

# Habib Insurance Company Limited

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# Habib Insurance Company Limited

## Company Information

### Board of Directors

**Chairman** : Rafiq M. Habib

**Directors** : Abbas D. Habib

Mansoor G. Habib

Mohamedali R. Habib

Qumail R. Habib

Aun Mohammad A. Habib

Shahid Ghaffar

**Chief Executive** : Shabbir Gulamali

**Chief Financial Officer  
& Company Secretary** : Murtaza Hussain

**Auditors** : EY Ford Rhodes  
Chartered Accountants

**Share Registrar** : M/s. Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block-B  
SMCHS, Main Shahrah-e-Faisal  
Karachi-74400

**Registered Office** : 1st Floor, State Life Bldg. No. 6  
Habib Square, M. A. Jinnah Road  
P.O. Box 5217, Karachi-74000  
Pakistan  
Tel : (92-21) 32424030/38/39  
Fax : (92-21) 32421600  
UAN : (92-21) 111 03 03 03  
Website : [www.habibinsurance.net](http://www.habibinsurance.net)

# Habib Insurance Company Limited

## DIRECTORS' REVIEW

The Shareholders,

The Directors have pleasure to present the unaudited accounts for the period ended 30th September 2018.

The Written gross premium for the period under review was Rs. 958.2 million as compared to Rs. 899.7 million for the corresponding period last year. The underwriting results for the nine months was Rs. 26.2 million against Rs. 18.3 million of last year with improvements on claims which have reduced and despite a substantial increase in amount placed in reserve, the benefit of which will accrue in subsequent periods.

The investment income for the period remained consistent at Rs. 161.4 million from Rs. 160.1 million of last year. Consequently, the overall profit after tax for the nine months was Rs. 86.7 million as against Rs. 85.6 million of the previous year, an earning of Rs. 0.70 per share.

We are now well into the last quarter of the year, and look forward Inshallah to a successful closing for 2018.

We pray to Allah for peace and prosperity in the Country and particularly for the safety and welfare of the people.

On behalf of the Board of Directors

Karachi: October 24, 2018

RAFIQ M. HABIB  
Chairman

SHABBIR GULAMALI  
Chief Executive

## Habib Insurance Company Limited

### ڈائریکٹرز کا جائزہ

بنام شیئر ہولڈرز،

ڈائریکٹرز بمسرت ۳۰ ستمبر ۲۰۱۸ء کو ختم ہونے والی مدت کے لئے غیر آڈٹ شدہ حسابات پیش کر رہے ہیں۔

زیر جائزہ مدت کے لئے مجموعی پرمیئم 958.2 ملین روپے رہا جو گزشتہ سال کی اس مدت میں 899.7 ملین روپے تھا۔ زیر جائزہ نو ماہ کی مدت کے لئے انڈر رائٹنگ نتائج کی مالیت 26.2 ملین روپے تھی جو اس کے برخلاف گزشتہ سال 18.3 ملین روپے رہی تھی اس کے ساتھ کلیمز میں بھی بہتری آئی جو کم ہو گئے اور ریزرو میں موجود رقم میں مناسب اضافے کے باوجود اس کا منافع بعد ازاں کی مدتوں میں تقسیم کیا جائے گا۔

زیر جائزہ مدت کے لئے سرمایہ کاری کی آمدنی 161.4 ملین روپے پر برقرار رہی جو گزشتہ سال 160.1 ملین روپے تھی۔ اس کے نتیجے میں نو ماہ کے لئے مجموعی منافع بعد از ٹیکس 86.7 ملین روپے رہا جو گزشتہ سال اس کے مقابلے میں 85.6 ملین روپے تھا جبکہ 0.70 روپے فی شیئر کی آمدنی حاصل ہوئی۔

ہم اب سال کی آخری سہ ماہی میں داخل ہو چکے ہیں اور آگے بڑھتے ہوئے امید کرتے ہیں کہ انشاء اللہ سال ۲۰۱۸ء کا اختتام کامیابی کے ساتھ ہوگا۔

ہم اللہ تعالیٰ سے سے ملک میں امن و استحکام بالخصوص عوام کے تحفظ اور خوشحالی کی دعا کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

رفیق ایم حبیب  
چیئر مین

شہیر غلام علی  
چیف ایگزیکٹو

کراچی:  
۲۳ اکتوبر ۲۰۱۸ء

# Habib Insurance Company Limited

## Condensed Interim Statement of Financial Position as at September 30, 2018 (Unaudited)

	Note	Unaudited September 30, 2018 (Rupees in '000)	Audited December 31, 2017
<b>Assets</b>			
Property and equipment	5	120,619	19,998
Intangible assets		5,157	5,287
<b>Investments</b>			
Equity securities and mutual fund units		1,192,803	1,207,878
Debt securities		71,049	69,395
Loans and other receivables	7	153,165	126,160
Insurance/ reinsurance receivables		1,032,393	818,760
Reinsurance recoveries against outstanding claims		441,805	542,470
Salvage recoveries accrued		26,876	2,764
Deferred commission expense		57,761	37,294
Prepayments	8	332,875	279,593
Cash and bank balances	9	62,691	166,460
<b>Total Assets</b>		<b>3,497,194</b>	<b>3,276,059</b>
<b>Equities and Liabilities</b>			
<b>Capital and reserves attributable to Company's equity holders</b>			
Authorized Share Capital 130,000,000 (December 31, 2017: 130,000,000) ordinary shares of Rs. 5 each		650,000	650,000
Issued subscribed and paid up share capital		619,374	619,374
Reserve for exceptional losses		9,122	9,122
Unappropriated profit		95,352	101,584
General reserves		255,000	255,000
Unrealised gain on revaluation of available-for-sale investments-net		455,822	450,547
<b>Total Equity</b>		<b>1,434,670</b>	<b>1,435,627</b>
<b>Liabilities</b>			
<b>Underwriting provisions</b>			
Outstanding claims including IBNR		586,869	666,850
Unearned premium reserves		580,103	481,048
Unearned reinsurance commission		85,303	73,427
Retirement benefit obligations		86,299	83,629
Deferred taxation		154,921	173,649
Finance lease liability	10	85,274	-
Premium received in advance		10,929	18,057
Insurance/ reinsurance payables		238,086	145,195
Other creditors and accruals		211,991	141,459
Taxation - provision less payment		22,749	57,118
<b>Total Liabilities</b>		<b>2,062,524</b>	<b>1,840,432</b>
<b>Total Equity and Liabilities</b>		<b>3,497,194</b>	<b>3,276,059</b>
<b>Contingencies and commitments</b>	11		

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB  
Chairman

MANSOOR G. HABIB  
Director

AUN MOHAMMAD A. HABIB  
Director

SHABBIR GULAMALI  
Chief Executive

MURTAZA HUSSAIN  
Chief Financial Officer

# Habib Insurance Company Limited

## Condensed Interim Statement of Comprehensive Income for the nine months ended September 30, 2018 (Unaudited)

	Note	(Unaudited) Three months period ended September 30,		(Unaudited) Nine months period ended September 30,	
		2018 (Rupees in '000)	2017 (Restated note 3.1.2)	2018 (Rupees in '000)	2017 (Restated note 3.1.2)
Net insurance premium	12	136,444	133,464	382,708	437,790
Net insurance claims	13	(82,600)	(86,837)	(226,310)	(282,963)
Net commission income	14	17,068	16,397	51,713	54,585
Insurance claims and commission expense		(65,532)	(70,440)	(174,597)	(228,378)
Management expenses		(63,370)	(61,278)	(181,926)	(191,120)
Underwriting results		7,542	1,746	26,185	18,292
Investment income	15	44,806	41,386	161,368	160,084
Other income		1,755	1,511	5,864	5,390
Other expenses		(23,286)	(19,661)	(69,770)	(61,241)
<b>Results of operating activities and profit before tax for the period</b>		<b>30,817</b>	<b>24,982</b>	<b>123,647</b>	<b>122,525</b>
Taxation – Current		(8,443)	(7,289)	(35,351)	(36,870)
– Deferred		(1,131)	73	(1,622)	(78)
		(9,574)	(7,216)	(36,973)	(36,948)
<b>Profit after tax for the period</b>		<b>21,243</b>	<b>17,766</b>	<b>86,674</b>	<b>85,577</b>
<b>Other comprehensive income:</b>					
Unrealised (loss) / gain on available-for-sale investments during the period		(33,021)	(160,262)	94,965	(139,110)
Less: Net gain transferred to profit and loss on disposal of investments		(41,151)	(24,847)	(110,040)	(88,857)
		(74,172)	(185,109)	(15,075)	(227,967)
		(74,172)	(185,109)	(15,075)	(227,967)
Related tax impact		19,113	25,666	20,350	47,754
<b>Other comprehensive (loss) / income for the period</b>		<b>(55,059)</b>	<b>(159,443)</b>	<b>5,275</b>	<b>(180,213)</b>
<b>Total comprehensive (loss) / income for the period</b>		<b>(33,816)</b>	<b>(141,677)</b>	<b>91,949</b>	<b>(94,636)</b>
Earning (after tax) per share - Rupees	16	0.17	0.14	0.70	0.69

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB  
Chairman

MANSOOR G. HABIB  
Director

AUN MOHAMMAD A. HABIB  
Director

SHABBIR GULAMALI  
Chief Executive

MURTAZA HUSSAIN  
Chief Financial Officer

# Habib Insurance Company Limited

## Condensed Interim Statement of Changes in Equity for the nine months ended September 30, 2018 (Unaudited)

	Capital Reserves		Reserves			Total	Total
	Share capital	Reserve for exceptional losses	Unappropriated profit	General reserve (Rupees in '000)	Unrealised gain on revaluation of available-for-sale investments - net		
<b>Balance as at January 01, 2017</b>	619,374	9,122	216,152	255,000	636,930	1,108,082	1,736,578
Profit for the nine months ended September 30, 2017	-	-	85,577	-	-	85,577	85,577
Other comprehensive loss (restated note 3.1.2)	-	-	-	-	(180,213)	(180,213)	(180,213)
Total comprehensive income for the nine months period ended September 30, 2017	-	-	85,577	-	(180,213)	(94,636)	(94,636)
Final dividend of Rs. 1.75 per share for the year ended December 31, 2016	-	-	(216,781)	-	-	(216,781)	(216,781)
	-	-	(216,781)	-	-	(216,781)	(216,781)
<b>Balance as at September 30, 2017 - restated</b>	<u>619,374</u>	<u>9,122</u>	<u>84,948</u>	<u>255,000</u>	<u>456,717</u>	<u>796,665</u>	<u>1,425,161</u>
<b>Balance as at January 01, 2018</b>	619,374	9,122	101,584	255,000	450,547	807,131	1,435,627
Profit for the nine months ended September 30, 2018	-	-	86,674	-	-	86,674	86,674
Other comprehensive income	-	-	-	-	5,275	5,275	5,275
Total comprehensive income for the nine months period ended September 30, 2018	-	-	86,674	-	5,275	91,949	91,949
Final dividend of Rs. 0.75 per share for the year ended December 31, 2017	-	-	(92,906)	-	-	(92,906)	(92,906)
	-	-	(92,906)	-	-	(92,906)	(92,906)
<b>Balance as at September 30, 2018</b>	<u>619,374</u>	<u>9,122</u>	<u>95,352</u>	<u>255,000</u>	<u>455,822</u>	<u>806,174</u>	<u>1,434,670</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB  
Chairman

MANSOOR G. HABIB  
Director

AUN MOHAMMAD A. HABIB  
Director

SHABBIR GULAMALI  
Chief Executive

MURTAZA HUSSAIN  
Chief Financial Officer

# Habib Insurance Company Limited

## Condensed Interim Statement of Cash Flow for the nine months ended September 30, 2018 (Unaudited)

	(Unaudited) September 30 2018	(Unaudited) September 30 2017
	(Rupees in '000)	
<b>Operating cash flow</b>		
(a) Underwriting activities		
Insurance premium received	737,479	778,102
Reinsurance premium paid	(434,153)	(389,323)
Claims paid	(494,775)	(538,099)
Reinsurance and other recoveries received	265,038	289,437
Commission paid	(70,909)	(81,018)
Commission received	138,280	135,897
Net cash flows from underwriting activities	140,960	194,996
(b) Other operating activities		
Income tax paid	(69,723)	(33,207)
Other operating payments	(169,042)	(268,439)
Loans advanced	(8,766)	(17,313)
Loan repayment received	17,057	21,144
<b>Net cash flows from other operating activities</b>	<b>(230,474)</b>	<b>(297,815)</b>
<b>Total cash flows from all operating activities</b>	<b>(89,514)</b>	<b>(102,819)</b>
<b>Investment activities</b>		
Profit/ return received	9,926	10,096
Dividend received	51,623	59,183
Payment for investments	(455,794)	(295,724)
Proceeds from investments	531,132	402,788
Fixed capital expenditure	(57,717)	(4,439)
Proceeds from sale of property, plant and equipment	3,326	231
<b>Total cash flows from investing activities</b>	<b>82,496</b>	<b>172,135</b>
<b>Financing activities</b>		
Dividends paid	(89,924)	(211,033)
Lease rentals paid	(6,827)	-
<b>Total cash flows used in financing activities</b>	<b>(96,751)</b>	<b>(211,033)</b>
<b>Net cash flows used in all activities</b>	<b>(103,769)</b>	<b>(141,717)</b>
Cash and cash equivalents at beginning of period	166,460	148,016
<b>Cash and cash equivalents at end of the period</b>	<b>62,691</b>	<b>6,299</b>
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	(89,514)	(102,819)
Depreciation expense	(7,875)	(5,889)
Income tax paid	69,723	33,207
Finance charges	(2,179)	-
Provision for gratuity	(9,710)	(9,311)
Gratuity paid	7,039	2,276
Profit/ return received	9,926	10,096
Dividends received	51,623	59,183
Capital gain	110,040	88,857
Profit/ (loss) on disposal of property, plant and equipment	212	(316)
Provision for taxation	(36,973)	(36,948)
Increase/ (decrease) in assets other than cash	168,624	103,180
(Increase)/ decrease in liabilities other than borrowings	(184,262)	(55,939)
<b>Profit after taxation</b>	<b>86,674</b>	<b>85,577</b>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB  
Chairman

MANSOOR G. HABIB  
Director

AUN MOHAMMAD A. HABIB  
Director

SHABBIR GULAMALI  
Chief Executive

MURTAZA HUSSAIN  
Chief Financial Officer



# Habib Insurance Company Limited

## Notes to the Condensed Interim Financial Statements for the nine months ended September 30, 2018 (Unaudited)

### 1. LEGAL STATUS AND NATURE OF BUSINESS

Habib Insurance Company Limited (the Company) was incorporated as a Public Limited Company in the year 1942 under the Companies Act, 1913 (now the Companies Act, 2017). The registered office of the Company is situated at Habib Square, M. A. Jinnah Road, Karachi and the shares of the Company are quoted on the Pakistan Stock Exchange Limited. The Company is engaged in general insurance business.

### 2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules, 2017 and Insurance Accounting Regulations, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017, and Insurance Accounting Regulations, 2017, shall prevail.
- 2.2 The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the Securities and Exchange Commission of Pakistan vide SRO 89(I)/2017 and International Accounting Standard (IAS) 34, "Interim Financial Reporting" and do not include all the information required in the annual financial statements. Accordingly, this condensed interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2017.
- 2.3 These condensed interim financial statements have been presented in Pak Rupees which is also the Company's functional currency. All financial information presented in Pak Rupees has been rounded to nearest Thousand Rupee, unless otherwise stated.
- 2.4 This condensed interim financial information has been prepared on the historical cost basis except for certain investment which are carried at fair value.

### 3. SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended December 31, 2017 except as follows:

#### 3.1.1 New / Revised Standards, Interpretations and Amendments

The Company has adopted the following standards and amendment to IFRSs which became effective for the current period:

##### Standard or Interpretation

IFRS 2 - Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)

# Habib Insurance Company Limited

IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)

IAS 28 - Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice (Amendment)

IAS 40 - Investment Property: Transfers of Investment Property (Amendments)

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

The adoption of the above amendment to accounting standards did not have any effect on the condensed interim financial information.

## **3.1.2 Changes in accounting policies - Adoption of new Insurance Rules, 2017 and Insurance Accounting Regulations, 2017**

As disclosed in note 3.1 to the financial statements for the year ended 31 December 2017, the Company changed its accounting policy in relation to the available-for-sale investments to comply with the requirements of IAS 39 "Financial Instruments - Recognition and Measurement". The changes were made in the financial statements for the above year and these investments are now being carried at fair value and comparative information were restated in accordance with the requirement of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Accordingly, the comparative figures in other comprehensive income and statement of changes in equity have also been restated. Had there been no change other comprehensive income (net of deferred tax) would have been higher by Rs.180.213 million.

- 3.2** The Company's financial and insurance risk management objectives and policies are consistent with those that were disclosed in the annual financial statements of the Company as at and for the year ended December 31, 2017.

## **4. ESTIMATES AND JUDGEMENTS**

The preparation of these condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended December 31, 2017.

# Habib Insurance Company Limited

		Unaudited September 30, 2018	Audited December 31, 2017
		(Rupees in '000)	
<b>5.</b>	<b>Property and Equipment</b>		
	Opening written down value	19,998	21,409
	Additions during the period/ year	56,860	4,409
	Disposals for the period/ year	(3,115)	(560)
	Depreciation for the period/ year	(6,588)	(5,260)
		67,155	19,998
	Capital work-in-progress - advance against purchase of vehicles	53,464	-
		120,619	19,998
<b>5.1</b>	The following additions were made to trangible-property and equipment during the period/ year		
	Furniture and fixtures	1,132	1,192
	Computer equipment	1,394	649
	Office equipment	2,256	416
	Vehicles - owned	13,172	2,152
	Vehicles - leased	38,906	-
		56,860	4,409
<b>5.2</b>	The following disposals of tangible - property and equipment were made during the period / year		
	Furniture and fixtures	-	392
	Computer equipment	65	7
	Office equipment	30	79
	Vehicles	3,020	82
		3,115	560
<b>5.3</b>	Vehicles with a net book value at Rs.38.906 million (2017:Nil) are held under finance lease. The leased vehicles are pledged as security for related finance lease obligation.		
<b>6.</b>	<b>INVESTMENTS</b>		
	<b>Held-to-maturity</b>		
	Government securities - Pakistan Investment Bonds	71,049	69,395
	<b>Available-for-sale</b>		
	Units of open end mutual funds - quoted	349	349
	Modaraba certificates - quoted	14,840	14,840
	Ordinary shares of quoted / unquoted companies	243,036	144,509
	Ordinary shares of quoted companies ( related parties)	288,008	326,505
	Units of open end mutual funds	50,903	78,036
		597,136	564,239
	Add: Unrealised gain on revaluation of available-for-sale investment	595,667	643,639
		1,263,852	1,277,273

# Habib Insurance Company Limited

- 6.1** This represents Pakistan Investment Bonds having face value of Rs.70.00 million (December 31, 2017: face value Rs.68.50 million). These carry mark-up ranging from 7% to 12% (December 31, 2017: 7% to 12%) per annum and will mature between December 29, 2019 to July 19, 2022. These have been deposited with the State Bank of Pakistan (SBP) as statutory deposit in accordance with the requirements of Circular no. 15 of 2008 dated July 07, 2008 issued by the SECP.

**7. LOANS AND OTHER RECEIVABLES**

This includes Rs.56.54 (2017: Rs.64.83) million given as loan to employees of the Company and Rs.21.43 million (2017:Nil) given as security deposit to a related party against lease of vehicles.

**8. PREPAYMENTS**

This includes Rs.323.75 million (2017: Rs.273.18) in respect of prepaid reinsurance premium ceded.

**9. CASH AND BANK BALANCES**

	Note	Unaudited September 30, 2018	Audited December 31, 2017
(Rupees in '000)			
<b>Cash and other equivalents</b>			
Cash in hand		339	98
Policy Stamps		17	1,247
		356	1,345
<b>Current and other accounts</b>			
Current accounts	9.1	10,124	11,306
Savings accounts	9.2	52,211	153,809
		62,335	165,115
		62,691	166,460

- 9.1** This includes balance with related parties amounting to Rs.9.81 (2017: Rs.10.35) million.

- 9.2** This balance is held with related parties and carries mark-up rates ranging between 5.0% to 5.5% (2017: 5.0% to 6.0%) per annum.

**10. FINANCE LEASE LIABILITY**

	Unaudited September 30, 2018	Audited December 31, 2017
(Rupees in '000)		
	85,274	-

- 10.1** Assets subject to finance lease are stated at amounts equal to the fair value at the inception of lease or, if lower, the present value of the minimum lease payments. The minimum lease payments are apportioned between the finance charge and the outstanding liability. Assets acquired under finance leases are depreciated in accordance with the Company's depreciation policy for property, plant and equipment. The finance cost is charged to profit and loss account.

- 10.2** The liability against assets subject to finance lease represents the leases entered into with a related party for purchase of vehicles. The periodic lease payments carry mark-up rates of 12 months Kibor plus 2% (2017: Nil) per annum. The Company, shall subject to compliance with the conditions specified in the lease agreement, purchase the asset from the lessor at the end of the lease term. These leases have maturities in March 2023.

**11. CONTINGENCIES & COMMITMENTS**

**11.1 Contingencies**

There are no contingencies outstanding as at September 30, 2018 except as disclosed in note 16 of the financial statements for the half year ended June 30, 2018.

**11.2 Commitments**

There were no commitments as at September 30, 2018.

# Habib Insurance Company Limited

	Unaudited Three months period ended September 30, 2018      2017 (Rupees in '000)		Unaudited Nine months period ended September 30, 2018      2017 (Rupees in '000)	
<b>12. NET INSURANCE PREMIUM</b>				
Written gross premium	344,174	321,500	958,238	899,651
Add: Unearned premium reserve opening	541,919	479,844	481,048	601,796
Less: Unearned premium reserve closing	(580,103)	(501,557)	(580,103)	(501,557)
Premium earned	305,990	299,787	859,183	999,890
Less: Reinsurance premium ceded	191,890	207,959	527,044	503,912
Add: Prepaid reinsurance premium opening	301,409	259,248	273,184	359,072
Less: Prepaid reinsurance premium closing	(323,753)	(300,884)	(323,753)	(300,884)
Reinsurance expense	169,546	166,323	476,475	562,100
Net insurance premium	136,444	133,464	382,708	437,790
<b>13. NET INSURANCE CLAIMS</b>				
Claims paid	150,725	170,063	494,775	538,099
Add: Outstanding claims including IBNR closing	586,869	656,143	586,869	656,143
Less: Outstanding claims including IBNR opening	(586,701)	(656,392)	(666,850)	(599,060)
Claims expense	150,893	169,814	414,794	595,182
Less: Reinsurance and other recoveries received	65,506	94,214	265,038	289,437
Add: Reinsurance and other recoveries in respect of outstanding claims net of impairment - closing	468,681	553,558	468,681	553,558
Less: Reinsurance and other recoveries in respect of outstanding claims net of impairment - opening	(465,894)	(564,795)	(545,235)	(530,776)
Reinsurance and other recoveries revenue	68,293	82,977	188,484	312,219
Net insurance claims	82,600	86,837	226,310	282,963
<b>14. NET COMMISSION INCOME</b>				
Commissions paid or payable	36,644	32,235	95,158	80,415
Add: Deferred commission - opening	48,018	38,275	37,294	51,234
Less: Deferred commission - closing	(57,761)	(44,049)	(57,761)	(44,049)
Commission expense	26,901	26,461	74,691	87,600
Less: Commission from reinsurers				
Commission received or receivable	49,243	53,578	138,280	135,896
Add: Unearned reinsurance commission - opening	80,029	69,025	73,427	86,034
Less: Unearned reinsurance commission - closing	(85,303)	(79,745)	(85,303)	(79,745)
Commission from reinsurers	43,969	42,858	126,404	142,185
Net commission income	17,068	16,397	51,713	54,585

# Habib Insurance Company Limited

	Unaudited Three months period ended September 30, 2018      2017 (Rupees in '000)		Unaudited Nine months period ended September 30, 2018      2017 (Rupees in '000)	
<b>15. INVESTMENT INCOME</b>				
<b>Income from equity securities and mutual fund units - 'available-for-sale'</b>				
– Dividend income	3,187	14,862	51,025	71,067
<b>Income from debt securities - 'held-to-maturity'</b>				
– Return on debt securities	2,180	1,744	5,292	4,985
<b>Net realised gain / (loss) on investments</b>				
Available-for-sale				
– Equity securities	40,650	24,962	107,913	87,786
– Mutual funds units	501	(115)	2,127	1,071
Total Investment Income	<u>46,518</u>	<u>41,453</u>	<u>166,357</u>	<u>164,909</u>
<b>Less: Impairment in value of available-for-sale investments</b>	–	1,543	–	–
<b>Less: Investment related expenses</b>	<u>(1,712)</u>	<u>(1,610)</u>	<u>(4,989)</u>	<u>(4,825)</u>
	<u>44,806</u>	<u>41,386</u>	<u>161,368</u>	<u>160,084</u>
<b>16. EARNINGS PER SHARE - BASIC AND DILUTED</b>				
Profit after tax for the period	21,243	17,766	86,674	85,577
	(Number of Shares)	(Number of Shares)	(Number of Shares)	(Number of Shares)
Weighted average number of ordinary shares of Rs. 5 each	123,874,755	123,874,755	123,874,755	123,874,755
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Basic earnings per share	<u>0.17</u>	<u>0.14</u>	<u>0.70</u>	<u>0.69</u>

No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

# Habib Insurance Company Limited

## 17. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, companies with common directors, major shareholders, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with related parties at commercial terms and conditions except for compensation to key management personnel which are on employment terms.

Details of balances and transactions with related parties during the nine months ended September 30, 2018 are as follows:

	Unaudited Three months period ended September 30, 2018		Unaudited Nine months period ended September 30, 2017	
	(Rupees in '000)		(Rupees in '000)	
<b>Transaction with related parties</b>				
Premium written	22,247	39,843	185,011	246,293
Claims paid	40,659	45,327	116,270	172,224
Dividend received	–	9,369	33,910	54,056
Dividend paid	–	–	12,250	30,063
Investment made	58,096	48,886	156,484	190,886
Investment sold	75,681	43,140	212,875	304,627
Gain on sale of investments	39,205	52,941	106,468	65,983
Interest received on bank accounts	1,034	1,056	3,184	3,875
Bank charges	85	70	257	179
Investment related expenses paid	196	1,599	368	4,814
Contribution to the provident fund	2,175	1,941	5,574	5,298
Fees paid	140	110	520	200
Remuneration of key management personnel	29,533	22,484	81,126	60,921
Lease rentals paid	3,510	–	6,827	–
Security deposit paid	4,961	–	21,431	–
			Unaudited September 30, 2018	Audited December 31, 2017
			(Rupees in '000)	

### Balances with related parties

Premium due but unpaid	71,046	118,640
Claims outstanding	88,448	114,963
Bank balances	63,279	164,160
Investment held	601,725	752,448
Investment related expenses	1,563	475
Security deposit	21,431	–
Finance lease liability	85,274	–

Remuneration to the key management personnel are in accordance with the terms of their employment and the contribution to the provident fund is in accordance with the Company's staff service rules.

# Habib Insurance Company Limited

## 18. SEGMENT REPORTING

September 30, 2018 (Unaudited)

	Fire and property	Marine and transport	Motor (Rupees in '000)	Other Classes	Aggregate
<b>Gross Written Premium (inclusive of administrative surcharge)</b>	<u>372,576</u>	<u>154,580</u>	<u>324,034</u>	<u>107,048</u>	<u>958,238</u>
Insurance premium earned	300,799	156,997	310,898	90,489	859,183
Insurance premium ceded to reinsurers	(266,772)	(68,836)	(110,872)	(29,995)	(476,475)
<b>Net insurance premium</b>	<u>34,027</u>	<u>88,161</u>	<u>200,026</u>	<u>60,494</u>	<u>382,708</u>
Commission income	67,082	21,147	32,976	5,199	126,404
<b>Net underwriting income</b>	<u>101,109</u>	<u>109,308</u>	<u>233,002</u>	<u>65,693</u>	<u>509,112</u>
Insurance claims	65,761	118,898	228,749	1,386	414,794
Insurance claims recovered from reinsurers	(48,475)	(66,342)	(94,911)	21,244*	(188,484)
<b>Net Claims</b>	<u>17,286</u>	<u>52,556</u>	<u>133,838</u>	<u>22,630</u>	<u>226,310</u>
Commission expense	(37,262)	(17,166)	(11,909)	(8,354)	(74,691)
Management expenses	(70,735)	(29,348)	(61,519)	(20,324)	(181,926)
Net insurance claims and expenses	(107,997)	(46,514)	(73,428)	(28,678)	(256,617)
<b>Underwriting result</b>	<u>(24,174)</u>	<u>10,238</u>	<u>25,736</u>	<u>14,385</u>	<u>26,185</u>
Investment income					161,368
Other income					5,864
Other expenses					(69,770)
<b>Results of operating activities</b>					<u>123,647</u>
Other charges					-
<b>Profit before tax</b>					<u>123,647</u>

\* During the period, few outstanding claims have been declared as no-loss resulting in negative recoveries.



# Habib Insurance Company Limited

September 30, 2017 (Unaudited)

	Fire and property	Marine and transport	Motor (Rupees in '000)	Other Classes	Aggregate
<b>Gross Written Premium (inclusive of administrative surcharge)</b>	<u>342,759</u>	<u>177,207</u>	<u>227,531</u>	<u>152,154</u>	<u>899,651</u>
Insurance premium earned	365,954	192,171	232,271	209,494	999,890
Insurance premium ceded to reinsurers	(321,983)	(95,308)	(69,663)	(75,146)	(562,100)
<b>Net insurance premium</b>	<u>43,971</u>	<u>96,863</u>	<u>162,608</u>	<u>134,348</u>	<u>437,790</u>
Commission income	<u>79,776</u>	<u>31,201</u>	<u>18,182</u>	<u>13,026</u>	<u>142,185</u>
<b>Net underwriting income</b>	<u>123,747</u>	<u>128,064</u>	<u>180,790</u>	<u>147,374</u>	<u>579,975</u>
Insurance claims	171,686	93,219	128,986	201,291	595,182
Insurance claims recovered from reinsurers	(159,477)	(63,813)	(29,737)	(59,192)	(312,219)
<b>Net Claims</b>	<u>12,209</u>	<u>29,406</u>	<u>99,249</u>	<u>142,099</u>	<u>282,963</u>
Commission expense	(46,041)	(23,138)	(7,994)	(10,427)	(87,600)
Management expenses	(72,815)	(37,645)	(48,336)	(32,324)	(191,120)
Net insurance claims and expenses	<u>(118,856)</u>	<u>(60,783)</u>	<u>(56,330)</u>	<u>(42,751)</u>	<u>(278,720)</u>
<b>Underwriting result</b>	<u>(7,318)</u>	<u>37,875</u>	<u>25,211</u>	<u>(37,476)</u>	<u>18,292</u>
Investment income					160,084
Other income					5,390
Other expenses					(61,241)
<b>Results of operating activities</b>					<u>122,525</u>
Other charges					-
<b>Profit before tax</b>					<u>122,525</u>

18.1 Comparative figures have been re-stated due to the fact that Group hospitalisation has now been included in other classes due to the reduction in size of this segment.

# Habib Insurance Company Limited

## 19.1 Valuation techniques used in determination of fair values within level 2.

Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the mutual funds Association of Pakistan (MUFAP) as at the close of the business days.

## 20. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been authorised for issue on October 24, 2018 by the Board of Directors of the Company.

RAFIQ M. HABIB  
*Chairman*

MANSOOR G. HABIB  
*Director*

AUN MOHAMMAD A. HABIB  
*Director*

SHABBIR GULAMALI  
*Chief Executive*

MURTAZA HUSSAIN  
*Chief Financial Officer*

# Habib Insurance Company Limited

## 19. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly observable

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

Following are the assets which are either measured at fair value or for which fair value is only disclosed and is different from their carrying value:

	Unaudited September 30, 2018 Fair value measurement using		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
<b>Available-for-sale investments (measured at fair value)</b>			
Equity securities / modaraba certificates	1,141,900	-	-
Mutual fund units	-	50,903	-
<b>Held-to-maturity (fair value only disclosed)</b>	-	74,190	-
	<u>1,141,900</u>	<u>125,093</u>	<u>-</u>
	Audited December 31, 2017 Fair value measurement using		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
<b>Available-for-sale investments (measured at fair value)</b>			
Equity securities / modaraba certificates	1,127,286	-	-
Mutual fund units	-	80,591	-
<b>Held-to-maturity (fair value only disclosed)</b>	-	75,047	-
	<u>1,127,286</u>	<u>155,638</u>	<u>-</u>