



32ND ANNUAL REPORT 1984

PAKISTAN INSURANCE CORPORATION

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



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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BOARD OF DIRECTORS



| | |
|------------------------------|-----------------|
| S. M. A. ASHRAF | <i>Chairman</i> |
| S. S. A. BUKHARI | <i>Director</i> |
| S. M. HASAN | <i>Director</i> |
| I. H. QARNI | <i>Director</i> |
| MAHBOOB SIDDIQUI | <i>Director</i> |
| SHAMSHAD ASHRAF KHAN | <i>Director</i> |
| AHMED DAWOOD | <i>Director</i> |
| SHEIKH MOHAMMAD AIJAZ AKHTAR | <i>Director</i> |

AUDITORS :

TASEER HADI KHALID & CO.
Chartered Accountants.

FEROZE SHARIF & CO.
Chartered Accountants.

HEAD OFFICE :

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



NOTIFICATION



The Thirty-second Annual General Meeting of the shareholders of Pakistan Insurance Corporation shall be held at Pakistan Insurance Building, M. A. Jinnah Road (Opposite Mereweather Tower), Karachi-2 on Thursday the 27th June, 1985 at 11.00 a.m. to transact the following business, namely :—

- (i) To confirm the minutes of the 31st Annual General Meeting held on Thursday, the 28th June, 1984.
- (ii) To adopt the Balance Sheet as at 31st December, 1984, the Revenue Accounts and the Profit & Loss and the Profit & Loss Appropriation Accounts for the year ended 31st December, 1984 ; and
- (iii) Announcement of the Dividend declared by the Board in respect of the 1984 Accounts.

2. The Share Transfer Registers of the Corporation will remain closed for 8 days with effect from 20th June to 27th June, 1985 (both days inclusive) for Annual General Meeting and payment of dividend and distribution of un-appropriated surplus, if any.

By orders of the Board

(IRSHAD MUHAMMAD BAIG)
Secretary



REPORT OF THE BOARD OF DIRECTORS ON THE YEAR ENDED

The Shareholders,
Pakistan Insurance Corporation,

Gentlemen,

Your directors take pleasure in presenting herewith the 32nd Annual Report and the Accounts of the Corporation for the year, 1984.

2. The gross premium income of general insurance business excluding NIC in the country has recorded an increase of Rs. 126 million, i.e. from Rs. 1044 million in 1983 to Rs. 1150 million in 1984. The table below shows the break-up of volume of business classwise written by different groups of insurers.

1984 GROSS PREMIUM :

(In million of Rupees)

| Class of Business | National Cos. | % Source wise | Foreign Resident Cos. | % Source wise | Total | % Class wise |
|-------------------|---------------|---------------|-----------------------|---------------|-------|--------------|
| Fire | 370 | 85 | 67 | 15 | 437 | 38 |
| Marine Cargo | 332 | 76 | 103 | 24 | 435 | 38 |
| Marine Hull | 12 | 100 | — | — | 12 | 1 |
| Aviation | 2 | 100 | — | — | 2 | — |
| Engineering | 25 | 93 | 2 | 7 | 27 | 2 |
| Accident | 201 | 85 | 36 | 15 | 237 | 21 |
| | 942 | 82 | 208 | 18 | 1150 | 100 |

The gross figures are based on 30% Quota Share cessions declared to PIC in 1984 which does not include the Bond Business.

WORKING OF THE CORPORATION FOR THE 31 DECEMBER, 1984



3. The growth of PIC business from year to year is shown in the following Table :-

(In million of Rupees)

| Y e a r | Gross Premium Income | Profit | Total Reserves/ Provisions | Total Investment |
|---------|----------------------------|--------|----------------------------------|---------------------|
| 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 | 238.9 | 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 | 586.7 | 387.7 |
| 1982 | 872.8 | 72.6 | 577.0 | 414.7 |
| 1983 | 897.6 | 66.6 | 640.0 | 476.6 |
| 1984 | 817.5 | 75.4 | 707.6 | 500.3 |

Despite the decrease in gross premium by 9% (from Rs. 897.6 million to Rs. 817.5 million), our overall profit in 1984 showed an increase of 14% as compared to 1983 (from Rs. 66.58 million to Rs. 76.05 million).

4. The Revenue Accounts, are as below :—

REVENUE ACCOUNTS

(In million of Rupees)

| | FIRE | | MARINE | | MISC. | | TOTAL | |
|-----------------|------|------|--------|------|-------|------|-------|------|
| | 1983 | 1984 | 1983 | 1984 | 1983 | 1984 | 1983 | 1984 |
| Gross Premium | 249 | 199 | 361 | 338 | 288 | 280 | 898 | 817 |
| Retro. Premium | 129 | 111 | 210 | 189 | 171 | 167 | 510 | 467 |
| Net Premium | 120 | 88 | 151 | 149 | 117 | 113 | 388 | 350 |
| Net Commission | 51 | 41 | 58 | 50 | 26 | 33 | 135 | 124 |
| Net Claim | 39 | 35 | 81 | 85 | 118 | 91 | 238 | 211 |
| Prem. Res. Adj. | 7 | (13) | (37) | 1 | 10 | (10) | (20) | (22) |
| Management Exp. | 4 | 4 | 6 | 6 | 5 | 4 | 15 | 14 |
| Balance :— | 19 | 21 | 43 | 7 | (42) | (5) | 20 | 23 |



The net claims incurred during 1984 in terms of percentage of net premium decreased from 61.3% in 1983 to 60.3% in 1984. Net commission as a percentage of net premium has marginally increased but the net underwriting balance has substantially increased.

5. The experience of individual classes of business during 1984 has been as follows :—

(a) FIRE :

The gross premium of Fire Port-folio has decreased from Rs. 249.2 million in 1983 to Rs. 199.6 million in 1984 showing a decrease of 19.9%. This has been mainly due to less cessions by NIC and also the cancellation of a number of foreign acceptances. As a consequence thereof the net retained premium also witnessed a sizeable decrease of Rs. 32.2 million in 1984. However, the commission and claims cost have decreased quantumwise by Rs. 13.4 million although in relation to net premium there is some increase. The claim experience remains satisfactory.

(b) MARINE CARGO :

The gross premium relating to Marine Cargo business decreased from Rs. 277 million to Rs. 258 million in 1984 showing a decrease of Rs. 19 million mainly due to the factor mentioned at 5(a) above. The percentage of net retained premium has increased due to higher retentions under compulsory pools. The account has been free from major losses and has shown satisfactory underwriting balance.

(c) MARINE HULL :

The gross premium in respect of Marine Hull business decreased from Rs. 84 million in 1983 to Rs. 80 million in 1984. However, the net retained premium increased from Rs. 22 million in 1983 to Rs. 27 million in 1984 due to increase in retention. Due to heavy premium reserve strain the account has shown a loss of Rs. 3 million in 1984.

(d) MISCELLANEOUS :

The gross premium income of Aviation business increased by Rs. 5.7 million in 1984 and is Rs. 138 million in 1984. The claims of foreign business continues to show negative results in line with deteriorating trend of aviation business the world over. The volume of business from this source has further reduced from Rs. 39 million in 1983 to Rs. 27 million in 1984 due to pruning of the unprofitable business on this account.

The gross premium of Engineering business decreased from Rs. 65 million in 1983 to Rs. 51 million in 1984 mainly due to the completion of on-going projects in public and private sectors while no large scale projects have come up in the year under review.

The gross premium of Accident department remained static at Rs. 91 million in 1984. The net retained premium has increased by Rs. 7.9 million in 1984. The net claims ratio remains at 72% in 1984.



6. PREMIUM RESERVE :

Premium Reserve has been calculated at 100% of Net Premium in respect of Marine Hull and Aviation Hull, 50% of Net Premium in Marine Cargo and 40% of Net Premium in Fire and Miscellaneous business.

7. INVESTMENTS :

There was an increase in the investment of the Corporation from Rs. 476 million to Rs. 500 million this year. The increase in investment was due to increased availability of short term funds, which were mainly deposited in Government Treasury Deposit Receipts.

With the increase in the investment the income from investments for the year also increased from Rs. 51.1 million in 1983 to Rs. 56.3 million in 1984.

8. PROFIT & LOSS ACCOUNT :

The profit and loss account for the year 1984 shows a net profit of Rs. 76.05 million arrived at as follows :—

(In million of Rs.)

| | |
|------------------------------|--------|
| Underwriting Profit | 22.57 |
| Investment Income | 56.36 |
| | <hr/> |
| | 78.93 |
| Other income net of expenses | (2.88) |
| | <hr/> |
| | 76.05 |

9. ALLOCATION OF PROFIT :

| | |
|---|-------|
| (i) General Reserve | 12.50 |
| (ii) Exceptional Loss Reserve | 20.00 |
| (iii) Provision for Taxation | 30.00 |
| (iv) Proposed dividend | 1.75 |
| (v) Proposed Bonus Shares | 7.00 |
| (vi) Provision for bad and doubtful debts | 4.00 |
| (vii) Balance carried forward | 0.80 |

Total :-

 76.05

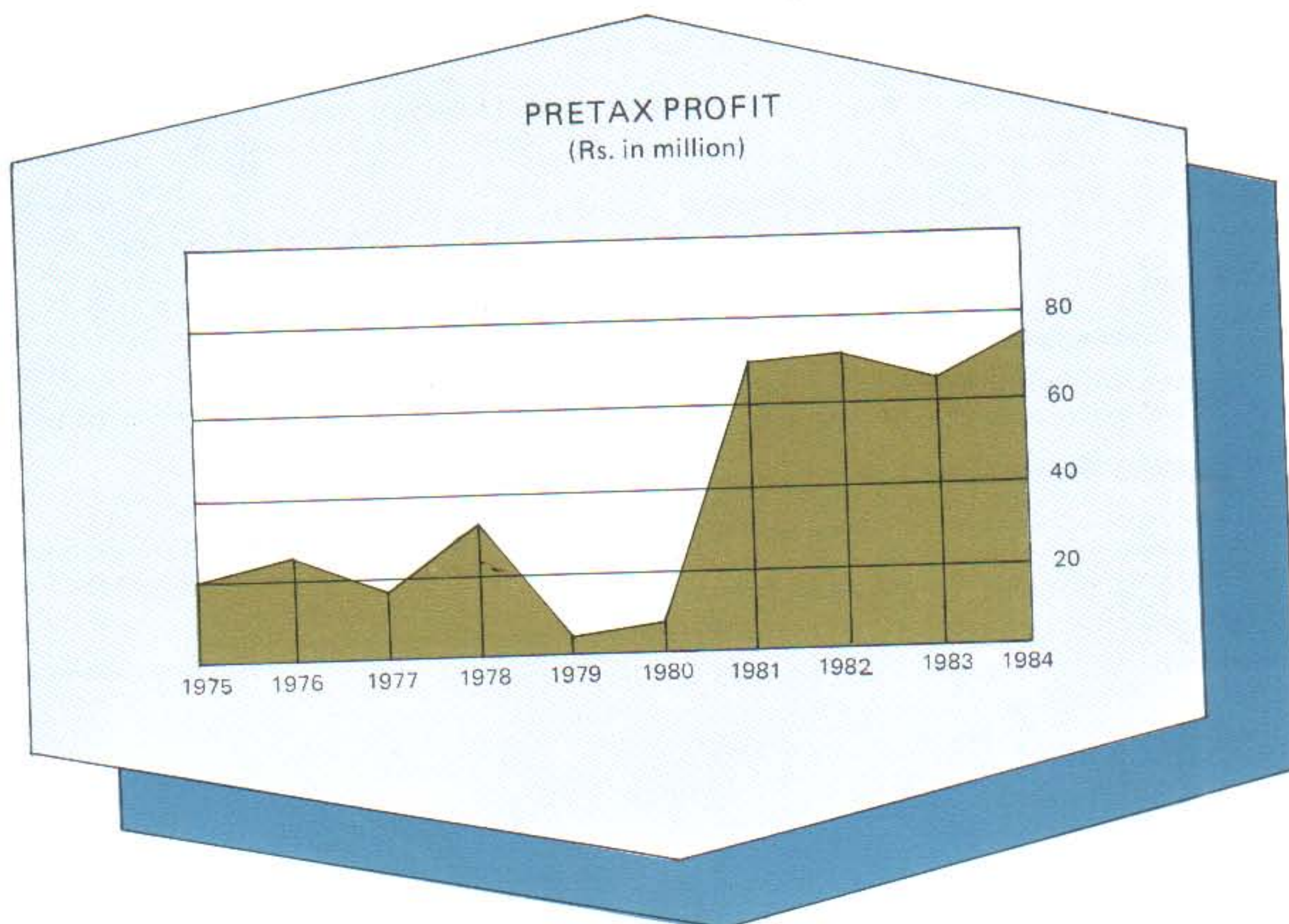
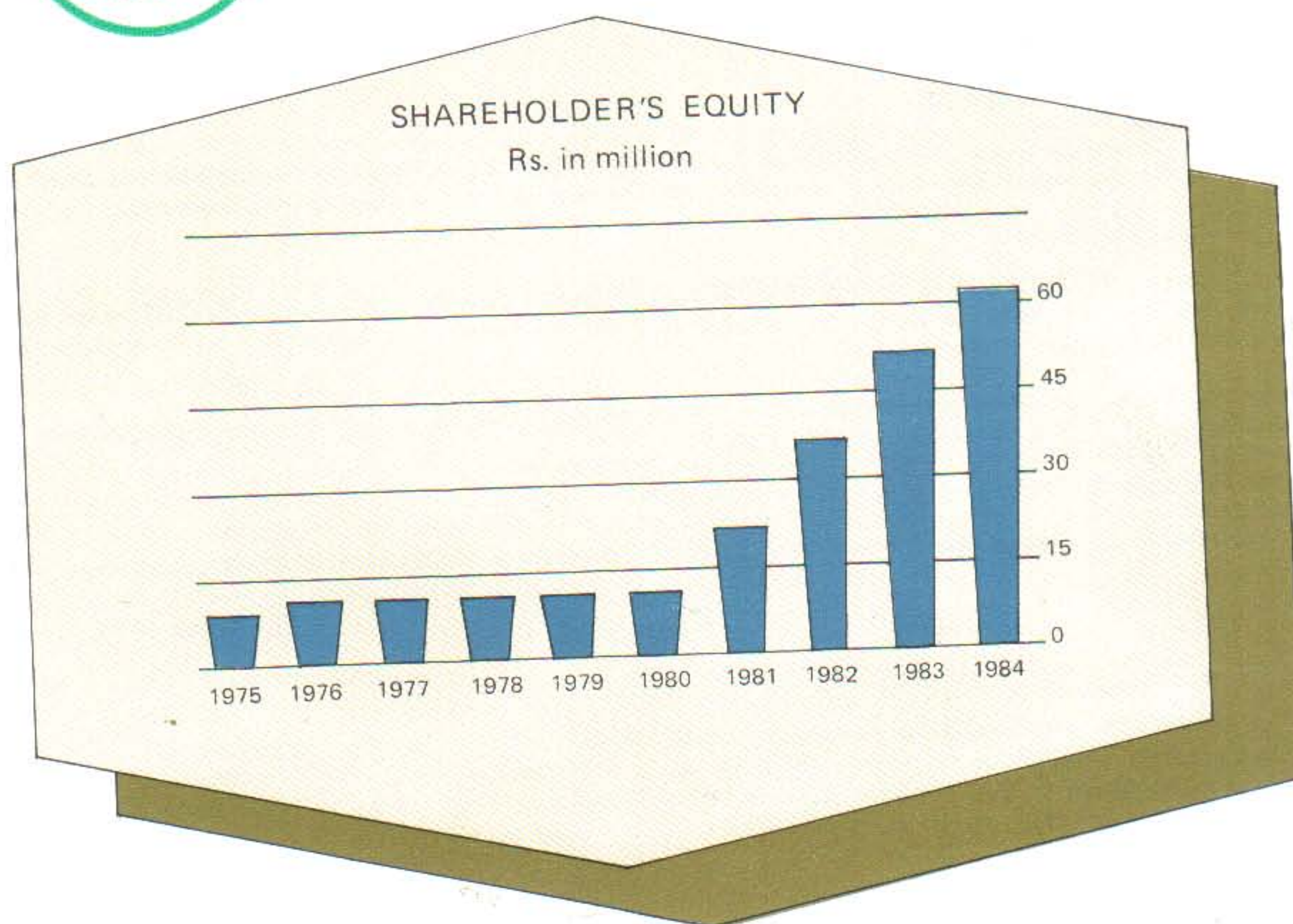
10. BALANCE SHEET :

There has been an increase of Rs. 198 million in Reserves/provisions of the Corporation which has gone up from Rs. 640 million at the close of 1983 to Rs. 707.6 million at the end of 1984.

11. ACKNOWLEDGEMENT :

Since the last report, Mr. I. H. Qarni and Mr. S. M. Hasan joined the Board of Directors on 17th April, 1984 and 17th December, 1984 in place of Mr. A. R. K. Baloch and Mr. M. W. Farooqui respectively. We welcome the new directors who bring with them rich and varied experiences.

The Directors are pleased to declare a dividend of 10% for the year ended 1984 and also Bonus Shares in proportion of 2 : 5.

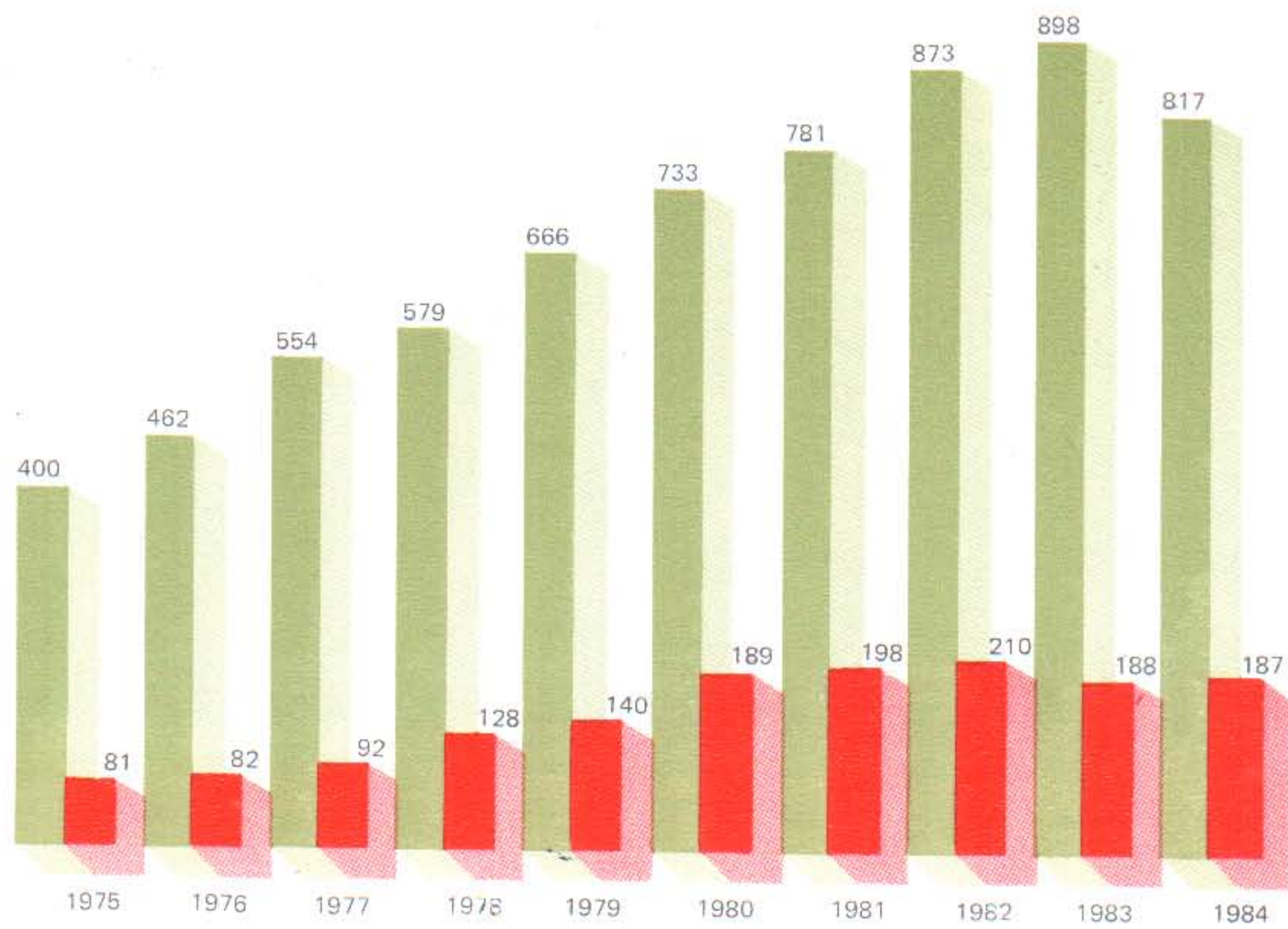




PREMIUM & CLAIMS

(Rs. in million)

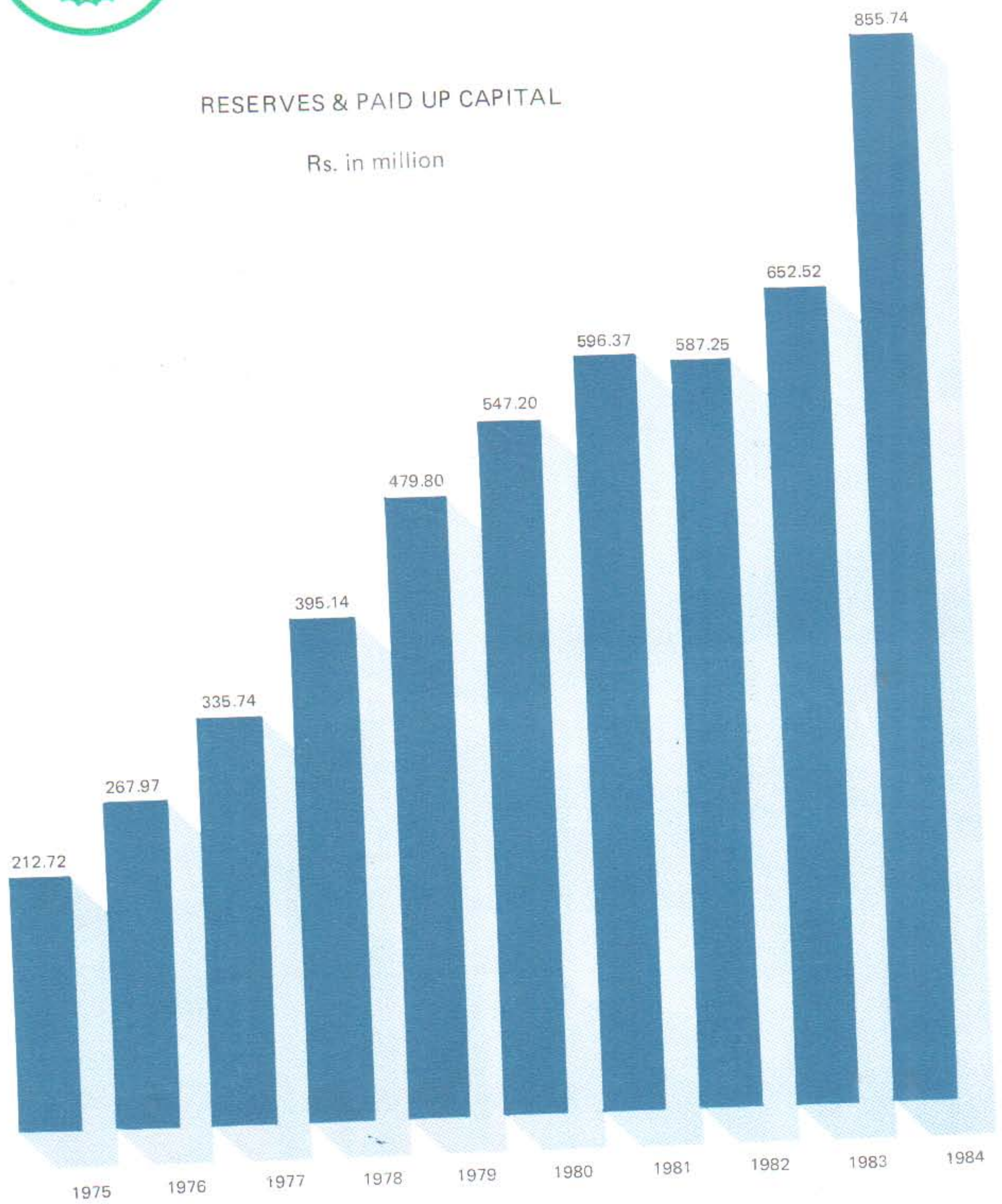
■ PREMIUM
■ CLAIMS





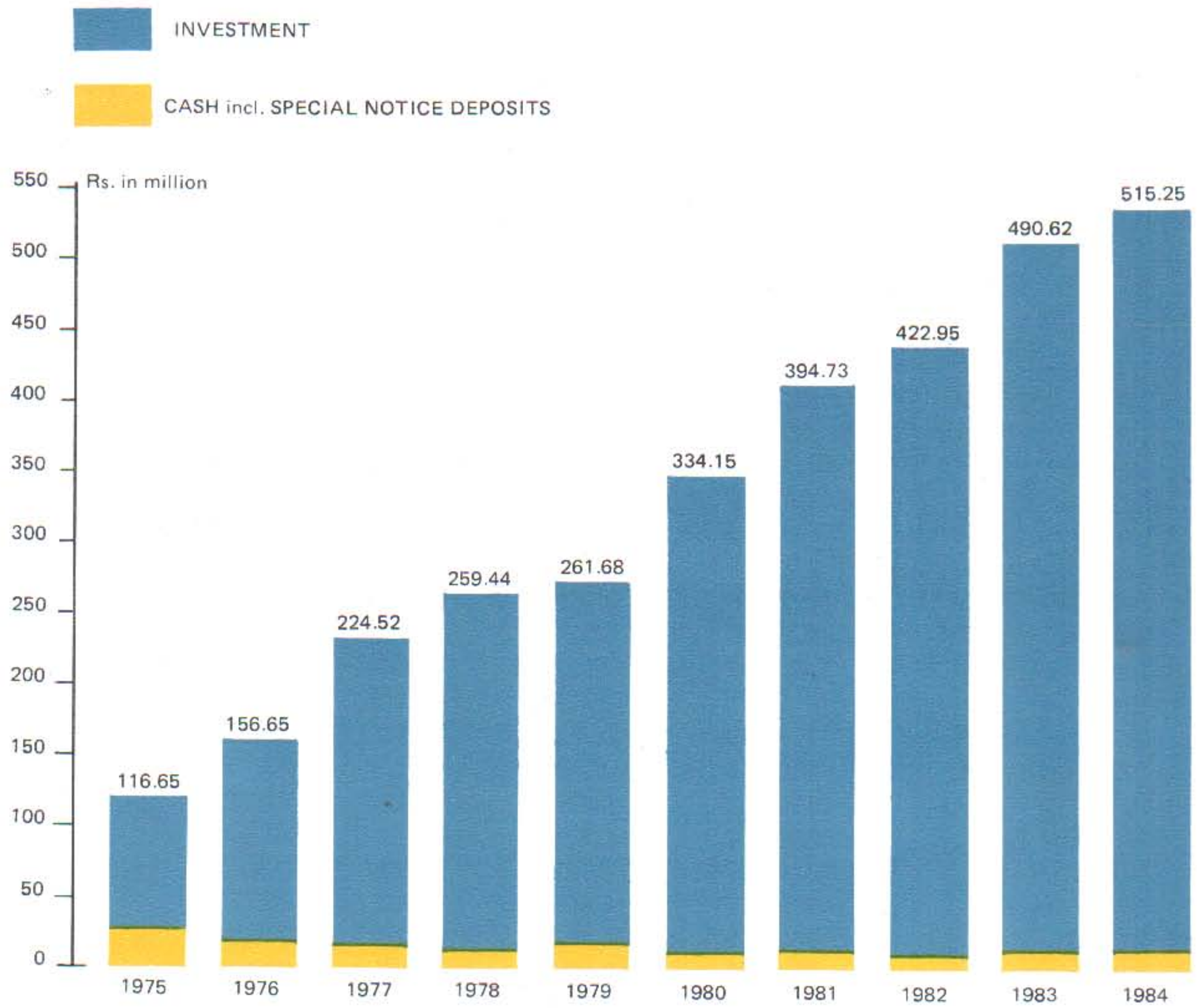
RESERVES & PAID UP CAPITAL

Rs. in million





CASH AND INVESTMENT





32 YEARS AT A GLANCE

(In Million of Rupees)

| Years | 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 | 5 | 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 | 6-1/4 | 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 |
| 1982 | 872,829 | 72,639 | 1:4B 10 | 577,241 | 414,704 |
| 1983 | 897,624 | 66,580 | 2:5B 10 | 640,010 | 476,642 |
| 1984 | 817,497 | 76,046 | 2:5B 10 | 707,578 | 500,276 |

AUDITORS' REPORT TO THE SHAREHOLDERS



We have examined the annexed Balance Sheet as at 31 December 1984 and the annexed Fire, Marine and Miscellaneous Revenue Accounts, the profit and loss account and profit and loss appropriation account and statement of changes in the financial position together with the notes to the accounts for the year ended 31 December 1984 of Pakistan Insurance Corporation and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit. Subject to the effect of the matters, if any, contained in notes 4(b), 6 & 7 relating to outstanding claims and assets in Bangladesh and devaluation and the fact that statements for Accounts due to/from persons and bodies carrying on insurance have not been fully reconciled and confirmed, we report that :

- (a) in our opinion, proper books of account have been kept by the Corporation as required by law;
- (b) in our opinion the balance sheet and the Fire, Marine and Miscellaneous Revenue Accounts, the profit and loss account and the profit and loss appropriation account have been drawn up in conformity with the law and are in agreement with the books of account; and
- (c) in our opinion and to the best of our information and according to the explanations given to us ;
 - (i) the balance sheet and the Fire, Marine and Miscellaneous Revenue Accounts, the profit and loss account and the Profit and Loss Appropriation account and the statement of changes in the financial position, which are in agreement with the books of account, exhibit respectively a true and fair view of the state of the Corporation affairs as at 31 December, 1984 and of the Profit and the changes in the Financial position for the year ended on that date;
 - (ii) the expenditure incurred was for the purpose of the Corporation's business ;
 - (iii) the business conducted, investments made and expenditure incurred during the year were in accordance with the objects of the Corporation, and
 - (iv) 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 that Ordinance.

TASEER HADI KHALID & CO.
Chartered Accountants.
Karachi, 6th June, 1985

FEROZE SHARIF & CO.
Chartered Accountants.



REVENUE ACCOUNT FOR THE CONSOLIDATED FOR ALL

| 1983 (Rs. '000) | PARTICULARS | 1984 (Rs. '000) |
|--------------------|---|--------------------|
| 134.686 | Commission paid (<i>Less</i> Retrocessions) | 123.628 |
| 187.737 | Claims (<i>Less</i> Retrocessions) paid during the year | 187.268 |
| 220.215 | <i>Add :</i> Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated | 244.142 |
| 407.952 | | 431.410 |
| 169.608 | <i>Less :</i> Outstanding at the end of previous year | 220.215 |
| 238.344 | | 211.195 |
| 15.143 | Expenses of Management | 14.298 |
| 189.812 | Premium Reserve for the year | 168.436 |
| 20.044 | Profit transferred to Profit & Loss account | 22.572 |
| 598.029 | | 540.129 |

TASEER HADI KHALID & CO.
Chartered Accountants.

Karachi, 6th June, 1985

FEROZE SHARIF & CO.
Chartered Accountants

YEAR ENDED 31 DECEMBER, 1984

CLASSES OF BUSINESS



1983
(Rs. '000)

PARTICULARS

1984
(Rs. '000)

209.776

Premium Reserve brought forward from last year

189.812

897.625

Premium

817.497

509.372

Less : Retrocessions

467.180

388.253

350.317

598.029

540.129

Chief Executive

Director

REVENUE ACCOUNT FOR THE FIRE



1983
(Rs. '000)

PARTICULARS

1984
(Rs. '000)

50.873

Commission paid (Less Retrocessions)

41.142

26.133

Claim (Less : Retrocessions) paid during the year

28.799

35.560

Add : Total estimated liability in respect of
outstanding claims at the end of the
year whether due or intimated

42.056

61.693

70.855

22.641

Less : Outstanding at the end of previous year

35.560

39.052

35.295

4.704

Expenses of Management

3.613

49.425

Premium Reserve for the year

36.484

19.008

Profit transferred to Profit & Loss Account

21.162

163.062

137.696

TASEER HADI KHALID & CO.
Chartered Accountants

FEROZE SHARIF & CO.
Chartered Accountants

Karachi, 6th June, 1985

YEAR ENDED 31 DECEMBER, 1984 BUSINESS



1983
(Rs. '000)

PARTICULARS

1984
(Rs. '000)

42.439

Premium Reserve brought forward from last year

49.425

249.266

Premium

199.609

128.643

Less : Retrocessions

111.338

120.623

88.271

163.062

137.696

Chief Executive

Director

REVENUE ACCOUNT FOR THE MARINE



1983
(Rs. '000)

PARTICULARS

1984
(Rs. '000)

57.524

Commission paid (Less Retrocessions)

49.860

82.766

Claims (Less Retrocessions) paid during the year

86.265

108.354

Add : Total estimated liability in respect of
outstanding claims at the end of the
year whether due or intimated

107.515

191.120

193.780

110.155

Less : Outstanding at the end of Previous year

108.354

80.965

85.426

5.884

Expenses of Management

6.117

73.040

Premium Reserve for the year

74.572

43.354

Profit transferred to Profit & Loss Account

6.518

260,767

222.493

TASEER HADI KHALID & CO.
Chartered Accountants

FEROZE SHARIF & CO.
Chartered Accountants

Karachi, 6th June, 1985

YEAR ENDED 31 DECEMBER, 1984 BUSINESS



1983
(Rs. '000)

PARTICULARS

1984
(Rs. '000)

109,972

Premium Reserve brought forward from last year

73,040

360,566

Premium

338,128

209,771

Less : Retrocessions

188,675

150,795

149,453

260,767

222,493

Chief Executive

Director



REVENUE ACCOUNT FOR THE MISCELLANEOUS

1983
(Rs. '000)

PARTICULARS

1984
(Rs. '000)

26,289

Commission paid (Less Retrocessions)

32,626

78,838

Claims (Less Retrocessions) paid during the year

72,204

76,301

Add : Total estimated liability in respect of
outstanding claims at the end of the
year whether due or intimated

94,571

155,139

166,775

36,813

Less : Outstanding at the end of previous year

76,301

118,326

90,474

4,557

Expenses of Management

4,568

67,347

Premium Reserve for the year

57,380

216,519

185,048

TASEER HADI KHALID & CO.
Chartered Accountants

FEROZE SHARIF & CO.
Chartered Accountants

Karachi, 6th June, 1985

YEAR ENDED 31 DECEMBER, 1984 BUSINESS



1983
(Rs. '000)

PARTICULARS

1984
(Rs. '000)

| | |
|---------|--|
| 57,365 | Premium Reserve brought forward from last year |
| 287,792 | Premium |
| 170,957 | Less : Retrocessions |
| 116,835 | |
| 42,319 | Loss transferred to Profit & Loss Account |

67,347

279,760

167,167

112,593

5,108

216,519

185,048

Chief Executive

Director



PROFIT AND LOSS ACCOUNT FOR THE

| 1983 (Rs. '000) | PARTICULARS | Notes | 1984 (Rs. '000) |
|--|--|-------|--------------------|
| | Expenses of Management (Not allocable to any particular Revenue Account) | | |
| 22 | Director's Fee and T.A. | | 55 |
| 38 | Auditor's Fee | | 38 |
| 23 | Advertisement & Publicity | | 32 |
| 83 | | | 125 |
| 9 | F.A.I.R. Expenses | | — |
| 77 | R. C. D. Expenses | | — |
| 23 | Training and Research | | 136 |
| — | Charity and Donation | | 65 |
| 109 | | | 201 |
| 1,134 | Interest paid on deposits retained from other Companies | | 925 |
| 7,838 | Difference in Exchange | | 6,827 |
| 9 | Loss on Sale of Investment | | — |
| — | Bad Debts written off | | 2 |
| 66,580 | Net Profit for the year carried to Profit & Loss Appropriation Account | | 76,046 |
| 75,753 | | | 84,126 |
| PROFIT AND LOSS APPROPRIATION ACCOUNT | | | |
| 1,000 | Provision for Bad & Doubtful Debts | | 4,000 |
| 28,450 | Provision for Taxation | 8 | 30,000 |
| 10,000 | General Reserve | | 12,500 |
| 20,000 | Exceptional Loss Reserve | | 20,000 |
| 5,000 | Proposed Bonus Shares | | 7,000 |
| 1,250 | Proposed Dividend 1984 | | 1,750 |
| 11,024 | Unappropriated Profit transferred to Balance Sheet | | 1,676 |
| 76,724 | | | 76,926 |

TASEER HADI KHALID & CO.
Chartered Accountants

FEROZE SHARIF & CO.
Chartered Accountants

Karachi, 6th June, 1985

YEAR ENDED 31 DECEMBER, 1984



1983
(Rs. '000)

PARTICULARS

1984
(Rs. '000)

| | | |
|---|---|---------|
| | Investment Income | |
| 51,197 | Interest and Dividends | 56,358 |
| | Profit (Loss) Transferred from Revenue Accounts | |
| 19,008 | Fire | 21,162 |
| 43,354 | Marine | 6,518 |
| (42,318) | Miscellaneous | (5,108) |
| 20,044 | | 22,572 |
| | Other Receipts | |
| 3,498 | Interest received on deposits retained by other companies | 3,584 |
| 807 | Interest on Short Terms Deposits | 1,168 |
| 207 | Miscellaneous Income | 402 |
| 4,512 | | 5,154 |
| — | Profit on Sale of Assets | 42 |
| 75,753 | | 84,126 |
| FOR THE YEAR ENDED 31 DECEMBER, 1984 | | |
| 10,144 | Balance brought forward from previous year | 11,024 |
| | Less : Under instructions from Government surplus distributed to :— | |
| — | Shareholders | 2,500 |
| — | Federal Government | 7,644 |
| 10,144 | | 10,144 |
| 66,580 | Net Profit for the year as per Profit and Loss Account | 880 |
| 76,724 | | 76,048 |
| | | 76,926 |

Chief Executive

Director

BALANCE AS AT 31



| 1983 (Rs. '000) | PARTICULARS | Notes | 1984 (Rs. '000) |
|--------------------|--|-------|--------------------|
| | CAPITAL & LIABILITIES | | |
| | AUTHORISED CAPITAL | | |
| 50,000 | 500,000 Shares of Rs. 100 each | | 50,000 |
| 12,500 | ISSUED AND PAID UP CAPITAL : | | 17,500 |
| | 175,000 shares (1983: 125,000) of | | |
| 11 | Rs. 100 each fully paid up | | 11 |
| 12,511 | Share Premium Account | | 17,511 |
| | RESERVES AND PROVISIONS | | |
| 180,000 | Exceptional Loss Reserve | | 200,000 |
| 6,000 | Investment Fluctuation Reserve | | 6,000 |
| 39,500 | General Reserve | 3 | 52,000 |
| 28,450 | Provision for Taxation | | 30,000 |
| 3,000 | Provision for Bad & Doubtful Debts | | 7,000 |
| 256,950 | | | 295,000 |
| 5,000 | Proposed issue of bonus shares | | 7,000 |
| 1,250 | Proposed Dividend | | 1,750 |
| 11,024 | Unappropriated Profit | | 1,676 |
| | RESERVE FOR OUTSTANDING CLAIMS | 4 | |
| 35,560 | Fire | | 42,056 |
| 108,354 | Marine | | 107,515 |
| 76,301 | Miscellaneous | | 94,571 |
| 220,215 | | | 244,142 |
| | PREMIUM RESERVE | | |
| 49,425 | Fire | | 36,484 |
| 73,040 | Marine | | 74,572 |
| 67,347 | Miscellaneous | | 57,380 |
| 189,812 | | | 168,436 |
| 123,307 | Amount due to other persons and bodies carrying on | | 123,537 |
| 69,297 | insurance business. | | 65,290 |
| 5,902 | Deposits retained and/or received from other companies | | 4,245 |
| 198,506 | Sundry Creditors | | 193,072 |
| 895,268 | | | 928,587 |

TASEER HADI KHALID & CO.
Chartered Accountants
Karachi, 6th June, 1985.

FEROZE SHARIF & CO.,
Chartered Accountants

SHEET DECEMBER, 1984



1983
(Rs. '000)

PARTICULARS

Notes

1984
(Rs. '000)

PROPERTY & ASSETS

INVESTMENTS :

| |
|---------|
| 3.157 |
| 303.745 |
| 8.500 |
| 150.955 |
| 5.785 |
| 4.500 |
| 476.642 |
| 1.999 |

Government and other Securities
Government Treasury Deposit Receipts
Fixed Deposit Receipts
Stock and Shares
Debentures
Profit and loss Savings term deposits

| |
|---------|
| 3.232 |
| 325.419 |
| 7.500 |
| 151.791 |
| 4.084 |
| 8.250 |
| 500.276 |

Market value as at 31 December, 84
Rs. 579,617 (1983 Rs. 501,729)

Land and Building (including Capital work-in-progress) 5

5.397

478.641

505.673

CURRENT ASSETS :

| |
|---------|
| 11.978 |
| 205.462 |
| 112.676 |
| 3.464 |
| 34.394 |
| 31.746 |
| 72 |

Cash in hand and at bank
Amount due from persons and bodies carrying on Insurance Business
Deposits held by Ceding Companies
Sundry Debtors
Interest accrued and outstanding and Dividend Receivable
Advances including Taxation, Loans, Deposits and
Prepaid expenses
Stock of Stationery etc. at cost

| |
|---------|
| 11.493 |
| 205.384 |
| 115.095 |
| 4.717 |
| 27.286 |
| 41.837 |
| 52 |

399.792

405.864

ADMINISTRATIVE FIXED ASSETS :

Furniture Fixture, Office Equipment Vehicles and Books
(Cost less depreciation)

861

1,076

15.974

Assets relating to Bangladesh (Former East Pakistan) 6

15.974

895.268

928.587

Chief Executive

Director



STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 1984

1983
(Rs. '000)

66,580

195
9
50,606
(19,964)
30,846

97,426

2,079
18,587

11,019

129,111

12,462
61,947

577

14,003
581

4,552
1,356

6

115

27,323

1,000

123,922

5,189

11,978
6,789

5,189

SOURCE OF FUND OPERATIONS

Profit before taxation

Adjustments for items not involving movement of Funds :

Depreciation

Loss on sale of investments

Increase in reserve for outstanding claims

Decrease in premium reserves

(Decrease)/Increase in Sundry Creditors

Increase in amount due to other persons and bodies carrying
on insurance business

(Increase)/Decrease in deposits held by Ceding Companies

Total funds provided

APPLICATION OF FUNDS

Decrease in deposits retained and/or received from other companies

Increase in investment

Increase in land and buildings (including capital
work-in-progress)

(Decrease)/Increase in amount due from: persons and
bodies carrying on insurance business

Increase in sundry debtors

(Decrease)/Increase in interest accrued and outstanding
and dividend receivable

Increase in advances/loans, deposits and prepaid expenses

(Decrease)/Increase in stock of stationery, etc.

Increase in administrative fixed assets

Tax paid

Dividend paid

Surplus distributed to :

Shareholders

Federal Government

Total Funds used

Net movement in liquid funds

CASH IN HAND AND AT BANK

Closing

Opening

1984
(Rs. '000)

76,046

206

23,927
(21,376)

2,757

78,803

(1,657)

230

(2,419)

74,957

4,007

23,634

3,430

(78)

1,253

(7,108)

502

(20)

389

38,039

1,250

2,500

7,644

75,442

(485)

11,493

11,978

(485)

TASEER HADI KHALID & CO.
Chartered Accountants.

FEROZE SHARIF & CO.
Chartered Accountants.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1984



1. STATUS AND NATURE OF BUSINESS

The Pakistan Insurance Corporation was established under the Pakistan Insurance Corporation Act No. XXXVIII of 1952 for the purpose of development of insurance and reinsurance business of Pakistan. Its shares are quoted on stock exchanges in Pakistan.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

These accounts have been prepared on the basis of the historical cost conventions.

(b) Taxation

Provision for taxation is based on taxable income.

Deferred taxation, being immaterial has not been provided for.

(c) Provision for Bad and Doubtful Debts

General provisions, as considered adequate by management, are made to cover doubtful debts.

(d) Premium Reserve

Premium reserve represents the balance brought forward plus/minus the increase/decrease of the following percentages of the amounts by which the net premium income for the year exceed/decline in relation to the net premium income of the respective classes of business of the previous year.

| | |
|----------------------------|------|
| Fire business | 40% |
| Marine business | |
| — Marine Cargo | 50% |
| — Marine Hull | 100% |
| Miscellaneous business | |
| — Accident and Engineering | 40% |
| — Aviation Hull | 100% |

(e) Gratuity

The Corporation operates a funded gratuity scheme and provisions/payments are made to cover obligations under the scheme.



(f) Investments

Investments are carried at cost. Investment fluctuation reserve is maintained to cover possible diminution in value of investments.

Profit or loss on sale of investment is taken to the Profit and Loss Account.

(g) Land, Buildings and other administrative fixed assets and Capital Work in Progress. Land and Capital Work in Progress is shown at cost. Other fixed assets are shown at cost less depreciation calculated on the written down values using the following rates :

| | |
|-------------------------------|-----|
| Building | 5% |
| Lift | 20% |
| Vehicles | 20% |
| Office equipments | 15% |
| Furniture, fixtures and books | 10% |

(h) Expenses of Management

These are allocated to the various Revenue Accounts in proportion to the net Premium income for the year.

(i) Rate of Exchange

Revenue transactions in foreign currencies are converted in rupees at the rates ruling on the date of the transactions. Assets and Liabilities in foreign currencies other than bank accounts are not translated into rupees at the rates of exchange prevailing at the Balance Sheet date and the exchange fluctuations are adjusted at the time of settlement. Exchange gains/losses from the year ended 31 December 1984 have been taken to the Profit and Loss Account as against the respective revenue accounts in the previous year. The rates of conversion used for bank accounts at the year end were as follows :

| | | |
|----------------|---|-------------|
| U.S. \$ | = | Rs. 15.2810 |
| Pound Sterling | = | Rs. 17.7988 |

3. GENERAL RESERVE

| | 1984 (Rs. '000) | 1983 (Rs. '000) |
|-------------------------------|--------------------|--------------------|
| Balance as at 1 January | 39,500 | 28,000 |
| Add : Transfers from : | | |
| Exchange Fluctuation reserve | — | 1,500 |
| Profit and Loss Appropriation | 12,500 | 10,000 |
| | <u>52,000</u> | <u>39,500</u> |



4. RESERVE FOR OUTSTANDING CLAIMS

- (a) This includes a sum of Rs. 49.4 million (1983 : 65 million) in respect of Fire, Marine, Marine and Miscellaneous losses incurred but not reported after making necessary adjustment for the year based on management experience to the amount determined by actuarial evaluation in 1983.
- (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 :

| | 1984 (Rs. '000) | 1983 (Rs. '000) |
|-------------------------|--------------------|--------------------|
| Fire Insurance | 2,382 | 2,382 |
| Marine Insurance | 1,470 | 1,470 |
| Miscellaneous insurance | 1,100 | 1,100 |
| | <u>4,952</u> | <u>4,952</u> |

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

5. LAND AND BUILDINGS

| | 1984 (Rs. '000) | 1983 (Rs. '000) |
|--|--------------------|--------------------|
| AT COST | | |
| Capital Work in Progress including leasehold land (PIC Building at Moulvi Tamizuddin Khan Road) | 4,767 | 1,337 |
| AT WRITTEN DOWN VALUE | | |
| PIC Head Office Building | 400 | 421 |
| PIC House (Residence) | 229 | 240 |
| Lift | 1 | 1 |
| | <u>5,397</u> | <u>1,999</u> |



6. ASSETS RELATING TO BANGLADESH (FORMER EAST PAKISTAN)

Assets relating to Bangladesh comprise of fixed assets and investments as follows :

| | 1984 (Rs. '000) | 1983 (Rs. '000) |
|------------------------|--------------------|--------------------|
| Stock and shares | 7,112 | 7,112 |
| Debentures | 250 | 250 |
| Land and building | 8,608 | 8,608 |
| Furniture and fixtures | 4 | 4 |
| | <u>15,974</u> | <u>15,974</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.

7. DEVALUATION

The effect of bonus voucher scheme and devaluation on settlement 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 the Corporation.

8. PROVISION FOR TAXATION

The income tax assessments of the Corporation have been finalized up to and including assessment year 1984-85. However, appeals are pending with relevant authorities for some of the assessment years. In case of adverse decision of appeals, additional tax liabilities of Rs. 18.63 Million may arise, which has not been provided for in the accounts.

9. CAPITAL COMMITMENTS

The Corporation intends to construct the PIC House at an approximate cost of Rs. 120 million against which an amount of Rs. 4.7 million has been incurred up to 31 December 1984.

10. GENERAL

- (a) Figures have been rounded off to the nearest thousand.
- (b) Figures of previous year have been re-arranged wherever necessary for comparison purpose.

SHAREHOLDERS' STATISTICS FOR THE YEAR ENDED 31 DECEMBER, 1984



| No. of Shareholders | Shareholders | | | | | Total Shares held |
|---------------------|--------------|-----|--------|--------|--|-------------------|
| 73 | 1 | to | 100 | Shares | | 2,361 |
| 12 | 101 | to | 500 | .. | | 3,926 |
| 5 | 501 | to | 1,000 | .. | | 4,251 |
| 6 | 1,001 | to | 5,000 | .. | | 14,399 |
| Nil | 5,001 | to | 10,000 | .. | | Nil |
| 3 | 10,001 | and | above | .. | | 150,063 |
| <u>99</u> | | | | | | <u>175,000</u> |

| Categories of Shareholders | Number | Shares held | Percentage |
|---|-----------|----------------|---------------|
| Individuals | 74 | 6,159 | 3.52 |
| Investment Companies | 1 | 3,701 | 2.12 |
| Insurance Companies | 10 | 68,077 | 38.90 |
| Joint Stock Companies | 2 | 1,715 | 0.93 |
| Financial Institutions (SBP) | 1 | 350 | 0.20 |
| Government of Pakistan | 1 | 89,250 | 51.00 |
| Administrator, Abandoned Properties Organization, Government of Pakistan | 1 | 88 | 0.05 |
| Private Limited Companies | 5 | 5,372 | 3.07 |
| Others (Staff Provident Fund) | 3 | 249 | 0.14 |
| Bonus Fractions | 1 | 39 | 0.02 |
| | <u>99</u> | <u>175,000</u> | <u>100.00</u> |

PAKISTAN INSURANCE CORPORATION

K A R A C H I



PROXY FORM

I/We..... of.....
being a Shareholder of the Pakistan Insurance Corporation holding Shares Nos.....
..... hereby appoint.....
of..... of 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.....
Karachi on the 27th day of June, 1985, and at any adjournment thereof.
Dated this..... day of.....

Signature of Shareholder

Affix Fifty
Paisas Revenue
Stamp

IMPORTANT NOTES :

1. No person shall be appointed a proxy who is not a Shareholder of the Corporation and qualified to vote, save that a Corporation being member of the Corporation may appoint as its proxy any officer of such Corporation whether a member of the Corporation or not.
2. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed shall be deposited with the Corporation not less than 4 clear days before the date fixed for the meeting.
3. In case of joint holders any one of the joint holders may sign the instrument of proxy.
4. In case of a Company/Corporation, the instrument of proxy must bear its common seal or should be signed by its constituted Attorney in which case a notarially certified copy of the instrument of power should be deposited at the Head Office of the Corporation not less than 4 clear days before the date fixed for the meeting.
5. The signature on the instrument of proxy must conform to the specimen signature filed with the Corporation.