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Quarterly

Insurance Journal

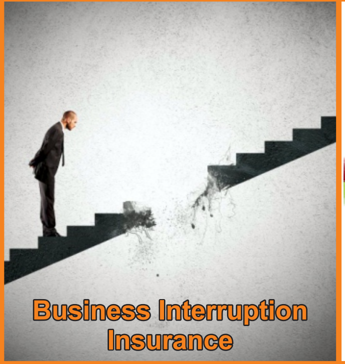
April, May, June 2019

Inside:

Important Statistics 2018

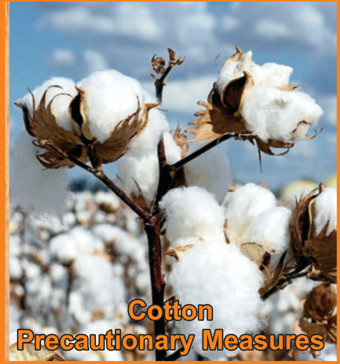
35 Insurance Companies of Pakistan

Year	(Rs. In Million)	General Insurance	Life Insurance	Takaful (General)	Takaful (Family)
2018	Paid up Capital	23,812.694	3,434.602	1,122.215	2,057.124
	Gross Premium	81,526.033	87,514.890	1,053.570	9,288.028
	Net Premium	44,154.933	85,517.222	337.557	7,623.803
	Profit Before Tax	11,854.870	5,854.927	(57.652)	176.105
	Profit After Tax	7,903.689	3,804.223	(64.854)	116.889
	Investment Income	6,042.346	15,614.173	20.736	1,097.299
	Investments	83,918.695	250,536.435	809.765	19,590.114
	Total Assets	191,351.321	275,884.375	2,289.721	26,185.500
	Claim Expense	22,583.862	34,582.898	279.263	3,692.091
2017	Paid up Capital	23,211.858	2,934.602	809.226	1,744.880
	Gross Premium	74,625.231	83,874.325	764.773	9,576.344
	Net Premium	41,266.362	82,224.258	306.170	8,061.719
	Profit Before Tax	11,974.027	8,120.649	10.074	180.593
	Profit After Tax	7,786.382	5,294.497	6.175	121.240
	Investment Income	6,281.832	13,467.311	39.172	742.442
	Investments	88,242.168	226,067.732	666.556	16,370.923
	Total Assets	190,506.242	250,613.347	1,988.155	22,637.219
	Claim Expense	20,719.648	31,563.718	266.478	3,459.371



Business Interruption Insurance

Quality Management of Claims



Cotton Precautionary Measures

Concept of WAQF in Takaful

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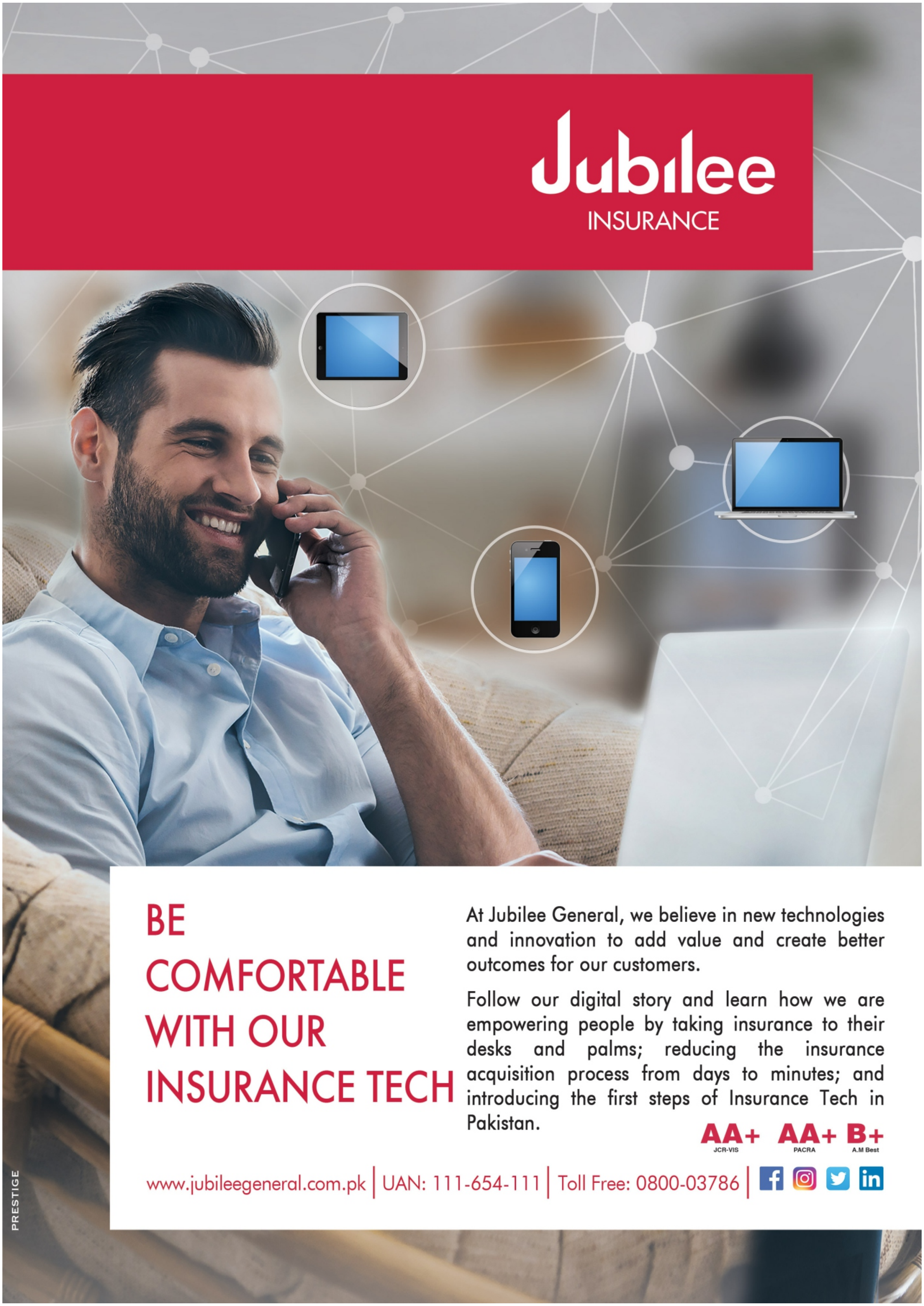
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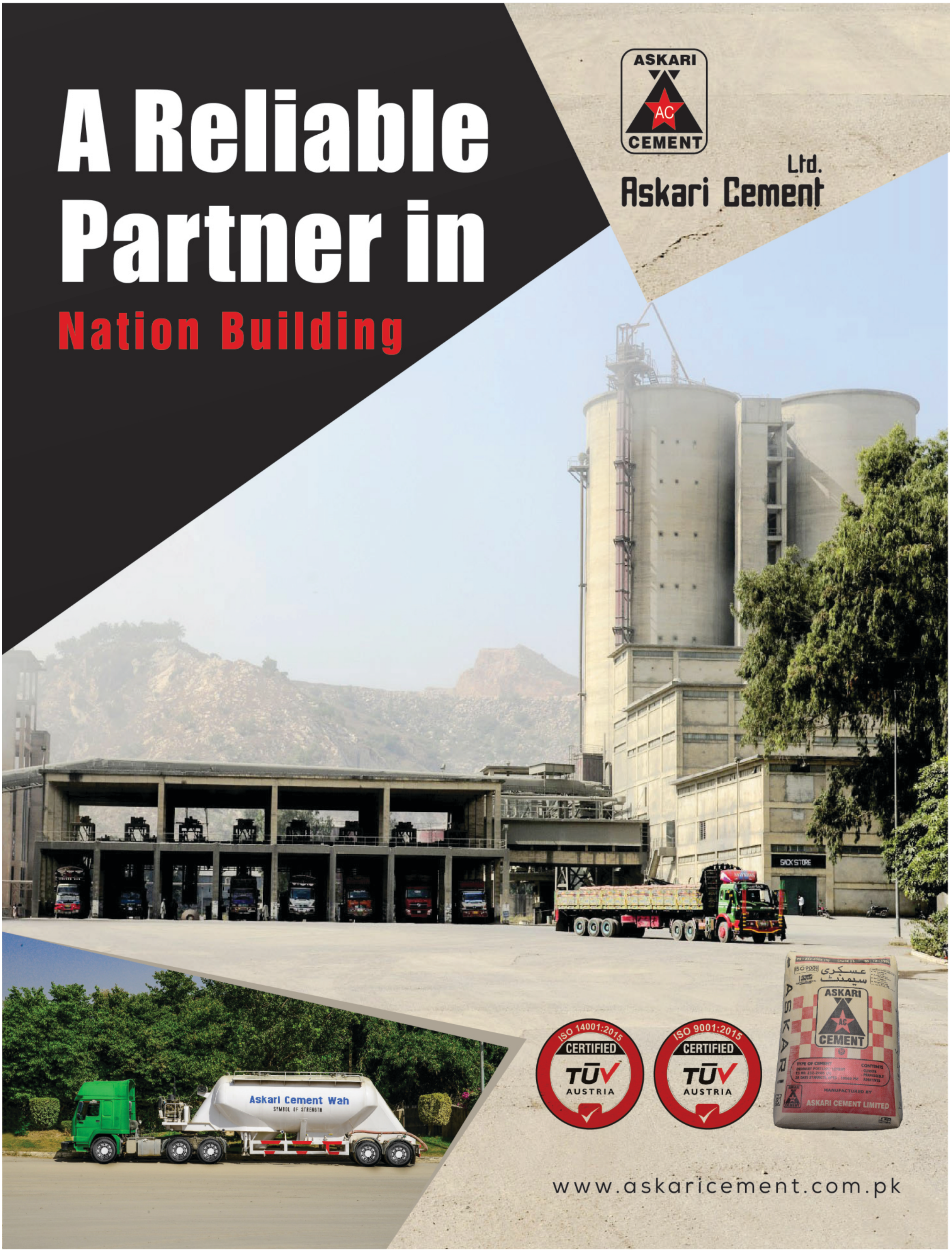

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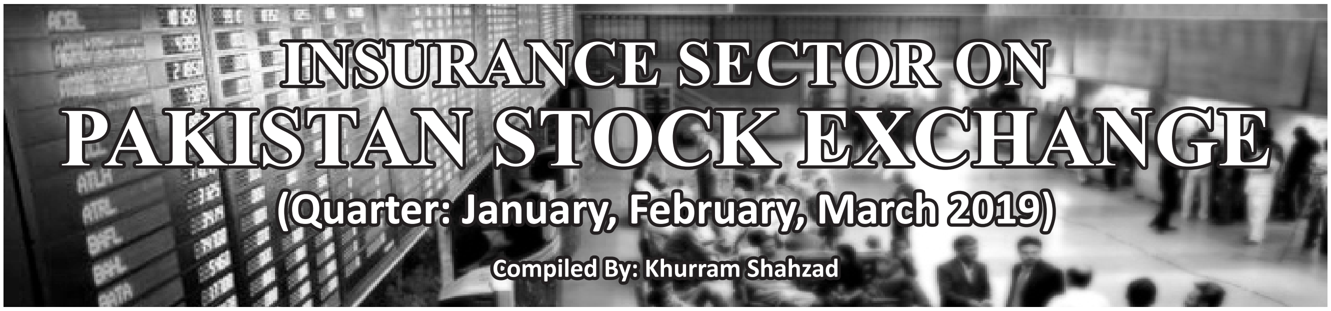


INSURANCE SECTOR ON PAKISTAN STOCK EXCHANGE

(Quarter: January, February, March 2019)

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	47.70	39.03	8,255,000	
Asia Insurance Company Limited	603	10.00	-	-	-	
Askari General Insurance Company Limited	719	10.00	30.00	24.50	744,000	Dividend = 15%, Bonus Issue = 15%
Askari Life Assurance Company Limited	602	10.00	10.35	7.81	1,177,500	
Atlas Insurance Limited	772	10.00	78.75	60.00	238,000	Dividend = 70%, Bonus Issue = 10%
Beema-Pakistan Company Limited	417	10.00	-	-	-	
Business & Industrial Insurance Company Limited	86	10.00	-	-	-	
Century Insurance Company Limited	503	10.00	23.30	19.25	35,500	Dividend = 12.50%
Crescent Star Insurance Limited	1,077	10.00	2.65	1.60	11,634,500	
Cyan Limited	586	10.00	41.75	26.50	557,000	
East West Insurance Company Limited	610	10.00	-	-	-	
EFU General Insurance Limited	2,000	10.00	116.35	102.00	1,568,100	Dividend = 62.50%
EFU Life Assurance Limited	1,000	10.00	236.94	185.00	160,900	Dividend = 112.50%
Habib Insurance Company Limited	619	5.00	11.90	10.75	813,000	Dividend = 15%
Hallmark Insurance Company Limited	5	10.00	-	-	-	
IGI Holdings Limited	1,426	10.00	221.01	188.00	415,600	
IGI Life Insurance Limited	706	10.00	50.89	43.10	22,500	
Jubilee General Insurance Company Limited	1,804	10.00	65.00	55.00	217,000	Dividend = 40%
Jubilee Life Insurance Company Limited	793	10.00	540.00	389.99	90,850	Dividend = 145%
Pakistan General Insurance Company Limited	464	10.00	5.96	2.75	559,000	
Pakistan Reinsurance Company Limited	3,000	10.00	35.50	28.76	1,610,500	
PICIC Insurance Limited	350	10.00	2.10	1.11	4,631,500	
Premier Insurance Limited	506	10.00	7.00	5.11	174,500	
Progressive Insurance Company Limited	85	10.00	-	-	-	
Reliance Insurance Company Limited	561	10.00	7.50	5.36	505,000	
Shaheen Insurance Company Limited	600	10.00	5.38	4.01	225,500	
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	11.82	8.06	1,666,000	Bonus Issue = 15%
The Universal Insurance Company Limited	500	10.00	7.00	5.00	48,000	
TPL Insurance Limited	939	10.00	21.50	20.16	77,500	

Important Statistics 2018

Insurance Companies of Pakistan

25 General Insurance Companies (without Takaful Contribution)

Total	2018	2017
	(Rs. In Million)	
Paid up Capital	23,812.694	23,211.858
Gross Premium	81,526.033	74,625.231
Net Premium	44,154.933	41,266.362
Profit Before Tax	11,854.870	11,974.027
Profit After Tax	7,903.689	7,786.382
Investment Income	6,042.346	6,281.832
Investments	83,918.695	88,242.168
Total Assets	191,351.321	190,506.242
Claim Expense	22,583.862	20,719.648

ADAMJEE INSURANCE CO. LTD.

Registered in 1960

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

	2018	(Restated) 2017
Paid up Capital	3,500.000	3,500.000
Gross Premium	20,387.059	18,521.851
Net Premium	13,805.781	11,534.999
Profit Before Tax	1,965.639	2,120.906
Profit After Tax	1,239.000	1,221.228
Investment Income	1,284.656	1,493.778
Investments	23,419.229	23,054.559
Total Assets	47,845.094	47,387.537
Claim Expense	8,385.752	7,433.828
Earning / (Loss) per Share - (Rupees)	3.54	3.49

ALFALAH INSURANCE CO. LTD.

Registered in 2006

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

	2018	(Restated) 2017
Paid up Capital	500.000	500.000
Gross Premium	2,338.699	2,082.006
Net Premium	1,302.298	1,043.222
Profit Before Tax	95.188	176.895
Profit After Tax	65.767	123.040
Investment Income	36.932	48.856
Investments	1,014.508	574.442
Total Assets	3,186.871	3,150.483
Claim Expense	617.966	470.630
Earning / (Loss) per Share - (Rupees)	1.32	2.46

ALPHA INSURANCE CO. LTD.

Registered in 1950

CEO: Mr. Nadeem Bessey CFO: Mr. M. Ayaz Ghori

	2018	(Restated) 2017
Paid up Capital	500.000	500.000
Gross Premium	83.474	106.277
Net Premium	47.419	79.917
Profit Before Tax	(53.466)	(67.735)
Profit After Tax	(49.628)	(59.986)
Investment Income	43.777	53.620
Investments	808.033	779.012
Total Assets	1,216.069	1,411.146
Claim Expense	46.023	89.344
Earning / (Loss) per Share - (Rupees)	(0.99)	(1.34)

Important Statistics 2018

Insurance Companies of Pakistan

ASKARI GENERAL INSURANCE CO. LTD.

Registered in 1995

CEO: Mr. Abdul Waheed CFO: Mr. Razi Haider

	2018	(Restated) 2017
Paid up Capital	625.234	625.234
Gross Premium	2,885.080	2,583.234
Net Premium	1,811.751	1,356.189
Profit Before Tax	420.847	364.497
Profit After Tax	295.767	253.690
Investment Income	81.823	87.829
Investments	1,831.910	1,606.820
Total Assets	4,854.565	4,511.129
Claim Expense	1,069.485	622.365
Earning / (Loss) per Share - (Rupees)	4.73	4.06

ASIA INSURANCE CO. LTD.

Registered in 1980

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

	2018	(Restated) 2017
Paid up Capital	603.373	450.000
Gross Premium	521.370	659.319
Net Premium	480.215	527.728
Profit Before Tax	15.457	84.669
Profit After Tax	20.315	76.795
Investment Income	10.778	(30.084)
Investments	498.372	312.438
Total Assets	1,464.002	1,136.324
Claim Expense	136.964	179.238
Earning / (Loss) per Share - (Rupees)	0.36	1.71

ATLAS INSURANCE CO. LTD.

Registered in 1934

CEO: Mr. Babar Mahmood Mirza CFO: Mr. Rashid Amin

	2018	(Restated) 2017
Paid up Capital	701.614	701.614
Gross Premium	2,849.455	2,379.272
Net Premium	1,473.915	1,274.543
Profit Before Tax	989.029	988.847
Profit After Tax	665.568	663.987
Investment Income	230.857	321.547
Investments	3,712.647	4,933.697
Total Assets	6,665.727	6,762.121
Claim Expense	488.305	432.519
Earning / (Loss) per Share - (Rupees)	9.49	9.46

CENTURY INSURANCE CO. LTD.

Registered in 1988

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

	2018	(Restated) 2017
Paid up Capital	502.968	502.968
Gross Premium	1,185.648	1,049.724
Net Premium	690.290	593.051
Profit Before Tax	105.020	233.593
Profit After Tax	71.327	140.006
Investment Income	(54.336)	147.056
Investments	1,359.047	1,476.999
Total Assets	2,829.744	2,735.632
Claim Expense	288.199	246.956
Earning / (Loss) per Share - (Rupees)	1.42	2.78

Important Statistics 2018

Insurance Companies of Pakistan

CRESCENT STAR INSURANCE CO. LTD.

Registered in 1957

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

	2018	(Restated) 2017
Paid up Capital	1,076.950	826.833
Gross Premium	114.618	113.280
Net Premium	111.270	109.614
Profit Before Tax	(49.237)	40.021
Profit After Tax	(63.097)	73.167
Investment Income	0.307	103.712
Investments	15.559	36.132
Total Assets	1,179.593	1,243.014
Claim Expense	17.453	37.284
Earning / (Loss) per Share - (Rupees)	(0.60)	0.88

EAST WEST INSURANCE CO. LTD.

Registered in 1983

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

	2018	(Restated) 2017
Paid up Capital	762.227	609.782
Gross Premium	3,107.161	2,531.428
Net Premium	1,459.230	1,054.707
Profit Before Tax	146.116	88.795
Profit After Tax	132.392	66.186
Investment Income	(9.220)	(47.436)
Investments	1,073.308	1,183.563
Total Assets	2,958.081	2,689.373
Claim Expense	633.992	469.917
Earning / (Loss) per Share - (Rupees)	1.74	0.87

EFU GENERAL INSURANCE CO. LTD.

Registered in 1932

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

	2018	(Restated) 2017
Paid up Capital	2,000.000	2,000.000
Gross Premium	18,780.177	18,837.706
Net Premium	7,562.349	7,614.558
Profit Before Tax	3,262.364	3,661.586
Profit After Tax	2,171.273	2,500.330
Investment Income	1,612.336	1,512.280
Investments	13,705.869	15,377.243
Total Assets	42,869.123	43,654.104
Claim Expense	3,088.870	2,975.071
Earning / (Loss) per Share - (Rupees)	10.86	12.50

HABIB INSURANCE CO. LTD.

Registered in 1942

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

	2018	(Restated) 2017
Paid up Capital	619.374	619.374
Gross Premium	1,327.024	1,163.365
Net Premium	532.062	555.977
Profit Before Tax	157.916	162.735
Profit After Tax	105.310	109.956
Investment Income	196.665	215.224
Investments	1,200.619	1,277.273
Total Assets	3,282.403	3,276.059
Claim Expense	312.495	373.716
Earning / (Loss) per Share - (Rupees)	0.85	0.89

Important Statistics 2018

Insurance Companies of Pakistan

IGI INSURANCE CO. LTD.

Registered in 1953

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

	2018	(Restated) 2017
Paid up Capital	1,918.384	1,501.000
Gross Premium	4,417.930	2,901.560
Net Premium	2,236.396	1,645.140
Profit Before Tax	467.599	248.798
Profit After Tax	327.386	173.879
Investment Income	134.816	63.685
Investments	2,564.963	1,281.211
Total Assets	6,858.395	5,744.538
Claim Expense	1,142.715	933.244
Earning / (Loss) per Share - (Rupees)	1.74	-

JUBILEE GENERAL INSURANCE CO. LTD.

Registered in 1953

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

	2018	(Restated) 2017
Paid up Capital	1,804.465	1,804.465
Gross Premium	9,161.366	7,694.212
Net Premium	4,922.929	4,610.717
Profit Before Tax	1,631.278	1,664.304
Profit After Tax	1,066.305	1,116.985
Investment Income	1,019.544	879.213
Investments	10,758.716	10,701.306
Total Assets	21,313.152	19,697.564
Claim Expense	2,691.068	2,450.107
Earning / (Loss) per Share - (Rupees)	5.91	6.19

THE PAKISTAN GENERAL INSURANCE CO. LTD.

Registered in 1948

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

	2018	(Restated) 2017
Paid up Capital		464.015
Gross Premium		201.098
Net Premium		270.762
Profit Before Tax		45.023
Profit After Tax	Not Available	61.120
Investment Income		13.898
Investments		464.752
Total Assets		902.551
Claim Expense		4.142
Earning / (Loss) per Share - (Rupees)		1.26

PICIC INSURANCE CO. LTD.

Registered in 2004

CEO: Mr. Moiz Ali CFO: Syed Zaigham Raza

	2018	(Restated) 2017
Paid up Capital	350.000	350.000
Gross Premium	-	(0.511)
Net Premium	-	44.643
Profit Before Tax	(8.914)	(41.647)
Profit After Tax	(11.799)	(42.231)
Investment Income	2.347	2.353
Investments	40.339	38.208
Total Assets	67.011	68.604
Claim Expense	-	48.447
Earning / (Loss) per Share - (Rupees)	(0.34)	(1.21)

Important Statistics 2018

Insurance Companies of Pakistan

PREMIER INSURANCE CO. LTD.

Registered in 1952

CEO: Mr. Zahid Bashir CFO: Mr. Amjed Bahadur Ali

	2018 (Restated)	2017
Paid up Capital	505.650	505.650
Gross Premium	535.976	849.108
Net Premium	290.308	517.834
Profit Before Tax	15.964	(302.008)
Profit After Tax	10.613	(315.977)
Investment Income	42.937	27.265
Investments	806.620	987.523
Total Assets	2,989.203	3,599.157
Claim Expense	93.910	527.112
Earning / (Loss) per Share - (Rupees)	0.21	(6.25)

RELIANCE INSURANCE CO. LTD.

Registered in 1982

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

	2018 (Restated)	2017
Paid up Capital	561.413	561.413
Gross Premium	878.686	1,155.402
Net Premium	348.241	357.654
Profit Before Tax	60.122	(17.595)
Profit After Tax	48.997	(38.793)
Investment Income	46.673	(40.073)
Investments	711.108	704.219
Total Assets	1,658.654	1,791.121
Claim Expense	87.174	88.157
Earning / (Loss) per Share - (Rupees)	0.87	(0.69)

SECURITY GENERAL INSURANCE CO. LTD.

Registered in 1996

CEO: Mr. Farrukh Aleem CFO: Hafiz Khuram Shahzad

	2018 (Restated)	2017
Paid up Capital	680.625	680.625
Gross Premium	2,495.889	2,013.428
Net Premium	599.589	502.534
Profit Before Tax	1,291.835	1,278.119
Profit After Tax	853.828	824.723
Investment Income	995.081	1,082.585
Investments	14,014.955	17,093.520
Total Assets	18,996.683	21,241.770
Claim Expense	83.195	94.442
Earning / (Loss) per Share - (Rupees)	12.54	12.12

SHAHEEN INSURANCE CO. LTD.

Registered in 1996

CEO: Mr. Sohel N. Kidwai CFO: Nisar Ahmed Almani

	2018 (Restated)	2017
Paid up Capital	600.000	600.000
Gross Premium	416.939	342.924
Net Premium	366.914	299.202
Profit Before Tax	88.621	73.948
Profit After Tax	68.641	63.490
Investment Income	33.037	29.143
Investments	694.012	641.723
Total Assets	1,152.265	1,035.677
Claim Expense	84.889	80.412
Earning / (Loss) per Share - (Rupees)	1.14	1.13

Important Statistics 2018

Insurance Companies of Pakistan

SINDH INSURANCE LTD.

Registered in 2010

CEO: Mr. Muhammad Faisal Siddiqui CFO: Nadeem Akhtar

	2018 (Restated)	2017
Paid up Capital	1,000.000	1,000.000
Gross Premium	426.427	403.140
Net Premium	358.775	1,618.930
Profit Before Tax	278.825	178.318
Profit After Tax	198.429	124.876
Investment Income	258.479	181.555
Investments	3,107.017	2,995.300
Total Assets	3,860.007	3,478.610
Claim Expense	801.910	763.598
Earning / (Loss) per Share - (Rupees)	1.98	2.43

SPI INSURANCE CO. LTD.

Registered in 2005

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

	2018 (Restated)	2017
Paid up Capital	500.000	500.000
Gross Premium	580.692	700.999
Net Premium	471.131	561.908
Profit Before Tax	12.967	48.456
Profit After Tax	18.932	44.152
Investment Income	16.656	14.265
Investments	235.613	232.194
Total Assets	1,223.833	1,177.984
Claim Expense	151.679	198.926
Earning / (Loss) per Share - (Rupees)	0.38	0.95

TPL DIRECT INSURANCE CO. LTD.

Registered in 2005

CEO: Mr. Muhammad Aminuddin CFO: Syed Ali Hassan Zaidi

	2018 (Restated)	2017
Paid up Capital	938.663	755.159
Gross Premium	1,350.155	1,383.697
Net Premium	1,264.045	1,299.465
Profit Before Tax	14.511	163.363
Profit After Tax	3.575	105.027
Investment Income	1.252	15.155
Investments	673.125	1,069.461
Total Assets	2,251.347	2,500.624
Claim Expense	485.918	502.048
Earning / (Loss) per Share - (Rupees)	0.04	1.12

UBL INSURERS LTD.

Registered in 2007

CEO: Mr. Babar Mahmood Mirza CFO: Mr. Nadeem Raza

	2018 (Restated)	2017
Paid up Capital	800.000	1,152.174
Gross Premium	3,391.311	2,760.842
Net Premium	1,412.460	1,012.177
Profit Before Tax	364.991	247.371
Profit After Tax	259.576	166.996
Investment Income	60.557	44.115
Investments	1,069.634	863.695
Total Assets	4,807.107	4,179.117
Claim Expense	568.260	419.969
Earning / (Loss) per Share - (Rupees)	2.25	1.45

Important Statistics 2018

Insurance Companies of Pakistan

THE UNITED INSURANCE CO. OF PAKISTAN LTD.

Registered in 1959

CEO: Mr. Mohammed Rahat Sadiq CFO: Mr. Maqbool Ahmad

	2018 (Restated)	2017
Paid up Capital	2,261.754	2,001.552
Gross Premium	4,227.348	4,163.546
Net Premium	2,574.381	2,768.708
Profit Before Tax	562.701	487.345
Profit After Tax	389.223	292.284
Investment Income	8.365	67.205
Investments	427.999	425.284
Total Assets	6,895.465	6,211.319
Claim Expense	1,305.274	1,287.193
Earning / (Loss) per Share - (Rupees)	1.72	1.29

THE UNIVERSAL INSURANCE CO. LTD.

Registered in 1958

CEO: Mr. Gohar Ayub Khan CFO: Mr. Ashfaq Ahmed

	2018 (Restated)	2017
Paid up Capital	500.000	500.000
Gross Premium	63.549	28.324
Net Premium	33.184	12.183
Profit Before Tax	19.497	45.423
Profit After Tax	15.989	41.452
Investment Income	(11.973)	(4.914)
Investments	175.493	131.594
Total Assets	926.927	920.684
Claim Expense	2.366	(9.017)
Earning / (Loss) per Share - (Rupees)	0.32	0.98

05 Life Insurance Companies (without Takaful Contribution)

Total	2018 (Rs. In Million)	2017
Paid up Capital	**3,434.602**	**2,934.602**
Gross Premium	**87,514.890**	**83,874.325**
Net Premium	**85,517.222**	**82,224.258**
Profit Before Tax	**5,854.927**	**8,120.649**
Profit After Tax	**3,804.223**	**5,294.497**
Investment Income	**15,614.173**	**13,467.311**
Investments	**250,536.435**	**226,067.732**
Total Assets	**275,884.375**	**250,613.347**
Claim Expense	**34,582.898**	**31,563.718**

ADAMJEE LIFE ASSURANCE CO. LTD.

Registered in 2008

CEO: Mian Umer Mansha CFO: Mr. Jalal Meghani

	2018 (Restated)	2017
Paid up Capital	935.494	935.494
Gross Premium	13,247.254	13,766.086
Net Premium	12,711.254	13,294.151
Profit Before Tax	72.563	(242.152)
Profit After Tax	56.088	(169.749)
Investment Income	1,585.556	1,460.016
Investments	28,783.093	26,710.251
Total Assets	33,912.292	29,457.428
Claim Expense	6,392.091	4,400.308
Earning / (Loss) per Share - (Rupees)	0.60	(1.81)

Important Statistics 2018

Insurance Companies of Pakistan

ASKARI LIFE ASSURANCE CO. LTD.

Registered in 1992

CEO: Mr. Jehanzeb Zafar CFO: Mr. Rehan Mobin

	2018	(Restated) 2017
Paid up Capital	1,101.720	601.720
Gross Premium	43.849	19.211
Net Premium	25.661	16.758
Profit Before Tax	(112.738)	(35.073)
Profit After Tax	(112.738)	(35.073)
Investment Income	29.631	23.833
Investments	714.005	423.768
Total Assets	843.373	526.967
Claim Expense	50.083	37.332
Earning / (Loss) per Share - (Rupees)	(1.82)	(0.59)

EFU LIFE ASSURANCE CO. LTD.

Registered in 1932

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

	2018	(Restated) 2017
Paid up Capital	1,000.000	1,000.000
Gross Premium	30,790.407	31,420.835
Net Premium	30,164.268	30,813.133
Profit Before Tax	2,326.390	2,794.241
Profit After Tax	1,581.333	1,909.962
Investment Income	6,942.391	6,411.124
Investments	105,820.637	97,959.122
Total Assets	116,764.611	109,545.184
Claim Expense	13,094.451	14,237.934
Earning / (Loss) per Share - (Rupees)	15.81	19.10

IGI LIFE INSURANCE LTD.

Registered in 1952

CEO: Syed Hyder Ali CFO: Syed Fahad Subhan

	2018	(Restated) 2017
Paid up Capital	705.762	705.762
Gross Premium	4,793.561	5,617.388
Net Premium	4,656.321	5,488.472
Profit Before Tax	(134.076)	225.975
Profit After Tax	(94.703)	157.771
Investment Income	1,077.634	1,072.504
Investments	15,681.832	17,771.814
Total Assets	18,650.377	20,028.295
Claim Expense	5,122.635	4,318.736
Earning / (Loss) per Share - (Rupees)	1.34	2.24

JUBILEE LIFE INSURANCE CO. LTD.

Registered in 1995

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

	2018	(Restated) 2017
Paid up Capital	627.120	627.120
Gross Premium	51,887.073	46,816.891
Net Premium	50,670.972	45,905.895
Profit Before Tax	3,775.351	5,135.506
Profit After Tax	2,430.331	3,261.837
Investment Income	7,564.517	5,959.850
Investments	128,319.961	109,913.028
Total Assets	139,626.014	120,512.901
Claim Expense	16,315.729	12,969.716
Earning / (Loss) per Share - (Rupees)	30.64	41.12

Important Statistics 2018

Insurance Companies of Pakistan

01 Health Insurance Company:

ALLIANZ EFU HEALTH INSURANCE LTD. Registered in 2000

CEO: Mr. Akhtar Kurban Alavi CFO: Mr. Amjed Bahadur Ali

	2018 (Restated)	2017
Paid up Capital	500.000	500.000
Gross Premium	2,026.447	1,947.030
Net Premium	1,335.397	1,277.527
Profit Before Tax	76.947	121.740
Profit After Tax	57.013	85.115
Investment Income	20.931	44.449
Investments	695.971	759.479
Total Assets	1,814.897	1,820.988
Claim Expense	1,069.395	936.425
Earning / (Loss) per Share - (Rupees)	1.14	1.70

02 Takaful (General) Companies:

(Rs. In Million)

Total	2018	2017
Paid up Capital	**1,122.215**	**809.226**
Gross Premium	**1,053.570**	**764.773**
Net Premium	**337.557**	**306.170**
Profit Before Tax	**(57.652)**	**10.074**
Profit After Tax	**(64.854)**	**6.175**
Investment Income	**20.736**	**39.172**
Investments	**809.765**	**666.556**
Total Assets	**2,289.721**	**1,988.155**
Claim Expense	**279.263**	**266.478**

PAK-QATAR GENERAL TAKAFUL LTD. Registered in 2006

CEO: Mr. Zahid Hussain Awan CFO: Muhammad Kamran Saleem

	2018 (Restated)	2017
Paid up Capital	509.226	509.226
Gross Premium	677.714	614.991
Net Premium	192.481	168.463
Profit Before Tax	18.668	6.244
Profit After Tax	12.345	3.043
Investment Income	15.060	20.583
Investments	310.233	368.353
Total Assets	1,336.967	1,509.193
Claim Expense	201.632	211.234
Earning / (Loss) per Share - (Rupees)	0.24	0.06

TAKAFUL PAKISTAN LTD. Registered in 2006

CEO: Syed Rizwan Hussain CFO: Mr. Muhammad Irfan

	2018 (Restated)	2017
Paid up Capital	612.989	300.000
Gross Premium	375.856	149.782
Net Premium	145.076	137.707
Profit Before Tax	(76.320)	3.830
Profit After Tax	(77.199)	3.132
Investment Income	5.676	18.589
Investments	499.532	298.203
Total Assets	952.754	478.962
Claim Expense	77.631	55.244
Earning / (Loss) per Share - (Rupees)	(1.52)	0.10

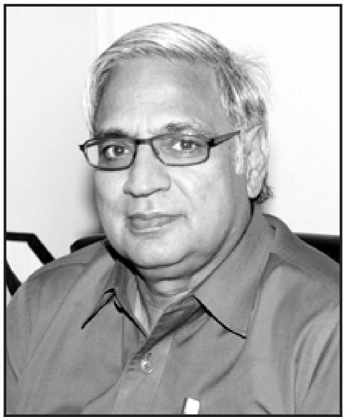
Important Statistics 2018

Insurance Companies of Pakistan
02 Takaful (Family) Companies:

Total	(Rs. In Million) 2018	2017
Paid up Capital	**2,057.124**	**1,744.880**
Gross Premium	**9,288.028**	**9,576.344**
Net Premium	**7,623.803**	**8,061.719**
Profit Before Tax	**176.105**	**180.593**
Profit After Tax	**116.889**	**121.240**
Investment Income	**1,097.299**	**742.442**
Investments	**19,590.114**	**16,370.923**
Total Assets	**26,185.500**	**22,637.219**
Claim Expense	**3,692.091**	**3,459.371**

DAWOOD FAMILY TAKAFUL LTD.	Registered in 2007	
CEO: Mr. Ghazanfar ul Islam CFO: Mr. Muhammad Rizwan Saleem	2018 (Restated)	2017
Paid up Capital	750.000	750.000
Gross Premium	1,471.410	1,313.292
Net Premium	180.663	154.379
Profit Before Tax	21.343	7.218
Profit After Tax	9.431	(4.820)
Investment Income	(23.149)	(59.823)
Investments	2,573.979	1,520.922
Total Assets	4,289.604	3,589.423
Claim Expense	56.604	33.305
Earning / (Loss) per Share - (Rupees)	0.13	(0.06)

PAK-QATAR FAMILY TAKAFUL LTD.	Registered in 2006	
CEO: Mr. Zahid Hussain Awan CFO: Mr. Muhammad Kamran Saleem	2018 (Restated)	2017
Paid up Capital	1,307.124	994.880
Gross Premium	7,816.618	8,263.052
Net Premium	7,443.140	7,907.340
Profit Before Tax	154.762	173.375
Profit After Tax	107.458	126.060
Investment Income	1,120.448	802.265
Investments	17,016.135	14,850.001
Total Assets	21,895.896	19,047.796
Claim Expense	3,635.487	3,426.066
Earning / (Loss) per Share - (Rupees)	0.85	1.35



Dr. Safdar Ali Butt
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Corporate Governance:
Basic Concepts

Stakeholders in a Company

Corporate Governance is essentially about balancing the interests of stakeholders in a company. Therefore, let us first acquaint ourselves with the concept of stakeholders in a company.

A stakeholder is a person (or a body) who has an interest (or stake) in a company. Shareholders are obviously the main group who has a stake in the wellbeing of the company, but they are not the only ones. A number of other people are also affected by the operations, financial position and performance of a company. All such people need to be kept happy by those who run the company. Such people include creditors, lenders, customers, suppliers, employees, general public, government, and society at large, etc. We can classify stakeholders in a listed company in two different ways.

Classification of Stakeholders

The first is on the basis of their respective roles in the company. On this basis we can say the stakeholders are owners, lenders, employees, business associates and society at large.

- Owners include all sorts of shareholders like those who do or do not control the company, individuals as well as institutional investors, long term holders as well short term players, those with voting rights and those without them, etc. Owners obviously have greatest of interests in the company. If the company performs well, they get a better return on their investment. If the company's financial position is strong, their investment is safe.

- Lenders essentially include only those who extend financial advances to the company, rather than credit for services rendered or trade goods supplied. These may be formal financial institutions or individuals (e.g. those who buy bonds, or grant loans through asset management firms). Again, their interest in the company is obvious. A well performing company can continue to pay interest as well as make all principal repayments in good time, without any risk of bad debts.

- Employees include executive directors, senior managers and all others who are on the pay roll of the company. If the company continues to perform well, the employees enjoy job security and career progression.

- Business Associates are company's suppliers and clients. Suppliers benefit from the company only if the company continues to buy from them, which in turn depends on the financial performance of the company. Again, a weak company may not be able to pay the suppliers in time, adding to their cash flow problems. Clients on the other hand can be assured of getting their supplies from the company only if it continues to operate profitably. A financially weak company may fail to offer adequate credit or carry sufficient stock. Hence, both suppliers and clients of a company have an interest in the well being of the company.

- The Society includes public at large as well as the government. A society can benefit from a company only if the company has a capacity (meaning profitability) to participate in socially desirable activities. A government can collect more taxes from a profitable company.

Conflicting or Diverse Interests of Stakeholders

Every class of stakeholders has its own particular interests as enumerated below:

- The interest of the owners lies in sustainable growth in the net worth of the company,
- Lenders require security of their investment and assurance of timely interest payments,
- Employees want continued employment at attractive terms,
- Business associates seek opportunities to further their own profits while the
- Society looks up to the company to be a good citizen and play its role in improvement of its community and environment.

Quite understandably, the interests of these stakeholders often clash with each other. For example, the interest of owners is often best served by depriving the other stakeholders of their rightful dues. Inadequate salaries to employees, lower prices to suppliers, higher charges to clients, tax avoidance, disregard of social obligations, all produce higher profits for the company; in turn leading to higher dividends and higher share value for the shareholders.

And then, there is the overall interest of the company which we refer to as the collective interest of all the stakeholders, namely the continued profitable existence of the company. If the managers of the company opt to invest in risky projects just to satisfy their personal goals, the failure of such project may erode the sustainability of the company. Similarly, if the government of a country (one of the major stakeholders in any company) levies a very high rate of tax on the operations or goods of a company, this may reduce the company's profits and also its ability to pay proper salaries to its workers, or a proper return to its investors.

Decisions made by a company affect all the stakeholders; yet only a few of them have an influence on the company's decision-making process. Another potent way of classifying stakeholders is on the basis of how much opportunity they have to protect their respective interests through an influence on company's decisions. On this basis, stakeholders either have full opportunity, a limited opportunity or relatively no opportunity to protect their interests. Now if we try to list the stakeholders, using both of the above bases of classification in one table, it would appear as shown in Fig 1 below.

Classified on basis of Role in the Company	Classified on basis of opportunity to protect individual interests		
	Those with Full Opportunity	*Those with a Partial Opportunity*	*Those with Virtually No opportunity*
Owners	Controlling Shareholders	Institutional Investors sitting on board	Minor shareholders, not represented on board
Lenders	Financial institutions with lending contracts	Buyers of bonds with trustees arrangements	Other lenders
Employees	Executive Directors	Senior Managers	Other employees on regular terms
Business Associates	Suppliers who sell only on cash terms	Major Suppliers and clients with contracts	Smaller suppliers and smaller clients
Society	None	Government	Public At Large

Fig 1: *Classification of stakeholders in a company*

Need for a Mechanism to Balance Stakeholders' Interests

Those stakeholders (like controlling shareholders, larger institutional lenders, executive directors, etc.) who have greater influence on the company's decisions, can ensure the protection of their interests without having sufficient regard for the interests of all the other stakeholders, or for the collective interest of the company. The decision-makers in developing countries like Pakistan are not always likely to stop at mere protection of their narrow interests. They often cross the line and try to fill their own coffers by actually depriving other stakeholders of their rightful dues. At the other end, there are stakeholders that have no influence whatsoever over the decision-making processes of the company. They need protection from the greed of those who make all the decisions purely from their own point of view. There is therefore a need for a mechanism that will ensure that:

- the individual interest of each stakeholder is served and protected,
- the collective interest of all the stakeholders is served and protected,
- no stakeholder is allowed to expropriate the interest of other stakeholders, and
- no single stakeholder enjoys a monopoly over the decision making process of a company.

Corporate Governance is that mechanism.

Definition of Corporate Governance

In my book, Corporate Government: Text and Cases for Pakistan, I have defined Corporate Governance as “the mechanism used to control and direct the affairs of a corporate body in order to serve and protect the individual and collective interests of all its stakeholders”. To understand this definition, let us consider it in parts:

- It is a mechanism (not a thought, idea or attitude, but a process including and comprising of all laws, professional codes, industrial practices, strategies and internal policies including division of duties, responsibilities and rights among various stakeholders).
- to control and direct the affairs (not to run or manage it on a day to day basis, but to control and direct its affairs from the top level)
- of a corporate body (i.e. a business unit whose owners and other stakeholders are not fully involved in its management)
- in order to serve the individual interests of each of its stakeholders (i.e. the interest of each stakeholder, not just the shareholders)
- and the collective interest of all stakeholders (without ignoring the collective interest of all the stakeholders, namely the continued profitable existence of the company.)

Other Definitions of Corporate Governance

Some other well-known definitions of the subject are appended below.

According to **Organization for Economic Cooperation and Development** (OECD, Corporate Governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company objectives are set, and the means of attaining these objectives and monitoring performance.

Gabrielle O'Donovan defines corporate governance as 'an internal system encompassing policies, processes and people, which serves the needs of shareholders and other stakeholders, by directing and controlling management activities with good business savvy, objectivity, accountability and integrity. Sound corporate governance is reliant on external marketplace commitment and legislation, plus a healthy board culture which safeguards policies and processes'. It is a system of structuring, operating and controlling a company with a view to achieve long term strategic goals to satisfy shareholders, creditors, employees, customers and suppliers, and complying with the legal and regulatory requirements, apart from meeting environmental and local community needs.

La Porta (2000) defines Corporate Governance as a set of mechanisms through which outside investors protect themselves against expropriation by the insiders. He defines insiders as both managers and controlling shareholders.

Report of **SEBI Committee (India)** on Corporate Governance defines corporate governance as the acceptance by management of the inalienable rights of shareholders as the true owners of the corporation and of their own role as trustees on behalf of the shareholders. It is about commitment to values, about ethical business conduct and about making a distinction between personal & corporate funds in the management of a company.”

James McRitchie defined Corporate Governance in 1999 as: Corporate governance is most often viewed as both the structure and the relationships which determine corporate direction and performance. The board of directors is typically central to corporate governance. Its relationship to the other primary participants, typically shareholders and management, is critical. Additional participants include employees, customers, suppliers, and creditors. The corporate governance framework also depends on the legal, regulatory, institutional and ethical environment of the community. Whereas the 20th century might be viewed as the age of management, the early 21st century is predicted to be more focused on governance. Both terms address control of corporations but governance has always required an examination of underlying purpose and legitimacy.

Professor Bob Ticker says 'if management is about running businesses, governance is about seeing that it is run properly.'

Relationship between Management and Governance

For a preliminary understanding of the scope of corporate governance and management, it can be assumed that what a Board of Directors of a company does to ensure a proper conduct of its affairs is called Governance while what is done by the employees hired by the Board to operate the company's affairs on a day to day basis is called the Management of the Company.

Another way of looking at these terms is in relation to the functions performed by each group, namely the governors (i.e. the directors) and managers. Essentially, there are four functions involved in running any organization namely planning, leading, organizing and controlling. Both the directors and management perform all these four functions; however their respective involvement is at different levels.

Responsibility Matrix in Corporate Entities

Under a corporate governance system as practiced in Pakistan, and almost every elsewhere in the world:

- The supreme voting power rests with shareholders.
- Shareholders elect the Board of Directors.
- Board of Directors:
- elects a Chairman who chairs all meetings of the board as well as the shareholders.
- appoints Chief Executive Officer, as well as other principal officials as CFO, Company Secretary, etc. of the company. Some of these officials may be members of the Board.
- also oversees the appointment of other managers of the company. These persons then constitute the management of the company.
- Management runs the company on day to day basis in accordance with policies approved by the Board.
- Management is responsible to the Board; Board is responsible to the Shareholders.

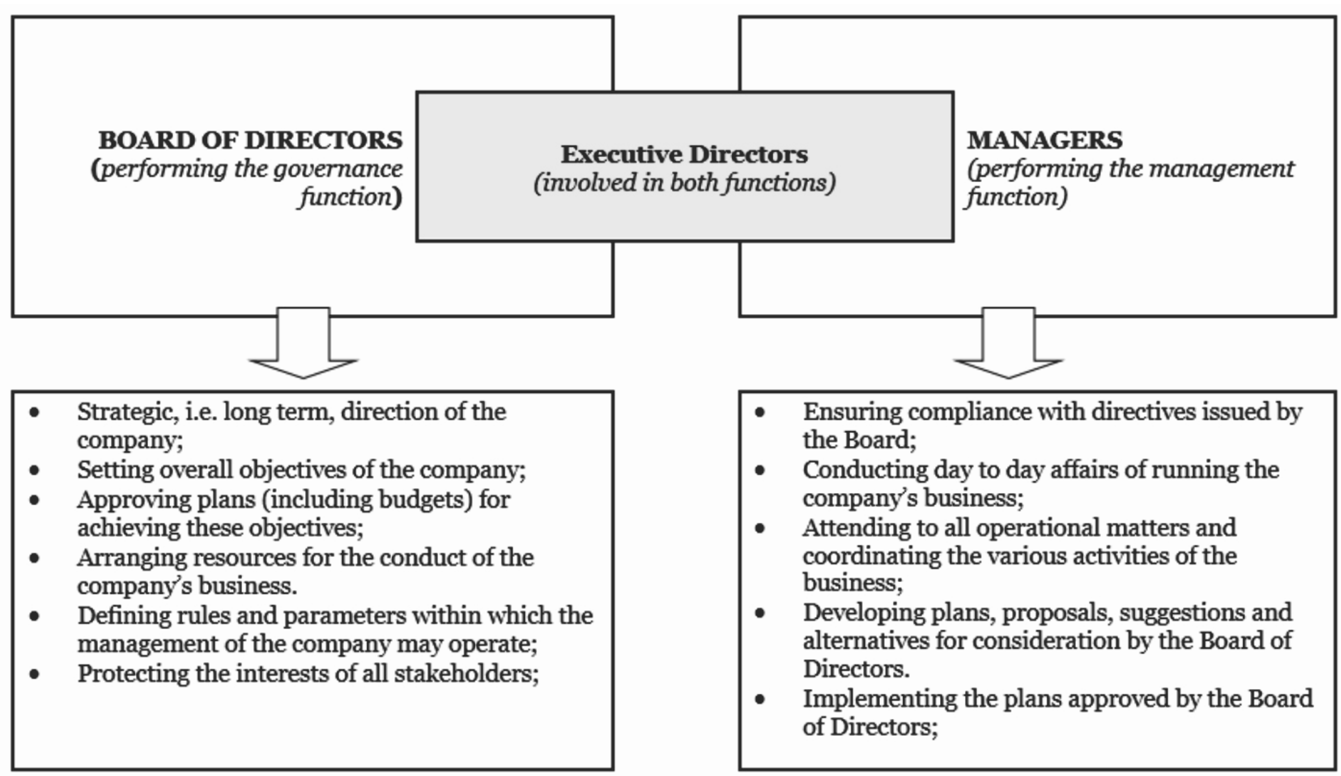

Fig 2: *Relationship between governance and management functions*

Key Issues in Corporate Governance

Experts on the subject have identified the following as the key issues of Corporate Governance:

- ***Fairness***

Companies should act fairly in their relationship with all their stakeholders. This entails ethical conduct of business affairs, adherence to laws of the land and due regard for environment and society at large.

- ***Accountability***

Companies should be accountable to their stakeholders. In the first place, management should be accountable to the board and at the second stage; the Board should be accountable to the shareholders as well as all the other stakeholders. An important component of Accountability is publication of periodic financial reports that includes accuracy of accounting records, reliability and validity of the financial statements, adequate statutory and voluntary disclosures on issues that are relevant for the stakeholders and efficacy of internal and external audits.

- ***Responsibility***

Companies are and should feel responsible for all their acts that have consequences for their various stakeholders. For example, if hazardous gases are being produced by their plants which are ultimately released into the atmosphere, it is their responsibility to purify these gases before releasing them, or to make other suitable arrangements that would minimize their harmful impact of such gases. Similarly, if a plant produces poisonous effluents, these should not be discharged into rivers or open areas; these must be buried at sufficient depth to ensure that the environment is not disturbed.

- ***Transparency & Effective Communication***

Transparency & effective communication between the board and shareholders as well as other stakeholders is considered the backbone of any good governance system. Companies should respect the right of different stakeholders to know what affects them. This also means that the companies should conduct all their affairs in a transparent and above-board manner.

- ***Corporate Social Responsibility***

This covers what a company owes to the society at large and to its closer stakeholders like employees and customers in particular.

Why is Corporate Governance Important?

The principal importance of this field of study lies in the fact that the interests of a large number of stakeholders are attached to a company, but only a few have an opportunity to protect their interests. The affairs of a company are often run by a group of persons who may or may not pay adequate attention to the interest of other stakeholders. For example, in Pakistan most companies are owned by families or closed group of friends. The management of these companies is generally in the hands of a group who own more than 50% of the issued share capital and are therefore able to dominate its board of directors – and all its deliberations. If these companies are not obligated, by force of law or custom, to conduct themselves according to the principles of good corporate governance, the interests of all other stakeholders and ultimately the entire economy will be adversely affected.

- ***Good for capital markets***

Good corporate governance supports capital markets. A large number of research studies have shown that companies that have better governance are able to attract more and cheaper capital both from shareholders and lenders. It has also been demonstrated in various parts of the world that there is a direct and positive link between the quality of governance of a company and its financial performance. Better performing companies liven up the capital markets by promoting the interest of investors.

- ***Good for the economy***

If companies generally observe the principles of good governance, the economy as a whole benefits tremendously. Good governance leads to better financial performance by the companies, encourages investment, fuels growth, generates employment, improves the quality and range of products, enhances governmental revenue and ultimately improves the quality of life for the general populace.

Approaches to Corporate Governance

There are essentially three approaches to governing a company available to a Board of Directors, namely shareholders' approach, stakeholders approach and enlightened shareholders approach.

- ***Shareholders Approach to Corporate Governance***

It is generally believed that the board of directors of a company should govern the company in the best interest of its shareholders, i.e. the owners of the company. This approach is lent credence and weight by the fact that all the directors are elected by and are answerable to shareholders. Shareholders Approach leads the board to formulate policies that aim at maximizing the shareholders' value (through profits and improvement in share value) often at the expense of other stakeholders. A simple example may be taken here: a company can improve its profits by paying poor wages to its workers. In this situation, the interest of shareholders will be served at the expense of employees.

- ***Stakeholders Approach to Corporate Governance***

Also known as Plurist Approach and considered as the ideal approach by proponents of corporate governance, this approach ordains that the Board of Directors should aim at formulating policies that provide for equal (or almost equal) care of the interests of all stakeholders (not just the shareholders). Ideal as it may sound, it is however not a practical approach for the simple reason that all stakeholders cannot possibly be treated equally.

- ***Enlightened Shareholders Approach to Corporate Governance***

This approach offers a compromise between the afore-said two approaches. It requires the Board of Directors to work for the best interest of shareholders, but without damaging or misappropriating the interests of other stakeholders, i.e. having a fair balance of interests. This is the most practical approach as it allows the directors to pursue the interest of shareholders in an enlightened and inclusive way.

Which Approach is most Suitable?

There are several ways of looking at this question.

If we were to try to find out which approach is most prevalent, it is certainly the shareholder's approach. It is easy to understand why most boards follow this approach – they are elected by and are accountable to shareholders. Most shareholders, particularly those holding a controlling interest in the company, are not willing to pay adequate attention to the interest of any other stakeholder.

If we were to ask ourselves as to which approach is the most desirable from the point of view of the society as a whole, it would be stakeholders' approach. If all those whose interests are attached to a company are looked after equally well, it will contribute to betterment of the overall investment climate in the country. This is however not very practical.

If we were to decide as to which approach is most practical and helpful at the same time, it would be enlightened shareholders' approach. This of course implies that shareholders should be prepared to be enlightened, i.e. willing to pay adequate (if not equal) attention to the interest of all stakeholders.

Muhammad Aamir Jamil
Dip CII (UK), Deputy Manager (Underwriting)
Property Division / Ancillary Operations
Security General Insurance Co. Ltd

Insurance Business and Risk Management

Every type of business conflicts some legal, financial and operational risks. The frequency and severity of such risks will depend on the type of services provided by the company. The risk management departments try to avoid or minimize the risk that can affect the business repute.

Risk management in the insurance business is not an easy job. At one side, insurance companies are selling insurance policies that people consider to be a risk mitigation. On the other side, insurance companies themselves face a variety of risks they need to mitigate. People think insurance is a sufficient control activity but it does not cover the core proficiency of the business, although it protects the business from many risks but it does not cover other scenarios.

Insurance companies need to adopt a proactive approach to manage their risks although these companies can “self-insure” or purchase coverage from a reinsurer but this does not confirm that all of the company's risk is considered.

Insurance companies are operating under the ever-changing regulatory environment. Insurance Risk managers are expected to fully understand that how regulatory changes have an impact on their organization because managing the compliance is critical in the challenging environment of the insurance industry either implementation of Rule-58 or collecting information about KYC. Due to day by day increased customer awareness, expectations, the development of new technologies and new regulations insurance companies must revise their risk strategies and invest heavily in compliance, many companies have already started forward-looking compliance risk management practices but there is still significant work to be done.


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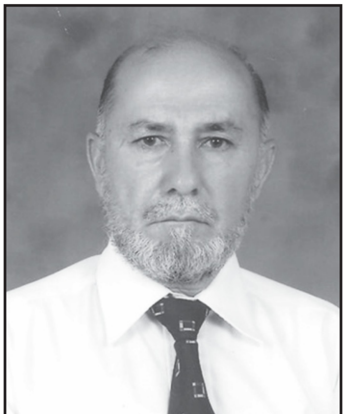


Majid Khan Jadoon
A.C.I.I. (U.K), MD/CEO
M/s. Pakistan Inspection Co. (Pvt.) Ltd.

Cotton

Precautionary Measures Part-2

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

Ginning and Processing Factories:

Through inventions and Mechanical operation of Ginning Factories, these has been a great Revolution in the Cotton Trade the world-over, which has been reflective of the greatest Success and Progress in the Cotton Industry.

By the application of the Mechanical-methods of Cotton-ginning, Cotton-seeds have been very swiftly separated from Cotton-phutties, while grading of Cotton is also being carried-out through this process. In the Old-times, these processes used to be carried-out through manual processes which were substantially time-consuming methods

Concurrently, there are 3-different Types of Cotton-ginning Processes viz:-

I: McArthy Ginning:

Generally, Cotton of Long Fibres are being ginned through this process and this System has been Customary in Egypt and Sudan, wherein Cotton of Long Fibres are produced.

II: Besliko-Ginning/Saw-Ginning:

This System of Ginning is used for the kind of Cotton, whereby the Cotton-seed can be easily separated from the Fibres.

This System has been popularly utilized in Pakistan, India, Central Asia, China and America.

III: Roller-Blade Ginning:

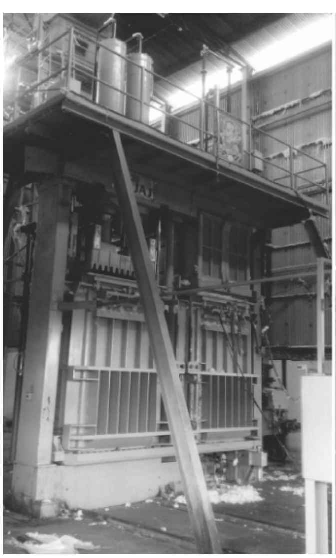
Alike System of Ginning is utilized for that kind of Cotton, wherein seeds are firmly sticking to the Fibres. This system is usually utilized for the ginning of Local Types of Cotton.

The Pressing and Baling of Cotton:

Ginned and Cleansed Cotton are pressed into Pressing Machine which would firmly press and would mould the same in the form of Cotton-bales.

The outer surfaces of the Cotton-bales are usually wrapped by Gunny Bag Cloths and bound with Steel-hoops. The Normal Weight of each bale would blow stand at 170 to 180 Kgs.

Previously, Cotton used to be manually picked-up and pressed into the Ginning Machine and after having been ginned, the same used to be filled into Boras which would be brought to the Press for baling purposes.



However, with the passage of time, a continuous process of Cotton ginning and baling is, now-a-days, being carried-out through Large Suction-pipes which would take the Cotton to the Ginning Machine.

Then, after ginning, through the same continuous process, the Cotton is blown with pressure, through Pipes of Wide-diameter, directly into the Baling-press, where the same are converted into fully-pressed Bales.

Previously, after ginning, the Cotton used to be filled-up in Boras and, thereafter, the Boras would be forwarded to the Pressing Machine for baling, which would carry the greater Risk of Fire. But, through the latest Blowing-process, the Risk of Fire has been greatly minimized, due to the camouflaged Blowing-process of the Cotton through the Pipes of Large-diameters.

At times, however, the mistake of accumulation of the Cotton around Electric Motor of the Compressor does pose the Risk of Fire, when a spark would emit from the Motor, due to Electric Short-circuit, which would ignite the nearby accumulated Cotton around the Compressor Machine.

Therefore, it is most essential that Compressor Motor must be encircled by a certain wall or very closely-net caging, so that the heaps of Cotton would not reach to the vicinity of the running Electric Motor.

In some very few Factories, through Lint-cleaning Process, Fibres of Short-length are separated from the Largest-length Fibres, through the fastest Air-blow System. Because Short-length Fibre, being lighter in weight, would blow far-away from the Large length Fibres, due to being heavier than the Short-length Firbes.

However, this process has been most dangerous from the Fire Risk view-point.

Because, the surrounding environment is always full of vapours of Cotton Fibres and a minute spark can easily ignite the same which can result in huge Fire Loss.

However, the Cotton obtained through this Air-blow Process has always been of the best quality which would usually fetch greater Market Price.

The Risk of Fire in Ginning Factories:

The Risks of Fires in Ginning Factories has always been the greatest, as compared to other Industries, wherein Cotton has been utilized.

Commonly, the following 3-Reasons of the eruption of Fires in the Ginning Factories can be enumerated:-

1) Whilst in the course of being run, Ginning Machines would create Sparks which would ignite the Cotton flowing from the Pipes towards the Machines. Alike Fire would not cause Major Loss to the Cotton itself, but the same can seriously affect the Machinery.

2) Sometimes, there would have been No proper arrangements for the Flying-fibres within the Ginning Halls. Thus, the Flying-fibres would continue to stick upon the Machines, Electric Cables/Wires, Motors, Motor-starters, as well as on the Walls of the Ginning Halls. As such, any Sparks, flying-out of the running Machines, would ignite these Particles and the Collection of the Flying-fibers over the said installations, which would spread to the nearby heaps of Cotton, resulting in Major Fires.

3) At times, the continuous flow of the Electric-currents would cause an intense heating-up of the Electric Cables/Wires which would gradually result in the deterioration of the same.

Thus, the emission of Sparks from the same deteriorated Electric Cables/Wires would result in igniting the very soft particles of the Cotton-fibres which would cause Major Fires all around, engulfing everything in the vicinity.

Storage of Cotton/Cotton-Seeds:

For storage purposes, Brick-built Plinths are constructed in the Factory Court-yards or within Open-spaces of the Factory. It is therefore most essential that the same cotton-heaps are properly covered with Tarpaulins, so that the Cotton could be protected from the rain-falls and Atmospheric Conditions, because wetness of Cotton would result in the weakening of its fibres.

More-over, if any burning Cigarette-butt is thrown in the ground-grass around the Cotton-heaps, the same grass would start burning which can spread to the Cotton-heaps and can cause colossal Fire Losses.

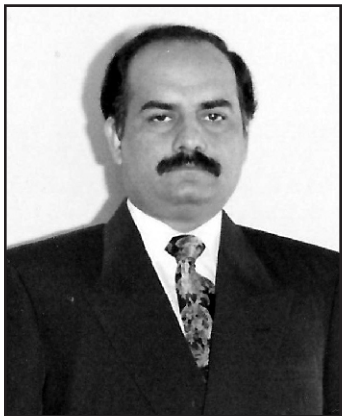
Therefore, Coverage of the Cotton-heaps by Tarpaulins, round-the-clock, is most essential.

Besides, the Cotton-seeds, retrieved from the ginning of the Cotton should be filled into Boras which must be properly sewen/fastened and separately placed in the Factory-godown or Court-yard.

Cotton-seeds are for the extraction of Oil therefrom which are not much dangerous which would hardly Catch Fire. In hot season, Cotton-seeds would get warmer, due to evaporation therein which would result in the drying-up of its Oil.

It is, therefore, beneficial to extract Oil from the Cotton-seeds as soon as possible.

To be continued.....!



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

Working Experience with Chinese

Chinese, a great Nation, a great super power, a giant economic power, a giant military power, a giant manpower with all the excellence, pride and National pride emerging with new doctrine of improving global economy indiscriminately purely on the basis of humanitarian requirement to make the life of a common man easy and comfortable globally. No negative ambition to become might confiscating the other's legal rights to live with equal opportunities.

At times, before conducting working experience with this Nation, often used to think over the reasons as to how this Nation become global power in all respect in such a shortest span but after working with them, I found the answer which I want to share here with my country fellows for their consideration. Of course, I rate my Pakistani Nation as one of the greatest Nation in the World and feel so proud of being Pakistani.

It was an opportunity to work with one of the famous roads and bridges construction companies, a Chinese origin/based company working internationally. I worked with this company in connection with series of Insurance claims lodged against a Pakistani registered Insurance company, as independent loss adjuster/surveyor for about 2 years.

During this long period I closely observe the Chinese people with reference to their way of working, professional skill, attitude, behavior, discipline, hard work, dedication, flexibility, focus, job expertise, sincerity with the employer and employees, interaction with the non-Chinese, objectivity etc.

A compatible working environment is created by following the law of land, code of working procedure, code of profession, ethics, and contractual terms and conditions in all respect, protecting the rights of the employees and providing them favorable working conditions, offering compatible announcements and facilities. However here in Pakistan, I have seen some kind of disturbance and for inconvenience between the Pakistanis and Chinese may be due to issue of language and lack of understanding because of ineffective communication and/or due to cultural/religious/traditional divergences, however both the communities are still working together in not an ideal yet good atmosphere.

The working atmosphere so created is free of politics, extra-curricular activities, back-biting, malicious activities etc. Everyone tends to be focused on their assigned duties. The atmosphere does not allow for gossips, meeting with guests, friends, entertainments like tea/coffee etc. Chinese are basically workaholic and tireless people. They tend to work round the clock. No late night awakening or late day sleeping. Perhaps this is one of the factors where both the communities are not mutually comfortable. The atmosphere demands for peaceful coexistence, no shouting, no abusing, no laughter etc.

Chinese do not like civic or lavish life style. They are not status conscious so they work as a team indiscriminately of status or designation. They do not like an aristocratic, lord like behavior or style. The executives do not bother to work in the field with the laborers and are not afraid of dust on their water polished boots.

Chinese are very disciplined and stay focused on duties assigned to them. They are very disciplined to keep hard copies of record, yet they prefer to communicate through hard copies and not emails and/or electronic messages.

Chinese are otherwise jolly, well behaved, well mannered, intelligent, healthy in general, active, brilliant and positive people. They are cooperative, accommodative and flexible so the working environment is quite competitive.

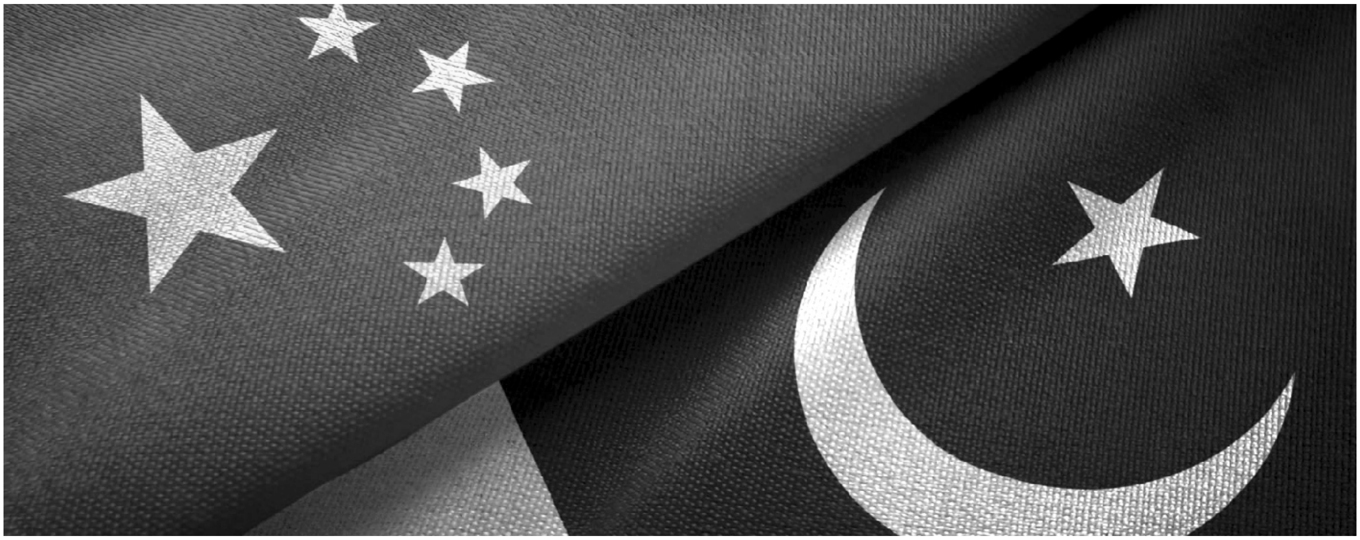
During two years of working experience with them I found them composed, resolute, determined, industrious, zealous, robust, understanding and cooperative, sober and simple/moderate. I found them hesitant of talking/conversating on any controversial topics/subjects. I have never witnessed them talking unnecessary and backbiting.

Most of the time I found them to be good listeners. They attend the addressing person consciously and respond to the point. They avoid to make comments on any issue where they are not aware of the relevant information or knowledge. They do not ignore or forget the things and behave with full responsibility. I did not find any gender discrimination in their community. They always keep smiley faces and always leave appositive/soothing first impression on meeting.

They do not make the other people frustrated or feel insulted. They do not waste much time in preparation for the office because I always found them in quite simple outfits, shoes and hair dressing. Most of their outfits include T-shirts and trousers with joggers or plain shoes.

I never found them shy, feeling inferior or superior complexes, n ever found them over reacting, over acting and over exposing. No one works for taking credit of more work and no one tires to pull other's legs, to defame or let down anyone in the eyes of seniors/employers, just to draw any undue advantages.

So it was a good experience of working with the Chinese. Any nation who follows the above style of life would definitely rise like Chinese did.



M. Vaqaruddin
Head of Window Takaful
EFU General Insurance Ltd.
(Window Takaful Operations)

Concept of Waqf in Takaful

Before we discuss the functional aspects of "Waqf" under Takaful arrangement we need to understand what "Waqf" is?

By definition a "Waqf" is a trust or public endowment which is operated generally on a non-profit basis as a custodian of funds for members or participants of the Waqf fund.

Waqf can be made of Property, Money or any other asset.

"Waqif" (person putting in his assets in Waqf) should be Sain, Adult, Owner of the asset or may be any company or entity.

It is not necessary for a Waqif to be a Muslim; he can belong to any religion, but the condition is that the asset will be used for the benefit of common people.

At the time of putting one's assets in Waqf, the Waqif (Person who gives his assets to Waqf Fund) may do so with some conditions.

The Waqf trustee will create a fund and can then spend it as per Waqf Deed. The principal ceding amount will always remain in the Waqf Fund.

Waqf is created in the name of Allah SWT which means that nobody is the owner of the Waqf and Waqf fund can only be used as stated in the Waqf Deed.

This Waqf Fund in Takaful is known as Participants Takaful Fund (PTF).

Having understood the concept of Waqf we now look for the reason of having a Waqf Fund under Takaful:

In the absence of Waqf Fund, the participant will be paying contributions to a common pool. Without Waqf the pool is without any legal entity. As such participants will continue to have the ownership in the fund. As they still have their ownership the takaful operator will have to generate statements for each PMD holder every year to inform him of the un-earned contribution which has to be added to the amount on which he pays "zakat". This problem will also crop up at the time of participant's death as the un-earned contribution must be included in his assets to be distributed to his heirs. One can imagine how difficult it will be to prepare these statements for thousands of participants. To avoid this situation the concept of Waqf was introduced. By contributing money in the Waqf fund (PTF) the participants lose their ownership on the contributed amount. The money that goes into PTF will only be taken out to meet fund's obligations and amount paid as charity or refund to participants in case of surplus fund depending up on operator's discretion.

Any person by signing the proposal form and subscribing to the membership document will become the member of the Waqf fund. The membership document will define terms and conditions of operations based up on which this amount of donation has been accepted.

Now, the question arises how much the participants need to contribute in this fund. Since this is a voluntary contribution one may think that every participant should be allowed to contribute as much as he wants. In this case the operator will have no control on the amount of money a person donates. Obviously, everybody will have a desire to contribute bare minimum amount to become a members of this fund and expect to get compensation for his loss assets. This will lead to a chaotic situation. The takaful operators must decide on the amount to be contributed keeping in view the following:

1. Size of the risk

2. Type of the risk i.e. Non-hazardous, Hazardous or extra hazardous.

3. Precautionary measures adopted i.e. Fire fighting arrangements, Construction of the building, etc., Tracker installed in a car, Precautionary measures taken for moving cash from one place to another, etc.

On payment of the contribution determined by the takaful operators the amount will be paid to the PTF (Participants' Takaful Fund) and the proposer will be accepted as a participant of this fund. The parent company or the sponsors who have provided this platform will not have any ownership of this fund which is participants' money given as tabarru (gift) to the fund.

If a mishap takes place which leads to a claim, it will be compensated from PTF in order to bring back the person in a condition in which he was prior to the accident. This is called the indemnity principle. The assessment of a claim will be done by a government certified surveyor. Claim will be settled from the PTF based up on the recommendations of the surveyor under the terms and conditions of the PMD.

In case PTF does not have enough funds to meet its liabilities, the parent company or share holders, as the case may be, are bound by law to extend Qard-e-Hasana to the PTF to meet its obligations. This Qard-e-Hasana will be paid back from the future surplus/es in the PTF without any interest or profit.

Mr. Nasir Siddique (Team Lead - Underwriting) IGI General Insurance Company Limited has successfully completed certification of Commercial Property Risk Management and Insurance from The Institutes, USA on May 14, 2019.

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

Business Interruption Insurance

The sole objective of buying an insurance policy is to put back the buyer in the same financial position as it existed before an unforeseen calamity resulting in material and financial loss to the insured. To meet this end a fire policy is bought with additional coverage of riot, strike, malicious damage, atmospheric disturbance, earthquake etc. in case of an incidence encompassing above stated mean of affecting loss or damage, the loss is made good by the insurer.

However, the fire covering along with its annexure stated above only gives back the property and /or equipment in term of money which enables the insured to rebuild and re-equip his factory. Obviously it takes time to restart production and consequent earning. During the period the factory is rebuilt and the machinery reinstalled the insured losses not only the profits he was making when his factory was in production but also continues to pay to idle staff and for the variety of overhead expenses, in addition there is always the fear of losing the client etc.

In order to secure protection against the loss of profit as also to cover the expenses incurred during the period between stoppage of production and restart of production special insurance cover has been designed and called Business interruption or Loss of Profit.

Objective of Business interruption Insurance:

The objective of profit insurance is to indemnify the insured against the loss of profit caused as a consequence of damage, because of unforeseen incidence of a calamity or peril by

- Making good the loss of net profit.
- Making a payment of those standing charges or overheads which continue to be payable,
- Defraying such additional expenditures as it necessarily incurred to maintain the turnover of the business. e.g. temporary repairing cost, erection or rent of temporary accommodation, charges for work being taken elsewhere, additional transport charges, overtime payment to staff and payment of salaries to staff though not working retained less any sum saved during the indemnity period in respect of surcharges and expenses of the business payable out of gross profits which may cease or be reduced in consequence of damage.

Basic Principles

The business of the insured is the subject matter of the Business interruption insurance. It is therefore necessary to have clear conception of elements of business relevant to profit clause of insurance as it is necessary to have complete knowledge about type of construction, associated dangers and prevention thereto in case of fire insurance.

In every business there are expenses and there are profits. The expenses could be variable in nature and amount proportionate to the volume of business done e.g. purchase of raw material as also the expense could be standing once e.g rent, salary etc. the former are known as variable charges and latter as standing charges. The profit is the total income less total expenses.

Underwriting Considerations:

Indemnity Period – The selection of an adequate indemnity period the maximum period for which the indemnity is provided under the profits policy requires very careful consideration interruption of a business such as the big factory may continue for many months following damage due to non-availability of the plant rendered useless, locally, the delay which inspire of easement in conditions, could still be experienced in the re installment of the plant. This require cool calculation and careful consideration so as to provide a period long enough to ensure complete recovery of the business after the plant/or damage has been repaired and/or replaced.

- **Standing Charges** - Respecting the considerations associated with standing charges it is certain that these charges would neither cease nor be reduced in the same proportion as turnover. However, doubts could arise and to allay any doubts as to the extent to which a certain charge would reduce in the event of damage it is best that the charge be insured in full.

- **Sum insured on gross profit** – the sum of to be insured under the gross profit item is the total of the net profit, before deduction of any taxation, plus the total amount of the standing charges proposed for insurance. For the purpose of profit insurance this total amount is taken as gross profit. It should provide a margin for expansion of the business. It should be noted that it is not the past results but the future prospect of the business which the policy is designed to protect. Accordingly, if the indemnity period exceeds 12 months the sum insured must be appropriate to the extent of the indemnity period e.g for 24 months indemnity period the total amount of annual gross total must be doubled.

- **Wages** – if the business partly interrupted as a result of damage by one of the perils insured against there would be no employment for some of the workers. No doubt the insured would not like is his experienced, skilled and qualified workers to go into the employment of somebody else. He would like to retain them in his service despite there being no work for them. Payment of wages to such workers is definitely a loss to the insured. To make good this loss the insured should obtain full insurance cover of the wage roll for the same indemnity period as that taken for the gross profit item.

Auditor's Fees:

It is a matter of routine to include, in the insurance, an amount to cover the fees which would be payable to auditor for services render in collection of substantiation of a claim. The fee for such work, which would obviously be in addition to their annual fee normally included in the company standing charges, is not a matter which fall within the liability of insurer unless provision has been made by means of an inclusion of a separate item.

Supplier's Extension:

There is always a danger of a potential loss, large enough, arising from the interruption in supplying from a particular supplier affecting the overall profits of the insured. Thus creating a need for extending the cover in this direction also. So the policy is extended to cover loss resulting from interruption with the business in consequences of damage at the named supplier's premises by the action of insured peril.

Customer's Extension:

As loss can be sustained from the supplier premises loss can also be sustained from customers end. Profit also can be extended to cover loss resulting from interruption with the business in consequences of damage to property at the premises of the customer.

Admittedly the loss of a particular supplier would cause almost complete stoppage of the insured trading while the loss a particular customer would, in the usual course, affect only a portion of the insured trade, so it is very special cover and as such it is given to very valued clients. When this cover is issued complete detail including name, address, solvency etc. of each customer with a limit of liability not exceeding 5% of the annual turnover is ascertained.

Annexure to Fire Policy:

Business interruption insurance being of very delicate and sensitive nature requires very careful and discreet selection of risk. The balance sheet of the insured need minute study, scrutiny and assessment with the view determining the exact profit making potential of the firm, if the firm is not making any profit the cover is declined.

Loss of profit cover is never issued in isolation. It is issued so to say as an annexure to fire cover. If Business interruption cover is issued unaccompanied by fire cover it becomes void it has no meaning.

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

Quality Management of Claims

We usually come across with the notions like 'customer is the king' or 'customer is always right'. This is absolutely true, especially in service industry like insurance, which is purely intangible in nature and is just a promise to compensate the insured in case of any unfortunate event. So claims management is 'After Sales Service' of insurance agreement. Before I embarked my pen on the captioned subject, I would first like to define quality management as under:

"Quality management is act of overseeing all activities and tasks needed to maintain a desired level of excellence"

In todays' digitally transformed era, meeting customers' expectations is not a piece of cake, as customers these days have more awareness as compared to past. So, in order to deliver the customers, the desired level of service at the time of claim, the insures need to ensure that their processes are effective and quality is embedded within each function.

When talking about the quality management of claims, here claims function or department cannot work in isolation to facilitate and satisfy customers with prompt settlement of their claims. Instead, it is dependent on number of inter-related functions, which goes hand in hand to support the required level of quality. In the nutshell, quality claims management is an output of well managed functions, which serves as input for the same.

Below, I would like to share how companies can make analysis of its inter-related functions and address the same to ensure quality management of claims.

1. Cost Cutting

"Managing quality is an important job that affects not only the financial bottom line, but also customer retention and employee satisfaction"

It might seems surprising at first instance that how cutting additional overheads would have an impact on quality delivery of claim services but it would be justified with below explanation.

Cutting additional cost encompasses many areas, like identification of any fraudulent or manipulated claims, prevention of any possible hard and soft leakage but all these relates to technical aspects. However, there is one domain, which relates to day-to-day handling of claims and where significant cost cutting can be made, i.e. reliance on paper - based claim files. It has been analyzed that insurance companies are still working on traditional approach of paper-based claim files and spending millions of rupees in processing of claims by such method.

Here, I would like to make illustration of the same with below sampled calculation, which is made with rough estimate, ***by taking into account only 50,000 reported claims in a year:***

Average Cost of Hard Paper File: PKR 50
Average Cost of A-4 Size Paper Rim: PKR 620
No. of Pages in a Rim: 500
Average per unit price of paper: 1.24

Average per Unit Printing Cost of One Paper: 2.30
Total per Unit Cost = **Average Printing Cost + Average Paper Cost**
Total per Unit Cost= **2.30 + 1.24=3.54**
Average Usage of Papers on one Claim: 100
Total Paper/ Printing Cost of One Claim= 100*3.54 = 354

Total Paper/ Printing Cost of One Claim= Cost of Paper File + Cost of Papers
=50 + 354 =404

Average number of reported claims in a year: 50,000
Tentative per annum paper cost: ***PKR 20,200,000/-***

Note: The above calculation excludes paper that are destroyed due to misprinting and photocopy of documents.

The above calculation is self-explanatory as how much cost insurance companies are incurring on paper-based claims processing. Besides costly, it is both time and labour extensive; coupled with risks of human errors and process delays .This additional cost can be easily turned down with the introduction of **ECF i.e. 'Electronic Claim Files'**, which would help to curtail the average per unit cost on any claim.

- ***Electronic Claim Files' or most commonly known as 'E-Files', enables to review and respond to claim documents, claims data and financials in an electronic format.***

- It promotes paperless environment, reduce operational cost ad avoid process delays.

- By switching to electronic claims processing, the ultimate beneficiary will be customer, who will get handsome price discount along with efficient and prompt claims processing.

2. Investment in Technology

With mindful analysis of processes and elimination of any preventable cost in association with them, the Insurance Companies can make adequate savings and make investment of same on Information Technology to deliver quality claims service. Although, the Insurance Companies are heading towards transformation of it's IT related procedures and operations but still far behind many other sectors like banking, pharmaceutical, food etc.

There are many ways, where technology can pave the ways to facilitate the customers and provides support to remain in touch with them at any time, including at the time of claim. Some of them are mentioned below:

- **Direct Chat Services:** It is a need to offer this services, especially in case of personal lines where customers are very sensitive, expect immediate response from their providers so due care should be taken to handle them. The provision of this service will enable the customer to make any query online with company at any time without any time restriction.

- **Mobile Based Application:** Nowadays, mobile based application are becoming great tool of customer interaction becoming significant part of our everyday lives. 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 solution with easy access. The Insurance companies have yet to develop their mobile based applications and introduction of same will provide the insurance companies with more opportunities to interact with customers and the further promotion of this sector.

3. Skilled Human Resource:

When talking about quality management of claims, human capital is one of the core function which cannot be over looked, as it is one of the most prominent factor in success of any organization.

The provision of excellent service with respect to quality claims management is heavily dependent on skilled claims personnel. The claims personnel should be highly professional and technical and able to perform well on risk profiles. In order to enable this, both in-house as external trainings should be provided to help them to gain insight about current matters and perform their duties well.

Most important, as claims professionals are representatives of their company, so well treated customer in professional manner will facilitate quality management of claims and support customer retention.

4. Marketing and Promotions:

In an underdeveloped country like Pakistan, the insurance penetration is just 0.9% of the GDP, where people either lacks awareness about the concept of insurance or not willing to opt for insurance. In the given scenario, the Insurance Providers are provided with immense opportunities, where they cannot just retain existing customers but can also grab new. Now, this responsibility lies on the insurance companies to act as advisors by educating the customers.

In Pakistan literacy rate is very low, so the insurance can work more on 'Push' strategy than 'Pull' strategy. By 'Push' strategy, I mean, that insures should take steps to create awareness with aggressive marketing and promotion of its products and claims offerings.

Although, some of the dominant market players are making their best efforts to create awareness among masses by way of direct marketing, like advertisement via television and radio; various promotional schemes. Others are doing on small scale by way of social media marketing links like ***Facebook, Twitter, Linked -In etc.***

Thus, there is a need to address marketing strategy and focus should be made more on direct marketing to remain in continuous contact with the customers, so that they can feel important and remain loyal with the company.

Apart from above mentioned functions or processes, which supports quality management of claims, we cannot deny with the fact that standardization of process with respect to international standards or ISO has its own significance. In this respect, the efforts of one of the industry giants like ***'EFU General Insurance Limited' is remarkable and worth mentioning, as it is the only ISO certified company in this industry with latest version ISO 9001; 2015.***

Thus, in essence, excelling at claims management or quality management of claims means improving operational efficiency in terms of people, processes, technology and communications. It serves as key market differentiator in competition driven market and help supports customer satisfaction and their long term retention.

"The ability to offer an excellent service to customers is seen as a key competitive advantage, and, of course, the claims process is the 'moment of truth' in the customer's experience as it is when the policy holder calls upon the insurer to uphold its promise to pay in given set of circumstances"

Rana Naveed ur Rehman
MBA (HRM), Cert CII (UK)
Assistant Vice President (Health)
East West Insurance Co. Ltd

Household Emergencies
(Part-7)

In my previous article, I had covered the home security related household emergencies. In this part, I have explained the insects and pests related household emergencies.

Insects and Pests:

As well as being a nuisance, insects can sting or bite; cockroaches, mice and rats create unhygienic conditions and woodworm can ruin woodwork. Take steps to eliminate insects or pests or call a Pest Control Service Provider.

Fleas:

1) Identify Source

- Fleas are usually brought into the house by the family pet. Make sure that all pets are regularly treated with flea killer.
- Flea eggs can lie hidden in carpets until they are activated by movement or warmth.

2) Apply Flea Killer

- Buy a flea repellent/insecticide, preferably from a veterinary store.
- Vacuum carpets, then spray carpets and furnishings with flea killer especially under sofas and beds.
- Treat your pets and wash their bedding regularly.

Cockroaches:

1) Use Insecticide

- If you can find where cockroaches are hiding, spray the area well with an insecticide.
- If the cockroaches persist, contact a Pest Control Service Provider.

2) Repeat Treatment

- New cockroaches are likely to appear at 4-monthly intervals; be prepared to repeat the treatment.
- Keep work surfaces clean and clear of any food.

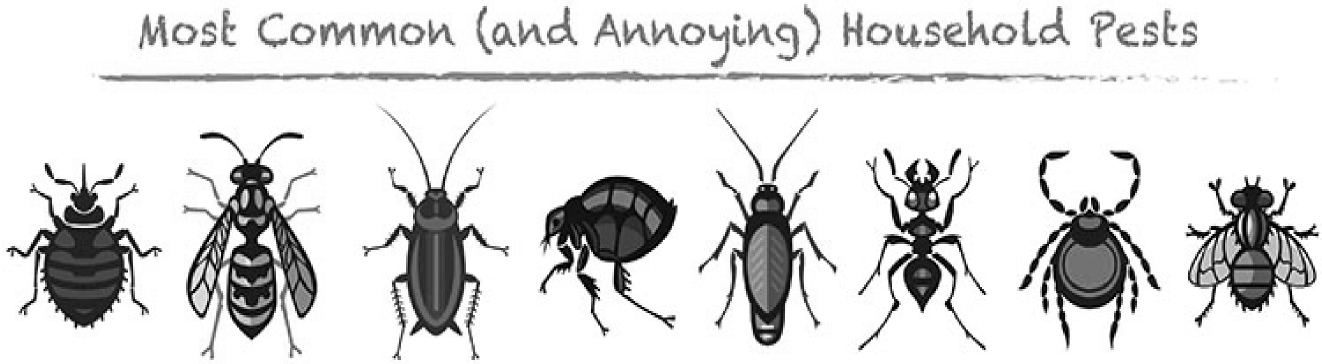
Ants:

1) Use Insecticide

Sprinkle ant insecticide powder into the nest entrance or where ants are entering the house.

2) Use Gelatin Bait

If the insecticide is ineffective, put down poisoned gelatin bait; this will be taken back to the nest, killing the other ants.



Bees, Wasps and Hornets:

Bee, wasp, and hornet stings are painful but are not usually life-threatening. There may be a sharp pain followed by temporary swelling, soreness, and itching. Your aims are to watch out for signs of anaphylactic shock, to remove the stinger, to dress the wound and to reduce swelling.

1) Stay safe

- If you see a group of bees close to your house, get everybody inside and shut all doors and windows.
- Contact a Pest Control Service Provider.

2) Have Nest Sprayed

- If wasps or hornets bother you often, there is probably a nest.
- Contact a Pest Control Service Provider to deal with the nest.

3) Treat Stings

- Try not to provoke bees, wasps, or hornets by spraying them with insecticide; they are more likely to sting you if they are angry.
- If you are stung or there is a stinger in the wound, gently scrape it off with your fingernail or a credit card.
- Do not grasp the venom sac with your fingers or tweezers because pressure on the sac may inject more venom into the victim. Bee stingers can be removed, but wasps do not leave a stinger. If you develop a minor allergic reaction, seek medical help.
- If you develop symptoms of anaphylactic shock, seek medical help immediately.

4) Treat Wound

- Wash the injured area with soap and water, and pat dry.
- Cover the wound area with an adhesive dressing.
- Apply a cold compress on top of the adhesive dressing to reduce pain and swelling.
- Advise the victim to seek medical help if symptoms persist.

Mice and Rats:

1) Block Entry Holes

- Small pellet-shaped droppings in your home indicate mice.
- Look for any obvious entry holes into your home and block them.

2) Put Down Bait

Put down poisoned mouse bait wherever you find droppings. Be prepared to repeat if necessary.

3) Set Traps

- Set three or four baited mouse traps where droppings are found in the house.
- Use peanut butter, chocolate or cooked bacon as bait for traps.

4) Call a Pest Control Service Provider

Larger droppings indicate rats; call a Pest Control Service Provider.

Woodworm:

1) Identify Signs

- If you spot 2-mm holes in furniture or structural timbers, you have woodworm. Sawdust is a sign that woodworms are active.
- Minor woodworm attacks are easy to treat, but if an infestation is severe, you should seek professional help.

2) Treat Infestation

- Brush surfaces with woodworm fluid. On furniture, use an aerosol with a nozzle to inject the fluid.
- To treat structural timbers effectively, use a large sprayer.
- To treat flooring, lift every third or fourth floorboard and spray thoroughly underneath.

Action in an Emergency

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

[Lahore]

Before Amin-ud Din Khan and M.Sohail Iqbal Bhatti, JJ

Messrs CRESCENT STAR INSURANCE through Assistant General Manager---Appellant

Versus

AL-REHMAN TRADERS trough Proprietor and another---Respondents

Insurance Appeal No.962 of 2014, heard on 30th October,2014.

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

---Ss. 2(1xv) & 121--- Insurance Tribunal---Scope---Insurance Tribunal is an adjudicatory forum within the framework of Insurance Ordinance, 2000.

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

----S. 122(1)(a)(d)---Insurance Tribunal---Powers vested with Civil Court under civil procedure Code, 1908---Applicability---Scope---Intention of Legislature is not that the Tribunal which is a 'persona designata' has become a “Civil Court”--- Provisions of S.122(1)(a)(d) of Insurance Oridanance,2000, are meant to facilitate Insu4rance Tribunal to get its decision/mandate implemented by adopting coercive mechanism provided in Civil Procedure Code, 1908.

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

---Ss. 121, 122, 123 & 124--- Insurance Tribunal---Execution of order---Non-drawing of decree sheet---Claim against insurance company was accepted by Insurance Tribunal and the decision was not challenged in appeal ___ Tribunal, on the application of respondent, initiated proceedings to execute its decision---Plea raised by insurance company was that without drawing a formal decree sheet, Insurance Tribunal could not execute its decision---Validity---Insurance Tribunal was vested with powers of :Civil Court” under S. 122 of Insurance Ordinance, 2000 but the decision made by the Tribunal was capable of being executed without there being formal decree drawn by Insurance Tribunal---Original decision dated 21-3-2013 passed by Insurance Tribunal was not challenged in appeal under S.122(2) of Insurance Ordinance, 2000, and the same had attained finality---Objection petition filed by insurance company to the effect that no execution proceedings could be carried out without there being a formal decree had also been dismissed on 19-3-2017, and the same had also not been challenged---After order date 19-3-2017, insurance company had been appearing before Insurance Tribunal and seeking time to adjust the claim but no positive step was taken to satisfy claim of respondent---Insurance Tribunal was left with no other option but to resort to coercive mechanism provided in civil Procedure Code, 1908, in exercise of powers conferred upon it under S. 122(1)(a) and (d) of Insurance Ordinance, 2000---Filing of appeal by Insurance company was again an attempt to wriggle out of its liability in pursuance to decision made by Insurance Tribunal on 21-3-2013, which had attained finality as the same was not challenged in terms of S. 124(2)of Insurance Ordinance, 2000---Appeal was dismissed in circumstances.

Zahur Din v. Anjuman Himayat-iIslam 1989 MLD 480 and Muhamamd Muzaffar v.Maqsood-ul-Hassan 2006 SCMR 1157 distinguished.

State Life Insurance Corporation of Pakistan and another v.Javaid Iqbal 2011 SCMR 1013;Ranjit Singh Hazari and others v.Juman Meah and another PLD 1961 Dacca 842 and Khavir Saeed Raza v.Wajahat Iqbal 2003 CLC 1306 rel.

Arslan Akhtar for Appelant.

Muhammad Saleem Chaudhry-I for Respondents.

Date of hearing: 30th October,2014.

JUDGMENT

M. SOHAIL IQBAL BHATTI, J.---The Question raised through this Insurance appeal is that as to whether the Insurance Tribunal constituted under Section 121 of the Insurance Ordinance, 2000 is to draw a decree sheet after giving the decision upon an application filed before it, and without preparing a decree sheet; as to whether the Insurance Tribunal can get its decision executed / implemented under the provisions of Order XXI of Civil Procedure Code, 1908.

2. Facts of the case are that the respondent No.1 being a sole proprietorship of Muhammad Waseem purchased Hino Truck bearing registration No.LES-7459 through respondent No.2. The said truck was comprehensive insured for an amount of Rs.3,205,000 through Insurance Policy No.CSI/MC 14399, dated 23-7-2009. The said truck was stolen on 22-10-2009 while parked at hotel/tea-stall in Liaqat Pur, District Rahim Yar Khan and an FIR No.970/2009 was registered. The insurance claim was filed with the appellant insurance company by respondent No.2 (Orix leasing Pakistan Limited) which was denied/turned down by the appellant insurance company and resultantly the respondents filed a claim through an application under section 123 of the Insurance Ordinance, 2000 before the Insurance Tribunal on 19-7-2010. The appellant filed a written reply and after framing of issues, the insurance tribunal through its decision dated 12-3-2013 accepted the claim in the following terms;

“In view of my finding, the application of the applicant Al-Rehman Traders is accepted in favour of the applicant and against the respondent. The applicant is entitled to receive the assured amount along with liquidated damages as provided under section 118(2) of Insurance Ordinance,2000 at monthly rests @ 5% higher than the prevailing base rate its till realization. File be consigned to the record room after its due completion.”

3. The appellant did not challenge the original decision dated 21-3-2013 made by the Insurance Tribunal in appeal under section 124 of the Insurance Ordinance, 2000.

4. The respondent No.1 filed an application to execute the decision made by the Insurance Tribunal on 20-5-2013; and during the course of these proceeding before the Insurance Tribunal and objection was raised by the appellant through an application dated 10-9-2013 that since the decree sheet has not been drawn/prepared by the Insurance Tribunal therefore the decision made by the Insurance Tribunal is not capable of being executed, while exercising powers under Order XXI of Civil Procedure Code, 1908. Upon Filing of this application, the respondent No.1 also filed an application before the Insurance Tribunal to prepare the decree sheet. Both the applications were dismissed by the Insurance Tribunal through order dated 19-3-2014 and this order passed by the Insurance Tribunal was not challenged by the appellant-Insurance company; thus attained finality.

5. The Insurance Tribunal gave ample opportunities to the appellant for making payment of the amount to the respondent No.1; during the course of proceedings, the counsel appeared on behalf of the appellant-insurance company/judgment-debtor and requested to adjourn the case on the ground that the appellant-insurance company has written a letter to its Head Office for making payment to the respondent No.1 and the case was adjourned to 6-62014. Again on 6-6-2014 the case was adjourned to 9-6-2014, but as the lawyers were observing strike, the case was adjourned to 10-6-2014. On 10-6-2017, no one appeared on behalf of the appellant insurance company/judgment-debtor and at 3-15 p.m., the Insurance Tribunal passed an order to issue the warrant of attachment of the property of the judgment-debtor and the case was adjourned to 26-6-2014. However, it appears that during these proceedings, the appellant appeared before the Insurance Tribunal through its counsel and sought some time to settle the matter with the respondent No.1, but the Insurance Tribunal Through order dated 20-6-2014 did not accede to the request of the appellant-insurance company. Despite issuance of repeated warrants for attachment of the movable property of the appellant, the decision passed by Insurance Tribunal has not been implemented and therefore again the warrants for attachment of the movable property were issued for 27-6-2014 and the concerned SHO was directed to provide necessary assistance to the Bailiff in this regard, hence the present appeal.

6. The main stay of the arguments advanced by the learned counsel for the appellant is that the powers under Order XXI of Civil Procedure Code could not have been exercised by the Insurance Tribunal and the orders dated 10-6-2014 and20-6-2014 regarding issuance of warrants of attachment of the movable properties of the appellant were without jurisdiction as no decree sheet has been prepared. The learned counsel for the appellant relied upon Zahur Din v.Anjuman Himayat-I-Islam (1989 MLD 480), Muhammad Muzaffar v.Maqsood-ul-Hassan (2006 SCMR 1157) and State Life Insurance Corporation of Pakistan and another v.Javaid Iqbal (2011 SCMR 1013).

7. The learned counsel for the respondents while advancing his arguments argued that the original decision dated 21-3-2013 made by the Insurance Tribunal has not been challenged under the relevant provisions of the Insurance Ordinance, 2000 i.e. section 124(2) of the Insurance Ordinance, 2000. The learned counsel for the respondents further argued that the appellant had filed an objection petition on 10-9-

2013 raising the similar question and the application filed by the appellant was dismissed on 19-3-2014 and again this order was not challenged through appropriate proceedings and this appeal has been filed by the appellant is an attempt to escape from its liability which has become absolute as no appeal was filed against the decision dated 21-3-2013 which has attained finality.

8. We have considered the arguments advanced by the learned counsel for the parties and have also examined the documents attached with this appeal.

9. The question which would require resolution by this Court is as to whether the Insurance Tribunal after giving its decision under section 123 of the Insurance Ordinance, 2000 is under an obligation to draw a decree and without there being a formal decree the decision of the Insurance Tribunal cannot be implemented as the Insurance Tribunal under section 122 of the Insurance Ordinance, 2000 exercises the powers vested in a Civil Court under the Civil Procedure Code,1908.

10. Section 122 of the Insurance Ordinance,2000 deals with the powers of the Tribunal, which is reproduced below:-

"122.Power of the Tribunal.---(1) A Tribunal shall:

(a) In exercise of its civil jurisdiction have in respect of a claim filed by a policy holder against an insurance company in respect of, or arising out of a policy of insurance, all the powers vested in a Civil Court under the Code of Civil Procedure, 1908 (Act V of 1908).

(b) In the exercise of its criminal jurisdiction, tried the offences punishable under this Ordinance and shall, for this purpose, have the same powers as are vested in a Civil Court under the Code of Civil Procedure, 1908 (Act V of 1908);

(c) Exercise and perform such other powers and functions as are, or may be, conferred upon, or assigned to it, by or under this Ordinance;

(d) In all matters with respect to which procedure has not been provided for in this Ordinance, follow the procedure laid down in the Code of Civil Procedure, 1908 (Act V of 1908) or the Code of Criminal Procedure, 1898 (Act V of 1898) as the case may be.

(2)____________________________

(3) No Court other than a Tribunal shall have or exercise any jurisdiction with respect to any matter to which the jurisdiction of a tribunal extends under this Ordinance --------".

11. The word "Tribunal" has not been defined in the Insurance Ordinance, 2000; section 2(LXV) defines tribunal as a tribunal constituted under Section 121 of the Insurance Ordinance,2000.

For clarity, the dictionary meanings of the "Tribunal" are reproduced. According to the Chambers Dictionary 12th Edition, the word "Tribunal" is defined as under:-

"Tribunal"---A Court of justice or Arbitration; a body appointed to adjudicate in some matter or to inquire into some disputed question; a seat or bench in a Court from which judgment is pronounced, a judgment-seat; a confessional".

Similarly, according to the Blacks Law Dictionary 8th Edition the word "Tribunal" is defined as under:-

"Tribunal"---1.A Court or other adjudicatory body. 2. The seat, bench or place where a judge sits".

The above definitions of the word "Tribunal" clarify the position that Insurance Tribunal is an adjudicatory forum within the framework of the Insurance Ordinance,2000.

12. There are other Legislations like the Punjab Rented Premises Act (VII of 2009) which provide for the constitution of Rent Tribunal and also deals with the powers of the Rent Tribunal.

Section 26 of the Punjab Rented Premises Act (VII of 2009) provides that a rent tribunal can exercise powers of a Civil Court, and similarly section 31 of the Punjab Rented Premises Act (VII of 2009) provides that a rent tribunal shall execute an order passed under the Act by a Rent Tribunal or a District Judge or an Additional District Judge as a decree of a Civil Court and for this purpose, the Rent Tribunal may exercise any or all the powers of a Civil Court; although no formal decree is drawn by the Rent Tribunal.

Similarly, the Consumer Court constituted under Punjab Consumer Protection Act,2005 upon receipt of the claim by the consumer passes an order under section 31 of the Punjab Consumer Protection Act, 2005 and section 30(3) of the Punjab Consumer Protection Act, 2005 provides that the Consumer Court shall have all the powers vested in a Civil Court under the Code of Civil Procedure, 1908. IN cases of Consumer Protection Act no formal decree is drawn by the Consumer Court.

In above referred Legislative Instruments, no formal decree is drawn or prepared but the order as well as decision is executed as a decree of a Civil Court in exercise of the powers conferred upon the Rent Tribunal established under Punjab Rented Premises Act, 2009 or the Consumer Court Established under Punjab Consumer Protection Act, 2005.

13. Section 123 of the Insurance Ordinance, 2000 relates to the procedure of the tribunal and it

provides that a tribunal for the purposes of a trial of an application follow such procedure as may be prescribed and have the same powers as are vested in the Civil Court trying a suit under the Code of Civil Procedure,1908.

Thus it becomes an established position that an Application is filed before the Insurance Tribunal and it gives its decision after following the procedure given in Civil Procedure Code. The intention of legislature has never been that the tribunal which is a "persona designate" has become a civil court; the provisions of section 122(1)(a) and (d) of the Insurance Ordinance, 2000 are meant to facilitate the Insurance Tribunal to get its Decision/Mandate implemented by adopting the coercive mechanism provided in Civil Procedure Code.

Section 124 of the Insurance Ordinance, 2000 refers to a decision made by the tribunal. It would be useful to reproduce section 124(2) of the Insurance Ordinance, 2000 which reads as under:-

"124 (2)…"Any party aggrieved by a decision of the tribunal may, if the amount of the claim in dispute or the penalty prescribed, as the case may be, is not less than 100,000 rupees, prefer an appeal to the High Court within a period of 30 days from the date of such decision."

The above provision refers to the decision made by the tribunal.

The word "decision" according to the Blacks Law Dictionary 8th Edition is as under;-

"decision"---a judicial or agency determination after consideration of the facts and the law; esp., a ruling, order or judgment pronounced by a Court when considering or disposing of a case."

From the above definition of the word "decision" it becomes explicit that an order made after adjudication also falls within the definition of a decision. At this stage, it would also be useful to refer to the dictionary meanings of the term "decree".

"The term "decree" is traditionally a judicial decision in a Court of equity, admiralty, divorce or probate.

The term "decree" is synonym to a Court order".

At this stage, we would refer to term "order" as given in section 2(14) of the Civil Procedure Code, 1908.

"Order" means the formal expression of any decision of a Civil Court which is not a decree."

Similarly, the term "decree" according to section 2 of the Civil Procedure Code,1908 means a formal expression of an adjudication which, so far as regards the Court expressing it conclusively determines the rights of the parties with regards to all or any of the matters in controversy in the suit.

In our opinion, the decision given by the Court/Tribunal must be formally expressed and be in a precise and deliberate language so as facilitate its execution.

We are not in agreement with the arguments advance by the learned counsel for the appellant that since the Insurance Tribunal exercises powers vested in a Civil Court under Code of Civil Procedure, 1908; therefore, a decree has to be drawn for implementation of its decision, as the term :decision" as defined in the Blacks Law Dictionary also includes the "order". The Power under section 122 (1)(a) and (d) are to arm the Tribunal with the powers to get its decision implemented.

At this stage, it would be useful to refer to section 36 of the Civil Procedure Code, 1908 which is reproduced below;-

Section 36----Application to orders.

"The provisions of this Code relation to execution of decrees shall, so far as the are applicable, be deemed to apply to the execution of orders.

Section 36 of the Civil Procedure Code is based on the principles that a Court has inherent power to get its orders carried out."

14. In the present case, the Insurance Tribunal constituted under the Insurance Ordinance, 2000 has got the inherent powers under the provisions of section 122(1)(d) to get its decision, which are basically formal adjudication upon the rights of the parties, implemented/executed as a decision of a civil court. We are of the considered opinion that there is a specific intention of the legislature incorporating section 122(1)(d) as no specific procedure has been provided in the Insurance Ordinance, 2000; meaning thereby that inherent powers have been given to the Insurance tribunal to get its decisions implemented and executed to adopt all measures provided in Civil Procedure Code even if no formal decree has been drawn. In this regard, we are guided by the law laid down in a case titled Ranjit Sing Hazari and others v.Juman Meah and another (PLD 1961 Dacca 842) wherein the Division Bench held as under:-

"Section 36 of the Code of Civil Procedure in express terms makes all the provision "relating to the execution of decrees" applicable to the execution of orders."

The identical question came up for hearing before this Court where a suit ofr rendition of accounts filed by a party ended into a compromise and the suit was disposed of in the terms of a compromise without drawing a formal decree. The execution proceedings filed by the beneficiary of the compromise was dismissed by the Executing Court taking the view that there existed no decree, therefore, execution proceedings were incompetent. The order was challenged in appeal and the Additional District Judge while setting aside the order of the Executing Court, remanded the case to proceed with the execution proceeding in accordance with law. The judgment of the first appellate court was challenged in the revision petition before this Court and this Court upheld the judgment of the first appellate court while observing that under section 36 of Civil Procedure Code, 1908 the provisions of the Code relating to execution of decree are also applicable to orders and even if there was no decree in existence, an order disposing of the suit was capable of being executed in the same manner as the decree. Reliance is placed on Khaavir Saeed Raza v. Wajaht Iqbal (2003 CLC 1306 (Lahore).

15. As far the reliance of the learned counsel for the appellant upon judgments reported in Zahur Din v. Anjuman Himayat-i-Islam (1989 MLD 480) and Muhamamd Muzaffar v.Maqsood-l-Hassan (2006 SCMR 1157), it is observed with due deference that these judgments are not applicable to the present case in the cases referred to drawing up of a decree is a mandate of law and there was a failure on part of the civil court to prepare a decree as mandated by law. But the present case relates to the proposition as to whether the Insurance Tribunal constituted is required to draw the decree to get its decisions implemented.

16. We are of the considered view that in case the Insurance Tribunal cannot get its decision implemented or executed it would lead to ridiculous results and would render the relevant provisions of the Insurance Ordinance, 2000 redundant which has never been the intention of the legislature as is evident from the preamble of the Insurance Ordinance, 2000 which reads as under:-

“An Ordinance to regulate the business of insurance industry to ensure the protection of the interests of the insurance policy holders and to promote sound development of the insurance industry and for matters connected therewith and incidental thereto.”

17. For what has been discussed above, we are of the view that although the Insurance Tribunal is vested with the powers of a Civil Court under section 122 of the Insurance Ordinance, 2000 but the decision made by the Insurance Tribunal is capable of being executed without there being a formal decree drawn by the insurance tribunal.

18. At this stage, it would also be beneficial to refer to the fact that the original decision date 21-3-2013 passed by the Insurance Tribunal was not challenged in appeal under section 124(2) of the Insurance Ordinance, 2000 which had attained finality and similarly an objection petition filed by the appellant company to the effect that no execution proceedings can be carried out without there being a formal decree has also been dismissed on 19-3-2014 which had also not been challenged. After the order dated 19-3-2014 the appellant-company had been appearing before the Insurance Tribunal and seeking time to adjust the claim of the respondent; but no positive step whatsoever was taken to satisfy the claim of the respondent leaving the Insurance Tribunal with no other option but to resort to coercive mechanism provided in Civil Procedure Code in exercise of powers conferred upon it under section 122(1)(a) and (d) of the Insurance Ordinance,2000. Apparently filing of this appeal is again an attempt by the appellant-company to wriggle out of its liability in pursuance to the decision made by the Insurance Tribunal on 21-3-2013 which has attained finality as the same has not been challenged in terms of section 124(2) of the Insurance Ordinance, 2000. Resultantly, this Insurance Appeal is dismissed.

Appeal Dismissed.

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