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July, August, September 2015

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INSURANCE SECTOR ON KARACHI STOCK EXCHANGE

(Quarter: April, May, June 2015)

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	50.26	40.20	59,805,500	
Asia Insurance Company Limited	300	10.00	21.50	21.00	-	
Askari General Insurance Company Limited	388	10.00	33.26	25.94	2,743,000	
Atlas Insurance Limited	702	10.00	71.99	60.25	756,500	
Beema-Pakistan Company Limited	417	10.00	-	-	-	
Business & Industrial Insurance Company Ltd.	86	10.00	-	-	-	
Century Insurance Company Limited	457	10.00	25.25	17.90	2,235,000	
Crescent Star Insurance Limited	620	10.00	9.60	3.50	16,449,500	
Cyan Limited	586	10.00	102.93	69.00	4,294,000	
East West Insurance Company Limited	365	10.00	170.00	166.00	-	Dividend = 10%
East West Life Assurance Company Limited	594	10.00	14.10	8.91	636,500	
EFU General Insurance Limited	1,600	10.00	164.80	139.00	1,490,100	Dividend = 10%
EFU Life Assurance Limited	1,000	10.00	217.80	141.55	570,400	Dividend = 10%
Habib Insurance Company Limited	495	5.00	19.50	16.90	1,392,500	
Hallmark Insurance Company Limited	5	10.00	-	-	-	
IGI Insurance Limited	1,227	10.00	237.00	199.90	4,301,200	
IGI Life Insurance Limited	500	10.00	139.68	109.00	67,400	
Jubilee General Insurance Company Limited	1,569	10.00	90.00	76.00	183,000	
Jubilee Life Insurance Company Limited	721	10.00	410.00	380.00	225,300	
Pakistan Guarantee Insurance Company Ltd.	25	10.00	-	-	-	
Pakistan Reinsurance Company Limited	3,000	10.00	30.45	24.90	19,309,000	Dividend = 25%
PICIC Insurance Limited	350	10.00	15.54	9.51	944,000	Right Issue = 200% Discount at Rs. 5/-
Premier Insurance Limited	303	10.00	28.00	20.45	1,113,500	
Progressive Insurance Company Limited	85	10.00	-	-	-	
Reliance Insurance Company Limited	403	10.00	14.00	9.90	2,018,500	
Shaheen Insurance Company Limited	450	10.00	6.94	4.71	1,357,500	
Silver Star Insurance Company Limited	306	10.00	9.50	5.11	5,754,000	
Standard Insurance Company Limited	8	10.00	-	-	-	
The Pakistan General Insurance Company Limited	375	10.00	10.40	7.50	227,500	
The United Insurance Company of Pakistan Limited	920	10.00	35.49	19.34	2,670,500	
The Universal Insurance Company Limited	370	10.00	6.35	3.60	896,000	
TPL Direct Insurance Limited	460	10.00	22.37	16.41	205,000	

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

WHT: The unkindest cut of them all

Direct and Indirect Taxes

Finance Ministers all the over the world face the problem of finding new sources of revenue to meet the growing cost of maintaining a government. Pakistan is not an exception; however here we seem to have found a rather easy way of improving revenue collection. WHT, or withholding tax, is not truly a tax. It is a sort of advance payment against a potential tax liability which will be assessed at a later date. Virtually, all the deductions being made in Pakistan in the name of WHT are against potential income tax, i.e. against a potential direct tax. Now, according to the canons of taxation, a direct tax is collected from the person who actually bears it. However, WHT is not collected from the direct tax payer. It is deducted in the manner in which most indirect taxes are collected, i.e. the person who pays it to the government treasury is not the one who actually bears it. Let us take a simple example to clarify it.

Income tax is a direct tax. It is borne by the person who has a taxable income. It is paid to the government by the tax payer who actually bears it himself, i.e. he cannot pass it to some other person. In simpler terms, a company cannot treat its corporate income tax as its cost and add it to the price of its products. Indirect tax, however, is another matter. Sales tax (an indirect tax) is collected by the person selling a product but he does not bear it. He simply adds it to the sales value of his products, collects the amount from the buyer and pays it to the government treasury. The buyer treats this sales tax as a part of his cost and sets the sale prices of his own products accordingly.

Blurring the Distinction

This distinction between direct and indirect taxes is very important. Most economists, international funding institutions and political experts plead that a government should not collect more than a reasonable proportion of its total tax revenue from indirect taxes, i.e. governments are generally exhorted to increase their revenue collection from direct taxes. Now, in Pakistan the government (or more appropriately, FBR) has found an easy way to fool every one concerned. They are collecting a very large percentage of total tax revenue using the means reserved for collecting indirect taxes, but they are “baptizing it as direct taxes and including it in governmental statistics as direct taxes”.

The dreaded and greatly despised WHT is a simple example. Amounts collected in the name of WHT are classified as direct taxes – but these collections are any thing but direct taxes. In pure financial terms, amounts collected as WHT are not revenue for the government but a mere liability, since these are technically refundable (or adjustable against an income tax liability that may or may not materialize, or may materialize to a lesser extent than the amount already collected). However, governments do not follow the accrual system of accounting – they treat all receipts as revenue; hence no one is raising a finger at the injustice that is being meted out to helpless businessmen who are forced (yes, forced) to pay this tax in the garb of advance income tax.

Let us take the example of a manufacturing company that uses imported raw material. Whenever it imports raw material, between 4 to 8% of the import value has to be paid as WHT before the goods can be cleared from custom. This being a deduction against potential income tax liability (to be assessed at the end of the year), it cannot be treated by the importer as a "cost" and passed on to his customers. Similarly, WHT is deducted from electricity bills, phone bills, on cash withdrawals, air travel tickets, on fee payments, etc. These days there are very few business transactions that do not attract WHT. After the end of the year, when the company shall file its annual accounts and income tax return, its profit and tax liability will be assessed by FBR. If the amount of tax assessed is less than the amount already deducted as WHT, theoretically the excess will be refunded. However, even if FBR were to refund the excess in strict adherence with the provisions of the law, it takes about three years before the company gets entitled to the refund. Getting the actual refund is another matter altogether. Reportedly, businessmen have to part with up to 30% of the amount of refund to get back their own forcibly deducted money.

So why WHT?

One apparent reason for imposing WHT is government's need to collect revenue. WHT is easy to collect and difficult to avoid. FBR does not have to make any real efforts for collecting this. Another reason is slightly more sinister. By classifying these "forced deductions" as WHT, the government is committing one of the following two economic crimes:

a. Treating a liability as a revenue. Technically, WHT is a deduction against income or corporation tax that does not become due till the tax has been assessed. This may well be after the year of the relevant fiscal year.

and/or

b.Classifying the amounts collected (under WHT regime) as direct taxes when for all intents and purpose as well as for practical reasons, WHT is quite identical in characteristics to indirect taxes like sales tax, custom duty, etc.

If we look at Budget proposals for 2015-16, total tax revenue is estimated at Rs 3,103 billion, out of which indirect taxes amount to Rs 1,755 billion and direct taxes to Rs 1,348 billion. Now, according to FBR sources, up to 85% of direct taxes are collected through WHT regime. In other words, Rs 1,145 billion will be collected as WHT. Also important is the fact that total income tax collected from the salaries of employed persons is only Rs 60 billion. So, out of Rs 1,145 billion to be collected as WHT, only Rs 60 will be truly income tax – the rest will be just tax deducted in advance. Equally disturbing is the fact that this Rs 1,085 billion is not really direct tax at all. It has all the features of indirect tax. It is based on any thing but income of the taxpayer.

Now, if our government were to be truthful, it would say that its total tax revenue is Rs 3,103 billion out of which only about Rs 300 billion is from direct taxes and all the rest (about Rs 2,800 billion) is from indirect taxes. Such a picture will shock the international financial institutions, economists and economy managers. By simply classifying WHT as a part of direct taxes because it is supposedly collected against a potential direct tax, a government is able to shield itself from the allegation of collecting almost 90% of its tax revenue from indirect taxes. Convenient, but neither honest nor fair.

If the government were to show WHT as a borrowing (which in truest sense it really is), then the governmental budget deficit will sky rocket. That too will not please the international financial institutions, economists and economy managers. So, a little misclassification is deemed to be in order. FBR is given the credit of collecting taxes when it is simply increasing the government's liabilities.

WHT is not evil; its improper use is

Now WHT is not an evil instrument per se. But according to principles of taxation, it should only be levied on revenue receipts, not on expenditure. For example, if companies are asked to deduct WHT on payment of interest, dividends, consultancy fees, etc that is quite fair because these amounts represent a revenue or income for the recipient. But deducting WHT on imports, air tickets, power or phone bills, vehicle registration, cash withdrawals from

banks, etc is simply wrong. It is also unfair and a gross misuse of legal power on the grounds that all these items represent an expense (not an income) for the person who is being asked to pay the WHT.

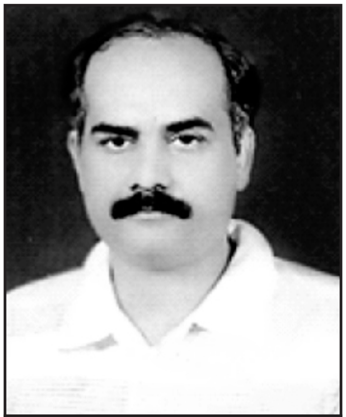
The only explanation that comes to mind to justify this sorry state of affairs in Pakistan is FBR's stance. FBR has proved to be grossly incompetent in increasing the number of tax payers. Seven years ago, we were told that the number of tax payers is Pakistan is one million; it still stands at this figure. FBR has made no efforts whatsoever to increase the tax base. They look for easiest means of collecting taxes. WHT suits them just fine as 85% of total tax is collected almost automatically, without FBR officials having to do any thing at all. Plus it offers them a great opportunity to extract bribes at the time of processing refunds and carrying out WHT audits.

Effect on Economy & Insurance Companies

What is the effect of WHT on the economy? When a trader pays WHT on imports, he is naturally tempted to treat it as a tax on imports and add it to the cost of import. Thus he passes it on to his customers and thereby to the final consumer. This leads to higher prices of products. Where WHT is deducted by a customer (e.g. buyer of industrial machinery), the suppliers often quote a "net" price, i.e. the amount they want to be paid after the deduction of WHT. This simply means the price of the item is increased for the buyer who in turn builds it into his own costing system. So in reality this WHT is impacting the economy in the same way as any indirect tax. Insurance companies also operate in the same business environment. They are likely to suffer the same ill-effects of this WHT as other companies. Their purchases (of say stationery, furniture, computer equipment, etc) are costing them more even though they are tax payers simply because their suppliers may not be registered tax payers. As has recently been reported, the list of road tax payable on various cars as provided by FBR to post offices shows virtually every car owner as non-taxpayer. Hence, every vehicle owner (insurance companies included) is being forced to pay almost three times the due amount of road license fee. Anything that affects the cost or value of motor vehicles and any other such asset has an implication for insurance companies. Again, not every insurance company shows a net profit; so any WHT forcibly deducted from them should be refunded to them promptly. The reality is quite different. I have seen the balance sheets of a number of insurance companies – they all show significant amounts of tax-receivables. For insurance companies, this is an investment that is yielding them no return. For FBR, this is a cost free bonanza.

My Question

Why is this government cheating itself? Why are we calling tax collected on expenses like imports, electricity bills, phone bills, international travel, etc. as direct tax? Why not simply lump it with other indirect taxes and at least avoid the potential of having to adjust it against future tax liability? That would suit the businessman as well because then he will not feel guilty for adding it to his own costs - and will not have to wait for and undergo the excruciating process of getting his WHT refund. The government needs to stop protecting the inefficient FBR, reduce its reliance on WHT and make genuine efforts to increase the tax net to meet its expenditure. The first step should be to confine WHT to only those items that represent a revenue for the recipients like dividends, interest, fees, etc. All the other WHT deductions should simply be merged with the nearest indirect tax. This will disturb the ratio of direct to indirect taxes; but it will lead to a truer statement of facts. Maybe, just maybe, a look at the unreasonableness of the ratio of true direct taxes to true indirect taxes will make the FBR and the Finance Minister realize the seriousness of the situation.



Qayyum Pervez Malik
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Adequacy of Sum Insured under Fire Policy

Along with description of Insured, Insurable interest, subject matter of insurance, perils insured, risk, location, class of construction, warranties, conditions, rate of premium, scope of coverage, exclusions, deductibles, the sum insured form foundation of an Insurance contract.

Fire insurance contract is considered as contract of indemnity. Indemnity under contract of insurance means to place the insured in as much as closest to the financial position as he was at the time of loss. Although this term is modified in the contracts based on re-instatement value and contract price or agreed value bases under some situation and the sum insured is fixed accordingly.

Sum insured describe the maximum amount of liability of an Insurer under that particular contract of Insurance. It provides basics for fixing rate of premium to be charged under insurance contract. All policies issued in Pakistan are subject to application of average clause so the adequacy of sum Insured plays vital role in determining the amount of loss payable at the time of any event insured against.

To provide adequate indemnity to the insured the adequacy of sum insured is essential. Otherwise the Insured is considered to be his own insurers proportionately to the rate of under insurance i.e. short fall of value at risk against sum insured. Comprehensive discussion on the subject of value at risk has already been made in my previous articles which may be gone through online either on the website of Insurance journal i.e. www.insurancejournal.com.pk or my website i.e. www.qpmalik.com.

Useful discussion can also be found on the subject of fixing sum insured for mortgaged property at the same websites. Mortgagee Banks are usually interested to take adequate coverage against their outstanding loans and/or according to their D.P i.e. drawing power which is maintained on regular basis. The quantum of mortgaged stock or its value as given in D.P do not always reflect the actual quantum or the true prevailing market value of mortgaged property due to various reasons. So for the same of Insurance the quantum and prevailing market value should be proposed on facts.

Since the burden to propose value at risk as well as sum insured is upon the insured so the Insurers may not assume any liability of whatsoever nature in case of under insurance. The value at risk is always worked out at the time of claim as per prevailing practice of Insurers so the effect of under insurance on the amount of claim is also unveiled at that point of time.

Insured is supposed to keep an eye on the changing price index, inflation, depreciation in order to be in-line with the adequacy of value at risk as well as sum insured. At least at the time of renewal of annual policy such exercise of revisiting the value at risk as well as sum insured should be adopted to claim adequate level of indemnity at the time of claim. It is utmost duty of the insured not insurers. Sum Insured may be modified at any time during the currency of policy and/or at the time of renewal. Under any circumstances the Insurers cannot be blamed for under insurance except only when the insured surrenders his rights and assign the job to insurers to determine value at risk through any professional valuation consultant for fixing sum insured. Even then no legal liability is put on the insurers in case of any loss due to under insurance.

The relevant input is given in this article as guideline for the Insured in particular and Insurers in general in order to maintain the adequacy of sum insured under fire policy.

Basis of Valuation to Fix Sum Insured

The indemnity/compensation under fire insurance policy may be based on market value, reinstatement value or agreed value. To determine proper value of an insurable asset to fix sum insured is very important.

Under Insurance means the insured has to lose some portion of claim because of fixing lesser sum insured than the value at risk at the time of loss and over insurance means paying extra premium without any benefit i.e. wastage of money in both the cases.
Valuation of an asset for the purpose of insurance can be worked out on the following basis.

1. Market Value Basis

Most commonly the sum insured is based on prevailing market value of

subject matter of fire insurance which is based on the principal of indemnity. Insured is properly indemnified by taking in to account the prevailing market value of damaged asset at the time of claim. It is either worked out by enquiring the market value of particular asset lost by operation of an insured peril in the same condition or the new replacement value of the same asset subject to application of depreciation against age/usage. Average clause would still apply if the prevailing market value of insurable interest falls lesser than the sum insured at the time of loss.

2. Book Value Basis

Book value can only be taken as guideline on the very first year as it reflects the true prevailing market value of the asset but after following years the written down value is obviously reduced to a considerable percentage creating a situation when the book value of an asset turns much lesser than the actual market value of that asset. So the book value in that case is not taken as the basis of fixing sum insured generally.

3. Reinstatement Value Basis

Reinstatement basis modify the principal of indemnity. It is brought in operation for insurance against building/machinery. Mostly it is avoided under fire policy because of involvement of moral hazard. The reinstatement value is determined by taking new replacement value at the time of loss without application of depreciation. Operation of average clause still applies. The cost of reinstatement on completion of reinstatement should be in-line with the sum insured.

4. Agreed Value Basis

In some circumstances the proposal may be given and accepted to determine liability on agreed value basis and sum insured is also set up accordingly. This is done in case of imported material which is not generally available in the local market. For this purpose agreed value clause is designed and attached with the fire policy. This sort of insurance arrangement is not commonly or generally available.

Subject Matter Subject to Fixing of Sum Insured

For the purpose of insurance the asset or subject matter is separated in to the following categories/classes.

1. Building
2. Foundation, plinth and pavement.
3. Extended structure like boundary wall, offices, godown, fences, pipes etc.
4. Underground installations like tanks, underground pipes etc.
5. Installation fixed outside the buildings like WAPDA transformers etc.
6. WAPDA sub-stations installed in relevant grid stations.
7. Furniture/fittings and fixtures.
8. Machinery
9. Equipment/tools/workshop

gadgets/spares etc.
10. Electrical installations, motors, electrical panel, switch boards, starters, transformers, generators etc.
11. Stocks
12. Stocks in process.
13. Stocks in godown only.
14. Stocks in open sided sheds etc.
15. Stocks in underground tanks etc.
16. Silos
17. Stocks in Silos.
18. On-ground tanks
19. Stock in on-ground tanks.

Building

For the purpose of insurance underwriting for industrial buildings etc the term "Building" include only the main building and exclude boundary wall, fences, gates, office, servant quarters so much so the godown building which needs to be specifically included in the policy for coverage.

Insured community in general and some insurers are unaware of the fact so the complication arises in form of over insurance, under insurance as well as outside the purview/ambit of policy coverage despite of depositing premium against the term building with the misunderstanding that every civil structure constructed on the insured's premises is held covered.

Now either the value of excluded portions should be excluded from value at risk in order to avoid excessive payment of premium or these portion may be specifically included in the scope of coverage.

In residential buildings only boundary wall needs to be included specifically. Class of construction and purpose of use of specific building should also be kept in mind. For example if risk is granted against A class construction then obviously B and C class of construction stands excluded from the ambit. Under these circumstances there is no need to waste premium payment against that portion. Otherwise the class of construction against each building and additional portions may be specified by payment of appropriate premium.

The purpose of use may also be taken in to account. For example Godown which means any building with proper roof, walls, gates specifically constructed for storage purpose. No machinery should be fitted or no process should be initiated in such building. Now if any building which contain any machinery or work of process that may not be considered as godown so there is no need to pay any premium against godown because that building would not be considered as godown at the time of claim. Communicating risks should also be examined. For example a godown building if communicating to machinery hall or other high risk subject matter even then that godown cannot be considered as godown with normal premium rate.

Foundation/plinth and pavement is also excluded normally. It can however be included by enhancing the sum insured and extra premium like other excluded portion like boundary wall.

The fixed structure in the main building like electric wiring, doors, windows, ventilators, switch boards etc are automatically covered subject to inclusion of its value with the value of building.

Sum insured may be fixed either on re-instatement basis or indemnity basis. On re-instatement basis the value of subject matter should be equal to the replacement value of new building of the same type, class, size and location on completion of re-instatement work without deduction of any depreciation for age.

Whereas on indemnity basis the prevailing market value of the subject matter should be taken in to account that is depreciated value of subject matter for age or the value of new subject matter subject to deduction of depreciation.

Machinery

The value of machinery under fire insurance policy also must be on the same basis as the value of building is determined. If the insurance contract is based on indemnity then the prevailing market value becomes the basis of sum insured and if the base is re-instatement value then the current replacement price of new machinery is to be worked out and proposed for fixing sum insured.

Machinery and items of other two categories should be insured separately. The basis of fixing sum insured would remain the same.

Items listed under 2 & 3 may not necessarily be included in the term "machinery"

1. Machinery
2. Equipment/tools/workshop gadgets/spares etc.
3. Electrical installations, motors, electrical panel, switch boards, starters, transformers, generators etc.

Stocks

- General Stocks
- Stocks in process.
- Stocks in godown only.
- Stocks in open sided sheds etc.
- Stocks in underground tanks etc.
- Silos
- Stocks in Silos.
- On-ground tanks
- Stock in on-ground tanks

The prevailing market value of stocks in open, barracks, godown, process, underground tanks, on-ground tanks, silos etc should be worked out and declared separately. The location must be incorporated. All stocks within the specified distance from the process area and communicating to process area without perfect party wall shall be considered as stock in process for which highest premium rate is applied. The stocks specifically excluded from the risk being of hazardous nature should also be excluded from the value to be declared for sum insured and be kept at stipulated distance from the building and other insured stocks/subject matter.

General stocks value other than stock in trade is value at the time and place of loss.

Value of stock in process is determined by market value of raw material plus value added up to the process where loss occurred.

The profit usually is not allowed but under special cases like agriculture produce e.g. cotton bales where the prevailing market value of cotton in baled form is determined which obviously includes the profit. This is done because the agriculture produce is a season crop produce which may or may not be available round the year to restore the loss in shape of stock.

Manufacturer stock in trade: The manufacturer costs his products after completion of every process of manufacturing which may be taken as guideline to evaluate the stock and fixing sum insured.

Importers stock in trade: The prevailing market value at the place and at the time of loss is taken as sum insured as well as for working indemnity at the time of loss.

Wholesaler stock in trade: The value is determined by working the cost of replacement of that stock at the time/place of loss including all expenses.

Measure of working sum insured are the same as measure of working the indemnity. For example if claim is lodged against stock of cotton in bales the indemnity will be based on the prevailing market value of cotton in baled form at the time and place of loss which means the market value of ginned cotton plus the expenses of pressing, storage etc. Now the sum insured of stock of cotton bales shall be determined on the same basis. If the market value of baled cotton is Rs. 6000/- per mound and price of 100 bales is worked out at Rs. 27,00,000/- the sum insured should be the same for 100 cotton bales. The indemnity against total loss of 100 bales shall also be worked out on the same basis.
Prevailing market value: means the value of subject matter of the same kind, type, class, category, at the place of loss and at the time of loss.

Reasonable margin for inflation as well as fluctuation of stocks must be added to the value in order to accommodate any escalation in value of subject matter.

In short the amount of sum insured should be at least equal to the value of property to be insured in new condition in case the terms of compensation for loss is opted as "re-instatement" otherwise the prevailing market value of the property to be insured at the time and place of loss. If reasonable margin against price escalation and fluctuation of quantum is added the insured should consider themselves as fully secured.

Tassawar Abbas Jaffery
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Compulsory Motor Insurance & Its Implementation

Preface

Motor Third Party Liability Insurance is compulsory in Pakistan under Chapter VIII of Motor Vehicles Act 1939. Unfortunately, due to non-implementation of this mandatory requirement, more than 80% vehicles are uninsured. Over 3000 vehicles are registered in just Lahore each month. Over 500 motor accidents occurred in Punjab each day. There is immense need to implement this law in order to safeguard and compensate the innocent parties suffered in road accidents.

Insurance Cover

In most parts of the world, Third Party Only (TPO) Motor Insurance is compulsory, which covers the third party'(ies)' :-

- Death : lump sum compensation to legal heirs
- Bodily injury(ies) : Medical expenses, disability allowance
- On road property damage : Repair, replacement costs
- Off road property damage : Repair, replacement costs

Where third party is a person who suffers death/injury/financial loss due to negligent act of another .

Recommendation & Suggestions

Following steps can be taken in this regard :-

- Full media campaign should be launched such as TV advertisements, newspaper clippings, road-side sign boards, banners etc. in order to create necessary awareness of the benefits associated with this insurance product.

- Traffic wardens should start checking insurance certificates in vehicles on road and impose fines if the same is not available.

- Crackdown against those who issue bogus motor insurance certificates.

- SECP should issue a list of insurance companies whose are eligible to offer this cover.

- Insurance companies from the platform of Insurance Association of Pakistan (IAP) should redesign appropriate motor third party liability insurance product.

- A reasonable and flat premium rate should be charged by each company. Each insurance company must compete by quality of services rather than fluctuating the rates.

- Eligible insurance companies should be advised to frame easy-to-access distribution channels in addition to their own offices such as banks, excise & taxation departments, mega stores, mobile phone franchises, post offices, motor showrooms etc.

- On-line purchase of motor third party insurance should be launched as well as smart phone applications should also be developed in this regard.

- Motor vehicles registration authority should ensure valid insurance cover before registering or transferring a vehicle. Motor showrooms owners should be advised not to deliver a vehicle without a valid motor insurance cover.

- One design stickers should be

prepared by each insurance company and pasted on the windscreen of each car confirming that the said car is insured and the cover is valid.

• A comprehensive database should be organized by SECP &/or IAP based on pre-defined information pattern provided by each insurance company in this behalf.

• Third party liability disputes should be dealt in fast track legal procedures under a special tribunal/court.

Contribution of Pakistan Insurance Industry in Country's Economy

Despite of immense potential of insurance business exists in Pakistan, unfortunately due to various reasons, insurance industry is not contributing well towards the growth of Country's economy.

According to SwissRe, the insurance penetration of Pakistan in 2014 is 0.08% of the GDP in which 0.05% is coming from life sector and 0.03% is from non-life sector which is on very lower side. Similarly, insurance density is recorded at $11 per capita in which $7 is contributed by life sector and $4 by non-life sector.

By implementation of motor third party comprehensive insurance, a significant increase in both these indicators can be seen in near future.

Conclusion

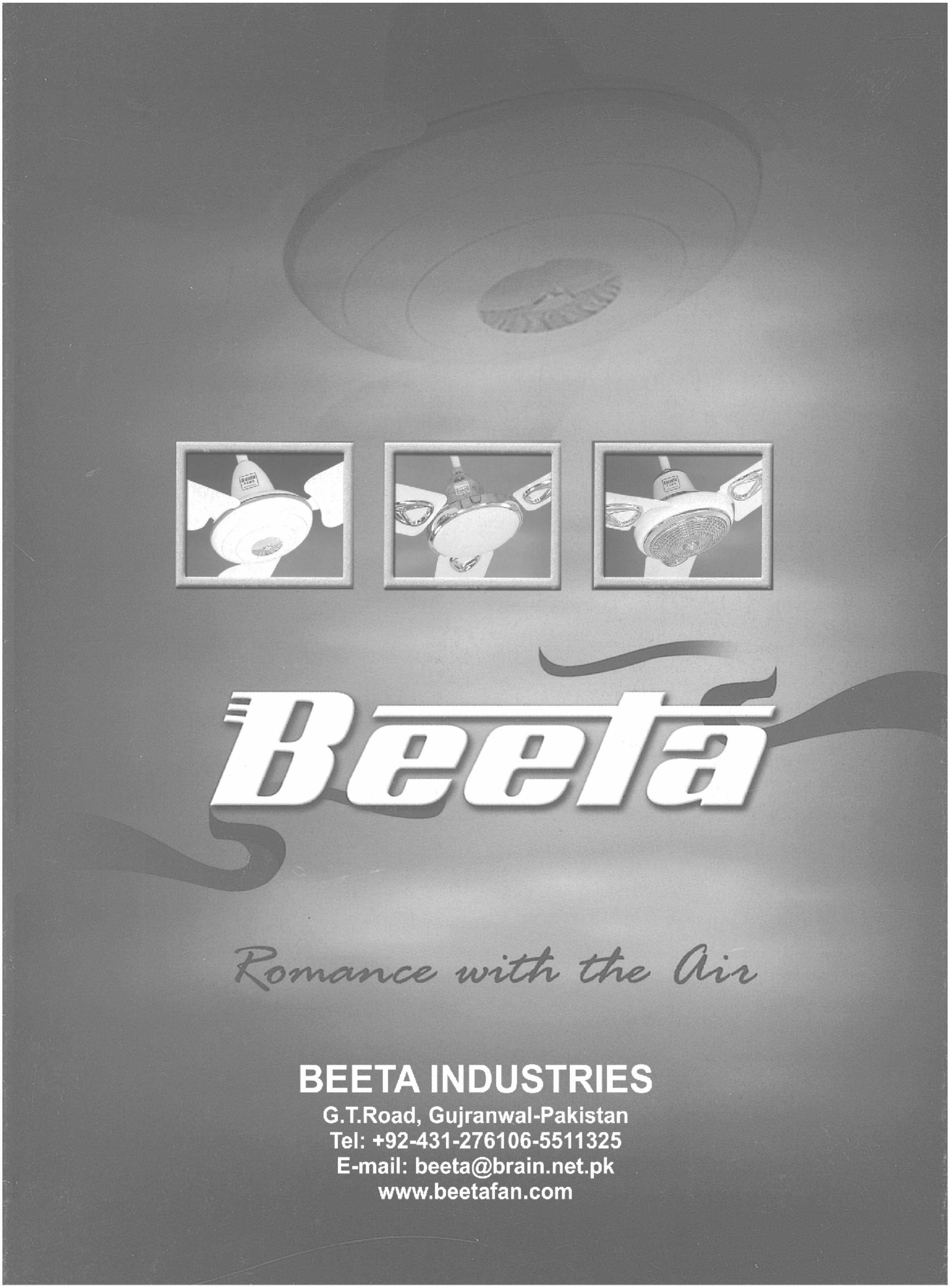
It is understood that the existence of a sound insurance market is an essential component of any successful economy and the proof of this can be seen in many parts of the world. There is a great scope and potential for expanding insurance activities in Pakistan through implementation of this law.

But above all, it must be implemented ethically. It is indeed the service to humanity if a common person gets compensation after a severe accident and stands up on his feet to support his family.

IAP honour for Akber D. Vazir

In Appreciation of the services to the insurance industry of Pakistan (technical and educational) during the span of over 40 years, the Insurance Association of Pakistan presented a special memento to Mr. Akber D. Vazir insurance professional of Pakistan. Mr. Akber D. Vazir was the Past Chairman Karachi Insurance institute and Past Chairman IAP Fire Committee and a member of War Insurance, Terrorism and Crop Insurance.

EFU General has won Third FPCCI Achievement Award. Mr. Hasanali Abdullah, Managing Director EFU General Insurance seen receiving award from The President of Pakistan Mr. Mamnoon Hussain in a ceremony recently held in Karachi.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Muhammad Qasim
MBA, ACII (Chartered Insurer)
Assistant Vice President (Claims)
Askari General Insurance Co. Ltd

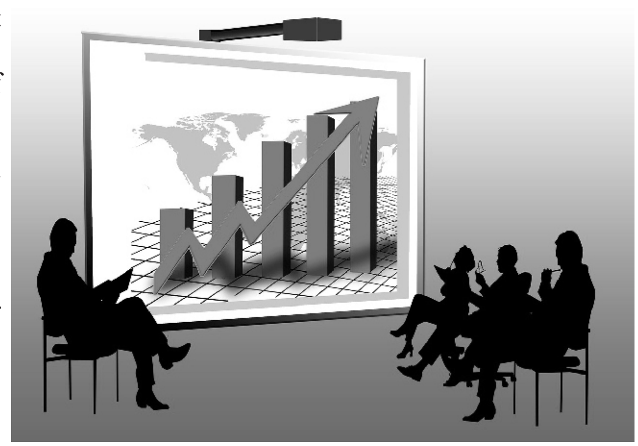
What is Development How to measure?

Development means something more than insurance operation. It also means the improvement in the quality of services to customers. Usual terms are:-

a) Premium income and its growth
b) Number of polices (properties, vehicles, goods, and services) covered
c) Coverage (Sums insured)
d) Profits
e) Capital
f) Earnings per share
g) Return on investments
h) Turnover

Measurement of development is not always simple. One item may depend upon other item. For instance, if insurance has no products in his basket, he cannot do business, and if he cannot do business, the insurance market will not grow. Measurement is needed to indicate or point out the level of performance or achievement of development.

Certain measurement may not be objective. Level of satisfaction cannot be measured always, as we do not know the minds of the people (for instance to what extent they need, salary, recognition, working condition etc.). Since we cannot measure such things properly and we cannot comment on performance in these areas. For instance, a claim is settled in 45 days. If this is settled in 30 days, it is some achievement and if it is in 7 days, it is a great achievement. There is no end of development.



We need to specify certain things before we fix a target to measure performance and should consider the SWOT analysis which is Strengths, weaknesses, opportunities and threats. These are common requirements to achieve a target. When an insurer fixes a target of insurance business premium income, he must consider the level of infrastructure such as underwriting team, distributors of products, marketing and sales staff's strengths and claims services. For these factors strengths and weaknesses have to be studies and analysis what will be the opportunities and threats. Besides, we need to have time factor to set the target. This is very important because management should expect target in a given specifies time according to the plan to achieve the premium income.

Some logic applies to quality of services. Every service has time factor. Customer expect delivery of services within reasonable time, for instance, timely issue of contract/policies, premium notice and issue of premium receipt, cancellation of policy, settlement of claim and change of particulars in the contract. Complaint denotes lack of good service or no delivery of service. For instance, in-house mechanism should be efficient to handle timely complaints, including door-to-door service. Complaints can kill the business and people may lose confidence. So it should be the duty of the line manager and staff to address this by timely services in order to protect policyholders. Promotion of self-confidence and in-house training of man power (employees) is necessary for the insurance industry in this way each employee would be aware to complete their task in respect of the services offered by them. This mechanism within the company leads employee to maximize the business and target/plans achievement.

Ultimately, happiness to policyholders is more important.

Nasir Siddique
ACII (UK), MBA (I & RM)
Team Lead (Property Underwriting)
IGI Insurance Limited

Terrorism Insurance and available covers

Terrorism Insurance insures property against physical loss or damage occurring during the policy period caused by an act of Terrorism.

Terrorism and Political Violence insurance is purchased by property owners to cover their potential losses and liabilities that might occur due to terrorist activities. Terrorism insurance is an important element of any sound financial plan.

Different covers available in Pakistan for Terrorism insurance in conjunction with fire and engineering insurance.

Coverage under Political Violence Policy:

- Riots, Strikes and/or Civil Commotion and/or Malicious Damage
- Sabotage and/or Terrorism
- Insurrection, Revolution and/or Rebellion and/or Coup d'Etat and/or Mutiny
- War and/or Civil War

Riots, Strikes and Civil Commotion shall include but not be limited to loss directly caused by:

(a) any act committed in the course of a disturbance of the public peace by any person taking part together with others in such disturbance; or
(b) any wilful act of any striker or locked-out worker done in furtherance of a strike or in resistance to a lock-out whether or not such act is committed in the course of a disturbance of the public peace; or
(c) any act of any lawfully constituted authority for the purpose of suppressing or minimising the consequences of any existing disturbance of the public peace, or for the purpose of preventing any such act as is referred to in (b) above or minimising the consequence thereof.

Malicious Damage shall mean all physical loss or damage resulting directly from a malicious act caused by anyone whether or not such act is committed during a disturbance of the public peace.

Sabotage means a subversive (especially attempt for overthrowing a legitimate and established government) act or series of such acts committed by known or unknown person(s) including enemy agents for political, religious or ideological purposes including the intention to influence, overthrow or sustain any government and/or put the public in fear.

Terrorism means an act, including the use of force or violence, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious or ideological purposes including the intention to influence, overthrow or sustain any government and/or to put the public in fear for such purposes.

Insurrection Revolution and/or Rebellion shall be given their ordinary meaning and shall include without limitation open renunciation of, organised resistance to and/or a rising against any government or other authority and/or civil commotion assuming the proportions of or amounting to an uprising.

Coup d'Etat means the sudden violent or illegal overthrow of a government or other authority or any attempt at such overthrow.

Mutiny means a wilful resistance by members of legally constituted, armed or peace-keeping forces to a superior officer.

War and/or Civil War means war of any kind including invasion, act of foreign enemy, hostile acts of sovereign or government entities, warlike operations (whether war be declared or not), civil war, or seizure of power arising from a military conspiracy or usurped power or martial law

Coverage under T3 Cover:

• **Terrorism** For the purpose of this cover an act of terrorism means an act or series of acts, including the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or Govt.(s), committed for political, religious, ideological or similar purposes including the intention to influence any govt. and/or to put the public, or any section of the public, in fear.

• **Sabotage** An act of sabotage means a subversive (especially attempt for overthrowing a legitimate and established government) act or series of such acts for political, religious or ideological purpose including the intention to influence any government and/or to put the public in fear.

Coverage under LPO-437 Cover:

This Insurance provides the following coverage:

• *Act of Terrorism.*
• *Sabotage.*
• *Riots, Strikes and/or Civil Commotion*
• *Malicious Damage*

Subject to the terms, clauses and conditions contained herein the underwriters agree to indemnify the Assured against direct physical loss of or damage to the insured's interest caused by or arising from Riots &/or Strikes &/or Civil Commotions / Malicious Damage and Terrorism (including fire damage & loss by looting).
Terrorism For the purpose of this cover an act of terrorism means an act or series of acts, including the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or Govt.(s), committed for political, religious, ideological or similar purposes including the intention to influence any govt. and/or to put the public, or any section of the public, in fear.

Sabotage An act of sabotage means a subversive (specially attempt for overthrowing a legitimate and established government) act or series of such acts for political, religious or ideological purpose including the intention to influence any government and/or to put the public in fear.

Strike Riot Civil Commotion:

Damage shall include:

- Any act committed in the course of a disturbance of the public peace by any person taking part together with others in such disturbance.
- Any willful act of any striker or locked-out worker done in furtherance of a strike or in resistance to such lock-out.
- Any act of any lawfully constituted authority for the purpose of suppressing or minimizing the consequences of any existing disturbance of the public peace.

Malicious Damage: Mean all Physical Loss or Damage resulting from a malicious act caused by anyone whether or not the said act is committed during a disturbance of the public peace, Shall also include loss caused by Sabotage & acts committed by any person(s) who are member(s) of an organization with aim of over throwing of any legal violence by govt.

Property Excluded:

- Land or Land values
- Power transmission or feeder lines not on the insured premises
- Any building and structure, or property contained therein, while such building or structure is vacant or unoccupied or inoperative for more than thirty days.
- Aircraft or any other aerial device, or watercraft.
- Any land conveyance, including vehicles, locomotives or rolling stock, unless such land conveyance is declared hereon any solely whilst located at the property insure herein at the time of damage.
- Animals, plants and living things of all types.
- Property in transit not on the insured premises

Exclusions:

- Fine or penalty imposed by any Court, Govt. Agency, Public or Civil Authority.
- Consequential Losses.
- Loss or damage caused by vandal & other persons acting maliciously.
- Loss or Damage caused by measures taken to prevent, suppress or control actual or potential Terrorism or Sabotage.
- Loss or Damage caused by Mysterious Disappearance or Unexplained Loss.
- Property Excluded: Land or Land values.

MR. TAHIR AHMED

Chairman
The Insurance Association of Pakistan

MR. NASAR US SAMAD QURESHI

Senior Vice Chairman
The Insurance Association of Pakistan

MR. MOHAMMAD HUSSAIN HIRJI

Vice Chairman
The Insurance Association of Pakistan

The nominations received for the IAP's Election from Member Companies were notified in the IAP's Election Circular dated August 24, 2015 addressed to All Principal Representatives. The election of the Executive Committee members was held to fill up seven (7) seats.

Ballot was held on September 02, 2015 in Association's Head office at Karachi and Regional office at Lahore for the above mentioned seats. The Commission counted the votes and determined the persons who have received the largest number of votes and elected to the above Committee.

As regards election of Office Bearers (i.e. Chairman/ Senior Vice-Chairman/ Vice-Chairman of the Executive Committee) only one nomination each for the Chairman Senior Vice-Chairman & Vice-Chairman, from Mr. Tahir Ahmed, Mr. Nasar Us Samad Qureshi and Mr. Mohammad Hussain Hirji, respectively were received. The aforementioned persons therefore, stand elected unopposed as the Chairman, Senior Vice-Chairman & Vice-Chairman of the Executive Committee for the year 2015-16.

The full composition of newly elected/ continuing (*) members of the Executive Committee for the year 2015-16 is as follows:

Executive Committee 2015-16

1.	Mr. Tahir Ahmed, Chairman	Jubilee General Insurance
2.	Mr. Nasar Us Samad Qureshi, Senior Vice Chairman	Alfalah Insurance Company
3.	Mr. Muhammad Hussain Hirji, Vice- Chairman	Century Insurance Company
4.	Mr. Hasanali Abdullah	EFU General Insurance
5. (*)	Mr. Javed Ahmed	Jubilee Life Insurance
6.	Mr. Abdul Razak Ahmed	Reliance Insurance Company
7. (*)	Mirza Khadim Baig	Premier Insurance Limited
8.	Mr. Zain Ul Haq Qureshi	Asia Insurance Company
9. (*)	Mr. Zeeshan Raza	Habib Insurance Company
10. (*)	Mr. Taher G. Sachak	EFU Life Assurance
11.	Mr. Abdul Waheed	Askari General Insurance

Workshop on Practical Aspects of Risk Management

A workshop on Practical Aspects of Risk Management was arranged by Lahore Insurance Institute, Lahore on 18th August, 2015 wherein 49 executives of various insurance companies participated. This workshop was conducted by Mr. Nasir Siddique, Team Leader-Property Underwriting, IGI Insurance Limited, Lahore.

In this workshop understanding of risk management was created for the participants. They were apprised with the traits needed for physical risk assessment. The concept of risk appetite and risk tolerance was explained. The risks associated with different occupancies including textile, paper & board, chemical, pharmaceutical, sports goods, surgical instruments, metal industry, foundries, construction sites, machinery erection, machinery breakdown etc., were discussed in detail.

This workshop will help the participants to rate the risk to improve underwriting profits and to identify red risks in their portfolios. At the end a practical exercise was conducted in which all the people participated which followed Question & Answer session.

All the participants took keen interest in this workshop and appreciated the ability, preparation and ways of presentation of Mr. Nasir Siddique. They confirmed that the objectives of training were well defined and the contents of presentation were well organized. The trainer was well prepared and knowledgeable.

Golden Chick Signs Agreement for New Restaurants in Pakistan

Development Agreement for 10 Locations Could Lead to as Many as 30

(Dallas) September 2015 – Golden Chick, the Texas-based chicken legend that has prided itself on treating guests like family for the past 48 years, today announced a signed agreement with Crescent Star Foods Private Limited for new restaurants in Pakistan.

Crescent Star Foods is a subsidiary of Crescent Star Insurance. The new venture between Crescent Star Foods and Golden Chick will launch with a handful of restaurants, but could lead to up to 30 locations in the next few years. Construction will begin in spring of 2016.

“We've been actively exploring international expansion options for the last few years, and we're excited to collaborate closely with Crescent Star Foods to introduce Golden Chick's signature taste to the region. Pakistanis love bold flavors, and the market is eager for more quick service options. Golden Chick is delighted to deliver our one-of-a-kind style, service and delicious seasonings to the Pakistani market,” said Mark Parmerlee, CEO of Golden Chick.

Pakistan has a huge appetite for chicken and is one of the fastest growing restaurant markets in the world. According to the Pakistan Poultry Association, the poultry sector growth rate is about 10-12 percent per annum, and up to 40 percent of total meat consumption is from poultry products. Chicken meat consumption alone comprises 1,220 million kilograms of meat each year.

“I would like to congratulate Crescent Star Foods and Golden Franchising Corporation for joining together and developing an opportunity to offer another great quick service chicken dining avenue to Pakistan's food market. Based on the rapid urbanization trend and a huge untapped consumer base, I believe Pakistan's fast food market has great potential, and Golden Chick's product line and broad appeal has everything to grab that potential,” said Saqib Zaidi, Chief Operating Officer of Crescent Star Foods Private Limited.

Those involved in the agreement believe Golden Chick's menu and ambiance will especially appeal to Pakistan's significant population of young people. According to World Bank, 33 percent of Pakistanis are between the ages of zero and 14.
“Pakistan has a high demand for chicken, and Golden Chick will offer a great menu, high level of service, and overall feel that will appeal to Pakistan's sizeable under-20 population. Golden Chick will not only offer fried chicken, but chicken tenders and roast chicken as well, which will add another layer of differentiation. We're thrilled to work with the brand to create this new infrastructure,” said Naim Anwar, Managing Director and CEO of Crescent Star Insurance Limited (CSIL), and Crescent Star Foods Limited.

Anwar wanted to specifically acknowledge and thank his late friend, Monavar Ahmed, whose insights, efforts and dedication helped lead to a successful deal.

Hanif Daud, Chief Development Officer of Crescent Star Foods and Director of Crescent Star Insurance Limited, was also moved to remember his friend. “It is a great honor for me to initiate this venture and be the newest international franchisee of Golden Chick. I want take this opportunity to acknowledge my dear friend, the late Monavar Ahmed, who passed away last year when we signed the initial letter of intent; I dedicate this milestone to him. I would like to express my sincere gratitude to everyone whose insights, goodwill and dedication turned this dream into a reality. It has been an exciting and enriching journey so far, and we look forward to being part of Golden Chick's expansion,” said Daud.

International brand development is a key part of Golden Chick's significant growth strategies. The business grew more than 10 percent annually in 2013 and 2014, and more than 20 new U.S. locations in 2015 will lead to 17 percent expansion over last year.

“The deal with Crescent Star Foods is the start of a major expansion into international markets, especially within the Middle East. We're actively seeking franchisees and look forward to working with the leadership team from Crescent Star Foods to kick start development,” said Parmerlee.

About Golden Chick

Golden Chick is a chain restaurant known for its signature Golden Tenders ®, marinated chicken tenderloin that's hand-battered and cooked to a delicious golden perfection. Based out of Dallas, the restaurant chain has 148 locations throughout Texas, Oklahoma, South Carolina and Georgia. The brand will celebrate its 50th anniversary in 2017. For more information, visit www.goldenchick.com.

About Crescent Star Foods

Crescent Start Foods (Pvt) Limited is a subsidiary of Crescent Star Insurance Limited, one of the oldest insurance companies of Pakistan with a paid up capital of PKR 621 million. CSF is a team of vetted professionals with abundant hospitality industry experience within Pakistan, with the objective to provide global standards of hygiene and pocket-friendly prices to customers throughout Pakistan. For more information, visit www.cstarinsurance.com.

Half Yearly Statistics 2015

Insurance Companies of Pakistan

General Insurance:

ADAMJEE INSURANCE CO. LTD.	2015	(Restated) Rs. in Million 2014
Paid up Capital	3,500.000	3,500.000
Gross Premium	6,790.326	5,992.164
Net Premium	3,719.730	3,055.023
Profit Before Tax	1,762.665	929.612
Profit After Tax	1,598.411	842.923
Investment Income	1,495.213	1,017.865
Investments	14,453.208	12,737.194
Total Assets	30,841.075	28,218.831
Claim Expense	3,845.237	1,641.156
Earning / (Loss) per Share - (Rupees)	4.57	2.41

ASKARI GENERAL INSURANCE CO. LTD.	2015	(Restated) Rs. in Million 2014
Paid up Capital	388.344	388.344
Gross Premium	1,029.901	864.059
Net Premium	525.614	464.908
Profit Before Tax	133.513	103.525
Profit After Tax	106.762	85.478
Investment Income	63.510	56.989
Investments	1,023.664	932.036
Total Assets	2,675.966	2,395.834
Claim Expense	508.194	448.898
Earning / (Loss) per Share - (Rupees)	2.75	2.20

ASIA INSURANCE CO. LTD.	2015	(Restated) Rs. in Million 2014
Paid up Capital	300.000	300.000
Gross Premium	245.876	149.879
Net Premium	149.683	78.879
Profit Before Tax	47.862	21.120
Profit After Tax	34.742	16.256
Investment Income	12.541	11.565
Investments	231.445	222.982
Total Assets	911.802	744.009
Claim Expense	40.994	29.970
Earning / (Loss) per Share - (Rupees)	1.16	0.54

ATLAS INSURANCE CO. LTD.	2015	(Restated) Rs. in Million 2014
Paid up Capital	701.614	701.614
Gross Premium	1,064.929	850.910
Net Premium	476.897	410.775
Profit Before Tax	410.237	309.304
Profit After Tax	321.830	252.841
Investment Income	204.712	151.944
Investments	1,837.257	1,588.346
Total Assets	3,374.725	3,084.418
Claim Expense	268.658	184.530
Earning / (Loss) per Share - (Rupees)	4.59	3.60

Half Yearly Statistics 2015

Insurance Companies of Pakistan

General Insurance:

CENTURY INSURANCE CO. LTD.	2015 (Restated) Rs. in Million	2014
Paid up Capital	457.244	457.244
Gross Premium	489.461	413.750
Net Premium	219.866	190.416
Profit Before Tax	210.446	72.910
Profit After Tax	190.559	70.307
Investment Income	204.218	68.204
Investments	1,372.299	1,167.064
Total Assets	2,324.846	1,949.777
Claim Expense	258.134	149.622
Earning / (Loss) per Share - (Rupees)	4.17	1.54

CRESCENT STAR INSURANCE CO. LTD.	2015 (Restated) Rs. in Million	2014
Paid up Capital	620.125	620.125
Gross Premium	163.637	164.858
Net Premium	125.683	34.703
Profit Before Tax	12.419	(19.464)
Profit After Tax	11.162	(19.812)
Investment Income	5.973	2.214
Investments	64.221	61.415
Total Assets	646.071	607.259
Claim Expense	46.431	23.951
Earning / (Loss) per Share - (Rupees)	0.18	(0.49)

EAST WEST INSURANCE CO. LTD.	2015 (Restated) Rs. in Million	2014
Paid up Capital	401.502	365.002
Gross Premium	852.842	618.324
Net Premium	454.521	350.989
Profit Before Tax	103.835	102.858
Profit After Tax	77.180	76.178
Investment Income	31.157	63.510
Investments	700.754	575.182
Total Assets	1,513.859	1,241.120
Claim Expense	275.111	235.102
Earning / (Loss) per Share - (Rupees)	1.92	1.90

EFU GENERAL INSURANCE CO. LTD.	2015 (Restated) Rs. in Million	2014
Paid up Capital	1,600.000	1,600.000
Gross Premium	6,564.520	6,538.367
Net Premium	3,379.612	3,354.443
Profit Before Tax	1,553.644	1,086.413
Profit After Tax	1,256.573	878.783
Investment Income	847.316	402.731
Investments	15,877.844	15,277.951
Total Assets	28,379.189	29,024.118
Claim Expense	2,512.281	3,321.287
Earning / (Loss) per Share - (Rupees)	7.85	5.49

Half Yearly Statistics 2015

Insurance Companies of Pakistan

General Insurance:

IGI INSURANCE CO. LTD.	2015 (Restated) Rs. in Million	2014
Paid up Capital	1,226.895	1,226.895
Gross Premium	1,330.294	1,226.096
Net Premium	561.352	549.147
Profit Before Tax	951.535	448.833
Profit After Tax	795.947	377.963
Investment Income	938.444	460.562
Investments	12,160.837	11,975.838
Total Assets	14,598.879	14,534.919
Claim Expense	569.072	615.002
Earning / (Loss) per Share - (Rupees)	6.49	3.08

JUBILEE GENERAL INSURANCE CO. LTD.	2015 (Restated) Rs. in Million	2014
Paid up Capital	1,569.100	1,569.100
Gross Premium	5,015.972	4,224.681
Net Premium	2,054.233	1,843.756
Profit Before Tax	1,018.097	577.494
Profit After Tax	804.773	505.501
Investment Income	697.643	406.099
Investments	7,726.927	7,110.954
Total Assets	16,131.269	14,961.468
Claim Expense	1,341.948	2,272.964
Earning / (Loss) per Share - (Rupees)	5.13	3.22

THE PAKISTAN GENERAL INSURANCE CO. LTD.	2015 (Restated) Rs. in Million	2014
Paid up Capital	400.000	375.000
Gross Premium	186.096	170.760
Net Premium	127.764	86.989
Profit Before Tax	38.910	31.389
Profit After Tax	26.039	21.912
Investment Income	16.390	6.622
Investments	50.635	38.872
Total Assets	900.191	839.226
Claim Expense	109.639	75.342
Earning / (Loss) per Share - (Rupees)	0.65	0.58

PICIC INSURANCE CO. LTD.	2015 (Restated) Rs. in Million	2014
Paid up Capital	350.000	350.000
Gross Premium	264.198	587.565
Net Premium	157.783	158.374
Profit Before Tax	(2.913)	(57.149)
Profit After Tax	(3.271)	(57.229)
Investment Income	0.167	6.189
Investments	65.302	75.114
Total Assets	814.021	930.205
Claim Expense	78.570	152.145
Earning / (Loss) per Share - (Rupees)	(0.09)	(1.64)

Half Yearly Statistics 2015

Insurance Companies of Pakistan

General Insurance:

PREMIER INSURANCE CO. LTD.	2015	(Restated) Rs. in Million 2014
Paid up Capital	348.244	302.821
Gross Premium	442.309	555.952
Net Premium	332.852	321.502
Profit Before Tax	117.712	13.327
Profit After Tax	101.455	5.935
Investment Income	125.788	82.553
Investments	1,121.673	1,126.453
Total Assets	3,179.824	3,320.180
Claim Expense	220.745	321.314
Earning / (Loss) per Share - (Rupees)	2.91	0.10

RELIANCE INSURANCE CO. LTD.	2015	(Restated) Rs. in Million 2014
Paid up Capital	463.978	403.459
Gross Premium	501.454	455.362
Net Premium	156.743	135.962
Profit Before Tax	99.259	42.415
Profit After Tax	92.259	39.415
Investment Income	95.505	50.695
Investments	656.299	513.257
Total Assets	1,700.750	1,517.452
Claim Expense	145.966	148.883
Earning / (Loss) per Share - (Rupees)	1.99	0.98

SPI INSURANCE CO. LTD.	2015	(Restated) Rs. in Million 2014
Paid up Capital	325.000	325.000
Gross Premium	321.750	222.822
Net Premium	250.921	186.328
Profit Before Tax	55.469	31.170
Profit After Tax	33.946	18.709
Investment Income	5.318	6.562
Investments	79.457	90.305
Total Assets	708.269	576.105
Claim Expense	95.799	73.171
Earning / (Loss) per Share - (Rupees)	1.04	0.58

SHAHEEN INSURANCE CO. LTD.	2015	(Restated) Rs. in Million 2014
Paid up Capital	450.000	450.000
Gross Premium	133.997	147.664
Net Premium	106.205	117.808
Profit Before Tax	5.914	11.207
Profit After Tax	4.842	13.983
Investment Income	6.038	5.380
Investments	278.440	241.266
Total Assets	763.834	882.959
Claim Expense	55.836	86.747
Earning / (Loss) per Share - (Rupees)	0.11	0.36

Half Yearly Statistics 2015

Insurance Companies of Pakistan

General Insurance:

TPL DIRECT INSURANCE CO. LTD.	2015	(Restated) Rs. in Million 2014
Paid up Capital	746.256	452.313
Gross Premium	576.070	606.378
Net Premium	565.189	494.390
Profit Before Tax	11.733	51.192
Profit After Tax	10.735	36.458
Investment Income	2.992	10.740
Investments	101.022	157.709
Total Assets	1,797.368	1,247.504
Claim Expense	365.275	354.750
Earning / (Loss) per Share - (Rupees)	0.17	0.79

UNITED INSURANCE CO. LTD.	2015	(Restated) Rs. in Million 2014
Paid up Capital	1,288.000	920.000
Gross Premium	1,411.726	1,010.885
Net Premium	980.884	756.100
Profit Before Tax	245.401	244.844
Profit After Tax	216.809	216.907
Investment Income	47.086	7.570
Investments	769.276	430.857
Total Assets	4,638.850	3,083.312
Claim Expense	824.431	477.420
Earning / (Loss) per Share - (Rupees)	1.68	2.36

UNIVERSAL INSURANCE CO. LTD.	2015	(Restated) Rs. in Million 2014
Paid up Capital	370.000	370.000
Gross Premium	1.050	36.950
Net Premium	8.824	19.408
Profit Before Tax	71.140	(24.726)
Profit After Tax	70.296	(29.934)
Investment Income	2.436	2.373
Investments	159.182	154.619
Total Assets	754.360	809.730
Claim Expense	41.013	41.223
Earning / (Loss) per Share - (Rupees)	1.90	(0.97)

Life Insurance:

EAST WEST LIFE ASSURANCE CO. LTD.	2015	(Restated) Rs. in Million 2014
Paid up Capital	594.292	594.292
Gross Premium	21.896	89.436
Net Premium	15.784	61.907
Profit Before Tax	3.201	3.593
Profit After Tax	3.118	3.528
Investment Income	10.696	9.907
Investments	302.347	285.054
Total Assets	551.384	560.789
Claim Expense	50.752	74.788
Earning / (Loss) per Share - (Rupees)	0.05	0.06

Half Yearly Statistics 2015

Insurance Companies of Pakistan

Life Insurance:

EFU LIFE ASSURANCE CO. LTD.	2015	(Restated) Rs. in Million 2014
Paid up Capital	1,000.000	1,000.000
Gross Premium	16,200.431	8,715.224
Net Premium	15,892.088	8,375.211
Profit Before Tax	1,083.637	668.132
Profit After Tax	701.937	440.132
Investment Income	5,137.935	3,658.023
Investments	68,075.720	46,948.583
Total Assets	80,772.683	55,566.501
Claim Expense	4,255.050	2,561.697
Earning / (Loss) per Share - (Rupees)	7.02	4.40

JUBILEE LIFE INSURANCE CO. LTD.	2015	(Restated) Rs. in Million 2014
Paid up Capital	721.188	721.188
Gross Premium	14,373.928	10,532.526
Net Premium	13,876.323	10,097.789
Profit Before Tax	1,086.428	883.623
Profit After Tax	674.350	598.145
Investment Income	4,174.584	2,053.800
Investments	51,010.452	34,621.110
Total Assets	60,009.344	40,808.474
Claim Expense	3,681.343	2,584.533
Earning / (Loss) per Share - (Rupees)	9.35	8.29

Takaful (General):

PAK-KUWAIT TAKAFUL CO. LTD.	2015	(Restated) Rs. in Million 2014
Paid up Capital	450.000	400.000
Gross Premium	309.208	421.175
Net Premium	125.070	146.803
Profit Before Tax	(8.539)	26.397
Profit After Tax	(11.631)	22.185
Investment Income	0.338	1.260
Investments	68.523	81.423
Total Assets	684.176	861.933
Claim Expense	222.327	206.868
Earning / (Loss) per Share - (Rupees)	(0.29)	0.55

TAKAFUL PAKISTAN LTD.	2015	(Restated) Rs. in Million 2014
Paid up Capital	300.000	300.000
Gross Premium	184.786	118.587
Net Premium	128.489	83.446
Profit Before Tax	22.224	7.330
Profit After Tax	20.645	6.009
Investment Income	6.234	1.992
Investments	61.480	40.222
Total Assets	629.385	544.848
Claim Expense	83.485	69.267
Earning / (Loss) per Share - (Rupees)	0.69	0.20

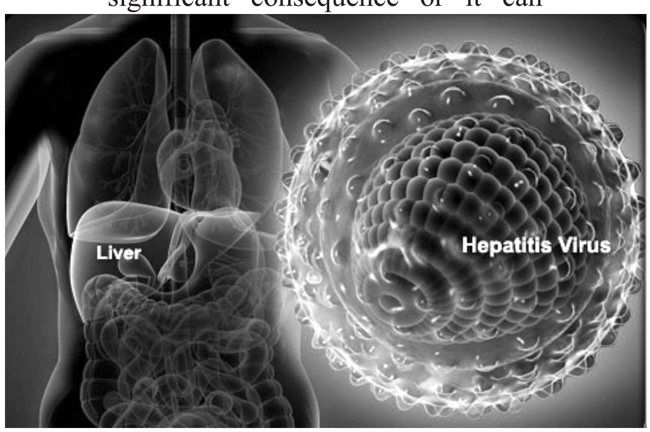
Rana Naveed ur Rehman
MBA (HRM), Cert CII (UK)
Chief Manager (Health)
East West Insurance Co. Ltd

Hepatitis
Prevention & Cure

Though, I am not a doctor but based of my experience in the field of medical health insurance, some literature review, Internet and interaction with some patients, I feel to highlight some useful information for the purpose of public awareness about Hepatitis.

Liver is the major organ in the human body which weighs approximately 1.36 kg. It is reddish brown in color and is divided into four lobes of different sizes and lengths. Blood reaches the liver through the hepatic artery and the portal vein. The portal vein carries blood containing digested food from the small intestine, while the hepatic artery carries oxygen-rich blood from the aorta. The liver is made up of thousands of lobules. Each lobule consists of many hepatic cells which are the basic metabolic cells of the liver. The liver has a wide range of functions including:

- Filters harmful substances form the blood, such as alcohol
- Stores vitamins A, D, K, B12 and minerals
- Makes certain amino acids - the building blocks of proteins
- The production of biochemicals needed for digestion such as bile
- Maintains proper levels of glucose in the blood
- Produces 80% of your body's cholesterol
- Storage glycogen and also converts glucose to glycogen
- Decomposing red blood cells
- Synthesizing plasma protein
- The production of hormones
- Produces urea which is the main substance of urine)



Hepatitis can heal on its own with no significant consequence or it can progress to scarring of the liver. Acute hepatitis lasts under six months, while chronic hepatitis lasts longer. Most liver damage is caused by 3 hepatitis viruses, called hepatitis A, B and C. However, hepatitis can also be caused by alcohol and some other toxins and infections, as well as from our own autoimmune process (the body attacks itself).

About 250 million people globally are thought to be affected by hepatitis C, while 300 million people are thought to be carriers of hepatitis B. World Health Organization (WHO) has rated Pakistan as 2nd Country in the world having high rates of chronic infections. About 8.6 Million Pakistanis are affected with Hepatitis C, according to WHO report.

Not all forms of hepatitis are infectious. Alcohol, medicines, and chemical may be bad for the liver and cause inflammation. A person may have a genetic problem, a metabolic disorder, or an immune related injury. Obesity can be a cause of liver damage which can lead to inflammation. These are known as non-infectious, because they cannot spread form person-to-person.

Types of Hepatitis:

There are five main types of hepatitis that are caused by a virus A, B, C, D, E and two minor types of hepatitis that are caused by a virus G and X (Unknown).

Hepatitis A

This is caused by eating infected food or water. The food or water is infected with a virus called HAV (hepatitis A virus). Nearly everyone who develops Hepatitis A makes a full recovery and it does not lead to chronic disease.

Hepatitis B

This is an STD (sexually transmitted disease). It is caused by the virus HBV (hepatitis B virus) and is spread by contact with infected blood, semen and some other body fluids. You get hepatitis B by:

- Unprotected sexual intercourse with an infected person. Using a syringe that was previously used by an infected person (most commonly happens with drug addicts and people who inject steroids)
- Having your skin perforated with unsterilized needles, as might be the case when getting a tattoo or being ear pierced. People who work in health care risk becoming infected by accident in this way. Sharing personal items, such as a toothbrush or razor, with an infected person
- A baby can become infected through his mother's feed if she is infected
- Being bitten by someone who is infected

The liver of a person infected with hepatitis B swells. The patient can suffer serious liver damage due to infection, resulting in cancer. For some patients the hepatitis becomes chronic (very long-term or lifelong). Donated blood is always tested for hepatitis B.

Hepatitis C

Hepatitis C is usually spread through direct contact with the blood of a person who has the disease. It is caused by the virus HCV (hepatitis C Virus). The liver can swell and become damaged. In hepatitis C, unlike hepatitis B, liver cancer risk is only increased in people with cirrhosis and only 20% of hepatitis C patients get cirrhosis. Donated blood is also tested for hepatitis C.

Misuse of anesthesia can result in the transmission of hepatitis B and hepatitis C viruses, researchers reported in the journal Gastroenterology. The cause of infection tends to be from anesthesia contamination, and not endoscopy contamination. Experts say that more effort is needed to better educate the health care community about the importance of strict sterile techniques when using any type of anesthesia.

Hepatitis D

Only a person who is already infected with hepatitis B can become infected with hepatitis D. It is caused by the virus HDV (Hepatitis D Virus). Infection is through contact with infected blood, unprotected sex, and perforation of the skin with infected needles. The liver of a person with Hepatitis D swells.

Hepatitis E

A person can become infected by drinking water that contains HEV (hepatitis E virus). The liver swells but there is no long-term consequence.

Hepatitis G

This is a type of hepatitis caused by the hepatitis G virus (HGV). Usually there are no symptoms. When there are symptoms, they are very mild.

Hepatitis X

If a hepatitis cannot be attributed to the viruses of hepatitis A, B, C, D, or E, it is called hepatitis X. In other words, hepatitis of an unknown virus.

Symptoms & Diagnosis of Hepatitis:

Many people with hepatitis experience either mild symptoms or none at all. Remember that an infected person's feces are always infectious to other people. When symptoms appear, they usually do so about 15 to 180 days after the person has become infected. The initial phase of hepatitis is called the acute phase. The symptoms are like a mild flu, and may include:

- Diarrhea
- Fatigue
- Loss of appetite
- Mild fever
- Muscle or joint aches
- Nausea
- Slight abdominal pain
- Vomiting
- Weight loss

The acute phase is not usually dangerous, unless it develops into the fulminant or rapidly progressing form, which can lead to death.

As the patient gets worse, these symptoms may follow:

- Circulation problems (only toxic/drug-induced hepatitis)
- Dark urine
- Dizziness (only toxic/drug-induced hepatitis)
- Drowsiness (only toxic/drug-induced hepatitis)
- Enlarged spleen (only alcoholic hepatitis)
- Headache (only toxic/drug-induced hepatitis)
- Hives
- Itchy skin
- Light colored feces, the feces may contain pus
- Yellow skin, whites of eyes, tongue (jaundice).

Patient outcomes after the acute phase depend on various factors, especially the type of hepatitis. You can be infected with the hepatitis C virus and have no symptoms. Your doctor could find it when he checks your blood and sees that your level of certain liver enzymes is high. If that happens, he will follow up with other tests to confirm you have the disease.

Antibody Test: The first way to check for the infection is a blood test for the hepatitis C antibody. Your body makes this when it's infected with the virus. The doctor can take blood and send it to a lab, or use a rapid test called OraQuick. It gives results in about 20 minutes. If the antibody test doesn't find anything, then you probably don't have hepatitis C. But if you have been exposed within the past 6 months, you will need to be checked again later to be sure. The antibody test is not perfect. It may show a hepatitis C infection when you don't have one. It could be positive even if you had it in the past and your body cleared the infection.

PCR Test: If the antibody test is positive, your doctor will do a PCR test. It looks for the genetic material of the hepatitis C virus living in your body. If it doesn't find anything, you might have had hepatitis C in the past and your body cleared it. Your doctor may repeat the test to be sure. If both tests show you have hepatitis C, then you are infected and need treatment.

Tests after the Diagnosis: Before treatment starts, you may have a liver biopsy. This shows how much harm the virus has done. The doctor will insert a special needle through your skin and into the organ. He will use it to remove a small sample of tissue. Other ways to measure damage to your liver are the Fibrosure blood test and an ultrasound based test. Your doctor will know which one is best for you.

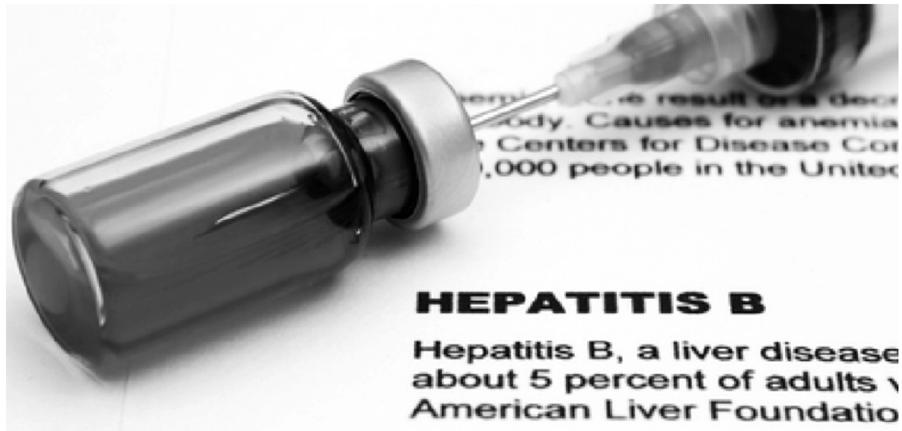
Treatments for Hepatitis:

Hepatitis A

There is no treatment specifically for hepatitis A. The doctor will advise the patient to abstain from alcohol and drugs during the recovery. The vast majority of patients with hepatitis A will recover spontaneously.

Hepatitis B

A patient with hepatitis B needs to rest. He will require a diet that is high in protein and carbohydrate. This is to repair damaged liver cells, as well as to protect the liver. If this is not enough, the doctor may prescribe Interferon Therapy. Interferon is an antiviral agent.



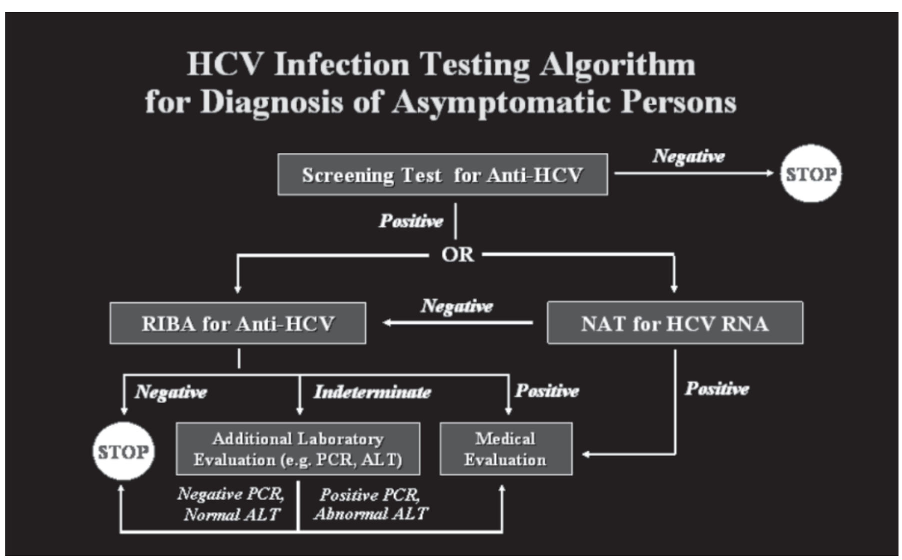
Hepatitis C

A patient with hepatitis C will be prescribed Inj. Pegasys (Peginterferon) and Tab. Xolox (Ribavirin). Patients with chronic hepatitis C who are receiving standard HCV treatment may benefit significantly by taking vitamin B12 supplements, researchers reported in the journal Gut. The authors explained that by adding vitamin B12 to standard treatment, the body's ability to fight the virus is greatly improved. According to their study results, patients who are difficult to treat effectively benefit especially well.

Interferon-free therapy for hepatitis C 'cured' 90% of patients. A study found that an interferon-free combination of drugs was safe, well tolerated and cured over 90% of 380 trial patients with liver cirrhosis in 12 weeks. The research was published in the New England Journal of Medicine in April 2014.

Now-a-days, doctors are prescribing Tab. Sovaldi (Sofosbuvir) and Tab. Xolox (Ribavirin) as an alternate to Interferon Therapy which are very expensive medicines. Sovaldi is an antiviral medication that prevents hepatitis C virus (HCV) cells from multiplying in your body. It is used in combination with other medications to treat hepatitis C in adults. Sovaldi is sometimes used in people who also have HIV, or people who have liver cancer and are going to have a liver transplant.

Sovaldi must be given in combination with other antiviral medications and should not be used alone. Sovaldi is usually given with ribavirin (Xolox, Copegus, Rebetol, Ribasphere, RibaTab) with or without



peginterferon alfa (Pegasys, PegIntron).

Hepatitis D or E

So far, there is no effective treatment for either hepatitis D or E.

Non-viral Hepatitis

If the patient has non-viral hepatitis, the doctor needs to remove the harmful substance. It will be flushed out of the stomach by hyperventilation or induced vomiting. Patients with drug-induced hepatitis may be prescribed corticosteroids.

Prevention of Hepatitis:

We have split this list of prevention tips into the individual variation types of hepatitis.

Hepatitis A

- Wash your hands with soap after going to the toilet
- Only consume food that has just been cooked
- Only drink commercially bottled water, or boiled water if you're unsure of local sanitation
- Only eat fruits that you can peel if you are somewhere where sanitation is unreliable
- Only eat raw vegetables if you are sure they have been cleaned / disinfected thoroughly
- Get a vaccine for hepatitis A if you travel to places where hepatitis may be endemic

Hepatitis B

- Tell the partner if you are a carrier or try to find out whether he/she is a carrier
- Practice safe intercourse
- Only use clean syringes that have not been used by anyone else
- Do not share toothbrushes, razors, or manicure instruments
- Have a hepatitis B series of shots if you are at risk
- Only allow well sterilized skin perforating equipment (tattoo, acupuncture, etc.).

Hepatitis C

- If you are infected do not let others share your toothbrush, razor, manicure equipment
- If you are infected cover open wounds
- Do not share needles, toothbrushes, or manicure equipment
- If your skin is to be pierced, make sure equipment is well sterilized (tattoo, ear piercing etc.)
- Go easy on the alcohol
- Do not share drug equipment.

Hepatitis D

- Use the same guidelines as for hepatitis B. Only a person who is infected with hepatitis B can become infected with hepatitis D.

Hepatitis E

- Do the same as you would to protect yourself from hepatitis A infection.

Conclusion:

In my opinion, the awareness among general public about various types of Hepatitis is insufficient and people should be given awareness about prevention, risk factors, importance of medical checkup for early detection and availability of treatment in Pakistan. Some special awareness programs are needed for rural population through electronic and print media (TV, Newspapers, Literatures and Social Media), health / medical insurers and hospitals. Ministry of Health must play its active role in prevention of Hepatitis. Vaccination and Tests for this disease should be available free of cost nearer in the urban and rural basic health centers. Also, the medicines for the treatment of hepatitis are very expensive and the Government should take measure to control / minimize the prices of treatment / medicines to the poor people. We have to celebrate World Hepatitis Day to spread the awareness about the prevention of Hepatitis among general public so that we can eradicate Hepatitis from our country.

2013 C L D 477

[Lahore]

Before Umar Ata Bandial, C.J., Syed Mansoor Ali Shah and Ayesha A. Malik, JJ

Mst. ROBINA BIBI ---Appellant

Versus

STATE LIFE INSURANCE and others---Respondents

R.F.A No. 183 of 2008, decided on 15th February, 2013

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

---Ss. 115 & 170---Insurance Act (IV of 1983), Ss. 46 & 2(6) [since repealed]---Limitation Act (IX of 1908), Art.86(a) & S. 5---Insurance claim filed under the repealed Insurance Act, 1938---Claim barred by time in view of Art.86(a) of the Limitation Act, 1908---Question was as to whether Insurance Tribunal created under Insurance Ordinance, 2000 cold condone the period of limitation and entertain such a claim---Insurance Ordinance, 2000 did not provide any legislative cover for transfer of pending claims under the repealed Insurance Act, 1938 to the Insurance Tribunal or for grant of fresh lease of time to time barred claims under the repealed Act---Insurance Tribunal had no jurisdiction to entertain application (insurance claim) which was covered under the repealed Insurance Act,1938--- claimant of a time-barred claim arising out of Insurance policy prior to commencement of the Ordinance, might apply to the court of competent jurisdiction under the repealed Act, subject to the provisions of Limitation Act, 1908, which would be considered by the respective court on its merits in accordance with law-Appeal was allowed accordingly. [pp. 485, 487] C, E, I & L

Ghulam Raza Sajid v. State Life Insurance Corporation of Pakistan and another 2010 CLD 792; Mst. Riffat Ashgar v. State Life Insurance Corporation of Pakistan and others 2010 CLD 1123; Mst. Fatima Begum v. Sate Life Insurance Corporation of Pakistan and others 2010 CLD 1171; State Life Insurance Corporation v. Mst. Sadaqat Bano PLD 2008 Lah. 461; State Life Insurance Corporation of Pakistan through Chairman and another v. Mst. Naseem Begum 2009 CLD 1413; Azhar Iqbal v. State Life Insurance Corporation of Pakistan through Chairman and another 2009 CLD 910; Mst. Ijaz Begum v. State Life Insurance Corporation 2009 CLD 1317; Nasreen Begum v. State Life Insurance Corporation of Pakistan through Chairman and another 2009 CLD 1480 and Mst. Rukia Bivi v. State Life Insurance Corporation of Pakistan through Chairman and another 2009 CLD 1213 ***held per incuriam.***

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

---Ss. 115, 170 & 121---Insurance Act (IV of 1938), Ss. 46 & 2(6) [since repealed]---Filing of insurance claim (application) before the Insurance Tribunal created under the Insurance Ordinance, 2000---Scope---Only the claims arising under insurance policies issued after the commencement of the Insurance Ordinance, 2000 i.e.. 19-8-2000 can be brought before the Insurance Tribunal, while claims arising out of insurance policies issued prior to the commencement of the Ordinance continue to be governed under the repealed Insurance Act, 1938 and while continue to be agitated before the court of competent jurisdiction in terms of S.2 (6) of the repealed Act—Insurance Tribunal cannot assume jurisdiction over claims that arise out of insurance policies issued prior to the date of commencement of the Ordinance i.e. 19-08-2000. [pp. 484, 485, 487] A, B, D, H & J

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

---S. 123---Limitation Act (XI of 1908), Arts. 86(a) & 181 & S.5---filing of insurance claim (application) before Insurance Tribunal---Limitation---Scope---Condonation of delay in filing insurance claim (application)---Scope---Period of limitation had not been prescribed under the Insurance Ordinance, 2000 for filing of application (insurance claim) before the Insurance Tribunal---In the absence of a statutory provision under the Ordinance, Art. 86(a) of the First Schedule to Limitation Act, 1908, would apply to insurance claims and in the presence of a specific provision, the general provision under Art. 181 of the Limitation Act, 1908 would not apply---Section 5 of Limitation Act, 1908 had not been extended to the Insurance Tribunal under the Ordinance, therefore facility of condonation or extension of time was not available to the application (insurance claim) filed before the Insurance Tribunal. [pp. 486, 487] F, G, & K

Liaqat Ali Butt for Appellant (in R.F.As Nos. 188, 189, 190 of 2008 and 385 of 2007)

Abrar Ahmed for Appellant/Petitioner (in R.F.As Nos.911, 1024 of 2011 and Write Petition No.948 of 2008).

Ali Akbar Qureshi and Abrar Ahmed for Respondents (in R.F.As Nos. 188, 189, 190 of 2008 and R.F.A No.385 of 2007).

Liaqat Ali Butt for Respondent (in R.F.As. Nos.911, 1024 of 2011 and Write Petition No. 948 of 2008).

Date of hearing: 12th October, 2012.

JUDGMENT

SYED MANSOOR ALI SHAH, J.--- This Judgment shall decide the instant case, as well as, the cases listed in the Schedule as the question hereunder referred to the Full Bench for consideration arises out of these cases:--

"Whether mere creation of Insurance Tribunal (under Insurance Ordinance, 2000) can condone the period of limitation resulting in entertaining time-barred insurance claims under Article 86 of the Limitation Act, 1908, especially when the Insurance Ordinance, 2000 does not extend any such benefit?"

2. The above question arose because of the view taken by the Division Bench of this Court in a judgment reported as Ghulam Raza Sajid v. State Life Insurance Corporation of Pakistan and another (2010 CLD 792) wherein delay filing the application before the Insurance Tribunal under the Insurance Ordinance, 2000 was condoned. Nasir Saeed Sheikh, J. Spoke for this Court in the following manner: ---

"10. The provisions of Article 86 of the Limitation Act 1908 are applicable to the suits instituted under the ordinary civil law before the civil courts. The claim sought to be recovered by the appellant before learned Tribunal was raised through an application before the learned Tribunal which Tribunal was constituted for the first time through the notification dated 20-6-2006 issued by the Government of Pakistan, Law Justice and Human Rights Division, and copy of which notification has been placed on the record of this R.F.A Admittedly, statute on the basis of which the insurance policy of the respondent/ Insurance Corporation were to be enforced was promulgated on 19-8-2000, therefore, <u>we are of the view that cause of action to raise a claim for the enforcement of the insurance policy before the learned Insurance Tribunal arose when the Insurance Tribunal was constituted.</u> Prior to the date of 20-6-2006 as there was no Tribunal constituted by the Federal Government, no question of raising the claim before the Tribunal with respect to the enforcement of an insurance policy arises. <u>The provisions of Article 86 of the Limitation Act of 1908, are applicable to a suit instituted under the ordinary law, therefore, the learned Insurance Tribunal misconstrued the provisions of Article 86 of the Limitation Act of 1908, for non-suiting the appellant which envisaged moving of an application before the Tribunal for enforcement of the insurance claim by a policy holder.</u>

11. We are also informed that a claim with respect to the recovery of insurance group policy was raised by the appellant before the Federal Ombudsman vide order dated 2-4-2000 against which a representation was made by respondent/Insurance Corporation before the President of Pakistan, which representation of the respondent/Insurance Corporation was dismissed as barred by time through an order dated 24-10-2000. The contention of the learned counsel for the respondent that as the right of the appellant to institute the suit under the ordinary law has become time barred by applying the provisions of Article 86 of the Limitation Act of 1908, therefore, the application moved before the learned Insurance Tribunal was barred by time, is not entertain able by this Court as the special law was promulgated in the year, 2000, an Ordinance No. XXXIX if 2000 and a Special Tribunal were constituted for entertaining the claims of the insurance policy holders. <u>This special law did not specifically restrict the entertainment of the insurance policy claims which might have become due after the promulgation and enforcement of the Ordinance of 2000, therefore, we cannot subscribe to the arguments addressed by the learned counsel for the respondent that under the Insurance counsel for the respondent that under the Insurance Ordinance of 2000, the claim of the appellant had become barred by time on account of the death of the deceased having taken place on 10-10-1996.</u>

<u>12. In over view, the constitution of the Tribunal under the special law vide notification dated 20-6-2006, gave rise (sic[1]) an intimation to the insurance policy holder to seek enforcement of their claims from the learned Insurance Tribunal constituted under the Ordinance of 2000, therefore in our opinion the Limitation for moving the Tribunal for the enforcement of insurance policy claim will commence from the date when the Tribunal was constituted for the first time on 20-6-2006.</u> In this context, the Article 86 of the Limitation Act of 1908 will not cover the cases of those claimants

who move the learned Insurance Tribunal for the purposes of their insurance policies claim through constitution of the Tribunal constituted under the Ordinance of 2000. Thus the finding of the learned Tribunal of holding the claim as, moved before the Insurance Tribunal to be barred by time is not sustainable and is set aside."(Emphasis supplied).

3. The above reasoning was subsequently followed in two Division Bench Judgments of this Court, both authored by Nasir Saeed Sheikh, J .i.e. Mst. Riffat Ashgar v. State Life Insurance Corporation of Pakistan and others **(2010 CLD 1123)** and Mst. Fatima Begum v. State Life Insurance Corporation of Pakistan and others **(2010 CLD 1171)**.

4. Learned counsel for the appellant while supporting the above view has also placed reliance on State Life Insurance Corporation v. Mst. Sadaqat Bano **(PLD 2008 Lahore 461)**[2], to contend, firstly, that Article 181 of Limitation Act, 1908 applies to Applications filed before the Insurance Tribunal under Insurance Ordinance, 2000 and, secondly, Applications can be considered within limitation if the claimant has been diligently agitating the matter before other forums before the constitution of the Insurance Tribunal under the repealed Insurance Act, 1938. Hamid Ali Shah J. (as he then was)

Speaking on behalf of this Court in the above cited judgment held:-

"13. The appellant has also raised the question of Limitation. There is no cavil with the proposition that Article 181 of the Limitation Act, 1908 apply to the case in hand. The claimant/respondent approached Wafaqi Mohtasib and then contested the order of President before this Court in its writ jurisdiction. The matter thereafter remained pending before apex Court and on remand during the pendency of writ petition, the Insurance Tribunal was constituted. The writ petition was withdrawn and matter was agitated before Insurance Tribunal. The application was moved before Insurance Tribunal, on constitution and establishment of the Tribunal. The Application was within limitation as rightly held so by learned Tribunal." (Emphasis supplied).

5. View taken in Mst. Sadaqat Bano's case[3] was followed in the subsequent Division Bench judgments of this Court namely:-State Life Insurance Corporation of Pakistan through Chairman and another v. Mst. Naseem Begum **(2009 CLD 1413)**. Azhar Iqbal v. State Life Insurance Corporation of Pakistan through Chairman and another **(2009 CLD 910)**, Mst. Ijaz Begum v. State Life Insurance Corporation **(2009 CLD 1317)** and Nasreen Begum v. State Life Insurance Corporation of Pakistan through Chairman and another **(2009 CLD 1480)**.

6. In Mst. Rukia Bivi v. State Life Insurance Corporation of Pakistan through Chairman and another **(2009 CLD 1213)** Muhammad Khalid Alvi, J. with somewhat different reasoning arrived at the same conclusion. Relevant extract is as under:--

"2. It is contended by the learned counsel for the appellant that even according to the Article 86(a) of the Limitation Act, the period of limitation is three years from the date of death of the ensured (sic[4]). This type of claim used to be filed before the civil Courts under the plenary jurisdiction before the establishment of the Insurance Tribunal in the year, 2006; therefore, the said limitation was applicable to the suits prior to the establishment of the Tribunal and thereafter now it would be applicable to the application to be filed before the Tribunal. Since the Tribunal was established in 2006 the date of limitation cannot be taken as date of death of the insured for approaching the Tribunal."

7. Learned counsel for the respondents, on the other hand, submitted that period of limitation of three years is applicable to the Applications filed before the Insurance Tribunal under the Ordinance. He further submitted that the Ordinance does not have a retrospective effect and any cause of action accrued in favour of any claimant prior to the promulgation of the Ordinance will be regulated under the repealed Insurance Act, 1938. He further submitted that mode of agitating a claim under the repealed Insurance Act, 1938 was by filing a civil suit within a period of three years, commencing from the death of the deceased/insured in accordance with the provisions of Article 86(a) of the Limitation Act, 1908.

8. Arguments heard. Relevant laws and record have been perused in detail.

9. Brief review of the Insurance laws[5] show that under section 46 of erstwhile Insurance Act, 1938 (Act No. IV of 1938) ("Act") holder of an insurance policy obtained after the commencement of the Act[6] could sue for any relief in respect of the policy in any Court of competent jurisdiction in Pakistan. Under section 2(6) of the Act, "Court: meant the principal Civil Court of original jurisdiction in a district and included the High Court in exercise of its original jurisdiction. The period of limitation for such a suit not being provided under the Act, was three years under Article 86(a) of the Limitation Act, 1908 which states:--

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

10. Insurance Ordinance, 2000[7] ("Ordinance") repealed the Act and provided for an Insurance Tribunal which was finally constituted under section 121 of the Ordinance on 20-6-2006 through a notification Section 122(3) provides that no court other than a Tribunal shall have or exercise any jurisdiction with respect to any matter to which the jurisdiction of a Tribunal extends under the Ordinance. Section 122(1) (a) provides that the Tribunal shall in the exercise of its civil jurisdiction in respect of a claim filed by a policy holder against an Insurance Company in respect of or arising out of a policy of insurance have posers vested in a civil court under Code of Civil procedure. Therefore, even though the claim is filed in the shape of an application under the Ordinance, it is no different from a suit as is evident from the reading of section 123(1) which provides that the Tribunal while holding "trial of an application" shall enjoy the powers of a civil court trying a suit under the C.P.C.

11. Section 115, which falls under Chapter XIV of the Ordinance provides for "special Provisions of Law" and states that only claim arising out of insurance policies issued after the commencement of the Ordinance i.e. 19-8-2000 can be agitated before the Tribunal. Section 2(lxv) defines the Tribunal to mean the Tribunal constituted under section 121 of the Ordinance Section 170 of the Ordinance saves all the pending contracts and proceedings commenced under the repealed Act.

12. Collective reading of the above provisions of law shows that only the claims arising under insurance policies issued after the commencement of the Ordinance can be brought before the Insurance Tribunal while the insurance policies issued prior to the commencement of the Ordinance continue to be governed under the repealed Insurance Act. 1938 and will continue to be agitated before the court of competent jurisdiction in terms of section 2(6) of the Act.

13. In the present appeals, admittedly, the dates of issuance of insurance policies are prior to the commencement of the Ordinance as detailed hereunder[8]:-- appellants. These appeals/petition are, therefore, allowed and the impugned orders are set aside with the direction to the impugned orders are set aside with the direction to the insurance tribunal to return the applications of the appellants to be filed before the court of competent jurisdiction.

Sr. No.	Appeal/W.P No.	Date of Insurance of Insurance Policy	Date if Death
1.	183/2008	13-8-1995	6-12-1997
2.	185/2008	1-4-2000	26-5-2000
3.	188/2008	25-9-1996	16-8-1997
4.	189/2008	1-4-1998	8-8-1998
5.	190/2008	30-11-1994 30-11-1994	7-10-1997
6.	385/2007	26-4-1994 1-3-1996	9-3-1997
7.	911/2011	29-7-1998	1-9-1999
8.	1024/2011	19-2-1997	24-3-1997
9.	W.P. No.948/2009	26-4-1994 1-1-1996	9-3-1997

The Insurance Tribunal cannot assume jurisdiction over claims that arise out of insurance policies issued prior the date of commencement of the Ordinance i.e. 19-8-2000. It is for this reason that there is no legislative cover in the Ordinance for transfer of pending claims under the erstwhile repealed Act to the Insurance Tribunal or for grant of fresh lease of time to time barred claims under the repealed Act.

14. Further, under section 170 of the Ordinance. Insurance policies prior to the commencement of the Ordinance are to proceed under the repealed Act. Hence, the time specific jurisdictional threshold under section 115 of the Ordinance has not been considered by the above cited judgment rendering them per incuriam.

15. For the above reasons there is no need to touch the merits or the grounds of appeals/petition in these cases, when at the very outset the Insurance Tribunal had no jurisdiction to entertain the Application of the

16. Even though the question of limitation fades away in the light of the fundamental jurisdictional question in these cases, we are of the considered view that on the basis of statutory provisions noted above, the question of limitation settled in the aforecited cases needs to be revisited. We, therefore, require it necessary to deliberate on this issue.

17. Period of limitation has not been prescribed under the Ordinance for filing of Application (claims) before the Insurance Tribunal under section 121 of the Ordinance. In the absence of a statutory provision under the Ordinance, Article 86(a) of the First Schedule to Limitation Act, 1908 applies to insurance claims and in the presence of a specific provision, the general provision under Article 181 of the Limitation Act 1908 will not apply[9].

18. The concept of **Condonation of delay** or extension of period of limitation is provided under section 5 of the Limitation Act, 1908 and can

only be availed if the said provision is made applicable to the application filed before the Tribunal through an enactment. If such a provision is available, sufficient reasons have to be furnished to satisfy the Court for not approaching it within time. As section 5 of the Act has not been extended to the Insurance Tribunal under the Ordinance, the facility of 'condonation' or extension of time is not available to the Application filed before the Insurance Tribunal.

19. The concept of **<u>Computation of limitation</u>**, on the other hand, is merely a mode of calculating period of limitation by excluding time, which is permitted to be <u>excluded</u> under Limitation Act, 1908. The above cited judgment do not differentiate between <u>condonation</u> and <u>computation</u> and have with respect erroneously applied these concepts to grant fresh lease of limitation to claims arising out of insurance policies issued under the previous Act. We understand that a fresh cause of action cannot arise by the constitution of Tribunal in the year 2006. Constitution of an Insurance Tribunal, subsequent in time may at best provide a new forum for agitating the existing cause of action, which shall be subject to the provision of the Insurance Ordinance, 2000 and Limitation Act, 1908.

20. It also appears that the learned Division Benches of this Court in the above cited judgments were not properly assisted on the aforementioned provisions of the Ordinance, as well as, question of limitation involved in these cases. We, therefore, differ with the views expressed in the above judgments.

21. The legal position that emerges is as follows:--

(i) Under section 115 of the Ordinance, only claims arising out of insurance policies issued after the commencement of the Ordinance i.e., on or after 19-8-2000 can be entertained by the Insurance Tribunal.

(ii) There is no provision under the Ordinance to transfer pending cases under the repealed Act to the Insurance Tribunal, hence, claims arising out of insurance policies prior to the commencement of the Ordinance shall continue under the repealed Act i.e. Insurance Act, 1938 before the court of appropriate jurisdiction.

(iii) there is no provision in the Ordinance that condones the period of limitation under section 5 of the Limitation is permissible subject to fulfilling the requirements of clauses (i) and (ii) above.

(iv) Claims arising out of insurance policies prior to the commencement of the Ordinance may apply to the court of competent jurisdiction under the repealed Act, subject to the provisions of Limitation Act, 1908, which will be considered by the respective court on its merits in accordance with law.

22. For the above reasons, the question referred to the full Bench is answered in the above terms. The Appeals are allowed and the impugned judgment dated 30-4-2008 is set aside with the direction to the Insurance Tribunal to return the Applications to the appellant for filing before the Court of competent jurisdiction.

SCHEDULE	
Sr. No.	**Appeal/W.P.NO.**
1.	R.F.A. No. 185 of 2008
2.	R.F.A. No. 188 of 2008
3.	R.F.A. No. 189 of 2008
4.	R.F.A. No. 190 of 2008
5.	R.F.A. No. 385 of 2007
6.	R.F.A. No. 911 of 2011
7.	R.F.A. No. 1024 of 2011
8.	W.P No. 948 of 2009

MW/A/R-1/L

Appeal allowed.

1."to"
2.Also reported as 2008 CLD 1069
3.2008 CLD 1069
4."unsured"
5.Insurance Act, 1938 and Insurance Ordinance, 2000
6.Date of Commencement: 26-32-1938
7.promulgated 19-8-2000
8.Detail of the Policies were submitted by the learned counsel for the appellant which has been placed on the record as Mark "A"
9.Reference First Schedule to the Limitation Act, 1908

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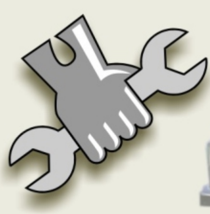

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