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The Pakistan Insurance Year Book 1948

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PAKISTAN
INSURANCE YEAR BOOK
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REPORT BY THE SUPERINTENDENT OF INSURANCE

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REPORT BY THE SUPERINTENDENT OF INSURANCE.

PRELIMINARY.

This Year Book does not satisfy the statutory requirements of the Insurance Act, according to which the Central Government is required every year to publish, or cause to be published, a summary of accounts, balance-sheets, statements, abstracts and other returns under the Act or purporting to be under the Act furnished by Insurance Companies to the Superintendent of Insurance during the year preceding the one in which the Year Book is published. But the reasons for the omission have been explained in the following paragraph.

2. Pakistan came into being in the latter half of 1947. Its birth was followed by large scale disturbances and vast movement of populations in almost the whole of the Indo-Pakistan sub-continent. Due to these abnormal conditions and the practical difficulties in immediately separating the existing business between India and Pakistan, Insurance Companies expressed their inability to prepare and submit their separate returns, etc., for the year ended 31st December, 1947, strictly in accordance with the requirements of the Insurance Act. Appreciating the position of Insurance Companies in this respect, it was decided at the Inter-Dominion Conference held at Karachi in April, 1948, to accept joint account returns relating to the business in both India and Pakistan. Accordingly, almost all the Insurance Companies furnished combined returns for the year 1947 and consequently separate figures for Pakistan were not available, and therefore could not be published in this Year Book. The particulars of those Companies which have submitted separate returns have not been published in order that there may not be any invidious discrimination.

POST PARTITION CONDITIONS

3. Like all other existing Laws of the Government of India (old style), the Insurance Act, 1938, and the Insurance Rules, 1939, became applicable to the Dominion of Pakistan with necessary changes with territorial references by virtue of the Pakistan (Adaptation of Existing Pakistan Laws) Order, 1947. On the recommendations of the Superintendent of Insurance, Government of India, the Partition Council decided that during the transitional period *i.e.*, up to the 31st March, 1948, the Superintendent of Insurance, Government of India, should be authorised to administer the Insurance Act on behalf of the Governments of both the Dominions. The Pakistan side of the Council, facing certain practical difficulties in immediately setting up a separate organisation for administering the Act in the Dominion of Pakistan, did not object to this decision. Following partition, and in the midst of the unprecedented difficulties created for Pakistan thereafter, almost all the Indian Companies discontinued further new business in Pakistan. In view of these conditions, it became doubtful whether the Superintendent of Insurance, Government of India, would be able to do full justice to the interests of Pakistan policy-holders. For this and various other reasons, it became

impossible to authorise the Superintendent of Insurance, Government of India, to administer the Insurance Act for the Dominion of Pakistan, and it became necessary to set up a separate corresponding organisation here itself, as early as possible, in order to look to the interests of Pakistan policy-holders.

ESTABLISHMENT OF THE OFFICE

4. The Department of Insurance was set up at Karachi on the 1st of April, 1948, with a very meagre staff. It started without any previous records and old files for reference or guidance. It had to face various difficulties at its inception, but has been able to discharge its business in a satisfactory manner.

AMENDMENT OF THE INSURANCE ACT.

5. After the Partition, without registration and without making any deposits under the Insurance Act, as adapted for Pakistan, a large number of Insurance Companies had continued to carry on insurance business in Pakistan. As all the provisions of the Act, as adapted, were required to be complied with separately for Pakistan, it was necessary that every insurer transacting business in this country or desiring to do so, should make separate deposits in Pakistan in respect of the business transacted by them in this country. This made it necessary for the existing insurers to duplicate their deposits immediately in respect of the business which they carried on formerly in undivided India, and was considered to be a hardship on them. In order, therefore, to help them an amendment to sub-section (1) of section 7 of the Insurance Act, 1938, was effected in April, 1948, by the Insurance (Amendment) Act, 1948, whereby the amounts of deposits originally required to be made under the Act, were reduced by fifty per cent. This provided a great relief to the insurers, and consequently a good number of Insurers made their deposits and applied for registration in Pakistan.

INDIAN COMPANIES AND INTER-DOMINION CONFERENCES

6. Some of the existing insurers, mainly Indian, however, did not avail of the opportunity and the concession extended to them in the matter of deposits and decided not to operate in Pakistan for further new business. The Indian insurers claimed through the Government of India certain other relaxations in the provisions of the Act as a condition of restarting their activities in this Dominion. Both the Governments of Pakistan and India have been eager to explore ways and means for providing facilities to the insurance companies of one dominion for resumption of business in the other. For this purpose, three Inter-Dominion Conferences have been held so far. The agreement reached at the last Inter-Dominion Conference held at New Delhi in December, 1948, is considered to be satisfactory, and it is hoped that the Indian Companies will be able to see their way to restarting their activities in Pakistan at no distant date. This Agreement is given in the Appendix.

STATISTICS ABOUT THE NUMBER OF INSURERS IN PAKISTAN

7. Pakistan Insurers transacting insurance business in Pakistan on the 31st December, 1948, have been classified in the Table below accord-

ing to the Provinces in which their Head Offices were located and the class of business they were transacting.

| Province in which situated | NUMBER OF INSURERS TRANSACTING | | | | | | | |
|----------------------------|--------------------------------|------------------------|----------------------|-------|---|------|--------|-------|
| | Life only | Life & other class(es) | Other class(es) only | Total | Life (either alone or with other classes) | Fire | Marine | Misc. |
| East Bengal | — | 1 | — | 1 | 1 | 1 | 1 | 1 |
| West Punjab | 2 | — | 2 | 4 | 2 | 1 | — | 2 |
| Karachi | 1 | 1 | 1 | 3 | 2 | 1 | 2* | 1 |
| Total | 3 | 2 | 3 | 8 | 5 | 3 | 3 | 4 |

N.B.—Two of these are Mutual Insurance Companies which are subject to the provisions of Part IV of the Insurance Act, 1938 (as adapted for Pakistan). There are a few pension funds, mostly connected with Government services and the Postal Insurance Fund, which are exempt from the operations of the Act.

* Including one company transacting Country Craft business only.

8. Non-Pakistan Insurers transacting insurance business in Pakistan on the 31st December, 1948, have been classified in the Table below according to the country in which constituted and the class of business they were transacting.

| Country in which constituted | NUMBER OF INSURERS TRANSACTING | | | | | | | |
|-------------------------------|--------------------------------|------------------------|----------------------|-------|---|------|--------|-------|
| | Life only | Life & other class(es) | Other class(es) only | Total | Life (either alone or with other classes) | Fire | Marine | Misc. |
| India | — | 2 | 17 | 19 | 2 | 17 | 16 | 15 |
| United Kingdom | — | 3 | 30 | 33 | 3 | 28 | 19 | 25 |
| Australia | — | — | 5 | 5 | — | 5 | 5 | 5 |
| Canada | — | — | 2 | 2 | — | 2 | 1 | 1 |
| Hong Kong | — | — | 1 | 1 | — | 1 | 1 | 1 |
| Straits Settlements | — | — | 1 | 1 | — | 1 | 1 | 1 |
| Africa | — | 1 | — | 1 | 1 | 1 | — | — |
| U. S. A. | — | — | 6 | 6 | — | 6 | 4 | — |
| Total | — | 6 | 62 | 68 | 6 | 61 | 47 | 48 |

Alphabetical lists of Pakistani and Non-Pakistani insurers are published on pages 8—13.

SCOPE FOR THE EXISTING AS WELL AS NEW LIFE INSURERS IN PAKISTAN

9. It will be noticed that the number of indigenous companies and particularly those transacting life insurance business, is very small and, therefore, there is a wide field for the existing insurers as well as new enterprises. Now, that the conditions have become peaceful and are getting normal and the problem of the rehabilitation of refugees has been tackled satisfactorily, it is hoped that insurance in this country will prosper in the near future, and with the passage of time, the number of Insurers is likely to increase substantially as the country affords a flourishing ground for them. Already permission for the issue of capital has been granted to three new insurance companies, two of Eastern Pakistan and one of Western Pakistan.

PROVIDENT SOCIETIES

10. Like many Insurers, some of the Provident Societies originally having their Registered Office in the territory now comprising Pakistan, migrated to the Dominion of India before the Partition. The number of Provident Societies in Pakistan was thus further reduced and at present there are only two in the province of East Bengal, that are operating in this Dominion. Their names and Registered Offices are given below :—

| Name of Provident Society | Registered Office. |
|--|--|
| Real Indian Provident Insurance Ltd. . . | Chandpur, East Bengal. |
| Non-Gazetted Officer's Provident Society, Ltd. | Court Building, Chittagong, East Bengal. |

Two more new Provident Societies have recently been granted permission for the issue of capital.

ASSETS HELD INVESTED UNDER SECTION 27 OF THE INSURANCE ACT, 1938 (AS ADAPTED FOR PAKISTAN)

11. Under section 27 of the Insurance Act, every insurer registered for life insurance business is required to invest and hold invested assets equal to a specific percentage of the liabilities laid down in the said section, and is required under section 28 of the Act to submit to the Superintendent of Insurance, at the end of every year and at the end of every quarter of a year, returns showing the assets held invested in accordance with Section 27. While the quarterly returns are required to show only the assets, the annual returns have to indicate full particulars of the liabilities and the assets in order to establish that the requirements of section 27 have been complied with.

Till the end of October, 1948, these returns had not been called for from the 'life companies' nor had any company doing life business submitted any such returns to this Department since the Partition,

Firstly, there was no office of the Superintendent of Insurance in Pakistan before the 1st April, 1948, and secondly it had been decided to accept joint accounts returns for both India and Pakistan. It was, however, considered necessary that this Department should be aware of the position of the companies in respect of their assets, etc., held invested under section 27 of the Act as at 31st December, 1948. Accordingly a circular letter was issued on the 30th October, 1948, to all insurers transacting 'life' insurance business in Pakistan to submit their section 28 returns beginning from the one as at 31st December, 1948, on the prescribed forms enclosed with the circular letter. Most of the companies have since furnished these returns which are under examination.

**LICENCEES TO ACT AS INSURANCE AGENTS UNDER
SECTION 42 OF THE INSURANCE ACT, 1938
AS ADAPTED FOR PAKISTAN**

12. The number of licences issued to Agents during the period from 1st April, 1948, to 31st December, 1948, analysed into Fresh and Renewal Licences are stated below :—

| Fresh Licences | Renewal Licences | Total | Government of India Licences endorsed |
|----------------|------------------|-------|---------------------------------------|
| 4,465 | 457 | 4,922 | 3,000 |

As it was not possible for the Government of Pakistan to issue licences from the date of its inception, the licences granted by the Government of India for the period from 15th August, 1947, to 31st March, 1948, were made valid in Pakistan by endorsement on them. This was intended to achieve a continuity of agency for the Insurance Agents, without which they stood to lose their commission.

It is gratifying to note that a large number of women have also obtained licences to act as Insurance Agents in Pakistan.

ENQUIRIES AND COMPLAINTS

13. A large number of queries as to what would happen to their money and policies insured with companies not transacting any further new business in Pakistan, were and are being received in this Office from the public. But the division of India into two Dominions does not affect the policy contracts entered into between an insurer and a policy-holder, irrespective of whether the insurer continues to operate or has ceased doing new insurance business in Pakistan. The due fulfilment of the terms of a policy contract should obviously entitle the policy-holder to all the benefits provided for in the contract.

The other set of complaints which are being received in this office from policy-holders, are those which are against the insurers registered in Pakistan. The number of such complaints was not very large in the previous year, but presumably this is due to the fact that the number of life insurers in Pakistan is very small. A proportion of such complaints is based on insufficient reasons or misapprehension of facts. While as for

others, where a *prima facie* case is made out and the complaints appear to be genuine, they are usually referred in the first instance to the Insurers concerned. In almost all the cases, insurers have co-operated in this matter by looking into the cases and sending satisfactory replies which shows that the Insurers in general realise the value of service to policy-holders. A good service to policy-holders not only enhances the reputation of an Insurer, but also is a spur to the progress of insurance in the country. Opportunity is, therefore, taken to further advise the insurers in general to strive to render maximum service and pay more and more attention to the complaints of their policy-holders.

INVESTIGATION AND CONVICTION UNDER THE INSURANCE ACT

14. There were no cases of conviction under the Insurance Act during the year under review, in Pakistan.

INSURANCE ASSOCIATION OF PAKISTAN

15. Before I close my report it would be necessary to mention the co-operating and helpful attitude of the Insurance Association of Pakistan, especially of Mr. Stafford, the Secretary of the Association. The Association at present represents only the Non-Life Insurers in Pakistan, but it has done a good service to insurance in this country, particularly in the past difficult days. I hope that if it continues in that spirit, it will enhance the reputation of insurance and will make insurance more popular with the people of this country. It is also hoped that another Association of Life Insurers in Pakistan will be formed by the insurers concerned—not only to solve their own difficulties and to look to their interests, but also to give a real and proper lead to Life Insurance in Pakistan.

KHAN BAHADUR M. SABIHUDDIN,

KARACHI,

Bar-at-Law,

The 7th March, 1949.

Superintendent of Insurance-

RENEWAL FEES

A. The fee prescribed in Rule 24 of the Insurance Rules, for renewal of registration under section 3A of the Insurance Act, 1938 (as adapted for Pakistan) for each class of insurance business for which the insurer is registered is as follows :—

| Where total premium income for each class (including annuity considerations, if any).* | Fee payable for each class |
|--|----------------------------|
| | Rs. |
| Does not exceed Rs. 1,00,000 | 50 |
| Exceeds Rs. 1,00,000 but does not exceed Rs. 2,00,000 | 100 |
| 2,00,000 4,00,000 | 150 |
| 4,00,000 6,00,000 | 250 |
| 6,00,000 10,00,000 | 375 |
| 10,00,000 | 500 |

* This income is the premium income shown in the revenue account for that class of insurance business prepared under the Act for the calendar year 1948, in respect of the renewal of registration for the year 1950, the application and chalan in payment of the fees for which should reach the office of the Superintendent of Insurance, on or before the 31st December, 1949.

In relation to insurers who are required to furnish returns in accordance with sub-section (2) of section 16 of the Act, the reference to the calendar year 1948 above, may be construed as a reference to the accounting year 1947-48, covered by the revenue account furnished under clause (b) of the said sub-section, except where the calendar year 1948 is also an accounting year.

B. The next renewal of registration for provident societies under section 70A of the Act, is for the year commencing 1st July, 1949, the application and chalan in payment of the fees for which should reach the office of the Superintendent of Insurance, on or before the 30th June, 1949. The fee for renewal of registration is Rs. 50, where the total gross premium income including annuity considerations, admission fees and other fees, if any, as shown in the revenue account for the calendar year 1947 (or 1948 where the returns for 1948 have been furnished to the Superintendent of Insurance), is less than Rs. 50,000 and Rs. 100 in all other cases.

LIST OF PAKISTAN INSURERS

N.B.—1. Names of Insurers who are subject to provisions of Part IV of the Insurance Act, 1938 (as adapted for Pakistan), have been marked with (M).

2. In the first column L stand for Life, F for Fire, M for Marine and Misc. for Miscellaneous.

| Name of Insurer and class(es) of business transacted in Pakistan. | Year of establishment | Registered Office |
|---|-----------------------|---|
| Christian Mutual Insurance Company (M) L. | 1847 | Christian Mutual Buildings, 11, McLeod Road, Lahore. |
| Eastern Federal Union Insurance Company. L, F, M, Misc. | 1932 | K. C. Dey Road, Chittagong. |
| Habib Insurance Company. L, F, M, Misc. | 1942 | Serai Road (Corner of Bunder Road and Serai Road), Karachi. |
| Indian Life Assurance Company. L. | 1892 | Ilaco House, Victoria Road, Sadr, Karachi. |
| Muslim India Insurance Company L. | 1935 | 55, Mozang Road, Lahore. |
| National Craft Underwriters (Country craft). M. | 1946 | Khori Garden, P.O. Box No. 216, Karachi. |
| Northern India Motor Owners' Mutual Insurance Company. (M) Misc. | 1946 | Serai Sultan, Lahore. |
| Pakistan General Insurance Company. F, Misc. | 1948 | 8, Mall Mansions, The Mall, Lahore. |

LIST OF NON-PAKISTANI INSURERS

In the first column L stands for Life, F for Fire, M for Marine and Misc. for Miscellaneous

| Name of Insurer and class(es) of business transacted in Pakistan. | Year of establishment | Principal Office in Pakistan. |
|---|-----------------------|---|
| Constituted in India | | |
| Alco Insurance Company. F, Misc. | 1944 | Karachi House, McLeod Road, Karachi. |
| Bombay Fire and General Insurance Company. F, M, Misc. | 1935 | C/o Messrs. Doongursee & Sons, Eombay Bazar, Karachi. |
| British India General Insurance Company. L, F, M, Misc. | 1919 | Hemani Mansions, Opposite Municipal Office, Bunder Road, Karachi. |

| Name of Insurer & Class(es) of business transacted in Pakistan | Year of establishment | Principal Office in Pakistan |
|--|-----------------------|------------------------------|
|--|-----------------------|------------------------------|

Constituted in India—*concl'd.*

| | | | |
|--|----------------|------|---|
| Clive Insurance Company. | Misc. | 1917 | Attar Singh Building, The Mall, Lahore. |
| Concord of India Insurance Company. | F, M, Misc. | 1931 | McLeod Road, Karachi. |
| Hercules Insurance Company. | F, M, Misc. | 1935 | C/o Messrs. Ralli Brothers Ltd., 6/7, Wood Street, Karachi. |
| Hindusthan General Insurance Society. | F, M, Misc. | 1944 | 3/13, Johnson Road, Dacca. |
| Indian Globe Insurance Company. | M. | 1929 | C/o Messrs. L. V. Govindji & Co., Patna House, Hospital Road, Karachi. |
| Indian Trade and General Insurance Company. | F, M, Misc. | 1944 | Grant Road, Karachi. |
| National Fire and General Insurance Company. | F, M, Misc. | 1931 | 78/6, Lyall Street, Dacca. |
| New Asiatic Insurance Company. | F, M. | 1933 | Zam-Zam Chambers, Dunolly Road, Karachi. |
| New India Assurance Company. | L, F, M, Misc. | 1919 | Machhi Miani Road, Karachi. |
| Pandyan Insurance Company. | F, M, Misc. | 1933 | C/o Messrs. Gill and Company, Mohatta Building, Wood Street, Karachi. |
| Ruby General Insurance Company. | F, M, Misc. | 1936 | Zam-Zam Chambers, Dunolly Road, Karachi. |
| South India Insurance Company. | F, M, Misc. | 1934 | C/o New India Assurance Company, Ltd., Machhi Miani Road, Karachi. |
| Standard General Assurance Company. | F, M, Misc. | 1943 | 20, Hemani Mansion, Mahatma Gandhi Road, Karachi. |
| Triton Insurance Company. | F, M. | 1850 | C/o Graham Trading Co. (India), Ltd., Mohatta Estate, Wood Street, Karachi. |
| Vulcan Insurance Company. | F. | 1919 | Bunder Road, Karachi. |
| Zenith Assurance Company. | F, M, Misc. | 1916 | Hemani Mansions, Opposite Municipal Office, Bunder Road, Karachi. |

| Name of Insurer and Class(es) of business transacted in Pakistan | Year of establishment | Principal Office in Pakistan |
|--|-----------------------|---|
| Constituted in the United Kingdom | | |
| Alliance Assurance Company. | 1824 | C/o K. P. Tengra and Co., Serai Road, Karachi. |
| Atlas Assurance Company. | 1808 | C/o Messrs. James Finlay & Co., Ltd., Finlay House, Karachi. |
| British Fire Insurance Company. | 1908 | Hemani Mansion, Opp. Municipal Office, Bunder Road, Karachi. |
| Caledonian Insurance Company. | 1805 | Badri Building, McLeod Road, P.O. Box 252, Karachi. |
| Century Insurance Company. | 1885 | Badri Building, McLeod Road, P.O. Box 252, Karachi. |
| Commercial Union Assurance Company. | 1861 | National House, The Mall, P.O. Box 97, Lahore. |
| Eagle Star Insurance Company. | 1904 | C/o Messrs. Yusufali Alibhai Karimji & Company, Napier Road, Karachi. |
| Employer's Liability Assurance Company. | 1880 | C/o Messrs. William Jacks & Co., Ltd., Nadir House, McLeod Road, Karachi. |
| General Accident, Fire and Life Assurance Corporation. | 1885 | C/o Jotsing Tolasing, Esquire, Advocate, 20, Hemani Mansion, Mahatama Gandhi Road, Karachi. |
| Guardian Assurance Company. | 1821 | C/o Messrs. Fleming Shaw & Co., Ltd., Dunolly Road, Karachi. |
| Law Union and Rock Insurance Company. | 1806 | Hemani Mansion, Opp. Municipal Office, Bunder Road, Karachi. |
| Liverpool and London and Globe Insurance Company. | 1836 | Cotton Exchange Building, Karachi. |
| London Assurance. | 1720 | C/o Messrs. Gillanders Arbuthnot & Co., Ltd., Attar Singh Building, The Mall, Lahore. |
| London & Lancashire Insurance Company. | 1862 | Hemani Mansion, Opposite Municipal Office, Bunder Road, Karachi. |

| Name of Insurer & Class(es) of business transacted in Pakistan | Year of establish- ment | Principal Office in Pakistan |
|---|-------------------------------|------------------------------|
| <i>Constituted in United Kingdom—contd.</i> | | |
| Maritime Insurance Company. | M. | 1864 |
| C/o Messrs. Killick, Nixon & Co. Ltd., Bomba, Company Building, Wal- lace Road, Karachi. | | |
| Merchants' Marine Insur- ance Company. | M. | 1871 |
| C/o Messrs. William Jacks & Co. Ltd., Nadir House, McLeod Road, Karachi. | | |
| Motor Union Insurance Company. | F, M, Misc. | 1906 |
| C/o Messrs. Shariff & Com- pany, Hemani Mansion, Bunder Road, Karachi. | | |
| National Employers' Mutual General Insur- ance Association. | F, Misc. | 1914 |
| 65, The Mall, Lahore. | | |
| North British and Mer- cantile Insurance Company. | F, M, Misc. | 1809 |
| Nusserwanjee Building, Machi Miani Road, Karachi. | | |
| Northern Assurance Company. | F, M, Misc. | 1836 |
| Volkart Building, McLeod Road, Karachi. | | |
| Norwich Union Fire Insur- ance Society. | F, M, Misc. | 1797 |
| C/o Messrs. Grahams Trad- ing Co. (India), Ltd., Mohatta Estate, Wood Street, Karachi. | | |
| Norwich Union Life Insur- ance Society. | L, Misc. | 1808 |
| C/o Messrs. Grahams Trad- ing Co. (India), Ltd., Mohatta Estate, Wood Street, Karachi. | | |
| Ocean Accident and Guarantee Corpora- tion. | Misc. | 1871 |
| National House, The Mall, Lahore. | | |
| Palatine Insurance Com- pany. | F. | 1883 |
| National House, The Mall, Lahore. | | |
| Pearl Assurance Com- pany. | L, F, Misc. | 1864 |
| C/o Messrs. Anchor Line Ltd., Nadir House, McLeod Road, Karachi. | | |
| Phoenix Assurance Com- pany. | F, M. | 1782 |
| C/o Messrs. James Finlay & Co., Ltd., Chittagong. | | |
| Prudential Assurance Company. | L, Misc. | 1848 |
| Attar Singh Building, The Mall, Lahore. | | |
| Royal Exchange Assur- ance. | F. | 1720 |
| C/o Messrs. Gill & Co., Ltd., Mohatta Building, Wood Street, Karachi. | | |
| Royal Insurance Com- pany. | F, M, Misc. | 1845 |
| Cotton Exchange Building, Karachi. | | |

| Name of Insurer & Class(es) of business transacted in Pakistan | Year of establish- ment | Principal Office in Pakistan | |
|--|-------------------------------|------------------------------|--|
| Constituted in the United Kingdom—concl'd. | | | |
| Scottish Union and National Insurance Company. | F, Misc. | 1824 | Bombay Company's Com- pound, Wallace Road, Karachi. |
| State Assurance Com- pany. | F. | 1891 | C/o Messrs. Sonakunda Ltd., Narayanganj, Dacca. |
| Union Assurance Society. | F, Misc. | 1907 | National House, The Mall, P.O. Box 97, Lahore. |
| United Scottish Insurance Company. | F, M, Misc. | 1912 | McLeod Road, Karachi. |
| Constituted in Australia | | | |
| Bankers' and Traders' In- surance Company. | F, M, Misc. | 1921 | Masson Narsinghdas Build- ing, 22, The Mall, Lahore. |
| National Insurance Com- pany of New Zealand. | F, M, Misc. | 1873 | McLeod Road, Karachi. |
| New Zealand Insurance Company. | F, M, Misc. | 1859 | McLeod Road, Karachi. |
| Queensland Insurance Company. | F, M, Misc. | 1886 | Mercantile Chambers, Bun- der Road, Karachi. |
| South British Insurance Company. | F, M, Misc. | 1872 | Nadir House, McLeod Road, Karachi. |
| Constituted in Canada | | | |
| British America Assur- ance Company. | F. | 1833 | C/o Messrs. Sonakunda Ltd., Narayanganj, Dacca. |
| Western Assurance Com- pany. | F, M, Misc. | 1851 | C/o Messrs. Sonakunda Ltd., Narayanganj, Dacca. |
| Constituted in Hongkong | | | |
| Union Insurance Society of Canton. | F, M, Misc. | 1835 | C/o Messrs. Mackinnon Mackenzie & Co., 42, McLeod Road, Karachi. |
| Constituted in Straits Settlements | | | |
| Eastern United Assurance Corporation. | F, M, Misc. | 1913 | Nadir House, McLeod Road, Karachi. |
| Constituted in Africa | | | |
| Jubilee Insurance Com- pany. | L, F. | 1937 | 11-B, Shikarpuri Cloth Market, Bunder Road, Karachi. |

| Name of Insurer & Class(es) of business transacted in Pakistan | Year of establish- ment. | Principal Office in Pakistan |
|--|--------------------------------|------------------------------|
| Constituted in the United States of America | | |
| American Insurance Com- pany. | F, M. | 1846 |
| Zeenat Mansion, McLeod Road, Karachi. | | |
| Hanover Fire Insurance Company. | F, M. | 1862 |
| C/o Messrs. Faiz & Co., Importers & Exporters, McLeod Road, Karachi. | | |
| Home Insurance Com- pany. | F, M. | 1853 |
| Zeenat Mansion, McLeod Road, Karachi. | | |
| New Hampshire Fire Insurance Company. | F, M. | 1869 |
| C/o Messrs. Faiz & Co., Importers & Exporters, McLeod Road, Karachi. | | |
| Orient Insurance Com- pany. | F. | 1867 |
| Hemani Mansion, Opposite Municipal Office, Bunder Road, Karachi. | | |
| Queen Insurance Company of America. | F. | 1891 |
| Cotton Exchange Building Karachi. | | |

APPENDIX

REPORT OF THE COMMITTEE ON INSURANCE MATTERS

Appointed by

THE INTER-DOMINION CONFERENCE AT NEW DELHI,
DECEMBER 6—14, 1948

PRESENT :

For Pakistan—

1. Mr. Abdul Qadir.
2. Mr. M. M. Junaid.

For India—

1. Mr. Ranganathan.
2. Mr. Ansari.

At the outset, it was agreed that the discussions to be useful should not be confined to a very narrow sphere that a literal construction of the terms of reference may indicate and that the discussions should really cover the ground still open after the discussions at Karachi in April, 1948, and the subsequent correspondence.

2. The Pakistan representatives urged that it would be a great hardship to policy-holders if their policies were allowed to lapse strictly in accordance with the policy conditions because (primarily) of the inability of the policy-holders to make regular payments of premia. They suggested that time must be given by the Insurance Companies up till end of December, 1949.

After discussion it was agreed that the Companies should be requested to revive policies that would otherwise lapse, till the end of December, 1949, provided, in cases where it would be necessary, they could require the production of medical certificates from medical officers appointed by the Companies resident in the place where the policy-holder is resident and further that they could require the payment of the usual interest on arrears of premia, not exceeding 6 per cent. This request to Insurance Companies should be addressed by both the Governments of India and Pakistan to Companies having Head Offices in the respective Dominions, and should be confined to cases of hardship that have arisen out of the partition.

3. The question of succession certificates causing difficulties in settlement of claims was discussed. It was agreed that this question as affecting property and banks was already under examination in the Finance and Law Ministries of both the Dominions and that whatever decision was reached there should be adapted, if necessary, to cover Insured Policies.

4. It was also agreed that the two Governments should try and persuade the Insurance Companies to make payments of claims on life policies not exceeding Rs. 2,000 in each case, without insisting on succession certificates, but on production of a suitable guarantee or indemnity from two solvent sureties.

5. Discussion then proceeded on the larger issue relating to the conditions which would enable Indian Life Companies to revive their operations in Pakistan and the conditions that the Indian Companies had suggested, as in the Government of India letter, dated 21st August, 1948, were considered.

(a) The representatives of India said that the Government of India should take up the responsibility to certify that the investment provisions relating to the Pakistan liability of the Companies in terms of the Pakistan Act had been complied with, that there should be no suggestion that the Government of India should actually undertake the liability on default and further, that, if necessary, it may be explored whether the Reserve Bank of India could not be designated trustee to keep custody of the securities relating to the Pakistan Business. The Pakistan representatives, on the other hand, said that unless the Government of India undertook liability in respect of any default by Indian insurers, Indian Companies could not be exempted from the normal requirements of their law that the 55 per cent. of their adjusted Pakistan liabilities should be kept in the custody of trustees resident in and acceptable to the Government of Pakistan. They suggested, however, that if the Indian Companies would wish to nominate the State Bank of Pakistan as trustee, they would be willing to accept such a proposition. They felt that considering that the 55 per cent. of adjusted Pakistan liabilities represented really collections by way of premia from residents in Pakistan, this condition regarding trusteeship should not be considered as particularly onerous and that in any case it was a necessary fundamental condition to inspire confidence in Indian Companies.

The Indian representatives pointed out that this was a matter on which the Indian Companies felt very strongly and expressed the opinion that it would be extremely difficult to persuade the Indian Companies to accept this position.

(b) The composition of the 55 per cent. of adjusted liabilities was then discussed. The Indian Companies had suggested that 25 per cent. of these would be acceptable to them to be in Central Pakistan Loans, but they wanted that of the balance of 30 per cent. they should be free to invest as much as they liked in Indian Government Securities and U. K. Securities. In other words, they suggested that the 30 per cent. should not be confined to Pakistan Approved Securities only, but should include also Indian Government Securities and U. K. Securities. The argument put forward was that U. K. Companies to-day, as the law stands in India or Pakistan, could have all the 30 per cent. in U. K. Securities, if they so chose, whereas Indian Companies will be treated comparatively harshly, if they could not invest in the same way in Indian Securities, even if U. K. Securities were unacceptable to Pakistan. The Pakistan representatives said that they appreciated the position in regard to U. K. Companies, but to permit Indian Companies to keep their investments in Indian Securities, it would require an amendment of the law which they were afraid public opinion in Pakistan may not support, except to a very limited extent. Having regard to this,

they said they could go only as far as this in regard to the composition :—

- 25 per cent. Central Pakistan Securities ;
- 15 per cent. Government of India Securities ; and
- 15 per cent. Pakistan Approved Securities, including U. K. Securities.

The Indian representatives expressed the view that except for the discrimination in comparison with U. K., this distribution could not be held to be particularly harsh. Both the sides appreciated the difficulties in regard to altering immediately the existing special position which U. K. Companies enjoyed.

6. The Pakistan representatives said that they appreciated that it would not be quite fair to treat India in a less favourable way than U. K., but that in the matter of the 55% investments it was their intention to require U. K. Companies also to keep invested all the 55% in either Central Pakistan Securities or Pakistan approved Securities which latter would not include U. K. Securities. They, therefore, urged that when U. K. was made to comply with these requirements, India should also be willing to accept similar requirements. The Indian representatives accepted this position.

7. The Indian representatives then urged that on the same footing, Indian Companies should not immediately be required to keep these 55% Securities in the custody of trustees resident in Pakistan, until U. K. Companies also were required to do so. The Pakistan Representatives, however, urged that while theoretically it was so, it would greatly strengthen their hands in their negotiations with U. K. if India would accept the necessity to have this trusteeship immediately on condition, however, that if by the end of December, 1950, U. K. were not required to do likewise, the Indian Companies would be put on the same footing as U. K. Companies in the matter of investments, as also trusteeship. The Indian representatives accepted this position.

8. In the interim period, *i.e.*, until the end of December, 1950, India and Pakistan agreed to the following arrangements :—

- (i) The composition of investments should be 25% Central Pakistan Securities, 15% Government of India Central Securities and 15% Pakistan approved Securities including U. K. Securities.
- (ii) All this 55% should be deposited in trust with the Pakistan State Bank, unless the Indian Companies and the Pakistan Government mutually agreed upon some other trustee resident in Pakistan.

9. On this basis, the Indian representatives agreed that the Government of India would try and persuade the Indian Companies to restart their activities in Pakistan explaining to them that in their view these terms could not be held to be unreasonable.

10. The Pakistan representatives were willing to agree to the proposal put forward by Indian Life Companies that for the purpose of changing the deposits, as required by the Pakistan Law, a period of 4 years, as under existing Section 27(3) of the Act, would be available.

11. The Pakistan representatives felt that there would be no difficulty in giving the assurance to the Indian insurers that sufficient notice would be given to enable such of them as may like to withdraw from Pakistan to withdraw if the Pakistan Government later on legislate imposing conditions more onerous than those now offered. In any case, it was agreed that once the Indian Companies decide not to write new business, the more onerous conditions would not apply to those Companies.

12. The Pakistan representatives found themselves unable to accept the proposal made by the Indian Companies that if in future they withdraw from Pakistan, they should be treated on the same basis as the Companies that withdrew from India on the passing of the Insurance Act, 1938. Those that now withdraw of course are in the same position as non-Indian Companies were in 1938, but in future, if Indian Companies accept the condition regarding trusteeship, the Pakistan Government naturally would not release the deposits until the liabilities had been satisfied.

13. The Pakistan representatives mentioned that the present Hyderabad Government had withdrawn business from the Eastern Federal Union Insurance Co., which is a Pakistan Company. The Government of India representatives said that this was a matter entirely distinct from the ones referred to the Committee and suggested that it might be taken up in other quarters separately.

14. The Pakistan Government representatives said that they had received the communication from the Government of India in regard to the re-assignment of policies financed out of Provident Fund balances and said that matter could be settled by correspondence without much delay.

15. The Pakistan representatives suggested that claims on maturity or death of certain evacuees were not being paid to the assured or his successor in interest and that it was paid to the Custodian in the East Punjab. This, it was suggested, was a hardship that ought be remedied. The representatives of India said, this was the first time they had heard of any such difficulty and that they would examine the position.

16. The discussions were further carried on on the 11th instant at which Mr. M. A. H. Ispahani joined the Pakistan representatives. Mr. Ansari could not be present.



