



# Pakistan Insurance Corporation

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

## SEVENTH ANNUAL REPORT Reports and Statements of Account for the year ended 31st December 1959

Head Office  
Lloyds Bank Building  
McLeod Road  
KARACHI



## BOARD OF DIRECTORS

|                           |                 |                          |
|---------------------------|-----------------|--------------------------|
| K. B. ABDUL HYE CHOUDHURI | <i>Chairman</i> |                          |
| KHAWAJA BASHIR BAKHSH     | }               | <i>Directors</i>         |
| M. U. AHMAD               |                 |                          |
| ABDUL HAMID               |                 |                          |
| FAKHRUDDIN VALIBHAI       |                 |                          |
| AHMED DAWOOD              |                 |                          |
| M. SHABBIR AHMAD          |                 |                          |
| SYED WAJID ALI SHAH       |                 |                          |
| SAID HASAN                |                 | <i>Managing Director</i> |

## MANAGEMENT

|                            |               |
|----------------------------|---------------|
| <i>Managing Director :</i> | SAID HASAN    |
| <i>Manager :</i>           | 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

M. Hussain Chaudhury & Co.  
Feroze Sharif & Co.



# PAKISTAN INSURANCE CORPORATION

## KARACHI

Report by the Board of Directors for the year  
ended 31st December, 1959.

To the Shareholders :

Your Directors are pleased to present the Revenue Accounts, the Profit and Loss Account for the year ended 31st December 1959 and the Balance Sheet as on 31st December, 1959, together with the Report of Auditors thereon.

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

### REVENUE ACCOUNTS :

|                              | <u>Fire</u>          | <u>Marine</u> | <u>Misc.</u> | <u>Total</u> |
|------------------------------|----------------------|---------------|--------------|--------------|
|                              | (in lakhs of Rupees) |               |              |              |
| Gross Premium ...            | 127.41               | 73.24         | 49.47        | 250.12       |
| Retrocession Premium ...     | 82.39                | 47.25         | 29.89        | 159.53       |
| Nett Premium ...             | 45.02                | 25.99         | 19.58        | 90.59        |
| Nett Claims Incurred ...     | 19.48                | 11.80         | 7.15         | 38.43        |
| Nett Commission ...          | 17.21                | 8.36          | 7.83         | 33.40        |
| Expenses of Management ...   | 2.84                 | 1.63          | 1.10         | 5.57         |
| Prem. Reserve Adjustment ... | 0.07                 | 1.03          | (-) 0.66     | 0.44         |
| Underwriting Profit ...      | 5.42                 | 3.17          | 4.16         | 12.75        |

You are aware that a proportion of the statutory cessions is being retroceded back to the Companies under a pooling scheme, by way of reciprocity. From 1st January 1959, the measure of reciprocity to the home companies was increased in order to assist their growth. To that extent the nett Revenue of the Corporation has diminished but the income of the home companies would show increase correspondingly. The effect of commencing Marine Hull and Aviation Hull business w. e. f. 1st December, 1958 has been reflected in the accounts for the year under review. The Claim Ratio in Fire Department has increased during the year, and this has effected the Underwriting Profit adversely. But the overall underwriting profit is satisfactory despite the heavy Fire claims and larger retrocessions to home companies.

Fire and Miscellaneous premium reserves have been maintained at the last year's level of 50%. In the Marine Department, however, the rate has been brought down from last year's 70% to 50% to fall in line with the taxation law. Nonetheless the Premium Reserve has been augmented by Rs. 0.44 lakhs.

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iron sheets etc., the brick walls have prevented fire from spreading. It is very essential to improve the jute storage conditions and replace the present corrugated iron sheet godowns by pucca godowns. The capacity of each godown should also be limited in order to restrict the amount at risk. Many insurance companies have stopped writing jute business and a serious situation may be reached in this respect in the future.

The loss ratio in the Marine business has remained at a very satisfactory level except for the year 1956, when, besides a number of General Averages, we were involved in two total losses.

The loss ratio for Accident and Miscellaneous business has remained very favourable for many years in the past for all sub-classes of business, including Motor which has been producing unsatisfactory results for many countries in the world. The experience of all sub-classes particularly the Burglary and Fidelity Guarantee which had produced some unsatisfactory results in the past, has been highly satisfactory. The improvement in the Burglary and Fidelity Guarantee experience can be attributed to proper selection and careful underwriting by the local market.



PAKISTAN INSURANCE CORPORATION

KARACHI

NOTIFICATION

The Seventh Annual General Meeting of the Shareholders of the Pakistan Insurance Corporation will be held at Lloyds Bank Building, McLeod Road, Karachi on Thursday, the 30th June, 1960 at 10-30 A. M. when the following business will be transacted, namely:-

- (1) Confirmation of the Minutes of the Sixth Annual General Meeting held on Monday, the 29th June, 1959 and of the Special General Meeting held on Monday, the 2nd November, 1959.
- (2) The Balance Sheet, the Revenue Accounts and the Profit and Loss Account for the year ended 31st December, 1959, together with the Report by the Board on the working of the Corporation during 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 declared by the Board in respect of the 1959 Accounts.

By order of the Board

(SAID HASAN)  
Managing Director.

The Share Transfer Register of the Corporation will remain closed for 21 days from 11th June, 1960 to 1st July, 1960 both days inclusive.

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Corporat  
Revenue  
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# 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, 1959, the Fire, Marine and Miscellaneous Business Revenue Accounts, the Profit and Loss Account and the Profit and Loss Appropriation Account of the Corporation for the year ended on 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 Corporation's state of affairs, according to the best of our information and explanations given to us and as shown by the books of the Corporation.

FEROZE QAISER  
For FEROZE SHARIF & CO.,  
Chartered Accountants,  
Registered Accountants,  
Auditors.

RAO N. S. KHAN  
For M. HUSSAIN CHAUDHURY & CO.,  
Registered Accountants,  
Auditors.

Karachi, 1st June, 1960.



# PAKISTAN INSURANCE CORPORATION

REVENUE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1959.  
CONSOLIDATED FOR ALL CLASSES OF BUSINESS.

|  | Rs.       | as. p. | Rs.         | as. p. | Rs.         | as. p.         |
|--|-----------|--------|-------------|--------|-------------|----------------|
| Commission Paid (less Retrocession)  |           |        | 33,40,169   | 9 10   |             | 44,86,074 14 0 |
| Claims (less Retrocessions)  |           |        |             |        |             |                |
| Paid during the year   | 36,72,302 | 12 1   |             |        | 2,50,13,024 | 14 6           |
| Add total estimated liability in respect of outstanding claims at the end of the year whether due or intimated | 25,93,870 | 9 6    |             |        | 1,59,53,515 | 3 6            |
| Total  | 62,66,173 | 5 7    |             |        |             | 90,59,509 11 0 |
| Less outstanding at the end of the previous year   | 24,23,293 | 0 0    | 38,42,880   | 5 7    |             |                |
| Expenses of Management   |           |        | 5,57,867    | 3 2    |             |                |
| Premium Reserve being 50% of the Premiums less Retrocessions for the year                                      |           |        | 45,29,755   | 0 0    |             |                |
| Profit transferred to Profit and Loss Account  |           |        | 12,74,912   | 6 5    |             |                |
|  |           |        | 1,35,45,584 | 9 0    |             |                |

As per our Report annexed.

FEROZE QAISER  
For FEROZE SHARIF & Co.,  
Chartered Accountants,  
Registered Accountants,  
Auditors.

RAO N. S. KHAN  
For M. HUSSAIN CHAUDHURY & Co.,  
Registered Accountants,  
Auditors.

S. M. SIDDIQUE  
Senior Accountant.

K. B. ABDUL HYE CHOUDHURI  
KHAWAJA BASHIR BAKHSH  
M. U. AHMAD  
ABDUL HAMID  
FAKHRUDDIN VALIBHAI  
AHMED DAWOOD  
M. SHABBIR AHMAD  
SYED WAJID ALI SHAH  
SAID HASAN

Chairman

Directors

Karachi, 1st June, 1960.

Managing Director

# PAKISTAN INSURANCE CORPORATION

PAKISTAN INSURANCE CORPORATION  
REVENUE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1959.  
CONSOLIDATED FOR ALL CLASSES OF BUSINESS.

Rs. as. p. Rs. as. p.



PAKISTAN  
REVENUE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1959  
FIRE BUSINESS

Premium Reserve brought forward from last year

PAKISTAN INSURANCE CORPORATION  
REVENUE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1959.  
FIRE BUSINESS

|  | Rs.       | as. p. | Rs.       | as. p.    | Rs. | as. p. | Rs. | as. p. |
|--|-----------|--------|-----------|-----------|-----|--------|-----|--------|
| Commission Paid (less Retrocession)  |           |        | 17,21,216 | 14        | 1   |        |     |        |
| Claims (less Retrocessions)  |           |        |           |           |     |        |     |        |
| Paid during the year   | 18,09,721 | 0      | 4         |           |     |        |     |        |
| Add total estimated liability in respect of outstanding claims at the end of the year whether due or intimated | 7,84,706  | 11     | 6         |           |     |        |     |        |
| Total  | 25,94,427 | 11     | 10        |           |     |        |     |        |
| Less outstanding at the end of the previous year   | 6,46,917  | 8      | 0         | 19,47,510 | 3   | 10     |     |        |
| Expenses of Management   |           |        | 2,84,168  | 11        | 1   |        |     |        |
| Premium Reserve being 50% of the Premiums less Retrocessions for the year                                      |           |        | 22,51,079 | 0         | 0   |        |     |        |
| Profit transferred to Profit and Loss Account  |           |        | 5,41,844  | 13        | 0   |        |     |        |
|  |           |        | 67,45,819 | 10        | 0   |        |     |        |

67,45,819 10 0

As per our Report annexed.  
**FEROZE QASIR**  
 For FEROZE SHARIF & Co.,  
*Chartered Accountants,  
 Registered Accountants,  
 Auditors.*  
 Karachi, 1st June, 1960.

PAKISTAN INSURANCE CORPORATION  
 S. M. SIDDIQUE  
 & Co., Senior Accountant.

K. B. ABDUL HYE CHOUDHURI  
 KHAWAJA BASHIR BAKHSH  
 M. U. AHMAD  
 ABDUL HAMID  
 FAKHRUDDIN VALIBHAI  
 AHMED DAWOOD  
 M. SHABBIR AHMAD  
 SYED WAJID ALI SHAH  
 SAID HASAN  
 Chairman  
 Directors  
 Managing Director



# PAKISTAN INSURANCE CORPORATION

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1959.

|  | Rs.    | as. p. | Rs.       | as. p.    | Rs.       | as. p.         |
|--|--------|--------|-----------|-----------|-----------|----------------|
| Expenses of Management :<br>(not applicable to any particular Revenue Account) |        |        |           |           |           |                |
| Advertisement & Publicity  | 17,488 | 5 0    |           |           |           |                |
| Depreciation   | 12,985 | 6 0    |           |           |           |                |
| Auditor's Fee  | 4,500  | 0 0    |           |           |           |                |
| Directors' Fee & T. A.   | 8,292  | 9 9    |           |           |           |                |
| Training Scheme  | 1,993  | 0 0    |           |           |           |                |
| Loss on Sale of Fixed Assets   | 785    | 7 0    | 46,044    | 11 9      |           |                |
| Other Expenses :   |        |        |           |           |           |                |
| Difference in Exchange   |        |        | 4,013     | 4 0       |           |                |
| Nett Profit for the year carried down  |        |        | 15,92,433 | 15 8      |           |                |
|  |        |        |           |           |           |                |
|  |        |        | 16,42,491 | 15 5      |           |                |
| Interest & Dividend  |        |        |           |           | 4,27,515  | 14 0           |
| Less Income Tax thereon  |        |        |           |           | 62,201    | 11 0           |
|  |        |        |           |           |           | 3,65,314 3 0   |
| Profit Transferred from Revenue Account :                                      |        |        |           |           |           |                |
| Fire   |        |        |           |           | 5,41,844  | 13 0           |
| Marine   |        |        |           |           | 3,16,708  | 2 5            |
| Miscellaneous  |        |        |           |           | 4,16,359  | 7 0            |
|  |        |        |           |           |           | 12,74,912 6 5  |
| Other Receipts :   |        |        |           |           |           |                |
| Share Transfer Fees  |        |        |           | 84 0 0    |           |                |
| Profit on Sale of Investments  |        |        |           | 2,180 6 0 |           |                |
| Miscellaneous Income   |        |        |           | 1 0 0     |           |                |
|  |        |        |           |           | 2,265 6 0 |                |
|  |        |        |           |           |           |                |
|  |        |        |           |           |           | 16,42,491 15 5 |

## PROFIT & LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1959.

|  |          |     |           |     |           |      |
|--|----------|-----|-----------|-----|-----------|------|
| Amounts transferred to :   |          |     |           |     |           |      |
| Exceptional Loss Reserve   | 9,00,000 | 0 0 |           |     |           |      |
| Taxation Reserve   | 3,50,000 | 0 0 |           |     |           |      |
| General Reserve  | 2,00,000 | 0 0 | 14,50,000 | 0 0 |           |      |
| Balance carried forward to Balance Sheet                           |          |     | 1,89,425  | 2 3 |           |      |
|  |          |     | 16,39,425 | 2 3 |           |      |
| Balance B/F from last year   |          |     |           |     | 1,69,976  | 2 7  |
| Less dividend for 1958   |          |     |           |     | 1,25,000  | 0 0  |
|  |          |     |           |     | 44,976    | 2 7  |
| Add Excess Provision for Taxation Reserve in 1953 now written back |          |     |           |     | 2,015     | 0 0  |
| Nett Profit for the year brought down                              |          |     |           |     | 46,991    | 2 7  |
|  |          |     |           |     | 15,92,433 | 15 8 |
|  |          |     |           |     | 16,39,425 | 2 3  |

As per our Report annexed.

FEROZE QAISER

For FEROZE SHARIF & Co.,

Chartered Accountants,  
Registered Accountants,  
Auditors.

RAO N. S. KHAN

For M. HUSSAIN CHAUDHURY & Co.,

Registered Accountants,  
Auditors.

S. M. SIDDIQUE

Senior Accountant

K. B. ABDUL HYE CHOUDHURI

Chairman

KHAWAJA BASHIR BAKHSH

M. U. AHMAD

ABDUL HAMID

FAKHRUDDIN VALIBHAI

AHMED DAWOOD

M. SHABIR AHMAD

SYED WAJID ALI SHAH

SAID HASAN

Managing Director

Karachi, 1st June, 1960.

# PAKISTAN INSURANCE CORPORATION

## BALANCE SHEET AS AT 31st DECEMBER, 1959

| LIABILITIES | Rs. | as. p. | Rs. | as. p. | ASSETS                | Rs. | as. p. |
|-------------|-----|--------|-----|--------|-----------------------|-----|--------|
|             |     |        |     |        | Investments—At cost : |     |        |



PAKISTAN INSURANCE CORPORATION  
BALANCE SHEET AS AT 31st DECEMBER, 1959

Rs. as. p. Rs. as. p. Rs. as. p.

ASSETS  
Investments—At cost :

45,68,949 8 0

LIABILITIES

SAID HASAN

Managing Director

PAKISTAN INSURANCE CORPORATION  
BALANCE SHEET AS AT 31st DECEMBER, 1959

| LIABILITIES  | Rs. as. p.     | Rs. as. p.       | ASSETS  | Rs. as. p. | Rs. as. p.       |
|--|----------------|------------------|---|------------|------------------|
| Capital :<br>Authorised—<br>1,00,000 Shares of Rs. 100 each                                  | ...            | 1,00,00,000 0 0  | Investments—At cost :   | ...        | 45,68,949 8 0    |
| Issued and Paid up—<br>20,000 Shares of Rs. 100 each<br>fully paid up                        | ...            | 20,00,000 0 0    | Govt. & other Securities  | ...        | 52,37,646 6 0    |
| Reserve and Provisions :   |                |                  | Debentures  | ...        | 4,62,250 0 0     |
| Exceptional Loss Reserve   | 9,00,000 0 0   |                  | Mortgage  | ...        | ...              |
| General Reserve  | 9,00,000 0 0   |                  | Land and Building   | ...        | 1,86,114 0 0     |
| Reserve for Contingencies  | 1,25,000 0 0   |                  |   |            | 1,04,54,953 14 0 |
| Reserve for Taxation Rs. 20,40,250<br>Less tax paid under<br>Secs. 18-A & 23-B Rs. 11,18,802 | 9,21,448 0 0   |                  | (Market value as at 31st December,<br>1959, Rs. 1,20,63,492—0—0)                      | ...        | ...              |
| Reserve for Bad & Doubtful Debts   | 25,000 0 0     | 28,71,448 0 0    | Amount due from persons and bodies<br>carrying on Insurance Business                  | ...        | 29,63,775 0 9    |
| Profit & Loss Account :<br>(Bal. as per P & L Apprn. Acct.)                                  | ...            | 1,89,425 2 3     | Deposits held by Ceding Companies   | ...        | 14,42,181 10 9   |
| Reserve for Outstanding Claims :   |                |                  | Cash in hand and at Bank  | ...        | 10,83,614 13 9   |
| Fire   | 7,84,706 11 6  |                  | Interest accrued and outstanding less<br>Income Tax                                   | ...        | 1,28,901 12 0    |
| Marine   | 11,22,406 14 0 |                  | Sundry Debtors  | ...        | 58,193 5 9       |
| Miscellaneous  | 6,86,757 0 0   | 25,93,870 9 6    | Advances, Deposits & Pre-paid<br>Expenses   | ...        | 15,676 12 6      |
| Premium Reserves :   |                |                  | Furniture, Fixtures, Office Equipment<br>and Vehicles—at cost less deprecia-<br>tion. | ...        | 1,36,209 4 0     |
| Fire   | 22,51,079 0 0  |                  | Stock of Stationery in hand   | ...        | 3,284 2 0        |
| Marine   | 12,99,419 0 0  |                  |   |            | 1,62,86,796 11 6 |
| Miscellaneous  | 9,79,257 0 0   | 45,29,755 0 0    |   |            |                  |
| Amount due to other persons or bodies<br>carrying on Insurance Business                      | ...            | 25,57,267 7 0    |   |            |                  |
| Deposits retained from other Companies   | ...            | 13,92,226 6 0    |   |            |                  |
| Sundry Creditors   | ...            | 1,52,804 2 0     |   |            |                  |
|  |                | 1,62,86,796 11 6 |   |            |                  |

Note:— There is a contingent liability to the  
tune of Rs. 7,04,000/- in respect of calls not  
yet made on partly-paid shares of Companies  
held by the Corporation as investments.

As per our Report annexed.

FEROZE QAISER

For FEROZE SHARIF & Co.,

Chartered Accountants,  
Registered Accountants,  
Auditors.

RAO N. S. KHAN

For M. HUSAIN CHAUDHURY & Co.,

Registered Accountants,  
Auditors.

Chairman

K. B. ABDUL HYE CHOUDHURI

KHAWAJA BASHIR BAKHSH

M. U. AHMAD

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FAKHRUDDIN VALIBHAI

AHMED DAWOOD

M. SHABBIR AHMAD

SYED WAJID ALI SHAH

SAID HASAN

Managing Director

Karachi, 1st June, 1960.



## MANAGEMENT'S REVIEW FOR 1959

2. The gross premium income of the Corporation has recorded an increase of 42.8 lacs from Rs. 207.32 lacs in 1958 to Rs. 250.12 lacs in 1959. The increase is shared by all the 3 classes of business, especially Marine and Miscellaneous. It is partly due to the Marine Hull and Aviation Hull business having been commenced from 1st December 1958, partly to normal increase in the volume of business and the balance to the expansion of the voluntary portfolio of the Corporation, which is a very gratifying feature of our operations. The table given below gives the premium income for the years 1958 and 1959 separately for each Department :—

|                          |     |     | Compulsory Business |     |    | Voluntary Business |     |    | Total       |     |    |
|--------------------------|-----|-----|---------------------|-----|----|--------------------|-----|----|-------------|-----|----|
|                          |     |     | Rs.                 | As. | P. | Rs.                | As. | P. | Rs.         | As. | P. |
| Fire                     | ... | ... | 76,05,392           | 11  | 0  | 44,57,599          | 8   | 0  | 1,20,62,992 | 3   | 0  |
| Marine (Cargo)           | ... | ... | 50,92,378           | 0   | 0  | 3,11,074           | 0   | 0  | 54,13,970   | 9   | 0  |
| (Hull)                   | ... | ... | 10,518              | 9   | 0  |                    |     |    |             |     |    |
| Accident & Misc.         | ... | ... | 31,22,558           | 13  | 0  |                    |     |    |             |     |    |
| Accident (Aviation only) | ... | ... | 3,757               | 5   | 0  | 1,30,782           | 0   | 0  | 32,57,098   | 2   | 0  |
| GRAND TOTAL              |     |     | 1,58,34,605         | 6   | 0  | 48,99,455          | 8   | 0  | 2,07,34,060 | 14  | 0  |



# 1959

|                              | Compulsory Business |        | Voluntary Business |        | Total       |        |
|------------------------------|---------------------|--------|--------------------|--------|-------------|--------|
|                              | Rs.                 | As. P. | Rs.                | As. P. | Rs.         | As. P. |
| Fire ...                     | 80,49,226           | 3 0    | 46,92,013          | 3 0    | 1,27,41,239 | 6 0    |
| Marine (Cargo)               | 53,77,857           | 0 0    | 5,66,787           | 0 0    | 73,23,985   | 11 0   |
| (Hull) ...                   | 12,77,451           | 4 0    | 1,01,890           | 7 0    |             |        |
| Accident & Misc. ...         | 38,24,482           | 7 0    | 2,45,145           | 12 0   |             |        |
| Accident (Aviation only) ... | 2,99,893            | 13 0   | 5,78,277           | 15 0   | 49,47,799   | 15 0   |
| GRAND TOTAL ...              | 1,88,28,910         | 11 0   | 61,84,114          | 5 0    | 2,50,13,025 | 0 0    |

3. The premium for retrocessions amounted to Rs. 159.54 lacs. This was very high, the main reason being the large measure of reciprocity having been given against compulsory cessions to the home companies as from 1st January 1959 and very liberal retrocessions to foreign companies too. In this connection it may be mentioned that while the home companies ceded a little over 8% of their total business to the P.I.C. voluntarily (in addition to 30% compulsorily), the foreign companies ceded only one eight of one percent. The Corporation also had to make a very large number of retrocessions under the Hull business.

4. In order to enable the insurance companies to build up tax free reserves, amendments were made to the Income-Tax Act under which insurance companies have been authorised to create tax free reserves for extraordinary losses subject to the condition that the total amount reserved under the Premium Reserve as well as extraordinary loss does not exceed 100% of the net premium income. Accordingly, the premium reserve for all the 3 classes has been kept at 50% and a sum of Rs. 9 lacs has been reserved for exceptional losses. In the coming few years the Corporation hopes to raise the reserves for exceptional losses to 50% of its net premium income, which is the maximum permissible under the law.

5. The Investments of the Corporation as on 31st December, 1959, amounted to Rs. 1,04,54,959-14-0 against Rs. 89,92,554-8-0 as on 31st December, 1958 and the income from Investments (less tax) for the year was Rs. 3.65 lacs against Rs. 2.02 lacs in 1958.

6. The Underwriting Profit for the year 1959 comes to Rs. 12.75 lacs against Rs. 8.89 lacs in 1958. But for the adverse claims experience in the Fire Department during the year as explained in the later part of this review and the increase in



reciprocity to home companies under Government directions, the Underwriting Profit would have been considerably larger. The total profit for the year 1959, however, is Rs. 15.92 lacs against 10.69 lacs for 1958.

The financial and other reserves for the years 1958 and 1959 stand as under :

#### FINANCIAL RESERVES

|                      | 1 9 5 8   | 1 9 5 9   |
|----------------------|-----------|-----------|
|                      | Rs.       | Rs.       |
| General              | 7,00,000  | 9,00,000  |
| Exceptional Losses   | —         | 9,00,000  |
| Taxation             | 9,44,592  | 9,21,448  |
| Contingencies        | 1,25,000  | 1,25,000  |
| Bad & doubtful debts | 25,000    | 25,000    |
|                      | <hr/>     | <hr/>     |
|                      | 17,94,592 | 28,71,448 |
|                      | <hr/>     | <hr/>     |

#### TECHNICAL RESERVES

|                    |           |    |   |           |   |   |
|--------------------|-----------|----|---|-----------|---|---|
| Premium            | 44,86,074 | 14 | 0 | 45,29,755 | 0 | 0 |
| Outstanding Losses | 24,23,293 | 0  | 0 | 25,93,870 | 9 | 6 |
|                    | <hr/>     |    |   | <hr/>     |   |   |
|                    | 69,09,367 | 14 | 0 | 71,23,625 | 9 | 6 |
|                    | <hr/>     |    |   | <hr/>     |   |   |

7. As a result of the increase in the business activities of the Corporation, it has established relations with a number of foreign markets and expects to strengthen and expand its foreign business relations further in the near future.

8. One of the functions of the Corporation is to manage National Co-insurance. National Co-insurance is a combine of all home companies to underwrite all the insurance business of Government and semi-Government Organizations. The Corporation acts as the Secretaries of the Co-insurance and the business is distributed amongst the home companies only.

9. The Corporation also embarked actively upon one of its important functions viz. floatation and promotion of new insurance companies. The Corporation floated one insurance company during the year and actively assisted the promotion of two new insurance companies in East Pakistan by participating in their share capital, granting reinsurance treaties on favourable terms and rendering advice on technical matters. The company promoted by the Corporation was handed over to private enterprise as soon as it got into proper operation.



10. The Corporation is also pleased to report that it has extended its operations to aviation insurance w.e.f. December 1, 1958. In spite of severe competition in many forms, the Corporation secured the insurance of the entire fleet of the P.I.A.C. aircrafts. The premium income written in this field increased from Rs. 3,757-5-0 (30% compulsory) in 1958 to Rs. 8,78,171-12-0 in 1959, both compulsory and facultative. It would be very much larger in 1960 and subsequent years.

11. In order to have an idea of the trend of the insurance industry in the country as a whole, figures of the total premiums written and losses incurred in Pakistan as compiled from the returns filed in the Corporation by the companies under compulsory cessions and adjusted as on 31-12-1959 are given below:

| Year   | Premiums | Losses incurred | Loss Ratio |
|--|----------|-----------------|------------|
| (Figures in thousands)                               |          |                 |            |
| <b>F I R E</b>                                       |          |                 |            |
| 1954   | 2,22,11  | 54,63           | 24.6       |
| 1955   | 2,22,88  | 57,50           | 25.8       |
| 1956   | 2,61,84  | 52,63           | 20.1       |
| 1957   | 2,73,92  | 79,71           | 29.1       |
| 1958   | 2,53,51  | 77,32           | 30.5       |
| 1959   | 2,70,00  | 1,01,52         | 37.6       |
| <b>MARINE (Cargo)</b>                                |          |                 |            |
| 1954   | 1,40,00  | 70,70           | 50.5       |
| 1955   | 1,63,27  | 80,78           | 49.6       |
| 1956   | 1,93,01  | 1,64,36         | 85.2       |
| 1957   | 1,97,71  | 1,04,45         | 52.8       |
| 1958   | 1,69,75  | 96,79           | 57.0       |
| 1959   | 1,79,27  | 67,68           | 37.8       |
| (Marine Hull) 1959                                   | 42,58    | 3,32            | 7.79       |
| <b>ACCIDENT AND MISCELLANEOUS EXCLUDING AVIATION</b> |          |                 |            |
| 1954   | 64,35    | 17,18           | 26.7       |
| 1955   | 71,89    | 23,15           | 32.2       |
| 1956   | 77,63    | 32,37           | 41.7       |
| 1957   | 1,01,81  | 29,63           | 29.1       |
| 1958   | 1,04,08  | 38,86           | 37.3       |
| 1959   | 1,27,48  | 42,00           | 32.9       |



The Premiums and loss ratio under important sub-classes of Fire and Accident business for the years 1958 and 1959 was as follows:-

|                                     |     | F I R E            |            |             |                    |            |             |
|-------------------------------------|-----|--------------------|------------|-------------|--------------------|------------|-------------|
|                                     |     | 1958               |            |             | 1959               |            |             |
|                                     |     | Premium            |            | Loss Ratio  | Premium            |            | Loss Ratio  |
|                                     |     | Rs.                | As. P.     | %           | Rs.                | A. P.      | %           |
| General                             | ... | 1,75,42,310        | 0 0        | 16.06       | 1,92,57,110        | 0 0        | 14.8        |
| T. P. X.                            | ... | 12,09,660          | 0 0        | 11.29       | 8,62,870           | 0 0        | 30.8        |
| Cotton Ginning & Pressing Factories |     | 12,07,940          | 0 0        | 57.15       | 12,86,750          | 0 0        | 51.3        |
| Jute Risks                          | ... | 53,91,390          | 0 0        | 75.84       | 55,93,110          | 0 0        | 120.8       |
|                                     |     | <u>2,53,51,300</u> | <u>0 0</u> | <u>30.5</u> | <u>2,70,00,140</u> | <u>0 0</u> | <u>37.6</u> |

#### ACCIDENT & MISCELLANEOUS EXCLUDING AVIATION

|                    |     |                    |            |              |                    |            |              |
|--------------------|-----|--------------------|------------|--------------|--------------------|------------|--------------|
| Motor              | ... | 58,74,043          | 0 0        | 46.99        | 67,65,670          | 0 0        | 40.65        |
| W. C.              | ... | 18,78,693          | 0 0        | 40.96        | 27,60,339          | 0 0        | 32.53        |
| Burglary           | ... | 10,24,213          | 0 0        | 4.59         | 11,11,133          | 0 0        | 4.83         |
| Fidelity Guarantee |     | 4,94,080           | 0 0        | 19.94        | 4,94,425           | 0 0        | 15.22        |
| P. Accident        | ... | 4,22,767           | 0 0        | 35.78        | 5,36,170           | 0 0        | 14.10        |
| Engineering        | ... | 2,98,460           | 0 0        | 7.75         | 6,14,960           | 0 0        | 46.87        |
| Other Misc.        | ... | 4,16,274           | 0 0        | 8.75         | 4,65,576           | 0 0        | 12.86        |
|                    |     | <u>1,04,08,530</u> | <u>0 0</u> | <u>37.34</u> | <u>1,27,48,273</u> | <u>0 0</u> | <u>32.95</u> |

It will be seen from the above figure that the premium income in Fire and Marine Departments which was showing a steady increase upto the year 1957 decreased in 1958. This was mainly due to reduction in Fire rates and shrinkage in trade. It has again increased in 1959. Income under the Accident Department has been increasing steadily and has almost doubled in 1959 as compared to 1954.

As regards the loss ratio in the Fire Department it has gone up from 30.5% for 1958 to 37.6%. This was mainly due to an increase in the loss ratio relating to jute. It has been observed that storage conditions for jute are not very satisfactory. Most of the godowns are built of corrugated iron sheets which cannot stand a fire which spreads easily from one godown to another adjoining one. It has also been noticed that where godowns are of brick walls and roofs of corrugated



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dis**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 accounts discloses a balance of Rs. 15,92,433-15-8 as shown below :-

|   |     |                  |           |          |
|---|-----|------------------|-----------|----------|
| Underwriting Profit   | Rs. | 12,74,912        | 6         | 5        |
| Income from Investments & other Sources.                            | Rs. | 3,67,579         | 9         | 0        |
|   | Rs. | <u>16,42,491</u> | <u>15</u> | <u>5</u> |
| Miscellaneous Outgo   | Rs. | 50,057           | 15        | 9        |
| Nett Profit   | Rs. | 15,92,433        | 15        | 8        |
| Profit & Loss Balance brought forward from 1958                     | Rs. | 44,976           | 2         | 7        |
| Add Excess Provision for Taxation Reserve in 1953 now written back. | Rs. | 2,015            | 0         | 0        |
| Amount available for disposal                                       | Rs. | <u>16,39,425</u> | <u>2</u>  | <u>3</u> |
| which has been appropriated as under :-                             |     |                  |           |          |
| General Reserve   | Rs. | 2,00,000         |           |          |
| Reserve for Taxation  | Rs. | 3,50,000         |           |          |
| Exceptional Loss Reserve.   | Rs. | <u>9,00,000</u>  |           |          |
| Balance available for dividend and to be carried down               | Rs. | <u>1,89,425</u>  | <u>2</u>  | <u>3</u> |

**BALANCE SHEET :**

The Corporation's financial and underwriting reserves which are accumulating satisfactorily are as under :-

|                               |     |                   |          |          |
|-------------------------------|-----|-------------------|----------|----------|
| Paid-up Capital.              | Rs. | 20,00,000         | 0        | 0        |
| Financial and other Reserves. | Rs. | 28,71,448         | 0        | 0        |
| Technical Reserves (Prem.     | Rs. | 45,29,755         | 0        | 0        |
| (Loss.                        | Rs. | <u>25,93,870</u>  | <u>9</u> | <u>6</u> |
| Total Reserves and Capital    | Rs. | <u>119,95,073</u> | <u>9</u> | <u>6</u> |

The Investments of the Corporation as at the end of the year stand at Rs. 104,54,959-14-0.

The Corporation also embarked more actively upon one of its important functions, viz: promotion and floatation of new insurance companies. One insurance company was floated and promoted by the Corporation, while two other new insurance companies with Registered Offices in East Pakistan received active assistance



and large capital participation by the Corporation. The company promoted by the Corporation is now being run by private enterprise.

The training scheme continued to provide instruction in various subjects according to the syllabus of the Chartered Insurance Institute, London.

The Corporation continued to act as Secretaries for the National Co-insurance Scheme, which is intended to assist the home companies in the matter of procuring Government and Semi-Government business. All the business received by the Scheme is distributed amongst the home companies.

The Directors have been pleased to declare a dividend of 10% which is the maximum permissible under the Act, and a bonus of two months' 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 the Corporation received during the year from the Ministries of Commerce and Finance, Government of Pakistan, the Insurance Association of Pakistan, all insurers and overseas connections.

You are aware that Mr. Said Hasan, who has held top posts in the Government, took over charge of the Corporation as whole-time Managing Director in June 1959. He brings with him a treasure of knowledge and experience, and it is hoped, under his able guidance, the Corporation will make further rapid progress.

K. B. ABDUL HYE CHOUDHURI

*Chairman*

KHAWAJA BASHIR BAKHSH  
M. U. AHMAD  
ABDUL HAMID  
FAKHRUDDIN VALIBHAI  
AHMED DAWOOD  
M. SHABIR AHMAD  
SYED WAJID ALI SHAH

*Directors*

SAID HASAN

*Managing Director*



**PROXY FORM**  
**PAKISTAN INSURANCE CORPORATION**

**K A R A C H I**

I/We..... of..... being  
a shareholder of the Pakistan Insurance Corporation holding shares Nos.....  
..... hereby appoint.....  
of..... ( or failing him.....  
of..... ) as my/our proxy to vote for me/us and on my/our behalf at  
a meeting of the shareholders of the Corporation to be held at.....  
on the..... day.....  
and at any adjournment thereof.

Dated this..... day of.....

Signature of Shareholder

Signature must tally with the specimen filed with the Corporation.