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Quarterly

Insurance Journal

January, February, March 2021



**Appointed as
New Chairman of
State Life Insurance
Corporation of
Pakistan**

Over Rs. 1,000,000,000 Premium

**Insurance and Takaful Companies of Pakistan EXCEEDING
Over Rs. 1,000,000,000 Gross Premium Written in 2020**

GENERAL INSURANCE		Gross Premium (Without in Billion)
1	EFU General Insurance Co. Ltd.	22.639
2	Adamjee Insurance Co. Ltd.	19.805
3	Jubilee General Insurance Co. Ltd.	10.311
4	Security General Insurance Co. Ltd.	8.903
5	IGI Insurance Co. Ltd.	6.165
6	United Insurance Co. Ltd.	5.722
7	UBL Insurers Limited	4.605
8	TPL Insurance Ltd.	3.986
9	East West Insurance Co. Ltd.	3.675
10	Askari General Insurance Co. Ltd.	3.424
11	Atlas Insurance Co. Ltd.	3.323
12	Alfalsh Insurance Co. Ltd.	3.183
13	Habib Insurance Co. Ltd.	1.804
14	Century Insurance Co. Ltd.	1.477
LIFE INSURANCE		
1	Jubilee Life Insurance Company Limited	57.846
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4	IGI Life Insurance Limited	7.984
TAKAFUL (GENERAL)		
1	Salaam Takaful Limited (Formerly Takaful Pakistan Limited)	1.600
TAKAFUL (FAMILY)		
1	Pak Qatar Family Takaful Limited	7.960
HEALTH INSURANCE		
1	Allianz EFU Health Insurance Ltd	2.501

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

HEALTH CORNER



**COVID-19
Vaccination
Guidelines &
Frequently
Asked Questions**



**Purposeful Learning in Insurance
(The Dilemma and Solutions)**



**Health Inspection,
Identification,
Tagging and
Valuation of the
Hypothecated and
Insured Animals**



**Islamic Prevention on Pandemic
Situation**



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Innovation Distinguishes Between A Leader And A Follower

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

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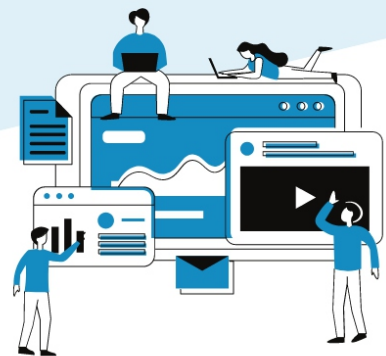
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INSURANCE SECTOR ON PAKISTAN STOCK EXCHANGE

(Quarter: October, November, December 2020)

Compiled By: Khurram Shahzad

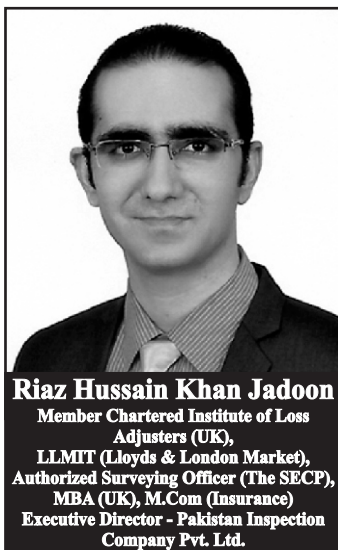
Company	Paid up Capital (Rs. in Million)	Face Value Rs.	Highest Rate Rs.	Lowest Rate Rs.	Turnover of Shares	Announcement During the Quarter
Adamjee Insurance Company Limited	3,500	10.00	42.99	35.15	18,678,000	
Asia Insurance Company Limited	603	10.00	-	-	-	
Askari General Insurance Company Limited	719	10.00	26.84	21.45	261,500	
Askari Life Assurance Company Limited	1,502	10.00	8.70	7.00	2,385,000	
Atlas Insurance Limited	849	10.00	62.00	54.25	367,500	
Business & Industrial Insurance Company Limited	86	10.00	-	-	-	
Century Insurance Company Limited	503	10.00	23.63	20.00	154,500	
Crescent Star Insurance Limited	1,077	10.00	3.28	2.25	32,929,500	
East West Insurance Company Limited	1,183	10.00	107.00	43.49	5,900	Bonus Issue = 15%
EFU General Insurance Limited	2,000	10.00	128.75	110.25	200,000	Dividend = 15%
EFU Life Assurance Limited	1,000	10.00	217.00	185.01	415,900	Dividend = 15%
Habib Insurance Company Limited	619	5.00	9.00	8.00	362,500	
IGI Holdings Limited	1,426	10.00	219.99	185.00	3,801,300	
IGI Life Insurance Limited	1,706	10.00	67.00	38.90	1,111,000	
Jubilee General Insurance Company Limited	1,985	10.00	50.00	42.01	464,500	
Jubilee Life Insurance Company Limited	873	10.00	474.00	348.00	3,473,600	
Pakistan General Insurance Company Limited	464	10.00	3.93	1.92	1,069,500	
Pakistan Reinsurance Company Limited	3,000	10.00	28.73	24.00	6,612,500	
PICIC Insurance Limited	350	10.00	2.17	0.80	8,732,000	
Premier Insurance Limited	506	10.00	6.48	4.27	244,000	
Progressive Insurance Company Limited	85	10.00	-	-	-	
Reliance Insurance Company Limited	561	10.00	8.50	6.46	1,037,000	
Shaheen Insurance Company Limited	600	10.00	4.96	3.60	323,500	
Silver Star Insurance Company Limited	306	10.00	-	-	-	
Standard Insurance Company Limited	8	10.00	-	-	-	
The United Insurance Company of Pakistan Limited	2,950	10.00	8.19	6.50	850,500	
The Universal Insurance Company Limited	500	10.00	7.20	4.05	357,500	
TPL Insurance Limited	939	10.00	35.81	23.50	121,500	

Over Rs. 1,000,000,000 Premium

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Inclusion of Insurance in National Curriculum

While aimlessly browsing through internet, I came across a phrase which immediately seized my attention "Insurance is never bought, it is sold".

While some people living in developed insurance market may not agree with it, personally I have observed that people buy insurance out of compulsion rather than necessity particularly in our country. People in our society do not think twice before spending thousands of rupees on non-essential items but buying insurance would never be on their shopping list.

We see unfortunate events around our lives on daily basis including but not limited to collision of vehicles, burglaries, theft, fire damages etc but do not feel it unless it happens to us. Apart from causing irreparable loss of life which can never be recompensed, there is no denying that such incidents lead to severe setbacks in the financial standing of an individual or business.

To come back to usual terms with life after such a tragedy strikes, Insurance plays role of a medicine in such financial sickness. Nevertheless, there is a clear lack of recognition that insurance plays a vital role to maintain balance and restore normalcy during these unfortunate events.

The boom in emergence of Auto-financing in early 2000s led to awareness of Motor Insurance amongst masses in Pakistan. People would unwillingly buy insurance as a requirement due to the business model of bank financing and leasing. Later on, they came to know that

insurance companies do not only TAKE MONEY in the form of premium but also GIVE MONEY in the unfortunate event of claim. This positive experience and awareness not only resulted in the increase of sales of number of insurance policies but also improved the image of Insurance companies.

More recently, the launch of Government-backed Sehat Sahulat Program and National Sehat Card in KPK which is soon to be followed in other provinces has also led to spontaneous awareness of health insurance across the country. The scheme allows the cardholders to avail free medical treatment at hundreds of empanelled hospitals anywhere in the country. The scheme, although limited to health insurance, have created buzz amongst masses to know about insurance and how it can benefit them in other avenues. The Sehat Sahulat Program, if managed properly particularly the reimbursements portion, would again result in increasing of total market size as more people would opt for buying insurance as happened during the financing/leasing boom.

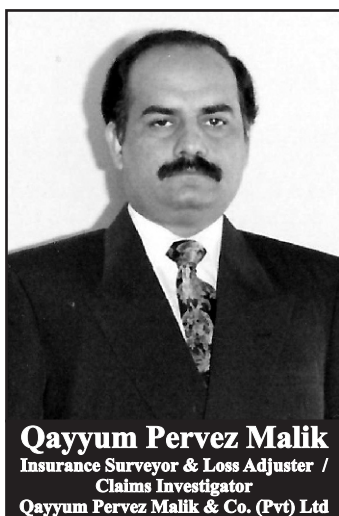
No one can deny the potential that exist in our local market. However, it has remained untapped for many reasons amongst which one for sure is the lack of insurance awareness. Therefore, one crucial step to develop Insurance sector as a whole is to create awareness about the benefits of insurance amongst masses.

Apart from coming up with innovative

ways of launching an awareness campaigns, the insurance industry as a whole should strive to include insurance as a subject in national curriculum. Students studying in their matriculation and intermediate levels should be taught insurance as a subject like any other such as physics, chemistry, biology, mathematics, English or Urdu. If students can understand the complex biological and chemical mechanisms occurring in their bodies, phenomenon of reflection or refraction around them and the geography or history of the world, why can't they learn the tools which can help them mitigate risks in their lives for a safe future? They should be taught that how insurance as a tool can minimize the adverse financial effects in a given situation.

Teaching insurance as a subject on school level would not only create positive perception of this industry but also enable Students to decide whether they want to pursue their career in this arena. Experts on insurance are unanimous that lack of awareness among students and youngsters is the only hindrance in universalizing the concept of insurance.

In my opinion, the inclusion of insurance as a subject in national curriculum would be the most costless and effective way to spread insurance awareness amongst students. Keep in mind that these students would need insurance policies as they are the Entrepreneurs, Doctors, Engineers, Professionals, Lawyers in the making. Thus, bringing glad tidings for the industry in future, if not now.



Fire Damage to Motor Vehicles Causes & Prevention

NFPA (National fire protection association) statistical report shows that the count of about 20% fire of total count of reported fire incidents are of auto vehicles which is so alarming and the issue must be given extraordinary importance to tackle.

Definition of Fire: An actual, fortuitous, accidental ignition of something which ought not to be on fire.

Causes of Fire in a Motor Vehicle: The raw material used in the manufacturing of motor vehicles plays an important role in the risk of motor fire losses/damages. A brief guideline/information is being given below for creating some awareness in that respect. Detailed studies may be made in the light of this information.

Raw Material for Motor Vehicles Manufacturing

The raw material used for the manufacturing of vehicles in form of different type of metals like Iron, steel, aluminum, copper, silver etc. apparently looks fire proof but the facts are altogether different.

The other type of raw material like different type of plastics, fibers, rubber, paint etc. make it vulnerable to ignition. The source of ignition and fire accelerants are also present within the structure in shape of fuel, hot surfaces of exhaust system,

engine chamber etc. Smoking inside the vehicle and placing used cigarettes butts in ashtrays are another source of ignition. Live battery circuit, electric cables, wires and electrically operated devices / components and general vehicle electric wiring etc. form another fire hazard in form of short circuit, overload, overheat, loose connectors, loose circuits, electrical breakdowns, electric sparks etc.

In presence of all above referred hazardous raw material, the apparent fire proof steel structure turns vulnerable to danger by fire.

The main concern of the relevant people is to be reasonably informed about the hazards, cause of damage, nature of damage, extent of damage with safety measures. And then to

provide the information to the concerns for implementation of safety parameters. Safety parameters obviously consist of prevention from damage by taking preventive measures against hazards, safety and efforts to minimize the loss once started as well as handling of salvage. Vehicles fires are broadly divided into two categories as under:

1. Intentional Fire (Arson)

Arson or intentional fire refers to putting self-owned property/motor vehicle on fire just to gain material and/or emotional benefits. Emotional benefits refer to malicious act, revenge etc. It is done to have an undue insurance claim or just to change the model of the vehicle. It is also done to conceal a crime.



2. Accidental Fire

Accidental fire refers to fortuitous occurrence of fire which damage the property/motor vehicle. In this case the insured/property owner stands innocent.

Two more categories of vehicles fire may also be taken into account as under:

1. Hot fire

Fire originated from the hot parts of the vehicle like silencers, engine etc.

2. Cold fire

Fire originated from other outer sources.

Both the above categories may be established while examining the subject matter and visiting the site of loss in order to determine the cause of fire.

As far as cause/origin of fire is concerned, the vehicles fire can again be divided in to two categories.

1. Fire through internal means
2. Fire through external means

Fire by internal means can be divided further into two categories.

1. Fire originated from within any electrical part internally.
2. Fire originated from within the vehicle.

Similarly fire by external means may also be divided in two categories.

1. Fire originated from outer skin of the vehicle (Not from inside the cabin, hood or luggage boot)
2. Fire originated from outside the vehicles from any independent object/source etc.

Some of these factors are of material importance while determining the cause of fire and the liability of the

Insurers under the terms/conditions of insurance policy.

In order to determine the cause of fire to the motor vehicles the following factors are necessary to be determined.

1. Whether the vehicle caught fire during parking and the source of ignition is evident in the parking area or the source of ignition was present within the vehicle. Finding out the source of ignition is not an ordinary task. If it is outside the vehicle, then it could be found out with ease otherwise if it is within the vehicle and vehicle has been burnt extensively, it is hard to find it out. It is also necessary to determine that whether the vehicle was parked recently and the engine was still very hot or it was cold because of parking for long time before.

Whether the vehicle caught fire while parking in owner's residential garage or it was parked in public place. Whether it was parked in well populated area or it was parked in isolated or less populated area. Whether it was parked in the garage of friends/relatives etc. or it was parked in auto garage. Answer to these questions would help to determine the cause of fire.

Parking in railway stations, airports or Bus stops is another area of importance. Local Police station and witnesses of the permanent residents as well as officials posted there may be helpful in answering the question about the cause of fire.

2. Whether the vehicle caught fire while being driven. When the vehicle is driven its engine, exhaust system etc. are in hot condition. The electric wiring, gadgets, electrical parts etc. are live and prone to short-circuit. Smoking, ash tray and cigarette lighter are also live. Children mischievous acts are also present in shape of burning lighters, match sticks and toys which produce sparks. Contact of combustible material with

the hotter surfaces of engine, exhaust systems etc. may be one of the factors of fire occurrence. Sometimes substandard tires get heat up and start burning during long and fast speed journeys. Low level of engine oil, low level of water in radiators, rusty/corroded radiators, condensers may cause all this to happen.

3. Vandalism, malicious act, mischievous act, parking near the tea shops located on the roads, flying soot from any source, static electricity especially during refueling etc. may be kept in mind while investigating the cause of fire.

The most unfortunate phenomenon is when the evidence is destroyed due to extensive damage of vehicle in a short spell of time.

As mentioned above, an endeavor to determine whether the fire is intentional or it is accidental, must be worked out though it is not an easy task.

Whatever the cause of fire could be, it is important to establish the relationship of cause of fire with the insured. If Insured is proved innocent as being involved in putting the vehicle on fire for any purpose the loss would fall within the ambit subject to various other factors which are usually considered to determine the insurers liability under the policy terms and conditions. Determining the cause of fire is also necessary for risk assessment purposes so the experts must be motivated by the Insurers to make extra efforts to determine the cause of fire.

Intentional and Accidental Fires

In intentional fires, the factor of insurance fraud is prominent. Other factors are theft of vehicle for joy, ride, revenge or crime. In such cases the vehicle is put on fire to conceal the evidence. Sometime Insured also go for such options for material gain in shape of insurance claim. The

intention of the insured may be evident during the negotiations for settlement of claim. The pre-fire condition of the components of vehicle like engine which needs to be overhauled etc. may be checked for that matter. Change of model could be another reason where the condition of the vehicle demand to put it on fire because of its low market value due to defective engine or massive wear and tear due to many reasons like poor maintenance etc. In all cases it is important to prove whether the insured himself is guilty or not. For example, if the children of the insured do the same without the consent of their father (insured), the father (insured) shall be proved as innocent.



Accidental fire to vehicles is mostly occurred due to the following factors.

1. Short circuit/arcing etc.
2. Over-heated parts.
3. Poor maintenance of electrical components, wiring etc.
4. Wear and tear.
5. Loose connections and joints of electrical wiring/components.
6. Leakage of current.
7. Underrated electrical wires and components
8. Fire by external means/sources
9. Smoking.
10. Gasoline.
11. Dashboard fires.
12. Engine fires.
13. Cabin fires.
14. Cigarette lighter.
15. Ash tray.
16. Smoking in the vehicle.
17. Mobile phone and other gadgets chargers.
18. Eye site glasses which is put on seat and play a role of convex lenses which may ignite anything through sun rays.
19. Low level of water in radiator, low level of engine oil, rusty/blocked radiators and condensers etc.
20. CNG cylinder explosion/leakage.

Fire Accelerants

Some type of material used during the

manufacturing of vehicle accelerate the burning process if once ignited e.g. the seats, dashboard, plastics, rubber and paint.

Presence of gasoline is the example of a liquid which is present in the fuel tank and contain the chemical property to burn explosively and harmfully. Most of the damage to the vehicle is occurred through gasoline, tires and paint of the vehicle.

Though the brake and steering oils do not burn so quickly but if once the required temperature is reached these liquids burn more dangerously.

Presence of strong wind current also accelerate the burning of vehicles which are already on fire. Hot parts of the vehicle e.g. engine, play the role of accelerants. The fire starting from the engine easily cross the fire wall and starts burning the dashboard and cabin.

Parking the vehicle on dry leaves, grass or such type of material means the vehicle owner is providing accelerant to fire if accidentally happens to occur.

Precautions / Safety Measures

Some useful safety measures are

being listed below.

1. Parking of Vehicles

Due care must be observed while parking the vehicle. It starts from own garage to public places. Own garage should not contain any fire accelerant and hazard material. Electric wiring must be properly installed/protected and maintained. It should not be opened to the kitchen or any other hazardous area of the residence. One suitable fire extinguisher, buckets of water and sand, must be installed in the garage.

More care and caution should be observed while parking the vehicle at any public place. It should not be parked in the area where cooking, fire grates, tea shops, road side hotels, public gathering etc. is present. It should also not be parked in an isolated place which attract the attention of car thieves and or malicious intention and or vandalism. Similarly, it should not be parked under live electric cables / wires / conductors or adjacent to electric poles/installations. It should not be parked at any congested place and it should not choke the traffic or block the entrance or exit of any premises. Affected people do malice acts in anger under such circumstances.



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

Islamic Prevention on Pandemic Situation

It has been over a year since the Covid-19 emerged affecting the whole world. This virus as declared a pandemic has had an adverse effect not only on public health sector but also on all other sectors bringing in multiple crises. A lot of efforts have also been made to arrest the spread of coronavirus but the situation is still not under control.

According to the current statistics, the cases of coronavirus stands increased drastically. Death toll due to corona continues increasing. The situation in many countries is getting worse day by day. It is rather difficult to say as to how long the prevailing situation will last but we believe that the efforts being made will bring about a remedy to stop the deadly Covid-19. Because the Holy Prophet (blessings and peace be upon him) said, "There is no disease that Allah has created, except that He has also created its treatment".

Thanks God! the news have started to circulate about development of vaccines to prevent the Covid-19. It is also a good sign that positive results of the vaccine are being reported. But, on the other hand, the rapid increase in cases of Covid-19 is alarming and obligates us to be very careful until we have a complete solution and everyone gets vaccinated. It is wise to realize the situation otherwise, careless attitude towards Covid-19 may lead us towards a disaster.

Islam being a complete code of life guides the human being as to how they should take precautions to prevent themselves from the spread of virus. The Holy Prophet (blessings and peace be upon him) had described precautionary measures more than 1400 years ago when there was neither any laboratory nor awareness about the disease which was a pandemic traveling from one person to the others. The precautionary measures introduced by modern science to prevent covid-19 have also endorsed the guides provided by the Holy Prophet (blessings and peace be upon him).

Unfortunately, majority of people in Pakistan are not taking the matter of Covid-19 seriously. Although, media

both electronic and print continues warning the people about the dangerous situation due to Covid-19. As of yet, there is no escape from Covid-19 but to abide by precautionary measures.

It is better for us to follow strictly the guides communicated by the Holy Prophet (blessings and peace be upon him). He (blessings and peace be upon him) said, if you hear about an outbreak of plague in a land, do not enter it; but if plague breaks out in a country where you are staying, do not run away from it." (Bukhari)

There is another hadith in which the Holy Prophet (blessings and peace be upon him) said, "Any servant who resides in a land afflicted by



pandemic, remaining patient and hoping for reward from Allah, knowing that nothing will befall him but what Allah had commanded, he will be given the reward of a martyr.” (Bukhari)

Another hadith as reported in Sahih Bukhari says, “If someone has leprosy, other people should run away from him in a way as one runs away from a lion”. Leprosy is an epidemic that spreads exponentially through physical interaction.

It is evident from all these hadiths that the concepts of social distance and quarantine introduced by modern science today had already been given by the Holy Prophet (blessings and peace be upon him) when there was no concept of it.

It is equally important to note that the people are advised not to panic because of coronavirus. A fear of the virus in a person will weaken his immune system to fight against the illness. Recently, a number of guidelines have been introduced with a view to teach people as to how they can strengthen their immune system and remove the stress during pandemic situation.



Islam teachings provide the mankind with guide in order to have a good health physically, mentally and spiritually. The best source is prayer to have this state of condition. The Quran says “Listen, the hearts find peace only in the remembrance of Allah”. Regular performance of prayers enables the person not only to remove stress but also have complete mental relaxation.

It is also important to note that people are advised to eat some specific foods that help them to boost their immune system; enabling them to fight dangerous coronavirus. In the Quran and Hadith we find a variety of foods beneficial for the human body. These foods include honey, dates, figs,

grapes, milk, barley, olives and nigella seeds (Kalongi) etc. Modern science also endorses these foods as not only being helpful to keep the person healthy but also strengthening the immune system to fight against diseases.

Of course, the best way for us is to follow the Prophetic guidance which has no comparison. It is the need of the hour to propagate the guidelines given in the Holy Quran and Sunnah enabling human being to fight the deadly coronavirus.

Last but not least, Islamic guidelines, if followed completely, give the best form of lifestyle which guarantees the prevention of diseases.

DUAA FOR PROTECTION FROM ILLNESS

اللَّهُمَّ إِنِّي أَعُوذُ بِكَ مِنَ الْبَرَصِ
وَالْجُنُونِ وَالْجُدَامِ وَمِنْ سَيِّئِ الْأَسْقَامِ

Allahumma inni a'udhu bika minal-barasi,
wal-jununi, wal-judhami, wa sayyi'il-asqaam

O Allah! I seek refuge in You from
leucoderma, insanity, leprosy and
evil diseases.





Tanveer Ahmed
Chief Executive Officer
B2B Agro Livestock (Pvt.) Ltd.

Health Inspection, Identification, Tagging and Valuation of the Hypothecated and Insured Animals

Livestock, a subsector of agriculture in Pakistan plays a pivotal role as the biggest benefactor to Pakistan's agricultural value-added chain. It, over the past decade, has overshadowed the crop sector. According to a report published in 2019, it contributes 60.5 percent to overall agricultural output and 11.2 percent to GDP. It is estimated that more than 75 percent of the rural population depends on this sector. It is important to mention that Pakistan is the 4th largest milk producer and has the 2nd largest population of the buffalo in the world. All commercial and microfinance banks are financing for purchase of dairy animals.

In 2013, the State Bank of Pakistan (SBP) has also launched a scheme "Livestock Loan Insurance Scheme for Borrowers" to improve access to finance to purchase of dairy animals. Now even "small farmers" can avail the loan opportunity against their animal(s). Most of the insurance companies are underwriting livestock insurance and protecting the farmers for losses due to death of animal (natural, accidental and others). As the sector is expanding so there is a need of proper health inspection, identification and tagging of animals to facilitate banks, insurance companies, borrowers and livestock rearers.

Livestock health inspection and

tagging are key elements in livestock financing and insurance. It is complex activity and not the easy task to carry out inspection and tagging of animals in widely dispersed rural areas in short period of time as long distances are to travel to reach farm of insureds. In this regard, B2B Agro Livestock (Pvt.) Ltd. facilitates banks and insurance companies as an independent third-party for health inspection, identification, tagging, valuation, vaccination, postmortem etc. The company has wide network of veterinary doctors and trained livestock inspectors to conduct health inspection, tagging, valuation and

postmortem across rural areas in Punjab, Sindh, KPK, AJK and Gilgit Baltistan, the company has fully equipped back offices with experienced and skilled staff at Lahore and Islamabad to ensure prompt quality services to clients. The B2B Agro Livestock conducts livestock inspections within 48 hours turnaround time in regional and rural areas across the country.

B2B Agro Livestock is directly and indirectly working with 28 financial institutions since year 2018. B2B Agro Livestock is very humbled to say that we are still serving the very



first client. B2B Agro Livestock has customized the processes and services as per requirements of the valued clients.

There are plenty of advantages which financial institutions can avail by the third-party services. Insurance companies are facilitated by the health inspection, identification, tagging and market value assessment of the insured animal, and most importantly to remain in compliance with the SOPs and guidelines of the State Bank of Pakistan. Other than that, a full-fledged survey and a completely maintained record by a prompt management system / portal are designed to store and retrieve animals inspections and pictures for banks and insurance companies. Moreover, the company also provides

statistical analysis of inspections i.e., city-wise insureds/borrowers, types of animal, high risk areas, bank-wise/branch-wise risk, fake loans etc. Graphical analysis / charts are shared with clients on monthly basis. We care for our valued clients hence, our services save cost and time for their high priority tasks and leave this tedium aside.

The need to identify and recognize a head of cattle is not only a need for banks and insurance companies, but a daily necessity for all operators along the entire supply chain, from breeders to transporters, from slaughterhouse staff to those working in markets and owners. Keeping in mind the need of modern times, B2B Agro Livestock has introduced innovative and modern method for livestock

inspection and tagging, the company has launched the digital identification system and digital age detector. So far, company is running these applications parallel to traditional identification and traceability systems and shall soon fully shift to new artificial intelligence (AI) based technology.

The main advantages of the combination of new technologies, user friendly tools together with traditional systems are:

- Most robust method to avoid theft, fraud and identity exchanges.
- Facilitate identification and reduces errors during processing insurance claims.



Shoaib Javed Hussain appointed as Chairman of State Life Insurance

State Life Insurance Corporation of Pakistan, the country's largest life insurance company, has announced the appointment of Shoaib Javed Hussain as its Chairman.

Mr. Hussain has 20 years of management experience at leading Global Insurance Groups & Consultancies in the United Kingdom and in Asia.

Mr. Hussain brings with him his deep understanding of the insurance industry, wide knowledge of strategic executive perspective and technical acumen that he has gained through global engagements across Europe, North America & Asia.

Before joining State Life, Mr. Hussain held senior leadership positions with AIA Insurance Group, Milliman, and Prudential plc of the United Kingdom. He began his career at an Actuarial consultancy in Pakistan.

He holds an Msc in Actuarial Management from Cass Business School, City University, London and is a Fellow of the Institute of Actuaries (UK).



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

Cyber Risk and Insurance

Due to encroachment in societies and evolution in IT industry most of the organizations are totally based on information technology systems such as smart devices, PCs and cloud based systems, to maintain and making process through input data and it includes all types and sizes of organizations. Although these organizations implement cyber defences but most of them are prey to cyber-attack and this mostly happen due to the intentional or unintentional act by the internal employees or outside parties like hackers, criminal syndicates etc. It is seen that mostly smaller size business are targeted by hackers due to poor cyber defences. Cyber Risk is the most underestimated risk in the business word.

As per the institute of Risk Management “Cyber risk means the risk of financial loss or damage to the reputation of an organization from some sort of failure of its information technology system”.

The increase in the number of unexpected and expected cyber losses has given consumers a reason to reconsider their insurance needs. However, this part of the insurance industry is still very much in the developmental stage. Most organizations have become dependent on technology and the use of data. Although this represents an

opportunity to improve the efficiency and profitability but on the other hand it also brings a host of emerging risk. Cyber insurance in an insurance product which is design to help the organizations fence against the disastrous effects of emerging risks, it mitigate the first and third party costs that may incurred from a cyber-attack. Insured usually encouraged to add coverage for the risk of errors and omission in an insurance policy for well added protection.

Cyber risk insurance is growing quickly in terms of scope and size. Although it has limited coverages and the reason behind is that both the insured and insurers are just becoming familiar to the product and there is also a lack of awareness regarding cyber security. Cyber risk insurance cannot protect the business from cybercrime, but it can keep the business on stable financial footing if a significant security event occur. It can provide support, so these attacks do not weaken the business.

Cyber risk insurance has been an alarm for the industry and the government as far back as the 1990s. The increase in the number of unexpected and expected cyber losses has given consumers a reason to consider their insurance needs. Most organizations have become dependent on technology and the use of data. Although this represents an

opportunity to improve the efficiency and profitability but on the other hand it also brings a host of emerging risk. It is designed to help the organizations fence against the disastrous effects of emerging risks and can be sold as a third party insurance product that covers the organization business and people that are found to be responsible for a breach.

The digital transformation and technological innovation progresses at a fast pace and bringing new business opportunities and entrants. Similarly, the cyber market recently has seen an arrival of new participants. This is likely the result of market wide promising combined ultimate loss ratios, which has created additional capacity and in turn a softening market. The cyber insurance market is a small but growing part of the insurance sector that helps corporations to protect against digital threats.

As the scope, frequency and impact of cyber related incidents rise, huge new opportunities exist for insurers positioning themselves for growth in the cyber insurance market. However, insurers seek to expand coverage and introduce innovative solutions. This growing need and corresponding awareness of risk creates a significant opportunity for insurers willing to move now to capture market share and build customer trust.



Nasir Siddique

ACII (UK), CPCU (USA), MBA (I & RM)
AGM / Team Lead (Underwriting)
IGI General Insurance Limited

Terrorism Insurance and Available Cover

As violence escalates in the country, more and more people want to have insurance cover for their lives and properties. Terrorism Insurance insures property against physical loss or damage occurring during the policy period caused by an act of Terrorism.

Terrorism and Political Violence insurance is purchased by property owners to cover their potential losses and liabilities that might occur due to terrorist activities. Terrorism insurance is an important element of any sound financial plan.

Different covers available in Pakistan for Terrorism insurance in conjunction with fire and engineering insurance.

Coverage under Political Violence Policy

- Riots, Strikes and/or Civil Commotion and/or Malicious Damage
- Sabotage and/or Terrorism
- Insurrection, Revolution and/or Rebellion and/or Coup d'Etat and/or Mutiny
- War and/or Civil War

Riots, Strikes and Civil Commotion shall include but not be

limited to loss directly caused by:

- (a) any act committed in the course of a disturbance of the public peace by any person taking part together with others in such disturbance; or
- (b) any wilful act of any striker or locked-out worker done in furtherance of a strike or in resistance to a lock-out whether or not such act



is committed in the course of a disturbance of the public peace; or

- (c) any act of any lawfully constituted authority for the purpose of suppressing or minimising the consequences of any existing disturbance of the public peace, or for the purpose of preventing any such act as is referred to in (b) above or minimising the consequence thereof.

Malicious Damage shall mean all physical loss or damage resulting directly from a malicious act caused by anyone whether or not such act is committed during a disturbance of the public peace.

Sabotage means a subversive (especially attempt for overthrowing a legitimate and established government) act or series of such acts committed by known or unknown person(s) including enemy agents for political, religious or ideological purposes including the intention to influence, overthrow or sustain any government and/or put the public in fear.

Terrorism means an act, including the use of force or violence, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious or ideological purposes including the intention to influence, overthrow or sustain any government and/or to put the public in fear for such purposes.

Insurrection Revolution and/or Rebellion shall be given their ordinary meaning and shall include without limitation open renunciation

of, organised resistance to and/or a rising against any government or other authority and/or civil commotion assuming the proportions of or amounting to an uprising.

Coup d'Etat means the sudden violent or illegal overthrow of a government or other authority or any attempt at such overthrow.

Mutiny means a wilful resistance by members of legally constituted, armed or peace-keeping forces to a superior officer.

War and/or Civil War means war of any kind including invasion, act of foreign enemy, hostile acts of sovereign or government entities, warlike operations (whether war be declared or not), civil war, or seizure of power arising from a military conspiracy or usurped power or martial law.

Coverage under T3 Cover

• **Terrorism:** For the purpose of this cover an act of terrorism means an act or series of acts, including the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or Govt.(s), committed for political, religious, ideological or similar purposes including the intention to influence any govt. and/or to put the public, or any section of the public, in fear.

• **Sabotage:** An act of sabotage means a subversive (especially attempt for overthrowing a legitimate and established government) act or series of such acts for political, religious or ideological purpose including the intention to influence any government and/or to put the public in fear.

Coverage under LPO-437 Cover

This Insurance provides the following coverage:

- Act of Terrorism
- Sabotage
- Riots, Strikes and/or Civil Commotion
- Malicious Damage

Subject to the terms, clauses and conditions contained herein the underwriters agree to indemnify the Assured against direct physical loss of or damage to the insured's interest caused by or arising from Riots &/or Strikes &/or Civil Commotions / Malicious Damage and Terrorism (including fire damage & loss by looting).

Terrorism: For the purpose of this cover an act of terrorism means an act or series of acts, including the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or Govt.(s), committed for political, religious, ideological or similar purposes including the intention to influence any govt. and/or to put the public, or any section of the public, in fear.

Sabotage: An act of sabotage means a subversive (specially attempt for overthrowing a legitimate and established government) act or series of such acts for political, religious or ideological purpose including the intention to influence any government and/or to put the public in fear.

Strike Riot Civil Commotion: Damage shall include:

- Any act committed in the course of a disturbance of the public peace by any person taking part together with others in such disturbance.
- Any willful act of any striker or locked-out worker done in furtherance of a strike or in resistance to such lock-out.
- Any act of any lawfully constituted authority for the purpose of suppressing or minimizing the consequences of any existing

disturbance of the public peace.

Malicious Damage: Mean all Physical Loss or Damage resulting from a malicious act caused by anyone whether or not the said act is committed during a disturbance of the public peace, Shall also include loss caused by Sabotage & acts committed by any person(s) who are member(s) of an organization with aim of overthrowing of any legal violence by govt.

Property Excluded

- Land or Land values
- Power transmission or feeder lines not on the insured premises
- Any building and structure, or property contained therein, while such building or structure is vacant or unoccupied or inoperative for more than thirty days.
- Aircraft or any other aerial device, or watercraft.
- Any land conveyance, including vehicles, locomotives or rolling stock, unless such land conveyance is declared hereon any solely whilst located at the property insure herein at the time of damage.
- Animals, plants and living things of all types.
- Property in transit not on the insured premises

Exclusions

- Fine or penalty imposed by any Court, Govt. Agency, Public or Civil Authority.
- Consequential Losses.
- Loss or damage caused by vandal & other persons acting maliciously.
- Loss or Damage caused by measures taken to prevent, suppress or control actual or potential Terrorism or Sabotage.
- Loss or Damage caused by Mysterious Disappearance or Unexplained Loss.
- Property Excluded: Land or Land values.



Purposeful Learning in Insurance – the Dilemma and Solutions

Prologue

I've been associated with insurance for around a decade now, worked with insurers and brokers both. Having always considered myself an academic oriented professional, one cannot deny the fact that meaningful professional education has become a thing of the past, if not extinct. Back in the days, ACII was considered the crown jewel of insurance qualifications and it still is, yet, previously an ACII holder did not just clear exams but was considered an authority on insurance due to the level of understanding the individual had developed.

By no way is a certification the only criteria for assessing a professional's understanding of the subject. However, a qualified professional is expected to have a certain level of grip over the subject, which should give him/her an edge over others.

Now that I've associated myself with an institute with the sole purpose of imparting knowledge, I've come to the conclusion that there are several factors effecting the lack of insurance expertise and meaningful professional education, through this article, I would like to share a few along with what can be done to fill these gaps.

The Problem:

To summarize, the problem is three fold:

Most of the insurance workforce is associated with insurers and due to the size of the organization, lack exposure to the industry as a whole.

The current course material for major qualification is a paradigm shift from what it was before and is based on case studies; however, the student lacks the proper experience to contribute effectively towards implementation of core concepts.

The system itself is somewhat confusing, with some organizations setting professional qualification as the sole criteria for growth, while others reward experience.

Possible Solutions:

Things in the insurance industry have changed in the past decade, earlier we would only hear about fire and motor as the core risks the industry dealt with; now, the exposure has increased with even the small scale insured opting for all risk cover. This requires a change in attitude and the way we conceive education. The following steps can help build a more learned workforce:

1-Corporate trainings and discussions

From my experience as a corporate trainer, I see subject specific trainings as a very good source for anyone who wants to learn. These do not only include interactive sessions but also encourage reasoning. In the past one



year, even though we were hit by COVID; we conducted online trainings and webinars in collaboration with CII; we were amazed to see the response. It confirmed our assumption that a quality training will always be appreciated by the participants.

Thus subject relevant trainings and quality discussions can add more value to the workforce, irrespective of the years of experience, a refresher course is always important.

2-Encourage education and experience both

Recently, while on a technical claims discussion, the basis of LEG2 (London Engineering Group's clause for defects liability and bad workmanship). It turned out that most participants did not understand the basis of the argument within the clause (which by the way is primarily a conditional exclusion). I then realized that there are certain clauses which are never read properly and the common practice in the industry has taken the true meaning out of the clause/exclusion/warranty itself.

This brings us to the realization that experience alone can't be the measure for expertise, similar education without understanding will take you nowhere professionally. Thus encouragement of both relevant experience and appropriate education is important. One can not stress enough upon the fact that learning is an ongoing process, thus even a very experienced professional

needs to learn, unlearn and relearn repeatedly, to stay in the game.

3-Broaden your Horizon

Easier said than done actually, risk is an ever evolving field, thus there is no limit to how much you can learn; however, one can always understand more by being involved with transactions out of their comfort zone. What that means is, a property underwriter might just think he knows it all, until he looks into a claim and realizes how much value can be added to the underwriting as well. thus cross platform learning is of essence.

Three years back, I had only heard of Lenders Insurance Advisory, curious to know how it worked, I started a small in-house project with help from our foreign counterparts and involved myself in two LIA projects. Three years down the lane, we now have a dedicated team of LIA consultants and have successfully executed several projects. How did we do it? We broadened our horizon and did not stop learning a new aspect of insurance. It did take us time but the hard work was worth it.

My suggestion to all insurance professionals would be to see what is outside their domain and explore another expertise within the risk profession itself.

4-Question the System

Now that might sound too rebellious at first, but trust me, this is the best

way to learn. Challenge how the system works, see it from a different perspective, do not shy away from asking questions. As seniors, encourage questioning and do not be embarrassed if you do not know an answer. Infact, learn with your associates and colleagues.

I've identified that we as professionals are scared to ask questions and thus lose the ability to learn. As seniors, we do not like to be questioned and thus restrict our fellows' learning too. The system itself has to be friendly enough to encourage learning and questioning therefore. A good practice is to hold town hall meetings, toolbox talks, case scenarios and the list goes on. The idea is to bring everyone closer through collaborative learning and not sit in silos with our pots of knowledge, too scared to share what we have learned and too embarrassed to learn anything new.

To sum it all, as an individual, every professional has to understand the importance of knowledge (not just certifications) but true value of understanding their profession. As an organization, the management needs to understand the importance of continuous learning, trainings, discussion and human resource development. As mentors, we all need to be accessible to our associates, to be able to guide them, teach them and most importantly learn from them for they have a different perspective and than alone can we develop a truly educated insurance fraternity.



Kausar Hamad, Vice President (Bancassurance Business), EFU General Insurance Limited has been awarded the CII Level 6 Advanced Diploma in Insurance by The Chartered Insurance Institute, London.



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

COVID-19 Vaccination Guidelines & FAQs

Vaccines are important part of strategies to curtail the devastating COVID-19 pandemic. The Government of Pakistan has procured vaccine from China and the vaccines has been administered to frontline healthcare workers and senior citizens in first phase. Around 800,000 doses have been administered till 31-Mar-2021.

Beside the limited provision of free vaccination, the Government of Pakistan has allowed the private sector to import and sell COVID-19 vaccines. The first shipment of the privately imported Russian COVID-19 vaccine, Sputnik V, having 50,000 doses, arrived in Pakistan. The vaccines will be available for commercial sale for those who can afford to pay.

Guidelines for Vaccination

Eligibility:

Senior Citizens/ Healthcare Workers can check eligibility by sending CNIC (13 digits only without -) to 1166 or visit <https://nims.nadra.gov.pk>

Confirmation SMS:

Adult Vaccination Center (AVC) and PIN Code will be intimated.

Appointment:

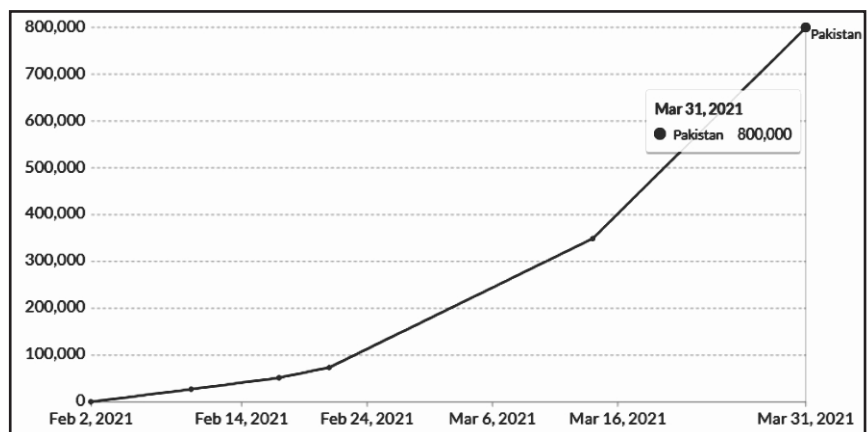
When vaccine becomes available at center, 2nd SMS with date of appointment will be communicated.

Visit Adult Vaccination Centre:

Visit AVC on date of appointment along with Original CNIC and PIN Code.

Verification Counter:

Health Staff will check schedule in NIMS, and verify CNIC & PIN Code.



Vaccination Counter:

You will be vaccinated upon your turn.

Confirmation:

Vaccination Staff will confirm vaccine entry in NIMS.

Monitoring:

After vaccine administration, you will be required to stay for 30 minutes for monitoring.

Frequently Asked Questions

How does a vaccine work?

Vaccines reduce risks of getting a disease by working with your body's natural defenses to build protection. When you get a vaccine, your immune system responds. It:

- Recognizes the invading germ, such as the virus or bacteria.
- Produces antibodies. Antibodies are proteins produced naturally by the immune system to fight disease.
- Remembers the disease and how to fight it. If you are then exposed to the germ in the future, your immune system can quickly destroy it before you become unwell.

The vaccine is therefore a safe and clever way to produce an immune response in the body, without causing illness. Our immune systems are designed to remember. Once exposed to one or more doses of a vaccine, we typically remain protected against a disease for years, decades or even a lifetime. This is what makes vaccines so effective. Rather than treating a disease after it occurs, vaccines prevent us in the first instance from getting sick.

How is the COVID-19 vaccine given?

The COVID-19 vaccine is given through an injection in the upper arm muscle. Some COVID-19 vaccines are single-dose while others are given in two (2) doses three to four weeks apart.

Are all vaccines made against viruses?

No. There are different types of germs that cause infection and vaccines are made accordingly. For example, diseases like tuberculosis, tetanus, pneumonia, meningitis, and diphtheria are caused by bacteria; vaccines available for these work against respective bacteria. Measles, hepatitis, chicken pox, influenza, and now COVID-19 are viral diseases, with vaccines available. A vaccine against malaria, which is caused by another type of germ (plasmodium), is under development.

Is it mandatory to have a COVID-19 antibodies test before getting vaccinated?

No such obligation is under consideration at this point in time.

How will we know if COVID-19 vaccines are safe?

There are many strict protections in place to help ensure that COVID-19 vaccines will be safe. Like all vaccines, COVID-19 vaccines have been and are being carried through a rigorous, multi-stage testing process, including large (phase III) trials that involved tens of thousands of people. These trials, which include people at high risk for COVID-19, are specifically designed to identify any common side effects or other safety concerns. If a clinical trial shows that a COVID-19 vaccine is safe and effective, a series of independent reviews of the efficacy and safety evidence is required, including regulatory review and approval in the country where the vaccine is manufactured, before WHO considers a vaccine product for prequalification. Part of this process also involves a review of all the safety evidence by the Global Advisory Committee on Vaccine Safety.

What are the likely side effects of COVID-19 vaccine?

The reported side effects of COVID-19 vaccine are minor. They include sore arm, muscle pain (possibly with local redness), fatigue or headache.

Can pregnant women or breastfeeding mothers receive the vaccine?

It is not advised at the moment as the data about safety of COVID-19 vaccines for pregnant women and breastfeeding mothers is very limited. The actual risks of vaccines, especially mRNA to the pregnant woman and her fetus are unknown, because these vaccines have not been tested on pregnant women.

What if someone develops side effects after receiving the vaccine? Where can they register the complaint?

Complaints can be registered through SMS on 1166, or through 1166 call center.

Will other vaccines help protect me from COVID-19?

Currently, there is no evidence that any existing vaccines will protect against COVID-19.

Will the COVID-19 vaccine stop the pandemic?

The vaccine development and information about its effectiveness is a work in progress. The initial vaccines are reported to be protective against severe illness, a factor that will avert high numbers of deaths and pressure on health systems. More information is required, which we will have over time, to describe the role of vaccines in curbing the pandemic.

Do we still need to wear mask after getting the COVID-19 vaccine?

Yes. Wearing masks, washing hands and keeping a distance of 6 feet from others remain the cornerstone of protection from COVID-19, even when someone has received the vaccine.

Are the COVID-19 vaccines currently available in Pakistan, authenticated?

Yes, all vaccines procured and administered are approved by the Drug Regulatory Authority of Pakistan (DRAP).

How will I know which COVID-19 vaccine is the best?

All vaccines have gone through clinical trials and approved by the Drug Regulatory Authority of Pakistan (DRAP), as well as WHO under Emergency Utilization Listing (EUL) and are good to use.

Can children be vaccinated and what is the lower age limit for vaccination eligibility?

International health experts have allowed the emergency use of COVID-19 vaccines in individuals 18 years of age and older.

Do I need to wear a mask and avoid close contact with others if I have received 2 doses of the vaccine?

Yes. While experts learn more about the protection that COVID-19 vaccines provide under real-life conditions, it will be important for everyone to continue using all the tools available to us to help stop this pandemic, like covering your mouth and nose with a mask, washing hands often, and staying at least 6 feet away from others.

What are the charges/cost of COVID-19 vaccine?

The Government of Pakistan is providing the vaccine free of cost. Whereas, the private sector is providing the Russian COVID-19 vaccine, Sputnik V (02 doses) at a price of PKR 12,268/-.

Source: <https://ncoc.gov.pk>

2016 C L D 1790

[Sindh]

*Before Sajjad Ali Shah, C.J. and Zulfiqar Ahmad Khan, J**HASHWANI HOTELS ISLAMABAD through Senior Manager---Petitioner**Versus**SINDH INSURANCE TRIBUNAL, KARACHI and 3 others---Respondents*

Constitutional Petition No. 6388 of 2014, decided on 19th April, 2016

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

----S. 124---Civil Procedure Code (V of 1908), O. I, R. 10 & S. 151 --- Appeal to the High Court---Scope--- Question was as to whether the High Court was barred under S.124 of Insurance Ordinance, 2000 to consider the Constitutional petition against the order of the Insurance Tribunal on the application under O. I, R. 10, C.P.C.---Section 124(1) of Insurance, 2000 provided that 'the decision of the Tribunal on any application shall be final', which meant that once the Tribunal had given any decision in respect of any application presented to it, said decision became final and conclusive immediately upon its delivery and the tribunal became functus officio--- Such decision could not be challenged under the scheme provided by the Insurance Ordinance, 2000---Legislature had intended to confine the decision-making in respect of applications agitated before the Tribunal to the Tribunal itself--- Expression and shall not be questioned in any court or before any other authority' used in S. 124(1) of the Ordinance further cemented the finality of the decision made by the Tribunal in respect of any application agitated before it---Section 124(2) of the Ordinance, however, provided an option of appeal before the High Court for a person aggrieved by a

decision of the Tribunal, where the amount of claim was in dispute or the prescribed penalty was not less than one hundred rupees---High Court, while exercising its supervisory powers under the Constitution, was fully competent in respect of orders by the subordinate courts or tribunals in violation of the principles of natural justice to correct any error of law where no efficacious remedy was available---jurisdiction of High Court was, therefore, not barred under S. 124 of the Ordinance against the impugned order of the Tribunal.

1998 SCMR 1899; 2011 CLD 931; 1995 CLC 239; 1999 SCMR 1881; 2013 SCMR 1707 and PLD 1997 SC 3 rel.

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

----S. 41 ---Civil Procedure Code (V of 1908), O. I, R. 10 & S. 151--- Requirement to effect and maintain reinsurer arrangements---Parties to suit---'Proper party' /'necessary party'---Scope---'Dominus litis', rule of---Applicability---Privity of contract---Liability of insurer/reinsurer towards the insured---Determination---Question was as to whether the doctrine of privity of contract barred the plaintiff's action to implead the Reinsurer (Swiss Re) as a necessary or proper party---General rule as to impleadment of parties was

that the plaintiff, being 'dominus litis', chose persons against whom he wished to litigate; however, said rule was subject to the provisions of O. I, R. 10 C.P.C., which gave direction to the court to add any person who was found to be a 'necessary party' or 'proper party'---Plaintiff was not party to the contract with the reinsurer and his claim was not even remotely related with Swiss re---Plaintiff intended to join Swiss Re on the apprehension that in case its claim was decreed against the defendant, and the defendant was not in a position to pay the same, and the defendant succeeded in its reinsurance claim (against Swiss Re), then the money so received by the defendant might be attached by the plaintiff in the garnishee proceedings; said could not be held to be remotely connected with the plaintiff's claim against the defendant---persons indirectly or remotely interested were neither 'necessary' nor 'proper' parties---Indemnity reinsurance agreement conferred no rights on the insured unless the language of the reinsurance contract clearly expressed the intent on part of the reinsurer to be directly liable to the insured---Plaintiff, being an insured, had no direct access to the funds of the reinsurer (Swiss Re), and as no privity of contract between a reinsurer and the insured existed and both operated under different contracts (though with the same insurer) giving rise to

situation where, while the insured might succeed against the insurer; however, claim of the insurer against the reinsurer might fail, against which remedial actions would be available to the insurer and not to the insured, as there were inter se veils between these three players---Dispute between the plaintiff/Insured and the defendant/Insurer could effectively be decreed even if the reinsurer (Swiss Re) was not impleaded as a party; therefore, Swiss Re could not be held to be a necessary party---Constitutional petition was dismissed in circumstances.

1996 SCMR 781; 1996 CLC 678; PLD 1972 Lah. 169; 1996 CLC 456; PLD 1996 Kar. 467; PLD 2015 Sindh 134; U.S Fid & Guar. Co. v. S.B. Phillips Co. Inc., 359 F. Supp. 2d 189 (D. Conn. 2005); Executive Risk Indem., Inc. v. Charleston Area Med. Ctr., Inc., 681 F. Supp. 2d 694 (S.D. W. Va. 2009); General Reins. Corp. v. American Bankers Ins. Co. of Fla., 996 A. 2d 26 (Pa. Commw. Ct. 2009) rel.

(c) Civil Procedure Code (V of 1908)---

---O. I, R. 10---Parties to suit---'Proper party'/'necessary party'---Meaning and scope---'Necessary party' is a person who ought to have been joined as a party, and in whose absence no effective decree can be passed at all by the court, and if a necessary party is not impleaded, then the suit itself is liable to be dismissed---'Proper party' is a person, who though not a necessary party, is a person whose presence can enable the court to completely, effectively and adequately adjudicate upon all matters in dispute in the suit, though he does not need to be a person, in favour of or against whom, the decree is to be made.

(d) Constitution of Pakistan---

---Art. 199---Constitutional jurisdiction of High Court---Scope---

High Court, while exercising its supervisory powers under the Constitution, was fully competent in respect of orders by the subordinate courts or tribunals passed in violation of the principles of natural justice and to correct any error of law where no efficacious remedy was available.

Munir N. Malik for Petitioner.
Barrister Sajid Zahid for Respondents.
Date of hearing: 22nd March, 2016.

ORDER

ZULFIQAR AHMAD KHAN, J.---

Through this petition the petitioner has challenged the order passed by the Insurance Tribunal, Sindh dated 09-10-2014 ("the impugned order"), wherein the petitioner's application filed under Order I, Rule 10 read with section 151, C.P.C., (O1R10 application") seeking inclusion of the current respondent No.4 i.e. Swiss Reinsurance Company of Switzerland ("Swiss Re"), as codefendant before the Insurance Tribunal in order to "effectively adjudicate upon and have the matter decided and have appropriate decree issued against the defendants" was dismissed.

Facts giving rise to the controversy are that the petitioner, who is a limited liability company, as a part of its business, owns and operates Hotels in Islamabad and Karachi under franchise from Marriott Worldwide Corporation, USA. Its Islamabad Marriott Hotel, on account of a tragic bomb blast of 20.09.2008 suffered extensive damage and the petitioner claims that the said blast caused a loss of more than 1.24 Billion rupees on account of fire. As a part of its usual business, the petitioner obtained six insurance policies from the respondent No.2, namely New Jubilee Insurance Company Limited (the Insurer), while one of the policy was in respect of terrorist acts, another was in respect of fire. The petitioner claims that though the

policy in respect of the terrorist attacks in the sum of Rs.50 Million has been settled by the Insurer, however, it has also lodged a claim on account of fire in the sum of Rs.1,120,072,977, as well as, the petitioner has instituted six different suits against the Insurer for the accumulated recovery of Rs.2,067,308,213. The application made by the petitioner for implication Swiss Re as a co-defendant before the Insurance Tribunal, per counsel, was summarily and arbitrarily dismissed vide the impugned order. Petitioner's contention is that the cause of fire was independent to the terrorist act of bombing and while the policy in respect of terrorist act has been satisfied, the claim of losses on account of fire is still pending. Since the claim involved billions of rupees, to safeguard its interest, it moved the O1R10 application to implead Swiss Re (the Reinsurer), with which the Insurer had entered into a reinsuring treaty under section 41(1) of the Insurance Ordinance, 2000 ("the Ordinance"). Having denied inclusion of Swiss Re as codefendant, the petitioner feared that even in the event, its claim of more than a Billion rupees on account of fire is admitted, the Insurance itself may not have the required liquidity to pay such a huge claim, thus unless the Reinsurer (Swiss Re) is made a co defendant (i.e. made obligated to pay money for and on behalf of the insurer), any Decree issued against the insurer wouldn't be enforced effectively. The learned counsel argued that the petitioner has nexus/link with Swiss Re via the insurer and per the principle of "dominus litis" is within the domain of the plaintiff to choose defendants in a suit. The learned counsel prayed that petition be allowed and the impugned order be set aside, as well as, orders be passed to join Swiss Re as a co-defendant since the petitioner's claim ultimately resides with the said reinsurer.

These assertions were vehemently contested by the counsel for the

respondents, who argued that in the prayer of the corresponding suit No.04/2009 filed before the Insurance Tribunal, the plaintiff (current petitioner) only prayed for judgment and decree in the sum of Rs.1,120,072,977 from the defendants arrayed in the said suit, which only included New Jubilee Insurance and PICIC Insurance Company, both Pakistan entities and while the said suit was filed in 2009 per the above referred prayer, it was after a lapse of more than three years when in April, 2013, the O1R10 application was made as an after thought, requesting to make Swiss Re as a co-defendant, which was totally misconstrued and contrary to the prayer made in the instant suit. Notwithstanding therewith, the Tribunal vide the impugned order made a very reasoned and speaking decision, refusing the said O1R10 application of the petitioner, where detailed deliberations on the non-inclusion of Swiss Re as a proper part have been given. The counsel pointed out that the impugned order has taken cognizance of the fact that the reinsurance treaty was only signed between the respondent No.2 (insurer) and the Swiss Re (the Reinsurer), to which, the petitioner being a policy-holder is an alien, the order recognized the fact that pursuant to section 122(1)(a) of the Ordinance, the Tribunal can only hear claims filed by policy-holder against the insurance company in respect of an insurance policy. Since Swiss Re is not the insurance company with which the petitioner has any contractual relation, so there was no possibility that the said alien (to the petitioner) entity can be dragged into the current litigation.

While the matter is already pending before the Insurance Tribunal, wherein, per the counsel of the Respondent, eight witnesses have already been examined and amongst the list of witnesses to be examined Mr. Peter Shaw of Crawford and Company, U.K and Dr. Andrew

Moncrieff, a forensic scientist, appointed by the Insurer to examine the loss regarding the incident, who have already submitted their report regarding the said incident, titled "Report into the cause of the fire at the Marriot Hotel, Islamabad" are also included, to which, the petitioner has ample opportunity to cross. It was also brought to the attention of the Court that besides these Foreign experts, local surveyors, by mutual consent of the parties, were also appointed, which included Joseph Lobo (Pvt.) Limited and Ghafoor Associates. By their unanimous conclusion, the counsel for the petitioner submitted, it was (wrongly) held that the cause of the fire was the bomb blast carried on by the terrorist, which finding is contrary to the belief of the petitioner, who asserted that the fire was an independent act, not initiated by the terrorist attack.

In order to understand the reasoning posed in the impugned order, it would be prudent to reproduce appropriate paragraph of the said order in the following:

"An Insurer is under an obligation in terms of section 41 of the Ordinance, 2000 read with Rule 25 of the SECP Rules to obtain reinsurance, if the risk is high, in order to protect itself which is what the defendant No.1 did in this instance. Therefore, Swiss Re does not have any role except that the defendant No.1 has fulfilled the requirement under the law by getting the exposure reinsured through Swiss Re, with the privity of contract being solely between the defendant No.1 and Swiss Re. Only in the event of a valid claim being made, which is paid by the defendant No.1, Swiss Reinsurance will indemnify the defendant No.1 and no one else. Accordingly, before any valid claim is raised by the plaintiff against the defendant No.1 and which is paid by the defendant No.1, Swiss Re has, as stated above, no role to pay in the matter. Under no circumstances does Swiss Re have any nexus or link with

the plaintiff, so as to justify the plaintiff's seeking to implead Swiss Re in this matter."

The counsel for the respondent also submitted that under section 124 of the Ordinance, Courts are barred to hear any appeal against the decision of Insurance Tribunal passed on any application. The counsel contended that the Tribunal had ample material on record to decided the claim of the plaintiff against the defendants on merits, and impleading the Reinsurer is unnecessary and only a vexatious attempt. It is pertinent to note that the said Report is produced by the Crawford & Company Group which is the world's largest independent provider of claims-management solutions to the insurance industry, and hence was an obvious choice for carrying out expert investigations of this incident of international cadre, the learned counsel informed the court. It is also pertinent to note, per counsel, that the plaintiff itself and many agencies of the government including the Capital Development Authority, Islamabad appointed experts and investigations to probe the incident and their reports have been brought on the record also, but the plaintiff has not sought to implead those experts and agencies nor any of the surveyors which were hired with the recommendation and consent of the plaintiff and to whom the plaintiff has subsequently accused of being influenced, only because the Joint Surveyor's Report was not favorable to the plaintiff, the learned counsel alleged. Neither of the above, like the Reinsurer, are necessary or proper parties as they have submitted their findings and reports which have been exhibited as evidence and the Tribunal can effectively adjudicate all matters on the basis of these findings and reports and hence impleading the Reinsurer is nothing but a pressure tactic to delay proceedings and to harass the defendants, which act will be seriously prejudiced if the international reinsurers leave Pakistan market on account of being

subjected to such vexatious and unwarranted litigious attacks. The counsel contended that Pakistan insurance market is not only small but is perceived as a volatile and difficult market by the international reinsurers anyway and as a result, some of the international reinsurers have already left the Pakistan market and the costs of reinsurance for Pakistan are becoming increasingly high. The learned counsel also contended that Swiss Re has no legal relationship with the petitioner all together. The Swiss Re has a relationship with various other insurance companies made through separate and independent agreements, with which the petitioner has no connection. List of these agreements in respect of the present case, the counsel submitted, includes Swiss Reinsurance Company, Switzerland; Allianz Versicherungs – AG, Germany, Dubai; Asia Capital Reinsurance Group Pte. Ltd, Singapore; Trust International Insurance Co. B.S.C.(c), Bahrain; General Insurance Corporation of India, India; Labuan Reinsurance (L) Ltd., Labuan, Malaysia; Korean Reinsurance Company, South Korea and Pakistan Reinsurance Company Ltd. These insurance arrangements between the insurer and the Reinsurer are only relevant and kick-in only upon the acceptance of the claim of the petitioner, which is already pending trial. The counsel concluded his arguments by submitting that the O1R10 application made by the petitioner is vexatious and if not dismissed, not only the defendant will be seriously prejudiced by suffering irreparable losses, but the whole insurance industry of Pakistan will suffer crises as in that event, no international reinsurance company will be willing to do the business with the insurance companies. The counsel submitted that it is a universal practice with the insurance companies. The counsel submitted that it is a universal practice of the insurance fraternity that the Reinsurers are not impleaded or

involved in insurance disputes between the policy holders and insurers. Notwithstanding therewith, the petitioner approaching the court has an alternate remedy to challenge the final decision of the Tribunal rather than invoking writ jurisdiction of this court by challenging outcome of an application disposed of by the Tribunal.

Heard the counsel, having reviewed the material on file and the citations made by the respective counsel, and having taken stock of the lengthy averments made. To us, only the following questions need our intervention:

1. Is this court barred under section 124 of the Insurance Ordinance to consider the present constitutional petition against the order of the Insurance Tribunal passed on O1R10 application of the petitioner?
2. Does the doctrine of privity of contract bars petitioner's action to implead the Reinsurer (Swiss Re) an necessary or a proper party.

1. In order to answer the first question, we wish to consider the text of the relevant portion of section 124 which we reproduce in the following:

124. Appeal.- (1) Subject to the right of appeal conferred by subsection (2) hereof, the decision of the Tribunal on any application shall be final and shall not be questioned in any Court or before any other authority.

(2) Any party aggrieved by a decision of the Tribunal may, if the amount of the claim in dispute or the penalty prescribed, as the case may be, is not less than one hundred thousand rupees, prefer an appeal to the High Court within a period of thirty days from the date of such decision.

To start our analysis of subsection (1), we look at its first part which provides that “the decision of o the Tribunal on any application shall be final”. These words clearly mean on their face that

once the Insurance Tribunal has made any decision in respect of any application presented to it, the said decision, immediately upon its delivery, become final and conclusive, namely, not only that the Tribunal becomes functus officio, such decision cannot be challenged under the scheme provided by the Insurance Ordinance. These provision make it clear that it is the intention of the legislator to confine the decision making in respect of application agitated before the Tribunal to the Tribunal itself. If the text of the subsection (1) would have ended here, while the intention of the legislature to confine decision making in respect of applications to the Tribunal only would have been clearly finalized, however, we cannot overlook the addition of the words “and shall not be questioned in any Court or before any other authority” in the said sub-section which further cements the finality of the decisions made by the Tribunal in respect of any application(s) agitated before it. Further, if there was no subsection (2), the case of the petitioner would have met its legislative eventuality here. However, when we examine subsection (2), there seems to be provided therein an option of appeal before the High Court (within 30 days for amount of the claim in dispute or the penalty prescribed being no lesser than Rs.100,000) for a person aggrieved by a decision of the Tribunal. The contention of the learned counsel for the respondent was that the word “decision” in subsection (2) does not include the decision made by the Tribunal on an application under subsection (1) and it only refers to appeals against the final decision of the Tribunal, meaning thereby that no appeal lies against the decision of the Tribunal in respect of O1R10 application dismissed by the Tribunal through the impugned order, therefore the exercise of power by this court under Article 199 is also barred.

We are not impressed with this

contention of the learned counsel. While exercising its supervisory powers under the Constitution, this Court is fully competent in respect of orders passed by subordinate courts or tribunals in violation of the principle of natural justice, as well as, this court is also competent to correct any error of law where no efficacious remedy is available. These powers have been affirmed time and again by a number of judgments including 1998 SCMR 1899, 2011 CLD 931, 1995 CLC 239, 1999 SCMR 1881, 2013 SCMR 1707 and PLD 1997 SC 3. We, therefore do not concur with the contention that this Court is barred by section 124 of the Insurance Ordinance to consider the present constitutional petition against the impugned order of the Tribunal.

With regards the learned counsel's contention about 'necessary' and 'proper' party, we observe that while the O1R10 application proposes Swiss Re's addition on account of both 'necessary' and 'proper' party (paragraph 3 of the said application dated 15.04.2013), the learned counsel during arguments consented that while Swiss Re may not be a 'necessary party', but for the effective adjudication, Swiss Re qualify be added as it is a 'proper party'.

In our view, while general rule in regard to impleadment of parties is that the plaintiff, being dominus litis, chooses persons against whom he wishes to litigate, however, this general rule is subject to the provisions of O1R10(2), which provides for impleadment of proper or necessary parties. The said sub-rule is extracted below:

The court may at any stage of the proceeding, either upon or without the application of either party, and on such terms as may appear to the court to be just, order that the name of any party improperly joined, whether as plaintiff or defendant, be struck out, and that the name of any person who ought to have been joined, whether as

plaintiff or defendant, or whose presence before the court may be necessary in order to enable the court effectually and completely to adjudicate upon and settle all the questions involved in the suit, be added.

The above clearly depicts that a court may, at any stage of the proceedings, either upon or without the application of either party, and on such terms as may appear to the court to be just, order that the name of any party improperly joined, whether as plaintiff or defendant, be struck out, and that the name of any person who ought to have been joined, whether as plaintiff or defendant, or whose presence before the court may be necessary in order to enable the court effectually and completely to adjudicate upon and settle all the questions involved in the suit, be added.

The above clearly depicts that a court may, at any stage of the proceedings (either upon or even without any application)⁰, and on such terms as may appear to it to be just, direct that any of the following persons may be added as a party (a) any person who ought to have been joined (as plaintiff or defendant), but not added; or (b) any person whose presence before the court may be necessary in order to enable the court to effectively and completely adjudicate upon and settle the question involved in the suit. Thus giving court the discretion to add any person who is found to be a 'necessary party' or 'proper party' of part (a) and (b) respectively.

A 'necessary party' is held to be the person who ought to have been joined as a party and in whose absence no effective decree could be passed at all by the Court and if a necessary party is not impleaded, the suit itself is liable to be dismissed. It is not very hard to imagine that the dispute between the petitioner and the insurer can effectively be decreed even if Swiss Re is not impleaded as a party-

therefore, Swiss Re couldn't be held to be a 'necessary party'.

Now we look at Swiss Re from the periscope of 'proper party', which is held to be a party who, though not a necessary party, is a person whose presence would enable the court to completely, effectively and adequately adjudicate upon all matters in disputes in the suit, though he need not be a person in favour of or against whom the decree is to be made. We have already held that the Petitioner has no even remotely relates with Swiss Re, the apprehension on the basis of which the Petitioner intends to join Swiss Re appears to be that in case its claim is decreed against the Respondent and the Respondent is not in a position to pay it, and further that the Respondents succeed in its reinsurance claim then the money so received by the Respondent might be attached by the Petitioner in garnishee proceedings. In our opinion such claim cannot even be held to be remotely connected with the Petitioner's claim against the Respondent. Courts have time and again held that persons indirectly or remotely interested are neither 'necessary' nor 'proper' parties (1996 SCMR 781, 1996 CLC 678, PLD 1972 Lahore 169, 1996 CLC 456, PLD 1996 Karachi 467).

Now we come towards the question as to the doctrine of privity of contract. While the position is very clear in respect of general commercial contracts, where our courts have held that a contract cannot confer rights or impose obligations arising under it on any person or agent except parties to the contract, only who should be able to sue to enforce their rights or claim damages (e.g. in PLD 2015 Sindh 134), however, there is no guidance available in respect of reinsurance contracts, for which we seek assistance from the overseas jurisdictions, which is also of relevance, since most of the reinsurance contracts are done with

the foreign company operating globally (as the case of Swiss Re).

To commence our journey to this uncharted territory, we would like to take benefit from the work of Mr. L a r r y S c h i f f e r

(www.irmi.com/biographies/larryschiffer), who is an expert on the reinsurance contracts. He writes that “in the context of reinsurance , the long standing rule is that there is no privity of contract between a reinsurer and an insured, and the insured generally does not have a direct right of action against the reinsurer if the insured's claim is not paid by its direct insurer”. Decisions which have affirmed this rule of thumb include U.S. fid. & Guar. Co. v. S.B. Phillips Co. Inc., 359 F. Supp. 2d 189 (D.com.2005), where the court stated quite clearly that a contract of reinsurance does not give to a right of action by the insured against the reinsurer. Also of relevance is the case of Executive Risk Indem., Inc. V. Charleston Area Med. Ctr., Inc., 681

F. Supp. 2d 694 (S.D.W.Va.2009), which restated the concept that an indemnity reinsurance agreement confers no rights on the insured unless the language of the reinsurance contract clearly expresses intent on the part of the reinsurer to be directly liable to the insured. Another decision supporting this contention is given in the case of General Reins. Corp.v. American Bankers Ins. Co.of Fla., 996 A.2d 26 (Pa.Comm.w.Ct.2009), which explained that the baseline rule is that reinsurance recoveries are general assets of the insolvent insurer estate and held that this notion is based “upon the simple fact that policyholders usually have nothing to do with the insurer's decision on placement of the reinsurance and do not even know of the existence of reinsurance at the time they purchase coverage from the insolvent insurer.” The ratio of these decisions is that the insured does not have the right to directly access the funds of the reinsurer.

As per foregoing reasons, we hold that:

(a) The insured (petitioner) has no direct access to the funds of the reinsurer (Swiss Re) as there is no privity of contract between a reinsurer and the insured and both operate under different contracts (though with the same insurer) giving rise to situations where, while the insured may succeed against the insurer, however, claim of the insurer against the reinsurer may fail, against which remedial actions would be available to the insurer and not to the insured as there are inter se veils between these three players; and

(b) Swiss Re is neither a necessary nor a proper party under O1R10.

This petition is thus dismissed on both the counts.

SL/H-8/Sindh

Petition Dismissed.





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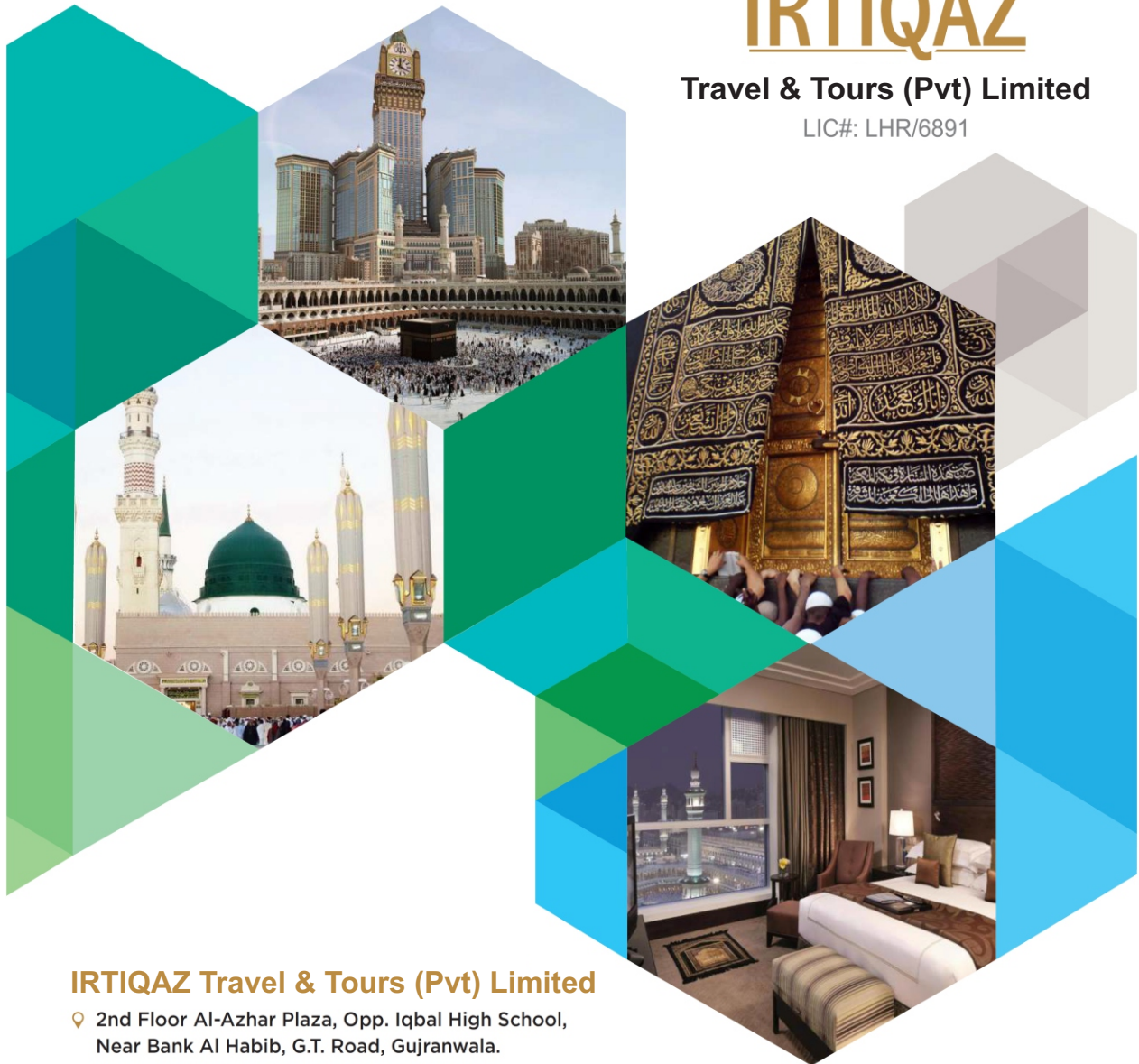
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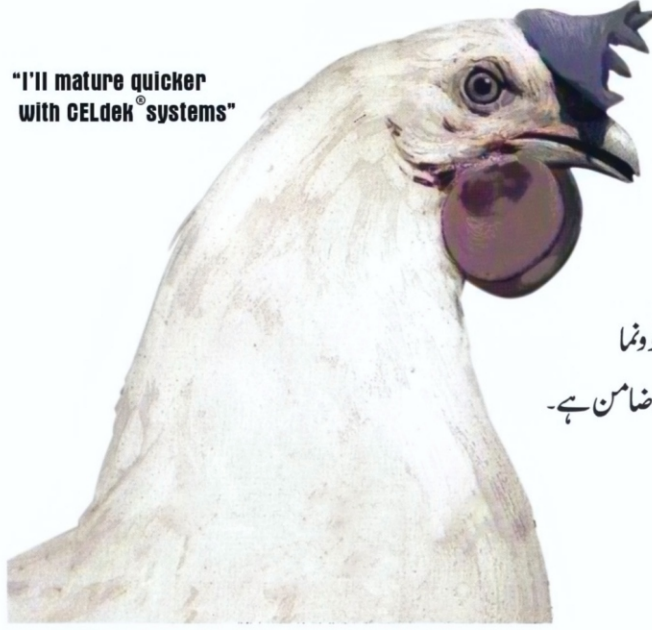
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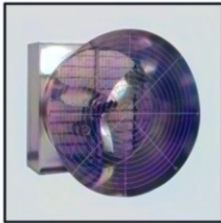
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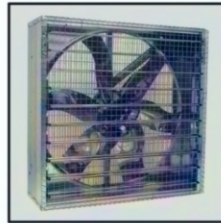
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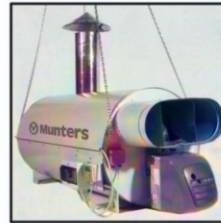
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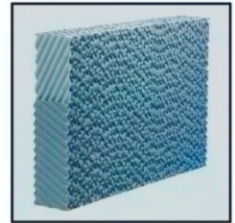
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