

CHAIRMAN'S SPEECH

ON THE OCCASION OF
ANNUAL GENERAL MEETING

OF THE SHAREHOLDERS
Pak Re
TO BE HELD ON

SATURDAY, 30TH APRIL, 2016

AT 11.00 A.M.

PAKISTAN REINSURANCE COMPANY LIMITED

Dear Shareholders,

It gives me great pleasure to welcome you to the 16th Annual General Meeting of the Pakistan Reinsurance Company Limited. I hope that you have gone through the annual report 2015 containing Directors' / Auditors' reports for the year ended 31st December, 2015.

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 2015, 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 2015.

The Gross Premium for the year ended December 31, 2015 is Rs.8,135 million as compared to Rs.8,661 million in the year ended December 31, 2014, showing decrease of Rs.526 million. There is an increase of 244 million in the treaty premium because of the increase business ceded in the treaties. However the slight reduction in the overall premium is because of the NICL based accounts that are placed in international market as due to the soft market conditions the reinsurance rates in the international market dropped very low. The net effect of this is very low because of the fact that PRCL has a small retention on these risks and most of the premium received is retroceded abroad.

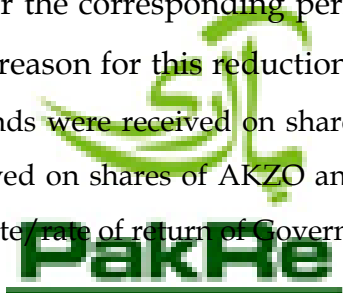
The Net Premium for the year ended December 31, 2015 was Rs.5,219 million as compared to Rs.4,784 million in the year ended December 31, 2014 showing an increase of Rs.435 million. This was mainly due to improved net retention.

The Net Commission expenses of the Company during the year ended December 31, 2015 were Rs.1,101 million as compared to Rs.950 million during the year ended December 31, 2014. The reason for increase was mainly due to increase in treaty business.

Net Claims of the Company during the year ended December 31, 2015 were Rs.2,775 million as compared to Rs.2,793 million in the year ended December 31, 2014, showing a decrease of 1%.

The Management Expenses for the year ended December 31, 2015 was Rs.621 million as compared to Rs.526 million for the corresponding period last year showing an increase of Rs.95 million i.e. 18%.

The Investment Income during the year ended December 31, 2015 was Rs.935 million as compared to Rs.1,079 million for the corresponding period last year showing decrease of Rs.144 million (13%). The main reason for this reduction is a decrease of Rs.62 Million (14%) in dividend income as no dividends were received on shares of PICIC Growth Fund and NRL. Further less dividends were received on shares of AKZO and PPL. Further decrease in discount rate adversely affected the profit rate/rate of return of Government Securities.



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

- In the first phase PRCL inducted few professionals at middle level management in Re-insurance, Finance & Accounts Department.
- All the functions of PRCL are computerized with implemented LAN & linked to main Server (i-Series).
- Direct data entry from returns in underwriting departments to DPD has been implemented.
- Chief Internal Auditor and full time Company Secretary have been appointed who are reporting to the Audit Committee of the Board and the Board of Directors.

- Department of Business Development created and functioning under senior management level.
- In-house training for professionals has been arranged.
- IT Manual has been developed.
- The Internal Audit Systems are being strengthened.
- Audit Manual is being updated.
- Apart from this a new website has been developed which can be seen on following address:
www.pakre.org.pk
- PRCL is now endeavouring to increase its domestic business as well as aggressive efforts are being made to obtain foreign business with a view to increase in flow of foreign exchange.
- The claims procedures have been reviewed to settle the pending claims quickly.
- The Board of Directors duly supported by management team has been trying to follow conduct of Corporate Governance in its true spirit as well as best practices of management prevailing in the industry.

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.

