



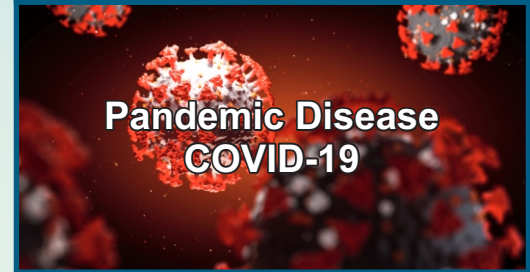
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Quarterly

# Insurance Journal

January, February, March 2020\*  
April, May, June 2020

## Important Statistics 2019 35 Insurance Companies of Pakistan



	(Rs. In Million)	General Insurance	Life Insurance	Takaful (General)	Takaful (Family)
2019	Paid up Capital	24,398.872	4,600.789	1,122.215	1,307.124
	Gross Premium	88,655.558	86,494.311	1,732.859	8,287.057
	Net Premium	47,875.960	84,413.851	834.214	7,861.433
	Profit Before Tax	13,523.524	5,262.373	62.206	84.070
	Profit After Tax	9,455.095	3,333.893	30.790	55.241
	Investment Income	7,155.434	25,800.180	73.481	336.554
	Investments	89,313.797	292,617.734	951.477	18,894.945
	Total Assets	204,506.729	323,564.169	2,833.511	25,840.706
	Claim Expense	24,550.497	43,001.252	3,417.194	4,458.036
2018	Paid up Capital	24,628.883	3,600.789	1,122.215	2,057.124
	Gross Premium	82,584.540	87,514.890	1,053.570	9,288.028
	Net Premium	45,132.354	85,517.222	337.557	7,623.803
	Profit Before Tax	12,064.687	5,484.714	(57.652)	176.105
	Profit After Tax	7,887.361	3,768.938	(64.854)	116.889
	Investment Income	6,039.312	15,287.413	20.736	(1,205.466)
	Investments	83,922.366	250,536.435	809.765	19,590.114
	Total Assets	192,584.484	275,884.375	2,289.721	26,185.500
	Claim Expense	23,020.530	34,582.898	309.263	3,692.091



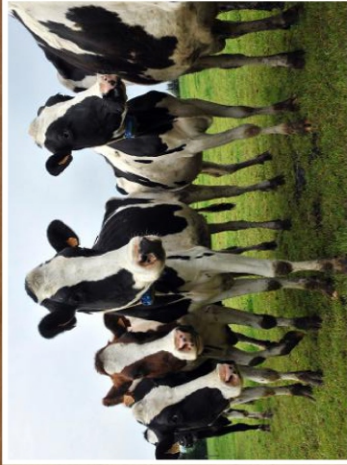
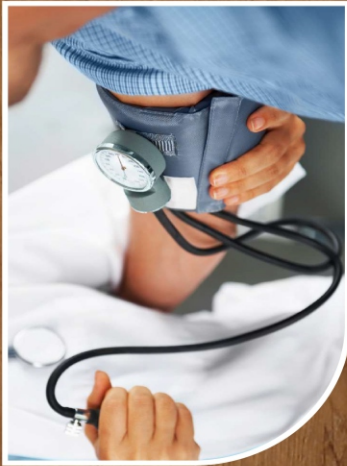
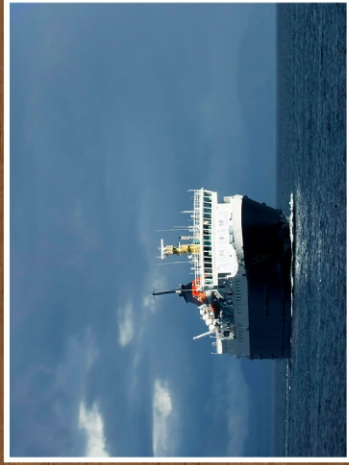




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Quarterly

# Insurance Journal

Karachi - Islamabad  
January, February, March 2020  
April, May, June 2020

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# *Innovation Distinguishes Between A Leader And A Follower*

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

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# INSURANCE SECTOR ON PAKISTAN STOCK EXCHANGE

(Quarter: January, February, March 2020)

Compiled By: Khurram Shahzad

Company	Paid up Capital (Rs. in Million)	Face Value Rs.	Highest Rate Rs.	Lowest Rate Rs.	Turnover of Shares	Announcement During the Quarter
Adamjee Insurance Company Limited	3,500	10.00	47.45	24.10	29,060,500	Dividend = 15%
Asia Insurance Company Limited	603	10.00	17.12	17.12	500	
Askari General Insurance Company Limited	719	10.00	26.00	19.00	578,500	Dividend = 25%
Askari Life Assurance Company Limited	1,102	10.00	9.49	5.00	486,000	
Atlas Insurance Limited	849	10.00	69.50	55.05	731,500	Dividend = 70%, Bonus Issue = 10%
Business & Industrial Insurance Company Limited	86	10.00	-	-	-	
Century Insurance Company Limited	503	10.00	20.00	15.30	337,000	Dividend = 17.50%
Crescent Star Insurance Limited	1,077	10.00	2.54	0.97	10,340,000	
East West Insurance Company Limited	1,029	10.00	120.89	86.95	9,500	
EFU General Insurance Limited	2,000	10.00	116.00	77.70	138,400	Dividend = 55%
EFU Life Assurance Limited	1,000	10.00	228.00	179.99	426,300	Dividend = 105%
Habib Insurance Company Limited	619	5.00	12.48	6.90	164,000	
Hallmark Insurance Company Limited	5	10.00	-	-	-	
IGI Holdings Limited	1,426	10.00	227.74	128.93	861,300	Dividend = 30%
IGI Life Insurance Limited	1,706	10.00	28.45	13.32	1,010,500	
Jubilee General Insurance Company Limited	1,804	10.00	60.95	34.00	227,000	Dividend = 30%, Bonus Issue = 10%
Jubilee Life Insurance Company Limited	873	10.00	435.00	196.01	314,700	Dividend = 135%, Bonus Issue = 10%
Pakistan General Insurance Company Limited	464	10.00	4.38	1.35	1,965,000	
Pakistan Reinsurance Company Limited	3,000	10.00	31.50	21.85	998,500	
PICIC Insurance Limited	350	10.00	1.90	0.43	2,280,500	
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	5.50	3.21	276,000	
Shaheen Insurance Company Limited	600	10.00	4.88	2.30	625,000	
Silver Star Insurance Company Limited	306	10.00	-	-	-	
Standard Insurance Company Limited	8	10.00	-	-	-	
The United Insurance Company of Pakistan Limited	2,950	10.00	10.00	6.35	585,500	Bonus Issue = 13.4172%
The Universal Insurance Company Limited	500	10.00	6.45	5.00	5,000	
TPL Insurance Limited	939	10.00	26.88	18.36	1,236,000	



# Over Rs. 1,000,000,000 Premium

*Insurance and Takaful Companies of Pakistan **EXCEEDING**  
Over Rs. 1,000,000,000 Gross Premium Written in 2019*

<b>GENERAL INSURANCE</b>		<b>Gross Premium*</b> (Amount in Billion)
1	Adamjee Insurance Co. Ltd.	23.720
2	EFU General Insurance Co. Ltd.	22.063
3	Jubilee General Insurance Co. Ltd.	10.476
4	IGI Insurance Co. Ltd.	5.612
5	United Insurance Co. Ltd.	5.366
6	UBL Insurers Limited	4.511
7	TPL Insurance Ltd.	3.684
8	East West Insurance Co. Ltd.	3.443
9	Askari General Insurance Co. Ltd.	3.400
10	Security General Insurance Co. Ltd.	3.227
11	Atlas Insurance Co. Ltd.	3.202
12	Alfalah Insurance Co. Ltd.	3.005
13	Habib Insurance Co. Ltd.	1.657
14	Century Insurance Co. Ltd.	1.390
<b>LIFE INSURANCE</b>		
1	Jubilee Life Insurance Company Limited	60.437
2	EFU Life Assurance Company Limited	34.908
3	Adamjee Life Assurance Company Limited	14.877
4	IGI Life Insurance Limited	4.815
<b>TAKAFUL (GENERAL)</b>		
1	Takaful Pakistan Limited	2.064
<b>TAKAFUL (FAMILY)</b>		
1	Pak Qatar Family Takaful Limited	8.287
<b>HEALTH INSURANCE</b>		
1	Allianz EFU Health Insurance Ltd	2.528

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



# Important Statistics 2019

## Insurance Companies of Pakistan

### 25 General Insurance Companies (without Takaful Contribution)

Total	(Rs. In Million)	
	2019	2018
Paid up Capital	24,398.872	24,628.883
Gross Premium	88,655.558	82,584.540
Net Premium	47,875.960	45,132.354
Profit Before Tax	13,523.524	12,064.687
Profit After Tax	9,455.095	7,887.361
Investment Income	7,155.434	6,039.312
Investments	89,313.797	83,922.366
Total Assets	204,506.729	192,584.484
Claim Expense	24,550.497	23,020.530

ADAMJEE INSURANCE CO. LTD.		Registered in 1960	
CEO: Mr. Muhammad Ali Zeb CFO: Mr. Muhammad Asim Nagi		2019 (Restated)	2018
Paid up Capital	3,500.000		3,500.000
Gross Premium	22,507.035		20,387.059
Net Premium	15,433.989		13,805.781
Profit Before Tax	2,532.994		2,173.500
Profit After Tax	1,812.975		1,239.000
Investment Income	1,372.373		1,284.656
Investments	25,192.777		23,419.229
Total Assets	49,538.262		47,845.094
Claim Expense	9,876.537		8,385.752
Earning / (Loss) per Share - (Rupees)	5.18		3.54

ALFALAH INSURANCE CO. LTD.		Registered in 2006	
CEO: Mr. Abdul Haye Mughal CFO: Mr. Adnan Waheed		2019 (Restated)	2018
Paid up Capital	500.000		500.000
Gross Premium	2,666.478		2,338.699
Net Premium	1,583.784		1,302.298
Profit Before Tax	253.053		95.188
Profit After Tax	159.344		65.767
Investment Income	110.855		36.932
Investments	1,541.459		1,014.508
Total Assets	4,023.762		3,186.871
Claim Expense	658.573		617.966
Earning / (Loss) per Share - (Rupees)	3.19		1.32

ALPHA INSURANCE CO. LTD.		Registered in 1950	
CEO: Mr. Nadeem Bessey CFO: Mr. Faraz Ahmed		2019 (Restated)	2018
Paid up Capital	500.000		500.000
Gross Premium	114.854		83.474
Net Premium	60.197		47.419
Profit Before Tax	5.743		(53.466)
Profit After Tax	3.596		(49.628)
Investment Income	43.277		43.777
Investments	654.194		808.033
Total Assets	1,111.974		1,216.069
Claim Expense	2.696		46.023
Earning / (Loss) per Share - (Rupees)	0.07		(0.99)

# Important Statistics 2019

## Insurance Companies of Pakistan

### ASKARI GENERAL INSURANCE CO. LTD.

Registered in 1995

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

2019 (Restated) 2018

Paid up Capital	719.019	625.234
Gross Premium	3,029.070	2,885.080
Net Premium	2,016.249	1,811.751
Profit Before Tax	509.464	420.847
Profit After Tax	361.838	295.767
Investment Income	201.389	70.701
Investments	2,206.837	1,831.910
Total Assets	5,431.398	4,857.759
Claim Expense	1,250.767	1,069.485
Earning / (Loss) per Share - (Rupees)	5.03	4.11

### ASIA INSURANCE CO. LTD.

Registered in 1980

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

2019 (Restated) 2018

Paid up Capital	603.373	603.373
Gross Premium	523.656	521.370
Net Premium	437.893	480.215
Profit Before Tax	4.474	15.457
Profit After Tax	6.189	20.315
Investment Income	52.855	10.778
Investments	573.991	498.372
Total Assets	1,603.980	1,464.002
Claim Expense	131.677	136.964
Earning / (Loss) per Share - (Rupees)	0.10	0.36

### ATLAS INSURANCE CO. LTD.

Registered in 1934

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

2019 (Restated) 2018

Paid up Capital	771.775	701.614
Gross Premium	2,911.830	2,849.455
Net Premium	1,455.416	1,473.915
Profit Before Tax	895.241	989.029
Profit After Tax	623.256	665.568
Investment Income	224.805	230.857
Investments	4,775.442	3,712.647
Total Assets	7,034.120	6,665.727
Claim Expense	468.715	488.305
Earning / (Loss) per Share - (Rupees)	8.08	8.62

### CENTURY INSURANCE CO. LTD.

Registered in 1988

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

2019 (Restated) 2018

Paid up Capital	502.968	502.968
Gross Premium	1,314.587	1,185.648
Net Premium	779.722	690.290
Profit Before Tax	199.655	105.020
Profit After Tax	145.196	71.327
Investment Income	27.995	(54.336)
Investments	1,657.440	1,359.047
Total Assets	3,086.221	2,829.744
Claim Expense	362.677	288.199
Earning / (Loss) per Share - (Rupees)	2.89	1.42



# Important Statistics 2019

## Insurance Companies of Pakistan

### CRESCENT STAR INSURANCE CO. LTD.

Registered in 1957

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

	2019	(Restated)	2018
Paid up Capital	1,076.950		1,076.950
Gross Premium	115.988		114.618
Net Premium	110.851		111.270
Profit Before Tax	63.585		(49.237)
Profit After Tax	49.133		(63.097)
Investment Income	3.675		0.307
Investments	17.142		15.559
Total Assets	1,254.771		1,179.593
Claim Expense	13.955		17.453
Earning / (Loss) per Share - (Rupees)	0.46		(0.60)

### EAST WEST INSURANCE CO. LTD.

Registered in 1983

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

	2019	(Restated)	2018
Paid up Capital	1,029.007		762.227
Gross Premium	3,246.178		3,107.161
Net Premium	1,467.313		1,459.230
Profit Before Tax	235.023		146.116
Profit After Tax	183.846		132.392
Investment Income	23.254		(9.220)
Investments	1,239.093		1,073.308
Total Assets	3,640.209		2,958.081
Claim Expense	642.479		633.992
Earning / (Loss) per Share - (Rupees)	1.81		1.30

### EFU GENERAL INSURANCE CO. LTD.

Registered in 1932

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

	2019	(Restated)	2018
Paid up Capital	2,000.000		2,000.000
Gross Premium	19,774.236		18,780.177
Net Premium	7,459.570		7,562.349
Profit Before Tax	3,827.335		3,262.364
Profit After Tax	2,608.580		2,171.273
Investment Income	2,262.228		1,612.336
Investments	13,370.354		13,705.869
Total Assets	45,699.246		42,869.123
Claim Expense	3,548.905		3,088.870
Earning / (Loss) per Share - (Rupees)	13.04		10.86

### HABIB INSURANCE CO. LTD.

Registered in 1942

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

	2019	(Restated)	2018
Paid up Capital	619.374		619.374
Gross Premium	1,620.051		1,327.024
Net Premium	755.586		532.062
Profit Before Tax	97.227		157.916
Profit After Tax	70.087		105.310
Investment Income	94.810		196.665
Investments	1,265.566		1,200.619
Total Assets	3,640.667		3,282.403
Claim Expense	417.753		312.495
Earning / (Loss) per Share - (Rupees)	0.57		0.85

# Important Statistics 2019

## Insurance Companies of Pakistan

IGI INSURANCE CO. LTD.		Registered in 1953	
CEO: Mr. Tahir Masaud CFO: Syed Awais Amjad		2019	(Restated) 2018
Paid up Capital		1,918.384	1,918.384
Gross Premium		5,177.105	4,417.930
Net Premium		2,396.793	2,236.397
Profit Before Tax		806.897	530.567
Profit After Tax		578.416	368.045
Investment Income		465.848	134.816
Investments		3,151.476	2,564.963
Total Assets		8,928.619	7,012.631
Claim Expense		1,203.473	1,142.716
Earning / (Loss) per Share - (Rupees)		2.99	1.95

JUBILEE GENERAL INSURANCE CO. LTD.		Registered in 1953	
CEO: Mr. Hassan Khan CFO: Mr. Nawaid Jamal		2019	(Restated) 2018
Paid up Capital		1,804.465	1,804.465
Gross Premium		9,375.269	9,161.366
Net Premium		5,279.188	4,922.929
Profit Before Tax		1,725.016	1,631.278
Profit After Tax		1,224.285	1,066.305
Investment Income		949.909	1,019.544
Investments		12,372.180	10,758.716
Total Assets		22,088.924	21,313.152
Claim Expense		2,827.884	2,691.068
Earning / (Loss) per Share - (Rupees)		6.78	5.91

THE PAKISTAN GENERAL INSURANCE CO. LTD.		Registered in 1948	
CEO: Ch. Mazhar Zahoor CFO: Mr. Javed Iqbal Khan		2019	(Restated) 2018
Paid up Capital		464.015	464.015
Gross Premium		-	-
Net Premium		(17.975)	(5.151)
Profit Before Tax		(46.908)	(128.619)
Profit After Tax		(19.530)	(121.377)
Investment Income		3.334	8.427
Investments		46.360	36.006
Total Assets		549.389	637.139
Claim Expense		(41.200)	(6.757)
Earning / (Loss) per Share - (Rupees)		(0.42)	(2.62)

PICIC INSURANCE CO. LTD.		Registered in 2004	
CEO: Mr. Moiz Ali CFO: Mr. Abdul Muhammad		2019	(Restated) 2018
Paid up Capital		350.000	350.000
Gross Premium		-	-
Net Premium		-	-
Profit Before Tax		(1.705)	(8.914)
Profit After Tax		(2.175)	(11.799)
Investment Income		4.515	2.347
Investments		44.384	40.339
Total Assets		70.818	67.011
Claim Expense		-	-
Earning / (Loss) per Share - (Rupees)		(0.06)	(0.34)



# Important Statistics 2019

## Insurance Companies of Pakistan

<b>PREMIER INSURANCE CO. LTD.</b>		Registered in 1952	
CEO: Mr. Nadeem Maqbool CFO: Mr. Amjed Bahadur Ali		2019	(Restated) 2018
Paid up Capital		505.650	505.650
Gross Premium		501.364	535.976
Net Premium		223.329	290.308
Profit Before Tax		(274.655)	53.390
Profit After Tax		(239.761)	44.822
Investment Income		(135.584)	42.937
Investments		742.852	806.620
Total Assets		2,957.300	3,163.733
Claim Expense		88.086	57.811
Earning / (Loss) per Share - (Rupees)		(4.74)	0.89

<b>RELIANCE INSURANCE CO. LTD.</b>		Registered in 1982	
CEO: Mr. A. Razak Ahmed CFO: Mr. Haroon A. Shakoor		2019	(Restated) 2018
Paid up Capital		561.413	561.413
Gross Premium		622.401	878.686
Net Premium		347.798	348.241
Profit Before Tax		96.404	60.122
Profit After Tax		71.211	48.997
Investment Income		92.725	46.673
Investments		777.312	711.108
Total Assets		1,595.486	1,658.654
Claim Expense		87.205	87.174
Earning / (Loss) per Share - (Rupees)		1.27	0.87

<b>SECURITY GENERAL INSURANCE CO. LTD.</b>		Registered in 1996	
CEO: Mr. Farrukh Aleem CFO: Mr. Khalid Mahmood Chohan		2019	(Restated) 2018
Paid up Capital		680.625	680.625
Gross Premium		3,121.741	2,495.889
Net Premium		695.996	599.589
Profit Before Tax		1,353.963	1,291.835
Profit After Tax		959.383	853.828
Investment Income		1,037.215	995.081
Investments		16,253.811	14,014.955
Total Assets		21,820.326	18,996.683
Claim Expense		110.472	83.195
Earning / (Loss) per Share - (Rupees)		14.10	12.54

<b>SHAHEEN INSURANCE CO. LTD.</b>		Registered in 1996	
CEO: Mr. Sohail N. Kidwai CFO: Nisar Ahmed Almani		2019	(Restated) 2018
Paid up Capital		600.000	600.000
Gross Premium		350.295	416.939
Net Premium		295.190	366.914
Profit Before Tax		80.256	98.638
Profit After Tax		60.000	78.658
Investment Income		61.065	33.037
Investments		563.708	506.012
Total Assets		1,174.208	1,042.964
Claim Expense		99.575	84.889
Earning / (Loss) per Share - (Rupees)		1.00	1.31

# Important Statistics 2019

## Insurance Companies of Pakistan

<b>SINDH INSURANCE LTD.</b>		Registered in 2010	
CEO: Mr. Muhammad Faisal Siddiqui CFO: Nadeem Akhtar		2019	(Restated) 2018
Paid up Capital			1,000.000
Gross Premium			426.427
Net Premium			358.775
Profit Before Tax			278.825
Profit After Tax	N/A		198.429
Investment Income			258.479
Investments			3,107.017
Total Assets			3,860.007
Claim Expense			801.910
Earning / (Loss) per Share - (Rupees)			1.98

<b>SPI INSURANCE CO. LTD.</b>		Registered in 2005	
CEO: Mian M. A. Shahid CFO: Mr. Naeem Tariq		2019	(Restated) 2018
Paid up Capital	500.000		500.000
Gross Premium	739.496		580.692
Net Premium	579.151		471.131
Profit Before Tax	42.341		12.967
Profit After Tax	56.910		18.932
Investment Income	17.564		16.656
Investments	393.950		235.613
Total Assets	1,399.233		1,223.833
Claim Expense	136.597		151.680
Earning / (Loss) per Share - (Rupees)	1.14		0.38

<b>TPL DIRECT INSURANCE CO. LTD.</b>		Registered in 2005	
CEO: Mr. Muhammad Aminuddin CFO: Syed Kazim Hasan		2019	(Restated) 2018
Paid up Capital	938.663		938.663
Gross Premium	2,505.278		2,408.662
Net Premium	2,136.243		2,246.605
Profit Before Tax	56.029		34.675
Profit After Tax	30.515		23.739
Investment Income	80.931		0.913
Investments	729.380		1,026.349
Total Assets	2,966.104		2,624.712
Claim Expense	882.931		965.440
Earning / (Loss) per Share - (Rupees)	(1.14)		0.04

<b>UBL INSURERS LTD.</b>		Registered in 2007	
CEO: Mr. Zeeshan Muhammad Raza CFO: Mr. Nadeem Raza		2019	(Restated) 2018
Paid up Capital	1,152.174		1,152.174
Gross Premium	3,988.703		3,391.311
Net Premium	1,769.967		1,412.471
Profit Before Tax	448.557		364.991
Profit After Tax	307.875		259.576
Investment Income	79.661		60.557
Investments	827.412		872.075
Total Assets	5,754.807		4,807.107
Claim Expense	646.815		568.260
Earning / (Loss) per Share - (Rupees)	2.67		2.25



# Important Statistics 2019

## Insurance Companies of Pakistan

**THE UNITED INSURANCE CO. OF PAKISTAN LTD.**

Registered in 1959

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

	2019	(Restated)	2018
Paid up Capital	2,601.017		2,261.754
Gross Premium	4,310.794		4,227.348
Net Premium	2,541.595		2,574.381
Profit Before Tax	609.114		562.701
Profit After Tax	401.591		389.223
Investment Income	67.101		8.365
Investments	731.261		427.999
Total Assets	8,183.063		6,895.465
Claim Expense	1,153.501		1,305.274
Earning / (Loss) per Share - (Rupees)	1.54		1.50

**THE UNIVERSAL INSURANCE CO. LTD.**

Registered in 1958

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

	2019	(Restated)	2018
Paid up Capital	500.000		500.000
Gross Premium	139.149		63.549
Net Premium	68.115		33.184
Profit Before Tax	4.421		19.497
Profit After Tax	2.335		15.989
Investment Income	13.634		(11.973)
Investments	185.416		175.493
Total Assets	953.842		926.927
Claim Expense	(19.576)		2.366
Earning / (Loss) per Share - (Rupees)	0.05		0.32

### 05 Life Insurance Companies (without Takaful Contribution)

Total	2019	2018
	(Rs. In Million)	
Paid up Capital	4,600.789	3,600.789
Gross Premium	86,494.311	87,514.890
Net Premium	84,413.851	85,517.222
Profit Before Tax	5,262.373	5,484.714
Profit After Tax	3,333.893	3,768.938
Investment Income	25,800.180	15,287.413
Investments	292,617.734	250,536.435
Total Assets	323,564.169	275,884.375
Claim Expense	43,001.252	34,582.898

**ADAMJEE LIFE ASSURANCE CO. LTD.**

Registered in 2008

CEO: Mian Umer Mansha CFO: Mr. Jalal Meghani

	2019	(Restated)	2018
Paid up Capital	935.494		935.494
Gross Premium	12,969.421		13,247.254
Net Premium	12,386.850		12,711.254
Profit Before Tax	281.181		72.563
Profit After Tax	217.106		56.088
Investment Income	2,539.618		1,585.556
Investments	31,078.144		28,783.093
Total Assets	40,376.444		33,912.292
Claim Expense	6,716.174		6,304.344
Earning / (Loss) per Share - (Rupees)	2.32		0.60

# Important Statistics 2019

## Insurance Companies of Pakistan

### ASKARI LIFE ASSURANCE CO. LTD.

Registered in 1992

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

2019 (Restated) 2018

Paid up Capital	1,101.720	1,101.720
Gross Premium	301.961	43.849
Net Premium	219.535	25.661
Profit Before Tax	(262.370)	(112.738)
Profit After Tax	(262.880)	(112.993)
Investment Income	68.124	29.631
Investments	510.611	714.005
Total Assets	769.908	843.373
Claim Expense	82.127	50.083
Earning / (Loss) per Share - (Rupees)	(2.39)	(1.82)

### EFU LIFE ASSURANCE CO. LTD.

Registered in 1932

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

2019 (Restated) 2018

Paid up Capital	1,000.000	1,000.000
Gross Premium	31,750.084	30,790.407
Net Premium	31,141.634	30,164.268
Profit Before Tax	2,354.173	2,282.937
Profit After Tax	1,549.264	1,546.303
Investment Income	11,589.124	6,942.391
Investments	116,065.289	105,820.637
Total Assets	129,289.639	116,764.611
Claim Expense	15,677.433	13,094.451
Earning / (Loss) per Share - (Rupees)	15.49	15.46

### IGI LIFE INSURANCE LTD.

Registered in 1952

CEO: Syed Hyder Ali CFO: Mr. Abdul Haseeb

2019 (Restated) 2018

Paid up Capital	1,705.762	705.762
Gross Premium	4,814.857	4,793.561
Net Premium	4,656.663	4,656.321
Profit Before Tax	(245.797)	(134.076)
Profit After Tax	(176.718)	(94.703)
Investment Income	1,551.163	1,077.634
Investments	17,350.938	15,681.832
Total Assets	20,144.099	18,650.377
Claim Expense	4,770.078	5,122.635
Earning / (Loss) per Share - (Rupees)	(1.29)	(0.78)

### JUBILEE LIFE INSURANCE CO. LTD.

Registered in 1995

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

2019 (Restated) 2018

Paid up Capital	793.307	793.307
Gross Premium	49,627.409	51,887.073
Net Premium	48,396.019	50,670.972
Profit Before Tax	3,416.367	3,448.591
Profit After Tax	2,224.227	2,430.331
Investment Income	12,591.769	7,237.757
Investments	158,690.896	128,319.961
Total Assets	173,360.523	139,626.014
Claim Expense	22,471.614	16,315.729
Earning / (Loss) per Share - (Rupees)	28.04	30.64



# Important Statistics 2019

## Insurance Companies of Pakistan

### 01 Health Insurance Company:

#### ALLIANZ EFU HEALTH INSURANCE LTD.

Registered in 2000

CEO: Mr. Akhtar Kurban Alavi CFO: Mr. Nooruddin Jaffar Ali	2019 (Restated)	2018
Paid up Capital	500.000	500.000
Gross Premium	2,382.505	2,026.447
Net Premium	1,615.665	1,335.397
Profit Before Tax	(54.495)	76.947
Profit After Tax	(79.981)	57.013
Investment Income	64.705	20.931
Investments	594.177	695.971
Total Assets	1,741.162	1,814.897
Claim Expense	1,493.619	1,069.395
Earning / (Loss) per Share - (Rupees)	(1.60)	1.14

### 02 Takaful (General) Companies:

Total	2019 (Rs. In Million)	2018
Paid up Capital	1,122.215	1,122.215
Gross Premium	1,732.859	1,053.570
Net Premium	834.214	337.557
Profit Before Tax	62.206	(57.652)
Profit After Tax	30.790	(64.854)
Investment Income	73.481	20.736
Investments	951.477	809.765
Total Assets	2,833.511	2,289.721
Claim Expense	3,417.194	309.263

#### PAK-QATAR GENERAL TAKAFUL LTD.

Registered in 2006

CEO: Mr. Muhammad Nasir Ali Syed CFO: Mr. Muhammad Saleem	2019 (Restated)	2018
Paid up Capital	509.226	509.226
Gross Premium	701.046	677.714
Net Premium	211.092	192.481
Profit Before Tax	21.462	18.668
Profit After Tax	13.790	12.345
Investment Income	25.669	15.060
Investments	350.277	310.233
Total Assets	1,402.633	1,336.967
Claim Expense	251.637	231.632
Earning / (Loss) per Share - (Rupees)	0.27	0.24

#### TAKAFUL PAKISTAN LTD.

Registered in 2006

CEO: Syed Rizwan Hussain CFO: Mr. Muhammad Irfan	2019 (Restated)	2018
Paid up Capital	612.989	612.989
Gross Premium	1,031.813	375.856
Net Premium	623.122	145.076
Profit Before Tax	40.744	(76.320)
Profit After Tax	17.000	(77.199)
Investment Income	47.812	5.676
Investments	601.200	499.532
Total Assets	1,430.878	952.754
Claim Expense	3,165.557	77.631
Earning / (Loss) per Share - (Rupees)	0.33	(1.52)

# Important Statistics 2019

## Insurance Companies of Pakistan 02 Takaful (Family) Companies:

Total	(Rs. In Million)	
	2019	2018
Paid up Capital	1,307.124	2,057.124
Gross Premium	8,287.057	9,288.028
Net Premium	7,861.433	7,623.803
Profit Before Tax	84.070	176.105
Profit After Tax	55.241	116.889
Investment Income	336.554	(1,205.466)
Investments	18,894.945	19,590.114
Total Assets	25,840.706	26,185.500
Claim Expense	4,458.036	3,692.091

### DAWOOD FAMILY TAKAFUL LTD.

Registered in 2007

CEO: Mr. Ghazanfar ul Islam CFO: Mr. Muhammad Rizwan Saleem

2019 (Restated) 2018

Paid up Capital		750.000
Gross Premium		1,471.410
Net Premium		180.663
Profit Before Tax		21.343
Profit After Tax	N/A	9.431
Investment Income		(23.149)
Investments		2,573.979
Total Assets		4,289.604
Claim Expense		56.604
Earning / (Loss) per Share - (Rupees)		0.13

### PAK-QATAR FAMILY TAKAFUL LTD.

Registered in 2006

CEO: Mr. Azeem Iqbal Pirani CFO: Mr. Muhammad Ahsan Qureshi

2019 (Restated) 2018

Paid up Capital	1,307.124	1,307.124
Gross Premium	8,287.057	7,816.618
Net Premium	7,861.433	7,443.140
Profit Before Tax	84.070	154.762
Profit After Tax	55.241	107.458
Investment Income	336.554	(1,182.317)
Investments	18,894.945	17,016.135
Total Assets	25,840.706	21,895.896
Claim Expense	4,458.036	3,635.487
Earning / (Loss) per Share - (Rupees)	0.42	0.85





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# The Case For and Against Corporate Social Responsibility

## The Term 'Corporate Social Responsibility'

The phrase “corporate social responsibility” is something of a misnomer. It comprises of three words. And somehow, none of these three words are used in the literal sense – rather as euphemisms. Each of these words therefore needs to be interpreted individually in order to get a fair idea of what is, or is not, meant by the phenomenon of CSR.

The first word **corporate** literally or commonly refers to the affairs of a legal body created as a company or a corporation under Companies Act. However, in relation to CSR it includes not just companies or corporations but all 'business firms' regardless of the form of their ownership. Thus the concepts of CSR apply as much to companies as to partnerships, sole proprietorships, and government owned business units. Many experts feel that even non-profit organizations (like NGOs and sports associations) or statutory bodies (like State Bank of Pakistan) have the same social responsibilities that are normally associated with business firms.

The second word **social** would appear to refer to matters relating only to society at large, or the relationship of an individual (or a firm) with the rest of the society. However, in relation to

CSR, the word social is a euphemism for stakeholders, i.e. it covers all of a firm's stakeholders. While it is true that society is perhaps the largest component of a firm's stakeholders, the prime focus of any entity's CSR activities is on its stakeholders, not just what it owes to the society in which it operates.

The third word **responsibility** would generally mean what someone is required to do by virtue of his/her position or by law or by social norms. Once again, its applicability to CSR is somewhat different – here it stands for what a business entity “chooses” to do for its stakeholders. And this is well beyond the boundaries of law, rules,

regulations and contractual obligations. What a business firm is required to do by law is its legal responsibility and failure to do so constitutes a crime or a misdemeanor. On the other hand, failure to undertake any or adequate CSR invokes no such reprisal. The essential element of the word responsibility as used in CSR is therefore “choice or discretion of the organization undertaking it”.

To sum up, the scope of CSR includes all those acts that an organization opts to perform in order to serve and benefit its various stakeholders, in particular the society, without being necessarily required to do so by law.



This of course outlines only the “contents” of corporate social responsibility – it is not in itself a definition of CSR. Despite the diversity in the available definitions, one thing appears to be fairly common among them: the contents of CSR almost always refer to 'doing good for the society'. Almost everything else about CSR is interpreted differently by different scholars.

### **Why Companies must engage in CSR?**

The following arguments are put forward in support of CSR:

#### ***Dependence on society for sustainability***

Sustainability of business firms depends on the well being of the society. Opportunities for good returns on investment thrive only if the society is thriving. If the society suffers due to the negligence of business firms, it will not be able to continue buying their products, thereby jeopardizing the very existence of commercial units.

#### ***Repayment Concept***

Firms draw all their resources from the society; they must repay the society. Some sociologists equate expenditure on CSR as a form of voluntary taxation – a mode of ensuring some equity in distributing the profits earned by the firm instead of passing all of them to just one group of stakeholders. The expenditure on CSR can be taken as an implicit cost of doing business.

Again, businesses cause a number of problems for the society, e.g. environmental hazards. They owe it to the society to help repair the damage being caused by them. When a tobacco firm actively supports plantation of trees, it in effect pays back to the society for the damage done by its products to the people of

the society.

### ***Building Brands for the Company***

The relationship between firm's corporate social responsibility performance and its reputation is undeniable. Companies with a good CSR track record are able to win the confidence of all of its stakeholders including investors, general public and the governments. This leads to a positive image. In turn, CSR helps builds four forms of brands for a company, namely financial risk brand, company management brand, market or product brand and employer brand. Each of these brands has significant impact on the profitability and continued existence of the firm.

#### **• *Financial Risk Brand***

A good financial risk brand means more investors are willing to invest in, or lend to, the company at preferred rates of returns. Companies that have a good CSR reputation are able to win the confidence of discerning investors who prefer to invest in socially responsible companies even if they are offered a slightly lower rate of return. Lower cost of capital as well as relatively easier access to capital can help a company grow and become more profitable. During the periods of economic recession, companies with a better financial risk brand are able to survive more comfortably than most others due to their ability to remain liquid even through difficult times.

#### **• *Company Management Brand***

A socially responsible firm, with a good reputation and standing in the market is able to negotiate with government, industrial associations, workers and the society from a position of strength. The views of the management of such a company attract sufficient attention when they speak at formal forums on matters relating to the interests of the company, e.g. import export policy, taxation regime, labor laws, etc.

#### **• *Market or Product Brand***

The reputation accruing to a company because of its CSR activities transfers quite easily to its products. People prefer to buy products from companies that they consider to be socially responsible. In turn, this gives a competitive edge to its products in the market.

#### **• *Employer Brand***

Just as consumers prefer to buy products of a company with a good CSR reputation, people seeking employment also prefer to work for companies that enjoy such a reputation. It is often said that socially responsible companies are able to provide their employees an additional motive to be efficient – a social cause to work for. Employees tend to start feeling a purpose in their jobs which makes work harder and be happier at the work place. In Pakistan, the first choice of most people getting out of business or engineering schools is to join to a multinational company mainly because these companies enjoy a higher reputation for their social behavior. Thus companies with a good CSR track record are able to attract and retain better and more motivated employees.

Another angle of this situation is that CSR includes fairness and integrity in doing business. This means socially responsible companies treat their employees well and look after their well-being, development and life aspirations. In turn this helps improve efficiency and loyalty of workers, thereby enhancing productivity. People in Pakistan prefer to work for multinational corporations not merely for better pay scales but for better working environments and better treatment. On the other hand, those Pakistani firms which are not fair to their employees and are generally dishonest in their dealings with customers and suppliers, are unable to get or retain good quality staff or to get better output from whatever staff they have.



***Competitive Edge in all Spheres***

Good CSR practices generate good reputation for a business firm which translates into a competitive edge in all spheres of its operations. It improves its sales, helps it to procure more suitably priced capital, attracts better quality staff and helps it to get better business terms from suppliers and clients. All these factors inevitably lead to higher sustainable profits.

CSR's role in promoting the above four brands, and giving a competitive edge to the firm, is often referred to as the business case for CSR, i.e. how CSR helps a firm in its business and improvement of profits.

***CSR is a net positive investment***

Corporations have discovered to their delight that expenditure on CSR is just like any other investment that yields a net positive return. Historical data and research studies carried out by a large number of academicians in different parts of the world have amply demonstrated that cost of CSR is almost always less than the benefits of CSR. The difference is the value added by CSR, a contribution to firm's profits. This too is a strong aspect of business case for CSR.

***Firms have the capacity to do good to the society***

Businesses have the technical and financial capacity to do good more meaningfully. They can plan and implement projects of social importance much better than individuals. Firms can change the habits of people, leading them to better quality life. For example, a campaign by Lever Brothers that propagated the benefits of 'washing hands' throughout the schools in Pakistan has led to better hygiene among youngsters. Another example is the support from Shell Pakistan to the various traffic awareness programs launched by traffic police

and similar authorities in various parts of the company. Shell is able to provide not just the financial resources for the campaigns but also technical advice on how to make it more informative and effective.

***Developing Countries getting access to Western Medicines***

It is due to CSR efforts by major international corporations that some essential medicines reach the poor people in developing countries. For example, the role played by Bill Gates's foundation in combating the Aids menace in Africa is truly remarkable. Without such philanthropic effort, the disease could have caused much greater damage than it actually did or continues to do. Similarly, Coca Cola Foundation has also extending a great helping hand in ensuring that essential medicines reach the poor people in general and Coca Cola's own employees in particular. Again, a number of international pharmaceutical companies send free medicines to poverty zones of the world. Without such helping hands, the poor countries would never be able to afford such expensive treatments.

***Reducing pressure on governmental resources***

CSR by business firms reduces the pressures on government which can then spend its resources on more pressing demands. For example, if CSR results in establishment of a large number of dispensaries and health clinics in a particular area, the government can divert funds from this sector to other deserving needs like education.

In many cases, larger firms join governmental efforts for a particular cause. For example, a good number of companies and NGOs are supporting Pakistan government's efforts to eradicate polio from the country.

***Promoting economy***

CSR efforts in themselves create a number of job opportunities and wealth for smaller business units. For example, profits earned by Bill Gates, routed through his Foundation for fighting serious diseases like aids and polio, are creating a large number of jobs for health workers and a source of revenue for manufacturers and distributors of vaccines, etc. CSR is thus keeping the wheels of commerce and industry turning.

***The Case Against CSR***

The following criticism is often leveled on the concept of CSR and the manner in which it is exploited by corporations:

***It is all a marketing gimmick***

The commonest accusation against CSR is that most, if indeed not all, the activities undertaken by firms in the name of social welfare are actually marketing gimmicks. For example, when a soap manufacturer advocates cleanliness he is actually aiming at higher sales of his products. In a report on CSR published by the Economist, it was claimed that "the followers in the CSR industry are many, their real motive is public relations and the telltale sign is that the person responsible for CSR sits in the corporate communications department."

***More noise, less action***

Companies often spend less money on CSR activities and more on advertising their CSR activities. A certain office equipment corporation in USA instituted a scholarship program for underprivileged students. Over the duration of the program it spent 28% of the total funds assigned to the program on actual scholarships and 72% on advertising the program and company's profile.

### *Green-washing*

Green-washing is a term that probably arose from white-washing, an effort to hoodwink someone by putting on a façade. Many companies only pretend to be socially responsible but actually being so. They try to cover up environmentally and/or socially damaging activities – with mere rhetoric or with some minor superficial environmental reforms. While this practice is more prevalent in the developing countries, the developed world is certainly not immune to it. A simple example comes from the McDonald burger chain. They changed the colors of its logo from yellow and red to yellow and green, thereby giving an impression of being environmentally friendly. This change in color of the logo in itself has no positive impact on environmental whatsoever.

### *It is contrary to the basic idea of capitalism*

CSR should not be done at the expense of shareholders' returns. CSR is justified only to the extent that it actually helps a company improve profits. In other words, if the expenditure on CSR is likely to reduce the company's profits or curtail its dividend payments, it is not justified. This clearly sets limit on the extent of CSR activities a business firm can engage in. The Economist magazine made a very pertinent observation in its report on CSR, "After all, a socially conscious but bankrupt business is no good to anyone."

### *Misuse of reputation or power gained from CSR*

CSR confers a power on business firms that can be (and often is) abused by them in developing countries. Large corporations are able to influence governmental decisions, often unduly, because of to their standing in the society gained through massive expenditure on CSR. They

use their CSR spending as a justification for getting certain concessions to which they may not be reasonably entitled. Other forms of such misuse are:

#### *Pre-emption Tactic*

Some argue that CSR is merely window-dressing, or an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations. By adopting a social posture, they are able to convince the governments, particularly in developing countries, that they are already well behaved and do not need any monitoring by governmental agencies.

#### *Shield to hide their sins / Capital Legitimacy*

Some critics believe that CSR programs are undertaken by companies such as British American Tobacco (BAT), the petroleum giant BP (well known for its high-profile advertising campaigns on environmental aspects of its operations), and McDonald's (the fast food chain) to distract the public from ethical questions posed by their core operations. We all know smoking is bad for people, but BAT plants a lot of trees and poses itself as a great lover of environment. Oil companies are destroying our ecology yet BP mounts advertising campaigns on environment. McDonald has made the entire burger generation fat yet it has programs on healthy eating. All this is seen by CSR scientists as a simple farce. There is no dearth of

people who believe that most, if not all, CSR work is merely a ploy used by corporations to justify their unbridled quest for profits.

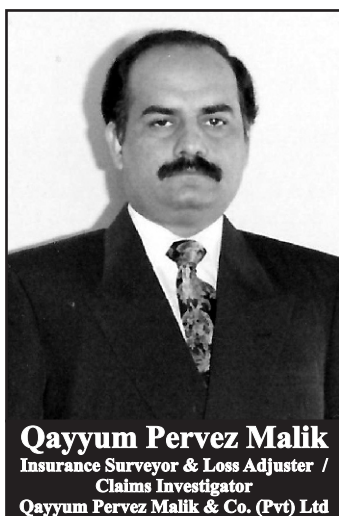
#### *Irrelevance of Corporations to social work*

Business firms may not be able to truly assess the needs of social organizations that they purport to support, or to devise ways to solve their problems. The perception of highly paid managers about the real problems faced by poor people is never quite close to the reality – rendering them irrelevant to the process of seeking solutions to social problems.

Many management scientists argue that looking after the society is the function of a country's government. The most that is required from the companies is that they should pay all their due taxes to enable the government carry out its welfare functions. The task of helping the society more fittingly belongs to non-profit organizations, or NGOs, who work closely with marginalized persons and who have an understanding of the problems of such people. However, social scientists point out that companies don't have to undertake social projects directly - they can channel their contributions for social welfare through such non-profit or non-governmental organizations that are more competent to handle the social work. Again, paying all due taxes and not indulging in tax evasion is also a part of being socially responsible.







# Auto Insurance Fraud Claims

According to the reports of National Insurance crime Bureau (NICB) billions of dollars are involved each year in committing auto insurance fraud claims every year through out the World. Idiomatically speaking there are 101 ways to commit such frauds. The major sufferer is Insurance industry. Large number of legitimate stake holders of auto business unfortunately get involved in this illegitimate black market busy in trying to gain undue benefits out of auto insurance claims.

Here in Pakistan, the most common type of auto insurance fraud claims is listed below. Though it does not publish or form part of any record but the people and especially the professionals involved in insurance, auto, survey, auto-garages etc. are well aware of the happening of such events in their day to day activities. Most of such claims are turned down when caught whereas the others get successful escape out of the eyes of professionals. So, in both the cases the criminal intent succeeds and the culprits are left un-accountable.

Common type of auto insurance fraud claims in Pakistan could consist of: -

1. Preparation of stage by replacing the sound parts of un-accidented vehicle with the damaged parts of some other vehicle.
2. Staged crash just to create the

evidence of accidental external means to establish a valid claim in case of extensive loss due to electrical, mechanical breakdown and/or normal wear and tear, which are not covered by the insurance policy.

3. Inflate the genuine claim by adding up pre-damaged parts just to avoid the loss as a result of depreciation.

4. Fabricating a story to prove the occurrence of multiple damages to the vehicle in just one accident.

5. Fabricating a story to hide actual driver who does not possess valid license to drive the vehicle.

6. Hiding recovery from 3rd parties at fault.

7. Replacing the number plate of other damaged vehicle with the number plate of insured vehicle showing as if the damaged vehicle is actually the insured's vehicle.

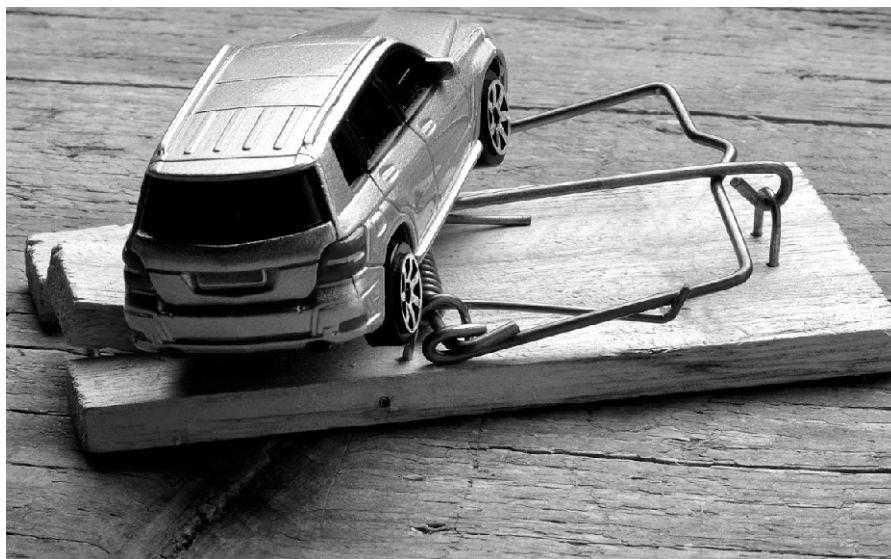
8. False theft claims.

9. Modifying the pictures through computer applications (photo editors) to create damage impact, number plate fabrication etc.

10. Fabricating circumstances of loss to hide the commercial use of vehicle insured under private car comprehensive policy.

## Brief Notes on above Frauds

- 1) *Preparation of stage by replacing the sound parts of un-accidented*



*vehicle with the damaged parts of some other vehicle.*

Some people with criminal intent may replace some parts of their vehicles with damaged parts to be taken from few auto garages where salvage of replaced parts of accident vehicles are usually dumped, with the connivance of few auto garages, few surveyors, few insurance persons having the same intent, to establish a valid claim on their insurers. The monetary gain is thereafter distributed to all the participants after successful realization of insurance claim. Although this phenomenon is not that frequent but should be given a due attention to cater it.

It is not that difficult task to identify such treated vehicles by a prudent professional surveyor or professionals sitting in claims departments of insurance companies. Some tips to apprehend such fraudulent acts may include: -

1. Thorough inspection of the claimed parts of the vehicle for color change, degree of wear and tear from rest of the parts of vehicle.
2. Examination of fixed steel structure/frame of the vehicle on which the claimed parts are fitted to identify whether the fixed structure of the vehicle is also damaged/affected to justify the damage of claimed parts.
3. Close examination to identify whether the claimed parts are properly fitted or not. Fitting of damaged parts in place of sound parts of the vehicle is not an easy task and give noticeable clue to identify the criminal intent.
4. Identify the genuineness of the claimed damaged parts to see whether it matches with the vehicle or not.
5. Check the relationship of damage with the circumstances of loss whether the circumstances of loss justify the damage of claimed parts or

not.  
6. Tactful digging of information from the auto garage workers to dig in the desired information about the genuineness of damage. There are people who avoid to speak lie if handled tactfully.

7. Professionals sitting in claims departments of Insurance companies may call the surveyors on-job to dig out the true information by initiate discussions on above tips. The frequency of such criminal acts could be increased in case the entire or maximum survey assignments are being assigned to a single pet surveyor. To avoid it the survey assignments should be rotated among large number of surveyors. Similar is the case when to choose the auto garages. Centralized allocation of work is not always advisable either to surveyor/salvage dealer or auto garage.

8. This issue could be apprehended by checking the procurement of new parts to be replaced in place of damaged parts.

**2) Staged crash just to create the evidence of accidental external means to establish a valid claim in case of extensive loss due to electrical, mechanical breakdown and/or normal wear and tear, which are not covered by the insurance policy.**

The Insurance policy excludes damages caused by normal wear and tear, mechanical and electrical breakdowns, other technical faults, manufacturing faults etc. so in some cases, the people of criminal intent may try to take an undue gain out of their insurance policy by creating evidence of accident fraudulently to repair that kind excluded damages. Such kind of claims may also be caught by a competent insurance or survey professional easily.

**3) Inflate the genuine claim by**

**adding up pre-damaged parts just to avoid the loss as a result of depreciation.**

There could be a mind-set among few claimants of criminal intent that they avoid to suffer a loss sustainable on account of policy deductibles like depreciation so the claim is lodged in an exaggerated manner just to try to avoid that loss. Obviously, no such effort could be materialized without the connivance of auto-garage and/or surveyors.

**4) Fabricating a story to prove the occurrence of multiple damages to the vehicle in just one accident.**

As per terms of motor insurance policy the insured/claimant is required to initiate a prompt intimation of claim to the insurers, so the loss occurring during multiple accidents on different dates and then initiating loss collectively after the happening of last accident is termed as breach of warranty so the insurers usually tend to avoid compensation for previous accidents and allow the loss occurred in most recent accident.

Now in order to conceal this fact from the insurers the circumstances of loss are misstated converting multiple accidents to one accident.

It is not difficult to co relate whether the so misstated circumstances of loss justify the extent and nature of damage or not.

**5) Fabricating a story to hide actual driver who does not possess valid license to drive the vehicle.**

It is a self-explained case where site survey is essential to resolve it.

**6) Hiding recovery from 3rd parties at fault.**

In some cases, the insured party gets succeeded to recover some amount of loss from third parties and hide it from their Insurers. According to terms of



This matter can be well investigated If the surveyor is assigned to visit the site of loss.

Rarely it could happen that an insured bearing criminal intention to take undue advantage of the motor insurance policy keep track of availability of damaged/accident vehicle of the same model, type and color on which the number plate of insured's vehicle is fixed to capture photographic evidence of loss.

Self-explanatory.

From the time the digital cameras have replaced the old film cameras the risk of editing the pictures by modifying the extent of loss and/or altering the evidence of loss, changing number plates etc. has been increased. The old film cameras had evidence secured in shape of negative films which could have been reproduced to verify the genuineness of loss but in digital cameras no such facility is available.

Motor insurance policies are of two types. One is private car

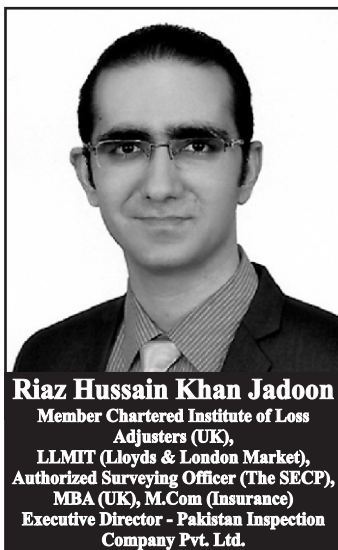
Now if any insured is using the vehicle on rent while having private car comprehensive insurance policy the insurers would repudiate the claim on that ground. Under these circumstances the clever insured modify the circumstances of loss.

A surveyor can successfully investigate the matter by visiting the site of accident and recording the eye-witness statements. Area police station reporting center may also be useful in that respect.



**Ather's career spans over 30 years in core insurance, of which he spent 10 years with Jubilee General from 2007 to 2017 where his last assignment was in the capacity of Chief Sales Officer.**

**With his strong acumen of the insurance industry, he would be working on implementation of the management's transformation agenda: technology, processes, structure and people amongst other things. He would also help in bolstering our Corporate/Commercial relationships.**



# AdjusTech

## Time to go digital

The real consequences of the Covid-19 Pandemic are yet to emanate as experts warn of high level of redundancies, liquidity crunches and diminished demand for non-essential services and products. Various Industry Experts also opine that the world might never recover from the unprecedented human and financial losses brought by the Covid-19 Pandemic.

The effects of pandemic have also compelled employers to rethink their workplace strategies. Although the phenomenon of connecting workforce through remote channels have existed for some time but the pandemic has taken it to an entire new plane.

The remote working environment has worked quite well for creative and some services industries. But this approach has not found much success for industries which require physical and laborious tasks.

In the past, many industries have relied on legacy systems albeit having the potential to digitalize due to cost constraints or lack of will. However, many of them have now started looking towards digitalization in the aftermath of Corona pandemic.

The pandemic has also provided an opportunity for small IT and Software firms to boom and beef up their service offerings. Amazon, Microsoft,

Google, GoDaddy and Zoom are already big giants with established platforms and posed to get the maximum advantage.

Insurers and Surveyors who had invested in technological transformation would surely be quite appreciative to their tech savvy decision makers who enabled them to work from home. Nevertheless, majority of Insurer and Surveyors have not been able to work so much so that their whole operation had halted and come to a complete standstill.

In the context of local insurance industry, it is understandable that not all possess the unique set of skills to come up with solutions requiring perfect combination of insurance and programming knowledge. Therefore, it is essential for Insurers to collaborate with technologists to create successful partnerships giving them allowing them to offer the just right solution.

One such example is the online cloud-based solution known as “AdjusTech” which has already been used by One Insurer and few



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It reduces manual workflow and a number of human-to-human interactions with automation of several daily activities such as claim assignment to Surveyors, continuous claim monitoring for potential fraud identification, automated alerts, real-time operational dashboards with instant access to data needed with Approval Authority Limits for Claim Officers who are responsible for decision making. Thus, helping with reducing indemnity costs and responding quickly for reserving and payments.

AdjusTech enables the Insurer to immediately assign claims to Surveyors according to their claim expertise and workloads resulting in better and faster customer service to

policyholder. The system has been rigorously tested for quality and scalability by real Surveyors, Insurers and Industry experts.

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claims

There is no denying that claims handling represents the highest cost for almost all Insurers. At the same time, it also presents the greatest opportunity for satisfying customers and securing their loyalty. However, if the Insurers remain hindered with rigid claims system and do not adapt to the changes brought by technological advancements, their business may be at risk to competitors who are controlling claims costs more efficiently and responding better to new tech-savvy customer.

So, how can you overcome such challenges and succeed in the post Covid-era where remote working is the new norm?

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**Atique Ahmed Chishti**  
Sr. Manager & Shariah Compliance Officer  
IGI General Insurance Limited  
(Window Takaful Operations)

# The Future of Takaful in Pakistan

The year 2019 has been good for the Takaful in Pakistan. This is evident from the performance of the Takaful Industry. The annual gross contribution of the Takaful Industry has risen to Rs.10.98 billion in 2019 registering an increase of 27%, over the previous year (2018: Rs. 8.65 billion).

The encouraging growth in contribution speaks itself that the Takaful is gaining strength in Pakistan where interest based insurance and banking are dominant disallowing any breathing space to Islamic Insurance.

No doubt, the Takaful has the potential to grow faster in the country provided issues confronting with the Takaful to be addressed at the national level. One of the problems is unclarity about the Takaful to many people in Pakistan. Even some people engaged in selling insurance keep saying that the Takaful as being the same as conventional insurance. They are of the view that there is no difference between the Takaful and Conventional Insurance except the name.

This situation requires taking necessary steps to make clarity about the Takaful in the minds of the people particularly the insurance professionals. Because we have a lot of hope from the insurance personnel to play their role for the growth of Takaful as they have done for the

development of insurance industry in Pakistan.

Before coming to the point, it seems appropriate to mention here that the Takaful has been developed by a large number of Shariah Scholars belonging to all schools of thought. This is the output of collective efforts



made by Islamic Jurists to present the Takaful as alternative to conventional insurance. There is consensus among Muslim Scholars that the Takaful is an Islamic Insurance based on Shariah principles. Secondly Shariah Scholars have a lot of evidences and proofs derived from the Holy Quran and Sunnah supporting their claim that the

Takaful being an alternative to the interest based insurance.

In light of the above I would, mostly humbly, request all those who perceive the Takaful being the same as insurance to provide proofs in support of their claim. Because, according to the law, the burden of proof goes to the claimant to prove each element of the claim. If they have knowledge about the Takaful or any evidence supporting their point of view then they have the rights to raise their concern. Otherwise, it is not wise to criticize just on the basis of assumption. Without solid proof, their claim has nothing but to promote confusion in the minds of the people. In other words it is like, intentionally or unintentionally to create an obstacle standing in the way of the Takaful development in the country.

Now details of Takaful with comparison of conventional insurance are presented here with the hope that the comparative study would make it clear that the Takaful and Insurance are two different systems and not the same.

On the surface the Takaful looks like conventional insurance. This is because the structure of insurance was adopted by the Takaful after modification and necessary changes with characteristics to meet the Shariah Compliance. All these changes can be divided into three

categories. First conceptually, second in transactions and third in terminologies.

It is also important to know as to how a change in the concept can bring about a change in the entire result. For example, we as Muslims eat only Halal (permissible) foods. Meat of cow is a Halal product. The process of slaughtering a cow is most important to make the meat Halal or Haram. If a butcher starts slaughtering a cow with the recitation of Allah's name, Shariah allows to eat it but, if the butcher calls a name other than Allah at the time of slaughtering, Islam does not permit to eat it because of it being labelled as Haram (impermissible). What made the meat Halal or Haram although everything is the same be it the butcher, cow and knife. Of course, it is the name of Allah which made the meat permissible to eat. Similarly digging a well with a good intention that people would get water from it but, if someone falls in the well and dies, the digger would not be held responsible because of positive intention. In case the well is built with a bad intention that people would die by falling in it but people would take advantage of it, the digger would not receive any reward because of evil intention. There are a lot of references in the Holy Quran and Hadith explaining the significance of intention in making an act right or wrong. In short all actions in Islam are judged by intention.

In light of the above examples, it would be easy to understand the basic difference between the Takaful and Insurance. The Takaful is a risk management system based on the principle of mutual cooperation, sharing responsibility and assistance amongst groups of participants. The word "Takaful" is an Arabic word meaning joint guarantee by a group of people who agree to cover each other's losses. While the insurance is a mechanism to transfer a risk from one person to another. These are two different concepts (risk sharing and

risk transfer) playing a vital role to differentiate between the Islamic and Conventional Insurance.

Another important factor which makes the Takaful different from conventional insurance is the concept of ownership. In insurance, the company is owned by the shareholders who are entitled to receive profits from the business. But in the Takaful, the concept of ownership is different. The Takaful operating all over the world is generally based on Waqf plus Wakala Model. This requires to establish a separate fund called participant takaful fund (PTF). All contributions received as Taburruh (donation) from participants are funded to the PTF. The resources of this fund are used to pay claims and Wakala fees as defined under the Waqf Deed. The underwriting surplus of the Waqf fund, if any, is distributed amongst the participants at the end of each year. No shareholder is allowed to withdraw money from the PTF as profit or gift it to any person or make ex gratia payment because there is no owner of this Waqf fund except Allah. Even, if the Takaful Company is closed, all its funds after settlement of dues donated to a charity organization. This is the great difference based on the Waqf making the Takaful different from Conventional Insurance.

The main elements, which separate the Takaful from conventional insurance, are that the risk is handled and fund is managed in a way to avoid Gharar (uncertainty or speculation), Maisir (gambling) and Riba (interest). Here it is significant to know about the nature of transactions responsible for giving rise to non Shariah Compliance in an insurance contract.

One of the main objections raised by the Islamic law is involvement of Riba in the insurance contract. Riba in the contract occurs due to exchange of money. A little amount of premium is being exchanged for a larger amount of claim. The amount of claim

received in excess of the total premium is called Riba.

Secondly there is a high degree of uncertainty in the insurance contract. It is clear that the insured must pay the premium after conclusion of the contract but on the other side it is unclear whether the insured will receive a claim or not, when and how much amount he will receive. All these transactions depend on the probability and severity of loss occurrence. As the end result is hidden and unknown, leading towards uncertainty in the insurance contract.

Thirdly gambling under insurance agreement involves by way of premium paid by the insured but he may achieve nothing at all in return or may receive a huge amount of claim.

It is clear that conventional insurance involves uncertainty, gambling and interest due to exchange-based dealing. On the other hand the operations of Takaful scheme based on cooperation and donation avoid all such non Shariah prohibited elements which exist in conventional insurance.

The spirit of risk sharing and donation are the most important aspects of the Takaful leading the transaction to be free from all non Shariah factors. As explained earlier that the Takaful is a type of system in which all members mutually agree to pay donation into the pool guaranteeing each other against loss or damage. In short the objective behind the use of donation for the help of group members is basically a way to protect the transaction from involvement of uncertainty, gambling and usury in the Takaful.

Here a question can arise whether one can get the benefit against his donation. Answer is simple. It is common that people donate money to Masjid which is Waqf for worship. The donors can avail light, air conditioner, fan and water of the Masjid. The similar concept of getting



benefit exists in the Waqf fund of Takaful which enjoys the status of legal entity specifying to compensate any participant who suffers injury subject to the rules laid down in the Waqf Deed.

Moreover, there are some people who say that there is no concept of risk coverage in Islam. Muslim Scholars, in response to this question, quote a number of examples derived from the Holy Quran and Sunnah. One of the evidences about risk mitigation is derived from the story of Prophet Yousuf (A.S.) who established the storage houses for the crops so that it could be used in the future. Another example taken from Hadith is that once upon a time a companion visited the Prophet (peace and blessings of Allah be upon him). He asked, O Messenger of Allah, should I tie my camel and trust in Allah, or should leave her untied and trust in Allah? The Prophet (peace and blessings of Allah be upon him) said, "Tie your camel first, and then put your trust in Allah". There are many other references from the Holy Quran and Prophetic teachings that not only support risk management but also encourage risk mitigation. Another important aspect making the Takaful different is its Shariah

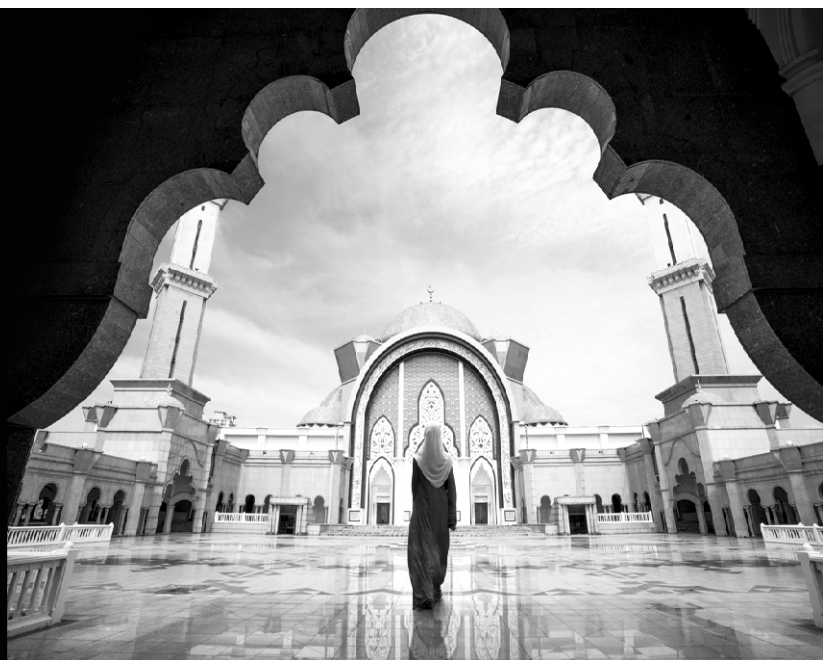
screening criteria. Under the Takaful scheme, Shariah prohibited goods and businesses engaging in non-Shariah compliant activities are impermissible to cover. For example, a factory producing wine, or a godown full of prohibited goods or a shop selling meat of pork, or a vehicle used to transport prohibited items all these are impermissible to cover under the Takaful policies. Similarly, it is not allowed to invest in a business involved in non Shariah activities. In case a transaction made against the Shariah compliance would be treated null and void. The Operator is bound to separate immediately all such incomes received from non-Shariah investment avenues as well as Takaful contribution generated through the coverage of forbidden items. All these impermissible incomes must be donated to a charitable institute. This Shariah screening criteria for the purification of income distinguishes the Takaful from Conventional Insurance.

It is hoped that the above briefing has made it clear that the Takaful is not only different from the interest-bearing insurance but also permissible to get risks covered in line with the Shariah Compliance.

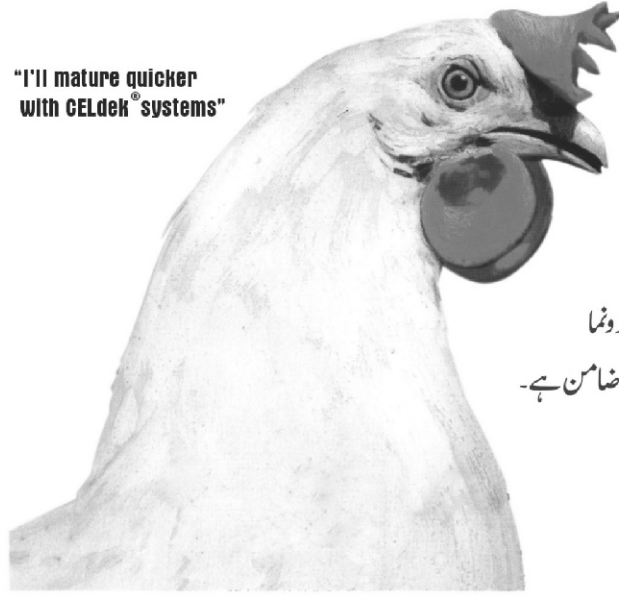
I would not be out of place to mention here that the consensus of Shariah Scholars on the Takaful gives itself a message to follow the majority of Islamic Jurists. There is a Prophetic Hadith guiding us in such circumstances. The Holy Prophet (peace and blessings of Allah be upon him) said, "My Ummah will never agree upon misguidance, whenever you see people are in dispute, follow the majority". What we have to do is to follow the majority of Muslim Scholars and avoid creating confusion about the Takaful as it will have an adverse effect on Islamization process in the country. We being Muslims should think as to how we can contribute towards eradication of interest based insurance by promoting the Takaful in the society.

Last but not least, the case of the Takaful is very strong in terms of Islamic insurance but the advocates (insurance professionals) who have to fight for the growth of the Takaful need to be equipped with the knowledge of Takaful so that they may play an active role for the development of the Takaful in Pakistan.

# Takaful



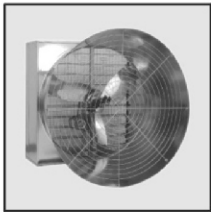
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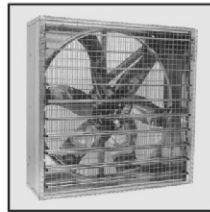
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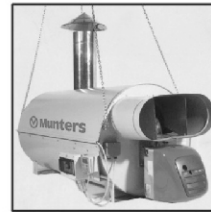
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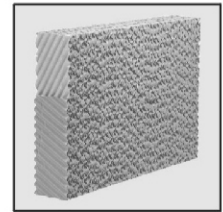
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# Reinsurance and its Benefits

## What is Reinsurance?

We have seen how normal insurance companies work. They pool a large number of people sharing a common risk i.e. risk pooling. But it is interesting to know that even the insurance companies that sell you insurance buy an insurance. These insurance companies buy insurance to make sure that they are able to fulfil the obligations they have towards the customers. This process of an insurance company transferring their risk to another insurance company is called Reinsurance.

The company that transfers the risk is called the ceding company and the accepting company is called reinsurer. The reinsurer agrees to indemnify the cedent against complete or a part of a loss which the primary insurance company may bear under certain insurance policies that it has sold. In return, the cedent pays a premium to the reinsurer. Also, the ceding company discloses all the information needed by the reinsurer to assess, set price, and manage the risks covered under the reinsurance contract.

## Who Offers Reinsurance?

It is important to note that not all insurance companies that are in the business play reinsurer to other insurance companies. The capital

requirement to settle the ceding company's claim is much higher.

## Who Buys Reinsurance?

We already know that primary insurance companies need reinsurance. But there are companies who specifically buy insurance to keep the business running. The reinsurers deal with the ceding companies, reinsurance intermediaries, multinational corporations and banks.

The business model of the primary insurance company decides how much of the business needs to be insured. The company also considers its capital muscle, risk appetite, and assess the current market conditions before buying the reinsurance.

Insurers whose portfolios are vastly exposed to natural or catastrophic disasters like flood, earthquakes, etc. need insurance cover the most. While small players that might need a bigger reinsurance cover because of the



diversity of insurance risk coverage and large client base.

Companies with a focused line of working or with a specific clientele need more reinsurance cover than those with a diverse range of clientele. In the case of commercial portfolios, even though the risk number is small (aviation industry or utility industry) the exposure is very large and thus such companies need more reinsurance cover.

In many cases, companies seek the insurance cover in order to benefit from the reinsuring company's expertise and financing while the ceding company expands its product range or move into a new geographical area.

## Types of Reinsurance:

There are two types Reinsurance:

### 1. Facultative Reinsurance:

Facultative reinsurance is the type of reinsurance which covers a single risk. It is considered to be more transaction-based. Facultative reinsurance allows the reinsurer to assess the individual risk and take a call on whether to accept or reject it. The profit structure of the reinsuring company plays a part in deciding which risk to take. In such agreements, the ceding company and the reinsurer create a facultative certificate that states the reinsurer is accepting a specific risk. This type of reinsurance can be more expensive for the primary insurance companies.

### 2. Reinsurance Treaty:

In this type, the reinsurer agrees to accept all of a specific type of risk from the primary insurance company. In treaty contract, the reinsuring company are bound to accept all the risks that are mentioned in the contract. There are two types of the treaty contract:

#### • Quota or Quota Share:

It is the consolidated type of risk-sharing. The ceding company transfers some percentage of the risk to the reinsurer and keeps a certain percentage to itself. The percentage is fixed in the given contract.

#### • Surplus Insurance:

There are three aspects to look at:

1. What is the maximum cover the reinsuring company is ready to accept?
2. What is the maximum loss (sum assured for Life Insurance and indemnity assessed for General Insurance)?
3. What is the percentage of risk to be transferred?

After calculating these factors, the treaty contract is proposed.

## How Risks are Covered?

There are two ways in which reinsurer covers the risk in the given contract:

### 1. Risk of Excess Loss:

The reinsurer proposes to give a certain amount as a cover to the ceding company if the loss occurs up to a specified amount. For eg. The reinsurance company agrees to pay PKR 50,000 for a loss in excess of PKR 1,00,000.

### 2. Aggregate Risk Excess of Loss:

It is similar to the above-mentioned. But here, the primary insurance company has to wait for all the claims in a year, sum all of it and if the calculation exceeds the cover promised by the reinsurer, then the promised amount will be covered.

## Premiums in Reinsurance:

There are again two types of paying a premium:

#### • Original Premium or Direct Premium:

If say 30% of the risk is transferred to the reinsurer then 30% of the premium received by the primary insurance company is directly transferred to the reinsurer.

#### • Revised Risk Premium:

The reinsuring company doesn't care what the ceding company charges their client for premium. It states its own premium to the cedent for a certain risk to be covered.

## Benefits of Reinsurance:

- Reduce the volatility of results of underwriting.
- There is a flexibility in financing and there is also a capital relief.
- The ceding company can access the reinsuring company's expertise and services especially in the fields of pricing, underwriting, product development, and claims

## Reinsurance boosts Insurance Business

The major advantage of reinsurance is that it assists in the boom of insurance business. It enables every insurer to accept insurance business as the total risk will be distributed among other reinsurers.

If there is no reinsurance, the insurer may not be willing to take up risks, particularly when the risk exceeds beyond his capacity to manage.

## Reinsurance reduces the risks

The prime principle of insurance is to reduce risk. As the risks are spread across wider area, the loss of the individual is minimized which gives the insurer the secured feel. The revenue of insurance companies are stable due to reinsurance. It also helps the insurance companies to gain knowledge about various types of risks and the basis of rating the risks in



the future.

### ***Reinsurance Increases Goodwill of Insurer***

Reinsurance helps to boost the overall confidence and goodwill of insurer. When the insurer develops confidence, he understands the nature of risks involved beyond his capacity. Reinsurance motivates the insurers to undertake and spread the risks. Hence the liability of insurer is limited to the maximum.

### ***Reinsurance Stabilizes Premium Rates***

The premium rates of insurance are stabilized by reinsurance. Generally, the premium rates are calculated on the basis of the loss experienced by

The insurance funds of the insurer is well protected due to reinsurance. Additional security and peace of mind is an added advantage of reinsurance for the insurer and the company that offers the insurance.

### ***Reinsurance Reduces Competition***

The competitions between inter company is reduced as everyone work in a cooperative manner and with the helping tendency in the insurance business. Thus reinsurance helps to control competition and increase overall morale of the employees in the insurance business.

### ***Reinsurance Reduces profit fluctuations***

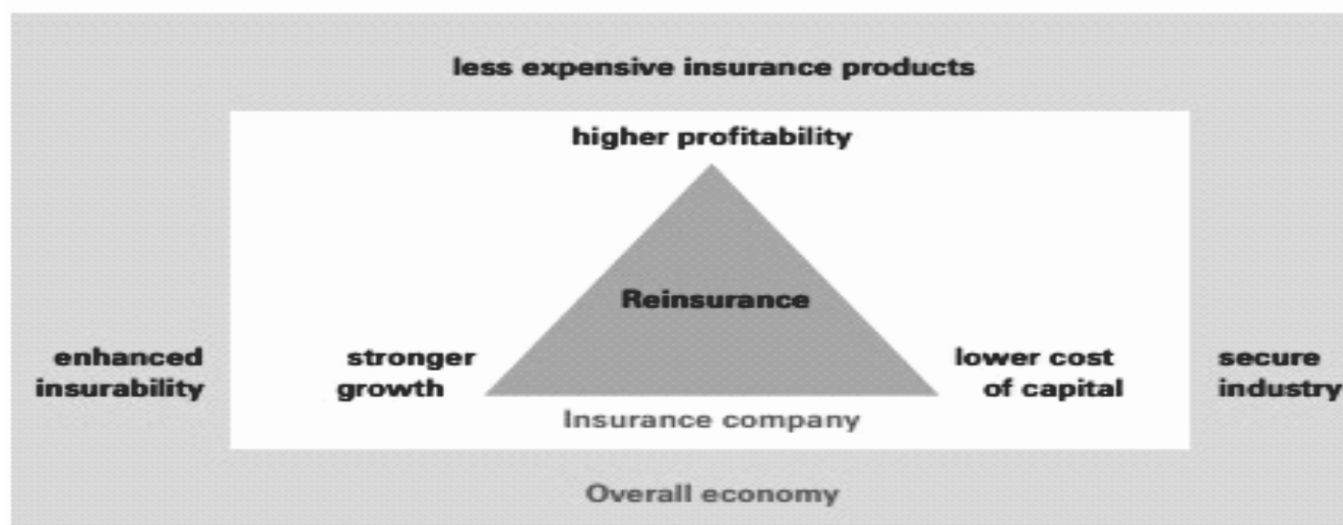
The reinsurance plans reduce, to a

reinsurance facility, the tremendous growth of new enterprises is doubtful.

### ***Reinsurance Minimizes dealings***

Due to the reinsurance scheme, the insurer is required to indulge in the minimum dealings with only one insurer. In the absence of insurance facility, the insured will have to approach several insurers to enter into various individual insurance agreement on the same property. This involves considerable cost, loss of valuable time and slower down the pace of protection cover. These benefits are applicable for both Life and Non-Life Insurance. However, due to different approaches of the primary insurance companies, the importance of these benefits may vary to different sectors.

## **Reinsurance makes insurance more stable and attractive**



the insurer in the past, due to the risk concerned. Reinsurance takes into account of all these data and fixes the premium rate according for various types of risks under mutual agreement.

Thus reinsurance stabilizes the fluctuations in the premium rates of various types of risks.

### ***Reinsurance Protects the Insurance Funds***

considerable extent the violent fluctuations in the profits of the company. If on the other hand, heavy risks are retained by the original insurer, his profits are greatly upset due to a heavy single loss.

### ***Reinsurance Encourages new enterprises***

It encourages the new underwriters, who in their early period of development, have limited retentive capacity. In the absence of

### **Conclusion:**

Reinsurance is one of the major capital and risk management tools available to the primary insurance industry. But it is rarely heard outside the insurance sector. Even the reinsuring companies have their own reinsurers called Retro insurers. Reinsurers provide protection to the insurance industry for a diverse range of risks and also gives them a capital relief. Reinsurance makes insurance sector more stable and attractive.



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# Pandemic Disease (COVID-19)

It's likely that the Coronavirus Disease (COVID-19) originated in an animal species and then spread to humans. Person to person spread of this virus is reported but it is not yet understood how easily this happens. The COVID-19 is an ongoing worldwide pandemic of coronavirus disease 2019, caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The outbreak was first identified in Wuhan, China, in December 2019. The World Health Organization (WHO) declared the outbreak a Public Health Emergency of International Concern on 30 January 2020 and a pandemic on 11 March 2020.

The virus is primarily spread between people during close contact, most often via small droplets produced by coughing, sneezing and talking. The droplets usually fall to the ground or onto surfaces rather than travelling through air over long distances. However, research as of June 2020 has shown that speech-generated droplets may remain flying for ten minutes. Less commonly, people may become infected by touching a contaminated surface and then touching their face. It is most contagious during the first four days after the beginning of symptoms, although spread is possible before symptoms appear and from people who do not show symptoms.

Common symptoms include fever,

cough, fatigue, shortness of breath and loss of sense of smell and taste. Complications may include pneumonia and acute respiratory distress syndrome. The time from exposure to start of symptoms is typically around five days but may range from two to fourteen days. There is no known vaccine or specific antiviral treatment. Primary treatment is symptomatic and supportive therapy. The governments worldwide have responded by implementing travel restrictions, lockdowns, workplace hazard controls and facility closures. Many places have also worked to increase testing capacity and trace contacts of infected persons.

The pandemic has caused global social and economic disruption including the largest global recession since the Great Depression. It has led to the deferment or cancellation of sporting, religious, political and cultural events, widespread supply shortages worsened by panic buying and decreased releases of pollutants and greenhouse gases. Schools, universities, and colleges have been closed either on a nationwide or local basis in 172 countries, affecting approximately 98.5% of the world's student population. Misinformation about the virus has circulated through social media and mass media. There have been incidents of racism and discrimination against Chinese people and against those perceived as

being Chinese or as being from areas with high infection rates.

## World's Situation:

At the end of June 2020, more than 11.3 million cases of COVID-19 have been reported in more than 188 countries and territories, resulting in more than 531,000 deaths; more than 6.11 million people have recovered.

## Pakistan's Situation:

At the end of June 2020, the number of confirmed COVID-19 cases in Pakistan are 213,470 with active cases of 108,273. The total number of recovered cases are 100,802 and 4,395 deaths are reported. The most affected province due to COVID-19 pandemic is Sindh 113,007 followed by Punjab 90,191, KPK 32,086, Islamabad 14,599, Balochistan 11,436, AJK 1915 and Gilgit Baltistan 1,849. Drugs Regulatory Authority of Pakistan (DRAP) directed all federal and provincial drugs departments to ensure prescription based sale of Dexamethasone medicine for the critically ill COVID-19 patients.

The COVID-19 Pakistan Preparedness and Response Plan (PPRP) frameworks the international support required by the Government of Pakistan (GoP) to stop the spread of the pandemic and respond to the emerging public health needs in Pakistan. It is created in line with the



Pakistan National Action Plan. It purposes to direct a coordinated international effort in consultation with Ministry of Foreign Affairs (MoFA) to support the Ministry of Health Services, Regulations and Coordination (M/O NHSRC), National Disaster Management Authority (NDMA) and Provincial Departments of Health, PDMAs under the overall efforts of the Government of Pakistan (GoP). It is prepared with the support of the UN and is guided by the WHO Strategic Preparedness and Response Plan (SPRP).

This plan will strengthen and reduce gaps in coordination at all levels, support disease observation and laboratory diagnosis, improve case management, ensure implementation of infection control and educate community for control of the outbreak. To help stop and limit the spread of COVID-19 in Pakistan and reduce the related morbidity and mortality due to the pandemic in the country, the Plan seeks US\$ 595 million as an overall funding requirement for a period of 9 months from April to December 2020.

### Ways to Prevent the Disease:

- Wash hands often with soap and water for at least 20 seconds.
- Cover coughs and sneezes with tissues.
- Wearing a face mask in public locations.
- Use hand sanitizer if soap and water are not available.
- As an individual, you can lower your risk of infection by reducing your rate of contact with other people. Avoiding public spaces and unnecessary social gatherings, especially events with large numbers of people or

crowds, will lower the chance that you will be exposed to the coronavirus as well as to other infectious diseases like flu.

- Avoid close contact with anyone showing symptoms of respiratory illness.
- Do self-isolation for people who suspect they are infected.

### Insurance Coverage for COVID-19:

In the beginning, no one was giving coverage for COVID-19 due to its pandemic nature and non-availability of proper treatment. As per Market Exclusions of Health Insurance Policy, the epidemic / pandemic diseases including COVID-19 and

any communicable diseases requiring isolation or quarantine by law, will not be covered. The reason of not covering such kind of diseases is that these are on state's responsibility. State is responsible to diagnose and treat such cases by law.

**After some passage of time, some insurance companies have started giving coverage for COVID-19 with some limitations in which only positive PCR Test and Hospital Stay in ICU or Ventilator can be covered. Whereas, hospital stay for isolation or quarantine is not covered.**

Data Sources : WHO, UNOCHA & COVID.GOV.PK

## How to prepare for staying at home

### CLEANING

#### Soap

It's the best way to wash up (and much easier to find than hand sanitizer).

#### Disposable gloves

For handling things that might be contaminated. Do not wash or reuse.

#### Disinfectant wipes

Look for products with active ingredients such as quaternary ammonium, sodium hypochlorite, or hydrogen peroxide.

#### Towels, clean linens

Or anything else you might need more of as cleaning habits change.

### FOOD/NECESSITIES

#### Supplies of shelf-stable food

Beans, rice, flour, and canned items: enough for a couple of weeks, if access to grocery stores is limited.

#### Coffee or tea

Or other everyday "necessities."

#### A first aid kit

Hospitals may be overwhelmed, so you'll want to be able to treat minor problems at home.

#### 90 days of medication

The CDC recommends stocking up on prescriptions, so contact your doctor.

### WORK AND ENTERTAINMENT

#### Yarn, art supplies, or other hobby items

It's a good time to dive into an activity you can do at home. Morale matters!

#### Things for working from home

From a desk chair to a mouse, it's better to have the tools for your job if it's possible to work remotely.

#### Electronics and, potentially, spare parts

If your phone or computer breaks, it's an inconvenience in the best of times. Right now, it might be more than that, if stores aren't open to get a replacement.

#### Games for family time

If you've got kids at home, you'll need distractions!

### IF YOU GET SICK

**Medication for reducing a fever**, like acetaminophen (Tylenol).

**A thermometer** for monitoring a fever.

#### Cough and cold medication

Including cough drops and lozenges, cough syrups like Dayquil/Nyquil, and decongestants like Sudafed.

**A humidifier** can also help with a cough that makes it tough to sleep.

#### Rehydration solutions

Pedialyte or Gatorade works, but you can make it at home with a liter of drinking water, a scoop of sugar, and a pinch of salt. Plain water or other liquids also work for mild dehydration in adults.

## Action in Emergency

*As per the government's directives, if anyone suspect that he / she may have the symptoms call the State Helpline (1166) or contact the Designated Hospital / Isolation Ward for COVID-19.*



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2017 C L D 1483

[Lahore]

*Before Muhammad Farrukh Irfan Khan and Habib Ullah Amir, JJ***STATE LIFE INSURANCE CORPORATION OF PAKISTAN***through Zonal Head / Attorney and others---Appellants**Versus***Mst. SHAZIA MIR ARSHAD --- Respondent**

Insurance Appeal No.201 of 2016, heard on 17th May, 2017.

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

---Ss. 79, 118 & 124--- Remedies for non-disclosure or misrepresentation--- Payment of liquidated damages on late settlement of claims---Policy not to be called in question on ground of misstatement after two years of said insurance policy coming into effect-- Principles of natural justice where insurance claims were repudiated--- Opportunity of hearing for people aggrieved of order of repudiation---Scope-- Appellant insurance company impugned order of Insurance Tribunal whereby claimant was awarded liquidated damages after her claim was repudiated by appellant insurance company--- Contention of the appellant insurance company inter alia, was that the claim was rightly repudiated as the insurance policy was obtained on misinformation and fraud regarding the insured's health---Validity---Per S. 79 of the Insurance Ordinance, 2000; no policy of insurance effected shall after expiry of two years from the commencement date shall, after expiry of two years from which it was effected, be called in question by the insurer and that an insurer may avoid a contract of insurance by reason only of the failure of the insured to comply with the duty of disclosure or by misrepresentation unless said failure was fraudulent or misrepresentation was made fraudulently--- Non-disclosure of information about one's health related to facts which were in knowledge of the person making the statement and a person who was himself unaware of his ill health could make an innocent statement that he was not suffering from any illness/disease and such statement could not be used against said person and was only fatal when the person making the statement about his health was deliberately and willfully suppressing material facts---

Insurance policy, in the present case, was repudiated by the appellant insurance company without affording an opportunity of hearing to the claimant and the principles of natural justice were violated--- Requirement of law was that before repudiation of a claim, right of hearing must be afforded to the person aggrieved by such order of repudiation---Furthermore, appellant insurance company had not proved that the insured was suffering from any serious ailment at the time of issuance of policy and therefore the claimant was entitled to the insurance claim and liquidated damages---Appeal was dismissed, in circumstances.

State Life Insurance Corporation of Pakistan through Chairman and another v. Javed Iqbal 2011 CLD 948; State Life Insurance Corporation and others v. Mst. Shumila and others 2013 CLD 1525 and State Life Insurance Corporation v. Mst. Sadaqat Bano PLD 2008 Lah. 461 rel.

**(b) Natural justice, principles of---**

---Application---Scope---Application of the principles of natural justice---Maxim "Audi alteram partem"---Implied duty to act in accordance with principles of natural justice---Scope---Violation of the principles of natural justice enshrined in the maxim "audi alteram partem" was enough to vitiate even most solemn proceedings and where adverse action was contemplated to be taken against a person, such person had a right to defend such action, notwithstanding the fact that the statute governing his right did not contain provision of the principles of natural justice and even in absence thereof, it was to be considered as a part of such statute in the interest of justice---Principles of natural justice were inbuilt part of civil contract---

Principles of natural justice had to be applied in all kinds of proceedings strictly and departure therefrom would render subsequent actions illegal in the eye of law-- In all proceedings by whomsoever held, whether judicial or administrative, principles of natural justice had to be observed if the proceedings might result in consequences affecting the person or property or other right of the parties concerned and said rules applied even though there may be no positive words in a statute or legal document whereby their powers were vested to take such proceedings, for in such cases such requirement was to be implied into it as the minimum requirement of fairness--- Whenever any person or body or persons was empowered to take decision after ex-post facto investigation into acts which would result in consequences affecting the person, property or other right of another person, then in the absence of any express words in such enactment giving such power excluding the application of the principles of natural justice, the Courts were inclined generally into imply that the power so given was coupled with the duty to act in accordance with such principles of natural justice as may be applicable in the facts and circumstances of a case.

Pakistan International Airlines Corporation (PIAC) through Chairman and others v. Nasir Jamal Malik and others 2001 SCMR 934; Hazara (Hill Tract) Improvement Trust through Chairman and others v. Mst. Qaisra Elahi and others 2005 SCMR 678; Abdul Hafeez Abbasi and others v. Managing Director, Pakistan International Airlines Corporation, Karachi and others 2002 SCMR 1034 and The University of Dacca through Vice-Chancellor and the Registrar University of Dacca v. Zakir Ahmed PLD 1965 SC 90 rel.

**Ibrar Ahmad for Appellants.**  
**Liaqat Ali Butt for Respondent.**  
**Date of hearing: 17th may, 2017.**

### JUDGEMENT

**HABIB ULLAH AMIR, J.**---State Life Insurance Corporation of Pakistan etc. the appellants have called in question vires of the decision date 06.01-2016 of the learned additional District Judge, Lahore working as Insurance Tribunal under Insurance Ordinance, 2000, whereby he accepted application of respondent for recovery of policy proceeds.

2. Precisely, the facts of case are that Mir Arshad Pervaiz, deceased husband of the respondent purchased insurance policy No.507880632-1 for a sum assured i.e.Rs:2,00,000/- commencing from 01-07-2005 against yearly premium of Rs:16,014/-. He died on 07-09.2008 whereupon respondent filed his death claim being his nominee which was repudiated by appellants after investigation on the ground that the contract of insurance was obtained fraudulently through concealment of material facts. The appellant refused payment of death claim on the plea of concealment of facts and misstatement by the insured in proposal form statedly in line with provisions of section 79 of insurance Ordinance, 2000. The respondent approached learned Insurance Tribunal, Lahore against repudiation of insurance claim by filling application for recovery of policy proceeds and her application was accepted vide judgment dated 06.01.2016 in the following manner:-

“in view of my findings given above, the application for recovery of insurance claim is accepted as prayed for along with liquidated damages under section 118 of Insurance Ordinance. The liquidated damages shall be paid for the period during which the failure to make payment continues (from the date of death of insured till realization of claim) and shall be calculated at monthly rests at the rate of 5% higher than the prevailing base rate. The respondent will bear the costs of the case.”

3.Arguments heard. Record perused.

4. In her application for recovery of policy proceeds the respondent has given the detail of policy as under:-

5. In application it is further averred that petitioner was a nominee and her husband Mir Arshad Pervaiz expired on 07.09.2008 and after his demise, respondent No.2 was approached and

accordingly, claim papers were issued by appellant vide letter dated 28.11.2008 and then after scrutiny of claim papers and investigation by the claim examiner, appellants proceeded to repudiate the claim vide order dated 30.03.2010. It is averred that repudiation of policy was derogatory to the terms of policy schedule while the policy was called in question after 03-years, 08-months and 29-days despite that it was not in the domain of appellants to call in question policy after two years in consonance with the provisions envisaged under section 80 of Insurance Ordinance, 2000. The application of respondent has been controverted by appellants on different grounds.

6. In order to prove her claim, Shazia Meer Arshad-respondent appeared as AW-1 and deposed that Life Insurance policy in the sum of Rs.2,00,000/- was purchased by her husband from State Life Insurance Corporation Gujrat Zone and she was nominee of the policy and term of policy was 20-years. She further deposed that the annual premium of the purchased policy was fixed as Rs.16,014/- and commencement date of policy was 01.07.2005. She also deposed that an additional contract of Family Income Benefit @ 15% was included in the policy. The Policy holder died on 07.09.2008 and after death of insured on 28.11.2008 his death claim was lodged with appellant, however, it was repudiated vide letter No.30.03.2010 Exh.QW-1. She further deposed that her husband was healthy at the time of purchasing of life insurance policy. In rebuttal to the deposition of Shazia Mir Arshad, RW-1 Mohammad Bakhsh deposed that Mir Arshad Pervaiz obtained Life Insurance Policy which commenced from 01.07.2005 and lapsed on 01.07.2006 due to non-payment of premium, however, policy was revived, subject to declaration of good health. The policy holder filed declaration to that effect and policy remained enforced for 01.year, 08-months and 06.days after revival. He further deposed that insured obtained policy by concealing material information regarding his continuous, past eight years illness of

diabetes mellitus CLD and Hepatitis-C and medical certificate issued by Dr. Arshad Javed Sheikh was also produced as Mark-A. He also deposed that insured did not disclose the material facts before obtaining the policy that he had met with an accident in the year 1994 and remained under treatment for two years from Chattha Hospital and Jalil Hospital, Gujranwala. He further deposed that insured was also suffering from diabetes at the time of accident in 1994 and he got treatment from Sheikh Zaid Hospital, Lahore from 24.07.2008 to 31.07.2008. He further deposed that he investigated the ailment of the insured. He got statement of the widow and produced the inquiry report dated 26.10.2009. The appellants also produced Dr. Arshad Javed as RW-2 who deposed that medical certificate dated 08.07.2009 was in his handwriting and signed by him and that Mir Arshad Pervaiz remained under his treatment from February 2008 to September 2008.

7. Learned counsel for appellant has argued that insurance claim is based on policy obtained through fraud, misrepresentation and concealment of material facts, therefore, it was rightly repudiated by appellants while on the other hand, it has been argued by the learned counsel for the respondent that insured was thoroughly medically examined at the time of policy and he was not undergoing ailment at the time when he purchased policy. Moreover, the law does not permit for an inquiry after signing of the insurance contract and its approval by the corporation and also that appellants are not legally authorized to repudiate policy after lapse of two years as provided in section 80 of the Insurance Ordinance, 2000.

8. Section 80 of the Insurance Ordinance, 2000 provides that notwithstanding anything contained in section 79, no policy of life insurance effected before the commencement date of the Ordinance ibid shall after the expiry of two years from the commencement date of this Ordinance and no policy of life insurance effected after the commencement date shall, after the expiry of two years from the date on which it was effected, be called in question by an insurer on the ground that a statement made in the proposal for insurance or in any report of a medical officer, or referee, or friend of the policy-holder, or in any other document leading to the issue of the policy, is inaccurate or false, unless the insurer shows that such statement was on a material matter

(i)	Policy No.	507880632-1 with profit
(ii)	Name of Life Insured	Mir Arshad Pervaiz
(iii)	Sum Assured	Rs.2,00,000/-
(iv)	Table/Term	03/20 years
(v)	Supplementary Contracts	(i). A.I.B. (ii). F.I.B-15% for 19 years
(vi)	Medical/Non-Medical	Non-Medical
(vii)	Age of Assured	46 years
(viii)	Date of commencement	01.07.2005
(ix)	Yearly Premium	Rs.16,014/-
(x)	Last premium paid on	01.07.2008
(xi)	Assured date of death	07.09.2008

or suppressed facts which it is material to disclose and that it is fraudulently made by the policy holder and that the policy holder knows at the time of making it that the statement was false or that it suppressed facts which it was material to disclose, while section 79 of the Insurance Ordinance reads as under:-

“---(1) This Section shall apply where the person who became the policy-holder under a contract of insurance upon the contract being entered into:

- (a) Failed to comply with the duty of disclosure; or
- (b) Made a misrepresentation to the insurer before the contract was entered into.

“(2) The insurer may not avoid a contract of insurance by reason only of the failure to comply with the duty of disclosure or the misrepresentation if:

- (a) The insurer would have entered into the contract, for the same premium and on the same terms and conditions, even if the insured had not failed to comply with the duty of disclosure or had not made the misrepresentation before the contract was entered into; or
- (b) The failure to comply with the duty of disclosure or the misrepresentation was not fraudulent:

Provided that in circumstances to which clause (b) refers, the insurer shall be entitled to be placed, in such manner, nor otherwise inconsistent with this subsection, as may be prescribed, in a position in which the insurer would have been if the failure had not occurred or the misrepresentation had not been made.

(3) Subject to subsection (2), if the failure was fraudulent or the misrepresentation was made fraudulently, the insurer may avoid the contract.

(4) Nothing in this section shall affect any right of an insurer to recover damages from any person in respect of loss suffered by the insurer as a result of a fraudulent act by that person, or any criminal liability to which any person may be subject by reason of a fraudulent act by that person.”

9. Bare reading of above quoted sections unveil that no policy of insurance effected shall after expiry of two years from the commencement date shall after the expiry of two years from date which it was effected be called in question by insurer and that an insurer may avoid a contract of insurance by reason only of the failure of insured to

comply with duty of disclosure or misrepresentation unless the failure is fraudulent or misrepresentation is made fraudulently.

10. Disclosure of material facts as to one's health, is a ticklish issue and that what is material depends upon the circumstances of each case, the concept of good health means reasonably good health and a warranty of good health can never mean that a person has not in him the seeds of disorder as one is born with seeds of mortality. A person can be ignorant about his health or about the deadly disease, which has its roots in him. A person has normally a general idea of his health, so question arises as to when the contract if insurance becomes voidable at the option of insurer. Non-disclosure relates to the facts which are in the knowledge of the person making statement. A person who is himself unaware of his ill health, can make an innocent statement that he is not suffering from disease/illness. This statement cannot be used against such a person and statement is fatal only when person making the statement deliberately and willfully suppresses the material facts, knowing that disclosure of such facts was material and facts were fraudulently suppressed.

11. It has been laid down in judgment reported as “State Life Insurance Corporation of Pakistan through Chairman and another v. Javed Iqbal” (2011 CLD 948) that illness of the insured, subsequent to issuance of insurance policy is of no legal consequence and cannot be relied upon to assert or prove that such illness existed prior to issuance of the insurance policy and insured cannot be accused of not disclosing any illness that has occurred after insurance policy had been obtained and once the insurance company fails to prove any material concealment qua the health of insured at the time when the insurance policy was issued it cannot repudiate insurance policy. Similarly in case law reported as “State Life Insurance Corporation and others v. Mst. Shumila and others” (2013 CLD 1525) it has been laid down that the appellants once entered into the contract after fully satisfying themselves and accepted the report of a competent Medical Officer of their own choice, so keeping in view, the provision of section 77 of the Insurance Ordinance, 2000 read with section 78 and subsection (2)(a)(b) of Section 79 on the subject, the appellants cannot repudiate or avoid the contract after lapse of three years and that too after the death of deceased. It has also been laid down therein that in case appellants failed to pay amount insured by

policy holder within the stipulated period of ninety days, without any reasonable, plausible excuse, they may be burdened with liquidated amount to be paid without any further pretext on any ground along with the amount decreed in favour of nominee, but not later than ninety days as envisaged in section 118 of the Insurance Ordinance, 2000.

12. In this case, it is not denied by appellants that Mir Arshad Pervaiz deceased purchased Life Insurance policy. Appellant's own witness RW-1 Mohammad Bakhsh deposed that Mir Arshad Pervaiz obtained Life Insurance policy commencing from 01-07-2005 and policy lapsed on 01-07-2006 due to non-payment of premium but policy was revived, subject to submission of declaration of good health and on 18-12-2006 insured filed declaration Exh.R-3. As discussed earlier under Section 80 of Insurance ordinance, 2000 a policy cannot be called in question on grounds of misrepresentation, false statement or suppression of material facts, after two years from the date when the policy is effected and period of two years, even in cases where the policy is revived/renewed and the period would be counted from the original date of the policy in question. Reliance is placed on judgment reported as “State Life Insurance Corporation v. Mst. Sadaqat Bano” (PLD 2008 Lahore 461)

13. Record is also annexed with documents establishing that the insured was also medically examined. In the circumstances appellants cannot claim that the policy holder had concealed his serious ailment which he was undergoing prior to purchase of the policy and even otherwise the claim of appellants in trial that deceased had made concealment of his ailment in policy form is not supported with any evidence and their own witness RW-2 Dr. Arshad Javed conceded that deceased Mir Arshad Pervaiz was not personally known to him and he also confirmed that certificate brought on record by appellants in trial was issued by him after the death of Mir Arshad Pervaiz and the stance of appellants that the deceased remained admitted in hospital when his leg was fractured due to an accident, is not supported with any material.

14. Another aspect of the matter is that appellants vide letter No. DC/GRT/E/NRCC (REP)/10 dated 30.03.2010 Exh.AW-1, intimated the respondent Mst. Shazia Mir Arshad that State Life Insurance Corporation had gathered sufficient evidence to prove the concealment of facts by deceased, therefore, the policy had been rendered null



and void and expressed inability to pay the claim under policy and admittedly respondent Shazia Mir Arshad was not given right of hearing by appellants before repudiating insurance claim. Under the law principle of natural justice enshrined in the maxim audi alteram partem is one of the most important principles and its violation is always considered enough to vitiate even most solemn proceedings and where adverse action is contemplated to be taken against a person he has a right to defend such action, notwithstanding the fact that the statute governing his right does not contain provision of the principle of natural justice and even in absence thereof it is to be considered as a part of such statute in the interest of justice. It has also been settled by Superior Courts that principle of natural justice is now made inbuilt part of civil contracts life the one under discussion as principle originates from Islamic System of Justice as evident from historical episode when "Iblees was scolded for having misled Hazrat Adam (A.S) into disobedience of Allah's command. Almighty Allah called upon Iblees to explain his conduct and after having an explanation from him which was found untenable, he was condemned and punished for all times to com." Thus, the principle of natural justice has to be applied in all kinds of proceeding strictly and departure therefrom would render subsequent actions illegal in the eye of law. There are also plethora of judgments rendered by Superior Courts that in all proceedings by whomsoever held, whether judicial or administrative, the principle of natural justice has to be observed if the proceeding might result in consequences affecting the person or property or other right of the parties concerned and this rule applies even though there may be no positive words in the statute of legal document whereby their powers is vested to take such proceedings, for, in such cases this requirement is to be implied into it as the minimum requirement of fairness. Moreover, whenever any person or body of person is empowered to take decision after ex-post facto investigation into facts which would result in consequences affecting the person, property or other right of another person, then in the absence of any express words in the enactment giving such power excluding the application of the principles of natural justice, the Courts of law are inclined generally into imply that the power so given is coupled with the duty to act in accordance with such principle of natural justice as may be applicable in the facts and circumstances of a case. We are fortified by the judgments reported as "Pakistan International Airlines Corporation (PIAC) through Chairman and others v. Nasir Jamal

Malik and others" (2001 SCMR 934), "Hazara (Hill Tract) Improvement Trust through Chairman and others v. Mst. Qaisra Elahi and Others" (2005 SCMR 678), "Abdul Hafeez Abbasi and others v. Managing Director, Pakistan International Airlines Corporation, Karachi and others" (2002 SCMR 1034) and "The University of Dacca through its Vice-Chancellor and the Registrar University of Dacca v. Zakir Ahmed" (PLD 1965 Supreme Court 90).

15. It has been observed in this case that insurance policy was repudiated by appellants without affording an opportunity of hearing to respondent Mst. Shazia Mir Arshad and thus, appellants violated principle of natural justice and the requirement of law that before repudiation of claim right of hearing must be afforded to the person aggrieved of the order of repudiation. In this regard reliance is placed on case law reported as "State Life Insurance Corporation and others v. Mst. Shumila and others" (2013 CLD 1525).

16. The deceased Mir Arshad Pervaiz purchased life insurance policy and its date of commencement was 01.07.2005 which remained in field till his death and once insurance contract has been signed and approved by company and that is in field, illness of the policy holder, subsequent to issuance of insurance policy is of no legal consequence and cannot be relied upon to assert or prove that such illness existed prior to issuance of the insurance policy. Reliance is placed on judgment reported as "State Life Insurance Corporation of Pakistan through Chairman and another v. Javed Iqbal" (2011 CLD 948). In this case, appellants have not been able to prove that insured was suffering from any serious ailment at the time of issuance of insurance policy and it has rightly been held by the learned Insurance Tribunal that the respondent being nominee wife of insured is entitled to the recovery of insurance claim filed by her.

17. Section 118 of Insurance Ordinance, 2000 provides that it shall be an implied term of every contract of insurance that where payment on a policy issued by an insurer becomes due and the person entitled thereto has complied with all the requirements, including the filing of complete papers, for claiming the payment, the insurer shall, if he fails to make the payment within a period of ninety days from the date on which the payment becomes due or the date on which the claimant complies with the requirements whichever is later, pay as liquidated damages a sum calculated in the manner as specified in subsection (2)

on the amount so payable unless he proves that such failure was due to circumstances beyond its control and this provision of law i.e. Section 118 of Insurance Ordinance 2000 has been inserted to safeguard the interests of claimants and to ensure that settlement of claims are not unduly delayed/prolonged. In this case the appellants were not prevented by any cause beyond their control to process and pay the claim within time frame provided in section 118 of Insurance Ordinance, 2000 and respondent was forced by acts and omission on the part of appellants/insurance company to resort to litigation and if time consumed in litigation is excluded, it would set a bad precedent and create a loophole in the law which could be abused by unscrupulous insurance companies to drag claimants in protracted litigation and deprive them of their lawful claims for years and if allowed, it would be contrary to the principles of equity, justice and fair play and good conscience and would also defeat the very purpose for which provision was made for payments of liquidated damages. In this case neither scrutiny of claimants' claim was finalized during 90-days period nor any payment was made and the policy was repudiated by the appellants Insurance Corporation after expiry of such period, therefore, respondent was rightly held to receive liquidated damages as well.

18. Viewing the case of respondent on the above settled principles, we are unable to agree with the appellants that the deceased Mir Arshad Pervaiz had made concealment of facts at the time of purchasing or revival of the policy and failed to disclose the factum of any serious ailment, rather he had supplied information and passed medical examination which show that deceased was of good health and thus, appellant failed to adduce any cogent evidence to the effect that policy holder was aware of his ailment and had deliberately concealed and made fraudulent misrepresentation. Therefore, in view of the discussion made above, it is held that the learned Insurance Tribunal passed impugned decision by appreciation material available on record including evidence produced and adduced by parties and neither any illegality has been pointed out nor found in the impugned decision of learned Insurance Tribunal and in the circumstances discussed above, this appeal merits dismissal.

19. As a sequel of above discussion, the insurance appeal in hand being devoid of merits is dismissed.

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