

**PAKISTAN
INSURANCE
CORPORATION**

**PIC
TOWERS**

***45th*
ANNUAL REPORT 1997**



توغنی از ہر دو عالم من فقیر

(مالکِ دو جہاں ! تو دو جہاں سے بے نیاز ہے لیکن تیرا یہ بھکاری تیرے سوا کس کے آگے ہاتھ پھیلائے)

روزِ محشر عذر ہائے من پذیر

(اے غفور الرحیم ! تجھے تیری رحمت کا واسطہ ! حشر کے روز میرے ناقابلِ معافی گناہ معاف کر دینا)

گر تو بے سینی حسابم ناگزیر

(میرے اللہ ! روزِ محشر جب میرے بے حساب گناہوں کا حساب ناگزیر ہو جائے تو میری صرف اتنی لاج رکھنا)

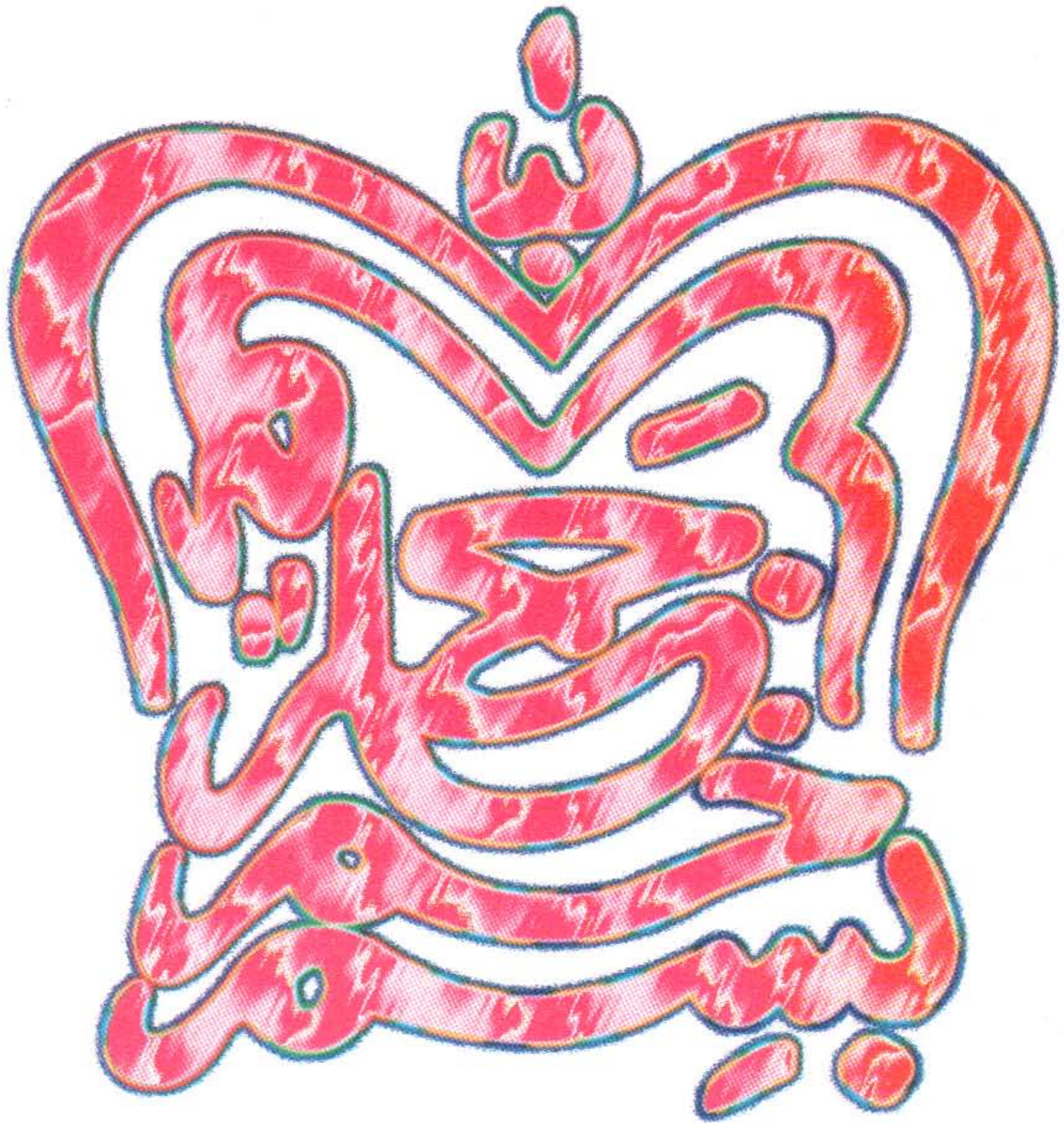
از نگاہِ مصطفیٰ پنہاں بگیر

(کہ میرا حساب میرے پیارے نبی محمد مصطفیٰ ﷺ کی نظروں کے سامنے نہ لینا میں اس کی تاب نہ لاسکوں گا)

[عاشقِ رسولؐ اقبال نے اُنیس اپریل ۱۹۳۸ء کو بسترِ مرگ پر یہ نہ مرنے والی رباعی کہی اور دو روز بعد اکیس اپریل ۱۹۳۸ء کو مَر کر اَمْر ہو گئے۔]

طالبِ دعا :-

فیروز الدین احمد
چیرمین پاکستان انٹرنیشنل کارپوریشن



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BOARD OF DIRECTORS

SAYED MUZAFAR ALI SHAH	CHAIRMAN
MR. S. M. RAFIQUE AKHTAR	DIRECTOR
MR. AFTAB AHMED KHAN	DIRECTOR
MR. M. JAMIL ERICKZADA	DIRECTOR
MR. SALEEM IQBAL QURESHI	DIRECTOR
MR. NAVEED HASAN	DIRECTOR

AUDITORS :

FORD. RHODES ROBSON MORROW
Chartered Accountants

RAHMAN SARFARAZ & CO.
Chartered Accountants

HEAD OFFICE :

PIC Towers, 32-A, Lalazar Drive, M. T. Khan Road,

P.O. Box : 4777,

Karachi - Pakistan.

Telephone No. : 9202908 to 14

Telex : 20428 PAKRE PK

Telefax : 9202921 – 9202922

E Mail : pic@khi.compol.com

NOTICE

Notice is hereby given that the Forty Fifth annual general meeting of the shareholders of the Pakistan Insurance Corporation will be held on Tuesday, 29th December, 1998 at 10 a.m. at PIC Towers, 32-A, Lalazar Drive, M.T. Khan Road, Karachi, to transact the following business:

- (1) To confirm the minutes of the 44th annual general meeting held on 29th September, 1997.
- (2) To receive, consider and adopt the audited balance sheet as at 31st December, 1997, the revenue accounts, the profit & loss account and the profit & loss appropriation account for the year ended 31st December, 1997.
- (3) To declare dividend, as recommended by the Board of Directors for the year ended 31st December, 1997.
- (4) To transact any other business with the permission of the Chair.

By order of the Board

**Sd/-
(S.S. MOMIN)
Secretary**

Karachi, the 25th November, 1998.

NOTES

- (i) The share transfer books of the corporation shall remain closed for nine days from 21st December, 1998 to 29th December, 1998 (both days inclusive) to ascertain the entitlement of the dividend.
- (ii) A shareholder eligible to attend and vote at the meeting may appoint another shareholder as his/her proxy to attend and vote on his/her behalf. In order to be effective, proxies must be received by the Secretary of the Corporation not less than four (4) clear days before the date of the meeting.
- (iii) The shareholders are requested to immediately notify change in their address, if any.

REPORT OF THE BOARD OF DIRECTORS ON THE WORKING
OF THE CORPORATION FOR THE YEAR ENDED
31ST DECEMBER, 1997.

The Shareholders,
Pakistan Insurance Corporation,

Gentlemen,

Your directors again feel pleasure in presenting the 45th annual report on the accounts of the Corporation of the year 1997.

2. The growth of PIC business since 1968 is shown in the following table:-

Year	Gross Premium Income	Profit/Loss	Total Reserves	Total Investments
1968	131.9	7.4	63.4	42.3
1973	238.9	10.9	127.4	37.1
1978	578.6	33.6	390.0	251.5
1983	897.6	66.6	640.0	476.6
1988	1104.6	119.4	885.0	620.0
1991	1526.3	48.9	1175.4	724.0
1992	1735.4	116.0	1329.5	847.5
1993	1677.3	169.5	1447.7	841.0
1994	1983.7	142.2	1442.9	903.9
1995	2207.8	136.2	1468.8	860.2
1996	2548.5	211.6	1610.0	953.8
1997	2704.1	(14.6)	1763.0	1085.0

3. At a glance, the position of Revenue Accounts is as under:-

(In million of rupees)

	Fire		Marine		Misc.		Total	
	1996	1997	1996	1997	1996	1997	1996	1997
Gross premium	732	851	382	386	1435	1467	2549	2704
Retro. Premium	364	510	171	165	873	807	1408	1482
Adj. prem. of Aviation dept. prior year (93-94)	—	—	—	—	(3)	—	(3)	—
Net Premium	368	341	211	221	559	660	1138	1222
Net Commission	157	164	77	76	181	208	415	448
Net Claims	101	161	121	150	327	448	549	759
Prem. Res. Adjustment	27	(11)	(14)	6	23	43	36	38
Underwriting surplus	83	27	27	(11)	28	(39)	138	(23)
Management Exp.	29	22	16	14	43	43	88	79
Underwriting profit/loss	54	5	11	(25)	(15)	(82)	50	(102)

4. The gross premium income in 1997 is Rs. 2,704 million against Rs. 2,549 million in 1996 which shows an increase of 6% over the last year. PIC continues to retain about 29% market share in the general insurance market of Pakistan.

5. 1997 has been an unusual year in more ways than one. On the positive side, despite the general inflation and the rise in the cost of the utilities and rates & taxes, PIC was able to control its management expenses allocable to the underwriting departments to an extent that these were actually less in 1997 as compared to 1996. In fact, the management expenses in 1997 were less than those for 1996 and 1995. The management expenses, in percentage terms, are only about 3% of the gross premium income. This ratio compares favourably both with the direct insurance companies and the reinsurance companies operating either nationally or internationally.

6. Significant savings have been effected under such sensitive heads of expenditure as "overtime" and "medical expenses". Overtime payments to the staff in 1997, as compared to 1996, came down from Rs. 6.8 million to Rs. 0.9 million. The extent of savings in overtime is as high as 87%. Medical expenditure in 1997, as compared to 1996, also came down from Rs. 5.5 million to Rs. 3.8 million. The extent of savings in the medical expenditure is 30%. This has been achieved without any retrenchment in the staff or adversely affecting the efficiency of the work or curtailing the scope or quality of the services.
7. It is worth noting that not only that the PIC made substantial savings in the unproductive expenditure but it also simultaneously channelised these savings from the unproductive expenditure into productive expenditure, i.e., by purchase of an IBM Computer AS/400.
8. As in the past, Premium Reserve has been calculated at 100% of the net premium in respect of Marine Hull and Aviation Hull, 50% of the net premium for the Marine Cargo and 40% of the net premium for Fire, Accident and Engineering Business.
9. In 1997, PIC's investments crossed the Rs. One billion milestone and touched the all-time high figure of Rs. 1,085 million from that of Rs. 954 million in 1996 and Rs. 860 million in 1995. The investments thus increased by about Rs. 131 million in 1997 over those of 1996 and by Rs. 94 million in 1995. The market value of the PIC's investment with a book value of Rs. 1,085 million as at 31st December, 1997 was Rs. 1,602 million. The break-up value of PIC's share as at 31st December, 1997 was about Rs. 1,900/-, and the PIC was rated at 'BB' on 31st December, 1997 by the international rating agency, i.e., "Standard & Poor".

DIVIDEND :

The Directors are pleased to declare a dividend of 10% for the year 1997 and also take this opportunity to thank all insurance companies, its retiring chairman, directors, officers and staff of the corporation for the co-operation extended by them in running the affairs of the corporation.

BREAK-UP VALUE OF PIC SHARE
AS AT 31ST DECEMBER, 1997

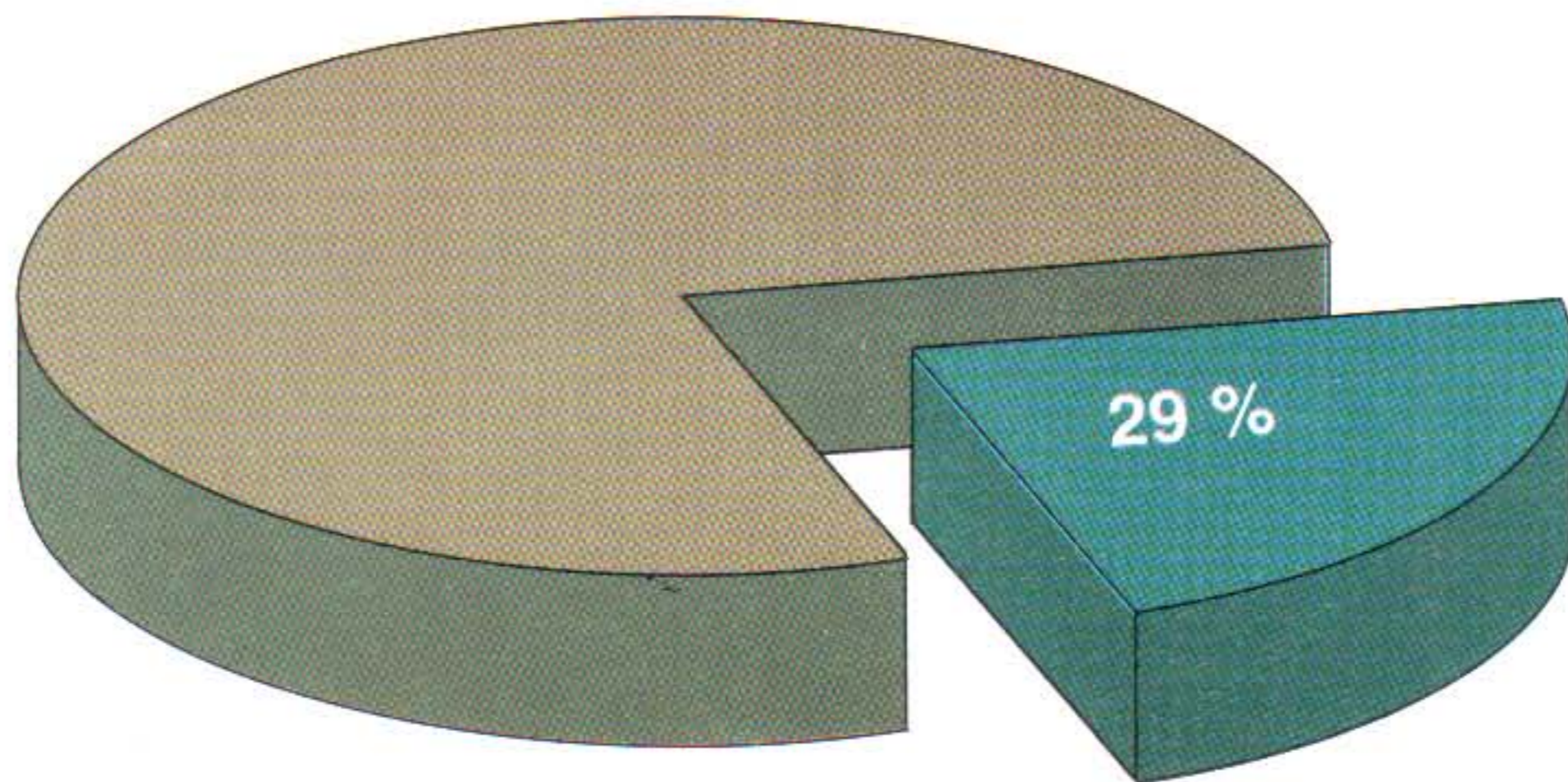
	(Rs. in millions)
Paid-up Capital	50
Reserve for Exceptional losses	631
General Reserve	253
Investment Fluctuation Reserve	6
Profit & Loss Appropriation (balance)	11
Net worth (Owners' equity)	951

Net worth divided by	
No. of shares	500,000
Break-up value per share	
of Rs. 100/- each	1,902

PAKISTAN INSURANCE MARKET AND PIC'S SHARE
1997

Rs. in million

(a) Gross Premium	
i) Insurance Market	9,340
ii) PIC	2704
(b) PIC's Share of Market	29%

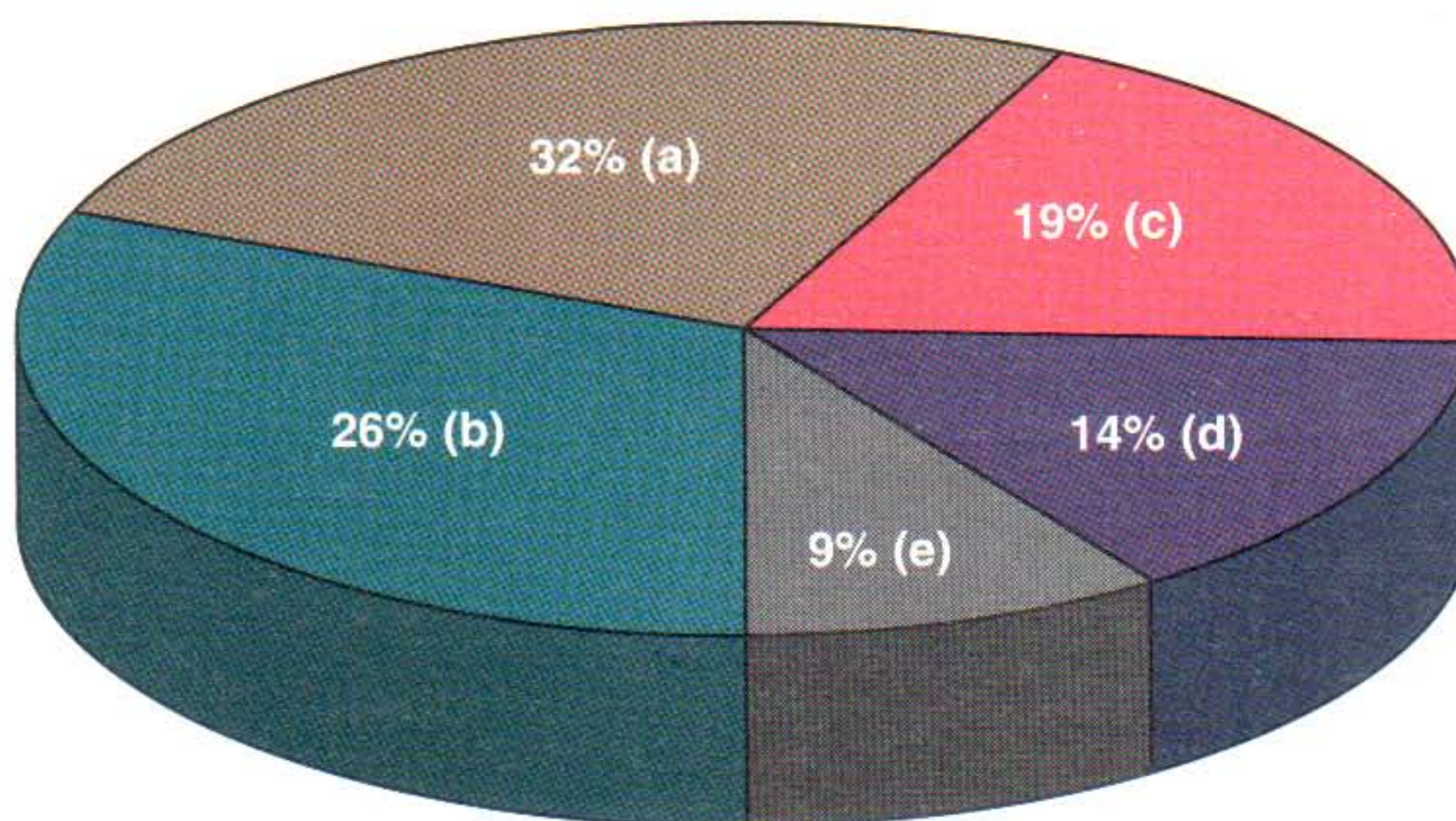


GROSS PREMIUM INCOME BY CLASS OF BUSINESS

1997

(Rs. in million)

	Class of Business	Gross Premium	% of Total
(a)	Fire	851	32
(b)	Accident	697	26
(c)	Aviation	515	19
(d)	Marine	386	14
(e)	Engineering	255	9
		2704	100

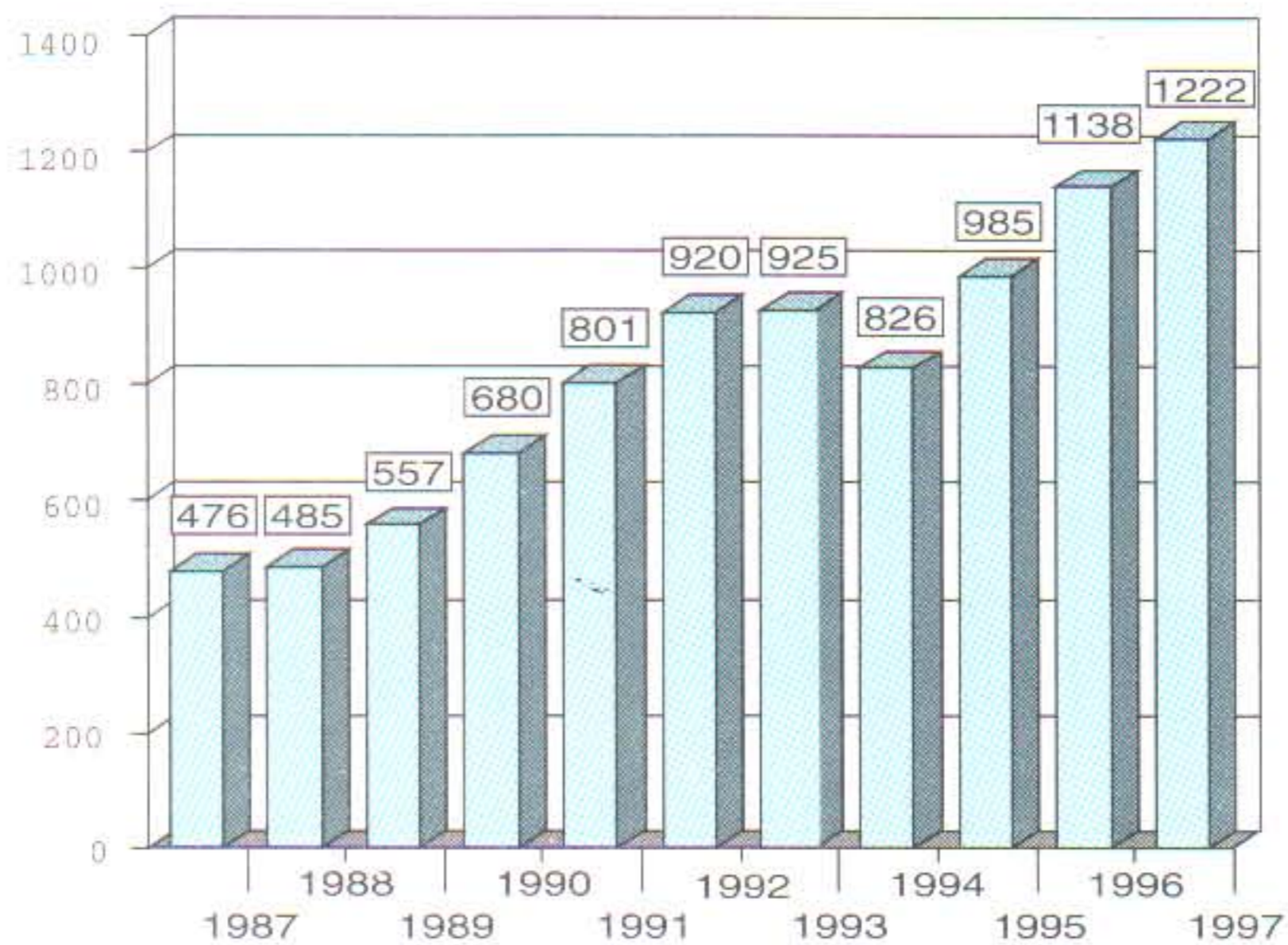


NET PREMIUM INCOME
1987-1997

(Rs. in million)

Year	Gross Premium	Retrocession	Net Premium
1987	1,166	690	476
1988	1,104	619	485
1989	1,157	600	557
1990	1,333	653	680
1991	1,526	725	801
1992	1,735	815	920
1993	1,677	752	925
1994	1,984	1,158	826
1995	2,208	1,223	985
1996	2,549	1,411	1,138
1997	2,704	1,482	1,222

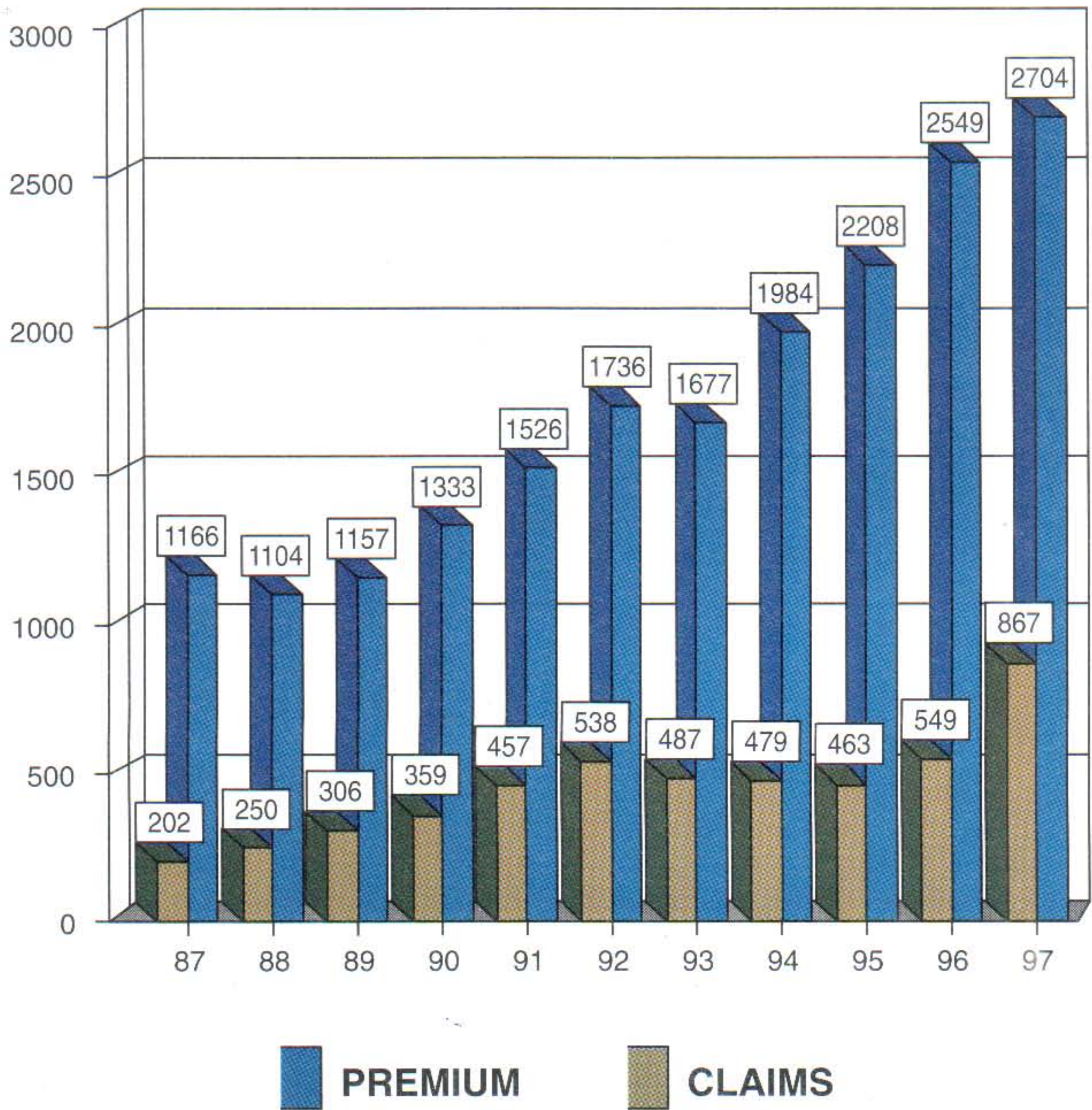
GROWTH IN NET PREMIUM



PREMIUM & CLAIMS

1987-1997

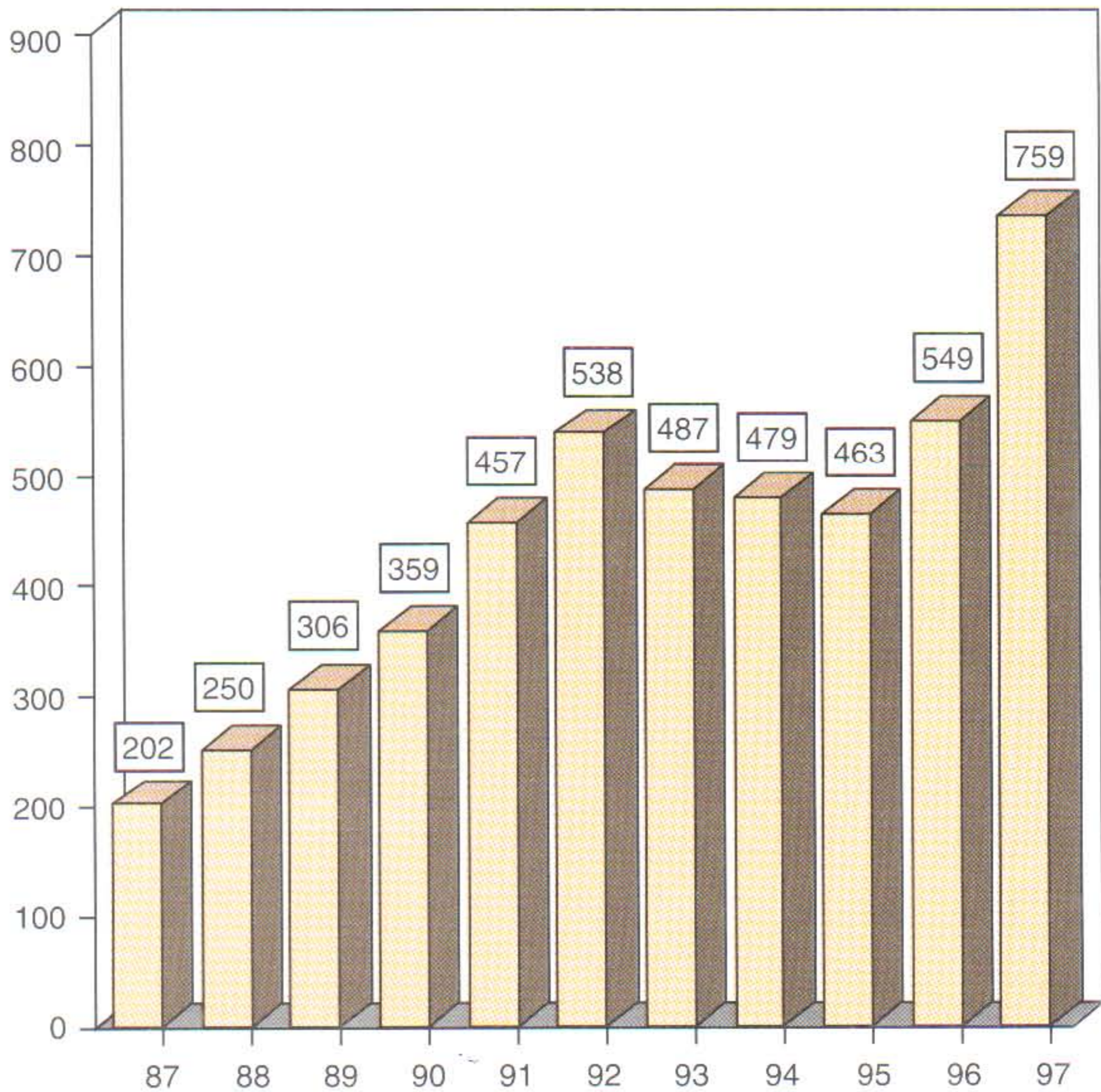
(Rs. in million)



NET CLAIMS

1987-1997

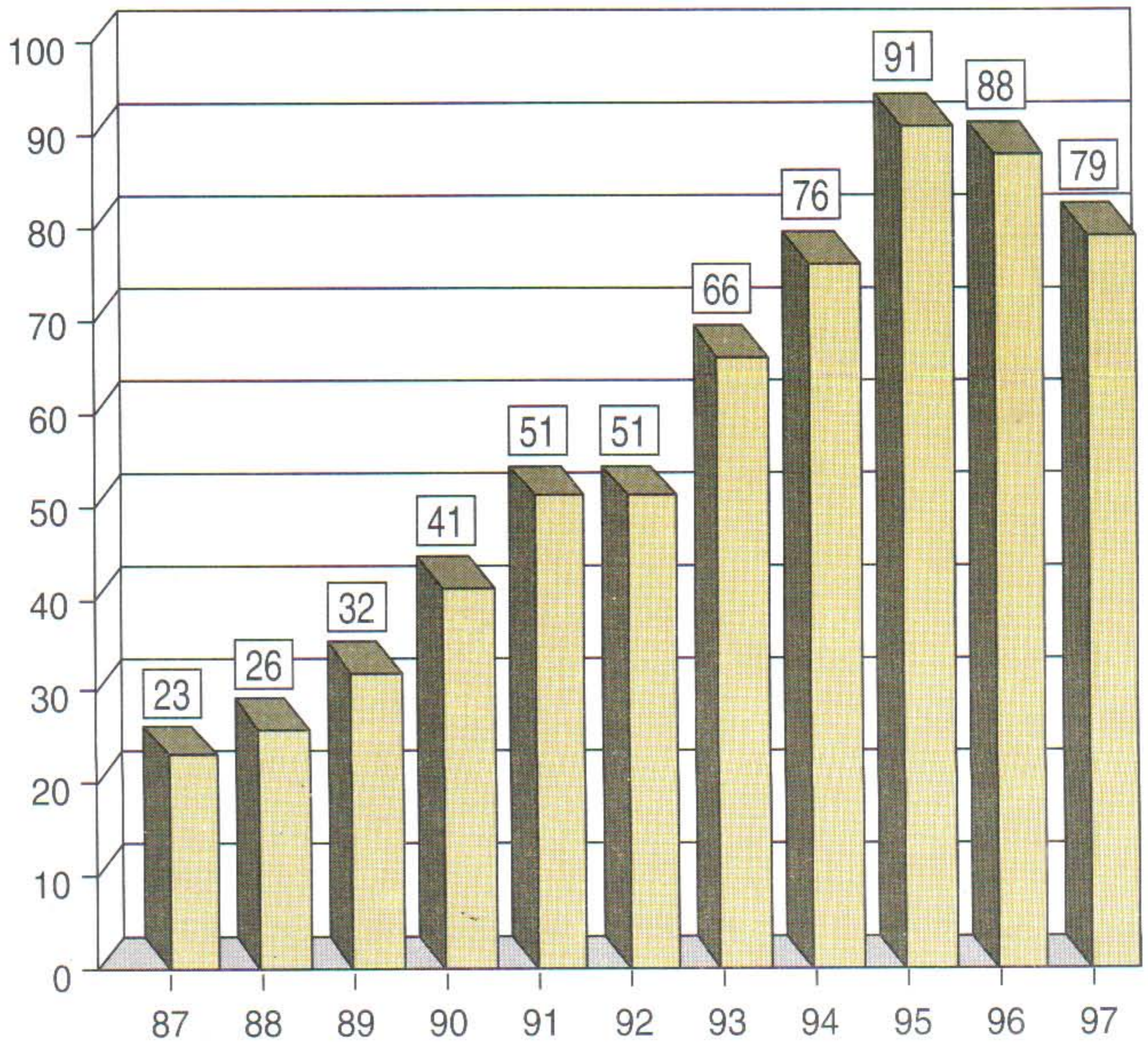
(Rs. in million)



MANAGEMENT EXPENSES

1987-1997

(Rs. in million)



NET PREMIUM AND PROFIT

1987-1997

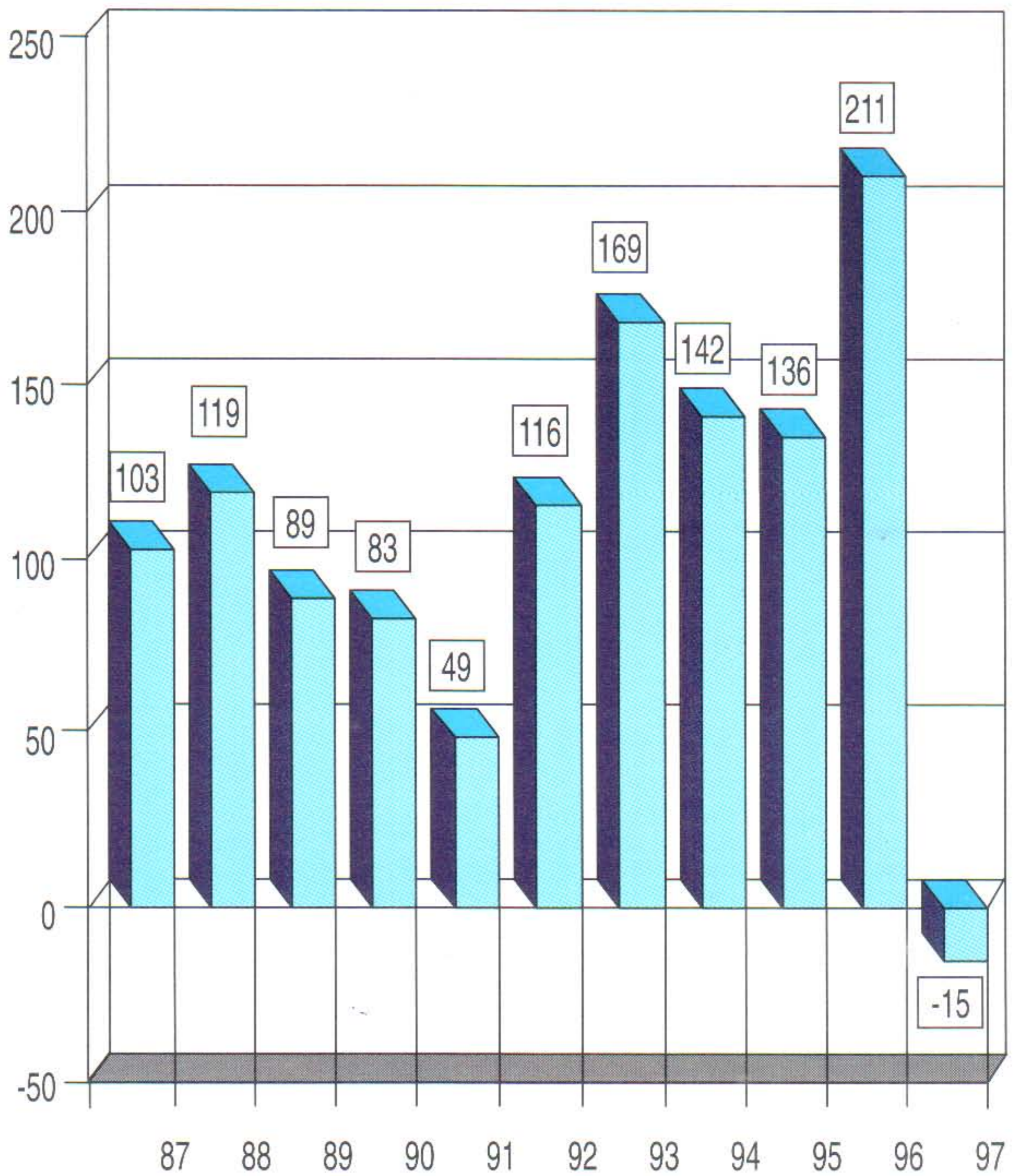
(Rs. in million)

Year	Net Premium	Net Profit/Loss
1987	476	103
1988	485	119
1989	557	89
1990	680	83
1991	801	49
1992	920	116
1993	925	169
1994	826	142
1995	985	136
1996	1,138	211
1997	1,222	(15)

NET PROFIT/LOSS

1987-1997

(Rs. in million)



RESERVES

1987 - 1997

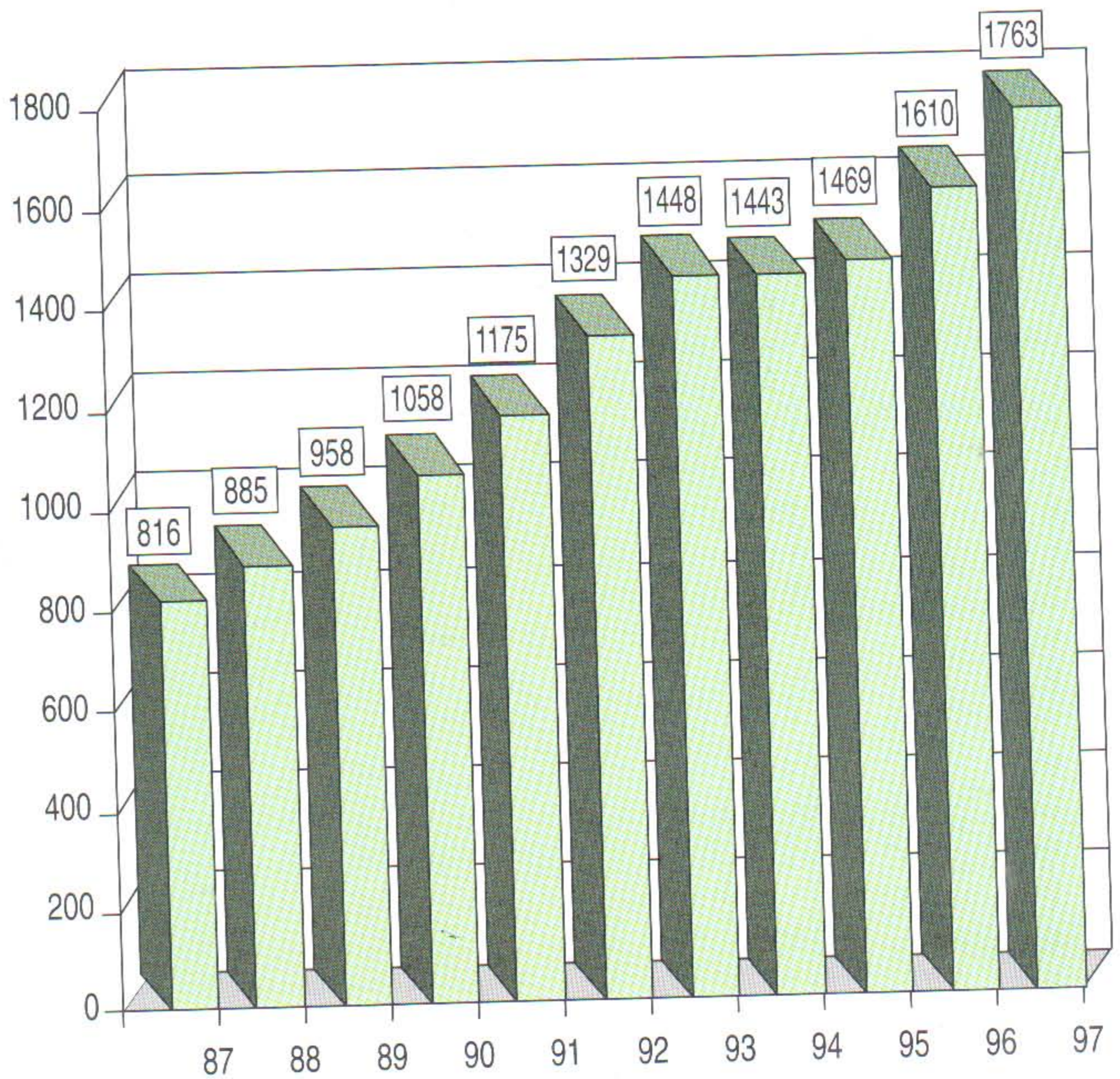
(Rs. in million)

Year	Financial Reserves	Technical Reserves	Total
1987	401	415	816
1988	469	416	885
1989	502	456	958
1990	563	495	1,058
1991	596	579	1,175
1992	686	643	1,329
1993	791	657	1,448
1994	791	652	1,443
1995	796	673	1,469
1996	932	678	1,610
1997	940	823	1,763

RESERVES & PROVISIONS

1987 - 1997

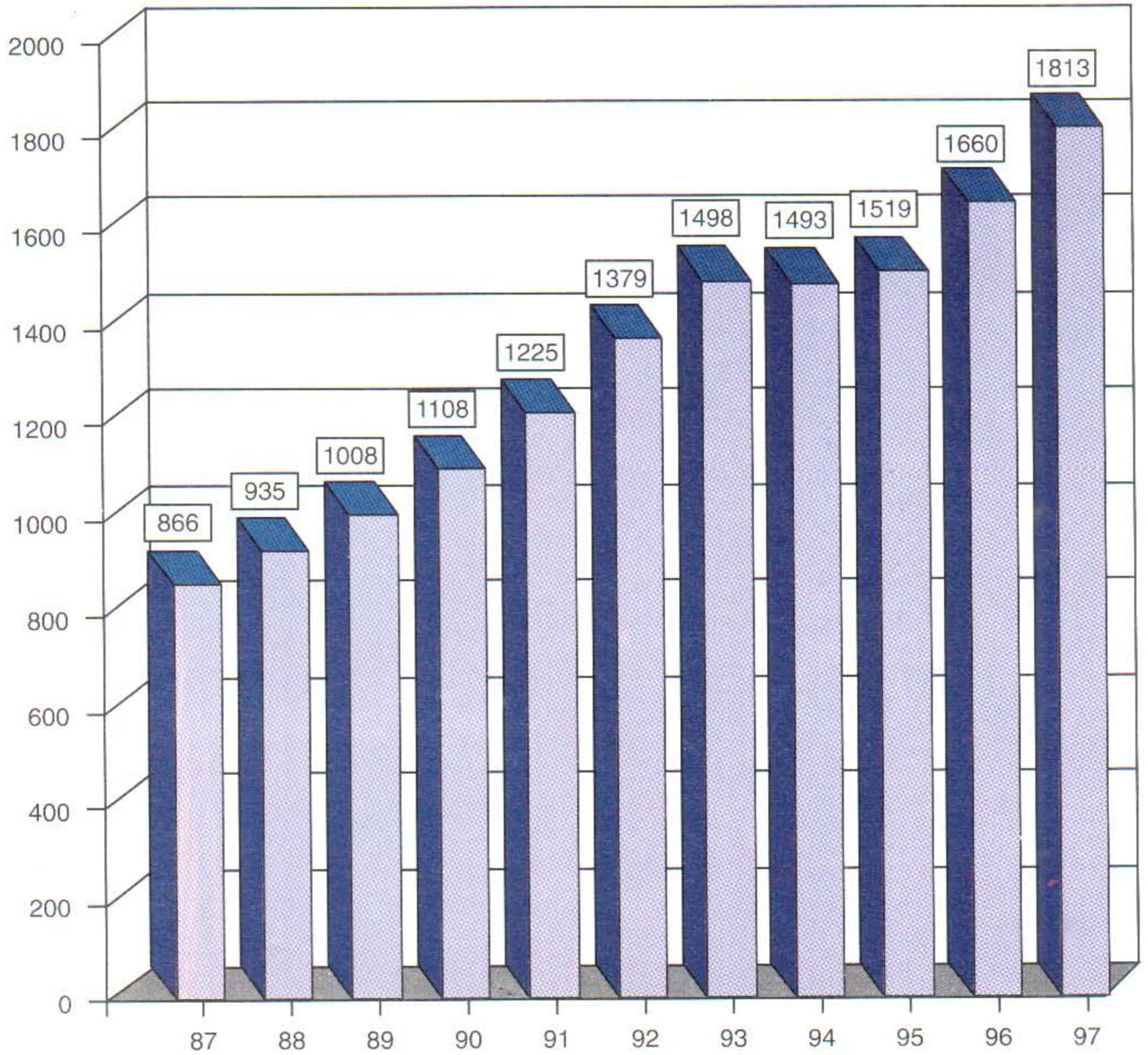
(Rs. in million)



RESERVES & PAID UP CAPITAL

1987 - 1997

(Rs. in million)

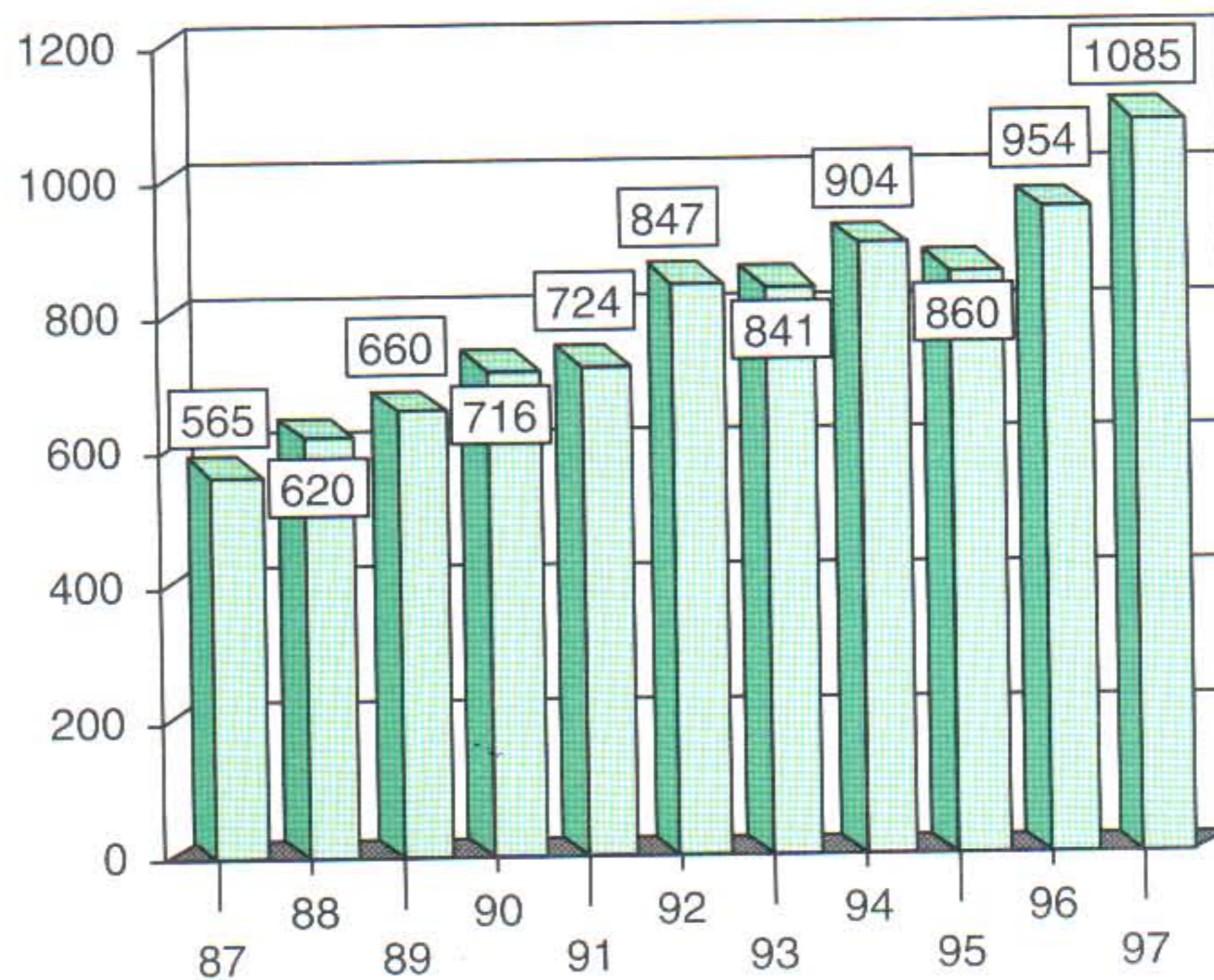


INVESTMENT PORTFOLIO

1987 - 1997

(Rs. in million)

Year	Investments
1987	565
1988	620
1989	660
1990	716
1991	724
1992	847
1993	841
1994	904
1995	860
1996	954
1997	1085



PIC'S RESERVES AND INVESTMENTS

1997

(Rs. in million)

I. RESERVES

A. Financial Reserves :

1) Exceptional Losses	631	
2) General	253	
3) Investment Fluctuation	6	
4) Provision for Doubtful Debts.	<u>50</u>	940

B. Technical Reserves :

1) Outstanding Claims	318	
2) Premium Reserve	<u>505</u>	823
		<u>1,763</u>

II. INVESTMENTS

1) NIT Units	623	
2) Shares in Listed Companies	273	
3) Shares in Banks/DFIs	26	
4) Federal Investment Bonds etc.	93	
5) Term Deposits	<u>70</u>	1,085

45 YEARS AT A GLANCE

(In Million of Rupees)

Years	Paid up Capital	Dividend Declared %	Gross Premium	Net Premium	Underwriting surplus/deficit before management exp.
1953	2.000	—	1.638	1.447	0.083
1954	2.000	5	4.492	3.840	0.408
1955	2.000	4	5.674	4.338	0.755
1956	2.000	5	8.045	5.193	0.807
1957	2.000	6-1/4	9.461	5.696	0.851
1958	2.000	10	20.734	8.288	1.333
1959	2.000	10	25.012	9.060	1.833
1960	2.000	10	33.110	10.890	1.620
1961	2.000	10	37.663	12.307	1.376
1962	2.000	10	47.889	15.403	1.285
1963	4.994	10	57.165	17.381	1.295
1964	5.000	10	67.400	25.931	1.813
1965	5.000	10	72.298	33.246	1.242
1966	5.000	10	93.806	38.251	1.540
1967	5.000	10	108.431	46.808	2.984
1968	5.000	10	131.942	54.168	5.802
1969	5.000	10	156.291	69.519	6.348
1970	5.000	10	155.445	61.644	7.165
1971	5.000	10	166.767	65.040	5.882
1972	4.997	10	215.202	89.049	5.304
1973	5.000	7-1/2	238.288	106.354	9.777
1974	5.000	7-1/2	319.887	157.391	19.817
1975	5.000	10	399.717	189.810	20.983
1976	5.000	10	462.368	200.463	16.667
1977	5.000	10	554.482	237.556	8.379
1978	5.000	10	578.556	263.661	17.508
1979	5.000	10	666.478	313.851	16.770
1980	8.000	10	733.309	370.117	(15.569)
1981	8.000	10	780.507	368.972	38.457
1982	10.000	10	872.829	414.346	35.112
1983	12.500	10	897.624	388.253	27.351
1984	17.500	10	817.497	350.317	36.870
1985	24.500	10	903.596	341.846	32.321
1986	35.000	10	981.198	381.047	49.154
1987	50.000	10	1,165.766	476.128	60.393
1988	50.000	10	1,104.600	485.300	66.724
1989	50.000	10	1,156.986	557.182	24.129
1990	50.000	10	1333.101	680.201	22.808
1991	50.000	10	1526.299	801.312	4.992
1992	50.000	10	1735.423	920.608	(12.586)
1993	50.000	10	1677.307	925.259	85.959
1994	50.000	10	1983.690	825.799	63.727
1995	50.000	10	2207.803	984.800	96.552
1996	50.000	10	2548.542	1137.858	138.070
1997	50.000	10	2704.065	1221.506	(23.662)

45 YEARS AT A GLANCE

(In Million of Rupees)

Management expenses	Under-writing profit/loss	Net Profit/Loss	Total Reserves	Investments into shares & securities	Total investments including Land and Building
0.071	0.012	0.013	0.795	—	1.046
0.199	0.209	0.106	3.202	0.757	3.514
0.307	0.448	0.510	3.462	1.603	4.510
0.334	0.473	0.575	4.844	2.339	5.099
0.371	0.480	0.634	6.424	2.970	6.030
0.445	0.888	1.069	8.704	3.964	8.993
0.558	1.275	1.592	10.995	5.238	10.455
0.602	1.018	1.694	11.258	5.221	11.381
0.611	0.765	1.509	13.624	6.030	12.299
0.939	0.654	1.561	17.032	6.754	14.902
0.747	0.548	1.648	21.069	10.595	20.306
1.009	0.804	2.017	25.901	14.600	25.789
1.070	0.172	2.334	35.547	16.032	31.040
1.252	0.288	2.308	39.501	16.950	35.407
1.390	1.594	3.621	49.117	19.929	38.709
1.783	4.019	7.397	63.364	27.818	42.256
2.410	3.938	6.728	77.448	30.586	47.762
3.307	3.858	8.752	91.108	32.195	51.242
3.364	2.518	7.079	107.060	31.787	52.084
3.285	2.019	6.287	116.223	24.676	35.986
3.777	6.000	10.924	127.400	24.676	37.075
4.878	14.939	16.022	174.027	25.530	47.584
5.349	15.634	19.865	207.712	27.767	92.768
6.091	10.576	26.518	262.956	30.484	138.739
7.893	0.486	18.069	330.725	30.484	212.265
8.286	9.222	33.550	390.044	30.976	251.465
7.867	8.903	6.975	474.789	37.882	249.973
9.499	(25.086)	7.396	539.195	135.052	327.114
9.782	25.675	70.606	588.358	142.542	387.655
10.629	24.483	72.639	577.241	144.081	414.704
15.143	12.208	66.580	640.010	150.955	476.642
14.298	22.572	76.049	707.578	151.791	505.673
16.392	15.929	90.760	730.558	150.331	620.673
19.876	29.278	96.893	748.086	156.309	591.001
22.910	37.483	102.836	815.746	296.926	623.446
26.171	40.553	119.411	884.675	331.533	678.644
32.399	(8.270)	88.889	958.312	353.317	719.463
41.482	(18.674)	82.962	1058.624	524.233	776.851
51.167	(46.171)	48.971	1175.438	528.414	801.015
51.545	(64.131)	115.957	1329.442	628.404	968.968
65.995	19.964	169.491	1447.679	632.660	1020.004
75.858	(12.131)	142.193	1442.878	705.784	1122.541
91.320	5.232	136.183	1468.831	707.109	1059.532
88.574	49.496	211.560	1609.863	808.803	1132.120
78.826	(102.488)	(14.605)	1763.023	922.000	1245.000

CHAIRMEN



MR. D. W. PURNEL
01.01.53 – 09.01.56



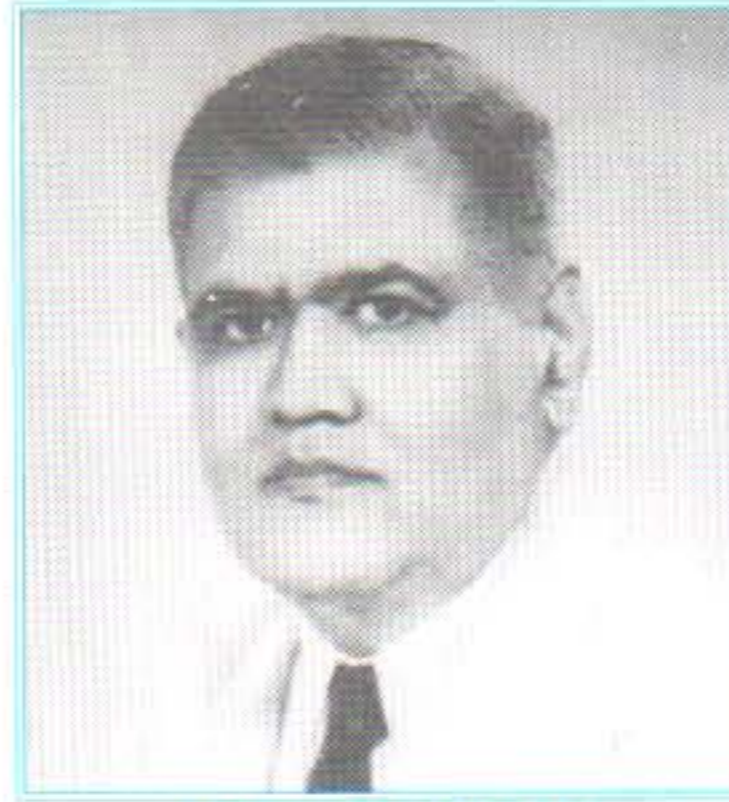
MR. S. M. YOUSUF
12.01.56 – 03.03.58



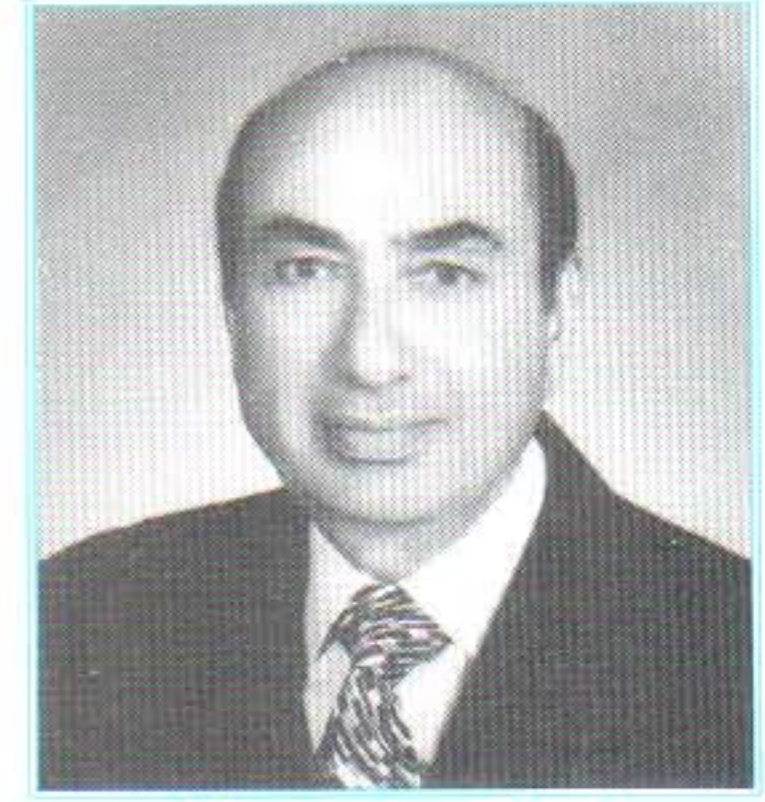
MR. S. OSMAN ALI
16.06.58 – 09.05.59



MR. SAID HASAN
29.06.59 – 20.07.60



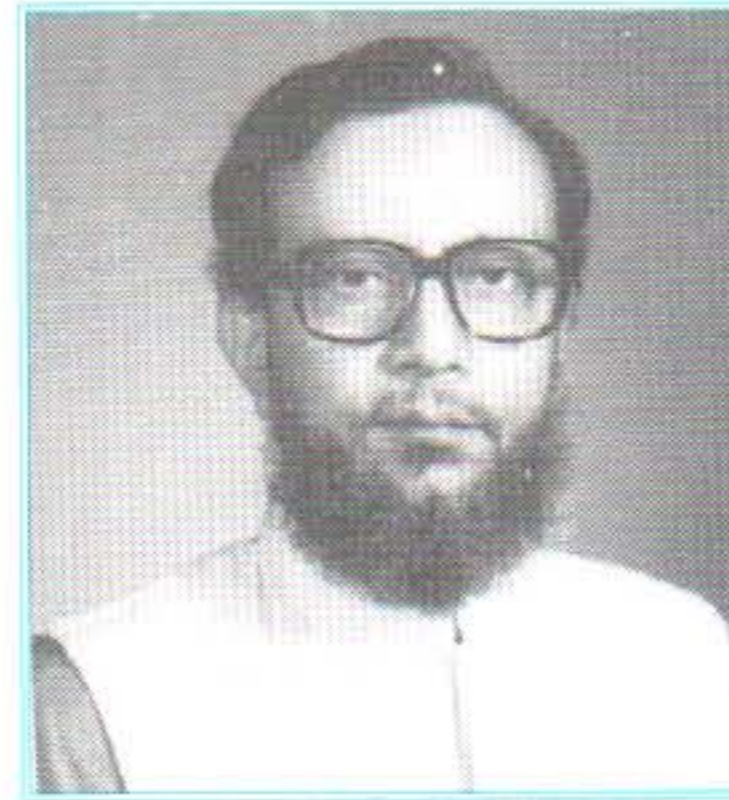
MR. K. F. HAIDER
12.01.61 – 16.12.62



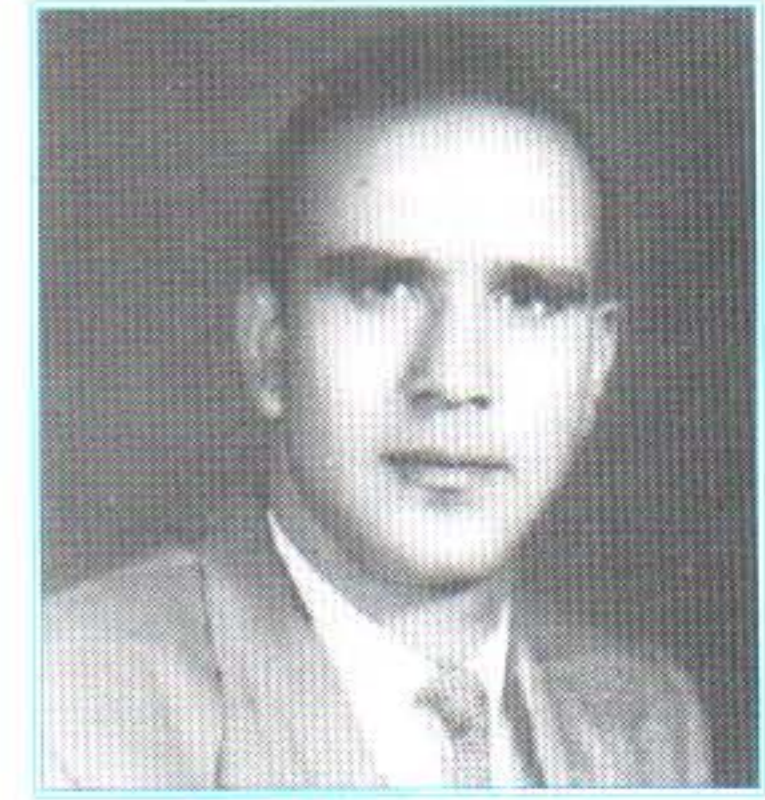
MR. A. G. RAZA
08.04.68 – 26.05.70



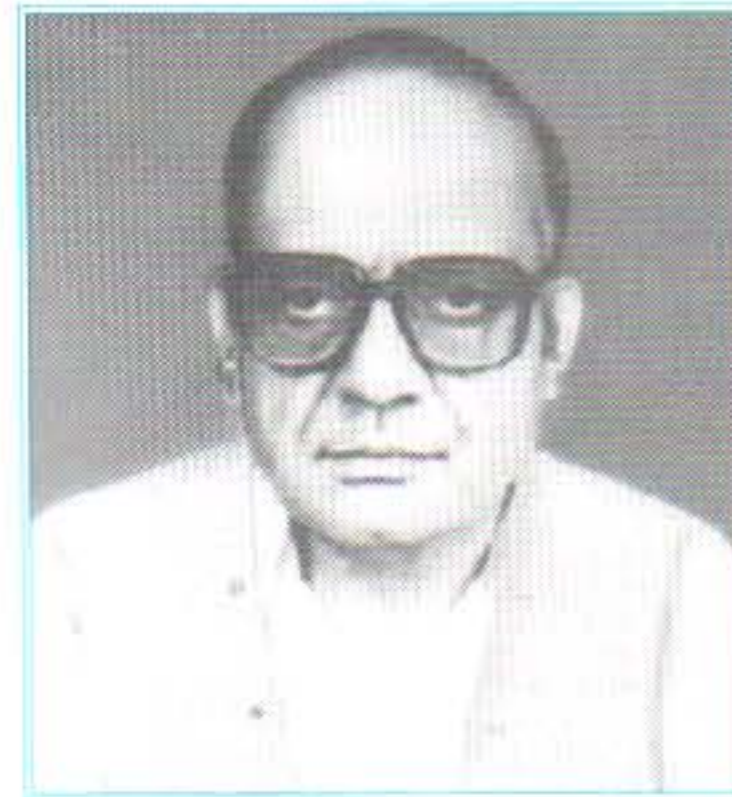
MR. M. YAKUB
08.03.76 – 30.06.82



MR. S.M.A. ASHRAF
19.07.82 – 20.01.87



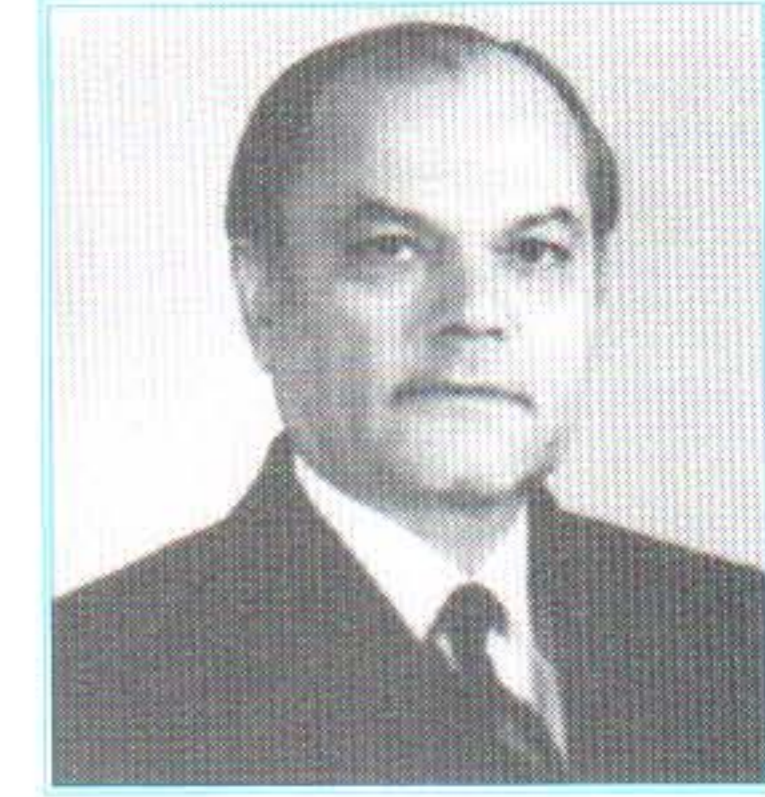
MR. M. G. HASAN
21.01.87 – 21.10.89



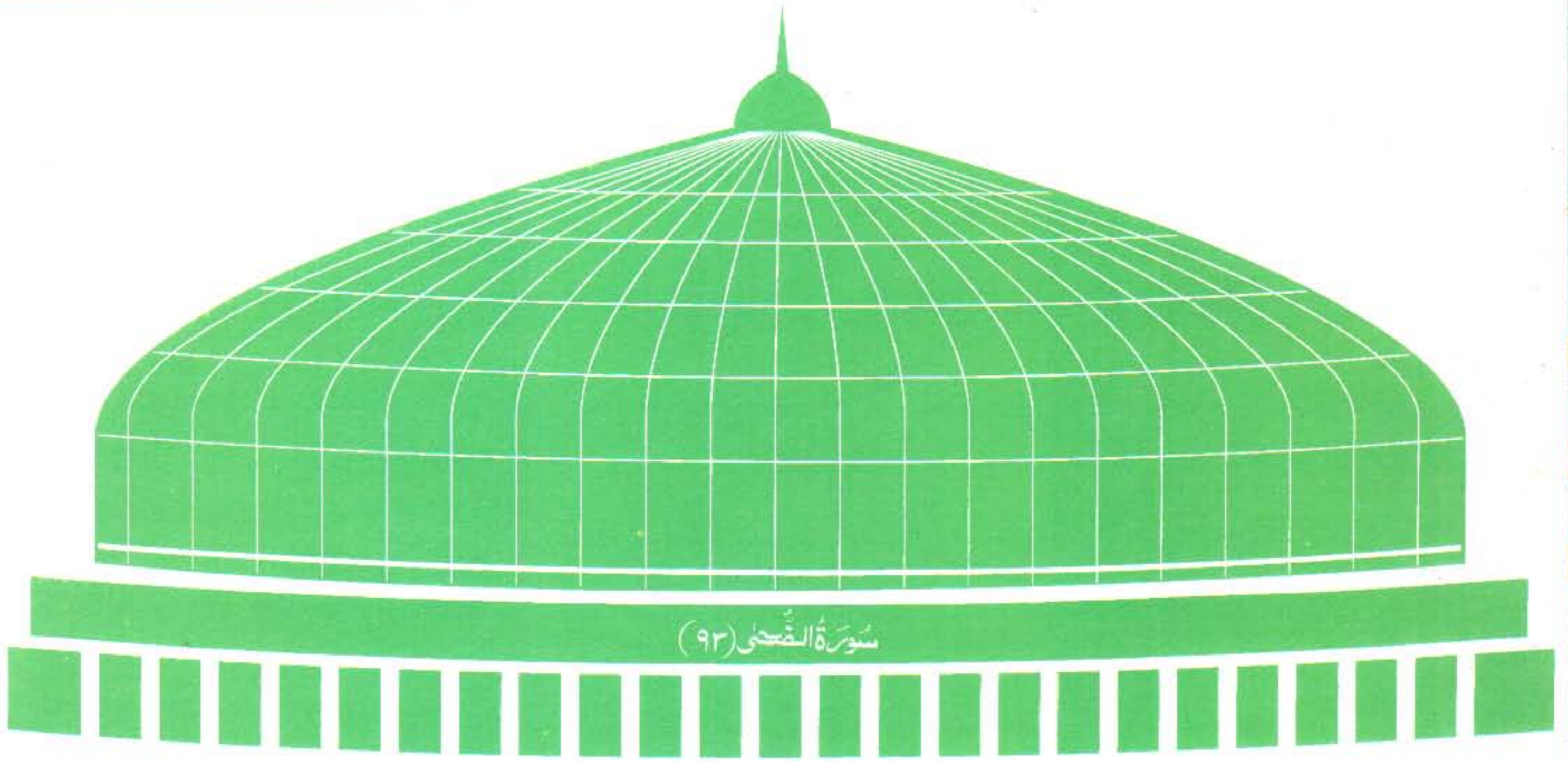
MR. S. AKHLAQUE HUSSAIN
10.12.89 – 29.03.91



MR. A.B. SOOMRO
31.05.91 – 20.10.94



MR. FIROZUDDIN AHMED
14.05.95 – 22.09.96 AND
07.11.96 –



In the name of Allah
who is the most merciful and beneficent

By the glorious morning hours,

And by the night when it is dark and still,

Your LORD has neither forsaken you
nor is HE displeased with you.

Without doubt, what is to come is
better for you than what has gone before.

Soon your LORD will give you so
much that you will be well-pleased.

Did HE not find you an orphan and
take care of you?

And found you wandering and
showed you the way?

And found you destitute and
enriched you?

So do not treat the orphan with
harshness.

Nor repulse the petitioner unheard.

And keep proclaiming and rehearsing
the favours and bounties of your
LORD.

With the Compliments of

Firozuddin Ahmed

Chairman, Pakistan Insurance Corporation



وَالضُّحَىٰ ۝

وَاللَّيْلِ إِذَا سَجَىٰ ۝

مَا وَدَّعَكَ رَبُّكَ وَمَا قَلَىٰ ۝

وَلَلْآخِرُ خَيْرٌ لِّكَ مِنَ الْأُولَىٰ ۝

وَلَسَوْفَ يُمْطِرُكَ رَبُّكَ فَتَرْضَىٰ ۝

أَلَمْ يَجِدْكَ يَتِيمًا فَآوَىٰ ۝

وَوَجَدَكَ ضَالًّا فَهَدَىٰ ۝

وَوَجَدَكَ عَائِلًا فَأَغْنَىٰ ۝

فَأَمَّا الْيَتِيمَ فَلَا تَقْهَرْ ۝

وَأَمَّا السَّائِلَ فَلَا تَنْهَرْ ۝

وَأَمَّا بِنِعْمَةِ رَبِّكَ فَحَدِّثْ ۝

اللہ کے نام سے
جو بہت مہربان اور نہایت رحمت والا ہے۔

قسم ہے روشن دن کی

اور رات کی جب وہ سکون کے ساتھ طاری ہو جائے

تو ہائے پروردگار نے تمہیں چھوڑا ہے اور نہ تم سے ناخوش ہے

یقیناً تمہارے لیے اب کا دور پہلے دور سے بہتر ہے

عشقریب تمہارا پروردگار تمہیں وہ کچھ عطا کرے گا کہ تم خوش ہو جاؤ گے

کیا اُس نے تمہیں یتیم نہیں پایا تو تمہیں کاوا دیا؟

اور سرگرداں پایا تو راست دکھلایا؟

اور نادار پایا تو مال دار کر دیا؟

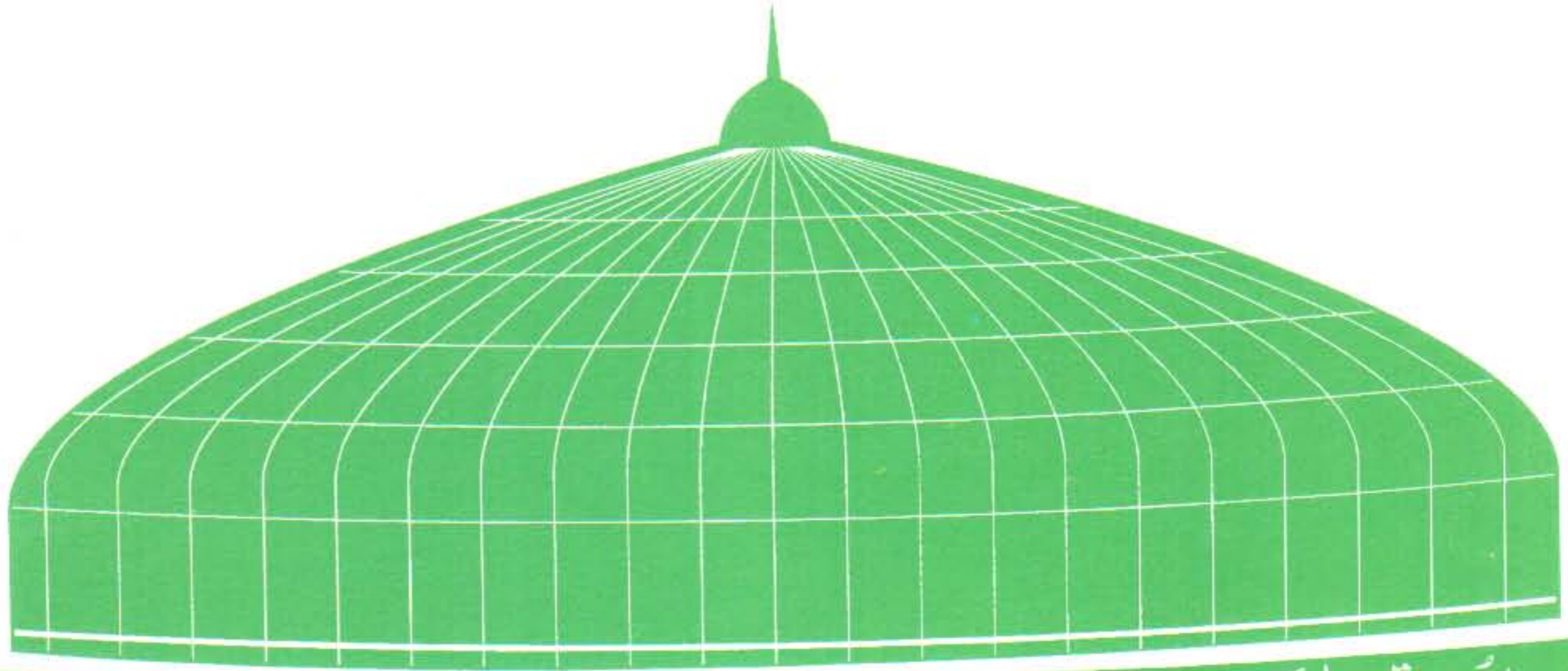
پس یتیم پر حسرتی نہ کرنا

اور سائل کو نہ چھڑکنا

اور اپنے پروردگار کے انعامات کا ذکر کرتے رہنا

طاب ثوابہا

فیروز الدین احمد
چیئرمین پاکستان انشورنس کارپوریشن



سورة حٰم سجده - (۴۱) کی چار آیات مقدّسہ (۳۰ تا ۳۳) اور ان کا مفہوم

**In the name of Allah
who is the most merciful and beneficent**

Those who say "Our Lord is Allah"
and then remain steadfast,

the angels descend on them saying
"Fear not and grieve not"

but rejoice in the happy news of that
Paradise which has been promised to
you. We are your friends in this life
and in the Hereafter.

Where you shall get all that your
souls may desire and have whatever
you ask for, as a gift from THE
Forgiving Ever-Merciful.
Whose word is better than his who
calls to Allah, and does the right and
says "verily, I am of those who have
surrendered themselves to Allah".



إِنَّ الَّذِينَ قَالُوا رَبُّنَا اللَّهُ
ثُمَّ اسْتَقَامُوا

تَنْزِلُ عَلَيْهِمُ الْمَلَائِكَةُ
أَلَّا تَخَافُوا وَلَا تَحْزَنُوا

وَابَشِّرُوا بِالْجَنَّةِ الَّتِي كُنْتُمْ تُوعَدُونَ
نَحْنُ أَوْلِيُّكُمْ فِي الْحَيَاةِ الدُّنْيَا
وَفِي الْآخِرَةِ

وَلَكُمْ فِيهَا مَا تَشْتَهُى أَلْفُسُكُمْ

وَلَكُمْ فِيهَا مَا تَدَّعُونَ ﴿٣٠﴾

نُزُلًا مِّنْ عَفْوَ رَاحِيَةٍ ﴿٣١﴾

وَمَنْ أَحْسَنُ قَوْلًا مِّمَّنْ دَعَا

إِلَى اللَّهِ وَعَمِلَ صَالِحًا وَقَالَ

إِنِّي مِنَ الْمُسْلِمِينَ ﴿٣٣﴾

اللہ کے نام سے

جو بہت مہربان اور نہایت رحمت والا ہے۔

یہ نیک جن لوگوں نے اقرار کیا کہ صرف اور صرف اللہ ہی
ہمارا پروردگار ہے اور پھر اس اعتقاد پر ایسے ٹھٹھ کر کھڑے
ہوتے کہ دنیا کی کوئی طاقت اس میں کبھی لغزش پیدا نہ کر سکی۔

ان پر ملائکہ کا نزول ہوتا ہے (جو ان لوگوں سے کہتے ہیں کہ
اے اللہ کے ظالموں! تم سب نہ کسی قسم کا خوف دل میں
لانا، نہ کبھی غمگین ہونا۔

تمہارے لیے اس جنت کی خوشخبری ہے جس کا تم سے
وعدہ کیا گیا ہے ہم اس دنیا کی (فانی) زندگی میں بھی
تمہارے رفیق ہیں اور آخرت (کی لافانی زندگی) میں بھی
تمہارا رفیق رہیں گے۔

تمہارے لیے اس میں وہی ہوگا جو تم چاہو گے اور
اس میں وہ سب ملے گا جو تم اس (عفو الرحیم) سے
مانگو گے (تمہیں یہ سب تمام عفو الرحیم کی طرف سے
عطا ہوگا اور جہلا اس سے جھل بات کسی کی پوسکتی ہے
جو لوگوں کو اللہ کی طرف بلانے اور نیک کام کرے اور
اس کا دھڑے صرف اتنا ہی ہو کہ میں مسلمانوں میں سے
ایک مسلمان ہوں۔

With the Compliments of

Firozuddin Ahmed

Chairman, Pakistan Insurance Corporation

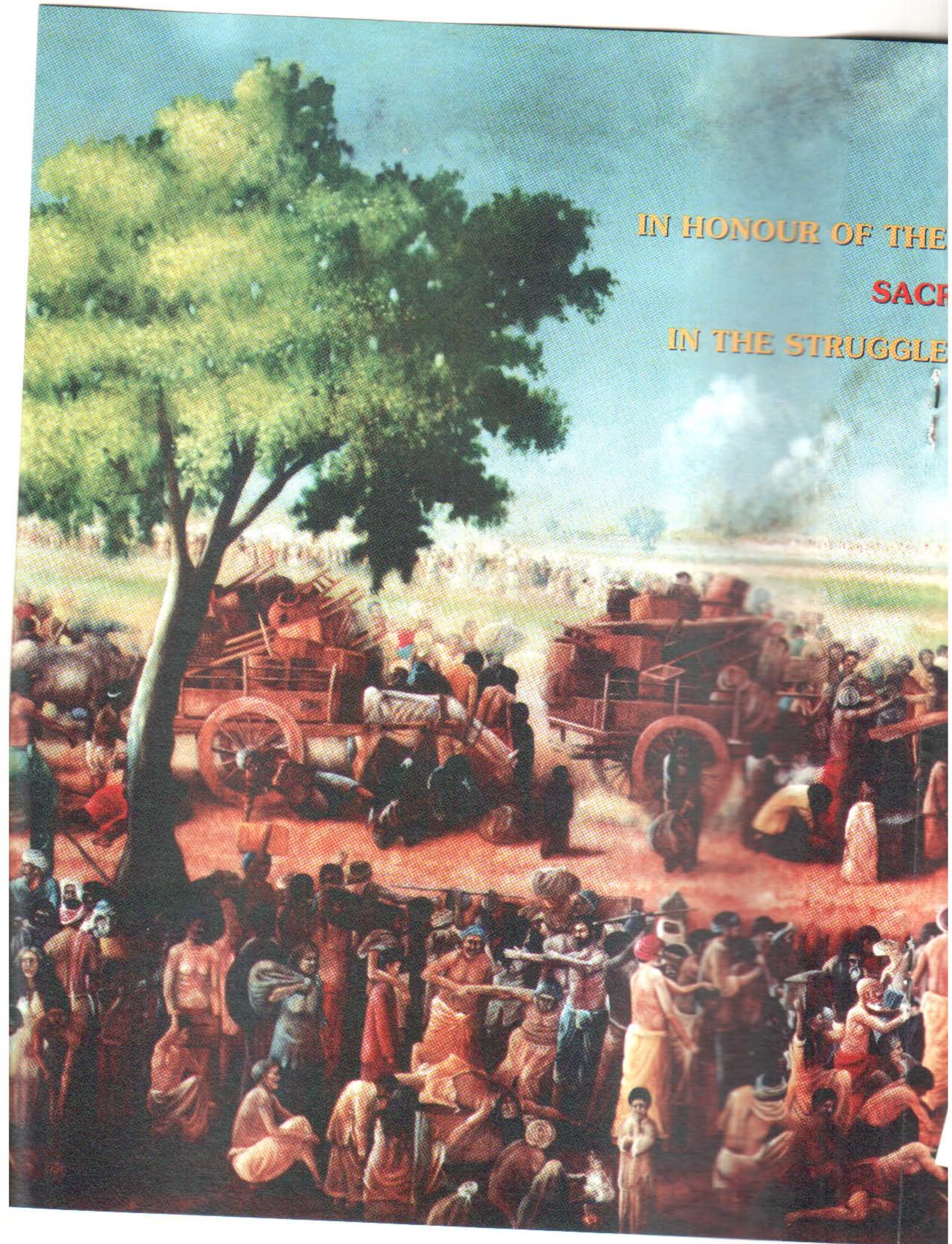
تالیف کا

فیروز الدین احمد

چیئرمین پاکستان انشورنس کارپوریشن



IN HONOUR OF THE
SACR
IN THE STRUGGLE



**F THE MEN, WOMEN AND CHILDREN WHO
SACRIFICED THEIR LIVES
UGGLE OF 1947 FOR THE CREATION OF
PAKISTAN**





DAWN

Jamadi-ul-Awal 28, 1418 Wednesday, October 1, 1997

Pakistan Insurance Corporation

KARACHI, Sept 30: In its forty fourth year ended December 31, 1996, the Pakistan Insurance Corporation posted pretax profit at Rs 211.6m, representing growth of 55.4 per cent over profit at Rs 136.2m the previous year.

The board declared cash dividend at 10 per cent, which is the maximum that it is permitted to disburse. With 51 per cent shares in the Corporation held by Government of Pakistan (Ministry of Commerce) and 36.8 per cent by 14 insurance companies, the stake of 383 individuals is about 9 per cent.

Paid-up capital of the Corporation was last raised to Rs 50m from Rs 35m in 1987. Reserves fattened to Rs 914.5m, are now nearly twenty times the capital and produce the break-up value of Rs 1,930 for a share of Rs 100 each.

Exceptional Losses Reserve to which Rs 65m were appropriated from the review year's profit, stood the tallest at Rs 631.0m. Recent market price of the 100-rupee share in the Corporation was Rs 417.75.

The intrinsic worth of the share is many times more but the price remains restrained possibly due to cap on dividend. Total investments of the Corporation at December 31, 1996 stood at Rs 1.1 billion including land and buildings and the balance sheet footing exceeded Rs 2.4 billion. The newest pride of the Corporation is the PIC Towers (Head office building) at Karachi, built at a cost of nearly Rs 250m. It was the venue of the AGM on September 29.

For almost all the years since inception in 1953, the bottom line has remained in the black, although there have been as many as six years when the Corporation did plunge into underwriting losses as well; 1992 being the worst with underwriting loss of Rs 64m and 1994 being the nearest when the company posted underwriting loss of Rs 12m.

On balance, the Corporation made average annual underwriting profit at Rs 4.6m over its life span. It is thus that the management is proud of having achieved the highest ever underwriting profit at Rs 49.5m in the latest year to end-December 1996. More so as it nearly equalled the paid-up capital.

The Frontier Post

National daily published from Peshawar

JAMADI-UL-AWAL 12, 1419. — SATURDAY, SEPTEMBER 5, 1998

PIC share prices surge by 10 per cent

Sporting consistent growth at 3 per cent for the preceding three years, the gross premium for the year under review touched Rs 2,548.6m up from Rs 2,207.8m in 1995. The aggregate gross premium of the Pakistan insurance market for the year being Rs 8,834.0m, the Corporation's share came to a hefty 29 per cent.

Net premium also grew over 15 per cent to Rs 1,137.9m, crossing the billion rupee mark for the first time. For all that, the Corporation was able to reduce management expenses by 3.4 per cent to Rs 88m from Rs 91m, which is claimed to have been achieved through effective cost control measures.

The management expenses as percentage of gross premium worked out to only 3.5 per cent which compares favourably with direct insurance companies as well as re-insurance companies operating internationally.

Net premium in the fire account grew 23.1 per cent to Rs 368.4m from Rs 299.2m in 1995. Net claims were down 14.4 per cent to Rs 100.6m from Rs 118.4m. The fire account yielded a positive underwriting balance of Rs 83m which was 60 per cent of the Corporation's total underwriting balance in the review year and was almost equal to the Corporation's management expenses for the year.

Marine account improved underwriting profit by 17.6 per cent to Rs 10.7m from Rs 9.1m. Net premium in this account edged higher by half percentage point to Rs 210.5m from Rs 212.3m. Net claims in fire increased 33 per cent to Rs 120.7m from Rs 91.8m.

Miscellaneous net premium improved 18.8 per cent to Rs 558.9m from Rs 473.3m while net claims increased 28.9 per cent to Rs 326.9m from Rs 253.3m. Premium reserves in the three revenue accounts totalled Rs 468.4m at end of the year under review. Unlike most other general insurance companies that provide at uniform 40 per cent in all accounts, the Corporation has been providing premium reserve at 100 per cent in respect of Marine Hull and Aviation, 50 per cent for Marine Cargo and 40 per cent for fire, accident and engineering.

Profit on sale of investments fetched Rs 45.6m, which reflected 202 per cent increase over Rs 15.1m in 1995 and was the other major factor that shored up the bottom line for the review year. The investments of the Corporation at December 31, 1996 stood at book value of Rs 953.8m and carried the market value of Rs 1,475.9m, representing handsome premium of 54.7 per cent.

BUSINESS MEN

The trade newspaper you will never like to part with.

1 August 1998 TO 15 August 1998, REGD NO S.S. 907,

LLOYD'S COMMENDS PIC'S PERFORMANCE

KARACHI (Report: Llaquat Ali): Despite the recent crash in Pakistan's stock exchanges, after 28th May, 1998, the share of the Pakistan Insurance Corporation (PIC) which was quoted just a day before, on 27th May, 1998, at Rs. 350/- has gone up to Rs. 385/- i.e. 10 per cent higher, on 21st July 1998.

Earlier, Lloyd's List Insurance DAY, London, the news bulletin of the top insurance market, had reported that PIC's annual profit was ELEVEN times the average of the last 44 years' profit since the Corporation was now equal to the share capital of the PIC. PIC's management expenses are only 3 per cent of its gross premium.

The face value of PIC's share is Rs. 100/- but its break up value is twenty one times higher and exceeds Rs. 2,100/- which is the main reason that PIC's share were, and are, not off loaded despite the panicky sales of the other scrips in the market.

PAKISTAN Insurance Corporation (PIC) premium income crossed the Rs. 2.5 billion mark U.S. dollars 61.7 million, and its share in the market stood at 29 per cent in 1996.

At the 44th annual meeting Chairman of the board of Directors, Firozuddin Ahmed, said that the annual growth of the Corporation for the last three years had been about 15 per cent.

The Corporation's profit for the year 1996 was ten (10) times higher than for 1995 and eleven (11) times the average profit of the last 44 years.

The Corporation's share was

LLOYD'S LIST

INSURANCE DAY

London

Issue No: 376

Available on the Internet at: <http://www.lplimited.com>

THURSDAY OCTOBER 2 1997

PIC premium income milestone

PAKISTAN Insurance Corporation (PIC) premium income crossed the Rs.2.5bn mark (\$61.7m) and its share in the market stood at 29% in 1996.

At the 44th annual meeting, chairman of the board of directors, Mr. Firozuddin Ahmed, said that the annual growth of the Corporation for the last three years had been about 15%.

The corporation's profit for the year 1996 was 10 times higher than for 1995 and 11 times the average profit of the last 44 years.

The profit for 1996 was almost equal to the share capital of the PIC. The Corporation's share was being quoted in the stock market at four times the face value of Rs.100 and the break-up value of the PIC's share has gone beyond Rs.1,900/-, which was more than 19 times its face value.

The PIC's underwriting profit amounted to Rs.49.5m, beating the previous record of Rs.40.5m profit achieved in 1988. The average underwriting profit during the last 44 years has been Rs.4.6m, less than 10% of the current year's underwriting profits.

But there have been six years of underwriting losses as well. In 1992 for example, there was a loss of Rs.64m; in 1991, Rs.46m; in 1990, Rs.18m and in 1989, Rs.8m.

The Corporation's investment portfolio, which had an all-time high figure of Rs.954m in 1996, was poised to cross the Rs.1bn mark by next year.

BUSINESS RECORDER

Karachi, Monday 13 April 1998, 15 Zilhij 1418

PIC investment portfolio seen to cross Rs 1bn

RECORDED REPORT KARACHI: The investment

PIC investment portfolio

AN INDEPENDENT NATIONAL DAILY

The Nation

Published from Lahore and Islamabad

LAHORE, JAMADI-UL-AWWAL 28, 1418 WEDNESDAY, OCTOBER 1, 1997

PIC posts record Rs 211.6m profit

being quoted in the stock market at four times the face value of hundred rupees and the break-up value of the PIC's share has gone beyond 1,900/- rupees, which was more than 19 times its face value.

But there have been six years of underwriting losses as well. In 1992 for example, there was a loss of Rs. 64 million, in 1991, Rs. 46 million, in 1990, Rs. 18 million and in 1989, Rs. 8 million.

The Corporation's investment portfolio, which had an all-time high figure of Rs. 954 million in 1996, was poised to cross the Rs.1 billion mark by next year.

This extra-ordinary performance against the general crisis-current was possible due to dedicated efforts of PIC Chairman Firozuddin Ahmed, who has the honour of salvaging many a sinking concerns and bringing them out of red. Firozuddin Ahmed is a literary figure and author of several useful and informative books.

BUSINESS RECORDER

Simultaneously published from Karachi & Lahore

Editor: M.A. Zuberi

Karachi, Tuesday 30 September 1997,

PIC premium crosses Rs 2.5bn mark: market share 29 pc

The Finance

An Independent Financial Daily

TUESDAY SEPTEMBER 1, 1998 JAMADI-UL-AWWAL 9, 1419 EDITOR: A B S JAFRI

PIC premium income milestone

PAKISTAN Insurance Corporation (PIC) premium income crossed the Rs 2.5bn mark (\$61.7m) and its share in the market stood at 29% in 1996.

At the 44th annual meeting, chairman of the board of directors, Firozuddin Ahmed said that the annual growth of the Corporation for the last three years had been about 15%.

The corporation's profit for the year 1996 was 10 times higher than for 1995 and 11 times the average profit of the last 44 years.

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64m, in 1991m Rs 46m; in 1990, Rs 18m and in 1989, Rs 8m.

The Corporation's investment portfolio, which had an all-time high figure of Rs 954m in 1996, was poised to cross the Rs.1bn mark by next year.

Despite the recent crash in Pakistan's stock exchange, after 18th May, 1998, the share of the Pakistan Insurance Corporation (PIC) which was quoted just a day before, on 27th May, 1998, at Rs 350/0 went upto Rs 385/- i.e., 10% higher, on 27th July, 1998. Earlier, Lloyd's List Insurance Day, London, the news bulletin of the top insurance market, had reported that PIC's annual profit was ELEVEN times the average of the last 44 years' profit since the Corporation was established and the Corporation's profit was now equal to its share capital. PIC's management expenses are only 3% of its gross premium income.

2. The face value of PIC's share is Rs. 100/- but its breakup value is twenty one times higher and exceeds Rs 2,100/- which is the main reason that PIC's shares were, and are, not off-load despite the panicky sales of the other shares in the market. The market has spoken for PIC.

THE NEWS

Friday
September 4, 1998

Special 20-page
Illustration of
the day's events
from the world's
most authoritative
news source in English
50 pages
Price Rs. 11.00

PIC premium income Rs. 2.5bn mark

KARACHI: Pakistan Insurance Corporation (PIC) premium income crossed the Rs2.5bn mark (\$61.7m) and its share in the market stood at 29% in 1996.

The Chairman Board of Directors, Firozuddin Ahmad, said at the 44th annual meeting that the annual growth of the Corporation for the last three years had been about 15%. The profit for the year 1996 was 10 times higher than for 1995 and 11 times the average profit of the last 44 years. The profit for 1996 was almost equal to the share capital of the PIC.

The Corporation's share was being quoted in the stock market at four times the face value of Rs100 and the break-up value of the PIC's share has gone beyond Rs1,900,

which was more than 19 times its face value.

The PIC's underwriting profit amounted to Rs49.5m, beating the previous record of Rs40.5m profit achieved in 1988. The average underwriting profit during the last 44 years remained Rs4.6m, less than 10% of the current year's underwriting profits.

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The Corporation's investment portfolio, which had an all-time high figure of Rs954m in 1996, was poised to cross the Rs1bn mark by the next year.*

The Muslim

The Press and the Nation rise and fall together

PIC premium income crossed Rs 2.5b mark in '96

KARACHI, Sept 9: Pakistan Insurance Corporation (PIC) premium income crossed the Rs 2.5b mark in 1996. The PIC's underwriting profit was 19 times its face value. Pakistan Insurance Corporation (PIC) which was quoted just a day before, on May 27, 1998. Earlier,

http://www.nawawaqf.com.pk

مسلسل اشاعت کے 58 سال

روزنامہ نوائے وقت

DAILY NAWA-I-WAQF KARACHI

روزنامہ نوائے وقت

کراچی لاہور راولپنڈی اسلام آباد اور ملتان سے بیک وقت شائع ہوتا ہے

***** TUESDAY, SEPTEMBER 1, 1998 *****

صفحہ نمبر	320
قیمت	24
تاریخ	12
تلفون	2055
فیکس	2055
ایڈریس	17-1998
پوسٹل	721993
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پاکستان انشورنس کارپوریشن کا پریمیئم منافع کراچی (پ ر) پاکستان انشورنس کارپوریشن (پی آئی سی) کا پریمیئم منافع 2.5 بلین روپے سے تجاوز کر گیا ہے۔ جبکہ مارکیٹ میں اوارس کے حصص 1996ء میں 29 فیصد رہا۔ اس بات کا انکشاف پی آئی سی کے 44 ویں سالانہ اجلاس میں کیا گیا۔ جس کی صدارت بورڈ آف ڈائریکٹرز کے چیئرمین فیروز الدین احمد نے کی۔ انہوں نے کہا کہ ادارہ کا سالانہ "گروتھ" گذشتہ تین سالوں میں 15 فیصد رہا ہے۔

***** TUESDAY, SEPTEMBER 1, 1998 *****

روزنامہ پاکستان

THE DAILY Pakistan ISLAMABAD

پاکستان

17-1998 2055 2055 721993 7

پاکستان انشورنس کارپوریشن کی پریمیئم آمدن 2.5 بلین سے تجاوز کر گئی

اسلام آباد (پ ر) پاکستان انشورنس کارپوریشن کی پریمیئم آمدن 2.5 بلین سے تجاوز ہو گئی اور اس کے حصص 1996 میں مارکیٹ میں 29 فیصد تھے۔ بورڈ آف ڈائریکٹرز کے چیئرمین نے چوالیسویں بینک میں بتایا کہ کارپوریشن کی سہ ماہی تین سالوں کی پیش رفت 15 فیصد رہی۔ کارپوریشن 1996 کا منافع 1995 کے مقابلے میں دس گنا زیادہ رہا۔ کارپوریشن کی سرمایہ کاری جو ہمیشہ سے 954 بلین سے تجاوز رہی اگلے سال ایک بلین سے بڑھ جائے گی۔ 28 ستمبر 1998 کو پاکستان سٹاک ایکسچینج میں کرلیٹی ہونے کے باوجود پاکستان انشورنس کارپوریشن کے حصص 27 ستمبر کو 350 سے 385 روپے تک پہنچ گئے۔ پاکستان کارپوریشن کے حصص کی قیمتیں 100 روپے سے لیکن اس کی بریک اپ ویلیو ایس گنا سے زیادہ ہے۔

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Pakistan OBSERVER

ISLAMABAD, JAMADI-UL-AWWAL 17, 1419 AH, WEDNESDAY, SEPTEMBER 9, 1998

PIC premium income crosses Rs 2.5bn mark

ISLAMABAD—Pakistan Insurance Corporation (PIC) premium income crossed the Rs 2.5bn mark (\$61.7m) and its share in the market stood at 29 per cent in 1996, says a press release.

At the 44th annual meeting, chairman of the board of directors, Firozuddin Ahmed, said the annual growth of the corporation for the last three years had been about 15 per cent.

The corporation's profit for the year 1996 was 10 times higher than for 1995 and 11 times the average profit of the last 44 years.

for example, there was a loss of Rs 64m; in 1991, Rs 46m; in 1990, Rs 18m and in 1989, Rs 8m.

The corporation's investment portfolio, which had an all-time high figure of Rs 954m in 1996, was poised to cross the Rs 1bn mark by next year.

Despite the recent crash in Pakistan's stock exchanges, after 28th May, 1998, the share of the Pakistan Insurance Corporation (PIC) which was quoted just a day before, on 27th May, at Rs 350 went upto Rs 385, i.e 10 per cent higher, on 27th July, 1998.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of PAKISTAN INSURANCE CORPORATION as at December 31, 1997 and the Fire, Marine and Miscellaneous Insurance Revenue Accounts, the Profit and Loss Account, the Profit & Loss Appropriation Account and Cash Flow Statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and after due verification thereof, we report that:

- (a) in our opinion, proper books of account have been kept by the Corporation as required by the law,
- (b) in our opinion:
 - (i) the Balance Sheet, the Fire, Marine and Miscellaneous Insurance Revenue Accounts, the Profit and Loss Account and the Profit & Loss Appropriation Account together with the notes thereon have been drawn up in conformity with the law and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Corporation's business; and
 - (iii) the business conducted investments made and the expenditure incurred during the year were in accordance with the objects of the Corporation;
- (c) We further report that:
 - (i) We were unable to verify the accuracy of the balances due to and due from other persons or bodies carrying on insurance business amounting to Rs. 288.698 million and Rs. 559.926 million respectively and sundry debtors amounting to Rs. 22.9 million as the relevant information such as age analysis, confirmations and reconciliations were not available.

We were also unable to verify the adequacy or otherwise of the provision for bad and doubtful debts amounting to Rs. 42.0 million due to lack of information required to assess the recoverability of the debts against which the provision is made.
 - (ii) The Corporation has not accounted for costs in the building account amounting to approximately Rs. 20.9 million (Rs. 245.5 million less Rs. 224.6 million) due to certain disputes with the architect and contractors/suppliers as fully explained in note 8.1 to the accounts. As a result, depreciation is also understated to the extent of the amount not ascertainable at present time.

AUDITORS' REPORT TO THE MEMBERS

- (iii) Events have rendered impossible the verification of assets and liability balances (notes 6.1, 7 and 10) relating to former East Pakistan (now Bangladesh).
- (d) In our opinion and to the best of our information and according to the explanations given to us, except for the financial effect of the matters as discussed in paragraphs c (i) to (iii) above, which is not possible to quantify due to the reasons stated in the above paragraphs, the Balance Sheet, the Fire, Marine and Miscellaneous Insurance Revenue Accounts, the Profit and Loss Account, the Profit & Loss Appropriation Account together with the notes forming part thereof, give the information required by the law in the manner so required, and the Balance Sheet, Profit and Loss Account and Cash Flow Statement give, respectively, a true and fair view of the Corporation's affairs as at December 31, 1997 and its loss and cash flow for the year then ended; and
- (e) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the Corporation and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.
- (f) without qualifying our opinion, we draw attention to note 2 (h) to the accounts. The Corporation's operating results are substantially dependent on the management's estimates of liability in respect of outstanding claims and future claims (losses incurred but not reported) and the recoveries there against from the retrocessionaries, the ultimate outcome of which can not presently be determined.

FORD, RHODES, ROBSON, MORROW
Chartered Accountants

RAHMAN SARFARAZ & COMPANY
Chartered Accountants

Karachi: the 25th November, 1998

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1997
CONSOLIDATED FOR ALL CLASSES OF BUSINESS

Particulars	1997	1986
	(Rs. '000)	(Rs. '000)
Commission (less: Retrocessions)	448,158	415,102
Claims (less: Retrocessions) paid during the year	651,586	579,653
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	317,743	209,701
	969,329	789,354
Less: Outstanding at the end of the previous year	209,701	241,229
	759,628	548,125
Management Expenses	78,826	88,574
Premium Reserve for the year	505,830	468,447
Profit transferred to Profit and Loss Account	—	49,496
	1,792,442	1,569,744

FORD, RHODES, ROBSON, MORROW
Chartered Accounts

RAHMAN, SARFARAZ & CO.
Chartered Accountants

Karachi: the 25th November, 1998

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1997
CONSOLIDATED FOR ALL CLASSES OF BUSINESS

Particulars	1997	1996
	(Rs. '000)	(Rs. '000)
Premium Reserve brought forward from last year	468,447	431,886
Premium	2,704,065	2,548,541
Less: Retrocessions	<u>1,482,558</u>	<u>1,407,126</u>
	1,221,507	1,141,415
Adjustment of premium of Aviation Department for the year 1993-94	—	(3,557)
	1,221,507	1,137,858
Loss transferred to Profit and Loss Account	102,488	—
	<u>1,792,442</u>	<u>1,569,744</u>

SAYED MUZAFAR ALI SHAH
Chief Executive

M. JAMIL ERICKZADA
Director

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER , 1997
FIRE BUSINESS

Particulars	1997	1996
	(Rs. '000)	(Rs. '000)
Commission (less: Retrocessions)	164,368	157,358
Claims (less: Retrocessions) paid during the year	157,657	127,038
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	<div style="text-align: right; margin-right: 10px;">56,171</div> <hr style="width: 80%; margin: 0 auto;"/> 213,828	<div style="text-align: right; margin-right: 10px;">52,729</div> <hr style="width: 80%; margin: 0 auto;"/> 179,767
Less: Outstanding at the end of the previous year	52,729	79,189
	161,099	100,578
Management Expenses	22,007	28,681
Premium Reserve for the year	137,595	148,551
Profit transferred to Profit and Loss Account	4,530	54,133
	489,599	489,301

FORD, RHODES, ROBSON, MORROW
Chartered Accountants

RAHMAN, SARFARAZ & CO.
Chartered Accountants

Karachi: the 25th November, 1998

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER , 1997
FIRE BUSINESS

Particulars	1997	1996
	(Rs. '000)	(Rs. '000)
Premium Reserve brought forward from last year	148,551	120,861
Premium	850,810	732,138
Less: Retrocessions	509,762	363,698
	341,048	368,440
	489,599	489,301

SAYED MUZAFAR ALI SHAH
Chief Executive

M. JAMIL ERICKZADA
Director

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER , 1997
MARINE BUSINESS

Particulars	1997	1996
	(Rs. '000)	(Rs. '000)
Commission (less: Retrocessions)	75,779	76,853
Claims (less: Retrocessions) paid during the year	109,813	122,819
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	<div style="display: flex; justify-content: space-between;"> 108,386 </div>	<div style="display: flex; justify-content: space-between;"> 67,855 </div>
	218,199	190,674
Less: Outstanding at the end of the previous year	67,855	70,023
	150,344	120,651
Management Expenses	14,247	16,389
Premium Reserve for the year	101,472	95,978
Profit transferred to Profit and Loss Account	—	10,662
	341,842	320,533

FORD, RHODES, ROBSON, MORROW
Chartered Accountants

RAHMAN, SARFARAZ & CO.
Chartered Accountants

Karachi: the 25th November, 1998

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER , 1997
MARINE BUSINESS

Particulars	1997	1996
	(Rs. '000)	(Rs. '000)
Premium Reserve brought forward from last year	95,978	109,993
Premium	386,317	381,509
Less: Retrocessions	165,555	170,969
	220,762	210,540
Loss transferred to Profit and Loss Account	25,102	—
	341,842	320,533

SAYED MUZAFAR ALI SHAH
Chief Executive

M. JAMIL ERICKZADA
Director

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1997
MISCELLANEOUS BUSINESS

Particulars	1997	1996
	(Rs. '000)	(Rs. '000)
Commission (less: Retrocessions)	208,011	180,891
Claims (less: Retrocessions) paid during the year	384,116	329,796
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	<u>153,186</u> 537,302	<u>89,117</u> 418,913
Less: Outstanding at the end of the previous year	89,117	92,016
	448,185	326,897
Management Expenses	42,572	43,504
Premium Reserve for the year	266,763	223,918
	965,531	775,210

FORD, RHODES, ROBSON, MORROW
 CHARTERED ACCOUNTANTS

RAHMAN, SARFARAZ & CO.
 CHARTERED ACCOUNTANTS

Karachi: the 25th November, 1998

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1997
MISCELLANEOUS BUSINESS

Particulars	1997	1996
	(Rs. '000)	(Rs. '000)
Premium Reserve brought forward from last year	223,918	201,033
Premium	1,466,938	1,434,894
Less: Retrocessions	<div style="display: flex; justify-content: center; align-items: center;"> 807,241 <hr style="width: 50%; border: 0.5px solid black;"/> </div>	<div style="display: flex; justify-content: center; align-items: center;"> 872,459 <hr style="width: 50%; border: 0.5px solid black;"/> </div>
	659,697	562,435
Adjustment of premium of Aviation Department for the year 1993-94	—	(3,557)
	659,697	558,878
Loss transferred to Profit and Loss Account	81,916	15,299
	965,531	775,210

SAYED MUZAFAR ALI SHAH
Chief Executive

M. JAMIL ERICKZADA
Director

PROFIT AND LOSS ACCOUNT FOR THE YEARENDED 31ST DECEMBER, 1997

Particulars	1997 (Rs. '000)	1996 (Rs. '000)
EXPENSES OF MANAGEMENT (NOT APPLICABLE TO ANY PARTICULAR REVENUE ACCOUNT)		
Directors' Fee and Travelling	162	42
Auditors' Fee	122	94
Advertisement and Publicity	186	281
E.C.O. Expenses	354	1,350
Training and Research	95	181
Profit paid on deposits retained from other companies	856	629
Building Maintenance	4,091	816
Depreciation (PIC Towers)	18,396	21,603
Zakat deducted at source	11,001	10,094
	35,263	35,090
Exchange loss/(gain)	5,888	(1,450)
Net (Loss) / Profit for the year carried down	(14,605)	211,560
	<u>26,546</u>	<u>245,200</u>

PROFIT AND LOSS APPROPRIATION ACCOUNT

Provision for Bad and Doubtful Debts	8,000	8,000
Provision for Taxation		
- Current year	4,703	45,500
- Prior years	(18,791)	—
	(14,088)	45,500
Exceptional Losses Reserve	—	65,000
Proposed Dividend	5,000	5,000
General Reserve	—	63,000
Unappropriated (Loss)/Profit transferred to Balance Sheet	11,569	25,086
	<u>10,481</u>	<u>211,586</u>

FORD, RHODES, ROBSON, MORROW
Chartered Accountants

RAHMAN, SARFARAZ & CO.
Chartered Accountants

Karachi: the 25th November, 1998

PROFIT AND LOSS ACCOUNT FOR THE YEARENDED 31ST DECEMBER, 1997

Particulars	Note	1997 (Rs. '000)	1996 (Rs. '000)
INVESTMENT INCOME			
Interest and Dividends	3	115,748	122,989
OTHER RECEIPTS			
Rental income-net	4	6,515	18,476
Profit received on deposits retained by other companies		4,532	3,185
Profit on short term deposits		1,775	2,336
Miscellaneous Income		1,337	2,838
(Loss)/Profit on sale of investments		(873)	45,637
Profit on sale of assets		—	243
		13,286	72,715
(LOSS)/PROFIT TRANSFERRED FROM REVENUE ACCOUNTS			
Fire		4,530	54,133
Marine		(25,102)	10,662
Miscellaneous		(81,916)	(15,299)
		(102,488)	49,496
		26,546	245,200
FOR THE YEAR ENDED DECEMBER 31, 1997			
Balance brought forward from Last year		25,086	26
Net (Loss) / Profit for the year brought down		(14,605)	211,560
		10,481	211,586

SAYED MUZAFAR ALI SHAH
Chief Executive

M. JAMIL ERICKZADA
Director

BALANCE SHEET AS AT 31ST DECEMBER, 1997

CAPITAL AND LIABILITIES	Note	1997 (Rs. '000)	1996 (Rs. '000)
AUTHORISED CAPITAL		50,000	50,000
500,000 ordinary shares of Rs. 100/- each			
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		<u>5,000</u>	<u>5,000</u>
50,000 ordinary shares of Rs. 100/- each fully paid in cash		45,000	45,000
450,000 ordinary shares of Rs. 100/- each issued as fully paid bonus share		50,000	50,000
SHARE PREMIUM ACCOUNT		11	11
RESERVES			
Exceptional Loss Reserve		631,000	631,000
Investment Fluctuation Reserve		5,950	5,950
General Reserve		252,500	252,500
Unappropriated (Loss)/Profit		11,569	25,086
		901,019	914,536
PROVISIONS			
Provision for Taxation	5	98,988	264,179
Provision for Doubtful Debenture Loans		264	264
Provision for Bad and Doubtful Debts		50,000	42,000
		149,252	306,443
PROPOSED DIVIDEND		5,000	5,000
RESERVE FOR OUTSTANDING CLAIMS	6		
Fire		56,171	52,729
Marine		108,386	67,855
Miscellaneous		153,186	89,117
		317,743	209,701
PREMIUM RESERVES			
Fire		137,595	148,551
Marine		101,472	95,978
Miscellaneous		266,763	223,918
		505,830	468,447
Amount due to other persons and bodies carrying on insurance business		288,698	335,514
Deposits retained/received from other companies		97,221	44,028
Sundry creditors	7	60,829	53,817
Retention money payable		7,611	7,856
Surplus payable		—	5,500
Divided payable		—	2,500
		454,359	449,215
CONTINGENCY	11	<u>2,383,214</u>	<u>2,403,353</u>

Note: These accounts should be read in conjunction with the annexed notes.

FORD, RHODES, ROBSON, MORROW
Chartered Accountants

RAHMAN, SARFARAZ & CO.
Chartered Accountants

Karachi: the 25th November, 1998

BALANCE SHEET AS AT 31ST DECEMBER, 1997

Particulars	Note	1997 (Rs. '000)	1996 (Rs. '000)
INVESTMENTS			
Stock and Shares		921,646	800,803
Debentures		264	264
WAPDA Bonds		20,000	20,000
Federal Investment Bonds		72,730	132,730
Term deposits		70,000	—
(Aggregate market value Rs. 1,602,518,732 1996: Rs. 1,475,850,000)		1,084,640	953,797
Land and Building (including capital work-in-progress)	8	160,572	178,324
Amount due from persons and bodies carrying on insurance business		559,926	570,640
Deposits held by ceding companies		72,114	74,771
Cash and bank balances	9	63,687	36,292
Interest, return and dividend accrued/outstanding		4,831	35,164
Sundry debtors		31,400	32,164
Advances including Taxation, Loans Deposits and Prepaid Expenses		380,825	500,978
Furniture, Fixtures, Office Equipment, Vehicles and Books (cost less depreciation)		9,184	5,210
Stock of stationery etc. at cost		61	39
ASSETS RELATING TO BANGLADESH (FORMER EAST PAKISTAN)	10	15,974	15,974
		2,383,214	2,403,353

SAYED MUZAFAR ALI SHAH
Chief Executive

M. JAMIL ERICKZADA
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 1997

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	1997	1996
	(Rs. '000)	(Rs. '000)
Increase in (loss)/profit balance	(517)	25,060
<u>Adjustment for:</u>		
Provision for band debts	—	8,000
Provision for taxation	(165,191)	45,500
Increase in General Reserve	—	63,000
Increase in Exceptional Loss Reserve	—	65,000
Proposed Dividend	—	5,000
Depreciation (including Rs. 2.25 million (1996 Rs. 1.133 million) relating to administrative fixed assets charged in management expenses)	20,621	22,736
Increase/(Decrease) provision for outstanding Claims	108,042	(31,528)
Increase in Premium Reserve	37,383	36,560
Interest and Dividend	(115,748)	(122,989)
Gain/(loss) on Sale of Investment	873	(45,637)
Profit before working capital changes	(114,020)	45,642
<u>EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES (SEE SCHEDULE BELOW)</u>	172,243	(265,759)
Cash Generated/(used) in Operations	57,706	(195,057)
<u>CASH FLOWS FROM INVESTMENT ACTIVITIES</u>		
Sale of Investments	59,127	45,697
Interest on Dividends	115,748	122,989
Investment Purchased	(190,844)	(93,693)
Fixed Assets Acquired	(6,842)	(312)
Payment as approved by Fedral Government	—	(555)
	(22,811)	74,126
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Dividend paid	(7,500)	(2,500)
Net Increase/(Decrease) in Cash Equivalent	27,395	(123,431)
Cash and Cash Equivalent at the beginning of year	36,292	159,723
Cash and Cash Equivalent at the end of year	63,687	36,29

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 1997

EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES

1997
(Rs. '000) **1996**
(Rs. '000)

(Increase)/Decrease in Current Assets

Amount on Insurance Business carrying on Insurance Business	10,714	(139,401)
Deposits held by ceding companies	2,657	(3,728)
Interest, Dividend and Return Accrued	30,333	(12,472)
Sundry Debtors	764	(6,184)
Advances including Taxation, Loans, Deposits and Prepaid Expenses	120,153	(104,212)
Stationery Stocks	(22)	(3)
	164,599	(266,000)

Increase/(Decrease) in Current Liabilities

Amount due to other persons and bodies carrying on Insurance Business	(46,816)	16,362
Deposit Retained/Received from other companies	53,193	(23,700)
Sundry Creditors	7,012	10,514
Retention money	(245)	65
Surplus payable	(5,500)	(3,000)
	7,644	241
	172,243	(265,759)

SAYED MUZAFAR ALI SHAH
Chief Executive

M. JAMIL ERICKZADA
Director

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 1997

1. STATUS AND NATURE OF BUSINESS:

Pakistan Insurance Corporation was established under the Pakistan Insurance Corporation Act XXXVIII of 1952 for the purpose of development of insurance and reinsurance business in Pakistan. Its shares are quoted on Karachi and Lahore Stock Exchanges.

2. SIGNIFICANT ACCOUNTING POLICIES:

(a) **BASIS OF ACCOUNTING/FORMAT OF ACCOUNTS:**

These accounts have been prepared under the historical cost convention. The formats of the balance sheet, the revenue accounts and the profit and loss and appropriation account are as prescribed under regulation 50 and 51 of PIC general regulations 1953.

(b) **TAXATION:**

Provision for taxation is based on taxable Income. The corporation accounts for deferred taxation on all material timing differences using liability method. However, debit balance, if any, is not recognised in the accounts.

(c) **PROVISION FOR BAD AND DOUBTFUL DEBTS:**

General provisions, as considered adequate by the management, are made to cover doubtful debts.

(d) **PREMIUM RESERVE:**

Premium reserve represents the balance brought forward plus/minus the increase/decrease of the following percentages of the amounts by which the net premium income for the year exceed/decline in relation to the net premium income of the respective classes of business of the previous year:

	Percent
Fire Business	40
Marine Business:	
Marine Cargo	50
Marine Hull	100
Miscellaneous business:	
Accident and Engineering.	40
Aviation	100

(e) STAFF RETIREMENT BENEFITS:

The Corporation has established general provident fund and contributory provident fund for eligible employees which are administered through trustees. Futhermore, the Corporation also operates funded gratuity and pension schemes for employees entitled/opted for either of the schemes. Provisions are made to cover obligation under the funded gratuity scheme. Provision for pensions are made on the basis of actuarial valuation.

(f) INVESTMENTS:

Investments are carried at cost. Investment fluctuation reserve is maintained to cover possible diminution in value of investment.

Profit or loss on sale of investments is taken to the profit and loss account in the year of sale.

(g) DIVIDEND AND RENTAL INCOME ETC:

Dividend income is recognized in the accounts as and when declared, except for preference shares and other investments, where it is recognised on an accrual basis.

Rentals of PIC Towers are recognized as income on an accrual basis.

(h) RESERVE FOR OUTSTANDING CLAIMS:

Outstanding claims whether due or intimated at the end of the year are accounted for on the information received from the ceding companies and estimation of the underwriter with respect to the adequacy of reserve.

(i) **LAND AND BUILDING (INCLUDING CAPITAL WORK-IN-PROGRESS) AND ADMINISTRATIVE FIXED ASSETS:**

Leasehold land is shown at cost. Other fixed assets are shown at cost less depreciation calculated on the written down values using the following rates:

	Percent
Building	5
Lifts	20
Vehicles	20
Office Equipment	15
Electrical Installation & Airconditioning Equipment	20
Furniture, Fixtures and Books	10
Computers	20

Full year's depreciation is charged on fixed assets capitalised during the year and no depreciation is charged in the year of disposal.

Normal repairs and maintenance are charged to expenses as and when incurred. Gains or losses on disposal of fixed assets are included in current income.

(j) **EXPENSES OF MANAGEMENT:**

These are allocated to the various revenue accounts in proportion to the net premium income for the year.

(k) **FOREIGN CURRENCY TRANSACTIONS:**

Revenue transactions in foreign currencies are converted into rupees at the rates ruling on the date of the transactions. Assets and liabilities in foreign currencies other than bank accounts are not translated into rupees at the rate of exchange prevailing at the balance sheet date and the exchange fluctuations are adjusted at the time of settlement. Exchange gains/losses are dealt with through the profit and loss account.

3. ZAKAT DEDUCTED AT SOURCE:

Investment income includes dividend received on National Investment Trust units, which are shown at gross amounts and zakat deducted at source by National Investment Trust from time to time has been charged off to expense in the year of such deduction, on consistent basis, although Corporation has filed a constitutional petition against deduction of zakat by Administrator, Zakat and on basis of legal opinion favourable decision is expected.

The aggregate amount of zakat so charged off to profit upto 31-12-1997 amounts to Rs. 80.276 million (1996: Rs. 69.274 million) of which Rs. 11.002 million is during the year.

In the event of a decision in favour of the Corporation, the aggregate amount will be reversed and shown as income on realisation.

4. RENTAL INCOME - NET

The above represents rental income from PIC Towers and the related expenses.

	1997	1996
	Rs. '000	Rs. '000
Rental income		
Less: Related expenses -	27,750	22,525
Property taxes (4.1)	18,546	—
Staff salary and maintenance	2,689	4,049
	21,235	4,049
	6,515	18,476

4.1 This include taxes amounting to Rs. 16.909 million relating to prior years.

5. PROVISION FOR TAXATION.

The income tax assessment of the corporation has been completed upto and including assessment year 1996-97.

Income Tax assessment for assessment years 1986-87 to 1996-97 which were under appeal with the Commissioner of Income Tax (Appeals) were finalised during the year resulting in excess provision for taxation of Rs. 67.575 million which has been adjusted in the books. Adjustments in respect of prior year in the profit and loss account include penalty of Rs. 34.306 million in respect of assessment years from 1992-93 to 1996-97 which is under appeal. The appeal effect, if any, will be accounted for in the year of finalisation of appeal.

6. RESERVE FOR OUTSTANDING CLAIMS:

6.1 It also includes an amount of Rs. 4.952 million (1996: Rs. 4.952 million) representing brought forward claims from previous years which relate to Bangladesh (Former East Pakistan). This is made up as follows:

	1997 (Rs. '000)	1996 (Rs. '000)
Fire insurance	2,382	2,382
Marine insurance	1,470	1,470
Miscellaneous insurance	1,100	1,100
	<u>4,952</u>	<u>4,952</u>

No adjustment has been made in this regard since 1973, pending ascertainment of actual liabilities in this regard.

7. SUNDRY CREDITORS:

It includes an amount of Rs. 0.809 million (1996: Rs. 0.809 million) relating to Bangladesh creditors.

8. LAND AND BUILDING (INCLUDING CAPITAL WORK-IN-PROGRESS):

	1997 (Rs. '000)	1996 (Rs. '000)
Capital work-in-progress:		
Leasehold land	796	796
Total Payments made for PIC Towers (8.1)	224,626	224,500
	<u>225,422</u>	<u>225,296</u>
Less: Depreciation		
– As at January 1	47,308	25,705
– For current year	18,396	21,603
	<u>65,704</u>	<u>47,308</u>
	159,718	177,988
PIC Building including lifts at written down value	184	194
PIC House (Residence) at written down value	670	142
	<u>854</u>	<u>336</u>
	<u>160,572</u>	<u>178,324</u>

8.1 Total payments in respect of PIC Towers include cost of civil construction, installation of lifts, air-conditioning, furnitures, fixtures and electrical installations. Total work as certified by PIC's consultant amounts to Rs. 236.5 million out of the total contract price of Rs. 245.5 million. However the Corporation has charged only Rs. 224.6 million to capital work-in-progress, as it disputes with the consultant and contractors over certification of final bills. The corporation has formed a committee to resolve the disputes and pending the resolution, the same has been shown as Capital Work-in-Progress. The Building has been completed since last three years and also rented out to tenants, from which rental income is earned and deprecation is being charged.

9. CASH AND BANK BALANCES.

	1997 (Rs. '000)	1996 (Rs. '000)
Cash in hand	29	8
Cash at banks – current account	390	12,570
– deposit account	63,268	23,714
	63,687	36,292

10. ASSETS RELATING TO BANGLADESH (FORMER EAST PAKISTAN) :

Assets relating to Bangladesh comprises of fixed assets and investments as follows:

	1997 (Rs. '000)	1996 (Rs. '000)
Fixed Assets:		
Land and building	8,608	8,608
Furniture and fixtures	4	4
	8,612	8,612
Investments:		
Stock and shares	7,112	7,112
Debentures	250	250
	7,362	7,362
	15,974	15,974

The realisability of these assets is not determinable at the present time and no provision for the loss, that may arise as a result of the Corporation losing control over these assets, has been made.

11. CONTINGENCY.

The corporation has lodged a claim of Rs. 105.9 million against National Construction Company Limited (NCC) in the past for the breach of contract regarding construction of PIC Towers. A counter claim amounting to Rs. 133.6 million has been lodged by NCC against PIC for its financial and goodwill loss. Resolution of above claims has been referred to the building Committee comprising members of both parties, however, no progress has been made in this regard.

12. GENERAL :

12.1 Figures have been rounded off to the nearest thousand rupees.

12.2 Figures of previous year have been rearranged, wherever necessary, to facilitate comparison.

**SHAREHOLDERS' STATISTICS FOR THE YEAR
ENDED 31ST DECEMBER, 1997.**

<u>No. of Shareholders</u>		<u>No. of Shares</u>		<u>Total Shares held</u>
291	From	1	to 100	9,892
90	From	101	to 500	21,428
15	From	501	to 1,000	15,642
5	From	1,001	to 5,00	11,964
3	From	5,00	to 20,000	29,384
1	From	20,001	to 50,000	24,280
1	From	50,001	to 150,000	132,410
1	From	150,001	to 255,000	255,000
<u>407</u>				<u>500,000</u>

<u>Categories</u>	<u>No. of Shares</u>	<u>Shares Held</u>	<u>Percentage</u>
Individuals	380	43,247	8.65
Investment Companies	1	390	0.07
Insurance Companies	14	184,117	36.83
Joint Stock Companies	8	16,396	3.28
Government of Pakistan Ministry of Commerce	1	255,000	51.00
Administrator Abandoned Properties Organisation	1	250	0.05
Modaraba & Leasing Companies	1	100	0.02
Others (Staff Provident Fund) Adamjee Industries	1	500	0.10
	<u>407</u>	<u>500,000</u>	<u>100.00</u>

SHAREHOLDERS' STATISTICS FOR THE YEAR
ENDED 31ST DECEMBER, 1997.

CLASSIFICATION OF INVESTMENTS

(Rs. '000)
Book Value

Government Securities	92,730
Bank/Financial Institutions	25,915
Term Deposits	70,000
N.I.T. Units	623,098

SHARES & STOCK (LISTED COMPANIES)

a)	Mutual Fund	90,993	
b)	Insurance	3,186	
c)	Cotton & Textile	6,602	
d)	Synthetic & Rayon	0,256	
e)	Jute	1,400	
f)	Sugar & Allied	4,957	
g)	Cement	1,624	
h)	Tobacco	0,271	
i)	Fuel & Energy	63,560	
j)	Engineering	0,955	
k)	Auto & Allied	0,691	
l)	Transport	9,876	
m)	Chemical	78,794	
n)	Paper & Board	3,657	
o)	Vanaspati & Allied	0,403	
p)	Miscellaneous	5,408	272,633
	Debentures		0,264
	Total Investments		1,084,640



بارہا گفتہ ام و بارِ گرمی گویم
کہ من دل شدہ این رہ نہ خود می پویم

در پس آئینہ طوطی صفتم داشته اند
آنچہ استادِ ازل گفت بگو، می گویم

ترجمہ

میں بار بار کہہ چکا ہوں اور اب پھر کہے دیتا ہوں
کہ میں دل ہارا ہوا ہوں خود اس راہ پر نہیں چل رہا ہوں
مجھے آئینے کے پچھے طوطی کی طرح بٹھا دیا گیا ہے
جو کچھ استادِ ازل کہتا ہے کہ بول، میں وہی دہرا دیتا ہوں

طالب دُعا:

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(حافظ شیرازی)



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