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Quarterly Insurance Journal

July, August, September 2018

Half Yearly Statistics 2018
Insurance Companies of Pakistan

Inside:

- Insurance Sector on PSX
- IAP Elecetions 2018-19
- Health Corner - Household Emergencies
- EFU General Wins 13th Consumers Choice Award 2018
- Legal Section

Independent Directors

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Cotton Ginning Factories Fire Hazards and Safety

By: Qayyum Pervez Malik

The Role of Insurance in your Financial Plan

By: Nasir Siddique

Concepts of Bond Insurance

By: Muhammad Aamir Jamil

Shariah Perspective on Risk Management

By: Mufti Basheer Ahmad

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GENERAL INSURANCE

ISSN-0257-8603

Quarterly
Insurance Journal

Karachi - Islamabad
July, August, September 2018

Karachi	No. 136 Vol. 34
Islamabad	No. 40 Vol. 10

Editor:
M. Jamaluddin

Legal Consultants:
Hashim Hameed Zaheer & Co.

Published by:
M. Jamaluddin
No.63, Noor Chamber, Robson Road,
Karachi - Pakistan.
Email: insurancejournalpakistan@yahoo.com

Designed by:
Artixone-ads
Islamabad.
Email: artixoneads@gmail.com

Printed at:
Panjwani Printing Press
1, Abdul Manzil, Muhammad Bin Qasim Road, Karachi.
Tel: +92-21-32630331
+92-21-32630734

Karachi Office:
No.63, Noor Chamber, Robson Road,
Karachi - Pakistan.
Tel: +92-21-32217184

Islamabad Office:
3-A, Street # 64, Sector F-7/3,
Islamabad - Pakistan.
Tel: +92-51-2611111

Price: Rs.150/- Annual Rs.600/-
Outside Pakistan: US$ 100 (Air Postage)

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Innovation Distinguishes Between A Leader And A Follower

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Pakistan Inspection Company U.K. Limited
Registration # 10353800 Incorporated in England and Wales as a Subsidiary Company of **Pakistan Inspection Co. Pvt. Ltd.** Incorporated under the Companies Ordinance 1984 in Pakistan.
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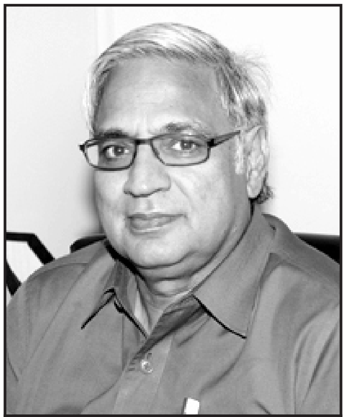
INSURANCE SECTOR ON PAKISTAN STOCK EXCHANGE

(Quarter: April, May, June 2018)

Compiled By: Khurram Shahzad

Company	Paid up Capital (Rs. in Million)	Face Value Rs.	Higest Rate Rs.	Lowest Rate Rs.	Turnover of Shares	Announcement During the Quarter
Adamjee Insurance Company Limited	3,500	10.00	59.25	47.99	18,479,000	
Asia Insurance Company Limited	603	10.00	18.00	16.00	2,500	
Askari General Insurance Company Limited	625	10.00	28.66	25.60	947,000	
Askari Life Assurance Company Limited	602	10.00	33.79	19.05	277,500	
Atlas Insurance Limited	702	10.00	70.50	61.00	92,000	
Beema-Pakistan Company Limited	417	10.00	-	-	-	
Business & Industrial Insurance Company Limited	86	10.00	-	-	-	
Century Insurance Company Limited	503	10.00	28.50	21.30	263,000	
Crescent Star Insurance Limited	1,077	10.00	4.74	2.90	29,638,500	
Cyan Limited	586	10.00	52.50	40.40	609,000	
East West Insurance Company Limited	610	10.00	141.50	141.08	-	
EFU General Insurance Limited	2,000	10.00	151.33	121.31	1,337,300	Dividend = 12.50%
EFU Life Assurance Limited	1,000	10.00	313.50	228.00	459,700	Dividend = 12.50%
Habib Insurance Company Limited	619	5.00	14.85	11.15	413,500	
Hallmark Insurance Company Limited	5	10.00	-	-	-	
IGI Holdings Limited	1,240	10.00	314.99	273.00	1,387,700	
IGI Life Insurance Limited	706	10.00	84.90	76.00	53,000	
Jubilee General Insurance Company Limited	1,804	10.00	82.00	77.00	184,000	
Jubilee Life Insurance Company Limited	793	10.00	778.89	684.00	269,850	
Pakistan General Insurance Company Limited	464	10.00	8.88	5.60	1,496,000	
Pakistan Reinsurance Company Limited	3,000	10.00	44.30	31.50	3,818,500	Dividend = 35%
PICIC Insurance Limited	350	10.00	4.13	2.02	29,966,000	
Premier Insurance Limited	506	10.00	10.95	7.75	554,500	
Progressive Insurance Company Limited	85	10.00	-	-	-	
Reliance Insurance Company Limited	561	10.00	8.40	7.10	1,331,000	
Shaheen Insurance Company Limited	600	10.00	7.00	4.85	1,072,500	
Silver Star Insurance Company Limited	306	10.00	-	-	-	
Standard Insurance Company Limited	8	10.00	-	-	-	
The United Insurance Company of Pakistan Limited	2,262	10.00	15.99	12.00	1,263,500	
The Universal Insurance Company Limited	500	10.00	9.79	7.55	538,500	
TPL Direct Insurance Limited	939	10.00	22.59	19.00	509,000	



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

The "whys" and "why nots" of

Independent Directors

Definition of an Independent Director

According to Sec 166(2) of Companies Act 2017 an Independent Director means a director who is not connected or does not have any other relationship, whether pecuniary, or otherwise, with the company, its associated companies, subsidiaries, holding company, or directors; and he can be reasonably perceived as being able to exercise independent business judgment without being subservient to any form of conflict of interest.

As per King III Report (that is considered one of the best reference documents for corporate governance), an independent director is a non-executive director who:

a. is not a representative of a shareholder who has the ability to control or significantly influence management or the board;

b. does not have a direct or indirect interest in the company (including any parent or subsidiary in a consolidated group with the company) which exceeds 5% of the group's total number of shares in issue;

c. does not have a direct or indirect interest in the company which is less than 5% of the group's total number of shares in issue, but is material to his or her personal wealth; (In case of Pakistan, this limit is 10%).

d. has not been employed by the company or the group of which it currently forms part in any executive capacity, or appointed as the designated auditor or partner in the group's external audit firm, or senior legal adviser for the preceding three financial years;

e. is not a member of the immediate family of an individual who is, or has during the preceding three financial years, been employed by the company or the group in an executive capacity;

f. is not a professional adviser to the company or the group, other than as a director;

g. is free from any business or other relationship (contractual or statutory) which could be seen by an objective outsider to interfere materially with the individual's capacity to act in an independent manner, such as being a director of a material customer of or supplier to the company, or

h. doesn't receive remuneration contingent upon the performance of the company.

Advantages of Independent Non-Executive Directors

Most management scientist and

experts on corporate governance believe that effectiveness and efficiency of a board depends largely on the conduct of its independent non-executive directors (INEDs). These directors are expected to be pure professionals whose presence on the board of directors is intended to improve the quality of decisions made at that forum. They offer the following advantages to the company and its stakeholders:

a. They do not represent any particular stakeholder or shareholder. They work for the whole company and all stakeholders (that is shareholders as well as all those persons who have an interest in the company).

b. They do not take instructions from any quarter. They follow their own professional expertise and instincts while participating in board deliberations and casting their vote on issues put to poll. They are expected to be truly independent.

c. They have the necessary professional knowledge and expertise to be able to participate effectively and meaningfully in the board's proceedings.

d. While they do not participate in the routine management of the company, they take their role of oversight over management very seriously. They do not restrict themselves to board proceeding only. If in the process of performing their directorial duties, they have to visit the company offices, they do so without any reservations.

e. Their presence on the board serves to create a balance of power in the board. The executive directors make their presentations to the board while INEDs evaluate and opine on these presentations. If there are a sufficient number of INEDs on the board, they can over-rule the executive directors on matters that they feel are not in the overall interest of the company, or are harmful to any particular stakeholder.

f. They make the best candidates for membership of various board committees like Audit Committee, HR Committee, Compliance Committee, Risk Management Committee, etc.

g. INEDs are particularly important for insurance companies. Insurance is a business of trust; hence a high degree of integrity is essential. Presence of independent directors on the boards of insurance companies ensures that the company operates in a professional and honest manner, and looks after the interest of all stakeholders, not just the shareholders.

h. Having INEDs, who are truly independent, is tantamount to putting a very efficient external auditor or judge on the board of a company. Their presence brings a degree of discipline and diligence to all other directors and the overall quality of decision making at the board improves significantly. Executive directors and senior managers perform much better and with greater care if the board has a set of competent INEDs.

I. INEDs often serve as a bridge between the board and the outside world. Any stakeholder who is reluctant to approach the management of the company for any grievance can easily approach an INED. In this way, INEDs help improve the company's image and save the company from reputational risks.

Some companies in the West nominate one of the INEDs as Senior Independent Director (SID) who liaises with other INEDs to ensure that they act collectively. Quite often, the SID is informally treated as vice chairman of the board, and acts as the spokesman for those who are not otherwise represented on the board. This practice is however non-existent in Pakistan.

Remunerating INEDS

In USA, Europe and Far Eastern countries INEDs are paid handsome remunerations to ensure that they are sufficiently motivated to participate positively in the board proceedings. However, their remuneration does not depend on the performance of the company, i.e. it is not expressed as a percentage of company's profit or revenue or any such other figure. There exists, in these countries, a pool of professionals, who make a career of serving as INEDs on the boards of the companies. They are paid fairly well and they serve at the boards of a few (say between 4 to 6) companies. In this way, they are able to pay enough attention to each company but are not dependent on any one company for a major part of their total income, and can therefore retain their independence.

In Pakistan, while the Law does not forbid payment of a salary to INEDs, the common practice is to pay them only a meetings fees which varies from company to company.

Preserving the Independence of INEDS

Independence is a state of mind. Rules or laws cannot create independence. A person has to have the level of integrity and force of personality to be independent. If an INED is not independent, he is of no real use to the company. The following guidelines are provided for ensuring the independence of INEDS.

a. He should not be related to, or have any other link with, the owners or major shareholders or other directors of the company.

b. He should have no material interest in the company, except his fixed remuneration as an INED. He should not be a significant shareholder of the company, nor draw a remuneration which is linked to company's profits. He should perform no other, paid or unpaid, function for the company, e.g. acting as a consultant on tax issues.

c. Immediate past employees should not be elected as INEDs as they still carry their personal loyalties to executive directors.

d. INEDs should not be connected to any other organization that has commercial relations with the company. Thus a person who is a partner in the law firm that acts as legal advisors to the company should not be elected as INED.

e. He should not be a director of any other company connected with the group. This will ensure that his loyalties are not bought off by the Group by offering him three or four directorships in related companies, thereby effectively making him dependent on the group for a very large portion of his total income.

f. But the thing that is most important for ensuring the independence of non-executive directors is the willingness of a company to allow them to be independent. The company should be willing to put up with their independence and listen attentively to them. It should be realized that independence is a shade of integrity. If an INED is not able to retain his independence, he is not likely to have the level of integrity needed for performance of duties as an INED.

How many INEDS should a Company have?

The Combined Code of UK issued in 2003 recommends that at least half of the board, including the chairman should comprise of non-executive directors. It also prescribes that all or most of NEDs should be independents, i.e. INEDs. While this appears too good to be true for us in Pakistan, it is believed that if we wish to bring a real change in the seth culture of our companies, we need to have the following guidelines for board compositions:

- No more than one third of the total board should be executive directors.
- This means two-thirds of the total board should be non-executive directors. The chairman of the company should also be a non-executive director.
- No less than half the NEDs should be INEDs. In other words, not less than a third of the total number of directors should be INEDs.

If we follow the above guidelines, a company with a total of nine directors should have:

- No more than 3 executive directors, including the CEO.
- No less than 3 independent non-executive directors who do not represent any particular stakeholder.
- 2 or 3 non-executive directors who are not independent but represent a particular stakeholder, e.g. a major shareholder or long term lender.
- The chairman of the company should be a non-executive director and preferably an independent non-executive director.

It is heartening to note that the revised code of corporate governance issued by Pakistan's SECP in 2012 has recommended that the number of executive directors should not be more than one third of the total board.

Criticism on INEDS

However, a number of experts on corporate governance, particularly those in developing countries, feel that INEDs have no real value to listed companies on the following grounds:

a. Many persons who are elected as INEDS do not have sufficient or real knowledge to be able to contribute effectively to the board proceedings. This aspect has been attended to by SECP which has made it mandatory for listed companies to elect directors only from the Register of Directors maintained by Pakistan Institute of Corporate Governance. This is something like granting a practicing license to suitably qualified persons to act as company directors, more or less in the same manner as Institute of Chartered Accountant does for auditors.

b. Often, good INEDs do not have adequate time for the company. Remember, a lot of companies need good persons, so good persons are generally very busy.

c. Because of low remuneration, INEDs are not willing to devote enough time to the affairs of the company. They do not meet other stakeholders and quite often their association with the company is restricted only to attending board meetings. This prevents them from performing their function as an INED effectively.

d. Since INEDs are elected on the strength of the votes of controlling shareholders, it is inevitable that the two have some sort of relationship. Such a relationship can seriously impede the independence of NEDs.

e. Many persons who are themselves controlling shareholders in a company agree to act as INED on the boards of other companies – and invite the main directors of such other companies to serve as INED on their own company. This reciprocity kills the very idea of independence of NEDs.

The above criticisms are however essentially about the selection of INEDs and not the concept of having INEDs. All the above points relate to poor or wrong selection of persons for INED positions. If the process of selection is above board, the concept of INEDs can be very useful. However, this is dependent on the wishes of the controlling shareholders who must truly want to have really independent non-executive directors on their company's board.

Where to look for INEDS?

If a company sincerely wishes to have good non-executive directors on its board, it must make a formal selection in about the same manner it does for executive directors or senior managers. The best way of going about it is to have a formal Nominations Committee of the board that is entrusted the task of recruiting NEDs and INEDs. Given below is a list of sources from which suitable NEDs may be obtained:

a. Executive directors or NEDs of other unrelated companies with good reputation.

b. Directors who have retired as executive or non-executive directors from the boards of other companies that have no business relationship with the company seeking directors.

c. Retired practicing professionals like lawyers, chartered accountants, engineers, finance professors, or those still in practice but not connected with any firm which has business dealings with the company.

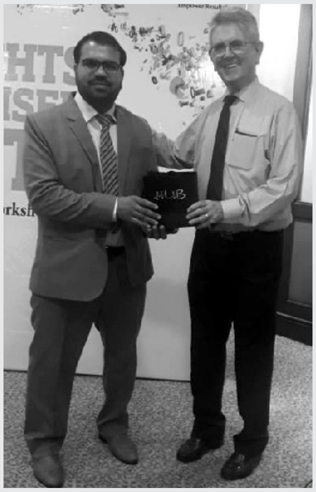
d. Retired civil servants, judges, etc.

e. Retired or serving finance, management or law professors, etc.

f. Socially prominent figures who may have some particular skill relevant to the needs of the company.

g. Services of head hunters, or professional bodies, may be used to identify suitable candidates.

Sec 166 of Companies Act 2017 has made it mandatory that an independent director under any law, rules, regulations or code shall be selected from a data bank containing names, addresses and qualifications of persons who are eligible and willing to act as independent directors. The powers for maintaining such a data bank have been given by SECP to Pakistan Institute of Corporate Governance that also runs professional training courses for company directors. PICG has started performing this function and has posted a Register of Directors at their website for the use by the companies looking to appoint independent directors.



Mr. Nasir Siddique (Team Lead - Underwriting) IGI General Insurance Company Limited receiving Achievement Prize from Mr. Charles Robertson (Senior Director) AON Benfield Asia on successfully solving reinsurance exercise during Property Reinsurance Treaty Workshop held in Avari Tower, Karachi on 26 & 27 September 2018.

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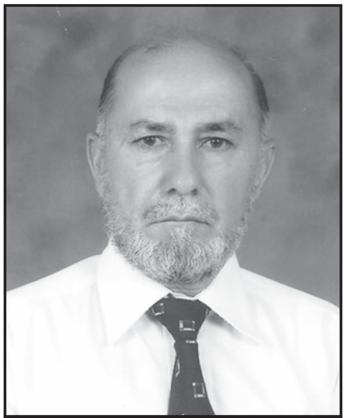


Majid Khan Jadoon
A.C.I.I. (U.K), MD/CEO
M/s. Pakistan Inspection Co. (Pvt.) Ltd.

Auto-Vehicles Lease Agreements in Perspective

Prior to embarking to pen down this write-up, let me promptly declare that the purpose of this Article is NOT to redicule any entity or institution, whatsoever.

The aim is to pin-point certain deficiencies in the hope that the concerned Authorities may, perhaps, give some thought to this most important matter of Public interest and take action to rationalize and streamline the conduct of the Business, which will benefit the concerned Parties generally and the Insurance Industry and Professionals, particularly.

By virtue of my being a Professional Insurance Surveyor and Loss Adjuster for the last about half-a-century of my Professional-life, as well as after inter-actions and practically experiencing assorted problems with the Lessors/Lessees and Banks/Financees during the pursuance of my Profession, I thought of expressing my view-points, vis-à-vis Auto Vehicles Lease/Finance Agreements.

There are two different Types of Agreements governing the acquisition of Auto Vehicles by the desirous Lessees/Financees, viz:

a) Bank Financing of Auto Vehicles
b) Leasing of Auto Vehicles.

It is a universal truth that Trade and Industry are the back-bone of any Country's Economy, whereto Banks and Financial Institutions would supply the life-sustaining blood and soul in the form of financing the same.

In the modern financial scenario, major industries and large projects in particular and small Industries in general, owe their establishment, existence and functioning to the regular supply of monetary funds provided to them by Banks and Financial Institutions. However, prior to providing funds, Banks and Financial Institutions would ensure security of their money being advanced to the Borrowers/Lessees.

These Securities are obtained in the form of Co-laterals of Real Estates or Sovereign-guarantees, where-against Loans are disburssed to the Borrowers/Lessees.

Like-wise effective means of Communication, i.e. the Transportation of Raw-materials as well as Finished Goods, is akin and equally important to keep the wheels of Industries/Businesses running.

Thus, without the supply of the means of Transportation, the smooth and continuous flow of Goods and Services would be impossible which can be provided by fast Transportation system. Lest I get diverted from the subject, let me revert and say that the subject of financing is an enormously vast field. I would, however, confine myself only to the field of Auto Vehicles Leasing/Financing which has caught my imagination, positive as well as negative, whilst ponder-over the various aspects of this Business.

Let me very briefly explain the definitions of the afore-mentioned 2-Types of Auto-Vehicles Finance and Lease Agreements.

Auto Vehicles are leased out to desirous customers by Lessors/ Banks and accordingly an Auto Lease/Finance Agreement, comprising of the terms and conditions of the Contract of Lease/Finance is formally executed in-between the Lessors and Lessees, or the Banks/Financees.

In case of Bank/Financ, the Financees would pay 30% of the Market Price of the Auto Vehicle and 70% would be provided by the Bank.

After the Financee has paid his share of 30%, the Bank would hand-over a Pay Order of the Complete Cost Price of the Vehicle in favour of the concerned Auto Vehicle Dealers.

In alike case, the Financee would get the Vehicle Registered in his own name/HPA the Bank and the Original File of the pertinent Documents of the Vehicle would be retained by the Bank, while the necessary Vehicle-utilization Documents would be handed-over to the Financee.

Thereafter, the Financee would continue to pay the monthly Installments, inclusive of the Interest and on completion of the Finance Period and Exhaustion of the entire Installments, the Bank would hand-over the Original File of the Auto-Vehicle to the Financee and thus, the Agreement would get concluded.

Contrary to the Auto-finance Agreement, in an Auto Lease Agreement, the acquisition of the Auto-Vehicles would be entirely financed by the Lessors themselves which too would be registered in their Name. However, possession of the Vehicles would be given to the Lessees on Rental-basis and the Leasses would pay the Rentals as mutually agreed by the Parties.

On completion of the period of the Lease Agreement, the Agreement may either be Renewed for another term or the same would culminate and the Leased Vehicles would be returned to the Lessors.

In case, however, if the Lease Agreement would have been provided with the condition of the Subject-matter to be provided to the Lessessees' Owner-ship at the exhaustion of the Lease Agreement, then the Agreed Installments too would be inclusive of the Costs of the Vehicle. Accordingly, on the exhaustion of the Lease Agreement, as well as completion of the due Payment to the Lessors, the Vehicle would be transferred to the Ownership of the Lessees.

A Lease/Finance Agreements consist of assorted terms and conditions, spread-over numerous Clauses of the same, usually, very finely printed. As such, to read and thoroughly understand the Contents of these Lease/Finance Agreements is an up-hill task, even for certain educated persons, while comprehending of the Technical and Legal implications as well as the Legalities of the same are the forte of Legal Experts only.

As such, only few of the Lessees/Financees would even attempt to thoroughly go through the same and almost all the Lessees/Financees would hardly bother to read it, because the most technical/legal wording thereof would fall beyond their comprehension. The Lessors/Banks would always get all the Pages of the Agreement signed by the Lessees/Financees, whereby they get bounded to fulfill each and every demand of the Lessors/Banks and have to submit their wishes.

More-over, in our country, Lessees/Financees are mostly un-educated and/or under-educated people, especially in English, therefore, they would hardly comprehend the Technicalities/Legalities of the wording of the Auto-Lease/Finance Agreements, drafted and fine-tuned by the Legally Expert Advisors of the Banks'/Lessors. The wording and phrasing of alike Agreements are constructed by the Banks'/Lessors' Legal Advisors in such a manner that the Provisions thereof would mostly translate in favour of the Banks/Lessors in all scenarios.

This has been observed by my careful and thorough study of an Auto Vehicle Finance Agreement, wherein it appeared almost impossible to hold the Bank liable for a valid contention/interpretation of Lessee/Financee. Besides, during the entire Lease-period, the concerned Bank would continue to derive absolutely Cost-free Profits from the Financees, and yet, would also get the Vehicle registered in their own name, without including the Name of the Financees within the Registration Book.

At times, this would drove the Financees into troubles, when during Police Snap-checking, the Authorities would question the Financees Ownership of the Vehicle, Registered in Name of the Bankers only and, therefore, due to Non-inclusion of the Financees' Name in the Vehicle's Registration Book, they would also question the Financees possession of the same, accompanied by many more related questions as well.

Further, only a day's delay in payment of the Installment is diverted to the Financees, as “Per Day Late Payment Charges”, which the Lessees/Finances have to additionally bear as well, because of alike Clause within the Finance Agreement, despite being ambiguously worded too. No Grace Period Clause for Payment of the Installment can be found within the Agreements and in this way, the Financees' are further subjected to more and more financial burden and retrieval of money therefrom in the name of Late Payment Surcharge.

Obviously, any Financee might be sick, entangled in certain social problems, may be out of Town, and/or may be hospitalized etc. etc. and shall not be able to give attention to Payment of the Vehicle's Installment during alike scenarios.

Therefore, it is most important that Grace-period Clause for Late Payment of installment for, say, at least one week, must be incorporated in alike Finance Agreements.

More-over, the Vehicle is required to be Insured with an Insurer of the Bank's choice and the entire premium is to be borne by the Financees during the whole Finance-period.

Without going into details of all other negatives placed at the door of the Lessees/Financees within the Lease/Finance Agreements, I would express my view-point about only the Insurance aspect of the Leased/Financed Auto-Vehicles which, in my opinion, pertains to the greatest injustice being perpetrated on the Lessees/Financees at the hands of the Lessors/Banks.

After the Conclusion of the Auto-vehicle Lease/Finance Agreement, the Lessee/Financees are required to pay, in cash, a specific amount of the Market-price of the Vehicle, i.e. 10% or 20% or 30%, which is called Down Payment, while the balance is invested by the Bankers/Lessors. Thus, the Annual Insurance Premium, say, standing at Rs.100,000/=, or whatever, is to be entirely paid by Lessees/Financees in one go.

Accordingly, on yearly Renewals of the Insurance Policy, the total Annual Premium would be born by the Lessees/Financees.

Thus, the Lessors/Banks would enjoy an entirely Free Insurance Coverage of the Component of their Financial Stake in the Leased/Financed Vehicle during the entire period of Lease/Finance Agreement, during the while period, through-out the whole/period of Lease/Finance Agreement.

In my opinion, this is an absolutely unjustified practice. Because at the initial stages, the Lessors'/Banks' Stake in the Cost of the Vehicle is considerably greater than that of the Lessee/Financee and, therefore, the Cost of Insurance Premium ought to be accordingly apportioned in-between the Lessors and the Lessee/Financees.

For example, for a Lease/Finance Agreement of 3-years duration, the Lessors'/Banks' Stack in the Vehicle's Cost would stand at, Say:2,000,000/=, while that of the Lessee/Financee would be mostly confined to the Down-payment, i.e. much less than that of the Lessors/Banks.

Therefore, the Lessors'/Banks' Share of the Insurance Premium ought to be much higher than that of the Lessee/Finance and the same must be proportionately borne by both the Parties.

Accordingly, with the continuous minimization, year by year, of the Lessors'/Bank's Share of the Stake in the Vehicle, due to regular payment of Installments by the Lessee/Financee, the Lessors'/Bank's Component of the Insurance Premium too would decrease and that of the Lessessed/Financee would increase which too, must be accordingly spportioned amongst them, year by year, until the expiry of the Lease/Finance Agreement

Similarly, with the continuous Payment of Installments for year-by year, the Lessors'/Bank's Stake of Interest in the Vehicle would decrease and that of the Lessee/Financee would increase, which would ultimately exhaust in favour of the Lessee/Financee.

In this manner, the quantum of Insurance Premium must also be accordingly decreasing for the Lessors/Banks which must be accordingly paid by both the Parties, till the exhaustion of the Lease Period.

But without any regard to the afore-mentioned factual Scenario, the Lessees/Financees are compelled to continuously pay the entire premium through-out the whole period of the Lease/Finance Agreement and the Lessors/Banks enjoy free Insurance coverage of their Stake of the Financial Share in the Vehicle.

This practice must be done away with and the State Bank of Pakistan must intervene in the matter to safe-guard the interests of the concerned people.

This injustice is regularly applied to all the Lessees/Financees in our country and, either due to lack of knowledge and understanding the point or avoidance of taking the troubles to initiate this Right of the concerned people, they do not protest to the State Bank of Pakistan and quietly keep-on bearing the Charges through-out the whole period of the Lease/Finance Agreement, to the pleasure of the Lessors/Banks

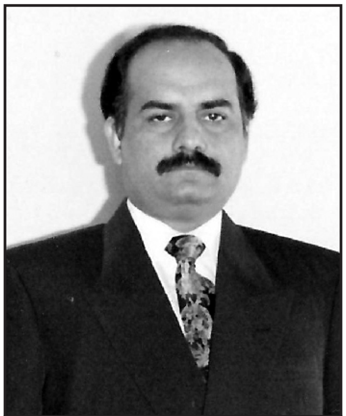
More-over, the Bankers/Lessers would also trample over the Lessees'/Financees' Right of choosing their own Insurers, despite the fact that the same Insurers would also be on the Approved Pannel of the Banks/Lessors.

Thus, the employees of the Banks/Lessors would get the full benefits of the commission on Insurance premiums and deprive the Lessee's/Financees Insurance Representatives therefrom.

At the time of a Claim, the Bankers/Lessers would avoid to sign/stamp the Insurance Claim Form, on one or another pretext, and thus discourage the Lessesses/Financees from pursuing their genuine Claims against the Underwriters, under their relative Policy of Insurance.

Therefore, in my opinion, it is of particular importance that the SECP and the State Bank of Pakistan ought to look into the matter seriously to stream-line the Contracts of Lease/Finance Agreements, keeping in view the genuine interests of both the Parties which will accrue to the public taking interest in taking out Insurances, not only for their Auto Vehicles, but also numerous Non-Motor Classes of Insurance as well. This, in my opinion, shall play a great role in promoting the Insurance Industry by the multiplication of their premiums and fattening of the Underwriters' pools, for further investment and development of the country.

Before ending this Article, I would suggest that the SECP and The State Bank of Pakistan form a Joint Committee and thus Prepare a Draft Lease/Bank Finance Agreement for Vehicles and circulate the same to all Banks/Financial Institutions to implement the same accordingly.



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

Cotton Ginning Factories Fire Hazards and Safety
(Safety - Part-2)

This article is presented in continuation of the last article in this subject which addressed the issue of fire hazards of cotton ginning & pressing factories whereas this article would address the safety aspects against physical and exposure hazards not moral hazards. The subject of moral hazard is quite delicate, sensitive and complicated which will be brought under discussion at some suitable time separately as it is important, sensitive, wide-spread, serious and injurious.

Prior to 2006 the issue of physical hazard was used to be taken up so lightly. The stake holders were not looking serious to address this subject by discussing and formulating the preventive measures for safety against physical hazard involved in the cotton ginning and pressing factories.

In the year 2005-2006 a serious effort was made when IAP, PCGA (Pakistan cotton ginners Association) and other stake holders joined their heads to discuss various aspects of physical hazards and suggesting the remedial measures. The Agriculture Ministry got involved then and few very serious kinds of meetings were conducted. After deliberating discussion on the subject with the proper preparation and homework i.e. discussion with the Senior Surveyors, experienced cotton ginners, Professional experienced Insurers draft of proposal to set up a form of cotton warranties to be imposed on insured by the Insurers was circulated in the circle. Myself also participated in the activity in my personal capacity when the issue was discussed by the ginners and in a meeting of PCGA executive body I was invited to address on the issue. I also suggested the issues of physical hazards and remedial measures on account of safety through various letters as well.

Final draft was then prepared and issued to the stake holders for compliance. It was considered to be the first serious step to regulate the business by introducing a set of warranties setting up a standard of safety in cotton ginning and pressing factories. A warranty form with the title “cotton ginning and pressing factories warranty form” was made available to the members Insurers for insertion with the fire policy covering the risk of cotton ginning and pressing factories.

This set of warranties, provided a good start towards safety by identifying the physical hazards and safety through maintaining the distances among stocks, building, godowns, and hazards materials as well as setting up the standard of cotton bales packing, formation of un-ginned cotton heaps with reference to its size, density of cotton bales, requirement of minimum storage of water and delivery system to fight the fire without any delay in calling and reaching the fire brigades from outside. It also addressed the issue of the pattern of stock of cotton bales in order to regulate the aggravation of loss due to fire by way of controlling the manner of stacking.

Unfortunately, the cotton warranties form which was originally drafted and approved is not being followed in letter and spirit by few Insurers because of which a difficulty in settlement of claims is seen where more than one insurer have participated in the risk as joint/co-insurers, in term of variation in amount of deductible, size of cotton heaps etc.

Also, the fire policies are made subject to cotton ginning and pressing factories warranties form as well as the cotton ginning and pressing factories warranties as per fire tariff simultaneously without realizing that now, both the set of warranties are contradictory.

The warranties form originally approved is being appended below for reference. The task of removing the anomalies present in this issue may be given to a committee for rectification of contradiction and bringing the uniformity in order to address the difficulty in settlement of claims.

COTTON G & P FACTORIES WARRANTIES FORM (ISSUED BY IAP WITH THE CONNIVANCE OF PCGA)

1. FOR BUILDING &/OR THEIR CONTENTS

All policies covering factory building and/or their contents, stock in process or otherwise in the processing department must contain the following warranty.

"Warranted that no loose cotton and/or kappas and/or cotton in fully pressed ironbound bales and/or other hazardous goods, be stored in the open within 30 feet (9m) of the said building. The above warranty is absolute and can't be deleted by paying additional premium".

However, production of 24 hours' time is allowed stock of the plate form in front of press. There is no restriction of distance subject to provision of two watchmen to look after the stock and availability of a mobile fire extinguisher trolley and adequate number of sand buckets.

2. FOR GODOWNS

All policies covering Godowns and/or contents thereof must contain the following warranty.

"Warranted that no loose cotton and/or kappas and/or cotton in fully pressed ironbound bales and/or other hazardous goods to be stored in the open within 30 feet (9m) of the said Godown and/or sheds. The above warranty is absolute and can't be deleted by paying additional premium".

3. FOR OPEN

All policies ratable under this section must contain the following warranty.

"Warranted that no loose cotton and/or kappas and/or other hazardous goods be stored in the open and/or in open sheds within 30 feet (9m) of the ginning pressing building, Godown and/or sheds, and fully pressed iron bound cotton bales. Th above warranty is absolute and can't be deleted by paying additional premium".

Applicable to cotton in fully pressed iron bound (FPIB) bales only:

Warranted that, during the currency of this policy:

a. No more than 1000 FPIB bales of cotton be stored in any one stack.

b. Each stack of FPIB bales be separated by properly demarcated fire breaks of not less than 20 feet (6 m) width.

c. The maximum height of each stack not to be exceeded 6 bales.

d. The total number of FPIB of cotton in a lot (in open) at any one location in the mills to be restricted to 10,000 bales.

e. The next lot of bales should be at minimum distance of 100 feet from first lot.

The above warranty is absolute and can't be deleted by paying additional premium.

4. SOCK OF UN-GINNED COTTON

"Warranted that any one heap of un-ginned cotton should not exceed 5000 mounds and that each heap should be separated by properly demarcated fire breaks of not lesser than 20 feet from all the sides.

The above warranty is absolute and can't be deleted by paying additional premium."

5. RAW COTTON PACKING

"Warranted that minimum specifications for FPIB would be as follows:

a. Compressed to a minimum of 360 kg/m3 with standard weight of 170 kg and volume 1.09 x 0.606 x 0.45 m3 plus or minus 3% because press size are different.

b. Covered on all 6 sides with serviceable and un-torn hessian or cloth.

c. Bound by 8 rounds of hot rolled new steel hoops having 12 (2.75 mm) gauge.

6. SPARK ARRESTERS

"Warranted that during the currency of the policy spark arresters must be fixed on the exhausts of all vehicles and/or any other mechanical equipment employing combustion engine in the mills premises "

7. COMPULSORY FIRE FIGHTING FACILITIES

"Warranted that the insured must have their own reservoir of water with capacity of 25000 gallons, diesel engine pump of 20 HP, with a capacity of 250 gallons per minute and 3 x 100 feet hose pipes"

In case the above facility is not in place the company may either refuse to insure or a deductible of 5% of the loss amount with minimum of Rs. 25000/- rupee on each and every loss under the policy will apply.

Prior to above amendment in cotton ginning and pressing factories warranties in 1.8.2006 which was finalized and inserted in the fire tariff, the warranties as circulated on 7.9.2005 were containing anomalies e.g. the raw cotton (Phutty) storage was allowed up to 10,000 mounds, distances between stocks within and from the building/godown etc was fixed at 50 feet, specification of cotton bales were set to 9 rounds of steel rings/hoop with all 6 sides covered with cloth etc. Further there

was no provision to relax the distance for current production of cotton bales. The density/weight of cotton bales was invariably fixed and no margin for plus/minus of 3% as allowed in the cotton control act, was allowed.
Some other areas were also left unattended. In this connection I have sent various letters to authorities/policy makers, as well as to some Insurers individually pointing out all the anomalies in new set of cotton warranties. Some of the recommendations were accepted and inserted in the final set of warranties but some important recommendations could not attract the attention.

The contents of letters so sent, are being summarized for consideration, information and awareness to improve the warranties as and when felt appropriate and/or to utilize the information as and how required by the reader.

RECOMMENDATIONS SENT TO THE STAKE HOLDERS

ALL THE RESPECTED INSURERS (FIRE CLAIMS DEPARTMENTS)

SUBJECT: COTTON GINNING & PRESSING FACTORIES WARRANTIES

Dear Sirs,

During Survey proceedings it has been noticed that almost all the Insurers are attaching a form containing new set of cotton ginning and pressing factories warranties with the Fire Insurance Policies which are outdated and not designed in accordance with the warranties as approved by IAP after various meetings with the PCGA and Ministry concerned in 2005-2006. Finally approved set of warranties were notified by IAP in 2006 which is different from what is being attached with the Fire Policies currently.

Since the undersigned has been participating in the process of revision by submitting my suggestions as well as meeting with the PCGA in connection thereof so the members of PCGA raising questions on the set of warranties in force.

I have been updating all concerns regarding changes in warranties since long in day to day get togethers, verbally, telephonically as well as through letters/sketches/technical reports and continuously feeling the urge to submit a memorandum to all the respected Insurers for necessary amendment in the warranties form.

CORRECTION TO BE MADE

1. FOR BUILDINGS &/OR THEIR CONTENTS

The distance should be amended to 30 feet.

2. FOR GODOWNS

The distance should be amended to 30 feet.

3. FOR OPEN

A) The distance should be amended to 30 feet.

B) 24 hours production of bales is allowed on the platform in front of Press house and there is no restriction of distance subject to the provisions of two watchmen to look after the stock and availability of mobile fire extinguisher trolley and adequate number of sand buckets.

5. STOCK OF PHUTTY (UN-GINNED COTTON)

Maximum quantum of a heap allowed is 5000 mounds and not 10000 mounds.

6. RAW COTTON PACKING

A) 3% plus-minus margin should be added.

B) Bound by 8 rounds and not 9.

C) 2.75 mm diameter of binding steel wire

D) Warranty, that all stocks of cotton not complying with the above specifications must be stored totally separately and at a minimum distance of 100 feet from any other goods, buildings or any other property insured here under to be amended.

Ginners are already maintaining the density of about +480 kg/m3 and it meets the international requirement for binding of bales.

7. COMPULSORY FIRE FIGHTING FACILITIES

A) 20 HP diesel engine pump is required & not 20 HP electric motor.

Besides the above the under mentioned suggestions/comments may be considered for next revision.

1. Storage of cotton in any form should be prohibited under the electric cables/wires/conductors.

2. Suitable warranty for heap settler machine should be drafted. Heap settler machine has been one of the major causes of fire.

3. These days the hundreds of small heaps are kept in the factory compound which are brought in the tractor trolleys and it is not practically possible to maintain 30 feet or even 20 feet distance between each such heap so the relevant warranty should be reworded.

4. Warranty regarding maintaining density of cotton bale should be reworded and in this respect the Cotton Control Act/rules should be kept in mind.

5. Stock of 10000 bales with distance of 100 feet is not appropriate. Keeping the stock of 10000 bales at one place is highly risky. Similarly

keeping the stock of 1000 bales with distance of 20 feet is not appropriate. Keeping 1000 bales at one place is highly risky. So fire breaks of at least 6 feet between each lot of 100 bales are necessary.

6. No smoking warranty should be imposed.

7. Cooking prohibited warranty should be designed and imposed.

8. Offices and labor quarters should be separated from the factory compound and ginning/pressing hall by suitable BB wall.

9. Maintenance of machinery warranty should be designed. Poor housekeeping and un-cleaned machinery are one of the major fire causes due to over heating/friction/sparking etc.

10. Fix standard for electric wiring/fittings/fixtures.

11. In my opinion not all the warranties should be made absolute. Certain Penalty should be fixed in case of breach.

12. Various terms used in the warranties should be clarified/defined. For example, words of kappas, cotton, ginned cotton, un-ginned cotton and phutty are used.

13. In my opinion there is no reason to impose the warranty to cover the bales with cloth from all the 6 sides or otherwise because this would add up to the risk of fire. By adding cloth with cotton would add up the fuel for fire. Cloth burns more rapidly/easily than pressed cotton.

Much more can be suggested to improve the risk which can be done on receiving official task. Feel free to write at "qayyum@qpmalik.com"

QAYYUM PERVEZ MALIK

Chairman
Insurance Association of Pakistan
Karachi

SUB: INTERPRETATION OF COTTON G & P FACTORIES WARRANTIES

Dear Sir,

Having 35 years of dealing in survey assignments in cotton zone, I have been actively participating in the process of proposals to amend the set of cotton ginning and pressing factories warranties during 2005-2006, as the previous set of warranties as incorporated in fire tariff was being considered as inappropriate and outdated. I had attended meeting in the central office of Pakistan cotton Ginners Association as well as sent various letters to IAP, discussed the issue with Secretary Mr. Usmani on phone and sent proposals on the initially drafted warranties which were not in line with the law of land and the prevailing market practices.
The final draft was then prepared by IAP in august 2006 which was still containing few anomalies and the same were pointed out by the undersigned through a letter. Yet the anomalies are there which need to be reviewed and warranties form to be amended. The detail proposal in this respect will be prepared and sent later but for now I am referring warranty # of cotton ginning and pressing warranties form read as under: -

WARRANTY

"STOCK OF PHUTTY (UN-GINNED COTTON) Warranted that any one heap of Phutti should not exceed 5000 mounds and that each heap should be separated by properly demarcated fire breaks of not less than 20 feet from all the sides. This warranty is absolute and cannot be deleted by paying additional premium" (Copy attached as highlighted).

This needs to be interpreted on urgent basis because the cotton season is at its peak and we, the surveyors are facing problems because of difference of opinion/ambiguity on this issue.

The background and ground reality of market practices currently being adopted as explained hereunder, should be kept in mind before interpreting.

Stock of un-ginned cotton is delivered to cotton ginning and pressing factories by various means of transport e.g. trucks, tractor trolleys, donkey carts, pickups etc. from grain markets, forms, trader's premises etc. Each such consignment is off-loaded in the open compound of cotton ginning & pressing factory separately with a label or slate on which gate pass #, quantum of cotton after virtually converting in to a 3 mounds average bora, after weighing in the factory premises and issuing gate pass. Now multiple heaps of various sizes are stacked in the open compound at one point of time. Some heaps are as small as 30 mounds where as the others varies from 30 to 450 mounds approximately. Some of these small heaps are then combined forming few big heaps according to the variety, type and quality of cotton. Sometimes, subject to various factors these heaps exceed 50 in numbers so maintaining the distance of 20 feet for each and every heap is impracticable because of the unavailability of sufficient space in the factories, especially during peak season. This routine procedure is being practiced by each and every cotton ginner so observing or fulfilling the requirements of this particular warranty is absolutely impossible. However, if the warranty is so interpreted that a distance of 20 feet is maintained only when the heap reaches at its maximum allowed level of quantum i.e. 5000 mounds (or as mentioned in the warranty as it varies from company to company, which is again not advisable) then this distance warranty shall be *applicable. Please note that as a matter of procedure these small heaps kept stacked in the open compound until and unless the quality, rate, deduction against impurity and few other factors are finally settled between buyer and seller. After such factors get finalized some of these small heaps are assembled in to various big heaps depending on the quality of cotton and various other factors, and the feeding to ginning machines for pressing of cotton bales is done through these heaps.*

Now if this warranty is so interpreted that all such small hundreds of heaps should maintain 20 feet distances from all around then it is impossible to be followed but if it is so interpreted that the distances of 20 feet is only applicable when the heap is so assembled that it reaches to its maximum allowed limit of 5000 mounds then it could be followed.

Please take it as most urgent as the decisions to settle the claims are being delayed.

The undersigned hope that this issue will be discussed at the level of IAP fire committee and we will be having your valued feedback at your earliest convenience.

Thanking you

Yours faithfully,

QAYYUM PERVEZ MALIK & CO (PVT) LTD
INSURANCE SURVEYORS/LOSS ADJUSTERS
MULTAN

AMBIGUITY IN COTTON WARRANTIES

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

This never-ending conflict started when ancient form of cotton warranties as published in fire tariff were found outdated and initiative was taken to amend these warranties in 2005. The need to amend the warranties was felt after alarming escalation of number of fire claims and the major cause was revealed as absence of sufficient local firefighting facilities in the cotton factories.

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

Pakistan cotton ginners association was engaged to initiate necessary discussion on this important issue at all levels. The unofficial discussions was however initiated much earlier which continued for long when the things turned more serious and IAP as well as PCGA with the connivance of Ministry agriculture started meeting officially in 2005. Various meetings were conducted in Karachi and Islamabad which were attended by both the main stake holders and as a result of lengthy discussions and presentations from both the sides a rough draft of revised/amended cotton ginning and pressing factories warranties form was designed/drafted and circulated for further discussions and finalization.

The last meeting was chaired by the then Minister for food, agriculture & livestock Mr. Sikandar Hayat Khan bosan on 20.7.2006 when the discussion on revised cotton warranties as designed by fire committee of IAP in September 2005 was made and minutes of meeting containing the detail of warranties so discussed was circulated on 29.7.2006. Shortly before that the office of PCGA sent their consent on draft of warranties to IAP on 3.7.2006. IAP then circulated a letter amending the warranties on 1.8.2006.

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

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

To be continued....

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

The Role of Insurance in Your Financial Plan

- Types of insurance you should consider
- The many uses of life insurance
- Long-term care
- How insurance needs may vary over time

Insurance is an important element of any sound financial plan. Different kinds of insurance help protect you and your loved ones in different ways against the cost of accidents, illness, disability, and death.

Adding Up Your Insurance Needs

The insurance decisions you make should be based on your family, age, and economic situation. There are many forms of insurance and, unfortunately, no one-size-fits-all policy. Life insurance, for example, can be a virtual necessity, especially if you have a spouse and children. Disability insurance, which provides an income stream if you are unable to work, is important for everyone.

Most people require some amount of all of these categories of insurance.

Auto Insurance: Shop carefully, but don't under buy

Auto insurance helps protect you from damage to the often-considerable investment in a car and/or from liability for damage or injury caused by you or someone driving your vehicle. It can also help cover expenses you or anyone in your car may incur as a result of an accident with an uninsured motorist.

Auto liability coverage is necessary for anyone who owns a car. Many states require you to have liability insurance before you can register a vehicle. State-required minimum coverage, however, is often too skimpy to provide adequate protection. Of course, these figures will vary depending on your individual situation and requirements. Collision, fire, and theft coverage is also advisable for a vehicle having more than minimal value. You can cut costs, however, by choosing a higher deductible -- the amount of loss that must be exceeded before you are compensated.

The cost of auto insurance varies greatly, depending on the company and agent offering it, your choice of coverage and deductible, where you live, the kind of vehicle, and the ages of drivers in the family. Substantial discounts are often available to safe drivers, nonsmokers, and those who commute to work via public transportation.

Home owners Insurance, For Renters and Owners

Homeowners insurance should allow you to rebuild and refurnish your home after a catastrophe and help cover to costs of lawsuits if someone is injured on your property. Coverage of at least 80% of your home's replacement value, minus the value of land and foundation is necessary for you to be covered for the cost of repairs.

There are several grades of policies, with increasingly comprehensive coverage and cost. Unless you increase coverage, most home owner's policies cover the contents of the house for 50% to 75% of the amount for which the house is insured. The liability coverage in many home owners' policies is different. This figure will vary depending on your individual situation and requirements.

Liability Insurance: Protecting Your Assets

Often called umbrella liability coverage, this takes effect when the personal liability and lawsuit coverage in other policies is exhausted. Especially necessary for high-income individuals and those with considerable assets -- may be only a few hundred rupees a year.

Life Insurance: Your Needs Dictate the Kind and Level of Protection

Life insurance, payable when you die, can provide a surviving spouse, children, and other dependents the funds necessary to help maintain their standards of living, can help repay debt, and can help fund education tuition costs. The amount you need depends on your situation. If you make Rs.100,000 a year, have a sizable mortgage, and two kids headed to a good (read: expensive) college, you could need as much as Rs.10 million in coverage.

Value-accumulating whole life or universal insurance is often offered as death benefit protection with a cash value component that you can borrow against or eventually cash in by surrendering the policy. Term insurance costs less, but may remain in effect only for a specified term of years. For many families, a combination of whole life and term insurance may provide for current and future needs.

Your financial professional can help you assess your needs to determine the kinds and amounts of life insurance that are right for you and your family.

Disability Insurance: Important Protection If You Cannot Work

A long-term disability policy is activated, replacing a portion of your lost income, when you are unable to work for an extended period. Employers cover approximately 40% of all workers with some form of company-paid disability insurance.

If you're buying, you should generally try to get a no cancelable policy with benefits for life, or at least to age 65, and as much salary coverage as you can afford. Insurers will generally cover up to 65% of your salary. Generally, you should have total coverage equal to two-thirds of your current pre-tax income.

If your company provides disability insurance, check to see whether it's enough for your needs. Group disability insurance policies may be capped at six months and provide benefits that won't cover your expenses.

Health Insurance: Available Through Your Employer or Privately

Most people enjoy medical insurance as an employee benefit, often with their employers paying all or part of the premiums. Privately purchased health insurance is much more expensive - often by several thousand a month - depending on such things as deductibles, coverage choices, and location.

Long-Term Care Insurance:

With an aging population and uncertainty about the future of Social Security, insurance to cover the high cost of nursing home or at-home health care is the focus of increased concern. Medicare pays very little of the cost of long-term care in the whole world. Medicaid will pay for the care, but only for patients who meet strict income eligibility requirements. With Congress always debating the future funding of these programs, financial planning for long-term care is more crucial than ever.

Insurance companies can provide information on long-term care insurance. Insurance policies contain exclusions, limitations, reductions of benefits, and terms for keeping them in force.

Because your financial professional understands your needs as well as the role of the various kinds of insurance within an individual financial picture, he or she can help you with the policies that are most appropriate for you. Your financial professional can provide you with costs and complete details.

Points to Remember

1. Your insurance needs will vary based on your family, age, and economic situation.

2. Anyone who owns a car should have auto liability insurance. Collision, fire, and theft can protect your investment in a valuable car.

3. Homeowner's insurance should generally provide coverage up to 80% of the cost of replacing your home, minus land and foundation. Homeowners should also have liability coverage.

4. Life insurance can be an especially important financial tool that has many uses, the most important of which is protecting your family.

5. Long-term care insurance may be a necessity for older people, because the long-term coverage of Medicaid and Medicare is often inadequate.

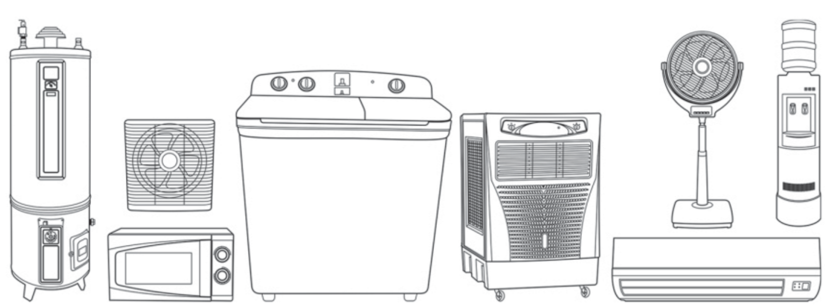
EFU General Wins 13th Consumers Choice Award 2018

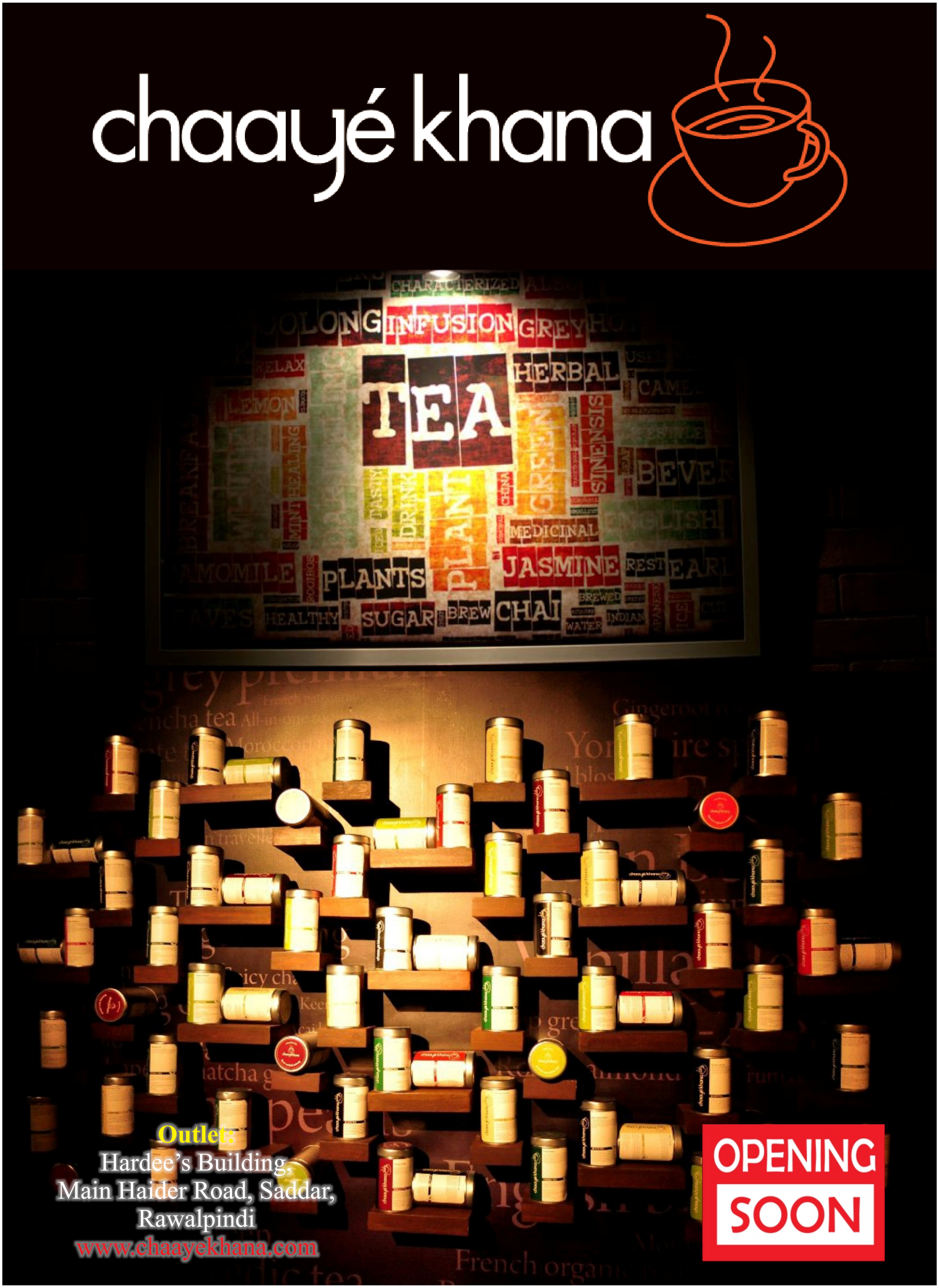
EFU General has been awarded the 13th Consumers Choice Award 2018 in the Category of Best General Insurance Company of Pakistan. Mr. Altaf Qamruddin Gokal, Chief Financial Officer received this award.

The Consumers Association of Pakistan (CAP) organized this magnificent event at Pearl Continental Hotel, Karachi. Mr. Sardar Masood Khan, President, Azad Jammu & Kashmir and Mr. Khalid Maqbool Siddiqui, Federal Minister, IT & Telecom distributed the awards. The ceremony was graced by high profile personalities from the government, public and private sectors.

These awards are especially gratifying as the winners are selected from a wide cross-section of Pakistani consumers through different surveys conducted by the Consumers Association of Pakistan (CAP).

EFU General has received this award in recognition of its outstanding performance in the field of non-life insurance Industry of Pakistan. EFU offers a variety of products that caters to the needs of its clients and protecting their diversified interests. EFU brand has become synonymous to progressiveness and promptness in settlement of claims. EFU's greatest achievement continues to be consumers' trust for more than 80 years.

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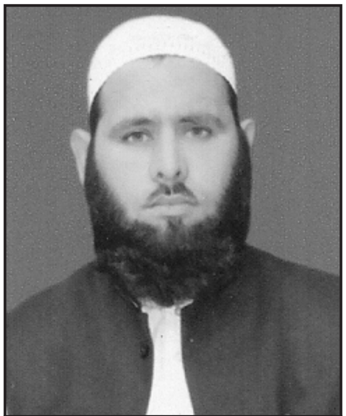

Mufti Basheer Ahmad
Shariah Compliance Officer
Askari General Insurance Co. Ltd.
(Window Takaful Operations)

Shariah Perspective on Risk Management

Definition of Risk:

An uncertain event which causes unwanted consequences or losses is called "Risk".

Example:

- Rise or fall in share price you bought for sell,
- Rise or fall in the Euro's price you bought for sell,
- Car accident with or without injury to the driver, injuring others or damaging things as result of a car accident, etc.

To mitigate risk in order to eliminate or reduce the severity of financial losses is not a recent innovation, and there are ample evidences available in Quran and sunna in favor of it, and this concept is not only permissible according to the Shariah rulings, in fact is encouraged. Allah Almighty says:

"And do not put yourselves into destruction". (Surah Albaqra #195)
"Prepare against them whatever force you can."(Surah Anfal #40)

There are also many Ahadeeth that describe the permissibility of this concept in Islam such as:

"It is narrated by Hazrat Usama bin Shareek that a Companion of Prophet (PBUH) inquired Prophet Muhammad (PBUH): Should we take medicine (when we get sick)? Prophet Muhammad (PBUH) replied: 'O People of Allah! Yes, get treatment for your illness because Allah Almighty has made available the remadies of all illnesses except that of old-age." (Mishkat 388/2 Tirmizi)

Insurance and Takaful is also considered by some to be against the Islamic concept of Tawakkal. This belief is actually based on a misunderstanding and therefore not true, in a hadith The Holy prophet (PBUH) directs the person in the following words having seen him leaving his camel untied considering this as being Tawakkal on Allah almighty.

"A companion of the Prophet (PBUH) asked: 'O Prophet of Allah! Should I tie my camel and then entrust Allah or should I leave the camel untied and then entrust Him?' The Prophet (PBUH) replied: 'Don't leave your camel untied: instead first tie the camel and then put your Tawakkal on Allah."(Tirmizi #2441)

Similarly the Shariah also commands us to leave wealth and property for our families to spare them the disgrace of begging for it from others.

"It is narrated by Sa'ad that The Prophet (PBUH) came to visit me when I fell ill in Makka. I said: I have wealth, shall I give the whole as Sadaqah? "No," replied the Prophet. "Then, (shall I give) a half?." the Prophet again said 'no.' "Then, (shall I give) a third?'. "Yes," said the Prophet. "The third is much. Indeed to leave your heirs well-off is better than that you should leave them dependent on and to beg from people."(Bikhari 383)

Islamic history also is replete with examples featuring activities involving risk mitigation:

– **Dhaman Khatr al-Tareeq (ضمان خطر الطريق):** A person would undertake another person's risks without any consideration/fee in return.
– **Dhaman Al-d'ark (الدرك ضمان):** A person would influence a sale by promising to compensate for the loss if the subject-matter proved faulty.
– **Aqila (عاقله):** A risk sharing mechanism in which community members pooled their share of Diyat (blood money).
– **Aqd-e-Muwalat etc. (موالات عقد)**: A person accept Islam at the hand of another and then pact an agreement with him that he will be the inheritor of his wealth after his death, an all liabilities for his wrongs will upon him.

All these examples of risk management are based on the concept of brotherhood and mutual solidarity and are in conformance with Shariah.

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Concepts of Bond Insurance

Why Performance Bond?

The spread of grey construction is vivid sign of economy's extension and contractors are the key players of this pride. Likely, the ability to handle the entire project not only linked with financials or monetary benefits but also the acceptation, goodwill and industry share of any principle. So, this is very sensitive and important for any principle investor to have proper risk management of their time and all resources at right time.

As, there are various risks like delay in supplies, labor, construction technicalities, innovational theme/idea etc. that sometime delays the project, such and other factors further provokes the risk management to have very secure moves whilst finance and time is in.

Since a decade or so, concept of performance guarantee arose in our country that facilitates the principle to diversify their risks with financial underwriters either banks or insurance companies. With the passage of time this concept became mandatory requirement of various words of mouth principals like PHA, NHA, DHA, CDA & NLC etc. to have such guarantee to win as well as build any of their project.

It is for you as piece of mind

Yes, for contractors it is the ideal solution when they stuck financially, time bindings, any obligatory requirement etc.

How you may have it?

Recognized national and international principals requires guarantee from at least AA rated (JCR or PACRA) insurance companies. Below is the list of top five AA rated insurance companies;

- EFU General Insurance Limited
- Adamjee Insurance Company Limited
- Jubilee General Insurance Company
- Security General Insurance Company Limited
- IGI General Insurance Limited

How it can benefit you?

You may have it to fulfill the contractual obligations by the Principal in construction related contract. In the event of claim the Principal is entitled to demand the amount guaranteed in the Bond, which shall be paid by the Insurance Company accordingly. The Insurance Company, in turn, shall recover the losses from the contractor and its guarantors.

What kind of documents are required?

Although it's a time taking job to complete the documents from the contractor's. However, following documents are required by insurance company for issuance of bond.

- Latest company profile
- List of contracts completed
- List of contracts in process
- Certificate of Engineering Council
- Bank statements, Balance sheets
- Nature/ Location of Project

What is counter guarantee and which counters are required by Insurer?

Counter guarantees are cashed in the unexpected event if the contractor fails in the performance of a contract. As for protection and to prevent the moral hazard of contractor's, the Insurer receive the following counter guarantees from the contractor.

- Un-dated Cheque (Bond value)
- Counter Guarantee (Both official & personal capacity)
- Indemnity Guarantee (Both official & personal capacity)
- Promissory Note (Both official & personal capacity)

Hence, performance guarantee is much important instrument these days and the issuance requires vigilant and prudent decision.


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Household Emergencies (Part-4)

In my previous article, I have covered the gas leak related household emergencies. In this part, I will cover the plumbing problems related household emergencies.

Plumbing Problems:

Water in the wrong places can cause considerable damage but the ability to make emergency repairs can prevent a minor problem from becoming a disaster. In a plumbing crisis, knowing the basics, such as where to find your main shut-off valve and how to drain the system, can make the difference.

Leaking Ceiling:

Turn-off water main: Go to the main shut-off valve and turn off the water.

Drain system: Turn off the boiler to keep the pipes from overheating. Run the faucets upstairs and flush toilets fed by the water tank to reduce the water level in the tank.

Relieve pressure: Use a bucket to catch water leaking from the ceiling. If there is a hairline crack, enlarge it with a screwdriver to increase the flow and reduce the weight of water on the ceiling. If the ceiling is bulging, put more buckets in place, then punch a hole.

Find source of leak: If the water is coming through the ceiling, check the room or the apartment above. If the water is coming from the attic area, check for a burst pipe or damage to the water tank and fix any leak. If the pipes and tank are sound, look for holes in the roof itself and repair if necessary.

Dangers of water and electricity: If water is dripping from a light fixture or onto an electrical appliance, do not touch the switch, the light fixture, or the appliance. Turn off the power at the circuit breaker or fuse box and call an electrician immediately.

Fixing a Leaking Cold Water Tank:

Some homes have a tank with a pump for constant house pressure. Others may have a repairable reservoir in the attic or basement.

- Shut the main valve. Arrange for disposal of cold water.
- Close the hot water valve at the hot water tank. Then open the drain valve of the cold water tank.
- Flush toilets, then open all cold water faucets.
- Plug a small hole by drilling and inserting a bolt with rubber stops on either side. For corner hole, wipe dry; use an epoxy resin sealant.

Burst Pipe:

Locate frozen pipe: Water expands as it freezes, which can cause old pipes to split open or a compression joint

(where two lengths of copper piping are joined) to push apart. If you have copper pipes, check the compression joints to see if any have been pushed apart. If you have lead pipes, look for ice where the pipe wall has cracked. Water pipes will freeze only in an uninsulated roof space, outside, or in a house with no central heating.

Repair burst pipe: If the pipe wall is damaged, wrap pipe repair tape around the crack. Thaw pipe if necessary. Call a plumber to make a permanent repair.

Shut-off water supply: If a compression joint is destroyed, it will need to be replaced. If the joint is damaged, shut off the water supply to the pipe by closing the gate valve. If the pipe does not have one, turn off the main and drain the entire water system by turning on all the faucets.

Repair joint: Thaw the joint and unscrew the joint, wrap teflon tape around the threaded parts, then re-fasten the joint.

Thawing Frozen Pipes:

- If, during winter, you turn on a faucet and no water comes out, the pipe may be frozen.
- Find the pipe that feeds it, and tap it gently with a mallet; you will hear a dull thud at the frozen section, which may be bulging under the pressure of the ice.
- Check the pipe carefully for any cracks.
- If there are cracks, then proceed to step 2 above before thawing the pipe.
- Use a hot-water bottle, hot cloths, or a hair-dryer to gently heat the pipe or joint. If the water inside boils, the pipe may burst.
- Do not use a blow-torch to thaw any type of pipework: the intense heat is likely cause damage.

Blocked Sink:

Use sink plunger: Smear petroleum

jelly around the rim of a sink plunger. Block the overflow outlet with a piece of cloth, then position the plunger over the drain. Run 2 inches (5 cm) of water into the sink. Pump vigorously for a few minutes to clear a minor blockage. If this fails, use a commercial drain cleaner or pour carbonated soda dissolved in hot water down the drain.

Check U-bend: For a U-bend with a drain plug (a small capped outlet at the bottom of the U section), put a bucket in place, then unscrew the plug using a wrench. Wedge a piece of wood in the U-bend to keep it steady as you work. Clear any debris, then replace the drain plug. For a removable U-bend, unscrew the joints and lift out the U section, draining the water into a bucket. Clear debris from the pipe, then replace the U section.

Check main drain: If the pipe remains blocked, there could be a problem in the drain. Call a drain cleaner to come and clear the drain.

Clear Bottle-trap: If the sink is still blocked, place a bucket underneath the bottle trap below the sink and unscrew the base. Push a clothes-hanger or "snake" (a flexible length of metal) down the drain to try to push the blockage out. If this is unsuccessful, try working up through the trap bottom and along the waste pipe. Try to pull any debris back toward you rather than pushing it further away. Replace the trap base and fasten securely.

Leaking Faucet:

Turn off water: A leaking faucet is both a nuisance and a waste of valuable water. In cold weather, dripping water can freeze in the pipes overnight, which may cause pipes to burst. In hard water areas, a faucet that keeps dripping may stain sinks and baths with mineral deposits. Before starting on any repair work, turn off the water supply. Close the "speedy" on the pipe, if it has one.

Call plumber: Most leaking faucets are caused by faulty washers. You will need to remove the faucet cover to replace a washer, which may be tricky if you have modern faucets that are complex in design. If you feel unsure about tackling the job, call a plumber.

Airlock in Pipe:

Release Air: If no water comes out and the pipe makes a banging noise when you turn on a faucet, there is probably an air lock in the pipe. You may be able to release the air by using a rubber mallet to tap along the pipe leading from the faucet.

Turn on faucets: If you cannot find the air lock in this way, turn all the faucets on full to try to drive out the air.

Use garden-hose: If this fails, connect one end of a garden hose to the faulty faucet and the other end to a main-fed faucet, such as the kitchen sink faucet. Turn on the faulty faucet, then the main-fed one. The pressure of the main water as it enters the faulty faucet should drive the air lock out of the pipe. When the pipe stops banging, turn off the faucets and remove the hose from the main faucet. Drain off the water in the hose, then disconnect the hose from the faulty faucet. If air locks occur repeatedly, call a plumber.

Blocked Toilet:

Try to clear toilet: If the contents of the toilet-bowl do not flow away when the toilet is flushed, the toilet is blocked. Do not keep flushing in the hope that this will remove the blockage, water may build up in the bowl and overflow. Use a bent wire coat hanger or a snake to remove a blockage just beyond the bend.

Try water force: If this fails, bail some water out of the bowl to reduce the level. Pour a bucket of water into the toilet. If the blockage is minor, the force of the water rushing down into the bowl can be enough to dislodge it.

Use plunger: If the toilet is still blocked, get a toilet plunger or improvise by tying a plastic bag around the head of an old mop. Pump the plunger up and down in the bowl but be careful not to use too much force, you risk cracking the bowl. If the toilet remains blocked or you prefer not to try any of these techniques, call a plumber.

Dripping Overflow Pipe:

Locate problem: A dripping overflow pipe from a water tank or toilet cistern indicates that the correct water level is not being maintained. Do not ignore a dripping overflow because the drip could suddenly turn into a serious leak, which could cause a flood, or the water may freeze and result in a burst pipe. Look in the water tank or lift the cover of the cistern. Floating on the water is an object attached to the tank or cistern side. This float is joined to a float valve, which should close off the supply from the main when the tank or cistern is full.

Check float valve and float: Check the float valve first. If the washer is worn, water will continue to trickle into the tank or cistern even when the float has reached its uppermost position. Examine the float to see if it is leaking. Give it a shake to see whether there is water inside. If necessary, buy a new washer or float to replace the faulty one.

Call plumber: If the valve is broken, you will need to call a plumber to repair it.

To be continued...

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.*

Half Yearly Statistics 2018

Insurance Companies of Pakistan

General Insurance:

ADAMJEE INSURANCE CO. LTD.	2018 (Restated) Rs. in Million	2017
Paid up Capital	3,500.000	3,500.000
Gross Premium	9,648.166	10,035.917
Net Premium	6,380.752	5,738.936
Profit Before Tax	1,692.013	1,538.860
Profit After Tax	1,050.321	1,061.113
Investment Income	1,078.520	1,126.429
Investments	22,120.107	18,062.904
Total Assets	46,279.059	42,709.705
Claim Expense	3,831.484	3,721.521
Earning / (Loss) per Share - (Rupees)	3.00	3.03

ALFALAH INSURANCE CO. LTD.	2018 (Restated) Rs. in Million	2017
Paid up Capital	500.000	500.000
Gross Premium	1,128.184	1,053.615
Net Premium	574.736	507.551
Profit Before Tax	44.162	111.339
Profit After Tax	28.564	77.395
Investment Income	25.325	66.336
Investments	705.688	732.264
Total Assets	3,004.954	2,900.399
Claim Expense	282.987	223.497
Earning / (Loss) per Share - (Rupees)	0.57	1.55

ALPHA INSURANCE CO. LTD.	2018 (Restated) Rs. in Million	2017
Paid up Capital	500.000	403.600
Gross Premium	40.412	57.698
Net Premium	22.478	35.092
Profit Before Tax	(8.484)	(52.472)
Profit After Tax	(8.711)	(49.475)
Investment Income	27.880	35.389
Investments	554.642	625.361
Total Assets	1,382.808	1,298.286
Claim Expense	10.863	70.534
Earning / (Loss) per Share - (Rupees)	(0.19)	(1.23)

ASKARI GENERAL INSURANCE CO. LTD.	2018 (Restated) Rs. in Million	2017
Paid up Capital	625.234	625.234
Gross Premium	1,217.764	1,046.818
Net Premium	883.177	649.769
Profit Before Tax	220.324	194.161
Profit After Tax	157.840	126.988
Investment Income	23.152	93.932
Investments	1,797.256	1,647.501
Total Assets	4,450.154	4,172.808
Claim Expense	504.505	313.455
Earning / (Loss) per Share - (Rupees)	2.52	2.03

Half Yearly Statistics 2018

Insurance Companies of Pakistan

General Insurance:

ASIA INSURANCE CO. LTD.	2018	(Restated) Rs. in Million 2017
Paid up Capital	603.374	450.000
Gross Premium	270.133	371.947
Net Premium	258.485	246.830
Profit Before Tax	33.557	143.290
Profit After Tax	23.010	124.094
Investment Income	14.423	(2.469)
Investments	346.043	233.984
Total Assets	1,494.325	1,184.448
Claim Expense	64.310	52.006
Earning / (Loss) per Share - (Rupees)	0.43	2.76

ATLAS INSURANCE CO. LTD.	2018	(Restated) Rs. in Million 2017
Paid up Capital	701.614	701.614
Gross Premium	1,403.923	1,196.648
Net Premium	723.428	619.029
Profit Before Tax	484.150	489.519
Profit After Tax	308.670	331.163
Investment Income	242.018	228.917
Investments	4,315.182	2,264.167
Total Assets	6,839.417	4,284.941
Claim Expense	245.740	202.313
Earning / (Loss) per Share - (Rupees)	4.40	4.72

CENTURY INSURANCE CO. LTD.	2018	(Restated) Rs. in Million 2017
Paid up Capital	502.968	502.968
Gross Premium	627.732	566.395
Net Premium	322.177	269.565
Profit Before Tax	18.529	189.879
Profit After Tax	13.842	106.568
Investment Income	(28.657)	154.056
Investments	1,337.771	1,504.965
Total Assets	3,039.376	2,970.814
Claim Expense	142.314	113.308
Earning / (Loss) per Share - (Rupees)	0.28	2.12

CRESCENT STAR INSURANCE CO. LTD.	2018	(Restated) Rs. in Million 2017
Paid up Capital	1,076.950	826.833
Gross Premium	71.413	51.222
Net Premium	51.913	67.647
Profit Before Tax	(7.942)	120.335
Profit After Tax	(8.591)	99.447
Investment Income	0.396	136.170
Investments	14.744	208.095
Total Assets	1,325.176	1,136.829
Claim Expense	1.343	20.056
Earning / (Loss) per Share - (Rupees)	(0.08)	1.20

Half Yearly Statistics 2018

Insurance Companies of Pakistan

General Insurance:

EAST WEST INSURANCE CO. LTD.	2018	(Restated) Rs. in Million	2017
Paid up Capital	609.782		508.151
Gross Premium	1,414.288		1,258.423
Net Premium	645.271		543.534
Profit Before Tax	149.017		100.461
Profit After Tax	110.792		80.351
Investment Income	40.018		10.402
Investments	1,102.787		1,039.939
Total Assets	2,986.304		2,679.530
Claim Expense	266.388		229.117
Earning / (Loss) per Share - (Rupees)	1.82		1.32

EFU GENERAL INSURANCE CO. LTD.	2018	(Restated) Rs. in Million	2017
Paid up Capital	2,000.000		2,000.000
Gross Premium	9,104.965		9,184.664
Net Premium	3,673.225		3,756.708
Profit Before Tax	1,552.744		1,985.386
Profit After Tax	1,011.242		1,297.146
Investment Income	911.235		1,045.934
Investments	28,118.043		20,508.556
Total Assets	46,247.912		37,747.612
Claim Expense	1,560.285		1,460.979
Earning / (Loss) per Share - (Rupees)	5.06		6.49

HABIB INSURANCE CO. LTD.	2018	(Restated) Rs. in Million	2017
Paid up Capital	619.374		619.374
Gross Premium	614.064		578.151
Net Premium	246.264		304.326
Profit Before Tax	92.830		97.544
Profit After Tax	65.431		67.812
Investment Income	116.562		118.699
Investments	1,368.907		765.034
Total Assets	3,384.852		2,567.610
Claim Expense	143.710		196.126
Earning / (Loss) per Share - (Rupees)	0.53		0.55

IGI INSURANCE CO. LTD.	2018	(Restated) Rs. in Million	2017
Paid up Capital	2,500.000		
Gross Premium	2,249.527		
Net Premium	1,071.709		
Profit Before Tax	209.401		
Profit After Tax	147.675		N/A
Investment Income	82.644		
Investments	2,999.037		
Total Assets	6,396.361		
Claim Expense	575.562		
Earning / (Loss) per Share - (Rupees)	---		

Half Yearly Statistics 2018

Insurance Companies of Pakistan

General Insurance:

JUBILEE GENERAL INSURANCE CO. LTD.	2018	(Restated) Rs. in Million 2017
Paid up Capital	1,804.465	1,804.465
Gross Premium	5,257.293	4,238.071
Net Premium	2,502.864	2,292.368
Profit Before Tax	743.603	932.642
Profit After Tax	467.450	610.708
Investment Income	667.894	595.949
Investments	10,953.504	9,639.236
Total Assets	22,778.375	18,773.401
Claim Expense	1,582.157	1,200.042
Earning / (Loss) per Share - (Rupees)	2.59	3.38

NEW HAMPSHIRE INSURANCE CO. LTD. (PAKISTAN BRANCH)	2018	(Restated) Rs. in Million 2017
Paid up Capital		---
Gross Premium		(11.510)
Net Premium		8.122
Profit Before Tax		51.789
Profit After Tax	N/A	16.323
Investment Income		40.384
Investments		N/A
Total Assets		1,705.821
Claim Expense		(5.234)
Earning / (Loss) per Share - (Rupees)		---

THE PAKISTAN GENERAL INSURANCE CO. LTD.	2018	(Restated) Rs. in Million 2017
Paid up Capital		464.015
Gross Premium		188.172
Net Premium		143.636
Profit Before Tax		14.319
Profit After Tax	N/A	15.536
Investment Income		7.954
Investments		431.453
Total Assets		1,086.715
Claim Expense		5.914
Earning / (Loss) per Share - (Rupees)		0.33

PICIC INSURANCE CO. LTD.	2018	(Restated) Rs. in Million 2017
Paid up Capital	350.000	350.000
Gross Premium	---	(0.466)
Net Premium	---	41.069
Profit Before Tax	(3.958)	(37.705)
Profit After Tax	(3.958)	(37.705)
Investment Income	0.936	1.566
Investments	39.194	38.208
Total Assets	72.079	266.893
Claim Expense	(0.11)	49.459
Earning / (Loss) per Share - (Rupees)	—	(1.08)

Half Yearly Statistics 2018

Insurance Companies of Pakistan

General Insurance:

PREMIER INSURANCE CO. LTD.	2018 (Restated) Rs. in Million	2017
Paid up Capital	505.650	459.682
Gross Premium	190.107	311.955
Net Premium	171.789	286.575
Profit Before Tax	(89.977)	(26.903)
Profit After Tax	(93.833)	(32.507)
Investment Income	(5.537)	89.889
Investments	910.911	1,115.046
Total Assets	2,830.078	3,262.622
Claim Expense	107.703	161.225
Earning / (Loss) per Share - (Rupees)	(1.86)	0.07

RELIANCE INSURANCE CO. LTD.	2018 (Restated) Rs. in Million	2017
Paid up Capital	561.413	561.413
Gross Premium	503.107	557.936
Net Premium	154.719	177.514
Profit Before Tax	51.709	(8.234)
Profit After Tax	45.906	(21.434)
Investment Income	51.622	(21.745)
Investments	745.522	704.219
Total Assets	1,881.358	1,788.357
Claim Expense	43.922	43.874
Earning / (Loss) per Share - (Rupees)	0.82	(0.38)

SPI INSURANCE CO. LTD.	2018 (Restated) Rs. in Million	2017
Paid up Capital	500.000	410.000
Gross Premium	298.917	349.206
Net Premium	250.653	290.784
Profit Before Tax	17.988	34.509
Profit After Tax	12.806	20.402
Investment Income	8.088	7.055
Investments	235.376	154.482
Total Assets	1,201.240	1,053.853
Claim Expense	75.099	90.972
Earning / (Loss) per Share - (Rupees)	0.26	0.50

SECURITY GENERAL INSURANCE CO. LTD.	2018 (Restated) Rs. in Million	2017
Paid up Capital	680.625	680.625
Gross Premium	506.697	423.850
Net Premium	271.196	249.950
Profit Before Tax	615.304	658.204
Profit After Tax	406.114	425.018
Investment Income	493.502	562.765
Investments	15,941.673	9,356.174
Total Assets	19,171.079	12,199.369
Claim Expense	38.583	52.374
Earning / (Loss) per Share - (Rupees)	5.97	6.24

Half Yearly Statistics 2018

Insurance Companies of Pakistan

General Insurance:

SHAHEEN INSURANCE CO. LTD.	2018	(Restated) Rs. in Million 2017
Paid up Capital	600.000	600.000
Gross Premium	213.340	175.112
Net Premium	181.044	142.679
Profit Before Tax	25.506	24.004
Profit After Tax	16.020	22.577
Investment Income	13.159	14.705
Investments	664.729	281.339
Total Assets	1,091.306	982.734
Claim Expense	50.416	50.535
Earning / (Loss) per Share - (Rupees)	0.27	0.38

SINDH INSURANCE LTD.	2018	(Restated) Rs. in Million 2017
Paid up Capital	1,000.000	500.000
Gross Premium	37.366	39.450
Net Premium	179.486	1,345.150
Profit Before Tax	112.578	104.587
Profit After Tax	79.035	72.457
Investment Income	125.678	86.037
Investments	2,941.636	2,475.119
Total Assets	3,477.560	3,000.167
Claim Expense	7.662	1,259.351
Earning / (Loss) per Share - (Rupees)	0.79	1.45

TPL DIRECT INSURANCE CO. LTD.	2018	(Restated) Rs. in Million 2017
Paid up Capital	830.675	755.159
Gross Premium	705.154	683.100
Net Premium	639.758	666.145
Profit Before Tax	27.083	112.192
Profit After Tax	13.116	75.588
Investment Income	17.846	9.548
Investments	811.330	864.733
Total Assets	2,542.648	2,426.809
Claim Expense	258.329	279.808
Earning / (Loss) per Share - (Rupees)	0.16	0.91

UBL INSURERS LTD.	2018	(Restated) Rs. in Million 2017
Paid up Capital	1,152.174	1,152.174
Gross Premium	1,397.011	1,223.803
Net Premium	682.647	449.049
Profit Before Tax	140.214	111.649
Profit After Tax	98.124	78.460
Investment Income	27.973	24.651
Investments	860.154	953.921
Total Assets	4,329.906	3,913.304
Claim Expense	286.416	196.307
Earning / (Loss) per Share - (Rupees)	0.85	0.68

Half Yearly Statistics 2018

Insurance Companies of Pakistan

General Insurance:

UNITED INSURANCE CO. LTD.	2018 (Restated) Rs. in Million	2017
Paid up Capital	2,261.754	2,001.552
Gross Premium	1,788.155	2,412.493
Net Premium	1,271.740	1,640.767
Profit Before Tax	316.348	311.281
Profit After Tax	270.440	273.633
Investment Income	40.046	67.930
Investments	449.090	879.181
Total Assets	6,160.538	5,685.423
Claim Expense	588.328	749.932
Earning / (Loss) per Share - (Rupees)	1.20	1.21

UNIVERSAL INSURANCE CO. LTD.	2018 (Restated) Rs. in Million	2017
Paid up Capital	500.000	416.180
Gross Premium	12.812	7.922
Net Premium	7.355	6.597
Profit Before Tax	(7.500)	13.422
Profit After Tax	(8.801)	12.164
Investment Income	0.502	3.948
Investments	199.613	136.050
Total Assets	918.151	799.204
Claim Expense	1.034	(4.936)
Earning / (Loss) per Share - (Rupees)	(0.18)	0.29

Life Insurance:

ASKARI LIFE ASSURANCE CO. LTD.	2018 (Restated) Rs. in Million	2017
Paid up Capital	601.720	601.720
Gross Premium	7.536	23.134
Net Premium	7.054	19.150
Profit Before Tax	(7.199)	(0.297)
Profit After Tax	(7.298)	(0.354)
Investment Income	12.639	10.963
Investments	430.979	262.542
Total Assets	513.164	465.840
Claim Expense	14.999	20.602
Earning / (Loss) per Share - (Rupees)	(0.12)	(0.01)

EFU LIFE ASSURANCE CO. LTD.	2018 (Restated) Rs. in Million	2017
Paid up Capital	1,000.000	1,000.000
Gross Premium	14,047.838	14,927.190
Net Premium	13,643.165	14,597.472
Profit Before Tax	836.460	1,249.179
Profit After Tax	598.127	827.225
Investment Income	3,218.270	3,161.085
Investments	105,935.449	91,760.534
Total Assets	113,140.350	110,958.449
Claim Expense	7,086.968	8,052.234
Earning / (Loss) per Share - (Rupees)	5.98	8.27

Half Yearly Statistics 2018

Insurance Companies of Pakistan

Life Insurance:

IGI LIFE INSURANCE LTD.	2018	(Restated) Rs. in Million 2017
Paid up Capital	705.672	653.400
Gross Premium	2,686.768	2,955.604
Net Premium	2,619.925	2,894.451
Profit Before Tax	42.948	161.506
Profit After Tax	42.948	143.587
Investment Income	504.088	553.288
Investments	14,157.048	17,429.226
Total Assets	19,745.330	19,796.081
Claim Expense	2,597.952	2,282.899
Earning / (Loss) per Share - (Rupees)	0.61	2.03

JUBILEE LIFE INSURANCE CO. LTD.	2018	(Restated) Rs. in Million 2017
Paid up Capital	793.307	793.307
Gross Premium	24,871.163	21,230.331
Net Premium	24,239.407	20,584.660
Profit Before Tax	2,039.002	2,489.639
Profit After Tax	1,280.582	1,690.677
Investment Income	3,355.959	2,697.418
Investments	122,265.332	94,434.187
Total Assets	132,575.835	115,166.849
Claim Expense	7,741.327	6,448.656
Earning / (Loss) per Share - (Rupees)	16.14	21.31

Health Insurance:

ALLIANZ EFU HEALTH INSURANCE LTD.	2018	(Restated) Rs. in Million 2017
Paid up Capital	500.000	500.000
Gross Premium	1,112.579	1,103.824
Net Premium	623.569	586.321
Profit Before Tax	21.180	98.145
Profit After Tax	15.249	67.988
Investment Income	14.900	61.795
Investments	807.613	915.904
Total Assets	1,837.047	1,910.173
Claim Expense	501.798	435.697
Earning / (Loss) per Share - (Rupees)	0.30	1.36

Clock Tower, Faisalabad

MR. NASAR US SAMAD QURESHI

Chairman
The Insurance Association of Pakistan

MR. MAHMOOD LOTIA

Senior Vice Chairman
The Insurance Association of Pakistan

MR. NAIM ANWAR

Vice Chairman
The Insurance Association of Pakistan

The nominations received for the IAP's Election from Member Companies were notified in the IAP's Election Circular dated 4th September, 2018, addressed to All Principal Representatives. The election of the Executive Committee members was held to fill up five (5) seats three (3) from non-life and two (2) from life insurance companies.

Ballot was held on 24th September, 2018 in Association's Head office at Karachi and Regional Office at Lahore for the above mentioned seats. The Commission counted the votes and determined the persons who have received the largest number of votes and elected to the above Committee.

No election was held for life insurance companies reserved seats as the nominations received were not more than the number to be elected, therefore, the persons nominated by the life insurance companies were elected unopposed.

As regards election of Office Bearers (i.e. Chairman / Senior Vice-Chairman / Vice-Chairman of the Executive Committee) only one nomination each for the Chairman, Senior Vice-Chairman & Vice-Chairman, from Mr. Nasar us Samad Qureshi, Mr. Mahmood Lotia and Mr. Naim Anwar, respectively were received. The aforementioned persons therefore, stand elected unopposed as the Chairman, Senior Vice-Chairman & Vice-Chairman of the Executive Committee for the year 2018-19.

The full composition of newly elected / continuing (*) members of the Executive Committee for the year 2018-19 is as follows:

Executive Committee 2018-19

1.		Mr. Nasar us Samad Qureshi, Chairman	Alfalah Insurance Co. Ltd.
2.	(*)	Mr. Mahmood Lotia, Senior Vice Chairman	EFU General Insurance Ltd.
3.	(*)	Mr. Naim Anwar, Vice Chairman	Crescent Star Insurance Ltd.
4.		Ms. Huma Waheed	United Insurance Co. of Pak. Ltd.
5.	(*)	Mr. Ihtsham Ul Haq Qureshi	Asia Insurance company Ltd.
6.	(*)	Mr. M. Faisal Siddiqui	Sindh Insurance Limited
7.		Mr. Muhammad Sohail Fakhar	Jubilee Life Ins. Co. Ltd.
8.		Mr. Muhammad Junaid Moti	Pakistan Reinsurance Co. Ltd.
9.	(*)	Mr. Shabbir Gulamali	Habib Insurance Co. Ltd.
10.	(*)	Syed Kazim Hasan	TPL Insurance Limited
11.		Mr. Zain Ibrahim	EFU Life Assurance Ltd.

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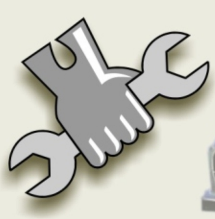
Spare parts, Mobil Oil & Service Station.



CHAUDHERY MUHAMMAD IQBAL
A.E.E. (A.E)
(Chief Executive)

Khiali Bye Pass, Gujranwala.
Tel: 055-4283677 Cell: 0300-9648353

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Automobile
RECOMMENDED
PAINT
(ICI England)
with
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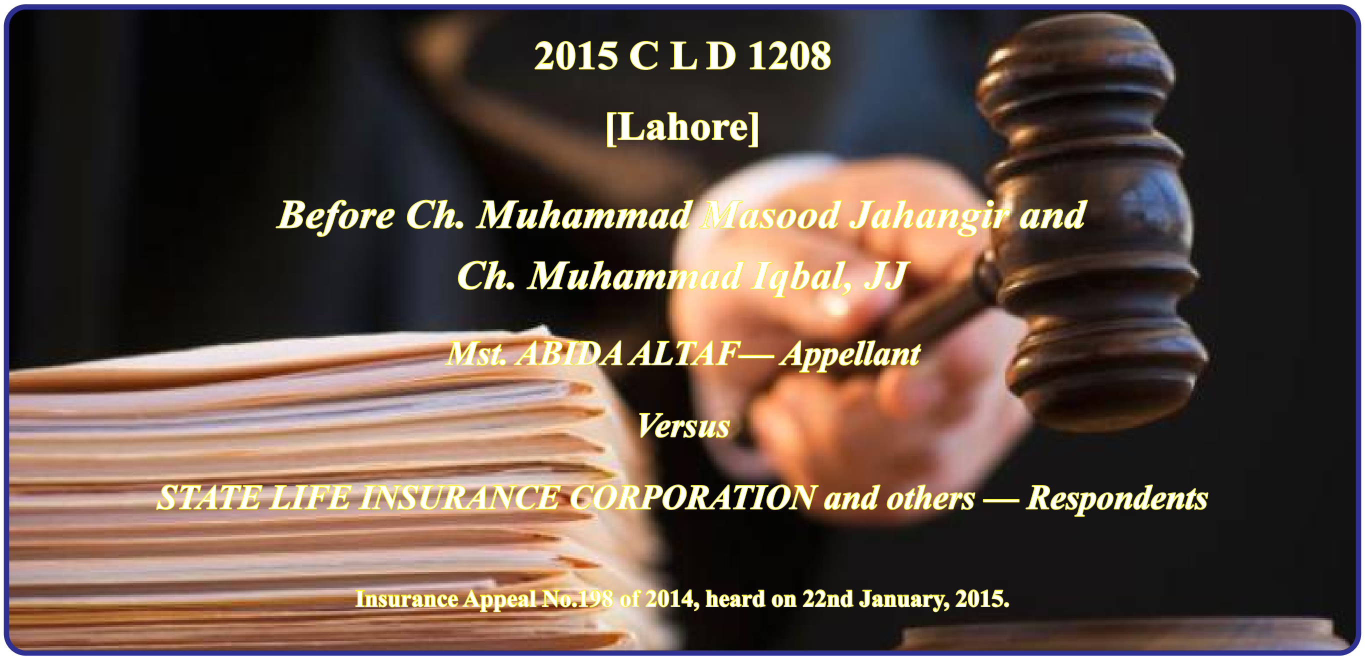
BOOTH



Insurance Ordinance (XXXIX of 2000) ---

--Ss. 122 & 118---Limitation Act (XI of 1908) Ss. 14 & 19 & Art. 86(a)---Civil Procedure Code (V of 1908), O.VII R. 11---Life insurance claim---Computation of limitation---Adjudication of question of limitation---Scope---Application of claimant for recovery of life insurance claim along with liquidated damages was rejected by Insurance Tribunal on the ground that the same was barred by time---Contention of claimant was that question of limitation was mixed question of law and face and could not be summarily rejected---Held, that the insured deceased died on 18-3-2010 and insurance claim was repudiated by the Insurance Corporation on 7-5-2012 thereafter application of claimant was filed before Insurance Tribunal on 12-1-2013--- Question of limitation was a mixed question of law and facts and same could not be adjudged without recording of evidence and the Insurance Tribunal failed to consider applicability of Ss. 14 & 19 of the Limitation Act, 1908 and application of the claimant could not be summarily rejected while applying Art. 86(a) of the Limitation Act, 1908---Article 86(a) of the Limitation Act, 1908 would be applicable if the claim of the claimant was payable, whereas, in the present case, claim of the claimant was repudiated, and such aspect of the case was ignored by the Insurance Tribunal while passing impugned order---High Court set aside impugned order and remanded the case to the Insurance Tribunal for decision afresh.

Mst. Robina Bibi v. State Life Insurance Corporation of Pakistan 2013 CLD 477 rel.

Liaqat Ali Butt for Appellant.

Ibrar Ahmad for Respondents.

Date of hearing: 22nd January, 2015

JUDGMENT

CH. MUHAMMAD MASOOD JAHANGIR, J.---Muhammad Altaf, the husband of the appellant was insured against two policies commencing from 6-10-2009 and 29-10-2009 by the respondents, who took his last breathe on 18-3-2010 and claim forms were filed by the appellant before respondent No.2, but the same were repudiated by the respondent No.2 vide letter dated 7-5-2012, Thereafter the appellant by filing an application under section 122 of the Insurance Ordinance, 2000 for the recovery of death claim amounting to Rs. 1,08,30,000 along with liquidated damages under section 118 of Insurance Ordinance, 2000 before the Insurance Tribunal, Punjab Lahore-respondent No. 3 on 12-10-2013, who vide impugned order dated 28-1-2014 after hearing preliminary arguments rejected the claim of the appellant while declaring the same being time barred. Hence the instant appeal.

2. The learned counsel for the appellant has argued that issue of limitation is a mixed question of law and fact and could not be decided without recording of evidence of the parties, but the learned Tribunal without adverting to the said aspect has erred in law and non-suited the appellant on the point of limitation while omitting to consider that the claim was initially entertained before the Insurance Company within the stipulated period, who repudiated the said claim in an arbitrary manner without affording opportunity of hearing to the appellant to prove her claim and the period consumed by the

said company is liable to be excluded, but the said question having not been discussed in the verdict of Full Bench of this Court reported as Mst. Robina Bibi v,. Sate Life Insurance Corporation of Pakistan (2013 CLC 477), the same is not applicable to the facts and circumstances of the present case and moreover the cases called in question therein were decided after full-fledged trial whereas the appellant has been technically knocked out without affording him opportunity to prove her version by leading evidence. He has lastly prayed for acceptance of the instant, appeal and setting aside of the impugned order.

3. conversely, the learned counsel for the respondent No. 2 argues that under Article 86A of the Limitation Act, 1908 only a period of three years was available to the appellant commencing from the death of the policy holder, but the instant claim was filed before the learned Tribunal beyond limitation, who while keeping in mind the verdict of Full Court of this Court rendered in Mst. Robina's case (supra) has rightly rejected the claim of the appellant. He has lastly prayed for dismissal of the instant appeal.

4. Arguments heard and record-perused.

5. Admittedly the insurer died on 18-3-2010 whereas the insurance claim of appellant was repudiated on 7-5-2012 by the respondent No. 2 and thereafter the appellant filed the application for the recovery of death claim before the learned Tribunal on 12-10-2013. We are fully in agreement with the learned counsel for the appellant that the limitation is a mixed question of facts and law and the same cannot be adjudged without recording of evidence. Moreover, the learned Tribunal failed to consider the applicability of section 14 and 19 of the Limitation Act, 1908 and the application filed by the appellant could not be summarily rejected while applying Article 86(a) of the Limitation Act, which provides a limitation of three years from the date of death of the insurer. To our mind Article 86(a) ibid would be applicable, if his claim was payable, whereas in the present case the claim of the appellant was repudiated by the Insurance Company (respondent No.2), but this aspect has been totally ignored by the learned Tribunal while passing the impugned order. The case law cited by the learned counsel for the parties is not applicable to the facts and circumstances of the instant case as said verdict was given in the cases of final adjudication and applicability of sections 14 and 19 of the Limitation Act, 1908 was also not discussed.

6. Consequently the instant appeal is allowed, the impugned order is set aside and the application filed by the appellant will be deemed to be pending before the learned Tribunal, who will decide the same afresh in the terms noted above. The parties are directed to appear before the learned Tribunal on 9-2-2015.

Case remanded

QUOTE

"Human progress is neither automatic nor inevitable... Every step toward the goal of justice requires sacrifice, suffering, and struggle; their tireless exertions and passionate concern of dedicated individuals."

Martin Luther King, Jr.