Pakistan Insurance Corporation

ESTABLISHED UNDER THE PAKISTAN INSURANCE CORPORATION ACT NO. XXXVIII OF 1952

FIFTH ANNUAL REPORT

Reports and Statements of Account for the year ended 31st December 1957

Head Office
Lloyds Bank Building,
McLeod Road
Karachi.

BOARD OF DIRECTORS

K. B. ABDUL HYE CHOUDHURI *Chairman*

M. U. AHMAD *Director*

KHAWAJA BASHIR BAKHSH *Director*

AMIRALI H. FANCY *Director*

FAKHRUDDIN VALIBHAI *Director*

A. K. M. FAZLUL HUQ *Director*

S. OSMAN ALI *Managing Director*

MANAGEMENT

Managing Director: S. OSMAN ALI

Manager: MOHAMED SADIQ

HEAD OFFICE

Lloyds Bank Building,
McLeod Road,
P. O. Box No. 4777, City,
Karachi. 2 - (Pakistan)

LAHORE OFFICE

Atiya Bldg., Bank Square,
The Mall

DACCA OFFICE

19, Jinnah Avenue
Ramna

AUDITORS

Rahim Jan & Co.

M. Hussain Chaudhury & Co.

PAKISTAN INSURANCE CORPORATION

KARACHI

Report by the Board of Directors
for the year ended 31st December 1957.

To the Shareholders ;

Your Directors are pleased to present the Revenue Accounts, the Profit and Loss Account for the year ended 31st December, 1957, and the Balance Sheet as at 31st December, 1957, together with the Report of the Auditors thereon.

The following summary of the accounts will be of assistance in appreciating the substantial progress made during the year :

REVENUE ACCOUNTS

	FIRE BUSINESS	MARINE BUSINESS	MISC. BUSINESS
Gross Premiums	Rs. 59,25,438	Rs. 22,64,834	Rs. 12,70,861
Nett Premiums	Rs. 27,47,437	Rs. 18,06,107	Rs. 11,41,999
Nett Claims Incurred	10,48,791	8,13,964	3,54,337
Commission	10,58,678	5,35,632	4,23,466
Expenses of Management	2,32,048	88,694	49,769
Premium Reserve Adjustment	59,019	3,70,393	1,80,628
Underwriting Profit	3,48,901	(-) 2,576	1,33,800

Fire and Miscellaneous premium reserves have been maintained at 50% while, in the Marine Department, the figure has been raised to 60%. Despite this, there is only a nominal loss of Rs. 2,576 in the Marine Account.

PROFIT AND LOSS ACCOUNT

The Profit and Loss Account after accounting for income from other sources and allowing for outgo on various accounts not allocable to any revenue account discloses a balance of Rs. 6,34,239 as follows :

Underwriting Profit		Rs. 4,80,125
Income from investment and other sources		~~2,38,430~~
		Rs. ~~7,18,555~~
Miscellaneous Outgo		~~84,316~~
Amount available for disposal		6,34,239
which has been appropriated as under :		
General Reserve :	Rs. 1,50,000	
Reserve for Taxation :	Rs. 3,65,000	5,15,000
		Rs. 1,19,239
Profit & Loss Balance brought forward from 1956		31,974
Balance available for dividends and to be carried forward		Rs. 1,51,213

BALANCE SHEET

The Corporation's financial and underwriting reserves which are in a healthy state are as under:-

Paid-Up Capital		Rs. 20,00,000
Financial & Other Reserves		Rs. 15,93,750
Technical Reserves — Premium	Rs. 30,28,382	
Technical Reserves — Losses	Rs. 18,01,754	Rs. 48,30,136
Total Reserves:-		Rs. 84,23,886

Of interest to you will also be the recent amendments to the Pakistan Insurance Corporation Act, whereby the proportion of business compulsorily reinsurable with the Corporation has been increased from 10% to 30% as from the 1st January, 1958. In order to save maximum amount of foreign exchange and strengthen the net accounts of the companies operating in Pakistan, bulk of the additional twenty per cent cessions is being retroceded to them within the country.

The increased business will be reflected in larger profits and your Directors expect attractive dividends for you in the years to come. Accordingly, the Corporation has been authorised by the Amending Act to declare dividends upto a maximum of ten per cent against the previous limit of five per cent.

The training scheme providing for tuitions in the Chartered Insurance Institute London's syllabi remained in operation. Likewise, the National Co-insurance Scheme continued to flourish thereby giving the requisite fillip to the national insurance industry in the country.

The Directors recommend a dividend of 5% (payable without deduction of Income-tax) and have been pleased to grant a bonus of one month's pay or proportionate part thereof to the management and the staff.

The Directors wish to express their thanks to the management and the staff for their tireless efforts in building up the Corporation and wish to record their appreciation of the assistance and cooperation received during the year from the Ministries of Commerce & Industries and Finance, Government of Pakistan, the Insurance Association of Pakistan, all insurers and overseas associates.

K. B. ABDUL HYE CHOUDHURI	*Chairman*
M. U. AHMAD KHAWAJA BASHIR BAKHSH AMIRALI H. FANCY FAKHRUDDIN VALIBHAI A. K. M. FAZLUL HUQ	*Directors*
S. OSMAN ALI	*Managing Director*

PAKISTAN INSURANCE CORPORATION

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the annexed Balance Sheet of the Pakistan Insurance Corporation as at 31st December, 1957, the Fire, Marine and Miscellaneous Business Revenue Accounts, and the Profit and Loss Account of the Corporation for the year ended upon that date and report that :—

(a) We have obtained all the information and explanations which we have required.

(b) Such Balance Sheet is a full and fair Balance Sheet and exhibits a true and correct view of the state of the Corporation's affairs, according to the best of our information and the explanations given to us and as shown by the books of the Corporation.

M. HUSSAIN CHAUDHURY
M. HUSSAIN CHAUDHURY & Co.,
Registered Accountants,
Auditors.

R. M. BILIMORIA
RAHIM JAN & COMPANY,
Chartered Accountants,
Registered Accountants,
Auditors.

Karachi, 11th June, 1958.

PAKISTAN INSURANCE CORPORATION

REVENUE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1957

FIRE BUSINESS

	Rs. as. p.	Rs. as. p.		Rs. as. p.	Rs. as. p.
Commission ...		10,58,678 2 0	Premium Reserve brought forward from last year		13,14,699 12 0
Claims Paid ..	15,05,334 4 9				
Less Recoveries under Retrocessions ...	7,23,466 3 5	7,11,868 1 4	Reserve for Outstanding Claims brought forward from last year ...		1,66,432 4 6
Expenses of Management ...		2,32,048 0 2	Premiums	59,25,438 8 1	
Reserve for Outstanding Claims ...		5,03,355 0 0	Less Retrocessions	31,78,001 12 1	27,47,436 12 0
Premium Reserve being 50% of the Premiums Less Retrocessions for the year		13,73,718 6 0			
Profit transferred to Profit & Loss Account		3,48,901 3 0			
	Rs.	42,28,568 12 6		Rs.	42,28,568 12 6

As per our Report annexed.

M. HUSSAIN CHAUDHURY
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Registered Accountants,
Auditors.

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RAHIM JAN & Co.,
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Registered Accountants,
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MOHAMED SADIQ
Manager

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A. K. M. FAZLUL HUQ — *Directors*

S. OSMAN ALI — *Managing Director.*

Karachi, 11th, June 1958.

PAKISTAN INSURANCE CORPORATION

REVENUE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1957

MARINE BUSINESS

	Rs.	as.	ps.	Rs.	as.	ps.
Commission ...				5,35,632	0	0
Claims Paid ...	12,74,368	1	0			
Less Recoveries under Retrocessions ...	5,67,552	6	0	7,06,815	11	0
Expenses of Management ...				88,693	14	9
Reserve for Outstanding Claims ...				10,06,703	0	0
Premium Reserve being 60% of the Premiums Less Retrocessions for the year ...				10,83,664	2	0
Rs.				34,21,508	11	9

	Rs.	as.	ps.	Rs.	as.	ps
Premium Reserve brought forward from last year ...				7,13,271	4	0
Reserve for Outstanding Claims brought forward from last year ...				8,99,554	8	0
Premiums ...	22,64,834	5	9			
Less Retrocessions ...	4,58,727	5	0	18,06,107	0	9
Loss transferred to Profit & Loss Account ...				2,575	15	0
Rs.				34,21,508	11	9

As per our Report annexed,

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— *Directors*

S. OSMAN ALI — *Managing Director*

Karachi, 11th June, 1958.

PAKISTAN INSURANCE CORPORATION

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1957

MISCELLANEOUS BUSINESS

	Rs. as. p.	Rs. as. p.
Commission		4,23,465 11 0
Claims Paid	3,71,049 5 0	
Less Recoveries under Retrocessions ...	27,818 13 0	3,43,230 8 0
Expenses of Management		49,768 9 6
Reserve for Outstanding Claims ...		2,91,696 4 0
Premium Reserve being 50% of the Premiums Less Retrocessions for the year		5,70,999 7 0
Profit transferred to Profit & Loss Account		1,33,800 0 6
		Rs. 18,12,960 8 0

	Rs. as. p.	Rs. as. p.
Premium Reserve brought forward from last year		3,90,371 7 0
Reserve for Outstanding Claims brought forward from last year ...		2,80,590 3 0
Premiums	12,70,861 2 0	
Less Retrocessions	1,28,862 4 0	11,41,998 14 0
		Rs. 18,12,960 8 0

As per our Report annexed.

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Karachi, 11th, June 1958.

PAKISTAN INSURANCE CORPORATION
... ENDED 31ST DECEMBER, 1957

PAKISTAN INSURANCE CORPORATION

... ENDED 31ST DECEMBER, 1957

PAKISTAN INSURANCE CORPORATION

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1957

	Rs. as. p.	Rs. as p.		Rs. as. p.	Rs as. p.
Expenses of Management (not applicable to any Particular Revenue Account)			Interest & Dividends Less Income Tax thereon... ...		1,85,534 3 1
Advertisement & Publicity ...	3,060 4 0		Profit transferred from Revenue Accounts :—		
Auditors' Fees	4,700 0 0				
Depreciation	13,262 14 6				
Directors' Fees & T. A.	2,759 13 0		Fire	3,48,901 3 0	
Training Scheme	2,617 6 0				
Loss on sale of Fixed Assets & Investments	229 6 0	26,629 11 6	Miscellaneous	1,33,800 0 6	4,82,701 3 6
Loss transferred from Revenue Account :— Marine		2,575 15 0	Other Receipts : ...		
Other Expenses :—					
Difference in Exchange	1,540 4 11		Share Transfer Fees	94 0 0	
Interest on Deposits retained from other companies	11,744 9 9	13,284 14 8	Commission	8,104 7 0	
			Claim Settling Fees	295 10 0	8,494 1 0
Nett Profit for the year carried down ...		6,34,238 14 5			
	Rs.	6,76,729 7 7		Rs.	6,76,729 7 7
Dividend for the year 1956		1,00,000 0 0	Balance brought forward from last year		1,31,973 13 9
Amounts transferred to :—			Net Profit for the year brought down ...		6,34,238 14 5
General Reserve	1,50,000 0 0				
Reserve for Taxation	3,65,000 0 0	5,15,000 0 0			
Balance carried forward to the Balance Sheet ...		1,51,212 12 2			
	Rs.	7,66,212 12 2	...	Rs.	7,66,212 12 2

As per our Report annexed,

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S OSMAN ALI — *Managing Director*

Karachi; 11th June, 1958.

PAKISTAN INSURANCE CORPORATION

BALANCE SHEET AS AT 31st DECEMBER, 1957

LIABILITIES	Rs. as. ps.	Rs. as. ps.
Capital :		
Authorised—		
1,00,000 shares of Rs. 100 each- ...	1,00,00,000 0 0	
Issued and Paid up —		
20,000 shares of Rs 100 each Fully Paid up ...		20,00,000 0 0
Reserves & Provisions :		
General Reserve ...	4,00,000 0 0	
Reserve for Contingencies ...	1,25,000 0 0	
Reserve for Taxation ...	10,43,750 0 0	
Reserve for Bad & Doubtful Debts ...	25,000 0 0	15,93,750 0 0
Profit & Loss Account ...		1,51,212 12 2
Reserve for Outstanding Claims:		
Fire ...	5,03,355 0 0	
Marine ...	10,06,703 0 0	
Miscellaneous ...	2,91,696 4 0	18,01,754 4 0
Premium Reserves :		
Fire ...	13,73,718 6 0	
Marine ...	10,83,664 2 0	
Miscellaneous ...	5,70,999 7 0	30,28,381 15 0
Amounts due to other persons or bodies carrying on Insurance Business ...		13,74,491 8 5
Deposits Retained from Other Companies...		10,28,180 11 10
Sundry Creditors ...		1,03,193 6 6
Note :- There is a contingent liability of Rs 11,01,595-0-0 in respect of calls not yet made on partly paid shares held by the Corporation as investments.		
		Rs. 1,10,80,964 9 11

ASSETS	Rs. as. ps.	Rs. as. ps.
Investments - at cost		
Government & Other Securities	25,45,977 10 0	
Stocks and Shares ...	29,69,557 8 0	
Debentures ...	5,14,500 0 0	
Mortgages ...	—	
Land & Buildings ...	—	60,30,035 2 0
(Market value as at 31st December, 1957, Rs. 63,66,253-14-0)		
Amounts due from other persons and bodies carrying on Insurance Business		26,68,802 10 3
Deposits held by Ceding Companies ...		9,79,929 10 7
Cash in hand and at Bank ...		6,08,628 5 10
Interest Accrued and Outstanding Less Income Tax ...		57,817 7 0
Sundry Debtors ...		98,063 1 9
Advances, Deposits & Prepaid Expenses ...		5,42,894 10 6
Furniture, Fixture, Office Equipment & Vehicles - at cost less depreciation ...		92,513 12 0
Stock of Stationery in hand ...		2,279 14 0
		Rs. 1,10,80 964 9 11

As per our Report annexed,

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— *Directors*

S. OSMAN ALI — *Managing Director*

Karachi, 11th June, 1958.

PAKISTAN INSURANCE CORPORATION.

KARACHI

NOTIFICATION

The Fifth Annual General Meeting of the Shareholders of the Pakistan Insurance Corporation will be held at Lloyds Bank Building, McLeod Road, Karachi, on Monday, the 25th August, 1958 at 4 p. m. when the following business will be transacted, namely :—

(1) Confirmation of the Minutes of the Fourth Annual General Meeting held on 16th September, 1957.

(2) The Balance Sheet, the Revenue Accounts and the Profit and Loss Account for the year ending 31st December, 1957, together with a Report by the Board on the working of the Corporation throughout the year and the Auditors' Report on the said Balance Sheet and Accounts will be read and considered.

(3) The Chairman will announce the dividend in respect of the 1957 Accounts declared by the Board at their Meeting held on 16th June, 1958.

By Order of the Board
(S. OSMAN ALI)
Managing Director.

Karachi,
24th June, 1958.

The Share Transfer Register of the Corporation will remain closed for 30 days from the 27th July, 1958 to the 25th August, 1958, both days inclusive.