



Pakistan Reinsurance Company Limited

CHAIRMAN'S SPEECH

ON THE OCCASION OF

ANNUAL GENERAL MEETING

OF THE SHAREHOLDERS

HELD ON

FRIDAY, 27TH APRIL, 2007

AT 11.00 A.M.

Dear Shareholders,

It gives me great pleasure to welcome you to this 7th Annual General Meeting of PRCL. I hope that all of you have gone through the annual report 2006 containing Directors/ Audit reports for the year ended 31st December, 2006.

As you are already aware that for the last two years, your Company is operating in the highly competitive open market scenario without the support of compulsory cession. I am glad to inform you that despite this we have secured 45% market share of the total reinsurance business. This professional success has encouraged us to explore the new business avenues and we are in the process of formulating a new strategy for providing better services to our business partners/clients.

I would now like to elaborate upon the business volume secured by your company during the year 2006.

Gross Premium

The gross premium increased to Rs.4,499 million as compared to Rs.4,159 million in the year 2005 i.e. increase of Rs.340 million, while the net operational income during the year was increased by Rs.78 million i.e. from Rs.594 million in 2005 to Rs.672 million in the current year. This trend of growth in business and income clearly depicts the company's strength and stability in the open market.

Net Premium

The net premium of the company was Rs.1,416 million in 2006 as compared to Rs.2,005 million in the year of 2005. The reason for higher net premium in 2005 was due to the benefit of unearned premium of Rs.625 million in 2005.

Net claims

The net claims for the year 2006 were Rs.777 million as compared to Rs.823 million for the year of 2005. The main reasons for decrease in claim was that the

company has been selective in accepting business, and the management have shown greater fore sight.

Net Commission

The commission expenses of the company noted at Rs.367 million in the year 2006 as compared to Rs.620 million for the year 2005. The reduction in commission expenses was due to increase in commission received on fronting business and decrease in commission paid to local ceding companies.

I am glad to inform you that Pakistan Reinsurance Company is in process of restructuring its operational and management systems. In this regard the following steps are being initiated.

1. The company is enhancing its capacity of retaining more business on its own account, in doing so PRCL plans to increase the limits of its Excess of Loss programme from next renewal and enhancement of capital base of the company. In the current year 20% of capital has been increased by issuing bonus shares. Due to these measures paid up capital will now be Rs.520 million against the existing capital of Rs.450 million.
2. Computer software is being prepared to replace the existing outdated system.
3. The process of inducting young and qualified professionals on operational level to cater the ongoing organizational activities is already in hand.
4. Training courses are also being organized for the development of human resources and training is being imparted to staff and officers in their relevant fields both locally and abroad so that they may acquire greater professionalism and efficiency.

I would also like to inform you that Ministry of Commerce, Government of Pakistan constituted a high powered review committee to review the issues of insurance sector in the country. This Committee, under the Chairmanship of the Minister of Commerce presented the draft Insurance Policy to the Prime Minister, who I am pleased to inform you, has given his approval in principle. The feature of this policy directly relevant to PRCL are that:

1. The Board of Directors would be fully empowered to take decision in the interest of the company.
2. The Right of First Refusal entitlement which was likely to end upto year 2009 now will remain intact and insurance market will continue to offer 35% of its proportional and non-proportional treaty share and PRCL shall continue to remain as a strong Public Sector Company in the reinsurance market, and which shall Inshallah grow from strength to strength.

Ladies and Gentlemen,

I am quite happy to report that the facts and figures indicate a continued confidence and trust reposed and recognition accorded to the company both at the national and international level. It is my firm belief that the company with its sound financial position and reinsurance expertise will continue to enjoy excellent reputation at both national and international level and provide excellent service to all its clients. I would like to express my gratitude to you as well as our valuable clients and our business partners within Pakistan and abroad for their unforgettable continuous support and cooperation towards the achievement of targeted goals. I also wish to express my sincere gratitude to my colleagues on the Board and all the officers, employees of the company for their ungrudging labour and untiring hard work for strengthening the company. I would also like to express my gratitude to the officials of the Securities and Exchange Commission of Pakistan and Ministry of Commerce, Government of Pakistan for their continued cooperation extended to us.

Thank you.