



Pakistan Reinsurance Company Limited

# CHAIRMAN'S SPEECH

ON THE OCCASION OF

ANNUAL GENERAL MEETING

OF THE SHAREHOLDERS

HELD ON

SATURDAY, 30<sup>TH</sup> MAY, 2009

AT 11.00 A.M.

Dear Shareholders,

It gives me great pleasure to welcome you to the 9th Annual General Meeting of the Pakistan Reinsurance Company Limited. I hope that you have gone through the annual report 2008 containing Directors' / Auditors' reports for the year ended 31<sup>st</sup> December, 2008.

As you are already aware that for the last few years, PRCL is operating in a highly competitive open market scenario. A number of steps to run PRCL on commercial lines have already been taken such as enhancement in Authorized/Paid-up Share Capital of the Company in order to strengthen the equity base as the company is planning to expand locally as well as abroad, hiring of expertise, setting up goals for departments etc. Corporate Culture is being introduced. During the year 2008, PRCL was selective in accepting business under treaty and facultative. New insurance sector reform announced at the end of April, 2007 in which right of first refusal was introduced has contributed positively towards the augmented growth in the reinsurance business.

I would now like to elaborate upon the salient business feature for the year 2008.

Net premium of the company was Rs.1,896 million in the year 2008 as compared to Rs.1,693 million in the corresponding period last year showing an increase of Rs.203 million. This improvement is due to increase in net retention and favorable movement of Premium reserve.

Net claims of the company for the year 2008 were Rs.962 million as compared to Rs.931 million in the corresponding period last year showing an increase of Rs.31 million. However, the percentage of Net Claim to the Net Premium has slightly improved as this is 51% in the year 2008 as compared to 55% in the year 2007.

The investment income in the year 2008 decreased to Rs.846 million as compared to Rs.3,689 million in the year 2007. The main reason for decrease in Investment Income was due to booking of capital gain in 2007 amounting to Rs.2,862 million by sale and repurchase of certain listed securities in which the market prices were significantly higher than their holding costs.

Pakistan Reinsurance Company is in process of restructuring its operational and management systems. In this regard the following steps have been initiated.

- i) PRCL's IT Development Team has successfully completed its in-house developed software application i.e. an online web based reinsurance management system and two of its modules went live from 1<sup>st</sup> April, 2009.
- ii) PRCL has replaced its old, out-dated and depreciated IBM AS 400 Machine with the latest IBM (I Series) Power 6 Machine.

- iii) Another achievement is PRCL's new Web site with a new design that went live in year 2008. The new design features have latest information, news and valuable links indicating PRCL's financial strength with data and graphs.
- iv) The Company with its new logo launched during the year continued to focus on improved human resource management, better working environment and result oriented marketing efforts.
- v) The Company continued to focus on training activities. An orientation session from Institute of Corporate Governance was also arranged for PRCL directors during the year.
- vi) Apart from administrative measures the financial restructuring is also a record milestone. First of all, Authorized Capital, which was Rs.1 billion in 2006 and Rs.4 billion in 2007 and now in 2008, has been enhanced to Rs.25 billion, the reasons of which were discussed at that time also and presented to the shareholders. The Paid-up Capital was Rs. 450 million in 2006 which was increased to Rs .540 millions in 2007 now in 2008 it is Rs. 3 billion. Owner's equity was Rs. 2.2 billion in 2005; Rs. 6.379 billion in 2007 and in 2008 it is Rs.7.265 billion. This increase in equity gives direct benefit to the shareholders.

Ladies and Gentlemen,

I am quite happy to report that the above facts and figures indicate a continued confidence and trust reposed and recognition accorded to the company both at the national and international levels. It is my firm belief that the company with its sound financial position and reinsurance expertise will continue to enjoy excellent reputation at both national and international levels and provide service to all its clients.

And last but not the least I am glad to report that Board of Directors has recommended 25% cash dividend for the shareholders.

In the end, I would like to express my gratitude to you as well as to our clients and the business partners within Pakistan and abroad for their continuous support and co-operation towards the achievement of targeted goals. I also wish to express my sincere gratitude to my colleagues on the Board and all the officers, employees of the company for the hard work put in for strengthening the company. I would like to express my gratitude to the officials of the Securities and Exchange Commission of Pakistan and Ministry of Commerce, Government of Pakistan for the continued co-operation & support extended to us.

Thank you.