



On 25 August 2012

Mr. Munir Qureshi,
Federal Secretary Commerce,
Islamabad.

Sub:Fraud in Insurance Claims paid on various dates of Rs. 640 Million, Rs. 350 Million and in process Rs. 160 Million & Rs. 550 Million.

Dear Sir,

With respect to complaint sent on 23 July 2012 by TIP to NICL, and their reply dated 10th August 2012 addressed to Chairman TI-Pakistan, and copied to you, this is to state that the clarification given by the chairman NICL is not correct.

The insurance policies under the contract are required to be of the value of the contract plus 10% in the joint name of client and contractor as the premium is being paid by the client. The rates quoted by the contractor in their item rates include all other expenses including insurance charges.

In case of damages caused to the work because of any accident, natural disaster or other reason, the insurance company through their surveyor surveys the damages to the works, contractor's equipment, material etc. Such a big claim as mentioned by the complainant of more than 1 billion rupees is understood to be before the damages caused to the works already constructed by the contractor and already paid by the client. The contractor has to rebuild those works.

It is therefore mandatory on the insurance company to pay the entire insurance claim to the client of the project, who then disperses the amount to the contractor after the work has been reconstructed by the contractor.

In case WAPDA or any other client of NICL has issued a NOC for payment direct to the contractor, as stated by the Chairman NICL, it is a violation of the standard terms of contract and there appears to be a collusion between the contractor, clients and NICL. This needs to be checked by Clients also and responsible officers to be made accountable for this illegal act of issuing NOCs.

Another statement given by NICL is that NICL has the exclusive rights to insure Public Sector Organizations like PARCO, PAPCO, SNGPL, PPL, PSO etc is not correct. According to PPRA Regulations 2008, Pakistan Engineering Council standard bidding documents are mandatory on WAPDA and all procuring agencies, and these rules do not give exclusive right to NICL only, and all the AA rated insurance companies are also qualified to insure Public Sector Organizations. The monopoly of NICL has been eliminated by PPRA.



We request you to kindly conduct an inquiry on the above alleged corruption of NICL independently, as FIA did take notice on this case, but did not proceed further, for reasons known to every one.

After a thorough probe if the allegation are found correct action be taken against the contractor/client/NICL, as there are possibilities that if such act are found to be true, and not stopped, NICL may be blacklisted for reinsurance companies in future insurance business by Pakistan Insurance Corporation and their foreign reinsurers also.

With Regards,

Syed Adif Gilani
Adviser

Copy forwarded for the information and action under their mandate to;

1. Chairman Public Accounts Committee, National Assembly, Islamabad.
2. Auditor General Pakistan, Islamabad
3. Chairman, NAB, Islamabad.
4. Chairman, WAPDA, Islamabad,
5. Registrar, Supreme Court of Pakistan, Islamabad, with request to include this also in Suo Moto Case 18 of 2010.
6. Managing Director, PPRA, Islamabad - *with a request to take action under section 5(2) (a) "monitor application of the laws, rules, regulations, policies and procedures in respect of, or relating to, procurement" and under section 5(2) (i) of the PPRA Ordinance 2002.*
7. Chairman, TCP, Karachi