

Insurance Matters

IAP's IN-HOUSE NEWSLETTER



The Insurance Association of Pakistan

Issue 18

Vol 1 of 4

2014

Editorial Board

Mr. Naim Anwar
Mr. Afzal-ur-Rahman
Mr. Muhammad Rahat Sadiq
Mr. Jalees Ahmed Siddiqi
Engr. Mumtaz Ali
Mr. S. Daood Ali Shah
Mr. N. A. Usmani
(Secretary General)

Executive Committee 2013-2014



Sitting from Left to Right:

Ms. Zehra Naqvi, Mr. Muhammad Rahat Sadiq (Vice Chairman),
Mr. Muhammad Ali Zeb (Chairman),
Mr. Atiq Anwar Mahmudi (Senior Vice Chairman),
Mr. Hasanali Abdullah & Mr. Tahir Ahmed (Ex-Officio Member)

Standing from Left to Right:

Mr. N.A. Usmani (Secretary General),
Syed Kazim Hasan, Mr. Ihtsham-ul-Haq Qureshi,
Mr. Afzal-ur-Rahman, Capt. Azhar Ehtisham Ahmed & Mr. Naim Anwar.

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IAP'S ACTIVITIES

Memento Awards to Insurance Veterans

The IAP honors the veterans of the insurance industry who have retired from active service and also those who are not directly involved with the industry but have contributed to the insurance cause. The ceremony is held during IAP's Annual Dinner almost every year.

This year the IAP decided to award mementos to Managing Directors/CEOs from the industry as well as the survey firms and professionals. It was also decided to give posthumous awards. Accordingly the nominations were invited from IAP members which were short listed/finalized by the Executive Committee.

Mr. Asif Arif, Commissioner, Insurance, SECP and Mr. Tahir Ahmed, the then Chairman IAP presented the mementos.



Mr. Shahid Aziz Siddiqi receiving his award



Mir Nadir Ali's award was received by Mr. Mohammad Hussain Hirji



Usman A. Ghani's award was received by his son Mr. Khalid Usman



Usman A. Ghafoor's award was received by his son Mr. Ovais Ghafoor



Mr. Omer Morshad receiving his award



Hamid Mukhtar's award was received by his son Mr. Mahmood Ahmed

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یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ
یونائیٹڈ انٹرنیشنل گروپ کی رکن کمپنی

A+

نئی بلندیوں کی جانب گامزن

ہم اپنے کرم فرماؤں، سکیورٹیز ایڈز، پیکیجنگ کیسٹن آف پاکستان، اسٹیٹ بینک آف پاکستان، سرکاری اداروں، تمام بینکاروں، ملکی و غیر ملکی ریٹائرمنٹ، بین الاقوامی انشورنس بروکرز اور اپنی ٹیم کے شراکت دار ہیں کہ انہوں نے ہم پر اعتماد اور تعاون کیا اور کبھی کوئی مقام پر پہنچانے کے لئے کی جانے والی کوششوں میں ہمارا ساتھ دیا۔

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UIC PAKISTAN

IAP'S ACTIVITIES

Commissioner Insurance SECP meets IAP's Executive Committee

The Commissioner Insurance SECP, Mr. Asif Arif met IAP Executive Committee on November 19, 2013 at IAP Secretariat, Karachi.

The Executive Committee highlighted the difficulties being faced by the insurance industry and requested him to resolve some outstanding issues such as: enlistment procedures and to issuance of limits by the financial institutions, taxation of life insurance companies, bancassurance regulations, training of insurance agents etc.

The Commissioner Insurance updated IAP on the developments made so far towards resolution of these issues.

The Committee thanked the commissioner for taking out time from his busy schedule to discuss and share important issues of the industry. The Committee also appreciated Commissioner's interest and efforts made for resolution of various issues of the insurance industry.



'PROPOSED GUIDELINES / ANALYSIS OF INLAND TRANSIT LOSSES'

IAP's Marine Committee made a presentation on Inland Transit Losses in the Executive Committee meeting held on December 17, 2013, at IAP Secretariat, Karachi and proposed guidelines.

Ms. Amna Sarfaraz Khan, Chairperson, Marine Committee and Mr. Mohammed Sohail Nazir, Vice Chairman Marine Committee highlighted the facts and figures and also the cause of losses.



The Executive Committee was informed that for the last five years the trend of inland transit losses has ascended and the industry has borne heavy losses in Marine portfolio. This triggered the Marine Committee to develop some meaningful guidelines which would help to identify risks associated with cargo during inland transit.

The Committee suggested that following measures if taken by the industry, would help to minimize inland transit losses:

- Type of insurance policy to be offered, with insertion of certain conditions and deductibles.
- Proper documentation of cargo, vehicle, transporter, insured, drivers, and liability of transporters.
- Analysis of Losses
- Use of Tracker in trucks
- Mode of transport and packing



The presentation was much appreciated by the Executive Committee. Proposed guidelines are at the finalization stage and would soon be forwarded to members as advisory.

IAP'S ACTIVITIES

EXECUTIVE, REGIONAL & TECHNICAL COMMITTEES OF IAP FOR THE YEAR 2013-2014

EXECUTIVE COMMITTEE

Mr. Muhammad Ali Zeb (Chairman)
Mr. Atiq Anwar Mahmudi (Senior Vice Chairman)
Mr. Muhammad Rahat Sadiq (Vice Chairman)
Mr. Hasanali Abdullah
Capt. Azhar Ehtisham Ahmed
Mr. Naim Anwar
Mr. Ayaz Hussain M. Gad
Syed Kazim Hasan
Ms. Zehra Naqvi
Mr. Ihtsham Ul Haq Qureshi
Mr. Afzal-ur-Rahman
Mr. Tahir Ahmed (Ex-Officio Member)

Adamjee Insurance Co. Ltd.
Jubilee General Insc. Co. Ltd.
United Insurance Co. of Pak. Ltd.
EFU General Insurance Limited
Alfalah Insurance Company Ltd.
Crescent Star Insurance Co. Ltd.
Pakistan Reinsurance Co. Ltd.
TPL Direct Insurance Limited
ACE Insurance Limited
Asia Insurance Company Ltd.
Century Insurance Company Ltd.
Jubilee General Insc. Co. Ltd.

REGIONAL COMMITTEE NORTH

Mr. Liaquat Ali Khan (Chairman)
Mr. Asif Mahmood Malik (Vice Chairman)
Mr. Abdul Haye
Mr. Muhammad Ikram
Mr. Tahseen Ahmed Khan
Mr. Mahboob Pervez
Mr. Muhammad Afzal Shehzad
Mr. Muhammad Rahat Sadiq (EC's Observer)

EFU General Insurance Ltd.
Adamjee Insurance Co. Ltd.
Alfalah Insurance Co. Ltd.
Century Insurance Co. Ltd.
Reliance Insurance Co. Ltd.
Jubilee General Ins. Co. Ltd.
Crescent Star Ins. Co. Ltd.

ACCIDENT COMMITTEE

Mr. Altaf Ahmed Siddiqi (Chairman)
Mr. Hasan Mustafa (Vice Chairman)
Mr. Imran Ahmed
Mr. Mahmood Ahmed
Mr. Ayaz Karamatullah
Mr. Azfar Arshad
Syed Haider Hasan
Mr. Naim Anwar (EC's Observer)

Century Insurance Co. Ltd.
Premier Insurance Limited
EFU General Insurance Ltd.
ACE Insurance Limited
New Hampshic Ins. Co. Ltd.
Jubilee General Insc. Co. Ltd.
Adamjee Insurance Co. Ltd.

LIFE COMMITTEE

Mr. Hashim Sadiq Ali (Chairman)
Mr. Jalal Meghani (Vice Chairman)
Mr. Manzoor Ahmed
Mr. Mohammed Ali
Mr. Imran Ali Dodani
Mr. Muhammad Rashid

American Life Insc. Co. (Pak) Ltd.
Adamjee Life Assurance Co. Ltd.
Jubilee Life Insurance Co. Ltd.
EFU Life Assurance Co. Ltd.
East West Life Assurance Co. Ltd.
State Life Ins. Corp. of Pak. Ltd.

IAP'S ACTIVITIES

MARINE COMMITTEE

Ms. Amna Sarfraz Khan (Chairperson)
Mr. Mohammed Sohail Nazir (Vice Chairman)
Syed Matin Ahmed
Mr. Brendan Thomas D'Lima
Mr. Muhammad Naveed Fayyaz
Mr. Kamran Safi Rizvi
Mr. Muhammad Fayyaz Vakani
Ms. Zehra Naqvi (EC's Observer)

Adamjee Insurance Co. Ltd.
EFU General Insurance Ltd.
IGI Insurance Limited
Jubilee General Insc. Co. Ltd.
Alfalah Insurance Co. Ltd.
Premier Insurance Limited
New Hampshire Insurance Co.

PROPERTY COMMITTEE

Capt. Zubair Hussain Qureshi, (Chairman)
Mr. Kamran Mazhar, (Vice Chairman)
Mr. Mansoor Abbas Abbasi
Mr. Jawed Kasmani
Mr. Faisal Khan
Mr. Mohammed Safdar
Mrs. Shaheen H. Sumar
Capt. Azhar Ehtisham Ahmed (EC's Observer)

Adamjee Insurance Co. Ltd.
ACE Insurance Limited
EFU General Insurance Ltd.
New Hampshire Insurance Co.
IGI Insurance Limited
Jubilee General Insc. Co. Ltd.
Alfalah Insurance Co. Ltd.

CONTRACT SIGNED TO BUILD THE IAP HOUSE

IAP entered into a contract with an architect firm Eco Morph (Pvt) Ltd. for the designing of IAP's own office building at DHA Phase VI, Karachi. The Contract was signed by Mr. Tahir Ahmed and Mr. Mahmood Lotia, the then Chairman and Vice Chairman respectively on September 27, 2013 at IAP Secretariat Karachi.



IAP'S ACTIVITIES



IAP MARINE COMMITTEE MADE A STUDY TRIP AT WAHGAH BORDER, LAHORE

IAP's Marine Committee visited the Wahga Border on November 26, 2013 to observe arrangements of the cargo imported from India. The Secretary General, IAP, Secretary Regional Office North (RON), the Risk Surveyor IAP and Assistant Secretary, RON also accompanied the Committee during the visit.

The trip was aimed to observe the cargo storage conditions at Wagah Border Terminal brought through road carriers from India. It was also intended to work out suggestions for the concerned authorities and insurers as loss prevention measures.

The Committee met officials of Pakistan Customs and National Logistic Cell (NLC), the cargo custodian at the Terminal and discussed various aspects of cargo handling. Various suggestions regarding placement of cargo, dispatch, security and similar arrangements to mitigate the loss portfolio were exchanged.

The Committee was briefed by the above authorities regarding import mechanism, documentation and facilities available at the Wahgah Border Terminal. Later on the Committee witnessed physically the transportation, loading/unloading, placement of cargo and packing arrangements at the terminal.

IAP'S ACTIVITIES



ANNUAL GENERAL MEETING OF IAP

IAP's 52nd Annual General Meeting was held on September 27, 2013 at IAP Secretariat in Karachi. The meeting was chaired by Mr. Tahir Ahmed the then Chairman IAP and attended by the representatives of IAP members companies. The Chairman highlighted the achievements of the IAP. Beside transacting the ordinary business, a special resolution was also considered for amendments to the Articles of Association of the Insurance Association of Pakistan to bring them in line with new Trade Organizations Act/Rules 2013 and reserve seats in the Executive Committee for life insurance companies, the resolution was approved unanimously.

IAP'S ACTIVITIES

IAP ANNUAL DINNER & MUSICAL NIGHT



IAP held its customary annual dinner at Movenpick Hotel (formerly Sheraton Hotel) Karachi, followed by musical function on September 27, 2013. Insurance Executives and their spouses attended the dinner.

IAP'S ACTIVITIES



INSURANCE CARNIVAL HELD AT WAPDA SPORTS COMPLEX ON DECEMBER 01, 2013

Sports and Social Activities Committee of Lahore Insurance Institute, under the supervision of its Chairman, Mr. Satwat Mahmood Butt, organized yet another spectacular event at Wapda Sports Complex on Dec. 01, 2013 which was participated by the executives and staff of most of the insurance companies having office in Lahore along with their families. Surveying companies also participated in this mega event with a good attendance. Overall, more than 600 persons attended this well managed program.

Indoor Sports Festival was inaugurated by the Chairman LII Mr. Nasar-us-Samad Qureshi and the former Chairman Mr. M. Ishaque Khan who were introduced to all players.

The indoor games were keenly contested by the players from various companies—including Chess, Karom, Table Tennis and Badminton and in out door shot put competition, tug of war, flat races, musical chairs for ladies.

Chairman -LII, Mr. Nasar-us-Samad, speaking on this occasion, highlighted the objective of this Insurance Carnival in the background of overall laid down objectives of the Lahore Insurance Institute. He highlighted various activities being undertaken in education sector of the LII and invited all members to take full advantage of these activities.

The former Chairman LII, Mr. M. Ishaque Khan who is the heart and soul behind such activities - encouraged all LII members to keep improving their abilities by enriching themselves with insurance education by undertaking various courses/programs available in the market /at LII.

A sit down lunch was arranged under huge shamianas with good quality of food enjoyed by all present on this occasion.

Later, a variety program was held where local talent was put to display in the areas of singing, funny poetry and standup comedic.

A large number of gifts were given away through lucky draws, the program ended on a happy note.



Non-life insurance: Growth stunted in sector despite high competition

Annual growth rates for the non-life insurance sector's premiums for the last three years have been 4%, 9% and 13%.

KARACHI:

Do a high number of companies in an industry invariably lead to more competition, efficiency and overall growth? In theory, it may be true, but not so in practice.

Despite a high number of players, growth in Pakistan's non-life insurance industry remains stunted. In contrast with India, where only 27 non-life insurance companies operate, there were as many as 30 companies registered with the Insurance Association of Pakistan (IAP) at the end of calendar year 2011 – the latest year for which the IAP has released financial data. This is despite the fact that the Indian economy is at least eight times larger than that of Pakistan.

And yet, annual growth rates for the non-life insurance sector's premiums for the last three years have been 4%, 9% and 13%, which are hardly impressive given high inflation in the economy.

Experts believe that the primary reason why a high number of players have not translated into overall growth in non-life insurance is their short-range business strategy, which is hindering industry-wide expansion.

According to Securities and Exchange Commission of Pakistan (SECP) Insurance Commissioner Mohammed Asif Arif, non-life insurance companies can broadly be categorised in large, mid-size and small entities on the basis of the premiums they write every year.

However, unlike players operating in any other competitive industry, an overwhelming majority of small and mid-size companies make little or no effort to expand and grow into a large entity. "Top three companies can be called market-oriented in the real sense of the word, but most mid-size non-life insurance companies are what we call group-oriented entities," Arif told The Express Tribune in a recent interview.

Referring to companies such as Habib Insurance, Century Insurance, UBL Insurers, Saudi Pak Insurance, Alfalah Insurance, IGI Insurance, Atlas Insurance etc, the SECP insurance commissioner said almost 60%-80% business of these entities originates from their parent groups.

"They are interested in bottom line alone. They make no effort to increase their top line, fearing they might end up signing bad business on unfavourable terms," he said.

As for the small companies, Arif is of the view that they lack resources to take big business, which forces them to operate through banks mainly in small cities and suburban areas where nobody buys insurance willingly. "I believe that the way they have met their paid-up capital requirement is questionable," he said, adding that they survive only by targeting those businesses that buy insurance only to meet bank requirements.

The result is disastrous: the insurance company that offers a higher commission to bank staff ends up getting more business. "While big insurance companies offer banks a commission of around 15%, small companies generally pay them as much as 35%-40% commission," Arif said.

Understandably, after doling out a considerable chunk of money as commissions, these small insurance companies are left with little resources to pay their claims and establish an effective administrative setup which, in turn, lead to non-compliance issues.

"When we issue notices, these companies go to court against the regulator. They manage to get stay orders in many instances, and then the legal procedure goes on for years. Meanwhile, they keep siphoning off their equity while hurting their clients' interests," Arif noted.

No wonder that the non-life insurance industry is dominated by the three largest companies. According to IAP's data for 2011, Adamjee Insurance, EFU General Insurance and Jubilee General Insurance had a collective stake of 65.3% in the private-sector, non-life insurance market of Rs. 43 billion.

"Volumes may have increased, but their margins are shrinking," Arif noted, adding that margins of the core business of non-life insurance companies have now decreased to just 3%-4%.

Source: Published in The Express Tribune, July 24th, 2013.

STATISTICS

The Insurance Association of Pakistan Key Information for the nine month period ended September 30, 2013 (Business underwritten inside Pakistan)

S.No	Name of Companies	Premium * Premium Written	Claims Net Premium Revenue	Expenses Net Commission (Income)/Expense	Management Expenses	Gen. Admin. Exp+ Financial +Other Exp.
	A	B	C	D	E-1	E-2
1	Adamjee Insurance	6,273,723	2,771,637	1,575,892	185,727	208,328
2	Alfalsh Ins. Co	968,785	404,219	230,881	(68,045)	69,001
3	Alpha Insurance	211,238	85,631	53,051	10,766	19,369
4	Asia Insurance	102,593	42,730	14,459	4,605	16,350
5	Askari Gen. Insc.	1,199,286	605,540	333,975	(30,278)	110,740
6	Atlas Insurance	1,028,371	546,640	128,701	(43,229)	32,069
7	Century Insurance	557,859	226,968	104,546	(5,463)	64,259
8	Cooperative Ins.	1,735	1,148	217	222	458
9	Crescent Star	69,905	37,218	11,484	9,784	13,052
10	East West Ins.	765,516	427,809	169,194	78,224	51,333
11	EFU Gen. Ins. Ltd.	11,025,748	4,659,088	2,704,240	491,362	415,117
12	Excel Insurance	2,553	1,441	438	0	2,413
13	Habib Insurance **	738,506	337,212	173,221	6,639	40,224
14	IGI Insurance	1,654,831	785,854	609,714	(61,482)	175,831
15	New Hampshire Ins.	1,226,730	374,205	181,476	(61,080)	107,450
16	Jubilee Gen. Ins.	5,625,772	2,545,332	1,599,559	221,939	34,405
17	Pakistan Gen. Ins. ***	N/A	N/A	N/A	N/A	N/A
18	PICIC Insurance	529,854	246,271	138,699	(5,199)	74,171
19	Premier Ins. **	1,003,491	482,308	350,161	71,901	46,776
20	Reliance Insurance	523,758	192,348	71,243	31,613	25,860
21	SPI Insurance	283,473	210,948	82,124	23,860	30,079
22	Security Gen. Insc.	1,702,695	194,062	59,871	(29,027)	56,195
23	Shaheen Ins. ***	N/A	N/A	N/A	N/A	N/A
24	Silver Star Insc.	289,694	205,388	128,351	21,977	17,694
25	TPL Direct Ins.	639,237	537,610	242,249	53,811	65,667
26	UBL Insurer	739,244	248,427	158,802	(26,027)	55,524
27	United Ins.	1,356,016	838,655	231,884	46,548	164,846
		38,520,613	17,008,689	9,354,432	929,148	1,897,211

* Premium : Including administrative surcharge

** Actual EPS is based on Rs 5/- per share, for comparison purposes EPS is calculated based on Rs 10/- per share

New Hampshire Paid up Capital - Pakistan Branch - Current Account

*** Figures are awaited.

KED period ended 30 Sept. 13/09/14

B&C Appearing in Statement of Premium

D Appearing in Statement of Claims

E Net Commission Expense

E-1 Management expenses

E-2 General administration expenses + financial charges + other expenses

The Insurance Association of Pakistan

Key Information of Life Insurance Companies For the nine month period ended September 30, 2013

S.No	Name of Company	Premium Total Gross Premium	Claims Total Net Premium	Expenses Net Claims	Income Total Gross	Revenue Account Gross Admin. Exp.	Commission from Reinsurers	Investment	Others	Surplus before Tax	Balance of Statutory Funds	Pre-tax
		A	B	C	D	E	F	G	H	I	J	K
1	Adamjee Life	2,873,694	2,782,807	412,126	627,313	216,718	0	224,648	1,611	-47,369	3,793,367	11,168
2	ALICO	3,690,882	3,619,891	1,374,409	375,561	230,474	-15,968	768,487	39,629	108,601	10,565,375	102,710
3	Asia Care Health	718,222	716,737	491,228	26,694	97,587	0	28,820	0	-20,294	455,627	44,362
4	East West Life	157,999	123,853	92,020	12,312	29,663	-2,515	11,135	0	19,683	241,900	513
5	EFU Life	9,624,785	9,140,062	2,658,059	2,274,982	576,553	-7,527	3,681,672	20,896	740,912	40,295,253	766,434
6	Jubilee Life	11,803,396	11,214,607	2,768,959	2,975,667	617,246	-51,909	2,591,172	4,208	938,842	26,539,151	868,185
7	State Life*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Total-->	28,868,978	27,597,957	7,796,801	6,292,529	1,768,241	-77,919	7,305,934	66,344	1,740,375	81,890,673	1,793,372

Formuals Defination:

A+B: Appearing in Statement of Premium

C: Appearing in Statement of Claims

D+E+F: Appearing in Statement of Expenses

G: Includes Investment income + Rental Income + Return on Bank Deposit

H: Includes all Income other than Investment Income.

I*: Appearing in Revenue Account

Earning per Share

P: Includes Investments

* = Figures are awaited

(PKR in '000)									
Income Investment Income/(Loss)	Others Income/(Loss)	Profit / (Loss) Underwriting	Pre-tax	After Tax	E.P.S (Rupees)	Paid Up Capital	Shr.holders Equity	Investment	Total Assets
F	G	H	I	J	K	L	M	N	O
2,071,055	5,156	41,929	1,909,812	1,693,378	13.69	1,237,045	12,863,973	11,744,803	27,321,610
54,554	2,870	87,992	76,415	67,291	2.24	300,000	553,981	810,758	2,401,231
137,072	2,521	(40,852)	79,373	81,966	2.03	403,600	592,858	592,858	1,060,104
21,846	102	2,109	7,707	7,587	0.25	300,000	360,350	244,334	630,015
58,055	3,215	133,011	83,542	68,746	1.77	388,344	575,740	938,179	2,155,744
200,469	7,593	251,759	427,752	322,817	5.06	637,831	1,305,168	1,587,802	2,912,481
99,366	426	62,103	97,636	93,173	2.04	457,244	1,059,548	1,075,819	1,789,078
5,632	4	(5,104)	74	(34)	0.00	300,000	315,392	7,693	2,009,571
8,365	41,457	(3,590)	33,180	32,786	2.71	121,000	98,960	24,886	192,530
25,056	1,785	84,595	60,103	49,011	1.48	331,820	481,929	413,164	882,647
535,642	238,754	439,314	798,593	654,135	5.23	1,250,000	11,160,299	14,308,541	28,727,797
9,085	(9)	689	6,360	9,374	0.31	300	316,381	236,719	91,766
168,859	8,638	48,529	185,802	166,699	3.36	495,499	949,415	986,765	2,122,352
660,608	9,101	25,023	518,902	489,470	4.39	1,115,359	10,530,981	11,358,078	13,252,962
125,906	298	161,694	180,448	115,074				1,516,565	3,482,725
703,525	47,816	110,125	827,061	770,066	5.28	1,364,435	4,438,962	7,979,640	13,532,000
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
18,520	954	61,207	6,510	6,510	0.19	350,000	230,138	188,716	1,030,662
116,913	(42)	(91,792)	(21,697)	(29,998)	-1.00	302,821	1,691,376	1,342,219	3,628,646
49,802	2,744	14,307	40,994	35,494	0.97	366,780	614,207	444,468	1,408,949
8,915	47	43,798	22,681	13,688	0.42	325,000	271,177	121,972	540,539
552,897	411	109,370	606,483	571,421	8.40	680,625	7,721,450	7,467,471	10,798,248
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3,317	3,209	(25,454)	(36,621)	(39,506)	-1.29	305,648	198,580	283,230	1,057,271
4,526	47,862	72,692	59,413	40,012	0.87	452,313	427,317	167,045	1,015,769
56,059	(5,118)	46,282	41,698	25,340	0.22	1,152,174	682,793	730,220	1,907,039
25,314	5,249	350,976	216,693	192,827	2.75	701,943	1,120,987	847,689	3,093,734
5,721,358	425,043	1,980,712	6,228,914	5,437,327	4.08	13,339,781	58,561,962	65,419,634	127,045,470

F Includes investment income + Rental income + Return on bank deposits.

G Includes all income other than Investment Income.

K Earning per share of companies having shares of Rs. 5/- shall be doubled.

N Includes Investments + Investment Properties + Bank Deposits.

(PKR in '000)												
Profit / (Loss) After Tax	E.P.S (Rupees)	Paid Up Capital	Net Shr.holders Equity	Investments	Total Assets	No of Employees	Net Working Capital	Current Ratios	Net Claims to Total Net Prem.	Surplus Before Tax to Total Net Prem.	Gross Admin. Exp to Total Net Prem.	Gross Acq. Cost to Total Net Prem.
L	M	N	O	P	Q	R	S	T	U	V	W	X
8,310	0.10	935,494	415,251	4,035,668	4,502,985	121	122,370	1.43	14.81	-1.70	7.79	22.54
66,761	1.34	500,000	885,559	11,126,726	12,174,052	112	171,103	1.24	37.97	3.00	6.37	10.37
43,309	0.87	500,000	313,658	635,329	891,300	77	772,974	8.36	69.00	-3.00	14.00	4.00
-2,170	-0.04	594,292	180,221	264,348	519,703	90	128,368	2.32	74.30	15.89	23.95	9.94
513,884	5.14	1,000,000	2,118,142	40,497,858	44,803,350	1,262	1,175,181	1.49	29.08	8.11	6.31	24.89
587,478	9.37	627,120	1,849,129	28,196,763	30,384,164	862	-202,468	0.89	24.69	8.37	5.50	26.53
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1,217,572	2.93	4,156,906	5,761,960	84,756,692	93,275,554	2,524						

+ Investment Properties + Bank Deposits

S : Current Assets - Current Liabilities

T : Current Assets / Current Liabilities

U : (Net Claims / Total Net Premium *100)

V : (Surplus Before Tax / Total Net Premium *100)

W : (Gross Administrative Expenses/ Total Net Premium *100)

X : (Gross Acq. Cost / Total Net Premium *100)

RISK MANAGEMENT

THE DEVASTATING FIRE THAT CAUSED SEVERE LOSS TO THE LIVES AND PROPERTY

Deadly fire on May 10th at the LDA plaza situated on Lahore's Egerton Road was caused by a short-circuit. After several hour of struggle, four helicopters were called in by the city administration. However, two were provided by the Pakistan Army and one came from Governor's Punjab and one from Chief Minister Punjab. Three rescue teams landed on roof of the building and 15 fire rescuers wearing Self Contained Breathing Apparatus (SCBA) and seat-harness entered the plaza and evacuated 26 people. The firefighters struggled for 24 hours to extinguish the blaze but in this horrific incident 28 people lost their lives. The Punjab Small Industries Corporation office was also situated in the LDA Plaza on 4th & 5th floor.



The devastating fire that caused severe loss to the lives and property also hit the 5th floor of the building where, PSIC, Directorate of Internal Audit, Directorate of ED&W, Directorate of C&M and the Regional Office were established creating a huge loss of capital. The PSIC Headquarter offices are being relocated from the LDA Plaza Egerton Road Lahore to a nearby location. The PSIC Management is making strenuous efforts to revitalize and relocate the offices on emergency basis so that the work is resumed at the earliest. *Source: Innovation News Letter, May 2013*

Another Vessel Lost at Sea

Whilst the steel cargo importers and their insurers were trying to recover from the impact of sinking of m.v. "Atlantik Confidence" another marine casualty occurred and worsened their financial position. This time the name of the unfortunate vessel was m.v. "FU Sheng Hai".

This bulk carrier was a Panama flagged vessel with its length of 216.00 metres and beam of 25.00 meters. The deadweight of the ship was 52,580 DWT and the gross tonnage 31,643 GRT. The vessel was built in Ukrainian shipyard Okean Shipbuilding Yard in the year 1993 (20 years of age of the time of loss).

Fu Sheng Hai ran aground off Saeng Island near Busan, Japan on 2nd of July 2013. The accident happened in big swell and heavy winds, which caused course change and running over a shallow and sticking there. The vessel was on route between Lianyungang, China and Busan, Korea carrying a plywood and steel cargo on board (which included Pakistani bound steel cargo).

Subsequent to the grounding, the vessel split into two sections on 6th of July 2013 and the fore (front) section of the vessel sank in about 40-50 metres depth of sea. As a result almost half of the cargo sank in sea water whereas the remaining cargo in the aft section partially floated on the water.

After lengthy and hectic efforts the salvours were able to recover some of the cargoes from both the bottom of the sea and partially afloat aft section. But the consignees of steel cargo decided to abandon their cargo because the recovered cargo was found heavily damaged, rusty, de shaped and unfit for its intended purpose. Furthermore, the cost of recovery was abnormally high.

These back-to-back incidents of Atlantik Confidence and FU Sheng Hai have made a strong adverse impact on steel and related industries, and it is in their best interest that they should insure their cargo from the insurers who have the financial capability to pay their claims when they need the most.

On the other hand, these incidents might be a trigger for underwriters to review their underwriting guidelines in respect of usage of old age vessels. It is interesting to note that in both the incidents the age of the vessels was 17 and 20 years respectively.

IAP MEMBERS' NEWS

Jubilee Life launches First-ever Mobile Adaptive Website of the Industry

The website is compatible to all smart phones' and tabloid operating systems with easy navigation and quicker downloads.

The idea behind launching a mobile responsive website is to provide convenience to all Jubilee Life's present and potential customers and other stakeholders so they can have all the information regarding their insurance provider at their finger tips.

The mobile website is an adaptive version of the company website that provides complete information, documents for download and 24/7 connectivity with the company for any queries and feedback.

Change of Company's Name

The name of Saudi Pak Insurance Company Limited has changed to SPI Insurance Company Limited and it has a new e-mail ID: info@spiinsurance.com.pk

EFU Life's Annual Report Ranked amongst Top Five

EFU Life's Annual Report 2012 has been ranked amongst the top five in the Best Corporate Report (BCR) Award 2012 in the NBF1 category.

Mr. Muhammad Ali Ahmed, Chief Strategy Officer, received the award on behalf of the company. This ranking is declared by a joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP). For the last 12 years, ICAP and ICMAP are jointly organising the awards with an objective to encourage and give recognition to companies for showing excellence in their annual corporate reports. This award recognises the best annual reports of companies in terms of corporate accountability and transparency through the publication of timely, informative, factual and reader friendly annual reports.

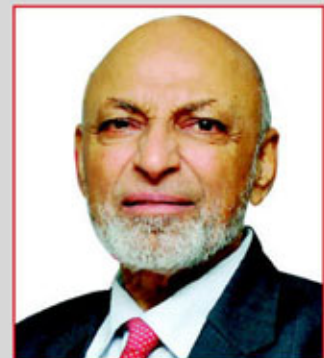
In addition to this recognition, EFU life has also been nominated from Pakistan to compete for South Asian Federation of Accountants (SAFA) Best Presented Accounts 2012 in the 'insurance Sector, Awarded under different categories are ascertained on the basis of evaluation by SAFA committee for Improvement in Transparency, Accountability and Governance of the published annual reports of entries from South Asian countries

Prof. Dr. Khawaja Amjad Saeed is no more with us

The renowned personality of insurance industry and educationist Prof. Dr. Khawaja Amjad Saeed passed away on 30th January 2014 at Lahore. He rendered great services to the insurance industry and due to his efforts degree courses on Insurance & Risk Management were started at Hailey College of Banking & Finance, Punjab University in 2006 under his supervision and guidance.

Dr. Amjad Saeed held many positions in senior cadre, to name a few are:

- Member Governing Council of International Federation of Accountants (1997 - 2000)
- President of South Asian Federation of Accountants (1997)
- President of the Institute of Cost & Management Accountants of Pakistan (1997 - 2000)
- Chairman of Joint Committee of ICAP & ICMAP
- Founder Director, IBA (1973) -1996)
- Pro Vice-Chancellor (1994- 1996) of University of the Punjab.



Dr. Amjad Saeed was author of 32 books and approx 1000 articles, addressing different heads of business and management.

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