

Participant Takaful Fund Policies

The Participant Takaful Fund Policies are being made by Allianz EFU Health Insurance Ltd (Window Takaful Operations), under Rule 13(1) of the Takaful Rules, in its capacity as Operator of the Allianz EFU Takaful Waqf Fund under the powers granted to it by clause 5 of the Waqf Deed dated 29th March 2017.

1. **Short title.** – These shall be called the Participant Takaful Fund Policies; hereinafter referred to as either Policies or PTF Policies;
2. **Definitions.** – Unless there is anything repugnant in the subject or context, terms defined in the Waqf Deed shall have the same meaning in these Policies. In addition
 - (i) **Board of Directors** means board of directors of Allianz EFU Health Insurance Ltd;
 - (ii) **PTF/ Waqf Deed** means Waqf Settlement Deed made by the Settlor to establish Waqf Fund.
3. Unless the context otherwise requires, words or expressions contained in these Policies 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.

4. Risks Covered and Benefits Payable by PTF

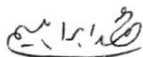
- 4.1 The PTF shall cover the risk pertaining to and permitted to General Takaful Business under the Insurance Ordinance, 2000 and Takaful Rules, 2012.
- 4.2 The types of risk covered through the products that would be offered to the Participant shall pertain to Class 7 being accident and health business as defined under sub-section 3 of section 4 of the Insurance Ordinance, 2000.

2/1/17

- 4.3 The list of events covered and the benefits to be payable to the participants shall be covered in detail in the Participant Membership Documents (PMD).
- 4.4 The event upon which amount/ Waqf benefit would be payable shall be according to the terms and condition to be defined in the PMD including the exclusion of the event if any.
- 4.5 The amount/ Waqf benefits payable shall be strictly determined under the laws, term and conditions agreed with Participants and according to the Shariah principles.

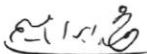
5. Operator's Obligations

- 5.1 The Operator shall define, design, implement, manage, administer, run, control, govern, and modify Takaful Schemes for the benefits of all the Participants, whether existing or prospective, with the approval of Shariah Advisor.
- 5.2 There shall be paid into the PTF all receipts of the Operator properly attributable to the Takaful segment 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.
- 5.3 Total contribution shall be credited to the PTF and from which the benefits and Operator's fee shall be paid out.
- 5.4 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/invest the funds in the best interest of the PTF;
 - (iv) Maintaining administrative and financial records required to administer the Takaful Schemes and manage the PTF;
- 5.5 The Operator shall endeavour to promote Takaful Schemes so as to maximize the number of Participants. The Operator shall be entitled to appoint intermediaries for soliciting subscribers or participants or members and to perform such functions necessary and incidental thereto.
- 5.6 The Operator shall assess, classify and determine risk prudently in accordance with sound Underwriting Guidelines and Shariah Principles.
- 5.7 The Operator shall not accept any risk in respect of any business unless and until the contribution payable is received by the Operator or is guaranteed/ committed to be paid by such person. Provided, where the contribution payable, as aforesaid is received by any person, including a Takaful agent, on behalf of the Operator, such receipt shall be deemed to be receipt by the Operator for the purposes aforesaid. 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 as a benefit by the Operator, from the PTF, directly to the participant.



5.8 The Takaful Operator shall be required to invest the available funds in the PTF in any 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, Sukuks and securities.
- (b) Investments in immoveable property - The Operator shall be allowed to invest in immoveable 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 musharika, murabaha, ijara (lease), salam, istisna contracts approved by the Commission.
- 5.9 The Operator shall appoint a Shariah Compliance Auditor who will conduct the Shariah Audit of the company's Window Takaful Operations for each annual accounting period. The audit shall be conducted before the close of accounts.
- 5.10 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 determination and distribution methodology will be as specified in Clause 6 of these Policies.
- 5.11 If there is a deficit of admissible assets over its liabilities in the PTF, the Operator from the Operator's fund may provide an interest-free loan to be called Qard-e-Hasna to make good the shortfall in the PTF. The loan shall be repaid from the future surpluses generated in the PTF without any excess on the actual amount given to the PTF.
- 5.12 The 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

6. Surplus Determination and Distribution

- 6.1 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 has produced a surplus for sharing amongst the participants.
- 6.2 The surplus for each period would be calculated in the following manner:

Balance in PTF brought forward

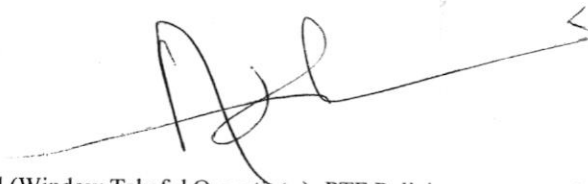
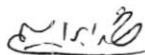
Add: Takaful Contributions received in the PTF

Add: Investment income earned by investment of the PTF itself

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

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

Add: Any Qard-e-Hasna/ 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 Re-takaful pools as Re-takaful contributions
Less: Any donation paid by the PTF on the advice of the Shariah Advisor
Less: Any share of surplus distributed to Participants
Less: Reserves required to be carried forward
Less: Any applicable taxes imposed by the Government

6.3 The surplus, if any, shall be owned by the PTF and may be held as contingency reserves. However, a portion of surplus, as advised by the Shariah Advisor, may be distributed among the Participants which will be called as 'Distributable Surplus'.

6.4 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.

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

Takaful contribution credited in the PTF
Less: Change in Technical Reserves
Less: Earned Portion of Operator's fee
Less: Incurred Claims

6.6 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.

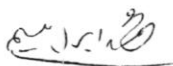
6.7 For this purpose the Commission is also empowered to develop and issue the Surplus Distribution Mechanism for the General Takaful Operator which shall also be complied by the Operator in supersession of the Company's policy for Surplus Distribution.

6.8 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.

7. General


7.1 These Policies shall be governed by the laws in Pakistan applicable from time to time on the Operator.

7.2 Subject to the Waqf rulings of Shariah, the Operator shall have the right to modify / change in, add to, subtract from these Policies, as may be deemed necessary, with due consultation and approval of the Shariah Advisor.



IN WITNESS HEREOF these Policies are executed hereunto on 29th March 2017 at Karachi.

For and on behalf of
Allianz EFU Health Insurance Ltd (Window Takaful Operations)

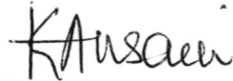


Mr. AKHTAR KURBAN ALAVI
Chief Executive Officer

Witness 1

Name: Kamran Ansari
Address: D-136, Block-4, KDA Scheme-5,
Clifton Karachi-75600

Signature: _____



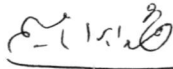
Witness 2

Name: Muhammad Aamir Siddiqui
Address: D-136, Block-4, KDA Scheme-5,
Clifton Karachi-75600

Signature: _____



Shariah Approval



Mufti Muhammad Ibrahim Essa
Shariah Advisor
Allianz EFU Health Insurance Ltd
Window Takaful Operations