

DIRECTORS' REPORT

For the Half Year ended

June 30, 2024

The Directors are pleased to present the Directors' Report of State Life Insurance Corporation of Pakistan along with its Condensed interim financial statements (Un-audited) for the Half Year ended June 30, 2024.

1. FINANCIAL PERFORMANCE AND OPERATING RESULTS:

During the period under review, overall performance of the Corporation remained satisfactory, showing positive growth compared to last year. An overview of the performance of State Life Insurance Corporation, for the period ended June 30, 2024 compared with same period of last year is summarized below:

- 1.1 Total Income of the Corporation increased to Rs. 260,035 million in the half year of 2024 as against Rs. 219,382 million in the corresponding period - 2023, registering an increase of 18.53 %.
- 1.2 Acquisition expenses of half year 2024 were Rs. 8,747 million as compared to Rs. 7,768 million in the same period of last year, showing increase of 12.62 %; Marketing and Administrative expenses are Rs. 9,104 million as compared to Rs. 6,923 million in the preceding year showing an increase of 31.50 %. Overall management expense ratio to gross premium income for the half year 2024 was 16.47 % as against 11.80 % in the corresponding period of last year. The increase in overall management expense ratio was attributed to increase in experience refund and management expenses.
- 1.3 Insurance benefits paid to policyholders in the half year ended June 2024 were Rs. 102,653 million as against Rs. 115,261 million during the same period of last year; registering a decrease of 10.93 %.
- 1.4 Balance of Statutory funds as at June 30, 2024 were Rs. 1,789,466 million as against Rs. 1,517,436 million in the corresponding period, showing an increase of 17.92 %.
- 1.5 Earnings Per Share (EPS) for the half year ended June 30, 2024 were Rs. 137.63 as compared to Rs. 74.28 (re-instated), showing an increase of 85.29 %.

2. BUSINESS PORTFOLIO WISE PERFORMANCE:

2.1 INDIVIDUAL LIFE BUSINESS:

First year gross premium income under Individual Life policies during half year ended June 2024 was Rs. 7,730 million as compared to Rs. 6,691 million in the corresponding period, showing an increase of 15.53 %. Gross renewal premium was Rs. 50,353 million in the half year ended June 2024 in comparison with Rs. 45,344 million in the corresponding period, showing an increase of 11.05 %.

2.2 GROUP LIFE BUSINESS:

Gross Premium under Group Life policies including unearned premium during the half year June 2024 was Rs. 5,536 million as compared to Rs. 8,653 million in the corresponding period, showing a decrease of 36.0 %. Experience refund during the year was Rs. 873 million as compared to Rs.124 million in June 2023 showing an increase of 604 %. Experience refund rose due to smaller claims lodged during the current period.

2.3 TAKAFUL BUSINESS:

Premium under Takaful business during the half year ended June 2024 was Rs. 464 million as compared to Rs. 157 million in the same period of last year showing a remarkable increase of 195.54 %. This significant increase was attributed to lower volume of business procured in the first half of 2023.

2.4 HEALTH INSURANCE BUSINESS:

Gross Premium under Health Insurance policies including unearned premium during the half year June 2024 was Rs. 101,542 million as compared to Rs. 79,380 million in the corresponding period of 2023, showing an increase of 27.92 %. Experience refund during this period June 2024 was Rs. 55,985 million as compared to the Rs. 15,358 million 2023 showing an increase of 264.53 %. The substantial increase in experience refund was due to lower claim lodge ratio.

2.5 INVESTMENT:

Net investment income increased to Rs. 152,079 million during the half year of June 2024 as compared to income of Rs. 95,132 million in the corresponding period of 2023 registering an increase of 59.86 %. The notable increase in investment was mainly attributed to strong performance of stock market during the current period.

2.6 REAL ESTATE:

Breakup of rental income and expenses are stated hereunder:

	Rs. In million		
	Half Year Ended June:		
	2024	2023	% Inc. / (Dec.)
Rental Income	1,299	1,199	8.34
Expenses	(655)	(389)	68.38
Net Income	644	810	(20.49)

2.7 INSURER FINANCIAL STRENGTH RATING:

State Life is the only Insurer in the Pakistan's insurance industry that is continuously maintaining 'AAA' rating by Pakistan Credit Rating Agency (PACRA). The 'AAA' rating represents SLIC's exceptionally strong capacity to meet policyholders and contractual obligations.

3. OUTLOOK:

3.1 ECONOMIC OUTLOOK:

Pakistan's economy is facing challenging situation amidst inflationary pressure and other macroeconomics factors. As a result of severe economic challenges, insurance industry is also facing challenge of new business growth. Despite these challenges, Corporation's performance remained satisfactory. Corporation foresees ease in inflationary pressure due to government's strong resolve of curbing the same by instituting enhanced administrative measures. Nevertheless, Management of the Corporation is closely monitoring the economic situation and is committed to protect the interest of its policyholders and other stakeholders.

3.2 DIGITIZATION:

For delivering seamless online digital services to policyholders, multiple initiatives have been taken which include launch of digital insurance policy portal, online premium payment through e-pay, online compliant management system, etc. Some of the other initiatives to improve policyholder's experience include revamping of the existing website, upgradation of centralized database, integration of mobile app (android and IOS) with the website, digitization of policy documents, etc. Steps are being taken for providing mobile app to the field workers for accessing information related to their policyholder's status.

3.3 TAKAFUL:

Corporation has started Bancatakaful Operation with United Bank Ltd whereas the Bancatakaful operations with Bank of Punjab and Habib Bank Limited shall be commenced shortly. Plans are underway for enhancement of takaful business through individual family takaful, group health takaful & group family takaful products in the coming years.

3.4 HEALTH INSURANCE:

State Life's Health Division is adeptly managing the comprehensive social health projects that provides inpatient medical care to over 180 million individuals across Pakistan. This provision is facilitated through an extensive network of more than 1,000 hospitals.

Proactively, the Health Division has undertaken an initiative to expand health insurance coverage across the entire Balochistan region. Additionally, it is strategically entering the corporate health insurance market by introducing innovative hybrid products, such as the Sehat Salamat Health Insurance Plan, specifically designed to address the multifaceted needs of corporate clients. Moreover, we have also introduced the Shahriah-complaint Pak Sehat Takaful

plan, ensuring that clients seeking health coverage in accordance with Islamic principles are well-served.

To cater to the distinct needs of various societal segments, the corporation has launched several bespoke individual health insurance plans. These include the Sinf-e-Aahan Cancer Protection plan for women, Haari Plan, Sahara Family Health Insurance, and Sehat Zindagi Health Insurance Plan-each meticulously crafted to meet the unique requirements of individual clients.

3.5 INITIAITIVES FOR POLCY HOLDERS:

Corporation has successfully launched its new call center (051-111-77-SLIC) for Individual life and Takaful products. This strategic initiative was a significant milestone in our commitment to provide exceptional customer services and support.

The call center was designed to make available a convenient and efficient channel for our policyholders to inquire about the status of their policies, our product and services, report issues, and receive prompt assistance. With a team of trained customer service agents, we are confident to deliver top-notch support to our valued policy holders.

The launch of the call center aligns with our overall business strategy of enhancing customer satisfaction, increasing retention of policies and building stronger relationships with our clientele. We believe that this new service will significantly contribute to our continued growth and success.

3.6 GROUP AND PENSION:

For enhancement of group life portfolio, Corporation has introduced new plans like term insurance for government employees of KP, financial assistance and retirement benefits scheme for employees of Sindh Government, travel insurance (both road and railways). The group insurance for the employees and passengers of Pakistan Railways has also been commenced.

Besides, various avenues are being explored and offered to Bureau of Emigration for group life insurance of emigrants moving abroad on job visa.

3.7 BANCASSURANCE:

The outreach of Corporation's Banca business, with the assistance of partner banks; is making its mark in banking industry. The business of Bancassurance Division is increasing at a steady pace and we are endeavoring to enhance our share in the industry. Besides increasing our business share with the partner banks, we are looking for opportunities to join hands with non-partner banks with an aim to optimize insurance cover for their clients. Recently, Corporation has joined hands with Bank of Punjab for expanding foot prints in Banca business including Banca-takaful. As part of our plan to add non-banking financial institutions to solicit banca business. Accordingly, we entered in banca contract with Arif Habib Limited in July, 2024 to reach their customer for pitching insurance products.

4. PROFIT AND LOSS ACCOUNT:

Profit after tax (PAT) attributable to Shareholders for the period under review was Rs. 11,010.42 million (last period: 5,942.71 million) in which Rs. 9,225.54 million (preceding period: 4,480.15 million) has been transferred to Ledger Account "D" (Solvency reserve), on the advice of Appointed Actuary. No interim dividend was declared.


5. ACKNOWLEDGEMENT:


We wish to thank our valued policyholders for continuing trust and confidence in our products and services. We are grateful to the Securities and Exchange Commission of Pakistan (SECP) for their continued guidance and assistance. We extend our gratitude to Ministry of Finance, Ministry of Commerce, State Bank of Pakistan, our reinsurers and business partners for their support.

Finally, we wish to thank our employees and sales force whose dedication and commitment has been a source of strength for the organization.

We are pleased to place on record the deep appreciation on behalf of the Board of Directors for the efforts made by all the tiers of the field force and devotion to duty of the staff and officers for the overall performance of the Corporation.

On behalf of the Board of Directors


Shoaib Javed Hussain
Chief Executive Officer


Sulaiman S. Mehdi
Chairman

Karachi,
Dated: 30 AUG 2024