

The Bank of Khyber
Procurement Division
Head Office, Peshawar.

April 15, 2024

ANNOUNCEMENT

Procurement of non-consulting services for Hiring of Services for all type of Cash Shipment and replenishment of cash in ATM of Bank of Khyber under KPPRA rules Single Stage Two Envelope, under framework contract for three years

Tender No.BOK/Proc/Security/07/Feb/2024, was floated on 18 February 2024, in the News and Aaj News, for Procurement of non-consulting services for Hiring of Services for all type of Cash Shipment and replenishment of cash in ATM of Bank of Khyber under KPPRA rules Single Stage Two Envelope, under framework contract for three years. Bid opening was held on 11 March 2024.

Following bidders participated:

- M/s. Wackenhut Pakistan Pvt Ltd.,
- M/s Security Organizing System Pakistan (Pvt) Ltd

Following bidder did not meet eligibility criteria of the tender;

- M/s Security Organizing System Pakistan (Pvt) Ltd.

Following are reasons for not meeting eligibility criteria, which was communicated to vendor via email March 11, 2024. Copy of correspondence are attached.

Quote

We have reviewed your company proposal for our tender NO.7 of 2024 for cash shipment, and observed that your company have insured Cash Carrying Vehicles & Overnight Vaults from M/s. Hibib Insurance Company Limited, and company is rated by PACRA as A++, on 1 December 2023, and same rating in 2022, 09 December and 31 March 2022, whereas as per eligibility criteria clause 15, our requirement for insurance company is AA rating for Cash Carrying Vehicles & Overnight Vaults.

Eligibility Criteria knockout Round:

Bidder should provide its proposal in accordance with eligibility criteria Knockout Round attached with technical proposal as mandatory requirements. Failing to which the proposal will not be considered. (Eligibility criteria documents must be attached with technical proposal, in absence of any document bid will be considered nonresponsive)

15	Bidder must provide their insurance coverage arrangement with AA Rated Company, for their Cash Carrying Vehicles & Overnight Vaults. Copy of the issuance coverage to be attached.
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Procurement Division
The Bank of Khyber Peshawar

Rating Report of Habib Insurance Company limited copy is attached, in light of clause 15 of eligibility criteria, your proposal cannot be processed further, hence, your bid is non responsive. Unquote.

Following bidder met eligibility criteria of the tender.


- M/s. Wackenhut Pakistan Pvt Ltd.,

Following is a summary of technical evaluation.

Vendor Name	Part A		Part-B		Qualified/Nonresponsive	
	Total Mark 40	Mandatory Marks 30	Total Mark 60	Mandatory Marks 50		
M/s. Wackenhut Pakistan Pvt Ltd.,	40	40	60	58	Qualified Evaluation.	Technical

Financial bid of those bidder that qualified eligibility criteria and technical evaluation was opened on 18 March 2024.

M/s. Wackenhut Pakistan Pvt Ltd selected for Procurement of non-consulting services for Hiring of Services for all type of Cash Shipment and replenishment of cash in ATM of Bank of Khyber under KPPRA rules Single Stage Two Envelope, under framework contract for three years. Following are financial summary of Aggregated lowest rate for all services mentioned in financial format is Rs.1537.14(with taxes).


Procurement Division
The Bank of Khyber Peshawar

3/11/24, 1:08 PM

Mail - tender@bok.com.pk

Re: Bidding Documents - Tender No. BOK/Proc/Security/07/Feb/2024
dated 22nd Feb 2024

Tender

Mon 3/11/2024 1:07 PM

To: Muhammad Khalid <muhammalkhalid@sospakistan.com>

Cc: 'Muhammad Aamir Raza' <aamir@sospakistan.com>; 'abu.bakar' <abu.bakar@sospakistan.net>

1 attachments (241 KB)

RR_99_12320_01-Dec-23 habib insurance.pdf

Dear Khalid sb,

We have reviewed your company proposal for our tender NO.7 of 2024 for cash shipment, and observed that your company have insured Cash Carrying Vehicles & Overnight Vaults from M/s. Hibib Insurance Company Limited, and company is rated by PACRA as A++, on 1 December 2023, and same rating in 2022, 09 December and 31 March 2022, whereas as per eligibility criteria clause 15, our requirement for insurance company is AA rating for Cash Carrying Vehicles & Overnight Vaults.

Eligibility Criteria knockout Round:

Bidder should provide its proposal in accordance with eligibility criteria Knockout Round attached with technical proposal as mandatory requirements. Failing to which the proposal will not be considered. (Eligibility criteria documents must be attached with technical proposal, in absence of any document bid will be considered nonresponsive)

15	Bidder must provide their insurance coverage arrangement with AA Rated Company, for their Cash Carrying Vehicles & Overnight Vaults. Copy of the issuance coverage to be attached.
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Rating Report of Habib Insurance Company limited copy is attached, in light of clause 15 of eligibility criteria, your proposal cannot be processed further, hence, your bid is non responsive.

Regards,

Head Procurement Division
091-7227020

From: Tender

Sent: Wednesday, February 28, 2024 4:32:05 PM

To: Muhammad Khalid

Cc: 'Muhammad Aamir Raza'; 'abu.bakar'

Tender No. BOK/Proc/Security/07/Feb/2024 dated 22nd Feb 2024

3/11/24, 1:08 PM

Mail - tender@bok.com.pk

Regards,

Head Procurement Division
091-7227020

From: Muhammad Khalid <muhammadkhalid@sospakistan.com>
Sent: Wednesday, February 28, 2024 3:53:44 PM
To: Tender
Cc: 'Muhammad Aamir Raza'; 'abu.bakar'
Subject: Bidding Documents - Tender No. BOK/Proc/Security/07/Feb/2024 dated 22nd Feb 2024

Dear Sir:

I am writing to inquire about the tender advertisement (Tender No. BOK/Proc/Security/07/Feb/2024 dated 22nd Feb 2024) for "**Procurement of Non-consulting Services for Hiring of Services for all types of Cash Shipment and Replenishment of Cash in ATM of Bank of Khyber**".

Our company, M/s Security Organizing System Pakistan (Pvt) Ltd, is interested in participating in this tender.

I would like to request bid documents for the above-mentioned tender.

Profound regards,



M. Khalid
Head Commercial Department
Corporate Office: 902, 9th Floor,
Green Trust Tower, Jinnah Avenue,
Islamabad, Pakistan
Tel: +92 51 281 3149
Cell: +92 307 555 3365
Email: Muhammadkhalid@sospakistan.com

www.sospakistan.com



*CAUTION: This email was originated outside of Bank of Khyber. Do not click on links or open attachments unless you recognize the sender and know the content is safe. You may also contact Information Security Division for further help.



The Pakistan Credit Rating Agency Limited

Rating Report

Habib Insurance Company Limited

Report Contents

1. Rating Analysis
2. Financial Information
3. Rating Scale
4. Regulatory and Supplementary Disclosure

Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
01-Dec-2023	A++ (ifs)	-	Stable	Maintain	-
09-Dec-2022	A++ (ifs)	-	Stable	Maintain	-
31-Mar-2022	A++ (ifs)	-	Stable	Harmonize	-
09-Dec-2021	A+	-	Stable	Maintain	-
09-Dec-2020	A+	-	Stable	Maintain	-
13-Dec-2019	A+	-	Stable	Maintain	-
13-Jun-2019	A+	-	Stable	Maintain	-
13-Dec-2018	A+	-	Negative	Maintain	-
24-May-2018	A+	-	Negative	Maintain	-
30-Dec-2017	A+	-	Positive	Maintain	-

Rating Rationale and Key Rating Drivers

In terms of Gross Premium Written (GPW), the general insurance industry has a total size of ~PKR 84bln during 6MCY23 (6MCY22: ~PKR 66bln), exhibiting a growth of ~28%. However, the underwriting performance of the industry witnessed a dip of ~72% and reported at ~PKR 863mln during 6MCY23 (6MCY22: ~PKR 2.9bln). Investment income contributed to the industry's earnings reported at ~PKR 7.7bln during 6MCY23 (6MCY22: ~PKR 5.1bln). However, current economic conditions remain imperative for the overall performance of insurance industry.

The rating drives comfort from the stable standing of Habib Insurance Company Limited ("Habib Insurance" or "the Company") in the general insurance industry, gathering support from the House of Habib ("the Sponsors"). Well framed governance structure and prominent position of the Sponsors in various business generates captive business for the Company; however, the share remains minimal in the overall GPW. Habib Insurance manages conventional and window takaful businesses and has shown stable trajectory in GPW over years; mainly emanating from motor along with fire and property, followed by health and miscellaneous segments. The recent growth of ~20% in GPW reflects inflationary trend with minimal volumes coming in; mainly from the Motor segment. This led to stressed underwriting results with a high combined ratio. However, adequate investment income, emanating mainly from government securities, supports the Company's bottom-line. Going forward, an increased inclusion of digitization may support the overall business volumes. On the financial risk front, the Company holds adequate liquidity; however, considerably higher claims further stress the efficiency. However, strong rated reinsurer panel supports the Company. The equity base remains stable.

The rating is based on Sponsor's profile and relative position of Habib Insurance in the general insurance industry. A cautious approach to improve the business volumes that supports the underwriting results remains critical. Growth in the investment income, along with enhanced liquid profile is imperative for the rating.

Disclosure

Name of Rated Entity

Habib Insurance Company Limited



The Pakistan Credit Rating Agency Limited

General Insurance

Profile

Legal Structure Habib Insurance Company Limited ("Habib Insurance" or "the Company") was incorporated as a public listed company in 1942.

Background The Company is owned by the House of Habib, one of the leading groups of Pakistan. In 1942, the Company commenced its commercial operations as a life and general insurance company in Bombay. In Aug-47, the Company moved its headquarters to Karachi. In 1972, after the nationalization of life insurance, the Company only operates in general insurance.

Operations The Company mainly operates in Conventional and Takaful business. Within both, the Company is mainly engaged in fire & property, marine & transport, motor, group hospitalization and miscellaneous segments. The Company operates through a network of 16 branches across Pakistan.

Ownership

Ownership Structure The major stake (~62.83%) is held by House of Habib ("Habib Family"). While, Insurance Companies hold (~5.52%), foreign general public hold (~0.01%) and Modarabas & Mutual funds hold (~0.24%) stake of the Company. The remaining stake is held by general public (~31.4%).

Stability Ownership of the Company seems to remain stable as the sponsors hold a prominent position in various sectors of the Country.

Business Acumen The sponsors have strong acumen and diversified business portfolio providing significant support to the ownership structure.

Financial Strength The Company gathers financial strength from the House of Habib, if needs be. Group entities rated by PACRA includes Bank Al-Habib (AAA/A1+) and Habib Metropolitan Bank (AA- A1).

Governance

Board Structure Overall control of the Company lies with nine Board members, comprising two Executive, four Non-Executive, three Independent Directors. The BoD has a dominating presence of sponsoring family with one female Director.

Members' Profile Mr. Rafiq M. Habib is the Chairman of the Board since Feb-93. He holds diversified experience of more than six decades and is associated with the Company since inception. Other members on the Board carry diversified professional experience and have served at leading positions in various sectors.

Board Effectiveness During the year, the Board met four times. Three sub-committees of Board are formed namely: Audit, Investment and Ethics, Nomination, Human Resource & Remuneration committee. All committees are headed by an Independent Director and meet on regular basis or whenever the need arise.

Transparency External Auditors M S KPMG Taseer Hadi & Co. Chartered Accountants issued an unqualified audit report on financial statements for CY22. Lately, the Company has appointed M S Grant Thornton Anjum Rahman as the external auditors of the Company. Both firms are QCR rated and on SBP's panel in category "A".

Management

Organizational Structure The Company has defined reporting lines. The Company operates through six departments namely: ERM, Underwriting, Risk Management, Sales and Marketing, Finance and IT. Headed by CFO, the Finance department has sub-departments namely: Investments, Administration & IIR, Credit and Retail sales. All the Heads of respective departments directly reports to the CEO, who reports to the BoD. The Company has in-house Internal Audit Function and Head of Internal Audit directly reports to its respective BoD committee.

Management Team Syed Ather Abbas, the CEO, has overall experience of more than three decades in the insurance industry. He is serving as the CEO since Sep-22 and associated with the Company since Apr-22. Mr. Muraza Hussain is serving as the CFO since 2017. He possess an overall professional experience of more than two decades and associated with the Company since 2003.

Effectiveness The Company has three management committees namely, Underwriting, Re-insurance & Co-insurance Committee, Claim Settlement Committee and Risk Management & Compliance Committee. These committees meet on regular basis and minutes meeting are adequately maintained.

MIS A real-time General Insurance System (GIS) is deployed by Sidat Hyder. The MIS generates comprehensive reports including daily, monthly and quarterly business reports of the Company.

Claim Management System The Company has a centralized claim management system. Claims amounting less than PKR 0.1mln are approved by the Branch Managers, greater than that are forwarded to the Head Office. However, claims greater than PKR 1mln requires approval from the CEO.

Investment Management Function The Board's investment committee oversees the investment function, with support being taken from the CFO of the Company.

Risk Management Framework The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The system and policies are reviewed regularly to reflect changes in market conditions and the Company's activities.

Business Risk

Industry Dynamics In terms of Gross Premium Written (GPW), the general insurance industry has a total size of ~PKR 84bln during 6MCY23 (6MCY22: ~PKR 66bln), exhibiting a growth of ~28%. However, the underwriting performance of the industry witnessed a dip of ~72% and reported at ~PKR 863mln during 6MCY23 (6MCY22: ~PKR 2.9bln). Investment income contributed to the industry's earnings reported at ~PKR 7.7bln during 6MCY23 (6MCY22: ~PKR 5.1bln). However, current economic conditions remain imperative for the overall performance of insurance industry.

Relative Position As a medium tier player, the Company holds a market share of ~1.5% in terms of GPW.

Revenue The Company generates revenue from Conventional and Window Takaful business. The Company generated GPW from Conventional (~84%), followed by Window Takaful (~16%). Due to value driven increase in the business, total GPW grew by ~20% (9MCY23: ~PKR 2.7bln, 9MCY22: ~PKR 2.2bln) mainly emanating from takaful business. Conventional business generated (~PKR 2.3bln), while the Takaful business generated (~PKR 0.4bln) of the total GPW. Motor and Fire and Property were the top performing segments contributed ~76%, followed by marine and transport ~11% and miscellaneous and group hospitalization contributed ~13% of the total GPW.

Profitability During 9MCY23, the Company incurred underwriting loss of ~PKR 135mln owing to higher underwriting expenses. Whereas, recorded underwriting profit of ~PKR 61mln during 9MCY22. Underwriting expenses rose to ~PKR 1.5bln (9MCY22: ~PKR 0.9bln), showing an increase of ~59% mainly due to increased claims. Investment income contributed to the bottom-line and Profit after Tax stood at ~PKR 92mln (9MCY22: ~PKR 115mln), showing a dip of ~20%.

Investment Performance The Company recorded a surge and investment income stood at ~PKR 216mln (9MCY22: ~PKR 90mln) mainly due to higher returns on government securities. The Company followed a cautious approach to mitigate the risk and invested ~35% of the total investments in government securities.

Sustainability Going forward, the Company is planning to expand operations, adding value in operations through process automation.

Financial Risk

Claim Efficiency The claim efficiency improved and outstanding days stood at (9MCY23: 191days, 9MCY22: 207days) due to early settlement of claims.

Re-insurance The Company has reinsurance arrangements with leading reinsurers including Hannover Re(rated 'AA-' by S&P), Scor Re(rated 'A-' by S&P), Korean Re(rated 'A-' by AM BEST), Echo Re(rated 'A-' by S&P), Malaysian Re(rated 'A-' by AM BEST), Peak Re(rated 'A-' by S&P) & P.R.C.(rated 'A-' by AM BEST and a combination of surplus quota share and excess of loss treaties for various segments.



Habib Insurance Company Limited
Public Listed Company

2020-21 2019-20 2018-19 2017-18 2016-17

ASSETS

1 Investments	2,113	2,245	1,752	1,651	1,612
2 Insurance Related Assets	2,959	2,218	2,977	2,361	2,129
3 Other Assets	745	538	515	458	312
4 Fixed Assets	102	57	60	70	187
5 Window Takaful Operations	-	-	-	-	-
Total Assets	5,920	5,057	5,304	4,540	4,240
1 Underwriting Provisions	1,786	1,559	1,593	1,309	1,033
2 Insurance Related Liabilities	2,130	1,797	1,964	1,435	1,325
3 Other Liabilities	553	400	432	428	417
4 Borrowings	156	31	33	38	138
5 Window Takaful Operations	-	-	-	-	-
Total Liabilities	4,625	3,788	4,021	3,209	2,913
Equity/Fund	1,294	1,269	1,283	1,331	1,327

LIABILITIES

CONSOLIDATED INCOME STATEMENT

1 Gross Premium Written/Gross Contribution Written	2,702	3,022	2,255	2,295	1,805
2 Net Insurance Premium/Net Takaful Contribution	1,394	1,414	1,038	911	792
3 Underwriting Expenses	(1,529)	(1,399)	(977)	(905)	(767)
<i>Underwriting Result</i>	(135)	15	61	6	25
4 Investment Income	216	162	90	149	103
5 Other Income / (Expense)	45	(11)	(6)	52	(18)
<i>Profit Before Tax</i>	126	166	146	207	111
6 Taxes	(34)	(30)	(31)	(41)	(27)
<i>Profit After Tax</i>	92	135	115	166	83

NET INSURANCE & TAKAFUL FUND - PBT

1 Gross Contribution Written	431	385	272	255	146
2 Net Takaful Contribution	138	128	96	90	39
3 Net Takaful Claims	(157)	(122)	(89)	(52)	(30)
4 Direct Expenses Including Re-Takaful Rebate Earned	21	24	17	16	10
<i>Surplus Before Investment & Other Income/Expense</i>	1	31	24	54	20
5 Investment Income	(7)	16	10	0	2
6 Other Income/(Expense)	23	(22)	0	5	(0)
<i>Surplus After Tax</i>	17	25	34	59	21

NET INSURANCE & TAKAFUL FUND - OTF

1 Wakala Fee Income	99	58	35	16	14
2 Management, Commission & Other Acquisition Costs	(53)	(53)	(36)	(35)	(21)
<i>Investment Income (Total)</i>	45	5	(1)	(19)	(7)
3 Investment Income	(1)	9	4	3	5
4 Other Income/(Expense)	18	(2)	1	(1)	(1)
<i>Profit Before Tax</i>	63	13	4	(17)	(3)
5 Taxes	(18)	(4)	-	-	-
<i>Profit After Tax</i>	45	9	4	(17)	(3)

PERFORMANCE

Loss Ratio - Net Insurance & Takaful Claims / Net Insurance Premium or Takaful	64.3%	53.0%	53.4%	47.4%	48.7%
Combined Ratio (Loss Ratio + Expense Ratio)	109.7%	99.0%	94.1%	99.3%	96.8%
Investment Yield	13.2%	8.3%	7.1%	9.1%	6.7%

Regulatory and Supplementary Disclosure

(Credit Rating Companies Regulations, 2016)

Rating Team Statements

(1) Rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be | Chapter III: 14-3-(x)

2) Conflict of Interest

- i. The Rating Team or any of their family members have no interest in this rating | Chapter III: 12-2-(j)
- ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III: 12-2-(e) & (k)
- iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F: d-(ii)] Explanation: for the purpose of above clause, the term "family members" shall include only those family members who are dependent on the analyst and members of the rating committee

Restrictions

- (3) No director, officer or employee of PACRA communicates the information, acquired by him for use for rating purposes, to any other person except where required under law to do so. | Chapter III: 10-(5)
- (4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III: 10-7-(d)
- (5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III: 10-7-(k)

Conduct of Business

- (6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations. | Chapter III: 11-A-(a)
- (7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verify or validate information received in the rating process or in preparing this Rating Report | Clause 11-A-(p)
- (8) PACRA prohibits its employees and analysts from soliciting money, gifts or favors from anyone with whom PACRA conducts business | Chapter III: 11-A-(q)
- (9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest. | Chapter III: 11-A-(r)
- (10) PACRA maintains principal of integrity in seeking rating business | Chapter III: 11-A-(u)
- (11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III: 11-B-(m)

Independence & Conflict of interest

- (12) PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA - opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and fee mandate - signed with the payer, which can be different from the entity
- (13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers' associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities. | Chapter III: 12-2-(d)
- (14) PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA; | Reference Chapter III: 12-2-(f)
- (15) PACRA ensures that the rating assigned to an entity or instrument is not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship | Chapter III: 12-2-(i)
- (16) PACRA ensures that the analysts or any of their family members shall not buy or sell or engage in any transaction in any security which falls in the analyst's area of primary analytical responsibility. This clause shall, however, not be applicable on investment in securities through collective investment schemes. | Chapter III: 12-2-(l)
- (17) PACRA has established policies and procedure governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse | Chapter III: 11-B-(g)

Monitoring and review

- (18) PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the issuer, the security arrangement, the industry etc., is disseminated to the market, immediately and in effective manner, after appropriate consultation with the entity/issuer; | Chapter III | 17-(a)
- (19) PACRA reviews all the outstanding ratings periodically, on annual basis: Provided that public dissemination of annual review and, in an instance of change in rating will be made: | Chapter III | 17-(b)
- (20) PACRA initiates immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating; | Chapter III | 17-(c)
- (21) PACRA engages with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument; | Chapter III | 17-(d)

Probability of Default

... the lowest relative likelihood of default (i.e., probability).