



**PAKISTAN
INSURANCE
CORPORATION**

30th Annual Report & Accounts

FOR THE YEAR ENDED 31st DECEMBER, 1982

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

BOARD OF DIRECTORS



S. M. A. ASHRAF	Chairman
S. S. A. BUKHARI	Director
A. R. K. BALOCH	Director
M. W. FAROOQUI	Director
MAHBOOB SIDDIQUI	Director
MIAN MIFTAHUD - DIN	Director
MIAN MOHAMMED BASHIR	Director
MOHAMMAD AIJAZ AKHTAR	Director

AUDITORS:

EBRAHIM & CO.
Chartered Accountants

HASHMI & CO.
Chartered Accountants

HEAD OFFICE:

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

NOTIFICATION



The Thirtieth Annual General Meeting of the Shareholders of Pakistan Insurance Corporation will be held at Pakistan Insurance Building, M. A. Jinnah Road, (Opposite Mereweather Tower), Karachi - 2 on Thursday the 30th June, 1983 at 11.00 A.M. to transact the following business, namely:—

- i) To confirm the Minutes of the 29th Annual General Meeting held on Wednesday the 30th June, 1982.
- ii) To adopt the Balance Sheet as at 31st December, 1982, the Revenue Accounts and the Profit & Loss and the Profit and Loss Appropriation Accounts for the year ended 31st December, 1982.
- iii) Announcement of the Dividend declared by the Board in respect of the 1982 Accounts.

The Share Transfer Registers of the Corporation will remain closed for 8 days, with effect from the 23rd June, 1983 to 30th June, 1983 (both days inclusive) for Annual General Meeting and payment of dividend.

By order of the Board
(IRSHAD MUHAMMAD BAIG)
Secretary



REPORT OF THE BOARD OF DIRECTORS ON THE YEAR ENDED

The Shareholders,
Pakistan Insurance Corporation,

Gentlemen,

Your directors take pleasure in presenting herewith the 30th Annual Report and the Accounts of the Corporation for the year 1982.

2. The gross premium income of general insurance business in the country has recorded an increase from Rs. 1283 million in 1981 to Rs. 1358 million in 1982. The table below shows the break-up of volume of business classwise written by different groups of insurers.

1982 GROSS PREMIUM

(In million of Rupees)

Class of Business.	N. I. C.	% Source wise.	National Companies	% Source wise.	Foreign Resident Cos.	% Source wise	Total	% Class wise.
Fire	123	27	275	59	65	14	463	34
Marine Cargo	139	29	258	55	76	16	473	35
Marine Hull	70	86	11	14	—	—	81	6
Aviation	96	99	1	1	—	—	97	7
Engineering	13	35	23	62	1	3	37	3
Accident.	50	24	132	64	25	12	207	15
	491	36	700	52	167	12	1358	100

The gross figures are based on 30% quota share cessions declared to PIC in 1982, which does not include the Bond Business.

WORKING OF THE CORPORATION DURING THE 31ST DECEMBER, 1982.



3. The growth of PIC business from year to year is shown in the following table :-

(In million of Rupees)

Year	Gross Premium Income.	Profit	Total Reserves / Provisions	Total Investment
1958	20.7	1.1	8.7	9.0
1963	57.2	1.6	21.1	20.3
1968	131.9	7.4	63.4	42.3
1973	238.9	10.9	127.4	37.1
1978	578.6	33.6	390.0	251.5
1979	666.5	7.0	474.8	250.0
1980	733.3	7.4	545.2	327.1
1981	780.5	70.6	610.0	387.7
1982	872.8	72.6	683.2	414.7

4. The gross reinsurance premium income of PIC continued to grow. In the year under review, it increased by 12% as compared to an increase of 6.4% in 1981.

The net premium income also increased by 12% in 1982 (from Rs. 369 million in 1981 to Rs. 414 millions this year), while its growth was static in 1981 as compared to 1980.

REVENUE ACCOUNTS :-

	FIRE		MARINE		MISC.		TOTAL	
	1981	1982	1981	1982	1981	1982	1981	1982
Gross Premium	237	233	311	385	233	255	781	873
Retro. Premium	141	130	141	175	130	154	412	459
Net Premium	96	103	170	210	103	101	369	414
Net Commission	43	48	58	66	27	26	128	140
Net Claims	31	29	101	109	64	73	196	211
Prem. Res. Adj.	(8)	4	4	26	4	(4)	—	26
Management Exp.	4	3	7	7	5	3	16	13
Balance :	26	19	—	2	3	3	29	24



The net claims paid during 1982 in terms of percentage of net premium decreased from 53.1% in 1981 to 50.9% in 1982. Net Commission as a percentage to Net Premium has marginally decreased. The net underwriting balance has decreased by Rs. 5 million mainly because of higher provision of premium reserves and premium reserves strain of Rs. 26 million in 1982 as compared to only Rs. 4 million in 1981.

5. The development and experience of individual classes of business during 1982 has been as follows:-

FIRE :

The gross premium of Fire portfolio has decreased from Rs. 236 million in 1981 to Rs. 233 million in 1982, showing a nominal reduction of 1.3%. This has been due to short fall in business from NIC and foreign inward treaties. On the contrary, the retained premium witnessed sizeable increase of 7.3% over the last year mainly because of lesser retrocession to NIC whose cessions to PIC declined in 1982. There was no major fire loss in 1982 and the claims experience has been exceptionally satisfactory in as much as the claims ratio decreased from 32% in 1981 to only 28% in 1982.

MARINE :

MARINE CARGO:

The gross premium relating to Marine Cargo business increased from Rs. 248 million in 1981 to Rs. 300 million in 1982. This growth has been contributed by the overall increase in the business from NIC, local companies as well as foreign markets. However, comparatively, net premium decreased on account of increased retrocession to local companies under compulsory pool. The account has been free from major losses. Consequently, the account has shown a satisfactory underwriting balance.

MARINE HULL:

The gross premium in respect of Marine Hull business increased from Rs. 63 million in 1981 to Rs. 85 million in 1982, mainly due to addition of new vessels in the PNSC fleet and partly due to increase in foreign inward business. The level of retained premium increased from Rs. 23.0 million in 1981 to Rs. 36.7 million in 1982 but the account showed a negative balance mainly on account of premium reserve strain.

MISCELLANEOUS:

The gross premium income of Aviation business recorded a substantial increase of 16% from Rs. 115 million in 1981 to Rs. 133 million in 1982, due to increase in the premium rates. The results of foreign business continued to show negative results in line with the deteriorating trend of aviation business the world over. This unprofitable business is being substantially pruned in as much as the premium volume from this source has been reduced by 16% in 1982 over the last year.

The gross premium of Engineering business decreased from Rs. 44 million in 1981 to Rs. 40 million in 1982 which is contributed mainly due to the completion of engineering projects and non-commissioning of new works largely on NIC account. Despite this downward trend the level of retained premium was maintained in 1982. The account showed negative result on account of heavy increased provision for outstanding losses intimated by NIC relating to previous years.

The gross premium of Accident Department increased by 11% from Rs. 74 million in 1981 to Rs. 82 million in 1982 and the net claims ratio decreased from 57% in 1981 to 49% in 1982. The account continued to be positive but the increase in net balance has been due to release of premium reserve adjustment.



6. PREMIUM RESERVE:

Premium Reserve has been calculated @ 100% of Net Premium increase in respect of Marine Hull and Aviation Hull and @ 50% of net premium increase in Marine Cargo and 40% of net premium increase in Fire and Miscellaneous business.

7. INVESTMENTS:

There was an appreciable increase in the investment of the Corporation from Rs. 388 million in 1981 to Rs. 415 million this year. The increased investment was mainly in Government Treasury Deposit Receipts.

With the increase in investment, the investment income substantially increased from Rs. 38 million in 1981 to Rs. 45 million this year.

8. DISTRIBUTION OF SURPLUS:

A balance of unappropriated profit of Rs. 22.1 million for 1981 has been divided and paid between the Federal Government and the Shareholders as required under Section-32(2) of PIC Act.

PROFIT AND LOSS ACCOUNT:

The Profit and Loss Account shows a net profit of Rs. 72.6 million arrived at as follows :-

Under-writing profit	Rs.	24.5 million
Investment Income	Rs.	45.0 million
Other Income net of expenses	Rs.	3.1 million
	Rs.	<u>72.6 million</u>

9. ALLOCATION OF PROFIT :

i) General Reserve	Rs.	14.0 million
ii) Exceptional Loss Reserve	Rs.	10.0 million
iii) Provision for taxation	Rs.	31.0 million
iv) Proposed Dividend	Rs.	1.0 million
v) Proposed Bonus shares	Rs.	2.5 million
vi) Other Reserve.	Rs.	4.0 million
Balance carried forward	Rs.	10.1 million

10. BALANCE SHEET :

There has been an increase of Rs. 73 million in the Reserves/Provisions of the Corporation which have gone up from Rs. 609 million at close of 1981 to Rs. 683 million at the end of 1982.

11. ACKNOWLEDGEMENT

Since the last report, Mr. Nisar-un-Nabi elected Director from Karachi Register vacated his seat on transfer from SLIC to Pakistan Steel Mill Corporation. In his place Mr. Mahboob Siddiqui was elected un-opposed from Karachi Register.

Mr. S. M. A. Ashraf has taken over the charge of the Corporation as Chairman vice Mr. M. Yaqub who has since retired. The Directors express their deep sense of appreciation of the services rendered by the out-going Director and Chairman and welcome the new Director and Chairman who bring with them rich and varied experience.

The Directors take this opportunity to express their appreciation of the good work done by the Management, Officers and Staff of the Corporation. The Directors also owe their gratitude to the Government of Pakistan, the Insurance Association of Pakistan, all insurers in Pakistan, the underwriters and the reinsurance brokers for the co-operation extended by them during the year under review.

The Directors are pleased to declare a dividend of 10% for the year 1982 and also Bonus Shares in proportion of 1 : 4.



30 YEARS AT A GLANCE

(In Million of Rupees)

Years	Gross Premium Income	Profit	Dividend declared %	Total Reserves/ Provisions	Total Investment
1953	1.638	0.013	—	0.795	1.046
1954	4.492	0.106	4	3,202	3,514
1955	5.674	0.510	4	3.462	4.510
1956	8.045	0.575	5	4.844	5.099
1957	9.461	0.634	6-1/2	6.424	6.030
1958	20.734	1.069	10	8.704	8.993
1959	25.012	1.592	10	0.995	10.455
1960	33.110	1.694	10	11.258	11.381
1961	37.663	1.509	10	13.624	12.299
1962	47.889	1.561	10	17.032	14.902
1963	57.165	1.648	10	21.069	20.306
1964	67.400	2.017	10	25.901	25.789
1965	72.298	2.334	10	35.547	31.040
1966	93.806	2.308	10	39.501	35.407
1967	108.431	3.621	10	49.117	38.709
1968	131.942	7.397	10	63.364	42.256
1969	156.291	6.728	10	77.448	47.762
1970	155.445	8.752	10	91.108	51.242
1971	166.767	7,079	10	107.060	52.084
1972	215.202	6.287	10	116.223	35.986
1973	238.288	10.924	7-1/2	127.400	37.075
1974	319.887	16.022	7-1/2	174.027	47.584
1975	399.717	19.865	10	207.712	92.798
1976	462.368	26.518	10	262.956	138.739
1977	554.482	18.069	10	330.725	212.265
1978	578.556	33.550	3:5B 10	390.044	251.465
1979	666.478	6.975	10	474.789	249.973
1980	733.309	7.396	10	539.195	327.114
1981	780.507	70.606	1:4B 10	588.358	387.655
1982	872.829	72.639	1:4B 10	668.041	414.704

AUDITORS' REPORT TO THE SHAREHOLDERS



We have examined the annexed Balance Sheet of the PAKISTAN INSURANCE CORPORATION as at 31st December, 1982 and the Fire, Marine and Miscellaneous Insurance Revenue Accounts, the Profit and Loss Account and 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) In our opinion, Books of Accounts have been kept by the Corporation for the year under report, as required by the Statutes and the annexed Balance Sheet, Revenue Accounts, the Profit & Loss Account and the Profit & Loss Appropriation Account are drawn up in conformity with the law.
- (c) Subject to the contents of Notes 2, 4 and 5, such Balance Sheet, 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.
- (d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, has been deducted by the Corporation and credited to the Central Zakat Fund established under section 7 of that Ordinance.

HASHMI & CO.
Chartered Accountant

EBRAHIM & CO.
Chartered Accountants

Karachi, 7th June, 1983



REVENUE ACCOUNT FOR THE CONSOLIDATED FOR ALL

1981 Rupees	PARTICULARS	1982 Rupees
128,142,757	Commission paid (Less Retrocessions)	139,858,260
197,607,607	Claims (Less Retrocessions) paid during the year	209,834,313
168,665,531	Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	169,608,839
366,273,138		379,443,152
170,358,150	Less: Outstanding at the end of previous year	168,665,531
195,914,988		210,777,621
9,782,244	Expenses of Management	10,629,116
184,114,225	Premium Reserve for the year	209,775,832
6,339,112	Difference in Exchange	2,936,173
28,674,778	Profit transferred to Profit & Loss Account	24,483,394
552,968,104		598,460,396

Auditors' report to the shareholders is annexed

HASHMI & CO.
Chartered Accountant

Karachi, 7th June, 1983

EBRAHIM & CO.
Chartered Accountants

YEAR ENDED 31ST DECEMBER, 1982

CLASSES OF BUSINESS



1981 Rupees	PARTICULARS	1982 Rupees
183,996,452	Premium Reserve brought forward from last year	184,114,225
780,507,148	Premium	872,829,095
411,535,496	Less: Retrocessions	458,482,924
368,971,652		414,346,171
<u>552,968,104</u>		<u>598,460,396</u>

M. W. FAROOQUI

Director

MAHBOOB SIDDIQUI

Director



REVENUE ACCOUNT FOR THE FIRE

1981 Rupees	PARTICULARS	1982 Rupees
42,967,671	Commission paid (Less Retrocessions)	47,691,276
34,965,429	Claims (Less Retrocessions) paid during the year.	33,883,365
27,642,620	Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	22,640,578
62,608,049		56,523,943
31,571,967	Less: Outstanding at the end of previous year	27,642,620
31,036,082		28,881,323
2,530,220	Expenses of Management	2,646,294
39,349,734	Premium Reserve for the year	42,438,759
1,639,639	Difference in Exchange	731,107
25,695,964	Profit transferred to Profit & Loss Account	20,119,658
143,219,310		142,508,417

Auditors' report to the shareholders is annexed

HASHMI & CO
Chartered Accountants

EBRAHIM & CO.
Chartered Accountant

Karachi 7th June, 1983

YEAR ENDED 31ST DECEMBER, 1982 BUSINESS



1981 Rupees	PARTICULARS	1982 Rupees
47,783,187	Premium Reserve brought forward from last year	39,349,734
236,601,934	Premium	232,610,949
141,165,811	Less: Retrocessions	129,452,266
95,436,123		103,158,683
<u>143,219,310</u>		<u>142,508,417</u>

M. W. FAROOQUI

Director

MAHBOOB SIDDIQUI

Director



REVENUE ACCOUNT FOR THE MARINE

1981 Rupees	PARTICULARS	1982 Rupees
58,347,115	Common paid (Less Retrocessions)	66,065,681
94,481,502	Claims (Less Retrocessions) paid during the year	102,341,545
103,411,465	Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated.	110,155,563
197,892,967		212,497,108
97,053,765	Less: Outstanding at the end of previous year	103,411,465
100,839,202		109,085,643
4,517,397	Expenses of Management	5,391,565
83,252,748	Premium reserve for the year	109,971,779
2,927,374	Difference in Exchange	1,489,227
—	Profit transferred to Profit and Loss Account	1,423,116
249,883,836		293,427,011

Auditors' report to the shareholders is annexed

HASHMI & CO.
Chartered Accountants

Karachi, 7th June, 1983

EBRAHIM & CO.
Chartered Accountants

YEAR ENDED 31ST DECEMBER, 1982 BUSINESS



1981 Rupees	PARTICULARS	1982 Rupees
79,412,045	Premium reserve brought forward from last year	83,252,748
310,761,930	Premium	385,539,376
140,372,446	Less: Retrocessions	175,365,113
170,389,484		210,174,263
82,307	Loss transferred to Profit & Loss Account	—
<u>249,883,836</u>		<u>293,427,011</u>

M. W. FAROOQUI

Director

MAHBOOB SIDDIQUI

Director



REVENUE ACCOUNT FOR THE MISCELLANEOUS

1981 Rupees	PARTICULARS	1982 Rupees
26,827,971	Commission paid (Less Retrocessions)	26,101,303
68,160,676	Claims (Less Retrocessions) paid during the year.	73,609,403
37,611,446	Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	36,812,698
105,772,122		110,422,101
41,732,418	Less: Outstanding at the end of previous year.	37,611,446
64,039,704		72,810,655
2,734,627	Expenses of Management	2,591,257
61,511,743	Premium reserve for the year	57,365,294
1,772,099	Difference in Exchange	715,839
3,061,121	Profit transferred to Profit and Loss Account.	2,940,620
159,947,265		162,524,968

Auditors' report to the shareholders is annexed.

HASHMI & CO.
Chartered Accountants

Karachi, 7th June, 1983

EBRAHIM & CO.
Chartered Accountants

YEAR ENDED 31ST DECEMBER, 1982 BUSINESS



1981 Rupees	PARTICULARS	1982 Rupees
56,801,220	Premium Reserve brought forward from last year	61,511,743
233,143,284	Premium	254,678,770
129,997,239	Less: Retrocessions	153,665,545
103,146,045		101,013,225
<u>159,947,265</u>		<u>162,524,968</u>

M. W. FAROOQUI

Director

MAHBOOB SIDDIQUI

Director



PROFIT AND LOSS ACCOUNT FOR THE

1981 Rupees	PARTICULARS	1982 Rupees
	Expenses of Management (not allocable to any particular Revenue Account)	
20,242	Directors' Fee and T.A.	28,298
20,500	Auditors' Fee	20,500
48,247	Advertisement and Publicity	26,788
88,989		75,586
1,510	R. C. D. Expenses	2,761
800	Training and Research	9,800
15,000	Charity and Donation	40,000
17,310		52,561
1,117,865	Interest paid on deposits retained from other companies	1,110,261
9,985	Bad Debts	—
70,606,138	Net Profit for the year carried to Profit & Loss Appropriation Account	72,639,050
<u>71,840,287</u>		<u>73,877,458</u>

PROFIT AND LOSS APPROPRIATION ACCOUNT

750,000	Provision for Bad & Doubtful Debts	1,000,000
31,000,000	Provision for Taxation	31,000,000
9,000,000	General Reserve	14,000,000
8,500,000	Exceptional Loss Reserve	10,000,000
2,550,000	Investment Fluctuation Reserve	3,000,000
2,000,000	Proposed Issue of Bonus Shares	2,500,000
800,000	Proposed Dividend 1982	1,000,000
22,105,378	Unappropriated Profit transferred to Balance Sheet	10,144,428
<u>76,705,378</u>		<u>72,644,428</u>

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

Auditors' Report to the Shareholders is Annexed

HASHMI & CO.
Chartered Accountants

EBRAHIM & CO.
Chartered Accountants

Karachi, 7th June, 1983

YEAR ENDED 31ST DECEMBER, 1982



1981 Rupees	PARTICULARS	1982 Rupees
	Investment Income	
38,078,234	Interest and Dividends	45,029,805
	Profit (Loss) transferred from Revenue Accounts.	
25,695,964	Fire	20,119,658
(82,307)	Marine	1,423,116
3,061,121	Miscellaneous	2,940,620
28,674,778		24,483,394
	Other Receipts.	
2,894,775	Interest received on deposits retained by other Companies	3,241,924
66,602	Interest on Short Terms Deposits	227,608
300	Profit on sale of Investments	—
31,507	Profit on sale of Assets.	—
2,094,074	Miscellaneous Income	894,726
17	Share Transfer Fee	—
5 087,275		4,364,258
71,840,287		73,877,458
	FOR THE YEAR ENDED 31ST DECEMBER 1982	
6,099,240	Balance brought forward from previous year	22,105,378
	Less :	
	Under Instructions From Federal	
	Government Surplus Distributed to :	
—	Shareholders	2,000,000
—	Federal Government	20,100,000
—		22,100,000
6,099,240		5,378
70,606,138	Net Profit for the year as per Profit & Loss Account	72,639,050
76,705,378		72,644,428

M. W. FAROOQUI

Director

MAHBOOB SIDDIQUI

Director



BALANCE SHEET AS AT

1981 Rupees	CAPITAL & LIABILITIES	1982 Rupees
10,000,000	AUTHORISED CAPITAL 500,000 shares of Rs. 100 each	50,000,000
8,000,000	ISSUED AND PAID-UP CAPITAL 100,000 shares of Rs. 100 each fully paid up.	10,000,000
10,725	Share Premium Account.	10,725
8,010,725		10,010,725
	RESERVES AND PROVISIONS:	
150,000,000	Exceptional Loss Reserve	160,000,000
1,500,000	Exchange Fluctuation Reserve	1,500,000
3,000,000	Investment Fluctuation Reserve	6,000,000
14,000,000	General Reserve	28,000,000
65,100,000	Provision for Taxation	96,100,000
1,000,000	Reserve for Bad & Doubtful Debts.	2,000,000
234,600,000		293,600,000
2,000,000	Proposed issue of Bonus Shares	2,500,000
800,000	Proposed Dividend	1,000,000
22,105,378	Unappropriated Profit	10,144,428
	RESERVE FOR OUTSTANDING CLAIMS :	
27,642,620	Fire	22,640,578
103,411,465	Marine	110,155,563
37,611,446	Miscellaneous	36,812,698
168,665,531		169,608,839
	PREMIUM RESERVE:	
39,349,734	Fire	42,438,759
83,252,748	Marine	109,971,779
61,511,743	Miscellaneous	57,365,294
184,114,225		209,775,832
68,418,388	Amount due to other persons and bodies carrying on insurance business	104,719,809
66,950,769	Deposits retained and/or received from other Companies	81,759,251
4,478,158	Sundry Creditors	3,823,105
760,143,174		886,941,989

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

Auditors' report to the Shareholders is annexed.

HASHMI & CO.
Chartered Accountants

Karachi, 7th June, 1983

EBRAHIM & CO.
Chartered Accountants

31ST DECEMBER, 1982



1981 Rupees	PROPERTY & ASSETS	1982 Rupees
	INVESTMENT	
2,156,633	Government and other Securities	2,156,633
229,890,609	G. T. D. R.	251,961,624
4,000,000	F. D. R.	4,000,000
142,542,343	Stock and Shares	144,081,093
9,065,261	Debentures.	7,004,211
—	PLS Terms Deposits	5,500,000
387,654,846		414,703,561
	Market value as at 31.12.1982 (Rs. 426,010,060)	
1,493,796	Land and Building	1,456,985
389,148,642		416,160,546
	CURRENT ASSETS :	
5,683,379	Cash in hand and at Bank	6,788,704
131,652,996	Amount due from Persons and Bodies carrying on Insurance Business	191,458,728
125,856,381	Deposits held by Ceding Companies	123,695,628
2,358,592	Sundry Debtors	2,883,377
22,208,125	Interest accrued and outstanding	29,841,824
66,442,430	Advances/Loans, Deposits & Prepaid Expenses	99,166,709
85,592	Stock of Stationery etc.	66,485
354,287,495		453,901,455
	ADMINISTRATIVE FIXED ASSETS	
733,418	Furniture, Fixture, Office Equipment and Vehicles at cost (Less Depreciation)	906,369
15,973,619	Net Assets Relating to Former East Pakistan.	15,973,619
<u>760,143,174</u>		<u>886,941,989</u>

M. W. FAROOQUI

Director

MAHBOOB SIDDIQUI

Director



NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 1982.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

These accounts have been prepared on the basis of the historical cost convention.

(b) PROVISION FOR TAXATION

Tax is provided on the basis of taxable income.

(c) PROVISION FOR BAD AND DOUBTFUL DEBTS

Round sum provisions are made to cover debts considered doubtful.

(d) PREMIUM RESERVE

Premium reserves are maintained at 40% of net premium for Fire and Miscellaneous business, 50% for Marine Cargo business (1981-40%) and 100% for Marine Hull and Aviation Hull business.

(e) GRATUITY

The Corporation operates a funded gratuity scheme for all its employees. Provision is made annually to meet the liability.

(f) EXPENSES OF MANAGEMENT

These are allocated to the various Revenue Accounts in proportion to net premium income earned.

(g) FOREIGN CURRENCY TRANSACTIONS

All balances in foreign currencies representing amounts due from other companies, deposits held by ceding companies and deposits retained/received from other companies have been reflected at the rates prevailing on the date of the booking. Exchange losses are being written off to revenue as and when paid.

2. RESERVE FOR OUTSTANDING CLAIMS

(a) This amount includes an estimated sum of Rs.13 million (1981 13 million) in respect of marine losses incurred but not reported (IBNR).

(b) It also includes an amount of Rs. 4,951,794 representing claims brought forward from the previous years which relate to Bangladesh (Former East Pakistan) business. This is made up as follows :

	1982 Rupees	1981 Rupees
Fire Insurance	2,382,000	2,382,000
Marine Insurance	1,469,794	1,469,794
Miscellaneous Insurance	1,100,000	1,100,000
	<u>4,951,794</u>	<u>4,951,794</u>



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

3. LAND AND BUILDINGS

	1982 Rupees	1981 Rupees
At Cost		
Leasehold land	760,197	760,197
PIC Building Plot, Moulvi Tamizuddin Khan Road (See note 3.1)		
At written down value		
PIC Head Office building	443,340	466,674
PIC House, Moulvi Tamizuddin Khan Road	252,749	266,052
Lift	699	873
	696,788	733,599
	<u>1,456,985</u>	<u>1,493,796</u>

- 3.1 This 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 a request from Karachi Port Trust, this plot had been lent to the Karachi Port Trust for serving as a working yard in connection with the construction of Jinnah Bridge. The Corporation has regained possession of this property from 22nd January, 1983. Preliminary work for construction of building has commenced.

4. ASSETS RELATING TO BANGLADESH (FORMER EAST PAKISTAN)

Assets relating to Bangladesh (former East Pakistan) comprise of fixed assets and investments.

	1982 Rupees	1981 Rupees
Stock and Shares	7,111,374	7,111,374
Debentures	250,000	250,000
Land and Building	8,608,167	8,608,167
Furniture and Fixtures	4,078	4,078
	<u>15,973,619</u>	<u>15,973,619</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.



5. DEVALUATION/DIFFERENCE IN EXCHANGE ACCOUNT :

- (a) This represents net loss resulting from exchange fluctuations on remittances received and sent and/or adjustments of various foreign transactions and translation of currencies in respect of monthly cash balances.
- (b) The effect of bonus voucher scheme and devaluation on settlement with National Co-insurance Scheme in respect of business booked prior to 30th June, 1970 has not been incorporated. Such effect shall be reflected as and when realised by National Co-insurance Scheme and passed on to the Corporation only as per accounts.

6. DUE TO/FROM OTHER PERSONS AND BODIES CARRYING ON INSURANCE BUSINESS :

Some of the statements received from foreign companies have not been reconciled.

7. FIGURES

- (a) Have been rounded off to the nearest rupee.
- (b) Of previous year have been rearranged wherever necessary for comparison purpose.

PAKISTAN INSURANCE CORPORATION

KARACHI

PROXY FORM

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 Fifty
Paisa 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.