

## Directors' Report to the Shareholders

I am pleased to present the Directors' Report and Chairman's Review of State Life Insurance Corporation of Pakistan together with the condensed interim unconsolidated statement of financial position (un-audited) for the nine months period ended September 30, 2019.

### OPERATING AND FINANCIAL PERFORMANCE:

During the period under review, financial performance of the Corporation remained satisfactory. An overview of the performance of State Life during the current nine months period of 2019 as compared to the same period of last year is given hereunder:

- 1.1 Net Income of the State Life during the current nine months period was Rs. 106,242 million as against Rs. 115,212 million in the preceding period, registering decrease of 7.8%. If the impact of unrealized gains / (Losses) is excluded, total income for the period ended September 30, 2019 would be Rs. 125,734 million as against Rs. 112,186 million in September 2018 showing 12.1% increase.
- 1.2 Management expenses for the nine months period ended September 30, 2019 were Rs. 14,673 as compared to Rs. 16,872 million in the previous period showing decrease of 13%. Overall management expense ratio to total premium income for the current nine months was 24.2% as against 29.6% for corresponding period of 2018.
- 1.3 Payments to policyholders in the current nine months period were Rs.41,190 million as against Rs.34,318 million in the corresponding period 2018, showing an increase of 20%.
- 1.4 Total amount of insurance liabilities at the end of current nine months period was Rs. 938,487 million as against Rs. 853,770 million in the corresponding period 2018, showing an increase of 9.9%.
- 1.5 Earnings Per Share (EPS) for the nine months period was Rs. 51.85 which is 6.3% higher than the corresponding figure of Rs. 48.79 in the same period of last year. The Corporation has not issued any instrument which would dilute its basic earnings per share when exercised. Therefore, there is no dilutive effect on the earnings per share.

### 2. BUSINESS PORTFOLIO WISE PERFORMANCE:

#### 2.1 INDIVIDUAL LIFE BUSINESS:

First year gross premium income under Individual Life policies, during the current nine months is Rs. 6,473 million as compared to Rs. 9,431 million in the last year corresponding period, resulting decrease of 31.4%. The reason of declined first year premium is, management has restructured business channel to control renewal expense ratio. Gross renewal premium was Rs. 44,130 million in current nine months period whereas it was Rs. 40,943 million in the corresponding period of 2018, resulting an increase of 7.8%.

**2.2 GROUP LIFE BUSINESS:**

In current nine months gross premium under Group Life policies was Rs. 3,542 million as compared to Rs.2,875 million in the last period, showing an increase of 23.2%.

**2.3 HEALTH INSURANCE BUSINESS:**

Gross premium under Health Insurance policies during nine months of 2019 was Rs. 6,542 million as compared to Rs. 3,847 million in the preceding period 2018, showing an increase of 70% mainly due to enhancement of the Prime Minister's National Health Insurance Program.

**2.4 REAL ESTATE:**

In the nine months period of 2019, Real Estate Division (RED) performed satisfactorily in the context of Real Estate Management, breakup of rental income and expenses are stated hereunder:

	<u>Rs. in million</u>		
	For the Nine months		
	2019	2018	Inc/(Dec)
Rental Income	928	906	22
Expenses	(527)	(466)	(61)
Net	401	440	(39)

**2.5 INVESTMENT:**

Net investment income including capital gains and unrealized gains/(losses) during the nine months ended September 2019 was Rs. 45,669 million as compared to Rs. 58,221 million in September 2018, showing decrease of 21.6%; excluding unrealized gains/(losses) the net investment income stood at Rs. 65,161 million as compared to Rs. 55,196 in September 2018 showing an increase of 18.1%.

**3. Note of Appreciation**

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. We are grateful to the Insurance Division, Securities and Exchange Commission of Pakistan for their continued guidance and assistance. May our future efforts continue to contribute to the nation's wellbeing in the economic and fiscal fields.

On behalf of the Board of Directors



Chairman

**FARRUKH AHMAD HAMIDI**  
Chairman (SLIC)

Karachi,  
Date: November 28, 2019