

**KAMRAN ALI SHAIKH** Stamp Vendor  
 Licence No. 134, Sect No. 34, Shout-A City Court, Karachi  
 S.No. .... Date .....  
 ISSUED TO WITH ADDRESS .....  
 THROUGH WITH ADDRESS ..... **KAMRAN ALI SHAIKH**  
 PUNJAB ..... Advocate  
 VALUED AT ..... Leg # 445, KBA  
 STAMP ENDOR SIGNATURE

24 NOV 2018

PEES ONE HUNDRED ONE

### PARTICIPANT RE-TAKAFUL FUND (PRTF) DEED

#### (WAQF DEED)

Know all men through these presents that Pakistan Reinsurance Company Limited a listed public limited company, duly incorporated under Companies Act, 2017 (formerly Companies Ordinance, 1984), having its registered office at PRC Towers, 32 – A, Lalazar Drive, M.T. Khan Road, Karachi, (hereinafter called the Settlor) through its duly authorized attorney, Mr. Shakeel Ahmed Mangnejo, Chief Executive Officer, adult, Muslim, holder of NIC No 45504-1134579-7 is making this Waqf Settlement Deed today 27<sup>th</sup> day of December, 2018 at Karachi.

#### WHEREAS:

1. The Settlor is competent and legally authorized through its Memorandum of Association to and is desirous of establishing a Participant Re-Takaful Fund (Waqf fund) for the purpose of achieving the objectives and functions given herein below:
2. The Settlor has decided to and hereby establishes an irrevocable PRTF Fund called as Pakistan Reinsurance Company Limited (Windows Re-Takaful Operations) hereinafter referred to as the Participant Re-Takaful Fund(PRTF) that is a Waqf Fund which shall be a separate and independent entity being capable of having title to ownership of, and possession of assets whether in the form of moneys, movable and immovable properties, and/or in any other tangible or intangible form legally possible and permissible along with the compliance with the Shariah Principles;
3. The Settlor has set apart Rs. 1,000,000 (Rupees One Million only) and hereby cede the said money to the PRTF being the Waqf money for the purpose of achieving the objectives and functions given herein below; and




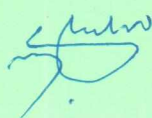
4. The Settlor has also undertaken to accept the responsibility of managing and operating the said PRTF on the terms and conditions appearing in this deed and in any other Supplementary Deed(s) made hereunder, on the basis of a predefined fee ("the Re-Takaful Operator's fee").
5. Whereas Pakistan Reinsurance Company Limited (Windows Re-Takaful Operations) shall be called as Settlor or Operator, which expression shall, unless repugnant to the context or the meaning thereof, mean and include its survivor(s).

NOW, THEREFORE THIS DEED WITNESSETH as under:

**1. DEFINITIONS:**

Following are the definitions of the terminologies used in various clauses of the PRTF Deed / Waqf Deed.

- |       |  |   |
|-------|--|---|
| 1.1   | Accounting Year                        | means financial year of the Operator.   |
| 1.2   | Board of Directors                     | means board of directors of Pakistan Reinsurance Company Limited.   |
| 1.3   | Commission                             | means the Securities and Exchange Commission of Pakistan (SECP).  |
| 1.4   | Contribution                           | means the amount payable by a Participant to an Operator under a Re-Takaful Contract.   |
| 1.5   | Companies Act                          | means the Companies Act, 2017   |
| 1.6.  | Deficit                                | means the shortfall in the PRTF, that is where the admissible assets are not sufficient to cover its all liabilities.   |
| 1.7.  | Ordinance                              | means the Insurance Ordinance 2000.   |
| 1.8.  | Operator                               | means a Window Re-Takaful Operator authorized under Takaful Rules, 2012 here in this case Pakistan Reinsurance Company Limited (Window Re-Takaful Operations) working in its capacity as a Wakeel thereby operating the PRTF.   |
| 1.9.  | Participant                            | means a person including a Takaful / window Takaful Company who participates in a Re-Takaful scheme and to whom a Re-Takaful Contract is issued   |
| 1.10. | Participant Membership Documents (PMD) | means the documents detailing the benefits and obligations of the Participant under a Re-Takaful Contract.  |
| 1.11. | Participant Re-Takaful Fund (PRTF)     | means a separate fund set up into which the participant's risk related contributions are paid and from which risk related benefits are paid out here in this case it is Pakistan Reinsurance Company Limited (Window Re-Takaful Operations) - Participant Re-Takaful Fund established under the PRTF / Waqf Deed. |



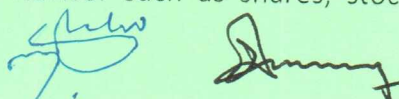
1.12.	Qard-e-Hasna	means an interest-free loan to the PRTF from the Operator's Fund, when the PRTF is in deficit and insufficient to meet their all liabilities.
1.13.	Retro-Takaful/ Retrocession	means arrangement for Retro-Takaful of liabilities in respect of risks accepted by the Operator in the course of carrying on its Re-Takaful business and includes ceding risks from Participant Re-Takaful Funds to Retro-Takaful Operator(s).
1.14.	Settlor	means Pakistan Reinsurance Company Limited (Window Re-Takaful Operations) in its capacity as Settlor or Waqif of Waqf money through initial ceding. The term Settlor or Operator may be used interchangeably.
1.15.	Shariah Advisor	means Shariah Advisor appointed by the Pakistan Reinsurance Company Limited (Window Re-Takaful Operations) under Rule 26 of the Takaful Rules, 2012 as approved by the SECP.
1.16.	Window Re-Takaful Operator's Fund	means a Fund setup by a Window Re-Takaful Operator which shall undertake all transactions which the Operator undertakes other than those which pertains to Participants Re-Takaful Fund setup for the Window Re-Takaful Operations.
1.17.	Supplementary Deeds	means any Supplementary Deed of the PRTF/Waqf Deed created under clause 21 of this Deed.
1.18.	Takaful Rules	means Takaful Rules, 2012, issued by SECP (or any successor for the time being in force).
1.19.	Waqf Fund	see Participant Re-Takaful Fund.
1.20.	Waqif	see Settlor.

Unless the context otherwise requires, words or expressions contained in this Deed shall have the same meaning as in the Companies Act, 2017, Insurance Ordinance, 2000 and Takaful Rules 2012; 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 corporate entities.

## 2. OBJECTIVES OF THE PARTICIPANT RE-TAKAFUL FUND (PRTF)

The objects and purposes of the PRTF are as follows:

- 2.1 To receive contributions, donations, gifts, charities, subscriptions etc., from the Participants and others;
- 2.2 To provide relief to the Participants/Beneficiaries against benefits defined as per the PRTF Policies and the PMD;
- 2.3 To give charities in consultation with the Shariah Advisor;
- 2.4 To invest moneys of the PRTF in and subscribe for, take, acquire, trade or deal in instruments approved by the Shariah Advisor such as shares, stocks, Sukuks,





bonds, securities or instruments of redeemable capital of any other company, institution, mutual fund, corporation or body corporate or any other manner;

2.5 To issue retakaful in favor of Participants in accordance with Shariah principles of Waqf

2.6 To do all such other things/acts/objects as are incidental or conducive to the attainment of the above objects or any of them with the due approval of Shariah Advisor in so far these are not repugnant to any of the provisions of the Takaful Rules.

### **3. CEDING AMOUNT**

The ceded amount will be considered as PRTF / Waqf which will always remain invested in Shariah compliant instruments. The Profits on the ceding amount will be the ownership of the PRTF and can be used to pay benefits to the Participants or defray the PRTF expenses.

### **4. FUNCTIONS OF PARTICIPANTS RE-TAKAFUL FUND**

4.1 The PRTF will receive donations, gifts, charities, contributions, etc. from the Participants.

4.2 The PRTF shall operate through the Operator.

4.3 The Operator shall manage the PRTF and its assets prudently and efficiently under Shariah guidelines.

4.4 Investment of the PRTF shall be made in Shariah Compliant modes keeping in view both the short term and long term requirements of funding.

### **5. ASSETS OF PARTICIPANTS RE-TAKAFUL FUND**

The PRTF shall comprise any one or all of the following:

5.1 The cede amount donated from the Operator's fund to the PRTF;

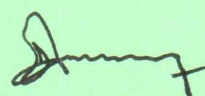
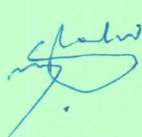
5.2 The contributions received from the participants by way of donations, contributions, gifts, etc and

5.3 Income or incomes derived from investments etc, made by the PRTF.

5.4 Except for the ceding amount (referred to as above) all the balance amounts may be utilized for offsetting the PRTF's liabilities including liabilities in respect of payments of benefits to the participants of the Fund.

### **6 ELIGIBILITY FOR THE BENEFITS**

All participants paying the Contribution as determined by the Re-Takaful Operator or guaranteeing it, subscribing to the policy document shall be eligible for benefits specified in the PMD.



## **7 BENEFITS FROM THE PARTICIPANTS RE-TAKAFUL FUND**

7.1 The operator shall arrange to pay benefits only to participants for defined losses specified in Participants Membership Documents and other Supplementary Documents.

7.2 A person who is a participant for the period during which surplus is calculated may be eligible to receive a share in the surplus as may be determined on some reasonable basis by the Operator.

7.1 A participant leaving the PRTF may be given by the operator as much amount as mentioned in the policy documents.

## **8. OPERATOR'S OBLIGATIONS**

8.1 The Operator shall perform all functions necessary for the operations of the PRTF, including, but not limited to;

- (a) Receiving contributions from participants.
- (b) Utilizing these contributions for the benefits of all the Participants who are the beneficiaries.
- (c) Acting, as an Operator in order to manage, use and invest the funds in the best interests of the PRTF.
- (d) Operator will determine the amount and rate of contribution.
- (e) The operator will determine the benefits to be paid to participants.

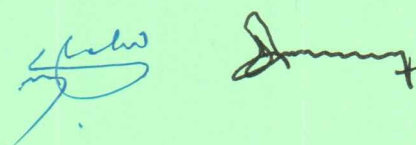
8.2 The Operator agrees to operate the PRTF as Wakeel of the PRTF (for other than the investments of PRTF) in consideration of a 'Wakala' fee. The said fee shall be a reasonable sum to be determined in consultation with the Shariah Advisor. For the Investment management of the PRTF the Operator shall act either as Wakeel or *Mudarib* after approval from the Shariah Advisor.

8.3 Underwriting will be done prudently and in accordance with the Shariah guidelines as may be provided from time to time. In case any loss is incurred in the PRTF due to deliberate default or misconduct on the part of the operator, the PRTF shall be entitled to compensation from the Operator.

8.4 The Operator shall be entitled to appoint intermediaries for business acquisition and perform any or all functions related thereto.

8.5 The Operator shall incur expenses for the administration of the PRTF, including;

- (a) General and administrative expenses;
- (b) The cost related to the procurement of subscription.
- (c) Other costs incurred for the Re-Takaful operations and management of investments.





8.6 The operator shall arrange infrastructure and other facilities for the Re-Takaful operations, if required.

8.7 The Operator shall define the PRTF Policies, which shall be in accordance with generally accepted principles; applicable law for the time being in force; norms of the Re-Takaful operations and guidelines of its Shariah Advisor.

8.8 The management of the PRTF: The Operator may create further sub-funds within the Participant Re-Takaful Fund (PRTF) after approval from the Shariah Advisor but these will not be treated as separate PRTF or Waqf. The contributions and Operators' fee and the liabilities related to each sub-fund may be attracted to their respective sub-fund and surplus / deficit may be determined at that level.

8.9 At least at the end of each accounting year the Operator shall evaluate the assets and liabilities of the PRTF either on an overall basis or for each sub-fund created and determine whether the operations for that particular period had produced a surplus for sharing amongst the Participants under advice of the Shariah Advisor. The distributable portion of surplus shall be expressed as a single rate being computed as the total Distributable Surplus generated in the PRTF during the period per unit total net contributions received during the same period. However the distribution of surplus shall be made on the pool basis. The detailed mechanism of surplus determination as well as surplus distribution would be defined in the PRTF Rules as well as in the PMD and in other documents.

8.10 Subject to the provisions of the Ordinance, the Operator shall maintain statutory reserves in the PRTF and any additional reserves as may be maintained under the PRTF Policies with the approval of the Shariah Advisor, subject however, to the conditions that any such measure should not be maintained in contravention of the Takaful Rules.

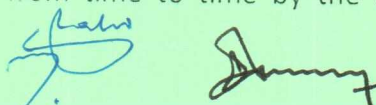
8.11 The Operator shall appoint a Shariah Advisor or Shariah Board who shall be responsible for the approval of products, documentation, as well as approval of all operational practices and investment of funds.

8.12 The PRTF, established for any class of business shall, notwithstanding that the Operator at any time ceases to carry on that class of business, continue to be maintained by the Operator so long as it is required to maintain proper books and records for schemes belonging to the class under the law for the time being in force and applicable to the PRTF.

## 9. OPERATOR'S RIGHTS

9.1 The Operator shall be entitled to receive a stipulated proportion of the gross contributions to the PRTF by way of Operator Fee. The Operator shall have the right to make such adjustments in the Operator Fee as may be appropriate. This right shall be subject to a presumption that the Operator shall never utilize such right knowingly, in a manner that the decision made becomes detrimental to the interest of the PRTF or its Participants.

9.2 PRTF will pay above mentioned fees to the operator from its assets, the amount of which will be determined mutually from time to time by the operator under





consultation with the Shariah Advisor. This fee may either be in the form of fixed and defined lump sum amount or a fixed percentage of contributions received by the PRTF. The Operator can deduct its remuneration up-front.

9.3 In addition to the relation of an operator with the PRTF, the operator also has a relation of a *mudarib* or *Wakeel* i.e. the excess funds of the PRTF are invested and the operator charges a fixed/share for the managing those investments. In addition, the operator while working as a *mudarib* shall also invest the amount kept in reserves created out of PRTF and the profit derived therein.

9.4 The Operator shall have a first right of return in respect of the amount provided as *Qard-e-Hasna* to the PRTF and the same shall be returned to the Operator as soon as the available funds in the PRTF may permit.

9.5 Notwithstanding anything contained above the operator shall have all such other rights as may be deemed necessary, under the applicable laws for the time being in force, in the light of Shariah Guidelines.

## 10. DISSOLUTION OF THE PRTF

10.1 In the event of Dissolution of the Participant Re-Takaful Fund (PRTF), the PRTF would be transferred to the Participant Re-Takaful Fund/ Waqf Fund of other authorized Re-Takaful Operator (Window Re-takaful Operator) under the Takaful Rules, 2012. However, if PRTF/Waqf Fund of any other Re-Takaful Operator is not available at that time, then said PRTF/Waqf Fund would be transferred to any other Waqf

10.2 If PRTF is transferred to the PRTF/Waqf Fund of another authorized Operator or any other Waqf, then balance of all the assets and liabilities shall be transferred.

10.3 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 PRTF other than the Cede Amount. In this case PRTF 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 PRTF. 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.

10.4 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.

10.5 If it shows that the PRTF 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.

10.6 The cede amount would be transferred, with the approval of the Shariah Advisor, to another PRTF/Waqf, formed for similar or any other purpose. However, the shareholders of the Operator shall not be entitled to any of the aforesaid amounts.

10.7 Subject to the Shariah Principles of Waqf, the Pakistan Reinsurance Company Limited (Window Re-Takaful Operations) shall comply with the requirement that may be prescribed by the Commission or by the Shariah Advisor for the purpose of dissolution of the PRTF.

## 11. INCOME AND OUTGO OF THE FUND

11.1 The income of the PRTF shall include but not be limited to the following;

- a) Contributions received from the Participants ;
- b) Claims received from the Retro-Takaful Operators (Retrocessionaire);
- c) Investment profits generated by the investment of funds and other reserves attributable to the Participants in the PRTF;
- d) Salvages and recoveries;
- e) Qard-e-Hasna by the Operator's Fund to the PRTF (in case of deficit);
- f) Commission received from Retro-Takaful Operators;
- g) Any donation made by the Operator; and
- h) Any Surplus distributed by the Retro-Takaful Operator(s).

11.2 The outgo from the PRTF shall include but not be limited to the following:

- a) Claims paid related to risks covered under the Participant Re-Takaful Fund and expenses related to settlement of claims such as surveyors' and investigators' fees, etc;
- b) Contributions paid to Retro-Takaful Operator;
- c) Operator's fees;
- d) Re-Takaful Operator's share in investment income of the PRTF approved by the Shariah Advisor;
- e) Refund of any Contribution due to the participants as settlement benefit;
- f) Surplus distributed to the Participants; and
- g) Return of Qard-e-Hasna to the Operators' Fund.

## 12. RETRO-TAKAFUL

12.1 The Operator shall make arrangement consistent with sound Re-Takaful principles for Retro-Takaful of liabilities in respect of risk accepted or to be accepted in the course of this carrying on its Re-Takaful business.



12.2 The Operator will from time to time decide the amount to be given to the Retro-Takaful Operator based on the individual risk in the best interest of the PRTF.

12.3 All these arrangements will be made by the operator and accordingly it would do all acts on behalf of the PRTF to finalize the agreements in accordance with Shariah Guidelines as approved by its Shariah Advisor.

### 13. INVESTMENTS

13.1 The operator will invest the ceded amount of shareholders and the contributions received from the participants seeking Re-Takaful protection and reserves for investment. The profits earned would again be deposited into the same fund

13.2 The Operator would make appropriate arrangement to identify instruments that are strictly Shariah compliant. These investments would be made in avenues specified in the Takaful Rules such as:

- (a) Deposit in Profit accounts of various approved Islamic financial institutions.
- (b) Placements in approved Islamic financial institutions in various maturity periods
- (c ) Investment in Shariah compliant securities in stock exchange estate
- (d) Investment in real estate
- (e) Investment through Islamic Banks
- (f) Other Investments in consultation with the Shariah Advisor

### 14. SHARIAH ADVISOR

14.1 The Operator shall appoint a Shariah Advisor eligible to be appointed as such under the Takaful rules to supervise the activities of the PRTF in accordance with the Shariah principles. The Shariah Advisor shall have the power to review the records of the Operator to ensure compliance.

14.2 The Shariah Advisor shall be responsible for the approval of product, documentation as well as approval of all operational practices and investments of Funds of PRTF.

### 15. QARDE-HASANA

15.1 If there is a deficit of admissible assets over its liabilities in the PRTF, the operator from the Operator's fund may provide Qard-e-Hasana to the PRTF so that the PRTF may become solvent as per Takaful Rules 2012.

15.1 Operator would be allowed to recover this *qard* from the PRTF over any period without charging any interest.



## **16. SURPLUS**

16.1 Surplus for distribution may be determined on the following three basis:

- (a) A part of it may be kept as reserve to mitigate the future losses;
- (b) A portion of it may be distributed amongst the participants;
- (c) A portion may be utilized for the charitable purposes every year

16.2 The proportion of each of these heads will be determined in the light of Shariah guidelines

16.3 The computation of surplus will be made on the basis of accounting policies and rules approved by the Shariah Advisor

16.4 The amount ceded to create this endowment shall remain in the PRTF as it capital, therefore it would also not be available for distribution.

## **17. RESERVES**

17.1 Subject to the provisions of the Ordinance, technical reserves required to be setup in the PRTF shall consist of the following reserves or any one of the them, or any combination of two or more of them or such reserves as the Re-Takaful operator may require to be provided, namely;

- (a) Unearned contribution reserve
- (b) Loss incurred but not reported reserve
- (c) Deficiency reserve
- (d) Any contingency reserves
- (e) Reserve for Qard-e-Hasana to be returned in future
- (f) Surplus Equalization reserve

17.2 In addition to the above, PRTF would be allowed to form a reserve fund for further situation from the contribution received and the profit earned on the investment. These funds would also be the assets of the PRTF and the profit received on it would also be treated as an asset of PRTF.

## **18. POWER TO MAKE PRTF POLICIES**

18.1 The operator shall be and is hereby empowered to make PRTF Policies to effectuate the implementation of this PRTF / WaqfDeed and the Objects of the PRTF within the framework of this Deed in consultation with ShariahAdvisor.

## **19. INTERPRETATIONS**

19.1 This Deed shall be governed by the laws of Pakistan and in case of any difference in interpretation between and among different parties to it including the participants, courts in the civil jurisdiction of Karachi shall be the proper jurisdiction vested with resolving the disputes and deciding the issues arising from this Deed.

## **20. COMPLIANCE WITH STATUTORY PROVISIONS**





20.1 Notwithstanding anything or provision contained herein the operator shall ensure due compliance with such mandatory provision(s) of the laws and the statutory regulations as made applicable to the PRTF / Waqf from time to time.

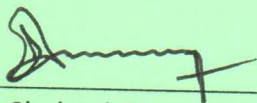
## 21. FUTURE AMENDMENTS

Notwithstanding the irrevocability of this PRTF / Waqf, the Settlor shall be empowered to execute supplementary deeds deemed necessary for legal and operational reasons. However, all such deeds shall be executed with the approval of the Shariah Advisor.

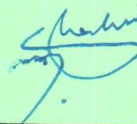
The Settlor / operator declare that this Deed and each PRTF/ Waqf created hereunder shall be construed under and regulated by Pakistan's laws, and that the validity and effect of this deed shall be determined in accordance with the Pakistani laws.

IN WITNESS WHEREOF, the deed is executed as of the day and year first above written.

For and on behalf of  
[Pakistan Reinsurance Company Limited (Window Re-Takaful Operations)]



**Mr. Shakeel Ahmed Mangnejo**  
Chief Executive Officer  
Pakistan Reinsurance Company Ltd



**Mufti Muhammad Shakir Siddiqui**  
Shariah Advisor  
Window Re-Takaful Operations

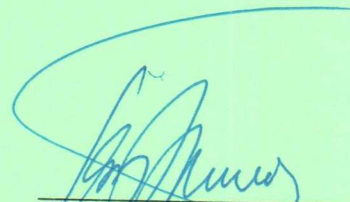
Witness 1:



**Mr. Shams-ud-Din**

PRC Towers, 32-A, Lalazar Drive,  
M. T. Khan Road, P.O. Box: 4777  
Karachi-74000, Pakistan

Witness 2:



**Mr. Jamil Ahmed**

PRC Towers, 32-A, Lalazar Drive,  
M. T. Khan Road, P.O. Box: 4777  
Karachi-74000, Pakistan