the Company would not have achieved the finalization of these financial statements and other initiatives taken by the Board of Directors of the Company.

The Company would also like to thank its shareholders for the confidence they have shown in us. We express our sincere thanks to our customers, employees, strategic partners, vendors and suppliers.

We also appreciate the continuing support and guidance provided by the Securities and Exchange Commission of Pakistan during the year.

For and on behalf of the Board



Director

Karachi



Chief Executive Officer



نیشنل انشورنس کمپنی لمیٹڈ

ڈائریکٹر ز رپورٹ 2021

31 دسمبر 2021 کو اختتام پذیر ہونے والے سال کیلئے سالانہ آڈٹ شدہ مالیاتی گوشوارے

کمپنی کے ڈائریکٹر 31 دسمبر 2021 کو اختتام پذیر ہونے والے سال کے لیے آڈٹ شدہ مالیاتی گوشواروں اور اس کے ساتھ آڈیٹر کی رپورٹ بمعہ اپنی رپورٹ پیش کرتے ہوئے پُرسرت ہیں۔ یہ رپورٹ کمپنیز ایکٹ، 2017 کے سیکشن 227 کے مطابق تیار کی گئی ہے۔ پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) رولز 2013، اور کوڈ آف کارپوریٹ گورننس برائے غیر منسلک کمپنیاں 2016، مورخہ 21 جنوری 2025 کو طے شدہ 22 ویں سالانہ عام اجلاس میں اراکین کو پیش کیا جائے گا۔

کمپنی کی تاریخ، مقاصد اور معاملات:

نیشنل انشورنس کمپنی لمیٹڈ ("کمپنی") پاکستان میں 31 مارچ 2000 کو منسوخ شدہ کمپنیز آرڈیننس، 1984 (اب کمپنیز ایکٹ، 2017 کے زیر انتظام) کے تحت ایک غیر فہرست شدہ پبلک لمیٹڈ کمپنی کے طور پر قائم کی گئی تھی۔ یہ نیشنل انشورنس کارپوریشن (تنظیم نو) آرڈیننس، 2000 کے ذریعے تشکیل دی گئی تھی۔

نیشنل انشورنس کمپنی لمیٹڈ کے اہم مقاصد میں شامل ہیں:

- سرکاری اور نیم سرکاری اداروں کو کم قیمت پر انشورنس کوریج فراہم کرنا۔
- بیرون ملک سے ری انشورنس پر انحصار کم سے کم کر کے زرمبادلہ کے اخراج کو کم کرنا۔
- ٹیکسوں اور منافع کے ذریعے سرکاری خزانے میں نمایاں حصہ ڈالنا۔
- زیادہ سے زیادہ منافع حاصل کرنے کے لیے سرکاری اور نجی دونوں شعبوں میں دانشمندانہ سرمایہ کاری کرنا۔

کمپنی منقولہ اور غیر منقولہ دونوں اہتاثوں، واجبات، خطرات، اور وفاقی اور صوبائی حکومتوں، مقامی اتھارٹیز، اور قانونی کارپوریشنز کے مفادات کے لیے عمومی انشورنس کوریج پیش کرتی ہے۔ اس کا کسٹمر بیس بنیادی طور پر انشورنس آرڈیننس 2000 کے سیکشن 166 کی دفعات کے مطابق محفوظ ہے۔

- | | |
|---|----------------------|
| • آگ اور اس سے متعلق خطرات | • میرین کارگو |
| • جائیداد کے تمام خطرات | • میرین ہل |
| • مشینری کی خرابی | • ایوی ایشن ہل |
| • ٹھیکیداروں کے تمام خطرات | • بینکرز ملینکٹ ہانڈ |
| • تنصیب کے تمام خطرات | • الیکٹرانک آلات |
| • کاروباری تھقل درج ذیل وجوہات کی بنا پر: | • ورک مین کمپنیشن |
| ➤ پراپرٹی کا نقصان | • جزل پبلک لائیبلیٹی |
| ➤ مشینری کی خرابی | • نقدی برائے حفاظت |
| | • نقدی برائے ترسیل |

سال 2000 میں پبلک لمیٹڈ کمپنی میں تبدیل ہونے کے بعد سے، نیشنل انشورنس کارپوریشن (ری آرگنائزیشن) آرڈیننس 2000 کے نفاذ کے ذریعے، کمپنی مسلسل منافع بخش رہی ہے اور اسے کبھی خسارہ نہیں ہوا۔



سال 2009 تک کمپنی کے آپریشنز اور گورننس مستحکم رہے۔ تاہم، 2009 اور 2010 کے درمیان، اس وقت کے بورڈ ممبران کے اجتماعی طور پر کیے گئے کچھ فیصلوں نے تنازعہ پیدا کر دیا، خاص طور پر جائیداد کے حصول سے متعلق معاملات میں۔ اس کے بعد، پاکستان کی سپریم کورٹ نے نوٹس لیا اور 2010 کا سو موٹو کیس نمبر 18 شروع کیا، جس میں کمپنی کی ایک جامع تنظیم نو کی ضرورت تھی۔ نتیجتاً، کمپنی نے ایک طویل مدت کے لیے باقاعدہ طور پر تشکیل شدہ بورڈ آف ڈائریکٹرز کے بغیر کام کیا۔

سال 2013 میں صرف چھ ماہ کی مدت کے لیے بورڈ آف ڈائریکٹرز کا تقرر کیا گیا تھا۔ نتیجتاً، 2010/2011 سے 2015 تک، کمپنی نے بڑے پیمانے پر بورڈ آف ڈائریکٹرز کے بغیر کام کیا۔ اس صورت حال نے کمپنی کے کھاتوں کے آڈٹ میں رکاوٹ ڈالی، جس کے نتیجے میں متعدد مسائل کا سامنا کرنا پڑا۔ کام کرنے والے بورڈ کی کمی نے کمپنی کے ہموار آپریشنز میں مداخلت کی، خاص طور پر اکاؤنٹ آڈیٹنگ کے ترتیب وار عمل کو متاثر کیا۔

فروری 2015 میں ایک اور بورڈ آف ڈائریکٹرز کا تقرر کیا گیا اور اس نے تین سال تک خدمات انجام دیں۔ اس عرصے کے دوران 2010، 2011، 2012، 2013 اور 2014 کے مالیاتی گوشواروں کا آڈٹ کیا گیا اور ان کی منظوری دی گئی۔ اس کے بعد، 31 مئی 2018 کو ایک نوٹیفکیشن کے ذریعے تین سال کی مدت کے لیے نئے بورڈ آف ڈائریکٹرز کا تقرر کیا گیا، جو 31 مئی 2021 کو ختم ہوا۔ یہ بورڈ سال 2015، 2016 اور 2017 کے مالیاتی گوشواروں کا آڈٹ اور منظوری دینے میں کامیاب رہا۔ ڈھائی سال کے وقفے کے بعد، موجودہ بورڈ آف ڈائریکٹرز کا تقرر 8 اگست 2023 کو ہوا اور اس کا پہلا اجلاس 13 نومبر 2023 کو ہوا۔ اس بورڈ نے زیر التواء آڈٹس کو مکمل کرنے اور بقایا سالوں کے مالیاتی گوشواروں کو حتمی شکل دینے کا کام انجام دیا۔ بورڈ آف ڈائریکٹرز نے سال 2018، 2019 اور 2020 کے حسابات کا آڈٹ مکمل کیا، جسے شیئر ہولڈرز نے 12 ستمبر 2024 کو سالانہ جنرل میٹنگ (19 ویں، 20 ویں اور 21 ویں سالانہ جنرل میٹنگز) میں منظور کر لیا ہے۔ اب بورڈ نے سال 2021 کے حسابات کا آڈٹ بھی مکمل کر لیا ہے، جسے 22 ویں سالانہ جنرل میٹنگ میں شیئر ہولڈرز کی منظوری کے لیے 21 جنوری 2025 کو پیش کیا جا رہا ہے۔

اکاؤنٹس کے آڈٹ اور حتمی شکل دینے کے علاوہ، کمپنی مختلف دیگر قانونی ذمہ داریوں کی تعمیل نہیں کر رہی ہے، جن میں آڈٹ کے عمل سے متعلق یا ذیلی ذمہ داریاں بھی شامل ہیں۔ قانونی تقاضوں کو پورا کرنے میں دیگر کیوں میں درج ذیل شامل ہیں، جو کہ ان تک محدود نہیں ہیں:

- i. بورڈ آف ڈائریکٹرز کافی عرصے سے غیر حاضر رہا۔
- ii. ایک اہل چیف فنانسل آفیسر (سی ایف او) کی تقرری 22 اپریل 2024 کو مکمل ہوئی۔ فنانس فنکشن سے ایک پیشہ ور، جو 12 اپریل 2023 سے قائم مقام سی ایف او کے طور پر خدمات انجام دے رہا تھا، کو مقرر کیا گیا ہے۔ اس سے پہلے، کمپنی کے پاس 15 اکتوبر 2020 سے ایک CFO تھا، جس نے 19 نومبر 2021 تک خدمات انجام دیں۔
- iii. چیف انٹرنل آڈیٹر کی تقرری اس وقت جاری ہے۔ کمپنی کے پاس 1 جنوری 2020 سے 31 جولائی 2022 تک ایک چیف انٹرنل آڈیٹر تھا، جسے پھر فنانس فنکشن اور فنانسل سسٹمز کی بحالی میں مدد کے لیے منتقل کر دیا گیا۔
- iv. کپلائنس آفیسر کی تقرری بھی جاری ہے۔ کمپنی کے پاس 22 اپریل 2021 سے 7 مارچ 2023 تک ایک کپلائنس آفیسر تھا۔
- v. کریڈٹ ریٹنگ حاصل کرنا زیر التواء ہے، کیونکہ یہ صرف ایک بار مکمل ہو سکتا ہے جب تمام بقایا کھاتوں کا آڈٹ، دستخط اور منظوری ہو جائے۔
- vi. سالانہ جنرل میٹنگز کا کمپنی کے قانون کے تحت مقررہ وقت کے اندر نہ ہونا۔
- vii. بروقت بیرونی آڈیٹرز کی تقرری: سال 2015 سے 2017 کے مالیاتی حسابات کو منظور کرنے کے لیے ایک تاخیر شدہ سالانہ جنرل میٹنگ 30 دسمبر 2020 کو منعقد کی گئی، جبکہ سال 2018 اور 2019 کے مالیاتی حسابات کی منظوری کے لیے 12 ستمبر 2024 کو ایک اور سالانہ جنرل میٹنگ منعقد کی گئی۔ پھر 9 دسمبر 2024 کو ایک اور سالانہ جنرل میٹنگ منعقد کی گئی، جس میں 2020 کے مالیاتی بیانات کی منظوری دی گئی۔ اب 22 ویں سالانہ جنرل میٹنگ 21 جنوری 2025 کو سال 2021 کے مالیاتی حسابات کی منظوری کے لیے منعقد کی جا رہی ہے۔
- viii. بروقت بیرونی آڈیٹرز کی تقرری: بیرونی آڈیٹرز، آرائس ایم او ایس حیدر لیاقت نعمان، کو سال 2017 سے 2019 کے لیے 30 اگست 2019 کو مقرر کیا گیا اور 12 ستمبر 2024 کو منعقد ہونے والی 20 ویں سالانہ جنرل میٹنگ میں سال 2020 سے 2023 تک کے لیے تقرری کی گئی۔



- viii. اکاؤنٹس کے آڈٹ، دستخط، منظوری اور فائل کرنے میں تاخیر ہوئی ہے، بشمول ہٹاؤں اور واجبات کے سر مائی بیانات، اور دیگر رپورٹس (جیسے ڈائریکٹرز کی رپورٹس) اور کارپوریٹ گورننس قوانین اور انشورنس آرڈیننس 2000 کے تحت تعمیل / غیر تعمیل کے بیانات۔
- ix. ابتدائی طور پر مختلف پالیسیوں اور طریقہ کار کی کمی تھی لیکن اب بورڈ نے ان پر توجہ دی ہے۔ بہترین طریقوں کے ساتھ مشلک بہت سی نئی پالیسیاں اور طریقہ کار قائم اور منظور کیے گئے ہیں۔ کنسلٹنٹس کے ذریعے اضافی پالیسیاں تیار کی جا رہی ہیں، جن کو حتمی شکل دینے اور منظوری جلد متوقع ہے۔

کمپنی کے بورڈ آف ڈائریکٹرز اور مینجمنٹ نے اس بات کو یقینی بنانے کے لیے وسیع کوششیں کی ہیں کہ کمپنی اپنی تمام قانونی ذمہ داریوں بشمول گزشتہ سالوں کے اکاؤنٹس کو جتنا جلد ممکن ہو حتمی شکل دینا، کو پورا کرتی ہے۔ ان کوششوں کے نتیجے میں، کمپنی نے رواں سال کے اکاؤنٹس کا آڈٹ کامیابی سے مکمل کر لیا ہے۔

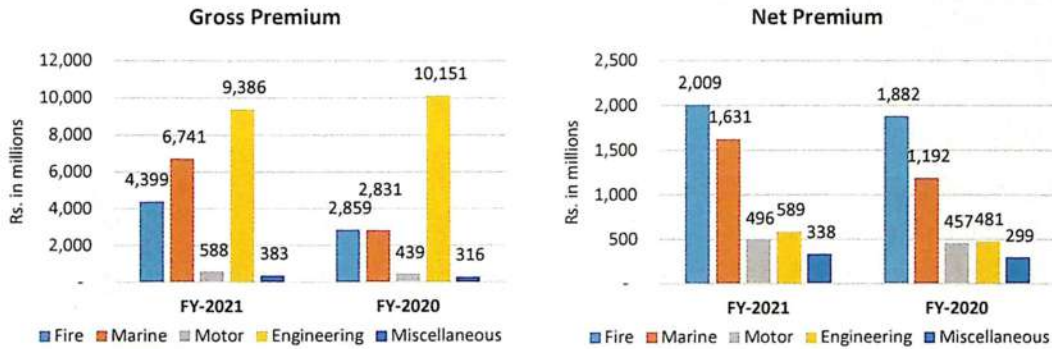
کمپنی کی کارکردگی کا جائزہ:

سال 2021 میں کمپنی کی کاروباری کارکردگی کی اہم تفصیلات سال 2020 کے مقابلے میں درج ذیل ہیں (تمام اعداد و شمار ملین روپے میں ہیں):

کو روٹا دبا، کے باعث پیدا ہونے والی غیر یقینی صورتحال اور مشکل حالات کے باوجود، کمپنی نے 2021 میں شاندار کارکردگی کا مظاہرہ کرتے ہوئے مضبوط مالیاتی نتائج اور گزشتہ سال کے مقابلے میں پریمیم نمو میں 29.53 فیصد اضافے کے ساتھ سال کا اختتام کیا۔ ہم نے پائیدار ترقی کی حکمت عملی پر اپنی توجہ برقرار رکھی۔

سال 2021 میں، مجموعی پریمیم بڑھ کر 21,496.25 ملین روپے ہو گیا، جو کہ 2020 میں 16,595.95 ملین روپے تھا۔ خالص انشورنس پریمیم آمدنی 23.55 فیصد (5,063.00 ملین روپے) رہی، جو کہ 2020 میں 25.98 فیصد (4,312.42 ملین روپے) تھی۔ خالص کمیز کا تناسب 2021 میں 14.48 فیصد رہا جو کہ گزشتہ سال 17.93 فیصد تھا۔ انڈر رائٹنگ کے نتائج نے 2020 میں 2,095.26 ملین روپے کے منافع کے مقابلے میں 2021 میں 2,620.77 ملین روپے کا منافع ظاہر کیا۔

سال 2021 کے لئے مختلف کاروباری شعبوں کی مجموعی تحریری پریمیم اور خالص پریمیم کا گزشتہ سال 2020 کے مقابلے میں موازنہ درج ذیل دیا گیا ہے:



2021 میں، سرمایہ کاری پر منافع کا پورٹ فولیو 2020 میں 3,889.62 ملین روپے سے کم ہو کر 3,808.21 ملین روپے ہو گیا۔ یہ کمی پاکستان انویسٹمنٹ بانڈز (PIBs) سے حاصل ہونے والی سرمایہ کاری آمدنی کی وجہ سے ہوئی، جو کہ 3,257.72 ملین روپے ہے۔ کرایہ اور دیگر آمدنی 554.11 ملین روپے رہی، جو کہ گزشتہ سال 409.59 ملین روپے تھی۔

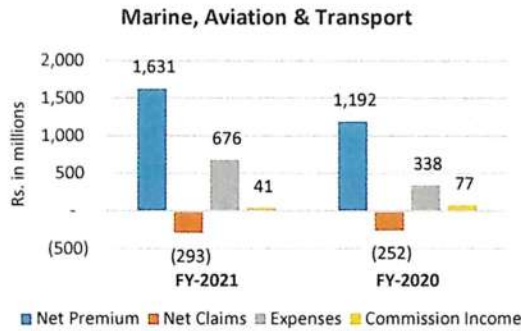
سال 2021 میں قبل از ٹیکس منافع 7,041.61 ملین روپے رہا، جو گزشتہ سال کے 6,344.64 ملین روپے کے منافع کے مقابلے میں 10.99 فیصد اضافہ ظاہر کرتا ہے۔ اسی طرح، بعد از ٹیکس منافع میں بھی 7.82 فیصد اضافہ ہوا، جو کہ 4,738.03 ملین روپے رہا جبکہ گزشتہ سال یہ منافع 4,394.19 ملین روپے تھا۔



پورٹ فولیو تجزیہ: آگ اور املاک کا نقصان:

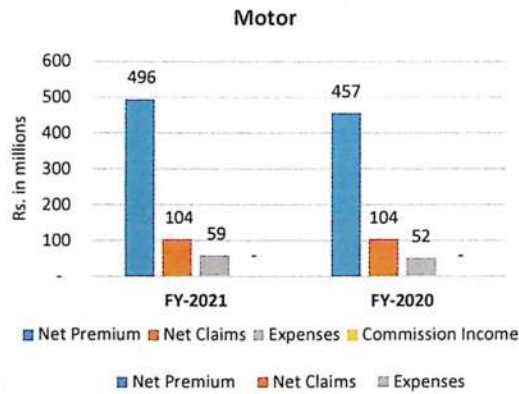


فائر اور پراپرٹی کے کاروباری شعبہ کے کل پورٹ فولیو کا 20.46 فیصد حصہ رہا۔ سال کے دوران، کمپنی کا مجموعی تحریری پریمیم بڑھ کر 4,398.58 ملین روپے (2020: 2,859.19 ملین روپے) ہو گیا۔ خالص پریمیم تناسب کے خالص کلیمز 2020 میں 24.05 فیصد کے مقابلے 2021 میں کم ہو کر 22.54 فیصد ہو گئے۔ نتیجتاً، فائر اینڈ پراپرٹی کے شعبے نے 2020 میں 1,122.75 ملین روپے کے منافع کے مقابلے میں 2021 میں 1,151.18 ملین روپے کا انڈر رائٹنگ منافع رپورٹ کیا۔



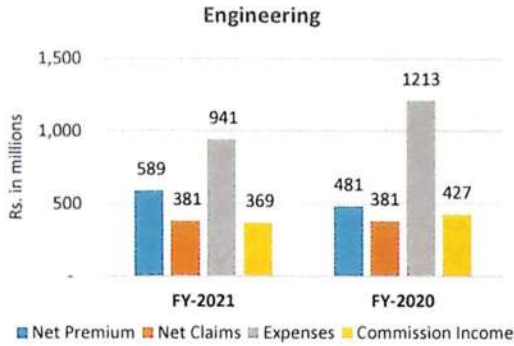
میرین، ایوی ایشن اور ٹرانسپورٹ:

میرین، ایوی ایشن اور ٹرانسپورٹ کے کاروباری شعبہ نے کل پورٹ فولیو کے 31.36 فیصد کی نمائندگی کی۔ سال بھر میں، کمپنی کا مجموعی تحریری پریمیم 6,740.90 ملین روپے (2020: 2,831.14 ملین روپے) ہو گیا۔ خالص پریمیم تناسب کے خالص کلیمز کا تناسب 2021 میں 17.93 فیصد رہا، جو کہ 2020 میں 21.12 فیصد تھا۔ نتیجتاً اس شعبہ نے 2021 میں 1,288.42 ملین روپے کا انڈر رائٹنگ منافع حاصل کیا، جبکہ 2020 میں یہ منافع 1,182.73 ملین روپے تھا۔



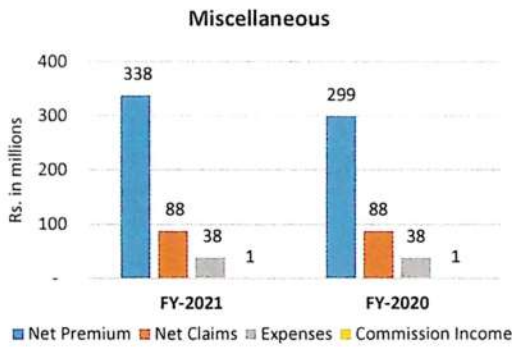
موٹر:

موٹر کے کاروباری شعبہ کا کل پورٹ فولیو 2.73 فیصد حصہ رہا۔ سال کے دوران، کمپنی کا مجموعی تحریری پریمیم 587.53 ملین روپے رہا (2020: 439.17 ملین روپے)۔ خالص کلیمز سے خالص پریمیم کا تناسب 2021 میں کم ہو کر 21.06 فیصد ہو گیا، جبکہ 2020 میں یہ 22.83 فیصد تھا۔ اس کے نتیجے میں موٹر کے شعبہ کا منافع 2021 میں 332.30 ملین روپے ہو گیا، جو کہ 2020 میں 300.24 ملین روپے تھا۔



انجینئرنگ:

انجینئرنگ کے کاروباری شعبہ نے کل پورٹ فولیو کے 43.66 فیصد حصہ کی نمائندگی کی۔ سال کے دوران، مجموعی تحریری پریمیم کم ہو کر 9,386.26 ملین روپے ہو گیا (2020: 10,150.69 ملین روپے)۔ خالص کلیئرز سے خالص پریمیم کا تناسب 2021 میں کم ہو کر 64.56 فیصد ہو گیا، جبکہ 2020 میں یہ 79.03 فیصد تھا۔ اس کے نتیجے میں، اس پورٹ فولیو نے 363.85 ملین روپے کا انڈر رائٹنگ خسارہ ظاہر کیا (2020: 684.61 ملین روپے کا خسارہ)۔



متفرقات:

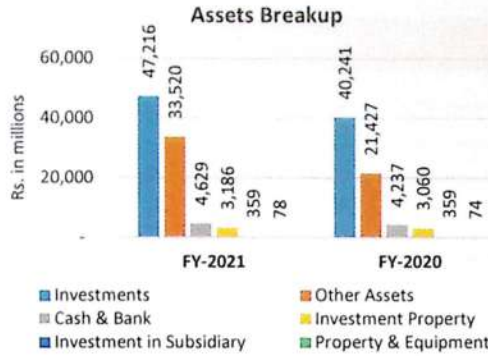
متفرق کاروباری شعبہ کے کل پورٹ فولیو کا 1.78 فیصد حصہ رہا۔ سال کے دوران، کمپنی نے 382.97 ملین روپے کا مجموعی پریمیم انڈر رائٹ کیا (2020: 315.75 ملین روپے)۔ خالص کلیئرز سے خالص پریمیم کا تناسب 2021 میں کم ہو کر 25.99 فیصد ہو گیا، جبکہ 2020 میں یہ 29.37 فیصد تھا۔ اس کے نتیجے میں اس پورٹ فولیو نے 2021 میں 212.72 ملین روپے کا انڈر رائٹنگ منافع ظاہر کیا، جو کہ 2020 میں 174.15 ملین روپے تھا۔

آئنی	FY-2021	FY-2020
(روپے ملین میں)		
ڈویڈنڈ آئنی	228	189
PIBs پر منافع	3,258	2,973
T-Bills پر منافع	627	746
ٹرم ڈپازٹ پر منافع	-	3
تجارت کے لیے رکھی گئی سرمایہ کاری کی فروخت پر (خسارہ)	(304)	(25)
فروخت کے لیے دستیاب سرمایہ کاری کی فروخت پر (خسارہ)	-	0
خالص سرمایہ کاری کی آمدنی	3,808	3,889

سرمایہ کاری آمدنی:

کمپنی کی سرمایہ کاری آمدنی میں 2.08 فیصد کی کمی ہوئی، جس کی بنیادی وجہ ٹی بلز (T-Bills) پر واپسی میں 15.95 فیصد کی کمی اور "ہیملڈ فار ٹریڈنگ" سرمایہ کاری کی فروخت پر 304 ملین روپے کا خسارہ تھا۔ تاہم، پاکستان انویسٹمنٹ بانڈز (PIBs) پر واپسی میں 9.59 فیصد اضافہ ہوا۔

ڈویڈنڈ آمدنی میں 20.63 فیصد اضافہ ہوا، اور 2021 میں ٹرم ڈپازٹ پر کوئی آمدنی نہیں ہوئی۔ اس کے نتیجے میں، مجموعی سرمایہ کاری آمدنی 2021 میں 3,808 ملین روپے رہی، جب کہ 2020 میں یہ 3,889 ملین روپے تھی۔



کمپنی کے اثاثے:

31 دسمبر 2021 تک کمپنی کے کل اثاثے 88,987 ملین روپے تھے، جب کہ 2020 میں یہ 69,307 ملین روپے تھے۔ کل سرمایہ کاری میں 17.33 فیصد اضافہ ہوا، جو 2021 میں 47,216 ملین روپے ہو گئی، جب کہ 2020 میں یہ 40,240.98 ملین روپے تھی۔ انتظامیہ کی حکمت عملی طویل مدتی سرمایہ کاری کیلئے فنڈز کے بہترین استعمال کو یقینی بنانا ہے تاکہ سرمایہ کاری پر زیادہ سے زیادہ منافع حاصل کیا جاسکے۔

اہم آپریشنل اور مالیاتی تفصیلات:

(اعداد و شمار ملین روپے میں)

تفصیلات	FY-2014	FY-2015	FY-2016	FY-2017	FY-2018	FY-2019	FY-2020	FY-2021
مجموعی حقیر لکھ بیم	6,401	4,899	5,534	4,939	8,990	11,814	16,596	21,496
عالمی حقیر لکھ بیم	3,264	2,851	2,923	3,709	3,561	3,952	4,315	5,063
عالمی کلیمز	119	697	498	799	768	974	774	733
اندرونی منافع	2,398	1,415	1,705	2,271	1,593	1,825	2,095	2,621
سرمایہ کاری کی آمدنی	2,266	2,915	3,152	1,620	1,403	3,185	3,889	3,808
فصل وار فیس منافع	4,183	3,865	4,411	2,823	4,416	4,727	6,345	7,042
انکم ٹیکس کا خرچ	888	813	1,256	719	1,555	1,242	1,950	2,304
بعد وار فیس منافع	3,295	3,052	3,155	2,104	2,861	3,485	4,394	4,738
کل انکم ٹیکس	23,185	25,871	28,933	28,327	30,837	35,215	39,836	43,827
کل قرضہ جات	19,498	18,979	21,625	21,100	21,654	28,390	29,470	45,160
ڈیپنڈ	500	500	500	500	410	500	500	500
کل سرمایہ کاری	24,734	23,725	31,390	29,653	27,757	38,988	43,660	47,216

بورڈ آف ڈائریکٹرز:

2021 میں، درج ذیل افراد نے کمپنی کے بورڈ آف ڈائریکٹرز میں بطور ڈائریکٹر خدمات انجام دیں، ان کی تقرریوں / نامزدگیوں کو SECP کے انشورنس ڈویژن نے منظور کیا۔

سال 2021 تک، بورڈ سات ڈائریکٹرز پر مشتمل تھا، جن میں سے ہر ایک کے پاس کمپنی کو موثر نگرانی اور اسٹریٹجک رہنمائی فراہم کرنے کے لیے ضروری علم، مہارت اور تجربہ تھا۔ بورڈ کے اراکین متنوع شعبوں اور پیشوں سے منسلک تھے، جو وسیع پیمانے پر مہارت اور مختلف کاروباری مسائل کو حل کرنے اور انتظامی کارکردگی کو موثر طریقے سے جانچنے کی صلاحیت کو یقینی بناتے ہیں۔ تاہم، نیچے دیے گئے تشکیل شدہ بورڈ آف ڈائریکٹرز کی 3 سالہ مدت 30 مئی 2021 کو مکمل ہو گئی، جس کے بعد NICL بغیر بورڈ آف ڈائریکٹرز کے رہا۔ نیا NICL بورڈ 18 اگست 2023 کو تشکیل دیا گیا۔



2021 کے دوران ڈائریکٹرز کی کل تعداد اور بورڈ کی تشکیل حسب ذیل تھی:

نمبر شمار	نام	درجہ بندی	تاریخ انقضاء	مدت تکمیل
1	شفقت احمد	آراء ڈائریکٹر	31 مئی 2018	30 مئی 2021
2	عاصم عظیم صدیقی	آراء ڈائریکٹر	31 مئی 2018	30 مئی 2021
3	طارق جمیل	آراء ڈائریکٹر	29 نومبر 2019	30 مئی 2021
4	ڈاکٹر راشد منظور	غیر ایگزیکٹو ڈائریکٹر (سابقہ ڈائریکٹر)	31 مئی 2018	30 مئی 2021
5	منظور علی شیخ	غیر ایگزیکٹو ڈائریکٹر (سابقہ ڈائریکٹر)	04 فروری 2019	30 مئی 2021
6	سید رافع بشیر شاہ	ایگزیکٹو ڈائریکٹر	01 جون 2020	31 مئی 2021

ڈائریکٹرز کا معاوضہ:

ڈائریکٹرز کے معاوضے کی منظوری بورڈ سے ہوتی ہے۔ کوئی بھی ڈائریکٹر اپنے معاوضے کا تعین کرنے میں ملوث نہیں ہے۔ کمپنی ڈائریکٹرز کو بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے معاوضہ دیتی ہے۔

بورڈ آف ڈائریکٹرز نے بورڈ اور بورڈ کمیٹیوں کے اجلاسوں میں شرکت کے معاوضے کی منظوری دے دی ہے۔ ہر ڈائریکٹر 50,000 روپے فی اجلاس فیس وصول کرتا ہے۔ اس فیس کے علاوہ، دوسرے شہروں سے سفر کرنے والے ڈائریکٹروں کو ہوائی سفر کے اخراجات کی ادائیگی کی جاتی ہے اور ضرورت پڑنے پر ہوٹل میں رہائش فراہم کی جاتی ہے۔ اجلاس کے دن کے لیے 5000 روپے یومیہ الاؤنس بھی دیا جاتا ہے۔ وزارت تجارت اور ٹیکسٹائل کی ہدایت کے بعد، ان کے لیٹر نمبر Ins-98/10(3) مورخہ 06 ستمبر 2017 کے مطابق، ڈائریکٹر کی فیس 50,000 روپے فی اجلاس فی ڈائریکٹر مقرر کی گئی ہے۔ نتیجتاً یہ ہدایت ملنے کے بعد سے ڈائریکٹرز کو فی اجلاس 50,000 روپے فیس ادا کی گئی ہے۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے ڈائریکٹرز کو ادا کیے جانے والے معاوضے کا انکشاف مالیاتی گوشواروں کے نوٹ 35 میں کیا گیا ہے۔

بورڈ کے اجلاس اور حاضری:

سال 2021 کے دوران بورڈ آف ڈائریکٹرز کے کل 3 اجلاس منعقد ہوئے۔ ڈائریکٹرز کی حاضری حسب ذیل تھی:

ڈائریکٹرز	اجلاس میں حاضری
ڈاکٹر راشد منظور	3
شفقت احمد	3
سید رافع بشیر شاہ	3
منظور علی شیخ	3
عاصم عظیم صدیقی	3
طارق جمیل	3



بورڈ کمیٹیاں اور اس کے ممبران
بورڈ نے درج ذیل کمیٹیاں تشکیل دی ہیں:

آؤٹ کمیٹی:

(04 جون 2020 سے)

نام	درجہ بندی
جناب شفقت احمد	چیئرمین
جناب طارق جمیل	ممبر
جناب منظور علی شیخ	ممبر
ڈاکٹر راشد منظور	ممبر
جنرل منیر (انٹرنل آؤٹ)	سیکرٹری

اخلاقیات، انسانی وسائل اور معاوضہ

(4 جون 2020 سے)

نام	درجہ بندی
جناب طارق جمیل	چیئرمین
جناب شفقت احمد	ممبر
ڈاکٹر راشد منظور	ممبر
جناب منظور علی شیخ	ممبر
سید رافع بشیر شاہ	ممبر
جنرل منیر (ہیومن ریسورس)	سیکرٹری

سرمایہ کاری

(04 جون 2020 سے)

نام	درجہ بندی
شفقت احمد	چیئرمین
جناب طارق جمیل	ممبر
سید رافع بشیر شاہ (ایگزیکٹو ای او)	ممبر
جناب منظور علی شیخ	ممبر
چیف منیر اکاؤنٹس	سیکرٹری



پروکوریٹ

(04 جون 2020 سے)

نام	درجہ بندی
جناب شفقت احمد	چیئرمین
جناب طارق جمیل	ممبر
ڈاکٹر راشد منکور	ممبر
سید رافع بشیر شاہ (ایکنگ سی ای او)	ممبر
جنرل شجراہ مسٹریشن	سیکرٹری

کارپوریٹ سوشل ریسپانسیبلٹی (CSR):

(04 جون 2020 سے)

نام	درجہ بندی
جناب طارق جمیل	چیئرمین
جناب شفقت احمد	ممبر
سید رافع بشیر شاہ (ایکنگ سی ای او)	ممبر
کیپی سیکرٹری	سیکرٹری

حصص داری:

کمپنی سو فیصد حکومت پاکستان کی ملکیت ہے اور وزارت تجارت کے انتظامی کنٹرول کے تحت کام کرتی ہے۔

شیر ہولڈر کی تعداد	شیر ہولڈنگ	کل مال شیر
-	شیر ہولڈنگ 1 سے 100 شیرز تک	-
-	شیر ہولڈنگ 101 سے 500 شیرز تک	-
-	شیر ہولڈنگ 501 سے 1,000 شیرز	-
-	شیر ہولڈنگ 1001 سے 5,000 شیرز	-
-	شیر ہولڈنگ 5,001 سے 10,000 شیرز	-
-	شیر ہولڈنگ 10,001 سے 1,000,000 شیرز	-
-	شیر ہولڈنگ 1,000,001 سے 10,000,000 شیرز	-
-	شیر ہولڈنگ 10,000,001 سے 100,000,000 شیرز	-
1	شیر ہولڈنگ 100,000,001 سے 200,000,000 شیرز	200,000,000
1	200,000,000	200,000,000



شیر ہولڈرز کی درجہ بندی	حالیہ شیئرز	نمبر
ڈائریکٹرز، چیف ایگزیکٹو آفیسر، اور ان کی شریک حیات اور نالغ بیچ	-	0%
وابستہ کمپنیاں، ادارے اور متعلقہ فریق	-	0%
ایگزیکٹوز	-	0%
بینک، ترقیاتی مالیاتی ادارے، غیر بینکنگ مالیاتی ادارے	-	0%
انسورنس کمپنیاں اور متعلقہ کمپنیاں	-	0%
مدارس اور میوچل فنڈز	-	0%
5 فیصد یا اس سے زیادہ کے حامل شیر ہولڈرز	-	-
عام عوام:	-	-
- مقامی	-	0%
- غیر ملکی	-	0%
دیگر:	-	-
- پبلک سیکٹر کمپنیاں اور کارپوریشنز	-	0%
- فیڈریشن آف پاکستان (صدر پاکستان کے نام پر)	200,000,000	100%
NIC - انسپائر ایسپاؤرمنٹ ٹرسٹ (NEET)	-	0%

ذیلی کمپنی:

میسرز سوک سینٹر کمپنی (پرائیویٹ) لمیٹڈ ("ذیلی کمپنی") کمپنی کا واحد مکمل ملکیتی ماتحت ادارہ ہے۔ 1994 میں قائم کیا گیا، ذیلی ادارے کے پاس فی الحال 448.20 ملین روپے کا ادا شدہ سرمایہ ہے، جسے 10 روپے فی شیئر کے حساب سے 44.820 ملین شیئرز میں تقسیم کیا گیا ہے۔ ذیلی ادارہ ریئل ٹیمینٹ اور اس کی جائیدادوں اور عمارتوں کی دیکھ بھال میں مصروف ہے۔

حالیہ ڈویلمینٹ - انضمام / انضمام کی اسکیم:

سوک سینٹر کمپنی (پرائیویٹ) لمیٹڈ (CCCL) میں NICL کے 100 فیصد شیئرز ہیں۔ ملکیت کا یہ اسٹرکچر کمپنیز ایکٹ 2017 کے سیکشن 200 کے ساتھ پڑھے گئے سیکشن 14(b)(1) اور 15 کے تقاضوں کے برعکس ہے۔ نتیجتاً، SECP نے شیئر ہولڈنگ کے اسٹرکچر میں تبدیلی کا حکم دیا ہے۔ CCCL کے شیئرز نے نامزد ڈائریکٹرز کو منتقل کر دیے جائیں گے، جو پھر ریگولیٹری تقاضوں کی تعمیل کو یقینی بناتے ہوئے CCCL کے شیئر ہولڈر بن جائیں گے۔

CCCL کے بورڈ آف ڈائریکٹرز کی قرارداد کے مطابق، موجودہ شیئرز سے 44,820,009 کے شیئرز نے نامزد ڈائریکٹرز کو منتقل کرنے کے معاملے کو ضروری منظوری اور مزید کارروائی کے لیے NICL کے بورڈ آف ڈائریکٹرز کو بھیج دیا گیا ہے۔

اس قرارداد کی پیروی میں، NICL کے بورڈ آف ڈائریکٹرز نے 25 جولائی 2024 کو ہونے والے اپنے 125 ویں اجلاس کے دوران، CCCL کا ایک حصہ منتقلی انشورنس کمپنی کے چیف ایگزیکٹو آفیسر کو منتقل کرنے کی منظوری دی۔ یہ کارروائی سیکیورٹیز اینڈ ایکسچینج کمیشن کی ضروریات کو پورا کرنے کے لیے کی گئی ہے۔

آمدنی فی شیئر:

سال کے لیے فی شیئر آمدنی 23.69 روپے رہی، جو کہ 2020 میں 21.97 روپے تھی۔ تفصیلی حساب کے لیے، براہ کرم غیر مجموعی مالیاتیمانات کا نوٹ 34 ملاحظہ کریں۔



انٹرنل مالیاتی کنٹرول اور ان کی مناسبت:

بورڈ نے کاروبار کے منظم اور موثر آپریشن کو یقینی بنانے کے لیے پالیسیوں اور طریقہ کار کو نافذ کیا ہے۔ اس میں کمپنی کی پالیسیوں کی پابندی، ہتھکڑی کی حفاظت، دھوکہ دہی اور غلطیوں کو روکنا اور ان کا پتہ لگانا، اکاؤنٹنگ ریکارڈ کی درستگی اور مکمل ہونے کو یقینی بنانا، اور قابل اعتماد مالیاتی انکشافات کی بروقت تیاری شامل ہے۔ مکمل یقین فراہم نہ کرتے ہوئے، نظام معقول یقین دہانی پیش کرتا ہے کہ آپریشنل کاروباروں کے اندر مناسب کنٹرول میکانزم موجود ہیں۔

کمپنی کے انٹرنل کنٹرول کے نظام کو اس کے سائز، دائرہ کار، اور آپریشنل پیچیدگیوں سے مماثل بنانے کے لیے مناسب طور پر تیار کیا گیا ہے۔ بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی فعال طور پر اس نظام کی مناسبت اور تاثیر کا جائزہ لیتی ہے اور اسے مزید مضبوط بنانے کے لیے بہتری کی سفارش کرتی ہے۔

آڈٹ کمیٹی کی سفارش:

12 ستمبر 2024 کو منعقدہ غیر معمولی جنرل میٹنگ میں 31 دسمبر 2020، 2021، 2022 اور 2023 کو ختم ہونے والے سالوں کے لیے ہیر ونی آڈیٹرز کی تقرری کی گئی۔

سال 2021 میں ہیر ونی آڈیٹرز کے لیے کوئی بھی آسامی خالی نہیں ہوئی۔

آڈٹ کمیٹی نے مندرجہ ذیل پر بھی غور کیا اور / یا سفارش کی:

- مالیاتیانات کے آڈٹ اور جائزہ کے دوران جن مسائل کی نشاندہی کی گئی ہے ان کے بارے میں ہیر ونی آڈیٹرز کے ساتھ بات چیت۔
- انتظامیہ اور ہیر ونی آڈیٹرز کے درمیان مواصلت جو مالیاتی بیان کے آڈٹ کی پیشرفت کو متاثر کر سکتی ہے۔
- دیگر امور جن کی موجودگی اور ہیر ونی آڈیٹرز کے ساتھ بات چیت کے نتائج کی ضرورت ہوتی ہے۔

آڈیٹرز کی رپورٹ اور وضاحت میں اظہار خیال:

31 دسمبر 2021 کو ختم ہونے والے سال کے آڈیٹرز نے اس مدت کے مالیاتی گوشواروں پر اپنی رائے فراہم کی ہے۔ ذیل میں ان کے خیالات کی وضاحت پیش کی جاتی ہے:

نمبر	آڈٹ کی رائے	وضاحت
1	<p>کمپنی نے ٹولڈ جوائنٹ کارپوریشن کے پاس ٹولڈ جوائنٹ کی آئٹم دائرہ تصدیق موجود ہیں (غیر مجموعی مالیاتی گوشواروں کے ٹولڈ جوائنٹ دیکھیں)۔ اس معلومات کی عدم دستیابی کی وجہ سے، ہم درج ذیل سے متعلق مناسب آڈٹ شواہد حاصل کرنے سے قاصر رہے:</p> <p>- 31 دسمبر 2015، 31 دسمبر 2016، 31 دسمبر 2017، 31 دسمبر 2018، 31 دسمبر 2019 اور 31 دسمبر 2020</p> <p>31 دسمبر 2021 تک کمپنی کے غیر مجموعی مالیاتی گوشواروں میں درج شدہ جوائنٹ کی موجودگی، کمیت، حقوق اور ذمہ داریوں کے ساتھ ساتھ تحقیقی و معیسی بھی۔</p> <p>- 31 دسمبر 2015، 31 دسمبر 2016، 31 دسمبر 2017، 31 دسمبر 2018، 31 دسمبر 2019 اور 31 دسمبر 2020</p> <p>31 دسمبر 2021 تک کمپنی کے غیر مجموعی مالیاتی گوشواروں میں درج مقررہ جوائنٹ کی غلطی، اگر کوئی ہے۔</p> <p>نتیجے کے طور پر، ہم غیر متعلقہ مالیاتی بیانات پر کسی بھی ممکنہ ایڈجسٹمنٹ کے اثرات کا اندازہ لگانے سے قاصر ہیں۔</p>	<p>اس طرح کی رائے کا انعقاد یہ دینی آڈیٹرز نے سال 2020 کے لیے کیا۔ حقیقت میں، کمپنی نے سال 2021 کے دوران ایک مقررہ جوائنٹ جات کارپوریشن برقرار نہیں رکھا۔</p> <p>کمپنی ایک یا سائٹ ویز سلوشن حاصل کرنے کے عمل میں ہے جو جوائنٹ کے رجسٹری اعلیٰ ملازمین بشمول پیکور فوجیٹ اور ٹولڈ ایسٹ منیجمنٹ سسٹم پیش کرتا ہے۔ اس سلوشن کو NICL موجودہ جنرل منیجر سسٹم کے ساتھ مربوط کیا جائے گا، ایک جامع پیکور فوجیٹ سلوشن فراہم کرے گا جو خریداری، خدمات اور مالیاتی حکموں میں کاروباری عمل اور ٹیکنالوجی کے انضمام کو نمایاں طور پر بڑھائے گا۔ جاری نظام کے ارتقاء کے لیے ایک بنیاد قائم کرتے ہوئے، یہ مشن اہم سلوشن ایک نئی سطح کی کارکردگی اور انضمام کو آگے بڑھائے گا، جہاں پیکور فوجیٹ اور فائرس ڈونوں حکموں کے آپریٹنگ کو تبدیل کر دے گا۔</p>
2	<p>ہمیں بٹلن شیٹ کی ہر تہ کے بعد مقرر کیا گیا تھا، لہذا، ہم سرمایہ کاری کی جائیدادوں اور مقررہ جوائنٹ کی مقدار اور حالت کے بارے میں مناسب یقین دہانی حاصل کرنے کے لیے ضروری آڈٹنگ کے طریقہ کار کو انجام دینے سے قاصر تھے جیسا کہ 31 دسمبر 2021 تک مالیاتی پوزیشن کے غیر مربوط بیان میں ظاہر ہوتا ہے۔ ہم اپنی آڈٹ رپورٹ کے اجراء تک بٹلن شیٹ کی تاریخ کے بعد جوائنٹ آنے والے مناسب کٹ آف طریقہ کار کے اطلاق کا جائزہ لینے یا واقعات کا جائزہ لینے سے بھی قاصر تھے، جو مالیاتی بیانات کو مزید متاثر کر سکتے ہیں۔ مناسب اور مناسب آڈٹ شواہد حاصل کرنے کے لیے دستیاب تسلی بخش متبادل آڈٹ طریقہ کار کی کمی کی وجہ سے، ہم ایڈجسٹمنٹ کے ممکنہ اثرات کا یقین کرنے سے قاصر ہیں، اگر کوئی ہیں، جو ان طریقہ کار سے غیر متعلقہ مالیاتی گوشواروں میں پیش کردہ بٹلن شیٹ پر ہوا ہوگا۔</p>	<p>یہ اداس حقیقت کی وجہ سے ہے کہ 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے ریورڈی آڈیٹرز کا تقرر 2024 میں کیا گیا تھا۔</p>
3	<p>میں نے غیر مجموعی مالیاتی گوشواروں کے ٹولڈ 13 میں بیان کیا ہے، انٹرنل کنٹرولس کی افادگی اور ان کی افادگی کی افادگی 11.833 بلین</p>	<p>31 دسمبر 2017 کو ختم ہونے والے سال کے مالی بیانات میں شامل تمام اعداد و شمار کی</p>



<p>تصانیف و مناسبت نہیں ہیں، جن میں تقریباً 3 ملین روپے کی قابل وصول رقم بھی شامل ہے۔</p> <p>تصانیف کی عدم دستیابی کی صورت میں، ایک متبادل طریقہ کے طور پر، سسٹم کو ٹیلیفون رپورٹس کا استعمال کیا گیا تاکہ 3 ملین روپے کی اس رقم کا سراغ لگایا جاسکے جو قابل وصول اکاؤنٹ میں نظر آ رہی ہے۔ اس کے نتیجے میں، 31 دسمبر 2017 کو قابل وصولی میں سے 1.815 ملین روپے کی رقم کا انٹرنل کوٹیشن کی گئی۔</p> <p>تاہم، قابل وصولی اکاؤنٹ میں موجود باقی 1.185 ملین روپے کی رقم کو سسٹم کو ٹیلیفون رپورٹس کی بنیاد پر کسی بھی کلائنٹ کو مختص نہیں کیا جاسکا۔ لہذا، مذکورہ رقم قابل سراغ رہتی ہے۔</p>	<p>روپے ہے، اس میں 1.185 ملین روپے کا ٹیلیفون شامل ہے جس کے متعلق ہمیں مناسب اور کافی آڈٹ شواہد فراہم نہیں کیے گئے۔ یہ شواہد رقم کی نوعیت، شناخت اور قابل وصولی سے متعلق ہیں۔ ان شواہد کی عدم دستیابی کے باعث، ہم یہ یقین کرنے سے قاصر رہے کہ وصولیوں کے ٹیلیفون میں کسی قسم کی ایڈجسٹمنٹ کی ضرورت ہے یا نہیں، جو مالیاتی کو شواہدوں پر مبنی اثرا ڈال سکتی ہے۔</p>
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سالانہ عام اجلاس کے انعقاد کی ہدایت / تیاری:

کمپنیز ایکٹ 2017 کے سیکشن 147(1) کے تحت کمپنی کی درخواست کے جواب میں، لیٹر نمبر CS.SEC/19th, 20th AGM/Sec.147-CA/2024 مورخہ 9 اگست 2024 کے مطابق، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے لیٹر نمبر E-0004795 مورخہ 12 اگست 2024 کے ذریعے مطلع کیا کہ سرکلر نمبر 07/2024 مورخہ 7 مارچ 2024 کے مطابق، کمپنیز ایکٹ 2017 کے سیکشن 147 کا مقصد کمپنی کے ممبران یا ڈائریکٹرز کو کمیشن کی مداخلت سے کمپنی کو الٹو امیں جزل میٹنگز منعقد کرنے پر مجبور کرنے کا اختیار دینا ہے۔ نتیجتاً، سیکشن 147 کے تحت کسی بھی درخواست کو کمیشن کے ذریعے غور نہیں کیا جائے گا اگر وہ خود کمپنی کی طرف سے یا اس کی طرف سے دائر کی گئی ہے، کیونکہ کمپنی اپنے خلاف ہدایت نہیں لے سکتی۔

مزید برآں، SECP نے واضح کیا کہ اگر کمپنی کمپنیز ایکٹ 2017 کے سیکشن 147 کو لاگو کیے بغیر اپنی الٹو میٹنگز کرتی ہے، تو ان میٹنگز کو درست تصور کیا جائے گا، بشرطیکہ وہ متعلقہ قانونی دفعات کے مطابق منعقد ہوں۔

لہذا، SECP کی ہدایت کے مطابق، کمپنی سال 2021 کے لیے اپنی سالانہ جزل میٹنگ 21 جنوری 2025 کو منعقد کرے گی۔

ڈیویڈنڈ کے لیے سفارش:

بورڈ آڈٹ کمیٹی نے مالی سال 2021 کے لیے 500 ملین روپے کے حتمی ڈیویڈنڈ سفارش کی ہے اور اسے بورڈ آف ڈائریکٹرز نے اعلان کے لیے منظور کر لیا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کا بیان:

کارپوریٹ قوانین، قواعد، اور ضوابط کمپنی کے بورڈ آف ڈائریکٹرز کے امور کا خاکہ پیش کرتے ہیں۔ بورڈ اپنی کارپوریٹ ذمہ داریوں کو تسلیم کرتا ہے جیسا کہ کمپنیز ایکٹ 2017، اور کوڈ آف کارپوریٹ گورننس برائے بصر کنندگان 2016 اور پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) قواعد 2013 کے تحت بیان کیا گیا ہے، اور درج ذیل بیانات فراہم کرتا ہے:

- کمپنی کی طرف سے تیار کردہ مالیاتی بیانات اس کی حالت، آپریشن کے نتائج، نقد بہاؤ، اور ایکویٹی میں تبدیلیوں کو اچھی طرح سے پیش کرتے ہیں۔ کمپنی نے کمپنیز ایکٹ 2017 کے مطابق اکاؤنٹ کی مناسب کتابیں مرتب کی ہیں۔

- کمپنی نے مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کی مسلسل پیروی کی ہے۔ کی گئی کسی بھی تبدیلی کا انکشاف کر دیا گیا ہے، اور اکاؤنٹنگ کے تخمینے دانشمندانہ اور معقول فیصلے پر مبنی ہیں۔



- مالیاتی گوشوارے پاکستان میں لاگو ہونے والے بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS) کے مطابق تیار کیے گئے ہیں۔ ان معیارات سے کوئی بھی انحراف، اگر کوئی ہے، مناسب طور پر ظاہر اور وضاحت کی جاتی ہے۔

- کمپنی کے بنیادی اصول مضبوط ہیں، اور اس کی ایک جاری تشریح کے طور پر جاری رکھنے کی صلاحیت کے بارے میں کوئی شک نہیں ہے۔

پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) کے قواعد، 2013 اور بیمہ کنندگان کے لیے ضابطہ کارپوریٹ گورننس، 2016 کے ساتھ تعمیل:

اگرچہ 31 دسمبر 2021 کو ختم ہونے والے سال کے مالیاتی گوشواروں کے ساتھ اس رپورٹ پر دستخط اور منظوری دینے والے ڈائریکٹرز اس مدت کے دوران موجود نہیں تھے جس سے یہ مالیاتی بیانات متعلق ہیں، موجودہ ڈائریکٹرز نے اس رپورٹ اور 31 دسمبر 2021 کو ختم ہونے والے سال کے مالیاتی گوشواروں کا جائزہ لیا اور اس کی منظوری دی ہے۔ یہ منظوری اسی مدت کے لیے مالیاتی گوشواروں/اکاؤنٹس پر دستخط اور منظوری کے لیے بورڈ کو فراہم کردہ معاوضے پر مبنی ہے، جیسا کہ اس رپورٹ کے "ڈس کلیمر اور معاوضہ" سیکشن میں تفصیل سے بتایا گیا ہے۔ موجودہ ڈائریکٹرز نے تعمیل اور عدم تعمیل کے متعلقہ بیانات کی بھی توثیق کی ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ فائنگ کے تمام تقاضوں کو قانون کے ذریعہ لازمی طور پر پورا کیا گیا ہے۔

بورڈ کو مذکورہ بالا معاوضے کی بنیاد پر، پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) رولز 2013 کے رول 24 کے تحت تعمیل اور عدم تعمیل کے بیانات، اور کوڈ آف کارپوریٹ گورننس برائے بیمہ کنندگان 2016 کی شق (lxvii): ضابطہ کارپوریٹ گورننس برائے بیمہ کنندگان 2016 کی شقیں (lxviii) سے (lxxx) کو S.R.O. 277(1)/2020 مورخہ 1 اپریل 2020 کے ذریعہ چھوڑ دیا گیا تھا [اسی کے مطابق تیار کیا گیا ہے۔ لہذا، چونکہ موجودہ تاریخ کے مطابق یہ دفعات مزید موجود نہیں ہیں، اس لیے انشورنس آرڈیننس 2000 کے سیکشن 11 اور سیکشن 12 کے ساتھ تعمیل کا بیان پیش نہیں کیا گیا ہے۔ موجودہ بورڈ آف ڈائریکٹرز نے اس رپورٹ کی منظوری، دستخط، جاری، اور مالیاتی بیانات سے منسلک کیا ہے، بغیر کسی مالی یا قانونی ذمہ داری یا کسی بھی قسم یا کسی قسم کا خطرہ مول لیا ہے۔ اس کی وجہ یہ ہے کہ موجودہ بورڈ اس مدت کے دوران موجود نہیں تھا جس سے ان اکاؤنٹس کا تعلق ہے اور کمپنیز آرڈیننس 1984 (حالیہ کمپنیز ایکٹ 2017)، انشورنس آرڈیننس 2000، پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) رولز 2013، اور کوڈ آف کارپوریٹ گورننس برائے بیمہ کنندگان 2016، کی ضروریات کے حوالے سے درست تعمیل کی حیثیت کی تصدیق کرنے سے قاصر ہے۔

انشورنس آرڈیننس 2000 کے سیکشن 46(6) کے تحت تعمیل کا بیان:

پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) رولز 2013 کے رول 24 کے تحت تعمیل اور عدم تعمیل کے بیان کی طرح، انشورنس آرڈیننس 2000 کے سیکشن 46(6) کے تحت ضروری تعمیل کا بیان درج ذیل ہے:

"انشورنس آرڈیننس 2000 کے سیکشن 46 کے ذیلی سیکشن (6) کی تعمیل میں، ہم، M/S NATIONAL INSURANCE COMPANY LIMITED کے بورڈ آف ڈائریکٹرز، بولڈنگ انشورنس رجسٹریشن نمبر 183 مورخہ یکم جنوری 2002 کے ذریعے 31 دسمبر 2021 کو اختتام پذیر ہونے والے سال کے مالیاتی گوشواروں پر دستخط کرنے کے لیے بورڈ کے چیئرمین، چیف ایگزیکٹو آفیسر، اور بورڈ کی طرف سے نامزد کردہ ڈائریکٹرز مندرجہ ذیل بیان جاری کرتے ہیں:

(a) ہماری رائے میں، کمپنی کے سالانہ قانونی اکاؤنٹس، جیسا کہ اس بیان کے ساتھ منسلک فارموں میں بیان کیا گیا ہے، انشورنس آرڈیننس 2000 اور اس کے تحت بنائے گئے کسی بھی قواعد کے مطابق تیار کیا گیا ہے۔

(b) بیمہ کنندہ نے، سال 2020 کے دوران، بیمہ آرڈیننس 2000 کی درج ذیل دفعات اور اس کے تحت بنائے گئے قواعد کی تعمیل کی ہے، جن سے متعلق:

- کم از کم ادا شدہ شیئر سیسٹل کی ضروریات سے متعلق آرڈیننس کی دفعات؛
- کم از کم سالوینسی کی ضروریات سے متعلق آرڈیننس کی دفعات؛
- ری انشورنس کے انتظامات کے حصول سے متعلق آرڈیننس کی دفعات۔



- (c) اس بیان کی تاریخ تک، بیمہ کنندہ انشورنس آرڈیننس 2000 کی درج ذیل دفعات اور اس کے تحت بنائے گئے قواعد کی تعمیل کرتا رہتا ہے، جن سے متعلق:
- i. کم از کم ادا شدہ شیئر کیسٹل کی ضروریات سے متعلق آرڈیننس کی دفعات؛
 - ii. کم از کم سالوینسی کی ضروریات سے متعلق آرڈیننس کی دفعات؛
 - iii. ری انشورنس کے انتظامات کے حصول سے متعلق آرڈیننس کی دفعات۔

انشورنس آرڈیننس 2000 کے سیکشن (6) 46 کے تحت تعمیل کا مذکورہ بالا بیان، تنہائی میں نہیں پڑھا جانا چاہیے؛ بلکہ، اس پر اس رپورٹ میں فراہم کردہ "دس کلیمز اور معاوضہ"، سیکشن کے ساتھ ملا کر غور کیا جانا چاہیے۔

جامع بیانات تیار کرنے اور فائل کرنے کی ضرورت سے استثنیٰ:

NICL کے ذیلی ادارے، سوک سینٹر کمپنی لمیٹڈ (CCCL) کے سال 2021 کے مالیاتی گوشواروں کا آڈٹ اور منظوری نہیں دی گئی ہے۔ نتیجتاً، سال 2020 کے لیے NICL کے مالیاتی گوشوارے تیار نہیں کیے جاسکتے۔

CCCL کے اکاؤنٹس کو حتمی شکل دینے میں تاخیر کی وجہ سے NICL کے بورڈ آف ڈائریکٹرز کی عدم موجودگی ہے، کیونکہ CCCL کے ڈائریکٹرز بھی NICL کے ڈائریکٹرز ہیں۔

لہذا، کمپنی کی طرف سے کمپنیز ایکٹ 2017 کے سیکشن (7) 228 کے تحت، کمپنیز (جنرل پروویڈنڈ اینڈ فارمز) ریگولیشنز 2018 کے ریگولیشن 5 کے ساتھ مورخہ 11 جولائی 2024 کو لیٹر نمبر CS.SEC/Accounts/indemnity/2024 کے ذریعے ایک درخواست جمع کرائی گئی۔ درخواست میں سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) سے سال 2021، 2022، 2023 اور 2024 کے مالیاتی گوشواروں کی تیاری، آڈٹ اور جمع کرانے کے حوالے سے سیکشن 228 کے تقاضوں سے استثنیٰ کے لیے ہدایات مانگی گئیں۔ SECP نے اپنے لیٹر نمبر ID/PRDD/020-RA/2024/3367 مورخہ 11 دسمبر 2024 کے ذریعے سال 2021، 2022، 2023 اور 2024 کیلئے کمپنیز ایکٹ 2017 کے سیکشن 228 کی ضروریات سے ضروری استثنیٰ فراہم کیا۔

دستبرداری اور معاوضہ:

جیسا کہ پہلے ذکر کیا گیا ہے، کمپنی کے موجودہ بورڈ آف ڈائریکٹرز 8 اگست 2023 کو مطلع کیا گیا تھی اور ان کا پہلا اجلاس 13 نومبر 2023 کو منعقد ہوا تھا۔ اس وقت 2017 کے بعد کسی بھی سال کیلئے NICL کے اکاؤنٹس کا آڈٹ نہیں کیا گیا تھا۔ گزشتہ بورڈ نے 10 اگست 2020 کو ایس ای سی پی کی طرف سے فراہم کردہ معاوضے کی بنیاد پر سال 2015، 2016 اور 2017 کے مالیاتی گوشواروں کی منظوری اور دستخط کیے تھے۔

ای بنیاد پر، ایس ای سی پی کے انشورنس ڈویژن سے کمپنی کے لیٹر نمبر CS.SEC/Accounts/indemnity/2024 مورخہ 11 جولائی 2024 کے ذریعے رابطہ کیا گیا، جس میں این آئی سی ایل کے بورڈ کو 2018 سے 2023 تک کے NICL کے اکاؤنٹس پر دستخط کرنے اور ان کی منظوری دینے کے لیے معاوضے کی درخواست کی گئی۔ ایس ای سی پی نے اس درخواست کا جواب اپنے لیٹر نمبر ID/PRDD/020-RA/2024/3290 مورخہ 19 جولائی 2024 کے ذریعے دیا۔ ایس ای سی پی کے لیٹر کی روشنی میں، کمپنی کے بورڈ آف ڈائریکٹرز نے 19 دسمبر 2020 میں شیئر ہولڈرز کے سامنے پیش کرنے کے لیے سال 2020 کے اکاؤنٹس کی منظوری، دستخط اور سفارش کرنے کا فیصلہ کیا ہے۔ یہ اجلاس کمپنیز ایکٹ 2017 کے سیکشن 147 کے مطابق ایس ای سی پی کی اجازت سے بلائے جائیں گے۔

موجودہ بورڈ آف ڈائریکٹرز نے 19 جولائی 2024 کو ایس ای سی پی کی جانب سے اپنے لیٹر نمبر ID/PRDD/020-RA/2024/3290 میں جاری کردہ معاوضے کی بنیاد پر ان مالیاتی گوشواروں کی منظوری اور دستخط کرنے کی پہل کی ہے۔ یہ فیصلہ اس لیے کیا گیا ہے کہ موجودہ بورڈ نہ تو اس مدت کے دوران موجود تھا جس سے یہ مالیاتی بیانات وابستہ ہیں اور نہ ہی وہ کمپنیز آرڈیننس 1984 (موجودہ کمپنیز ایکٹ 2017)، انشورنس آرڈیننس 2000، پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) 2013، اور کوڈ آف کارپوریٹ گورننس برائے بیمہ



کلند گان 2016 کے حوالے سے اس وقت کے حالات اور کمپنی کی تعمیل کی حیثیت سے واقف ہے۔ اسی طرح، موجودہ ڈائریکٹرز نے 31 دسمبر 2021 کو ختم ہونے والے سال کے مالیاتی گوشواروں اور قانونی فائلنگ کے تقاضوں کو پورا کرنے کے لیے تعمیل/عدم تعمیل کے متعلقہ بیانات کے ساتھ اس رپورٹ کی منظوری اور دستخط کیے ہیں۔

بورڈ کو مذکورہ بالا معاوضے کی بنیاد پر:

- i. تعمیل/عدم تعمیل کے بیانات کو موجودہ بورڈ آف ڈائریکٹرز کے ذریعہ ان مالیاتی بیانات کی منظوری، دستخط، جاری، اور ان کے ساتھ منسلک کیا گیا ہے، بغیر کسی مالیاتی قانونی ذمہ داری یا کسی بھی قسم یا کسی قسم کے خطرے کے؛ اور
- ii. مالیاتی گوشواروں اور/یا اس کے ساتھ منسلک تمام بیانات اور نوٹس کی منظوری اس مدت کے دوران کی گئی لین دین کی منظوری یا تکمیل نہیں دیتی جس سے یہ کھاتوں کا تعلق ہے یا اس سے قبل کی مدت۔

سیکرٹریل پیکسز کی تعمیل:

ایک سیکرٹریل کچلانس سرٹیفکیٹ، جیسا کہ کوڈ آف کارپوریٹ گورننس برائے نیمہ کلند گان 2016 کی شق (xxxiii) کے تحت درکار ہے، اور کمپنی سیکرٹری کے دستخط شدہ، 31 دسمبر 2021 کو ختم ہونے والے سال کے سالانہ مالیاتی بیانات کے حصے کے طور پر اس کے ساتھ فراہم کیا جاتا ہے۔

صحت، حفاظت، اور ماحولیات:

ہم اپنے ملازمین اور ان کیونٹریز کی فلاح و بہبود کو یقینی بنانے کے لیے جہاں ہم کام کرتے ہیں صحت، حفاظت اور ماحولياتی طریقوں میں اعلیٰ ترین معیارات کو برقرار رکھنے کے لیے پرعزم ہیں۔ ریکل اسٹیٹ ڈیپارٹمنٹ ہماری جائیدادوں کا انتظام کرتا ہے اور صحت، حفاظت (بشمول حفظان صحت) اور عمارتوں اور ان کے کمینوں بشمول کرایہ داروں کی حفاظت سے متعلق معاملات کو سنبھالتا ہے۔ تاہم، کمپنی کے کاروبار کی نوعیت کو دیکھتے ہوئے، یہ مجموعی صحت، حفاظت، یا ماحول کے لیے کوئی خاص خطرہ نہیں لاتا ہے۔

ملازمین کے ریٹائرمنٹ کے فوائد:

31 دسمبر 2021 کو ختم ہونے والے سال کے مالیاتی بیانات کے نوٹ 22 میں ملازمین کے ریٹائرمنٹ فوائد سے متعلق موجودہ واجبات اور نقل و حرکت کے بارے میں تفصیلی معلومات فراہم کی گئی ہیں۔

انٹرئل آڈٹ:

انٹرئل آڈٹ ڈیپارٹمنٹ کا قیام 2020 میں ایک قابل چارٹرڈ اکاؤنٹنٹ کی بطور چیف انٹرئل آڈیٹر تقرری کے ساتھ کیا گیا تھا، جو براہ راست بورڈ آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ اس کے بعد، بورڈ آف ڈائریکٹرز نے ایک انٹرئل آڈٹ مینول تیار کیا اور اس کی منظوری دی۔ یہ دستور العمل خطرے پر مبنی اندرونی آڈٹ پلان کا خاکہ پیش کرتا ہے، جسے اسی کے مطابق نافذ کیا گیا ہے۔ جس کے نتیجے میں اندرونی آڈٹ رپورٹس بورڈ آڈٹ کمیٹی کو پیش کر دی گئی ہیں۔ سال 2020 سے قبل انٹرئل آڈٹ ڈیپارٹمنٹ مکمل طور پر فعال نہیں تھا۔ اس مدت کے دوران، محکمہ نے کسی بھی ادائیگی سے پہلے تمام واپس زائر لین دین کا پری آڈٹ کیا۔

مالی بیانات:

کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات، اس کی مالی پوزیشن، آپریشنز کے نتائج، نقد بہاؤ، اور ایکویٹی میں تبدیلیوں کی درست عکاسی کرتے ہیں، جس کی تصدیق بیرونی آڈیٹرز نے اپنی رپورٹ میں کی ہے۔

کھاتوں کی کتابیں:

کمپنی نے کھاتوں کی مناسب کتابیں رکھی ہیں، جیسا کہ بیرونی آڈیٹرز نے اپنی رپورٹ میں تصدیق کی ہے۔



اکاؤنٹنگ پالیسیاں:

مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مستقل پالیسیوں کا اطلاق کیا گیا ہے، اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں، جیسا کہ بیرونی آڈیٹرز نے اپنی رپورٹ میں نوٹ کیا ہے۔

بین الاقوامی اکاؤنٹنگ معیارات:

مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ معیارات کی پیروی کی گئی ہے، جس کی تصدیق بیرونی آڈیٹرز نے اپنی رپورٹ میں کی ہے۔

انٹرنل کنٹرول سسٹم:

کمپنی کا انٹرنل کنٹرول سسٹم مسلسل ترقی سے گزر رہا ہے۔ موجودہ بورڈ پیشہ ورانہ کونسلٹنٹس کے ساتھ مستعدی سے کام کر رہا ہے تاکہ بہترین طریقوں سے ہم آہنگ پالیسیوں کو ڈیزائن اور لاگو کیا جاسکے۔ مزید برآں، بورڈ اندرونی کنٹرول کے فریم ورک کو مزید بڑھانے کے لیے ایک اہل چیف انٹرنل آڈیٹر کی تقرری کے عمل میں ہے۔ پوری کمپنی میں اندرونی کنٹرول کو مضبوط بنانے کے لیے کئی دیگر اقدامات کیے جا رہے ہیں۔

جاری توثیق:

کمپنی ایک جاری توثیق کے طور پر جاری رکھنے کی اپنی صلاحیت پر پورا اعتماد ہے۔ لہذا، 31 دسمبر 2021 کو ختم ہونے والے سال کے مالیاتی گوشوارے اسی بنیاد پر تیار کیے گئے ہیں۔

ٹیکسز اور لیویز:

ٹیکسز اور لیویز سے متعلق تفصیلات نوٹ 33 میں 31 دسمبر 2021 کو ختم ہونے والے سال کے مالیاتی بیانات میں فراہم کی گئی ہیں۔

قانونی ادائیگیاں:

31 دسمبر 2021 تک، ٹیکسز، ڈیوٹی، لیویز، اور چارجز سے متعلق کوئی بقایا قانونی ادائیگیاں نہیں ہیں، سوائے ان مالیاتی گوشواروں کے جن کا انکشاف کیا گیا ہے۔

متعلقہ فریقین کے ساتھ لین دین:

متعلقہ فریقین کے ساتھ لین دین کے بارے میں تفصیلی معلومات 31 دسمبر 2021 کو ختم ہونے والے سال کے مالیاتی بیانات کے نوٹ 36 میں شامل ہیں۔

مواصلات:

شیر ہولڈرز کے ساتھ موثر مواصلات کمپنی کے لیے ایک ترجیح ہے۔ مالیاتی گوشواروں اور سالانہ رپورٹس کو ممبران میں تقسیم کیا جاتا ہے اور بورڈ کی منظوری کے بعد کمپنی کی ویب سائٹ (www.nicl.com.pk) پر دستیاب کرایا جاتا ہے۔ ایک بار زیر التواء کھاتوں کو بورڈ کی طرف سے منظور کر لیا جاتا ہے اور حصص یافتگان کی طرف سے ان کے متعلقہ سالانہ عام اجلاسوں میں اپنایا جاتا ہے، کمپنی اس بات کو یقینی بنائے گی کہ تمام ششماہی اور سہ ماہی رپورٹس بھی کمپنی کی ویب سائٹ پر کمپنیز ایکٹ 2017 کے ذریعے متعین کردہ نام لاگن کے اندر گردش اور پوسٹ کی جائیں۔ کمپنی کی ویب سائٹ www.nicl.com.pk اس کی سرگرمیوں اور مالیاتی رپورٹس کے بارے میں تفصیلی معلومات فراہم کرتی ہے۔



غیر ایڈجسٹ کرنے والے واقعات اور وعدے:

بیر وئی آڈیٹرز کے مطابق، 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے مالیاتی گوشواروں میں کوئی غیر ایڈجسٹ کرنے والے مادی واقعات نہیں تھے جن کے لیے انکشاف کی ضرورت ہو۔ مزید برآں، ہنگامی حالات اور وعدوں کی تفصیلی وضاحت 31 دسمبر 2021 کو ختم ہونے والے سال کے مالی بیانات کے نوٹ 23 میں دی گئی ہے۔

ریکارڈ کی حفاظت:

کمپنی اپنے مالیاتی ریکارڈ کے محفوظ ذخیرہ اور تحویل کو ترجیح دیتی ہے۔ اور نیکل پر مبنی GIS سسٹم مالیاتی معلومات کو ریکارڈ کرنے کے لیے استعمال کیا جاتا ہے، اور الیکٹرانک دستاویزات تک رسائی کو ایک جامع پاس ورڈ سے محفوظ اجازت میٹرکس کے ذریعے کنٹرول کیا جاتا ہے۔ مزید برآں، ریکارڈز اور فائلوں کو ڈیجیٹل کیا گیا ہے تاکہ ان کی طبعی اور ڈیجیٹل دونوں شکلوں میں دستیابی کو یقینی بنایا جاسکے۔

وسل بلور پالیسی:

کمپنی نے غیر اخلاقی رویے کی رپورٹنگ کی حوصلہ افزائی کرنے اور خدشات کو فوری اور منصفانہ طریقے سے دور کرنے کو یقینی بنانے کے لیے وسل بلور پالیسی نافذ کی ہے۔

ضابطہ اخلاق:

کمپنی نے ایک ”ضابطہ اخلاق“ قائم کیا ہے جسے بورڈ آف ڈائریکٹرز نے منظور کیا ہے۔ یہ ضابطہ انسانی حقوق اور ملازمین کے مفادات کا احترام کرتے ہوئے ایمانداری، دیانتداری اور شفافیت کے ساتھ کاروباری کارروائیوں کی رہنمائی کے لیے ڈیزائن کیا گیا ہے۔ ضابطہ تمام اسٹیک ہولڈرز بشمول سرکاری اداروں، ملازمین، کلائنٹس، شیئر ہولڈرز اور دیگر کے احترام پر زور دیتا ہے۔ یہ کمپنی کی ویب سائٹ پر دستیاب ہے۔

بنیادی خطرات اور غیر یقینی صورتحال:

کمپنی کو درپیش بنیادی خطرات اور غیر یقینی صورتحال کے بارے میں معلومات نوٹ 39 میں 31 دسمبر 2021 کو ختم ہونے والے سال کے مالیاتی بیانات میں دی گئی ہیں۔

آڈیٹرز:

31 دسمبر 2021 کو ختم ہونے والے سال کے آڈیٹرز، میسرز RSM اویس حیدر لیاقت نعمان، چارٹرڈ اکاؤنٹنٹس نے انٹی میوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول ریویو پروگرام کے تحت تسلی بخش ریٹنگ حاصل کی ہے۔ انہوں نے بین الاقوامی فیڈریشن آف اکاؤنٹنٹس (IFAC) کے ضابطہ اخلاق سے متعلق رہنما خطوط پر عمل کرنے کی تصدیق کی ہے، جیسا کہ ICAP نے اپنایا ہے۔ بیر وئی آڈیٹرز کا تقرر مکمل طور پر آڈیٹنگ خدمات کے لیے کیا گیا ہے اور وہ کمپنیز ایکٹ 2017 اور انشورنس آرڈیننس 2000 کی دفعات کے مطابق کسی بھی دوسری خدمات میں مصروف نہیں ہیں جو ان کی آزادی سے سمجھوتہ کرے۔ انہوں نے اس سلسلے میں IFAC کے رہنما خطوط کی تعمیل کی تصدیق کی ہے۔

بیر وئی آڈیٹرز نے آڈٹ کمیٹی کے اجلاسوں میں شرکت کی جہاں کمپنی کے آڈٹ شدہ یا نظر ثانی شدہ مالیاتی گوشواروں پر تبادلہ خیال کیا گیا۔ یہ نوٹ کرنا ضروری ہے کہ 31 دسمبر 2021 کو ختم ہونے والے سال کے مالیاتی گوشواروں کا نہ تو بیر وئی آڈیٹرز نے آڈٹ کیا اور نہ ہی متعلقہ سال 2021 کے دوران بورڈ آف ڈائریکٹرز کی طرف سے منظوری دی گئی۔ آڈیٹرز نے اپنی آزادی کی تصدیق کی ہے اور بورڈ کو لکھے گئے خط میں اپنے تمام خدشات کی اطلاع دی ہے۔ آڈٹ کمیٹی اور بورڈ نے بیر وئی آڈیٹرز کی تقرری اور ان کی اجرت کی سفارش کی ہے تاکہ 2024 میں بورڈ کی توثیق کے لیے 2020، 2021، 2022 اور 2023 کے لیے غور کیا جاسکے۔ انہیں 12 ستمبر 2024 کو منعقد ہونے والی 20 ویں سالانہ جنرل میٹنگ میں ان سالوں کے لیے مقرر کیا گیا۔



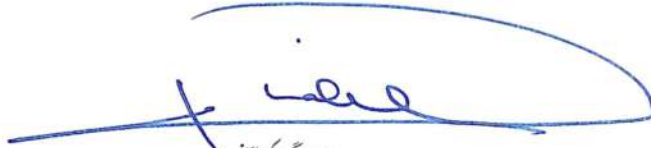
اظہار تشکر:

موجودہ بورڈ آف ڈائریکٹرز کمپنی کے اندرونی کمزور سسٹم کو مضبوط بنانے اور تکنیکی ترقی، ڈیجیٹائزیشن، مہارت کی ترقی، اور مسابقتی نقطہ نظر کے ذریعے اس کے مجموعی آپریشنز کو بڑھانے کے لیے وقف ہے۔

ہم انتظامیہ اور ریگولیٹرز کا ان کی انمول حمایت اور تعاون کے لیے شکریہ ادا کرتے ہیں، جو ان مالیاتی بیانات کو حتمی شکل دینے اور مختلف اقدامات کو نافذ کرنے میں اہم تھے۔

ہم اپنے حصص یافتگان کے ہم پر کیے گئے اعتماد کی بھی تعریف کرتے ہیں اور اپنے صارفین، ملازمین، اسٹریٹجک شرکاء اور سپلائرز کا تہہ دل سے شکریہ ادا کرتے ہیں۔

مزید برآں، ہم سال بھر سیوریٹیز اینڈ اینکجینج کمیشن آف پاکستان کی طرف سے فراہم کردہ مسلسل تعاون اور رہنمائی کا اعتراف کرتے ہیں۔


چیف ایگزیکٹو آفیسر

بورڈ کی جانب سے،

ڈائریکٹر
کراچی:

Review Report to the Members on the Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 and the Code of Corporate Governance for Insurers, 2016

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 and Code of Corporate Governance for Insurers, 2016 (referred to as 'the Codes') prepared by the Board of Directors of National Insurance Company Limited (the Company) for the year ended December 31, 2021 to comply with requirements of the Codes.

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

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

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

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year ended December 31, 2021

Further, we highlight below instance(s) of non-compliance with the requirement(s) of the Regulations as reflected in the note/paragraph reference where it/these is/are stated in the Statement of Compliance

S.NO.	PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013		DESCRIPTION
	REF. OF RULE NO.	REF. OF THE ST. OF COMPLIANCE	
1.	2(d), 3(2), 3(5), 3(7), 4(1) & 4(4)	Refer compliance statement point 1,2,3,4,5 & 6	The Board of Directors finished their 3-year term on 30-05-2021 and after this date NICL remained functional without the Board of Director till reconstitution of New Board on 08-08-2023. The office of chairman remained vacant after 30-05-2021 during the year 2021, and new chairman appointed on 13 Nov, 2023 after reconstitution of the Board of Director of NICL
2.	3(4)	Refer explanation for non-compliance section (1)	casual vacancy arose in the Board in the manner specified in sub-section (1) of section 161 of the Act wasn't filled in by the directors in accordance with sub-section (2) of section 161 of the Act.
3.	5(5)	Refer compliance statement point # 9 and non-compliance section (2)	The Board didn't establish a system of sound internal control, which shall be effectively implemented at all levels within the Public Sector Company,
4.	5(5)(b) (iv) & 18	Refer explanation for non-compliance section (3)	Register of interests is being maintained (commencing from the year 2021) to the Extent of directors in which directors disclose their interest prior to convening of a Board / Committee meeting. However, no register of interests was being maintained for executives during the year 2021. Executives (other than CEO) are perceived to have no impact on decision making at all financial authorities have already been delegated by the Board.
5.	5(6)	Refer compliance statement point # 14	The Board hasn't developed a vision statement and corporate strategy of the company.
6.	5(7)	Refer explanation for non-compliance section (5)	The Board hasn't developed most of the significant policies for the company.

7.	5(10)	Refer explanation for non-compliance section (6)	The provision requiring the Board to define level of materiality is itself subjective in nature. However, it is all established that the committees analyze and review various day to day transactions and practices, and then make recommendations to the Board for its consideration. Moreover, the Board has already delegated various financial powers across different levels.
8.	8	Refer explanation for non-compliance section (7)	The performance evaluation of members of the Board including the chairman and the chief executive wasn't undertaken annually by the Government for which the Government shall enter into performance contract with each member of the Board at the time of his appointment.
9.	8(2)	Refer compliance statement point # 19	The Board hasn't monitored and assessed the performance of Senior management on Annual/half-yearly/quarterly basis* and held them accountable for accomplishing Objectives, goals and key performance indicators set for this purpose.
10.	9	Refer explanation for non-compliance section (8)	During the year 2021, all related party transactions were not placed before the Audit Committee, as there were routine transactions with NICL's related party i.e. Civic Centers Company (Pvt.) Ltd.
11.	10	Refer compliance statement point # 21	Every Public Sector Company shall, within one month of the close of first, second and third quarter of its year of account, prepare a profit and loss account for, and balance-sheet as at the end of, that quarter, whether audited or otherwise, for the Board's approval. Annual report including annual financial statements shall be placed on the Public Sector Company's website. This wasn't complied during the year
12.	10,17,19 (4) & 24	Refer explanation for non-compliance section (9)	The Board didn't submit an annual report to the shareholders.
13.	13,14 &15	Refer explanation for non-compliance section (10)	In order to enhance effectiveness and efficiency of the Finance Department, the CEO assigned acting charge of CFO post to Mr. Fahad Sultan dated April 12, 2023, prior to that & after the resignation of Mr. Qasim Rashid, CEO Mr. Khalid Hamid was assigned acting charge of CFO post. The position for CEO, CIA and Company Secretary remained filled during 2021.

14.	20	Refer explanation for non-compliance section (11)	NICL did not have a Chief Financial Officer as at the year ended December 31, 2021. However, financial statements were endorsed by the current Chief Executive and current CFO before submission to the current Audit Committee and the Board.
15.	21(1) & 21(2)	Refer compliance statement point # 31	The Board Audit Committee remained functional till 30-05-2021 after this date the NICL remain functional without the Board Audit Committee.
16.	21(3)	Refer compliance statement point # 32	The chief financial officer, the chief internal auditor, and a representative of the external auditors didn't attend all meetings of the audit committee at which issues relating to accounts and audit are discussed.
17.	22	Refer compliance statement point # 33	The internal audit reports haven't been provided to external auditors for their review.

S.NO.	CODE OF CORPORATE GOVERNANCE (CCG) FOR INSURERS, 2016		CLAUSE DESCRIPTION
	REF. OF SECTION NO.	REF. OF THE CCG FOR INSURERS, 2016	
1.	(viii) & (ix)	Refer compliance statement point # 30	Any casual vacancy in the Board of Directors of an insurer wasn't filled up by the directors at the earliest but not later than ninety (90) days from the date of occurrence of the casual vacancy.
2.	(iii)	Refer compliance statement point # 03	The Board of Directors finished their 3 year term on 30-05-2021 and after this date NICL remained functional without the Board of Director till reconstitution of New Board on 08-08-2023, The new Board of Director were later appointed by the Federal Government vide Notification No. 15(1)/2023-AOs-HR dated 08-08-2023 in exercising its power conferred under Section 1(d)&(e), Section 3, Section 10(2)(a)&(b), Section 12 and 13 of State-Owned Enterprises (Governance & Operations) Act, 2023
3.	(xi)(b), (c) and (d)	Refer compliance statement point # 30	The Board has [not] developed a vision mission statement, overall corporate strategy and significant policies of the insurer.

4.	(xiii)	Refer compliance statement point # 30	The Board has [not] established a system of sound internal control. Which is [and to be] effectively implemented at all levels within the insurer. The insurer has [not been able to] adopted and complied with all the necessary aspects of internal controls given in the code.
5.	(xviii)	Refer compliance statement point # 30	Significant Issues wasn't placed for Decision by Board of Directors
6.	(xx) (xxi) & (xxii)	Refer compliance statement point # 30	<p>Chief Financial Officers Company Secretary and Head of Internal Audit (Appointment and approval)</p> <p>Qualification of Chief Financial Officer and Head of Internal Audit</p> <p>The Board did select a qualified person as the CFO of the company (Mr. Qasim Rasheed) in October 2020, who resigned from services in Nov, 2021.</p> <p>In order to enhance effectiveness and efficiency of the Finance Department, the CEO assigned acting charge of CFO post to Mr. Fahad Sultan dated April 12, 2023, prior to that & after the resignation of Mr. Qasim Rashid, CEO Mr. Khalid Hamid was assigned acting charge of CFO post</p>
7.	(xxv)	Refer compliance statement point # 30	The quarterly unaudited financial statements of insurer weren't prepared and circulated along with Directors' Review Report on the affairs of the insurer for the quarter.
8.	(xxvi)	Refer compliance statement point # 30	The insurer didn't ensure that half-yearly financial statements are subjected to a limited scope review by the statutory auditors in such manner and according to such terms and conditions as may be determined by the Institute of Chartered Accountants of Pakistan and approved by the Securities and Exchange Commission of Pakistan.

9.	(xxvii)	Refer compliance statement point # 30	The insurer didn't ensure that the annual audited financial statements are circulated not later than four months from the close of the financial year unless an extension in terms of sub-section (1) of section 51 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000) is granted by the Securities and Exchange Commission of Pakistan, in which case the insurer shall circulate the said financial statements on or before the expiry of such extension.
10.	(xxviii)	Refer compliance statement point # 30	Annual Reviews and compliance procedures
11.	(xxix) (xxx) & (xxxiii)	Refer compliance statement point # 30	Compliance Officer (Adoption of Compliance program, appointment of and assignment of duties to Compliance officer: reporting line of the Compliance officer and duties & responsibilities of Compliance Officer)
12.	(xxix) (xxx) & (xxxiii)	Refer compliance statement point # 30	Responsibilities for Financial reporting and Corporate Compliance
13.	(xliii)	Refer compliance statement point # 30	Management Committees
14.	(xliii)	Refer compliance statement point # 30	Board Committees
15.	(lviii) & (lix)	Refer compliance statement point # 30	Internal Audit
16.	(xxxiii) r/w (lx) to (ixviii)	Refer compliance statement point # 30	External Auditors
17.	(lix)	Refer compliance statement point # 30	Risk Management System
18.	(lxx) & (lxxi)	Refer compliance statement point # 30	Risk Management Function Department
19.	(lxxiii)	Refer compliance statement point # 30	Actuary

20.	(lxxii)	Refer compliance statement point # 30	Rating by a Credit Rating agency
21.	(lxxiv) & (lxxv)	Refer compliance statement point # 30	Grievance Function (Establishment of & procedure for the Grievance Function of an insurer) & Claims Settlement Committee to oversee
22.	(lxxvi) & (lxxvii)	Refer compliance statement point # 30	Compliance with the code of Corporate Governance (Preparation & circulation of the reviewed statement of compliance with best Practices of corporate Governance along with annual report)


 Chartered Accountants
 Engagement Partner: Syed Naveed Abbas
 Karachi.

Dated: 15 JAN 2025

UDIN: CR202110239JfsN7KYUX



NATIONAL INSURANCE COMPANY LIMITED

Statement of Compliance with the
Public Sector Companies (Corporate Governance) Rules, 2013

Name of company **NATIONAL INSURANCE COMPANY LIMITED**
Name of the line Ministry: **Ministry of Commerce & Textile**
For the year ended: **December 31, 2021**

- I. This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance
- II. The company has complied with the provisions of the Rules in the following manner:

S. No	Provision of the Rules	Rule no.	Y	N																		
1	The independent directors meet the criteria of independence, as defined under the Rules.	2 (d)		✓ ₁																		
2	<p>The Board has at least one-third of its total members as independent directors. At present [i.e. as at December 31, 2021] the Board includes:</p> <table><tr><th>Category</th><th>Names</th><th>Date of Appointment</th></tr><tr><td rowspan="3">Independent Directors</td><td>1. Mr. Aasim Azim Siddiqui</td><td>31-05-2018 till 30-05-2021</td></tr><tr><td>2. Mr. Shafqaat Ahmed</td><td>31-05-2018 till 30-05-2021</td></tr><tr><td>3. Mr. Tariq Jamil</td><td>29-11-2019 till 30-05-2021</td></tr><tr><td>Executive Directors</td><td>1. Syed Rafeo Bashir Shah (Acting CEO)</td><td>01-06-2020 till 31-05-2021</td></tr><tr><td rowspan="2">Non-Executive Directors</td><td>1. Mr. Manzoor Ali Shaikh</td><td>04-02-2019 till 30-05-2021</td></tr><tr><td>2. Dr. Rashid Manzoor</td><td>31-05-2018 till 30-05-2021</td></tr></table> <p>*The 3 years term of the above constituted Board of Directors was completed on 30-05-2021 after that NICL remained without BoD, the new NICL Board was constituted on 08-08-2023.</p>	Category	Names	Date of Appointment	Independent Directors	1. Mr. Aasim Azim Siddiqui	31-05-2018 till 30-05-2021	2. Mr. Shafqaat Ahmed	31-05-2018 till 30-05-2021	3. Mr. Tariq Jamil	29-11-2019 till 30-05-2021	Executive Directors	1. Syed Rafeo Bashir Shah (Acting CEO)	01-06-2020 till 31-05-2021	Non-Executive Directors	1. Mr. Manzoor Ali Shaikh	04-02-2019 till 30-05-2021	2. Dr. Rashid Manzoor	31-05-2018 till 30-05-2021	3(2)		✓ ₂
Category	Names	Date of Appointment																				
Independent Directors	1. Mr. Aasim Azim Siddiqui	31-05-2018 till 30-05-2021																				
	2. Mr. Shafqaat Ahmed	31-05-2018 till 30-05-2021																				
	3. Mr. Tariq Jamil	29-11-2019 till 30-05-2021																				
Executive Directors	1. Syed Rafeo Bashir Shah (Acting CEO)	01-06-2020 till 31-05-2021																				
Non-Executive Directors	1. Mr. Manzoor Ali Shaikh	04-02-2019 till 30-05-2021																				
	2. Dr. Rashid Manzoor	31-05-2018 till 30-05-2021																				
3	The directors have confirmed that none of them is serving as a director on more than five Public Sector Companies and listed Companies simultaneously, except their subsidiaries.	3(5)		✓ ₃																		
4	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provision of the Act.	3(7)		✓																		
5	The chairman of the Board is working separately from the Chief Executive Officer of the company.	4(1)		✓ ₄																		
6	The chairman has been elected by the Board of Directors except where Chairman of the Board has been appointed by the Government of Pakistan.	4(4)		✓																		
7	The Board has evaluated the candidates for the position of the Chief Executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the Chief Executive has been nominated by the Government)	5(2)	N/A																			

for



NATIONAL INSURANCE COMPANY LIMITED

8	<p>(a) The Company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place.</p> <p>(b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. https://niel.com.pk/wp-content/uploads/2022/03/APPROVED-CODE-OF-CONDUCT_0.pdf</p> <p>(c) The Board has set in place adequate systems and controls for the identification and redressed of grievances arising from unethical practices.</p>	5(4)	√ ⁵	
9	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectives, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)		√
10	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5) (b)(ii)	√ ⁷	
11	The Board has developed and implemented a policy on anti-corruption to minimize the actual and perceived corruption in the Company.	5(5) (b)(vi)	√ ⁸	
12	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5) (c)(ii)	√ ⁹	
13	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing, and technical standards, when dealing with suppliers of goods and services.	5(5) (c)(iii)	√ ¹⁰	
14	The Board has developed a vision or mission statement and corporate strategy of the company.	5(6)		√ ¹¹
15	The Board has developed significant policies for the company. A complete record of significant policies along with the dates, on which they were approved or amended, has been maintained.	5(7)		√ ¹²
16	The Board has quantified the outlay of any action in respect of any service delivered goods sold by the Company as public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	N/A	
17	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)		√
18	<p>(a) The Board has met at least four times during the year.</p> <p>(b) Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meetings.</p> <p>(c) The minutes of the meetings were appropriately recorded and circulated.</p>	6(1) 6(2) 6(3)	√ ¹³ √	√
19	The Board has monitored and assessed the performance of Senior management on Annual/ half-yearly / quarterly basis* and held them accountable for accomplishing Objectives, goals and key performance indicators set for this purpose. *Strike whichever is not applicable.	8(2)		√ ¹⁴
20	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	√	



NATIONAL INSURANCE COMPANY LIMITED

21	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of the first, second and third quarter of the year as well as the financial year end. (b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors. (c) The Board has placed the annual financial statements on the company's website.	10		N/A	✓ ¹⁵ ✓																	
22	All the Board members underwent an orientation course arranged by the company to apprise them of the material developments and information, as specified in the Rules.	11	✓ ¹⁶																			
23	a) The Board has formed the requisite committees, as specified in the Rules. (b) The committees were provided with written term of reference defining their duties, authority and composition (c) The minutes of the meetings of the committees were circulated to all the Board members. (d) The committees were chaired by the following non-executive directors: <table border="1"><thead><tr><th>Committee</th><th>Number of Members</th><th>Name of Chair</th></tr></thead><tbody><tr><td>Audit Committee</td><td>04</td><td>Mr. Shafqaat Ahmed</td></tr><tr><td>Risk Management Committee</td><td>05</td><td>Mr. Shafqaat Ahmed</td></tr><tr><td>Human Resources Committee¹⁷</td><td>05</td><td>Mr. Tariq Jamil</td></tr><tr><td>Procurement Committee</td><td>04</td><td>Mr. Shafqaat Ahmed</td></tr><tr><td>Nomination Committee ¹⁸</td><td>--Nil--</td><td>--None-- The Board is performing the role of Nomination Committee</td></tr></tbody></table>	Committee	Number of Members	Name of Chair	Audit Committee	04	Mr. Shafqaat Ahmed	Risk Management Committee	05	Mr. Shafqaat Ahmed	Human Resources Committee ¹⁷	05	Mr. Tariq Jamil	Procurement Committee	04	Mr. Shafqaat Ahmed	Nomination Committee ¹⁸	--Nil--	--None-- The Board is performing the role of Nomination Committee	12	✓ ✓ ✓ ✓	
Committee	Number of Members	Name of Chair																				
Audit Committee	04	Mr. Shafqaat Ahmed																				
Risk Management Committee	05	Mr. Shafqaat Ahmed																				
Human Resources Committee ¹⁷	05	Mr. Tariq Jamil																				
Procurement Committee	04	Mr. Shafqaat Ahmed																				
Nomination Committee ¹⁸	--Nil--	--None-- The Board is performing the role of Nomination Committee																				
24	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor by whatever name called with their remuneration and terms and conditions of employment.	13	✓ ¹⁹																			
25	i. Chief Financial Officer and ii. Company Secretary have requisite qualification prescribed in the Rules.	14	✓ ²⁰ ✓ ²⁰																			
26	The company has adopted international Financial reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	✓																			
27	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	✓ ²¹																			
28	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.	18	✓ ²²																			
29	(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. (b) The annual report of the company contains criteria and details of remuneration of each director	19	✓ ✓																			
30	The financial statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer before consideration and approval of the Audit Committee and the Board.	20	✓																			
31	The Board has formed an audit Committee with defined and written terms of reference, and having the following members.	21(1) and			✓ ²³																	



NATIONAL INSURANCE COMPANY LIMITED

				21(2)	✓ ₂₃
Name of Director		Category	Professional Background		
Mr. Shafqaat Ahmed		Independent Director	Banker, Ex CEO of Al Baraka Bank		
Mr. Tariq Jameel		Independent Director	Professional Banker		
Dr. Rashid Manzoor		Non-Executive Director	Civil Servant, Government Service		
Mr. Manzoor Ali Shaikh		Non-Executive Director	Civil Servant, Government Service		
The Chief Executive and Chairman Board are not members of the Audit Committee.					
32	(a) The Chief Financial Officer, Chief Internal Auditor and a representative of external auditors attended all meetings of Audit committee at which issues relating to accounts and audit were discussed.			21(3)	✓
	(b) The Audit Committee met the external auditors, at least once in a year, without the presence of Chief Financial Officer, the Chief Internal Auditor and other executives.				✓
	(c) The audit committee met the Chief Internal Auditor and other members of the internal audit function, at least once a year, without the presence of Chief Financial Officer and external auditor.				✓
33	(a) The Board has set an effective internal audit function, which has an audit charter, duly approved by the audit committee. .			22	✓ ²⁴
	(b) The Chief Internal Auditor has requisite qualification and experience prescribed in the Rules.				✓
	(c) The internal audit reports have been provided to external auditors for their review.				✓
34	The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines of Ethics as applicable in Pakistan.			23(4)	✓
35	The Auditors have confirmed that they have observed the applicable guidelines issued by IFAC with regard to provision of non-audit services.			23(5)	✓

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NATIONAL INSURANCE COMPANY LIMITED

¹The Independent directors of NICL remained in position till 30-05-2021 after this date the 3 years term of Board of Directors was completed on this date.

²The Board of Directors finished their 3 year term on 30-05-2021 and after this date NICL remained functional without the Board of Director till reconstitution of New Board on 08-08-2023, The new Board of Director were later appointed by the Federal Government vide Notification No. 15(1)/2023-AOs-HR dated 08-08-2023 in exercising its power conferred under Section 1(d)&(e), Section 3, Section 10(2)(a)&(b), Section 12 and 13 of State-Owned Enterprises (Governance & Operations) Act, 2023.

³ NICL remained functional without Board of Director after 30-05-2021 for the year 2021 therefore rule was complied till this date.

⁴ The office of chairman remained vacant after 30-05-2021 during the year 2021, and new chairman appointed on 13 Nov, 2023 after reconstitution of the Board of Director of NICL.

A full time Chief Executive Officer was appointed during the year 2021. Mr. Khalid Hamid joined NICL on 24-05-2021 as Chief Executive Officer of the insurer and is still in position; Syed Rafeo Bashir Shah was given the look after charge of the office as Acting Chief Executive Officer w.e.f. 05-06-2020, who remained in this position till 28-04-2021.

⁵ Code of Conduct (including Conflict of Interest Policy) was prepared and circulated among the Board members which was approved by the board of NICL in its 93rd meeting held on March 04, 2017. The Code was disseminated across the board among the employees, and is also placed on the website of the Company.

⁶Similar to the Code of Conduct, NICL's whistleblower policy was prepared and circulated among the Board members. This was approved by the Board of NICL its 93rd held on March 04, 2017. Moreover, every transaction in the company has been carried out after pre-audit of the respective payment voucher is done. More, Auditor General of Pakistan does carry out Government audits of each year, and any instance of concerns is reported by them at other constitutional forums like the Public Accounts Committee / Departmental Accounts Committee.

⁷ Conflict of interest policies have been covered under NICL's Code of Conduct.

⁸ NICL's Anti-Corruption / Anti-Fraud Policy was prepared and circulated among the Board members which was approved by the Board of NICL in its 93rd meeting held on March 04, 2017.

⁹ HR Manual lays down the procedure for making appointments, which involves publication of the advertisement in the newspapers. However it is also to inform that the following positions were filled during the year 2021

- Chief Executive Officer,
- General Manager (HR),
- GM (CZ on deputation),
- GM (Reinsurance),
- CM (Head of Compliance),
- Manager (Audit),
- 2 Deputy Managers (Audit) and
- 13 Management Trainee Officer's.

¹⁰ Boards procurement Committee as well as Management's Central Procurement Committee (CPC) ensures that PPRA Rules are complied with.

¹¹The Company already had a mission statement during 2021; however, the current Board of Directors is reviewing the management's proposed new Vision and Mission Statement of the company.

¹²Policies have been prepared and approved except in so far as mentioned in the statement of Non-Compliance (Schedule II).

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NATIONAL INSURANCE COMPANY LIMITED

¹³ Written notices of the Board meetings along with agenda were circulated at least 07 days before the meeting; however, 3 emergent Board meeting was held during the year 2021, in which the notices and agenda were sent less than 07 days before the meetings as allowed by the Public Sector Companies (Corporate Governance) Rules, 2013.

¹⁴ The performance evaluation of CEO and senior management was not conducted during the year 2021. Mr. Rafeo Bashir Shah was again given the look after charge during 2020 w.e.f. 05-06-2020 till 28-04-2021 for the appointment of permanent CEO hence, his performances were not assessed by the Board during the Year 2021. After appointment of full time CEO the 3 years term of the Board was completed. Senior management's performance is assessed through the Chief Executive Officer and / or the HR Committee.

¹⁵ The Annual/ Quarterly/ Monthly Financial Statements for the year 2021 were not prepared during the 2021. Furthermore during the tenure of the previous Board the Accounts / financial statements for the year 2015, 2016 & 2017 have been audited, signed and approved by them, which have been placed on the website of NICL, after constitution of new BoD w.e.f. 08-08-2023 the Accounts / financial statements for the year 2018, 2019 & 2020 have been audited, signed and approved by them, which have also been placed on the website of NICL. Furthermore the Accounts / financial Statements for the years 2021 have now been audited and approved, which will be placed on the website once relevant AGM is held. Accounts / Financial statements for the remaining years 2022 & 2023 will soon be audited and finalized by Audit / BoD.

¹⁶ An in house orientations session / presentations / reading materials were arranged for the newly constituted Board of Directors in their first meeting, the same was confirmed by directors during 99th meeting held on August 13, 2018.

¹⁷ Human Resources Committee is called as the Ethics, Human Resource, Remuneration & IT Committee constituted in compliance with the Code of Corporate Governance for the insurer 2016 { S.R.O. 1045(1)/2016 dated November 05, 2016}.

¹⁸ The Code of Corporate Governance for insurers, 2016 {S.R.O. 1045(1)/2016 dated November 05, 2016} allows an insurer that if its board does not want to constitute a nominations committee, the Board shall discharge the responsibilities of a nominations committee. Accordingly the board of NICL in its 94th meeting held on May 06, 2017 resolved that that the Board shall discharge the responsibilities of nominations Committee.

All committees have been formed except the nominations Committee as in the light of the code of corporate Governance for insurers 2016 {S.R.O. 1045(1)/2016 dated November 09, 2016} the board has the option not to constitute nomination committee and in case of it is not constituted, the Board shall perform the role of the said Committee According, the Board of NICL is discharging the role of the Nomination Committee.

During the year 2020 Syed Tariq Huda (BoD) member and Acting CEO of NICL was transferred and Syed Rafeo Bashir Shah was appointed as acting CEO w.e.f. 01-June-2020 as BoD Member and 04-June-2020 as Acting CEO. Syed Bashir Shah replaced the Syed Tariq Huda in all BoD committees as resolved by the Board of Directors in 111th Meeting of the BoD held on 04-06-2020.

¹⁹ **Mr. Farrukh Majeed Qureshi** joined the company as Company Secretary in December 2016 with approval of the Board of Directors his remuneration was also fixed by the then BoD. He remained in position during the year in review i.e. 2020 and resigned from the services in the year 2023 and additional charge was then allowed to the Mr. Bilal kully in Aug, 2023 to till date. The Board has also initiated the process to appoint a full time Company Secretary of NICL.

Mr. Fahad Sultan joined the company in December 2019 as Chief Internal Auditor with approval of the Board of Directors his remuneration was also fixed by the then BoD. Recently he has been assigned the responsibilities of the CFO during 2024 by the Board of Directors and the Board has initiated the process to fill the vacant position of CIA.

Mr. Qasim Rashid joined the company on 15-10-2020 as Chief Financial Officer with approval of the Board of Directors his remuneration was also fixed by the then BoD. He remained in services during the year 2020 and resigned from this position in 19 Nov, 2021. After that the position of CFO remained vacant. In order to enhance effectiveness and efficiency of the Finance Department, the CEO assigned acting charge of CFO post to Mr. Fahad Sultan dated April 12, 2023, prior to that & after the resignation of Mr. Qasim Rashid, CEO Mr. Khalid Hamid was assigned acting charge of CFO post.

²⁰ The Company Secretary was appointed during the year 2016 and Chief Financial Officer was appointed during 2020 both officer possesses the requisite qualification as prescribed.

²¹ Director's Report has been attached to the balance sheet as at year ended December 31, 2021.



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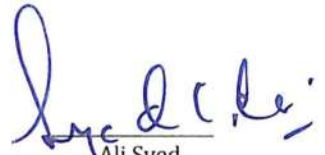
²² Only one Board member is a nominee of State Life Insurance Corporation of Pakistan, which is a client of NICL. However, that Board member is not personally interested in any contract or agreement of NICL with State Life. This is well disclosed and documented.

²³ The Board Audit Committee remained functional till 30-05-2021 after this date the NICL remain functional without the Board Audit Committee.

²⁴ The Internal Audit Function was duly established by the Board, Internal Audit Charter was approved during the year 2021 with Internal Audit Manual etc which includes Audit Charter.



Khalid Hamid
Chief Executive Officer



Ali Syed
Chairman of the Board

Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 FOR THE YEAR ENDED DECEMBER 31, 2021

Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

Name of Company	<u>National Insurance Company Limited</u>
Name of the line ministry:	<u>Ministry of Commerce & Textile</u>
For the year ended:	<u>December 31, 2021</u>

We confirm that other material requirements envisaged in the Rules have been complied with except for the following toward which reasonable progress is being made by the company to seek compliance expectedly by the end of next accounting year.

S. No.	Rule/ Sub-Rule No.	Reason for Non-Compliance	Future Course of Action
1	3(4)	A casual vacancy arose on the Board of Directors of the Company on July 08, 2018, which was not filled up by the Board within 90 days thereof. The Casual Vacancies arising from the transfer of Mr. Roshan Ali Shaikh and Syed Arshad Ali were filled accordingly.	The Board of Directors finished their 3 year term on 30-05-2021 and after this date NICL remained functional without the Board of Director till reconstitution of New Board on 08-08-2023, The new Board of Director were later appointed by the Federal Government vide Notification No. 15(1)/2023-AOs-HR dated 08-08-2023 in exercising its power conferred under Section 1(d)&(e), Section 3, Section 10(2)(a)&(b), Section 12 and 13 of State-Owned Enterprises (Governance & Operations) Act, 2023
2	5(5)	System of internal controls has already been strengthened by the Board and management of NICL; however, still a lot needs to be done to curb the expenses. Whistle blower Policy has been put in place. Chief Internal Auditor was also hired at the end of the year 2019.	Similar to the Anti Corruption, Code of Conduct & NICL's Whistleblower Policy was prepared and circulated among the Board member which was approved by the Board of NICL in its 93 rd meeting held on March 04, 2017. Previously, there was no such mechanism in place. However, every transaction in the



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			<p>Company has been carried out after pre-audit of the respective payment voucher is done. Moreover, Auditor General of Pakistan does carry out Government audits of each year and any instance of concern is reported by them at other constitutional forums like the Public Accounts Committee / Departmental Accounts Committee.</p> <p>The System of internal controls is improving day by day. The Board and the Audit Committee intends to further strengthen the internal Audit Department, in this regard a well qualified professional was hired during 2019 to strengthen the Internal Audit function of the Company which remained in position during the year 2021.</p> <p>During the years 2021 & 2022 Internal Audit conducted audits for the following departments.</p> <ul style="list-style-type: none"> • Operations • Claims • Human Resource & • Finance department. <p>Currently the CIA Position is vacant and has been advertised will soon be filled with the consent of the BoD.</p>
3	5(5)(b)(i v) & 18	Register of interests is being maintained (commencing from the year 2021) to the Extent of directors in which directors disclose their interest prior to convening of a Board / Committee meeting. However, no register of interests was being maintained for executives during the year 2021. Executives (other than CEO) are perceived to have no impact on decision making at all financial authorities have already been delegated by the Board.	<p>Board of NICL is committed to make improvements in the internal control system, and in doing so, Code of Conduct and Policy on Related Party Transactions have been put in place which cover conflict of Interest policy.</p> <p>Register of interests for executives / the management committees is now being maintained.</p>
4	5(6)	<p>The company has a mission statement which can be seen in the Annual Report for the year ended December 31, 2021.</p> <p>However, the company has not developed a vision statement and corporate strategy for the company.</p>	The Company already had a mission statement during 2021; however, the current Board of Directors is reviewing the management's proposed new Vision and Mission Statement of the company
5	5(7)	<p>Although the Board and its predecessors have formulated, approved and implemented various policies, but still, the following policies are required to be formulated:</p> <p>a. The formal approval and adoption of the annual report of the Company</p>	Board is considering and approving the annual accounts for the year 2021.



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	<p>including the financial statements - Law has already laid down a formal procedure for approval and adoption of financial statements. Considering that the financial statements for the year 2022 & 2023 have yet to be prepared, audited, approved, signed and adopted, this policy shall be prepared.</p>	
	<p>b. Effective communication policy has yet to be formally laid down; however, Office Orders have been issued which ensure that all communication is routed through the office of the CEO.</p>	<p>Effective communication policy shall be made in future, if need is felt.</p>
	<p>c. Practice is there for the identification, monitoring and management of the principal insurance risks and opportunities; however, other enterprise risks have yet to be managed, which shall be looked after with the strengthening of the Internal Audit Department.</p>	<p>Internal Audit Department has been strengthened; a new Chief Internal Auditor was hired who joined NICL in 2019 during his tenure has worked a lot on strengthening the internal controls under the guidance and supervision of BoD audit Committees. Post Audits of different departments were conducted by the CIA with his team during 2021.</p>
	<p>d. Procurement policy did not existed previously, as the management relied purely on the provisions of the PPRA laws for procurement etc.</p>	<p>Procurement policy has already been approved by the Board in its 103rd meeting held on 23-02-2019</p>
	<p>e. Marketing of goods to be sold or services to be rendered by the Company. The Company has a captive business, hence, marketing of its products is not required;</p>	<p>So far not required</p>
	<p>f. Determination of terms of credit and discount to customers - The clients are public sector entities, which pay the premiums as per the past practice;</p>	<p>Not required due to the fact that NICL has a renewal business and no new clients are attracted as such. However, cases are decided by the competent authorities on a case-by-case basis.</p>
	<p>g. Write-off of bad or doubtful debts. The Board decided on a case-by-case and Vance- arc receivables usually not basis, if so required done.</p>	<p>The Board decides on a case-by-case. If required</p>
	<p>h. Acquisition or disposal of fixed assets and investments - Proper delegation of financial and administrative authorities in place along with the provisions of the Companies & Insurance law, Real Estate Administration</p>	<p>This is being effectively managed as of the date of filling of the statement.</p>

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		<p>Committee Procurement Committee used to look into matters relating to disposal or acquisition of fixed assets. The Investment Policy is in place and the Board's Investment Committee looks into the matters concerning investments. Accordingly, need for a formal policy was not felt;</p> <p>i. Corporate social responsibility initiatives including donations, charities, contributions and other payments of a similar nature.</p> <p>j. Health, safety and environment- The nature of business of the Company is that it offers intangible service/ product; hence this is not applicable.</p>	<p>The management of NICL has taken CSR initiatives as part of NICL's image building, and a CSR Committee has also been constituted by the Board in its 06th Emergent meeting held on April 13, 2019. Moreover CSR Policy has been approved in the 109th BoD meeting held on 06-12-2019.</p> <p>Not Applicable. However, the company has a dedicated department to look after the safety, security and overall (including sanitization and fumigation etc) across the premises of the company.</p>
6	5(10)	The provision requiring the Board to define level of materiality is itself subjective in nature. However, it is all established that the committees analyze and review various day to day transactions and practices, and then make recommendations to the Board for its consideration. Moreover, the Board has already delegated various financial powers across different levels.	The management shall review if there is any room for further defining the level of materiality. However, at present, the company has a threshold based delegation of financial and administrative authorities.
7	8	The performance evaluation of CEO and senior management was not conducted during the year 2021. Mr. Rafeo Bashir Shah was again given the look after charge during 2020 w.e.f. 05-06-2020 till 28-04-2021 hence; their performances were not assessed by the Board during the Year 2021. A full time CEO was appointed during 2021 but the 3 years tenure of the BoD was completed after the appointment of new CEO. Senior management's performance is assessed through the Chief Executive Officer and / or the HR Committee.	The Board did not evaluate the performance of senior management through the CEO and/or HR Committee.
8	9	During the year 2021, all related party transactions were not placed before the Audit Committee, as there were routine transactions with NICL's related party Ltd. However, it may be noted that the Government Auditors are currently carrying audit of all transactions / expenses / claims / payments.	Policy on Related Party Transactions is approved by the Board in its 112 th Board meeting held on 30-09-2019, on the recommendation of the Audit Committee.

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9	10,17,19 (4) & 24	The Annual/ Quarterly/ Monthly Financial Statements for the year 2021 were not prepared during the year 2021. The financial statements / Annual Report of the Company for the years 2022 & 2023 have not been prepared, audited, approved, signed and adopted which were required to be prepared and audited as per the timeline given in the Companies Act, 2017. Also, the Directors' Report was also not prepared and filed by the said timeline, which is essentially required to be annexed to every balance sheet.	At present, the Board has considered and approved the financial statements for the year ended December 31, 2021 along with all applicable deliverables.
10	13,14 &15	Mr. Qasim Rashid joined the company on 15-10-2020 as Chief Financial Officer with approval of the Board of Directors and remained in service till 19 Nov, 2021.	In order to enhance effectiveness and efficiency of the Finance Department, the CEO assigned acting charge of CFO post to Mr. Fahad Sultan dated April 12, 2023, prior to that & after the resignation of Mr. Qasim Rashid, CEO Mr. Khalid Hamid was assigned acting charge of CFO post. The position for CEO, CIA and Company Secretary remained filled during 2021.
11	20	NICL did not have a Chief Financial Officer as at the year ended December 31, 2021. However, financial statements were endorsed by the current Chief Executive and current CFO before submission to the current Audit Committee and the Board.	The company now has qualified professional serving as the Chief Financial Officer of the company. Subsequent financial statements were signed by the current Chief Executive Officer and Chief Financial Officer before placing the same before the Audit Committee and the Board.
12	22(3) & 22(4)	Internal Audit Charter was approved by the Audit Committee during the year 2021	The Internal Audit Manual is being approved by the Audit Committee and the Board in its 116 th Board meeting 27-04-2021 during the year. Audit Committee is rigorously taking up internal audit matters on top priority.

Khalid Hamid
Chief Executive Officer

Ali Syed
Chairman

THE CODE OF CORPORATE GOVERNANCE FOR INSURANCE, 2016

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR INSURER, 2016

Name of Insurer: **NATIONAL INSURANCE COMPANY LIMITED**
Year Ended: **December 31, 2021**

This statement is being presented in compliance with the code of Corporate Governance for insurers, 2016 for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance.

The insurer has applied the principles contained in the Code in the following manner.

1. The insurer encourages representation of independent non-executive directors and directors representing minority interests on its Board included:

Category	Names	Date of Appointment
Independent Directors	1. Mr. Aasim Azim Siddiqui	31-05-2018 till 30-05-2021
	2. Mr. Shafqaat Ahmed	31-05-2018 till 30-05-2021
	3. Mr. Tariq Jamil	29-11-2019 till 30-05-2021
Executive Directors	1. Syed Rafeo Bashir Shah (Acting CEO)	01-06-2020 till 31-05-2021
Non-Executive Directors	1. Mr. Manzoor Ali Shaikh	04-02-2019 till 30-05-2021
	2. Dr. Rashid Manzoor	31-05-2018 till 30-05-2021

* The 3 years term of the above constituted Board of Directors was completed on 30-05-2021 after that NICL remained without BoD, the new NICL Board was constituted on 08-08-2023.

All Independent directors meet the criteria of independence as laid down under the Code of Corporate Governance for insurance 2016 of independence as laid down under the Code of Corporate Governance for insurance 2016.

All these directors were appointed nominated by the Government of Pakistan.

1. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this insurer (excluding the listed subsidiaries of listed holding companies in which each one of them is a director).
2. All the resident directors of the insurer are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, A DFI or an NBEI or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
3. The Board of Directors finished their 3-year term on 30-05-2021 and after this date NICL remained functional without the Board of Director till reconstitution of New Board on 08-08-2023, The new Board of Director were later appointed by the Federal Government vide Notification No. 15(1)/2023-AOs-HR dated 08-08-2023 in exercising its power conferred under Section 1(d)&(e), Section 3, Section 10(2)(a) &(b), Section 12 and 13 of State-Owned Enterprises (Governance & Operations) Act, 2023.
4. The insurer has prepared a code of conduct³, which has been disseminated among all the directors and employees of the insurer.
5. The Board has [not] developed a vision mission statement, overall corporate strategy and significant policies of the insurer. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All power of the Board has been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other Executive Directors and the key officers, have been taken by the Board⁴.
7. The meetings of the Board were presided over the Chairman and in his/ her absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notice of the Board meetings, along with agenda and working papers, were circulated at least seven (7 days before the meeting) exception the case of emergent meetings, where the notices and agenda were circulated at a shorter notice within the approval of the Chairman Board). The minutes of the meeting were appropriately recorded and circulated.
8. The Board has [not] established a system of sound internal control. Which is [and to be] effectively implemented at all levels within the insurer. The insurer has [not been able to] adopted and complied with all the necessary aspects of internal controls given in the code.
9. The Board arranged Orientation Course(s) training programs for its directors during the year to apprise them of their duties and responsibilities.
10. The Board has approved appointment of Company Secretary including their remuneration and terms and conditions of employment in 2016.
11. The Directors Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers 2016 and fully describes the salient matters required to be disclosed.⁵
12. The Financial statements for the year 2021 of the insurer were duly endorsed by the current Chief Executive Officer and CFO before approval of the Board.
13. The directors, Chief Executive Officer and other executives do not hold any interest in the shares of the insurer other than disclosed in the pattern of shareholding.
14. The insurer has [not] complied with all the corporate and financial reporting requirements of the code of corporate governance for insurers, 2016
15. The board has formed the following Management Committees.⁶

Underwriting, Reinsurance & Co-insurance Committee (From June 04, 2020)

Name of the Person with Designation /Position	Category
Mr. Shafqaat Ahmed	Chairman
Syed Rafeo Bashir Shah (Acting CEO)	Member
Muhammad Hanif Hisbani CM/General Manager (Reinsurance)	Member
Muhammad Altaf Madraswala General Manager (Operations)	Secretary

Claim Settlement committee (From June 04, 2020)

Name of the Person with Designation /Position	Category
Mr. Tariq Jamil	Chairman
Dr. Rashid Manzoor	Member
Syed Rafeo Bashir Shah (Acting CEO)	Member
Mr. Muhammad Altaf Madraswala General Manager (Operations)	Secretary

Risk Management & Compliance Committee (From June 04, 2020)

Name of the Person with Designation /Position	Category
Mr. Shafqaat Ahmed	Chairman
Syed Rafeo Bashir Shah (Acting CEO)	Member
Mr. Manzoor Ali Shaikh	Member
Mr. Tariq Jamil	Member
Mr. Farrukh Majeed Qureshi (Company Secretary)	Member
Mr. Fahad Sultan (Chief Internal Audit)	Secretary

16. The Board has formed the following Board Committees.

Ethics, Human Resource & Remuneration Committee (From June 04, 2020)

Name of the Person with Designation /Position	Category
Mr. Tariq Jamil	Chairman
Mr. Shafqaat Ahmed	Member
Dr. Rashid Manzoor	Member
Mr. Manzoor Ali Shaikh	Member
Syed Rafeo Bashir Shah (Acting CEO)	Member
Mr. Tariq Aziz (General Manager (Human Resources)	Secretary

Procurement Committee (From June 04, 2020)

Name of the Person with Designation /Position	Category
Mr. Shafqaat Ahmed	Chairman
Mr. Tariq Jamil	Member
Dr. Rashid Manzoor	Member
Syed Rafeo Bashir Shah (Acting CEO)	Member
Mr. Tariq Aziz (General Manager Administration)	Secretary

Investment Committee (From June 04, 2020)

Name of the Person with Designation /Position	Category
Mr. Shafqaat Ahmed	Chairman
Mr. Tariq Jamil	Member
Syed Rafeo Bashir Shah (Acting CEO)	Member
Mr. Manzoor Ali Shaikh	Member
Mr. Muhammad Ali (Chief Manager Accounts)	Secretary

CSR Committee (From June 04, 2020)

Name of the Person with Designation /Position	Category
Mr. Tariq Jamil	Chairman
Syed Rafeo Bashir Shah (Acting CEO)	Member
Mr. Shafqaat Ahmed	Member
Mr. Farrukh Majeed Qureshi (Company Secretary)	Secretary

Audit Committee (From June 04, 2020)

Name of the Person with Designation /Position	Category
Mr. Shafqaat Ahmed	Chairman
Mr. Tariq Jamil	Member
Mr. Manzoor Ali Shaikh	Member
Dr. Rashid Manzoor	Member
Mr. Fahad Sultan (General Manager Internal Audit)	Secretary

18. The meetings of the Committee were [not] held at least once every quarter prior to approval of interim and final results of the insurer and as required by the Code of Corporate Governance for Insurers 2016. The terms of references of the Committee have been formed and advised to the Committees for compliance [until the end of the year 2021]
19. The Board has [not] set up an effective internal audit function / ~~or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the insurer and they (or their representatives) are involved in the internal functions on a regular basis.~~
20. The Chief Executive Officer [Yes] Chief Financial Officer [Yes]. Compliance Officer [Yes] and the Head of Internal Audit [Yes] possess such as qualification and experience as is required under the Code of Corporate Governance for Insurers, 2016. ~~The Appointed Actuary of the insurer (if any) also meets the conditions as laid down in the said Code. Moreover, the persons heading the underwriting, claim, reinsurance risk management and grievance functions department posses qualification and experience of direct relevance to their respective functions as required under section 12 of the Insurance Ordinance 2000 (Ordinance No. XXXIX of 2000)~~

Name of the Person	Designation
Syed Rafeo Bashir Shah (05-06-2020 to 28-04-2021) Mr. Khalid Hamid (24-05-2021 still in position.)	Chief Executive Officer
Mr. Qasim Rashid w.e.f. 15-10-2020 till 17 Nov, 2021	Chief Financial Officer
Mr. Bilal Ali Zafar w.e.f. 21-06-2021 till 05-01-2023	Compliance
Mr. Furrukh Majeed Qureshi	Company Secretary
1. Mr. Altaf Madraswala. General Manger (Operations)- Head Officer: 2. Mr. Qayyum Shaikh, General Manager/Zonal Head (South Zone) w.e.f. M. Awais Acting GM /ZH (SZ) 3. Mr, Yasir Khokhar, General Manager/ Zonal Head (Central Zone). 4. Mr. Khurram Irshad General Manager/ Zonal Head (North Zone)	Head of Underwriting
5. Mr. Altaf Madraswala. General Manger (Operations)- Head Officer: 6. Mr. Qayyum Shaikh, General Manager/Zonal Head (South Zone) w.e.f. M. Awais Acting GM /ZH (SZ) 7. Mr, Yasir Khokhar, General Manager/ Zonal Head (Central Zone). 1. Mr. Khurram Irshad General Manager/ Zonal Head (North Zone)	Head of Claims

Mr. Usman Ghani Joined as GM (Re-insurance) w.e.f. 30-04-2021.	Head of Reinsurance
None	Head of Risk Management
No dedicated grievance department	Head of Grievance Dept.

NOTE: In case there is any Change in appointment of any person to act as Chief Executive Officer, Chief Financial Officer, Compliance Officer, Actuary, Company Secretary, Head of Internal Audit or during the reporting year should be adequately disclosed here with cogent reason(s) for such change. In order to enhance effectiveness and efficiency of the Finance Department, the CEO assigned acting charge of CFO post to Mr. Fahad Sultan dated April 12, 2023, prior to that & after the resignation of Mr. Qasim Rashid, CEO Mr. Khalid Hamid was assigned acting charge of CFO post.

22. The statutory auditors [for the year 2021] of the insurer have been appointed from the panel of Auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No XXXIX of 2000). The statutory auditors has confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Insurer and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
23. The statutory auditors or the persons associated with them have not been appointed to provide other services, and the auditors have confirmed that they have observed IFAC guidelines in this regard.
24. The Board ensures that the investment policy of the insurer has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.
25. The Board [could not] ensure that the risk management system of the insurer is in place as per the requirements of the Code of Corporate Governance for the insurer 2016.
26. The Insurer has [not] set up a risk management function department, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.
27. The Board [could not] ensure that as a part of the risk management system, the insurer [could not] gets itself rated from a (credit rating agency) which [could have been] ~~is being~~ used by its risk management function/ department and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency (date) is (rating) with outlook.
28. The Board has [not] set up a [dedicated] grievance department / function, which fully complies with the requirements of the Code of Corporate Governance for Insurers 2016, [However, Head of each three zones of the insurer have been designated as a focal person for handling policy holder's complaints].
29. The insurer has [tried to] obtain exemptions from the Securities and Exchange Commission of Pakistan in respect of the following requirement(s) of the Code of Corporate Governance for Insurers, 2016:
 - The Company, vide its letters stated that the Board of Directors and the management of the Company is constantly striving to regularize its accounts of the previous year even when the current Board was not in place. Moreover, it was also stated that it is an established fact that unless and until all accounts till date are audited, finalized. Signed by the directors of a company and approved by the shareholders credit rating agencies do not entertain requests for assignment of rating to that company. And, due to non-availability of the Board during the last many years. The account of the company for the previous years (i.e.) from 2017 and onwards have yet to be audited. Finalized signed and approved. But, the current Board of the company is

consistently trying to resolve this issue which will obviously take some time. Then it was requested to accord relaxation of the above referred clause (xxxi) of the 2016 Code including all other Clause with regard to adhering the statutory timeline relating directly or indirectly to audit, finalization, signing and or approval of the account and supplementary statements thereon in terms of clause (xxxi) of the aforementioned 2016 code. However, SECP vide its letter No.ID OSM NICL 20178220 dated January 20, 2017 declined the request of the company on the basis of the reason that SECP has already issued direction followed by show cause Notice on the relevant violations stated in the said letter.

30. We confirm that all other material principles contained in the Code of Corporate Governance for insurers, 2016 have been complied with except for the following, towards which reasonable progress is being made by the insurer to seek compliance by the end of next accounting year:

clause	Brief Description of the Clause	Compliance Status
(Viii) & (ix)	Casual Vacancy in the board (Timeframe for filing up casual vacancy and approval by the Commission)	The Board of Directors finished their 3 year term on 30-05-2021 and after this date NICL remained functional without the Board of Director till reconstitution of New Board on 08-08-2023, The new Board of Director were later appointed by the Federal Government vide Notification No. 15(1)/2023-AOs-HR dated 08-08-2023 in exercising its power conferred under Section 1(d)&(e), Section 3, Section 10(2)(a)&(b), Section 12 and 13 of State-Owned Enterprises (Governance & Operations) Act, 2023.
(xi)(b), (c) and (d)	Responsibilities, powers Functions of the Board of Directors. (Adoption of mission/vision statement and overall corporate strategy, formulation of significant policies, and establishment of sound internal controls)	<p>Mission statement of the company exists however, vision statement as well as new mission statement and the Corporate Strategy of the company wasn't developed in the year 2021. The current status is that BoD is reviewing the Vision and Mission Statement.</p> <p>Moreover, following significant policies were not developed by the end of the year 2021.</p> <ol style="list-style-type: none"> Product development – No new products were developed, as existing products met the needs of the policyholders: Underwriting procedures – KPMG, being the consultant of the company has developed the underwriting policy manual for the company which is in process of approval from the BoD. Claim lodging and claim settlement procedures – KPMG, being the consultant of the Company has developed the claim settlement policy manual for the company which was duly approved by the BoD in its 116th Meeting held on 27-04-2021. Policy servicing – will be covered under the underwriting policy / Claim Settlement policy manuals: Reinsurance policy – KPMG, being the consultant of the company has developed the

clause	Brief Description of the Clause	Compliance Status
		<p>reinsurance policy manual for the company which will be submitted to the current BoD for its approval.</p> <p>f. Risk management – KPMG being the consultant of the Company, has developed the Risk Management policy for the company, which has already been recommended by the Risk Management & Compliance committee and shall be submitted to the current Board for approval.</p> <p>g. Procurement of goods and services – Board has subsequently approved the procurement policy in 103rd Board meeting held on February 23, 2019.</p> <p>h. Marketing – not required for the company, at it has a captive clientele:</p> <p>i. Determination of terms of credit and discount to customers – Approved by the relevant competent authority on a case-by-case basis:</p> <p>j. Premium collection and recovery of receivable premium – shall be covered under the underwriting policy manual, which is being made by KPMG:</p> <p>k. Write off of bad / doubtful debts, advances and receivables – Doubtful receivables are written off (if required) on a case-to-case basis by the relevant competent authority.</p> <p>l. Agency management – the company has no agents so far; hence, no requirement for this policy is there:</p> <p>m. Acquisition disposal of fixed assets – Already determined in the delegation of financial and administrative authorities duly approved by the Board:</p> <p>n. Donations, Charities, contributions and other alike payment - CSR policy was approved by the Board in the year 2019:</p> <p>o. Transaction or contracts with associated companies and related parties – Policy for related party Transactions was approved by the Board in its 112th meeting held on 30 September, 2020.</p> <p>p. Health, safety and environment – Real Estate Department looks after the safety, security and overall working conditions (including sanitization and fumigation etc) across all premises of the company: however, no formal policy is in place due to the fact that the company's Core business has impact on health, safety and environment.</p> <p>Delegation of financial / administrative authorities and other policies determine the level of materiality / thresholds w.r.t. approval and exercise of powers by various officials / competent forums.</p>

clause	Brief Description of the Clause	Compliance Status
(xi)(f)	Responsibilities, Powers and functions of board of Directors (Comprehensive proxy voting policy for institutional investors)	The company for practical purpose does not have institutional investors.
(xiii)	Internal Control (Aspects of system of internal control to be implemented at all levels)	<p>Given the company remained without a full-time board for quite a long period the internal controls are improving / evolving with the passage of time. By the end year 2019, the company hired a dedicated and a qualified person as Chief Internal Auditor who was heading the internal Audit Department and during October 2020 a qualified person also joined the company as the Chief Financial Officer the incumbent resigned from services during Nov, 2021. A competent compliance officer was also hired during 2021.</p> <p>In order to strengthen the Internal Controls 1 Manager and 2 Deputy Managers were also hired. New policies and procedures have been developed while some are in the pipeline, which will be approved soon. Board has segregated the functions of Internal Audit (Pre-Audit and Post-Audit), and in response to the new legislative changes, Moreover, assets are being segregated tagged and properly recorded, with a view to safeguard the assets of the company, compliance issues are being taken up by the board through relevant committees, company's authorized signatories have been determined and approved by the Board Insurance committee have been formulated to maintain oversight over the Company's core business activities.</p>
(xviii)	Significant Issue to be placed for Decision by Board of Directors	<p>Once the accounts are updated budgets and annual business plan in line with the approved budget shall be considered by the Board. Moreover, quarterly operating results shall also be considered once all accounts are updated, new Chief Financial Officer has also assumed the charge of the company in 2024, who shall attend the Board meeting (expect where he is not required to attend)</p> <p>The internal audit reports shall be considered on a regular basis.</p>
(xx) (xxi) & (xxii)	<p>Chief Financial Officers Company Secretary and Head of Internal Audit (Appointment and approval)</p> <p>Qualification of Chief Financial Officer and Head of Internal Audit.</p>	<p>During the year 2020 the position for CFO was filled by Mr. Qasim Rashid. However, Mr. Farrukh Majeed Qureshi joined the company as Company Secretary in December 2016.</p> <p>Mr. Fahad Sultan joined the company in December 2019 as Chief Internal Audit of the Company.</p> <p>A full time Chief Executive Officer was appointed during the year 2021. Mr. Khalid Hamid joined NICL on 24 May, 2021 as Chief Executive Officer of the insurer and is still in position; Syed Rafeo Bashir</p>

AKM

clause	Brief Description of the Clause	Compliance Status
		<p>Shah was given the look after charge of the office as Acting Chief Executive Officer w.e.f. 05-06-2020, who remained in this position till 28-04-2021. The Chief Internal Auditor who joined the company in December 2019 and has now been given the responsibilities of the CFO in 2024; recently the BoD has initiated the process to hire new CIA.</p> <p>The Board did select a qualified person as the CFO of the company (Mr. Qasim Rasheed) in October 2020, who resigned from services in Nov, 2021.</p> <p>In order to enhance effectiveness and efficiency of the Finance Department, the CEO assigned acting charge of CFO post to Mr. Fahad Sultan dated April 12, 2023, prior to that & after the resignation of Mr. Qasim Rashid, CEO Mr. Khalid Hamid was assigned acting charge of CFO post.</p> <p>Chief Financial Officer, Chief Internal Auditor and Company Secretary all mentioned officers were appointed by the Board and possess the required Qualifications.</p>
(xxv)	Frequency of Financial Reporting (preparation and circulation of quarterly unaudited financial statements and half-yearly reviewed financial statement along with Directors Report)	Quarterly financial statements along with Directors Report shall be prepared and circulated once all pending accounts are updated.
(xxvi)	Frequency of Financial reporting (Review of half-yearly financial statements by the statutory auditors)	Half- yearly financial statements shall be prepared and reviewed by the auditors once all pending accounts are updated.
(xxvii)	Frequency of financial reporting (Circulation of annual audited financial Statements)	Pending accounts are being updated.
(xxviii)	Annual Reviews and compliance procedures	Strategies on various matters are considered by the Board Keeping in view the risks outcomes of the operational performance of the Company on an ongoing basis. No conflicts of interest w.r.t officers exit as all keys officers are whole-time employees of the company and no instance of their relationships with vendors or policy holders has so far been reported. However, the company has one director who is a serving Executive Director of the state life insurance corporation of Pakistan and whose relationship with the company's client (State life insurance) was disclosed to the Board and documented.
(xxix) (xxx) & (xxxiii)	Compliance Officer (Adoption of Compliance program, appointment of and assignment of duties to Compliance officer: reporting line of	The position of compliance officer was filled in 2021. The Company appointed Mr. Bilal Ali Zafar as compliance officer in April 2021 who resigned from services in March, 2023, some progress has been on

clause	Brief Description of the Clause	Compliance Status
	the Compliance officer and duties & responsibilities of Compliance Officer)	the subject assignments. The board will again advertise the position of compliance officer during this year.
(xxix) (xxx) & (xxxiii)	Responsibilities for Financial reporting and Corporate Compliance	The enclosed financial statements were signed by the Current CEO as well as the Current Chief Financial Officer before the same were placed before the audit committee and the Board. The Board shall authorize the signing of financial statements for issuance and circulation in accordance with Section 51 of the Insurance Ordinance 2000. Secretarial Compliance certificate is enclosed herewith.
(xliii)	Management Committees	The Board has formulated the management committee: however, during the year under consideration. The committees did not meet on a quarterly basis. Terms of reference have been approved by the Board for these committees. The committee endeavor to meet on a regular / basis. All management Committees were dissolved after completion on 3 terms of Board.
(xliii)	Board Committees	The Board has formulated the board committee: however, during the year under consideration, the committees did not meet on a quarterly basis. The committee endeavor to meet on a regular / need basis. Composition attendance at the meeting and terms of reference of the investment Committee and the Audit Committee are now in accordance with the code. After Completion of the term of the Board, all Management and Board Committee were dissolved accordingly.
(lviii) & (lix)	Internal Audit	A qualified individual was appointed as Chief Internal Auditor who joined the Company in December 2019 and is recently assigned the responsibility CFO of the company in 2024. During the year 2021 in order to strengthen the Audit function 1 Manager (Internal Audit) and 2 Deputy Managers (Internal audit) were also hired. Internal Audit reports were also prepared during the tenure as new CIA.
(xxxiii) r/w (lx) to (lxviii)	External Auditors	External Auditors for the year to which these financial statements related were appointed subsequent to that rotation of external auditors and other provisions relating to external auditors have been observed.
(lix)	Risk Management System	Underwriting / insurance risk are accounted for through effective underwriting as well as proper reinsurance arrangements. The Company has remained highly solvent and has a good portfolio of investments spread across various categories. Blueprint of the Risk Management Development has

clause	Brief Description of the Clause	Compliance Status
		been recommended by the Risk Management & Compliance Committee for approval, which is being / shall be approved by the Board. The BoD has decided to fill the vacant position for the Head of Risk Management.
(lxx) & (lxxi)	Risk Management Function Department	The Board has recently approved the blueprint of the Risk Management Development and Risk Management policy in its 103 rd meeting dated 23-02-2019 and has also been recommended by the Risk Management & Compliance Committee for approval, which is being / shall be approved by the Board. The BoD has decided to fill the vacant position for the CIA.
(lxxii)	Rating by a Credit Rating agency	Once the accounts are updated Credit rating shall be obtained.
(lxxiii)	Actuary	The position Actuary during 2021 remained vacant in NICL.
(lxxiv) & (lxxv)	Grievance Function (Establishment of & procedure for the Grievance Function of an insurer) & Claims Settlement Committee to oversee	Currently, the Company has three zones across Pakistan and each Zonal Head has been designated as focal person to look into the complaints of the policyholders. Complaints received from the policyholders of any are / shall be reported to the claim settlement committee.
(lxxvi) & (lxxvii)	Compliance with the code of Corporate Governance (Preparation & circulation of the reviewed statement of compliance with best Practices of corporate Governance along with annual report)	The instant statement is being prepared and circulated after review by the external auditors.

By Order of the Board

Khalid Hamid
Chief Executive Officer

20 DEC 2024

Dated: _____

¹ A full time Chief Executive Officer was appointed during the year 2021. Mr. Khalid Hamid joined NICL on 24-05-2021 as Chief Executive Officer of the insurer and is still in position; Syed Rafeo Bashir Shah was given the look after charge of the office as Acting Chief Executive Officer w.e.f. 05-06-2020, who remained in this position till 28-04-2021.

² Dr. Nazish Afraz was nominated by the Government of Pakistan on the Board of NICL as an independent Director. She never joined the Board, as she regretted vide her letter dated 09-Jul-18 her casual vacancy could not be filled by the BoD.


³ Code of Conduct including conflict of interest policy was prepared and circulated among the Board members which was approved by the Board of NICL in its 93th meeting held on March 04, 2017. Previously, Code of conduct was in place as one of the chapters of NICL Human Resource Manual.

⁴ Whole-time Chief Financial Officer, Mr. Qasim Rashid joined NICL 15-10-2020 {as per requirement of the Code} the incumbent resigned from services in Nov, 2021. The whole-time company secretary joined in December 2016. A qualified and experienced chartered accountant has been hired as the Chief Internal Auditor of company in year Dec, 2019 and was recently assigned the responsibilities of CFO. Mr. Qasim Rashid resigned from services in the year Nov, 2021; however, the present Board has finally decided to initiate the process of hiring a Chief Internal Auditor of the Company. The position has also been advertised.

⁵ A full time Chief Executive Officer was appointed during the year 2021. Mr. Khalid Hamid joined NICL on 24-05-2021 as Chief Executive Officer of the insurer and is still in position; Syed Rafeo Bashir Shah was given the look after charge of the office as Acting Chief Executive Officer w.e.f. 05-06-2020, who remained in this position till 28-04-2021. Mr. Qasim Rashid was appointed as the Chief financial Officer of the Company, who resigned from services on 17th Nov, 2021 and the whole-time Company Secretary joined the insurer in December 2016. Fahad Sultan joined the Company in 2019 as Chief Internal Auditor.

⁶ All Management Committees and Board Committees were dissolved after completion of the 3 years Board tenure i.e. 30-05-2021

⁷ The Board further resolved, in its 94th meeting held on May 06, 2017, that there shall be no Nomination committee, and the role of the said Committee shall be discharged by the Board itself. Furthermore, the Board also resolved that the Ethics, Human Resource & Remuneration Committee shall also look into the matter relating to IT.



INDEPENDENT AUDITOR'S REPORT**To the members of National Insurance Company Limited****Report on the Audit of the Unconsolidated Financial Statements****Qualified Opinion**

We have audited the annexed financial statements of National Insurance Company Limited (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2021 and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies 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 unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows 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 however except for the effects of the matter described in the Basis for Qualified Opinion section of our report, these financial statements give a true and fair view of the state of Company's affairs as at December 31, 2021 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

1. The Company does not neither maintain a fixed asset register nor have an item-wise detail of fixed assets available with it (refer note 5 of the unconsolidated financial statements). Due to non-availability of this information, we were unable to obtain sufficient appropriate audit evidence in relation to following:
 - the existence, completeness, rights & obligations and valuation assertions of fixed assets recorded in the unconsolidated financial statements of the Company as at December 31, 2015, December 31, 2016, December 31, 2017, December 31, 2018, December 31, 2019, December 31, 2020 and December 31, 2021.
 - the impairment, if any, of any fixed assets recorded in the unconsolidated financial statements of the Company as at December 31, 2015, December 31, 2016, December 31, 2017, December 31, 2018, December 31, 2019, December 31, 2020 and December 31, 2021.

Consequently, we are unable to quantify the impact of the adjustments, if any, on the unconsolidated financial statements;

2. We were appointed subsequent to the balance sheet date; consequently, we were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the quantities and condition of investment properties and fixed assets appearing in the unconsolidated statement of financial position as at December 31, 2021 and application of appropriate cut off procedures. We were also unable to review the events subsequent to the balance sheet date till the date of our audit report, which may affect the financial statements. Further, there being no satisfactory alternative audit procedures that we could adopt to obtain sufficient and appropriate audit evidence regarding the objectives of these procedures. Consequently, we are unable to assess due impact of the adjustments, if any, that may have been identified as a result of such audit procedures on the balances as appearing in the unconsolidated financial statements;
3. As stated in note 13 of the unconsolidated financial statements, insurance/reinsurance receivables amounting to Rs. 11.833 billion includes a balance of Rs. 1.185 billion for which we were not provided sufficient and appropriate audit evidence concerning the nature, identification, and recoverability of the amount. Due to this lack of evidence, we were unable to determine whether any adjustment to the receivable balance is necessary, which may have a material effect on the financial statements.

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 qualified 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 Company's Annual Report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read 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.

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, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of directors 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.

Report on Other Legal and Regulatory Requirements

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

- a) except for the matters described in the Basis for Qualified Opinion section of our report, 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) except for the matters described in the Basis for Qualified Opinion section of our report, the unconsolidated statement of financial position, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows 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;
- c) except for the matters described in the Basis for Qualified Opinion section of our report, 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 Syed Naveed Abbas.


Chartered Accountants
Karachi

Dated: 15 JAN 2025

UDIN: AR2021102390k4lipQzB

NATIONAL INSURANCE COMPANY LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Note	2021	2020
		-----Rupees in '000-----	
Assets			
Property and equipment	5	77,795	73,508
Intangible assets	6	0	(0)
Investment property	7	3,185,706	3,060,149
Investments in subsidiary and associate	8	358,560	358,560
Investments			
Equity securities	9	5,376,646	5,691,293
Debt securities	10	41,839,769	34,549,685
Loans and other receivables	12	2,927,075	2,824,948
Insurance / Reinsurance receivables	13	11,784,037	5,218,122
Reinsurance recoveries against outstanding claims	25	8,629,633	7,760,561
Salvage Recoveries Accrued		282,127	248,750
Deferred taxation	14	-	-
Taxation - payment less provisions	15	2,428,011	2,093,868
Prepayments	16	7,468,732	3,190,564
Cash & Bank	17	4,629,303	4,237,195
Total Assets		88,987,393	69,307,204

Equity and Liabilities

Capital and reserves attributable to Company's equity holders

Ordinary share capital	18	2,000,000	2,000,000
Reserves	19	12,600,000	12,600,000
Fair Value Reserves		1,316,265	1,326,109
Unappropriated profit		27,911,205	23,910,217
Total Equity		43,827,470	39,836,327

Liabilities

Underwriting Provisions

Outstanding claims including IBNR	25	14,575,836	12,775,660
Unearned premium reserves	24	10,495,470	4,951,279
Unearned Reinsurance Commission	26	228,954	144,353
Retirement benefit obligations	22	6,705,563	5,977,378
Premium received in advance		1,054,325	677,873
Insurance / Reinsurance Payables	20	9,013,133	3,434,352
Other Creditors and Accruals	21	3,086,642	1,509,982
Total Liabilities		45,159,923	29,470,877

Total Equity and Liabilities

88,987,393	69,307,204
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Contingencies and commitments

23

The annexed notes 1 to 46 form an integral part of these financial statements


Chief Executive Officer


Director


Director


Chairman

NATIONAL INSURANCE COMPANY LIMITED
UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		-----Rupees in '000-----	
Net insurance premium	24	5,062,996	4,312,418
Net Insurance claims	25	(732,951)	(773,639)
Net Commission and other acquisition costs	26	446,925	539,204
Insurance claims and acquisition expenses		(286,025)	(234,434)
Management Expenses	27	(2,156,205)	(1,982,726)
Underwriting results		2,620,766	2,095,258
Investment income	28	3,808,216	3,888,624
Rental income	29	252,660	151,567
Other income	30	301,453	258,025
Other expenses	31	(106,696)	(99,089)
(Charge)/Reversal of impairment of investment property	7.1	165,210	50,250
Results of operating activities		4,420,843	4,249,377
Finance costs	32	-	-
Profit before tax		7,041,609	6,344,636
Income tax expense	33	(2,303,580)	(1,950,445)
Profit after tax		4,738,029	4,394,191
Earnings (after tax) per share - basic and diluted	34	23.69	21.97

The annexed notes 1 to 46 form an integral part of these financial statements


 Chief Executive Officer


 Director


 Director


 Chairman

NATIONAL INSURANCE COMPANY LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

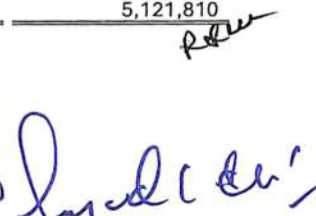
Note	2021	2020
	-----Rupees in '000-----	
Profit after tax	4,738,029	4,394,191
Other comprehensive income:		
Items that may be subsequently reclassified to profit and loss account	(9,844)	152,106
Unrealized gain / (loss) on 'available-for-sale' investments	(13,865)	214,233
Current tax	4,021	(62,128)
Items that will not be subsequently reclassified to profit and loss account		
Actuarial gain/(loss) on defined benefits plans	(502,875)	810,582
Tax credit related to remeasurement loss on defined benefits plans	145,834	(235,069)
Current tax	(357,041)	575,513
Total comprehensive income for the year	4,371,143	5,121,810

The annexed notes 1 to 46 form an integral part of these financial statements


 Chief Executive Officer


 Director


 Director


 Chairman


NATIONAL INSURANCE COMPANY LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

Note	Share capital	Capital reserves		Revenue reserves		Total
	Issued, Subscribed and paid-up share capital	Reserve for Exceptional Losses	Unrealised appreciation / (diminution) on revaluation of available-for-sale investments - net of tax	General reserves	Unappropriated Profit	
	-----Rupees in '000-----					
Balance as at December 31, 2019	2,000,000	6,100,000	1,174,004	6,500,000	19,440,513	35,214,517
Profit for the year					4,394,191	4,394,191
Other comprehensive income			152,106		575,513	727,619
	-	-	152,106	-	4,969,704	5,121,810
Others (if any, please specify)					(500,000)	(500,000)
Dividend relating to 2019						
Balance as at December 31, 2020	2,000,000	6,100,000	1,326,109	6,500,000	23,910,217	39,836,327
Profit for the year					4,738,029	4,738,029
Other comprehensive income			(9,844)		(357,041)	(366,885)
	-	-	(9,844)	-	4,380,988	4,371,143
Others (if any, please specify)						
Dividend reversals					120,000	120,000
Dividend relating to 2020					(500,000)	(500,000)
Balance as at December 31, 2021	2,000,000	6,100,000	1,316,265	6,500,000	27,911,205	43,827,470

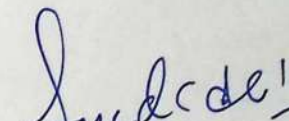
21.2

The annexed notes 1 to 46 form an integral part of these financial statements


Chief Executive Officer


Director


Director


Chairman

NATIONAL INSURANCE COMPANY LIMITED
UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021

2021 2020
-----Rupees in '000-----

Operating Cash flows

Underwriting activities

Insurance premium received
Reinsurance premium paid
Claims paid
Reinsurance and other recoveries received
Commission received
Management expenses paid
Net cash flow from underwriting activities

15,306,783	17,370,571
(9,348,950)	(11,603,055)
(1,669,990)	(6,043,352)
1,552,639	5,793,423
404,942	485,419
(1,214,454)	(2,065,172)
5,030,969	3,937,835

Other operating activities

Income tax paid
Other operating receipts
Loans advanced
Loan repayments received
Net cash flow from other operating activities

(2,487,869)	(1,852,973)
160,961	210,838
(3,542)	(9,479)
33,365	36,231
(2,297,085)	(1,615,383)
2,733,884	2,322,451

Total cash flow from all operating activities

Investment activities

Profit/ return received
Dividend received
Rental received
Payment for investments / investment properties
Proceeds from investments / investment properties
Fixed capital expenditure
Proceeds from sale of property, plant and equipment

155,863	481,403
227,516	188,845
312,081	161,736
(6,465,133)	(4,883,555)
3,949,777	3,443,858
(19,704)	(8,854)
(2,177)	2,026
(1,841,777)	(614,541)

Total cash flow from investing activities

Financing activities

Dividends paid

(500,000)	(500,000)
(500,000)	(500,000)

Total cash flow from financing activities

Net cash flow from all activities

Cash and cash equivalents at beginning of year

392,108	1,207,910
4,237,195	3,029,285
4,629,303	4,237,195

Cash and cash equivalents at end of year

Reconciliation to Profit and Loss Account

Operating cash flows
Depreciation expense
Financial charges expense
Loss on disposal of property, plant and equipment
Rental income
Dividend income
Other Investment income
Increase /(Decrease) in assets other than cash
(Increase)/decrease in liabilities other than borrowings
Other Income
Other expenses

2,733,884	2,322,451
(52,449)	(86,891)
-	-
(2,177)	2,026
252,660	151,567
227,516	188,845
3,580,700	3,699,779
19,288,082	4,494,304
(19,179,188)	(6,538,852)
299,276	260,051
(106,696)	(99,089)
7,041,608	4,394,191

Profit after taxation

The annexed notes 1 to 46 form an integral part of these financial statements

Chief Executive Officer

Director

Director

Chairman

1. STATUS AND NATURE OF BUSINESS

National Insurance Company Limited (the Company) was incorporated in Pakistan on March 31, 2000 as an unquoted public limited company under the Companies Act, 2017. The Company's registered office is situated in NIC Building, Abbasi Shaheed Road, Karachi, Sindh. The Company is principally engaged in non-life insurance business of public property, comprising fire, marine, aviation and transportation, engineering, etc.

With effect from January 01, 2001, the Company took over all the assets and liabilities of former National Insurance Corporation (NIC) at book values under the National Insurance Corporation (Re-organization) Ordinance, 2000. Accordingly, with effect from January 01, 2001, NIC has been dissolved and ceases to exist and the operations and undertakings of NIC are being carried out by the Company.

National Insurance Company Limited has a wholly-owned subsidiary Civic Centres Company (Private) Limited, which is incorporated in Pakistan.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

2.1 BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except for 'held for trading' investments and 'available for sale' investments that are stated at fair value, 'held to maturity' investments that are stated at amortized cost and 'staff retirement benefits' that are carried at present value. The provision of IBNR and premium deficiency reserve is made on the basis of actuarial valuation.


2.2 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the unconsolidated 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.

2.3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS

2.3.1 Standards, interpretations and amendments effective during 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 01 January 2021 but are considered not to be relevant or do not have any Significant effect on the Company's operations and therefore not detailed in these unconsolidated financial statements.



NATIONAL INSURANCE COMPANY LIMITED
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During the year, certain new standards and amendments to existing standards became effective. However, they did not have material effect on these unconsolidated financial statements.

2.3.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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

Standard or Interpretation	Effective date (annual periods beginning)
IFRS 16 - 'Leases' - (Amendments)	01 April 2021
IAS 1 - 'Preparation of Financial Statements' - (Amendments)	01 January 2024
IAS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors' - (Amendments)	01 January 2023
IAS 16 - 'Property, plant and equipment' (amendments)	01 January 2022
IAS 37 - 'Provisions, contingent liabilities and contingent assets' (amendments)	01 January 2022
IAS 12 - 'Income taxes' (amendments)	01 January 2023
IFRS 17 - 'Insurance Contract'	01 January 2023
IFRS 9 - 'Financial Instruments'	01 January 2023*

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023 and yet to be notified by the Securities and Exchange Commission of Pakistan.

*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 2.3.2.1 to these financial statements.

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

2.3.2.1 Temporary exemption from application of IFRS 9

As an insurance company, 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 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 80 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 below.

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NATIONAL INSURANCE COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Fair value of financial assets as at December 31, 2021 and change in the fair values during the year ended December 31, 2021:

	As at 31st December 2021		
	<i>(Rupees in '000)</i>		
	Cost	Carrying Value	Fair Value
Financial assets that meet the SPPI criteria			
<i>Debt securities - Held to maturity (note 10)</i>			
Opening	33,682,854	34,549,685	39,520,629
Additions during the Year	11,843,919	12,030,895	11,983,334
Disposals during the year - net	(5,054,317)	(5,147,600)	(5,143,335)
Increase/Decrease in Value	-	406,789	(3,809,780)
Closing	40,472,456	41,839,769	42,550,848
Financial assets that do not meet the SPPI criteria			
<i>Equity Securities - Available for sale (note 9)</i>			
Opening fair value	1,877,426	3,745,186	3,745,186
Disposals during the year - net	-	-	-
Impairment	(70,056)	(70,056)	(70,056)
Increase/Decrease in Value	11,938	(13,865)	(13,865)
Closing	1,819,308	3,661,264	3,661,264

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, 2022 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 PROPERTY AND EQUIPMENT

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged using the straight-line method in accordance with the rates specified in note 5 to these financial statements and after taking into account residual values, if significant.

Depreciation on additions is charged from the month the assets are available for use, while no depreciation is charged in the month of disposal.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. 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 profit and loss account in the year the asset is derecognized. Depreciation methods, useful lives and residual values are reviewed, and adjusted if appropriate, at each reporting date.

3.2 INTANGIBLE ASSETS

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Costs directly associated with identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognized as an intangible asset.

These are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight-line basis over its estimated useful life as specified in note 6 to these financial statements after taking into account residual values, if significant. Amortization on additions is charged from the month in which the asset is put to use, whereas no amortization is charged in the month the asset is disposed of. The useful lives and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the profit or loss account when the asset is derecognized.

3.3 INVESTMENT PROPERTY

Investment properties are accounted for under the cost model in accordance with the requirements of International Accounting Standard (IAS) 40, "Investment Property".

- Leasehold land is stated at cost.
- Buildings on leasehold land are depreciated to their estimated salvage value on a straight-line basis over their useful lives.
- Lifts, HVAC and other installations forming part of buildings on leasehold land but having separate useful lives are depreciated under the straight-line method.

Depreciation charge, subsequent capital expenditure on existing properties, normal repair & maintenance and gains or losses on disposals are accounted for in similar manner as those applicable to property and equipment (note 3.1).

3.4 INSURANCE CONTRACTS

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

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NATIONAL INSURANCE COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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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. Insurance contracts are classified into the following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed:

- **Fire and property**

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

- **Marine cargo**

Marine cargo insurance protects all goods while in transit depending upon the needs of a client.

- **Marine hull**

Marine hull insurance provides cover for ship of all kinds, barges, tugs, dredgers, fishing trawlers, yacht, pleasure boats, speed boats etc.

- **Marine aviation**

Marine aviation covers the aircraft itself for accidental damage or loss from whatsoever cause operating anywhere in the world subject to certain terms and conditions, and damage to/loss of spare parts of the aircraft/engines against all risks.

- **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.

- **Engineering**

Engineering insurance offers comprehensive and adequate protection against loss or damage in respect of the contract works, construction plant and equipment and/or construction machinery, as well as against third party claims in respect of property damage and/or bodily injury arising in connection with the execution of construction project. These contracts are normally one year insurance contracts except some engineering insurance contracts that are of more than one year period.

- **Miscellaneous**

All other types of insurance contracts are classified in miscellaneous category which includes mainly terrorism, personal accident, worker compensation, Cash-in-Safe, Cash-in-Transit insurance etc. These contracts are normally one year insurance contracts.

The Company enters into outward reinsurance arrangements only in the normal course of business in order to limit the potential for losses arising from certain exposures and does not engage in inward reinsurance arrangements.

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NATIONAL INSURANCE COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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The Company neither issues investment contracts nor does it issue insurance contracts with discretionary participation features (DPF).

3.5 UNEARNED PREMIUM RESERVE

Provision for unearned premium is calculated by applying 365 days method, except marine cargo insurance for which unearned premium is calculated by applying twenty fourths' method.

3.6 PREMIUM DEFICIENCY RESERVE

The Company is required under Insurance Rules, 2017 to maintain a provision in respect of premium deficiency for the individual 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 Statement of Financial position date in respect of the unexpired policies in that class of business at the Statement of Financial position date. The movement in the premium deficiency reserve (PDR) is recognized in the profit and loss account for the year.

The requirement for additional provision for unexpired risks is determined on the basis of an actuarial valuation. The latest valuation was carried out as of December 31, 2021. Premium deficiency reserve analysis, a rough estimate of management expenses is used. The management expenses for each line of business are obtained by splitting this amount on the basis of gross premium. Gross premium of each line of business is divided by the total gross premium and this ratio is multiplied with the total management expenses to obtain estimated value of management expenses for each line of business.

3.7 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 include both facultative and treaty arrangement contracts and are classified in same categories of insurance contracts for the purpose of these financial statements. The Company recognizes the entitled benefits under the contracts as various reinsurance assets and liabilities. Reinsurance assets and liabilities are derecognized when contractual rights are extinguished or expired.

The deferred portion of reinsurance premium is recognized as a prepayment. The deferred portion of reinsurance premium ceded is calculated by using twenty fourths' method.

3.8 RECEIVABLES AND PAYABLES RELATED TO INSURANCE CONTRACTS

3.8.1 Due to/ from insurance contract holders

These are initially recognized at cost which is the fair value of consideration received. Provision for impairment on premium receivable is established when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Receivables are also analyzed as per their aging and accordingly provision is maintained on a systematic basis.

3.8.2 Due to / from reinsurer

Amounts due to / from re-insurer are carried at cost less provision for impairment. Cost represents the fair value of the consideration to be received / paid in the future for services rendered / received. Provision for impairment on amount due from reinsurer is established when there is objective evidence that the Company will not be able to collect all amounts due according to original terms.



The Company has reinsurance arrangements with Pakistan Reinsurance Company Limited (PRCL) only.

3.9 SEGMENT REPORTING

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

The Company presents segments reporting of operating results using the classes of business as specified under 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 and property, marine aviation and transport, motor, engineering and miscellaneous. The nature and business activities of these segments are disclosed in note 3.4.

Assets and liabilities are allocated to particular segments on actual basis. 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 3.24.

3.10 CASH AND CASH EQUIVALENTS

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


3.11 REVENUE RECOGNITION

3.11.1 Premium

For all the insurance contracts, premiums are recognized as written from the date of issuance of policy (i.e. attachment of the risk to the policy). Where premiums for a policy are payable in instalments, full premium for the duration of the policy is recognized as written at the inception of the policy and related assets set up for premiums receivable at a later date. Premiums are stated exclusive of taxes and duties levied on premiums.

Revenue from premium is determined after taking into account the unearned portion of premium. The unearned portion of premium income is recognized as a liability.

Reinsurance premium is recognized as an expense after taking into account the proportion of deferred premium expense which is calculated using twenty fourths' method. The deferred portion of premium expense is recognized as a prepayment.



NATIONAL INSURANCE COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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3.11.2 Commission Income

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognized as liability and recognized in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premiums.

3.11.3 Investment Income

- Unrealized appreciation or diminution on revaluation of investments classified as available-for-sale is included in the statement of comprehensive income in the period to which it relates.
- Gain or loss on remeasurement of investments held-for-trading is recognized in profit and loss account.
- Profit on held-to-maturity instruments is recognized on a time proportion basis taking into account the effective yield on the investments.
- Gain or loss on sale of investments is recognized in the profit and loss at the time of sale.
- Dividend income is recognized when the right to receive the same is established.
- Return on bank and other saving deposits is recognized on time proportion basis.

3.11.4 Income from investment properties

Rental income on investment properties is recognized on time proportion basis.

3.12 INVESTMENTS

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs except for those classified as held for trading. Subsequently, these are recognized and classified as follows:

- At fair value through profit or loss
- Held to maturity
- Available-for-sale

The classification depends on the purpose for which the financial assets were acquired

3.12.1 Held for trading

Quoted investments which are acquired principally for the purpose of generating profit from short-term fluctuations in price or are comprised in a portfolio of which there is a recent actual pattern of short-term profit taking are classified as held for trading.

Subsequent to initial recognition these are re-measured at fair value by reference to quoted market prices with the resulting gain or loss being included in profit or loss for the period in which it arises.

3.12.2 Held to maturity

Investments with fixed maturity, where management has both the intent and ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortized cost. Any premium paid or discount availed on acquisition of held to maturity investment is deferred and amortized over the term of the investment using the effective yield method.

These are reviewed for impairment at year end and any losses arising from impairment in value are charged to the profit and loss account.

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3.12.3 Available for sale

Investments which are intended to be held for undefined period of time but may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available for sale.

Quoted

Subsequent to initial recognition, these investments are remeasured at fair value. Gains or losses on remeasurement of these investments are recognized in the statement of comprehensive income.

Unquoted

Unquoted investments are recognized at fair value of the consideration paid less accumulated impairment losses, if any.

3.12.4 Investment in subsidiary company

Investment in subsidiary company is stated at cost.

3.12.5 Fair value measurements

The fair value of investments held for trading is their quoted bid price at the Statement of Financial position date.

3.12.6 Recognition/derecognition of Investments

Investments held for trading and available for sale investment are recognized / derecognized by the Company on the day it commits to purchase / sell the investment. Investments held-to-maturity are recognized / derecognized on the day they are transferred to / sold by the Company.

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognized at the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

3.13 OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

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

3.14 UNDERWRITING PROVISIONS

Underwriting provision consist of provision for outstanding claims including claims payable and provision for losses Incurred but Not Reported (IBNR) and provision for deferment of premium (unearned premium) and commission income (unearned commission income). These provisions are determined and recorded based on the percentages suggested by the actuarial valuation report. The actuarial valuation is carried out annually. The methods used for determination of these reserves are stated in note 39 "valuation of insurance reserves".

3.14.1 Provision for outstanding claims (including IBNR)

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

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

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

Liability for outstanding claims has adjusted for the effects of subsequent development in the provision for outstanding claims in subsequent year. As per IAS 37 and IAS 10, it is required that 'subsequent payment / settlement of claims before any date when the unconsolidated financial statements are authorized for issue' is an 'adjusting event' and the claim expense and reinsurance recovery shall be accounted for at 'actual / settlement amount' in the year in which the loss event occurred.

Incurred But Not Reported (IBNR Claims)

This represents losses that have incurred or are in the occurrence period at the end of the reporting year and have not been intimated to the Company by the end of the reporting year.

The Company is required, as per the SECP circular no. 9 of 2016 dated March 9, 2016 "Guidelines for Estimation of Incurred But Not Reported (IBNR) Claims Reserve, 2016" to estimate and maintain the provision for claims incurred but not reported for each class of business by using the prescribed method which is "Chain Ladder Method" or any other alternate method as allowed under the provisions of the Guidelines.

The actuarial valuation as at December 31, 2021 has been carried out by an independent firm of actuaries for determination of IBNR for each class of business.

3.15 TAXATION

3.15.1 Current taxation

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

3.15.2 Deferred taxation

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

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

3.16 STAFF RETIREMENT BENEFITS

3.16.1 Defined contribution plan - Provident fund

The Company operates a non-contributory provident fund scheme for those eligible employees who have opted the scheme. Contribution to the fund is made by the employees @ 10% of their basic pay. However, the Company does not contribute to the fund.

3.16.2 Defined benefit plans

The Company operates the following defined benefit plans / scheme for its employees:

- Fund pension scheme.
- Unfunded gratuity scheme (for employees under Monetized Salary Package Scheme).
- Unfunded post-retirement medical benefit scheme.
- Unfunded compensated absences.

The employees who have joined the Company on or after January 01, 2001 under Monetized Salary Package Scheme (MSP) are eligible for unfunded gratuity scheme.

The Company accounts for all accumulated compensated absences when the employees render service that increases their entitlement to future compensated absences based on actuarial valuation. The actuarial valuation has been carried out using the projected unit credit method. Actuarial valuation is carried out annually as on December 31.

The Company's obligation under the above schemes is determined by estimating the amount of future benefits that the employees have earned in return of their services in the current and prior years, that benefit is discounted to determine the present value and the fair value of plan assets, if any, is deducted. The calculation is performed by an independent actuary.

All actuarial gains and losses are immediately recognized in the period in which they occur through the statement of comprehensive income.

Assumptions and other findings of post-employment benefits have been briefly disclosed in note 22.

3.17 IMPAIRMENT OF ASSETS

3.17.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

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3.17.2 Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels at which they are generating separately identifiable cash flows (cash generating units).

3.18 LOANS AND OTHER RECEIVABLES

Loans and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Other receivables comprise of rent, balance due from pension fund and interest receivable from PIBs. A provision for impairment of loans, advances and other receivables is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision is charged to the profit and loss account. Loans, advances and other receivables are written off when considered irrecoverable.

3.19 PREMIUM RECEIVED IN ADVANCE

Premium received in advance is carried at cost which is the fair value of consideration received against services to be provided in the future.

3.20 CREDITORS AND ACCRUALS

3.20.1 Accrued expenses

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

3.20.2 Other liabilities

Other liabilities are carried at cost which is the fair value of the consideration to be paid / received in the future for the goods and / or services received / provided, whether or not billed to / by the Company. Except for liability for government levies including Excise Duty, Sales Tax on Services, Federal Insurance Fee and Stamp Duty, as applicable on underwriting activities have been recognized after receipt of such amount from respective clients.

3.21 FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into Pakistani Rupees at exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistani Rupees at the rates of exchange prevailing at the Statement of Financial position date. Exchange differences, if any, are taken to profit and loss account.

3.22 FINANCIAL INSTRUMENTS

All the financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of instrument. Any gains or losses on de-recognition of financial assets and liabilities are taken to profit and loss account currently.

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NATIONAL INSURANCE COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

3.23 DIVIDEND AND APPROPRIATION TO RESERVES

Dividend and appropriation to reserves are recognized as liability in the Company's unconsolidated financial statements in the year in which these are approved.

3.24 ALLOCATION OF EXPENSES TO UNDERWRITING BUSINESS

Expenses of management allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated on the basis of gross premium income under individual business.

3.25 EARNINGS PER SHARE

The Company presents basic and diluted earnings per share (EPS) for its shareholders.

3.25.1 Basic EPS

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

3.25.2 Diluted EPS

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

3.26 PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Provisions are recognized in the Statement of Financial position when the Company has a legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

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3.27 LEASE LIABILITY AND RIGHT-OF-USE ASSET

The Company leases certain branches. Rental contracts are typically for a period of 3 years and may have extension options as described below. 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. Lease term are negotiated on an individual basis and contain different terms and conditions.

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 options. 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.

Lease payments include fixed payments less any lease incentive receivable, variable lease payments that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortized 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 the profit and loss account 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 right-of-use asset is initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

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The right-of-use asset is subsequently measured at cost model. The right-of-use asset is depreciated on a straight-line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient of not to recognize 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 recognized as an expense on a straight-line basis over the lease term.

3.28 RESERVE FOR EXCEPTIONAL LOSSES

The reserve for exceptional losses was set aside prior to 1979 and was charged to income with the provision of Income Tax Act of 1922 (repealed). The Company has ceased to set aside such reserves.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Significant areas where assumptions and estimates were exercised in application of accounting policies relate to the following:

	<u>Notes</u>
• Property and equipment	3.1
• Investment Property	3.3
• Premium deficiency reserve (liability adequacy test)	3.6
• Receivables related to insurance contracts	3.8
• Provision for outstanding claims (including IBNR)	3.14
• Taxation	3.15
• Employee Retirement Benefits	3.16
• Impairment of Assets	3.17
• Provisions, Contingencies and Commitments	3.26

5 PROPERTY AND EQUIPMENT
5.1 Operating assets

	Cost				2021 Depreciation/ Impairment				Impairment				Written down value as at 31 December 2021	Depreciation rate %
	As at 1 January 2021	Additions	(disposals) /Adjustments	As at 31 December 2021	As at 1 January 2021	Charge For the year	(disposals) /Adjustments	As at 31 December 2021	As at 1 January	Charge For the year	Reversal	As at 31 December		
					Rupees in '000									
Land - leasehold	10,583	-	-	10,583	-	-	-	-	-	-	-	-	10,583	0
Building on leasehold land	215,313	-	-	215,313	178,961	3,270	-	182,231	-	-	-	-	33,082	2.5 to 6.7
Furniture and fixtures	124,689	5,321	-	130,011	78,952	64	-	79,016	45,251	-	-	45,251	5,743	10
Office equipment	83,643	2,877	229	86,291	53,440	1,716	14	55,143	23,902	-	-	23,902	7,247	33.3
Computer equipment	59,495	7,217	315	66,397	49,588	4,088	87	53,589	2,147	-	-	2,147	10,661	33.3
Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	10,480	25
Vehicles	60,483	4,289	6,628	58,144	48,456	3,657	4,449	47,664	-	-	-	-	0	10
Library books	378	-	-	378	353	-	-	353	25	-	-	25	-	-
	554,584	19,704	7,171	567,117	409,752	12,795	4,550	417,997	71,324	-	-	71,324	77,795	-

	Cost				2020 Depreciation/ Impairment				Impairment				Written down value as at 31 December 2020	Depreciation rate %
	As at 1 January 2020	Additions	(disposals) /Adjustments	As at 31 December 2020	As at 1 January 2020	Charge For the year	(disposals) /Adjustments	As at 31 December 2020	As at 1 January	Charge For the year	Reversal	As at 31 December		
					Rupees in '000									
Land - leasehold	10,583	-	-	10,583	-	-	-	-	-	-	-	-	10,583	0
Building on leasehold land	215,313	-	-	215,313	167,834	11,127	-	178,961	-	-	-	-	36,352	2.5 to 6.7
Furniture and fixtures	124,580	110	-	124,689	78,901	45,302	-	124,204	-	45,251	-	45,251	486	10
Office equipment	82,155	1,488	-	83,643	50,642	26,700	-	77,342	-	23,902	-	23,902	6,301	33.3
Computer equipment	52,238	7,257	-	59,495	42,229	9,507	-	51,735	-	2,147	-	2,147	7,760	33.3
Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles	61,980	-	1,497	60,483	46,571	3,248	1,363	48,456	-	-	-	-	12,027	25
Library books	378	-	-	378	353	-	-	378	-	25	-	25	0	10
	547,227	8,854	1,497	554,584	386,531	95,884	1,363	481,077	-	71,324	-	71,324	73,508	-

5.1.3 As the itemized details of fixed assets acquired on or before December 31, 2017, are not available, therefore, the provision of impairment has been booked against the remaining carrying value of these fixed assets amounting to Rs. 71,324,500 in the year 2020. The Company has started an activity of making a comprehensive fixed asset register to ensure detailed records of all fixed assets.

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5.1.1 Disposal of property and equipment

2021						
Particulars	Particulars of Buyer	Relationship with the company	Cost	Net book value	Sale Proceeds	Gain/Loss on Disposal
Rs in '000						
Vehicles						
	Mention names of employee					
Suzuki Cultus 2010 (ASV-864)	Mst. Naseeba sarwar	Employee	830	62	62	-
Toyota Corolla 2010 (GA-7701)	Mr. Sanaullah Khan	Employee	995	53	53	-
Honda City Model 2020 (BSH-509)	Mr. Qasim Rashid	Employee	2,467	1,919	1,919	-
Suzuki Cultus 2009 (GE-044)	Mr. Bilal Kully	Employee	855	22	22	-
Suzuki Cultus 2009 (MNA-2447)	Mr. Muhammad Awais	Employee	855	54	54	-
Suzuki Cultus 2009 (GP-5776)	Mr. Fawad Khan	Employee	855	53	53	-
Suzuki Cultus 2009 (GA-9696)	Mrs. Naveeda Shahid	Employee	604	15	15	-
2021			7,461	2,179	2,179	-
2020			1,497	134	134	-

6 INTANGIBLE ASSETS

	Cost				Amortization				Written down value as at 31 December	Amortization Rate
	As at 1 January	Additions	(Disposals)/ Adjustments	As at 31 December	As at 1 January	Charge For the year	(Disposals)/ Adjustments	As at 31 December		
	-----Rs in '000-----									
Computer software-2021	3,325	-	-	3,325	3,325	-	-	3,325	(0)	30%
Computer software-2020	3,325	-	-	3,325	3,073	252	-	3,325	(0)	30%

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

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

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7 INVESTMENT PROPERTY
7.1 Carrying amount - (net of depreciation)

		2021									Useful Life	
		Cost			Depreciation			Impairment		Written down value		
		As at 1 January 2021	Additions / (disposals)	As at 31 December 2021	As at 1 January 2021	For the year/(Disposals)	As at 31 December 2021	As at 1 January 2021	For the year/(Disposals)/(re- versal)	As at 31 December 2021		as at 31 December 2021
Note		Rupees in '000										
Leasehold Land												
- Karachi		7,904	-	7,904	-	-	-	-	-	-	7,904	
- Islamabad		46,193	-	46,193	-	-	-	-	-	-	46,193	
- Dehi Karachi	7.2.1	491,001	-	491,001	-	-	-	-	-	-	491,001	
- Lahore	7.2.2	1,170,210	-	1,170,210	-	-	-	165,210	(165,210)	-	1,170,210	
Freehold Land												
- Lahore		389,523	-	389,523	-	-	-	-	-	-	389,523	
Land		2,104,831	-	2,104,831	-	-	-	165,210	(165,210)	-	2,104,831	
Building on Leasehold Land												
- Karachi		396,056	-	396,056	330,040	7,205	337,245	-	-	-	58,811	
- Islamabad		334,007	-	334,007	263,825	3,363	267,188	-	-	-	66,819	
- Dubai	7.2.3	1,698,938	-	1,698,938	715,110	29,069	744,179	-	-	-	954,759	
Building on Freehold Land												
- Lahore		1,467	-	1,467	965	16	981	-	-	-	486	
Buildings		2,430,468	-	2,430,468	1,309,940	39,654	1,349,593	-	-	-	1,080,875	
		4,535,299	-	4,535,299	1,309,940	39,654	1,349,593	165,210	(165,210)	-	3,185,706	
		2020										
		Cost			Depreciation			Impairment		Written down value		Useful Life
		As at 1 January 2020	Additions / (disposals)	As at 31 December 2020	As at 1 January 2020	For the year/(Disposals)	As at 31 December 2020	As at 1 January 2020	For the year/(Disposals)/(re- versal)	As at 31 December 2020	as at 31 December 2020	
Note		Rupees in '000										
Leasehold Land												
- Karachi		7,904	-	7,904	-	-	-	-	-	-	7,904	
- Islamabad		46,193	-	46,193	-	-	-	-	-	-	46,193	
- Dehi Karachi	7.2.1	491,001	-	491,001	-	-	-	-	-	-	491,001	
- Lahore	7.2.2	1,170,210	-	1,170,210	-	-	-	215,460	(50,250)	165,210	1,005,000	
Freehold Land												
- Lahore		389,523	-	389,523	-	-	-	-	-	-	389,523	
Land		2,104,831	-	2,104,831	-	-	-	215,460	(50,250)	165,210	1,939,621	
Building on Leasehold Land												
- Karachi		396,056	-	396,056	300,526	29,514	330,040	-	-	-	66,016	
- Islamabad		334,007	-	334,007	260,374	3,451	263,825	-	-	-	70,182	
- Dubai	7.2.3	1,698,938	-	1,698,938	686,041	29,069	715,110	-	-	-	983,828	
Building on Freehold Land												
- Lahore		1,467	-	1,467	949	16	965	-	-	-	502	
Buildings		2,430,468	-	2,430,468	1,247,890	62,050	1,309,940	-	-	-	1,120,528	
		4,535,299	-	4,535,299	1,247,890	62,050	1,309,940	215,460	(50,250)	165,210	3,060,149	

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7.1.2 The market value of the investment properties as per valuation carried out by professional valuers in 2021 is Rs. 15,741.135 million.

7.1.3 Valuation of land and building is required to be carried out on an annual basis under the Insurance Rules, 2017. Following is the result of such valuation (together with the name of the valuers) and attribution of land and building into investment property and fixed asset:

		2021	2020	2021		2020		2021		2020	
				----- Rupees in '000 -----		----- Rupees in '000 -----		----- Rupees in '000 -----			
				Total market value as per the valuer		Market value attributable to investment property		Market value attributable to fixed asset			
Land											
NIC Building Karachi	M.J.Surveyors (Pvt) Limited	M.J.Surveyors (Pvt) Limited	2,406,600	1,804,950	1,764,760	1,323,570	641,840	481,380			
NIC Building Islamabad	M.J.Surveyors (Pvt) Limited	M.J.Surveyors (Pvt) Limited	5,760,000	5,529,600	4,936,320	4,738,867	823,680	790,733			
NIC House DHA Karachi	M.J.Surveyors (Pvt) Limited	M.J.Surveyors (Pvt) Limited	181,250	175,000	132,911	128,328	48,339	46,673			
128 Upper Mall Lahore	FKS Building Services	FKS Building Services	240,760	200,700	240,760	200,700	-	-			
Dehi Karachi	M.J.Surveyors (Pvt) Limited	M.J.Surveyors (Pvt) Limited	750,000	750,000	750,000	750,000	-	-			
Airport Road Lahore	FKS Building Services	FKS Building Services	1,308,000	1,005,000	1,308,000	1,005,000	-	-			
Shah dien Building Lahore	FKS Building Services	FKS Building Services	1,270,000	889,000	1,270,000	889,000	-	-			
			11,916,610	10,354,250	10,402,750	9,035,465	1,513,860	1,318,785			
Building											
NIC Building Karachi	M.J.Surveyors (Pvt) Limited	M.J.Surveyors (Pvt) Limited	661,758	616,484	475,804	443,252	185,954	173,232			
NIC Building Islamabad	M.J.Surveyors (Pvt) Limited	M.J.Surveyors (Pvt) Limited	825,000	557,048	707,025	477,390	117,975	79,658			
NIC House DHA Karachi	M.J.Surveyors (Pvt) Limited	M.J.Surveyors (Pvt) Limited	11,820	10,541	11,820	10,541	-	-			
Shah dien Building Lahore	FKS Building Services	FKS Building Services	21,818	16,969	21,818	16,969	-	-			
Liberty Tower Dubai	M.J.Surveyors (Pvt) Limited	M.J.Surveyors (Pvt) Limited	2,304,129	1,970,763	2,304,129	1,970,763	-	-			
			3,824,525	3,171,805	3,520,596	2,918,915	303,929	252,890			
Total market value			15,741,135	13,526,055	13,923,347	11,954,379	1,817,789	1,571,675			

7.2 Status of properties under litigation

7.2.1 10 Acre Plot situated at Korangi Deh Pihai, Karachi (FIR No. 21/2010 dated November 22, 2010)

NICL purchased 10 Acre land situated at Korangi Deh Pihai, Karachi as per the approval of the then Board of Directors from Mr. Khalid Anwer at a cost of Rs. 900 million excluding government levies. Sale agreement in this respect was duly executed on August 19, 2009, possession was handed over to NICL, title was duly transferred in the name of NICL vide conveyance deed August 21, 2009 and mutation was done on November 20, 2009. Prior to purchase of the said land, a Pakistan Bank's Association (PBA) approved valuer namely Consultancy Support Services Limited was commissioned by NICL for carrying out the land pre-purchase valuation which valued this land at Rs. 92.5 million per acre (Rs. 925 million) on June 11, 2009. Further, in response to a letter No. NICL/LD/HO/85 dated June 9, 2009 the Executive District Officer (Revenue), City District Government Karachi in its letter No. EDO/REV/1473/2009 dated June 25, 2009 mentioned that the cost of per acre of this land as informed by the District Officer (Revenue), City District Government Karachi vide its letter No. DO/REV/K/R.B/3478/2008 dated July 30, 2008 is Rs. 90.50 million per acre (Rs. 905 million).

Prior to the registration of FIR, the complainant namely the Ministry of Commerce, Government of Pakistan, got an independent valuation done on the orders of the National Assembly Standing Committee on Commerce by a State Bank of Pakistan approved valuer namely M/s. Eastern Surveyor, who valued the land at Rs. 975 million on April 3, 2010.

After registration of FIR, Federal Investigation Agency (FIA) and NICL got a valuation of the land in question done by another State Bank of Pakistan approved valuer namely M/s. Ahmed Associates who valued the land at Rs. 925 million on December 6, 2010. Later, FIA/NICL got yet another valuation done of the same land by the same valuer at Rs. 700 million as at August 2009 on January 5, 2011. Finally, on March 03, 2011 FIA and the company got another valuation of the land done by National Engineering Services Pakistan (Private) Limited (NESPAC) which valued the land at Rs. 412.61 million as on July 2009.

Mr. Khalid Anwer, without any admission of guilt or wrong doing or irregularity on his part or on the part of any other person, volunteered to conditionally deposit the differential amount of Rs. 490 million under the believe and impression that the case regarding purchase of aforesaid land is sub judice before the learned Special Judge (Central) – II, Karachi and the matter would be decided qua allegations upon conclusion of a trial wherein Mr. Khalid Anwer has all the opportunity to defend the transaction under reference and challenge the veracity of the valuation done by NESPAC or by another valuer(s). The differential amount was tendered with the sole purpose of saving the applicant's good repute and to avoid any inconvenience and discomfort and is conditionally deposited. The entire amount of Rs. 490 million, recovery based on NESPAC valuation, has already been received from the sellers and credited to NICL bank accounts. No amount is outstanding in this case.

After several letters from the seller, through his legal council showing his reservation on NESPAC valuation, in the final reply dated September 22, 2011 NESPAC concluded the matter writing "The land in question at the time of purchase could justifiably be evaluated on the basis of its commercial value, which could range between Rs. 65 million to Rs. 67 million per acre for this 10 acre piece of land".

All accused persons have been released on bail on the ground of statutory delay in decision of the case and on the basis of important development in the case that the alleged embezzled amount worth Rs. 490 million have fully been realized and paid in the account of NICL.

As at December 31, 2021, the value of the property assessed by M.J. Surveyors (Pvt) Limited is Rs. 750 million (2020:Rs. 750 million).

The case was decided / disposed of on 08-12-2018, whereby Ayyaz Khan Niazi and other accused persons were convicted/sentenced for imprisonment of seven years each. The accused persons have filed appeals against order/judgment dated 08-12-2018, before the High Court of Sindh at Karachi, which is pending.

The above case was disposed of on 08-12-2018 by Accountability Court No. III at Karachi, whereby the accused persons were sentenced. Appeals filed by accused persons were accepted vide judgment dated 08-10-2019 passed by the Sindh High Court and all accused persons were acquitted. Appeals were filed by NAB against the orders/judgment of Sindh High Court before the Supreme Court of Pakistan, but the same was dismissed on 10-12-2019. Accordingly, this instant matter is no more in field and finally all accused persons have been acquitted.

Following is a summary of amounts recoverable out of the property:

	Rupees in '000
Purchase price	900,000
Less: Value as determined by NESPAC	(412,610)
Add: Other charges	2,610
Difference recoverable	490,000
Less: Recovered in prior years	(490,000)
Balance recoverable	-

7.2.2 20 Kanal 2 Marala (FIR No. 29/2010 dated November 13, 2010)

NICL purchased 20 Kanal 2 Marala plot of land in July 2009 as per the approval of the then Board of Directors from Mr. Mohsin Habib Warraich situated at Airport Road, Lahore. NICL paid Rs. 1,067,755,000 to the Seller (Mohsin Habib Warraich) as price of land. Sale deeds were executed in July 2009 in favour of NICL and the land was duly mutated / transferred.

NICL arranged valuation of this land from M/s. Trister International who valued it at Rs. 1,326,000,000 on June 29, 2009. Another valuation arranged by NICL from M/s. Medallion Services resulted in valuation of this land at Rs. 61,500,000 per Kanal (Rs. 1,236,150,000) on June 16, 2009.

On a valuation arranged for and conducted on the instructions of Ministry of Commerce, Islamabad in March 2010 the valuer M/s. S. A Associates determined the value of the land at Rs. 1,266,300,000.

Ministry of commerce through M/s. National Evaluation Company arranged valuation of this land who also valued it at Rs. 1,206,000,000 on March 31, 2010.

During the course of investigation after FIR, FIA arranged valuation of the property through M/s. Ahmed Associates in December 2010, who valued the property at Rs. 984,900,000 as at July 2009 on December 20, 2010. Mr. Mohsin Habib Warraich, without admission of any guilt or wrong doing or irregularity, conditionally deposited the differential amount of Rs. 80,400,000.

Subsequently, FIA arranged another valuation of the property through NESPAC, who assessed the value at Rs. 562,500,000 as at July 2009 in January 2011 with differential recoverable amount of Rs. 505,255,000. By the efforts of FIA, Mr. Mohsin Habib Warraich made a conditional offer to pay back this differential amount.

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On March 30, 2011 Mr. Mohsin Habib Waraich through his authorized attorney, in good faith and without admission / confession of any wrong doing / guilt / offence and without prejudice to the trial and defence therein made conditional / without prejudice offer of paying the differential amount of Rs. 505,255,000 subject to the decision of the case upon conclusion of the trial and in case of acquittal and discharge the offer shall be deemed to be withdrawn and of no legal effect and NICL will be obligated to refund the alleged differential received under protest along with the cost of funds and such offer is made without prejudicing / affecting right to defend instant transaction in trial court and /or to challenge the valuation done by NESPAK before the court of competent jurisdiction.

The differential amount of Rs. 505,255,000 has been conditionally tendered in the following manner:

- a The amount of Rs. 80,400,000 shall be adjusted towards payment of differential amount of Rs. 505,255,000 leaving the balance of Rs. 424,855,000.
- b The balance of Rs. 424,855,000 along with interest @ SBP discount rate will be paid in five years through ten bi-annual instalments of Rs. 42,000,000 each except the last instalment of Rs. 44,400,000. The payment of the last instalment shall become due on November 01, 2016. Refer note 1.2 for details of the cheques along with the dates of their dishonour and FIRs.

NICL has also filed application for auction of property of accused person for recovery of valuable amount of the company, which is pending for arguments.

As at December 31, 2021, the value of the property assessed by FKS Building Services is Rs. 1,308 million (2020: by FKS Building Services, Rs. 1,005 million).

In compliance of Supreme Court Order dated 22.11.2013, passed in Suo moto case NO. 18/2010, this case was transferred on 02.01.2014 from the court of Special Judge (Anti-Corruption, Lahore to NAB court No.2 Lahore.

The above noted matter was fixed before Accountability Court NO. II at Lahore on 06.06.2017. The Court adjourned the case for further arguments on 02.05.2019.

The above case was disposed of on 02-01-2020 by Accountability Court No. IV at Karachi, whereby the all accused persons were acquitted. Accordingly, this instant matter is no more in field. As per information NAB is in process to file appeals before Lahore High Court against judgment dated 02-01-2020 passed by the Accountability Court. However, NICL's ten Execution Applications for recovery/realization of 422 million are still pending before Civil Court, Lahore. The opinion of Aslam Law Associates related to recovery of Rs.422 million is that Habib Mohsin Warraich is no more under legal obligation to pay this amount to NICL unless judgment of acquittal is challenged and reversed in appeal.

Following is a summary of amounts recoverable out of the above mentioned property:

	Rupees in '000
Purchase price	1,067,755
Less: Value as determined by NESPAK	(562,500)
Difference recoverable	505,255
Less: Recovered up to the balance sheet date	(80,400)
Balance recoverable	424,855
 Unrealized cheques (April 2012 – 2016)	
10 Bounced cheques of dates April 2012- November 2016	-
Balance recoverable	424,855

7.2.3 Office space in Liberty Towers, DIFC Area, Dubai (FIR No. 14/2010 dated November 22, 2010)

In July 2009, NICL purchased 6 units / offices measuring 27,429 sq. fts in Liberty Towers, Dubai International Financial Centre (DIFC) Area, Dubai at a cost of Rs. 1,649,646,764 (US \$ 19,990,000 equivalent o AED 73,463,250) excluding levies of Rs. 49,291,429 in July 2009 as per the approval of the then Board of Directors. NICL arranged a valuation of this property through M/s. JAJ Consultants, Dubai who valued the property at AED 74,075,000 (Rs. 1,741,332,480 equivalent to US \$ 20,909,372) on June 30, 2009.

On the direction of Supreme Court of Pakistan, the FIA initiated enquiry and got the property valued from M/s. Hayptons International, Dubai who valued the property as at December 31, 2010 at AED 76,800,000 (Rs. 1,692,609,180).

In the context of judicial proceeding against the procurement of 6 office units in Liberty House, DIFC Area, Dubai, M/s. Hayptons International, Dubai valuation report is considered more reliable. Accordingly, no recovery has been initiated by the FIA.

FIR No. 14 of 2010 was registered under section 409, 420, 109, PPC read with Section 5(2) of PCA-II, 1947, at Police Station FIA Corporate Crime Circle Karachi on November 22, 2010 on written communication sent by secretary Commerce to Director General FIA. It was requested to probe into matter regarding office Space in Dubai measuring 27000 sq. ft. had been purchased in July 2009 at the rate of UAE Dirham 2700 per sq. ft. It was alleged that this was an exorbitant amount and it had caused loss the national exchequers.

The Investigation Officer, concerned Deputy Director and Assistant Director (Legal) have suggested that due to lack of evidence the case is not made out. The Director General FIA has approved the recommendation made by Director FIA Sindh and directed to sent the case to the Ministry of Interior for withdrawal of under section 494 Cr.P.C. matter is pending in Court for final adjudication.

The matter was fixed on December 22, 2014 for arguments on application under section 265-K of Criminal procedure code. The advocates for the accused persons have contented that NICL sustained no loss in this transaction; therefore, no case is made out against the accused persons. After arguments at length on said application from both of the sides, the say was allowed and all accused persons have been acquitted. Accordingly the case was disposed of on December 22, 2014. NAB has filed appeal in the high court of Sindh against the said order vide CR.ACC.AQC.Appeal No.01 of 2015 dated January 08, 2015.

As at December 31, 2021, the value of the property assessed by M.J.Surveyors (Pvt) Limited 2,304 million (2020:Rs. 1,970 million).

The title to the properties representing 6 units / offices in Liberty tower, Dubai International Financial Center (DIFC) Area, Dubai is not held in the name of the Company.

Reference No. 1/2014 (FIR No. 14/2010), it is submitted that that the case is pending before Accountability Court No. III at Karachi. The case was fixed before the said Court on 07-01-2020 for submission of report. However, the sale was adjourned until 29-01-2020 without any progress.

Signature

8 INVESTMENTS IN SUBSIDIARY AND ASSOCIATE

Note	2021	2020
	Rupees in '000	
Cost	358,560	358,560

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

Name	Country of Incorporation	Assets	Liabilities	Revenues	Profit/ (loss)	% Interest held
Rupees in '000						
Civic Centres Company (Pvt) Ltd	Pakistan	428,605	86,182	9,376	1,639	100%
Total at the end of 2021		428,605	86,182	9,376	1,639	-
Civic Centres Company (Pvt) Ltd	Pakistan	423,888	82,505	8,682	(3,778)	100%
Total at the end of 2020		423,888	82,505	8,682	(3,778)	-

8.2 The post of Chief Executive of Civic Centre Company (Private) Limited was vacant. The par value per share is Rs.10 each. The break up value of Civic Centre Company (Private) Limited as per unaudited financial statements as at December 31, 2021 is Rs. 7.64 (2020: Rs. 7.60). The break up value per share shall increase over its cost in the event of disposal of hotel building which is under consideration of relevant government authorities.

During the financial year ended December 31, 2005, the Company received a memo reference U.O. No. 4 (33) / DS (I-II) / 05, dated October 4, 2005 from Prime Minister Secretariat through Ministry of Commerce (MoC) letter reference No. 7 (5) 98 - Admn.III dated October 11, 2005 regarding sale of Services International Hotel, Lahore a property of Civic Centres Company (Private) Limited (CCCL). The MoC letter required us to furnish detailed / updated brief along with comments after thorough examination of proposal of the Governor of Punjab received by MoC and Prime Minister Secretariat.

Punjab Cooperative Board for Liquidation (PCBL) has claimed that it is entitled to get 25% share in the value of the Services International Hotel Building. The CCCL is of the view that PCBL can only claim 6% of the value of hotel building, as the amount payable to PCBL of Rs. 11.9 million represents 6% of the sale proceeds of Rs. 190 million. CCCL has declined the claim of PCBL, which in turn has filed a suit against the Company and CCCL. This matter was discussed with the Governor of Punjab, who suggested the following:

- both parties withdraw court cases filed against each other; and
- building would be transferred to Privatization Commission, the Company and PCBL would ensure that the vacant possession is handed over to the Privatization Commission, and they would dispose off the building through public auction, and the sales proceeds may be apportioned in the ratio of 75:25 between the Company and PCBL respectively.

The Company has responded to MoC through its letter dated October 11, 2005 and clarified its position and suggested that the Privatization Commission should dispose off the CCCL with all its assets and liabilities and not only the hotel building and the sale proceeds be distributed between the Company and the PCBL in the ratio of 94:6 respectively. However, if, Prime Minister Secretariat desires to implement the Governor of Punjab's proposal i.e. distribution of sale proceeds in 75:25 ratio, a directive from the Prime Minister Secretariat will have to be issued as the board of the Company is not likely to agree to the proposed ratio of the sharing of the sale proceeds.

An order has been issued from the Prime Minister Secretariat for the privatization of the Service International Hotel Lahore and sharing of proceeds in the ratio of 75:25 as proposed by the Governor of Punjab.

If the distribution of the sale proceeds of the hotel building is made at 75:25 between the Company and PCBL, the Company would be able to recover the carrying value of the investment (Rs. 358,560,000) as the fair value of the hotel building is significantly higher than the cost of the building appearing in the CCCL's financial statements for the year ended December 31, 2016.

Due to above mentioned details the break up value per share shall increase over its cost in the event of disposal of hotel building and therefore, no impairment has been charged.

9 INVESTMENTS IN EQUITY SECURITIES

Note	2021	2020
	Rupees in '000	
Available for Sale	9.1	3,661,264
Held for Trading	9.2	1,715,382
		5,376,646

2021			2020		
Note	Cost	Accumulated Impairment / Provision	Cost	Accumulated Impairment / Provision	Carrying value
Rupees in '000					

9.1 AVAILABLE FOR SALE-QUOTED

Others					
Listed Shares	9.1.1	97,125	(70,056)	27,069	97,125
Mutual Funds	9.1.4	1,792,239		3,648,061	1,780,301
Unrealized gain/ (loss)	9.1.4			(13,865)	
		1,889,364	(70,056)	3,661,264	1,877,426

9.1.1 Available for Sale-Listed Shares

2021 (Number of Shares)	2020	Name of the Company	2021 Market Value Rupees in '000	2020 Market Value Rupees in '000	2021 Cost Rupees in '000	2020 Cost Rupees in '000
100,000	100,000	Food Producers				
		Mirza Sugar	502	502	1,000	1,000
2,275,232	2,275,232	Modarba				
795,980	795,980	First Prudential Modaraba	2,730	2,730	10,000	10,000
		KASB Modaraba	852	852	4,124	4,124
526,000	526,000	Household Goods				
		Towellers Limited	38,882	38,882	9,994	9,994
7,200,657	7,200,657	Financial Services				
		First Dawood Investment Bank Limited	13,321	13,321	72,007	72,007
		Total	56,287	56,287	97,125	97,125

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9.1.2 Listed Shares

	Cost	Provision For Impairment	Note	2021 Rupees in '000	2020 Rupees in '000
				97,125	97,125
			9.1.3	(70,056)	(70,056)
				27,069	27,069
9.1.3 Provision for Impairment					
Provision at the beginning of the year					
(Reversal) / Charge for the year				70,056	70,056
Provision at the end of the year				-	-
				70,056	70,056

9.1.4 Available for Sale-Mutual Funds

	2021 (Number of Units)	2020	Name of the fund	2021 Market Value Rupees in '000	2020 Market Value Rupees in '000	2021 Cost Rupees in '000	2020 Cost Rupees in '000
			Open-end fund				
	3,801,174	3,755,547	Unit Trust of Pakistan	619,743	633,899	274,883	266,996
	14,123,294	14,123,294	Meezan Islamic Fund	868,677	835,382	218,416	218,416
	1,555,889	1,481,217	Pakistan Income Fund	87,905	83,214	66,408	62,357
	17,840,542	17,840,542	National Investment Unit Trust (NIUT)	1,239,204	1,238,669	960,000	960,000
	4,324,703	4,324,703	N.I.T Equity Market Opportunity Fund	818,666	856,897	272,532	272,532
			Total	3,634,195	3,648,061	1,792,239	1,780,301

9.2 HELD FOR TRADING - QUOTED

Others

HELD FOR TRADING

Investments in ordinary shares of listed companies
Investments in preference shares of listed companies

	Note	2021 Rupees in '000	2020 Rupees in '000
	9.2.1	1,711,365	2,009,104
	9.2.2	4,017	7,060
		1,715,383	2,016,164

9.2.1 Investment in ordinary shares -face value of Rs.10 each

Name of the investee entity

	Cost	2021 Unrealized Gain or (Loss) for the year Rupees in '000	Carrying Value	Cost	2020 Unrealized Gain or (Loss) for the year Rupees in '000	Carrying Value
Fertilizer						
Fauji Fertilizer Company Limited	120,548	(9,144)	111,404	112,737	7,811	120,548
Fauji Fertilizer Bin Qasim Limited	61,933	(783)	61,150	34,540	27,393	61,933
Arif Habib Corporation Limited	103,678	(11,494)	92,184	86,696	16,982	103,678
Chemical						
Lotte Pakistan Limited	85,615	(7,447)	78,167	79,702	5,913	85,615
Banks						
National Bank of Pakistan Limited	21,544	(4,243)	17,301	21,714	(170)	21,544
Power Generation & Distribution						
Hub Power Company Limited	687,009	(67,809)	619,200	855,158	(168,149)	687,009
Kot Addu Power Company Limited	32,149	6,052	38,200	37,267	(5,118)	32,149
Nishat Power Limited	90,343	(14,579)	75,764	104,272	(13,929)	90,343
Textile Composite						
Azgard Nine Limited	130,908	(70,591)	60,317	57,381	73,527	130,908
Technology & Communication						
Pakistan Telecommunication Company Limited	23,820	(1,099)	22,720	24,500	(680)	23,820
Oil & Gas Marketing Companies						
Pakistan State Oil Company Limited	116,879	(18,126)	98,753	104,035	12,844	116,879
Attock Refinery Limited	34,728	(7,157)	27,571	21,306	13,422	34,728
Sul Northern Gas Company Limited	12,653	(5,735)	6,918	21,697	(9,044)	12,653
Sul Southern Gas Company Limited	10,825	(1,211)	9,614	16,043	(5,218)	10,825
Oil & Gas Exploration Companies						
Pakistan Petroleum Limited	81,450	(9,991)	71,459	123,658	(42,208)	81,450
Pakistan Oilfields Limited	170,817	(16,161)	154,656	192,983	(22,166)	170,817
Cement						
DG Khan Cement Limited	224,206	(62,773)	161,433	145,329	78,877	224,206
Industrial Metal and Mining						
Aisha Steel Mills Limited	3,023	1,530	4,553			
	2,012,127	(300,762)	1,711,365	2,039,018	(29,914)	2,009,104

9.2.2 Investment in Preference shares of listed companies - face value of Rs. 10 each

	2021 (Number of Shares)	2020 (Number of Shares)	2021 Market Value Rupees in '000	2020 Market Value Rupees in '000
Industrial Metal and Mining				
Aisha Steel Mills Limited	235,338	235,338	4,017	7,060
	235,338	235,338	4,017	7,060
Grand Total	37,818,345	36,642,909	1,715,383	2,016,164

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Note	2021			2020		
	Cost	Impairment / Provision for the year	Carrying value	Cost	Impairment / Provision for the year	Carrying value
	Rupees in '000					
Government securities Held to maturity						
Pakistan Investment Bonds	10.1					
Treasury bills	10.2					
	28,629,237	-	29,808,874	19,257,409	-	29,402,085
	11,943,919	-	12,030,895	9,286,241	-	5,147,600
	40,473,156	-	41,839,769	28,543,710	-	34,549,685

10.1 Government securities-Held to Maturity

10.1.1 Pakistan Investment Bonds

Face value Rupees in '000	Profit Rate	Tenure	Maturity Date	2021		2020	
				Cost	Carrying value	Cost	Carrying value
				Rupees in '000			
1,000,000	13.00%	10 year	July 19, 2022	959,800	993,418	959,800	990,129
1,000,000	13.00%	10 year	July 19, 2022	957,400	993,015	957,400	989,526
1,000,000	13.00%	10 year	July 19, 2022	956,000	992,779	956,000	989,174
1,000,000	13.00%	10 year	July 19, 2022	955,000	992,611	955,000	988,921
3,300,000	13.00%	10 year	September 19, 2029	3,008,947	3,049,111	3,008,947	3,030,706
116,000	13.00%	10 year	March 26, 2025	108,707	112,347	108,707	111,971
7,000,000	11.00%	5 year	July 12, 2023	5,819,273	6,558,853	5,819,273	6,312,460
7,000,000	11.00%	5 year	September 19, 2024	6,492,342	6,689,968	6,492,342	6,597,377
3,020,000	9.50%	5 year	September 19, 2024	3,025,194	3,025,846	3,025,194	3,028,324
500,000	8.75%	10 year	July 12, 2028	437,736	452,440	437,736	447,648
4,000,000	8.00%	5 year	July 12, 2023	3,973,232	3,985,522	3,973,232	3,975,351
2,000,000	7.00%	3 year	August 20, 2023	1,935,606	1,962,964	1,935,606	1,940,498
30,936,000			Total	28,629,237	29,808,874	28,629,237	29,402,085

10.2 Treasury Bills

Face value Rupees in '000	Profit Rate	Tenure	Maturity Date	2021		2020	
				Cost	Carrying value	Cost	Carrying value
				Rupees in '000			
3,500,000,000	7.27%	12 Months	September 9, 2021	-	-	3,263,253.40	3,336,098.51
500,000,000	7.19%	06 Months	April 8, 2021	-	-	482,705.50	490,687.58
500,000,000	7.28%	12 Months	October 7, 2021	-	-	466,177.00	473,982.31
312,500,000	7.18%	03 Months	February 25, 2021	-	-	307,452.50	309,135.00
312,500,000	7.30%	06 Months	June 3, 2021	-	-	301,691.56	303,354.40
250,000,000	7.13%	12 Months	December 2, 2021	-	-	233,037.50	234,342.31
500,000,000	7.52%	06 Months	January 13, 2022	481,928	498,808	-	-
500,000,000	7.50%	06 Months	January 27, 2022	481,983	497,426	-	-
500,000,000	7.43%	03 Months	March 10, 2022	482,137	493,326	-	-
3,000,000,000	7.39%	03 Months	March 10, 2022	2,893,383	2,960,165	-	-
500,000,000	7.95%	03 Months	March 24, 2022	480,938	491,412	-	-
1,150,000,000	7.83%	03 Months	March 24, 2022	1,106,814	1,130,543	-	-
500,000,000	8.06%	03 Months	April 7, 2022	480,674	489,806	-	-
500,000,000	8.50%	06 Months	February 10, 2022	490,407	495,432	-	-
500,000,000	10.39%	06 Months	February 24, 2022	488,323	492,493	-	-
500,000,000	9.70%	03 Months	February 24, 2022	489,082	492,981	-	-
500,000,000	9.63%	06 Months	February 24, 2022	489,165	493,034	-	-
1,000,000,000	9.50%	06 Months	February 24, 2022	978,605	986,246	-	-
500,000,000	11.06%	03 Months	June 2, 2022	473,870	478,177	-	-
500,000,000	10.66%	03 Months	March 10, 2022	488,029	490,309	-	-
300,000,000	11.38%	06 Months	June 16, 2022	283,892	285,308	-	-
500,000,000	10.39%	06 Months	March 24, 2022	488,327	488,604	-	-
500,000,000	11.32%	06 Months	June 30, 2022	473,279	473,573	-	-
300,000,000	10.25%	06 Months	March 24, 2022	293,087	293,251	-	-
			Total	11,843,919	12,030,895	5,054,317	5,147,600.10

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12 LOANS AND OTHER RECEIVABLES

	Note	2021	2020
		-----Rupees in '000-----	
Rent receivable		84,699	94,032
Accrued investment income		1,066,916	1,132,188
Advance against purchase of land and stamp duty	12.1	3,373	3,373
Advance to employees		14,446	15,114
Other advances		212,483	181,503
Loans to employees	12.2	25,770	19,843
Less: provision for impairment of loans and receivables	12.3	(11,795)	(11,795)
Other receivable		363,170	230,807
Security deposit		63,337	55,761
Sindh sales	12.4	1,104,675	1,104,123
		<u>2,927,075</u>	<u>2,824,948</u>

- 12.1 In March 2010 as per the approval of the then Board of Directors, NICL purchased 803 kanals of land from M/s. Privilege Farms (Private) Limited situated at Mauna Toor Waraich, Tehsil Cantt., District Lahore to launch a housing scheme for its employees. The pre-requisite for bidding was that only that owner of land could participate in bidding who is owner of hundred percent of required land and certain areas were specified where land was required. Five different companies, including Privilege Farms (Private) Limited, participated in the said bidding. The rates and location offered by the rest of the four companies were apparently favourable for NICL but despite that all the said four companies were technically knocked out and were disqualified and bid of Privilege Farms (Private) Limited was accepted. This is despite the fact that the said Privilege Farms (Private) Limited was not owner of 803 kanals of this land which was a pre-requisite to participate in the said bidding. The land measuring 699 kanals was owned by the family members of accused Mr. Habibullah Wariach whereas 104 kanals of land was purchased from one Mr. Khinar Hamat's family through accused Mr. Akram Warraich being the general attorney. The said land was sold to NICL at Rs. 2,100,000 per Kanal and the said company had purchased 104 kanals of land which was adjoining to the said 699 kanals of land of Mr. Habibullah Wariach family at a very low rate of Rs. 200,000 per Kanal in the same year that is the year 2010. The entire amount of Rs. 1,686,300,000 was paid to Privilege Farms (Private) Limited without registering the sale deed, mutation and possession in favor of NICL.

The legal counsel of the petitioner Mr. Habibullah Waraich contended that the petitioner has no concern whatsoever with the affairs of Privilege Farms (Private) Limited, he has been implicated in this case for the reason that his real son, co-accused Mr. Mohsin Waraich, was managing director of the Privilege Farms (Private) Limited and that no portion of the sale proceeds of the land sold to NICL was credited into the account of the petitioner. However, an amount of Rs. 447,854,462 was transferred into joint account of the petitioner and Mr. Mohsin Waraich, wherefrom, the petitioner withdrew an amount of Rs. 197,262,500. However, both the learned standing council, under instruction from the investigating officer, stated that except this transaction, there is no other evidence against the petitioner. It has been confirmed by the learned officer that the entire sale proceeds received by Privilege Farms (Private) Limited from NICL has been reimbursed / credited into the account of NICL.

Privilege Farms (Private) Limited offered to return entire amount of sale proceeds to NICL after cancellation of the deal, which was accepted by NICL. Initially, an amount of Rs. 13,300,000 was received during the last year. As on December 31, 2010 remaining amount Rs. 1,673,000,000 plus stamp duty of Rs. 33,726,000 (recoverable from Punjab Revenue Board) aggregating Rs. 1,706,726,000. The recoverable amount from Privilege Farms (Private) Limited amounting to Rs. 1,673,000,000 has been received by NICL upto balance sheet date. Resultantly, entire amount of Rs. 1,686,300,000 paid to Privilege Farms (Private) Limited is recovered in total upto balance sheet date.

Integrity Pact was signed before purchasing the above property under PPRA rules. Its application however is subject to decision of the trial court.

This represents the stamp duty of Rs. 33,726,000 which was recoverable from Punjab Revenue Board in relation to the purchased 803 kanals of land from M/s. Privilege Farms (Private) Limited situated at Mauna Toor Waraich, Tehsil Cantt., District Lahore to launch a housing society for its employees. an amount of Rs 30,353,400 (90%) has been recovered from Punjab revenue board in the year 2015.

- 12.2 This amount includes current portion of loan to employees amounting to Rs. 10,417,051 (2018: Rs. 16,630,000). And represent mark-up free loan to employees for house rent and automobile loans, and are secured against retirement benefits of respective employees including, where applicable, charge over the assets for which the loans have been given. These loans are recoverable in 36 to 180 equal monthly instalments.

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12.3 Provision for impairment of loans and receivables:

	2021	2020
	-----Rupees in '000-----	
Provision at the beginning of the year		
Charge for the year	11,797	11,797
Provision at the end of the year	-	-
	<u>11,797</u>	<u>11,797</u>

- 12.4** The Sindh Revenue Board (SRB) has forcibly recovered an amount of Rs. 1,014,150,868/- from the bank account of National Insurance Company Limited (NICL) maintained with Habib Bank Limited on June 04, 2018. This recovery pertains to Sindh Sales Tax on Services, as assessed and adjusted by the Assistant Commissioner, Unit 10, under Order-in-Original No. 583 of 2018 dated June 2, 2018. The SRB exercised its authority under Section 66(1)(b) and (c) of the Sindh Sales Tax on Services Act, 2011, in executing this recovery. The recovery has been made on the basis of discrepancy of Rs. 4.1 billion has been assessed by the Assistant Commissioner between services provided by NICL and the services received by various entities, including M/s PNSC, M/s OGDCL, M/s CAAP, M/s PTV, and M/s FWBL for the tax periods from 2011 to 2018. The recovered amount includes principal tax, a penalty, and a default surcharge.

	Rupees in '000
Principal Tax	648,197
Penalty	32,410
Default Surcharge	333,544
Total	<u>1,014,151</u>

On June 20, 2018, NICL has filed the appeal under section 57 of the Sindh Sales Tax on Services Act, 2011 through Tax Consultant (i.e., Grant Thorton Anjum Rehman) against the Order-in-Original No. 583 of 2018 dated June 2, 2018 before the Commissioner Sindh Revenue Board Karachi to Set-aside, cancel or annul the impugned order being illegal, ultra vires and contrary to the law. The grounds of appeal are as follows. The learned Assistant Commissioner:

- failed to understand that as per article 165 of The Constitution of the Islamic Republic of Pakistan, indirect tax cannot be levied on the Federal Government or Provincial Government owned entities;
- erred to issue the show cause notice related to tax periods prior to April 30, 2013 as it is time barred under section 23 of the Sindh sales Tax on Services Act 2011;
- erred to mutually invoke section 23(1) and 23(1A) of the Act, despite the fact that appellant had already file its Sindh sales tax return for all the tax periods as mentioned in the show cause notice;
- erred to pass order in haste without providing sufficient and proper opportunity of being heard and submission of reconciliation where required as reconciliation pertained to five different companies and includes 84 tax periods;
- erred to not to consider company's reply submitted vide letter reference T-1432/2018 dated June 01, 2018;
- erred to levy Sindh sales tax without appreciating the fact that the company is also providing insurance services from the provinces other than Sindh to aforesaid companies hence, applicability/chargeability of Sindh sales tax does not arise as it is outside jurisdiction of province of Sindh;
- erred to levy Sindh sales tax on amount that department contends that appellant has received from FWBL. However, the appellant has not provided any insurance services to FWBL;
- erred to without appreciating the fact that the company has deposited the correct and complete amount of Sindh sales tax on services provided to PNSC in the government treasury;
- erred to not to restrict levy of tax only on insurance premium in accordance with Rule 31 of the Sindh Sales Tax on Services Rules, 2011; and
- erred to levy penalty without appreciating absence of 'men's rea' on the part of the appellant and without appreciating the fact that appellant has claimed only allowable input tax.

In addition to the appeal under section 57 of the Sindh Sales Tax on Services Act, 2011 before the Commissioner Sindh Revenue Board Karachi, NICL also filed a Constitutional Petition bearing CP No. D-4454 of 2018 against SRB before the High Court of Sindh at Karachi, which was clubbed with other similar petitions against SRB and decided vide order dated January 31, 2020, with direction to appear before the relevant forum to seek remedy.

The appeal against Order-in-Original No. 583 of 2018 is outstanding before the Commissioner (Appeals), SRB, Karachi, which has been transferred to the Appellate Tribunal, Sindh Revenue Board for adjudication in accordance with the provision of section 59 (7) of the Sindh Sales Tax on Services Act, 2011. The urgent hearing application has been made to the Appellate Tribunal, SRB. The matter involves the factual reconciliation of the balances as per NICL and its customers primarily including OGDCL and PNSC. The reconciliation exercise has been carried out from time to time before various Commissioner Appeals, SRB and bulk of the data under instruction of the then Commissioner Appeals had already been submitted to the SRB through various letters. Since the Company has the underlying policy wise record duly matched with the amount reflected in its sales tax returns, the Tax Consultant believe that the company has the strong case and ultimate outcome is expected in the Company's favour.

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NATIONAL INSURANCE COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

13 INSURANCE / REINSURANCE RECEIVABLES

Unsecured and considered good

Due from insurance contract holders
Less: Provision for impairment of receivables from
Insurance contract holders
Due from reinsurers
Less: Provision for impairment of due from other
insurers / reinsurers

2021	2020
-----Rupees in '000-----	
11,790,085	5,224,170
(6,048)	(6,048)
-	-
-	-
11,784,037	5,218,122

14 DEFERRED TAXATION

Deferred tax debits arising in respect of:

Insurance / Reinsurance receivables
Investment
Fixed Assets and Intangible
Retirement Benefit Obligation

(1,754)	(1,754)
-	-
(18,546)	(18,547)
(1,944,613)	(1,749,512)
(1,964,913)	(1,769,813)
-	-
(1,964,913)	(1,769,813)

Deferred tax credits arising in respect of:

- 14.1 During the period the amount of deferred tax asset estimated by the company is Rs. 1,905,680 million, the company has not recorded deferred tax asset in the current year on prudence basis.

15 TAXATION - PAYMENT LESS PROVISIONS

Income tax - advance at beginning of the year

Quarterly Instalments
Government Securities
Bank Profit
Rental Income
Utility Bills
Banking transactions
Miscellaneous

2,093,868	2,488,536
1,559,681	1,186,699
760,836	524,861
28,610	69,257
70,360	38,021
3,541	3,223
10,790	4,549
54,051	26,364

Income tax paid during the year

Provision for taxation recognized in profit and loss
account

Provision for taxation recognized in statement of
comprehensive income

Income tax - advance at end of the period

2,487,869	1,852,973
(2,303,580)	(1,950,445)
149,855	(297,196)
2,428,011	2,093,868

16 PREPAYMENTS

Prepaid reinsurance premium ceded
Prepaid miscellaneous expenses

7,456,181	3,186,659
12,550	3,905
7,468,732	3,190,564

17 CASH & BANK

Cash at bank

- Current account
- Savings account

3,413,375	192,764
1,215,927	4,044,432
4,629,303	4,237,195

- 17.1 These include an amount of Rs. 1.20 million (2020: Rs. 1.20 million) in respect of guarantee against any damage to Sui Sothern Gas Company's pipeline. This amount has been deposited with Habib Bank Limited - FTC Branch, Karachi and can not be utilized by the Company, as it must be kept as minimum balance in the respective bank account.

- 17.2 This includes foreign currency accounts having balance of Rs. 2,812.388 million (2020 : Rs. 2,375.77 million).

- 17.3 This includes profit rates for savings accounts 11% to 12%.

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NATIONAL INSURANCE COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

18 SHARE CAPITAL

18.1 Authorized Capital

2021	2020
Number of Shares	
600,000,000	600,000,000

Note

2021	2020
-----Rupees in '000-----	
6,000,000	6,000,000

18.2 Issued, subscribed and paid-up share capital

2021	2020
Number of Shares	
200,000,000	200,000,000

18.3

2021	2020
-----Rupees in '000-----	
2,000,000	2,000,000

18.3 These were issued against net assets at the time of conversion of corporation to limited liability company.

19 RESERVES

Note

Capital reserves
Reserve for exceptional loss

Revenue reserves
General reserve

2021	2020
-----Rupees in '000-----	
6,100,000	6,100,000
6,500,000	6,500,000
12,600,000	12,600,000

20 INSURANCE / REINSURANCE PAYABLES

Due to other insurers / reinsurers

9,013,133	3,434,352
9,013,133	3,434,352

21 OTHER CREDITORS AND ACCRUALS

Accrued expenses
Salaries Payable
Bonus Payable
Unearned rental income
Security deposits payable
Federal insurance fee payable
Retention money
Stamp duty payable
Provision for legal contingencies
Dividend payable
Sales Tax Payable
Others

21.1

21.2

272,369	148,297
128,372	106,160
256,578	280,485
52,315	2,228
9,546	7,804
224,302	161,084
7,591	7,591
17,002	17,002
15,162	15,162
-	120,000
1,624,993	429,540
478,413	214,631
3,086,642	1,509,982

21.1 Bifurcation of Security Deposit:

Utilizable Security Deposit
Non-utilizable Security Deposit

9,546	7,804
-	-
9,546	7,804

21.1.1 During the year, the Company utilized Rs. 9,546 Million for the purpose of the business from the security deposit in accordance with requirements of written agreements, in terms of section 217 of the Companies Act, 2017

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21.1 Status of provision for legal contingencies

21.1.1 Suit No. 203 of 1990

NICL has executed a performance bond guarantee for Rs. 13.559 million in favour of WAPDA on behalf of M/S. National Construction Company (Pakistan) Limited (NCC) for the construction of "Remodeling of Distributary System of Lower Swat Canal- Mardan Scrap". NCC has defaulted in the performance of its obligations under the contract and accordingly WAPDA has filed suit against NICL for recovery of the said amount of Rs.13.599 million. The case is still pending before the High Court of Sindh, Karachi.

21.1.2 HCA No. 203 of 2002

Insurance claim of KESC was repudiated by NICL. Suit for recovery of Rs.1.60 million filed by KESC was decreed against NICL. NICL has filed appeal before Division Bench, which is pending for Regular Hearing.

21.2 This represents dividend payable to NICL Employees' Empowerment Trust (NEET) related to 2012, 2013 and 2014. The payment of dividend has been withheld since the Government of Pakistan (the GOP) is considering to revamp Benazir Employees' Stock Option Scheme (BESOS) as communicated to the Company by the Privatization Commission of Pakistan (the PCP).

The letter No. 9(15)Admn/PC09, 11.10.2012, issued by the Ministry of Privatization (Privatization Commission) reveals that Benazir Employees Stock Option Scheme (BESOS) was under review by the Government of Pakistan and ultimately the same was discontinued. No such instructions have ever been received thereafter regarding the payment of dividend amount for any period. Therefore, we are of the view that the dividend amount of Rs. 120 million is not payable keeping in view the below mentioned facts:

The said scheme (BESOS) was discontinued by the Government during 2012-13.

The Ministry of Privatization (Privatization Commission) directed not to disburse the 50% dividend to the employees under the scheme BESOS vide letter No. 9(15) Admin/PC09, dated 11.10.2012.

Petitions (Writ Petition No. 2180 of 2016 and Writ Petition No. 3664 of 2016) were dismissed by the Islamabad High Court vide order dated 08.05.2024.

22 RETIREMENT BENEFIT OBLIGATIONS

22.1 Defined benefit plans

	2021	2020
	-----Rupees in '000-----	
-Pension fund	3,858,104	3,588,861
-Post Retirement Medical benefits	2,182,014	1,908,200
-Gratuity Scheme	602,311	427,676
-Compensated absences	63,134	52,641
	<u>6,705,563</u>	<u>5,977,378</u>

22.1.1 General description of Defined benefit plans

The benefits under the defined benefit plans are payable to the employees as follows:

a Pension scheme

- In case of retirement at the age of 60, pension is payable to employees who have completed a minimum of 10 years of qualifying service with the NICL. However, gratuity may be granted in the case of an employee who has not completed service of 10 years. The rate of pension is 2% of gross pension of each year extra service beyond 30 years of service subject to maximum of 10%.
- In case of death in service, widow is entitled to 75% of the gross pension. In addition, a lump sum amount of Pension in lieu of 75% of gross pension is paid. This family pension entitlement is subject to a minimum service requirement of 10 years. In case of death or remarriage of the widow, the pension amount shall be paid to the family members until they attain the age of 21 years in case of males and till marriage in case of females.
- In case of death of a pensioner, 75% of the net or gross amount of pension, which the deceased pensioner was in receipt of, shall be admissible to the family of deceased pensioner.

b Post retirement medical benefits

- Post-retirement medical facility to an employee shall be allowed in the following events:
 - Retirement
 - Death/ disability during or after services
 - Early retirement from service
- There is a requirement that the pensioner has to render 25 years of service to be entitled to the facility. However, this is not applied in practice.
- The eligible retiree and their spouse are entitled to the medical facility upto the life of the retiree.
- The eligible retirees and their spouse are entitled to reimbursement of all medical expense, including inpatient and outpatient, from hospitals, clinics, doctors etc. on NICL's panel.

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NATIONAL INSURANCE COMPANY LIMITED
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c Gratuity

- Gratuity is payable under the scheme to employees on cessation of employment on the grounds of death, retirement and resignation. Normal retirement age is 60 years.
- No benefits under Gratuity Scheme are available to any employee who is dismissed / terminated from the service of NICL for misconduct, disobedience or violation of any existing rules and regulations of NICL.
- No benefits under Gratuity Scheme are available to any employee who is dismissed / terminated from the service of NICL for misconduct, disobedience or violation of any existing rules and regulations of NICL.
- One month Gross salary for each completed year of service will be awarded if length of service is greater or equal to 1 year.

d Compensated absences

- An employee will be entitled to encash the accumulated earned leave subject to a maximum of 180 days or take Leave Preparatory to Retirement (LPR) subject to a maximum of 360 days at the time of leaving Company service.

All the Regular Employees of National Insurance Company Limited are entitled to take the following types of leaves every year:

- - Leave on average pay;
 - Leave on half average pay;
 - Extraordinary leave;
 - Examination and study leave;
 - Maternity leave;
 - Casual leave.
- These leaves (except casual leave) can be accumulated.

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	Pension Fund		Post-Retirement Medical Scheme		Gratuity Scheme		Compensated Absences		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Rupees in '000										
22.2 Balance Sheet Reconciliation										
Present value of defined benefit obligations	4,360,282	3,897,275	2,182,014	1,908,200	602,311	427,676	63,134	52,641	7,207,741	6,285,792
Fair value of plan assets	(502,179)	(308,414)	-	-	-	-	-	-	(502,179)	(308,414)
Unrecognised net actuarial loss / (gain)	3,858,104	3,588,861	2,182,014	1,908,200	602,311	427,676	63,134	52,641	6,705,563	5,977,389
Recognised liability	3,858,104	3,588,861	2,182,014	1,908,200	602,311	427,676	63,134	52,641	6,705,563	5,977,389
22.3 Movement in the defined benefit obligations										
Obligation as at January 1	3,897,275	3,733,770	1,908,200	2,431,548	427,676	320,673	52,641	35,415	6,285,792	6,521,405
Service cost	22,356	23,317	89,654	85,782	41,056	34,232	1,168	994	154,235	154,325
Past Service Cost	-	-	-	-	-	-	-	-	-	-
Interest cost	386,107	423,737	193,383	283,449	43,745	37,636	4,537	3,206	627,772	748,028
Settlement and Curtailment	-	-	-	-	-	-	-	-	-	-
Actuarial Losses / (gains)	315,300	(28,563)	33,856	(864,146)	91,768	35,870	21,545	29,279	462,469	(827,560)
Benefits paid	(260,756)	(254,986)	(43,079)	(38,433)	(1,934)	(735)	(16,757)	(16,253)	(322,526)	(310,407)
Obligation as at December 31	4,360,282	3,897,275	2,182,014	1,908,200	602,311	427,676	63,134	52,641	7,207,741	6,285,792
22.4 Movement in the fair value of plan assets										
Fair value as at January 1	308,414	217,575	-	-	-	-	-	-	308,414	217,575
Expected return on plan assets	41,488	30,129	-	-	-	-	-	-	41,488	30,129
Actuarial gains / (Losses)	(40,406)	(16,978)	-	-	-	-	-	-	(40,406)	(16,978)
Employer contributions	453,439	332,674	-	-	-	-	-	-	453,439	332,674
Benefits paid	(260,756)	(254,986)	-	-	-	-	-	-	(260,756)	(254,986)
Fair value as at December 31	502,179	308,414	-	-	-	-	-	-	502,179	308,414
22.5 Cost										
Current service cost	22,356	20,804	89,654	112,318	41,056	32,948	1,168	425	154,235	166,494
Interest cost	386,107	444,145	193,383	312,006	43,745	38,370	4,537	2,690	627,772	797,211
Expected return on plan assets	(41,488)	(15,342)	-	-	-	-	-	-	(41,488)	(15,342)
Past service cost	-	-	-	-	-	-	-	18,666	-	18,666
Recognition of actuarial loss or (Gain)	355,705	35,485	33,856	(206,835)	91,768	(23,711)	21,545	(4,701)	502,875	(195,060)
Re-measurements of other long term benefits	-	-	-	-	-	-	-	-	-	(4,701)
Expense	722,681	485,092	316,893	217,489	176,569	47,607	27,250	17,080	1,243,394	767,268
22.6 Actual return on plan assets	1,082	13,151	-	-	-	-	-	-	1,082	13,151

22.7 Principal actuarial assumptions used are as follows:

	Pension Fund		Post-Retirement Medical Scheme		Gratuity Scheme		Compensated Absences	
	2021	2020	2021	2020	2021	2020	2021	2020
Discount rate & expected return on plan assets	10.25%	11.75%	10.25%	11.8%	10.25%	11.8%	10.25%	11.75%
Future salary increases	12.25%	11.75%	-	-	10.25%	11.8%	10.25%	11.75%
Future pension increases	8.25%	8%	-	-	-	-	-	-
Medical cost trend rates	-	-	10.25%	11.8%	-	-	-	-
Net Retirement age	60	60	-	-	-	-	-	-
Mortality Rates	SLIC 2001-05	SLIC 2001-05	-	-	-	-	-	-

22.8 Comparison for five years:

As at December 31

Present value of defined benefit obligation
Fair value of plan assets
(Deficit) / surplus

As at December 31

Present value of defined benefit obligation
Fair value of plan assets
(Deficit) / surplus

As at December 31

Present value of defined benefit obligation
Fair value of plan assets
(Deficit) / surplus

As at December 31

Present value of defined benefit obligation
Fair value of plan assets
(Deficit) / surplus

Pension Fund				
2021	2020	2019	2018	2017
Rupees in '000				
4,360,282	3,897,275	3,481,063	3,297,584	3,243,349
(502,179)	(308,414)	(39,668)	(30,107)	(121,613)
3,858,104	3,588,861	3,441,395	3,267,477	3,121,736
Post Retirement Medical Scheme				
2021	2020	2019	2018	2017
Rupees in '000				
2,182,014	2,182,014	2,243,178	1,203,252	861,410
2,182,014	2,182,014	2,243,178	1,203,252	861,410
Gratuity Scheme				
2021	2020	2019	2018	2017
Rupees in '000				
602,311	427,676	275,084	203,855	174,762
602,311	427,676	275,084	203,855	174,762
Compensated Absences				
2021	2020	2019	2018	2017
Rupees in '000				
63,134	52,641	22,265	34,711	43,214
63,134	52,641	22,265	34,711	43,214

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22.9 Experience adjustments

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

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

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

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

22.10 Plan assets comprise of the following:

Equity
Debt
Cash at bank
Fair value of plan Assets

22.11 Sensitivity analysis, the impact of 1% change in following variables on defined benefit obligation is as follows:

+1% Discount Rate
-1% Discount Rate
+1% Salary Increase Rate
-1% Salary Increase Rate
+1% Medical Cost Increase Rate
-1% Medical Cost Increase Rate
+1% Pension Increase Rate
-1% Pension Increase Rate
1Year mortality Setback
1Year mortality Set Forward

+1% Discount Rate
-1% Discount Rate
+1% Salary Increase Rate
-1% Salary Increase Rate
+1% Medical Cost Increase Rate
-1% Medical Cost Increase Rate
+1% Pension Increase Rate
-1% Pension Increase Rate
1Year mortality Setback
1Year mortality Set Forward

Pension Fund				
2021	2020	2019	2018	2017
8%	-1%	1%	1%	0%
-8%	-6%	3%	5%	-29%

Post Retirement Medical Scheme				
2021	2020	2019	2018	2017
-8%	-8%	-8%	-9%	26%
0%	0%	0%	0%	0%

Gratuity Scheme				
2021	2020	2019	2018	2017
15%	8%	-6%	9%	-1%
0%	0%	0%	0%	0%

Compensated Absences				
2021	2020	2019	2018	2017
34%	56%	-10%	-35%	-25%
0%	0%	0%	0%	0%

2021		2020	
Rupees in '000'	%	Rupees in '000'	%
418,456	83%	-	-
83,724	17%	217,575	100%
502,180	100%	217,575	-

2021				
Pension	Medical benefits	Gratuity	Compensated absences	Total
Rupees in '000'				
3,971,111	1,942,449	374,519	63,136	6,351,215
4,820,552	2,468,125	492,796	56,727	7,838,200
4,392,380	-	492,724	70,726	4,955,830
4,329,643	-	374,357	56,667	4,760,667
-	2,471,363	-	-	2,471,363
-	1,935,681	-	-	1,935,681
4,812,389	-	-	-	4,812,389
3,971,215	-	-	-	3,971,215
4,475,501	-	-	-	4,475,501
4,245,107	-	-	-	4,245,107
35,017,898	8,817,618	1,734,396	247,256	45,817,168

2020				
Pension	Medical benefits	Gratuity	Compensated absences	Total
Rupees in '000'				
3,523,216	1,690,513	374,518	46,771	6,190,232
4,343,427	2,169,129	492,796	59,662	7,817,268
3,929,772	-	492,724	59,567	4,482,063
3,866,481	-	374,357	46,744	4,287,582
-	2,171,814	-	-	2,171,814
-	1,684,512	-	-	1,684,512
4,327,613	-	-	-	4,327,613
3,528,817	-	-	-	3,528,817
4,011,439	-	-	-	4,011,439
3,783,722	-	-	-	3,783,722
31,314,487	7,715,968	1,734,395	212,744	42,285,062

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23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 Claims against the Company not acknowledged as debts amounted to Rs. 344.183 million at year end (2019: Rs.344.183 million). Hence, no provision has been made in these financial statements. Significant claim include claims of Rs. 114 million by Al – Khan Construction (Private) Limited.

23.1.2 Habib Bank Limited has issued guarantees on behalf of the Company amounting to Rs. 39.204 million (2019: Rs. 39.204 million) for the above mentioned claims.

23.1.3 The Company has issued policies in respect of guarantees against 'Fidelity Guarantee' amounting to Rs. 5.29 million (2017: Rs.240.393 million)

23.1.4 Matters related to taxation;

(i) The Commissioner Inland Revenue CIR(A) has passed the order under section 129 of the Income Tax Ordinance, 2001(the Ordinance) for the tax years 2004, 2006, 2007 and 2008 in which the additions made by the Taxation Officer were deleted. Aggrieved by the order of the Commissioner Inland Revenue (Appeals) the Inland Revenue department had filed an appeal before the Appellate Tribunal Inland Revenue (ATIR). Appeals were thereafter dismissed on account of non-attendance by Department at ATIR. Subsequently department filed rectification applications which have been accepted. Now appeals are to be decided on the grounds raised in the appeals. Appeal for the tax year 2005 is decided in favour of NICL all other appeals are still pending.

(ii) The Commissioner Inland Revenue (Appeals) vide order no. 97 dated September14, 2015 vacated the amended order passed by the ACIR vide DC no. 28/48 dated 20/06/2014 on account of barred by time limitation for the tax year 2008. Department preferred appeal before ATIR and the same is still pending.

(iii) The Commissioner Inland Revenue (Appeals) vide order no. 4 dated March 28, 2016 vacated the treatment accorded by the ACIR for taxing the dividend income at the normal Corporate rate for the tax year 2009. Department preferred appeal before ATIR and the same is still pending.

(iv) For the tax year 2010 against the order passed by the CIR(Appeal) vide order no. 8 dated March 28, 2016, appeal has been filed before the ATIR on the issue of provision for IBNR. Tax department has also filed before ATIR against the order of CIR(A) for vacating the treatment accorded by the ACIR for taxing the dividend income at the normal Corporate rate.

(v) For the tax year 2011 against the order passed by the CIR(Appeal) vide order no. 5 dated March 28, 2016 appeal has been filed before the ATIR on the issue of provision for IBNR. Tax department has also filed before ATIR against the order of CIR(A) for vacating the treatment accorded by the ACIR for taxing the dividend income and rental income at the normal Corporate rate.

(vi) For the tax year 2012 against the order passed by the CIR(Appeal) vide order no. 6 dated March 28, 2016 tax department has filed appeal before ATIR for vacating the treatment accorded by the ACIR for taxing the dividend income at the normal Corporate rate.

(vii) For the tax year 2013 against the order passed by the CIR(Appeal) vide order no. 7 dated March 28, 2016 appeal has been filed before the ATIR on the issue of provision for IBNR. Tax department has also filed before ATIR against the order of CIR(A) for vacating the treatment accorded by the ACIR for taxing the dividend income at the normal Corporate rate.

(viii) For the issue of provision for IBNR, no provision for taxation has been made in these financial statements as Honourable High Court of Sindh has already decided the issue in the case of another insurance Company in favour of the taxpayer. Considering that at the ATIR level favourable outcome is expected in the case of the Company.

(ix) For the tax year 2014, tax department passed the provisional assessment u/s 122C of the Ordinance as return for the said tax period was not filed by the Company due to non-availability of financial statements. Further, the said provisional assessment shall be treated as final assessment order after the expiry of 45 days from the date of service of order of provisional assessment. Later financial statements audited. On the basis thereof department amended the assessment and enhanced the income on the basis of audited financial statements. Against the tax department treatment Appeal-filed before CIR(A). CIR(A) given favourable order. Against the order of CIR(A) tax department preferred appeal before the ATIR. On the issue of reversal of impairment of investment, reversal in value of investment, tax on dividend income at reduced rate, deletion of addition on account of unrealized exchange gain and amortization of premium. Appeal is pending before ATIR. Considering the history and position of law favourable outcome is expected.

(x) For the tax year 2015 tax department passed the provisional assessment u/s 122C of the Ordinance as return for the said tax period was not filed by the Company due to non-availability of financial statements. Further, the said provisional assessment shall be treated as final assessment order after the expiry of 45 days from the date of service of order of provisional assessment. Later financial statements audited. On the basis of audited account income arises less as compare to the provisional assessment. Application u/s 122A filed before the Commissioner Inland Revenue to cancel the provisional assessment. However, Commissioner inland Revenue rejected the application. Against the Commissioner rejection of application matter may be raised at the High Court level to obtain the desired relief.

(xi) For the tax year 2016 tax department passed the provisional assessment u/s 122C of the Ordinance as return for the said tax period was not filed by the Company due to non-availability of financial statements. Further, the said provisional assessment shall be treated as final assessment order after the expiry of 45 days from the date of service of order of provisional assessment.

(xii) For the tax year 2017 tax department passed the order u/s 121 of the Ordinance as best judgment as return for the said tax period was not filed by the Company due to non-availability of financial statements by increasing the income thirty percent as compare to the preceding year. Against the order passed appeal filed before CIR(A). CIR(A) remanded the matter back to the DCIR. DCIR repeated the same treatment. Again appeal was filed before CIR(A). CIR(A) as per his order restricted the increased in income to the extent of fifteen percent as compare to the preceding tax year. Against the order of CIR(A) appeal before the ATIR is being filed.

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- (xiii) For the tax year 2018 taxpayer filed the return u/s 114 of the Ordinance. The return was filed on the basis of unaudited financial statements. Tax department declared the return invalid filed on the basis of the unaudited financial statements and passed the order u/s 121(1) of the Ordinance. Against the order passed appeal filed before CIR(A). CIR(A) remanded the matter back. Subsequently, the DCIR passed the non-speaking order of appeal effect order passed u/s 124/129 of the Ordinance without complying direction of the CIR(A). The DCIR based his finding on the income of tax year 2017 whereas, same is not in filed after decision of CIR(A) and cross appeals are pending before the Appellate Tribunal Inland Revenue (ATIR). The DCIR in arbitrary manner placed reliance for enhancement of income on the estimate of advance tax for the tax year 2020 which is against the rational as trend is to be followed on historical pattern. Against the above impugned order an appeal has been filed before CIR(A), however the decision is still pending.

For the tax year 2018. The learned ADICR passed the amended order under section 122(5A) of the Ordinance by treating the reassessment order passed by the DCIR under section 124(4)/129 of the Ordinance as erroneous as well as prejudicial to the interest of revenue. As per ADCIR version increase in income as compared to the preceding year by 20% is not in line with the history and norms of the insurance industry and income should have been increased by 30%. This considered by the ADCIR as erroneous. However, treatment accorded by the ADCIR is arbitrary and against the provisions of law, ratio settled by the superior court and history of the case of the taxpayer. The ADCIR wrongly determined the taxable income on the basis of order passed for the tax year 2017 whereas, such order is not in field and cross appeals are pending before the ATIR. The ADCIR also failed to appreciate the revenue scheme of the insurance business and resorted to arbitrary treatment. The ADCIR also failed to give credit of refund adjustment and full tax credit of tax paid. Against the above impugned order an appeal has been filed before CIR(A), however the decision is still pending.

- (xiv) The Company believes that the above matter would be decided favourably. Accordingly, no provision for any tax liability, which may arise in case of adverse decisions, has been made in the financial statements.

23.1.5 Suit No. 76 of 2005

Karachi Electric Supply Corporation (KESC) has filed a claim for recovery of Rs. 35,409 million against NICL in respect of the loss occurred due to fire in Korangi West Grid Station on 07-07-2001. NICL has repudiated the claim based on the grounds that the loss occurred due to fire was not covered in the insurance policy. This case has been dismissed and decided in favour of NICL vide Order dated 16-10-2017 passed by the Honourable Sindh High Court.

23.1.6 Suit No.287/2001 and Suit No.432/2001

Al-Khan Construction(Pvt) Ltd. has been awarded a contract of construction of West Nawab Shah Surface Drainage System Left Bank Outfall vide contract no.10 AB-2, Stage -I by WAPDA while NICL issued Contractor's All Risk insurance policy for this work which covered the risk of rains/flood damages. In July and August 1992 there was rain and flood in the area which caused severe damages to the work done into the area. The claim has been lodged for Rs.114 million However, the surveyors determined the amount of claim as Rs.2,694,682 which after deductions in accordance with the terms and conditions of the policy amounted to Rs.694,682. Al-Khan Construction has filed two identical cases (Suit No.287/2001 for recovery Rs.48.3 million and Suit No.432/2001 for recovery of Rs.65.7 million) in the Court of Senior Civil Judge, Lahore. The cases have been twice decreed against NICL, First at 26-4-2003 by Civil Judge Lahore and second at 24-11-2010 by the judge of insurance tribunal and the higher court has demanded bank guarantee of one third of decree amount and accordingly, Habib Bank Limited has issued guarantees on behalf of the Company amounting to Rs. 39,204 million (2014: Rs. 39,204 million). NICL filed RFA 269/2009 and RFA 270/2003 in Lahore High Court. The above mentioned suits have been transferred before insurance Tribunal vide order dated 28-01-2010 in view of Section 122 (3) of Insurance Ordinance, 2000. These cases were decided against NICL from Insurance Tribunal at Lahore. NICL filed RFA No. 97/2011 and RFA No. 98/2011, before Lahore High Court, which were decided in favour of NICL and cases were remanded back to Civil Court for recording evidence and decision afresh in this matter. Case is pending for evidence now and fixed for hearing on 27-01-2020.

23.1.7 HCA 313/08 - Suit 694/01 & execution no. 87/2009

National Logistic Cell (NLC) in 1999 had sixteen claims amounting to Rs. 59.69 million decreed against it under Fatal Accidents Act, 1855 as, compensation for the families of the victims of an accident. NLC in turn filed a suit against the National insurance Company Limited ("NICL") for the recovery of the decretal amount of Rs.59.69 million along with markup amounting to Rs. 70.88 million on the basis that the vehicles that were involved in the accident were insured with NICL. In-response, NICL raised the defence that they could not be held accountable for the disbursement of the entire decretal amount and that their liability was limited to Rs. 176,000 per case. The Judgment dated 15.9.2008 held NICL liable to Rs. 1,550,000 per case with markup @ 15% per annum. The instant appeal has been filed against the said Judgment whereby NICL is assailing its liability. However, being aggrieved and dissatisfied with the judgment/amended judgment, NICL filed HCA No. 313/2008 and obtained restraining orders till the final decision in the said HCA. Now the matter is fixed for regular hearing on 11-02-2020.

23.1.8 Suit No. 2587 of 2016

NICL has filed suit against Karachi Cantonment Board (KCB). It is contended that previously the annual rental value of the property was being increased at the rate of 15% per annum, however, all of sudden for the period w.e.f 01.07.2013 to 30.06.2016 it has been exorbitantly increased @ 350% per annum. The amount for the said increase is approximately 48 million. As per the case details, it was evident that previously, NICL building has been treated as a single unit for the purpose of the House tax and Conservancy tax @ 15% and 2% per annum respectively up to June 30, 2013. However, notice under section 103 of the Cantonment Act, 1924 was served upon the NICL management vide letter No. KCB/189/2/A.S.R/1381 dated November 11, 2012 in which management was asked to disclose details of rented out portions of the NICL. Based on this KCB has assessed arrears of the value of Housing and conservancy tax of Rs.48.4 million for the period from July 2013 to June 2016. The appeal filed by NICL has been dismissed and as per the order dated February 23, 2017 of the Cantonment Board, the said dues have been ordered to be paid to KCB at earliest, NICL has filed Constitutional Petition against KCB in the Sindh High Court at Karachi, whereby NICL has challenged Order dated 23.02.2017 passed by the Directors Military Lands & Cantonment, Karachi Region, Karachi, in a Review Petition No. 15 of 2016. Consequently NIC Building was de-sealed and KCB was restraint from taking coercive action against NICL. Case was fixed for hearing on 02-12-2019 and the same was adjourned as date-in-office.

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23.1.9 CP No. 4455 of 2018

The present petition has been filed pursuant to Show Cause Notice dated 28-03-2018 issued by SRB against NICL, whereby objection regarding tax-ability of the NICL was raised, NICL has challenged the assessment of Sind Sales Tax i.e. Rs. 95,772,945/- on account of insurance service provided to TCP during the tax period of July-2011 to June-2018. NICL has obtained stay order for the above payment. Matter is fixed 31-01-2020 for arguments.

23.1.10 CP No. 4456 of 2018

The present petition has been filed pursuant to Show Cause Notice dated 28-03-2018 issued by SRB against NICL, whereby objection regarding tax-ability of the NICL was raised, NICL has challenged the assessment of Sind Sales Tax i.e. Rs. 370,436,259/- on account of insurance service provided to SSGC and PPL during the tax period of July-2011 to December -2017. NICL has obtained stay order vide order dated 08-06-2018 passed by the Sindh High Court against the above demand of SRB. Matter is fixed 31-01-2020 for arguments.

23.1.11 RFA No. 117 of 2017

M/s. Descon Engineering filed case against NICL before Insurance Tribunal at Lahore for recovery of Rs. 77,368,157/- on account of insurance claim regarding the flood policy obtained from NICL for it Dam construction project. The case was dismissed and decided in favour of NICL vide Order dated 01.02.2017 passed by the Insurance Tribunal Lahore. Being aggrieved M/s. Descon Engineering challenged the said Order dated 01.02.2017 and filed appeal before Lahore High Court, which is pending for final arguments. The case was fixed for hearing on 01-02-2017 and was adjourned as date-in-office.

The owner of M/s. Raja & Brothers filed a Constitution Petition No. D-554 of 2012 in the High Court of Sindh, Karachi, against FIA and NICL, to seek order regarding release of outstanding amount from NICL, which was stopped under the instructions of FIA. Mr. Israr Ahmed, Additional Director (Law) appeared in the Court and stated that FIA has no objection if outstanding amount released in favour of Petitioner. Petitioner was directed to approach the trial Court for defreezing his amount lying with the NICL which has been freed under section 5 (5) of the FIA Act. The remaining amount of Rs. 16.275 million has been paid to M/s. Raja & Brothers

23.1.12 As per note 7 of these financial statements, the amount of Rs. 80,400,000 (recovered from a party) has been adjusted against investment property of Rs. 505,255,000 related to 20 Kanal 2 Marala, after the adjustment the said Investment property balance of Rs. 424,855,000 is reflected in these financial statements. The amount of Rs. 80 million was recovered as per order of the civil court details of which are mentioned in note 7.2.2 of these financial statements.

Subsequently, on January 02, 2020 the criminal case was disposed of by the Honourable Accountability Court No IV Karachi, where by all accused persons were acquitted. However, the reversal of the above amount has not been made in these financial statements as in the view of the management the order of the Accountability court will not impact the recovery already made.

23.1.13 Suit No. 571 of 1987

A consignment of a plant of machinery for manufacture of heavy duty polyethylene bags stowed in 4 containers was imported by M/s. Farmaish Industries Limited from Italy. The said consignment was delivered at the port of Karachi on 10-11-1983. Out of 43 packages, 5 packages were missing from the containers in custody of KPT. NICL settled the insurance claim and filed suit for recovery of amount based on letter of subrogation for a recovery of Rs. 8,411,540/-. The said suit was decreed in favour of NICL and against the KPT vide Sindh High Court's order dated 21-02-2006. An appeal was filed by the KPT before the Division Bench of the Sindh High Court (HCA No. 317 of 2006) which was dismissed vide order dated 23-06-2017. Another appeal was filed by the KPT before the Supreme Court of Pakistan, which was also dismissed vide order dated 25.02.2019. NICL has filed Execution No. 64 of 2019 before the Sindh High Court for satisfaction / realization of decreed amount. Up till now NICL has recovered Rs. 8.4 million on account of principle amount and 18 million on account of interest of amount. The said Execution proceeding is still pending for final adjudication, since NICL is of the view that interest of amount of around 42 million.

23.1.14 Suit No. 224 of 2019

Mengal Brothers Transport (Pvt.) Limited (plaintiff) filed this suit against PSO and NICL for recovery of PKR 3,964,180,144/-. They contended that during supply of fuel, plaintiff suffered losses due to terrorist attacks, in which not only vehicles were destroyed but drivers and cleaners lost their lives or disabled. Plaintiff claimed that PSO agreed to compensate the victims, their families and to pay the loss of accidental vehicles after seeking survey report from NICL. Plaintiff contended that the loss is still unpaid. NICL denied the contention on the ground that there is no privity of contract between the plaintiff and NICL. NICL has submitted that during the contractual period 2002-2012 between PSO and NICL, 463 vehicles were reported to be damaged. NICL compensated PSO for 177 claims through a payment of Rs. 394,109,474/- as per the insurance policy dated 29 May 2002. NICL has denied the assertion that the plaintiff has supplied all relevant documents of the remaining 274 claims. NICL has submitted the documents of 159 outstanding claims through PSO and Surveyors, which were sent to the relevant authorities for verification. Out of 1038 documents only 256 documents were confirmed as genuine.

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23.1.15 Suit No. 284 of 2019

NICL has filed suit against PNSC for recovery of PKR 337,485,500/- based on Letter of Subrogation. The Controller of Military Accounts ESD Jhelum enters into a contract with PNSC for shipment of 4 units of Trestle Bridge. The Cargo was insured with NICL under Marine Cargo Insurance Policy dated 28-12-2016. Due to insufficient safety measuring of Shipping Company, the Cargo was damaged. Consequently, based on the survey report NICL paid the loss and filed a suit against the PNSC and Hyundai Glovis Company Ltd. for recovery of the amount based on letter of subrogation. In its reply, the PNSC denied that the shipment of 4 units of trestle bridge is valued at USD 3,325,000/-. It is further submitted that the invoice declaring the value of the units was not produced to them at the time of shipment and nor was the value of the units in question declared in the bill of lading. PNSC has contended that the Insurance Policy does not cover the voyage in question and hence the plaintiff is not entitled to sue in respect of alleged loss. PNSC has denied journey commenced without considering the weather forecast.

NICL and the Hyundai Glovis Company Limited (HGCL) have reached to out of court settlement through a Settlement Agreement in Korea. Accordingly, under Article-1 of the Settlement Agreement, "The Cargo Underwriters shall waive finally and absolutely their claims against PNSC and withdraw the lawsuit against PNSC and Glovis and provide Glovis with a copy of documents proving withdrawal of the lawsuit within fourteen (14) business days following receipt of the sum of USD 314,194.88 into the specified bank account in Article 3 of the agreement.

23.1.16 Suit No. 14861-C of 2016

M/s Dr. A. Q. Khan Laboratories Kahota filed this suit against NICL and 05 others, for recovery of US \$ 235,000/-. The plaintiff is a strategic organization procured under the name and style of M/s. Golden Hands Enterprises due to defence and strategic issues. M/s. Golden Hands Enterprises issued a letter to its approved supplier on 03 Feb 2011 for the purchase of 500-ton Aluminium ingots 99.5 purity. After deliberation the contract was assigned to M/s. Allied Cotton Mills (the Defendant No. 1) for supply of 500 M Ton aluminium ingots at the rate of USD 2350 per M Ton. The defendant No. 1 through a letter dated 28 Mar 2011 informed the plaintiff that material has been shipped as per the contract. The shipment documents were basically forged and that ultimately the plaintiff after wasting a lot of time and making huge payment to the defendants received nothing. The insurance claim was repudiated by NICL on the ground that the assured might have suffered a loss but that should have been supported by appropriate proof, facts and supporting documents. On the "Prima Facie" of the circumstances that case appear to a "Maritime Fraud" which is not a listed peril under institute Cargo Clauses, therefore, the loss does not have any merit and is liable to be repudiated. The case is pending before Civil Court, Lahore in which NICL being the defendant no. 6 contesting the case while 05 others have been proceeded ex-parte..

23.1.16 Suit No. 460 of 1997

M/s OGDCL required 33 numbers of caravans for using the same at various sites. As a result of the tendering process, M/s. Ravi Engineering Limited was assigned the contract. M/s. Ravi Engineering supplied 08 caravans out of 33 and failed to perform their contractual obligations to the extent of remaining caravans. The suit was filed by OGDCL against M/s. Ravi Engineering and NICL, for recovery of PKR 24,638,098/- which was decreed vide judgment dated 10 Jul 2021. Appeal filed by Ravi Engineering and NICL before the Islamabad High Court were also dismissed. Both M/s. Ravi Engineering Limited and NICL have filed appeals before the Supreme Court of Pakistan, which is pending for arguments.

23.2 Commitments

Commitments in respect of capital expenditure as at December 31, 2021 amounted to Rs. nil (2020: Rs. nil).

24 NET INSURANCE PREMIUM

	2021	2020
	-----Rupees in '000-----	
Written Gross Premium		
Add : Unearned premium reserve opening	21,496,245	16,595,947
Less : Unearned premium reserve closing	4,951,279	5,677,485
Premium earned	(10,495,470)	(4,951,279)
	15,952,055	17,322,152
Reinsurance premium ceded		
Add : Prepaid reinsurance premium opening	15,158,581	12,234,800
Less : Prepaid reinsurance premium closing	3,186,659	3,961,593
Reinsurance expense	(7,456,181)	(3,186,659)
	10,889,059	13,009,734
	5,062,996	4,312,418

25 NET INSURANCE CLAIMS

Claim Paid		
Add : Outstanding claims including IBNR closing	1,921,404	6,151,437
Currency Translation Effect	14,575,836	12,775,660
Less : Outstanding claims including IBNR Opening	(251,414)	(108,085)
Claims expense	(12,775,660)	(11,689,910)
	3,470,166	7,129,102
Less : Reinsurance and other recoveries received		
Add : Reinsurance and other recoveries in respect of outstanding claims closing	1,586,016	5,801,730
Less : Reinsurance and other recoveries in respect of outstanding claims opening	8,911,760	7,760,561
Reinsurance and other recoveries revenue	(7,760,561)	(7,206,827)
	2,737,215	6,355,463
	732,951	773,639

61.1%

26 NET COMMISSION AND OTHER ACQUISITION COSTS

	2021	2020
	-----Rupees in '000-----	
Commission paid or payable	-	-
Add : Deferred commission expense opening	-	-
Less : Deferred commission expense closing	-	-
Net Commission	-	-
Less : Commission received or recoverable		
Add : Unearned Reinsurance Commission opening	531,526	561,229
Less : Unearned Reinsurance Commission closing	144,353	122,328
Commission from reinsurers	(228,954)	(144,353)
	446,925	539,204
	446,925	539,204

27 MANAGEMENT EXPENSES

	2021	2020
	-----Rupees in '000-----	
Employee benefit cost	1,825,500	1,735,069
Traveling expenses	10,620	9,380
Advertisements & sales promotion	7,989	2,648
Printing and stationery	13,192	13,486
Depreciation	52,449	86,639
Amortization of Intangible	-	252
Rent, rates and taxes	10,958	14,676
Legal and professional charges - business related	18,512	11,519
Electricity, gas and water	95,916	53,201
Entertainment	6,346	3,759
Vehicle running expenses	20,306	17,554
Office repairs and maintenance	32,160	2,991
Bank charges	693	593
Postages, telegrams and telephone	7,433	6,977
Insurance Expense	12,019	9,733
Annual Supervision fee SECP	42,111	14,248
	2,156,205	1,982,726

Note

27.1

27.2

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	2021	2020
	-----Rupees in '000-----	
27.1 Employee benefit cost		
Salaries, allowance and other benefits	1,542,463	1,355,838
Charges for post employment benefit	283,037	379,231
	<u>1,825,500</u>	<u>1,735,069</u>
27.2 Office repairs and maintenance		
Repairs and maintenance	75,877	72,823
Recovered from tenants	(43,717)	(70,730)
	<u>32,160</u>	<u>2,094</u>
28 INVESTMENT INCOME		
Income from equity securities- Held for Trading		
- Dividend income	160,116	86,380
Income from equity securities- Available for Sale		
- Dividend income	67,400	102,465
Held to maturity		
Income from government securities		
- Return on PIBs	3,257,716	2,973,298
- Return on T-Bills	626,790	748,546
Income from term deposits		
- Return on term deposits	-	3,047
	<u>4,112,021</u>	<u>3,913,736</u>
Net unrealized (losses) on investments		
Held for Trading		
unrealized gain/ (losses) on:		
-Equity securities	(303,805)	(25,111)
Total investment income	3,808,216	3,888,624
Less: Impairment in value of available for sale securities equity securities	-	-
	<u>3,808,216</u>	<u>3,888,624</u>
29 RENTAL INCOME		
Rental income	252,660	151,567
	<u>252,660</u>	<u>151,567</u>
30 OTHER INCOME		
Return on bank balances	155,863	481,403
Gain/(loss) on sale of fixed assets	(2,177)	2,026
FCY (loss)/ gain	108,690	(32,138)
Miscellaneous Income	39,077	(193,265)
	<u>301,453</u>	<u>258,025</u>
31 OTHER EXPENSES		
Legal & professional fee other than business related	-	-
Auditors' remuneration	31.1 2,398	2,398
Donations	31.2 -	5,124
Others	104,299	91,568
	<u>106,696</u>	<u>99,089</u>
31.1 Auditors' remuneration		
Audit fee	2,398	2,398
Out-of-pocket expenses	-	-
	<u>2,398</u>	<u>2,398</u>
31.2 Donations		

The donation was made in the Prime Minister's COVID-19 Pandemic Relief Fund-2020.

Donations were not made to anyone in which a director or director's spouse had any interest at any time during the year.

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33 TAXATION

For the year
-Current
-Deferred

2021 2020
-----Rupees in '000-----

2,303,580	1,950,445
-	-
2,303,580	1,950,445
7,041,609	6,344,636
2,042,067	1,370,846
33,121	-
88,103	-
(6,192)	193,537
146,481	80,127
2,303,580	1,644,510

33.1 Relationship between tax expense and accounting profit

Profit before taxation

Tax charge at enacted tax rate of 29 % (2020 : 29%)
Tax effect of change in tax rate
Tax effect of loss on revaluation of held for trading
Tax effect of expenses that are not deductible in determining the taxable profit
Tax effect of super tax

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

34 EARNINGS PER SHARE - BASIC AND DILUTED

Profit (after tax) for the year

2021 2020
-----Rupees in '000-----

4,738,029	4,394,191
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Weighted average number of ordinary shares

Number of shares ('000)

200,000	200,000
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Earnings per share

-----Rupees-----

23.69	21.97
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34.1 There is no dilutive effect on basic earnings per share, therefore basic EPS equals to diluted EPS.

35 COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	-----Rupees in '000-----					
Fees	-	-	7,700	5,850	-	-
Managerial remuneration	5,075	-	-	-	530,255	240,643
Leave encashment	-	-	-	-	-	-
Bonus	1,621	-	-	-	135,169	100,268
Ex-gratia allowance	-	-	-	-	-	-
Charge for defend benefit plan	-	-	-	-	-	-
Contribution to defined contribution plan	-	-	-	-	-	-
Rent and house maintenance	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Medical	-	-	-	-	-	-
Conveyance	-	-	-	-	-	-
Others (to be specified, if material)	-	-	1,068	-	-	-
	6,696	-	8,768	5,850	665,424	340,911
Number of persons	-	-	7	8	500	314

35.1 The new CEO (Mr. Khalid Hamid) appointed on May 24, 2021 in the current year and there was no CEO in the prior year ended 31 December 2020.

35.2 No remuneration was paid to directors of the company except for meeting fees.

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36 RELATED PARTY TRANSACTIONS

36.1 Related party means an entity which has the ability to control the company or exercise significant influence over the company in making financial and operating decisions or vice versa.

36.2 The transactions with related parties are made at normal market prices. There have been no guarantees provided or received for any related party receivables or payables. Accrual of liability in respect of the pension benefit fund is made in accordance with the actuarial advice. The Company does not make any contribution to the provident fund. Remuneration to key management personnel are included in note 34 to these unconsolidated financial statement and are determined in accordance with the terms of their employment / appointment. Certain key management personnel are also provided with free use of the Company maintained vehicles and post retirement benefits in accordance with their entitlement under the terms of their employment.

36.3 Profit oriented state-controlled entities - various

	2021	2020
	-----Rupees in '000-----	
Insurance premium written	21,496,245	11,814,410
Insurance claims paid	1,921,404	3,923,285
Re-insurance ceded	15,158,581	8,148,048
Re-insurance recoveries	1,586,016	3,848,003

36.4 NICL is wholly owned government entity and is required to insured government assets as per Insurance Ordinance 2000, consequently most of the related party transactions are insurance transactions with other government entities.

Transactions With Related Parties

Related parties by virtue of common directorship and GOP holdings

Federal Board of Revenue / Sindh Board of Revenue

	2021	2020
	-----Rupees in '000-----	
Taxes paid	2,487,869	1,214,625
Central excise duty payable		
Stamp duty payable		
Federal insurance fee payable	224,302	182,675
Withholding tax payable		

Punjab Revenue Board

Stamp duty receivable/Payable	-	-
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Securities Exchange Commission of Pakistan

Rent receivable	34,410	86,302
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State Life Insurance Corporation of Pakistan

Group insurance expense	12,019	9,977
Group insurance payable	486	497

National Engineering Services Pakistan

Rent received	18,769	18,769
Rent receivable	39,646	39,646

Balances With Related Parties

Pakistan investment bonds	29,808,874	19,444,791
Treasury Bills	12,030,895	9,544,738
Investments in ordinary shares - market value as at December	1,711,365	1,992,284

Others

Defined benefit plans	6,705,563	6,303,831
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As per

37 SEGMENT INFORMATION

The following segment information prepared in accordance with the requirements of Insurance Ordinance, 2000 and the Insurance Rules, 2017 for class of business wise revenues, results, assets and liabilities.

2021	Fire and property damage	Marine, Aviation and transport	Motor	Engineering	Miscellaneous	Treaty	Total
Rupees in '000							
Premium receivable (inclusive of Federal Excise Duty)	5,055,793	7,868,720	677,280	10,792,425	440,747	-	24,834,965
Gross written premium (inclusive of Administrative Surcharge)	-	-	-	-	-	-	-
Gross direct premium	4,398,579	6,740,901	587,529	9,386,265	382,971	-	21,496,245
Facultative inward premium	-	-	-	-	-	-	-
Administrative surcharge	-	-	-	-	-	-	-
Insurance premium earned	4,398,579	6,740,901	587,529	9,386,265	382,971	-	21,496,245
Insurance premium ceded to reinsurers	3,643,916	2,858,548	495,600	8,569,000	384,990	-	15,952,055
Net insurance premium	(1,634,801)	(1,227,550)	-	(7,979,568)	(47,139)	-	(10,889,058)
	2,009,116	1,630,998	495,600	589,432	337,851	-	5,062,997
Commission income	36,045	41,056	-	368,739	1,085	-	446,925
Net underwriting income	5,314,762	4,127,155	495,600	16,917,307	433,214	-	5,509,922
Insurance claims	(452,781)	292,516	(104,364)	(380,518)	(87,804)	-	(732,951)
Net claims	(452,781)	292,516	(104,364)	(380,518)	(87,804)	-	(732,951)
Management expenses	(441,204)	(676,154)	(58,933)	(941,500)	(38,414)	-	(2,156,205)
Net insurance claims and expenses	(893,985)	(383,638)	(163,297)	(1,322,018)	(126,218)	-	(2,889,156)
Underwriting result	6,208,747	4,510,792	658,897	18,239,325	559,433	-	2,620,766
Net investment income	-	-	-	-	-	-	3,808,216
Rental income	-	-	-	-	-	-	252,660
Other income	-	-	-	-	-	-	301,453
Other expenses	-	-	-	-	-	-	(106,696)
(Charge)/Reversal of impairment of investment property	-	-	-	-	-	-	165,210
Profit before tax	-	-	-	-	-	-	7,041,609
Segment assets	956,270	5,510,741	28,710	5,276,414	11,902	-	11,784,037
Unallocated assets	-	-	-	-	-	-	77,203,357
Total Assets	-	-	-	-	-	-	88,987,393
Segment liabilities	3,626,730	4,716,446	244,042	4,874,563	614,759	-	14,076,540
Unallocated liabilities	-	-	-	-	-	-	31,083,383
Total Liabilities	-	-	-	-	-	-	45,159,923

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2020	Fire and property damage	Marine, Aviation and transport	Motor	Engineering	Miscellaneous	Treaty	Total
	Rupees in '000						
Premium receivable (inclusive of Federal Excise Duty, Gross written premium (inclusive of Administrative Surcharge)	3,265,003	3,194,676	506,718	10,986,984	363,148	-	18,316,530
Gross direct premium	2,859,189	2,831,142	439,171	10,150,695	315,750	-	16,595,946
Facultative inward premium	-	-	-	-	-	-	-
Administrative surcharge	-	-	-	-	-	-	-
Insurance premium earned	2,859,189	2,831,142	439,171	10,150,695	315,750	-	16,595,946
Insurance premium ceded to reinsurers	3,056,991	4,410,663	457,075	9,069,453	327,970	-	17,322,152
Net insurance premium	(1,174,567)	(3,218,197)	-	(8,587,990)	(28,980)	-	(13,009,734)
	1,882,424	1,192,466	457,075	481,464	298,990	-	4,312,418
Commission income	34,692	76,672	-	427,150	689.94	-	539,204
Net underwriting income	4,266,250	7,705,533	457,075	18,084,593	357,640	-	4,851,623
Insurance claims	(452,781)	251,827	(104,364)	(380,518)	(87,804)	-	(773,640)
Management expenses	(341,589)	(338,238)	(52,468)	(1,212,708)	(37,723)	-	(1,982,726)
Net insurance claims and expenses	(794,370)	(86,411)	(156,832)	(1,593,226)	(125,527)	-	(2,756,366)
Underwriting result	3,471,880	7,619,122	300,243	16,491,367	483,166	-	2,095,257
Net investment income							3,888,624
Rental income							151,567
Other income							258,025
Other expenses							(99,089)
(Charge)/Reversal of impairment of investment property							50,250
Profit before tax							6,344,635
Segment assets	4,272,180	4,577,853	28,710	4,313,468	113,983	-	13,306,194
Unallocated assets	-	-	-	-	-	-	56,001,010
Total Assets							69,307,204
Segment liabilities	3,578,800	4,342,463	252,532	3,546,354	632,460	-	12,352,609
Unallocated liabilities	-	-	-	-	-	-	17,118,268
Total Liabilities							29,470,877

37.1 All segments of the Company is confined in the geographical limits of Pakistan.

38 MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P&L	Total
At beginning of previous year				
Additions	20,613,798	3,460,896	1,992,284	26,066,978
Disposals (sale and redemptions)	87,340,849	-	-	87,340,849
Fair value net gains (excluding net realized gains)	(73,351,168)	-	-	(73,351,168)
Designated at fair value through profit of loss upon initial recognition	-	214,233	(29,914)	184,319
Classified as held for trading	-	-	-	-
Impairment losses	-	-	-	-
At beginning of current year				
Additions	34,603,479	3,675,130	1,962,370	40,240,978
Disposals (sale and redemptions)	12,030,895	-	-	12,030,895
Fair value net gains (excluding net realized gains)	(4,740,831)	-	-	(4,740,831)
Designated at fair value through profit of loss upon initial recognition	-	-	(300,762)	(300,762)
Classified as held for trading	-	(13,865)	-	(13,865)
Impairment losses	-	-	-	-
At end of current year				
	41,893,542	3,661,264	1,661,608	47,216,415

39 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

The company issues contracts that transfer insurance risk or financial risk or both. This section summarizes these risks and the way company manages them.

39.1 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.

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

The Company's risk exposure is mitigated by employing a informal practices to identify, assess, manage and monitor risk. These include 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 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.

a) Frequency and severity of claims

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

Concentration of risk

The concentration of risk by type of contracts and major policyholders is summarized below:

2021					
	Number of policyholders	Gross sum insured	Premium written	Total premium written	Percentage
		Rupees in '000			
Direct and facultative					
Fire and property damage	6	3,691,764,188	2,395,626	4,398,579	54%
Marine cargo	6	332,649,244	491,024	1,391,561	35%
Marine hull	2	119,814,606	543,372	329,106	165%
Aviation	3	120,190,273	1,267,484	5,020,235	25%
Motor	6	16,093,717	208,824	587,529	36%
Engineering	8	5,244,164,076	9,125,578	9,386,265	97%
Liability and others	5	138,529,446	207,421	382,971	54%
		9,663,205,550	14,239,329	21,496,245	
2020					
	Number of policyholders	Gross sum insured	Premium written	Total premium written	Percentage
		Rupees in '000			
Direct and facultative					
Fire and property damage	10	5,866,695,994	2,037,169	2,280,573	89%
Marine cargo	10	460,029,538	811,894	1,128,411	72%
Marine hull	2	141,403,541	551,407	566,152	97%
Aviation	3	18,579,535	2,783,024	2,890,854	96%
Motor	10	12,525,841	288,026	447,736	64%
Engineering	10	1,293,116,183	4,060,819	4,203,226	97%
Liability and others	9	530,916,882	257,151	297,498	86%
		8,323,267,514	10,789,489	11,814,451	

The above disclosed figures are ascertained on tentative basis with an object to reflect Company's major risk exposures.

b) Sources of uncertainty in estimation of future claim payments

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.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on 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 of claims incurred but not reported (IBNR) is based on analysis of the past claim reporting pattern.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The Company takes all reasonable measures to mitigate 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 initial recognized amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims; hence, actual amount of incurred but not reported claims may differ from the amount estimated.

c) Key assumptions

The process used to determine the assumptions for calculating the outstanding claim reserves 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 in separate, case to 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 updated as and when new information is available.

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The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserve is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

d) Changes in assumptions

The company did not change its assumptions for the insurance contracts as disclosed in above (b) and (c)

e) Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company makes various assumptions and techniques based on past claims development experience. The Company considers that the liability for insurance claims recognized in the balance sheet is adequate. However, actual experience will differ from the expected outcome.

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

	2021		2020	
	Pre tax profit	Shareholder's equity	Pre tax profit	Shareholder's equity
	Rupees in '000			
10% Increase in claims liability net:				
Fire and property damage	6,829,622	4,166,069	1,478,209	901,707
Marine, aviation and transport	4,961,871	3,026,742	(366,498)	(223,564)
Motor	724,787	442,120	480,511	293,112
Engineering	20,063,257	12,238,587	(220,244)	(134,349)
Miscellaneous	615,376	375,379	380,489	232,098
	33,194,913	20,248,897	1,752,468	1,069,005
10% decrease in claims liability net:				
Fire and property damage	5,587,872	3,408,602	1,209,443	737,761
Marine, aviation and transport	4,059,713	2,476,425	(299,862)	(182,916)
Motor	593,007	361,734	393,146	239,819
Liability	16,415,392	10,013,389	(180,199)	(109,922)
Miscellaneous	503,490	307,129	311,309	189,899
	27,159,475	16,567,279	1,433,837	874,641

39.1.1 Reinsurance risk

Reinsurance ceded does not relieve the Company from its obligation towards policy holders and, as a result, the Company remains liable for the portion of outstanding claims reinsured to the extent that reinsurer fails to meet the obligation under the reinsurance agreements.

An analysis of all reinsurance assets recognized by the rating of the entity from which it is due are as follows:

	Amount due from other Insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2021	2020
	Rupees in '000				
A or above (Including Pakistan Reinsurance Company Limited)	-	8,629,633	7,456,181	16,085,815	6,123,780
Total	-	8,629,633	7,456,181	16,085,815	6,123,780

39.1.2 Geographical concentration of Insurance risk

The company does not have a formal mechanism for monitoring and management of concentration of Insurance risk, except for timely arrangement of reinsurance. The Company has determined amount/ratio of retention for each significant client and accordingly obtain reinsurance cover for the policies.

39.2 FINANCIAL RISK

Introduction and overview

The Company has exposure to the following risks from financial instruments that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends:

- Market risk; comprising of price risk, Interest rate risk and foreign currency risk
- Credit risk
- Liquidity risk

39.2.1 Financial risk factors and risk management framework

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company's objective in managing risk is the creation and protection of shareholders' value. Risk is inherent in Company's activities but it is managed through monitoring and controlling activities which are based on limits established by the internal controls set on different activities of the Company.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. There are Board Committees for developing risk management policies and its monitoring.

(a) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer or factors affecting all securities traded in the market.

The Company is exposed to market risk with respect to its investments. As at year end, total exposure against investment amounts to Rs. 3,645 million (2017: Rs. 3,864 million).

The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity and debt securities. In addition, the Company actively monitors the key factor that affect stock exchange.

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Sensitivity analysis

The table below summarizes the Company's equity price risk as of December 31, 2021 and 2020 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in Company's equity investment portfolio because of the nature of equity markets.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in price	Hypothetical increase / (decrease) in shareholder's equity	Hypothetical increase / (decrease) in profit / (loss) before tax
	Rupees in '000				
December 31, 2021	5,376,646	10% Increase	5,914,311	327,975	537,665
		10% decrease	4,838,982	(327,975)	(537,665)
December 31, 2020	5,691,293	10% Increase	6,260,422	347,169	569,129
		10% decrease	5,122,164	(347,169)	(569,129)

(b) Interest rate risk

Interest risk is the risk that the value of the financial instrument will fluctuate due to changes in the market yield / mark-up rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company is exposed to interest rate risk in respect of the following:

	Interest / Mark up bearing			Non-Interest / Non-mark up bearing			
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Total
	Rupees in '000						
FINANCIAL ASSETS							
Cash	1,215,927	-	1,215,927	3,413,375	-	3,413,375	4,629,303
Investments	-	5,997,373	5,997,373	5,376,646	-	5,376,646	11,374,019
Loans and other Receivables	-	-	-	2,863,738	63,337	2,927,075	2,927,075
Insurance/Reinsurance Receivable	-	-	-	11,784,037	-	11,784,037	11,784,037
Reinsurance recoveries against outstanding claims	-	-	-	8,911,760	-	8,911,760	8,911,760
December 31, 2021	1,215,927	5,997,373	7,213,300	32,349,557	63,337	32,412,894	39,626,194

FINANCIAL LIABILITIES

Underwriting provisions for outstanding claims including IBNR	-	-	-	-	-	-	-
Premium Received in advance	-	-	-	14,575,836	-	14,575,836	14,575,836
Insurance/Reinsurance payable	-	-	-	1,054,325	-	1,054,325	1,054,325
Other creditors and accruals	-	-	-	9,013,133	-	9,013,133	9,013,133
December 31, 2021	-	-	-	24,643,294	-	24,643,294	24,643,294
December 31, 2020	1,215,927	5,997,373	7,213,300	56,992,851	63,337	57,056,188	64,269,488

	Interest / Mark up bearing			Non-Interest / Non-mark up bearing			
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Total
	Rupees in '000						
FINANCIAL ASSETS							
Cash	2,878,070	-	2,878,070	151,216	-	151,216	3,029,286
Investments	-	5,997,373	5,997,373	5,403,380	-	5,403,380	11,400,753
Loans and other Receivables	-	-	-	2,645,732	55,258	2,700,989	2,700,989
Insurance/Reinsurance Receivable	-	-	-	5,064,543	-	5,064,543	5,064,543
Reinsurance recoveries against outstanding claims	-	-	-	7,206,827	-	7,206,827	7,206,827
December 31, 2020	2,878,070	5,997,373	8,875,443	20,471,699	55,258	20,526,956	29,402,399

FINANCIAL LIABILITIES

Underwriting provisions for outstanding claims including IBNR	-	-	-	-	-	-	-
Premium Received in advance	-	-	-	11,689,910	-	11,689,910	11,689,910
Insurance/Reinsurance payable	-	-	-	310,905	-	310,905	310,905
Other creditors and accruals	-	-	-	3,189,745	-	3,189,745	3,189,745
December 31, 2020	-	-	-	15,190,560	-	15,190,560	15,190,560
December 31, 2020	2,878,070	5,997,373	8,875,443	35,662,258	55,258	35,717,516	44,592,959

(c) Foreign exchange risk

Foreign 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 principal transactions are carried out in Pakistani Rupee and its exposure to foreign exchange risk arises primarily with respect to US Dollar and UK Pound. Financial assets and liabilities exposed to foreign exchange risk amounted to Rs. 5.14 billion (2020: Rs. 3.26 billion) and Rs. 3.9 billion (2020: Rs. 8.39 billion) respectively, at the end of the year. The Company has made appropriate policies to manage foreign exchange risk.

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39.3 Credit risk and concentration of 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. Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligation in the similar manner. The Company attempts to control credit risk by monitoring credit exposures by undertaking transaction with the large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties. The management monitors exposure to credit risk through regular review of credit exposure and prudent estimates of provisions to doubtful receivables. Further, the major insurance business customers of the Company are government entities, as all government entities are required under the Insurance Ordinance, 2000 to make their insurance arrangements with NICL.

The Company is exposed to the credit risk in respect of the following financial assets:

Financial assets	Note	2021		2020	
		Carrying amount	Exposed to credit risk	Carrying amount	Exposed to credit risk
		Rupees in '000			
Cash and bank					
Investments	17	4,629,303	4,629,303	3,029,286	3,029,286
Loans and other Receivables	8, 9, 10 & 11	47,574,975	47,574,975	35,916,470	35,916,470
Insurance/Reinsurance Receivable	12	2,927,075	2,927,075	2,700,989	2,700,989
Reinsurance recoveries against outstanding claims	13	11,784,037	11,784,037	5,064,543	5,064,543
	25	8,629,633	8,629,633	7,206,827	7,206,827
		75,545,023	75,545,023	53,918,115	53,918,115

The financial assets as at the year end included Rs. 41.83 billion (2020: Rs. 34.59 billion) which have been invested in risk free government securities. For the remaining financial assets of Rs. 33.67 billion (2020: Rs. 19.31 billion), the Company attempts to control credit risk by monitoring the credit exposure, limiting transaction with specific customers and continuing assessment of credit worthiness of the customers.

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

	Rating		Rating Agency	2021		2020	
	Short term	Long term		Rupees in '000			
Allied Bank Limited	A1+	AAA	PACRA	2		2	
Habib Bank Limited	A-1+	AAA	JCR-VIS	796,328		1,092,547	
MCB Bank Limited	A1+	AAA	PACRA	113		113	
National Bank of Pakistan Limited	A1+/A-1+	AAA/AAA	PACRA/ JCR-VIS	3,831,883		3,151,059	
United National Bank Limited	A-1+	AAA	JCR-VIS	1,067		1,067	
Bank of Punjab	A1+	AA	PACRA	(101)		(101)	
National Savings Account	A1+/A-1+	AAA/AAA	PACRA/ JCR-VIS	11		11	
				4,629,303		4,244,698	

39.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its funding requirements. To guard against this risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure that adequate liquidity is maintained.

The following are the contractual maturities of financial liabilities:

Financial Liabilities

outstanding claims including IBNR
Insurance/Reinsurance payable
Other creditors and accruals

2021		
Carrying Amount	Upto one year	Greater than one year
14,575,836	14,575,836	
9,013,133	9,013,133	
3,086,642	3,086,642	
26,675,611	26,675,611	-

Financial Liabilities

outstanding claims including IBNR
Insurance/Reinsurance payable
Other creditors and accruals

2020		
Carrying Amount	Upto one year	Greater than one year
12,775,660	12,775,660	-
3,434,352	3,434,352	-
1,509,982	1,509,982	-
17,719,995	17,719,995	-

40 Capital management

Capital management objectives and requirements related to regulatory, solvency and paid up capital requirements are set and regulated by the Securities and Exchange Commission of Pakistan (SECP). These objectives and requirements are put in place to ensure sufficient solvency margins. Further, objective are set by the Company to maintain a strong credit rating and healthy capital ratios in order to support business objectives, maximize shareholders value and provide returns for benefits for other stakeholders.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and/or issue new shares.

The Company is financed by internal sources and is compliant with the externally imposed capital requirements as set by the SECP. Minimum paid-up capital requirement for non-life insurers was Rs. 300 million in December 31, 2015. It has been raised to Rs. 500 million in December 31, 2017. The Company's current paid-up capital of Rs. 2,000 million is well in excess of the limit prescribed by the SECP.

There were no changes to Company's approach to capital management during the year.

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41 FINANCIAL INSTRUMENTS BY CATEGORY

41.1 Financial assets as per balance sheet

	2021	2020
	----- Rupees in '000 -----	
Held-to-maturity		
- Investment in Debt securities		
Pakistan Investment Bonds	29,808,874	29,402,085
Term deposit certificates	-	-
	29,808,874	29,402,085
Held-for-trading		
- Ordinary / preference shares of listed companies	1,715,382	2,016,163
Available-for-sale		
- Investment in Equity securities		
Ordinary shares of listed companies	27,069	27,069
Mutual funds	3,648,061	3,433,828
	(13,865)	214,233
	3,661,264	3,675,130
Loans and receivables at amortized cost		
- Loans and other receivables	2,927,075	2,824,948
- Insurance / reinsurance receivables	11,784,037	5,218,122
- Reinsurance recoveries against outstanding claims	8,911,760	7,760,561
- Cash and bank balances	4,629,303	4,237,195
	28,252,175	20,040,827
	63,437,695	55,134,205

41.2 Financial liabilities as per balance sheet

Financial liabilities measured at amortized cost

- Premium received in advance	1,054,325	677,873
- Insurance / reinsurance payables	9,013,133	3,434,352
- Other creditors and accruals	3,086,642	1,509,982
	13,154,101	5,622,207

42 FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 defines fair value as an exit price. 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.

42.1 All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly (i.e. as prices) or indirectly observable (i.e. derived from prices).

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Following are the assets where fair value is only disclosed and is different from their carrying value:

	2021			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
Land	-	-	-	-
Buildings	-	-	-	-
Investment classified as held for trading	1,715,382	-	-	1,715,382
Investment classified as held to maturity	-	-	-	-
Investment classified as available for sale	3,661,264	-	-	3,661,264
	5,376,646	-	-	5,376,646

	2020			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
Land	-	-	-	-
Buildings	-	-	-	-
Investment classified as held for trading	1,994,540	-	-	1,994,540
Investment classified as held to maturity	-	-	-	-
Investment classified as available for sale	1,755,314	-	-	1,755,314
	3,749,854	-	-	3,749,854

42.2 The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Company as 'held to maturity'. Quoted securities classified as held to maturity are carried at cost. Fair value of unquoted equity investments other than investments in subsidiaries is determined on the basis of break up value of these investments as per the latest available audited financial statements.

- a) Financial instruments included in level 1 comprise of investments in listed ordinary shares and units of mutual funds.
- b) Financial instruments included in level 2 comprise of Pakistan Investment Bonds, Market Treasury Bills, Term Deposit Certificates and Term Finance Certificates.

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NATIONAL INSURANCE COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

43 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, to align them with the presentation requirements of the Insurance Accounting Regulations, 2017.

44 NUMBER OF EMPLOYEES

	2021	2020
	(Number)	
As at 31 December	606	610
Average number of employees during the year	586	590

45 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue in the Board of Directors meeting held on

19 DEC 2024

46 GENERAL

The figures in the financial statements may be rounded off to the nearest thousand rupees unless otherwise stated.


Chief Executive Officer


Director


Director


Chairman