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BOARD OF DIRECTORS



M.G. HASAN

M. JAMIL ERICKZADA

Director

S. M. HASAN

Director

S.A.Q. HAQQANI

Director

NAZIER AHMED JAJVI

Director

SHAMSHAD ASHRAF KHAN

Director

Director

AUDITORS:

FORDS, RHODES, ROBSON, MORROW Chartered Accountants

SHEIKH MOHAMMAD RAFIQ AKHTAR

R.M. BILIMORIA & CO. Chartered Accountants

Director

HEAD OFFICE:

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

NOTIFICATION



The thirty fifth 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 Wednesday the 29th June, 1988 at 11.00 a.m. to transact the following business, namely:—

- (i) To confirm the minutes of the 34th Annual General Meeting held on Sunday, the 28th June, 1987.
- (ii) To adopt the Balance Sheet as at 31st December, 1987, the Revenue Accounts, the Profit and Loss Account and the Profit and Loss Appropriation Account for the year ended 31st December, 1987 and
- (iii) To announce the Dividend approved by the Board of Directors for the year ender 31st December 1987.

The Share Transfer Books of the Corporation will remain closed for 8 days from 22nd June, 1988 to 29th June, 1988 (both days inclusive) for Annual General Meeting and payment of dividend and distribution of unappropriated profits, if any

By order of the Board

(ASIF ALI SHEIKH)
Secretary

REPORT OF THE BOARD OF DIRECTORS ON THE WORKING OF THE CORPORATION FOR THE YEAR ENDED 31 DECEMBER, 1987



The Shareholders, Pakistan Insurance Corporation,

Gentlemen,

Your Directors again feel pleasure in presenting herewith the 35th Annual Report on the Accounts of the Corporation for the year 1987.

2. The Gross Premium of the general insurance business excluding premium from NIC has recorded an increase of Rs. 388 million i.e. from Rs. 1484 million in 1986 to Rs. 1872 million in 1987. The table below shows the break up of the volume of business class-wise written by the various groups of insureres.

1987 GROSS PREMIUM:

(In million of Rupees)

Class of Business	National Cos.	% Source wise	Foreign Resident Cos.	% Source wise	Total	% Class wise
Fire	645	88	92	12	737	39
Marine Cargo	425	79	111	21	536	29
Marine Hull	12	100	1 1	_	12	1
Aviation	1	100		_	1	-
Engineering	49	96	2	4	51	3
Accident	477	89	58	11	535	28
TOTAL:	1609	86	263	14	1872	100

N. B. The gross figures are based on 30% Quota Share cessions to PIC in 1987 and do not include the Bond Business.



3. The growth of PIC Business from year to year since 1958 is shown in the following table:

(In million of Rupees)

Year	Gross Premium Income	Profit	Total Reserves/ Provisions	Total Investments
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
1983	897.6	66.6	640.0	476.6
1984	817.5	76.6	677.6	500.3
1985	903.6	90.8	696.7	598.5
1986	1018.2	96.9	748.0	546.5
1987	1165.7	102.8	816.0	565.3

With the increase in Gross Premium by 14.5% from Rs.1018.2 million in 1986 to Rs. 1165.7 million in 1987, overall profit for 1987 shows an increase of 6.1%

4. AT a glance, the position of Revenue Accounts is as under:-

(In million of Rupees)

	FIR	FIRE		RINE	MIS	SC	ТО	TAL
	1987	1986	1987	1986	1987	1986	1987	1986
Gross Premium	334	245	316	310	516	463	1166	1018
Retro. Premium	174	110	186	217	331	310	691	637
Net Premium	160	135	130	93	185	153	475	381
Net Commission	76	64	49	30	48	40	173	134
Net Claims	62	61	53	50	87	72	202	183
Prem. Re. Adj.	10	12	16	(23)	14	26	40	15
Underwriting Surplus	12	(2)	12	36	36	15	60	49
Management Exp.	8	7	6	5	9	8	23	20
Balance	4	(9)	6	31	27	7	37	29

Net claims in 1987 as a percentage of net premium have declined from 48% in 1986 to 42% in 1987. Net Commission as a percentage of net premium has increased slightly but the net underwriting profit has increased substantially by 27.58% over the year 1986.



5. The experience of individual classes of business during the year 1987 has been as follows:—

(a) Fire Business:

The Gross premium of Fire Portfolio has increased from Rs. 245 million to Rs. 334 million showing an increase of 36.3%. This is mainly attributed to increase in the business of national companies. As a consequence, the net retained premium has also registered an increase of Rs. 25 million in 1987. Net commission and claim cost has increased in relation to the net premium, but has resulted in underwriting surplus of Rs. 4 million against the negative balance of 9 million in 1986.

(b) Marine Business:

The Gross Premium in the Marine Business (Cargo & Hull) has increased by Rs. 6 million as against the decrease of Rs. 17.28 million in 1986.

While there is an increase of Rs. 42.8 million in the net premium in the Marine Cargo, the Marine Hull has recorded a decrease of Rs. 5.35 million due to fall in foreign inward business. The over all increase of Rs. 37.52 million in 1987 has increased the premium reserve strain by about Rs. 16 million and thereby reduced the underwriting surplus by Rs. 24 million.

(c) Miscellaneous Business:

Under miscellaneous portfolio the Gross Premium of Aviation, Accident and Engineering shows an increase of Rs. 53 million as compared to 1986. The premium volume has increased due to favourable business trend in Pakistan.

The net premium has increased by Rs. 31.8 million due to less retrocession in Engineering business and increased the retention in Aviation. The premium reserve has increased due to increase in the retained premium but the underwriting surplus has shown a substantial increase.

6. PREMIUM RESERVE:

Premium Reserve has been calculated as before as 100% of the net premium in respect of Marine Hull and Aviation. 50% of the net premium in the Marine Cargo and 40% of the net premium in Fire and Miscellaneous Business.

7. INVESTMENT:

Investments have increased from Rs.546.6 million in 1986 to Rs.565.3 million in 1987. Previously bulk of the Surplus used to remain deposited in GTDRs, FDRs and Debentures at comparatively low rates of income. During the year, however, this cash was invested in National Bearers Bonds, WAPDA Bonds and NIT Units. Due to this change in investments



only a nominal increase in investment income is shown in these accounts because the income from NIT Units will accrue in 1988 onwards.

8. PROFIT & LOSS ACCOUNT:

The Profit and Loss Account for the year 1987, shows a profit before tax amounting to Rs.102.83 million excluding the sum of Rs. 0.11 million carry forward from the last year. the total profit available for appropriation is Rs.102.94 million, break up of which is given below;—

		(In millio	on of Rupees)	
	Underwriting Profit	Rs.	37.48	
	Investment Income	Rs.	64.32	
	Other Income			
	(net of expenses)	Rs.	1.03	E,
	Balance brought forward	Rs.	0.11	
	TOTAL	Rs.	102.94	
9. AI	LOCATION OF PROFIT:			
i)	General Reserve	Rs,	3.00	
ii)	Exceptional Loss Reserve	Rs.	40.00	
iii)	Provision of Taxation	Rs.	32.50	
iv)	Proposed Dividend	Rs.	5.00	
v)	Proposed Bonus Share	Rs.	20.00	
iv)	Provision for Bad & Doubtful	Rs.	2.00	
	Debts			
vii) Balance carried forward	Rs.	0.44	
	TOTAL	Rs.	102.94	4

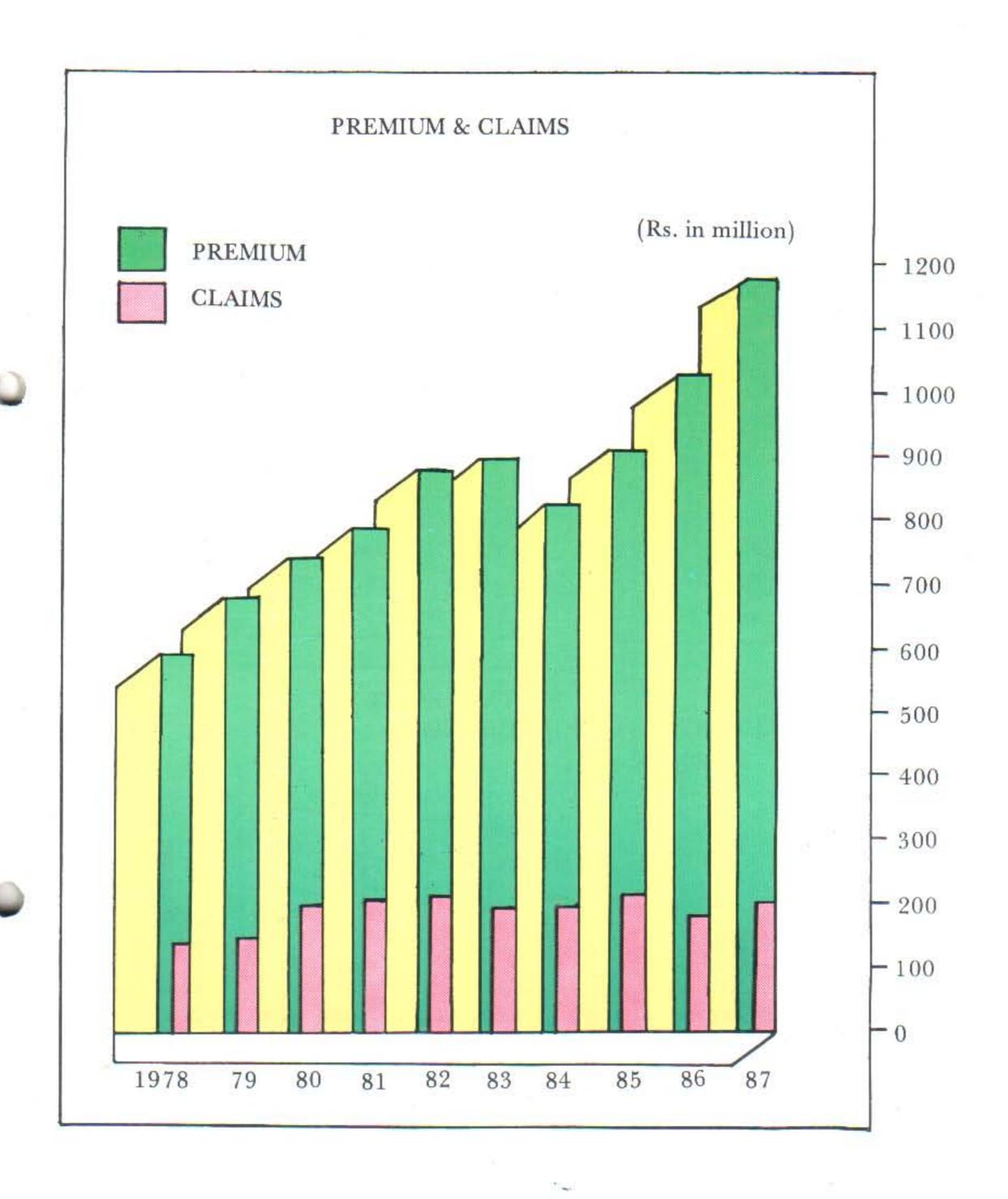
10. BALANCE SHEET:

There has been an increase of Rs. 68 million in the reserves and provisions which have gone up from Rs. 748 million in 1986 to Rs. 816 million in 1987.

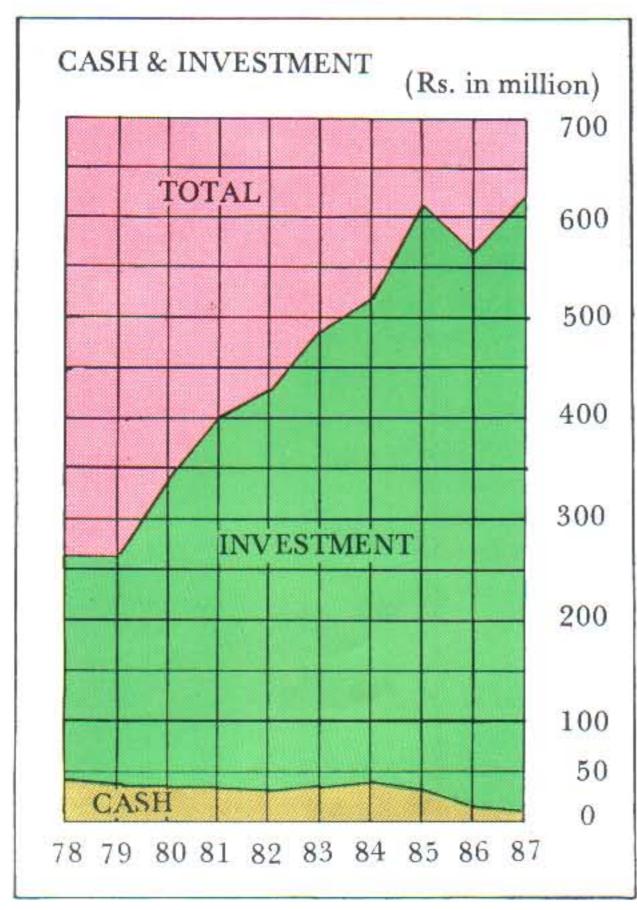
11. DIVIDEND & BONUS:

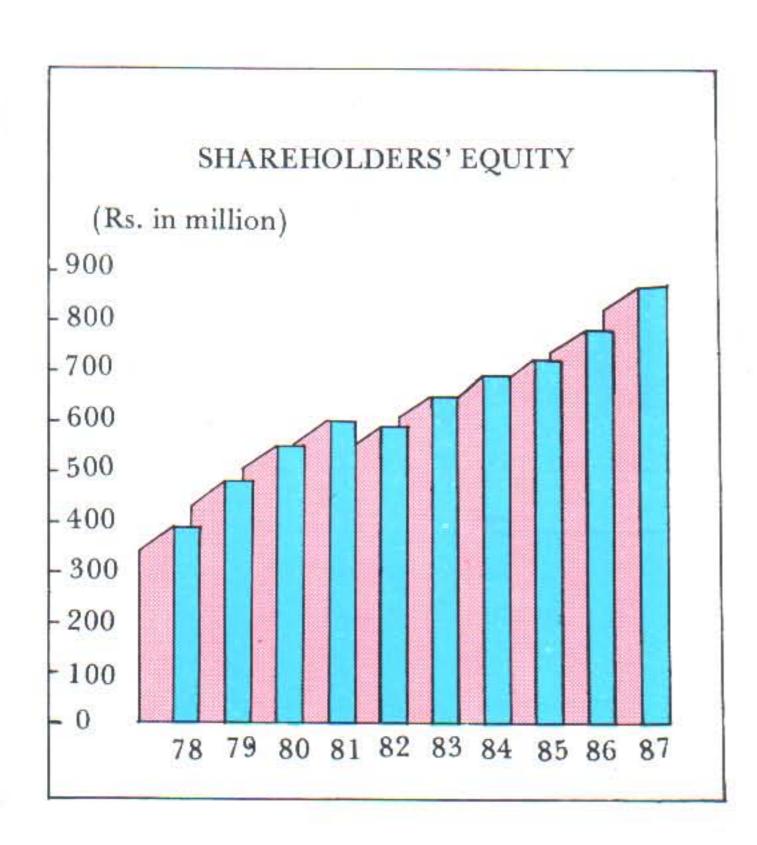
The Directors are plased to declare a dividend of 10% for the year 1987. In addition, bonus share in proportion of 2:5 are proposed to be issued subject to the approval of the Federal Government.

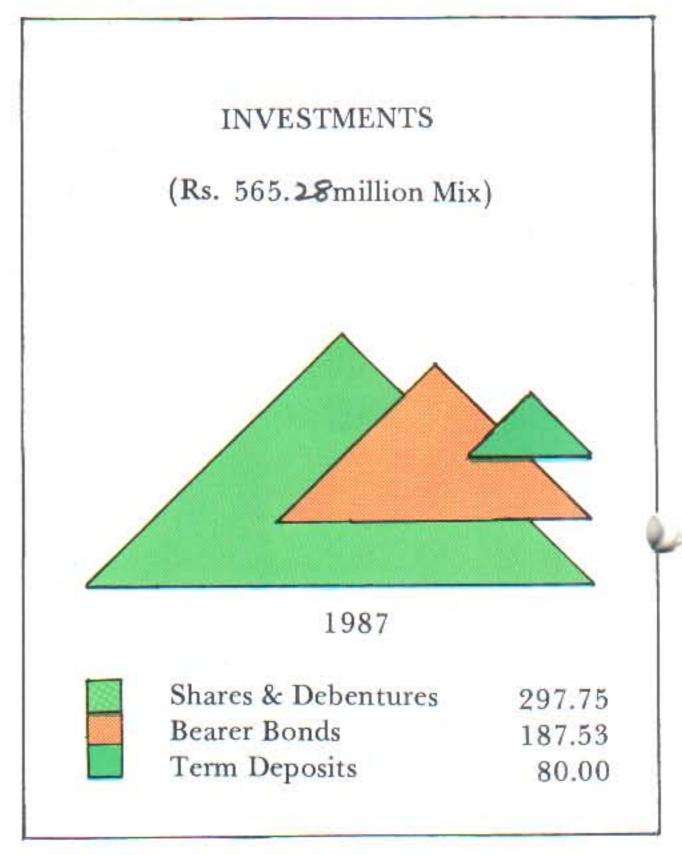


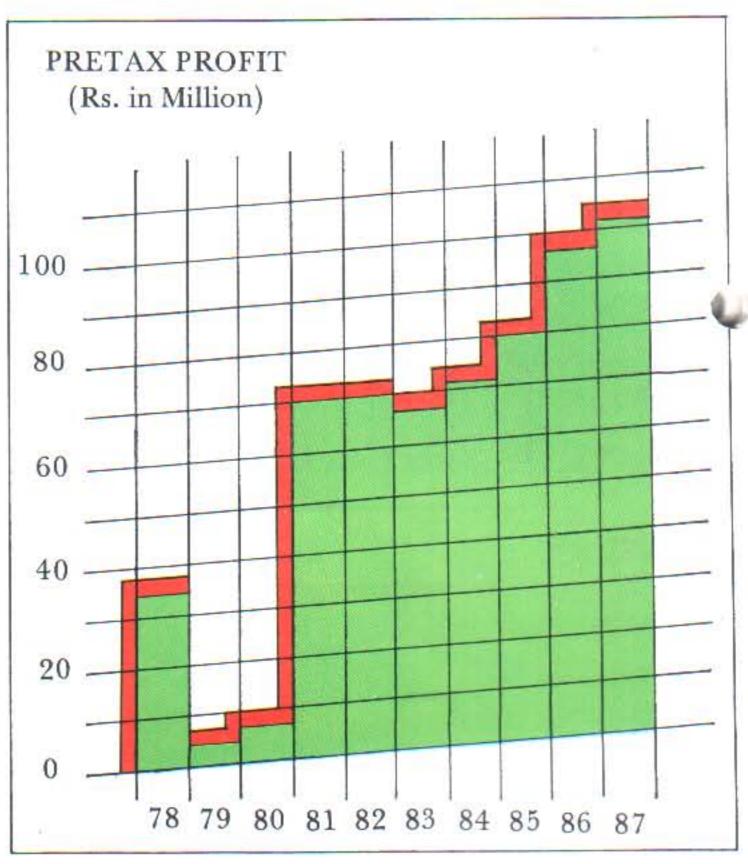




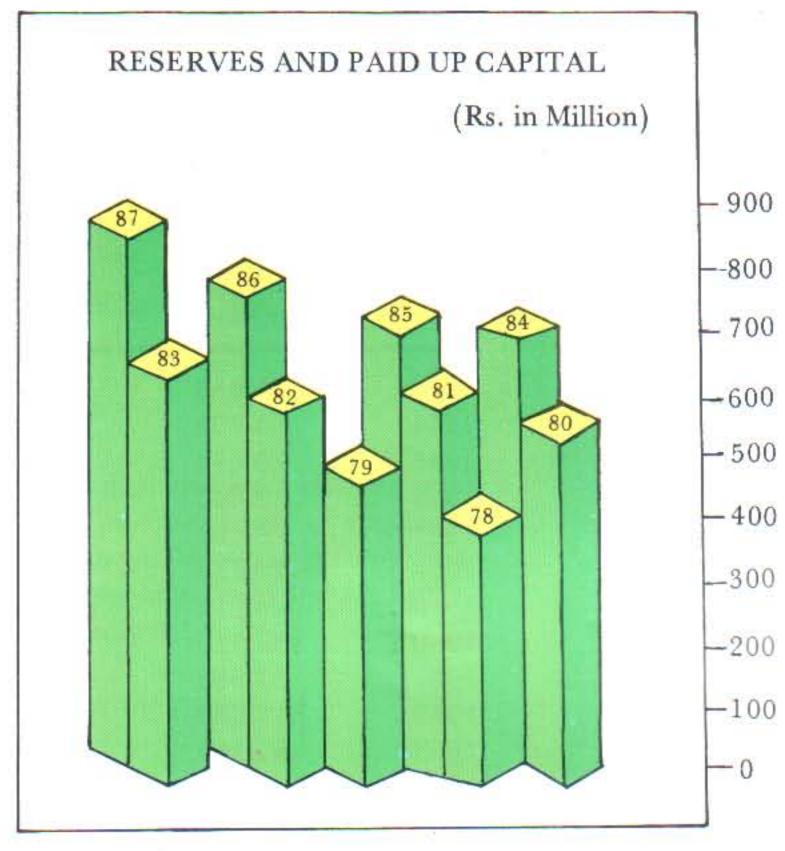


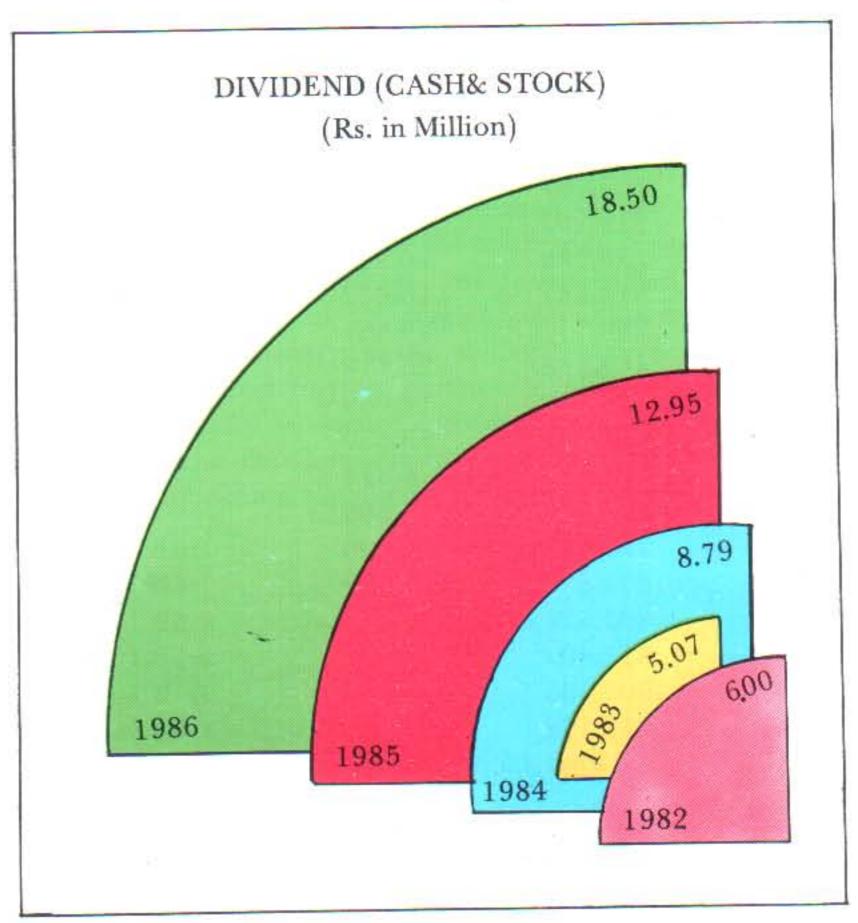
















(In Million of Rupees)

Total Investment	Total Reserves/ Provisions	Dividend declared %	Profit	Gross Premium Income	Years
1.046	0.795		0.013	1.638	1953
3.514	3.202	5	0.106	4.492	1954
4.510	3.462	4	0.510	5.674	1955
5.099	4.844	5	0.575	8.045	1956
6.030	6.424	6-1/4	0.634	9.461	1957
8.993	8.704	10	1.069	20.734	1958
10.455	0.995	10	1.592	25.012	1959
11.381	11.258	10	1.694	33.110	1960
12.299	13.624	10.	1.509	37.663	1961
14.902	17.032	10	1.561	47.889	1962
20.306	21.069	10	1.648	57.165	1963
25.789	25.901	10	2.017	67.400	1964
31.040	35.547	10	2.334	72.298	1965
35.407	39.501	10	2.308	93.806	1966
38.709	49.117	10	3.621	108.431	1967
42.256	63.364	10	7.397	131.942	1968
47.762	77.448	10	6.728	156.291	1969
51.242	91.108	10	8.752	155.445	1970
52.084	107.060	10	7.079	166.767	1971
35.986	116.223	10	6.287	215.202	1972
37.075	127.400	7-1/2	10.924	238.288	1973
47.584	174.027	7-1/2	16.022	319.887	1974
92.798	207.712	10	19.865	399.717	1975
138.739	262.956	10	26.518	462.368	1976
212.265	330.725	10	18.069	554.482	1977
251.465	390.044	3:5B10	33.550	578.556	1978
249.973	474.789	10	6.975	666.478	1979
327.114	539.195	10	7.396	733.309	1980
387.655	588.358	1:4B 10	70.606	780.507	1981
414.704	577.241	1:4B 10	72.639	872.829	1982
476.642	640.010	2:5B 10	- 66.580	897.624	1983
505.673	707.578	2:5B 10	76.046	817.497	1984
620.673	730.558	3:7B 10	90.790	903.596	1985
591.001	748.086	3:7B 10	96.893	1.018.198	1986
623.446	815.746	2:5B 10	102.836	1,165.766	1987

AUDITORS' REPORT TO THE MEMBERS



We have audited the annexed balance sheet of Pakistan Insurance Corporation as at 31 December, 1987 and the Fire, Marine and Miscellaneous Insurance Revenue Accounts, the profit and loss account, the profit and loss appropriation account and statement of changes in financial position together with the notes forming part thereof for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and after due verification thereof, we report that:

- (a) in our opinion, proper books of account have been kept by the Corporation as required by the law;
- (b) in our opinion:
 - (i) the Balance Sheet, the Fire, Marine and Miscellaneous Insurance Revenue accounts, the profit and loss account and the profit and loss appropriation account together with the notes thereon have been drawn up in conformity with the law and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Corporation's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Corporation;
- in our opionion and to the best of our information and according to the explanations given to us, the balance sheet, Fire, Marine and Miscellaneous Insurance Revenue accounts, the Profit and Loss Account, the Profit and Loss Appropriation Account and the statement of changes in financial position, together with the notes forming part thereof, give the information required by the law in the manner so required and subject to the effect of the matters contained in notes 5(b), 6, 9 & 10 relating to outstanding claims, creditors, assets in Bangladesh and devaluation respectively and the fact that the foreign currency balances other than bank accounts have not been translated at the year end rates (note 2(j)) and that the statements for accounts due to/from persons and bodies carrying on insurance business have not been fully reconciled and confirmed, respectively give a true and fair view of the state of the Corporation's affairs as at 31 December, 1987 and of the profit and the changes in financial position for the year then ended; and
- (d) in our opinion zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the company and deposited in the Central Zakat Fund established under section 7 of the ordinance.

FORD, RHODES, ROBSON, MORROW Chartered Accountants R.M BILIMORIA & CO. Chartered Accountant

REVENUE ACCOUNT FOR THE CONSOLIDATED FOR ALL



1986 (Rs. '000)	PARTICULARS	1987 (Rs. '000)
133,654	Commission paid (Less:Retrocessions)	173,131
194,910	Claims (Less: Retrocessions) paid during the year	219,944
	Add: Total estimated liability in respect of outstanding claims at the end of the year whether	
215,046	due or intimated.	197,138
409,956		417,082
226,765	Less: Outstanding at the end of previous year	215,046
183,191		202,036
19,876	Expenses of Management	22,910
177,040	Premium Reserve for the year	217,608
29,278	Profit transferred to profit & Loss Account	37,483

543,039

653,168

FORDS, RHODES, ROBSON, MORROW Chartered Accountants R.M. BILIMORIA & CO. Chartered Accountants

YEAR ENDED 31 DECEMBER, 1987 CLASSES OF BUSINESS



1986 (Rs. '000)	PARTICULARS	1987 (Rs. '000)
161,992	Premium Reserve brought forward from last year	177,040
1,018,198	Premium	1,165,766
637,151	Less: Retrocessions	689,638
381,047		476,128

543,039

653,168

(M.G. HASAN)
Chief Executive

(SHEIKH MOHAMMAD RAFIQ AKHTAR)

Director

REVENUE ACCOUNT FOR THE FIRE



1986	PARTICULARS	1987 (Rs. '000)
(Rs. '000) 64,231	Commission paid (Less: Restrocessions)	76,030
49,814	Claims (Less: Retrocessions) paid during the year	59,751
43,759	Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	45,914
93,573		105,665
32,997	Less: Outstanding at the end of previous year	43,759
60,576		61,906
7,023	Expenses of Management	7,719
55,031	Premium Reserve for the year	65,341
-	Profit transferred to Profit & Loss Account	4,451

215,447

186,861

FORDS, RHODES, ROBSON, MORROW Chartered Accountants

R.M. BILIMORIA & CO. Chartered Accountants

YEAR ENDED 31 DECEMBER, 1987 BUSINESS



1986 (Rs. '000)	PARTICULARS	1987 (Rs. '000)
43,592	Premium Reserve brought forward from last year	55,031
245,037 110,397	Premium Less: Retrocessions	333,827 173,411
134,640		160,416
8,629	Loss transferred to Profit and Loss Account	

186,861

215,447

(M.G. HASAN)
Chief Executive

(SHEIKH MOHAMMAD RAFIQ AKHTAR)

Director

REVENUE ACCOUNT FOR THE MARINE



1986 (Rs. '000)	PARTICULARS	1987 (Rs. '000)
29,397	Commission paid (Less Restrocessions)	48,989
58,709	Claims:(Less: Retrocessions) paid during the year	65,243
101,276	Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	89,057
159,985 109,054	Less: Outstanding at the end of previous year	154,300 101,276
50,931		53,024
4,865 40,900 30,924	Expenses of Management Premium Reserve for the year Profit transferred to Profit & Loss Account	6,293 56,983 6,397

157,017

171,686

FORDS, RHODES, ROBSON, MORROW Chartered Accountants R.M. BILIMORIA & CO.

Chartered Accountants

YEAR ENDED 31 DECEMBER, 1987 BUSINESS



1986 (Rs. '000)	PARTICULARS	1987 (Rs. '000)
63,751	Premium Reserve brought forward from last year	40,900
310,021	Premium	316,296
216,755	Less: Retrocessions	185,510
93,266		130,786

157,017

171,686

(M.G. HASAN)

(SHEIKH MOHAMMAD RAFIQ AKHTAR)

Chief Executive

Director

REVENUE ACCOUNT FOR THE MISCELLANEOUS



1986 (Rs. '000)	PARTICULARS	1987 (Rs. '000)
40,026	Commission paid (Less: Retrocessions)	48,112
86,387	Claims: (Less: Retrocessions) paid during the year	94,950
70,011	Add: Total estimated liability in respect of out standing claims at the end of the year whether due or intimated	62,167
156,398		157,117
84,714	Less: Outstanding at the end of previous year	70,011
71,684		87,106
7,988	Expenses of Management	8,898 95,284
81,109 6,983	Premium Reserve for the year Profit transferred to Profit & Loss Account	26,635

207,790

266,035

FORD, RHODES, ROBSON, MORROW Chartered Accountants

Chartered Accountants

R.M. BILIMORIA & CO.

YEAR ENDED 31 DECEMBER, 1987 BUSINESS



1986 (Rs. '000)	PARTICULARS	1987 (Rs. '000)
54,649	Premium Reserve brought forward from last year	81,109
463,140	Premium	515,643
309,999	Less: Retrocessions	330,717
153,141		184,926

207,790

266,035

(M.G. HASAN)
Chief Executive

(SHEIKH MOHAMMAD RAFIQ AKHTAR)

Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR



1986	PARTICULARS	1987
(Rs. '000)		(Rs. '000)
	Expenses of Management (Not allocable	
	to any particular Revenue Account)	
37	Directors' fee and T.A.	40
48	Auditors' fee	48
59	Advertisement & Publicity	114
144		202
372	Training & research	137
125	Charity & donation	35
123	Charty & donation	
497		172
	Interest paid on deposits retained	
583	from other companies	378
4,153	Difference in exchange	3,623
21	Bad Debts written off	11
	Loss on sale of investment	880
5,398		5,266
	Net profit for the year carried to Profit &	
96,893	Loss Appropriation account	102,836
102,291		108,102
	PROFIT AND LOSS APPROPR	IATION ACCOUN
0.000	Description for had 9. doubtful dabte	2,00
2,000	Provision for bad & doubtful debts	32,50
33,000	Provision for taxation	3,00
16,000	General reserve	3,00

2,000	Provision for bad & doubtful debts	2,000
33,000	Provision for taxation	32,500
16,000	General reserve	3,000
30,000	Exceptional loss reserve	40,000
15,000	Reserve for proposed issue of bonus shares	20,000
3,500	Proposed dividend	5,000
109	Unappropriated profit transferred to Balance Sheet	445

99,609

FORD, RHODES, ROBSON, MORROW Chartered Accountants Karachi, 7th June, 1988

R.M. BILIMORIA & CO.

Chartered Accountsnts

ENDED 31 DECEMBER, 1987



1986	PARTICULARS	1987
(Rs. '000)	INVESTMENT INCOME	(Rs. '000)
		64,327
64,210	Interest and dividends	04,327
	PROFIT/(LOSS) TRANSFERRED FROM REVENUE ACCOUNTS	
		4.451
(8,629)	Fire	4,451 6,397
30,924	Marine Miscellaneous	26,635
6,983	Miscenaneous	
29,278		37,483
	OTHER INCOME	
	Interest received on deposits retained	
4,940	by other companies	4,319
1,199	Interest on short term deposits	1,357
435	Miscellaneous Income	330
	Share transfer fee	
6,574		6,007
211	Profit on sale of investment	265
-	Profit on sale of assets	20
2,018	Interest/compensation on advance tax (Prior years)	
8,803		6,292
102,291		108 109
		108,102
FOR THE	YEAR ENDED 31 DECEMBER, 1987	
2,716	Balance brought forward from previous year	109
	Net Profit for the year as per Profit and	
96,893	Loss Account	102,836
50,555		254,
99,609		102,945
		+

(M.G. HASAN)

(SHEIKH MOHAMMAD RAFIQ AKHTAR)

Chief Executive

Director



1986 (Rs. '000)	PARTICULARS	NOTES	1987 (Rs. '000)
1	CAPITAL & LIABILITIES		
	AUTHORISED CAPITAL:		
50,000	500,000 Ordinary Shares of Rs. 100/- each	h	50,000
30,000	ISSUED, SUBSCRIBED AND PAID UP CAPI		50,000
	50,000 Ordinary shares of Rs. 100/- each	IAL	
= 000	fully paid up in cash		5,000
5,000	450,000 Ordinary Shares (1986: 150,000		
	of Rs. 100/- each issued as fully paid		
30,000	bonus shares)		45,000
35,000	Donus shares)		50,000
11	Share Premium Account		11
1.1	RESERVES:		
			T
260,000	Exceptional Loss Reserve		300,000
6,000	Investment Fluctuation Reserve	1720	6,000
78,000	General Reserve	3	81,000
15,000	Reserve for proposed issue of Bonus Share	es	20,000
109	Unappropriated Profit		445
359,109			407,445
	PROVISIONS:		
66,800	Provision for Taxation	4	84,802
12,000	Provision for Bad and Doubtful Debts		14,000
78,800			98,802
	PROPOSED DIVIDEND.		
3,500	Proposed Dividend		5,000
	RESERVE FOR OUTSTANDING CLAIMS:	5	
43,759	Fire		45,914
101,276	Marine		89,057
70,011	Miscellaneous		62,167
215,046			197,138
14-4-53 to 68-65-55-55-55	PREMIUM RESERVE:		
55,031	Fire		65,341
40,900	Marine		56,983
81,109	Miscellaneous		95,284
177,040	Misceriancoas		217,608
177,010			217,000
	Amount due to other persons and bodies		
207,536	carrying on insurance business		120,705
	Deposits retained and/or received from		
36,778	other companies		31,630
7,616	Sundry Creditors	6	7,608
1,606	Retention money payable		2,310
253,536		0	162,253
1,122,042			1,138,257
	DDES, ROBSON, MORROW		
	K.M. BI	LIMORIA & CO. red Accountants	
Karachi, 7th J	une, 1987	cu /1ccountants	

SHEET DECEMBER, 1987



1986 (Rs. '000)	PARTICULARS	NOTES	1987 (Rs. '000)
10,350 374,011 - 156,309 824 5,075 -	PROPERTY & ASSETS INVESTMENTS: Government and Other Securities Government Treasury Deposit Receipts National Bearer Fund Bonds Stock and Shares Debentures Profit and Loss Sharing Terms Deposits WAPDA Bonds N.D.F.C. Market value Rs. 690,436 (1986: Rs. 64)	6.598)	137,531 296,926 824 50,000 80,000 565,281
546,569	Market value Rs. 690,436 (1960. Rs. 61	0,550)	
44,432	Land and Building (including Capital work-in-progress)	7	58,165
	CURRENT ASSETS:		
297,376 70,716 15,798 23,306 7,941 98,512 86 513,735	Amount due from persons and bodies carrying on Insurance Business Deposits held by Ceding Companies Cash in hand and at bank Interest, Dividend and Return accrued/outstanding Sundry Debtors Advances including Taxation, Loans, Deposits and Prepaid Expenses Stock of Stationery etc. at cost		273,113 73,393 12,675 23,014 9,140 105,194 53
	ADMINISTRATIVE FIXED ASSETS:		
1,332 - 15,974	Furniture, Fixture, Office Equipment, Vehicles and Books (Cost less depreciati Deferred Revenue Expenditure Assets relating to Bangladesh (Former East Pakistan)	ion) 8	1,755 500 15,974
15,574	(1 Office Last Pakistan)		
1,122,042			1,138,257

(M.G. HASAN) Chief Executive

(SHEIKH MOHAMMAD RAFIQ AKHTAR)

Director

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER, 1987



1986 (Rs. '000)		1987 (Rs. '000)
96,893	FINANCIAL RESOURCES WERE PROVIDED BY OPERATIONS Profit before taxation	102,836
Section 2	Items not involving movement of funds	361
278 (211)	Depreciation Loss/(Profit) on sale of investments	615
(11,719)	Reserve for outstanding claims	(17,909)
15,048	Increase/(Decrease) in premium reserve	40,567
	Profit on sale of administrative fixed assets	$\frac{(20)}{126,450}$
100,289	Other Sources	120,100
308,449	Sale proceed of investments	381,005
_	Sale proceed of fixed assets	55
100 500		507,510
408,738	Application of funds	507,510
256,290	Investments purchased	400,332
22,307	Land and Building including (Capital Work-in-progress)	13,761
70	Additions to administrative fixed assets and deferred	1,290
387	Revenue Expenditure	14,498
38,959	Taxes paid/adjusted Dividend paid	3,500
2,450	Dividend paid	100.001
320,393		433,381
88,345	Increase/(Decrease) in Working Capital	74,129
	Analysis of Increase/(Decrease) in Working Capital	
	Current Assets-Increase/ (Decrease)	(3,123)
6,070	Cash in hand and at bank Amount due from persons and bodies carrying on	(3,143)
49,825	Insurance business	(24,263)
39,360	Deposits held by ceding companies	2,677
1,231	Sundry Debtors	1,199
(845)	Interest, Dividend and returns accrued/outstanding	(292)
1 150	Advances including Taxation, Loans, deposits and prepayments	6,683
1,150 (16)	Stock of Stationery	(34)
3 1		(17 152)
96,775	Comment Linkillities (Impresse)/Degrange	(17,153)
	Current Liabilities-(Increase)/Decrease Amount due to persons and bodies carrying on	
(21,082)	Insurance business	86,831
16,972	Deposit retained and/or received from other campanies	5,148
(1,606)	Retention money payable	(705)
(2,714)	Sundry Creditors	6
(8,430)		91,282
88,345	Increase/Decrease in Working Capital	74,129
= 00,343	mercase Decrease in working out	

FORD, RHODES, ROBSON, MORROW Chartered Accountants R.M. BILIMORIA & CO.

Chartered Accountants

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER, 1987



1. STATUS AND NATURE OF BUSINESS:

The Pakistan Insurance Corporation was established under the Pakistan Insurance Corporation Act No. XXXVIII of 1952 for the purpose of development of insurance reinsurance business in Pakistan. Its share are quoted on stock exchanges in Pakistan.

2. SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of accounting/format of accounts.

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

The formats of the balance sheet, the revenue accounts, and the profit and loss and appropriation account are as prescribed under Section 50 and 51 of PIC general regulations 1953.

(b) Taxation:

Provision for taxation is based on taxable income. Deferred taxation, being immaterial has not been provided for.

(c) Provision for bad and doubtful debts:

General provisions, as considered adequate by the Management, are made to cover doubtful debts.

(d) Premium reserve:

Premium reserve represents the balance brought forward plus/minus the increase/ decrease of the following percentages of the amounts by which the net premium income for the year exceed/decline in relation to the net premium income of the respective classes of business of the previous year.

	Percent
Fire business	40
Marine business	
-Marin Cargo	50
_Marine Hull	100
Miscellaneous business	
Accident and Engineering	40
Aviation Hull	100

(e) Staff retirement benefits:

The Corporation has established general provident fund and contributory provident fund for eligible employees which are administered through Trustees. Further, the Corporation also operates funded gratuity and pension scheme for employees entitled/opted for either of the schemes. Provisions/payments are made to cover obligations under the funded gratuity scheme. Provisions for pensions are made on the basis of acturial valuation.



(f) Investments:

Investments are carried at cost; Investment fluctuation reserve is maintained to cover possible diminution in value of investments.

Profit or Loss on sale of investment is taken to the Profit and Loss Account.

(g) Dividend Income:

Dividend income is recognised in the account as and when declared, except for Preference Shares where it is recognised on Accrual basis.

(h) Land and building (including capital work in progress) and Administrative Fixed Assets.

Land and Capital work in progress is shown at cost. Other fixed assets are shown at cost less depreciation calculated on the written down values using the following rates:—

	Percent
Building	5
Lift	20
Vehicles	20
Office equipments	15
Further, fixures and books	10

(i) Expenses of Management

These are allocated to the various revenue accounts in proportion to the net premium income for the year.

(j) Rate of Exchange:

Revenue transactions in foreign currencies are converted in rupees at the rater ruling on the date of the transactions. Assets and Liabilities in foreign currencies other than bank accounts consistent with previous years are not translated into rupees at the rates of exchange prevailing at the balance sheet date and the exchange fluctuations are adjusted at the time of settlement. Exchange gains/losses are dealt with through the profit and loss account. The rates of conversion used for bank accounts at the year end were as follows:—

		81,000	78,000
	Add: Transfer from: Profit and Loss Appropriation.	3,000	16,000
	Balance as at Ist January	78,000	62,000
3.	GENERAL RESERVE:	1987	1986
	Pound Sterling.	32.2623 (R	s. in '000)
	U.S.\$	17.4325	17.1647 25.1820
		1987	1986



4. PROVISION FOR TAXATION:

The income tax assessments of the Corporation have been finalised upto and including assessment year 1985-86. However, the Corporation has preferred appeals for certain assessment years before the Appellate Tribunal. Further, the income tax officer is yet to finalise order for certain assessment years which have been set aside by the Commissioner of income tax appeal. A net amount of Rs. 12.7 million paid for assessment years is shown under advances and has not been debited to the profit and loss appropriation account as the Corporation expects that the appeals would be decided in its favour.

5. RESERVE FOR OUTSTANDING CLAIMS:

- (a) This includes a sum of Rs. 18.2 million (1986: Rs. 26 million) in respect of fire, marine and miscellaneous losses incurred but not reported after making necessary adjustments for the year based on management experience to the amount determined by acturial evaluation in 1983.
- (b) It also includes an amount of Rs. 4.952 million representing claims brought forward from the previous years which relate to Bangladesh (Former East Pakistan) business. This is made up as follows:—

	1987 (Rs.'000)	1986 (Rs. '000)
Fire insurance	2,382	2,382
Marine insurance	1,470	1,470
Miscellaneous Insurance	1,100	1,100
	4,952	4,952

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

6. SUNDRY CREDITORS:

It includes an amount of Rs. 0.809 million (1986: Rs. 0.809 million) relating to Bangladesh creditors.

7. LAND AND BUILDINGS (AT COST)

	1987	1986
	(Rs. '000)	(Rs. '000)
Capital work in progress including leasehold		
land (PIC Building at Moulvi Tamizuddin Khan		
Road)	57,626	43,864
At Written Down value:		<u> </u>
PIC Head Office Building	343	361
PIC House (Residence)	195	206
Lift	1	1
	539	568
	58,165	44.432
		- X



8. DEFERED REVENUE EXPENDITURE:

The Software/System Development Cost incurred during the year is being deferred to be spread over a period of 5 years from the date of completion/implementation of computerisation activities.

9. ASSETS RELATING TO BANGLADESH (FORMER EAST PAKISTAN):

Assets relating to Bangladesh comprise of fixed assets and investments as follows:—
(Rs. '000) (Rs. '000)

Assets relating to bangladesh comprise of	(Rs. '000)	(Rs. '000)
FIXED ASSETS:	1987	1986
Land and Building Furniture & Fixture	8,608	8,608
	8,612	8,612
INVESTMENT:		
Stock and Shares Debentures	7,112 250	7,112
	7,362	7,362
	15,974	15,974

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

10. DEVALUATION:

The effect of bonus voucher scheme and devaluation on settlement with National Coinsurance 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 Coinsurance Scheme and passed on to the Corporation.

11. CAPITAL COMMITMENT:

The Corporation is constructing a building for its head office at an appropriate cost of Rs. 136 million. The cost incurred upto 31st December 1987 amounts to Rs. 56.8 million (1986: Rs. 43.8 million).

12. GENERAL:

- (12.1) The directors or their spouse do not have any interest in the donee fund.
- (12.2) Figures have been rounded off to the nearest thousand rupees.
- (12.3) Figures of previous year have been re-arranged wherever necessary to facilitate comparison.

SHAREHOLDERS' STATISTICS FOR THE YEAR ENDED 31 DECEMBER, 1987



No. of Shareholders		No. of Shares			Total Shares held
188	1	to	100	Shares	8,246
82	101	to	500	9	18,920
7	501	to	1,000	,,	5,713
14	1,001	to	5,000	9	27,876
1	5,001	to	10,000	••	6,025
1	10,001	to	20,000	•	12,500
1	20,001	to	50,000	.,,	24,910
) 1	50,001	to	150,000	990	140,810
1	150,00 1	to	255,000	999	255,000
296					500,000

Categories of Shareholders	Number	Share held	Percentage
Individuals	272	39,127	7.83
Investment Companies (ICP)	1	3,181	0.64
Insurance Companies	10	185,007	37.00
Joint Stock Companies	2	2,372	0.47
Financial Institution (SBP)	1	1,000	0.20
Government of Pakistan	1	255,000	51.00
Administrator, Abandoned Properties Organization, Government of Pakistan	1	250	0.05
Private Limited Companies	5	13,449	2.69
Other (Staff Provident Fund)	2	524	0.10
Bonus Fractions	1	90	0.02
	296	500,000	100.00

PAKISTAN INSURANCE CORPORATION KARACHI



PROXY FORM

I/We	of of
being a S	hareholder of the Pakistan Insurance Corporation holding Shares Nos
	hereby appoint
of	of 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
	Karachi on the 29th day of June, 1988, and at any adjournment thereof.
Dated th	s day of
	Signature of Shareholder
	Signature of Shareholder
	Affix Fifty Paisas Revenue Stamp
IMPORT	ANT NOTES:
1.	No person shall be appointed a proxy who is not a Shareholder of the Corporation and qualified to vote, save that a Corporation being member of the Corporation may appoint as its proxy any officer of such Corporation whether a member of the Corporation or not.
2.	The instrument appointing proxy and the power of attorney or other authority (if any) under which it is signed shall be deposited with the Corporation not less than 4 clear days before the date fixed for the meeting.
3.	In case of joint holders any one of the joint holders may sign the instrument of proxy.
4.	In case of a Company/Corporation, the instrument of proxy must bear its common seal or should be signed by its constituted Attorney in which case a notarially certified copy of the instrument of power should be deposited at the Head Office of the Corporation not less than 4 clear days before the date fixed for the meeting.
5.	The signature on the instrument of proxy must conform to the specimen signature filed with the Corporation.