



ECO Insurance Centre

ECOIC BULLETIN

2007



BIMEH MARKAZI OF IRAN HOSTS ECOIC MEETING

On November 14 & 15, 2007, Iran's Bimeh Markazi hosted the annual meetings of the Technical Committee & Management Board of ECO Reinsurance Pool and the Governing Body of the ECOIC. These meetings were held in the Conference room of the Bimeh Markazi Iran, Tehran.

The 27th meeting of the Technical Committee of ECO's Reinsurance Pool was held on November 14, 2007 which was attended by delegates from Turkey, Iran and Pakistan, the three regional partners of the Economic Cooperation Organization, ECO. The delegates discussed the working of the ECO Reinsurance Pool and approved its accounts. The Technical Committee also recommended to the Management Board the establishment of the ECO Reinsurance Company. The ECO Reinsurance Company's Article of Agreement requires signatures of members of all the founding countries.

The Management Committee met on November 15, 2007, and approved all the recommendations of the Technical Committee; and also approved the appointment of Auditors of the ECO Reinsurance Pool. The Governing Body meeting was held later where the Director of ECOIC Ayaz Hussain M. Gad explained the working of the ECOIC; the accounts and budget for 2007-2008 were approved by the Governing Body.

INSURANCE COMMUNICATION, AN INTERCHANGE OF PROFESSIONAL IDEAS

December 10, 2007: A two-day workshop was held under the auspices of the ECO Insurance Centre at the Centre's premises in Karachi.

First day's subject was 'Leadership' while 'Insurance Communication' was discussed at length on the second day. The Programme's facilitator, Ms. Tanveer Ishrat discussed the objectives of the workshop at length, which were:

- To gain conceptual understanding of the process of interpersonal communication
- To have a clear understanding of communication as a two-way process
- To identify barriers to communication
- To learn the skills of effective communication



- To be equipped with the skills required to understand non-verbal communication
- To practice interpersonal communication skills in order to be more effective as a manager and team leader

Speaking on the occasion, Mr. Tahir Ahmed, Chairman Insurance Association of Pakistan and Managing Director of New Jubilee Insurance Company, Mr. Ahmed congratulated the PRCL/ECO for conducting a successful workshop. He promised to extend all possible assistance in all such future endeavours.

The Managing Director of Saudi Pak Insurance Company Limited, Captain Azhar also commended the PRCL/ECO efforts and prayed that such workshops and seminars would become a regular feature at the ECO Insurance Centre.

Earlier, welcoming the participants, Director ECO, Mr. Ayaz Hussain M. Gad expressed satisfaction that representatives of 26 insurance companies were attending the workshop. Mr. Hussain while highlighting the objectives of the ECO Insurance Centre, said that conducting training workshops was one of them.

“It is heartening to note that the insurance companies of Pakistan are willing to participate in the programmes of the ECO Insurance Centre with such enthusiasm” said Mrs. Rukhsana Saleem, Chairperson of Pakistan Reinsurance Company Ltd on the successful completion of the two-day workshop. She hoped that ECO Insurance Centre would become an excellent grooming ground for future professionals in addition to playing its role in the promotion of economic cooperation in the region.

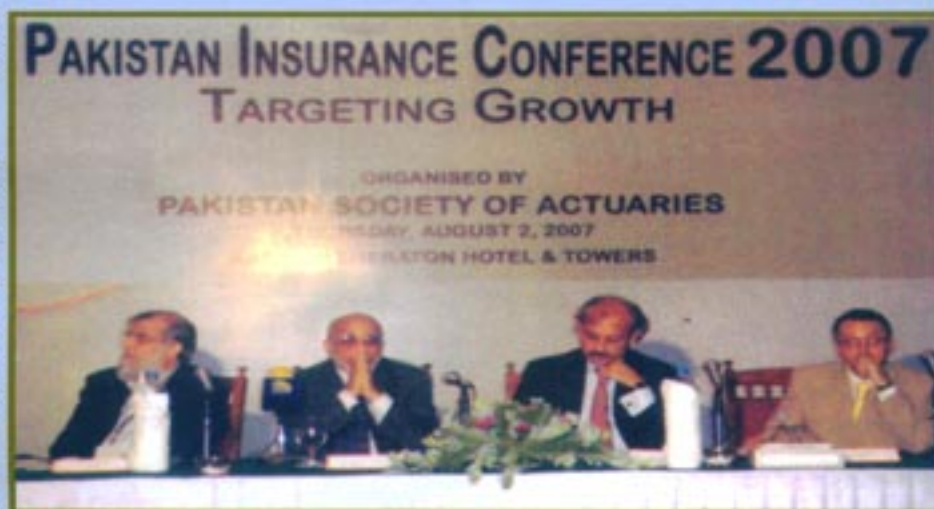


Mrs. Rukhsana Saleem
Chairperson
Pakistan Reinsurance Co. Ltd.

Pakistan Insurance conference: TARGETING GROWTH

The Pakistan Insurance Conference was held at the Sheraton Hotel Karachi on August 2, 2007. This was attended by the executives of the Insurance and Reinsurance industry, including the Chairman of the Security Exchange & Commission of Pakistan. The Conference was focused on giving its participants a detailed picture of the current financial scenario as also on the developments taking arena.

The keynote speaker of the Ahmed, Managing Director Company Limited and informed the delegates that companies that were business. He however of this business was written companies. He pointed out potential for sustained and insurance sector; he harness this potential, some adjustment in Pakistan's legislation, regulations and attitudes would have to be made.



keeping them abreast with effect in the insurance

conference was Mr. Tahir of New Jubilee Insurance Chairman IAP. Mr. Ahmed there were 40 insurance involved in the insurance lamented the fact that 85% by just 10 major insurance that there was tremendous rapid growth in the non-life suggested that in order to

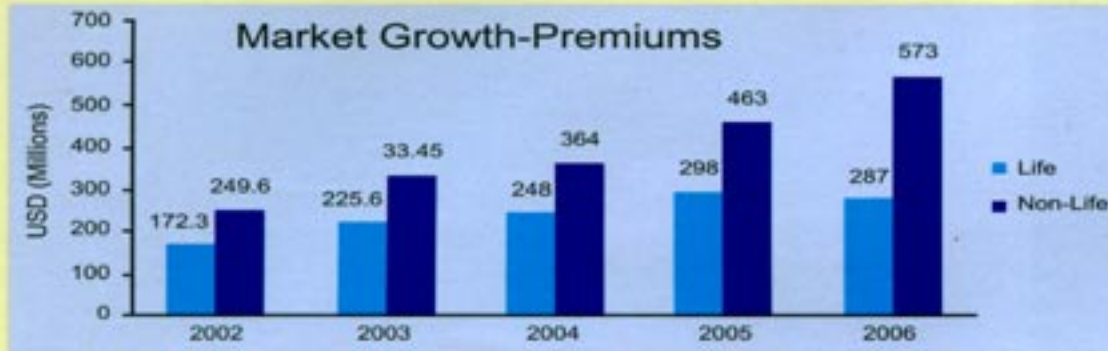
Mr. Ayaz Hussain M. Gad, General Manager Reinsurance PRCL and Director ECO, speaking on the occasion highlighted the recent positive steps taken by the PRCL. For this development he praised the professional sagacity and dynamic leadership of the Chairperson PRCL, Mrs. Rukhsana Saleem Khan. It was due to the Chairperson's personal interest he said that PRCL's business was developing and achieving the targeted goals; these being the rapid Claim Settlement, early replies to Facultative Offers and providing Training. Mr. Hussain cited the notification of the Ministry of Commerce which had made it mandatory for every insurer operating in Pakistan to reinsure with the PRCL. This implied that such business would not be less than 35% of the whole, which was in excess of the aggregate of:

- The insurer's net retention, and
- The sum insured otherwise reinsured with the company or with any other insurer in Pakistan but excluding any part reinsured outside Pakistan.

INTERNATIONAL MARKET TRENDS

The international reinsurance market had seen a very unusual hardening after the 9/11 incident; though this was not solely due to the 9/11 incident. In fact it could be ascribed to a natural outcome of years of a soft market cycle where 9/11 became the sudden change factor, a catalyst so to speak. The market remained very hard for the first two to three years but the shortage of capacity could not last for a longer period. The increased premium rates and above average profitability attracted new funds and capacity into insurance that started creating an over supply and soft conditions. The rates had increased to a level where the softening in the initial cycle was not creating noticeable erosion of profitability.

In the year 2006, some of the renewals attracted up to 30% reduction in the premium rates quoted by the international market. This year, i.e. in 2007, the trend has further gained momentum as the international market rates seems to be falling to 20% and 25% for the 2008 renewals. The international soft market was affecting Pakistan's market which had been showing good progress during the last few years.



DEPENDENCE ON INT'L MARKET CAPACITY REDUCING PREMIUM POOL

Pakistan's market traditionally is short of local capacity. The trends in the international market start showing their effects very fast. This is because almost all the key accounts in Pakistan are controlled by the foreign brokers and are placed in the international market. Trend of big rate reductions is therefore seen in almost all of the large accounts; this translates into fewer premiums available to absorb any major loss producing events. The dependence on the international market capacity is also reducing the locally available premium pool, making the situation more complicated. If the balance sheets of Eastern Federal Union (EFU) and Adamjee Insurance Company for the third quarter of the year 2007 were to be considered, both the companies have shown underwriting losses for the third quarter this year as compared to profit in the same period of 2006. This is a very clear indication that the market rates were sliding to uneconomic levels and may create an extreme situation for the industry if the trend continued.

EFU GROUP CELEBRATES

75th Year of its EXISTENCE

Karachi: Eastern Federal Union held a Gala Dinner at a local hotel to celebrate its 75th birthday. A large number of businessmen, notables of the insurance industry, foreign guests attended the function. The evening's high point was Zia Mohyeddin's recitation of the works of Pakistan's noted men of letters. Mr. Mohyeddin, the famous stage personality, paid rich tributes to Mr. Roshan Ali Bhimjee, the late Founder/Chairman of EFU, as a friend and humanist.

Later, Dr. Arnoldnussen, Member Board of Munich-Re, presented a memento to the EFU Management to mark their long association with the EFU.



Mrs. Roshan Ali Bhimjee, widow of the then Chairman EFU is seen in the picture cutting the cake to mark EFU's 75 years of "Caring and Sharing".

PRESS RELEASE

Mrs. Rukhsana Saleem Khan, Chairperson, Pakistan Reinsurance Company Limited Alongwith Mr. Ayaz Hussain M. Gad, General Manager Reinsurance/ Director (ECOIC), attended 20th FAIR Conference Held In Morocco (Marrakech) From 17th October, 2007 To 21st October, 2007.

The Objectives Of The Conference Were To Discuss.

The New Challenges Facing the Insurance/reinsurance Industry And Risks Arising Out Of Globalization.

The Recommendations Of The Conference Were To Adopt New Practices In Underwriting, Loss Adjusting And Other Ancillary Services To Make Their Market More Competitive And To Access Business In The International Market.



Photographs of Chairperson Mrs. Rukhsana Saleem of PRCL at 20th FAIR Conference Marco-Maraksh



Participant of ECO IC Workshop on Leadership & Insurance Communication held on 10th & 11th December 2007



ECO Staff

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"It allows me to meet with different people throughout the region. It's an excellent opportunity to network and learn more about the different countries and companies. Hopefully, this conference will enhance my company's capacity and generate more business for us. The conference inspires our confidence to want to play a more active role to engage in any future dealings."
Mr Ayaz Hussain M Gad, General Manager,
Pakistan Reinsurance Co

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