

**Pakistan Reinsurance Company Limited**

**Minutes of the 84<sup>th</sup> Meeting of the Board of Directors  
held on 30<sup>th</sup> October, 2012 at 1:00 p.m.**

The 84<sup>th</sup> Meeting of the Board of Directors was held on 30<sup>th</sup> October, 2012 at 1:00 p.m. 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:**

- |    |                       |          |
|----|-----------------------|----------|
| 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 |

**In attendance:**

- |    |                         |                             |
|----|-------------------------|-----------------------------|
| 1. | Mrs. Farzana Munaf,     | E.D./C.F.O.                 |
| 2. | Mr. Ayaz Hussain M. Gad | E.D.(B.D)                   |
| 3. | Mr. Shahzad F. Lodhi    | E.D.(H.R)/Company Secretary |

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 83<sup>rd</sup> meeting of the Board of Directors of PRCL**

3. The Board unanimously confirmed the minutes of the 83<sup>rd</sup> meeting of the Board of Directors held on 25.10.2012.

**Item No: 2     Consideration & Approval of Quarterly Accounts (Unaudited) of PRCL for the Quarter ended 30<sup>th</sup> September, 2012 alongwith Directors' Report**

4.     The Accounts for the 3<sup>rd</sup> Quarter ended 30<sup>th</sup> September, 2012 were presented to the Board by the Chairman of the Audit Committee, Mr. Sikandar Mahmood, for consideration and approval.

5.     The Financial Results of the Company indicate that the Gross Premium for the period was Rs. 5,472 Million, Net Premium before unearned Premium Reserve was Rs.2,803 Million and Net Premium after accounting for the effect of Premium Reserve adjustment was Rs.3,085 Million. The Gross Premium, Net Premium before unearned Premium Reserve and Net Premium after Premium Reserve for the corresponding period of the last year were Rs. 4,212 Million, Rs. 2,934 Million and Rs. 2,562 Million, respectively.

6.     The net claims were recorded at Rs. 1,530 Million, as compared to Rs. 1,451 Million in the corresponding period of last year.

7.     The Net Commission and Management Expenses aggregated to Rs.977 Million for the current Quarter, as compared to Rs. 828 Million for the corresponding period last year. Besides, the income from investment, rental and other income for the period were recorded at Rs. 821 Million, as compared to Rs. 792 Million in the corresponding period of last year.

8.     Profit before tax and after tax for the nine months ended September 30, 2012, was Rs.1,262 Million and Rs.925 Million, respectively, as compared to Net Profit before tax and after tax of Rs.1,012 Million and Rs.795 Million, respectively.

9.     After detailed discussion and consideration, the Board approved the Un-Audited Accounts as recommended by the Audit Committee for the nine months ended September 30, 2012, and passed the following Resolution:-

Resolved and approved that:

- a) Statements of Premium, Claims, Commission, Profit & Loss Account and Profit & Loss Appropriation Account for the nine months ended September 30, 2012;
- b) Balance Sheet as at 30<sup>th</sup> September, 2012; and
- c) Directors Report to the Shareholders;
- d) The Board authorized the Chief Executive and two of its Directors Mr. Sikandar Mahmood and Mr. Taufique Habib to sign the Un-Audited Accounts of PRCL for the nine months ended September 30, 2012.”

**Item No: 3     Payment of Rs.10,149,155/- to Karachi Port Trust (KPT) in respect of License Fee/Annual Ground Rent of PRC Towers and withdrawal of case filed by PRCL against KPT**

10. The Board was informed that an agreement of lease of plot measuring 8860 square feet was made between PRC and KPT w.e.f. 1<sup>st</sup> March, 1970 to 28<sup>th</sup> February, 1995 for a period of 25 years on 31<sup>st</sup> January, 1970. The annual fee of the plot under the supplemental agreement was fixed at Rs.94,997/- @ Rs.14.35 per square meter per annum, in addition to the Government, Karachi Municipal Corporation and other usual taxes, which was decided to be paid in two equal half yearly installments of Rs.47,499/-. PRCL made a request to KPT for renewal of Lease Deed for a further period of 25 years. KPT fixed the new rate of rent of Rs.260.52 per square meter per annum, with 4% escalation, on compound basis, every financial year.

11. PRCL requested KPT to review the exorbitant increase rate which was not considered by KPT management and served a Show Cause Notice on PRCL for cancellation of allotment of subject plot. PRCL filed an application for stay order in the court of Senior Civil Judge, Karachi (West). The court granted stay order for a period of six months that was vacated after the expiry of the time. PRCL again filed an application in the court for restoration of stay order, which was granted and the case is still in the court of competent forum.

12. The Chairman further informed the Board that an out-of-court settlement was sought through G.M.(A), KPT, by sending a team, headed by the Company Secretary, PRCL, which returned back as the concerned Estate officials of KPT informed that the action was taken at the level of the KPT Board of Trustees and that they were helpless to oblige.

13. The Board discussed the issue and suggested the following lines:-

- i) to resolve the issue amicably with the Management of KPT by using good offices by Chairman/ CEO, PRCL, and by the Director, Mr. Shoaib Mir and Mr. Sikandar Mahmood;
- ii) to check the rates (if possible, getting in writing) in the vicinity to ascertain the actual rates applied to the other offices/buildings located in the area;
- iii) whether the offices/buildings in the vicinity have agreed/agreed not to pay and likely to challenge in proper court of law.
- iv) to make a consortium with the other owners of the offices/buildings in the vicinity, which intend to file the case so that KPT can also be a party/intervener, and
- v) to keep continuing the existing case in the court of law and if need be, PRCL may consider hiring of a lawyer well reputed in dealing such type of cases.

**Item No: 4 Minutes of the following Board's Committee for information and ratification of the Board:-**

- i) 59<sup>th</sup> and 60<sup>th</sup> meetings of Investment Committee;**
- ii) 18<sup>th</sup> meeting of Underwriting Committee;**
- iii) 19<sup>th</sup> meeting of Reinsurance Committee;**
- iv) 18<sup>th</sup> meeting of Claim Settlement Committee (placed on the table).**

14. The Board noted/ratified the above minutes of the Committees.

**Any other item:-**

15. The Board of Directors decided to increase the Directorship Fee from Rs. 30,000/- to Rs.40,000/- per meeting of the Board and Committees of the Board. Besides this, the accommodation charges (existing 50% of the room rent i.e. Rs.7500/- per day) would now be

