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Quarterly

# Insurance Journal

July, August, September 2019

## Obituary



Mr. Jalilullah

### Inside:

- ▶ Insurance Sector on PSX
- ▶ Corporate Governance
- ▶ Cotton - Precautionary Measures
- ▶ Classifications of Marine Surveyors
- ▶ How to develop Takaful in Pakistan
- ▶ Risk Management and its Importance
- ▶ Yarn Spinning and its Process
- ▶ Health Corner - Natural Disasters
- ▶ IAP Elections 2019-20
- ▶ EFU Life - Press Releases
- ▶ Provincial Consultation Workshop
- ▶ Legal Section



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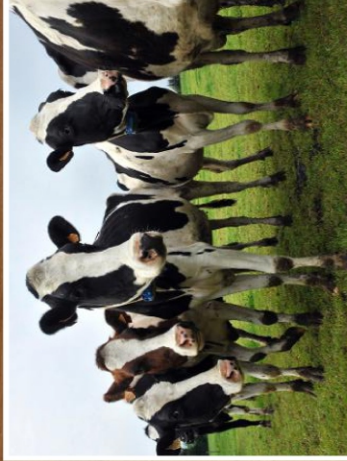
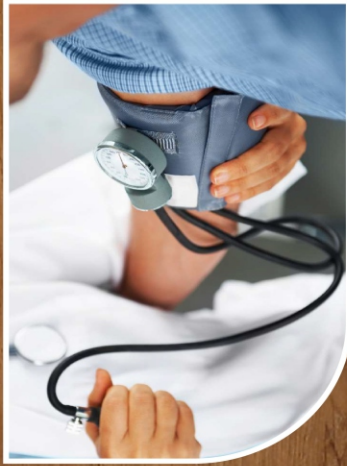




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# Insurance Journal

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# INSURANCE SECTOR ON PAKISTAN STOCK EXCHANGE

(Quarter: April, May, June 2019)

Compiled By: Khurram Shahzad

Company	Paid up Capital	Face Value	Highest Rate	Lowest Rate	Turnover of Shares	Announcement During the Quarter
	(Rs. in Million)	Rs.	Rs.	Rs.		
Adamjee Insurance Company Limited	3,500	10.00	40.80	32.00	8,385,500	Dividend = 15%
Asia Insurance Company Limited	603	10.00	-	-	-	
Askari General Insurance Company Limited	719	10.00	30.34	19.95	347,500	
Askari Life Assurance Company Limited	602	10.00	9.25	7.50	1,422,500	
Atlas Insurance Limited	772	10.00	77.25	43.25	226,500	
Business & Industrial Insurance Company Limited	86	10.00	-	-	-	
Century Insurance Company Limited	503	10.00	20.25	17.50	32,000	
Crescent Star Insurance Limited	1,077	10.00	2.35	1.12	16,133,000	
Cyan Limited	586	10.00	26.20	19.28	369,500	
East West Insurance Company Limited	610	10.00	-	-	-	
EFU General Insurance Limited	2,000	10.00	109.90	80.00	6,411,900	Dividend = 15%
EFU Life Assurance Limited	1,000	10.00	230.00	190.00	32,200	Dividend = 15%
Habib Insurance Company Limited	619	5.00	11.00	9.01	96,500	
IGI Holdings Limited	1,426	10.00	188.30	126.96	522,000	Dividend = 30%
IGI Life Insurance Limited	1,706	10.00	49.80	32.30	113,500	Right issue = 141.71%
Jubilee General Insurance Company Limited	1,804	10.00	55.00	40.00	66,000	
Jubilee Life Insurance Company Limited	793	10.00	371.00	223.25	57,650	
Pakistan General Insurance Company Limited	464	10.00	4.93	3.02	338,500	
Pakistan Reinsurance Company Limited	3,000	10.00	30.00	21.05	4,497,500	Dividend = 20%
PICIC Insurance Limited	350	10.00	1.68	0.81	1,502,000	
Premier Insurance Limited	506	10.00	6.04	4.63	44,500	
Progressive Insurance Company Limited	85	10.00	-	-	-	
Reliance Insurance Company Limited	561	10.00	6.00	3.75	701,500	
Shaheen Insurance Company Limited	600	10.00	5.10	3.11	245,500	Dividend = 2.50%
Silver Star Insurance Company Limited	306	10.00	-	-	-	
Standard Insurance Company Limited	8	10.00	-	-	-	
The United Insurance Company of Pakistan Limited	2,262	10.00	9.80	5.70	915,500	
The Universal Insurance Company Limited	500	10.00	5.00	4.00	28,500	
TPL Insurance Limited	939	10.00	20.98	18.98	1,109,000	

**Patrick Kelahan is a CX, engineering & insurance professional, working with Insurers, Attorneys & Owners. He also serves the insurance and Fintech world as the 'Insurance Elephant'**

Having been asked to consider writing an article for the Quarterly Insurance Journal, It seemed prudent to read a few issues to see the tenor of a long-standing Pakistan insurance industry periodical and how it presents itself to its readers.

My understanding of the journal needed go no further than the 1st quarter, 2019, edition. There in full display was the publishing version of the Insurance Elephant. Articles by knowledgeable authors, touching on corporate governance, pest management, fire cause in ginning mills, loss of business income claims, claim management, the principle of WAQF in Takaful, and bonus discussion of working with Chinese. Many parts taken in detail, but in their entirety comprising the beast that is the insurance industry. And wonderful, detailed financial statistics of the Pakistani insurance industry-traditional covers and Takaful.

I've noted in the past that Insurance is not dissimilar to the idea of six blind men describing an elephant solely on touch-each man 'sees' the elephant from the perspective of his narrow exposure to a very large creature. One sees a rope because he has grabbed the tail, another a tree because he's grabbed a leg, another a snake due to the feel of the trunk, and so on.

It seems the Journal is a similar situation-many authors 'touching' the initiative from a unique perspective. Not blind, surely, but not from a vantage of 'seeing' in the entire concept. Of course it would be very daunting to try to grasp the industry from all angles, and very expensive too.

The insurance business is the same-there are the individual firms describing their unique parts underwriting, pricing, distribution, administration, claims, agencies, customer acquisition, etc. and designing and/or applying technology-artificial intelligence (AI), machine learning, IoT, algorithms, data science, actuarial science, behavioral economics, game theory, and so on. Using technology and new methods to help them see their part of the beast that is insurance innovation.

We get caught up in the thinking that insurance is a discrete concept-because each involved player has his unique approach to defining how change will be effected (and we can't have multiple terms to describe what the movement is.) in the each is convinced the efforts being made in their firm are defining the term.

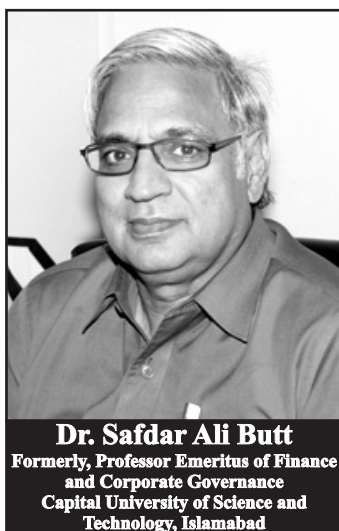
Virtually every week there is a significant conference of insurance enthusiasts, thousands of attendees per month, all seemingly with an idea of what insurance is, where it's going, and how they will capture innovation lightning in the bottle they have designed. There are some very smart persons who are seen as champions of the effort, and these persons publish/travel/post and remind the industry of where it has been and where it's going. They are adept at describing the beast in terms that most can understand, and in terms that help the holder of the ropy tail to see that there also is a snaky trunk, and that the two parts are of the same beast.

What is cool about how the insurance is evolving is that a solid recognition is being realized by most (not all) that insurance is comprised of multiple, important and integral parts, and even if your firm is not working with idea A, it can leverage the knowledge in developing idea B. We pick at the theories others espouse, nay say, comment, maybe even doubt or criticize, but at the same time all the knowledge is to the common goal-improving a product for the existing and as yet unidentified insurance customers.

And without belaboring the theme, we can be reminded that the elephant is not innovation; the elephant is insurance. Innovation is the trappings with which the elephant is enhanced. And the elephant is the contractual agreement that comprises insurance, and the elephant's handler must be the customer.

And the Insurance Journal is of similar nature-many parts all comprising the whole of Pakistan's insurance industry. That is a perspective of eyes who have been outside the country's industry but connected through acquaintances. Let's all describe the beast well from our unique perspective, with the understanding that in the end the elephant's handler-the customer-must be why we are touching the beast at all.





# Corporate Governance Framework in Pakistan

## The Two Perspectives in Corporate Governance

It is important to understand the difference in corporate governance perspective of companies in the West and those in Pakistan. In the West, or developed economies, companies are generally run by minority shareholders. The directors that run the company do not own more than 20 to 30% of the company's paid up shares. These directors use all the resources of the company, take all the decisions about the operations of the company and investment of its funds, and often pay themselves huge remuneration which directly reduces the profit available for distribution among shareholders. There have been several instances in corporate history, where directors' remuneration and bonuses have consumed more than half of the company's operating profit. Hence, the thrust of corporate governance in Western countries is on regulating the conduct of directors to protect the interest of shareholders. Despite the enormous executive powers enjoyed by the directors, they were not entirely free in all the aspects; for example:

a. The majority of the shares of their companies were generally held by institutional investors who had greater knowledge and understanding of corporate affairs. Such institutional investors were not likely to allow too

much latitude to a non-performing board of directors.

b. The board remained liable to be removed by the shareholders, as they did not hold the majority of the shares.

c. Their decisions (like dividend proposal, increase in share capital, major acquisitions, etc.) could be turned down by shareholders.

d. Their remunerations or perks were subject to approval by the shareholders. Since most of the external shareholders were informed investors, they were not expected to approve these amount unless they were reasonable.

All the earlier literature on corporate governance in developed countries was directed at saving the shareholders from the greed of directors. The principal focus was on educating shareholders on ways and means of keeping a tighter control over the board. The emphasis on the rights of other stakeholders, who need to be protected from such unrepresentative boards, came much later.

In case of Pakistan (and many other developing countries), the situation is slightly different. Here, most companies are run by families or closed groups who own more than 50% of the company's paid up share

capital. This gives them power to elect a majority of, if not all, the directors. The elected directors are either a part of the controlling family or employees of the controlling family – in both cases their absolute loyalty belongs to the controlling group - not to the company or its other stakeholders. Again, these directors are generally not paid such high salaries or perks as to raise alarm at annual general meetings. If these directors are part of the controlling family, they are given under-hand benefits for their services. If they are just paid employees, they are never considered worthy of being paid anything more than the market salary. Here, the remuneration of directors is not set by directors themselves, but by the controlling shareholders. Directors' remuneration has therefore never been an issue with the investors in this part of the world.

The Boards in Pakistan are not very worried about their decisions being overturned by the shareholders as external shareholders never have a sufficient number of votes to do so. In Pakistan the focus of corporate governance is on controlling shareholders (who dominate the board) to ensure that they do not just serve their own purpose alone. The objective here is to device ways and means to make the controlling groups pay due attention to the interest of minority shareholders and other

stakeholders. This difference in perspective explains the varying emphasis levels on different aspects of corporate governance as ordained by codes issued by the West and the one issued by Pakistan's Securities and Exchange Commission.

### The Overall Framework

The essential features and stages of the corporate governance framework in Pakistan are as follows:

1. The first stage is the Law which draws the perimeters of proper conduct by corporate entities operating in the country. The Law includes all the various Acts and Ordinances that are in effect and that have a relevance to what a company does in the course of its existence and operations, e.g. Companies Act, various industrial Acts, taxes related Acts, environmental protection laws,

auditing of accounts, etc. In addition, there are other regulatory bodies like SBP, Environmental Protection Authority, PEMRA, OGRA, etc that issue regulations and codes for different industries and businesses. Regulations and Codes issued by these bodies have virtually the same force and effect as the Law.

3. The next stage is professional guidance or codes issued by professional bodies and associations in the country. These have lesser power than the codes issued by governmental regulators, but are nonetheless quite important for companies. Examples are codes issued by Institute of Chartered Accountants, Institute of Engineers, PSX, etc.

4. The fourth stage is company's own constitution. This essentially comprises of two parts: the

5. The fifth stage is company's Board of Directors whose responsibility includes ensuring that the company complies with all the above three stages, namely the Law, Codes and Regulations and Company's own constitution. In order to fulfill this responsibility, a Board may device its internal Codes and Policies. It may also form committees to look after specific functions of the company, e.g. audit committee, HR committee, investment committee, compliance committee, etc.

6. The sixth stage is preparation of specific procedures within the perimeters prescribed by the Codes and Policies approved by the Board. These specific procedures may be drafted by the Management and approved by the Board before being implemented.

<b>Control Stage</b>	<b>Instrument</b>	<b>Issuer</b>
First	Laws, Acts Ordinances	Government of Pakistan
Second	Codes Regulations & Rules	Regulator appointed by government, e.g. SECP, SBP, EPA, OGRA, etc.
Third	Guidance Professional Codes	Professional Bodies like ICA, IE, PSX, etc.
Fourth	Memorandum and Articles of Association	Shareholders
Fifth	Internal Codes of Ethics and Policies	Board of Directors Board Committees
Sixth	Procedure Manuals Internal Control Systems	Management (approved by Board)

### The CG Framework in Pakistan

labour laws, etc.

2. The next stage is Codes and Regulations framed by regulators appointed by the Law to oversee the conduct of companies in the country. In Pakistan, the official regulator of companies is the Securities and Exchange Commission of Pakistan (SECP) that has issued a formal Code of Corporate Governance and several other regulatory statements pertaining to listing of companies, preparation of financial statements,

Memorandum of Association and the Articles of Associations. Memorandum defines the company to the outside world, listing is specific features like name, area of operations, objectives, capital, etc. Articles comprises of rules that the company adopts for conducting its own affairs like rights and obligations of various persons associated with the company, way of conducting meetings and elections, steps to be taken in specific cases like increasing share capital or approving major decisions, etc.

### The Focus of Good Corporate Governance

If we carefully examine the above chart, we can infer that the main focus of ensuring good governance in a corporate entity is on the Board of Directors. It is the Board that has the basic responsibility of ensuring that the company follows all the laws, regulations, codes and professional guidelines issued by the government, regulators or professional bodies as well as company's own memorandum



and articles of association. In turn, the Board itself frames internal codes and policies and remains responsible for ensuring that these are effectively implemented by the Management.

## CG Framework for Specific Corporate Entities

Within the basic perimeters of the overall corporate governance framework, as outlined above, various governmental agencies have issued specific directives on governance related issues to be followed by different types of companies. Given the importance of a Board of Directors in the overall governance structure, it is not surprising that all corporate governance related directives from various regulators are primarily focused on the composition of board. These essentially cover the board size, number of independent directors, board committees, etc. In the following paragraphs, we will outline these directives for different types of corporate entities.

## CG Framework for Banking & Non-Banking Financial Institutions Including Insurance Companies

- Main instrument for governance is Prudential Regulations issued by SBP.
- Not less than 7 members of the board.
- Not less than 25% of the board members should be independent directors
- Not more than 2 executive directors, including the CEO.
- All directors must fulfill the Fit and Proper Person criteria.
- Directors must attend a Directors' Training Program during the first year of their directorship.
- All key executives must also fulfill the Fit and Proper Person criteria.
- Board is authorized to constitute specialized committees.
- All the members of board committees should preferably be

Non-executive and independent directors.

## CG Framework for Listed Companies

- Main instrument for governance is Code of Corporate Governance, 2012 issued by SECP. However, some of the following points may have origins in other regulatory instruments.
- Not less than 7 members of the board, as per Sec 154 of Companies Act 2017.
- At least two or one-third of the board members (whichever is higher) should be independent directors.
- No more than one-third of the directors can be executive directors.
- There shall be at least one female director who may be executive, non-executive or independent.
- All directors and key executives must fulfill the Fit and Proper Person criteria.
- Companies must have a mechanism for evaluating the performance of the Board as a whole.
- Performance of all directors must be evaluated every year.
- All directors must attend orientation courses to familiarize themselves with their responsibilities as a director and with the operations of their respective companies.
- Directors must also obtain certification under an approved Directors Training Program.
- Aggregate remuneration paid to directors must be disclosed in annual financial statements.
- The office of chairman cannot be held by CEO.
- Board is authorized to constitute specialized committees. So far only Audit Committee and Human Resource committees are mandatory.
- All related parties transactions should be presented to the Audit Committee of the Board who shall

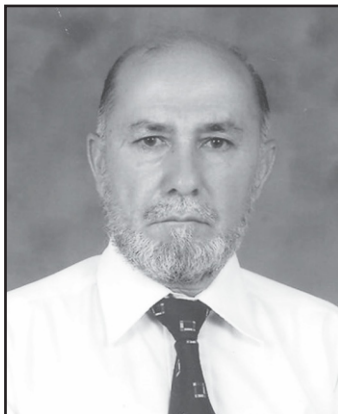
scrutinize them and make appropriate recommendations to the Board, in particular regarding prices.

- A majority of the members of each board committee should preferably be non-executive directors; and at least one of them should be an independent director.
- No individual can hold directorships in more than 5 listed companies (excluding subsidiaries of such companies) at any one given time.
- Companies are encouraged to obtain professional indemnity insurance cover in respect of independent directors.
- External auditors must be appointed out of approved list of audit firms that is fully compliant with Guidelines on Code of Ethics adopted by Institute of Chartered Accountants of Pakistan.
- External auditor must be rotated by financial sector companies after every five years. In case of other listed companies, the engagement partner must be rotated after every five years.

## Disclosure Requirements under Code of Corporate Governance (CCG)

The Code requires the directors to publish, among other things, a Directors' Report every year. The following disclosures relating to Corporate Governance need to be made in company's annual Directors' Report:

- Composition of the Board, including name of independent directors, other non-executive directors, executive directors and female director(s).
- Directors' remuneration policy and significant features thereof.
- Names of the Committees and their members.
- Compliance Statement and Auditor's Review of such a statement.



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

# Cotton

## Precautionary Measures

### Part-3

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

In our previous Articles of this series, we had briefly described the Production, Up-brining and Ginning of Cotton which is the fundamental Ra-material of Cotton Industry.

Now, onwards, we shall be endeavoring to briefly dwell upon Cotton Mills. This narrative shall include various departments of Cotton Mills; viz: Thread-making, Cloth-weaving and Various Stages of the same processes. Besides, an attempt shall be made to explain the functioning of these activities in as simple a manner as possible for the under-standing of the Common Professionals of our fraternity.

It shall be most appropriate, if the Cotton Trade is nomenclated as the Industry of ever-changing phenomenon. The basic Raw-material of this Industry would never change but Production-shapes shall keep-on continuously changing.

Thread is manufactured from Cotton or Artificial Silk and in this process, thread-making, Weaving, Chemical-treatments and then the Stage of Finishing are fundamentally important stages and only then Cloths, in very attractive Shapes, can be presented in the market for Sale.

The sequence of these stages of manufacture can be divided into the following heads: -

- 1) Thread-making.
- 2) Cloth-weaving.
- 3) Chemical-processing of Woven-cloths.

A brief sequence of the said Processes is as follows: -

- a) The Blowing and Mixing Process.
- b) The Carding Process.
- c) The Sampling Process.
- d) Ring-spinning Process.

#### **a) The Blowing and Mixing Process:**

For communicating purposes, Cotton is pressed into Bale-forms. However, in the Process of Blowing & Mixing, the same Cotton-bales are broken and

cleaning of the Cotton of the same is carried-out.

The importance of the mixing-up of Cotton of different grades can never be ignored from the business view-point. This is because the Grade of the finest thread would always depend upon the Special Mixing of Cotton of different grades.

After Cotton has been opened-up from the Bales, the same is processed through Beaters, so that trash and dust can be retrieved therefrom. The Machine utilized for these purposes is called "Hopper & Bale-breaker". But in case of opening of certain heavier Cotton Bales, Bale-opening & Cotton





Cleaning Machines too are utilized.

In a standard Mixing Process, Cotton has to be blown by Air-pressure through a Steel-Net or a Pipe of Wider diameter into Hopper & Bale-breaker Machine. Cotton would always spread-up in volume after the Cotton-bales have been broken-up and would give a fresh-look.

Thereafter, the Cotton is subjected to be flown-out by Air-pressure which would dis-entangle lumps therein. In this process, the additional purpose of knot-opening and removal of impurities is also inclusive within blowing of the cotton with Air-pressure.

After the disbanding and disbursively opening the Cotton-bales, the contents of the same are spread-over the Plinth which are subsequently subjected to Magnetic-process through a Magnetic Separator, where any Steel-particles are extracted therefrom. Consequently, Cotton-fibers of the Bales would adapt a very Velvety-touch and Sparkling-look. Thereafter, the same fine Cotton is moulded into Sheets of requisite thickness, which are ultimately rolled-over and the same rolled-up sheets are commonly called LAPS.

### **Methods of Fire-Preventive Measures adopted in a Blow-room**

1) It is most essential that Machineries and Electrical Installations & Equipments are regularly Cleaned after frequent intervals.

2) All the requisite Electric Motors must be installed at one place only.

As and when the Heat of the Motors is found over-exceeding which cannot be controlled, then Screen-safe Electric Motors must be installed. Safe-screen Electric Motors are fitted with an Extra-fan attached with a Shaft of the Motor which controls the heat of the Motor by airing the same.

3) All Machineries must be installed at a distance of at least 20-feet from each other and Fully-pressed Bales must NOT be placed in the Hall in great numbers. However, automatic Fire-extinguishing Equipments must be installed around in the Hall.

4) The possibility of Fire-eruption by the Cotton-particles, sticking to the Electric-wires, cannot be ruled-out and if any Electric-wire is rendered un-serviceable, then the entire-length of the same must be replaced. This is most essential, because the jointing of

Electric-wires would create the greatest Risk of Fire-eruption.

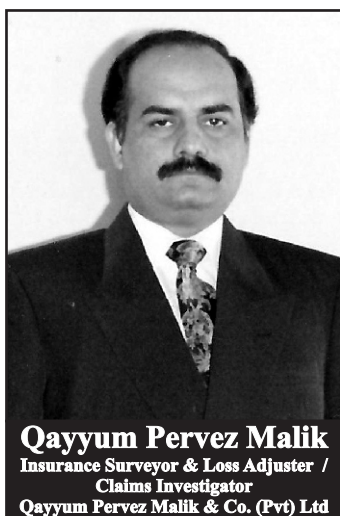
5) Many Electric-wires must not be passed through the same Pipe, whilst conducting the same during Electrification of the Mills' Various departments. This is because during the course of running of the currents through the Wires, conducted together within the same single-pipe, the currents does create Magnetic-power.

Alike created Magnetic-power by the Electric-currents would develop resistance in the Un-Interrupted Flow of Electric-current in another adjacent Electric-wires which would not only result in the wastage of Electricity, but would also result in the heating-up of the wires which may ultimately cause the eruption of Fire.

In case, Cotton-fibers and Dust / Particles are not regularly cleaned off the Electric-wires and from the conduit Pipes thereof, the heating of the wires, because of the consequence of the afore-mentioned process of heating-up of the wires, the Risk of Fire would then be greatly accrued thereto.

*To be continued....!*





# Classification of Marine Surveyors

## Definition of Marine Insurance

Marine Insurance Act 2018 of Pakistan notified in February 2018, defines the term marine insurance as under:

"marine insurance" means a contract whereby the insurers undertake to indemnify the insured, in manner and to the extent (thereby) agreed, against marine losses, that is to say, the losses incidental to marine adventure"

## Definition of Term "Insurance"

(Sec. xxvii of Insurance Ordinance 2000) "insurance" means the business of entering into and carrying out policies or contracts, by whatever name called, whereby, in consideration of a premium received, a person promises to make payment to another person contingent upon the happening of an event, specified in the contract, on the happening of which the second-named person suffers loss, and includes reinsurance and retrocession:

Provided that a contract of life insurance shall be deemed to be a contract of insurance notwithstanding that it may not comply with the definition set out in this clause;

## Definition of Surveyor

The Insurance Ordinance 2000

defines "Surveyor" as under:

(lxiii) "surveyor" means a person (by whatever name called) who examines the goods, property or any interests insured under a contract of non-life insurance to express an independent opinion as to the cause, extent, location and amount of any loss incurred or claimed to be incurred under that contract;

## Marine Surveyor

The World wide classification of marine surveyor is narrated below for information.

Starting from Pakistan, the term marine surveyor is used for an independent Insurance surveyor/loss adjuster authorized by the authority

concerned i.e. SECP (Securities & exchange Commission of Pakistan) holding a license in class of "Marine and Aviation class of business". These surveyors are assigned survey jobs by the Insurers, Insured, shipping agents, clearing agents, cargo owners, port authorities/bailees, transporters, consignees, consigners etc. No person other than the surveyor licensed by the concerned authority for that particular class of insured business except Lloyd's survey agent, can proceed as a surveyor to carryout the survey for remuneration. The professional service of a marine insurance surveyor is utilized at Sea ports, warehouses, truck stands, railway stations, dry ports, all other destinations, consignees and consigners warehouses, premises, on roads, on Airports etc. for Sea transit,

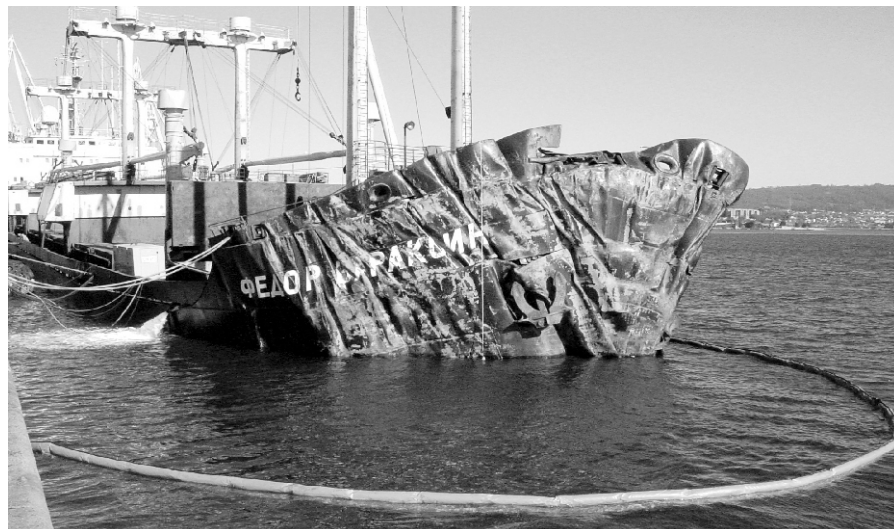




Land transit, Rail transit, Air-transit by ship, vessels, containers, trucks, rail, Aeroplane etc. These surveyors provide their professional services for the following subject matters:

1. Hull surveys,
2. Cargo surveys.
3. Container surveys.
4. Port warehouses surveys,
5. Terminal surveys.
6. Bulk liquid cargo
7. Bulk dry cargo
8. Other dry and liquid cargos.
9. Pre-shipment surveys.
10. Ship surveys after and before loading.
11. Quantity and quality surveys.
12. Draught survey.
13. Dry and liquid cargo surveys during transit.
14. Freight survey
15. Oil tankers survey.

These above referred surveyors hold appropriate qualification and practical experience in surveying. With the minimum academic qualification as Bachelor degree holder, they are qualified in practical surveying in the field for minimum 3 years to hold practical/theoretical knowledge of surveying. With this prerequisite, they are to appear at Pakistan Insurance Institute for examination and then before the examination board of SECP, Insurance division where they are tested whether the candidates are eligible/capable to hold the survey license. Possessing appropriate knowledge of surveying, assessing the extent of loss, adjusting the extent of loss, assessing the cause and circumstances of loss, terms and conditions of relevant contract of insurance and the application on particular insurance claim, observation of insurance policy warranties, conditions, clauses and endorsements, scope of indemnity, coverage, assessing the value of salvage, evaluation the subject matter of insurance, separating the sound cargo from damage, and suggesting the steps to minimize the



loss/damage. Identification of cargo, fixing the liability of loss, observe the contract of carriage, comment on the responsibilities of bailees, transporters and other 3rd parties, advise the insurers to improve the underwriting regarding safety of subject matter etc. While they proceed professionally with due diligence holding appropriate professional knowledge, equipped with tactful dealing, smart moves, proper skill of conversation, convincing approach with the combination of experience and knowledge, the surveyors extend great benefits to the parties linked with the trade, in form of peace of mind, safety, recovery of loss, minimizing the loss and shifting the onus, to the parties responsible for loss.

The World-Wide classification of marine surveyors is so vast covering each and every aspect of marine business. The classes are mentioned below with brief scope of function.

These surveyors may be independent individuals or employed, structured as associate companies, offering their professional services based on their areas of expertise and experience. Surveyors in this sector tend to have a marine seafaring background with a relevant marine qualification such as a Master mariner or Engineer certificate of competency, with many

years sea going experience. Others hold a marine related academic background such as a naval architect or an industry related degree, skill and experience.

### Warranty Surveyor

The warranty surveyor acts on behalf of the insurer and assured to ensure that the operations are conducted to recognized codes and standards within acceptable risk levels must comply with national and international regulations where appropriate.

### P & I Club Surveys

This class of surveyors conduct protection & indemnity club surveys. P & I clubs are mutual 3rd party insurers for ship owners and charterers. Large number of surveyors are staff members of these clubs though most of the surveys are conducted by independent marine surveyors. Preferred surveyors as approved by the clubs, in any geographical location is held by the individual claim manager or handler of the club.

### Sale & Purchase Surveys

The process of sale and purchase of ships continues in marine industry in accordance with the market demand and supply not only for the

replacement of ships but for expansion of the fleet to build up the capacity and capability.

The specialist surveyors and/or brokers having vast knowledge of sale and purchase transactions in term of valuation, legal requirement of such sale and purchase.

experts in the market valuation of ships and the legal requirements of the sale and purchase contract. In absence of the appropriate knowledge of ship operations and conditions etc. the brokers tend to seek expert surveyors to finalize the sale/purchase proceed.

### Break Bulk Surveys

Break bulk cargoes are cargoes that involve individual items i.e. cases, cartons, crates, bags, bales, bundles, drums and barrels. Break bulk surveys would therefore be associated with the handling, stowage, storage and carriage of this type of cargo as well as the survey of damaged cargo. Currently this type of goods is mostly loaded into containers. The loading and discharging of containers known as stuffing and unstuffing, is seen as a surveying task in its own right.



### Container Condition Surveys

Physical condition and the suitability of containers are to be inspected by such surveyors for the following reasons:

1. Whether the container fulfill the pre-requisites of Convention for Safe Containers (CSC Approval) prior to stuffing.
2. Whether the physical condition of container is suitable for particular cargo and for on/off hire usage

(leasing)

3. Assessment of condition prior/after stuffing and even after discharging cargo (stuffing/unstuffing)

### Hatch Cover, Hold Condition and Cleanliness Surveys

The condition, cleanliness and suitability of hatches, holds of the ship is of paramount importance for the shipments of steel, grain, coal and fertilizer cargo.

The charterer of a ship, the shipper of the cargo or P&I club etc. usually tend to verify the condition, cleanliness and suitability of the hold and hatches for their acceptance to ensure the safety of cargo so such type of survey is conducted.

### Structural Damage Surveys

Structural damage to ships usually comes in the domain of the ship classification surveyor,

In such cases, preferably the underwriter, ship owner, charterer, P&I club or any party who has an interest in any possible claim would utilize the expertise to protect their interest.



*To be continued....!*





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

# How to develop Takaful in Pakistan

There has been immense growth in the numbers of Window Takaful Operators since the Securities Exchange Commission of Pakistan (SECP) allowed window based operations in 2015. Currently there are 22 General and 4 Family Window Takaful Operators operating in Pakistan. Besides, some others are in the pipeline seeking licence from the SECP to start window operations. The growing number of Window Takaful Operators is likely to support the growth of the Takaful industry in the country.

Continuous growth and extension of Takaful require key issues to be addressed. They are consumer awareness, product development, standardization of documents, retakaful arrangements, per party single risk limit and contradiction in Fatwa are the main factors standing in the way of Takaful growth.

The biggest challenge for the Takaful industry is to create awareness among the general public. Takaful being a new concept is unclear to many people in Pakistan. A large number of people, even some professionals engaged in the insurance industry, perceive Takaful as being the same as conventional. This situation requires new strategies for creating awareness. Takaful as based on Shariah Principles can be better projected in collaboration with Ulema (religious scholars) because they have Shariah

knowledge sufficient to furnish proof of transactions in the light of the Shariah. Secondly, Ulema are already rendering services to promote Islamic teachings through the largest network of Masjid and Islamic Institutes. Luckily we have a few renowned Shariah scholars who are working for Takaful as Shariah advisors. There are others scholars whose contribution has been immense for the growth of Takaful. They include Mufti Muneeb-ur-Rehman and Mufti Muhammad Taqi Usmani who do not need any introduction as they are well-known religious personalities in the country.

No one can deny the fact that Ulema have always played a key role in society for Islamization whenever needed. Currently, there are a number

of interest based systems operating in the country. Everyone knows that interest in any form is forbidden in Islam. In the Holy Quran, Allah says: "He will destroy interest and increase charity". It is indeed a noble cause to eliminate interest from society. The Takaful system as developed on the basis of Shariah for the welfare of people is an alternative to interest based insurance. Now it is our responsibility to come forward and prepare the ground for Takaful to take root in society. The platform of Ulema is the best to serve the purpose of Takaful awareness because they frequently interact with the general public, particularly on Fridays, they have an opportunity of educating the people during their speeches in Masjids.



Secondly, the Takaful Industry needs educational and training institutes to educate and train fresh entrants required to fill the vacuum of skilled and qualified staff. Islamic Institutes run by Ulema can play a meaningful role to impart education to cater to the educational needs. So institutes should be approached to include Takaful books in their syllabi. In this way, students equipped with Islamic Insurance and Shariah knowledge from these institutes will have, not only an opportunity to get a respectable job, but also give a great boost to the Takaful Industry.

Also, Takaful awareness at national level is necessary to attract those people who avoid buying insurance due to religious reasons. In this connection seminars and conferences will be the best ways to create public awareness. Conferences should be arranged with the cooperation of Ulema. Invite Ulema in large numbers with a view to mobilize them to participate in Takaful awareness among the people so that they may fully benefit from Takaful. Moreover, some key figures from the government sector should also be invited to the seminars for the purpose of attracting TV Channels to give coverage of the seminar. The help of the electronic media may also be obtained to create further awareness among the public by giving informatory interviews on Takaful.

It is worth noting that as per the Takaful Rules 2012, a Shariah advisor is allowed to work for a maximum of three Window Takaful Operators at a time in Pakistan. Currently, the total number of Shariah advisors engaged in the Takaful Industry is less than those of the Takaful Operators. This total number of Shariah advisors needs to be enhanced because the higher the number of Shariah advisors, the greater the projection of Takaful. If each Shariah advisor is restricted to work for only one operator, this amendment would enable the Takaful industry to induct

more Ulema necessary to accelerate the cycle of the Takaful industry.

It would not be out of place to mention here that the permission of SECP to start window takaful has opened a new avenue for religious scholars to move forward to the mainstream of national development. It is hoped that Ulema would consider the Takaful platform as an opportunity to prove themselves to be important in respect of Islamization by replacing insurance with Takaful in the country.

Per party single risk limit assigned by banks is another issue binding Takaful Operators to underwrite business within the limit fixed by the banks. The objective of allocating a risk limit is that the bank wants to safeguard the interests of its borrowers to whom it advances money.

Banks usually assign a per risk limit on the basis of assessment of the operator's performance. They take a number of aspects into consideration at the time of scrutiny of operator's quality. Here it seems appropriate to mention that the Takaful is a welfare based service entity. It does not sell any goods. It issues an agreement promising that in the event of incident, it will honour its promise by compensating the sufferer. As such the criterion for the assessment of a good Takaful operator should be its payment of claims. If the operator is prompt in the settlement of claims and the track record is good, then all other considerations for the Operator's performance become secondary.

In the presence of retakaful treaty arrangements there is no need to do further exercise of fixing the total exposure limit. Because the treaty is done after careful assessments carried out by the international retakaful experts who have rich experience and vast knowledge in underwriting of risk. The treaty provides the capacity to absorb the risks written for the protection of clients. Under the umbrella of treaty the client of the

bank is safe as their interest is fully covered because when the operator covers a risk, it retains a small portion of that risk and the balance is passed on to its treaty. This is done with a view to spread the risk so that when a loss occurs, the operator may pay less from his/her own resources and the major portion of loss is recovered from the treaty. Hence the criteria for assessment of performance should be the speedy settlement of claim and good track record of the Operator because these are the topmost performance objectives and without them the banks cannot safeguard the interests of their borrowers.

It seems appropriate to mention here that Islamic banks and Takaful operators both proclaim that they are conducting all transactions in accordance with Shariah. They are keen to promote Shariah-based systems in the country. This sign is a good one but it requires both entities to render cooperation for each other otherwise obstacles from any side would cause slow the journey of Islamization in the country.

Fatwa, a formal legal opinion, is usually issued by Mufti (Shariah scholar) in response to a question on the matter that is not clear. In Takaful, Fatwa is the most important factor in terms of making sure that transactions being done are whether in line with Shariah or not. The Takaful industry in order to grow without doubt in minds, requires all Shariah advisors engaged in the Takaful industry to be on the same page while issuing a Fatwa on Takaful related transactions otherwise contradiction in the Fatwa may create confusion about Takaful.

It has been observed that there are some cases on which Fatwa issued by Shariah advisors are different. For example, some Operators charge admin surcharge under a Takaful Policy while a few Operators do not charge any saying it is against Shariah compliance. This is evident from the participant's membership documents



issued by different Operators.

No doubt, there have been differences among Muslims scholars even on the same issue but as far as Takaful is concerned, the situation asks for Shari'ah advisors to be on the same page in order to avoid confusion following contradiction in Fatwa on Takaful matters. The more the consensus in Fatwa, the greater the level of acceptability in Takaful.

There is a dire need to constitute a new committee consisting of Shariah advisors engaged in the Takaful Industry to bring uniformity in documentations, transactions and decisions enabling the Takaful

operators to flourish with unity in society. The Insurance Association of Pakistan (IAP) is a better platform to set up the new committee. It is worth noting that wordings of participant's membership documents, development of new products and designing policies are technical issues which need to be performed with the guide of different committees as already providing services at IAP level. In order words, insurance experts in the existing committees of IAP would be of great help to the new committee of Shariah scholars to resolve all technical issues relating to Takaful.

It is hoped that the creation of a new

committee will provide Shariah advisors a platform where they could not only resolve disputes and problems being faced by the Takaful industry but also make decisions unanimously that were necessary for Takaful growth. Besides, Shariah advisors from different schools of thought on a single platform would also give a sign of unity which is important not only for the development of Takaful but would also create a good atmosphere in society to flourish peacefully. The last but not least, if we stand united, we could make the impossible possible.

## • APPEAL •



His Excellency **Imran Khan**, Prime Minister of Pakistan  
**Mr. Asad Umar**, Federal Minister for Finance, Revenue & Economic Affairs  
**Mr. Razzak Dawood**, Advisor for Commerce, Textile, Industry and Production & Investment of Pakistan  
**Syed Murad Ali Shah**, Chief Minister Sindh, **Sardar Usman Buzdar**, Chief Minister Punjab  
**Mr. Jam Kamal Khan**, Chief Minister Baluchistan and **Mr. Mahmood Khan**, Chief Minister KPK

### THIS IS AN APPEAL TO REPEAL THE SALES TAX ON LIFE & HEALTH INSURANCE PRODUCTS

- Healthcare and life insurance are critical to providing security and health to a growing population
- Insurance sector has a low penetration of 0.92% of the GDP (compared to regional economies: India 3.5% or Malaysia 4%)
- Provides direct employment to 17,000 people and thousands of households supported through indirect employment (insurance agents, brokers, surveyors etc.)
- Life and health insurance products assist citizens in managing their savings, provide them with valuable protection benefits and secure healthcare facilities for them
- Pakistan's fledgling insurance industry contributed nearly Rs. 19 billion in taxes last year

By imposing sales tax on these basic insurance products, the Provincial Governments have created unfair operating grounds for the insurance sector. Charging sales tax on health insurance products is anomalous when the healthcare sector itself is sales tax-free!

#### AND

The Provincial Governments' step has made life and health insurance products expensive and unattractive. This will result in even lower insurance penetration which might result in job losses as insurance industry will not be able to sell these products. It will deprive the public from these very important protection and saving opportunities and might force many insurers to shut down and cease operations.

Keeping in mind the new government's bold vision for economic development and financial inclusion through positive and business friendly policies, we urge to save the insurance industry and exempt life and health insurance from sales tax.

**The Insurance Association of Pakistan**  
[www.iap.net.pk](http://www.iap.net.pk)





**Arsalan Pasha**  
Joint Director  
SPI Insurance Co. Ltd

# Leadership

“Ultimately, leadership is not about glorious crowning acts. It's about keeping your team focused on a goal and motivated to do their best to achieve it, especially when the stakes are high and the consequences really matter. It is about laying the groundwork for others success, and then standing back and letting them shine.”

*Chris Hadfield*  
(Canadian Astronaut)

## Premise:

For readers of IJP the general topic of leadership may sound somehow irrelevant. It is true that there are number of forums available for such issues but our Insurance Industry is entrenched as deep in leadership crises as rest of Pakistan is. This very fact instigated my thoughts to hit the road.

Being a member of fraternity I can relate with Insurance Industry and realities of market. In series of articles after bringing in lime light the leadership traits, would embark on journey to explore and identifying the Leadership gaps/traits in general for sales and in particular for insurance sector.

Leaders are born:

“To suggest that leaders do not enter the world with extraordinary endowment is to imply that people enter the world with equal abilities with equal talents”

*Thomas Carlyle*  
(1795-1881 Philosopher & Mathematician)

There has been a constant debate in contemporary and oriental history regarding Are leaders born or otherwise? This question has remained pivotal in pursuit of leadership studies resulting in diverse views and outcomes.

It is an interesting fact that achievers are of only two types ones with leadership quality known as the team builders, and others are with Solitary way of achieving, the ones known as one man army, solo flight takers. In my personal opinion when it comes to Leaders they are born they simply cannot be made.

Most of the successful individuals have their own set of principles which they label as recipe of success. Management gurus and motivational speakers lay emphasis on their own respective magic mantras, but the fact remains the





# *Innovation Distinguishes Between A Leader And A Follower*

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

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The nominations received for the IAP's Election from Member Companies were notified in the IAP's Election Circular dated 29th August, 2019, addressed to All Principal Representatives. The election of the Executive Committee members was held to fill up six (6) seats from non-life insurance companies.

Ballot was held on 17th September, 2019 in Association's Head office at Karachi and Regional Office at Lahore for the above mentioned seats. The Commission counted the votes and determined the persons who have received the largest number of votes and elected to the above Committee.

As regards election of Office Bearers (i.e. Chairman/ Senior Vice-Chairman/ Vice-Chairman of the Executive Committee) only one nomination each for the Chairman, Senior Vice-Chairman & Vice-Chairman, from Mr. Muhammad Hussain Hijri, Mr. Farrukh Aleem and MR. Kamran Arshad Inam, respectively were received. The aforementioned persons therefore, stand elected unopposed as the Chairman, Senior Vice-Chairman & Vice-Chairman of the Executive Committee for the year 2019-20.

The full composition of newly elected/ continuing (\*) members of the Executive Committee for the year 2019-20 is as follows:

**Executive Committee 2019-20**

- |  |                                    |
|--|------------------------------------|
| 1. Mr. Muhammad Hussain Hijri, Chairman    | Century Insurance Co. Ltd          |
| 2. Mr. Farrukh Aleem, Senior Vice Chairman | Security General Insurance Co. Ltd |
| 3. Mr. Kamran Arshad Inam, Vice Chairman   | EFU General Insurance Ltd          |
| 4. Mr. Abdul Haye                          | Alfalsh Insurance Co. Ltd          |
| 5. (*) Ms. Huma Waheed                     | United Insurance Co. of Pak. Ltd   |
| 6. (*) Mr. Muhammad Junaid Moti            | Pakistan Reinsurance Co. Ltd       |
| 7. (*) Mr. Muhammad Sohail Fakhar          | Jubilee Life Insurance Co. Ltd     |
| 8. Mr. Nawaid Jamal                        | Jubilee General Insurance Co. Ltd  |
| 9. (*) Mr. Tahir Masaud                    | IGI General Insurance Limited      |
| 10. (*) Mr. Zain Ibrahim                   | EFU Life Assurance Limited         |
| 11. Mr. Zeeshan Raza                       | UBL Insurers Limited               |

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role of mentor is to polish the leader to the extent that they achieve zenith. The leadership development is subtle craft of mentors, coach and or teachers. They unleash the capabilities of individuals by process of continuous intrusion in their thought process.

The leader intuitively is an action oriented personality ready to take initiatives. These individuals audaciously put themselves in situations which may seem difficult to others. They don't shy away they embrace challenge on face of it.

Broadly, nurturing the leadership in one's personality is carried out by institutionalizing following traits in individuals. These traits are either acquired through teacher or one learns hard way of '**On Job Training**'.

Empirically the order can be modified and or remodeled as per personal preference, for me it is as henceforth.

- Setting Goal
- Strategic and critical thinking.
- C o m m u n i c a t i o n a n d deleg35ation of authorities.
- Execution.
- Integrity the Fulcrum.
- Accountability & introspection-retrospection.

### Setting Goals:

"If you want to be happy, set a goal that commands your thoughts, Liberates your energy and inspires your hopes."

*Andrew Carnegie  
(US Steel Industrialist & Philanthropist 1835-1919)*

It is a prime and foremost contemplation process which is adopted by leaders. This direction demands clarity in thought process, with respect to Past, Present and future.

Setting goal(s) for one self's warrants a person evaluate what he is? What does he wants in life,

profession? Above all is he passionate enough to achieve the set of goals he is envisaging?

For setting goal one needs to dream, higher the dream higher the achievement, but subsequent baby steps must be taken continuously. The clarity in thought augments in simplifying complex goals into a plausible narrative.

Every great dream is realized after great sacrifice, but the goal statement is always very simple for instance great American dream, corruption free country, and Qaid e Azam (R.A)'s statement of Two nation theory which was simplified for the nation as" Pakistan Ka Matlab Kia.....".

It is paramount fact that it is the passion which fuels Leader and it is the leader who sets the discourse for future, sans passion one is like a puppet, a being without soul.

**To be continued....!**





**Nasir Siddique**

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

# Risk Management and its Importance

## The Importance of Risk Management to Business Success

Risk management is an important part of planning for businesses. The process of risk management is designed to reduce or eliminate the risk of certain kinds of events happening or having an impact on the business.

## Definition of Risk Management

Risk management is a process for identifying, assessing, and prioritizing risks of different kinds. Once the risks are identified, the risk manager will create a plan to minimize or eliminate the impact of negative events. A variety of strategies is available, depending on the type of risk and the type of business. There are a number of risk management standards in the world developed by many institutes.

## Types of Risk

There are many different types of risk that risk management plans can mitigate. Common risks include things like accidents in the workplace

or fires, tornadoes, earthquakes, and other natural disasters. It can also include legal risks like fraud, theft. Risks can also relate to business practices, uncertainty in financial markets, failures in projects, credit risks, or the security and storage of data and records.

plans may focus on keeping the company viable and reducing financial risks. However, risk management is also designed to protect the employees, customers, and general public from negative events like fires or acts of terrorism that may affect them. Risk

management practices are also about preserving the physical facilities, data, records, and physical assets a company owns or uses.

## Process for Identifying and Managing Risk

While a variety of different strategies can mitigate or eliminate risk, the process for identifying and managing the risk is fairly standard and consists of five basic steps. First, threats or risks are identified. Second, the vulnerability of key assets like information to the identified threats is assessed. Next, the risk

manager must determine the expected consequences of specific threats to assets. The last two steps in the process are to figure out ways to reduce risks and then prioritize the risk management procedures based on their importance.



## Goals of Risk Management

The idea behind using risk management practices is to protect businesses from being vulnerable. Many business risk management



### Strategies for Managing Risk

There are as many different types of strategies for managing risk as there are types of risks. These break down into four main categories. Risk can be managed by accepting the consequences of a risk and budgeting for it. Another strategy is to transfer the risk to another party by insuring against a particular, like fire or a slip-and-fall accident. Closing down a particular high-risk area of a business can avoid risk. Finally, the manager can reduce the risk's negative effects, for instance, by installing sprinklers for fires or instituting a back-up plan for data.

Having a risk management plan is an important part of maintaining a successful and responsible company. Every company should have one. It will help to protect people as well as physical and financial assets.

Then Risk Management Helps In:

**Risk Identification** - Risk management outlines various categories of risks faced by new business including operational, financial, strategic, compliance related and environmental, political, safety and health risks.

**Risk Management** - Clarifies the importance and events for tackling the risks that your new business establishments may face. This includes the information about the evaluation of various risks and four options for managing each risk. This also helps in outlining some preventive ideas to decrease the likelihood of risks immobilizing your business.

**Business recovery planning** - Outlines disaster planning and also minimizes the impact of the disaster on your business and this includes aspects such as data security, employees, insurance policies and equipment.

**Prevention of crime** - This outlines crimes disturbing small businesses and derives some simple steps to tackle it.

**Shop Theft** - Risk management discusses theft problems in a business and the areas to protect, such as adopting simple safety measures and by keeping track of the staff and inventory.

**Data Security** - This offers a variety of information, which protects the businesses and also secures data. Includes disaster recovery, risk assessment, backups and policies regarding data security.

### Why is it important to carry out a Risk Assessment and prepare a Safety Statement?

The main aim is to make sure that no one gets hurt or becomes ill. Accidents and ill health can ruin lives, and can also affect business if output is lost, machinery is damaged, insurance costs increase, or if you have to go to court. Therefore, carrying out risk assessments, preparing and implementing a safety statement and keeping both up to date will not in themselves prevent accidents and ill health but they will play a crucial part in reducing their likelihood.

Employers, managers and supervisors should all ensure that workplace practices reflect the risk assessments and safety statement. Behaviors, the way in which everyone works, must reflect the safe working practices laid down in these documents. Supervisory checks and audits should be carried out to determine how well the aims set down are being achieved. Corrective action should be taken when required. Additionally, if a workplace is provided for use by others, the safety statement must also set out the safe work practices that are relevant to them.

Hence, it is important to carry out a Risk Assessment and prepare a Safety Statement for:

#### 1. Financial reasons:

There is considerable evidence, borne out by companies' practical experiences that effective safety and health management in the workplace contributes to business success. Accidents and ill-health inflict significant costs, often hidden and underestimated.

#### 2. Legal reasons:

Carrying out a risk assessment, preparing a safety statement and implementing what you have written down are not only central to any safety and health management system, they are required by law. Health and Safety Authority inspectors visiting workplaces will want to know how employers are managing safety and health. If they investigate an accident, they will scrutinize the risk assessment and safety statement, and the procedures and work practices in use. It should be ensured that these stand up to examination. If the inspector finds that one of these is inadequate, he or she can ask the employer to revise it. Employers can be prosecuted if they do not have a safety statement.

#### 3. Moral and ethical reasons:

The process of carrying out a risk assessment, preparing a safety statement and implementing what you have written down will help employers prevent injuries and ill-health at work. Employers are ethically bound to do all they can to ensure that their employees do not suffer illness, a serious accident or death.



**Muhammad Aamir Jamil**  
Dip CII (UK), Deputy Manager (Underwriting)  
Property Division / Ancillary Operations  
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# Yarn Spinning and its Process

## What is yarn spinning?

Yarn spinning is a process of converting fiber and filament material such as cotton, wool, polyester & nylon into yarn for making textile products e.g. clothing etc. In the cross section of yarn there are usually a multiple number of Staple fibers or filaments for unlimited length. The yarn made out of staple fiber is called Spun yarn. There are different types of spinning, the most commonly forms of spinning are: Ring, Rotor spinning, Air Jet, Friction etc.

## How yarns are produced?

Yarns are produced with different diameters and different weights per unit length. Yarn manufacturing process, processing speeds and control technology has remained unchanged for a number of years. Yarn properties and processing efficiency are related to the properties of the cotton fibers processed. Now I will discuss about cotton spinning process.

## How many classes of Spinning Process?

There are two classes of spinning process have been developed by people, Hand Spinning and Machine Spinning. Before industrial revolution occurs, hand spinning

method is widely used by people for making yarns. After industrial revolution, many developments have been done by the industry to ease the process by apply machine to control the process effectively.

However, the process of yarn spinning is much complicated and required different stages needs to be done which are giver as under;

### 1. Blow Room:

The basic objective of this process is to open the bales and convert into smaller and lighter floc to clean the impurities and to transfer this material into various other machine of blow room line for further processing.

This is the starting stage of Spinning Process. There are three actions happen in Blow room machine. They are given as under;

- Action of Opposing Spikes
- Action of Air Current
- Action of Beaters

### 2. Carding:

This stage is the heart of spinning process as it determines the final feature of the yarn. At this stage carding machine opens the folks of fiber which provide comfort to remove excessive impurities on the fiber surface which were not eliminated in the previous cleaning operations. Further, short fiber which is not suitable for production due to short length will also be eliminated.





Carding machine performs two actions, one is called carding action and other is called stripping action.

### 3. Combing:

Combing is a process which is introduced into the spinning of finer and high-quality yarns from cotton. At this stage yarn will be straighten again and arrange in parallel manners and at the same time short fiber will also be eliminated from the long fiber because short fibers are a hindrance to spinning of finer counts where the number of fibers in the cross section of the yarn is less. The short fibers cause thick and uneven places in the yarn length and the yarn looks hairy. Apart from this, very short fibers do not contribute anything to yarn strength. Short fibers below a certain pre-determined length can be easily separated out by using comb.

### 4. Drawing:

At this stage drafting and doubling are carried out to produce good quality yarn. In market most of the manufacturer uses the blending process where two different types of fibers such as cotton and polyester will be blended to make a yarn and it will not only reduce the cost but also increase the performance.

### 5. Roving:

The roving process reduces the weight of the sliver yarn to a suitable size for spinning into yarn and



inserting enough twist, to produce a suitable package for the next process and to reduce the thickness of the sliver which maintains the integrity of the draft strands. Bobbins of roving are placed onto holders that allow the roving to feed freely into the drafting roller of the ring-spinning frame.

### 6. Cone Winding:

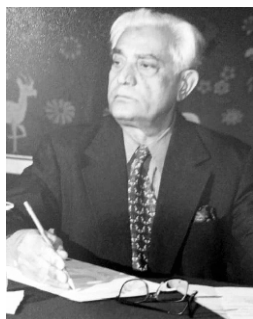
This is the final stage in spinning where yarn is wound on the cone. Good winding is the mirror of yarn spinning mill. Yarn winding can thus be viewed as simply being a packaging process, forming a link between the last few elements of yarn manufacturing and the first element of fabric manufacturing process. Practically winding process alters the yarn structure. The factors which affect the yarn structure during

winding are bobbin geometry, bobbin unwinding behavior, and winding speed. This phenomenon does not affect the evenness of the yarn but it affects the properties of the yarn such as thick and thin places.

### Conclusion:

Considerable research and development efforts are being devoted to affecting the fundamental new methods of yarn production. Even though the current manufacturing processes are highly developed but a number of new spinning systems currently under development may revolutionize yarn manufacturing and could cause changes in the relative importance of fiber properties as they are now perceived.

## Obituary



Mr. Jalilullah died in Karachi. He was Former Controller of Insurance in the nineties, well reputed and well known in the Insurance Industry of Pakistan always willing to help and provide guidance. He played an important role in negotiations for the drafting of Insurance Ordinance 2000 to replace Insurance Act 1938.



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

# Natural Disasters

## (Part-1)

In this article, I will explain how to act during an earthquake and what measures should be taken to keep safe.

### Earthquake

Earthquakes may strike without warning, causing deaths and major damage. Often quakes last for only seconds, but in that time, they can destroy buildings, roads and crush people. Fires resulting from broken gas pipes can rage for days afterward and aftershocks are a further danger. If you live in an earthquake area, prepare your home as best you can.

### Preparing for an Earthquake

#### Identify Potential Hazards:

- Check structural elements in your home to ensure that they are sound and see that heavy furniture is secure.
- Place large, heavy objects on lower shelves and re-hang heavy mirrors or pictures that are currently positioned over seating or beds.
- Store fragile items in low cabinets that are fitted with latches or locks.

#### Identify Safe Places:

- In every room, identify safe spots where you could take shelter. Ideal places are under solid desks, tables or strong internal doorway wells

away from windows or places where glass could shatter.

- Identify at least one safe outdoor location that you could escape to if necessary. Try to find a spot that is out in the open, well away from buildings, trees, power lines, elevated roads and bridges, all of which are dangerous because they could fall or collapse.
- Make sure that every member of your family knows what to do in the event of an earthquake.

#### Be Ready:

- Be alert for small tremors, known as foreshocks. These indicate that

a larger earthquake is on its way. If you do feel a foreshock, warn family members and head for a safe location at once.

- Be prepared to experience a wave of aftershocks following the main earthquake. These aftershocks can also be severe and may cause additional damage.

### During an Earthquake

#### Take Cover:

- If you feel the ground shake, drop under a heavy desk or table, press your face against your arm to protect your eyes, and hold on.





- If you cannot reach a table, take shelter in an internal doorway.
- If you cannot move quickly to a safe place, stay where you are but keep well away from windows.
- If you are in bed, stay there and protect your head with a pillow.
- Stay exactly where you are until the shaking stops.

### Expect Aftershocks:

- Put out candles or naked flames in case of gas leaks. If you smell gas, turn off the supply at the main.
- Each time you feel an aftershock, take cover and hold on, as before.
- Be aware that aftershocks can collapse structures already weakened by earthquakes. Inspect your home for damage after each aftershock and move everyone out of the building quickly if you suspect that it is unsafe.

### Stay Safe:

- If you are outside, do not go back into your home until it has been checked for structural safety.
- If you are inside and your home seems to be structurally sound, wait there until you are given the official all-clear. Then, prepare to leave. Stay elsewhere until your home has been checked by a professional.
- Check everyone for injuries and give first-aid treatment as necessary.
- If water pipes are damaged, turn off your supply at the main.
- If you can smell gas or suspect that electrical wiring is damaged, turn off supplies at the main.
- Keep listening to your radio /



television for official instructions.

If you are outside, lie down as far away as possible from buildings, trees, and power lines, or seek shelter in a doorway. Stay where you are until the shaking stops. Do not go into any form of underground shelter, such as a cellar or tunnel, because it could collapse. If you are driving, stop your car carefully and stay in your car until the shaking stops.

### What to do:

- Keep away from windows, they could be shattered.
- Take cover wherever you are.

- Stay away from items that might fall on you, such as tall furniture.
- Put out cigarettes in case of gas leaks.

### What not to do:

- Use stairs or elevators.
- Run into the street, falling bricks or glass could injure you.
- Think that you are safe once the ground stops shaking, always expect aftershocks.
- Use telephones unless the call is essential.

### The 10 Things You Need to Have in Your Disaster Emergency Kit



## Action in a Disaster Emergency

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

## EFU Life receives Consumers Choice Award 2019



Karachi: EFU Life Assurance Limited, leading life insurance provider in Pakistan, has been honored with the prestigious Consumer Choice Award 2019 for 'Best Life Insurance Company' at the 14th Consumer Choice Award 2018-19. Mr. Mustafa Hussain Oonwala, National Sales Director, EFU Life received the award on behalf of the Company from Mr. Khalid Maqbool Siddiqui, Federal Minister for Information Technology and Telecommunication and Chief Guest of the event.

This is the 11th consecutive year that EFU Life has received the Consumer Choice Award. The award reflects the company's customer-centric approach, innovative products catering to the evolving needs of customers and the latest practices it adopts for providing superior services.

Consumers Association of Pakistan is a non-government, non-profit organization set up in 2000 to protect and educate consumers. It aims to safeguard the interest of consumers while ensuring that their needs are given a higher priority.



## EFU Life bags TWO Prestigious Awards at 'Dragons of Asia'

EFU Life Assurance Limited, the leading life insurance provider in the country, has been conferred two awards at the 'Dragons of Asia' ceremony that was held in Kuala Lumpur, Malaysia.

'Dragons of Asia' is a marketing communications industry award programme that recognizes the result-driven marketing strategies of various countries in the Asia-Pacific region.

The company won in the categories of '**Best Campaigns by Country**' and '**Best Use of Media**' for Pakistan's first Life Insurance webseries - Humrahi.

EFU Life won the prestigious Blue Dragon for '**Best Campaign in Pakistan**' across all categories and industries. Whereas for the 'Best Use of Media', in all countries participating EFU Life was presented with the Gold Dragon.

The web series was successful in changing the perception of insurance in the minds of millennials, encouraging them to plan for their future.

EFU Life collaborated with media agency, Mediavest Pakistan to successfully execute the campaign thus humanizing the brand across digital media.



## Provincial Consultation Workshop on strategy for Implementation of DRR Plan and Risk Transfer Mechanism in Sindh

### Background

Climate Change is one of the harsh realities of the 21st century. It is a global phenomenon, affecting almost all the regions of the world. Climate change is a key instigator for the increased frequency of hydro-meteorological disasters across the globe. Over the past few decades' the occurrence of natural disasters has become a recurrent phenomenon globally. According to the world disasters Report published in 2018 overall 3,751 natural hazards have been recorded over the last 10 years 84% of which are weather related hazards (Floods 40.5%, storms 26.7%, other weather related 16.9%). An estimated 2 billion of people were affected by these natural hazards (Floods 36.7%, storms 17%, other weather related 41.8%) The estimated cost of damages as a result of natural hazards in 141 countries was over the last 10 years of costs were around US\$1,658 billion (Storms 41.7%, floods 21.9%, other weather related 9%) (IFRC, 2018). Pakistan is no exception to the impacts of climate change and the resulting disasters and the case for disasters in Pakistan is not very different from the global scenario Pakistan's high vulnerability to extreme loss and damages in wake of natural calamities and climate induced disasters. In 2005, a devastating earthquake shook Pakistan, with nearly 2.3 billion USD worth of direct losses, 5.2 billion USD in overall economic losses and nearly 73,000 deaths and 80% of entire population in the affected areas was left homeless. (World Bank, 2018) Similarly, in 2010, a super flood hit Pakistan after unprecedented monsoon rains in the country. The flood had a time probably time period of 1000 years. Loss of human lives, community's assets, complete shutdown of economic activities in many of the affected areas were some of the impacts of this devastating flood.

Ever since 2005 earthquake and subsequent disasters, the government of Pakistan undertook the initiative of formulating the National Disaster Management Authority (NDMA) through the national disaster management act in 2007. The authority and its subsidiary provincial functions (provincial disaster management authorities) are undertaking measures for disaster management in the country. In addition to efforts raised by government agencies, developing partners such as world Bank, United Nations and Asian Development Bank, (ADB) and various INGOs and NGOs are also working in the country for Climate Action and Disaster Risk Reduction.

LEAD Pakistan has long history of working for disaster resilience and climate compatible development in Pakistan. LEAD has implemented many national and internationally funded projects including projects with NDMA and provincial PDMAs.

LEAD is active in advocacy and campaigning work for sustained DRR resourcing and has played a pivotal role in the development of the National Climate Change Policy. LEAD has also supported the formulation of the National Disaster Risk Management Framework (NDRMF) and is engaged with the National Disaster Management Authority (NDMA), Provincial Disaster Management Authorities (PDMAs) and District Disaster Management Authorities (DDMAs) to implement DRR and climate change policies.

Lead Pakistan in partnership with OXFAM international under the project "Building resilient communities in Pakistan" organized consultation workshop on Risk Transfer Mechanisms in Pakistan taking efforts to support provincial organizations and district government Badin for improving community resilience and reducing the risk of disaster. The project is exploring possible solutions for potential Risk Transfer Mechanism in Pakistan.



### Introduction

At present LEAD Pakistan and OXFAM GB are implementing a project titled “Facilitating Improved Action for building Resilient Communities in Pakistan” The project is focusing on district Badin , of the Sindh province and undertaking numerous activities related to community resilience building and disaster risk reduction.

The “Facilitating Improved Action for Resilience in Badin” project aims to improve the resilience of rural communities in disaster and hazard prone locations with a focus on gender justice and good governance.

The project is working with communities and other stakeholders to build undertaking, knowledge and skills to prepare for, adapt to and mitigate climate and disasters risks. The Project aims to achieve its goals through the achievement of following objectives;

1. Enhancing the climate-resilience of vulnerable livelihoods in drought-prone Badin district, with a focus on women and people living with a disability.
2. Improving the ability of communities to anticipate, prepare for, and mitigate the risk of disasters and climate change.
3. Influencing strategies for effective governance for resilience development at the district and provincial level will be achieved.

### Risk Transfer Mechanisms for Building Resilience in Sindh

Risk transfer refers to the process of formally or informally shifting the financial consequences of particular risks from one party to another, whereby a household, community, enterprise or state authority will obtain resources from the other party after a disaster occurs, in exchange for ongoing or compensatory social or financial benefits provided to that other party.

Risk transfer is widely used as a tool for financing resilience to severe climatic events. There are primarily two categories of risk transfer i.e. conventional and alternative out of which disaster risk insurance is the most common technique, whereby against a premium, an insurer refunds a portion of the costs incurred in case of natural calamity. Micro insurance policies and other such investments in disaster risk reduction have greatly improved community resilience and preparedness. Compared to post disaster relief and compensation efforts, risk transfer mechanisms offer greater financial support that allows the affectees to fully recover from all the incurred losses. Therefore, risk transfer has emerged as a key component of disaster risk management over the years.

Under this joint project being implemented in Badin, the potential of introducing and implementing conventional and alternative risk transfer mechanisms is being explored. For this purpose, LEAD Pakistan has developed a risk transfer product for target communities in Badin after conducting a feasibility and engaging with relevant stakeholders in Badin and Sindh Province. On 27th June, 2019, LEAD Pakistan is holding a consultative session on potential risk transfer in Pakistan and the product that has been developed by LEAD Pakistan. The consultation will invite a number of stakeholders from the public and private sectors in Sindh Province, including PDMA.

2015 C L D 1155

[Lahore]

*Before Muhammad Khalid Mehmood Khan and Ibad ur Rehman Lodhi, JJ**Mst. NASEEM BIBI---Appellant**Versus***STATE LIFE INSURANCE CORPORATION OF PAKISTAN***through Chairman and another--- Respondents*

Regular First Appeal No.186 of 2008 decided on 17th December, 2014.

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

----Ss. 118 & 124 Appellant/claimant impugned order of Insurance Tribunal whereby claim of additional liquidated damages of appellant was reject and she was only held entitled to receive the amount of liquidated damages already paid to appellant by the Insurance Corporation---Held, that an additional amount as liquidated damages was received by the appellant from the Insurance Corporation but there was dissatisfaction on party of the appellant as to the quantum of such amount of liquidated damages, but neither any period as to the entitlement of the appellant to receive such liquidated damages nor any amount, except one which was calculated by the Insurance Corporation and paid to the appellant, were provided by the appellant---In absence of any exact calculation to the contrary, the Insurance Tribunal was right in depending upon calculation made by the Insurance Corporation towards the entitlement of the appellant in respect of the amount of the liquidated damages--- Appeal was dismissed, in circumstances.

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

---S. 118--- Limitation Act (IX of

1908), Art. 86(a)---Computation of period of limitation for filing of claim/application before the Insurance Tribunal under S.118 of the Insurance Ordinance,2000---Claims arising before the constitution of the Insurance Tribunal under S.118 of the Insurance Ordinance,2000---Insured died on 12-10-2001 and application of claimant under S.118 of the Insurance Ordinance, 2000; before Insurance Tribunal was rejected on the ground that the same was barred by time--- Held, that period of limitation of three years provided in Art. 86(a) of the Schedule to the Limitation Act, 1908 was to run from date when the sum insured was payable after proof of death had been given or received by the insurer--- Insurance Tribunal came into existence with effect from 20-6-2006 and before said date; the claimant had been approaching different forums like the Ombudsman, the President, the High Court and immediately after the constitution of the Insurance Tribunal, under the Insurance Ordinance,2000; the claimant within three months approached the Insurance Tribunal therefore claimant could not be held guilty of any delay in lodging of application under S.118 of the Insurance Ordinance, 2000 despite the fact that the insured had passed away on 12-10-2001--- High Court observed that in the present case, limitation could not be treated to commence from date of death of the

insured; rather the same would start from 20-6-2006 when the forum for lodging of such application under S. 118 of the Insurance Ordinance,2000 was established; and therefore application of appellant under S. 118 of the Insurance Ordinance,2000 was not barred by time.

**Liaqat Ali Butt for Appellant.****Ali Akbar Qureshi and Ibrar Ahmad with Safdar Ali Qureshi, Law Officer, State Life Insurance Corporation for Respondents.****Date of hearing: 11th September, 2014****JUDGMENT****IBAD-UR-REHMAN LODHI, J.---**

This is an appeal arising out of judgment passed by the learned Insurance Tribunal Punjab, Lahore, on 29-3-2008, whereby, the application of present appellant-Mst.Naseem Bibi, was dismissed.

2. The appellant's husband Farrukh Bashir was associated with the state Life Insurance Corporation of Pakistan, who died on 12-10-2001, where-after a claim under Policy FSG-00015 (Field Self Subscribed Group Insurance) was lodged with the Insurance Corporation, which was declined on 21-10-2003.



3. In absence of any Insurance Tribunal, which in fact, came into an existence w.e.f. 20-6-2006, the present appellant; firstly approached the Ombudsman and complaint of the appellant was decided by the Ombudsman in her favour on 8-3-2003, and the respondent-Corporation was held bound to pay liquidated damages in addition to group insurance policy proceeds to the appellant.

4. From the record, it is evident that on 30-7-2003, an amount of Rs.11,95,500 was paid by the Corporation to the appellant towards insurance policy amount, whereas, an additional amount of Rs.1,24,278 towards liquidated damages was paid by the Corporation to the appellant on 19-1-2004, on account of Writ Petition No.18024 of 2003, which was filed before this Court, seeking implementation of the findings of the learned Ombudsman, and the same was disposed of on 29-3-2014. A representation before the worthy President was also made by the appellant arising out of the findings of the Ombudsman, which was, however, rejected on 1-9-2005, and again when a Constitutional petition was pending in this Court, on account of the constitution of the Insurance Tribunal on 20-6-2006, the appellant filed an application under section 118 of the Insurance Ordinance, 2000, before the Tribunal on 30-9-2006.

5. The application was contested by the Corporation on merits as also on the point of limitation.

6. The learned Insurance Tribunal, vide impugned judgment dated 29-3-2008, has not only dismissed the application on merits, but also held the same as being barred by time in view of Article 86(a) of the Limitation Act, 1908.

7. On merits we are in agreement with the findings of the learned Insurance Tribunal, as admittedly the amount of Rs.1,24,278 was received by the

appellant in addition to the policy amount from the Corporation. Although, there seems to be some dissatisfaction on the part of the appellant as to the quantum of amount of liquidated damages, but neither any relevant period as to the entitlement of the appellant to receive such liquidation damages nor any other amount, except, which was calculated by the Corporation and paid to the appellant, were provided by the appellant. In absence of any exact calculation, the learned Insurance Tribunal was right in depending upon the calculation made by the Corporation towards the entitlement of the appellant in respect of the amount of liquidated damages.

8. However, on the point of limitation, we have some reservations as to the findings of the learned Insurance Tribunal. In this matter, the application for obtaining the policy amount along with all other allied benefits was filed by the appellant before the learned Insurance Tribunal on 30-6-2006.

9. The husband of the appellant, who was insured with the Insurance Corporation died on 12-10-2001, and by keeping these two dates before it, the learned Insurance Tribunal has, in a cursory manner, held the application before it as being barred by time in view of the provisions of Article 86(a) of the Limitation Act, 1908. In the said Article, description of suit is provided in the following words:-

“On a policy of insurance when the sum insured is payable after proof of the death has been given to or received by the insurers.”

And, therefore, it is clear that the limitation of three years is to be run from the date either, when the sum insured is payable after proof of the death has been given or received by the insurers.

10. The learned Insurance Tribunal came into an existence only w.e.f 20-

6-2006 and before that, after the death of the insured, the appellant had been approaching the different forums, like; the Ombudsman, the President, the High Court, and immediately after the constitution of the Insurance Tribunal under the Insurance Ordinance, 2000, she, within three months, approached the learned Insurance Tribunal; therefore, she cannot be held guilty of any delay in lodging her claim by means of an application under section 118 of the Insurance Ordinance, 2000, despite the fact that her husband/deceased insured, passed away on 12-10-2001. The claim of the appellant, which was lodged before the learned Insurance Corporation, was declined by the Corporation on 21-10-2003, and in this particular case, the limitation could not be treated to commence from the date of death, rather it would start from 20-6-2006, when the forum for lodging such application under section 118 of the Insurance Ordinance, 2000, was provided and if from such point of time, the limitation is counted, the application moved before the learned Insurance Tribunal was not barred by any time, as such, the findings arrived at by the learned Insurance Tribunal on Issued No.3, holding that the application under section 118 of the Insurance Ordinance, 2000, was barred by time are reversed and it is held that the application moved before the learned Insurance Tribunal was within time.

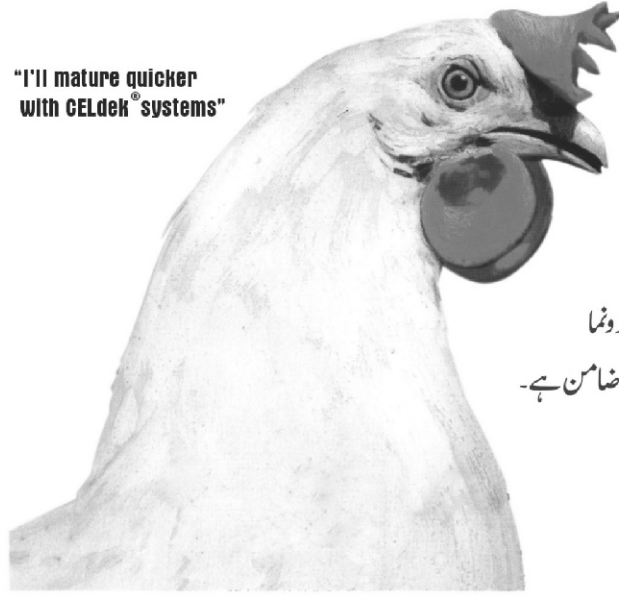
11. On merits, the appellant was rightly held as not entitled to claim any additional amount of liquidated damages in absence of any exact claim towards such entitlement put forth by her before the tribunal.

12. Result is that the appeal merits dismissal and the same is, therefore, dismissed.

**KMZ/N-1/L**

**Appeal Dismissed.**

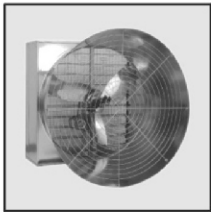
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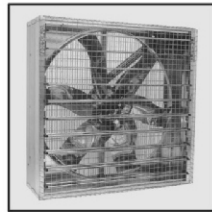
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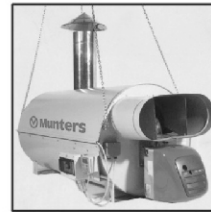
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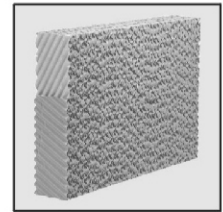
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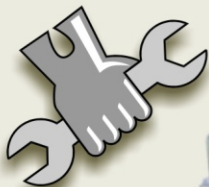
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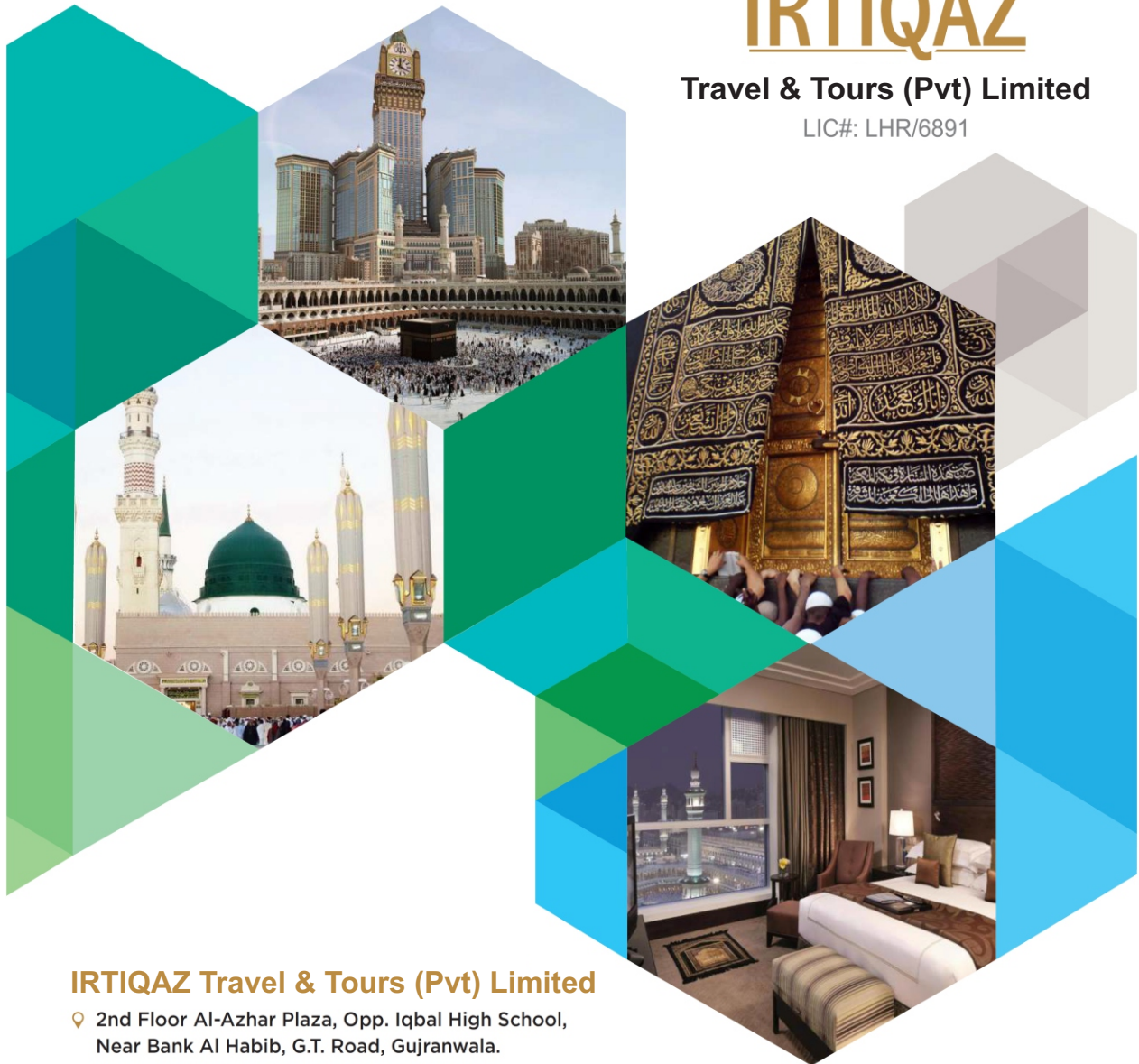
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