



**PAKISTAN  
INSURANCE  
CORPORATION**

**24th Annual Report & Accounts**

FOR THE YEAR ENDED 31st DECEMBER, 1976

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



# PAKISTAN INSURANCE CORPORATION

## BOARD OF DIRECTORS

M. YAKUB	<i>Chairman</i>
M. A. G. M. AKHTAR	<i>Director</i>
FAZLUR REHMAN KHAN	<i>Director</i>
D. M. QURESHI	<i>Director</i>
AHADULLAH AKMAL	<i>Director</i>
M. W. FAROOQUI	<i>Director</i>
KHAN AMIR ABDULLAH KHAN	<i>Director</i>

## AUDITORS :

TASEER HADI KHALID & CO.  
RAO & CO.

## HEAD OFFICE :

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



# PAKISTAN INSURANCE CORPORATION

## NOTIFICATION

The Twenty Fourth 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 Thursday, the 30th June, 1977 at 10-00 a.m. to transact the following business namely:—

- (1) Confirmation of Minutes of the 23rd Annual General Meeting held on Wednesday, the 30th June, 1976.
- (2) The Balance Sheet as at 31st December, 1976, the Revenue Accounts, the Profit and Loss Account and the Profit and Loss Appropriation Account for the year ended 31st December, 1976 together with the Report by the Board on the working of the Corporation during the year, the Auditors' 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 Accounts for the year 1976.

The Share Transfer Registers of the Corporation will remain closed for 8 days with effect from the 23rd June, 1977 to the 30th June, 1977 both days inclusive.

By order of the Board

(SYED ZIAUDDIN AHMED)  
*Manager*  
(Accounts, Investment & Statistics).



# PAKISTAN INSURANCE CORPORATION

KARACHI

## Report of the Board of Directors on the working of the Corporation during the year ended 31st December, 1976.

The Shareholders,  
Pakistan Insurance Corporation,

Gentlemen,

Your Directors take pleasure in presenting herewith their 24th Annual Report and the Accounts of the Corporation for the year 1976.

### REVENUE ACCOUNTS:

There has been a sizeable increase in the volume of premium income and the business in the aggregate, continued to develop satisfactorily in 1976 as well. A summary of the Accounts given hereunder indicates the progress:—

(In lacs of Rupees)

	Fire		Marine		Misc.		Total	
	1975	1976	1975	1976	1975	1976	1975	1976
Gross Premium	1077	1047	1863	1972	1057	1605	3997	4624
Retrocession Premium	555	539	928	952	616	1128	2099	2619
Nett Premium	522	508	935	1020	441	477	1898	2005
Nett Commission	261	255	361	353	111	114	733	722
Nett Claims	190	216	440	600	198	257	828	1073
Expenses of Management	14	14	25	26	14	21	53	61
Premium Reserve Adjustment	38	(—)6	21	34	68	15	127	43
Underwriting Profit	19	29	88	7	50	70	157	106

As will be noticed from the above table, the gross premium income improved by 16% overall but more significantly in the Misc. Class of Business which includes Aviation, Accident and Engineering business.

There has been a more than proportionate increase in the premium retroceded to other parties. This is accounted for mainly by increased retrocession in respect of high value risks mainly Pakistan Steel Mills and P.I.A.C. Nevertheless, the net premium retained by the Corporation increased by 6% from Rs. 1898 lacs in 1975 to Rs. 2005 in 1976.



The net claims paid during 1976 recorded substantial increase; in terms of percentage of net premium, the claims stood at 54 % in 1976 as against 44 % in 1975. The claim ratio in 1975 was exceptionally low; in earlier years the claim ratio was 59.96 % in 1970, 67.40 % in 1971, 62.65 % in 1972 and 52.53 % in 1973.

#### Investment :

The year 1976 witnessed a considerable (47 %) increase in investments made by the Corporation:—

	<i>(In lacs of Rupees)</i>	
	1975	1976
Government and other Securities	573.11	952.44
Stock and Shares	277.66	304.84
Debentures	46.25	75.11
Land and Building	30.96	32.05
Total:	927.98	1364.44

This rapid and substantial improvement in the investment was mainly due to larger business done in 1976.

The above investments do not include investment left over in the former East Pakistan which amounts to Rs. 164.73 lacs.

With the increase in investments, the investment income for the year also increased by 51 % from Rs. 71.27 lacs in 1975 to Rs. 107.66 lacs in 1976.

#### Profit and Loss Account:

The Profit and Loss Account shows a net profit of Rs. 265.18 lacs arrived at as follows:—

	<i>(In lacs of Rupees)</i>
Underwriting Profit:	105.76
Investment Income	107.66
Interest earned on short term bank deposits etc.,	21.87
Difference in Exchange	16.73
Other Misc. Income	16.27
	<hr/> 268.29
Less:	
Expenses not allocable to any particular Revenue Account	2.83
Investment written off	0.04
Net assets relating to former East Pakistan written off	0.24
	<hr/> 265.18
Net Profit	



### Allocation of Profit:

After adding a sum of Rs. 0.47 lacs, being the profit brought forward from last year, the aggregate amount of Rs. 265.65 lacs is proposed to be appropriated as under:—

(a) Exceptional Loss Reserve	Rs. 231.00 lacs.
(b) General Reserve	Rs. 7.00 „
(c) Reserve for Taxation	Rs. 18.50 „
(d) Available for Dividend for the year 1976 and to be carried forward to next year	Rs. 9.15 „
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	Rs. 265.65 lacs.

The appropriation to Exceptional Loss Reserve is being made at a level higher than the maximum permissible under the Income Tax Rules at 10% of the net premium, in order to take care of possible excess in 1977.

A sum of Rs. 18.50 lacs has been allocated to Reserve for Taxation as assessed on the profit of the year.

With the allocation of Rs. 7 lacs to General Reserves, these now stand at Rs. 50 lacs equal to paid up capital as permissible under Section 32, P.I.C. Act. 1952.

### Balance Sheet:

There has been an overall improvement of Rs. 552.44 lacs (or 26.6%) in the reserves of the Corporation which have increased from Rs. 2077.12 lacs at the end of 1975 to Rs. 2629.56 lacs at the close of 1976. Details of these reserves are shown below:-

#### Financial/other Reserves:

(In lacs of Rupees)

Exceptional Loss Reserve	Rs. 877.00
Investment Fluctuation Reserve	Rs. 4.50
Exchange Fluctuation Reserve	Rs. 15.00
General Reserve	Rs. 50.00
Reserve for Taxation	Rs. 51.00
Reserve for Bad and Doubtful Debts	Rs. 2.50
Gratuity Fund	Rs. 7.08
	<hr/>
	Rs. 1007.08

#### Technical Reserves:

Premium Reserve	Rs. 832.54
Life Fund	Rs. 4.18
Reserve for Outstanding Claims	Rs. 785.76
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	Rs. 1622.48

Total Reserves Rs. 2629.56

### Regional Cooperation for Development:

The Pakistan Insurance Industry has been playing an effective role in the multi-national regional cooperation in the field of insurance. The first such venture were the RCD Reinsurance Pools established in 1967, which were integrated into one Pool on 1st January, 1975 and is presently being managed by Turkey. The Pool has registered good progress; it has written a premium income of US \$ 2.1 million in 1975 and is expected to increase it to US \$ 3 million in 1976 and to US \$ 4 million in 1977. The Pool has also been able to attract business from outside the Region.



2. The RCD Pool was intended ultimately to lead to the establishment of a reinsurance company. A Committee of Experts from Turkey, Iran and Pakistan, which met recently, has submitted a feasibility report which confirms that the establishment of an RCD Reinsurance Company is a viable proposition. The RCD Reinsurance Company, when formed, will further increase the regional capacity for absorbing high-valued risks, thereby reducing foreign exchange outgo from the Region to a great extent.

3. During the year 1976 the RCD Insurance Centre at Karachi continued to make useful contribution towards strengthening and expanding RCD activity in the field of insurance and reinsurance.

4. The Corporation had played a leading role in the formation of and is a founder member of the Federation of Afro-Asian Insurers and Reinsurers (FAIR). The FAIR Reinsurance Pool which started functioning w.e.f. 1st January, 1974 provides a market of high underwriting capacity within the region thereby minimising foreign exchange out-go on account of reinsurance services from the region. The Pool is progressing remarkably and the Corporation is actively supporting it by contributing substantial business from its own profitable reinsurance pools and is equally getting substantial premium from FAIR Pool as reciprocity.

5. Likewise, cooperation in the field of insurance and reinsurance between the Corporation and Umum Re. of Indonesia which dates back to 1965 under the aegis of IPECC is progressing satisfactorily. The volume of exchange of business has considerably increased in the recent past and is expected to grow substantially in the coming years.

#### **National Insurance Fund:**

Your Corporation continued to manage upto 31-1-1976 the National Insurance Fund which was established on 1-7-1973 for undertaking insurance of the Public Sector properties and interests. With the 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 clientele despite many difficulties in the initial stages of its operations. The Fund has with effect from 1-2-1976 been converted into a separate National Insurance Corporation.



**Acknowledgement:**

The Directors take this opportunity to express their appreciation of the good work done by the Management, Officers and Staff of the Corporation which is reflected in the increasing profits and satisfactory reserves of the Corporation. The Directors also owe their gratitude to the Government of Pakistan, the Insurance Association of Pakistan, all Insurers both working in Pakistan and abroad and also the Reinsurance Brokers and Over-seas Associates for the Co-operation and assistance given by them during the year under review.

The Directors are pleased to declare a dividend of 10% for the year 1976.

M. YAKUB  
M. A. G. M. AKHTAR  
FAZLUR REHMAN KHAN  
D. M. QURESHI  
AHADULLAH AKMAL  
M. W. FAROOQUI  
KHAN AMIR ABDULLAH KHAN

*Chairman*  
*Director*

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# PAKISTAN INSURANCE CORPORATION

## 24 YEARS AT A GLANCE

(Amounts in lac 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	32.02	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	89.93
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	.	.	722.98	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	70.79	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
1975	.	.	3997.17	198.65	10	2077.12	927.98
1976	.	.	4623.68	265.18	10	2629.56	1364.44



# PAKISTAN INSURANCE CORPORATION

KARACHI

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the annexed Balance Sheet of the Pakistan Insurance Corporation as at 31st December, 1976 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, 5 and 6, 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.

(TASEER HADI KHALID & CO.)  
*Chartered Accountants*

(RAO & CO.)  
*Chartered Accountants*

*Karachi, 1st June, 1977.*



# PAKISTAN INSURANCE

## REVENUE ACCOUNT FOR THE CONSOLIDATED FOR ALL

1975	PARTICULARS	1976
Rupees		Rupees
7,33,15,757	Commission paid (Less Retrocessions)	7,21,71,378
8,14,58,523	Claims (Less Retrocessions) paid during the year	8,21,01,102
5,33,22,780	Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	7,85,75,927
13,47,81,303		16,06,77,029
5,20,90,161	Less: Outstanding at the end of previous year	5,33,22,780
8,26,91,142		10,73,54,249
53,48,695	Expenses of management	60,91,384
7,89,83,453	Premium reserve for the year	8,32,53,640
4,17,919	Life fund—balance at the end of the year	4,17,919
1,56,33,837	Profit transferred to Profit and Loss Account	1,05,75,914
25,63,90,803	Total:	27,98,64,484

Auditors' Report to the Shareholders is annexed.

(TASEER HADI KHALID & CO.)  
Chartered Accountants

(RAO & CO.)  
Chartered Accountants

Karachi, 1st June, 1977.



# CORPORATION

YEAR ENDED 31st DECEMBER, 1976

## CLASSES OF BUSINESS

1975	PARTICULARS	1976
Rupees		Rupees
6,62,42,187	Premium Reserve—brought forward from previous year	7,89,83,453
3,38,470	Life Fund—balance at the beginning of the year	4,17,919
39,97,16,916	Premiums	46,23,68,477
20,99,06,770	Less: Retrocessions	26,19,05,365
18,98,10,146		20,04,63,112
25,63,90,803		Total: 27,98,64,484

M. YAKUB  
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Chairman  
Director  
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# PAKISTAN INSURANCE

## REVENUE ACCOUNT FOR THE

### FIRE

1975	PARTICULARS	1976
Rupees		Rupees
2,60,33,045	Commission paid (Less Retrocessions)	2,55,29,562
1,42,58,744	Claims (Less Retrocessions) paid during the year	1,87,92,652
1,31,97,280	<i>Add:</i> Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	1,59,83,928
2,74,56,024		3,47,76,580
84,16,937	<i>Less:</i> Outstanding at the end of previous year	1,31,97,280
1,90,39,087		2,15,79,300
14,41,684	Expenses of management	13,78,632
2,20,78,773	Premium reserve for the year	2,14,79,118
19,35,798	Profit—transferred to Profit and Loss Account	28,71,743
7,05,28,387	Total:	7,28,38,355

Auditors' Report to the Shareholders is annexed.

(TASEER HADI KHALID & CO.)  
Chartered Accountants

(RAO & CO.)  
Chartered Accountants

Karachi, 1st June, 1977.



# CORPORATION

YEAR ENDED 31st DECEMBER, 1976

## BUSINESS

1975	PARTICULARS	1976
Rupees		Rupees
1,82,69,667	Premium Reserve—brought forward from previous year	2,20,78,773
10,77,39,464	Premiums	10,46,45,585
5,54,80,744	Less: Retrocessions	5,38,86,003
5,22,58,720		5,07,59,582
Total:		7,28,38,355

M. YAKUB  
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AHADULLA AKMAL  
M. W. FAROOQUI  
KHAN AMIR ABDULLAH KHAN

Chairman  
Director  
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# PAKISTAN INSURANCE

## REVENUE ACCOUNT FOR THE MARINE

1975	PARTICULARS	1976
Rupees		Rupees
3,61,79,220	Commission paid (Less: Retrocessions)	3,52,76,899
5,34,77,375	Claims (Less: Retrocessions) paid during the year	4,58,97,784
1,96,05,075	<i>Add:</i> Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	3,37,44,223
7,30,82,450		7,96,42,007
2,91,18,018	<i>Less:</i> Outstanding at the end of the previous year	1,96,05,075
4,39,64,432		6,00,36,932
24,92,412	Expenses of management	25,98,695
3,86,35,381	Premium reserve for the year	4,20,77,440
86,98,379	Profit—transferred to Profit and Loss Account	6,81,086
<u>12,99,69,824</u>		<u>14,06,71,052</u>
	Total:	

Auditors' Report to the Shareholders is annexed.

(TASEER HADI KHALID & CO.)  
Chartered Accountants

(RAO & CO.)  
Chartered Accountants

Karachi, 1st June, 1977.



# CORPORATION

YEAR ENDED 31st DECEMBER, 1976

## BUSINESS

1975	PARTICULARS	1976
Rupees		Rupees
3,65,39,300	Premium Reserve—brought forward from previous year	3,86,35,381
18,62,62,082	Premiums	19,72,54,679
9,28,31,558	Less: Retrocessions	9,52,19,008
9,34,30,524		10,20,35,671
Total:		
12,99,69,824		14,06,71,052

M. YAKUB  
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M. W. FAROOQUI  
KHAN AMIR ABDULLAH KHAN

Chairman  
Director  
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# PAKISTAN INSURANCE

## REVENUE ACCOUNT FOR THE

### MISCELLANEOUS

1975	PARTICULARS	1976
Rupees		Rupees
1,11,00,242	Commission paid (Less: Retrocessions)	1,13,64,917
1,36,79,904	Claims (Less: Retrocessions) paid during the year	1,74,10,666
2,01,00,321	<i>Add:</i> Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	2,84,27,672
3,37,80,225		4,58,38,338
1,40,32,102	<i>Less:</i> Outstanding at the end of the previous year	2,01,00,321
1,97,48,123		2,57,38,017
14,14,298	Expenses of management	21,14,057
1,82,69,299	Premium reserve for the year	1,96,97,082
49,99,660	Profit—transferred to Profit and Loss Account	70,23,085
5,55,31,622	Total:	6,59,37,158

Auditors' Report to the Shareholders is annexed.

(TASEER HADI KHALID & CO.)  
Chartered Accountants

(RAO & CO.)  
Chartered Accountants

Karachi, 1st June, 1977.



# CORPORATION

YEAR ENDED 31st DECEMBER, 1976

## BUSINESS

1975	PARTICULARS	1976
Rupees		Rupees
1,14,33,220	Premium Reserve—brought forward from previous year	1,82,69,299
10,56,92,870	Premiums	16,04,68,213
6,15,94,468	Less: Retrocessions	11,28,00,354
4,40,98,402		4,76,67,859
5,55,31,622	Total:	6,59,37,158

M. YAKUB  
M. A. G. M. AKHTAR  
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D. M. QURESHI  
AHADULLA AKMAL  
M. W. FAROOQUI  
KHAN AMIR ABDULLAH KHAN

Chairman  
Director  
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# PAKISTAN INSURANCE

## REVENUE ACCOUNT FOR THE YEAR

### LIFE

1975	PARTICULARS	1976
Rupees		Rupees
3,250	Commission paid (Less: Retrocessions)	—
	Claims (Less: Retrocessions) paid during the year	
42,500	By death:	—
—	By maturity:	—
—	By surrenders:	—
—	By personal accidents:	—
—	By annuities:	—
42,500		—
4,20,104	Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	4,20,104
4,62,604		4,20,104
5,23,104	Less: Outstanding at the end of the previous year	4,20,104
(—)60,500		—
301	Expenses of management	—
4,17,919	Balance of fund—at the end of the year	4,17,919
3,60,970	Total:	4,17,919

Auditors' Report to the Shareholders is annexed.

(TASEER HADI KHALID & CO.)  
Chartered Accountants

(RAO & CO.)  
Chartered Accountants

Karachi, 1st June, 1977.



# CORPORATION

ENDED 31st DECEMBER, 1976

## BUSINESS

1975	PARTICULARS	1976
Rupees		Rupees
3,38,470	Balance of fund—at the beginning of the year	4,17,919
	Premiums	
—	First year premium	—
22,500	Renewal premium	—
22,500		—
—	Less: Retrocessions	—
22,500		—
3,60,970		Total: 4,17,919

M. YAKUB  
M. A. G. M. AKHTAR  
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Chairman  
Director  
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# PAKISTAN INSURANCE

## PROFIT & LOSS ACCOUNT FOR THE

1975 Rupees	PARTICULARS	1976 Rupees
	Expenses of management (Not allocable to any particular Revenue Account)	
5,078	Directors' fee and travelling allowance	7,306
20,500	Auditors' fee	20,500
15,711	Advertisement and publicity	1,02,878
41,289		1,30,684
67,385	R.C.D. expenses	1,46,709
—	Training and Research	1,250
4,849	Federation of Afro-Asian Insurers and Reinsurers	4,051
72,234		1,52,010
200	Donation	—
1,85,928	Interest paid on deposits retained from other Companies	3,64,863
47,31,115	Difference in exchange/devaluation	—
15,560	Net Assets relating to former East Pakistan written off	24,442
—	Investment written off	3,550
1,98,65,497	Net Profit for the year carried to Profit and Loss Appropriation Account.	2,65,18,543
2,49 11,823	Total	2,71,94,092
<b>PROFIT &amp; LOSS APPROPRIATION ACCOUNT</b>		
3,75,000	Dividend for the year 1975	5,00,000
1,89,00,000	Exceptional loss reserve	2 31,00,000
—	Taxation reserve	18,50,000
—	General Reserve	7,00,000
5,00,000	Exchange fluctuation reserve	—
1,00,000	Reserve for bad and doubtful debts	—
5,47,325	Balance—carried to Balance Sheet	9,15,868
2,04,22,325	Total:	2,70,65,868

These accounts should be read in conjunction with the annexed notes.  
Auditors' Report to the Shareholders is annexed.

(TASEER HADI KHALID & CO.)  
Chartered Accountants

(RAO & CO.)  
Chartered Accountants

Karachi, 1st June, 1977.



# CORPORATION

YEAR ENDED 31st DECEMBER, 1976.

1975 Rupees	PARTICULARS	1976 Rupees
	Investment Income:	
81,58,743	Interest and dividends	1,29,17,112
1,32,983	Income from building	1,32,982
54,419	Less: Depreciation and other expenses	1,05,841
78,564		27,141
82,37,307		1,29,44,253
	Profit transferred from Revenue Accounts :	
19,35,798	Fire	28,71,743
86,98,379	Marine	6,81,086
49,99,660	Miscellaneous	70,23,085
1,56,33,837		1,05,75,914
	Other receipts:	
8,73,697	Interest received on deposits retained by other companies	18,69,776
—	Difference in exchange/devaluation	16,73,417
104	Share transfer fee	15
267	Profit on sale of investment	58,715
1,66,611	Miscellaneous income	72,002
10,40,679		36,73,925
2,49,11,823	Total	2,71,94,092
<b>FOR THE YEAR ENDED 31st DECEMBER, 1976.</b>		
5,56,828	Balance—brought forward from previous year	5,47,325
1,98,65,497	Net profit for the year—as per Profit and Loss Account	2,65,18,543
2,04,22,325	Total:	2,70,65,868
M. YAKUB	Chairman	
M. A. G. M. AKHTAR	Director	
FAZLUR REHMAN KHAN	”	
D. M. QURESHI	”	
AHADULLA AKMAL	”	
M. W. FAROOQUI	”	
KHAN AMIR ABDULLAH KHAN	”	



# PAKISTAN INSURANCE

## BALANCE SHEET AS AT

1975 Rupees	CAPITAL & LIABILITIES	Life Business Rupees	General Business Rupees	1976 Total Rupees
	<b>CAPITAL</b>			
	<b>Authorised:</b>			
1,00,00,000	1,00,000 shares of Rs. 100 each			1,00,00,000
	<b>Issued and Paid up:</b>			
	50,000 shares of Rs. 100 each			
50,00,000	fully paid up	—	50,00,000	50,00,000
10,725	Share premium account	—	10,725	10,725
50,10,725		—	50,10,725	50,10,725
	<b>Reserves and Provisions:</b>			
	Reserves for contingencies			
6,46,00,000	Exceptional loss reserve	—	8,77,00,000	8,77,00,000
15,00,000	Exchange fluctuation reserve	—	15,00,000	15,00,000
4,50,000	Investment fluctuation reserve	—	4,50,000	4,50,000
6,65,50,000		—	8,96,50,000	8,96,50,000
43,00,000	General reserve	—	50,00,000	50,00,000
32,50,000	Reserve for taxation	—	51,00,000	51,00,000
	Reserve for bad and doubtful debts	—	2,50,000	2,50,000
2,50,000	Reserve for gratuity	—	7,08,391	7,08,391
6,38,386		—		
7,49,88,386		—	10,07,08,391	10,07,08,391
5,47,325			9,15,868	9,15,868
	<b>Unappropriated Profit:</b>			
	<b>Reserve for outstanding claims:</b>			
1,31,97,280	Fire	—	1,59,83,929	1,59,83,929
1,96,05,075	Marine	—	3,37,44,223	3,37,44,223
2,01,00,321	Miscellaneous	—	2,84,27,671	2,84,27,671
4,20,104	Life	4,20,104	—	4,20,104
5,33,22,780		4,20,104	7,81,55,823	7,85,75,927
	<b>Premium reserve and life fund:</b>			
2,20,78,773	Fire	—	2,14,79,118	2,14,79,118
3,86,35,381	Marine	—	4,20,77,440	4,20,77,440
1,82,69,299	Miscellaneous	—	1,96,97,082	1,96,97,082
4,17,919	Life	4,17,919	—	4,17,919
7,94,01,372		4,17,919	8,32,53,640	8,36,71,559
	Amount due to other persons and bodies carrying on insurance business	5,98,015	5,43,27,627	5,49,25,642
3,99,98,830	Deposits retained and /or received from other companies	—	5,46,20,141	5,46,20,141
4,54,03,279	Sundry creditors	—	19,60,360	19,60,360
18,21,387	Due to life business	—	12,77,315	12,77,315
12,77,315				
30,17,71,399	<b>Total</b>	14,36,038	38,02,29,890	38,16,65,928

These accounts should be read in conjunction with the annexed notes.

Auditors' Report to the Shareholders is annexed.

(TASEER HADI KHALID & CO.)  
Chartered Accountants

(RAO & CO.)  
Chartered Accountants

Karachi, 1st June, 1977.



# CORPORATION

31st DECEMBER, 1976.

1975 Total Rupees	PROPERTY & ASSETS	Life Business Rupees	General Business Rupees	1976 Total Rupees
	Investment (At cost):			
73 08,125	Government and other securities		70,08,125	70,08,125
	Government Treasury Deposit			
5,00,02,809	Receipts		8,82,35,749	8,82,35,749
2,77,66,512	Stock and shares		3,04,84,125	3,04,84,125
46,24,750	Debentures		75,11,250	75,11,250
8,97,02,196	Market value as at 31st December, 1976 (Rs. 13,44,44,714)		13,32,39,249	13,32,39,249
30,96,274	Land and building		32,05,218	32,05,218
9,27,98,470			13,64,44,467	13,64,44,467
	Amount due from persons and bodies carrying on Insurance			
10,38,15,049	Business	1,58,723	12,52,57,796	12,54,16,519
	Deposits held by Ceding			
5,05,91,741	Companies	—	6,31,00,385	6,31,00,385
2,38,52,370	Cash in hand and at bank	—	2,02,11,981	2,02,11,981
29,64,947	Interest accrued and outstanding	—	40,79,437	40,79,437
18,00,144	Sundry debtors	—	48,04,079	48,04,079
75,86,634	Advances, loans, deposit and prepaid expenses	—	91,57,593	91,57,593
	Furniture, fixture, office equip- ment and vehicles—At cost			
5,90,396	less depreciation	—	6,62,022	6,62,022
21,014	Stock of stationery in hand	—	38,811	38,811
1,64,73,319	Net Assets relating to former East Pakistan	—	1,64,73,319	1,64,73,319
12,77,315	Due from General Business	12,77,315	—	12,77,315
30,17,71,399	Total:	14,36,038	38,02,29,890	38,16,65,928

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FAZLUR REHMAN KHAN  
D. M. QURESHI  
AHADULLA AKMAL  
M. W. FAROOQUI  
KHAN AMIR ABDULLAH KHAN

Chairman  
Director

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# PAKISTAN INSURANCE CORPORATION

Notes to the Accounts for the year ended 31st December, 1976

## 1. RESERVE FOR TAXATION

The assessments of the Corporation have been finalised upto and including assessment year 1974-75. In the opinion of the Tax Advisors of the Corporation there is a refund due upto 1974-75 amounting to Rs. 16,37,188 subject to the compliance of certain formalities. Furthermore the Tax Advisors have also confirmed that in view of carried forward losses of Rs. 45,72,000 the provision for taxation amounting to Rs. 51,00,000 is adequate to cover the liabilities for the pending assessment years.

## 2. RESERVE FOR OUTSTANDING CLAIMS

- (a) The reserves for outstanding claims made upto 31 December 1975 were reviewed by a firm of consulting actuaries, who evaluated a net understatement in this reserve of Rs 37 lacs.
- (b) The reserves for outstanding claims for the year have been created on the basis of the Corporation's previous practice consistently applied on the advices received from insurance companies and where advices were not available the losses have been estimated by the underwriting department. However, in case of Marine business further provision has been made for losses incurred but not reported for Rs. 70 lacs.
- (c) 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:

	1976	1975
Fire insurance	23,82,000	23,82,000
Marine insurance	14,69,794	14,69,794
Miscellaneous insurance	11,00,000	11,00,000
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Rupees	49,51,794	49,51,794
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No adjustment has been made in this reserve pending ascertainment of actual liabilities in this regard.

## 3. INVESTMENTS

Investments 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:

	1976	1975
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	86,08,167	86,08,167
Furniture and fixtures	4,078	4,078
Rupees	1,64,73,319	1,64,73,319

The realisability of these assets 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.

(b) Net current assets

During the year Rs. 24,442 has been written off representing the shares of Bangladesh Companies on account of retroceded business.

#### 5 LAND & BUILDING

Land and building comprises of the following:

PIC Head Office building	5,39,585
PIC building — Plot Moulvi Tamizuddin Khan Road—Leasehold	7,06,094
PIC House—Moulvi Tamizuddin Khan Road	3,43,834
PIC Officers' Colony—Plot—Leasehold	4,09,589
PIC building—Plot—Islamabad	12,03,453
Lift	2,663
Rupees	32,05,218



- (a) The Plot No. 32-A on Moulvi Tamizuddin Khan Road was acquired on 25 years' lease from the Karachi Port Trust for construction of Corporation's building thereon. On request from Karachi Port Trust, however, this plot has been lent to the Karachi Port Trust for serving as a working yard in connection with the construction of Napier Mole Bridge. Karachi Port Trust has agreed not to charge the rent and extension fee for the period it is so used by Karachi Port Trust.
- (b) The Karachi Port Trust is demanding Rs. 1,96,101 on account of the extension fee for the period 28 February 1973 to 31 December 1974 which has not been acknowledged as debt by the Corporation.

## 6. DEVALUATION/DIFFERENCE IN EXCHANGE ACCOUNT

- (a) The devaluation account represents the net gain on the settlement/adjustments of balance relating to pre-devaluation period. The difference in exchange account represents the net gain on remittances made/received and adjustments made in respect of post-devaluation transactions.
- (b) The effect of bonus voucher scheme 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 overall 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 can not be ascertained at this stage, since adjustments have not been made to convert such transactions at post-devaluation rates in most of the cases. The Corporation has this year, besides its policy to account for the exchange differences at the time of settlement of accounts, has revalued certain un-settled balances in respect of Aviation Hull business, resulting in a net profit of Rs. 16.73 lacs on account of difference in exchange for the year.
- (d) All balances in foreign currencies representing amounts due to/due from other companies, deposits held by ceding companies and deposits retained/received from other companies have been reflected on the rates prevailing on the date of the booking. However, the un-adjusted balances of cash losses paid to ceding companies and cash losses received by PIC pertaining to the pre-devaluation period and appearing in 1974 accounts at the rate prevailing as at 31 December 1974 are continuing at that rate.

## 7. MISCELLANEOUS INCOME

Miscellaneous income includes management fee of Rs. 49,623 due from NIC in respect of 1976 and accounted for on the basis of provisional figures advised by the NIC.



## 8. GENERAL

- (a) Expenses of management have been allocated to the various insurance Revenue Accounts 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 rupee.
- (d) Figures of the previous year have been rearranged wherever necessary to facilitate comparison.

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