

## PART II

### Statutory Notifications (S.R.O. 938)

#### GOVERNMENT OF PAKISTAN

#### SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

#### NOTIFICATION

Islamabad, the 12th December, 2002

S.R.O. (I)/2002.- In exercise of the powers conferred by sub-section (2) of section 167 of the Insurance Ordinance, 2000 (XXXIX of 2000), the Securities and Exchange Commission of Pakistan, with the approval of the Board, is pleased to make the following rules, the same having been previously published as required by sub-section (2) of the said section, namely: -

**1. Short title and commencement.** - (1) These Rules may be called the Securities and Exchange Commission (Insurance) Rules, 2002.

(2) They shall come into force at once.

**2. Definitions.** - (1) In these rules, unless there is anything repugnant in the subject or context,-

- (a) "Bank" means the State bank of Pakistan; and
- (b) "Ordinance" means the Insurance Ordinance, 2000 (XXXIX of 2000).

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

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

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

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

**4. Additional sub-classes of insurance business.** -

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

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

- (a) The name of the insurer;
- (b) the address of the principal office and in the case of an insurer incorporated outside Pakistan, the address of the principal office outside Pakistan;
- (c) the name, address and occupation of the directors of the insurer, and particulars of other directorships held by them;

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

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

**6. Documents to be submitted along with application for registration.-**

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

- (a) A copy of the Statute, charter, deed of settlement, memorandum of association or other document by which the applicant is constituted;
- (b) a copy of the articles of association or rules in respect of the applicant;

- (c) if applicable, a photocopy of the certificate of incorporation and the certificate of commencement of business of the applicant;
- (d) in respect of an applicant who was not carrying on insurance business on the 19th August, 2000, a statement of assets and liabilities of the applicant, made up to a date not more than three months previous to the date of the application, in the form as set out in Annexure I for life insurers or non-life insurers, as the case may be, in conformity with the provisions of sub-section (1) of section 46 of the Ordinance;
- (e) copies of all accounts, statements and reports laid before the shareholders of the applicant at the last five annual general meetings of the shareholders or, if less than five annual general meetings of the shareholders of the applicant have been held, copies of the accounts, statements and reports laid before the annual general meetings of shareholders which have been held;
- (f) in respect of life insurance and in respect of such classes of non-life insurance as are prescribed pursuant to sub-section (6) of section 4 of the Ordinance, a certified copy of the published prospectus, if any, and of the standard policy forms of the insurer and statements of the assured rates, advantages, terms and conditions to be offered in connection with insurance policies together with a certificate in connection with life insurance business by the appointed actuary that such rates, advantages, terms and conditions are workable and sound; and
- (g) a business plan showing projected business to be written and cash flows for a period of not less than ten years from the date of the application in the case of a life insurer and not less than three years from the date of the application in the case of a non-life insurer, showing the forecast financial position of the insurer as at the 31st December, in each calendar year, and the forecast results of the insurer for each year or part of a year ending on the 31st December.

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

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

**7. Renewal of registration.**- (1) For the purposes of sections 11 and 12 of the Ordinance, every insurer registered under the Ordinance shall apply for renewal of registration on annual basis.

(2) Every application made under sub-rule (1) shall be accompanied by a declaration by the applicant that the conditions imposed on registered insurers as specified in sections 11 and 12 of the Ordinance have been complied with.

**8. Transitional provisions.**- (1) The provisions of this rule shall apply to conversion from a life insurance fund to a statutory fund or funds under section 25 of the Ordinance.

(2) Upon conversion, an insurer shall allocate all policies, which are in force, including policies, which have been made paid-up under the provisions of the repealed Act, to one or more statutory funds in accordance with such criteria as may be determined by the appointed actuary.

(3) Upon conversion, an insurer shall create so many as are required of the ledger accounts specified in sub-sections (1) and (2) of section 22 of the Ordinance.

(4) As at the date of conversion the opening balance in A, B, C and D accounts shall be determined by the appointed actuary on a fair and equitable basis having regard to the provisions of the Ordinance.

(5) The amount initially recorded as capital contributed by shareholders shall be the cumulative amount as at the date of conversion of capital, if any, contributed by shareholders in respect of the business carried on in the statutory fund created by conversion, after the deduction of any such capital as at that date which has been allocated for the benefit of participating policy holders.

(6) The amount initially recorded as reserves shall be the amount as at the date of conversion of any reserves required to be maintained under the Ordinance.

(7) Immediately following the recording of the amounts referred to in sub-rules (4), (5) and (6), the insurer may effect a transfer from the B account to the credit of the C account of not more than such amount which would result in the B account having a credit balance of one-ninth of the A account:

Provided that in the case of the State Life Insurance Corporation the words "one-ninth" in this sub-rule shall be read as "one-thirty-ninth".

**9. Minimum statutory deposit levels.-** (1) Subject to sub-rules (2) and (3), for the purposes of clause (b) of sub-section (2) of section 29 of the Ordinance, the prescribed amount shall be five million rupees.

(2) For an insurance company which has, for two years immediately preceding the end of any calendar year, maintained not less than the minimum level of paid up capital applicable to that company under section 28 of the Ordinance and not less than the minimum level of solvency applicable to that company under section 35 or 36 of the Ordinance, in both cases without applying the proviso to section 28 of the Ordinance, the prescribed amount in respect of that company under sub-rule (1) shall be zero.

(3) Subject to sub-rule (2), with immediate effect the amount of statutory deposit shall be one million rupees and from then for the period until the 31st December, 2002, two and half million rupees, until the 31st December, 2003, three and half million rupees and until the 31st December, 2004, and thereafter five million rupees.

**10. Admissibility of assets.-** (1) For the purposes of sub-section (2) of section 32 of the Ordinance, the prescribed percentages for an insurance company which was registered as at the commencement date of the Ordinance, the amount prescribed in the repealed Act shall be applicable until the 31st December, 2002, and thereafter for such companies, and for a company registered after the commencement date, the percentages specified in column (3) of the table below shall apply for the clauses of the said sub-section specified in column (1) of that table in respect of the assets described in column (2) thereof.

Clause.	Description of Assets	Percentage
(1)	(2)	(3)
(b)	In a statutory fund of a life insurer, any assets	Five per cent for life insurer.
(f)	Loans which are secured against immovable property:	
	(i) approved securities and approved investments; and	Fifty per cent for both life and non-life insurer.
	(ii) other loans secured against immoveable properties.	Five per cent for both life and non-life insurer.
(n)	Any one unit of immovable property.	Fifty per cent in the case of non-life insurer and five percent in case of life insurer.
(o)	Total immovable property.	Sixty per cent in the case of non-life insurer and twenty per cent in case of life insurer.
(p)	Shares in any one company or in group of related companies	Twenty-five per cent in the case of non-life insurer and five per cent in case of life insurer.
(q)	Shares of the listed companies in the aggregate.	Seventy per cent in the case of non-life insurer and fifty per cent in case of life insurer.
(r)	Shares of companies (not being listed companies) in the aggregate.	Ten per cent in the case of non-life insurer and two and half per cent in case of life insurer.
(s)	Immovable property and shares in the aggregate.	Eighty per cent in the case of non-life insurer and sixty per cent in case of life

		insurer.
(t)	Loans to any person or group of related persons	Two and half per cent for both life and non-life insurers.

(2) Where regulations issued under this rule, or any amendment to such regulations, reduces the amount or proportion of assets which may be held in a particular form by insurers, those regulations or that amendment shall not come into effect until one year from the date at which the change to regulations is published, unless the Commission is satisfied on reasonable grounds that earlier application is warranted for the protection of policyholders or to deal with an actual or apprehended breach of the Ordinance or the rules made thereunder.

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

**12. Minimum required assets in statutory fund.**- For the purposes of sub-sections (3), (4) and (5) of section 35 of the Ordinance, policyholder liabilities shall be determined by the Commission, by notification in the official Gazette:

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

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

(a) In the case of an insurance company registered after the commencement date, fifty million rupees; and

(b) in the case of an insurance company registered at the commencement date-

(i) the amount applicable under the repealed Act, until the 31st December, 2002;

(ii) fifteen million rupees until the 31st December, 2003;

(iii) twenty-five million rupees until the 31st December, 2004; and

(iv) fifty million rupees until the 31st December, 2005, and thereafter.

(2) For the purposes of clause (b) of sub-section (3) of section 36 of the Ordinance, the following shall be the prescribed percentage, namely: -

(a) In the case of an insurance company registered after the commencement date, twenty per cent; and

(b) in the case of an insurance company registered at the commencement date-

(i) ten per cent until the 31st December, 2002;

(ii) fifteen per cent until the 31st December, 2004; and

(iii) thereafter the percentage as set out in clause (a) of this sub-rule.

(3) For the purposes of clause (c) of sub-section (3) of section 36 of the Ordinance, the following shall be the prescribed percentage, namely: -

(a) In the case of an insurance company registered after the commencement date, twenty per cent; and

(b) in the case of an insurance company registered at the commencement date-

(i) ten per cent until the 31st December, 2002;

(ii) fifteen per cent until the 31st December, 2004;  
and

(iii) thereafter the percentage as set out in clause (a) of this sub-rule.

**14. Loans to employees and agents.-** (1) For the purposes of sub-section (8) of section 37 of the Ordinance, an insurer may, at its discretion, grant to an employee or an agent of the insurer a loan or temporary advance, not otherwise prohibited or provided for by the Ordinance, as follows, namely: -

(a) A life insurer may grant a loan on a life insurance policy issued by that insurer to an employee or an agent of that insurer, of not more than the surrender value of that policy;

(b) an insurer may grant to an employee or an agent of that insurer a loan on mortgage of immovable property, provided that-

(i) the amount of the loan does not at any time exceed fifty per cent of the value of the property or, if the purpose of the loan is to construct a house, fifty per cent of the sum of the value of the land and the amount paid or contracted to be paid to date for such construction;

(ii) the loan is repayable within a period of not more than fifteen years; and

(iii) the amount payable by the employee or an agent in repayment of such loan in any one year, including principal and profit or return (whatever called or described) does not exceed (in the case of an employee) one third of the total remuneration of the employee from the insurer during the most recent year or (in the case of an agent) one-fourth of the total renewal commission payable to the agent by the insurer in respect of the most recent year;

(c) an insurer may grant to an employee or an agent of that insurer a loan for the purchase of a conveyance, provided that-

(i) the employee or an agent has served the insurer continuously for a period of not less than three years, in case of an employee, and five years, in case of an agent, as at the date at which the loan is granted;

(ii) the conveyance purchased is mortgaged to the insurer;

(iii) the loan is repayable within five years; and

(iv) the total amount of the loan (in case of an employee) does not exceed the total remuneration of the

most recent year of the employee and (in case of an agent) total renewal commission payable to the agent by the insurer in respect of the most recent year;

(d) an insurer may grant to an employee of that insurer a temporary loan or advance to meet fees and expenses associated with the completion of a course of study by that employee, provided that -

(i) the employee has served the insurer continuously for a period of not less than two years; and

(ii) the course of study is offered by-

(a) a college or university or institution in Pakistan or a college or university or institution outside Pakistan which offers distance learning program to students resident in Pakistan, provided in each case, the college or university or institute is recognized by the University Grants Commission or by any other authority constituted by the Federal Government for this purpose; or

(b) the Pakistan Insurance Institute (PII) or an insurance institute affiliated to that Institute; or

(c) the Chartered Insurance Institute in the United Kingdom (CII); or

(d) an insurance industry association approved for the purposes of this clause by the Commission; or

(e) all courses offered by the Institute of Actuaries, United Kingdom; or

(f) the Institute of Chartered Accountants of Pakistan (ICAP); or

(g) the Institute of Cost and Management Accountants of Pakistan (ICMAP); or

(h) the Institute of Chartered Accountants England and Wales (ICEAW); or

(i) the Institute of Chartered Management Accountants (CIMA), United Kingdom; or

(j) the Institute of Chartered Certified Accountants (ACCA); or

(k) the Institute of Certified Public Account (CPA), USA; or

(l) the Institute of Internal Auditors (IIA), USA; or

(m) the Institute of Chartered Financial Analyst (CFA), USA; or

(n) all courses offered by the Institute of Life Office Management Association (LOMA) including the Chartered Life Underwriters (CLU), USA; or

(o) all courses offered by the Society of Actuaries (SoA), USA; or

(p) such other body as may be specified by the Commission, by notification in the official Gazette;

(iii) the loan is repayable within five years of the date of grant of loan; and

(iv) the amount of the loan does not exceed one half of the total remuneration of the employee from the insurer during the most recent year;

(e) an insurer may grant to an employee of that insurer a temporary loan or advance, provided that-

(i) the loan is repayable within twelve months; and

(ii) the amount of the loan does not exceed one-sixth of the total remuneration of the employee from the insurer during the most recent year; and

(f) an insurer may grant an employee of that insurer house rent advance not exceeding six months basic pay of the employee, provided that-

(i) the amount of advance is payable within twelve months from the date of grant of such advance; and

(ii) the employee has served the insurer continuously for a period not less than two years.

(2) A reference in this rule to the amount of a loan or advance or the amount payable in a year includes principal and profit or return, whatever called or designated, and refers to the nominal amount of the loan or advance and not to any lower amount which may be ascribed to that loan for the purposes of section 34 or 46 of the Ordinance.

(3) Loans shall be granted in such a way that the total amount of repayment under all loans under this rule shall not exceed fifty per cent of total remuneration of the employee or fifty per cent of the average monthly renewal commission of the agent for the most recent year.

(4) Recovery of a loan from the employee or agent shall not be deferred in any case.

(5) The fact that a loan or advance is permitted under this rule does not imply that-

(a) an insurer is obliged to grant such a loan or advance;

(b) the granting of such a loan or advance relieves an insurer from any liability or obligation in respect of that loan or advance or in respect of its business generally to which it is subject by reason of the Ordinance; or

(c) such a loan or advance is an admissible asset of the insurer for the purposes of determination of the net admissible assets of the insurer for solvency purposes.

**15. Requirement to effect and maintain reinsurance arrangements.-** (1) For the purposes of sub-sections (2) and (3) of section 41 of the Ordinance, the following



information shall be submitted in respect of each reinsurance arrangement by the 31st January of each year, namely: -

- (a) Type of reinsurance treaty;
- (b) number of lines or slabs, as the case may be;
- (c) insurers maximum retention;
- (d) maximum liabilities under total reinsurance treaty;
- (e) estimated premium income;
- (f) aggregate commission loss limit, if any;
- (g) commission ;
- (h) profit commission;
- (i) over riding commission;
- (j) name and addresses of re-insurers with their respective shares and their rating by reputable international rating agencies;
- (k) maximum liabilities of each reinsurer; and
- (l) name and addresses of broker who placed reinsurance.

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

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

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

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

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

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

- (a) the size of an insurer and the complexity of the business of the insurer;
- (b) the quality of the books and records of the insurer;
- (c) the nature of the considerations which led the Commission to direct that the special audit be performed and the impact of such considerations on the risk of material error in the company's records and returns and the difficulty of performance of the special audit;
- (d) the seniority and experience of the persons involved in the special audit;

- (e) the amount of time necessarily expended on the special audit;
- (f) the amount of money disbursed as expenses in the conduct of the special audit; and
- (g) the fees ordinarily charged for specialist auditing services.

**19. Financial condition report.**- For the purposes of section 50 of the Ordinance, the following shall, without limitation, be included in a Financial Condition Report prepared by an actuary in respect of a life insurer, namely: -

- (a) The date as at which the valuation of policyholder liabilities was performed;
- (b) the statement required under sub-section (3) of section 50 of the Ordinance;
- (c) a statement of any reservations or qualifications to which the report is subject, including any material matters in which the appointed actuary has been unable to comply with any relevant professional standards to which the appointed actuary is subject by virtue of his membership of an actuarial institute, faculty, society or association;
- (d) a brief description of-
  - (i) the business underwritten by the life insurer, and the statutory funds in which it is written;
  - (ii) the reinsurance arrangements of the life insurer;
  - (iii) the assets of the life insurer;
  - (iv) the investment policy of the life insurer;
  - (v) the unit pricing policy of the life insurer (where applicable); and
  - (vi) such other matters relating to the business of the life insurer as the appointed actuary believes should be brought to the attention of the life insurer;
- (e) a statement of the appointed actuary's opinion on the adequacy of premium rates and charges in respect of policies underwritten by the insurer;
- (f) a statement of the appointed actuary's valuation of policyholder liabilities according to the minimum valuation basis prescribed under sub-section (5) of section 50 including details of-
  - (i) the general principles adopted in the valuation of each class of business and group of policies in force at the valuation date;
  - (ii) the reasons for adoption of those general principles;
  - (iii) the methods adopted in the valuation;

- (iv) policies which under the valuation methods would be treated as an asset, and actions taken to identify and eliminate such assets from the valuation;
  - (v) bases adopted for mortality and morbidity; and
  - (vi) currency exchange rates adopted in the translation of liabilities denominated in foreign currency;
- (g) where sub-section (6) of section 50 applies, a statement of the appointed actuary's valuation of policyholder liabilities under that sub-section;
- (h) a statement of the appointed actuary's determination of the surplus, surplus arising on participating life insurance business, if any, surplus adjustment, if any, and expense adjustment, if any; and
- (i) a statement by the appointed actuary, expressing an opinion as to whether-
- (i) the basis of apportionment of revenues and expenses between the statutory and other funds of the life insurer, and between classes of policy holder within statutory funds, is fair and equitable;
  - (ii) the surplus attributed to participating policyholders has been determined in accordance with the Ordinance;
  - (iii) in relation to each statutory fund of the insurer, the insurer has complied, on the valuation date, with the provisions of so many as are applicable of sub-sections (3), (4) and (5) of section 35 of the Ordinance, relying on the audited statements of admissible assets; and
  - (iv) the life insurer has adequate capital to continue its business at planned levels for a period of not less than five years.

**20. Minimum valuation basis.-** (1) For the purposes of sub-section (5) of section 50 of the Ordinance, the minimum valuation basis shall be such as is determined by the Commission, by notification in the official Gazette.

(2) Until the issue of a notification under sub-rule (1), the minimum valuation basis shall be that applicable under the repealed Act immediately before the commencement date of the Ordinance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**24. Independent insurance survey to be conducted.-** (1) Subject to sub-rule (2), for the purposes of sub-section (1) of section 85 of the Ordinance, the Commission, may direct the insurer to arrange for an independent or another survey of the loss through another surveyor or surveyors approved by the Commission, if in case the Commission has reason to believe that an insurance surveyor has given a false report or has grossly over-assessed or under-assessed a loss or has made an adjustment of loss in a grossly unjust manner.

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

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

(a) Acts as agent in breach of any of the sub-sections of section 96;

(b) holds the property or other documents and cover notes of the previous insurer after entering into the contract of agency with the new insurer;

(c) fails to pass on the payment received from the policyholder to the insurer within the prescribed time as per sub-section (2) of section 99; and

(d) receives from or pays to a policyholder or intending policyholder any sum in relation to the contract of insurance without prior approval of the insurer in violation of sub-section (3) of section 99.

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

(a) Appoints a person as an agent in breach of any of the sub-sections of section 96;

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

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

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

- (a) For persons holding licence of insurance agent or certificate of employer of agents under the repealed Act, there shall be no prescribed qualifications; and
- (b) for persons entering into agency contracts after commencement of the Ordinance, the minimum qualification shall be Matriculate or Secondary School Certificate, and in the case of a natural person, that person, or in the case of a body corporate, each director, or in the case of a partnership, each partner, shall have the said qualification, and -
  - (i) agents operating in the non-life insurance business shall be required to complete the foundation course of the Pakistan Insurance Institute, with in a period of three years; and
  - (ii) agents operating in the life insurance business shall be required to complete a foundation course of three months durations, to be organized by the concerned insurance company.

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

- (a) a balance sheet of the company;
- (b) a profit and loss account of the company;
- (c) a statement of the insurance premium written through the broker, distinguishing between premium in respect of which the broker had an agency agreement with the insurer, subdivided by classes of insurance business, and premium in respect of which the broker did not have an agency agreement with the insurer; subdivided by classes of insurance business; and
- (d) a statement of the commission or brokerage, by whatever name called, receivable by the broker, subdivided by classes of insurance business, distinguishing between commission earned on premium in respect of which the broker had an agency agreement with the insurer,

and commission earned on premium in respect of which the broker did not have an agency agreement with the insurer.

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

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

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

(a) make, issue, circulate or cause to be made, issued or circulated, any estimate, illustration, circular or statement misrepresenting the terms of any policy issued or to be issued or the benefits or advantages promised thereby or the bonuses, shareholders' dividends or share of the surplus to be received thereon, or make any false or misleading statement as to the bonuses, shareholders' dividends or share of surplus previously paid on similar policies or make any misleading representation or any misrepresentation as to the financial condition of any policyholder insured in any company for the purpose of inducing or tending to induce such policyholder to enter into, allow to lapse, forfeit or surrender his insurance policy; or

(b) make, publish, disseminate, circulate or place before the public, or cause, directly or indirectly, to be made, published, disseminated, circulated or placed before the public in a newspaper, magazine or other publication, or in the form of a notice, circular, pamphlet, letter or poster or in the electronic media or in any other manner an advertisement, announcement or statement with respect to the business of insurance, or the financial position of any insurer or with respect to any person in the conduct of his insurance business, which is false, untrue, deceptive, misleading or calculated to injure any person engaged in the business of insurance.

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

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

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

(3) For the purposes of this rule,-

(a) "promotional material" means any document or advertisement that contains statements that may affect a person's decision to enter into, vary or continue a life policy, or a particular type of life policy; and

(b) "policy documentation" includes contracts, endorsements and proposal documentation.

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

(a) if it includes any matter which is, in the opinion of the Commission, likely to mislead a policyholder or a prospective policyholder; or

(b) if it is, in the opinion of the Commission, misleading by omission, ambiguous or couched in obscure language.

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

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

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

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

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

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

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

(a) the assumed investment earnings rates and in the case of participating policies bonus crediting rates on the basis of which surrender values included in such notices are calculated;

(b) the assumed expense rates on the basis of which surrender values included in such notices are calculated; and

(c) the inclusion in such notices of words in a form as required by such notification.

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

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

(a) information referred to in sub-rule (1), made up as at close of business on a date not more than five days prior to the last

working day of that month or not more than five days after the last working day of that month, is published in a newspaper having general circulation; and

(b) the information is published not more than ten days following the date as at which it is made up.

**35. Insurance policy not to be avoided for non-payment of premium.-** (1)

No insurance policy shall be liable to be avoided on the ground that the premium has not been paid.

(2) Nothing in this rule shall prevent the inclusion in a policy of a provision to the effect that cover under the policy shall not commence until the premium has been paid or guaranteed to be paid in such manner as may be set out in the policy or otherwise accepted or agreed to by the insurer.

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

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

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

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

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

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

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

(MOHAMMAD HAYAT JASRA)  
**Executive Director**



**Annexure I**  
**[See rules 6(1)(d) and 22]**  
**Form for statement of assets and liabilities (Life)**

**FORM LA**

**Company Name:**  
**Financial Year ended 31 December .....**  
**Balance Sheet**

Figures in Rs 000

	Shareholders		Statutory Fund			Aggregate current year	Aggregate prior year
	Fund	Ordinary life (investment linked)	Ordinary life	Capital redemption	Pension fund		
<b>Cash and Bank Deposits</b>							
Cash and others							
Current and other accounts							
Deposits maturing within 12 months							
Fixed Deposits maturing after 12 months							
<b>Loans Secured Against Life Insurance Policies</b>							
<b>Loans Secured Against other assets</b>							
To employees or agents							
Others							
<b>Unsecured Loans</b>							
To employees or agents							
Others							
<b>Investment Property</b>							
<b>Investments</b>							
Government Securities							
Other Fixed Income Securities							
Listed Equities							
Unlisted Equities							
Others (Please specify)							
<b>Deferred Taxation</b>							
<b>Preliminary and Deferred Expenses</b>							
<b>Current Assets - Others</b>							
Premiums due but unpaid							
Amounts due from other insurers/ reinsurers							
Taxation - payments less provision							
Prepayments							
Sundry receivables							
Others (Please specify)							
<b>Fixed Assets</b>							
<b>Tangible &amp; Intangible</b>							
Land and Buildings							
Capital Work in Progress							
Furniture, Fixtures, Office Equipment and Vehicles							
Intangibles (Please specify)							
Others (Please specify)							
<b>TOTAL ASSETS</b>							

The annexed notes form an integral part of these accounts.

**Chairman**

**Director**

**Director**

**Annexure I**  
**[See rules 6(1)(d) and 22]**  
**Form for statement of assets and liabilities (Life)**

**FORM LA**

**Company Name:**  
**Financial Year ended 31 December .....**  
**Balance Sheet**

Figures in Rs 000

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

The annexed notes form an integral part of these accounts.

Chairman

Director

Director

## **Annexure II**

**[See rules 16 and 21(1)]**

### **Statements required to be filed by life and non-life insurers**

While preparing statements an insurer carrying on life insurance business shall comply with the requirements of Part A and an insurer carrying on non-life insurance business shall comply with the requirements of Part B.

#### **Part A. Accounting Regulations for Life Insurance**

##### **1. Definitions and interpretations**

- (1) *The Ordinance* means the Insurance Ordinance 2000.
- (2) *The Commission* means the Securities and Exchange Commission of Pakistan.
- (3) *Regulatory Returns* means the statements which are required to be presented by insurance companies under section 46 of the Ordinance.
- (4) *Published financial statements* means the accounts which are required to be presented by a company under section 233 of the Companies Ordinance 1984.
- (5) *Policyholder liabilities* has the meaning given under section 2 of the Insurance Ordinance.
- (6) *Reinsurance* includes retrocession.

##### **2. Applicability**

- (1) These Accounting Regulations shall be applied to the Regulatory Returns and the Published Financial Statements, except insofar as:
  - (a) any of its provisions includes an express statement that it is not to apply to the regulatory returns or to the published financial statements, as the case may be; and
  - (a) a provision contained in the Companies Ordinance or in Rules thereto or in an instrument issued thereunder overrides a provision in these Accounting Regulations so far as concerns the published financial statements.
- (2) Insurers shall comply, so far as concerns recognition and measurement of assets, liabilities, expenses and revenues, with International Accounting Standards adopted by the Institute of Chartered Accountants in Pakistan and notified by the Commission, other than those standards where these regulations specifically provide for a different treatment.
- (3) Insurers need not comply with the provisions of these Accounting Regulations so far as concerns recognition and measurement of assets, liabilities, expenses and revenues to the extent that a recognition and measurement policy is adopted which results in recognition and measurement which is not materially different from that required by these Regulations.

### **3. Provisions applicable only to Regulatory Returns**

- (1) The form of Regulatory Returns shall consist of the following which shall be submitted according to the published Forms annexed to these Regulations:
  - Balance Sheet (Form LA), which shall be deemed to constitute the “Statement of Assets and Liabilities” required by S46(1)(a)(i) of the Ordinance.
  - Profit and Loss Account (Form LB), which shall be deemed to constitute the “statement of profits and losses for the shareholders’ fund” required by S46(1)(a)(ii) of the Ordinance.
  - Statement of Cash Flows (Form LC) required under S46(1)(a)(iii) of the Ordinance.
  - Revenue Account (Form LD) required under S46(1)(a)(iv) of the Ordinance.
  - Statement of Premiums (Form LE) required under S46(1)(a)(v) of the Ordinance.
  - Statement of Claims (Form LF) required under S46(1)(a)(vi) of the Ordinance.
  - Statement of Expenses (Form LG) required under S46(1)(a)(vii) of the Ordinance.
  - Statement of Investment Income (Form LH) required under S46(1)(a)(viii) of the Ordinance.
  - Statement of Assets for Solvency Purposes (Form LI) which is hereby prescribed under S46(1)(a)(ix) of the Ordinance.
  - Classified Summary of Assets in Pakistan (Form LJ) which is hereby prescribed under S46(1)(a)(ix) of the Ordinance.
- (2) Where an insurer controls other entities, consolidated Regulatory Returns are not required to be presented.
- (3) Explanatory Notes are not required except as specified in these Regulations or as specified in the Forms.

### **4. Provisions applicable only to Published Financial Statements**

- (1) The form of Published Financial Statements shall consist of the following which shall be submitted according to the published Forms annexed to these Regulations:
  - Required to be filed under S233 (5) of the Companies Ordinance 1984, for which the revised forms are being hereby prescribed under S52(1) of the Ordinance:
    - Balance Sheet (Form LA).
    - Profit and Loss Account (Form LB).
    - Revenue Account (Form LD).
  - The following, being “other statements” which are hereby being prescribed under S52(2)(d) of the Ordinance, shall be deemed to be required under S233(5) of the Companies Ordinance 1984:
    - Statement of Cash Flows (Form LC).
    - Statement of Premiums (Form LE).
    - Statement of Claims (Form LF).
    - Statement of Expenses (Form LG).
    - Statement of Investment Income (Form LH).
- (2) Where the forms contain certain classifications which are not applicable to the reporting insurer, then such classifications may be removed from the Published Financial Statements.

- (3) Where an insurer controls other entities as a result of investments made through Statutory Funds, consolidated Published Financial Statements in respect of such entities are not required to be presented. To this extent the treatment prescribed in IAS 27 stands modified.
- (4) The Published Financial Statements shall also include, as Notes to the Accounts, the details set out in Form LK annexed to these Regulations. Other information required to be disclosed by any International Accounting Standard, the Companies Ordinance 1984 or the listing rules of any stock exchange on which the shares of the insurer are listed shall also be disclosed as Notes to the Accounts.
- (5) Any statement or Note included in the Published Financial Statements shall separately disclose, side by side, the amounts and other information to be reported in respect of the shareholder's fund and in respect of the aggregate of the statutory funds.
- (6) Disclosure, measurement and recognition requirements of the Companies Ordinance and of International Accounting Standards shall, subject to clause 2 of these Regulations, apply equally and separately to the amounts and other information presented in respect of the aggregated statutory funds and the amounts and other information presented in respect of the shareholder's fund.

## **5. Audit Report**

- (1) Both the Regulatory Returns and Published Financial Statements shall be accompanied by an Audit Report as required under S48(2) of the Ordinance in accordance with the annexed format.

## **6. Grossing up of assets and liabilities and of revenues and expenses**

- (1) Otherwise than as stated in sub-clause (2), and sub-clause (3), balances relating to outwards reinsurance ceded by an insurer shall not be offset against balances relating to business written by the insurer, but shall constitute separate balances to be disclosed in the balance sheet, profit and loss account, statement of cash flows or other statement or notes thereto.
- (2) Reinsurance taken into account in determining the amount of policyholder liabilities shall also be separately determined, and the value of policyholder liabilities excluding the effect of reinsurance and the value net of reinsurance shall be separately disclosed.
- (3) Amounts due and receivable and payable between a reinsurer and a cedant may be offset and recognised net in the regulatory returns and the published financial statements, under the circumstance only that there is a clear legal right of offset of the amounts. This does not apply to underwriting balances.

## **7. Premiums**

- (1) Premiums shall be recognised as revenue when due and receivable from the policyholders, except that unpaid premiums shall be recognised as revenue only:
  - (a) during days of grace as specified in the policy; or
  - (b) where the actuarial valuation assumes that all premiums due have been received.
- (2) Where premiums due are recognized, all expenses which would fall due if the premiums had been received will be recognized as such.

- (3) Reinsurance premiums accepted where the reinsurance contract is on a proportional basis or where the term of the reinsurance contract is directly referable to the term of the underlying policy or policies shall be recognised as revenue in accordance with sub-clauses (1) and (2).
- (4) Reinsurance premiums accepted where the reinsurance contract is on a non-proportional basis and the term of the reinsurance contract is not directly referable to the term of any underlying policy or policies shall be brought to account as revenue in accordance with the pattern of reinsurance service.
- (5) Premiums accepted under a coinsurance or pool arrangement shall be considered to be revenue of the participating insurers each for their own share only, unless a contract of reinsurance exists under which an insurer has primary liability for the whole of the business and reinsures it to another or others.

## **8. Claims**

- (1) A liability for outstanding claims shall be recognised in respect of all claims incurred to balance date. Where outstanding claims are contractually payable within twelve months of the balance sheet date these must be measured at the undiscounted value of expected future payments. Where such claims are contractually payable over a period exceeding twelve months from the balance sheet date, then such claims should be stated at values determined by the Appointed Actuary using bases consistent with those used in the determination of policyholder liabilities
- (2) A claim shall be considered to be incurred at the time of the incident giving rise to the claim, except as otherwise expressly indicated in a contract of insurance.
- (3) The claims liability must include amounts in relation to unpaid reported claims, claims incurred but not reported, and expected claims settlement costs. The value at which claims incurred but not reported are stated in the financial statements shall be determined by the Appointed Actuary.
- (4) In the case of investment-linked business, claims shall be recognised at the time at which the policy ceases to participate in the earnings of the fund.

## **9. Reinsurance expense**

- (1) Premium ceded to reinsurers must be recognised as a liability as follows:
  - (a) for reinsurance contracts operating on a proportional basis, or for which the term of the reinsurance contract is directly referable to the term of the underlying policy or policies, at the same point at which the premium of the underlying policy or policies is recognised as revenue.
  - (b) for reinsurance contracts operating on a non-proportional basis, and for which the term of the reinsurance contract is not directly referable to the term of any underlying policy or policies, on inception of the reinsurance contract.
- (2) Over the period of reinsurance from inception to expiry, except as stated in sub-clause (3), reinsurance premium shall be recognised as an expense as follows:
  - (a) For reinsurance contracts of a type described in sub-clause (1)(a), in full, at the same point at which the liability in respect of the reinsurance premium ceded is recognised..
  - (b) For contracts of a type described in sub-clause (1)(b), according to the pattern of reinsurance service.
- (3) The portion of reinsurance premium not yet recognised as an expense shall be recognised as a prepayment.

## **10. Claims recoveries**

- (1) Claims recoveries receivable from reinsurers and other recoveries receivable shall be recognised as assets.
- (2) Claims recoveries receivable from reinsurers and other recoveries receivable shall be recognised at the same time as the claims which give rise to the right to the recovery are recognised.

## **11. Reinsurance Profit Commission**

- (1) Reinsurance profit commission should be recognized as an asset where such commission has contractually fallen due. Where the commission has not fallen due, any amount accrued may still be recognized as an asset, being calculated as if the contractual period for its determination ended on the balance sheet date. Where such accrual is significant the basis followed and the amount accrued should be disclosed in a note to the accounts.

## **12. Expenses**

- (1) Commissions and other expenses shall be recognised as expenses in the earlier of the financial year in which they are paid and the financial year in which they become due and payable, except that commissions and other expenses which are directly referable to the acquisition or renewal of specific contracts shall be recognised not later than the period in which the premium to which they refer is recognised as revenue.
- (2) Where one fund owns assets which are used by another fund, such use shall be translated into an imputed transaction constituting revenue of the owning fund and an expense of the using fund. Where there is a clear and transparent method of ascertaining the fair value of the imputed transaction, then the transaction should be recognized at this value in the books of both the funds involved. In other cases the transaction shall be valued in terms of apportionment of cost.
- (3) All expenses shall be apportioned equitably to the statutory and shareholder's funds to which they relate and, within each statutory fund, to the groups of policies to which they relate. In determining equitable apportionment, regard shall be had to circumstances in which charges are made by one fund for the use of assets or facilities owned by that fund but used by another.
- (4) No expenses shall be deferred to subsequent financial years other than as permitted by International Accounting Standards, and no expenses which are directly referable to the acquisition or renewal of specific contracts of insurance shall be deferred in any case; provided that taking of expenses into account in determining policyholder liabilities shall not be taken to constitute deferral of expenses.
- (5) Expenses related to Employee Benefits and related liabilities shall be determined in accordance with IAS 19. However, where an insurer has not adopted IAS 19 as of the date of publication of these regulations, the insurer may provide for the liability as at the end of the immediately preceding financial year in equal instalments over a period not exceeding three years.

## **13. Appropriation of profit by shareholders' fund from statutory funds**

- (1) An appropriation of profit from a statutory fund shall be recorded as an appropriation in the revenue account of that statutory fund in the financial period in which it is made, and shall not be recorded as an expense.

- (2) An appropriation of profit from a statutory fund shall be recorded as revenue of the shareholders' fund in the financial period in which it is made.
- (3) A proposed appropriation of profit shall not be recorded as a liability of a statutory fund, or as an asset of the shareholders' fund.

#### **14. Shareholder interests in statutory funds**

- (1) The shareholders' fund shall not recognise as an asset any interest in, entitlement to the assets of or capital transfer provided to any statutory fund.
- (2) A capital transfer provided to a statutory fund by the shareholders' fund shall be recorded as a debit balance in shareholders' equity, clearly identified as capital contributed to statutory fund, and changes in the amount of capital contributed to statutory funds shall not pass through the profit and loss account but shall be recorded in the financial statements of the shareholders' fund as increases or decreases in that debit balance.
- (3) No statutory fund shall recognise as a liability any amount due to the shareholder's fund consisting of a capital transfer received from a shareholder's fund, or retained profits attributable to shareholders, or any loan or advance, other than a current liability consisting of amounts due to the shareholder's fund on account of expenses due to be reimbursed to the shareholder's fund.

#### **15. Equity and policyholder funds**

- (1) The amount representing the residue of assets left after all liabilities other than policyholder liabilities in the balance sheet of a statutory fund or the aggregated statutory funds balance sheet in the statutory accounts shall be disclosed as equity and policyholder funds.
- (2) The following components of equity and policyholder funds shall be separately disclosed:
  - (a) policyholder liabilities (inclusive of bonuses allocated);
  - (b) retained earnings attributable to policy holders;
  - (c) retained earnings arising from participating business, attributable to shareholders but not available for distribution;
  - (d) retained earnings arising from participating business, attributable to shareholders and available for distribution;
  - (e) retained earnings arising from business other than participating business, attributable to shareholders;
  - (f) surplus not yet allocated;
  - (g) shareholders' capital in the statutory fund; and
  - (h) such reserves, whether or not prescribed, as may be established by the statutory fund.
- (3) The Notes to the financial statements shall include disclosure of movements in each of the accounts set out in sub-clause (2).
- (4) Where financial statements are made up to a date as at which a valuation of policyholder liabilities in accordance with section 50 of the Ordinance is carried out by the company's appointed actuary, the amount of policyholder liabilities recorded in the financial statements shall be the greater of the amount of policyholder liabilities certified by the appointed actuary and the minimum actuarial reserve for policyholder liabilities.
- (5) Where financial statements are made up to a date as at which a valuation of policyholder liabilities in accordance with section 50 of the Ordinance is not carried out by the company's appointed



actuary, the amount of policyholder liabilities recorded in the financial statements shall be the greater of the amount of policyholder liabilities certified by the appointed actuary and the minimum actuarial reserve for policyholder liabilities at the valuation most recently performed.

- (6) The financial statements shall show the allocation of surplus, if any, in the financial year, required to be made under section 21 of the Ordinance, and such accounts as are relevant shall be recorded following such allocation of surplus.
- (7) Policyholder liabilities shall not include any bonuses proposed to be allocated to participating policies, unless before the balance date those amounts have been so allocated.

## **16. Investments and Investment Properties**

- (1) For the purpose of all statements prepared under these regulations, and for the purpose of S34 (1) of the Insurance Ordinance 2000:
  - a) available for sale investments shall be stated at the lower of cost or market value (market value being taken as lower if the fall is other than temporary). In the case of fixed income investments redeemable at a given date and where the cost is different from the redemption value, such difference shall be amortized uniformly between the date of acquisition and the date of maturity in determining "cost". The market value of investments at the balance sheet date shall be disclosed, as shall the effect of non-compliance with IAS 39;
  - b) Investment Properties shall be stated on the basis of Cost Model under IAS - 40. In case there is any impairment in the value then this shall be recognised. The market value of properties shall be determined at least once in every financial year and disclosed, as shall the effect of non-compliance with IAS 40.
- (2) For the purpose of this regulation in determining the market value allowance shall be made for expected disposal costs.
- (3) Where an asset entitles the owner to revenue streams at a specified rate of return or at no rate of return, and those revenue streams extend beyond one year from the reporting date, the market value of such an asset owned by an insurer shall not be disclosed at more than the discounted cash flow of the estimated revenue streams earned under that asset, discounted at the risk-free rate of return.
- (4) The appointed actuary may, in the determination of policyholder liabilities, take into account the value placed on investments under these regulations, In particular the appointed actuary may, in the case of investment linked funds where assets are valued at prices lower than those used for determining benefits payable under the policy, adjust the net asset value used to determine policyholder liabilities to reflect the values being placed on investments under these regulations. Alternatively all available for sale investments will be valued on fair value basis as required under the IAS - 39. The option out of the above shall be selected once and disclosed as a policy in the financial statements which shall be followed consistently.

## **17. Admissibility of Assets**

- (1) The value of assets for the purposes of the Balance Sheet shall be in accordance with the company's accounting policies for such assets and the method of assigning values to investments provided for in these regulations .
- (2) Where the value of any asset arrived at in accordance with sub-clause (1) is different from the value which may be treated as admissible under S32 of the Ordinance, then the Regulatory Returns will include Form LI ("Statement of Assets for Solvency Purposes") where the value of assets should be limited to the amount to which they are admissible and an additional line indicating the total value of inadmissible assets should be inserted in arriving at the figure for "TOTAL ASSETS".

## **18. Contingencies and Commitments**

- (1) As required by the International Accounting Standard for contingent assets and liabilities (IAS 37), all contingent liabilities other than those arising from contracts with policyholders, shall be disclosed, unless the possibility of an outflow of resource embodying economic benefits is remote.
- (2) In addition all material commitments should also be disclosed. This should include all commitments contractually entered into with third parties, other than under contracts of insurance, to the extent not yet reflected in the financial statements.

## **Part B. Accounting Regulations for Non-life Insurance**

### **1. Definitions and interpretations**

- (1) *The Ordinance* means the Insurance Ordinance 2000.
- (2) *The Commission* means the Securities and Exchange Commission of Pakistan.
- (3) *Regulatory Returns* means the statements which are required to be presented by insurance companies under section 46 of the Ordinance.
- (4) *Published financial statements* means the accounts which are required to be presented by a company under section 233 of the Companies Ordinance 1984 or by branches of a foreign insurer under S 453 of the Companies Ordinance 1984.
- (5) *Reinsurance* includes retrocession.

### **2. Applicability**

- (1) These Accounting Regulations shall be applied to the Regulatory Returns and the Published Financial Statements, except insofar as:
  - (a) any of its provisions includes an express statement that it is not to apply to the regulatory returns or to the published financial statements, as the case may be; and
  - (b) a provision contained in the Companies Ordinance or in Rules thereto or in an instrument issued thereunder overrides a provision in these Accounting Regulations so far as concerns the published financial statements.
- (2) Insurers shall comply, so far as concerns recognition and measurement of assets, liabilities, expenses and revenues, with International Accounting Standards adopted by the Institute of Chartered Accountants in Pakistan and notified by the Commission, other than those standards where these regulations specifically provide for a different treatment.
- (3) Insurers need not comply with the provisions of these Accounting Regulations so far as concerns recognition and measurement of assets, liabilities, expenses and revenues to the extent that a recognition and measurement policy is adopted which results in recognition and measurement which is not materially different from that required by these Regulations.

### **3. Provisions applicable only to Regulatory Returns**

- (1) The form of Regulatory Returns shall consist of the following which shall be submitted according to the published Forms annexed to these Regulations:
  - Balance Sheet (Form GA), which shall be deemed to constitute the “Statement of Assets and Liabilities” required by S46(1)(b)(i) of the Ordinance.
  - Profit and Loss Account (Form GB), which shall be deemed to constitute the “statement of profits and losses” required by S46(1)(b)(ii) of the Ordinance.
  - Statement of Cash Flows (Form GC) required under S46(1)(b)(iii) of the Ordinance.
  - Statement of Premiums (Form GD) required under S46(1)(b)(iv) of the Ordinance.
  - Statement of Claims (Form GE) required under S46(1)(b)(v) of the Ordinance.
  - Statement of Expenses (Form GF) required under S46(1)(b)(vi) of the Ordinance.
  - Statement of Investment Income (Form GG) required under S46(1)(b)(vii) of the Ordinance.
  - Statement of Claims Analysis (Form GH) required under S46(1)(b)(viii) of the Ordinance.

- Statement of Exposures (Form GI) required under S46(1)(b)(ix) of the Ordinance.
  - Statement of Assets for Solvency Purposes (Form GJ) which is hereby prescribed under S46(1)(b)(x) of the Ordinance.
  - Classified Summary of Assets in Pakistan (Form GK) which is hereby prescribed under S46(1)(b)(x) of the Ordinance.
- (2) Where an insurer controls other entities, consolidated Regulatory Returns are not required to be presented.
- (3) Explanatory Notes are not required except as specified in these Regulations or as specified in the Forms.

## **1. Provisions applicable only to Published Financial Statements**

- (1) The form of Published Financial Statements shall consist of the following which shall be submitted according to the published Forms annexed to these Regulations:
- Required to be filed under S233 (5) of the Companies Ordinance 1984, for which the revised forms are being hereby prescribed :
    - Balance Sheet (Form GA).
    - Profit and Loss Account (Form GB).
  - The following which shall be deemed to be required under S233(5) of the Companies Ordinance 1984:
    - Statement of Cash Flows (Form GC).
    - Statement of Premiums (Form GD).
    - Statement of Claims (Form GE).
    - Statement of Expenses (Form GF).
    - Statement of Investment Income (Form GG).
- (2) Where the forms contain certain classifications which are not applicable to the reporting insurer, then such classifications may be removed from the Published Financial Statements.
- (3) The Published Financial Statements shall also include, as Notes to the Accounts, the details set out in Form GL annexed to these Regulations. Other information required to be disclosed by any International Accounting Standard, the Companies Ordinance 1984 or the listing rules of any stock exchange on which the shares of the insurer are listed shall also be disclosed as Notes to the Account.

## **2. Analysis of Revenue Account, Premiums, Claims and Expenses**

- (1) Some of the published forms annexed to these Regulations provide an analysis of revenue and expenditure items by class of business. Separate figures for any class of business are required if the gross premiums for that class constitutes 10% or more of the gross premium revenue of the insurer. Amounts relating to classes constituting less than 10% may be clubbed together as "Other Classes".
- (2) If an insurer writes business outside Pakistan and the gross premium revenue relating to such business (as included in the financial statements) comprises 10% or more of the gross premium revenue of the insurer, then a complete set of financial statements (applicable both to Regulatory Returns and Published Financial Statements) shall be prepared for such business, using the published forms. This shall not apply to Forms GA and GJ.

### **3. Audit Report**

- (1) Both the Regulatory Returns and Published Financial Statements shall be accompanied by an Audit Report as required under S48(2) of the Ordinance in accordance with the annexed format.

### **4. Grossing up of assets and liabilities and of revenues and expenses**

- (1) Otherwise than as stated in sub-clause (2) or sub-clause (3), balances relating to outwards reinsurance ceded by an insurer shall not be offset against balances relating to business written by the insurer, but shall constitute separate balances to be disclosed in the balance sheet, profit and loss account, statement of cash flows or other statement or notes thereto.
- (2) Amounts due and receivable and payable between a reinsurer and a cedant may be offset and recognised net in the regulatory returns and the published financial statements, under the circumstance only that there is a clear legal right of offset of the amounts.
- (3) An amount of premium recognised but not yet due and receivable may be offset against the liability for unearned premium in respect of that premium, and an amount of reinsurance premium recognised but not yet due and payable may be offset against the asset representing the deferred portion of that reinsurance premium, under the circumstance only that the contract of insurance or of reinsurance, as the case may be, to which the premium relates is capable of cancellation, and to the extent only that the premium not yet receivable or not yet payable as the case may be will not become receivable or payable in the event that the contract of insurance or reinsurance is cancelled prior to the date at which the amount of premium becomes otherwise due and receivable or payable.

### **5. Premiums**

- (1) Premium receivable under a policy shall be recognised as written from the date of attachment of the policy to which it relates.
- (2) Over the period of insurance from inception to expiry, except as stated in sub-clause (3), premium shall be recognised as revenue as follows:
  - (a) For direct business, evenly over the period of the policy
  - (b) For proportional reinsurance business, evenly over the period of the underlying policies.
  - (c) For non-proportional reinsurance business, in accordance with the pattern of reinsurance service.
- (3) Where the pattern of incidence of risk varies over the period of the policy, the premium shall be recognised as revenue in accordance with the pattern of incidence of risk.
- (4) The unearned portion of premium income shall be recognised as a liability. Such liability shall be calculated either :
  - (a) as a proportion of the gross premium of each policy, determined as the ratio of the unexpired period of the policy and the total period, both measured to the nearest day; or
  - (b) where the majority of policies are issued for one year, by applying the twenty-fourths method, whereby the liability shall equal  $1/24$  of the premiums relating to policies commencing in the first month of the insurer's financial year,  $3/24$  of the premiums

relating to policies commencing in the second month of the insurer's financial year, and so on.

- (5) Premium adjustments not yet processed, and premium not yet processed but relating to the financial year shall, so far as is practicable, be recognised as a receivable and earned over the period in accordance with these rules.
- (6) Premium revenue shall not include any levy which is an amount collected on behalf of a third party.
- (7) Any levy charged on premiums which is not an amount collected on behalf of a third party shall be considered to be part of premium.
- (8) Premiums accepted under a coinsurance or pool arrangement shall be considered to be revenue of the participating insurers each for their own share only, unless a contract of reinsurance exists under which an insurer has primary liability for the whole of the business and reinsures it to another or others.
- (9) Where premiums for a policy are payable in instalments, the full premium for the duration of the policy shall be recognized as income at the inception of the policy and a related asset set up for premiums, notwithstanding the fact that some instalments may not, by agreement between the insurer and the insured, be payable until later.

## **6. Claims**

- (1) A liability for outstanding claims shall be recognised in respect of all claims incurred to balance date, and must be measured at the undiscounted value of expected future payments.
- (2) A claim shall be considered to be incurred at the time of the incident giving rise to the claim, except as otherwise expressly indicated in a contract of insurance.
- (3) The claims liability must include amounts in relation to unpaid reported claims, claims incurred but not reported, and expected claims settlement costs.

## **7. Reinsurance expense**

- (1) Premium ceded to reinsurers must be recognised as a liability as follows:
  - (a) for reinsurance contracts operating on a proportional basis, on attachment of the underlying policies reinsured.
  - (b) for reinsurance contracts operating on a non-proportional basis, on inception of the reinsurance contract.
- (2) Over the period of reinsurance from inception to expiry, except as stated in sub-clause (3), reinsurance premium shall be recognised as an expense as follows:
  - (a) For proportional reinsurance business, evenly over the period of the underlying policies.
  - (b) For non-proportional reinsurance business, evenly over the period of indemnity.
- (3) Where the pattern of incidence of risk varies over the period of the policy, the premium shall be recognised as an expense in accordance with the pattern of incidence of risk.
- (4) The portion of reinsurance premium not yet recognised as an expense shall be recognised as a prepayment.

- (5) Premium adjustments not yet processed, and premium not yet processed but relating to the financial year shall, so far as is practicable, be recognised as a liability and brought to account as an expense in accordance with these rules.

## **8. Claims recoveries**

- (1) Claims recoveries receivable from reinsurers and other recoveries receivable shall be recognised as assets and measured at the amount expected to be received.
- (2) Claims recoveries receivable from reinsurers and other recoveries receivable shall be recognised at the same time as the claims which give rise to the right to the recovery are recognised.

## **9. Acquisition costs**

- (1) Commissions and other acquisition costs incurred in obtaining and recording policies of insurance and reinsurance may be deferred and recognised as assets where they can be reliably measured and it is probable that they will give rise to premium revenue that will be recognised in subsequent reporting periods.
- (2) Deferred acquisition costs must be amortised systematically over the reporting periods over which the related premium revenue is recognized.

## **10. Employee Benefits**

- (1) Expenses related to Employee Benefits and related liabilities shall be determined in accordance with IAS 19. However, where an insurer has not adopted IAS 19 as of the date of publication of these regulations, the insurer may provide for the liability as at the end of the immediately preceding financial year in equal instalments over a period not exceeding three years.

## **11. Exchange commissions**

- (1) Exchange commissions, profit commissions and other forms of revenue (apart from recoveries) receivable from reinsurers shall be deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premiums to which they relate.

## **12. Premium deficiency**

- (1) Where the unearned premium liability for any class of business is not adequate to meet the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after balance date in respect of policies in that class of business in force at balance date, a premium deficiency reserve shall be recognised as a liability to meet the deficit.
- (2) The movement in the premium deficiency reserve shall be recorded as an expense and shall form a part of the underwriting result.

## **13. Investments and Investment Properties**

- (1) For the purpose of all statements prepared under these regulations, and for the purpose of S34 (1) of the Insurance Ordinance 2000:

- a) available for sale investments shall be stated at the lower of cost or market value (market value being taken as lower if the fall is other than temporary). In the case of fixed income investments redeemable at a given date and where the cost is different from the redemption value, such difference shall be amortized uniformly between the date of acquisition and the date of maturity in determining "cost". The market value of investments at the balance sheet date shall be disclosed, as shall the effect of non-compliance with IAS 39;
  - b) Investment Properties shall be stated on the basis of Cost Model under IAS - 40. In case there is any impairment in the value then this shall be recognised. The market value of properties shall be determined at least once in every financial year and disclosed, as shall the effect of non-compliance with IAS 40.
- (2) For the purpose of this regulation in determining the market value allowance shall be made for expected disposal costs.
  - (3) Where an asset entitles the owner to revenue streams at a specified rate of return or at no rate of return, and those revenue streams extend beyond one year from the reporting date, the market value of such an asset owned by an insurer shall not be disclosed at more than the discounted cash flow of the estimated revenue streams earned under that asset, discounted at the risk-free rate of return.

#### **14. Admissibility of Assets**

- (1) The value of assets for the purposes of the Balance Sheet shall be in accordance with the company's accounting policies for such assets and the method of assigning values to investments provided for in these regulations .
- (2) Where the value of any asset arrived at in accordance with sub-clause (1) is different from the value which may be treated as admissible under S32 of the Ordinance, then the Regulatory Returns will include Form GJ ("Statement of Assets for Solvency Purposes") where the value of assets should be limited to the amount to which they are admissible and an additional line indicating the total value of inadmissible assets should be inserted in arriving at the figure for "TOTAL ASSETS".

#### **15. Contingencies and Commitments**

- (1) As required by the International Accounting Standard for contingent assets and liabilities (IAS 37), all contingent liabilities other than those arising from contracts with policyholders, shall be disclosed, unless the possibility of an outflow of resource embodying economic benefits is remote.
- (2) In addition all material commitments should also be disclosed. This should include all commitments contractually entered into with third parties, other than under contracts of insurance, to the extent not yet reflected in the financial statements.



**Company Name:**  
**Financial Year ended 31 December .....**  
**Balance Sheet**

**FORM LA**

Figures in Rs 000

	Shareholders Fund	Statutory Fund				Aggregate current year	Aggregate prior year
		Ordinary life (investment linked)	Ordinary life	Capital redemption	Pension fund		
<b>Cash and Bank Deposits</b>							
Cash and others							
Current and other accounts							
Deposits maturing within 12 months							
Fixed Deposits maturing after 12 months							
<b>Loans Secured Against Life Insurance Policies</b>							
<b>Loans Secured Against other assets</b>							
To employees or agents							
Others							
<b>Unsecured Loans</b>							
To employees or agents							
Others							
<b>Investment Property</b>							
<b>Investments</b>							
Government Securities							
Other Fixed Income Securities							
Listed Equities							
Unlisted Equities							
Others (Please specify)							
<b>Deferred Taxation</b>							
<b>Preliminary and Deferred Expenses</b>							
<b>Current Assets - Others</b>							
Premiums due but unpaid							
Amounts due from other insurers/ reinsurers							
Taxation - payments less provision							
Prepayments							
Sundry receivables							
Others (Please specify)							
<b>Fixed Assets</b>							
<b>Tangible &amp; Intangible</b>							
Land and Buildings							
Capital Work in Progress							
Furniture, Fixtures, Office Equipment and Vehicles							
Intangibles (Please specify)							
Others (Please specify)							
<b>TOTAL ASSETS</b>							

The annexed notes form an integral part of these accounts.

Chairman

Director

Director

Company Name:  
 Financial Year ended 31 December .....  
 Balance Sheet

FORM LA

Figures in Rs 000

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

The annexed notes form an integral part of these accounts.

Chairman

Director

Director

Company Name:

FORM LB

Financial Year ended 31 December .....

Profit and Loss Account

Figures in Rs 000

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

**Investment income not attributable to statutory funds**

**Income from Trading Investments**

- Gain/loss on trading
- Dividend Income
- Others, if any (Please specify)

--	--

**Income from Non-Trading Investments**

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

- Return on Government Securities
- Return on Other Fixed Income Securities and Deposits
- Dividend Income
- Others (Please specify)

--	--

**Gain/Loss on Sale of Investments Available for Sale**

--	--

**Gain/Loss on Revaluation of Investments**

- Trading Investments
- Available for sale

--	--

**Provision for Impairment in Value of Investments**

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

--	--

**Less: Investment Related Expenses**

**Net Investment Income**

--	--

**Rental Income from Investment Property**

**Other revenue (provide details)**

--	--

**Expenses not attributable to statutory funds (provide details)**

--	--

**Surplus transferred from statutory funds**

--	--

**Profit/(Loss) before tax (and extraordinary items, if any)**

--	--

Extraordinary items (provide details)

--	--

**Profit/(Loss) before Tax and after extraordinary items**

--	--

Tax expense

--	--

**Profit/(Loss) after tax**

--	--

**Profit and Loss Appropriation Account**

**Balance at commencement of year**

Profit for the year

Prior Year Adjustments (provide details)

Dividends paid

Transfers to/(from) reserves (provide details)

Other appropriations (provide details)

**Balance at end of year**

	0
	0

The annexed notes form an integral part of these accounts.

Chairman

Director

Director





**Company Name:**

**FORM LC**

**Financial Year ended 31 December .....**

Figures in Rs 000

**Statement of Cash Flows**

**Operating Cash Flows  
Reconciliation to Profit and Loss Account**

	Shareholders' fund	Statutory Fund				Aggregate current year	Aggregate prior year
		Ordinary life (investment)	Ordinary life	Capital redemption	Pension fund		
Operating cash flows	0	0	0	0	0	0	
Depreciation expense							
Financial charges expense							
Profit/(loss) on disposal of fixed assets							
Increase/(decrease) in assets other than cash							
(Increase)/decrease in liabilities other than running finance							
Revaluation adjustment							
Other adjustments (please specify)							
<b>Profit or loss after taxation</b>	0	0	0	0	0	0	

(must agree to Profit and Loss Account (shareholders' fund only))

**Definition of cash**

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

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


The annexed notes form an integral part of these accounts.

**Company Name:**

**FORM LC**

**Financial Year ended 31 December .....**

Figures in Rs 000

**Statement of Cash Flows**

**Operating Cash Flows**  
**Chairman**

**Director**

Shareholders' fund	Statutory Fund					Aggregate current year	Aggregate prior year
	Ordinary life (investment)	Ordinary life	Capital redemption	Pension fund	Accident & health		
<b>Director</b>	<b>Director</b>						





Company Name:

FORM LD

Financial Year ended 31 December .....  
Revenue Account

Figures in Rs 000

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

The annexed notes form an integral part of these accounts.

Chairman

Director

Director

**Company Name:**  
**Financial Year ended 31 December .....**  
**Statement of Premiums**

**FORM LE**

Figures in Rs 000

	Statutory Fund				Aggregate current year	Aggregate prior year
	Ordinary life (investment linked)	Ordinary life	Capital redemption	Pension fund		
<b>Gross Premiums</b>						
Regular Premium Individual Policies*						
First year					0	0
Second year renewal					0	0
Subsequent year renewal					0	0
Single Premium Individual Policies					0	0
Group Policies with Cash Values					0	0
Group Policies without Cash Values					0	0
Annuities					0	0
<b>Total Gross Premiums</b>						
<b>Less: Reinsurance Premiums Ceded</b>						
On individual policies					0	0
On group policies					0	0
On annuities					0	0
<b>Net Premiums</b>	0	0	0	0	0	0

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

The annexed notes form an integral part of these accounts.

**Chairman**

**Director**

**Director**

**Company Name:**  
**Financial Year ended 31 December .....**  
**Statement of Claims**

**FORM LF**

Figures in Rs 000

**Gross Claims**

Claims under individual policies (including provision for claims intimated or incurred but not reported)

by death

by insured event other than death

by maturity

by surrender

annuity payments

bonus in cash

Ordinary life (investment linked)	Statutory Fund				Aggregate current year	Aggregate prior year
	Ordinary life	Capital redemption	Pension fund	Accident & health		
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0

**Total gross individual policy claims**

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

Claims under group policies (including provision for claims intimated or incurred but not reported)

by death

by insured event other than death

by maturity

by surrender

annuity payments

bonus in cash

experience refund

					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0

**Total gross group claims**

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

**Total Gross Claims**

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

**Less: Reinsurance Recoveries**

On individual claims

On group claims

On ordinary annuities

					0	0
					0	0
					0	0

**Net Claims**

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

The annexed notes form an integral part of these accounts.

**Chairman**

**Director**

**Director**

Company Name:  
 Financial Year ended 31 December .....  
 Statement of Expenses

FORM LG

Figures in Rs. 000

**Acquisition Costs**

Remuneration to insurance intermediaries on individual policies:  
 - commission on first year premiums  
 - commission on second year premiums  
 - commission on subsequent renewal premiums  
 - commission on single premiums  
 - other benefits to insurance intermediaries  
 Remuneration to insurance intermediaries on group policies:  
 - commission  
 - other benefits to insurance intermediaries  
 Branch overheads  
 Other acquisition costs (provide details)

Ordinary life (investment linked)	Statutory Fund				Aggregate current year	Aggregate prior year
	Ordinary life	Capital redemption	Pension fund	Accident & health		
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0

**Administration Expenses**

Salaries and other benefits  
 Traveling expenses  
 Directors' fees  
 Auditors' fees  
 Actuary's fees  
 Medical fees  
 Legal expenses  
 Advertisements  
 Computer expenses  
 Printing and stationery  
 Depreciation  
 Rental  
 Bad and doubtful debts  
 Others (Please specify)


Other management expenses

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

Gross management expenses

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

Commission from reinsurers

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

Management expenses recovered from other funds

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

Fees charged to policyholders

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

Net management expenses

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

The annexed notes form an integral part of these accounts.

Chairman

Director

Director

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

FORM LH

Figures in Rs 000

	Statutory Fund					Aggregate current year	Aggregate prior year
	Ordinary life (investment linked)	Ordinary life	Capital redemption	Pension fund	Accident & health		
<b>Income from Trading Investments</b>							
Gain/loss on trading (I.e. buying and selling difference)						0	0
Dividend Income ( earned while holding the securities)							
Others, if any (Please specify)						0	0
<b>Income from Non-Trading Investments</b>							
<b>Held to Maturity or Available for sale (classify as appropriate)</b>							
Return on Government Securities						0	0
Return on Other Fixed Income Securities and Deposits						0	0
Dividend Income						0	0
Amortisation of discount/premium relative to par						0	0
Others, if any (Please specify)						0	0
<b>Gain/Loss on Sale of Non-Trading Investments (classify as appropriate)</b>						0	0
<b>Gain/Loss on Revaluation of Investments</b>							
- Trading Investments						0	0
- Available for sale, if applicable						0	0
<b>Other investment income (Please specify)</b>						0	0
<b>Provision for Impairment in Value of Investments</b>							
Provision for Portfolio Held to Maturity						0	0
Provision for Portfolio Available for Sale						0	0
Others (Please specify)						0	0
<b>Less: Investment Related Expenses</b>						0	0
<b>Net Investment Income</b>						0	0

The annexed notes form an integral part of these accounts.

Chairman

Director

Director

Company Name:  
 Financial Year ended 31 December .....  
 Statement of Assets for Solvency Purposes

FORM LI

Figures in Rs 000

	Shareholders Fund	Statutory Fund				Aggregate current year	Aggregate prior year
		Ordinary life (investment linked)	Ordinary life	Capital redemption	Pension fund		
<b>ADMISSIBLE ASSETS</b>							
<b>Cash and Bank Deposits</b>							
Cash and others							
Current and other accounts							
Deposits maturing within 12 months							
Fixed Deposits maturing after 12 months							
<b>Loans Secured Against Life Insurance Policies</b>							
<b>Loans Secured Against other assets</b>							
To employees or agents							
Others							
<b>Unsecured Loans</b>							
To employees or agents							
Others							
<b>Investment Property</b>							
<b>Investments</b>							
Government Securities							
Other Fixed Income Securities							
Listed Equities							
Unlisted Equities							
Others (Please specify)							
<b>Deferred Taxation</b>							
<b>Preliminary and Deferred Expenses</b>							
<b>Current Assets - Others</b>							
Premiums due but unpaid							
Amounts due from other insurers/ reinsurers							
Taxation - payments less provision							
Prepayments							
Sundry receivables							
Others (Please specify)							
<b>Fixed Assets</b>							
<b>Tangible &amp; Intangible</b>							
Land and Buildings							
Furniture, Fixtures, Office Equipment and Vehicles							
Capital Work in Progress							
Intangibles (Please specify)							
Others (Please specify)							
<b>TOTAL ADMISSIBLE ASSETS</b>							
<b>TOTAL INADMISSIBLE ASSETS</b>							
<b>TOTAL ASSETS</b>							

The annexed notes form an integral part of these accounts.

Chairman

Director

Director



**Company Name:**  
**Financial Year ended 31 December .....**  
**Note to the accounts**

**FORM LK**

**1. STATUS AND NATURE OF BUSINESS**

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

**2. BASIS OF PRESENTATION**

**3. STATEMENT OF COMPLIANCE**

**4. BASIS OF MEASUREMENT**

**5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, such as:**

**Loans Secured Against Life Insurance Policies**  
**Investment Property**  
**Investments**

**Preliminary and Deferred Expenses**

**Revenue recognition - Premiums**

**Claims**

**Acquisition costs**

**Operating fixed assets**

Capital work-in-progress  
Property and equipment (owned and leased)  
Intangible

**Taxation**

Current  
Deferred

**Staff retirement benefits**

Defined benefit plan  
Defined contribution plan

**Foreign currencies**

**Others (to be specified)**



6. MOVEMENTS IN EQUITY

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

**Policyholder liabilities**

Balance at the beginning of the year					
Increase/(decrease) during the year					
Balance at end of the year					

**Retained earnings attributable to policyholders**

Balance at the beginning of the year					
Surplus allocated in respect of the year					
Surplus adjustment (if any)					
Bonuses allocated during the year					
Other movements, if any (please specify)					
Balance at end of the year					

**Retained earnings on par business attributable to shareholders (un-distributable)**

Balance at the beginning of the year					
Surplus allocated in respect of the year					
Surplus adjustment (if any)					
Transfers to distributable profits					
Other movements, if any (please specify)					
Balance at end of the year					

**Retained earnings on par business attributable to shareholders (distributable)**

Balance at the beginning of the year					
Surplus adjustment (if any)					
Transfer from un-distributable profits					
Surplus appropriated to shareholders' fund					
Other movements, if any (please specify)					
Balance at end of the year					

**Retained earnings on other than participating business**

Balance at the beginning of the year					
Surplus allocated in respect of the year					
Surplus appropriated to shareholders' fund					
Other movements, if any (please specify)					
Balance at end of the year					

**Capital contributed by shareholders' fund**

Balance at beginning of year					
Capital contributed during the year					
Capital withdrawn during the year					
Capital appropriated as bonuses during the year					
Other increases/(decreases), if any (please specify)					
Balance at end of the year					

**Other equity/reserves**

Balance at the beginning of the year					
Increase/(decrease) during the year (provide details)					
Balance at end of the year					

7. STATUTORY DEPOSIT

Company Name:  
Financial Year ended 31 December .....  
Note to the accounts

FORM LK

Fig

**8. RENTAL INCOME FROM INVESTMENT PROPERTIES**

Rents Received  
Increase / (decrease) in accrued rental income  
Provision / Reversal of Provision for Diminution in  
value of investment property


**Chairman**

**Director**

**Director**

figures in Rs 000

Aggregate prior year
----------------------------








**FORM LK**

figures in Rs 000


**AUDITORS' REPORT TO THE MEMBERS OF A LIFE INSURANCE COMPANY**

We have audited the annexed financial statements comprising of: -

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

of ..... as at ..... together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors/Management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the International 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 International Standards on Auditing. 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 accounts have been kept by the Company as required by the Insurance Ordinance, 2000;
- (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;
- (c) The financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at \_\_\_\_\_ in accordance with International Accounting Standards as applicable in Pakistan, and the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (d) The apportionment of assets, liabilities, revenue and expenses between two or more funds has been performed in accordance with the advice of the appointed actuary;
- (e) 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.

Date .....  
Place .....

Signature  
[Name(s) of Auditors]

**Forms for non-life insurers**

**FORM GA**

**Company Name:**  
**Financial Year ended 31 December .....**  
**Balance Sheet**

Figures in Rs 000

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

The annexed notes form an integral part of these accounts.

Chairman (If any)

Director

Director

Principal Officer

Company Name:

FORM GB

Financial Year ended 31 December .....

Figures in '000

Profit and Loss Account

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

The annexed notes form an integral part of these accounts.

Chairman (If any)

Director

Director

Principal Officer

Company Name:

FORM GC

Financial Year ended 31 December .....

Statement of Cash Flows

Figures in '000

Operating Cash Flows

Current Year Prior Year

a) Underwriting activities

Premiums received		
Reinsurance premiums paid		
Claims paid		
Surrenders paid		
Reinsurance and other recoveries received		
Commissions paid		
Commissions received		
Other underwriting payments, if any		
Other underwriting receipts, if any		
Net cash flow from underwriting activities	0	0

b) Other operating activities

Income tax paid		
General management expenses paid		
Other operating payments		
Other operating receipts		
Loans advanced		
Loan repayments received		
Other payments on operating assets		
Other receipts in respect of operating assets		
Net cash flow from other operating activities	0	0

Total cash flow from all operating activities

0	0
---	---

Investment activities

Profit/ Return received		
Dividends received		
Rentals received		
Payments for investments		
Proceeds from disposal of investments		
Fixed Capital Expenditure		
Proceeds from disposal of fixed assets		
Total cash flow from investing activities	0	0

Financing activities

Share capital received		
Remittance to/from Head office		
Loans received		
Loans repaid		
Dividends paid		
Financial charges paid		
Payments on finance leases		
Total cash flow from financing activities		

Total cash flow from financing activities

--	--

Net cash inflow/outflow from all activities

--	--

Cash at the beginning of the year

0	0
---	---

Cash at the end of the year

0	0
---	---

Reconciliation to Profit and Loss Account

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

Profit or loss after taxation

(must agree to Profit and Loss Account (shareholders' fund only))

Definition of cash

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

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


The annexed notes form an integral part of these accounts.

Chairman (if any)

Director

Director

Principal Officer



**FORM GD**

**Company Name:**

**Financial Year ended 31 December .....**

Figures in '000

**Statement of Premiums**

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

Note: If the business underwritten outside Pakistan is more than 10% of the net premium income, then a separate statement on a similar format should be prepared in respect of that business.

(\*) Can be combined for the purpose of Published Financial Statements

The annexed notes form an integral part of these accounts.

**Chairman (If any)**

**Director**

**Director**

**Principal Officer**



**FORM GE**

2. Business underwritten outside Pakistan

Class	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	2001 Net claims expense	2000 Net claims expense
	Rs	Opening Rs	Closing Rs	Rs	Rs	Opening Rs	Closing Rs	Rs	Rs	Rs
Direct and facultative	1 Fire and Property Damage	0		0	0					
	2 Marine, Aviation and Transport	0		0	0					
	3 Motor Act	0		0	0					
	4 Liability	0		0	0					
	5 Worker's Compensation	Total		0	0	Rs				
	6 Credit and Suretyship	0		0	0	0				
	7 Accident and Health	0		0	0	0				
	8 Miscellaneous	0		0	0	0				
	Total	0	0	0	0					
Treaty	9 Proportional	0		0	0					
	10 Non-proportional	0		0	0					
	Total	0	0	0	0					
	Grand Total	0	0	0	0	0				

The annexed notes form an integral part of these accounts.

**Chairman (If any)**

**Director**

**Director**

**Principal Officer**

Company Name:

FORM GF

Financial Year ended 31 December .....

Statement of Expenses

Figures in '000

1. Business underwritten inside Pakistan

Current Year      Prior Year

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

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

The annexed notes form an integral part of these accounts.

Chairman (If any)

Director

Director

Principal Officer

Company Name:

FORM GF

Financial Year ended 31 December .....

Statement of Expenses

Figures in '000

2. Business underwritten outside Pakistan

Current Year      Prior Year

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

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

The annexed notes form an integral part of these accounts.

Chairman (If any)

Director

Director

Principal Officer

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

**FORM GG**

Figures in '000

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

**Income from Trading Investments**

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


**Income from Non-Trading Investments**

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

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


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

--	--

**Gain/Loss on Revaluation of Investments**

- Trading Investments  
 - Available for sale


**Provision for Impairment in Value of Investments**

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


**Less: Investment Related Expenses**

--	--

**Net Investment Income**

--	--

The annexed notes form an integral part of these accounts.

**Chairman (If any)**

**Director**

**Director**

**Principal Officer**



Company Name:

FORM GH

Financial Year ended 31 December .....

Analysis of Claims

Numbers of claims in year:

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





Company Name:

FORM GH

Financial Year ended 31 December .....

Analysis of Claims

Numbers of claims in year:		0	1	2	3	4	5 and above	Total
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
1 Fire and Property Damage	Notified in year							0
	Paid in year							0
	Outstanding at end of year							0
2 Marine, Aviation and Transport	Notified in year							0
	Paid in year							0
	Outstanding at end of year							0
3 Motor Act	Notified in year							0
	Paid in year							0
	Outstanding at end of year							0
4 Liability	Notified in year							0
	Paid in year							0
	Outstanding at end of year							0
5 Workers' Compensation	Notified in year							0
	Paid in year							0
	Outstanding at end of year							0
6 Credit and Suretyship	Notified in year							0
	Paid in year							0
	Outstanding at end of year							0
7 Accident and Health	Notified in year							0
	Paid in year							0
	Outstanding at end of year							0
8 Miscellaneous	Notified in year							0
	Paid in year							0
	Outstanding at end of year							0
Total	Notified in year	0	0	0	0	0	0	0
	Paid in year	0	0	0	0	0	0	0
	Outstanding at end of year	0	0	0	0	0	0	0
9 Proportional	Notified in year	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Paid in year	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Outstanding at end of year	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10 Non-proportional	Notified in year							0
	Paid in year							0
	Outstanding at end of year							0

The annexed notes form an integral part of these accounts.

Chairman (If any)

Director

Director

Principal Officer

Company Name:

FORM GI

Financial Year ended 31 December .....

**Statement of Estimated Exposures**

**1) Risk Exposures**

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

**2) Aggregate Event Exposures**

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

Include:

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

<b>Event (description)</b>	<b>Gross Aggregate Exposure</b> Rs million	<b>Gross Event PML</b> Rs million	<b>Net Event Retention</b> Rs million	<b>Maximum Reinsurance Cover</b> Rs million

The annexed notes form an integral part of these accounts.

Chairman (If any)

Director

Director

Principal Officer

Company Name:  
 Financial Year ended 31 December .....  
 Statement of Assets for Solvency Purposes

FORM GJ

Figures in Rs 000

Note	Current Year Rs	Prior Year Rs
<b><u>ADMISSIBLE ASSETS</u></b>		
<b>Cash and Bank Deposits</b>		
Cash and other equivalent		
Current and other accounts		
Deposits maturing within 12 months		
Deposits maturing after 12 months		
<b>Loans (Secured or un-secured - classify as appropriate)</b>		
To employees or agents		
Others		
<b>Investments (Classification of investment are in notes)</b>		
Government Securities		
Other Fixed Income Securities		
Listed Equities		
Unlisted Equities		
Others (describe)		
<b>Investment Property</b>		
<b>Deferred Taxation</b>		
<b>Preliminary and Deferred Expenses</b>		
<b>Current Assets - Others</b>		
Premiums due but unpaid		
Amounts due from other insurers/ reinsurers		
Reinsurance recoveries due but unpaid		
Salvage recoveries accrued		
Premium and claim reserves retained by cedants		
Accrued investment income		
Reinsurance recoveries against outstanding claims		
Taxation - payments less provision		
Deferred commission expense		
Other deferred acquisition costs		
Prepayments		
Sundry receivables (provide details)		
<b>Fixed Assets</b>		
<b>Tangible &amp; Intangible</b>		
Land and Buildings		
Furniture, Fixtures and Office Equipment		
Motor Vehicles		
Capital Work in Progress		
Intangibles (Please specify)		
<b>TOTAL ADMISSIBLE ASSETS</b>		
<b>TOTAL INADMISSIBLE ASSETS</b>		
<b>TOTAL ASSETS</b>		

Chairman (If any)

Director

Director

Principal Officer



**Officer**

1. **STATUS AND NATURE OF BUSINESS**

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

2. **BASIS OF PRESENTATION**

3. **STATEMENT OF COMPLIANCE**

4. **BASIS OF MEASUREMENT**

5. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, such as:

**Investment Property**  
**Investments**

**Preliminary and Deferred Expenses**

**Revenue recognition - Premiums**

**Claims**

**Acquisition costs**

**Operating fixed assets**

Capital work-in-progress  
Property and equipment (owned and leased)  
Intangible

**Taxation**

Current  
Deferred

**Staff retirement benefits**

Defined benefit plan  
Defined contribution plan

**Foreign currencies**

**Others** (to be specified)

6. **Management Expenses**

State policy of allocation to class of business

Break up of Expenses

Salaries, wages and benefits  
Rent, taxes, electricity etc  
Communications  
Printing and stationery  
Traveling and entertainment  
Depreciation  
Repairs and maintenance  
Legal and professional charges  
Advertisement and sales promotion  
Other expenses

7. **INVESTMENTS**

Government Securities  
Other Fixed Income Securities  
Listed Equities  
Unlisted Equities  
Others (describe)

TOTAL

## **NOTES**

1. Where no Zakat is deductible, substitute “ no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980”.
2. Where any of the matter referred to in the Auditors’ Report is answered in the negative or with a qualification, the report shall state the reason for such answers along with the factual position to the best of the auditors’ information.



**AUDITORS' REPORT TO THE MEMBERS OF A NON-LIFE INSURANCE COMPANY**

We have audited the annexed financial statements comprising of: -

- (i) balance sheet;
- (ii) profit and loss account;
- (iii) statement of changes in equity;
- (iv) cash flow statement;
- (v) revenue account;
- (vi) statement of premium;
- (vii) statement of claims;
- (viii) statement of expenses;
- (ix) statement of investment income;
- (x) statement of claims analysis; and
- (xi) statement of exposures

of ..... as at ..... together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors/Management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the International 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 International Standards on Auditing. 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 accounts have been kept by the Company as required by the Insurance Ordinance, 2000;
- (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;
- (c) The financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at \_\_\_\_\_ in accordance with International Accounting Standards as applicable in Pakistan, and 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.

Date .....  
Place .....

Signature  
[Name(s) of Auditors]

## **NOTES**

1. Where no Zakat is deductible, substitute “ no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980”.
2. Where any of the matter referred to in the Auditors’ Report is answered in the negative or with a qualification, the report shall state the reason for such answers along with the factual position to the best of the auditors’ information.