



**PAKISTAN
INSURANCE
CORPORATION**

29th Annual Report & Accounts

FOR THE YEAR ENDED 31st DECEMBER, 1981

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



PAKISTAN INSURANCE CORPORATION

BOARD OF DIRECTORS

M. YAKUB

Chairman

S. S. A. BUKHARI

Director

MALIK ASRAR AHMED

Director

M. W. FAROOQUI

Director

NISAR-UN-NABI

Director

I. H. QARNI

Director

MOHAMMAD AIJAZ

Director

AUDITORS:

EBRAHIM & CO.
Chartered Accountants

HASHMI & CO.
Chartered Accountants

HEAD OFFICE:

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

PAKISTAN INSURANCE CORPORATION

NOTIFICATION

The Twenty Ninth Annual General Meeting of the Shareholders of Pakistan Insurance Corporation will be held at Pakistan Insurance Building, M. A. Jinnah Road, (Opposite Mereweather Tower), Karachi-2 on Wednesday the 30th June, 1982 at 11.00 A.M. to transact the following business, namely :—

- i) To confirm the Minutes of the 28th Annual General Meeting held on Tuesday, the 30th June, 1981.
- ii) To adopt the Balance Sheet as at 31st December, 1981, the Revenue Accounts and the Profit & Loss and the Profit and Loss Appropriation Accounts for the year ended 31st December, 1981.
- iii) Announcement of the Dividend declared by the Board in respect of the 1981 Accounts.

The Share Transfer Registers of the Corporation will remain closed for 8 days, with effect from the 23rd June, 1982 to 30th June, 1982 (both days inclusive) for Annual General Meeting and payment of dividend.

By order of the Board
(IRSHAD MUHAMMAD BAIG)
Secretary.

PAKISTAN INSURANCE CORPORATION

KARACHI

Report of the Board of Directors on the working of the Corporation during the year ended 31st December, 1981.

The Shareholders,
Pakistan Insurance Corporation,

Gentlemen,

Your directors take pleasure in presenting herewith their 29th Annual Report and the Accounts of the Corporation for the year 1981.

2. The Pakistan Insurance Corporation was set up under the PIC Act (Act No. XXXVIII) 1952 to provide reinsurance facilities in Pakistan and to assist in the development of national insurance industry.

3. In the earlier years, the Corporation limited its activities to the acceptance of 10% obligatory quota share cession of all direct insurance written in the country. Later in 1958, the quota of such compulsory cessions to PIC was increased to 30%. PIC has also been accepting voluntary cession on mutually agreed terms and w.e.f. 1.1.1976 Government have decided that every insurer in Pakistan shall also offer to reinsure with PIC not less than 25% of its surplus which it intends to reinsure abroad.

4. The business under 30% statutory quota share cessions and 25% surplus cessions is pooled and a sizeable portion, duly protected by excess of loss covers, is retroceded to the companies for their net account. This arrangement has been instrumental in strengthening the retention capacity and further growth of the home industry.

5. The Corporation also accepts insurance business from abroad and has by now developed a substantial foreign portfolio.

6. As the business available to PIC represents a cross section of the general insurance business of the country and is more balanced and widely spread, it is possible for PIC to make greater use of the more economical reinsurance arrangements as well as obtain reciprocal business from abroad.

7. General insurance business is written by both Private Sector and Public Sector. The Government interests are covered by National Insurance Corporation exclusively. The business emanating from private enterprises is handled by 27 national companies and 11 foreign resident companies. The gross premium income of general insurance business has recorded an increase from Rs. 1197 million in 1980 to Rs. 1283 million in 1981.

8. The table below shows the break-up of volume of business classwise written by different groups of insurers.

(In million of Rupees)

1981 Gross Premium

Class of Business	N.I.C.	% source wise	National Companies	% source wise	Foreign Resident Cos.	% source wise	Total	% class wise
Fire	142	32	250	56	54	12	446	35
Marine Cargo	142	31	253	54	71	15	466	36
Marine Hull	51	85	9	15	—	—	60	5
Aviation	71	97	2	3	—	—	73	6
Engineering	27	49	27	49	1	2	55	4
Accident	41	22	120	66	22	12	183	14
	474	37	661	52	148	11	1283	100

The gross figures are based on 30% quota share cessions declared to PIC in 1981

9. The growth of PIC business from year to year is shown in the following table:—

(In million of Rupees)

Year	Gross Premium Income	Profit	Total Reserves/Provisions	Total Investment
1953	1.6	—	0.8	1.0
1958	20.7	1.1	8.7	9.0
1963	57.2	1.6	21.1	20.3
1968	131.9	7.4	63.4	42.3
1973	238.3	10.9	127.4	37.1
1978	578.6	33.6	390.0	251.5
1979	666.5	7.0	474.8	250.0
1980	733.3	7.4	545.2	327.1
1981	780.5	70.6	610.4	387.7

10. While the gross premium of the Corporation increased by 7% (from Rs. 733 million in 1980 to Rs. 781 million this year), the net premium has shown no improvement because of higher retrocession to companies and excess of loss reinsurers

REVENUE ACCOUNTS :

(In million of Rupees)

	FIRE		MARINE		MISC		TOTAL	
	1980	1981	1980	1981	1980	1981	1980	1981
Gross Premium	222	237	292	311	219	233	733	781
Retro. Premium	106	141	132	141	125	130	363	412
Net Premium	116	96	160	170	94	103	370	369
Net Commission	52	43	52	58	25	27	129	128
Net Claims	37	31	112	101	51	64	200	196
Prem. Res. Adj.	18	(8)	8	4	29	4	55	—
Management Exp	3	4	5	7	3	5	11	16
Balance	6	26	(17)	—	(14)	3	(25)	29

The net claims paid during 1981 in terms of percentage of net premium decreased from 54.1% in 1980 to 53.1% in 1981. Net Commission as a percentage to Net Premium has marginally decreased. The Net underwriting profit has shown improvement because of lower claims ratio and absence of premium reserve strain.

11. The development and experience of individual classes of PIC business during 1981 has been as follows:—

FIRE :— The gross premium of Fire portfolio increased from Rs. 222 million in 1980 to Rs. 237 million in 1981 recording a nominal growth of 6.5%. The NIC and market business remained almost static; the increase of 6.5% was contributed by the foreign portfolio of the Corporation. The retained premium witnessed sizeable decrease of 12% from Rs. 117 million in 1980 to Rs. 95 million in 1981; this decline is caused mainly because the Corporation retroceded from its compulsory pool more premium to the local companies (73% in 1981 compared to 55% in 1980).

There were only two major fire losses during the year and therefore the result of fire business has been more satisfactory than in the last year. The benefit of this higher profitability has, however, largely gone to the local companies. According to the existing arrangements for sharing the compulsory pool, the Corporation parts with larger share to the local companies when business is good. However, when the business is poor, the retrocession to the companies is smaller. Thus the bulk of the losses is borne by PIC.

MARINE :— The gross premium shows increase of 8.5% from Rs. 228 million in 1980 to Rs. 248 million in 1981. However, after excluding a refund entry of 1979 included in 1980, the actual growth in 1981 is 4% only. This growth was contributed wholly by local market; the premium income from NIC and from foreign business remained static. The net premium as a percentage of gross premium decreased on account of higher XL cost. The trend of major losses on account of use of overage vessels witnessed by the market in 1979 and 1980 also persisted in 1981. The market as a whole is alive to the situation.

Marine Hull gross premium decreased marginally from Rs. 64 million in 1980 to Rs. 63 million in 1981 due to reduction of premium from NIC on account of denationalisation of Pan Islamic Fleet. Despite this reduction, the level of retained premium as percentage to gross premium was maintained in 1981. The account turned out to be positive mainly on account of release of premium reserve adjustment.

MISCELLANEOUS :— Gross premium income of Aviation business recorded a nominal increase of 8% from Rs. 106 million in 1980 to Rs. 115 million in 1981. The account produced adverse results mainly due to PIA DC-10 loss in 1981. The results of foreign business which constitutes 41% of the total gross premium has been showing negative results for some time reflecting the deteriorating trend of this business the world over. The unprofitable business is being substantially pruned.

The gross premium of Engineering business shows a decrease from Rs. 50 million in 1980 to Rs. 44 million in 1981, but after excluding arrear premium of 1979 booked in 1980, the year 1981 shows a marginal increase of Rs. 1 million over 1980. Higher retention as percentage of gross premium is due to increase in foreign portfolio and reinsurance from local market which are mostly retained to net account. The claims experience continued to be satisfactory in 1981 also.

The gross premium of Accident Department increased by 17% in 1981 as compared to 19% in 1980, while the net premium as a percentage of gross premium increased from 58% in 1980 to 62% in 1981.

12. **PREMIUM RESERVE:** Premium Reserve has been calculated @ 100% of Net Premium increase in respect of Marine Hull and Aviation portfolios and @ 40% of net premium increase in other portfolios.

13. **INVESTMENTS:** There was an appreciable increase in the investment made by the Corporation from Rs. 327 million in 1980 to Rs. 388 million this year. The increased investment was made mainly in Government Treasury Deposit Receipts.

With the increase in investments, the investment income for the year substantially increased from Rs. 30 million in 1980 to Rs. 38 million this year.

14. **PROFIT AND LOSS ACCOUNT:** The Profit and Loss Account shows a net profit of Rs. 70.6 million arrived at as follows:—

Under-Writing Profit	Rs.	28.7	million
Investment Income	Rs.	38.1	million
Other Income net of expenses	Rs.	3.8	million
	Rs.	70.6	million

15. **ALLOCATION OF PROFIT:**

Including a sum of Rs. 6.1 million brought forward from last year, the surplus has been appropriated as under:—

i) General Reserve	Rs.	9.0	million
ii) Exceptional Loss Reserve	Rs.	8.5	million
iii) Provision for taxation	Rs.	31.0	million
iv) Proposed Dividend	Rs.	0.8	million
v) Proposed Bonus shares	Rs.	2.0	million
vi) Other Reserve	Rs.	3.3	million
Balance carried forward.	Rs.	22.1	million

16. **BALANCE SHEET:**

There has been an increase of Rs. 65 million in the Reserves/Provisions of the Corporation which have gone up from Rs. 545 million at close of 1980 to Rs. 610 million at the end of 1981.

17. **ACKNOWLEDGEMENT:**

Since last report Khan Amir Abdullah Khan retired in November, 1981 and Mr. Mohammad Aijaz was elected in his place from Lahore Register. The Directors wish to express their appreciation of the valuable services rendered by the outgoing Director and welcome the new Director who brings with him rich and varied experience.

The Directors take this opportunity to express their appreciation of the good work done by the Management, Officers and Staff of the Corporation. The Directors also owe their gratitude to the Government of Pakistan, the Insurance Association of Pakistan, all insurers in Pakistan, the underwriters and the reinsurance brokers for the co-operation extended by them during the year under review.

The Directors are pleased to declare a dividend of 10% for the year 1981 and also Bonus Shares in proportion of 1 : 4.

PAKISTAN INSURANCE CORPORATION

29 YEARS AT A GLANCE

(In Million of Rupees)

Year	Gross Premium Income	Profit	Dividend declared %	Total Reserves/ Provisions	Total Investment
1953	1.638	0.013	...	0.795	1.046
1954	4.492	0.106	4	3.202	3.514
1955	5.674	0.510	4	3.462	4.510
1956	8.045	0.575	5	4.844	5.099
1957	9.461	0.634	6-1/2	6.424	6.030
1958	20.734	1.069	10	8.704	8.993
1959	25.012	1.592	10	0.995	10.455
1960	33.110	1.694	10	11.258	11.381
1961	37.663	1.509	10	13.624	12.299
1962	47.889	1.561	10	17.032	14.902
1963	57.165	1.648	10	21.069	20.306
1964	67.400	2.017	10	25.901	25.789
1965	72.298	2.334	10	35.547	31.040
1966	93.806	2.308	10	39.501	35.407
1967	108.431	3.621	10	49.117	38.709
1968	131.942	7.397	10	63.364	42.256
1969	156.291	6.728	10	77.448	47.762
1970	155.445	8.752	10	91.108	51.242
1971	166.767	7.079	10	107.060	52.084
1972	215.202	6.287	10	116.223	35.986
1973	238.288	10.924	7-1/2	127.400	37.075
1974	319.887	16.022	7-1/2	174.027	47.584
1975	399.717	19.865	10	207.712	92.798
1976	462.368	26.518	10	262.956	138.739
1977	554.482	18.069	10	330.725	212.265
1978	578.556	33.550	3:5B 10	390.044	251.465
1979	666.478	6.975	10	474.789	249.973
1980	733.309	7.396	10	539.195	327.114
1981	780.507	70.606	1:4B 10	588.358	387.655

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, 1981 and the Fire, Marine and Miscellaneous Insurance Revenue Accounts, the Profit and Loss Account and 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, 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.
- c) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, has been deducted by the Corporation and credited to the Central Zakat Fund established under section 7 of the Ordinance.

HASHMI & CO.
Chartered Accountants

EBRAHIM & CO.
Chartered Accountants

Karachi 2nd June 1982

PAKISTAN INSURANCE

REVENUE ACCOUNT FOR THE CONSOLIDATED FOR ALL

1980 Rupees	PARTICULARS	1981 Rupees
128,908,354	Commission paid (Less Retrocessions)	128,142,757
188,834,151	Claims (less Retrocessions) paid during the year.	197,607,607
170,358,150	Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated.	168,665,531
359,192,301		366,273,138
159,257,224	Less: Outstanding at the end of previous year	170,358,150
199,935,077		195,914,988
9,499,189	Expenses of Management	9,782,244
183,996,452	Premium Reserve for the year	184,114,225
1,454,982	Difference in Exchange	6,339,112
—	Profit transferred to Profit & Loss Account	28,674,778
<u>523,794 054</u>		<u>552,968,104</u>

Auditors' report to the shareholders is annexed

HASHMI & CO.
Chartered Accountants

Karachi, 2nd June 1982

EBRAHIM & CO.
Chartered Accountants

CORPORATION

YEAR ENDED 31ST DECEMBER, 1981

CLASSES OF BUSINESS

1980 Rupees	PARTICULARS	1981 Rupees
128,608,615	Premium Reserve brought forward from last year.	183,996,452
733,309,068	Premium	780,507,148
363,191,709	Less: Retrocessions	411,535,496
370,117,359		368,971,652
25,068,080	Loss transferred to Profit & Loss Account	—
<u>523,794,054</u>		<u>552,968,104</u>

M. W. FAROOQI

Director

NISAR-UN-NABI

Director

PAKISTAN INSURANCE

REVENUE ACCOUNTS FOR THE FIRE

1980 Rupees	PARTICULARS	1981 Rupees
51,648,364	Commission paid (Less Retrocessions)	42,967,671
29,117,257	Claims (Less Retrocessions) paid during the year.	34,965,429
31,571,967	Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated.	27,642,620
60,689,224		62,608,049
24,184,866	Less: Outstanding at the end of previous year.	31,571,967
36,504,358		31,036,082
2,990,520	Expenses of Management	2,530,220
47,783,187	Premium Reserve for the year	39,349,734
458,055	Difference in Exchange	1,639,639
6,541,907	Profit transferred to Profit & Loss Account	25,695,964
<u>145,926,391</u>		<u>143,219,310</u>

Auditors' report to the shareholders is annexed

HASHMI & CO.
Chartered Accountants

Karachi 2nd June 1982

EBRAHIM & CO.
Chartered Accountants

CORPORATION

YEAR ENDED 31ST DECEMBER, 1981

BUSINESS

1980 Rupees	PARTICULARS	1981 Rupees
29,406,636	Premium Reserve brought forward from last year.	47,783,187
222,177,876	Premium	236,601,934
105,658,121	Less: Retrocessions	141,165,811
116,519,755		95,436,123
<hr/>		<hr/>
145,926,391		143,219,310

M. W. FAROOQUI

NISAR-UN-NABI

Director

Director

PAKISTAN INSURANCE

REVENUE ACCOUNT FOR THE MARINE

1980 Rupees	PARTICULARS	1981 Rupees
52,590,390	Commission paid (Less Retrocessions)	58,347,115
105,277,404	Claims (Less Retrocessions) paid during the year.	94,481,502
97,053,765	Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated.	103,411,465
202,331,169		197,892,967
90,292,781	Less: Outstanding at the end of previous year.	97,053,765
112,038,388		100,839,202
4,112,821	Expenses of Management	4,517,397
79,412,045	Premium reserve for the year	83,252,748
629,957	Difference in Exchange	2,927,374
<u>248,783,601</u>		<u>249,883,836</u>

Auditors' report to the shareholders is annexed

HASHMI & CO.
Chartered Accountants

Karachi 2nd June 1982

EBRAHIM & CO.
Chartered Accountants

CORPORATION

YEAR ENDED 31ST DECEMBER, 1981

BUSINESS

1980 Rupees	PARTICULARS	1981 Rupees
71,160,164	Premium reserve brought forward from last year.	79,412,045
292,255,540	Premium	310,761,930
132,007,469	Less: Retrocessions	140,372,446
160,248,071		170,389,484
17,375,366	Loss transferred to Profit & Loss Account	82,307
<hr/> 248,783,601		<hr/> 249,883,836

M.W. FAROOQUI

NISAR-UN-NABI

Director

Director

PAKISTAN INSURANCE

REVENUE ACCOUNT FOR THE
MISCELLANEOUS

1980 Rupees	PARTICULARS	1981 Rupees
24,669,600	Commission paid (Less Retrocessions)	26,827,971
54,439,490	Claims (Less Retrocessions) paid during the year.	68,160,676
41,732,418	Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated.	37,611,446
96,171,908		105,772,122
44,779,577	Less: Outstanding at the end of previous year.	41,732,418
51,392,331		64,039,704
2,395,848	Expenses of Management	2,734,627
56,801,220	Premium reserve for the year	61,511,743
366,970	Difference in Exchange	1,772,099
—	Profit transferred to Profit and Loss Account.	3,061,121
135,625,969		159,947,265

Auditors' report to the shareholders is annexed.

HASHMI & CO.
Chartered Accountants

Karachi 2nd June 1982

EBRAHIM & CO.
Chartered Accountants

CORPORATION

YEAR ENDED 31ST DECEMBER, 1981

BUSINESS

1980 Rupees	PARTICULARS	1981 Rupees
28,041,815	Premium Reserve brought forward from last year.	56,801,220
218,875,652	Premium.	233,143,284
125,526,119	Less: Retrocessions	129,997,239
93,349,533		103,146,045
14,234,621	Loss transferred to Profit & Loss Account	—
<u>135,625,969</u>		<u>159,947,265</u>

M. W. FAROOQUI

Director

NISAR-UN-NABI

Director

PAKISTAN INSURANCE

PROFIT AND LOSS ACCOUNT FOR THE

1980 Rupees	PARTICULARS	1981 Rupees
	Expenses of Management (not allocable to any particular Revenue Account)	
19,318	Directors' Fee and T.A.	20,242
20,500	Auditors' Fee	20,500
28,160	Advertisement and Publicity	48,247
67,978		88,989
89,903	R. C. D. Expenses.	1,510
—	Training and Research.	800
15,500	Charity and Donation.	15,000
105,403		17,310
941,556	Interest paid on deposits retained from other companies	1,117,865
3,118	Bad Debts	9,985
10,878	Net Assets Relating to Former East Pakistan written off	—
7,395,811	Net Profit for the year carried to Profit & Loss Appropriation Account.	70,606,138
8,524,744		71,840,287

PROFIT AND LOSS APPROPRIATION ACCOUNT

—	General Reserve	9,000,000
—	Exceptional Loss Reserve	8,500,000
—	Investment Fluctuation Reserve	2,550,000
800,000	Provision for Taxation	31,000,000
—	Provision for Bad & Doubtful Debts	750,000
—	Proposed Issue of Bonus Shares	2,000,000
800,000	Proposed dividend 1981	800,000
6,099,240	Unappropriated Profit transferred to Balance Sheet	22,105,378
7,699,240		76,705,378

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

Auditors' Report to the Shareholders is Annexed

HASHMI & CO.
Chartered Accountants

EBRAHIM & CO.
Chartered Accountants

Karachi 2nd June 1982

CORPORATION

YEAR ENDED 31ST DECEMBER, 1981

1980 Rupees	PARTICULARS	1981 Rupees
	Investment Income	
30,353,995	Interest and Dividends	38,078,234
	Profit (Loss) transferred from Revenue Accounts.	
6,541,907	Fire	25,695,964
(17,375,366)	Marine	(82,307)
(14,234,621)	Miscellaneous	3,061,121
(25,068,080)		28,674,778
	Other Receipts.	
2,514,438	Interest received on deposits retained by other Companies.	2,894,775
130,498	Interest on Short Terms Deposits	66,602
—	Profit on sale of Investments	300
—	Profit on sale of Assets.	31,507
593,836	Miscellaneous Income.	2,094,074
57	Share Transfer Fee.	17
3,238,829		5,087,275
8,524,744		71,840,287
FOR THE YEAR ENDED 31ST DECEMBER, 1981		
303,429	Balance brought forward from previous year.	6,099,240
7,395,811	Net profit for the year as per Profit & Loss Account.	70,606,138
7,699,240		76,705,378

M. W. FAROOQUI

NISAR-UN-NABI

Director

Director

PAKISTAN INSURANCE

BALANCE SHEET AS AT

1980 Rupees	CAPITAL & LIABILITIES	1981 Rupees
10,000,000	AUTHORISED CAPITAL 100,000 shares of Rs. 100 each	10,000,000
	ISSUED AND PAID-UP CAPITAL	
8,000,000 10,725	80,000 shares of Rs. 100 each fully paid up. Share Premium Account.	8,000,000 10,725
8,010,725		8,010,725
	RESERVES AND PROVISIONS :	
141,500,000 1,500,000 450,000 5,000,000 34,100,000 250,000 2,039,882	Exceptional Loss Reserve Exchange Fluctuation Reserve Investment Fluctuation Reserve General Reserve Provision for Taxation Reserve for Bad & Doubtful Debts. Provision for Gratuity	150,000,000 1,500,000 3,000,000 14,000,000 65,100,000 1,000,000 977,832
184,839,882		235,577,832
—	Proposed issue of Bonus Shares	2,000,000
800,000	Proposed Dividend	800,000
6,099,240	Unappropriated Profit	22,105,378
	RESERVE FOR OUTSTANDING CLAIMS :	
31,571,967 97,053,765 41,732,418	Fire Marine Miscellaneous	27,642,620 103,411,465 37,611,446
170,358,150		168,665,531
	PREMIUM RESERVE :	
47,783,187 79,412,045 56,801,220	Fire Marine Miscellaneous	39,349,734 83,252,748 61,511,743
183,996,452		184,114,225
47,470,817	Amount due to other persons and bodies carrying on insurance business.	68,418,388
111,080,040	Deposits retained and/or received from other Companies.	66,950,769
3,123,860	Sundry Creditors.	3,500,326
715,779,166		760,143,174

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

Auditors' report to the Shareholders is annexed.

HASHMI & CO.
Chartered Accountants

Karachi 2nd June 1982

EBRAHIM & CO.
Chartered Accountants

CORPORATION

31ST DECEMBER 1981

1980 Rupees	PROPERTY & ASSETS	1981 Rupees
	INVESTMENT (at cost)	
4,906,633	Government and other Securities	2,156,633
150,182,199	G. T. D. R.	229,890,609
25,981,346	F. D. R.	4,000,000
135,052,448	Stock and Shares	142,542,343
10,991,650	Debentures.	9,065,261
327,114,276		387,654,846
	Market value as at 31.12.1981 (Rs. 394,238,183.)	
1,532,578	Land and Building at cost (Less Depreciation)	1,493,796
	CURRENT ASSETS :	
5,511,158	Cash in hand and at Bank	5,683,379
167,051,323	Amount due from Persons and Bodies carrying on Insurance Business.	131,652,996
131,287,982	Deposits held by Ceding Companies	125,856,381
2,185,889	Sundry Debtors	2,358,592
16,448,859	Interest accrued and outstanding	22,208,125
47,397,817	Advances/Loans, Deposits & Prepaid Expenses	66,442,430
114,879	Stock of Stationery etc.	85,592
369,997,907		354,287,495
	ADMINISTRATIVE FIXED ASSETS	
661,086	Furniture, Fixture, Office Equipment and Vehicles at cost (Less Depreciation)	733,418
16,473,319	Net Assets Relating to Former East Pakistan.	15,973,619
715,779,166		760,143,174

M. W. FAROOQUI

Director

NISAR-UN-NABI

Director

PAKISTAN INSURANCE CORPORATION

Notes to the accounts for the year ended 31st December 1981.

1. EXCHANGE FLUCTUATION RESERVE Rs. 1,500,000/-

It is only a token provision which remains constant since 1975. No further provision was made in this reserve thereafter and all the Exchange Losses are being written off to revenue as and when paid.

2. RESERVE FOR OUTSTANDING CLAIMS

(a) This provision includes an estimated sum of Rs. 13 million (1980 Rs. 9.8 million) in respect of marine losses incurred but not reported (IBNR).

(b) It also includes an amount of Rs. 4,951,794 representing claims brought forward from the previous years which relate to Bangladesh (Former East Pakistan) business. This is made up as follows.

	1981	1980
	Rupees	Rupees
Fire insurance	2,382,000	2,382,000
Marine insurance	1,469,794	1,469,794
Miscellaneous insurance	1,100,000	1,100,000
	<u>4,951,794</u>	<u>4,951,794</u>

No adjustment has been made in this provision since 1973 pending ascertainment of actual liabilities in this regard.

3. LAND AND BUILDING

Land and building comprises of the following:

	1981	1980
	Rupees	Rupees
PIC Head Office Building (W.D.V.)	466,674	491,236
*PIC Building Plot, Moulvi Tamizuddin Khan Road, Leasehold (at cost)	760,197	760,197
PIC House, Moulvi Tamizuddin Khan Road (W.D.V.)	266,052	280,054
Lift (W.D.V.)	873	1,091
Total :	<u>1,493,796</u>	<u>1,532,578</u>

This 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. The Karachi Port Trust has agreed not to charge the rent and extension fee for the period that it is so used by the Karachi Port Trust.

4 ASSETS RELATING TO BANGLADESH (FORMER EAST PAKISTAN)

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

	1981	1980
	Rupees	Rupees
East Pakistan Government Loans (encashed during the year)	—	499,700
Stock and Shares	7,111,374	7,111,374
Debentures	250,000	250,000
Land and Building	8,608,167	8,608,167
Furniture and Fixtures	4,078	4,078
	<u>15,973,619</u>	<u>16,473,319</u>

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.

5. DEVALUATION/DIFFERENCE IN EXCHANGE ACCOUNT :

- a) This includes a net loss of Rs. 1,266,651 resulting from exchange fluctuations on remittances received and sent and/or adjustments of various foreign transactions and translation of currencies in respect of monthly cash balances.
- b) The effect of bonus voucher scheme and devaluation on settlement with National Co-insurance Scheme in respect of business booked prior to 30th June, 1970 has not been incorporated. Such effect shall be reflected as and when realised by National Co-insurance Scheme and passed on to the Corporation.
- c) All balances in foreign currencies representing amounts due to and due from other companies, deposits held by ceding companies and deposits retained/received from other companies have been reflected at the rates prevailing on the date of the booking.

6. **GENERAL**

- a) Expenses of Management and difference in exchange have been allocated to the various Revenue Accounts on the basis of net premium income earned.
- b) Consistent with the policy of the Corporation since 1980, the premium reserve for the year has been provided at 40% of net premium in respect of Fire, Marine Cargo and Miscellaneous and 100% in respect of Marine Hull and Aviation Hull business as admissible under the Insurance Act, 1938.

PAKISTAN INSURANCE CORPORATION

KARACHI

PROXY FORM

I/we ofbeing
a Shareholder 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 theday.....
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.

PROXY FORM

PAKISTAN INSURANCE CORPORATION

KARACHI

I/We _____ of _____ being
a Shareholder 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

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