



Pakistan Insurance Corporation

ESTABLISHED UNDER THE PAKISTAN INSURANCE CORPORATION ACT NO. XXXVIII OF 1952

THIRD ANNUAL REPORT

Reports and Statements of Accounts
for the year ended 31st December 1955

Head Office
Lloyd Bank Building
McLeod Road
Karachi

PAKISTAN INSURANCE CORPORATION
KARACHI.

Report by the Board of Directors
for the year ended 31st December, 1955.

To the Shareholders,

Your Directors are pleased to submit the Revenue Accounts and Profit and Loss Account for the year ended 31st December, 1955, and the Balance Sheet as at 31st December, 1955, together with the Report of the Auditors.

You are reminded that the Corporation commenced business on the 16th July, 1953, and that the First Annual Report dealt with an earning period of 5½ months only. Therefore, this, the Third Annual Report, deals with the second full calendar year of the Corporation's activities.

1955 was uneventful and despite some serious fires in East Pakistan the overall results in the Fire Department were quite satisfactory. The Fire Treaty Account of more than five lacs and the Fire Facultative Account of nearly five lacs also contributed to the favourable results in this department. The Marine loss ratio at 66.15% is disappointing but may be due to the estimation of outstanding claims without regard to final settlements proving more favourable or recoveries being effected from carriers. Marine revenue has increased by Rs. 2,53,166/- which in itself increases the Premium Reserve and the main factor which has produced the loss of Rs. 2,36,334/- in this Department is the fixation of the Premium Reserve at 40% for 1955 against 30% for 1954, giving a financing charge of Rs. 2,09,716/-. Miscellaneous revenue has also shown an increase, viz. Rs. 1,00,495/- and the loss ratio of 29.83% is surprisingly good having regard to the fact that Motor Business in Pakistan carries a large burden of damage claims. Other classes of Miscellaneous risks appear to have more than compensated. Again it is to be hoped that Insurers have made adequate provision for outstanding liabilities.

Revenue accounts have been prepared separately for Fire, Marine and Miscellaneous business as required by the Act but the purport of the figures may be seen at a glance from the following composite picture, after crediting premium and loss reserves brought forward from the previous year:

Consolidated Statement—Fire, Marine and Miscellaneous.

Premiums less returns & cancellations	... ...	Rs. 56,74,172 0 0
Less Retrocessions	... ...	Rs. 13,36,235 4 0
		<hr/>
Less Commissions	... ...	Rs. 43,37,936 12 0
		<hr/>
	Nett Income ...	Rs. 15,31,958 5 0
		<hr/>
LESS		Nett Income ... Rs. 28,05,978 7 0
Losses Incurred	... 23,61,308 2 4	
Less Retrocession		
Recoveries	... 6,37,512 8 0	17,23,795 10 4
Expenses of Management		3,06,982 11 4
Premium Reserves (Nett)		3,27,181 9 0
		<hr/>
	Nett Underwriting Surplus ...	Rs. 4,48,018 9 4
		<hr/>

The Gross Underwriting Revenue has increased by Rs. 11,82,434/- compared with 1954 and the Retrocession Account has also increased by Rs. 6,84,498/-. This indicates that reciprocal exchanges are improving and the Corporation has yet to receive the full benefits therefrom as it has only taken into the 1955 figures the reciprocity for which statements were received up to the date of closing the books.

On the other hand, with greater activity in the fields of voluntary business, facultative and treaty and international exchanges, the work of the Corporation has increased considerably with a corresponding outlay of office expenses. In addition, as provided by the Act, Branches were established during the year at Dacca and Lahore. These Branches provide an important service to Insurers in those areas for promptly handling queries, reporting on major concentrations of risks and serious losses, and dealing with the treaty and facultative needs of local offices.

Publicity and Training has been expanded during 1955 and a worthwhile effort has been made to educate the Public more fully in the important role of insurance in Pakistan. Lectures and tuitions have been available through the Corporation to all insurance employees in Karachi and this work is now being extended to Dacca and Lahore per medium of the Corporation's Branches.

The National Co-insurance Scheme has been a further contribution made by the Corporation at a nett cost of Rs. 7,536/-. The Corporation is the medium for servicing the Insurance requirements of Government accounts and the business as placed amongst the Insurance Companies, with the Corporation acting as the clearing house for premiums and claims. Many countries build up a Government Schedule for distribution and, in Pakistan this task is progressing although much remains to be done at Dacca and Lahore where our Branches can be used to advantage on this programme.

Your Directors are happy to record a profit of Rs. 5,09,664-2-10 for the year which, with the balance of Rs. 1,05,599-3-7 brought forward from 1954 has been allocated as follows :—

Dividend for 1954	... Rs. 1,00,000-0-0
General Reserve	... Rs. 1,00,000-0-0
Reserve for Bad & Doubtful Debts	... Rs. 25,000-0-0
Contingency Reserve	... Rs. 38,000-0-0
Taxation Reserve	... Rs. 2,40,000-0-0
Profit & Loss Account	... Rs. 1,12,263-6-5

Accordingly, your Directors have been pleased to declare a dividend of 4% (tax free) from the profit remaining of Rs. 1,12,263-6-5. At the same time, the Directors have granted to the Management and Staff a bonus of one month's basic salary or proportionate part thereof according to the number of days (not less than 180) served during 1955, a total award of Rs. 10,956-12-0.

The Directors wish to express their thanks to the Staff for their conscientious and loyal service throughout the year ; also, the Directors desire to record their appreciation of the co-operation given by the Insurance Association of Pakistan, all Insurers and Overseas Associates and the Government of Pakistan, especially the Ministry of Commerce and the Ministry of Finance.

K. F. HAIDER

Chairman.

M. M. JUNAID
FAKHRUDDIN VALIBHAI
NASIM HASAN
KHAWAJA BASHIR BAKHSH
MEHER ALI SHAH BUKHARI

Directors.

D. W. PURNELL

Managing Director.

PAKISTAN INSURANCE CORPORATION
REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the annexed Balance Sheet of the Pakistan Insurance Corporation as at 31st December, 1955, the Fire, Marine and Miscellaneous Business Revenue Accounts, and the Profit and Loss Account of the Corporation for the year ended upon that date and report that :—

- (a) We have obtained all the information and explanations which we have required;
- (b) Such Balance Sheet is a full and fair Balance Sheet and exhibits a true and correct view of the state of the Corporation's affairs, according to the best of our information and the explanations given to us and as shown by the books of the Corporation.

S. S. ALI QADRI
For S. RASOOL & CO.,
Registered Accountants
& Auditors,

R. M. BILIMORIA
For RAHIM JAN & CO.,
Chartered Accountants.
Registered Accountants.

PAKISTAN INSURANCE CORPORATION

REVENUE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1955.
FIRE BUSINESS

	Rs.	as.	P.	Rs.	as.	P.	Rs.	as.	P.	Rs.	as.	P.	
Commissions	8,42,566	4	0	Premium Reserve brought forward from last year	...	...
Claims paid	7,09,360	10	0	5,59,248	0	0	Reserve for Outstanding Claims brought forward from last year	...	...
Less Recoveries under Retrocessions	...	1,50,112	10	0	1,75,571	0	0	1,75,571	0	0	Premiums	...	...
Expenses of Management	2,42,230	15	0	2,42,230	15	0	Less—Retrocessions	...	...
Reserve for Outstanding Claims	8,56,949	7	0	11,02,825	4	0	Premium Reserve being 40% of the Premiums less Retrocessions for the year ...	...	...
Profit transferred to Profit and Loss Account	5,17,111	3	0	21,42,373	9	0	Profit transferred to Profit and Loss Account	...	...
												Rs. 31,93,676 13 0	

As per our Report annexed.

R. M. BILIMOKIA
RAHIM JAN & Co.,
Chartered Accountants,
Registered Accountants.

M. R. JONAH
FAKHRUDDIN VALIBHAI
NASIM HASAN
KHAWAJA BASHIR BAKHSH
MEHER ALI SHAH BUKHARI

D. W. PURNELL *Managing Director.*

Karachi, 28th June, 1956.

PAKISTAN INSURANCE CORPORATION

REVENUE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1955

MARINE BUSINESS

	Rs.	as.	P.	Rs.	as.	P.	Rs.	as.	P.	Rs.	as.	P.	
Commissions	0	4,37,888	10	0	Premium Reserve brought forward from last year	...	...	3,84,021	14	0	
Claims paid	4	5,96,271	14	4	Reserve for Outstanding Claims brought forward from last year	...	...	3,62,268	4	0	
Less Recoveries under Retrocessions	...	20,959	12	0	5,75,312	2	4	Premiums	16,84,866	15	0
Expenses of Management	0	91,154	5	0	Less Retrocessions	...	...	2,00,521	13	0	
Reserve for Outstanding Claims	0	7,68,877	0	0	Loss transferred to Profit and Loss Account	...	...	14,84,345	2	0	
Premium Reserve, being 40% of the premiums less Retrocessions for the year	...	5,93,738	1	0	0	0				2,36,334	14	4	
				Rs.	24,66,970	2	4			Rs.	24,66,970	2	4

As per our Report annexed.

S. S. ALI QADRI
For S. RASOOL & Co.,
Registered Accountants
& Auditors.

R. M. BILIMORIA,
For RAHIM JAN & Co.,
Chartered Accountants.
Registered Accountants.

M. M. JUNAID
FAKHRUDDIN VALIBHAI,
NASIM HASAN
KHAWAJA BASHIR BAKHSH
MEHER ALI SHAH BUKHARI

K. F. HAIDER
Chairman

D. W. PURNELL
Managing Director

Karachi, 28th June, 1956.

PAKISTAN INSURANCE CORPORATION

REVENUE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1955.
MISCELLANEOUS BUSINESS

	Rs.	as.	P.	Rs.	as.	P.	Rs.	as.	P.	Rs.	as.	P.		
Commissions	2,51,503	7	0	Premium Reserve brought forward from last year ...	...	...	2,44,438	9	0		
Claims paid	1,91,831	8	0	Reserve for Outstanding Claims brought forward from last year ...	...	...	91,431	11	0			
Less Recoveries under Retrocessions ...	---	---	1,91,831	8	0	40,257	6	4	Premiums ...	...	7,44,106	4	0	
Expenses of Management	1,11,766	7	0	Less—Retrocessions ...	...	...	32,888	3	0	7,11,218	1	0
Reserve for Outstanding Claims	2,84,487	4	0	Profit transferred to Profit and Loss Account ...	...	...	Rs. 10,47,088	5	0			
Premium Reserve being 40% of the Premiums less Retrocessions for the year	1,67,242	4	8									
Profit transferred to Profit and Loss Account	Rs. 10,47,088	5	0									

As per our Report annexed.

S. S. ALI QADRI
For S. RASOOL & Co.,
Registered Accountants
& Auditors.

Karachi, 28th June, 1956.

K. F. HAIDER

Chairman.

R. M. BILIMORIA
RAHIM JAN & Co.,
Chartered Accountants,
Registered Accountants
& Auditors.

D. W. BURNELL

Managing Director.

M. M. JUNAID
FAKHRUDDIN VALIBHAI
NASIM HASAN
KHAWAJA BASHIR BAKHSH
MEHER ALI SHAH BUKHARI

Directors.

PAKISTAN INSURANCE CORPORATION

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1955

	Rs.	as.	P.	Rs.	as.	P.	Rs.	as.	P.	Rs.	as.	P.
Expenses of Management (not applicable to any particular Revenue Account)—				Interest and Dividends less Income Tax thereon								
Directors' Fees and Travelling Allowance	2,921	15	0	Profit transferred from Revenue Accounts—								
Publicity & Training Scheme	19,669	6	7	Fire	5,17,111	3	0					
Auditors' Fees ...	3,600	0	0	Miscellaneous	1,67,242	4	8					
Professional Fees & Other Expenses ...	900	0	0	Other Receipts—								
Expenses A/c National Co-insurance Scheme	8,953	6	6	Share Transfer Fees								
	<u>2,36,334</u>	<u>14</u>	<u>4</u>	Secretarial Fees Account								
Loss transferred from Revenue Account—				National Co-insurance Scheme								
Marine				Difference in Exchange								
Other Expenses—												
Interest on Deposits Retained from Other Companies												
	2,013	12	0									
Nett Profit for the year carried down												
	<u>5,09,664</u>	<u>2</u>	<u>10</u>									
	<u>7,84,057</u>	<u>9</u>	<u>3</u>									
Dividend for the year 1954												
Amount transferred to—												
General Reserve	1,00,000	0	0									
Reserve for Bad & Doubtful Debts	25,000	0	0									
Reserve for Contingencies ...	38,000	0	0									
Reserve for Taxation	2,40,000	0	0									
	<u>4,03,000</u>	<u>0</u>	<u>0</u>									
Balance carried forward to the Balance Sheet ...												
	1,12,263	6	5									
	<u>Rs.</u>	<u>6,15,263</u>	<u>6</u>	<u>5</u>								

As per our Report annexed.

S. S. ALI QADRI
For S. RASOOL & Co.,
Registered Accountants
& Auditors.

Karachi, 28th June, 1956.

K. F. HAIDER

Chairman

M. M. BILLIMORIA,
FAKHRUDDIN VALIBHAI
NASIM HASAN
KHAWAJA BASHIR BAKHSH
MEHER ALI SHAH BUKHARI

For RAHIM JAN & Co.,
Chartered Accountants.
Registered Accountants.

Directors.

D. W. IRNELL

Managing Director.

PAKISTAN INSURANCE CORPORATION

PAKISTAN INSURANCE CORPORATION

BALANCE SHEET AS AT 31st DECEMBER, 1955.

LIABILITIES	Rs. as. P. Bs. as. P.	ASSETS	Rs. as. P. Rs. as. P.
Capital—			
Authorised—			
1,00,000 Shares of Rs. 100/- each	1,00,00,000 0 0	Investments— at cost	23,93,004 12 0
Issued and Paid-up—		Government and Other Securities	16,02,954 4 0
20,000 Shares of Rs. 100/- each, fully paid up.	20,00,000 0 0	Stock and Shares	5,14,500 0 0
General Reserve ***		Debentures	...
Reserve for Bad and Doubtful Debts	1,00,000 0 0	Mortgages	...
Reserve for Contingencies	1,00,000 0 0	Land and Buildings	...
Reserve for Taxation	3,78,750 0 0	(Market Value as at 31st December, 1955— Rs. 45,47,950-6-0)	45,10,459 0 0
Profit and Loss Account	1,12,263 6 5	Amounts due from other persons and bodies carrying on insurance business ...	13,52,454 4 6
Reserve for Outstanding Claims—		Deposits Held by Ceding Companies	1,68,784 0 0
Fire	2,42,230 15 0	Cash in Hand and at Bank	2,48,143 7 7
Marine	7,68,877 0 0	Interest Accrued and Outstanding less income tax ...	18,418 8 0
Miscellaneous	1,11,766 7 0	Sundry Debtors	60,071 13 5
Premium Reserves—	11,22,874 6 0	Other Assets—	
Fire	8,56,949 7 0	Furniture, Fixtures, Office Equipment and Vehicles—at cost less depreciation	60,847 7 3
Marine	5,93,738 1 0	Stock of Stationery in Hand	1,985 12 0
Miscellaneous	12,84,487 4 0	Advances, Deposits and Prepaid Expenses	56,059 0 11
Amounts due to Other persons or bodies carrying on insurance business	17,35,174 12 0		Rs. 64,77,223 5 8
Deposits retained from other Companies			
Sundry Creditors	5,94,237 10 0		
	2,78,219 5 0		
	30,703 14 3		
Note—There is a contingent liability of Rs. 9,51,595/- in respect of calls not yet made on partly paid shares held by the Corporation as investments.			
	Rs. 64,77,223 5 8		

As per our Report annexed.

S. S. ALI QADRI
For S. RASOOL & Co.,
Chartered Accountants,
& Auditors.

R. M. BILIMORIA
RAHIM JAN & Co.,
Chartered Accountants,
Registered Accountants.

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Directors.

D. W. PURNELL

Managing Director.

Karachi, 28th June, 1956.

PAKISTAN INSURANCE CORPORATION

KARACHI

NOTIFICATION

The Third Annual General Meeting will be held at Lloyds Bank Building, McLeod Road, Karachi, on 11th August, 1956, at 12 noon when the following business will be transacted namely :—

- (1) Confirmation of the minutes of the Second Annual General Meeting held on 20th June, 1955.
- (2) The Balance Sheet, the Revenue Accounts and the Profit and Loss Account for the year ending the previous 31st December, together with a report by the Board on the working of the Corporation throughout the year and the Auditors' Report on the said Balance Sheet and Accounts will be read and considered.
- (3) The Chairman shall announce the dividend in respect of the 1955 Accounts declared by the Board at their meeting held on 30th June, 1956.

No other business shall be transacted or discussed except with the consent of the Chairman.

By Order of the Board,

D. W. PURNELL
Managing Director,

Karachi
11th July, 1956.

The Share Transfer Register of the Corporation will remain closed for 21 days from the 23rd July, 1956, to the 12th August, 1956, both days inclusive.