



# EXPECT MORE

We promise to deliver.

ANNUAL REPORT  
**2011**









# EXPECT

It is human nature for one to dream beyond barriers, beyond boundaries and limitations. But then again, it is that very nature that forces one to limit their expectations as well.

IGI gives you the confidence and assurance to expect more through our growth trends, innovation, and world class service quality.

Our philosophy to combine professionalism and customer focus in business has given IGI definite accomplishments throughout the years. We bring together an outstanding concentration of specialist expertise and talent, backed by excellent financial ratings which cover all your insurance needs.

Our commitment with what we do, makes us credible.

This year we promise to deliver more so expect more.



# HIGHLIGHTS

2011 has been another promising year...



Gross Written Premiums  
**Rs. 1,747 m**

**35%**  
growth

Net Written Premiums  
**Rs. 887 m**

**18%**  
growth

Underwriting Profitability Ratio

**12%**

Cash Dividend

**50%**

Bonus Shares

**15%**







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## OUR VISION

IGI Insurance is committed to being one of the leading providers of solutions to risk exposures in selected market segments in Pakistan.

## OUR MISSION

Our vision will be realized through:

### CUSTOMERS

Being the preferred insurer in providing solutions to risk exposure.

### SHAREHOLDERS

Consistently delivering above market average return on capital.

### EMPLOYEES

Providing the environment necessary to be the employer of choice.

### COMMUNITY

Compliance with the highest ethical and moral standards.







## QUALITY POLICY

IGI Insurance believes in providing high quality solutions to risk exposures to the satisfaction of its customers through:

Developing & maintaining a total quality culture,

Developing capabilities of the employees,

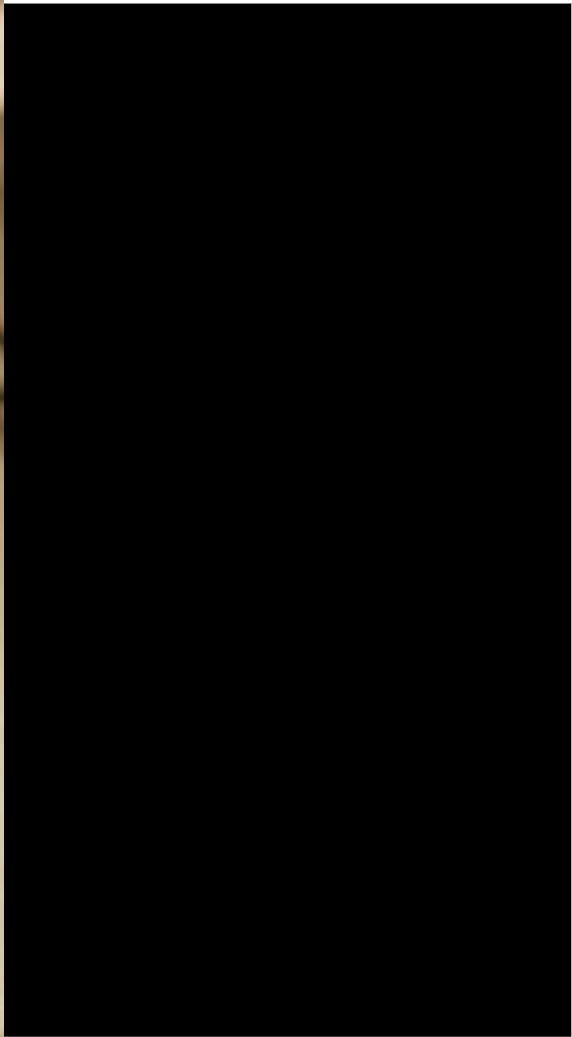
Continuous improvement and teamwork,

Updating business knowledge and techniques,

Efficient utilization of resources and manpower and

Introducing high standards of professionalism





## **STRATEGIC OBJECTIVE**

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



# CORE VALUES

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



PROFESSION-  
ALISM



## INTEGRITY

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

## COMMITMENT TO GROWTH

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

## COMMITMENT TO EXCELLENCE

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





# CODE OF CONDUCT

The “Values” and “Principles” that organization has developed over years are adhered to by all employees within the organization. Following are some salient features of the code of conduct:

The company's operations and activities will be carried out in compliance with the law, regulations, statutory provisions and ethical integrity. All IGI employees are committed to fulfill their duties with utmost sincerity and fairness.

In conducting its business IGI is inspired by and acts in accordance with the principles of loyalty, fairness, transparency and efficiency.

All employees of IGI avoid conflict of interest while conducting IGI's business and ensure that their judgment is not influenced whenever there is a prospect of direct or indirect personal gain.

The employees of IGI should not take advantage of the Company's information or property for personal gains. Any member of IGI shall not disclose or reveal any information which is confidential in nature or any such information which may benefit the employee directly or indirectly.

The members of IGI are forbidden to pass on inside information at any time to any other person, inside or outside the company. Inside information refers to information about IGI, its business, or any other companies doing business that is generally not known to the public, but if known would affect the price of a company's shares or influence a person's investment decision.

The employee shall not use company resources for

the benefit of political parties or any association directly or indirectly connected to a political party.

It is the responsibility of all IGI members while dealing with government agencies, external agencies, suppliers, consultants and individuals to exercise good judgment so as to act in a manner that will not damage the integrity and reputation of the organization.

Every employee of IGI has the right to work in an environment that is free from harassment, whether it is based on a person's race, color, ethnic or national origin, age, gender or religion.

IGI is an equal opportunity employer. All phases of the employment relationship including recruitment, promotion, compensation, benefits, transfers, layoffs and leaves are carried out by all managers without regard to race, color, ethnic or national origin, age, gender or religion.

All employees are responsible for the security of, authorized access to, and proper use of IGI physical and intangible assets and any third party assets in custody with an employee.





# BOARD OF DIRECTORS



**Syed Babar Ali** Director since: 1954

**Chairman / Director / Trustee:**

IGI Investment Bank Limited, Sanofi Aventis Pakistan Limited, Siemens Pakistan Engineering Company Limited, Tri-Pack Films Limited, Nestle Pakistan Limited, Coca Cola Beverages Pakistan Limited, Tetra Pak Pakistan Limited, Bayer CropScience Pakistan (Pvt) Limited, Acumen Fund, Ali Institute of Education, Babar Ali Foundation, Gumani Foundation, Industrial Technical & Educational Institute, National Management Foundation, Syed Maratib Ali Religious of Charitable Trust Society

**Pro Chancellor**

Lahore University of Management Sciences (LUMS)



**Shamim Ahmad Khan** Director since: 2000

**Other Engagements - Chairman / Director / Trustee:**

Packages Ltd., Abbott Laboratories Pakistan Ltd., Pakistan Centre for Philanthropy: Chairman of Certification Panel, Center for International Private Enterprise(CIPE) : Member of Advisory Committee



**Syed Yawar Ali** Director since: 1999

**Other Engagements - Chairman / Director / Trustee:**

Chairman, Nestle Pakistan Limited, Chairman, Pakistan Dairy Association, Chairman, Wazir Ali Industries Ltd., Chairman, HY Enterprises (Pvt) Ltd Company, Chairman, Dairy & Rural Development Foundation (NGO), Vice President, India - Pakistan Chamber of Commerce & Industries, Director, National Fertilizer Corporation of Pakistan Pvt. Ltd. Director, Alpha Insurance Company Limited, Director, Safe mix Concrete Products Ltd., President, Executive Alumni Association of Lahore University of Management Sciences, Honorary Consul for Canada in Lahore



**Syed Kamal Ali** Director since: 1979



**Syed Shahid Ali** Director since: 1980

**Other Engagements - Chairman / Director / Trustee:**

Packages Limited, Treet Corporation Limited, Treet Power Limited, Ali Automobiles Limited, Loads Limited, Global Econo Trade (Pvt.) Limited, Specialized Motorcycle (Pvt) Limited, Specialized Autoparts Industries (Pvt) Limited, Multiple Autoparts Industries (Pvt) Limited, Treet Assets (Pvt) Ltd., First Trust Manufacturing Modraba



**Syed Hyder Ali** Director since: 1989

**Other Engagements - Chairman / Director / Trustee:**

Bulleh Shah Paper Mill (Pvt) Limited, Nestle Pakistan Limited, Packages Limited, Packages Lanka (Pvt) Limited, Sanofi-Aventis Pakistan Limited, Tetra Pak Pakistan Limited, Tri-Pack Films Limited, International Steel Limited, Babar Ali Foundation, National Management Foundation, Pakistan Business Council, Pakistan Centre for Philanthropy, Syed Maratib Ali Religious & Charitable Trust Society

**Member**

Ali Institute of Education, International Chamber of Commerce Pakistan, Lahore University of Management Sciences (LUMS)



**Waqar Ahmed Malik** Director since: 2008

**Other Engagements - Chairman / Director / Trustee:**

Chief Executive of ICI Pakistan Ltd., ICI Pakistan PowerGen Ltd., Central Board of the State Bank of Pakistan, Boards of Engro Polymer & Chemicals Ltd., Akzo Nobel Pakistan Ltd.



**Jalees Ahmed Siddiqi** Chief Executive since: 2009

**Other Engagements - Chairman / Director / Trustee:**

IGI Investment Bank, Loads Ltd., Treet Corporation, Global Econo Trade (Pvt) Ltd., Selection Board of Institute of Business Administration, Specialized Motorcycle (Pvt) Ltd., Specialized Autoparts Industries (Pvt) Ltd., Multiple Autoparts Industries (Pvt) Ltd., Pakistan Security Printing Corporation

**Member**

Executive Committee - The Insurance Association of Pakistan



#### **BOARD OF DIRECTORS**

Syed Babar Ali (Chairman)  
Shamim Ahmad Khan  
Syed Kamal Ali  
Syed Yawar Ali  
Syed Shahid Ali  
Syed Hyder Ali  
Waqar Ahmed Malik  
Jalees Ahmed Siddiqi

#### **CHIEF EXECUTIVE OFFICER**

Jalees Ahmed Siddiqi

#### **CHIEF FINANCIAL OFFICER**

Muhammad Ali

#### **COMPANY SECRETARY**

Haider Raza

#### **AUDIT COMMITTEE**

Shamim Ahmad Khan (Chairman)  
Syed Yawar Ali  
Syed Hyder Ali  
Haider Raza (Secretary)

#### **INVESTMENT COMMITTEE**

Syed Hyder Ali (Chairman)  
Shamim Ahmad Khan  
Syed Kamal Ali  
Syed Yawar Ali  
Jalees Ahmed Siddiqi  
Muhammad Ali (Secretary)

#### **CLAIMS COMMITTEE**

Shamim Ahmad Khan (Chairman)  
Jalees Ahmed Siddiqi  
Shahbaz Haider Agha  
Muhammad Ali  
Mir Mehmood Ali (Secretary)





# COMPANY INFORMATION

## **UNDERWRITING COMMITTEE**

Syed Hyder Ali (Chairman)  
Jalees Ahmed Siddiqi  
Shahbaz Haider Agha  
Haider Ali  
Syed Matin Ahmed (Secretary)

## **RE-INSURANCE & CO-INSURANCE COMMITTEE**

Syed Hyder Ali (Chairman)  
Jalees Ahmed Siddiqi  
Faisal Khan (Secretary)

## **HUMAN RESOURCES & COMPENSATION COMMITTEE**

Syed Yawar Ali (Chairman)  
Syed Shahid Ali  
Syed Hyder Ali  
Waqar Ahmed Malik  
Jalees Ahmed Siddiqi  
Fauzia Ahmad (Secretary)

## **STRATEGY COMMITTEE**

Syed Babar Ali (Chairman)  
Shamim Ahmad Khan  
Syed Yawar Ali  
Syed Hyder Ali  
Waqar Ahmed Malik  
Jalees Ahmed Siddiqi (Secretary)

## **BANKERS**

Allied Bank Limited  
Habib Bank Limited  
JS Bank Limited  
KASB Bank Limited  
MCB Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Faysal Bank Limited

## **AUDITORS**

KPMG Taseer Hadi & Co.  
Chartered Accountants

## **INTERNAL AUDITORS**

A.F. Ferguson & Co.  
Chartered Accountants

## **LEGAL ADVISORS**

Ramday Law Associates  
Hassan & Hassan  
Lari & Company  
J.H. Rahimtoola and Company Advocates

## **SHARE REGISTRAR**

FAMCO Associates (Private) Limited  
State Life Building No.1A,  
1st Floor, I.I. Chundrigar Road,  
Karachi - 74000

## **REGISTERED & HEAD OFFICE**

7th Floor, The Forum,  
Suite Nos.701-713, G-20, Block 9,  
Khayaban-e-Jami, Clifton,  
Karachi-75600, Pakistan  
Web Presence: [www.igiinsurance.com.pk](http://www.igiinsurance.com.pk)

## **CONTACT**

UAN: 111-308-308  
Toll Free No. 0800-2-3434  
Fax: 92-21-35301772



# COMPANY PROFILE

IGI Insurance Limited is one of the leading Property & Casualty insurance companies in Pakistan. Created in 1953 by the Packages Group – considered to be amongst the premier business houses of the country – IGI Insurance has since established itself as the flagship organization of the Group. This status has been achieved on the basis of its well-organized operations as well as its high ethical and moral practices.

The Company is also an integral part of the corporate umbrella that is IGI Financial Services. The rest of the Group is made up by IGI Investment Bank, of which IGI Insurance is a major stockholder, and its wholly-owned subsidiaries: IGI Finex Securities Limited and IGI Funds Limited. Consequently, the Company is well placed to leverage the synergies of a financial conglomerate when offering services to its clients.

The services IGI Insurance provides cover underwriting of a varying portfolio of classes, namely:

- Fire    ▪ Marine    ▪ Motor    ▪ Miscellaneous
- Health    ▪ Home    ▪ Travel    ▪ Engineering

These business lines are just some of the many comprehensive risk management facilities that the Company offers to its customers; a number of distinguished multinational and local companies within the Country. This wide product portfolio is the result of IGI's innovative and customer-focused approach to business.

In 2004, IGI Insurance Limited augmented its

growth strategy by acquiring the Pakistani operations of the UK-based RSA Insurance Group Public Limited Company – formerly known as Royal and Sun Alliance PLC. This move saw the Company leapfrog to become one of the top 5 non-life insurance companies in Pakistan at that time. In addition, on the basis of their excellent experience with IGI, RSA has augmented this relationship, making IGI Insurance as their global network partner.

Since the acquisition, IGI Insurance has established itself as being amongst the most dynamic companies in the local general insurance sector. Accordingly, the Company has further hedged risks by establishing partnerships with leading global reinsurers. By doing so IGI makes certain that its stakeholders can rest assured in the knowledge that their company, and thus they themselves, will remain secure in the foreseeable future. Consequently, it is no surprise that the Company has consistently maintained its IFS (Insurer Financial Strength) rating of “AA” for 12 consecutive years.



## OUR BELIEF

"Delight the customer!"

This is the prevalent philosophy practiced at IGI Insurance. You are our customer and we believe in maintaining the highest standards of integrity in our relationship with you; whether you are our client, intermediary, employee, shareholder, or business partner. We are in the business of your insurance, and in turn, your progress is our insurance. The best barometer of our dedication to you is our claims settlement procedure. With over 55 years of sound experience IGI Insurance provides customized solutions and timely settlement of claims for your peace of mind. Thus, it is our guarantee that any legitimate claim you have will be settled within 5 working days of receiving the complete set of relevant documents. As evidenced by our investment in a new web-based core application, geared towards speeding up the entire process of claims, you can rest assured that we are taking every measure to ensure that your growth remains untethered.

## OUR PRESENCE

IGI brings with it a nationwide network of branches established in Karachi, Lahore, Islamabad, Faisalabad, Multan, Sialkot, and Gujranwala. This network is manned by customer-friendly staff dedicated to cater to your needs. The Company boasts an easily accessible contact center to facilitate you in every aspect related to our business. With strong technical expertise in the field of non-life insurance, IGI Insurance offers unparalleled advice and personalized services in all spheres of this field.

## HIGHLIGHTS 2011

### "AA" (DOUBLE A) RATING

With an Asset base of over PKR 13 Billion, IGI Insurance has time and again risen to the challenge of delivering more and allowing its stakeholders to expect more of it. As a testament to this promise, the Company has been rated the Insurer Financial Strength (IFS) rating of "AA" (Double A) by the Pakistan Credit Rating Agency (PACRA) for the twelfth consecutive year.

This ranking reflects the Company's very strong risk absorption capacity emanating from a robust financial profile and stable underwriting performance. In addition, the ranking denotes IGI's ability to meet policyholder and contract obligations. Meanwhile, a sizeable investment portfolio continues to fortify the company's financial strength and profitability.

### WEB-BASED CORE APPLICATION

During 2011, a web-based core application was deployed within the Company. The application is highly integrated, scalable, portable, manageable with reduced administration efforts, and has increased security features. Various functionalities and reporting features further improve user productivity and efficiency. These features also improve current and as-at reporting with improved on-time decision-making capability.

### CUSTOMER SERVICE

The new web-based core application was further supplemented by the introduction of a web-based 'Surveyor Portal'. This portal was integrated with the application, as well as with the existing 'Content and Workflow Management Systems'. As a result of this integration the Company has been brought further along in its goal of better client servicing

and automation, through faster, more improved claims settlement. To enhance client relationship even more an initiative has been taken to launch SMS services as well in 2012.

### **HEALTH AWARENESS**

Health awareness sessions entitled 'Sense of Wellbeing' were conducted by IGI's medical practitioner. This session was aimed to raise awareness among employees about their own health as well as changes needed in individual lifestyles to promote wellness and vitality. The in-house awareness sessions are planned to induce employees to take better care of their health so that they can perform better in their professional as well as personal life.

### **'CERTIFICATE OF MERIT'**

IGI Insurance Limited was conferred the 'Certificate of Merit' for the Best Presented Accounts Award 2010 in the category of 'Insurance Sector' by the South Asian Federation of Accountants (SAFA). Awards under different categories were ascertained on the basis of evaluation by SAFA Committee for 'Improvement in Transparency', 'Accountability' and 'Governance' of the published annual reports of entries from South Asian Countries.

The 'Certificate of Merit' is an acknowledgement of the excellence and good governance of IGI Insurance at the regional level. While it is a moment of pride for us, what raises our spirits even higher is that we continue to humbly strive for maximizing the value for every stakeholder of IGI.

### **BEST CORPORATE REPORT AWARD**

IGI Insurance Limited was awarded the fourth position in the Best Corporate Report (BCR) Award 2010 in the 'Non Banking Financial Institutions' Category, declared by Joint Committee of the Institute of Chartered Accountants of Pakistan

(ICAP) and Institute of Cost & Management Accountants of Pakistan (ICMAP).

This is the third consecutive year that IGI Insurance has been awarded this recognition. The award recognizes the best annual reports of companies in terms of accuracy, corporate accountability, transparency, usefulness and speed of financial and other disclosures made for all stakeholders, along with presentation and ability to convey corporate objectives. The award was adjudicated jointly by the Institute of Cost and Management Accountants of Pakistan (ICMAP) and Institute of Chartered Accountants of Pakistan (ICAP) for the eleventh year to encourage and give recognition to companies for showing excellence in their annual corporate reports.

### **ANNUAL SALES CONFERENCE**

The 58th Annual Sales Conference acted as a platform to highlight achievements, successful ventures, and sales performances for the year, with awards given to employees for their contribution. The management's sales strategy and directives were discussed for year 2011 as well as the Company's vision for the next 3 years.

### **AUTO INCENTIVE SCHEME**

IGI Insurance launched an Auto Incentive Scheme for 3S Auto Dealers across Pakistan during the course of the year. Incentives, ranging from household gifts and electronic items to international tour packages, were offered based on sales during the period.

### **TRAVEL SURE INCENTIVE SCHEME**

The Company launched two Travel Sure Incentive Schemes for travel agents across Pakistan aimed at boosting sales of IGI Insurance during the summer and the winter season.

## BADMINTON TOURNAMENT

IGI won the Lahore Insurance Institute Badminton tournament for the second consecutive year, organized by the Sports and Social Activities Committee (SSAC), amongst the likes of the top companies in the Insurance Industry.

IGI insurance Ltd. won the cup after defeating Reliance Insurance in the Finals which were held at WAPDA Sports Complex, Lahore.

## PRODUCTS AND SERVICES

### FIRE & ALLIED PERILS INSURANCE COVER

This product provides cover against the perils of fire & lightning to property, ranging from small private dwellings to large factory buildings and contents, offices and furniture, fixtures, fittings, etc. Fire insurance cover is often extended to include certain named perils, also known as allied perils, forming the 'Fire and Allied Perils Insurance Cover'. Allied perils include: 'Atmospheric Disturbance', 'Riot, Strike Damage' (RSD), 'Earthquake, Fire & Shock', 'Malicious Damage', 'Explosion Damage', 'Impact Damage' and 'Aircraft Damage'.

Loss of Profit Insurance, also known as 'Business Interruption' (BI) policy, provides protection against loss of anticipated profit and losses in connection with continuing and additional trading expenditure arising through destruction of, or damage to, property caused by fire and other insured perils. The purpose of such insurance is to protect the trading or operational position of the insured; to afford an indemnity in respect of revenue losses as distinct from capital losses.

### MARINE INSURANCE COVER

This covers cargo imported or exported from, or to, various parts of the world against loss of, or damage to, property by the perils of the sea / air. Cargo is normally insured against all maritime and transit risks including war perils.

Inland transit insurance cover provides protection to goods against the hazards and perils of transportation during transit by Rail/Road from, and to, any location in Pakistan. It also covers dispatch of finished goods from the insured factory to anywhere in Pakistan.

This kind of coverage is also provided to transport-related businesses such as Shipping Agents, Freight Forwarders, Terminal Operators, Stevedores, Courier Services, etc.



## MOTOR / AUTO INSURANCE COVER

Auto Cover is a complete auto insurance plan for Individuals and Corporate clients that provides comprehensive coverage against theft, snatching, armed hold up, accidental damage, third party liability, and terrorism. The Cover provides you with the liberty to have your vehicle repaired at the workshop of your choice and to have the cost of repairs settled directly with it.

In addition, you can now enjoy competitive rates with the facility of an extremely helpful call centre. Furthermore, a free anti-theft device is provided to you without any condition attached to it for the renewal time. Claim settlement in case of Snatching / Theft / Total Loss is guaranteed within 5 days of receipt of complete documents.

IGI Insurance took another step forward in an effort to create alliance with complementing companies by joining hands with Pak Suzuki Motors. Together we created a customized product: 'IGI Insurance-PSM Auto Cover', which provides customers a hassle-free, paced-up, and easy solution for vehicles. Some of the features of the program include:

- Highly competitive rates
- Online/instant coverage
- Comprehensive insurance policy
- Fastest claim settlement time
- Nationwide insurance policy acceptance/claim settlement at any Pak Suzuki authorized dealerships
- Standardized repair using Suzuki genuine parts
- Repair at Pak-Suzuki authorized dealer workshops
- Large countrywide dealership network support

## MISCELLANEOUS INSURANCE COVERS

IGI provides a wide range of miscellaneous insurance covers which are most comprehensive in terms of coverage and are offered at a competitive price.

These include 'Public Liability Insurance', 'Product Liability Insurance', 'Employer's Liability Insurance', 'Professional Indemnity Insurance', 'Money Insurance' – Cash in Safe & Cash in Transit, 'Fidelity Guarantee', 'Plate Glass Insurance', 'Burglary', 'Theft & Housebreaking', 'Workman Compensation', and 'Personal Accident Insurance'.

## HEALTH SURE COVER

This product covers expenses incurred during hospitalization due to sickness, emergency, and accidents. The hospitalization includes maternity benefits for married employees / spouses and/or Outpatient Benefits as additional independent optional benefits for better facilitation of the insured. It is a managed care system providing quality healthcare at an affordable cost, comprising of:

- A network of over 100 carefully selected hospitals all over the country
- Qualified staff doctors nationwide
- An expert claims handling team

In addition to the quality of care we also offer the following value added benefits:

- No pre-authorization required for admission
- Pre- and post- hospitalization expenses
- Antenatal coverage available from maternity benefits
- Credit facility at our panel of well-reputed hospitals across Pakistan
- No limit on length of stay in the hospital
- No sub-limits on hospital procedures or surgeries
- Patient's meals covered
- Local ambulance to and between hospitals charges
- Discounts on consultations, dental treatments, diagnostic services and at pharmacies
- Out of network treatment reimbursement

- Discretionary Benefit Option (DBO) to pay for costs normally excluded from the policy
- 24 hours Medical Hotline managed by our staff doctors
- Easy to carry Health Card
- Daycare coverage (less than 24 hrs stay at hospital / clinic) for specialized investigations and procedures on credit basis
- Reimbursement of any emergency treatment sought on any sojourn outside Pakistan equivalent in PKR

## HOME COVER

This plan includes the coverage of Home Property i.e. Building & Contents (furniture, carpets, electronic equipment etc.), Jewellery (at home or at the locker), Home Owner Free Rent, Home Tenants Free Rent and Cash at Home.

This insurance plan covers against the following perils for a maximum of PKR 20 Million:

- Fire, Lightning or Explosion
- Aircraft and other aerial devices dropped therefrom
- Earthquake, Storm, Tempest and Flood
- Bursting or overflowing of water tanks
- Impact by any vehicle
- Riot and Strike
- Malicious Act
- Burglary, Housebreaking, including Robbery
- Impact of Tree Falling

## TRAVEL SURE COVER

IGI Insurance Travel Sure offers the widest coverage with the most affordable premium structure. Our customer service standards are second to none, and you can feel confident that, in the event of an unexpected travel mishap, you are adequately covered.

In addition to the standard 'Travel Sure Plan', which has been upgraded, and the 'Travel Sure – Senior Citizens Plan', which suits travelers aged 65+, IGI has also launched 'Student', 'Far East', and 'No Icing' plans. This helps the Company reach its aim for increasing the variances between products.

With the abovementioned Travel Sure plans you have the freedom of availing medical benefits at foreign facilities through our health care service providers. This is done through an international SOS available on a 24-hour call collect number that will guide and support you in all emergencies. Additionally, we provide a range of free assistance services for our valued clients:

- Medical And Sickness Expense
- Repatriation of Family member
- Emergency return home following death of a close family member
- Loss of checked baggage and passport
- Delay of flight and checked in baggage
- Delivery of medicines
- Emergency sickness dental expense
- Travel and stay of one immediate family member
- Trip cancellation and curtailment

## ENGINEERING INSURANCE COVERS

Engineering insurance embraces steam boilers, lifts, hoists and cranes, electrical plants, steam, and gas & oil engines, for which IGI provides comprehensive coverage commensurate with modern industry practices. IGI also provides engineering insurance covers of 'Contractor's All Risk' (CAR), 'Erection All Risk' (EAR), 'Contractor's Plant & Equipment' (CPE), 'Machinery Insurance', 'Machinery Loss of Profit', 'Comprehensive Project Insurance', and 'Electronic Equipment All Risk Insurance'.

## REINSURANCE ARRANGEMENTS

A clear assessment of underlying risks helps determine whether to accept or transfer risks. When transferring risk, IGI is the ideal carrier because of its financial strength, willingness to pay claims, and ability to provide a capacity commitment with proven reliability. IGI has re-insurance agreements with some of the most prestigious and world-renowned reinsurers holding strong financial strength ratings in their respective businesses. The Company is in turn referenced for its good standing and reputation by both domestic as well as international reinsurers.

Some of the companies with whom IGI has reinsurance arrangements are:

- Swiss Re
- Hannover Re
- Brit Insurance
- Allianz
- Malaysian Re
- Arab Insurance Group (ARIG)
- SCOR Global P&C
- Mitsui Sumitomo Re
- Zurich Global Corporate
- Korean Re
- Pak Re

## RISK MANAGEMENT:

Our commitment to providing the best products and services available is characterized by a comprehensive, client-focused approach that is fully integrated into our business. Accordingly, our property risk management and loss prevention services are designed to help our customers fully understand and address property risks and to select the coverage that best fits their overall risk-management needs. These services compliment the risk-management process, and provide the tools needed to make informed, intelligent risk-management decisions. Risk identification and assessment, risk avoidance and reduction, and risk acceptance and transfer are the basic derivatives of our risk management philosophy. Our dedicated team of professionals – specialists in specific disciplines of engineering – partner with organizations

and businesses within the industry to help understand and address unique and emerging hazards. At the same time, much of our work focuses on understanding the hazards of specific industries and developing ways to protect against them.

We, as an insurer, not only identify risk improvement but also help our clients in business resilience and business continuity strategies. The clear view of risk afforded by the risk engineering team allows our underwriters to select risk and expose capital responsibly. The reduced losses that result from our clients' loss-prevention efforts generate a performance differential we share with our clients in the form of broader coverage, competitive terms and conditions and premium discounts for our clients.

Our unique research capabilities ensure consistent and up-to-date loss prevention engineering standards. Regular on-site assessments, combined with our risk analysis expertise, provide an accurate assessment of potential loss and its impact. Our loss prevention and control expertise provides dependable, scientifically based solutions that go beyond insurance to impact the cost of risk equation.

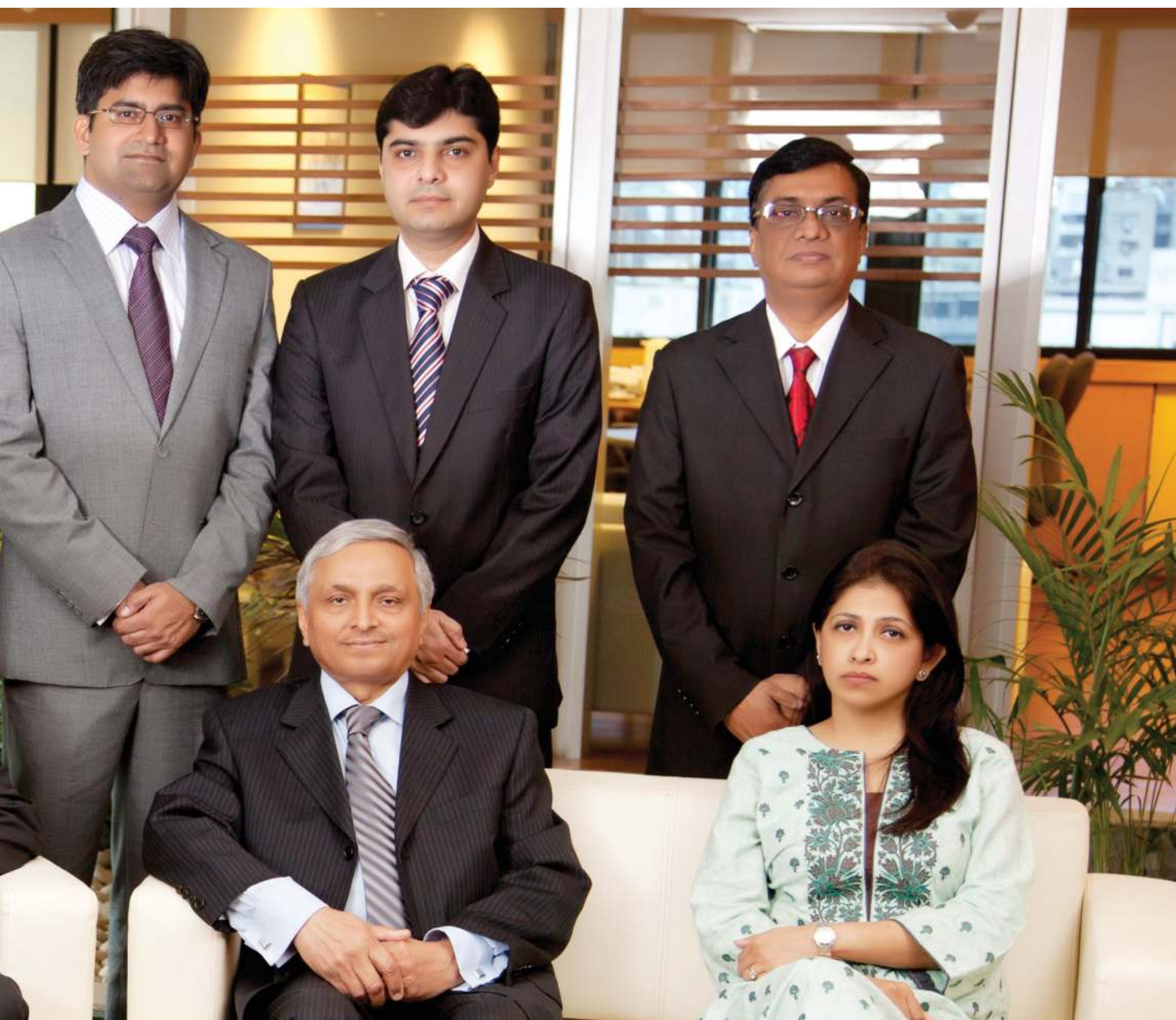
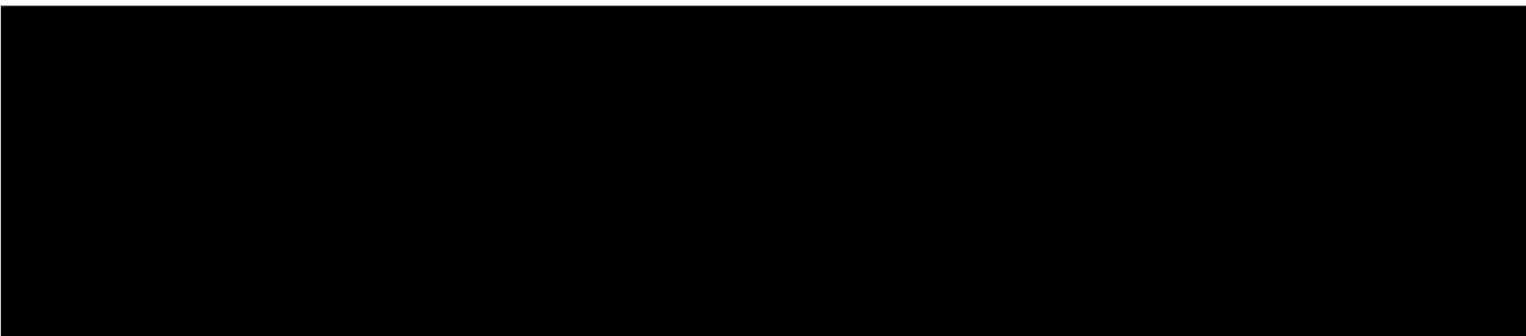
We offer our risk management services for the industries across paper and board, packaging, food and beverages, pharmaceuticals, sugar, chemicals, power, textile and many others. We know that no two businesses are alike, and each faces its own set of challenges. That's why we work with clients to develop insurance and risk management solutions based on their specific risks and broader business objectives. The key to business continuity is visiting each major facility we insure to give clients a clear, consistent view of the hazards they face. This allows us to offer customized, practical and scientifically proven solutions; identify risk-improvement priorities and help manage change; and provide the foundation for good loss control decisions.

# MANAGEMENT TEAM



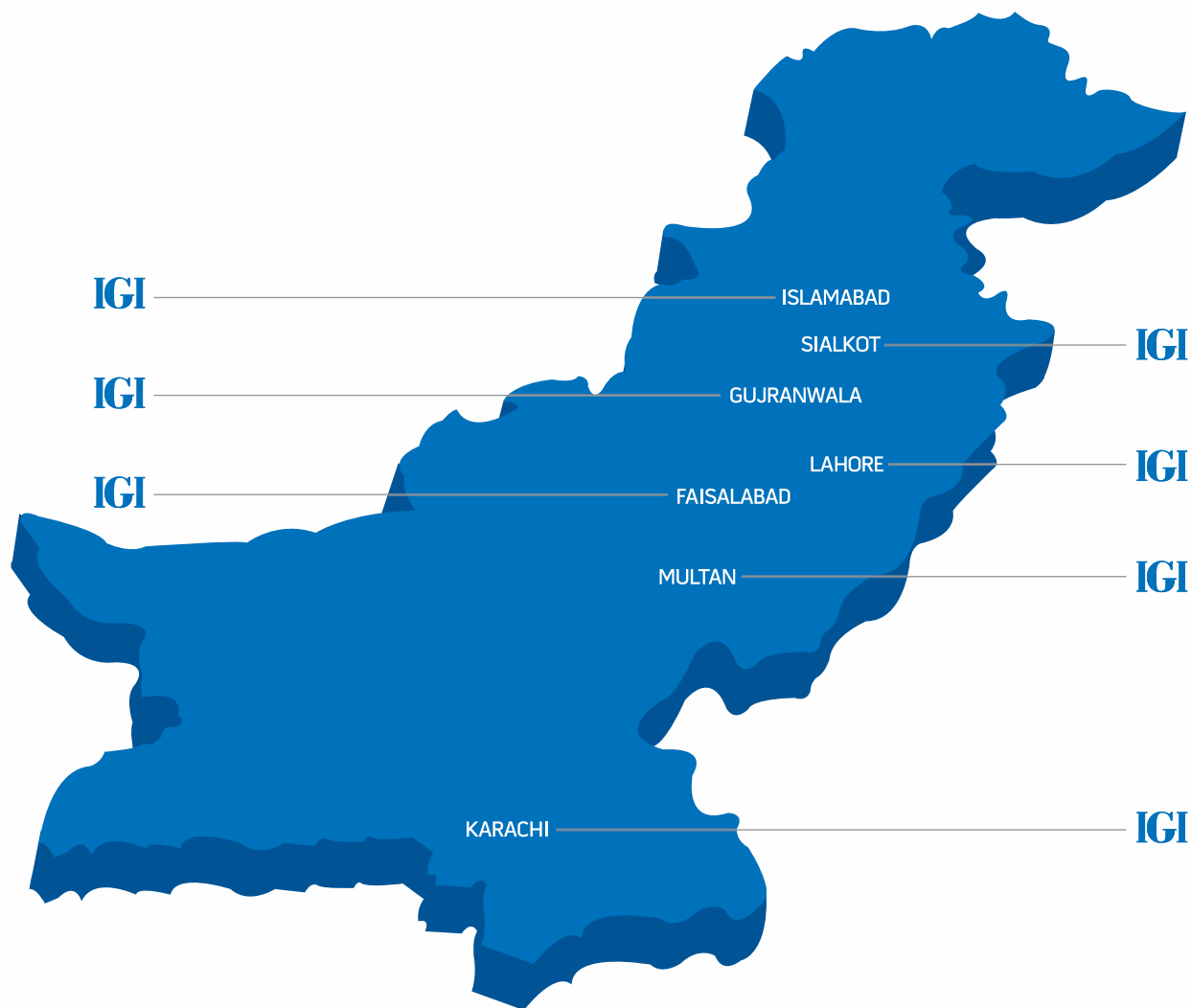
From L to R (Top): Haider Ali, Haider Raza, Mir Mehmood Ali, Faisal Khan, Muhammad Faisal Younus Bawani, Syed Matin Ahmed  
From L to R (Bottom): Shahbaz Haider Agha, Muhammad Ali, Jalees Ahmed Siddiqi, Fauzia Ahmad







# IGI PRESENCE



#### **KARACHI REGISTERED & HEAD OFFICE**

7th Floor, The Forum, Suite Nos.701-713, G-20,  
Block-9, Khayaban-e-Jami, Clifton, Karachi  
UAN: 92-21-111-234-234  
FAX: 92-21-35301772  
92-21-35301729

#### **KARACHI**

Bungalow # D-32, Block - 2 Kehkashan,  
Clifton, Karachi – 74000.  
UAN: 92-21-111-308-308  
PHONE: 92-21-35831030-32,  
92-21-35831062-64  
FAX: 92-21-35821945  
E-MAIL: insurance.karachi@igi.com.pk

#### **ISLAMABAD**

Mezzanine Floor, Razia Sharif Plaza, 90,  
Blue Area, G/7, Islamabad.  
UAN: 92-51-111-308-308  
PHONE: 92-51-2277355  
92-51-2273840  
92-51-2271536  
FAX: 92-51-2277356  
E-MAIL: insurance.islamabad@igi.com.pk

#### **FAISALABAD**

Second Floor, Sitara Tower, Bilal Chowk,  
Civil Lines, Faisalabad  
UAN: 92-41-111-308-308  
PHONE: 92-41-2629416  
92-41-2602415  
92-41-2644735  
FAX: 92-41-2629415  
E-MAIL: insurance.faisalabad@igi.com.pk

#### **GUJRANWALA**

Office No. 4, 2nd Floor, Bhutta Centre,  
G.T. Road, Gujranwala  
PHONE: 92-55-4294260  
92-55-4294274  
FAX: 92-55-4294273  
E-MAIL: insurance.gujranwala@igi.com.pk

#### **LAHORE**

First Floor, 5-F.C.C, Syed Maratib Ali Road,  
Gulberg, Lahore – 54660  
UAN: 92-42-111-308-308  
PHONE: 92-42-35753404-06  
92-42-35763840  
92-42-35763890  
FAX: 92-42-35752338  
92-42-35763542  
E-MAIL: insurance.lahore@igi.com.pk

#### **SIALKOT**

Suite No. 10 & 11, First Floor, Soni Square,  
Khadim Ali Road, Mubarak Pura, Sialkot.  
PHONE: 92-52-3258437  
92-52-3258762  
FAX: 92-52-3258438  
E-MAIL: insurance.sialkot@igi.com.pk

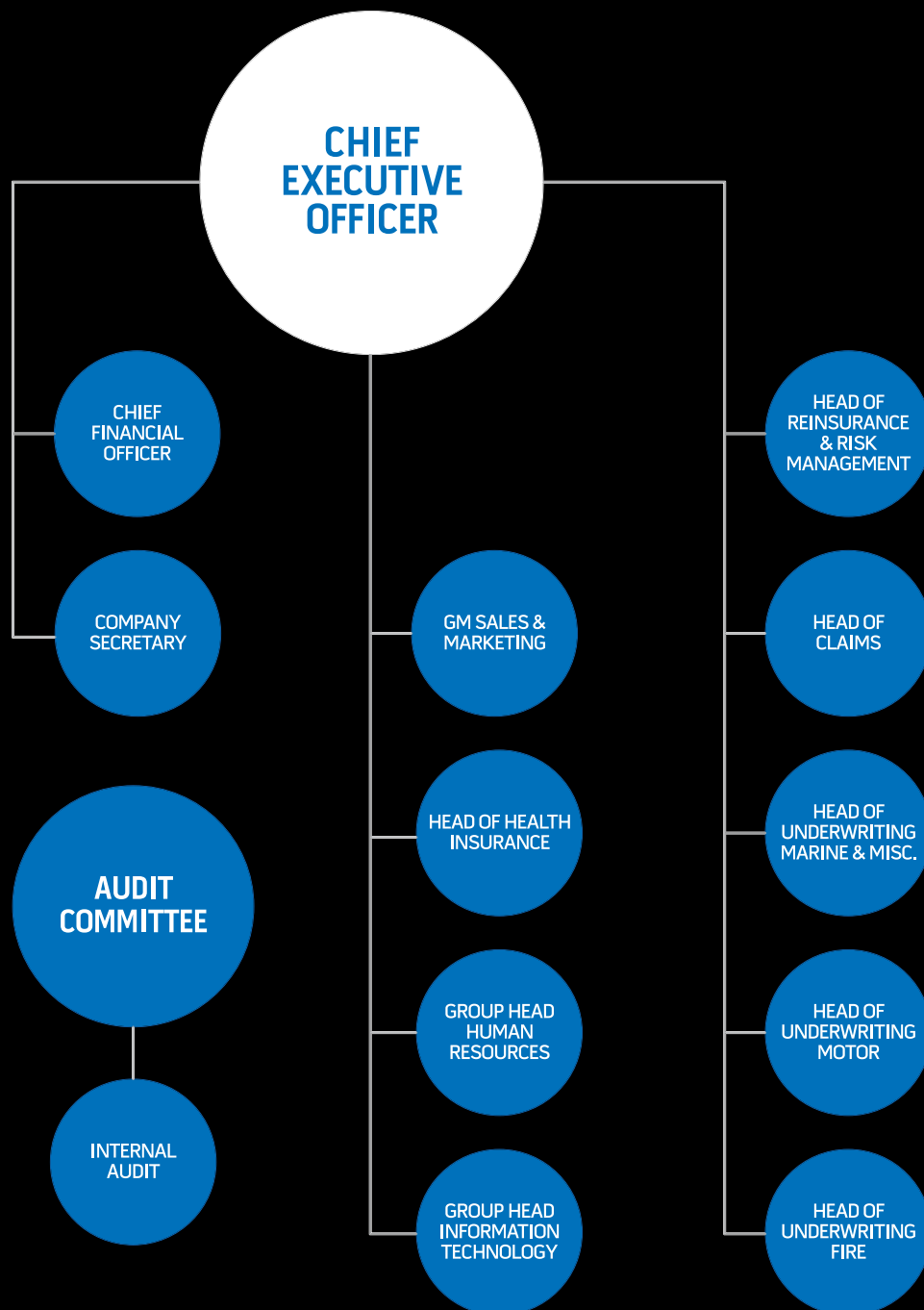
#### **MULTAN**

Mezzanine Floor, Abdali Tower, Abdali Road,  
Chowk Nawa Shehar, Multan Cantt.  
PHONE: 92-61-4784402  
92-61-4500179  
FAX: 92-61-4784403  
E-MAIL: insurance.multan@igi.com.pk



# ORGANOGRAM





# EXECUTIVE PROFILE



**JALEES AHMED SIDDIQI**  
Chief Executive Officer

Jalees Ahmed Siddiqi joined IGI Insurance with over thirty five years of experience spanning major global and national corporations in various industry segments. His background, among others, includes achievement of operational excellence in implementing significant change management initiatives, resource optimization and building leadership capability at management level.



**MUHAMMAD ALI**  
Chief Financial Officer

Ali is a chartered accountant from Institute of Chartered Accountant of Pakistan and fellow chartered certified accountant from The Association of Chartered Certified Accountants, United Kingdom. Prior to IGI, Ali has 12 years of professional experience with leading local and multinational financial institutions of the country.



**SHAHBAZ HAIDER AGHA**  
Head of Marketing & Sales

Shahbaz joined IGI insurance in 2004 as Head of Marketing & Sales. Prior to joining IGI Insurance, he spent 13 years at Royal & Sun Alliance Insurance Plc. Shahbaz has a BS in Commerce from Indiana University, US and MBA from National College of Business Administration & Economics, Lahore.



**MIR MEHMOOD ALI**  
Head of Claims

Mir Mehmood Ali joined IGI as Head of Claims in December 2007. He has over 20 years of professional experience with 15 years of management experience in the insurance industry. Before being associated with IGI insurance, Mehmood was heading claims for a Takaful company. He also spent 11 years at Royal & Sun Alliance Insurance Plc as Manager Claims.



**FAISAL KHAN**  
Head of Reinsurance & Risk Management

Faisal has been with IGI Insurance since 2006. He was appointed Head of Reinsurance and Risk Management in 2008. Previously, Faisal has worked in a major insurance company. He was associated earlier, in engineering roles in various national organizations.



**SYED MATIN AHMED**  
Head of Motor, Marine &  
Miscellaneous Underwriting

Matin brought over 20 years of professional experience of handling Claims and Underwriting with leading insurance companies. He assumed the responsibility of heading Marine & Miscellaneous Underwriting in 2006 and Motor in 2011. Prior to joining IGI Insurance, Matin spent 12 years at Royal Sun Alliance Plc. He is a graduate from University of Karachi.



**HAIDER ALI**  
Head of Fire Underwriting

Haider entered the insurance industry with the IGI team in 1993, growing with the company in competence and profession. He has over 12 years of Fire Underwriting expertise and is currently heading Fire Underwriting. Haider holds a Masters degree from University of Karachi.



**HAIDER RAZA**  
Company Secretary

Haider is an Associate Public Accountant from Pakistan Institute of Public & Finance Accountants. He has over 20 years of professional experience in accounting, finance, audit and taxation. Haider joined IGI Insurance in 2004 and is currently performing finance and company secretarial duties for the Company. He has also worked for Royal Sun & Alliance and a MNC.



**FAUZIA AHMAD**  
Group Head Human Resource

Fauzia became a part of the IGI team as Group Head HR in early 2009, bringing with her over 15 years of national and international experience. She holds an associate degree in IT from Canada and HR certifications from UK. Fauzia made her transition to Human Resource Management in 2000 in a leading MNC.



**MUHAMMAD FAISAL YOUNUS BAWANI**  
Group of Head of Information  
Technology & Service & Quality

Faisal Bawani, an IT professional, brought eleven years of experience of managing IT services for financial institutions. Faisal holds a Masters degree in Computer Science from National University of Computer & Emerging Sciences (FAST), Karachi.

# We just don't make promises... We keep them too



All direct claims settled upto  
30th November, 2011\*



Over 94,000 claims intimated  
since 2006 with payments in  
excess of Rs. 3.3 bn

\* Where all documentation are completed

#### Registered & Head Office

7th Floor, The Forum, Suite Nos. 701-713, G-20,  
Block-9, Khayaban-e-Jami, Clifton, Karachi.

#### Karachi

Bungalow # D-32, Block-2 Kehkashan, Clifton  
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Office No. 4, 2nd Floor, Bhutta  
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Suite No. 10 & 11, First Floor, Soni Square,  
Khadim Ali Road, Mubarak Pura, Sialkot.

#### Multan

Mezzanine Floor, Abdali Tower Abdali Road,  
Chowk Nawa Shehar, Multan Cantt.

# IGI

Insurance

**AA** RATED  
by PACRA  
for 12th consecutive year

Toll Free No: 0800-2-34-34

Website: [www.igi.com.pk](http://www.igi.com.pk)

ORIENT





**IGI**  
Insurance

7TH FLOOR, THE FORUM, SUITE NOS. 701-713, G-20  
BLOCK 9, KHAYABAN-E-JAMI, CLIFTON, KARACHI, PAKISTAN

## Board Committees

The Board has formed the following sub committees to exercise good governance:

- Audit Committee
- Human Resources Committee
- Underwriting Committee
- Claims Committee
- Re-insurance & Co-insurance Committee
- Investment Committee

### AUDIT COMMITTEE

The terms of reference of the Committee are aligned with the Code of Corporate Governance. The Committee shall meet at least four times a year & comprise of three Directors and Company Secretary. The names of current members are:

1. Shamim Ahmad Khan (Independent Director and Chairman)
2. Syed Yawar Ali (Non Executive Director)
3. Syed Hyder Ali (Non Executive Director)
4. Haider Raza (Secretary to the Committee)

The terms of reference of the Committee are as follows:

- i) To recommend to the Board of Directors the appointment of external auditors by the Company's shareholders and consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements;
- ii) To review the quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors;
- iii) To facilitate the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight;
- iv) To review the management letter issued by external auditors and management's response thereto;
- v) To ensure coordination between the internal and external auditors of the Company;

vi) To review the scope and extent of internal audit and ensuring that the outsourced internal audit function has adequate resources and skills sets to carry out the function;

vii) To consider the major findings of internal investigations and management's response thereto;

viii) To ascertain that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;

ix) To determine compliance with relevant statutory requirements; and

x) To monitor compliance with the best practices of corporate governance and identification of significant violations thereof.

### HUMAN RESOURCES COMMITTEE

Human Resources Committee assists the Board in fulfilling its obligations relating to human resources and related matters and to establish a plan of continuity and development of senior management for IGI Insurance Limited.

The Committee shall meet at least twice a year & comprise of four Directors, Chief Executive Officer and Head of Human Resources. The names of current members are:

1. Syed Yawar Ali (Non Executive Director and Chairman)
2. Syed Shahid Ali (Non Executive Director)
3. Syed Hyder Ali (Non Executive Director)
4. Waqar Ahmed Malik (Non Executive Director)
5. Jalees Ahmed Siddiqi (Chief Executive Officer)
6. Fauzia Ahmad (Head of Human Resources and Secretary to the Committee)

The Terms of Reference of HR Committee are as follows:

- i) To review and recommend the organizational structure of the Company;

- ii) To review and recommend the compensation and benefits philosophy and strategy within the Company;
- iii) To review and recommend to the Board the Company's Human Resources management, including recruitment, retention, training, performance management and related matters and to report to the Board on the implementation of these strategies;
- iv) To review the Company's strategy for succession planning across all management levels and to ensure that comprehensive succession plans are in place for senior executive positions;
- v) To review and recommend, in consultation with the CEO, the compensation of all its employees, including incentives and other benefit;
- vi) To review the amount of incentive bonus based on corporate and individual performance, for the purpose of incentives calculation; and
- vii) To review and recommend the CEO's compensation, including incentives and other benefits, to the Board for approval.

#### **UNDERWRITING COMMITTEE**

The Committee shall meet at least four times a year & comprise of Director, Chief Executive Officer, Head of Marketing and Head of Fire, Marine, Motor and Miscellaneous Underwriting. The names of current members are:

1. Syed Hyder Ali (Non Executive Director and Chairman)
2. Jalees Ahmed Siddiqi (Chief Executive Officer)
3. Shahbaz Haider Agha (Head of Marketing)
4. Haider Ali (Head of Fire Underwriting)
5. Syed Matin Ahmed (Head of Marine, Motor & Miscellaneous Underwriting and Secretary to the Committee)

The Terms of Reference of the Committee are as follows:

- i) The Underwriting Committee formulates the

underwriting policy of the Company;

- ii) It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers; and
- iii) It regularly reviews the underwriting and premium policies of the Company with due regard to relevant factors such as its business portfolio and the market development.

#### **CLAIMS SETTLEMENT COMMITTEE**

The Committee shall meet at least four times a year & comprise of Director, Chief Executive Officer, Head of Marketing, Chief Financial Officer and Head of Claims. The names of current members are:

1. Shamim Ahmad Khan (Independent Director and Chairman)
2. Jalees Ahmed Siddiqi (Chief Executive Officer)
3. Shahbaz Haider Agha (Head of Marketing)
4. Muhammad Ali (Chief Financial Officer)
5. Mir Mehmood Ali (Head of Claims and Secretary to the Committee)

The Terms of Reference of the Committee are as follows:

- i) To review the quarterly performance of Claims settlement;
- ii) To analyze the class wise aging of outstanding claims;
- iii) To monitor class wise claims trend; &
- iv) To ensure that workshop & surveyor selection is done on merit & their performance is monitored.

#### **RE-INSURANCE & CO-INSURANCE COMMITTEE**

The Committee shall meet at least four times a year & comprise of Director, Chief Executive Officer and Head of Re insurance. The names of current members are:

1. Syed Hyder Ali (Non Executive Director and Chairman)

2. Jalees Ahmed Siddiqi (Chief Executive Officer)
3. Faisal Khan (Head of Re Insurance and Secretary to the Committee)

The Terms of Reference of the Committee are as follows:

- i) This Committee ensures that adequate re-insurance arrangements are made for the Company's businesses;
- ii) It peruses the proposed re-insurances arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating re-insures, makes appropriate adjustments to those arrangements in the light of the market development; and
- iii) It also assesses the effectiveness of the re-insurance programme for future reference.

- ii) To review management's proposed annual rate of return to be included in the Company's budget;
- iii) To review the risk assumptions and asset return assumptions imbedded in the current investment policy statement and, if changes have occurred, then review the policy asset mix and the weighted benchmark standard of performance;
- iv) To approve investments beyond delegated limits; and
- v) To ensure compliance with applicable legislation.

## INVESTMENT COMMITTEE

The Committee shall meet at least four times a year & comprise of four Directors, Chief Executive Officer and Chief Financial Officer. The names of current members are:

1. Syed Hyder Ali (Non Executive Director and Chairman)
2. Shamim Ahmad Khan (Non Executive and Independent Director)
3. Syed Kamal Ali (Executive Director)
4. Syed Yawar Ali (Non Executive Director)
5. Jalees Ahmed Siddiqi (Chief Executive Officer)
6. Muhammad Ali (Chief Financial Officer and Secretary to the Committee)

The purpose of the Investment Committee is to recommend to the Board the investment policy, including the asset mix policy and the appropriate benchmark. The Investment Committee also reviews the effectiveness of these policies and their implementation and the Company's risk management approach. The terms of reference of the Investment Committee are as follows:

- i) To review performance for all asset classes and total portfolio relative to the appropriate benchmark.



## Key Financial Data (Ten years at a glance)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
	(Rupees in thousand)									
GROSS PREMIUM	1,747,015	1,296,765	1,151,797	1,035,218	1,060,836	916,696	642,592	430,341	363,271	302,429
<b>BALANCE SHEET</b>										
Paid Up Capital	1,115,359	718,427	598,689	598,689	319,301	199,563	153,510	122,808	122,808	106,790
General & Capital Reserves	9,530,371	10,264,964	10,534,374	10,624,177	8,103,740	823,740	673,740	704,442	543,740	409,758
Shareholders Equity	11,287,896	11,575,854	10,960,813	10,846,519	11,271,456	8,509,721	1,228,755	994,276	763,967	524,416
Investments-at Book Value	11,622,957	11,905,802	11,235,758	11,709,948	12,404,727	9,246,735	1,873,786	954,802	728,863	626,916
Investments-at Market Value	18,578,665	14,367,621	9,393,620	8,964,435	16,647,641	9,765,736	8,286,127	5,624,871	4,335,668	2,519,780
Fixed Assets	256,047	270,822	282,545	302,531	309,283	292,084	246,253	17,142	14,107	11,536
Total Assets-at Book Value	13,581,029	12,960,451	12,366,066	13,200,639	14,099,555	10,399,049	2,957,949	1,626,127	1,086,527	894,876
Underwriting Provisions	1,363,873	701,366	699,522	801,975	915,454	622,417	431,259	390,003	171,250	128,427
<b>PROFIT AND LOSS ACCOUNT</b>										
Underwriting Profit	207,782	205,095	253,103	193,166	160,102	226,929	190,065	106,878	99,333	90,082
Investment Income	492,524	929,344	(414,649)	(157,476)	3,021,533	7,315,629	258,822	230,054	215,851	147,158
Profit Before Tax	56,632	920,771	364,766	(404,103)	2,983,516	7,357,109	326,757	260,565	280,652	215,415
Income Tax	6,929	84,215	100,800	(27,061)	53,938	14,739	37,014	28,000	41,100	41,543
Profit After Tax	49,703	836,556	263,966	(377,042)	2,929,578	7,342,370	289,743	232,565	239,552	173,872
<b>CASH FLOW SUMMARY</b>										
Operating Activities	(18,106)	278,667	126,941	(27,651)	2,306	227,769	110,553	66,334	5,551	39,663
Investing Activities	266,935	175,741	768,554	367,307	(160,701)	29,285	(915,312)	44,081	108,848	41,125
Financing Activities	(319,720)	369,442	(587,100)	(153,632)	(599,910)	(351,009)	491,859	(63,575)	(68,246)	(93,588)
Cash & Cash Equivalents At The Year End	(466,797)	(395,906)	(480,872)	(789,267)	(975,291)	(216,986)	(123,031)	189,869	143,029	96,876

## Key Financial Data (Ten years at a glance)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>INVESTMENT / MARKET RATIOS</b>										
Earnings per share (Rs.)	0.45	11.64	4.41	(6.30)	91.75	367.92	18.87	18.94	19.51	16.28
Market value per share (Rs.)	44.00	97.00	87.89	115.27	420.00	399.00	271.00	250.00	226.00	93.00
Break up value per share (Rs.)	101.20	161.13	183.08	181.17	353.00	426.42	80.04	80.96	62.21	49.11
Price earning ratio (Times)	98.74	8.33	19.93	(18.30)	4.58	1.08	14.36	13.20	11.59	5.71
Price to book ratio (Times)	0.43	0.60	0.48	0.64	1.19	0.94	3.39	3.09	3.63	1.89
Dividend yield (%)	10.77	3.09	3.98	1.30	0.95	1.00	1.48	1.80	3.32	6.45
Dividend payout (%)	1,060.48	25.76	79.38	(23.82)	4.36	1.09	21.19	23.76	38.45	36.85
Dividend cover (Times)	0.09	3.88	1.26	(4.20)	22.94	91.98	4.72	4.21	2.60	2.71
Investment yield (%)	2.65	6.47	(4.41)	(1.76)	18.15	74.91	3.12	4.09	4.98	5.84
Market capitalization (Rs. M)	4,907.58	6,968.74	5,261.88	6,901.09	13,410.64	7,962.56	4,160.12	3,070.20	2,775.46	993.15
Cash dividend per share (Rs.)	5.00	3.00	3.50	1.50	4.00	4.00	4.00	4.50	7.50	6.00
Cash dividend (%)	50.00	30.00	35.00	15.00	40.00	40.00	40.00	45.00	75.00	60.00
Stock Dividend per share (Rs.)	1.50	5.50	-	5.00	2.50	6.00	3.00	2.50	-	1.50
Stock dividend (%)	15.00	55.00	-	50.00	25.00	60.00	30.00	25.00	-	15.00
<b>PROFITABILITY RATIOS</b>										
Return on equity (%)	0.50	7.95	3.33	(3.73)	26.47	86.46	26.59	26.21	36.74	41.08
Return on assets (%)	0.37	6.45	2.13	(2.86)	20.78	70.61	9.80	14.30	22.05	19.43
EBITDA to gross premium (Times)	0.08	0.79	0.46	(0.15)	2.96	8.15	0.60	0.63	0.80	0.75
Underwriting profit to gross premium (%)	11.89	15.82	21.97	18.66	15.09	24.76	29.58	24.84	27.34	29.79
Profit before tax to gross premium (%)	3.24	71.01	31.67	(39.04)	281.24	802.57	50.85	60.55	77.26	71.23
Profit after tax to gross premium (%)	2.85	64.51	22.92	(36.42)	276.16	800.96	45.09	54.04	65.94	57.49
Cost / income ratios (Times)	0.56	0.30	(0.73)	(1.06)	0.10	0.02	0.42	0.42	0.26	0.25
<b>LIQUIDITY / PERFORMANCE RATIOS</b>										
Equity / Total assets (%)	83.12	89.32	88.64	82.17	79.94	81.83	41.54	61.14	70.31	58.60
Financial leverage	0.05	0.03	0.05	0.13	0.14	0.11	0.91	0.11	0.09	0.10
Paid up capital / Total assets (%)	8.21	5.54	4.84	4.54	2.26	1.92	5.19	7.55	11.30	11.93
Incurred loss ratio (%)	62.24	50.56	41.83	44.41	57.34	43.84	45.20	41.42	37.69	30.07
Total liabilities / Equity (Times)	0.20	0.12	0.13	0.22	0.25	0.22	1.41	0.71	0.42	0.71
Cash flow from operations to gross premium (Times)	(0.01)	0.21	0.11	(0.03)	0.00	0.25	0.17	0.15	0.02	0.13
Total assets turnover (Times)	0.13	0.10	0.09	0.08	0.08	0.09	0.22	0.26	0.33	0.34
Fixed assets turnover (Times)	6.82	4.79	4.08	3.42	3.43	3.14	2.61	25.10	25.75	26.22

## Key Financial Data (for the year)

	2011 (Rupees in thousand)	2010
<b>PROFIT AND LOSS ACCOUNT</b>		
Gross Written Premium	<b>1,747,015</b>	1,296,765
Net Written Premium	<b>887,858</b>	755,304
Net Premium Revenue	<b>852,329</b>	720,733
Claims Incurred	<b>1,388,264</b>	473,625
Net Claims Expenses	<b>530,525</b>	364,411
Direct Expenses	<b>181,056</b>	186,172
Commission Income	<b>190,584</b>	142,023
Commission Expense	<b>123,550</b>	107,078
Underwriting Profit	<b>207,782</b>	205,095
Investment Income	<b>492,524</b>	929,344
Profit/(Loss) Before Tax	<b>56,632</b>	920,771
Profit/(Loss) After Tax	<b>49,703</b>	836,556

### TECHNICAL RESERVES COVER

Fire	<b>758,641</b>	230,376
Marine	<b>87,503</b>	56,632
Motor	<b>268,005</b>	271,644
Miscellaneous	<b>249,725</b>	142,714
<b>Total</b>	<b><u>1,363,873</u></b>	<u>701,366</u>

### CORPORATE ASSETS

Investment Property	<b>90,932</b>	96,928
Investment in Fixed Assets	<b>165,115</b>	173,894
Equity Investment in Associated Companies	<b>4,341,766</b>	4,860,601
Other Investments	<b>7,281,191</b>	7,045,201
Total Investments	<b>11,622,957</b>	11,905,802
Total Investments at Realizable Value	<b>18,578,665</b>	14,367,621

### NUMBER OF EMPLOYEES

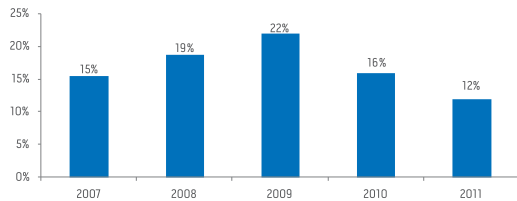
Karachi Corporate Office	<b>33</b>	23
Karachi	<b>24</b>	24
Lahore	<b>35</b>	45
Islamabad	<b>11</b>	12
Faisalabad	<b>4</b>	5
Multan	<b>3</b>	3
Sialkot	<b>2</b>	4
Gujranwala	<b>1</b>	2
<b>Total</b>	<b><u>113</u></b>	<u>118</u>

### RATIOS

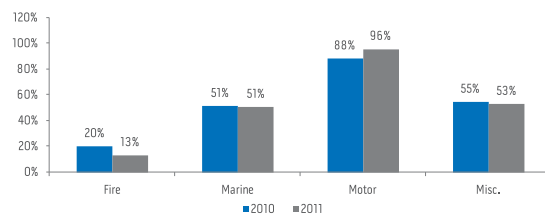
	2011				2010			
	Fire	Marine	Motor	Misc	Fire	Marine	Motor	Misc
Net Premium to Gross Premium	<b>13%</b>	<b>51%</b>	<b>96%</b>	<b>53%</b>	20%	52%	94%	60%
Loss Ratio	<b>35%</b>	<b>50%</b>	<b>67%</b>	<b>73%</b>	38%	31%	55%	62%
Expense Ratio	<b>-2%</b>	<b>-1%</b>	<b>21%</b>	<b>12%</b>	10%	26%	22%	20%
Reserves to Net Premium	<b>851%</b>	<b>65%</b>	<b>60%</b>	<b>136%</b>	290%	50%	68%	113%
Policy Acquisition Cost to Gross Premium	<b>16%</b>	<b>18%</b>	<b>20%</b>	<b>15%</b>	25%	28%	20%	19%

## Key Financial Data

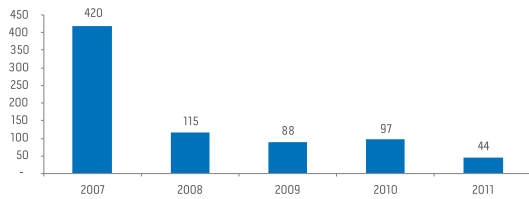
**UNDERWRITING PROFIT TO GROSS PREMIUM RATIO**



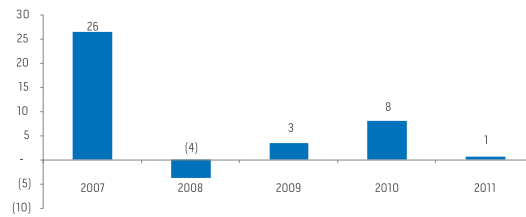
**NET PREMIUM TO GROSS PREMIUM RATIO**



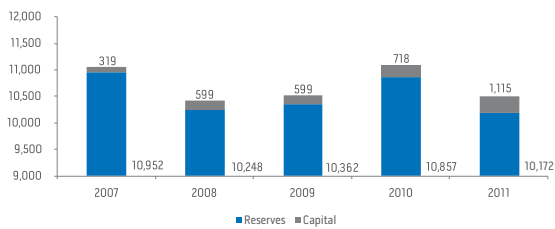
**MARKET PRICE PER SHARE (RUPEES)**



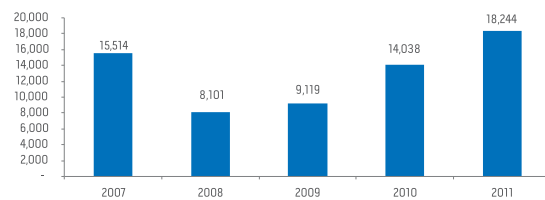
**RETURN ON EQUITY (PERCENTAGE)**



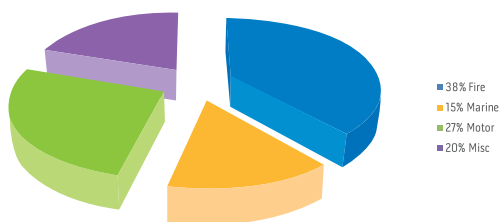
**SHAREHOLDER'S EQUITY AT BOOK VALUE (RUPEES IN MILLION)**



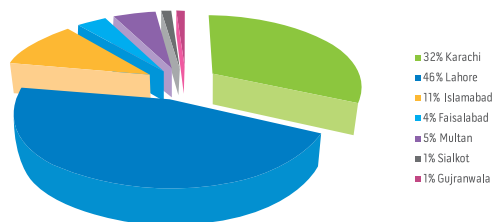
**SHAREHOLDER'S EQUITY AT MARKET VALUE (RUPEES IN MILLION)**



**GROSS PREMIUM BUSINESS WISE (2011)**



**GROSS PREMIUM BUSINESS WISE (2011)**

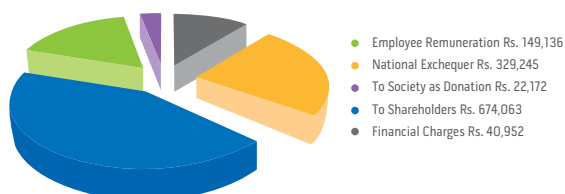




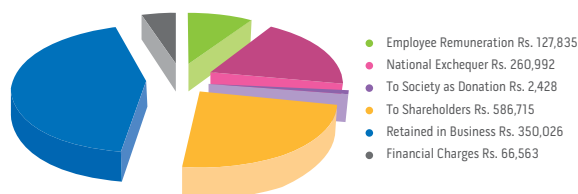
## Statement of Value Addition

	2011 (Rupees in thousand)	2010
Gross Premium (including FED and FIF)	2,019,029	1,490,755
Add: Other income	5,776	9,647
Income from investment	(5,351)	863,065
	425	872,712
	2,019,454	2,363,467
Management and other expenses	(1,018,345)	(968,908)
Total value added	1,001,109	1,394,559
<b>DISTRIBUTED AS FOLLOWS</b>		
Employee remuneration	149,136	127,835
Government as:		
Company taxation	57,231	67,002
Levies( including FIF and FED)	272,014	193,990
To society	22,172	2,428
To shareholders:		
Dividend	528,581	215,528
Bonus shares	145,482	371,187
Retained in Business:		
Depreciation	35,997	33,677
Net earnings	(250,456)	316,349
Financial Charges	40,952	66,563
<b>Total</b>	<b>1,001,109</b>	<b>1,394,559</b>

**DISTRIBUTION OF VALUE ADDED FY-2011**



**DISTRIBUTION OF VALUE ADDED FY-2010**



## Horizontal Analysis

<b>BALANCE SHEET</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Cash and bank deposits	100	148	185	5	0	56
Investments	100	134	127	122	129	126
Investment property	-	-	-	-	100	(6)
Deferred tax	100	-	125	-	-	-
Premiums due but unpaid - unsecured	100	98	130	97	101	178
Amounts due from other insurers / reinsurers - unsecured	100	154	97	133	109	206
Accrued investment income	100	214	111	174	183	146
Reinsurance recoveries against outstanding claims	100	755	617	541	299	1,660
Prepaid reinsurance premium ceded	100	119	109	78	86	151
Others	100	166	102	114	100	143
Taxation - payments less provision	100	136	156	157	151	144
Sundry receivables	100	187	67	44	89	96
Fixed assets	100	106	104	96	57	53
Intangible	-	-	-	100	233	392
<b>Total Assets</b>	<b>100</b>	<b>136</b>	<b>127</b>	<b>119</b>	<b>125</b>	<b>131</b>
Issued, subscribed and paid up share capital	100	160	300	300	360	559
(Accumulated losses) / Unappropriated profits	100	38	(5)	(2)	8	9
Reserves	100	984	1,290	1,279	1,246	1,157
Provision for outstanding claims [including IBNR]	100	242	186	145	116	369
Provision for unearned premium	100	114	107	106	120	162
Commission income unearned	100	65	78	52	67	91
Deferred tax	-	100	(100)	69	126	(41)
Premiums received in advance	100	34	3	6	2	19
Amounts due to other insurers / reinsurers	100	161	62	25	62	135
Accrued expenses	100	99	124	84	99	127
Sundry creditors	100	41	49	53	91	130
Long term finance	100	65	52	6	-	-
Short term finance	100	331	294	137	111	153
Unclaimed dividend	100	116	119	158	211	394
<b>Total Shareholders' Equity and Liabilities</b>	<b>100</b>	<b>136</b>	<b>127</b>	<b>119</b>	<b>125</b>	<b>131</b>
<b>PROFIT AND LOSS ACCOUNT</b>						
Net premium revenue	100	137	122	139	163	192
Net claims	100	186	129	137	195	284
Expenses	100	163	157	162	177	173
Net commission	100	96	75	86	46	88
Investment income	100	41	(2)	(6)	13	7
Other income	100	192	236	157	184	167
Financial charges	100	124	201	121	62	38
General and administration expenses	100	184	173	145	176	211
Share of (loss) / profit of associates	100	102	(786)	3,681	(338)	(2,541)
(Loss) / profit before tax	100	41	(5)	5	13	1
Taxation	100	366	(184)	684	571	47
(Loss) / profit after tax	100	40	(5)	4	11	5

## Vertical Analysis

BALANCE SHEET ITEMS	2011	2010	2009	2008	2007	2006
Cash and bank deposits	0.6%	0.0%	0.1%	2.0%	1.5%	1.3%
Investments	85.6%	91.9%	90.9%	88.7%	88.0%	88.9%
Investment property	0.7%	0.7%	0.0%	0.0%	0.0%	0.0%
Deferred tax	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%
Premiums due but unpaid - unsecured	1.7%	1.0%	1.0%	1.3%	0.9%	1.3%
Amounts due from other insurers / reinsurers - unsecured	3%	1.6%	2.1%	1.4%	2.1%	1.9%
Accrued investment income	0.1%	0.1%	0.1%	0.0%	0.1%	0.0%
Reinsurance recoveries against outstanding claims	3.9%	0.7%	1.4%	1.5%	1.7%	0.3%
Prepaid reinsurance premium ceded	1.9%	1.1%	1.1%	1.4%	1.4%	1.6%
Others	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Taxation - payments less provision	0.5%	0.6%	0.6%	0.6%	0.5%	0.5%
Sundry receivables	0.8%	0.8%	0.4%	0.6%	1.5%	1.1%
Fixed assets	1.1%	1.3%	2.3%	2.3%	2.2%	2.8%
Intangible	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
<b>Total Assets</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Issued, subscribed and paid up share capital	8.2%	5.5%	4.8%	4.5%	2.3%	1.9%
(Accumulated losses) / Unappropriated profits	4.7%	4.6%	-1.4%	-2.9%	20.2%	72.0%
Reserves	70.2%	79.2%	85.2%	80.5%	57.5%	7.9%
Provision for outstanding claims (including IBNR)	5.4%	1.8%	2.3%	2.8%	3.4%	1.9%
Provision for unearned premium	4.2%	3.3%	3.0%	2.9%	2.8%	3.4%
Commission income unearned	0.5%	0.4%	0.3%	0.4%	0.3%	0.7%
Deferred tax	0.1%	0.5%	0.4%	0.0%	0.2%	0.0%
Premiums received in advance	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
Amounts due to other insurers / reinsurers	1.2%	0.6%	0.3%	0.6%	1.4%	1.2%
Accrued expenses	0.4%	0.3%	0.3%	0.4%	0.3%	0.4%
Sundry creditors	1.0%	0.7%	0.4%	0.4%	0.3%	1.0%
Long term finance	0.0%	0.0%	0.3%	2.4%	2.8%	6.0%
Short term finance	4.0%	3.1%	3.9%	7.9%	8.4%	3.4%
Unclaimed dividend	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total Shareholders' Equity and Liabilities</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>PROFIT AND LOSS ACCOUNT</b>						
Net premium revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Net claims	-62.2%	-50.6%	-41.8%	-44.4%	-57.3%	-42.2%
Expenses	-21.2%	-25.8%	-27.6%	-29.4%	-28.2%	-23.7%
Net commission	7.9%	4.8%	10.6%	9.4%	11.9%	17.1%
Amortization of Goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	-11.6%
Investment income	57.8%	128.9%	-67.5%	-29.0%	498.1%	1,651.1%
Rental income	2.3%	2.6%	2.9%	2.8%	1.6%	0.0%
Other income	0.7%	1.3%	1.1%	3.9%	3.2%	3.5%
Financial charges	-4.8%	-9.2%	-21.1%	-39.7%	-22.0%	-24.2%
General and administration expenses	-15.3%	-15.1%	-14.5%	-19.7%	-18.8%	-13.9%
Share of (loss) / profit of associates	-58.4%	-9.2%	117.4%	-28.4%	3.3%	4.4%
Taxation	-0.8%	-11.7%	-16.4%	5.0%	-8.9%	-3.3%
Profit / (loss) after tax	-5.8%	-116.1%	-43.0%	69.5%	-482.9%	-1,657.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

## Shareholders' Information

### Registered Office

7th Floor, The Forum,  
Suite No.701-713, G-20,  
Block-9, Khayaban-e-Jami  
Clifton, Karachi-75600 Pakistan.  
Tel # 111-234-234  
Fax # 92-21-35301772  
Web site: [www.igiinsurance.com.pk](http://www.igiinsurance.com.pk)

### Share Registrar Office

FAMCO Associates (Pvt.) Ltd.  
State Life Building No. 1-A  
1st Floor, Off I.I. Chundrigar Road  
Karachi - 74000  
Tel # (9221) 32420755  
Fax# (9221) 32426752

### Listing on Stock Exchanges

IGI equity shares are listed on Karachi Stock Exchange (KSE) and Lahore Stock Exchange (LSE).

### Listing Fees

The annual listing fee for the financial year 2011-2012 has been paid to both the stock exchanges within the prescribed time limit.

### Stock Code

The stock code for dealing in equity shares of IGI at KSE and in LSE is IGIL.

### Investor Service Centre

IGIL share department is operated by FAMCO Associates (Pvt.) Ltd. Registrar Services. It also functions as an Investor Service Centre and has been servicing nearly 1561 shareholders. The Investor Service Centre is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function. The team is headed by Mr. Owais Khan at Registrar Office and Mr. Haider Raza, Deputy General Manager Accounts and Company Secretary at IGI Registered Office.

IGI's share department has online connectivity with Central Depository Company of Pakistan Limited. The share department undertakes activities pertaining to dematerialization of shares, shares transfer and transmission, issue of duplicate/ re-validated dividend warrants, issue of duplicate / replaced share certificates, change of address and other related matters.

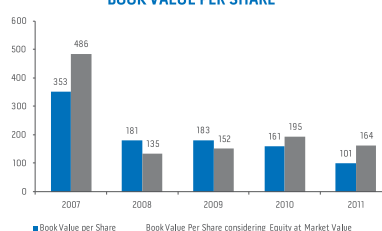
For assistance, shareholders may contact either the Registered Office or the Share Registrar Office.

### Contact Persons:

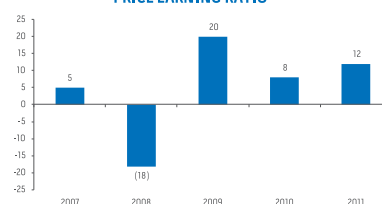
Mr. Haider Raza  
Phone: 111-234-234  
E-mail: [haider.raza@igi.com.pk](mailto:haider.raza@igi.com.pk)

Mr. Hussain Ahmed  
Tel# (9221) -32427012  
(9221) -32426597

BOOK VALUE PER SHARE



PRICE EARNING RATIO



## Shareholders' Information

### Services Standards

IGI has always endeavored to provide investors with prompt services. Listed below are various investor services and the maximum time limits set for their execution:

	For request received through post	Over the counter
Transfer of shares	45 days after receipt	45 days after receipt
Transmission of shares	45 days after receipt	45 days after receipt
Issue of duplicate share certificates	45 days after receipt	45 days after receipt
Issue of duplicate dividend warrants	5 days after receipt	5 days after receipt
Issue of revalidated dividend warrants	5 days after receipt	5 days after receipt
Change of address	2 days after receipt	15 minutes

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

### Statutory Compliance

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

### Dematerialization of Shares

The equity shares of the Company are under the compulsory demat category. As at December 31, 2011, 33.95% of the equity shares of the Company have been dematerialized by the shareholders.

Shareholders holding shares in physical form are requested to dematerialize their holding at the earliest by approaching the depository participant registered with the CDC.

### Dividend Announcement

The Board of Directors of the Company has proposed a final cash dividend of 30% (Rs. 3.00 per share). This is in addition to the interim dividend of 20% (Rs. 2.00 per share) already paid during the year making total 50% cash dividend, Rs. 5.00 per share (2010: 30%

Cash dividend i.e., Rs. 3.00 per share) and interm bonus shares in the proportion of 1.5 shares for every 10 shares held i.e. 15% already issued on September, 2011 (2010: 55%) for the financial year ended December 31, 2011, subject to approval by the shareholders of the Company at the Annual General Meeting.

### Book Closure Dates

The register of Members and share transfer books of the Company will remain closed from April 13, 2012 to April 26, 2012 both days inclusive.

### Dividend Remittance

Dividend declared and approved at the Annual General Meeting will be paid on or after April 26, 2012, but within the statutory time limit of 30 days:

(i) For shares held in physical form: to shareholders whose names appear in the Register of Members of the Company after entertaining all request for transfer of shares lodged with the Company on or before the book closure date.

(ii) For shares held in electronic form: to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of the business on book closure date.

### Withholding of Tax & Zakat on Dividend:

Under Section 150 of the Income Tax Ordinance, 2001



## Shareholders' Information

tax on dividend payable to a shareholder is to be withheld and will be paid to the Government @ 10% unless the shareholder's income is tax-exempt.

Zakat has already been deducted on the payment of Interim Dividend (D-29) for the financial year 2011 being the second payment of Dividend after the current valuation i.e. August 1, 2011. No Zakat is to be deducted on the Dividend now being paid.

### Dividend Warrant

Cash Dividends are paid through dividend warrants addressed to the shareholder whose name is appearing on the register of shareholders at the date of book closure. Shareholders are requested to deposit the dividend warrants into their bank account, at their earliest. It will help the Company in clearing their unclaimed dividend account.

### Investors' Grievances

As on date none of the investor or shareholder has filed any letter of complaints against any service provided by the Company to its shareholders.

### Legal Proceedings

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

### General Meetings & Voting Rights

Pursuant to section 158 of The Companies Ordinance 1984, IGI holds a General Meeting of Shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Sindh and Punjab.

Shareholders having a holding of at least 10% of voting right may also apply to the Board of Directors to call for a meeting of shareholders, and if Board does not take action on such application within 21 days, the shareholders may themselves call the meeting.

All shares issued by the Company carry equal voting rights. Generally, matters at the General Meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of "One Member-One Vote". If majority of shareholders raise their hands in favor of a particular resolution, it is taken as passed, unless a poll is demanded. Since, the fundamental voting principle in a Company is "One Share-One Vote", voting takes place by a poll, if demanded. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

### Proxies

Pursuant to Section 161 of The Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a General Meeting of the Company, can appoint another person as his / her proxy to attend and vote instead of himself / herself. Every notice calling a General Meeting of the Company contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy who needs not to be a member of the Company.

The instrument appointing proxy, duly signed by the shareholder appointing that proxy should be deposited at the office of the Company not less than forty-eight hours before the meeting.

### Web Presence

Updated information regarding the Company can be accessed at IGI web site, [www.igiinsurance.com.pk](http://www.igiinsurance.com.pk).

The web site contains the latest financial results of the Company together with Company's profile, the corporate philosophy and major products.

## Shareholders' Information

Shareholders' category	Number of shareholders	Number of shares held	Holding %
Directors, Chief Executive and Family	18	36,226,113	32.48
Executives	5	43,307	0.04
Associated Companies, Undertakings and Related Parties	2	30,796,418	27.61
Public Sector Companies and Corporations	1	1,104,069	0.99
Banks, DFIs and NBFIs	4	439,650	0.39
Insurance Companies	4	1,128,630	1.01
Modarabas and Mutual Funds	4	2,565,430	2.30
Others Companies	49	6,348,570	5.69
Non-Resident	6	11,492,950	10.30
General Public	1,468	21,390,801	19.19
	<b>1,561</b>	<b>111,535,938</b>	<b>100.00</b>

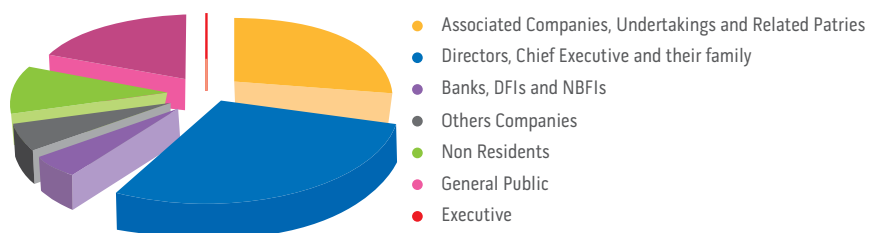
### Shareholders having more than 10% Holding (Name-Wise Detail)

Syed Babar Ali	24,435,873	21.91
Industrial Technical And Educational Institute	18,958,151	17.00
Packages Limited	11,838,267	10.61

## Information as required under Code of Corporate Governance

### Categories of Shareholders as at December 31, 2011

Shareholders' category	Number of shareholders	Number of shares held	Holding %
<b>Associated Companies, Undertakings and Related Parties</b>			
Industrial Technical And Educational Institute	1	18,958,151	17.00
Packages Limited	1	11,838,267	10.61
<b>Directors, spouses and minor children</b>			
Syed Babar Ali	2	24,436,918	21.91
Syed Hyder Ali	1	4,475,925	4.01
Syed Kamal Ali	2	690,633	0.62
Syed Shahid Ali	4	3,777,248	3.39
Syed Yawar Ali	2	1,136,361	1.02
Shamim Ahmed Khan	1	5,733	0.01
Mr. Waqar A. Malik	1	67	0.00
Mr. Jalees Ahmed Siddiqi	1	931	0.00
Mrs. Amina Hyder Ali	2	268,345	0.24
Mrs. Perwin Babar Ali	1	1,433,952	1.29
<b>Executives</b>			
Shahbaz Haider Agha	1	15,835	0.01
Mohammad Arif	1	2,000	0.00
Faisal Shehzad	1	25,100	0.02
Farheen Shehzad	1	186	0.00
Faisal Khan	1	186	0.00
<b>Joint Stock Companies</b>			
Public Sector Companies and Corporations	1	1,104,069	0.99
Banks, Development Finance Institutions, Non-Banking Finance Institutions	4	439,650	0.39
Modaraba and Mutual Funds	4	2,565,430	2.30
Insurance Companies	4	1,128,630	1.01
Others	49	6,348,570	5.69
<b>Non-Resident</b>	6	11,492,950	10.30
<b>General Public</b>	1,469	21,390,801	19.18
	<b>1,561</b>	<b>111,535,938</b>	<b>100.00</b>



## Distribution of Shareholding in Central Depository Company of Pakistan Limited as at December 31, 2011

Number of Shareholders	Shareholdings		Total Number of Shares Held
	From	To	
157	1	100	5,733
239	101	500	65,851
125	501	1,000	93,287
303	1,001	5,000	718,377
81	5,001	10,000	581,052
34	10,001	15,000	400,514
17	15,001	20,000	295,607
14	20,001	25,000	313,125
16	25,001	30,000	445,769
4	30,001	35,000	136,269
5	35,001	40,000	185,935
4	40,001	45,000	164,647
2	45,001	50,000	97,184
2	50,001	55,000	105,135
1	55,001	60,000	59,758
3	60,001	65,000	187,994
3	65,001	70,000	206,822
4	75,001	80,000	312,858
1	80,001	85,000	80,500
2	95,001	100,000	196,884
2	115,001	120,000	231,411
1	120,001	125,000	124,400
2	150,001	155,000	303,826
1	160,001	165,000	162,920
1	165,001	170,000	168,660
1	170,001	175,000	174,656
1	200,001	205,000	204,156
1	205,001	210,000	209,099
1	210,001	215,000	213,597
1	225,001	230,000	225,265
1	230,001	235,000	232,139
1	245,001	250,000	248,400
1	275,001	280,000	276,822
1	290,001	295,000	291,596
1	295,001	300,000	298,566
1	305,001	310,000	305,188
1	330,001	335,000	334,866
1	340,001	345,000	345,000
1	370,001	375,000	374,928
1	385,001	390,000	385,250
1	415,001	420,000	418,413
1	440,001	445,000	444,253
1	455,001	460,000	457,885
1	495,001	500,000	496,685
1	520,001	525,000	520,324
2	525,001	530,000	1,053,577
1	530,001	535,000	532,091
1	535,001	540,000	535,917
1	605,001	610,000	606,493
1	610,001	615,000	611,255
1	630,001	635,000	632,104
1	655,001	660,000	658,032
1	670,001	675,000	671,955
1	680,001	685,000	683,696
1	745,001	750,000	747,597
1	795,001	800,000	797,596
1	800,001	805,000	804,213
1	960,001	965,000	960,521
1	1,060,001	1,065,000	1,061,742
1	1,100,001	1,105,000	1,104,069
1	1,115,001	1,120,000	1,115,274
1	1,845,001	1,850,000	1,848,282
1	2,235,001	2,240,000	2,239,610
1	9,105,001	9,110,000	9,105,493
<b>1,064</b>			<b>37,871,123</b>

## Pattern of Shareholding as at December 31, 2011

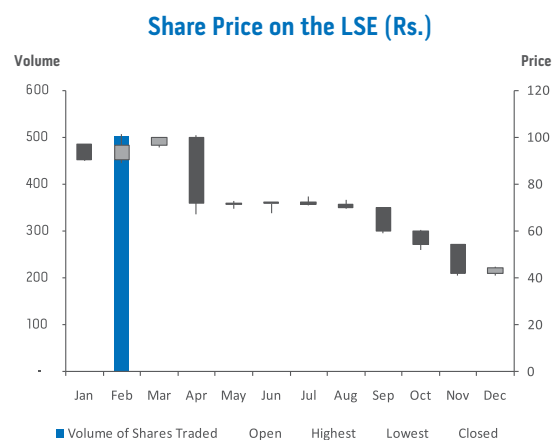
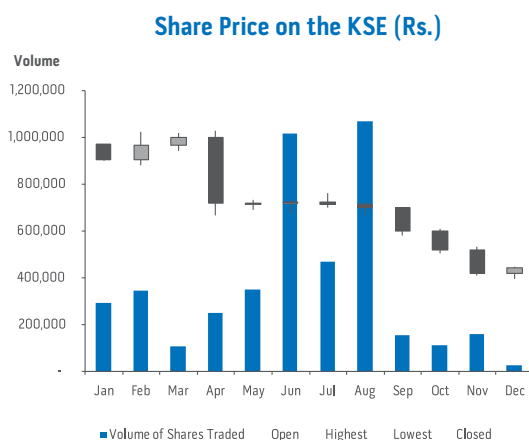
Number of Shareholders	Shareholdings		Total Number of Shares Held
	From	To	
257	1	100	9,099
346	101	500	95,727
183	501	1,000	135,699
392	1,001	5,000	918,862
156	5,001	10,000	1,115,082
48	10,001	15,000	575,992
19	15,001	20,000	327,832
20	20,001	25,000	451,025
19	25,001	30,000	524,980
8	30,001	35,000	268,839
7	35,001	40,000	262,138
7	40,001	45,000	289,101
3	45,001	50,000	147,050
4	50,001	55,000	210,912
1	55,001	60,000	59,758
4	60,001	65,000	251,709
5	65,001	70,000	340,415
1	70,001	75,000	73,143
5	75,001	80,000	389,735
1	80,001	85,000	80,500
2	95,001	100,000	196,884
1	100,001	105,000	101,886
1	110,001	115,000	111,839
2	115,001	120,000	231,411
1	120,001	125,000	124,400
1	125,001	130,000	125,115
1	130,001	135,000	134,923
1	135,001	140,000	137,544
4	150,001	155,000	613,120
1	160,001	165,000	162,920
1	165,001	170,000	168,660
3	170,001	175,000	518,839
1	200,001	205,000	204,156
2	205,001	210,000	414,768
1	210,001	215,000	213,597
1	225,001	230,000	225,265
2	230,001	235,000	463,306
1	235,001	240,000	235,817
1	245,001	250,000	248,400
1	255,001	260,000	259,536
1	275,001	280,000	276,822
1	290,001	295,000	291,596
1	295,001	300,000	298,566
1	300,001	305,000	304,134
1	305,001	310,000	305,188
1	330,001	335,000	334,866
1	340,001	345,000	345,000
1	370,001	375,000	374,928
1	385,001	390,000	385,250
1	415,001	420,000	418,413
1	440,001	445,000	444,253
1	455,001	460,000	457,885
1	495,001	500,000	496,685
2	500,001	505,000	1,001,362
1	520,001	525,000	520,324
2	525,001	530,000	1,053,577
2	530,001	535,000	1,064,325
1	535,001	540,000	535,917
1	605,001	610,000	606,493
1	610,001	615,000	611,255
1	630,001	635,000	632,104
1	655,001	660,000	658,032
1	670,001	675,000	671,955
1	680,001	685,000	683,696
1	745,001	750,000	747,597
1	795,001	800,000	797,596
1	800,001	805,000	804,213
2	960,001	965,000	1,923,008
1	965,001	970,000	966,552
1	1,060,001	1,065,000	1,061,742
1	1,100,001	1,105,000	1,104,069
1	1,115,001	1,120,000	1,115,274
1	1,430,001	1,435,000	1,433,952
1	1,765,001	1,770,000	1,769,422
1	1,845,001	1,850,000	1,848,282
1	2,235,001	2,240,000	2,239,610
1	2,715,001	2,720,000	2,718,302
1	4,475,001	4,480,000	4,475,925
1	9,105,001	9,110,000	9,105,493
1	11,835,001	11,840,000	11,838,267
1	18,955,001	18,960,000	18,958,151
1	24,435,001	24,440,000	24,435,873
<u>1,561</u>			<u>111,535,938</u>



## Share Price / Volume

The monthly high and low prices and the volum of shares traded on KSE and LSE during the financial year 2011 are as under:

Share Price on the KSE (Rs.)						Share Price on the LSE (Rs.)				
Month	Open	Highest	Lowest	Closed	Volume of Shares Traded	Open	Highest	Lowest	Closed	Volume of Shares Traded
Jan	96.89	95.80	90.00	90.50	292,590	96.89	96.89	90.02	90.50	-
Feb	90.50	102.44	88.11	96.42	345,250	90.50	101.09	89.05	96.42	500
Mar	96.42	101.90	94.05	99.99	109,727	96.42	100.00	95.69	99.99	-
Apr	99.99	102.79	66.60	71.79	251,103	99.99	100.79	66.99	71.79	-
May	71.79	73.20	69.10	72.00	352,489	71.79	72.89	69.30	72.00	-
Jun	72.00	73.00	67.65	72.50	1,015,865	72.00	72.41	67.60	72.50	-
Jul	72.50	76.12	70.00	71.19	469,989	72.50	74.80	70.68	71.19	-
Aug	71.19	72.49	66.50	69.72	1,066,296	71.19	73.00	69.63	69.72	-
Sep	69.72	70.00	58.00	60.02	156,747	69.72	69.72	58.90	60.02	-
Oct	60.02	61.00	50.31	51.99	113,975	60.02	60.60	51.99	54.00	-
Nov	51.99	53.25	41.00	41.99	162,401	54.00	54.00	41.00	41.99	-
Dec	41.99	44.70	39.50	44.22	26,625	41.99	44.50	41.00	44.22	-



## Corporate Calendar

### Results

First quarter ended March 31, 2011	Announced on	April 19, 2011
Half year ended June 30, 2011	Announced on	August 26, 2011
Third quarter ended September 30, 2011	Announced on	October 14, 2011
Year ended December 31, 2011	Announced on	March 26, 2012

### Dividends

Final - Cash & Final Bonus (2010)	Announced on	February 11, 2011
	Entitlement date	April 14, 2011
	Statutory limit upto which payable	May 25, 2011
	Credit & Paid on	April 26, 2011
Interim-Cash (2011)	Announced on	April 19, 2011
	Entitlement date	May 15, 2011
	Statutory limit up to which payable	June 22, 2011
	Paid on	May 25, 2011
Interim – Cash & Bonus (2011)	Announced on	August 26, 2011
	Entitlement date	September 14, 2011
	Statutory limit upto which payable	October 25, 2011
	Credit/Paid on	September 26, 2011
Final – Cash (2011)	Announced on	March 26, 2012
	Entitlement date	April 12, 2012
	Statutory limit upto which payable	May 25, 2012
	Expected to be paid on	April 26, 2012

### Issuance Of Annual Report

April 04, 2012

### 58th Annual General Meeting

April 26, 2012

## Directors Report to the Shareholders

The Directors of IGI Insurance Limited take pleasure in presenting the annual report of your Company, together with the audited financial statements for the year ended December 31, 2011.

### ECONOMIC OVERVIEW

During the year 2011, economic growth continued to be under stress due to fiscal deficit, rising government borrowing fueling inflationary trends and current account deficit. The persistent energy crisis significantly escalated the cost of doing business. The above factors had both direct and indirect impact on Insurance sector in the form of more competitive rates and cut throat competition for new business.

The agriculture sector managed to overcome the devastating effect of the floods and posted double the FY 2010 real growth of 1.2%. However, the manufacturing sector suffered a serious setback with industrial growth registered as negative 0.1% due to flood-driven supply chain interruptions, prolonged power outages, and reduction in gas supplies.

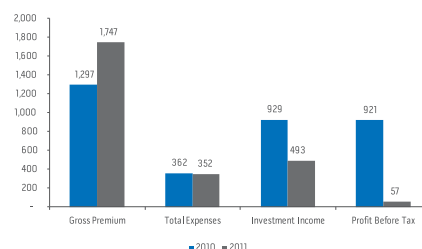
The capital market remained under stress as the Karachi Stock Exchange 100 Index was lower by 4.9% as compared to last year at 11,435 points at December 2011. There was a net outflow of USD 127 Million of foreign investment during this year showing lack of investors' interest.

Nevertheless, Moody's maintained Pakistan's B3 rating with "Stable" outlook as did Standard and Poor's with its "B-minus" rating during the year.

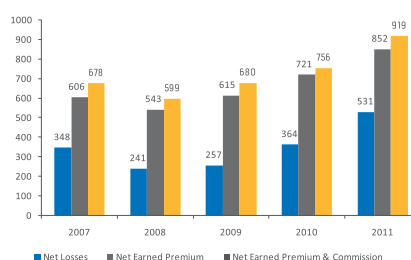
### COMPANY PERFORMANCE REVIEW 2011

Despite facing a challenging environment, the Company managed growth in Gross Written Premium (GWP) of 35% posting PKR 1,747 Million (2010: PKR 1,297 Million). Consequently, our market share increased to estimated 4.1% from 3.5% in 2010. The main contributors to premium growth were the Miscellaneous (including Engineering and Health), Fire, and Motor business segments. The business mix of Fire, Marine, Motor and Miscellaneous classes was 38%, 15%, 27% and 20%, respectively.

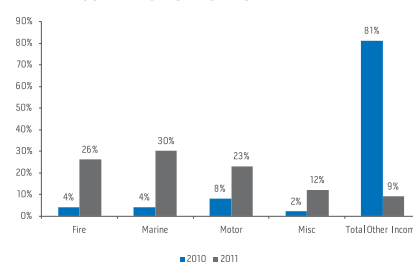
#### HIGHLIGHTS



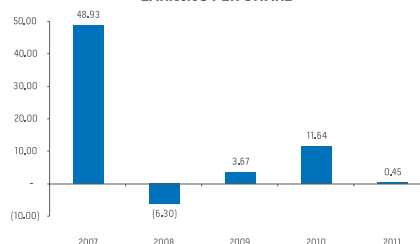
#### PREMIUM AND LOSSES



#### CONTRIBUTION TO PROFITABILITY



#### EARNING PER SHARE



## Directors Report to the Shareholders

Net Premium income also increased by 18% over last year and stands at 49% of GWP. However, Net Claims registered an increase of 46%, from PKR 364 Million to PKR 531 Million, resulting in lower Underwriting Profit to Earned Premia ratio of 13% in 2011 (2010: 16%). One of the main factors leading to the increase in claims is the impact of initiative taken by the Company to reconcile old outstanding dues with other co-insurers. Efforts in this regard have been successful, manifested by significant reduction in old receivables. However, it resulted in booking of gross claims pertaining to prior years amounting to approximately PKR 90 Million.

The General and Administrative Expenses, including a donation of PKR 20 Million, show an increase of 20%, from PKR 109 Million to PKR 130 Million; however, the impact was somewhat offset by a 39% decrease in Financial Charges, from PKR 67 Million to PKR 41 Million. Income from Investments decreased by 47% to PKR 492 Million against PKR 929 Million in 2010, mainly due to market conditions. Consequently, the Company posted PKR 57 Million Profit before Tax in 2011 against PKR 921 Million in 2010. Earnings per Share of the Company thus amounted to PKR 0.45 against PKR 7.5 in 2010.

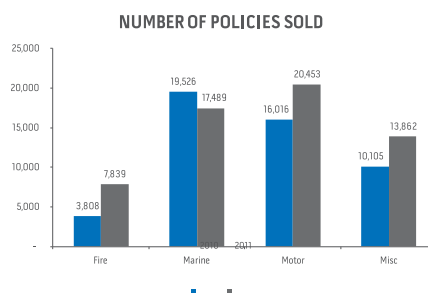
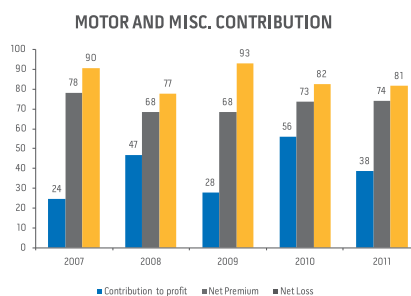
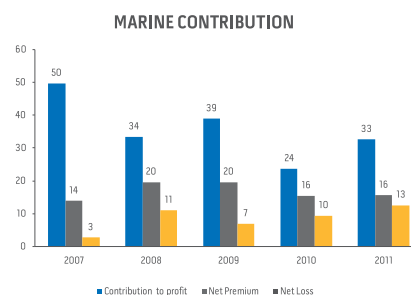
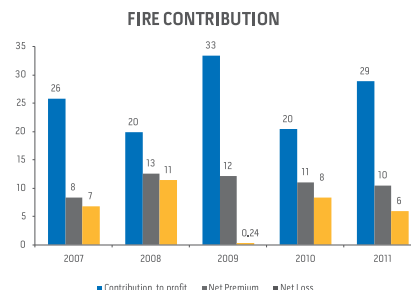
### SEGMENTS AT A GLANCE

#### FIRE

During the review year, Gross Premium grew by 71% from PKR 392 Million in 2010 to PKR 672 Million in 2011. Net Premium Earned increased from PKR 390 Million to PKR 560 Million. Net Losses were at the same level as in 2010 at PKR 31 Million, resulting in Underwriting Profits of PKR 60 Million against PKR 42 Million in 2010. The result is reflective of appropriate risk pricing and prudent retention policy.

#### MARINE, AVIATION AND TRANSPORT

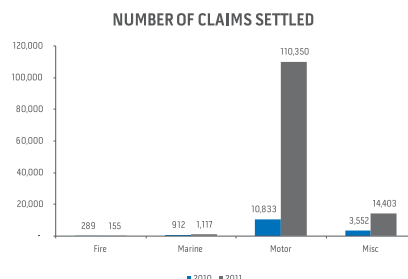
Marine business increased by 21% from PKR 218 Million in 2010 to PKR 264 Million in 2011. Net Premium Earned increased from PKR 208 Million to PKR 273 Million. Despite increased Net Losses, from PKR 35 Million to PKR 68 Million, there was an increase in Underwriting Profit from PKR 49 Million to PKR 68 Million.



## Directors Report to the Shareholders

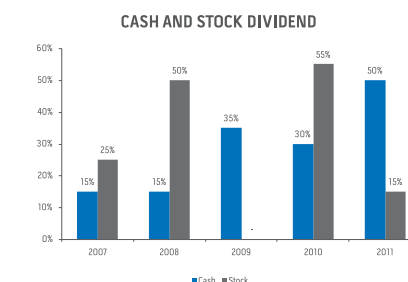
### MOTOR

Due to a cautious approach towards Motor Business, it grew by only 2% from PKR 454 Million in 2010 to PKR 464 Million. The increase in Net Losses from PKR 221 Million to PKR 296 Million, was mainly due to increased cost of spare parts. A major portion of this loss is due to recognition, of prior period losses in order to reconcile with co-insurers. The increase in Net Losses affected the Motor Underwriting Profitability, which reduced from PKR 91 Million in 2010 to PKR 53 Million in the current year.



### OTHERS (MISCELLANEOUS)

For Miscellaneous line, which includes Engineering, Contract, Travel, Health, and Cash business, Gross Written Premium increased from PKR 231 Million in 2010 to PKR 347 Million. An increased focus on Health insurance contributed substantially to growth in this area. The impact of the high losses generally associated with Health Insurance was managed and the Underwriting Profitability increased marginally from PKR 24 Million in 2010 to PKR 27 Million.



### CLAIMS

The policy of centralizing the management of claims at Head Office has resulted in increased operational efficiency and effective checks and balances. Further improvement in the internal processes was made possible through technology up gradation. Introduction of Sysflow, a web-application for internal tracking of claims has helped in reducing average claims settlement time frame. In addition to Sysflow, a fully automated Surveyor portal has also been launched whereby surveyors submit their report electronically, significantly reducing the claim settlement time.

Your Company accords high priority to efficient handling and expeditious settlement of claims and takes great pride in the fact that this year we achieved settlement ratio of 95% for claims reported in 2011 and for all Direct/Lead claims pertaining to 2010 and prior periods, except for only six General Average claims.

### RE-INSURANCE AND RISK MANAGEMENT

Your Company follows policy of optimizing retention of risks through a carefully designed, high quality program of re-insurance. We have structured our re-insurance program to protect the value at risk by ensuring timely and quality protection for individual risks. Our IT system is integrated across all branches and the exposure to accumulation and concentration of risk at any location is assessed accordingly. Your Company also increased capacities for traditional re-insurance arrangements as well as for specialized lines, including terrorism.



## Directors Report to the Shareholders

In this period of economic challenges, declining prices and softening of local insurance markets, our strategy of increasing risk retention has helped in achieving robust net premium growth of 17%. Furthermore, our Risk Management approach is proficient in qualitative evaluation of risks, providing safety consultancy for loss reduction and suggesting measures for risk mitigation to the client.

### INVESTMENTS

Our investment objective is to achieve an optimum total return on the investment portfolio adhering to our investment philosophy and the applicable regulations. The bearish market conditions during the year impacted our Investment Income. The income was also adversely affected by share of loss of PKR 497.8 Million from associate companies. However, the Book Value of your Company's investments is PKR 11,623 Million as at December 31, 2011 (2010: PKR 11,906 Million) with a fair value of PKR 18,578 Million, higher by 29% from last year.

### CAPITAL MANAGEMENT AND LIQUIDITY

The Company actively manages and monitors the matching of its asset positions against its commitments, together with diversification and credit quality of its investments against established targets.

The Company's primary source of funds is cash provided by operating activities, including Premiums and Net Investment Income. These funds are used primarily to pay claims, commissions, operating expenses, interest expenses and shareholder dividends. Cash flows generated from operating activities are generally invested in supporting future payment requirements, including the payment of dividends to shareholders.

### INFORMATION TECHNOLOGY

We are pleased to apprise the stakeholders that the web-based core application replaced the old system bringing countrywide operations online. This helped in creating a real-time Management Information System for prompt decision making and for aligning strategies to address business risks.

Web portals have been developed in-house for surveyors as well as for our valuable clients allowing easy access to IGI.

### HUMAN RESOURCE

At IGI, Human Resources policies aim at raising the performance of each team member to the maximum potential. We have strong faith in people, and the primary reason for our success is that this organization is built around people.

Team efforts played a key role in achieving the growth of 2011. This was further made possible through continuous review of the organizational structure, doing 'more with less'. Accordingly, Claims and Underwriting were centralized

## Directors Report to the Shareholders

to improve customer focus and optimize performance; synergies were created among support functions to enhance efficiency and optimize costs; and professionally-qualified Management Trainees were inducted to enhance the skill base and raise the quality of the organization. Employees are rewarded on the basis of performance, resulting in motivation at all levels.

### CODE OF CONDUCT

All our operational activities are carried out in a transparent manner strictly following the code of ethics, on which there can be no compromise.

### ISO CERTIFICATION AND ITS VALUE TO OUR CUSTOMERS

Your Company achieved a milestone by obtaining ISO 9002 certification from SGS Malaysia Sdn. Bhd and reaffirmed its commitment to quality in 2003 by successfully shifting to the new ISO 9001:2000 standard as certified by SGS Malaysia. In 2010 it became the First General Insurance Company in Pakistan to receive the new ISO 9001:2008 certification.

### INSURER'S FINANCIAL STRENGTH RATING

The Pakistan Credit Rating Agency (Private) Limited (PACRA) has, for the twelfth consecutive year, assigned your Company an "Insurer Financial Strength" (IFS) Rating of "AA" (Double A), in November 2011.

The Insurer Financial Strength (IFS) rating of "AA" (Double A) denotes a very strong capacity to meet policyholder and contract obligations, modest risk factors, and the expectation that the impact of any adverse business and economic factors will be very small.

### APPROPRIATIONS

The proposed appropriations are as under:

	2011 (Rupees in thousand)	2010
Final Dividend for the year - 30% (2010: 20%)	<b>334,605</b>	143,685
Interim Dividend for the year - 20% (2010: 10%)	<b>193,976</b>	71,843
Transfer to reserve for issue of Final Bonus Shares - Nil (2010: 35%)	<b>Nil</b>	251,449
Transfer to reserve for issue of Interim Bonus Shares - 15% (2010: 20%)	<b>145,482</b>	119,738

By proposing the final dividend of 30% for 2011, the total dividend amount of PKR 528.5 Million will reach the highest outlay in the history of the Company.

## Directors Report to the Shareholders

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### FUTURE OUTLOOK

Overall, 2012 is expected to be a challenging year with uncertainties in political and security areas and the nearing of elections. The economic sustainability is contingent upon a number of developments including the materialization of expected foreign inflows, steadying of the overall inflation level, and exchange rate stability.

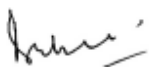
While competition is unabated in all business segments, the strength of the Group and the strategies pursued by IGI makes us confident that we will achieve our plans for 2012 by applying prudent policies and discipline in business operations and using cost effective measures. A disciplined approach with customer focus will remain our hallmark for 2012. The areas which offer significant growth potential are health, personalized insurance and bancassurance.

As a responsible corporate entity, we will continue to conduct our business in a transparent manner subscribing to high ethical standards and complying with all regulatory obligations.

### ACKNOWLEDGEMENT

We would like to thank our customers, business partners and employees for their faith in us, which has helped us see progress over the years. We also thank our shareholders for their continued patronage and confidence in IGI.

### For and on behalf of the Board



Syed Babar Ali

**Chairman**

Karachi: March 26, 2012

## Corporate Sustainability

IGI is conscious of its responsibility towards the society and the environment. Since Corporate Social Responsibility (CSR) is a continuous process, this year we strived to ensure sustainability for our stakeholders through numerous initiatives encompassing:

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

### CORPORATE SOCIAL RESPONSIBILITY

IGI believes in giving confidence, opportunities for learning, and success to the youth of Pakistan and offered paid internships to thirty students from various colleges and universities of the country to apply their knowledge practically and gain hands-on experience, enabling them to secure opportunities, not only at IGI but in the external job market as well.

We take our contribution towards the national economy seriously as well and have always discharged our obligations in a transparent, accurate and timely manner. PKR 295 Million was paid on account of Income Tax, Federal Excise Duty, Federal Insurance Fee and other levies during the year.

The Company contributed PKR 22 Million towards various social sector organizations in the education, health, and environment areas during the year. We also extend support to our employees for the education of their children, the Company Share of which amounted to PKR 3 Million this year.

### ENVIRONMENTAL SUSTAINABILITY

Pollution reduction and waste management measures have been defined and are being applied to ensure that there is a minimal impact of pollution and waste on our environment. Our waste management process is based on the philosophy of reduce, reuse, recycle and dispose.

IGI Insurance gives due care to energy conservation. All departments and employees consciously implement power conservation measures, not just during, but after business hours as well. In this regard a major step has recently been taken by making maximum use of available sunlight, thereby reducing the need for

artificial light. The expected energy saving from this initiative is estimated to be in excess of 6,000 Kilowatt Hours a year.

### EMPLOYEE DEVELOPMENT & ENGAGEMENT

IGI recognizes the value of a balanced work force and is committed to the principles of equal opportunity, equality of treatment, and creating a dynamic climate where diversity is valued as a source of enrichment and opportunity. Hence, female participation in the workplace now stands at 12%.

We also have an outstanding concentration of specialist expertise and talent. Providing our people with learning and growth opportunities, coupled with a safe and secure workplace is one of our top priorities. It is thus encouraging to report that this year:

- Customized training programs were carried out in various disciplines like Finance, Claims, Underwriting and Risk management function;
- Investment on employee training & education was around PKR 1.3 Million;
- Average training hours per employee for the year were 9.2 hours;
- There have been zero accidents / injury at the workplace.

### BUSINESS SUSTAINABILITY

The Company has built a reputation for conducting business with integrity, in accordance with the highest standards of ethical behavior, and in compliance with the laws and regulations that govern businesses. IGI carefully checks for compliance with its Code of Conduct by providing suitable information, prevention, and control tools. This organization also ensures transparency in all transactions and behaviors by taking corrective measures as and when required.

This year, to further capitalize on internal & external strengths, adopt best practices as well as increase operational efficiencies, the management successfully:

- Established a research department;
- Established a cross functional team for business process optimization; and
- Revised the salvage disposal procedure for maximizing the returns for the company while ensuring integrity & transparency.

## Report on Corporate Governance

The Directors confirm compliance with the Corporate and Financial Reporting Framework of the SECP Code of Corporate Governance for the following:

1. The financial statements together with the notes forming an integral part of these statements have been prepared by the management of your Company in conformity with the Companies Ordinance, 1984 and the Insurance Ordinance, 2000 and present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
4. The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been continuously monitored by the internal auditor. This is a continuing process and any weaknesses will be removed and its effective implementation shall be ensured.
6. There is no doubt upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for the last ten years is shown at page number 36 & 37.
9. Outstanding taxes and duties are given in the financial statements.
10. The value of investments based on audited accounts of the respective funds were as follows: Provident Fund as at June 30, 2011 Rs. 33.02 million Gratuity Fund as at December 31, 2010 Rs. 12.08 million
11. The related party transactions are approved or ratified by the audit committee and the Board of Directors;
12. The trade carried out by the Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children, if any, in the shares of the Company is given below:

### DIRECTORS & SPOUSES

Mrs. Perwin Babar Ali purchased 76,494 shares.  
Syed Kamal Ali, Director sold 68,000 shares.  
Syed Shahid Ali, Director sold 1,018,000 shares.  
Syed Hyder Ali, Director purchased 155,689 shares.

### EXECUTIVES:

Muhammad Arif purchased 603 shares.  
Faisal Shahzad purchased 16,171 shares.

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

### INSURANCE ORDINANCE, 2000

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

- in their opinion and to the best of their belief the annual statutory accounts of the Company set out in the forms attached with this statement have been drawn up in accordance with the Insurance Ordinance and any rules made there under;
- the Company has at all times in the year complied with the provisions of the Ordinance and the rules made there under relating to the paid-up capital, solvency and re-insurance arrangements; and
- as at the date of the statement, the Company continues to be in compliance with the provisions of the Ordinance and rules framed there under as mentioned above.



## for the year ended December 31, 2011

### BOARD MEETINGS AND ATTENDANCE

During the year, four (4) meetings of the Board of Directors were held and attendance by each Director is given below:

Name of Director	Number of meetings attended
Syed Babar Ali	1
Shamim Ahmad Khan	4
Syed Kamal Ali	1
Syed Yawar Ali	2
Syed Shahid Ali	2
Syed Hyder Ali	4
Waqar Ahmed Malik	3
Jalees Ahmed Siddiqi	4

The Board granted leave of absence to those Directors who could not attend the Board meetings.

### AUDIT COMMITTEE

As required under the Code of Corporate Governance, the Audit Committee continued to perform as per its terms of reference duly approved by the Board. The Committee composition and its terms of reference are also attached with this report.

### AUDITORS

The present auditors M/S KPMG Taseer Hadi & Company, Chartered Accountants retire and being eligible, have offered themselves for reappointment. The external auditors hold satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under their Quality Control Review Program. As suggested by the Audit Committee, the Board of Directors has recommended the appointment of M/S KPMG Taseer Hadi & Company, Chartered Accountants as auditors of the Company for the year 2012, at a fee to be mutually agreed.

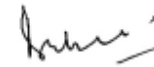
### MATERIAL CHANGES

There have been no material changes and commitments affecting the financial position of your Company since December 31, 2011.

### PATTERN OF SHAREHOLDING

A statement showing the pattern of shareholding is attached with this report.

### For and on behalf of the Board



Syed Babar Ali  
Chairman

Karachi, March 26, 2012

## Statement of Compliance with the Code of Corporate Governance

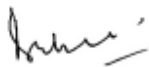
This statement is being presented to comply with the Code of Corporate Governance as contained in the listing regulations of respective stock exchanges and SRO 68(1)/2003 issued by the Securities and Exchange Commission of Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes six non-executive Directors, including the Chairman, out of eight Directors.
2. The Directors of the Company have confirmed that none of them is serving as a Director in more than ten listed companies, including this Company.
3. All the Directors have given declaration that they are aware of their duties and powers under the relevant laws and the Company's Memorandum and Articles of Association and the listing regulations of the stock exchanges of Pakistan.
4. All the Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution. None of the Director or their spouse is a member of a stock exchange.
5. The Company has prepared a Code of Conduct, which has been signed by all Directors and employees of the Company.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including the appointment and determination of remuneration and terms and conditions of employment of the CEO and other Executive Directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter during the year. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has established a system of sound internal control which is effectively implemented at all levels within the Company.
10. The Board arranged to apprise its Directors on their duties & responsibilities and to keep them informed on new laws, rules and regulations and amendments thereof.
11. All material information as required under the relevant rules, has been provided to the stock exchanges and to the Securities and Exchange Commission of Pakistan within the prescribed time limit.
12. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

## for the year ended December 31, 2011

13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed Underwriting, Claims Settlement and Re-insurance Committee.
17. The Board has formed an Audit Committee. It comprises of three members all of whom are non-Executive Directors including the Chairman of the committee.
18. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the Committee have been formed and advised to the committee for compliance.
19. The Board has approved the outsourcing of internal audit function to M/s A.F. Ferguson & Company, Chartered Accountants. Their remuneration and terms and conditions of appointment were also approved by the Audit Committee.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors with necessary justification for non arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.
23. We confirm that all other material principles contained in the Code have been complied with.



Syed Babar Ali  
Chairman

Karachi: March 26, 2012



KPMG Taseer Hadi & Co.  
Chartered Accountants  
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Karachi-75200 Pakistan

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## Review Report to the Members on Statment of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of IGI Insurance Limited "the Company" to comply with the Listing Regulations of Karachi and Lahore stock exchanges where the Company is listed, and the Code of Corporate Governance applicable to listed insurance companies issued under SRO 68(1)2003, by the Securities and Exchange Commission of Pakistan.

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

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

Further, Listing Regulations of the stock exchanges where the Company is listed, require the Company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 31 December 2011.

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Karachi: March 26, 2012

For and on behalf of the Board of Directors



KPMG Taseer Hadi & Co.  
Chartered Accountants  
80-A, 80-B, 80-C, 80-D, 80-E, 80-F, 80-G, 80-H, 80-I, 80-J, 80-K, 80-L, 80-M, 80-N, 80-O, 80-P, 80-Q, 80-R, 80-S, 80-T, 80-U, 80-V, 80-W, 80-X, 80-Y, 80-Z, 80-AA, 80-AB, 80-AC, 80-AD, 80-AE, 80-AF, 80-AG, 80-AH, 80-AI, 80-AJ, 80-AK, 80-AL, 80-AM, 80-AN, 80-AO, 80-AP, 80-AQ, 80-AR, 80-AS, 80-AT, 80-AU, 80-AV, 80-AW, 80-AX, 80-AY, 80-AZ, 80-BA, 80-BB, 80-BC, 80-BD, 80-BE, 80-BF, 80-BG, 80-BH, 80-BI, 80-BJ, 80-BK, 80-BL, 80-BM, 80-BN, 80-BO, 80-BP, 80-BQ, 80-BR, 80-BS, 80-BT, 80-BU, 80-BV, 80-BW, 80-BX, 80-BY, 80-BZ, 80-CA, 80-CB, 80-CC, 80-CD, 80-CE, 80-CF, 80-CG, 80-CH, 80-CI, 80-CJ, 80-CK, 80-CL, 80-CM, 80-CN, 80-CO, 80-CP, 80-CQ, 80-CR, 80-CS, 80-CT, 80-CU, 80-CV, 80-CW, 80-CX, 80-CY, 80-CZ, 80-DA, 80-DB, 80-DC, 80-DD, 80-DE, 80-DF, 80-DG, 80-DH, 80-DI, 80-DJ, 80-DK, 80-DL, 80-DM, 80-DN, 80-DO, 80-DP, 80-DQ, 80-DR, 80-DS, 80-DT, 80-DU, 80-DV, 80-DW, 80-DX, 80-DY, 80-DZ, 80-EA, 80-EB, 80-EC, 80-ED, 80-EE, 80-EF, 80-EG, 80-EH, 80-EI, 80-EJ, 80-EK, 80-EL, 80-EM, 80-EN, 80-EO, 80-EP, 80-EQ, 80-ER, 80-ES, 80-ET, 80-EU, 80-EV, 80-EW, 80-EX, 80-EY, 80-EZ, 80-FA, 80-FB, 80-FC, 80-FD, 80-FE, 80-FF, 80-FG, 80-FH, 80-FI, 80-FJ, 80-FK, 80-FL, 80-FM, 80-FN, 80-FO, 80-FP, 80-FQ, 80-FR, 80-FS, 80-FT, 80-FU, 80-FV, 80-FW, 80-FX, 80-FY, 80-FZ, 80-GA, 80-GB, 80-GC, 80-GD, 80-GE, 80-GF, 80-GG, 80-GH, 80-GI, 80-GJ, 80-GK, 80-GL, 80-GM, 80-GN, 80-GO, 80-GP, 80-GQ, 80-GR, 80-GS, 80-GT, 80-GU, 80-GV, 80-GW, 80-GX, 80-GY, 80-GZ, 80-HA, 80-HB, 80-HC, 80-HD, 80-HE, 80-HF, 80-HG, 80-HH, 80-HI, 80-HJ, 80-HK, 80-HL, 80-HM, 80-HN, 80-HO, 80-HP, 80-HQ, 80-HR, 80-HS, 80-HT, 80-HU, 80-HV, 80-HW, 80-HX, 80-HY, 80-HZ, 80-IA, 80-IB, 80-IC, 80-ID, 80-IE, 80-IF, 80-IG, 80-IH, 80-II, 80-IJ, 80-IK, 80-IL, 80-IM, 80-IN, 80-IO, 80-IP, 80-IQ, 80-IR, 80-IS, 80-IT, 80-IU, 80-IV, 80-IW, 80-IX, 80-IY, 80-IZ, 80-JA, 80-JB, 80-JC, 80-JD, 80-JE, 80-JF, 80-JG, 80-JH, 80-JI, 80-JJ, 80-JK, 80-JL, 80-JM, 80-JN, 80-JO, 80-JP, 80-JQ, 80-JR, 80-JS, 80-JT, 80-JU, 80-JV, 80-JW, 80-JX, 80-JY, 80-JZ, 80-KA, 80-KB, 80-KC, 80-KD, 80-KE, 80-KF, 80-KG, 80-KH, 80-KI, 80-KJ, 80-KK, 80-KL, 80-KM, 80-KN, 80-KO, 80-KP, 80-KQ, 80-KR, 80-KS, 80-KT, 80-KU, 80-KV, 80-KW, 80-KX, 80-KY, 80-KZ, 80-LA, 80-LB, 80-LC, 80-LD, 80-LE, 80-LF, 80-LG, 80-LH, 80-LI, 80-LJ, 80-LK, 80-LL, 80-LM, 80-LN, 80-LO, 80-LP, 80-LQ, 80-LR, 80-LS, 80-LT, 80-LU, 80-LV, 80-LW, 80-LX, 80-LY, 80-LZ, 80-MA, 80-MB, 80-MC, 80-MD, 80-ME, 80-MF, 80-MG, 80-MH, 80-MI, 80-MJ, 80-MK, 80-ML, 80-MM, 80-MN, 80-MO, 80-MP, 80-MQ, 80-MR, 80-MS, 80-MT, 80-MU, 80-MV, 80-MW, 80-MX, 80-MY, 80-MZ, 80-NA, 80-NB, 80-NC, 80-ND, 80-NE, 80-NF, 80-NG, 80-NH, 80-NI, 80-NJ, 80-NK, 80-NL, 80-NM, 80-NN, 80-NO, 80-NP, 80-NQ, 80-NR, 80-NS, 80-NT, 80-NU, 80-NV, 80-NW, 80-NX, 80-NY, 80-NZ, 80-OA, 80-OB, 80-OC, 80-OD, 80-OE, 80-OF, 80-OG, 80-OH, 80-OI, 80-OJ, 80-OK, 80-OL, 80-OM, 80-ON, 80-OO, 80-OP, 80-OQ, 80-OR, 80-OS, 80-OT, 80-OU, 80-OV, 80-OW, 80-OX, 80-OY, 80-OZ, 80-PA, 80-PB, 80-PC, 80-PD, 80-PE, 80-PF, 80-PG, 80-PH, 80-PI, 80-PJ, 80-PK, 80-PL, 80-PM, 80-PN, 80-PO, 80-PP, 80-PQ, 80-PR, 80-PS, 80-PT, 80-PU, 80-PV, 80-PW, 80-PX, 80-PY, 80-PZ, 80-QA, 80-QB, 80-QC, 80-QD, 80-QE, 80-QF, 80-QG, 80-QH, 80-QI, 80-QJ, 80-QK, 80-QL, 80-QM, 80-QN, 80-QO, 80-QP, 80-QQ, 80-QR, 80-QS, 80-QT, 80-QU, 80-QV, 80-QW, 80-QX, 80-QY, 80-QZ, 80-RA, 80-RB, 80-RC, 80-RD, 80-RE, 80-RF, 80-RG, 80-RH, 80-RI, 80-RJ, 80-RK, 80-RL, 80-RM, 80-RN, 80-RO, 80-RP, 80-RQ, 80-RR, 80-RS, 80-RT, 80-RU, 80-RV, 80-RW, 80-RX, 80-RY, 80-RZ, 80-SA, 80-SB, 80-SC, 80-SD, 80-SE, 80-SF, 80-SG, 80-SH, 80-SI, 80-SJ, 80-SK, 80-SL, 80-SM, 80-SN, 80-SO, 80-SP, 80-SQ, 80-SR, 80-SS, 80-ST, 80-SU, 80-SV, 80-SW, 80-SX, 80-SY, 80-SZ, 80-TA, 80-TB, 80-TC, 80-TD, 80-TE, 80-TF, 80-TG, 80-TH, 80-TI, 80-TJ, 80-TK, 80-TL, 80-TM, 80-TN, 80-TO, 80-TP, 80-TQ, 80-TR, 80-TS, 80-TT, 80-TU, 80-TV, 80-TW, 80-TX, 80-TY, 80-TZ, 80-UA, 80-UB, 80-UC, 80-UD, 80-UE, 80-UF, 80-UG, 80-UH, 80-UI, 80-UJ, 80-UK, 80-UL, 80-UM, 80-UN, 80-UO, 80-UP, 80-UQ, 80-UR, 80-US, 80-UT, 80-UY, 80-UZ, 80-VA, 80-VB, 80-VC, 80-VD, 80-VE, 80-VF, 80-VG, 80-VH, 80-VI, 80-VJ, 80-VK, 80-VL, 80-VM, 80-VN, 80-VO, 80-VP, 80-VQ, 80-VR, 80-VS, 80-VT, 80-VU, 80-VV, 80-VW, 80-VX, 80-VY, 80-VZ, 80-WA, 80-WB, 80-WC, 80-WD, 80-WE, 80-WF, 80-WG, 80-WH, 80-WI, 80-WJ, 80-WK, 80-WL, 80-WM, 80-WN, 80-WO, 80-WP, 80-WQ, 80-WR, 80-WS, 80-WT, 80-WU, 80-WV, 80-WX, 80-WY, 80-WZ, 80-XA, 80-XB, 80-XC, 80-XD, 80-XE, 80-XF, 80-XG, 80-XH, 80-XI, 80-XJ, 80-XK, 80-XL, 80-XM, 80-XN, 80-XO, 80-XP, 80-XQ, 80-XR, 80-XS, 80-XT, 80-XU, 80-XV, 80-XW, 80-XX, 80-XY, 80-XZ, 80-YA, 80-YB, 80-YC, 80-YD, 80-YE, 80-YF, 80-YG, 80-YH, 80-YI, 80-YJ, 80-YK, 80-YL, 80-YM, 80-YN, 80-YO, 80-YP, 80-YQ, 80-YR, 80-YS, 80-YT, 80-YU, 80-YV, 80-YW, 80-YX, 80-YY, 80-YZ, 80-ZA, 80-ZB, 80-ZC, 80-ZD, 80-ZE, 80-ZF, 80-ZG, 80-ZH, 80-ZI, 80-ZJ, 80-ZK, 80-ZL, 80-ZM, 80-ZN, 80-ZO, 80-ZP, 80-ZQ, 80-ZR, 80-ZS, 80-ZT, 80-ZU, 80-ZV, 80-ZW, 80-ZX, 80-ZY, 80-ZZ, 80-AA, 80-AB, 80-AC, 80-AD, 80-AE, 80-AF, 80-AG, 80-AH, 80-AI, 80-AJ, 80-AK, 80-AL, 80-AM, 80-AN, 80-AO, 80-AP, 80-AQ, 80-AR, 80-AS, 80-AT, 80-AU, 80-AV, 80-AW, 80-AX, 80-AY, 80-AZ, 80-BA, 80-BB, 80-BC, 80-BD, 80-BE, 80-BF, 80-BG, 80-BH, 80-BI, 80-BJ, 80-BK, 80-BL, 80-BM, 80-BN, 80-BO, 80-BP, 80-BQ, 80-BR, 80-BS, 80-BT, 80-BU, 80-BV, 80-BW, 80-BX, 80-BY, 80-BZ, 80-CA, 80-CB, 80-CC, 80-CD, 80-CE, 80-CF, 80-CG, 80-CH, 80-CI, 80-CJ, 80-CK, 80-CL, 80-CM, 80-CN, 80-CO, 80-CP, 80-CQ, 80-CR, 80-CS, 80-CT, 80-CU, 80-CV, 80-CW, 80-CX, 80-CY, 80-CZ, 80-DA, 80-DB, 80-DC, 80-DD, 80-DE, 80-DF, 80-DG, 80-DH, 80-DI, 80-DJ, 80-DK, 80-DL, 80-DM, 80-DN, 80-DO, 80-DP, 80-DQ, 80-DR, 80-DS, 80-DT, 80-DU, 80-DV, 80-DW, 80-DX, 80-DY, 80-DZ, 80-EA, 80-EB, 80-EC, 80-ED, 80-EE, 80-EF, 80-EG, 80-EH, 80-EI, 80-EJ, 80-EK, 80-EL, 80-EM, 80-EN, 80-EO, 80-EP, 80-EQ, 80-ER, 80-ES, 80-ET, 80-EU, 80-EV, 80-EW, 80-EX, 80-EY, 80-EZ, 80-FA, 80-FB, 80-FC, 80-FD, 80-FE, 80-FF, 80-FG, 80-FH, 80-FI, 80-FJ, 80-FK, 80-FL, 80-FM, 80-FN, 80-FO, 80-FP, 80-FQ, 80-FR, 80-FS, 80-FT, 80-FU, 80-FV, 80-FW, 80-FX, 80-FY, 80-FZ, 80-GA, 80-GB, 80-GC, 80-GD, 80-GE, 80-GF, 80-GG, 80-GH, 80-GI, 80-GJ, 80-GK, 80-GL, 80-GM, 80-GN, 80-GO, 80-GP, 80-GQ, 80-GR, 80-GS, 80-GT, 80-GU, 80-GV, 80-GW, 80-GX, 80-GY, 80-GZ, 80-HA, 80-HB, 80-HC, 80-HD, 80-HE, 80-HF, 80-HG, 80-HH, 80-HI, 80-HJ, 80-HK, 80-HL, 80-HM, 80-HN, 80-HO, 80-HP, 80-HQ, 80-HR, 80-HS, 80-HT, 80-HU, 80-HV, 80-HW, 80-HX, 80-HY, 80-HZ, 80-IA, 80-IB, 80-IC, 80-ID, 80-IE, 80-IF, 80-IG, 80-IH, 80-II, 80-IJ, 80-IK, 80-IL, 80-IM, 80-IN, 80-IO, 80-IP, 80-IQ, 80-IR, 80-IS, 80-IT, 80-IU, 80-IV, 80-IW, 80-IX, 80-IY, 80-IZ, 80-JA, 80-JB, 80-JC, 80-JD, 80-JE, 80-JF, 80-JG, 80-JH, 80-JI, 80-JJ, 80-JK, 80-JL, 80-JM, 80-JN, 80-JO, 80-JP, 80-JQ, 80-JR, 80-JS, 80-JT, 80-JU, 80-JV, 80-JW, 80-JX, 80-JY, 80-JZ, 80-KA, 80-KB, 80-KC, 80-KD, 80-KE, 80-KF, 80-KG, 80-KH, 80-KI, 80-KJ, 80-KK, 80-KL, 80-KM, 80-KN, 80-KO, 80-KP, 80-KQ, 80-KR, 80-KS, 80-KT, 80-KU, 80-KV, 80-KW, 80-KX, 80-KY, 80-KZ, 80-LA, 80-LB, 80-LC, 80-LD, 80-LE, 80-LF, 80-LG, 80-LH, 80-LI, 80-LJ, 80-LK, 80-LL, 80-LM, 80-LN, 80-LO, 80-LP, 80-LQ, 80-LR, 80-LS, 80-LT, 80-LU, 80-LV, 80-LW, 80-LX, 80-LY, 80-LZ, 80-MA, 80-MB, 80-MC, 80-MD, 80-ME, 80-MF, 80-MG, 80-MH, 80-MI, 80-MJ, 80-MK, 80-ML, 80-MM, 80-MN, 80-MO, 80-MP, 80-MQ, 80-MR, 80-MS, 80-MT, 80-MU, 80-MV, 80-MW, 80-MX, 80-MY, 80-MZ, 80-NA, 80-NB, 80-NC, 80-ND, 80-NE, 80-NF, 80-NG, 80-NH, 80-NI, 80-NJ, 80-NK, 80-NL, 80-NM, 80-NN, 80-NO, 80-NP, 80-NQ, 80-NR, 80-NS, 80-NT, 80-NU, 80-NV, 80-NW, 80-NX, 80-NY, 80-NZ, 80-OA, 80-OB, 80-OC, 80-OD, 80-OE, 80-OF, 80-OG, 80-OH, 80-OI, 80-OJ, 80-OK, 80-OL, 80-OM, 80-ON, 80-OO, 80-OP, 80-OQ, 80-OR, 80-OS, 80-OT, 80-OU, 80-OV, 80-OW, 80-OX, 80-OY, 80-OZ, 80-PA, 80-PB, 80-PC, 80-PD, 80-PE, 80-PF, 80-PG, 80-PH, 80-PI, 80-PJ, 80-PK, 80-PL, 80-PM, 80-PN, 80-PO, 80-PP, 80-PQ, 80-PR, 80-PS, 80-PT, 80-PU, 80-PV, 80-PW, 80-PX, 80-PY, 80-PZ, 80-QA, 80-QB, 80-QC, 80-QD, 80-QE, 80-QF, 80-QG, 80-QH, 80-QI, 80-QJ, 80-QK, 80-QL, 80-QM, 80-QN, 80-QO, 80-QP, 80-QQ, 80-QR, 80-QS, 80-QT, 80-QU, 80-QV, 80-QW, 80-QX, 80-QY, 80-QZ, 80-RA, 80-RB, 80-RC, 80-RD, 80-RE, 80-RF, 80-RG, 80-RH, 80-RI, 80-RJ, 80-RK, 80-RL, 80-RM, 80-RN, 80-RO, 80-RP, 80-RQ, 80-RR, 80-RS, 80-RT, 80-RU, 80-RV, 80-RW, 80-RX, 80-RY, 80-RZ, 80-SA, 80-SB, 80-SC, 80-SD, 80-SE, 80-SF, 80-SG, 80-SH, 80-SI, 80-SJ, 80-SK, 80-SL, 80-SM, 80-SN, 80-SO, 80-SP, 80-SQ, 80-SR, 80-SS, 80-ST, 80-SU, 80-SV, 80-SW, 80-SX, 80-SY, 80-SZ, 80-TA, 80-TB, 80-TC, 80-TD, 80-TE, 80-TF, 80-TG, 80-TH, 80-TI, 80-TJ, 80-TK, 80-TL, 80-TM, 80-TN, 80-TO, 80-TP, 80-TQ, 80-TR, 80-TS, 80-TT, 80-TU, 80-TV, 80-TW, 80-TX, 80-TY, 80-TZ, 80-UA, 80-UB, 80-UC, 80-UD, 80-UE, 80-UF, 80-UG, 80-UH, 80-UI, 80-UJ, 80-UK, 80-UL, 80-UM, 80-UN, 80-UO, 80-UP, 80-UQ, 80-UR, 80-US, 80-UT, 80-UY, 80-UZ, 80-VA, 80-VB, 80-VC, 80-VD, 80-VE, 80-VF, 80-VG, 80-VH, 80-VI, 80-VJ, 80-VK, 80-VL, 80-VM, 80-VN, 80-VO, 80-VP, 80-VQ, 80-VR, 80-VS, 80-VT, 80-VU, 80-VV, 80-VW, 80-VX, 80-VY, 80-VZ, 80-WA, 80-WB, 80-WC, 80-WD, 80-WE, 80-WF, 80-WG, 80-WH, 80-WI, 80-WJ, 80-WK, 80-WL, 80-WM, 80-WN, 80-WO, 80-WP, 80-WQ, 80-WR, 80-WS, 80-WT, 80-WU, 80-WV, 80-WX, 80-WY, 80-WZ, 80-XA, 80-XB, 80-XC, 80-XD, 80-XE, 80-XF, 80-XG, 80-XH, 80-XI, 80-XJ, 80-XK, 80-XL, 80-XM, 80-XN, 80-XO, 80-XP, 80-XQ, 80-XR, 80-XS, 80-XT, 80-XU, 80-XV, 80-XW, 80-XX, 80-XY, 80-XZ, 80-YA, 80-YB, 80-YC, 80-YD, 80-YE, 80-YF, 80-YG, 80-YH, 80-YI, 80-YJ, 80-YK, 80-YL, 80-YM, 80-YN, 80-YO, 80-YP, 80-YQ, 80-YR, 80-YS, 80-YT, 80-YU, 80-YV, 80-YW, 80-YX, 80-YY, 80-YZ, 80-ZA, 80-ZB, 80-ZC, 80-ZD, 80-ZE, 80-ZF, 80-ZG, 80-ZH, 80-ZI, 80-ZJ, 80-ZK, 80-ZL, 80-ZM, 80-ZN, 80-ZO, 80-ZP, 80-ZQ, 80-ZR, 80-ZS, 80-ZT, 80-ZU, 80-ZV, 80-ZW, 80-ZX, 80-ZY, 80-ZZ

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Fax: 021-261-2226-2227  
E-mail: info@kpmg.pk

## Auditors' Report to the Members of IGI Insurance Limited

We have audited the annexed financial statements comprising of:

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

of IGI Insurance Limited ("the Company") as at 31 December 2011 together with the notes forming part thereof, for the year then ended.

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

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

We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2011 and of the profit, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

KPMG Taseer Hadi & Co.  
Chartered Accountants

Mohammad Mahmood Hussain

Karachi: March 26, 2012

محمد محمود حسین



## Balance Sheet

	Note	2011 (Rupees in thousand)	2010 (Rupees in thousand)
<b>Share capital and reserves</b>			
Authorized share capital 200,000,000 (2010: 100,000,000) ordinary shares of Rs 10 each		<u>2,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid up share capital	5	1,115,359	718,427
Unappropriated profits		642,166	592,463
Reserves		<u>9,530,371</u>	<u>10,264,964</u>
		<b>11,287,896</b>	<b>11,575,854</b>
<b>Underwriting provisions</b>			
Provision for outstanding claims [including IBNR]		727,343	228,421
Provision for unearned premium		570,173	423,939
Commission income unearned		66,357	49,006
		<b>1,363,873</b>	<b>701,366</b>
<b>Deferred liabilities</b>			
Deferred taxation	6	17,843	68,145
<b>Creditors and accruals</b>			
Premium received in advance		3,396	344
Amounts due to other insurers / reinsurers		165,999	76,221
Accrued expenses		57,350	44,713
Sundry creditors	7	133,878	94,013
		<b>360,623</b>	<b>215,291</b>
<b>Borrowings</b>			
Long term finance - secured		-	-
Short term finance - secured	8	544,314	396,327
		<b>544,314</b>	<b>396,327</b>
<b>Other liabilities</b>			
Unclaimed dividend		6,480	3,468
<b>Total liabilities</b>		<u>2,293,133</u>	<u>1,384,597</u>
<b>Total equity and liabilities</b>		<u>13,581,029</u>	<u>12,960,451</u>
<b>Contingencies and commitments</b>	9		

The annexed notes from 1 to 31 form an integral part of these financial statements.



Chairman



Director



Director



Principal Officer and  
Chief Executive

## as at 31 December, 2011

	Note	2011 (Rupees in thousand)	2010
<b>Cash and bank deposits</b>			
Cash and other equivalents	10	378	231
Current and other accounts	11	77,139	190
Deposits maturing within 12 months	12	-	-
		<b>77,517</b>	421
<b>Investments</b>	13	<b>11,622,957</b>	11,905,802
<b>Investments property</b>	19	<b>90,932</b>	96,928
<b>Deferred taxation</b>	6	-	-
<b>Current assets - others</b>			
Premiums due but unpaid - unsecured	14	231,656	132,000
Amounts due from other insurers / reinsurers - unsecured	15	403,195	212,475
Accrued investment income		7,028	8,827
Reinsurance recoveries against outstanding claims		528,856	95,371
Prepayments			
- prepaid reinsurance premium ceded		258,703	147,998
- others		12,834	8,953
Taxation - payments less provision		73,170	76,560
Sundry receivables	16	109,066	101,222
		<b>1,624,508</b>	783,406
<b>Fixed assets</b>			
<b>Tangible</b>	17		
Furniture, fixtures and office equipments		21,236	25,181
Buildings		90,933	96,928
Motor vehicles		43,104	45,132
		<b>155,273</b>	167,241
<b>Intangibles</b>	18		
Computer softwares		9,842	2,877
Software under development		-	3,776
		<b>9,842</b>	6,653
<b>Total assets</b>		<b>13,581,029</b>	12,960,451



Chairman



Director



Director



Principal Officer and  
Chief Executive

## Profit and Loss Account for the year ended 31 December, 2011

	Note	Fire and Property Damage	Marine Aviation and Transport	Motor	Miscellaneous	(Rupees in thousand) 2011 Aggregate	2010 Aggregate
<b>Revenue account</b>							
Net premium revenue		89,165	134,267	444,751	184,146	852,329	720,733
Net claims		(31,415)	(67,655)	(296,887)	(134,568)	(530,525)	(364,411)
Expenses	20	(62,333)	(24,500)	(62,060)	(32,163)	(181,056)	(186,172)
Net commission		64,370	25,913	(32,775)	9,526	67,034	34,945
<b>Underwriting result</b>		<b>59,787</b>	<b>68,025</b>	<b>53,029</b>	<b>26,941</b>	<b>207,782</b>	205,095
Investment income						492,524	929,344
Rental income						19,745	18,581
Other income	21					5,776	9,647
Financial charges	22					(40,952)	(66,563)
General and administrative expenses	23					(130,368)	(109,054)
						346,725	781,955
						554,507	987,050
Share of (loss) of associates						(497,875)	(66,279)
<b>Profit before tax</b>						<b>56,632</b>	920,771
Taxation	24					(6,929)	(84,215)
<b>Profit after tax</b>						<b>49,703</b>	836,556
Other comprehensive income						-	-
<b>Total comprehensive income</b>						<b>49,703</b>	836,556
<b>Profit and loss appropriation account</b>							
Balance at commencement of the year						592,463	(172,250)
Profit after tax for the year						49,703	836,556
Transfer from general reserve						337,661	149,672
Final dividend 2010: Rs. 2 per share (2009: Rs. 2.5 per share)						(143,685)	(149,672)
Interim dividend 2011: Rs. 2 per share (2010: Rs.1 per share)						(193,976)	(71,843)
						49,703	764,713
<b>Unappropriated profits</b>						<b>642,166</b>	592,463
<b>Earnings per share -</b>							
<b>basic and diluted</b>	28					<b>0.45</b>	7.50

The annexed notes from 1 to 31 form an integral part of these financial statements.



Chairman



Director



Director



Principal Officer and  
Chief Executive

## Statement of Changes in Equity for the year ended 31 December, 2011

	Issued, subscribed and paid-up share capital	Reserves			Revenue reserves General reserve	(Rupees in thousand) (Accumulated losses) / Unappropriated profit	Total
		Premium on issue of shares	Reserve for bonus shares	Other capital reserves			
Balance as at 1 January, 2010	598,689	35,762	-	33,267	10,465,345	(172,250)	10,960,813
<b>Total comprehensive income for the year ended 31 December, 2010</b>							
Net profit for the year	-	-	-	-	-	836,556	836,556
<b>Transactions with owners, recorded directly in equity</b>							
Final dividend for the year ended 31 December, 2009 - Rs. 2.5 per share	-	-	-	-	-	(149,672)	(149,672)
Interim dividend for the year ended 31 December, 2010 - Rs. 1 per share	-	-	-	-	-	(71,843)	(71,843)
Bonus shares issued for year ended 31 December, 2010 - Rs. 2 per share	119,738	-	(119,738)	-	-	-	-
	119,738	-	(119,738)	-	-	(221,515)	(221,515)
Transferred from general reserve							
- To unappropriated profits	-	-	-	-	(149,672)	149,672	-
- To reserve for bonus shares	-	-	119,738	-	(119,738)	-	-
Balance as at 31 December, 2010	718,427	35,762	-	33,267	10,195,935	592,463	11,575,854
<b>Total comprehensive income for the year ended 31 December, 2011</b>							
Net profit for the year	-	-	-	-	-	49,703	49,703
<b>Transactions with owners, recorded directly in equity</b>							
Final dividend for the year ended 31 December, 2010 - Rs. 2 per share	-	-	-	-	-	(143,685)	(143,685)
Interim dividend for the period ended 31 March, 2011 - Rs. 1 per share	-	-	-	-	-	(96,988)	(96,988)
Interim dividend for the period ended 30 June, 2011 - Rs. 1 per share	-	-	-	-	-	(96,988)	(96,988)
Bonus shares issued for year ended 31 December, 2010 @ 35%	251,450	-	(251,450)	-	-	-	-
Bonus shares issued for period ended 30 June, 2011 @ 15%	145,482	-	(145,482)	-	-	-	-
	396,932	-	(396,932)	-	-	(337,661)	(337,661)
Transferred from general reserve	-	-	-	-	(337,661)	337,661	-
- To unappropriated profits	-	-	-	-	(396,932)	-	-
- To reserve for bonus shares	-	-	396,932	-	-	-	-
Balance as at 31 December, 2011	1,115,359	35,762	-	33,267	9,461,342	642,166	11,287,896

The annexed notes from 1 to 31 form an integral part of these financial statements.



Chairman



Director



Director



Principal Officer and  
Chief Executive

## Statement of Cash Flows

	2011	2010
	(Rupees in thousand)	
<b>Operating cash flows</b>		
<b>Underwriting activities</b>		
Premiums received	1,650,411	1,291,183
Reinsurance premiums paid	(960,099)	(449,214)
Claims paid	(889,342)	(531,943)
Reinsurance and other recoveries received	424,254	186,200
Commissions paid	(135,436)	(89,804)
Commissions received	207,935	152,890
Net cash inflow from underwriting activities	297,723	559,312
<b>Other operating activities</b>		
Income tax paid	(53,841)	(63,866)
General and management expenses paid	(251,618)	(202,258)
Other operating payments	(31,234)	(39,103)
Other operating receipts	20,864	24,582
Net cash (outflow) from other operating activities	(315,829)	(280,645)
<b>Total cash (outflow) / inflow from all operating activities</b>	(18,106)	278,667
<b>Investment activities</b>		
Profit / return received	25,644	17,802
Dividends received	345,170	313,262
Payments for investments	(850,338)	(441,174)
Proceeds from disposal of investments	759,486	300,788
Redemption of term finance certificates	3,538	3,371
Fixed capital expenditure	(25,853)	(132,386)
Proceeds from disposal of fixed assets	9,288	114,078
<b>Total cash inflow from investing activities</b>	266,935	175,741
<b>Financing activities</b>		
Loans repaid	-	(40,000)
Dividends paid	(334,649)	(220,642)
Advances Recovered / (made)	54,630	(35,100)
Financial charges paid	(39,701)	(73,700)
<b>Total cash outflow from financing activities</b>	(319,720)	(369,442)
<b>Net cash (outflow) / inflow from all activities</b>	(70,891)	84,966
<b>Cash at beginning of the year</b>	(395,906)	(480,872)
<b>Cash at end of the year</b>	(466,797)	(395,906)



Chairman



Director

## for the year ended 31 December, 2011

	2011 (Rupees in thousand)	2010
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	(18,106)	278,667
Depreciation expense	(35,997)	(33,677)
Financial charges	(40,952)	(66,563)
Gain on disposal of fixed assets	4,657	3,646
Increase / (decrease) in other assets	897,531	(93,096)
(Decrease) in liabilities other than term finances	(756,286)	(116,962)
Provision for impairment in the value of available for sale investments	208,450	582,688
(Loss) / gain on revaluation of trading investments	(2,580)	7,351
<b>Others</b>		
(Loss) / gain on disposal of investments	(11,413)	9,269
Dividend and other investment income	302,274	331,512
Share of (loss) of associates	(497,875)	(66,279)
Profit after tax	<u>49,703</u>	<u>836,556</u>

### Definition of cash

Cash comprises of cash in hand, policy stamps, bank balances and short term placements with banks which are readily convertible to cash in hand and short term finance which are used in the cash management on a day-to-day basis.

	2011 (Rupees in thousand)	2010
<b>Cash for the purposes of the Statement of Cash Flows consists of:</b>		
Cash and other equivalents		
- Cash in hand	-	-
- Policy stamps in hand	378	231
	<u>378</u>	<u>231</u>
Current and other accounts		
- Current accounts	2,811	2
- Saving accounts	74,328	188
	<u>77,139</u>	<u>190</u>
Deposits maturing within 12 months		
- Cash with State Bank of Pakistan	-	-
- Term deposit receipts	-	-
	<u>-</u>	<u>-</u>
Short term finance	(544,314)	(396,327)
	<u>(466,797)</u>	<u>(395,906)</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.

  
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Director

  
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Principal Officer and  
Chief Executive



## Statement of Premiums for the year ended 31 December, 2011

### Business underwritten inside Pakistan

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	(Rupees in thousand)	
		Opening	Closing			Opening	Closing		Net premium revenue	
									2011	2010
Direct and facultative										
Fire and Property Damage	672,067	131,915	244,337	559,645	576,617	101,550	207,687	470,480	89,165	79,388
Marine, Aviation and Transport	264,154	24,969	16,505	272,618	134,399	12,204	8,252	138,351	134,267	112,382
Motor	464,018	192,232	185,432	470,818	23,350	3,690	973	26,067	444,751	402,167
Miscellaneous	346,776	74,823	123,899	297,700	124,791	30,554	41,791	113,554	184,146	126,796
Total	1,747,015	423,939	570,173	1,600,781	859,157	147,998	258,703	748,452	852,329	720,733

The annexed notes from 1 to 31 form an integral part of these financial statements.



Chairman



Director



Director



Principal Officer and  
Chief Executive

## Statement of Claims for the year ended 31 December, 2011

Business underwritten inside Pakistan

										(Rupees in thousand)	
Class	Claims paid	Outstanding claims		Claim expenses	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims		
		Opening	Closing			Opening	Closing		2011	2010	
Direct and facultative											
Fire and Property Damage	299,366	64,487	466,025	700,904	309,204	48,305	408,590	669,489	31,415	29,968	
Marine, Aviation and Transport	96,249	27,882	65,682	134,049	42,318	10,419	34,495	66,394	67,655	34,786	
Motor	322,556	79,401	82,573	325,728	23,257	3,757	9,341	28,841	296,887	221,436	
Miscellaneous	171,171	56,651	113,063	227,583	49,475	32,890	76,430	93,015	134,568	78,221	
Total	889,342	228,421	727,343	1,388,264	424,254	95,371	528,856	857,739	530,525	364,411	

The annexed notes from 1 to 31 form an integral part of these financial statements.



Chairman



Director



Director



Principal Officer and  
Chief Executive

## Statement of Expenses for the year ended 31 December, 2011

### Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers	(Rupees in thousand)	
		Opening	Closing					Net underwriting expense	
								2011	2010
Direct and facultative									
Fire and Property Damage	48,088	-	-	48,088	62,333	110,421	112,458	(2,037)	7,696
Marine, Aviation and Transport	23,275	-	-	23,275	24,500	47,775	49,188	(1,413)	28,741
Motor	32,786	-	-	32,786	62,060	94,846	11	94,835	89,785
Miscellaneous	19,401	-	-	19,401	32,163	51,564	28,927	22,637	25,005
Total	123,550	-	-	123,550	181,056	304,606	190,584	114,022	151,227

The annexed notes from 1 to 31 form an integral part of these financial statements.



Chairman



Director



Director



Principal Officer and  
Chief Executive

## Statement of Investment Income for the year ended 31 December, 2011

	2011 (Rupees in thousand)	2010
<b>Income from trading investments</b>		
(Loss) / gain on trading (i.e. buying and selling difference)	(11,413)	3,692
Dividend income (earned while holding the securities)	4,383	223
	(7,030)	3,915
<b>Income from non-trading investments</b>		
<b>Held to maturity</b>		
Return on government securities	14,282	9,858
Return on other fixed income securities and deposits	11,362	7,944
	25,644	17,802
<b>Available for sale</b>		
Dividend income	272,247	313,487
Gain on sale of available for sale investments	-	5,577
	272,247	319,064
(Loss) / gain on revaluation of trading investments	(2,580)	7,351
<b>Reversal / (provision) for impairment in value of available for sale investments</b>	<b>208,450</b>	582,688
<b>Investment related expenses</b>	<b>(4,207)</b>	(1,476)
<b>Net investment income</b>	<b>492,524</b>	<b>929,344</b>

The annexed notes from 1 to 31 form an integral part of these financial statements.



Chairman



Director



Director



Principal Officer and  
Chief Executive

## Notes to and forming part of the Financial Statements

### 1. STATUS AND NATURE OF BUSINESS

IGI Insurance Limited ("the Company"), a Packages Group Company, was incorporated as a public limited company in 1953 under Companies Ordinance, 1984. The Company is listed on the Karachi and Lahore stock exchanges and is engaged in providing general insurance services in spheres of Fire, Marine, Motor and Miscellaneous. The registered office of the Company is situated at 7th Floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi.

### 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the format of financial statements prescribed under Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002]. There is no other comprehensive income during the year ended 31 December, 2011 and 2010

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.

#### 2.2 Initial application of a standard, amendment or an interpretation to an existing standard and forthcoming requirements.

##### 2.2.1 Certain amendments to published standards and interpretations of accounting standards became effective during the year. However, they do not affect the Company's financial statements.

##### 2.2.2 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January, 2012.

Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.

IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of

## for the year ended 31 December, 2011

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Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January, 2013.

IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The amendment will effect recognition of actuarial gains/losses.

Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

Disclosures – Transfers of Financial Assets (Amendments to IFRS 7) - (effective for annual periods beginning on or after 1 July 2011). The amendments introduce new disclosure requirements about transfers of financial assets, including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. The amendments have no impact on financial statements of the Company.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.



## Notes to and forming part of the Financial Statements

### 3. BASIS OF MEASUREMENT

These financial statements have been prepared on the basis of historical cost convention, except for certain investments, which are stated at fair value and obligation under certain employee retirement benefits which are measured at present value.

#### 3.1 Use of estimates and judgments

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the revision has been made.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

- Provision for outstanding claims including IBNR (note 4.1.3)
- Provision for taxation and deferred tax (note 4.3)
- Defined benefit plan (note 4.9.2)
- Useful lives and residual values of fixed assets (note 4.8)
- Premium deficiency reserve (note 4.1.6)

#### 3.2 Functional and presentation currency

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 4.1 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the

## for the year ended 31 December, 2011

remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

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

### 4.1.1 Premium

Premium written under a policy is recognized as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired period of coverage is recognized as unearned premium by the Company. This liability is calculated by applying 1/24 method as specified in the SEC (Insurance) Rules, 2002.

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from policyholders in respect of policies issued, at the rate of 5% of the premium written restricted to a maximum of Rs. 2,000 per policy.

Receivables under insurance contracts are recognized when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognizes that impairment loss in the profit and loss account.

### 4.1.2 Reinsurance ceded

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contract.

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contract are not offset against expenses or income from related insurance assets.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire.

The Company assesses its reinsurance assets for impairment on balance sheet date. If there is an objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the profit and loss account.

## Notes to and forming part of the Financial Statements

### 4.1.3 Claims expense

General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

The Company recognizes liability in respect of all claims incurred upto the balance sheet 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 include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. Provision for IBNR is based on the management's best estimate which takes into account the past trends, expected future patterns of reporting of claims and the claims actually reported subsequent to the balance sheet date.

### 4.1.4 Reinsurance recoveries against claims

Claims recoveries receivable from the reinsurer are recognized as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

### 4.1.5 Commission and other acquisition costs

Commission expense and other acquisition costs are charged to the profit and loss account at the time the policies are accepted. Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission, if any, which the Company may be entitled to under the terms of reinsurance, is recognized on accrual basis.

### 4.1.6 Premium deficiency reserve

The Company maintains 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 balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense / income in profit and loss account for the year.

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, premium deficiency is determined. The loss ratios estimated on these basis for the unexpired portion are as follows:

Fire and property damage	35%
Marine, aviation and transport	50%

## for the year ended 31 December, 2011

Motor	67%
Miscellaneous	73%

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 all classes of business as at the year end is adequate to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in those classes of business in force at the balance sheet date. Hence, no reserve for the same has been made in these financial statements.

### 4.2 Creditors, accruals and provisions

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

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

### 4.3 Taxation

#### Current

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 finalized during the current year for such years.

#### Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

Deferred tax is provided on temporary differences arising on investments in associates stated under equity method of accounting.

## Notes to and forming part of the Financial Statements

### 4.4 Cash and cash equivalents

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

### 4.5 Investments

4.5.1 All investments are initially recognized at cost, being the fair value of the consideration given and include transaction cost, except for held for trading investments in which case transaction costs are charged to the profit and loss account. These are classified into the following categories:

- Investment in equity instruments of associated undertakings
- Held to maturity
- Available for sale
- Investment at fair value through profit and loss - held for trading

#### 4.5.1.1 Investment in equity instruments of associated undertakings

Investment in associates, where the Company has significant influence but not control, are accounted for by using the equity method of accounting. These investments are initially recognized at cost, thereafter the Company's share of the changes in the net assets of the associates are accounted for at the end of each reporting period. After application of the equity method, the Company determines whether it is necessary to recognize any permanent impairment loss with respect to the Company's net investment in the associate. Share of profit and loss of associate is accounted for in the Company's profit and loss account.

Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Company.

#### 4.5.1.2 Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost. At subsequent reporting dates, these are measured at amortized cost using the effective yield method.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield.

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

The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of the investment.

#### 4.5.1.3 Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are

## for the year ended 31 December, 2011

intended to be held for an undefined period of time or may be sold in response to the need for liquidity are classified as available for sale. It also includes investments in associated undertakings where the Company does not have significant influence. The Company follows trade date accounting for 'regular way purchase and sales' of investments.

Subsequent to initial recognition at cost, these are stated at lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP) in December 2002.

The company uses latest stock exchange quotation to determine the market value of its quoted investments whereas, impairment of unquoted investments is computed by reference to net assets of the investee on the basis of the latest available audited / unaudited financial statements.

Had these investments been measured at fair value as required by IAS 39 - Financial Instruments:

Recognition and Measurement, the Company's net equity would have been higher by Rs. 9,314 million.

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

Gain / (loss) on sale of available for sale investments are recognized in profit and loss account.

### 4.5.1.4 Investment at fair value through profit and loss - held for trading

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 net profit or loss for the period in which it arises.

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

### 4.5.2 Derivative financial instruments

Derivatives are initially recorded at cost and are remeasured to fair value at subsequent reporting dates. The fair value of a derivative is the equivalent of the unrealized gain or loss from revaluation of derivative using prevailing market rates. Derivatives are classified as held for trading and the net unrealized gain or loss are included in investment income.

### 4.6 Sale and repurchase agreements

Securities purchased under an agreement to resell (reverse repo) are not recognized in the financial statements as investments and the amount extended to the counter party is included in sundry receivables. The difference between the sale and repurchase price is recognized as mark-up income and included in other income.



## Notes to and forming part of the Financial Statements

### 4.7 Investment property

Investment property is held for earning rentals and capital appreciation. Investment property is accounted for under the cost model in accordance with approved International Accounting Standards (IAS) 40, "Investment property" and S.R.O 938 issued by the Securities and Exchange Commission of Pakistan.

Depreciation policy, subsequent capital expenditures and gain or losses on disposal are accounted for in the same manner as tangible fixed assets.

### 4.8 Fixed assets

#### Tangible

These are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation on all fixed assets is charged to profit and loss account on the straight line method so as to write-off depreciable amount of an asset over its useful life at the rates stated in note 19.

Depreciation on additions to fixed assets is charged from the month in which an asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its fixed assets as at 31 December, 2011 did not require any adjustment as its impact is considered insignificant.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

#### Intangible

Software development cost are only capitalized to the extent that future economic benefits are expected to flow to the entity. Intangible assets with finite useful lives are stated at cost less accumulated amortization and impairment losses, if any. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any.

### 4.9 Staff retirement benefits

#### 4.9.1 Defined contribution plan

The Company operates an approved contributory provident fund for all permanent employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 10 percent of basic salary.

## for the year ended 31 December, 2011

### 4.9.2 Defined benefit plan

All permanent employees of the Company participate in an approved funded defined gratuity plan. The latest actuarial valuation was carried out as at 31 December 2011. The actual returns on plan assets during the year were Rs. 2.469 million. The actual return on plan asset represents the difference between the fair value of plan assets at the beginning and end of the year after adjustment for contributions made by the Company as reduced by benefits paid during the year.

Plan assets comprise of equity instruments and cash to the extent of 7% and 93% respectively. The Company is expected to contribute Rs. 2.504 million to the gratuity fund in the next financial year.

The Company's policy with regard to actuarial gains/losses is to follow minimum recommended approach under IAS 19 - Employee benefits.

### 4.9.3 Accumulating compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to profit and loss account.

Retirement benefits are payable to employees on completion of prescribed qualifying period of service under these schemes.

### 4.10 Financial instruments

Financial assets and financial liabilities within the scope of IAS 39 are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include cash and bank deposits, investments, accrued investment income, sundry receivables, accrued expenses, long term finance, sundry creditors, short term finance and unclaimed dividend. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

### 4.11 Offsetting of financial assets and financial liabilities

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

### 4.12 Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments.

## Notes to and forming part of the Financial Statements

The Company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting provided to Strategy Committee and Board of Directors which are responsible 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.

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

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

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

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

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

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. The accounting policies of operating segment are the same as those described in the summary of significant accounting policies.

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

### 4.13 Impairment

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

The carrying amount of non-financial assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such assets is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognized in the profit and loss account. Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### 4.14 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak

## for the year ended 31 December, 2011

Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

### 4.15 Expenses of management

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

### 4.16 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are approved.

## 5. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2011 (Number of shares)	2010		2011 (Rupees in thousand)	2010
<b>1,942,187</b>	1,942,187	Ordinary shares of Rs. 10 each issued as fully paid in cash	<b>19,422</b>	19,422
<b>109,593,751</b>	69,900,607	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	<b>1,095,937</b>	699,005
<b><u>111,535,938</u></b>	<b><u>71,842,794</u></b>		<b><u>1,115,359</u></b>	<b><u>718,427</u></b>

### 5.1. Ordinary shares of the Company held by associated undertakings are as follows:

	2011 (Number of shares)	2010
Packages Limited	<b>11,838,267</b>	<b>7,625,294</b>
Industrial Technical and Educational Institute	<b>18,958,151</b>	<b>12,211,370</b>
	<b><u>30,796,418</u></b>	<b><u>19,836,664</u></b>

## 6. DEFERRED TAX

	2011 (Rupees in thousand)	2010
The (liability) / asset for deferred taxation comprises timing differences relating to:		
Accelerated tax depreciation	<b>(35,112)</b>	(39,738)
Investment in associated companies	<b>(380)</b>	(56,840)
Provision for doubtful receivables	<b>17,649</b>	29,021
Investment at fair value through profit or loss	<b>-</b>	(588)
	<b><u>(17,843)</u></b>	<b><u>(68,145)</u></b>

## Notes to and forming part of the Financial Statements

### 7. SUNDRY CREDITORS

		2011 (Rupees in thousand)	2010
Federal Excise Duty		5,305	8,563
Federal Insurance Fee		417	535
Car finance payable		3,314	4,278
Agent commission payable		37,904	49,790
Others	7.1	86,938	30,847
		<u>133,878</u>	<u>94,013</u>

- 7.1 This includes an amount of Rs. 4.645 million (2010: 4.223 million) representing advance rent received from IGI Investment Bank Limited.

### 8. SHORT TERM FINANCE - Secured

		2011 (Rupees in thousand)	2010
Running finance	8.1	94,314	46,327
Term finance	8.2	450,000	350,000
		<u>544,314</u>	<u>396,327</u>

- 8.1 Running finance available from a consortium of commercial banks under mark-up arrangements amounts to Rs. 2,075 million (2010: Rs. 2,250 million). The rates of mark-up range from 13.32% to 15.26% per annum (2010: 13.09% to 17.00% per annum). Running finances are secured against pledge of shares held by the Company.

- 8.2 Term finance available from consortium of commercial banks under mark-up arrangements amounts to Rs. 575 million (2010: Rs. 750 million). The rate of mark-up range from 12.37% to 12.85 % per annum (2010: 14.05% to 14.64% per annum). Term finance is secured against pledge of shares held by the Company.

### 9. CONTINGENCIES AND COMMITMENTS

The income tax assessments of the Company have been finalized up to and including the tax year 2011. However, the Company has filed appeals in respect of certain assessment years which mainly relate to the following:

- While finalizing the assessment for the year 1999-2000 the Taxation Officer has not allowed credit for tax paid under section 54 amounting to Rs. 3 million for which rectification application is filed which is pending.
- While finalizing the assessments for the year 2000-2001, 2001-2002, 2002-2003 the CIT (A) has made certain disallowances of expenses amounting to Rs. 134.3 million. Against the orders of CIT (A) the Company has filed the appeals with the Income Tax Appellate Tribunal who has decided the matter in favour of the Company, however, appeal effect order is pending for which letter is written to the T.O.

## for the year ended 31 December, 2011

- The Company has also filed the applications in respect of certain mistakes made in the orders passed under section 124 of the Income Tax Ordinance for 2001-2002 and 2002-2003. The applications filed are rejected by the T.O. against which appeals have been filed with the CIT (A) which are pending.
- The Additional Commissioner of income tax (AC) has issued notice under section 122 (5A) of the Income Tax Ordinance, 2001 in respect of the tax year 2005 and 2006 whereby he has proposed to disallow claim of expenses and exemption in respect of gain on sale of shares and taxed income from Associates. Against the above notice, the Company has filed a constitutional petition before the honorable High Court. The regular hearing of petition is currently pending with the High Court.
- The Deputy Commissioner of Inland Revenue has selected the case relating to the tax year 2007 for audit in terms of section 177 of the Income Tax Ordinance, 2001. The DCIR has passed the amended order under section 122(5A). The Company being aggrieved of the treatment has filed an appeal before the CIR(A) who has allowed partial relief in respect of certain disallowances and confirmed the addition of Rs. 7 billion made on account of disallowance of claim of exemption in respect of capital gains on trading of shares. Pursuant to the appellate order the appeal effect order has not yet been issued. The Company has filed appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of the issues on which relief was not allowed by the CIR (A). The appeal is pending hearing of ATIR.
- The Return for the tax year 2008 has been filed. The Additional Commissioner Audit Division-11 had issued notice under section 122 (5A) of the Ordinance for passing an amended order on certain issues. The Company filed a writ petition before the High Court of Sindh which has restrained the department to take up the amended proceedings.
- The Company has along with certain other insurance companies filed a suit against the demand notice issued, in which it has sought a declaration that the demand charging FED at 5% of the premium on contracts concluded and policies issued before 1 July 2006, is ultravires.
- Company is defending a suit against it by M/s Nawaz Enterprises for recovery of Rs. 9.45 million on account of insurance claim. The outcome of the case is likely to be favourable.
- Company is defending a suit filed against it and the beneficiary by the Federation of Pakistan amounting to Rs. 4.929 million. The petition is pending for hearing before Civil Court judge.

### 10. CASH AND OTHER EQUIVALENTS

	2011 (Rupees in thousand)	2010
Cash	-	-
Policy stamps in hand	378	231
	<u>378</u>	<u>231</u>

### 11. CURRENT AND OTHER ACCOUNTS

Current accounts		2,811	2
PLS saving accounts	11.1	74,328	188
		<u>77,139</u>	<u>190</u>



## Notes to and forming part of the Financial Statements

- 11.1 The balances in PLS saving accounts carry mark-up at 7.00% per annum (2010: 5.00% to 7.00% per annum).

### 12. DEPOSITS MATURING WITHIN 12 MONTHS

Statutory deposit with State Bank of Pakistan  
Term deposits

2011  
(Rupees in thousand)

	2011	2010
	(Rupees in thousand)	
	-	-
	-	-
	-	-

### 13. INVESTMENTS

The investments comprise of the following:

Equity instruments of associated companies	13.1	4,341,766	4,860,601
Held to maturity	13.2	172,292	135,838
Available for sale	13.3	7,107,132	6,821,621
At fair value through profit or loss - held for trading		1,767	87,742
		<u>11,622,957</u>	<u>11,905,802</u>

#### 13.1 Equity instruments of associated companies

##### Quoted

##### IGI Investment Bank Limited

89,095,494 (2010: 89,095,494) fully paid ordinary shares of Rs. 10 each **412,602** 591,843  
Equity held 42.01% (2010: 42.01%)  
Market value Rs. 0.9 per share

##### Packages Limited

20,556,650 (2010: 20,151,487) fully paid ordinary shares of Rs. 10 each **3,758,777** 4,139,189  
Equity held 24.36% (2010: 23.88%)  
Market value Rs. 82.72 per share

##### Unquoted

##### Loads Limited

1,249,260 (2010: 1,249,260) fully paid ordinary shares of Rs. 10 each **170,387** 129,569  
Equity held 20.82% (2010: 20.82%)  
Break-up value Rs. 145 per share

##### Dane Foods Limited

2,643,161 (2010: 2,643,161) fully paid ordinary shares of Rs. 10 each  
Equity held 30.62% (2010: 30.62%)  
In liquidation, break-up value is Nil per share based on audited  
accounts for the year ended 30 June, 2000

Cost	<b>26,432</b>	26,432
Provision for diminution in value	<b>(26,432)</b>	(26,432)
	-	-
	<u>4,341,766</u>	<u>4,860,601</u>

## for the year ended 31 December, 2011

13.1.1 Investments in unquoted associates do not include any goodwill as the investments were made when these associates were incorporated.

13.1.2 The summarized financial information of associated companies is as follows:

2011					
	Country of incorporation	Assets	Liabilities (Rupees in thousand)	Revenues	(Loss) / profit
IGI Investment Bank Limited	Pakistan	5,483,985	4,568,284	727,467	(426,707)
Packages Limited	Pakistan	45,289,686	14,953,104	25,612,586	(1,282,389)
Loads Limited	Pakistan	1,187,117	363,926	1,713,715	202,040

2010					
	Country of incorporation	Assets	Liabilities (Rupees in thousand)	Revenues	(Loss) / profit
IGI Investment Bank Limited	Pakistan	9,151,258	7,734,939	590,334	51,053
Packages Limited	Pakistan	39,624,800	12,694,921	21,837,433	(332,431)
Loads Limited	Pakistan	1,087,771	480,174	1,409,497	74,506

13.1.3 The share of loss from Packages Limited and IGI Investment Bank Limited is based on unaudited results as at 31 December 2011. In case of Loads Limited, audited financial statements as at 30 June, 2011 have been used.

### 13.2 Held to maturity

		2011 (Rupees in thousand)	2010 (Rupees in thousand)
Government securities	13.2.1	118,468	78,475
Term finance certificates	13.2.2	53,824	57,363
		<u>172,292</u>	<u>135,838</u>

#### 13.2.1 Government securities

Particulars	Maturity year	Effective yield %	Profit payment	2011 (Rupees in thousand)	2010 (Rupees in thousand)
Pakistan Investment Bonds	2012	15.00%	Half yearly	67,666	64,405
Pakistan Investment Bonds	2019	15.00%	Half yearly	14,132	14,070
Pakistan Investment Bonds	2021	13.08%	Half yearly	14,124	-
Pakistan Investment Bonds	2020	13.98%	Half yearly	22,546	-
				<u>118,468</u>	<u>78,475</u>

## Notes to and forming part of the Financial Statements

**13.2.1.1** The Pakistan Investment Bonds are placed as statutory deposit with State Bank of Pakistan in accordance with the requirements of Clause (a) of sub-section 2 of section 29 of Insurance Ordinance, 2000.

**13.2.1.2** Market value of Pakistan Investment Bond carried at amortized cost amounts to Rs. 118.430 million (2010: Rs. 78.860 million).

### 13.2.2 Term finance certificates

Name of investee company	Rating	Maturity year	Effective yield %	Profit payment	2011 (Rupees in thousand)	2010
Bank AL Habib Limited	AA	2012	10%	Half yearly	1,662	2,494
Standard Chartered Bank (Pakistan) Limited	AAA	2010	10.75%	Half yearly	-	1,875
United Bank Limited	AA	2012	8.45%	Half yearly	1,662	2,494
Pakistan Mobile Communication Limited - II	AA	2012	14.86%	Half yearly	50,500	50,500
					<u>53,824</u>	<u>57,363</u>

**13.2.2.1** Market value of term finance certificates carried at amortized cost amounts to Rs. 52.152 million (2010: Rs. 50.265 million).

### 13.3 Available for sale

	2011 (Rupees in thousand)	2010
<b>Related parties</b>		
13.3.1		
- Quoted	6,975,708	6,689,791
- Unquoted	100,236	100,236
	<u>7,075,944</u>	<u>6,790,027</u>
<b>Others</b>		
13.3.2		
- Quoted	17,432	13,857
- Unquoted	13,756	17,737
	<u>31,188</u>	<u>31,594</u>
	<u>7,107,132</u>	<u>6,821,621</u>

## for the year ended 31 December, 2011

### 13.3.1 Related parties

#### Associated companies

##### Quoted

Number of Shares		Percentage equity held	Face value per share	Company's name		2011 (Rupees in thousand)	2010
2011	2010	%	(Rupees)				
<b>4,332,980</b>	4,327,560	9.55%	10	Nestle Pakistan Limited	13.4	<b>6,334,277</b>	6,315,463
<b>1,286,739</b>	1,161,894	13.34%	10	Sanofi Aventis Pakistan Limited	13.4	<b>300,274</b>	280,654
<b>1,309,285</b>	1,085,346	4.36%	10	Tri-Pack Films Limited	13.4	<b>257,110</b>	218,484
<b>5,442,060</b>	5,442,060	13.01%	10	Treet Corporation Limited		<b>150,035</b>	150,035
<b>187,353</b>	187,353	3.72%	10	Mitchell's Fruit Farms Limited		<b>21,437</b>	21,437
<b>173,191</b>	173,191	3.25%	10	ZIL Industries Limited		<b>19,561</b>	19,561
<b>70,131</b>	70,131	0.85%	10	Siemens Pakistan Engineering Company Limited		<b>125,622</b>	125,622
				Total investment		<b>7,208,316</b>	7,131,256
				Provision for diminution in value		<b>(232,608)</b>	(441,465)
						<b>6,975,708</b>	6,689,791
				Market value as at 31 December		<b>16,289,569</b>	11,013,222

##### Unquoted

<b>12,433,934</b>	12,433,934	1.48%	10	Coca Cola Beverages Pakistan Limited			
				Chief Executive: Mr. John Seward			
				Break-up value is Rs. 7.89 per share based on unaudited financial statements for the period ended 30 September, 2011			
				Cost		<b>134,665</b>	134,665
				Provision for diminution in value		<b>(34,429)</b>	(34,429)
						<b>100,236</b>	100,236
				Break-up value as at 31 December		<b>98,104</b>	104,244

## Notes to and forming part of the Financial Statements

### 13.3.2 Others

#### Quoted

Number of Shares		Percentage equity held	Face value per share (Rupees)	Company's name		2011 (Rupees in thousand)		2010	
2011	2010								
<b>458,611</b>	458,611	0.38%	10	International Industries Limited	13.4	<b>37,395</b>		37,395	
				Provision for diminution in value		<b>(19,963)</b>		(23,538)	
						<b>17,432</b>		<b>13,857</b>	
				Market value as at 31 December		<b>17,432</b>		<b>27,448</b>	
<b>Unquoted</b>									
<b>44</b>	44	4.87%	100	Kissan Fruit Growers (Private) Limited Chief Executive: Syed M. Mohsin Break-up value is Rs. 559.23 per share based on audited financial statements for the year ended 30 September, 2006		<b>4</b>		4	
<b>32</b>	32	4.83%	100	Punjab Fruit Growers (Private) Limited Chief Executive: Syed M. Mohsin Break-up value is Rs. 107.09 per share based on audited financial statements for the year ended 30 September, 2006		<b>3</b>		3	
<b>1,705</b>	1,705	4.87%	10	Haider Fruit Growers (Private) Limited Chief Executive: Syed M. Mohsin Break-up value is Rs. 9.71 per share based on audited financial statements for the year ended 30 June, 2006					
				Cost		<b>17</b>		17	
				Provision for diminution in value		<b>(1)</b>		(1)	
						<b>16</b>		<b>16</b>	
<b>350</b>	350	-	100	Petroleum Development Pakistan Limited	13.5	<b>1</b>		1	
<b>500</b>	500	-	100	National Steel of Pakistan Limited	13.5	<b>1</b>		1	
<b>324,999</b>	324,999	0.65%	10	CDC Private Limited Chief Executive: Muhammad Hanif Break-up value is Rs. 32.26 per share based on audited financial statements for the year ended 30 June, 2011		<b>9,110</b>		9,110	
<b>1,900,000</b>	1,900,000	0.67%	10	DHA Cogen Limited. Chief Executive: Naseem Khan Break-up value is Rs. 2.095 per share based on audited financial statements for the year ended 31 December, 2009					
				Cost		<b>19,125</b>		19,125	
				Provision for diminution in value		<b>(19,125)</b>		(15,144)	
						<b>-</b>		<b>3,981</b>	
<b>374,440</b>	374,440	0.37%	10	Techlogix International Limited. Chief Executive: Mr. Kawan Khawaja Break-up value is Rs. 39.5 per share based on audited financial statements for the period ended 31 December, 2010					
				Cost		<b>4,261</b>		4,261	
				Provision for diminution in value		<b>(3,291)</b>		(3,291)	
						<b>970</b>		<b>970</b>	

## for the year ended 31 December, 2011

Number of Shares		Percentage equity held	Face value per share (Rupees)	Company's name	2011 (Rupees in thousand)	2010
2011	2010	%				
956,172	637,448	2.46%	10	Systems (Private) Limited Chief Executive: Mr. Ashraf Kapadia Break-up value is Rs. 14.81 per share based on unaudited financial statements for the period ended 30 June, 2011		
				Cost	10,150	10,150
				Provision for diminution in value	(6,499)	(6,499)
					3,651	3,651
					13,756	17,737
				Break-up value as at 31 December	39,436	26,608
13.4	698,000 shares of Nestle Pakistan Limited with a book value of Rs. 1,020 million, 370,000 shares of International Industries Limited with book value of Rs. 30.3 million, 200,000 shares of Tri-Pack Films Limited with book value of Rs. 39.2 million and 210,000 shares of Packages with book value of Rs. 35 million are pledged as security against short term finance as referred to in note 8.					
13.5	These represent investments in Bangladesh.					
14.	PREMIUMS DUE BUT UNPAID				2011 (Rupees in thousand)	2010
	Unsecured					
	- Considered good				208,660	116,515
	- Considered doubtful				68,421	58,610
					277,081	175,125
	Provision for doubtful receivables			14.1	(45,425)	(43,125)
					231,656	132,000
14.1	Provision for doubtful receivables					
	Balance as at 1 January				43,125	31,480
	Provision made during the year				2,300	11,645
	Balance as at 31 December				45,425	43,125
15.	AMOUNTS DUE FROM OTHER INSURERS / REINSURERS					
	Unsecured					
	- Considered good				403,195	205,829
	- Considered doubtful				5,000	46,646
					408,195	252,475
	Provision for doubtful receivables			15.1	(5,000)	(40,000)
					403,195	212,475
15.1	Provision for doubtful receivables					
	Balance as at 1 January				40,000	46,646
	Reversal during the year				(35,000)	(6,646)
	Balance as at 31 December				5,000	40,000

## Notes to and forming part of the Financial Statements

### 16. SUNDRY RECEIVABLES

		2011 (Rupees in thousand)	2010
Receivable under share trading		50,758	-
Advances - considered good	16.1	11,965	16,192
Security deposits		7,519	6,296
Agent balances		5,329	6,412
Receivable against reverse repo agreement		-	54,630
Receivable from defined benefit plan	16.2	7,663	5,655
Sales tax recoverable		983	1,612
Salvage recoverable		24,849	10,425
		<u>109,066</u>	<u>101,222</u>

16.1 Included in advances is an amount of Rs. nil (2010: Rs. 0.498 million) representing balance receivable from related parties. These are in the normal course of business and are interest free.

### 16.2 Defined benefit plan

The actuarial valuation is carried out annually and contributions are made accordingly. Following were significant assumptions used for valuation of the scheme.

- Discount rate 12.5% (2010: 14%) per annum
- Expected rate of increase in the salaries of the employees 12.5% (2010: 14%) per annum
- Expected interest rate on the plan assets of the fund 12.5% (2010: 14%) per annum
- Expected service length of employees 6 years (2010: 7 years)

#### 16.2.1 (Asset) / liability in balance sheet

		2011 (Rupees in thousand)	2010
Present value of defined benefit obligation	16.2.2	17,184	14,063
Fair value of plan assets	16.2.3	(20,007)	(14,662)
Net actuarial losses not recognized		(4,840)	(5,056)
		<u>(7,663)</u>	<u>(5,655)</u>

#### Movement in (asset) / liability during the year

Opening balance	(5,655)	(3,971)
Charge to profit and loss account	2,546	2,268
Contribution to the fund during the year	(4,555)	(3,952)
Closing balance	<u>(7,664)</u>	<u>(5,655)</u>

#### 16.2.2 Reconciliation of the present value of defined benefit obligations

Present value of obligation as at 1 January	14,063	10,038
Current service cost	2,351	2,058
Interest cost	1,851	1,321
Benefits paid	(1,679)	(1,199)
Actuarial loss	598	1,845
Present value of obligation as at 31 December	<u>17,184</u>	<u>14,063</u>



## for the year ended 31 December, 2011

### 16.2.3 The changes in fair value of plan assets is as follows:

	2011	2010
	(Rupees in thousand)	
Fair value of plan assets as at 1 January	14,662	10,109
Expected return on plan assets	2,254	1,524
Contributions to the fund	4,555	3,952
Benefits paid	(1,679)	(1,199)
Actuarial gain	215	276
Fair value as at 31 December	<u>20,007</u>	<u>14,662</u>

### 16.2.4 Charge for the defined benefit plan

Current service cost	2,351	2,058
Interest cost	1,851	1,321
Expected return on investments	(2,254)	(1,524)
Recognition of actuarial loss	598	413
Expense for the year	<u>2,546</u>	<u>2,268</u>

### 16.2.5 Actual return on plan assets

Expected return on assets	2,254	1,524
Actuarial gain	215	276
	<u>2,469</u>	<u>1,800</u>

### 16.2.6 Composition of fair value of plan assets

Equity investment	1,448	1,496
Cash and bank deposit	18,559	13,166
Fair value of plan assets	<u>20,007</u>	<u>14,662</u>

### 16.2.7 Historical data of the fund

	2011	2010	2009	2008	2007
	(Rupees in thousand)				
Present value of defined benefit obligation	17,184	14,063	10,038	6,371	4,851
Fair value of plan assets	20,007	14,662	10,109	4,797	4,211
(Surplus) / deficit	<u>(2,823)</u>	<u>(599)</u>	<u>(71)</u>	<u>1,574</u>	<u>640</u>

#### Experience adjustment

- Experience adjustment on obligation	-3%	-13%	-20%	-21%	2%
- Experience adjustment on assets	1%	2%	-25%	-35%	6%

## Notes to and forming part of the Financial Statements

### 17. FIXED ASSETS - Tangibles

(Rupees in thousand)

	Furniture, fixtures and office equipment				Buildings	Motor Vehicles	Total
	Furniture and fixtures	Office equipment	Computer equipment	Sub total			
<b>As at 1 January, 2010</b>							
Cost	22,228	21,642	24,071	67,941	239,826	69,303	377,070
Accumulated depreciation	(6,220)	(10,701)	(20,381)	(37,302)	(33,979)	(25,244)	(96,525)
Net book value as at 1 January, 2010	<u>16,008</u>	<u>10,941</u>	<u>3,690</u>	<u>30,639</u>	<u>205,847</u>	<u>44,059</u>	<u>280,545</u>
<b>For the year ended 31 December, 2010</b>							
Opening net book value	16,008	10,941	3,690	30,639	205,847	44,059	280,545
Additions	131	390	2,133	2,654	-	19,961	22,615
Disposals							
- Cost	(116)	(379)	(68)	(563)	-	(12,941)	(13,504)
- Accumulated depreciation	43	241	68	352	-	7,518	7,870
- Transfer out	-	-	-	-	(96,928)	-	(96,928)
	(73)	(138)	-	(211)	(96,928)	(5,423)	(102,562)
Depreciation charge	(2,184)	(3,197)	(2,520)	(7,901)	(11,991)	(13,465)	(33,357)
Net book value as at 31 December, 2010	<u>13,882</u>	<u>7,996</u>	<u>3,303</u>	<u>25,181</u>	<u>96,928</u>	<u>45,132</u>	<u>167,241</u>
<b>As at 1 January, 2011</b>							
Cost	22,243	21,653	26,136	70,032	142,898	76,323	289,253
Accumulated depreciation	(8,361)	(13,657)	(22,833)	(44,851)	(45,970)	(31,191)	(122,012)
Net book value as at 1 January, 2011	<u>13,882</u>	<u>7,996</u>	<u>3,303</u>	<u>25,181</u>	<u>96,928</u>	<u>45,132</u>	<u>167,241</u>
<b>For the year ended 31 December, 2011</b>							
Opening net book value	13,882	7,996	3,303	25,181	96,928	45,132	167,241
Additions	256	196	2,913	3,365	-	17,508	20,873
Disposals/Transfer							
- Cost	-	(239)	(71)	(310)	-	(12,773)	(13,083)
- Accumulated depreciation	-	163	71	234	-	8,218	8,452
	-	(76)	-	(76)	-	(4,555)	(4,631)
Depreciation charge	(2,193)	(3,126)	(1,915)	(7,234)	(5,995)	(14,981)	(28,210)
Net book value as at 31 December, 2011	<u>11,945</u>	<u>4,990</u>	<u>4,301</u>	<u>21,236</u>	<u>90,933</u>	<u>43,104</u>	<u>155,273</u>
<b>As at 31 December, 2011</b>							
Cost	22,499	21,610	28,978	73,087	142,898	81,058	297,043
Accumulated depreciation	(10,554)	(16,620)	(24,677)	(51,851)	(51,965)	(37,954)	(141,770)
Net book value as at 31 December, 2011	<u>11,945</u>	<u>4,990</u>	<u>4,301</u>	<u>21,236</u>	<u>90,933</u>	<u>43,104</u>	<u>155,273</u>
Annual rate of depreciation	10%	10-20%	33.33%		5%	20%	

## for the year ended 31 December, 2011

### 17.1 Disposal of operating fixed assets

Particulars of the assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
(Rupees in thousand)						
<b>Vehicles</b>	<b>Employees</b>					
Suzuki Cultus-Vxl	Syed Mateen Ahmed	665	500	165	350	Company policy
Honda City LEC- 9994	Madiha Ahmad	1,291	151	1,140	1,251	Company policy
Suzuki Cultus	Nafees Ahmed	616	513	103	273	Company policy
Suzuki Mehran AMY-138	Haider Ali	400	307	93	209	Company policy
Daihatsu/Cuore LEF-9177	Zahid Latif Khan	588	284	304	410	Company policy
Suzuki Alto LED-2940	Asad Ur Rehman	544	336	208	400	Company policy
Suzuki Mehran ANV-113	Muhammad Jawed	400	173	227	289	Company policy
Daihatsu/Cuore	Khursheed Iqbal	447	395	52	249	Company policy
Daihatsu/Cuore	Victor Daniel	480	248	232	361	Company policy
Toyota Corolla Gli	Jamshaid Hussain	1,072	849	223	563	Company policy
Honda CD-125 LEZ-575	Sadaqat Ali	90	7	83	90	Company policy
Toyota Corolla Gli	Yasmin Sadiq	1,029	932	97	541	Company policy
	<b>Outsiders</b>					
Honda City	Alfalah Insurance	1,058	562	496	1,000	Insurance Claim
Honda Civic ARQ-497	Muhammad Jamil	1,834	825	1,009	1,500	Negotiation
Toyota Vitz	Syed Farhat Abbas	788	722	66	708	Negotiation
<b>Office &amp; electrical equipments</b>						
Philips TV. 47"	Alfalah Insurance	239	163	76	144	Insurance Claim
<b>Other assets with book value less than Rs. 50,000</b>		1,542	1,485	57	950	
		<b>13,083</b>	<b>8,452</b>	<b>4,631</b>	<b>9,288</b>	

## 18. INTANGIBLE

2011

2010

(Rupees in thousand)

### Computer Softwares

Opening net book value

2,877

-

Transferred from software under development

3,776

2,000

Addition

4,980

1,197

8,756

3,197

Amortisation

(1,791)

(320)

Net book value as at 31 December 2011

9,842

2,877

## Notes to and forming part of the Financial Statements

### 19. INVESTMENT PROPERTY

	2011							Useful life
	Cost			Depreciation			WDV	
	As at 1 Jan 2011	Additions (disposals)	As at 31 Dec 2011	As at 1 Jan 2011	For the year	As at 31 Dec 2011	As at 31 Dec 2011	
	(Rupees in thousand)							
Building	96,928	-	96,928	-	5,996	5,996	90,932	20 years

- 19.1 The market value of the investment property is Rs. 106.228 million on 31 December 2010 as per valuation carried out by an independent valuer M/s. Joseph Lobo (Pvt) Ltd. in 2010.

### 20. MANAGEMENT EXPENSES

	2011 (Rupees in thousand)	2010
Salaries, wages and benefits	149,136	127,835
Rent, rates and taxes	21,207	16,377
Electricity, gas etc	7,797	7,024
Repairs and maintenance	3,379	2,021
Conveyance	144	88
Education and training	1,517	1,545
Computer expenses	3,289	3,516
Communication	6,844	6,963
Provision for doubtful debts	(32,700)	5,000
Inspection fee	1,420	1,952
Security expenses	19,023	13,851
	<b>181,056</b>	<b>186,172</b>

- 20.1 This includes charge for defined benefit and defined contribution plans amounting to Rs. 2.546 million (2010: Rs. 2.268 million) and Rs. 5.587 million (2010: Rs. 5.083 million) respectively.

### 21. OTHER INCOME

	2011 (Rupees in thousand)	2010
<b>Income from financial assets</b>		
Finance income from Reverse repo transaction	1,119	5,887
<b>Income from non-financial assets</b>		
Gain on disposal of fixed assets	4,657	3,646
Miscellaneous	-	114
	<b>4,657</b>	<b>3,760</b>
	<b>5,776</b>	<b>9,647</b>

### 22. FINANCIAL CHARGES

Markup on:		
- Long term finance	-	1,769
- Short term finance	40,016	63,395
Bank charges	936	1,399
	<b>40,952</b>	<b>66,563</b>

## for the year ended 31 December, 2011

### 23. GENERAL AND ADMINISTRATIVE EXPENSES

2011	2010
(Rupees in thousand)	
General office premium	5,551
Motor car expenses	11,447
Tour and travelling	9,983
Representation expenses	1,218
Stationery and printing	6,122
Depreciation and amortization	35,997
Donations	22,172
Auditors' remuneration	1,108
Advertisement expenses	10,914
Legal and professional	23,676
Workers' Welfare fund	1,156
Sundry expenses	1,024
	<u>130,368</u>

23.1 Donations amounting to Rs. 21.8 million (2010: Rs. Nil) were made to various institutes in which directors of the Company had interest during the year.

### 23.2 Auditors' remuneration

2011	2010
(Rupees in thousand)	
Audit fee	500
Fee for interim review	185
Audit fee for regulatory return	100
Certification fee	225
Out of pocket expenses	98
	<u>1,108</u>

### 24. TAXATION

2011	2010
(Rupees in thousand)	
For the year	
- Current	55,335
- Deferred	(50,302)
- Prior year	1,896
	<u>6,929</u>

## Notes to and forming part of the Financial Statements

### 24.1 Tax charge reconciliation

2011 2010

(Percentage)

Reconciliation between the average effective tax rate and the applicable tax rate is as follows:

Applicable tax rate	35.00	35.00
Tax effect of the amounts that are:		
Exempt income	(1.66)	(0.32)
Tax effect of income not allowed for determining accounting income	(18.34)	0.62
Chargeable to tax at different rates	3.10	(7.29)
Deductions not allowed	23.80	(18.19)
Others	(30.70)	(0.67)
	(23.80)	(25.85)
Effective tax rate	11.20	9.15

### 25. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration, including certain benefits, to the Chief Executive, Director and Executives of the Company during the year are as follows:

	Chief Executive		Directors		Executives	
	2011	2010	2011	2010	2011	2010
	(Rupees in thousand)					
Managerial remuneration	5,887	4,906	2,038	1,685	24,643	23,249
Bonus	989	1,393	-	-	2,708	3,180
Retirement benefits (including provident fund)	1,021	851	-	-	4,149	3,879
Housing and utilities	3,311	2,755	391	393	13,582	12,873
Medical expenses	13	120	-	-	892	1,055
Conveyance allowance	250	194	-	-	3,493	3,341
Others	49	68	-	-	2,598	2,826
	11,520	10,287	2,429	2,078	52,065	50,403
Number of persons	1	1	2	2	25	26

Chief Executive and executives of the Company are provided with Company maintained cars and residential telephones.

## for the year ended 31 December, 2011

### 26. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated undertakings, other related group companies, directors of the Company, companies where directors also hold directorship, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Remuneration of key management personnel is disclosed in note 25. Amounts due to / from and other significant transactions, other than those disclosed else where in these financial statements, are as follows:

Relationship with the Company	Nature of transactions	2011	2010
		(Rupees in thousand)	
<b>i) Associated undertakings</b>	<b>Transactions</b>		
	Insurance premium	102,206	87,482
	Insurance commission	6,231	5,177
	Claims paid	651,172	4,647
	Dividend Received	66,741	61,776
	Dividend paid	31,872	21,160
	Rental income	19,745	18,581
	<b>Balances</b>		
	Premium receivable	10,422	11,248
	Commission payable	920	4
<b>ii) Other related parties</b>	<b>Transactions</b>		
	Insurance premium	449,431	337,156
	Insurance commission	12,419	10,555
	Claims paid	122,671	38,354
	Dividend received	267,194	308,398
	Dividend paid	144,459	96,805
	Redemption of units	86,370	150,442
	Investment in units	-	225,000
	Brokerage commission	1,744	712
	Rent Paid	12,970	12,332
	Mark-up paid	-	391
	<b>Balances</b>		
	Premium receivable	73,227	15,303
	Commission payable	13,072	12,405
<b>iii) Post employment benefit plans</b>	<b>Transactions</b>		
	Expense charged in respect of retirement benefit plans	8,135	7,351

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



## Notes to and forming part of the Financial Statements

### 27. OPERATING SEGMENT

The Company has four primary business segments for reporting purposes namely Fire and property damage, Marine, Aviation and Transport, Motor and Miscellaneous.

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

	Fire and Property Damage		Marine Aviation and Transport		Motor		Miscellaneous		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
(Rupees in thousand)										
<b>Other information</b>										
Segment assets	926,070	308,518	164,510	110,953	224,205	191,343	278,070	157,074	1,592,855	767,888
Unallocated corporate assets									11,988,174	12,192,563
<b>Consolidated total assets</b>									<b>13,581,029</b>	<b>12,960,451</b>
Segment liabilities	837,300	265,937	119,120	76,430	323,901	312,861	293,943	163,698	1,574,264	818,926
Unallocated corporate liabilities									718,869	565,671
<b>Consolidated total liabilities</b>									<b>2,293,133</b>	<b>1,384,597</b>
Capital expenditure	9,945	8,345	3,909	4,646	6,867	9,672	5,132	4,925	25,853	27,588
Depreciation and amortization	13,848	10,187	5,443	5,671	9,561	11,807	7,145	6,012	35,997	33,677

### 28. EARNINGS PER SHARE

#### 28.1 Basic earnings per share

	2011 (Rupees in thousand)	2010
Profit for the year	<b>49,703</b>	836,556
	(Number of shares)	
Weighted average number of ordinary shares	28.2 <b>111,535,938</b>	111,535,938
	(Rupees)	
Earnings per share	<b>0.45</b>	7.50

28.1.1 The comparative figures of weighted average number of ordinary shares and earnings per share have been restated from 71,842,794 to 111,535,938 and Rs. 11.64 to Rs. 7.50 respectively as a result of bonus shares issued by the Company during the year.

#### 28.2 Weighted average number of ordinary shares

(Number of shares)

Number of shares outstanding as at 1 January, 2011	<b>71,842,794</b>
Bonus shares issued during the year	<b>39,693,144</b>
Weighted average number of ordinary shares as at 31 December, 2011	<b>111,535,938</b>

## for the year ended 31 December, 2011

### 28.3 Diluted earnings per share

Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at 31 December, 2011 and 31 December, 2010 which would have any effect on the earnings per share if the option to convert is exercised.

## 29. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest /mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

### 29.1 Credit risk and concentration of credit risk

Credit risk is the risk that 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 by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

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

	2011	2010
	(Rupees in thousand)	
Bank deposits	77,139	190
Investments	53,824	57,363
Premiums due but unpaid	231,656	132,000
Amount due from other insurers / reinsurers	403,195	212,475
Accrued investment income	7,028	8,827
Reinsurance recoveries against outstanding claims	528,856	95,371
Sundry receivables	96,118	83,418
	<b>1,397,816</b>	<b>589,644</b>

## Notes to and forming part of the Financial Statements

The Company did not hold any collateral against the above during the year. General provision is made for receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance due. During the year receivables of Rs. 2.3 million were further impaired and provided for whereas 35 million of provision was reversed. The movement in the provision for doubtful debt account is shown in note 14.1 & 15.1. The remaining past due balances were not impaired as they relate to a number of policyholders and other insurers / reinsurers for whom there is no recent history of default.

The age analysis of receivables is as follows:

	2011 (Rupees in thousand)	2010
Upto 1 year	577,547	268,409
1-2 years	60,689	26,937
2-3 years	10,613	37,884
Over 3 years	36,427	94,370
	<u>685,276</u>	<u>427,600</u>

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

	Rating Short term	Rating Long term	Rating Agency	2011 (Rupees in thousand)	2010
JS Bank Limited	A1	A	PACRA	74,329	37
Habib Bank Limited	A1+	AA+	JCR-VIS	15	15
KASB Bank Limited	A-	A2	PACRA	26	25
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	51	72
MCB Bank Limited	A1+	AA+	PACRA	2,675	39
Faysal Bank Limited	A1+	AA	PACRA	-	2
National Bank of Pakistan	A1+	AAA	JCR-VIS	43	-
				<u>77,139</u>	<u>190</u>

### Sector wise analysis of premiums due but unpaid

	2011 (Rupees in thousand)	2010
Foods & beverages	42,296	13,162
Financial services	21,858	15,212
Pharmaceuticals	14,313	12,541
Textile & composites	16,572	16,030
Plastic industries	22,671	4,515
Engineering	13,090	12,024
Other manufacturing	49,972	36,002
Miscellaneous	96,309	65,639
	<u>277,081</u>	<u>175,125</u>

## for the year ended 31 December, 2011

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

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance asset	2011	2010
(Rupees in thousand)					
A or above (including PRCL)	391,686	503,276	245,971	1,140,933	467,564
BBB and B+	3,792	25,580	12,732	42,104	21,733
Others	12,717	-	-	12,717	6,547
Total	<u>408,195</u>	<u>528,856</u>	<u>258,703</u>	<u>1,195,754</u>	<u>495,844</u>

### 29.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

On the balance sheet date, Company has cash and bank balance and unutilized credit lines of Rs. 77.5 million (2010: Rs. 0.421 million) and Rs. 2,106 million (2010: Rs. 2,604 million) respectively.

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

	2011			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
(Rupees in thousand)				
<b>Financial liabilities</b>				
Provision for outstanding claims	727,343	727,343	727,343	-
Amount due to other insurers / reinsurers	165,999	165,999	165,999	-
Accrued expenses	56,194	56,194	56,194	-
Unclaimed dividend	6,480	6,480	6,480	-
Short term finance	544,314	549,689	549,689	-
Sundry creditors	123,511	123,511	120,841	2,670
	<u>1,623,841</u>	<u>1,629,216</u>	<u>1,626,546</u>	<u>2,670</u>

## Notes to and forming part of the Financial Statements

	2010			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	(Rupees in thousand)			
<b>Financial liabilities</b>				
Provision for outstanding claims	228,421	228,421	228,421	-
Amount due to other insurers / reinsurers	76,221	76,221	76,221	-
Accrued expenses	21,289	21,289	21,289	-
Unclaimed dividend	3,468	3,468	3,468	-
Short term finance	396,327	407,566	407,566	-
Sundry creditors	80,692	80,692	76,540	4,152
	<u>806,418</u>	<u>817,657</u>	<u>813,505</u>	<u>4,152</u>

### 29.3 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimising the return. The market risks associated with the Company's business activities are interest / mark up rate risk and price risk.

The Company is not exposed to material currency risk.

#### a) Interest / mark-up rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark-up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes.

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

	2011	2010	2011	2010
	Effective interest rate (in %)		Carrying amounts	
			(Rupees in thousand)	
<b>Financial assets</b>				
Investments	8.45% to 15%	8.45% to 15%	<u>172,292</u>	<u>135,838</u>
Sundry receivables	0.00%	14.82%	<u>-</u>	<u>54,630</u>
<b>Financial liabilities</b>				
Short term finance	12.37% to 15.26%	13.09% to 17%	<u>544,314</u>	<u>396,327</u>

## for the year ended 31 December, 2011

### Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below.

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Profit and loss 100 bps	
	Increase	Decrease
	(Rupees in thousand)	
<b>As at 31 December, 2011</b>		
Cash flow sensitivity-Variable rate financial liabilities	(537)	537
Cash flow sensitivity-Variable rate financial assets	103	(103)
<b>As at 31 December, 2010</b>		
Cash flow sensitivity-Variable rate financial liabilities	(313)	313
Cash flow sensitivity-Variable rate financial assets	384	(384)

### b) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 7,250 million (2010 Rs. 7,249 million) at the balance sheet date.

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

The carrying value of investments subject to equity price risk are based on quoted market prices as of the balance sheet date except for investments in associates which are carried under equity method and available for sale equity instruments which are stated at lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP), in December 2002.

## Notes to and forming part of the Financial Statements

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

### Sensitivity analysis

The table below summarizes Company's equity price risk as of 31 December, 2011 and 2010 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in Company's equity investment portfolio because of the nature of equity markets.

Had all equity investments, other than associates, been measured at fair values as required by IAS 39 "Financial Instruments: Recognition and Measurement", the impact of hypothetical change would be as follows:

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase (decrease) in profit / (loss) before tax
(Rupees in thousand)					
31 December, 2011	16,308,768	10% increase	17,939,645	1,630,700	177
		10% decrease	14,677,891	(1,630,700)	(177)
31 December, 2010	11,128,412	10% increase	12,241,253	1,104,067	8,774
		10% decrease	10,015,571	(1,104,067)	(8,774)

### 29.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximate their fair values except for equity and debt instruments held whose fair values have been disclosed in their respective notes to these financial statements.

### 29.5 Insurance risk

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

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



## for the year ended 31 December, 2011

with approved reinsurers on either a proportional or excess of loss treaty basis.

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

### Geographical concentration of insurance risk

To optimize benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk survey.

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

Address look-up and geocoding is the essential field of the policy data interphase of 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.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. For catastrophic aggregates, the IT system also assigns precise geographic CRESTA (Catastrophe Risk Evaluating and Standardizing Target Accumulations) codes with reference to the accumulation of sums insured in force at any particular location against natural perils. A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualize 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 fed into the IT system. The reinsurance module of the IT system is designed to satisfy the requirements as laid down in the proportional treaty agreement. Shipment declarations are also endorsed on the policies. Respective reinsurance cessions are automatically made upon the posting of policy documents.

The voyage cards so maintained for the particular set of policies for a single vessel voyage are automatically logged into the system showing actual gross, treaty and net exposure, both in terms of sums insured and premiums.

## Notes to and forming part of the Financial Statements

### 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, accumulated losses on net account can also be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

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

The concentration of risk by type of contracts is summarised below by reference to liabilities.

	Gross sum insured		Reinsurance		Net	
	2011	2010	2011	2010	2011	2010
	(Rupees in thousand)					
Fire	457,317,813	252,766,339	396,992,612	209,676,752	60,325,201	43,089,587
Marine	339,817,920	150,054,203	160,814,642	86,532,616	179,003,278	63,521,587
Motor	21,107,559	19,659,726	-	38,100	21,107,559	19,621,626
Miscellaneous	146,639,334	91,149,302	61,075,562	48,350,905	85,563,772	42,798,397
	<u>964,882,626</u>	<u>513,629,570</u>	<u>618,882,816</u>	<u>344,598,373</u>	<u>345,999,810</u>	<u>169,031,197</u>

### Sensitivity analysis

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

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

	Pre tax profit		Shareholders' equity	
	2011	2010	2011	2010
	(Rupees in thousand)			
<b>10% increase in loss</b>				
Net				
Fire	(3,142)	(2,997)	(2,042)	(1,948)
Marine	(6,766)	(3,479)	(4,398)	(2,261)
Motor	(29,689)	(22,144)	(19,298)	(14,394)
Miscellaneous	(13,457)	(7,822)	(8,747)	(5,084)
	<u>(53,054)</u>	<u>(36,442)</u>	<u>(34,485)</u>	<u>(23,687)</u>
<b>10% decrease in loss</b>				
Net				
Fire	3,142	2,997	2,042	1,948
Marine	6,766	3,479	4,398	2,261
Motor	29,689	22,144	19,298	14,394
Miscellaneous	13,457	7,822	8,747	5,084
	<u>53,054</u>	<u>36,442</u>	<u>34,485</u>	<u>23,687</u>

## for the year ended 31 December, 2011

### Claims development tables

The following table shows the development of fire claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

#### Analysis on gross basis

	2007	2008	2009	2010	2011	Total
	(Rupees in thousand)					
Accident year						
Estimate of ultimate claims cost:						
At end of accident year	229,955	156,033	47,418	124,748	696,865	1,255,019
One year later	215,056	141,233	47,722	133,815	-	537,826
Two years later	212,352	85,049	47,950	-	-	345,351
Three years later	216,782	85,250	-	-	-	302,032
Four years later	212,515	-	-	-	-	212,515
Estimate of cumulative claims	212,515	85,250	47,950	133,815	696,865	1,176,395
Cumulative payments to date	(213,185)	(80,489)	(39,483)	(100,930)	(307,508)	(741,595)
Liability recognised in the balance sheet	(670)	4,761	8,467	32,885	389,357	434,800

### 29.6 Fair values of financial assets and liabilities

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: 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). The Company has no items to report in this level.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Total
	(Rupees in thousand)		
<b>As at 31 December, 2011</b>			
At fair value through profit and loss - held for trading	1,767	-	1,767

The carrying amounts of all other financial assets and liabilities reflected in the financial statements approximate their fair values. In case of available for sale investments, the equity securities are carried at lower of cost or market value in line with SECP's SRO (Refer note 4.5.1.3).

## Notes to and forming part of the Financial Statements

### 30. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as the going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent the long-term loan obtained by the Company. Total capital employed includes equity as shown in the balance sheet, plus borrowings. Presently there are no long-term borrowing held by the company.

### 31. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 26 March, 2012 by the Board of Directors of the Company.

#### 31.1 Events After Balance Sheet Date

The Board of Directors has proposed a final dividend for the year ended 31 December, 2011 of Rs. 3/- per share (2010: Rs. 2 per share), amounting to Rs. 334.605 million (2010: Rs. 143.685 million) and bonus shares at NIL (2010: 35%) amounting to Rs. NIL (2010: 251.449) at its meeting held on March 26, 2012 for the approval of the members at the annual general meeting to be held on 26 April, 2012.



Chairman



Director



Director



Principal Officer and  
Chief Executive

## Notice of Annual General Meeting

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**NOTICE IS HEREBY GIVEN** that the 58th Annual General Meeting of IGI Insurance Limited (the "Company") will be held on Thursday, April 26 2012, at 10:00 a.m. at the Registered Office of the Company located at 7th Floor, The Forum, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, to transact the following business:

### ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting of the Company held on April 26, 2011.
2. To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' report thereon for the year ended December 31, 2011.
3. To consider and approve the payment of final cash dividend @ thirty percent (30%), that is, Rupees three (Rs.3) per ordinary share of Rupees ten (10) each for the year ended December 31, 2011, as recommended by the Board of Directors (the "Board") of the Company in addition to the interim cash dividend already paid at the rate of Rs.2.00 (Two) per share (i.e. 20%).
4. To appoint auditors for the ensuing year and to fix their remuneration.

### SPECIAL BUSINESS

5. To consider and approve a resolution about the issuance of interim Bonus issue already made in August 26, 2011 in the ratio of 1.5 (one and a half ) new shares for every 10 (Ten) shares held (i.e.15%).
6. To consider and, if thought fit, pass a special resolution pursuant to Section 208 of the Companies Ordinance, 1984 to authorize investment by way of purchase of shares of certain associated companies.

### ANY OTHER BUSINESS

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

(Attached to this Notice is a statement of material facts covering the above-mentioned special business, as required under Section 160(1)(b) of the Companies Ordinance, 1984).

By Order of the Board

Haider Raza  
**Company Secretary**  
Karachi: April 4, 2012

## Notice of Annual General Meeting

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### Notes:

1. The Share Transfer Books of the Company will be closed from April 13, 2012, to April 26, 2012, both days inclusive.
2. A member entitled to attend and vote at the meeting is entitled to appoint another person as a proxy to attend and vote instead of him. The proxy forms duly completed and signed by the member appointing a proxy must be deposited with the Company's Share Registrar, FAMCO Associates (Private) Limited , 1st Floor, State Life Building 1-A, I. I. Chundrigar Road, Karachi-74000, not later than forty-eight (48) hours before the time appointed for the Meeting.
3. Any individual Beneficial Owner of Central Depository Company, entitled to vote at this Meeting must bring his/her Computerized National Identity Card ("CNIC") with him/her to provide his/her identity and in case of proxy must enclose an attested copy of his/her CNIC. The representatives of corporate bodies should bring attested copy of Board of Directors Resolution / Power of Attorney and/or all such documents as are required under Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan for this purpose.
4. Change of address, if any, should be notified immediately to the Company's Share Registrar aforestated.
5. Members are requested to provide their e-mail addresses to enable the Company to send notices, financial statements etc. via e-mail.
6. Members who have not yet submitted photocopy of their Computerized National Identity Cards to the Company are requested to send the same at the earliest.

## Notice of Annual General Meeting

### STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984 REGARDING SPECIAL BUSINESS

#### Item No. 5 of the Notice

##### Interim Bonus Shares

The Board had recommended the issue of interim Bonus Shares in the ratio of 1.5 (one and a half) new shares for every 10 (Ten) shares held (15%) in its meeting held on August 26, 2011 and these Bonus Shares were accordingly issued by the Company on September 26, 2011. Accordingly, it is proposed to consider and if thought fit, pass the following ordinary resolutions, with or without modifications:

- a) **"RESOLVED** that the decision of the Board of Directors of the Company to issue 14,548,166 ordinary shares of Rs. 10 each by capitalizing Rs. 145,481,660 out of the Free Reserves of the Company and allotted as fully paid up bonus shares to the members of the Company who were registered in the books of the Company on September 14, 2011 in the ratio of 1.5 ( One and a half) such new shares for every 10 existing ordinary shares held ranking pari passu with the existing ordinary shares of the Company be and is hereby ratified and confirmed."
- b) **"FURTHER RESOLVED** that the sale proceeds of members' entitlement to fractions of shares shall be paid to a charitable institution approved under section 61(1) of the Income Tax Ordinance, 2001 for which purpose the fractional shares shall be consolidated into whole shares and issued to the Company Secretary upon trust to sell these shares on the Stock Exchange, through a member of the Exchange, and pay the net proceeds of sale when realized to the institution selected by the Directors for this purpose."
- c) **"FURTHER RESOLVED** that for the purpose of giving effect to the foregoing the Directors be and are hereby authorized to give such directions as may be necessary and as they deem fit to settle any questions or difficulties that may arise in the distribution of the said new shares or in the payment of the sale proceeds of the fractional shares."

None of the Directors of the Company are interested in this business except to the extent of their entitlement to bonus shares as shareholders.

#### Item No. 6 of the Notice

##### Investment in Associated Companies

IGI Insurance Limited is a public listed company with equity of over Rs. [11.29] billion as of December 31, 2011 and is desirous of making investment in certain associated companies.

For this purpose, it is proposed to consider and, if thought fit, to pass the following resolution as a special resolution, with or without modification, for authorizing investment by way of purchasing of shares of the below mentioned associated companies pursuant to Section 208 of the Companies Ordinance, 1984:



## Notice of Annual General Meeting

### "RESOLVED THAT:

- a) (i) The previous unutilized approvals granted by the shareholders of the Company pursuant to Section 208 of the Companies Ordinance, 1984 for investment in the following associated companies will stand expired as on April 26, 2012 pursuant to the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 ("2012 Regulations")(Notification No. SRO 27(I)/2012 dated January 16, 2012):
- a) Nestle Pakistan Limited
  - b) Packages Limited
  - c) Tri Pack Films Limited
- (ii) The previous unutilized approvals granted by the shareholders of the Company pursuant to Section 208 of the Companies Ordinance, 1984 for investment in the following associated companies expired vide 2012 Regulations (Notification No. SRO 27(I)/2012 dated January 16, 2012).
- d) Sanofi Aventis Limited
  - e) Siemens (Pakistan) Engineering Company Limited;
- b) approval of the shareholders be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 for the investment from time to time of the undermentioned amounts in the purchase of the ordinary shares of the undermentioned associated companies:

S. No.	Name of Company	Amount to be invested
1.	Nestle Pakistan Limited	Rs. 1,000 million
2.	Packages Limited	Rs. 500 million
3.	Tri Pack Films Limited	Rs. 500 million
4.	Sanofi Aventis Limited	Rs. 500 million
5.	Siemens (Pakistan) Engineering Company Limited;	Rs. 500 million

- c) as provided in Regulation 8(1) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2012, it is specifically authorised by the members that the limits of investment allowed above will not lapse after 12 months and will continue till the time these limits are fully utilized; and
- d) the Chief Executive Officer of the Company be and is hereby authorized to take any and all actions which may be required for the investment from time to time upto the abovementioned amounts in the purchase of the ordinary shares of abovementioned associated companies."

**The information required to be annexed to the Notice by the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2012 (Notification No. SRO 27(I)/2012 dated January 16, 2012) is set out below:-**

## Notice of Annual General Meeting

### 1. Nestle Pakistan Limited

S. No.	Requirement	Information Required
i.	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established.	<b>Nestle Pakistan Limited ("Investee Company")</b>  Syed Babar Ali, Chairman and Director of the Company and Syed Yawar Ali and Syed Hyder Ali, Directors of the Company are also Directors of Nestle Pakistan Limited which makes it an associated company.
ii.	Purpose, benefits and period of investment.	Long term equity investment to earn dividend income (including bonus/rights shares) as well as prospective capital gains. These are the benefits expected to arise from this investment.
iii.	Maximum amount of Investment.	Investment of upto Rs. 1,000 million to be utilized in purchasing ordinary shares of the Investee Company from time to time.
iv.	Maximum price at which securities will be acquired.	Fair value on the date of purchase or, in the case of a negotiated purchase recorded on the Stock Exchange, the best price which can be negotiated in an arm's length transaction taking into consideration all factors attached to the sale/purchase.
v.	Maximum number of securities to be acquired.	Such number of shares which can be purchased by utilizing the said amount of investment at the price determined under (iv) above.
vi.	Number of securities and percentage thereof held before and after the proposed investment.	<b>Securities and percentage before proposed investment</b> 4,353,666 shares 9.60%  <b>Securities and percentage after proposed investment</b> The total shareholding (number of shares) and percentage of shareholding after completion of investment of the said investment amount will depend upon the price (as determined under (iv) above) at which the Company will be able to purchase the shares of this Investee Company.

## Notice of Annual General Meeting

S. No.	Requirement	Information Required
vii.	In case of Investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired.	Rs. 3,319.98
viii.	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulations 6(1).	N/A
ix.	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements.	167.86
x.	Earnings per share of the associated company or associated undertaking for the last three years.	2009: Rs. 66.27 per share 2010: Rs. 90.69 per share 2011: Rs. 102.94 per share
xi.	Source of fund from which securities will be acquired.	Own sources.
xii.	Where the securities are intended to be acquired using borrowed funds. i). Justification for investment through borrowings. ii). Detail of guarantees and assets pledged for obtaining such funds.	N/A  N/A
xiii.	Salient features of the agreements(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment.	N/A: No such agreements have been entered into.
xiv.	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration.	Syed Babar Ali, Syed Yawar Ali and Syed Hyder Ali, Directors of the Company are also Directors of the Investee Company and are interested in the Investee Company and in the transaction(s) under consideration, as Directors, to that extent. The said three Directors and their relatives (Ali Family and Relatives) are shareholders of the Investee Company and are interested in the Investee Company and the transaction(s) under consideration to the extent of their shareholding in the Investee Company. Packages Limited and

## Notice of Annual General Meeting

S. No.	Requirement	Information Required
		the Industrial Technical and Educational Institute, Lahore are shareholders of this Company and of the Investee Company. As shareholders of this Company, the Ali Family and Relatives and the said other two shareholders are to that extent interested, directly or indirectly, in the Investee Company and in the transaction(s) under consideration.
xv.	Any other important detail necessary for the members to understand the transactions.	N/A
xvi.	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely.  i) Description of the project and its history since conceptualization. ii) Starting and expected dated of completion of work. iii) Time by which such project shall become commercially operational; and iv) Expected time by which the project shall start paying return on investment;	N/A

### 2. Packages Limited

S. No.	Requirement	Information Required
i.	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established.	<b>Packages Limited ("Investee Company")</b> Syed Shahid Ali, Syed Hyder Ali and Shamim Ahmad Khan, Directors of the Company are also Directors of the Investee Company, which makes it an associated company.
ii.	Purpose, benefits and period of investment.	Long term equity investment to earn dividend income (including bonus/rights shares) as well as prospective capital gains. These are the benefits expected to arise from this investment.

## Notice of Annual General Meeting

S. No.	Requirement	Information Required
iii.	Maximum amount of Investment.	Investment of upto Rs. 500 million to be utilized in purchasing ordinary shares of the Investee Company from time to time.
iv.	Maximum price at which securities will be acquired.	Fair value on the date of purchase or, in the case of a negotiated purchase recorded on the Stock Exchange, the best price which can be negotiated in an arm's length transaction taking into consideration all factors attached to the sale/purchase.
v.	Maximum number of securities to be acquired.	Such number of shares which can be purchased by utilizing the said amount of investment at the price determined under (iv) above.
vi.	Number of securities and percentage thereof held before and after the proposed investment.	<p><b>Securities and percentage before proposed investment</b> 20,556,650 shares 24.36%</p> <p><b>Securities and percentage after proposed investment</b> The total shareholding (number of shares) and percentage of shareholding after completion of investment of the said investment amount will depend upon the price (as determined under (iv) above) at which the Company will be able to purchase the shares of this Investee Company.</p>
vii.	In case of Investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired.	Rs. Rs.81.27
viii.	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulations 6(1).	N/A: No such agreements have been entered into.
ix.	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements.	Rs. 350.18

## Notice of Annual General Meeting

S. No.	Requirement	Information Required
x.	Earnings per share of the associated company or associated undertaking for the last three years.	2009: Rs. 48.16 per share 2010: Rs. (3.94) per share 2011: Rs. (18.58) per share
xi.	Source of fund from which securities will be acquired.	Own sources.
xii.	Where the securities are intended to be acquired using borrowed funds. i). Justification for investment through borrowings. ii).Detail of guarantees and assets pledged for obtaining such funds.	N/A  N/A
xiii.	Salient features of the agreements(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment.	N/A
xiv.	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration.	<p>Syed Shahid Ali, Syed Hyder Ali and Shamim Ahmad Khan, Directors of the Company are also Directors of the Investee Company and are interested, as Directors, in that Company and in the transaction(s) under consideration.</p> <p>The said Directors and their relatives ("Ali Family and Relatives and Shamim Ahmad Khan") are shareholders of the Investee Company and are interested in the Investee Company to that extent and in the transaction(s) under consideration. Babar Ali Foundation, a shareholder of this Company is also a shareholder of the Investee Company. Packages Limited and the Industrial Technical and Educational Institute, Lahore are shareholders of this Company. The Ali Family and Relatives, Mr. Shamim Ahmad Khan and the said other shareholders mentioned above have, therefore, direct and indirect, interest to the extent of their shareholding in the Investee Company, in this Company and in the transaction(s) under consideration.</p>

## Notice of Annual General Meeting

S. No.	Requirement	Information Required
xv.	Any other important detail necessary for the members to understand the transactions.	N/A
xvi.	<p>In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely.</p> <p>i) Description of the project and its history since conceptualization.</p> <p>ii) Starting and expected dated of completion of work.</p> <p>iii) Time by which such project shall become commercially operational; and</p> <p>iv) Expected time by which the project shall start paying return on investment;</p>	N/A

### 3. Tri Pack Films Limited

S. No.	Requirement	Information Required
i.	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established.	<b>Tri Pack Films Ltd. ("Investee Company)</b> Syed Babar Ali, Chairman and Director of the Company, and Syed Hyder Ali, a Director of the Company are also Directors of Tri Pack Films Limited which makes it an associated company.
ii.	Purpose, benefits and period of investment.	Long term equity investment to earn dividend income (including bonus/rights shares) as well as prospective capital gains. These are the benefits expected to arise from this investment.
iii.	Maximum amount of Investment.	Investment of upto Rs. 500 million to be utilized in purchasing ordinary shares of the Investee Company from time to time.
iv.	Maximum price at which securities will be acquired.	Fair value on the date of purchase or, in the case of a negotiated purchase recorded on the Stock Exchange, the best price which can be negotiated in an arm's length transaction taking into consideration all factors attached to the sale/purchase.



## Notice of Annual General Meeting

S. No.	Requirement	Information Required
v.	Maximum number of securities to be acquired.	Such number of shares which can be purchased by utilizing the said amount of investment at the price determined under (iv) above.
vi.	Number of securities and percentage thereof held before and after the proposed investment.	<p><b>Securities and percentage before proposed investment</b> 1,353,416 shares 4.51%</p> <p><b>Securities and percentage after proposed investment</b> The total shareholding (number of shares) and percentage of shareholding after completion of investment of the said investment amount will depend upon the price (as determined under (iv) above) at which the Company will be able to purchase the shares of this Investee Company.</p>
vii.	In case of Investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired.	Rs. 182.08
viii.	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulations 6(1).	N/A
ix.	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements.	Rs. 74.03
x.	Earnings per share of the associated company or associated undertaking for the last three years.	2009: Rs. 15.47 per share 2010: Rs. 16.49 per share 2011: Rs. 26.09 per share
xi.	Source of fund from which securities will be acquired.	Own sources.
xii.	Where the securities are intended to be acquired using borrowed funds. i). Justification for investment through borrowings. ii). Detail of guarantees and assets pledged for obtaining such funds.	<p>N/A</p> <p>N/A</p>
xiii.	Salient features of the agreements(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment.	No such agreements have been entered into.

## Notice of Annual General Meeting

S. No.	Requirement	Information Required
xiv.	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration.	Syed Babar Ali and Syed Hyder Ali, Directors of the Company, are also Directors of the Investee Company. Syed Babar Ali and his family ("Ali Family") and Relatives hold shares of the Investee Company and are interested in the Investee Company and in the transaction(s) under consideration to that extent and to the extent of the directorships of Syed Babar Ali and Syed Hyder Ali. Packages Ltd., and the Industrial Technical and Educational Institute, Lahore hold shares of this Company. Babar Ali Foundation, a shareholder of this Company, is also a shareholder of the Investee Company. The Ali Family and its Relatives and the said other shareholders named above have, therefore, direct or indirect, interest to the said extent in the Investee Company and in the transaction(s) under consideration.
xv.	Any other important detail necessary for the members to understand the transactions.	N/A
xvi.	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely.  i) Description of the project and its history since conceptualization. ii) Starting and expected dated of completion of work. iii) Time by which such project shall become commercially operational; and iv) Expected time by which the project shall start paying return on investment;	N/A

#### 4. Sanofi Aventis Pakistan Limited

S. No.	Requirement	Information Required
i.	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established.	<b>Sanofi Aventis Pakistan Limited. ("Investee Company")</b> Syed Babar Ali, the Chairman and Director of the Company, is also a Director of Sanofi Aventis Pakistan Limited which makes it an associated company of the Company.

## Notice of Annual General Meeting

S. No.	Requirement	Information Required
ii.	Purpose, benefits and period of investment.	Long term equity investment to earn dividend income (including bonus/rights shares) as well as prospective capital gains. These are the benefits expected to arise from this Investment.
iii.	Maximum amount of Investment.	Investment of upto Rs. 500 million to be utilized in purchasing ordinary shares of the investee Company from time to time.
iv.	Maximum price at which securities will be acquired.	Fair value on the date of purchase or, in the case of a negotiated purchase recorded on the Stock Exchange, the best price which can be negotiated in an arm's length transaction taking into consideration all factors attached to the sale/purchase.
v.	Maximum number of securities to be acquired.	Such number of shares which can be purchased by utilizing the said amount of investment at the price determined under (iv) above.
vi.	Number of securities and percentage thereof held before and after the proposed investment.	<p><b>Securities and percentage before proposed investment</b> 1,286,739 shares 13.34%</p> <p><b>Securities and percentage after proposed investment</b> The total shareholding (number of shares) and percentage of shareholding after completion of investment of the said investment amount will depend upon the price (as determined under (iv) above) at which the Company will be able to purchase the shares of this Investee Company.</p>
vii.	In case of Investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired.	Rs. 145.79
viii.	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulations 6(1).	N/A
ix.	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements.	Rs. 155.57

## Notice of Annual General Meeting

S. No.	Requirement	Information Required
x.	Earnings per share of the associated company or associated undertaking for the last three years.	2009: Rs. 17.35 per share 2010: Rs. 23.23 per share 2011: Rs. 23.80 per share
xi.	Source of fund from which securities will be acquired.	Own sources.
xii.	Where the securities are intended to be acquired using borrowed funds. i). Justification for investment through borrowings. ii). Detail of guarantees and assets pledged for obtaining such funds.	N/A  N/A
xiii.	Salient features of the agreements(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment.	N/A: No such agreements have been entered into.
xiv.	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration.	Syed Babar Ali, the Chairman and Director of the Company, is also a Director and Chairman of the Investee Company. Syed Babar Ali and his family ("Ali Family") hold shares of the Investee Company and are interested in the Investee Company to that extent including Syed Babar Ali's interest as Director. The Ali Family holds shares of this Company. The Industrial Technical and Educational Institute, Lahore and Packages Limited hold shares of this Company as well. The Ali Family and the said other shareholders of the Company have, therefore, direct or indirect, interest, as the case may be, to the said extent in the Investee Company and in the transaction(s) under consideration.
xv.	Any other important detail necessary for the members to understand the transactions.	N/A
xvi.	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely. i) Description of the project and its history since conceptualization. ii) Starting and expected dated of completion of work. iii) Time by which such project shall become commercially operational; and iv) Expected time by which the project shall start paying return on investment;	N/A

## Notice of Annual General Meeting

### 5. Siemens (Pakistan) Engineering Company Limited

S. No.	Requirement	Information Required
i.	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established.	<b>Siemens (Pakistan) Engineering Company Ltd. ("Investee Company")</b> Syed Babar Ali, Chairman and Director of the Company is also a Director and Chairman of Siemens (Pakistan) Engineering Company Limited which makes it an associated company.
ii.	Purpose, benefits and period of investment.	Long term equity investment to earn dividend income (including bonus/rights shares) as well as prospective capital gains. These are the benefits expected to arise from this investment.
iii.	Maximum amount of Investment.	Investment of upto Rs. 500 million to be utilized in purchasing ordinary shares of the investee Company from time to time.
iv.	Maximum price at which securities will be acquired.	Fair value on the date of purchase or, in the case of a negotiated purchase recorded on the Stock Exchange, the best price which can be negotiated in an arm's length transaction taking into consideration all factors attached to the sale/purchase.
v.	Maximum number of securities to be acquired.	Such number of shares which can be purchased by utilizing the said amount of investment at the price determined under (iv) above.
vi.	Number of securities and percentage thereof held before and after the proposed investment.	<b>Securities and percentage before proposed investment</b> 70,131 shares 0.85%  <b>Securities and percentage after proposed investment</b> The total shareholding (number of shares) and percentage of shareholding after completion of investment of the said investment amount will depend upon the price (as determined under (iv) above) at which the Company will be able to purchase the shares of the Investee Company.

## Notice of Annual General Meeting

S. No.	Requirement	Information Required
vii.	In case of Investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired.	Rs. 847.80
viii.	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulations 6(1).	N/A
ix.	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements.	Rs. 791.35
x.	Earnings per share of the associated company or associated undertaking for the last three years.	2009: Rs. 165.53 per share 2010: Rs. 122.62 per share 2011: Rs. 8.17 per share
xi.	Source of fund from which securities will be acquired.	Own sources.
xii.	Where the securities are intended to be acquired using borrowed funds. i). Justification for investment through borrowings. ii). Detail of guarantees and assets pledged for obtaining such funds.	N/A  N/A
xiii.	Salient features of the agreements(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment.	No such agreements have been entered into.
xiv.	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration.	Syed Babar Ali, the Chairman and Director of the Company is also a Director and Chairman of the Investee Company and is interested in the Investee Company and the transaction(s) under consideration, to that extent. The Ali Family and its Relatives, the Industrial Technical and Educational Institute Lahore and Packages Limited hold shares of the Company. The Ali Family (including Syed Babar Ali) and its Relatives and the said other shareholders have, therefore, direct and indirect interest to the said extent in the Investee Company and in the transaction(s) under consideration.

## Notice of Annual General Meeting

S. No.	Requirement	Information Required
xv.	Any other important detail necessary for the members to understand the transactions.	N/A
xvi.	<p>In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely.</p> <p>i) Description of the project and its history since conceptualization.</p> <p>ii) Starting and expected dated of completion of work.</p> <p>iii) Time by which such project shall become commercially operational; and</p> <p>iv) Expected time by which the project shall start paying return on investment;</p>	N/A



## Notice of Annual General Meeting

### Status of approvals for investments in associated companies

As required by Regulation 4(2) of the Companies (Associated Companies or Associated Undertakings) Regulations 2012, the position of various investments in associated companies against approvals held by the Company is as under:

#### 1. Nestle Pakistan Limited

- (a) Amount approved at last Annual General Meeting : Rs. 500 million;
- (b) The Company has invested Rs. 76.51 million so far;
- (c) The said amount could not be fully utilized for non-availability of shares at reasonable price (the resolution did not require implementation within specified time); and
- (d) There was no major change in the financial position of the investee company.

It was proposed in the Board Meeting held on March 26, 2012 that as the previous approval granted by the shareholders of the Company to the extent of unutilized investment amount will stand canceled as on 26 April 2012 under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2012 ("2012 Regulations"), fresh approval of Rs. 1,000 million be obtained in its place pursuant to section 208 of the Companies Ordinance, 1984.

#### 2. Packages Limited

- (a) Amount approved at the last Annual General Meeting: Rs. 500 million;
- (b) The Company has invested Rs. 45.78 million so far;
- (c) The said authorized amount could not be fully utilized for non-availability of shares at reasonable amount (the resolution did not require implementation within specified period); and
- (d) This company has declared loss after tax of Rs. 1,568 million translating into Rs. 18.58 per share in its financial results for the year ended 31 December 2011.

It was proposed in the Board Meeting held on March 26, 2012 that as the previous approval granted by the shareholders of the Company to the extent of unutilized investment amount will stand cancelled as on 26 April 2012 pursuant to the 2012 Regulations, fresh approval of Rs. 500 million be obtained in its place pursuant to section 208 of the Companies Ordinance, 1984.

## Notice of Annual General Meeting

### 3. Tri-Pack Films Limited

- (a) Amount approved at the last Annual General Meeting: Rs. 500 million;
- (b) The Company has invested Rs. 45.94 million so far;
- (c) The said amount could not be fully utilized for non-availability of shares at reasonable price (the resolution did not require implementation within specified period); and
- (d) There was no major change in the financial position of the investee company.

It was proposed in the Board Meeting held on March 26, 2012 that as the previous approval granted by the shareholders of the Company to the extent of unutilized investment amount will stand canceled as on 26 April 2012 pursuant to the 2012 Regulations, fresh approval of Rs. 500 million be obtained in its place pursuant to section 208 of the Companies Ordinance, 1984.

### 4. Sanofi-Aventis Pakistan Limited

- (a) Unutilized approved amount at the last Annual General Meeting: Rs. 200 million;
- (b) The Company has invested Rs. 19.63 million so far. The said full amount could not be fully utilized for non-availability of shares at reasonable price (the resolution did not prescribe any specified period for implementation); and
- (c) There was no major change in the financial position of the investee company.

It was proposed in the Board Meeting held on March 26, 2012 that as the previous approval granted by the shareholders of the Company to the extent of unutilized investment amount stood canceled pursuant to the 2012 Regulations, fresh approval of Rs. 500 million be obtained in its place pursuant to section 208 of the Companies Ordinance, 1984.

### 5. Siemens (Pakistan) Engineering Company Limited

- (a) Total approved amount: Rs.200 million ; Unutilized approved amount as at last Annual General Meeting: Rs. 196.6 million;
- (b) The Company has made no investment during the year because of non-availability of shares at reasonable price.
- (c) This company has declared net profit after tax of Rs. 67.41 million translating into Rs. 8.17 per share in its financial results for the year ended 30 September 2011.

## Notice of Annual General Meeting

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It was proposed in the Board Meeting held on March 26, 2012 that as the previous approval granted by the shareholders of the Company to the extent of unutilized investment amount stood canceled pursuant to the 2012 Regulations, fresh approval of Rs. 500 million be obtained in its place pursuant to section 208 of the Companies Ordinance, 1984.

Undertaking under Regulation 3(3) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2012:

As required by the said Regulation 3(3), it is confirmed and an undertaking is given to the members to this effect that the Directors have carried out necessary due diligence for the proposed investment by the Company in the shares of: (a) Nestle Pakistan Limited, (b) Packages Limited, (c) Tri Pack Films Limited, (d) Sanofi Aventis Limited and (e) Siemens (Pakistan) Engineering Company Limited for which the authority of the members by Special Resolution is sought.

## Form of Proxy

The Company Secretary,  
IGI Insurance Limited, 7th Floor, The Forum,  
Suite Nos. 701-703, G-20, Block 9,  
Khayaban-e-Jami, Clifton, Karachi-75600, Pakistan

I/We \_\_\_\_\_  
(name)  
of \_\_\_\_\_ being member (s)  
of **IGI Insurance Limited**, and holder of \_\_\_\_\_ Ordinary Shares as per Share  
(number of share)  
Registered **Folio No.** \_\_\_\_\_ and/or **CDC Participant I. D. No.** \_\_\_\_\_ and **Sub Account No.** \_\_\_\_\_  
hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
(name)  
or failing him / her \_\_\_\_\_ of \_\_\_\_\_  
(name)

as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the fifty eight Annual General Meeting of the Company to be held on Thursday, April 26, 2012 at 10:00 A.M at the registered office of the Company at 7th Floor, The Forum, Suite Nos. 701-703, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi-75600 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

1) **Witness:**  
Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC or  
Passport No. \_\_\_\_\_

2) **Witness:**  
Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC or  
Passport No. \_\_\_\_\_

Signature:

Please  
affix Rupees Five  
Revenue Stamp

Signature should agree with the  
specimen Signature registered  
with the Company

**Note:** Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

The shareholders having shares deposited with the Central Depository Company (CDC) are requested to bring their Original Computerized National Identity Cards and CDC account number for verification.

