

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021

		September 30, 2021 (Un-audited)	December 31, 2020 (Audited)
	Note	-----Rupees in '000-----	
Assets			
Property and equipment	3	805,918	850,816
Investment properties	4	3,738,708	3,638,142
Investment in subsidiaries		323,619	323,618
Investments			
Equity securities	5	87,482,749	92,918,024
Government securities	6	931,703,010	821,691,138
Debt securities	7	3,928,209	3,654,344
Mutual funds	8	8,587,425	8,686,126
Loans secured against life insurance policies		139,198,942	129,180,723
Insurance / reinsurance receivables	9	33,125,316	32,574,359
Loans and other receivables	10	50,573,486	49,925,310
Taxation - payments less provision		3,535,918	3,693,190
Prepayments	11	73,199	62,120
Cash and bank	12	41,198,938	56,184,733
Total Assets		1,304,275,436	1,203,382,643
Equity and Liabilities			
Capital and reserves attributable to Corporation's equity holders			
Ordinary share capital		4,600,000	4,600,000
Ledger account C & D		7,189,683	3,943,311
Reserves	13	304,725	304,725
Unappropriated profit		1,298,880	1,460,496
Capital contributed to statutory fund		-	-
Total Equity		13,393,288	10,308,532
Liabilities			
Insurance liabilities	14	1,221,601,491	1,157,476,582
Retirement benefit obligations		4,722,117	2,095,926
Deferred capital grant		31,139	36,957
Deferred taxation	15	2,936,625	1,610,642
Premium received in advance		17,302,448	8,644,311
Insurance / reinsurance payables	16	224,815	566,647
Other creditors and accruals	17	44,063,513	22,643,046
Total Liabilities		1,290,882,148	1,193,074,111
Total Equity and Liabilities		1,304,275,436	1,203,382,643
Contingencies and commitments	18		

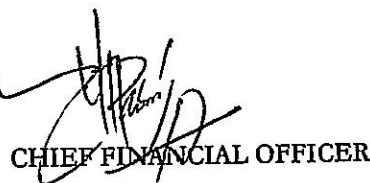

CHAIRMAN

Shoab Javed Hussain


DIRECTOR

Pouruchisty Sidhwa


DIRECTOR
Mumayun Bashir


CHIEF FINANCIAL OFFICER

Muhammad Rashid

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2021

	Note	Nine-months period ended		Three-months period ended	
		Sept 30, 2021	Sept 30, 2020	Sept 30, 2021	Sept 30, 2020
		-----Rupees in '000-----			
Premium revenue		87,373,321	59,316,998	27,977,337	22,230,572
Premium ceded to reinsurers		(127,291)	(113,676)	32,912	(44,326)
Net premium revenue	19	87,246,030	59,203,322	28,010,249	22,186,246
Investment income	20	71,301,957	64,583,859	23,668,141	22,015,486
Net realized fair value gain / (loss) on financial assets	21	55,222	201,317	45,764	5,222
Net fair value loss on financial assets at fair value through profit or loss	22	(5,944,283)	(2,909,780)	(6,911,489)	12,284,842
Net rental income*	23	397,234	483,135	137,854	127,563
Other income	24	11,283,288	10,861,493	5,718,234	2,544,958
		77,093,418	73,220,025	22,658,504	36,978,071
Net Income		164,339,448	132,423,347	50,668,753	59,164,317
Insurance benefits		(65,886,051)	(42,615,244)	(23,534,664)	(19,384,645)
Recoveries from reinsurers		78,514	49,758	(196,527)	41,445
Claim related expenses		(8,819)	(6,501)	(3,614)	(3,580)
Net Insurance Benefits	25	(65,816,356)	(42,571,987)	(23,734,805)	(19,346,780)
Net Change in Insurance Liabilities (other than outstanding claims)		(76,062,638)	(72,453,510)	(19,856,192)	(33,806,708)
Acquisition expenses	26	(8,706,908)	(6,839,066)	(2,829,253)	(2,481,987)
Marketing and administration expenses	27	(6,991,174)	(6,244,486)	(2,127,268)	(2,047,369)
Other expenses**	28	(359,117)	(312,736)	(231,893)	(81,394)
Total Expenses		(92,119,837)	(85,849,798)	(25,044,606)	(38,417,458)
Profit before tax for the period		6,403,255	4,001,562	1,889,342	1,400,079
Income tax expense	29	(1,858,003)	(1,161,291)	(548,325)	(595,446)
Profit after tax for the period		4,545,252	2,840,271	1,341,017	804,632
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		4,545,252	2,840,271	1,341,017	804,632
Earnings (after tax) per share - Rupees	30	98.81	66.05	29.15	18.71

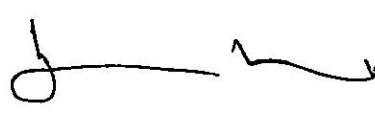
* The figures are restated in the interim accounts of September-2020 due to the coding error.


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STATE LIFE INSURANCE CORPORATION OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2021

	Nine-months period ended	
	September 30, 2021	September 30, 2020
	-----Rupees in '000-----	
Operating Cash Flows		
(a) Underwriting activities		
Insurance Premiums received	95,169,958	57,305,327
Reinsurance premiums paid	(469,123)	(313,460)
Claims paid	(55,082,523)	(12,967,573)
Surrenders paid	(22,750,076)	(22,841,994)
Reinsurance and other recoveries received	158,998	189,106
Commissions paid	(8,193,849)	(7,474,605)
Other underwriting payments	(2,276,960)	(1,592,176)
Net cash flow generated from underwriting activities	6,556,425	12,304,625
(b) Other operating activities		
Income tax paid	(374,748)	(535,304)
General management expenses paid	17,790,017	(4,286,907)
Loans advanced	(13,713,290)	(229,539)
Loan repayments received	10,507,847	1,093,699
Other operating payments*	(2,236,322)	(2,069,701)
Net cash flow used in other operating activities	11,973,503	(6,027,753)
Total cash flow used in operating activities	18,529,928	6,276,872
Investment Activities		
Profit / return received	68,259,033	59,980,752
Dividends received	4,406,238	4,283,573
Rentals received*	952,858	995,245
Payments for investments	(336,965,829)	(214,033,338)
Proceeds from disposal of investments	230,487,105	88,247,081
Fixed capital expenditure	(172,788)	(285,739)
Proceeds from sale of property and equipment	-	8,470
Total cash flow used in investing activities	(33,033,383)	(60,803,956)
Finance Activities		
Dividend paid	(1,460,503)	(1,046,880)
Total cash flow from financing activities	(1,460,503)	(1,046,880)
Net cash flow from all activities	(15,963,958)	(55,573,964)
Cash and cash equivalents at beginning of the period	45,938,843	80,810,075
Cash and cash equivalents at end of the period	29,974,885	25,236,111
Reconciliation to Profit and Loss Account		
Operating cash flows	18,529,928	6,276,872
Depreciation expense	(79,834)	(84,217)
Investment income	77,093,418	73,220,025
Amortization/capitalization	643,666	528,493
Allocation of surplus	-	-
Non cash adjustments (APL)	(6,589,170)	(7,638,253)
Decrease in assets other than cash	12,755,289	8,172,635
Decrease in liabilities other than running finance	(20,419,415)	(4,565,115)
Net change in insurance liabilities	(76,062,647)	(73,070,170)
Other adjustments	(1,325,983)	-
	4,545,252	2,840,271
Ledger account C & D	-	-
Profit after taxation	4,545,252	2,840,271

* The figures are restated in the interim accounts of September-2020 due to the coding error.


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STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2021

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, 4 zones for group life business and in the gulf countries {comprising United Arab Emirates (UAE) and Kuwait} through zonal office located at Dubai (UAE).
- 1.2 The Corporation is engaged in the life insurance, health and accident insurance business. The brief description is defined in the note 3 of the unconsolidated financial statement for the year ended December 31, 2020.
- 1.3 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 (SECP) vide letter no. 0097, dated September 22, 2016. However the Corporation has launched the Window Takaful Operations at the reporting date i.e., January 01, 2021. For the purpose of carrying on the takaful business, the Corporation has formed an Individual Family Participant Takaful Fund (IFPTF) on August 18, 2017 under the Waqf deed and cede Rupees 1 million to the IFPTF. The Waqf deed governs the relationship of Corporation and participants for management of takaful operations.
- 1.4 The Presidential Order dated April 06, 2016 in respect of State Life (Reorganization and Conversion) Ordinance, 2016 was issued by Government of Pakistan Ministry of Law and Justice to provide for the re-organization and conversion of the Corporation into a Public Limited Company. After the commencement of this Ordinance, the Federal Government established a Company namely, State Life Insurance Company Limited under the repealed Companies Ordinance, 1984 (XLVII of 1984) with the objective of taking over the business, functions, contracts, policies, proceedings, undertakings, assets, liabilities, etc of the Corporation on fulfillment of the statutory requirements. The National Assembly converted the said Ordinance into Bill for the conversion of State Life Insurance Corporation of Pakistan 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 and the matter is still pending with that Committee.

Under the new scheme all the assets, liabilities, contracts, policies, proceedings and undertakings of the Corporation shall stand transferred to and vest in the Company on a specific date which is uncertain. Accordingly, the Corporation is not expected to continue as going concern. Since there will be no change in operational activities of the Corporation pursuant to change in aforesaid legal structure, no adjustments are expected to the carrying amount of assets and liabilities.

2 BASIS OF PREPARATION

These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the annual unconsolidated financial statements and should be read in conjunction with the Corporation's annual unconsolidated financial statements for the year ended December 31, 2020.

The figures in the unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement and condensed interim unconsolidated statement of changes in equity together with the relevant notes to the unconsolidated condensed interim financial statements for the nine-months period ended September 30, 2021 are not audited. Further, the figures for the nine-months period ended September 30, 2020 in the unconsolidated condensed interim statement of comprehensive income have also not been reviewed by the auditors.

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2021

These unconsolidated condensed interim financial statements does not include all the information and disclosures required in the annual unconsolidated financial statements, accordingly, these unconsolidated condensed interim financial statements should be read in conjunction with the Corporation's annual unconsolidated financial statements as at and for the year ended December 31, 2020.

2.1 STATEMENT OF COMPLIANCE

The unconsolidated condensed interim financial statements of the Corporation has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of;

- International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting and Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and Takaful Rules, 2012.

In case requirements differ, the provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and Takaful Rules, 2012 have been followed.

2.2 BASIS OF MEASUREMENT

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except the certain investments which are carried at fair value and the obligations under policy holder liability and certain employee benefits that are measured at present value. Accrual basis of accounting has been used except for cash flow statement.

2.3 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX). However, currently, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. The extent of these impacts on the Corporation are unclear. The Corporation is conducting business with some modifications to employee working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOPs). The Corporation will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, provincial or local authorities or that are in the best interests of our employees, policy holders, partners and stockholders. However, the management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period.

2.4 FINANCIAL RISK MANAGEMENT / JUDGEMENT AND ESTIMATES

The financial risk management objectives and policies are consistent with those disclosed in the annual unconsolidated financial statements of the Corporation for the year ended December 31, 2020. In preparing this unconsolidated condensed interim financial statements, the management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Corporation's and the key sources of estimation uncertainty are the same as those that applied to the annual unconsolidated financial statements for the year ended December 31, 2020.

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
 NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
 FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2021

2.5 FUNCTIONAL AND PRESENTATION CURRENCY

These unconsolidated condensed interim financial statements are prepared and presented in Pakistani Rupees, which is the Corporation's functional and presentation currency.

2.6 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO APPROVED ACCOUNTING STANDARDS

2.6.1 Standards, amendments and interpretations to the published standards that are relevant to the company and adopted in the current period

The Corporation has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current period.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 14 'Regulatory Deferral accounts'	July 1, 2019
IFRS 3 'Definition of a business' Amendment to IFRS 3	January 01, 2020
IAS 1/IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS 8)	January 01, 2020
Various Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020

Adoption of the above standard have no significant effect on the amounts for the period ended September 30, 2021.

2.6.2 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Corporation

There are no such new standards, amendments to published standards and interpretations that would be relevant but not yet effective.

2.6.3 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 17 'Insurance Contracts'	January 01, 2022
IFRS 1 'First-time Adoption of International Financial Reporting Standards'	July 1, 2009

3. PROPERTY AND EQUIPMENT

Operating fixed assets

	September 30, 2021 (Un-audited)	December 31, 2020 (Audited)
Net book value as at the beginning of the period / year	850,816	920,235
Additions / adjustments during the period / year	57,346	63,676
Disposal during the period / year	(47)	(2,573)
Net depreciation charge during the period / year	(102,197)	(130,522)
Net book value as at the end of the period / year	<u>805,918</u>	<u>850,816</u>

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

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
 NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
 FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2021

	September 30, 2021 (Un-audited)	December 31,2020 (Audited)
-----Rupees in '000-----		
4 INVESTMENT PROPERTIES		
Investment Properties	1,720,730	1,749,139
Less : Provision for impairment in value of investment property	(2,579)	(895)
	1,718,151	1,748,244
Capital work-in-progress	2,020,557	1,889,898
	<u>3,738,708</u>	<u>3,638,142</u>

4.1 The market value of the investment properties, owned by the Corporation as determined by the independent valuers on yearly basis, amounted to Rs.59,666 million (2019: Rs..50,459 million).

5 INVESTMENTS IN EQUITY SECURITIES

	September 30 2021 (Un-audited)			December 31 2020 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
-----Rupees in '000-----						
<i>Fair value through profit or loss account</i>						
Related parties						
Listed shares	3,517,424	-	16,698,602	3,517,424	-	18,192,482
Unlisted shares	5,000	(217,553)	5,000	5,000	-	5,000
Others						
Listed shares	26,419,770	-	70,717,380	26,072,745	-	74,659,605
Unlisted shares	276,511	-	58,958	275,897	(217,553)	58,344
Unlisted preference shares	3,743	(933)	2,809	3,743	(1,150)	2,593
	<u>30,222,447</u>	<u>(218,486)</u>	<u>87,482,749</u>	<u>29,874,809</u>	<u>(218,703)</u>	<u>92,918,024</u>

6 INVESTMENTS IN GOVERNMENT SECURITIES

	September 30, 2021(Un-audited)				December 31, 2020 (Audited)	
	Maturity Year	Effective Yield (%)	Amortized Cost	Principal Repayment	Carrying Value	Carrying Value
-----Rupees in '000-----						
<i>Held to maturity</i>						
Pakistan Investment Bond						
3 year Pakistan Investment Bonds	2021 - 2022	8.31% - 9.65%	53,642,758	54,090,000	53,642,758	147,001,163
5 year Pakistan Investment Bonds	2021 -2024	7.49% - 9.83%	154,834,908	159,300,000	154,834,908	127,195,587
10 year Pakistan Investment Bonds	2020 - 2030	8.22% - 10.41%	460,962,628	466,746,600	460,962,628	390,955,891
15 year Pakistan Investment Bonds	2021 -2035	7.43% - 10.98%	125,455,381	123,370,000	125,455,381	50,886,975
20 year Pakistan Investment Bonds	2024 - 2039	9.41% - 11.07%	70,606,093	69,461,000	70,606,093	60,206,205
30 year Pakistan Investment Bonds	2036 - 2038	10.45% - 10.91%	37,705,378	40,050,000	37,705,378	37,680,832
Islamic Republic of Pakistan Bonds			8,764,972	-	8,764,972	7,724,485
			911,972,119	913,017,600	911,972,119	821,651,138
Treasury Bills						
Treasury Bills	2021-2022	7.55% - 7.61%	19,650,972	20,000,000	19,650,972	-
Other						
Sukuk Bonds	2025		79,919	78,900	79,919	40,000
			<u>931,703,010</u>	<u>933,096,500</u>	<u>931,703,010</u>	<u>821,691,138</u>

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2021

7 INVESTMENTS IN DEBT SECURITIES

Note	September 30 2021 (Un-audited)			December 31 2020 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
-----Rupees in '000-----						
<i>Held to maturity</i>						
Debtures	7,573	(7,573)	-	7,573	(7,573)	-
Foreign fixed income securities	3,928,209	-	3,928,209	3,654,344	-	3,654,344
	<u>3,935,782</u>	<u>(7,573)</u>	<u>3,928,209</u>	<u>3,661,917</u>	<u>(7,573)</u>	<u>3,654,344</u>

7.1 Debtures include an amount of Rs. 7.573 million (December 31, 2019: 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 debture loan amounting to Rs. 0.678 million (December 31, 2019: Rs. 0.678 million). The Corporation had made full provision against these debtures.

8 INVESTMENT IN MUTUAL FUNDS

	September 30 2021 (Un-audited)			December 31 2020 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
-----Rupees in '000-----						
<i>Fair value through profit or loss</i>						
<i>Listed</i>						
Open ended mutual fund	3,282,446	-	6,664,283	3,282,446	-	6,669,127
<i>Unlisted</i>						
Close end mutual fund	594,190	-	1,923,143	594,190	-	2,016,299
	<u>3,876,637</u>	<u>-</u>	<u>8,587,425</u>	<u>3,876,636</u>	<u>-</u>	<u>8,686,126</u>

9 INSURANCE / REINSURANCE RECEIVABLES

Unsecured and considered good

Note	September 30, 2021 (Un-audited)	December 31, 2020 (Audited)
-----Rupees in '000-----		
Due from insurance contract holders	32,783,214	32,151,773
Less: provision for impairment of receivables from Insurance contract holders	-	-
Due from other insurers / reinsurers	342,102	422,586
Less: provision for impairment of due from other insurers / reinsurers	-	-
	<u>33,125,316</u>	<u>32,574,359</u>

10 LOANS AND OTHER RECEIVABLES

Accrued investment income	44,876,586	46,598,010
Loans to agents	100,017	78,493
Loans to employees	914,320	949,821
Advance to contractors & security deposit	384,332	464,561
Other receivables	4,298,231	1,388,425
Deposit against bank guarantee	-	446,000
	<u>50,573,486</u>	<u>49,925,310</u>

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2021

	September 30, 2021 (Un-audited)	December 31, 2020 (Audited)
	-----Rupees in '000 -----	
11 PREPAYMENTS	Note	
Prepaid rent	10,837	15,428
Prepaid miscellaneous expenses	62,362	46,692
	<u>73,199</u>	<u>62,120</u>
12 CASH AND BANK		
<i>Cash and Cash Equivalent</i>		
- Cash in hand	36,220	12,838
- Cash in transit	(62)	190,000
- Policy & Revenue stamps, Bond papers	-	-
	36,158	202,838
Cash at bank		
- Current accounts	7,751,178	14,693,173
- Savings accounts	22,187,549	31,042,831
- Fixed deposits maturing after 12 months	11,224,053	10,245,891
	<u>41,198,938</u>	<u>56,184,733</u>
12.1 Cash and cash equivalent include the following for the purposes of the cash flow statement:		
<i>Cash and cash equivalent</i>		
- Cash in hand	36,220	12,838
- Cash in transit	(62)	190,000
- Policy & Revenue stamps, Bond papers	-	-
	36,158	202,838
Cash at bank		
- Current accounts	7,751,178	14,693,173
- Savings accounts	22,187,549	31,042,831
	<u>29,974,885</u>	<u>45,938,842</u>
12.2 These carry mark-up ranging from 7.50% to 12.60% (2020: 6.46% to 12.66%) per annum.		
	September 30, 2021 (Un-audited)	December 31, 2020 (Audited)
	-----Rupees in '000 -----	
13 RESERVES		
Revenue reserves		
General reserve	304,725	304,725
14 INSURANCE LIABILITIES		
Reported outstanding claims (including claims in payment)	22,941,196	34,878,925
Incurred but not reported claims	4,190,776	4,081,391
Liabilities under individual conventional insurance contracts	1,191,932,943	1,116,847,629
Liabilities under group insurance contracts (other than investment linked)	2,227,537	1,462,422
Other insurance liabilities	309,039	206,215
	<u>1,221,601,491</u>	<u>1,157,476,582</u>

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		September 30, 2021 (Un-audited)	December 31, 2020 (Audited)
		-----Rupees in '000 -----	
15 DEFERRED TAXATION			
Deferred tax credit arising in respect of On retained balance on Ledger Account D		<u>2,936,625</u>	<u>1,610,642</u>

	Balance as at January 1,2021	Recognized in statement of comprehensive income	Recognized in Other Comprehensive Income	Balance as at September 30, 2021
----- Rupees in '000 -----				
Defer credit arising in respect of On Retained Balance on Ledger Account D	1,610,642	1,325,983		<u>2,936,625</u>

	Balance as at January 1,2020	Recognized in statement of comprehensive income	Recognized in Other Comprehensive Income	Balance as at December 31, 2020
----- Rupees in '000 -----				
Defer credit arising in respect of On Retained Balance on Ledger Account D	636,015	974,627	-	<u>1,610,642</u>

		September 30, 2021 (Un-audited)	December 31, 2020 (Audited)
		-----Rupees in '000 -----	
16 INSURANCE / REINSURANCE PAYABLES			
Due to other insurers / reinsurers		<u>224,815</u>	<u>566,647</u>
17 OTHER CREDITORS AND ACCRUALS			
Agents commission payable		1,804,845	3,550,301
Accrued expenses		9,395,336	9,936,450
Other liabilities		<u>32,863,332</u>	<u>9,156,295</u>
		<u>44,063,513</u>	<u>22,643,046</u>

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

There are no material changes in the status of contingencies as same reported in note 22.1 to the annual unconsolidated financial statements of the Corporation for the year ended 31 December, 2020, excepts specified below:

18.1.1 The Corporation had filed appeals on different issues in the Honorable High Court of Sindh contesting the decision of the ATIR for the income years 1992-1993 to 2002-2003 mainly relating to turnover tax and excess perquisites. In addition, the issue of tax rate was raised for the income years 1992-93 to 1996-97. The Inland Revenue Department added back the excess perquisites to the taxable income and tax liability was enhanced accordingly. Further, Inland Revenue Department re-opened these assessments and rectified to invoke provisions of turnover tax on the ground that the tax paid under Fourth Schedule of the Income Tax Ordinance, 2001 is less than turnover tax and hence, should be paid accordingly. The Corporation then filed aforesaid appeals on the ground that the Fourth Schedule of the Income Tax Ordinance, 2001 restricts taxable income to that portion of actuarial surplus which is attributed to the shareholders fund by the appointed Actuary.

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Out of nine appeals, Sindh High Court decided four appeals against the Corporation. Corporation has filed CPLAs before Honorable Supreme Court of Pakistan against judgement of Sindh High Court Management of the Corporation and its tax advisor are confident that ultimate outcome of these matters will be in favour of the Corporation

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

This being a collective issue of the industry, the Insurance Association of Pakistan (IAP) has 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.

Subsequently, life insurance companies collectively filed Constitutional Petitions (CPs) before Lahore High Court (LHC) and Sindh High Court (SHC) against levy of sales tax on life and health insurance in Punjab and Sindh respectively that are pending adjudication. As far as Balochistan Revenue Authority (BRA) is concerned, no notice or communication has been received by the Corporation in this respect and hence, no petitions were filed before any court.

The Hon'ble LHC in its order dated October 03, 2019 has restrained PRA from taking any coercive measures against applicants. The Corporation has filed another petition at Hon'ble LHC against impugned show cause notice. The Hon'ble LHC, in its order dated January 21, 2020, has directed that no final order shall be passed in pursuance of the impugned show cause by Punjab Revenue Authority (PRA) until the next due date of hearing.

The Hon'ble SHC, in its interim order dated December 02, 2019, directed that the request of the petitioners, seeking exemption in terms of Section 10 of the Sindh Sales Tax Act, 2011, be considered by the Sindh Revenue Board (SRB), in accordance with the law.

Sindh Revenue Board (SRB) vide notification No.3-4/13/2020 dated June 22, 2020, has exempted life insurance from levy of service tax up to June 30, 2020 subject to the condition that person providing insurance services commences e-depositing the amount of Sindh sales tax due on such services from July, 2020 onwards. The exemption to health insurance has been extended by the SRB up to June 30, 2022 vide notification No. 3-4/17/2021 dated 30th June, 2021.

The Khyber Pakhtunkhwa Revenue Authority (KPRA) has also introduced sales tax on life and health insurance in its recent budget. Effective from 01 July, 2021, life and health insurance is taxable in Khyber Pakhtunkhwa @ 15% and 1% respectively.

Provincial Revenue Authorities invited IAP and insurance industry to hold a dialogue for amicable settlement of the matter. However, due to Covid-19 situation and consequential lockdown, consensus is not yet reached among stakeholders.

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In view of the opinion of legal advisor the Corporation has calculated estimated aggregated amount of sales tax liability amounting to Rs. 3,028.33 million (2020: Rs. 1,930.86 million), which is calculated based on risk premium and excluding the investment amount allocated to policies. Advisor is also of the view that Corporation has a reasonably strong case on the merits in the constitution petitions.

18.1.3 Additional Commissioner Inland Revenue, Audit Range B, Zone-III, LTU Karachi served notice u/s 122(9) of the Ordinance dated 10.12.2020 to SLIC 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/expalanation submitted by SLIC 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. SLIC has filed appeal before CIR-A against amended assessment order. However, date of hearing is not yet fixed.

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		September 30, 2021 (Un-audited)	September 30, 2020 (Un-audited)
	Note	-----Rupees in '000 -----	
19	NET PREMIUM REVENUE		
	Gross Premiums		
	Regular premium individual policies		
	First year	7,903,376	5,764,455
	Second year renewal	4,524,654	4,761,598
	Subsequent year renewal	46,003,113	41,860,521
	Group policies with cash values	4,439	4,355
	Group policies without cash values	35,244,971	14,178,110
	Less: experience refund	(6,307,232)	(7,252,041)
	Total Gross Premiums	87,373,321	59,316,998
	Less: Reinsurance Premiums Ceded		
	On individual life first year business	(24,582)	(14,431)
	On individual life second year business	(12,048)	(10,597)
	On individual life renewal business	(90,661)	(88,647)
	On group life business	-	-
		(127,291)	(113,676)
	Net Premium revenue	87,246,030	59,203,322
20	INVESTMENT INCOME		
	Income from equity securities		
	<i>Fair value through profit or loss</i>		
	- Dividend income	5,408,618	3,168,476
	Income from government and debt securities		
	<i>Held to maturity</i>		
	- Return on government and debt securities	65,893,339	61,415,383
		71,301,957	64,583,859
21	NET REALISED FAIR VALUE GAIN / (LOSS) ON FINANCIAL ASSETS		
	<i>Fair value through profit or loss</i>		
	Realised gain / (loss) on equity securities	55,222	201,317
22	NET FAIR VALUE LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
	Net unrealised loss on investments at fair value through profit or loss	(5,875,397)	(2,868,425)
	Investment related expenses	(68,886)	(41,355)
		(5,944,283)	(2,909,780)
23	NET RENTAL INCOME		
	Rental income	972,013	854,278
	Less: Expenses of investment property	(574,780)	(371,143)
		397,234	483,135
24	OTHER INCOME		
	Return on bank balances	2,859,605	1,619,917
	Return on loans to employees	37,252	41,389
	Return on loans to policyholders	6,589,196	7,678,193
	Exchange gain on revaluation	1,710,867	1,449,228
	Miscellaneous income	86,367	72,767
		11,283,288	10,861,493

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		September 30, 2021 (Un-audited) -----Rupees in '000 -----	September 30, 2020 (Un-audited)
25 NET INSURANCE BENEFITS	Note		
Gross Claims			
Claims under individual policies			
- by death		8,064,313	5,728,291
- by insured event other than death		239,392	231,335
- by maturity		10,682,294	8,110,407
- by surrender		22,750,076	22,841,994
- annuity payments		9,748	6,240
Total gross individual policy claims		41,745,823	36,918,267
Claims under group policies			
- by death		6,753,329	2,015,503
- by insured event other than death		17,385,662	3,681,015
- by maturity		-	-
- by surrender		1,090	26
- annuity payments		147	433
- experience premium refund		-	-
Total gross policy claims		24,140,228	5,696,977
Total Gross Claims		65,886,051	42,615,244
Less: Reinsurance Recoveries			
-on individual life claims		(78,514)	(49,758)
-on group life claims		-	-
		(78,514)	(49,758)
Claim related expenses		8,819	6,501
Net insurance benefit		65,816,356	42,571,987
26 ACQUISITION EXPENSES			
Remuneration to insurance intermediaries on individual policies:			
- commission to agent on first year premiums		3,677,164	2,670,275
- commission to agent on second year premiums		500,936	520,723
- commission to agent on subsequent renewal premiums		1,896,046	1,692,504
- other benefits to insurance intermediaries		352,306	322,857
- branch overhead		1,312,904	970,278
Remuneration to insurance intermediaries on group policies:			
- commission		2,255	2,048
- other benefits to insurance intermediaries		80	481
Other acquisition costs			
- Stamp duty and medical fee		965,217	659,900
		8,706,908	6,839,066
27 MARKETING AND ADMINISTRATION EXPENSES			
Employee benefit cost	27.1	5,643,833	5,359,988
Travelling expenses		213,914	99,515
Advertisement and sales promotion		4,523	5,650
Balance carry forward		5,862,270	5,465,153

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	September 30, 2021 (Un-audited)	September 30, 2020 (Un-audited)
Note	-----Rupees in '000 -----	
<i>Balance brought forward</i>	5,862,270	5,465,153
Printing and stationery	65,706	46,229
Depreciation	79,834	83,497
Rent, rates and taxes	115,016	103,502
Legal and professional charges - business related	542,334	308,265
Electricity, gas and water	153,136	100,907
Computer Expenses	23,288	8,263
Bank charges	35,542	22,754
Postages, telegrams and telephone charges	70,731	64,984
Appointed Actuary fees	5,817	3,432
Annual Supervision fees SECP	37,500	37,500
	<u>6,991,174</u>	<u>6,244,486</u>
27.1 Employee benefit cost		
Salaries, allowances and other benefits	5,232,334	4,283,752
Charges for post employment benefit	411,499	1,076,236
	<u>5,643,833</u>	<u>5,359,988</u>
28 OTHER EXPENSES		
Auditors' remuneration	28.1 9,231	9,151
Training expense	24,368	17,953
Revenue stamps	30,097	24,102
Insurance charges	179,703	171,589
Office maintenance	59,627	48,919
Entertainment	13,257	9,253
Other rent, rates and taxes	15,385	14,897
Miscellaneous	27,449	16,873
	<u>359,117</u>	<u>312,736</u>
28.1 Auditors' remuneration		
Business within Pakistan		
<i>Half yearly review fee</i>		
BDO Ebrahim & Co.	1,927	1,863
Grant Thornton Anjum Rahman	1,927	1,863
	3,855	3,726
<i>Half yearly review out of pocket expenses</i>		
BDO Ebrahim & Co.	619	506
Grant Thornton Anjum Rahman	619	506
	1,237	1,013
Business outside Pakistan		
Nabeel AL-Saie Public Accountants	3,741	4,412
Out of pocket expense	398	
	4,139	4,412
	<u>9,231</u>	<u>9,151</u>

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		September 30, 2021 (Un-audited)	September 30, 2020 (Un-audited)
	Note	-----Rupees in '000 -----	
29	INCOME TAX EXPENSE		
	For the period		
	Current	532,020	544,632
	Deferred	<u>1,325,983</u>	<u>616,659</u>
		<u><u>1,858,003</u></u>	<u><u>1,161,291</u></u>
30	EARNINGS PER SHARE		
	Profit (after tax) for the period	4,545,252	2,840,271
	Weighted average outstanding number of ordinary shares as at period end	<u>46,000</u>	<u>43,000</u>
	Earnings per share (Rupees)	<u><u>98.81</u></u>	<u><u>66.05</u></u>

31 **DATE OF AUTHORIZATION FOR ISSUE**

These unconsolidated condensed interim financial statements were approved and authorized for issue on ~~06 APR 2022~~ by the Board of Directors of the Corporation.

32 **GENERAL**

Figures in these unconsolidated condensed interim financial statements have been rounded off to nearest thousand of Rupees unless otherwise stated.

			
CHAIRMAN	DIRECTOR	DIRECTOR	CHIEF FINANCIAL OFFICER
Shoaib Javed Hussain	Humayun Bashir		Muhammad Rashid

Pourchisty Sidhwa

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 nine months ended September 30, 2021, 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 year 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 September 30, 2021, 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.



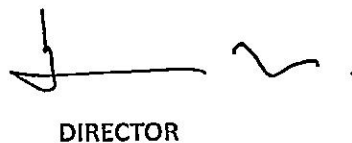
CHAIRMAN

Engr. Naveed Hussain



DIRECTOR

Pouruchisty Sidhwa



DIRECTOR

Humayun Bashir



CHIEF FINANCIAL OFFICER

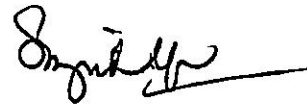
Muhammad Rashid

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 September 30, 2021 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.



(Shujaat Siddiqui)

Appointed Actuary of the Corporation

Dated: 04 APR 2022