



AC/208/15
April 06, 2015

PICIC Insurance Limited
HEAD OFFICE

1204, 12th Floor, Emerald Tower,
Clifton, Block-5, Karachi - 75600, Pakistan.
Tel | 021-35147651-5
Fax | 021-35147656
UAN | 11 12 PICIC (111-274-242)
www.picicinsurance.com

The General Manager

- | | | |
|----|--|------------------------|
| 1. | Karachi Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi. | Fax #: 021-111-573-329 |
| 2. | Lahore Stock Exchange
19-Khyban-e-Aiwan-e-Iqbal
Lahore | 042- 3636 8485 |
| 3. | Islamabad Stock Exchange
Islamabad | 051-111-473-329 |

Dear Sir(s),

Announcement

Financial results for the year ended December 31, 2014 and issue of right shares at a discount

We would like to inform you that the Board of Directors of our company in their meeting held on April 3, 2015 at 4.00pm and adjourned meeting held on April 06, 2015 at 12:30 pm at 1204, 12th Floor, Emerald Tower, Clifton, Block-5 Karachi, recommended the following:

- i. Cash Dividend: NIL
ii. Bonus Shares: NIL

iii. Right Shares: The Board has resolved to issue 70,000,000 Right Shares at a discount of Rs.5 per share, in proportion of 200 shares for every 100 shares

Transfer received at our Registrar office FAMCO Associates (Pvt) Ltd. 8-F, Next to Hotel Faran, Nursery Block – 6, P.E.C.H.S. Shahrah-e-Faisal, Karachi at the close of business on April 22, 2015 will be treated in time for the purpose of entitlement of Right Shares to the transferees

Please note that the statement containing Purpose of Right Issue, Benefits to the Company and Use of Funds and Financial Projections for the next five years signed by the concerned directors is enclosed herewith as "Annexure A"

The Board has authorised the Chief Executive Officer of the Company to select and enter into an underwriting arrangement with an underwriter for the purpose of the issuance of the Right Shares in accordance with the Companies (issue of Capital) Rules, 1996 and to prepare, execute and file all necessary documents as required under section (84) of the Companies Ordinance 1984, and to undertake and make all necessary arrangements in this regard.

iv. Any Other Corporate Actions: For the purpose of the Rights Issue, the Board has approved the increase in the Authorised Share Capital of the Company to Rs. 1,250,000,000 (Rupees One billion and



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two hundred and fifty million only) from Rs. 500,000,000 (Rupees five hundred million only) by the creation of 750,000,000 (seven hundred and fifty million only) new ordinary Shares of Rs. 10 each. The Board has, for this purpose, recommended to the Share holders for their approval, the necessary amendments to the Memorandum and Articles of Association of the Company, subject to the approval of the Stock Exchanges, as and by way of a special resolution.

v. The Financial results of the Company are attached herewith as "Annexure B".

The Annual General Meeting (AGM) of the Company will be held on Thursday, April 30, 2015 at 2.30pm at The Institute of Chartered Accountants of Pakistan (ICAP) Auditorium, Chartered Accountants Avenue, Clifton Karachi. The Share Transfer Books of the Company will be closed from April 23, 2015 to April 30, 2015 (both days inclusive). Transfers received at the FAMCO Associates Pvt. Ltd. 8-F, next to Hotel Faran, Nursery Block-6, P.E.C.H.S.Shahrah-e-Faisal, Karachi at the close of business on April 22, 2015 will be treated in time for the purpose of above entitlement to the transferees.

We will be sending you 300 copies of printed accounts for distribution amongst the members of the Exchange 21 days before the date of AGM.

You may please inform the members of the Exchange accordingly.

Yours Sincerely

Faiza Khalid
Company Secretary



Cc:

The Registrar
Securities & Exchange Commission of Pakistan
4th Floor, State Life Building # 2, Karachi

The Director
Insurance Division
Securities & Exchange Commission of Pakistan
4th Floor, Insurance Division, State Life Building # 2, Karachi

The Commissioner
Securities Market Division
Securities and Exchange Commission of Pakistan
NIC Building, 63 Jinnah Avenue, Islamabad



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**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Fire and property	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Aggregate	
						2014	2013
(Rupees in thousand)							
Revenue account							
Net premium revenue	17,516	9,243	146,664	104,080	15,195	292,698	322,505
Net claims	(2,032)	(7,644)	(71,403)	(130,109)	(1,931)	(213,119)	(177,558)
Premium deficiency (expense) / reversal	-	-	-	(7,781)	-	(7,781)	2,134
Management expenses	(33,800)	(10,260)	(26,218)	(15,760)	(24,641)	(110,679)	(117,741)
Net commission	1,713	1,003	(11,093)	(5,692)	370	(13,699)	7,847
Underwriting results	(16,803)	(7,658)	37,950	(55,262)	(11,007)	(52,580)	37,187
Net investment income						7,423	12,014
Return on bank balances						4,744	13,130
Gain on disposal of fixed assets						1,713	1,021
Other income						-	3,047
						(38,700)	66,399
General and administrative expenses						(91,659)	(55,625)
Financial charges						(199)	(357)
Other charges						(245)	(509)
(Loss) / profit before tax						(130,803)	9,908
Taxation							
- Current						(159)	(124)
- Deferred						-	(360)
						(159)	(484)
(Loss) / profit after tax						(130,962)	9,424
Profit and loss appropriation account							
Balance at the commencement of year						(121,395)	(126,373)
Total comprehensive (loss) / income for the year						(129,047)	4,978
Closing profit and loss appropriation account						(250,442)	(121,395)
(Loss) / earnings per share - basic and diluted (Rupees)						(3.74)	0.27



Faiza Khalid
Company Secretary



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Announcement of Right Issue

The Board of Directors of PICIC Insurance Limited in their meeting held on April 3, 2015 and adjourned meeting held on April 06, 2015 at 1204, 12th Floor Emerald Tower, Clifton, Block – 5, Karachi has approved the following

RIGHT SHARES

To raise Paid up Capital by Rs. 700 million by issue of 200% Right Shares at a discount of Rs. 5 per share, i.e. 200 right shares for every 100 shares held by the shareholders, at a price of Rs.5.

PURPOSE OF THE RIGHT ISSUE

The Right Share are being issued to meet the solvency requirement & provide fresh equity which will improve the liquidity ratio, allow the future growth and will improve the profitability of the company to benefit all the stakeholders.

BENEFITS TO THE COMPANY

Injection of the additional capital would make the Company solvent, facilitate growth of the business, rating of the Company, which will gain the loss of business, improve operational viability, profitability of the Company and ensure good return to the Shareholders on their investment.

USE OF FUNDS

Funds generated through right share will be utilized partly to meet the working capital requirement and to expand the operations of the Company. The additional capital will be partly invested in debt as well as equity instruments.

FINANCING PLAN

	Authorized Share Capital		Authorized Share Capital
Rupees in thousand.....		
As at December 31, 2014	500,000	-	500,000
Add: Right issue	750,000	-	750,000
Total Authorised Capital	1,250,000	-	1,250,000

	Paid Up Capital	Accumulated Losses	Net Equity
Rupees in thousand.....		
As at December 31, 2014	350,000	(250,442)	99,558
Add: Proposed Increase	700,000	-	700,000
After Right issue	1,050,000	(250,442)	799,558
Discount on issue of Share	(350,000)	-	(350,000)
Net	700,000	(250,442)	449,558

FINANCIAL PROJECTIONS

Balance Sheet	2015	2016	2017	2018	2019
Rupees in thousand.....				
Assets					
Current Assets	1,492,911	1,692,789	1,902,050	2,211,827	2,515,353
Non Current Assets	20,619	17,919	15,624	14,624	13,624
Total Assets	1,513,530	1,710,708	1,917,674	2,226,451	2,528,978
Equity and Liabilities					
Paid Up Share Capital	700,000	700,000	700,000	700,000	700,000
Total Equity	478,857	553,921	634,245	727,512	839,368
Total Liabilities	1,034,673	1,156,787	1,283,429	1,498,939	1,689,609
Total Equity & Liabilities	1,513,530	1,710,708	1,917,674	2,226,451	2,528,977



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Profit and Loss Account	2015	2016	2017	2018	2019
.....Rupees in thousand.....					
Premium Written	860,000	989,000	1,137,350	1,307,953	1,504,145
Net premium revenue	410,294	527,442	596,220	676,938	769,285
Underwriting Results	77,137	105,920	120,237	133,300	151,381
Investment Income	33,600	49,700	54,100	65,300	72,700
General & Admin Expenses	(80,438)	(87,346)	(93,013)	(103,433)	(109,925)
Net Profit before taxation	30,599	76,455	81,824	95,767	114,856

Note: The Financial Projections presented above reflect the Board's view on how the Company is expected to grow and perform under the current and foreseeable economic and competitive environments. These projections may differ from earlier projections approved by the Board since the economic, regulatory and competitive environments, both existing and forecasts, are substantially different from those that existed at the time that any earlier forecasts may have been made. The current economic and market environments has been adversely impacted and near term prospects for the economy remain challenging. It is usually the case that some events and circumstances do not occur as expected or cannot be anticipated. Therefore, actual results during the projection period will almost always differ from the projections suggested and such differences may at times be material. Neither the Company nor any of its Directors or members of management accept any responsibility for any conclusions drawn, or investment decisions made, by any member or any other person based on the above information.

Chairman

Managing Director / CEO

Director

Karachi: Dated: April 06, 2015



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PICIC INSURANCE LIMITED
Projected Profit and Loss Accounts
As at December 31, 2014 (actual) & Projected for 2015 to 2019
All figures are Rupees in thousand

Financial Projections:

	Actual 2014	Budgeted 2015	Budgeted 2016	Budgeted 2017	Budgeted 2018	Budgeted 2019
Gross Premium (GP)						
Fire	156,052	270,000	310,500	357,075	410,636	472,232
Marine	53,160	125,000	143,750	165,313	190,109	218,826
Motor	172,533	250,000	267,500	330,625	380,219	437,252
Accident and Health	38,712	150,000	172,500	198,375	228,131	262,351
Miscellaneous	87,790	65,000	74,750	85,963	98,857	113,685
	<u>508,247</u>	<u>860,000</u>	<u>989,000</u>	<u>1,137,350</u>	<u>1,307,953</u>	<u>1,504,145</u>
Net Premium						
Fire	17,516	68,188	97,341	102,638	108,729	115,734
Marine	9,243	18,057	27,141	31,212	35,894	41,278
Motor	146,664	180,783	228,057	262,265	301,605	346,846
Accident and Health	104,080	129,959	163,375	187,881	216,064	248,473
Miscellaneous	15,195	13,308	11,528	12,224	14,646	16,954
	<u>292,698</u>	<u>410,294</u>	<u>527,442</u>	<u>596,220</u>	<u>676,938</u>	<u>769,285</u>
Net Loss Incurred						
Fire	2,032	8,183	14,601	17,448	18,484	21,989
Marine	7,644	4,514	6,785	7,803	8,973	11,558
Motor	71,403	90,391	129,992	146,869	165,883	208,108
Accident and Health	130,109	109,166	137,235	157,820	183,654	211,202
Miscellaneous	1,931	1,730	1,729	1,834	2,197	2,543
	<u>213,119</u>	<u>213,984</u>	<u>290,343</u>	<u>331,774</u>	<u>379,191</u>	<u>455,400</u>
Net Commission Expense						
Fire	13,754	34,416	44,138	50,759	58,373	67,128
Marine	3,401	12,353	20,356	22,465	25,126	23,902
Motor	12,716	17,277	23,077	26,539	30,520	35,097
Accident and Health	5,808	4,698	8,251	9,489	10,912	12,549
Miscellaneous	6,292	3,448	6,776	7,792	8,961	8,698
	<u>41,971</u>	<u>72,192</u>	<u>102,598</u>	<u>117,044</u>	<u>133,891</u>	<u>147,374</u>





Fire	15,467	35,039	41,251	48,043	52,811	60,039
Marine	4,404	10,836	15,365	17,577	18,334	33,625
Motor	1,623	2,163	2,606	2,997	3,447	4,064
Accident and Health	116	377	470	541	622	531
Miscellaneous	8,662	8,350	11,560	13,394	15,104	19,918
	<u>28,272</u>	<u>56,765</u>	<u>71,273</u>	<u>82,553</u>	<u>90,318</u>	<u>116,178</u>

Net Management Expense

Fire	33,800	30,437	31,391	34,495	38,000	41,909
Marine	10,260	11,675	14,510	15,943	17,564	19,371
Motor	26,218	36,569	29,024	31,890	35,133	38,747
Accident and Health	15,760	15,574	17,508	19,243	21,196	23,377
Miscellaneous	24,641	9,492	7,421	8,147	8,679	9,903
	<u>110,679</u>	<u>103,746</u>	<u>99,854</u>	<u>109,718</u>	<u>120,873</u>	<u>133,307</u>

Underwriting Result

Fire	(16,603)	30,191	48,461	47,980	46,683	44,746
Marine	(7,656)	351	876	2,578	2,564	20,072
Motor	37,950	38,708	48,570	59,965	73,517	68,958
Accident and Health	(47,481)	899	851	1,870	923	1,877
Miscellaneous	(11,007)	6,968	7,162	7,845	9,613	15,728
	<u>(44,796)</u>	<u>77,137</u>	<u>105,920</u>	<u>120,237</u>	<u>133,300</u>	<u>151,381</u>

Investment and other income

Gain on sale of Fixed Assets	12,167	33,600	49,700	54,100	65,300	72,700
Premium Deficiency Reserve	1,713	300	400	500	600	700
General and admin. expenses	(7,781)	-	7,781	-	-	-
Reversal of Prov. of Premium	(92,103)	(80,438)	(87,346)	(93,013)	(103,433)	(109,625)

Profit before tax

	(130,803)	30,599	76,455	81,824	95,767	114,856
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Less : Taxation

	(160)	(1,300)	(1,391)	(1,500)	(2,500)	(3,000)
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Profit after tax

	<u>(130,963)</u>	<u>29,299</u>	<u>75,065</u>	<u>80,324</u>	<u>93,267</u>	<u>111,856</u>
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Investments

	12,167	33,600	49,700	54,100	65,300	72,700
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Total Net Expenses

	202,782	184,184	187,199	202,731	224,306	243,232
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UNDERWRITING RATIOS





Claims Ratio (%)
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Fire	12	12	15	17	17	19
Marine	83	25	25	25	25	28
Motor	49	50	57	58	55	60
Accident and Health	125	84	84	84	85	85
Miscellaneous	13	13	15	15	15	15
	<u>73</u>	<u>52</u>	<u>55</u>	<u>56</u>	<u>56</u>	<u>59</u>
Underwriting result to GP %	(9)	9	11	11	10	10
Underwriting result to NPR %	(15)	19	20	20	20	20
Net Management Expense to NPR %	38	25	19	18	18	17
Combined Ratio %	69	50	53	52	51	52
Gross Premium Revenue (PE)	609,657	780,951	934,237	1,074,372	1,235,528	1,420,858
Gross Loss Incurred	266,073	213,984	290,343	331,774	379,191	455,400
Premium Earned (PE)						
Fire	154,288	259,509	294,253	338,391	389,150	447,523
Marine	43,593	91,834	135,705	156,061	179,470	206,390
Motor	170,745	215,814	271,496	312,221	359,054	412,912
Accident and Health	104,485	131,281	165,025	189,779	218,246	250,983
Miscellaneous	136,546	82,513	67,757	77,921	89,609	103,050
	<u>609,657</u>	<u>780,951</u>	<u>934,237</u>	<u>1,074,372</u>	<u>1,235,528</u>	<u>1,420,858</u>
Net Commission Expense						
Fire	13,754	34,416	44,138	50,759	58,373	67,128
Marine	3,401	12,353	20,356	22,465	25,126	23,902
Motor	12,716	17,277	23,077	26,539	30,520	35,097
Accident and Health	5,808	4,698	8,251	9,489	10,912	12,549
Miscellaneous	6,292	3,448	6,776	7,792	8,961	8,698
	<u>41,971</u>	<u>72,192</u>	<u>102,598</u>	<u>117,044</u>	<u>133,891</u>	<u>147,374</u>
Net Commission expense Ratio (%)						
Fire	8.91	13.28	15.00	15.00	15.00	15.00





Marine	7.80	13.45	15.00	14.40	14.00	11.58
Motor	7.45	8.01	8.50	8.50	8.50	8.50
Accident and Health	5.56	3.58	5.00	5.00	5.00	5.00
Miscellaneous	4.61	4.18	10.00	10.00	10.00	8.44
	<u>6.88</u>	<u>9.24</u>	<u>10.98</u>	<u>10.89</u>	<u>10.84</u>	<u>10.37</u>

Reinsurance cession						
Fire	136,768	175,569	211,209	252,195	299,329	353,533
Marine	42,576	100,000	115,000	132,250	152,088	174,901
Motor	27,910	40,000	46,000	52,900	60,835	69,980
Accident and Health	396	1,500	1,725	1,984	2,281	2,824
Miscellaneous	73,465	53,509	63,130	72,209	81,949	96,614
	<u>261,115</u>	<u>370,578</u>	<u>437,064</u>	<u>511,537</u>	<u>596,482</u>	<u>697,632</u>

Reinsurance cession Ratio with GP (%)						
Fire	87.64	65.03	68.02	70.63	72.89	74.86
Marine	80.09	80.00	80.00	80.00	80.00	80.00
Motor	16.18	16.00	16.00	16.00	16.00	16.00
Accident and Health	1.02	1.00	1.00	1.00	1.00	1.00
Miscellaneous	83.68	82.32	84.45	84.00	82.90	84.98
	<u>55.31</u>	<u>43.09</u>	<u>44.19</u>	<u>44.98</u>	<u>45.60</u>	<u>46.38</u>

Gross Commission Expense						
Fire	16,128	40,500	46,575	53,561	61,595	70,835
Marine	4,206	18,750	21,563	23,144	26,615	21,863
Motor	11,753	21,250	24,438	28,103	32,319	37,166
Accident and Health	(362)	7,500	8,625	9,919	11,407	13,118
Miscellaneous	2,188	6,500	7,475	8,596	9,886	5,684
	<u>33,913</u>	<u>94,500</u>	<u>108,675</u>	<u>123,323</u>	<u>141,822</u>	<u>148,666</u>

Gross Commission Expense Ratio (%)						
Fire	10.34	15.00	15.00	15.00	15.00	15.00
Marine	7.91	15.00	15.00	14.00	14.00	10.00
Motor	6.81	8.50	8.50	6.50	8.50	8.50
Accident and Health	0.94	5.00	5.00	5.00	5.00	5.00
Miscellaneous	2.49	10.00	10.00	10.00	10.00	5.00
	<u>6.67</u>	<u>10.99</u>	<u>10.99</u>	<u>10.84</u>	<u>10.84</u>	<u>9.88</u>

Commission Income						
Fire	15,467	35,039	41,251	48,043	52,811	60,039
Marine	4,404	10,836	15,385	17,577	18,334	33,625





Motor	1,623	2,163	2,806	2,997	3,447	4,064
Accident and Health	116	377	470	541	622	531
Miscellaneous	6,662	8,350	11,560	13,394	15,104	19,918
	<u>28,272</u>	<u>56,765</u>	<u>71,273</u>	<u>82,553</u>	<u>90,318</u>	<u>118,178</u>
Commission Income Ratio (%)						
Fire	11.31	19.96	19.53	19.05	17.64	16.98
Marine	10.34	10.84	13.38	13.29	12.05	19.23
Motor	5.82	5.41	5.67	5.67	5.67	5.81
Accident and Health	29.28	25.12	27.27	27.27	27.27	20.25
Miscellaneous	9.07	15.80	18.31	18.55	18.43	20.62
	<u>10.06</u>	<u>15.32</u>	<u>18.31</u>	<u>18.14</u>	<u>15.14</u>	<u>16.94</u>

Note: The Financial Projections presented above reflect on how the Company is expected to grow and perform under the current and foreseeable economic and competitive environments. The current economic and market environments has been adversely impacted and near term prospects for the economy remain challenging. It is usually the case that some events and circumstances do not occur as expected or cannot be anticipated. Therefore, actual results during the projection period will almost always differ from the projections suggested and such differences may at times be material. Neither the Company nor any of its Directors or members of management accept any responsibility for any conclusions drawn, or investment decisions made, by any member or any other person based on the above information.

Chairman

Managing Director / CEO

Director

Assumptions Used for Projection

<u>Gross Premium Increase</u>	2015	2016	2017	2018	2019
Based on the projected premium provided by business producers and sponsors support mainly in 2015 and onwards	% 69	% 15	% 15	% 15	% 15

Unearned Premium
Unearned premium based on 1/24th method as required by Insurance laws.

Reinsurance Ceding
It is assumed that the following will be the reinsurance ceding:

Fire	88	88	88	88	88
Marine	80	80	80	80	80
Motor	16	16	16	16	16
Accident and Health	1	1	1	1	1
Miscellaneous	84	84	84	84	84

Claims
It is assumed that the following will be claims ratios on the past experiences

Fire	12	15	17	17	19
Marine (abnormal claims in 2014)	25	25	25	25	28
Motor	50	57	56	55	60
Accident and Health (abnormal claims in 2014)	84	84	84	85	85
Miscellaneous	13	15	15	15	15

Commission Expense
Commission expense is as per actual current commission rates.

Commission Income
Commission income is as per actual treaty commission rates.

Expenses
It is assumed that expenses will increase on an average by 10% every year after 2015. In 2015 reduced due to reshuffling process in company operations.

Investment Income
Investment portfolio increased considering the maintenance of liquid cash. Considered that Right shares issue gain will be from 2nd half of the year 2015 onwards considered Bank deposit profit rate 7% and Investment gain 10% per annum.

Chairman

Managing Director / CEO

Director

