

# 39th

**ANNUAL REPORT 1991**



**Pakistan Insurance  
Corporation**







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## BOARD OF DIRECTORS

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A. B. SOOMRO	CHAIRMAN
CH. ASSADUR REHMAN	DIRECTOR
SARDAR MANSOOR HAYAT TAMMAN	DIRECTOR
M. JAMIL ERICKZADA	DIRECTOR
NAVEED HASAN	DIRECTOR
TAHIR ALI TAYEBI	DIRECTOR
S. Z. H. JAFRI	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 Thirty Ninth Annual General Meeting of the Shareholders of Pakistan Insurance Corporation will be held on Sunday the 28th June, 1992 at 11.00 a.m. at Pakistan Insurance Building, M. A. Jinnah Road, Opp: Mereweather Tower, Karachi, to transact the following business:-

- (i) To confirm the minutes of the 38th Annual General meeting held on Thursday the 27th June, 1991.
- (ii) To receive and adopt the Audited Balance Sheet as at 31-12-1991, the Revenue Accounts, the Profit & Loss Account and the Profit & Loss Appropriation Accounts for the year ended 31st December, 1991.
- (iii) To declare Dividend as recommended by the Board of Directors for the year ended 31st December, 1991.
- (iv) To transact any other business with the permission of the Chair.

By Order of the Board

(ASIF ALI SHAIKH)  
*Secretary*

Karachi, the 17th May, 1992.

Notes:

- (i) The Share Transfer Books of the Corporation shall remain closed from 28th June, 1992 to 5th July, 1992 (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 date of the meeting.
- (iii) The Shareholders are requested to immediately notify the change in their address, if any.



# REPORT OF THE BOARD OF DIRECTORS ON THE WORKING OF THE CORPORATION FOR THE YEAR ENDED 31ST DECEMBER, 1991



The Shareholders,  
Pakistan Insurance Corporation,

Gentlemen,

1. Your Directors again feel pleasure in presenting herewith the 39th Annual Report on the Accounts of the Corporation for the year 1991.
2. The gross premium of general insurance business excluding NIC premium, has recorded an increase of Rs. 524 million i.e. from Rs. 2986 million in 1990 to Rs. 3510 million in 1991. The table below shows the break-up of the volume of business, class-wise, written by the various group of insurers.

## 1991 GROSS PREMIUM:

(In million of Rupees)

Class of Business	National Cos.	% Source wise	Foreign Resident Cos.	% Source wise	Total	% Class wise
Fire	1175	89	138	11	1313	37
Marine cargo	652	81	153	19	805	23
Marine Hull	30	100	--	--	30	1
Aviation	8	100	--	--	8	--
Engineering	96	89	12	11	108	3
Accident	1094	88	152	12	1246	36
<b>TOTAL:-</b>	<b>3055</b>	<b>87</b>	<b>455</b>	<b>13</b>	<b>3510</b>	<b>100</b>

N. B. The gross figures are based on 30% Quota Share Cessions to PIC in 1991 and do not include the premium for Bond Business.





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

( In million of Rupees )

Year	Gross Premium Income	Profit	Total Reserves	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	885.0	620.0
1989	1157.0	88.9	958.0	659.9
1990	1333.1	83.2	1058.5	715.5
1991	1526.3	49.0	1175.4	724.3

Although there is an increase in the gross premium of Rs. 193.2 million i.e. from Rs. 1333.1 million in 1990 to Rs. 1526.3 million in 1991, but there is a deficit of Rs. 46 million in the Underwriting Profit in 1991 mainly due to increase in claim paid in 1991.

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

( In million of Rupees )

	FIRE		MARINE		MISC.		TOTAL	
	1991	1990	1991	1990	1991	1990	1991	1990
Gross Premium	551	476	349	305	626	552	1526	1333
Retro. Premium	261	207	204	194	260	252	725	653
Net Premium	290	269	145	111	366	300	801	680
Net Commission	132	122	49	39	111	88	292	249
Net Claims	122	101	74	60	261	198	457	359
Prem. Res. Adj.	8	17	17	(4)	22	36	47	49
Underwriting Surplus	28	29	5	16	(28)	(22)	5	23
Management Exp.	19	16	9	7	23	18	51	41
Balance:	9	13	(4)	9	(51)	(40)	(46)	(18)

The net commission as a percentage of net premium shows a slight decrease in 1991 over 1990. However, net claims in 1991 as a percentage of net premium have increased from 52.8% in 1990 to 57.0% in 1991. Hence, the Underwriting loss has increased in 1991 to Rs. 46.2 million as against Rs. 18.6 million in 1990.





5. The experience of individual classes of business during the year 1991 has been produced as follows:-

a) Fire Business:

The Gross Premium of Fire portfolio has increased from Rs. 476 million in 1990 to Rs. 551 million in 1991 by showing an increase of 15.8%. The said increase is mainly due to increase in the business under Compulsory and Pak Treaty Pool. The percentage of Net Premium has decreased from 52.6% in 1991 as against 56.5% in 1990. The Net Commission percentage has almost remained the same.

b) Marine Business:

The Gross Premium in the Marine Business (Cargo & Hull) has increased by Rs. 43.6 million as against the increase of Rs. 32.4 million in 1990.

There is an increase of Rs. 34.2 million in the net premium in Marine cargo due to increase in PIC retention under Foreign Treaty Pool. In Marine Hull, the net premium shows a slight decrease of Rs. 0.3 million over last year.

c) Miscellaneous Business:

The overall increase in Gross Premium is Rs. 75 million in 1991 as compared to 1990 is due to (i) additional premium on account of Gulf War against PIA Fleet Insurance in Aviation business and (ii) increase in Motor Premium rates for Accident Portfolio.

There is an overall increase in the net premium of Rs. 121 million mainly due to (i) increase in the gross premium in all businesses, and (ii) due to lower retrocession abroad.

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. 715.6 million in 1990 to Rs. 724.3 million in 1991. During the year surplus funds were invested in Federal Investment Bonds and N.I.T. Units.





#### 8. PROFIT & LOSS ACCOUNT:

The Profit and Loss Account for the year, 1991 shows a net profit of Rs. 48.97 million before tax. The break-up of appropriation of net profit for 1991 including balance brought forward from last year is given below:-

	(In million of Rupees)
Balance brought forward (1990)	0.1
Underwriting Loss	(46.2)
Investment Income	107.0
Other Income (Net of expenses)	(11.8)
<b>TOTAL:</b>	<b>49.1</b>

#### 9. ALLOCATION OF PROFIT:

i)	General Reserve	5.0
ii)	Exceptional Losses Reserve	25.0
iii)	Provision for Taxation	5.5
iv)	Proposed Dividend	5.0
v)	Provision for Bad & Doubtful Debts	2.0
vi)	Balance Carried forward.	6.6
TOTAL:		<hr/> 49.1

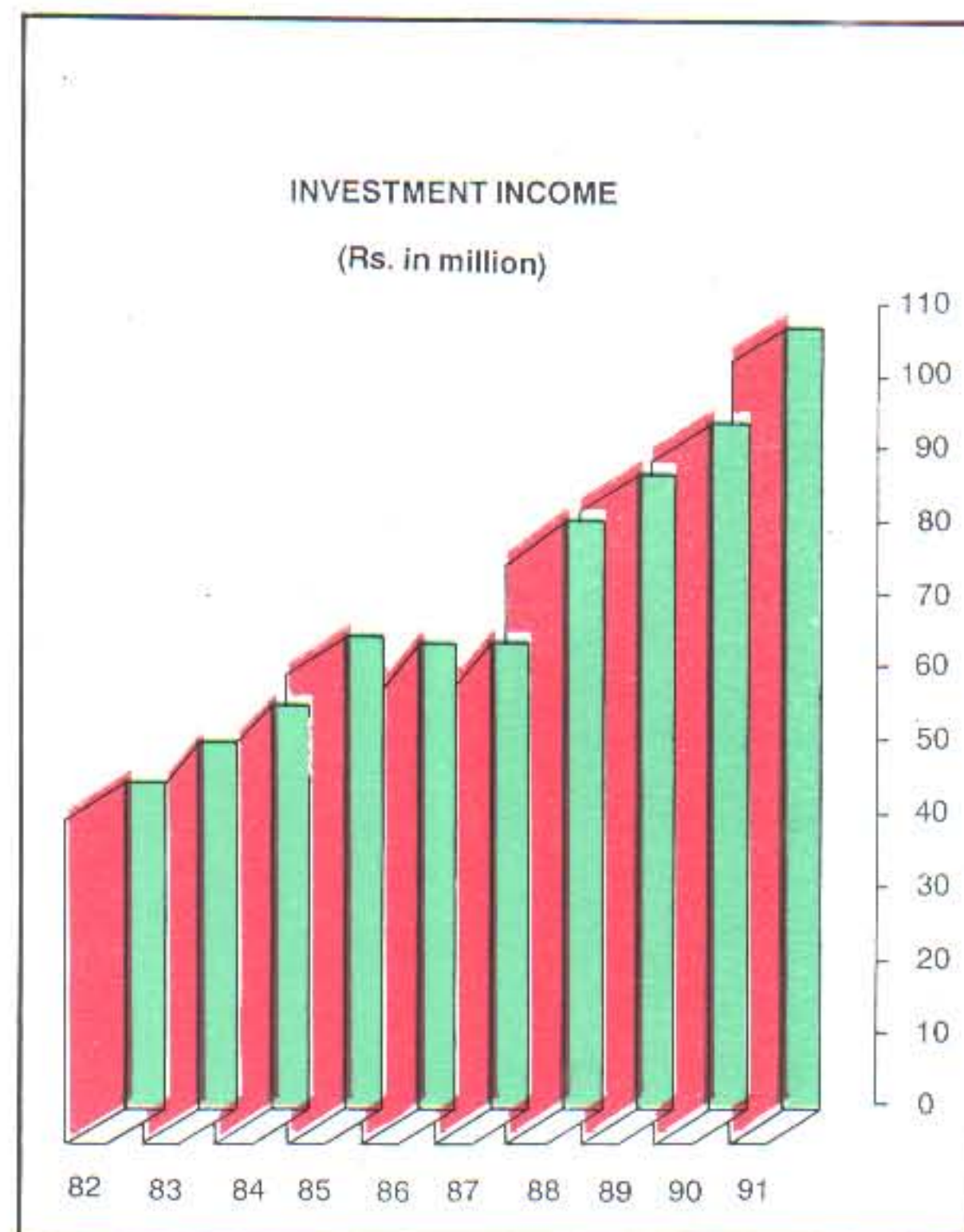
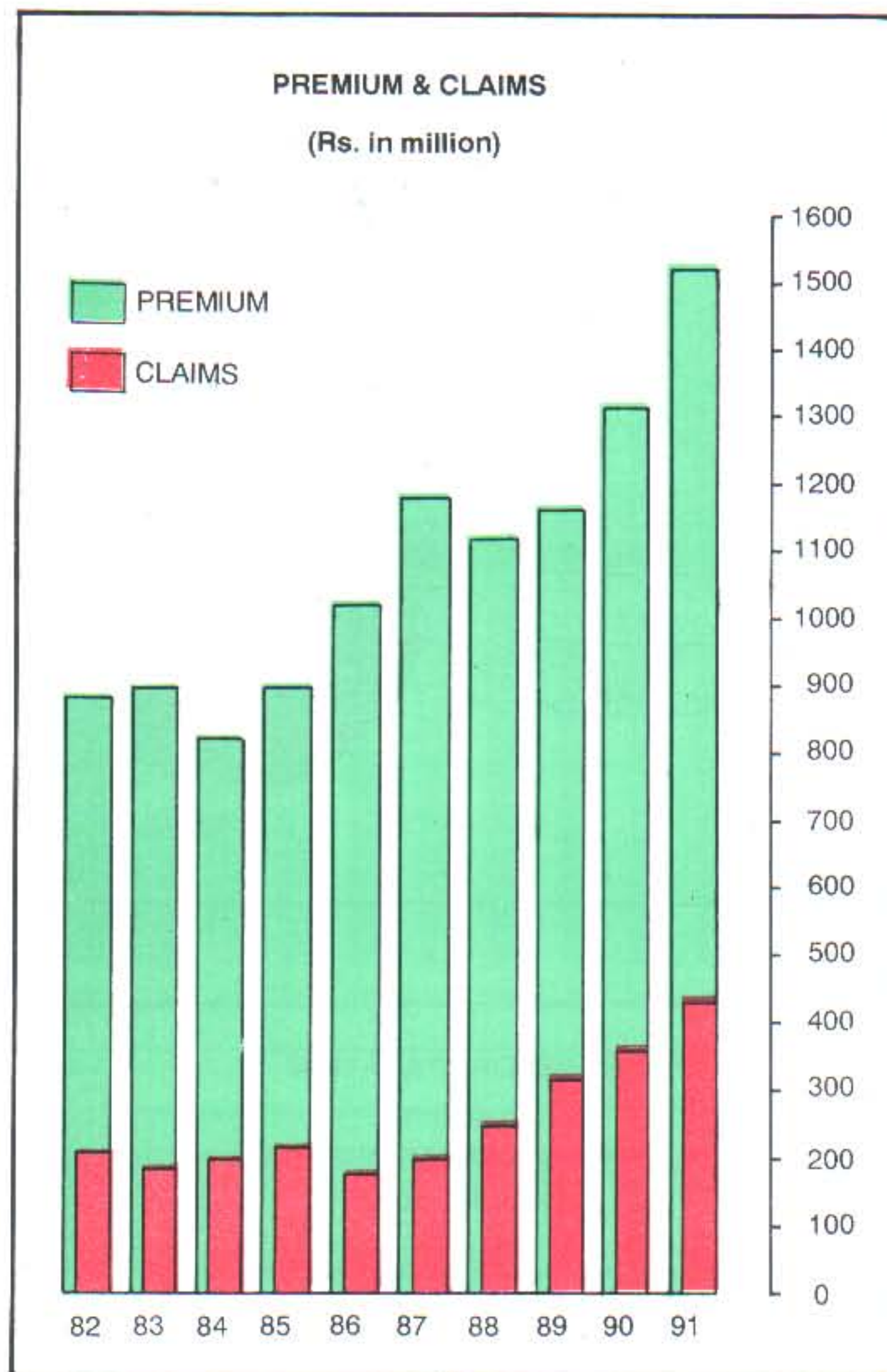
#### 10. BALANCE SHEET:

There has been an increase of Rs. 116 million in the reserves and provisions which have gone up from Rs. 1059 million in 1990 to Rs. 1175 million in 1991.

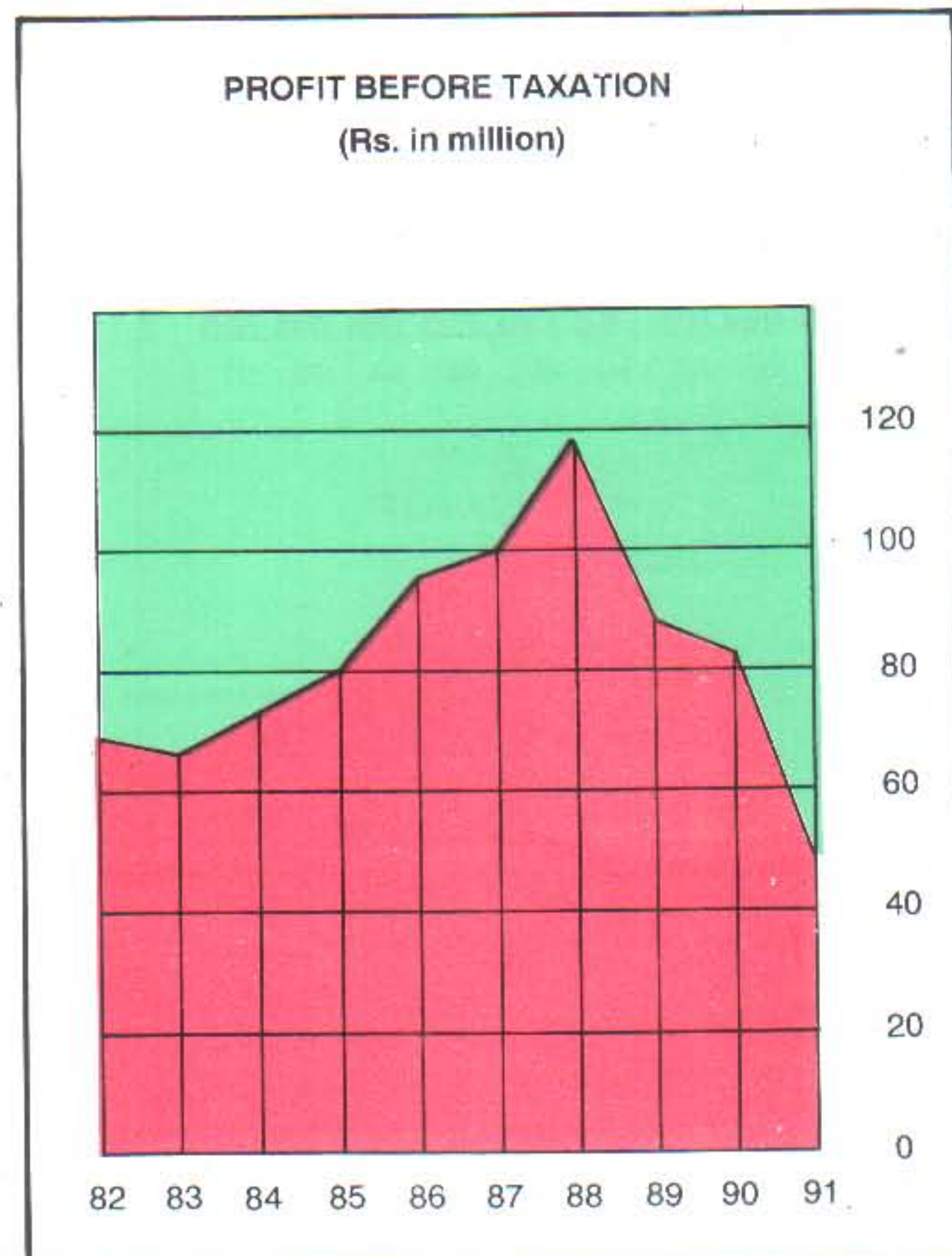
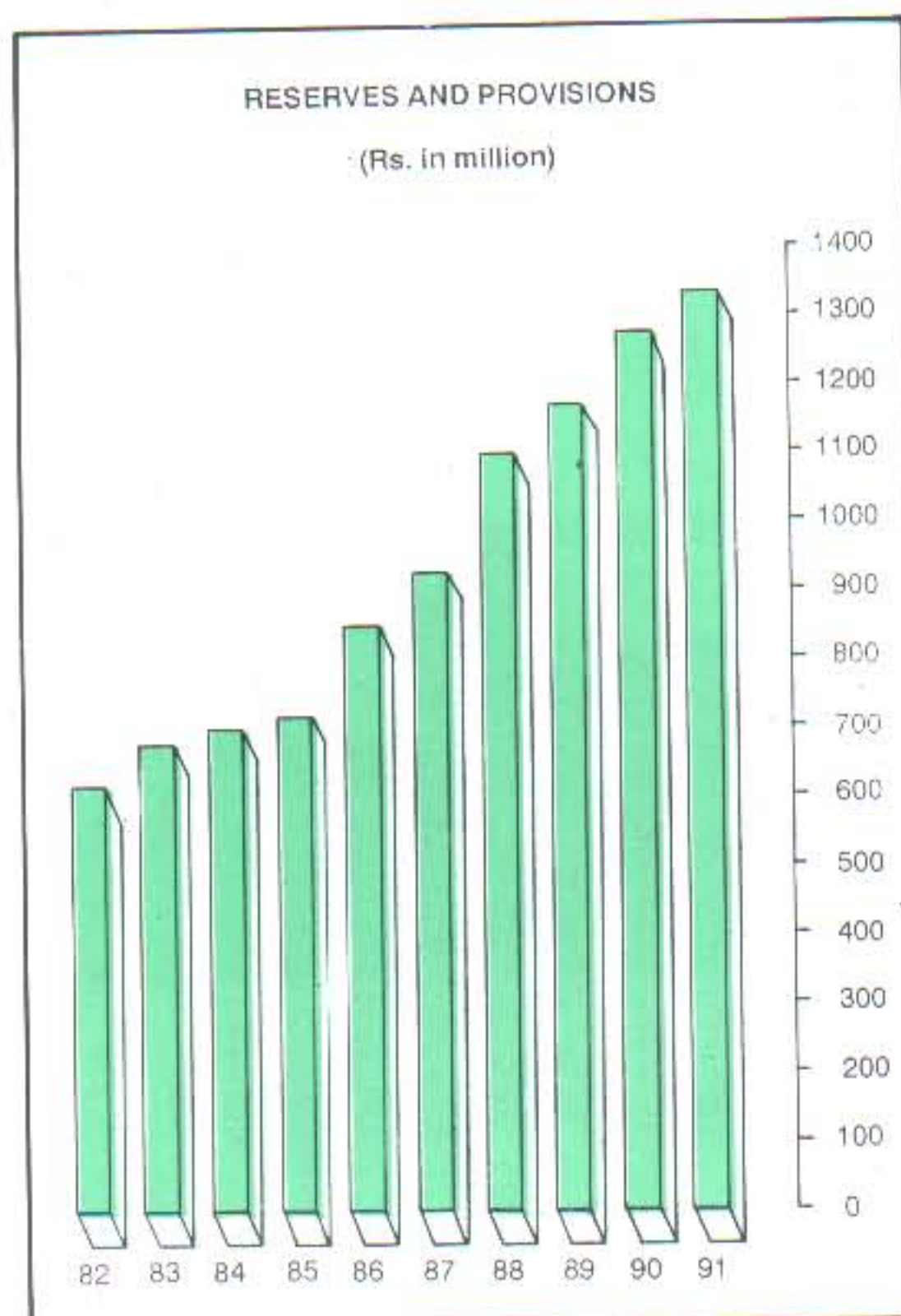
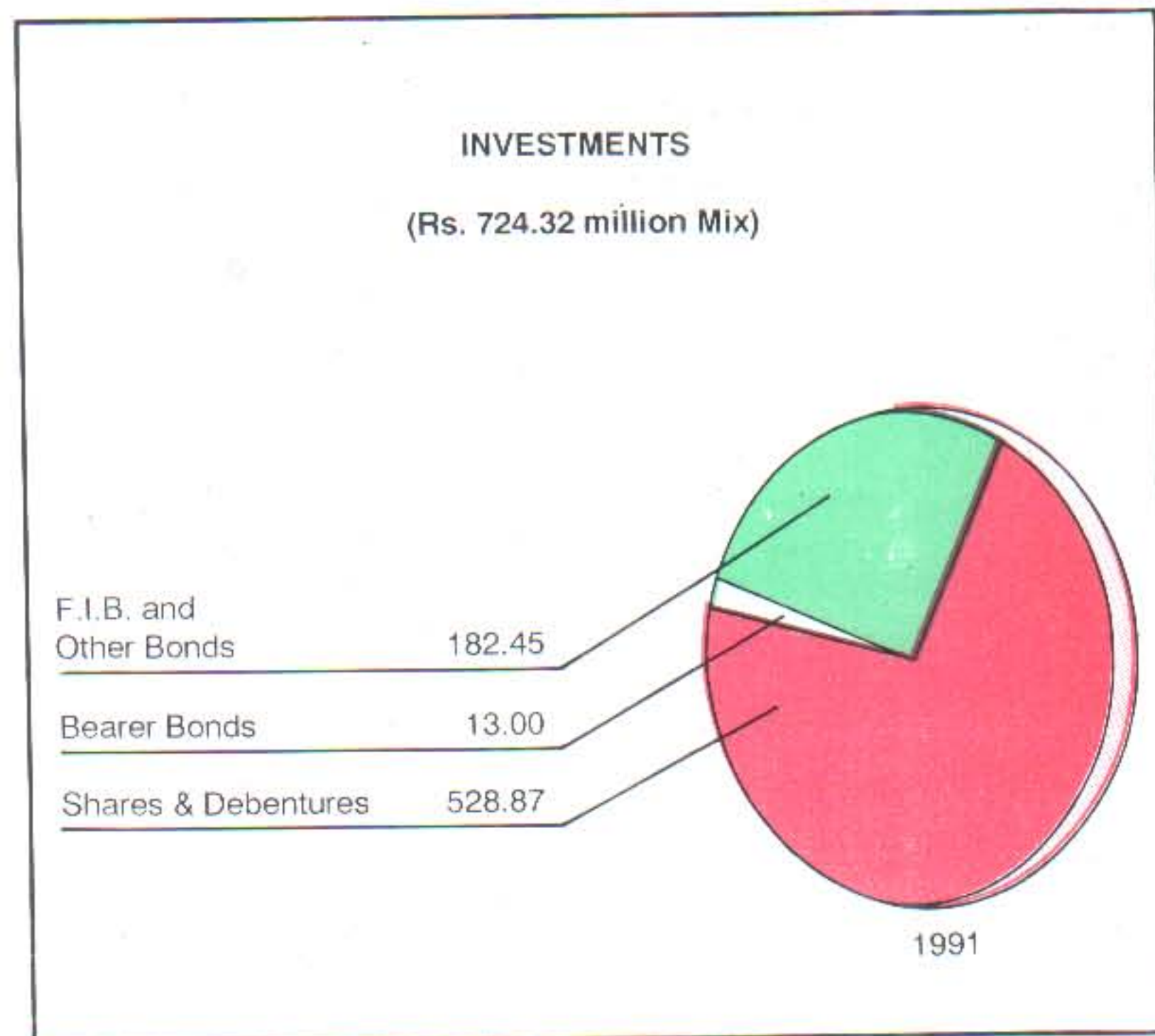
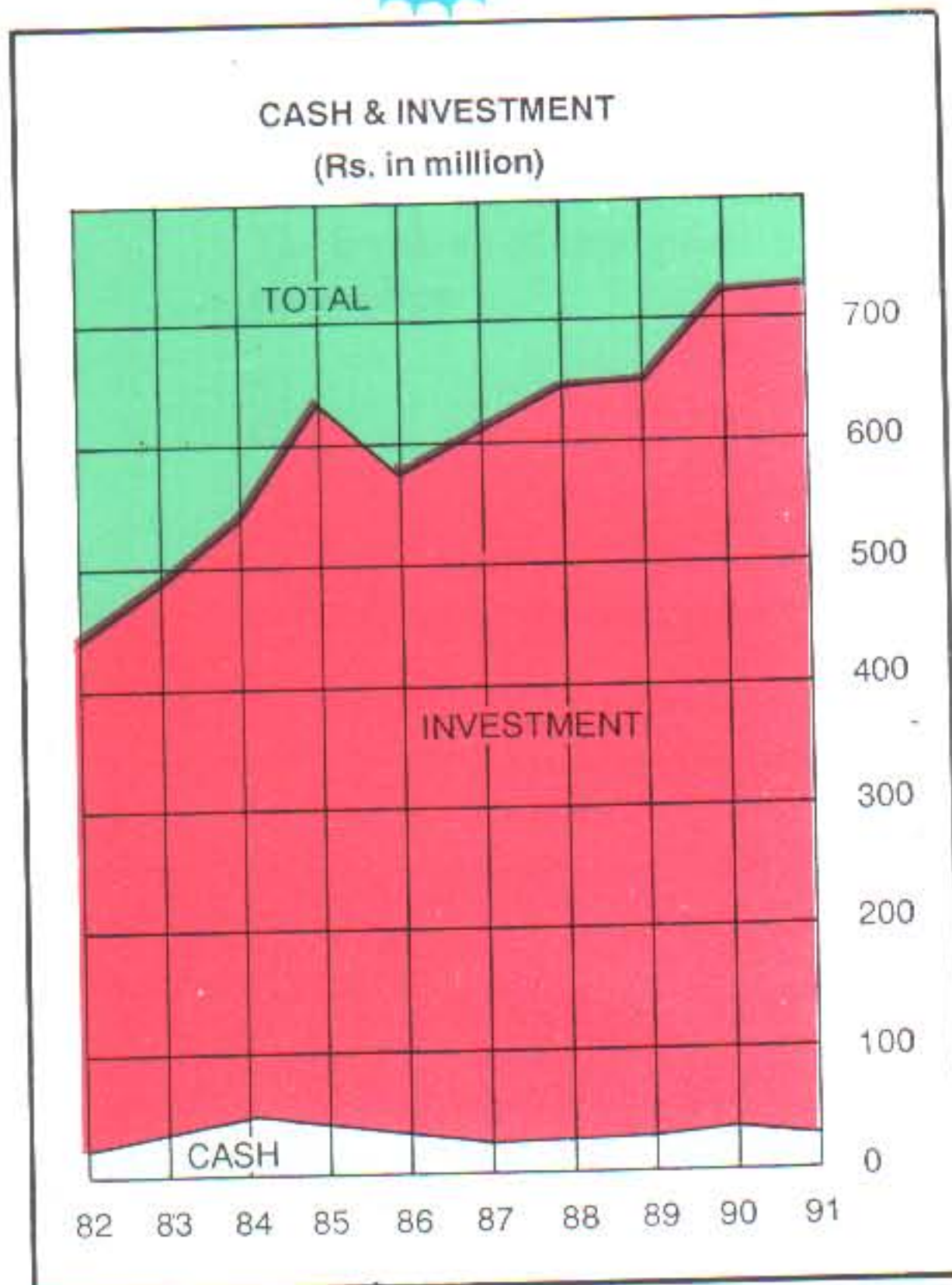
#### 11. DIVIDEND & BONUS:

The Directors are pleased to declare a dividend of 10% for the year 1991.





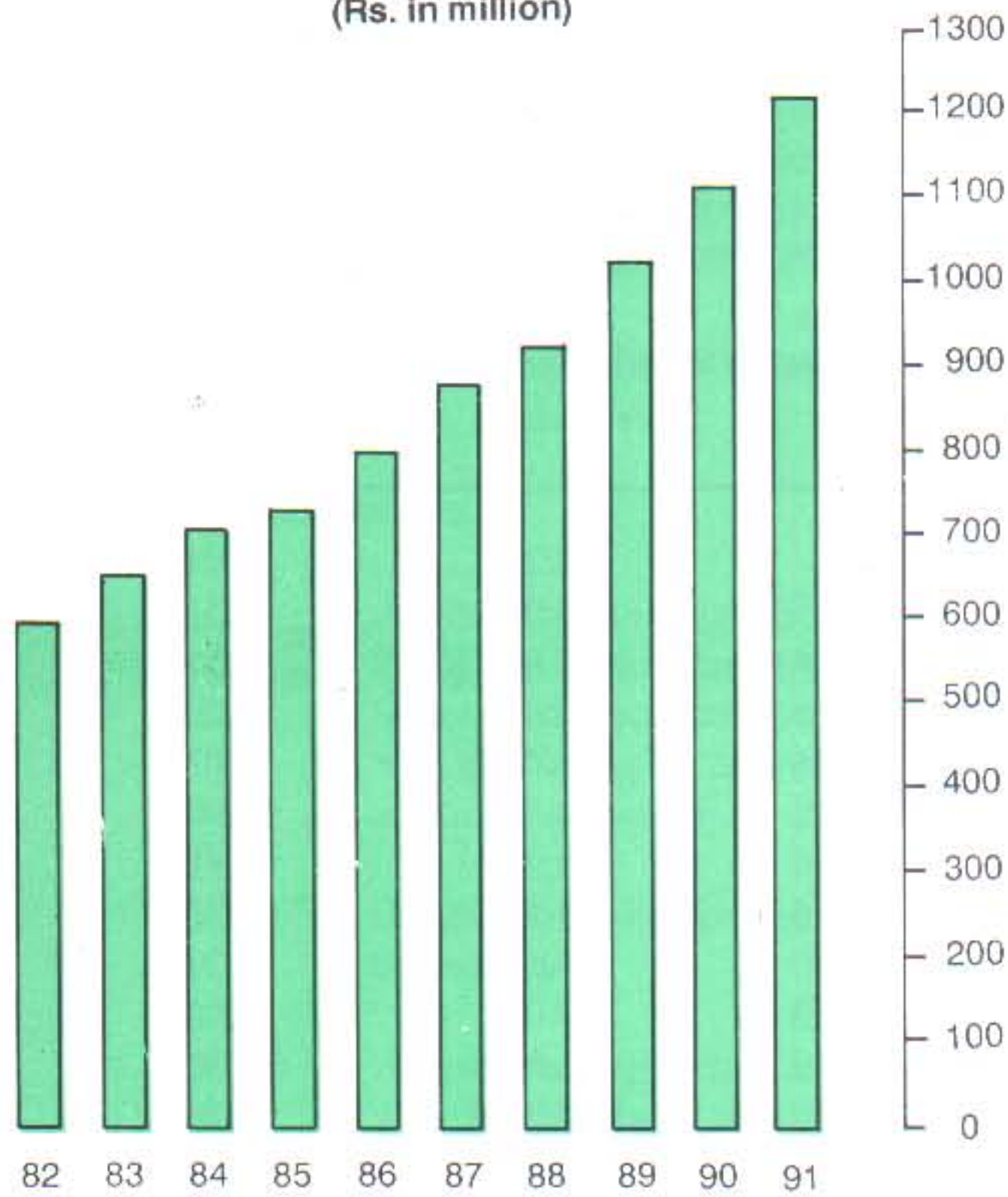




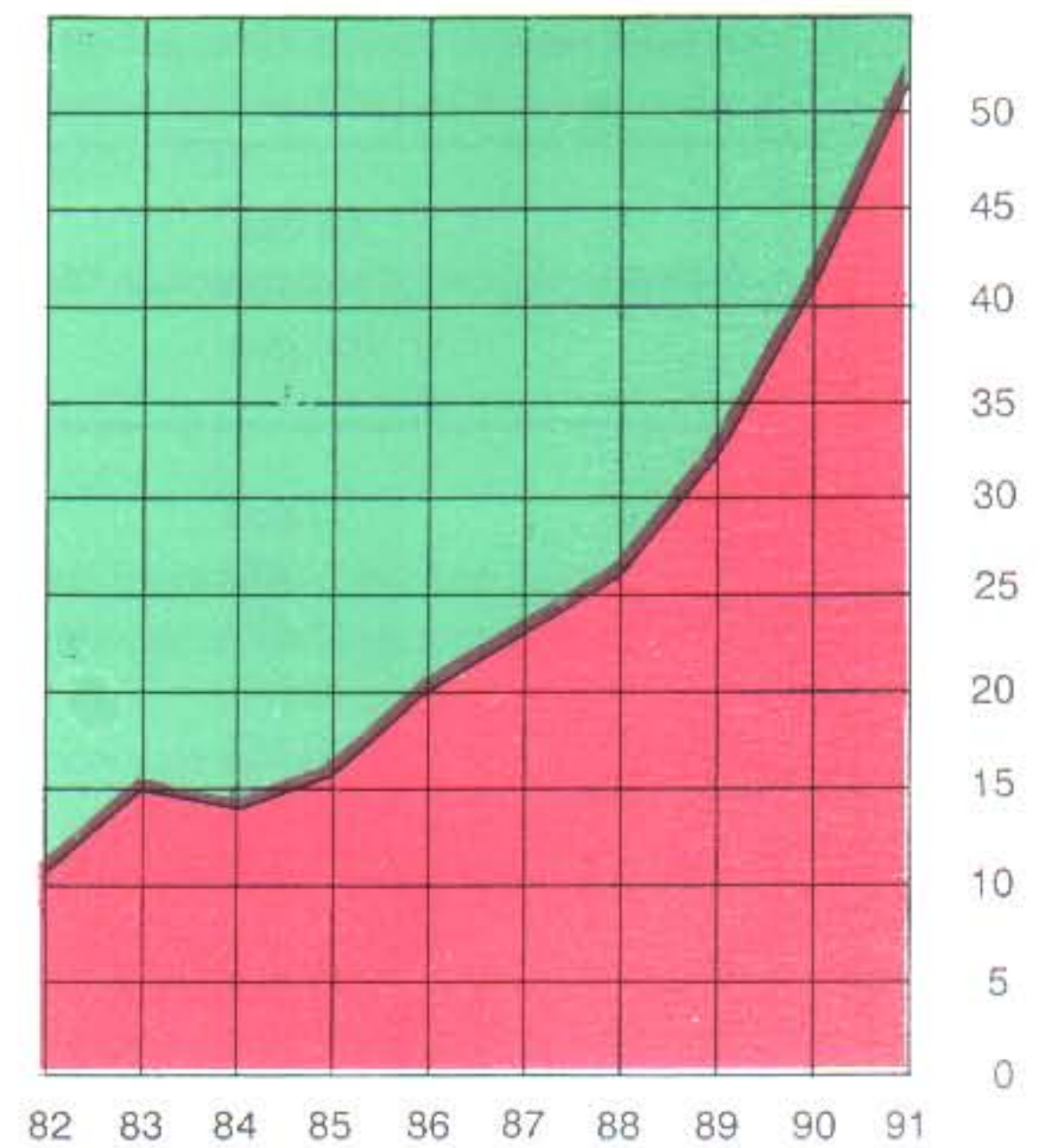




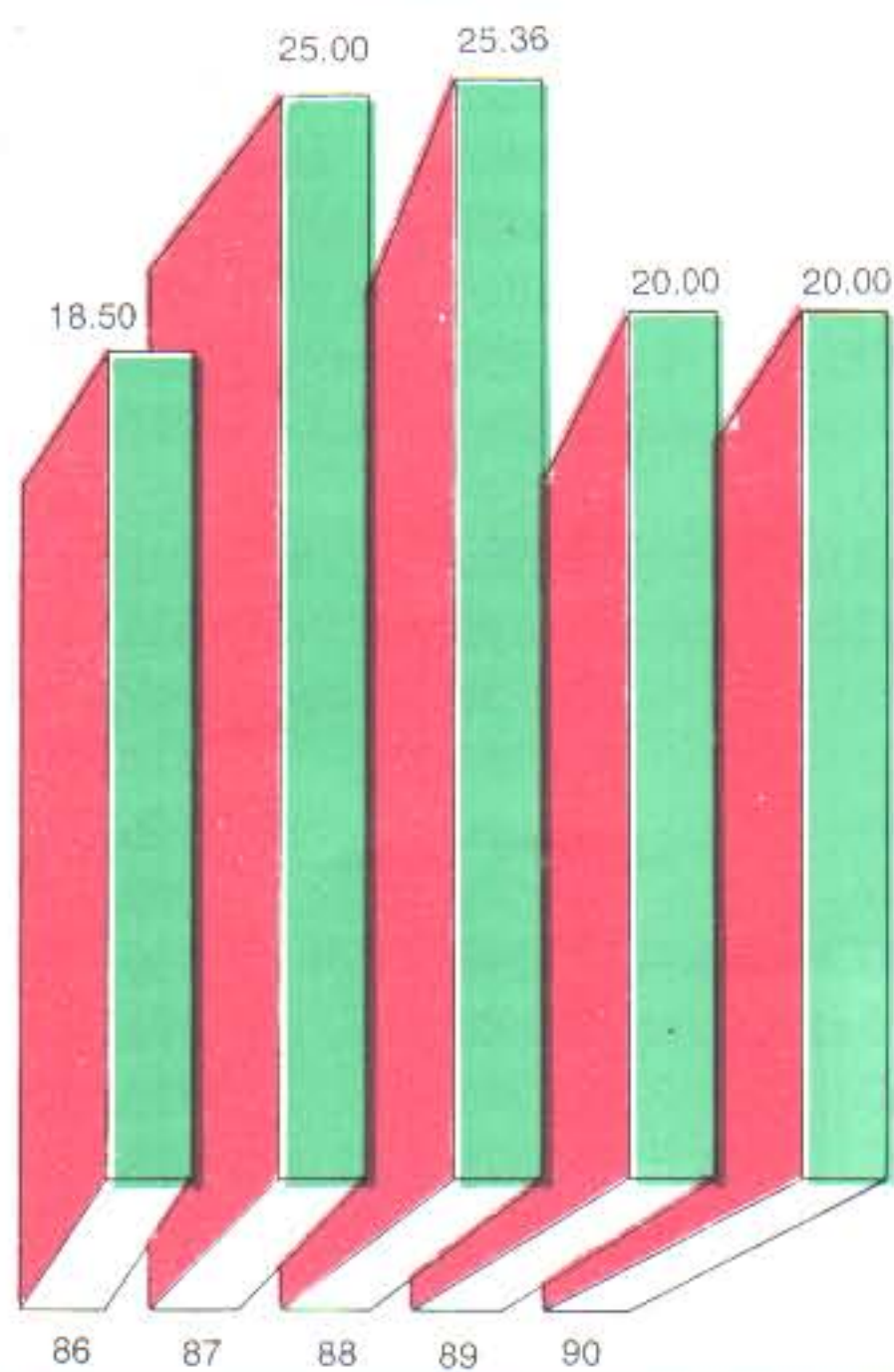
**RESERVES AND PAID UP CAPITAL**  
(Rs. in million)



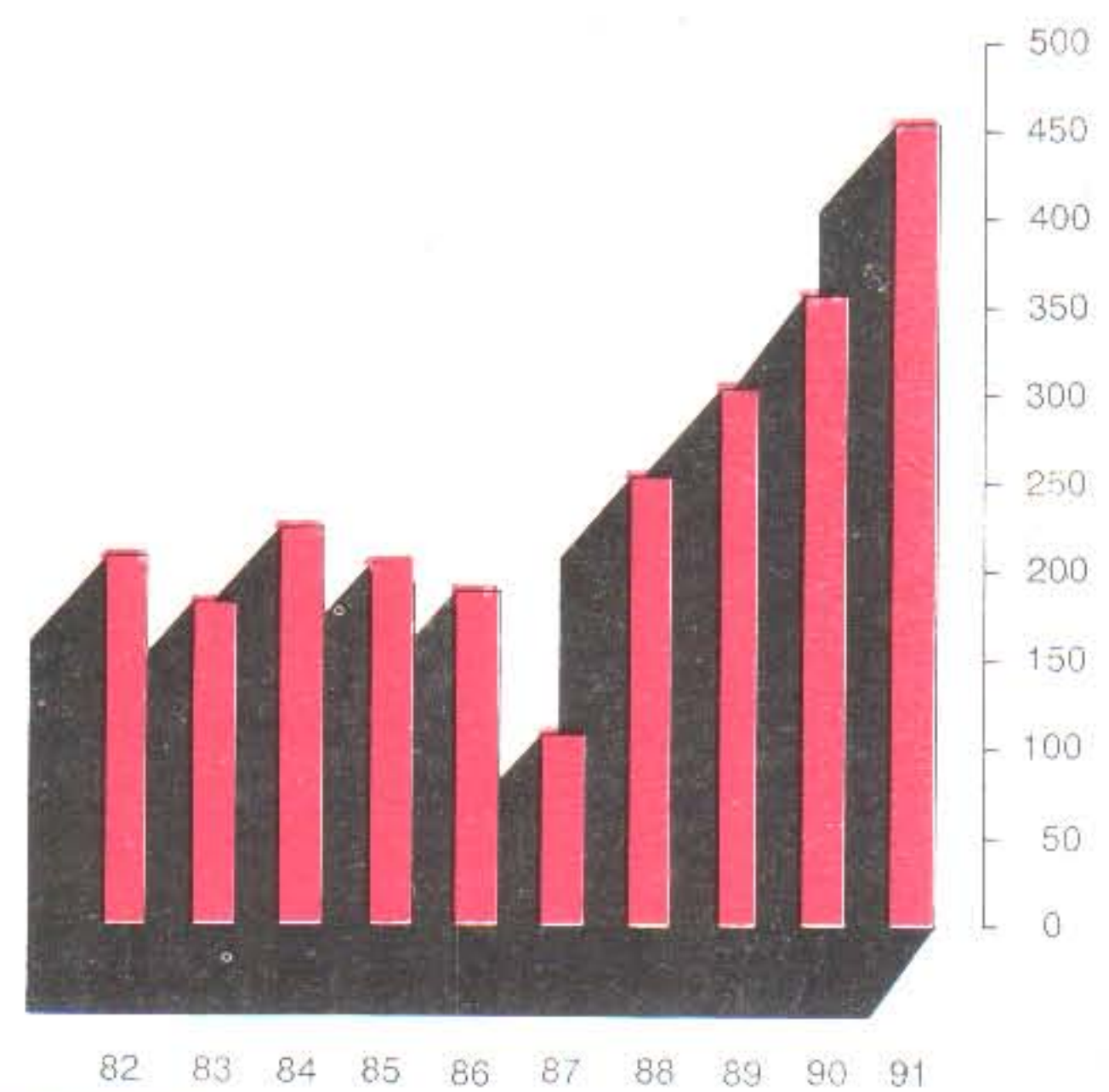
**ADMINISTRATION EXPENSES**  
(Rs. in million)



**DIVIDEND/SURPLUS (CASH)**  
(Rs. in million)



**NET CLAIMS**  
(Rs. in million)







## 39 YEARS AT A GLANCE

(In Million of Rupees)

Years	Gross Premium Income	Profit	Dividend Declared %	Total Reserves/ Provisions	Total Investment including land & Building
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	1:4B10	588.358	387.655
1982	872.829	72.639	1:4B10	577.241	414.704
1983	897.624	66.580	2:5B10	640.010	476.642
1984	817.497	76.046	2:5B10	707.578	505.673
1985	903.596	90.790	3:7B10	730.558	620.673
1986	1,081.198	96.893	3:7B10	748.086	591.001
1987	1,165.766	102.836	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
1990	1,333.101	82.962	10	1,058.624	776.851
1991	1,526.299	48.971	10	1,175.438	801.015



## AUDITORS' REPORT TO THE MEMBERS



We have audited the annexed Balance Sheet of PAKISTAN INSURANCE CORPORATION as at 31st December, 1991 and the 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 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 5.1, 6.2, 7, 11 and 12 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 amounts 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, 1991 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, 1st June, 1992.





## REVENUE ACCOUNT FOR THE CONSOLIDATED FOR ALL

### PARTICULARS

	1991 (Rs. '000)	1990 (Rs. '000)
Commission Paid (Less: Retrocessions)	292,312	248,762
Claims (Less: Retrocessions) paid during the year	419,194	369,769
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated.	245,245	207,764
	664,439	577,533
Less: Outstanding at the end of the previous year.	207,764	218,394
	456,675	359,139
Expenses of Management	51,167	41,482
Premium Reserve for the year	334,743	287,410
	<u>1,134,897</u>	<u>936,793</u>

As per our report annexed.

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

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

Karachi, 1st June, 1992



**YEAR ENDED 31ST DECEMBER, 1991**  
**CLASSES OF BUSINESS**



**PARTICULARS**

	1991	1990
	(Rs. '000)	(Rs. '000)
Premium Reserve brought forward from last year	287,410	237,918
Premium	1,526,299	1,333,101
Less: Retrocessions	724,987	652,900
	801,312	680,201
Loss transferred to profit and loss account	46,175	18,674
	<u>1,134,897</u>	<u>936,793</u>

(A. B. SOOMRO)  
 Chief Executive

(S. Z. H. JAFRI)  
 Director





## REVENUE ACCOUNT FOR THE FIRE

### PARTICULARS

	1991 (Rs. '000)	1990 (Rs. '000)
Commission Paid (Less: Retrocessions)	132,150	122,517
Claims (Less: Retrocessions) paid during the year	115,929	107,228
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated.	71,567	65,346
	187,496	172,574
Less: Outstanding at the end of the previous year.	65,346	71,920
	122,150	100,654
Expenses of Management	18,524	16,434
Premium Reserve for the year	117,219	108,973
Profit transferred to profit and loss account	9,040	12,977
	<u>399,083</u>	<u>361,555</u>

As per our report annexed.

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

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

Karachi, 1st June, 1992.



**YEAR ENDED 31ST DECEMBER, 1991**  
**BUSINESS**



**PARTICULARS**

	1991	1990
	(Rs. '000)	(Rs. '000)
Premium Reserve brought forward from last year	108,973	92,061
Premium	551,155	476,250
Less: Retrocessions	261,045	206,756
	290,110	269,494
	399,083	361,555

(A. B. SOOMRO)  
 Chief Executive

(S. Z. H. JAFRI)  
 Director





## REVENUE ACCOUNT FOR THE MARINE

### PARTICULARS

	1991 (Rs. '000)	1990 (Rs. '000)
Commission Paid (Less: Retrocessions)	49,036	37,761
Claims (Less: Retrocessions) paid during the year	67,181	76,085
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated.	77,558	71,119
	144,739	147,204
Less: Outstanding at the end of the previous year.	71,119	86,600
	73,620	60,604
Expenses of Management	9,222	6,739
Premium Reserve for the year	63,693	46,850
	195,571	151,954

As per our report annexed.

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

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

Karachi, 1st June, 1992.



**YEAR ENDED 31ST DECEMBER, 1991**  
**BUSINESS**



**PARTICULARS**

	1991	1990
	(Rs. '000)	(Rs. '000)
Premium Reserve brought forward from last year	46,850	50,528
Premium	348,493	304,903
Less: Retrocessions	204,060	194,421
	144,433	110,482
Loss / (Profit) transferred to profit and loss account	4,288	(9,056)
	<u>195,571</u>	<u>151,954</u>

(A. B. SOOMRO)  
 Chief Executive

(S. Z. H. JAFRI)  
 Director





## REVENUE ACCOUNT FOR THE MISCELLANEOUS

### PARTICULARS

	1991 (Rs. '000)	1990 (Rs. '000)
Commission Paid (Less: Retrocessions)	111,126	88,484
Claims (Less: Retrocessions) paid during the year	236,084	186,456
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated.	96,120	71,299
	332,204	257,755
Less: Outstanding at the end of the previous year.	71,299	59,874
	260,905	197,881
Expenses of Management	23,421	18,309
Premium Reserve for the year	153,831	131,587
	549,283	436,261

As per our report annexed.

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

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

Karachi, 1st June, 1992.



**YEAR ENDED 31ST DECEMBER, 1991**  
**BUSINESS**



**PARTICULARS**

	1991	1990
	(Rs. '000)	(Rs. '000)
Premium Reserve brought forward from last year	131,587	95,329
Premium	626,651	551,948
Less: Retrocessions	259,882	251,723
	366,769	300,225
Loss transferred to profit and loss account	50,927	40,707
	549,283	436,261

(A. B. SOOMRO)  
 Chief Executive

(S. Z. H. JAFRI)  
 Director





## PROFIT AND LOSS ACCOUNT FOR THE YEAR

PARTICULARS	Note	1991 (Rs. '000)	1990 (Rs. '000)
<b>EXPENSES OF MANAGEMENT (NOT ALLOCABLE TO ANY PARTICULAR REVENUE ACCOUNT)</b>			
Directors' Fee and T. A.		145	85
Auditors' Fee		68	68
Advertisement & Publicity		107	54
		320	207
E. C. O. Expenses		1,367	166
Training & Research		90	154
Charity and donation		---	2
		1,457	322
Interest paid on deposits retained from other Companies		162	197
Exchange loss/(gain)		6,989	(1,390)
Bad Debts written off		14	64
Zakat deducted at source		7,488	4,328
		16,430	3,728
<b>LOSS/(PROFIT) TRANSFERRED FROM REVENUE ACCOUNTS</b>			
Fire		(9,040)	(12,977)
Marine		4,288	(9,056)
Miscellaneous		50,927	40,707
		46,175	18,674
Net Profit for the year carried to Profit and Loss Appropriation Account		48,971	82,962
		111,576	105,364

### PROFIT AND LOSS APPROPRIATION ACCOUNT

Provision for Bad & Doubtful Debts	2,000	2,000
Provision for Taxation	5,500	16,500
General Reserve	5,000	4,500
Exceptional Losses Reserve	25,000	40,000
Proposed dividend	5,000	5,000
Unappropriated Profit transferred to Balance Sheet	6,622	15,151
	49,122	83,151

These accounts 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, 1st June, 1992.



# ENDED 31ST DECEMBER, 1991



PARTICULARS	Note	1991 (Rs. '000)	1990 (Rs. '000)
INVESTMENT INCOME			
Interest and Dividends.		107,005	93,535
OTHER RECEIPTS			
Interest received on deposits retained by other companies		2,978	4,389
Interest on Short Term Deposits		495	611
Miscellaneous Income		1,097	3,750
		4,570	8,750
Profit on Sale of Investment		1	3,001
Profit on Sale of Assets		—	78
		4,571	11,829
		<u>111,576</u>	<u>105,364</u>
FOR THE YEAR ENDED 31ST DECEMBER, 1991			
Balance Brought forward from last year		15,151	30,189
Payments as approved by the Federal Government	3	(15,000)	(15,000)
Transferred to Exceptional losses reserve as approved by the Federal Government		—	(15,000)
		(15,000)	(30,000)
		151	189
Net Profit for the year as per Profit and loss account		48,971	82,962
		<u>49,122</u>	<u>83,151</u>
(A. B. SOOMRO) Chief Executive		(S. Z. H. JAFRI) Director	





## BALANCE SHEET AS AT

	Note	1991 (Rs. '000)	1990 (Rs. '000)
<b>CAPITAL AND LIABILITIES</b>			
<b>AUTHORISED CAPITAL:</b>			
500,000 Ordinary Shares of Rs. 100/- each		50,000	50,000
<b>ISSUED SUBSCRIBED AND PAID-UP CAPITAL</b>			
50,000 Ordinary shares of Rs. 100/- each fully paid up in cash		5,000	5,000
450,000 Ordinary shares of Rs. 100/- each issued as fully paid bonus shares		45,000	45,000
Share Premium Account		11	11
		50,011	50,011
<b>RESERVES:</b>			
Exceptional Losses Reserve		468,000	443,000
Investment Fluctuation Reserve		5,950	5,950
General Reserve	4	99,500	94,500
Un-appropriated Profit		6,622	15,151
		580,072	558,601
<b>PROVISIONS:</b>			
Provision for Taxation	5	154,002	148,502
Provision for Bad & Doubtful Debts		22,000	20,000
		176,002	168,502
<b>PROPOSED DIVIDEND:</b>		5,000	5,000
<b>RESERVE FOR OUTSTANDING CLAIMS:</b>	6		
Fire		71,567	65,346
Marine		77,558	71,119
Miscellaneous		96,120	71,299
		245,245	207,764
<b>PREMIUM RESERVE:</b>			
Fire		117,219	108,973
Marine		63,693	46,850
Miscellaneous		153,831	131,587
		334,743	287,410
Amount due to other persons and bodies carrying on insurance business		138,514	148,636
Deposits retained/received from other companies		25,474	30,159
Sundry Creditors	7	18,205	14,570
Retention money payable		1,463	1,463
		183,656	194,828
		1,574,729	1,472,116

These accounts 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, 1st June, 1992.



31ST DECEMBER, 1991



PROPERTY AND ASSETS ;	Note	1991 (Rs. '000)	1990 (Rs. '000)
<b>INVESTMENTS</b>			
Bearer National Fund Bonds		12,995	140,094
Stock and Shares		528,414	524,233
Debentures		459	508
WAPDA Bonds		35,725	50,612
Investment in Foreign Exchange		---	110
Bearer Certificates		146,730	---
Federal Investment Bonds		724,323	715,557
Aggregate Market value Rs. 1,403,815 (1990 Rs. 882,080)			
Land and Building (including Capital Work-in-Progress)	8	76,692	61,294
<b>CURRENT ASSETS :</b>			
Amount due from persons and bodies carrying on insurance business		330,939	272,379
Deposits held by Ceding Companies		71,568	60,982
Cash in hand and at bank		25,326	44,578
Interest, Dividend and Return accrued/outstanding		22,831	30,999
Sundry Debtors		14,644	13,277
Advances including Taxation, Loans, Deposits and Prepaid Expenses		287,547	251,419
Stock of Stationery etc, at Cost		18	41
		752,873	673,675
<b>ADMINISTRATIVE FIXED ASSETS :</b>			
Furniture, Fixture, Office Equipments, Vehicles and Books (cost less depreciation)	9	4,354	4,847
DEFERRED REVENUE EXPENDITURE	10	513	769
ASSETS RELATING TO BANGLADESH (FORMER EAST PAKISTAN)	11	15,974	15,974
		1,574,729	1,472,116
(A. B. SOOMRO) Chief Executive		(S. Z. H. JAFRI) Director	





# STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED 31ST DECEMBER, 1991

## FINANCIAL RESOURCES WERE PROVIDED BY OPERATIONS.

	1991 (Rs. '000)	1990 (Rs. '000)
Profit before taxation	48,971	82,962
Items not involving movement of funds		
Depreciation	954	1,100
Deferred revenue expenditure	256	256
Net profit on sale of investments	(1)	(3,001)
Increase/(Decrease) in reserve for outstanding claims	37,481	(10,630)
Increase in premium reserve	47,333	49,492
Profit on sale of administrative fixed assets	—	(78)
Investments written off	—	50
	86,023	37,189
Other sources		
Sale proceeds of investments	192,160	194,700
Sale proceeds of fixed assets	—	94
	192,160	194,794
	327,154	314,945

## APPLICATION OF FUNDS

Investments purchased	200,925	247,463
Land and building (including capital Work-in-progress)	15,398	1,727
Addition to administrative fixed assets and deferred revenue expenditure	461	900
Taxes paid	29,649	60,701
Dividend paid	20,000	20,000
	266,433	330,791
	60,721	(15,846)

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

(Decrease)/Increase in current assets		
Cash in hand and at banks	(19,252)	19,150
Amount due from persons and bodies carrying on insurance business	58,560	(78,745)
Deposits held by ceding companies	10,586	(3,710)
Sundry debtors	1,367	3,697
Interest, dividend and returns accrued/outstanding	(8,168)	(39,426)
Advances, loans, deposits and prepaid expenses	6,479	4,101
Stock of stationery	(23)	(27)
	49,549	(94,960)
Decrease/(Increase) in current liabilities		
Amount due to persons and bodies carrying on insurance business	10,122	82,276
Deposits retained/received from other companies	4,685	(1,060)
Sundry creditors	(3,635)	(3,201)
Retention money payable	—	1,099
	11,172	79,114
	60,721	(15,846)

## INCREASE/(DECREASE) IN WORKING CAPITAL

(A. B. SOOMRO)  
Chief Executive

(S. Z. H. JAFRI)  
Director



# NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 1991



## 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 and reinsurance business in Pakistan. Its shares are quoted on stock exchange 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	
-- 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 accounts as and when declared, except for preference shares and other investments, where it is recognised on accrual basis.

(h) Land and buildings (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:-

	Percent
Building	5
Lift	20
Vehicles	20
Office equipment	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:-

	1991	1990
U. S. \$	24.6141	21.8062
Pound sterling	45.8135	41.8104





3.	PAYMENTS AS APPROVED BY THE FEDERAL GOVERNMENT	%	1991	1990
			(Rs. '000)	(Rs. '000)
	Federal Government @ Rs. 30.00 (1990 : Rs. 30.00) per share of Rs. 100/- on 255,000 shares	51 (1990:51)	7,650	7,650
	Shareholders (excluding Federal Government holding) @ Rs. 30.00 (1990 : Rs. 30.00) per share of Rs. 100/- on 245,000 shares	49 (1990:49)	7,350	7,350
			<u>15,000</u>	<u>15,000</u>
4.	GENERAL RESERVE		1991	1990
			94,500	90,000
			5,000	4,500
			<u>99,500</u>	<u>94,500</u>

#### 5. PROVISION FOR TAXATION:

5.1 The income-tax assessment of the Corporation have been finalised upto and including assessment year 1990-91. The appeals against certain previous assessment years have yet to be disposed of by the Appellate Authorities. Further, the Income-tax officer has not yet issued revised orders for certain assessment years which have been set aside by the Commissioner of Income-tax (Appeals). A net amount of Rs. 81.1 million paid for various 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. The assessment for the assessment year 1991-92 has not been finalised.

The Income-tax authorities have raised a demand of Rs. 10.52 million against the Corporation after treating the income of Export Credit Guarantee Scheme (ECGS) as part of taxable income of the Corporation for the assessment years 1984-85 to 1989-90. The demand was paid by the Corporation and so far recovered Rs. 8.59 million from the Export Credit Guarantee Scheme. The Corporation has filed a suit in the High Court of Sindh in this regard on behalf of ECGS.

5.2 The Corporation's income-tax original assessments have been completed for and upto the accounting year ended December 31, 1989, wherein dividend income was taxed at the applicable reduced rates. During the year the Income-tax officer has sent a notice for the re-opening of the corporation's income-tax assessments for the corporation's financial years 1985 to 1989 in order to tax the dividend income, in these years at the normal rate of tax applicable to the corporation's business income, the income-tax officer has based his notice on a decision of the High Court of Sindh on an issue other than dividend income. The corporation has made strong representation against the re-opening of these assessments and so far no proceedings have been initiated by the Income-tax authorities. The management of the corporation is however, of the view that they will successfully contest this issue and the eventual outcome will be in the corporation's favour. Consequently, no further provision for these taxes has been made in these accounts. In case the issue is decided against the corporation the further tax liability for the accounting years 1985 to 1991 in respect of dividend income amounts to approximately Rs. 118.4 million.

5.3 No provision has been made in these accounts for minimum tax of 0.5 percent of the gross receipts in terms of section 80D of the Income Tax Ordinance, 1979. The management is of the view that the provisions of this section are ultra vires to the Constitution of the country and will eventually become inoperative. Presently the issue is pending before the Honourable High Court of Sindh and Punjab in the Constitutional Writ Petitions filed by a large number of affected organisations.





Had a provision been made for minimum tax at the rate of 0.5 percent of gross receipts in accordance with the provisions of section 80D of the Income Tax Ordinance, 1979, the taxation charge for the year would have been higher by Rs. 2.13 million.

6. RESERVE FOR OUTSTANDING CLAIMS:

6.1 This includes a sum of Rs. 13.0 million (1990- Rs. 13.0 million) in respect of Marine losses incurred but not reported, estimated on the basis of management experience.

6.2 It also includes an amount of Rs. 4.952 million (1990 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:-

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 (1990 - Rs. 0.809 million) relating to Bangladesh creditors.

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

1991 (Rs. '000)	1990 (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)

76,208	60,810
--------	--------

At written down value.

PIC Head Office Building including lift  
PIC House (Residence)

308	308
176	176
<u>484</u>	<u>484</u>
<u>76,692</u>	<u>61,294</u>

9. ADMINISTRATIVE FIXED ASSETS:

This includes a vehicle purchased by the Corporation for Rs. 337,000 which was stolen before it could be registered. An insurance claim was lodged with the National Insurance Corporation and the matter was pending at 31st December, 1991. The vehicle appears in the balance sheet under fixed assets and depreciation has been charged at the prescribed rate.

A substitute vehicle was purchased for Rs. 353,000 and for the time being is shown under sundry debtors and no depreciation has been charged.

10. DEFERRED REVENUE EXPENDITURE:

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

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

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





	1991 (Rs. '000)	1990 (Rs. '000)
<b>FIXED ASSETS.</b>		
Land and building	8,608	8,608
Furniture and fixtures	4	4
	<hr/>	<hr/>
	8,612	8,612
<b>INVESTMENTS.</b>		
Stocks and shares	7,112	7,112
Debentures	250	250
	<hr/>	<hr/>
	7,362	7,362
	<hr/>	<hr/>
	15,974	15,974
	<hr/>	<hr/>

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.

12. **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. 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 vouchers 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 authorisation by the management of NCS and is to be certified by their auditors.

13. **CAPITAL COMMITMENTS:**

The Corporation is constructing a building for its head office at an estimated cost of Rs. 220 million. The cost incurred upto 31st December, 1991 amounts to Rs. 76.20 million (1990 - Rs. 60.81 million).

14. **GENERAL:**

- 14.1 The directors or their spouse do not have any interest in the donee fund.
- 14.2 Figures have been rounded off to the nearest thousand rupees.
- 14.3 Figures of previous year have been rearranged wherever necessary to facilitate Comparison.

(A. B. SOOMRO)  
Chief Executive

(S. Z. H. JAFRI)  
Director





## SHAREHOLDERS' STATISTIC FOR THE YEAR ENDED 31ST DECEMBER, 1991

No. of Shareholders	Number of Shares					Total Shares held
317	From	1	to	100	Shares	11,114
82	From	101	to	500	"	18,133
8	From	501	to	1,000	"	5,104
14	From	1,001	to	5,000	"	32,572
1	From	5,001	to	20,000	"	12,567
1	From	20,001	to	50,000	"	24,280
1	From	50,001	to	150,000	"	141,230
1	From	150,001	to	255,000	"	255,000
425						500,000

Categories of Shareholders	Number	Share held	Percentage
Individuals	401	45,914	9.19
Investment Companies (ICP)	1	440	0.08
Insurance Companies	11	190,989	38.20
Joint Stock Companies	7	6,733	1.35
Government of Pakistan.	1	255,000	51.00
Administrator, Abandoned Properties Organisation	1	250	0.05
Modaraba Companies	1	150	0.03
Other (Staff Provident Fund	2	524	0.10
i) Adamjee Industries (500 Shares)			
ii) Employees Contributory Provident Fund			
State Life Ins. Corpn. of Pakistan (24 Shares)			
	425	500,000	100.00

### CLASSIFICATION OF INVESTMENT

(IN MILLION OF RUPEES)

	BOOK VALUE
* Govt. Securities	195.450
* Bankers & Financial Institution	13.664
* N. I. T. Units	421.127
* SHARES & STOCKS (LISTED COMPANIES)	
a) Insurance	2.277
b) Cotton & Textile	0.477
c) Synthetic & Rayon	0.256
d) Jute	1.400
e) Sugar & Allied	3.684
f) Cement	0.450
g) Tobacco	0.271
h) Fuel & Energy	28.301
i) Engineering	0.955
j) Auto & Allied	0.678
k) Transport	9.876
l) Chemicals	8.103
m) Paper & Board	3.167
n) Vanaspati & Allied	0.403
o) Miscellaneous	33.325
	93.623
* Debenture	0.459
<b>TOTAL INVESTMENT</b>	<b>724.323</b>



# 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 at a meeting of the shareholders of the Corporation to be held at .....  
..... Karachi on the 28th day of June, 1992, and at any adjournment  
thereof.  
Dated this ..... day of .....

Signature of  
Shareholder

Affix Rupee one  
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 of meeting.
3. In case of joint holders any one of the joint holders may sign the instrument of proxy.
4. The signature on the instrument of proxy must conform to the specimen signature field with the Corporation.



# 39th

**ANNUAL REPORT 1991**



**Pakistan Insurance  
Corporation**









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## BOARD OF DIRECTORS

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A. B. SOOMRO	CHAIRMAN
CH. ASSADUR REHMAN	DIRECTOR
SARDAR MANSOOR HAYAT TAMMAN	DIRECTOR
M. JAMIL ERICKZADA	DIRECTOR
NAVEED HASAN	DIRECTOR
TAHIR ALI TAYEBI	DIRECTOR
S. Z. H. JAFRI	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 Thirty Ninth Annual General Meeting of the Shareholders of Pakistan Insurance Corporation will be held on Sunday the 28th June, 1992 at 11.00 a.m. at Pakistan Insurance Building, M. A. Jinnah Road, Opp: Mereweather Tower, Karachi, to transact the following business:-

- (i) To confirm the minutes of the 38th Annual General meeting held on Thursday the 27th June, 1991.
- (ii) To receive and adopt the Audited Balance Sheet as at 31-12-1991, the Revenue Accounts, the Profit & Loss Account and the Profit & Loss Appropriation Accounts for the year ended 31st December, 1991.
- (iii) To declare Dividend as recommended by the Board of Directors for the year ended 31st December, 1991.
- (iv) To transact any other business with the permission of the Chair.

By Order of the Board

(ASIF ALI SHAIKH)  
*Secretary*

Karachi, the 17th May, 1992.

Notes:

- (i) The Share Transfer Books of the Corporation shall remain closed from 28th June, 1992 to 5th July, 1992 (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 date of the meeting.
- (iii) The Shareholders are requested to immediately notify the change in their address, if any.



# REPORT OF THE BOARD OF DIRECTORS ON THE WORKING OF THE CORPORATION FOR THE YEAR ENDED 31ST DECEMBER, 1991



The Shareholders,  
Pakistan Insurance Corporation,

Gentlemen,

1. Your Directors again feel pleasure in presenting herewith the 39th Annual Report on the Accounts of the Corporation for the year 1991.
2. The gross premium of general insurance business excluding NIC premium, has recorded an increase of Rs. 524 million i.e. from Rs. 2986 million in 1990 to Rs. 3510 million in 1991. The table below shows the break-up of the volume of business, class-wise, written by the various group of insurers.

## 1991 GROSS PREMIUM:

(In million of Rupees)

Class of Business	National Cos.	% Source wise	Foreign Resident Cos.	% Source wise	Total	% Class wise
Fire	1175	89	138	11	1313	37
Marine cargo	652	81	153	19	805	23
Marine Hull	30	100	--	--	30	1
Aviation	8	100	--	--	8	--
Engineering	96	89	12	11	108	3
Accident	1094	88	152	12	1246	36
<b>TOTAL:-</b>	<b>3055</b>	<b>87</b>	<b>455</b>	<b>13</b>	<b>3510</b>	<b>100</b>

N. B. The gross figures are based on 30% Quota Share Cessions to PIC in 1991 and do not include the premium for Bond Business.





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

( In million of Rupees )

Year	Gross Premium Income	Profit	Total Reserves	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	885.0	620.0
1989	1157.0	88.9	958.0	659.9
1990	1333.1	83.2	1058.5	715.5
1991	1526.3	49.0	1175.4	724.3

Although there is an increase in the gross premium of Rs. 193.2 million i.e. from Rs. 1333.1 million in 1990 to Rs. 1526.3 million in 1991, but there is a deficit of Rs. 46 million in the Underwriting Profit in 1991 mainly due to increase in claim paid in 1991.

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

( In million of Rupees )

	FIRE		MARINE		MISC.		TOTAL	
	1991	1990	1991	1990	1991	1990	1991	1990
Gross Premium	551	476	349	305	626	552	1526	1333
Retro. Premium	261	207	204	194	260	252	725	653
Net Premium	290	269	145	111	366	300	801	680
Net Commission	132	122	49	39	111	88	292	249
Net Claims	122	101	74	60	261	198	457	359
Prem. Res. Adj.	8	17	17	(4)	22	36	47	49
Underwriting Surplus	28	29	5	16	(28)	(22)	5	23
Management Exp.	19	16	9	7	23	18	51	41
Balance:	9	13	(4)	9	(51)	(40)	(46)	(18)

The net commission as a percentage of net premium shows a slight decrease in 1991 over 1990. However, net claims in 1991 as a percentage of net premium have increased from 52.8% in 1990 to 57.0% in 1991. Hence, the Underwriting loss has increased in 1991 to Rs. 46.2 million as against Rs. 18.6 million in 1990.





5. The experience of individual classes of business during the year 1991 has been produced as follows:-

a) Fire Business:

The Gross Premium of Fire portfolio has increased from Rs. 476 million in 1990 to Rs. 551 million in 1991 by showing an increase of 15.8%. The said increase is mainly due to increase in the business under Compulsory and Pak Treaty Pool. The percentage of Net Premium has decreased from 52.6% in 1991 as against 56.5% in 1990. The Net Commission percentage has almost remained the same.

b) Marine Business:

The Gross Premium in the Marine Business (Cargo & Hull) has increased by Rs. 43.6 million as against the increase of Rs. 32.4 million in 1990.

There is an increase of Rs. 34.2 million in the net premium in Marine cargo due to increase in PIC retention under Foreign Treaty Pool. In Marine Hull, the net premium shows a slight decrease of Rs. 0.3 million over last year.

c) Miscellaneous Business:

The overall increase in Gross Premium is Rs. 75 million in 1991 as compared to 1990 is due to (i) additional premium on account of Gulf War against PIA Fleet Insurance in Aviation business and (ii) increase in Motor Premium rates for Accident Portfolio.

There is an overall increase in the net premium of Rs. 121 million mainly due to (i) increase in the gross premium in all businesses, and (ii) due to lower retrocession abroad.

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. 715.6 million in 1990 to Rs. 724.3 million in 1991. During the year surplus funds were invested in Federal Investment Bonds and N.I.T. Units.





8. PROFIT & LOSS ACCOUNT:

The Profit and Loss Account for the year, 1991 shows a net profit of Rs. 48.97 million before tax. The break-up of appropriation of net profit for 1991 including balance brought forward from last year is given below:-

	(In million of Rupees)
Balance brought forward (1990)	0.1
Underwriting Loss	(46.2)
Investment Income	107.0
Other Income (Net of expenses)	(11.8)
<b>TOTAL:</b>	<b>49.1</b>

9. ALLOCATION OF PROFIT:

i)	General Reserve	5.0
ii)	Exceptional Losses Reserve	25.0
iii)	Provision for Taxation	5.5
iv)	Proposed Dividend	5.0
v)	Provision for Bad & Doubtful Debts	2.0
vi)	Balance Carried forward.	6.6
TOTAL:		49.1

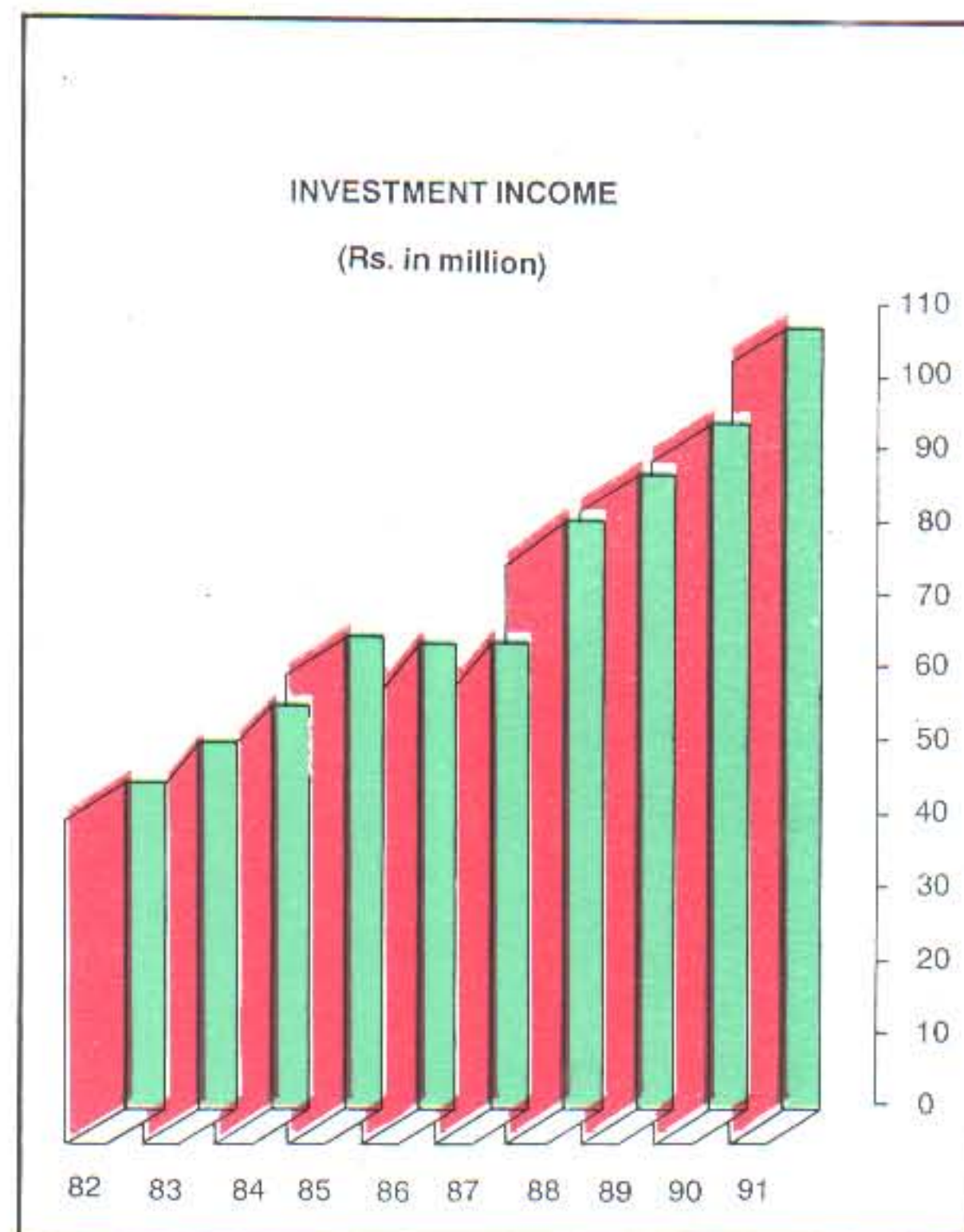
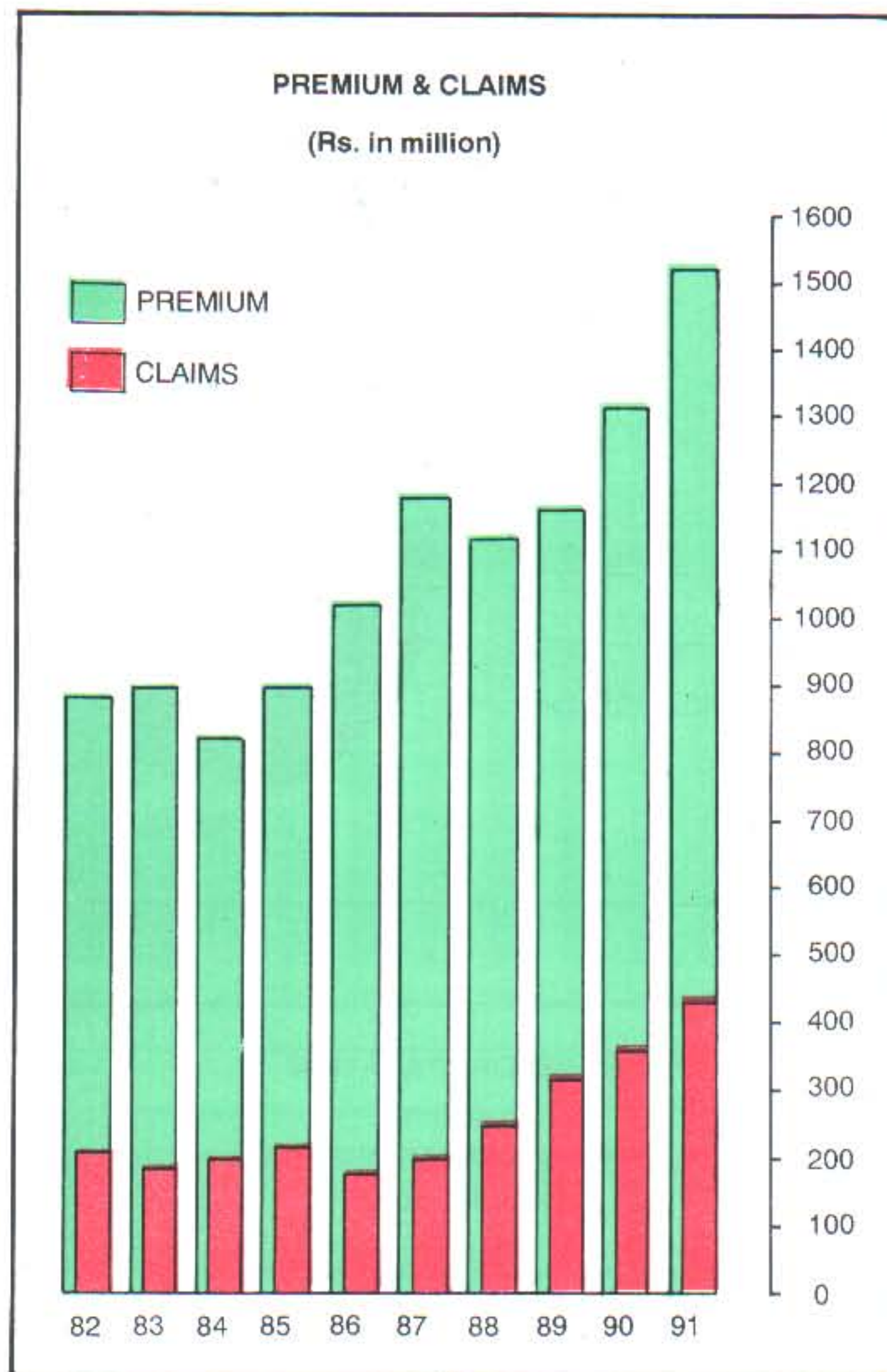
10. BALANCE SHEET:

There has been an increase of Rs. 116 million in the reserves and provisions which have gone up from Rs. 1059 million in 1990 to Rs. 1175 million in 1991.

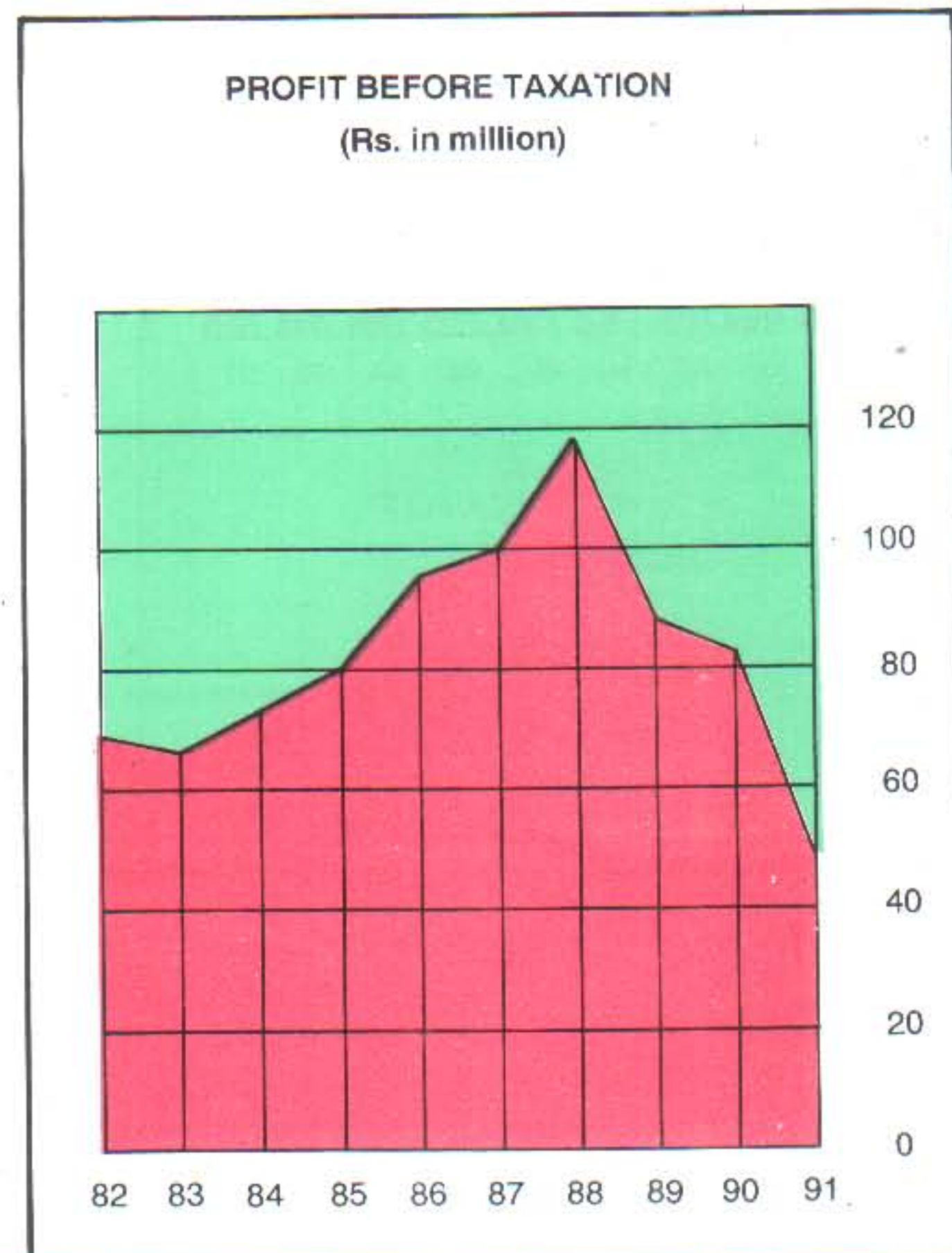
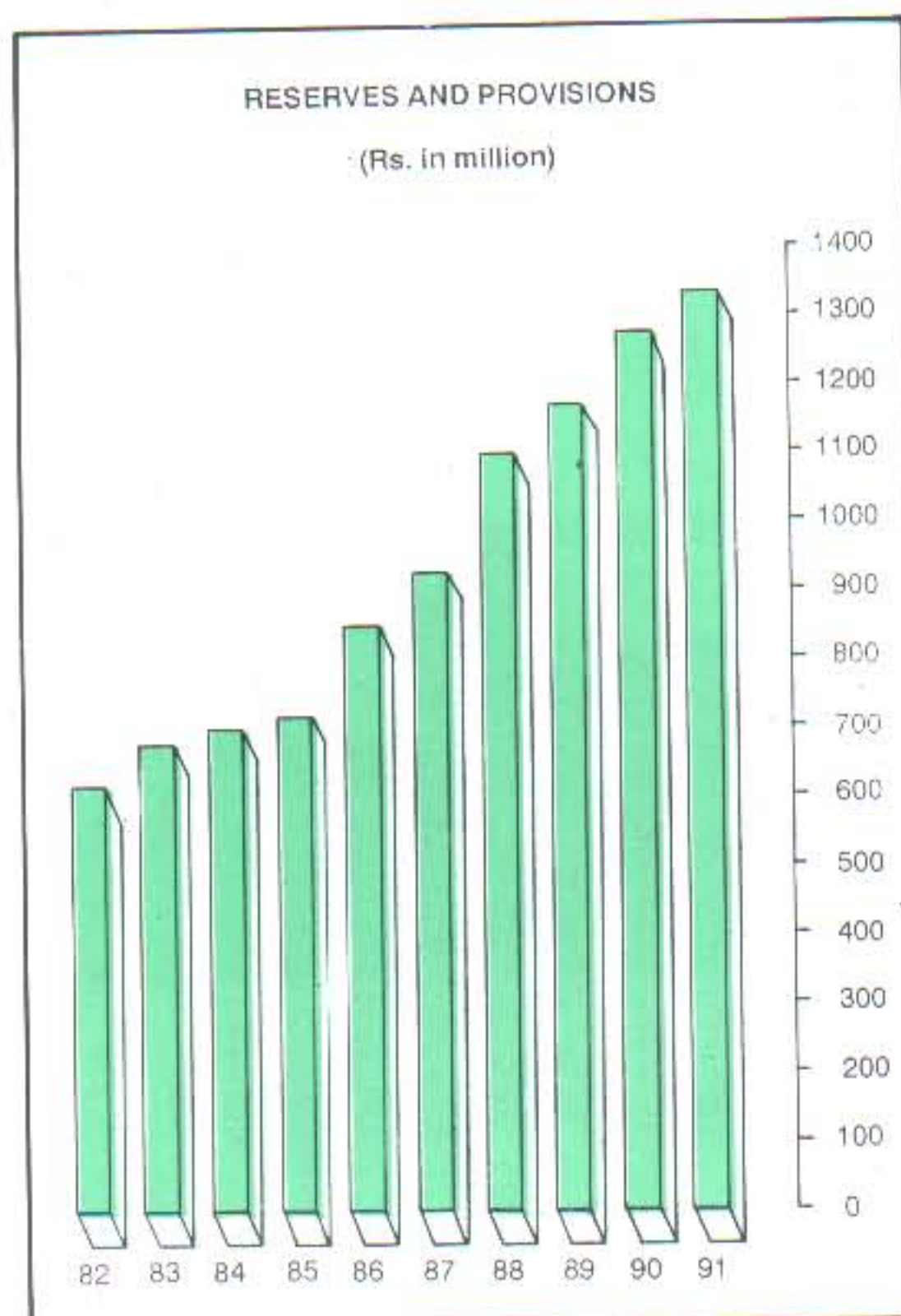
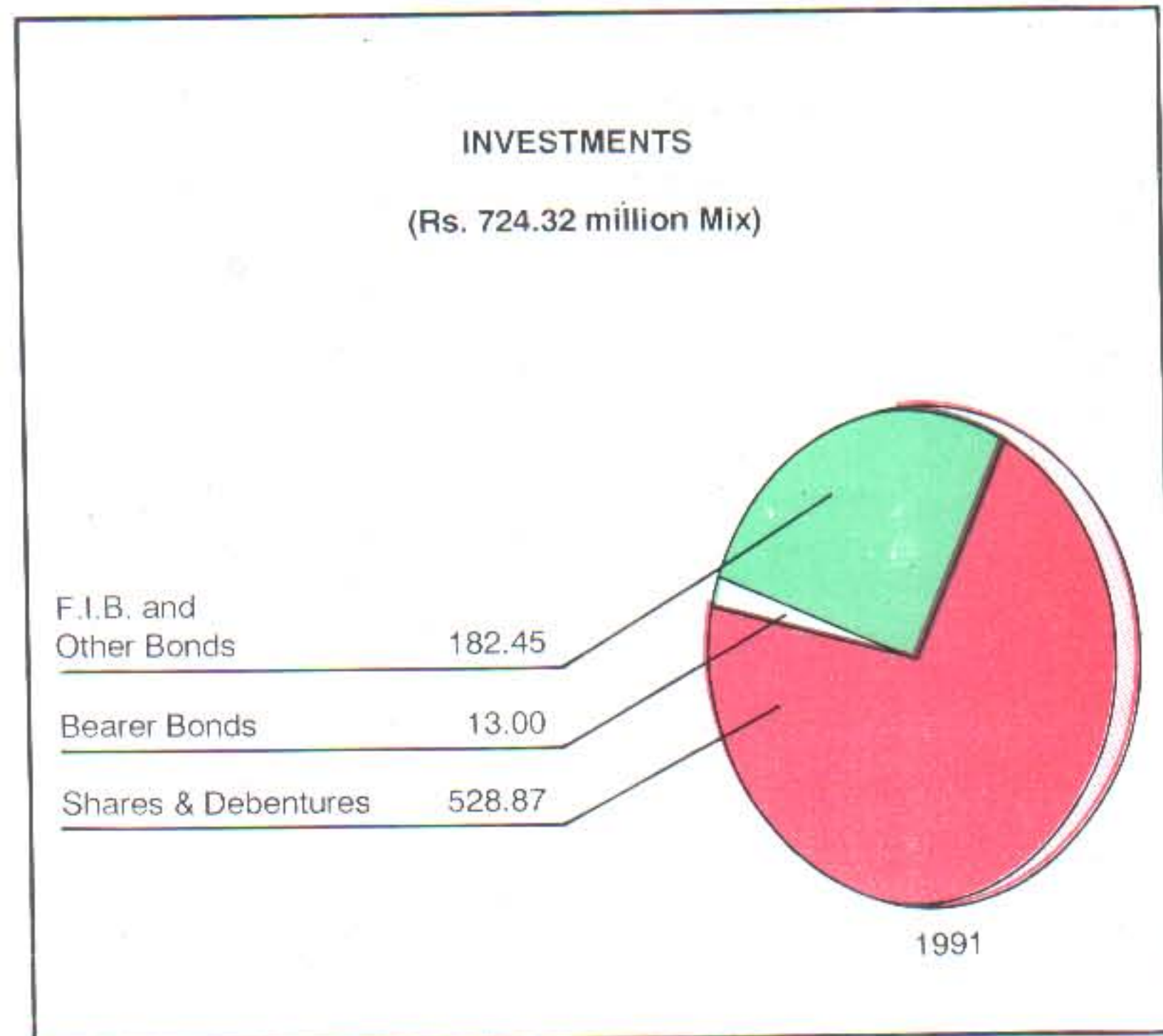
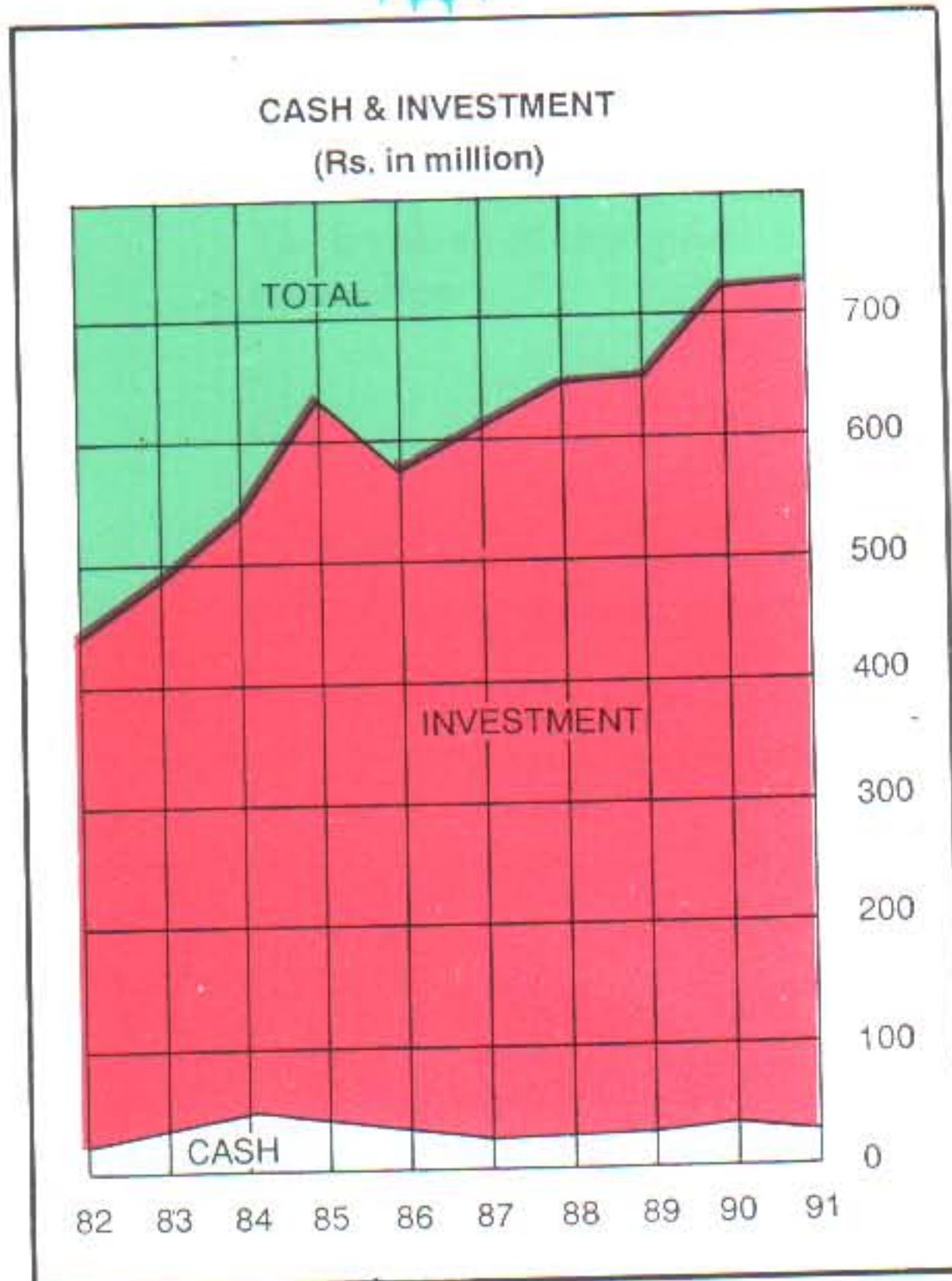
11. DIVIDEND & BONUS:

The Directors are pleased to declare a dividend of 10% for the year 1991.







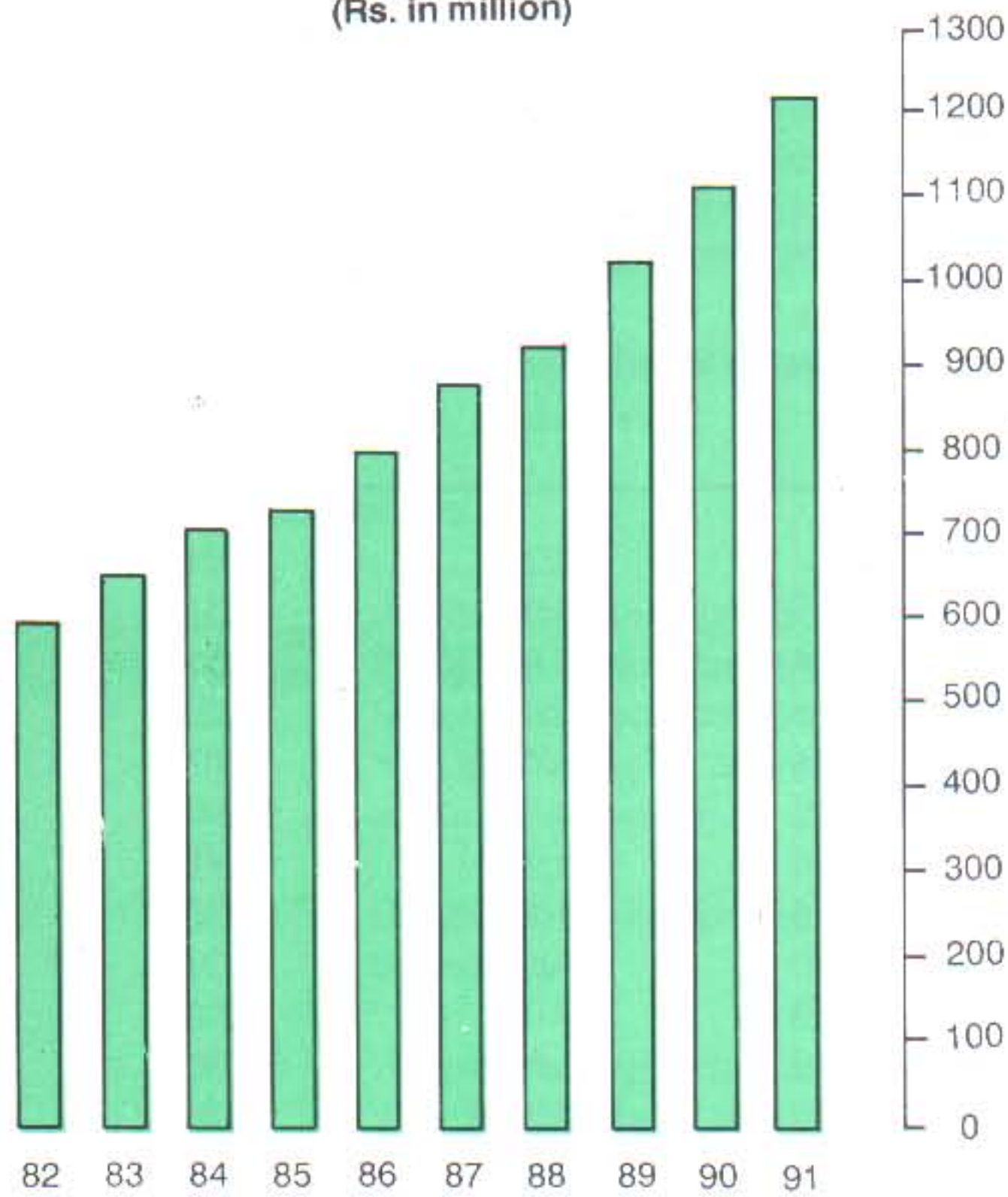






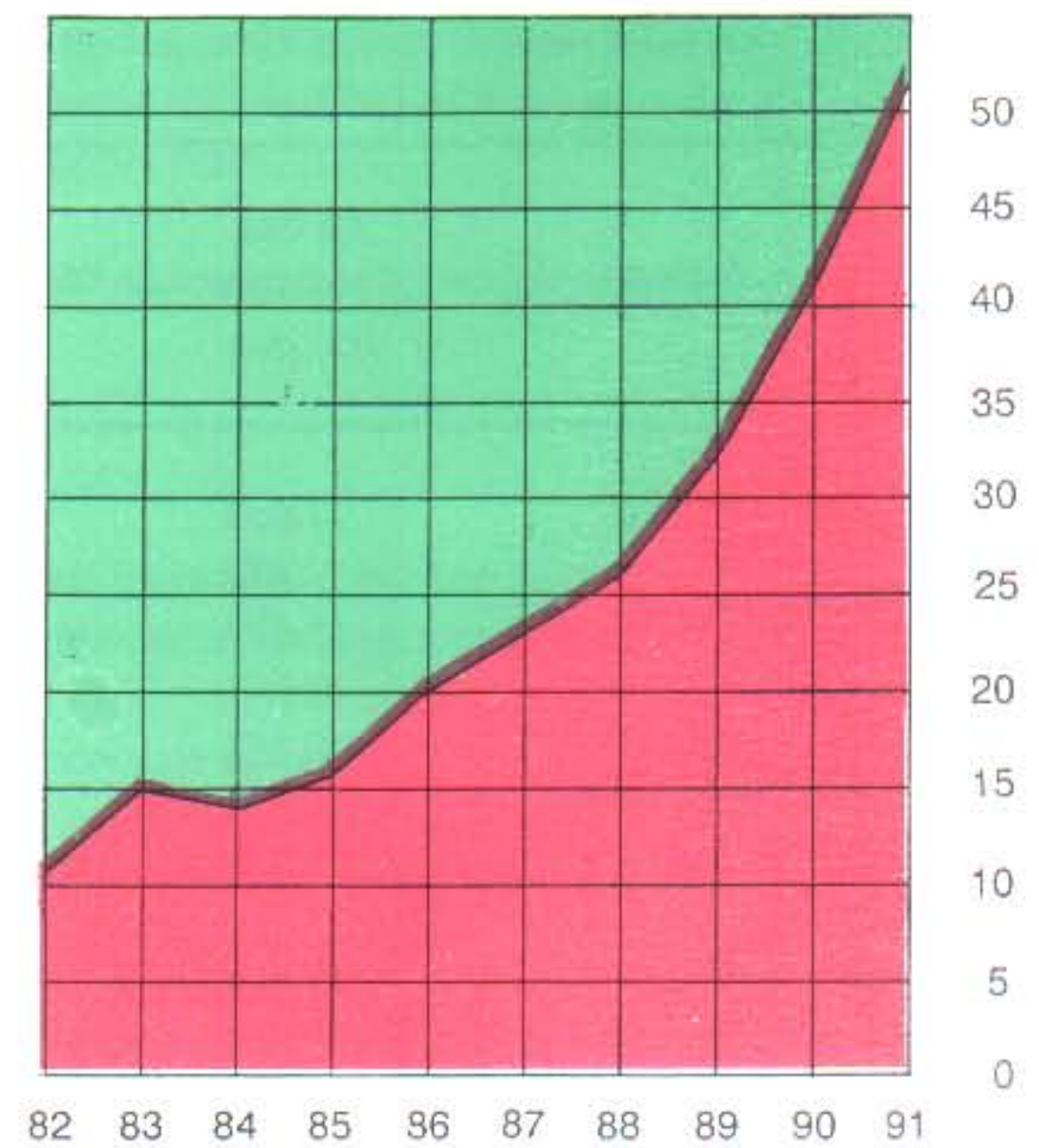
### RESERVES AND PAID UP CAPITAL

(Rs. in million)



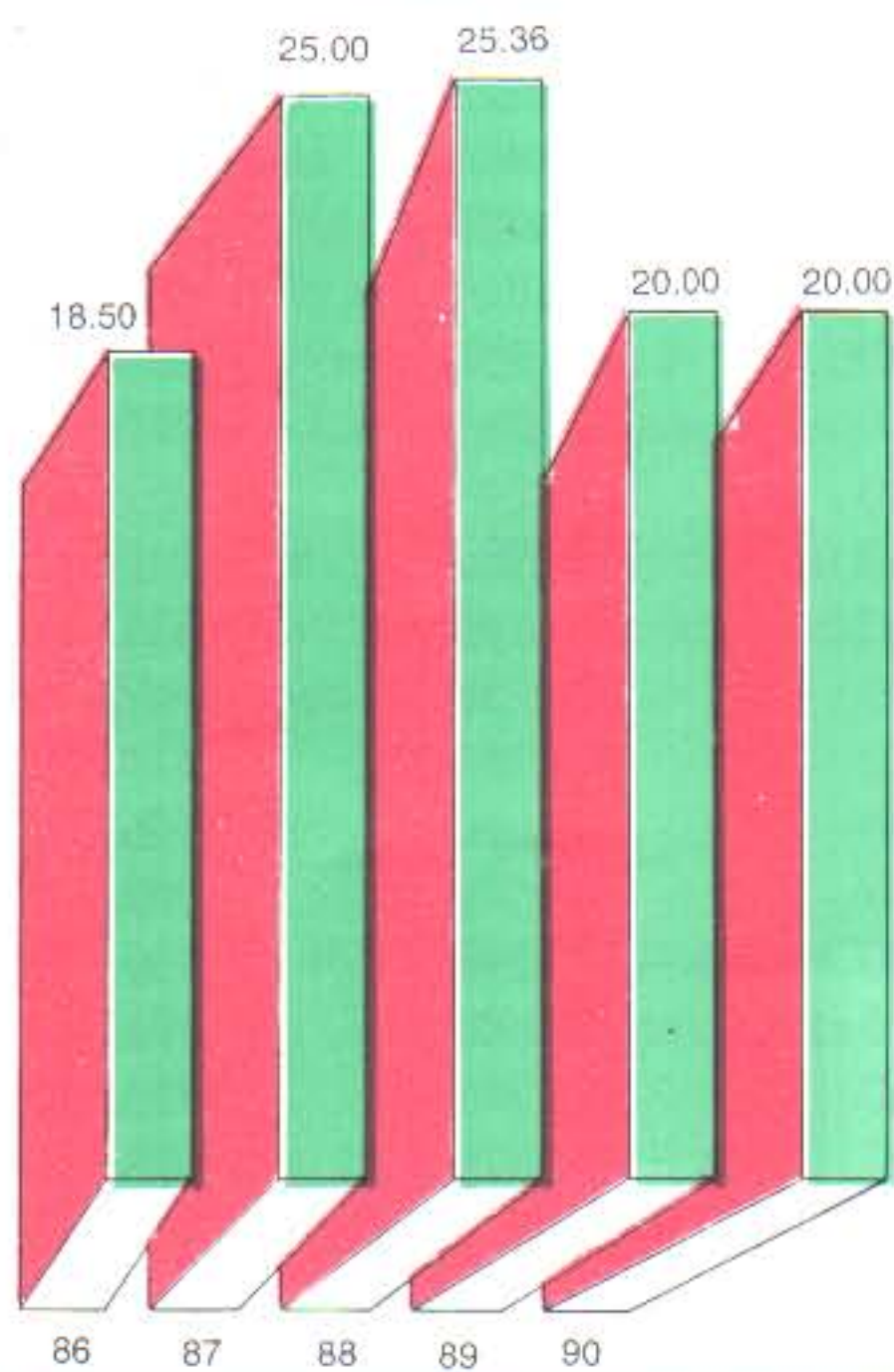
### ADMINISTRATION EXPENSES

(Rs. in million)



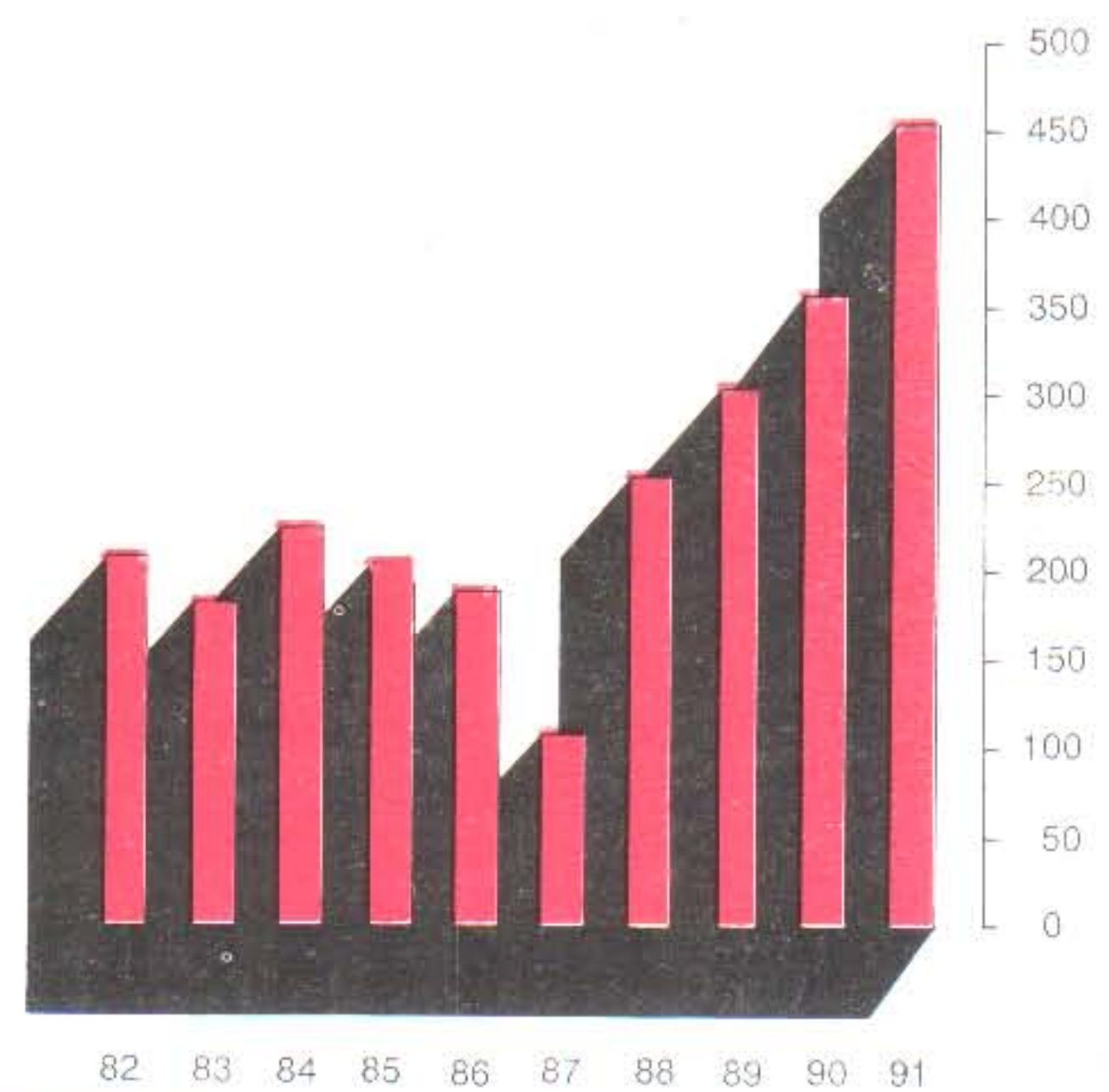
### DIVIDEND/SURPLUS (CASH)

(Rs. in million)



### NET CLAIMS

(Rs. in million)







## 39 YEARS AT A GLANCE

(In Million of Rupees)

Years	Gross Premium Income	Profit	Dividend Declared %	Total Reserves/ Provisions	Total Investment including land & Building
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	1:4B10	588.358	387.655
1982	872.829	72.639	1:4B10	577.241	414.704
1983	897.624	66.580	2:5B10	640.010	476.642
1984	817.497	76.046	2:5B10	707.578	505.673
1985	903.596	90.790	3:7B10	730.558	620.673
1986	1,081.198	96.893	3:7B10	748.086	591.001
1987	1,165.766	102.836	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
1990	1,333.101	82.962	10	1,058.624	776.851
1991	1,526.299	48.971	10	1,175.438	801.015



## AUDITORS' REPORT TO THE MEMBERS



We have audited the annexed Balance Sheet of PAKISTAN INSURANCE CORPORATION as at 31st December, 1991 and the 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 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 5.1, 6.2, 7, 11 and 12 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 amounts 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, 1991 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, 1st June, 1992.





## REVENUE ACCOUNT FOR THE CONSOLIDATED FOR ALL

### PARTICULARS

	1991 (Rs. '000)	1990 (Rs. '000)
Commission Paid (Less: Retrocessions)	292,312	248,762
Claims (Less: Retrocessions) paid during the year	419,194	369,769
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated.	245,245	207,764
	664,439	577,533
Less: Outstanding at the end of the previous year.	207,764	218,394
	456,675	359,139
Expenses of Management	51,167	41,482
Premium Reserve for the year	334,743	287,410
	<u>1,134,897</u>	<u>936,793</u>

As per our report annexed.

R. M. BILIMORIA & CO.  
Chartered Accountants

FORD, RHODES, ROBSON, MORROW  
Chartered Accountants

Karachi, 1st June, 1992



**YEAR ENDED 31ST DECEMBER, 1991**  
**CLASSES OF BUSINESS**



**PARTICULARS**

	1991	1990
	(Rs. '000)	(Rs. '000)
Premium Reserve brought forward from last year	287,410	237,918
Premium	1,526,299	1,333,101
Less: Retrocessions	724,987	652,900
	801,312	680,201
Loss transferred to profit and loss account	46,175	18,674
	<u>1,134,897</u>	<u>936,793</u>

(A. B. SOOMRO)  
 Chief Executive

(S. Z. H. JAFRI)  
 Director





## REVENUE ACCOUNT FOR THE FIRE

### PARTICULARS

	1991 (Rs. '000)	1990 (Rs. '000)
Commission Paid (Less: Retrocessions)	132,150	122,517
Claims (Less: Retrocessions) paid during the year	115,929	107,228
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated.	71,567	65,346
	187,496	172,574
Less: Outstanding at the end of the previous year.	65,346	71,920
	122,150	100,654
Expenses of Management	18,524	16,434
Premium Reserve for the year	117,219	108,973
Profit transferred to profit and loss account	9,040	12,977
	<u>399,083</u>	<u>361,555</u>

As per our report annexed.

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

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

Karachi, 1st June, 1992.



**YEAR ENDED 31ST DECEMBER, 1991**  
**BUSINESS**



**PARTICULARS**

	1991	1990
	(Rs. '000)	(Rs. '000)
Premium Reserve brought forward from last year	108,973	92,061
Premium	551,155	476,250
Less: Retrocessions	261,045	206,756
	290,110	269,494
	399,083	361,555

(A. B. SOOMRO)  
 Chief Executive

(S. Z. H. JAFRI)  
 Director





## REVENUE ACCOUNT FOR THE MARINE

### PARTICULARS

	1991 (Rs. '000)	1990 (Rs. '000)
Commission Paid (Less: Retrocessions)	49,036	37,761
Claims (Less: Retrocessions) paid during the year	67,181	76,085
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated.	77,558	71,119
	144,739	147,204
Less: Outstanding at the end of the previous year.	71,119	86,600
	73,620	60,604
Expenses of Management	9,222	6,739
Premium Reserve for the year	63,693	46,850
	195,571	151,954

As per our report annexed.

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

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

Karachi, 1st June, 1992.



**YEAR ENDED 31ST DECEMBER, 1991**  
**BUSINESS**



**PARTICULARS**

	1991	1990
	(Rs. '000)	(Rs. '000)
Premium Reserve brought forward from last year	46,850	50,528
Premium	348,493	304,903
Less: Retrocessions	204,060	194,421
	144,433	110,482
Loss / (Profit) transferred to profit and loss account	4,288	(9,056)
	<u>195,571</u>	<u>151,954</u>

(A. B. SOOMRO)  
 Chief Executive

(S. Z. H. JAFRI)  
 Director





## REVENUE ACCOUNT FOR THE MISCELLANEOUS

### PARTICULARS

	1991 (Rs. '000)	1990 (Rs. '000)
Commission Paid (Less: Retrocessions)	111,126	88,484
Claims (Less: Retrocessions) paid during the year	236,084	186,456
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated.	96,120	71,299
	332,204	257,755
Less: Outstanding at the end of the previous year.	71,299	59,874
	260,905	197,881
Expenses of Management	23,421	18,309
Premium Reserve for the year	153,831	131,587
	549,283	436,261

As per our report annexed.

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

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

Karachi, 1st June, 1992.



**YEAR ENDED 31ST DECEMBER, 1991  
BUSINESS**



**PARTICULARS**

	1991	1990
	(Rs. '000)	(Rs. '000)
Premium Reserve brought forward from last year	131,587	95,329
Premium	626,651	551,948
Less: Retrocessions	259,882	251,723
	366,769	300,225
Loss transferred to profit and loss account	50,927	40,707
	549,283	436,261

(A. B. SOOMRO)  
Chief Executive

(S. Z. H. JAFRI)  
Director





## PROFIT AND LOSS ACCOUNT FOR THE YEAR

PARTICULARS	Note	1991 (Rs. '000)	1990 (Rs. '000)
<b>EXPENSES OF MANAGEMENT (NOT ALLOCABLE TO ANY PARTICULAR REVENUE ACCOUNT)</b>			
Directors' Fee and T. A.		145	85
Auditors' Fee		68	68
Advertisement & Publicity		107	54
		320	207
E. C. O. Expenses		1,367	166
Training & Research		90	154
Charity and donation		---	2
		1,457	322
Interest paid on deposits retained from other Companies		162	197
Exchange loss/(gain)		6,989	(1,390)
Bad Debts written off		14	64
Zakat deducted at source		7,488	4,328
		16,430	3,728
<b>LOSS/(PROFIT) TRANSFERRED FROM REVENUE ACCOUNTS</b>			
Fire		(9,040)	(12,977)
Marine		4,288	(9,056)
Miscellaneous		50,927	40,707
		46,175	18,674
Net Profit for the year carried to Profit and Loss Appropriation Account		48,971	82,962
		111,576	105,364

### PROFIT AND LOSS APPROPRIATION ACCOUNT

Provision for Bad & Doubtful Debts	2,000	2,000
Provision for Taxation	5,500	16,500
General Reserve	5,000	4,500
Exceptional Losses Reserve	25,000	40,000
Proposed dividend	5,000	5,000
Unappropriated Profit transferred to Balance Sheet	6,622	15,151
	49,122	83,151

These accounts 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, 1st June, 1992.



# ENDED 31ST DECEMBER, 1991



PARTICULARS	Note	1991 (Rs. '000)	1990 (Rs. '000)
INVESTMENT INCOME			
Interest and Dividends.		107,005	93,535
OTHER RECEIPTS			
Interest received on deposits retained by other companies		2,978	4,389
Interest on Short Term Deposits		495	611
Miscellaneous Income		1,097	3,750
		4,570	8,750
Profit on Sale of Investment		1	3,001
Profit on Sale of Assets		—	78
		4,571	11,829
		<u>111,576</u>	<u>105,364</u>
FOR THE YEAR ENDED 31ST DECEMBER, 1991			
Balance Brought forward from last year		15,151	30,189
Payments as approved by the Federal Government	3	(15,000)	(15,000)
Transferred to Exceptional losses reserve as approved by the Federal Government		—	(15,000)
		(15,000)	(30,000)
		151	189
Net Profit for the year as per Profit and loss account		48,971	82,962
		<u>49,122</u>	<u>83,151</u>
(A. B. SOOMRO) Chief Executive		(S. Z. H. JAFRI) Director	





## BALANCE SHEET AS AT

	Note	1991 (Rs. '000)	1990 (Rs. '000)
<b>CAPITAL AND LIABILITIES</b>			
<b>AUTHORISED CAPITAL:</b>			
500,000 Ordinary Shares of Rs. 100/- each		50,000	50,000
<b>ISSUED SUBSCRIBED AND PAID-UP CAPITAL</b>			
50,000 Ordinary shares of Rs. 100/- each fully paid up in cash		5,000	5,000
450,000 Ordinary shares of Rs. 100/- each issued as fully paid bonus shares		45,000	45,000
Share Premium Account		11	11
		50,011	50,011
<b>RESERVES:</b>			
Exceptional Losses Reserve		468,000	443,000
Investment Fluctuation Reserve		5,950	5,950
General Reserve	4	99,500	94,500
Un-appropriated Profit		6,622	15,151
		580,072	558,601
<b>PROVISIONS:</b>			
Provision for Taxation	5	154,002	148,502
Provision for Bad & Doubtful Debts		22,000	20,000
		176,002	168,502
<b>PROPOSED DIVIDEND:</b>		5,000	5,000
<b>RESERVE FOR OUTSTANDING CLAIMS:</b>	6		
Fire		71,567	65,346
Marine		77,558	71,119
Miscellaneous		96,120	71,299
		245,245	207,764
<b>PREMIUM RESERVE:</b>			
Fire		117,219	108,973
Marine		63,693	46,850
Miscellaneous		153,831	131,587
		334,743	287,410
Amount due to other persons and bodies carrying on insurance business		138,514	148,636
Deposits retained/received from other companies		25,474	30,159
Sundry Creditors	7	18,205	14,570
Retention money payable		1,463	1,463
		183,656	194,828
		1,574,729	1,472,116

These accounts 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, 1st June, 1992.



31ST DECEMBER, 1991



PROPERTY AND ASSETS ;	Note	1991 (Rs. '000)	1990 (Rs. '000)
<b>INVESTMENTS</b>			
Bearer National Fund Bonds		12,995	140,094
Stock and Shares		528,414	524,233
Debentures		459	508
WAPDA Bonds		35,725	50,612
Investment in Foreign Exchange		---	110
Bearer Certificates		146,730	---
Federal Investment Bonds		724,323	715,557
Aggregate Market value Rs. 1,403,815 (1990 Rs. 882,080)			
Land and Building (including Capital Work-in-Progress)	8	76,692	61,294
<b>CURRENT ASSETS :</b>			
Amount due from persons and bodies carrying on insurance business		330,939	272,379
Deposits held by Ceding Companies		71,568	60,982
Cash in hand and at bank		25,326	44,578
Interest, Dividend and Return accrued/outstanding		22,831	30,999
Sundry Debtors		14,644	13,277
Advances including Taxation, Loans, Deposits and Prepaid Expenses		287,547	251,419
Stock of Stationery etc, at Cost		18	41
		752,873	673,675
<b>ADMINISTRATIVE FIXED ASSETS :</b>			
Furniture, Fixture, Office Equipments, Vehicles and Books (cost less depreciation)	9	4,354	4,847
DEFERRED REVENUE EXPENDITURE	10	513	769
ASSETS RELATING TO BANGLADESH (FORMER EAST PAKISTAN)	11	15,974	15,974
		1,574,729	1,472,116
(A. B. SOOMRO) Chief Executive		(S. Z. H. JAFRI) Director	





## STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED 31ST DECEMBER, 1991

### FINANCIAL RESOURCES WERE PROVIDED BY OPERATIONS.

	1991 (Rs. '000)	1990 (Rs. '000)
Profit before taxation	48,971	82,962
Items not involving movement of funds		
Depreciation	954	1,100
Deferred revenue expenditure	256	256
Net profit on sale of investments	(1)	(3,001)
Increase/(Decrease) in reserve for outstanding claims	37,481	(10,630)
Increase in premium reserve	47,333	49,492
Profit on sale of administrative fixed assets	—	(78)
Investments written off	—	50
	86,023	37,189
Other sources		
Sale proceeds of investments	192,160	194,700
Sale proceeds of fixed assets	—	94
	192,160	194,794
	327,154	314,945

### APPLICATION OF FUNDS

Investments purchased	200,925	247,463
Land and building (including capital Work-in-progress)	15,398	1,727
Addition to administrative fixed assets and deferred revenue expenditure	461	900
Taxes paid	29,649	60,701
Dividend paid	20,000	20,000
	266,433	330,791
	60,721	(15,846)

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

(Decrease)/Increase in current assets		
Cash in hand and at banks	(19,252)	19,150
Amount due from persons and bodies carrying on insurance business	58,560	(78,745)
Deposits held by ceding companies	10,586	(3,710)
Sundry debtors	1,367	3,697
Interest, dividend and returns accrued/outstanding	(8,168)	(39,426)
Advances, loans, deposits and prepaid expenses	6,479	4,101
Stock of stationery	(23)	(27)
	49,549	(94,960)
Decrease/(Increase) in current liabilities		
Amount due to persons and bodies carrying on insurance business	10,122	82,276
Deposits retained/received from other companies	4,685	(1,060)
Sundry creditors	(3,635)	(3,201)
Retention money payable	—	1,099
	11,172	79,114
	60,721	(15,846)

### INCREASE/(DECREASE) IN WORKING CAPITAL

(A. B. SOOMRO)  
Chief Executive

(S. Z. H. JAFRI)  
Director



# NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 1991



## 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 and reinsurance business in Pakistan. Its shares are quoted on stock exchange 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	
-- 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 accounts as and when declared, except for preference shares and other investments, where it is recognised on accrual basis.

(h) Land and buildings (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:-

	Percent
Building	5
Lift	20
Vehicles	20
Office equipment	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:-

	1991	1990
U. S. \$	24.6141	21.8062
Pound sterling	45.8135	41.8104





3.	PAYMENTS AS APPROVED BY THE FEDERAL GOVERNMENT	%	1991	1990
			(Rs. '000)	(Rs. '000)
	Federal Government @ Rs. 30.00 (1990 : Rs. 30.00) per share of Rs. 100/- on 255,000 shares	51 (1990:51)	7,650	7,650
	Shareholders (excluding Federal Government holding) @ Rs. 30.00 (1990 : Rs. 30.00) per share of Rs. 100/- on 245,000 shares	49 (1990:49)	7,350	7,350
			<u>15,000</u>	<u>15,000</u>
4.	GENERAL RESERVE		1991	1990
			94,500	90,000
			5,000	4,500
			<u>99,500</u>	<u>94,500</u>

#### 5. PROVISION FOR TAXATION:

5.1 The income-tax assessment of the Corporation have been finalised upto and including assessment year 1990-91. The appeals against certain previous assessment years have yet to be disposed of by the Appellate Authorities. Further, the Income-tax officer has not yet issued revised orders for certain assessment years which have been set aside by the Commissioner of Income-tax (Appeals). A net amount of Rs. 81.1 million paid for various 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. The assessment for the assessment year 1991-92 has not been finalised.

The Income-tax authorities have raised a demand of Rs. 10.52 million against the Corporation after treating the income of Export Credit Guarantee Scheme (ECGS) as part of taxable income of the Corporation for the assessment years 1984-85 to 1989-90. The demand was paid by the Corporation and so far recovered Rs. 8.59 million from the Export Credit Guarantee Scheme. The Corporation has filed a suit in the High Court of Sindh in this regard on behalf of ECGS.

5.2 The Corporation's income-tax original assessments have been completed for and upto the accounting year ended December 31, 1989, wherein dividend income was taxed at the applicable reduced rates. During the year the Income-tax officer has sent a notice for the re-opening of the corporation's income-tax assessments for the corporation's financial years 1985 to 1989 in order to tax the dividend income, in these years at the normal rate of tax applicable to the corporation's business income, the income-tax officer has based his notice on a decision of the High Court of Sindh on an issue other than dividend income. The corporation has made strong representation against the re-opening of these assessments and so far no proceedings have been initiated by the Income-tax authorities. The management of the corporation is however, of the view that they will successfully contest this issue and the eventual outcome will be in the corporation's favour. Consequently, no further provision for these taxes has been made in these accounts. In case the issue is decided against the corporation the further tax liability for the accounting years 1985 to 1991 in respect of dividend income amounts to approximately Rs. 118.4 million.

5.3 No provision has been made in these accounts for minimum tax of 0.5 percent of the gross receipts in terms of section 80D of the Income Tax Ordinance, 1979. The management is of the view that the provisions of this section are ultra vires to the Constitution of the country and will eventually become inoperative. Presently the issue is pending before the Honourable High Court of Sindh and Punjab in the Constitutional Writ Petitions filed by a large number of affected organisations.





Had a provision been made for minimum tax at the rate of 0.5 percent of gross receipts in accordance with the provisions of section 80D of the Income Tax Ordinance, 1979, the taxation charge for the year would have been higher by Rs. 2.13 million.

6. RESERVE FOR OUTSTANDING CLAIMS:

6.1 This includes a sum of Rs. 13.0 million (1990- Rs. 13.0 million) in respect of Marine losses incurred but not reported, estimated on the basis of management experience.

6.2 It also includes an amount of Rs. 4.952 million (1990 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:-

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 (1990 - Rs. 0.809 million) relating to Bangladesh creditors.

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

1991 (Rs. '000)	1990 (Rs. '000)
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Capital work-in-progress including leasehold land (PIC Building at Moulvi Tamizuddin Khan Road) less realisation of contractor's bonds Rs. 9 million)

76,208	60,810
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At written down value.

PIC Head Office Building including lift  
PIC House (Residence)

308	308
176	176
<u>484</u>	<u>484</u>
<u>76,692</u>	<u>61,294</u>

9. ADMINISTRATIVE FIXED ASSETS:

This includes a vehicle purchased by the Corporation for Rs. 337,000 which was stolen before it could be registered. An insurance claim was lodged with the National Insurance Corporation and the matter was pending at 31st December, 1991. The vehicle appears in the balance sheet under fixed assets and depreciation has been charged at the prescribed rate.

A substitute vehicle was purchased for Rs. 353,000 and for the time being is shown under sundry debtors and no depreciation has been charged.

10. DEFERRED REVENUE EXPENDITURE:

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

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

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





	1991 (Rs. '000)	1990 (Rs. '000)
<b>FIXED ASSETS.</b>		
Land and buidling	8,608	8,608
Furniture and fixtures	4	4
	<hr/>	<hr/>
	8,612	8,612
<b>INVESTMENTS.</b>		
Stocks and shares	7,112	7,112
Debentures	250	250
	<hr/>	<hr/>
	7,362	7,362
	<hr/>	<hr/>
	15,974	15,974
	<hr/>	<hr/>

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.

12. **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. 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 vouchers 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 authorisation by the management of NCS and is to be certified by their auditors.

13. **CAPITAL COMMITMENTS:**

The Corporation is constructing a building for its head office at an estimated cost of Rs. 220 million. The cost incurred upto 31st December, 1991 amounts to Rs. 76.20 million (1990 - Rs. 60.81 million).

14. **GENERAL:**

- 14.1 The directors or their spouse do not have any interest in the donee fund.
- 14.2 Figures have been rounded off to the nearest thousand rupees.
- 14.3 Figures of previous year have been rearranged wherever necessary to facilitate Comparison.

(A. B. SOOMRO)  
Chief Executive

(S. Z. H. JAFRI)  
Director





## SHAREHOLDERS' STATISTIC FOR THE YEAR ENDED 31ST DECEMBER, 1991

No. of Shareholders	Number of Shares					Total Shares held
317	From	1	to	100	Shares	11,114
82	From	101	to	500	"	18,133
8	From	501	to	1,000	"	5,104
14	From	1,001	to	5,000	"	32,572
1	From	5,001	to	20,000	"	12,567
1	From	20,001	to	50,000	"	24,280
1	From	50,001	to	150,000	"	141,230
1	From	150,001	to	255,000	"	255,000
425						500,000

Categories of Shareholders	Number	Share held	Percentage
Individuals	401	45,914	9.19
Investment Companies (ICP)	1	440	0.08
Insurance Companies	11	190,989	38.20
Joint Stock Companies	7	6,733	1.35
Government of Pakistan.	1	255,000	51.00
Administrator, Abandoned Properties Organisation	1	250	0.05
Modaraba Companies	1	150	0.03
Other (Staff Provident Fund	2	524	0.10
i) Adamjee Industries (500 Shares)			
ii) Employees Contributory Provident Fund			
State Life Ins. Corp. of Pakistan (24 Shares)			
	425	500,000	100.00

### CLASSIFICATION OF INVESTMENT

(IN MILLION OF RUPEES)

	BOOK VALUE
* Govt. Securities	195.450
* Bankers & Financial Institution	13.664
* N. I. T. Units	421.127
* SHARES & STOCKS (LISTED COMPANIES)	
a) Insurance	2.277
b) Cotton & Textile	0.477
c) Synthetic & Rayon	0.256
d) Jute	1.400
e) Sugar & Allied	3.684
f) Cement	0.450
g) Tobacco	0.271
h) Fuel & Energy	28.301
i) Engineering	0.955
j) Auto & Allied	0.678
k) Transport	9.876
l) Chemicals	8.103
m) Paper & Board	3.167
n) Vanaspati & Allied	0.403
o) Miscellaneous	33.325
	93.623
* Debenture	0.459
TOTAL INVESTMENT	724.323



# 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 at a meeting of the shareholders of the Corporation to be held at .....  
..... Karachi on the 28th day of June, 1992, and at any adjournment  
thereof.  
Dated this ..... day of .....

Signature of  
Shareholder

Affix Rupee one  
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 of meeting.
3. In case of joint holders any one of the joint holders may sign the instrument of proxy.
4. The signature on the instrument of proxy must conform to the specimen signature field with the Corporation.