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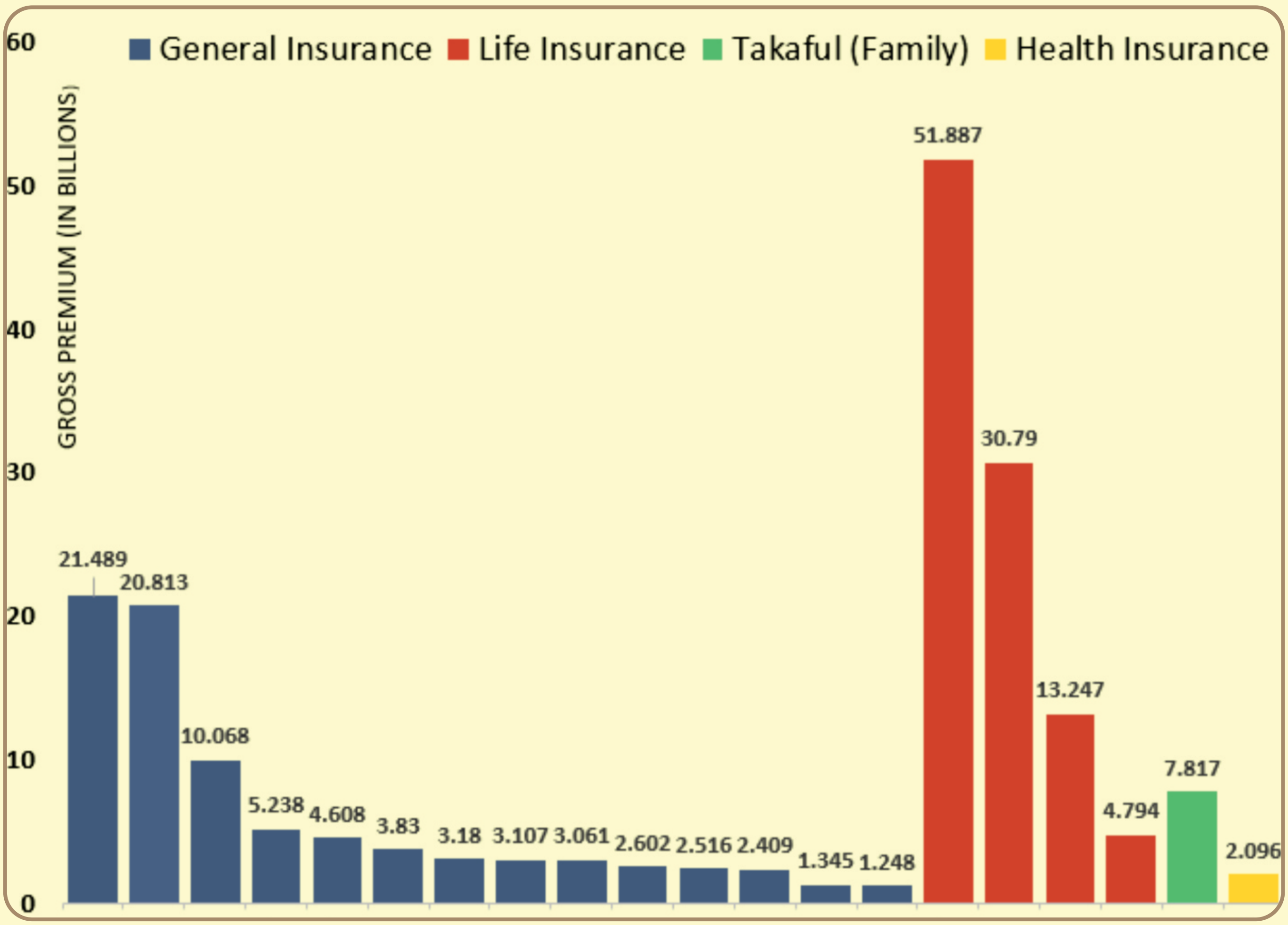
January, February, March 2019

Inside:

Insurance and Takaful Companies of Pakistan



EXCEEDING Over Rs. 1 Billion Gross Premium Written in 2018 (Page # 8)

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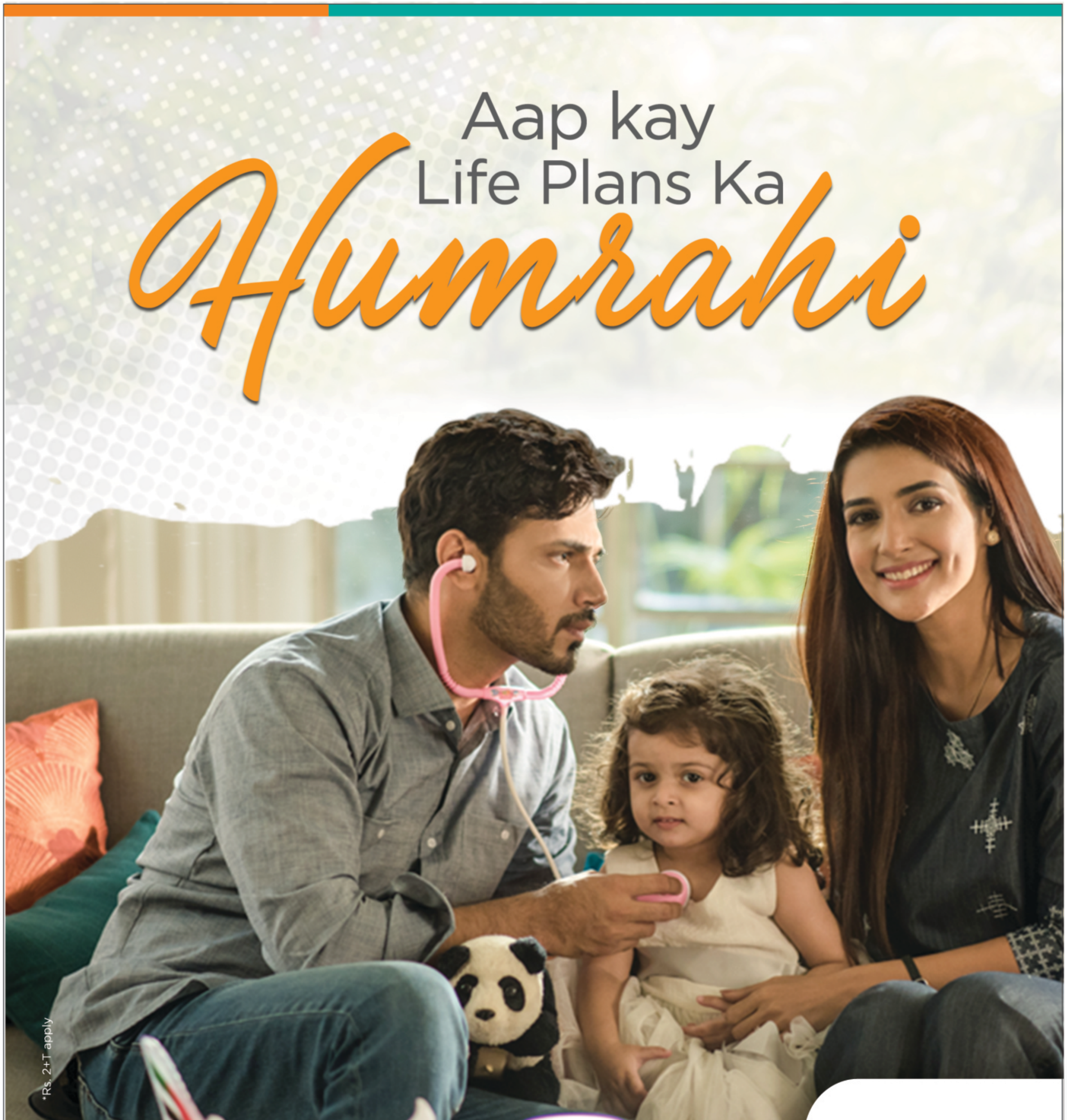

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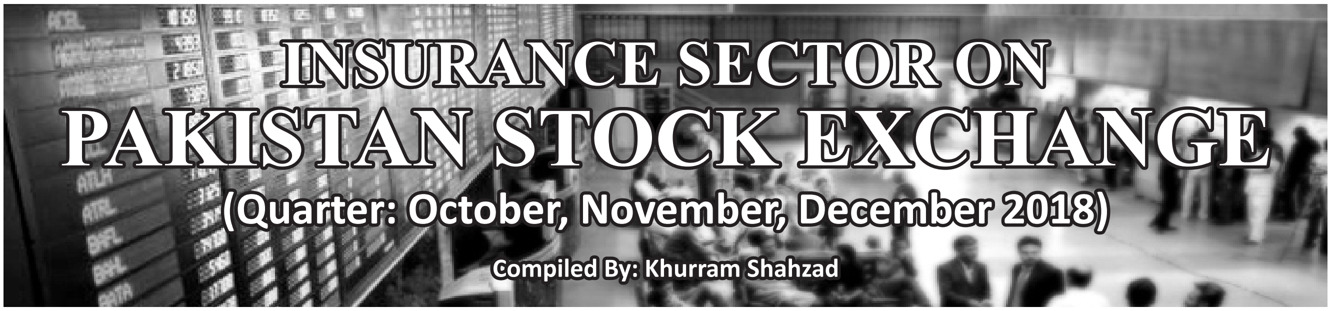


INSURANCE SECTOR ON PAKISTAN STOCK EXCHANGE

(Quarter: October, November, December 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	47.00	38.10	17,172,500	
Asia Insurance Company Limited	603	10.00	-	-	-	
Askari General Insurance Company Limited	719	10.00	28.65	24.00	277,500	
Askari Life Assurance Company Limited	602	10.00	27.20	9.18	2,017,000	
Atlas Insurance Limited	772	10.00	66.96	51.45	363,500	
Beema-Pakistan Company Limited	417	10.00	-	-	-	
Business & Industrial Insurance Company Limited	86	10.00	-	-	-	
Century Insurance Company Limited	503	10.00	27.24	19.61	656,500	
Crescent Star Insurance Limited	1,077	10.00	2.92	1.68	18,354,500	
Cyan Limited	586	10.00	47.00	28.75	1,020,000	
East West Insurance Company Limited	610	10.00	148.05	141.00	1,000	Bonus Issue = 25%
EFU General Insurance Limited	2,000	10.00	115.76	99.30	1,125,800	Dividend = 12.50%
EFU Life Assurance Limited	1,000	10.00	242.06	194.00	196,300	Dividend = 12.50%
Habib Insurance Company Limited	619	5.00	12.00	10.51	377,000	
Hallmark Insurance Company Limited	5	10.00	-	-	-	
IGI Holdings Limited	1,426	10.00	286.94	189.05	1,050,600	Dividend = 30%, Bonus Issue = 15%
IGI Life Insurance Limited	706	10.00	72.00	47.10	179,000	
Jubilee General Insurance Company Limited	1,804	10.00	68.00	60.01	139,000	
Jubilee Life Insurance Company Limited	793	10.00	650.99	472.10	68,900	
Pakistan General Insurance Company Limited	464	10.00	5.20	2.26	981,500	
Pakistan Reinsurance Company Limited	3,000	10.00	38.00	29.04	3,156,500	
PICIC Insurance Limited	350	10.00	2.44	1.31	10,372,000	
Premier Insurance Limited	506	10.00	8.50	6.00	67,500	
Progressive Insurance Company Limited	85	10.00	-	-	-	
Reliance Insurance Company Limited	561	10.00	7.70	5.70	623,000	
Shaheen Insurance Company Limited	600	10.00	5.29	4.00	167,500	
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	12.25	9.56	1,180,500	
The Universal Insurance Company Limited	500	10.00	7.97	5.20	487,500	
TPL Direct Insurance Limited	939	10.00	23.00	18.30	123,500	Dividend = 20%

Over Rs. 1,000,000,000 Premium

Insurance and Takaful Companies of Pakistan EXCEEDING Over Rs. 1,000,000,000 Gross Premium Written in 2018

	GENERAL INSURANCE	Gross Premium* (Amount in Billion)
1	Adamjee Insurance Co. Ltd.	21.489
2	EFU General Insurance Co. Ltd.	20.813
3	Jubilee General Insurance Co. Ltd.	10.068
4	United Insurance Co. Ltd.	5.238
5	IGI Insurance Co. Ltd.	4.608
6	UBL Insurers Limited	3.830
7	Askari General Insurance Co. Ltd.	3.180
8	East West Insurance Co. Ltd.	3.107
9	Atlas Insurance Co. Ltd.	3.061
10	Alfalah Insurance Co. Ltd.	2.602
11	Security General Insurance Co. Ltd.	2.516
12	TPL Direct Insurance Co. Ltd.	2.409
13	Habib Insurance Co. Ltd.	1.345
14	Century Insurance Co. Ltd.	1.248
	LIFE INSURANCE	
1	Jubilee Life Insurance Company Limited	51.887
2	EFU Life Assurance Company Limited	30.790
3	Adamjee Life Assurance Company Limited	13.247
4	IGI Life Insurance Limited	4.794
	TAKAFUL (FAMILY)	
1	Pak Qatar Family Takaful Limited	7.817
	HEALTH INSURANCE	
1	Allianz EFU Health Insurance Ltd	2.096

* Figures as available now, before finalization of exact figures for balance sheet.

Dr. Zafar Qadir
Chairman, Board of Directors
Taleem Foundation and Kashmir Education Foundation

Mitigating Disaster Risks

Possibilities for Developing Countries

Dr. Zafar Qadir is a former civil servant of "Pakistan Administrative Service". He has held challenging assignments in public sector both at home and abroad, including that of Federal Secretary IT & Telecom, Chairman of National Disaster Management Authority and Economic Minister to the World Trade Organization at Geneva, Switzerland. He has been Chairman of PTCL, Telecom Foundation and Virtual University Boards; and a member on the Boards of Universal Service Fund, ICT R&D Fund, OGDCL, Inter State Gas System (ISGS), Government Holdings (Private) Limited and Agricultural Development Bank of
Pakistan.

Dr. Qadir has a wide experience of public administration, project management and trade promotion. He attained the management, law and trade related skills at the University of Connecticut (USA), University of Manchester (UK), ADB Institute (Philippines), International Trade Institute (Singapore), Advisory Centre for WTO Laws (Switzerland) and the International Trade Centre (Switzerland).

In his private capacity, Dr Qadir is operating a number of philanthropic endeavours, including 'Taaleem Foundation', 'Kashmir Education Foundation', 'TF Health Initiative' and 'TF School of Skills'.

As a social entrepreneur, he owns a technology company called ICT4E that has developed and deployed "Interactive Learning Solution" (ILS) for formal schooling in Pakistan with the brand name of e-School (www.e-school.com.pk). The e-School solution is gradually being rolled out to all 400 plus schools of the Federal Directorate of Education in Islamabad.

He has a PhD degree in Development Studies; and holds three Masters Degrees: Business Administration, Economics and Political Science. Has excellent proficiency in English, Urdu, Punjabi and Saraiki: with working knowledge of French, Hindi and Pashto. He is on aculty of at the University of Cambridge UK and a number of local universities in Pakistan.

Background:

The World Conference on Disaster Reduction convened in Kobe, Japan in 2005 identifies following five priorities in its action plan – The Hyogo Framework for Action (HFA)[1]:

o Ensure that disaster risk reduction is a national and a local priority with a strong institutional basis for implementation
o Identify, assess and monitor disaster risks and enhance early warning
o Use knowledge, innovation and education to build a culture of safety and resilience at all levels
o Reduce the underlying risk factors
o Strengthen disaster preparedness for effective response at all levels

At the 28th National Conference of the Red Cross and Red Crescent, National Societies together with the member states adopted "The Agenda for Humanitarian Action" that specifically "acknowledged the importance of disaster risk reduction and to undertake measures to minimize the impact of disasters on vulnerable population".[2]

Disaster mitigation refers to structural and non-structural measures undertaken to limit and control the adverse impact of hazards induced by climate change events. As the climate change is inevitable in foreseeable future, so is the vulnerability of the exposed communities, living in not so favorable conditions. The governments by and large, in the developing countries, find it hard to plan and implement the hazard mitigating strategies, mainly due to lack of vision, priority and institutional capacity, besides their limited ability to mobilize resources for the purpose. The communities in distress live in a state of oblivion, not knowing who would rescue them if they were hit by floods or earthquakes. Hence the need for disaster risk insurance.

Pakistan is being taken as a case study, keeping in view the fact that this piece of the globe is among the most vulnerable countries in the world with respect to climate-induced disasters, owing to its geographical location in Hindu Kash Himalaya (HKH) region.3

The whole idea of nation-wide coverage and risk-averse measures through the instrument of innovative insurance products was conceived and developed by the author – the then Chairman NDMA Pakistan. The major driving force behind this thought process had been the unavoidable necessity of reducing risks, providing safety and creating jobs in the private sector. The scheme, if adopted by the government at national level, has the potential to roll out nearly 2.6 million jobs in a period of just one year after putting the risk insurance governance structure in place.

The concept was floated in the industry to gauge the pulse. The response was phenomenal. "The Securities and Exchange Commission of Pakistan (SECP) would be fully supportive of the idea of launching this policy forthwith", remarked Mr Arif Asif, Commissioner Insurance at SECP.

The Insurance Institute of Pakistan at Karachi hosted an international conference on the possibilities of Catastrophe Risk Insurance, where this concept was officially presented by NDMA. Many leading global players of the insurance / reinsurance industry showed great interest in being part of this business plan. Most participants termed this initiative to be the biggest ever game changer in the global insurance industry, besides promoting the image of the country as a benevolent nation.

Rationale:

Most countries in South Asia are prone to a variety of disasters including floods, earthquakes cyclones etc. There is generally chaos like situation during every disaster, minor or major, about who would reach out to the suffering communities with what package of response in how much time and for how long. Reliance on funding from donors and multilateral financial institutions has major limitations in terms of efficiency, effectiveness and sufficiency, besides impacting the dignity and sovereignty of state at times. Shortfalls in resources affect the poor and vulnerable households the most and lead to discontentment and anger against the rulers.

In Pakistan, the two major policy documents, i.e., National Disaster Risk Management Framework (NDRMF) and National Policy on Disaster Risk Reduction (DRR), abundantly provide for development of insurance schemes for disaster risk reduction as a priority.

Pakistan's economy has suffered a loss of billions of dollars due to climate-induced disasters since 2005. The NDRMP calls for action on part of the governments to anticipate disaster threats and keep financial, material and human resources ready to roll out at once. Saving lives and commissioning humanitarian actions becomes the prime priority of the state at the times of catastrophe. Despite legislative support of the kind, the policy echelons shy away from making upfront allocations for disaster preparedness or response. One cannot even find any head of account in the budget books for allocating resources for the purpose either at national or provincial level.

In order to share and spread the risk burden, the governments need to develop a model of micro insurance that encourages investments in disaster prevention and provide for a more dignified means of coping with disasters. Such scheme would not only put the vulnerable communities at ease but also support creation of jobs in private sector to plan, manage, deliver and monitor the insurance products among communities.

Disaster Risk Insurance:

Disaster risk insurance provides the most needed support to the low-income households, taking family as a unit. Average family size in Pakistan is around 6-8 persons; with one bread-earner and the others depending on him/her. The concept aims at providing easily accessible and affordable insurance cover for death of the bread-earner (in the family) along with food security, shelter and compensation for livelihood. This insurance cover may not reduce immediate impact of a disaster but by ensuring timely finances helps in faster recovery; thus reducing the long-term impacts of a disaster. The insurance cover is cheaper, faster, reliable and more dignified help than the traditional reliance on meager household savings, family support, unregulated philanthropic endeavors, international humanitarian appeals and post disaster micro-credit. Also, it can encourage investments in disaster prevention by offering lower premiums to reward risk-reducing behavior.

Disaster Risk Insurance can assist in the optimal allocation of risk financing in the economy, which may result in higher economic growth, better mitigation and more effective way of alleviating poverty. The need for identifying opportunities for catastrophe risk financing was highlighted in the Damage and Needs Assessment in response to the 2010 floods after discussion with a broad range of stakeholders involved in disaster risk management in the country. National Disaster Risk Reduction Policy takes cognizance of the need and stipulates priority for such initiatives.

Though the insurance industry in Pakistan is still at nascent stage, the private insurance sector in global market has a vibrant insurance appetite, which could be mobilized to offer innovative insurance solutions for disasters to our population. This

would allow Pakistani insurance players to grow and contribute to the economy and also provide an opportunity for risk sharing; easing the burden on the public sector and provide immediate funds to affected communities in the times of disaster.

In addition to the formal sector, the potential of micro insurance may also be tapped in consultation with the stakeholders and learning from similar experiences in the region. This should lead to developing a model of micro insurance that encourages investments in disaster prevention and provides for a more dignified means of coping with disasters.

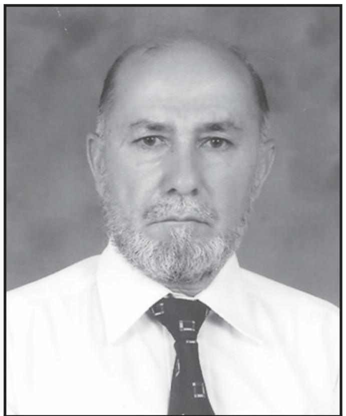
Index-Based Solution:

A traditional insurance cover would provide for the claims on the basis of actual loss. In case of disaster risk financing of the low-income groups, this traditional approach may require for an extensive network of trained people to assess the value of the asset being insured, and claim adjusters who would have to assess the individual losses. As this kind of undertaking may require considerable amount of time before the payouts are made, the government would remain under pressure to provide immediate relief and recovery.

Pakistan may however look for an option of disaster risk insurance, which is index based (parametric insurance). Such insurance contracts would be written against a physical trigger such as an earthquake of a scientifically determined magnitude or above. This would mean that each time there is an earthquake of the magnitude above the agreed level, the people of the area would become eligible for the payment of certain amount irrespective of actual loss / extent of damage. In the case of weather derivatives, farmers collect an insurance payment if the index reaches a certain measure or "trigger" (for example a certain measure of rainfall) regardless of actual losses.

In case of agriculture, parametric insurance may be the best solution due to the high costs associated with settling of individual claims. In addition, parametric solutions are more transparent since they are related to an agreed physical trigger and are not subject to post disaster damage assessment.

1 *World Disasters Report, International Federation 2014*
2 *Ibid*
3 *IPCC, 2012: Summary for Policymakers. In: Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation [Field, C.B., V. Barros, T.F. Stocker, D. Qin, D.J. Dokken, K.L. Ebi, M.D. Mastrandrea, K.J. Mach, G.-K. Plattner, S.K. Allen, M. Tignor, and P.M. Midgley (eds.)]. A Special Report of Working Groups I and II of the Intergovernmental Panel on Climate Change. Cambridge University Press, Cambridge, UK, and New York, NY, USA, pp. 1-19.*



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

Cotton

Precautionary Measures
Part-1

Authored in Urdu by the late Mr. Anwar Mubin, Fire Insurance Surveyor, Lahore and translated in English by Mr. Majid Khan Jadoon.

In the 2nd half of the Sixties, when I had joined the Profession of Insurance Surveyors and Loss Assessors / Adjusters, there were only few most reputable Surveyors' Organizations in the entire Insurance Market of Pakistan.

They were mostly from Karachi and Lahore, namely M/s. Salim Hyder & Co., M/s. Mehboob F. Mooraj & Co., M/s. Mustafa Hyder & Co., M/s. Moin & Co., M/s. Isharat & Co., M/s. Ghaffoor & Associates, M/s. Joseph Lobo and M/s. Republican Surveyors. All these Surveyors Companies had been Karachi-based, and had been engaged in All Classes of Insurance Survey Profession.

Apart from the above, some other Karachi-based Surveyors Companies were exclusively engaged in the Marine Cargo Surveys, as well as Loading/Un-loading Supervisions, including Vessels' Draught Surveys, besides other assorted Marine-related Surveys, on behalf of the Carriers.

The Lahore-based Surveyors included M/s. Anwar Mobin & Co., M/s. Hamid Mukhtar & Co., M/s. R.A. Malik & Co., M/s. Muzaffar Hussain & Co., and M/s. Haseeb & Associates, including certain others as well, if I may correctly recall.

Frequently, there used to be Seminars and other Get-to-gathers, wherein Professional Experts would present their Papers on Legal and Technical aspects of the Profession and would freely deliberate on matters of practical problems, faced by the Insurance Industry of Pakistan and the Professionals engaged therein.

These Seminars would always have been very crowded and foreign-delegates would also attend the same, sharing their knowledge, expertise and practical experiences with Pakistani Insurance Professionals.

The late Anwar Mobin from Lahore had been a very active Insurance Surveyor, having expertise in the Cotton Insurance Claims and Surveying, who always used to attend almost every Seminar/Professional-gathering.

However, due to certain un-avoidable circumstances, the late Anwar Mobin could not attend a well-advertised Seminar in the PC Hotel, Karachi, wherein Foreigners too had been participating. Therefore, the Late Anwar Mobin called me over-telephone and told me that he was dispatching a Parcel of Booklets, in Urdu, to me which had been authored by him on Cotton and Cotton-fire Losses, with a request to distribute the same amongst the Participants of the On-going Seminar in the PC Hotel.

The Anwar Mobin's authored Booklet had been titled. “COTTON AND FIRE” which has still been preserved with me. The Author has very comprehensively deliberated, on Cotton and Cotton-trade matters since

the cultivation, production, ginning, baling, spinning, weaving of cloth, in connection with Coverage of Insurance Risks during all the afore-mentioned stages of the Cotton Trade.

In my opinion, the said Booklet is substantially informative for the Underwriters, as well as for the Cotton/Textile Trade Insurance Surveying Fraternity of Pakistan.

Therefore, I thought of endeavoring to hereunder reproduce, part-wise, the Contents of the afore-mentioned Booklet, authored by the Late Anwar Mobin, for the Insurance Journal to be published accordingly for the benefit of our Co-Professionals and the 1st Part of the same is hereby presented.

Production:

Cultivation and Production of Cotton has been a lucrative Economic Activity at places all-over-the-world. But, North and South America, Pakistan, India, Sudan, China, Central Asia and West Indies are particularly very famous for growing this Crop, due to Hot Atmospheric environment of these Countries/Regions.

A Cotton Plant would grow upto 3 to 4 feet in height from the field-level. If adequate care is taken in the cultivation, growth and up-bringing of the Plants of Cotton, the same shall yield flowers like the Colour of Onions.

Subsequently, the same flowers would gradually convert themselves like a ball and we Pakistanis call the same “TINDAH”. A ball of Tindah would contain Cotton-seeds from 32 to 40 numbers.

During the development stage, the Fiber of Cotton can be noticed, wrapped in layers over Cotton-seeds. Naturally, even Cotton-seed has been observed to have been wrapped by about 4000 hairs of Cotton.

During the period of growth and development, the afore-mentioned Tindah would burst-out, due to the tremendous pressure of the development of the Cotton-hairs.

Thus, white and soft flowers of Cotton would sprout-up on the Plants.

Subsequently, the same mould of Cotton-hairs is plucked-up from the Cotton-plant and accumulated in Boras.

The plucking-up of the Cotton-mould has been usually manually performed by labourers and/or mechanically as well.

However, mechanically plucking-up Cotton-moulds would usually cause the wastage of the Cotton-hairs and extraneous Stras and Plant-leaves would also get admixed with the Cotton-fibres, which would adversely affect the grades and qualities of the same.

It has been a bad-luck in our country that Cotton-growers have not cared to arrange for the training of Cotton-moulds Picking-up Labourers and un-skilled and un-careful work force has always been deployed to do the job which, consequently, would result in the damaging of substance of the Cotton-moulds by the un-trained/un-skilled labourers, due to lack of knowledge and skills.

During the course of its development, the Tindahs of Cotton are too hard, like steel, which quite fastly grow-up during Night-hours and within the same duration, at least 40-white-fibres would sprout-up from the same centre-point and would fastly grow-up.

After passing through various growth-stages, the Tindahs would burst out and thus, due to the effect of Sun-rays and heat, the cover of the Tindahs would dry-up and split-out and fall-off the plant.

Construction:

Research and probing has revealed that the Fibres of Cotton are not any solid-bodies, but the same soft and tinder hairs would abreast each other which appear like a single Fibre. They are like a Cotton-thread made-up of many hairs which, after twining with each other, would form a thread-like fibre.

In Cotton, the white layers are like the natural layers of wood etc. which consists of many substances. The most prominent substances of Cotton are Wax, Starch, Dust and Minerals which are named the debris of Cotton.

Afterwards, the same substances would creat a lot of difficulties during dying thereof. This would even render water an in-effective matter.

Therefore, prior to dying of thread,

those substances are washed away which would result in quite effective dying of the thread.

Particulars:

The length of each Fibre of the Cotton would stand from quarter Inch to One-and-a-half Inch, whereas their diameter would be the same. Every diameter would be different which would range at an average of 1/1000 Inches.

Similarly, the lengths of the Fibres of the different types of Cotton would differ from each other. But it has been observed that with length size, the Softness of the Fibre would be more excessive.

The greater the length of the Fibre, the more would it yield a qualitative Cotton-thread which can absorbed more twists.

For the manufacture of best thread, a more lengthy Cotton-fibre would be more suitable which can absorb more twists and which can be utilized for the weaving of the Best Cloth.

The maximum length of Pakistani-produced Cotton would stand from 1” to 1.4”, but usually 1” to 1.6” and 1” to 1.8”.

The weight of each Cotton-fibre would be about 1/10,000,000 Ounce and by this Scale, one pound of Cotton would contained about 160,000,000 Cotton-fibres. If these Cotton-fibres are spread from end-to-end, the Total length may exceed 2500 Miles.

The Softest Cotton-fibres can absorb more twists per Inch than the hard Cotton-fibres, which would absorb comparatively less twists.

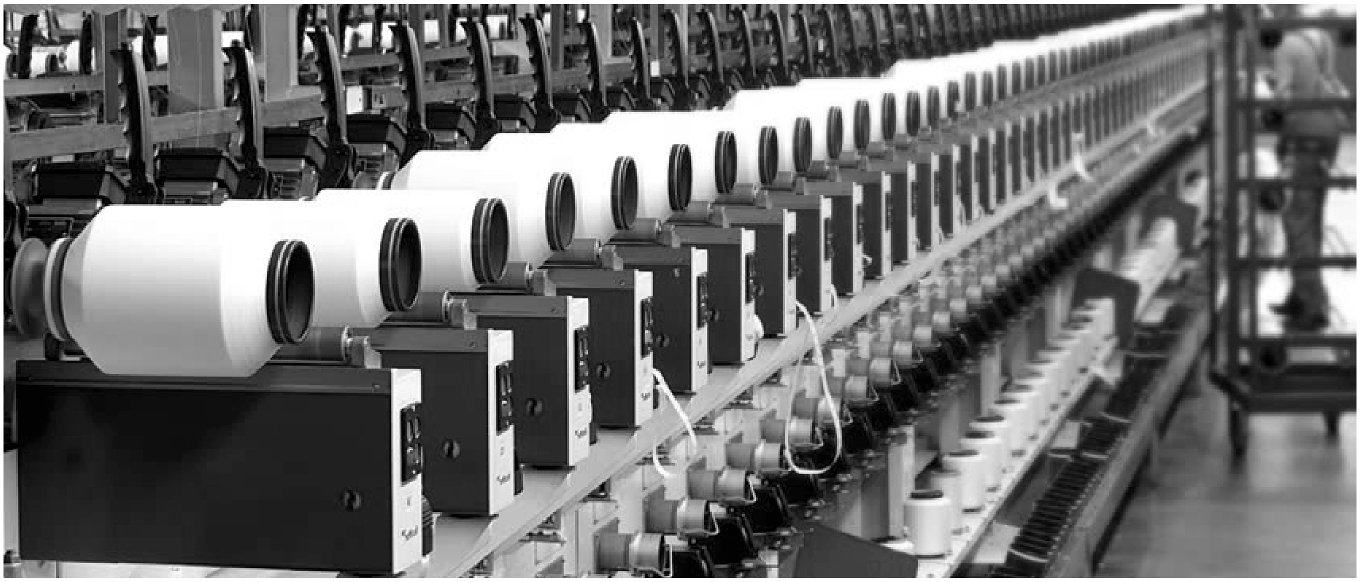
By Categorization, Egyptian Cotton-fibres are found to have been the Softest and most lengthy, as compared to Cotton-fibres produced elsewhere. Therefore, it can take upto 250 twists per Inch, yielding more durable and stronger than others.

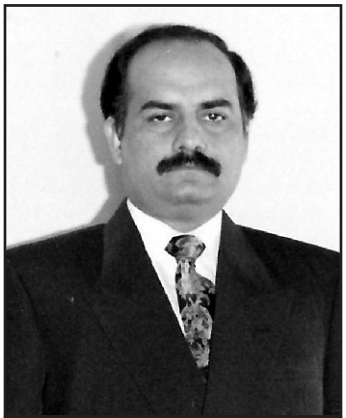
As against the Egyptian Cotton-fibre, Pakistani Cotton-fibres can take only 150 twists per Inch and the best quality fibres can yield the best quality with Special-properties.

Everywhere, hard Cotton Fibres are considered to be the Raw-material for Artificial Silk.

Hard-cotton Fibres would vigorously resists Sun-light, Heat, Compounds of Oxygen and Hydrogen and Chlorides. Cotton-thread when washed with Castic-soda, would create more shines therein, whereby it is prepared for dying as well.

To be continued.....!





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

Cotton Ginning Factories Fire Hazards and Safety
(Safety - Part-4)

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 with reference to cotton ginning & pressing factories warranties etc.

The fire policies are made subjected to application of cotton ginning and pressing factories warranties form which provides a comprehensive guideline for taking appropriate safety measures against fire and other hazards as usually involved in any cotton ginning and pressing factory. The detail of these warranties have been described in the previous articles on the same subject which may be gone through.

Here we would address the issue of safety measures to be taken while running business of cotton ginning and pressing.

SAFETY MEASURES (Against physical hazards)

HOUSEKEEPING

Though no comprehensive guideline is available in cotton ginning and pressing factories warranties form as issued by Insurance association of Pakistan but generally speaking the guideline is there to follow through other sources. Factory owners, mortgage bankers also have idea what to do for safety and they take care of this. It is just required to streamline and update the safety measures to bring it in line with the modern era requirements and facilities available in the market.

A systematic guideline is given below to keep the premises risk free by following the safety measures for better housekeeping.

BOUNDARY WALL

No hanging electric wires, cables, bulbs, switches, tube lights, switch boards, rugs and any hazardous material should be placed with the boundary wall. Every such installation should be properly fitted. No loose joints, no faulty switches or other electrical items must be there.

No stocks or other material should be stored adjacent to the boundary wall. A clear passage should be left alongside the boundary wall for movement of vehicles, pedestrians and fire brigade vehicles etc.

Proper entry and exit gates must be fixed without presence of any encroachment to ensure the entry and exit fully uninterrupted. Proper notice boards regarding warranties, no smoking, emergency phone numbers, installation of spark arrestors etc. are to be provided there. Emergency alarm/siren may also be provided at main gates.

A set of spark arrestors must be placed at entry gate in order for warranties compliance and to save the premises from fire origination through suits or burning grits as emitted from the silencers of Vehicles entering into the premises.

Proper fence to be installed on the boundary wall. Proper lighting system and an elevated check post for proper surveillance.

On all the 4 sides of the boundary wall 4 x 4 buckets of water and sand, with 1 chemical fire extinguishers frame must be provided. The security guards must be provided proper training to operate the chemical fire extinguishers as and when required.

Office of factory Manager should be positioned on such a location from where he could view the whole factory compound and other activities from elevation.

GODOWN

Insurance policies covering the Godowns and contents warrant maintenance of clear distance of 30 feet between Godown and all type of stock including hazardous material at all the times when insurance policy is enforced.
So this warranty is to be observed in case of Godowns as part of safety against hazards.

No hazardous goods or stock other than that insured under the policy should be stored in the godown.
The electric wiring, switch starters, switch boards, bulbs, tube lights etc. should be of good standards and properly maintained.

It must be properly ventilated and safe from entry of rain water from any side with the properly designed ventilators, doors, and raised floor from outside level.

Class of construction must fulfill the insurance requirements. No inferior

class of construction is allowed by the policy however, superior class of construction may be provided.

Godown should be placed in a way that in case of any emergency it must be easily accessible by the fire brigades and other emergency services.

No movement of vehicles be around there in absence of spark arrestors to be fitted on silencers. This is also requirement of insurance policy and must be followed.

Usually it is seen that only one entry and exit door is provided in big godown which is not appropriate. For big godowns at least 2 doors must be provided.

Proper maintenance of the godown building is essential to protect the contents from seepage, leaks, moisture, microbiological activities, insects, odor, contamination, mold, fungi etc.

A general purpose store/godown and a store/godown particularly constructed for storage of stocks should not be mixed up.

Perfect party wall must be provided between two godowns or between godown and process building where machinery is installed and stock remains under process etc.

Smoke detector is to be provided.

4 x 4 water and sand buckets with one chemical fire extinguishers must be installed with the godown wall.

Locally available firefighting facilities as per requirement of insurance warranties must be installed.

GINNING AND PRESSING HALL/BUILDING

This is most sensitive area which needs to be focused in depth.

As mentioned earlier in 3 articles on the same topic, massive machinery is installed in this premise which create fire and other hazards. Massive electrical and mechanical machinery is installed as per detail given in the previous articles. Then the stock of cotton in most dangerous condition is processed and pass through these machines where live electricity, static charge and friction is present to ignite that fluffy stock of cotton.

Following safety measures are recommended for this area of risk.

1. The whole electric wiring, switch boards, switches, electrical items, joints, must be up to the standards and

properly maintained all the time.

2. Electric motors and other electrical devices must be in order, maintained, serviced, cleaned and oiled with periodical bearing, stator inspection etc. Its overloading and heating should be monitored properly. The switch starters of electric motors and other devices must be examined / serviced periodically. Leakage of current, short-circuit, wear and tear much be checked periodically.

3. Main switch board panels must be examined and serviced periodically.

4. Residual of cotton dust staying on electric cables, switch starters, electrical devices, electric motors etc. must be cleaned periodically.

5. Ginning machines must be properly examined and serviced by cleaning, oiling, saws setting, belts and chains re-adjusting, bearings servicing.

6. Pneumatic pipes, suctions fans etc. must be examined and services properly.

7. The capacity of suction fans must be proper otherwise the stock piling and flow interruption causes fire.

8. Step cleaners, pre-cleaners etc. must be examined and serviced properly as it is done for ginning machines.

9. Condensers, rollers, conveyors etc. must be examined and serviced properly.

10. Press house machinery like hydraulic engine, electric motor, hydraulic piping and instruments, baling chambers, hydraulic valves and gauges must be examined properly and serviced. Press house condenser, conveyor tray and moisture fan must be examined and serviced properly.

11. Sweeping, waste, dust must be properly removed from the process building which must be kept neat and clean from all such fire hazardous material on daily basis.

12. No smoking notices should be fixed at various locations inside and outside the building.

13. 4 x 4 water and sand buckets with 2 chemical fire extinguishers must be fixed on at least 3 sides of the main building which must be checked for proper order and condition periodically.

14. The Insurance policy warrants that all type of stocks and hazardous material must be stored at clear distance of 30 feet from the building.

15. The fresh pressed stock of cotton bales coming out of press house is however exempted from maintaining this 30 feet distance for 24 hours.

16. Proper locally available firefighting facilities to fulfill the warranty requirements should be provided.

17. No stock other than the stock in process should be stored in the building.

18. Mostly it is seen that the stocks of various kinds are stored adjacent to the wall of ginning and pressing building which is not allowed. Trash, hulls and other waste material is also sometimes placed outside adjacent to the walls of buildings which is prohibited and against the principles of safety.

OPEN COMPOUND

It is rated as high risk area.

All the stocks except stock in process and stock in godowns, are stored in the open compound. During peak cotton season the factory compound is full of all kind of cotton business related stocks. Sometimes it really turns difficult to maintain the distances as stipulated by insurance policies. So a highest level of care and caution should be maintained in housekeeping of open compound of cotton factory. The under mentioned safety measures are recommended.

1. Distances between the stocks as stipulated by insurance policy must be maintained. The detail has already been given in the previous articles.

2. Distances between stocks and building as stipulated in the policies must be maintained.

3. Size of the un-ginned cotton heaps as stipulated in the policies should be maintained.

4. Size and weight of cotton bales as stipulated in the insurance policies must be maintained.

5. Maximum number of cotton bales as allowed to be stored at one place as stipulated in the insurance policies must be maintained.

6. Maintain the distance between waste material, hazardous material and stocks/buildings etc.

7. No vehicle without fixing spark arrestor must enter in to the compound.

8. If pre-cleaners etc. and spreading machine etc. are installed/working in the open compound then that must be declared to the insurers for evaluation of risk and charging due rate of premium.

9. Minimum firefighting facilities as stipulated by the insurance policies must be provided in the compound. The detail has already been provided in my previous articles.

10. All the passages, ways, walkways of the compound must be cleared from stocks of un-ginned cotton which is spread all around during transportation etc. because in case of fire occurrence, the fire spread all over through that. This scattered stock provides the trail to fire progression.

11. Hull, dried boll etc. separated from the un-ginned cotton is sometimes stored in the open compound which is breach of warranty. It should be stored 100 feet away from rest of the stocks and building/godown.

12. In case the insurance cover is not combined for ginning factory and oil mill then the oil mill section should be separated by proper wall and gate from the ginning factory section. Similarly if the stock of cotton seed is not covered in the policies covering stocks of ginning factory then the seed should be directly shifted to oil mill section through conveyors and should not be stored in cotton factory section because it increased the risk.

13. It is seen that many fire incidents in cotton factories occur due to fireworks used during different events and festivals so during those days the stocks should be covered with tarpaulin and must be guarded more efficiently. The locally available firefighting facilities must be re-examined and discrepancy if any must be compensated.

14. Warranted arrangements of minimum firefighting facilities must be made available in addition to mobile chemical fire extinguishers to arrest the fire immediately. 4 frames of 8 x 8 water and sand buckets must be made available on all the 4 sides of the compound.

15. It is seen that at time of fire incidents the whole firefighting facilities cease to operate in absence of electricity, so an alternate arrangement should be made to compensate this anomaly.

16. Labor quarters seen to be a source of fire origination so a strict compliance of safety instructions must be implemented there. Similarly, the offices building where a large number of visitors come and go throughout the day who keep on smoking and cooking process is also carried out throughout the day.

17. Small tea tuck shops available adjacent to main gate of the factory is another source of fire especially when strong wind or wind storm is blown and live soot flown and scattered everywhere. This element of risk must be addressed.

18. Children from labor quarters keep on playing in the compound and their mischievous or naughty acts cause outbreak of fire. This risk factor must be blocked.

19. The floor of compound must be raised from surrounding ground level in order to protect the stock from inundation etc. and the natural flow of rain water out of cotton heaps must be ensured.

20. Incidents of short-circuiting and leakage of current are frequent during atmospheric disturbance especially during wind storm, rain etc. so the factory operation must be closed during that period by switching off the electric supply. No live electric cable should be present in the factory during atmospheric disturbance.

21. During hot and humid season the size of un-ginned cotton heaps must be reduced generally. Size of one heap should not exceed 1100-1200 mounds (Equal to one lot).

22. It is witnessed that the scattered stocks of un-ginned cotton are arranged by application of tractor blade which is not advisable at all. It causes outbreak of fire by friction. Striking of any hard material with the tractor blade. Silencer of the tractor also play a role in fire origination.

23. Un-authorized, un-concerned people should be checked while entering in to the factory. Fire occurrence due to malicious acts should be tackled.

24. It is seen that some stock of un-ginned cotton keep loaded on tractor trolleys for long time which are parked in the factory compound. It should be kept in mind that the normal insurance coverage granted from stocks of open compound do not cover such stocks. So the concerned Insurers must be informed in advance. Such stocks are vulnerable to fire.

25. During rain fall the stock must be covered with tarpaulin for safety of stock as well as from saving it from fire origination because the rain droplets which are thousands in number play role of convex lens and the sun rays passing through these droplets may cause fire in the stock.

26. The compound must be cleared from dry leaves and other foreign

elements which provide fuel to fire.

LABOR QUARTERS

Construction of labor quarters in the factory compound is risky. The under mentioned safety measures must be taken.

1. All activities of labor and their family member especially the children must be guarded, managed and cautious in all respect.
2. The quarter area must be isolated with proper wall.

3. Cooking process must be regulated.

4. Free movement of family members and children to the stocks and sensitive areas of factory must be banned.

5. Smoking should be restricted.

6. The element of malicious acts are more frequent due to various psychological reasons so the factory owner must be cautious about such activities.

OFFICE BUILDING

Office building is the area which play important role for safety as well as for spreading hazards if careless and carefree people are sitting there.

Following safety measures may be initiated from here.

1. Emergency alarm must be fixed on office building.

2. Office of the Manager should be located at elevation and the factory side wall should be of glass.

3. Emergency phone numbers notice board should be fixed in his office and outside the office near main gate.

4. Duty should be assigned to the Manager to take emergency steps in case of any emergency. It should include in his duty to ensure the presence of minimum firefighting facilities as warranted by the insurance policies with some additional measures as suggested above.

5. He should ensure that no vehicle could enter in to the factory without first fixing the spark arrestor.

6. He should ensure the general maintenance and good housekeeping.

7. His duty should include to take all safety measures as suggested by the insurance policies, mortgages banks rules/regulations, civil defense rules/regulations and so on.

8. All kind of cooking must be strictly regulated in the office.

9. No smoking notice boards must be fixed at multiple suitable locations.

SUMMARY OF WARRANTED SAFETY MEASURES

Although this information has already been provided in previous articles of the same topic but the summary of safety measures as required by the insurance policies is given below for ready reference.

1. Not more than 1000 cotton bales could be stored at one place. The next stock of 1000 bales should be stored at clear distance of 20 feet.

2. Distance between cotton bales and other stocks must be kept at 20 feet.

3. Distance between un-ginned cotton and cotton bales must be 20 feet.

4. Distance between stocks and building must be 30 feet.

5. Distance between stocks and godown must be 30 feet.

6. Distance between hazardous material and stocks must be 100 feet.

7. Distance between stocks of cotton bales which are not pressed according to the warranted specification must be 100 feet.

8. Distance between stocks of 10000 bales from other should be 100 feet.

9. Minimum water storage 25000 British gallons.

10. Minimum length of hoses is 300 feet i.e. 1 x 3 x 100

11. Water pump with the capacity of 250 gallons per minute output.

12. Alternate energy source to drive the pump.

13. Water tabs for connecting the hoses to use it in fire emergency.

14. No vehicle should enter in to the factory without fixing spark arrestors.

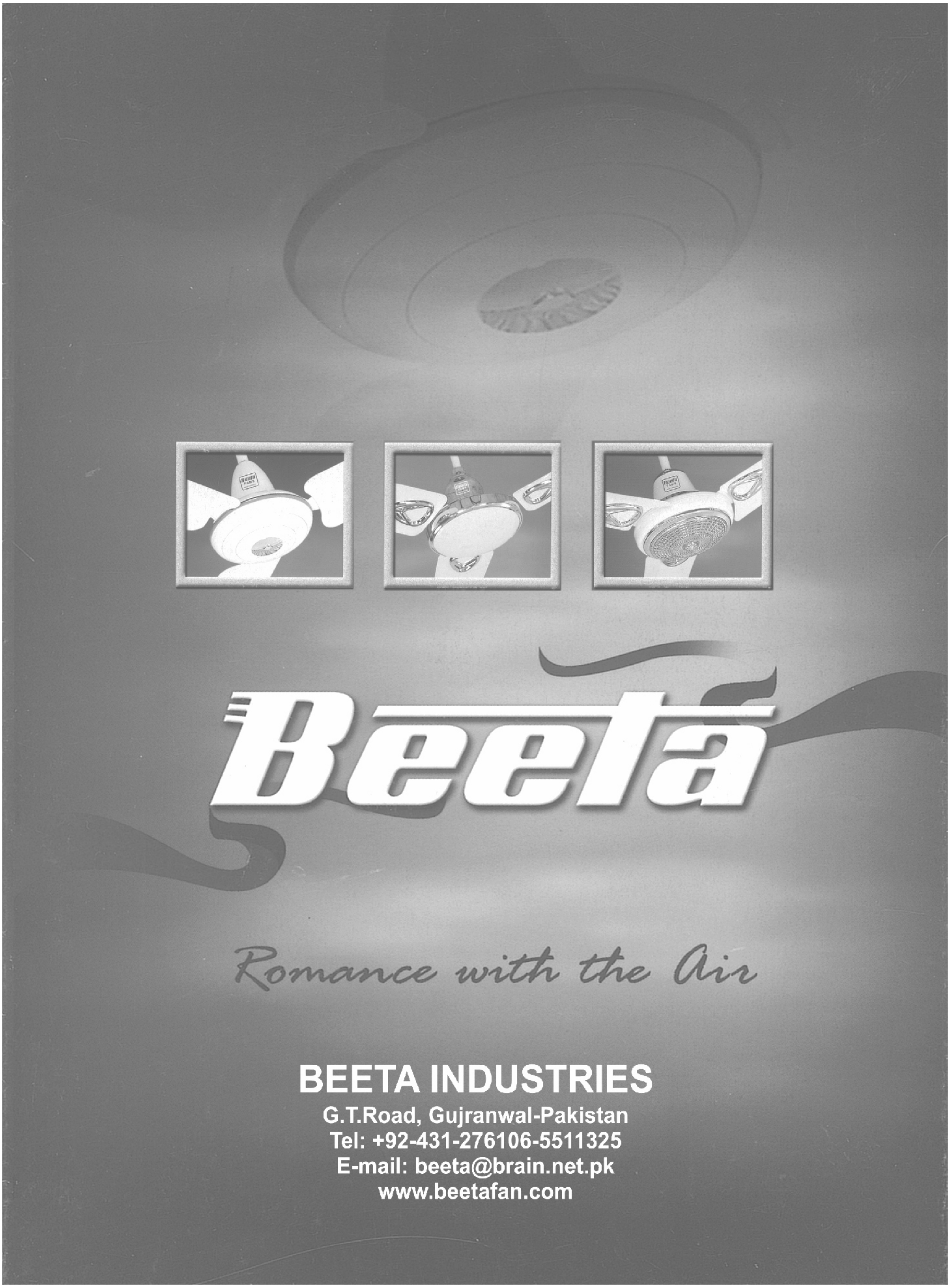
15. Specification of cotton bale as per warranty.

16. Stacking pattern should not exceed 6 bales high.

17. Size of one cotton heap must not exceed 4500 mounds.

18. Next such heap must be formed at distance of 20 feet.

Working on safety measures and suggesting the same to the concerned quarters is continuous process which must be continued with the innovative changes being brought in modern era business environment and conditions. Close interaction and exchange of views among all the stake holders is key to create a safe business conditions for this kind of sensitive and risky process of cotton ginning and pressing as well as oil extraction from cotton seed.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How to Make Savings on your Car Insurance

When buying car insurance, the type and the insurer that you decide to go with will depend on the amount that you are asked to pay in premiums. On saying this, whichever form of insurance you decide to take, whether fully comprehensive or third party fire and theft, you can save money on it if you just follow some simple common sense.

In some cases you save yourself just a few hundreds per year, while others will help you save a thousand or more from your car insurance premiums over the year.

The premium you are quoted and are asked to pay will depend on various factors and one of the factors which can make a big difference to how much you pay in premiums is the amount of excess which you are willing to stand to should you need to make a claim. All companies will ask that you pay so much towards the cost of the repairs to your car and the more you are willing to pay for this, the cheaper the premium will be.

However, when considering this as an option to go for a way to reduce the premiums on your car insurance, you will have to determine if you think the risk would be worthwhile. If your driving and safety record is immaculate then this is in your favor. However if you have claimed before then it might not be in your best interests to try and bring down your car insurance premium this way unless you are willing to stump up a bigger excess.

If you are thinking of making savings this way then perhaps you could put the money aside which you have stated as your excess. This will ensure that should the unthinkable happen you won't have to worry about finding the money.

When you have decided how much you wish pay for your excess then it is imperative that you shop around for the cheapest car insurance premium possible. You should get quotes from as many insurers as you can or use an independent broker to find the right policy for you.

Also take into account any exclusion within policies, as very often these are hidden in the small print of the policy and aren't clearly listed. This can save you money in the long run.

With a little bit of knowledge and forethought you can make savings on your premium by getting the best deal possible on your car insurance simply by raising the amount of excess you pay.

If You Refuse To Pay High Insurance Rates...Here Are 4 "Bargaining Chips" you Can Use to Negotiate a Better Insurance Rate.

Having a good driving record is one of the best ways to keep your car insurance rates down. Here are a few

other ways to help lower your costs.

1. Shop Around

Make companies compete for your business. Prices will vary from company to company. So, be sure to ask at least 3-4 different companies for a quote. Make them earn your business.

Talk to your friends, neighbors and coworkers about their insurance policies. If they're happy with their insurance company there is a good chance you will be too.

There are dozens of companies on line willing to give you a free car insurance quote. This may be a good starting place for you. Keep your eyes and ears open for radio and TV advertisements.

Again, these agencies are willing to compete for your business; so, don't settle.

2. Ask For Higher Deductibles

Deductibles are what you pay before your insurance policy kicks in. By raising your deductible, you can lower your insurance rates significantly. For instance, raising your deductible from Rs. 2500 to Rs. 5,000 can reduce your collision and comprehensive coverage 10-30 percent. Raising your deductible to a Rs.10,000 could save you as much as 40% or better.

Just be sure you have the cash on hand to cover yourself in the event of a claim.

3. Have Safety/ Anti-theft Devices Installed

You may be eligible for further insurance discounts if your vehicle is equipped with one or more options: anti-lock brakes, automatic seat belts, air bags, or traction control.

Installing a vehicle recovery systems such as Tracker can save you up to 7-10% per year.

Other Anti-theft devices are relatively inexpensive and can also help to reduce your insurance premiums.

4. Consolidate Insurance Policies

Insuring two or more vehicles through the same insurance company can help to reduce your insurance rates by as much as 10%-15%. Covering your home through the same company that insures your vehicles can help lower your rates by an additional 10%-15%.

Conclusion

Lowering your auto insurance, in many instances, is about knowing what questions to ask and what you are entitled to. Since many companies aren't going to do your homework for you.

Deductions will vary from state to state and from insurance company to insurance company. So be sure to ask. Also the key to lowering your auto insurance rate is not necessarily how many discounts you are eligible for. It's the bottom line that matters.

EFU Life launches Pakistan's First Insurance Chatbot on Facebook

In today's Digital age, the internet users are highly connected. As more devices and apps deliver instant gratification, the more it sets new standards for customer expectations. With a few taps and swipes of their mobile device, customers can have what they want, when they want it.

EFU Life, the leading life insurance company in Pakistan has been a pioneer in ground breaking technology, and with the customers at the heart of everything that it does, becomes the first life insurance company in Pakistan to launch a chatbot, 'EFU LifeBot', on the Facebook platform.

'EFU LifeBot' is a virtual assistant fueled by machine learning to help provide automated responses and create better service experience for its clients. It allows for customers to access their policy details, view and pay their policy premium online through debit or credit card. Additionally, it provides a host of services for both customers, and non-customers, such as getting to know about the latest products and services, branch contact information, to connecting to the financial advisor for a customized insurance plan.

Speaking on the occasion Mr. Zain Ibrahim, Chief Operations Officer, EFU Life said, “As a customer-centric company, our primary focus has always been to deliver faster, convenient and seamless service so that our clients can enjoy a pleasant experience when dealing with us. Digitalization tools especially machine learning enabled chatbots offer tremendous convenience and superior customer experience when compared to traditional methods like calls, physical visits, emails. Dynamic, interactive, secure, hassle-free and available 24/7, EFU LifeBot will be ready to serve all our customers, and non-customers too!

Looking ahead, our focus will be to continue to progress on the digitization path using cutting-edge technologies in all our business processes to further improve our customer experience.”

Kausar Hamad
Dip CII (UK)
Vice President (Bancassurance Business)
EFU General Insurance Limited

Bancassurance Sector in Pakistan: Challenges and Prospects

In an underdeveloped country like Pakistan, where insurance penetration is less than 1% of the GDP and little awareness about the concept of insurance, the bancassurance has paved the way to approach individuals.

In the last five years, the Insurance industry has witnessed a growth in underwritten premium, the primary reason being the expansion of delivery channels and the promotion of customized and innovative insurance products. The bancassurance model has played a pivotal role in reaching its customers in almost all the remote areas, creating awareness about the importance of insurance and the aid it provides to save and protect a policy holder from an unforeseen event.

In this article, I would like to discuss the challenges which bancassurance sector is exposed to along with its future prospects. But before proceeding with the same, I would like to explain some of the basics w.r.t bancassurance mode of business, the development of bancassurance sector in Pakistan and its current status.

Bancassurance means distribution of insurance products of (insurance) companies through a bank's distribution channels.

The Bank and an Insurance Company enter into a bancassurance agreement, whereby the Bank acts as a corporate insurance agent/ distributor of the Insurance Company by promoting and selling its product through its distribution channels. The benefit entitled to a bancassurance arrangement is always lucrative for a Bank and for Insurance Company alike. The Insurance Company benefits from an increased penetration of their insurance products via the bank's wide distribution network. On the other hand, the Bank also receives income in the form of an agreed commission for selling and promoting the products of the Insurance Company.

Bancassurance Models

There are two types of models used in bancassurance i.e. Direct Sales Model and Referral Model:

Direct Sales: In Direct Sales model, the bank uses its own sales force and distribution channels i.e. phone banking, telesales or branch banking for the promotion and sale of insurance products.

Referral Model: In Referral Model, the Insurer uses its own Insurance Consultant to market and distribute its products by using the bank's distribution channels.

Background

The concept of bancassurance originated in Pakistan way back in the year 2004, when some banks and insurance companies made ties to promote insurance products. The concept got familiarized yielding income to the Banks as well as the Insurance Companies. The model, although introduced quite late in

Pakistan, had been a success story for the penetration of insurance products even in the remote areas of Pakistan, which was not the case earlier.

Till the year 2010, Banks and Insurance Companies had been working on their own terms without any defined commission structure from the regulator and even the formation of bancassurance agreements were used to be made in the absence of affirmed regulatory guidelines / instructions. There were cases where the agreed commission between a Bank and an Insurance Company were very high i.e. almost 90%, which let the ultimate consumer/ policy holder to pay a high price. There was neither any platform for policy holders/ consumer's grievances nor any check and balance to identify and prevent miss selling.

To promote the phenomenal success of bancassurance model and to protect and ensure the policy holder's right, the SECP (Securities and Exchange Commission of Pakistan) issued its first formal guidelines, for the businesses falling under the purview of bancassurance mode, in the year 2010. The guidelines covered detailed aspects of bancassurance business including, commission structure, claim handling, training requirements and sales models. The guidelines were made applicable on the creation of all new bancassurance agency agreements and prior agreements were required to be amended accordingly.

Although the issuance of guidelines streamlined many of bancassurance functions and operations, they were mere guidelines. To bind the Banks and the Insurance Companies to observe the requirements at full length, there still required a comprehensive and defined regulatory framework. For the sustainable growth of this sector, the SECP issued a draft of the Bancassurance Regulations 2013. The concept paper was routed via Press Release to solicit the opinions of the concern stakeholders.

After detailed review and feedback, the SECP issued **Bancassurance Regulation 2015**, which repealed the prior Bancassurance Guidelines. The prevailing regulations were envisaged to cover detailed aspects of bancassurance business with introduction of the new requirement of 'After Sales Call' and of 'Need Based Analysis' document.

Current Status

At present there are a number of private sector players in the market who are promoting bancassurance business, especially in life assurance sector. The contribution of the two dominating private sector players, EFU Life and Jubilee Life, towards the promotion of bancassurance products is incredible. The players are leading the market in terms of market share by provisioning dynamic and innovative products, meeting the insurance requirement in almost all segments and creating awareness by print, electronic and social media.

Although banks and insurance companies are going hand in hand in promoting and market penetration of insurance products, there is still room for improvement. Underlying are some of the challenges Insurance Companies are facing which requires transparency, not just for operational efficiency but also for the expansion of business.

Challenges

The SBP along with the SECP should take steps to address the prevailing challenges and readdress the regulations and operation methods pertaining to Bancassurance mode of business.

Prevention of Misselling

Bancassurance Regulation 2015 have strictly prohibited the misselling or misrepresentation for the policies sold on account of bancassurance mode. The regulation required the Insurer to perform 'After Sales Call' to Policy holder within Free Look in Period or to integrate their after sales script with the bank's CBC (Call Back Confirmation).

This is further reinforced by the SECP's Circular No. 5/ 2016, which made it mandatory on all Insurance Companies to create awareness among policy holders via 'awareness message' regarding the availability of a Complaint Resolution Forum. In line with the said circular, the Insurance Companies promoting bancassurance business were required to intimate their partner banks to assure that these awareness messages are displayed in both languages i.e. English and Urdu in all the branches of the banks, where the policy holders pay frequent visit.

But despite of all the checks and measures in place, misselling or misrepresentation is still not totally eradicated. The identification of misselling or misrepresentation by Bank Insurance Executives promoting bancassurance business can be made to some extent, if the product is promoted by phone banking or telesales with the existence of recorded lines.

But in most of the cases, especially for life assurance and unit linked policies, where a product is promoted by the bank's RM's (Relationship Managers), having face to face contact with customer, it is difficult to identify how the product is pitched and whether the policy holder is fully informed about all the product features. The Bank's RM's are getting handsome incentives/ commissions for selling insurance products to their customers. Therefore in most of the cases, product features are either not fully disclosed to a potential policy holder or exaggerated, especially as regards the Rate of Return in case of saving policies. Apparently all due requirements as stated in Regulations, including duly signed 'Insurance Need Analysis' document and policy holder's written consent is obtained on set of lengthy terms and conditions. In most of the cases, detailed policy terms and conditions are hardly understood and read in full by a policy holder. So it cannot be assessed in absolute terms, even in the presence of all supporting documents, if a product is rightly pitched and the policy holder is fully informed about all the product features.

Referring to the SECP's requirement imposed on an Insurer regarding 'After Sales Call' to a Policy holder, sometimes the RMs, based on their relationship with their customer, influence them to attend the requisite call in their presence. So in this way, the tool imposed for the prevention of miss-selling by way of 'After Sales Call' can also be tampered with.

Renewal Persistency

Although Bancassurance model proved to be really effective for the growth of insurance business and sector as a whole, the persistency of a business acquired via bancassurance model is one of the prevailing challenges which Insurance Companies face.

It has been observed that growth of business in first year is relatively higher than the second/ renewal year. The main reason is the huge gap between the first year's and the renewal year's commission, .i.e. 50% and 5% for the first and the renewal year respectively.

Due to lucrative provision of commission/incentive to bank in the first year of business, banks are keen on the promotion/ sale of a new product. Although as directed by Bancassurance Regulations 2015 and practiced by Insurance Companies, the provision of Persistency Bonus is awarded to the banks maintaining the required level of persistency i.e. 5% and 2.5% for the **Policy Year 2** and **Policy Year 3** respectively. But as maintenance of relationship with clientele is the key for promotion of business, the Insurance Companies are deemed to provide the bonuses to Banks irrespective of the maintenance of the required persistency level.

Moreover, as mentioned above, the products are pitched by the bank's RMs for which they are receiving attractive incentives. The primary reasons for non- receipt of premium for the underwritten policy in the second year are as under:

- **Commission:** As stated above, due to higher commission/incentive in first Policy Year, the designated bank staff is not keen to pursue the policy in second year.

- **Focus:** The core responsibility of the bank's staff or RMs is not the promotion or sale of insurance products. Instead, they are involved in a lot of other activities, such as the maintenance of deposit base and the promotion of bank's own products e.g. credit cards or personal loans etc. Due to an array of responsibilities, apart from low commission rate in renewal year, they are not able to focus on persistency of a policy previously sold.

- **Staff Turn Over:** The turnover of staff is common in the banking sector, due to employees switching jobs from one bank to another. If any designated Bank Insurance Executive has sold the Insurance Product while on job for the first Policy Year, it is not certain that he/ she shall be retained on job till second Policy Year.

Future Prospects

Shariah Compliant Products

As conventional insurance products are resistant by some people on Islamic grounds, so here Takaful offers best solution to cater the needs based on Shariah principles. Although some major players are actively working towards introduction and implementation of Shariah Compliant products in Banca Takaful mode, there is still a lot of untapped market, Takaful penetration in Pakistan being just 0.04% of the GDP.

Technological Transformation

With the growing insurance penetration, the Insurance Companies are working progressively towards transformation of its IT related procedures and operations. Nowadays, Mobile Apps are becoming great tool of customer interaction, paperless environments and significant part of our everyday lives, ranging from food to service industry.

Most of the commercial as well as Islamic banks have already developed and launched their mobile based user friendly applications, which facilitates the customers in providing banking solutions with easy access. The Insurance companies have yet to develop their mobile based applications and introduction of the same will provide the insurance companies with more opportunities to interact with customers leading to a further promotion of bancassurance sector.


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Coal, Facts, Formation and Uses

Basic Coal Facts:

Coal is a fossil fuel and is the altered remains of old vegetation that originally accumulated in swamps and peat bogs. The energy we get from coal today comes from the energy that plants absorbed from the sun approximately 360-290 millions of years ago.

How is Coal Formed?

Earthshaking movements buried plant material from swamps and peat bogs, which were covered under clay and sediments to the great depths. With burial process, the plant material was subjected to high temperatures and pressures. This caused physical and chemical changes in the vegetation and transforming it into peat and then into coal. Initially the peat was converted into 'brown coal' and over many more millions of years, the continuing effects of temperature and pressure produces further change in the brown coal. Further, chemical and physical changes occur until these coals became harder and blacker.

How is Coal Mined and Produced?

6.9 billion tons of hard coal are currently produced worldwide. It is mined by two methods i.e. surface of open cast mining and underground mining. The choice of mining method depends on the geology of the coal deposit. Underground mining currently accounts for a bigger share of world coal production than opencast.

How many largest Coal Production Countries are?

The largest coal-producing countries are not confined to one region although the top six hard coal producers of coal are China, USA, Russia, India, Australia and Indonesia.

Where is Coal Found?

Coal reserves are available in almost every country worldwide, with the biggest reserves being in the USA, Russia, China and India. Around 70 countries have recoverable coal reserves. Coal is readily available from a wide variety of sources in a global market. Over 50 countries mine coal commercially and over 70 countries use it. Ships and rails can be used to transport coal to demand centers quickly, safely and easily.

How is Coal Used?

Electricity: 41% of global electricity is currently fuelled by coal-fired power plants.

Steel: 70% of steel produced today uses coal.

Cement: 200kg of coal needed to produce 1 tonne of cement.

Transport: 50% of the energy used to produce aluminum which comes from coal.

- Steam coal which is also known as thermal coal is mainly used in power generation.
- Coking coal which is also known as metallurgical coal is mainly used in steel production.

(Source: World Coal Association)

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Standing at the Crossroads

Collaboration or Isolation

The world is changing with a speed unprecedented by virtue of advancement in cloud and computing technologies. I remember one of our marketing lecturers telling us that you have to keep moving to remain on top. Fast forward 10 years and this is not the case anymore. The new strategy is to keep running in order to just survive.

With London and Western Insurance markets bracing themselves for dealing with Driverless Cars and Artificial Intelligence (AI) Software Solutions, our insurance technology is yet to embark upon basic Underwriting and Claims automation processes.

A look at the traditional approach adopted by the Insurance Industry would reveal that innovation in this area has been disturbingly slow due to lack of interest by senior executives to bring innovative software solutions. Often during my discussions with Industry colleagues, our comments would finally conclude on “Pakistan ma aisa kahan hota ha yaar… aisa hona buhat mushkil ha” which basically means that such things are not possible in our country.

The lack of interest in technological transformation have gradually faded with the new breed of executives who are keen to bring their industry on par with others. For this purpose, they have formed in-house IT and Programming teams to come up with innovative Software Solutions by taking input from Underwriting and Claim teams. The Software Solutions developed internally by them have, however, been only partially successful. Their Software Solution works well in test environment but mostly fails in real life situations. This is because they have not gone through the arduous process of internal testing followed by sample testing prior to large scale implementation. As such, the disappointment brought by these failures due to half-baked Software Solution kills the motivation of Insurers for technological transformation.

The fundamental professional requirement of any insurance personnel is to run the successful operations of their insurance business. Like any other industry professional, they have to meet their customers' expectations, business targets and manage day to day operations. Their role in development of any technology system is usually ancillary. On the other hand, the IT and Development teams might be best at their game, i.e. coding and programming, but lacks the insurance knowledge and know-how which is vital to successfully innovate.

Another issue with technology is the pace at which it changes. Ironically, the Software Solution might still be in the development phase when it is replaced by a better technology rendering it outdated even before its creation and implementation.

A possible answer to this problem is

collaboration. Successful businesses need each other and collaborate. Apple would not become a Trillion Dollar Company without collaborating with Foxconn due to their manufacturing prowess. Similarly, Samsung and Huawei would have never competed with Apple without collaborating with Google for their "Android" operating system. There are numerous examples where successful or even failed businesses have collaborated and become successful.

The same model is adopted by successful Insurance Industries i.e. collaborating with technologists to create successful partnerships giving them edge where they are provided with the most updated technologies to meet their transformation needs.

With so many benefits that the Insurers could avail with such collaboration, the question arises as to what is stopping them from collaborating with tech partners?

One of the key resistance by Insurers for not collaborating particularly in our market is the privacy of their data or the right insurance terminology would be Moral Hazard. Some companies do not want to share data as they are concerned that the information provided could also work against them. For example; a broker only shares minimum required information with Insurer and Underwriter so their potential client is not approached directly by the Insurer. Similarly, the Loss Adjuster / Surveyor is only provided with the information required to settle the claim. Another misplaced apprehension is that technology will replace underwriting and claims jobs which can never be the case. The judgement of a prudent underwriter and input of claim manager and surveyor combined with data and technology would enhance decision making securing their job rather replacing them.

Apart from trust worthiness, another reason for not collaborating is tight budgets and slim profit margins. The Insurers do understand that using new technologies will make them more competitive but at a cost which they are not ready to bear. This is where they fail to realize that reducing claims by the use of technology would result in decreasing their overall claims cost. No doubt, there are fiscal constraints to invest in new technologies but the many indirect and monetary benefits of investing in Technology advancements will help them in recovering cost besides make them realize that the cost is just a fraction of benefits attained.

Improvement in processes like claims tracking, timely information for decision making and better customer servicing will help them to be more valuable to their clients and ultimately help increase their value to their clients. Analysing historical data would also help them in developing better insurance products.

The Insurance Industries across the globe has always been collaborating with local and foreign entities for several needs such as re-insurances, fronting, broking, loss adjusting, surveying etc. The local Insurers have also been collaborating with all of the above and, if such is the case, then what stops them from collaborating with technology firms.

The Insurance Industry of Pakistan is now standing at crossroads to choose between collaboration and isolation.

Personally, I can see two possible outcomes for either option the Insurers may choose. They can keep developing Software Solutions in isolation as traditionally being done and compromise on the quality, functionality and timely deliverance of insurance technology. Or, they can choose collaboration and utilize the most updated, tested platforms for their insurance functions at least for the Insurance Surveying function which had always been quite problematic. The Software Solution is currently available and successfully used by at least one Insurer.

The key to success, however, is the basic principle of insurance of "Utmost Good Faith" which could only be established through collaborating and detaching from suspicions of data breaches.

Insurance Surveyors provide with detailed technical reports on underwriters the risks involved in a request for insurance cover. Their reports outline any aspects which might affect the Insurance Premium.

Insurance Surveyors are professionals who assess the loss or damage and serve as a link between the insurance and the insured. They usually function only in non-life business. Insurance risk Surveyors carry out Surveys of buildings, machinery, transport and other sites or items that need to be insured.

Before forming "Insurance Surveyor Company" the legal requirement must be fully observed the license of Surveyors are issued by the regulatory authority in case of Pakistan Insurance, licenses are issued by Security Exchange Commission of Pakistan (SECP).

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Assistant Vice President (Health)
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Household Emergencies (Part-6)

In my previous article, I was covered the air-conditioning and central-heating system problems related household emergencies. In this part, I will cover the home security related household emergencies.

Home Security:

By identifying vulnerable areas of your home and taking adequate precautions, you can affectedly reduce the risk of being burglarized. Installing additional locks and bolts is an effective way of deterring thieves. Security devices such as peepholes, door chains and alarms are also easy to install and they not only safeguard your property but also provide peace of mind, particularly when you are away from home.

Assessing Your Home Security

1) Identify Vulnerable Areas

- Check all your doors and windows for strength and security. Imagine that you have locked yourself out which window or door would you choose to force open or break?
- Look at your house again and re-assess your security.
- Contact your local police department for advice.

2) Install main Door Security Devices

- Install locks on the front, back, and any side doors. For added security, you should install heavy bolts at the top and bottom of the inside of each door.
- Back and side doors must have sturdy locks because they are often hidden from view and badly lit, which means that a burglar can attempt entry unobserved.
- For security when answering the door, install a strong door chain and peephole.
- If a door opens outward, install hinge bolts to the back edge so that the door cannot be levered open on the hinge side.

3) Install Patio Door Locks

- Install locks and deadbolts at the top and bottom of patio doors and French windows to prevent them from being forced open.

4) Install Window Security Devices

- Windows are popular points of entry for burglars.
- Secure windows with locks or deadbolts to prevent the catches being released through a smashed window. There are several types for metal and wood windows.

5) Assess Lighting

If you install security lighting to help you unlock your door on dark nights, remember that this could be equally useful to a burglar.

6) Consider an Alarm

- For the best security, either install a burglar alarm yourself or have one installed professionally.

Dealing with Intruders

1) Be vigilant

- If you arrive home and see anyone loitering outside, pass by your house and ask a neighbour to accompany you to the door.
- If you return home to find that the front door is open, do not enter your home. Move a safe distance away and, if you have a cellular phone, call the police.
- Alternatively, go to a neighbour's and phone the police from there.
- If you come home and your key won't open the door, it could mean that an intruder has secured the door from inside so as not to be disturbed. Move away quickly and call the police.
- If you return home to find that your home has been ransacked, call the police immediately. Do not touch anything until the police arrive so as not to destroy any fingerprints left by burglars.

2) Make a Noise

- If you do enter your home and meet an intruder, run out and shout or scream as loudly as you can. Don't try to apprehend him or her.

3) Stay calm

- If you must face the intruder, keep calm and try not to provoke a reaction by making threats.
- Try to memorize as much as you can of the intruder's appearance, mannerisms, and speech so that you can provide the police with an accurate description.

4) Call the Police

- Dial 15 or call your local police station.
- Try to give the police as much information as possible.

Dealing with a Night Intruder

- If you are woken in the night by unusual noises or the sound of breaking glass, call the police.
- Keep your cellular phone turned on by the bed so that you can still call for help if the telephone line has been cut.
- If you are alone in the house, talk loudly as if you have a companion in the room. You could also switch on the lights and make a lot of noise. Most intruders will leave as soon as they hear noise.
- Do not go downstairs to investigate.
- Do not keep an offensive weapon or try to defend your property. No items, however valuable, are worth serious injury or death.
- If you meet the intruder, stay calm and try to memorize his or her appearance.

Coping after a Break-In

1) Don't move anything

- If you discover that your home has been broken into, try to keep calm.
- Do not touch anything. The police will want to check the crime scene and look for fingerprints.

2) Call Police

- Dial 15 or call your local police station.
- When the police arrive, they will talk to you about the burglary, ask what has been taken, then take a statement. They will then provide you with a complaint number for your insurance company.

3) List missing items

- Start to make a list of what you think has been taken. This process can go on for days, because many items will be missed only when you try to find or use them. The police should supply you with a form for your list.
- Give as clear a description as you can of all items, and provide photographs of valuables, if you have any.
- Indicate on the list which, if any, items have been owner-labeled.

4) Secure Premises

- If burglars have forced entry by smashing glass, make a temporary repair for security.
- Determine how the burglar(s) gained access to your home and take steps to make it more secure by installing additional locks or bolts.

5) Contact Insurers

- Contact your insurance company and explain what has happened.
- The insurance company and/or claims adjuster will require the complaint number and a detailed list of what has been stolen.

6) Keep in contact with Police

- If you move while the investigation is still ongoing, notify the police of your new address.
- If you discover more damage or missing items, contact the officer handling your case as well as your insurance company.

Seeking Advice

- If you are the victim of a burglary or assault, you will be contacted by Victim Support, an organization that provides counselling and help for victims of crime.
- Talk to friends and family about your experience. They may be able to offer you reassurance and comfort.

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*** *and* ***Police Helpline 15*** *while you deal with the situation.*

Jubilee Life Insurance introduces a brand new e-commerce website

With the expansion of e-commerce in Pakistan, companies strive to make their offerings more accessible by leveraging the opportunities created by the growing number of internet users in the country.

Jubilee Life, Pakistan's largest private sector insurance company, taking forward its passion to make buying insurance convenient has launched a new e-sales website.

The website provides complete product details and benefits. The design is crisp with no clutter to distract your attention while making such an important decision. Insurance plans have been packaged in a way that meets the varying needs of many people for both Life and Health Insurance. To enhance the convenience of payment the options include: Cash on Delivery (COD), JazzCash & Debit/Credit Cards.

It is evident that Jubilee Life has put in a lot of brains to come up with an e-sales offering that has all the right ingredients for people who want the best options to buy affordable insurance online with just a 'click'.

Pakistan is one of the few countries where the insurance industry has not reached its potential yet. However, Jubilee Life has acknowledged the changing preferences of people who want to buy insurance without the typical hassles.

SECP says insurers must get cyber risk insurance

The Securities and Exchange Commission of Pakistan (SECP) has issued directives to the insurance sector for protection against cyber attacks, saying the probability of cyber risk is greater today than ever before due to increasing reliance on technology for business operations and expansion of financial technology.

The SECP directives, issued under SRO 31 (I)/2019 on Wednesday, warned that all life and non-life insurers including family and general takaful operators are required to obtain cyber risk insurance to cover their own cyber risks to mitigate losses or damages from a variety of cyber incidents, including data breaches, business interruption, and network damage.

The corporate sector regulator has directed insurers to submit the cyber security framework assessment reports by April 30 of every year to the SECP.

The SECP said that because insurers are significant contributors to the national financial sector, interruptions of insurers' systems due to cyber security incidents may have far-reaching implication.

SECP has further directed insurance companies that the cyber risk insurance will protect insurers against the claims arising from cyber attacks and the insurer's cyber security framework should support and promote both its operational security and the protection of policyholder's data.

The SECP has also directed the insurance companies that they should protect their network including hardware, firmware and software components, integrity, control of information flow, boundary protection, and network segregation if needed.

The insurers' cyber security framework will be able to protect the policyholder data in wake of enhanced reliance on BPO (business process outsourcing), technology-based agency arrangements and other strategic partnerships for offering technology based innovative insurance products and services, SECP said.

The SECP has explained that cyber risk means “any risks that emanate from the use of electronic data and its transmission, including technology tools such as the internet and telecommunications networks.”

The SRO said that this risk also includes physical damage that can be caused by cybersecurity incidents, fraud committed by misuse of data, any liability arising from data storage, and the availability, integrity, and confidentiality of electronic information be it related to individuals, companies, or governmesnts.

The SECP has also explained that the insurers gather, store, and maintain substantial volumes of confidential personal and organisational information, and because of these reservoirs of data, insurers are potential targets for cyber criminals who seek information that later can be used for financial gain through extortion, identity theft, or other illegal activities.

The insurance companies have been directed to appoint a senior executive as Chief Information Security Officer (CISO) having adequate qualification and experience, who will be responsible for implementation of overall cybersecurity framework within the organisation.

The CISO will be consulted for taking input with regards to cyber risk and required cybersecurity strategy and framework to be put in place for mitigation of inherent cyber risk.

JS Bank, Allianz EFU signs agreement for health insurance solution

JS Bank and Allianz EFU have signed an agreement for the sale and distribution of a unique health insurance solution, covering in-patient hospitalization due to accident or illness. JS Bank, one of Pakistan's fastest growing banks, is a leading provider of banking and wealth management solutions in Pakistan. Allianz EFU is Pakistan's First specialized health insurance company.

The agreement was signed by Kamran Jafar – Deputy CEO, JS Bank and Kamran Ansari – Operational Head, Allianz EFU.

Speaking at the occasion, Kamran Jafar - Deputy CEO, JS Bank, stated “JS Bank aims to create relevant and unique solutions for its expanding and evolving customer base. Allianz EFU is an ideal partner for JS Bank given their international experience and being the pioneers of health insurance in Pakistan. This partnership reflects our commitment to the well-being of our customers.” Reflecting on the agreement, Kamran Ansari said “Allianz EFU is focused upon making quality healthcare accessible and affordable for all by introducing quality health insurance products. We are the first company in Pakistan to offer health insurance to individuals and families”.

Source: Websites

[Securities and Exchange Commission of Pakistan]

Before Tahir Mahmood, Chairman and Zafar Abdullah, Commissioner (SMD)

WASI SECURITIES (SMC-PRIVATE) LTD. and another---Appellants

Versus

CHAIRMAN, SECP and 5 others---Respondents

Appeal No. 10 of 2012, decided on 29th November, 2013.

Securities and Exchange Commission of Pakistan Act (XLII of 1997)---

---S. 33--- Securities and Exchange Ordinance (XVII of 1969), Ss. 21 & 22---General Regulations, RegIns.2(A)(1)(d), 2(A)(1)(i) & 36(c)---Unlawful withdrawal of shares by the appellant company from the sub-accounts of its clients, and depositing of such share without permission of the account holders---Failure of appellants to fully cooperate with Enquiry Officer---Commission received numerous complaints against the company regarding unlawful withdrawal of shares from the sub-accounts of its clients and disposing of the same without permission of account holders---Company also failed to honour the award of the panel of arbitrators of Stock Exchange---Company instead of payment of award money to the complainant, filed winding up petition---Stock Exchange switched off terminals of the company on account of violation of Regulations---Commission appointed Enquiry Commission to enquire into the matter relating to outstanding investor's claims against the company---Company was directed to fully co-operate and assist the Enquiry Officers in conducting and completing the enquiry---Company was also directed to provide any information and documents as required by the Enquiry Officers, but the company which ought to have fully co-operated with the Enquiry Officer failed to provide relevant record as directed by the Enquiry Officer, despite repeated direction---Enquiry Officers vide notice directed the Company to ensure presence of an authorized representative of the company at the company's officer at the Stock Exchange building to inspect the record of the company, but no one appeared on behalf of the company as directed---Company, ought to have settled the claims of the investors before initiation of winding up, and should have fully co-operated with Stock Exchange being the front line regulator and the Securities and Exchange Commission of Pakistan being its apex regulator--- Investor had suffered an inordinate delay for settlement of their claims due to the actions of the company---Commission, in circumstances, had rightly imposed a penalty of Rs.3 million on each Director of the company and Rs.2 million on Chief Executive Officer---In absence of any reason to take lenient view, appeal against impugned order was dismissed, in circumstance.

Wasi Ullah for Appellants.

Hasnat Ahmad, Director (ICW) and Tahir Mehmood Kayani, Deputy Director (ICW) for Respondents.

Date of hearing: 6th November, 2013.

ORDER

This order is in Appeal No. 10 of 2012 filed under section 33 of the Securities and Exchange Commission of Pakistan (the “Commission") Act, 1997 against the order (the “Impugned Order”) dated 7-3-2012 passed by Respondent No. 5.

2. Messrs Wasi Securities (SMC-Pvt.) Ltd (the “Company”) was a member of the Lahore Stock Exchange (Guarantee) Limited ("LSE") and was registered with the Commission as a broker under the Broker and Agents Registration Rules, 2001 (the "Rules") and its board is constituted of one director/Chief Executive, Mr. Wasi Ullah Khan (the "Chief Executive Officer").

3. Brief facts of the case are that the Commission received numerous complaints against the Company regarding unlawful withdrawal of shares from the sub-accounts of its clients and disposing of the shares without permission of the account holders. Further, as per available record, the Company failed to honour the award of the panel of arbitrators of LSE announced on 1-9-2009 and upheld by the Appellant Bench of LSE vide award dated 11-5-2011. In view of the Company's failure to deposit award money with LSE as required under regulation 36(c) of the General Regulations, the LSE issued an expulsion notice to the Company on 18-5-2011. On 1-6-2011, LSE informed the Commission that instead of payment of award money to the complainant, the Company filed a winding up petition (Civil Original No. 29 of 2011) before the Lahore High Court (the "Court") under sections 305 and 309 of the Companies Ordinance 1984. In consequence, LSE switched off terminals of the Company on 1-6-2011 on account of violation of Regulations 2(A)(1)(d) and 2(A)(1)(i) of the General Regulations. Subsequently, the governing Board of Directors of the LSE, expelled membership of Company with effect from 3-6-2011. The Central Depository Company vide notification dated 4-6-2011 also terminated admission of the Company to the Central Depository System.

4. In view of the above, the Commission conducted initial scrutiny of the documents, record and the contents of the winding up petition filed by the Company which revealed violations, misstatements, non-compliances and pending investor claims. The Commission ordered an enquiry under section 21 of the Securities and Exchange Ordinance, 1969 ("the Ordinance") vide order dated 8-6-2011.

5. The Commission appointed Ms. Asima Wajid, Deputy Director ("Respondent No. 3") and Mr. Tahir Mahmood Kayani, Deputy Director ("Respondent No. 4") ("Enquiry Officers") to enquire into the matter relating to outstanding investor claims against the Company, inspect the books and record and to investigate the trading activity and practices of the Company and do all such things as were necessary or incidental thereto. The Company was directed to fully co-operate and assist the Enquiry Officers in conducting and completing the enquiry. The Company was also directed to provide any information and documents as required by the Enquiry Officers from time to time and was warned that in case of failure to provide the required information, appropriate action would be initiated against it under the law. On 17-1-2012, the Enquiry Officers submitted their interim report to the Commission and highlighted that the Company failed to provide the relevant record and information as directed by the Enquiry Officers despite repeated directions.

6. Show Cause Notice ("SCN") under section 22 of the Ordinance was issued to the Company and the Chief Executive Officer by Mr. Hasnat Ahmad, Director ("Respondent No 5.") for non-compliance of the directions and non-provision of information/documents to the Enquiry Officers. The authorized representatives of the Company were afforded an opportunity to appeal before Respondent No. 5 on 21-2-2012 but no one appeared on their behalf nor was any request for adjournment made, however, the Chief Executive Officer provided a written response dated 20-2-2012.

7. The Respondent No. 5, after scrutiny of the facts of the case, held that the Company failed to comply with the requirements of section 21 of the Ordinance, the Rules and Regulations made thereunder. The Appellants failed to furnish the requisite record and information which it was required to furnish under the Ordinance. The Respondent No.5, in exercise of the powers conferred by section 22 of the Ordinance, imposed a penalty of Rs. 3 million each on the Company and Rs. 3 million on the Chief Executive Officer.

8. The Appellants have preferred the instant appeal against the Impugned Order the Appellant's representative argued that:--

(a) after passage of board resolution by the Company and institution of winding up petition under supervision of the Court, a parallel initiative for enquiry into outstanding investor claims was unwarranted by law; and

(b) the Appellants could not provide any documents/information to the Respondent as they did not have access to their office due to the suspension of their membership from LSE. It was further pleaded that lenient view be taken by the Appellant Bench as the Appellants undertake to settle the claims of the investors as soon as claims are finalized by the Court.

9. The department's representative argued that:--

(a) there is no provision of law which bars the Respondent from conducting an enquiry in cases where winding up proceedings are pending before the Court. Moreover, the rights of investors have to be protected at all costs and an enquiry into outstanding investor claims was essential to determine the outstanding claims after the suspension of the Company from LSE. The Appellants defaulted and the LSE and the Commission had received a large number of investors' claim against the Company before and after closure of its operations and branch office. As per the statement made on behalf of the Company in the winding up petition, an amount of Rs. 53,341 million were payable to 105 investors of the Company; and

(b) the Respondent No. 1 through the enquiry order, directed the Appellants to fully cooperate and provide any information and documents as required by the Enquiry Officers, however, the Appellants failed to provide the relevant record and information as directed by the enquiry officers. The Appellants through letter dated 20-8-2011 stated that the record is in control of the LSE. The LSE fully cooperated with the Enquiry Officers, however, the Appellants failed to provide the record from their office at LSE. The said matter was reported to the Commission by the Enquiry Officers on 17-1-2012. Furthermore, until such time the winding up process is complete, the Company remains a legal entity and must provide all the documents/information as required by the Respondents for the purposes of the enquiry.

10. We have heard the parties. Section 21(1)(2) and 22(1) of the Ordinance are reproduced for ease of reference:-

21. Enquiry.---(1) The [Commission] may, on its own motion or on representation of not less than [one-tenth] in number of the members of the Exchange or, in the case of the business or any transaction mentioned in clause (b), on the representation of the Exchange or any person interested in or affected by such business or transaction, at any time by order in writing, cause an enquiry to be made by any person appointed in this behalf into-

(a) the affairs of or dealings in, any Exchange; or

(b) the dealings, business or any transaction in securities by any [person or] broker, member, director or officer of an Exchange.

(2) Where any enquiry under section (1) has been undertaken every past or present member, director, manager or other officer of the Exchange [or any other person] to which the enquiry relates, and every other person who has had any dealing in the course of his business with such [person or] 5 Exchange or with the director, manager or officer thereof shall furnish such information and documents in his custody or power or within his knowledge relating to or having bearing on the subject-matter or the enquiry as the person conducting the enquiry may require.

22. Penalty for certain refusal or failure.---(1) if any person.

(a) refuses or fails to furnish any document, paper or information which he is required to furnish by or under this Ordinance; or

(b) refuses or fails to comply with any order or direction of the [Commission] made or issued under this Ordinance; or

(c) contravenes or otherwise fails to comply with the provisions of this Ordinance or any rules or regulations made thereunder;

The [Commission] may, if it is satisfied after giving the person an opportunity of being heard that refusal, failure or contravention was willful, by order direct that such person shall pay to the [Commission] by way of penalty such sum not exceeding [fifty million] rupees as may be specified in the order and, in the case of a continuing default, a further sum calculated at the rate of [two hundred] thousand rupees for every day after the issue of such order during which the refusal, failure or contravention continues.

Emphasis Added

(a) the contention of the Appellants that after institution of winding up petition in the Court, an enquiry into investor claims could not be held, holds no merit. Reliance is placed on section 21 of the Ordinance above which states that the Commission "..at any time…" may cause an enquiry to be made into "…(b) the dealings, business or any transaction in securities by any [person or] broker, member, director or officer of an Exchange…" Section 21 of the Ordinance does not bar the Commission from conducting an enquiry during pendency of winding up petition before the court; and

(b) the Appellants ought to have fully cooperated with the Enquiry Officers. The Enquiry Officers vide letter dated 22-6-2011 and 11-8-2011 asked the Appellants for the complete record. The Appellants submitted vide letter dated 20-8-2011 that they could not provide the complete record as they did not have access to their office after suspension of their membership from LSE. The documents/information not provided to the Enquiry Officers included: (a) account opening forms of clients, with the house as well with the CDC; (b) complete general ledgers and subsidiary ledgers (party-wise ledgers) for the period 1-7-2009 to 4-6-2011; (c) client-wise transaction details for the period from 1-7-2009 to 4-6-2011; (d) party-wise receipts and payment details for the period 1-7-2009 to 4-6-2011 (e) trial balance as on 4-6-2011; (f) details of pending/ unsettled claims as on 4-6-2011; (g) clients' securities balance report and equity/ exposure report of clients as on 4-6-2011; (h) UIN wise and scrip wise break up relating to balance of final loss payable to NCCPL as on 4-6-2011 and its subsequent position; (i) list of employees and the directors holding designation, current address and job description (in case of employees only); (j) copies of minutes of meetings of shareholders and directors of the Company; (k) risk management policy including margin requirements; (l) list of bank accounts maintained by the brokerage house with their address, and details of available assets of the brokerage house; (m) bank statements of all the banks for the period from 1-7-2009 to 4-7-2011; (n) defaults of loan/finance facilities obtained from the banks and details of financial dues outstanding against the company; (o) list of authorized signatories for banks/CDC/NCCPL/LSE including copies of board resolutions and signatories cards; (p) net capital balance certificate for the last two years; (q) audited accounts of the brokerage house for the last two years; (r) correspondence with complainants as well as with LSE relating to complaints; (s) documentary evidence regarding actions by the management of the brokerage house for resolution of complaints; (t) copies of existing charge registered on any assets of the company; (u) pattern of shareholding; (v) pledge reports of house/sub-accounts and details of pledge (Add/Release/Call) by LSE banks; and (w) CDC audit/ inspection report issued by CDC.

The perusal of the record shows that the Enquiry Officers vide notice dated 22-9-2011 directed the Appellants to ensure presence of an authorized representative of the Company at the Company's office at the LSE building in Lahore to inspect the record of the Company, however, no one appeared on behalf of the Company as directed. The Chief Executive Officer responded vide letter dated 28-9-2011 stating that a winding up petition of the Company is pending before the Court and the Company cannot be compelled to produce any record or statement that can be used against the Company. The Enquiry Officers vide letter dated 12-10-2011 afforded another opportunity to the Company to provide the record on or before 21-10-2011, however, the Appellant vide letter dated 14-10-2011 reiterated the same stance taken earlier and failed to provide the record. The Enquiry Officers vide letter dated 11-11-2011 while responding to the averments of the Company advised the Company to provide the relevant record on or before 23-11-2011. The Company, however, still failed to provide any information and record. We do not see any reason why the Appellants failed to cooperate with the Enquiry Officers. The afore-mentioned facts prove it beyond any doubt that the entire record is in the custody of the Appellants, who in order to delay the processing of claims did not cooperate with the Enquiry Officers.

So far as the contention of the Appellants regarding leniency on the ground that the Appellant are fully co-operating with the Court in order to pay back the claim of the investors is concerned, we are of the view that the Appellants ought to have settled the claims of the investors before initiating of winding up and should have fully cooperated with LSE being the front line regulator and the SECP being its apex regulator. The investors have suffered an inordinate delay for settlement of their claims due to the actions of the Appellants.

In view of the above, we see no reason to take a lenient view and the appeal is dismissed with no order as to costs.

Appeal dismissed.

Innovation Distinguishes Between
A Leader And A Follower

(Steve Jobs, Co-Founder and Ex-CEO of Apple Inc.)

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How small things make big difference

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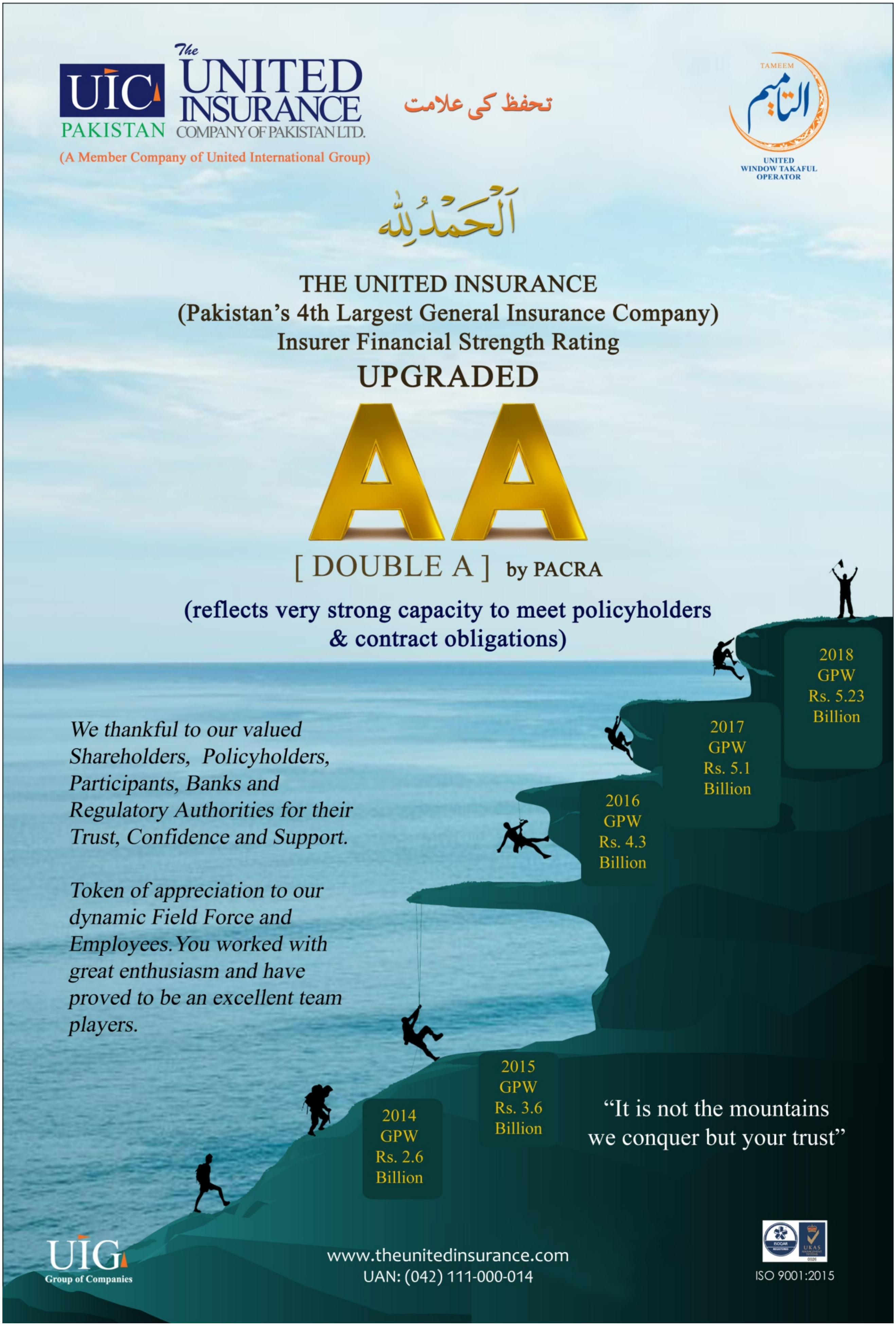
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