



Stamp Vendor's Name: .....  
 Talpur Road, Boutan Market, Karachi  
 Date: 22 APR 2015  
 Issued to: .....  
 Through with Address: .....  
 Purpose: .....  
 Value Rs: .....  
 Stamp Vendor's Signature: .....  
 (NOT USE FOR FRAUD WITH AN INVOICE PURPOSE)

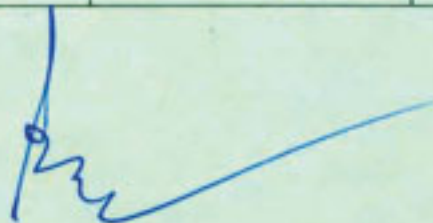
**EFU GENERAL INSURANCE LTD  
 WINDOW TAKAFUL OPERATIONS**

**Participant Takaful Fund Policies**

1. Short title – These shall be called Participant Takaful Fund Policies
2. Definitions – Following are the definitions of the terminologies used in various clauses of the PTF Policies:-

2.1	Accounting Year	means financial year of the Operator.
2.2	Board of Directors	means board of directors of EFU General Insurance Limited.
2.3	Commission	means the Securities and Exchange Commission of Pakistan (SECP).
2.4	Contribution	means the amount payable by a Participant to the PTF under a Takaful Contract
2.5	Companies Ordinance	means the Companies Ordinance, 1984

2.6	Deficit	means the shortfall in the PTF, that is excess of payments over receipts and after accrual of all expenses and income in accordance with generally accepted accounting principles and applicable law for the time being in force.
2.7	Ordinance	means the Insurance Ordinance 2000.
2.8	Operator	means a Window Takaful Operator authorized under Takaful Rules, 2012 here in this case EFU General Insurance Limited (Window Takaful Operations) working in its capacity as a Wakeel thereby operating the PTF.
2.9	Participant	means a person who participates in a Takaful scheme and to whom a Takaful Contract is issued
2.10	Participant Membership Documents (PMD)	means the documents detailing the benefits and obligations of the Participant under a Takaful Contract.
2.11	Participant Takaful Fund (PTF)	means a separate fund set up into which the contributions are paid and from which risk related benefits are paid out here in this case it is EFU General Insurance Limited (Window Takaful Operations) - Participant Takaful Fund established under the PTF / Waqf Deed.
2.12	Qard-e-Hasna	means an interest-free loan to the PTF from the Operator's Fund, when the PTF is in deficit and insufficient to meet their all liabilities.
2.13	Re-Takaful	means arrangement for re-Takaful of liabilities in respect of risks accepted by the Operator in the course of carrying on Takaful business and includes ceding risks from Participant Takaful Funds to Re-Takaful Operator(s).
2.14	Settlor	Means EFU General Insurance Limited (Window Takaful Operations) in its capacity as Settlor of the Trust Fund and / or Waqif of PTF/Waqf money through initial ceding. The term Settlor or Operator may be used interchangeably.



2.15	Shariah Advisor	Means Shariah Advisor of the Operator or a committee or Board comprising more than one Shariah Advisors working in such capacity appointed by the EFU General Insurance Limited (Window Takaful Operations) under Rule 26 of the Takaful Rules, 2012.
2.16	Window Takaful Operator's Fund	means the Fund pertaining to operator / shareholders being maintained by the Window Takaful Operations as per the requirements and shall consist of the undistributed profits payable to the Shareholders earned by the Window Takaful Operations.
2.17	Supplementary Deeds	means any Supplementary Deed of the PTF/Waqf Deed created under clause 8.4 of the Deed.
2.18	Takaful Rules	means Takaful Rules, 2012, issued by SECP (or any successor for the time being in force).
2.19	Waqf Fund	see Participant Takaful Fund.
2.20	Waqif	see Settlor.

Unless the context otherwise requires, words or expressions contained in these rules shall have the same meaning as in the Companies Ordinance 1984, Insurance Ordinance 2000, Takaful Rules 2012 and PTF / Waqf Deed; and words importing the singular shall include the plural, and vice versa, and words importing the masculine gender shall include feminine, and words importing persons shall include bodies corporate.

### 3. Risk Covered and Benefits Payable by PTF

- 3.1 The PTF shall cover the risk pertaining to and permitted to General Takaful Business under the Insurance Ordinance, 2000 and Takaful Rules, 2012.
- 3.2 The type of risk covered shall be approved by the Shariah Advisor of the Company.
- 3.3 The types of risk covered through the product that would be offered to the Participant shall be among the following classes as defined under section 4 of the Insurance Ordinance, 2000.
- (a) For direct and facultative Takaful business;
- (i) Class 1 being fire and property damage business;
  - (ii) Class 2 being marine, aviation and transport business;
  - (iii) Class 3 being motor third party compulsory business;
  - (iv) Class 4 being liability business;
  - (v) Class 5 being workers' compensation business;
  - (vi) Class 6 being credit and suretyship business;
  - (vii) Class 7 being accident and health business;
  - (viii) Class 8 being agriculture Takaful including crop Takaful; and
  - (ix) Class 9 being miscellaneous business;
- (b) For treaty retakaful business:
- (i) Class 10 being proportional treaty business; and
  - (ii) Class 11 being non-proportional treaty business.

- 3.4 The list of events and Benefit to be payable to the participant shall be covered in detail in the respective type of PMDs according to the nature of the Risk under allowed classes.
- 3.5 The event upon which amount would be payable shall be according to the terms and condition to be defined in the relevant PMDs including the exclusion of the event if any.
- 3.6 The amount payable shall be strictly determined under the laws, term and conditions agreed with Participants and according to the Shariah principles.

**1. Operator's Obligations:-**

- (a) There shall be paid into the PTF all receipts of the Operator properly attributable to the business to which the PTF relates (including the income of the PTF), and the assets comprised in the PTF shall be applicable only to meet such part of the PTF's liabilities and expenses as is properly so attributable.
- (b) The contributions shall be credited to the PTF and from which benefits shall be paid out.
- (c) The Operator shall assess, classify, and determine risk prudently in accordance with sound Underwriting Guidelines and Shariah Principles.
- (d) The Operator shall be entitled to appoint intermediaries for soliciting subscribers or participants or members and to perform such functions necessary and incidental thereto.
- (e) The Operator shall perform all functions necessary for the operations of the PTF, including but not limited to:
- (i) Receiving contributions from the Participants;
  - (ii) Utilizing these contributions for the benefits of all the Participants;
  - (iii) Acting as Modarib or Wakeel in order to manage the funds in the best interest of the PTF;
  - (iv) The Operator shall define, design, implement, manage, administer, run, control, govern, modify Takaful Schemes for the benefits of all the Participants, whether existing or prospective, with the approval of Shariah Advisor;
- (f) The Takaful Operator shall be required to invest his available funds in the PTF in the modes and products that adhere to principles established by the Shariah and all such modes and products shall be approved by the Shariah Advisor of the Operator. The following guidelines shall be followed for investments of the funds in the PTF, namely:-
- (a) Investment in Shariah compliant Government securities.- Any Shariah compliant Government instrument such as Islamic bonds and securities.
  - (b) Investments in immovable property.-The Operator shall be allowed to invest in immovable property subject to the following conditions, namely:-
    - (i) the use and intended use of the property should be in compliance with the Islamic principles; and
    - (ii) return on rented property may be in the form of fixed rent
  - (c) Investment in Joint Stock Companies.-The Operator may invest its funds in joint stock companies. However, investments in non-Shariah compliant preferred stocks, debentures and interest based redeemable capital securities are not allowed. For investments in the common stocks of joint stock companies, the following guidelines should be followed in consultation with the Shariah Advisor, namely:-



- (i) The main business of the investee company must not violate Shariah. Therefore, it is not permissible to acquire the shares, debentures or certificates of the companies providing financial services like conventional banks or the companies involved in business prohibited by Shariah like alcohol production, gambling or night club activities, etc;
  - (ii) The Shariah Advisor of the Operator shall take into consideration factors such as the proportion of income of the investee company from interest bearing accounts or non-Shariah based activities, the debt to equity ratio and cash or cash equivalents of the investee company; and
  - (iii) The investment decision shall be based on fundamental value of the companies.
- (d) Investments in redeemable capital.- The Operator may also make its portfolio investments through various mutual funds operating under the Shariah principles and approved by the Commission. Before making any investment therein, the Operator shall have the procedures and practices being followed by such funds scrutinized by its Shariah Advisor.
- (e) Investments in redeemable capital.-The Operator may invest their funds in Shariah compliant instruments like Musharika Certificates, Term Finance Certificates (TFCs), Participation Term Certificates (PTCs) etc. However, in case of investment in redeemable capital it shall be necessary that the certificates are issued in compliance with the Islamic injunctions and the scheme of their issue be examined by the Shariah Advisor of the Operator. The basic conditions as laid down earlier for investments in the common stock of joint stock companies should also be followed.
- (f) Placement of excess funds with banks and Islamic financial institutions.- The Operator may invest a portion of their funds in liquid or short notice deposits schemes of Islamic banks and their branches or other Islamic financial institutions, placements in PLS saving accounts of Islamic banks and placement in current accounts of traditional banks without any return thereon.
- (g) Financing under Islamic modes through the Islamic banks and financial institutions.-The Operator may make arrangements with the Islamic banks operating in Pakistan to directly finance under musharaka, murabaha, ijara (lease), salam, istisna contracts approved by the Commission.
- (g) The Operator shall appoint a Shariah Compliance Auditor who will conduct its audit for each accounting period, which shall be conducted before the close of accounts and annual audit to make the adjustments advised by the Shariah compliance auditor.
- (h) The Operator shall not accept any risk in respect of any general business unless and until the contribution payable is received by the Operator or is guaranteed to be paid by such person.

Provided, where the contribution payable, as aforesaid is received by any person, including a Takaful agent or a Takaful broker, on behalf of the Operator, such receipt shall be deemed to be receipt by the Operator for the purposes aforesaid and the onus of proving that the contribution payable was received by a person, including a Takaful broker, who was not authorized to receive such contribution shall lie on the Operator.

Provided further, any benefit, which may become due to a participant on account of the cancellation of a policy or alteration in its terms and conditions or for any other reason shall be paid by the Operator, from the PTF, directly to the participant and a proper receipt shall be obtained by the Operator from the participant and such payment shall under no circumstances be paid or credited to any other person, including a Takaful broker.

- (i) The Operator shall deduct Operator's fee as per defined ratio approved by Shariah Advisor out of the PTF under this policy. Such fee shall be based on the Wakala principle since the Operator hereby acts as a Wakeel of the Fund. The Wakala Fees shall be credited to the Operators Fund. The rate of Wakala Fees shall be approved by the Shariah Advisor based on the rating and risk management guidelines of the Window Takaful Operator for each type of Risk.



- (j) The Operator shall act as a Mudarib or Wakeel for the purpose of managing the investment of the participant's Contribution. As such, the Operator stands entitled to a Mudarib share or Wakalatullstismar fee in the investment income subject to approval by the Shariah Advisor.
- (k) At least at the end of each accounting year the Operator shall evaluate the assets and liabilities of the PTF and determine whether the operation for that particular period had produced a surplus for sharing amongst the participants.

The Operator would periodically perform surplus calculation for the PTF by the Operator/Accountant. At least at the end of each accounting year the Operator shall evaluate the assets and liabilities of the PTF and determine whether the operation for that particular period had produced a surplus for sharing amongst the participants.

The surplus for each period would be calculated in the following manner:

Balance in Fund brought forward

Add: Takaful Contributions credited in the PTF

Add: Investment income earned by investment of the PTF itself

Add: Receipts from retakaful pools as their share of any claims paid out or as shares of surplus earned on retakaful arrangements

Add: Reserves required by preceding year's Valuation to be brought forward

Add: Any donation made by the Operator

Less: Incurred Claims

Less: Operator's Fees

Less: Repayment of Qard-e-Hasna

Less: Operator's share in Investment income earned by investment of the PTF itself

Less: Amounts paid out to retakaful pools as retakaful contributions

Less: Any donation paid by the PTF on the advice of the Shariah Advisor

Less: Reserves required to be carried forward

The Operator may hold a portion of the surplus as a contingency reserve. The basis of this would be defined and reviewed by the Operator/Accountant each year in consultation with the Shariah Advisor. The rest of the surplus would be called the 'Distributable Surplus'.

The Distributable Surplus shall be expressed as a single rate (being referred to as the 'Distributable Surplus rate') being computed as the total Distributable Surplus generated in the PTF during the period per unit total net contributions credited during the same period.

The net contribution for each Participant would be calculated as follows:

Takaful Contributions credited in the PTF

Less: Change in Technical Reserves

Less: Earned portion of Operator's fee

Less: Incurred Claims

In case the net contribution for the Participant is negative, no surplus would be paid to that Participant in this Scheme. The losses on any Scheme in one Scheme year shall not be carried forward.



In case there is a deficit in the PTF, the Takaful Operator may donate an interest-free loan to be called Qard-e-Hasna to make good the shortfall in the fund. The loan shall be repaid from the future surpluses generated in the PTF without any excess on the actual amount given to the PTF.

- (I) Takaful operator may require such technical reserves to be setup in the PTF, as may be deemed appropriate, that is to say:-
- (i) Unearned contributions reserves;
  - (ii) Incurred but not reported claims' reserve;
  - (iii) Deficiency reserve;
  - (iv) Reserve for Qard-e-Hasna to be returned in future; and

## 5. Dissolution

- 5.2. In the event of Dissolution of the Participant Takaful Fund (PTF), the PTF would be transferred to the Participant Takaful Fund/ Waqf Fund of other authorized Takaful Operator under the Takaful Rules, 2012. However if PTF/Waqf Fund of any other Takaful Operator is not available at that time, then the said PTF/Waqf Fund would be transferred to any other Waqf
- 5.2 If PTF is transferred to the PTF/Waqf Fund of another authorized Operator or any other Waqf, then balance of all the assets and liabilities shall be transferred.
- 5.3 If in case it is required to discharge all the existing liabilities before the transfer of such fund than these liabilities would be paid out from the PTF other than the Cede Amount. In this case PTF firstly shall pay the entire Participant's liability and then if there is a surplus, it would be used to repay any remaining payment of Qard-e-Hasna. If the surplus is not sufficient to repay the entire Qard-e-Hasna, it would be repaid to the extent that there is a surplus in the PTF. If there is a surplus even after paying the liabilities and Qard-e-Hasna, it would either be distributed to the participants or paid into charity in the manner as advised by the SA.
- 5.4 However, in the above clause, if the Operator has created sub-funds, the surplus (before Qard-e-Hasna) in any sub-fund would first be used to offset deficit in any other sub-fund, if any.
- 5.5 If it shows that the PTF is not sufficient to pay its liabilities, the deficit may be funded by the Operator from the deposit made by the Operator in form of a donation.
- 5.6 The cede amount would be transferred, with the approval of the Shariah Advisor, to another PTF/Waqf, formed for similar or any other purpose. However, the shareholders of the Operator shall not be entitled to any of the aforesaid amounts.
- 5.7 Subject to the Shariah Principles of Waqf, the EFU General Insurance Limited (Window Takaful Operations) shall comply with the requirement that may be prescribed by the Commission for the purpose of dissolution of the PTF.


**6. General**

6.1. These rules shall be governed by the laws in Pakistan applicable from time to time on the Operator and PTF Fund (Waqf Fund).

6.2 Subject to the Waqf Rulings of Shariah, the Operator shall have the right to modify, change, add, subtract these as may be deemed necessary with due consultation of Shariah Advisor.

For and on behalf of  
EFU General Insurance Ltd (the Settlor)


  
Hasanali Abdullah  
Managing Director & Chief Executive Officer

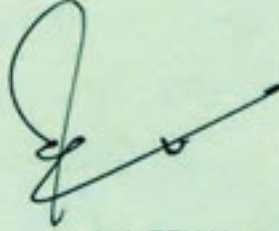
Dated this 7<sup>th</sup> day of May 2015 – 17<sup>th</sup> day of Rajab 1436 at Karachi.

Witness 1:

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