

Riaz Ahmad & Company

Chartered Accountants

STATE LIFE INSURANCE CORPORATION OF PAKISTAN

UNCONSOLIDATED FINANCIAL STATEMENTS WITH ACCOMPANYING
INFORMATION

FOR THE YEAR ENDED
31 DECEMBER 2024

INDEPENDENT AUDITOR'S REPORT

To The Members of State Life Insurance Corporation of Pakistan

Report On the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of State Life Insurance Corporation of Pakistan ("the Corporation"), which comprise the unconsolidated statement of financial position as at 31 December 2024, and the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Corporation's affairs as at 31 December 2024 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 24.1.1 to the unconsolidated financial statements describing the matter related to the provincial sales tax liability on premium charged to the policyholders in respect of health and life insurance. Our opinion is not modified in respect of the this matter.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Corporation and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan, the requirements of Insurance Ordinance, 2000, Companies Act, 2017 (XIX of 2017), and the State-Owned Enterprises (Governance and Operations) Act, 2023 (SOE Act 2023), and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Corporation as required by the Insurance Ordinance, 2000 and Companies Act, 2017 (XIX of 2017)
- b) the unconsolidated statement of financial position, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and Companies Act, 2017 (XIX of 2017) and the State-Owned Enterprises (Governance and Operations) Act, 2023 (SOE Act 2023) and are in agreement with the books of account;
- c) the apportionment of assets, liabilities, revenue and expenses between two or more funds has been performed in accordance with the advice of the appointed actuary;
- d) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Corporation's business; and

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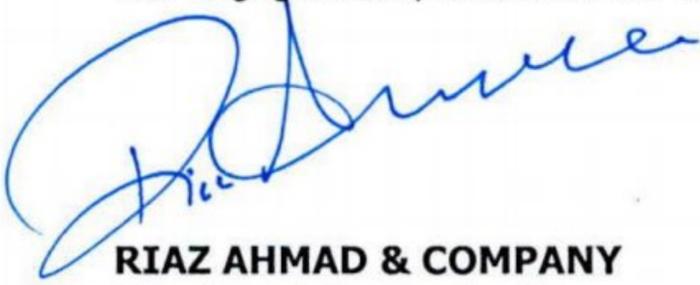
Chartered Accountants

e) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Corporation and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter

The annual financial statements of the Corporation for the year ended 31 December 2023 were jointly audited by Riaz Ahmad & Company and BDO Ebrahim & Co., who expressed an unmodified opinion vide their report dated 30 April 2024.

The engagement partner on the audit resulting in this independent auditor's report is Junaid Ashraf.



RIAZ AHMAD & COMPANY
Chartered Accountants

KARACHI

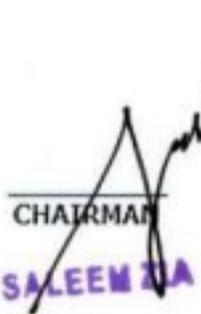
DATE: 19 MAR 2026

UDIN: AR202410045kFHWRBvxn

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

		2024	2023
	Note	-----Rupees in '000-----	
ASSETS			
Property and equipment	5	1,915,206	1,415,421
Investment properties	6	3,574,916	3,448,349
Investments in subsidiaries	7	323,618	323,618
Investments			
Equity securities	8	294,971,033	145,611,242
Mutual funds	9	81,786,892	9,458,269
Government securities	10	1,334,312,555	1,218,241,835
Debt securities	11	30,108,018	13,240,251
Loans secured against life insurance policies		154,825,679	159,781,265
Insurance / takaful / reinsurance / retakaful receivables	12	253,327,056	184,565,731
Other loans and receivables	13	96,719,481	95,902,946
Advance taxation		29,840,019	16,183,090
Deposit and prepayments	14	325,269	284,602
Cash and bank balances	15	83,964,531	82,227,016
TOTAL ASSETS		<u>2,365,994,273</u>	<u>1,930,683,635</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Ordinary share capital	16	8,000,000	8,000,000
Ledger account C and D	17	42,115,721	28,600,427
Unappropriated profit		2,235,510	1,869,842
Reserves	18	1,031,761	1,661,919
TOTAL EQUITY		<u>53,382,992</u>	<u>40,132,188</u>
LIABILITIES			
Insurance liabilities [including policyholders' liabilities and ledger account A and B]	19	1,998,113,353	1,665,765,505
Retirement benefit obligations	20	5,384,405	7,103,749
Deferred capital grant		3,237	5,705
Deferred taxation	21	23,614,317	15,615,932
Premium received in advance		6,487,496	5,903,946
Insurance / takaful / reinsurance / retakaful payables	22	2,843,961	1,994,831
Other creditors and accruals	23	274,086,632	190,438,739
Provision for taxation		2,077,880	3,723,040
TOTAL LIABILITIES		<u>2,312,611,281</u>	<u>1,890,551,447</u>
TOTAL EQUITY AND LIABILITIES		<u>2,365,994,273</u>	<u>1,930,683,635</u>
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

 CHAIRMAN SALEEM ZA	 DIRECTOR KHAQAN NURTAZA	 DIRECTOR SHOAB MIR	 CHIEF EXECUTIVE OFFICER SHOAB JAVED HUSSAIN	 CHIEF FINANCIAL OFFICER MUHAMMAD AMJAD
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**STATE LIFE INSURANCE CORPORATION OF PAKISTAN
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	2024 -----Rupees in '000-----	2023
Gross premium / contribution revenue		265,268,149	268,878,505
Less: premium / contribution ceded to reinsurers / retakaful operators		(893,914)	(1,034,323)
Net premium revenue / contribution revenue	25	264,374,235	267,844,182
Investment income	26	169,472,259	149,097,627
Net realized fair value gain on financial assets	27	17,936,470	5,344,013
Net fair value gain on financial assets at fair value through profit or loss	28	119,700,888	33,216,279
Net rental income	29	931,648	841,722
Other income	30	59,570,003	69,352,177
		367,611,268	257,851,818
Net income		631,985,503	525,696,000
Insurance benefits		228,829,852	247,853,999
Recoveries from reinsurers		(523,988)	(364,369)
Claim related expense		22,533	23,161
Net insurance benefits	31	228,328,397	247,512,791
Net change in insurance liabilities (other than outstanding claims)		324,390,469	205,389,747
Acquisition expenses	33	32,436,695	29,521,726
Marketing and administration expenses	34	19,790,152	17,849,110
Other expenses	35	1,225,204	943,273
Total expenses		377,842,520	253,703,856
Profit before tax		25,814,586	24,479,353
Income tax expense	36	(10,063,782)	(9,759,630)
Profit for the year		15,750,804	14,719,723
Other comprehensive income		-	-
Total comprehensive income for the year		15,750,804	14,719,723
Earnings per share - Rupees	37	196.89	184.00

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

 CHAIRMAN SALEEM JIA	 DIRECTOR KHAQAN MURTAZA	 DIRECTOR SHOAB MIR	 CHIEF EXECUTIVE OFFICER SHOAB JAVED HUSSAIN	 CHIEF FINANCIAL OFFICER MUHAMMAD AMJAD
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STATE LIFE INSURANCE CORPORATION OF PAKISTAN
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

Balance as at 01 January 2023

Dividend paid for the year 31 December 2022
Transferred to reserve
Transfer to unappropriated profit
Total comprehensive income for the year
Surplus for the year retained in statutory funds - net of tax
Capital contributed to statutory fund
Transferred from ledger to shareholder
Transfer for the issuance of share capital

Balance as at 31 December 2023

Balance as at 01 January 2024

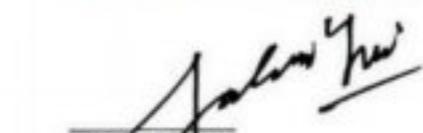
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Total comprehensive income for the year
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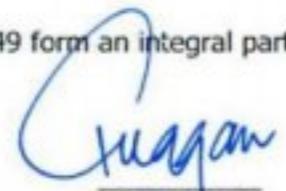
Balance as at 31 December 2024

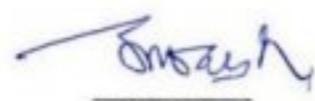
Attributable to equity holders of the Corporation				
Share capital	Revenue reserves General reserves	Ledger Account C and D [Refer Note]	Unappropriated profit	Total
Rupees in '000				
6,200,000	808,314	18,190,546	2,213,605	27,412,465
-	-	-	(2,000,000)	(2,000,000)
-	213,605	-	(213,605)	-
-	-	-	-	-
-	-	-	14,719,723	14,719,723
-	-	10,009,881	(10,009,881)	-
-	-	400,000	(400,000)	-
-	2,440,000	-	(2,440,000)	-
1,800,000	(1,800,000)	-	-	-
8,000,000	1,661,919	28,600,427	1,869,842	40,132,188
8,000,000	1,661,919	28,600,427	1,869,842	40,132,188
-	(630,158)	-	(1,869,842)	(2,500,000)
-	-	-	-	-
-	-	-	-	-
-	-	-	15,750,804	15,750,804
-	-	12,510,294	(12,510,294)	-
-	-	1,005,000	(1,005,000)	-
-	-	-	-	-
-	-	-	-	-
8,000,000	1,031,761	42,115,721	2,235,510	53,382,992

Note: This includes balances maintained in accordance with the requirements of Section 35 of the Insurance Ordinance, 2000 read with Rule 14 of the Insurance Rules, 2017 (previously the SEC Insurance Rules, 2002) to meet solvency margins, which are mandatorily maintained for the carrying on of the life insurance business.

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.


CHAIRMAN
SALEEM ZIA


DIRECTOR
KHAQAN MURTAZA


DIRECTOR
SHOAB MIR


CHIEF EXECUTIVE OFFICER
SHOAB JAVED HUSSAIN


CHIEF FINANCIAL OFFICER
MUNAM AHMAD

**STATE LIFE INSURANCE CORPORATION OF PAKISTAN
UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

	2024	2023
	-----Rupees in '000-----	
Operating Cash flows		
(a) Underwriting activities		
Insurance premiums received	193,728,399	168,035,025
Reinsurance premiums paid	(44,784)	(193,812)
Claims paid	(280,013,421)	(83,745,161)
Surrenders paid	(78,096,551)	(88,549,781)
Reinsurance and other recoveries received	(20,900)	(280,977)
Commissions paid	(23,632,706)	(19,246,189)
Other underwriting payments	(7,908,242)	(7,294,761)
Net cash flow from underwriting activities	(195,988,205)	(31,275,656)
(b) Other operating activities		
Income tax paid	(17,367,490)	(12,269,181)
Other operating payments	(574,639)	(496,124)
General management expense paid	192,584,471	(10,069,871)
Loans secured against life insurance policies - advanced	(16,989,797)	(20,221,872)
Loans secured against life insurance policies - repayments received	25,522,122	27,423,190
Net cash flow used in other operating activities	183,174,667	(15,633,858)
Total cash flow from all operating activities	(12,813,538)	(46,909,514)
Investment activities		
Profit / return received	198,272,244	168,317,115
Dividends received	20,417,194	12,198,229
Rentals received	1,941,483	1,693,005
Payment for investments	(447,317,510)	(390,567,602)
Proceeds from disposal of investments	247,030,838	285,272,821
Fixed capital expenditure	(991,617)	(524,620)
Proceeds from sale of property and equipment	1,400	136,057,000
Total cash flow generated from investing activities	19,354,033	76,525,005
Financing activities		
Dividends paid	(2,500,000)	(2,000,000)
Net cash used in financing activities	(2,500,000)	(2,000,000)
Net cash flow generated from all activities	4,040,495	27,615,491
Cash and cash equivalents at the beginning of the year	72,317,743	44,702,252
Cash and cash equivalents at the end of the year	15.1 76,358,238	72,317,743
Reconciliation to statement of comprehensive income		
Operating cash flows	(12,813,538)	(46,909,514)
Depreciation expense	(234,638)	(133,314)
Investment income	367,611,268	258,823,222
Amortization/capitalization	848,631	72,240
Allocation of surplus	-	4,500,000
Increase in assets other than cash	79,502,667	115,094,583
(Increase)/decrease in liabilities other than running finance	(89,572,851)	(100,532,046)
Change in policy holder liabilities	(324,390,469)	(205,389,747)
Change in deferred tax liabilities	(7,998,384)	(6,405,700)
Other adjustments	2,798,118	(4,400,001)
Profit for the year after taxation	15,750,804	14,719,723

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

CHAIRMAN

SALEEM IA

DIRECTOR

KHAQAN MURTAZA

DIRECTOR

SHOAIB MIR

CHIEF EXECUTIVE OFFICER

SHOAIB JAVED HUSSAIN

CHIEF FINANCIAL OFFICER

MUHAMMAD AMJAD

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**STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 State Life Insurance Corporation of Pakistan (the Corporation) was incorporated in Pakistan on November 01, 1972 under the Life Insurance Nationalization Order, 1972 (LINO). The Corporation's principal office is located at State Life Building No. 9, Dr. Ziauddin Ahmad Road, Karachi. It operates in Pakistan through 33 zones for individual life business along with 7 Regions, 4 zones for group life business and in the gulf countries comprising United Arab Emirates (UAE) through zonal office located at Dubai (UAE).

1.2 The Corporation is engaged in the life insurance business, health, accident insurance business, pension and takaful business.

1.3 Geographical location and addresses of business units of the Corporation are as under:

BUSINESS UNITS	GEOGRAPHICAL LOCATION	ADDRESS
Southern Region	Karachi	State Life Building No. 2, Wallace Road, Karachi.
North Region	Islamabad	State Life Building No. 9, 33-E, Blue Area, Islamabad.
KPK Region	Peshawar	State Life Building No. 34, The Mall, Peshawar.
Central Region	Lahore	15-A, Davis Road, Lahore.
Faisalabad Region	Faisalabad	State Life Building No. 2, Liaquat Road, Faisalabad.
Hyderabad Region	Hyderabad	State Life Building, Thandi Sarak, Hyderabad.
Multan Region	Multan	Chowk Nawan Shaheer, Abdali Road, Multan.
Group & Pension Karachi Zone	Karachi	State Life Building No. 2, Wallace Road, Karachi.
Group & Pension Peshawar Zone	Peshawar	State Life Building No. 34, The Mall, Peshawar.
Group & Pension Rawalpindi Zone	Rawalpindi	State Life Building No. 8, Kashmir Road, Rawalpindi.
Group & Pension Lahore Zone	Lahore	15-A, Davis Road, Lahore.
Gulf Zone	Dubai	Saqr Al Qasmi Building, Salah A1 Din Road, P.O. Box 11278, Dubai, UAE.

1.4 The Corporation was issued the certificate of authorization for commencement of Window Takaful Operation under rule 6 of the Takaful rules, 2012 by Securities Exchange Commission of Pakistan vide letter no. 0097, dated 22 September 2016. For the purpose of carrying on the takaful business, the Corporation has formed an Individual Family Participant Takaful Fund (IFPTF) on 18 August 2017 under the Waqf deed and ceded Rs. 1 million to the IFPTF. The Waqf deed governs the relationship of Corporation and participants for management of takaful operations. The Corporation launched the Window Takaful Operations on 28 January 2021.

1.5 In prior years, Privatization Commission (PC) has envisioned to divest the shares of Government of Pakistan held by Ministry of Commerce through an Initial Public Offer (IPO). For this purpose, PC sent the Term of Reference (ToR) to the Corporation vide letter no. PC/SLIC-IPO/B&U/04 dated 24 June 2015 regarding the appointment of lead manager and book runner for public offering through domestic stock exchange transaction, which was been approved by the Board on 11 August 2015.

Moreover, PC also constituted an Evaluation Committee to evaluate technical and financial proposals of bids received. Based on the evaluation process of the Committee, the Board of PC appointed consortium of Habib Bank Limited, Bank Alfalah Limited, Arif Habib Limited and Elixir Securities Pakistan (Private) Limited as lead manager and book runner for IPO as mentioned in the 243rd meeting of the Board of Directors held on 20 February 2016.

The Presidential Order dated 06 April 2016 in respect of State Life (Reorganization and Conversion), 2016 was issued by Government of Pakistan Ministry of Law and Justice to provide for the re-organization and conversion of the State Life Insurance Corporation of Pakistan into a Public Limited Company.

After the commencement of this Ordinance, the Federal Government established a Company to be known as State Life Insurance Company Limited by shares under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The National Assembly converted the said Ordinance into bill for the conversion of State Life Insurance Corporation to State Life Insurance Company Limited and sent the bill to Senate for approval and the Senate, instead of passing the bill, proposed few amendments in the bill. For the consideration of the proposed amendments, the matter was moved to National Assembly Standing Committee on Commerce.

Ministry of Commerce (MoC), vide letter No.1(7)/2013-SLIC-INS dated 10 September 2020, informed that the Senate of Pakistan passed the Bill with certain amendments. The Bill was forwarded to the National Assembly (the Assembly), however, the Assembly did not pass the amended Bill within 90 days. Therefore, a request was made to the Ministry of Parliamentary Affairs to place the same before the Joint Session of the Parliament for consideration. However, Bill was not passed by the Joint Session due to end of Assembly session that day. Hence, in terms of Article 76(3) of the Constitution of Pakistan said Bill has been lapsed, despite the fact that it had been passed by the Senate.

On 25 January 2023 in a Committee Room of MoC, it was unanimously decided that now the Finance Division shall draft a new legislation with the technical support of legal advisors, to enable the requisite amendments/changes in the legal/regulatory framework of the five selected State-Owned Entities (SOEs). The draft shall be shared with the Line Ministries/(SOEs) for their views/concurrence before its submission to the Federal Cabinet and subsequently to the Parliament.

1.6 The Corporation maintains a shareholders' fund and five statutory funds, separately in respect of its each class of life insurance business. The details relating to each fund has been described in note 4.4.

2. BASIS OF PREPARATION

These unconsolidated financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through the Insurance Rules, 2017 vide its S.R.O. 89(1) / 2017 dated 09 February 2017.

2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standard (IFRS), issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012.

In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and the Takaful Rules 2012 shall prevail.

As required by Circular 15 of 2019 dated 18 November 2019 issued by the Securities & Exchange Commission of Pakistan (the Commission), the Corporation has prepared and annexed to these financial statements, a standalone set of financial statements for Window Takaful Operations of the Corporation, as if these are carried out by a standalone Takaful Operator. These financial statements for window takaful operations of the Corporation are submitted in compliance under the conditions imposed by the Commission as stated above.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except as otherwise stated in the respective accounting policies.

2.3 Functional and presentation currency

These unconsolidated financial statements have been presented in Pakistani Rupee, which is the Corporation's functional and presentation currency. Amounts have been rounded off to the nearest thousand, unless otherwise stated.

3. New standards, interpretations and amendments to published approved accounting standards

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended 31 December 2024

The following standards, amendments and interpretations are effective for the year ended 31 December 2024. These standards, amendments and interpretations are either not relevant to the Corporation's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
- Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	01 January 2024
- Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	01 January 2024
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	01 January 2024
- Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	01 January 2024
- Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	01 January 2024

3.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Corporation's operations or are not expected to have significant impact on the Corporation's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
- Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	01 January 2026
- Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	01 January 2027
- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	01 January 2025
- Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	01 January 2026
- Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	01 January 2027
- IFRS 17 Insurance Contracts	01 January 2027

Certain annual improvements have also been made to a number of IFRSs and IASs.

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from 01 July 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from 01 January 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from 01 January 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after 01 January 2023. Security and Exchange Commission of Pakistan ('SECP') vide S.R.O 1715(1)/2023 dated 21 November 2023 deferred the applicability of the standard until 01 January 2026. However, on 23 July 2025, SECP vide S.R.O 1336(1) / 2025 further deferred the applicability of the standard until 01 January 2027.

3.3 Temporary exemption from application of IFRS 9

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts' to be implemented for annual reporting periods on or after 01 January 2023 as per IASB. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 01 July 2018 onwards to remove from profit and loss account the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

The Corporation has determined that it is eligible for the temporary exemption option since the Corporation has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Corporation doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Corporation can defer the application of IFRS 9 until the application of IFRS 17.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

IFRS 9 defines the terms "principal" as being the fair value of the financial asset at initial recognition, and the "interest" as being compensation for (i) the time value of money, and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

The tables below set out the fair values as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

- a) financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding, excluding any financial asset that meets the definition of held-for-trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis; and
- b) all other financial assets

Description	2024					
	Fails the SPPI Test			Passes the SPPI Test		
	Fair value	Impairment	Changes in unrealized gain / loss during the year	Carrying value	Impairment	Changes in unrealized gain / loss during the year
-----Rupees in '000 -----						
Investment in equity securities	294,971,034	(219,365)	68,936,946	-	-	-
Investment in government securities	-	-	-	1,334,312,555	-	-
Investment in debt securities	-	-	-	30,108,018	(7,573)	(172,274)
Investment in mutual funds	81,786,892	-	19,114,211	-	-	-

3.4 Applicability of SOE Act, 2023

The Corporation, being a public sector company as defined in Section 2(54) of the Companies Act, 2017, falls within the scope of the State-Owned Enterprises (Governance and Operations) Act, 2023 ("SOE Act") under Section 3, which required all SOE's to prepare their financial statements following the requirement of International Financial Reporting Standards.

Section 25(2) of the SOE Act states:

*"The financial statements must be prepared in accordance with International Financial Reporting Standards and the financial statements together with the notes to them must include all information that is necessary to ensure that the financial statements give a true and fair view of the financial position of the state-owned enterprise and the group consisting of the state-owned enterprise and its subsidiaries: **Provided** that where a state-owned enterprise is not following the International Financial Reporting Standards at the time of coming into effect of this Act, the Board shall ensure compliance with this provision within a period **of three years** from coming into effect of this Act."*

Further, ICAP Circular No. 3/2025 issued pursuant to clarification from the Finance Division, Government of Pakistan confirms that this requirement applies to all public sector companies within the SOE Act's scope, and that "IFRS as notified by SECP" or the use of SECP-granted exemptions will not be permissible for financial statements issued after 30 January 2026.

Currently, the Corporation is availing SECP's notified adoption timeframe for IFRS 17 – Insurance Contracts (effective 1 January 2027) and the temporary exemption from IFRS 9 – Financial Instruments under the Amendments to IFRS 4 – Insurance Contracts ("Applying IFRS 9 with IFRS 4"), which permits eligible insurers to defer IFRS 9 application until IFRS 17 becomes effective. While these exemptions remain valid under SECP regulations until their respective adoption dates, the SOE Act requires unreserved compliance with full IFRS (IASB versions) by the statutory deadline i.e. financial statements issued after 30 January 2026.

3.5 Critical accounting estimates and judgments

The preparation of these unconsolidated financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant areas where assumptions, estimates and judgments were exercised in application of accounting policies relate to:

a) Classification of investments

In investments classified as "held to maturity", the Corporation has included financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Corporation evaluates its intention and ability to hold such investments to maturity.

b) Policyholders' liabilities

Policyholders' liabilities are stated at a value determined by the appointed actuary through an actuarial valuation carried out as at each reporting date. In determining the value, both acquired policy values (which forms the bulk of policyholders' liabilities) as well as estimated values which will be payable against risks which the Corporation underwrites are taken into account. The basis used are applied consistently from year to year.

Furthermore, shadow accounting is applied where the measurement of policyholders' liabilities depends directly on the value of investments in equity securities, and the related unrealized gains or losses are recognized in the

statement of comprehensive income. A corresponding shadow adjustment to the policyholders' liabilities is also recognized in the statement of comprehensive income, to the extent that those unrealized gains or losses relate to the policyholders' liabilities being measured.

The basic liability consists of the estimated actuarial liability against each contract, which is in force. Following elements are added to this amount:

- any reserve required for premiums;
- reserve for incurred but not reported (IBNR) claims;
- reserve for income benefit in course of payment; and
- reserve for potential losses on a policy-to-policy basis.

The deferred premium in respect of group life and health insurance schemes is included in actuarial liability.

c) Provision for taxation

In making estimates for taxation currently payable by the Corporation, the management considers the current income tax laws, the decision of appellate authorities on certain issues in the past and an independent opinion given by the taxation / legal advisor of the Corporation.

d) Impairment of other assets, including premium due but unpaid

The Corporation also considers the need for impairment provision against other assets, including premium due but unpaid and provision required there-against. While assessing such a requirement, various factors including delinquency in the account and financial position of the policyholders are considered.

e) Fixed assets, investment properties, depreciation and amortization

In making estimates of depreciation / amortization, management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Corporation. The method applied is reviewed at each financial year end and if there is a change in expected pattern of consumption of future economic benefits embodied in the assets, the method would be changed to reflect the change in pattern. Such change is accounted for as change in accounting estimate in accordance with International Accounting Standard - 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

The assets residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each reporting date.

The Corporation also reviews value of the assets for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of respective items of fixed assets with a corresponding effect on the depreciation / amortization charge and impairment.

f) Staff retirement benefits

Staff retirement benefits are provided as per actuarial valuation or following the actuarial advice which is based upon certain assumptions.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information and methods of computation adopted in the preparation of these unconsolidated financial statement are same as those applied in the preparation of the annual unconsolidated financial statements of the Corporation for the year ended 31 December 2024.

4.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any.

Subsequent costs

Subsequent costs are included in the assets carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Corporation and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to statement of comprehensive income.

Depreciation

Depreciation is calculated on straight-line method to write off the cost of assets over their expected useful lives at the rates specified in note 5 to the unconsolidated financial statements, after taking into account residual values, if any. The useful lives, residual values and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. Depreciation on additions and disposals is charged from the date when the asset becomes available for use to the date of disposal.

Derecognition

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognized.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment, if any and consist of expenditure incurred and advances made in respect of fixed assets in the course of their acquisition, erection, construction and installation. The assets are transferred to relevant category of fixed asset when they are available for use.

4.2 Investment properties

Investment properties are accounted for under the cost model in accordance with International Accounting Standard 40, 'Investment Property' and S.R.O. 938 (1)/2002 dated 12 December 2002 issued by the SECP.

These are carried at cost less accumulated depreciation and impairment losses, if any. Subsequent expenditure, depreciation and gains or losses on disposal are accounted for in the same manner as of operating fixed assets.

4.3 Other assets

Stock of stationery, printed material and maintenance store in hand for investment properties etc. are valued at lower of cost or net realizable value. Cost is determined on 'first in first out' basis.

4.4 Funds

The Corporation maintains a shareholders' fund and five statutory funds, separately in respect of its each class of life insurance business, namely:

- Pakistan Life Fund (ordinary life);
- Overseas Life Fund (ordinary life);
- Pension Fund;
- Accidental and health Insurance Fund; and
- Family Takaful Fund.



Assets, liabilities, revenues and expenses are referable to respective statutory funds or allocated to shareholders' fund.

Expenses of principal office are distributed among all funds on fair and equitable basis.

a) Pakistan Life Fund (ordinary life)

Pakistan Life Fund comprises individual life business and group life business carried out in Pakistan as well as individual life Rupee business conducted outside Pakistan. Policyholders' liabilities as shown in the Pakistan Life Fund are based on an actuarial valuation conducted by the Appointed Actuary as at the reporting date.

Within the Pakistan Life Fund, business can be further classified as individual life conventional business, BANCA business, group insurance business and a small amount of annuity business. Most of the policies contain Discretionary Participation Feature (DPF).

b) Overseas Life Fund (ordinary life)

The Overseas Life Fund entirely consists of individual life conventional business carried out at UAE, Kingdom of Saudi Arabia and Kuwait through zonal office located in Dubai (UAE). Policyholders' liabilities as shown in the Overseas Life Fund are based on an actuarial valuation conducted by the Appointed Actuary as at the reporting date.

Exchange gains and losses on translation of currencies of Overseas Life Fund and Pakistan Life Fund (Rupee business) are taken to revenue account through statement of comprehensive income. Most of the new business written under the Overseas Life Fund contains a Discretionary Participation Feature (DPF).

c) Pension Fund

The Pension Fund consists of funds on account of group pension deposit administration contracts. Policyholders' liabilities as shown in the pension fund are based on an actuarial valuation conducted by the Appointed Actuary as at the reporting date.

d) Accidental and Health Insurance Fund

The Corporation is implementing mega health insurance programs, i.e. Federal Sehat Sahulat Program, Balochistan Sehat Sahulat Program, & KP Sehat Sahulat Program. These programs covered the 150 million population of Pakistan across 90+ districts to provide them with health insurance coverage through a vast network of 1000+ empaneled hospitals. The Federal Sehat Sahulat Program, with expansion to target more than 68 districts across Pakistan, is covering around 30 million families (i.e. 120 million individuals). The growth in the scheme has a massive impact on the quality of health care available to the poor. The scheme is providing the secondary coverage of Rs. 60,000 and Rs. 400,000 under tertiary coverage per annum. The beneficiaries are also paid additional benefits such as cash payments of transportation and funeral charges. Besides pure BISP data, the entire FATA, FR Region, Tharparkar, GB and AJK regions have been covered under this scheme. The coverage was further extended to all the disabled person and registered transgender community of Pakistan. Plans are underway to expand the scheme to cover 100% population of Islamabad and Punjab. The KP Sehat Card Plus Program has covered the entire population of Khyber Pakhtunkhwa, where more than 7 million families would be covered. This scheme has a worth of around 87+ billion in the next five years. The scheme provides inpatient hospitalization secondary coverage of Rs. 80,000 per member and Rs. 800,000 under tertiary coverage per annum. State Life being a public sector organization would strive to extend its services to manage social health programs most efficiently and economically.

e) Family Takaful Fund

The Corporation on receipt of license to start Window Takaful Operations, established a statutory fund namely 'Family Takaful Fund' to offer Family Takaful Contracts. Family Takaful Contract is an arrangement which rests on key Shariah principles of mutual cooperation, solidarity and well-being of a community, and is based on the principles of Wakala Waqf Model. Under a Takaful arrangement, individuals come together and contribute towards the common objective of protecting each other against financial losses by sharing the risk on the basis of mutual assistance.

The obligation of Waqf for Waqf participants' liabilities is limited to the amount available in the Waqf fund. In case there is a deficit in the Waqf Fund, the Window Takaful Operator shall grant an interest free loan (Qard-e-Hasna) to make good the deficit. The loan shall be repayable from the future surpluses generated in the Waqf Fund, without any excess of the actual amount given to it. Repayment of Qard-e-Hasna shall receive priority over surplus distribution to Participants from the Waqf Fund.

4.5 Insurance contracts – classification

The Corporation maintains five statutory funds which are as follows:

- Pakistan Life Fund (ordinary life);
- Overseas Life Fund (ordinary life);
- Pension Fund;
- Accidental and health Insurance Fund; and
- Family Takaful Fund.

Within the Pakistan Life Fund the business can be further classified as individual life conventional business, group insurance business and a small amount of annuity business.

Most of the new individual life conventional policies written by the Corporation contain a Discretionary Participation Feature (DPF). DPF indicates policies in which the investor receives an additional payment, the amount or timing of which is contractually at the discretion of the issuer.

The Overseas Life Fund entirely consists of individual life conventional business. Most of the new business written under the overseas life fund contains a DPF.

The Pension Fund consists of funds administered under Group Pension Deposit Administration contracts.

The Accident and Health Insurance Fund consists of Group Health and Accident Insurance Contracts.

Considering all the five statutory funds together, the bulk of Corporation business consists of individual life conventional policies. Most of the remaining business consists of group life insurance business.

The Corporation also offers some supplementary benefits attached in the form of riders to the individual life policies and the group life contracts. Each of these classes of business are described in greater detail below.

Contract details and measurement

The insurance contracts offered by the Corporation are described below:

4.5.1 Individual life policies

Individual life conventional products

These are long term contracts with either level or single premiums. These plans generally provide for some death benefit on death during the currency of the policy and a survival benefit either on the happening of certain contingencies or on the maturity of the policy. The premiums are payable only in the life time of the policyholder. In case of term insurance products there is no survival benefit.

Universal life policies

Under these plans a certain amount is set aside from the premium for expenses and meeting the mortality cost and the remainder of the premium is invested to earn some investment return. Investment return is allocated to these products on an annual basis keeping in view the investment earnings of the Pakistan Life Fund.

Term insurance policies

A few products of the Corporation are term insurance plans providing benefits only in case of death. Under these policies no benefit is due if the policy holder survives the duration of the policy. The Corporation sells both level term insurances and decreasing term insurances also known as mortgage protection plans.

Annuities

The Corporation also has a small number of individual and group life-annuities on its books. Under these contracts a periodic income benefit is payable to the insured life for as long as annuitant is alive. Besides, the Corporation offers annuity-certain plans under which periodic income benefit is payable for a stipulated period and is not dependent on the life of the policyholder.

Supplementary riders

The Corporation offers various types of supplementary riders. Some of these riders offer additional life coverage, in some cases they offer accidental death and disability benefits. The benefits can take various forms such as lump sum payment or an income benefit or waiver of premiums due under the host policy contract.

Insured event

Under the individual life insurance policies in most cases the insured event is either death or survival until the maturity date of the policy, except in case of term insurance where there is no maturity benefit. Under the annuity policies the Corporation is exposed to the risk of longevity. In this case the insured event is survival of the life insured for a long duration, exceeding the period normally expected under standard mortality tables.

In case of supplementary rider, the insured event is either death or just accidental death or disability whether accidental or natural or both.

Distribution channel

The individual life business of the Corporation is sold through its dedicated sales force which is present all over the country. This field force is organized under a three-tier system consisting of sales representatives, sales officers and sales managers. Each sales sector headed by area manager and a sector head. Presently there are 1,096 area managers and 150 sector heads who are working in 33 different zones and 7 regions throughout country in addition to this there is one zone in Gulf region who is head by Zonal Chief, Gulf. The Gulf zone has its own marketing team of sector heads, Area Managers and Sales Force.

The individual life policy holders of the Corporation come from all strata of society, with greater representation of the rural areas due to wider outreach of its field force. New policyholders have an average age of around 34 years.

4.5.2 Group life policies

Basic coverage

The group life policies are generally one-year renewable term insurance contracts. In most cases they provide group coverage to the employees of an employer. Sometimes the coverage is tied up with loans extended by the

employer for house building or purchase of motor vehicles or other household items. In some cases, group policies are issued to lending agencies such as banks to provide group coverage to their borrowers. There are also a small number of group endowment policies which provide benefits identical to individual life policies but under the umbrella of a group contract.

Supplementary coverage

In many cases the group policies also provide supplementary coverage which may include accidental or natural disability benefits and additional accidental death benefit. These riders also take the form of one-year renewable term insurance policies.

Insured event

Under the group life insurance policies in most cases the insured event is death due to any cause. In case of supplementary coverage, the insured event can include accidental death or disability or natural disability.

Distribution channel

The group insurance business is sold through four group and pension zones of the Corporation. Each zone has its own marketing force consisting of sector heads who are full time salaried employees of the Corporation, however, some of the group business is also procured through individual life field force of the Corporation.

Most of the lives covered under the group insurance consist of industrial and office workers, civil servants and employees of corporations, banks, other financial institutions, army, navy etc.

4.6 Re-insurance contracts held

4.6.1 Conventional

The Corporation has reinsurance arrangements with Swiss Re. The net retention limit of the Corporation for individual life is Rs. 5 million (2023: Rs. 5 million) per policy and for group life is Rs. 5 million (2023: Rs. 5 million) per person of risk. Reinsurance premiums are recognized in accordance with the pattern of recognition of the related premium. These are measured in line with the terms and conditions of the reinsurance treaty.

Reinsurance liabilities represent balances due to reinsurance companies. Balances payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contract.

4.6.2 Retakaful Contribution

These contracts are entered into by the Corporation with the retakaful operator under which the retakaful operator cedes the Takaful risk assumed during normal course of its business, and according to which the Waqf is compensated for losses on contracts issued by it.

Retakaful contribution is recorded at the time the retakaful is ceded. Retakaful liabilities represent balances due to retakaful companies. Amounts payable are calculated in a manner consistent with the associated retakaful treaties.

4.6.3 Retakaful Expenses

Retakaful expenses are recognized through liability.

Retakaful assets represent balances due from retakaful operator. Recoverable amounts are estimated in a manner consistent with the associated retakaful treaties.

Retakaful assets are offset against related Retakaful liabilities under the circumstances only that there is a clear legal right of off-set of the amounts. Income or expenses from retakaful contract are not offset against expenses or income from related Retakaful contracts as required by the Insurance Ordinance, 2000. Retakaful assets and liabilities are derecognized when the contractual rights are extinguished or expired.

4.7 Claims

The liability in respect of outstanding claims represents the ascertained value of claims incurred and reported before the end of the accounting year. Incurred but not reported (IBNR) cases are provided on the basis of actuarial advice and included in the policyholders' liabilities.

On 19 May 2014, Securities and Exchange Commission of Pakistan (SECP) has issued Circular No. 11 of 2014 in which they have prohibited all life insurers from writing back the unclaimed insurance benefit amount in any circumstances. The unclaimed insurance benefits are the amount which have become payable in accordance with the terms and conditions of an insurance policy but have not been claimed by the policyholders or their beneficiaries. Such unclaimed amounts include unclaimed maturity benefits, long outstanding claims and un-intimated or unclaimed death or disability claims. The Corporation has a practice of writing back claims which are outstanding for more than three years from the date from which the claims become payable and an equivalent amount has been placed in 'reserve for unpaid insurance benefits' within the policyholders' liabilities. The Corporation has received letter dated 22 May 2015 from SECP clarifying that the practice to retain the unclaimed insurance benefits in its actuarial reserve is in compliance with the clause 3 of the aforementioned Circular.

4.8 Amount due to other insurers / reinsurers / takaful / retakaful

Liabilities for other insurers / reinsurers / takaful / retakaful are carried at cost which is the fair value of consideration to be paid in future for services.

4.9 Premium due but unpaid

Premiums due but unpaid are recognized at cost, which is the fair value of consideration to be received less provision for impairment, if any.

4.10 Amount due from other insurers / reinsurers / takaful / retakaful

Amount due from other insurers / reinsurers / takaful / retakaful are carried at cost less provision for impairment, if any.

4.11 Acquisition costs

These are costs incurred in acquiring and maintaining insurance policies and include without limitation all forms of remuneration paid to insurance agents and certain field force staff.

4.12 Expenses of management

Expenses of management represent directly attributable expenses and indirect expenses allocated to statutory funds.

4.13 Staff retirement benefits

a) Provident fund

The Corporation operates a defined contribution plan, a recognized contributory provident fund scheme for all its eligible employees. For employees who have opted for the gratuity scheme, monthly contributions at the rate of 8.33% of their basic salaries are made to the fund by the Corporation. However, in respect of employees who have opted for the pension scheme, no contribution is made by the Corporation to the provident fund.

b) Gratuity fund

The Corporation maintains a funded defined benefit plan for those officers who opted for gratuity rules. On retirement, resignation, termination or on death they will be paid last month's drawn salary for each completed year of service. Liability for the fund is based on the advice of appointed actuary.

c) Pension fund

The Corporation operates a defined benefit plan, a funded pension scheme for its employees opting for the pension scheme established in 1984 and payments are made annually to the extent allowed under the Income Tax Rules, 2002 to meet the obligations there-under on the basis of actuarial valuation. From a previous year pursuant to the order of Honorable Supreme Court of Pakistan, the Corporation has restored its pension scheme, as aforesaid, that was in effect before 31 December 1999. Liability for the fund is based on the advice of appointed actuary.

d) Compensated absences

From the year 2002, the un-availed earned leave balance of officers is encashed to the extent of two third of the leave balance with simultaneously proceeding on leave for one third leave balances, minimum for twelve days. A policy is already in force for the staff on similar lines. For officers leaves up to 60 days can be carried forward up to the date of retirement and can be encashed at retirement. Similarly, in respect of staff leaves up to 180 days can be carried forward up to the date of retirement and can be encashed at retirement.

e) Post retirement medical benefits

The Corporation provides medical facilities to its retired officers and their spouses in accordance with the service regulations. As at 31 December 2024, liability for post-retirement medical benefits as computed by the appointed actuary is estimated at Rs. 4,178 million (2023: Rs. 3,500 million) and the same has been provided in these unconsolidated financial statements.

4.14 Loans secured against life insurance policies

Cash loans

Loans in cash against the security of life insurance policies may be extended to the policyholders to the extent of 80% of surrender value of the respective policy, provided the policy has been in force for at least two years.

Automatic non-forfeiture provisions

- a) Automatic Premium Loans secured against surrender value of the policy may be extended to the extent of the surrender value of the respective policy, provided the policyholder has exercised Automated Premium Loan option.
- b) An advance equal to one year premium may be allowed to the policyholder only once, if the policyholder has exercised Auto Paid-up option provided the respective policy has been in force for at least two years.

4.15 Revenue recognition

4.15.1 Premium

- First year individual life premium is recognized when the policy is issued after receipt of that premium. Subsequent premiums falling due under the policy are recognized if received before expiry of the grace period, or if advanced by the Corporation under the Automatic Premium Loan (APL).
- Single premiums are recognized once the related policies are issued against the receipt of premium. Premiums for group life, accident & health and overseas group life and health business are recognized when due.
- The Corporation continues to provide the cover even if the premium is received after the grace period.

4.15.2 Reinsurance Commission

Commission from reinsurers is recognized as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Commission, if any, under the terms of reinsurance arrangements is recognized when the Corporation's right to receive the same is established.

4.15.3 Individual Life Family Takaful

First year, renewal and single contributions are recognized once the related policies are issued / renewed against receipt of contribution.

4.15.4 Rental income on investment properties

Rental income is recognized on an accrual basis except where dues are more than six months old in which case income is recognized on a receipt basis, except for the cases that are under litigation.

4.16 Investment income

Income on government securities, term finance certificates and other fixed income securities is recognized on an accrual basis for the number of days these are held taking into account effective yield on the instruments.

Dividend income is recognized when the Corporation's right to receive dividend is established. Income on debentures is recognized at the prescribed rates, except where recovery is considered doubtful in which case the income is recognized on a receipt basis.

Capital gain / loss arising on sale of listed securities is recognized on settlement date.

Regular way purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognized at the settlement date. Settlement date is the date on which an asset is delivered to or by the Corporation.

4.17 Deferred capital grant

Grants received for capital expenditure is credited to "Deferred liabilities". Amount equal to the depreciation charged during the year as per rate applicable to the respective assets is transferred to other income. Grants received in cash for revenue expenditure are treated as income on the basis of expenditure incurred.

4.18 Others

All other incomes are recognized on accrual basis.

4.19 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with prevailing laws (fourth Schedule to the Income Tax Ordinance, 2001) for taxation of income. All sources of income of the Corporation are taxed as one basket income using prevailing tax rate expected to apply to the profit for the year, if enacted. The charge for the current tax also includes adjustments, where considered necessary, to the provision for tax made in previous years arising from assessments finalized during the current year for such years.

Deferred

Deferred taxation is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization on settlement of the carrying amount of assets and liabilities using the tax rates enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available and credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.20.1 Bad and doubtful debts

Known bad debts are written off and impairment loss is recognized for debts / receivables considered doubtful.

4.20.2 Provisions

Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

4.21 Impairment of non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense, for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

4.22 Related party transactions and transfer pricing

Transactions and contracts with the related parties are carried out at arm's length price determined in accordance with comparable uncontrolled price method.

4.23 Cash and cash equivalents

These include cash and bank balances and deposits maturing within twelve months.

4.24 Dividend and appropriation of reserve

Dividend and appropriation to reserve except appropriations required by the law or determined by the appointed actuary or allowed by the Insurance Ordinance 2000, are recognized in the year in which these are approved.

4.25 Earnings per share

The Corporation presents basic and diluted Earnings Per Share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Corporation by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated if there is any potential dilutive effect on the Corporation's reported net profits.

4.26 Segment reporting

Operating segment is a distinguishable component of the Corporation that is engaged in providing services that are subject to risks and returns that are different from those of other operating segments. The Corporation accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Regulations, 2017.

The Corporation's business segments currently reports five statutory funds, separately in respect of each class of life insurance business.

4.27 Foreign currency translations

Foreign currency transactions during the year are recorded at the exchange rate approximating those ruling on the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange which approximates those prevailing on the reporting date. Gains and losses on translations are taken to income currently. Non-monetary items that are major in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

4.28 Leases

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is depreciated on a straight-line method over the lease term as this method most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Corporation is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option.



When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

The Corporation has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component and not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

4.29 Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are recognized initially at cost including associated transaction costs which is the fair value of the consideration given.

The financial assets and financial liabilities are measured subsequently as described below:

Financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Other loans and receivables;
- Held to maturity; and
- Fair value through profit or loss.

Other loans and receivables

Other loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are carried at amortized cost.

Held to maturity

These include held to maturity investments that are financial assets with fixed or determinable payments and fixed maturity and the Corporation has a positive intent and ability to hold these investments till maturity. After initial recognition, these are carried at amortized cost.

Fair value through profit or loss

These investment are initially recognized at cost being the fair value of consideration given and its related transaction cost are charged to statement of comprehensive income. These investments are subsequently measured at their market value with any gain or loss in statement of comprehensive income.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognized.

Derecognition

Financial assets are derecognized at the time when the Corporation loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to the statement of comprehensive income immediately.

Off setting

Financial assets and liabilities are off set and the amount is reported in the statement of financial position if the Corporation has a legal right to set-off the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Fair / market value measurements

For investments in Government securities, fair / market value is determined by reference to quotations obtained from Reuters page (PKRV) / (PKISRV) where applicable. For investments in quoted marketable securities, other than Term Finance Certificates / Corporate Sukuks, fair / market value is determined by reference to Stock Exchange quoted market price at the close of business on reporting date. The fair market value of Term Finance Certificates / Corporate Sukuks and investment in Mutual Fund is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP).

Financial liabilities

For the purpose of subsequent measurement, financial liabilities are measured at amortized cost using effective interest method, which approximates to its cost except for policyholders' liabilities and liability for claims incurred but not reported (IBNR) which are measured on the basis of actuarial valuations.

4.30 Investments in associates and subsidiaries

Associates are all entities over which the Corporation has significant influence but no control. Investment in associates that is held through investment-linked insurance funds is measured at fair value through profit or loss. Subsidiary is an entity over which the Corporation has control. Investment in subsidiaries is carried at cost less accumulated impairment losses, if any.

4.31 Takaful Operator's Fee

The shareholders of the Corporation manage the Window Takaful operations for the participants. Accordingly, the Corporation is entitled to Takaful Operator's Fee for the management of Window Takaful Operations under the Waqf Fund, to meet its general and administrative expenses. The Takaful Operator's fee, termed Wakala Fee, is recognized upfront.



5 PROPERTY AND EQUIPMENT

Operating assets
Capital work in progress

Note	2024 ----- Rupees in 000 -----	2023
5.1	1,898,905	1,397,309
5.4	16,301	18,112
	<u>1,915,206</u>	<u>1,415,421</u>

5.1 Operating assets

Description	2024											
	Cost					Depreciation					Written down value as at 31 December 2024	Depreciation Rate (%)
	As at 01 January	Additions / (disposals)	Adjustment	Transfer from Investment Property / Capital work in progress	As at 31 December	As at 01 January	For the year / (disposal)	Adjustment	Transfer from Investment Property	As at 31 December		
----- Rupees in '000 -----												
Building, roads and structure	738,773	71,278	-	-	810,051	181,102	11,259	-	-	192,361	617,690	1
Electric installation and fittings	822,571	55,561 (1,803)	-	-	876,329	662,577	48,251 (1,773)	-	-	709,055	167,274	10
Furniture and fixtures	810,859	160,811 (3,254)	-	-	968,416	515,123	49,750 (3,122)	-	-	561,751	406,665	10
Office equipment	301,363	75,910 (1,062)	-	-	376,211	198,717	26,459 (466)	-	-	224,710	151,501	10 to 30
Computer installations-basic	1,068,791	340,846 (1,576)	-	-	1,408,061	899,256	101,029 (1,352)	-	-	998,933	409,128	30
Computer installations-peripherals	103,465	10,570 (670)	-	-	113,365	88,311	6,799 (669)	-	-	94,441	18,924	30
Vehicles	306,139	65,771 (5,785)	-	-	366,125	209,566	29,318 (482)	-	-	238,402	127,723	20
	4,151,961	780,747 (14,150)	-	-	4,918,558	2,754,652	272,865 (7,864)	-	-	3,019,653	1,898,905	

Description	2023											
	Cost					Depreciation					Written down value as at 31 December 2023	Depreciation Rate (%)
	As at 01 January	Additions/ (disposals)	Adjustment	Transfer from Investment Property / Capital work in progress	As at 31 December	As at 01 January	For the year / (disposals)	Adjustment	Transfer from Investment Property	As at 31 December		
----- Rupees in '000 -----												
Building, roads and structure	648,472	8,966 (213)	-	81,548	738,773	170,285	11,030 (213)	-	-	181,102	557,671	1
Electric installation and fittings	719,727	50,564 (3,877)	-	56,157	822,571	626,638	39,828 (3,889)	-	-	662,577	159,994	10
Furniture and fixtures	729,278	88,739 (7,158)	-	-	810,859	476,562	40,188 (1,627)	-	-	515,123	295,736	10
Office equipment	236,925	66,268 (1,830)	-	-	301,363	185,803	13,028 (114)	-	-	198,717	102,646	10 to 30
Computer installations-basic	994,367	78,833 (4,409)	-	-	1,068,791	844,698	55,275 (717)	-	-	899,256	169,535	30
Computer installations-peripherals	93,822	10,950 (1,307)	-	-	103,465	85,157	4,441 (1,287)	-	-	88,311	15,154	30
Vehicles	201,884	104,276 (21)	-	-	306,139	201,840	7,747 (21)	-	-	209,566	96,573	20
	3,624,475	408,596 (18,815)	-	137,705	4,151,961	2,590,983	171,537 (7,868)	-	-	2,754,652	1,397,309	

5.2 Assets with zero value

Description of Assets	2024			2023		
	Cost	Net book value	No. of item	Cost	Net book value	No. of item
	-----Rupees in '000-----			-----Rupees in '000-----		
Electric installation and fittings	102,650	-	3,979	-	-	-
Furniture and fixture	295,736	-	32,610	272,700	-	45,393
Office equipment	124,828	-	6,828	139,822	-	8,025
Computer installation - basic	858,442	-	9,955	703,627	-	10,069
Computer installation - peripheral	84,290	-	1,831	76,555	-	9,232
Vehicles	202,999	-	216	141,351	-	227
	1,668,945	-	55,419	1,334,055		72,946

5.3 There are no assets held by third parties as at reporting date.

5.4 Capital work in progress

	Note	2024	2023
		----- Rupees in '000 -----	
Opening balance		18,112	400,264
Less: Provision for impairment		(1,811)	-
Additions		-	77,172
Transfer to investment properties		-	(321,619)
Transfer to property and equipment		-	(137,705)
Closing balance		16,301	18,112

6 INVESTMENT PROPERTIES

Investment properties
Less: Provision for impairment

Note	2024	2023
	----- Rupees in '000 -----	
6.1	3,577,807	3,451,021
6.4	(2,891)	(2,672)
	<u>3,574,916</u>	<u>3,448,349</u>

6.1 Investment properties

2024									
Cost				Depreciation				Written down value as at 31 December 2024	Depreciation Rate (%)
As at 01 January	Additions/ (Disposals)	Transfer in from Capital work in progress	As at 31 December	As at 01 January	For the year	Transfer to Property and Equipment	As at 31 December		

----- Rupees in '000 -----

Freehold land	274,616	1,252	-	275,868	-	-	-	275,868	-
Leasehold land	332,697	-	-	332,697	128,811	3,864	-	132,675	1 to 5
Building, roads and structure	2,924,485	178,259	-	3,102,744	461,738	26,830	-	488,568	1 to 5
Electric installation and fittings	1,787,346	38,054	-	1,825,400	1,277,574	60,085	-	1,337,659	10
	<u>5,319,144</u>	<u>217,565</u>	<u>-</u>	<u>5,536,709</u>	<u>1,868,123</u>	<u>90,779</u>	<u>-</u>	<u>1,958,902</u>	<u>3,577,807</u>

2023									
Cost				Depreciation				Written down value as at 31 December 2023	Depreciation Rate (%)
As at 01 January	Additions/ (Disposals)	Transfer in from Capital work in progress	As at 31 December	As at 01 January	For the year	Transfer to Property and Equipment	As at 31 December		

----- Rupees in '000 -----

Freehold land	274,616	-	-	274,616	-	-	-	274,616	-
Leasehold land	332,697	-	-	332,697	124,946	3,865	-	128,811	1 to 5
Building, roads and structure	2,713,390	20,635	190,460	2,924,485	435,588	26,150	-	461,738	1 to 5
Electric installation and fittings	1,638,310	17,877	131,159	1,787,346	1,222,946	54,628	-	1,277,574	10
	<u>4,959,013</u>	<u>38,512</u>	<u>321,619</u>	<u>5,319,144</u>	<u>1,783,480</u>	<u>84,643</u>	<u>-</u>	<u>1,868,123</u>	<u>3,451,021</u>

- 6.2 The market and forced sale values of the investment properties owned by the Corporation, as determined by independent valuers (RBS Associates (Private) Limited), amounted to Rs. 140,240 million and Rs. 119,224 million respectively as at 31 December 2024 (2023: Rs. 132,750 million and Rs. 119,480 million respectively).
- 6.3 The above includes, title deeds of 61 land/buildings, that were taken over by the Corporation under the Life Insurance (Nationalization) Order, 1972 (LINO) dated 01 November 1972 and have been transferred in the name of the Corporation. The title deeds 13 buildings / plots (2023: 13 buildings / plots) are still in the name of defunct insurance companies that were merged in the Corporation
- 6.4 There are properties costing Rs. 4.532 million (2023: Rs. 4.269 million) having written down value of Rs. 2.891 million (2023: Rs. 2.672 million) to which the Corporation's title is disputed. Against this, a provision of Rs. 2.891 million (2023: Rs. 2.715 million) exists.
- 6.5 The Corporation has a plot at Rawalpindi costing Rs. 0.581 million (2023: Rs. 0.581 million) for which execution of title deed is pending due to dispute with the Cantonment Board, Rawalpindi.
- 6.6 The Corporation has a plot at Mirpur (Azad Kashmir) costing Rs. 1.417 million (2023: Rs. 1.417 million) for which execution of title deed remain pending.
- 6.7 The investment properties also include Rs. 25.8 million (2023: Rs. 23 million) paid by the Corporation to the People Media Foundation (PMF) for acquisition of ground floor measuring 13,000 sq. ft. in PMF Complex (Press Club Building) at G-8, Markaz, Islamabad. The Corporation has taken over the possession of ground floor in July 1996, under an irrevocable General Power of Attorney, as the construction of building was incomplete. The management of the Corporation is of the opinion that under irrevocable General Power of Attorney, the Corporation is in a position to freely transfer the title of said property in its own name.

7 INVESTMENTS IN SUBSIDIARIES - at cost

Alpha Insurance Company Limited	7.1	298,918	298,918
State Life (Lakie Road) Properties (Private) Limited	7.1	12,910	12,910
Less provision for impairment		(12,910)	(12,910)
State Life (Abdullah Haroon Road) Properties (Private) Limited	7.1	26,182	26,182
Less: provision for impairment		(1,482)	(1,482)
		323,618	323,618

7.1 Investment in Subsidiaries

2024 ----- Number of shares -----	2023	Face value Rs.	Company Name	2024 ----- Rupees in '000 -----	2023
47,574,843	47,574,843	10	Alpha Insurance Company Limited Equity held 95.15% (2023:95.15%)	298,918	298,918
414,916	414,916	10	State Life (Lakie Road) Properties (Private) Limited Equity held 100% (2023:100%)	12,910	12,910
779,500	779,500	10	State Life (Abdullah Haroon Road) Properties (Private) Limited Equity held 100% (2023:100%)	26,182	26,182
				338,010	338,010

7.2 The Corporation's interests in its subsidiaries were as follows:

Name	2024						
	Country of Incorporation	Assets	Liabilities	Break up value per share	Revenues	Profit / (loss)	Interest held (%)
		---- Rupees in '000 ----			---- Rupees in '000 ----		
Alpha Insurance Company Limited	Pakistan	1,652,439	824,511	16.56	369,971	39,669	95.15%
State Life (Lakie Road) Properties (Private) Limited	Pakistan	2,899	9,669	(8.68)	121	(5,348)	100%
State Life (Abdullah Haroon Road) Properties (Private) Limited (Note 7.2.1)	Pakistan	125,653	10,973	276.39	11,491	10,216	100%
Total at the end of 2024		<u>1,780,991</u>	<u>845,153</u>		<u>381,583</u>	<u>44,537</u>	

Name	2023						
	Country of Incorporation	Assets	Liabilities	Break up value per share	Revenues	Profit / (loss)	Interest held (%)
		---- Rupees in '000 ----			---- Rupees in '000 ----		
Alpha Insurance Company Limited	Pakistan	1,270,942	552,803	14.36	246,992	49,571	95.15%
State Life (Lakie Road) Properties (Private) Limited	Pakistan	2,951	9,648	(16.14)	121	(310)	100%
State Life (Abdullah Haroon Road) Properties (Private) Limited	Pakistan	111,504	10,502	129.57	13,140	12,768	100%
Total at the end of 2023		<u>1,385,397</u>	<u>572,953</u>		<u>260,253</u>	<u>62,029</u>	

7.2.1 The Board of Directors in their meeting held on 25 March 2015 decided to liquidate State Life (Abdullah Haroon Road) Properties (Private) Limited. The Board of Directors in their 240th meeting held on 11 August 2015 approved the above said transaction and authorized certain persons to appear in all matters concerning purchase and transfer of property. As of the reporting date, the transaction is in the process of being executed.

8 INVESTMENTS IN EQUITY SECURITIES

	Note	2024			2023		
		Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
FAIR VALUE THROUGH PROFIT OR LOSS							
(Designated - upon initial recognition)							
Related parties							
Listed shares	8.1	4,687,403	-	54,996,101	3,586,106	-	19,186,769
Unlisted shares		5,000	(4,649)	351	5,000	(4,649)	351
Others							
Listed shares	8.2	102,283,533	-	239,906,130	68,090,035	-	126,354,910
Unlisted shares	8.3	279,425	(210,974)	68,451	279,425	(210,974)	68,451
Unlisted preference shares		3,743	(3,743)	-	3,743	(2,982)	761
		107,259,104	(219,366)	294,971,033	71,964,309	(218,605)	145,611,242

Rupees in '000

8.1 This includes carrying value of Pakistan Reinsurance Company Limited (associated company) amounting to Rs. 3,451 million (2023: Rs. 1,689 million).

8.2 This includes 653,995 shares (2023: 653,995) owned by Corporation in National Bank of Pakistan on behalf of Life Insurance Corporation of India (LICI) which has a carrying value of Rs. 43.77 million (2023: Rs. 21.00 million).

8.3 Name of the chief executives of companies which forms majority portion of total investment in unlisted equities is given below :

Company	Chief Executive	Shareholding	No of Shares	Carrying Value in Rupees
Peoples Steels Mills Limited	Brig. Shuja Hassan	N/A	1,998,967	12,681,714
Al Baraka Bank Pakistan Limited	Mr. Atif Hanif	1.10%	4,941,176	52,522,921
Arabian Sea Country Club Limited	Mr. Arif Ali Khan	N/A	500,000	351,049
State Bank of Pakistan	Mr. Jameel Ahmed	N/A	29,458	3,221,374
Pakistan Emerging Ventures Limited	Mr. Saeed Khan	3.33%	12,500,000	24,771

9 INVESTMENTS IN MUTUAL FUNDS

		2024			2023		
		Cost	Impairment / (provision)	Carrying value	Cost	Impairment / (provision)	Carrying value
----- Rupees in '000 -----							
FAIR VALUE THROUGH PROFIT OR LOSS							
Listed - Others							
Open and close ended mutual fund	9.1	68,047,446	-	77,515,708	3,282,447	-	7,159,700
Unlisted - Others							
Close ended mutual fund	9.2	594,190	-	4,271,184	594,190	-	2,298,569
		<u>68,641,636</u>	<u>-</u>	<u>81,786,892</u>	<u>3,876,637</u>	<u>-</u>	<u>9,458,269</u>

9.1 Open and close ended mutual funds

		2024			2023		
		Number of units	Cost	Carrying value	Number of units	Cost	Carrying value
-----Rs. in '000-----							
Open ended mutual funds - Pakistan Life Fund							
National Investment Trust Units		75,996,262	2,304,969	10,662,276	75,996,262	2,304,969	5,769,636
Pak Capital Market Fund		137,662	373	3,088	129,297	373	1,983
NIT Government Bond Fund		28,278,954	300,000	311,173	28,278,954	300,000	310,986
NIT Income Fund		9,831,295	100,000	109,712	9,831,295	100,000	110,901
NIT Islamic Equity Fund		27,397,784	200,000	444,666	26,316,595	200,000	258,955
HBL Growth Fund"B"(PICIC Growth Fund)		12,384,663	-	422,317	12,384,663	-	234,937
HBL Investment Fund -Class"B"		1,793,173	-	28,686	1,663,367	-	15,353
HBL Money Market Fund		24,082,117	2,686,000	2,704,422	610,029	50,000	69,354
Al Meezan Mutual Fund		10,288,351	39,311	382,765	9,143,431	39,311	215,694
MCB Pakistan Stock Market Fund		36,758	962	8,351	34,348	962	4,558
JS Growth Fund		284,744	19,867	102,186	281,952	19,867	59,825
HBL Growth Fund"A"(PICIC Growth Fund)		12,024,904	243,312	137,445	12,024,904	243,312	101,971
HBL Investment Fund-Class"A"		1,607,710	23,653	6,736	1,607,710	23,653	5,547
ABL Cash Fund		643,481,845	7,181,000	7,181,000	-	-	-
ABL Government Securities Fund		39,809,483	448,000	448,000	-	-	-
ABL Income Fund		26,630,682	298,000	298,000	-	-	-
AL Habib Cash Fund		44,639,056	4,928,000	4,938,865	-	-	-
AL Habib Income Fund		8,616,649	956,000	959,378	-	-	-
AL Habib Money Fund		19,149,154	2,076,000	2,080,173	-	-	-
Alfalah GHP Cash Fund		1,005,078	551,000	550,994	-	-	-

Open ended mutual funds - Pakistan Life Fund

	2024			2023		
	Number of units	Cost	Carrying value	Number of units	Cost	Carrying value
	-----Rs. in '000-----			-----Rs. in '000-----		
Alfalah GHP Income Multipal Fund	3,041,060	379,000	378,977	-	-	-
Alfalah GHP Sovereign Fund	7,502,941	893,000	893,000	-	-	-
Alfalah GHP Money Market Fund	57,437,993	6,191,000	6,191,241	-	-	-
Atlas Income Fund	1,486,034	864,000	863,995	-	-	-
Atlas Liquid Fund	626,506	342,000	341,997	-	-	-
Atlas Money Market Fund	4,471,408	2,495,000	2,495,001	-	-	-
Atlas Sovereign Fund	12,010,521	1,379,000	1,379,048	-	-	-
HLB Cash Fund	62,271,673	6,987,000	6,986,882	-	-	-
HLB Government Securities Fund	4,391,369	562,000	562,007	-	-	-
HLB Income Fund	5,693,700	709,000	708,980	-	-	-
J.S Cash Fund	12,877,861	1,474,000	1,474,000	-	-	-
J.S Income Fund	5,700,926	634,000	634,000	-	-	-
Lakson Income Fund	9,439,991	1,065,000	1,065,020	-	-	-
Lakson Money Market Fund	32,589,666	3,656,000	3,655,909	-	-	-
MCB DCF Income Fund	14,251,298	1,709,000	1,712,721	-	-	-
MCB Pakistan Sovereign Fund	31,430,948	1,889,000	1,894,658	-	-	-
Nafa Government Securities Savings Fund	50,592,694	586,000	586,000	-	-	-
NBP Government Securities Liquid Fund	112,972,654	1,265,000	1,268,005	-	-	-
NBP Income Opportunity Fund	46,345,184	553,000	554,604	-	-	-
NBP Mahana Amdani Fund	71,853,921	800,000	802,522	-	-	-
NBP Saving Fund	57,714,147	620,000	621,460	-	-	-
Pakistan Income Enhancement Fund	26,862,344	1,636,000	1,640,215	-	-	-
Pakistan Income Fund	3,439,440	209,000	209,361	-	-	-
UBL Cash Fund	26,194,311	2,848,000	2,854,918	-	-	-
UBL Government Securities Fund	6,747,282	792,000	795,100	-	-	-
UBL Growth and Income Fund	3,035,690	327,000	327,005	-	-	-
UBL Income Opportunity Fund	2,511,741	305,000	305,905	-	-	-
UBL Liquidity Plus Fund	26,226,983	2,888,000	2,894,934	-	-	-
UBL Money Market Fund	14,924,951	1,634,000	1,638,013	-	-	-
		<u>68,047,447</u>	<u>77,515,708</u>		<u>3,282,447</u>	<u>7,159,700</u>

9.2 Close ended mutual funds - Pakistan Life Fund

	2024			2023		
	Number of units	Cost	Carrying value	Number of units	Cost	Carrying value
	-----Rs. in '000-----			-----Rs. in '000-----		
NIT Equity Market Opportunity Fund	<u>10,179,666</u>	<u>594,190</u>	<u>4,271,184</u>	<u>10,179,666</u>	<u>594,190</u>	<u>2,298,569</u>

10 INVESTMENTS IN GOVERNMENT SECURITIES

HELD TO MATURITY	2024				2023		
	Maturity Year	Effective Yield (%)	Amortized Cost	Principal Payment	Carrying Value	Effective Yield (%)	Carrying Value
			----- Rupees in '000 -----				
Pakistan Investment Bond							
3 year Pakistan Investment Bonds	2025 - 2026	13.92% - 21.00%	241,513,680	250,600,000	241,513,680	17.92% - 19.39%	227,893,674
5 year Pakistani Investment Bonds	2025 - 2027	9.12% - 13.37%	147,099,643	152,775,000	147,099,643	16.21% - 21.36%	198,903,155
10 year Pakistan Investment Bonds	2025 - 2034	7.50% - 19.08%	502,948,249	521,428,500	502,948,249	14.94% - 21.37%	489,926,970
15 year Pakistan Investment Bonds	2026 - 2035	8.05% - 10.46%	114,075,921	112,353,700	114,075,921	14.63% - 17.11%	114,206,245
20 year Pakistan Investment Bonds	2026 - 2039	9.72% - 16.50%	69,303,270	68,041,300	69,303,270	14.68% - 21.37%	71,252,327
30 year Pakistan Investment Bonds	2036 - 2038	11.51% - 16.22%	37,942,489	40,050,000	37,942,489	13.89% - 14.78%	37,824,081
			<u>1,112,883,252</u>	<u>1,145,248,500</u>	<u>1,112,883,252</u>		<u>1,140,006,452</u>
Sukuk Bonds - Takaful Fund	2025 - 2028	8.51% - 19.20%	2,166,645	2,081,100	2,166,645	8.51% - 19.20%	1,137,444
Islamic Republic of Pakistan Bond	2025 - 2036	14.50% - 18.68%	8,331,676	7,933,009	8,331,676	14.50% - 28.57%	18,686,308
Treasury Bills							
6 month Pakistan Treasury Bills	2025	11.13% - 13.79%	210,930,982	216,102,000	210,930,982	21.40% - 22.85%	58,411,631
			<u>1,334,312,555</u>	<u>1,371,364,609</u>	<u>1,334,312,555</u>		<u>1,218,241,835</u>

10.1 Government securities include Rs. 1,246.5 million (2023: Rs. 501.5 million) placed with the State Bank of Pakistan, in accordance with Section 29 of the Insurance Ordinance, 2000.

10.2 Market value of government securities carried at amortized cost amounted to Rs. 1,307,949 million (2023: Rs. 1,074,912 million), which has been done based on PKRV valuation technique taken by MUFAP.

11 INVESTMENTS IN DEBT SECURITIES

HELD TO MATURITY - OTHERS	Note	2024			2023		
		Cost	Impairment / (provision)	Carrying Value	Cost	Impairment / (provision)	Carrying Value
----- Rupees in '000 -----							
Debentures	11.1	7,573	(7,573)	-	7,573	(7,573)	-
Foreign fixed income securities	11.2	28,322,365	-	28,322,365	13,240,251	-	13,240,251
FAIR VALUE THROUGH PROFIT OR LOSS							
Foreign fixed income securities	11.2	1,785,653	-	1,785,653			
		<u>30,115,591</u>	<u>(7,573)</u>	<u>30,108,018</u>	<u>13,247,824</u>	<u>(7,573)</u>	<u>13,240,251</u>

11.1 Debentures include an amount of Rs. 7.573 million (2023: Rs. 7.573 million) pertaining to those companies which are in liquidation process since 1974. Further, a court case is in process against the Colony Textile Mills Limited against debenture loan amounting to Rs. 0.678 million (2023: Rs. 0.678 million). The Corporation had made full provision against these debentures.

11.2 It represents investments made by gulf zone of the Corporation.

		2024	2023
	Note	----- Rupees in '000 -----	
12	INSURANCE / TAKAFUL / REINSURANCE / RETAKAFUL RECEIVABLES		
	Unsecured and considered good		
	Due from insurance contract holders	251,441,260	183,224,823
	Less: provision for impairment of receivables from insurance contract holders	-	-
	Due from other insurers / reinsurers / retakaful	1,885,796	1,340,908
	Less: provision for impairment of due from other insurers / reinsurers	-	-
		<u>253,327,056</u>	<u>184,565,731</u>
13	OTHER LOANS AND RECEIVABLES		
	Accrued investment income	73,839,601	75,161,759
	Accrued profit on bank deposits	1,464,032	1,425,277
	Loans to agents	101,766	98,204
	Loans to employees	1,828,814	1,420,194
	Advance to contractors	342,882	365,010
	Other receivables	18,589,999	17,080,987
	Deposit against bank guarantee	552,387	351,516
		<u>96,719,481</u>	<u>95,902,946</u>
13.1	This includes unsecured, interest-free short-term loans to employees amounting to Rs. 572.335 million (2023: Rs. 427.402 million). It also includes secured employee loans of Rs. 1,256.856 million (2023: Rs. 992.792 million), which carry an interest rate of 8% per annum and are secured against property or vehicle documents. These loans have not been discounted to their present value, as the resulting financial impact is not considered material in the context of these financial statements		
14	DEPOSIT AND PREPAYMENTS		
	Security deposit	100,385	100,162
	Prepayments	224,884	184,440
		<u>325,269</u>	<u>284,602</u>
15	CASH AND BANK BALANCES		
	- Cash in hand	50,412	61,273
	- Policy and revenue stamps, bond papers	8,072	14,341
	Cash at bank		
	- Savings accounts	56,831,894	58,923,393
	- Current accounts	19,467,860	13,318,736
	- Fixed deposits maturing after 12 months	7,606,293	9,909,273
		<u>83,964,531</u>	<u>82,227,016</u>
15.1	Cash and cash equivalent include the following for the purposes of the statement of cash flows:		
	Cash and cash equivalent		
	- Cash in hand	50,412	61,273
	- Policy and revenue stamps, bond papers	8,072	14,341
		<u>58,484</u>	<u>75,614</u>
	Cash at bank		
	- Savings accounts	56,831,894	58,923,393
	- Current accounts	19,467,860	13,318,736
	Cash and cash equivalents	<u>76,358,238</u>	<u>72,317,743</u>
15.2	These carry mark-up ranging from 9% to 11.5% (2023: 14.50% to 20.75%) per annum on outstanding balances.		
15.3	These carry mark-up ranging from 3.92% to 6.80% (2023: 3.90% to 5.05%) per annum on outstanding balances.		

16 ORDINARY SHARE CAPITAL

16.1 AUTHORIZED SHARE CAPITAL

2024	2023		2024	2023
Number of shares			----- Rupees in '000 -----	
<u>90,000,000</u>	<u>90,000,000</u>	Ordinary shares of Rs. 100 each	<u>9,000,000</u>	<u>9,000,000</u>

16.2 Issued, subscribed and paid up share capital

2024	2023			2024	2023
Number of shares				----- Rupees in '000 -----	
<u>80,000,000</u>	<u>62,000,000</u>	Ordinary shares of Rs. 100 each fully paid in cash		<u>8,000,000</u>	<u>6,200,000</u>
-	18,000,000	Issued during the year		-	1,800,000
<u>80,000,000</u>	<u>80,000,000</u>		16.3	<u>8,000,000</u>	<u>8,000,000</u>

16.3 During the year, the Corporation issued share capital amounting to Rs. Nil (2023: 1,800 million) with the approval of Finance Division wing of Government of Pakistan vide letters dated 17 October 2023.

17 LEDGER ACCOUNT C AND D

	2024	2023
	----- Rupees in '000 -----	
Opening balance	44,216,359	27,400,780
Change in solvency margin through statement of comprehensive income	21,513,678	16,815,579
	<u>65,730,037</u>	<u>44,216,359</u>
Related deferred tax liability on:		
Opening balance	(15,615,932)	(9,210,234)
Charge to statement of comprehensive income	(7,998,384)	(6,405,698)
Closing balance	<u>(23,614,316)</u>	<u>(15,615,932)</u>
Net of tax	<u>42,115,721</u>	<u>28,600,427</u>

18 RESERVES

Revenue reserves

General reserve	<u>1,031,761</u>	<u>1,661,919</u>
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19 INSURANCE LIABILITIES

Reported outstanding claims (including claims in payment)	19.1	64,992,051	57,034,672
Incurred but not reported claims	19.2	11,309,944	9,398,543
Investment component of unit-linked and account value policies	19.3	1,963,409	804,216
Liabilities under individual conventional insurance contracts	19.4	1,905,429,231	1,589,029,838
Liabilities under group insurance contracts (other than investment linked)	19.5	10,872,336	7,976,153
Other insurance liabilities (premium deficiency reserve)	19.6	3,546,382	1,522,083
		<u>1,998,113,353</u>	<u>1,665,765,505</u>

19.1 Reported outstanding claims (including claims in payment)	Note	2024 ----- Rupees in '000 -----	2023
Gross of Reinsurance			
Payable within one year		64,992,051	57,034,672
Payable over a period of time exceeding one year		-	-
		<u>64,992,051</u>	<u>57,034,672</u>
Recoverable from Reinsurance			
Receivable within one year		-	-
Receivable over a period of time exceeding one year		-	-
		-	-
Net reported outstanding claims		<u>64,992,051</u>	<u>57,034,672</u>
19.2 Incurred but not reported claims			
Gross of reinsurance		11,309,944	9,398,543
Reinsurance recoveries		-	-
Net of reinsurance		<u>11,309,944</u>	<u>9,398,543</u>
19.3 Investment component of unit-linked and account value policies			
Investment component of unit-linked policies		<u>1,963,409</u>	<u>804,216</u>
19.4 Liabilities under individual conventional insurance contracts			
Gross of reinsurance		1,906,916,958	1,590,359,425
Reinsurance credit		(1,487,727)	(1,329,587)
Net of reinsurance		<u>1,905,429,231</u>	<u>1,589,029,838</u>
19.5 Liabilities under group insurance contracts (other than investment linked)			
Gross of reinsurance		10,872,336	7,976,153
Reinsurance credit		-	-
Net of reinsurance		<u>10,872,336</u>	<u>7,976,153</u>
19.6 Other insurance liabilities (premium deficiency reserve)			
Gross of reinsurance		3,651,193	1,553,747
Reinsurance recoveries		(104,811)	(31,664)
Net of reinsurance		<u>3,546,382</u>	<u>1,522,083</u>
20 RETIREMENT BENEFIT OBLIGATIONS			
Post retirement benefits		2,897,207	4,924,749
Accumulated compensation absences		2,487,198	2,179,000
		<u>5,384,405</u>	<u>7,103,749</u>

As stated in note 4.13, the Corporation operates employees' pension fund, officers' gratuity funds and employees' post retirement medical benefits.

The latest actuarial valuation of the schemes, as at 31 December 2024, was carried out by independent actuaries, Akhtar & Hasan (Private) Limited, using the projected unit credit method. The results of the actuarial valuations are as follows:

20.1 Post retirement benefits

Balance Sheet Reconciliation

Fair value of plan assets
Present value of defined benefit obligations

Recognized liability

Movement in the fair value of plan assets

Fair value as at 01 January
Expected return on plan assets
Actuarial gain / (loss)
Employer contributions
Benefits paid
Fair value as at 31 December

Movement in the defined benefit obligations

Obligation as at 01 January
Current service cost
Interest cost
Actuarial gain / (loss)
Benefits paid
Obligation as at 31 December

Cost

Current service cost
Interest cost
Expected return on plan assets
Recognition of actuarial loss
Expense

Actual return on plan assets

Principal actuarial assumptions used are as follows:

Discount rate and expected return on plan assets
Salary increase rate
Pension increase rate

	Employees' Pension Fund		Officers Gratuity Fund		Employees' PRMB Scheme	
	2024	2023	2024	2023	2024	2023
	Rupees in '000					
Balance Sheet Reconciliation						
Fair value of plan assets	40,446,255	30,859,384	16,668	23,476	-	-
Present value of defined benefit obligations	(39,172,740)	(32,290,269)	(9,076)	(17,218)	(4,178,313)	(3,500,123)
Recognized liability	1,273,515	(1,430,884)	7,592	6,259	(4,178,313)	(3,500,123)
Movement in the fair value of plan assets						
Fair value as at 01 January	30,859,384	27,601,890	23,476	68,621	-	-
Expected return on plan assets	4,646,725	3,917,881	2,875	8,104	-	-
Actuarial gain / (loss)	3,449,588	(727,098)	810	1,751	-	-
Employer contributions	1,490,557	66,712	(9,298)	(45,521)	-	-
Benefits paid	-	-	(1,194)	(9,480)	-	-
Fair value as at 31 December	40,446,255	30,859,384	16,669	23,476	-	-
Movement in the defined benefit obligations						
Obligation as at 01 January	32,290,269	29,328,783	17,218	37,293	3,500,123	2,503,097
Current service cost	843,655	841,843	334	679	129,632	718,920
Interest cost	4,873,698	4,184,034	1,930	3,609	532,351	356,438
Actuarial gain / (loss)	3,580,814	(166,037)	(893)	32,947	183,036	43,284
Benefits paid	(2,415,694)	(1,898,354)	(9,512)	(57,311)	(166,829)	(121,615)
Obligation as at 31 December	39,172,741	32,290,269	9,076	17,218	4,178,313	3,500,123
Cost						
Current service cost	843,655	841,843	334	679	129,632	718,920
Interest cost	4,873,698	4,184,034	1,930	3,609	532,351	356,438
Expected return on plan assets	(4,646,725)	(3,917,881)	(2,875)	(8,104)	-	-
Recognition of actuarial loss	131,226	561,061	(1,703)	31,196	183,036	43,284
Expense	1,201,854	1,669,056	(2,314)	27,381	845,019	1,118,642
Actual return on plan assets	8,096,313	3,190,782	3,685	9,855	-	-
Principal actuarial assumptions used are as follows:						
Discount rate and expected return on plan assets	12.25%	15.50%	12.25%	15.50%	12.25%	15.50%
Salary increase rate	10.25%	12.50%	10.25%	12.50%	10.25%	12.50%
Pension increase rate	7.50%	9.50%	-	-	-	-

Mortality rates

Maturity profile of the defined benefit obligation

Weighted average duration

Distribution of timing of benefit payments (time in years)

1
2
3
4
5
6-10

Comparison for five years:

As at 31 December

Fair value of plan assets

Benefit obligations

Arrears

Deficit

Experience adjustments

Loss on plan assets (as percentage of plan assets)

Loss on benefit obligations (as percentage of benefit obligations)

The effect of a 1% movement in actuarial assumptions are as follows:

Impact on the defined benefit obligation

Increase in assumption of discount rate

Decrease in assumption of discount rate

Increase in assumption of long term salary increase

Decrease in assumption of long term salary increase

Increase in assumption of pension increase rate

Decrease in assumption of pension increase rate

Expected contribution for the year.

Current services cost

Interest income / (cost) - net

-----SLIC (2001-05)-1-----					
Employees' Pension Fund		Officers Gratuity Fund		Employees' PRMB Scheme	
2024	2023	2024	2023	2024	2023
----- Rupees in '000 -----					
8.75	7.97	0.45	0.83	8.72	7.83
2,971,882	2,601,045	9,733	10,224	253,252	265,739
3,077,623	3,081,337	-	10,070	271,356	282,946
3,290,335	3,245,257	-	-	313,444	327,157
3,978,207	3,560,609	-	-	365,678	371,717
4,551,142	4,141,157	-	-	433,892	423,210
25,501,875	26,956,168	-	-	3,200,258	3,423,569
		2024	2023	2022	2021
		----- Rupees in '000 -----			
		(40,462,923)	(30,882,861)	(27,670,511)	(27,150,514)
		43,360,130	35,807,610	31,869,174	31,553,841
		-	-	-	36,747
		2,897,207	4,924,749	4,198,662	4,440,074
		-7%	-16%	-15%	-16%
		7%	14%	13%	14%
		-2%			2%
		2025		2025	
		1,085,550	116		157,338
		(139,205)	(926)		506,138
		946,344	(810)		663,476

Plan assets comprise of the following:

	Employees' Pension Fund				Officers Gratuity Fund			
	2024		2023		2024		2023	
	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%
Equity	-	-	-	-	-	-	-	-
Debt	38,529,202	95%	30,307,404	98%	-	-	-	-
Others (including cash and bank balances)	1,917,053	5%	551,981	2%	16,668	100%	23,476	100%
	40,446,255	100%	30,859,385	100%	16,668	100%	23,476	100%

20.2 Accumulated compensation absences movement in payable

Opening balance

Addition during the year

Closing balance of compensated absences

	2024	2023
	----- Rupees in '000 -----	
Opening balance	2,179,000	1,915,000
Addition during the year	308,198	264,000
Closing balance of compensated absences	<u>2,487,198</u>	<u>2,179,000</u>

21 DEFERRED TAXATION

Deferred tax credit arising in respect of:

On retained balance on Ledger Account D

	<u>23,614,317</u>	<u>15,615,932</u>
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	Balance as at 01 January 2024	Recognised in the statement of comprehensive income	Balance as at 31 December 2024
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Deferred credit arising in respect of:

- on retained balance on Ledger Account D

	15,615,932	7,998,384	23,614,317
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	Balance as at 01 January 2023	Recognised in the statement of comprehensive income	Balance as at 31 December 2023
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Deferred credit arising in respect of:

- on retained balance on Ledger Account D

	9,210,234	6,405,698	15,615,932
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22	INSURANCE / TAKAFUL / REINSURANCE / RETAKAFUL PAYABLES	Note	2024 ----- Rupees in '000 -----	2023
	Due to other insurers / reinsurers		<u>2,843,961</u>	<u>1,994,831</u>
23	OTHER CREDITORS AND ACCRUALS			
	Agents commission payable		8,754,916	7,859,171
	Accrued expenses		21,479,308	16,311,117
	Profit commission payable to Bureau of Emigration & Overseas Employment	23.1	8,643,141	8,004,744
	Payable to PHIMC	23.2	16,274,469	3,933,105
	Experience refund payable		200,347,222	140,087,218
	Other liabilities		<u>18,587,577</u>	<u>14,243,384</u>
			<u>274,086,632</u>	<u>190,438,739</u>

23.1 This represents the commission payable to the Bureau of Emigration & Overseas Employment under the Emigrant Group Insurance Contract, to be utilized by BOE for emigrant welfare and related initiatives.

23.2 This represents amount payable to Punjab Health Initiative Management Company ('PHIMC') in respect of its share as part of universal health insurance in the territory of Punjab province as identified in the notification vide No. SO(DEV-I)25-69/2020(P-PVI).

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 According to the Sindh Sales Tax on Services Act 2011, sales tax is payable on life and health insurance premium written in the province of Sindh. The Punjab and Baluchistan and KPK Revenue Authorities have also introduced sales tax on life and health insurance premium effective from November 01, 2018 and July 03, 2015 and 2021 respectively.

This being a collective issue of the industry, the Insurance Association of Pakistan (IAP) actively taken up the matter with the provincial revenue authorities for the exemption on sales tax. The industry's main contention is that life insurance is not a service, but in fact, in sum and substance, a contingent contract under which payment is made on occurrence of an event, specified in the terms of contract or policy and thus is a financial arrangement. Superior courts in foreign jurisdiction have held that insurance is not a service.

In this relation, the legal advisors have also opined that an insurance contract is essentially a financial transaction, which is unrelated to the sale of any identifiable consumer goods or service, and as such, in leading jurisdictions, it has been widely held that insurance is not a service and hence, does not fall within the scope of taxability under the provincial sales tax laws.

Subsequently, insurance companies collectively filed Constitutional Petitions before Hon'ble High Courts of Lahore (writ petition no. 55421/2019), High Court, Sindh (C.P. No. D.7677 of 2019 and 4318 of 2023) and High Court, Peshawar (3521 of 2023). As far as Baluchistan Revenue Authority is concerned, no notice or communication has been received by the Corporation hence, no petition is yet filed before any court.

The SHC, in its judgement dated 14 January 2025, dismissed the petition and referred the case back to the Sindh Revenue Board . State Life Insurance Corporation of Pakistan along with the Insurance Association of Pakistan, recently filed CPLA 1101 of 2025 in the Honorable Supreme Court of Pakistan against the judgement of High Court, Sindh.

In view of the opinion of legal advisor the Corporation has calculated estimated aggregated amount of sales tax liability amounting to Rs. 10,674.46 million (31 December 2023: Rs. 8,233.86 million), which is calculated based on risk premium and excluding the investment amount allocated to policies. The management contends that should the administrative efforts fail, the amount will be charged to the policyholders.

24.1.2 The Corporation filed reference applications before the Honorable High Court of Sindh contesting the decision of the ATIR for assessment years 1992-1993 to 1995-1996 relating to turnover tax. Inland Revenue Department invoked provisions of turnover tax on the ground that the tax paid under Fourth Schedule of the repealed Income Tax Ordinance, 1979 is less than turnover tax and hence, should be paid accordingly. The Corporation filed aforesaid appeals on the ground that Fourth Schedule of the repealed Ordinance restricts taxable income to that portion of actuarial surplus which is attributed to the shareholders fund by the appointed Actuary.

Sindh High Court vide judgement dated 24 November 2020 decided these reference applications against the Corporation. Corporation filed CPLAs before the Honorable Supreme Court of Pakistan against judgement of the Sindh High Court. The CPLAs filed by the Corporation before the Supreme Court of Pakistan (SCP) were heard on 11 March 2025 and were disposed of with a direction to refer the same to the Alternative Dispute Resolution Committee (ADRC) provided under section 134(A) of the Income Tax Ordinance, 2001. The Federal Board of Revenue vide its notice dated 09 April 2025 directed the SLIC to file an application for constitution of ADRC to the Chairman FBR. SLIC is in the process of filing application. Management of the Corporation and its tax advisor are confident that ultimate outcome of these matters will be in favour of the Corporation.

In addition to the above and subsequent to the above mentioned judgement of Sindh High Court, Karachi; Additional Commissioner Inland Revenue, Large Taxpayers Office, Karachi issued notices u/s 122(9) of the Income Tax Ordinance, 2001 for tax years 2018 to 2023, confronting that tax paid by the Corporation under Fourth Schedule for above referred tax years is less than 1.25% of its gross turnover. Hence, in terms of the provisions of section 113 of the Ordinance, Corporation is liable to pay minimum tax @ 1.25% of its gross turnover. Corporation, through its tax consultant furnished replies in which it was argued that owing to the special nature of insurance business, section 99 of the Ordinance states that taxation of insurance business is governed through special statute i.e. Fourth Schedule. Rule 2 of the Fourth Schedule provides that profit and gains of a life insurance business shall be current year's surplus appropriated to statement of comprehensive income as per advice of the appointed Actuary. Further, as per Rule 3 of the Fourth Schedule, amount paid to, reserved for or expanded on behalf of the policyholders shall be allowed as deduction. It is evident that tax can only be levied on shareholder's surplus appropriated to statement of comprehensive income whereas policyholder's surplus is exempt from tax. Major portion of the premium received from policyholders is reserved/invested in the pooled investment account to meet the statutory obligations of claim payments. Levying minimum tax on gross turnover is tantamount to tax on policyholders which is against the intent of the legislature.

Subsequent to the submission of replies, Additional Commissioner passed amended assessment orders for tax years 2018 to 2023 wherein tax demand of Rs. 14,293 million was raised. Being aggrieved from impugned assessment orders, Corporation filed appeals before CIR-A who held Corporation liable for Minimum tax on turnover. The Corporation submitted an application to the Chairman FBR for Alternate Dispute Resolution Committee (ADRC) under Section 134A of the Income Tax Ordinance, 2001, concerning the matter of minimum tax. Subsequently the ADRC held on 05 December 2024. The Committee in principle confirmed that the provisions of Section 113 - Minimum Tax are applicable to SLIC. The committee further decided that 97.5% of the investment income and interest income elements from the turnover are not included in the turnover. Pursuant to this decision, SLIC made a payment of Rs. 8,685 million under protest. Being aggrieved by the outcome and due to certain errors in the calculation in the ADRC's order dated December 6, 2025, SLIC requested reconstitution of the ADRC. Till date, no ADRC yet been constituted by FBR.

In addition to the above, notices u/s 122(5A)/122(9) on 14 April 2025 were issued by the Additional Commissioner for tax years 2003 to 2008 & 2010 to 2017 requiring explanation as to why minimum tax under section 113 may not be charged. The notices also contain an order F.No.3(22)S(IR-Operations)/ 2023 dated 20 March 2025 issued by the Board condoning the time limit specified under section 122(4) of the Ordinance under section 214A in respect of tax years 2003 till 2017 for State Life Insurance Corporation of Pakistan. The Corporation received these notices as on 17 April 2025.

- 24.1.3** In the year 2010, the IR served legal notices to the Corporation, requiring it to explain why the withholding tax under section 151(1)(d) of the Income Tax Ordinance, 2001 has not been deducted on payments made to the policyholders on the Maturity of the Policy. Those notices were related to tax years 2008 and 2009.

According to those notices, the IR were of opinion that Corporation was required to withhold Income Tax on maturity claims. The department considered that the total amount of a matured policy given to the policy holder consist of bonuses and the sum assured. The bonuses are given to the policy holder on the basis the amount of premium received during the whole term of the policy which is a form of interest or profit on debt. Hence, the Corporation u/s 15 (1)(d) is liable for deducting withholding tax @ 10% on the amount of bonuses paid to policyholder on maturity. Therefore, the IR raised demands of Rs.710.12 million and Rs. 738.51 million as withholding tax for tax year 2008 and 2009 respectively.

The Corporation filed appeals before CIR(A) who decided the subject appeals in favor of Corporation vide order No. 27 and 28, dated 29 September 2011 on the grounds that the provisions of section 151(1)(d) of the Income Tax Ordinance, 2001 are not attracted to the payments made by way of bonuses on the maturity of the policies as the same can not be construed to be interest or profit on debt. The demand raised by the Department has not been enforced after above judgment of CIR(A), therefore, no payment was made against the demand. Inland Revenue filed appeals before the ATIR against the above orders of CIR(A) which were dismissed by learned ATIR vide order No. 506-07/KB/2012 on 17 April 2014. Inland Revenue Department filed appeals before High Court of Sindh, Karachi against the orders of ATIR. Management of the Corporation and its tax advisor are confident that ultimate outcome of this matter will be in favor of the Corporation and accordingly no provision has been made in these financial statements.

24.1.4 In the year 2013, Inland Revenue Department issued similar notices to Corporation regarding withholding of tax on maturity proceeds of insurance policies as described in note 24.1.2. These notices were related to Tax Year 2011 to Tax Year 2012 stating that the Department holds a similar stance as described in the said note. Reply was filed by the Corporation through authorized representative which was not accepted by the Department and order u/s 161 and 205 of the Income Tax Ordinance was passed, resulting in total demand of Rs. 1,577.46 million (Rs. 1,249.14 million as withholding tax and Rs. 328.32 million as default surcharge). In the year 2013, Inland Revenue Department issued similar notices to Corporation regarding withholding of tax on maturity proceeds of insurance policies as described in note 24.1.2. These notices were related to Tax Year 2010 to Tax Year 2012 stating that the Department holds a similar stance as described in the said note. Reply was filed by the Corporation through authorized representative which was not accepted by the Department and order u/s 161 and 205 of the Income Tax Ordinance was passed, resulting in total demand of Rs. 1,577.46 million (Rs. 1,249.14 million as withholding tax and Rs. 328.32 million as default surcharge).

The entire tax demand of Rs. 1,577.46 million was discharged under protest and without prejudice to its legal right to appeal. The Corporation filed appeals before CIR (A) which was not upheld. The Corporation then filed appeal before ATIR against the above order which has been decided in favour of Corporation vide consolidated order dated 21 February 2017. Inland Revenue Department has filed reference applications before Sindh High Court, Karachi against the order of Tribunal. Out of total tax payment of Rs. 1,577.46 million, Inland Revenue Department adjusted Rs. 587.39 million against tax demand pertaining to tax years 2011 and 2017. Balance amount of Rs. 990.08 million has been adjusted against advance tax payment for tax year 2025.

Further, LTU, Karachi had also issued notice u/s 161/205 of the Income Tax Ordinance, 2001 similar to the notices issued in the previous years to invoke the section 151 (1)(d) of the Ordinance to recover withholding tax from the Corporation on the amount of bonus paid to the policyholders on the maturity of the policies during the tax year 2013. Reply was filed through tax consultant which was not agreed by Department and order u/s 161/205 was passed and tax demand amounting to Rs. 609.23 million including default surcharge of Rs. 99.11 million was raised which was discharged without prejudice to legal rights to appeal. Appeal was filed before CIR (A) against said order which was upheld vide order # 34 dated 30 March 2015.

Inland Revenue Department has issued refund amounting to Rs. 500 million from appeal effect of Tax Year 2013 in July, 2015. Further, IR Department has adjusted outstanding demand for tax year 2009, 2010 and 2011 at Rs. 10.8 million, Rs. 12.58 million and Rs. 56.37 million respectively against pending appeal effect of tax year 2013. Balance appeal effect of Rs. 29.48 million has been adjusted against advance tax payment for tax year 2025. Inland Revenue Department has filed an appeal before ATIR against the said order of the CIR (A) which has been decided in favour of the Corporation vide order dated 25 March 2024.

The reference application of the tax department is pending before Sindh High Court. The management and legal counsel are optimistic that ultimate outcome shall be decided in favor of the Corporation as ATIR has decided the appeals related to similar issue in previous years in favour of the Corporation. Therefore no provision has been made in these financial statements.

24.1.5 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi also issued notices u/s 122 of the Ordinance to the Corporation related to tax years 2011, 2013 and 2014. Vide Said notices, ACIR confronted almost similar issues as stated at note 24.1.3 and 24.1.4. The Corporation responded through tax consultant for these notices. Subsequently, ACIR passed amended orders whereby demand of Rs. 520.63 million was raised (Tax Year 2011: Rs. 56.37 million, Tax Year 2013 Rs. 107.12 million and Tax Year 2014: Rs. 357.14 million). Inland Revenue Department adjusted the demand related to tax year 2011 from pending appeal effect related to tax year 2013. Further, demand related to tax years 2013 and 2014 was adjusted by Inland Revenue Department from pending refund related to tax year 2015. The Corporation, being aggrieved from above orders of ACIR, filed appeals before CIR (A). Issues related to subjecting dividend income to normal tax rate, addition on account of inter-office rent expense, provision for diminution in value of investments and tax on Bureau Fund has been decided in favor of the Corporation by CIR (A). However, issues related to deduction claimed on account of real estate expenses and provision for bad and doubtful debts are decided against the Corporation. Further, issues of interest free loans to employees, alleged short withholding of tax on advertisement and training expenses and reduction in tax liability due to reduction in taxable surplus for tax years 2012 and 2013 were remanded back to concerned ACIR for re-adjudication. Inland Revenue Department as well as the Corporation filed appeals before ATIR against the orders of CIR (A). Further, on the directives of CIR (A), ACIR issued notice dated 17 April 2020 in respect of remand back issues in respect of tax year 2014. The Corporation has duly submitted relevant information along with supporting documents to the ACIR. The ACIR has not yet passed an order in respect of the same.

24.1.6 Additional Commissioner Inland Revenue, Audit Range B, Zone-III, LTU Karachi served notice u/s 122(9) of the Ordinance dated 10 December 2020 to the Corporation in respect of tax year 2020. Vide above notice, ACIR confronted certain issues like deduction claimed on account of investment property related expenses, advances to employees at interest rate lower than benchmark rate, difference between profit as per financial statements and as per tax return, alleged short withholding of tax on commission and advertisement/sales promotion, etc. Based on the information/explanation submitted by the Corporation to tax

authorities against above notice, ACIR passed an amended assessment order u/s 122 (5A) whereby tax demand of Rs. 458.25 million was raised. Out of aforesaid tax demand, recovery of Rs. 306.04 million was not enforced by Inland Revenue Department as Lahore High Court has granted stay to Field Worker's Federation of Pakistan. Balance tax demand amounting to Rs. 152.21 million has been adjusted against tax refund pertaining to tax year 2012. the Corporation has filed appeal before CIR-A against amended assessment order.

CIR-A vide order dated 09 March 2023 decided the issues of WHT on sales field office expenses, commission paid outside Pakistan, advertisement expenses paid outside Pakistan, electricity and telephone bills, other benefits to insurance intermediaries (group life business) in favour of the Corporation. However, issue related to additions on account of investment property related expenses is decided against the Corporation. Further, issues of adjustment of tax liability against prior year refund, loans/advances to employees are remanded back to the concerned tax officer. Corporation as well as Inland Revenue Department filed cross appeals before the Appellate Tribunal Inland Revenue against the order of the CIR(A), which are still pending for hearing.

- 24.1.7** Returns of taxable income, being a deemed assessment order u/s 120(1) of the Income Tax Ordinance, 2001 were duly submitted by the Corporation to FBR for tax year 2003 and 2006.

Notices dated 12 August 2008 and 22 May 2012 were issued by the ACIR to the Corporation u/s 122(5A)/122(9) of the Ordinance for tax year 2003 and 2006 respectively for amendment of abovementioned deemed assessment orders on the grounds that surplus attributable to the policyholders was not paid within three years from the year of its appropriation and hence it should be added back in the taxable income of the Corporation under the provisions of section 34(5) of the Ordinance.

The Corporation submitted detailed explanation/information along with relevant supporting documents against above notices to the tax authorities. ACIR passed amended assessment orders u/s 122(5A) of the Ordinance dated 29 September 2008 and 30 June 2012 and determined tax demand of Rs. 2,126.25 million and Rs. 1,401.20 million for tax year 2003 and 2006 respectively.

Appeals against amended assessment passed by the ACIR were filed by the Corporation before the CIRA. CIRA deleted the above demands vide orders dated 04 July 2012 and 31 October 2012 for tax years 2003 and 2006 respectively.

Inland Revenue Department filed appeals before Appellate Tribunal Inland Revenue against the orders of CIRA which were also decided in favour of the Corporation vide consolidated order dated 21 September 2016. Inland Revenue Department has filed Income Tax Reference Applications before Honorable High Court of Sindh, Karachi against the order of ATIR which are pending adjudication.

- 24.1.8** Deputy Commissioner (Unit-37), Sindh Revenue Board (SRB) issued demand notice dated 30 July 2024 for deposit of Sindh Workers Welfare Fund (SWWF) under the provisions of The Sindh Workers Welfare Fund Act, 2014 for Financial Years 2022 and 2023 for Rs. Rs. 413 million and Rs. 490 million respectively. SLIC referred these notice for legal opinion on the status of applicability of the SWWF on SLIC being a Statutory Corporation controlled by the Federal Government. And as per the legal opinion, this tax is not applicable on SLIC. SLIC also obtained the comments from its Tax Consultant and the answer was the same is inapplicable. The matter is still pending.

- 24.1.9** Additional Commissioner Inland Revenue, Audit Range B, Zone-III, LTU Karachi served notice u/s 122(9) of the Ordinance dated 29 April 2020 to the Corporation in respect of tax year 2018. Vide above notice, ACIR confronted certain issues like deduction claimed on account of unrealized loss on financial assets and investment property related expenses, advances to employees at interest rate lower than benchmark rate and difference between profit as per financial statements and as per tax return.

Based on the information/expalanation submitted by the Corporation to tax authorities against above notice, ACIR passed an amended assessment order u/s 122 (5A) whereby tax refundable position of Rs. 1,007.84 million is determined for tax year 2018.

An appeal against all the above-mentioned assessments made by the ACIR was filed by the Corporation before the CIRA on 29 September 2020. The CIRA, on the basis of the facts of the case and the arguments submitted, passed an order dated 21 December 2021. Through the said order, issue of impairment in value of shares is decided in favour of Corporation whereas issue of investment property related expenses is decided against the Corporation. Further, issues of unrealized loss on investments, investment related expenses and interest on loans / advances to employees were remanded back to the concerned taxation officer for reassessment. Corporation as well as Inland Revenue Department filed cross appeals before the Appellate Tribunal Inland Revenue against the order of the CIRA, which are still pending for hearing. No date for the hearing has been fixed till date.

Other Tax Matters

The Corporation is currently involved in various tax litigations with tax authorities pertaining to withholding taxes and income tax return assessments, with an aggregate exposure of Rs. 1,742 million. Based on the opinion of the Corporation's tax advisors, management believes that the ultimate outcome of these matters will be decided in the Corporation's favor. Accordingly, no provision has been recognized in these financial statements in respect of these matters.

24.2 As of the reporting date, there are several suits in the nature of civil services of employees, rental disputes etc, where the Corporation is defendant. These suits are nominal in value and has no material impact on these unconsolidated financial statements.

24.3 Commitments

The Corporation is committed in respect of capital expenditure contracts aggregating to Rs. 900 million (2023: Rs. 900 million). There were no other commitments at the reporting date.

	2024	2023
	----- Rupees in '000 -----	
Letter of guarantees	<u>552,387</u>	<u>351,516</u>

V

25	NET PREMIUM REVENUE / CONTRIBUTION REVENUE	Note	2024 ----- Rupees in '000 -----	2023
	Gross premiums / contribution:			
	Regular premium / contribution individual policies			
	First year		29,400,793	24,784,670
	Single premium / contribution individual policies		1,376,778	2,165,317
	Second year renewal		20,829,244	16,395,897
	Subsequent year renewal		106,589,657	101,823,241
	Group policies with cash values		64,252	65,176
	Group policies without cash values		169,247,308	193,465,524
	Less: experience premium refund		(62,239,883)	(69,821,320)
	Total gross premiums/ contribution		265,268,149	268,878,505
	Less: reinsurance premiums / contribution ceded			
	On individual life first year business		(114,678)	(339,069)
	On individual life second year business		(65,897)	(61,394)
	On individual life renewal business		(266,328)	(233,072)
	On group policies		(551,082)	(638,741)
	-Less: Reinsurance commission on risk premium		104,071	237,953
			(893,914)	(1,034,323)
	Net premiums revenue / contribution		264,374,235	267,844,182
26	INVESTMENT INCOME			
	Income from equity securities			
	Fair value through profit or loss			
	- Dividend income		20,417,184	12,198,136
	Income from government and debt securities			
	Held to maturity			
	- Return on government and debt securities		149,045,438	136,899,491
	Fair value through profit or loss			
	- Return on debt securities		9,637	-
			169,472,259	149,097,627
27	NET REALIZED FAIR VALUE GAIN ON FINANCIAL ASSETS			
	Fair value through profit or loss			
	Realized gain on equity securities		17,936,470	5,344,013
28	NET FAIR VALUE GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
	Net unrealized gain / (loss) on investments at fair value through profit or loss		119,811,764	33,383,199
	Reversal in value		-	-
	Reversal related to the (loss) / appreciation on shares held by LIC		-	5,573
	Investment related expenses		(110,876)	(172,493)
			119,700,888	33,216,279
29	NET RENTAL INCOME			
	Rental income		1,957,363	1,813,125
	Less: expenses attributable to investment properties		(1,025,715)	(971,403)
			931,648	841,722

29.1 This includes depreciation expense of Rs. 38.227 million related to property and equipment, and Rs. 90.779 million related to investment properties.

30 OTHER INCOME	Note	2024	2023
		----- Rupees in '000 -----	
Return on bank balances		27,341,724	16,479,311
Gain on sale of property and equipment		1,857	4,094
Return on loans to employees		85,042	63,167
Return on loans to policyholders		31,786,320	44,148,666
Exchange gain on revaluation		-	8,365,260
Miscellaneous income		355,060	291,679
		59,570,003	69,352,177

31 NET INSURANCE BENEFITS

Gross Claims

Claims under individual policies

- by death	11,171,598	10,297,340
- by insured event other than death	229,486	246,476
- by maturity	50,257,889	38,110,066
- by surrender	78,096,551	88,549,781
- annuity payments	15,129	15,295
- Bonus in cash	-	27
Total gross individual policy claims	139,770,653	137,218,985

Claims under group policies

- by death	8,232,234	7,350,270
- by insured event other than death	80,825,885	103,280,593
- by maturity	-	-
- by surrender	847	3,684
- annuity payments	233	467
Total gross group policy claims	89,059,199	110,635,014
Total gross claims	228,829,852	247,853,999

Less: Reinsurance Recoveries

-on individual life claims	(204,570)	(32,932)
-on group life claims	(319,418)	(331,437)
	(523,988)	(364,369)

Claim related expenses

	22,533	23,161
Net insurance benefit expense	228,328,397	247,512,792

31.1 There are various cases pertaining to policyholders in relation to individual and group insurance policies, claiming amount due as per policy amounting to Rs. 281.58 million (31 December 2023: Rs. 1,030.18 million) but the Corporation is of the view that such claims are not valid based on the criteria provided in the policy issued. In total there are 178 cases out of which 8 cases are in the Supreme Court of Pakistan, 162 cases are pending in different High Courts of Pakistan and remaining in the lower courts.

31.2 Claim Development

Accident years	2020	2021	2022	2023	2024
Estimate of ultimate claims cost: -	----- Rupees in '000 -----				
At the end of accident year	5,492,587	8,621,074	7,663,223	8,284,151	9,308,375
One year later	8,073,977	11,416,349	10,845,731	11,982,175	-
Two years later	8,362,670	11,877,728	11,460,315	-	-
Three years later	8,467,045	12,082,209	-	-	-
Four years later	8,527,961	-	-	-	-
Current estimate of cumulative claims	8,527,961	12,082,209	11,460,315	11,982,175	9,308,375
Cumulative payments	(7,058,046)	(10,390,879)	(10,292,762)	(10,822,324)	(10,275,830)
	1,469,915	1,691,330	1,167,553	1,159,851	(968,455)
Claim prior to 2020					5,524,341
Liability recognized in the statement of financial position					4,554,886

32 UNCLAIMED INSURANCE BENEFIT

Circular 11 of 2014 dated 19 May 2014 issued by the Securities and Exchange Commission of Pakistan (SECP) has established requirement for all insurers to disclose age wise break up of unclaimed insurance benefits in accordance with format prescribed in the annexure to the said circular.

The unclaimed benefits are described in the circular as the amounts which have become payable in accordance with the terms and conditions of an insurance policy but have not been claimed by the policyholders or their beneficiaries. Such unclaimed amounts may fall into the following categories:

Description	Total Amount	1-6 Months	7-12 Months	13-24 Months	25-36 Months	Beyond 36 Months
Unclaimed maturity benefits	9,320,152	4,533,774	1,033,398	2,174,963	1,578,017	-
Unclaimed death benefits	-	-	-	-	-	-
Unclaimed disability benefits	-	-	-	-	-	-
	9,320,152	4,533,774	1,033,398	2,174,963	1,578,017	-

33 ACQUISITION EXPENSES

	Note	2024	2023
		----- Rupees in '000 -----	
Remuneration to insurance intermediaries on individual policies:			
- commission to agent on first year premiums		15,171,190	14,763,718
- commission to agent on second year premiums		2,713,223	2,091,861
- commission to agent on subsequent renewal premiums		3,619,270	3,430,965
- other benefits to insurance intermediaries		2,998,445	1,921,747
- branch overhead	33.1	5,121,246	4,596,333
Total		29,623,374	26,804,624
Remuneration to insurance intermediaries on group policies:			
- commission		17,731	15,975
- other benefits to insurance intermediaries		8,593	2,699
		26,324	18,674
Other acquisition costs:			
- Stamp duty		2,678,517	2,583,686
- Initial medical fees		108,480	114,741
		2,786,997	2,698,427
		32,436,695	29,521,726

33.1 Branch overhead	Note	2024 ----- Rupees in '000 -----	2023
Employee benefits cost		3,508,366	3,095,585
Traveling expense		1,340,747	1,243,845
Printing and stationery		13,568	15,889
Postage and telephone		40,057	38,511
Electricity, gas and water		47,909	35,747
Rent		92,860	91,565
Prize and awards		17,374	21,723
Conference and meetings		56,870	50,071
Repair and maintenance		3,495	3,397
		<u>5,121,246</u>	<u>4,596,333</u>

34 MARKETING AND ADMINISTRATION EXPENSES

Employee benefit cost	34.1	14,286,767	12,613,161
Travelling expenses		849,109	748,816
Advertisements and sales promotion		230,877	197,334
Printing and stationery		469,209	269,306
Depreciation		234,638	133,317
Rent, rates and taxes		206,983	168,552
Legal and professional charges - business related		2,388,798	2,711,809
Electricity, gas and water		557,944	449,260
Office repairs and maintenance		85,635	75,035
Bank charges		25,609	41,392
Postages, telegrams and telephone		214,857	167,640
Appointed Actuary fees		10,549	10,040
Training expense		129,177	113,448
Annual supervision fees SECP		100,000	150,000
		<u>19,790,152</u>	<u>17,849,110</u>

34.1 Employee benefit cost

Salaries, allowances and other benefits	13,246,493	11,086,545
Charges for post employment benefits	1,040,274	1,526,616
	<u>14,286,767</u>	<u>12,613,161</u>

35 OTHER EXPENSES

Auditors' remuneration	35.1	37,491	23,685
Revenue stamps		42,544	56,115
Exchange loss on revaluation		132,963	-
Conference and meetings		155,579	173,406
Insurance charges		525,148	383,559
Office maintenance		185,094	143,678
Entertainment		43,480	32,154
Other expenses		102,905	130,676
		<u>1,225,204</u>	<u>943,273</u>

35.1 Auditors' remuneration	Note	2024 ----- Rupees in '000 -----	2023 ----- Rupees in '000 -----
Business within Pakistan			
Annual audit and half yearly review fee			
BDO Ebrahim & Co.		-	4,028
Riaz Ahmad & Company		18,900	6,075
		18,900	10,103
Out of Pocket			
BDO Ebrahim & Co.		-	840
Riaz Ahmad & Company		2,160	925
		2,160	1,765
Business Outside Pakistan			
Audit fee			
Sajjad Haider and Co		16,431	11,817
Out of pocket expenses		-	-
		16,431	11,817
		37,491	23,685
36 INCOME TAX EXPENSE			
For the year			
Current		2,077,880	3,153,732
Deferred		7,998,384	6,405,698
		10,076,265	9,559,430
For the prior year			
Current		(12,482)	200,200
Total income tax charge for the year		10,063,782	9,759,630
36.1 Relationship between tax expense and accounting profit			
Profit before tax		25,814,586	24,479,353
Tax at the applicable rate @ 29% (2023: 29%)		7,486,230	7,099,012
Reconciliation:			
Education cess for the year		8,576	3,188
Impact of super tax @ 10% (2023: 10%)		2,581,459	2,447,935
Effect of prior year changes		(12,482)	200,200
Others		-	9,294
Tax expense for the year		10,063,782	9,759,629
37 Earnings per share - Rupees			
Profit for the year		15,750,804	14,719,723
----- Numbers in '000 -----			
Weighted average number of ordinary shares outstanding as at year end		80,000	80,000
Earnings per share		196.89	184.00

The Corporation has not issued any instrument which would dilute its basic earnings per share when exercised. Therefore, there is no dilutive effect on earnings per share.

38 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND MANAGEMENT EXECUTIVES

	Chief Executive Officer		Directors		Management Executives	
	2024	2023	2024	2023	2024	2023
	-----Rs in '000-----					
Fees	-	-	17,080	10,910	-	-
Managerial remuneration	62,307	46,042	-	-	1,293,493	805,963
House rent allowance	-	-	-	-	664,199	417,322
Utilities	-	-	-	-	608,848	333,576
Special allowance	-	-	-	-	-	-
Medical	-	-	-	-	-	-
Car allowance	-	-	-	-	-	-
Others	-	-	-	-	250,051	141,430
Reimbursements	-	-	-	-	-	-
Retirement benefits	-	-	-	-	-	-
Staff provident fund	-	-	-	-	-	-
	62,307	46,042	17,080	10,910	2,816,591	1,698,291
Number of persons	1	1	11	12	739	477

38.1 In addition to the above, Chief Executive Officer and Senior Management Executives are also entitled to the Corporation maintained vehicles and mobile phone facility.

39 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Corporation has related party relationships with provident fund, pension fund scheme, gratuity fund, state owned profit oriented entities and its key management personnel.

Accrual of liability in respect of the funds are made annually. Remuneration to key management personnel are determined in accordance with the terms of their employment / appointment. Certain key management personnel are also provided with free use of the Corporation maintained vehicles and post retirement benefits in accordance with their entitlement under the terms of their employment.

The related parties also comprise subsidiaries, directors, key management personnel and employees' benefits funds. The Corporation in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, amounts due from chairman and executive directors are disclosed in the relevant notes.

Terms and conditions of transactions with related parties

Transactions with related parties are carried out at the agreed terms as approved by the Board of Directors. There have been no guarantees provided or received for any related party receivables or payables.

Other material transactions and balances with related parties are given below:

	2024	2023
	----- Rupees in '000 -----	
Profit oriented state-controlled entities		
Common ownership		
Investment in shares - State Bank of Pakistan	3,221	3,221
PIBs deposited with State Bank of Pakistan	1,246,500	501,500
Subsidiaries		
Alpha Insurance Company Limited (95.15% holding)		
Rental income received	5,761	6,016
Group insurance	1,614	1,652
Staff retirement fund		
Contribution to provident fund	331	1,314
Contribution to pension fund	741,335	705,953
Contribution to funded gratuity	295	1,314
Expense charged for pension fund	2,415,694	1,898,354

	2024	2023
	----- Rupees in '000 -----	
Transactions with associated companies - common directorship		
Dividend received during the year		
Pakistan Reinsurance Company Limited (24.41 % of holding)	219,697	164,772
Fauji Fertilizer Company Limited	2,399,780	1,698,903
Sui Northern Gas Pipelines Company Limited	114,674	41,225
Security Papers Limited	-	61,171
Pak Data Communication	3,203	8,236
Pak Cables Limited	-	-
Shahtaj Sugar Mills Limited	10,598	-
Wah-Nobel Chemicals Limited	8,980	8,621
	2024	2023
	----- Rupees in '000 -----	
Balances with related parties - common directorship		
Investment in units:		
NIT Islamic Equity Fund	444,666	258,955
Balances with related parties		
Retirement benefit obligation	5,384,405	7,103,749
Investment in shares:		
Fauji Fertilizer Company Limited	44,743,567	13,225,503
Sui Southern Gas Company Limited	2,582,845	654,355
Sui Northern Gas Pipelines Company Limited	2,852,582	2,020,560
Alpha Insurance Company Limited	298,818	298,818
Pakistan Cables Limited	817,715	422,803
Security Papers Limited	-	746,676
Shahtaj Sugar Mills Limited	70,649	65,093
Pak Data Communication Limited	145,182	84,949
Premier Insurance Company Limited	29,727	38,596
Pakistan Reinsurance Company Limited	3,451,434	1,689,467
Arabian Sea Country Club Limited	5,000	5,000
PICIC Insurance Limited	-	3,506
Nina Industries Limited	-	4,500
Mirpurkhas Sugar Mills Limited	36,060	61,819
State Life Abdullah Haroon Road Property (Private) Limited (Subsidiary Company) (100% holding) - net of provision	24,700	24,700
State Life Lackie Road Property (Private) Limited (Subsidiary Company) (100% holding) - net of provision	-	-
Wah-Nobel Chemicals Ltd	266,341	168,942

40 SEGMENTAL INFORMATION

40.1 Revenue account by statutory fund

	Statutory Funds						Aggregate	
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Accidental and Health Insurance Fund	Family Takaful Fund			2024
					Life	Group	Health	
----- Rs in '000 -----								
Income								
Premium less reinsurances	163,278,823	3,593,411	64,252	95,417,141	1,893,405	17,437	109,766	264,374,235
Rental income from investment property	931,648	-	-	-	-	-	-	931,648
Net investment income	351,976,554	2,482,119	68,119	10,783,334	450,165	4,244	6,716	365,771,251
Total net income	516,187,025	6,075,530	132,371	106,200,475	2,343,570	21,681	116,482	631,077,134
Insurance benefits and expenditure								
Insurance benefits, including bonuses, net of reinsurance recoveries	143,297,108	4,270,611	60,828	80,566,875	13,651	8,540	110,785	228,328,398
Management expenses less recoveries	48,207,964	905,694	2,306	3,446,652	871,806	1,732	12,836	53,448,990
Total insurance benefits and expenditure	191,505,072	5,176,305	63,134	84,013,527	885,457	10,272	123,621	281,777,388
Excess of income over insurance benefits and expenditures	324,681,953	899,225	69,237	22,186,948	1,458,113	11,409	(7,139)	349,299,747
Net change in insurance liabilities (other than outstanding claims)	(301,905,384)	(878,676)	(10,977)	(1,672,712)	(1,462,694)	(10,827)	(52,682)	(305,993,952)
Surplus/ (deficit) before tax	22,776,569	20,549	58,260	20,514,236	(4,581)	582	(59,821)	43,305,795
Taxes chargeable to statutory funds								
Prior year(s)	-	-	-	-	-	-	-	-
Surplus/ (deficit) after tax	22,776,569	20,549	58,260	20,514,236	(4,581)	582	(59,821)	43,305,795
Movement in policyholders' liabilities	301,905,384	878,676	10,977	1,672,712	1,462,694	10,827	52,682	305,993,952
Transfers to and from shareholders' fund								
- Surplus appropriated to shareholders' fund	(4,357,314)	(43,284)	-	-	-	-	-	(4,400,598)
- Capital returned to shareholders' fund	-	-	-	-	-	-	-	-
- Fund transferred to general reserve	-	-	-	-	-	-	-	-
- Capital contributions from shareholders' fund	-	-	-	-	-	-	-	-
- Capital contributions from shareholders' fund	-	-	-	-	770,000	75,000	160,000	1,005,000
Net transfer to/from shareholders' fund	(4,357,314)	(43,284)	-	-	770,000	75,000	160,000	(3,395,598)
Balance of statutory fund at beginning of the year	1,561,032,966	45,371,566	668,562	44,339,931	1,534,168	-	-	1,652,947,193
Balance of statutory fund at end of the year	1,881,357,605	46,227,507	737,799	66,526,879	3,762,281	86,409	152,861	1,998,851,342

Revenue account by statutory fund

	Statutory Funds						Aggregate	
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Accidental and Health Insurance Fund	Family Takaful Fund			2023
					Sub Funds			
				Life	Group	Health		
----- Rs in '000 -----								
Income								
Premium less reinsurances	150,924,982	3,568,943	65,176	112,176,893	1,108,188	-	267,844,182	
Rental income from investment property	841,722	-	-	-	-	-	841,722	
Net investment income	229,370,680	11,368,166	56,003	15,479,881	162,321	-	256,437,051	
Total net income	381,137,384	14,937,109	121,179	127,656,774	1,270,509	-	525,122,955	
Insurance benefits and expenditure								
Insurance benefits, including bonuses, net of reinsurance recoveries	140,851,436	3,416,074	46,632	103,169,065	29,584	-	247,512,791	
Management expenses less recoveries	42,869,510	670,791	1,440	4,220,852	547,998	-	48,310,591	
Total insurance benefits and expenditure	183,720,946	4,086,865	48,072	107,389,917	577,582	-	295,823,382	
Excess of income over insurance benefits and expenditures	197,416,438	10,850,244	73,107	20,266,857	692,927	-	229,299,573	
Net change in insurance liabilities (other than outstanding claims)	(182,445,732)	(7,926,470)	(43,527)	134,936	(708,718)	-	(190,989,511)	
Surplus/ (deficit) before tax	14,970,706	2,923,774	29,580	20,401,793	(15,791)	-	38,310,062	
Taxes chargeable to statutory funds								
Prior year(s)	9,294	-	-	-	-	-	9,294	
Surplus/ (deficit) after tax	14,961,412	2,923,774	29,580	20,401,793	(15,791)	-	38,300,768	
Movement in policyholders' liabilities	182,445,732	7,926,470	43,527	(134,936)	708,718	-	190,989,511	
Transfers to and from shareholders' fund								
- Surplus appropriated to shareholders' fund	(3,368,430)	(116,523)	-	(4,000,000)	-	-	(7,484,953)	
- Capital returned to shareholders' fund	-	-	-	-	-	-	-	
- Fund transferred to general reserve	-	-	-	-	-	-	-	
- Capital contributions from shareholders' fund	-	-	-	-	400,000	-	400,000	
- Capital contributions from shareholders' fund	-	-	-	-	-	-	-	
Net transfer to/from shareholders' fund	(3,368,430)	(116,523)	-	(4,000,000)	400,000	-	(7,084,953)	
Balance of statutory fund at beginning of the year	1,366,994,252	34,637,845	595,455	28,073,074	441,241	-	1,430,741,867	
Balance of statutory fund at end of the year	1,561,032,966	45,371,566	668,562	44,339,931	1,534,168	-	1,652,947,193	

40.2 Segmental results by line of business

	Statutory Funds						Aggregate	
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Accidental and Health Insurance Fund	Family Takaful Fund			2024
					Sub Funds			
				Life	Group	Health		
----- Rs in '000 -----								
Income								
Gross premiums								
- First year	29,155,527	491,728	-	-	1,130,316	-	30,777,571	
- Second year	19,849,078	372,617	-	-	607,549	-	20,829,244	
- Subsequent year renewal	103,612,703	2,778,237	-	-	198,717	-	106,589,657	
Group policies with cash value	-	-	64,252	-	-	-	64,252	
Group policies without cash value	12,177,355	-	-	156,922,041	-	38,146	169,247,308	
Less: experience premium refund	(734,983)	-	-	(61,504,900)	-	-	(62,239,883)	
Total gross premiums	164,059,680	3,642,582	64,252	95,417,141	1,936,582	109,766	265,268,149	
Less: reinsurance premiums ceded								
On individual life first year business	(68,485)	(3,016)	-	-	(43,177)	-	(114,678)	
On individual life second year business	(63,030)	(2,867)	-	-	-	-	(65,897)	
On individual life renewal business	(209,746)	(56,582)	-	-	-	-	(266,328)	
On group policies	(530,373)	-	-	-	-	(20,709)	(551,082)	
Less : Reinsurance commission on risk premium	90,777	13,294	-	-	-	-	104,071	
	(780,857)	(49,171)	-	-	(43,177)	(20,709)	(893,914)	
Net Premiums	163,278,823	3,593,411	64,252	95,417,141	1,893,405	17,437	264,374,235	
Rental income from investment property	931,648	-	-	-	-	-	931,648	
Net investment income	351,976,554	2,482,119	68,119	10,783,334	450,165	4,244	365,771,251	
Total net income	516,187,025	6,075,530	132,371	106,200,475	2,343,570	116,482	631,077,133	
Insurance benefits and expenditures								
Claims, including bonuses, net of reinsurance recoveries	143,297,108	4,270,611	60,828	80,566,875	13,651	8,540	228,328,398	
Management expenses less recoveries	48,207,964	905,694	2,306	3,446,652	871,806	1,732	53,448,990	
Current tax	-	-	-	-	-	-	-	
Total insurance benefits and expenditures	191,505,072	5,176,305	63,134	84,013,527	885,457	10,272	281,777,388	
Excess of income over insurance benefits	324,681,953	899,225	69,237	22,186,948	1,458,113	11,409	349,299,746	
Add : Policyholder liabilities at the beginning of year	1,494,873,358	35,670,364	165,849	1,037,456	1,122,995	-	1,532,870,022	
Less : Policyholder liabilities at the end of year	1,796,778,743	36,549,040	176,824	2,710,168	2,585,690	10,827	1,838,863,974	
Surplus/(deficit) after tax	22,776,568	20,549	58,262	20,514,236	(4,582)	582	43,305,794	

Segmental results by line of business

Income	Statutory Funds				Family Takaful Fund			Aggregate
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Accidental and Health Insurance Fund	Sub Funds			2023
					Life	Group	Health	
	----- Rs in '000 -----							
Gross premiums								
- First year	25,700,817	427,147	-	-	822,023	-	-	26,949,987
- Second year	15,904,303	258,667	-	-	232,927	-	-	16,395,896
- Subsequent year renewal	98,811,381	2,944,041	-	-	67,819	-	-	101,823,240
Group policies with cash value	-	-	65,176	-	-	-	-	65,175
Group policies without cash value	11,776,348	-	-	181,689,176	-	-	-	193,465,523
Less: experience premium refund	(550,607)	-	-	(69,270,713)	-	-	-	(69,821,321)
Total gross premiums	151,642,242	3,629,855	65,176	112,418,463	1,122,769	-	-	268,878,500
Less: reinsurance premiums ceded								
On individual life first year business	(79,757)	(3,161)	-	(241,570)	(14,581)	-	-	(339,069)
On individual life second year business	(61,394)	-	-	-	-	-	-	(61,394)
On individual life renewal business	(175,321)	(57,751)	-	-	-	-	-	(233,072)
On group policies	(638,741)	-	-	-	-	-	-	(638,741)
Less : Reinsurance commission on risk premium	237,953	-	-	-	-	-	-	237,953
	(717,260)	(60,912)	-	(241,570)	(14,581)	-	-	(1,034,323)
Net Premiums	150,924,982	3,568,943	65,176	112,176,893	1,108,187	-	-	267,844,181
Rental income from investment property	841,722	-	-	-	-	-	-	841,722
Net investment income	229,370,680	11,368,166	56,003	15,479,881	162,321	-	-	256,437,051
Total net income	381,137,384	14,937,109	121,179	127,656,774	1,270,508	-	-	525,122,955
Insurance benefits and expenditures								
Claims, including bonuses, net of reinsurance recoveries	140,851,436	3,416,074	46,632	103,169,065	29,584	-	-	247,512,791
Management expenses less recoveries	42,869,510	670,791	1,440	4,220,852	547,998	-	-	48,310,591
Current tax	9,294	-	-	-	-	-	-	9,294
Total insurance benefits and expenditures	183,730,240	4,086,865	48,072	107,389,917	577,582	-	-	295,832,676
Excess of income over insurance benefits	197,407,144	10,850,244	73,107	20,266,857	692,925	-	-	229,290,279
Add : Policyholder liabilities at the beginning of year	1,312,427,627	27,743,894	122,320	1,172,392	414,278	-	-	1,341,880,511
Less : Policyholder liabilities at the end of year	1,494,873,358	35,670,364	165,849	1,037,456	1,122,995	-	-	1,532,870,022
Surplus/(deficit) before tax	14,961,413	2,923,774	29,579	20,401,793	(15,792)	-	-	38,300,768

40.3 Segment Statement of financial position

	Statutory Funds		Shareholders Fund		2024		Statutory Funds		Shareholders Fund		2023	
	-----Rs in '000-----											
Assets												
Property and equipment	1,915,206	-	1,915,206	1,415,421	-	1,397,309						
Investment properties	3,574,916	-	3,574,916	3,448,349	-	3,466,461						
Investments in subsidiaries	323,618	-	323,618	323,618	-	323,618						
Investments	1,732,160,402	9,018,097	1,741,178,498	1,381,114,695	5,436,902	1,386,551,597						
Loans secured against life insurance policies	154,825,679	-	154,825,679	159,781,265	-	159,781,265						
Insurance / reinsurance receivables	253,327,056	-	253,327,056	184,565,731	-	184,565,731						
Other loans and receivables	94,636,790	2,082,691	96,719,481	94,420,205	1,482,741	95,902,946						
Taxation - payments less provision	31,956,710	(2,116,691)	29,840,019	16,174,768	8,322	16,183,090						
Deposit and prepayments	325,269	-	325,269	284,602	-	284,602						
Cash and bank balances	83,964,417	113	83,964,531	82,226,919	97	82,227,016						
Total assets	2,357,010,062	8,984,210	2,365,994,273	1,923,755,573	6,928,062	1,930,683,635						
Liabilities												
Insurance liabilities net of reinsurance recoveries	1,998,113,353	-	1,998,113,353	1,802,980,473	-	1,802,980,473						
Retirement benefit obligations	5,384,405	-	5,384,405	7,103,749	-	7,103,749						
Deferred capital grant	3,237	-	3,237	5,705	-	5,705						
Premium received in advance	6,487,496	-	6,487,496	5,903,946	-	5,903,946						
Insurance / reinsurance payables	2,843,961	-	2,843,961	1,994,831	-	1,994,831						
Deferred tax	23,614,317	-	23,614,317	15,615,932	-	15,615,932						
Other creditors and accruals	274,086,632	-	274,086,632	53,223,771	484	53,223,771						
Taxation - provision less payments	-	2,077,880	2,077,880	-	3,723,040	3,723,040						
Total Liabilities	2,310,533,402	2,077,880	2,312,611,281	1,886,828,407	3,723,040	1,890,551,447						

41 MOVEMENT IN INVESTMENTS

	Held to Maturity		Fair value through profit and loss		Total	
	-----Rs in '000-----					
At beginning of previous year	1,144,435,290	84,969,080	1,229,404,370			
Additions	343,834,917	40,150,317	383,985,234			
Disposals (sale and redemptions)	(288,730,000)	(3,380,580)	(292,110,580)			
Unwinding of discount	31,941,880	-	31,941,880			
Impairment during the year	-	(3,328)	(3,328)			
Unrealized fair value gain	-	33,334,021	33,334,021			
At beginning of current year	1,231,482,087	155,069,510	1,386,551,597			
Additions	327,660,695	119,659,487	447,320,182			
Disposals (sale and redemptions)	(227,058,556)	(17,642,893)	(244,701,449)			
Unwinding of discount	30,550,695	-	30,550,695			
Unrealized fair value gain	-	121,457,472	121,457,472			
At end of current year	1,362,634,921	378,543,576	1,741,178,497			

42 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

42.1 Insurance risk

42.1.1 Insurance contracts - classification

The Corporation maintains five statutory funds which are as follows:

- Pakistan Life Fund
- Overseas Life Fund
- Pension Fund
- Accidental and Health Insurance Fund
- Family Takaful Fund

Within the Pakistan Life Fund the business can be further classified as individual life conventional business, group insurance business and a small amount of annuity business.

Most of the new individual life conventional policies written by the Corporation contain a Discretionary Participation Feature (DPF).

The Overseas Life Fund entirely consists of individual life conventional business. Most of the new business written under the overseas life fund contains a DPF.

The Pension Fund consists of funds administered under Group Pension Deposit Administration contracts.

The Accident and Health Insurance Fund consists of Group Health and Accident Insurance Contracts.

Family Takaful Fund is consist of individual family takaful business.

Considering all the five statutory funds together, the bulk of Corporation business consists of individual life conventional policies. Most of the remaining business consists of group life insurance business. Group Health is a relatively new venture of the Corporation which started in 2012 and has yet to register any significant growth. The Corporation also offers some supplementary benefits attached in the form of riders to the individual life policies and the group life contracts. Each of these classes of business are described in greater detail below.

42.1.2 Contract details and measurement

The insurance contracts offered by the Corporation are described below:

42.1.2.1 Individual life policies

Individual life conventional products

These are long term contracts with either level or single premiums. These plans generally provide death benefit on death during the tenure of the policy and a survival benefit either on the happening of certain contingencies or on the maturity of the policy. The premiums are payable only in the life time of the policyholder. In case of term insurance products there is no survival benefit.

Universal life policies

Under these plans a certain amount is set aside from the premium for expenses and meeting the mortality cost and the remainder of the premium is invested to earn some investment return. Investment return is allocated to these products on an annual basis keeping in view the investment earnings of the Pakistan Life Fund.

Term insurance policies

A few products of the Corporation are term insurance plans providing benefits only in case of death. Under these policies no benefit is due if the policy holder survives the duration of the policy. The Corporation sells both level term insurances and decreasing term insurances also known as mortgage protection plans.

Annuities

The Corporation also has a small number of individual and group life-annuities on its books. Under these contracts a periodic income benefit is payable to the insured life for as long as annuitant is alive. Besides, the Corporation offers annuity-certain plans under which periodic income benefit is payable for a stipulated period and is not dependent on the life of the policyholder.

Supplementary riders

The Corporation offers various types of supplementary riders. Some of these riders offer additional life coverage, in some cases they offer accidental death and disability benefits. The benefits can take various forms such as lump sum payment or an income benefit or waiver of premiums due under the host policy contract.

Insured event

Under the individual life insurance policies in most cases the insured event is either death or survival until the maturity date of the policy, except in case of term insurance where there is no maturity benefit. Under the annuity policies the Corporation is exposed to the risk of longevity. In this case the insured event is survival of the life insured for a long duration, exceeding the period normally expected under standard mortality tables.

In case of supplementary rider the insured event is either death or just accidental death or disability whether accidental or natural or both.

Distribution channel

The individual life business of the Corporation is sold through its dedicated sales force which is present all over the country. This field force is organized under a three tier system consisting of sales representatives, sales officers and sales managers. Each sales sector headed by a sector head is further grouped over 1243 area offices, more than 166 sector offices, 33 zones and 7 regional offices in addition to one zone for the Gulf Region. The Gulf zone has its own marketing team of sector heads, area managers and sales force.

The individual life policy holders of the Corporation come from all strata of society, with greater representation of the rural areas due to wider outreach of its field force. New policyholders have an average age of around 34 years.

42.1.2.2 Group life policies

Basic coverage

The group life policies are generally one year renewable term insurance contracts. In most cases they provide group coverage to the employees of an employer. Some times the coverage is tied up with loans extended by the employer for house building or purchase of motor vehicles or other household items. In some cases group policies are issued to lending agencies such as banks to provide group coverage to their borrowers. There are also a small number of group endowment policies which provide benefits identical to individual life policies but under the umbrella of a group contract.

Supplementary coverage

In many cases the group policies also provide supplementary coverage which may include accidental or natural disability benefits and additional accidental death benefit. These riders also take the form of one year renewable term insurance policies.

Insured event

Under the group life insurance policies in most cases the insured event is death due to any cause. In case of supplementary coverage the insured event can include accidental death or disability or natural disability.

Distribution channel

The group insurance business is sold through four group and pension zones of the Corporation. Each zone has its own marketing force consisting of sector heads who are full time salaried employees of the Corporation. However, some of the group business is also procured through individual life field force of the Corporation.

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Most of the lives covered under the group insurance consist of industrial and office workers, civil servants and employees of Corporations, banks, other financial institutions, armed forces etc.

42.1.2.3 Pension business

The pension portfolio of the Corporation consists of group deposit administration pension contracts. These are long-term contracts providing pension benefits to the employees of the policyholder. Under these contracts, the Corporation does not retain any insurance risk apart from a nominal investment return guarantee. The services offered by the Corporation include benefit administration, funding advice and investment of the funds.

These contracts do not transfer any significant insurance risk from the policyholders to the Corporation. These are therefore by nature similar to investment contracts.

The distribution channel employed for the pension business is the same as for the group insurance business.

The target market for this business is also similar to the target market for group insurance business.

42.1.2.4 Group Health Business

In 2012, the Corporation entered the Health Insurance Market by signing an agreement with the Benazir Income Support Program (BISP) authorities for providing Health Insurance to the beneficiaries enrolled under BISP Waseela-e-Sehat Program. This contract terminated on 30 June 2015. However, settlement of the Equalization Reserve Fund (ERF) balance is still pending. Consequently, a provision for this has been kept in the Actuarial Reserves.

In the year 2015, the Corporation entered into two other agreements, namely Prime Minister's National Health Insurance Scheme (PMNHIS) and KPK Micro Health Insurance Scheme. However, no health cards were issued under either scheme in 2015. Therefore, no specific liability was kept for these contracts.

Insured event

The PMNHIS and the KPK schemes are aimed at providing the underprivileged sector of the society the access to health care to cope with a variety of health shocks. The schemes provide in-patient health insurance facilities to enrolled families, subject to Rupee limits prescribed under the respective agreements.

42.1.3 Reserving method

42.1.3.1 Individual life policies

The Corporation values its individual life policy liabilities by a modified net level premium method. Under this method the Corporation's future obligations in respect of guaranteed sums assured and declared bonuses are discounted using a conservative interest basis. The policy liabilities are calculated by deducting from this amount the discounted value of future net premiums receivable under the valued policies, using a conservative basis for calculating the net premiums.

42.1.3.2 Universal life policies

For universal life policies the amount of reserve is equal to the actual accumulated value of the portion of premiums invested in the Pakistan Life Fund after accounting for the investment return allocated to these policies.

42.1.3.3 Group life policies

Group life business consists of short duration one year renewable term insurance policies. Besides, it contains a five year life insurance scheme for emigrants. It is the Corporation's policy to record only the earned premium in the revenue account. The Corporation holds reserve for claims incurred but not reported up to the valuation date and provision for experience refunds where applicable.

The Corporation also holds a premium deficiency reserve for this block of business. This reserve is calculated on the basis of the unearned premium reserve. The amount of this reserve reflects the view of the Appointed Actuary regarding the eventual loss ratio expected under group insurance contracts.

42.1.3.4 Supplementary riders

For the supplementary riders attached to individual life policies the Corporation holds a reserve equal to one full year's premium due under these policies. On the other hand, the supplementary riders attached to the group life policies are valued in the same way as the group life policies themselves.

42.1.3.5 Pension plans

The Corporation holds a reserve equal to the market value of the assets backing the pension business statutory fund. Classification of the Government bonds held by this statutory fund as Held to Maturity means that they are valued on an IRR basis, which is currently less than their market value.

42.1.4 Reserves for outstanding claims

The Corporation holds a reserve for all claims which have been reported but are still outstanding at the reporting date. Another estimated reserve is kept within the actuarial liability for claims which have been incurred but have not yet been reported. The pattern of time lag in reporting of claims observed in previous years is used as a means of estimating as accurately as possible the liability expected to arise from the incurred but not reported claims using the chain ladder method of estimation.

42.1.5 Liability adequacy test

The adequacy of liability held by the Corporation has been tested using an alternative reserving method based upon realistic estimates of future mortality, expenses, lapses and investment return. Based on the results of this test the Appointed Actuary considers that the liability being kept by the Corporation is adequate.

42.1.6 Reinsurance contracts held

The Corporation reinsures its Pakistan business under a surplus treaty arrangement. Under this arrangement any insurance risk on a particular life which exceeds the retention level is automatically ceded to the reinsurer. The retention level is fixed by the Corporation at a level which it considers optimum and safe.

There is a similar surplus treaty arrangement for reinsurance of the Corporation's Gulf business. The retention level of the Gulf business is fixed by the Corporation which it deems to be safe for that business.

Under both these treaties the re-insurer is not under an obligation to reinsure certain high sum assured cases which exceed the obligatory limit of the reinsurer as specified in the respective treaty. Such cases are reinsured by the Corporation on a facultative basis.

The reinsurers of the Corporation are highly rated companies with a sound credit record.

Primarily, reinsurance assets are amounts due from reinsurers with respect to recoveries under claims and profit commission. Reinsurance recoveries are measured according to the terms and conditions of the reinsurance contracts.

Reinsurance liabilities consist of amounts due to reinsurers on account of reinsurance premiums due which are measured according to the terms of the arrangements.

The Corporation assesses impairment on its reinsurance assets on a regular basis to identify any losses in recoveries. As of now, the Corporation's all reinsurance assets are due from re-insurers with a credit rating of "A or above". The reinsurers maintain a sound credit history and hence no impairment provision is required.

42.1.7 Accounting estimates and judgments and process used for deciding assumptions

42.1.7.1 Mortality and disability

Due to nature of its business, the Corporation is exposed to the risk of mortality. The reserving basis utilizes a conservative estimate of mortality. The Corporation carries out a continuous mortality investigation of its individual life and group life business to assess the actual level of mortality experienced by it. The result of this study utilized to ascertain the safety margin built into its reserving basis and the mortality level to be utilized for testing the adequacy of its liability.

The Corporation also has a small exposure to disability risk covered by some of its supplementary contracts. The Corporation constantly monitors its disability experience and an investigation is carried out whenever it assesses that there is an adequate data for arriving at credible results.

42.1.7.2 Investment income

Due to the long term nature of its individual life policies, the Corporation is exposed to the risk of adverse fluctuations in interest rates. In particular a long term declining trend in the interest rates can produce a financial strain for the Corporation. To some extent this risk is mitigated by the Corporation's policy to match the duration of its assets with the duration of its liabilities, whenever this is possible. The reserving basis employed by the Corporation for valuing its liabilities contains adequate safeguards to counter any residual interest rate risk.

The past trend in returns available on Government bonds and the relationship of these returns to other financial variables such as inflation rate and short term interest rates is constantly analyzed to form an opinion regarding the investment returns expected to be earned in the future on a medium term and long term basis. These estimates are utilized in testing the adequacy of liabilities on a realistic basis.

42.1.7.3 Expenses

The Corporation is also exposed to the risk of management expenses being beyond the permissible limits or increase in expenses at a pace faster than expected. The Corporation carries out an annual expense analysis to keep track of its expenses. The result of this study is utilized in the estimation of liability under realistic assumptions to ensure the adequacy of the reserves being held.

42.1.8 Frequency and severity of claims

42.1.8.1 Frequency

Since the Corporation covers a large number of lives from diverse backgrounds, which are geographically spread all over the country, the frequency of claims is normally expected to remain relatively stable over time due to the law of large numbers. However, the frequency can be affected in case there is a variation in the mortality rates experienced by the group of lives insured by the Corporation. An unusual catastrophic event such as a disease epidemic, flash floods or a major earthquake can produce a sudden spike in the frequency.

42.1.8.2 Severity

To some extent, the Corporation is protected from isolated large claims because the liability for any claim exceeding its retention level is automatically passed on to the reinsurer under the existing treaty arrangements. However, there is also the risk of a large number of small claims occurring due to a catastrophic event. Exposure to catastrophic events is also dependent upon the concentration of risk.

The Corporation is represented by 33 zones which are spread out all over the country. However, as the population of the country is concentrated more in the Punjab and Sindh provinces, the business distribution of the Corporation naturally reflects the same pattern. Nearly 87 % of the Corporation's business emanates from these two provinces.

In addition, there is also some concentration of risk due to the nature of group business. These policies are typically issued to an employer for coverage of all the persons in their employment. Normally, the employees of an employer are distributed over one or more establishments maintained by the employer's business. This produces local concentration of risk wherever such establishments happen to exist. Furthermore, a large number of such establishments can exist in a small geographical area such as an industrial zone or the business district of a major city.

42.1.9 Sources of uncertainty in estimation of future benefit payments and premium receipts

There are many theoretical reasons giving rise to uncertainty in estimation of future benefit payments and premium receipts.

Generally, mortality rates for a large segment of the population are quite stable from year to year but mortality is dependent upon a number of factors. Unhygienic living conditions, inadequate health care facilities, prevalence of general stress in society or emergence of epidemic disease are some socio-economic reasons which may give rise to an adverse trend in mortality rates.

Life insurance also serves as a channel for savings. However, in times of economic recession the savings rate can fall. This can reflect upon the Corporation in the form of lower new business growth and higher lapse rates of existing policies.

42.1.10 Management of insurance risk

The insurance law has laid down some minimum criteria for insurance risk management, which is mandatory for all insurers. This includes guidance regarding minimum capital requirement for insurers, requirement to submit a financial condition report on an annual basis, minimum reserving basis for the financial condition report, minimum solvency requirements and requirement to match the currency of assets and liabilities. Also the law lays down certain restrictions on the assets that may be counted as admissible assets, prescribes guidelines for valuation of assets and liabilities, prescribes reinsurance arrangements and prescribes guidelines for investment of funds.

The Corporation's strategy for management of insurance risk meets the minimum standards laid down by the law in addition to certain other practices which are specified by the Corporation.

42.1.10.1 Financial risk

a) Interest risk

The Corporation values its liabilities at the rate of 3.75% per annum, which is a requirement prescribed by the SECP. However, the actual return earned by the Corporation is much more than this. This large gap between the valuation discount rate and the market rate ensures that there is an adequate margin for the Corporation to absorb any impact of adverse fluctuation in the interest rates.

As a further security mechanism all the guaranteed liabilities of the Corporation are fully backed by the combined value of cash in hand, Government bonds and policy loans. The first two of these asset classes are by definition risk free. Also the policy loans are fully backed by the cash values of the underlying policies. Hence this asset class also does not carry any default risk.

The practice of valuing the assets Held to Maturity by the IRR method precludes any possibility of sudden changes in the investment return for which credit is taken in the accounts. This stability in the returns add another layer of security against interest risk.

b) Expense risk

Expense risk is the risk that the actual expenses of the Corporation will exceed the expense margins built in the premium rates. To cover this risk, a specific provision is kept in the actuarial reserves.

c) Mortality risk

The mortality used in the reserving basis is the mortality prescribed by the SECP, which is the SLIC 2001-2005 table. Due to advancement in health care technology the current mortality levels are lower than the mortality rates of this table. Hence, the reserving basis has adequate margins for absorbing the impact of adverse fluctuation in mortality.

d) Surrenders risk

The reserving basis used by the Corporation does not assume any surrenders. However, the Corporation ensures that the reserves kept by it for each policy are more than its surrender value. This ensures that the Corporation does not suffer any adverse impact in case any policies are surrendered.

e) Inflation risk

To a certain extent some inflation risk is already built into the reserving basis, since the average premium size and the average sum assured per policy tends to increase in line with inflation. Also at each actuarial valuation date the Appointed Actuary reviews the special provisions required to be kept as described under the heading Expense risk, keeping in view the expense level of the Corporation on the valuation date. This provides a mechanism of adjusting for any unanticipated movements in the inflation rate.

f) Catastrophe risk

The business of the Corporation is spread all over the country. However the insurance penetration rate in the country is still very low. This means that for any localized segment of the population only a small proportion of the people would be covered under life insurance. The proportion covered by the Corporation's policies is expected to be even smaller. As a result any localized catastrophic event is not expected to have any significant impact on the Corporation.

The situation is a bit different on the group insurance side where there is a higher concentration of risk because by its very nature this business often covers a large number of persons located within a restricted geographical area, such as a building or a factory premises.

This risk is mitigated to an extent due to the presence of reinsurance cover for the individual and group policies. In addition the premium rates of the Corporation are designed to adequately cater for this risk. Premium deficiency reserve held by the Corporation for its group business provides an extra layer of security against this risk.

g) Currency risk

The Corporation deals in only one currency within Pakistan. Hence, this risk is non-existent for the Pakistan Life Fund.

In case of the Gulf business the Corporation writes business in UAE Dirhams and US Dollars. The exchange rate parity between these two currencies is relatively stable. Also, there is a high degree of matching between the assets and liabilities in these two currencies.

The effect of fluctuation of currency risk upto 10% on the net assets to the revenue account will be as follows:

	2024	2023
	----- Rupees in '000 -----	
UAE Dirhams		
10% increase	1,351,325	1,299,161
10% decrease	(1,351,325)	(1,299,161)
US Dollars		
10% increase	3,284,344	3,228,479
10% decrease	(3,284,344)	(3,228,479)

42.1.10.2 Credit risk and asset risk

Management of credit risk and asset risk deals with risks emanating from the assets side of the statement of financial position. Management of this risk has already been adequately explained under the heading "Financial risk management objectives and policies". Hence, no further explanation is deemed to be necessary.

42.1.10.3 Operational risk or pricing risk

The Corporation utilizes industry recognized underwriting practices to ensure that only standard risks are written on standard rates. Any sub standard risks identified during the underwriting process are charged suitable extra premiums. This ensures fair and equitable treatment between various risk categories and helps in keeping its standard rates competitive by the insurance industry standards.

This practice also protects the Corporation against the risk of large number of sub-standard impaired lives accumulating on its policy portfolio, since extra premium automatically charged to commensurate with such risk.

For lives which are otherwise uninsurable, the Corporation offers a special product line known as the non-declinature scheme. Individuals who are unable to obtain insurance cover due to their poor state of health can choose to obtain cover under this scheme, which by passes normal underwriting in return for a suitable extra premium and waiting period.

42.1.11 Sensitivity analysis

Mortality rates and the discounting factor are the two most significant variables which can have an impact on the policyholder liabilities. The Corporation has tested the sensitivity of its liabilities to both these variables which is as follows:

Variable	Quantum of Change	% change in liability
Increase in mortality	10%	0.07%
Decrease in mortality	10%	-0.07%
Increase in discount rate	0.5% addition in rate	-3.33%
Decrease in discount rate	0.5% addition in rate	3.48%

According to the Life Insurance (Nationalization) Order, 1972, any increase or decrease in the actuarial surplus is shared by the policyholders and the Government as the sole shareholder in the ratio of 97.5% and 2.5% respectively.

42.2 Financial risk

The Corporation is exposed to variety of financial risks: market risk (comprising interest rate risk, currency risk, and other price risk), credit risk and liquidity risk in relation to the financial statements on its statement of financial position. The Corporation's risk management program is geared to ensure the survival of the Corporation as a going concern in the face of all sources of significant identifiable financial risks. It focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Corporation's financial performance.

The Board of Directors has the overall responsibility for establishment and oversight of the Corporation's risk management framework and is responsible for developing risk management policies and its monitoring.

42.2.1 Interest rate risk

2024						
Interest / Markup bearing			Non-interest / Non-markup bearing			
Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total

Note -----(Rupees in '000)-----

Financial Assets

Investments

Equity securities	8	-	-	-	294,971,033	-	294,971,033	294,971,033
Mutual funds	9	-	-	-	81,786,892	-	81,786,892	81,786,892
Government securities	10	552,629,137	781,683,418	1,334,312,555	-	-	-	1,334,312,555
Debt securities	11	3,187,433	26,920,585	30,108,018	-	-	-	30,108,018
Loans secured against life insurance policies		-	154,825,679	154,825,679	-	-	-	154,825,679
Insurance / takaful / reinsurance / retakaful receivables	12	-	-	-	251,441,260	1,885,796	253,327,056	253,327,056
Other loans and receivables	13	76,560,111	-	76,560,111	19,816,487	-	19,816,487	96,376,599
Deposit and prepayments	14	-	-	-	100,385	-	100,385	100,385
Cash and bank balances	15	56,831,894	7,606,293	64,438,187	19,518,272	-	19,518,272	83,956,459
As at 31 December 2024		689,208,575	971,035,975	1,660,244,551	667,634,329	1,885,796	669,520,125	2,329,764,675

Financial Liabilities

Insurance liabilities [including policyholders' liabilities and ledger	19	-	-	-	64,992,051	1,933,121,302	1,998,113,353	1,998,113,353
Premium received in advance		-	-	-	6,487,496	-	6,487,496	6,487,496
Insurance / takaful / reinsurance / retakaful payables	22	-	-	-	2,843,961	-	2,843,961	2,843,961
Other creditors and accruals	23	-	-	-	274,086,632	-	274,086,632	274,086,632
As at 31 December 2024		-	-	-	348,410,141	1,933,121,302	2,281,531,444	2,281,531,443

On Balance Sheet Financial Instruments

As at 31 December 2024	689,208,575	971,035,975	1,660,244,551	319,224,189	(1,931,235,506)	(1,612,011,318)	48,233,233
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2023						
Interest / Markup bearing			Non-interest / Non-markup bearing			Total
Maturity upto one year	Maturity after year	Sub total	Maturity upto one year	Maturity after year	Sub total	

Note -----(Rupees in '000)-----

Financial Assets

Investments

Equity securities	8	-	-	-	145,611,242	-	145,611,242	145,611,242
Mutual funds	9	-	-	-	9,458,269	-	9,458,269	9,458,269
Government securities	10	179,505,761	1,038,736,074	1,218,241,835	-	-	-	1,218,241,835
Debt securities	11	-	13,240,251	13,240,251	-	-	-	13,240,251
Loans secured against life insurance policies		-	159,781,265	159,781,265	-	-	-	159,781,265
Insurance / takaful / reinsurance / retakaful receivables	12	-	-	-	183,224,823	1,340,908	184,565,731	184,565,731
Other loans and receivables	13	992,799	-	992,799	94,545,137	-	94,545,137	95,537,936
Deposit and prepayments	14	-	-	-	100,162	-	100,162	100,162
Cash and bank balances	15	58,923,393	9,909,273	68,832,666	13,380,009	-	13,380,009	82,212,675
As at 31 December 2023		239,421,953	1,221,666,863	1,461,088,816	446,319,642	1,340,908	447,660,551	1,908,749,366

Financial Liabilities

Insurance liabilities [including policyholders' liabilities and ledger account A and B]	19	-	-	-	57,034,672	1,608,730,833	1,665,765,505	1,665,765,505
Premium received in advance		-	-	-	5,903,946	-	5,903,946	5,903,946
Insurance / takaful / reinsurance / retakaful payables	22	-	-	-	1,994,831	-	1,994,831	1,994,831
Other creditors and accruals	23	-	-	-	190,438,739	-	190,438,739	190,438,739
As at 31 December 2023		-	-	-	255,372,188	1,608,730,833	1,864,103,021	1,864,103,021

On Balance Sheet Financial Instrument
As at 31 December 2023

239,421,953	1,221,666,863	1,461,088,816	190,947,455	(1,607,389,924)	(1,416,442,471)	44,646,345,028
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42.2.2 Market risk

Market risk is the risk of adverse financial impact as a consequence of market movements of prices of financial instruments and securities. Such price movements can arise due to variation of market interest rates, currency exchange rates, industry profitability and other economic factors.

The Corporation's investments are primarily in long term Government bonds. In addition, the Corporation also has a significant exposure to the equity market and invests some funds in corporate term finance certificates. Funds awaiting long term investment are kept in short duration fixed deposits with banks.

42.2.3 Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk since it issues insurance policies which are long term in nature. These policies are essentially backed by long term Government bonds and cash at bank.

It is the policy of the Corporation to match the average duration of its investments in Government bonds with the average duration of its policyholders liabilities as much as possible but this is not always possible due to market limitations. This is because sufficient quantities of the Government bonds of longer duration are not available in the market. As a result some mismatch in the average duration of the Corporation's liabilities and assets is possible.

Interest rate risk exposures from options and guarantees embedded in insurance liabilities.

The Corporation's deposit administration pension contracts have certain guarantees that transfer interest rate risk to the Corporation. These guarantees include a minimum guaranteed investment return of 0.375% per month on the pension funds being managed by the Corporation. The pension liabilities of the Corporation are a very insignificant proportion of overall liabilities of the Corporation and historically investment return earned on the assets backing these liabilities has never been below the amount of the guaranteed return.

42.2.4 Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. This risk arises if there is a currency mismatch between the assets and liabilities.

All assets and liabilities of the Corporation within Pakistan are in Pakistan rupees. This business is therefore not exposed to any currency risk.

The Corporation's Overseas Life Fund undertakes business in US Dollars and UAE Dirhams. It is policy of the Corporation to ensure the maximum possible currency matching between its assets and liabilities in each currency. Historically, UAE Dirham has remained pegged to US Dollar, hence any inadvertent mismatch between these two currencies is not expected to entail any significant currency risk.

Carrying amounts of the Corporation's foreign currency denominated assets, liabilities and reserves are as follows:

	2024		2023	
	UAE Dirhams	US Dollar	UAE Dirhams	US Dollar
	-----Rupees '000 -----			
Assets	244,614	246,543	234,288	229,040
Liabilities	66,424	128,635	63,233	113,212
Reserves	178,190	117,909	171,055	115,828

42.2.5 Other price risk

Other price risk is the risk that equity prices can fluctuate due to speculative investment activity, variations in the profit outlook of industries, interest rates prevailing in the market and general market sentiment, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Corporation's investment in listed securities are exposed to market price risk arising from uncertainties about the future value of investment securities. The Corporation limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity. In addition, the Corporation actively monitors the key factors that affect stock market.

42.2.6 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Corporation. The key areas of exposure to credit risk for the Corporation are in relation to its investment portfolio, reinsurance program and to a lesser extent amounts due from policyholders and intermediaries.

The Corporation has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Corporation only transacts with entities that are rated the equivalent to investment grade and above.

This information is supplied by independent rating agencies where available and if not available the Corporation uses other publicly available financial information and its own trading records to rate its major policyholders and reinsurers. The Corporation's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Receivables consist of a large number of policyholders, spread across diverse industries and geographical areas. The Corporation extends policy loans to its policyholders. These loans are entirely backed by the cash values of their policies.

The Corporation does not have any significant credit risk exposure to any single counterparty or any group of counterparties. Concentration of credit did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings. The Corporation does not invest in derivative financial instruments.

The carrying amount of financial assets represents the maximum credit exposure, as specified below:

	Note	2024 ----- Rupees in '000 -----	2023
Cash and bank balances	15	83,906,046	82,151,402
Loans secured against life insurance policies		154,825,679	159,781,265
Investments			
Mutual funds	9	81,786,892	9,458,269
Debt securities	11	30,108,018	13,240,251
Insurance / takaful / reinsurance / retakaful receivables	12	253,327,056	184,565,731
Deposit and prepayments	14	100,385	100,162
Other loans and receivables	13	96,376,599	95,537,936
Total		<u>700,430,675</u>	<u>544,835,016</u>

The age analysis of Insurance / takaful / reinsurance / retakaful receivables:

Up to 1 year	<u>253,327,056</u>	<u>184,565,731</u>
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Subsequent years premium falling due under the policy are recognized if received before expiry of the grace period, or if advanced by the corporation under the Automatic Non-forfeiture provisions. However, premiums due in the month of December but not received are recognized if the grace period is to expire after the next 1st January. Hence the age of outstanding premium is always less than one year.

The credit quality of the Corporation's bank balances can be assessed with reference to external credit ratings as follows:

Bank Name	Long term	Short term	Rating Agency	2024	2023
				-----Rupees in '000-----	
Allied Bank Limited	AAA	A1+	PACRA	1,384	1,384
Bank Al Habib Limited	AAA	A1+	VIS	6,301,159	4,419,975
Bank Al Falah Limited	AA-	A1+	PACRA	17,125,715	9,130,409
Dubai Islamic Bank	AA	A1+	VIS	469,960	179,105
First Women Bank Limited	A-	A-2	PACRA	7,307	7,435
Habib Bank Limited	AAA	A1+	VIS	20,609,181	14,365,264
MCB Bank Limited	AAA	A1+	PACRA	185,452	238,309
Mobilink Micro Finance Bank Limited	A	A-1	PACRA	199,653	99,563
Barclays Banks	-	-	-	-	28,212
Bank of Punjab	AA	A1+	PACRA	5,740,272	4,048,952
Faysal Bank Limited	AA	A1+	VIS	418,121	4,231,558
Samba Bank Limited	AA	A-1	PACRA	3,891	6,937
Silk Bank Limited	A-	A-2	VIS	12,326	15,262
Sindh Bank Limited	A+	A1+	VIS	1	1
Soneri Bank Limited	AA-	A1+	PACRA	2,762,357	4,338,706
Standard Chartered Bank (Pakistan) Limited	AAA	A1+	PACRA	159	159
Bank Makramah Limited	-	-	VIS	4,927	4,576
United Bank Limited	AAA	A1+	VIS	27,764,338	34,268,429
Julius Bar Bank	-	-	-	118,965	1,057,387
Kuwait Finance Bank	-	-	-	289,173	-
Al Ahli Bank of Kuwait	-	-	-	-	103,176
Bank of Singapore	-	-	-	1,891,705	5,606,603
				83,906,046	82,150,402

The credit quality of amount due from other insurers and reinsurers can be assessed with reference to external credit ratings as follows:

Rating Status	2024	2023
	----- Rupees in '000 -----	
A or above	1,885,796	1,340,908

42.2.7 Liquidity risk

Liquidity risk is the risk that the Corporation cannot meet its obligations associated with financial liabilities as they fall due.

The Corporation has adopted an appropriate liquidity risk management framework for the management of the Corporation's liquidity requirements. The Corporation manages liquidity risk by maintaining banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities. The Corporation is exposed to liquidity risk arising from clients on its insurance and investment contracts. The Corporation maintains adequate liquid reserves to meet any eventuality arising from a catastrophe.

Liquidity management ensures that the Corporation has sufficient access to funds necessary to cover insurance claims, surrenders, withdrawals and maturing liabilities. In practice, most of the Corporation's assets are marketable securities which could be converted into cash when required.

42.2.8 The fair values of all major financial assets are estimated to be not significantly different from their carrying values except for the following:

	2024	
	Carrying value	Fair value
	----- Rupees in '000 -----	
Government securities	<u>1,334,312,555</u>	<u>1,307,949,330</u>

	2023	
	Carrying value	Fair value
	----- Rupees in '000 -----	
Government securities	<u>1,218,241,835</u>	<u>1,074,911,638</u>

42.2.9 Reinsurance risk

In order to minimise the financial exposure arising from large claims, the Corporation, in the normal course of business, enters into agreement with other reinsurers.

Reinsurance ceded does not relieve the Corporation from its obligation to policy holders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that reinsurer fails to meet the obligation under the reinsurance agreements.

In order to manage this risk, the Corporation obtains reinsurance cover only from companies with sound financial health.

43 CAPITAL RISK MANAGEMENT

The Corporation manages its capital to ensure that it remains financially solvent while maintaining adequate financial strength to sustain business growth. It also complies with the minimum capital requirements of the SECP. The capital structure of the Corporation consists of equity attributable to the Government which is the sole shareholder of the Corporation and accumulated surplus.

There were no changes made to the objectives, policies and processes for managing capital.

Further details are given in the table below:

	2024	2023
	----- Rupees in '000 -----	
Accumulated surplus	2,235,510	1,869,842
Ledger account C and D	42,115,721	28,600,427
General reserve	1,031,761	1,661,919
Issued, subscribed and paid-up capital	8,000,000	8,000,000
Shareholders' equity	<u>53,382,992</u>	<u>40,132,188</u>

44 FAIR VALUE OF FINANCIAL INSTRUMENTS

44.1 Carrying amount versus fair value

The following table compares the carrying amounts and fair values of the Corporation's financial assets and financial liabilities as at 31 December 2024.

The Corporation considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value:

	As at 31 December 2024		As at 31 December 2023	
	Carrying amount	Fair Value	Carrying amount	Fair Value
-----Rupees in '000-----				
Financial Assets				
- Cash and bank balances	83,964,531	83,964,531	82,227,016	82,227,016
- Loans secured against life insurance policies	154,825,679	154,825,679	159,781,265	159,781,265
- Deposit and prepayments	100,385	100,385	100,162	100,162
- Other loans and receivables	96,376,599	96,376,599	95,537,936	95,537,936
- Insurance / takaful / reinsurance / retakaful receivables	253,327,056	253,327,056	184,565,731	184,565,731
	588,594,250	588,594,250	522,212,110	522,212,110
Investments:				
Fair value through Profit and loss				
Listed equity securities and mutual fund units	372,417,939	372,417,939	152,701,380	152,701,380
Unlisted equity securities and mutual fund units	4,339,986	4,339,986	2,368,131	2,368,132
Held to maturity				
Government securities	1,334,312,555	1,307,949,330	1,218,241,835	1,074,911,638
Debt securities	30,108,018	30,108,018	13,240,251	13,240,251
	1,741,178,498	1,714,815,273	1,386,551,597	1,243,221,400
TOTAL	2,329,772,748	2,303,409,523	1,908,763,707	1,765,433,511
Financial Liabilities				
- Balance of statutory funds-including policyholders' liabilities	1,998,113,353	1,998,113,353	1,665,765,505	1,665,765,505
- Creditors and accruals	274,086,632	274,086,632	190,438,739	190,438,739
- Premium received in advance	6,487,496	6,487,496	5,903,946	5,903,946
- Insurance / takaful / reinsurance / retakaful payables	2,843,961	2,843,961	1,994,831	1,994,831
TOTAL	2,281,531,443	2,281,531,443	1,864,103,021	1,864,103,021

44.2 FAIR VALUE HIERARCHY

The level in the fair value hierarchy within which the asset or liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement.

Assets and liabilities are classified in their entirety into only one of the three levels.

The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses assets measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	As at 31 December 2024	Level 1	Level 2	Level 3
-----Rupees in '000-----				
Financial Assets at carrying value				
Investments at carrying value Fair value through profit or loss				
Listed equity securities and mutual fund units	372,417,939	372,417,939	-	-
Unlisted equity securities and mutual fund units	4,339,986	-	4,339,986	-
	376,757,925	372,417,939	4,339,986	-
	As at 31 December 2023	Level 1	Level 2	Level 3
-----Rupees in '000-----				
Financial Assets at carrying value				
Investments at carrying value Fair value through profit or loss				
Listed equity securities and mutual fund units	152,701,380	152,701,380	-	-
Unlisted equity securities and mutual fund units	2,368,132	-	2,368,132	-
	155,069,512	152,701,380	2,368,132	-

Carrying values of all other financial assets and liabilities approximate their fair value.

44.3 Transfers during the period

During the year to 31 December 2024:

- There were no transfers between Level 1 and Level 2 fair value measurements.
- There were no transfers into or out of Level 3 fair value measurements.

44.4 Valuation techniques

Fair value of investments is determined as follows:

- Fair value of listed equity securities is determined on the basis of closing market prices quoted on the respective stock
- Unlisted equity securities are carried at cost.
- Fair value of open-ended mutual fund is determined on the basis of closing net assets value taken from MUFAP.

45 CORRESPONDING FIGURES

The corresponding figures in these unconsolidated financial statements have been reclassified for appropriate and improved presentation. The following reclassifications were made during the year:

Reclassification From	Reclassified to	--Rs in '000'--
Investment properties	Property and equipment	18,112
Insurance liabilities [including policyholders' liabilities and ledger account A and B]	Other creditors and accruals	137,214,968

46 SUBSEQUENT EVENTS

The Board of Directors of the Corporation in their meeting held on 15 MAR 2026 declared dividend of Rs. 3000 million (2023: Rs. 2,500 million).

These unconsolidated financial statements for the year ended 31 December 2024 do not include the effect of these appropriations and these will be accounted for in the unconsolidated financial statements for the year ending 31 December 2025.

47 NUMBER OF EMPLOYEES

2024

2023

The details of number of employees are as follows:

Permanent employees as at year end	3,601	3,546
Contractual employees as at year end	336	180
Area managers	<u>1,357</u>	<u>1,143</u>
	<u>5,294</u>	<u>4,869</u>
Average number of employees during the year	<u>5,082</u>	<u>4,876</u>

48 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Corporation on

49 GENERAL

Figures in these unconsolidated financial statements have been rounded off to nearest thousand of Rupees. In narrative notes, certain figures have been rounded off to million of Rupees.

 CHAIRMAN SALEEM ZIA	 DIRECTOR KHAGAN MURAZA	 DIRECTOR SHOAB MIR	 CHIEF EXECUTIVE OFFICER SHOAB JAVED HUSSAIN	 CHIEF FINANCIAL OFFICER MUHAMMAD AMJAD
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Form LM

Statement by the Appointed Actuary

Required under Section 52(2) (a) & (b) of the Insurance Ordinance, 2000

In my opinion,

- a. The policyholders liabilities / technical liabilities included in the balance sheet of State Life Insurance Corporation of Pakistan as at December 31, 2024 have been determined in accordance with the provisions of the Insurance Ordinance, 2000; and
- b. Each statutory fund of the State Life Insurance Corporation of Pakistan complies with the solvency requirements of the Insurance Ordinance, 2000.

Faisal Zai

(Faisal Zai)
Appointed Actuary of the Corporation

Dated:

15 MAR 2026

Statement of Directors

(As per requirement of Section 46(6) and Section 52(2) (C) of the Insurance Ordinance, 2000)

Section 46 (6)

- a. In our opinion the financial statements of the State Life Insurance Corporation of Pakistan for the year ended December 31, 2024, set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, and any rules made there under;
- b. State Life Insurance Corporation of Pakistan has at all times in the period complied with the provisions of the Insurance Ordinance and the Insurance Rules made there under relating to paid-up-capital, solvency and re-insurance / retakaful arrangements; and
- c. As at December 31, 2024, State Life Insurance Corporation of Pakistan continues to be in compliance with the provisions of the Ordinance and the rules made there under relating to paid-up-capital, solvency and reinsurance / retakaful arrangements.

Section 52 (2) (C)

- d. In our opinion, each statutory fund of the State Life Insurance Corporation of Pakistan complies with the solvency requirements of the Insurance Ordinance, 2000 and the Insurance Rules, 2017.


CHAIRMAN
SALEEM ZIA


DIRECTOR
KHAQAN MURTAZA


DIRECTOR
SHOAIB MIR


CHIEF EXECUTIVE OFFICER
SHOAIB JAVED HUSSAIN


CHIEF FINANCIAL OFFICER
MUHAMMAD AMJAD