

CHAIRMAN SPEECH

**ON THE OCCASION OF 12TH
ANNUAL GENERAL MEETING
OF THE SHAREHOLDERS**

TO BE HELD ON



MONDAY, 30TH APRIL, 2012

AT 9.30 A.M.

AT MARRIOTT HOTEL

KARACHI

PAKISTAN REINSURANCE COMPANY LIMITED

PRC Towers, 32-A, Lalazar Drive, M.T. Khan Road, Karachi.

Dear Shareholders,

It gives me great pleasure to welcome you to the 12th Annual General Meeting of the Pakistan Reinsurance Company Limited. I hope that you have gone through the Annual Report 2011, containing Directors' and Auditors' Report for the year ending 31st December, 2011.

As you are already aware that PRCL is operating in a highly competitive open market scenario. Last few years, the country has braced exceptional natural catastrophes. Once again, this past year, it witnessed severe floods. It resulted in hampering of the momentum of the Insurance industry. Although the quantum of flood this year is not that huge, as only southern parts of the country have been affected compared to last year, the insurance sector still remains vulnerable.

Despite the challenging environment, we made considerable progress with our strategic priorities in 2011, building on our core strengths of disciplined underwriting and prudent management.

In the year 2011, the Company's business strategy continued to focus on providing prompt service to insurance companies to improve the performance of insurance sector in Pakistan. This contribution has been recognized by the community and PRCL was awarded an "Excellence Award" by the Management Association of Pakistan (MAP) for the year 2011 for demonstrating excellence in corporate management in the non-life insurance sector

I would now like to elaborate upon the salient business features for the year 2011.

During the period under review, the Company has underwritten Rs.6,893 Million (Rs.6.893 Billion) and registered growth of 5% over the corresponding year.

There was an increase in Facultative business in all departments, except decrease of Rs.28 Million in the Accident Department due to lower acceptance of Crop and Health Insurance related business, and a decrease of Rs.430 Million in the Aviation Department due to decrease in premium as a result of decrease in value of PIA fleet.

During the period under review, the net premium of the Company was Rs.3,353 Million (Rs.3.353 Billion) showing a growth of 20% over the corresponding year. This improvement in overall underwriting result was mainly due to increase in premium and improved net retention.

The Commission expenses of the Company during the year ending December 31st, 2011, were Rs.785 Million, as compared to Rs.659 Million during the year ending December 31st, 2010. The reason for increase was mainly due to increase in business.

Net claims of the Company during 2011 were Rs.2,018 Million (Rs.2.018 Billion), as compared to Rs.1,688 Million (Rs.1.688 Billion) in the year ending December 31st, 2010, showing an increase of Rs.330 Million. The main increase was on account of flood losses and health claims in Treaty Business.

The Investment Income in the year 2011 was Rs.891 Million as compared to Rs.653 Million in the year 2010. Investment income mainly comprises of realized capital gain on Available for Sale and Held for Trading Investments, profit on government securities, fixed income securities and dividend income.

The profit after tax is Rs.844 Million as compared to Rs.526 Million of last year showing a 61% increase.

I am glad to inform you that this past year, your Company has secured an “Insurer Financial Rating” of “AA” by JCR-VIS (Japan Credit Rating – Vital Information Services) Credit Rating Company Limited. The “AA” rating denotes a very strong capacity to meet obligations.

The JCR-VIS has reaffirmed the “AA” rating of Pakistan Reinsurance Company Ltd with “Stable Outlook”.

Like in recent past, in the year 2011, milestones has been achieved by PRCL IT team,

- Acceptance system, annual closing in run on new Reinsurance Management System after closing the old batch system.

- PRCL IT team in coordination with IBM business partner has successfully deployed Lotus Live Hybrid solution, providing email facility to PRCL employees, specially designed as per company requirements.
- Developed a VPN link through a firewall between PRCL Karachi (Head Office) and PRCL Lahore Office. Due to this connectivity, users of Lahore Office are now directly feeding data into the system which is lying at Head Office (Karachi).

I would also like to inform you that PRCL continue to play its role as a good corporate citizen and contribute to social upliftment of the society. In the year 2011, PRCL contributed Rs.1.30 Million for community and health development.

Ladies and Gentlemen,

I am quite happy to report that the above facts and figures indicate a continued confidence and trust reposed and recognition accorded to the Company both at the national and international level. It is my firm belief that the Company with its sound financial position and reinsurance expertise will continue to enjoy excellent reputation, and provide service to all its clients.

And last but not the least, I am glad to report that Board of Directors has recommended 30% Cash Dividend for the shareholders.

Concluding, on behalf of the Board of Directors and business partners, I would like to place on record, the sincere appreciation for the former Chairperson of PRCL Mrs. Rukhsana Saleem for her prudent, professional and diligent guidance that helped in achievement of such tremendous goals and targets of the Company.

I would also like to express my gratitude to you as well as to our clients and the business partners within Pakistan and abroad for their continuous support and cooperation towards the achievement of targeted goals. I also wish to express my sincere gratitude to my colleagues on the Board and all the officers, employees of the Company for the hard work put in for strengthening it. I would like to express my gratitude to the officials of the Securities and Exchange Commission of Pakistan and the Ministry of Commerce, Government of Pakistan, for their continued cooperation & support extended to us.

Thank you.


