



ISSN-0257-8603

Quarterly

Insurance Journal

January, February, March 2022

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Delay in Settlement of Motor Claims



Changing Trends - Access to Housing through Banks



Remedial Measures to Strengthen the Insurance Industry



Danger posed by Excessive Freights



Insurable Interest

Importance of Insurable Interest



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ISSN-0257-8603

Quarterly

**Insurance
Journal**

Karachi - Islamabad
January, February, March 2022

Karachi No. 150 Vol. 38
Islamabad No. 54 Vol. 14

Editor:

M. Jamaluddin

Legal Consultants:

Hashim Hameed Zaheer & Co.

Published by:

M. Jamaluddin

No.63, Noor Chamber, Robson Road,
Karachi - Pakistan.

Email: insurancejournalpakistan@yahoo.com

Designed by:

Artixone-ads

Islamabad.

Email: artixoneads@gmail.com

Printed at:

Panjwani Printing Press

1, Abdul Manzil, Muhammad Bin

Qasim Road, Karachi.

Tel: +92-21-32630331

+92-21-32630734

(Views expressed by the writers are in their individual capacity and Insurance Journal need not share them)

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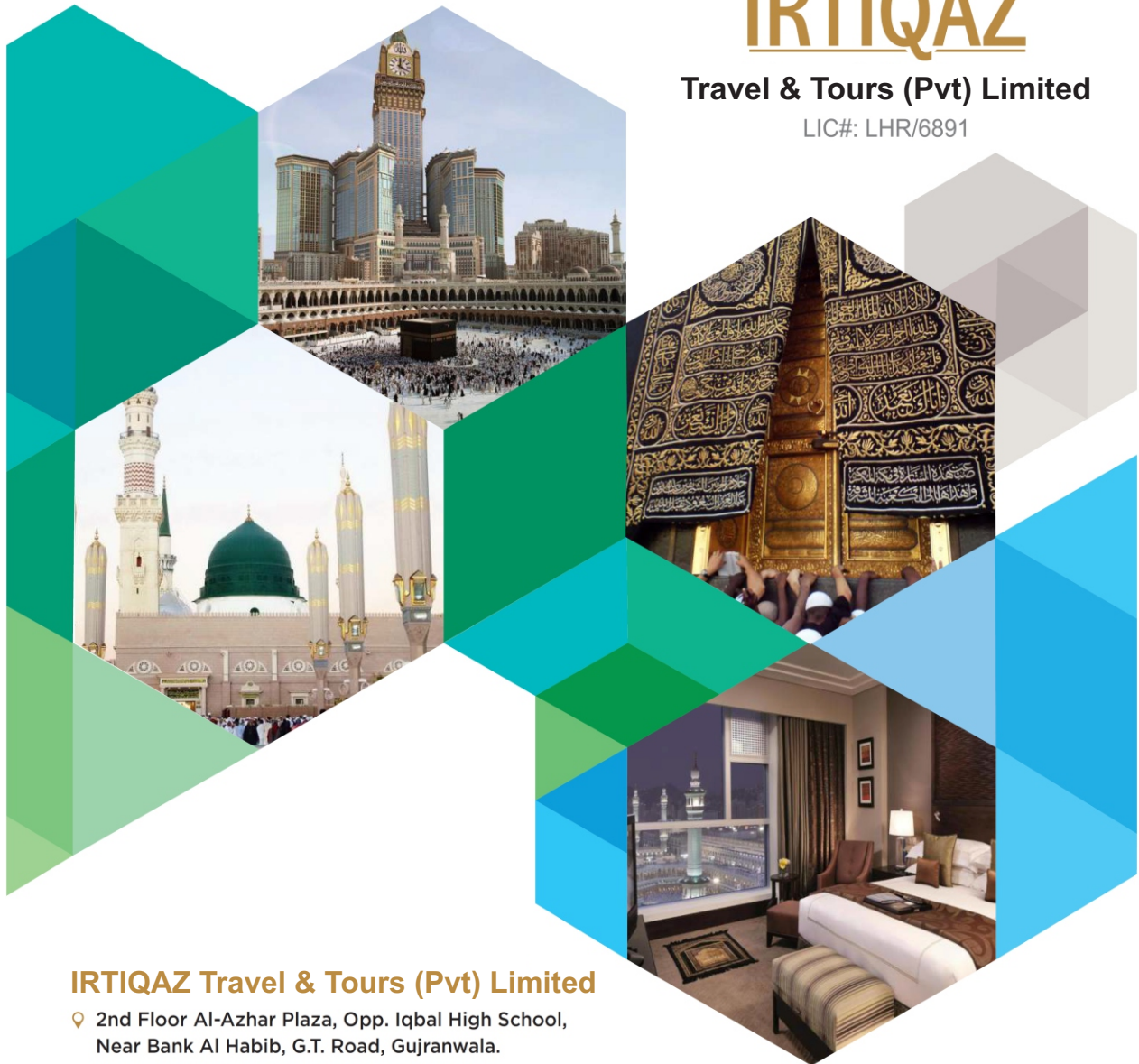
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INSURANCE SECTOR ON PAKISTAN STOCK EXCHANGE

(Quarter: October, November, December 2021)

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	41.40	32.66	14,531,500	
Asia Insurance Company Limited	664	10.00	-	-	-	
Askari General Insurance Company Limited	719	10.00	23.40	18.40	596,000	
Askari Life Assurance Company Limited	1,502	10.00	8.85	6.50	442,000	
Atlas Insurance Limited	849	10.00	62.89	54.10	159,000	Dividend = 25%
Business & Industrial Insurance Company Limited	86	10.00	-	-	-	
Century Insurance Company Limited	503	10.00	20.35	17.05	183,500	
Crescent Star Insurance Limited	1,077	10.00	2.80	1.81	13,308,000	
East West Insurance Company Limited	1,361	10.00	92.00	91.39	1,000	Dividend = 15%
EFU General Insurance Limited	2,000	10.00	114.00	104.01	187,100	Dividend = 15%
EFU Life Assurance Limited	1,000	10.00	213.95	176.06	153,200	Dividend = 15%
Habib Insurance Company Limited	619	5.00	7.90	6.50	119,000	
IGI Holdings Limited	1,426	10.00	193.00	139.90	1,200,000	
IGI Life Insurance Limited	1,706	10.00	44.00	31.82	122,000	
Jubilee General Insurance Company Limited	1,985	10.00	50.49	39.50	228,000	
Jubilee Life Insurance Company Limited	873	10.00	277.00	208.50	246,000	
Pakistan General Insurance Company Limited	464	10.00	5.50	2.52	797,000	
Pakistan Reinsurance Company Limited	3,000	10.00	24.50	20.92	877,000	
PICIC Insurance Limited	350	10.00	1.64	0.97	4,682,500	
Premier Insurance Limited	506	10.00	6.35	4.03	302,000	
Progressive Insurance Company Limited	85	10.00	-	-	-	
Reliance Insurance Company Limited	604	10.00	7.35	5.65	398,500	
Shaheen Insurance Company Limited	600	10.00	4.25	3.15	170,000	
Silver Star Insurance Company Limited	306	10.00	-	-	-	
Standard Insurance Company Limited	8	10.00	-	-	-	
The United Insurance Company of Pakistan Limited	2,950	10.00	8.43	7.01	428,000	
The Universal Insurance Company Limited	500	10.00	5.99	3.45	75,000	
TPL Insurance Limited	1,172	10.00	38.00	26.83	309,000	



Riaz Hussain Khan Jadoon
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Changing Trends Access to Housing through Banks

For most of human history, most people across the world have lived in small communities. Over the past few centuries and particularly in recent decades, this has shifted dramatically. There has been a mass migration of populations from rural to urban areas. Urban shares are projected to increase in the coming decades across all countries although at varied rates.

In line with the global historical trend, people residing in the sub-continent have also preferred to live in the joint family system having big houses in rural or semi-urban settings. More recently though people have started living in individual or separate houses. The shift to City life is being done for many reasons across broad areas of development suggesting that, on average, living standards are higher in urban populations than in rural. Some other reasons also include:

- Access to electricity is higher in urban areas than in rural areas;
- Access to improved sanitation is higher in urban areas;
- Access to improved drinking water is higher in urban areas;
- Access to clean fuels for cooking and heating is higher in urban areas;

The trend of having individual lifestyles coupled with infrastructure development taking place in City areas in the last decades or so has given rise to the phenomena of Urban life culture and, thus, an opportunity for housing or estate developers to tap this market. There is a housing backlog of 4.3 million units and the country needs addition of 300,000 housing units per year. However, the housing shortfall is increasing by

270,000 every year owing to less housing production which is driving the prices up even in the most demanding economic conditions of these times. Visiting a real estate agent in Karachi, Lahore, Islamabad, Peshawar or any other city would make you believe that an average man can never save enough to buy a plot. Owning a built-up house even in a dream is a luxury that an average man or women can't afford.



Another factor driving the prices up is a lot of investment by overseas Pakistanis working abroad. The Ministry of Overseas Pakistanis estimates that there are around 7 Million Pakistanis living abroad. The UK has the largest number of permanently settled Pakistani immigrants calculated to be over 1.2 Million and houses the largest population of Overseas Pakistanis (OSPs) than any other Western / European Country. With a record growth at 26 percent of remittances reaching \$33 billion in 2021 and the government Remittance Initiative to support transmission through formal channels, a major chunk of investment in real estate is coming from OSPs with several billions directly invested in real estate due to high returns.

The PTI federal government had also been vigorously promoting the housing industry due to its tremendous scope for generating economic activity with over 40 allied industries directly or indirectly affiliated to the sector; the main ones being cement, stone crushing, bags, printing, trucking, wooding, doors and windows making, shuttering, glass, ceramics, pipe, paints and so on. It will provide employment for millions of people. A lot of investment has taken place in this sector due to incentivization for investment in the property sector by the PTI led Government.

The Banking sectors have been closely linked for their vital role in providing access to housing units around the globe. In Pakistan, commercial banks were initially not allowed to enter the house financing activities allowing HBFC to enjoy monopoly in house financing. With the entry of commercial banks into the housing sector in the 1990s, it was hoped that the situation of potential home buyers would improve in the form of new financing instruments. However, research done in this

context suggests that the formal financial sector caters to only 1 to 2 percent of all housing transactions in the country whereas the informal lending caters upto 10% of such transactions.

In order to facilitate someone to buy a housing unit, a bank would perform due diligence process and ensure that the installment of the loan extended commensurate with the payment capacity of the borrower. This activity is undertaken to ensure that the portfolio of the Bank under housing finance fulfill the prudential norms and instructions issued by the State Bank and the Bank's own safety is not compromised. It was hoped that the involvement of commercial banks would in some ways also assist in streamlining the highly unregulated real estate sector. However, this has proven to be extremely difficult in an economy like our where most of the economy is still informal and undocumented.

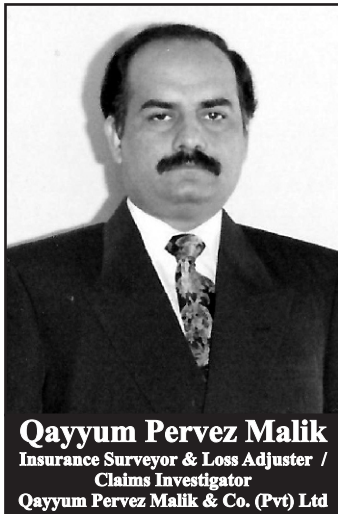
In Pakistan, the banking sector even with their massive reserves have not been able to take full advantage of the situation. One of the most important reasons being the weak property rights. Strengthening of the Property titling, land administrative procedures, standardization of processes and computerization of all relevant revenue records are essential to attract Bankers in the housing sector. A number of institutions are involved in registration procedures to execute property transactions and the process by which land is acquired and registered can be extremely frustrating especially in semi urban and rural environments. The lack of efficient and reliable verification systems to ascertain the bona-fide property titles has also forced banks to limit the access of housing finance to a certain number of urban localities within the urban centers.

In contrast to the government's land / property record management system,

Private Housing Societies developed mostly in Urban or Semi-Urban areas have efficient and robust registration and documentation systems. Verification of their allotments, transfers and other documentation is done in a hassle-free way. One is surprised to experience the difference between the verification process at the Office of any reputed Housing Society in comparison to a Patwar Khana or Land Revenue Office. Thus, most reasons for which banks are usually hesitant or limit access to property financing are done away with when it comes to home financing in private housing societies.

The changing trend of migrating and Urban life culture coupled with infrastructure development in Urban areas is taking place as we speak. The emergence and dominance of many upscale residential and commercial schemes promising lifestyle and superior infrastructure in the urban and semi-urban settings such as DHA, Bahria and many others is not only an opportunity to housing or estate developers but also to the Banking Sector. The Commercial Banks have already started providing financing for low-cost housing for Mera Pakistan Mera Ghar (MPMG) Scheme in an unprecedented way and, using experience from this scheme, it can collaborate with reputed private housing societies to devise tailor made home financing products.

The Naya Pakistan Housing Scheme (MPMG) in collaboration with commercial Banks of the country was a much touted and flagship project of the former PTI Government for which required removal of hindrances in Foreclosure Laws. It is now to be seen how would the present government led by an alliance of over 08 Political Parties respond to the flagship housing scheme of their arch rival which at least on paper is intended to benefit the lower class.



Delay in Settlement of Motor Claims

Decades ago, the settlement process of motor claims used to be so easy and prompt that the process would be finalized in few days after the intimation of claim to the insurers.

On receipt of Insured's claim intimation to the nearest office of Insurers, the claim would be registered with the appointment of surveyor on phone. Surveyors in turn used to contact the insured on phone and after necessary arrangement, the physical inspection of the damaged vehicle, collection of documents and settlement of repair estimate would be done in the auto workshop of Insured's choice. The labor charges would be

settled with the workshop in presence of the insured's representative and obtaining 2-3 competitive quotations for parts settled to be replaced would be taken from the auto parts dealers.

In case of heavy claim where the assessment of loss was considered as subject to dismantling of damaged portion of the vehicle, the relevant portion would be dismantled in the presence of insured's representative and the list of parts to be replaced would be finalized.

The surveyor then used to submit the survey report to the insurers without waiting for repair work to be

completed or reinspection of the vehicle after completion of repair work. The claim would be settled on the basis of surveyor's assessment. The insured would be asked to collect the claim cheque by signing the payment vouchers and depositing the salvage of replaced parts.

This kind of speedy and easy process of claim settlement used to be accepted with delight causing no dispute at any stage for about 4 decades.

The claim process of stolen vehicles was also so short. The surveyor used to visit the insured and the site of theft,



police station in order to collect the necessary information/evidence when all the documents including FIR used to be obtained and after settlement of market value of the vehicle the claim would be finalized and report submitted to the insured without waiting for 3 months of issuing final investigation report etc. The payment of claim used to be made in days after obtaining letter of subrogation along with the survey report.

Then the era of great mess-up started when the commercial banks flooded the car loans and insurance started on large scale. The insurance companies were not prepared/equipped-with and capable of handling motor insurance/claims up to this bulk scale. Different experiments were started to handle this mess. Large number of raw handed employees were recruited by the insurers and the surveyor's offices in this respect. Instead of spreading the survey work to all the professionals available in the market, and repair of accidented vehicles to the existing available auto workshops through proper process of allocation, as well as decentralizing the matter, the facilities and services were squeezed/limited to few hands in insurer's claims departments, surveyors and repair auto workshops messing up the work so seriously in all the 3 offices. Few surveyors and few auto workshops were selected to handle this bulk mess and massive complications started in all the offices. At one side, a large number of trained/experienced and competent surveyors as well as large number of auto workshops were ignored who kept on sitting idle unable to contribute in cleaning up this mess and on the other side thousands of surveys were regularly allocated to few surveyors all over the country who failed to handle this mess at all stages picking up raw handed young boys with motorcycles having zero experience of claims survey and untrained clerks in their offices to aggravate this mess up further. They

started cut shorts by-passing the procedures, rules/regulations in order to minimize the expenditure as the survey fees turned down grossly by the insurers. The issue of moral hazard also involved by conflict of interests in many ways. The process of speedy claims settlement affected adversely by introducing new procedures of claims handling one after the other making this process further difficult and complicated. The online portals for claims handlings further made the issue complicated and lot of delay was seen in completion of formalities in the following way.

Another process to keep check on the surveyors was started and that was done by appointing an inspector or supervisor as employee of the insurers who used to be visit the workshop and takes part in the process of settlement of labor charges and list of parts to be replaced. His prompt availability at the time of joint inspection with the surveyor was quite difficult which caused delay in settlement process of claims. By this arrangement, the issue of trust deficit arises. Conflicts started between the offices which caused further delay in settlement of claims.

1. After accident/theft of vehicle the insured is supposed to inform the bank or the insurers and/or both the offices and internal communication starts. After collecting the necessary preliminary information, the surveyor appointment is made through email or phone. Surveyor is asked to visit the insured and approved workshop of insurer and conduct the survey. Surveyor visits the insured office and then the workshop where the credit arrangements of insurers are arranged as most of the repair work is now done on credit basis. Surveyor complete the inspection and settle the labor/parts with the auto repair shop as approved by the insurers taking the insurer's inspectors on board. At this stage certain disputes between the workshop and the insured arises

because the workshops are approved by the insurers and there appears a trust deficit between the two offices.

Surveyors are required to submit PLR along with approved estimate to the insurers online. This process takes long time to finalize. The insurer's claim office verifies the labor charges and the price quoted for replacements. Here again, the dispute arises because of different prices as quoted by the local auto workshop and as inquired by the insurer's claim department. All the offices get involved in order to resolve it consuming lot of time. Certain objections are also made on the issue of repairable and replaceable parts of the damaged vehicle.

After finalization of this time-consuming issue, the workshop is allowed to start the repair work. Coming to this stage the insured gets irritated and agitated due to consumption of extraordinary time.

Then surveyor is required to submit the photographs of the vehicle taken during the repair process. Another visit is made to the workshop to complete this formality which is of no use.

Process of FIR started where necessary and the claim kept pending until the issuance of final police report which is usually issued after 90 days. Surveyors are required to wait till the completion of repair work in the workshop for reinspection so, the surveyors keep on track and visit the workshop again for final inspection after repair. They are asked to verify the salvage of the damaged parts as well. Again, this information is shared with the insurers and after long time of completion this lengthy process the survey report is issued. Then the process starts of collecting the salvage as well as obtaining letter of subrogation/loss payment vouchers etc. Before it, the delivery of repaired vehicle is made to the vehicle owner/insured on completion of

certain formality consuming more time.

Besides above, provision of digital information/documents as well as hard copy of documents are required to be submitted to the insurers. Submission of digital survey reports etc. is also quite lengthy and time-consuming process.

This huge exchange of all kind of documents and information regularly and consequent delay, causes bitterness among all the concerns.

By not utilizing the professional expertise/services of all the locally available survey companies and picking up just few survey companies to undertake such a huge work load causes delay in settlement of claims and also the standards are compromised.

Because of allocation of bulk survey business, the surveyors are restricted to accept fees/expenses on very low scale which are turned down further after deducting the taxes, bank charges and other expenses causing non-conducive & unsatisfied working environment.

The same survey fee scale is then paid to the surveyors who do not receive bulk survey business which creates another mess, dissatisfaction and bitterness.

All the above issues are not that difficult to resolve amicably but it is not done. The claims settlement

process may be turned speedy considerably by addressing the issue with sincerity, loyalty, trust and wisdom. It needs to discuss the issue and resolve the obstacles stopping speedy settlement of claims. Insurers, surveyors, auto repair workshops etc. are the key players to be engaged for achieving this goal.

No doubt, some of the insurers / surveyors/repairers are working with good spirit as per book and they are not to be blamed. The purpose of writing this article is exclusively of education and not to hurt the feelings of any entity. These are suggestions to be discussed for amicable settlement of issue for the satisfaction of all the interested parties and stake holders.

The suggestions to improve the conditions are summarized as under.

Suggestions

1. Digital handling of claims is quite lengthy process so it may be discontinued and replaced with the old pattern of manual handling through hard copies.
2. Multiple visits to the workshop for one reason or the other may be discontinued.
3. No need to wait for completion of repair work.
4. No need to wait for 3 months of issuing final investigation report by the police.

5. Counter verification of prices at head office level is un-necessary and the local prices obtained after taking competitive quotations should be followed.

6. The post of an inspector is just a futile exercise. The findings of authorized insurance surveyors should be followed.

7. Survey fee and expenses may be restructured.

8. All the available license holder surveyors must be allocated survey business on rotation basis.

9. No PLR is required.

10. Workshops of insured's choice may be preferred for their satisfaction.

11. Old system of paying the claim cheques direct to the insured may be restored.

12. Conflict of interest may be taken care of at all stages.

13. Insurance ordinance 2000 and insurance rules 2017 must be followed in letter and spirit.

14. Atmosphere of mutual respect must be generated.

15. Cartel system must be eradicated in all the process of claims handling.

16. Local qualified surveyors must be preferred.





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Importance of Insurable Interest

Due to encroachment in societies and evolution in IT industry most of the organizations are totally based on information technology. Insurance is an arrangement by which an insurance company commences to provide a guarantee of compensation for specified losses, it works as a risk transfer mechanism that provides peace of mind and protection from financial losses to the insured. We can say that it is a contract between two parties that involves offer, acceptance, and consideration. Consideration is a decided amount of money that the insured must have to pay to an insurance company in exchange for its promise of protection and help. It can be monthly, quarterly, semi-annually, or annually.

“Before SECP Rule 58, companies issued policies without acceptance of premium but after the Rule-58 insurance policy not to be issued without the receipt of premium.”

Insurable interest is defined as a legal right to insure an asset or person. It must be definite, be capable of valuation, be legally valid and subsisting. Involve the loss of the legal right and Involve a legal liability. To secure an insurance policy one must have an insurable interest which refers to the “current, legal and financial relationship” between the insured and subject matter of insurance, a mere hope of having an interest in the future is not enough to be considered as insurable interest. Insurable interest is

the necessary element to create a valid insurance contract.

If there is no legal relationship exist then there is no insurable interest. It means that the insured must suffer financial or other kind of loss at the time of damage to the subject matter insured e.g. we can insure our own house but we cannot insure our neighbor's house.

In USA, Australia, and Canada, an economic or financial interest in the subject matter is required but legal interest is not required (Source-English Law).

Why does the law require insurable interest?

- To discourage wagering
- To reduce moral hazards

There are different rules that apply to different classes of insurance about the existence of insurable interest.

- Life assurance contracts (at inception)

- Marine Insurance contracts (at the time of loss)
- General Insurance contracts (at inception and at the time of loss)

Few examples of people who can have an insurable interest in any insured property by fire.

- Owner of the property, joint owner, sole owner, or a farm owning the property
- Lessor and lessee both have an insurable interest in any property
- The vendor or the purchaser both have the right
- The mortgagor and mortgagee
- Trustees are legal owners and beneficiaries the beneficial owner of the trust property and each can insure it.
- Bailees such as carriers, pawnbrokers, or warehouse men are responsible for the safety of the property entrusted in them and so can insure it.

Hence, insurable interest is the vital element to have an insurance policy in all regimes.





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Remedial Measures to Strengthen the Insurance Industry

The beginning of the year 2022 has not been good for the insurance industry in Pakistan. There have been a series of losses in the country hitting the profitability of insurance companies. One of the losses has set a new record of the biggest fire loss in the insurance history of Pakistan. This is an alarming situation that fire losses are mounting every year in the country.

There are many factors responsible for increasing fire losses in the country. This situation asks for the insurance companies in Pakistan to review their policies in order to overcome the issue. I am of the view that we have to follow the basic

insurance principles and rules strictly, which is the best remedy to get rid of the prevailing condition.

According to the guidelines, we have to give special attention on two important areas - one of them is to follow the underwriting process fully to charge suitable premiums for funding the pools successfully. The other is to focus on the survey report of each and every risk to mitigate the frequency of losses.

Before I proceed further, it seems appropriate to mention here that charging suitable premiums is the core activity of the underwriters. But they just want to increase the volume of

business by quoting a lower rate. The reduction in rates means less collection of premium in the pool. This rate cutting culture has become the obstacle standing in the way of growth of insurance industry. The solution to this lies in unity amongst insurers against the rate cutting culture. It would be in the interest of all insurers to stop this malpractice and adopt the proper underwriting process to charge correct premiums.

Now given below is the underwriting process necessary to charge accurate premiums according to the exposure of risks. The first step towards prudent underwriting is to have complete and correct information surrounding the



risk. There are a number of ways and means to obtain information about the risk to be insured. These include (a) Proposal Form, the most common, designed according to the nature of the risk (b) Survey Report in the case of a large or complex risk (c) Layout of a factory or building, if the commercial risk (d) Audited Annual Report in some cases, if available. (e) Meeting with the client to obtain further information (f) Questionnaires used when dealing with particular aspects of the risk (g) Organizational Structure in some cases (h) Flow Chart of the process for production (i) Fault Trees when required to find out weaknesses or events leading to a failure associated with the risk.

All these steps enable the underwriter to gain a deeper understanding of the risk leading him to evaluate it in connection with the perils and hazards. A peril is the cause of a loss such as fire, explosion, windstorm and theft. A hazard is a condition that increases the chance of a loss arising from the peril. The hazard is further divided into two categories. The physical hazard: it relates to the type of risk, for example, the construction of a building, the location of the property and the condition of a car. The moral hazard: it refers to the attitude, behavior and conduct of the insured for instance, the dishonesty of the insured, poor housekeeping in the business premises and careless driving of a driver.

It is also equally important to check the level of the risk in relationship between frequency and severity of loss. Frequency means how often a loss will occur and severity indicates how serious a loss could be, if it happens. For example, shop lifting represents high frequency, low severity. Earthquake carries high severity, low frequency of loss.

Analyzing a risk also includes estimating a loss exposure arising from a single risk or in aggregation of losses during the underwriting period of insurance. The term is known as Probable Maximum Loss (PML), which is used to anticipate the quantum of a loss in the case of destruction of the insured property.

Completing the process of underwriting as described above would lead the underwriter to charge suitable premiums for funding the pools to meet not only the losses, but also provide an element of profit after covering the cost of operating business.

The next point is the role of risk surveyors. They provide not only services but also a link between the insured and insurer in connection with the risk covered under an insurance policy. They give the actual condition of a risk with some remedial measures to be taken to strengthen the weak portions of the risk. Hence the survey of each and every risk must be carried

out before issuance of an insurance policy. Furthermore, there should be regular follow up visits to the premises, particularly those clients having larger exposure. This is to be done to make sure that the insured follows the instructions given in the survey report to improve the risk.

Unfortunately, most of the insureds give least importance to most important recommendations as described in the survey report. They are reluctant to spend a small amount to protect their large investment. This fact of non-compliance has resulted towards increasing the occurrence of losses every year.

It would not be out of place to mention here that a loss, if occurred due to fire, is a total loss to our country. Pakistan is deprived of assets of billions of rupees due to fire losses every year. Therefore, the compliance of recommendations as stated in the report is not only in the interest of the insured and insurer but also our dear nation.

In the end, I would say that compliance of underwriting process must be done fully and observance of recommendations needs to be strictly followed, which would lead the insurance industry towards not only at averting the unpleasant situation, but also fast tracks growth within Pakistan.





Owais Khan
Senior Vice President
EFU General Insurance Limited

Danger posed by Excessive Freights

Considering the shipping supply chain disruptions, port constraints and terminal inefficiencies, it is expected that the global consumer prices will further rise in the coming years. The recovery of the global economy would remain elusive until high freight rates which are likely to continue in the coming months are tackled.

According to some research done in this context, the current surge in container freight rates could increase global import price levels by almost 11% and consumer price levels by 1.5% between now and 2023. This will have a profound impact on trade and undermine socioeconomic recovery, especially in developing countries like ours until maritime shipping operations return to normal which require investment in infrastructure, freight technology and digitalization, and trade facilities measures.

One of the reasons that triggered the spike in freight rates and costs is that the demand for goods heavily surged in the second half of 2020 and in 2021 for items being used by consumers such as Working from home resulted in increased demand for computers as well as online shipping with heavy discounts for items such as clothing, perfumes etc. This placed unprecedented demand on supply chains as most consumers spent their money on goods rather than services. In services, services like Netflix was one of the most successful online streaming services which had recorded unprecedented growth during these times which, however, is now losing subscribers due to multiple issues.

The large swing in containerized trade flows was met with supply-side capacity constraints, including container ship carrying capacity, container shortages, Labour shortages, continued on and off covid-19 restrictions across port regions and congestion at ports. The mismatch between surging demand and de-facto reduced supply capacity led to record container freight rates on practically all container trade routes.

In coming days, the supply chains will be affected by higher maritime trade costs. Smaller economies including Pakistan could face serious erosion of their comparative advantages as it produces low-value-added items only. In addition, concerns that the sustained higher shipping costs will not only weigh on exports and imports but could also undermine a recovery in global manufacturing.

A surge in container freight rates will also add to production costs, which can raise consumer prices and slow national

economies. The high rates will also impact low-value-added items such as furniture, textile, clothing and leather products, whose production is often fragmented across low-wage economies well away from major consumer markets.

The recent development of War in Europe due to the Russian attack on Ukraine has also sent shocks across one of the world's busiest trade lanes. Importers are now facing higher shipping costs, longer delays and an obstacle course of sanctions to navigate as the war complicates the movement of cargo between Europe and Asia. The economic measures taken by Western Countries designed to paralyze the Russian economy are also heaping new disruption on supply chains that were already under intense pressure due to the COVID-19 Situation and which had really never recovered from unprecedented shocks caused by the pandemic.



Over Rs. 1,000,000,000 Premium

*Insurance and Takaful Companies of Pakistan **EXCEEDING**
Over Rs. 1,000,000,000 Gross Premium Written in 2021*

GENERAL INSURANCE		Gross Premium* (Amount in Billion)
1	Adamjee Insurance Co. Ltd.	24.785
2	EFU General Insurance Co. Ltd.	24.657
3	Jubilee General Insurance Co. Ltd.	12.006
4	IGI Insurance Co. Ltd.	8.511
5	United Insurance Co. Ltd.	6.580
6	TPL Insurance Ltd.	4.774
7	UBL Insurers Limited	4.757
8	East West Insurance Co. Ltd.	4.216
9	Security General Insurance Co. Ltd.	4.118
10	Atlas Insurance Co. Ltd.	4.107
11	Askari General Insurance Co. Ltd.	4.009
12	Alfalah Insurance Co. Ltd.	3.499**
13	Habib Insurance Co. Ltd.	2.295
14	Century Insurance Co. Ltd.	1.746
15	Asia Insurance Co. Ltd.	1.001
LIFE INSURANCE		
1	Jubilee Life Insurance Company Limited	62.122
2	EFU Life Assurance Company Limited	44.852
3	Adamjee Life Assurance Company Limited	20.658
4	IGI Life Insurance Limited	9.890
TAKAFUL (GENERAL)		
1	Salaam Takaful Limited (Formerly Takaful Pakistan Limited)	2.220
TAKAFUL (FAMILY)		
1	Pak Qatar Family Takaful Limited	9.986
HEALTH INSURANCE		
1	Allianz EFU Health Insurance Ltd	2.796

* Figures as available now, before finalization of exact figures for balance sheet. ** Takaful Contribution is not included.

B2B Agro Livestock (Pvt) Ltd facilitates various Insurance Companies for livestock inspection, tagging and biometric identification

B2B Agro Livestock (Pvt.) Ltd.

B2B Agro Livestock proudly announces that the company has successfully surpassed the benchmark of 300,000 (three hundred thousand) livestock (cow, buffalo, bull) insurance inspections. On the other hand, the passion that ignited in February 2018 has now entered into its 5th year in the month of February 2022.

B2B Agro Livestock is enthusiastic to make a difference in conventional and technology-based pre and post insurance inspections and tagging for livestock insurance. The company has already started biometric identification and digital tagging of insured dairy animals in regional and rural areas across Pakistan. The new technology solution is 100% digital and tamper-proof and powered by Artificial Intelligence (AI). It is a smart animal identification solution with no human interaction, purely machine-based, reliable, authentic and highly recommended for transparent identification and re-identification of an insured animal. The company also provides secure access to its portal to view and download inspection certificates and images of inspected animals at any time from anywhere along with round-the-clock back office support.

B2B Agro Livestock provides unbeatable animal inspection services with a guaranteed less than 24 hour turnaround time. As of now, the company is facilitating 9 insurance companies and 19 banks for livestock inspection and tagging services including its very first client.

The signing/renewal of MOUs with insurance partners:

1. IGI General Insurance Limited

B2B Agro Livestock (Pvt.) Ltd. and IGI General Insurance Ltd. have joined hands for Biometric Identification and Digital Tagging of insured animals. The signing ceremony was held recently in Lahore at IGI General Head Office where Mr. Tahir Masaud (CEO, IGI General Insurance) and Mr. Tanveer Ahmed (CEO, B2B Agro Livestock) signed an agreement for the same. Leadership from both the companies was also present on this occasion. B2B Agro Livestock services were highly admired and the IGI Insurance pledged to continue the business relationship that started on January 15, 2020.



2. Security General Insurance Company Limited

B2B Agro Livestock (Pvt.) Ltd. and Security General Insurance Company Limited have been working shoulder to shoulder for livestock insurance inspections and tagging services since 2018. Every passing year is the symbol of trust and confidence in each other. Both companies renewed the contract agreement to continue the flourishing relationship 5th year straight in January, 2022 with many more to come.



3. Adamjee Insurance Company Limited

B2B Agro Livestock (Pvt.) Ltd. and Adamjee Insurance Company Limited signed an agreement for livestock insurance inspections and tagging services in the month of February 2022. Adamjee Insurance is a leading insurance company and it is a matter of great pride for B2B Agro Livestock to work with the largest and leading company.



EFU Life Wins CSR Award 2022



EFU Life Assurance Ltd., the leading private life insurance provider in the country, has been conferred with 'CSR Award 2022' in the category of 'Social Impact' at the 11th Corporate Social Responsibility Summit & Awards, organized by The Professionals Network and Ethical Business Update (EBU). The award is the first and only registered CSR Award of Pakistan registered with IPO Government of Pakistan.

Ms. Evelyn D. Abrogena, Head of CSR, EFU Life Assurance Ltd., received the award on behalf of the Company. The award recognizes Company's efforts towards social development and sustainability initiatives in the country.

EFU Life has been in the forefront of promoting and contributing to the causes of healthcare, education and environment and believes in playing a pivotal role in building a positive relationship with the society in which it operates. EFU Life has joined hands with numerous renowned non-governmental organizations for a better and prosperous Pakistan.



Nasir Siddique

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

Professional Indemnity Insurance

If you are alleged to have provided inadequate advice, services or designs to a client, professional indemnity insurance provides cover for the legal costs and expenses in defending the claim, as well as compensation payable to your client to rectify the mistake.

Regardless of how many years' experience your firm may have, there is always the possibility you (or one of your team) could make a mistake. But what does this insurance protect against specifically?

What does Professional Indemnity Insurance cover?

Professional indemnity (PI) insurance covers against a wide range of scenarios including:

Professional Negligence

Your business is covered against allegations of making an error in a piece of work for a client, which ultimately costs your client either financially or reputationally. This could be a perceived failure to provide your professional services in line with the duty of care

promised or owed to the client, or a lapse of judgement when providing professional advice.

Loss of Documents or Data

Your business is covered in the event of an important physical or digital document going missing. Crucially, you can also be covered if confidential data is accidentally lost, deleted or shared with the wrong person.

Defamation and Libel

Your business or an employee is



covered if they are sued for libel or slander following unfounded comments or assertions (either written or spoken) being made against a third party, such as a competitor firm or former client.

Loss of Goods or Money (your own or for which you are responsible)

Your business is covered if it is sued by a client or another third party for losing money or goods that were entrusted to your business. This is most common, but not exclusive to, legal professions (such as solicitors) and finance professions (such as accountants).

Is professional indemnity insurance mandatory?

In respect of industry bodies' regulatory requirements, many business sectors require PI insurance - accountancy, engineering and surveying to name a few. Professionals working on a contract basis - such as management consultants, business consultants and IT contractors - will almost certainly need PI insurance in order to be awarded a contract.

However, even if you are not legally obliged to have PI insurance, without it you could have to pay thousands of pounds in compensation and legal fees to defend a claim. This would be in addition to the opportunity cost of time spent defending the

Professional Indemnity Insurance

Who Needs This Insurance?



Doctors



Architects



Chartered Accountants



Lawyers



What Does This Policy Cover?

Professional negligence



Loss of documents/data



Unintentional breach of confidentiality or copyright



Loss of goods or money



allegations.

No matter how large or small a business, without PI cover your financial position could be left vulnerable if a claim is brought against you. Although most professionals strive to provide the best service possible, people do make mistakes. Knowing that adequate insurance is in place will give you peace of mind that your organisation is covered.

Do I need professional indemnity insurance?

If you provide advice, designs or a service to your clients, you should give serious consideration to professional indemnity insurance. While most firms enjoy good relationships with their clients, a mistake in a project can change working dynamics overnight. The chances are that if a client suffers a significant financial loss as a result of your negligence, they are likely to

seek recompense. Professions that may need PI cover include consultants, IT professionals, teachers and private tutors, recruitment professionals, designers, fitness professionals and dance teachers.

What limit of professional indemnity do I need?

Choosing a professional indemnity insurance limit depends on your firm's circumstances. If you need PI insurance for a specific contract, it's likely the client will have specified a minimum amount. This is often the case for industry bodies too, so check before arranging cover.

Otherwise, consider a worst case scenario if you were to make a mistake in a piece of work for a client, and estimate the cost of putting it right. Remember to take into consideration any legal fees and losses that could be incurred by your client as a result of the error.



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

Insure Health and Safety

A business or organization has a primary duty of care for the health and safety of employees and workers and others influenced by its work. A health and safety plan will ensure you have followed legal responsibilities and shows that you have taken the right steps in creating a safer workplace. The law says that every business or organization must have a policy for managing health and safety. A health and safety policy sets out your general approach to deal with employees' health and safety. It explains how you, as an employer, will manage health and safety in your organization. It should clearly say who does what, when and how.

One of the major problem in Pakistan is poor occupational safety and health (OSH) at the workplace in most of business sectors. A lot of employers are not aware of OSH risks and hazards and they do not see the importance and urgency of addressing those risks and hazards. In 2012, a massive fire immersed a garment factory in Baldia, Karachi, which killed more than 250 workers. Many key sectors of the economy namely construction, mining, agriculture and fishing face significant challenges in terms of OSH risks and hazards. According to the International Labour Organization (ILO) reports, 2.2 million people die every year due to work-related accidents or illness, more than 270 million workers are

injured and an estimated 160 million suffer work-related illness.

In COVID-19 pandemic, the ILO has been supporting its social partners to combat and mitigate the effects of the pandemic at the workplace. To this end, it has developed and implemented a number of interventions which primarily aim at educating the employees and the employers and thus mitigating the spread of virus in the organizations.

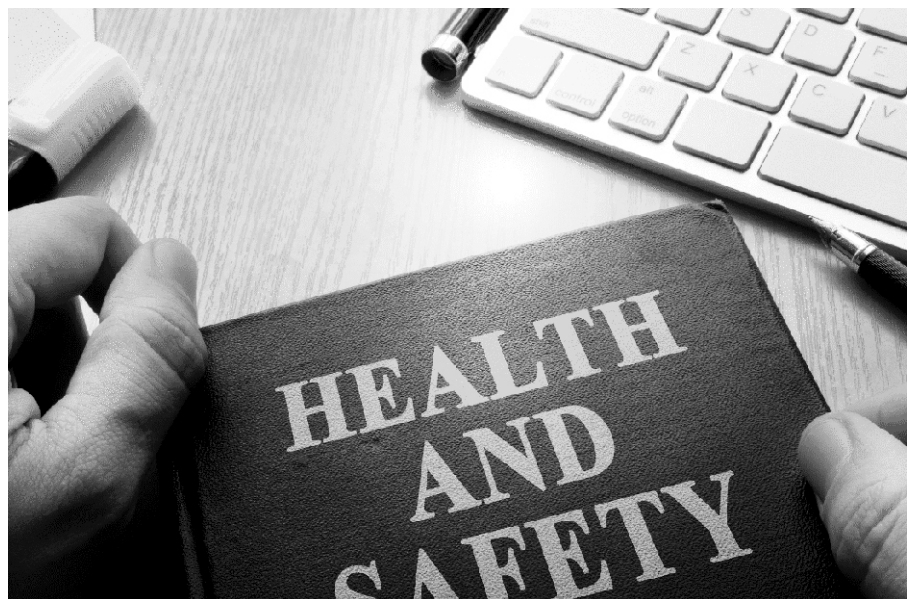
The main law governing OHS is the Factories Act 1934 Chapter 3. The Hazardous Occupation Rules of 1978 regulate certain occupations as hazardous, and contain special provisions to regulate the working conditions in those occupations. Each

province has also enacted its own Rules within the mandate of the Factories Act.

Benefits of Good Health and Safety:

For employer, health and safety should not be considering as a regulatory burden, it offers significant benefits. Following are its core benefits:

- Reduced costs
- Reduced risks
- Fewer work accidents
- Lower employee absence and turnover rates
- Increased productivity because employees are healthier, happier and better motivated



If an employer does not implement a proper health and safety plan, then the following costs he has to bear every year:

- Thousands of people die from occupational diseases.
- Organizations can incur further costs such as uninsured losses and loss of reputation.
- Millions of working days are lost due to work-related accident, illness and injury.
- Around a million workers self-report suffering from a work-related illness.
- Several hundred thousand workers are injured at work.
- A worker is fatally injured almost every working day.

Insurers play a major role in helping organizations to protect against and manage health and safety risks by providing advice and guidance on assessing and managing risk, incentivizing good behavior and provide coverages for various health and safety risks at an affordable cost.

A health insurance plan for an employer can protect his employees and their families from paying hefty healthcare bills. To explain it further, it can financially assist an employer to pay for different types of medical care services including doctor visits, hospital stays, cost of medicines, medical tests, minor to major surgeries, maternity expenses and many other healthcare facilities.

An employer should make a budget for the health and safety plan which includes employee's health insurance, workmen compensation insurance, business interruption insurance, assets insurance, employer's liability insurance, theft and burglary

insurance etc. so that he can do the business with peace of mind to achieve the optimum level of productivity.

As part of the reforms relating to the development of the insurance market, the SECP has recommended to the federal government to introduce mandatory health insurance for the private sector employees.

The SECP has recommended to introduce compulsory occupational health insurance scheme by amending the 1968 West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance (and its provincial counterparts). The recommendation is aimed at covering full-time workers including permanent, contract and temporary workers and their dependents. The cost of the scheme is nominal and will be borne by the employers. The hospitalization benefit to each employee and their dependents is proposed to be provided on a cashless basis for network hospitals and on a reimbursement basis in case of out of network hospitals.



Insurance & Takaful Week Celebrated..!

Insurance & Takaful Week celebrated by the Insurance industry in Pakistan 7 to 11 February 2022. The theme was “Insure Health and Safety”. The 9th February was marked as the 8th Insurance & Takaful Day. On this occasion various activities were organized by the IAP members.

State Life join Hands with TCS for Financial Inclusion and Protection of People...!!

State Life and TCS enter into a strategic partnership for Financial Inclusion and Protection Plans for TCS Front Liners, Distribution of SLIC Products & Premium Collection Mr. Shoaib Javed Hussain, Chairman - SLIC signed a landmark MoU with Ms. Saira Awan Malik – President - TCS, for Financial Inclusion and Protection Plans for TCS Front Liners and enabling State Life policy premium collection & sale of insurance products through TCS's unrivalled network of express centers across the country. Senior officials from both organizations were also in attendance on the occasion.

Financial regulator to tighten rules on appointment of top insurance executives

The Securities and Exchange Commission of Pakistan (SECP) has decided to introduce new conditions for the appointment of the chief executive or principal officers or directors. of insurance companies.

Importance of Insurance highlighted at Seminar..!

Every citizen of the country needs to get general and life insurance so that the future of their children and families is protected.

These views were expressed by Federal Insurance Ombudsman of Pakistan Dr Khawar Jameel, Senior Provincial Minister for Finance Noor Muhammad Dummar, Provincial Minister for Education Mir Naseebullah Murree, Assistant Sales Director of EFU Life Insurance Nas Shahjahan Khilji, Advisor to Federal Insurance Ombudsman Abdul Basit Khan, Director General of Federal Insurance Ombudsman Mubashir Naeem, Prosecutor General Balochistan Sajid Tareen Advocate while addressing a one-day seminar on the importance of insurance and lack of awareness organized by Express Media Group in collaboration with an insurance company at a local hotel in Quetta.

Dr Khawar Jameel said that a good economy is vital for the development and growth of Pakistan and the insurance sector is essential part of economy. He observed that to improve insurance coverage, awareness seminars are being organized across the country. He added that in the problematic situation of Coronavirus, efforts were made to achieve the targets as Rs378 billion annually goes to insurance companies which are paid to reinsurers.

He said that every citizen of Pakistan needs to get general and life insurance to ensure a worry-free future for their children and families.

Minister for Finance Noor Mohammad Dummar said that Balochistan is a backward and poor province, and its people are fighting for their economic betterment who do not know about insurance. He maintained that the importance of insurance needs to be promoted in remote districts of the province so that people could understand its worth. He assured that the Balochistan government would play its role in raising public awareness.

Balochistan Education Minister Mir Naseebullah Murree called the seminar really important, adding that government teachers would be insured in the near future.

Assistant Sales Director EFU Life Insurance Nas Shahjahan Khilji said a client app has been introduced by his company, adding that insurance creates ease in life and provides peace of mind. He shared that the Rs1.5 billion claims were paid in the pandemic linked to Covid-19 only. Khilji said that money had been paid to the families of those killed in road accidents too.

Adviser Federal Ombudsman Abdul Basit Khan said that Federal Ombudsman Insurance had started an insurance campaign in all provinces so that the insurance process can be further improved. Director-General Federal Insurance Ombudsman Naeem Mubashir and others also addressed the seminar.

Speaking to the media, Prosecutor General Balochistan Sajid Tareen Advocate said that holding a seminar for the first time in the province on insurance is a positive development. He said that the people of Balochistan are in need of insurance to improve their quality of life.

State Life Insurance Corporation Launches Digital Portal

State Life has celebrated a remarkable milestone: its 50th years launch event. From beginning, concepts of community, innovation, and service to nation have been the driving forces behind success of State Life. State Life Insurance Corporation of Pakistan, the country's largest life & health insurer, has launched its digital portal.

On the occasion, Abdul Razzak Dawood – Adviser for Commerce, Muhammad Sualeh Ahmad Faruqi, Federal Secretary Commerce, Shoaib Javed Hussain, Chairman State Life, inaugurated 'SLIC Digital Portal & Mobile App' www.digital.statelife.com.pk as part of its effort to enhance its digital footprint.

Customers can use SLIC Digital to buy policies online, pay the premium and avail of other services. Getting an 'Insurance Policy or Health coverage' has never been easier, now with State Life's online portal, customers will get 'Digital Insurance products & Health coverage' from the comfort of your home. Through this digital channel, State Life intends to expand beyond the traditional way of doing business with ease and hassle-free online payment process in this digital age.

State Life plans to undertake the next wave of digital transformation to unlock several benefits of accelerating growth, driving customer satisfaction and improving intermediary productivity and loyalty.

In Pakistan, digital insurance is being adopted at an impressive pace; the country is embracing Insurtech, which is the use of technology in insurance transactions and processes. This entails creating awareness, solving issues, and risk management. The major products used are smart devices and sensors.

The founding principle for State Life Insurance Corporation of Pakistan has been to “secure that life insurance business is developed to the best advantage of the community.” Since its inception in 1972; State Life has been successfully meeting its vision; leading Pakistan's insurance industry, enhancing social and financial protection of Pakistanis from Karachi to Khyber and Gwadar to Gilgit.

Over its 50-year journey, State Life has focused on servicing its esteemed customers with more than 11,000 locations across Pakistan and is the sole insurance company to allocate 97.5% of its profits to its policyholders.

During 2021, despite COVID challenges, State Life has continued its mission to serve its community and policyholders by declaring record setting bonuses with expected bonus allocation of more than Rs 80b in 2021; and a historic payout ratio with more than Rs 100b expected claim payments in 2021.

Source: Various Websites

2020 C L D 1381

[Supreme Court of Pakistan]

Present: Umar Ata Bandial and Amin-ud-Din Khan, JJ

*Messrs STATE LIFE INSURANCE CORPORATION OF PAKISTAN
and others---Petitioners*

Versus

Mst. Begum RSHIDA JAMIL---Respondent

Civil Petition No. 237-L of 2014, decided on 3rd August, 2020.

(Against the order dated 10.12.2013 passed by the Lahore High Court, Lahore passed in R.F.A. No. 1024 of 2012)

(a) Insurance Rules, 2002—

---R. 12---Statement and declaration required of insurance agents---Primary school teacher/insurance agent---Declaration given by insurance agent at time of his re-appointment in the year 2002, that “I am not working for any other insurer and in future also I will not work for any other insurer while associated with the Corporation without written permission of the Corporation” ---Whether such declaration covered employment of agent as school teacher---Held, that it was clear that the said declaration given by the deceased-agent at the time of his re-appointment with any other private or government entity---In fact, the deceased was a primary school teacher with the Education department of the Provincial Government--- Such employment was not covered by the declaration given by him at the time of his re-appointment--- Consequently, the denial of his insurance benefits by the State Life Insurance Corporation on the basis of his previous declaration in 1997 (before re-appointment) was unfair and

unlawful---Petition for leave to appeal was dismissed and leave was refused.

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

---S. 115--- Employee of State Life Insurance Corporation ('the Corporation')---Group insurance, self-subscribed compulsory insurance and field self-subscribed group insurance--- Section 115 of the Insurance Ordinance, 2000---Whether applicable--- Perusal of provisions of S. 115 of the Insurance Ordinance, 2000 made it clear that the jurisdiction of the Insurance Tribunal had nexus with the date of issuance of a policy of insurance of the insurer after the commencement of the Insurance Ordinance, 2000--- In the present case, three types of insurance schemes were availed by the deceased, i.e. group insurance, which were meant for employees and not for policy holders who secured the issuance of life insurance policies from the Corporation---Said schemes were connected with the day to day employment of the deceased and

other employees of the Corporation---No policy was issued to the employees in respect of any of said insurance covers provided to employees---Consequently, S. 115 of the Insurance Ordinance, 2000 had no application to the present case---Petition for leave to appeal was dismissed and leave was refused.

Ibrar Ahmed, Advocate Supreme Court of Petitioners.

Liaqat Ali Butt, Advocate Supreme Court of Respondent.

Date of hearing: 3rd August, 2020.

ORDER

UMAR ATA BANDIAL, J.--- It is common ground that the respondent's deceased husband (the deceased) was issued a fresh appointment letter after the promulgation of Insurance Ordinance, 2000 and Insurance Rules, 2002. The relevant declaration made in the respondent's application by the deceased for his re-appointment in 2002 is recorded as follows:

iv) I am not working for any other insurer and in future also I will not work for any other insurer while associated with the Corporation without written permission of the Corporation.”

This declaration is materially different from the declaration at the time of the initial appointment of the deceased in the year 1997 as Sales Officer of the appellant insurance company. The material portion of that declaration is reproduced below:

“I also hereby declared that I am a full time bona fide worker of State Life and not doing any other Service, Government/Private or any business.”

It is clear from the above that the declaration given by the deceased at the time of his re-appointment in 2002 does not include any undertaking with reference to his employment with any other private or government entity. In fact, the deceased was a primary School

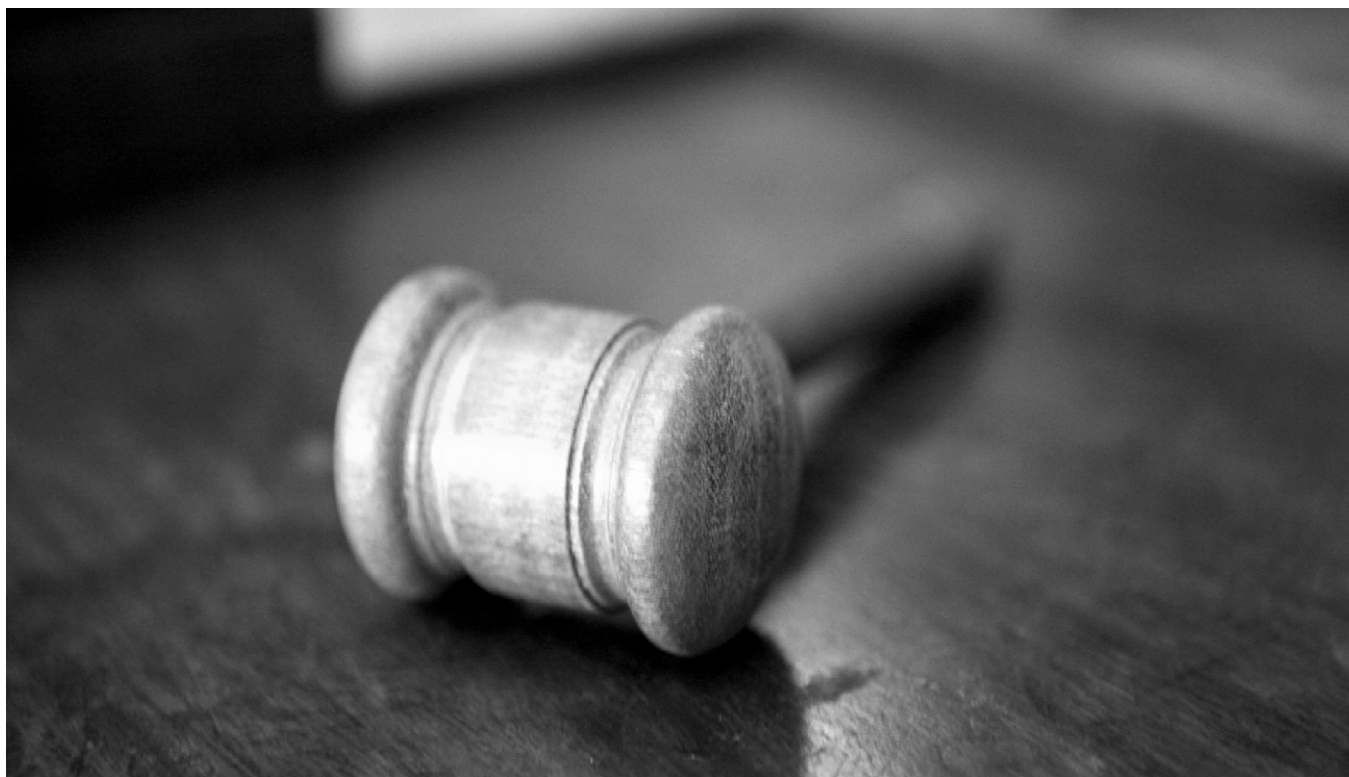
Teacher in a Masjad Maktab School with the Education department of the Provincial Government. That employment to our mind is not covered by the declaration given by him at the time of his re-appointment. Consequently, the denial of his insurance benefits by the appellant on the basis of his previous declaration is unfair and unlawful.

2. The second submission by the learned counsel for the appellant is that the claim filed by the respondent widow of the deceased is not maintainable under section 115 of the Insurance Ordinance, 2000. This contention also has no force. It is clear from the provisions of the said section that the jurisdiction of the Insurance Tribunal has nexus with the date of issuance of a policy of insurance by the insurer after the commencement of the Insurance Ordinance, 2000. In the present case, three types of insurance schemes were availed by the deceased. These are meant for employees and not for policy

holders who secure the issuance of life insurance policies from the corporation. These three types of insurance schemes are connected with the day to day employment of the deceased and other employees of the appellant. These are group insurance, self-subscribed compulsory insurance and filed self-subscribed group insurance. No policy is issued to the employees in respect of any of these insurance covers provided to employees. Consequently, section 115 of the Insurance Ordinance has no application to the present case. The objection of jurisdiction is without merit. The instant Civil Petition is dismissed and leave to appeal refused.-

MWA/S-35/SC

Petition dismissed.





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CHAUDHRY MUHAMMAD IQBAL
A.E.E. (A.E)

[Chief Executive]

Khiali Bye Pass, Gujranwala.
Tel: 055-4283677 Cell: 0300-9648353



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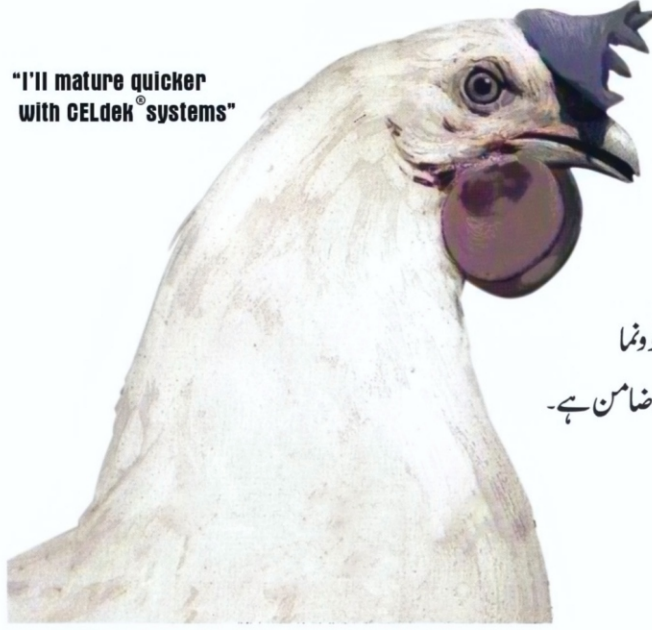


Pakistan Inspection Company U.K. Limited
Registration # 10353800 Incorporated in England and Wales as a
Subsidiary Company of **Pakistan Inspection Co. Pvt. Ltd.** Incorporated
under the Companies Ordinance 1984 in Pakistan.

For more information, write to us at:
international@pakistaninspection.co.uk



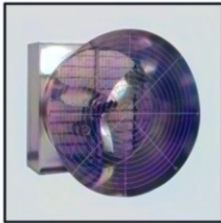
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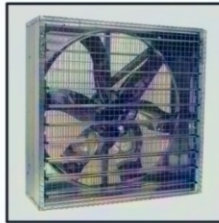
A healthy, unstressed bird is a productive bird. CELdek® systems address the bird's total rearing environment to help eliminate stress and improve weight gain and feed conversion. And the more you do for the well-being of your poultry, the more they'll do for you.



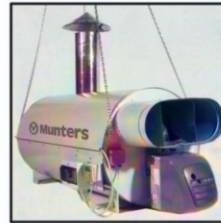
Cone fan



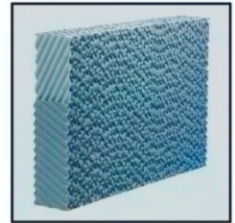
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Euroemme fans (EM 50n)



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