



**PAKISTAN
INSURANCE
CORPORATION**

**ANNUAL
REPORT
1974**

22

ND

ANNUAL REPORT AND ACCOUNTS '74

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PAKISTAN INSURANCE CORPORATION
Established under the Pakistan Insurance Corporation Act XXXVIII of 1952



**BOARD
OF
DIRECTORS**

H. U. BEG	.. Chairman
FAZLUR RAHMAN KHAN	.. Director
ABDUL WAHEED	.. Director
S. SAMEE-UL-HASAN	.. Director
N. M. QURESHI	.. Director
MUHAMMAD ISHAQUE KHAN	.. Director
NASIM AHMED KHAN	.. Managing Director

PAKISTAN INSURANCE CORPORATION

HEAD OFFICE

Pakistan Insurance Building,
M. A. Jinnah Road,
P.O. BOX No. 4777,
Karachi-2 (Pakistan)

LAHORE OFFICE

WAPDA House, 4th Floor
Shahrah-e-Quaid-e-Azam,
P. O. Box No. 578,
Lahore (Pakistan)

AUDITORS

FEROZE SHARIF & CO.
TASEER HADI KHALID & CO.





The Shareholders,
Pakistan Insurance Corporation,

Gentlemen,

We have pleasure in presenting our 22nd Annual Report, the Balance Sheet as at 31st December, 1974 together with Revenue Accounts, the Profit and Loss Account and Profit and Loss Appropriation Account for the year ended 31st December, 1974 and the Report of the Auditors thereon.

The Corporation has made satisfactory progress during the year and has earned a net profit of Rs. 1.60 crores. This profit has been arrived at after writing off the books, the net current Assets relating to East Pakistan amounting to Rs. 82.69 lacs. The Profit, before writing off the East Pakistan assets amounts to Rs. 2.43 crores and depicts a very significant improvement over the last two years. The Net Profit for 1972 on the contrary, was arrived at after taking a credit of Rs. 1.02 crores from the Exceptional Loss Reserve. The table appended below, gives a comparative position of the working results of the Corporation for the years 1972, 1973 and 1974:

		(In lacs of Rupees)		
		1972	1973	1974
Net Profit as per the Profit & Loss Account	62.87	109.24	160.22
Appropriation from the Exceptional Loss Reserve	102.00	—	—
Net Current Assets relating to East Pakistan written off	—	—	82.69
Net position		(-) 39.13	109.24	242.91

A summary of the Accounts is given below:—

Revenue Accounts:

(In lacs of Rupees)

	Fire		Marine		Misc.		Life		Total	
	1973	1974	1973	1974	1973	1974	1973	1974	1973	1974
Gross Premium	580.72	863.25	1226.60	1639.87	567.17	701.44	8.39	(-) 5.69	2382.88	3198.87
Retro Premium	271.12	435.89	670.44	757.97	378.31	431.36	(-) 0.53	(-) 0.26	1319.34	1624.96
Net Premium	309.60	427.36	556.16	881.90	188.86	270.08	8.92	(-) 5.43	1063.54	1573.91
Net Commission	141.13	214.58	154.94	275.23	44.96	75.43	1.31	(-) 0.59	342.34	564.65
Claims ..	117.84	136.28	294.12	348.69	132.97	121.08	13.71	(-) 6.43	558.64	599.62
Expenses of Management	9.21	13.14	19.44	24.96	8.99	10.68	0.13	—	37.77	48.78
Premium Reserve Adjustment ..	33.79	47.11	45.21	130.29	(-) 7.98	32.49	—	—	71.02	209.89
Life Fund Increase	—	—	—	—	—	—	(-) 6.23	1.59	(-) 6.23	1.59
Underwriting Profit ..	7.63	16.25	42.45	102.73	9.92	30.40	—	—	60.00	149.38

DIRECTORS' REPORT

The year 1974 has been a landmark in the history of your Corporation as its Gross Premium Income has gone up to as high a figure as Rs. 31.99 crores as compared to Rs. 23.82 crores only in 1973. There has been overall improvement in all classes of Business with the exception of Life, where the business, in fact, shows a negative amount, which is consequential to the cancellation of treaties from May, 1973. The figure under the Miscellaneous head is derived from Aviation, Accident and Engineering Business.

The claims experience in 1974 has been exceptionally favourable. The net claims paid during the year amounted to Rs. 599.62 lacs as compared to Rs. 558.64 lacs paid in the preceding year. The modest increase in the claim expenses during the year under review is quite nominal since in terms of percentage, it has fallen significantly in relation to that of the last year. Against claim ratio of 52.5% in 1973 it has gone down to 38.09% only which shows a marked improvement. This noticeable achievement has been brought about by following a judicious policy in the matter of reinsurance arrangement.

Profit and Loss Account:

The Profit and Loss Account, after accounting for income from investment and other sources and allowing for outgo on various heads not allocable to Revenue Accounts, and after adjusting the Net Current Assets relating to East Pakistan amounting to Rs. 82.69 lacs, discloses a net profit of Rs. 160.22 lacs as shown below:

		(In lacs of Rupees)	
Underwriting Profit.		Rs. 149.39	
Income from Investment and other sources		Rs. 97.85	
	Total income		Rs. 247.24
Miscellaneous Expenses		Rs. 4.33	
Net Assets relating to East Pakistan written off		Rs. 82.69	
	Total Expenses		Rs. 87.02
	Net Profit.		Rs. 160.22

Allocation of Profit :

To the net profit of Rs. 160.22 lacs for the year 1974 a sum of Rs. 9.10 lacs brought forward from the last year and also Rs. 12.50 lacs being the difference between the provision for taxation made and the actual tax liability determined by the Income Tax authorities for the assessment years ending 31-12-1970 has been added. Thus a sum of Rs. 181.82 lacs has become available for appropriation, which we propose to make as under:—

(a) Dividend for 1973	Rs. 3.75 lacs
(b) Exceptional Loss Reserve	Rs. 157.00 lacs
(c) Taxation Reserve	Rs. 1.00 lacs
(d) Investment Fluctuation Reserve	Rs. 4.50 lacs
(e) Exchange Fluctuation Reserve	Rs. 10.00 lacs
(f) Available for Dividend for the year 1974 and to be carried forward next year	Rs. 5.57 lacs

The Investment fluctuation Reserve at (d) above has been created to take care of the depreciation in the value of our Investments whereas the Exchange Fluctuation Reserve at (e) above has been created to meet abnormal loss which may accrue to the Corporation as a result of unusual fluctuations in the exchange rates of currencies.



Balance Sheet:

The Corporation's financial and underwriting reserves continued to accumulate satisfactorily during the year and stood as under on 31-12-1974:—

(a) Paid up capital			Rs. 50.00 lacs
(b) Financial/Other Reserves			
Exceptional Loss Reserve	Rs. 457.00		
Investment Fluctuation Reserve	Rs. 4.50		
Exchange Fluctuation Reserve	Rs. 10.00		
General Reserve	Rs. 43.00		
Reserve for Taxation	Rs. 32.50		
Reserve for Bad & Doubtful Debts	Rs. 1.50		
Gratuity Fund	Rs. 5.06		
			Rs. 553.56 lacs
(c) Technical Reserves:			
Premium Reserve	Rs. 662.43		
Life Fund	Rs. 3.38		
Reserve for outstanding claims	Rs. 520.90		Rs. 1,186.71 lacs
Total Capital & Reserves			Rs. 1,790.27 lacs

The overall reserves at Rs. 1790.27 lacs show perceptible improvement of Rs. 465.50 lacs during the year 1974 as compared to the position in 1973 when they appeared at Rs. 1324.87 lacs only. Doubtless, this rapid growth of reserves would greatly strengthen the Corporation's image both at home and Overseas.

The Investments of the Corporation at the end of 1974 amounted to Rs. 475.84 lacs, the break-up of which is given below:—

(In lacs of Rupees)

Government Loans, Bonds and Certificates	Rs. 73.33
Stock and Shares	Rs. 255.30
Debentures	Rs. 26.25
Govt. Treasury Deposit Receipts	Rs. 100.02
	Rs. 454.90
Land and Building	Rs. 20.94
Total:	Rs. 475.84

The above investment does not include investments held up in former East Pakistan amounting to Rs. 164.69 lacs.

The investment income has increased at a good pace during the year under review. The return from the investment in Government Loans, Govt. Treasury Deposit receipts, debentures and shares etc. of Semi-Government Institutions and Joint Stock Companies in private sector, the rent accruing on Corporation's building and interest on deposits for the year 1974 aggregates to Rs. 32.78 lacs as against Rs. 26.75 lacs only in 1973. In addition, Bonus Shares of the face value of Rs. 4.38 lacs received during the year from various Joint Stock Companies on our Investments, have not been included in our Investment Income in order to meet the requirements of our Auditors.

DIRECTORS' REPORT

As in the preceding year, there has not been any Income from Investment in East Pakistan during the year 1974 with the exception of interest paid by the Federal Government on the East Pakistan Government Loans of Rs. 5.00 lacs.

The Corporation continued to provide liberal reinsurance facilities to the domestic companies and with a view to absorbing reinsurance business to the maximum retention capacity within the country, the Corporation offered the same terms to the companies on their reinsurance business as obtainable by them from abroad. The placement of PIC's own reinsurance covers for 1975 were planned in advance. It was possible to diversify market which, in turn, enabled the Corporation to establish and enlarge the direct relations with a number of important professional reinsurers throughout the world.

The reinsurance arrangements for Hull business have also been revised to provide additional and automatic protection for the expanding Hull reinsurance business in 1975 with liberty to the Corporation in the rating of country's Hulls. The reinsurance arrangements for 'NIF' business have been aimed at the objective of retaining maximum business within the country with considerable saving of foreign exchange outgo thereon.

The Life Department of PIC was established in 1964, mainly to give on the spot advice to the Life Insurance Companies on technical matters as well as to provide reinsurance facilities within the country on competitive basis. With the nationalisation of Life Business in Pakistan all the Treaties with PIC were cancelled and, therefore, after May, 1973 no fresh business has been placed with PIC. The Life Reassurance Department accordingly prepared the final accounts of all the defunct Ceding Companies and refunded a prorata gross premium of Rs. 5.69 lacs during the year. The settled claims for the year amounted to Rs. 1.45 lacs. The outstanding liability for the next year, in respect of claims still remaining unsettled has been estimated at Rs. 5.23 lacs.

Your Corporation continued to manage the Export Credits Guarantee Scheme on behalf of the Federal Government. The Scheme, which is essentially in the nature of export support measure, has afforded considerable assistance to the new and small entrepreneurs and also to boost the export of manufactured and semi-manufactured goods of non-conventional types to new and difficult markets. During the year under report, the Scheme has extended assistance to export trade to the tune of Rs. 1.66 crores under post-shipment guarantee and Rs. 1.47 crores under pre-shipment guarantee.

Recently, due to the difficulties in the export of conventional goods to conventional markets, the need for diversification of the markets and easing of the terms of payment, the export sector has been placing increasing demand on the ECGS. This necessitated review of overall working of the Scheme. The review has accordingly been undertaken with a view to initiating, extending and instituting procedural and/or operational improvements designed to increase its coverage and improve the utility and benefits of the ECGS. It has also been proposed to the Government to extend the life of the Scheme upto 1980.

The National Insurance Fund established w.e.f. 1-7-1973 for the purpose of insuring the public sector properties and interests continued to be managed by your corporation during 1974. The Fund is wholly owned by the Government and as such all profits accruing from its operations would revert to Government instead of being distributed to private sector insurance companies as was in vogue under NCS arrangements. With the continued technical assistance provided by your Corporation both on the underwriting and reinsurance sides, the Fund was able to render valuable and prompt service to its large number of clients despite numerous handicaps at the initial stages of its operation. The business of the Fund which has been conducted in accordance with the normal principles, practices and usages obtaining in the international insurance business has shown promises of substantial development during the year under report. Its premium income which amounted to Rs. 4.71 crores during first six months of its operation increased to Rs. 15.82 crores in 1974 and is expected to go up to Rs. 19.35 crores in 1975.

The successful operations of the Fund have resulted in a surplus of Rs. 1.40 crores in 1974 as against Rs. 39.62 lacs during first half year of its operation i.e. July to December, 1973. The Fund which started without any working capital and reserve has accumulated reserves of Rs. 1.80 crores upto the end of 1974, which may rise to Rs. 3.35 crores by the end of 1975. The Fund has thus been able to consolidate its position during the year under review—a feat which no insurance company has ever been able to achieve. It is hoped that activities of the Fund will receive a further fillip in 1975.

In regard to the Regional Co-operation, the Corporation continued to play an active role in the field of insurance and reinsurance. The meetings of the Technical Committee and the Management Board were held at Karachi during January, 1974 followed by Seminar in which delegates from Iran, Pakistan and Turkey participated. Concrete steps have been taken in the formation of Integrated RCD Pool which commenced operations from 1st January, 1975 under the management of 'Milli Reasurans' T.A.S., of Turkey. This is a step towards the ultimate objective of the formation of RCD Reinsurance Company. It is expected that in the very first year the Integrated Pool would write a premium of \$ 2.5 million. The Management of Integrated Pool would rotate among the three Reinsurance Corporations of the Region.

The RCD Insurance Centre at Karachi continued to render useful service to the cause of RCD collaboration. Concrete proposals were formulated by the Centre for improving the services and results of the RCD Reinsurance Pools as well as settlement of Accounts pertaining to the different Pools.

The Corporation has continued to extend its support to the Federation of Afro-Asian Insurers and Reinsurers (FAIR) of which the Corporation is a Founder Member. The FAIR Reinsurance Pool has started functioning from 1st January, 1974 and has made a remarkable beginning. A number of countries in the Region have joined the FAIR Pool in 1975 providing further strength to the collaboration among the insurers and reinsurers of the Region.

Since the last report, there have been changes in the constitution of the Board of Directors of the Corporation. M/s Fazlur Rahman Khan and Abdul Waheed have joined the Board as representatives of the Federal Government in place of Miss Gulzar Banoo and Mr. A.Z. Faruqui respectively. Mr. Arshad Ali Toor has retired and Mr. S. Samee-ul-Hasan has joined the Board of Directors as the representative of the share-holders. Mr. M.R. Khan has also retired to join Asian Development Bank. The Directors wish to place on record their deep appreciation of the valuable services rendered by the outgoing Directors and welcome the new Directors who bring with them rich and varied experience. It is hoped that your Corporation will make further strides towards the greater progress under their able guidance.

The Directors wish to express their appreciation of the tireless and devoted efforts put in by the Management, officers and the staff of the Corporation in building up the Corporation into a still sound and prosperous organization. The Directors also wish to express their thanks to the Government of Pakistan, the Insurance Association of Pakistan, all insurers working in Pakistan and foreign reinsurers and reinsurance brokers and all of their numerous overseas associates, particularly the RCD partners for the valuable assistance received by the Corporation during the year.

The Directors are pleased to declare a dividend of 7-1/2% for the year 1974.

H. U. Beg	Chairman
FAZLUR RAHMAN KHAN	} Directors
ABDUL WAHEED	
S. SAMEE-UL-HASAN	
N. M. QURESHI	
MUHAMMAD ISHAQUE KHAN	
NASIM AHMED KHAN	Managing Director

**DIRECTORS'
REPORT**

**22 YEARS
AT
A GLANCE**

(In lacs of Rupees)						
YEAR		Gross Premium income	Profit	Dividend declared %	Total reserves	Total Investment
1953	..	16.38	0.13	—	7.95	10.46
1954	..	44.92	1.06	4	23.02	35.14
1955	..	56.74	5.10	4	34.62	45.10
1956	..	80.45	5.75	5	48.44	50.99
1957	..	94.61	6.34	6-1/2	64.24	60.30
1958	..	207.34	10.69	10	87.04	80.93
1959	..	250.12	15.92	10	99.95	104.55
1960	..	331.10	16.94	10	112.58	113.81
1961	..	376.63	15.09	10	136.24	122.99
1962	..	478.89	15.61	10	170.32	149.02
1963	..	571.65	16.48	10	210.69	203.06
1964	..	674.00	20.17	10	259.01	257.89
1965	..	772.98	23.34	10	355.47	310.40
1966	..	938.06	23.08	10	395.01	354.07
1967	..	1084.31	36.21	10	491.17	387.09
1968	..	1319.42	73.97	10	633.64	422.56
1969	..	1562.91	67.28	10	774.48	477.62
1970	..	1554.45	87.52	10	911.08	512.42
1971	..	1667.67	70.69 (—)	10	1070.60	520.84
1972	..	2152.02	62.87 (—)	10	1162.23	359.86
1973	..	2382.88	109.24	7-1/2	1274.00	370.75
1974	..	3198.87	160.22	7-1/2	1740.27	475.84

Note: Fall in investments from the year 1971 to 1972 is due to the loss of investments in East Pakistan.

The Twenty-Second Annual General Meeting of the Shareholders of Pakistan Insurance Corporation will be held at Pakistan Insurance Building, M. A. Jinnah Road, (Opp: Mereweather Tower) Karachi-2, on Monday, the 30th June, 1975 at 10-00 A.M. to transact the following business namely:—

- (1) Confirmation of Minutes of the 21st Annual General Meeting held on Saturday, the 29th June, 1974.
- (2) The Balance Sheet as at 31st December, 1974 the Revenue Accounts and the Profit & Loss and Profit and Loss Appropriation Accounts for the year ended 31st December, 1974 together with the Report by the Board on the working of the Corporation during the year, the Auditor's Report on the said Balance Sheet and Accounts will be read and considered.
- (3) The Chairman will announce the Dividend declared by the Board in respect of the 1974 Accounts.

The Share Transfer Registers of the Corporation will remain closed for 8 days with effect from the 23rd June, 1975 to the 30th June, 1975 both days inclusive.

By order of the Board
(SYED ZIAUDDIN AHMED)
Manager
(Accounts & Investment)

**NOTICE
OF
MEETING**

**AUDITORS'
REPORT**

We have examined the annexed Balance Sheet of the **Pakistan Insurance Corporation** as at 31st December, 1974 and the Life, Fire, Marine and Miscellaneous Insurance Revenue Accounts, the Profit and Loss Account and the Profit and Loss Appropriation Account of the Corporation for the year ended on that date and we report that:

- (a) we have obtained all the information and explanations which we have required;
- (b) subject to the contents of Notes 2, 4 and 5 such Balance Sheet, together with notes thereon, exhibits a true and correct view of the state of the Corporation's affairs according to the best of our information and explanations given to us and as shown by the books of the Corporation.

(FEROZE SHARIF & CO.)
Chartered Accountants

(TASEER HADI KHALID & CO.)
Chartered Accountants

Karachi, 2nd June, 1975.

**REVENUE ACCOUNT FOR THE YEAR
CONSOLIDATED FOR ALL**

1973	PARTICULARS	
Rs.		Rs.
3,42,33,480	Commission Paid (Less Retrocessions)	5,64,64,624
6,13,77,990	Claims (Less Retrocessions) paid during the year	5,06,93,432
4,28,21,468	Add: Total estimated Liability in respect of outstanding Claims at the end of the year whether due or intimated	5,20,90,161
10,41,99,458		10,27,83,593
4,83,35,367	Less: Outstanding at the end of previous year	4,28,21,468
5,58,64,091		5,99,62,125
37,77,435	Expenses of Management	48,77,786
4,52,53,024	Premium Reserve-for the year	6,62,42,187
1,79,837	Life Fund-balance at the end of the year	3,38,470
59,99,943	Profit-transferred to Profit and Loss Account	1,49,38,797

14,53,07,810

Total 20,28,23,989

Auditors' Report to the Shareholders is annexed.

(FEROZE SHARIF & CO.)
Chartered Accountants

(TASEER HADI KHALID & CO.)
Chartered Accountants

(SYED ZIAUDDIN AHMED)
Manager
(Accounts & Investment)

Karachi, 2nd June, 1975.



ENDED 31st DECEMBER, 1974

CLASSES OF BUSINESS

1973	PARTICULARS	
Rs.		Rs.
3,81,51,000	Premium Reserve-brought forward from previous year	4,52,53,024
8,02,883	Life Fund-balance at the beginning of the year	1,79,837
23,82,88,683	Premiums	31,98,87,431
13,19,34,756	Less: Retrocessions	16,24,96,303
10,63,53,927		15,73,91,128

14,53,07,810

Total

20,28,23,989

H.U. BEG
FAZLUR RAHMAN KHAN
ABDUL WAHEED
S. SAMEE-UL-HASAN
N. M. QURESHI
MUHAMMAD ISHAQUE KHAN
NASIM AHMED KHAN

Chairman

Directors

Managing Director

PLANTING TO STOP FIRE

Auditors' Report to the Shareholders is annexed.

(SYED ZIAUDDIN AHMED)
Manager
(Accounts & Investment)

ENDED 31ST DECEMBER, 1974

BUSINESS

1973	PARTICULARS	
Rs.		Rs.
1,01,80,000	Premium Reserve-brought forward from previous year	1,35,59,180
5,80,72,116	Premiums	8,63,25,115
2,71,12,378	Less: Retrocessions	4,35,89,160
3,09,59,738		4,27,35,955

4,11,39,738

Total 5,62,95,135

H. U. BEG
FAZLUR RAHMAN KHAN
ABDUL WAHEED
S. SAMEE-UL-HASAN
N. M. QURESHI
MUHAMMAD ISHAQUE KHAN
NASIM AHMED KHAN

Chairman

Directors

Managing Director

REVENUE ACCOUNT FOR THE YEAR
MARINE

1973	PARTICULARS	
Rs.		Rs.
1,54,93,645	Commission Paid (Less: Retrocessions)	2,75,22,368
3,68,55,203	Claims (Less Retrocessions) paid during the year	2,65,50,340
2,07,99,684	Add: Total estimated Liability in respect of outstanding claims at the end of the year whether due or intimated	2,91,18,018,
5,76,54,887		5,56,68,358
2,82,42,420	Less: Outstanding at the end of the previous year	2,07,99,684
2,94,12,467		3,48,68,674
19,44,450	Expenses of Management	24,96,116
2,35,09,606	Premium Reserve-for the year	3,65,39,300
42,44,917	Profit-transferred to Profit and Loss Account	1,02,73,468
<u>7,46,05,085</u>		Total: <u>11,16,99,926</u>

Auditors' Report to the Shareholders is annexed.

(FEROZE SHARIF & CO.)
Chartered Accountants

(TASEER HADI KHALID & CO.)
Chartered Accountants

(SYED ZIAUDDIN AHMAD)
Manager
(Accounts & Investment)

Karachi, 2nd June, 1975.



ENDED 31ST DECEMBER, 1974

BUSINESS

1973	PARTICULARS	
Rs.		Rs.
1,89,89,000	Premium Reserve-brought forward from last year	2,35,09,606
12,26,60,157	Premiums	16,39,87,740
6,70,44,072	Less: Retrocessions	7,57,97,420
5,56,16,085		8,81,90,320

7,46,05,085

Total 11,16,99,926

H.U. BEG	Chairman
FAZLUR RAHMAN KHAN	} Directors
ABDUL WAHEED	
S. SAMEE-UL-HASAN	
N. M. QURESHI	
MUHAMMAD ISHAQUE KHAN	} Managing Director
NASIM AHMED KHAN	

REVENUE ACCOUNT FOR THE YEAR
MISCELLANEOUS

1973	PARTICULARS	
Rs.		Rs.
44,95,903	Commission Paid (Less Retrocessions)	75,43,482
1,05,92,912	Claims (Less Retrocessions) paid during the year	1,04,73,078
1,23,97,031	Add: Total estimated Liability in respect of outstanding claims at the end of the year whether due or intimated	1,40,32,102
2,29,89,943		2,45,05,180
96,93,092	Less: Outstanding at the end of the previous year	1,23,97,031
1,32,96,851		1,21,08,149
8,99,098	Expenses of Management	10,67,685
81,84,238	Premium Reserve-for the year	1,14,33,220
9,91,659	Profit-transferred to Profit and Loss Account	30,39,906

2,78,67,749

Total 3,51,92,442

Auditors' Report to the shareholders is annexed

(FEROZE SHARIF & CO.)
Chartered Accountants

(TASEER HADI KHALID & CO.)
Chartered Accountants

(SYED ZIAUDDIN AHMED)
Manager
(Accounts & Investment)

Karachi, 2nd June, 1975.



ENDED 31st DECEMBER, 1974

BUSINESS

1973	PARTICULARS	
Rs.		Rs.
89,82,000	Premium Reserve-brought forward from last year	81,84,238
5,67,17,077	Premiums	7,01,43,902
3,78,31,328	Less: Retrocessions	4,31,35,698
1,88,85,749		2,70,08,204

2,78,67,749

Total 3,51,92,442

H.U. BEG

Chairman

FAZLUR RAHMAN KHAN

ABDUL WAHEED

S. SAMEE-UL-HASAN

N. M. QURESHI

MUHAMMAD ISHAQUE KHAN

NASIM AHMED KHAN

Directors

Managing Director

LIFE

Rs.

Rs.

Total (—) 3,63,514

(SYED ZIAUDDIN AHMED)
Manager
(Accounts & Investment)

ENDED 31st DECEMBER, 1974

BUSINESS

1973			
Rs.	PARTICULARS		Rs.
8,02,883	Balance of Fund—at the beginning of the year		1,79,837
	Premiums		
2,40,083	First year premium	(—) 1,18,131	
5,99,250	Renewal Premium	(—) 4,51,195	
8,39,333		(—) 5,69,326	
(—) 53,022	Less: Retrocession	(—) 25,975	
8,92,355		(—) 5,43,351	

16,95,238

Total (—) 3,63,514

H.U. BEG
FAZLUR RAHMAN KHAN
ABDUL WAHEED
S. SAMEE-UL-HASAN
N. M. QURESHI
MUHAMMAD ISHAQUE KHAN
NASIM AHMED KHAN

Chairman

Directors

Managing Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR

1973	PARTICULARS	Rupees	Rupees
	Expenses of Management (Not allocable to any particular Revenue Account).		
2,128	Director's fee and travelling allowance	4,984	
14,900	Auditor's fee	14,900	
11,287	Advertisement & Publicity	14,869	34,753
98,437	R. C. D. expenses	2,51,475	
3,000	Journal subsidy	3,000	
33,681	Subsistence allowance—East Pakistan employees	—	
4,615	Federation of Afro-Asian insurers and re-insurers	4,681	2,59,156
99,500	Donation		5,000
1,69,209	Interest paid on deposits retained from other Companies		1,33,748
—	Net Assets relating to East Pakistan written off		82,68,928
1,09,23,730	Net profit for the year carried to profit and Loss appropriation account.		1,60,21,633
<u>1,13,60,487</u>		Total	<u>2,47,23,218</u>

(Profit for the year is Rs. 2,42,90,562 before writing off
The Net Assets relating to East Pakistan)

PROFIT AND LOSS APPROPRIATION ACCOUNT

5,00,000	Dividend for the year 1973	3,75,000
1,00,00,000	Exceptional loss reserve	1,57,00,000
2,35,573	Taxation reserve	1,00,000
—	Investment fluctuation reserve	4,50,000
—	Exchange fluctuation reserve	10,00,000
9,10,195	Balance—carried to balance sheet	5,56,828
<u>1,16,45,768</u>		Total <u>1,81,81,828</u>

Note: These accounts should be read in conjunction with annexed notes

Auditors' Report to the Shareholders

Please see our annexed report of even date.

(FEROZE SHARIF & CO.)
Chartered Accountants

(TASEER HADI KHALID & CO.)
Chartered Accountants

(SYED ZIAUDDIN AHMED)
Manager
(Accounts & Investment)

Karachi, 2nd June, 1975.



ENDED 31ST DECEMBER 1974

1973	PARTICULARS			
Rs.	INVESTMENT INCOME	Rs.	Rs.	Rs.
25,83,444	Interest and dividends		31,80,859	
1,32,983	Income from building	1,32,983		
(41,233)	Less: Depreciation and other expenses	35,705	97,278	32,78,137
	Profit transferred from Revenue accounts			
7,63,367	Fire		16,25,423	
42,44,917	Marine		1,02,73,468	
9,91,659	Miscellaneous		30,39,906	1,49,38,797
	Other receipts			
4,69,268	Interest received on deposits retained by other companies		3,92,914	
13,02,241	Difference in exchange/devaluation		55,80,027	
2	Transfer fees		—	
240	Profit on sale of investment		258	
9,13,599	Miscellaneous income		5,33,085	65,06,284
<u>1,13,60,487</u>			Total	<u>2,47,23,218</u>

FOR THE YEAR ENDED 31ST DECEMBER 1974

7,22,038	Balance—brought forward from previous year	9,10,195
1,09,23,730	Net profit for the year—as per Profit and Loss account	1,60,21,633
—	Taxation reserve written back	12,50,000
<u>1,16,45,768</u>		Total <u>1,81,81,828</u>

H. U. BEG
 FAZLUR RAHMAN KHAN
 ABDUL WAHEED
 S. SAMEE-UL-HASAN
 N. M. QURESHI
 MUHAMMAD ISHAQUE KHAN
 NASIM AHMAD KHAN

Chairman

Directors

Managing Director

BALANCE SHEET AS AT

1973	CAPITAL AND LIABILITIES	Life Business Rs.	General Business Rs.	Total Rs.
Rs. 1,00,00,000	Capital Authorised 1,00,000 Shares of Rs. 100 each	—	—	1,00,00,000
	Issued and Paid up 50,000 Shares of Rs. 100 each fully paid-up	—	50,00,000	50,00,000
50,00,000	Share Premium Account	—	10,725	10,725
10,725				
50,10,725			50,10,725	50,10,725
	Reserve and Provision			
	Reserve for Contingencies			
3,00,00,000	Exceptional Loss Reserve	—	4,57,00,000	4,57,00,000
—	Exchange Fluctuation Reserve	—	10,00,000	10,00,000
—	Investment Fluctuation Reserve	—	4,50,000	4,50,000
3,00,00,000			4,71,50,000	4,71,50,000
43,00,000	General Reserve	—	43,00,000	43,00,000
44,00,000	Reserve for Taxation	—	32,50,000	32,50,000
1,50,000	Reserve for Bad and Doubtful Debts	—	1,50,000	1,50,000
3,83,338	Gratuity Fund	—	5,06,198	5,06,198
3,92,33,338			5,53,56,198	5,53,56,198
9,10,195	Profit & Loss Account	—	5,56,828	5,56,828
	Reserve for Outstanding Claims			
83,13,991	Fire	—	84,16,937	84,16,937
2,07,99,684	Marine	—	2,91,18,018	2,91,18,018
1,23,97,031	Miscellaneous	—	1,40,32,102	1,40,32,102
13,10,762	Life	5,23,104	—	5,23,104
4,28,21,468		5,23,104	5,15,67,057	5,20,90,161
	Premium Reserve and Life Fund			
1,35,59,180	Fire	—	1,82,69,667	1,82,69,667
2,35,09,606	Marine	—	3,65,39,300	3,65,39,300
81,84,238	Miscellaneous	—	1,14,33,220	1,14,33,220
1,79,837	Life	3,38,470	—	3,38,470
4,54,32,861		3,38,470	6,62,42,187	6,65,80,657
1,19,95,534	Devaluation Account	—	—	—
4,82,91,974	Amount due to other persons and bodies carrying on insurance business	5,57,567	3,01,74,305	3,07,31,872
2,29,37,252	Deposits retained and/or received from other companies	—	3,31,51,248	3,31,51,248
11,00,191	Sundry Creditors	—	35,50,295	35,50,295
10,83,901	Due to Life Business	—	12,55,855	12,55,855
21,88,17,439	Total	14,19,141	24,68,64,698	24,82,83,839

Note: These accounts should be read in conjunction with the annexed notes

Auditors' report to the Shareholders is annexed.

(FEROZE SHARIF & CO.)
Chartered Accountants

(TASEER HADI KHALID & CO.)
Chartered Accountants

(SYED ZIAUDDIN AHMED)
Manager
(Accounts & Investment)

Karachi, 2nd June, 1975.



31ST DECEMBER 1974

1973	PROPERTY AND ASSETS	Life Business Rs.	General Business Rs.	Total Rs.
Rs.	Investment (At Cost)			
73,83,467	Government and other Securities	—	73,33,125	73,33,125
—	Government Treasury Deposit Receipts	—	1,00,02,268	1,00,02,268
2,46,75,519	Stock and Shares	—	2,55,29,538	2,55,29,538
30,64,750	Debentures	—	26,24,750	26,24,750
3,51,23,736	Market value as at 31st December 1974 (Rs. 4,50,50,329)	—	4,54,89,681	4,54,89,681
19,52,176	Land and Building	—	20,94,448	20,94,448
3,70,75,912		—	4,75,84,129	4,75,84,129
	Amount due from persons and bodies carrying on			
10,31,54,390	Insurance Business	1,63,286	11,52,15,143	11,53,78,429
3,20,38,551	Deposits held by Ceding Companies	—	4,28,40,702	4,28,40,702
1,22,82,833	Cash in hand and at Bank	—	1,46,30,619	1,46,30,619
5,66,729	Interest accrued and outstanding	—	11,36,798	11,36,798
24,86,824	Sundry Debtors	—	14,45,856	14,45,856
53,65,281	Advances, Loans, Deposit and Prepaid expenses	—	70,99,443	70,99,443
4,34,915	Furniture, Fixture Office Equipment and Vehicles—At cost(—)Depreciation	—	4,09,536	4,09,536
29,387	Stock of Stationery in hand	—	29,153	29,153
2,42,98,716	Assets relating to East Pakistan	—	1,64,73,319	1,64,73,319
10,83,901	Due from General Business	12,55,855	—	12,55,855
21,88,17,439	Total	14,19,141	24,68,64,698	24,82,83,839

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Chairman
 Directors
 Managing Director

**NOTES
TO THE
ACCOUNTS**

1. Reserve for Taxation:

The assessments of the Corporation have been finalised upto and including assessment year 1971-72 subject to the effect of the revision orders of the Commissioner. The tax advisors of the Corporation are of the opinion that in respect of the assessment years 1967-68 to 1971-72, Rs. 7,39,889 is refundable after compliance with certain formalities. Furthermore, in the opinion of the advisors the provision for taxation amounting to Rs. 32,50,000 is adequate to cover the liabilities for the pending assessment years.

2. Reserve for Outstanding Claims:

The reserve for outstanding claims includes an amount of Rs. 49,51,794 representing claims brought forward from the previous years which relate to Bangladesh (former East Pakistan) business; this is made up as follows:

Fire Insurance	Rs.	23,82,000
Marine Insurance	Rs.	14,69,794
Miscellaneous Insurance	Rs.	11,00,000
Total	Rs.	49,51,794

No adjustment has been made in this reserve pending ascertainment of actual liabilities in this regard.

3. Investments:

Investment include securities of a nominal value of Rs. 28,68,900 pledged with the National Bank of Pakistan against standing overdraft facilities which have not been utilised during the year.

**4. Assets relating to Bangladesh
(former East Pakistan)**

(a) Assets relating to Bangladesh (former East Pakistan) comprise of fixed assets and investments;

	1973 Rs.	1974 Rs.
East Pakistan government loans	4,99,700	4,99,700
Stock and shares	71,11,374	71,11,374
Debentures	2,50,000	2,50,000
	78,61,074	78,61,074
Land and building	84,27,641	86,08,167
Furniture and fixtures	4,078	4,078
Total	1,62,92,793	1,64,73,319



The question of realisability is not determinable at the present time but no provision for the loss that may arise as a result of the Corporation losing control over these assets has been made.

The increase in the value of land and buildings during the year was due to the payment of an amount of Rs. 1,80,526 to building contractors, architects etc., in respect of Pakistan Insurance Corporation building at Dacca constructed in 1971. This payment has been approved by the Ministry of Commerce, Government of Pakistan.

(b) Net current assets:

- (i) During the year an amount of Rs. 2,13,005 was debited to the account due from persons carrying on insurance business, representing the share of Bangladesh (former East Pakistan) on account of retroceded business. Furthermore the liability shown previously as subsistence allowance payable to East Pakistani employees was written back.
- (ii) Pursuant to Circular II of 1972 issued by the Central Board of Revenue, the Net Current Assets amounting to Rs. 82,68,928 pertaining to Bangladesh (former East Pakistan) were written off against the profit of the year under review. The reserve for outstanding claims (Note 2) amounting to Rs. 49,51,794 has not been included in the net current assets written off.

5. Net effect of Devaluation Account and difference in Exchange:

- (a) The net effect of the devaluation account represents the net income from bonus voucher transactions after adjusting the net devaluation loss accumulated as at 31 December 1974 on account of actual settlements or adjustments made in respect of outstanding balances relating to the predevaluation period, as well as on the conversion of the following unadjusted balances at the rates prevailing as at 31 December 1974:
 - (i) Deposits held by ceding companies
 - (ii) Deposits retained and/or received from other companies.
- (b) The effect of bonus voucher and devaluation on settlements with National Co-insurance Scheme in respect of business booked prior to 30 June 1970 has not been incorporated. Such effect shall be reflected as and when realised by National Co-insurance Scheme and passed on to Corporation.
- (c) The difference in exchange account represents the effect of exchange fluctuation on remittances made/received and actual settlements/adjustments made on post-devaluation transactions.
- (d) The effect of devaluation of Pak. Rupees and U.S. Dollars on transactions booked at pre-devaluation rates in respect of amounts due from and due to persons and bodies carrying on insurance business cannot be ascertained at this stage, since adjustments could not be made to convert such transactions at post-devaluation rates. The actual exchange differences on remittances etc., are being adjusted as and when accounts are settled. Rupees 10 lacs has however been appropriated to an Exchange Fluctuation Reserve to cover losses in subsequent years on account of abnormal fluctuations in exchange rates.

6. Miscellaneous Income:

- (a) Secretarial fees due from National Insurance Fund amounting to Rs. 10,15,000 for the year 1974 are included under miscellaneous income. This lump sum provision has been made on the basis of the proposed budget of the National Insurance Fund and is subject to the approval of the Federal Government.
- (b) An amount of Rs. 6,88,410 has been deducted from miscellaneous income represents the excess provision for secretarial fees due from National Co-insurance Scheme relating to previous years. This adjustment has been made on the final determination of the fees receivable from the National Co-Insurance Scheme.

7. General:

- (a) Expenses of Management have been allocated to the various insurance revenue accounts with the exception of life, on the basis of the gross premium income earned.
- (b) Consistent with the policy of the Corporation since 1965, the premium reserve brought forward has been increased to the extent of 40 per cent of the increase in net premium income in respective revenue accounts.
- (c) Figures have been rounded off to the nearest rupees.
- (d) Figures of the previous years have been rearranged wherever necessary for the purpose of comparison.

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MUHAMMAD ISHAQUE KHAN
NASIM AHMED KHAN

Chairman

Directors

Managing Director

(SYED ZIAUDDIN AHMED)
Manager
(Accounts & Investment)

PROXY FORM
PAKISTAN INSURANCE CORPORATION
KARACHI

I/We _____ of _____ being
a share-holder of the Pakistan Insurance Corporation holding Shares Nos. _____
_____ hereby appoint _____
of _____ or failing him _____
of _____ as my/our proxy to vote for me/us and on my/our behalf
to a meeting of the shareholders of the Corporation to be held at _____
on the _____ day _____
and at any adjournment thereof.
Dated this _____ day of _____

Signature of Shareholder

Affix Forty
Paisas Revenue
Stamp

IMPORTANT:

1. Signature must tally with the specimen filed with the Corporation.
2. No proxy shall be valid unless it is duly stamped and unless it is together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority is deposited at the Head Office of the Corporation not less than 4 clear days before the date fixed for the meeting.