

# 37th

**ANNUAL REPORT 1989**



**Pakistan Insurance  
Corporation**





بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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## BOARD OF DIRECTORS

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|                              |          |
|------------------------------|----------|
| SAYED AKHLAQUE HUSAIN        | Chairman |
| M. JAMIL ERICKZADA           | Director |
| NAVEED HASAN                 | Director |
| KHALID LATEEF KARDAR         | Director |
| HASAN MEHMOOD SIAL           | Director |
| PIR ABDUL QADIR SHAH JILANI  | Director |
| S. Z. H. JAFFERY             | Director |
| SHEIKH MOHAMMAD RAFIQ AKHTAR | Director |

### AUDITORS:

R. M. BILIMORIA & CO  
Chartered Accountants

FORD, RHODES, ROBSON, MORROW  
Chartered Accountants

### HEAD OFFICE :

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





## NOTIFICATION

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NOTICE is hereby given that the Thirty-Seventh Annual General Meeting of the Corporation will be held on Thursday, the 28th June, 1990, at 11.00 a.m. at Pearl Continental Hotel, Club Road, Karachi to transact the following business :-

- (i) To confirm the minutes of the 36th Annual General Meeting held on Wednesday, the 28th June, 1989.
- (ii) To adopt the Balance Sheet as at 31st December, 1989, the Revenue Accounts, the Profit & Loss Account and the Profit & Loss Appropriation Account for the year ended 31st December, 1989.
- (iii) To announce Dividend approved by the Board of Directors for the year ended 31st December, 1989.

By Order of the Board

(ASIF ALI SHAIKH)  
Secretary

Karachi, the 28th May, 1990.

Notes:

- (i) The Share Transfer Books of the Corporation will remain closed from 28th June, 1990 to 5th July, 1990 (both days inclusive) to ascertain the entitlement of dividend.
  - (ii) A member eligible to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Corporation not less than 4 clear days before the time for holding the meeting.
  - (iii) The shareholders are requested to immediately notify the change in their address, if any.
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# REPORT OF THE BOARD OF DIRECTORS ON THE WORKING OF THE CORPORATION FOR THE YEAR ENDED 31ST DECEMBER, 1989



The Shareholders,  
Pakistan Insurance Corporation,

Gentlemen,

Your Directors again feel pleasure in presenting herewith the 37th Annual Report on the Accounts of the Corporation for the year 1989.

2. The Gross Premium of the general insurance business excluding premium from N.I.C. has recorded an increase of Rs. 372 million i.e. from Rs. 2224 million in 1988 to Rs. 2596 million in 1989. The table below shows the break-up of the volume of business class-wise written by the various groups of insurers.

## 1989 GROSS PREMIUM:

(In million of Rupees)

| Class of Business | National Cos. | % Source wise | Foreign Resident Cos. | % Source wise | Total       | % Class wise |
|-------------------|---------------|---------------|-----------------------|---------------|-------------|--------------|
| Fire              | 941           | 89            | 114                   | 11            | 1055        | 41           |
| Marine Cargo      | 500           | 80            | 123                   | 20            | 623         | 24           |
| Marine Hull       | 22            | 100           | —                     | —             | 22          | 1            |
| Aviation          | 3             | 100           | —                     | —             | 3           | —            |
| Engineering       | 66            | 93            | 5                     | 7             | 71          | 2            |
| Accident          | 748           | 91            | 74                    | 9             | 822         | 32           |
| <b>TOTAL:—</b>    | <b>2280</b>   | <b>88</b>     | <b>316</b>            | <b>12</b>     | <b>2596</b> | <b>100</b>   |

N.B. The gross figures are based on 30% Quota Share Cessions to PIC in 1989 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             |
| 1988 | 1104.6               | 119.4  | 884.6                      | 620.0             |
| 1989 | 1157.0               | 88.9   | 958.3                      | 659.9             |

Although there is an increase in the gross premium of Rs. 52 million i.e. from Rs. 1105 million in 1988 to Rs. 1157 million in 1989, but there is a deficit of Rs. 8 million in the Underwriting profit in 1989 due to higher quantum of claims and also strain of Premium Reserve adjustment.

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

(In million of Rupees)

|                      | FIRE       |            | MARINE     |             | MISC.      |            | TOTAL      |            |
|----------------------|------------|------------|------------|-------------|------------|------------|------------|------------|
|                      | 1989       | 1988       | 1989       | 1988        | 1989       | 1988       | 1989       | 1988       |
| Gross premium        | 430        | 362        | 273        | 266         | 454        | 476        | 1157       | 1104       |
| Retro. premium       | <u>203</u> | <u>170</u> | <u>160</u> | <u>173</u>  | <u>237</u> | <u>276</u> | <u>600</u> | <u>619</u> |
| Net Premium          | 227        | 192        | 113        | 93          | 217        | 200        | 557        | 485        |
| Net Commission       | 105        | 85         | 28         | 36          | 66         | 55         | 199        | 176        |
| Net claims           | 98         | 91         | 67         | 47          | 141        | 112        | 306        | 250        |
| Prem. Res. Adj.      | <u>14</u>  | <u>13</u>  | <u>14</u>  | <u>(20)</u> | <u>—</u>   | <u>—</u>   | <u>28</u>  | <u>(7)</u> |
| Underwriting Surplus | 10         | 3          | 4          | 30          | 10         | 33         | 24         | 66         |
| Management Exp.      | <u>13</u>  | <u>10</u>  | <u>6</u>   | <u>5</u>    | <u>13</u>  | <u>11</u>  | <u>32</u>  | <u>26</u>  |
| Balance :            | (3)        | (7)        | (2)        | 25          | (3)        | 22         | (8)        | 40         |

The net commission as a percentage of net premium shows a slight decrease in 1989 over 1988. However, net claims in 1989 as a percentage of net premium have increased from 52% in 1988 to 55% in 1989. Due to strain of higher claims, the Underwriting profit for the year 1989 has decreased over 1988 by 120%.





5. The experience of individual classes of business during the year 1989 has been produced as follows :-

a) Fire Business:

The Gross Premium of fire portfolio has increased from Rs. 362 in 1988 to Rs. 430 million in 1989 by showing an increase of 18.8%. The said increase is due to increase in the business under Local Treaty and Compulsory Reinsurance. The percentage of net Premium has remained almost at the level of last year. The Net Commission percentage has increased due to booking of belated profit commission. The reduction in net claim percentage is due to XL recovery of flood losses and the claim of Golden Shipper (Custom Bounded Ware-House).

b) Marine Business:

The Gross Premium in the Marine Business (Cargo & Hull) has increased by Rs. 6.2 million as against the decrease of Rs. 50.0 million in 1988.

There is an increase of Rs. 11 million in the net premium in Marine Cargo due to increase in retention under Compulsory Pool and Cession under Foreign Inward Pool (FAIR). In Marine Hull, the net premium shows an increase of Rs. 8 million over last year. The overall decrease of Rs. 2 million in Underwriting profit in 1989 is due to strain of Premium Reserve adjustment.

c) Miscellaneous Business:

The overall decrease in Gross Premium is Rs. 22 million in 1989 as compared to 1988 is due to (i) substantial reduction in premium rates of PIA and almost all the Airlines of the world accepted Facultatively by PIC in 1989; and (ii) Refund of Rs. 4 million to NIC taken in excess from them in 4th Qtr. 1988 on account of 15% deposit premium of PIA.

There is an overall increase in the net premium by Rs. 18 million mainly due to (i) rise in 30% Compulsory cession from 197 million to 247 million in Accident Business; and (ii) due to lower retrocession abroad in Engineering Business.

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, Accident and Engineering Business.

7. Investment :

Investments have increased from Rs. 620.0 million in 1988 to Rs. 659.9 million in 1989. During the year surplus funds were invested in NIT Units and Bearers National Fund Bonds.





#### 8. PROFIT & LOSS ACCOUNT :

The profit and Loss Account for the year 1989 shows a profit before tax amounting to Rs. 88.9 million. The break-up of total profit for 1989 available for appropriation is given below :-

|                                   | (In million of Rupees) |
|-----------------------------------|------------------------|
| Underwriting Loss                 | (8.27)                 |
| Investment Income                 | 96.51                  |
| Other Income<br>(Net of expenses) | 0.65                   |
| <b>TOTAL :</b>                    | <b><u>88.89</u></b>    |

#### 9. ALLOCATION OF PROFIT:

|                                       |                     |
|---------------------------------------|---------------------|
| i) General Reserve                    | 3.00                |
| ii) Exceptional Loss Reserve          | 28.00               |
| iii) Provision for Taxation           | 20.70               |
| iv) Proposed Dividend                 | 5.00                |
| v) Provision for Bad & Doubtful Debts | 2.00                |
| vi) Balance Carried forward           | 30.19               |
| <b>TOTAL:</b>                         | <b><u>88.89</u></b> |

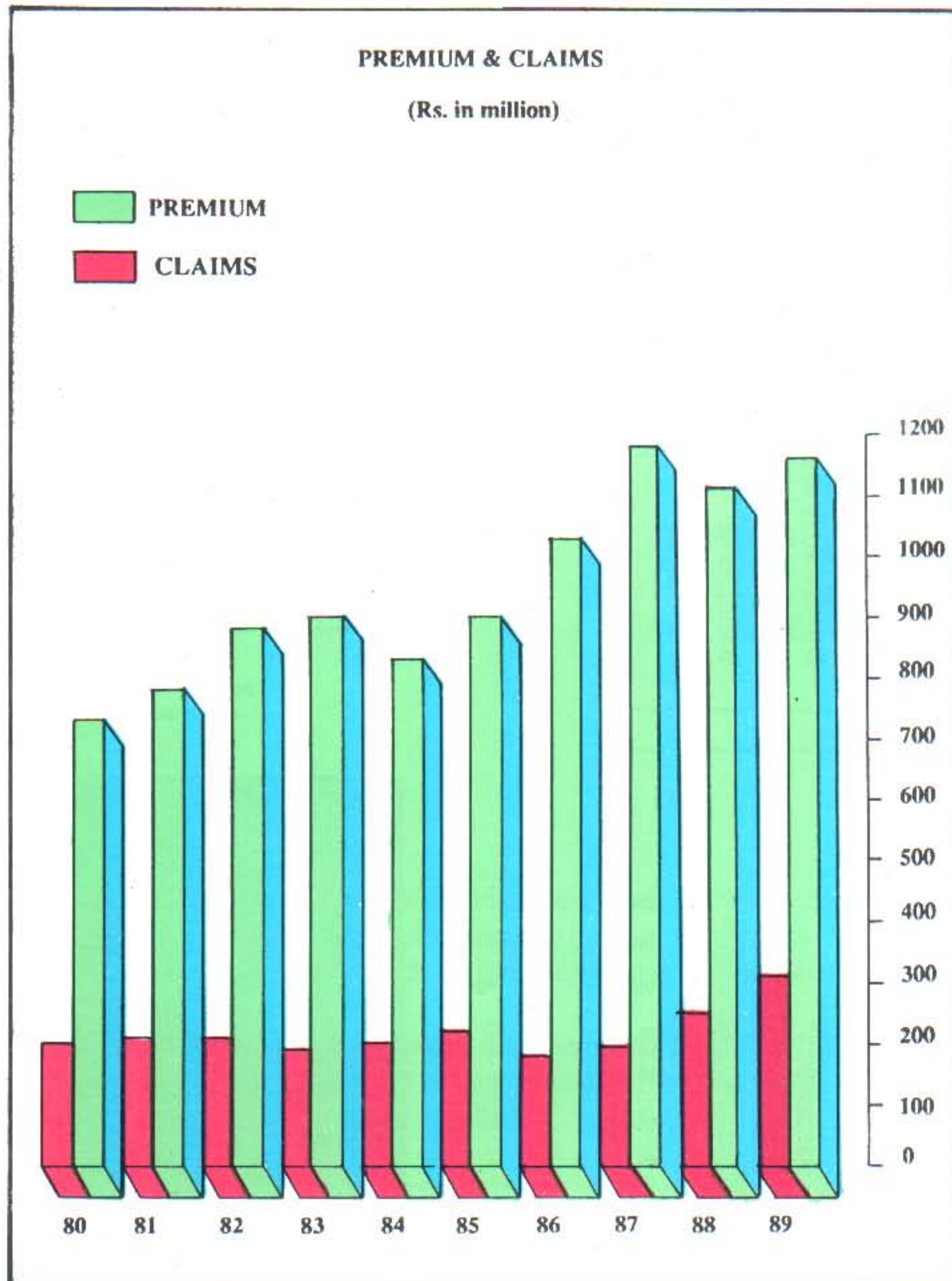
#### 10. BALANCE SHEET:

There has been an increase of Rs. 102 million in the reserves and provisions which have gone up from Rs. 885 million in 1988 to Rs. 987 million in 1989.

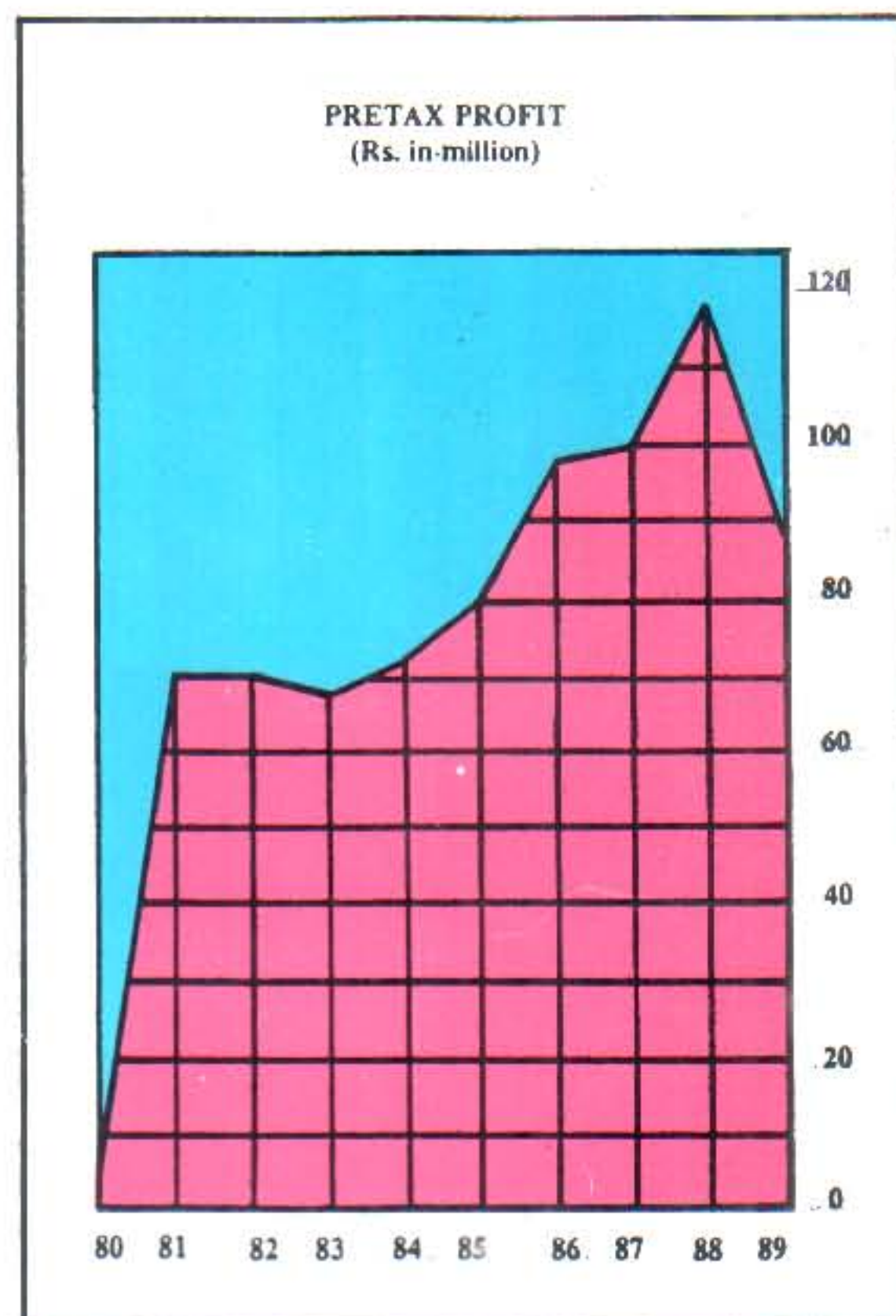
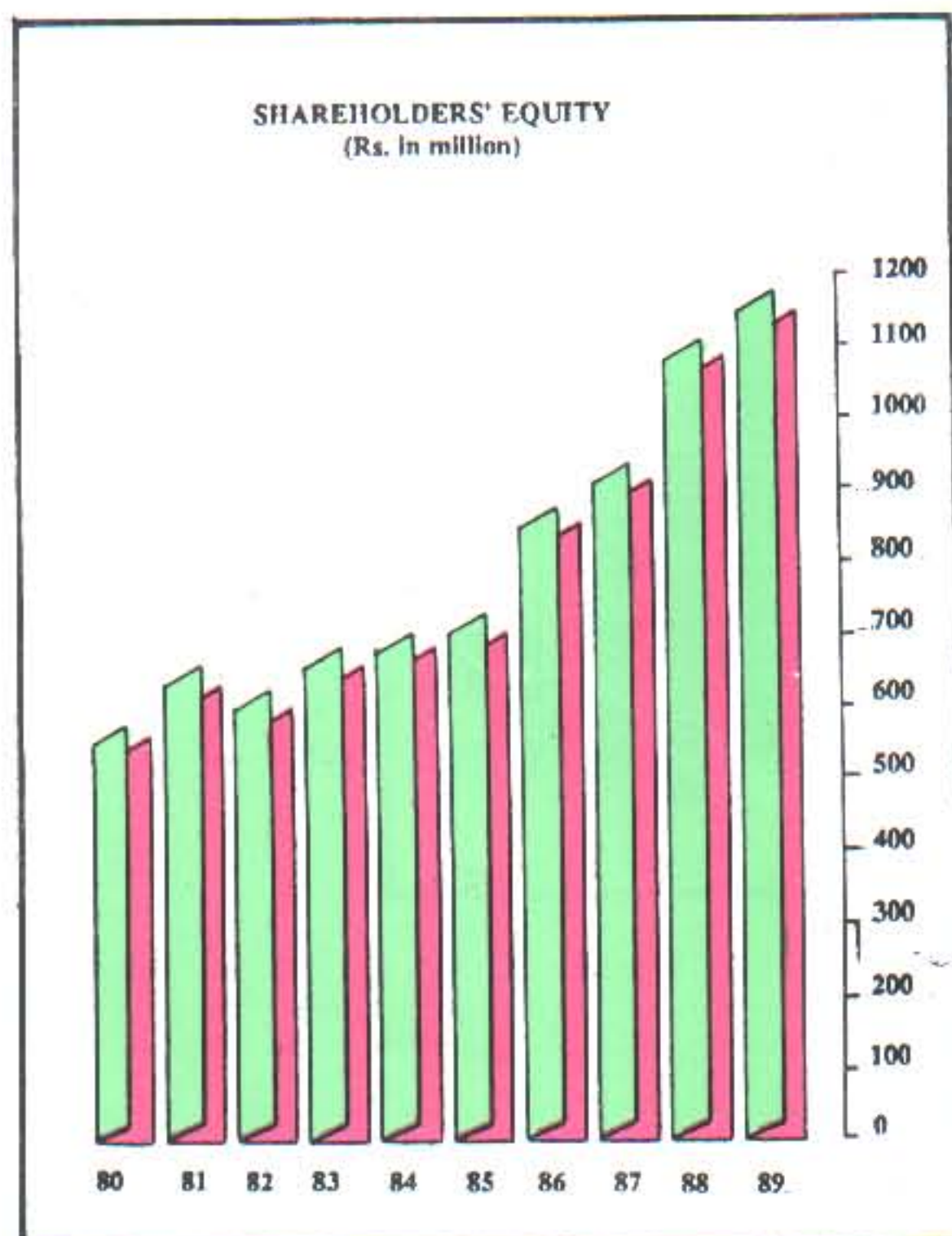
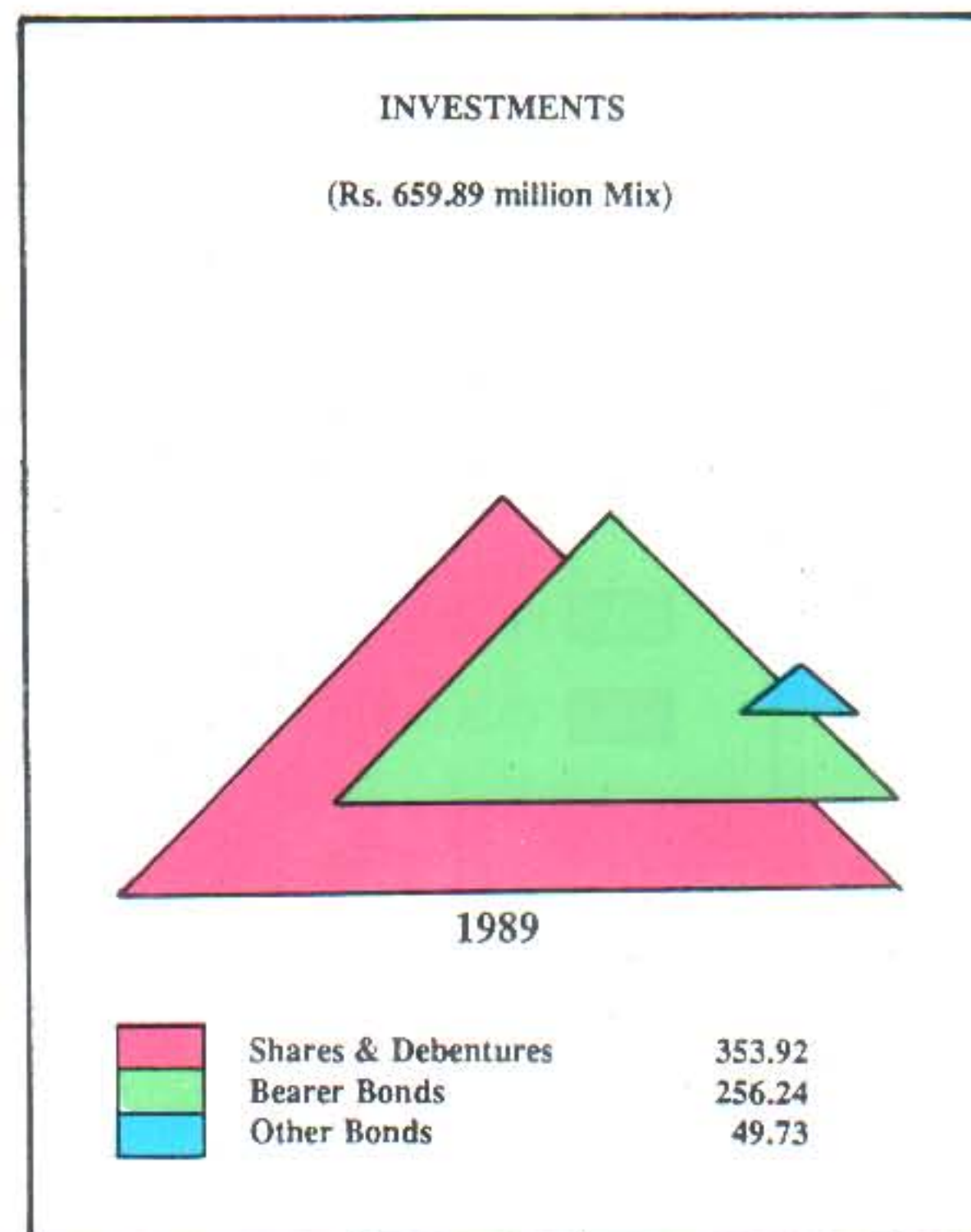
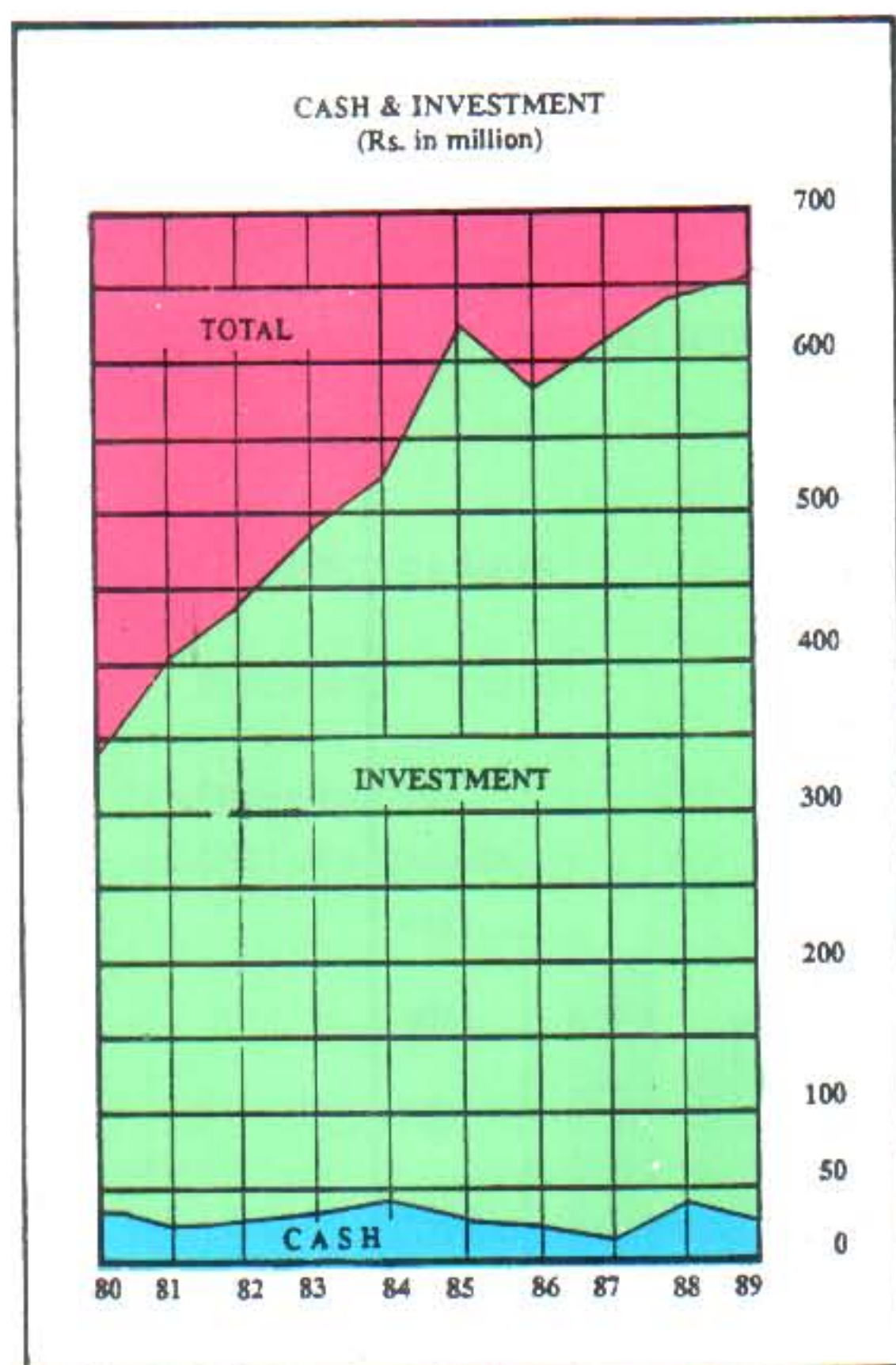
#### 11. DIVIDEND :

The Directors are pleased to declare a dividend of 10% for the year 1989.





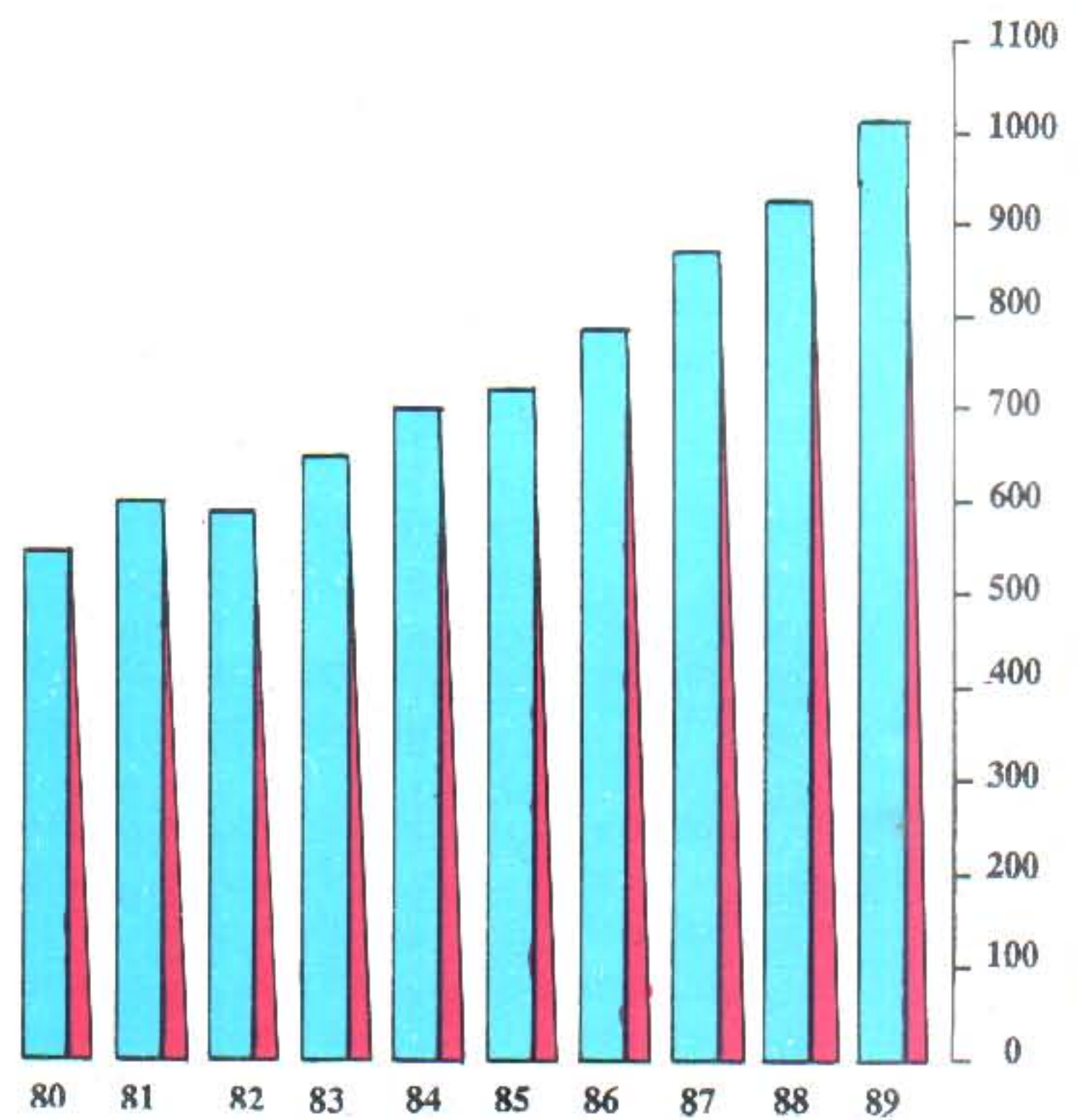




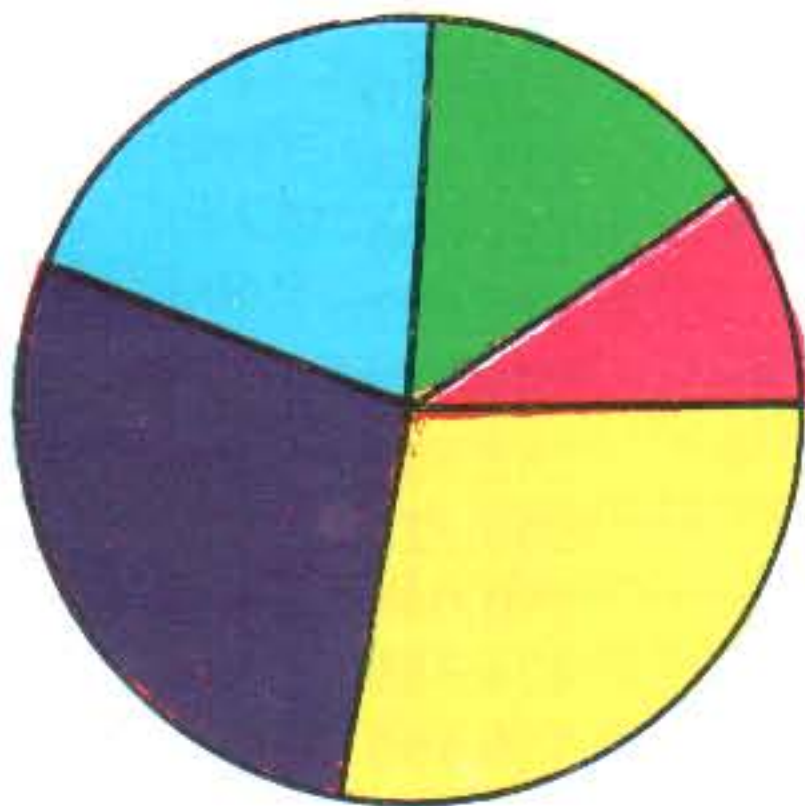




**RESERVES AND PAID UP CAPITAL**  
(Rs. in million)



**DIVIDEND (CASH & STOCK)**  
(Rs. in million)



|    |       |
|----|-------|
| 88 | 25.36 |
| 87 | 25.00 |
| 86 | 18.50 |
| 85 | 12.95 |
| 84 | 8.79  |





## 37 YEARS AT A GLANCE

(In Million of Rupees)

| Years | Gross<br>Premium<br>Income | Profit  | Dividend<br>declared<br>% | Total<br>Reserves/<br>Provisions | Total<br>Investment |
|-------|----------------------------|---------|---------------------------|----------------------------------|---------------------|
| 1953  | 1.638                      | 0.013   | —                         | 0.795                            | 1.046               |
| 1954  | 4.492                      | 0.106   | 5                         | 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   | 6-1/4                     | 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  | 3:5B10                    | 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                   | 577.241                          | 414.704             |
| 1983  | 897.624                    | 66.580  | 2:5B 10                   | 640.010                          | 476.642             |
| 1984  | 817.497                    | 76.046  | 2:5B 10                   | 707.578                          | 505.673             |
| 1985  | 903.596                    | 90.790  | 3:7B 10                   | 730.558                          | 620.673             |
| 1986  | 1,018.198                  | 96.893  | 3:7B 10                   | 748.086                          | 591.001             |
| 1987  | 1,165.766                  | 102.836 | 2:5B 10                   | 815.746                          | 623.446             |
| 1988  | 1,104.600                  | 119.411 | 10                        | 884.675                          | 678.644             |
| 1989  | 1,156.986                  | 88.889  | 10                        | 958.312                          | 719.463             |



## AUDITORS' REPORT TO THE MEMBERS



We have audited the annexed Balance Sheet of Pakistan Insurance Corporation as at 31st, December, 1989 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;
- (c) in our opinion 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, 6(b), 7, 10 & 11 relating to taxation, outstanding claims, creditors, assets in Bangladesh and National Co-Insurance Scheme, 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 31st December, 1989 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 Corporation and deposited in the Central Zakat Fund established under section 7 of that ordinance.

**R. M. BILIMORIA & CO.**  
Chartered Accountants

**FORD, RHODES, ROBSON, MORROW**  
Chartered Accountants

Karachi, 6th June, 1990





## REVENUE ACCOUNT FOR THE CONSOLIDATED FOR ALL

| PARTICULARS  | 1989<br>(Rs. '000) | 1988<br>(Rs. '000) |
|--|--------------------|--------------------|
| Commission Paid (Less: Retrocessions)  | 199,236            | 175,593            |
| Claims (Less: Retrocessions) paid during the year  | 293,180            | 242,054            |
| Add : Total estimated liability in<br>respect of outstanding claims<br>at the end of the year whether<br>due or intimated. | 218,394            | 205,342            |
|  | 511,574            | 447,396            |
| Less : Outstanding at the end of<br>the previous year.   | 205,342            | 197,138            |
|  | 306,232            | 250,258            |
| Expenses of Management   | 32,399             | 26,171             |
| Premium Reserve for the year   | 237,918            | 210,333            |
| Profit transferred to Profit and Loss Account.   | —                  | 40,553             |
|  | 775,785            | 702,908            |

As per our report annexed.

R. M. BILIMORIA & CO.  
Chartered Accountants

FORD. RHODES, ROBSON, MORROW  
Chartered Accountants

Karachi, 6th June, 1990



# YEAR ENDED 31ST DECEMBER, 1989

## CLASSES OF BUSINESS



| PARTICULARS                                    | 1989<br>(Rs. '000) | 1988<br>(Rs. '000) |
|--|--------------------|--------------------|
| Premium Reserve brought forward from last year | 210,333            | 217,608            |
| Premium  | 1,156,986          | 1,104,600          |
| Less : Retrocessions                           | 599,804            | 619,300            |
|  | 557,182            | 485,300            |
| Loss transferred to Profit and Loss Account    | 8,270              |                    |
|  | <u>775,785</u>     | <u>702,908</u>     |

(SAYED AKHLAQUE HUSAIN)  
Chief Executive

(S. Z. H. JAFFERY)  
Director





## REVENUE ACCOUNT FOR THE FIRE

| PARTICULARS  | 1989<br>(Rs. '000) | 1988<br>(Rs '000)) |
|--|--------------------|--------------------|
| Commission paid (Less: Retrocessions)  | 105,608            | 84,231             |
| Claims (Less: Retrocessions) paid during the year  | 78,041             | 84,906             |
| Add : Total estimated liability in<br>respect of outstanding claims<br>at the end of the year whether<br>due or intimated. | 71,920             | 52,010             |
|  | 149,961            | 136,916            |
| Less: Outstanding at the end of previous year.   | 52,010             | 45,914             |
|  | 97,951             | 91,002             |
| Expenses of Management   | 13,213             | 10,342             |
| Premium Reserve for the year   | 92,061             | 77,880             |
|  | <u>308,833</u>     | <u>263,455</u>     |

As per our report annexed.

R. M. BILIMORIA & CO.  
Chartered Accountants

FORD, RHODES, ROBSON, MORROW  
Chartered Accountants

Karachi, 6th June, 1990



# YEAR ENDED 31ST DECEMBER, 1989 BUSINESS



| PARTICULARS                                    | 1989<br>(Rs. '000) | 1988<br>(Rupees) |
|--|--------------------|------------------|
| Premium Reserve brought forward from last year | 77,880             | 65,341           |
| Premium  | 430,481            | 362,424          |
| Less : Retrocession                            | 203,267            | 170,662          |
|  | 227,214            | 191,762          |
| Loss Transferred to Profit and Loss Account.   | 3,739              | 6,352            |
|  | <u>308,833</u>     | <u>263,455</u>   |

(SAYED AKHLAQUE HUSAIN)  
Chief Executive

(S. Z. H. JAFFERY)  
Director





## REVENUE ACCOUNT FOR THE MARINE

| PARTICULARS  | 1989<br>(RS. '000) | 1988<br>(RS. '000) |
|--|--------------------|--------------------|
| Commission paid (Less : Retrocessions)   | 27,160             | 36,195             |
| Claims (Less : Retrocessions) paid during the year.  | 67,512             | 49,392             |
| Add : Total estimated liability in<br>respect of outstanding claims<br>at the end of the year whether<br>due or intimated. | 86,600             | 86,539             |
|  | 154,112            | 135,931            |
| Less : Outstanding at the end of previous year.  | 86,539             | 89,057             |
|  | 67,573             | 46,874             |
| Expenses of Management   | 6,543              | 5,048              |
| Premium Reserve for the year   | 50,528             | 37,247             |
| Profit transferred to Profit and Loss Account  | —                  | 25,230             |
|  | 151,804            | 150,594            |

As per our report annexed.

R. M. BILIMORIA & CO.  
Chartered Accountants

FORD, RHODES, ROBSON, MORROW  
Chartered Accountants

Karachi, 6th June, 1990



# YEAR ENDED 31ST DECEMBER, 1989 BUSINESS



## PARTICULARS

|  | 1989<br>(Rs. '000) | 1988<br>(Rs. '000) |
|--|--------------------|--------------------|
| Premium Reserve brought forward from last year | 37,247             | 56,983             |
| Premium  | 272,540            | 266,363            |
| Less : Retrocessions                           | 160,011            | 172,752            |
|  | 112,529            | 93,611             |
| Loss transferred to Profit and Loss Account    | 2,028              | —                  |
|  | <u>151,804</u>     | <u>150,594</u>     |

(SAYED AKHLAQUE HUSAIN)  
Chief Executive

(S. Z. H. JAFFERY)  
Director





## REVENUE ACCOUNT FOR THE MISCELLANEOUS

| PARTICULARS  | 1989<br>(Rs. '000) | 1988<br>(Rs. '000) |
|--|--------------------|--------------------|
| Commission paid (Less: Retrocessions)  | 66,468             | 55,167             |
| Claims (Less : Retrocessions) paid during the year.  | 147,627            | 107,756            |
| Add :Total estimated liability in<br>respect of outstanding claims<br>at the end of the year whether<br>due or intimated | 59,874             | 66,793             |
|  | 207,501            | 174,549            |
| Less :Outstanding at the end of the previous year  | 66,793             | 62,167             |
|  | 140,708            | 112,382            |
| Expenses of Management   | 12,643             | 10,781             |
| Premium Reserve for the year   | 95,329             | 95,206             |
| Profit transferred to Profit and Loss Account  | -                  | 21,675             |
|  | <u>315,148</u>     | <u>295,211</u>     |

As per our report annexed.

R. M. BILIMORIA & CO.  
Chartered Accountants

FORD, RHODES, ROBSON, MORROW  
Chartered Accountants

Karachi, 6th June, 1990



# YEAR ENDED 31ST DECEMBER, 1989 BUSINESS



## PARTICULARS

|  | 1989<br>(Rs. '000) | 1988<br>(Rs. '000) |
|--|--------------------|--------------------|
| Premium Reserve brought forward from last year | 95,206             | 95,284             |
| Premium  | 453,965            | 475,813            |
| Less : Retrocessions                           | 236,526            | 275,886            |
|  | 217,439            | 199,927            |
| Loss transferred to Profit and Loss Account    | 2,503              | —                  |
|  | <u>315,148</u>     | <u>295,211</u>     |

(SAYED AKHLAQUE HUSAIN)  
Chief Executive

(S. Z. H. JAFFERY)  
Director





## PROFIT AND LOSS ACCOUNT FOR THE YEAR

| PARTICULARS  | NOTES | 1989<br>(Rs. '000) | 1988<br>(Rs. '000) |
|--|-------|--------------------|--------------------|
| EXPENSES OF MANAGEMENT (NOT ALLOCABLE TO ANY PARTICULAR REVENUE ACCOUNT) |       |                    |                    |
| Directors' Fee and T.A.  |       | 70                 | 39                 |
| Auditors' Fee  |       | 68                 | 67                 |
| Advertisement & Publicity  |       | 96                 | 136                |
|  |       | 234                | 242                |
| E.C.O. Expenses  |       | —                  | 169                |
| Training & Research  |       | 97                 | 458                |
| Charity and donation   |       | 100                | 150                |
|  |       | 197                | 777                |
| Interest paid on deposits retained from other Companies                  |       | 157                | 307                |
| Difference in Exchange   |       | 1,637              | 2,268              |
| Bad Debts written off  |       | —                  | 23                 |
| Zakat deducted at source   |       | 3,732              | 3,109              |
|  |       | 5,957              | 6,726              |
| LOSS/(PROFIT) TRANSFERRED FROM REVENUE ACCOUNTS                          |       |                    |                    |
| Fire   |       | 3,739              | 6,352              |
| Marine   |       | 2,028              | (25,230)           |
| Miscellaneous  |       | 2,503              | (21,675)           |
|  |       | 8,270              | (40,553)           |
| Net Profit for the year carried to Profit and Loss Appropriation Account |       | 88,889             | 119,411            |
|  |       | <u>103,116</u>     | <u>85,584</u>      |

### PROFIT AND LOSS APPROPRIATION ACCOUNT

|  |               |                |
|--|---------------|----------------|
| Provision for Bad & Doubtful Debts                 | 2,000         | 2,000          |
| Provision for Taxation                             | 20,700        | 26,500         |
| General Reserve                                    | 3,000         | 6,000          |
| Exceptional Loss Reserve                           | 28,000        | 60,000         |
| Proposed dividend                                  | 5,000         | 5,000          |
| Unappropriated Profit transferred to Balance Sheet | 30,189        | 20,356         |
|  | <u>88,889</u> | <u>119,856</u> |

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

As per our report annexed

R. M. BILIMORIA & CO.  
Chartered Accountants

FORD, RHODES, ROBSON, MORROW  
Chartered Accountants

Karachi, 6th June, 1990



# ENDED 31ST DECEMBER, 1989



| PARTICULARS   | NOTES | 1989<br>(Rs. '000) | 1988<br>(Rs. '000) |
|---|-------|--------------------|--------------------|
| INVESTMENT INCOME   |       |                    |                    |
| Interest and Dividends.                                   |       | 96,508             | 80,629             |
| OTHER RECEIPTS  |       |                    |                    |
| Interest received on deposits retained by other companies |       | 4,816              | 2,825              |
| Interest on Short Term Deposits                           |       | 1,661              | 1,602              |
| Miscellaneous Income                                      |       | 131                | 207                |
| Share Transfer Fee  |       | -                  | 2                  |
|   |       | 6,608              | 4,636              |
| Profit on Sale of Investment                              |       | 7                  | 88                 |
| Profit on Sale of Assets                                  |       | -                  | 231                |
|   |       | 6,608              | 4,955              |
|   |       | <u>103,116</u>     | <u>85,584</u>      |

## FOR THE YEAR ENDED 31ST DECEMBER, 1989

|  |   |               |                |
|--|---|---------------|----------------|
| Balance Brought forward from last year                 |   | 20,356        |                |
| Less: Payments as approved by the Federal Government   | 3 | 20,356        | 445            |
| Net profit for the year as per Profit and Loss Account |   | 88,889        | 119,411        |
|  |   | <u>88,889</u> | <u>119,856</u> |

(SAYED AKHLAQUE HUSAIN)  
Chief Executive

(S. Z. H. JAFFERY)  
Director





## BALANCE SHEET AS AT

|  | NOTES | 1989<br>(Rs. '000) | 1988<br>(Rs. '000) |
|--|-------|--------------------|--------------------|
| <b>CAPITAL AND LIABILITIES</b>   |       |                    |                    |
| <b>AUTHORISED CAPITAL :</b>  |       |                    |                    |
| 500,000 Ordinary Shares of Rs. 100/- each<br>fully paid up in cash             |       | 50,000             | 50,000             |
| 50,000 Ordinary shares of Rs. 100 each<br>fully paid up in cash                |       | 5,000              | 5,000              |
| 450,000 Ordinary shares of Rs. 100/- each<br>issued as fully paid bonus shares |       | 45,000             | 45,000             |
| Share Premium Account  |       | 11                 | 11                 |
|  |       | 50,011             | 50,011             |
| <b>RESERVES:</b>   |       |                    |                    |
| Exceptional Loss Reserve   |       | 388,000            | 360,000            |
| Investment Fluctuation Reserve   |       | 6,000              | 6,000              |
| General Reserve  | 4     | 90,000             | 87,000             |
| Reserve for proposed<br>Issue of Bonus Share                                   |       | -                  | 20,000             |
| Un-appropriated Profit   |       | 30,189             | 20,356             |
|  |       | 514,189            | 493,356            |
| <b>PROVISIONS:</b>   |       |                    |                    |
| Provision for Taxation   | 5     | 132,002            | 111,302            |
| Provision for Bad and Doubtful Debts   |       | 18,000             | 16,000             |
|  |       | 150,002            | 127,302            |
| <b>PROPOSED DIVIDEND:</b>  |       |                    |                    |
| Proposed Dividend  |       | 5,000              | 5,000              |
| <b>RESERVE FOR OUTSTANDING CLAIMS:</b>   |       |                    |                    |
| Fire   |       | 71,920             | 52,010             |
| Marine   | 6     | 86,600             | 86,539             |
| Miscellaneous  |       | 59,874             | 66,793             |
|  |       | 218,394            | 205,342            |
| <b>PREMIUM RESERVE:</b>  |       |                    |                    |
| Fire   |       | 92,061             | 77,880             |
| Marine   |       | 50,528             | 37,247             |
| Miscellaneous  |       | 95,329             | 95,206             |
|  |       | 237,918            | 210,333            |
| Amount due to other persons and<br>bodies carrying on insurance business       |       | 230,912            | 117,360            |
| Deposits retained/received<br>from other companies                             | 7     | 29,099             | 27,932             |
| Sundry Creditors   |       | 11,369             | 7,809              |
| Retention money payable  |       | 2,562              | 2,556              |
|  |       | 273,942            | 155,657            |
|  |       | <u>1,449,456</u>   | <u>1,247,001</u>   |

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

As per our report annexed.

R. M. BILIMORIA & CO.  
Chartered Accountants

FORD, RHODES, ROBSON, MORROW  
Chartered Accountants

Karachi, 6th June, 1990



31ST DECEMBER, 1989



PROPERTY AND ASSETS  
INVESTMENTS:

NOTES

1989  
(Rs. '000)

1988  
(Rs. '000)

Bearer National Fund Bonds  
Stock and Shares  
Debentures  
WAPDA Bonds  
Foreign Exchange Bearer Certificates

256,242  
353,317  
600  
49,625  
110

238,040  
331,533  
700  
49,625  
110

Market value Rs. 811,262  
(1988 Rs. 760,242)

659,894

620,008

Land and Building (including  
Capital Work-in-Progress)

8

59,569

58,636

CURRENT ASSETS :

Amount due from persons and bodies  
carrying on insurance business  
Deposits held by Ceding Companies  
Cash in hand and at bank

351,124  
64,692  
25,428

253,515  
58,680  
40,403

Interest, Dividend and Return  
accrued/outstanding

70,425

41,978

Sundry Debtors

9,580

9,538

Advances including Taxation, Loans,  
Deposits and Prepaid Expenses

186,617

145,012

Stocks of Stationery etc. at cost

68

54

707,934

549,180

ADMINISTRATIVE FIXED ASSETS:

Furniture, Fixture, Office Equipments,  
Vehicles and Books  
(cost less depreciation)  
Deferred Revenue Expenditure

9

5,060  
1,025

1,952  
1,251

Assets relating to Bangladesh  
(Former East Pakistan)

10

15,974

15,974

1,449,456

1,247,001

(SAYED AKHLAQUE HUSAIN)  
Chief Executive

(S. Z. H. JAFFERY)  
Director





# STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED 31ST DECEMBER, 1989

## FINANCIAL RESOURCES WERE PROVIDED BY OPERATIONS.

Profit before taxation.

Items not involving movement of funds:

Depreciation  
Deferred revenue expenditure  
Net profit on sale of investments  
Reserve for outstanding claims  
Increase/(decrease) in premium reserve  
Profit on sale of administrative fixed assets

Other sources

Sale proceed of investments  
Sale proceed of fixed assets

## APPLICATION OF FUNDS

Investments purchased  
Land and Building (including Capital Work-in-Progress)  
Additions to administrative fixed assets  
and deferred revenue expenditure  
Taxes paid  
Dividend paid

## (DECREASE)/INCREASE IN WORKING CAPITAL

### ANALYSIS OF INCREASE/(DECREASE) IN WORKING CAPITAL

Increase/(decrease) in current assets  
Cash in hand and at bank  
Amount due from persons and bodies  
carrying on insurance business  
Deposits held by ceding companies  
Sundry debtors  
Interest, dividend and returns accrued/outstanding  
Advances including taxation, loans, deposits  
and prepaid expenses  
Stock of stationery

## (INCREASE)/DECREASE IN CURRENT LIABILITIES

Amount due to persons and bodies carrying  
on insurance business  
Deposits retained/received from other companies  
Sundry creditors  
Retention money payable

## (DECREASE)/INCREASE IN WORKING CAPITAL

(SAYED AKHLAQUE HUSAIN)  
Chief Executive

(S. Z. H. JAFFERY)  
Director

| 1989<br>(Rs. '000) | 1988<br>(Rs. '000) |
|--------------------|--------------------|
| 88,889             | 119,411            |
| 1,178              | 463                |
| 226                | -                  |
| -                  | (88)               |
| 13,051             | 8,204              |
| 27,585             | (7,275)            |
| -                  | (231)              |
| 42,040             | 1,073              |
| 45,608             | 82,362             |
| -                  | 423                |
| 45,608             | 82,785             |
| 176,537            | 203,269            |
| 85,494             | 137,001            |
| 959                | 498                |
| 4,261              | 2,249              |
| 40,474             | 37,607             |
| 45,356             | 5,000              |
| 176,544            | 182,355            |
| (7)                | 20,914             |
| (14,975)           | 27,728             |
| 97,609             | (19,598)           |
| 6,012              | (14,713)           |
| 41                 | 399                |
| 28,447             | 18,964             |
| 1,131              | 1,536              |
| 14                 | 2                  |
| 118,279            | 14,318             |
| (113,552)          | 3,345              |
| (1,167)            | 3,698              |
| (3,561)            | (201)              |
| (6)                | (246)              |
| (118,286)          | 6,596              |
| (7)                | 20,914             |



# NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 1989



## 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 shares 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.

|                            | <u>Percent</u> |
|----------------------------|----------------|
| Fire business              | 40             |
| Marine business            |                |
| – Marine 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 schemes for employees





entitled/opted for either of the schemes. Provisions/payments are made to cover obligations under the funded gratuity scheme. Provision for pensions are made on the basis of actuarial 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 investments is taken to the Profit and Loss Account.

(g) Dividend income etc.

Dividend income is recognised in the account as and when declared, except for preference shares and other investments, 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 are shown at cost. Other fixed assets are shown at cost less depreciation calculated on the written down values using the following rates:-

|                               | <u>Percent</u> |
|-------------------------------|----------------|
| Building                      | 5              |
| Lift                          | 20             |
| Vehicles                      | 20             |
| Office equipments             | 15             |
| Furniture, fixtures and books | 10             |
| Computers                     | 20             |

(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 rates 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:

|                | 1989    | 1988    |
|----------------|---------|---------|
| U. S. \$       | 21.3282 | 18.5700 |
| Pound Sterling | 34.1667 | 33.2865 |





|    |   |    |               |
|----|---|----|---------------|
| 3. | PAYMENTS AS APPROVED BY THE FEDERAL GOVT.   | %  | (Rs. '000)    |
|    | Federal Government @ Rs. 47.90 per share of Rs. 100/- on 255,000 shares                                 | 60 | 12,214        |
|    | Shareholders (excluding Federal Government holding @ Rs. 33.23 per share of Rs. 100/- on 245,000 shares | 40 | 8,142         |
|    |   |    | <u>20,356</u> |

|    |  |                    |                    |
|----|--|--------------------|--------------------|
| 4. | GENERAL RESERVE:   | 1989<br>(Rs. '000) | 1988<br>(Rs. '000) |
|    | Balance as at 1st January                                | 87,000             | 81,000             |
|    | Add: Transfer from profit and loss appropriation account | 3,000              | 6,000              |
|    |  | <u>90,000</u>      | <u>87,000</u>      |

5. PROVISION FOR TAXATION:

The income-tax assessments of the Corporation have been finalised upto and including assessment year 1989-90. The appeal against assessment for the assessment year 1989-90 is pending before the Commissioner of Income-tax (Appeals). The Corporation has, preferred appeals for certain previous assessment years before the Appellate Tribunal. Further, the Income-tax Officer is yet to finalise orders for certain assessment years which have been set-aside by the Commissioner of Income-tax (Appeals). A net amount of Rs. 40.3 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.

In regard to assessment for the year 1989-90, the Income-tax authorities have raised a demand of Rs. 8.59 million against the Corporation, after treating the income of Export Credits Guarantee Scheme as part of taxable income of the Corporation for the assessment years 1984-85, 1985-86, 1986-87, 1987-88 and 1988-89.

The Corporation has preferred appeal in this connection and expects the same to be decided in its favour. If however, the appeal goes against the Corporation, the amount would be recovered from Export Credits Guarantee Scheme. Hence the demand of Rs. 8.59 million has not been brought into accounts for the year ended 31st December, 1989.

6. RESERVE FOR OUTSTANDING CLAIMS:

- This includes a sum of Rs. 13.0 million (1988 - Rs. 13.0 million) in respect of Marine losses incurred but not reported, estimated on the basis of management experience.
- It also includes an amount of Rs. 4.952 million (1988 - Rs. 4.952 million) representing claims brought forward from previous years which relate to Bangladesh (Former East Pakistan) business. This is made up as follows :

|                         |                    |                    |
|-------------------------|--------------------|--------------------|
|                         | 1989<br>(Rs. '000) | 1988<br>(Rs. '000) |
| Fire insurance          | 2,382              | 2,382              |
| Marine insurance        | 1,470              | 1,470              |
| Miscellaneous insurance | 1,100              | 1,100              |
|                         | <u>4,952</u>       | <u>4,952</u>       |

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





7. SUNDRY CREDITORS:

It includes an amount of Rs. 0.809 million (1988: Rs. 0.809 million) relating to Bangladesh creditors.

8. LAND AND BUILDING (INCLUDING CAPITAL WORK-IN-PROGRESS)

|  | 1989<br>(Rs. '000) | 1988<br>(Rs. '000) |
|--|--------------------|--------------------|
| Capital work-in-progress including leasehold land (PIC Building at Moulvi Tamizuddin Khan Road) less realisation of contractor's bonds Rs. 9 million | 59,082             | 58,124             |
| At written down value  |                    |                    |
| PIC Head Office Building including lift  | 311                | 327                |
| PIC House (Residence)  | 176                | 185                |
|  | 487                | 512                |
|  | <u>59,569</u>      | <u>58,636</u>      |

9. DEFERRED REVENUE EXPENDITURE:

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

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

Assets relating to Bangladesh comprise of fixed assets and investments are as follows:-

|                      | 1989<br>(Rs. '000) | 1988<br>(Rs. '000) |
|----------------------|--------------------|--------------------|
| <b>FIXED ASSETS:</b> |                    |                    |
| Land and Building    | 8,608              | 8,608              |
| Furniture & Fixtures | 4                  | 4                  |
|                      | <u>8,612</u>       | <u>8,612</u>       |
| <b>INVESTMENTS:</b>  |                    |                    |
| Stock and Shares     | 7,112              | 7,112              |
| Debentures           | 250                | 250                |
|                      | <u>7,362</u>       | <u>7,362</u>       |
|                      | <u>15,974</u>      | <u>15,974</u>      |

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.





11. NATIONAL CO-INSURANCE SCHEME: (NCS)

The Bonus Voucher Scheme was introduced by the Government of Pakistan on 15th July, 1970 and remained in force till 11th May, 1972, when Pak Rupee was devalued. National Co-Insurance Scheme (NCS) was entitled to Bonus Voucher earnings on its foreign currency premium income and likewise had to incur expenses for Bonus Vouchers on its foreign currency payments.

The relevant foreign currency transactions of NCS with Pakistan Insurance Corporation (PIC) spread over the period from 15th July, 1970 to 11th May, 1972 were accounted for by NCS in their books.

The Accounts of NCS & PIC were finally reconciled for all transactions upto 31st December, 1987 comprising all re-insurances accepted by PIC and commission and claims paid to NCS including Bonus Voucher entitlement, and the final reconciled balance was agreed in February, 1989 to Rs. 1,019,839.78.

This net liability of PIC to NCS remains subject to full verification and authorization by the management of NCS and is to be certified by their auditors.

12. CAPITAL COMMITMENTS:

The Corporation is constructing a building for its head office at an estimated cost of Rs. 136 million. The cost incurred upto 31st December, 1989 amounts to Rs. 58.29 million (1988 Rs. 57.3 million).

13. GENERAL :

(13.1) The Directors or their spouse do not have any interest in the donee fund.

(13.2) Figures have been rounded off to the nearest thousand rupees.

(13.3) Figures of previous year have been re-arranged wherever necessary to facilitate comparison.

(SAYED AKHLAQUE HUSAIN)  
Chief Executive

(S. Z. H. JAFFERY)  
Director





## SHAREHOLDERS' STATISTICS FOR THE YEAR ENDED 31ST DECEMBER, 1989

| No. of Shareholders | Number of Shares |    |         |        | Total<br>Shares<br>held |
|---------------------|------------------|----|---------|--------|-------------------------|
| 332                 | 1                | to | 100     | Shares | 11,896                  |
| 87                  | 101              | to | 500     | "      | 20,033                  |
| 7                   | 501              | to | 1,000   | "      | 4,853                   |
| 14                  | 1,001            | to | 5,000   | "      | 30,208                  |
| 1                   | 5,001            | to | 20,000  | "      | 12,500                  |
| 1                   | 20,001           | to | 50,000  | "      | 24,280                  |
| 1                   | 50,001           | to | 150,000 | "      | 141,230                 |
| 1                   | 150,001          | to | 255,000 | "      | 255,000                 |
| <u>444</u>          |                  |    |         |        | <u>500,000</u>          |

| Categories of Shareholders           | Number     | Share held     | Percentage    |
|--------------------------------------|------------|----------------|---------------|
| Individuals                          | 419        | 42,493         | 8.50          |
| Investment Companies (ICP)           | 1          | 3,061          | 0.61          |
| Insurance Companies                  | 11         | 183,073        | 36.62         |
| Joint Stock Companies                | 2          | 1,972          | 0.40          |
| Financial Institution (SBP)          | 1          | 360            | 0.07          |
| Government of Pakistan               | 1          | 255,000        | 51.00         |
| Administrator, Abandoned Properties  |            |                |               |
| Organisation, Government of Pakistan | 1          | 250            | 0.05          |
| Private Limited Companies            | 6          | 13,267         | 2.65          |
| Other (Staff Provident Fund)         | 2          | 524            | 0.10          |
|                                      | <u>444</u> | <u>500,000</u> | <u>100.00</u> |



# PAKISTAN INSURANCE CORPORATION KARACHI



## PROXY FORM

I/We ..... of .....  
being a Shareholder 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 28th day of June, 1990, and at any adjournment thereof.  
Dated this ..... day of .....

Signature of  
Shareholder

Affix Fifty  
Paisas Revenue  
Stamp

### IMPORTANT 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.