CHUBB INSURANCE PAKISTAN LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the members of Chubb Insurance Pakistan Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Chubb Insurance Pakistan Limited** (the Company), which comprise the statement of financial position as at December 31, 2022, and the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including 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 statement of financial position, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at December 31, 2022 and of the profit, the total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

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

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

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

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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.

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Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and;

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

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

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A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: April 6, 2023
UDIN: AR202210068HGAfqT4kg

CHUBB INSURANCE PAKISTAN LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	Note	2022	2021
Assets		------------------- (Rupees)	---------------
Property and equipment	5	54,123,481	54,145,306
Investments			
Debt securities	6	201,686,820	53,905,494
Term deposits	7	1,265,000,000	795,000,000
Loans and other receivables	8	122,999,059	120,527,071
Insurance / reinsurance receivables	9	770,725,812	400,944,184
Reinsurance recoveries against outstanding claims	20	607,676,157	126,438,158
Deferred commission expense / acquisition cost	21	18,961,564	8,144,142
Deferred taxation - net	10	4,639,954	1,395,811
Taxation - payments less provision		5,467,633	17,096,338
Prepayments	11	152,669,625	85,722,775
Cash and bank	12	55,853,455	54,488,099
TOTAL ASSETS		3,259,803,560	1,717,807,378
Equity and liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	13	500,000,000	500,000,000
Reserves	14	24,192,434	19,416,266
Unappropriated profit		581,160,880	389,721,849
TOTAL EQUITY		1,105,353,314	909,138,115
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	20	772,568,368	206,965,530
Unearned premium reserves	19	722,972,794	430,936,299
Unearned reinsurance commission	21	27,083,614	15,670,328
Retirement benefit obligations	15	5,071,555	5,067,241
Premium received in advance		27,968,255	6,753,923
Insurance / reinsurance payables	16	509,624,173	85,764,111
Other creditors and accruals	17	89,161,487	57,511,831
TOTAL LIABILITIES		2,154,450,246	808,669,263
TOTAL EQUITY AND LIABILITIES		3,259,803,560	1,717,807,378
Contingencies and commitments	18		

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

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Syed U Ali Shah	Hamzah Chaudhri		
Chairman	**Chief Executive**	**Director**	**Director**

CHUBB INSURANCE PAKISTAN LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		------------------- (Rupees)	---------------
Net insurance premium	19	468,640,782	321,258,596
Net insurance claims	20	(110,020,189)	(21,337,374)
Net commission and other acquisition costs	21	7,324,387	18,720,601
Insurance claims and acquisition expenses		(102,695,802)	(2,616,773)
Management expenses	22	(189,961,581)	(158,577,627)
Underwriting results		175,983,399	160,064,196
Investment income	23	135,905,270	52,661,259
Other income	24	3,477,966	1,196,515
Other expenses	25	(19,133,592)	(9,065,064)
Profit before taxation		296,233,043	204,856,906
Income tax expense	26	(101,608,208)	(61,336,485)
Profit after taxation		194,624,835	143,520,421
Other comprehensive income - not reclassifiable to profit and loss in subsequent years			
Remeasurement of post employment benefit obligations	15.5	(4,754,931)	(4,707,421)
Taxation thereon		1,569,127	1,365,152
Other comprehensive loss for the year		(3,185,804)	(3,342,269)
Total comprehensive income for the year		191,439,031	140,178,152
Earnings (after tax) per share - Rupees	27	3.89	2.87

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

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Syed Ulamizadh	Hamzah Chaudhri		
Chairman	**Chief Executive**	**Director**	**Director**

CHUBB INSURANCE PAKISTAN LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	Issued, subscribed and paid-up share capital	Reserves			Total
		Capital reserves		Revenue reserves	
		Advance against future issue of shares	Share-based payment contribution reserve	Unappro-priated profit	
	(Rupees)				
Balance as at January 1, 2021	500,000,000	11,450	15,309,132	249,543,697	764,864,279
Employee benefit cost under IFRS 2 - 'Share-based payment' - note 21.2	-	-	4,095,684	-	4,095,684
Total comprehensive income for the year					
Profit after taxation	-	-	-	143,520,421	143,520,421
Other comprehensive loss					
Remeasurement of post employment benefit obligations - net of tax	-	-	-	(3,342,269)	(3,342,269)
	-	-	-	140,178,152	140,178,152
Balance as at December 31, 2021	500,000,000	11,450	19,404,816	389,721,849	909,138,115
Balance as at January 1, 2022	500,000,000	11,450	19,404,816	389,721,849	909,138,115
Employee benefit cost under IFRS 2 - 'Share-based payment' - note 21.2	-	-	4,776,168	-	4,776,168
Total comprehensive income for the year					
Profit after taxation	-	-	-	194,624,835	194,624,835
Other comprehensive loss					
Remeasurement of post employment benefit obligations - net of tax	-	-	-	(3,185,804)	(3,185,804)
	-	-	-	191,439,031	191,439,031
Balance as at December 31, 2022	**500,000,000**	**11,450**	**24,180,984**	**581,160,880**	**1,105,353,314**

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

Chairman	Chief Executive	Director	Director

CHUBB INSURANCE PAKISTAN LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
OPERATING CASH FLOWS		----------- (Rupees) -----------	
a) Underwriting activities			
Insurance premium received		1,165,943,678	863,123,043
Reinsurance premium paid		(323,578,871)	(612,474,400)
Claims paid		(53,342,267)	(57,617,632)
Reinsurance and other recoveries received		4,476,044	41,760,740
Commission paid		(46,730,434)	(30,548,194)
Commission received		24,730,019	52,950,146
Management expenses paid		(168,800,652)	(139,876,199)
Net cash generated from underwriting activities		602,697,517	117,317,504
b) Other operating activities			
Income tax paid		(91,654,519)	(57,000,064)
Other operating payments		(9,163,137)	(1,894,644)
Net cash used in other operating activities		(100,817,656)	(58,894,708)
Net cash generated from all operating activities		501,879,861	58,422,796
INVESTMENT ACTIVITIES			
Profit / return received		120,275,593	50,102,036
Payment for investments		(196,039,166)	-
Proceeds from investments		55,000,000	-
Proceeds from sale of property and equipment		3,325,000	-
Fixed capital expenditure		(13,075,932)	(19,872,774)
Total cash (used in) / generated from investing activities		(30,514,505)	30,229,262
Net cash generated from all activities		471,365,356	88,652,058
Cash and cash equivalents at the beginning of the year		849,488,099	760,836,041
Cash and cash equivalents at the end of the year	12.1	1,320,853,455	849,488,099
Reconciliation to profit after taxation in the Statement of Comprehensive Income			
Operating cash flows		501,879,861	58,422,796
Depreciation expense	5.1	(12,282,263)	(10,784,059)
Amortisation of discount	23	6,742,160	1,392,584
Property and equipment written off	25	-	(19,214)
Gain on disposal of property and equipment	24	2,509,506	-
Other investment income		120,275,593	51,268,675
Employee benefit cost under IFRS 2, 'Share based payment'		(4,776,168)	(4,095,684)
Increase in assets other than cash		922,871,326	79,253,971
Increase in other liabilities other than borrowings		(1,342,595,180)	(31,918,648)
Profit after taxation		194,624,835	143,520,421

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

Chairman	Chief Executive	Director	Director

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017.

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

2.2 Basis of measurement

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

2.3 Functional and presentational currency

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

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore, have not been stated in these financial statements.

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

The following standards, amendments and interpretations of the accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 1, 2023:

Standards, amendments or interpretations	Effective date (period beginning on or after)
- IFRS 16 - 'Leases' (amendments)	January 1, 2024
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2023 & January 1, 2024
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2023
- IAS 12 - 'Income taxes' (amendments)	January 1, 2023
- IFRS 9 - 'Financial Instruments'	January 1, 2023*

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IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023 but is 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 2.5.1 and 2.5.1.1 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.

2.5.1 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 90 percent and the Company doesn't engage in significant activities unconnected with insurance based on historical available information. Additional disclosures, as required by IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given in note 2.5.1.1 below.

2.5.1.1 Fair value of financial assets as at December 31, 2022 and change in the fair values during the year ended December 31, 2022

Financial assets with contractual cash flows that meet the SPPI criteria, excluding those held for trading	**As at December 31, 2022 (Rupees)**
Debt securities - Held to maturity (note 6)	
Opening fair value	54,123,908
Additions/(disposal) during the year - Net	141,039,166
Decrease in fair value	(3,219,639)
Closing fair value	191,943,435

2.5.1.2 There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2023 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 as stated below have been applied consistently to all years presented in these financial statements.

3.1 Property and equipment

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

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

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

3.2 Insurance contracts

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

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

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

a) Fire and property damage

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

b) Marine, aviation and transport

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

c) Motor

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

d) Accident and health

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

e) Liability

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

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

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

3.3 Deferred commission expense / acquisition cost

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

3.4 Provision for unearned premium

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

3.5 Premium deficiency reserve

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

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

	2022	**2021**
Fire and property damage	19%	8%
Marine, aviation and transport	-55%	55%
Accident and health	51%	17%

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

3.6 Prepaid reinsurance premium ceded

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

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

3.7 Unearned reinsurance commission

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

3.8 Reinsurance contracts held

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

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

3.9 Receivables and payables related to insurance contracts

3.9.1 Amounts due to / from other insurers / reinsurers

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

3.9.2 Due from insurance contract holders

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

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3.10 Segment reporting

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

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

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

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

3.11 Loans and other receivables

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

3.12 Cash and cash equivalents

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

3.13 Revenue recognition

a) Premium

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

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

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

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

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

b) Commission income

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

c) Investment income

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

d) Other income

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

e) Survey fee income

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

3.14 Financial instruments

3.14.1 Financial assets

3.14.1.1 Classification

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

a) At fair value through profit or loss

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

b) Available-for-sale

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

c) Held to maturity

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

d) Loans and receivables

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

3.14.1.2 Initial recognition and measurement

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

3.14.1.3 Subsequent measurement

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

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3.14.1.4 Impairment of financial assets

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

3.14.1.5 Derecognition

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

3.14.2 Financial liabilities

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

3.15 Offsetting of financial assets and financial liabilities

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

3.16 Provisions, contingent assets and contingent liabilities

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

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

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

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

Outstanding claims

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

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

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

Incurred But Not Reported (IBNR) claims

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

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

The actuarial valuation as at December 31, 2022 has been carried out by an independent firm of actuaries for determination of IBNR for each class of business.

3.18 Taxation

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

Current tax

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

Deferred tax

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

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

3.19 Staff benefits

3.19.1 Defined benefit plan

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

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

The latest actuarial valuation of the Company's defined benefit plan was carried out as of December 31, 2022.

3.19.2 Defined contribution plan

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

3.19.3 Employees' compensated absences

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

3.19.4 Share-based compensation benefits

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

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

Right-of-use assets

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

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

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

Lease liability against right-of-use assets

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

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

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

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

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

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 recognise right-of-use asset and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

3.21 Proposed dividends and transfers between reserves

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

3.22 Management and other expenses

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

3.23 Foreign currency transactions and translations

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

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

3.24 Earnings per share

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

3.25 **Share capital**

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

3.26 **Creditors and accruals**

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

3.27 **Impairment of non-financial assets**

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

4.1 **Use of estimates and judgments**

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

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

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

5 PROPERTY AND EQUIPMENT	Note	2022	2021
		----------------(Rupees)----------------	
Operating assets	5.1	54,123,481	54,145,306
		54,123,481	54,145,306

5.1 **Operating assets**

	2022									
	Cost				Depreciation				Written down value as at December 31, 2022	Depreciation rate (% per annum)
	As at January 1, 2022	Additions during the year	Disposals / write-offs during the year	As at December 31, 2022	As at January 1, 2022	Depreciation for the year	Disposals / write-offs during the year	As at December 31, 2022		
Furniture and fixtures	22,659,262	5,216,686	-	27,875,948	4,642,765	4,087,665	-	8,730,430	19,145,518	20%
Office equipment	13,692,959	1,817,746	-	15,510,705	5,987,224	1,770,862	-	7,758,086	7,752,619	20%
Motor vehicles	43,490,705	6,041,500	3,899,000	45,633,205	15,998,852	6,116,433	3,083,506	19,031,779	26,601,426	20%
Computers and related accessories	1,719,441	-	-	1,719,441	788,220	307,303	-	1,095,523	623,918	33%
	81,562,367	13,075,932	3,899,000	90,739,299	27,417,061	12,282,263	3,083,506	36,615,818	54,123,481	

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	2021									
	Cost				Depreciation				Written down value as at December 31, 2021	Depreciation rate (% per annum)
	As at January 1, 2021	Additions during the year	Disposals / write-offs during the year	As at December 31, 2021	As at January 1, 2021	Depreciation for the year	Disposals / write-offs during the year	As at December 31, 2021		
	(Rupees)									
Furniture and fixtures	15,457,000	7,202,262	-	22,659,262	1,286,136	3,356,629	-	4,642,765	18,016,497	20%
Office equipment	9,222,178	4,470,781	-	13,692,959	4,506,133	1,481,091	-	5,987,224	7,705,735	20%
Motor vehicles	36,194,705	7,296,000	-	43,490,705	10,258,451	5,740,401	-	15,998,852	27,491,853	20%
Computers and related accessories	2,652,122	903,731	(1,836,412)	1,719,441	2,399,480	205,938	(1,817,198)	788,220	931,221	33%
	63,526,005	19,872,774	(1,836,412)	81,562,367	18,450,200	10,784,059	(1,817,198)	27,417,061	54,145,306	

5.1.1 Disposal of operating assets

Particulars of the assets	Cost	Accumulated depreciation	Book value	Sale proceeds	Net gain	Mode of disposal	Particulars of purchaser
	(Rupees)						
Assets having book value of Rs 500,000 and more disposed of during the year							
Suzuki Swift	1,368,000	1,139,691	228,309	800,000	571,691	Negotiation	Shadow Motors
Honda Civic	2,531,000	1,943,815	587,185	2,525,000	1,937,815	Negotiation	Honda Quaideen
Assets having book value of not more than Rs 500,000 disposed of during the year	-	-	-	-	-		
	3,899,000	3,083,506	815,494	3,325,000	2,509,506		

5.2 There were no fully depreciated assets still in use by the Company as at December 31, 2022 and 2021.

	Note	2022		2021	
		Cost	Carrying value	Cost	Carrying value
6 INVESTMENTS IN DEBT SECURITIES		(Rupees)			
Government securities					
Held to maturity					
Pakistan Investment Bonds	6.1.1	201,686,820	201,686,820	53,905,494	53,905,494
		201,686,820	201,686,820	53,905,494	53,905,494

6.1 Pakistan Investment Bonds with face value of Rs 65 million (2021: Rs 55 million) have been placed with the State Bank of Pakistan in compliance with the requirements of clause (a) of sub-section 2 of section 29 of the Insurance Ordinance, 2000. They carry coupon interest at the rate of 7.50% per annum and are due to mature on April 29, 2027.

6.1.1 Pakistan Investment Bonds

Face value	Profit rate	Profit payment	Type of security	Maturity date	2022 Cost	2022 Carrying value	2021 Cost	2021 Carrying value
(Rupees)	%				(Rupees)			
55,000,000	9.0	Semi annually	Pakistan Investment Bond - 3 years	19-Sep-22	-	-	53,905,494	53,905,494
65,000,000	7.5	Semi annually	Pakistan Investment Bond - 5 years	29-Apr-27	53,631,241	53,631,241	-	-
60,000,000	7.0	Semi annually	Pakistan Investment Bond - 3 years	5-Aug-24	55,017,117	55,017,117	-	-
60,000,000	7.0	Semi annually	Pakistan Investment Bond - 3 years	20-Aug-23	57,774,432	57,774,432	-	-
40,000,000	7.5	Semi annually	Pakistan Investment Bond - 5 years	15-Oct-25	35,264,030	35,264,030	-	-
					201,686,820	201,686,820	53,905,494	53,905,494

6.1.1.1 The market value of these investments amount to Rs. 191.943 million (2021: Rs. 54.124 million).

7	INVESTMENTS IN TERM DEPOSITS	Note	2022	2021
			(Rupees)	
	Held to maturity			
	Deposits maturing within 12 months			
	Term deposits - local currency	7.1	1,265,000,000	795,000,000
			1,265,000,000	795,000,000

7.1 These carry interest at rates ranging between 13.10% and 14.70% (2021: 6.20% and 9.40%) per annum and are due to mature on various dates latest by March 29, 2023 (2021: March 23, 2022).

8	LOANS AND OTHER RECEIVABLES	Note	2022	2021
			(Rupees)	
	Considered good			
	Accrued investment income		15,194,901	6,307,383
	Deposit against utilities		1,269,050	1,019,050
	Survey fees receivable		1,101,976	8,522,012
	Deposit with Sindh Revenue Board	18.1.3	104,678,626	104,678,626
	Other receivables		754,506	-
			122,999,059	120,527,071

9	INSURANCE / REINSURANCE RECEIVABLES	Note	2022	2021
	Unsecured and considered good			
	Due from insurance contract holders		12,400,677	3,519,522
	Due from other insurers / reinsurers	9.1	758,325,135	397,424,662
			770,725,812	400,944,184

9.1 The age analysis of receivables from related party is as follows:

Particulars	Not due yet	Age-wise Breakup				
		1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
	Rupees					
Chubb European Group SE (Turkey Branch)	14,026,825	14,026,825	-	-	-	-
Total	14,026,825	14,026,825	-	-	-	-

9.2 The Company has entered into coinsurance and reinsurance arrangements with various other insurance companies. As at December 31, 2022, the aggregate balance due from other insurers arising from such arrangements amounts to Rs 376.470 million (2021: Rs 257.460 million).

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

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

10	DEFERRED TAXATION - NET	2022	2021
		(Rupees)	
	Deferred tax debits arising in respect of:		
	- Defined benefit plan	1,673,613	1,469,500
	- Provision for Sindh Workers' Welfare Fund	1,955,138	-
	- Accelerated tax depreciation	1,011,203	-
		4,639,954	1,469,500
	Deferred tax credits arising due to:		
	- Accelerated tax depreciation	-	73,689
		4,639,954	1,395,811

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10.1 Movement in net deferred tax asset is as follows:

	Note	2022	2021
		(Rupees)	
Opening deferred tax		1,395,811	1,444,812
Reversal / (charge) to the profit or loss			
Accelerated tax depreciation		1,084,892	206,971
Provision for Sindh Workers' Welfare Fund		1,955,138	-
Actuarial loss on defined benefit plan		(1,365,014)	(1,621,124)
		1,675,016	(1,414,153)
Reversal to other comprehensive income			
Actuarial loss on defined benefit plan		1,569,127	1,365,152
Closing deferred tax		4,639,954	1,395,811

11 PREPAYMENTS

	Note	2022	2021
Prepaid reinsurance premium ceded	19	150,026,309	81,116,256
Prepaid rent		1,205,438	2,214,839
Prepaid miscellaneous expenses		1,437,878	2,391,680
		152,669,625	85,722,775

12 CASH AND BANK

	2022	2021
Cash and cash equivalents		
- Cash in hand	50,000	50,000
- Stamps in hand	2,111,270	1,158,620
	2,161,270	1,208,620
Cash at bank		
- Current accounts	53,692,185	53,279,479
	55,853,455	54,488,099

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

	2022	2021
Cash and other equivalents		
Cash in hand	50,000	50,000
Stamps in hand	2,111,270	1,158,620
	2,161,270	1,208,620
Cast at bank		
Current accounts	53,692,185	53,279,479
Deposits having original maturity within 3 months		
Term deposits - local currency	1,265,000,000	795,000,000
	1,320,853,455	849,488,099

13 ORDINARY SHARE CAPITAL

13.1 Authorised share capital

2022	2021		Note	2022	2021
Number of shares				(Rupees)	
50,000,000	50,000,000	Ordinary shares of Rs. 10 each		500,000,000	500,000,000

13.2 Issued, subscribed and paid-up share capital

2022	2021		Note	2022	2021
Number of shares					
		Ordinary shares of Rs 10 each:			
29,700,000	29,700,000	- fully paid in cash		297,000,000	297,000,000
20,300,000	20,300,000	- issued as bonus shares		203,000,000	203,000,000
50,000,000	50,000,000		13.2.1	500,000,000	500,000,000

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13.2.1 Chubb INA International Holdings Limited U.S.A. and its nominee directors collectively hold 50,000,000 (2021: 50,000,000) ordinary shares of Rs. 10 each as at December 31, 2022.

14 RESERVES	2022	2021
14.1 Capital reserves		
Advance against future issue of shares	11,450	11,450
Share-based payment contribution reserve	24,180,984	19,404,816
	24,192,434	19,416,266
14.2 Revenue reserves		
Unappropriated profit	581,160,880	389,721,849
	605,353,314	409,138,115

15 RETIREMENT BENEFIT OBLIGATIONS

15.1 Salient features

The Company operates an approved gratuity fund for all employees which is governed under the repealed Trust Act, 1882, the Trust Deed, the Rules of the Fund, the Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. Responsibility for governance of the defined benefit plan including investment decisions and contribution schedule lies with the Board of Trustees of the Fund and annual contributions therein are made in accordance with actuarial recommendations. An actuarial valuation is carried out every year to determine the liability of the Company in respect of the benefit. The most recent valuation in this regard has been carried out for the year ended December 31, 2022 using the projected unit credit method as allowed under the International Accounting Standard (IAS) 19, 'Employee benefits' for valuation of the Fund.

The Company faces the following risks on account of the gratuity fund:

a) Final salary risk

This is the risk that the final salary at the time of cessation of service is greater than what was assumed. Since, the benefit is calculated on the basis of the final salary, the benefit amount increases accordingly.

b) Withdrawal risk

This is the risk of higher or lower withdrawal experience from the Fund than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

c) Investment risk

This is the risk of investments underperforming and not being sufficient to meet the liabilities.

d) Mortality risk

This is the risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

15.2 Principal actuarial assumptions	2022	2021
Discount rate (% per annum)	14.25% p.a.	12.25% p.a.
Expected rate of increase in salaries (% per annum)	14.25% p.a.	12.25% p.a.
Mortality rates*	SLIC (2001-05)-1	SLIC (2001-05)-1
Rates of employee turnover	Light	Light

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

	2022	2021
	(Rupees)	
15.3 Amounts recognised in the statement of financial position		
Present value of defined benefit obligation	66,895,867	52,000,123
Fair value of plan assets	(61,824,312)	(46,932,882)
Gratuity liability as at December 31	5,071,555	5,067,241

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	2022		
	Present value of defined benefit obligation	Fair value of plan assets	Net
	----------------(Rupees)----------------		
As at January 1	52,000,123	(46,932,882)	5,067,241
Current service cost	5,183,801	-	5,183,801
Interest expense / (income)	6,619,674	(5,998,937)	620,737
	63,803,598	(52,931,819)	10,871,779
Remeasurements:			
- Difference in actual and expected return on plan assets	-	1,357,562	1,357,562
- Loss due to change in financial assumptions	588,107	-	588,107
- Loss due to change in experience adjustment	2,809,262	-	2,809,262
	3,397,369	1,357,562	4,754,931
	67,200,967	(51,574,257)	15,626,710
Contributions made	-	(10,555,155)	(10,555,155)
Benefits paid	(305,100)	305,100	-
As at December 31	66,895,867	(61,824,312)	5,071,555

	2021		
	Present value of defined benefit obligation	Fair value of plan assets	Net
	----------------(Rupees)----------------		
As at January 1	46,930,652	(40,980,750)	5,949,902
Current service cost	4,412,740	-	4,412,740
Interest expense / (income)	4,988,473	(4,378,608)	609,865
	56,331,865	(45,359,358)	10,972,507
Remeasurements:			
- Difference in actual and expected return on plan assets	-	1,832,167	1,832,167
- Gain due to change in financial assumptions	465,334	-	465,334
- Loss due to change in experience adjustment	2,409,920	-	2,409,920
	2,875,254	1,832,167	4,707,421
	59,207,119	(43,527,191)	15,679,928
Contributions made	-	(10,612,687)	(10,612,687)
Benefits paid	(7,206,996)	7,206,996	-
As at December 31	52,000,123	(46,932,882)	5,067,241

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

	2022	2021
	---------------- (Rupees) ----------------	
Current service cost	5,183,801	4,412,740
Interest expense on defined benefit obligation	6,619,674	4,988,473
Interest income on plan assets	(5,998,937)	(4,378,608)
	5,804,538	5,022,605

15.5 Remeasurements recognised in other comprehensive income

Remeasurement loss on obligation		
- Loss due to change in financial assumptions	588,107	465,334
- Loss due to change in experience adjustments	2,809,262	2,409,920
	3,397,369	2,875,254
Remeasurement loss on plan assets		
- Actual return on plan assets	(5,460,443)	(2,546,441)
- Interest income on plan assets	5,998,937	4,378,608
- Others	819,068	-
	1,357,562	1,832,167
	4,754,931	4,707,421

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	2022	2021
	(Rupees)	
15.6 Analysis of present value of defined benefit obligation		
Vested / non-vested		
- Vested benefits	66,895,867	52,000,123
- Non-vested benefits	-	-
Total	66,895,867	52,000,123
Types of benefits		
- Accumulated benefit obligation	17,150,799	14,407,455
- Amounts attributed to future salary increases	49,745,068	37,592,668
Total	66,895,867	52,000,123

15.7 Composition of plan assets

	2022		2021	
	(Rupees)	%	(Rupees)	%
Debt securities	61,600,000	99.64%	46,500,000	99.08%
Cash and others	224,312	0.36%	432,882	0.92%
	61,824,312	100.00%	46,932,882	100.00%

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

	Change in assumption	------ As at December 31, 2022 ------ (Decrease) / increase in present value of defined benefit obligation		------ As at December 31, 2021 ------ (Decrease) / increase in present value of defined benefit obligation	
		Rupees	(%)	Rupees	(%)
Discount rate	+1.00%	(7,237,121)	-10.82%	(5,924,712)	-11.39%
	-1.00%	8,570,145	12.81%	7,064,624	13.59%
Long-term salary increase rate	+1.00%	8,818,442	13.18%	7,258,731	13.96%
	-1.00%	(7,557,244)	-11.30%	(6,178,958)	-11.88%

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

15.9 The weighted average duration of defined benefit obligation is 11.74 years (2021: 12.40 years).

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

	Between 0-1 year	Between 2-4 years	Between 5-10 years	Over 10 years	Total
	(Rupees)				
As at December 31, 2022					
Distribution of timing of payment of benefits	2,322,180	6,791,372	66,088,198	787,755,103	862,956,853
As at December 31, 2021					
Distribution of timing of payment of benefits	986,517	4,707,206	58,152,307	787,755,103	851,601,133

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15.11 Historical information

	2022	2021	2020	2019	2018
	(Rupees)				
Present value of defined benefit obligation	66,895,867	52,000,123	46,930,652	37,675,022	30,255,307
Fair value of plan assets	(61,824,312)	(46,932,882)	(40,980,750)	(34,136,262)	(28,104,956)
Deficit	5,071,555	5,067,241	5,949,902	3,538,760	2,150,351
Remeasurements of plan liabilities	3,397,369	2,875,254	1,151,440	(125,517)	1,016,375
Remeasurements of plan assets	1,357,562	1,832,167	1,146,353	1,134,711	144,553

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

15.13 Funding levels are monitored on an annual basis and are based on actuarial recommendations. Gratuity cost comprising the service cost and the net interest cost for the next year will approximate to Rs 6.769 million (2021: Rs 5.805 million) as per the actuarial valuation report of the Fund as of December 31, 2022.

15.14 The disclosures made in notes 15.1 to 15.13 are based on the information included in the actuarial valuation report of the Fund for the year ended December 31, 2022.

	Note	2022	2021
		(Rupees)	
16 INSURANCE / REINSURANCE PAYABLES			
Due to other insurers / reinsurers		509,624,173	85,764,111
		509,624,173	85,764,111
17 OTHER CREDITORS AND ACCRUALS			
Federal insurance fee		119,674	208,567
Sindh sales tax payable		7,877,220	5,345,026
Provision for Workers' Welfare Fund	17.1	5,856,130	5,856,130
Provision for Sindh Workers' Welfare Fund		5,924,661	-
No claim bonus payable		7,399,871	3,846,430
Commission payable		31,925,865	17,587,338
Accrued expenses		30,022,201	24,604,012
Others		35,865	64,328
		89,161,487	57,511,831

17.1 This denotes provision for Workers' Welfare Fund (WWF) for the year ended December 31, 2014 levied by the Federal Government. During the year ended December 31, 2016, the Supreme Court of Pakistan vide its order dated November 10, 2016 had held that the amendments made in the law introduced by the Federal Government for the levy of WWF were unlawful. The Federal Board of Revenue filed review petitions against this order which are currently pending. The management believes that consequent to filing these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Company maintains its provision of Rs 5.856 million (2021: Rs 5.856 million) in respect of Federal WWF in these financial statements.

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

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

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

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

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

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

The management, based on the advice received from its legal advisors, believes that the Company has good grounds to argue its defence against this demand. The Company has recorded Rs 104.679 million (2021: Rs 104.679 million) as 'loans and other receivables' in these financial statements (note 8).

18.1.4 Engro Fertilizers Limited had filed a claim with respect to replacement cost of its boiler amounting to USD 12.7 million in 2018 which was covered under a co-insurance policy in which the Company had 5% share. Based on the findings set out in an independent root cause analysis exercise carried out by the co-insurers, the claim was rejected in February 2021. Subsequently, Engro Fertilizers Limited has filed a recovery suit with the Insurance Tribunal of Sindh against all the co-insurers for USD 12.7 million and USD 21.39 million being the replacement cost of the boiler and damages / loss charges associated therewith respectively which is pending adjudication. The management is confident that the case will be decided in their favour and accordingly no provision has been recognised in these financial statements.

18.1.5 During the year ended December 31, 2021, the SECP issued a Show Cause Notice No. ID/Enf/Chubb/2019/1166 (the Show Cause Notice) dated May 31, 2021 to the Company in violation of Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2018. An Order was passed on November 30, 2021 imposing a penalty of Rs 125,000 on the Company. The Company, being aggrieved by the Order, has filed an Appeal under Section 33 of the Securities and Exchange Commission of Pakistan Act, 1997 before the SECP's Appellate Bench. The appeal is pending adjudication. The outcome of the matter is uncertain and therefore, no amount has been recorded in these financial statements.

18.1.6 Under Section 161(A) of the Income Tax Ordinance, 2001, a Show Cause Notice was issued against monitoring of withholding tax which was duly complied with by the management. Pursuent to the aforesaid notice, an Order has been passed under Section 161(A) wherein a tax demand of Rs 12.219 million (including penalty and default surcharge) was raised. The Order was contested in appeal before the CIR(A) who has decided the appeal through the Order passed on March 21, 2022. The CIR(A) confirmed the tax charged on certain issues while remanding back certain issues for re-adjudiction to the tax department. As a result, the tax demand raised in the impugned Order is likely to be reduced after passing of the appeal effect order which is yet to be issued. The company has contested the appellate order before ATIR which is pending adjudication. The management is confident that the case will be decided in their favour and accordingly no provision has been recognised in these financial statements.

18.2 Commitments

There were no commitments outstanding as at December 31, 2022 and 2021.

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	2022	2021
	----------- (Rupees) -----------	

19 NET INSURANCE PREMIUM

	2022	2021
Written gross premium	1,506,676,224	927,850,294
Add: Unearned premium reserve - opening	430,936,299	381,405,765
Less: Unearned premium reserve - closing	(722,972,794)	(430,936,299)
Premium earned	1,214,639,729	878,319,760
Less: Reinsurance premium ceded	814,909,000	578,662,356
Add: Prepaid reinsurance premium - opening	81,116,256	59,515,064
Less: Prepaid reinsurance premium - closing	(150,026,309)	(81,116,256)
Reinsurance expense	745,998,947	557,061,164
	468,640,782	321,258,596

20 NET INSURANCE CLAIMS

	2022	2021
Claims paid	53,342,267	57,617,632
Add: Outstanding claims including IBNR closing	772,568,368	206,965,530
Less: Outstanding claims including IBNR opening	(206,965,530)	(200,237,274)
Claims expense	618,945,105	64,345,888
Less: Reinsurance and other recoveries received	27,686,917	38,570,476
Add: Reinsurance and other recoveries against outstanding claims closing	607,676,157	126,438,158
Less: Reinsurance and other recoveries against outstanding claims opening	(126,438,158)	(122,000,120)
Reinsurance and other recoveries revenue	508,924,916	43,008,514
	110,020,189	21,337,374

20.1 Claim development

The following table shows the development of fire and property damage claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claim payments. For other classes of business the uncertainty about the amount and timings of claim payments is usually resolved within a year. Further, there are no material claims that are outstanding as at December 31, 2022 which pertain to years prior to the year ended December 31, 2018.

Accident year	2018	2019	2020	2021	2022	Total
	Rupees					
Estimate of ultimate claims cost:						
At end of accident year	42,848,914	79,447,049	11,735,254	23,946,223	465,156,720	623,134,160
One year later	57,405,877	87,365,138	6,772,550	83,717,745		235,261,310
Two years later	37,008,052	91,866,908	6,068,291			134,943,251
Three years later	38,013,752	107,306,539				145,320,291
Four years later	38,487,684					38,487,684
Current estimate of cumulative claims	38,487,684	107,306,539	6,068,291	83,717,745	465,156,720	700,736,979
Cumulative payments to date	37,178,599	30,074,498	3,358,150	39,292,798	578,472	110,482,517
Liability recognised in the statement of financial position	1,309,085	77,232,041	2,710,141	44,424,947	464,578,248	590,254,462

20.2

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

20.2.1 There were no unclaimed benefits and claims not encashed as at December 31, 2022.

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		Note	2022	2021
			----------- (Rupees) -----------	
21	**NET COMMISSION AND OTHER ACQUISITION COSTS**			
	Commission paid or payable		61,068,961	29,353,776
	Add: Deferred commission expense - opening		8,144,142	7,432,217
	Less: Deferred commission expense - closing		18,961,564	8,144,142
	Net commission		50,251,539	28,641,851
	Less: Commission received or recoverable		68,989,212	47,667,634
	Add: Unearned reinsurance commission - opening		15,670,328	15,365,146
	Less: Unearned reinsurance commission - closing		27,083,614	15,670,328
	Commission from reinsurers		57,575,926	47,362,452
			(7,324,387)	(18,720,601)

		Note	2022	2021
22	**MANAGEMENT EXPENSES**			
	Employee benefit cost	22.1 & 22.2	111,868,147	98,280,813
	Travelling expenses		4,832,726	2,430,596
	Printing and stationery		3,749,102	1,379,350
	Depreciation	5.1	12,282,263	10,784,059
	Rent, rates and taxes		20,281,425	18,484,555
	Professional charges - business related		635,371	605,115
	Utilities		3,497,841	2,343,273
	Office repairs and maintenance		2,662,591	3,073,032
	Education and training		947,582	766,942
	Vehicle running expenses		11,485,314	8,301,198
	Communication		2,034,286	1,409,579
	Service charges		1,070,378	938,743
	Registration, subscription and association fees		1,107,778	1,242,384
	Annual supervision fee to the SECP		272,467	302,292
	Advertisement and sales promotion		8,865,761	2,941,600
	Entertainment		846,025	406,960
	Bank charges		122,641	83,705
	Others		3,399,883	4,803,431
			189,961,581	158,577,627

		Note	2022	2021
22.1	**Employee benefit cost**			
	Salaries, allowances and other benefits		99,527,686	87,484,610
	Charges for post employment benefit	22.1.1	12,340,461	10,796,203
			111,868,147	98,280,813

22.1.1 These include contributions to defined contribution plan of Rs 6.399 million (2021: Rs 5.654 million).

22.2 Share-based payments

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

22.2.1 Restricted stock

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

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The following table shows changes in the restricted stock grants for the years ended December 31, 2022 and 2021:

	Number of restricted stocks	
	2022	**2021**
Unvested at the beginning of the year	315	359
Vested during the year	(118)	(149)
Granted during the year	121	105
Forfeited during the year	-	-
Unvested at the end of the year	318	315

The fair value of restricted stock granted during the year was USD 199.03 (2021: USD 164.94) which was measured on the basis of observable market price of the date on which the restricted stock options were granted.

The company recognised an expense of Rs. 3.548 million (2021: Rs 3.035 million) related to equity-settled restricted stock grants.

22.2.2 Non-qualified stock options

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

The following table shows changes in the stock option grants for the years ended December 31, 2022 and 2021:

	Number of stock options	
	2022	**2021**
Outstanding at the beginning of the year	2,726	3,068
Granted during the year	161	141
Exercised during the year	(677)	(483)
Expired during the year	-	-
Forfeited during the year	-	-
Outstanding at the end of the year	2,210	2,726
Exercisable at the end of the year	1,881	1,881
Unvested during the year	354	354
Outstanding at the end of the year	2,235	2,235
Vested during the year	166	166

	Weighted average exercise price	
	2022	**2021**
	------------ (US Dollar) -----------	
Outstanding at the beginning of the year	73.59	72.38
Granted during the year	199.03	164.94
Exercised during the year	(95.52)	(72.38)
Outstanding at the end of the year	75.42	73.59
Exercisable at the end of the year	72.19	70.87
Vested during the year	150.01	144.23

The fair value of non-qualified stock options are estimated on the date of grant using Black-Scholes option valuation model. The Company recognised an expense of Rs. 1.228 million (2021: Rs. 1.060 million) related to equity-settled non-qualified share options vested during the year. The exercise price of these shares varies from USD 133.90 - USD 164.94. Weighted average remaining contractual life of these options is 1 years and 5 months.

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		Note	2022	2021
			---------------- (Rupees) ----------------	
23	**INVESTMENT INCOME**			
	Income from debt securities - held-to-maturity			
	Return on government securities		11,603,347	4,950,000
	Amortisation of discount on Pakistan Investment Bonds		6,742,160	1,392,584
	Income from term deposits			
	Return on term deposits		117,559,763	46,318,675
			135,905,270	52,661,259
24	**OTHER INCOME**			
	Exchange gain - net		469,383	1,167,688
	Gain on sale of property and equipment	5.1.1	2,509,506	-
	Survey fee		116,380	-
	Others		382,697	28,827
			3,477,966	1,196,515
25	**OTHER EXPENSES**			
	Auditors' remuneration	25.1	2,424,571	2,536,337
	Legal and professional charges - other than business related		10,784,360	6,249,939
	Survey fee charged / written off		-	259,574
	Property and equipment written off		-	19,214
	Sindh Workers' Welfare Fund		5,924,661	-
			19,133,592	9,065,064
25.1	**Auditors' remuneration**			
	Audit fee		1,002,375	990,000
	Half yearly review fee		386,000	480,440
	Fee for the review of compliance with the Code of Corporate Governance		182,250	180,000
	Fee for regulatory returns		129,600	256,000
	Sindh sales tax on services		179,597	187,877
	Out-of-pocket expenses		544,749	442,020
			2,424,571	2,536,337
26	**INCOME TAX EXPENSE**			
	Current tax			
	- Current year		99,227,538	59,922,332
	- Prior year		4,055,686	-
			103,283,224	59,922,332
	Deferred tax			
	- Current year		(1,675,016)	1,414,153
			101,608,208	61,336,485

26.1	**Relationship between income tax expense and accounting profit**	2022	2021	2022	2021
		Effective tax rate (%)		---------------- (Rupees) ----------------	
	Profit before taxation			296,233,043	204,856,906
	Tax at the applicable rate of 29% (2021: 29%)	29.00	29.00	85,907,582	59,408,503
	Super tax - current year	4.06	-	12,027,580	-
	- prior year	1.37	-	4,055,686	-
	Permanent difference for share based payments	-	0.58	-	1,187,748
	Others	(0.13)	0.36	(382,640)	740,234
		34.30	29.94	101,608,208	61,336,485

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	Note	2022	2021
		---------------- (Rupees) ----------------	

27 EARNINGS (AFTER TAX) PER SHARE

	Note	2022	2021
Profit after tax		194,624,835	143,520,421
		--------- Number of shares ---------	
Weighted average number of ordinary shares		50,000,000	50,000,000
		---------------- (Rupees) ----------------	
Earnings per share - basic and diluted	27.1	3.89	2.87

27.1 As at December 31, 2022 and 2021, the Company did not have any convertible instruments in issue which would have had a dilutive effect on the earnings per share if the option to convert was exercised.

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

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

	2022			2021		
	Chief Executive Officer / Country President	Directors	Executives	Chief Executive Officer / Country President	Directors	Executives
	------ (Rupees) ------					
Short-term employee benefits						
Consultancy fees	-	9,188,886	-	-	8,210,322	-
Managerial remuneration	14,309,022	-	51,190,437	11,344,872	-	49,543,790
Bonus	3,037,015	-	5,689,177	600,000	-	1,960,451
Leave encashment	2,000,000	-	220,255	-	-	1,021,963
Housing, utilities and others	859,150	-	-	936,005	-	-
Conveyance	-	-	3,789,274	-	-	2,440,274
Medical	147,110	-	1,379,474	65,833	-	1,103,569
	20,352,297	9,188,886	62,268,617	12,946,710	8,210,322	56,070,047
Other employee benefits						
Shared-based compensation benefits	4,231,595	-	544,573	3,165,993	30,704	898,990
Post-employment benefits						
Charge for defined benefit plan	1,063,783	-	4,740,755	941,728	-	4,080,877
Contribution to defined contribution plan	1,430,898	-	4,968,075	1,134,486	-	4,519,512
Total	27,078,573	9,188,886	72,522,020	18,188,917	8,241,026	65,569,426
Number of persons	1	2	15	1	2	16

28.1 The Company also provides key management personnel with facilities such as Company maintained cars and monthly subscription of club facilities.

28.2 During the year the Chief Executive / Country President, Directors and Executives of the Company received dividends on shares of the holding Company amounting to Rs. 164,778 , Nil and Rs. 32,279 (2021: Rs 94,989, Rs 4,256 and Rs 25,162) respectively.

28.3 The managerial remuneration includes the 2021 bonus paid in the current year. An estimated accrual in respect of the above bonus was made in the last year financial statements. For the current year, an amount of Rs. 10.375 million (2021: Rs. 7.851 million) has been accrued on an estimated basis. Individual entitlements in respect of this accrual will be determined next year and will then be disclosed accordingly.

28.4 Executives mean employees, other than chief executive and directors whose basic salary exceed Rs 500,000 in a financial year.

29 RELATED PARTY TRANSACTIONS

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

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

	Group / associated companies		Other related parties		Total	
	2022	2021	2022	2021	2022	2021
BALANCES AS AT YEAR END	(Rupees)					
Loans and other receivables						
- Chubb European Group SE	752,587	-	-	-	752,587	-
Due from other insurers / reinsurers						
- Chubb European Group SE (Turkey Branch)	28,053,650	139,901,787	-	-	28,053,650	139,901,787
Reinsurance recoveries against outstanding claims						
- Chubb Tempest Reinsurance Limited	492,327,294	74,495,244	-	-	492,327,294	74,495,244
- Chubb European Group SE	2,150,000	1,450,000	-	-	2,150,000	1,450,000
- Chubb INA Overseas Insurance Company Limited	37,382,002	510,000	-	-	37,382,002	510,000
Prepaid reinsurance premium ceded	150,026,309	81,116,256	-	-	150,026,309	81,116,256
Provision for outstanding claims	90,316,047	72,478,345	-	-	90,316,047	72,478,345
Due to other insurers / reinsurers	509,624,174	85,764,111	-	-	509,624,174	85,764,111
Retirement benefit obligations	-	-	5,071,555	5,067,241	5,071,555	5,067,241
Other creditors and accruals						
- Key management personnel	-	-	19,004,447	15,384,445	19,004,447	15,384,445

	Group / associated companies		Other related parties		Total	
	2022	2021	2022	2021	2022	2021
TRANSACTIONS DURING THE YEAR	(Rupees)					
Gross premium written	38,437,049	113,634,990	123,342	65,657	38,560,391	113,700,647
Reinsurance premium ceded	814,909,000	578,662,356	-	-	814,909,000	578,662,356
Claims paid	573,346	3,530,157	-	-	573,346	3,530,157
Claims ceded	27,686,917	38,570,476	-	-	27,686,917	38,570,476
Commission on cession	68,989,212	47,667,634	-	-	68,989,212	47,667,634
Remuneration of key management personnel	-	-	104,512,520	91,999,369	104,512,520	91,999,369
Contribution to gratuity fund	-	-	10,555,155	10,612,687	10,555,155	10,612,687
Contribution to provident fund	-	-	6,398,973	5,653,998	6,398,973	5,653,998

30 SEGMENT INFORMATION

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

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

Particulars	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Liability	Total
	For the year ended December 31, 2022					
	(Rupees)					
Premium receivable (inclusive of Sindh sales tax, federal insurance fee and administrative surcharge)	725,745,595	14,241,244	-	3,997,747	26,741,226	770,725,812
Less: Sindh sales tax	(3,606,266)	(813,227)	-	(195,881)	(86,458)	(4,701,832)
Federal insurance fee	(271,427)	(62,556)	-	(50,353)	(11,965)	(396,301)
Premium receivable (net of Federal excise duty, Sindh sales tax and federal insurance fee)	721,867,902	13,365,461	-	3,751,513	26,642,803	765,627,679
Unearned premium reserve - opening	363,561,407	7,746,509	381,797	7,367,815	51,878,771	430,936,299
Less: Unearned premium reserve - closing	(633,414,789)	(9,646,465)	(398,471)	(9,190,392)	(70,322,677)	(722,972,794)
Net increase in unearned premium reserve	(269,853,382)	(1,899,956)	(16,674)	(1,822,577)	(18,443,906)	(292,036,495)
Gross written premium (inclusive of administrative surcharge)						
Gross direct premium	46,175,158	32,762,782	589,039	52,439,932	99,807,328	231,774,239
Facultative inward premium	1,207,701,100	6,910,355	-	-	59,597,730	1,274,209,185
Administrative surcharge	105,517	45,000	8,826	110,000	423,457	692,800
	1,253,981,775	39,718,137	597,865	52,549,932	159,828,515	1,506,676,224
Insurance premium earned	984,128,393	37,818,181	581,191	50,727,355	141,384,609	1,214,639,729
Insurance premium ceded to reinsurers	(581,069,952)	(30,637,980)	(437,107)	(38,400,802)	(95,453,106)	(745,998,947)
Net insurance premium	403,058,441	7,180,201	144,084	12,326,553	45,931,503	468,640,782
Commission income	24,572,969	2,620,818	102,191	18,276,432	12,003,516	57,575,926
Net underwriting income	427,631,410	9,801,019	246,275	30,602,985	57,935,019	526,216,708
Insurance claims	564,111,545	22,434,272	105,188	27,777,700	4,516,400	618,945,105
Insurance claims recovered from reinsurers	457,019,926	30,548,423	-	18,822,258	2,534,309	508,924,916
Net claims	107,091,619	(8,114,151)	105,188	8,955,442	1,982,091	110,020,189
Commission expense	15,961,754	201,534	13,946	27,150,058	6,924,247	50,251,539
Management expenses	158,101,891	5,007,659	75,379	6,625,490	20,151,162	189,961,581
Net insurance claims and expenses	281,155,264	(2,904,958)	194,513	42,730,990	29,057,500	350,233,309
Underwriting result	146,476,146	12,705,977	51,762	(12,128,005)	28,877,519	175,983,399
Net investment income						135,905,270
Other income						3,477,966
Other expenses						(19,133,592)
Profit before tax						**296,233,043**

Particulars	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Liability	Total
	As at December 31, 2022					
	(Rupees)					
Segment assets	1,380,003,245	76,358,662	398,471	25,998,484	64,630,968	1,547,389,830
Unallocated assets	-	-	-	-	-	1,712,413,730
Total assets	1,380,003,245	76,358,662	398,471	25,998,484	64,630,968	3,259,803,560
Segment liabilities	1,745,479,279	81,150,390	846,589	53,595,559	151,177,133	2,032,248,950
Unallocated liabilities	-	-	-	-	-	122,201,296
Total liabilities	1,745,479,279	81,150,390	846,589	53,595,559	151,177,133	2,154,450,246
Net assets						**1,105,353,314**
Depreciation	10,222,325	323,778	4,874	428,381	1,302,905	12,282,263
Unallocated capital expenditure	-	-	-	-	-	13,075,932

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Particulars	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Liability	Total
	For the year ended December 31, 2021					
	(Rupees)					
Premium receivable (inclusive of Sindh sales tax, federal insurance fee and administrative surcharge)	389,091,342	2,629,780	35,385	3,183,398	6,004,279	400,944,184
Less: Sindh sales tax	(473,321)	(317,060)	(4,035)	-	(20,420)	(814,836)
Federal insurance fee	(15,298)	(24,406)	(310)	(198,485)	(5,359)	(243,858)
Premium receivable (net of Federal excise duty, Sindh sales tax and federal insurance fee)	388,602,723	2,288,314	31,040	2,984,913	5,978,500	399,885,490
Unearned premium reserve - opening	334,335,282	6,882,759	-	5,243,978	34,943,746	381,405,765
Less: Unearned premium reserve - closing	(363,561,407)	(7,746,509)	(381,797)	(7,367,815)	(51,878,771)	(430,936,299)
Net (increase) / decrease in unearned premium reserve	(29,226,125)	(863,750)	(381,797)	(2,123,837)	(16,935,025)	(49,530,534)
Gross written premium (inclusive of Administrative Surcharge)						
Gross direct premium	2,702,251	34,112,335	865,325	42,278,445	88,763,968	168,722,324
Facultative inward premium	721,726,490	5,169,556	-	-	31,594,460	758,490,506
Administrative surcharge	105,000	46,723	11,300	85,000	389,441	637,464
	724,533,741	39,328,614	876,625	42,363,445	120,747,869	927,850,294
Insurance premium earned	695,307,616	38,464,864	494,828	40,239,608	103,812,844	878,319,760
Insurance premium ceded to reinsurers	(432,303,501)	(29,002,422)	(482,174)	(30,393,510)	(64,879,557)	(557,061,164)
Net insurance premium	263,004,115	9,462,442	12,654	9,846,098	38,933,287	321,258,596
Commission income	19,911,473	2,641,530	72,700	13,966,438	10,770,311	47,362,452
Net underwriting income	282,915,588	12,103,972	85,354	23,812,536	49,703,598	368,621,048
Insurance claims	17,815,782	36,943,006	(160,901)	9,450,606	297,395	64,345,888
Insurance claims recovered from reinsurers	(2,257,303)	37,990,691	-	7,107,438	167,688	43,008,514
Net claims	20,073,085	(1,047,685)	(160,901)	2,343,168	129,707	21,337,374
Commission expense	9,034,148	1,056,113	-	14,130,086	4,421,504	28,641,851
Management expenses	123,829,072	6,721,600	149,823	7,240,279	20,636,853	158,577,627
Net insurance claims and expenses	152,936,305	6,730,028	(11,078)	23,713,533	25,188,064	208,556,852
Underwriting result	129,979,283	5,373,944	96,432	99,003	24,515,534	160,064,196
Net investment income						52,661,259
Other income						1,196,515
Other expenses						(9,065,064)
Profit before tax						**204,856,906**

Particulars	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Liability	Total
	As at December 31, 2021					
	(Rupees)					
Segment assets	525,167,180	32,353,276	392,536	15,455,362	43,274,386	616,642,740
Unallocated assets	-	-	-	-	-	1,101,164,638
Total assets	525,167,180	32,353,276	392,536	15,455,362	43,274,386	1,717,807,378
Segment liabilities	585,811,759	47,442,717	591,141	20,745,207	84,745,446	739,336,270
Unallocated liabilities	-	-	-	-	-	69,332,993
Total liabilities	585,811,759	47,442,717	591,141	20,745,207	84,745,446	808,669,263
Net assets						**909,138,115**
Depreciation	8,420,986	457,102	10,189	492,375	1,403,407	10,784,059
Unallocated capital expenditure	-	-	-	-	-	19,872,774

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31 MOVEMENT IN INVESTMENTS

	Held to maturity	Available- for-sale	At fair value through profit or loss	Total
	---------- (Rupees) ----------			
As at January 1, 2021	52,512,910	-	-	52,512,910
Additions	-	-	-	-
Disposals (sales and redemptions)	-	-	-	-
Fair value net gains (excluding net realised gains)	-	-	-	-
Interest income	-	-	-	-
Impairment losses				
Effect of unwinding of discount	1,392,584	-	-	1,392,584
As at December 31, 2021	53,905,494	-	-	53,905,494
Additions	196,039,166	-	-	196,039,166
Disposals (sales and redemptions)	(55,000,000)	-	-	(55,000,000)
Fair value net gains (excluding net realised gains)	-	-	-	-
Interest income	-	-	-	-
Impairment losses	-	-	-	-
Effect of unwinding of discount	6,742,160	-	-	6,742,160
As at December 31, 2022	201,686,820	-	-	201,686,820

32 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

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

32.1 Market risk

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

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

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

32.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's principal transactions are carried out in Pakistani rupees and its exposure to currency risk arises primarily with respect to the US Dollar. The details of balances denominated in foreign currencies as at the end of the reporting period are as follows:

	2022 USD	2021 USD
Due from insurance contract holders	-	-
Due from other insurers / reinsurers	-	3,274
Net foreign currency exposure	-	3,274

As at December 31, 2022, if the Pakistani Rupee had weakened / strengthened by 1% against the US Dollar with all other variables held constant, profit before taxation for the year would have been higher / lower by Nil (2021: Rs 0.006 million).

32.1.2 Maturity profile / yield interest rate risk

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

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

	2022							
	Effective yield / mark-up rate (% per annum)	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
		(Rupees)						
Financial assets								
Investments								
- Debt securities	7.00% - 7.50%	57,774,432	143,912,388	201,686,820	-	-	-	201,686,820
- Term deposits	13.10% - 14.70%	1,265,000,000	-	1,265,000,000	-	-	-	1,265,000,000
Loans and other receivables		-	-	-	18,320,433	-	18,320,433	18,320,433
Insurance / reinsurance receivables		-	-	-	770,725,812	-	770,725,812	770,725,812
Reinsurance recoveries against outstanding claims		-	-	-	607,676,157	-	607,676,157	607,676,157
Cash and bank		-	-	-	55,853,455	-	55,853,455	55,853,455
		1,322,774,432	143,912,388	1,466,686,820	1,452,575,857	-	1,452,575,857	2,919,262,677
Financial liabilities								
Outstanding claims including IBNR		-	-	-	772,568,368	-	772,568,368	772,568,368
Insurance / reinsurance payables		-	-	-	509,624,173	-	509,624,173	509,624,173
Other creditors and accruals		-	-	-	69,383,802	-	69,383,802	69,383,802
		-	-	-	1,351,576,343	-	1,351,576,343	1,351,576,343
On-balance sheet gap (a)		1,322,774,432	143,912,388	1,466,686,820	100,999,514	-	100,999,514	1,567,686,334
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		1,322,774,432	143,912,388	1,466,686,820				
Cumulative interest rate sensitivity gap		1,322,774,432	1,466,686,820					

	2021							
	Effective yield / mark-up rate (% per annum)	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
		(Rupees)						
Financial assets								
Investments								
- Debt securities	9.00%	53,905,494	-	53,905,494	-	-	-	53,905,494
- Term deposits	6.2%-9.4%	795,000,000	-	795,000,000	-	-	-	795,000,000
Loans and other receivables		-	-	-	15,848,445	-	15,848,445	15,848,445
Insurance / reinsurance receivables		-	-	-	400,944,184	-	400,944,184	400,944,184
Reinsurance recoveries against outstanding claims		-	-	-	126,438,158	-	126,438,158	126,438,158
Cash and bank		-	-	-	54,488,099	-	54,488,099	54,488,099
		848,905,494	-	848,905,494	597,718,886	-	597,718,886	1,446,624,380
Financial liabilities								
Outstanding claims including IBNR		-	-	-	206,965,530	-	206,965,530	206,965,530
Insurance / reinsurance payables		-	-	-	85,764,111	-	85,764,111	85,764,111
Other creditors and accruals		-	-	-	46,102,108	-	46,102,108	46,102,108
		-	-	-	338,831,749	-	338,831,749	338,831,749
On-balance sheet gap (a)		848,905,494	-	848,905,494	258,887,137	-	258,887,137	1,107,792,631
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		848,905,494	-	848,905,494				
Cumulative interest rate sensitivity gap		848,905,494	848,905,494					

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Sensitivity analysis

(a) Sensitivity analysis for variable rate instruments

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

(b) Sensitivity analysis for fixed rate instruments

The Company holds Term Deposit Receipts (TDRs) and Pakistan Investment Bonds (PIBs) which are classified as cash and cash equivalents and investments respectively. These carry fixed interest rates and therefore any change in the interest rates will not affect the total assets of the Company and profit after taxation for the year ended December 31, 2022.

32.1.3 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. As at December 31, 2022 and 2021, the Company did not have any financial instrument which exposed it to price risk.

32.2 Credit risk

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

32.2.1 Concentration of credit risk exposure

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

Credit risk arises from bank deposits in current and other accounts, insurance and reinsurance receivables, reinsurance recoveries against outstanding claims, loans and other receivables. The total financial assets of Rs 2,885.477 million (2021: Rs 1,446.624 million) except Rs 203.848 million (2021: Rs 55.114 million) are subject to credit risk.

Out of the total financial assets, bank balances of Rs 53.692 million (2021: Rs. 53.279 million) and fixed term deposits of Rs 1,265 million (2021: Rs 795 million) have been placed with banks having credit rating of A and above as at December 31, 2022 and December 31, 2021.

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

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

Name of bank	Rating agency	2022 Rating		2021 Rating	
		Short-term	Long-term	Short-term	Long-term
Current accounts and term deposits					
Citibank N.A. - Pakistan branches	Moody's	P-1	AA3	P-1	AA3
MCB Bank Limited	PACRA	A1+	AAA	A1+	AAA
Habib Bank Limited	VIS	A-1+	AAA	A-1+	AAA
Standard Chartered Bank (Pakistan) Ltd.	PACRA	A-1+	AAA	A-1+	AAA
Mobilink Microfinance Bank Limited	PACRA	A-1	A	A-1	A

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

	2022	2021
	------------(Rupees)------------	
Upto 30 days	7,330,889	305,677
31 to 180 days	-	-
Over 180 days	-	-
	7,330,889	305,677

32.2.1.2 Out of the total amounts due from insurance contract holders as at December 31, 2022 of Rs 12.401 million (2021: Rs. 3.520 million), Rs 5.070 million (2021: Rs 3.214 million) relate to policies which were effective in the current year but premium on account of these policies is not yet due in the current year due to agreed contractual terms.

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

	2022	2021
	------------(Rupees)------------	
Financial sector	11,315,666	3,183,397
Miscellaneous	1,085,011	336,125
	12,400,677	3,519,522

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

	2022			
	Insurance / reinsurance receivables		Reinsurance recoveries against outstanding claims	Aggregate
	Due from insurance contract holders	Amount due from other insurers / reinsurers		
	(Rupees)			
A or above	12,220,545	758,325,135	607,676,157	1,378,221,837
Others	-	-	-	-
Unrated	180,132	-	-	180,132
Total	12,400,677	758,325,135	607,676,157	1,378,401,969

	2021			
	Insurance / reinsurance receivables		Reinsurance recoveries against outstanding claims	Aggregate
	Due from insurance contract holders	Amount due from other insurers / reinsurers		
	(Rupees)			
A or above	1,606,639	397,424,662	126,438,158	525,469,459
Others	-	-	-	-
Unrated	1,912,883	-	-	1,912,883
Total	3,519,522	397,424,662	126,438,158	527,382,342

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

32.3 Liquidity risk

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

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

	2022			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	(Rupees)			
Outstanding claims including IBNR	772,568,368	772,568,368	772,568,368	-
Insurance / reinsurance payables	509,624,173	509,624,173	509,624,173	-
Other creditors and accruals	69,383,802	69,383,802	69,383,802	-
	1,351,576,343	1,351,576,343	1,351,576,343	-

	2021			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	(Rupees)			
Outstanding claims including IBNR	206,965,530	206,965,530	206,965,530	-
Insurance / reinsurance payables	85,764,111	85,764,111	85,764,111	-
Other creditors and accruals	46,102,108	46,102,108	46,102,108	-
	338,831,749	338,831,749	338,831,749	-

33 FINANCIAL INSTRUMENTS BY CATEGORY

	As at December 31, 2022		
	Loans and receivables	Held-to-maturity	Total
Financial assets	(Rupees)		
Investments			
- Debt securities	-	201,686,820	201,686,820
- Term deposits	1,265,000,000	-	1,265,000,000
Loans and other receivables	18,320,433	-	18,320,433
Insurance / reinsurance receivables	770,725,812	-	770,725,812
Reinsurance recoveries against outstanding claims	607,676,157	-	607,676,157
Cash and bank	55,853,455	-	55,853,455
	2,717,575,857	201,686,820	2,919,262,677

	As at December 31, 2022		
	At fair value through profit or loss	At amortised cost	Total
	(Rupees)		
Financial liabilities			
Outstanding claims including IBNR	-	772,568,368	772,568,368
Insurance / reinsurance payables	-	509,624,173	509,624,173
Other creditors and accruals	-	69,383,802	69,383,802
	-	1,351,576,343	1,351,576,343

	As at December 31, 2021		
	Loans and receivables	Held-to-maturity	Total
Financial assets	(Rupees)		
Investments			
- Debt securities	-	53,905,494	53,905,494
- Term deposits	795,000,000	-	795,000,000
Loans and other receivables	15,848,445	-	15,848,445
Insurance / reinsurance receivables	400,944,184	-	400,944,184
Reinsurance recoveries against outstanding claims	126,438,158	-	126,438,158
Cash and bank	54,488,099	-	54,488,099
	1,392,718,886	53,905,494	1,446,624,380

	As at December 31, 2021		
	At fair value through profit or loss	At amortised cost	Total
	------------------------ (Rupees) ------------------------		
Financial liabilities			
Outstanding claims including IBNR	-	206,965,530	206,965,530
Insurance / reinsurance payables	-	85,764,111	85,764,111
Other creditors and accruals	-	46,102,108	46,102,108
	-	338,831,749	338,831,749

34 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

34.1 Insurance risk

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

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

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

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

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

	2022		
	Maximum gross exposure	Reinsurance cover	Highest net liability
	----------------------Rupees in million----------------------		
Earthquake	306,117	306,113	4
Flood / windstorm	203,803	203,799	4

	2021		
	Maximum gross exposure	Reinsurance cover	Highest net liability
	----------------------Rupees in million----------------------		
Earthquake	101,790	101,786	4
Flood / windstorm	72,479	72,475	4

34.2 Geographical concentration of insurance risk

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

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

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

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

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

34.3 Frequency and severity of claims

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

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

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

34.4 Sources of uncertainty in the estimation of future claim payments

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

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

34.5 Process used to decide on assumptions and changes therein

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

34.6 **Sensitivity analysis**

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

	Pre-tax profit		Shareholders' equity	
	2022	2021	2022	2021
	(Rupees)			
10% increase in net claims (i.e. loss)				
Fire and property damage	(10,709,162)	(2,007,309)	(7,175,139)	(1,425,189)
Marine, aviation and transport	811,415	104,768	543,648	74,385
Motor	(10,519)	16,090	(7,048)	11,424
Accident and health	(895,544)	(234,317)	(600,015)	(166,365)
Liability	(198,208)	(12,971)	(132,799)	(9,209)
	(11,002,018)	(2,133,739)	(7,371,353)	(1,514,954)
10% decrease in net claims (i.e. loss)				
Fire and property damage	10,709,162	2,007,309	7,175,139	1,425,189
Marine, aviation and transport	(811,415)	(104,768)	(543,648)	(74,385)
Motor	10,519	(16,090)	7,048	(11,424)
Accident and health	895,544	234,317	600,015	166,365
Liability	198,208	12,971	132,799	9,209
	11,002,018	2,133,739	7,371,353	1,514,954

34.7 **Reinsurance arrangements**

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

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

35 CAPITAL RISK MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are:

- to comply with the minimum paid-up capital requirements as prescribed by the Securities and Exchange Commission of Pakistan (SECP);

- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for the other stakeholders;

- to provide an adequate return to shareholders by pricing insurance contracts commensurate with the level of risk; and

- to maintain a strong capital base to support the sustained development of its business.

The current requirement for regulatory capital is Rs 500 million as at December 31, 2022. The Company complies with this requirement.

36 FAIR VALUE MEASUREMENT

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

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

Fair value hierarchy

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

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and

- inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

As detailed in note 33, the Company does not have any assets or liabilities carried at fair values as at December 31, 2022 and 2021. However, the Company has disclosed the fair value of its investments in Pakistan Investment Bonds (PIBs) in note 2.5.1.1 to the financial statements. At the reporting date, the fair value hierarchy of these PIBs are as follows:

	As at December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets	(Rupees)			
Pakistan Investment Bonds	-	191,943,435	-	191,943,435

	As at December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets	(Rupees)			
Pakistan Investment Bonds	-	54,123,908	-	54,123,908

37 DEFINED CONTRIBUTION PLAN - PROVIDENT FUND

The Company has set up a provident fund for its permanent employees wherein contributions are made by the Company in accordance with the requirements of Section 218 of the Companies Act, 2017. The total charge against provident fund for the year ended December 31, 2022 is Rs 6.399 million (2021: Rs 5.654 million).

The following information is based on the un-audited financial statements of the Fund for the year ended December 31, 2022 and 2021:

	2022	2021
	(Rupees)	
Size of the fund - net assets	84,197,838	65,003,182
Fair value / cost of investments made	82,844,673	63,602,407
	Percentage	
Investments made as a percentage of total assets	99.16%	97.04%

The break-up of investments made is given below:

Particulars of investments	2022		2021	
	Amount	Amount as a percentage of total investments	Amount	Amount as a percentage of total investments
	Rupees	%	Rupees	%
Khas deposit certificates	23,000	0.03%	23,000	0.04%
Term deposits	82,500,000	99.58%	63,000,000	99.05%
Bank deposits	321,673	0.39%	579,407	0.91%
	82,844,673	100.00%	63,602,407	100%

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

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		2022	2021
38	**STAFF STRENGTH**	**(Number of employees)**	
	Number of employees as at December 31	16	15
	Average number of employees during the year	15	15

39 CORRESPONDING FIGURES

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

40 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 29 MAR 2023 by the Board of Directors of the Company.

41 GENERAL

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

Chairman	Chief Executive	Director	Director