



PAKISTAN INSURANCE CORPORATION

21st Annual Report & Accounts

FOR THE YEAR ENDED 31st DECEMBER, 1973

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

LIST OF DIRECTORS

H.U. BEG	<i>Chairman/ Director</i>
GULZAR BANOO	<i>Director</i>
A.Z.FARUQUI	<i>Director</i>
N.M.QURESHI	<i>Director</i>
M.R.KHAN	<i>Director</i>
ARSHAD ALI TOOR	<i>Director</i>
MUHAMMAD ISHAQUE KHAN	<i>Director</i>
NASIM AHMED KHAN	<i>Managing Director</i>

HEAD OFFICE

Pakistan Insurance Building,
M.A. Jinnah Road,
P.O. Box No. 4777, City,
Karachi-2 (Pakistan).

LAHORE OFFICE

Pakistan Insurance Corporation,
WAPDA House, 4th Floor,
Quaid-e-Azam Road,
P.O. Box No. 578,
Lahore (Pakistan)

AUDITORS

FEROZE SHARIF & CO.
TASEER HADI KHALID & CO.

PAKISTAN INSURANCE CORPORATION

KARACHI

Annual Report of Directors for the Year 1973

The Shareholders,
Pakistan Insurance Corporation,

Gentlemen,

Your Directors feel pleasure to place before you their 21st Annual Report, the Balance Sheet as at 31st December, 1973 together with Revenue Accounts, the Profit and Loss and Profit and Loss Appropriation Accounts for the year ended 31st December, 1973 and the Report of the Auditors thereon.

The Corporation has made satisfactory progress during the year and has earned at net profit of Rs. 1.09 crores. This is a very significant improvement over the last two years when very substantial appropriations had to be made from the Reserve. The comparative position of the years 1971, 1972 and 1973 is indicated in the table below:-

	(In lacs of Rupees)		
	1971	1972	1973
Net Profit indicated in the accounts	70.69	62.87	109.24
Appropriation from the Exceptional Loss Reserve.	72.00	102.00	—
Net Position	(—)1.31	(—)39.13	(+)109.24

A summary of the Accounts is given below:-

Revenue Accounts:		(In lacs of Rupees)								
	Fire		Marine		Misc.		Life		Total	
	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973
Gross Premium	455.98	580.72	1142.18	1226.60	539.78	567.17	14.08	8.39	2152.02	2382.88
Retro. Premium	230.86	271.12	699.03	670.44	330.98	378.31	0.66	(-)0.53	1261.53	1319.34
Net Premium	225.12	309.60	443.15	556.16	208.80	188.86	13.42	8.92	890.49	1063.54
Net Com- mission	110.38	141.13	124.91	154.94	49.11	44.96	2.02	1.31	286.42	342.34
Net Claims	102.00	117.84	331.91	294.12	112.81	132.97	11.17	13.71	557.89	558.64
Expenses of Mana- gement	6.96	9.21	17.44	19.44	8.24	8.99	0.21	0.13	32.85	37.77
Premium Reserve Adjustment	1.01	33.79	68.78	45.21	25.34	(-)7.98	—	—	95.13	71.02
Exceptional Loss Reserve Adjustment	—	—	(-)102.00	—	—	—	—	—	(-)102.00	—
Life Fund Increase	—	—	—	—	—	—	0.02	(-)6.23	0.02	(-)6.23
Under- writing Profit	4.77	7.63	2.11	42.45	13.30	9.92	—	—	20.18	60.00

It may be noted from the above summary that the Gross Premium Income has gone up in all the classes of business with the exception of a short-fall in life Business. The reduction in Life Business is due to the cancellation of treaties from May, 1973 consequent upon the nationalisation of Life Business. The figure under the Miscellaneous head is derived from Aviation, Accident and Engineering Business. The Gross Premium under Engineering is reduced from Rs. 154.91 lacs in 1972 to Rs. 130.38 lacs in 1973 due to the completion of a large number of heavy projects during 1972. The increase in the premium income in all classes of business other than Life and Engineering is mainly due to more business having come in our books on National Insurance Fund Accounts other than 30% Compulsory cession.

The net claims paid by the PIC during the year amounted to Rs. 558.64 lacs compared to corresponding figure of Rs. 557.89 lacs during the previous year, although the net premium income has improved over the year by 1.73 crores. It may also be mentioned that it has been possible to recover a major part of the losses from the retrocessionaires as a result of judicious reinsurance arrangements.

Profit and Loss Account:

The Profit and Loss Account, after accounting for income from investment and other sources and allowing for outgo on various heads not allocable to Revenue Accounts, discloses a Profit of Rs. 109.24 lacs as shown below:-

	(In lacs of Rupees)
Underwriting Profit.	Rs. 60.00
Income from Investment and other sources.	Rs. 53.60
	<hr/>
	Rs. 113.60
Miscellaneous Expenses.	Rs. 4.36
	<hr/>
Net Profit.	Rs. 109.24

Allocation of Profit :

To the net profit of Rs. 109.24 lacs for the year 1973, a sum of Rs. 7.22 lacs brought forward from the last year has been added. Thus there is a sum of Rs. 116.46 lacs available for appropriation, which is proposed to be appropriated as follows:-

a) Dividend for 1972	Rs. 5.00 lacs
b) Exceptional Loss Reserve	Rs. 100.00 lacs
c) Taxation Reserve	Rs. 2.36 lacs
d) Available for dividend for the year 1973 and to be carried forward to next year.	Rs. 9.10 lacs

Balance Sheet :

The Corporation's financial and underwriting reserves which have been accumulating satisfactorily from year to year stood as under on 31st December, 1973.

	(In lacs of Rupees)
a) Paid up Capital.	Rs. 50.00
b) Financial/other Reserves.	
Exceptional Loss Reserve	Rs. 300.00
General Reserve	Rs. 43.00
Reserve for Taxation	Rs. 44.00
Reserve for Bad and Doubtful Debts	Rs. 1.50
Gratuity Fund	Rs. 3.83
	<hr/>
	Rs. 392.33
c) Technical Reserves:	
Premium Reserve	Rs. 452.53
Life Fund	Rs. 1.80
Reserve for outstanding claims	Rs. 428.21
	<hr/>
	Rs. 882.54
Total Capital & Reserves.	<hr/>
	Rs. 1324.87

It may be observed from the above that the reserves have been further increased by Rs. 1.13 crore during the year 1973 when compared to the position of reserves in 1972 which stood at Rs. 1212.20 lacs only.

The Investments of the Corporation at the end of 1973 amounted to Rs.370.75 lacs, the break-up of these investments is as follows:-

	(In lacs of Rupees)
Government Loans, Bonds and Certificates	Rs. 73.83
Stock and Shares (West Pakistan)	Rs. 246.75
Debentures (West Pakistan).	Rs. 30.65
	<hr/>
	Rs. 351.23
Land and Building (West Pakistan).	Rs. 19.52
	<hr/>
Total :	Rs. 370.75

The above investment does not include the investment held up in former East Pakistan amounting to Rs. 162.88 lacs.

The Income from the investments of the Corporation in Government Loans, debentures and shares etc., of semi-Government Institutions and Joint Stock Companies in private sector, the rent accruing on Corporation's building and interest on deposits for the year 1973 stands at Rs. 26.75 lacs as against Rs. 25.70 lacs in 1972. In addition, Bonus Shares of the face value of Rs. 1.08 lacs have been received during the year from the various joint stock Companies on our Investments, which have not been included in our Investment Income to meet the requirements of our Auditors. There has not been any Income from Investment in East Pakistan during the year 1972 and 1973 as compared to an income of Rs. 3.46 lacs during 1971, with the exception of interest paid by the Federal Government on the East Pakistan Government Loans of Rs. 5.00 lacs.

The Corporation finalised the renewal of Home Treaties for 1974 well before the dead line. It has also been possible to secure additional shares in some of the local treaties with effect from 1974. In spite of adverse experience on PIC's Excess Loss Covers in all the 3 departments it has been possible to obtain satisfactory terms for the renewal of Excess Loss Covers for 1974. Reinsurance arrangements for Hull business have also been revised to accommodate the additional capacity for Hull reinsurance business for 1974. It has also been possible to effect additional recovery on War Hull Losses arising out of hostilities in 1971.

With the formation of 'National Insurance Fund' with effect from 1st July, 1973 the Corporation had to arrange for adequate reinsurance protection at short notice which was duly arranged at very competitive and reasonable cost. With the expansion of N.I.F. business further arrangements are being made to obtain adequate reinsurance protection appropriate to the actual requirement with the ultimate object of saving the foreign exchange outgo on reinsurance by increasing the retention capacity of the country.

The Life Department of PIC was established in 1964, mainly to give on the spot advice to the Life Insurance Companies on technical matters as well as to provide reinsurance facilities within the country on competitive basis. With the nationalisation of Life Business in Pakistan all the Treaties with PIC were cancelled and, therefore, after May, 1973 no fresh business has been placed with PIC. As a result the premium in this department during the year has been reduced to Rs. 8.39 lacs as against Rs. 14.08 lacs in 1972.

Your Corporation continued to manage the Export Credits Guarantee Scheme on behalf of the Federal Government. The Scheme is one of the measures designed by the Government to support to the export trade of the country. The Scheme provides Post-shipment Comprehensive Guarantees to the exporters to protect them against non-realization of sale proceeds of the goods exported on credit terms and Pre-shipment Export Finance Guarantee to the banks to enable them to grant credit to such prospective exporters who have letters of credit or firm export orders in hand but cannot raise adequate export finance. The Scheme is of immense advantage in assisting and enlarging the base of export trade. The facilities provided by the Export Credit Guarantee Scheme were instrumental during the year under report, in enabling the exporters of small and medium class to effect exports of the order of Rs. 1 crore and the banks to make export finance of the order of Rs. 1.60 crores available to the exporters at pre-shipment stage.

You are aware that your Corporation had been managing the National Co-insurance Scheme since 1955. Under this arrangement, the insurance business of all Government, semi-Government and statutory Corporations' properties and interests was being pooled and distributed to the insurance companies in the private sector. Substantial profits were thus being passed on annually from the public to the private sector in the form of distribution of surplus amongst the insurance companies. To remedy the situation, the Federal Government established a National Insurance Fund for the purposes of insuring the properties and interests of Government, semi-Government institutions, Corporations, Institutions, undertakings or other bodies in which the Government has financial interest or which are otherwise controlled by the Government. The Fund has replaced the National Co-insurance Scheme and has started functioning w.e.f. 1.7.1973. The Fund is wholly owned by the Government and, therefore, all profits or losses accruing from its operation will now revert to the Government. The management of this Fund has also been entrusted by the Federal Government to your Corporation. The insurance business of the Fund is being conducted in accordance with the normal practices, principles and usages obtaining in the insurance business. It is hoped that the operations of the Fund will considerably expand over the coming years with expansion of the public sector.

The Corporation continued to play an active role in regard to multinational regional cooperation in the field of insurance and reinsurance. In order to strengthen the existing bonds of cooperation in this field (of insurance and reinsurance under the Regional Cooperation for Development (RCD) the Management Board of the RCD Reinsurance Pools, (of which the Managing Director, PIC is a member) has recently taken a number of important decisions which will have a far reaching effect on the scope and volume of cooperation in this field. The most important of these measures is the merger of the various RCD Reinsurance Pools. As a first step towards the establishment of an RCD Reinsurance Company, it has been decided to merge the existing RCD Reinsurance Pools in Fire, Marine, Accident and Engineering branches so as to form a single Pool to be known as the RCD Reinsurance Pool, with effect from 1st January, 1975. The integrated Pool will be run on the lines of a professional reinsurers and would thus be in a position to develop a well balanced portfolio, achieve better results and provide better service. According to the Constitution of the Pool, which has already been adopted, the management of the Pool will rotate among the three reinsurance corporations of the Region. For the first term, the Milli Reasurans T.A.S. of Turkey has been entrusted with the management of the integrated Pool.

During the year, the RCD Insurance Centre at Karachi continued to make useful contribution in furthering cooperation in this field. Besides making concrete proposals aimed at strengthening and expanding RCD activity in the field of insurance and reinsurance, it published the third edition of the RCD Insurance Manual and drafted the Constitution and Participation Agreement for the unified RCD Reinsurance Pool.

The RCD International School of Insurance at Tehran has continued to function successfully. At present, among others, 13 students from Pakistan are studying in the School, a majority of whom have shown satisfactory results. Under the RCD Technical Cooperation Programme, three scholarships are awarded to Pakistan every year for studies in the School.

The Corporation has been an active member of the Federation of Afro-Asian Insurers and Reinsurers (F.A.I.R.) which aims at fostering closer cooperation among the insurance markets of Asia and Africa. In the earlier years, the Corporation used to play a leading role in the activities of the F.A.I.R. It could not, however, participate actively in the affairs of the F.A.I.R. for a couple of years following the events of 1971. Since last year, the Corporation has revised its active interest in the F.A.I.R. by participating and supporting its programmes. The Corporation has joined the F.A.I.R. Reinsurance Pool which started functioning on January 1, 1974. In the very first year the premium income of the Pool is estimated at a respectable figure of £ Stg. 450,000. Almost all the important insurance and reinsurance companies in the Afro-Asian Region are members of the Pool. This is a very significant step taken by the F.A.I.R. towards realisation of its objectives. The F.A.I.R. Central Office also continued to circulate useful information on the insurance markets of the region through its quarterly publication "F.A.I.R. Review".

Since the last report there have been some changes in the Constitution of the Board of Directors of the Corporation. Miss. Gulzar Banoo has joined the Board as the representative of the Federal Government. Mr. Muhammad Choudhury has retired and Mr. Arshad Ali Toor and Mr. Muhammad Ishaque Khan have joined the Board of Directors as the representative of the share-holders. The Directors wish to place on record their deep appreciation of the valuable services rendered by the outgoing Director and welcome all the new Directors who bring with them rich and varied experience of Government and Commercial working. It is hoped that your Corporation will make further strides towards the greater progress under their able guidance. Mr. Nasim Ahmed Khan has taken over the charge of the Corporation as Managing Director since October, 1973.

The Directors wish to express their appreciation of the tireless and devoted efforts put in by the management and staff of the Corporation in building up the Corporation into a sound and prosperous organisation. The Directors also wish to express their thanks to the Government of Pakistan, the Insurance Association of Pakistan, all insurers working in Pakistan and foreign reinsurers and reinsurance brokers and all of their numerous overseas associates, particularly the R.C.D. partners of the valuable assistance received by the Corporation during the year.

The Directors are pleased to declare a dividend of $7\frac{1}{2}\%$ for the year 1973.

H.U. BEG	}	Chairman/Director
GULZAR BANOO		
A. Z. FARUQUI	}	Directors
N. M. QURESHI		
M. R. KHAN		
ARSHAD ALI TOOR		
MUHAMMAD ISHAQUE KHAN	}	Managing Director
NASIM AHMED KHAN		

PAKISTAN INSURANCE CORPORATION
KARACHI

Dated: 28th June, 1974

Substitution of sub para (b) of the Auditor's Report to the Shareholders dated 16th May, 1974 on the accounts of Pakistan Insurance Corporation for the year ended 31.12.1973.

- (b) "Subject to the contents of Notes 2, 3 and 6 regarding (i) the status of estimated liability of Reserves for Outstanding Claims in respect of insurance business transacted in prior years in East Pakistan, and (ii) the composition of devaluation account, and (iii) the realisability of net assets of the Corporation in East Pakistan, such Balance Sheet, together with notes thereon, exhibits a true and correct view of the state of the Corporation's affairs according to the best of our information and explanations given to us and as shown by the books of the Corporation."

Sd/-
FEROZE SHARIF & CO.
CHARTERED ACCOUNTANTS

Sd/-
TASEER HADI KHALID & CO.
CHARTERED ACCOUNTANTS

PAKISTAN INSURANCE CORPORATION

KARACHI

AUDITORS' REPORT TO THE SHARE HOLDERS

We have examined the annexed Balance Sheet of the **Pakistan Insurance Corporation** as at 31st December, 1973 and the Life, Fire, Marine and Miscellaneous Insurance 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 we report that :

- (a) we have obtained all the information and explanations which we have required ;
- (b) subject to the contents of Notes 2 and 6 regarding (i) the status of estimated liability of Reserves for Outstanding Claims in respect of insurance business transacted in prior years in East Pakistan, and (ii) the realisability of net assets of the Corporation in East Pakistan, such Balance Sheet, together with notes thereon, exhibits a true and correct view of the state of the Corporation's affairs according to the best of our information and explanations given to us and as shown by the books of the Corporation.

(FEROZE SHARIF & CO.)
Chartered Accountants.

(TASEER HADI KHALID & CO.)
Chartered Accountants.

Karachi, 16th May, 1974.

PAKISTAN INSURANCE

REVENUE ACCOUNT FOR THE YEAR ENDED

CONSOLIDATED FOR ALL

1972	PARTICULARS	
Rs.		Rs.
2,86,41,433	Commission Paid (Less Retrocessions)	3,42,33,480
5,08,68,468	Claims (Less Retrocessions) Paid during the year.	6,13,77,990
4,83,35,367	Add: Total estimated Liability in respect of outstanding claims at the end of the year whether due or intimated	4,28,21,468
9,92,03,835		10,41,99,458
4,34,14,645	Less: Outstanding at the end of previous year.	4,83,35,367
5,57,89,190		5,58,64,091
32,84,855	Expenses of Management.	37,77,435
3,81,51,000	Premium Reserve - for the year	4,52,53,024
8,02,883	Life Fund - balance at the end of the year.	1,79,837
20,18,510	Profit - transferred to Profit and Loss Account.	59,99.943
12,86,87,871		Total : 14,53,07,810

Auditors' Report to the Shareholders
Please see our annexed report of even date

(FEROZE SHARIF & CO.)
Chartered Accountants

(TASEER HADI KHALID & CO.)
Chartered Accountants

(YAQUB ALI)
Manager
(Accounts & Investment)

Karachi, 16th May, 1974.

CORPORATION

31st DECEMBER, 1973

CLASSES OF BUSINESS

1972	PARTICULARS	
Rs.		Rs.
2,86,38,000	Premium Reserve - brought forward from previous year.	3,81,51,000
8,01,338	Life Fund - balance at the beginning of the year.	8,02,883
21,52,01,657	Premiums.	23,82,88,683
12,61,53,124	Less: Retrocessions.	13,19,34,756
8,90,48,533		10,63,53,927
1,02,00,000	Amount transferred from Exceptional Loss Reserve.	—
<u>12,86,87,871</u>		<u>Total : 14,53,07,810</u>

H.U. BEG
GULZAR BANOO
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NASIM AHMED KHAN

Chairman

Directors

Managing Director

PAKISTAN INSURANCE

REVENUE ACCOUNT FOR THE YEAR ENDED

FIRE

1972	PARTICULARS	
Rs.		Rs.
1,10,38,180	Commission Paid (Less Retrocessions)	1,41,13,036
80,35,109	Claims (Less Retrocessions) paid during the year	1,35,36,255
1,00,66,670	Add: Total estimated Liability in respect of outstanding claims at the end of the year whether due or intimated.	83,13,991
1,81,01,779		2,18,50,246
79,01,648	Less: Outstanding at the the end of the previous year.	1,00,66,670
1,02,00,131		1,17,83,576
6,96,005	Expenses of Management	9,20,579
1,01,80,000	Premium Reserve - for the year.	1,35,59,180
4,76,471	Profit - transferred to Profit and Loss Account.	7,63,367
<u>3,25,90,787</u>		<u>Total : 4,11,39,738</u>

Auditors' Report to the Shareholders

Please see our annexed report of even date

(FEROZE SHARIF & CO.)
Chartered Accountants.

(TASEER HADI KHALID & CO.)
Chartered Accountants.

(YAQUB ALI)
Manager
(Accounts & Investment)

Karachi, 16th May, 1974.

CORPORATION

31st. DECEMBER, 1973.

BUSINESS

1972	PARTICULARS	
Rs.		Rs.
1,00,79,000	Premium Reserve - brought forward from last year.	1,01,80,000
4,55,97,582	Premiums.	5,80,72,116
2,30,85,795	Less: Retrocessions	2,71,12,378
2,25,11,787		3,09,59,738
3,25,90,787	Total	4,11,39,738

H.U.BEG
GULZAR BANOO
A.Z. FARUQUI
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M.R. KHAN
ARSHAD ALI TOOR
MUHAMMAD ISHAQUE KHAN
NASIM AHMED KHAN

Chairman

Directors

Managing Director

PAKISTAN INSURANCE

REVENUE ACCOUNT FOR THE YEAR ENDED

MARINE

1972	PARTICULARS	Rs.
Rs.		Rs.
1,24,90,747	Commission Paid (Less Retrocessions)	1,54,93,645
3,21,83,074	Claims (Less Retrocessions) Paid during the year.	3,68,55,203
2,82,42,420	Add : Total estimated Liability in respect of outstanding claims at the end of the year whether due or intimated.	2,07,99,684
6,04,25,494		5,76,54,887
2,72,34,808	Less : Outstanding at the end of the previous year.	2,82,42,420
3,31,90,686		2,94,12,467
17,43,427	Expenses of Management.	19,44,450
1,89,89,000	Premium Reserve - for the year.	2,35,09,606
2,11,710	Profit - transferred to Profit and Loss account	42,44,917
6,66,25,570	Total :	7,46,05,085

Auditors' Report to the Shareholders

Please see our annexed report of even date

(FEROZE SHARIF & CO.)
Chartered Accountants.

(TASEER HADI KHALID & CO.)
Chartered Accountants.

(YAQUB ALI)
Manager
(Accounts & Investment)

Karachi, 16th May, 1974.

31st. DECEMBER, 1973.

1972	PARTICULARS	
Rs.		Rs.
1,21,11,000	Premium Reserve - brought forward from last year.	1,89,89,000
11,42,17,645	Premiums.	12,26,60,157
6,99,03,075	Less: Retrocessions	6,70,44,072
4,43,14,570		5,56,16,085
1,02,00,000	Amount transferred from Exceptional Loss Reserve.	—
6,66,25,570	Total :	7,46,05,085

H.U. BEG
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ARSHAD ALI TOOR
MUHAMMAD ISHAQUE KHAN
NASIM AHMED KHAN

Chairman

Directors

Managing Director

PAKISTAN INSURANCE

REVENUE ACCOUNT FOR THE YEAR ENDED

MISCELLANEOUS

1972	PARTICULARS	Rs.
		Rs.
49,10,644	Commission Paid (Less Retrocessions).	44,95,903
97,44,249	Claims (Less Retrocessions) Paid during the year.	1,05,92,912
96,93,092	Add: Total estimated Liability in respect of Outstanding claims at the end of the year whether due or intimated.	1,23,97,031
1,94,37,341		2,29,89,943
81,56,090	Less: Outstanding at the end of the previous year	96,93,092
1,12,81,251		1,32,96,851
8,23,930	Expenses of Management.	8,99,098
89,82,000	Premium Reserve - for the year.	81,84,238
13,30,329	Profit -transferred to Profit and Loss Account	9,91,659

2,73,28,154

Total : 2,78,67,749

Auditors' Report to the Shareholders

Please see our annexed report of even date

(FEROZE SHARIF & CO.)
Chartered Accountants.

(TASEER HADI KHALID & CO.)
Chartered Accountants.

(Yaqub Ali)
Manager
(Accounts & Investment)

Karachi, 16th May, 1974.

CORPORATION

31st DECEMBER, 1973

BUSINESS

1972	PARTICULARS	
Rs.		Rs.
64,48,000	Premium Reserve - brought forward from last year.	89,82,000
5,39,78,343	Premiums	5,67,17,077
3,30,98,189	Less Retrocessions.	3,78,31,328
2,08,80,154		1,88,85,749
2,73,28,154	Total :	2,78,67,749

H.U.BEG
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NASIM AHMED KHAN

Chairman

Directors

Managing Director

PAKISTAN INSURANCE

REVENUE ACCOUNT FOR THE YEAR ENDED

LIFE

1972	PARTICULARS	Rs.
2,01,862	Commission Paid (Less Retrocessions)	1,30,896
	Claims (Less Retrocessions) paid during the year.	
9,30,608	By Death.	3,63,026
—	By Maturity.	—
—	By Surrenders.	—
(24,572)	By Personal Accidents.	30,594
—	By Annuities.	—
9,06,036	Add: Total estimated Liability in respect of outstanding claims as at the end of the year whether due or intimated.	3,93,620
3,33,185		13,10,762
12,39,221		17,04,382
1,22,099	Less: Outstanding at the end of the previous year.	3,33,185
11,17,122		13,71,197
21,493	Expenses of Management.	13,308
8,02,883	Balance of Fund - at the end of the year.	1,79,837
21,43,360	Total :	16,95,238

Auditors' Report to the Shareholders

Please see our annexed report of even date

(FEROZE SHARIF & CO.)
Chartered Accountants.

(TASEER HADI KHALID & CO.)
Chartered Accountants.

(YAQUB ALI)
Manager
(Accounts & Investment)

Karachi, 16th May, 1974.

CORPORATION

31st DECEMBER, 1973

BUSINESS

1972	PARTICULARS	
Rs.		Rs.
8,01,338	Balance of Fund - at the beginning of the year.	8,02,883
	Premiums:	
7,09,459	First year Premium.	2,40,083
6,98,628	Renewal Premium.	5,99,250
14,08,087		8,39,333
66,065	Less Retrocessions.	(-)53,022
13,42,022		8,92,355

21,43,360

Total : 16,95,238

H.U. BEG
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NASIM AHMED KAHN

Chairman

Directors

Managing Director

PAKISTAN INSURANCE

PROFIT AND LOSS ACCOUNT FOR THE YEAR

1972	PARTICULARS.	Rupees	Rupees
Rs.	Expenses of Management (Not applicable to any particular Revenue Account).		
250	Director's Fee & T.A.	2,128	
14,400	Auditor's Fee.	14,900	
—	Advertisement & Publicity.	11,287	28,315
28,226	R.C.D. Expenses.	98,437	
—	Journal Subsidy.	3,000	
1,14,913	Subsistence Allowance - East Pakistani Employees.	33,681	
—	Federation of Afro-Asian Insurers and Reinsurers.	4,615	1,39,733
—	Donation.		99,500
1,75,221	Interest paid on deposits retained from other Companies.		1,69,209
57	Loss on sale of Assets.		—
1,22,571	Difference in Exchange.		—
62,86,898	Net Profit for the year - carried to profit and Loss Appropriation Account.		1,09,23,730
			<u>1,13,60,487</u>
<u>67,42,536</u>			

PROFIT AND LOSS APPROPRIATION ACCOUNT

5,00,000	Dividend for the year 1972	5,00,000
51,83,000	Exceptional Loss Reserve	1,00,00,000
4,45,000	Taxation Reserve	2,35,573
7,22,037	Balance - carried Forward to Balance Sheet	9,10,195
<u>68,50,037</u>		<u>1,16,45,768</u>

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

Auditor's Report to the Shareholders
Please see our annexed report of even date

(FEROZE SHARIF & CO.)
Chartered Accountants.

(TASEER HADI KHALID & CO.)
Chartered Accountants.

(YAQUB ALI)
Manager.
(Accounts & Investment)

Karachi, 16th May, 1974.

CORPORATION

31ST DECEMBER 1973.

ENDED

1972 Rs.	PARTICULARS.	Rupees	Rupees
	Investment Income:		
17,94,900	Interest and Dividends.		20,98,646
1,32,983	Income from Building.	1,32,983	
(70,842)	Less: Depreciation and other expenses.	41,233	
			91,750
	Profit Transferred from Revenue Accounts:		
4,76,471	Fire	7,63,367	
2,11,710	Marine	42,44,917	
13,30,329	Miscellaneous	9,91,659	
	Other Receipts:		59,99,943
6,83,946	Interest on Deposits	4,84,798	
3,59,264	Interest received on deposits retained by other Companies	4,69,268	
—	Difference in Exchange	13,02,241	
—	Transfer Fees	2	
—	Profit on sale of Investments.	240	
18,23,775	Miscellaneous Income	9,13,599	
			31,70,148
67,42,536			1,13,60,487
FOR THE YEAR ENDED 31ST DECEMBER, 1973.			
5,63,139	Balance brought forward from previous year.		7,22,038
62,86,898	Net Profit for the year - As per Profit and Loss Account.		1,09,23,730
68,50,037			1,16,45,768

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NASIM AHMED KHAN

Chairman

Directors

Managing Director

PAKISTAN INSURANCE

BALANCE SHEET AS AT

1972	CAPITAL AND LIABILITIES	Life Business Rs.	General Business Rs.	Total Rs.
Rs.	Capitals authorised:			
1,00,00,000	1,00,000 Shares of Rs.100/- each			1,00,00,000
	Issued and Paid up:			
50,00,000	50,000 Shares of Rs.100/- each fully paid-up		50,00,000	50,00,000
10,725	Share Premium Account		10,725	10,725
	Reserves and Provisions:			
2,00,00,000	Exceptional Loss Reserve		3,00,00,000	3,00,00,000
43,00,000	General Reserve		43,00,000	43,00,000
41,64,427	Reserve for Taxation		44,00,000	44,00,000
1,50,000	Reserve for Bad and Doubtful Debts.		1,50,000	1,50,000
3,19,957	Gratuity Fund.		3,83,338	3,83,338
7,22,037	Profit and Loss Account		9,10,195	9,10,195
	Reserve for Outstanding Claims:			
1,00,66,670	Fire		83,13,991	83,13,991
2,82,42,420	Marine		2,07,99,684	2,07,99,684
96,93,092	Miscellaneous		1,23,97,031	1,23,97,031
3,33,185	Life	13,10,762	—	13,10,762
	Premium Reserve and Life Fund :			
1,01,80,000	Fire		1,35,59,180	1,35,59,180
1,89,89,000	Marine		2,35,09,606	2,35,09,606
89,82,000	Miscellaneous		81,84,238	81,84,238
8,02,883	Life	1,79,837	—	1,79,837
—	Devaluation Account		1,19,95,534	1,19,95,534
4,28,55,415	Amounts due to other persons and bodies carrying on Insurance Business	1,86,269	4,81,05,705	4,82,91,974
1,91,55,975	Deposits retained and/or received from other Companies		2,29,37,252	2,29,37,252
9,08,049	Sundry Creditors		11,00,191	11,00,191
7,70,327	Due to Life Business		10,83,901	10,83,901
18,56,46,162		16,76,868	21,71,40,571	21,88,17,439

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

Auditors' report to the Shareholders
Please see our annexed report of even date

(FEROZE SHARIF & CO.)
Chartered Accountants.

(TASEER HADI KHALID & CO.)
Chartered Accountants.

(YAQUB ALI)
Manager
Accounts & Investment

Karachi, 16th May, 1974.

CORPORATION

31ST DECEMBER, 1973.

1972	PROPERTY AND ASSETS.	Life Business	General Business	Total
Rs.		Rs.	Rs.	Rs.
	Investments (At Cost)			
64,84,157	Government & other Securities.		73,83,467	73,83,467
2,46,75,530	Stock and Shares		2,46,75,519	2,46,75,519
30,64,750	Debentures		30,64,750	30,64,750
3,42,24,437	(Market Value as at 31st		3,51,23,736	3,51,23,736
	31st December, 1973		19,52,176	19,52,176
17,62,125	Rs. 3,60,13,933)			
	Land & Building		3,70,75,912	3,70,75,912
3,59,86,562				
	Amounts due from persons and bodies carrying on Insurance Business	4,83,976	10,26,70,414	10,31,54,390
7,83,60,740				
2,55,60,524	Deposits held by Ceding Companies		3,20,38,551	3,20,38,551
1,20,72,545	Cash in hand and at Banks		1,22,82,833	1,22,82,833
4,35,102	Interest accrued and outstanding		5,66,729	5,66,729
31,35,293	Sundry Debtors		24,86,824	24,86,824
43,69,024	Advances, Loans, Deposits and Prepaid Expenses		53,65,281	53,65,281
4,30,442	Furniture, Fixtures, Office Equipments and Vehicles - At cost Less Depreciation.		4,34,915	4,34,915
13,07,009	Devaluation Account		—	—
16,243	Stock of Stationery-in hand		29,387	29,387
2,32,02,351	Net Assets relating to East Pakistan	1,08,991	2,41,89,725	2,42,98,716
7,70,327	Due from General Business	10,83,901	—	10,83,901
18,56,46,162		16,76,868	21,71,40,571	21,88,17,439

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Chairman

Directors

Managing Director

PAKISTAN INSURANCE CORPORATION

Notes to the Accounts for the year ended 31st December 1973

1. Reserve for Taxation:

In the opinion of the tax advisors to the Corporation the provision for taxation of Rs.44,00,000/- is sufficient to cover the tax liability upto 31st December, 1973. They further opine that in respect of assessments completed by the tax authorities for the assessment years 1967-68 to 1970-71, an amount of Rs. 6,43,637/- is refundable, subject to the compliance of certain formalities. They are further of the view that refund in aggregate for pending assessments for the years 1971-72 to 1973-74 will also amount to Rs. 5,99,119/-.

Pending receipt of the final assessment orders, no adjustment for refunds has been made in the accounts. The provision for taxation is therefore on the high side to the extent of amounts refundable from tax authorities.

2. Reserve for outstanding claims:

- (a) Reserve for Outstanding Claims includes an amount of Rs. 49,51,794/-, representing claims brought forward from the previous years relating to East Pakistan business; this is made up as follows :

Fire insurance	23,82,000/-
Marine Insurance	14,69,794/-
Miscellaneous insurance	11,00,000/-
Life Business	—

Rupees: 49,51,794/-

The status of the above amount of Rs. 49,51,794/- is still not known.

3. Devaluation Account:

The above account is made up of :

(a) Bonus Vouchers Account	1,91,26,424/-
(b) Devaluation Account	(71,30,890/-)

Rupees: 1,19,95,534/-

- (a) The Bonus Voucher scheme was applicable to the Corporation from 15th July, 1970 to 11th May, 1972. This resulted in an income of Rs. 1,91,26,424/- arisen to the Corporation, on Cash basis, during the years ended 31st December of 1971, 1972 and 1973, on account of:

- net sales revenue on Bonus Vouchers sold/ surrendered, and
- net of amounts recovered/paid in lieu of Bonus Vouchers' on tithements/surrenders.

- (b) The amount of Rs. 71,30,890/- represents net loss accumulated as at 31st December, 1973 arisen out of remittances to and from foreign parties on account of devaluation of Pak Rupee in May, 1972, after adjusting the effects of :

- balance of net income as at 31st December, 1972 on account of devaluation of Pound Sterling in November, 1971 and
- net income from remittances and conversion of the Corporation's US \$ bank balance in February, 1973.

The net effect of Bonus Voucher Scheme and Devaluation account whether profit or Loss shall be accounted for by the Corporation when all transactions relating to these accounts are finally settled.

The effect of devaluation of Pak Rupee and the U.S. Dollar on transactions booked at pre-devaluation rates, in the accounts named hereunder, is unascertainable at this stage since adjustments have not been passed to convert such transactions at post-devaluation rates:

- (a) Amounts due from persons and bodies carrying on insurance business.
- (b) Deposits held by Ceding Companies.
- (c) Amounts due to other persons and bodies carrying on insurance business.
- (d) Deposits retained and/or received from other companies.

The actual exchange differences on remittances etc., are being adjusted as and when accounts are settled.

5. Investments:

Investments include securities of nominal value of Rs. 29,18,900/- pledged with the National Bank of Pakistan against standing overdraft facilities operated during the year under sanction from the Federal Government of Pakistan.

6. Net Assets Relating to East Pakistan:

- (a) Net assets relating to East Pakistan amounting to Rs. 2,42,98,717/- are represented by :

	Balance as at 31st December, 1972	Movements during the year	Balance as at 31st December 1973
Property / Assets:			
East Pakistan Government Loans.	7,99,520	(2,99,820)	4,99,700
Stock and Shares Debentures.	71,11,374	—	71,11,374
Debentures.	2,50,000	—	2,50,000
	81,60,894	(2,99,820)	78,61,074
Land & Building.	82,41,199	1,86,442	84,27,641
Amounts due from persons and bodies carrying on Insurance business.	27,20,897	9,93,276	37,14,173
Deposits held by ceding companies.	22,67,386	—	22,67,386
Cash in hand and at banks.	15,41,749	—	15,41,749
Interest and dividends accrued and outstanding.	1,78,980	97,500	2,76,480
Sundry debtors.	5,35,815	75	5,35,890
Advances, Loans, Deposits and Prepaid expenses.	2,41,059	(6,648)	2,34,411
Furniture and fixtures (At Cost less Depreciation).	4,078	—	4,078
	2,38,92,057	9,70,825	2,48,62,882
Less Liabilities:			
Amounts due to other persons and bodies carrying Insurance Business.	834	—	834
Gratuity Fund.	1,14,070	—	1,14,070
Deposits retained and/or received from other companies.	3,41,522	(1,13,671)	2,27,851
Sundry creditors.	2,33,280	(11,870)	2,21,410
	6,89,706	(1,25,541)	5,64,165
	2,32,02,351	10,96,366	2,42,98,717

- (b) The movements during the year in the net assets relating to East Pakistan were of the following reasons:
- (i) The investment in 5½% East Pakistan Loan matured during the year and an amount of Rs. 2,99,820/-, realised from State Bank of Pakistan, has been credited to this account.
 - (ii) An amount of Rs. 1,86,442/- paid to building contractors represents the payment in respect of Pakistan Insurance Corporation building project at Dacca constructed in 1971. This payment has been approved by the Ministry of Commerce, Government of Pakistan.
 - (iii) An amount of Rs. 9,93,276/- due from persons and bodies carrying on insurance business and Rs. 1,13,671/- for deposits retained and/or received from other companies debited to this account represents the share of East Pakistan on account of retro-ceded business.
 - (iv) Allocation of amounts under interest and dividend accrued, advances, loans and deposits and sundry creditors reflects adjustments relating to prior years.
 - (c) The realisability of net assets in East Pakistan is still not known. Provision has not been made in the accounts for any loss that may be incurred on realisation of such net assets.

7. General:

(a) Life Revenue Account:

All life re-insurance arrangements between the Corporation and other life insurance companies stood terminated on the nationalisation of life business by the Federal Government; the termination is effective from 1st June, 1973 as notified by State Life Insurance Corporation of Pakistan.

However, from 1st June, 1973 to 31st December, 1973 the premium and commission on life business has been accounted for in the life business revenue account for the year; the segregation of life business subsequent to 31st May 1973 has not been done. The Corporation shall pass necessary adjustments in the next accounting year.

(b) Expenses of Management :

Expenses of management have been allocated to the various insurance revenue accounts, including life, on the basis of the gross premium income earned.

- (c) The figures of the previous year have been re-arranged wherever necessary for the purposes of comparison.

(YAQUB ALI)
Manager
(Accounts & Investment)

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NASIM AHMED KHAN

} Chairman
} Directors
J Managing Director

PAKISTAN INSURANCE CORPORATION

NOTIFICATION

The Twenty-first Annual General Meeting of the Shareholders of Pakistan Insurance Corporation will be held at Pakistan Insurance Building, M.A. Jinnah Road, (Opp: Mereweather Tower) Karach-2, on Saturday, the 29th June, 1974 at 10.00 A.M. to transact the following business namely,

- (1) Confirmation of Minutes of the 20th Annual General Meeting held on Saturday, the 30th June, 1973.
- (2) The Balance Sheet as at 31st December, 1973 the Revenue Accounts and the Profit & Loss and the Profit and Loss Appropriation Accounts for the year ended 31st December, 1973, together with the Report by the Board on the working of the Corporation during the year, the Auditor's 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 1973 Accounts.

The Share Transfer Registers of the Corporation will remain closed for 8 days with effect from the 22nd June, 1974 to the 29th June, 1974 both days inclusive.

By order of the Board.

(YAQUB ALI)

Manager

(Accounts & Investment)

PROXY FORM

PAKISTAN INSURANCE CORPORATION

KARACHI

I/We _____ of _____ being
a share-holder 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 to
a meeting of the share-holders of the Corporation to be held at _____
on the _____ day _____
and at any adjournment thereof.
Dated this _____ day of _____

Signature of Share-holder

IMPORTANT :-

Affix Forty
paisas revenue
stamp

1. Signature must tally with the specimen filed with the Corporation.
2. No proxy shall be valid unless it is duly stamped and unless it is together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority is deposited at the Head Office of the Corporation not less than 4 clear days before the date fixed for the meeting.