



# **PAKISTAN INSURANCE CORPORATION**

## **23rd Annual Report & Accounts**

FOR THE YEAR ENDED 31st DECEMBER, 1975

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



# PAKISTAN INSURANCE CORPORATION

## BOARD OF DIRECTORS

M. YAKUB	<i>Chairman</i>
FAZLUR REHMAN KHAN	<i>Director</i>
D. M. QURESHI	<i>Director</i>
AHADULLAH AKMAL	<i>Director</i>
M. A. G. M. AKHTAR	<i>Director</i>
M. W. FAROOQUI	<i>Director</i>
KHAN AMIR ABDULLAH KHAN	<i>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

## NOTIFICATION

The Twenty-Third Annual General Meeting of the Shareholders of Pakistan Insurance Corporation will be held at Pakistan Insurance Building, M. A. Jinnah Road, (Opp: Mereweather Tower) Karachi-2, on Wednesday, the 30th June, 1976 at 10-00 a.m. to transact the following business namely:-

- (1) Confirmation of Minutes of the 22nd Annual General Meeting held on Monday, the 30th June, 1975.
- (2) The Balance Sheet as at 31st December, 1975, the Revenue Accounts and the Profit & Loss and Profit and Loss Appropriation Accounts for the year ended 31st December, 1975 together with the Report by the Board on the working of the Corporation during the year, 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 Accounts for the year 1975.

The Share Transfer Registers of the Corporation will remain closed for 8 days with effect from the 23rd June, 1976 to the 30th June, 1976 both days inclusive.

By order of the Board

(SYED ZIAUDDIN AHMED)  
*Manager*  
(Accounts & Investment)



# PAKISTAN INSURANCE CORPORATION

## KARACHI

### Report of the Board of Directors on the working of the Corporation during the year ended 31st December, 1975.

The Shareholders,  
Pakistan Insurance Corporation,

Gentlemen,

Your Directors take pleasure in presenting herewith their 23rd Annual Report and the Accounts of the Corporation for the year 1975 comprising of the Revenue Accounts, Profit and Loss Account, Profit and Loss Appropriation Account and the Balance Sheet as at 31st December, 1975.

There has been a sizeable increase in the volume of premium income and the business in the aggregate, continued to develop satisfactorily in 1975 as well. The gross premium of the Corporation increased to Rs. 3997.17 lacs from Rs. 3198.87 lacs in 1974. The net premium has also shown substantial increase.

A summary of the accounts given hereunder elucidates the progress:-

Revenue Accounts:		(In lacs of Rupees)									
		Fire		Marine		Misc.		Life		Total	
		1974	1975	1974	1975	1974	1975	1974	1975	1974	1975
Gross											
Premium		863.25	1077.39	1639.87	1862.62	701.44	1056.93	(—)5.69	0.23	3198.87	3997.17
Retro											
Premium		435.89	554.81	757.97	928.31	431.36	615.95	(—)0.26	—	1624.96	2099.07
Nett											
Premium		427.36	522.58	881.90	934.31	270.08	440.98	(—)5.43	0.23	1573.91	1898.10
Nett Com-											
mission		214.58	260.33	275.23	361.79	75.43	111.00	(—)0.59	0.04	564.65	733.16
Nett											
Claims		136.28	190.39	348.69	439.64	121.08	197.48	(—)6.43	(—)0.60	599.62	826.91
Expenses											
of Manage-											
ment		13.14	14.42	24.96	24.93	10.68	14.14	—	—	48.78	53.49
Premium											
Reserve											
Adjustment		47.10	38.09	130.29	20.96	32.49	68.36	—	—	209.89	127.41
Life Fund											
Increase		—	—	—	—	—	—	1.59	0.79	1.59	0.79
Underwrit-											
ing Profit		16.26	19.35	102.73	86.99	30.40	50.00	—	—	149.38	156.34

As will be noticed from the above table, the gross premium income improved in all Classes of Business but more significantly in the Misc. Class of Business which includes Aviation, Accident and Engineering business.

There has however, been a more than proportionate increase in the premium retroceded to other parties. This is accounted for mainly by increased retrocession to National Insurance Fund in 1975 as compared to 1974. Nevertheless, the net premium retained by the Corporation increased from Rs. 1574 lacs in 1974 to Rs. 1898 lacs in 1975.



The Corporation rationalised the commission terms payable to Pakistani Insurance Companies under compulsory cessions by allowing certain increases. This, coupled with some adjustments relating to past years, resulted in an increase in the net commission paid ratio in the Marine Department.

The net claims paid during 1975 recorded substantial increase; in terms of percentage of net premium, the claims stood at 43.57% in 1975 as against 38.09% in 1974. The claim ratio in 1974 was exceptionally low; in earlier years the claim ratio was 59.96% in 1970, 67.40% in 1971, 62.65% in 1972 and 52.53% in 1973.

#### Investment:

The year 1975 witnessed a considerable (95%) increase in investments made by the Corporation:-

	<i>(In lacs of Rupees)</i>	
	1974	1975
Government and other Securities	173.35	573.10
Stock and Shares	255.30	277.67
Debentures	26.25	46.25
Land and Building	20.94	30.96
<b>Total:</b>	<b>475.84</b>	<b>927.98</b>

This rapid and substantial improvement in the investment was partly due to larger business and partly due to recovery of large dues from various bodies and persons carrying on business with the Corporation.

The above investment do not include investment left over in the former East Pakistan which amount to Rs. 164.73 lacs.

With the increase in investments, the investment income for the year also increased correspondingly, from Rs. 26.43 lacs in 1974 to Rs. 71.27 lacs in 1975.

#### Profit and Loss Account:

The Profit and Loss Account shows a net profit of Rs. 198.65 lacs arrived at as follows:-

	<i>(In lacs of Rupees)</i>	
Underwriting Profit	156.34	
Investment and other Income:		
(a) Investment Income	71.27	
(b) Interest earned on short term bank deposits	11.10	
(c) Other Misc. Income	10.41	92.78
		249.12
<b>Less:</b>		
(a) Expenses not allocable to any particular Revenue Account.		3.00
(b) (i) Difference in Exchange	13.40	
(ii) Devaluation	33.91	47.31
(c) Net assets relating to former East Pakistan written off.		0.16
		50.47
<b>Net Profit</b>		<b>198.65</b>



### Allocation of Profit:

After adding a sum of Rs. 1.82 lacs, being the profit brought forward from last year, the aggregate amount of Rs. 200.47 lacs is proposed to be appropriated as under:-

(a) Exceptional Loss Reserve	Rs. 189.00 lacs.
(b) Exchange Fluctuation Reserve	Rs. 5.00 „
(c) Reserve for Bad and Doubtful Debts	Rs. 1.00 „
(d) Available for Dividend for the year 1975 and to be carried forward to next year	Rs. 5.47 „
	<hr/> Rs. 200.47 lacs

The appropriation to Exceptional Loss Reserve is being made at the maximum permissible under the Income Tax Rules at 10% of the net premium.

The wide fluctuations in exchange rates particularly of Pound Sterling have contributed to considerable losses in the accounts. To take care of such losses, a sum of Rs. 10 lacs was appropriated last year to the Exchange Fluctuation Reserve and Rs. 5 lacs is being provided this year for the said purpose.

A sum of Rs. 1 lac has been appropriated to the Reserve for Bad and Doubtful Debts.

### Balance Sheet:

There has been an overall improvement of Rs. 336.85 lacs (or 19.4%) in the reserves of the Corporation which have increased from Rs. 1740.27 lacs at the end of 1974 to Rs. 2077.12 lacs at the close of 1975. Details of these reserves are shown below:-

(In lacs of Rupees)

#### Financial/other Reserves:

Exceptional Loss Reserve	Rs. 646.00	
Investment Fluctuation Reserve	Rs. 4.50	
Exchange Fluctuation Reserve	Rs. 15.00	
General Reserve	Rs. 43.00	
Reserve for Taxation	Rs. 32.50	
Reserve for Bad and Doubtful Debts	Rs. 2.50	
Gratuity Fund	Rs. 6.38	Rs. 749.88

#### Technical Reserves

Premium Reserve	Rs. 789.83	
Life Fund	Rs. 4.18	
Reserve for Outstanding Claims	Rs. 533.23	Rs. 1327.24

Total Reserves: Rs. 2077.12

### Policy Changes:

In order to provide incentives to the local companies for placing their treaties business with PIC which was otherwise being placed abroad, the Corporation, offered the same terms as obtainable by them in the foreign market. Further, the Corporation revised the terms on compulsory reinsurance, providing for higher commission as well as reciprocity to the ceding companies. With the amendment of legislation, providing for 25% compulsory surplus reinsurance, it would now be possible for the Corporation to strengthen and develop the local reinsurance market by increasing its retention capacity.



The placement of PIC's own reinsurance covers for 1976 were planned to take care of the increased exposure, both on the business to be derived from private sector as well as NIC. It was also possible to establish and enlarge direct relations with a number of important professional reinsurers and brokers throughout the world which will enable the Corporation to develop the foreign inward business.

#### **Regional Co-operation:**

The Corporation extended active support to the development of insurance and reinsurance sector in the RCD region. The Integrated RCD Reinsurance Pool which was set up on 1-1-1975 has consolidated its position and is expected to write a premium income of \$ 2.5 million in the very first year of its operation and to increase it to \$ 3 million in 1976. The formation of a Regional Reinsurance Company has been receiving active consideration and a Committee consisting of experts from the countries of the Region, has been set up to prepare a feasibility study on the establishment of such a company.

The RCD Insurance Centre continued to render useful service. The Centre circulated a study on the ways and means of achieving greater collaboration in the field of insurance and reinsurance among the three RCD countries.

The Corporation continued to extend its support to the Federation of Afro-Asian Insurers and Reinsurers (FAIR) of which the Corporation is a Founder Member. The FAIR Reinsurance Pool has firmly established itself and has made remarkable progress during the first two years of its working i.e. 1974 and 1975.

#### **National Insurance Fund:**

Your Corporation continued to manage the National Insurance Fund established on 1-7-1973 for undertaking insurance of the Public Sector properties and interests. With the technical assistance provided by your Corporation both on the underwriting and reinsurance sides, the Fund was able to render valuable and prompt service to its large clientele despite many difficulties in the initial stages of its operations. The business of the Fund, which was conducted in accordance with the normal principles, practices and usages obtaining in the insurance market, registered a substantial increase, from just over Rs. 16 crores in 1974 to over Rs. 25 crores in 1975. The Fund has accumulated reserves of over Rs. 3.16 crores upto the end of 1975, apart from payment of Rs. 1 crore to the Government during the year under review.

#### **Life Reinsurance:**

Following the nationalization of life insurance business and establishment of State Life Insurance Corporation of Pakistan in 1972, treaty arrangements in respect of Life business were cancelled and no fresh business was placed with your Corporation after May, 1973. The Life Reassurance Department is now in the process of winding up. During the year under review, it settled claims of Rs. 0.42 lacs as against the claims of Rs. 1.45 lacs settled last year. The outstanding claims at the year-end amounted to Rs. 4.20 lacs in comparison with Rs. 5.23 lacs in the previous year. The Life Fund, however, increased to Rs. 4.18 lacs at the close of 1975 as against Rs. 3.38 lacs in 1974.

#### **Changes in Board of Directors:**

Since the last report, a number of changes have taken place in the Board of Directors of the Corporation. M/s. N. M. Qureshi and Abdul Waheed have since been transferred and replaced by their successors M/s. M. A. G. M. Akhtar and Ahadullah Akmal as nominees of the Federal Government. Mr. M. W. Farooqui of the State Bank of Pakistan has joined the Board in place of Mr. M. R. Khan whose services have been placed with the Asian Development Bank. M/s. D. M. Qureshi and Khan Amir Abdullah Khan have joined the Board in place of M/s. S. Sameeul-Hassan and Mohammad



Ishaque Khan respectively, as shareholders' elected Directors from Karachi and Lahore registers. Mr. M. Yakub has taken over the charge of the Corporation as Chairman vice Mr. Nasim Ahmed Khan who has left to take up his new assignment as Member/ Secretary of the Wage Commission for Insurance Corporations since constituted by the Federal Government. The directors would like to express their deep sense of appreciation of the services rendered by the out-going Directors and the Chairman. It may be mentioned that through an amendment, during 1975, in the PIC Act, the appointment of Managing Director has been redesignated as Chairman.

**Acknowledgement:**

The Directors take this opportunity to express their appreciation of the good work done by the Management, Officers and Staff of the Corporation which is reflected in the increasing profits and satisfactory reserves of the Corporation. The Directors also owe their gratitude to the Government of Pakistan, the Insurance Association of Pakistan, all Insurers both working in Pakistan and abroad and also the Reinsurance Brokers and Over-seas Associates for the Co-operation and assistance given by them during the year under review.

The Directors are pleased to declare a dividend of 10% for the year 1975.

M. YAKUB	}	<i>Chairman</i>
FAZLUR REHMAN KHAN		
D. M. QURESHI	}	<i>Directors</i>
AHADULLAH AKMAL		
M. A. G. M. AKHTAR		
M. W. FAROOQUI		
KHAN AMIR ABDULLAH KHAN		



# PAKISTAN INSURANCE CORPORATION

23 YEARS AT A GLANCE

(In lacs of Rupees)

YEAR							Gross Premium income	Profit	Dividend declared %	Total reserves	Total investment
1953	.	.	.	.	.	.	16.38	0.13	—	7.95	10.46
1954	.	.	.	.	.	.	44.92	1.06	4	32.02	35.14
1955	.	.	.	.	.	.	56.74	5.10	4	34.62	45.10
1956	.	.	.	.	.	.	80.45	5.75	5	48.44	50.99
1957	.	.	.	.	.	.	94.61	6.34	6-1/2	64.24	60.30
1958	.	.	.	.	.	.	207.34	10.69	10	87.04	89.93
1959	.	.	.	.	.	.	250.12	15.92	10	99.95	104.55
1960	.	.	.	.	.	.	331.10	16.94	10	112.58	113.81
1961	.	.	.	.	.	.	376.63	15.09	10	136.24	122.99
1962	.	.	.	.	.	.	478.89	15.61	10	170.32	149.02
1963	.	.	.	.	.	.	571.65	16.48	10	210.69	203.06
1964	.	.	.	.	.	.	674.00	20.17	10	259.01	257.89
1965	.	.	.	.	.	.	772.98	23.34	10	355.47	310.40
1966	.	.	.	.	.	.	938.06	23.08	10	395.01	354.07
1967	.	.	.	.	.	.	1084.31	36.21	10	491.17	387.09
1968	.	.	.	.	.	.	1319.42	73.97	10	633.64	422.56
1969	.	.	.	.	.	.	1562.91	67.28	10	774.48	477.62
1970	.	.	.	.	.	.	1554.45	87.52	10	911.08	512.42
1971	.	.	.	.	.	.	1667.67	70.69	10	1070.60	520.84
1972	.	.	.	.	.	.	2152.02	62.87	10	1162.23	359.86
1973	.	.	.	.	.	.	2382.88	109.24	7-1/2	1274.00	370.75
1974	.	.	.	.	.	.	3198.87	160.22	7-1/2	1740.27	475.84
1975	.	.	.	.	.	.	3997.17	198.65	10	2077.12	927.98

*Note:* Fall in investments from the year 1971 to 1972 is due to the loss of investments in former East Pakistan.



# PAKISTAN INSURANCE CORPORATION

KARACHI

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the annexed Balance Sheet of the Pakistan Insurance Corporation as at 31st December, 1975 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, 4, 5 and 6, 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, 1st June, 1976*



# PAKISTAN INSURANCE

## REVENUE ACCOUNT FOR THE CONSOLIDATED FOR ALL

1974	PARTICULARS	
Rupees		Rupees
5,64,64,624	Commission paid (Less Retrocessions)	7,33,15,757
5,06,93,432	Claims (Less Retrocessions) paid during the year	8,14,58,523
5,20,90,161	Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	5,33,22,780
10,27,83,593		13,47,81,303
4,28,21,468	Less: Outstanding at the end of previous year	5,20,90,162
5,99,62,125		8,26,91,141
48,77,786	Expenses of management	53,48,696
6,62,42,187	Premium reserve for the year	7,89,83,454
3,38,470	Life fund—balance at the end of the year	4,17,919
1,49,38,797	Profit transferred to Profit and Loss Account	1,56,33,836
<u>20,28,23,989</u>	Total:	<u>25,63,90,803</u>

Auditors' Report to the shareholders is annexed.

(FEROZE SHARIF & CO.) (TASEER HADI KHALID & CO.) (SYED ZIAUDDIN AHMED)  
Chartered Accountants Chartered Accountants Manager  
Accounts & Investment

Karachi, 1st June, 1976.



# CORPORATION

YEAR ENDED 31st DECEMBER, 1975

## CLASSES OF BUSINESS

1974	PARTICULARS	
Rupees		Rupees
4,52,53,024	Premium Reserve—brought forward from previous year	6,62,42,187
1,79,837	Life Fund—balance at the beginning of the year	3,38,470
31,98,87,431	Premiums	39,97,16,916
16,24,96,303	Less: Retrocessions	20,99,06,770
15,73,91,128		18,98,10,146
<u>20,28,23,989</u>		Total: <u>25,63,90,803</u>

(S. M. SIDDIQUE)  
Executive Director  
(Finance & Administration)

M. YAKUB  
FAZLUR REHMAN KHAN  
D. M. QURESHI  
AHADULLAH AKMAL  
M. A. G. M. AKHTAR  
M. W. FAROOQUI  
KHAN AMIR ABDULLAH KHAN

Chairman

Directors



# PAKISTAN INSURANCE

## REVENUE ACCOUNT FOR THE FIRE

1974	PARTICULARS	
Rupees		Rupees
2,14,57,936	Commission paid (Less Retrocessions)	2,60,33,045
1,35,25,178	Claims (Less Retrocessions) paid during the year	1,42,58,744
84,16,937	<i>Add:</i> Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	1,31,97,280
2,19,42,115		2,74,56,024
83,13,991	<i>Less:</i> Outstanding at the end of previous year	84,16,937
1,36,28,124		1,90,39,087
13,13,985	Expenses of management	14,41,684
1,82,69,667	Premium reserve for the year	2,20,78,773
16,25,423	Profit—transferred to Profit and Loss Account	19,35,798
<u>5,62,95,135</u>		Total: <u>7,05,28,387</u>

Auditors' Report to the shareholders is annexed.

(FEROZE SHARIF & CO.) (TASEER HADI KHALID & CO.) (SYED ZIAUDDIN AHMED)  
Chartered Accountants Chartered Accountants Manager  
(Accounts & Investment)

Karachi, 1st June, 1976.



# CORPORATION

YEAR ENDED 31st DECEMBER, 1975

## BUSINESS

1974	PARTICULARS	
Rupees		Rupees
1,35,59,180	Premium Reserve—brought forward from previous year	1,82,69,667
8,63,25,115	Premiums	10,77,39,464
4,35,89,160	Less: Retrocessions	5,54,80,744
4,27,35,955		5,22,58,720
<hr/>		
5,62,95,135		Total: 7,05,28,387

(S. M. SIDDIQUE)  
Executive Director  
(Finance & Administration)

M. YAKUB  
FAZLUR REHMAN KHAN  
D. M. QURESHI  
AHADULLAH AKMAL  
M. A. G. M. AKHTAR  
M. W. FAROOQUI  
KHAN AMIR ABDULLAH KHAN

Chairman

Directors



# PAKISTAN INSURANCE

## REVENUE ACCOUNT FOR THE MARINE

1974	PARTICULARS	
Rupees		Rupees
2,75,22,368	Commission paid (Less: Retrocessions)	3,61,79,220
2,65,50,340	Claims (Less: Retrocessions) paid during the year	5,34,77,375
2,91,18,018	Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	1,96,05,075
5,56,68,358		7,30,82,450
2,07,99,684	Less: Outstanding at the end of the previous year	2,91,18,018
3,48,68,674		4,39,64,432
24,96,116	Expenses of management	24,92,412
3,65,39,300	Premium reserve for the year	3,86,35,381
1,02,73,468	Profit—transferred to Profit and Loss Account	86,98,379
<u>11,16,99,926</u>		Total: <u>12,99,69,824</u>

Auditors' Report to the shareholders is annexed.

(FEROZE SHARIF & CO.) (TASEER HADI KHALID & CO.) (SYED ZIAUDDIN AHMED)  
Chartered Accountants Chartered Accountants Manager  
(Accounts & Investment)

Karachi, 1st June, 1976.



# CORPORATION

YEAR ENDED 31st DECEMBER, 1975

## BUSINESS

1974	PARTICULARS	
Rupees		Rupees
2,35,09,606	Premium Reserve—brought forward from previous year	3,65,39,300
16,39,87,740	Premiums	18,62,62,082
7,57,97,420	Less: Retrocessions	9,28,31,558
8,81,90,320		9,34,30,524
11,16,99,926	Total:	12,99,69,824

S. M. SIDDIQUE  
*Executive Director*  
(Finance & Administration)

M. YAKUB	Chairman
FAZLUR REHMAN KHAN	
D. M. QURESHI	Directors
AHADULLAH AKMAL	
M. A. G. M. AKHTAR	
M. W. FAROOQUI	
KHAN AMIR ABDULLAH KHAN	



## MISCELLANEOUS

**Auditors' Report to the shareholders is annexed.**

16



# CORPORATION

YEAR ENDED 31st DECEMBER, 1975

## BUSINESS

1974	PARTICULARS	
Rupees		Rupees
81,84,238	Premium Reserve—brought forward from previous year	1,14,33,220
7,01,43,902	Premiums	10,56,92,870
4,31,35,698	Less: Retrocessions	6,15,94,468
2,70,08,204		4,40,98,402
<hr/>		
3,51,92,442		Total: 5,55,31,622

(S. M. SIDDIQUE)  
*Executive Director*  
(Finance & Administration)

M. YAKUB	}	<i>Chairman</i>
FAZLUR REHMAN KHAN		
D. M. QURESHI	}	<i>Directors</i>
AHADULLAH AKMAL		
M. A. G. M. AKHTAR		
M. W. FAROOQUI		
KHAN AMIR ABDULLAH KHAN		



# PAKISTAN INSURANCE

## REVENUE ACCOUNT FOR THE YEAR

### LIFE

1974	PARTICULARS	
Rupees		Rupees
(—)59,162	Commission paid (Less: Retrocessions)	3,250
	Claims (Less: Retrocessions paid) during the year	
1,34,932	By death:	42,500
—	By maturity:	—
—	By surrenders:	—
9,904	By personal accidents:	—
—	By annuities:	—
1,44,836		42,500
5,23,104	Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	4,20,104
6,67,940		4,62,604
13,10,762	Less: Outstanding at the end of the previous year	5,23,104
(—)6,42,822		(—)60,500
—	Expenses of management	301
3,38,470	Balance of fund—at the end of the year	4,17,919
<u>(—)3,63,514</u>		<u>Total: 3,60,970</u>

Auditors' Report to the shareholders is annexed.

(FEROZE SHARIF & CO.) (TASEER HADI KHALID & CO.) (SYED ZIAUDDIN AHMED)  
Chartered Accountants Chartered Accountants Manager  
(Accounts & Investment)

Karachi, 1st June, 1976.



**ENDED 31st DECEMBER, 1975**

1974	PARTICULARS	
Rupees		Rupees
1,79,837	Balance of fund—at the beginning of the year	3,38,470
	Premiums	
(—)1,18,131	First year premium	—
(—)4,51,195	Renewal premium	22,500
(—)5,69,326		22,500
(—)25,975	Less: Retrocessions	—
(—)5,43,351		22,500
(—)3,63,514		
	Total:	3,60,970

M. YAKUB	}	<i>Chairman</i>
FAZLUR REHMAN KHAN		
D. M. QURESHI	}	<i>Directors</i>
AHADULLAH AKMAL		
M. A. G. M. AKHTAR		
M. W. FAROOQUI		
KHAN AMIR ABDULLAH KHAN		



# PAKISTAN INSURANCE

## PROFIT AND LOSS ACCOUNT FOR THE

1974 Rupees	PARTICULARS	Rupees
	Expenses of management (Not allocable to any particular Revenue Account)	
4,984	Directors' fee and travelling allowance	5,078
14,900	Auditors' fee	20,500
14,869	Advertisement & publicity	15,711
34,753		41,289
2,51,475	R.C.D. expenses	67,385
3,000	Journal subsidy	
4,681	Federation of Afro-Asian Insurers and Reinsurers	4,849
2,59,156		72,234
5,000	Donation	200
1,33,748	Interest paid on deposits retained from other Companies	1,85,928
82,68,928	Net Assets relating to East Pakistan written off	15,560
—	Difference in exchange/devaluation	47,31,115
1,60,21,633	Net profit for the year carried to Profit & Loss Appropriation Account	1,98,65,497
2,47,23,218	(Profit for the year is Rs. 1,98,81,056 before writing off the Net Assets relating to former East Pakistan)	Total: 2,49,11,823

### PROFIT AND LOSS APPROPRIATION ACCOUNT

3,75,000	Dividend for the year 1974	3,75,000
1,57,00,000	Exceptional loss reserve	1,89,00,000
1,00,000	Taxation reserve	—
4,50,000	Investment fluctuation reserve	—
10,00,000	Exchange fluctuation reserve	5,00,000
—	Reserve for bad & doubtful debts	1,00,000
5,56,828	Balance—carried to Balance Sheet	5,47,325
1,81,81,828		Total: 2,04,22,325

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

**Auditors' Report to the shareholders is annexed.**

(FEROZE SHARIF & CO.) (TASEER HADI KHALID & CO.) (SYED ZIAUDDIN AHMED)  
Chartered Accountants Chartered Accountants Manager  
(Accounts & Investment)

Karachi, 1st June, 1976.



# CORPORATION

YEAR ENDED 31st DECEMBER, 1975

1974 Rupees	PARTICULARS	Rupees
	Investment Income:	
31,80,859	Interest and dividends	81,58,743
1,32,983	Income from building	1,32,983
35,705	Less: Depreciation and other expenses	54,419
97,278		78,564
32,78,137		82,37,307
	Profit transferred from Revenue Accounts	
16,25,423	Fire	19,35,798
1,02,73,468	Marine	86,98,379
30,39,906	Miscellaneous	49,99,660
1,49,38,797		1,56,33,837
	Other receipts:	
3,92,914	Interest received on deposits retained by other companies	8,73,697
55,80,027	Difference in exchange/devaluation	—
—	Share transfer fees	104
258	Profit on sale of investment	267
5,33,085	Miscellaneous income	1,66,611
2,47,23,218		Total: 2,49,11,823

## FOR THE YEAR ENDED 31st DECEMBER, 1975

9,10,195	Balance—brought forward from previous year	5,56,828
1,60,21,633	Net profit for the year—as per Profit & Loss Account	1,98,65,497
12,50,000	Taxation reserve written back	—
1,81,81,828		Total: 2,04,22,325

(S. M. SIDDIQUE)  
Executive Director  
(Finance & Administration)

M. YAKUB  
FAZLUR REHMAN KHAN  
D. M. QURESHI  
AHADULLAH AKMAL  
M. A. G. M. AKHTAR  
M. W. FAROOQUI  
KHAN AMIR ABDULLAH KHAN

Chairman  
Directors



# PAKISTAN INSURANCE

## BALANCE SHEET AS AT

1974 Rupees	CAPITAL & LIABILITIES	Life Business Rupees	General Business Rupees	Total Rupees
1,00,00,000	<b>Capital Authorised</b> 1,00,000 shares of Rs. 100 each			1,00,00,000
	<b>Issued and Paid up</b> 50,000 shares of Rs. 100 each fully paid up		50,00,000 10,725	50,00,000 10,725
50,10,725	Share premium account		50,10,725	50,10,725
	<b>Reserve and Provisions:</b>			
4,57,00,000	Reserve for contingencies		6,46,00,000	6,46,00,000
10,00,000	Exceptional loss reserve		15,00,000	15,00,000
4,50,000	Exchange fluctuation reserve		4,50,000	4,50,000
	Investment fluctuation reserve			
4,71,50,000	General reserve		6,65,50,000	6,65,50,000
43,00,000	Reserve for taxation		43,00,000	43,00,000
32,50,000	Reserve for bad and doubtful debts		32,50,000	32,50,000
1,50,000	Reserve for gratuity		2,50,000	2,50,000
5,06,198			6,38,386	6,38,386
5,53,56,198			7,49,88,386	7,49,88,386
5,56,828	<b>Unappropriated Profit</b>		5,47,325	5,47,325
	<b>Reserve for outstanding claims</b>			
84,16,937	Fire		1,31,97,280	1,31,97,280
2,91,18,018	Marine		1,96,05,075	1,96,05,075
1,40,32,102	Miscellaneous		2,01,00,321	2,01,00,321
5,23,104	Life	4,20,104	—	4,20,104
5,20,90,161		4,20,104	5,29,02,676	5,33,22,780
	<b>Premium reserve and life fund</b>			
1,82,69,667	Fire		2,20,78,773	2,20,78,773
3,65,39,300	Marine		3,86,35,381	3,86,35,381
1,14,33,220	Miscellaneous		1,82,69,299	1,82,69,299
3,38,470	Life	4,17,919	—	4,17,919
6,65,80,657		4,17,919	7,89,83,453	7,94,01,372
	Amount due to other persons and bodies carrying on insurance business	5,98,015	3,94,00,815	3,99,98,830
3,07,31,872	Deposits retained and/or received from other companies	—	4,54,03,279	4,54,03,279
3,31,51,248	Sundry creditors	—	18,21,387	18,21,387
35,50,295	Due to life business	—	12,77,315	12,77,315
12,55,855				
24,82,83,839	<b>Total:</b>	14,36,038	30,03,35,361	30,17,71,399

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

**Auditors' Report to the shareholders is annexed.**

(FEROZE SHARIF & CO.) (TASEER HADI KHALID & CO.) (SYED ZIAUDDIN AHMED)  
Chartered Accountants Chartered Accountants Manager  
(Accounts & Investment)

Karachi, 1st June, 1976.



# CORPORATION

31st DECEMBER, 1975

1974 Rupees	PROPERTY & ASSETS	Life Business Rupees	General Business Rupees	Total Rupees
	<b>Investment (At cost)</b>			
73,33,125	Government and other securities	—	73,08,125	73,08,125
	Government Treasury Deposit			
1,00,02,268	Receipts		5,00,02,809	5,00,02,809
2,55,29,538	Stock and shares	—	2,77,66,512	2,77,66,512
26,24,750	Debentures	—	46,24,750	46,24,750
4,54,89,681	Market value as at 31st December, 1975 (Rs. 9,22,02,807)		8,97,02,196	8,97,02,196
20,94,448	Land and building		30,96,274	30,96,274
4,75,84,129			9,27,98,470	9,27,98,470
	Amount due from persons and bodies carrying on Insurance Business	1,58,723	10,36,56,326	10,38,15,049
11,53,78,429	Deposits held by Ceding Companies	—	5,05,91,741	5,05,91,741
4,28,40,702	Cash in hand and at bank	—	2,38,52,370	2,38,52,370
1,46,30,619	Interest accrued and outstanding	—	29,64,947	29,64,947
11,36,798	Sundry debtors	—	18,00,144	18,00,144
14,45,856	Advances, loans, deposit and prepaid expenses	—	75,86,634	75,86,634
70,99,443	Furniture, fixture, office equip- ment and vehicles—At cost			
4,09,536	less depreciation	—	5,90,396	5,90,396
29,153	Stock of stationery in hand	—	21,014	21,014
	Assets relating to former East Pakistan	—	1,64,73,319	1,64,73,319
1,64,73,319	Due from General Business	12,77,315	—	12,77,315
12,55,855				
24,82,83,839	Total:	14,36,038	30,03,35,361	30,17,71,399

(S. M. SIDDIQUE)  
Executive Director  
(Finance & Administration)

M. YAKUB  
FAZLUR REHMAN KHAN  
D. M. QURESHI  
AHADULLAH AKMAL  
M. A. G. M. AKHTAR  
M. W. FAROOQUI  
KHAN AMIR ABDULLAH KHAN

Chairman

Directors



# PAKISTAN INSURANCE CORPORATION

Notes to the Accounts for the year ended 31st December, 1975

## 1. RESERVE FOR TAXATION

The assessments of the Corporation have been finalised upto and including assessment year 1974-75 subject to the effect of the revision orders of the Commissioner. The tax adviser of the Corporation are of the opinion that upto assessment year 1974-75 Rs. 16,37,188 is refundable after compliance with certain formalities. Furthermore, in the opinion of the advisers the provision for taxation amounting to Rs. 32,50,000 in view of the carried forward loss of Rs. 45,72,000 assessed by the Income Tax Department is adequate to cover the liabilities for the pending assessment years.

## 2. RESERVE FOR OUTSTANDING CLAIMS

- (a) Reserve for outstanding claims have been incorporated on the basis of advices received from insurance companies and where advices were not available the losses have been estimated by the underwriting department of the Corporation.
- (b) The reserve for outstanding claims includes an amount of Rs. 49,51,794 representing claims brought forward from the previous years which relate to Bangladesh (former East Pakistan) business; this is made up as follows:

	1975	1974
Fire insurance	23,82,000	23,82,000
Marine insurance	14,69,794	14,69,794
Miscellaneous Insurance	11,00,000	11,00,000
Total:	<u>49,51,794</u>	<u>49,51,794</u>

No adjustment has been made in this reserve pending ascertainment of actual liabilities in this regard.

## 3. INVESTMENTS

Investments include securities of a nominal value of Rs. 28,68,900 pledged with the National Bank of Pakistan against standing overdraft facilities which have not been utilised during the year.

## 4. ASSETS RELATING TO BANGLADESH (FORMER EAST PAKISTAN)

- (a) Assets relating to Bangladesh (former East Pakistan) comprise of fixed assets and investments:



	1975	1974
East Pakistan Government Loans	4,99,700	4,99,700
Stock and shares	71,11,374	71,11,374
Debentures	2,50,000	2,50,000
	78,61,074	78,61,074
Land and building	86,08,167	86,08,167
Furniture & fixtures	4,078	4,078
Total:	<u>1,64,73,319</u>	<u>1,64,73,319</u>

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

(b) Net current assets

During the year Rs. 15,560 has been written off representing the shares of Bangladesh Companies on account of retroceded business.

## 5. LAND & BUILDING

Land and building comprises of the following:

PIC Head Office building	4,22,846
PIC building—Plot Moulvi Tamizuddin Khan Road—Leasehold	7,04,922
PIC House— Moulvi Tamizuddin Khan Road	3,61,930
PIC Officers' Colony—Plot—Leasehold	3,99,794
PIC building—Plot—Islamabad	12,03,453
Lift	3,329
Total:	<u>30,96,274</u>

- (a) The Plot No. 32-A on Moulvi Tamizuddin Khan Road was acquired on 25 years' lease from the Karachi Port Trust for construction of Corporation's building thereon. On request from Karachi Port Trust, however, this plot has been lent to the Karachi Port Trust for serving as a working yard in connection with the construction of Napier Mole Bridge. Karachi Port Trust has agreed not to charge the rent and extension fee for the period it is so used by Karachi Port Trust.



- (b) The Karachi Port Trust is demanding Rs. 1,96,101 on account of the extension fee for the period 28 February 1973 to 31 December, 1974 which has not been acknowledged as debt by the Corporation.

## 6. DEVALUATION/DIFFERENCE IN EXCHANGE ACCOUNT

- (a) The devaluation account represents the net loss on the settlement/adjustments of balance relating to pre-devaluation period including bonus voucher transactions. The difference in exchange account represents the net loss on remittances made/received and adjustments made in respect of post-devaluation transactions.
- (b) The effect of bonus voucher scheme and devaluation on settlements with National Co-insurance Scheme in respect of business booked prior to 30 June 1970 has not been incorporated. Such effect shall be reflected as and when realised by National Co-insurance Scheme and passed on to Corporation.
- (c) The effect of devaluation of Pak. Rupees and U.S. Dollars on transactions booked at pre-devaluation rates in respect of amounts due from and due to persons and bodies carrying on insurance business cannot be ascertained at this stage, since adjustments could not be made to convert such transactions at post-devaluation rates. The actual exchange differences on remittances etc. are being adjusted as and when accounts are settled. Rupees 5 lacs has, however, been appropriated to an Exchange Fluctuation Reserve to cover losses in subsequent years on account of abnormal fluctuations, if any, in exchange rates.
- (d) All balances in foreign currencies representing amounts due to/due from other companies, deposits held by ceding companies and deposits retained/received from other companies have been reflected on the rates prevailing on the date of the booking. However, the un-adjusted balances of deposits held by ceding companies and deposits retained by PIC pertaining to the pre-devaluation period and appearing in 1974 accounts at the rate prevailing as at 31 December 1974 are continuing at that rate.

## 7. MISCELLANEOUS INCOME

Miscellaneous income includes management fee of Rs. 6,80,000 due from NIF in respect of 1975 and accounted for on the basis of provisional figures advised by the NIF. The excess provision in earlier years of Rs. 5,13,828 and Rs. 6,663 on account of secretarial/management fee from NIF and NCS respectively have been deducted from the above income.

## 8. GENERAL

- (a) Expenses of management have been allocated to the various insurance Revenue Accounts on the basis of the gross premium income earned.
- (b) Consistent with the policy of the Corporation since 1965, the premium reserve brought forward has been increased to the extent of 40 per cent of the increase in net premium income in respective Revenue Accounts.
- (c) Pursuant to SRO 221(1)75 of Controller of Capital Issues the rates for charge of depreciation on building and furniture and fixture have been revised from  $2\frac{1}{2}\%$  and 6% to 5 and 10 per cent respectively. Consequently the charge of depreciation has been increased by Rs. 15,883.
- (d) Figures have been rounded off to the nearest rupee.



(e) Figures of the previous years have been rearranged wherever necessary for the purposes of comparison.

(SYED ZIAUDDIN AHMED)  
*Manager*  
(Accounts & Investment)

(S. M. SIDDIQUE)  
*Executive Director*  
(Finance & Administration)

M. YAKUB		
FAZLUR REHMAN KHAN		
D. M. QURESHI		
AHADULLAH AKMAL		
M. A. G. M. AKHTAR		
M. W. FAROOQUI		
KHAN AMIR ABDULLAH KHAN		

*Chairman*

*Directors*



PROXY FORM

PAKISTAN INSURANCE CORPORATION

KARACHI

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  
to 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

Affix Forty  
Paisas Revenue  
Stamp

**IMPORTANT:**

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.