

AC/604/15
September 30, 2015

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 |

Subject: Announcement

Dear Sir,

This is to inform you that the Board of Directors of the Company in their meeting held on September 29, 2015 at 4pm at 1204, 12th Floor, Emerald Tower, Clifton, Block-5 Karachi resolved as follows:

Right Shares

The Board has resolved to issue 35,000,000 Right Shares at par at a price of Rs.10 per share, in proportion of 1 share for every 1 share.

Please note that the statement in accordance with the Companies (Issue of Capital) Rule 1996 containing Purpose of Right Issue, Benefits to the Company and Use of Funds and Financial Projections signed by all the directors present in the Board meeting is enclosed herewith.

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 November 2, 2015 will be treated in time for the purpose of entitlement of Right Shares to the transferees

The Share Transfer Books of the Company shall remain closed from November 3, 2015 to November 10, 2015 (both days inclusive) in order to determine the entitlement to the Right Shares.

You may please inform the members of the Exchange accordingly.

Yours Sincerely


Afroz Quraishi
Company Secretary



Cc:

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

PICIC INSURANCE LIMITED

Announcement of Right issue

The Board of Directors of PICIC Insurance Limited in their meeting held on September 29, 2015 at 4pm at 1204, 12th Floor Emerald Tower, Clifton, Block – 5, Karachi has approved the following;

RIGHT SHARES

To raise Paid up Capital by Rs. 350 million by issue of 100% Right Shares at par, i.e. (one) right shares for every (one) shares held by the shareholders, at a price of Rs.10.

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 reduce 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 used for investment.

FINANCING PLAN

	Authorized Share Capital		Authorized Share Capital
Rupees in thousand.....		
As at December 31, 2014	500,000	-	500,000
Add: Increased in 2015	750,000	-	750,000
Total Authorized 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	350,000	-	350,000
Total after Right issue	700,000	(250,442)	499,558

FINANCIAL PROJECTIONS

Balance Sheet	2015	2016	2017	2018	2019	2020
Rupees in thousand.....					
Assets						
Current Assets	1,231,037	1,455,661	1,713,477	1,964,358	2,238,366	2,521,674
Non Current Assets	24,220	22,500	21,000	19,100	18,600	17,600
Total Assets	1,255,257	1,478,161	1,734,477	1,983,458	2,256,966	2,539,274
Equity and Liabilities						
Paid Up Share Capital	700,000	700,000	700,000	700,000	700,000	700,000
Total Equity	419,595	454,477	516,080	603,063	705,530	719,362
Total Liabilities	835,662	1,023,684	1,218,397	1,380,395	1,551,436	1,819,912
Total Equity & Liabilities	1,255,257	1,478,161	1,734,477	1,983,458	2,256,966	2,539,274

Profit and Loss Account	2015	2016	2017	2018	2019	2020
.....Rupees in thousand.....						
Premium Written	602,437	800,332	960,399	1,104,459	1,270,127	1,460,646
Net premium revenue	234,586	330,550	385,570	446,116	508,763	580,042
Underwriting Results	48,010	74,848	116,328	141,802	159,312	177,811
Investment Income	8,000	47,500	54,900	63,600	74,960	85,456
General & Admin Expenses	(86,173)	(92,346)	(106,426)	(114,769)	(129,534)	(143,607)
Net Profit before taxation	(29,463)	37,882	64,902	90,733	104,838	119,760

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.

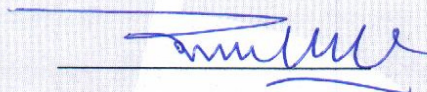
Chairman



Managing Director / CEO



Director



Director



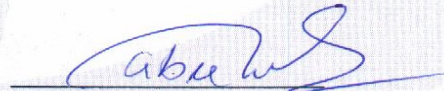
Director



Director



Director



Director

Absent

Director

Absent

Karachi: Dated: September 29, 2015




PICIC Insurance Limited
HEAD OFFICE

 1204, 12th Floor, Emerald Tower,
 Clifton, Block-5, Karachi - 75600, Pakistan.

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PICIC Insurance Limited
 Projected Profit and Loss Account
 As at December 31, 2014 (Actual) and Projected from 2015 to 2020
 All figures are Rupees in thousand

Financial Projections:

	Actual 2014	Budgeted 2015	Budgeted 2016	Budgeted 2017	Budgeted 2018	Budgeted 2019	Budgeted 2020
Gross Premium (GP)							
Fire	156,052	323,467	405,612	486,734	559,744	643,706	740,262
Marine	53,160	49,139	75,274	90,329	103,878	119,460	137,379
Motor	172,533	79,913	105,892	127,070	146,131	168,050	193,258
Accident and Health	38,712	36,582	58,301	69,962	80,456	92,524	106,403
Miscellaneous	87,790	113,336	155,253	186,304	214,250	246,387	283,345
	<u>508,247</u>	<u>602,437</u>	<u>800,332</u>	<u>960,399</u>	<u>1,104,459</u>	<u>1,270,127</u>	<u>1,460,646</u>
Net Premium							
Fire	17,516	74,889	155,526	168,380	191,312	215,111	242,481
Marine	9,243	11,619	21,073	28,688	33,723	38,781	44,599
Motor	146,664	89,957	76,197	96,673	113,691	130,744	150,356
Accident and Health	104,080	47,139	45,343	58,225	68,144	78,365	90,120
Miscellaneous	15,195	10,982	32,412	33,604	39,247	45,761	52,486
	<u>292,698</u>	<u>234,586</u>	<u>330,550</u>	<u>385,570</u>	<u>446,116</u>	<u>508,763</u>	<u>580,042</u>
Net Loss Incurred							
Fire	2,032	12,731	49,768	33,676	55,480	53,778	72,744
Marine	7,644	3,486	6,322	8,606	10,117	19,391	13,380
Motor	71,403	49,476	44,956	54,137	65,941	78,447	90,214
Accident and Health	130,109	40,068	40,809	50,655	59,966	68,178	77,503
Miscellaneous	1,931	1,428	6,482	25,203	7,849	6,864	10,497
	<u>213,119</u>	<u>107,189</u>	<u>148,338</u>	<u>172,278</u>	<u>199,354</u>	<u>226,657</u>	<u>264,338</u>
Net Commission Expense							
Fire	13,754	33,827	59,977	67,866	79,332	91,232	104,917
Marine	3,401	5,006	9,031	12,295	13,991	16,044	19,114
Motor	12,716	8,086	7,710	9,782	11,504	13,230	15,215
Accident and Health	5,808	598	2,519	3,235	3,786	4,354	5,007
Miscellaneous	6,292	2,053	15,597	16,467	19,478	22,399	25,759
	<u>41,971</u>	<u>49,570</u>	<u>94,835</u>	<u>109,645</u>	<u>128,091</u>	<u>147,258</u>	<u>170,011</u>
Reinsurance Commission Income							
Fire	15,467	29,994	44,609	50,934	56,923	66,271	75,851
Marine	4,404	4,407	6,280	8,635	9,578	11,217	12,838
Motor	1,623	1,125	871	1,105	1,299	1,494	1,718
Accident and Health	116	455	1,008	1,294	1,514	1,741	2,003
Miscellaneous	6,662	5,856	22,684	24,012	28,101	32,432	37,270
	<u>28,272</u>	<u>41,836</u>	<u>75,451</u>	<u>85,980</u>	<u>97,416</u>	<u>113,156</u>	<u>129,680</u>
Net Management Expense							
Fire	33,800	29,719	43,004	37,149	37,648	44,950	49,445
Marine	10,260	4,916	7,750	6,894	6,987	8,342	9,176
Motor	26,218	21,776	11,312	9,698	9,829	11,735	12,908
Accident and Health	15,760	5,140	5,870	5,340	5,411	6,461	7,107
Miscellaneous	24,641	10,103	20,045	14,219	14,410	17,205	18,926
	<u>110,679</u>	<u>71,654</u>	<u>87,981</u>	<u>73,300</u>	<u>74,286</u>	<u>88,693</u>	<u>97,562</u>
Underwriting Result							
Fire	(16,603)	28,606	47,385	80,623	75,774	91,423	91,226
Marine	(7,658)	2,618	4,249	9,528	12,206	6,223	15,767
Motor	37,950	11,743	13,089	24,160	27,716	28,827	33,738
Accident and Health	(47,481)	1,788	(2,847)	289	494	1,114	2,506
Miscellaneous	(11,007)	3,255	12,971	1,727	25,611	31,724	34,574
	<u>(44,799)</u>	<u>48,010</u>	<u>74,848</u>	<u>116,328</u>	<u>141,802</u>	<u>159,312</u>	<u>177,811</u>
Investment and other income	12,167	8,000	47,500	54,900	63,600	74,960	85,456
Gain on sale of Fixed Assets	1,713	700	100	100	100	100	100
Premium Deficiency Reserve	(7,781)	-	7,781	-	-	-	-
General and admin. expenses	(92,103)	(86,173)	(92,346)	(106,426)	(114,769)	(129,534)	(143,607)
Profit before tax	<u>(130,803)</u>	<u>(29,463)</u>	<u>37,882</u>	<u>64,902</u>	<u>90,733</u>	<u>104,838</u>	<u>119,760</u>




PICIC Insurance Limited
HEAD OFFICE

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 Clifton, Block-5, Karachi - 75600, Pakistan.

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PICIC Insurance Limited
 Projected Profit and Loss Account
 As at December 31, 2014 (Actual) and Projected from 2015 to 2020
 All figures are Rupees in thousand

Financial Projections:

	Actual 2014	Budgeted 2015	Budgeted 2016	Budgeted 2017	Budgeted 2018	Budgeted 2019	Budgeted 2020
Taxation	(159)	(500)	(3,000)	(3,300)	(3,750)	(2,371)	(35,928)
Profit after tax	(130,962)	(29,963)	34,882	61,602	86,983	102,467	83,832
Balance at commencement of the year	(121,395)	(250,442)	(280,405)	(245,523)	(183,920)	(96,937)	5,530
Profit / (loss) after tax for the period	(129,047)	(29,963)	34,882	61,602	86,983	102,467	83,832
Cash dividend @ Re.1 per share	-	-	-	-	-	-	(70,000)
Balance unappropriated profit/(loss) at end of the period	(250,442)	(280,405)	(245,523)	(183,920)	(96,937)	5,530	19,362
Net Equity	99,558	419,595	454,477	516,080	603,063	705,530	719,362
Total Expenses	202,782	157,827	180,327	179,725	189,055	218,227	241,169

UNDERWRITING RATIOS
Claims Ratio (%)

Fire	12	17	32	20	29	25	30
Marine	83	30	30	30	30	50	30
Motor	49	55	59	56	58	60	60
Accident and Health	125	85	90	87	88	87	86
Miscellaneous	13	13	20	75	20	15	20
	<u>73</u>	<u>46</u>	<u>45</u>	<u>45</u>	<u>45</u>	<u>45</u>	<u>46</u>

Underwriting result to GP %	(9)	8	9	12	13	13	12
Underwriting result to NPR %	(15)	20	23	30	32	31	31
Net Management Expense to NPR %	38	31	27	19	17	17	17
Combined Ratio %	69	44	44	40	39	39	39

Gross Premium Revenue (PE)	609,657	523,960	757,123	878,854	1,031,068	1,185,729	1,363,588
Gross Loss Incurred	266,073	107,189	148,338	172,278	199,354	226,657	264,338

Premium Earned (PE)

Fire	154,288	255,582	399,849	452,440	528,880	608,212	699,444
Marine	43,593	42,854	60,209	81,966	96,351	110,804	127,424
Motor	170,745	107,688	90,710	115,087	135,346	155,648	178,995
Accident and Health	104,485	49,275	50,382	64,694	75,715	87,072	100,133
Miscellaneous	136,546	68,559	155,974	164,667	194,776	223,992	257,591
	<u>609,657</u>	<u>523,960</u>	<u>757,123</u>	<u>878,854</u>	<u>1,031,068</u>	<u>1,185,729</u>	<u>1,363,588</u>

Net Commission Expense

Fire	13,754	33,827	59,977	67,866	79,332	91,232	104,917
Marine	3,401	5,006	9,031	12,295	13,991	16,044	19,114
Motor	12,716	8,086	7,710	9,782	11,504	13,230	15,215
Accident and Health	5,808	598	2,519	3,235	3,786	4,354	5,007
Miscellaneous	6,292	2,053	15,597	16,467	19,478	22,399	25,759
	<u>41,971</u>	<u>49,570</u>	<u>94,835</u>	<u>109,645</u>	<u>128,091</u>	<u>147,258</u>	<u>170,011</u>




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Projected Profit and Loss Account
As at December 31, 2014 (Actual) and Projected from 2015 to 2020
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Financial Projections:

	Actual 2014	Budgeted 2015	Budgeted 2016	Budgeted 2017	Budgeted 2018	Budgeted 2019	Budgeted 2020
Net Commission expense Ratio (%)							
Fire	8.91	13.24	15.00	15.00	15.00	15.00	15.00
Marine	7.80	11.68	15.00	15.00	14.52	14.48	15.00
Motor	7.45	7.51	8.50	8.50	8.50	8.50	8.50
Accident and Health	5.56	1.21	5.00	5.00	5.00	5.00	5.00
Miscellaneous	4.61	2.99	10.00	10.00	10.00	10.00	10.00
	<u>6.88</u>	<u>9.46</u>	<u>12.53</u>	<u>12.48</u>	<u>12.42</u>	<u>12.42</u>	<u>12.47</u>
Reinsurance cession							
Fire	136,768	193,779	251,280	308,066	359,173	417,946	485,535
Marine	42,576	31,940	48,928	58,714	67,521	77,649	89,296
Motor	27,910	12,786	16,943	20,331	23,381	26,888	30,921
Accident and Health	396	3,658	5,830	6,996	8,046	9,252	10,640
Miscellaneous	73,465	89,706	123,240	149,043	170,437	196,147	225,695
	<u>281,115</u>	<u>331,870</u>	<u>446,221</u>	<u>543,150</u>	<u>628,558</u>	<u>727,883</u>	<u>842,088</u>
Reinsurance cession Ratio with GP (%)							
Fire	87.64	59.91	61.95	63.29	64.17	64.93	65.59
Marine	80.09	65.00	65.00	65.00	65.00	65.00	65.00
Motor	16.18	16.00	16.00	16.00	16.00	16.00	16.00
Accident and Health	1.02	10.00	10.00	10.00	10.00	10.00	10.00
Miscellaneous	83.68	79.15	79.38	80.00	79.55	79.61	79.65
	<u>55.31</u>	<u>55.09</u>	<u>55.75</u>	<u>56.55</u>	<u>56.91</u>	<u>57.31</u>	<u>57.65</u>
Gross Commission Expense							
Fire	16,128	48,520	60,842	73,010	83,962	96,556	111,039
Marine	4,206	7,371	11,291	13,549	14,543	17,919	20,607
Motor	11,753	6,793	9,001	10,801	12,421	14,284	16,427
Accident and Health	(362)	1,829	2,915	3,498	4,023	4,626	5,320
Miscellaneous	2,188	11,334	15,525	18,630	21,425	24,639	28,335
	<u>33,913</u>	<u>75,846</u>	<u>99,574</u>	<u>119,489</u>	<u>136,373</u>	<u>158,024</u>	<u>181,728</u>
Gross Commission Expense Ratio (%)							
Fire	10.34	15.00	15.00	15.00	15.00	15.00	15.00
Marine	7.91	15.00	15.00	15.00	14.00	15.00	15.00
Motor	6.81	8.50	8.50	8.50	8.50	8.50	8.50
Accident and Health	(1)	5.00	5.00	5.00	5.00	5.00	5.00
Miscellaneous	2.49	10.00	10.00	10.00	10.00	10.00	10.00
	<u>6.67</u>	<u>12.59</u>	<u>12.44</u>	<u>12.44</u>	<u>12.35</u>	<u>12.44</u>	<u>12.44</u>
Commission Income							
Fire	19,446	36,373	44,998	53,516	61,182	69,998	80,137
Marine	5,195	5,205	7,753	9,221	10,542	12,061	13,808
Motor	1,815	767	1,017	1,220	1,403	1,613	1,855
Accident and Health	113	732	1,166	1,399	1,609	1,850	2,128
Miscellaneous	7,081	16,497	22,533	27,005	31,029	35,657	40,979
	<u>33,650</u>	<u>59,574</u>	<u>77,468</u>	<u>92,361</u>	<u>105,765</u>	<u>121,180</u>	<u>138,907</u>
Commission Income Ratio (%)							
Fire	14.22	18.77	17.91	17.37	17.03	16.75	16.50
Marine	12.20	16.30	15.85	15.70	15.61	15.53	15.46
Motor	6.50	6.00	6.00	6.00	6.00	6.00	6.00
Accident and Health	28.52	20.00	20.00	20.00	20.00	20.00	20.00
Miscellaneous	9.64	18.39	18.28	18.12	18.21	18.18	18.16
	<u>11.97</u>	<u>17.95</u>	<u>17.36</u>	<u>17.00</u>	<u>16.83</u>	<u>16.65</u>	<u>16.50</u>





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Projected Profit and Loss Account
As at December 31, 2014 (Actual) and Projected from 2015 to 2020
All figures are Rupees In thousand


Financial Projections:

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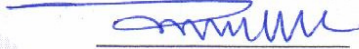
Chairman



Managing Director / CEO



Director



Director



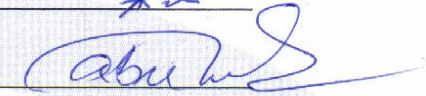
Director



Director



Director



Director

Absent

Director

Absent.

Karachi: Dated: September 29, 2015

