

April 03, 2024

TIP 2024/0403/1A

Principal Secretary to PM  
Prime Minister House,  
Islamabad

**Subject: Complaint against the Allegation of Violation of Legal and Procedural Obligations, Procurement Rules, and Irregularities in the Appointments in National Insurance Company Limited (NICL) as identified by the Auditor General of Pakistan, Causing Financial Loss of Billions to the National Exchequer**

Dear Sir,

Transparency International Pakistan has received a complaint against the Allegations of Violation of Legal and Procedural Obligations, Procurement Rules and Irregularities in the Appointments/Promotions of Officers in National Insurance Company Limited (NICL) as identified by Auditor General of Pakistan, Causing Financial Loss to the National Exchequer **(Annex-A)**

The complainant has made the following allegations:

1. The National Insurance Company Limited (NICL) published an advertisements in the Daily Jung, Karachi on 02-05-2023 to fill 30 key officer positions in various departments in violation of the ban on new appointments imposed by the Finance Division wide notification No.7(I)Exp.IV/2016-440 dated 15<sup>th</sup> July 2021 **(Annex-B)**
2. The current CEO Mr. Khalid Hamid was appointed on 28<sup>th</sup> April 2021 for a period of 03 years. However, despite various irregularities and inquiries against him, the Board of Directors allegedly renewed his contract in March 2024 for another three years.
3. As per the audit report 2022, conducted by the office of DG Commercial Audit & Evaluation (South) Karachi, NICL has incurred a loss of approx. Rs. 2.8 billion due to irregularities, quoted below **(Annex-C)**.

Sr.#	Description as per Audit Report 2022	PKR Amount
1.1	Doubtful payment of claim	1,391,000
1.2	Violation of rule due to delay in settlement	1,500,000
1.3	Doubtful payment of claim	2,300,000
1.4	Doubtful payment of claim	3,005,000
1.5	Doubtful settlement of fraud/infidelity claim of NBP	15,000,000
1.6	Irregular settlement of claim	42,987,000
1.7	Irregular settlement of claim	22,319,000
1.8	Settlement of claim in violation of policy	15,000,000
1.9	Unjustified settlement of fraud/infidelity claim of NBP	13,155,000
1.10	Doubtful payment of claim	19,119,000
1.11	Unjustified settlement of Marine claim of PSML	3,600,000
1.12	Unjustified settlement of claim of PSO	7,946,000
1.13	Unjustified settlement of claim of PSO	13,340,000
1.14	Excess payment to SSGCL due to non-deduction of deductibles	80,000,000
1.15	Irregular / unjustified discount allowed on insurance premium	71,735,000
1.16	In-ordinate delay in completing survey by the surveyors	56,821,000
1.17	In-ordinate delay in completing survey by the surveyors	376,570,000

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1.18	Violation of rule due to delay in settlement of re-insurance claim	98,204,900
1.19	Irregular charges of premium on different rate	601,830,000
1.20	Payment of premium directly to the international underwriter and brokers	1,331,600,000

4. Since 2021, NICL Board has been non-existent. The CEO Mr. Khalid Hamid has engaged in various activities without the requisite approval from the BoD. This includes repair and maintenance of real estate, unauthorized use of official vehicles, extravagant foreign tours, and unwarranted renovations, rental of international properties at significantly reduced prices, excessive entertainment expenses, and the purchase of official vehicles without proper authorization, including significant renovations carried out without the requisite approval from the NICL Board of Directors.
5. NICL has also consistently violated the PPRA Rules 2004, causing approx. loss of Rs. 100 million to the national exchequer, as identified by the Audit Report 2022 (Annex-D). These violations include:

Sr.#	Description as per Audit Report 2022	PKR Amount
a)	Unjustified procurement against austerity measures of Finance Division	7,317,000
b)	Non-transparent award of contract worth	7,538,000
c)	Violation of rule due to non-uploading procurement plan on PPRA websites	32,838,000
d)	Mis-procurement of I.T equipment on splitting basis	32,838,000
e)	Irregular expenditure through splitting amount	18,454,000

6. NICL has caused loss of approx. Rs. 747 million to the national exchequer due to non-recovery of rent by the Estate Department from various tenants for NICL's properties (Annex-E). These include:

Sr.#	Description as per Audit Report 2022	PKR Amount
3.2	Non-recovery of rent from M/s. Bearing Point	40,668,000
3.3	Non-recovery of outstanding rent from tenants	63,452,000
3.4	Non-recovery of outstanding rent from overseas tenants	13,990,000
3.5	Loss due to renting out the premises at lesser rates	629,210,000

7. Between July 2012 and April 2021, eight CEOs were appointed, six of whom served in an acting capacity. On 8<sup>th</sup> August 2023, Ministry of Commerce vide notification No. 15(I)/2023-Aos-HR reconstituted the Board of Directors of NICL for a period of 3 years consisting of the following (Annex-F):

Sr.#	Composition of Board	Remarks
1	CEO, NICLS	Executive Director/Ex-Officio
2	Rep Ministry of Commerce	Ex-officio
3	Rep Ministry of Finance	Ex-Officio
4	Executive Director, State Life Insurance Corporation	Ex-Officio
5	Mr. Shahid Sattar, President/CEO, SAMBA Bank Ltd	Independent Director
6	Mr. Abid Sattar, Ex-President & CEO, Askari Bank Ltd.	Independent Director
7	Insurance sector Mr. Ali Syed, CEO, M/s Alltrac (Pvt) Limited; M/s IDC (Pvt) Limited and M/S Simzain International	Independent Director
8	Sahibzada Rafat Raof Ali, Ex Group Head SAMD, The Bank of Punjab	Independent Director
9	Mr. Muhammad Jaffer Raza, Lawyer associated with various Law Firms	Independent Director

8. The newly constituted board comprises of two brothers, who are related by blood, in violation of conflict-of-interest policy namely Mr. Shahid Sattar and Mr. Abid Sattar.



9. In the absence of the BoD, the management of NICL has irregularly enhanced house rent and utility allowance amounting to Rs. 28.829 million, made an un-authorized payment of pension to non-entitled employee at Rs. 11.290 million (Annex-G).

Sr.#	Composition of Board	Remarks
4.1	Irregular enhancement in house rent and Utility Allowance	28,829,000
4.2	Un-authorized payment of pension to non-entitled employee	11,290,000

#### Transparency International Pakistan Comments

Transparency International Pakistan has reviewed the allegations of the complaint. Following are TI Pakistan comments:

1. If the findings of the audit report are authentic, prima facie the allegations seem correct.
2. The affairs of NICL have been subject to various allegations since many years. The serious allegations of violation of rules in the audit report 2022, resulting in loss amounting to billions to the national exchequer, must be investigated so that the responsible officers are held accountable in accordance with the law.
3. On 27-08-2010, the Honorable Supreme Court of Pakistan ordered o to convert Transparency International Pakistan letter addressed to Chairman NICL dated 6 May 2010 as petition and converted HRC No. 18567-S/2010 to Suo Moto Case 18 of 2010 for Suo Moto Action regarding violation of Public Procurement Rules 2004, in procurement loss of over billions of rupees to exchequer caused by National Insurance Company Limited (**Annex-H**).
4. The Honorable Supreme Court of Pakistan ordered filing of FIR against the beneficiaries including Govt. officials, and ordered NAB to file references in Court for recoveries of billions of rupees. The NAB cases are pending in courts for last 14 years (**Annex-I**).
5. Section 196 of Company Act 2017 requires that the affairs and business of a company are managed by its Board of Directors. The decisions taken by the CEO and the management including enhancing the house rent allowance, utility allowance, unauthorized payment of pension to non-entitled employee and procurement without the approval of the BoD and treated as irregular by the audit report, for which the amount may be recovered under the applicable rules.
6. TI Pakistan requests the NICL to recover Rs. 629 million loss incurred due to renting out the premises at lesser rates and to hold investigation as to under which rules and regulations such decisions were taken by the management.
7. The procurements worth Rs. 100 million as identified by the audit report are in complete violation of Public Procurement Rules 2004, and therefore required to be declared as mis-procurement under Rule No. 50.
8. Rule-7 of Public Procurement Rules 2004 states that procurements exceeding Rs 10 million shall be subject to an integrity pact, and the loss to the procuring agency due to corruption will be recovered at amount equivalent to ten times the sum of the contract value as per the PPRA Rules 2004.
9. If the allegations of the Auditor General are proved to be false, action may be taken as per the NAB (Amendment) Bill 2022, encompassing punishment for the person responsible for initiating false case against anyone (**Annex-J**).

#### Transparency International Pakistan's Recommendations

Transparency International Pakistan requests the Honorable Prime Minister to examine the serious allegations of the complaint and if the alleged violations are found to be correct, take action under the applicable rules.

Transparency International Pakistan is striving for across-the-board application of Rule of Law, which is the only way to stop corruption, and achieve against Zero tolerance against corruption.



Regards

(Advocate Daniyal Muzaffar)  
Trustee/Legal Advisor  
Transparency International Pakistan

Copies forwarded for the information with request to take action under their mandate to:

1. Minister, Ministry of Commerce, Islamabad
2. Secretary, Ministry of Commerce, Islamabad
3. Chairman, PMIC, Islamabad
4. Chairman, NAB, Islamabad
5. DG, FIA, Islamabad
6. Chairman, NICL, Karachi
7. Registrar, Supreme Court of Pakistan, Islamabad

**Note:**

This is to clarify that Transparency International Pakistan is not a complainant, it acts as a whistleblower and operate under Article 19-A, of the Constitution of Pakistan which gives the right to public to know how government is being run by public officers. Article 19-A makes the right to access of information pertaining to a public authority a fundamental right, and a three member bench in case of Mukhtar Ahmad Ali vs the Registrar, Supreme Court of Pakistan, Islamabad, headed by Chief Justice Qazi Faez Isa in the landmark judgment on 16 October 2023, in CP No. 3532/2023, has declared that:

“What previously may have been on a need-to-know basis Article 19A of the Constitution has transformed it to a right-to-know, and the Access to information is no longer a discretion granted through occasional benevolence, but is now a fundamental right available with every Pakistani which right may be invoked under Article 19A of the Constitution”

Ref: NICL/EU/01/Trans-Int-Pak/2024

Dated: March 9<sup>th</sup>, 2024

Honorable Chairman Board Members,  
Transparency International Pakistan  
Karachi.

**Subject: Complaint against the Management of National Insurance Company Limited (NICL)**

***Respected Board Members Transparency International Pakistan,***

We, the Employee Union CBA of National Insurance Company Limited (NICL), write this letter to bring to your attention the grave concerns we have regarding the management's involvement in corruption, misdeeds, and various violations of legal and procedural obligations. We kindly request a thorough investigation into the matter and appropriate action against those found responsible for the aforementioned acts.

The following individuals, namely: ***Tariq Aziz (Executive Director Corporate Services), Mr. Bilal Kully (Acting general Manager HR, Admin & IT), Mr. Imran Ahmed (Manager Admin And Real Estate North Zone Islamabad), and Mr. Khurram Irshad (Zonal Head North Zone Islamabad)***, who hold key positions within NICL, have been engaging in activities that compromise the integrity of our esteemed organization. We believe that their actions warrant immediate attention and intervention. The specific matters of concern are as follows:

**1. Mr. Naveed Ahmed (Manager Law) - Corruption in Legal Fees:**

We have substantial evidence suggesting Mr. Naveed Ahmed's involvement in corruption related to the payment of legal fees for illegal cases. Such conduct not only undermines the principles of justice but also tarnishes NICL's reputation as an organization committed to upholding the law.

**2. Mr. Tariq Aziz (ED CS), Mr. Bilal Kully (ACM HR & Admin), Mr. Imran Ahmed (Manager Admin & RealEstate NZ) - Procedural Lapses and Violation of PEPPRA Rules:**

These individuals have been consistently involved in procedural lapses and have demonstrated a blatant disregard for the Public Procurement Regulatory Authority (PEPPRA) rules. Their actions undermine fair competition, transparency, and accountability in the procurement process.

**3. Absence of Annual Procurement Plan and Reliance on False Quotations:**

NICL management has failed to establish an annual procurement plan, resulting in a lack of strategic and efficient procurement practices. Furthermore, there is evidence suggesting their reliance on false quotations, which not only distorts the competitive bidding process but also facilitates corruption and potentially resulting in inflated costs and misappropriation of funds. There are numerous instances of procedural lapses and violations of the Public Procurement Regulatory

Authority (PEPRA) rules within NICL. These violations undermine transparency and fairness in the procurement processes, creating opportunities for corruption and favoritism.

**4. Mr. Tariq Aziz (ED CS) and Mr.Imran Ahmed (Manager)- Misuse of Funds and Corruption in Real Estate Department:**

Our investigation has revealed substantial evidence of Mr. Tariq Aziz's involvement in the misuse of funds and corrupt practices within the real estate department. These actions undermine the principles of accountability and fair management of resources under the PEPRA guidelines.

**5. Misdeeds in Repair and Maintenance:**

Numerous instances of misdeeds have been observed in the repair and maintenance activities carried out by NICL management. These practices not only compromise the safety and functionality of our facilities but also raise concerns about the misappropriation of funds.

**6. Mr. Bilal Kully - Misuse of Official Vehicles and Fuel:**

Mr. Bilal Kully has been found involved in the misuse of official vehicles and fuel, which suggests a pattern of personal gain at the expense of NICL's resources. Such conduct is both unethical and unlawful, warranting appropriate investigation and disciplinary action.

**7. CEO's Favoritism and Special Consideration:**

There have been instances where the CEO of NICL has shown favoritism and granted special considerations to his preferred officers, particularly in terms of TA/DA, traveling, tours, and other activities. This creates an environment of unfairness and compromises the merit-based principles that should govern our organization.

The management, particularly the Chief Executive Officer (CEO) of NICL, has allegedly engaged in various activities without the requisite approval from the Board of Directors (BoD). These activities include repair and maintenance of real estate, unauthorized use of official vehicles, extravagant foreign tours, and unwarranted renovations, rental of international properties at significantly reduced prices, excessive entertainment expenses, and the purchase of official vehicles without proper authorization. We, as CBA office bearers, express our deep concern regarding significant renovations carried out without the requisite approval from the NICL Board of Directors.

It is of utmost concern that the Board of Directors of NICL has been non-existent since 2021, thereby allowing the CEO to carry out these actions without oversight or accountability. This absence of governance exacerbates the risk of corruption and maladministration within the organization.

In light of these allegations, we kindly request the Transparency International Pakistan to launch a thorough investigation into the affairs of NICL, focusing specifically on the aforementioned matters.

We believe that the Transparency International Pakistan, with its expertise in investigating financial crimes and corruption, is best positioned to uncover the truth and hold the responsible individuals accountable.

Furthermore, the complainant has submitted multiple complaints to the *Federal Investigation Agency (FIA)* over the past nine months. The ongoing inquiry, *registered under inquiry number 22/2023*, has uncovered several instances of misconduct within NICL and highlight the need for external intervention. I would like to provide you with a summary of the key allegations along with number of complaints:

**1. Inquiry (01) Formation of a Corrupt Group within NICL:**

A group comprising Mr. Usman Ghani, Mr. Bilal Kully, Mr. Imran Ahmed, Mr. Naveed Ahmed, and others has allegedly been manipulating transfers and appointments to further their own interests. This complaint was lodged on 10-04-2023.

**2. Inquiry (02) Illegal/Irregular Appointments:**

The management is accused of making illegal and irregular appointments, violating the ban in NICL, and disregarding merit, seniority lists, and established rules. The complaint was filed on 02-06-2023.

**3. Inquiry (03) Out-of-Turn Accelerated Promotions:**

The complaint dated 01-06-2023 alleges that NICL management has been involved in irregular out-of-turn accelerated promotions, contrary to Board of Directors orders, audit paras, and DAC directions.

**4. Inquiry (04) Corruption in Favor of Retired Employees:**

NICL management is accused of openly engaging in corruption by providing illegal benefits to retired employee Mr. Ghulam Rasool Bhagat in exchange for closing ongoing complaints in FIA and NAB. This complaint was submitted on 14-11-2023.

**5. Inquiry (05) Inquiry Against Executive Director Mr. Tariq Aziz:**

The complaint dated 14-11-2023 seeks an inquiry against Mr. Tariq Aziz, Executive Director (Corporate Services) at NICL, concerning his alleged illegal appointment and other misdeeds committed during his tenure.

**6. Inquiry (06) Illegal Financial Gains by NICL Management:**

The complaint dated 14-11-2023 accuses NICL management of obtaining illegal financial gains through the incorrect implementation of high court orders.

**7. Inquiry (07) Failure to Implement Thematic Audit Report:**

NICL management is alleged to have failed in implementing the recommendations of Thematic Audit Report No. 755/DIR-II/AC-II/THEMATIC/A/R/NICL/2010-20 dated 24-11-2021 on the significance of corporate governance.

**8. Inquiry (08) Failure to Implement Maintenance Recommendations:**

The complaint dated 15-11-2023 highlights NICL management's failure to implement the recommendations of an inquiry report regarding the maintenance of chillers in the NICL building in Karachi, causing substantial financial losses.

The complainant, who are president and general secretary of the employees' union CBA, were dismissed by the NICL management seven months ago and are still jobless. We believe this action was taken against them due to their efforts to expose corruption within NICL.

Given the gravity of these allegations, I kindly request Transparency International Pakistan to conduct an independent investigation into the matter. It is imperative to ensure transparency, accountability, and the adherence to ethical standards within NICL.

Thank you for your attention to this matter, and I trust that Transparency International Pakistan will play a crucial role in unveiling the truth and promoting a culture of integrity within organizations.



Daily Jang Newspaper dated: 07<sup>th</sup> May 2023

## Admin and HR Positions in Insurance Sector

National Insurance Company Limited (a large public sector Insurance company), key player in the General Insurance, is seeking to induct qualified and dynamic professionals for the following positions:

### Head of Administration & Real Estate (General Manager): Age: Maximum 55

The position reports to Executive Director (Corporate Services) and will be responsible for overall management of the day-to-day administrative matters/ operations of the organization and will also deal with real estate related aspects. He will also be responsible for managing administrative staff, ensure effective security at Head Office and other locations, ensure coordination with law enforcement and other agencies and legal advisors, manage building facilities and leasing contracts. The ideal candidate should possess Master's degree from HEC Recognized University with Minimum 15 years work experience of Administration of a large organizations. Preference will be given to retired Armed forces personnel.

### Real Estate (Manager): Age: Maximum 45

The position reports to Head of Admin & Real Estate and will assist him in the overall management of the real estate related aspects of the company. S/he will also be responsible for inspection of building facilities and negotiate leasing contracts. The ideal candidate should possess Master's degree (or 16 years Bachelor's degree) from HEC Recognized University with Minimum 10 years relevant work experience of general administration includes of the Real Estate Management. Preference will be given to Civil Engineer.

### HVAC/Facility (Manager): Age: Maximum 45

The position reports to Head of Admin & Real Estate and will assist him in overall management of the day-to-day relevant matters and will have to deal with all HVAC/Facility related aspects. S/he will also be responsible for managing the relevant staff and ensure effective and smooth functioning of ventilation, air conditioning and heating facilities of the organization. The ideal candidate should possess a B tech & Engineering degree will be preferred from HEC Recognized University with Minimum 10 years relevant work experience of general administration including the HVAC/Facilities management.

### Administration (Manager): Age: Maximum 45

The position reports to Head of Admin & Real Estate and will be responsible for overall management of the day-to-day administrative matters of the organization. S/he will also be responsible for managing administrative staff, ensure effective security at Head Office and other locations, ensure coordination with law enforcement and other agencies and legal advisors, and negotiate leasing contracts, in the assistance of the supervisor. The ideal candidate should possess Master's degree (or 16 years Bachelor's degree) from HEC Recognized University with Minimum 10 years work experience of Administrative functions in the organizations.

### Human Resource (Manager): 02 Vacancies Age: Maximum 45

The position reports to Head of HR Department and will be responsible for overall human resource management matters includes, Recruitment, Training, Staff Orientation. The ideal candidate should possess Master's degree from HEC Recognized University with Minimum 10 years work experience of Human Resource Management.

### Human Resource (Executive Officer): 02 Vacancies Age: Maximum 35

The position reports to Manager Human Resource and will be responsible for assisting him in the overall human resource management matters, includes, Recruitment, Training, Staff Orientation, staff personal file management etc. The ideal candidate should possess 16 years Bachelor's degree from HEC Recognized University with Minimum 03 years work experience of Human Resource Management.

### Assistant Managers (Admin/HVAC/Facility): 01 vacancy in each location (Karachi & Islamabad) Age: Maximum 35

The position reports to Manager Admin/Real Estate/Facility and will be responsible for assisting in the day-to-day administrative matter/ real estate/HVAC/Facilities related aspects. Will assist in managing administrative staff, ensure effective security at Head Office and other locations, and inspect building facilities. The ideal candidate should possess Master's degree from HEC Recognized University with Minimum 05 years work experience of General Administration. Preference will be given to Engineers.

The candidates must possess good communication and interpersonal skills. We are an equal opportunity employer and women are encouraged to apply.

Interested candidates should visit the website of our consultants

Director Human Resource Consulting  
SIDAT HYDER MORSHED  
ASSOCIATES (PVT) LTD  
Management Consultants

## Positions in Insurance Sector

National Insurance Company Limited (a large public sector Insurance company), key player in the General Insurance, is seeking to induct qualified and dynamic professionals for the following positions:

### **Team Lead-Financial Reporting, Budgeting & Planning (Manager): Age: Maximum 45**

The position reports to General Manager Financial Reporting & Budgeting and he/she will be responsible to prepare and manage financial statements and reports as per the accounting and disclosure requirements. Will also be responsible for planning, budgeting, handling taxation and related matters, managing periodical closing process, reconciliations, and implementing financial controls. S/he will also develop MIS documentation and perform data analysis for generating reports on periodic basis, coordinate with various departments/zones and perform variance analyses for compilation of information and resolution of accounting problems. Responsibilities will include carrying out assessment of accounting controls by executing policies, coordinating with the external auditors, tax consultant, internal auditor and Actuary. To ensure filing of returns and attend assessments and appeals with tax authorities. S/he will also handle compliance with statutory matters i.e. provide statistical information required to be submitted to different authorities. The ideal candidate must be an ACCA Member with a minimum of 07 years of working experience including 03 years of experience in insurance company or audit firm or financial reporting.

### **Associate Financial Reporting, Budgeting & Planning (Assistant Manager) (02 Positions) Age: Maximum 35**

The position reports to Manager (Financial Reporting, Budgeting & Planning) and he/she will be responsible to assist in preparation of periodical financial statements and reports as per the International Financial Reporting Standards (IFRS) and applicable laws & regulations. Assist in planning, budgeting, handling taxation and related matters, managing periodical closing process, reconciliations, and implementing financial controls. Assist in developing MIS documentation and perform data analysis for generating reports on periodic basis, coordinate with various departments/zones and perform variance analyses for compilation of information and resolution of accounting problems. Assist in carrying out assessment of accounting controls by executing policies. Assist in coordinating with the external auditors, tax consultant, internal auditor and Actuary and to assist in ensure filing of returns and attend assessments and appeals with tax authorities. S/he will also handle compliance with statutory matters i.e. provide statistical information required to be submitted to different authorities. The ideal candidate should be ACCA Affiliate with a minimum of 03 years of working experience in Finance Function of Insurance Company or in an audit firm.

### **Executive Secretary to CEO (Manager): Age: Maximum 50**

The position is responsible to provide administrative support to the Chief Executive Officer in managing the office, organizing daily schedules, ensuring information flow, facilitating departmental coordination, maintaining files, calendars, arranging meetings, and other routine tasks. The candidate should be able to draft correspondence, ensure efficient disposal and tracking of incoming and outgoing communication, while also handling information in line with the position and company's confidentiality and data security provisions. The ideal candidate should be a Graduate with minimum of 10 years work experience in a similar role. A highly motivated, dependable, trustworthy, alert, sensible and presentable person with an ability to handle multiple tasks in an organized manner. The candidates must be hands on with computers and possess excellent communication skills. Female candidate will be preferred.

All the positions are based in Karachi. The candidates must possess good communication and interpersonal skills. We are an equal opportunity employer and women are encouraged to apply.

Interested candidates should visit the website of our consultants [www.sidathyder.com.pk/jobs](http://www.sidathyder.com.pk/jobs) or National Job Portal <https://njp.gov.pk> and apply online within 15 days of the publication of the advertisement.

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# Information Technology Positions in Insurance Sector

National Insurance Company Limited (a large public sector Insurance company), key player in the General Insurance, is seeking to induct qualified and dynamic professionals for the following positions:

## **Head of Information Technology (General Manager): Age: Maximum 55**

The position reports to Executive Director and will be responsible to manage and lead the IT department and ensure the existence of an effective Information Technology (IT) function in the organization and undertake responsibility for developing overall strategy for investment in technology infrastructure including hardware, software, applications, databases and communication systems and implementing the approved strategy to manage these on a day-to-day basis. The position is also responsible for formulation and implementation of IT policies and procedures and ensures that the various departments in the organization make use of the technology in the best possible ways. The ideal candidate should have Master's in Computer Science/IT from HEC Recognized University with overall 15 years work experience of development/deployment of IT systems and Infrastructure with at least 05 years of experience in similar level position.

## **Information Security Officer (Manager): Age: Maximum 45**

The position reports to the CEO will be responsible for establishing and maintaining the enterprise vision, strategy, and program to ensure information assets and technologies are adequately protected, identifying, developing, implementing, and maintaining processes across the enterprise to reduce IT risks. Must respond to incidents, establish appropriate standards and controls, manage security technologies, and direct the establishment and implementation of policies and procedures. Responsible for information-related compliance protecting proprietary information and assets of the company, including the data. The ideal candidate should have a Masters degree in IT/Computers along with Certification of IT Security (CISSP or equivalent), having Minimum 05 years relevant work experience.

## **Manager ERP/iGIS: Age: Maximum 45**

The position reports to the Head of Information Technology and will be responsible for establishing ERP scope, implementation of new technologies and methodologies in order to increase productivity and profitability and aiding strategic vision; managing and interdepartmental coordination for successful implementation and integration of IT projects; creating and management of budgets, approval of procurements and conducting training exercises for new staff. The candidate should hold a Bachelor (16 years Qualification or HEC Equivalent) with 6 years' experience in-depth knowledge of ERP development tools, coding languages, and business processes along with the implementation of ERP solutions (Oracle, SAP, iGIS or similar scale), great organizational and time management skills and excellent analytical and problem-solving skills. Strong functional & technical knowledge of Oracle ERP preferred.

Oracle database application development including Oracle Forms, Reports, PL/SQL, SQL, and APIs. pertaining to IT or related, The candidate should have IT or related experience, Certification in Oracle SaaS ERP or SAP ERP business process integration, with 4 years' experience with operating and implementing of iGIS based solutions, along with a background in business administration, project management, iGIS experience will be preferred.

## **Manager Infrastructure: Age: Maximum 45**

The position reports to Head of Information Technology and will be responsible for developing and maintaining strong working relationships with internal technology stakeholders, developing/managing/heading the deployment of OS, IT automation services review of deployed technologies, and recommending upgrades as per defined SLAs and OLAs. The candidate should also be able to drive continuous improvement with the introduction of 'best practices', heading deployment and implementation of servers, work stations and related hardware, recommending support infrastructure, developing budgets in conjunction with the IT requirements of interconnected departments, and partaking and supervision of audit activities. The candidate should hold a Bachelor (16 years Qualification or HEC Equivalent) with 6 years' experience in-depth knowledge of IT infrastructure/Support Infrastructure/Networks/Datacenters, Knowledge of Next-Generation Firewalls, Router and Switches, IPS/IDS, networking protocols, wireless security solutions. Administration of SAN environment, VMware virtualization platform, backups, and disaster recovery. Strong hands-on with Microsoft technologies Windows Server, Active Directory, GPO, DNS, NPS, DHCP, IIS, SQL server, experience of RHEL server. The candidate should have experience pertaining to IT or related Microsoft /Cisco CCNP Agile Certification in PMP, ITIL, VM Ware (ESXI, NSX, VSAN will be preferred

## **Assistant Manager ERP/iGIS: (02 Positions) Age: Maximum 35**

The position reports to Manager/Deputy Manager ERP and will be responsible for establishing ERP needs via business process analysis and consultation, analyzing existing infrastructure and performing IT system enhancements, writing customized programs and scripts, as well as configuring ERP applications, developing user-friendly functionalities and interfaces, installing ERP software and ensuring seamless integration with IT systems, performing diagnostic tests and resolving issues to optimize performance, providing technical support and training ERP end-users along with preparing development progress updates and documenting ERP processes and staying up to date with the latest ERP technologies. The candidate should hold a Bachelor (or HEC Equivalent) with 4 year s' experience in-depth knowledge of ERP development tools, coding languages, and business processes along with the implementation of ERP solutions (Oracle, SAP, or similar scale), great organizational and time management skills and excellent analytical and problem-solving skills. A Master pertaining to IT or related, Certification in Oracle SaaS ERP or SAP ERP business process integration, with 2 years' experience with operating and implementing of iGIS based solutions will be preferred.

## **Assistant Manager Infrastructure: (02 Positions) Age: Maximum 35**

The position reports to Manager/Deputy Manager Infrastructure and will be responsible for the installation, maintenance and monitoring of operating environments, installation, maintenance and monitoring of networking devices and related infrastructure, infrastructure troubleshooting, creation and management of backup solutions (VMWare, Data Domain and related technologies), daily logging and documentation of malfunctions and actions taken in response, updation and patching of hardware and software and providing support and training to the newly hired staff. The candidate should hold a Bachelor (or HEC Equivalent) with 4 years' experience in-depth knowledge of IT infrastructure/Support Infrastructure/Networks/Datacenters, A Master's Degree pertaining to IT or related, MS / Cisco certification will be preferred.

All the positions are based in Karachi. The candidates must possess good communication and interpersonal skills. We are an equal opportunity employer and women are encouraged to apply.

Interested candidates should visit the website of our consultants

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**SIDAT HYDER MORSHED**  
**ASSOCIATES (PVT) LTD**  
Management Consultants

## Positions in Reinsurance

National Insurance Company Limited (a large public sector Insurance company), is a key player in the General Insurance sector in Pakistan. The company is reinforcing its management team and is seeking to induct suitably qualified and dynamic professionals for the following positions:

### **Head of Treaty Reinsurance (Manager): Age: Maximum 45**

The position reports to General Manager (Reinsurance) and will be responsible for managing Annual Treaty programs, automation for all Reinsurance business in iGIS system coordinating with underwriting departments to ensure good understanding of the written portfolios, analyzing the renewal information including, risk profiles, statistical results, underwriting philosophy and major losses, etc. The candidate will also respond to queries raised by brokers and underwriters and follow up the pending issues, review the relevant bordereaux as required, handle and follow up all claims exposing the reinsured protection and provide all information and make necessary recoveries from reinsurers. The ideal candidate should possess ACII and Bachelor's degree from HEC recognized University with overall Minimum 05 years work experience in Treaty Reinsurance.

### **Head of Facultative Reinsurance (Manager): Age: Maximum 45**

The position reports to General Manager (Reinsurance) and will be responsible for managing Facultative Reinsurance programs of NICL, handling liaison with Underwriting department and Reinsurers to arrange the Facultative Reinsurances renewals in a timely manner, liaise with reinsurance brokers as appropriate and follow up the pending issues. The candidate will be responsible to implement maximum automation for all classes of business in iGIS system, review the placing slips, cover notes and wordings and raise the points to the next level of management, and manage all facultative claims and subsequent recoveries from the reinsurers. The ideal candidate should possess ACII and Bachelor's degree from HEC recognized University with overall Minimum 05 years work experience in Facultative Reinsurance.

### **Assistant Manager - Facultative Reinsurance – Property & Engineering Business): Age: Maximum 35**

The position reports to Manager (Facultative Reinsurance) and will be responsible for assist in coordination with reinsurers to arrange the Facultative Reinsurance of Property & Engineering portfolio, assist in collecting all renewal information from the underwriting department and make sure of its correctness and provision of same to the reinsurers in timely manner. The candidate will assist in answering queries raised by brokers and underwriters and follow up the pending issues, assist in implementation and automation in iGIS system, assist in coordination with the clients and issue the relevant policies, raise subsequent debit notes and handle and follow up all Property & Engineering claims and subsequent recoveries from the reinsurers. The ideal candidate should possess diploma from CII and Bachelor's degree from HEC recognized University with overall Minimum 03 years work experience in Reinsurance..

All the positions are based in Karachi. The candidates must possess good communication and interpersonal skills. We are an equal opportunity employer and women are encouraged to apply.

Interested candidates should visit the website of our consultants [www.sidathyder.com.pk/jobs](http://www.sidathyder.com.pk/jobs) or National Job Portal <https://njp.gov.pk> and apply online within 15 days of the publication of the advertisement.

Director Human Resource Consulting  
**SIDAT HYDER MORSHED**  
**ASSOCIATES (PVT) LTD**  
Management Consultants  
Beaumont Plaza, Beaumont Road, Karachi  
Email: [human.resource@sidathyder.com.pk](mailto:human.resource@sidathyder.com.pk)

## Positions in Insurance Sector

National Insurance Company Limited (a large public sector Insurance company), is a key player in the General Insurance sector in Pakistan. The company is reinforcing its management team and is seeking to induct suitably qualified and dynamic professionals for the following positions:

### **Operations (Chief Manager): 1 vacancy Karachi. Age: Maximum 50**

The position reports to the General Manager Operations and is responsible for managing and supervision of affairs related to direct and inward insurance business in non-life lines including underwriting, claims, reinsurance, and includes executing and monitoring processes related to technical supervision. The incumbent is also responsible to oversee the insurance claims handling process and supervise effective resolution of complaints and grievances to the satisfaction of customers. The ideal candidate should possess FCII/ACII and Bachelors degree from HEC recognized University with minimum 10 years working experience in insurance operations including 05 years work experience at managerial level positions.

### **Underwriting (Manager): 01 Vacancy in each location (Karachi/Lahore/Islamabad) Age: Maximum 45**

The position reports to the Zonal Chief Manager Underwriting and is responsible for managing and supervision of underwriting insurance business in non-life lines, and includes executing and monitoring process related to technical supervision. The incumbent is also responsible to oversee the underwriting process and supervise effective resolution of complaints and grievances to the satisfaction of customers. The ideal candidate should possess FCII/ACII and Bachelors degree from HEC recognized University with overall Minimum 05 years work experience in insurance Underwriting.

### **Claims (Manager): 01 Vacancy in each location (Karachi/Lahore/Islamabad) Age: Maximum 45**

The positions report to Zonal Chief Manager Claims and is responsible for managing and supervision of Claims in insurance business in non-life lines, and includes executing and monitoring processes related to technical supervision. The incumbent is also responsible to oversee the insurance claims handling process and supervise effective resolution of complaints and grievances to the satisfaction of customers. The ideal candidate should possess FCII/ACII and Bachelors degree from HEC recognized University with overall Minimum 05 years of experience in insurance claims.

### **Underwriting (Assistant Manager): 01 Vacancy in each location (Karachi/Lahore/Islamabad) Age: Maximum 35**

The positions report to the Zonal Manager Underwriting and is responsible for assisting in underwriting in insurance business in non-life lines. The incumbent will also assist in the underwriting handling process and effective resolution of complaints and grievances to the satisfaction of customers. The ideal candidate should possess ACII (Part-Qualified) and Bachelors degree from HEC recognized University with overall Minimum 03 years work experience in insurance preferably in Underwriting.

### **Claims (Assistant Manager): 01 Vacancy in each location (Karachi/Lahore/Islamabad) Age: Maximum 35**

The positions report to the Zonal Manager Claims and is responsible for assisting in claims in insurance business in non-life lines. The incumbent will also assist in the claims handling process and effective resolution of complaints and grievances to the satisfaction of customers. The ideal candidate should possess ACII (Diploma) and Bachelors degree from HEC recognized University with overall Minimum 03 years work experience in insurance preferably in Claims.

### **Underwriting and Claims (Assistant Manager): 01 vacancy (Quetta) Age: Maximum 35**

The positions report to the Zonal Technical Manager and is responsible for assisting in underwriting and claims in insurance business in non-life lines. The incumbent will also assist in the handling process and effective resolution of complaints and grievances to the satisfaction of customers. The ideal candidate should preferably possess ACII (Certificate) and Bachelors degree from HEC recognized University with overall Minimum 03 years work experience in insurance.

### **Branch Manager (Quetta) (DM or Manager): 01 Vacancy Age: Maximum 45**

The positions report to the Zonal General Manager and is responsible for overall management of the branch operations including retaining and increasing branch business in the public sector for all lines of general insurance business. The incumbent will also be responsible for handling process and effective resolution of complaints and grievances to the satisfaction of customers. The ideal candidate should preferably possess Bachelors degree from HEC recognized University with overall Minimum 10 years work experience in insurance company in relevant area. The local candidates will be given preference.

The candidates must possess good communication and interpersonal skills. We are an equal opportunity employer and women are encouraged to apply.

Interested candidates should visit the website of our consultants [www.sidathyder.com.pk/jobs](http://www.sidathyder.com.pk/jobs) or National Job Portal <http://njp.gov.pk> and apply online within 15 days of the publication

Director Human Resource Consulting  
**SIDAT HYDER MORSHED**  
**ASSOCIATES (PVT) LTD**  
Management Consultants  
Beaumont Plaza, Beaumont Road, Karachi



Most Immediate  
PAC Matter

No.2 (12)/2015/F&A/152  
Government of Pakistan  
Ministry of Commerce  
♦♦♦♦

Ph: 051-9207942

E-mail: so-audit@commerce.gov.pk

Islamabad, the 6<sup>th</sup> August, 2021

Subject: - **ACTIONABLE POINTS ARISING OUT FROM DISCUSSION OF THE PAC SUB-COMMITTEE-IV MEETING HELD ON 3<sup>RD</sup> DECEMBER, 2020 REGARDING THE AUDIT PARA NO.4.1.4.3 (NICL-AR-2014-15), MINISTRY OF COMMERCE, ISLAMABAD**

Please refer to NICL, Karachi's letters No.NICL/HO-HR/MOC/2021 dated 6<sup>th</sup> June, 2021 & 3<sup>rd</sup> August, 2021 on the subject noted above.

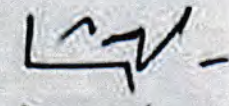
2. In this context, it is requested that following information may be furnished with this Ministry before sharing the compliance report to National Assembly, PAC Secretariat:-

- iv. Number of employees those have been appointed through Executive Search
- v. Share the attested copy of HR Manual of the Company
- vi. Detail of the agencies utilized during appointment process through Executive Search

3. Moreover, the National Assembly, PAC Secretariat vide letter dated 1<sup>st</sup> April, 2021 directed to this Ministry to submit the compliance report within seven days. However, despite several reminders on the issue, the management of NICL failed to comply with the directions of the Committee in true letter and spirit, which will create embarrassing situation for PAO in the forthcoming PAC meeting.

4. So therefore, solid justifications may also be provided enabling this Ministry to comply with the directions of PAC.

5. Matter may please be treated as Most Urgent.

  
(Muhammad Yasir Arfat)  
Section Officer (Audit)

Chief Executive Officer,  
National Insurance Company Limited,  
Karachi

  
SO (CS)

**KHALID AMIR**  
Chief Executive Officer

Copy to:-

- SO (AOs-HR), MoC with the request to proceed further for early compilation of inquiry proceedings on the issue as the same will be on the agenda of forthcoming PAC meeting scheduled to be held on 27<sup>th</sup> August, 2021

Chief Executive Office  
N.I.C.L (H.O) Karachi

09 AUG 2021

RECEIVED

GOVERNMENT OF PAKISTAN  
REVENUE DIVISION  
FEDERAL BOARD OF REVENUE  
(Administration/HR)  
\*\*\*\*\*

C.No.6(48)Coord/2022

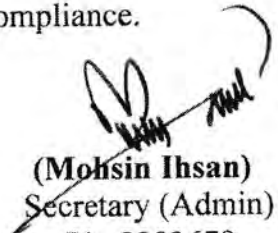
Islamabad, the 15<sup>th</sup> July, 2022

- i) All Chief Commissioners of Inland Revenue
- ii) All Chief Collectors of Pakistan Customs
- iii) All Director Generals, Inland Revenue/Customs
- iv) All Collectors of Pakistan Customs
- v) All Commissioners-IR (Appeals)

Subject: **AUSTERITY MEASURES FOR FINANCIAL YEAR 2022-23**

I am directed to enclose, herewith a copy of Finance Division (Expenditure Wing)'s self-explanatory Office Memorandum No. F.7 (1)Exp.IV/2016-430 dated 7<sup>th</sup> July, 2022 on the subject cited above for strict compliance.

Encl: **(As above)**

  
(Mohsin Ihsan)  
Secretary (Admin)  
Ph: 9203679

Cc:

- 1) SA to Chairman, FBR
- 2) All Members/DGs, FBR (HQ)
- 3) Webmaster for placement on website of FBR

OFFICE MEMORANDUM

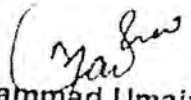
Subject: AUSTERITY MEASURES FOR FINANCIAL YEAR 2022-23

In pursuance of the decision taken by the Federal Cabinet, in case No. 147/15/2022, in its meeting held on 07-06-2022, the undersigned is directed to convey that keeping in view the extraordinary financial constraints being faced by the country at present and to conserve resources, extraordinary measures are required to be taken for ensuring rational utilization of public money besides curtailing expenditure to reduce fiscal deficit. Accordingly, the Federal Government is pleased to enforce following austerity measures for financial year 2022-23:-

- (1) There shall be complete ban on:
  - (i) purchase of all types of vehicles from current and development budget except utility vehicles such as ambulances, busses for educational institutions, solid waste vehicles, etc.;
  - (ii) creation of new posts except those required for development projects;
  - (iii) treatment abroad at government expenses;
  - (iv) appointment of contingent paid / daily wagers staff except for development projects;
  - (v) purchase of office furniture except for development projects;
  - (vi) purchase of machinery & equipment including air conditioners, microwave, fridge, photocopier, etc.;
  - (vii) official visits abroad by Govt. functionaries where GoP funding is involved except obligatory visits;
  - (viii) official lunches / dinners / hi-tea except for foreign delegations;
  - (ix) periodical, magazines, news papers, etc.
- (2) Principal Accounting Officers shall ensure that:
  - (i) consumption of utilities be reduced by 10%;
  - (ii) existing entitlement for POL for government functionaries be reduced by 30%;
  - (iii) avoidable travel be curtailed by promoting use of zoom / video links;
  - (iv) vacant / redundant / non-productive posts be abolished.



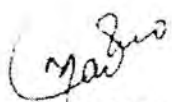
- (3) In addition to above, Federal Government has further decided that:
- (i) POL usage of Ministers' vehicles would be slashed by 40% and security vehicles of Cabinet members would be reduced by 50%;
  - (ii) VVIP cavalcades' expense would be reduced without compromising security.
2. All Ministries / Divisions are requested to disseminate the above instructions to all their concerned departments / organizations / autonomous bodies / corporations / authorities, etc. for strict compliance.
3. Provincial Governments may also adopt these / such measures.

  
(Muhammad Umair)  
Deputy Secretary (Exp)

1. All members of the Austerity Committee
2. All Secretaries / Additional Secretaries in-charge / PAOs of Ministries / Divisions / Departments.

Copy to:

1. Secretary to the President, Islamabad.
2. Secretary to the Prime Minister, Islamabad.
3. Secretary, National Assembly, Islamabad.
4. Secretary, Senate, Islamabad.
5. Wafaqi Mohtasib, Islamabad.
6. Federal Tax Ombudsman, Islamabad.
7. Secretary, Election Commission of Pakistan, Islamabad.
8. Auditor General of Pakistan, Islamabad.
9. Chief Secretaries Balochistan (Quetta), KPK (Peshawar), Punjab (Lahore), Sindh (Karachi)
10. Controller General of Accounts, Islamabad.
11. AGPR, Islamabad.
12. Chief Accounts Officer, Ministry of Foreign Affairs, Islamabad.
13. Finance Division (Military), Rawalpindi.
14. Central Directorate of National Savings, Islamabad.
15. All Addl. Finance Secretaries, Finance Division, Islamabad.
16. All Sr. JS/JS/DS-Expenditure, Finance Division, Islamabad.
17. Webmaster, Finance Division, Islamabad.

  
(Muhammad Umair)  
Deputy Secretary (Exp)  
Ph: 9208056

Government of Pakistan  
Finance Division  
(Expenditure Wing)  
\*\*\*

No. 7(1)Exp.IV/2016-440

Islamabad, the 15<sup>th</sup> July, 2021

**OFFICE MEMORANDUM**

**Subject: AUSTERITY MEASURES FOR FINANCIAL YEAR 2021-22**

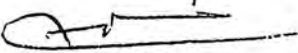
The undersigned is directed to state that owing to financial constraints the competent authority is pleased to enforce following austerity measures during the financial year 2021-22 with immediate effect:-

- (i) There shall be complete ban on purchase of all types of vehicles both for current and development expenditure excluding motorcycles, student buses, ambulances and firefighting vehicles.
- (ii) There shall be complete ban on creation of new posts except those required for development projects and approved by the competent authority.
- (iii) Privilege of periodical, magazines, news papers etc. to the entitled officers will remain restricted to only one.
- (iv) Principal Accounting Officers (PAOs) will ensure rationalized utility consumption i.e electricity, gas, telephone, water etc and the expenditure on purchase of assets, repair & maintenance and all other operational expenditures shall be kept at bare minimum level while remaining within the budgetary allocation for the financial year.
- (v) Two sides of paper shall be used in all official communications.
- (vi) All outstation meetings be restricted through internet link (Zoom etc.) only, unless physical presence is strongly justified and approved by the competent authority.

2. In the above context, to cater with the indispensable needs of the Ministries / Divisions/ Departments/ Organizations etc., the competent authority is pleased to constitute an **Austerity Committee** comprising the following officers to review the critical / unavoidable / significant proposals only, in respect of ban on purchase of vehicles / creation of posts imposed vide para-1(i)&(ii) above:

- |   |             |
|---|-------------|
| (i) Additional Finance Secretary (Expenditure)  | (In Chair)  |
| (ii) Senior Joint Secretary/ Joint Secretary (Expenditure-CGA)  | (Member)    |
| (iii) Senior Joint Secretary/ Joint Secretary<br>(Expenditure-concerned Ministry/Division) Finance Division | (Member)    |
| (iv) Representative of the concerned Ministry/Division<br>/Department (Not less than an officer in BS-20)   | (Member)    |
| (v) Deputy Secretary (Expenditure-CGA)  | (Secretary) |

3. All Ministries/Divisions are requested to disseminate the above instructions to all departments/ organizations under their administrative control for strict compliance.

  
(Adeel Ashraf)

Deputy Secretary (Exp)

**All Secretaries/Additional Secretaries in-charge/PAOs of Ministries/Divisions/ Departments,**

(PTO)

# AUDIT REPORT

On the accounts of

National Insurance Company of  
Pakistan, Karachi

**For the year 2022,**

Office of the

***DIRECTOR GENERAL***  
***COMMERCIAL AUDIT & EVALUATION (South)***  
***Karachi***

**INTRODUCITON**

National insurance company limited was incorporated in Pakistan on 31st march 2000 as an unquoted public limited company under the Company's Ordinance 1984 through NIC (Reorganization) Ordinance 2000. Initially it was named as National Insurance Corporation formed in the year 1976 through NIC Act 1976. The National Insurance Company Limited is 100% owned by Government of Pakistan (GOP) and working under the administrative control of Ministry of Commerce (MOC). Authorized capital of company is Rs. 6 billion and paid up capital of Rs. 2 billion divided into 200 million shares of Rs. 10 each.

NICL provide general insurance coverage to the state-owned moveable and immovable assets belonging to federal and provincial governments, local authorities and statutory corporations (under section 166 of the Insurance Ordinance, 2000).

Insurance coverage is being provided in the following areas:

- Fire and property damage
- Aviation hull
- Marine hull
- Marine cargo
- Credit risk and surety ship
- Motor
- Liability
- Workers' compensation
- Accident and health
- Engineering / mechanical mods
- Agri loans (new)

## **1. Operation**

### **1.1; - Doubtful payment of claim amounting to Rs. Rs.689,255**

As per Insurance Ordinance section 45(6) An insurer shall take all reasonable precautions, including such precautions, if any, as may be prescribed, for guarding against damage to, destruction of or falsification of or in, and for discovery of falsification of or in, any book or part of a book required to be kept or prepared by an insurer

During the scrutiny of record of National Insurance Company of Pakistan for the year 2022, it was observed that a claim No.K/MV-30-410/2020 was lodged by M/s. Sui Southern Gas Company Limited due to theft of vehicle No.CW-3084 (Suzuki Bolan 2016) against the policy No.2020/KB/B/AM/C/D/P-0298 issued for the period 01-07-2020 to 30-06-2021. According to police report dated 21-11-2020, the vehicle was stolen from Sariab Road,Quetta. Claim was accepted and NICL paid Rs.689, 255 to SSGCL as compensation of loss.

As per requirements of settlement of claim, the management was required to obtain original FIR No.156/2020 dated 22-11-2020 and Original final police report No.9922/R/Inv dated 04-06-2021 before settlement of claim. However, the said documents were not obtained from client in original. Further no exception approval of the management was obtained for non-availability of original documents. The claim was settled on the basis of photocopies of FIR and Police report against the requirement of original documents.

Audit is of the view that original documents (Original FIR and original Police report) helps in minimizing risk of fraudulent/forged/duplicate claim payments, which was not obtained in this particular case. Thus, require justification.

Audit recommended that the claim department must obtain original documents from the clients for claim settlement and if the same are not available exception approval must be obtained from relevant competent authority and the same should be mentioned in the claim approval document also.

The matter was reported to the management through observation memo dated 23-10-2023. However, no reply was received till close of audit.

### **1.2; - Doubtful payment of claim amounting to Rs.1,391,000**

As per Insurance Ordinance section 45(6) An insurer shall take all reasonable precautions, including such precautions, if any, as may be prescribed, for guarding against damage to, destruction of or falsification of or in, and for discovery of falsification of or in, any book or part of a book required to be kept or prepared by an insurer

As per Insurance Rule 2017(4) Every survey conducted by, and report given by, an insurance surveyor shall be conducted and given with due diligence and skill, and in good faith and the report shall be finalized as early as possible but within the period of ninety days:

During the scrutiny of record of National Insurance Company of Pakistan for the year 2022, it was observed that a claim No.K/MV-30-441/2021 was lodged by M/s. Karachi Dock Labour Board for loss due to fire on vehicle No.GPA-845 (Suzuki Cultus 2018) against the policy No.2021/KB/B/AP/C/D/P-0300 issued for the period 16-10-2021 to 15-08-2022. According to survey report dated 12-01-2022, the surveyor was informed that the vehicle was parked in the covered parking lot of KDLB Building, West Wharf road, when fire broken-out in front side of the parked vehicle and fire was extinguished by the staff of the insured, thus causing loss to the insured. The surveyor assessed total loss of Rs.1, 391,000 due to fire. Claim was accepted and NICL paid the same amount as compensation of loss.

Audit observed that the claim was accepted by NICL on basis of statement made by insured. The surveyor also in his report simply made endorsement of the insured's statement only and did not dig-out the cause of fire; neither such instruction was made to surveyor by NICL for the purpose to establish cause of fire.

Audit is of the view that the claim department solely depend the surveyors for the genuineness and reasonableness of the claims without cross verification of the same from other sources. Due to which there is a high risk of undue/exaggerated claim payments to clients.

Audit recommended developing a cross verification procedure in order to minimize high risk of collusion among clients, surveyors and vendors/Workshops to obtain desired inflated claims from insurer.

The matter was reported to the management through observation memo dated 23-10-2023. However, no reply was received till close of audit.

### **1.3; - Violation of rule due to delay in settlement amounting to Rs.1,500,000**

As per Insurance Rule 2017 section 47(4) Every survey conducted by, and report given by, an insurance surveyor shall be conducted and given with due diligence and skill, and in good faith and the report shall be finalized as early as possible but within the period of ninety days:

As per Insurance Ordinance section 118(1) It shall be an implied term of every contract of insurance that where payment on a policy issued by an insurer becomes due and the person entitled thereto has complied with all the requirements, including the filing of complete papers, for claiming the payment, the insurer shall, if he fails to make the payment within a period of ninety days from the date on which the payment becomes due or the date on which the claimant complies with the requirements, whichever is later, pay as liquidated damages a sum calculated in the manner as specified in sub-section (2) on the amount so payable unless he proves that such failure was due to circumstances beyond his control.

During the scrutiny of record of National Insurance Company of Pakistan for the year 2022, it was observed that a claim No.K/MV-30- 319/2018 was lodged by M/s. National Bank of Pakistan for loss due to snatch of vehicle No.BEV-314 (Toyota Corola 2015) against the policy No.2016/KB/B/AP/C/D/P0051 issued for the period 01-01-2016 to 31-12-2016. The incident was reported to be happening on 02-12-2016 in the jurisdiction of Clifton Police Station, South, Karachi, and FIR was lodged on 10-12-2016. On receiving intimation from insured, the management appointed surveyor M/s. Consolidated services (Pvt) Limited on 13-12-2016 to assess loss.

Survey report was submitted by the surveyor on 25-05-2018, after a noticeable delay of almost 17 months, despite issuance of Final Police report on 04-01-2017 with remarks that the vehicle is untraceable. Finally claim was approved in December 2021, for final payment of Rs.1, 500,000 was made after a noticeable delay of almost 4 years.

Audit is of the Claim was accepted and NICL paid Rs.689, 255 to SSGCL as compensation of loss. view that the management and surveyor have violated the rules mentioned above which clearly emphasis that the survey and settlement of claim should have been finalized within the stipulated period of ninety days. The non-compliance of rules needs justification.

Audit recommended that the management should actively follow-up with the clients for provision of required information to surveyors on a timely basis instead of shifting the responsibility of information collection from client over the surveyors only, apart from fixing responsibility on the person responsible for delay in settlement of claim.

The matter was reported to the management through observation memo dated 23-10-2023. However, no reply was received till close of audit.

#### **1.4; - Doubtful payment of claim amounting to Rs.2,300,000**

As per Insurance Ordinance section 45(6) An insurer shall take all reasonable precautions, including such precautions, if any, as may be prescribed, for guarding against damage to, destruction of or falsification of or in, and for discovery of falsification of or in, any book or part of a book required to be kept or prepared by an insurer.

During the scrutiny of record of National Insurance Company of Pakistan for the year 2022, it was observed that a claim No.K/MV-30-0043/2022 was lodged by M/s. State Bank of Pakistan for loss due to accident of vehicle No.BRC-063 (Honda City 2019) against the policy No.2021/KB/B/AP/C/D/P-237 issued for the period 01-07-2021 to 30-06-2022. According to survey report dated 15-04-2022, the said car was turned whilst driver evading sharp turn by another driver at Patoki during traveling from Karachi to Lahore on 29-01-2022. The surveyor assessed total loss of Rs.2, 300,000 due to accident of vehicle. Claim was accepted and NICTL paid the same amount as compensation of loss.

Further scrutiny of the records revealed that FIR in the case was not obtained from Police department by the insured/insurer despite being an accident case.

Audit is of the view that original documents (Original FIR and original Police report) helps in minimizing risk of fraudulent/forged/duplicate claim payments, which was not obtained in this particular case. Thus, require justification.

Audit recommended that the claim department must obtain original documents from the clients for claim settlement and if the same are not available exception approval must be obtained from relevant competent authority and the same should be mentioned in the claim approval document also.

The matter was reported to the management through observation memo dated 23-10-2023. However, no reply was received till close of audit.

#### **1.5; - Doubtful payment of claim amounting to Rs.3, 005,000**

As per Insurance Ordinance section 45(6) An insurer shall take all reasonable precautions, including such precautions, if any, as may be prescribed, for guarding against damage to, destruction of or falsification of or in, and for discovery of falsification of or in, any book or part of a book required to be kept or prepared by an insurer.

During the scrutiny of record of National Insurance Company of Pakistan for the year 2022, it was observed that a claim No.K/MV-30-049/2021 was lodged by M/s. State Bank of Pakistan for loss due to snatch of vehicle No.BSQ-508 (Toyota Yaris 2020) against the policy No.2021/KB/B/AP/C/D/P-47(1) issued for the period 17-12-2020 to 30-06-2021. According to survey report dated 28-06-2021, the said car was snatched by two unknown men near university road from the son of insured employee of SBP. FIR No.78/2021 dated 01-02-2021 was lodged by insured Mr.Munir Ahmed (insured), wherein the insured informed that the said vehicle was driven by his son Mr.Yasir Ahmed at the time of snatching. The surveyor assessed total loss of Rs.3, 005,000 due to snatch of vehicle. Claim was accepted and NICTL paid the same amount as compensation of loss.

Audit is of the view that settlement of claim in favor of insured was not justified as the said vehicle was driven by a person other than insured. The same needs justification.

Audit recommended fixing responsibility on the person responsible for settlement of unjustified claim.

The matter was reported to the management through observation memo dated 23-10-2023. However, no reply was received till close of audit.

### **1.6: - Doubtful settlement of fraud/infidelity claim of NBP amounting to Rs.15.00 million**

As per *conditions precedent to liability* of insurance policy No. 2013/KB/B/SB/P/D/P0003 dated; 27-08-2013 section (c) Joint Custody shall be established and maintained for the safeguarding of Property while in safes or vaults. (Property means cash and all other securities).

(f) in addition to the normal audit of the books and accounts of the business by the assureds' independent outside auditor, the assured shall conduct a thorough internal audit, examination and review of internal controls at least once in a year at all premises and shall retained the record and working papers relating to such audit.

As per Insurance Rule 2017 section 47 (4) Every survey conducted by, and report given by, an insurance surveyor shall be conducted and given with due diligence and skill, and in good faith and the report shall be finalized as early as possible but within the period of ninety days:

As per Insurance Ordinance section 118(1) It shall be an implied term of every contract of insurance that where payment on a policy issued by an insurer becomes due and the person entitled thereto has complied with all the requirements, including the filing of complete papers, for claiming the payment, the insurer shall, if he fails to make the payment within a period of ninety days from the date on which the payment becomes due or the date on which the claimant complies with the requirements, whichever is later, pay as liquidated damages a sum calculated in the manner as specified in sub-section (2) on the amount so payable unless he proves that such failure was due to circumstances beyond his control.

During the scrutiny of record of National Insurance Company of Pakistan for the year 2022, it was observed that an infidelity/fraud claim No.F/FG-30-02/2013 was lodged by M/s. National Bank of Pakistan for loss of Rs.353, 245,800 due to fraud at NBP Airport Branch, Karachi during 2009-2013. The claim was lodged against the policy No. 2013/KB/B/SB/P/D/P0003 dated; 27-08-2013 issued for the period 01-01-2013 to 31-12-2013. The fraud was revealed on 14-03-2013 and reported to NICL on 09-04-2013.

On receiving intimation from NBP, the management appointed surveyor M/s. Sault & Co. and M/s. Atlas Surveyor for assessment of loss on 18-04-2013 and 19-07-2013 respectively. Surveyor assessed the loss for Rs.666.167 million during 2011 to 2013, out of which Rs.92.923 million pertained to policy period ie.2013. The survey report was submitted by the surveyors on 15-01-2021. According to report accused collected the duties and taxes on behalf of Collector of Customs and did not deposit the amount in relevant bank accounts. Claim was approved on 04-02-2022 and NICL paid an amount of Rs.15 million as compensation of loss. The external auditors of NBP have also observed and reported in annual audit and inspection dated 29-09-2012, instances of parallel banking and various unauthorized transactions in different accounts. Following discrepancies were observed in settlement of claim;

- (i) Insurance policy No. 2013/KB/B/SB/P/D/P0003 was issued later than the loss occurrence on 27-08-2013, while loss was intimated on 09-04-2013, almost four months before the issuance of policy.
- (ii) Instances of unauthorized transactions in the said branch of NBP seems regular feature as evident from enquiry report. Why this factor was not considered before issuance of policy as required under terms and condition (c) and (f) of the agreement above.
- (iii) Why the internal audit report to review the internal controls of said branch was not obtained before/after issuance of insurance policy, considering the factor of irregularities as regular feature in the said branch of NBP.



- (iv) Survey report was issued by the surveyors after a noticeable delay of seven years in violation of rule 47 (4) above against the allowed period of three months. The same needs justifications.
- (v) Even after issuance of survey report, the management took almost one year to settle the claim against the allowed period of three months. Thus violated rule 118 (1) above. The same needs justification.
- (vi) Important documents like FIR, Final investigation report of FIA, Final copy of Challan, audited statement of loss, copy of court decision and proceeding made by the NAB authority so far in this case was not obtained from insured.
- (vii) Copy of receipt vouchers for collection of duties and taxes was not obtained from insured for the purpose to authenticate that the loss pertained to insurance covered period.

Audit is of the view that the management is solely dependent upon surveyors for genuineness and reasonable of the claims without cross verification of same from other sources. further, the surveyor have violated the rules mentioned above which clearly emphasis that the survey and settlement of claim should have been finalized within the stipulated period of ninety days. In addition to above, the management did not adopt required measures before issuance of policy and claim was settled without obtaining crucial documents as highlighted above. The same needs justification.

Audit recommended that the claim department must obtain original documents from the clients for claim settlement and if the same are not available exception approval must be obtained from relevant competent authority and the same should be mentioned in the claim approval document also. The management should also follow-up with the clients for provision of required information to surveyors on a timely basis instead of shifting the responsibility of information collection from client over the surveyors only apart from fixing responsibility on the person responsible for delay and discrepancies in settlement of claim.

The matter was reported to the management through observation memo dated 23-10-2023. However, no reply was received till close of audit.

### **1.7; - Irregular settlement of claim amounting to Rs.42.987 million**

As per insurance policy No.2018/KB/FN/R/D/P0129 for Property damage and Business Interruption section 1(a) (i) all the property of as described in the policy schedule, interests or the property of other held in trust, for which the insured may have assumed responsibility.

According to policy schedule Sui, Kandhkot, Adhi, Gambat south and all other fields and locations across Pakistan.

**Property excluded under sub section 1(a).** Following properties are excluded from coverage;

(b) property in course of construction of erection or dismantling or undergoing testing or commissioning other than as provided elsewhere under the section 1; however, this exclusion shall not apply in respect of routine maintenance, overhaul, repair works or similar which may require testing and commissioning prior to restarting the plant; it is also understood that bringing up from shutdown shall not be construed as testing.

During the scrutiny of record of National Insurance Company of Pakistan for the year 2022, it was observed that a claim No.K/MV-30-410/2020 dated; 05-03-2019 was lodged by M/s. Pakistan Petroleum Limited for loss of work in process at Bela West-X-1, Baluchistan, due to heavy rain in the region. As per survey report, the rain damaged the access road, causeway, culverts

and all sort of supplies and movement to the well site were stopped, thus, unable drilling operation at site. The claim was lodged against the policy No.2018/KB/FN/R/D/P0129 issued for the period 01-10-2018 to 30-09-2019. On receiving intimation of loss from insured, the management appointed two surveyor Joseph Lobo (Pvt) Limited and Ocean Surveyors (Pvt) Limited on 19-03-2019 and 02-12-2019 respectively, for the assessment of loss. The surveyors submitted their report on 18-03-2021 with the loss assessment of Rs.42, 987,000. The claim was settled for the same amount.

Further scrutiny of the records revealed that insurance policy was issued in favour of PPL for Property damage and Business Interruption only and not for covering capital work in progress as evident from section (b) of insurance policy above.

Further, policy was issued for properties at Sui, Kandhkot, Adhi, Gambat south and all other fields and locations across Pakistan. However, the break-up of other fields and locations across Pakistan and break-up of the assets available there was not obtained from PPL (insured) at the time of issuance of policy. The same was obtained by the surveyors at the time of claim processing.

Audit is of the view that claim was settled in violation of policy which clearly indicated that property under construction were not covered under policy. Further, in absence of break-up, there is a risk of claim payments against those assets which are not insured by the client. In addition, accuracy of the sum insured would also be doubtful as the company would have to rely on the client to provide item wise sum insured at the time claim i.e. the client might claim more amount than the sum insured of asset being covered in lump sum amount by the client.

Audit recommended that the location wise projects and item wise break-up of assets being insured must be obtained at the time issuance of policy and same should be provided to the surveyors at the time of claim processing for checking insurable interest of the insured apart from fixing responsibility on the person responsible for irregular settlement of claim.

The matter was reported to the management through observation memo dated 23-10-2023. However, no reply was received till close of audit.

### **1.8 ; - Irregular settlement of claim amounting to Rs.22.319 million**

As per Insurance Ordinance section 45(6) An insurer shall take all reasonable precautions, including such precautions, if any, as may be prescribed, for guarding against damage to, destruction of or falsification of or in, and for discovery of falsification of or in, any book or part of a book required to be kept or prepared by an insurer

As per Insurance Rule 2017(4) Every survey conducted by, and report given by, an insurance surveyor shall be conducted and given with due diligence and skill, and in good faith and the report shall be finalized as early as possible but within the period of ninety days:

During the scrutiny of record of National Insurance Company of Pakistan for the year 2022, it was observed that a claim No.K/F-51/2015 dated; 01-09-2015 was lodged by M/s. Pakistan Petroleum Limited for loss due to heavy rain and flood (during July and August 2015) in Kandhkot Field Area section (vi). The claim was lodged against the policy No.01-0058-9/2015 issued for the period 01-07-2015 to 01-07-2016. On receiving intimation of loss from insured, the management appointed two surveyor Joseph Lobo (Pvt) Limited and Pakistan Inspection (Pvt) Limited on 04-

09-2015 for the assessment of loss. The surveyors submitted their report on 26-03-2022 with the loss assessment of Rs.22, 319,072. The claim was settled for the same amount.

Further scrutiny of the records revealed that survey was conducted by the surveyors after completion of rehabilitation work at site carried out by the insured and loss was assessed on the basis of cost of rehabilitation work on the basis of available documents of contract work, bills and payment vouchers etc. however, the specific approval of the competent authority of insured (PPL) for rehabilitation work was not obtained by NICL management. Further the break-up of the assets was not obtained by the management at the time of processing claim. The survey report was issued by the surveyors after six years delay.

Audit is of the view that the management is solely dependent upon surveyors for genuineness and reasonable of the claims without cross verification of the same from other sources. Audit is of the opinion that the management should have obtained break-up of the assets available at site at the time of issuance of policy and obtained complete documentary evidences to ensure rehabilitation work. Because, there is a risk of claim payments against those assets which are not insured by the client.

Further, survey report was submitted by the surveyor after a noticeable delay of almost six years besides against allowed period of three months. Audit is of the view that the management should have followed-up with the clients for provision of required information to surveyors on a timely basis instead of shifting the responsibility of information collection from client over the surveyors only. The above needs justification.

Audit recommended fixing responsibility on the person responsible for irregular settlement of claim.

The matter was reported to the management through observation memo dated 23-10-2023. However, no reply was received till close of audit.

### **1.9:- Violation of rule due to appointment of surveyors for low amount claims resulting into loss of Rs.95,818**

As per Insurance Rule 2017, section 31(2) Independent survey shall be conducted in respect of the claim lodged for the amount exceeding one hundred thousand rupees except in case of motor and casualty insurance where the amount of loss or claim is for more than fifty thousand rupees.

During the scrutiny of record of National Insurance Company of Pakistan for the year 2022, it was observed that numbers of low amount claims were settled by the claim department on the basis of assessment made by the surveyors despite the fact that those claims were falling under threshold limits allowed under above mentioned rule. According to above mentioned rule the surveyors can be appointed for claims exceeding Rs.100, 000 and claims more than Rs.50, 000 in case of motor and casualty insurance. The claims below these threshold amounts can be settled on self assessment basis and no need to appoint surveyors. The detail is as under;

S.N	Policy No.	Claim No.	Claim amount	Surveyors' name	Surveyors fees
1	2021/KB/B/SA/R/D/ P0018	K/AR-30—07/2022	7,300	M/s.Ego Associate	10,735
2	2021/KB/B/SA/R/D/ P0018	K/AR-30—08/2022	7,300	M/s.Ego Associate	10,735
3	2021/KB/B/SA/R/D/ P0018	K/AR-30—05/2022	7,270	M/s.SFH Consultancies	09,605

4	2021/KB/B/SA/R/D/ P0009	K/AR-30—61/2021	22,400	M/s.Chaudhry Noor Muhammad & Co	09,605
5	2021/KB/B/SA/R/D/ P0018	K/AR-30—15/2022	20,926	M/s.Global Adjuster	09,605
6	2022/KB/B/SA/R/D/ P0009	K/AR-30—35/2022	6,375	M/s.Icon surveyors	8,475
7	2021/KB/B/SA/R/D/ P0036	K/AR-30—18/2022	26,010	M/s.Viewers Surveyors	09,605
8	2022/KB/B/SA/R/D/ P0001	K/Burg-30-03/2022	55,169	M/s.Saulat & Co	9,000
9	2021/KB/B/SA/R/D/ P0018	K/AR-30—09/2022	6,300	M/s.Survey Scale	8,780
10	2022/KB/B/SA/R/D/ P0009	K/AR-30—61/2022	49,000	M/s.Saulat & Co	09,673
				<b>Total</b>	<b>95,818</b>

The above are few instances of such cases. However, the above position clearly evident that despite loss/claim amount being lower than the allowed limit, the claim department did not avail the facility of exemption from surveyor, and instead of settling the claims on self assessment basis they appointed surveyors for assessment of loss and sustained loss of Rs.95, 818 in above cases.

Audit is of the view that due to avoidance of exemption, the company is sustaining huge losses every year. The above are the few examples of such losses indicating recurrence of such losses every year. Further, the amount of loss is likely to increase with the volume of such cases. The same needs justification.

Audit recommended developing a comprehensive policy/manual of settling claims on self-assessment basis incorporating all elements in order to properly utilize the exemption of independent survey provision of Insurance Rule, apart from fixing responsibility on the person(s) at fault.

The matter was reported to the management through observation memo dated 23-10-2023. However, no reply was received till close of audit.

#### **1.10;- Settlement of claim in violation of policy amounting to Rs.15.00 million**

As per insurance policy No.2018/KB/B/SB/P/D/P0003 section 5 as per precedent to their right to be indemnified under this Policy, the assured shall, as soon as possible and in any event within 30 days after discovery by assured of any loss hereunder, give written notice thereof to the underwriters.

During the scrutiny of record of National Insurance Company of Pakistan for the year 2022, it was observed that a claim No.K/FG-30-01/2018 dated; 14-06-2018 was lodged by M/s. National Bank of Pakistan for loss due to fraud at NBP Serai Naurung, Bannu branch. The claim was lodged against the Bankers policy No. 2018/KB/B/SB/P/D/P0003 issued for the period 01-01-2018 to 31-12-2018. On receiving intimation of loss from insured, the management appointed joint surveyors M/s.Joseph Lobo (Pvt) Limited and M/s.Dustam & Co 25-06-2018 for the assessment of loss. The

further, the insured was also responsible to conduct internal control review & examination at least once in a year at all premises and need to retain the record and working papers relating to such audit. In case of non maintenance of controls, and non conduction of internal control review & examination by the management of NBP, as required under above mentioned terms and condition of the policy, the settlement of claim in favour of insured is not justified. Further, the survey report was issued by the surveyors after a noticeable delay of almost four and half years in violation of rule 47 (4) above against the allowed period of three months. The above needs justifications.

Audit recommended fixing responsibility on the person responsible for delay and discrepancies in settlement of claim.

The matter was reported to the management through observation memo dated 23-10-2023. However, no reply was received till close of audit.

### **1.12;- Doubtful payment of claim amounting to Rs.19.119 million.**

As per Insurance policy KF-01-0093-1/2014 condition-5(a), the insurance policy does not cover loss or damage occasioned by or through or in consequences of explosion.

As per Insurance Rule 2017 section 47(4) Every survey conducted by, and report given by, an insurance surveyor shall be conducted and given with due diligence and skill, and in good faith and the report shall be finalized as early as possible but within the period of ninety days:

During the scrutiny of record of National Insurance Company of Pakistan for the year 2022, it was observed that a claim No.K/F-54/2014 was lodged by M/s.Pakistan Petroleum Limited for loss/damage due to explosion of Pipeline at Bank, No.6 of Sui Gas Plant at Sui Gas Field, Baluchistan, on 01-08-2014. The claim was lodged against the policy No.KF-01-0093-1/2014 dated 31-12-2014 issued for the period 01-07-2014 to 01-07-2015. According to survey report dated 18-01-2018, the surveyor assessed the loss for Rs.17, 878,116, however; the surveyor stated that as per condition-5 of the special conditions described in the policy, the subject policy of insurance does not cover the loss or damage in consequences of explosion. Therefore the loss is not payable under the purview of the said policy of insurance.

Upon refusal from surveyor, the management of PPL (insured) requested NICL for favorable consideration in the case. Later on, management informed the surveyor that explosion damage risk is covered under the schedule of policy covering additional perils. On the request of insurer, the surveyor revised the survey report on 11-08-2018 and allowed the previous assessed loss. The insured was paid an amount of Rs.16, 878,116 as final payment on 06-01-2021 after adjusting one million deductible and file was closed.

Later on, the insured, on 07-01-21 submitted that the loss was short assessed for which the insured held various meetings with the surveyor as well as with the insurer. Finally, surveyor agreed to recommend the cost of chemical and issued 2<sup>nd</sup> addendum dated 22/03/2022 recommending for payment of Rs.2, 240,728 (cost of chemical lost during incident) to the insured. The claim file was reopened and additional claim was approved and paid on 02-09-2022. Total Rs.19, 118,844 (16,878,116 + 2,240,728) was paid to insured.

Further scrutiny of the record revealed that schedule of the policy (covering explosion damage), on the basis of which claim of PPL was allowed, was signed between the parties on 03-10-2014 and policy was issued on 31-12-2014 five months after claim intimation as the claim was intimated on 01-08-2014. This is an indicative of the fact that policy with explosion damages clause did not exist at the time of intimation of loss by insured, rather, the same was included in the policy after occurrence of loss. Further, the surveyor took more than three years in assessment of loss against the allowed period of three months. This is also a violation of rule.

Audit is of the view that inclusion of explosion damages clause in the policy schedule after intimation of loss, made the claim settlement in favour of insured, doubtful. Further delay in survey

is also a violation of rule and needs justifications. Audit further opined that the claim department solely depend the surveyors for the genuineness and reasonableness of the claims without cross verification of the same from other sources. Due to which there is a high risk of undue/exaggerated claim payments to clients.

Audit recommended developing a cross verification procedure in order to minimize high risk of collusion among clients, surveyors to obtain desired inflated claims from insurer apart from fixing responsibility on the person responsible for delay and discrepancies in settlement of claim.

The matter was reported to the management through observation memo dated 23-10-2023. However, no reply was received till close of audit.

### **1.13:- Unjustified settlement of Marine claim of PSML amounting to Rs.3.60 million**

As per Insurance Rule 2017 section 58(2) An insurer may issue a cover note prior to the receipt of premium, in order to enable the intending policyholder to review the details and scope of coverage being offered.

Provided that the cover note should not be for a period exceeding seven days in the case of motor business and beyond thirty days in all other cases and must be replaced with an insurance policy before expiry of such cover note, subject to receipt of premium by the insurer.

During the scrutiny of record of National Insurance Company of Pakistan for the year 2022, it was observed that a Marine claim No.10/ 003-PC-21 dated 21-10-2020 ,was lodged by M/s.Peoples Steel Mills Limited for loss due to damage of consignment of 45 packages of CCM Revamping project machinery & equipments imported from Tianjin (China) to Karachi. The ship arrived at KPT berth on 08-10-2020.

Further, scrutiny of the record revealed that debit note was issued on 16-10-2020 after the arrival of consignment from china, and premium was received on 20-01-2021. After receiving premium from PSFCL the management issued Marine Insurance Policy No.2021/KB/B/MI/D/PO190 on 27-01-2021.

On receiving intimation of loss, the management appointed joint surveyors M/s.Joseph Lobo (Pvt) limited and M/s.Atlas Surveyors (Pvt) Limited for assessment of loss. Initially, the surveyors assessed the loss for Rs.7, 479,235. Later on, the insured informed that damaged items have been repaired by insured himself and used in the production and submitted repair/claim bill dated 25-08-2022 for reimbursement. Upon receipt of the repair/Claim bill from insured the management requested joint surveyors to assess and adjust the loss accordingly. After examination of claim the surveyors adjusted the loss for Rs.3, 359,956.

Following discrepancies were observed in the settlement of case:

- i) - Debit note and marine policy was issued on 16-10-2020 and 27-01-2021 respectively after arriving ship at KPT port on 08-10-2020.
- ii) - Open cover No.NIC/M/SZ/COV/17-0081-1/90 (on the basis of which claim was allowed) was issued on 27-02-1990 for only one year. According to abovementioned rule 58(2) above, the cover not should have been replaced with an insurance policy within 30 days. How a claim was settled on the basis of an expired cover note.
- iii) - Supporting document (i.e. invoices and bills of vendors) in support of repair work was not available in the records.
- iv) - Inspection report of consignment at load port was not obtained to ensure that the consignment was in good condition at the time of loading.

Audit is of the view that issuance of policy after intimation of loss on the basis of expired cover note is a violation of rule. Further, insufficient documentation and non-availability of inspection

report of consignment at load port, also indicated weaknesses in the claim settlement process. The same needs justification.

Audit recommended fixing responsibilities on the person responsible for discrepancies in settlement of claim.

The matter was reported to the management through observation memo dated 23-10-2023. However, no reply was received till close of audit.

#### **1.14;- Unjustified settlement of claim of PSO amounting to Rs.7.946 million**

As per Insurance Rule 2017 section 58(2) An insurer may issue a cover note prior to the receipt of premium, in order to enable the intending policyholder to review the details and scope of coverage being offered.

Provided that the cover note should not be for a period exceeding seven days in the case of motor business and beyond thirty days in all other cases and must be replaced with an insurance policy before expiry of such cover note, subject to receipt of premium by the insurer.

During the scrutiny of record of National Insurance Company of Pakistan for the year 2022, it was observed that a claim No.2021KBFNRD100030 dated 16-07-2021, was lodged by M/s.Pakistan State Oil Company Limited for loss for damage of 09 PSO retail out lets due to windstorm at lakki marwat. The claim was lodged against the policy No. 2021KBFNRDP0092 dated 16-08-2021 issued for the period of 01-07-2021 to 30-06-2022.

On receiving intimation of loss from insured, the management appointed joint surveyors M/s.Josheph Lobo (Pvt) Limited and M/s.Dusam & Co (Pvt) Limited for assessment of loss. The surveyors assessed the loss for Rs.7, 946,623 for damage of 9 outlets.

Further scrutiny of the records revealed that premium was collected on 25-08-2021 and policy was issued on 16-08-2021, while, loss was intimated on 16-07-2021. The above dates clearly indicated that the policy was issued before receiving premium and after intimation of loss. This is a violation of rule as no cover note was issued for review the detail and scope of coverage and premium was received after issuance of premium.

Audit is of the view that claim department committed violation of rule as the policy was issued after intimation of loss and premium was received after issuance of policy.

Audit recommended renewal of policy in timely mannar just after expiry of previous policy period instead of renewal the policy after claim intimation, apart from fixing responsibilities on the person responsible for discrepancies in settlement of claim.

The matter was reported to the management through observation memo dated 23-10-2023. However, no reply was received till close of audit.

#### **1.15;- Unjustified settlement of claim of PSO amounting to Rs.13.340 million**

As per Insurance Rule 2017 section 55(1) A proposal form provided to a prospective policyholder shall carry or contain a notice of his duty of disclosure stating the consequences of non-disclosure.

During the scrutiny of record of National Insurance Company of Pakistan for the year 2022, it was observed that a claim No.K/F-19/2018 dated 210-05-2018, was lodged by M/s.Pakistan State Oil Company Limited for loss due to damage of Pipelines at PSO Sihala Depot Rawalpindi. The claim was lodged against the policy No.2017/KB/B/FN/R/D/P0087 dated 07-09-2017 issued for the period of 01-07-2017 to 30-06-2018.

On receiving intimation of loss from insured, the management appointed joint surveyors M/s.Malcolm Gaskill Services and M/s.Dusam & Co (Pvt) Limited for assessment of loss. The surveyors submitted their report on 28-02-2019 stated that PSO pipeline was punctured by the shovel machine of NHA contractor while excavation work of NHA was in progress near PSO

pipelines. The hit of excavation machine not only damaged the pipeline but also caused loss of 165,000 liters PMG (Premier Motor Gasoline) spilled away from the pipeline. Initially, the surveyors assessed the loss for Rs.1, 130,600 for damage of pipeline only as the policy cover HSD and did not cover loss of PMG product in pipeline. The insured refused to accept the claim and argued that pipeline connecting Attock Refinery Limited to Sihala depot is used for transportation of both the product. Keeping in view the insured argument, the surveyors allowed claim to the extent of Rs.12, 076,703 on 03-07-2020 after inclusion of loss of product. The insured (PSO) again disagreed with the surveyors due to lower rate applied for PMG. Later on, the surveyors revised his assessment on 22-03-2022 and increase the loss amount up to Rs.13, 340,603 as full and final settlement of the claim. Following discrepancies were observed in the settlement of case required justifications:

- i) - The loss of product (PMG) was not included in policy then why the same was allowed.
- ii) - If Sihala pipeline is used for transportation of both the products from Attock Refinery Limited then the same should have been disclosed by insured at the time of issuance of policy instead of intimating the same at the time of claim.
- ii) – The insurance policy did not include such provision allowed damages caused by third party.
- iii) – despite knowing the fact that construction of bridge is in progress by NHA, PSO did not adopt security measures like designating security guards, or installing a map indicating pipeline depth from the surface etc. for the safety of pipeline.

Audit is of the view that claim department solely depend the surveyors for the genuineness and reasonableness of the claims without cross verification of the same from other sources. Due to which there is a high risk of undue/exaggerated claim payments to clients.

Audit recommended developing a cross verification procedure in order to minimize high risk of collusion among clients and surveyors to obtain desired inflated claims from insurer apart from fixing responsibilities on the person responsible for discrepancies in settlement of claim.

The matter was reported to the management through observation memo dated 23-10-2023. However, no reply was received till close of audit.

#### **1.16- Excess payment of Rs.80.00 million to SSGCL due to non-deduction of deductibles**

During the scrutiny of record of National Insurance Company of Pakistan for the year 2022, it was observed that a claims No.K/F-065/2011 dated 25-10-2010, was lodged by M/s.Sui Southern Gas Company Limited against the policy No.01-0170-5/2010 for the flood damages at 4 locations (i.e. Garhi Khairu, Usta Mohammad, Dera Allah Yar, Suhbat pur). Loss was assessed by the surveyor for Rs. 375,496,096 and net claim was paid for Rs.355, 496,096 after adjusting deductibles and others.

Similarly another claim No.K/F-023/2011 dated 25-04-2011 was lodged against the policy No. 01-0171-7/2010 for flood damages at 4 locations (i.e.Dadu, Jacobabad, Shikarpur and Thatta). Loss was assessed by the surveyor for Rs. 256, 762,730 and net claim was paid for Rs. 119, 206,224 after adjusting deductibles and others. Deductible was allowed for Rs.20 million for both claims.

Further scrutiny of the records revealed that separate deductibles were not applied for each location; rather, claim losses of multiple locations were clubbed into single claim loss. The detail is as under;

S.NO	Location	Deductible applicable	Deductible applied	Loss of deductibles
<b>Claim No. No.K/F-065/2011</b>				
1	Garhi Khairu	20 million		



2	Usta Mohammad	20 million		
3	Dera Allah Yar	20 million		
4	Suhbat pur	20 million		
	Total deductible to be applied	80 million	20 million	60 million
<b>Claim No.K/F-023/2011</b>				
1	Dadu	20 million		
2	Jacobabad	20 million		
3	Shikarpur	20 million		
4	Thatta	20 million		
	Total deductible to be applied	80 million	60 million	20 million
	<b>Total loss of deductibles</b>			<b>80 million</b>

It is evident from above position that in first claim, instead of applying separate deductible for each location, the management applied one deductible for 4 locations. Similarly, in second claim management applied three deductibles for four location instead of 4 deductibles. Thus, made excess payment of Rs.80.00 million to insured. The same needs justification.

Audit is of the view that management extended undue favour to the client by deducting less deductible from claims and cause loss to the company.

Audit recommended fixing responsibilities on the person responsible for discrepancies in settlement of claim.

The matter was reported to the management through observation memo dated 27-10-2023. However, no reply was received till close of audit.

#### **1.17-Irregular / unjustified discount allowed on insurance premium – Rs. 71.735 million**

As per Rule 5(1) of the Public companies (Corporate Governance) Rule 2013, “the Board shall exercise its power and carry out fiduciary duties with a sense of objective judgment and independence in the best interest of the company.”

During Audit of National Insurance Company Limited (Head Office) Karachi for the year 2022, it was observed that the management allowed discount on the gross premium to the different clients / customers during the year 2021. Detail of discount is as under: -

(Rs In million)					
S. No.	Client's Name	Sum Insured	Gross premium	Discount granted to Client(s)	Percentage of Gross premium
01	SSGC	2,731.53	135.75	71.735	52.84

Audit is of the view that without having discount policy, management had significantly allowed discount to customer more than 50%. It reflects weak internal control. Thus, the discount allowed amounting to Rs. 71.735 million stands irregular and unjustified, which caused loss to the Company.

Audit recommends to investigate the matter and fixing responsibility on the person(s) at fault.

The matter was reported to the management through observation memo dated 27-10-2023. However, no reply was received till close of audit.

#### **1.18- In-ordinate delay in completing survey by the surveyors-Rs.56.821 million**

Section 47(4) of Insurance Rule 2017 states “every survey conducted by, and report given by, an insurance surveyor shall be conducted and given with due diligence and skill, and in good faith and the report shall be finalized as early as possible but within the period of ninety days.”

As per Insurance Ordinance 2000 section 118 stated that it shall be an implied term of every contract of insurance that where payment on a policy issued by an insurer becomes due and the person entitled thereto has complied with all the requirements, including the filing of complete papers, for claiming the payment, the insurer shall, if he fails to make the payment within a period of ninety days from the date from which the payment becomes due or the date on which the claimant complies with the requirements, whichever, is later, pay as liquidated damages a sum calculated in the manner as specified on sub-section. (2) on the amount so payable unless he proves that such failure was due to circumstances beyond his control.

During the scrutiny of the records of NICL for the year 2022, it was observed that numbers of insurance claims were lodged by the insured entities against the policies issued by NICL. Upon receipt of intimation of loss from the insured, the Misc claim department appointed surveyors to conduct the survey and assess the loss accordingly. However, the surveyors made noticeable delay in completing surveys. The details of surveys of losses with noticeable delay are as under:

S#	Name of insured	Surveyor name	Commencement of survey	Completion of survey	Survey completed in
01	NBP	M/s. P I C L	16-09-216	22-062017	9 month
02	SLIC	M/s. N&CL & M/s. A S L	04-12-2012 & 27-12-2012	30-08-2017	Almost 5 years
03	PPL	M/s. N & C L & M/s.RAssoc	08-09-2010	09-02-2017	Almost 7 years

It is evident from the above position that the surveyors are making inordinate delay in completing survey regarding reported loss and contributing in overall delay in finalization of claim settlement. Further such delay in survey could encourage the potential change in genuineness of loss.

Audit is of the view that the management should review the claim settlement process completely and concrete step should be taken to remove the obstacle in early settlement of claim including expediting survey activities by the surveyors. However, inordinate delays in surveys need to be justified.

#### **Audit Recommends:**

1. Claim settlement process be made speedy and effective as obligated within 90 days.
2. Grounds for inordinate delay be found out.

The matter was reported to the management through observation memo dated 27-10-2023. However, no reply was received till close of audit.

#### **1.19- In-ordinate delay in completing survey by the surveyors-Rs.376.57 million**

Section 47(4) of Insurance Rule 2017 states “every survey conducted by, and report given by, an insurance surveyor shall be conducted and given with due diligence and skill, and in good faith and the report shall be finalized as early as possible but within the period of ninety days.”

As per Insurance Ordinance 2000 section 118 stated that it shall be an implied term of every contract of insurance that where payment on a policy issued by an insurer becomes due and the person entitled thereto has complied with all the requirements, including the filing of complete papers, for claiming the payment, the insurer shall, if he fails to make the payment within a period of ninety days from the date from which the payment becomes due or the date on which the claimant complies with the requirements, whichever, is later, pay as liquidated damages a sum calculated in the manner as specified on sub-section. (2) on the amount so payable unless he proves that such failure was due to circumstances beyond his control.

During the scrutiny of the records of NICL for the year 2022, it was observed that numbers of insurance claims were lodged by the insured entities against the policies issued by NICL. Upon receipt of intimation of loss from the insured, the marine hull claim department appointed surveyors to conduct the survey and assess the loss accordingly. However, the surveyors made noticeable delay in completing surveys. The details of surveys of losses with noticeable delay are as under:

(Rupees in million)								
S #	Name of Insured	Name of Vessel	Date of Loss	2019	2020	2021	2022	Remarks
01	PNSC	M.T Hyderabad	23-12-20	—	38.50	—	—	In process of recovery
02	PNSC	M.T Karachi	17-01-21	—	49.80	—	—	Final survey Report of the claim is pending
03	PNSC	M.T Quetta	09-09-21	—	37.10	—	—	In process
04	PQA	M.T Mohna	05-08-19	2.500	—	—	—	Claim amount is reported by client M/s PQA, but surveyor has not issued/finalized survey report due to client has not provided the information/data required to surveyor
05	PQA	P.B Amber	16-12-20	—	52.29	—	—	
06	PQA	P.B Amber	16-12-21	—	—	13.19	—	
07	PQA	M.T Mohna	10-9-21	—	—	152.41	—	
08	PQA	P.B Lahoot	17-02-22	—	—	—	18.38	
	PQA	P.B Heer	02-08-22	—	—	—	2.40	
	PQA	P.B SASSI	10-11-22	—	—	—	10	
		<b>Sub-Total</b>		2.500	177.69	165.60	30.78	
		<b>Grand Total</b>					<b>376.57</b>	

It is evident from the above position that the surveyors are making inordinate delay in completing survey regarding reported loss and contributing in overall delay in finalization of claim

settlement. Further such delay in survey could encourage the potential change in genuineness of loss.

Audit is of the view that the management should review the claim settlement process completely and concrete step should be taken to remove the obstacle in early settlement of claim including expediting survey activities by the surveyors. However, inordinate delays in surveys need to be justified.

**Audit Recommends:**

1. Claim settlement process be made speedy and effective as obligated within 90 days.
2. Grounds for inordinate delay be found out.

The matter was reported to the management through observation memo dated 27-10-2023. However, no reply was received till close of audit.

**1.20-Violation of rule due to delay in settlement of re-insurance claim amounting to US\$.491, 024.50**

As per Insurance Ordinance section 118(1) It shall be an implied term of every contract of insurance that where payment on a policy issued by an insurer becomes due and the person entitled thereto has complied with all the requirements, including the filing of complete papers, for claiming the payment, the insurer shall, if he fails to make the payment within a period of ninety days from the date on which the payment becomes due or the date on which the claimant complies with the requirements, whichever is later, pay as liquidated damages a sum calculated in the manner as specified in sub-section (2) on the amount so payable unless he proves that such failure was due to circumstances beyond his control.

During the scrutiny of record of National Insurance Company of Pakistan for the year 2022, it was observed that a claim No.K/MV-30-702/16&319/2018 was lodged by M/s. Pakistan International Airlines for loss due to crash of aircraft A320 near Karachi Airport on 22-05-2020 vide claim No.NAV-PIA-GTP-05/20 against the policy No. NAV-PIA -78-00334-8/19 issued for the period of 30-12-2019 to 29-12-2020. Policy involved reinsurance from PRCL(7.50% share), NICL(2.5% share) and lead insurer M/s.Marsh Limited, London(U.K)(90% share). Being lead insurer M/s.Marsh Limited, London (U.K) appointed M/s.Charles Taylor Adjusting Ltd., London (U.K) to conduct survey and assess/adjust the loss accordingly. The surveyor assess the loss for US\$.491, 024.50, in which NICL share is US\$.12, 275.61 and PRCL share is US \$ 478,748.89 (including lead reinsurer share).

As per existing procedure, a memorandum of settlement was required to be signed by NICL, PRCL and PIAC for agreement in the net settlement due to PIA. After signing of the memorandum of settlement of claim by all stakeholders, it will enable the loss adjuster/Broker to collect foreign reinsurers claim share involved in the matter, as all shares of the insurer and reinsurer are accumulated with loss adjuster and are paid to insured accordingly.

However, audit observed that so far more than three years have been lapse, but the memorandum of agreement was not signed by the stakeholders, thus cause delay in settlement of claim.

Audit is of the view that the management have violated the rules mentioned above which clearly emphasis that the settlement of claim should have been finalized within the stipulated period of ninety days. The non-compliance of rules needs justification.

Audit recommended adopting measures avoiding such long delay in settlement of claim in future.

The matter was reported to the management through observation memo dated 27-10-2023. However, no reply was received till close of audit.

### **1.21- Irregular charges of premium on different rate Rs. 601.83 million**

Code of Corporate Governance for Insurers, 2016 states in clause xiii (a) Checks and balances:- The insurer shall institute policies and procedures such as requiring the separation of critical functions e.g. risk management, underwriting (subject to the relevant provisions of the insurance ordinance, 2000), investment, claims handling, internal audit and compliance with statutory rules and regulations, cross checking of documents, dual control of assets and double signatures on certain documents, etc to ensure checks and balances within the insurer.

During Audit of National Insurance Company Limited (Head Office) Karachi for the year 2022, it was observed that the management received premium on account of Hull and Machinery Cover Rs.601.83 million from PNSC,PQA and KSEW on different rate of premium during the year 2022. List is attached as **Annex-D**.

The list of Marine client's premium rate shows that no uniform rate / slabs of premium rates are charged in NICL. It was also mentioned here that the insurance premium rate was fixed as institution wise, which is a violation of Code of Corporate Governance for Insurers, 2016.

Audit is of the view that the prescribed rate of premium should have been approved by the management for issuance of insurance policy; otherwise, collection of insurance premium would be irregular and unjustified. The matter needs to be elaborated.

Audit recommends that a manual, guidelines, SoP, rules should be prepared in the underwriting department of NICL.

The matter was reported to the management through observation memo dated 27-10-2023. However, no reply was received till close of audit.

### **1.22- Payment of premium directly to the international underwriter and brokers-US\$ 6.658 million**

Public Sector Companies (Corporate Governance), 2013 Rules in Section 4(3) "Role of Chief Executive" states "the chief executive is responsible for the management of the Public-Sector Company and for its procedures in financial and other matters, subject to the oversight and directions of the Board, in accordance with the Ordinance. His responsibilities include implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations."

As per Rule 5(1) of the Public companies (Corporate Governance) Rule 2013, “the Board shall exercise its power and carry out fiduciary duties with a sense of objective judgment and independence in the best interest of the company.”

During regular audit of the accounts of National Insurance Company Limited (NICL), Karachi for the year 2022, it was observed that Pakistan International Air Lines (PIA) had got the fleet insurance policy for the period of 2019-20 through NICL. It came to notice that the international underwriter and broker were issued notices of cancellation of the fleet insurance policy due to non –payment of due premium to the insured i.e PIA. Therefore, to avoid any unpleasant situation, PIA had released USD 3.279 million of 1<sup>st</sup> and 2<sup>nd</sup> installments respectively to the directly insurance broker M/s Marsh Limited with the consent of NICL. Further, in case of cancellation of fleet insurance which required immediate grounding of the aircraft and had the PIA finance department not acted promptly, the risk would have been exposed.

Further, it has learnt from the record that PIA pursued to PRCL/NICL vide letter dated 17<sup>th</sup> August,2020 for releasing the 3<sup>rd</sup> installment which was duly released y PIA on 23<sup>rd</sup> July ,2020. In the letter ,PIA had taken plea that due to non-payment of 3<sup>rd</sup> installment, the broker again issued cancellation notices of the insurance coverage of the fleet. As per record the 3<sup>rd</sup> installment was due on 15<sup>th</sup> July,2020. The situation was very unfortunate and damaging for the PIA and PIA requested to immediately release payment of 3<sup>rd</sup> installment to underwriters.

By considering of above fact, NICL did not act as required under these circumstances and PIA had to pay directly premium of 1<sup>st</sup> & 2<sup>nd</sup> installment to the international broker whereas premium should have paid/routed through NICL and PRCL.

Audit was of the view that management did not perform the duty in a true professional manner, which reflects weak internal control.

The matter was reported to the management through observation memo dated 27-10-2023. However, no reply was received till close of audit.

## 2. Procurement/Contracts

### 2.1; - Unjustified procurement against austerity measures of Finance Division Rs.7.317

As per Finance Division memorandum No.7(1)Exp.iv/2016-440 dated 15-07-2021 section (iv) Principal Accounting Officers (PAOs) will ensure rationalized utility consumption i.e., electricity, gas, telephone, water etc and the expenditure on purchase of assets, repair & maintenance and all other operational expenditures shall be kept at bare minimum level while remaining within the budgetary allocation for the financial year.

During the scrutiny of record of National Insurance Company of Pakistan for the year 2022, it was observed that following items were procured by the management against the austerity measures of Finance Division mentioned above. The detail is as under;

S.No	Item	PO.No	Amount Rs.
1.	Gym. Equipment	NICL/Admn/HO/2022 dated 10-03-2022	3,431,177
2.	SIP Truck Connectivity and Ip-PABX at NICL Karachi, Lahore and Islamabad for three years.	NICL/PTCL/Admn//2022 dated 31-01-2022	3,886,054 (1,186,054 and 2,700,000 (75,000pm x 36month)
		<b>Total</b>	<b>7,317,231</b>

Audit is of the view that management have failed to observe austerity measures as required under above instruction of Finance Division. The same needs justification. Audit recommended fixing responsibility on the person responsible for non-compliance of Finance Division directives.

The matter was reported to the management through observation memo dated 23-10-2023. However, no reply was received till close of audit.

### 2.2; - Non –transparent award of contract- Rs. 7.538 million

Public Sector Companies (Corporate Governance), 2013 Rules in Section 4(3) “**Role of Chief Executive**” states “the chief executive is responsible for the management of the Public Sector Company and for its procedures in financial and other matters, subject to the oversight and directions of the Board, in accordance with the Ordinance. His responsibilities include implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that **funds and resources are properly safeguarded and are used economically, efficiently and effectively** and in accordance with all statutory obligations.”

As per PPRA 2004 rule 12 (2) All procurement opportunities over two million rupees should be advertised on the Authority’s website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

During the scrutiny of the records of NICL for the year 2022 it was observed that the management awarded a contract for supply of diesel for 2000 KVA Generator, during the year 2022. No signed agreement was found available in relevant file between the parties. Further scrutiny of the records revealed that no **open competitive bidding** process through press tender was adopted by the management as required in above mentioned rule. The detail of contract is as under;

Audit is of the view that open competitive bidding process through press tender is a mandatory requirement for procurement over two million which was not adopted by the management in above cases thus management violated PPRA Rules. This needs to be justified.

The matter was reported to the management through observation memo dated 23-10-2023. However, no reply was received till close of audit.

### **2.3- Violation of rule due to non- uploading procurement plan on PPRA websites Rs. 32.838 million**

According to the Rule-12 (9) of PPRA-2004 “with the prior approval of the Federal Government, a procuring agency shall announce in an appropriate manner all proposed procurement for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The annual requirements thus determined would be advertised in advance on the Authority’s website as well as on the website of the procuring agency in case the producing agency has its own website.

During the scrutiny of the record of NICL for the year 2022, it was observed that PPRA-2004 has defined certain procedure of procurement including publication of procurement plan on PPRA website. No formal procurement plan was advertised in advance for the year under review. The rule requires the management to announce all proposed procurements for each financial year in an appropriate manner on PPRA website and may proceed accordingly without any splitting or regrouping of the procurements so planned.

Audit is of the view that the requisite annual procurement plan for the year 2022 was not advertised on PPRA website which is a violation of above-mentioned rule and need to be justified. The non-existence of the procurement plan has given birth to split procurements which is against economy and the value for money. Further, non-compliance of the PPRA-2004 rule, procurements made for the year 2022 which was not fair and transparent manner which also lost the procurement objective to bring the value for money to the procuring agency.

#### **Audit Recommends:**

1. The inquiry may be conducted for the non-compliance to the publication of the procurement plan and fixing responsibility thereto.
2. Procurement plan must be advertised in future as per rules

The matter was reported to the management through observation memo dated 27-10-2023. However, no reply was received till close of audit.

### **2.4;- Mis-procurement of I.T equipments on splitting basis – Rs. 32.838 million**

As per PPRA 2004 rule 12 (1), Procurements over five hundred thousand Pakistani Rupees and up to the limit of three million Pakistani Rupees shall be advertised on the Authority’s website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency. Further, Rule 9 of PPRA Rules, 2004, states that save as otherwise provided and subject to the regulation made by the Authority, with the prior approval of the Federal Government, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The annual requirements thus determined would be



advertised in advance on the Authority’s website as well as on the website of the procuring agency in case the procuring agency has its own website.”

During audit of National Insurance Company Limited (H.O) Karachi for the year 2022, it was observed that management purchased Furniture & Fixture, Electric Equipment’s, , I.T items, furniture, computer peripherals and Misc items for building and incurred expenditure of Rs. 32.838 million by splitting up. Detail is as under.

(Rupees in millions)		
S.No	Title of Items	Amount
01	I.T Equipments and Hardware	4.863
02	Computer Peripherals & Toners	5.905
03	Furniture and Fixture	3.749
04	Misc Building Items	18.321
	<b>Total</b>	<b>32.838</b>

Audit was of the view that the above mentioned items were of routine nature and should have been procured through one time open tendering process, resultantly the benefit of economical procurements could have been achieved. Thus, organization was deprived of the benefit from the competitive rates and undue favour was extended to the suppliers by ignoring competitive bidding process at the cost of funds of the Corporation. Thus, procurements of different items valuing to Rs.32.838 million were held irregular as these procurements were splitting up and in violation of PPRA 2004.

Audit recommends making sure the compliance of the PPRA rules 2004, under intimation to audit.

The matter was reported to the management through observation memo dated 27-10-2023. However, no reply was received till close of audit.

## **2.5;- Irregular expenditure through splitting - Rs. 18.454 million**

According to Clause -09 of PP Rules-2004, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The annual requirements thus determined would be advertised in advance on the Authority’s website as well as on the website of the procuring agency in case the procuring agency has its own website. Moreover, according to clause-12(2) of PP Rules-2004, all procurement opportunities over two million rupees were required to be advertised on the Authority’s website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu

During the audit of National Insurance Company Limited (NICL) Karachi for the year 2022, it was observed that management hired the services of thirty five (35) contractors for the civil work carried out on different floors and parking area of NICL building, Karachi. The management incurred expenditure of Rs. 18.454 million through petty transactions during 2022. No other documents regarding prequalification process and tender process for financial bids was available in the files provided to audit which showed that no tender process was adopted and the whole work was irregularly executed by splitting the same to avoid tender process. Few example of renovation work executed on the floors of NICL building is as under:

4. (A)

S #	Name of Contractor	Detail of Contract	Value of Contract
1	Sky Line	Renovation addition work at 2nd floor	1,816,052
2	Sky line	Maintenance of CEO Executive washroom work at 4th floor	146,250
3	Sky line	Additional work of renovation at 2nd floor right wing	499,064
4	Sky line	Repair of executive dining hall and polish of CEO room 4th floor	257,400
5	Sky line	Renovation work for change work station wallet fabric at 2nd floor right wing	74,880
6	Sky line	Renovation/ addition work at 2nd floor	2,210,818
		<b>Sub-Total</b>	<b>5,004,464</b>

In view of above Audit is of the view that the contracts valuing Rs. 18.454 million were awarded in non-transparent manner, in violation of Public Procurement Rules 2004. NICL was also deprived of the benefits of competitive which needs justified.

The matter was reported to the management through observation memo dated 23-10-

1	AB Services	Excavation and fixing of pipe in Gen room	65,000
2	AB Services	Paint work at sports hall, Gem area 12th floor	168,500
3	AB Services	Providing & Applying chemical polishing on 12th floor Gem area	83,620
4	AB Services	Repair of vehicle parking shade on ground floor	262,200
5	AB Services	Repair work of walk way envicrete, flower pot area, main sewerage wall	49,500
6	AB Services	Coloring the front wall with distemper along with oil paint at main gate of 10 Acre plot	305,000
7	AB Services	Renovation work at wash room at 14th floor	475,000
		<b>Sub-Total</b>	<b>1,408,820</b>

2023. However, no reply was received till close of audit.

## **3. Assets/Inventory management**

### **3.1; - Non-existence of salvage management function**

As per code of corporate governance for insurance companies 2016 section (xiii) The Board of Directors must establish a system of sound internal control, which is effectively implemented at all levels within the insurer;

During the scrutiny of record of National Insurance Company of Pakistan for the year 2022, it was observed that multiple control weaknesses existed in salvage management process which may resulted into low salvage income and high risk of fraud & misappropriation of salvage assets. Currently, all the process of receiving, management and disposal of salvage assets are being performed by claim department instead of a separate department. This lead to conflict of interest at the level of claim department being the sole process owner from claim settlement till salvage management. Further, the management has not defined cases or nature of claims in which salvage collection is mandatory in order to avoid fraudulent claims. In addition the management has not defined the rule of minimum deduction percentages for claims having lower salvage value. There is also need to have a designated salvage site. Currently, the salvage assets are placed at multiple sites.

Audit is of the view that in presence of above control weaknesses, there is a risk of misappropriation of salvage assets received by the company. Further, there is also a risk of loss of salvage income due to lower deduction in claim amount and deterioration of salvage assets condition.

Audit recommended implementing salvage policy in the company, segregate the duties of salvage receipt, maintenance and disposal and designating salvage sites for restricting placement and due care of salvage assets.

The matter was reported to the management through observation memo dated 23-10-2023. However, no reply was received till close of audit.

### **3.2; - Non-recovery of rent from M/s. Bearing Point: Rs 40.668 million**

Public Sector Companies (Corporate Governance), 2013 Rules in Section 4(3) “**Role of Chief Executive**” states “the chief executive is responsible for the management of the Public Sector Company and for its procedures in financial and other matters, subject to the oversight and directions of the Board, in accordance with the Ordinance. His responsibilities include implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that **funds and resources are properly safeguarded and are used economically, efficiently and effectively** and in accordance with all statutory obligations.”

Rule.5.(1)of Public Sector Companies (Corporate Governance) Rules, 2013 state that the Board shall exercise its power and carry out its fiduciary duties with a sense of objective judgment and independence in the best interest of the company.

During the scrutiny of the records of NICL for the year 2022, it was observed that the Estate Department rented out the 10<sup>th</sup> floor (Both Wings )of NIC building, Karachi having covering area of 10534 square feet to M/s. Bearing Point at the monthly rent of Rs.88.511 per square meter in 2004. As per terms and conditions of the agreement the rent was payable in advance for a period of eleven months.

Repayment performance of the tenant has been poor since 2013. As a result, an amount of Rs.40, 668,276 is outstanding against the tenant. The management has filed a civil suit against the tenant M/s. Bearing Point for recovery of dues in Sindh High court in 2018. Case is pending in the Court. Audit is of the view that the management should take concrete steps to recover rent from tenant under intimation to audit.

The matter was reported to the management through observation memo dated 23-10-2023. However, no reply was received till close of audit.

### **3.3;- Non-recovery of outstanding rent from tenants: Rs 63.452 million**

Public Sector Companies (Corporate Governance), 2013 Rules in Section 4(3) “**Role of Chief Executive**” states “the chief executive is responsible for the management of the Public Sector Company and for its procedures in financial and other matters, subject to the oversight and directions of the Board, in accordance with the Ordinance. His responsibilities include

implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that **funds and resources are properly safeguarded and are used economically, efficiently and effectively** and in accordance with all statutory obligations.

During audit of National Insurance Company Limited (Head Office) Karachi for the year 2022, the scrutiny of relevant record revealed that amount of Rs.63.448 million is lying outstanding against the tenants occupied the space on rent in NICL building at Karachi. Detail of outstanding amount is as under.

<b>(Rupees in millions)</b>		
<b>S.No</b>	<b>Name of tenants</b>	<b>Outstanding Rent</b>
01	M/s Sindh Education Foundation	3.480
02	M/s Nespak	41.293
03	M/s Zeeruk International (Pvt) Ltd	2.544
04	M/s Federal Tax Ombudsman	3.476
05	M/s Pakistan Software	1.738
06	M/s Universal Services Fund	3.756
07	M/s Information Technology	1.878
08	M/s Population Welfare	3.370
09	M/s Sofstica Solution (Pvt) Ltd	1.643
10	NIC Bungalow No 41/All	0.270
	<b>Total</b>	<b>63.448</b>

The above position clearly transpires that huge outstanding amount of Rs.63.448 million is lying un-recovered against the tenants. The outstanding amount in some cases is recoverable for the last two to eight years .The outstanding amount against the tenants indicates slackness of the management with regards to the timely recovery of rent.

Audit is of the view that recovery of outstanding amount could not be realized due to poor pursuance of the management.

#### **Recommendations:**

1. Reasons/circumstances, under which the outstanding amount of rent could not be recovered, may be intimated to Audit.
2. Efforts so far made for the recovery of outstanding amount, mat be furnished.
3. Effective measures may be taken for recovery of the same, under intimation to Audit.

The matter was reported to the management through observation memo dated 23-10-2023. However, no reply was received till close of audit.

#### **3.4; - Non-recovery of outstanding rent from overseas tenants: Rs 13.99 million**

Public Sector Companies (Corporate Governance), 2013 Rules in Section 4(3) “**Role of Chief Executive**” states “the chief executive is responsible for the management of the Public Sector Company and for its procedures in financial and other matters, subject to the oversight and directions of the Board, in accordance with the Ordinance. His responsibilities include implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that **funds and resources are properly safeguarded and are used economically, efficiently and effectively** and in accordance with all statutory obligations.

During audit of National Insurance Company Limited (Head Office) Karachi for the year 2022, the scrutiny of relevant record revealed that amount of **AED 251,089** equivalent to **Pak Rs.13,809,895** is lying outstanding against the overseas tenants, occupied the space on rent in Liberty House ,DIFC , **Dubai**. Detail of outstanding amount is as under.

Government of Pakistan  
Ministry of Commerce  
\*\*\*\*

Islamabad, the 8<sup>th</sup> August, 2023

**NOTIFICATION**

**No. 15(1)/2023-AOs-HR:** In exercise of powers conferred under Section 1(d)&(e), Section 3, Section 10(2)(a)&(b), Section 12 and Section 13 of State-Owned Enterprises (Governance and Operations) Act, 2023, the Federal Government, vide Decision in Case No. 500/Rule-19/2023, dated 07-08-2023, is pleased to reconstitute the Board of Directors of **National Insurance Company Limited (NICL)** as under for a period of three years:-

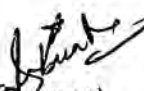
Sr.#	Composition of Board	Remarks
i.	Chief Executive Officer (CEO), NICL	Executive Director/Ex-Officio
ii.	Representative of Ministry of Commerce	Ex-Officio
iii.	Representative of Ministry of Finance	Ex-Officio
iv.	Executive Director, State Life Insurance Corporation	Ex-Officio
v.	Mr. Shahid Sattar, President/CEO, SAMBA Bank Ltd	Independent Director
vi.	Mr. Abid Sattar, Ex-President & CEO, Askari Bank Ltd.	Independent Director
vii.	Mr. Ali Syed, CEO, M/s Alltrac (Pvt) Limited; M/s IDC (Pvt) Limited and M/S Simzain International	Independent Director
viii.	Sahibzada Rafat Raof Ali, Ex Group Head SAMD, The Bank of Punjab	Independent Director
ix.	Mr. Muhammad Jaffer Raza, Lawyer associated with various Law Firms	Independent Director

  
**(Sabiha Parveen)**  
Section Officer (AOs-HR)  
Ph: 051-9206540

**The Manager,**  
Printing Corporation of Pakistan Press,  
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2. Secretary, Establishment Division, Islamabad
3. Secretary, Finance Division, Islamabad
4. Chairman, State Life Insurance Corporation of Pakistan, Karachi
5. Director to Minister for Commerce, M/o Commerce, Islamabad.
6. S.O. to Secretary, M/o Commerce, Islamabad
7. Company Secretary, NICL, Karachi, with the request to circulate the same amongst all Board members.
8. Office Copy

  
**(Sabiha Parveen)**  
Section Officer (AOs-HR)

## **4. Human Resources**

### **4.1-Irregular enhancement in house rent and Utility Allowance-Rs28.829 million**

According to Rule-5(5)(a) of the Public Sector Companies (Corporate Governance) Rules, 2013, the principle of probity and propriety entails that company's assets and resources are not used for private advantage and due economy is exercised so as to reduce wastage. The principle shall be adhered to, especially with respect to handling of public funds, assets, resources and confidential information by directors, executives and employees and claiming of expenses

During audit of National Insurance Company Limited (H.O) Karachi it was found that the management, , enhanced house rent allowance from 40% to 45% and utility allowance from 10% to 12.5% on running basic pay without the approval of the Board. Resultantly excess amount was paid Rs.28.829 million on account of house rent Rs.20.88 million and utility allowance Rs.7.9484 million to officers/officials of NICL during the year 2022.

Hence increase in House Rent and utility allowance without approval of the BoD is treated as irregular.

Audit is of the view that the management should not have increased the allowances without the approval of the Board.

Audit recommends that allowance may be got regularized from the competent authority.

The matter was reported to the management through observation memo dated 27-10-2023. However, no reply was received till close of audit.

### **4.2- Un-authorized payment of pension to non-entitled employee- Rs 11.290 million**

As per NIC (Re-organization) Ordinance, 2000 Transfer of employees from the Corporation to the Company.(1) All whole time employees of the Corporation who had continuously served for a period of not less than six months before the effective date shall be transferred to, and become the employees of the Company, hereinafter referred to as the "Transferred Employees", on the same terms and conditions, including remuneration, tenure of office, rights, perquisites, privileges, pension benefits, gratuity, provident fund, group insurance and other matters, as were applicable to them immediately before the effective date. (2) No person transferred to the Company pursuant to sub-section (1) shall be entitled to any compensation as a consequence of transfer to the Company. (3) The terms and conditions of service of any Transferred Employee shall not be altered adversely by the Company except in accordance with the laws of Pakistan or with the consent of the Transferred Employees and the award of appropriate compensation.

During the audit on the accounts of National Insurance Company Limited (NICL) Karachi for the year 2022 it was observed that management had disbursed pension of Rs.11.290 million to non-entitled ex-employees i.e Mr.Aamir Qureshi, Ex-Chief Manager since June 09<sup>th</sup>,2016.

Moreover, the NICL BoD clearly directed that Mr.Sad Shah and Mr.Aamir Qureshi were employed post year 2000 are considered as MSP employees who are not entitled for pension vide minutes of 94<sup>th</sup> meeting held on May 06<sup>th</sup>,2017.Detail of payment made on account of pension is as under

<b>S.#</b>	<b>Period</b>	<b>Per .month</b>	<b>Increased 10%</b>	<b>Per.Year</b>
01	09.06.2016 To 08.05.2017	82,274		987,288
			8,227	
02	09.05.2017 To 08.04.2018	90,501	9,050	1,086,016
03	09.04.2018 To 08.03.2019	99,551	9,955	1,194,613
04	09.03.2019 To 08.02.2020	109,506	10,950	1,314,072
05	09.02.2020 To 08.01.2021	120,456	12,046	1,445,479
06	09.01.2021 To 08.12.2021	132,501	13,250	1,590,019

07	09.12.2021 To 08.11.2022	145,751	14,575	1,749,012
08	09.11.2022 To 08.10.2023	160,326		1,923,912
	Total	940,866	78,053	11,290,411

Further , Mr.Aamir Qureshi was absorbed in NICL after 2000 when Corporation changed as Company as per NIC ((Re-organization) Ordinance, 2000.

Audit is of the view that disbursement of pension Rs.11.290 million irregular as the payment of pension was made in violation of directives of BoD and rules.

The matter was reported to the management through observation memo dated 27-10-2023. However, no reply was received till close of audit.

#### **4.3- Unproductive role of HR Department**

Public Sector Companies (Corporate Governance), 2013 Rules in Section 4(3) “Role of Chief Executive” states “the chief executive is responsible for the management of the Public Sector Company and for its procedures in financial and other matters, subject to the oversight and directions of the Board, in accordance with the Ordinance. His responsibilities include implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.”

During audit of National Insurance Company Limited (Head Office) Karachi for the year 2022, it was observed that HR department of NICL have several deficiencies, some instances are as under;

- a. Outdated HR manual
- b. Unclear policy / guidelines in the HR manual regarding perquisite of the officials and officers
- c. Lack of jobs description
- d. Lack of relevant fields expertise of HR
- e. Non-frequent training of the employees NICL
- f. Lack of succession planning
- g. Lack of performance appraisal procedures
- h. No proper filling system adopted
- i. Non availability of cadre wise sanctioned strength
- j. Additional charge given to different department heads, which results in affecting the functions of both departments

Further, management has instance on sanctioned strength that Board of Director approved 750 as total strength of NICL without mentioning the cadre wise breaks up.

Audit is of the view that the Board did not approve cadre wise sanctioned strength since long which clearly depict that Board remained unable to perform fiduciary duties. Further, JD`s for all posts were not available and performance appraisal procedures were not observed. Rotation policy for employees was not implemented due to large numbers of employees have been working at the same job since appointment. This is a great concern which dire needs to address immediately so human resource of company get to be strengthened and they could deliver optimal result to the company.

Audit recommends updating HR manuals with all its core contents and approved cadre wise sanctioned posts. Besides, bonus should be fixed on performance basis and job rotation policy should also observe in the best interest of company. The matter needs clarification for not adopting above directives.

The matter was reported to the management through observation memo dated 27-10-2023. However, no reply was received till close of audit.

## NICL case verdict: SC orders action against top officials

NAB also directed to move against own chief.

**Azam Khan**   November 22, 2013



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SC found Zaman guilty in the matter alongside then commerce minister Makhdoom Amin Fahim. PHOTO: FILE

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### ISLAMABAD:

**In a hard-hitting verdict, the Supreme Court ordered the top graft watchdog on Friday to register cases against the top bureaucrats and politicians involved in the National Insurance Company Limited (NICL) scandal.**

A three-judge bench, headed by Chief Justice Iftikhar Chaudhry, directed that all investigations into the multibillion-rupee scandal be handed over to the National Accountability Bureau (NAB).

At the same time, the court issued directives for initiating a case against the incumbent NAB chairman, Qamar Zaman Chaudhry, over his alleged involvement in the [NICL scam](#), triggering confusion among legal experts as to how the bureau could carry out such an order.

The court, while declaring [Ayyaz Khan Niazi's appointment as NICL chairman](#) "non-transparent, illegal and unwarranted", found Zaman guilty in the matter alongside then commerce minister, Makhdoom Amin Fahim, commerce secretary Suleiman Ghani, establishment secretary Ismail Qureshi and acting principal secretary to the prime minister Nargis Sethi.



## The bench observed that Zaman, while serving as interior secretary “hampered transparent investigation into the NICL scam

Since those involved in Niazi’s appointment are liable to be dealt with under Section 9(a)(vi) of the National Accountability Ordinance, 1999, NAB will have to investigate its own chief.

According to legal experts, this has a direct impact on the governance structure in the country.

“It is incomprehensible how Qamar Zaman can retain his post now after the court’s verdict,” said Justice (retd) Tariq Mahmood. “Will NAB register a case against its chief? Or will he file a case against himself as well?”

Senior lawyer and PPP leader Aitzaz Ahsan, meanwhile, urged the court to exercise restraint in the matter. He said there were numerous instances in the past where the court had to rectify weak judgments.

However, senior lawyer Abdul Hafeez Amjad defended the judgment, saying it was necessary to curb the menace of corruption in the country.

The bench, in its final verdict on the NICL case, also found Zaman guilty of creating hurdles in the investigation of the case and framed contempt charges against the NAB chief.

It observed that Zaman, while serving as interior secretary, was involved in the transfer of then Federal Investigation Agency (FIA) director general (DG) Zafar Ahmed Qureshi, which “hampered the smooth and transparent investigation into the NICL scam”.

Then establishment secretary Abdul Rauf Chaudhry, principal secretary to the prime minister Khushnood Akhtar Lashari, and former FIA DG Malik Muhammad Iqbal were also involved in Qureshi’s transfer.

“On account of the transfer of Zafar Qureshi, an amount of Rs420 million, due against Mohsin Habib Warraich, and others could not be recovered,” the judgment read. “Likewise, another huge amount... having a balance of £1.138 million... deposited by the accused persons in the bank . account of Moonis Elahi... had not been recovered.”

The judgment also stated that in the period Qureshi remained dissociated with the NICL investigation, outstanding amounts which had been frozen were ‘illegally activated’.

The bench framed contempt charges against Abdur Rauf Chaudhry over this matter as well. It observed that while Khushnood Lashari had replied to the show cause notice served to him in this regard, he had yet to appear in court. As such proceedings against him were to be ‘kept pending’. All other contempt of court cases, linked to the NICL scam, were to be de-linked and fixed for hearing, the judgment stated.

The court also stated that the FIA had failed to recover the outstanding amount from the main accused so far. It ordered the NAB chairman to take the necessary steps to recover the amount and arrest the main accused as early as possible.

*Published in The Express Tribune, November 23<sup>rd</sup>, 2013.*

## NAB told to detail steps for implementing 2013 verdict

'Ayyaz Khan Niazi had been appointed as NICL chairman contrary to Section 12 of the Insurance Ordinance, 2000'

Hasnaat Malik    May 05, 2018



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PHOTO: AFP/FILE

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**ISLAMABAD:** The Supreme Court asked the National Accountability Bureau (NAB) to submit a 'concise statement' about steps taken for implementing the 2013 judgment in the NICL case.

Almost after five years, the two-judge bench, comprising Chief Justice Mian Saqib Nisar and Justice Ijazul Ahsan, started hearing the case of non-implementation of the apex court verdict in the NICL scam.

The court wondered why Ayyaz Khan Niazi and Mohsin Habibullah Warraich had not been arrested yet.

The court served notices on Niazi and directed NAB to provide the record of his bail. The bureau was also asked to provide a comprehensive report detailing why the reference against Ayyaz and Mohsin Habibullah Warraich had not been decided even after the lapse of three years. NAB was also asked to inform the court who was responsible for the delay. "Provide us details of everything," the chief justice asked the NAB's additional prosecutor-general.

[NAB to request review of Hudabiya verdict](#)

During the hearing, Additional Prosecutor-General Akbar Tarar informed the court that references

against Ayyaz Khan Niazi and Mohsin Habibullah Warraich were still pending in the Accountability Court, Lahore. He said that Niazi had been granted bail by the Special Judge Central. The hearing was adjourned till May 13.

According to the Supreme Court's 2013 judgment, authored by former CJP Ifikhar Muhammad Chaudhry, £38 million in an account of a PML-Q leader, Moonis Elahi, in London could not be recovered because of Zafar Qureshi's transfer. But subsequently, FIA officers appointed as investigation officers had given a clean chit to Moonis Elahi.

The SC's verdict had ordered registration of a case against incumbent NAB Chairman Qamar Zaman Chaudhry, Federal Tax Ombudsman Abdur Rauf Chaudhry and others under NAB Ordinance for impeding the investigation in the National Insurance Company Limited (NICL) scam.

#### Panamagate case: SC gets first progress report from NAB

Moreover, the court also found former commerce minister Makhdoom Amin Fahim, ex-secretary Suleman Ghani, ex-secretary Establishment Ismail Qureshi and Nargis Sethi to be involved in Ayyaz Khan Niazi's illegal appointment as NICL chairman and asked the NAB to investigate the matter.

The 52-page judgment stated, "They are liable to be dealt with under section 9(a)(vi) of the National Accountability Ordinance, 1999 [as amended by National Accountability Bureau (Amendment) Ordinance, 2002] on account of NICL scam pertaining to Lahore and Karachi where allegedly offences of corruption and corrupt practices have been committed."

Justice Chaudhry noted that Ayyaz Khan Niazi had been appointed as NICL chairman contrary to Section 12 of the Insurance Ordinance, 2000 and rules framed thereunder in non-transparent, illegal and unwarranted manner.

#### Why did NAB not appeal case?

The judgment also noted that the notification dated April 18, 2012 for transferring FIA's former additional director Zafar Ahmed Qureshi, prima facie, also involved former FIA DG Malik Muhammad Iqbal; former Interior Secretary Qamar Zaman Chaudhry, former Establishment Secretary Abdur Rauf Chaudhry, ex-PS to PM Khushood Akhtar Lashari and the then FIA Lahore Director Waqar Haider and they hampered the investigation entrusted to Zafar Qureshi in NICL scam.

The judgment said that prima facie they are also required to be dealt with under section 9(a)(vi) of NAO, 1999 as they wrongly exercised their authority to benefit Ayyaz Khan Niazi and others from public money, which was looted through a non-transparent transaction from NICL.

## New NAB law entails punishment for 'false case'

Person responsible shall be punished with up to five-year imprisonment

Hasnaat Malik June 12, 2022



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**ISLAMABAD:** The National Accountability (Amendment) Bill 2022, which was approved during the joint parliament session, encompasses punishment for the person responsible for initiating false case against anyone.

Amendment to Section 36 says: "If the accused has been acquitted by the court on the ground that the case was initiated with mala fide intention or based on false or fabricated evidence, the person responsible shall be punished with imprisonment of either description for a term which may extend to five years and shall also be liable to fine."

Likewise, the new amendment in the NAB law also restricted issuance of public statements. "No official of NAB, in any capacity shall make any statement in public or media regarding person involved in any inquiry or investigation conducted by NAB until a reference has been filed against such person," says Section 33F, which is inserted in the accountability law.

In case of giving a public statement, the NAB official could be punished for a minimum one month and a fine of one million rupees.

The most significant amendment is being made in Section 24 of NAO 1999 which regulates NAB chairman's power of arrest.

The NAB chairman's power of arrest was widely misused in the past. It is mentioned that the chairman may issue arrest warrant during investigation if the accused is intentionally or willfully not joining the investigation after repeated notice, the accused attempted to abscond, if there are sufficient grounds that the accused may tamper with the prosecution evidence and if there is sufficient information regarding repetition of continuation of offence under this ordinance. Likewise, NAB could detain the accused for 14 days during investigation. Earlier, NAB could detain the accused person for 90 days.

Regarding the removal of the NAB chairman, it is mentioned that he shall not be removed from office "except on the grounds and in the manner as provided in Article 209 of the Constitution".

However, one section of the lawyers believe that the government did not completely resolve ambiguity by not clearly mentioning the word "forum" in the fresh amendment for removal of the NAB chairman.

Since the establishment of NAB law, there was ambiguity about the forum to try NAB chairman. The previous government through an ordinance had authorised the president of the country to remove the NAB chairman on account of misconduct.

However, several lawyers say that the words "in the manner as provided under Article 209" establish that the Supreme Judicial Council would be the forum to initiate proceedings against the NAB chairman.

Former additional attorney general Waqar Rana believes that there is no legislative power vested in parliament under the Constitution to confer power of removal on the SJC. "It is not a constitutional office. NAB is an investigation agency and like other executive agencies it is bound to be subservient to the Federal Government," he added.

**Read [NAB officials told to declare their assets](#)**

#### **Apprehensions:**

During the hearing of a suo motu case on June 3, Chief Justice of Pakistan Umar Ata Bandial observed that they would examine the new amendments in the NAB law. He said that they could not ignore any move to minimise the role of NAB.

Following these observations, it is clearly reflected that the apex court would examine the amendments. Once again, composition of the bench will be significant to decide the

fate of these 27 amendments brought by coalition government led by the PML-N.

Senior lawyers believe that the SC may examine whether parliament has the authority to give effect of these amendments from 1985. Likewise, they say that the meaning given to benami could also be examined.

Advocate Ahsaan Ahmad Khokhar stated that despite the fact that the president returned the bill, amending the NAO, 1999 (XVIII of 1999), it was again passed by parliament in a joint session under Article 75 (2) of the Constitution with majority and after its presentation again to the president, he shall give his assent within 10 days, failing which such assent shall be deemed to have been given.

He said that 28 amendments have been made in the NAO which almost touched all important sections of NAB law and some are very important which include the definition of certain clauses of NAB sections, appointment and tenure of the NAB chairman, jurisdiction and cognisance of NAB, role of prosecutor general, case management and trial of offences, arrest, investigation, inquiry and remand of accused, tender of pardon, approval of the State Bank of Pakistan in banking matters and restriction on issuance of public statements and many others.

Khokhar further said that there is no doubt that there has been consistent demand from various quarters, including all political parties, and there has been some observations and judgments of superior courts regarding NAB's working and prosecution.

According to a legal expert, parliament tried to address many issues through these amendments relating to NAB's working and prosecution, adding that certainly there are some good amendments also. He said some of them include appointment and tenure of NAB chairman, jurisdiction and cognisance of NAB, role of NAB prosecutor general, case management and trial of offences, arrest, investigation, inquiry and remand of accused, tender of pardon, willful default, approval of the SBP in banking matters, tenure security of accountability court judge, quantum of offence for public at large and restriction on issuance of public statements, bail-granting power to accountability court and filing of appeal mechanism against accountability court judgment. One the main amendments, he said, is if the accused has been acquitted by the court on the ground that the case was initiated with mala fide intention or based on false or fabricated evidence, the person responsible shall be punished with imprisonment of either description for a term which may extend to five years and shall also be liable to fine.

However, according to him, there are some amendments introduced in the current NAB law which might receive great difference of opinions from various quarters and can have a chance of being challenged in constitutional courts for their final determination that the proposed amended act shall come into force at once and shall be deemed to have taken effect on and from commencement of the NAO, 1999, the definitions and application of corruption and corrupt practices and the applicability of the definition of Benamidar and that that the convict shall be entitled to benefit under Section 382-B of the Code.

Khokhar said it was also important for the future credibility of NAB as an institution that some amendments be introduced that NAB should act as a commission and not under the authority of one man and work vigorously as well as with a group of professional experts for improving governance, rectifying systemic issues which are the root causes and responsible for corruption and corrupt practices like other similar agencies do in the world.



