

Quarterly  
**Insurance  
Journal**

April, May, June 2014

**Important Statistics 2013**

Insurance and Takaful Companies of Pakistan

**Inside:**

- ☞ The Case for Balanced Boards
- ☞ A Sure Formula for Success
- ☞ Ambiguity in Cotton Warranties
- ☞ How to Increase Insurance Penetration in Pakistan
- ☞ Health Corner
- ☞ Student's Corner
- ☞ Legal Section

(Rs. In Million)	General Insurance		Life Insurance	
	2013	2012	2013	2012
Paid up Capital	16,310.619	13,411.384	2,721.412	2,477.576
Gross Premium	51,336.410	46,417.275	35,784.652	28,359.796
Net Premium	25,653.334	23,536.313	34,227.626	27,065.232
Profit Before Tax	8,842.966	5,326.016	2,904.365	2,392.953
Profit After Tax	7,589.043	4,754.834	1,949.421	1,586.433
Investment Income	7,043.667	5,189.531	10,096.227	8,776.425
Investments	62,505.514	56,659.467	79,343.701	61,674.354
Total Assets	126,138.359	115,981.846	96,045.363	71,470.499
Claim Expense	26,013.185	27,241.172	10,590.460	7,245.975

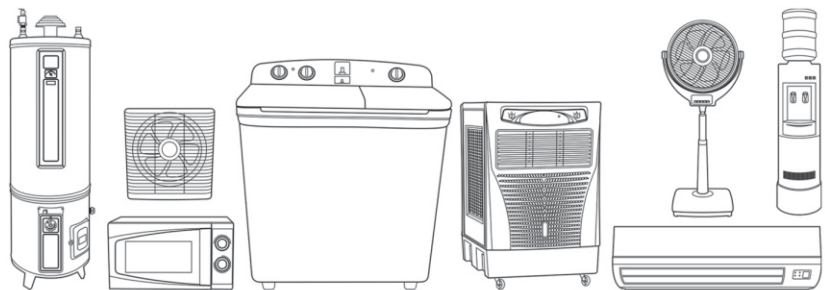
(Rs. In Million)	Takaful (General)		Takaful (Family)	
	2013	2012	2013	2012
Paid up Capital	1,107.676	1,037.429	1,460.629	1,460.629
Gross Premium	2,029.774	1,481.834	5,127.110	3,847.708
Net Premium	879.398	623.385	1,495.263	1,109.284
Profit Before Tax	98.153	97.077	(8.880)	(15.757)
Profit After Tax	130.417	82.625	2.558	(16.321)
Investment Income	10.129	7.808	439.557	266.670
Investments	426.431	334.567	4,151.377	2,342.016
Total Assets	2,401.400	1,806.827	7,541.186	5,001.152
Claim Expense	1,099.421	677.234	993.408	550.742





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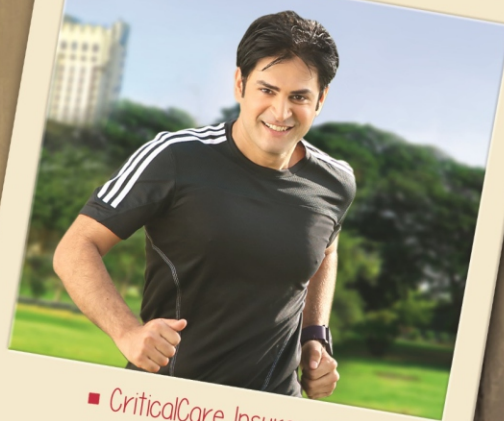


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# INSURANCE SECTOR ON KARACHI STOCK EXCHANGE

(Quarter: January, February, March 2014)

Company	Paid up Capital (Rs. In Million)	Face Value Rs.	Highest Rate Rs.	Lowest Rate Rs.	Turnover of Shares	Announcement During the Quarter
Adamjee Ins. Co. Ltd.	3,500	10.00	47.69	36.85	290,565,100	Dividend = 10%
American Life Ins. Co. Ltd.	500	10.00	47.00	37.00	56,500	
Asia Ins. Co. Ltd	300	10.00	-	-	-	
Askari General Ins. Co. Ltd.	388	10.00	25.09	19.00	6,164,500	
Atlas Ins. Co. Ltd	638	10.00	69.80	60.00	1,571,000	Dividend = 50%, Bonus Issue = 10%
Beema Pakistan Co. Ltd.	417	10.00	-	-	-	
Business & Industrial Ins. Co.	86	10.00	-	-	-	
Century Ins. Co. Ltd.	457	10.00	22.90	15.31	12,825,500	Dividend = 15%
Crescent Star Ins. Co. Ltd	620	10.00	8.18	5.40	3,594,500	
Cyan Insurance Co. Ltd	586	10.00	100.50	77.00	2,206,000	Dividend = 50%
EFU General Ins. Co. Ltd	1,600	10.00	138.89	91.00	2,866,500	Dividend = 40%, Bonus Issue = 28%
East West Ins. Co. Ltd.	365	10.00	-	-	-	
East West Life Assurance Co. Ltd.	594	10.00	6.85	4.25	244,000	
EFU Life Assurance Ltd.	1,000	10.00	119.00	80.60	1,700,500	Dividend = 50%
Habib Ins. Co. Ltd.	495	5.00	24.25	15.10	3,001,500	Dividend = 25%, Bonus Issue = 25%
Hallmark Ins.	5	10.00	-	-	-	
IGI Ins. Ltd	1,115	10.00	234.00	154.99	12,254,000	Dividend = 15%, Bonus Issue = 10%
Jubilee Life Ins. Co. Ltd	721	10.00	258.00	159.00	463,700	Dividend = 35%, Bonus Issue = 15%
Jubilee General Ins. Co. Ltd	1,186	10.00	89.00	71.01	281,000	Dividend = 30%, Bonus Issue = 15%
Pakistan General Ins. Co. Ltd	375	10.00	14.39	11.20	433,500	
Pakistan Guarantee Ins. Co. Ltd	25	10.00	-	-	-	
Pakistan ReIns. Co. Ltd	3,000	10.00	34.97	28.10	24,171,000	
PICIC Ins. Co. Ltd	350	10.00	12.00	7.30	322,000	
Platinum Ins. Co. Ltd.	120	10.00	-	-	-	
Premier Ins. Co. Ltd.	303	5.00	14.49	7.20	3,138,500	
Progressive Ins. Co. Ltd	85	10.00	-	-	-	
Reliance Ins. Co. Ltd	367	10.00	11.48	8.05	1,343,500	Dividend = 5%, Bonus Issue = 10%
Shaheen Ins. Co. Ltd	450	10.00	12.30	6.02	2,438,500	
Silver Star Ins. Co. Ltd	306	10.00	8.49	6.26	1,395,500	
Standard Ins. Co. Ltd	8	10.00	-	-	-	
TPL Direct Ins. Co. Ltd	460	10.00	10.84	8.50	433,500	
United Ins. Co. Ltd	702	10.00	23.69	12.71	527,000	
Universal Ins. Co. Ltd	300	10.00	8.34	3.40	3,045,000	

# Important Statistics 2013

## Insurance and Takaful Companies of Pakistan

### General Insurance:

Total	(Rs. In Million)	
	2013	2012
Paid up Capital	16,310.619	13,411.384
Gross Premium	51,336.410	46,417.275
Net Premium	25,653.334	23,536.313
Profit Before Tax	8,842.966	5,326.016
Profit After Tax	7,589.043	4,754.834
Investment Income	7,043.667	5,189.531
Investments	62,505.514	56,659.467
Total Assets	126,138.359	115,981.846
Claim Expense	26,013.185	27,241.172

ADAMJEE INSURANCE CO. LTD.	Registered in 1960 (Rs. In Million)	
CEO: Mr. Muhammad Ali Zeb CFO: Mr. Rehan Ahmad Khan	2013 (Restated)	2012
Paid up Capital	3,500.000	1,237.045
Gross Premium	10,076.581	10,058.873
Net Premium	5,506.556	5,671.977
Profit Before Tax	2,210.395	670.420
Profit After Tax	1,966.159	628.055
Investment Income	2,357.262	1,331.791
Investments	11,359.717	9,948.294
Total Assets	27,201.986	24,607.163
Claim Expense	7,604.981	7,173.560
Earning / (Loss) per Share - (Rupees)	5.62	1.79

ALFALAH INSURANCE CO. LTD.	Registered in 2006 (Rs. In Million)	
CEO: Mr. Nasar us Samad Qureshi CFO: Mr. Adnan Waheed	2013 (Restated)	2012
Paid up Capital	300.000	300.000
Gross Premium	1,230.932	1,060.187
Net Premium	563.744	454.403
Profit Before Tax	123.040	107.955
Profit After Tax	102.577	98.091
Investment Income	78.329	93.166
Investments	785.754	701.627
Total Assets	1,837.908	1,996.358
Claim Expense	452.217	877.172
Earning / (Loss) per Share - (Rupees)	3.42	3.27

ALPHA INSURANCE CO. LTD.	Registered in 1950 (Rs. In Million)	
CEO: Mr. Umair Khan CFO: Mr. Saleem Abdul Sattar	2013 (Restated)	2012
Paid up Capital	403.600	403.600
Gross Premium	265.239	203.849
Net Premium	115.149	67.428
Profit Before Tax	103.200	31.883
Profit After Tax	97.677	35.209
Investment Income	158.328	96.873
Investments	587.325	522.518
Total Assets	1,028.302	942.485
Claim Expense	61.927	73.246
Earning / (Loss) per Share - (Rupees)	2.42	0.96



# Important Statistics 2013

## Insurance and Takaful Companies of Pakistan

<b>ASKARI GENERAL INSURANCE CO. LTD.</b>	Registered in 1995		(Rs. In Million)
	<b>2013</b>	(Restated)	<b>2012</b>
CEO: Mr. Abdul Waheed CFO: Mr. Jamil Ahmed			
Paid up Capital	388.344		323.620
Gross Premium	1,605.033		1,413.554
Net Premium	841.925		699.947
Profit Before Tax	149.636		86.393
Profit After Tax	119.065		74.287
Investment Income	65.022		55.090
Investments	864.102		605.034
Total Assets	2,237.995		2,224.014
Claim Expense	749.096		561.576
Earning / (Loss) per Share - (Rupees)	3.07		1.91

<b>ASIA INSURANCE CO. LTD.</b>	Registered in 1980		(Rs. In Million)
	<b>2013</b>	(Restated)	<b>2012</b>
CEO: Engr. Ihtsham ul Haq Qureshi CFO: Mr. Karamat Ullah			
Paid up Capital	300.000		300.000
Gross Premium	154.004		53.083
Net Premium	70.332		29.301
Profit Before Tax	20.830		7.301
Profit After Tax	19.541		10.180
Investment Income	37.794		28.903
Investments	217.249		179.776
Total Assets	666.687		560.422
Claim Expense	59.841		21.380
Earning / (Loss) per Share - (Rupees)	0.65		0.34

<b>ATLAS INSURANCE CO. LTD.</b>	Registered in 1934		(Rs. In Million)
	<b>2013</b>	(Restated)	<b>2012</b>
CEO: Mr. Arshad P. Rana CFO: Mr. Rashid Amin			
Paid up Capital	637.831		531.526
Gross Premium	1,400.230		1,500.344
Net Premium	755.684		603.616
Profit Before Tax	587.572		467.763
Profit After Tax	455.973		366.356
Investment Income	246.399		180.692
Investments	1,550.372		1,255.886
Total Assets	3,014.736		2,702.673
Claim Expense	412.846		234.186
Earning / (Loss) per Share - (Rupees)	7.15		5.74

<b>CENTURY INSURANCE CO. LTD.</b>	Registered in 1988		(Rs. In Million)
	<b>2013</b>	(Restated)	<b>2012</b>
CEO: Mr. Mohammad Hussain Hirji CFO: Mr. Sabza Ali Pirani			
Paid up Capital	457.244		457.244
Gross Premium	667.073		585.100
Net Premium	321.673		268.223
Profit Before Tax	150.750		129.401
Profit After Tax	147.335		116.247
Investment Income	133.173		104.967
Investments	1,112.661		998.097
Total Assets	1,738.929		1,612.109
Claim Expense	207.704		320.770
Earning / (Loss) per Share - (Rupees)	3.22		2.54

# Important Statistics 2013

## Insurance and Takaful Companies of Pakistan

<b>CRESCENT STAR INSURANCE CO. LTD.</b>	Registered in 1957		(Rs. In Million)
	2013	(Restated)	2012
CEO: Mr. Naim Anwar CFO: Mr. Malik Mehdi Muhammad			
Paid up Capital	121.000		121.000
Gross Premium	84.926		68.621
Net Premium	55.767		40.991
Profit Before Tax	2.068		(17.842)
Profit After Tax	1.467		(18.162)
Investment Income	8.154		6.091
Investments	14.680		21.971
Total Assets	164.823		176.024
Claim Expense	28.569		25.426
Earning / (Loss) per Share - (Rupees)	0.12		(1.50)

<b>EAST WEST INSURANCE CO. LTD.</b>	Registered in 1983		(Rs. In Million)
	2013	(Restated)	2012
CEO: Mr. Naved Yunus CFO: Mr. Shabbir Ali Kanchwala			
Paid up Capital	365.002		331.820
Gross Premium	1,124.297		855.717
Net Premium	622.572		467.724
Profit Before Tax	148.579		84.251
Profit After Tax	126.367		68.057
Investment Income	100.907		36.777
Investments	503.063		309.801
Total Assets	1,075.987		835.352
Claim Expense	456.445		342.612
Earning / (Loss) per Share - (Rupees)	3.46		1.86

<b>EFU GENERAL INSURANCE CO. LTD.</b>	Registered in 1932		(Rs. In Million)
	2013	(Restated)	2012
CEO: Mr. Hasanali Abdullah CFO: Mr. Altaf Qamruddin Gokal			
Paid up Capital	1,250.000		1,250.000
Gross Premium	13,882.077		12,359.958
Net Premium	6,341.517		6,008.956
Profit Before Tax	1,622.876		1,613.896
Profit After Tax	1,392.232		1,564.446
Investment Income	771.958		850.792
Investments	14,771.234		13,404.717
Total Assets	28,938.537		29,057.428
Claim Expense	3,558.821		8,225.355
Earning / (Loss) per Share - (Rupees)	11.14		12.52

<b>HABIB INSURANCE CO. LTD.</b>	Registered in 1942		(Rs. In Million)
	2013	(Restated)	2012
CEO: Mr. Ali Raza D. Habib CFO: Mr. Shabbir Gulamali			
Paid up Capital	495.499		495.499
Gross Premium	963.147		955.934
Net Premium	438.332		435.966
Profit Before Tax	270.357		209.749
Profit After Tax	243.981		194.988
Investment Income	240.301		204.350
Investments	1,117.367		1,056.208
Total Assets	2,237.670		2,005.434
Claim Expense	537.772		408.195
Earning / (Loss) per Share - (Rupees)	2.46		1.97

# Important Statistics 2013

## Insurance and Takaful Companies of Pakistan

IGI INSURANCE CO. LTD.	Registered in 1953		(Rs. In Million)
	2013	(Restated)	2012
CEO: Mr. Jalees Ahmed Siddiqi CFO: Mr. Usman Saifi			
Paid up Capital	1,115.359		1,115.359
Gross Premium	2,035.289		1,846.856
Net Premium	1,066.554		939.849
Profit Before Tax	911.026		(342.508)
Profit After Tax	812.645		(353.834)
Investment Income	657.728		397.528
Investments	11,041.469		10,619.980
Total Assets	13,152.116		12,518.449
Claim Expense	1,140.827		852.763
Earning / (Loss) per Share - (Rupees)	7.76		5.88

NEW HAMPSHIRE INSURANCE CO. LTD. (PAKISTAN BRANCH)	Registered in 1953		(Rs. In Million)
	2013	(Restated)	2012
Country Manager: Mr. Mujib Khan CFO: Mr. Hassan Ali			
Paid up Capital	---		---
Gross Premium	1,643.164		1,399.601
Net Premium	509.870		436.986
Profit Before Tax	252.269		294.819
Profit After Tax	169.526		192.712
Investment Income	166.626		181.894
Investments	721.292		525.338
Total Assets	3,690.859		2,964.502
Claim Expense	1,057.699		560.789
Earning / (Loss) per Share - (Rupees)	---		---

JUBILEE GENERAL INSURANCE CO. LTD.	Registered in 1953		(Rs. In Million)
	2013	(Restated)	2012
CEO: Mr. Tahir Ahmed CFO: Mr. Atiq Anwar Mahmudi			
Paid up Capital	1,364.435		1,186.465
Gross Premium	6,569.306		6,007.880
Net Premium	3,532.777		3,084.738
Profit Before Tax	1,220.202		946.001
Profit After Tax	1,045.315		826.498
Investment Income	803.459		631.280
Investments	7,302.557		5,927.293
Total Assets	12,811.952		10,759.381
Claim Expense	4,094.949		2,847.980
Earning / (Loss) per Share - (Rupees)	7.66		6.06

THE PAKISTAN GENERAL INSURANCE CO. LTD.	Registered in 1948		(Rs. In Million)
	2013	(Restated)	2012
CEO: Ch. Zahoor Ahmed CFO: Mr. Azhar Hafeez Ch.			
Paid up Capital	375.000		300.000
Gross Premium	330.443		383.764
Net Premium	176.568		228.961
Profit Before Tax	19.030		130.978
Profit After Tax	27.288		109.474
Investment Income	33.056		12.432
Investments	82.553		72.650
Total Assets	807.509		734.912
Claim Expense	221.261		183.752
Earning / (Loss) per Share - (Rupees)	0.73		2.92

# Important Statistics 2013

## Insurance and Takaful Companies of Pakistan

<b>PICIC INSURANCE CO. LTD.</b>	Registered in 2004		(Rs. In Million)
	<b>2013</b>	(Restated)	<b>2012</b>
CEO: Mr. Ahmed Salahuddin CFO: Mr. Afroz Quraishi			
Paid up Capital	350.000		350.000
Gross Premium	657.294		594.296
Net Premium	322.505		322.840
Profit Before Tax	9.908		(25.819)
Profit After Tax	9.424		(26.479)
Investment Income	12.014		13.529
Investments	73.623		66.034
Total Assets	925.748		972.350
Claim Expense	254.687		356.693
Earning / (Loss) per Share - (Rupees)	0.27		(0.76)

<b>PREMIER INSURANCE CO. LTD.</b>	Registered in 1952		(Rs. In Million)
	<b>2013</b>	(Restated)	<b>2012</b>
CEO: Mr. Zahid Bashir CFO: Mr. Iftikhar Gadar			
Paid up Capital	302.821		302.821
Gross Premium	1,239.301		1,069.011
Net Premium	652.924		532.481
Profit Before Tax	(151.981)		(15.725)
Profit After Tax	(166.799)		3.934
Investment Income	173.463		72.570
Investments	1,169.535		1,250.871
Total Assets	3,554.297		3,305.859
Claim Expense	1,087.583		840.923
Earning / (Loss) per Share - (Rupees)	(2.75)		0.06

<b>RELIANCE INSURANCE CO. LTD.</b>	Registered in 1982		(Rs. In Million)
	<b>2013</b>	(Restated)	<b>2012</b>
CEO: Mr. A. Razak Ahmed CFO: Mr. Haroon A. Shakoor			
Paid up Capital	366.781		318.940
Gross Premium	837.228		613.725
Net Premium	260.758		240.703
Profit Before Tax	81.205		93.905
Profit After Tax	74.705		87.205
Investment Income	97.437		110.253
Investments	500.322		436.862
Total Assets	1,456.580		1,633.024
Claim Expense	197.655		925.506
Earning / (Loss) per Share - (Rupees)	2.03		2.38

<b>SAUDI PAK INSURANCE CO. LTD.</b>	Registered in 2005		(Rs. In Million)
	<b>2013</b>	(Restated)	<b>2012</b>
CEO: Mian M. A. Shahid CFO: Mr. Naeem Tariq			
Paid up Capital	325.000		325.000
Gross Premium	390.735		317.859
Net Premium	286.824		183.607
Profit Before Tax	40.286		23.880
Profit After Tax	32.638		74.966
Investment Income	11.107		10.212
Investments	80.502		93.660
Total Assets	587.627		529.825
Claim Expense	158.939		103.173
Earning / (Loss) per Share - (Rupees)	1.00		2.31

# Important Statistics 2013

## Insurance and Takaful Companies of Pakistan

<b>SECURITY GENERAL INSURANCE CO. LTD.</b>	Registered in 1996		(Rs. In Million)
	<b>2013</b>	(Restated)	<b>2012</b>
<b>CEO: Ms. Nabiha Shahnawaz CFO: Mr. Farrukh Aleem</b>			
Paid up Capital	680.625		680.625
Gross Premium	1,872.361		1,006.102
Net Premium	367.888		197.583
Profit Before Tax	826.446		585.742
Profit After Tax	760.404		526.788
Investment Income	739.388		633.015
Investments	7,261.136		7,272.990
Total Assets	10,314.176		8,730.502
Claim Expense	404.109		267.195
Earning / (Loss) per Share - (Rupees)	11.17		7.74

<b>SHAHEEN INSURANCE CO. LTD.</b>	Registered in 1996		(Rs. In Million)
	<b>2013</b>	(Restated)	<b>2012</b>
<b>CEO: Mr. Sohel N. Kidwai CFO: Muhammad Farhan Janjuah</b>			
Paid up Capital	300.000		300.000
Gross Premium	343.566		562.846
Net Premium	331.125		508.120
Profit Before Tax	(102.787)		(29.245)
Profit After Tax	(106.253)		(32.092)
Investment Income	9.310		8.630
Investments	229.971		240.948
Total Assets	864.393		879.077
Claim Expense	377.563		395.058
Earning / (Loss) per Share - (Rupees)	(3.54)		(1.15)

<b>SILVER STAR INSURANCE CO. LTD.</b>	Registered in 1984		(Rs. In Million)
	<b>2013</b>	(Restated)	<b>2012</b>
<b>CEO: Mr. Zahir Muhammad Sadiq CFO: Mr. Tanveer Ahmad Alvi</b>			
Paid up Capital	305.648		305.648
Gross Premium	369.492		315.235
Net Premium	229.721		220.025
Profit Before Tax	11.296		47.221
Profit After Tax	1.444		41.516
Investment Income	23.809		2.028
Investments	59.883		83.479
Total Assets	1,154.006		896.952
Claim Expense	322.735		98.871
Earning / (Loss) per Share - (Rupees)	0.05		1.36

<b>TPL DIRECT INSURANCE CO. LTD.</b>	Registered in 2005		(Rs. In Million)
	<b>2013</b>	(Restated)	<b>2012</b>
<b>CEO: Mr. Saad Nissar CFO: Mr. Kazim Hasan</b>			
Paid up Capital	452.313		452.313
Gross Premium	869.879		706.474
Net Premium	733.461		619.854
Profit Before Tax	78.363		62.193
Profit After Tax	51.523		42.708
Investment Income	6.995		6.186
Investments	153.238		149.272
Total Assets	1,075.545		843.071
Claim Expense	459.719		352.296
Earning / (Loss) per Share - (Rupees)	1.12		0.93

# Important Statistics 2013

## Insurance and Takaful Companies of Pakistan

<b>UBL INSURERS LIMITED</b>	Registered in 2007	
	(Rs. In Million)	
CEO: Mr. Shariq Abdullah CFO: Mr. Nadeem Raza	2013	2012
	(Restated)	
Paid up Capital	1,152.174	1,152.174
Gross Premium	885.966	760.356
Net Premium	341.610	278.023
Profit Before Tax	55.249	41.592
Profit After Tax	36.526	28.820
Investment Income	70.947	72.498
Investments	395.119	593.441
Total Assets	1,656.668	1,503.914
Claim Expense	672.091	502.191
Earning / (Loss) per Share - (Rupees)	0.32	0.25

<b>UNITED INSURANCE CO. LTD.</b>	Registered in 1959	
	(Rs. In Million)	
CEO: Mr. Mohammed Rahat Sadiq CFO: Mr. Maqbool Ahmad	2013	2012
	(Restated)	
Paid up Capital	701.943	570.685
Gross Premium	1,723.743	1,422.915
Net Premium	1,108.541	783.340
Profit Before Tax	290.554	187.484
Profit After Tax	257.380	161.120
Investment Income	34.689	41.167
Investments	412.493	187.753
Total Assets	3,008.203	2,077.732
Claim Expense	1,303.796	556.443
Earning / (Loss) per Share - (Rupees)	3.67	2.30

<b>UNIVERSAL INSURANCE CO. LTD.</b>	Registered in 1958	
	(Rs. In Million)	
CEO: Begum Zeb Gohar Ayub Khan CFO: Mr. Khurram Javed	2013	2012
	(Restated)	
Paid up Capital	300.000	300.000
Gross Premium	115.104	295.135
Net Premium	98.957	210.671
Profit Before Tax	(87.403)	(65.672)
Profit After Tax	(89.097)	(66.256)
Investment Income	6.012	6.817
Investments	138.297	134.967
Total Assets	935.120	912.834
Claim Expense	129.353	134.061
Earning / (Loss) per Share - (Rupees)	(2.97)	(2.21)

### Life Insurance:

<b>Total</b>	(Rs. In Million)	
	2013	2012
Paid up Capital	2,721.412	2,477.576
Gross Premium	35,784.652	28,359.796
Net Premium	34,227.626	27,065.232
Profit Before Tax	2,904.365	2,392.953
Profit After Tax	1,949.421	1,586.433
Investment Income	10,096.227	8,776.425
Investments	79,343.701	61,674.354
Total Assets	96,045.363	71,470.499
Claim Expense	10,590.460	7,245.975

# Important Statistics 2013

## Insurance and Takaful Companies of Pakistan

<b>AMERICAN LIFE INSURANCE CO. LTD.</b>	Registered in 1952		(Rs. In Million)
	<b>2013</b>	(Restated)	<b>2012</b>
<b>CEO: Mr. Arif Sultan Mufti CFO: Mr. Hashim Sadiq Ali</b>			
Paid up Capital	500.000		500.000
Gross Premium	4,388.535		4,170.408
Net Premium	4,292.671		4,081.149
Profit Before Tax	111.897		196.429
Profit After Tax	73.852		126.357
Investment Income	1,006.280		905.321
Investments	11,152.340		8,536.478
Total Assets	12,097.502		9,614.582
Claim Expense	2,217.650		1,255.839
Earning / (Loss) per Share - (Rupees)	1.48		2.53

<b>EAST WEST LIFE ASSURANCE CO. LTD.</b>	Registered in 1992		(Rs. In Million)
	<b>2013</b>	(Restated)	<b>2012</b>
<b>CEO: Mr. Maheen Yunus CFO: Mr. Sohail Nazeer</b>			
Paid up Capital	594.292		500.456
Gross Premium	260.599		235.366
Net Premium	219.576		181.272
Profit Before Tax	4.213		(4.613)
Profit After Tax	4.984		(7.415)
Investment Income	13.498		16.307
Investments	277.686		202.035
Total Assets	553.002		413.870
Claim Expense	184.300		220.256
Earning / (Loss) per Share - (Rupees)	0.10		(0.16)

<b>EFU LIFE ASSURANCE CO. LTD.</b>	Registered in 1932		(Rs. In Million)
	<b>2013</b>	(Restated)	<b>2012</b>
<b>CEO: Mr. Taher G. Sachak CFO: Syed Shahid Abbas</b>			
Paid up Capital	1,000.000		850.000
Gross Premium	14,058.930		11,873.842
Net Premium	13,365.479		11,301.615
Profit Before Tax	1,398.314		1,392.468
Profit After Tax	929.114		914.118
Investment Income	5,503.035		5,186.872
Investments	39,585.719		34,728.349
Total Assets	49,104.259		37,894.307
Claim Expense	3,992.240		3,038.639
Earning / (Loss) per Share - (Rupees)	9.29		9.14

<b>JUBILEE LIFE INSURANCE CO. LTD.</b>	Registered in 1995		(Rs. In Million)
	<b>2013</b>	(Restated)	<b>2012</b>
<b>CEO: Mr. Javed Ahmed CFO: Mr. Manzoor Ahmed</b>			
Paid up Capital	627.120		627.120
Gross Premium	17,076.588		12,080.180
Net Premium	16,349.900		11,501.196
Profit Before Tax	1,389.941		808.669
Profit After Tax	941.471		553.373
Investment Income	3,573.414		2,667.925
Investments	28,327.956		18,207.492
Total Assets	34,290.600		23,547.740
Claim Expense	4,196.270		2,731.241
Earning / (Loss) per Share - (Rupees)	15.01		8.82

# Important Statistics 2013

## Insurance and Takaful Companies of Pakistan

### Takaful (General):

Total	(Rs. In Million)	
	2013	2012
Paid up Capital	1,107.676	1,037.429
Gross Premium	2,029.774	1,481.834
Net Premium	879.398	623.385
Profit Before Tax	98.153	97.077
Profit After Tax	130.417	82.625
Investment Income	10.129	7.808
Investments	426.431	334.567
Total Assets	2,401.400	1,806.827
Claim Expense	1,099.421	677.234

PAK-KUWAIT TAKAFUL CO. LTD.	Registered in 2003		(Rs. In Million)
	2013	(Restated)	2012
CEO: Mr. Imtiaz Ahmed Bhatti CFO: Syed Wajahatullah Quadri			
Paid up Capital	400.000		400.000
Gross Premium	780.273		720.407
Net Premium	277.690		306.416
Profit Before Tax	42.873		60.952
Profit After Tax	81.623		55.405
Investment Income	1.745		2.511
Investments	68.078		69.869
Total Assets	832.265		664.268
Claim Expense	413.207		340.355
Earning / (Loss) per Share - (Rupees)	2.04		1.39

PAK-QATAR GENERAL TAKAFUL LTD.	Registered in 2006		(Rs. In Million)
	2013	(Restated)	2012
CEO: Mr. Said Gul CFO: Muhammad Kamran Saleem			
Paid up Capital	407.676		337.429
Gross Premium	1,028.986		549.209
Net Premium	426.432		165.903
Profit Before Tax	40.546		30.589
Profit After Tax	33.267		18.772
Investment Income	7.435		3.833
Investments	319.366		224.528
Total Assets	1,055.495		644.460
Claim Expense	540.697		229.838
Earning / (Loss) per Share - (Rupees)	0.99		0.56

TAKAFUL PAKISTAN LIMITED	Registered in 2006		(Rs. In Million)
	2013	(Restated)	2012
CEO: Dr. Syed Arif Hussain CFO: Mr. Jamil Ahmed			
Paid up Capital	300.000		300.000
Gross Premium	220.515		212.218
Net Premium	175.276		151.066
Profit Before Tax	14.734		5.536
Profit After Tax	15.527		8.448
Investment Income	0.949		1.464
Investments	38.987		40.170
Total Assets	513.640		498.099
Claim Expense	145.517		107.041
Earning / (Loss) per Share - (Rupees)	0.52		0.28



# Important Statistics 2013

## Insurance and Takaful Companies of Pakistan

### Takaful (Family):

Total	(Rs. In Million)	
	2013	2012
Paid up Capital	1,460.629	1,460.629
Gross Premium	5,127.110	3,847.708
Net Premium	1,495.263	1,109.284
Profit Before Tax	(8.880)	(15.757)
Profit After Tax	2.558	(16.321)
Investment Income	439.557	266.670
Investments	4,151.377	2,342.016
Total Assets	7,541.186	5,001.152
Claim Expense	993.408	550.742

DAWOOD FAMILY TAKAFUL LIMITED	Registered in 2007		(Rs. In Million)
	2013	(Restated)	2012
CEO: Mr. Rizwan Ahmed Farid CFO: Mr. Ghazanfar ul Islam			
Paid up Capital	750.000		750.000
Gross Premium	666.044		523.380
Net Premium	88.121		62.654
Profit Before Tax	(69.019)		(63.944)
Profit After Tax	(47.782)		(42.993)
Investment Income	14.078		9.403
Investments	385.909		286.709
Total Assets	1,352.266		1,072.063
Claim Expense	33.969		30.890
Earning / (Loss) per Share - (Rupees)	(0.64)		(0.57)

PAK-QATAR FAMILY TAKAFUL LIMITED	Registered in 2006		(Rs. In Million)
	2013	(Restated)	2012
CEO: Mr. Muhammad Nasir Ali Syed CFO: Mr. Muhammad Kamran Saleem			
Paid up Capital	710.629		710.629
Gross Premium	4,461.066		3,324.328
Net Premium	1,407.142		1,046.630
Profit Before Tax	60.139		48.187
Profit After Tax	50.340		26.672
Investment Income	425.479		257.267
Investments	3,765.468		2,055.307
Total Assets	6,188.920		3,929.089
Claim Expense	959.439		519.852
Earning / (Loss) per Share - (Rupees)	0.71		0.38

Cargo Controllers | Loss Adjusters  
Surveyors | Valuation Consultants

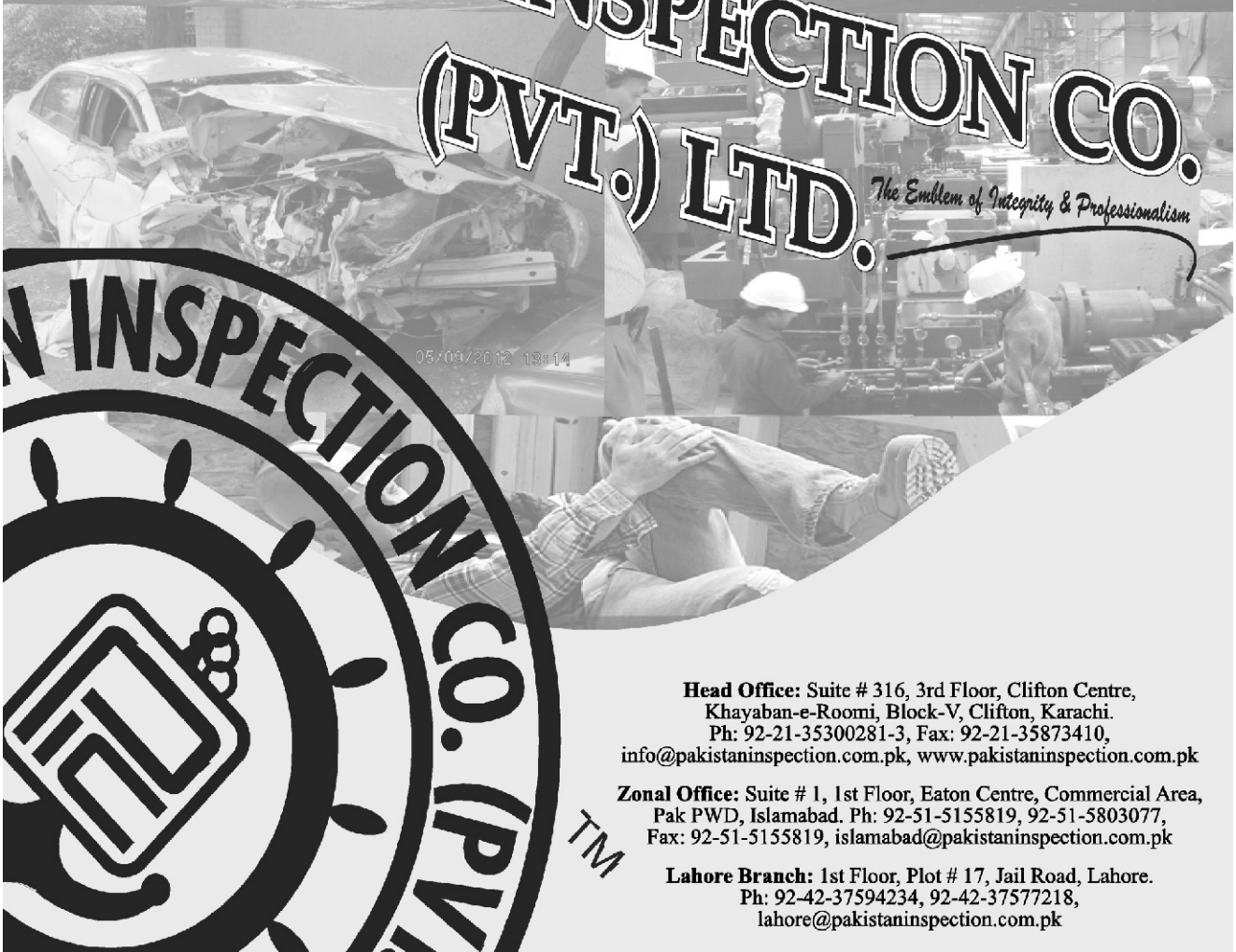
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# PAKISTAN INSPECTION CO. (PVT.) LTD.

*The Emblem of Integrity & Professionalism*



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**Dr. Safdar Ali Butt**  
 Professor Corporate Governance  
 Mohammad Ali Jinnah University, Islamabad

# The Case for Balanced Boards

## Board as the Principal Instrument of Governance:

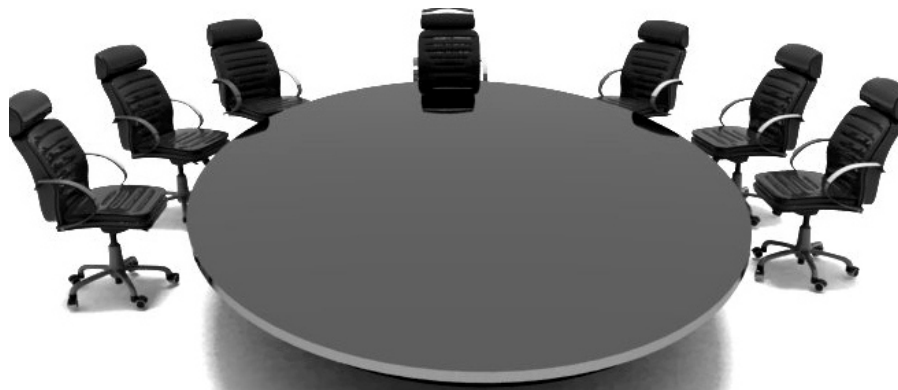
The shareholders own the company but do not run it. Management runs the company but does not own it. In between these two groups lies the bridge called Board of Directors whose members are appointed by the former group and supervise the latter group. This is the principal importance of the board of directors which makes it the focus of good governance in a company. It is through this forum that those who do not have an opportunity to protect their interests (like minority shareholders, lenders, society at large) can exert influence on those who run the company and have the opportunity to not only protect their own interest but also to expropriate others' interests (i.e. the controlling shareholders and senior managers).

It is now widely accepted that if:

- A company has a responsible and effective board, the quality of its governance will be good and its stakeholders will generally be

happier. In this case, the overall performance of the company will improve due to access to larger and cheaper capital, better reputation in the market, availability of better workers, etc.

- The board of a company is irresponsible or ineffective, the interests of its stakeholders (other than the controlling group) will suffer. In this case, the company's overall performance will deteriorate due to



unavailability of adequate affordable capital, poor market reputation, unhappy staff, etc.

A Board can translate the wishes of stakeholders into workable policies, communicate them to the management and ensure that these are actually followed. All the codes of corporate governance issued in various countries of the world are essentially directed at the board of a company for bringing about necessary

reforms for the protection of all stakeholders' interests.

The fulfillment of board's role as the principal instrument of corporate governance demands that:

- a. It should provide entrepreneurial leadership to the company. Entrepreneurs are expected to take risk to earn profits; hence entrepreneurial leadership entails exposing the company to certain risks in order to earn decent profits. However, a board should be careful that risks taken are manageable and profits are earned without ignoring company's social responsibilities and without sacrificing the interest of any and all stakeholders. A separate chapter on risk management will elaborate on this point later in this book.
- b. It should set strategic i.e. long term objectives of the company and to plan for their achievement.
- c. It must arrange for resources needed to implement the strategic plans.
- d. It should review the performance of

the management to ensure that board's plans are being effectively and efficiently implemented.

e. It should set the company's values and standards. This involves drafting company's mission statement, vision statement, value statement, code of conduct for managers and employees, etc.

### **Powers of a Board:**

The board of directors of a company normally has absolute powers to conduct the affairs of the company. In other words, whatever a company is authorized to do by its Memorandum of Association, the board can do it on behalf of the company.

However, these are the collective powers of the board, i.e. these can only be exercised by the board acting collectively. The mode of acting collectively is to a pass resolution at a properly convened board meeting.

A board of directors draws its powers from the following sources:

a. The company's constitution. In case of Pakistan, this means the Articles and Memorandum of Association of the company which clearly lay down, inter alia, the powers of the directors and how these may be exercised.

b. The law. In case of Pakistan, this refers to Companies Act which provides a standard set of Articles in its Table A. Accordingly to the law, the provisions of a company's own Articles of Association overrule the provisions of the Companies Act, in so far as they are generally within the framework of law governing the companies. For example, no company can conduct banking business by simply including a banking clause in its articles. For this reason, the SECP approves the articles of a company

before it is registered.

c. Resolutions passed by shareholders. In certain cases, shareholders may grant such powers to the directors that were not previously available to the directors (i.e. they were not assigned to directors by the company's Articles of Association) by passing a special resolution to that effect. Similarly, at least theoretically, directors' powers may be curtailed by shareholders by passing a special resolution.

d. Sometimes directors' powers are defined by the practice prevailing in a particular industry.

small percentage of listed companies may have long term creditors represented on the board, but the other stakeholders like employees (other than executive directors), business associates and public at large are seldom represented on the board. Neither the Companies Ordinance, nor the Articles of Association of most companies provide for any mechanism that would ensure representation of all stakeholders at a board. Sadly, the Code of Corporate Governance issued by Securities & Exchange Commission of Pakistan (SECP) also fails to address this serious lapse. For as long as we leave the election of directors in the hands of only one class of stakeholders, a

b a l a n c e o f representation on the board will remain a dream – and the boards will continue to perform contrary to the spirit of good corporate governance.

### **Balance of Talents or Abilities:**

This means having a blend of all the necessary talents and technical expertise needed to lead the company. This requires the presence of managerial, legal, financial, operational, social, marketing and industry-specific technical experts on the board. The argument that companies have managers who carry these skills does not hold well. If the board does not have the talent to understand and scrutinize the proposals made by the managers, it will simply not be able to perform its basic function of control. While it is understandable (if not pardonable) that controlling shareholders in Pakistan refuse to allow a balance of representation on the board, the alarming absence of balance of talents in most boards is truly surprising. This can only be attributed to the desire of controlling shareholders to have no opposition at the board.



### **Balance on the Board:**

The key to success of a board is to have a balanced board. A board is said to be balanced if it has the right blend and proportion of the different attributes needed in its members. It is felt that each board of directors should be balanced in four respects: representation, talents, power and attitudes.

### **Balance of Representation:**

This means all the stakeholders should have adequate representation on the board. With only shareholders allowed to vote in directors, and controlling shareholders stage-managing AGMs in an orchestrated manner, most companies in Pakistan lack a balance of representation. A

**Balance of Power:**

This means having an adequate number of truly independent non-executive directors on a board who enjoy sufficient power to overturn the proposals put forward by executive or representative non-executive directors. Perhaps this requires a bit of explanation. An executive director is part of company's management, while a non-executive director (NED) sits only on the board and takes no part in company's day to day operations. Now an NED may be a representative non-executive director (RNED) or independent non-executive director (INED). A representative NED represents a particular stakeholder and acts only for the protection and furtherance of interests of that stakeholder, e.g. a director nominated by a lending institution on a debtor company's board. Similarly, non-executive directors nominated by majority shareholders often – and in case of Pakistan always – act only to serve the interest of that group of shareholders. An independent NED does not represent any particular stakeholder and is expected to act for the collective interest of all stakeholders. Very sadly, INEDs are totally missing from the boards of most listed companies in Pakistan. This means these boards do not have a balance of power, i.e. the power is concentrated in one quarter not distributed evenly over the board. With each director representing only a particular interest, and virtually no one looking after the collective interest of all stakeholders, the quality of corporate governance is bound to suffer.

**Balance of Attitudes or Views:**

This means having diversity of views at the board that ensures presence of a wide range of social, moral and managerial attitudes of directors. If all, or majority of, the directors are timid, complying sort of individuals with no courage to stand up to the chairman, the board will inevitably

become a rubber stamp board. Similarly, if the majority of directors are radicals with no one to mitigate the impact of their adventurous spirit, the company can land into more trouble than it can handle. A good board requires a balanced combination of people who are motivated differently: some by profit, some by caution, some by social justice, some by excellence, some by growth, some by experimentation, etc. Another aspect of attitudes is the style of handling matters: some are bold persons who insist on being fully convinced before they vote on a proposal, some believe in just going along with the majority, some only aim to protect their jobs, some simply do not care. In an ideal attitude-balanced board, all of the directors will be bold and righteous and yet excellent team players. We must accept the fact that boards of Pakistani listed companies are far from that ideal situation. To repeat an earlier observation, for as long as we leave the election of directors in the hands of only one class of stakeholders, a balance of attitudes on the board will remain a dream – and the boards will continue to perform contrary to the spirit of good corporate governance.

**Cause of Absence of Balance in a Board:**

The prime cause of poor governance in Pakistani listed companies is unbalanced boards. And the prime cause of lack of balance in Pakistani boards is absence of sufficient number of INEDs, who have:

- a. the knowledge and talents to participate meaningfully in board proceedings,
- b. an understanding of the individual interests of all stakeholders and are willing to work for their protection,
- c. the independence and courage to differ with the management where it is necessary, and



d. the power to over-rule the representative directors where the collective interest of all stakeholders so demands.

A not-so-cursory look at the published list of directors of most listed companies in Pakistan reveals that the following trends are prevalent:

- a. Majority of the directors are family members or close associates of controlling shareholders.
- b. Directors who are technically designated as independent non-executive directors are seldom independent. In almost all cases they are representative directors, protecting the interest of a particular stakeholder. Usually only two classes of stakeholders are represented on the board: the controlling shareholders and major lenders.
- c. No attention is paid to having a pool of talents at the board. The general preference is to have well paid managers (who are subservient to the controlling stakeholder) over having competent and qualified INEDs.
- d. No attempt is made to ensure that the board comes in touch with other stakeholders and learn about their preferences and interests.

An unbalanced board cannot properly and effectively perform the functions assigned to it by the shareholders. In fact, management scientists believe that an unbalanced board is often more harmful than no board at all. It is therefore a responsibility of all shareholders in general and institutional shareholders in particular to ensure a balance in the board by exercising care when selecting board members.

# A Sure Formula for Success

**Muhammad Aslam Sabir**  
 FCII (London) Chartered Insurer  
 General Manger/ Regional Chief (C)  
 Alpha Insurance Co. Limited

Everything in this world has a price. There are no free lunches. The same is true of the next world. There too nothing will be available without paying the price. The price of leading a successful life is the hard work with application of necessary skills. This price is based on certain universal principles, and has to be paid in lump sum in the shape of hard work. In your success plan, there is no element of payment in installments. And also there is little room for any relaxation in the hard work. It is improbable for a student to pass an examination in good numbers for getting admission in higher study classes on the plea that he will make preparation for that exam next year. Hard work has different angles, the essence of which can well be understood by applying a five point formula. The points are (i) Faith (ii) Knowledge (iii) Action (iv) Skill (v) Commitment.

**I Faith:** You may belong to any profession or may be opting for it, making a prayer or helping some one. Whatever you are doing, you must have an absolute faith that what you are going to do is not only correct but

also is according to your skills, meaning thereby that you must have self confidence, confidence in the piety of that job, confidence in circumstances and above all total trust on God. If you do not have such like confidence in a job or profession then stop doing it forth-with and look for the other one. If your confidence is shaky, then failure is a natural result. Imam Shibli (RA) returned to his home town after many months. In the



out skirts of the town he saw a big gathering of people. He asked, “what you have gathered for here”. “For rain prayers” replied the people. Imam Shibli (RA) instantly remarked that it will not rain. People astonishingly asked, “why not?”. Imam Shibli (RA) replied, “you people do not have confidence that it will rain. Had it been your total faith every one of you must have come for prayers with

umbrellas in your hands”. It means that whatever you are going to do, you must have hundred percent total faith, confidence and trust for its success.

**ii) Knowledge:** It is said that, “you must know something about everything and everything about something”. What ever job you are going to do or the profession you are attached with, you must know every minute detail thereof, and what other

things are happening around in the world, you should at least, be noddingly aware of those. For gaining knowledge you have to under-go the process of necessary education and training. Initiate a process of self development by reading relevant books, have

command over relevant rules and regulations, continuously enhance your skills, attend the relevant conferences and meetings. Some people have a wrong perception that training is the wastage of productive time. Remember that the wood cutter who takes time to sharpen his axe at regular intervals shall end up with higher production than the one who continuously carries on the process

of wood cutting without taking time to sharpen the axe.

**iii) Action:** unless the knowledge and skill, gained and attained is put into practice we cannot achieve any thing. We must first do necessary planning as to how we can achieve the best results in our profession. We will have to;

- set the target?
- identify the means to be adopted to achieve the target;
- know that how much time is needed,

For setting a target, we must keep in view our past performance. The target once set must be divided into yearly, monthly and daily accomplishments. The target must be challenging. We must note down the probable hurdles in achieving the target and accordingly plan to over come them. Then act upon our plan with total determination.

**iv) Commitment:** Once a target has been set, there should be no look back. Always look forward with a total commitment not only to achieve the target but also to excel it. How to do it? You have to march forward with true desire, high enthusiasm and perseverance harnessed with knowledge and skill. Do not look

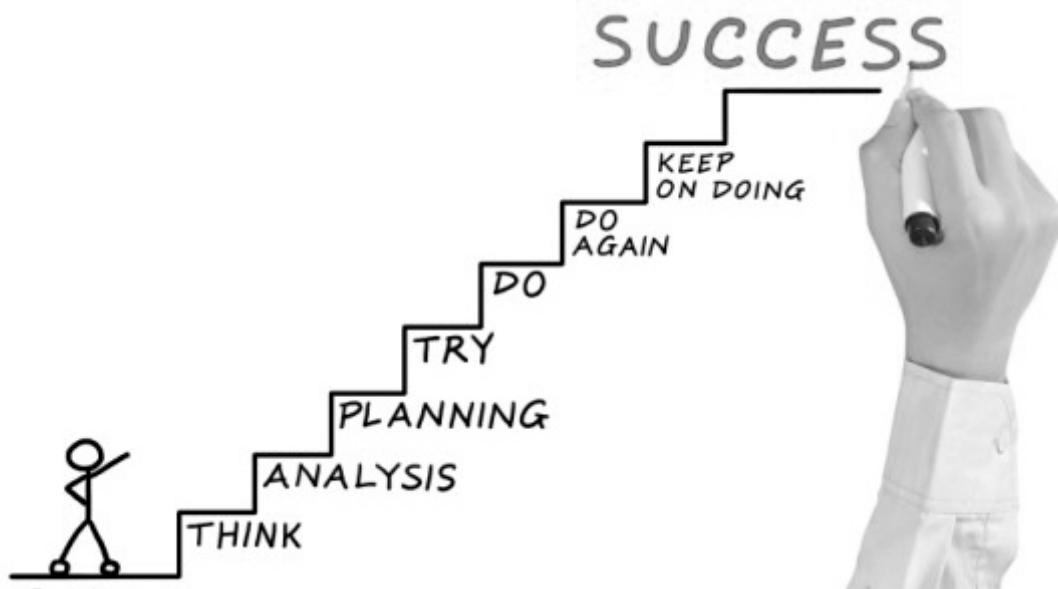


back, look upwards and forward with your eyes focused on the target. Make every second of your time productive with smart work.

پھر عشق ہی خود راہ رو پھر عشق ہی خود منزل  
مشکل ہے اس راہ میں بس پہلا قدم رکھنا

A sail boat in deep see was hit by a storm. The old navigator asked a young navigator to adjust the sail cloth. When he was climbing up the mast, he cried; "I will fall down and perish in the high tides below". The old navigator said, "young man, don't look down. Look up". Acting on the advice he not only adjusted the direction of the sail cloth but also

came out of the fear of falling down. Remember that destinations are reached by looking up and forward. Those who look down and back are doomed. There should however be no obstinacy. In the implementation of any action plan small hurdles are always encountered. You do not need to make a head on collision with them, rather to make slight adjustments accordingly and march forward with an effort to bring continuous improvements in your todays over yesterdays. Do not let the structure of your enthusiasm fall down because people take away the bricks of a fallen down building.





**Qayyum Pervez Malik**  
Insurance Surveyor & Loss Adjuster /  
Claims Investigator  
Qayyum Pervez Malik & Co. (Pvt) Ltd

# Ambiguity in Cotton Warranties

With the arrival of cotton season and occurring first fire loss in cotton ginning and pressing factory a usual conflict start among the surveyors, insurers, insured and the mortgagees bank on account of contradiction and ambiguity in different forms of cotton ginning and pressing warranties as attached with the affecting insurance policies issued by different participating insurers.

This never ending conflict started when ancient form of cotton warranties as published in fire tariff were found outdated and initiative was taken to amend these warranties in 2005. This necessity was felt after alarming large number of fire claims by cotton ginners and the immediate cause of accelerated losses was worked out and that was insufficient fire fighting facilities in the cotton factories.

At that time there was no concept of large water storage in the factories except one small over head water tanks which too was not meant to be used for extinguishing fire but it was meant for other process and domestic requirements. Only few water/sand buckets and chemical fire extinguishers were made available as a formality and/or to fulfill the

requirements of civil defense.

Pakistan cotton ginners association was engaged to initiate necessary discussion on this important issue at all levels. These unofficial discussions continued for long when the things kept on getting more serious and IAP as well as PCGA with the connivance of Ministry agriculture official meetings started in 2005. Various meetings were arranged in Karachi



and Islamabad which were attended by both the main stake holders and as a result of lengthy discussions and presentations from both the sides a rough draft of revised/amended cotton ginning and pressing factories warranties form was designed/drafted and circulated for further discussions and finalization. The last meeting was chaired by the then Minister for food, agriculture & live stock Mr. Sikandar

Hayat Khan bosan on 20.7.2006 in which discussion on revised cotton warranties as designed by fire committee of IAP in September 2005 was initiated and minutes of meeting containing the detail of warranties so discussed was circulated on 29.7.2006. Shortly before that the office of PCGA sent their consent on draft of warranties to IAP on 3.7.2006. IAP then circulated a letter amending the warranties on 1.8.2006.

Myself contributed in the process, discussed various technical and practical aspects of physical hazards, causes of losses, fire spreading phenomenon, measures to control fire origination as well as acceleration of losses, warranties, stacking pattern, density of cotton bales, minimum availability of local fire fighting apparatus, storage conditions, cotton movement, process of cotton and so on. The idea of referring cotton control act while designing warranties was given by me. In this respect executive body meeting of PCGA was also addressed by me when a lecture of these aspects was delivered. A write-up on these issues was also sent to IAP and various other Insurers regarding my individual and independent/impartial technical expert opinion on various issues.



As a result of necessary correction a final set of warranties form was issued and circulated to all concerns in 2006. Certain time was also granted for provision/arrangements of necessary facilities in the factories.

God knows better why this final warranties form as issued by the IAP as a result of an agreement with PCGA under supervision of ministry Agriculture was deviated and different insurers issued different/contradictory warranties forms which were being attached with their respective insurance policies. Since more than one insurers underwrite business of a cotton ginning and pressing factory so at one insured premises having same risk, interest, location, rates of premium the set of cotton warranties form consisting of contradictory warranties were imposed with the standard fire policies creating difference of opinion/conflict during the loss adjusting and claim accepting process. Although the adjusters are not legally obliged to obtain insured's agreement on the amount of loss so assessed and adjusted but since it has become the practice of insurers to avoid any future conflict with the insured the adjusters go through this process.

During this process when the mortgagees bank and mortgagors come to know about the deviation from the stated positions of warranties they argue with the surveyors/adjusters and the insurers. Sometime the issue is brought to the PCGA for dissolution of conflict where the adjusters are shown the agreed cotton warranties form which is different than the warranties form attached with the policies.

The areas where contradiction from the agreed set of warranties found is being highlighted hereunder for consideration of the stake holders.

IAP is suggested to issue a circular along with the official IAP approved cotton warranties form to all concerns including the adjusters in order to resolve this issue once for all.

1. Distance from buildings/godowns and stocks
2. Distance from buildings/godowns and hazardous material.
3. Packing of cotton bales.
4. Standard weight of fully pressed iron bound cotton bales and margin.
5. Maximum size of cotton heap.
6. Maximum stock of cotton bales.
7. Exemption of distance for storage of 24 hours production of cotton bales.
8. Availability of minimum fire fighting facilities in the factories.
9. Deduction on a/c of fire fighting



warranty.

10. Deduction on a/c of breach of other warranties.

The format and specific wording as used in agreed draft is also varied in different warranties forms which create different impact on the situation and application of warranty.

Application of 6 sides cover of cotton bale was then denied by the PCGA as the cotton bales are packed according to the specification of buyers. 9 rounds of binding rings or hoop is also not practicable as the bale pressing chambers already installed in the factories have no capacity for 9 turns.

Maintaining all the 3 specification of

bales pressing i.e. 360kg/m<sup>3</sup> density, 170 kilogram weight and 1.09 x 0.606 x 0.45 cannot be maintained. According to the cotton control rules the specification allowed is 170 kilogram with 3% plus/minus margin. The density could be determined after keeping in view this weight and the size of existing bale pressing chambers. Which could only give a correct/rational density to follow by all the cotton ginners.

Storage issue of un-ginned cotton is also left confused. Most of the cotton factories store large number of small cotton heaps in the open compound and maintaining distance of 20 feet between each heap is practically impossible. It is mentioned that no cotton heap would exceed 5000 or 45000 mounds and each such heap will be separated from other by 20 feet or 15 feet distance.

Now the issue that what if such heap still does not exceed 4500 or 5000 mounds no distance would apply? It means there is no distance warranty for cotton heaps if maintained lesser than 4500 or 5000 whatever the case may be. This ambiguity should have been cleared.

Issue either the distance of 24 hours production exempted from buildings or other stocks/hazardous material as well has not been clarified.

At the end of each warranty it is mentioned that this warranty is absolute and cannot be deleted by paying extra premium and then at the end of form it is mentioned that in case of breach of above warranties a deduction of 25% shall be applied on loss amount.

In this warranties form few irrelevant warranties which were not part of this form has been inserted. For example a warranty regarding deductible on stock of process is seen in one form.

Another warranty preventing the insured from manufacturing at night from 9 PM to 5 AM is imposed unknowingly that cotton ginning and pressing factory is not included in the category of manufacturing or industrial unit and the premium charged for this interest/risk is for 24 hours a day.

Warranty of prohibition of artificial lighting is also seen in this warranties form which was not part of the originally agreed set of warranties form.

Bale binding hoop specification is also contradictory. Somewhere it is mentioned as  $\frac{3}{4}$  of an inch and somewhere 2.75 mm-12 gauge. Perhaps the issue is being confused that previously iron hoop (strip type) with the width of  $\frac{3}{4}$  or  $\frac{1}{2}$  of an inch was being used for bales binding but for the last almost one decade a steel wire is being used.

Comparison chart of different set of warranties forms being used by different Insurers cannot be given here in order to maintain the issue of integrity. The Insurance Association of Pakistan may call for all the forms from their respective members for comparison otherwise the same can be provided from this office.

As from this office various reports were sent to all concerns from time to time which were never acknowledged by the respective stake holders for reason better known to them, various other anomalies, factors, contradictions, abnormalities and difficulties were pointed out. We however witnessed reflection of incorporation of our recommendations in the draft of warranties up to some extent but still there are various factors which need to be addressed.

For example minimum distance between each lot of 100 bales is not proposed which is very crucial. Clear fire break of at least 6 feet must have been warranted in this respect.

For all practical purposes the selectors from textile Mills visit various cotton factories and pick up cotton samples from various lots. When the samples are picked up from specified cotton bales of each lot those particular bales got loosened and prone to burst out quickly on introduction of any ignition source. This factor causes spreading of fire in to the stock. After picking up repeated samples that particular cotton bale loses its specific density. So this part of stock must be isolated.

Some incentives in premium should have been proposed in case any cotton Ginner fulfills all the requirements of cotton warranties form.

Warranty of spark arrestor is not being followed since inception. It is not practical to implement in fact. In a cotton season hundreds of vehicles enter in to the factory every week which includes relatives, friends, business concerns, insurance agents, buyers, selectors, growers, Govt. entities and so on.

No smoking and cooking warranties has not been imposed through this cotton warranties form which was very crucial.

A large number of fire losses occurred because of electric causes and no warranty in this respect has been inserted in set of cotton warranties.

Another one of the major causes of fire is heap settler machine and no warranty is present to address this major source of ignition.

Poor maintenance of machinery,

electric motors, switches, starters, circuit breakers is considered another main cause of fire and no warranty in this respect is imposed.

In cotton factories the stock of un-ginned cotton is spread on all the passages, fire breaks and no proper sweeping is carried out. This negligence provide trail to spreading fire and this issue is not addressed in warranties form.

Various technical reports based on expert opinion have been issued for the information of all concerns in past 40 years from this office which may be taken in to consideration while making cotton policy. These reports can be obtained free of cost on request. Copies of various reports/study materials have already been sent to IAP on various occasions. Last time it was sent on 15.11.2011 in exchange of no acknowledgment in return.

The insurance industry of Pakistan can only progress by establishing a positive and healthy atmosphere by granting due favor, respect and value to experienced professionals and acknowledging their efforts for the betterment of Industry. It could progress only by team work of all stake holders. All the issues may be worked out, discussed, addressed and resolved by initiating healthy discussion and developing consensus. By establishing an atmosphere of mutual existence and respect we may stand up with dignity in this world of competition. Our efforts, struggle and resources should be invested for the progress of institution as a whole and it should not be utilized to eliminate the competitors or people who maintain different opinion on certain issues. We should welcome the difference of opinion open heartedly because this is part and parcel of the evolution process.





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**NATION**

the objective is  
**GROWTH**

the result is  
**NATIONAL SAVINGS**

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The resultant enormous savings in foreign exchange on reinsurance prima are, in essence, assurances and reassurances for a secure national future.

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# Insurance Day

**Karachi:** On the 6th May 2014, Insurance Day with more activities was celebrated. The Day started with the publication of special supplements on insurance and insurance industry in the leading newspapers of the country. A number of panel discussions were organized in the educational institutions in Karachi and Lahore. Leading cricket teams (one each from Karachi and Lahore) played the Super Final Cricket match at Karachi to decide the ultimate Champion. An Essay Competition was arranged, the top three winners were awarded cash prizes. The purpose of celebrating Insurance Day is to take the message of insurance to the public at large and specially to the college/university students at the grassroots level. The IAP is confident that in coming years, the Insurance Day will be celebrated even more vigorously and its scope will be expanded.



**Lahore:** On 6th May, 2014, Regional Office North planned different programs to enhance the insurance awareness amongst general public and to uplift the image of the industry as a whole. The major activities included a Seminar at Al-Hamra Art Council Hall-II and a panel discussion on Insurance Vision 2025 at Hailey College of Banking and Finance. The Insurance Seminar was held at Hall-II of Al-Hamra Art Council, Lahore. Commissioner Insurance SECP Mr. Muhammad Asif Arif was the Chief Guest. Among prominent speakers were Mr. Muhammad Ali Zeb (Chairman, IAP), Mr. Liaquat Ali Khan (Chairman, RCN-IAP), Mr. M. Rahat Sadiq (CEO, United Insurance) and Prof. Farah Naz Naqvi (Hailey College of Banking & Finance). The outstanding services of Late Prof. Dr. Khawaja Amjad Saeed were recalled with great respect and remembrance. The number of participants was more than 400.



# Insurance Day



In the evening, on Insurance Day a Panel Discussion on Insurance Vision 2025 was held in the hall of Hailey College of Banking & Finance. Mr. Mohammad Ishaq Khan, the insurance legend was the Chairman of this session. Among speakers were Mr. Nasar us Samad Qureshi (Chairman, LII), Mr. Tahir Ahmed Khan (Regional Chief, State Life Insurance), Mr. M. Rahat Sadiq (CEO, United Insurance) and Prof. Farah Naz Naqvi (Hailey College of Banking & Finance). About 150 students of Insurance and Risk Management participants in this function.



## 2nd SAARC Insurance Regulators' Meet & International Conference Pictorial Highlights



## Views and Comments of some participants of 2nd SAARC Insurance Regulators' Meet & International Conference organized by SECP at Karachi

*Report by: Muhammad Awais Malik*



**Sohail Jaffer**  
Deputy CEO  
FWU Global Takaful  
Solutions  
Dubai, UAE

The second SAARC Insurance Regulators Meet & International Conference held at the MovenPick hotel in Karachi in April 2014 was extremely well organised, coordinated and managed by the SECP, the local host.

The quality of the program content and several leading speakers invited were excellent and provided a useful forum to exchange regional industry views and perspectives in an effective manner.

The event also provided an opportunity to communicate with the various regulators, enhance learning and enjoy networking. Social program was also outstanding and very enjoyable.

Overall a truly worthwhile industry event and clearly a lot of attention had been given to every detail in terms of planning, logistics, hospitality and meet and greet service.



**Arup Chatterjee**  
Principal Financial  
Sector Specialist  
Office of Regional  
Economic Integration  
Asian Development Bank  
Manila, Philippines

The 2nd South Asian Association for Regional Cooperation (SAARC) Insurance Regulators Meet and International Conference from 14-16 April 2014 in Karachi, Pakistan with the theme "Local to Glocal" once again demonstrated the enormous promise of South Asia – its people, its innovations, its culture, exports, and great traditions. In the global economy, today, the role of the South Asian insurance industry's will increasingly become critical, and the Securities and Exchange Commission of Pakistan and the Pakistan insurance industry needs to be commended for providing a platform to insurance regulators and captains of the insurance industry from the region to exchange ideas, information and knowledge for the future development of the insurance market in the region.

At the same time, the conference also reminded us about the very serious challenges that weigh down the region in too many ways, and which give rise to its very uncertain future. Despite the economic growth, South Asia is still home to the world's largest concentration of poor people — more than 500 million people live on less than \$1.25 a day. Child mortality is still too high. Food and fuel are still too scarce, and too many still die from preventable diseases. The climate and resource challenges are stark, which have given rise to a whole new set of tensions. Severe droughts, variations in the monsoons, and shrinking Himalayan glaciers brought on by climate change have created a new regional flash point over access to clean water. Furthermore, mass urbanization has created a new set of political, health and economic challenges... anyone who travels to the region sees the South Asian cities bursting at the seams, with the infrastructure barely keeping pace... these growth patterns are not sustainable. Building a better society is a complex and challenging process. Digging out of some of these holes will require strong leadership, deepened cooperation across the region, increased people ties to build the trust, and a commitment from officials to keep South Asia at the forefront of the policy agenda.

South Asia is the biggest opportunity for the insurance sector. As one of the key pillars of the financial services sector, the insurance and contractual savings sector has long played a pivotal but sometimes invisible role in various ways. Domestic demand in Asia is well supported by a positive demographic structure (largely comprising a young workforce in the middle-income group), rising income levels, broadening of affluence, and higher savings rates. These developments, together with policies on financial inclusion and access, will surely contribute towards the growth the insurance industry. Despite the growing exposures and vulnerabilities to natural hazards, the countries in this region retain most of the attendant risk due to the undeveloped state of their domestic insurance markets and a resultant inability to transfer risk to international reinsurance markets. Resorting to insurance pooling mechanisms (eg earthquake insurance pool) and innovative forms of insurance, like parametric weather insurance, can make communities more resilient to disaster by managing risks inherent to climate change.

Capital is a catalyst of economic growth and an antidote to risk. Development of South Asian capital markets will provide good opportunities for contractual savings institutions such as pension funds and life insurance companies. Infrastructure investments are highly attractive to insurance companies as a long-term investment due to their inherent profile of sizeable, long-term, illiquid liabilities, and predictable premiums finance is important to the insurance industry. As a financial intermediary with long investment horizons, the insurance industry can add further value to South Asian region by supporting the development of their capital markets, including sub-national debt markets, and enhancing access to long-term finance and more effective risk management. Moreover, the insurance sector can also improve the efficiency of other segments of the financial sector, such as banking and bond markets, by enhancing the value of collateral through property insurance and reducing losses at default through credit guarantees and enhancements.

We have a lot of work to do together, but I am confident that the prospects for the insurance industry in Asia appear promising and more can be done to further strengthen, broaden and deepen it by strengthening partnerships not only amongst the insurance regulators and the insurance industry but also with financial standard-setters to promote best practices. And, that's where the work of the SECP and SAARC Insurance Regulators Association will be important and relevant.



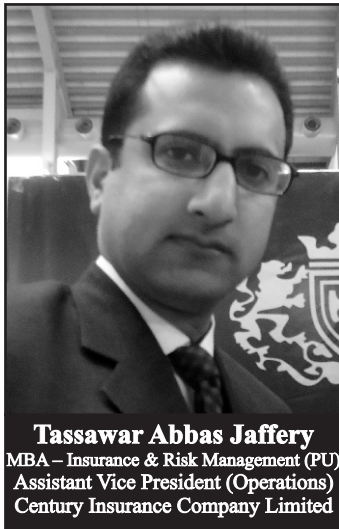
**Atul Boda**  
Group Chairman  
J. B. Boda Reinsurance  
Brokers Pvt. Ltd.  
Mumbai, India

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The meeting was useful in meeting various Regulators on common platform. This gave us an opportunity to inter-act with them on the activities of respective insurance industries and possibilities of further required changes.

The purpose is to achieve the healthy growth of the industry with discipline which will benefit all and, in particular, policy holders. All the arrangements were made meticulously and were impressive. It gave us lot of encouragement to visit again and explore new opportunities for their requirement and we, at J. B. Boda, would be pleased to extend all support and share our experience & expertise for the benefit of each market.





# How to Increase Insurance Penetration in Pakistan

Pakistan Insurance Industry is as old as Pakistan and similar to many other sectors, it is still in growing phase. Although the industry is contributing very low in the economy but optimistically, a huge potential exists which can be utilized by taking corrective measures by all stakeholders.

**Existing Scenario:**

The insurance penetration in Pakistan is extremely low, as recorded in 2012 is 0.71% in which life insurance premium contributes 0.43% whereas 0.28% contribution comes from general insurance sector. So as, insurance density which is \$8.7 per capita; contributions from life and non-life sectors are \$5.3 and \$3.4 respectively. Pakistan is lying at 83rd position out of 88 in international ranking in this regard.

**How Insurance Sector works in the Rest of the World:**

It is worth mentioning how insurance contributes in various parts of the world (See below Table).

If we analyze trends and opportunities, UAE, KSA and India will show dramatic insurance growth in coming years.

**Why Pakistan has extremely low Insurance Penetration:**

Although political, social and ideological issues persist, the following three areas can produce a big picture of on-ground obstacles in development and growth of Pakistan Insurance Industry:-

- 1.Lack of awareness
- 2.Statutory and regulatory deficiencies
- 3.Intra-industry flaws

Practically speaking, if we counter these problems with strategic planning, the insurance revenue will start multiplying in no time. Unfortunately, when we plan, we plan as a company, we never plan as an industry. What is good for a company or a few companies, has never benefit the industry at all, unless we decide what is good for the insurance industry as a whole.

**What to do:**

For broad understanding and future planning, it is required to turn the above factors in to strategic outcomes after necessary disintegration.

**Creating Insurance Awareness in Public:**

- *How to Create Insurance Awareness and Need?*

This is an era of electronic media,

Ranking	Country	Insurance Penetration (%)		
		Total	Life	Non-Life
1	Taiwan	18.19	15.03	3.16
2	South Africa	14.16	11.56	2.60
3	Netherlands	12.99	3.80	9.19
7	United Kingdom	11.27	8.44	2.84
13	United States	8.18	3.65	4.52
29	Malaysia	4.80	3.08	1.72
38	India	3.96	3.17	0.78
58	United Arab Emirates	1.98	0.40	1.58
66	Iran	1.65	0.13	1.52
76	Sri Lanka	1.20	0.54	0.66
80	Saudi Arabia	0.75	0.03	0.72

Source: SwissRe Sigma

which can be used extensively to create awareness of insurance in general public. It can be dealt in a different way. Instead of advertising insurers themselves, insurance products and their features should be advertised. All insurers setup an advertisement pool and out of this fund, insurance-product-wise advertisements should be made which describe the basic features and benefits of the respective product. It will help people understand what a particular insurance can do for them.

What else can we do:-

- Use of internet and social websites
- Use of print media
- Social activities and reforms
- Specific events
- Billboards
- Dedicated insurance magazines
- Publishing research paper and articles
- Use of product brochures

Insurers should do this as collective effort irrespective of thinking how much share they get from the pie. It will depend on the marketing strategy, responsiveness and service standards of each company, however, everyone will get the benefit.

### • *Explaining Benefits of Insurance:*

It is human psyche that people respond well where they see their benefit. What benefits insurance can provide to people and businesses...

- Peace of mind
- Provide protection against unexpected events
- Indemnification of losses
- Collective bearing of risk
- Risk assessment and improvement
- Contributes towards development of industries
- Means of saving and investment
- Source to earn foreign exchange
- Enhancement of credit
- Information role

- Contribution to economy

The above and many other benefits should be clearly communicated to general public.

### **Statutory & Regulatory Reforms:**

#### ***Role of Regulator and Government:***

Although SECP is working hard to overcome insurance industry shortcomings but the process should be more result oriented. SECP not only an efficient and dynamic regulatory body that fosters principles of good governance, ensures proper risk management procedures and protects customers through responsive policy measures and effective enforcement practices but it also have to play a pro-active role in recommending lawmakers to do



relative enactments.

Above that, finance ministry should setup a task force or committee who will after collaborating with all stakeholders, advise legislative measures for betterment of insurance sector.

### ***Compulsory Motor Insurance & its Implementation:***

So far only motor third party liability insurance is compulsory under Motor Traffic Act in Pakistan and due to non-implementation of this mandatory requirement, not more than 20% vehicles are insured. Think how much premium will generate, if the said law is implemented. Following steps can be taken in this regard:-

- SECP will issue a list of insurers

who are eligible to offer this cover.

- Traffic wardens will start a campaign to check insurance certificates in vehicles on road.
- Strict action will be taken against those who issue bogus insurance certificates.
- Eligible insurers are advised to frame easy-to-access distribution channels.

### ***Legislations for Other Compulsory Insurances:***

If we look in to other parts of the world, in addition to motor third party insurance, the following products are also compulsory by law, mostly pertains to liability insurance:-

- Employers' Liability Insurance
- Public & Product Liability Insurance
- Professional Indemnity Insurance
- Personal Accident & Health Insurance

Think why is it? If someone is injured, died or suffer a financial loss due to negligence act or lack of due care by the others, they should be compensated because social and ethical values demand it. Normally the negligent party is always stronger one whereas the injured persons are ordinary people of society and they will hardly stand on their feet after a bad incident. Insurance can provide here a service to humanity rather than just a risk protection which is obviously a better motive.

Workmen compensation laws and their implantation in terms of insurance coverage as well as setup a compulsory professional indemnity insurance proposal should be a first step in this behalf and time bound policy making efforts are required.

### • ***Regulatory Control & Monitoring:***

It is one of the prime responsibilities of SECP to develop a customer-

focused code of conduct and implement the same practically. It includes best practices, solvency requirements, conduct business with integrity, due skill, care and diligence, risk management standards, dispute resolution structure, reduce insurance frauds etc.

Today, we see a lot of flaws in writing insurance business in terms of rating, commission, deductibles, unfair and ambiguous terms etc. In addition to a regular monitoring, SECP should conduct at least once in a calendar year, an independent and fair audit trail of insurers based on 'Management by Exception' means start from where there more problem lies.

### ***Deal with Catastrophe:***

Pakistan become victim of both natural and man-made catastrophes, such as earthquakes, floods, terrorism, sectarian violence etc. There are two important aspects that in any such event during last decade, the insured losses are not more than 15% of all losses, so the insured risks are on very lower side, as we all know. Hence, very few families rebuilt their lives in normal state and rest, God knows better. Therefore, the insurance protection can deliver a lot in such circumstances. This is the reason why life and health insurances are growing very rapidly during last few years.

In order to deal with huge losses resulting from a single event, a catastrophe pool should be created within insurance industry in which all members contributed in accordance with their exposure. Compensations will be made from this pool and then the remaining burden will be transferred to the state which is indeed an insurer of the last resort.

### ***Development of Micro-insurance & Bancassurance:***

Micro-insurance is defined as insurance accessed by low-income

people, provided by a variety of institutions, run in accordance with generally accepted insurance principles and funded by premiums. As the target market of micro-finance is low income entities, micro-insurance can spread and deliver in a better way. Huge premium contributions come from a large number of homogeneous exposures are much better than a huge premium received from a single commercial risk.

Selling insurance by using the bank's distribution channel is bancassurance. It seems quite successful in life sector initially but practically speaking, such covers do not last long and more than 50% policies have been withdrawn during first two years. It is because improper marketing techniques and lack of necessary information given to the clients. In addition to this, individual health and credit insurance can generate a good premium volume.

### ***Agri-Insurance:***

Pakistan is an agriculture based country and this sector is contributing to a significant proportion of work force which is 45% and GDP 21%. Around 70% of Pakistan's population lives in the rural areas and the situation surrounding agricultural sector usually has a significant influence on their livelihood. On the other hand, insurance revenue generating from this sector is extremely low and there is huge potential exists.

Both Government and regulators should encourage and promote agri-insurance products and it is ensured that the benefit should be given to the farmer in case of any loss event

### ***Development of Takaful:***

Pakistan is an Islamic Republic and still there is a large number of people consider insurance religiously forbidden. Takaful as an alternate of conventional insurance which is

Sharia compliance and based on the concept of social solidarity, cooperation and mutual indemnification of losses of members. It is a pact among a group of persons who agree to jointly indemnify the loss or damage that may inflict upon any of them, out of the fund they donate collectively.

The Takaful industry in Pakistan is still in its infancy, and in experimentation phase. During this process of transition, it needs to be guided by the Regulator in the right direction. Since the models of Takaful vary depending on different interpretation of Shariah by various countries, there is an urgent need for standardization. SECP should appoint consultants with the objective of removing the anomalies and addressing the areas which are silent in existing Takaful rules.

On the other hand, both Family and General Takaful operators should reengineer their marketing strategies and target the areas which are more stringent against conventional insurance structure.

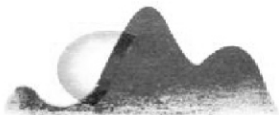
### ***Emergence of Reinsurance Companies:***

PakRe is the only public sector reinsurance company in Pakistan and almost half of the insurance premium has been ceded to international reinsurers and if we exclude motor business this ratio goes over 70%. Therefore, it is strongly encouraged registration of reinsurance companies by setting up appropriate rules and procedures. Emergence of reinsurance companies in Pakistan can...

- increase domestic retention capacity
- save valuable foreign exchange
- assist in developing local insurance industry
- provide expertise for insurance of complex risks
- accept business from other parts of

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world and earn foreign exchange

### **Intra-Industry Reforms:**

#### **• *Role of Insurance Association of Pakistan (IAP):***

IAP should represent the entire insurance industry and all its objectives must be stringent to its very purpose. It can be as follows :-

- Ensure best practices inline with ethical standards
- Research and development of insurance products
- Publish research reports and policy documents
- Promote highest standards of customer delight
- Support a competitive insurance industry
- Help creating awareness in public

#### **• *Insurance Distribution Channels:***

The following Channels are used by insurers throughout the world either in limited manner or on full scale, or a combination of all or most of these channels; making it a multi-channel strategy :-

- Direct selling
- Brokers
- Individual or corporate agents
- Internet, e-commerce, aggregators
- Supermarkets or retail outlets like motor showrooms, travel agencies etc.
- Bancassurance
- Call centers
- Umbrella selling points
- Worksite marketing
- Outsourcing

It is important to keep in mind the connection between the potential outcomes and cost effectiveness.

#### ***Insurance Education and On-Job Training/Orientation:***

Good or bad workers concept has now transformed into a trained or untrained

workers. There is no two opinions that only educated and trained workforce both in the fields of marketing and operation can sell and provide best insurance services. Insurance & Risk Management education programs must be inline of the international standards. Insurers should prefer educated candidates for new jobs as well as encourage and facilitate existing employees to acquire professional studies. In addition to this, regular on-job training/orientation programs should be conducted which will help employees to groom.

#### **• *Industry-wide Underwriting Strategy:***

Although underwriting strategy is essential for each single insurer, but the effect on economy can never be compelled without having an industry-wide underwriting strategy. Few of its vital features are given below :-

- Selling insurance with honour, dignity, integrity and professionalism
- Setting premium targets
- Claims and expense ratios
- Investment of funds support
- Use of risk management tools
- Encourage respectable premium rates and terms
- Special considerations for trades more exposed to risks or have bad loss experiences
- Streamline commission rates
- Catastrophe modelling and mapping
- Dealing with banks and financial institutions
- Fighting fraudulent claims
- Monitoring, review and reassessment of strategy

Unfortunately, during last decade, the prices of vehicles, their parts and repair costs are going higher and higher whereas insurance premium rates are continuously declining. Banks and other financial institutions can hardly function without the

protection of insurance but insurers always offer them lower premium rates with inappropriate terms and higher commissions in most cases.

There are many other examples around us. Only an industry-wide underwriting strategy, its implementation and control can stop derailing our practices.

#### **• *Emergences & Orientation of Insurance Products:***

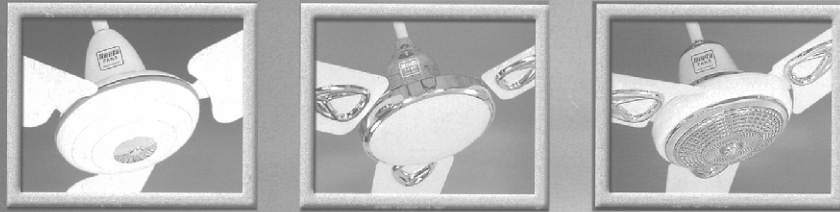
A large number of insurance products are offered in different parts of the worlds which are tailored in accordance with the needs of customers and tough market competition.

Considering all significant factors, the following insurance products should be promoted in Pakistan on priority:-

- Liability insurance products
- Home insurance
- Individual health insurance
- Personal accident insurance
- Crop and livestock insurance
- Life and disability insurance specially for rural areas

#### **Conclusion:**

It is understood that the existence of a sound insurance market is an essential component of any successful economy and the proof of this can be seen in many parts of the world. Many other suggestions can be floated but the basic need is to act upon sincerely. 'Intention to perform' ensures implementation of rules and their continuity which will deliver a lot even though the prevailing political, social and law & order situations persist because the potential is huge. Just a combined effort is required and there is no doubt in my mind that within one decade, the insurance penetration will double in Pakistan.



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**Rana Naveed ur Rehman**  
 MBA (HRM), Cert CII (UK)  
 Manager (Health)  
 East West Insurance Co. Ltd

# Thalassemia (Prevention and Cure)

## What is Thalassemia?

Blood is a very important component of human body. Its circulation gives a healthy look of reddish color to our body. If there occurs some decrease in the quantity of blood, the skin's color resultantly fades away, in medical term; this condition is called "Anemia". Its causes are numerous, but the main cause is called "Thalassemia".

Thalassemia is a hereditary disease which the patient receives it from his parents. Due to this disease, the patient, since his birth, has very little or no capability to produce blood in the body. So on this vary basis, there are two kinds of thalassemia. The first one is called "Thalassemia Minor".

Its main cause is that the blood production capability in the body is lesser than a common man's ability. The second type is called "Thalassemia Major" as the patient has very little or no capability to produce blood in the body.

### Thalassemia Minor:

An apparently it is a harmless disease showing no symptoms at all but the

defect in the patient's body has exist, as he receives it from his mother or father. So his blood producing capability is quite less. Strangely enough, this defect does not affect patient's day to day activities. However, such type of patients can be identified on by through some special lab tests. According to a survey, above 50% population of Pakistan is suffering from Thalassemia Minor and they are source of infection for

appearing in their body. At the age of one year, the patient child starts losing its color and its growth is also reduced. The stomach of child is swelled due to growth in the liver and spleen. It also generally suffers from fever and inflammation in chest and such patient's life totally depends on the transfusion of blood. Patient of this type are also identified through some special lab tests.



### Blood Transfusion:

For the physical growth of those children suffering from thalassemia major, continuous blood transfusion is necessary. This process should almost be monthly based and in this connection, some points must always be kept in mind. The basic purpose of transfusion

their children.

### Thalassemia Major:

It is a highly serious type of disease in which the diseased children get it from their parents already suffering from "Thalassemia Minor". They have little capability to produce blood in their body. Six months after their birth, they normally remain healthy. But later, symptoms of anemia start

is to ensure that the quantity of hemoglobin in the child's body should not be reduced from 10gm. If this point fully covered than the affected child's physical growth can be like that of a normal child. Unfortunately, the acquisition of suitable blood is quite difficult in our country. Anyhow efforts may always be made that a sick child be given transfusion when its hemoglobin level comes down to 10gm otherwise child's physical

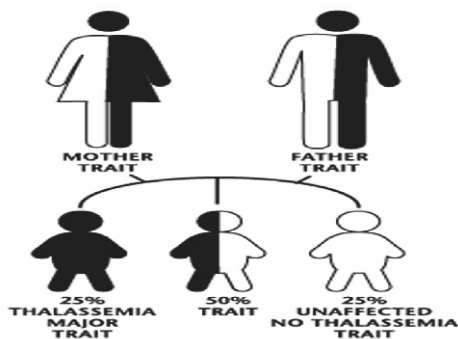
growth will be affected and its spleen will also start swelling.

**Bone Marrow Transplantation:**

The actual and complete treatment of this disease is bone marrow transplantation (BMT) which is quite difficult and costly. Sick patients do not always get a donor of bone marrow, even at the expense of a huge amount of money. So, one has to content with blood transfusion.

**Inherited Thalassemia:**

Following chart shows the spread of inherited disease of thalassemia among children:



While keeping in view the details of above chart, we learn following important points:

- i) If both the parents are patients of thalassemia minor, then there are 25% of chances that their child will be a patient of thalassemia major.
- ii) If one spouse of parents is healthy will the other is a patient of thalassemia, then their child will not be having thalassemia major disease.
- iii) In case both the parents are patients of thalassemia minor then there are chances (25+25=50%) that their children will be having thalassemia minor while 25% chances are that their children will be healthy.
- iv) If a person having thalassemia minor or major then there are chances that his sisters, brothers and other



blood relations will also be suffering from this disease.

On the basis of above information, some preventive measures can be adopted against this disease. Following are the details:

**1) For Unmarried Persons:**

The unmarried persons through a special test should make sure that they are not patients of this disease, if it is, however, not possible that a bone test should be conducted in Pakistan. But there is a simple alternate; if a family having a patient of thalassemia major, then all family members should undergo the above test. Practical experience has shown that through special tests, a large member of such persons can easily be identified who apparently look healthy but they are actually Thalassemia minor patients. When an unmarried person is proved as being the patient of thalassemia, it requires to be ensuring that his or her spouse should not also be a patient of thalassemia. Otherwise, the result could be dangerous. So the above-mentioned easy precautionary step can save a person from a difficult situation. Following tests are advised for un-married persons.

**Tests for Thalassemia before Marriage:**

Testing for the Thalassemia Trait usually happens in two parts:

**Indicative Test: Complete Blood Count Test**

- This test is the same as the simple blood test that most employees go through this test during pre-employment checkups. However, most employers do not actively look for the Thalassemia Trait.
- Costs roughly up to Rs. 700.
- Available at most laboratories or hospitals.

**Confirmatory Tests: Hb HPLC or Hb Electrophoresis for Hb A2 Estimation**

- Required only if the indicator test is positive.
- Costs roughly up to Rs. 1400.
- Available at well-equipped laboratories and big hospitals only.

**2) For Married Persons:**

Those married couples (except patients of Thalassemia major) who are having a good member of healthy children, are better not to have more siblings, so that they may not have thalassemia affected children. However, if parents want to have more children, they may like to have following test.



**Test during Pregnancy-CVS:**

For the first time, this test was introduced in Pakistan in May 1994. And since then, a large number of persons have taken benefit from it. This test is quite important for those parents who intend to have a small but healthy family. It facilitates us to confirm whether an unborn child is suffering from thalassemia major or not.

**Islamic View about Tests for Checking Hereditary Diseases during Pregnancy:**

Pakistan is an Islamic state where a large majority of patients does strictly

follow Islamic orders on different important issues concerning their daily life. In such a social set-up, it is natural that the patients show their hesitance on the question of taking benefit of modern medical facilities and abortion. In this connection, a well-known Islamic scholar, Mufti Maulana Muhammad Taqi Usmani of Darul Ifta, Karachi, was recently contacted for getting a "Fatwa". This Fatwa allows abortion before completion of 120 days of pregnancy in order to avoid Thalassemia-affected child's birth.

**Conclusion:**

It is concluded that we can overcome

this disease by conducting awareness sessions at our work places, distributing awareness literature and campaigning door to door as well. By giving awareness to the people we must minimize the effect of this disease and also we have to come forward to donate blood for those patients who are suffering from Thalassemia Major. A lot of NGO's and Welfare Institutes are working in Pakistan for this dreadful disease. We have to support these organizations to raise fund for the patients of Thalassemia Major which may be treated by Bone Marrow Transplantation.

A day of Care  
**World Thalassemia Day**  
8th May, 2014

♥ Get Yourself and Your Partner Tested for Thalassemia  
♥ Donate Blood, Give A Life

**Inauguration of Sukkur / Khairpur Branch - Press Release**

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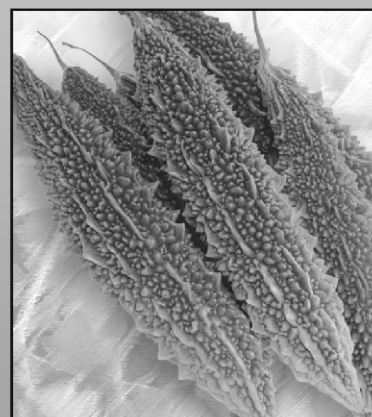
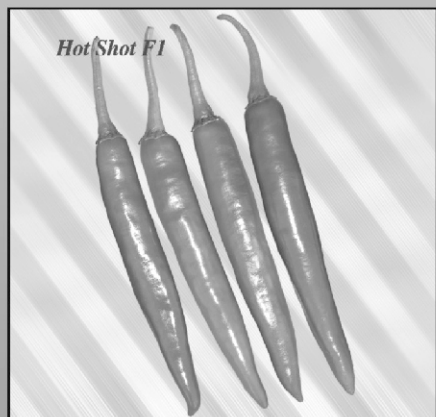
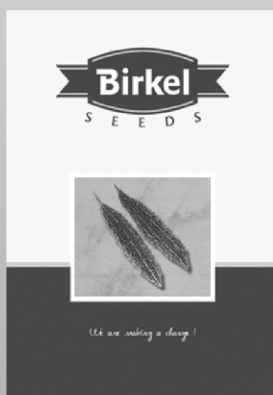
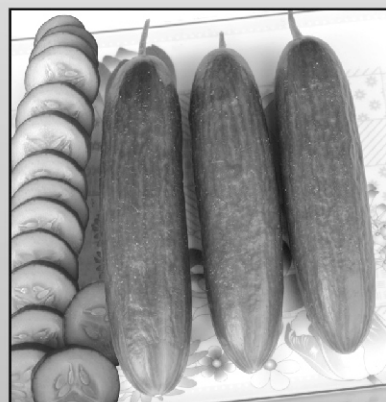
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**Bushra Shafiq Bangash**  
 MBA (Marketing), MS (HR)  
 OG-I (General Banking)  
 National Bank of Pakistan

# Performance Appraisal Yes or No?

Performance appraisal is the term used for evaluating employees' performance. It's like stick and carrot effect, by showing employees benefits in future, management tries to get work done in its desired manner. Employees are told that if they do their jobs satisfactorily then they will be rewarded. We have often seen that performance appraisal is not very appreciated by the employees. The question arises, why is such the case? If one is hard working then why not appreciate the appraisal based on that struggle? The answer is because mostly performance appraisal is biased and is not based on the facts.

I have never met a single person in my professional career who was satisfied with his/her performance appraisal. I know many people who worked really hard but at the end of the year they always get low grades. Why people working hard get low grades and sluggish employees get high grades? It is a big question mark on performance appraisal system.

Employees don't just dislike it they hate it and when the results are out

that's the time when there is a situation of mistrust on management and supervisors and which as a result affects the working of good employees.

### Reasons of performance appraisal dislikeness:

Mostly supervisors don't evaluate their subordinates on the given job objectives criteria. They evaluate

papers if teacher is in foul mood it will affect his judgement.

There are also examples of supervisors who will favour the Obsequious subordinate over hard working and an honest subordinate.

When supervisors violate the rules and procedures of organizations then it will cause mistrust and fidgety among employees. Another reason which effects this whole system is that when organizations decide to pay financial benefits to employees based on these performance appraisals, they create a ratio based system. For example Mr. Z is supervisor of Mr. A and Mr. B and both employees are hard working and meet all their objectives but at the

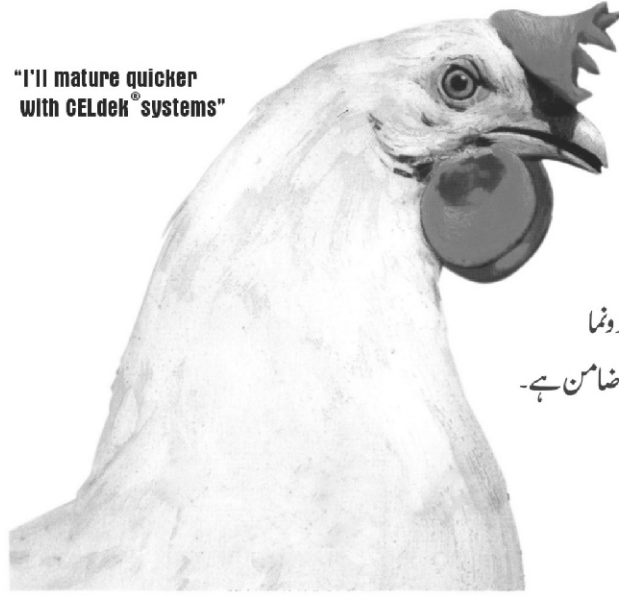
time of evaluation Mr. Z is advised to give one employee good grade and other the low grade. Now what can be done at Mr. Z's end? How he can give low grade to one when both are working excellent and meeting their job objectives? By giving low grade to one employee will definitely damage the working spirit of that employee and he will stop working hard and will start taking his job as a burden.



them on non objective criteria such as genders, religion, caste, social class etc. In these cases employees become unsatisfied with their jobs and show less enthusiasm and will show destructive behaviour in some cases.

Research also showed that if an appraiser is rating someone in bad mood they will most probably rate them low. This is true in all cases even in case of teachers, while marking

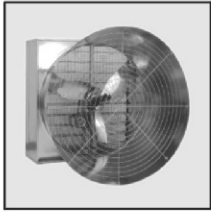
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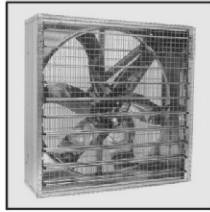
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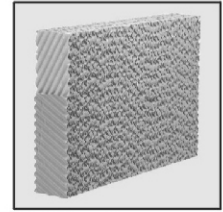
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**Types of performance appraisals:**

Performance can be evaluated on daily, quarterly or annual basis. It all depends on the nature of job. I have observed in fast food outlets there is always an employee of the month. If proper attention is given to the method use to evaluate performance; it will contribute a lot in satisfying subordinates and can change their opinion about the whole process. There are number of methods use to evaluate performance. Here, I am going to discuss few of these.

**360-Degree Feedback:**

This method involves almost everyone who interacts with the employee. The evaluator will gather feedback about employee performance from his peers, subordinates and supervisors. It will help evaluator to reduce biased evaluation and covers all aspects of employee's job and behaviour.

**Management by Objectives:**

In this method employee and manager both with mutual consent set the goals. These goals must be realistic and attainable. This method is easy as employee cannot blame his manager

in case of failure and manager can easily evaluate performance of employee based on the results.

**Ratings Scale:**

In this method employees are evaluated against preset of areas such as teamwork, communication skills, punctuality etc. This method is not appreciated among employees as there are many chances of biased results. Manger can easily ranked one over the other just by rating him some extra points.

**General Appraisal:**

This is an ongoing process between manager and employee. They discuss on preset goals and then evaluate performance based on the results of these goals and then set new goals.

**Employee Self-Assessment:**

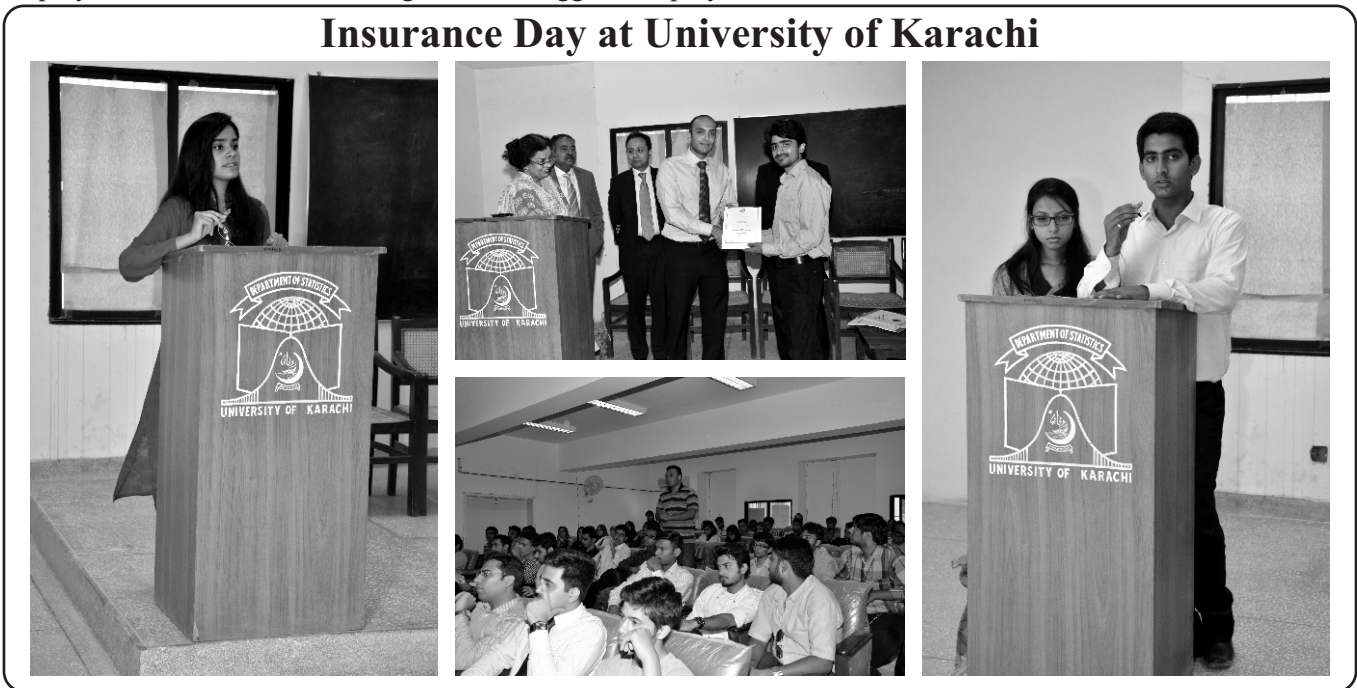
This is the most dreaded method among employees because as the name suggests employees have to self

assess them. Self assessment is hard task and employees don't feel comfortable about this method. After employee's self assessment, manager will discuss the differences with employee.

By adopting a proper performance appraisal method many problems can be solved but selecting one is not an easy task. We cannot remove biasness from human nature so whichever method is used, it cannot be 100% reliable and even if the results are unbiased there is no guarantee that everyone feels satisfied with these. If results are based on fair grounds then the relationship between an employee and manager gets strengthen and vice versa.



**Insurance Day at University of Karachi**



**[Securities and Exchange Commission of Pakistan]**

*Before Muhammad Sohail Dayala, Commissioner (SMD)  
and S. Tariq Asaf Hussain, Commissioner (LD)*

**ASIA CARE HEALTH AND LIFE  
INSURANCE COMPANY---Appellant  
Versus  
DIRECTOR (INSURANCE)---Respondent**

Appeal No.58 of 2009, decided on 23rd December, 2009

**Insurance Ordinance (XXXIX of 2000)---**

---Ss. 6(10) & 157(1)---Securities and Exchange Commission of Pakistan Act (XLII of 1997),

S.33---Providing false information and transacting insurance business in contravention of provisions of law--- Imposition of penalty---Appeal against---Appellant at the time of registration submitted profile of parent company, stating that same was incorporated in 'New York' and the paid-up capital of same was US \$ 10 million---Certificate of incorporation of said parent company, however revealed that same was corporated in 'Cayman' and the condensed balance sheet of said company had shown that the investors' paid-up capital was US \$ 8.5 million---show cause notice was issued to the appellant under S.6(10) of insurance Ordinance , 2000 for providing false information pertaining to the place of incorporation and paid up capital of the parent company---Authority being not satisfied with the reply given by the appellant in response to show-cause notice issued to him and the averment made before him, passed

impugned order and imposed penalty of Rs. fifty thousand on the appellant under S.157(1) of the Insurance Ordinance, 2000 for violation of S.6(10) of said Ordinance---Appellant had filed appeal against impugned order before Appellate Bench--- Authority despite having observed that it was satisfied with the various issues raised in the hearing, still went on to impose penalty on the appellant---Clarification regarding the paid up capital and place of business, should have been sought at the time of incorporation; and penal provision should not have been invoked--- Powers under S.157(1) of Insurance Ordinance, 2000 had been delegated to the Executive Director (Insurance), however, in the present case the powers had been exercised by the Director (Insurance), which were without jurisdiction---Insurance Division must ensure that powers were exercised by the officers to whom powers were delegated---case, in circumstances, was remanded to the Executive Director (Insurance) who would obtain the necessary information and rectify the record of the appellant. [pp.384, 385] A, B & C.

Ijaz Ahmad for the Appellant.

Kashif Siddique Joint Director and Obaid-ur-Rehman, Deputy Director for Departmental Representative.

**ORDER**

1. This order will dispose of Appeal No.58 of 2009 filed under section 33 of the Securities and Exchange Commission (the "Commission") of Pakistan Act, 1997 by the appellant against the order dated 25-9-2009 (the "Impugned Order") passed by the respondent.

2. The brief facts of the case are that the appellant at the time of its registration submitted profile of its parent company. Noor Sehat Health Systems Limited (NSHS), stating therein that NSHS was incorporated on 23-8-2007 in New York and the paid-up capital of NSHS was US \$ 10 million. The certificate of incorporation of NSHS, however, revealed that NSHS was incorporated in Cayman Islands and the condensed balance sheet of NSHS as on 31-12-2008 showed that the investors'

paid-up capital was US \$ 8.5 million.

3. Show-cause notice (“SCN”) dated 13-8-2009 was issued to the appellant under section 6(10) of the Insurance Ordinance, 2000 (the “Ordinance”) for providing false information pertaining to the place of incorporation and paid-up capital of the parent company. The appellant filed reply to SCN and was provided an opportunity of hearing before the respondent. The respondent dissatisfied with the reply and the averments made before him passed the Impugned Order and imposed penalty of Rs.50 thousand on the appellant under section 157(1) of the Ordinance for violation of section 6(10) of the Ordinance.

4. The appellant preferred appeal against the Impugned Order before the Appellate Bench. The appellant's counsel contended that:

(a) NSHS is an investment vehicle which is managed by its Investment Manager namely Noor Sehat Health System Management LLC (“Noor Management”) which is part of Galleon Group and acts as the Investment Manager of NSHS. Noor Management's principle office is based in New York and all investment activities of NSHS are managed by Noor Management, therefore, the profile of the appellant's parent company namely Noor Management, showed its principle office in New York.

(b) The principle investor namely

Galleon Fleet Fund Limited committed to make the investment of US \$ 10 million. In terms of the Commitment, NSHS could draw the committed capital, therefore, it was treated as paid-up capital in commercial sense and was not meant to mislead the commission. NSHS withdrew 85% of the said amount to capitalize the appellant, which proves that the funds are available to NSHS.

(c) SCN was issued by the Executive Director, (Insurance) whereas the Impugned Order has been passed by the respondent, therefore, the Impugned Order is coram non iudice is not sustainable in law.

5. The departmental representative maintained that the Impugned Order was passed as the information regarding the place of principle office of the appellant's parent company and its paid-up capital was not found correct as per the record available with the Commission. The Certificate of Incorporation of NSHS revealed that NSHS was incorporated in Cayman Islands and according to the condensed balance sheet of NSHS as on 31-12-2008, the investors paid-up capital was US\$ 8.5 million.

6. We have heard the parties. The appellant seemed to have provided the profile of NSHS as parent company at the time of incorporation and SCN was issued by the respondent based on the information provided and the fact USHS was In fact incorporated in Cayman Islands and the condensed balance sheet of NSHS, as on 31-12-

2008, showed that the paid-up capital was actually US\$ 8.5 million. The respondent was informed about the scheme of business and its organizational structure, however, the respondent even after holding that the appellant satisfied various concerns and queries went on to impose penalty of Rs.50,000 on the appellant under section 6(10) of the Ordinance read with section 157(1) of the Ordinance. The respondent has observed that he is satisfied with the various raised in the hearing and has still gone on to impose penalty on the appellant. The Clarification regarding the paid-up capital and place of business should have been sought at the time of incorporation and penal provision should not have been invoked. The objection of the appellant, regarding the exercise of the powers by the respondent has been examined in light of the S.R.O 666(1) of 2009 dated 16-7-2009. The powers under section 157(1) of the Ordinance have been delegated to the Executive Director (Insurance), however, in this case the powers have been exercised by the Director (Insurance) and are therefore without jurisdiction. The Insurance Division must that powers are exercised by the officers to whom powers are delegated.

In view of the above we remand the case back to the Executive Director (Insurance), who shall obtain the necessary information and rectify the record of the appellant.

**H.B.T./5-SEC**

**Case remanded.**



## 2010 C L D 870

[Lahore]

*Before Iqbal Hameed-ur-Rahman, J*

**Mst. NUSRAT MALIK SALEEM---Appellant**

Versus

**STATE LIFE INSURANCE CORPORATION OF PAKISTAN**

**through Chairman and another---Respondents**

R.F.A No.2 of 2008, heard on 20th May, 2010

**Insurance Ordinance (XXXIX of 2000)---**

---Ss. 118 & 124(2)---Insurance claim---Liquidated damages, payment of---principle---Recovery of access amount---Insurance corporation paid an amount of Rs.13,91,349 although it was alleged that the same was not according to calculation---Subsequent to payment of amount to appellant, the Insurance Corporation issued notice for recovery of excess amount paid to her who assailed the notice before Insurance Tribunal but the same was without any avail---validity---Employees of Insurance corporation were responsible for not making payment to appellant within specified period of ninety days and the same led to delay in payment---Corporation could not justify such delay to be beyond the control of Corporation--Calculation of liquidated damages were to be made from 22-6-2000, the date of death of insurer to 29-11-2006, along with rate of interest in accordance with law---corporation had not placed before Insurance Tribunal nor before High Court any basis of their making disputed

calculation ---Corporation was not able to substantiate its stance through any supporting material or law---Even otherwise payment had been made to appellant, therefore, Insurance Corporation could not make any recovery from her---judgment passed by Insurance Tribunal was set aside and recovery memo issued by the Corporation was declared null and void, without lawful authority and having no legal effect on appellant---High Court restrained the Corporation from making any recovery from the appellant---Appeal was allowed accordingly. [p.875] A & B

Mst. Nusrat Malik Saleem v. Federation of Pakistan 2006 CLD 874; PLD 1984 SC 403; 2001 CLC 1743; 2001 YLR 731; 2001 MLD 1169; Controlling Authority, N. -W.F.P. Board of Technical Education, Peshawar and another v. Abdul Salam Secretary, N. -W.F.P. Board of Technical Education PLD 1993 SC 200; Muhammad Shakir and others v. Administrator, District Council, Rajanpur and another 2002 PLC (C.S.) 302 and The Engineer in Chief Branch though Ministry of

Defence, Rawalpindi and another v. Jalaluddin PLD 1992 SC 207 rel.

Liaqat Ali Butt for the Appellant.

Ibrar Ahmad and Kashif Kharal for the Respondent

Date of hearing: 20th May, 2010

**JUDGMENT**

1. I Q B A L H A M E E D - U R - RAHMAN, J. --- instant appeal has been filed under section 124(2) of Insurance Ordinance, 2000 against the judgment dated 21-11-2007 passed by learned Additional District and Sessions Judge-I with powers of Insurance Tribunal, Punjab, Lahore.

2. It is stated that the instant appeal is the outcome of an Insurance Policy No.504825814-7 for an amount of Rs.100,0000 obtained by the husband of the appellant namely Malik Muhammad Saleem. It is further stated that after the death of the insured Malik Muhammad Saleem on 22-6-2000, the claim was duly lodged by the appellant instantaneously but



the same had been repudiated by the respondents on 29-3-2001, in view of the same, the appellant agitated the matter before the Wafaqi Mohtasib, who passed the findings (?) in favour of the appellant vide order dated 8-9-2001. The same had been assailed by the respondents before the President of Pakistan in appeal. The said appeal of the respondents had been dismissed vide order dated 22-7-2002. The respondents filed a review application, the same also did not find favour with the President of Pakistan and the same was also dismissed on 20-8-2002. Thereafter, the appellant had lodged a claim without liquidated damages for an amount of Rs.10,70,000 on 16-10-2002. Thereafter, the appellant claimed an amount of Rs.10,70,000 excluding the claim of the liquidated damages, which was not paid by the respondents to the appellant. In view of the same, the appellant was compelled to again file a complaint before the Wafaqi Mohtasib for non-payment of the liquidated damages, which was allowed by the Wafaqi Mohtasib vide its findings dated 18-4-2003 but subsequently the said findings in favour of the appellant had been recalled by the Wafaqi Mohtasib by passing a revised findings against the appellant on 2-6-2004. The appellant assailed the findings of the Wafaqi Mohtasib dated 2-6-2004 before the President of Pakistan and the same was dismissed on 30-11-2005. The said order of the President of Pakistan was thereafter, assailed before this Court in Writ Petition No.1374 of 2006 which was allowed by this Court vide order dated 18-4-2006 and the said case of the appellant is reported as *Mst. Nusrat Malik Saleem v. The Federation of Pakistan 2006 CLD 874*, holding that under section 118 of the Insurance Ordinance, 2000, the appellant was entitled to liquidated damages in case of delay in payment of insurance claim, from the date of completion of case which could only be refused by promptly paying the claim or it is proved that delay occurred due to circumstances beyond

the control of insurer. The respondents assailed the said order passed by this Court in Writ Petition No.1374 of 2006 dated 18-4-2006 through C.P. No.982/L of 2006 before the honourable Supreme Court of Pakistan, which stood dismissed vide order dated 24-11-2006. Along with the respondents, the appellant had also filed C.P. No.983/L of 2006 before the honourable Supreme Court of Pakistan, in both the petitions leave was refused and it was held that the delay had been caused by the employees of the Corporation in the payment of the claim and resultantly the respondents were directed to pay the liquidated damages, which the respondents paid through cheques for an amount of Rs.13,91,349 on 29-11-2006.

3. It is stated that thereafter the respondents issued a letter for the recovery of Rs.11,45,390 on 20-12-2006. The said letter was impugned by the appellant before the Insurance Tribunal along with the claim for the unliquidated damages. The same has been dismissed vide order dated 9-1-2007. The respondents also filed counter appeal before the Insurance Tribunal. Both the applications were consolidated and consolidated issues were framed and after recording of evidence vide consolidated judgment dated 21-11-2007 the same were dismissed. Hence, the instant appeal has been preferred before this Court.

4. Learned Counsel for the appellant submitted that under section 118(1) of the Insurance Ordinance, 2000 the insurance claim was to be paid within a period of 90 days and if the same is not paid within the specified period then under section 118(2), 5% high base rate was to be paid and the same was allowed by this Court in Writ Petition No.1374 of 2006. It is further argued that this Court vide order dated 18-4-2006 has allowed the liquidated damages from 22-6-2000 till the payment; as such, the liquidated damages were to be calculated from the said date till the payment of the

liquidated damages and the learned Insurance Tribunal did not comprehend the same and unjustly and unlawfully dismissed the application of the appellant. It is further submitted that through the instant appeal the appellant does not press to the extent of the unliquidated damages but to the extent of the recovery letter dated 20-12-2006 issued in violation of the law as well as the judgment of this Court titled as *Mst. Nusrat Malik Saleem v. Federation of Pakistan 2006 CLD 874* as well as law laid down in *PLD 1984 SC 403*, *2001 CLC 1743*, *2001 YLR 731* and *2001 MLD 1169*, this appeal be accepted and the impugned recovery letter dated 20-12-2006 issued by the respondents be declared as null and void and without lawful authority, having no legal effect on the appellant; as such, the appellant is not liable to make refund to the respondents.

5. On the other hand, learned counsel for the respondents submitted that the respondents were in a fix on the passing of the order by the honourable Supreme Court of Pakistan in C.Ps. Nos.982/L and 983/L of 2006 whereby the respondents were directed to make payment to the appellant within three days of the compliance of the order and inadvertently an excess amount of Rs.11,45,390 had been paid although the actual calculation as pointed out by the audit, which the appellant was entitled to as liquidated damages was only to the tune of Rs.2,45,959 and since the respondents have paid an amount of Rs.13,91,349; therefore, they have paid an excess amount of Rs.11,45,390 to the appellant, which has been claimed by the respondents-Corporation on the basis of the actual calculation as has been detailed in *Exh.R/2* and the Insurance Tribunal has rightly adjudicated the matter and allowed the actual liquidated damages, which the appellant is bound to refund to the respondent-Corporation; that the impugned order does not require any interference by

this Court; as such, this appeal merits dismissal.

6. Arguments pro and contra heard, material made available on record pursued.

7. It is admitted fact that the claim of the appellant had not been made within the specified period of 90 days as prescribed under section 118(1) of the Insurance Ordinance, 2000 and for ready reference the same is reproduced below:--

“118. Payment of liquidated damages on late settlement if claims. --(1) It shall be an implied term of every contract of insurance that where payment on a policy issued by an insurer becomes due and the person entitled thereto has complied with all the requirements, including the filing of complete papers, for claiming the payment, the insurer shall, if he fails to make the payment within a period of ninety days from the date on which the payment becomes due or the date on which the claimant complies with the requirements, whichever is later, pay as liquidated damages a sum calculated in the manner as specified in subsection (2) on the amount so payable unless he proves that such failure was due to circumstances beyond his control.”

Further, subsection (2) of section 118 of the Insurance Ordinance, 2000 also entitles the appellant for a claim of liquidated damages at the rate of 5%

on the high base rate. This Court had also determined that the claim of the appellant was to be paid as well as the same has been upheld by the apex Court in C.P. No.982/L of 2006 vide order dated 24-11-2006 that the employees of the Corporation were responsible for not making the payment to the appellant within the specified period of ninety days and the same led to the delay in the payment to the appellant, which the respondent/Corporation could not justify said to be bound the control of the Corporation; as such, the calculation is to be made from 22-6-2000, the date of the death of Malik Muhammad Saleem to 29-11-2006 along with the rate of interest in accordance with law. Thereafter, the respondents paid an amount of Rs. 13,91,349 although the respondents alleged that the same is not according to the calculation but they have not placed before the Insurance Tribunal nor before this Court any basis of their making a calculation to the tune of Rs.2,45,595. The respondents have not been able to substantiate their stance through any supporting material or law. Even otherwise the payment has been made to the appellant; therefore, the respondents can not make any recovery from the appellant. Reliance is placed on Controlling Authority, N.W.F.P Board of Technical Education, Peshawar and another v. Abdul Salam. Secretary, N.W.F.P. Shakir and others v. Administrator, District Council, Rajanpur and another 2002 PLC

(C.S.) 302. In the Engineer in Chief Branch through Ministry of Defence, Rawalpindi and another v. Jalaluddin PLD 1992 SC 207, it has been held that;--

“Recovery of amount paid on basis of incorrect order and the recipient had received same on bona fide belief that he was entitled to it payer was not entitled to recover the amount from the payee during the period when incorrect order remain in field and principle of locus poenitentiae would be applicable to the case”

8. In the above perspective this appeal is accepted and the judgment dated 21-11-2007 passed by the learned Insurance Tribunal is set aside. Resultantly, the Impugned recovery memo dated 20-12-2006 issued by the respondents is declared null and void, without lawful authority and having no effect on the appellant and the respondents are restrained from making any recovery from the appellant.

**M.H./N/51/L**

**Appeal allowed.**



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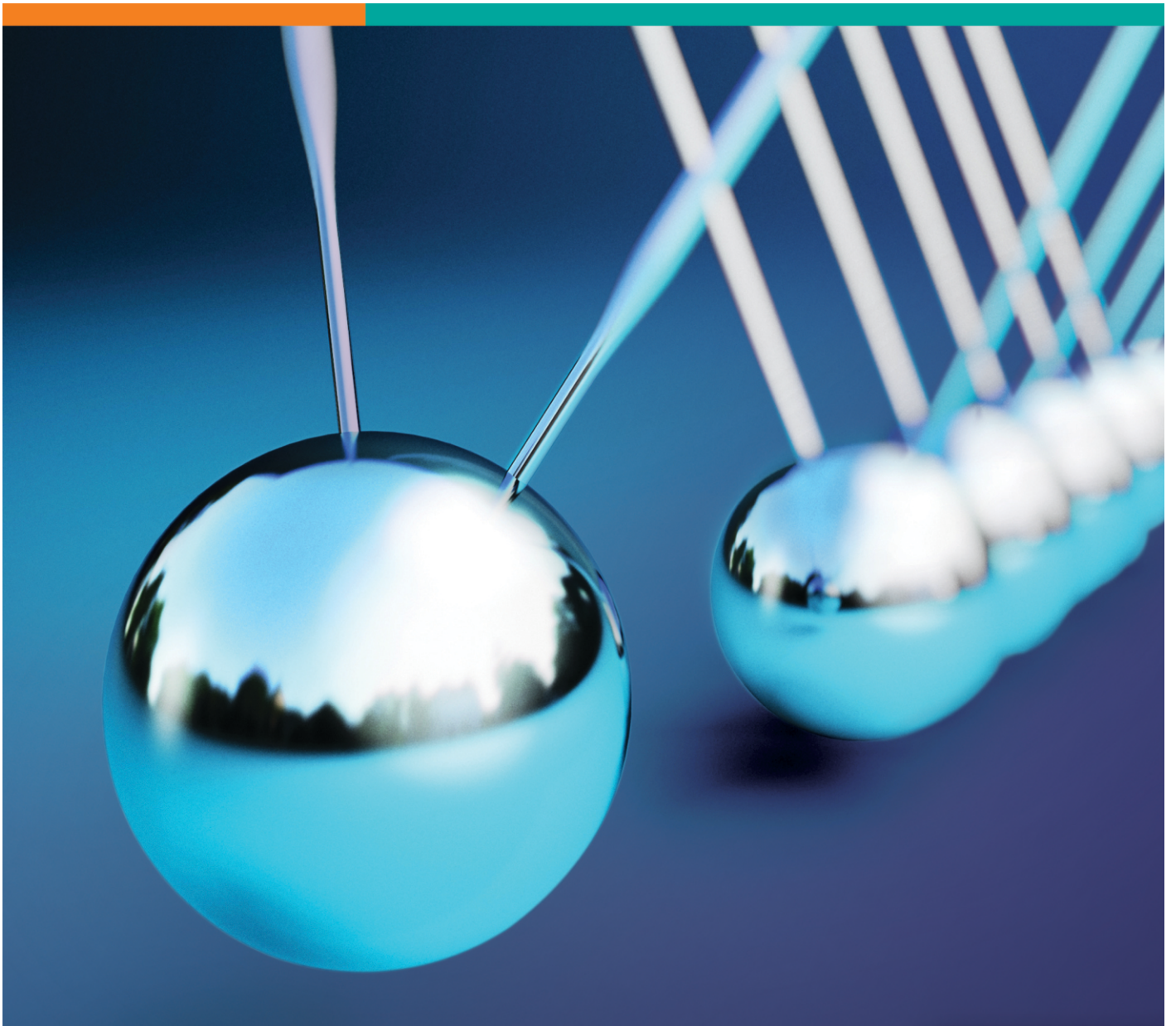
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