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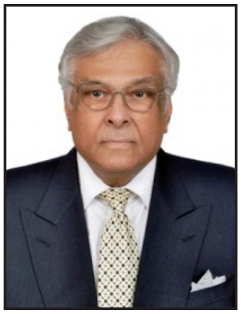
Quarterly Insurance Journal

April, May, June 2017

Obituary


Mr. Akbar Ali Khan


Mr. Mirza Faiz Ahmed

Important Statistics 2016

33 Insurance Companies of Pakistan

(Rs. In Million)		General Insurance	Life Insurance	Takaful (General)	Takaful (Family)
2016	Paid up Capital	19,925.215	2,927.908	771.343	1,460.629
	Gross Premium	67,776.417	70,288.952	872.193	8,672.397
	Net Premium	34,896.102	68,306.408	456.912	1,677.194
	Profit Before Tax	14,006.229	6,080.488	(10.296)	168.773
	Profit After Tax	10,089.207	4,070.767	(12.081)	107.573
	Investment Income	8,704.434	33,283.991	45.032	1,520.393
	Investments	69,748.153	191,987.349	358.889	9,385.449
	Total Assets	150,233.155	228,051.495	1,593.716	19,437.964
	Claim Expense	17,282.865	30,474.781	382.196	927.901
2015	Paid up Capital	19,467.358	2,815.480	1,221.343	1,460.629
	Gross Premium	62,866.999	64,968.319	1,564.321	7,761.061
	Net Premium	32,050.406	63,338.986	838.726	1,892.043
	Profit Before Tax	15,562.104	4,777.352	(447.406)	96.009
	Profit After Tax	13,043.398	3,170.321	(450.482)	32.959
	Investment Income	9,318.991	15,947.647	75.726	777.145
	Investments	78,701.369	143,339.465	346.492	3,784.504
	Total Assets	148,176.686	174,640.291	1,956.120	14,397.434
	Claim Expense	15,967.385	18,634.961	795.639	611.861

Inside:

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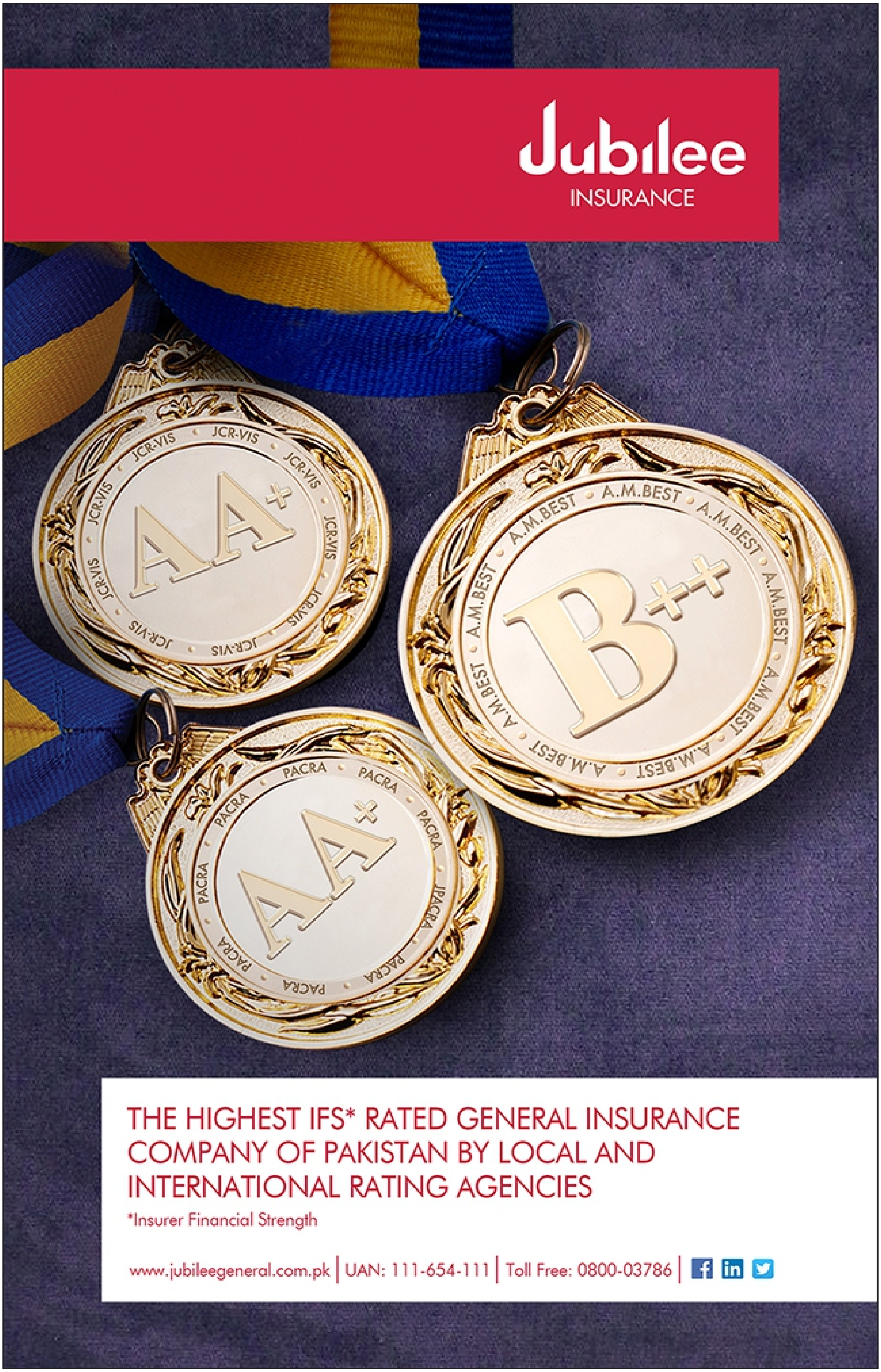
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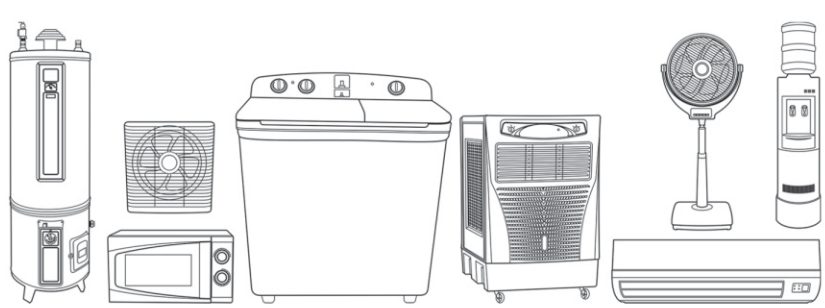
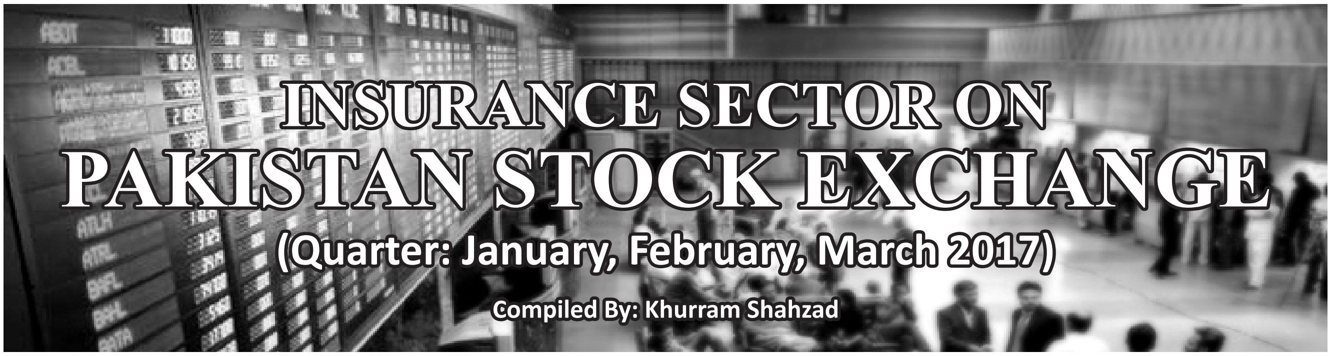




INSURANCE SECTOR ON PAKISTAN STOCK EXCHANGE

(Quarter: January, February, March 2017)

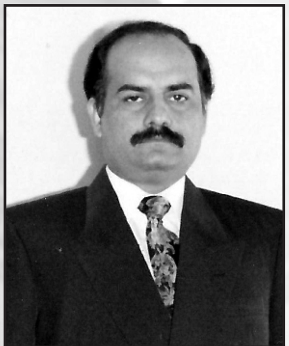
Compiled By: Khurram Shahzad

Company	Paid up Capital (Rs. in Million)	Face Value Rs.	Higest Rate Rs.	Lowest Rate Rs.	Turnover of Shares	Announcement During the Quarter
Adamjee Insurance Company Limited	3,500	10.00	80.10	72.00	85,108,500	
Asia Insurance Company Limited	450	10.00	-	-	-	
Askari General Insurance Company Limited	544	10.00	40.95	29.54	5,173,500	Bonus Issue = 15%, Dividend = 10%
Atlas Insurance Limited	702	10.00	85.80	75.00	366,000	Dividend = 65%
Beema-Pakistan Company Limited	417	10.00	-	-	-	
Business & Industrial Insurance Company Ltd.	86	10.00	-	-	-	
Century Insurance Company Limited	457	10.00	32.70	28.98	973,500	Bonus Issue = 10%, Dividend = 17.5%
Crescent Star Insurance Limited	827	10.00	11.64	8.86	29,945,000	
Cyan Limited	586	10.00	91.70	65.73	3,850,000	
East West Insurance Company Limited	508	10.00	169.29	-	-	
East West Life Assurance Company Limited	602	10.00	20.15	13.17	1,313,000	
EFU General Insurance Limited	2,000	10.00	174.39	145.00	4,659,700	Dividend = 70%
EFU Life Assurance Limited	1,000	10.00	273.43	209.00	768,400	Dividend = 120%
Habib Insurance Company Limited	619	5.00	20.50	17.90	1,939,500	Dividend = 35%
Hallmark Insurance Company Limited	5	10.00	-	-	-	
IGI Insurance Limited	1,227	10.00	421.00	290.05	8,588,700	
IGI Life Insurance Limited	605	10.00	96.08	80.40	445,000	Dividend = 15%
Jubilee General Insurance Company Limited	1,569	10.00	128.00	105.10	382,500	Bonus Issue = 15%, Dividend = 35%
Jubilee Life Insurance Company Limited	793	10.00	733.00	541.00	471,900	Bonus Issue = 10%, Dividend = 115%
Pakistan Guarantee Insurance Company Ltd.	25	10.00	-	-	-	
Pakistan Reinsurance Company Limited	3,000	10.00	82.20	40.51	190,716,000	
PICIC Insurance Limited	350	10.00	6.89	6.89	7,169,500	
Premier Insurance Limited	418	10.00	21.52	18.10	890,500	
Progressive Insurance Company Limited	85	10.00	-	-	-	
Reliance Insurance Company Limited	510	10.00	15.00	11.12	13,087,500	Bonus Issue = 10%, Dividend = 5%
Shaheen Insurance Company Limited	600	10.00	10.25	7.24	3,752,500	
Silver Star Insurance Company Limited	306	10.00	-	-	-	
Standard Insurance Company Limited	8	10.00	-	-	-	
The Pakistan General Insurance Company Limited	400	10.00	23.55	10.00	24,268,000	
The United Insurance Company of Pakistan Limited	1,803	10.00	26.61	22.28	3,192,000	
The Universal Insurance Company Limited	416	10.00	22.75	15.50	1,009,000	
TPL Direct Insurance Limited	755	10.00	28.35	18.75	1,586,500	

In view of my practical professional experience and expertise as Insurance Surveyor/Loss adjuster having the span of 40 years of practical insurance surveying and loss adjusting, as well as winning performance award as best Insurance articles writer of Pakistan Insurance Industry, in Insurance Journal for consecutive 4 years, presented by Mr. Justice Mian Mahboob Ahmed (R) in year 2015-16 at hotel Sheraton Karachi in presence of Insurance dignitaries, I, on insisting of my professional colleagues, started working on authoring a text book on the subject of "Motor Insurance & claims". Previously Mr. Anwar Mobeen, the senior most surveyor in Pakistan authored a book on "Fire Insurance". While writing book on Fire Insurance Mr. Anwar Mobeen visited me at Multan, had an overnight stay at my residence and not only discussed various aspects of fire insurance/claims but also invited my opinion on certain technical matters. He also utilized my Insurance library which is claimed to be the biggest among all the personal libraries of other Surveyors with the exception of fewer.

After authoring the current book on "motor insurance & claims" I am intended to write books on Marine Insurance & claims, Fire Insurance & claims and Engineering/Misc. Insurance & claims soon after its inauguration.

Yet in Pakistan there is no favoring atmosphere for such productive activities especially in our Insurance Industry. No significant work to write down such study material on insurance subjects has been done so far to fulfill the indigenous requirements of the country. The Pakistan insurance institute however struggling since inception to play its role in the industry but it is still lacking in the department of authoring text books and other study material to address the requirements of new comers in the field of insurance surveying, loss adjusting, underwriting, claims and re-insurance etc. The senior lot of insurance professionals like Mr. Jabbar Akhtar, Mr. Fassihuddin, Mr. Moin Fudda, Mr. Mahmood Lotia, Mr. Chishti, Mr. Khalid, Mr. Jamaluddin, Mr. Zumkewala, Mr. Afaq Ahmed, Mr. Burney, Mr. Tahir Ahmed and many others, played their role to uplift the insurance industry of Pakistan. Among the Surveyors fraternity Mr. Majid Khan Jadoon, Mr. Anwar Mobeen, Mr. Iqbal Ahmed Nanjee played a vital role in providing the relevant professional knowledge. Mr. Mahmood Ahmed of Institute of surveyors and loss adjusters of Pakistan has also played important role in this respect. All these professionals are worth to be respected and thanked. The Insurance Journal under the leadership role of Mr. Jamaluddin is continuously playing their vital role to create awareness by providing information, knowledge and updates of the development in insurance industry internationally. Setting up the event of award presenting ceremonial event is great



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

idea of Mr. Jamaluddin and other insurance dignitaries. Two remarkable events have already been conducted successfully with grace. Congratulations to Mr. Jamaluddin in particular and other participants in decision making in general. IAP is not behind in any matter and generating productive activities continuously. Associates of CII cannot alone, fulfill the indigenous requirements of our Insurance Industry so the availability of study material in form of insurance books, authored by the professionals working in Pakistan Insurance industry is vital which could fulfill the indigenous requirements.

The new applicants of survey license as well as the people joining the profession of Insurance are quite frustrated in absence of sufficient localized study material. Previously the compilation of lectures delivered by the local insurance professionals in the Insurance institutes were available in the market in form of books. Unfortunately no such material does exist now. The compilation of lectures played a vital role in creating professional awareness and provided a base to the professionals. Such type of activities should be encouraged at every level. The book under process and the books following it may fill up the gap up to some extent. Pakistan Insurance Institute, like IAP should come forward and encourage such activities in order to create healthy conditions in the insurance industry.

The current Chairman SECP Mr. Zafar Hijazi is looking quite keen to uplift the Pakistan insurance industry up to the International standards and he is working hard in that direction. At the same time the SECP should encourage such activities as well side by side the progress in process of legislation, rules, regulations etc.

As author of the book on " Motor Insurance & Claims" which is almost completed and in the process of final touch, and as winner of first (3 years) award of Insurance Journal as best insurance articles writer, I have received much appreciation from the Insurance Industry especially from the Insurance Journal, Mr. Parvez Younis Khan, executive director M/S EWI co, ltd, Mr. Captain Mohammed Akram (Habib Insurance), Mr. Jawed Hassan (Tracom Lahore), Mr. Sajjad Haider (UBLI, Multan), Mr. Laeeq Ahmed, Mr. Aftaab Khan, Mr. Akmal Qadeer, Mr. Majid Khan Jadoon and many others.

I am especially thankful to Insurance Association of Pakistan for issuing the under mentioned letter of appreciation. These words shall be encouraging not only for me but also for other professionals who are intended to participate in these indigenous noble activities for me but also the other professionals who are either contributing or intended to contribute in the promotional activities of Pakistan insurance industry.

Important Statistics 2016

Insurance Companies of Pakistan

24 General Insurance Companies:

Total	(Rs. In Million) 2016	2015
Paid up Capital	**19,925.215**	**19,467.358**
Gross Premium	**67,776.417**	**62,866.999**
Net Premium	**34,896.102**	**32,050.406**
Profit Before Tax	**14,006.229**	**15,562.104**
Profit After Tax	**10,089.207**	**13,043.398**
Investment Income	**8,704.434**	**9,318.991**
Investments	**69,748.153**	**78,701.369**
Total Assets	**150,233.155**	**148,176.686**
Claim Expense	**17,282.865**	**15,967.385**

ADAMJEE INSURANCE CO. LTD. Registered in 1960

CEO: Mr. Muhammad Ali Zeb CFO: Mr. Muhammad Asim Nagi

	2016	(Restated) 2015
Paid up Capital	3,500.000	3,500.000
Gross Premium	16,270.031	13,639.368
Net Premium	9,615.381	7,747.391
Profit Before Tax	4,053.636	2,214.371
Profit After Tax	3,492.944	1,942.559
Investment Income	3,427.300	2,404.312
Investments	16,738.435	15,393.433
Total Assets	38,579.911	32,380.029
Claim Expense	6,210.499	5,223.103
Earning / (Loss) per Share - (Rupees)	9.98	5.55

ALFALAH INSURANCE CO. LTD. Registered in 2006

CEO: Mr. Nasar us Samad Qureshi CFO: Mr. Adnan Waheed

	2016	(Restated) 2015
Paid up Capital	500.000	500.000
Gross Premium	1,924.317	1,545.612
Net Premium	916.586	780.180
Profit Before Tax	194.975	153.511
Profit After Tax	129.373	115.214
Investment Income	114.970	75.583
Investments	745.948	969.323
Total Assets	2,808.426	2,376.753
Claim Expense	493.076	429.297
Earning / (Loss) per Share - (Rupees)	2.59	2.30

ALPHA INSURANCE CO. LTD. Registered in 1950

CEO: Mr. Azhar Hussain CFO: Mr. M. Ayaz Ghori

	2016	(Restated) 2015
Paid up Capital	403.600	403.600
Gross Premium	151.448	179.989
Net Premium	79.946	63.215
Profit Before Tax	(19.057)	41.128
Profit After Tax	(15.475)	31.664
Investment Income	78.203	77.297
Investments	636.388	654.630
Total Assets	1,105.534	974.476
Claim Expense	47.719	14.991
Earning / (Loss) per Share - (Rupees)	(0.38)	0.78

Important Statistics 2016

Insurance Companies of Pakistan

ASKARI GENERAL INSURANCE CO. LTD.

Registered in 1995

CEO: Mr. Abdul Waheed CFO: Mr. Suleman Khalid

	2016	(Restated) 2015
Paid up Capital	543.681	388.344
Gross Premium	2,249.946	2,005.056
Net Premium	1,255.230	1,091.884
Profit Before Tax	314.973	276.868
Profit After Tax	236.805	198.508
Investment Income	122.238	104.032
Investments	1,498.227	1,157.928
Total Assets	3,726.578	2,849.689
Claim Expense	644.502	537.792
Earning / (Loss) per Share - (Rupees)	4.49	4.25

ASIA INSURANCE CO. LTD.

Registered in 1980

CEO: Engr. Ihtsham ul Haq Qureshi CFO: Mr. Muhammad Ali Raza

	2016	(Restated) 2015
Paid up Capital	450.000	300.000
Gross Premium	540.234	450.174
Net Premium	420.122	347.054
Profit Before Tax	73.955	93.261
Profit After Tax	71.099	68.325
Investment Income	47.281	12.926
Investments	219.185	233.607
Total Assets	1,054.652	952.689
Claim Expense	95.338	64.193
Earning / (Loss) per Share - (Rupees)	1.58	1.52

ATLAS INSURANCE CO. LTD.

Registered in 1934

CEO: Mr. Arshad P. Rana CFO: Mr. Rashid Amin

	2016	(Restated) 2015
Paid up Capital	701.614	701.614
Gross Premium	2,333.644	1,964.485
Net Premium	1,044.230	959.230
Profit Before Tax	916.846	797.819
Profit After Tax	618.174	601.157
Investment Income	458.140	357.016
Investments	2,608.556	2,124.477
Total Assets	4,277.603	3,797.014
Claim Expense	268.889	203.946
Earning / (Loss) per Share - (Rupees)	8.81	8.57

CENTURY INSURANCE CO. LTD.

Registered in 1988

CEO: Mr. Mohammad Hussain Hirji CFO: Mr. Sabza Ali Pirani

	2016	(Restated) 2015
Paid up Capital	457.244	457.244
Gross Premium	1,008.602	1,034.842
Net Premium	659.251	515.005
Profit Before Tax	264.663	649.260
Profit After Tax	185.867	638.313
Investment Income	223.483	634.704
Investments	1,498.427	1,732.984
Total Assets	2,660.683	2,660.358
Claim Expense	390.450	299.836
Earning / (Loss) per Share - (Rupees)	4.06	13.96

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Important Statistics 2016

Insurance Companies of Pakistan

CRESCENT STAR INSURANCE CO. LTD.

Registered in 1957

CEO: Mr. Naim Anwar CFO: Mr. Malik Mehdi Muhammad

	2016 (Restated)	2015
Paid up Capital	826.833	620.125
Gross Premium	190.288	265.768
Net Premium	206.346	236.907
Profit Before Tax	25.622	89.855
Profit After Tax	23.557	81.682
Investment Income	6.906	9.056
Investments	188.474	78.061
Total Assets	1,009.123	838.221
Claim Expense	55.418	92.333
Earning / (Loss) per Share - (Rupees)	0.30	1.33

EAST WEST INSURANCE CO. LTD.

Registered in 1983

CEO: Mr. Naved Yunus CFO: Mr. Shabbir Ali Kanchwala

	2016 (Restated)	2015
Paid up Capital	508.151	451.690
Gross Premium	2,066.836	1,767.738
Net Premium	981.285	870.242
Profit Before Tax	297.013	183.894
Profit After Tax	282.147	131.252
Investment Income	187.510	33.141
Investments	1,013.791	845.817
Total Assets	2,335.785	1,575.270
Claim Expense	469.034	378.315
Earning / (Loss) per Share - (Rupees)	5.55	2.58

*EFU GENERAL INSURANCE CO. LTD.

Registered in 1932

CEO: Mr. Hasanali Abdullah CFO: Mr. Altaf Qamruddin Gokal

	2016 (Restated)	2015
Paid up Capital	2,000.000	1,600.000
Gross Premium	*16,099.993	15,008.465
Net Premium	7,242.821	6,676.862
Profit Before Tax	3,781.284	4,809.131
Profit After Tax	2,392.442	4,033.902
Investment Income	1,009.428	1,202.481
Investments	20,336.529	19,166.228
Total Assets	36,204.203	32,264.035
Claim Expense	2,694.098	2,998.060
Earning / (Loss) per Share - (Rupees)	11.96	20.17

*Takaful Contribution is not included.

HABIB INSURANCE CO. LTD.

Registered in 1942

CEO: Mr. Shabbir Gulamali CFO: Mr. Murtaza Hussain

	2016 (Restated)	2015
Paid up Capital	619.374	619.374
Gross Premium	1,400.881	1,123.213
Net Premium	544.701	500.364
Profit Before Tax	285.110	258.549
Profit After Tax	191.708	226.867
Investment Income	238.626	199.615
Investments	801.506	895.064
Total Assets	2,759.878	2,742.865
Claim Expense	281.560	221.739
Earning / (Loss) per Share - (Rupees)	1.55	1.83

Important Statistics 2016

Insurance Companies of Pakistan

IGI INSURANCE CO. LTD.

Registered in 1953

CEO: Mr. Tahir Masaud CFO: Mr. Abdul Haseeb

	2016 (Restated)	2015
Paid up Capital	Not Available	1,226.895
Gross Premium		2,343.705
Net Premium		1,121.949
Profit Before Tax		1,531.753
Profit After Tax		1,293.046
Investment Income		1,445.480
Investments		12,325.078
Total Assets		14,650.626
Claim Expense		586.425
Earning / (Loss) per Share - (Rupees)		10.54

NEW HAMPSHIRE INSURANCE CO. LTD. (PAKISTAN BRANCH)

Registered in 1953

Country Manager: Mr. Mujib Khan CFO: Mr. Adnan Khandwala

	2016 (Restated)	2015
Paid up Capital	Not Available	---
Gross Premium		1,467.479
Net Premium		396.778
Profit Before Tax		178.290
Profit After Tax		117.945
Investment Income		158.131
Investments		1,388.050
Total Assets		3,219.693
Claim Expense		265.045
Earning / (Loss) per Share - (Rupees)		---

JUBILEE GENERAL INSURANCE CO. LTD.

Registered in 1953

CEO: Mr. Tahir Ahmed CFO: Mr. Nawaid Jamal

	2016 (Restated)	2015
Paid up Capital	1,569.100	1,569.100
Gross Premium	7,850.500	7,978.750
Net Premium	4,170.928	4,150.808
Profit Before Tax	1,854.125	1,711.292
Profit After Tax	1,179.431	1,352.650
Investment Income	1,111.438	1,052.195
Investments	9,060.592	8,431.735
Total Assets	17,411.166	15,187.869
Claim Expense	2,030.292	2,174.381
Earning / (Loss) per Share - (Rupees)	7.52	8.62

THE PAKISTAN GENERAL INSURANCE CO. LTD.

Registered in 1948

CEO: Nasir Ali CFO: Mr. Azhar Hafeez Ch.

	2016 (Restated)	2015
Paid up Capital	400.012	400.012
Gross Premium	352.440	457.540
Net Premium	250.957	264.591
Profit Before Tax	43.913	69.308
Profit After Tax	32.932	66.640
Investment Income	15.915	23.718
Investments	4.473	34.916
Total Assets	949.284	975.370
Claim Expense	84.856	128.632
Earning / (Loss) per Share - (Rupees)	0.82	1.67

Important Statistics 2016

Insurance Companies of Pakistan

PICIC INSURANCE CO. LTD.

Registered in 2004

CEO: Mr. Moiz Ali CFO: Syed Zaigham Raza

	2016	(Restated) 2015
Paid up Capital	350.000	350.000
Gross Premium	(15.375)	402.532
Net Premium	76.310	220.426
Profit Before Tax	(24.367)	(9.476)
Profit After Tax	(24.881)	(9.833)
Investment Income	0.848	0.614
Investments	36.387	53.701
Total Assets	335.902	607.184
Claim Expense	20.209	91.135
Earning / (Loss) per Share - (Rupees)	(0.71)	(0.28)

PREMIER INSURANCE CO. LTD.

Registered in 1952

CEO: Mr. Mohammed Asif Arif CFO: Mr. Munawar Salemwala

	2016	(Restated) 2015
Paid up Capital	417.893	348.244
Gross Premium	1,115.119	1,405.907
Net Premium	623.366	770.143
Profit Before Tax	(325.134)	123.424
Profit After Tax	(330.709)	110.616
Investment Income	258.537	140.295
Investments	905.304	1,143.588
Total Assets	3,745.154	3,685.412
Claim Expense	628.312	363.668
Earning / (Loss) per Share - (Rupees)	(7.91)	2.65

RELIANCE INSURANCE CO. LTD.

Registered in 1982

CEO: Mr. A. Razak Ahmed CFO: Mr. Haroon A. Shakoor

	2016	(Restated) 2015
Paid up Capital	510.375	463.978
Gross Premium	1,201.841	1,114.396
Net Premium	359.415	316.423
Profit Before Tax	115.540	90.789
Profit After Tax	100.690	80.989
Investment Income	99.009	86.693
Investments	751.663	653.670
Total Assets	1,811.478	1,766.561
Claim Expense	101.720	89.862
Earning / (Loss) per Share - (Rupees)	1.97	1.59

*SPI INSURANCE CO. LTD.

Registered in 2005

CEO: Mian M. A. Shahid CFO: Mr. Naeem Tariq

	2016	(Restated) 2015
Paid up Capital	410.000	325.000
Gross Premium	*678.082	599.620
Net Premium	529.290	488.368
Profit Before Tax	62.288	98.951
Profit After Tax	34.366	72.097
Investment Income	12.865	10.173
Investments	136.061	92.148
Total Assets	1,033.260	846.919
Claim Expense	215.099	144.755
Earning / (Loss) per Share - (Rupees)	0.84	1.76

*Takaful Contribution is not included.

Important Statistics 2016

Insurance Companies of Pakistan

SECURITY GENERAL INSURANCE CO. LTD.	Registered in 1996	
CEO: Mr. Farrukh Aleem CFO: Hafiz Khuram Shahzad	2016 (Restated)	2015
Paid up Capital	680.625	680.625
Gross Premium	2,087.139	1,850.686
Net Premium	445.682	441.230
Profit Before Tax	1,186.279	1,094.214
Profit After Tax	799.580	913.773
Investment Income	1,016.532	996.486
Investments	9,126.922	8,347.692
Total Assets	12,588.143	12,004.050
Claim Expense	74.704	124.531
Earning / (Loss) per Share - (Rupees)	11.75	13.43

SHAHEEN INSURANCE CO. LTD.	Registered in 1996	
CEO: Mr. Sohel N. Kidwai CFO: Nisar Ahmed Almani	2016 (Restated)	2015
Paid up Capital	450.000	450.000
Gross Premium	339.503	308.988
Net Premium	264.558	225.225
Profit Before Tax	42.781	5.723
Profit After Tax	40.136	26.185
Investment Income	17.158	16.306
Investments	281.302	280.450
Total Assets	770.635	780.904
Claim Expense	74.312	100.355
Earning / (Loss) per Share - (Rupees)	0.89	0.58

SINDH INSURANCE LTD.	Registered in 2010	
CEO: Mr. Muhammad Faisal Siddiqui CFO: Nadeem Akhtar	2016 (Restated)	2015
Paid up Capital	500.000	500.000
Gross Premium	2,408.854	73.995
Net Premium	640.425	20.508
Profit Before Tax	82.574	97.163
Profit After Tax	56.707	67.319
Investment Income	63.241	115.154
Investments	894.926	526.310
Total Assets	2,985.812	676.774
Claim Expense	516.012	13.255
Earning / (Loss) per Share - (Rupees)	1.13	1.35

*THE UNITED INSURANCE CO. OF PAKISTAN LTD.	Registered in 1959	
CEO: Mr. Mohammed Rahat Sadiq CFO: Mr. Maqbool Ahmad	2016 (Restated)	2015
Paid up Capital	1,803.200	1,288.000
Gross Premium	*3,781.741	3,062.158
Net Premium	2,473.732	2,151.784
Profit Before Tax	362.848	679.588
Profit After Tax	283.336	620.026
Investment Income	77.994	60.729
Investments	1,064.660	1,036.463
Total Assets	5,466.580	5,058.715
Claim Expense	934.519	742.329
Earning / (Loss) per Share - (Rupees)	1.57	3.44

*Takaful Contribution is not included.

Important Statistics 2016

Insurance Companies of Pakistan

THE UNIVERSAL INSURANCE CO. LTD.	Registered in 1958	
CEO: Mr. Gohar Ayub Khan CFO: Mr. Ashfaq Ahmed	2016 (Restated)	2015
Paid up Capital	416.180	416.180
Gross Premium	35.979	44.801
Net Premium	25.546	27.991
Profit Before Tax	71.246	130.739
Profit After Tax	69.213	129.717
Investment Income	31.382	4.816
Investments	320.438	187.286
Total Assets	803.566	783.670
Claim Expense	(8.604)	(56.152)
Earning / (Loss) per Share - (Rupees)	1.66	3.50

TPL DIRECT INSURANCE CO. LTD.	Registered in 2005	
CEO: Mr. Saad Nissar CFO: Syed Ali Hassan Zaidi	2016 (Restated)	2015
Paid up Capital	755.159	755.159
Gross Premium	1,370.187	1,171.256
Net Premium	1,197.091	1,131.293
Profit Before Tax	148.833	45.621
Profit After Tax	103.169	33.278
Investment Income	11.438	9.840
Investments	102.503	101.351
Total Assets	2,277.971	1,868.958
Claim Expense	507.904	531.771
Earning / (Loss) per Share - (Rupees)	1.37	0.47

UBL INSURERS LTD.	Registered in 2007	
CEO: Mr. Babar Mahmood Mirza CFO: Mr. Nadeem Raza	2016 (Restated)	2015
Paid up Capital	1,152.174	1,152.174
Gross Premium	2,334.187	1,600.476
Net Premium	872.903	534.555
Profit Before Tax	196.283	147.078
Profit After Tax	136.596	99.507
Investment Income	73.992	88.198
Investments	777.456	847.379
Total Assets	3,531.828	2,652.582
Claim Expense	452.947	203.788
Earning / (Loss) per Share - (Rupees)	1.19	0.86

04 Life Insurance Companies:

Total	(Rs. In Million) 2016	2015
Paid up Capital	**2,927.908**	**2,815.480**
Gross Premium	**70,288.952**	**64,968.319**
Net Premium	**68,306.408**	**63,338.986**
Profit Before Tax	**6,080.488**	**4,777.352**
Profit After Tax	**4,070.767**	**3,170.321**
Investment Income	**33,283.991**	**15,947.647**
Investments	**191,987.349**	**143,339.465**
Total Assets	**228,051.495**	**174,640.291**
Claim Expense	**30,474.781**	**18,634.961**

Important Statistics 2016

Insurance Companies of Pakistan

EAST WEST LIFE ASSURANCE CO. LTD.

Registered in 1992

CEO: Mr. Maheen Yunus CFO: Mr. Sohail Nazeer

	2016 (Restated)	2015
Paid up Capital	601.720	594.292
Gross Premium	24.856	42.858
Net Premium	20.081	31.584
Profit Before Tax	(4.751)	(2.223)
Profit After Tax	(4.917)	(3.308)
Investment Income	23.395	20.672
Investments	259.526	305.099
Total Assets	476.272	544.822
Claim Expense	49.516	73.712
Earning / (Loss) per Share - (Rupees)	(0.08)	(0.06)

EFU LIFE ASSURANCE CO. LTD.

Registered in 1932

CEO: Mr. Taher G. Sachak CFO: Mr. S. Shahid Abbas

	2016 (Restated)	2015
Paid up Capital	1,000.000	1,000.000
Gross Premium	24,676.452	31,033.830
Net Premium	23,861.851	30,351.972
Profit Before Tax	2,798.096	2,225.370
Profit After Tax	1,872.896	1,475.470
Investment Income	15,653.998	8,669.947
Investments	88,831.183	71,941.323
Total Assets	106,301.531	91,265.379
Claim Expense	17,764.439	8,941.518
Earning / (Loss) per Share - (Rupees)	18.73	14.75

IGI LIFE INSURANCE LTD.

Registered in 1952

CEO: Syed Hyder Ali CFO: Syed Fahad Subhan

	2016 (Restated)	2015
Paid up Capital	605.000	500.000
Gross Premium	7,584.067	3,962.435
Net Premium	7,436.242	3,834.615
Profit Before Tax	135.539	112.645
Profit After Tax	94.890	76.599
Investment Income	2,349.827	1,274.695
Investments	16,956.387	12,094.010
Total Assets	19,232.731	13,606.156
Claim Expense	3,186.980	2,598.090
Earning / (Loss) per Share - (Rupees)	1.57	1.27

JUBILEE LIFE INSURANCE CO. LTD.

Registered in 1995

CEO: Mr. Javed Ahmed CFO: Ms. Lilly R. Dossabhoy

	2016 (Restated)	2015
Paid up Capital	721.188	721.188
Gross Premium	38,003.577	29,929.196
Net Premium	36,988.234	29,120.815
Profit Before Tax	3,151.604	2,441.560
Profit After Tax	2,107.898	1,621.560
Investment Income	15,256.771	5,982.333
Investments	85,940.253	58,999.033
Total Assets	102,040.961	69,223.934
Claim Expense	9,473.846	7,021.641
Earning / (Loss) per Share - (Rupees)	29.23	22.48

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Important Statistics 2016

Insurance Companies of Pakistan

01 Health Insurance Company:

ALLIANZ EFU HEALTH INSURANCE LTD.	Registered in 2000	
CEO: Mr. Akhtar Kurban Alavi CFO: Mr. Amjed Bahadur Ali	2016	(Restated) 2015
Paid up Capital	500.000	300.000
Gross Premium	2,004.643	1,664.793
Net Premium	1,286.460	1,026.724
Profit Before Tax	216.577	229.913
Profit After Tax	150.670	172.454
Investment Income	111.148	122.960
Investments	840.393	910.217
Total Assets	1,738.310	1,580.931
Claim Expense	1,039.790	769.980
Earning / (Loss) per Share - (Rupees)	3.01	3.45

02 Takaful (General) Companies:

Total	(Rs. In Million) 2016	2015
Paid up Capital	**771.343**	**1,221.343**
Gross Premium	**872.193**	**1,564.321**
Net Premium	**456.912**	**838.726**
Profit Before Tax	**(10.296)**	**(447.406)**
Profit After Tax	**(12.081)**	**(450.482)**
Investment Income	**45.032**	**75.726**
Investments	**358.889**	**346.492**
Total Assets	**1,593.716**	**1,956.120**
Claim Expense	**382.196**	**795.639**

PAK-KUWAIT TAKAFUL CO. LTD.	Registered in 2003	
CEO: Mr. Aziz Kapadia CFO: Syed Wajahatullah Quadri	2016	(Restated) 2015
Paid up Capital		450.000
Gross Premium		529.044
Net Premium		202.998
Profit Before Tax		(446.164)
Profit After Tax	Not Available	(444.295)
Investment Income		16.808
Investments		53.968
Total Assets		473.548
Claim Expense		248.849
Earning / (Loss) per Share - (Rupees)		(9.87)

PAK-QATAR GENERAL TAKAFUL LTD.	Registered in 2006	
CEO: Mr. Zahid Hussain Awan CFO: Muhammad Kamran Saleem	2016	(Restated) 2015
Paid up Capital	471.343	471.343
Gross Premium	652.736	701.709
Net Premium	217.849	373.518
Profit Before Tax	3.800	7.786
Profit After Tax	2.015	2.841
Investment Income	23.983	35.174
Investments	220.083	224.555
Total Assets	1,034.403	905.129
Claim Expense	253.506	412.734
Earning / (Loss) per Share - (Rupees)	0.04	0.07

Important Statistics 2016

Insurance Companies of Pakistan

TAKAFUL PAKISTAN LTD.

Registered in 2006

CEO: Syed Tariq Husain CFO: Mr. Muhammad Irfan

	2016 (Restated)	2015
Paid up Capital	300.000	300.000
Gross Premium	219.457	333.568
Net Premium	239.063	262.210
Profit Before Tax	(14.096)	(9.028)
Profit After Tax	(14.096)	(9.028)
Investment Income	21.049	23.744
Investments	138.806	67.969
Total Assets	559.313	577.443
Claim Expense	128.690	134.056
Earning / (Loss) per Share - (Rupees)	0.71	1.01

02 Takaful (Family) Companies:

(Rs. In Million)

Total	**2016**	**2015**
Paid up Capital	**1,460.629**	**1,460.629**
Gross Premium	**8,672.397**	**7,761.061**
Net Premium	**1,677.194**	**1,892.043**
Profit Before Tax	**168.773**	**96.009**
Profit After Tax	**107.573**	**32.959**
Investment Income	**1,520.393**	**777.145**
Investments	**9,385.449**	**3,784.504**
Total Assets	**19,437.964**	**14,397.434**
Claim Expense	**927.901**	**611.861**

DAWOOD FAMILY TAKAFUL LTD.

Registered in 2007

CEO: Mr. Nasir Mahmood CFO: Mr. Ghazanfar ul Islam

	2016 (Restated)	2015
Paid up Capital	750.000	750.000
Gross Premium	1,178.417	1,039.847
Net Premium	206.741	187.598
Profit Before Tax	2.957	(37.844)
Profit After Tax	(15.034)	(51.085)
Investment Income	231.996	107.034
Investments	950.310	569.279
Total Assets	3,037.802	2,298.513
Claim Expense	31.841	31.417
Earning / (Loss) per Share - (Rupees)	(0.20)	(0.68)

PAK-QATAR FAMILY TAKAFUL LTD.

Registered in 2006

CEO: Mr. Muhammad Nasir Ali Syed CFO: Mr. Muhammad Kamran Saleem

	2016 (Restated)	2015
Paid up Capital	710.629	710.629
Gross Premium	7,493.980	6,721.214
Net Premium	1,470.453	1,704.445
Profit Before Tax	165.816	133.853
Profit After Tax	122.607	84.044
Investment Income	1,288.397	670.111
Investments	8,435.139	3,215.225
Total Assets	16,400.162	12,098.921
Claim Expense	896.060	580.444
Earning / (Loss) per Share - (Rupees)	1.73	1.18

Dr. Safdar Ali Butt
Professor, Emeritus of Finance and Corporate Governance
Capital University of Science and Technology, Islamabad

The Role of Media in Corporate Governance

Over the past few years, media has become very open and effective in the Pakistani society. It is becoming increasingly difficult for people to stay aloof from the news and views being offered by over a 100 television channels, and even a larger number of radio stations, newspapers and magazines. With improvement in literacy rate and political awareness, people have started paying keen attention to what is shown, said or written in the media. Media is no more a passive reporter of events; it has assumed investigative and opinion-shaping roles in the society. People are quick to contact media if they see anything wrong around their environs. In recent history, media played a very effective role in getting the independence of country's judiciary restored and ousting the apparently unshakable president.

There are at least three ways in which the media can play a role in corporate governance:

- First, media attention can drive politicians to introduce corporate law reforms or enforce corporate laws out of a belief that inaction would hurt their future political career or shame them in the eyes of public opinion, both at home and abroad.

- Second, media attention can affect reputation of a company's board in a manner which may threaten the re-election prospects of individual directors. This may make them behave more carefully, refraining from putting their personal interest ahead of that of the company. However, considering that in Pakistan most boards are comprised of nominees of controlling shareholders, this threat is not all that effective.

- Third, media attention affects the image of a company in the eyes of society at large. It influences the manner in which the society looks at the company, its products, its employees and its presence. Therefore, the media organizations do play a role in shaping the public image of corporate managers and directors and in so doing they pressurize them to behave according to societal norms. Depending upon the situation, this pressure can lead to shareholder's value maximization, or improvement in corporate social behavior. A company's public image has direct impact on company's cost and availability of capital. Thus even from pure business point of view, a company needs to maintain a good public image, through good corporate governance practices, in order to continue enjoying access to reasonably priced equity and loan capital.

Functions of Media

Media has four main functions that impact on the way company may conduct their business, namely reporting on facts, providing commentary on events, running awareness campaigns and advertisements.

Reporting on facts and commenting on events

The media is no more confined to reporting political and sports news. Corporate reporting is now gaining popularity with virtually every newspaper having specifically allocated pages for business news. Every television channel has one or more business related programs every day. In fact there are certain channels that are reserved entirely to business news. And what is written in the newspapers and shown at the television channel is beginning to have a lot of effect on the people – and in turn on the companies. Media is going beyond printing news on the basis of press releases sent to them by the PR departments of companies. They are actively seeking news, with a good degree of investigative reporting around. Now it is difficult for companies to continue assuming that people will never come to know about their wrong-doings or slip-ups.

Media reports are therefore important for a company's image, deserving of full attention from the board of directors. If and when media starts lending support to pressure groups on certain specific issues concerning a particular company (like shareholder activists, consumer pressure groups, green movement, etc) things can become quite difficult for such a company. With newspapers and television channels always looking for scoops to increase their readership/viewership, companies have to remain on their toes all the time. If a company wants to maintain a positive image in the public, it must ensure that they do not do any thing untoward which gives media an opportunity to spoil their reputation. And if a mistake does occur, it is often better to accept the facts and promise not only to take remedial actions but also to do better in the future.

Factual reporting and commentaries on corporate events can serve as a carrot and stick mode of motivation for better governance by the companies. Good reports improve the image and are helpful to the cause of the company; poor reports punish a company by eroding their goodwill among its stakeholders.

An example may be cited of how media power helped save dolphins. On March 8, 1988 all of the major US networks broadcast a tape of a Panamanian tuna boat, Maria Luisa, killing hundreds of dolphins while fishing for tuna. Building on public outrage, the Earth Island Institute, Greenpeace, and the Humane Society launched a boycott of tuna. Restaurant chains took tuna off the menu and school boards across the country stopped using tuna until it was 'dolphin safe, i.e., fished with nets that were not killing tunas. On April 12, 1990 Heinz announced they will only sell 'dolphin safe' tuna. Within hours the two other largest tuna producers made a similar commitment.

Awareness Campaigns of the Media

Media has much greater reach than most companies. Hence it is more effective in spreading awareness among the public on specific issues. Over the recent past, media campaigns against polythene bags and harmful effluents disposals by tanneries in and around Lahore led to governmental action. Similarly, media reporting and campaign against sale of human organs eventually culminated in passage of appropriate legislation against it. Many news papers run award schemes for businesses on regional or national level. Winners of these awards get a lot of public coverage and goodwill. Hence, media campaigns have capacity to influence the decisions being made at board level of different companies.

Advertisements

Responsible media can refuse to publish dishonest advertisements, or publicize harmful goods. While some newspapers simply print disclaimer statements with dubious advertisements, more socially conscious newspapers, magazines and television channels do not agree to accept them at all. By doing so, such papers and channels gain credibility for themselves. In turn, this encourages more companies to place their advertisement in such papers due to their higher credibility and appeal to the public.

However, advertising often works as a double-edged sword. While good newspapers may refuse bad advertisements, not-so-responsible newspapers may agree to write dishonestly positive reports for (or to hide negative reports against) a company from whom they earn a fair amount of advertising revenue.

Ethics in Media

For media to be a positive influence on the society and on the corporate governance, it must pay attention to the following:

• It must maintain editorial independence, not allowing it to be influenced by advertising revenue.

• It should refuse dishonest advertisements; at least where it is possible to know before hand. For example, a large number of ads are printed in many regional papers by fake holy men, palmists, sorcerers, experts on sexual diseases, etc. which are visibly dishonest. Many national newspapers have a formal policy to refrain from entertaining such advertisers.

• Media should avoid sensationalism as it can adversely affect the whole economy. Every news or opinion offered in the press or television must be substantiated by evidence. Many newspapers and TV channels appear to wallow in painting a poor picture of the society, or political parties, etc. They fail to realize that such negative reporting has serious psychological effects on the common man. In fact, the rising incidences of depression among Pakistani people are largely attributed to the overall negative picture being painted every day by media.

• Media must set up its own CSR standards and follow them religiously. Media organizations are often companies and therefore should have the same corporate and social responsibility (if not higher than) other companies operating in the country. A clear statement of CSR values and a policy on adherence to such values is essential.

• Media must maintain morals, in all aspects of its reporting, views, commentaries and advertisement. Nowadays, it has become fashionable to show ads at TV which depict a youngster cheating his friends or elderly relatives into getting his own way. This is portrayed as smartness, when in fact it is nothing short of dishonesty, or rudeness. Again, dishonest reporting, or inventing stories to gain a particular objective or target a particular company in order to get adverts from it, are also amoral. Many commentators at television shows or columnists in newspapers have personal agendas which they serve at the expense of professional honesty. All this should be curbed. Media should ensure that it does not lose sight of moral values in any of its departments.

Media and reputational risk

As stated earlier, media can play an important role in portraying a company's image to general public. We now discuss below the significance of reputation.

Reputation

A company like an individual is known by its reputation which is defined as the character generally ascribed to it by the public. A reputation may be good or bad; it can be an asset or a liability. Acquiring a good reputation takes a long time. It then takes painstaking efforts to maintain that reputation. One simple error can erode a company's reputation in a matter of hours. Apart from company's own policies, the greatest threat to a company's reputation comes from media.

Reputation affects a company in almost all its activities, e.g.

• A company with a good reputation can sell its products more easily and even at a premium price.
• It is able to attract and retain better employees.
• Its share price at the stock exchange benefits from good reputation.
• It therefore has easier and more efficient access to capital. Both the shareholders and lenders are willing to invest in companies with good reputation.
• It improves company's social posture which enables the company to deal with the government, regulators, pressure groups and others more effectively
• And finally, good reputation translates into better profits, better return on capital.

Disrepute

What can bring a company into disrepute? Sometimes the cause for a fall in company's reputation is real and needs actual correction. However, many a time the cause may just be a perceived notion put forward by a dissatisfied customer, investor, or employee. In such cases, very careful handling is needed. A simple rebuttal is often ineffective and may in fact cause further damage. If a company has a strong reputation for its social character, people may listen to its explanation. If not, people are likely to believe any accusations leveled against it and pay no need to company's explanation. A company's relationship with media is therefore crucial in such circumstances.
A board must formulate a policy on handling reputational risk, covering such points as:

• What is the price of disrepute? Can the company afford to lose its reputation?

• Is maintaining a good reputation worth the expense that may be necessary for the purpose? Is company's business of a nature where reputation is important? It may be added here that only a very naïve board will assume that maintaining a good reputation is not necessary for its particular company.

• Should the company engage in such activities that may not be socially desirable but that carry no direct risk of bringing disrepute? The answer of course is no. The board should be firm on this point.

• How to defend company's reputation if there is a deliberate attempt by a malicious outsider, or a disgruntled insider, to damage it? A formal procedure must exist. Without a formal procedure and proper handling of such matters, haphazard attempts at defending company's reputation may further aggravate the situation.

  

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Analysis of Non-Life Insurance Companies in Pakistan

(for the year ended 31st December 2016)

Introduction:

We have analyzed financial statements of 21 Non-Life Insurance Companies whose financials were available as at 4th May 2017.

Companies Included in the Analysis:

1	Adamjee Insurance	12	TPL Direct Insurance
2	EFU General Insurance	13	Reliance Insurance
3	Jubilee General Insurance	14	Premier Insurance
4	The United Insurance	15	Century Insurance
5	Sindh Insurance	16	Saudi Pak Insurance
6	UBL Insurance	17	Asia Insurance
7	Atlas Insurance	18	PGI Insurance
8	Askari General Insurance	19	Shaheen Insurance
9	SGI Insurance	20	The Crescent Star Insurance
10	East West Insurance	21	The Universal Insurance
11	Habib Insurance		

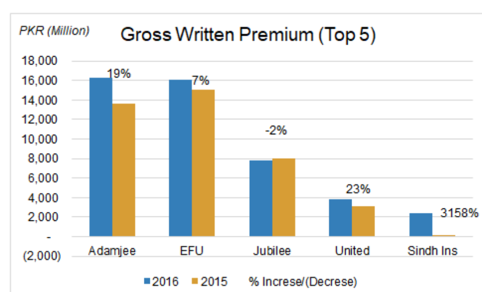
Gross Written Premium:

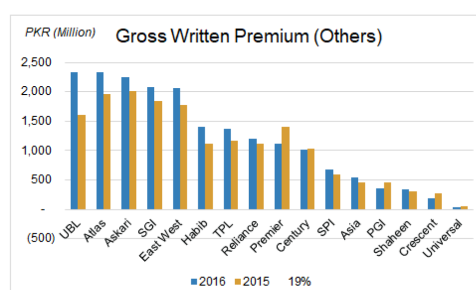
Total Gross Premium Written by the 21 insurance companies showed an increase of 15% from PKR 56.9 billion to PKR 65.7 billion. Highest growth is observed for Sindh Insurance at 3158%, followed by UBL at 46% and Habib at 25%.

High Growth for Sindh Insurance is mainly due to large amount of business written in Accident and Health. Negative Growth is observed for the following companies:

-Crescent Star	(28%)
-PGI	(23%)
-Premier	(21%)
-Universal	(20%)
-Century	(3%)
-Jubilee	(2%)

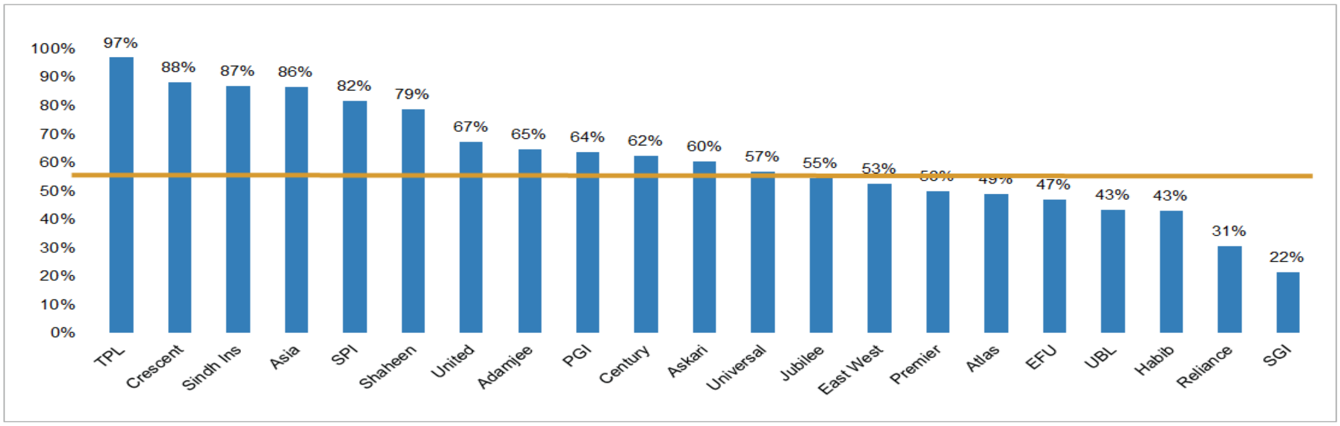
Results for IGI Insurance one of the Key Players are not available to date.





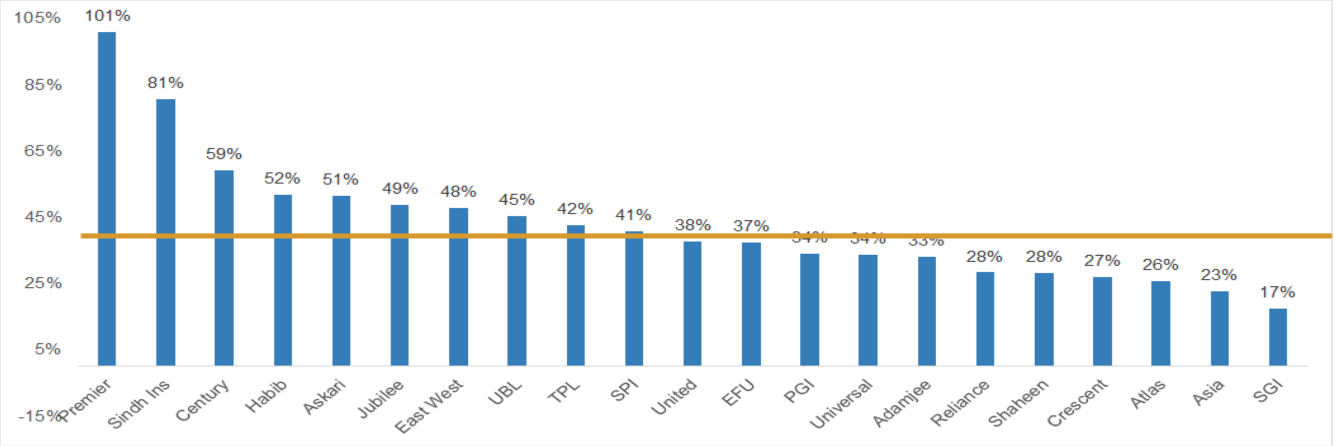
Retention Ratio:

Highest retention ratio is shown by TPL at 97%, with around 90% of GWP in motor portfolio. The lowest retention ratio of 22% is reflected by SGI. The average retention ratio is 56%. The retention ratios have been calculated as ratio of net earned premium and gross earned premium.



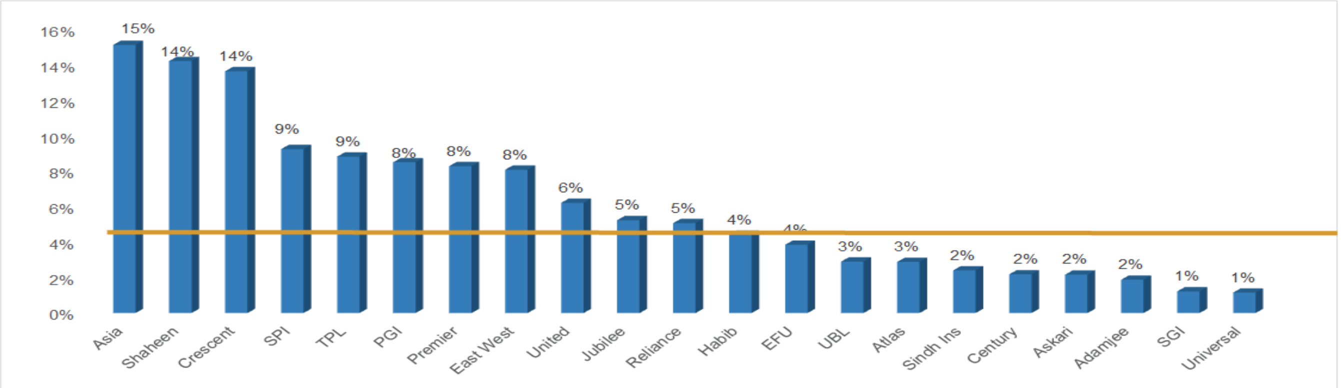
Loss Ratio:

Highest loss ratio is shown by Premier Insurance at 101%, due to negative premiums and high O/S claims. Loss Ratio of Sindh Insurance is high due to large O/S Claims (incl. IBNR) in Accident & Health. The lowest loss ratio of 17% is reflected by SGI. The average loss ratio is 40%. The loss ratios have been calculated as a ratio of net claims and net earned premium.



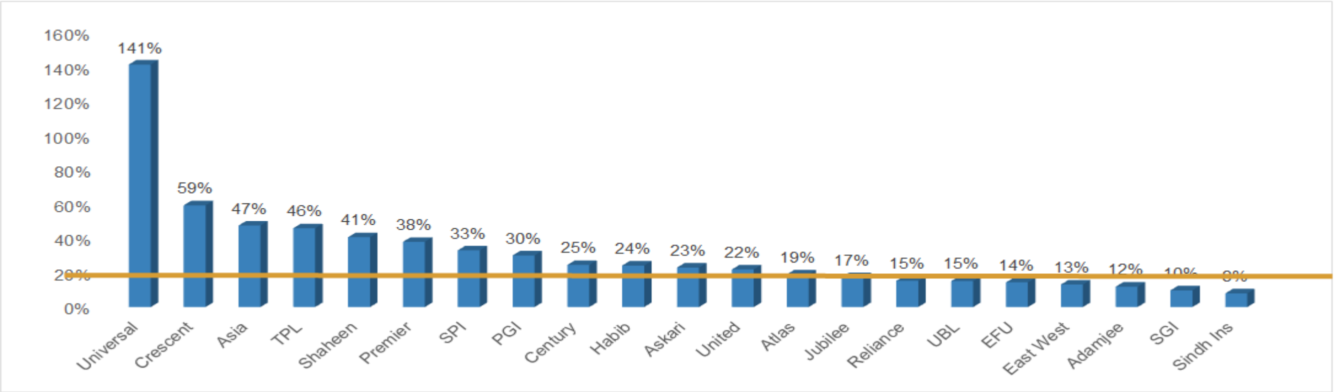
Commission Ratio:

Highest commission ratio is shown by Asia Insurance at 15%, whereas lowest commission ratio of 1% is reflected by Universal Insurance. The average commission ratio is 4%. The commission ratios have been calculated as a ratio of net commission and gross written premium.



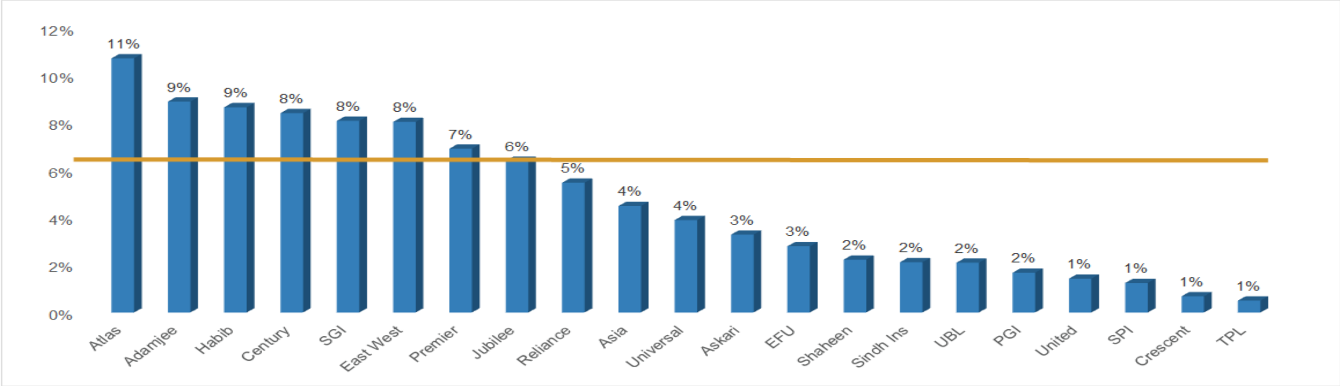
Expense Ratio:

Highest expense ratio is shown by Universal Insurance at 141% (due to almost double G&A expense – Provision for doubtful receivables), whereas lowest expense ratio of 8% is reflected by Sindh Insurance. The average expense ratio is 17%. The expense ratios have been calculated as a ratio of 'management and G&A expense' and gross earned premium.



Investment Ratio:

Highest investment ratio is shown by Atlas Insurance at 11% (due to dividend income from related parties), whereas lowest investment ratio of 1% is reflected by TPL Insurance (since major portion of investments are held-to-maturity). The average investment ratio is 6% for the year. The investment ratios have been calculated as a ratio of net investment income and assets at the beginning of the period



Profit (before Tax) for the Period:

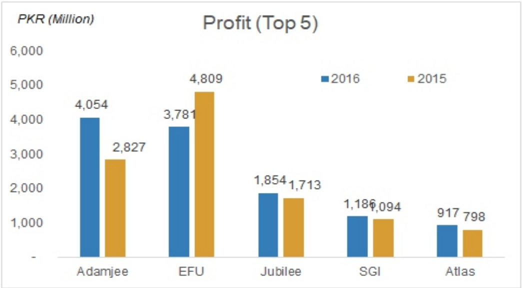
Highest profit is shown by Adamjee at 4.05 billion (due to increase in UW results and high investment income.

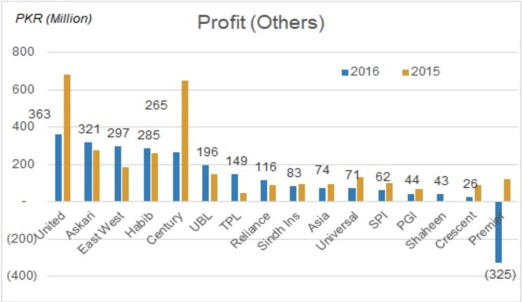
EFU profit for the year 2015 was high due to 'reversal of provision for impairment in associate'.

Overall the profits have declined from 14.3 billion to 13.9 billion for the year 2016 i.e. a decrease of 3%

Highest increase in profits is shown by:
- Shaheen, an increase from 6 million to 43 million i.e. 648%
- TPL, an increase from 46 million to 149 million i.e. 226%

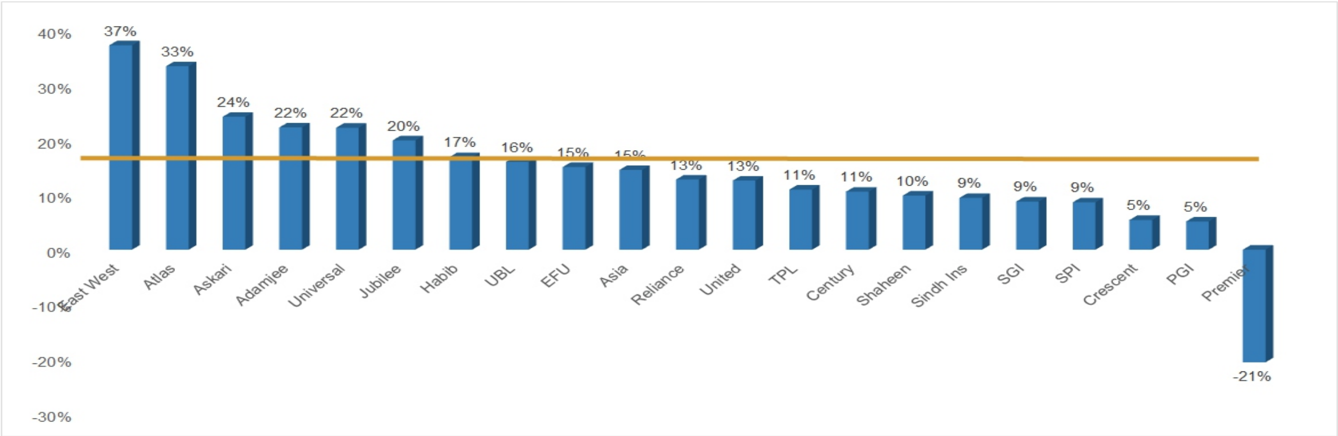
The Profit shown is 'Profit Before Tax' as per financial statements of the companies





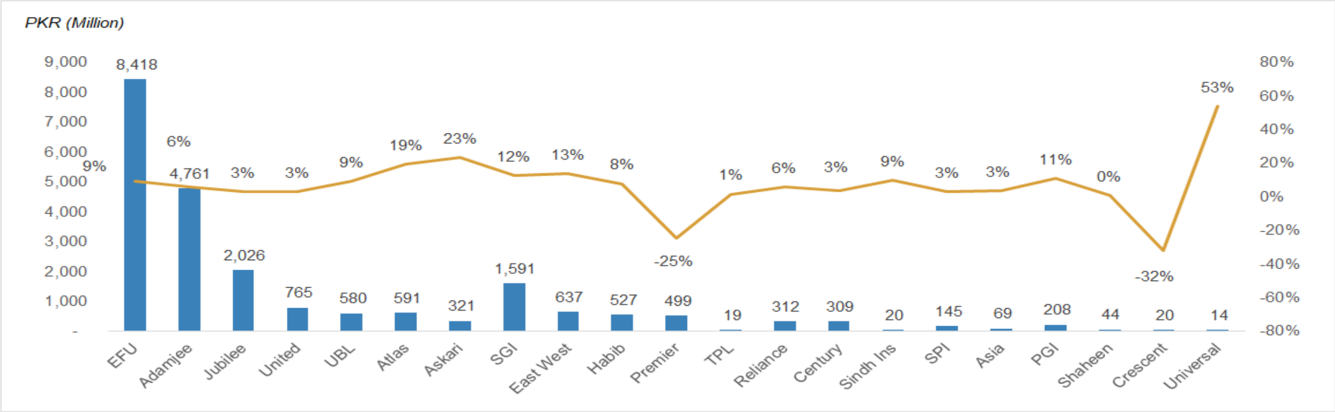
Return on Equity:

Highest return on equity is shown by East West Insurance at 37%, whereas lowest is reflected by Premier at -21%. The average return on equity is 16%. The return on equity has been calculated as a ratio of profit after tax and equity at the beginning of period.



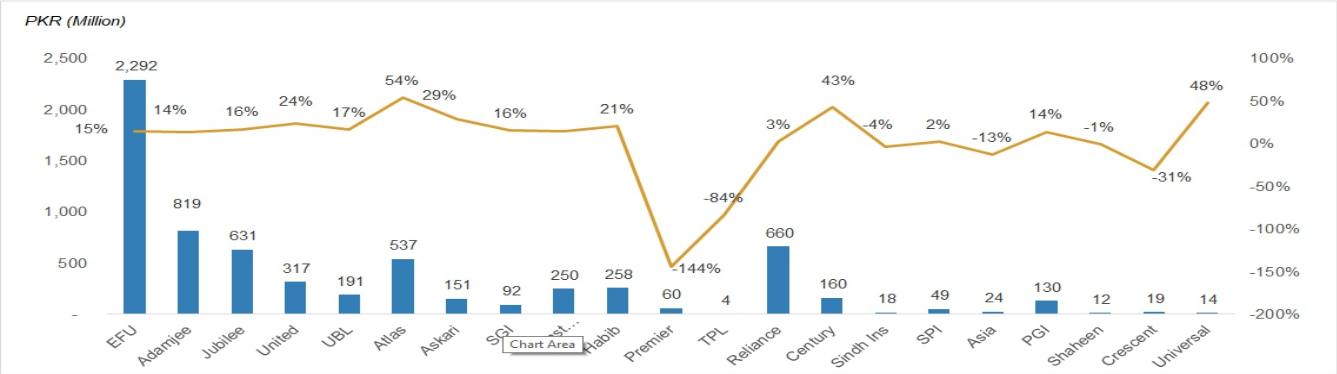
Fire - Underwriting Profit:

Highest net earned premium is shown by EFU at 8.4 bilion, with underwriting profit ratio of 9%. The average underwriting profit ratio is 7%. After Universal, whose results are skewed, the highest underwriting profit ratio is shown by Askari at 23%. The underwriting profit ratio is calculated as a ratio of underwriting profits and earned premium.



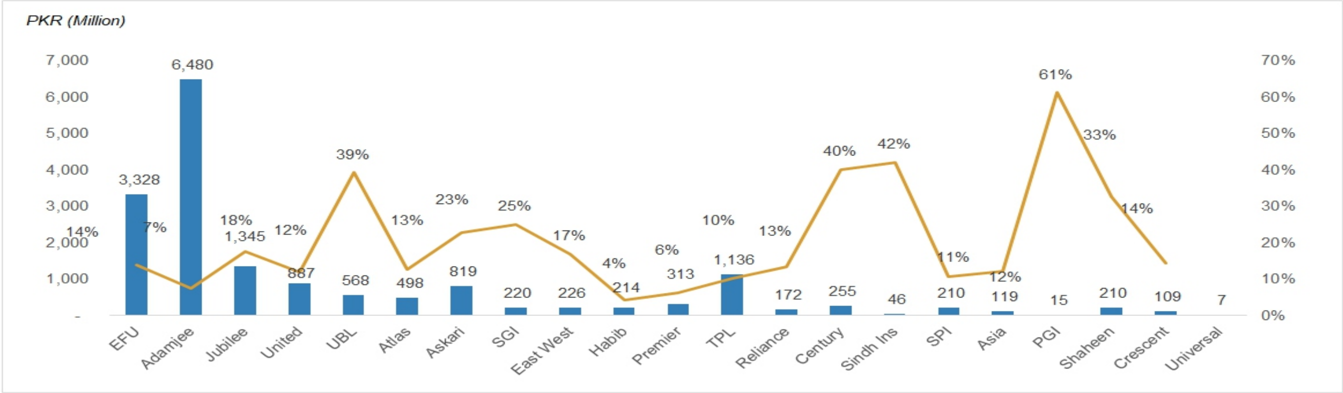
Marine - Underwriting Profit:

Highest net earned premium is shown by EFU at 2.3 billion, with underwriting profit ratio of 15%. The average underwriting profit ratio is 18%. For PICIC, Universal and Atlas Insurance the underwriting profit ratio is greater than 40%. The results are skewed for Premier due to negative entries. The underwriting profit ratio is calculated as a ratio of underwriting profits and earned premium.



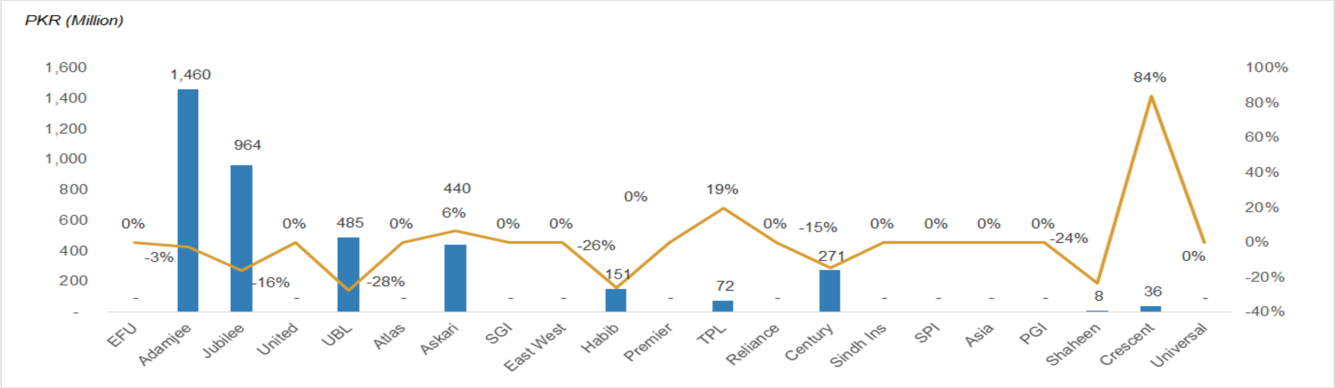
Motor - Underwriting Profit:

Highest net earned premium is shown by Adamjee at 6.5 billion (more than 50% of business written outside Pakistan), with UW profit ratio of 7%. The average underwriting profit ratio is 13%. For Universal Insurance the underwriting profit ratio is 132% mainly due to reversal in reserves. The underwriting profit ratio is calculated as a ratio of underwriting profits and earned premium.



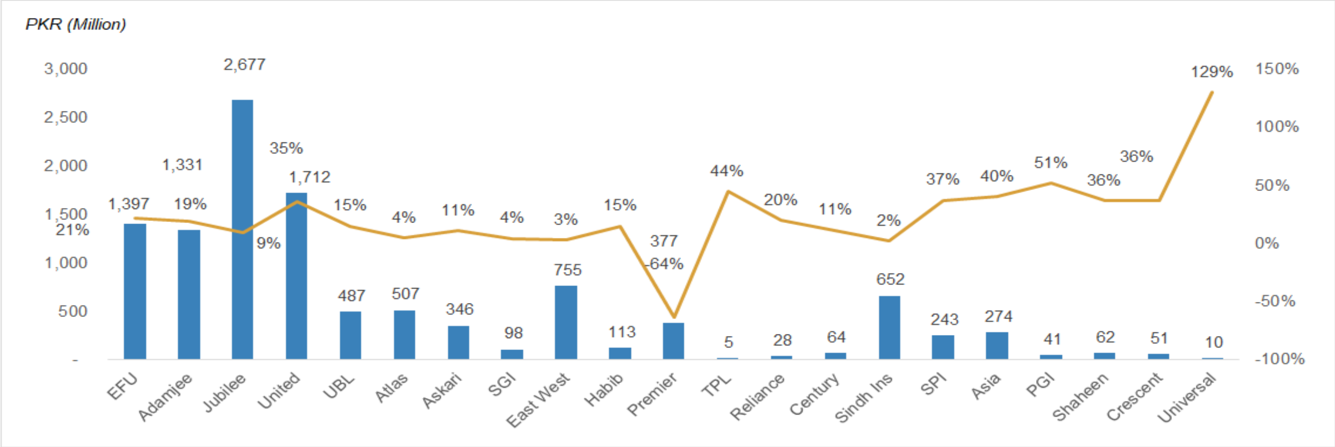
Health - Underwriting Profit:

Highest net earned premium is shown by Adamjee at 1.5 billion, with underwriting profit ratio of -3%. The average underwriting profit ratio is -9%. Underwriting Profit Ratio is negative for companies except Askari (6%), TPL (19%) and Crescent (84%). The underwriting profit ratio is calculated as a ratio of underwriting profits and earned premium.



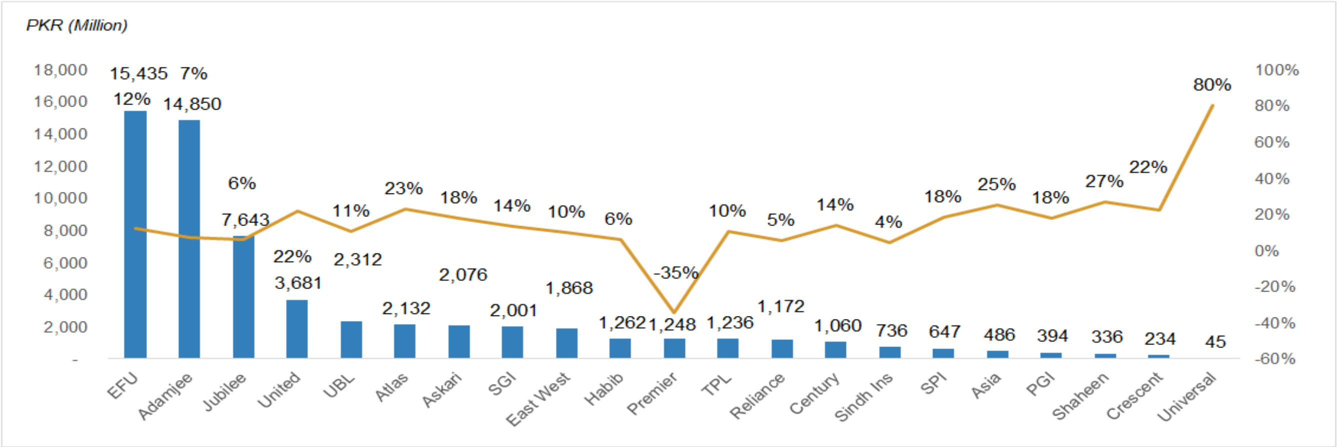
Misc. (Others) - Underwriting Profit:

Highest net earned premium is shown by Jubilee at 2.7 billion, with underwriting profit ratio of 9%. The average underwriting profit ratio is 14%. Underwriting Profit Ratio is negative for Premier (-64%). The underwriting profit ratio is calculated as a ratio of underwriting profits and earned premium.



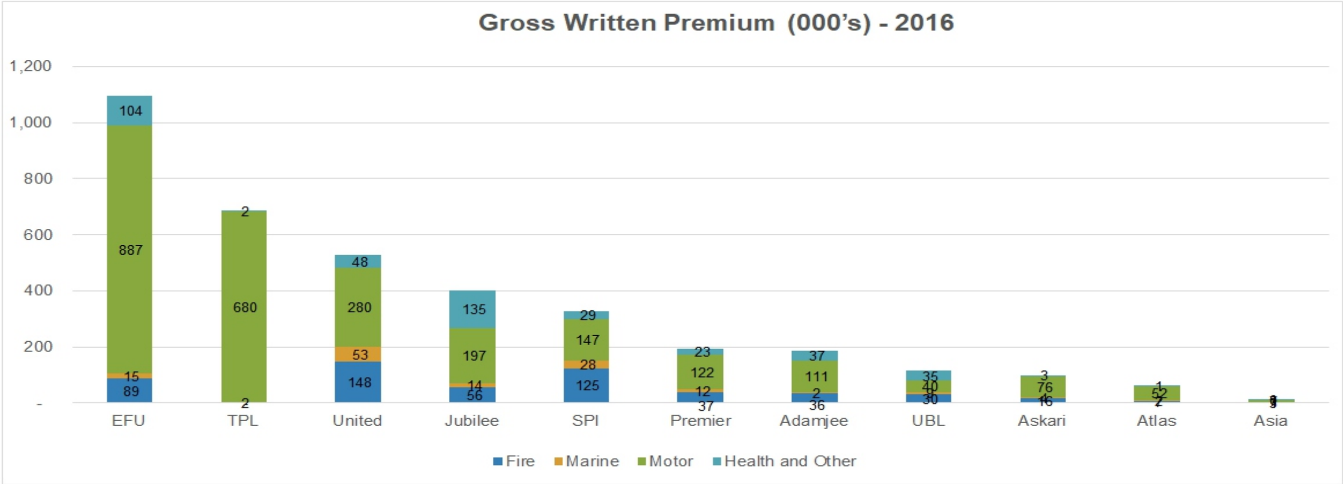
All Lines of Business - Combined:

Highest net earned premium is shown by EFU at 15.4 billion, with underwriting profit ratio of 12%. The average underwriting profit ratio is 10%. Underwriting Profit Ratio is negative for Premier (-35%). The underwriting profit ratio is calculated as a ratio of underwriting profits and earned premium.



Takaful Window:

Highest gross window takaful contributions were written by EFU during the year. The main line of business for takaful window operation has been motor (70%) followed by fire (15%). Few companies above have started window takaful operations during the year and hence their business volume is not for full year.



Conclusion:

Total premiums written, by the twenty-one non-life insurance companies, in the year 2016 amounted to PKR 65.7 billion, as compared to the premium written in the corresponding year 2015 of PKR 56.9 billion which shows a growth of 15%. The premium retention ratio was at 56%.

Average loss ratio for all companies analyzed was 40% , while average underwriting profit ratio is 10%.

Total profit/loss (before tax) generated for the year 2016 amounted to PKR 13.9 billion compared to the profit of PKR 14.3 billion for the corresponding year of 2015, a decrease of 3%, while the average return on equity was 16% for the year 2016.

Takaful window operations are still at an early stage with gross contributions of PKR 3.7 billion during the year.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United Kingdom

To accomplish great things we must not only act, but also dream: not only plan but also believe

(Introductory speech at a session of Academia Françoise, December 24, 1896)

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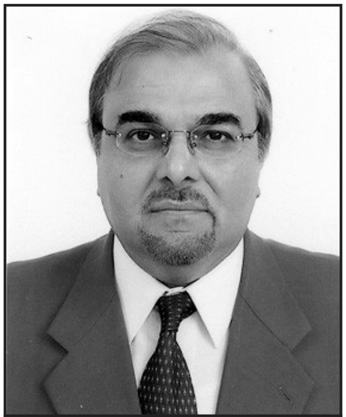

Mohamed Iqbal Mankani
Managing Director
MIM Business Consultants,
Ontario - Canada

Yes, Takaful can remain relevant

The increasing number of takaful operators, improving financial performance, and the product innovations being tried out are proof of its relevance.

Highlights

- Takaful operators will have to invest heavily in manpower, training, quality of service, and innovative products;
- In order for the takaful industry to survive and progress, competition from conventional insurers should be addressed first;
- Future growth is subject to the industry reaching a critical mass, consolidation, and harmonisation of regulatory frameworks.

The better performance of takaful operators, establishment of new companies and overall positive growth outlook are indicative of the increasing relevance and acceptability of takaful in the Middle East market.

The increasing acceptability is evident from the recent development of new takaful companies being set up.

Doha Insurance is planning to convert its Islamic branch, Doha Takaful, into a full-fledged Shariah compliant entity as part of its overall restructuring in line with the expansion plans both locally and regionally.

Abu Dhabi based Union National Bank has teamed up with Orient Insurance Company to form an Islamic insurance joint venture that will be listed on the Dubai Financial Market.

Takaful Emarat, a Dubai based Shariah-compliant life and health takaful provider, has reported 47% growth in net profit to AED15 million (US$4.1 million) for 2016.

Abu Dhabi National Takaful Co (ADNTC) has posted net profit of AED49 million for 2016, 18% higher than in 2015. In fact, ADNTC's 2016 performance marked the seventh consecutive year of continuous increase in net profit.

But, is that enough to establish that takaful will grow and remain relevant?

Growth Outlook

Moody's said in a recent report that though takaful growth will remain at double digit levels in 2017 and gross contributions will reach $20 billion globally, the annual growth will slow down from around 20% in the past couple of years to below 15% in most key markets.

Challenges

The emergence of several Islamic financial institutions could present takaful operators with increasing opportunities.

But the question remains whether operators are ready to face the challenges and meet the demands of these institutions, which have an appetite for Islamic products to meet their bancassurance and bancatakaful needs.

Bancatakaful is still nowhere near the potential that is seen in the market and this is because the takaful operators have not shown the ability to design and market products suitable for Islamic banks and institutions.

However, some takaful operators have leveraged their relationship with Islamic banks and led the market with unique new products, which are sold through the bancatakaful distribution channel.

Questionable Policies

The investment policies of takaful operators come under fire. Reports are that they partly invest in non-Shariah-compliant instruments; insure risk with reinsurers instead of retakaful operators; have products that are imitation of conventional insurance with questionable authenticity and not maintaining separation of risk between shareholders and policyholders.

Competition

Takaful is facing serious competition from product developers from outside who have attractive products already designed and marketed directly to Islamic banks. All that remains to be done is to find a takaful operator who can lend its name for a small fee and issue a fronting document as an insurer.

In such cases, foreign product developers are indirectly playing the role of insurers and taking away a major chunk of the income, depriving legally operating takaful companies of their rightful market share.

The UAE regulatory authority needs to implement rules and regulations to discourage takaful operators from acting as "fronting companies".

Fronting heavily increases the exposure of the companies lending their name. The only attraction for these small takaful operators is to have some big names on their books and pretend to be the actual risk carriers.

Takaful operators should be encouraged to carry the risk to some extent and subsequently work in tandem with major retakaful operators already present locally for support. This would help the industry retain the business and generate a good volume on their books.

However, this would only be possible if takaful operators can offer a high standard of service, backed by technical know-how to manage such businesses.

Future Growth

Future growth is subject to the industry reaching a critical mass, the emergence of larger organisations through consolidation, technology adoption and harmonisation of regulatory frameworks. Though the industry has been clamouring for consolidation, looking at the results of many takaful operators, it is doubtful if they can attract sound suitors.

For takaful operators to grow, they must focus on customer centricity, innovation of new products and services, and the implementation of technological enhancements within the organisation, allowing for accurate assessment of risks while, at the same time, maintaining the core Islamic values on which takaful is built on.

An issue that has to be tackled urgently is the coordination among the board of directors, the Shariah board and the management of takaful operators.

In order for the takaful industry to survive and progress, competition from conventional insurers should be addressed first by ensuring consistency in following the underlying principles of mutuality and Shariah.

There has been a lack of differentiation between takaful and conventional insurers. Differentiating product offerings from conventional insurers has always been a challenge for takaful operators, seriously affecting the value proposition.

"The heavy competition, combined with net losses, is eroding capital strength of takaful players and damaging their credit profiles," Standard & Poor's said in a recent report.

"As takaful contracts are set up as risksharing agreements, in a larger context, the Shariah idea gets diluted when takaful operators invest fee inflows in non-Shariah-compliant financial instruments, cede their risk with conventional reinsurers instead of retakaful companies or simply lack consistency in following the underlying principles of mutuality in a takaful agreement, pressured by stiff competition on the overall insurance market."

Suggestions

If takaful operators intend to play a bigger role in the insurance industry, they would require:

- The necessary capital adjustments to correct the present status and to provide a strong financial base;
- Adequate risk transfer programme with substantial reinsurance support;
- Adopt best practice standards and transparency;
- Adopt and implement proper ERM practices. There have been cases where Islamic insurers have borrowed heavily from non-Islamic banks in clear violation of the concept of takaful, and the Shariah boards had turned a blind eye to this misconduct;
- Adopt prudent investment strategy. Takaful operators incurred heavy losses during the 2008 financial crisis, where many takaful operators invested as much as 80% of their capital in the stock market in spite of warnings by external auditors.

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Executive Director
Afro Asian Insurance Brokers (Pvt) Ltd
Karachi

Role of an Underwriter

Before, I pen down few limes on Role of an Underwriter, I wish to tell you something about how I shaped up earlier. I started my career in Insurance working in Fire Department. My immediate boss Late Kader Kajiji was Superintendent Fire Department and this position was highly recognized in those days. Whole day, I used to see the marketing/sales people coming to office and sitting with Kajiji sahib daily and giving details of the risk which they wanted to get it insured for their clients. Superintendent would look at the details and the proposal form and will write on the paper the rate to be charged and also some remarks on conditions and warranties to be imposed.

Being fresh in insurance, I used to wonder as to how my boss Superintendent would work out the rates. One day, I managed to pick up the courage and asked him Sir as to how you arrive at the rates. He was kind and gentle person – he showed me the "red book" which was at that time known as "Fire Tariff".

He mentioned to me that his job is of underwriting and that refers to the process of accepting or rejecting risks. That is, underwriting referred to the operation of the insurance business. As the technology developed insurance underwriting became more complex and technical.

He went on to explain to me that an underwriter is the person who decides whether or not to insure risks for which proposal has been submitted. The underwriter's task is to evaluate a risk, estimate the potential exposure, determine the likelihood of loss, then make a decision whether or not to accept the application for insurance and if to accept on what terms and conditions.

Underwriting's Four Basic Functions

The process of underwriting involves four basic areas of function as under:

-Risk Selection
-Rating
-Documentation (Policy preparation)
-Retention and Reinsurance

Risk Selection

In this step the underwriter decides whether or not to accept a particular risk. It involves securing factual information from the applicant, evaluating that information, and deciding on a course of action. The underwriter is typically aided by a list of acceptable and prohibited risks.

Classification and Rating

Once the risk has been accepted, the underwriter then classifies and rates the policy. Several tentative classifications are usually assigned before a final decision on classifying the risk is reached.

Policy Forms

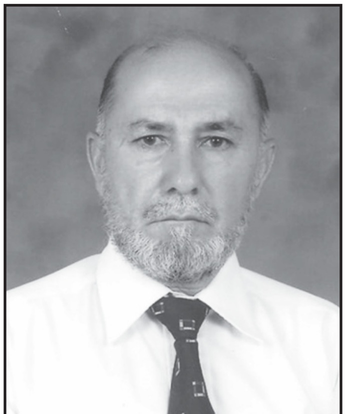
After determining the acceptability of an applicant and assigning the proper classification and rating, the underwriter is ready to issue an insurance policy. The underwriter must be familiar with the different types of policies available as well as be able to modify the form to fit the needs of the applicant.

Retention and Reinsurance

Reinsurance involves protecting the insurance company against a certain portion of potential losses. The underwriter does this by retaining only a certain portion of the risk and securing reinsurance for the remainder.

Most Valuable Advice Given By Him

He just told me in one of our daily meet up that All the information which comes to us is supposed to be "kept on the chest" and it should not be shared outside. Working in Insurance for over decades, I agree with him that we get all the information on various businesses and various products but we have to keep the information close to us.



Majid Khan Jadoon
A.C.I.I. (U.K), MD/CEO
M/s. Pakistan Inspection Co. (Pvt.) Ltd.

Fire Insurance Policy Clauses (Part-8)

Riot and Strike Damage/Malicious Damage Endorsements:

So far, I have been serializing my Articles of this Series in Alphabetical order and therefore Malicious Damage Endorsement of the Fire Insurance Policy ought to have been followed the previous one accordingly.

But Malicious Damage Endorsement is an Extension of the Riot and Strike Endorsement of the Fire Insurance Policy and, in my opinion, the same should therefore follow my write-up, in respect of the later Endorsement, I am of the opinion that doing so would render the context of Malicious Damage Endorsement more comprehensible to understand:

a) Riot and Strike Endorsement:

By attachment of the Riot And Strike Endorsement with the Fire Insurance Policy, it is thereby agreed and declared, in-between Insurers and the Insureds, that Insurance under the same Policy shall extend to cover Loss or Damage consequent upon Riot And Strike to include the following, which, however, shall also be subject to Special Conditions contained in the Riot And Strike Endorsement:-

1) Loss or Damage directly caused to the Insured Property by act of any person taking Part, together with others, in any disturbances of the Public Peace. Alike Loss or Damage would be deemed covered within the purview of the Fire Insurance Policy, irrespective of the fact whether the Riot And Strike would have been due to a Strike or Lock-out or not. But the same act during the Disturbance of Public Peace must not pertain to provisions of Special Condition-II of this Endorsement.

2) Loss or Damage caused by the actions of any Lawfully-constituted Authority, during the Suppression or attempted suppression of any alike disturbances or during the course of minimizing the consequences of any such Disturbances.

3) Loss or Damage caused by the willful action of any striking or locked-out worker in the course of a Strike and during a resistance to a Lock-out would also be deemed covered within the ambit of the Fire Insurance Policy by virtue of this Endorsement.

4) Loss or damage caused by the actions of any Law Enforcement Agency, while attempting to prevent or minimize the attempt of any act of the Striking or Locked-out workers shall also fall within the purview of the Fire Insurance Policy by attachment of this Endorsement to the same Policy.

However, the following Special Conditions would apply to the afore-mentioned Extensions of the Riot And Strike Endorsement, whereby Loss or Damage caused due to the following would be considered Excluded:-

I: (i) a) Any Loss of Earnings or by Delay or of the Marketability, or other Consequential Loss or Damage of whatsoever kind or description.

b) Any Loss or Damage, as a result of the Total or Partial Stoppage of Work or due to retarding, interruption or cessation of any Process or Operations.

c) No Loss or Damage would be deemed covered, if the same would have been caused due to Permanent or Temporary possession or confiscation, commandeering or requisition of the Works by any Lawful Authority.

d) No Loss or Damage shall be deemed covered by the Fire Policy/Riot And Strike Endorsement, if the same would have been caused by Permanent or Temporary dispossession of any Building by any un-lawful occupation by any person of such a Building during or after the occurrence of the Riot And Strike Operation.

e) Loss or Damage shall also not be considered covered within the ambit of the Fire Insurance Policy/Riot And Strike Endorsement which, directly or indirectly, would have been caused by Nuclear Weapons Materials.

However, under the above (c) or (d), the Underwriters would not stand relieved of liability, if any Physical Loss or Damage would have been caused to the Insured Property before dispossession or during the temporary dispossion of the Building.

(ii) Further, the Insurance Policy/Riot And Strike Endorsement would not cover any Loss or Damage, either directly or indirectly caused, or arising or contributable to Ionizing Radiation or Radio-activity Contamination from any Nuclear Fuel, Nuclear-waste Combustion.

II: Vide the Riot And Strike Endorsement, it has also been expressly declared that the relative Fire Insurance Policy would not cover any Loss or Damage directly or indirectly caused by or resulting from or happening through or arising out of or in connection with any of the following Occurrences:-

a) War, Invasion, Act of Foreign-enemy, Hostilities, War-like Operations (irrespective of either declared or un-declared War), Civil-war.

b) Mutiny, Civil Commotion, assuming the proportions of or amounting to popular-rising, Military-rising, Insurrection, Rebellion, revolution, Military or Usurp-power, Martial-law, or State of Siege. Beside, any other Events or Causes which would determine the proclamation or maintenance of Martial-law or a State of Siege would also fall out of the Scope of the Underwriters' relative Fire Insurance Policy.

c) Any act of Terrorism would also be deemed beyond the Coverage of the Fire Insurance Policy by Virtue of the Riot And Strike Endorsement.

For the Endorsement under reference, Terrorism means, including the un-limited use of Force, Violence, Threat, any Life-harmful Act, Tangible or Un-tangible Property or Infrastructure of any person (s) either acting alone or for any organization, if committed for political, religious ideological etc., which would have been conducted for the purpose of influencing Government or for putting Public or a Section of Public in fear.

More-over, Condition-II of the Riot And Strike Endorsement would also exclude Loss or Damage, Cost or Expense of any nature either directly or indirectly caused or resulting from or in connection with any action which would have been taken in controlling, preventing, suppressing or relating to any of the afore-mentioned Occurrences.

If during the existence of abnormal conditions, a Loss or Damage would have directly or indirectly happened by the above-mentioned Occurrences, the same would be deemed un-covered within the ambit of the relative Fire Insurance Policy. However, if the Insured would prove that the same Loss or Damage has taken place independent of the abnormal condition, then indemnity, in respect of the same, may be considered accordingly.

In case the Insurers would allege that by the reasons of the Provisions of this Condition-II, any Loss or Damage is not covered by this Insurance, then the onus of proof that the same has been covered, would fall on the Insured in any suit or proceedings.

III: By virtue of the Riot And Strike Endorsement, the following would be deemed Un-Covered within the ambit of the Fire Insurance Policy, unless expressly declared Covered therein:-

a) Any Goods held in Trust or Commission by the Insureds.
b) Bullion or Unset Previous Stones.
c) Any Curiosity or Art-work, the Value whereof would exceed PKR:10,000/=.
d) Manuscripts, Plans, Drawings or Designs, Patterns, Models or Moulds.
e) Securities, Obligations or Documents of any kind, Stamps, Coined or Paper-money, Cheques, Books of Accounts or Other Business Books and Computer Systems/Records.
f) Explosives of any and all kinds.

IV: The Insurance Coverage may be terminated by the Company on giving Written Notice to the Insureds accordingly. In alike case, the Insurers shall have to refund the ratable proportion of the Premium for the un-expired period of the Policy from the Date of the Cancellation.

However, if the termination of the Insurance Policy has been affected on the request of the Insureds, the Company shall not be liable to refund the Premium or any Part thereof. However, in case of Stock Insurance, the Company shall have the right to retain a Premium for the Short-period of the Risk on Pro-rata basis.

V: At the time of the Loss or Damage to the Insured Property, in case of the same being of the greater Value than the Sum Insured thereof, Pro-Rata Average Clause for Under-Insurance would be applicable and the Insureds shall have to bear a portion of the Loss accordingly, in respect of each and every Insured Item separately.

By Virtue of this Riot And Strike Endorsement of the Fire Insurance Policy, it is further expressly agreed and declared by the Insureds and the Insurers:-

1) That, All Conditions of the Policy shall be applicable in all respects, to the Insurance granted by this Endorsement.

However, if the Conditions would have been expressly varied by the Special Conditions of this Endorsement in the Fire Insurance Policy, and any reference of Fire in the Conditions of the Policy, then the same shall be deemed to include the perils which would have been hereby Insured against.

2) The Special Conditions of this Endorsement shall be applicable only to the Insurance granted by the same Policy which shall be considered as if this Endorsement had not been made thereon.

At the beginning of this Article, I have stated that Malicious Damage Endorsement of the Fire Insurance Policy ought to have preceded the Riot And Strike Endorsement of the same Policy. However, Malicious Damage Endorsement is, in fact, an Extension of the Riot And Strike Endorsement of the Fire Insurance Policy and as such, my comments on the contents of the Malicious Damage Endorsement are now hereby succeeding my comments on the Riot And Strike Damage Endorsement, as elaborately described afore.

Malicious Damage Endorsement:

By endorsing the Malicious Damage Endorsement on the Fire Insurance Policy, it would have been thereby agreed and declared by the Insureds and the Insurers that the Insurance Coverage of the Subject-matter of Insurance, as provided under the Riot And Strike Endorsement, shall extend to include Malicious Damage as well.

The Malicious Damage Endorsement stipulates that, for the purpose of Coverage granted under the relative Fire Insurance Policy, it shall mean that:-

1) Loss or Damage to the Insured Property, which would have been directly caused by the Malicious Act of a person not being an act amounting to or committed in connection with an Occurrence mentioned in the Special Conditions-II of the Riot And Strike Endorsement.

This Insurance Coverage of the Loss or Damage would be valid irrespective of the fact whether or not alike act is committed in the course of a disturbance of the public peace.

However, in alike situation, if LOSS OR DAMAGE would have been caused by Fire or Explosion or by Burglary or during Burglary and House-breaking or Theft or Larceny or Attempted-threat or caused by any person taking part in the Disturbances of Public Peace, the same would be considered Excluded from Insurance Risk Coverage of the Fire Insurance Policy.

By this Malicious Damage Endorsement, it is also agreed that all Conditions and Provisions of the Riot And Strike Endorsement shall apply to this extension of the Malicious Damage Endorsement, as if the same had been incorporated therein.

To be continued…….

Ansa Azhar
M.Sc (Applied Mathematics), ACII
Executive Vice President
EFU General Insurance Limited

Directors & Officers Liability – The Basics (Part-1)

Who is a Director or an Officer?

Any person who is an essential and an integral part of the organization responsible for its daily activities, performance, growth and meeting its objectives and goals are directors and officers. Examples are:

Chairman of the Board / Board of Directors / Chief executive Officer / Chief financial officer / Chief risk officer / Chief operating officer

As a key individual directors and officers are accountable and responsible to act in the best interests of the organizations stake holders, some of them are as follows.

As they represent the organization as a whole, Directors and officers are obliged to fulfill their **Duties and responsibilities**, some of them can be as follows:

- To Act with utmost good faith and be ethical in all their business dealings
- To take with reasonable care and utmost diligence in performing their basic duties
- To act in the best interest of the stakeholders of the organization
- To ensure proper disclosure of financial statements to relevant authorities

No matter how adequately directors and officers perform their duties, in line of their scope of work D&O have to make decisions where they may face risks which results in affecting the organization performance directly or indirectly. Some for their decisions might lead to a situation where the decision may not be acceptable or favorable to its stakeholders.

This can lead to a situation where they might face serious allegations from stakeholder for their mis-conduct/ Non-performance in their duties. These allegations mostly fall under:

- **Civil law** - Common law system dealing in disputes between 2 parties
- **Criminal Law** - Social law which deals with moral conduct in society
- **Statutory law** - Enforced by govt authorities / regulators

Any allegation with respect to these laws will result in monetary damages and compensation to be paid by D&O as a result of their **wrongful act**, Some of them can be as follows:

- Breach of duty / Breach of authority
- Omission or Error / Mis-Statements
- Wrongful behavior / Libel / Slander / Defamation
- Willful negligence & misconduct

Directors may end up paying monetary damages if found guilty and in the process of defense they may incur defense expenses to be paid to their attorney/lawyers. Thus putting themselves and the organization at risk.

Common Losses from D&O exposures

- **Compensatory damages** - Paid to the defendant for allegation against D&O

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• **Punitive Damages** - Penalty awarded by court to be paid to defendant for allegation against D&O
• **Defense cost** - Attorney / Legal expenses incurred by D&O / organization

Lets take a look at the main **sources & reasons of allegation that D&O may face.**

Shareholders

• **For** - Mis-leading statements / Inaccurate disclosure of financial statements / Inefficient or poor financial performance / negligence / deliberate misconduct

Employees

• **For** - Discrimination / Wrongful termination / Sexual harassment / Breach of employment contract

Customers / Suppliers

• **For** - Breach of contract / Intellectual property infringement / Distribution of unsafe products / failure of quality checks in products

Govt & Regulatory authorities

• **For** - Non compliance with govt regulations / violation of security exchange commissions / violation of occupational health , safety , environmental regulations

So how can Directors and officers protect themselves against such odds ?

D&O's can protect themselves via transferring their risk by purchasing a Directors and officers liability insurance. Although some of the large organization do offer corporate indemnification for their executives it is always better to have a D&O liability insurance so the organization and its directors have a comprehensive protection plan.

The policy protects individual Directors and officers against allegations as a result of **wrongful acts*** committed by them while performing their duties, However there are several exclusions which may not be covered by the D&O policy, some of the common exclusions are as follows.

Key Exclusions in D&O

• Breach of contract / Intentional non-compliant acts / Fraud
• Illegal personal gain / profit / unethical dealings
• Property damage / Bodily Injury / Fines & Penalties
• Known existing claims / Pending litigation

The D&O Liability Insurance & its Structure

Source - Allianz D&O guide

• **SIDE A** - Cover for individual D&O who face allegations due to wrongful act and organization is unwilling to indemnify the Directors and officers and they end up risking their personal assets.

• **SIDE B** - Cover for D&O where organization indemnifies the D&O's and also serves as balance sheet protection

• **SIDE C** - Cover for organization against security related claims D&O

D&O Liability insurance UW Considerations

Underwriting of D&O is based on several factors that is based on organization type/ size and nature of business. All these information are given in a document called the proposal form which is given by the organizations key individual to the underwriters / brokers. Some of the important information which should be given are as follows.

• Type of Business / Nature of Business / Geo-scope of operations / Size of the company / Structure
• Years of existence in business / Diversity of business / Top customers
• Financial condition / Audited financials / Auditors report
• Board of Directors details / Top Executives details / Total no of employees
• Existing claims / Pending litigation's

The proposal form will help the underwriter to evaluate the risk and the requirements of the client. It will also help them in deciding various extension covers and exclusions which may be applicable based on the quality of the risk.

A more detailed view on UW process / Terms & Conditions / Extensions will be explained in Part 2.

Conti.......

Nasir Siddique
ACII (UK), MBA (I & RM)
Senior Manager (Underwriting)
IGI Insurance Limited

Opportunities and Challenges of Power Sector in Pakistan

The Opportunity

- Market offers long term opportunities of growth for those who understand the risks
- Half of Power produced in Pakistan is by private sector (one of the highest in world)
- Pakistan economy losing 2-3% GDP because of lack of power; increase in power increases GDP and has an accelerator effect
- Suppressed demand and in-house load is high, resulting in need of 7,000-10,000 MW in the next few years
- Returns offered are market based

What is on the horizon?

- New Projects of Generation
- Demand growth is strong but supply additions are insufficient
- Current shortfall at peak ranges from 5000 MW depending on season; load growing at 7%p.a.
- Suppressed demand and shift of in-house generation to grid will increase even more
- Need at least 20,000 MW addition in the next 10 years
- Transmission Lines in Private Sector
- Potential Privatizations

Per Capita Electricity Consumption

- United States 12,272 kwh (2013)
- Germany 7,270 kwh(2014)
- China 4,295 kwh (2014)
- India 952 kwh (2014)
- Pakistan 495 kwh (2014)
- (India Per Capita Income PPP: $5418)
- (Pakistan Per Capita Income PPP: $4295

What do investors look for?

- Demand/Supply Gap: Is there unmet demand
- Is fuel available or can it be arranged/transported?
- Is the legal system well developed and judiciary independent?
- Are the macroeconomic trends positive?
- Is the power policy structure attractive?

What does Pakistan offer

- Major growth potential in the sector
- Well established legal system & independent judiciary
- Most macroeconomic indicators trending upwards
- Sector is the top priority in government's reform agenda
- Returns are market based: most investors have made good profits

What Does Pakistan Offer – Policy

- Policy framework is very good and contracts well structured
- No restriction on foreign ownership
- Legal protections of investment
- Long Term PPAs
- No Corporate Income Tax
- Only 5% customs duty; 0% for renewable
- Pass through of exchange rate & fuel prices
- Political FM risk taken by the government

Challenges

- Fuel Supply Constraints
- (i) Gas supply tight, although LNG import has now started (ii) imported coal logistics are uncertain (iii) renewables like solar/wind are not base-load
- Associated Infrastructure
- Transmission lines need major additions
- Ports/Railway need large investments to support new coal fired power plants being planned
- More LNG terminals and new pipelines needed for gas import

Sector Financials

- Losses resulting in continuing gap in payables and receivables resulting in continuing "circular debt"
- Privatization/Deregulation lacking firm timelines

How is GOP facing them

- The Finance Ministry is providing subsidy to fund the lifeline subsidy, but not the continuing gap because of losses/recovery
- Circular debt is being kept in 200-250 Bln but through controlled dispatch
- GOP focus on adding cheaper coal based power to lower average cost of generation
- First LNG terminal completed; more planned
- A move to upfront tariff regime to eliminate concerns about delays in tariff determination
- CPEC financing based projects, and public sector funding based projects launched

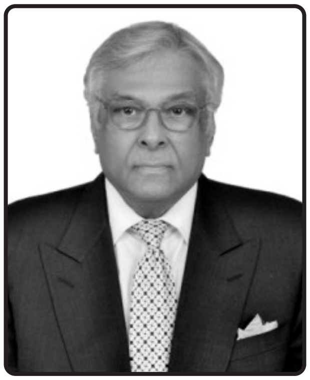
Challenges that GOP needs to face up to

- Addition of generation without controlling the leaking bucket of DISCOs will increase circular debt
- Finance Ministry has to keep providing a realistically budgeted subsidy
- Coordination between regulators and the ministries (MoWP and MNPR) needs to be improved
- Past culture of investigations and disputes needs to end; after dispute resolution, decisions need to be implemented
- Market needs to be freed up for B2B sales

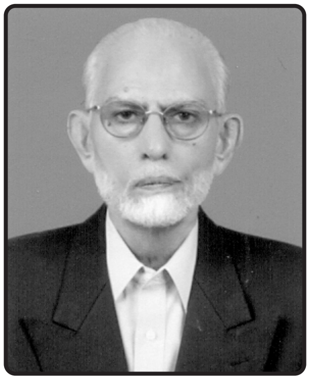
What does all this mean in the context of Insurance?

- Nature of projects changing to many large scale, foreign financing projects
- Large scale public projects
- New local players entering the market
- New technologies and equipment being introduced, some of which does not have experience in Pakistan
- Many new opportunities are arising but risks need to be better assessed especially for
- DSU and BI

Obituary



Mr. Akbar Ali Khan Chairman AFRO-ASIAN INSURANCE BROKERS (Pvt) Ltd. died in Karachi. He was 82 and left behind a widow four children and thirteen grand-children. Mr. Akbar Ali Khan is considered an icon in the Insurance industry and helped shaped the Insurance sector through his invaluable contributions over a span of Five decades especially in the reinsurance segment. Insurance Journal fondly remember his contributions he made as a member of the First Insurance Journal Performance Awards 2015 committee.



Mr. Mirza Faiz Ahmed, a leading personality of the Pakistan insurance industry, died in Karachi. He was a dedicated professional and committed to higher insurers' standards and ethics. He started his insurance career with Eastern Federal Union Insurance (now EFU General) and remained with it throughout for over five decades. Among other achievements, Mr. Faiz would be credited for introducing young people in insurance profession and nurturing them into a polished and confident insurance professionals.

Ayesha Aslam
MBA (I & RM), Cert CII (UK)
Assistant Manager (Health Insurance)
Alfalah Insurance Company Limited

Sort your expectations!!

What are you looking for in your next job?

This seems a very quotidian question, the interviewee can comes across. Though a very simple question, its answer gives an insight of the employee's horizons in the professional life as much it explains how serious the candidate is in professional career.

Taken seriously, very thorough study and strong observation is required by the employee to answer this question. One must be observant of:

- The current employers' strategies and why he is willing to move out.
- What are his/her expectations from the job
- Expectations from the Company / Company's Strategy.

It is recommended not to confine the expectations to the monetary limits. Though it is a strong point in job hunt by many. However, only a pay raise with other poor factors aren't going to work as well.

You should first align your short term and long term goals that might influence your decision.

Some examples of Short term goals are:

- Pay raise in the new job/ Remuneration
- Location of the job
- Health and other benefits

Long term goals in the job might be:

- Your desired designation in new job
- Company's policy
- Growth opportunities
- Any defined criteria for appraisals/ increments etc.

The short term goals will definitely have a mountainous weight while making your call. However, it's the long term goals that will make it a success story. If your choices aren't compatible with the company's policy or criteria then it's not going to work long.

So, when you are asked this question, the interviewers also check your fit in the organization as you also give a fair view of your long term/ short term goals. Recently I have come across a very thorough statement that might suffice the need of this question i.e.

"Growth potential is the most important thing to me in any role I accept. I look for good growth potential in terms of my own role within the company and especially in terms of the company's overall growth. I'd love to work for a company that is innovative and always looking for new opportunities to expand. Secondly, I look for companies who have a positive and adaptive culture. And finally a healthy level of respect and trust. A positive workplace will create high levels of respect and trust amongst its employees. It is important to me that my coworkers can respect and trust me just as I can trust my coworkers."

Breaking the statement:

Growth Potential:

Of you as employee and the Company's. Your Company's Approach to innovation and opportunities to expand. You cannot expect to be stringent in one monotonous role for 5 years. What is the company's growth plan for you is as important as your plans are. **And don't be shy to ask this question from interviewers as well.**

Apart from your growth plan, you should check if the company is going to expand (creating more opportunities for you to groom and develop) or they already have achieved their full, which might result in some negative outcomes.

Culture of Organization:

- Positive and adaptive culture always share morale boost.
- The peers and boss relations becomes part of the organization's culture, it might help you up on ladder or to cause a slip.
- Politics adaption in organization's culture.
- Unbiased HR policies
- Corporate Governance
- Recruitment and career advancement policies

- Leading by Example

Do check if the organization has any written culture/ values. It will be better than words.

A healthy level of Respect, Trust and Recognition

Respect, recognition and reward are vital for a positive outcome in workplace. It is a most rewarding point in any professional environment that increases the self-esteem of employee and resultantly impact on its performance. However, it is a two way process, you cannot expect respect without giving. “Respect and Trust” culture can prevail better from top to bottom.

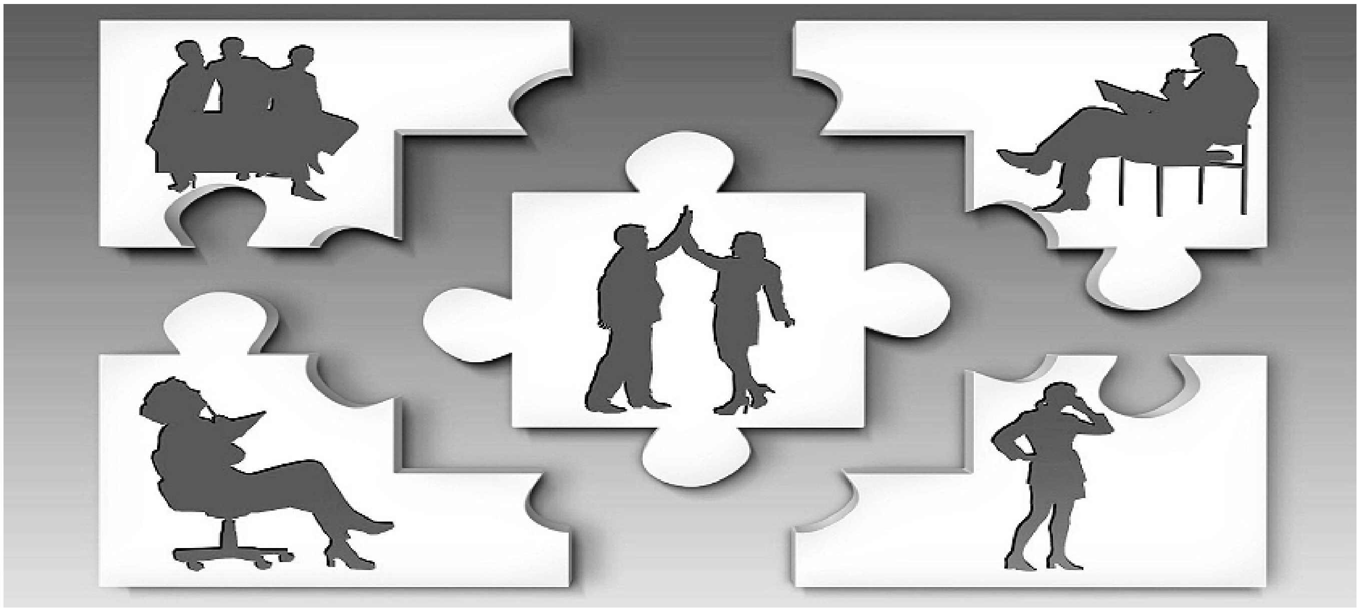
You should discuss such points with the interviewer and make the right choice. As in the end, it's not just money that you bring home. Your satisfaction makes you a better resource.

“Being the richest man in the cemetery doesn't matter to me. Going to bed at night saying we have done something wonderful…. that's what matters to me.”

Steve Jobs

Reference:

Banks, Lydia, (1997) Motivation in the workplace: inspiring your employees, Coastal Training Technologies Corp.



2015 C L D 595

[Lahore]

Before Muhammad Khalid Mehmood Khan and Ibad-ur-Rehman Lodhi, J.J

Mst. INAYAT BEGUM---Appellant
Versus
STATE LIFE INSURANCE CORPORATE through Chairman and another---Respondents

Regular First Appeal No. 187 of 2008, decided on 17the December, 2014.

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

---Ss. 118, 121 & 124---Limitation Act (IX of 1908), Art. 86(2)---Life insurance claim---Computation of period of limitation for filing of claim/application before the Insurance Tribunal under S.118 of the Insurance Ordinance, 2000---Scope---Deceased died on 9-7-2003 and claimant filed application under S. 118 of the Insurance Ordinance, 2000 on 31-7-2006; and such claim was held to be barred by time in view of Art. 86(2) of the Limitation Act, 1908---Validity---Period of three years notwithstanding the entries made in column No. 3 of Art.86(a) of the Limitation Act, 1908 would start from the point of time, when the proof of death of the insured had been given to or received by the insurer; and when merits of the case were adjudged on such provision of law---When on 17-6-2004, fact of death of Insured was placed before the Insurance Corporation; it was the point of time from where period of limitation was to be started for filing of an application under S.118 of the Insurance Ordinance, 2000 before the Insurance Tribunal---Application of claimant was therefore within time and claimant was wrongly made victim of limitation---High Court set aside impugned order of Insurance Tribunal and allowed application of the claimant---Appeal was allowed, accordingly.

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

---Preamble & S.118---Insurance laws---Deficiencies---No Period of time prescribed in which claim had to be decided by the Insurance Corporation or an Insurance Company---Unbridled power available with Insurance Corporations to keep claims pending for an indefinite period of time---High Court observed that there was need for necessary legislation and amendment in the Insurance Ordinance, 2000---Comparative legislation and principles examined---Recommendations and proposals for legislative reforms outlined.

Liaqat Ali Butt for Appellant.

Ali Akbar Qureshi and Ibrar Ahmad with Safdar Ali Qureshi, Law Officer for Respondents.

Date of hearing: 11th September, 2014.

JUDGMENT

IBAD-UR-REHMAN LODHI, J.--- This is an appeal under section 124(2) of the Insurance Ordinance, 2000, arising out of the judgment, passed by the learned Insurance Tribunal Punjab, Lahore, on 31-3-2008, whereby, the application of present appellant Mst. Inayat Begum, for recovery of death claim along with liquidated damages, was dismissed being barred by time.

2. Nasir Hussain, son of the appellant, purchased two insurance policies during his life time on 1-7-2001 and 1-12-2002, respectively. He reportedly died on 9-7-2003. After his death, the claim by the appellant was filed on 17-6-2004 with respect to both the above noted policies, which was not accepted by the Insurance Corporation and it was held to have been repudiated.

3. The Insurance Tribunal was established on 20-6-2006. At the relevant time, there was no specific remedy available to the aggrieved legal heir of deceased insured and, therefore, a complaint was filed by the appellant before the Federal Ombudsman, which was declined on 1-12-2005. Writ Petition No. 6735 of 2005, calling in question, such findings was dismissed by this Court on 27-4-2005. From the refusal on the part of the Federal Ombudsman, a representation was also filed before the President of Pakistan, which was also dismissed on 25-2-2006. In the meanwhile, as noted hereinabove, the Insurance Tribunals were established under the Insurance Ordinance, 2000, w.e.f. 20-6-2006 and, therefore, an application under section 118 of the Insurance Ordinance, 2000, was filed by the appellant on 31-7-2006.

4. In addition to other issues, the learned Tribunal also proceeded to frame Issue No.1 touching the limitation for filing any application seeking death claim along with liquidated damages in view of Article 86(a) of the Limitation Act, 1908.

5. Although the Insurance Corporation has contested the plea of

the appellant on merits also, but for the reason that before the Tribunal, no evidence, except one R.W.1 was produced, who even was not an Inquiry Officer on behalf of the Insurance Corporation on the basis of which, the policies of the deceased insured were refused to be encashed in favour of the appellant. Even though the witnesses, stated to have been appeared before the Inquiry Officer, did not appear before the Tribunal in witness box. No evidence showing the ailment of the deceased insured at the time of obtaining the policies was made part of the record; only on the basis of general observations that the Insurance Corporation had sufficient material with it justifying the bad health of the deceased insured at the time of purchase of policies, the claim of the appellant was refused.

6. Even the appellant was hit on the point of limitation on the basis of wrong interpretation of Article 86(a) of the Limitation Act, 1908. For ready reference, Article 86(a) of the Limitation Act, 1908, is reproduced herein below:--

Description of suit	Period of limitation	Time from which period begins to run
86(a). on a policy of insurance when the sum insured is payable after proof of the death has been given to or received by the insurers.	[Three years]	(a). The date of the death of the deceased.

The careful reading of the above provision of law reveals that the period of three years notwithstanding the entries made in Column No.3 of such Article would start from the point of time, when the proof of the death of insured has been given to or received by the insurer, and when the merits of present case are adjudged on the touchstone of such provision of law, it would abundantly clear that, when on 17-6-2004, through claim, when the fact of death of the insured was, for the first time, placed before the Insurance Corporation, it was the point of time from-where the period of limitation was to be started for the appellant for filing an application under section 118 of the Insurance Ordinance, 2000 before the Tribunal. The application filed on 31-7-2006 was, thus, within time from 12-6-2004,and the appellant was illegally made victim of the law of limitation on the basis of wrong interpretation of the relevant provision.

7. We have noted, with concern, that in the Insurance Ordinance, 2000, although a power to scrutinize the claim of the claimants/LRs of deceased-insured, has been provided to the Insurance Company, but no period of time has been prescribed as to in which such claim has to be decided either way by the Insurance Company.

Section 4(1) of the Service Tribunals Act, 1973 provides that any civil servant aggrieved by any order, whether original or appellate, made by a departmental authority in respect of any of the terms and condition of his service may, within thirty days of the communication of such order to him, prefer an appeal to the Tribunal, whereas, in view of section 4(1)(a) of the said Act, it has been provided that, where an appeal, review or representation to a departmental authority is provided under the Civil Servants Ordinance, 1973, or any rule against any such order, no appeal shall lie to a Tribunal unless the aggrieved civil servant has preferred an appeal or application for review of representation to such departmental authority and a period of ninety days has elapsed from the date on which such appeal, application or representation was so preferred.

This clearly indicates that whenever in any scheme of law, the departmental authority has been given a power to review its own decision, a stipulated time has been provided to such departmental authority and in case within such stipulated time, the matter pending before such authority is not decided, the aggrieved person would be entitled to prefer his appeal before the available legal forum constituted specifically in that regard.

No such parallel provisions have been provided in Insurance Laws and once a claim is filed before the Insurance Company by the LRs of deceased-insured, the Insurance Company has not been bound down with reference to a time limit within which the matter or claim placed before it, is to be decided or after expiry of the same, interested person would be competent to approach the Insurance Tribunal.

In the circumstances, when the authorities or the departments are given the power to review their own decision, in fact, the role of a Judge has been assigned to their own cause, and such power must not to be unfettered of unbridled and at least should be checked through the restraints of time limit.

Similarly, in labour laws, a workman aggrieved of any adverse order passed against him can competently issue a grievance notice to the employer and certain period of limitation has been provided for the employer to decide either way such grievance notice and like service matters, if within such certain period of limitation as provided under section 33 of the Industrial Relations Act,2012, the employer has failed to decide the grievance notice, it would be deemed that the same has been answered in negative and, thus, the workman would be competent to seek his remedy by filing a grievance petition before the concerned Labour Court within certain period of limitation, after such deeming refusal on the part of the employer.

8. Here in the insurance laws, we find nothing of the kind of such parallel provision and in our view, the Insurance Companies/ Corporation have been given unbridled power to keep the claims pending with them for an indefinite period and, if the authorities sitting in the Corporation, want to use the same, as a tool to deprive the claimants from their legitimate right, the limitation period of three years may also be exhausted resulting into frustration of the claim of the concerned interested person to be filed before the Insurance Tribunal within a period of three years as provided under Article 86(a) of the Limitation Act, 1908; therefore, we suggest necessary legislation to be introduced by the Ministry of Law resulting into suitable amendment in section 118 of the Insurance Ordinance, 2000, providing certain limitation for Insurance Companies/ Corporation, regarding decision on claim of the legal heirs of deceased insured within certain period and if within such period, such claim is not decided, it would be deemed that the same has been refused and, thus, the aggrieved persons would have a right to approach the Insurance Tribunal by moving an application under section 118 of the Insurance Ordinance,2000.

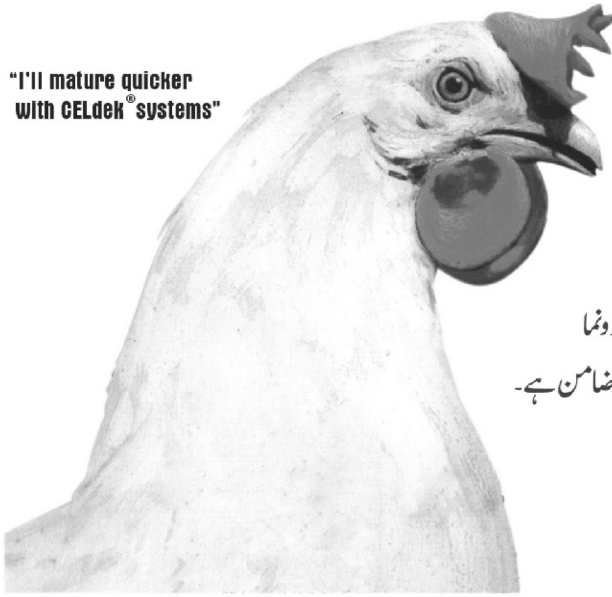
The Insurance laws, as are available in the prevailing condition are in the nature that the same provided unlimited time to the Insurance Company to withhold the claims of the aggrieved persons under the name of scrutiny or examination and it is left open to the Insurance Company to exhaust the period of limitation as has been provided for any aggrieved person to approach the Tribunal in order to redress his remedy. In certain cased, it has been noticed that with motivated intention the claim has remedy. In certain cases, it has been noticed that with motivated intention the claim has been withheld by the Insurance Company till the expiry of period of limitation provided under Article 86(a) of the Limitation Act, 1908, and thus, on being satisfied that the time limit provided in the relevant law had expired, the aggrieved person or persons are intimated about redundancy of their insurance claims, thus, practically making the aggrieved persons out of time for approaching the concerned Insurance Tribunal. This cannot be termed as a good law and need attention of the Legislature to convert the same into a beneficial and good law.

9. Copy of this judgment is, therefore, ordered to be delivered to the Secretary Law, Ministry of Law, Justice and Parliamentary Affairs (Justice Division), Islamabad, for taking appropriate legislative measures in the lines, as noted hereinabove.

10. For reason that we are not in agreement with the findings of the Insurance Tribunal both on merits, as well as, on the point of limitation, the present appeal is allowed and the application moved by the appellant before the Insurance Tribunal stand allowed.

KMZ/I-1/L

Appeal allowed.



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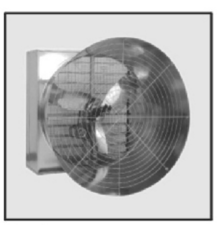
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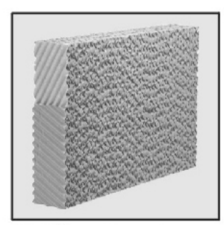
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Defining Microinsurance

The term microinsurance was first published in 1999 and defining it has been subject of much debate and discussion within the development environment. The definition of microinsurance is continually evolving.

"A mechanism to protect poor people against risk (accident, illness, death in the family, natural disasters etc). In exchange for insurance premium payments tailored to their needs income and level of risk" (ILO's Microinsurance innovation facility 2008).

"Insurance that is accessed by the low income population provided by a variety of different entities but run in accordance with generally accepted insurance practices importantly this means that the risk insured under microinsurance policy is managed based on insurance principles and funded by premiums" (International Association of Insurance Supervisors 2007).

"A risk transfer device characterized by low premium and low coverage limits and designed for low income people not served by typical social insurance schemes" (Micro Insurance Academy India 2007).

"The protection of low income people against specific perils in return for regular premium payments proportionate to the likelihood and cost of the risk involved" (Preliminary Donor Guidelines 2003).

"Microinsurance is the protection of the low income people living below $4 per day against specific perils in exchange for regular premium payment proportionate to the likelihood and cost of the risks involved". (CGAP Working Group 2003).

"____not a specific product or product line. It is also not limited to a specific provider type. Microinsurance is the provision of cover to a specific market segment i.e. low-income persons". (IAIS Issues paper 2007).

"Microinsurance can have various definitions depending on the background and needs of target countries. In general, GIZ RFPI Asia II views microinsurance as insurance designed for the low income sector. It is simple, easy to understand, affordable and accessible. It is different from social insurance which targets the poor and is subsidized by Government. GIZ believes that for microinsurances to be sustainable, it must be based on the needs of the market, and free form unnecessary Government subsidies which can be variable over time and distorts market conditions. Microinsurance is similar with all insurance products in the market. It distinctive feature is the observation of proportionality in all aspects – this means that the coverage, extent and content of regulation product development, distribution, etc must be commensurate with the level of exposure to risk". (Dr. Antonis Malagardis Program Director exclusive interview with Insurance Journal Pakistan.

Why Microinsurance?

"Microinsurance is potentially an important new risk management tool for low-income people in developing countries for several reasons. Vulnerability inordinately affects poor people and reinforces or exacerbates their poverty. Regarding susceptibility to risk, for example poor people:

____ typically live and work under more crowded, unsanitary, stressful, or unsafe conditions.
____ suffer from higher rates of malnutrition (which make them more susceptible to illness and injury).
____ Lack the education necessary to make uniformed preventative or reactive choices for the money to implement those choices and
____ frequently hold beliefs (for instance in the importance of dowries or ostracizing widow) that aggravate their situations when risks (like the death of the breadwinner of a household actually materialize.

"Insurance products that offer coverage to low-income households. A microinsurance plan provides protection to individuals who have little savings and is tailored specially for lower valued assets and compensation for illness, injury or death".

As a division of microfinance microinsurances looks to aid poor families by offering insurance plans tailored to their needs. Microinsurance is often found in developing countries, where the current insurance markets are inefficient or non-existent because the coverage value is lower than a usual insurance plan, the insured people pay considerably smaller premiums. (www.investopedia.com/m/microinsurance)

Estimates suggest that there are 500 millions microinsurance clients throughout the developing world. According to Craig Churchill this could pass the One Billion mark by the end of the decade (Microinsurance Network 2013). The reason for this large growth has been the increasing activity of governments, insurance companies and providers, worldwide broadening the geographic scope and range of insurance services available to low-income people. About 70% of microinsurance schemes are operated in Asia. (What is microinsurance David M.Dror and David Piesse)

Philippines strength is founded on a story Microinsurance policy Framework which is driving market growth from five million policy holders in 2010 increasing to thirty four million microinsurance policies in 2014. The policy framework has a story ownership by the public and private sectors. India on one hand has a different approach with Government providing premium subsidy to the private insurance sector, through a tender process. Under its Rashtriya Swasthya Bima Yojana health insurance program. Government provides 95% of premium subsidy to insure workers from the unrecognized sector below the poverty line, which is around 37.2% of the total population in India". (Dr. Antonis Malagardis Program Director-Giz in exclusive interview with Insurance Journal Pakistan).

Microinsurance in Pakistan

Microinsurance in Pakistan is in nascent stage. SECP had announced in 2014 rules for microinsurance in Pakistan. Insurance bill 2016 presented by SECP for making necessary changes and amendments in the insurance ordinance 2000 in part IV of the draft bill give details of provisions as to establishment and regulation of microinsurance companies.

"Massive development on microinsurance in Pakistan can capitalize on technology of massive distribution of mass market insurance through mobile, which has to be underpinned, a strategic policy framework on Microinsurance." ". (Dr. Antonis Malagardis Program Director exclusive interview with Insurance Journal Pakistan).

Capital requirements for Microinsurance Business in Pakistan

A microinsurance company registered to carry on microinsurance business only in one province of Pakistan shall have a paid-up capital of not less than **fifty million** rupees or such higher or lower amount as the commission may specify in this behalf through notification in the official Gazette.

A microinsurance company registered in two provinces of Pakistan shall have paid-up capital of not less than **seventy five million** rupees or such higher or lower amount as the commission may specify in this behalf through notification in the official Gazette. A microinsurance company registered in three provinces of Pakistan shall have paid-up capital of not less than **one hundred and twenty five million** rupees or such higher or lower amount as the commission may specify in this behalf through notification in the official Gazette.

In a report (2016) on development of microinsurance in Pakistan states that "its need is intuitively rooted in the many different kinds of risks that low income household face, the availability of appropriate micro-insurance products is limited and insurance penetration is low (around 0.7% in 2014)".

The insurance division of SECP had compiled the information about the size of the microinsurance market in Pakistan as on June 30, 2015. The total premium for the Micro-insurance market in Pakistan for the six month ended 30th June 2015 works out to Rs. 475 million. The total number of lives covered around 4.3 million individuals. This gives the potential of market in Pakistan that a large part of the market remains untapped.

MICROINSURANCE NETWORK is the only global multi-stakeholder platform of the microinsurance industry and experts with some 80 institutional members from over 40 countries, committed to promoting the development and delivery of effective risk management tools including insurance services for unserved people.The microinsurance sector is a fast growing industry with a potentially untapped market of over 2 billion people worldwide. The Network is a non-profit organization. The Microinsurance Network is funded by the Government of Luxembourg (website).

MEFIN

The Mutual Exchange Forum on Inclusive Insurance Network MEFIN is a collegial body of insurance policy makers and regulation in Asia. It was formed in 2013 in Cebu Philippines where Financial Inclusion policy makers and insurance regulatory from six Asian countries Indonesia, Nepal, Mongolia, Philippine, Thailand and Vietnam signed the Cebu Declaration jointly with the officers from Giz and Asian Development Bank. The Cebu Declaration is a non-binding document which declares commitment of the signatories to the promotion and development of inclusive insurance (Microinsurance) markets. In 2016 MEFIN was transformed into a formal network with Pakistan as a new member as the network now serves as platform of peer-to-peer learning among makers insurance regulators in the region as it develops, and implements program that provide mutual benefits to its members in advancing insurance solution. Overall MEFIN aims to create impacts of regulation and supervision along the dimensions of market development, institutional development and client value for the benefit of the poor. Mr. Tariq Bakhtawar Director Insurance Securities and Exchange Commission of Pakistan is the current chairman of MEFIN. EFU life is a member of the MEFIN.

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13th International Microinsurance conference 7-9 November 2017 LIMA, PERU. Approximately 400 participants and experts from around the world will discuss and identify ways of accelerating growth and economic viability of MICROINSURANCE. The conference will be hosted by APESEG, the MUNICH RE FOUNDATION and the Microinsurance Network.

"Today in the developing world more than 90% of economic costs of natural disasters are uninsured it is known as protection Gap". (Insurance Development forum (IDF))

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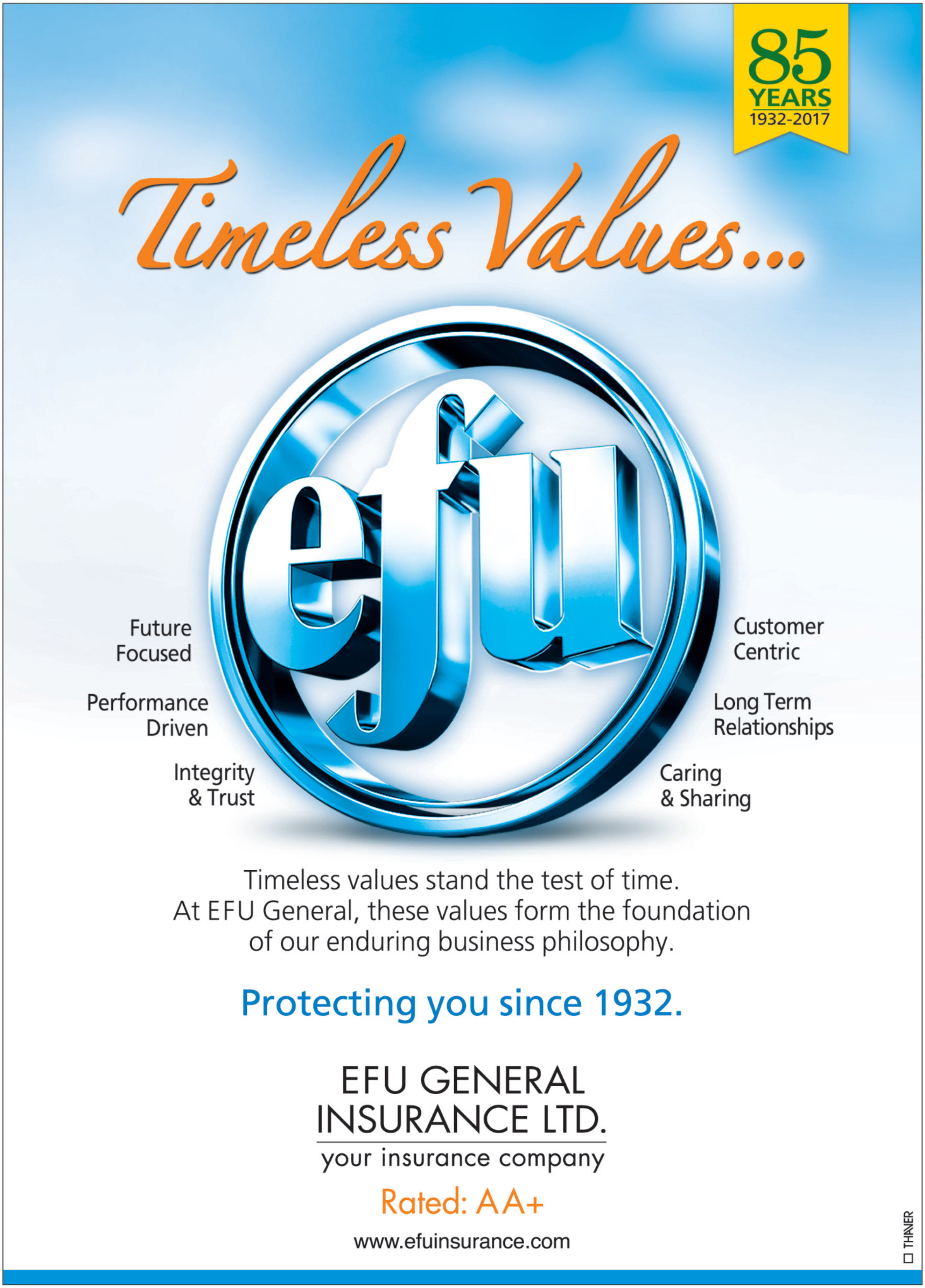
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