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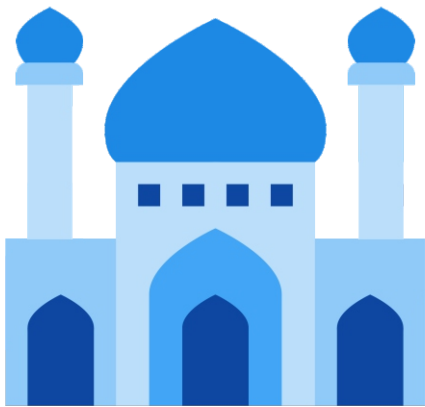
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Quarterly
**Insurance
Journal**

October, November, December 2017

Inside:

- 🔊 Insurance Sector on PSX
- 🔊 Leadership Styles
- 🔊 Fire Insurance Policy Clauses
- 🔊 Marine Insurance Introduction
- 🔊 Classifications of Risk and Loss Exposure
- 🔊 Enterprise Resource Planning Systems
- 🔊 Legal Section



Emerging Takaful (Islamic Insurance) & Its Challenges

Project Insurance (Basics)



Household Emergencies



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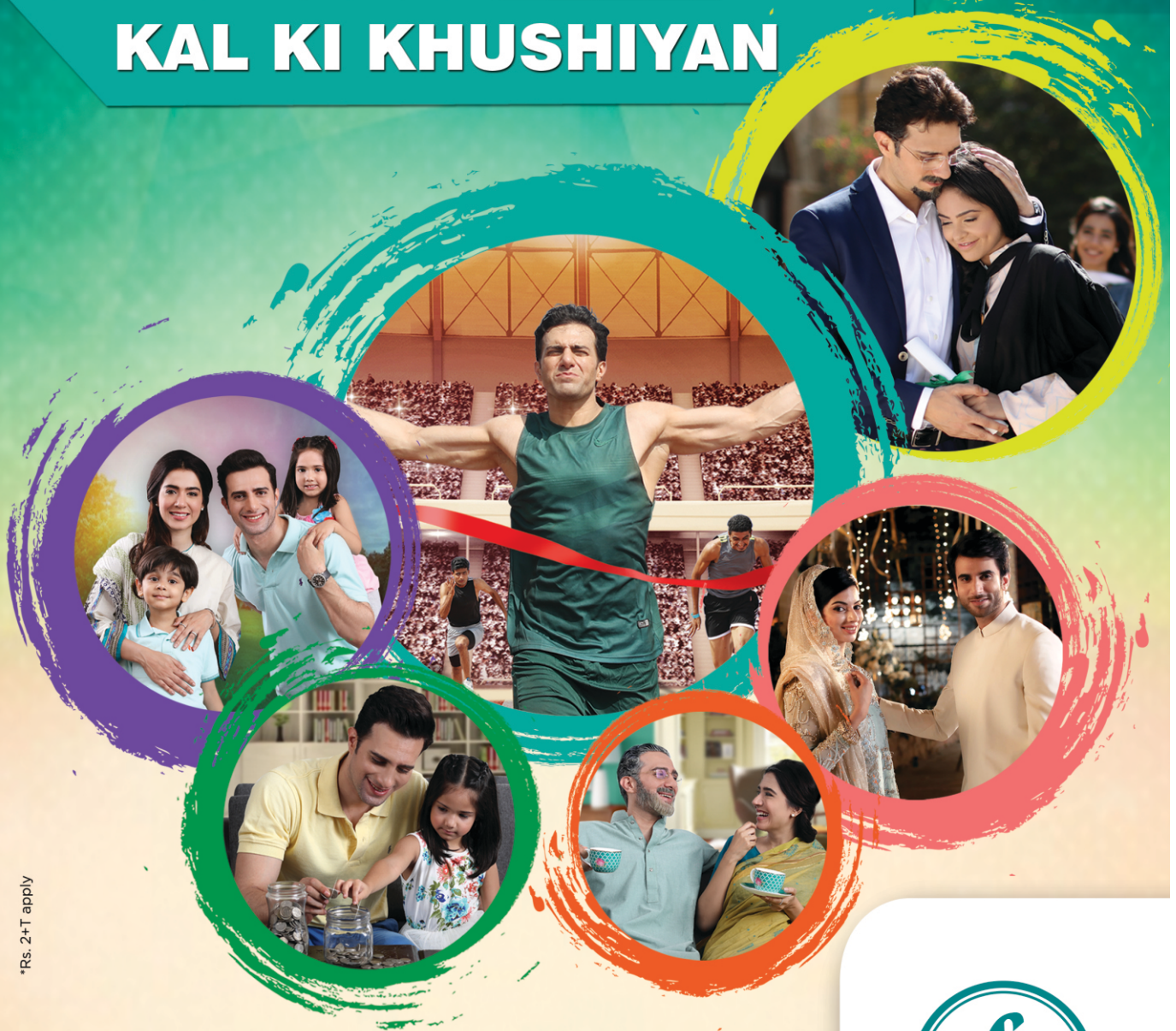
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INSURANCE SECTOR ON PAKISTAN STOCK EXCHANGE

(Quarter: July, August, September 2017)

Compiled By: Khurram Shahzad

Company	Paid up Capital (Rs. in Million)	Face Value Rs.	Highest Rate Rs.	Lowest Rate Rs.	Turnover of Shares	Announcement During the Quarter
Adamjee Insurance Company Limited	3,500	10.00	74.50	59.30	15,926,500	Dividend = 15%
Asia Insurance Company Limited	450	10.00	-	-	-	
Askari General Insurance Company Limited	625	10.00	29.21	23.20	1,065,000	Dividend = 10%
Atlas Insurance Limited	702	10.00	74.50	67.00	216,500	
Beema-Pakistan Company Limited	417	10.00	-	-	-	
Business & Industrial Insurance Company Ltd.	86	10.00	-	-	-	
Century Insurance Company Limited	503	10.00	29.93	26.00	150,500	
Crescent Star Insurance Limited	827	10.00	7.95	5.70	26,276,000	
Cyan Limited	586	10.00	64.79	41.00	807,500	
East West Insurance Company Limited	610	10.00	-	-	-	
East West Life Assurance Company Limited	602	10.00	19.00	15.55	211,500	
EFU General Insurance Limited	2,000	10.00	164.00	130.87	398,600	Dividend = 12.50%
EFU Life Assurance Limited	1,000	10.00	329.95	246.00	565,400	Dividend = 12.50%
Habib Insurance Company Limited	619	5.00	16.80	14.52	244,000	
Hallmark Insurance Company Limited	5	10.00	-	-	-	
IGI Insurance Limited	1,227	10.00	343.00	285.00	2,907,500	
IGI Life Insurance Limited	706	10.00	118.11	94.12	318,200	
Jubilee General Insurance Company Limited	1,804	10.00	98.00	85.40	145,500	
Jubilee Life Insurance Company Limited	793	10.00	858.90	610.00	283,900	Dividend = 30%
Pakistan Guarantee Insurance Company Ltd.	25	10.00	-	-	-	
Pakistan Reinsurance Company Limited	3,000	10.00	51.05	42.76	9,703,000	
PICIC Insurance Limited	350	10.00	7.17	2.81	37,958,000	
Premier Insurance Limited	506	10.00	14.80	9.15	343,000	
Progressive Insurance Company Limited	85	10.00	-	-	-	
Reliance Insurance Company Limited	561	10.00	9.69	7.63	1,319,000	
Shaheen Insurance Company Limited	600	10.00	6.89	5.26	1,070,500	
Silver Star Insurance Company Limited	306	10.00	-	-	-	
Standard Insurance Company Limited	8	10.00	-	-	-	
The Pakistan General Insurance Company Limited	464	10.00	9.46	6.60	1,874,500	
The United Insurance Company of Pakistan Limited	2,002	10.00	16.77	14.51	1,124,000	
The Universal Insurance Company Limited	500	10.00	15.50	10.50	53,500	
TPL Direct Insurance Limited	755	10.00	24.33	17.12	71,000	



Dr. Safdar Ali Butt
Professor, Emeritus of Finance and
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Leadership Styles

What is Leadership?

Leadership can be defined as the capacity to influence people, by means of personal attributes and/or behaviors, to achieve a common goal. However, while leadership is currently much discussed and academic studies in this area have multiplied since the 1970s, there's no single definition or concept of leadership that satisfies all management scientists. Nonetheless, the following three aspects of the nature of leadership have important implications for organizations.

Who are the Leaders?

Originally, studies of leadership focused on the traits or behaviors of individuals occupying senior positions in organizations, and, as a result, leadership was often seen as an individual competence or a role. In the era of companies, leadership is seen as the function of a Board of Directors. But leadership isn't just about the qualities of a few, and isn't always associated with a formal managerial role, although the leadership skills of chief executives, directors and their teams are fundamentally important. More

organizations today expect middle and junior managers, as well as employees without managerial responsibility, to act as leaders.

Who is an effective leader?

He or she is a person, or a body (e.g. board of directors, project team, etc.) who performs the following functions:



- Creates an inspiring vision of the future.
- Motivates and inspires people to engage with that vision.
- Manages delivery of the vision.
- Coaches and builds a team, so that it is more effective at achieving the vision.

Let us discuss the above functions in some detail:

a. Creating an Inspiring Vision of the Future

In business, a vision is a realistic, convincing and attractive depiction of where you want to be in the future. Vision provides direction, sets priorities, and provides a marker, so that you can tell that you've achieved what you wanted to achieve. To create a vision, leaders focus on analyzing their organizations strengths and

weaknesses as well as external environment in order to find out how they can innovate successfully and shape their company's strategic path. Therefore, leadership is proactive – problem solving, looking ahead, and not being satisfied with things as they are.

Once they have developed their visions, leaders must make them compelling and convincing. A compelling vision is one that people can see, feel, understand, and embrace. Effective leaders provide a rich picture of what the future will look like when their visions have been realized. They tell inspiring stories, and explain their visions in ways that everyone can relate to. Here, leadership combines the analytical side of vision creation with the passion of shared values,

creating something really meaningful to the people being led.

b. Motivating and Inspiring People

A compelling vision provides the foundation for leadership. But it's leaders' ability to motivate and inspire people that helps them deliver that vision. For example, when you start a new project, you will probably have lots of enthusiasm for it, so it's often easy to win support for the project at the beginning. However, it can be difficult to find ways to keep your vision inspiring after the initial enthusiasm fades, especially if the team or organization needs to make significant changes in the way that they do things. Leaders recognize this, and they work hard throughout the project to connect their vision with people's individual needs, goals, and aspirations.

Leaders can also motivate and influence people through their natural charisma and appeal, and through other sources of power, such as the power to pay bonuses or assign tasks to people. However, good leaders don't rely too much on these types of power to motivate and inspire others.

c. Managing Delivery of the Vision

This is the area of leadership that relates more to management. Leaders must ensure that the work needed to deliver the vision is properly managed—either by themselves, or by a dedicated manager or team of managers to whom the leader delegates this responsibility – and they need to ensure that their vision is delivered successfully. To do this, team members need performance goals that are linked to the team's overall vision.

Leaders also need to make sure they manage change effectively. This helps to ensure that the changes needed to deliver the vision are implemented smoothly and thoroughly, with the support and

backing of the people affected.

d. Coaching and Building a Team to Achieve the Vision

Individual and team development are important activities carried out by transformational leaders. To develop a team, leaders must first understand team dynamics. A leader will then ensure that team members have the necessary skills and abilities to do their job and achieve the vision. They do this by giving and receiving feedback regularly, and by training and coaching people to improve individual and team performance. Leadership also includes looking for leadership potential in others. By developing leadership skills within your team, you create an environment where you can continue success in the long term. And that's a true measure of great leadership.

Leadership Styles

A leadership style is a leader's style of providing direction, implementing plans, and motivating people. It is the result of the philosophy, personality, and experience of the leader. Different situations call for different leadership styles. In an emergency when there is little time to converge on an agreement and where a designated authority has significantly more experience or expertise than the rest of the team, an autocratic leadership style may be most effective; however, in a highly motivated and aligned team with a homogeneous level of expertise, a more democratic or Laissez-faire style may be more effective. The style adopted should be the one that most effectively achieves the objectives of the group while balancing the interests of its individual members.

• *Autocratic or Authoritarian*

Under the autocratic leadership style, all decision-making powers are centralized in the leader, as with dictators. The leader does not

entertain any suggestions or initiatives from subordinates. The autocratic leadership style has been successful as it provides strong motivation to the manager. It permits quick decision-making, as only one person decides for the whole group and keeps each decision to him/herself until he/she feels it needs to be shared with the rest of the group. This style of course suffers from the disadvantages associated with incompetent leaders who are not able to see all the implications of their decisions. Leaders who impose their decisions on their subordinates against their will also fail to provide adequate motivation to their staff and therefore fail to elicit their total support.

• *Participative or Democratic*

The democratic leadership style consists of the leader sharing the decision-making abilities with group members by promoting the interests of the group members and by practicing social equality. This has also been called shared leadership. While this style removes some of the defects of autocratic leadership, it has its own issues. Quite often, it leads to delays decisions, or decisions being made on the basis of compromise rather than in the best interest of the organization.

• *Laissez-faire or Free-rein*

In Laissez-faire or free-rein leadership, decision-making is passed on to the subordinates. The subordinates are given complete right and power to make decisions to establish goals and work out the problems or hurdles. Attractive as it appears, this leadership is not free of defects as quite often subordinates take advantage of the lenient control systems and fail to perform properly.

• *Task-oriented*

Task-oriented leadership is a style in which the leader is focused on the

tasks that need to be performed in order to meet a certain production goal. Task-oriented leaders are generally more concerned with producing a step-by-step solution for given problem or goal, strictly making sure these deadlines are met, results and reaching target outcomes. Task-oriented leaders are typically less concerned with the idea of catering to group members, and more concerned with acquiring a certain solution to meet a production goal. For this reason, they typically are able to make sure that deadlines are met, yet their group members' well-being may suffer. Relationship-oriented leaders are focused on developing the team and the relationships in it. The positives to having this kind of

environment are that team members are more motivated and have support, however, the emphasis on relations as opposed to getting a job done might make productivity suffer.

• ***Relationship-oriented or Transformational Leadership***

Relationship-oriented leadership is a contrasting style in which the leader is more focused on the relationships amongst the group and is generally more concerned with the overall well-being and satisfaction of group members. Relationship-oriented leaders emphasize communication within the group, show trust and confidence in group members, and shows appreciation for work done.

This style relies on the personal charisma and charm of the leader to transform the way his team conducts itself.

• ***Any combination of above styles***

It is possible that a leader (person or body) may opt to use a combination of the different leadership styles, for example different styles may be used for different situations, different levels of management, or different territories in which a company operates.

The chart below enumerates the characteristics of each leadership style:

STYLE	AUTHORITARIAN	PROCEDURAL	TRANSFORMATIONAL	PARTICIPATIVE	LAISSEZ FAIRE
Also known as	Autocratic Transactional	Task-oriented Bureaucratic	Charismatic Relationship Oriented	Democratic Consultative	Delegative Servant
Control Level	High	High	Medium	Medium	Low
What does it involve?	Lot to power to the leader. They tell the team what they want. Not suitable for all situations; should be used in selective situations	Work by the Book. Focus only on job, not on the person doing it.	Leader inspires. Focus on supporting and developing the team. Always looking for ideas. Visible but not imposing.	Focus on consensus. Attention paid to opinion of team members. Not a sign of weakness.	Team members make the decisions, while the Leader participates in the decision making process.
When is this style most suitable	When time is short. In a crisis. With difficult employees.	When great attention to detail is needed. Non-routine tasks. Safety related tasks. When stakes are high.	In most situations.	Where quality is more important than speed or quantity.	When leader has confidence in his team. Team members are experienced and skilled.
Advantages	Can achieve quick results. But when leader is away, work stops.	Clearly defines tasks and roles. Puts structure in place.	Motivational. Creative collaborations. Enthusiasm & energy is often infectious.	Mutual benefits. Team members feel responsible and motivated. Helps develop skills for team members	Leader cannot do everything; he has to delegate some tasks.
Problems	Impedes creativity. Demoralizes team members. Dissatisfaction among more intelligent workers.	Demoralizes team members. Dissatisfaction among more intelligent workers.	Leader focuses on big picture, team often fails to take care of details.	Indecision. Differences due personal traits. Lack of speed in decision-making.	Less effective in terms of quality and productivity. Not suitable for competitive situations.

What is an effective leadership style?

Experience suggests that successful leaders don't invariably behave in identical ways. They may act very differently, even in similar situations, and have quite different personalities. Different leadership qualities may be needed in different circumstances. To take an obvious example, Winston Churchill was a great wartime leader but less successful in peacetime. An example from Pakistan: Field Marshal Ayub Khan was very successful as a dictator, bringing about a lot of economic reforms and development. But when he became a political leader, he failed in the same job of keeping the country on the path of development; he had to resign less than gracefully. Similarly, CEOs who excel in turning round ailing companies may paradoxically perform less well when things are more stable.

Importance of Leadership in Insurance Industry

Insurance is a business that relies almost entirely on the goodwill and image of the companies. This goodwill and image are created by their leaders. If leaders are effective,

the insurance companies prosper doing well not only for their clients but also for the shareholders and other stakeholders. Poor leaders (and there are quite a few examples in Pakistan) can easily destroy even a well-structured insurance company. Insurance like most financial sector companies is a people-focused business. People generally pay more attention to the personality traits than balance sheets. Good leaders in all layers of management in an insurance company can take it to the top – and poor leaders can destroy it in a matter of months.

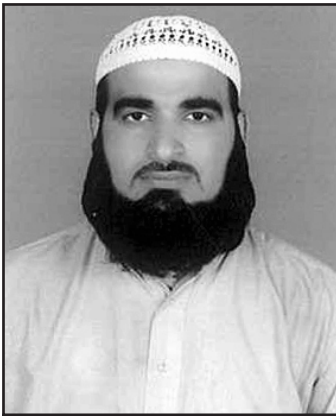
Impact of gender on leadership style

Another factor that co varies with leadership style is whether the person is male or female. When men and women come together in groups, they tend to adopt different leadership styles. Men generally assume an authoritative style. They are task-oriented, active, decision focused, independent and goal oriented. Women, on the other hand, are generally more communal when they assume a leadership position; they strive to be helpful towards others, warm in relation to others, understanding, and mindful of others' feelings. In general, when women are

asked to describe themselves to others in newly formed groups, they emphasize their open, fair, responsible, and pleasant communal qualities. They give advice, offer assurances, and manage conflicts in an attempt to maintain positive relationships among group members. Women connect more positively to group members by smiling, maintaining eye contact and respond tactfully to others' comments. Men, conversely, describe themselves as influential, powerful and proficient at the task that needs to be done. They tend to place more focus on initiating structure within the group, setting standards and objectives, identifying roles, defining responsibilities and standard operating procedures, proposing solutions to problems, monitoring compliance with procedures, and finally, emphasizing the need for productivity and efficiency in the work that needs to be done. As leaders, men are primarily task-oriented, but women tend to be both task- and relationship-oriented. However, it is important to note that these sex differences are only tendencies, and do not manifest themselves within men and women across all groups and situations.

**Leadership styles
depend on
requirements
of the situation**





Mufti Asad Mahmood
Shariah Compliance Officer
Adamjee Insurance Company Limited
(Window Takaful Operations)

Emerging Takaful (Islamic Insurance) & It's Challenges

Waqf Fund:

The backbone of a Takaful Organization is Waqf Fund in which members/participants regularly contribute a small amount called Contribution from savings as Taburru or donation. This Waqf amount is for a social welfare. Whenever a member of Waqf Fund is in financial trouble, the Waqf Takaful comes to the rescue by compensating for their loss.

Takaful Operator:

The Manager of WTO/ Takaful Operator is the custodian of PTF (Participant Takaful Fund). So, it is a prime responsibility of the Operator that it should take measures to safe guard and strengthen PTF. No any activity should be under taken which is not beneficial for PTF. As Waqf Fund grows, it would be in the benefit of the participants to whom claims are paid.

Furthermore, it is a key responsibility of the Operator to compensate the members/Participants of Waqf Fund as per policy issued. However, in some instances accommodations are required to be made keeping in view market practices which are valuable

source to strengthen PTF.

Some most important challenges which are being faced in emerging Takaful industry are as under:

1. Why Ex-Gratia claim is to be considered?

We realize that Takaful industry is still at the earliest stage of its

Although it is not a right of participants which can be paid from PTF as mentioned above, but keeping in view the market practices regarding the way-out of subject matter, it can be said clearly, that WTO/ Takaful Operators, to the extent of writing in documents and speaking, cannot pay such a claim from PTF, whereas, most/some of WTO/Takaful operators practically decide to provide EX-Gratia payment from the PTF when it is required to safeguard / strengthen PTF on case to case basis. Because, rejection of Ex-Gratia in Takaful is a main element, through which, most of the policy holders in conventional side are not moving to the Islamic side of insurance.

It is understood very well that common market practice of a non-sharia-compliant activity will not

lead to the permissibility of the same in Sharia. That is why; Ex-Gratia may not be set based on market practice. However, earlier stage of emerging Takaful industry and common market practice show a need of Ex-Gratia payment.

Hence, Ex-gratia may be considered and paid to safeguard/ strengthen the PTF. Otherwise, rejection of such a



evolution especially in Pakistan. As per Sharia guidance, it is clear that Ex-Gratia claim would not be considered a right of participants to be paid from PTF. However, emerging Takaful industry is facing a challenge of Ex-gratia claim as to the rejection of such a claim may lead to significant loss of business and instability of Takaful industry.

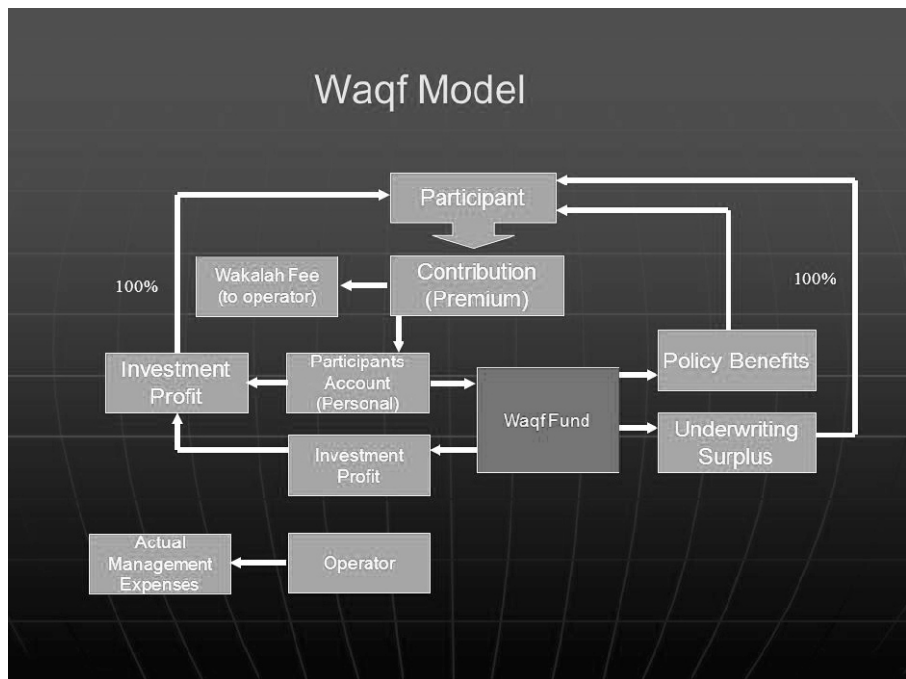
claim may damage the standing of PTF Pool which will lead to instability of Takaful industry would not be capable to compete with conventional industries.

There should be a set criteria for paying such a claim which would be proved as a way-out of this challenge. A proposed way is that the challenge can be get rid of either by law-full authorized changes in policy wordings or by some another set and pre-approved criteria which may be made a part of policy (PMD).

2. Waiver of Depreciation:

Fundamental principles of conventional insurance are Principal of indemnity, Principal of subrogation and Principal of utmost good faith. It is known very well that the principal of utmost good faith and subrogation are being applied only for assuring the application of the principal for indemnity. Therefore, under most insurance policies, claim reimbursement begins with an initial payment for the Actual Cash Value (ACV) of damage or the value of the damaged or destroyed item at the time of the loss.

If the replacement cost coverage included on policy, it may be able to receive additional money to cover the depreciation of these items. If this is the case, reimbursement may involve two or more payments - one for initial payment based on the ACV of items and then additional payment(s) once



policy holder repair and/or replace the damaged or destroyed items by providing the documentation.

On the other hand, policy holders moving to Takaful industry which is at emerging stage, demand for waiver of depreciation as it is provided in conventional side. As per Sharia guidance, it is clear that waiver of depreciation would not be considered a right of participants to be paid from PTF. It is also not allowed for window Takaful Operations to use its absolute discretion for allowing discounts. However, emerging Takaful industry is facing a challenge of waiver for depreciation as to the rejection of such demand of waiver may lead to significant loss of business and instability of Takaful industry.

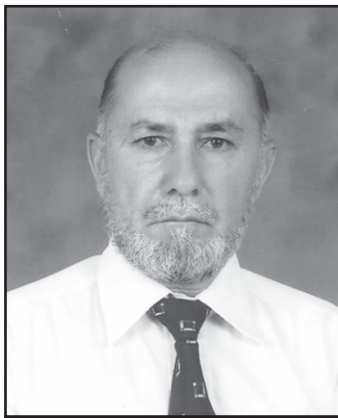
Hence, waiver of depreciation may be considered and provided to safeguard/ strengthen the PTF. Although, it can also be said that providing such privileges is not a best practice. But this practice may be adopted temporarily.

A Proposed way-out of this challenge is as to:

- There should be set and pre-approved criteria made by window Takaful Operations.
- All of the participants, who meet the set standard By WTO, will be eligible for the waiver of depreciation so that equality is assured.

The Half Yearly Gross Premium of EFU General Insurance Company Limited for 2017 is Rs.9,873.062 million including Takaful Contribution (Rs.688.398 million)

Mr. Nasir Siddique (Team Lead Underwriting - IGI Insurance Limited) has completed certification - Foundation of Risk Management and Insurance from The Institutes, USA in December 2017.



Majid Khan Jadoon
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Fire Insurance Policy Clauses (Part-10)

Standard Explosion Endorsement:

By attachment of this Endorsement on the Fire Insurance Policy, the Insurers and the Insureds mutually agree and declare that any Loss or Damage to the Property, which would have been caused by Fire or otherwise directly caused by Explosion, shall be deemed included within the ambit of the same Fire Insurance Policy.

This will, however, exclude Loss of or Damage to the following:-

- a) Boilers
- b) Economizers,
- c) Other Vessels,
- d) Machinery or Apparatus or to their Contents, wherein Pressure is used, resulting from the Explosion.

But all General Exclusions of the Fire Insurance Policy, as well as Conditions thereof shall apply as if the same had been incorporated in this Endorsement. For this purpose, any Loss or Damage by Explosion, as mentioned afore, shall be deemed to be Loss or Damage as if caused by Fire within the meaning of the Fire Insurance Policy.

However, as far as General Exclusion No.9 of the relative Fire Insurance Policy is concerned, any Loss or Damage caused by an Explosion of Gas used for illuminating or domestic purposes in a premises/building, wherein Gas would not be generated or Gas-works are not being carried on, shall be deemed to be Loss or Damage by Fire within the meaning of the relative Fire Insurance Policy.

domestic purposes, wherein No Gas might have been generated or No Gas-works would have been carried-on within the same Premises/Building, then the Loss or Damage by Gas Explosion therein would be deemed covered within the purview of the relevant Fire Insurance Policy by virtue of the attachment to the Fire Policy of the Standard Explosion Endorsement under reference.



In case, however, if any Process of generating Gas and Gas-works would have been carried-out in the Premises/Building and an Explosion therein would have damaged the Subject-matter of Insurance within the same Premises/Bldg., then, despite the attachment of the Standard Explosion Endorsement to the Policy, any Loss or Damage or Expenses

or Cost to the Subject-matter of Insurance would be deemed excluded from Coverage of the Fire Insurance Policy.

To simplify the said General Exclusion No.9, which has been mentioned in the Jacket of the Fire Insurance Policy, let me elaborate that if there would have been any Loss or Damage to the Subject-matter of Insurance within an Insured Premises/Bldg., due to an Explosion of Gas used for illuminating or

However, the following Special Conditions are applicable to the Standard Explosion Endorsement of a Fire Insurance Policy:-

(I) Loss or Damage or Cost or Expense, directly or indirectly caused by an Act of Terrorism, regardless of any Other Cause or Event which might have concurrently contributed to the same Act of Terrorism, shall fall out of the ambit of the relative Fire Insurance Policy, even if the Standard Explosion Endorsement would have been attached therewith.

Any Act of Terrorism has been defined as “the use of un-limited Force or Violence and/or Threat thereof. Besides, Terrorism would also include a Harmful Act to human-life, or Tangible or Un-tangible property or Infrastructure by any Person or group of Persons, irrespective of whether working alone or on behalf of an Organization, for Political, Religious, Ideological or other alike purposes. Terrorism would also include an intention to influencing the government or putting public or any Section of the Public in fear.

It is also pertinent to mention that any Loss or Damage or Cost or Expenses, as a consequence of an action, which would have been taken, either directly or indirectly, in the course of controlling, preventing, suppressing the Acts of Terrorism, would also fall within the Exclusions of the Standard Explosion Endorsement.

Besides, any Loss or Damage, which would have happened during the existence of Abnormal Conditions in the course of the afore-mentioned Happenings, shall be deemed uncovered by the relevant Fire Insurance Policy. In case, however, if the Insureds shall be able to prove that the same Loss has taken place independently of the said Abnormal Conditions, then the same shall be considered covered within the scope of the relevant Fire Insurance Policy.

In case of any Legal Suit or Action, when the Underwriters would have alleged that under the Provisions of Conditions of this Standard Explosion Endorsement, any Loss or Damage is not covered by the Insurance Policy, then the burden of proving that it is covered, would be the responsibility of the Insureds.

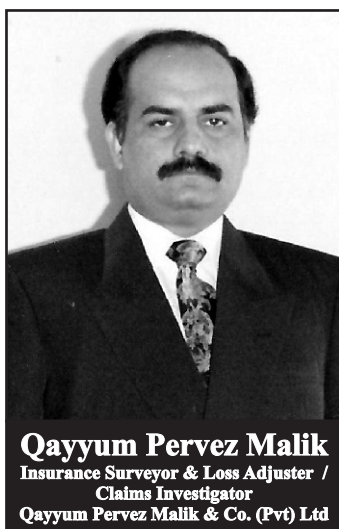
(II) In case, there shall be another Fire Insurance Policy/Policies on the same Subject-matter of Insurance, the Company shall be liable only to the Pro-Rata amount of the Loss with other alike Insurance Policies, in respect of any Loss or Damage by Explosion, irrespective of the fact whether or not those other Fire Insurance Policies would cover Loss or Damage by Standard Explosion Endorsement.

In case, at the time of the Occurrence of a Loss or Damage by Explosion, if the Subject-matter of Insurance would have been covered or ought to have been covered by any other existing Policy/Policies, but had not been so covered due to the existence of this Policy, any Loss or Damage due to Exclusion would fall out of the purview of this Fire Insurance Policy, despite the attachment of the Standard Explosion Endorsement thereon.

(III) However, this Policy would only indemnify the Insureds for the Excess amount of the Loss or Damage which would have been payable under those other Insurance Policy/Policies, had this Insurance not been effected.

To Be Continued.....





Marine Insurance Introduction

1. General Practice

Marine insurance in its primary shape was practiced by Greeks long ago who used to go for risk sharing in maritime activities, ships and cargo.

Gradually with the development of business, industry and other related offices the marine insurance kept on evolving to meet with the modern trade requirements and in 1680 a small coffee house of Edward Lloyd in Tower street, London become the centre point where the people related to merchant navy used to sit for exchange views evolved a bit modern way of risk sharing. Now the Lloyd's corporation is the premier world marine insurance market. Lloyds of London with others thereafter modernize the marine insurance designing a basic marine insurance policy form as well and terms/condition/warranties/clauses etc which further developed in to modern form of most comprehensive insurance structure providing all necessary services to the community concerned making the trade and economy wheel go on and on. The basic concept is derived from the idea

of sharing the risk e.g. ship-owners used to raise a joint fund in shape of money out of which any ship owner who suffered an accidental loss used to take help to restore his ship in pre-damage condition and so on.

The marine insurance practice is little different as it is in England and here in Pakistan. In England where from the modern marine insurance was



originated a brokerage system is in operation where as in Pakistan we follow Agency system. In brokerage system like we see in Lloyds of London the brokers are intermediaries registered with the Lloyds who place business on behalf of the proposer by inserting the necessary detail of risk in a slip on which underwriters record their commitments which kept passed on

from underwriter to underwriter until the risk is fully covered. The Agents on the other hand usually appointed by the Insurers who procure business for them on commission. Agents are licensed to undertake such business by the Insurance Division of SECP.

Another parallel system of forming brokerage houses has also recently been evolved in Pakistan and SECP has introduced the necessary code of conduct as well as rules/regulations for Agents as well as Brokers being operated in Pakistan. On receipt of a proposal mostly by a phone call or a slip by the Agent or broker a cover note is issued where after on receipt of ship declaration advice a policy is issued for cargo import etc.

Payment of premium is essential to attach the risk and according to the premium

paramount clause insured is required to pay the stipulated premium and obtain official receipt of the insurance company in that respect.

Marine insurance contract can be defined as, following the Marine Insurance Act 1906 (The act has been amended and revised now) a contract whereby the insurers undertake to

indemnify the assured, subject to the terms and conditions of contract in manner and to the extent thereby agreed.

There are few types of marine covers in force and the most common are: -

a. Single Transit Cover:- It is issued when the proposer intends to take cover for supply of good/cargo to any given destination. This cover is granted against specified subject matter for a specific period and voyage indicating the destination, means of conveyance etc. This cover expires immediately on delivery of goods to the consignees/final destination mentioned in the policy.

Terms of sale/purchase e.g. FOB, CIF, CF plays an important roll in fixing terms/conditions of marine insurance policy. FOB, CIF, CF stand for free on board, cost insurance and freight and cost and freight.

b. Open Cover:- In big business enterprises where the frequency of shipments (import/export) is high open cover is granted which cover each and every declared shipment in a specified period of time usually for one year. It is not in form of a stamped policy. It is an agreement binding in honor, whereby the insurer undertakes to insure all shipments declared by the assured and which come within the scope of the open cover. Premium is payable on each declaration, against which specific stamped certificate/policy is issued covering each shipment declared. Sum insured is based on a) limit per bottom b) limit per location. Basis of valuation is usually the prime cost of the goods plus expenses to shipping, freight, cost of insurance plus 10%. Insured in this type of cover is bound to declare each and every shipment individually or in batches and obtain a certificate of insurance from the insurer.

c. Floating Policy:- It is also known as open policy which is stamped and

issued to clients having substantial turnover and a large number of dispatches can obtain continuous insurance cover under an open policy. It is issued for an amount representing the insured's estimated annual turnover in respect of a series of consignments which may be declared against the open policy. The policy is issued for one year and expires thereon. Limit per bottom and/or limit per location are applied.

2. Utmost Good Faith

Every contract of insurance is a contract that one which requires utmost good faith on the part of both, the insurer and the assured. According to Marine Insurance Act 1963 the principals of utmost good faith are set-in which are, that any circumstances which is within the knowledge of the person insuring and is likely to influence the insurer in deciding whether he will accept or refuse the risk or influence him in assessing the premium which he will charge, must be fully disclosed to the insurer before the contract is concluded. Disclosure of material facts also deals in this subject.

3. Conditions and Warranties

Every contract of insurance is subject to certain conditions and warranties mentioned and or un-mentioned and/or attached and/or stamped whether implied or express.

The affect of breach of condition and warranty is slightly different on the contract as already explained while discussion this subject in fire insurance department. Warranty is defined in MIA 1963 under section 35-43 and according to this a warranty is a promise by the assured to the underwriter that something shall or shall not be done or that a certain state of affairs does or does not exist. A warranty is in effect a "safety valve" for insurers by which they can ensure that, in addition to all disclosures and true representations,

the risk is exactly the one they intended to accept.

EXPRESS WARRANTIES are those which are appearing on the policy or are incorporated therein by reference. IMPLIED WARRANTIES are not expressed but are equally important and binding.

4. Insurable Value

With reference to above the marine insurance is divided in to two categories.

Valued Policies
Un-valued Policies

Valued Policy is one which specifies the agreed value of the subject matter insured. Insurable value usually based on prime value of goods + cost + insurance + freight and + 10% to cover additional expenses. It also depends on the nature of sale contract like FOB, CF or CIF etc. Assured clarify his intention before taking insurance cover as to the agreed insurable value.

An Unvalued Policy is one which does not specify the value of the subject matter insured, but subject to the limit of the sum insured leaving aside the insurable value to be subsequently ascertained. The sum insured shown on the policy becomes only a limit of indemnity.

5. Institute Cargo Clauses

Previously 3 cargo clauses were in force called as "all risk", "FPA", "WA" which have been obscured now and have been replaced by ICC-A, ICC-B & ICC-C. Similarly the old Marine policy form has also been replaced by the newer version. These changes in Pakistan came in to force in 1982-83 since then a new form of policy with newly designed institute cargo clauses came in to operation. The Policy form has become so simplified that it plays a roll of engine where as all sort of coverage, exclusions,

warranties, clauses, conditions are attached to it as carrier. Here the institute refers to Institute of London Underwriters, ILU and all such work is done by their technical committees. For inland transits where the shipment are made within the country by rail or road and rail road risk clause is present which is designed by technical committee of Insurance Association of Pakistan.

In each of the set of clauses AB & C the provisions are grouped under the main headings of risks covered, exclusions, duration, claims, benefit of insurance, minimizing losses, avoidance of delay and law/practice. ICC-C provides a basic standard cargo cover against major casualties whilst ICC-B provides a wider intermediate form of cover and ICC-A provides the broadest cover on an "all risks" with exceptions basis.

For detail all the 3 sets of clauses may be gone through. For quick reference a comparison chart of all these 3 set of clauses is attached with this study material.

Subject to the risks included and excluded by the clauses, the following types of loss are recoverable under all three sets of clauses.

Particular Average:- Particular average means partial loss of the subject matter insured proximately caused by an insured peril.

General Average Sacrifice:- This occurs when the insured goods are partly or totally sacrificed in a general average act, provided the general average act does not arise from any of the exclusions expressed in the relevant ICC.

Actual Total Loss:- Actual total loss occurs in the circumstances where

- The goods are completely destroyed.
- The assureds are irretrievably

deprived thereof.

c. The goods are no longer a thing he was insured against (loss of specie)

d. The goods are on a ship that has been posted as missing.

Constructive Total Loss:- When the goods are not an actual total loss but it is impractical, because of the operation of an insured risk, for the assured to continue the voyage and deliver the goods to their intended destination, the assured may prefer to abandon the goods or what may remain of them to the underwriter and claim a constructive total loss.

Besides the above subject to the inclusions and exclusions the "expenses incurred by the assured, general average and salvage contributions, collision liability, fire, explosion, vessel stranded, overturning and derailment of land conveyance and many more as specified in the relevant ICC.

6. Delay Deviation & Frustration Clause

This clause refers to the avoidance of liability by the insurer in case of claim based upon loss of or frustration of the insured voyage or adventure caused by arrests, restraints or detainment of kings, princess, people, usurpers of power. The frustration clause therefore exclude claim based on frustration of the adventure. It does not exclude a claim for loss of goods themselves caused by the peril insured against.

7. Institute Time Clauses (Hull)

The widest cover for hulls is provided by the institute time clauses. Hulls the revised version of which was introduced in the London market with effect from 1983. There are more than two dozen clauses in institute time clauses which deals in hull insurance and the most prominent are:-

General average and salvage, new for old, war exclusion, strikes exclusion,

nuclear exclusions, deductibles, CTL, duty of assured, 3/4th collision liability, notice of claim, breach of warranty, continuation, termination etc. Clauses may be obtained which requires detail study.

8. General Average Clause

According to this clause general average and salvage charges adjustment would be made according to the stipulation/rules/regulations in force e.g. York Antwerp rules etc.

9. General Average

General average loss is the direct result of general average act which refers to an extraordinary sacrifice or expenditure intentionally and reasonably made or incurred to save or preserve the property involved in the common adventure.

10. General Average Contribution

When a general average act occurs in respect of the adventure involving the insured goods the assured will be required to contribute towards a fund to make good the loss. General average clause addresses this issue which may be gone through.

11. Survey Report

Whenever a claim intimation regarding marine loss is received a Govt, license holder surveyor is assigned a job to conduct necessary survey and submit the survey report for the consideration of underwriters on risk.

Surveyors are professionally experienced and trained to deal with all sort of claims in detail in order to assess the extent of loss, to determine the cause, place of loss as well as suggests measure to minimize the loss and to suggest the disposal of salvage for that matter. Surveyor is also supposed to identify the subject matter of insurance, the insurable interest at the time of loss, as well as

observe the fulfillment of policy terms/conditions, warranties etc.

He also takes look at the requirement laid down in bailer's clause and assure/guide to serve necessary notice of claim to 3rd parties.

Survey report is equipped with all sort of physical and documentary evidence of loss as well as lab test reports if necessary. The main attachments of any survey report would consist the invoice, packing list, bill of lading, truck/railway receipts, AWB, proforma invoice, joint inspection statement, store receipt against delivery of goods, photographs showing the damage, Bill of entry, any survey report against survey conducted prior to destination, documents exchanged to describe any 3rd party liability, weight slips, ship out-turn report, port survey evidence etc.

The survey report contains all information necessary to process the claim at claims departments of insurers. The most important information relate to the contents of insurance policy, certificate, invoice, bill of lading, bill of entry, weight slips, port or ship survey, joint survey, IGM, Police report, fire brigade report in case of fire, master protest if necessary, ship out turn report, truck or rail receipts or airway bill if shipped by air, receipt record at final warehouse, joint inspection report at final warehouse, lab test report e.g. silver nitrate test, salvage offer, treatment of goods to minimize the loss and so on. The survey report also describes the country damage which refers to the damage sustained before the good left the seller's warehouse. Surveyors further describe the cause of shortage whether it is due to theft pilferage during before or after transit or it is due to short supply by the supplier. He further makes comments on the losses occurred due to inherent vice of the subject matter like loss in weight.

It is recommended that a marine survey report form may be studied for detail.

12. Marine Cargo Claims

A claim upon a policy of marine insurance may arise upon the happening as the result of insured peril of any of the following: -

- a. Total loss, actual or constructive.
- b. Particular average i.e. partial losses.
- c. General average losses.
- d. Expenses like sue and labor, salvage charges etc.

All the above terms have already been defined in above paragraphs and need not to be redefined.

Measure of indemnity for actual total loss is the insured value under the policy.

Claims against constructive total losses are subject to give notice by the assured to show his attention to abandon the subject matter and acceptance of notice by the insurers. The measure of indemnity in CTL is the sum insured less any proceeds of sale which are due to the insurers.

Particular average is partial loss or partial damage caused fortuitously by a peril insured against and thus does not include damage voluntarily incurred, such as general average damage. The measure of indemnity for particular average to cargo varies according to whether it forms part of the cargo or of cargo arriving damaged at destination. Where part of the goods are totally lost, the amount payable under the insurance is such proportion of the insured value as the insurable value of the part lost bears to the insurable value of the whole.

Where the whole or any part of the goods insured is delivered damaged at destination, the measure of indemnity is such proportion of the sum fixed by the policy in the case of valued policy

or of the insurable value in the case of an unvalued policy, as the difference between the gross sound and damaged values at the place of arrival bears to the gross sound value.

General average loss: - When there is a general average act on a voyage, all interests at risk namely ship, cargo and freight which have been saved from loss by GA measures are liable to contribute ratably to make good the sacrifice and expenditure. These values are known as contributing values and the sum necessary to reimburse the interest which have suffered the GA loss is called "amount made good" or allowance.

13. Cargo Loss Recovery from 3rd Parties

Underwriters are able, by their rights of subrogation, to affect many recoveries in respect of claims for loss or damage to cargo insured by them, from carriers, and other bailees, who may be primarily liable for such loss or damage to goods.

MARINE INSURANCE ACT 2017

Islamic republic of Pakistan is among those few countries in the World having introduced its independent Marine Insurance Act bill in National Assembly for enactment in 2016. The title of the bill was "MARINE INSURANCE ACT 2016". Its progressive stage passed when it was revised as "MARINE INSURANCE ACT 2017" and put on table of NA for completion of necessary legal process. The new bill bearing title "MARINE INSURANCE ACT 2017" was finally passed by National Assembly in 2017. It is available for downloading, although not available as list of NA or Senate Acts.



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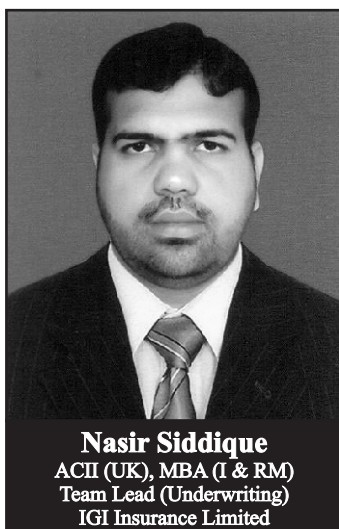
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Classifications of Risk and Loss Exposure

Risk: A situation in which several different outcomes are possible.

Risk Classifications

Pure Risk Events: Two possible future states of the world:

1. Loss
2. No Loss

Random events cause the possible future states of the world to occur. Personal, Property and Liability Pure Risk generally are insurable.

Speculative Risk Events: Three possible future states of the world:

- Loss
- Gain
- No Loss or Gain

Random events cause the possible future states of the world to occur. Generally are NOT insurable.

Diversifiable Risk: A risk that affects only some individual, business and small group. Risk of fire which is likely to effect only one or small number of business. Investor normally invest in different sectors to diversify their investment risk. Generally are insurable.

Non-diversifiable Risk: A risk that affects a large segment of society at same time.

For Example under certain monetary conditions interest rates will increase for all firms at the same time. If an insurer

want to insure firms against interest rate increases. It would not be able to diversify its portfolio of interest rate risk. Generally are not insurable.

Particular Risks: A risk that affects only individual and not the entire community. Only individuals experience losses rest of the community left unaffected. Examples of Particular risk are Burglary, theft and auto accident. Generally are insurable.

Fundamental Risks: A risk that affects the entire economy or large numbers of people or groups within the economy. Examples of fundamental risks are unemployment, war and natural disasters such as hurricanes, tornadoes and floods. Generally are not insurable. Government assistance may be necessary in order to insure fundamental risks.

Risk Quadrants

No consensus exists about how an organization should categorize its risk, one approach involves dividing them into risk quadrants:

- Hazard Risks
- Operational Risks
- Financial Risks
- Strategic Risks

Hazard risks arise from property, liability, or personnel loss exposure and are generally the subject of insurance.

Operational risks fall outside the hazard risk category and arise from people or a

failure in process, systems, or controls, including those involving information technology.

Financial risks arise from the effect of market forces on financial assets or liabilities and include market risk, credit risk, liquidity risk and price risk.

Strategic risks arise from trends in the economy and society, including changes in the economic, political and competitive environments.

Hazard and operational risks are classified as pure risks

Financial and Strategic risks are classified as Speculative risks

Loss Exposure

Individual and organizations incur losses when assets they own decrease in value. Situations or conditions that expose assets to loss are called loss exposure. Any condition or situation that presents a possibility of loss whether or not an actual loss occurs.

In order to effectively manage risk, individual and organizations must identify all the loss exposures they face.

Every Loss exposure has three elements:

- An assets Exposed to Loss
- Cause of Loss (also called peril)
- Financial Consequences of that Loss

1. Assets Exposed to Loss:

- Assets owned by organization. Like Property, Building, Furniture and Fixture, Automobiles, Investments, Money, Hum Resources,
- Intangible Assets include Patents, Copyrights, Trademark,
- Assets owned by individuals. Like Property, Building, Furniture and Fixture, Automobiles, Investments, Money
- Intangible Assets include Professional Qualifications, Unique skill set, Valuable Experience

2. Cause of Loss:

Cause of Loss includes Fire, Riot Strike Damage, Explosion, Burglary, Earth Quake, Atmospheric Disturbance are some examples of cause of loss that present a possibility of loss to property? Hazard Anything that increase chance of loss or increase the frequency or severity of loss. Like slippery Road, Oil storage near to Machinery, Defective wiring.

Hazard Classification

- Physical Hazard
- Moral hazard
- Morale Hazard
- Legal hazard

Physical Hazard: Tangible Characteristics of property, persons or operations that tend to increase the frequency and severity of loss

Like Slippery Road, Explosion in chemical area that has inadequate ventilation, Fire due to defective wiring.

Moral Hazard: Conditions that increases the likelihood that a person will intentionally cause of exaggerate a loss. Moral hazard results from deliberate act. Like Filing False Claim, Inflating a claim, Intentionally causing a loss.

Morale Hazard: A Condition of carelessness that increases the frequency or severity of loss. Like Driving Carelessly, Failing to unlock unattended building

Legal Hazard: A Condition of the legal environment that increases the frequency or severity of loss. Like court

Attitude to grant large damages award in liability cases. Increasing No. of decision against Tobacco companies.

3. Financial Consequences of Loss:

Financial consequences of loss depend on type of loss, loss frequency and severity

For example value of building, value of business, profits

Types of Loss Exposures: Loss Exposures are normally divided in four types i.e. Property Loss Exposure, Liability loss Exposure, Personnel Loss Exposure, Net income Loss Exposure.

Property Loss Exposure:

A property Loss exposure is a condition that presents that a person or an organization will sustain a loss resulting from damages to property in which that person or organization has a financial interest. Property can be categorized as either Tangible property and Intangible property.

Tangible property has a physical form, such a building, Car, Motorcycle, Jewelry and Equipment's etc. Tangible property can be further sub divided into:

- **Real property** consisting of land and all structures permanently attached to the land and whatever is growing on land.
- **Personal property** - All tangible property that is not real property. Like Vehicles, jewelry etc.

Intangible property has no physical form such as a Trade Mark, good will, Trade Secrets copyright and Trade Slogan. Damage to property can cause a reeducation in property value, sometimes to Zero. For Example when property is Total loss, like stolen of property. Property damage can also result in loss of income when property cannot be used to generate income.

Liability Loss Exposure:

Any condition or situation that presents that possibility of a claim declaring legal responsibility of a person or business for injury or damage suffered by another

party. Like Third party Liability, Product Liability, Public Liability, Professional Liability, Auto Liability, Employer Liability.

Personnel Loss Exposure:

Presents death disability, retirement or resignation that deprives an organization of the person special skill or knowledge that the organization cannot readily replace. A key employee can be an individual employee, an owner, an officer or manager of the organization who possess special skills or knowledge that is valuable to the organization.

Personal Loss Exposure:

If the Key employee is viewed in terms of his or her family, the loss exposure associated with the loss of that key person is often called a personal loss exposure. The possibility of a financial loss to an individual or a family by such causes as death, sickness, injury or unemployment. e.g Death of bread winner

Net Income Loss Exposure:

A condition that presents the possibility of loss caused by a reduction in net income. Both individual and organization have net income loss exposure for example a fire in a factory production facility not only destroy factory (a property loss exposure) but also force organization to stop operations for few weeks result in loss of sale revenue (a net income loss exposure) similarly a fire in retail store of self-employed business owner, the inability to earn income while store is being repaired represents a net income loss exposure. Net income losses are often the result of a property, liability or personnel loss (all of which are direct losses). Therefore net income losses are considered to be indirect losses.

A **Direct Loss** is a loss that occurs immediately as the result of a particular cause of loss, such as building damage by fire.

An **Indirect Loss** is a loss that results from not particular cause of loss.

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Project Insurance (Basics)

What is Construction Insurance?

Construction insurance or very commonly known as Contractors All risk Policy covers all risk associate with construction projects. Before we get to the details of the insurance aspects. Lets us first look at how a project works and its various Stages.

Project Stages:

Before commencement of a project, There are various stages which are involved in the process, these are:

- Feasibility Study
- Tender Process
- Project Phase

Feasibility Study:

Feasibility Study is the primary stage which is normally undertaken before actual commencement of the project.

The objective of the feasibility study is to quickly answer physical, environmental, political and social factors also known as (PEST Analysis) such as:

- Size of the project / Future extensions
- Optimal Location / Environmental factors
- Selection of Design materials with alternatives

- Project Cost Analysis / Benefit Analysis
- Economics of the Project / Return On investment
- Project Financing

Once feasibility study has been completed and the designs are sufficiently detailed tenders and bids are invited.

Tender Process:



Tender process is where the principal and consultant engineer once having decided the scope and objective of the project including the design specifications, Invitations are sent to contractors. This process shall include the following steps:

- Call for Tender – Invitation to all Contractors
- Principal / Engineering Consultant

/ Architect – Define a pre-qualification criteria

- Earnest money deposit – To be given by qualified contractors for bidding process (Bid – Bond Insurance taken)

- Evaluation of contractors based on cost estimation / qualification and other technical credentials

- Award of contract to qualified contractor

- Contractor also provided initial mobilization advance usually 20% of contract value

- Project phase begins

Terms of Contract:

Contracts are awarded to contractor on one of the following basis:

1. EPC = Engineering, Procurement and Construction
2. Trunkey basis
3. B.O.O = Build own and operate
4. B.O.T Build own and Transfer

The Project Phase:

Once the contractor is qualified, The project commences as soon as the site location is made available to him, here the contractor shall arrange to mobilize his plant and machinery, site office equipment and allocate resources.

Normally the project phase would include the following:



- Site Preparation and creation of access route
- Excavation Activities
- Clearance and Cleaning
- Foundation Laying Works
- Piling works
- Plinth beam construction work
- Sub Structure & super structure construction works

- Back filling works
- Plinth beam works
- Column raising works
- Slab casting works
- Concreting activity

Role of an Insurer at every stage of the Project:

The insure plays a vital roles from the initial phase of the project, some of his key roles include, Risk assessment & Rating and Consulting on loss control methods and measures. Below is table which describes the role of an insurer at every stage.

Parties Involved	Project Stages	Insurer's Role
Principal	Objective definition	Nil
Principal Engineering Consultant Architect Financial Institutions / Banks	Feasibility Study	Nil
Engineering Consultant / Architect	Detailed Design specs	Risk Assessment
Principal / Engineering Consultant / Architect	Call for Tenders / Bidding Process	Proposal of Insurance / indicative Rates
Principal / Engineering Consultant / Architect / Contractor / Suppliers	Award of contract / final project	Final Terms and rating of Insurance
Principal / Engineering Consultant / Architect / Contractor / Suppliers	Project Start	Risk Inspection / Loss Prevention / Claims adjustment
Contractors/ Principal	Final Take over / End of Contractors obligation	CAR becomes Operational Policy

CAR/EAR Policy:

Contractors/Erection all risk insurance covers all risk associated with the projects and it plays a vital role till the project becomes operational. Below is a small description of how CAR policy will work till the end of the project.



Some of the key benefits of this policy are as follows:

- It covers all sort of accidental damages associated with construction projects subject to exclusion
- Most economic option
- Insurance premiums are calculated accurately by insurer than hazard margin by contractors
- Offer efficient financial protection to all parties concerned
- Professional advice by insurer's experts

In project insurance there are more than two parties involved in the contract, hence the responsibility and liability may differ. Below is table of

the most common parties involved in the contract reflecting their responsibilities and coverage available under CAR/EAR insurance or any other if there is a GAP.

Coverage under Project Insurance:

- FLEXA
- AOG perils

- Electrical / Mechanical breakdown/ Impact/ Collision
- Human Error

Most Common exclusions include:

- Liquidated damages and penalties
- Willful act of negligence
- War & Political Risks
- Nuclear Phenomena
- Faulty Design / Material & Workmanship
- Inventory Loss
- Contractual Liabilities

Project Insurance Underwriting:

The Underwriting and Risk assessment of project insurance depends if a project is within possible

insurable hazards or if it requires any special conditions that take care of unforeseen exposures that may give rise to a loss. Some of the most common criteria considered are:

- Geography / Topography / Climate of Project location
- Infrastructure availability / Transport & Repair Facilities
- Political / Administrative Situation
- Size of Project / Complexity / Value of works
- Time period for execution of the project
- Competence of the contractor
- Number of Qualified Supervisors staff & local labor
- Parties Insured
- Potential AOG Exposures
- Auxiliary Structures and protective measures
- TPL exposures

The UW process also includes considering Engineering Hazards such as:

- Subsoil condition
- Underground water control
- Testing and measurements

Standard Classification for Rating of Engineering Projects are:

Light / Medium Risks:

- Apartment blocks
- Private Office blocks
- Community Buildings (Hospitals / Schools / Offices)
- Water towers
- Roads
- Sewage systems

Heavy Risks:

- Sky-scrapers
- Tunneling Projects
- Bridges with large Spans
- Hydro Projects

CAR Insurance Exposures & Covers						
Exposure		Parties affected			CAR Coverage	Other insurance
		Principal	Contractor	Engineer/Arch		
Storage						
1	Offsite	Yes	Yes	No	Yes	-
2	Onsite	No	Yes	No	Yes	-
Transit						
1	Ocean	Yes	Yes	No	No	Marine Insurance
2	Inland	No	Yes	No	Yes	
Contract Works						
1	Permanent	Partially	Yes	Yes	Yes	-
2	Temporay	No	Yes	No	Yes	-
3	Defective Design	No	Partially	Yes	No	Enginner's PI Insurance
TPL						
1	Property	Yes	Yes	Yes	Partially	General Liability / PI Insurance
2	Persons	Yes	Yes	Yes	Partially	
CPM						
1	Equipment on site	No	Yes	No	Yes	Motor Insurance
2	Self Propelled	No	Yes	No	No	
Trade Risks						
1	Technical Obstalces	Yes	Yes	Yes	No	Performance Bond
2	Contractors insolvency	No	Yes	No	No	



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Enterprise Resource Planning Systems & Quality's Effect On Individual's Performance

Enterprise Resource Planning (ERP), as a label, was basically introduced by The Gartner Group in 1990, as an alteration to previous systems' names that were mentioned as Manufacturing Resource Planning (MRP-II). MRP elaborates the prodigy of non-industrial businesses shifting to MRP techniques to achieve those commercial operations which involves the entire business. Therefore, the name altered from "manufacturing" to "enterprise" and depicts that organizational methods had developed proficient of connecting core commercial operations irrespective of business type. In broad terms, an ERP system is connected with many topographies and financial operations (e.g., accounts, handling of cash, regulating with capital and managing risk), HR and operational work (e.g., purchasing, handling of material, logistics as well as production) of an organization.

ERP System is an information system (IS) which interconnects, integrates or joins all functional departments of an organization such as finance, marketing, sale, inventory, production and HRM and systematically automates all

important processes of any business. An ERP system is user interface information system (IS) that is aimed to provide useful information to support strategy, decision-making functions and operations, analysis of management in any industry or organization.

Quality, being an important variable and determinant of ERP, reflects

performance enhances in result of improvement in quality, low costs, increasing output and advance products or services for consumers and also aims to deliver long-term operational associations for employees as well as suppliers.

Quality has three basic dimensions i.e. System quality (SQ), Information quality (IQ) and Service quality (ServQ). As IT has been growing rapidly in the modern era, the recognition of **Individual's Performance** has become a strong tool to measure the progress and success of technology. Now IT is directly and strongly influencing the end user at work which is a result of enhances ERP system usage, ultimately a major factor in finding organizational influence (Rajan, C. A., & Baral, R., 2015).



different implications in different nature, level and dimensions of an organization. Quality has become a progressively lading portion. Individuals are continuously watching for quality outputs and facilities. Need of high quality has developed firms' staff to evaluate and apprehend quality as a strategic target to gain rivalry edge. Organizational

Technology Acceptance Model & ERP:

It has been studied and revealed that a strong relation exists which ultimately effects user performance, whether it is direct or indirect. It can clearly be apprehended that system quality and performance of end user are strongly directly correlated and both affect each other which

resultantly effects organization's performance.

Quality Impacts in Business:

Many studies have explained about the impacts of ERP and quality on the outcome of business. It is reported that effective management results in good monitoring, evaluation, calculation and investigation. To determine the performance of ERP functions, it is mandatory to describe what to measure and why. Also it has become mandatory to recognize the essential business developments and technical solutions for handling the product information (Kim, H. K. 2013).

ERP & Quality:

It has also been revealed in some studies that ERP system enhances the performance of end users also indicated that certain quality dimensions are of key roles to measure the benefits of use of enterprise resource planning system. Quality was basically understood as a shielding tool however now a days it is elaborated and seen as a rivalry tool for development of fresh arcades as well as rising market segment.

System Quality: System Quality, an important dimension of quality trait in enterprise resource planning, has been defined as an orderly attempt in accomplishing the processes of organization or trade. The principal target of system quality dimension is to guarantee that business must perform the functions with utmost dutifully and have the business' arrangement, processes and funds for proper and safe execution.

Information Quality: Information quality (IQ) is elaborated as the excellence of information systems contents. It is practically described as: "The suitability for use of the information given". Information quality is somewhat a fresh model to many companies. The quality of the

information delivered has become progressively significant with the rise in data gathering, storage and extracting of that data for business' operational purposes.

Service Quality: Service quality has been elaborated in many ways in various contexts. It has been defined as an estimation of how sound any provided facility or service adapts to the customer's hopes. Operators in services sector mostly estimates the service quality delivered to their consumers for further betterment in their services, for rapid recognition of issues and for improved evaluation of customer contentment. As we all are well aware that each client has his own perfect anticipation of any product or service which they wish to have fulfilled on visit to a market place. In other words, service quality is an estimation of how good a product or service is given to the customer in comparison to customer wish.

Perceived Usefulness (PU):

The international standard ISO 9241 offers directions on utilization and outlines it as "the degree to which a product can be utilized by particular group of individuals to attain targeted goals with effectiveness, efficiency and satisfaction in a particular context of use". As usability is a complicated multi-faceted idea, hence, numerous methods have been projected to evaluate it. Preferably, usability evaluates and calculates how real users practice the product in a reliable background.

Perceived Ease of Use (PEOU):

The technology acceptance model (TAM) is an information systems theory that presents how learners of that system adopt and acknowledge using a technology and equipment. Perceived ease of use (PEOU) has been described as "extent to which an individual thought of utilizing a specific system that is free from

exertion. The gauges that evaluate perceived ease of use and perceived usefulness are normally deliberated to have worthy psychometric qualities.

Individual Performance (IP):

It has been examined that the influence of information systems on the performance of end users and the association between information systems and performance and outcome delivery is of vital significance and relevant to many studies. Multiples researches and studies have been linked with the functioning of individual working as an end-user initially with the technology acceptance model (TAM). Therefore, six components have been explored for the measurement of realization of information systems working in any ERP system.

Impact of Quality Dimensions on Individual's Performance:

Influence of information systems on the performance of end users and association between information systems & performance and outcome delivery is of vital significance and relevant to many studies (Ali, B. M., & Younes, B. in 2013). The system quality impacts the users' performance, both directly and indirectly, which displays a powerful direct association between system quality and user performance. Additionally, to classify the very significant measures of system quality that helps in user performance, a reversion was conducted between the traits of quality and users' performance. The consequences declared that the incorporation and dependability are the greatest impetrative measures that help meaningfully to user performance and elaborates ample differences in user performance. Influences of information quality on user performance are significant and positive. This research conducted by Ali, B. M., & Younes, B. in 2013

revealed the significance of information quality as a crucial feature significantly impacting user performance.

Benefits of ERP System:

The study of ERP and individual performance indicates the success of ERP system in Pakistani manufacturing organizations / firms and numerically exposed the important as well as significant linkage of ERP quality dimensions (Specially ERP service quality) with individual performance. Moreover, it focuses on various relevant circumstantial aspects affecting the level of ERP system success. These aspects were classified into different groups i.e., organizational aspects, technical aspects and individual aspects. These constructs offered knowledge of influence of various powers on the level of ERP system success by influencing individual performance as individual performance is the key to determine ERP system success in any manufacturing organization. The area in focus can also deliver noteworthy inputs or contributions for utilization for future practice. Utilization or execution of ERP system is increasing on daily basis in Pakistani

manufacturing organizations

Concluding Remarks:

Employment and execution of ERP system is increasing on daily basis in Pakistani manufacturing organizations with the target of enhancing the performance of individuals as well as overall organizations in return. To intensify the knowledge of ERP system success, this present research analyzed ERP system success in manufacturing sector of Pakistan. Additionally, on the basis of quantitative results of the research, it was also planned to pin point and highlight other diverse aspects influencing ERP system success in manufacturing context.

The outcomes from the quantitative study verified and validated that all three quality aspects of ERP system success model (i.e., ERP system quality-SQ, ERP information quality-IQ and ERP service quality-ServQ) are substantial in increasing the performance of end user individual in manufacturing sector of Pakistan, but it also put light on that quality construct that might not be effective enough (as have been reported by some previous authors) towards the mediating variables but their ultimate

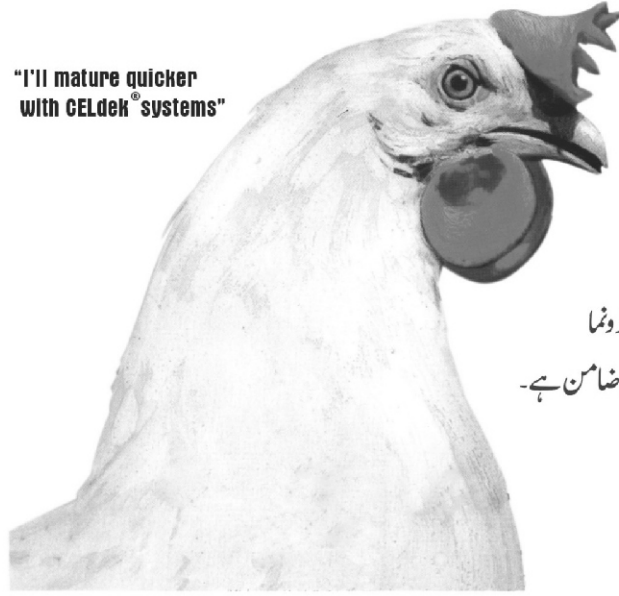
effect is the same as reported by many authors and that dimension is ERP information quality (IQ). Thus, quantitative findings of the study validated that ERP system success dimensions and their projected relations in the context of Pakistani manufacturing organizations is significant and positive and henceforth, the manufacturing organizations can enhance their end user individual's performance as well as overall organization's performance improving the quality of their ERP systems.

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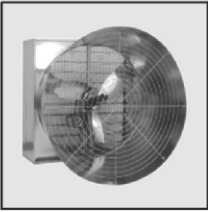
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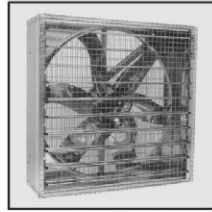
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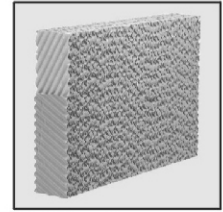
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Rana Naveed ur Rehman
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Chief Manager (Health)
East West Insurance Co. Ltd

Household Emergencies (Part-1)

In our daily life, some emergencies happen in our homes i.e. fires, burst of water pipes, sink blockage and roof leakage, just a few of the many household incidents that can occur in any home at any time. By knowing how to handle with household problems and having the right equipment for the job, you can minimize any damage to your home and danger to your family. Just follow the instructions to fix simple problems yourself by performing tasks such as releasing air from a radiator or replacing a pane of glass. For simple jobs, learn how to create a temporary solution until you can arrange for a professional to make a permanent repair.

Home Safety

Your home should be a place of safety and security, yet every year, household accidents cause countless serious injuries and many deaths. To be aware of the potential dangers and taking action to make your home as safe as possible, you can do a great deal to reduce the risk of accident. The following shows potential trouble spots and provides practical advice on sensible safety precautions. Most household

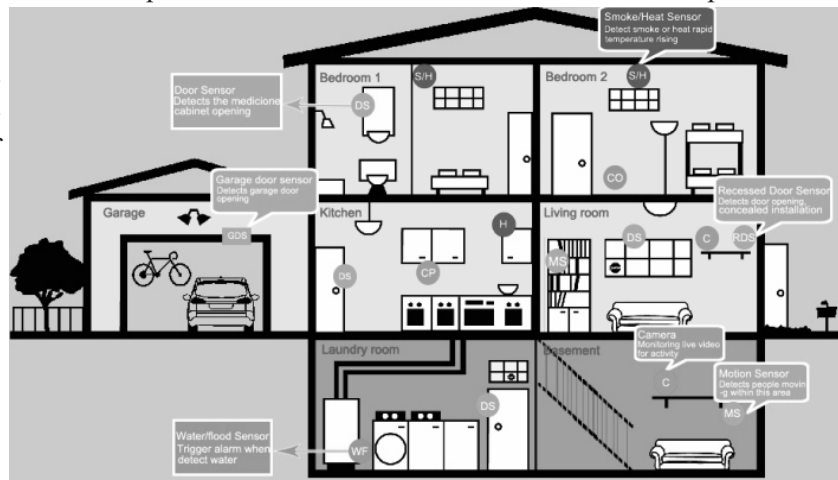
accidents derive from carelessness, so work cautiously and wear safety equipment when undertaking, do-it-yourself, tasks.

How to Make Your Home Safe:

- Buy a basic emergency repair kit and keep it in an accessible place.
- Make sure that all family members know where the equipment is kept.
- Check that the adults know where

- Install smoke and carbon monoxide alarms or detectors.
- Keep a fire blanket and a dry powder fire extinguisher that weighs at least 1 kg near the stove in the kitchen. Have the extinguisher serviced regularly.
- Buy a metal fire ladder to use when escaping.
- If you are doing emergency repairs, take all necessary safety precautions, especially if the work involves electricity.

- Wear safety equipment i. e. safety gloves, goggles to protect eyes from flying debris; dust mask to prevent dust from entering the lungs; and earplugs to protect ears from the noise of power tools.

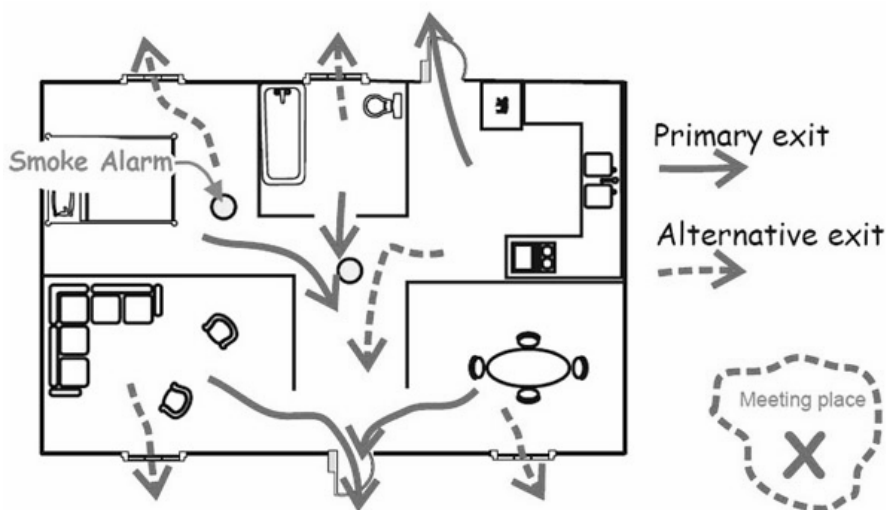


to find and how to operate the main controls for gas valves, electricity wiring & fuse-box and water valves.

- Draw up a family evacuation plan and practice it regularly.
- Near the telephone, keep a list of phone numbers of an emergency plumber, electrician, your family doctor and 24-hour helplines for reporting gas and water leaks.

How to Make a Family Evacuation Plan:

- Decide on the best route for escape, this should be the usual way in and out of your home.
- Plan an alternative route to use if the normal way is blocked.
- If doors or windows need to be unlocked to escape, make sure that everyone knows where to find the



appropriate keys. Ensure that the doors and windows open easily.

- Decide on a safe assembly point outside the home where everyone can meet following an evacuation.
- Make sure that the whole family is aware of how to escape and where to meet after evacuation.
- Walk through the escape routes with family members so that everyone knows what to do.
- Practice these escape routes on a regular basis especially after making changes in your home.
- Wear scarfs during one practice, to simulate dark and smoky conditions, but be careful with young children and the elderly.

Installing Smoke Alarms:

- Buy a battery-operated smoke alarms and take care to choose a

reliable brand.

- Attach alarms securely to the ceiling at least 30 cm away from any wall or light fixture.
- If your home is on one level, put a smoke alarm in the hall; if it has more than one story; install one at the bottom of the stairs and another on each landing.
- Check once a month by pressing the test button.
- Vacuum the inside of each regularly to keep the sensor chamber free of dust.

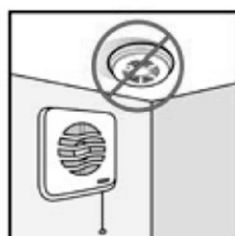
How to Make Your Kitchen Safe:

- If you have a water heater in the kitchen, make sure that the flue is kept clear. If you use gas, install a carbon monoxide alarm in the kitchen, as close to the water heater as possible.

- Unplug or switch off electrical appliances at the wall when they are not being used. Electric kettle, toaster, microwave oven and blender are particularly hazardous.
- Use a ladder to reach high shelves instead of standing on a stool, which could tip over.
- Never leave a deep fryer unattended on the stove.
- Ensure that work surfaces and sinks are well lit, so you can work safely.
- If you have young children, install security locks on cabinets and drawers that contain hazardous liquids or objects.
- Store matches, sharp items and household chemicals well out of the reach of children.
- Try to keep young children out of the kitchen when you are cooking.
- Turn pan handles toward the wall so that children cannot grab them or accidentally knock them.
- Install guard rails around the stove to keep children away.
- Warn children that stove-tops especially electric burners, which may show no signs of being hot can burn even when the power is off.
- Store sharp knives well out of the reach of children, ideally in a wooden knife block.

How to Make Your Living Room Safe:

- Avoid running electric wires across the floor because these could be tripped on.
- Never run wires under a carpet where people walk, the carpet may expose bare wires.
- Check all electrical wiring regularly because worn insulation can cause fires.
- Don't overload electric sockets with multi-point adaptors. Use an extension cable with four or six socket outlets instead.
- If you have an open fire, make sure that you use a fire-guard, especially when children are



present.

- Secure carpets and rugs firmly so that people cannot trip on them. If you have polished wooden floors, place nonslip mats underneath rugs so that they do not move.
- Always check an open fire before going to bed at night and make sure that a fire-guard is in place.
- Install a carbon monoxide detector beside a gas fire.
- Unplug or switch-off electric fires and televisions at the wall socket at night.
- Empty all ashtrays and dispose of their contents safely at night.

How to Make Your Hall and Stairs Safe:

- Ensure that halls and stairways are well lit especially if children or elderly people are likely to use them.
- Leave a nightlight on at night.
- If you have young children, install safety gates at the stairway entrances, and keep them closed.
- Check for worn areas of carpet, which could cause trips or falls.
- Mats and rugs on parquet or polished wood flooring can be dangerous. Place nonslip mats underneath them to prevent them from sliding.
- Install extra grab rails on the stairs to assist elderly people.
- Keep the areas at the top and bottom of the stairs clear at all times.

How to Make Your Bathroom Safe:

- Secure a grab rail on the wall above the bathtub to provide extra support especially for elderly people.
- Run the cold water first when preparing a bath for young children.
- Never leave young children on their own in a bath.
- Make sure that shower units are fitted with efficient thermostatic controls, so that there is no risk of anyone being scalded.

- Never use an electrical appliance, such as a hair-dryer or radio, in a bathroom.
- Never touch an electrical item with wet hands.
- Make sure that bathroom lights and wall-mounted heaters are controlled by pull-cord switches or switches outside the room.
- Check gas water heaters regularly to ensure that flues remain clear and install a carbon monoxide detector or alarm.
- Never mix two types of household chemicals, such as bleach and bathroom cleaner. The combination can produce poisonous fumes and keep all such chemicals out of the reach of children.

How to Make Your Bedroom Safe:

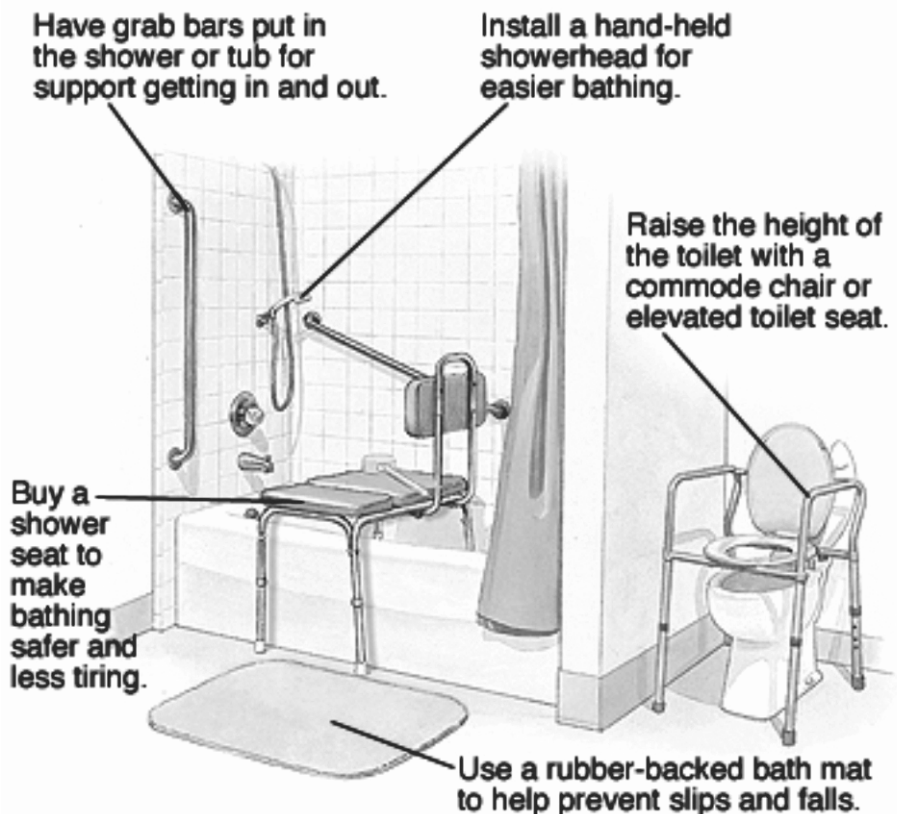
- Keep a flashlight and your cellular phone (if you have one) by the bed at night, for use in an emergency.
- Never smoke in bed. You could fall asleep with a lit cigarette.
- Never wrap a cloth over a bedside light to reduce brightness. The

heat from the bulb could cause a fire.

- Keep bedroom floors clear of mess especially if elderly people or young children may get up to use the bathroom at night.
- If bedroom windows have locks, keep the keys nearby because you may need to use windows as emergency exits. If possible, leave bedroom windows unlocked at night.

How to Make Your Child's Bedroom Safe:

- Never use pillows or comforters in cribs for babies under 1 year old.
- Do not allow very young children to sleep on the upper level of a bunk bed because they may fall out.
- Make sure that there is no gap between the mattress and bed rail through which a child could slip.
- When a young child moves out of a crib, secure guard rails to the bed so that he / she cannot fall out.
- Make sure that there are no lamps within reach of a child's crib or



bed. Light-bulbs get hot and pulling on the wire could be dangerous.

- Install plastic covers over electrical outlets that are not in use.
- Use plug-in night-lights so that children can find their way if they need to get up in the night.
- Install removable window guards that allow windows to normally open only slightly for ventilation, but fully during an emergency.

Yard Safety

Yards and outside buildings present many hazards, so safety is an essential part of yard maintenance. Check that garden yard boundaries are secure, especially if children or animals are likely to be outside; that paths and courtyards are free of debris; and that toolsheds and equipment are securely locked. Gardening itself can be a dangerous pastime, so make sure that you also take the necessary precautions when working with tools and machinery.

How to Prevent Accidents in the Yard:

- Install security cameras outside home and monitor them regularly.
- Remove or fence off any poisonous plants or trees in your yard.
- Keep children and animals away from any area that has been sprayed with weed killer.
- Cover outside drains with metal

grills so that children's feet will not get caught inside them. Grills will also help prevent garbage from blocking drains.

- Fence off ponds, swimming pools, and any other water features in the yard if the space is used by children.
- Do not attempt to use a wheelbarrow to move heavy equipment; it will be very unstable. It is much safer to use a cart instead.
- Don't risk injuring your back by lifting a heavy load on your own and ask someone to help you.
- Never run a power line along a fence or bury it underground when running electricity to a shed or workshop. Use special shielded cable underground or run cable overhead, supported by a special wire. When in doubt, consult an electrician.
- For outside lighting and water feature pumps use a 12-volt system with a transformer and house it in a dry shed or other outdoor building.
- When you are operating electrical power tools such as lawnmowers or hedge clippers, always secure a circuit breaker between the piece of equipment and the power source. Make sure that you wear the appropriate safety gear, such as safety goggles, protective gloves and if necessary ear protectors.

How to Secure Boundaries:

- Make sure that boundary gates are

kept locked and that bolts are well out of the reach of young children.

- If a gate leads onto a road, secure a fastener that a young child cannot operate. Alternatively, fit a small bolt out of sight on the outside of the gate.
- If you have dogs or young children who use the yard, block off any gaps in hedges or fences through which they could escape.
- Remember that as dogs and children get bigger, fences may need to be raised or strengthened.

How to Make Garages and Sheds Safe:

- Always keep garages, workshops and sheds securely locked.
- Store rakes, shovels, electrical equipment, and sharp tools, such as saws and knives, well out of the reach of children.
- Label all dangerous materials and ensure that container lids or caps are firmly closed.
- Store garden chemicals, such as pesticides and fungicides out of the reach of children. Never pour expired chemicals down sinks or drains and dispose-off them safely.
- Keep chemicals in their original containers. Never store them in other bottles.
- Never install fluorescent lighting near moving machinery because it produces a faint strobe effect that can confuse the senses, making the use of such machinery dangerous.



Action in an Emergency

*When an emergency arise, try to remain calm and controlled so that you can act effectively. Before assessing the victim's condition and carrying out the appropriate first aid, make sure that you are not putting yourself in danger. You will not be able to help anyone else if you become a victim yourself. If possible, call immediately **Rescue 1122** while you deal with the situation.*

2015 C L D 1475

[Sindh]

*Before Hasan Feroz, J**Messrs EFU GENERAL INSURANCE LTD. --- Appellant**Versus**Messrs PAKISTAN NATIONAL TILES AND CERAMICS (PVT.) LTD --- Respondent*

2nd Appeal No. 82 of 2010, decided on 15th December, 2014

(a) Limitation Act (IX of 1908) —

---Ss. 14, 5 & 12---Limitation---Exclusion of time---Scope---Benefit of exclusion of time spent in proceedings before court without jurisdiction could not be claimed when such proceedings prosecuted were not maintainable being devoid of faith---Such matter, if decided by appellate court, in no way could be treated within the period of limitation.

NLR 1998 Civil (Lahore) 65; PLD 2000 SC 63; PLD 198 SC 198 AND 1982 SCMR 995 REL.

Bashir Ahmed and 2 others v. Hussain PLD 2004 Quetta 62 distinguished.

1995 SCMR 584; PLD 2002 SC 630; 2012 SCMR 377; PLD 1962 (W.P.) Kar. 510; 1985 MLD 1475; 1989 CLC 1949; PLD 2004 Quetta 62; 2007 CLC 490; 2009 CLC 960; 2011 CLC 1303; 2013 CLC 1313 AND 2013 CLC 477 ref.

(b) Insurance Ordinance (XXXIX of 2000) —

---S. 122---Civil Procedure Code (V of 1908), S. 9---Insurance Tribunal---Jurisdiction---Scope---Jurisdiction of Insurance Tribunal was restricted and

it could only be invoked by policy-holder---Civil court would be the court of competent jurisdiction to entertain suit of non –payment of premium amount against policy-holder.

Messrs EFU General Insurance Limited v. Messrs Duty Free Shops Limited 2013 CLD 1313 rel.

Tanveer Ashraf for Appellant.

Muhammad Ameen for Respondent.

Date of Hearing: 30th October, 2014.

JUDGMENT

HASAN FEROZ, J --- The instant IInd Appeal has been preferred by appellant above-named being aggrieved and dissatisfied with the order dated 13-5-2010, passed by learned VIth Additional District Judge Karachi South in Civil Miscellaneous Appeal No. 4 of 2010 whereby the said appeal was dismissed along with the application under section 5 of the Limitation Act whereby praying to condone the delay in presentation of the said appeal and the appellant through this appeal has challenged the legality, propriety and maintainability of the said order inter

alia on the grounds taken in the memo of appeal.

2. Succinctly the facts of the case are that on 205-2008 appellant being an Insurance Company had filed Suit bearing No. 557 of 2008 praying for decree of Rs. 1,27,564 before the learned IX-Senior Civil Judge, Karachi South against the respondent above named who was the policy holder of the appellant to whom certain Marine Insurance Policies were issued of which but the premium amount was not paid by the respondent and as per statement of account of appellant in the year 2006 three policies dated 2-3-2006, and 25-3-2006 were issued in favour of the respondents, the details of which are:-

S#	Policy Number	Amount of Premium
1.	64123803/03/2006	Rs. 72,130
2.	64124013/03/2006	Rs. 58,876
3.	64124520/06/2006	Rs. 26,558
Total		Rs. 157,564

According to appellant when the premium amount was not being received, letters and reminders dated 13-3-2007, 31-3-2008 and 2-4-2008 were sent to the respondent requesting to clear the amount of outstanding premium but to no

response, the appellant preferred Suit No. 557/2008 before the Court of XI-Senior Civil Judge, Karachi South for recovery of outstanding premium amount of Rs. 1, 27,564 against the respondent, praying therein as follows:-

“That the plaintiff therefore prays for judgment and decree against the defendant in the sum of Rs.127, 564 with mark up at the rate of 60% paisa per 1000 from the date of the suit till its realization and costs of the suit and any other relief or reliefs”.

4. Respondent after being served, made appearance before the learned trial Court through their counsel along with an application under Order VII, Rule 11, C.P.C., inter alia taking the plea that the suit filed by the appellant being barred by sections 121 and 122 of the Insurance Ordinance, 2000 and that plaintiff has no cause of action to file the said suit, emphasizing that the controversy so raised falls within the jurisdiction of Insurance Tribunal of adjudication.

5. Counter affidavit was filed by Nadeemuddin Farooqui, Attorney/Assistant Vice-President Legal Department Head of appellant whereby denying and apposing such stand taken on behalf of the respondent.

6. The learned trial Court after hearing the parties passed the impugned order dated 9-5-2009 whereby it converted the application Under Order VII, R. 11, C.P.C. and observed that said court has no jurisdiction to entertain and to proceed with the suit; hence ordered for return of the plaint under Order VII, R. 10, C.P.C to present the same before the court having jurisdiction and appellant being aggrieved of the said order dated 9-5-2009 challenged the same through Civil Revision 47 of 2009 instead of preferring Civil Miscellaneous Appeal under Order XLIII, r.1, C.P.C. which was dismissed on 24-12-2009 with the

observation that the order of the trial Court can only be challenged through appeal under Order XLIII, Rule 1 (a) C.P.C after the dismissal of Revision Application No. 47 of 2009 appellant preferred Civil Miscellaneous Appeal No. 4 of 2010 which came up for hearing before learned VI-additional District Judge, Karachi South and after hearing this C.M.A along with the application under section 5 of the Limitation Act was dismissed through order dated 24-12-2009 holding that appeal so preferred was barred by limitation and hence this IInd Appeal whereby the appellant has challenged the legality, propriety and maintainability of aforesaid orders passed by the two courts below.

7. I have heard the learned counsel for the appellant who has contended that the two courts below have failed to appreciate the law and facts involved in the matter that under the provision of section 14 of the Limitation Act the appeal so preferred was within limitation as according to him the appellant never slept over his right but he was agitating his grievance and the delay, if any, was condonable as the learned Appellate Court has shown unnecessary haste while dismissing the appeal and the provision contained in section 14 of Limitation Act 1908 was not attached importance and so also according to him the conclusion so reached at by the learned trial Court through impugned order dated 9-5-2009 was also not proper and in fact erroneous as the learned trial Court has failed to consider the spirit of section 122 of the Insurance Ordinance 2000 wherein it is clearly spelt out that Insurance Ordinance is promulgated to ensure the protection of the interests of the insurance policy holders as and when the policy holders has any kind of claim of grievance against the Insurance Company he can redress his grievance by invoking the jurisdiction of the insurance tribunal, whereas according to him in cases where the insurance company has any claim

against the policy holder then they can file a civil suit before the Civil Court having territorial and pecuniary jurisdiction and according to him the Insurance Company has no jurisdiction to agitate the grievance before the Insurance Tribunal, so he has jurisdiction to agitate the grievance before the Insurance Tribunal, so he has contended that the impugned orders by the two courts below merits to be set aside and further according to him the other provisions of the Insurance Ordinance 2000 such as section 127(1). Section 128, 129 (1), (2) and 162 of the Insurance Tribunal specify as to the jurisdiction of insurance tribunal and the policy holder may move even to the banking ombudsman by filing a complaint under section 127 of the Ordinance or file a suit for recovery of the claim amount under section 122 of the Said Ordinance and under section 128 a reference can also be made by the Court or tribunal to the Insurance Ombudsman, if a Court or Tribunal trying the case relating to an insurance company is of the opinion that the management of the insurance company has acted in a male fide manner and so also section 128 of the Ordinance also clarify that order than a tribunal a Court can also refer a Reference to the Insurance Tribunal and in support of his submissions he has relied upon the various celebrated decision as appeared in 1995 SCMR 584, PLD 2002 SC 630, 2012 SCMR 377, PLD 1962 (W.P.) Karachi 510, 1985 MLD Lahore 1475, 1989 CLC Karachi 1949, PLD 2004 Quetta 62, 2007 CLC Lahore 490, 2009 CLC Lahore 960, 2011 CLC Karachi 1303, 2013 CLC Sindh 1313 and Lahore 477.

8. On the other hand the learned counsel appearing for the respondent has supported the impugned orders passed by the two courts below and he has contended that by the passing away of limitation valid and vested right created in favour of the respondent and since the appellant

has chosen the wrong forum, therefore, it is for him to suffer and the provision contained in section 14 of the Limitation Act will not come for the rescue of the appellant. He has further contended that the submissions so made on behalf of the appellant is against the Insurance Ordinance and the Insurance Act so framed and further he has contended that under the scheme of law each day's delay is to be explained to seek condonation to which the appellant has failed to explain with reference to section 12 of the Limitation Act, the courts below were justified in passing the impugned orders, to which calls for no interference by this court.

9. I have considered the submissions made before me and have consulted the law on the subject.

10. There is substance in the submissions made by the learned counsel appearing on behalf of the respondent that it is section 12 of the Limitation Act which speaks about the exclusion of time in legal proceedings and the said provisions reads:-

“12. Exclusion of time in legal proceedings.---(1) In computing the period of limitation prescribed for any suit, appeal or application, the day from which such period is to be reckoned shall be excluded.

(2) In computing the period of limitation prescribed for an appeal, an application for leave to appeal and an application for a review of judgment, the day on which the judgment complained of was pronounced, and the time requisite for obtaining a copy of the decree, sentence or order appeal from or sought to be reviewed. Shall be excluded.

(3) Where a decree is appealed from or sought to be reviewed, the time requisite for obtaining a copy of the judgment on which it is founded shall also be excluded.

(4) In computing the period of limitation prescribed for an application to set aside an award, the time requisite for obtaining a copy of the award shall be excluded.

[(5)] for the purposes of subsections (2), (3) and (4) the time requisite for obtaining copy of the decree, sentence, order, judgment or award shall be deemed to be the time intervening between the day on which an application for the copy is made and the day actually intimated to the applicant to be the day on which the copy will be ready for delivery].

Reverting back to the to Section 14 of the Limitation Act on which much insistence has been made by the learned counsel appearing on behalf of the appellant, the said provision reads:-

“Exclusion of time of proceeding bona fide in Court without jurisdiction.---(1) in computing the period of limitation prescribed for any suit, the time during which the plaintiff has been prosecuting with due diligence another civil proceedings, whether in a Court of the first instance or in a Court of appeal, against the defendant, shall be excluded, where the proceeding is founded upon the same cause of action and is prosecuted in good faith in a Court which from defect of jurisdiction or other cause of a like nature, is unable to entertain it.

(2) In computing the period of limitation prescribed for any application, the time during which the applicant has been prosecuting with due diligence another civil proceeding whether in a Court of first instance or in a Court of appeal against the same party for the same relief shall be excluded, where such proceeding is prosecuted in good faith in a Court which, from defect of jurisdiction, or other cause of a life nature, is unable to entertain it.’

11. the bare reading of the above

provisions of law and the spirit of the two sections and so also the legal propositions invoked I have no hesitation in observing that benefit of section 14 cannot be claimed when proceedings prosecuted were not maintainable being devoid of faith and in this context I may refer to the decision as appeared in NLR 1998 Civil (Lahore) 65. Further under the scheme of law it is settled by now that time cannot be excluded in case the review petition is dismissed on the ground other than lack of jurisdiction and in this context I may again refer to the dictum of the honourable apex Court as appeared in PLD 2000 SC 63 and PLD 1980 SC 198 and also 1982 SCMR 995.

12. Learned counsel appearing on behalf of the appellant has cited the case of Dr. Syed Sibtain Raza Naqvi v. Hydrocarbon Development and others, reported in 2012 SCMR 377 wherein at page 379-A it has been laid down that time spent in pursuing proceedings before wrong appellant forum could not be excluded for the purpose of filing of an appeal—If appeal is barred by time, provision of section 5 of Limitation Act, 1908, could only be invoked, that too, by showing sufficient cause'. In the case of Bashir Ahmed and 2 others v. Hussain, reported in PLD 2004 Quetta 62 the revision so entertain had been returned to the defendant within the period of limitation for filing of an appeal before the competent forum and in such case the delay was held condonable but here in this case it is apparent that the revision against the impugned order of the learned trial court so preferred before the District Judge and same was heard and decided by learned Additional District Judge and it was thereupon that the civil miscellaneous was brought on 4-3-2010 along with application under section 5 of the Limitation Act, which was heard and decided by the learned appellant court through impugned order dated 13-5-2010 which in no way can be treated within the period of limitation and so

on this ground I have no hesitation in observing that the impugned order dated 13-5-2010, passed by the learned appellant court was within the four corners of law to the limitation.

13. The learned counsel for the appellant has placed much emphasis on the point that the scope of Insurance Tribunal and its jurisdiction is limitation and to support to his contention Mr. Tanveer Ashraf learned counsel for the appellant has cited the case of Messrs EFU General Insurance Limited v. Messrs Duty Free Shops Limited as appeared in 2013 CLD Sindh 1313 wherein this Court on the similar point involved as regards application of section 122(1)(a) of the Ordinance, 2000 has held hereinbelow paragraph 17 of the said judgment as:-

“It may be observed that both the trial court as well as revisional court fell into error, while arriving at such

conclusion. Both the court below failed to take note of the fact that jurisdiction of Insurance Tribunal in terms of section 122(1)(a) of the Ordinance, 2000 could only be invoked by the Policy Holder and not by the Insurance Company. Present suit was filed by the EFU Insurance Company against a Policy Holder could only be availed of by filing suit before a Civil Court in terms of section 9, C.P.C.”

14. This legal proposition agitated by the learned counsel for the respondent has not been controverted by producing any case-law on the subject and I have no hesitation in observing that since there is settled law on the very subject, the appellant has been able to agitate that the conclusion so reached at by the learned trial court while entertaining the application under Order VII, R.11, C.P.C. which was treated under Order VII, R. 10, C.P.C was not proper and in fact it is

the Civil Court which has the jurisdiction to entertain the suit under section 9, C.P.C so filed by the Insurance Company against the Policy Holder in respect of non-payment of due premium in time whereas the scope of jurisdiction of the Insurance Tribunal is restricted and can only be invoked by the Policy Holder in respect of non-payment of due premium in time whereas the scope of jurisdiction of the Insurance Tribunal is restricted and can only be invoked by the Policy Holder, as such, I accept the appeal in hand and as a consequence set aside the orders passed by the two courts below and in the result the appellant is allowed to proceed with his suit before the same learned trial Court from the stage where it was left and the said court is required to proceed with the suit in accordance to law.

MM/E-6/Sindh

Appeal accepted.



“It is not the strongest species that survive, nor the most intelligent but the ones most responsive to change”

(CHARLES DARWIN)

“If the nation is living within its credit is good. If in some crises it lives beyond its income for a year or two it can usually borrow temporarily on reasonable terms. But if, life the spendthrift, it throws discretion to the winds, is willing to make no sacrifice at all in spending, extends its taxing up to the limit of the peoples power to pay, and continues to pile up deficits, it is on the road to Bankrupted”

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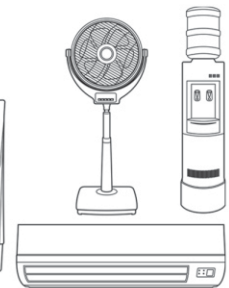
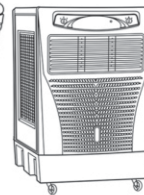
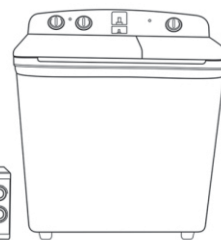
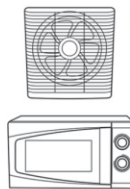
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