

Pakistan Reinsurance Company Limited

**Minutes of the 83rd Meeting of the Board of Directors
held on 25th October, 2012 at 12:00 noon.**

The 83rd Meeting of the Board of Directors was held on 25th October, 2012 at 12:00 Noon in Company's registered office located at PRC Towers, 32-A, Lalazar Drive, M.T. Khan Road, Karachi. The following attended the meeting:-

Board Members:

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| 1. | Mr. Munawar Opel | Chairman |
| 2. | Mr. Mumtaz Ali Rajper | Director |
| 3. | Mr. Taufique Habib | Director |
| 4. | Mr. Sikandar Mahmood | Director |
| 5. | Mr. Shoaib Mir | Director |
| 6. | Mr. Shahzad F. Lodhi | E.D.(H.R)/Company Secretary |

In attendance:

1. Mrs. Farzana Munaf, E.D./C.F.O.
2. Mr. Ayaz Hussain M. Gad E.D.(B.D)

2. The meeting started with the recitation from the Holy Quran. Leave of absence was granted to Mr. Abdul Kabir Kazi, J.S. (Ins.), Ministry of Commerce, who proceeded to perform Hajj and Dr. Masuma Hasan, who was out of the country.

Item No. 1: Confirmation of the minutes of the 82nd meeting of the Board of Directors of PRCL

3. The Board unanimously confirmed the minutes of the 82nd meeting of the Board of Directors held on 05.10.2012 by making minor amendments, which would be circulated to the Directors after making the amendments.

Item No: 2 Brief on External Auditors' Qualification on December, 2011 Accounts for Reconciliation of ('Due From and Due To') Balances.

AND

Road Map for removal of External Auditors' Qualification (Reconciliation of 'Due From and Due To') Balances

4. CFO informed the Board about the following:-
“Brief on External Auditors' Qualification on December, 2011 Accounts for Reconciliation of ('Due From' and 'Due to') Balances.”

5. She also explained with the help of diagrammatic presentation the gist of qualification relating to 'Due From' and 'Due to' balances. She stated that the total amount shown in the balance sheet as receivables are, neither doubtful nor bad, from recovery point of view, rather the auditors are only qualifying about differences which occurred on a particular point in time (financial reporting period) in the balances appearing in PRCL's books of accounts and books of accounts of respective insurance companies. She further added that complete reconciliation exercise with ceding insurance companies was carried out for the Year 2011 and such exercise highlighted reconciliation differences of Rs.762 Million upto December 31, 2011, in respect of 'Due From' balances. The Board noted the contents of CFO's presentation and requested her to present the Road Map prepared by PRCL's Management for Removal of Auditors' Qualification from PRCL's account in respect of 'Due From' and 'Due To' Balances.

6. The Board reviewed the contents of Road Map prepared by PRCL's Management and particularly Section-H with regard to future strategy after deliberation.

7. The Board of Directors approved the proposal of Road Map for Removal of External Auditors' Qualification on Reconciliation of 'Due From' and 'Due To' Balances of Pakistan Reinsurance Company's Accounts submitted by the Management, for submission to SECP by October 31, 2012 with the provision that wordings of the page-49 in Annexure-“H” of Road Map may be reworded as follow:-

“The PRCL would take all possible efforts to prepare the final financial statement for the year ending 31st December, 2012 in a way that External Auditors may not “Repeat” may not qualify PRCL’s Accounts on any reason whatsoever”.

8. The Board reemphasized its earlier approval of suggestion made by Director, Mr. Taufique Habib regarding change of financial year and from December 31st to June, 30th, in respect of PRCL so that matters relating to reconciliation with ceding insurance companies can be tackled in a timely manner. The Board was of the view that financial year end of ceding insurance companies is also 31st December so there is a clash of reporting period with PRCL’s financial year end.

Item No: 3 Approval for Professional Fee in respect of Corporate Consultancy and Additional Audit Assignment by External Auditors to Carve Out / implement the Road Map for removal of external auditors’ qualification on (reconciliation of ‘Due From’ and ‘Due To’ balances) Pakistan Reinsurance Company’s Accounts

9. The Board was requested to accord approval for professional fee of Rs.3 Million for the following assignments:-

- i) Approval for Professional Fee in respect of Corporate Consultancy;
- ii) Additional Audit Assignment by External Auditors to Carve Out/Implement the Road Map for Removal of External Auditors’ qualification on Reconciliation of ‘Due From and ‘Due to’ of PRCL’s Accounts.

10. The Board discussed the above proposal and after deliberation made the following decisions:-

- i) Hiring of services of corporate consultant for the time being may be deferred and if necessary, this would be considered sometime after presenting the Road Map to SECP.
- ii) External Auditors may be contacted to carry out a special audit of ‘Due To’ and ‘Due From’ balances with a special fee. Management may negotiate such fee arrangement with External Auditors upto an amount of Rs.300,000/-.

Item No: 4 Inclusion of Dr. Masuma Hasan and Mr. Shoaib Mir in the Committees of PRCL's Board

11. The Board approved the inclusion of Dr. Masuma Hasan in the Re-insurance Committee and Mr. Shoaib Mir in Claim Settlement and Underwriting Committees to strengthen the Committees of the Board.

Item No: 5 Proposed ratification / compliance of Investment Committee of the Board's decision taken in the 60th Meeting held on October 01, 2012.

- **Re-Investment of funds (Deferred in 82nd Board of Directors' meeting held on 5th October, 2012)**

12. The Board ratified the decision of the Investment Committee of the Board for re-investment of Rs.1 (one) Billion as per decision taken in the 60th meeting of the Investment Committee held on October 1, 2012 (deferred in 82nd Board of Directors' meeting held on 5th October, 2012).

Item No:6 To review and re-consider PRCL holding in NIT Units (Deferred in 82nd Board of Directors meeting held on 5th October, 2012)

13. Mr. Sikandar Mahmood, Chairman, Investment Committee and Mr. Taufique Habib, Member, Investment Committee briefed the Board that in the 60th Investment Committee Meeting , they have recommended the following to the Board:-

“in view of changing interest rate scenario, the Board of Directors may be requested in the forth-coming meeting to revisit the earlier decision regarding redemption of 10% of NIT profit and till such time no redemption of NIT Units be made.”

14. On the recommendation of the Investment Committee, the Board of Directors endorsed the decision not to dispose of NIT investment at this stage. If need arises, the Investment Committee would refer the same to the Board of Directors.

15. As there being no other business, the meeting ended with a vote of thanks to and from the Chair.
