STATE LIFE
INSURANCE CORPORATION OF PAKISTAN

THE STATE OF PROGRESS

50 YEARS OF SERVICE & TRUST

ANNUAL REPORT
2021

Contents

Objectives

To run life insurance business on sound lines. To provide more efficient services of the policyholders.

To maximize the return to the policyholders by economizing expenses and increasing on investment.

To make life Insurance a more effective means of mobilizing national savings.

To widen the area of operations of life Insurance and make it available to as large a section of the population as possible, extending it from comparatively more affluent sections of society to the common man in towns and villages. To use policyholders fund in the wider interest of the community.

Mission

To remain a leading insurer in the country by extending the benefits of life insurance to all sections of society and meeting our commitments to our policyholders and nation.

Quality Policy

To ensure satisfaction of our valued policyholders in processing new business, providing after sales services and optimizing return on life fund through a quality culture and to maintain our position as the leading insurer in Pakistan.

CORE VALUES

Chairman's Message

The founding principle for State Life Insurance Corporation of Pakistan has been to "secure that life insurance business is developed to the best advantage of the community".

Since its inception in 1972, State Life has been successfully meeting its vision, leading Pakistan's insurance industry, enhancing social and financial protection of Pakistanis from Karachi to Khyber and Gwadar to Gilgit.

Over its 50 years journey, State Life has focused on servicing its esteemed customers with more than 11,000 locations across Pakistan and is the sole insurance company to allocate 97.5% of its profits to its policyholders in the shape of bonuses.

During 2021, despite unprecedent COVID challenges, State Life has continued its mission to serve its community and policyholders by declaring record setting bonuses with expected bonus allocation of more than Rs 80bn in 2021; and a historic payout ratio with more than Rs 100bn expected claim payments in 2021.

State Life has extended its services to our community beyond life protection to health solutions too. It proudly serves the Sehat Sahulat program.

By staying true to its mission and purpose, in 2021 State Life has achieved record setting growth across all lines of business. Across its life and health protection solutions; State Life is honored to serve more than 130m Pakistanis.

State Life has strengthened its financial position via a self sustained model, with no debt leverage or government grant since its inception; strong dividend payouts and an increasing investment and real estate portfolio with more than Rs 1 trillion assets under management. Through its sound financial management and protection solutions, State Life is the only insurer in Pakistan to be rated AAA by PACRA. State Life through its operations provides livelihood to more than 135,000 Pakistanis.

As State Life looks towards the next 50 years; we strive to continue serving our community through:

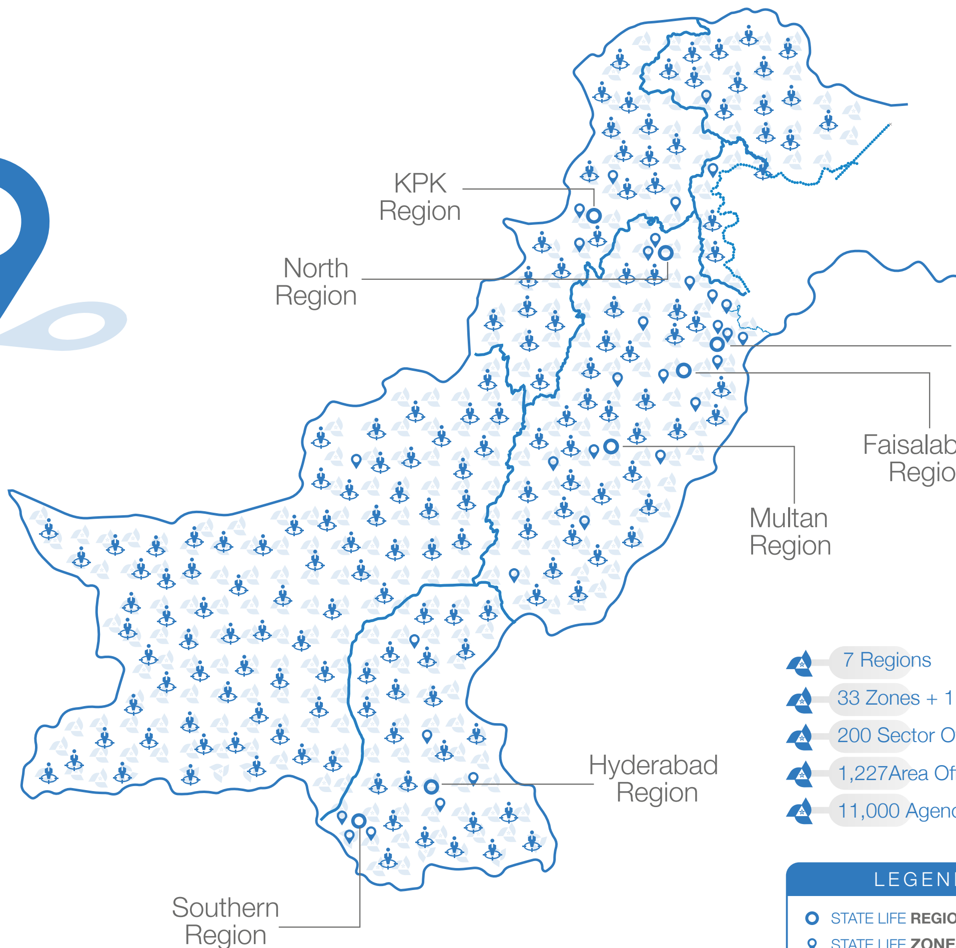
- Enhancing value-adding life and health protection solutions for Pakistanis across all strata of society
- Solutions serving Overseas Pakistanis via National Remittance Loyalty Program and Bureau of Emigration
- Strategic partnerships supporting IT and digital economic development in Pakistan
- Innovative financial and protection solutions ensuring youth and women empowerment across Pakistan
- Development of digital services and solutions for its customers
- Strategic partnerships with leading banks and organizations in Pakistan to provide 'best-in-the-industry' solutions to our respective customers

On behalf of the State Life family, I thank our customers and partners for their continued trust and pledge our continued services to Pakistan.

Shoaib Javed Hussain
Chairman
State Life Insurance Corporation of Pakistan

STATE LIFE
INSURANCE CORPORATION OF PAKISTAN

PAKISTAN



- 7 Regions
- 33 Zones + 1 Zone at UAE
- 200 Sector Offices
- 1,227Area Offices
- 11,000 Agency Offices

LEGEND

- STATE LIFE **REGION**
- STATE LIFE **ZONES**
- STATE LIFE **AGENCY OFFICES**

OVER 11,000 AGENCY OFFICES COVERING EVERY PART OF PAKISTAN.

ZONES

- Abbottabad Zone
- Benazirabad (Nawabshah) Zone
- Bahawalpur Zone
- Dera Ghazi Khan Zone
- Faisalabad Zone
- Gujranwala Zone
- Gujrat Zone
- Gilgit Zone
- Hyderabad Zone
- Islamabad Zone
- Jhang Zone
- Jhelum Zone
- Karachi Southern Zone
- Karachi Eastern Zone
- Karachi Central Zone
- Kohat Zone
- Larkana Zone
- Lahore Central Zone
- Lahore Western Zone
- Mirpur Khas Zone
- Multan Zone
- Mirpur AK Zone
- Narowal Zone
- Peshawar Zone
- Quetta Zone
- Rawalpindi Zone
- Rahim Yar Khan Zone
- Sargodha Zone
- Sahiwal Zone
- Sialkot Zone
- Sukkur Zone
- Swat Zone
- Vehari Zone
- Gulf Zone

Our Journey

The insurance business was consolidated at the state level in 1972 and entrusted to State Life Corporation of Pakistan (SLIC). SLIC is headed by Chairman assisted by Executive Directors appointed by Federal Government. The affairs are overseen by the Board of Directors which is constituted by the Federal Government in view of nationalization order 1972 and insurance ordinance 2000. The Board independently takes decisions for progressive betterment of the Corporation as a result of which the Corporation is maintaining not only AAA rating in the insurance industry but owns assets worth more than Rs. 1.3 Trillion. The futuristic strategy is in place by virtue of which express, progress and unexplored area is anticipated.

BUSINESS HIGHLIGHTS

Strong Performance for the Year 2021

GROWTH

TOTAL ASSETS
RS. 1.36 TRILLION +
+13.7%

PAK LIFE FUND
RS. 1.22 TRILLION +
+11.93%

FIGURES ARE ESTIMATED

EARNINGS

PREMIUM INCOME
RS. 161.78 BILLION+
+35.9%

INVESTMENT INCOME
RS. 109.47 BILLION+
+3.8%

PAYOUT

ACTUARIAL SURPLUS
RS. 85.12 BILLION +
+12.0%

CLAIM PAYMENT
RS. 98.04 BILLION +
+51.6%

Yield for the Year 2021 was 10.14%

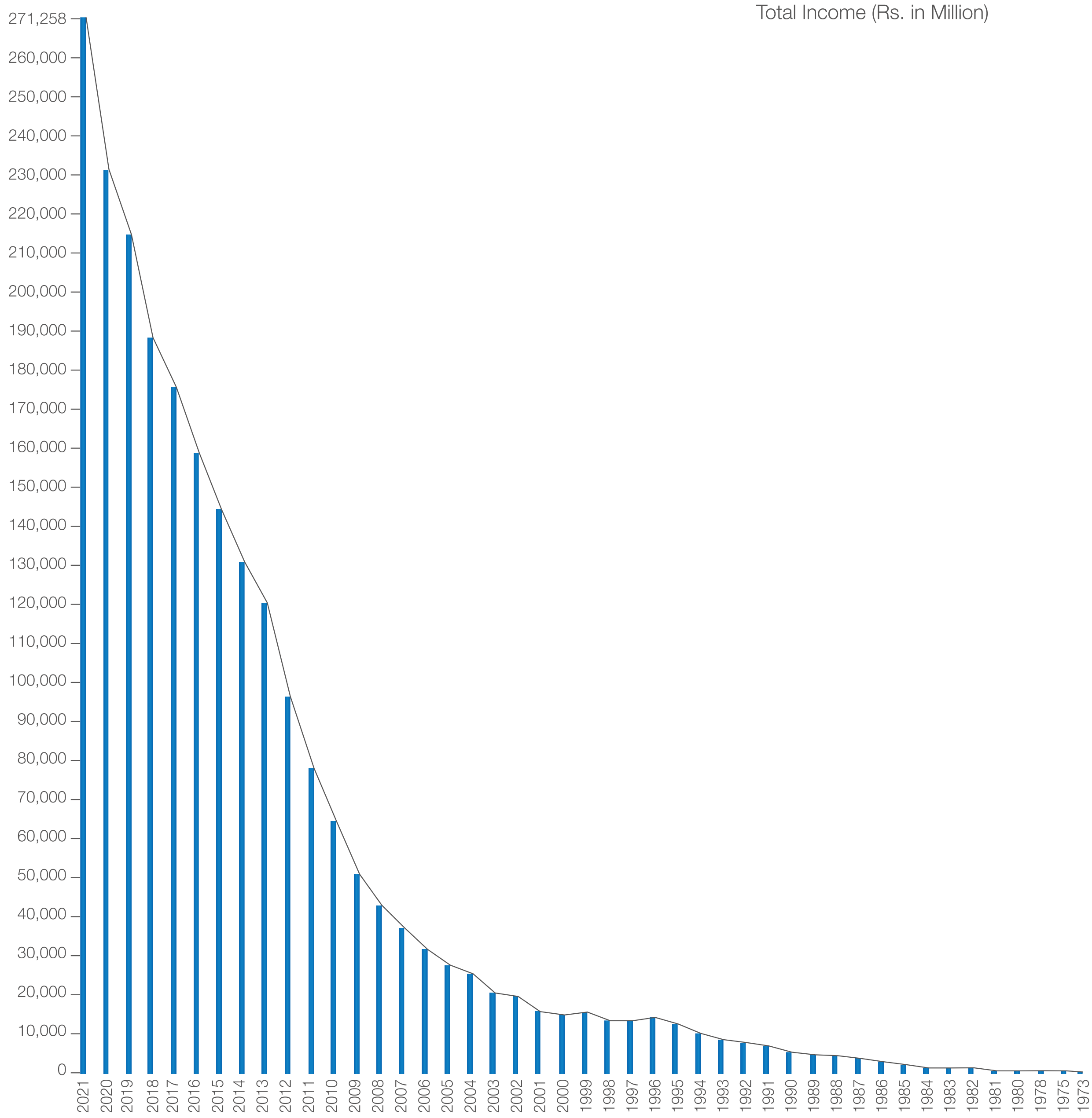
ROBUST PERFORMANCE
CORPORATE GROWTH

- 55%+ MARKET SHARE
- 97.5% SHARE OF SURPLUS TO POLICYHOLDERS
- SELF-SUSTAINED MODEL NO DEBT LEVERAGE OR GOVERNMENT GRANT SINCE INCEPTION
- ENHANCED DECLARED POLICYHOLDERS' BONUS
- AAA PACRA RATING
- STRONG DIVIDEND PAYOUT TO GOVERNMENT OF PAKISTAN
- REAL ESTATE PORTFOLIO MANAGING 92 PROPERTIES (57 COMMERCIAL BUILDINGS, 14 RESIDENTIAL BUILDINGS & 21 COMMERCIAL PLOTS) ACROSS PAKISTAN

Customer Care

- STRONG CLAIM PAYOUT RATIO
- 11,000+ AGENCY OFFICES TO SERVE POLICYHOLDERS
- 140 MILLION+ LIVES COVERED
- 135,000+ CONVENTIONAL FIELD FORCE
- INTEREST-FREE LOAN TO POLICYHOLDERS FOR MAJOR SURGERIES
- PARTNERSHIP WITH BANK ALFALAH AND UBL FOR PREMIUM & LOAN COLLECTION
- LARGEST SOCIAL HEALTH INSURANCE PROVIDER. 97.5% CUSTOMER SATISFACTION IN SEHAT SAHULAT
- OUR CORPORATE OFFICES 7 REGIONS & 33 ZONES
- POLICY BENEFITS GUARANTEED BY GOVERNMENT OF PAKISTAN

SLIC Journey to Success



Human Resource

1. SLIC Human Resource Management (HRM) is the strategic and coherent approach to management, its valued asset. The people working there who individually and collectively contribute to the achievement of the objectives of the business. SLIC Personnel and General Services Division, Principal Office (i.e. Personnel Division, General Services Department, Medical Department and Staff Training Department) monitors and supports activities of P&GS in 7 regions and 33 zones of Individual Life, Real Estate, G&P Division, Health Insurance Division, Bancassurance, Takaful Insurance and G&P zones.

2. The HR policies provide SLIC with a mechanism to manage risk by staying up-to-date with current trends in employment standards and legislation. SLIC HR policies are framed in a manner to achieve the Corporation vision and the human resource helping the Corporation or work towards it at all levels to be benefited and at the same time without deviating from their main objective both development side and non development side of Corporation.

3. SLIC Human Resource Policies are established systems of codified decisions to support administrative personnel functions, performance management, employee relations and resource planning. State Life Employees (Service) Regulation 1973 embeds all the HR Policies and Procedures related to its employees which encompass the following areas:

   Health, Safety and Security, Selection and Placement, Wage, Salary and Benefits, Leaves and Attendance, Loans and Advances, Move Over/Upgradation, Promotion, Special Pay and Allowances, Fixation of Pay, General Conduct and Discipline and Travelling Expenses.

4. SLIC Human Resource policies also cover Post Retirement Benefits of its Employees (i.e. Pension, Gratuity, Provident Funds, Compulsory Group Insurance, Voluntary Group Insurance and Medical Facilities for Officers).

5. The established policies help SLIC to demonstrate, both internally and externally, that it meets requirements for diversity, ethics and training as well as its commitment in relation to Collective Bargaining Agents of Unionized Staff, regulation and corporate governance. The established HR Policies set out obligations, standards of behavior and document disciplinary procedures, which is the standard approach to meet these obligations. SLIC HR Policies are also very effective in supporting and building the desired organizational culture.

Satisfaction of Policyholders

Prime objective of the Policyholders Service Division is to render quality services to its policyholders. In this pursuit certain measures have been taken to improve services such as quality underwriting, prompt settlement of claims and handling of grievances of policyholders/claimants or their successors on priority basis. New and improved online access makes it quick, simple and secure to view and make queries and obtain policy related information. Policyholders can, register for online access, download forms, view policy status, make request for change in address, nomination etc. Further, the details of outstanding maturity claims have been made available on website along with simplified procedure and contact details of concerned officials of Policyholders Service Division. A free of cost e-Alert SMS based value added service has also been started for quick acknowledgement and response on different events to policyholders. These steps have not only increased the level of satisfaction of our policyholders but have also contributed towards growth of business in insurance industry.

No More Doubts!

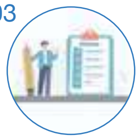
Buy Insurance In just Few Simple Steps

01

Choose Your Desired Plan

02

Get Instant Quote & Package Details

03

Fill in Proposal Details

04

Pay Online

05

Get Your Policy & Be Secure

www.digital.statelife.com.pk

Buy Policy Online

Key Products

Individual Life Plans

- Whole Life Assurance
- Endowment Assurance
- Sadabahar Plan
- Anticipated Endowment Assurance
- Shad Abad Assurance
- Jeevan Saathi Assurance
- Child Education and Marriage Assurance
- Child Protection Assurance
- Sunheri Policy
- Shehnai Policy
- Optional Maturity Endowment
- Nigehbaan
- Muhafiz Plus Assurance
- Supplementary Covers
- Committee Policy

Group Life & Pension Plans

- Term Insurance Scheme
- Provident Fund Insurance Scheme
- House Building & Perquisites Insurance
- Pay Continuation Scheme
- Group Endowment Insurance Scheme
- Group Pension Scheme
- Private Education
- State Life Ride Protection Plan

Insurance Plans for Gulf

- Whole Life Assurance
- Endowment Assurance
- Anticipated Endowment Assurance
- Shad Abad Assurance
- Jeevan Sathi Assurance
- Child Education & Marriage Plan
- Child Protection Assurance
- Wealth Builder Plan
- Supplementary Covers

Bancassurance Plans

- Endowment Plan
- Three Payment Plan
- Sadabahar Plan

Health Insurance Plans

- Health Care Plans

Takaful Plans

- Takaful Saving Plan
- Takaful Child Education and Marriage Plan
- Takaful Endowment Plan

Individual Life Plans

Common Features and Benefits of Plans

All your invested premiums are completely secure. This means at the time of maturity of the plan, you get the entire cash value accumulated during the term of the plan plus bonuses. All Plans are flexible which give you the ability to select the sum assured of your choice.

Whole Life Assurance

It is a unique combination of protection and savings at a very economical premium. Death at any time before age of 85 years terminates payment of premiums and the sum insured and attached bonuses become payable. In the event the insured survives to the policy anniversary at age 85 years, the policy matures and the sum insured plus bonuses become payable. Under this plan, the rates of bonuses are usually much higher than the other plans and if help in increasing not only protection but also the investment element of the policy substantially. Supplementary cover can be attached with this plan.

This plan is best suited for youngsters who are at initial stages of their careers and cannot afford to pay high premiums. Individuals who anticipate requirement of a lump sum in far future can also opt this plan.

Please visit our website for further details and premium calculation.

Endowment Assurance

Eligible Ages:
Minimum Age: 10 years
Maximum Age: 65 years
Age (Maximum) on Maturity: Age 75 years

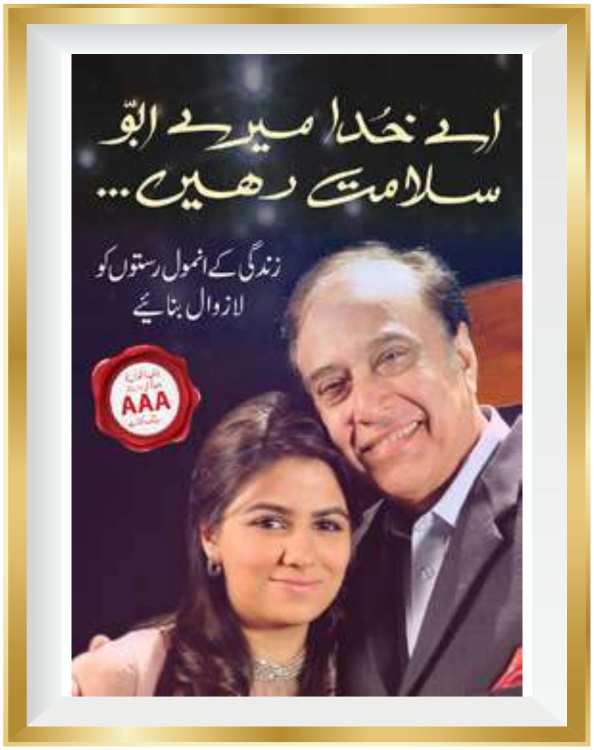
Allowable Riders: Can be attached with this plan

It's the safest and surest method of guaranteed cash provision either at a specified time or at death (Allah forbid). Under these policies, the sum assured plus bonuses are payable at the end of the specified number of years or at death of the life insured if earlier. Premiums are payable for the specified number of years or till death, if earlier. The benefits under the plan can be further increased by attaching supplementary covers.

This policy will acquire a surrender value after it has been inforce for at least two consecutive years provided no premiums are in default. The surrender value will be quoted by State Life on request of the policyholder.

The plan serves the requirements of a family in various shapes by way of financial help at retirement, education of children or provision of capital for business.

Please visit our website for further details and premium calculation.



Individual Life Plans

Sadabahar Plan

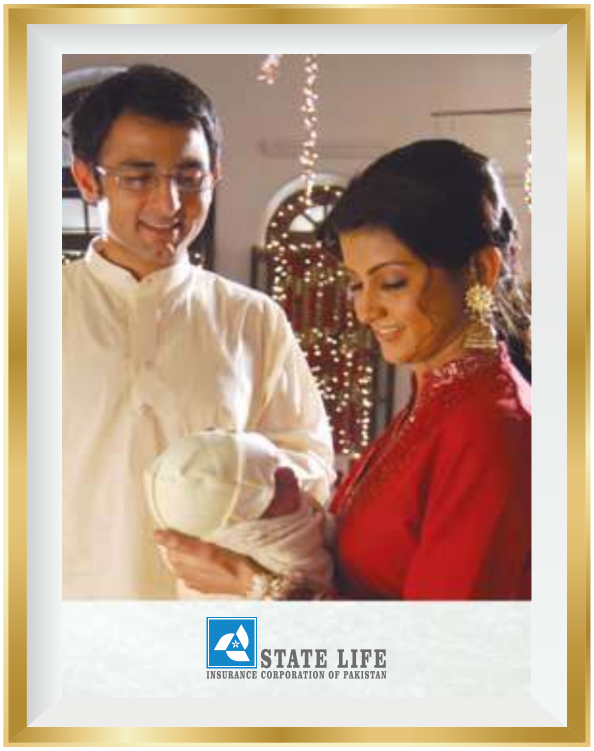
Sadabahar is an anticipated endowment type with-profit plan that provides lump sum benefits at certain stages during the premium-paying term or on earlier death. In addition, this plan has a built-in Accidental Death Benefit (ADB) rider so that the policyholder gets an additional sum assured in case of death due to an accident.

This plan is a safe instrument for cash provision at the time of need. With this plan, the policyholder can secure greater protection and continued prosperity for the family at an affordable cost.

Admissible Ages and Terms. This plan is available to all members of the general public, aged from 20 to 60 years nearest birthday. Both males and females may purchase this plan. Terms offered under this plan are 12,15,18, 21, 24, 27 and 30 years.

Payment Frequency: The premiums can be made annually, semi-annually, quarterly or monthly.
Investment Fund: Government Securities, Real Estate Rentals, Blue Chip Equities
Plan Type: Bonus-based
Loan Facility: After Completion Three (3) Premiums Paid.
Policy Surrender Option: Allowed after Three (3) annual premiums are received.

Please visit our website for further details and premium calculation.



Jeevan Saathi Assurance

Eligible Ages:
Minimum Age (Equivalent): 20 years
Maximum Age: 50 years
Equivalent Age (Maximum) on Maturity: 70 years
Allowable Riders: Can be attached with this plan.

This is a joint life plan and covers lives of two partners say husband and wife simultaneously. Premiums are payable till the end of the specified term or till death of either of the insured persons, if earlier. The plan contains extensive benefits; an overview of which appears as under:

On the death of the first life, the sum insured will be paid to the survivor. Further premiums under the policy will be waived, but the insurance protection of the second life will continue. Also, the policy will continue to participate in profits of the Corporation. On death of the second life, again the sum assured will be paid together with the attaching bonuses. In this event, the policy will terminate.

Please visit our website for further details and premium calculation.

Individual Life Plans

Child Education & Marriage Plan

Eligible Ages:
Minimum Age: 20 years
Maximum Age: 60 years
Age (Maximum) on Maturity: 70 years
Allowable Riders: Can be attached with this plan.

Child Education & Marriage Assurance is a plan for the protection of child's future. It provides a lump sum benefit for the child at the completion of the policy term. On completion of term of the policy, sum assured together with the accrued bonuses become payable to the policyholder.

If the policyholder dies (Allah forbid) before completion of the term, a family income benefit of Rs. 240 per 1,000 sum assured per annum is paid to the child until the completion of policy term. Further, future premiums under the policy are waived and policy remains in force with full sum assured and becomes payable on the completion of term with accrued bonuses.

Please visit our website for further details and premium calculation.

Group Life & Pension Plans

Term Insurance Scheme

Product Subscription / Features

Group Term Insurance Plan provides life insurance coverage to the member of a group, such as the employees of an employer. The amount of coverage of each member is determined with reference to either his designation or salary or employment category or some other similar variable.

What need does it fulfill?

This plan provides insurance protection to the members of a group at a very affordable minimum possible cost, 24 hours coverage around the world.

By promoting a sense of financial security amongst the employees it contributes to improving the working environment for the employer resulting in higher productivity.

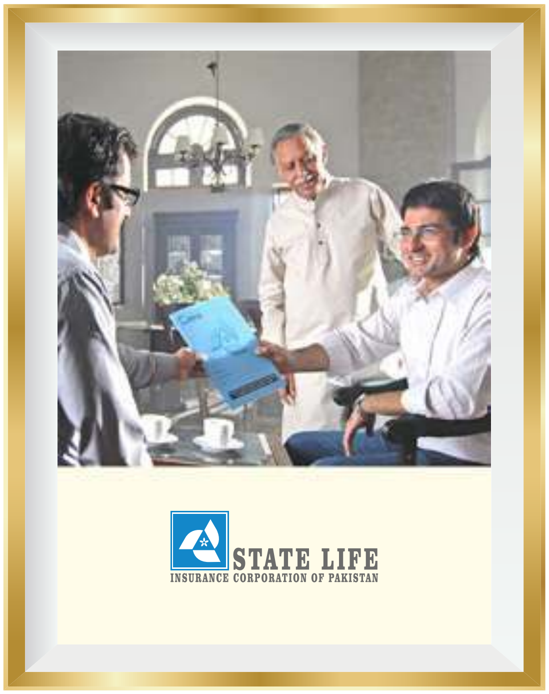
In most cases the employer is legally obliged to provide insurance cover to his employees. This plan helps the employer to fulfill this requirement.

Premiums are tax-deductible for the employer. Total premium under group term insurance is lower as compared to sum of premium of all policies if issued individually to each life, due to savings in expenses.

Please visit our website for further details.

Group Life & Pension Plans

Group Endowment Insurance Scheme

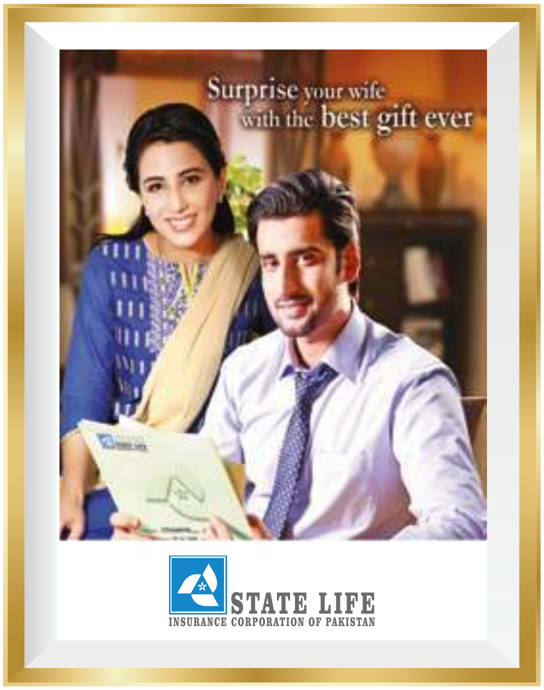


Group Endowment Scheme is a unique saving and protection scheme through which the employees of an employer can enjoy insurance protection throughout their service and also get a lump sum cash amount upon their retirement if they survive upto retirement.

What need does it fulfill?

In Pakistan most employers do not operate any pension scheme for their employees although some employers may have a provident fund scheme or a gratuity scheme. The expected benefits at retirement under a typical provident fund scheme and gratuity scheme combined are woefully inadequate for a retiring employee for maintaining his standard of living after retirement unless he supplements these benefits with his own personal savings. Keeping this in view, some employers may wish to encourage a habit of saving amongst their employees for their own welfare. Group Endowment Insurance Scheme can be a means of introducing a compulsory saving scheme for the employees under the sponsorship of the employer. Participation in the scheme is usually compulsory. However, if participation in the scheme is voluntary, at least 75% of eligible employees must participate.

Please visit our website for further details.



Group Pension Scheme

State life, has become increasingly aware of the predicament of progressive employers wanting to better the lifestyle of their employees by providing financial security and job satisfaction, but not being able to do so, due to lack of availability of avenues and opportunities. This booklet is a guide to the State Life's Pension Scheme that enables an employer to provide substantial benefits to employees and ensure a higher state of well-being for them. It explains the institution, administration and benefits of the pension scheme with the help of expert professionals of Pensions Division.

We advise a pension scheme due to following benefits to the Employees:

- After retirement when the monthly pay-cheque stops, the individual starts receiving a regular monthly income in the form of a pension.
- While contributing to the scheme, the individual gets a tax concession.
- The individual, after retirement, has no fear of a drastic reduction in his standard of living.
- Retirement comes as planned and not abruptly as a shock.

State Life's Pension Scheme is the only source which provides a steady monthly income, when other sources of income stop.

Please visit our website for further details.

Group Life & Pension Plans

State Life Ride Protection Plan

SLIC, in collaboration with Alpha Insurance Company (a subsidiary of SLIC) offers "State Life Ride Protection Plan" for insuring Accidental death and Disability alongside Hospitalization cover for the Rider and Passenger. This shall also cover valuables of Passengers and Consignments, in case of any theft. This Product, first of its kind, is bound to extend the protection benefits to the uninsured people who cannot afford in Pakistan the conventional Insurance services.

The other key feature of this agreement is the true digital innovation and access to the passengers and rider, the common citizen, embarking a paradigm shift from the conventional insurance approaches. These features and affordable costs will be the reason for its attraction for similar Ride services, providing valuable protection at the beneficiary's fingertips.

Further more, we will extend this "State Life Ride Protection Plan" for Riders of all segments i.e. (e-commerce, courier companies and food delivery startups of Pakistan) in logistic industry.

Please visit our website for further details.

Bancassurance Plans

Endowment Plan

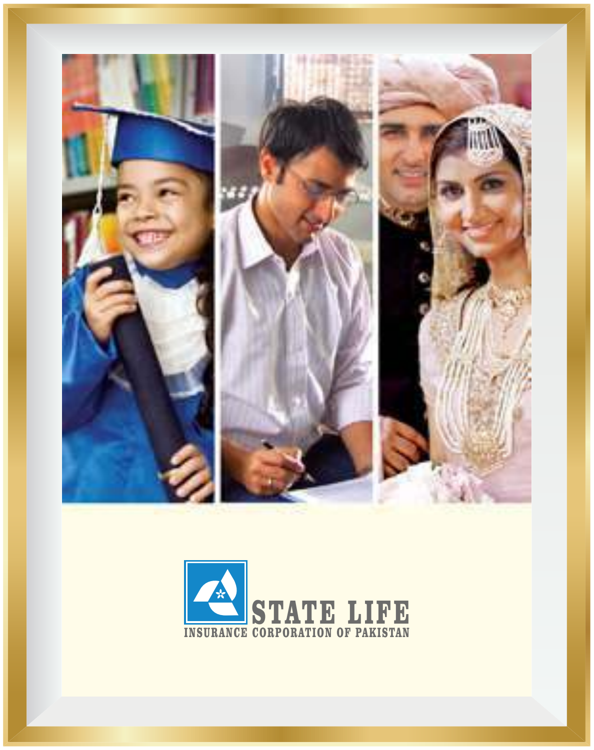
Payment Frequency:	The premiums can be made annually, semi-annually, quarterly or monthly.
Investment Fund:	Government Securities, Real Estate rentals, Blue Chip Equities
Plan Type:	Bonus-based
Loan Facility:	After Completion Three (3) Premiums Paid.
Policy Surrender Option:	Allowed after Three (3) annual premiums are received

It's the safest and surest method of guaranteed cash provision either at a specified time or at death (Allah forbid). Under these policies, the sum assured plus bonuses are payable at the end of the specified number of years or at death of the life insured if earlier. Premiums are payable for the specified number of years or till death, if earlier. The benefits under the plan can be further increased by attaching supplementary covers.

The plan serves the requirements of a family in various shapes by way of financial help at retirement, education of children or provision of capital for business.

Please visit our website for further details and premium calculation.

Bancassurance Plans



Three Payment Plan

State Life Three Payment Plan is a unique endowment assurance as it provides an option to avail the benefit of 25% withdrawal of the sum assured on the completion of one-third and two-third term of the policy. On completion of term of the policy, the remaining 50% sum assured plus accrued bonuses shall be payable. This plan provides an option for pre-determined, periodic withdrawals during the currency of policy. In case of death during the term of the policy, the plan provides for lump sum payment of full sum assured (irrespective of periodic withdrawals) to the beneficiaries.

This plan is a safe instrument for cash provision at the time of need. With this plan, the policy holder can secure greater protection and continued prosperity for the family at an affordable cost.

Features and Benefits

All your invested premiums are completely secure. This means at the time of maturity of the plan, you get the entire cash value accumulated during the term of the plan plus bonuses.
It is a flexible plan which gives you the ability to select the sum assured of your choice.

Please visit our website for further details & premium calculation.

Sadabahar Plan

Sadabahar is an anticipated endowment type with-profit plan that provides lump sum benefit at certain stages during the premium-paying term or on earlier death. In addition, this plan has a built-in Accidental Death Benefit (ADB) rider so that the policyholder gets an additional sum assured in case of death due to an accident.

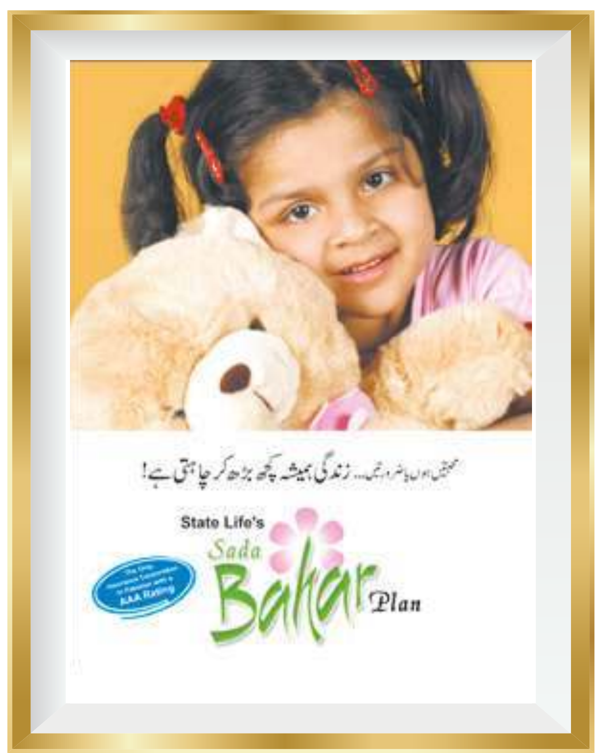
This plan is a safe instrument for cash provision at the time of need. With this plan, the policyholder can secure greater protection and continued prosperity for the family at an affordable cost.

Admissible Ages and Terms

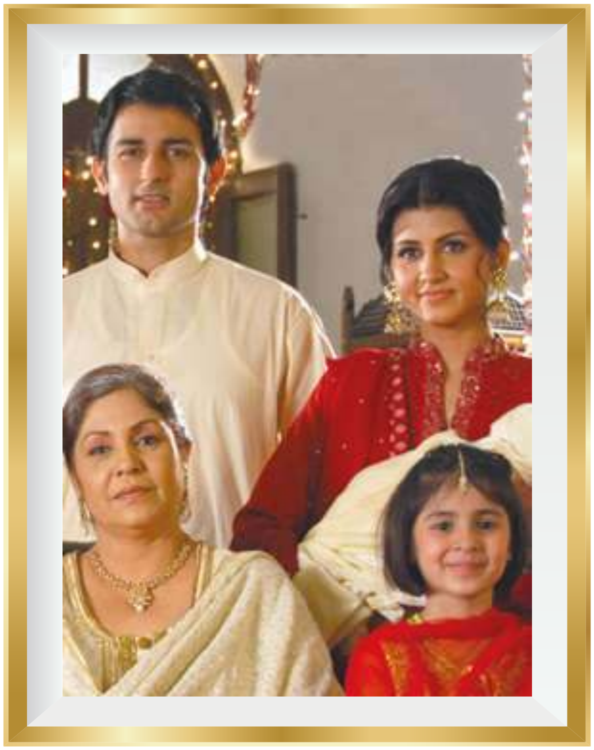
This plan is available to all members of the general public, aged from 20 to 60 years nearest birthday. Both males and females may purchase this plan. Terms offered under this plan are 12,15,18, 21, 24, 27 and 30 years.

Payment Frequency:	The premiums can be made annually, semi-annually, quarterly or monthly.
Investment Fund:	Government Securities, Real Estate Rentals, Blue Chip Equities
Plan Type:	Bonus-based
Loan Facility:	After Completion Three (3) Premiums Paid.

Please visit our website for further details and premium calculation.



Takaful Plans



Takaful Saving Plan

Brief

The plan offers fund accumulation under basic level contribution payable throughout the term of the membership. This level of contribution shall be at the discretion of the participant based on their saving capability and future needs. The plan will provide protection against death of the participant within the membership term by providing a Lump Sum Benefit equal to the Carrying Value of the Participants Investment Fund (PIF) but not less than the Sum Covered under the membership needs. Upon death of the participant, Death Benefit equal to the Carrying Value of Participant's Investment Fund (PIF) or the sum cover whichever is higher shall be payable to the beneficiary. For the purpose of ascertaining the death benefits, any partial withdrawals that have already been taken by the Participant shall be included together with the Carrying Value of Participant's Investment Fund (PIF).

Maturity Benefits

The accumulated value of the Participant Investment Fund (PIF) attributable to the membership shall be paid out on the maturity date.

Additional Value Added Options for both products.

Please visit our website for further details and premium calculation.

Takaful Child Education and Marriage Plan

Plan Type Shariah Compliant Unit-Linked
Entry Age (Payer): 18 to 57
Entry Age (Minor): 01 to 15
Tenure Minimum: 10 years, Maximum: 30 years

The plan offers lump sum asset accumulation under basic level contribution payable throughout the term of the membership. This level of contribution shall be at the discretion of the participant based on their saving capability and future needs. The plan will hence provide protection against death of the participants within the membership term by allowing the membership to continue with subsequent payable regular contributions waived and thus, ensuring the planned savings to be achieved under such circumstances. Upon death of the Participant, future regular contributions shall be waived and will be paid out from the Participant Takaful Fund (PTF) and credited to the Participant's Investment Fund (PIF) (Admin Charge, Unit Allocation Charge and Investment Management Charge will still be applicable as usual). The accumulated value of the Particiapants's Investment Fund (PIF) attributable to the membership shall then be paid out on the maturity date of the membership.

Maturity Benefits

The accumulated value of the Participant Investment Fund attributable to the membership shall be paid out on the maturity date.

Please visit our website for further details and premium calculation.

Takaful Plans

Takaful Endowment Plan

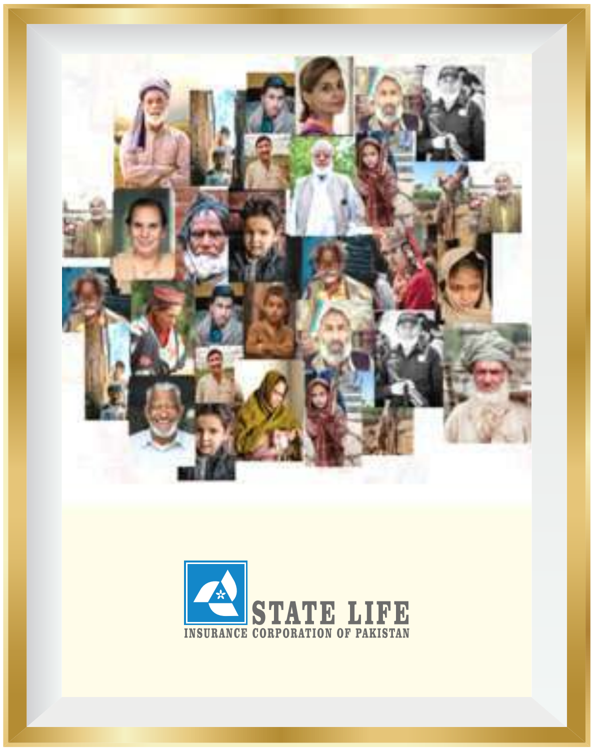
Brief
This plan has been especially designed for those individuals who seek protection, savings and investment under Shariah principles. The plan shall fulfil their future needs like financial necessities after retirement, children's higher education and marriage, establish & expansion of business, purchase of land or renovation & construction of house and most importantly financial protection of a family in case of sudden death.

Death Benefits
Upon death of the participant during the membership term, Death Benefit equal to the Sum Covered plus declared bonuses will be payable from Participant Takaful Endowment Fund (PTEF). Additionally, Carrying Value of Participant Investment Account is also payable to the nominee.

Maturity Benefits
On maturity of the membership, Sum Covered and declared bonuses shall be payable from Participant Takaful Endowment Fund (PTEF) in addition to carrying value of Participant Investment Endowment Fund (PIEF).

Please visit our website for further details and premium calculation.

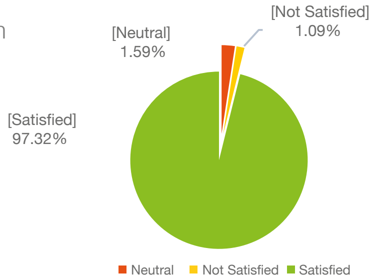
Health Insurance
Pakistans' Largest Health Insurer



- Flexible (Group) Corporate and Individual Health Insurance Plans
- 700+ empanelled hospitals across Pakistan
- Providing Sehat Sahulat services across more than 96 districts in Pakistan
- 6000+ daily admissions on cashless hospitalizations Health app
- Providing Sehat Sahulat services to more than 140 million individual lives
- More than 5.6 million patients visited
- Sehat Sahulat Program to cover the entire population of ICT, GB, AJK, FATA, KPK and Punjab.

97.32% Satisfaction Level

Reasons for Dissatisfaction:
OPD not included
Awareness about program
Cash charged by hospital



Health Insurance

Sehat Sahulat Program

Sehat Sahulat Program is a milestone towards social welfare reforms; ensuring that the identified under-privileged citizens across the country get access to their entitled medical health care in a swift and dignified manner without any financial obligations.

FEDERAL SEHAT SAHULAT PROGRAM
Entire Population ICT, GB, FATA, AJK & Tharparkar

KPK SEHAT SAHULAT PROGRAM
Entire Population of Khyber Pakhtunkhwa

PUNJAB SEHAT SAHULAT PROGRAM
Entire Population of Punjab

Sehat Sahulat Mobile App

Your Health care Now is in Your Hands

- With User Friendly UI Design
- Find All Empanelled Hospitals Nearby You
- Get All Treatment History
- Send Your Health Related Complaints
- Get All The Updates About The Program
- Regular Animated Videos About Program

GET IT ON Google Play | Play Video

Program Coverage

ACCIDENTS & EMERGENCIES	GENERAL MEDICINE	GENERAL SURGERY	ORTHOPEDICS	ENT
PEDIATRICS	NEUROSURGICAL DISEASES	GYNAE AND OBSTETRICS	ALL TYPES OF CANCERS	BREAST CANCER SCREENING
CARDIOVASCULAR	DIABETES COMPLICATIONS	GENITO-URINARY DISEASES	ARTIFICIAL LIMBS (PROSTHETICS)	OPHTHALMOLOGY (EYE CONDITIONS)

Collaboration Partners of Health Insurance Program

NADRA BISP

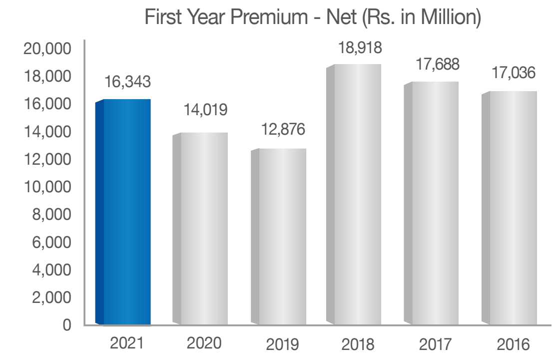
Customer Care for Sehat Sahulat Health Program

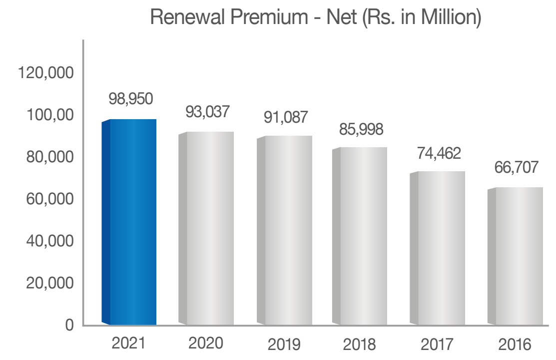
Helpline: 0800-09009 - 0800 89898, **Email:** info@statehealth.com.pk

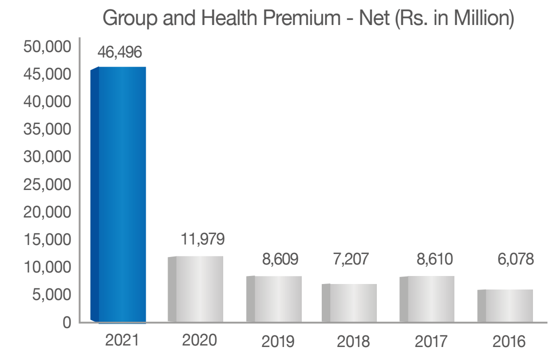
State Life Customer Care

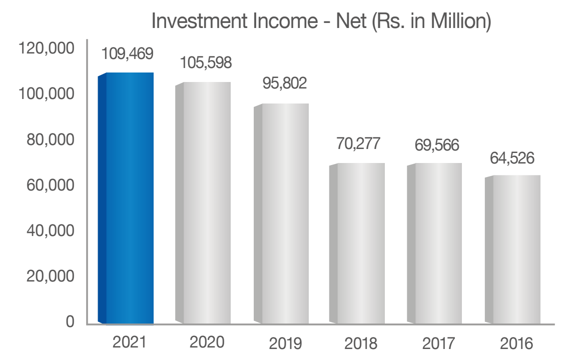
Now you can register your Queries/Suggestions/Complaints by using SLIC's "COMPLAINTS MANAGEMENT SYSTEM" at www.statelife.com.pk or
Call: 021-99206868 or 0800-09099, (Toll Free Number) by landline
Email: complaints@statelife.com.pk Direct Lines: 021-99202800-9, 021-111111888

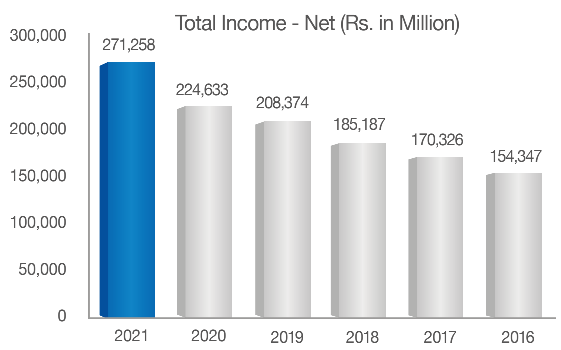
Financial Highlights

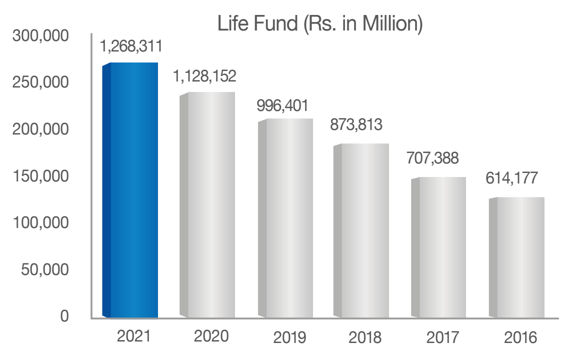


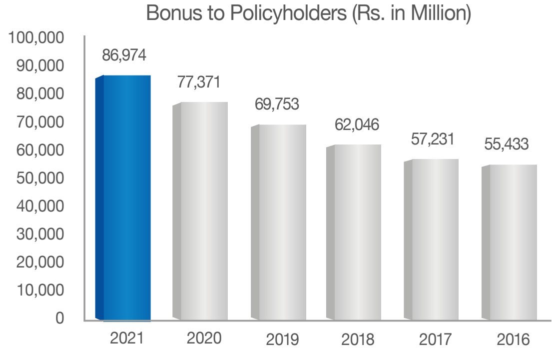


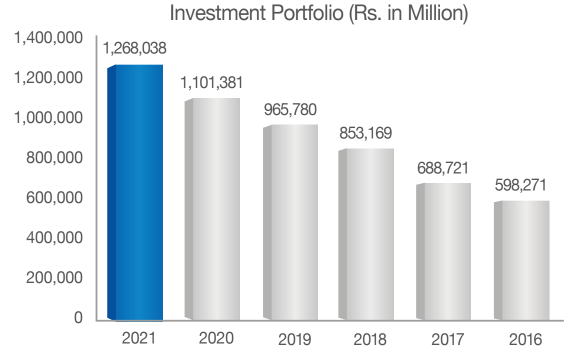




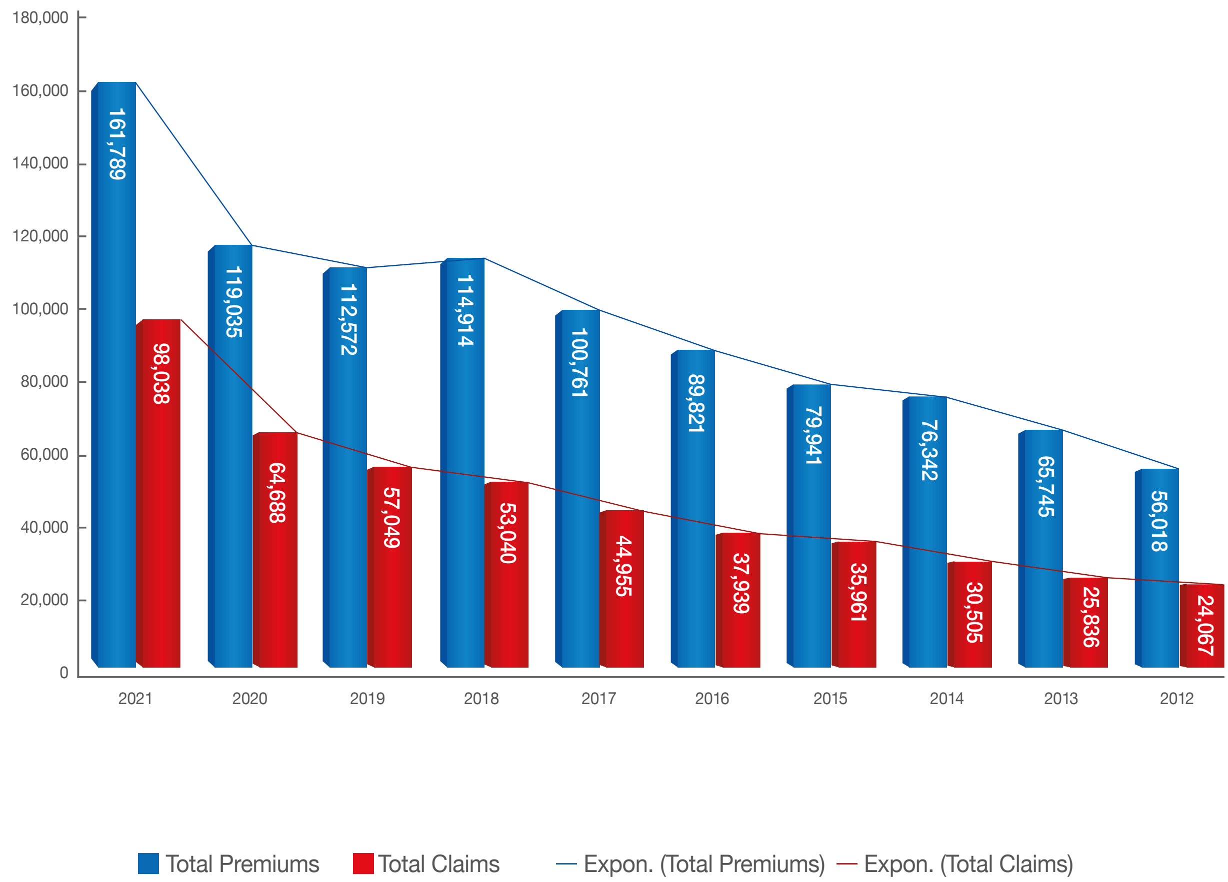




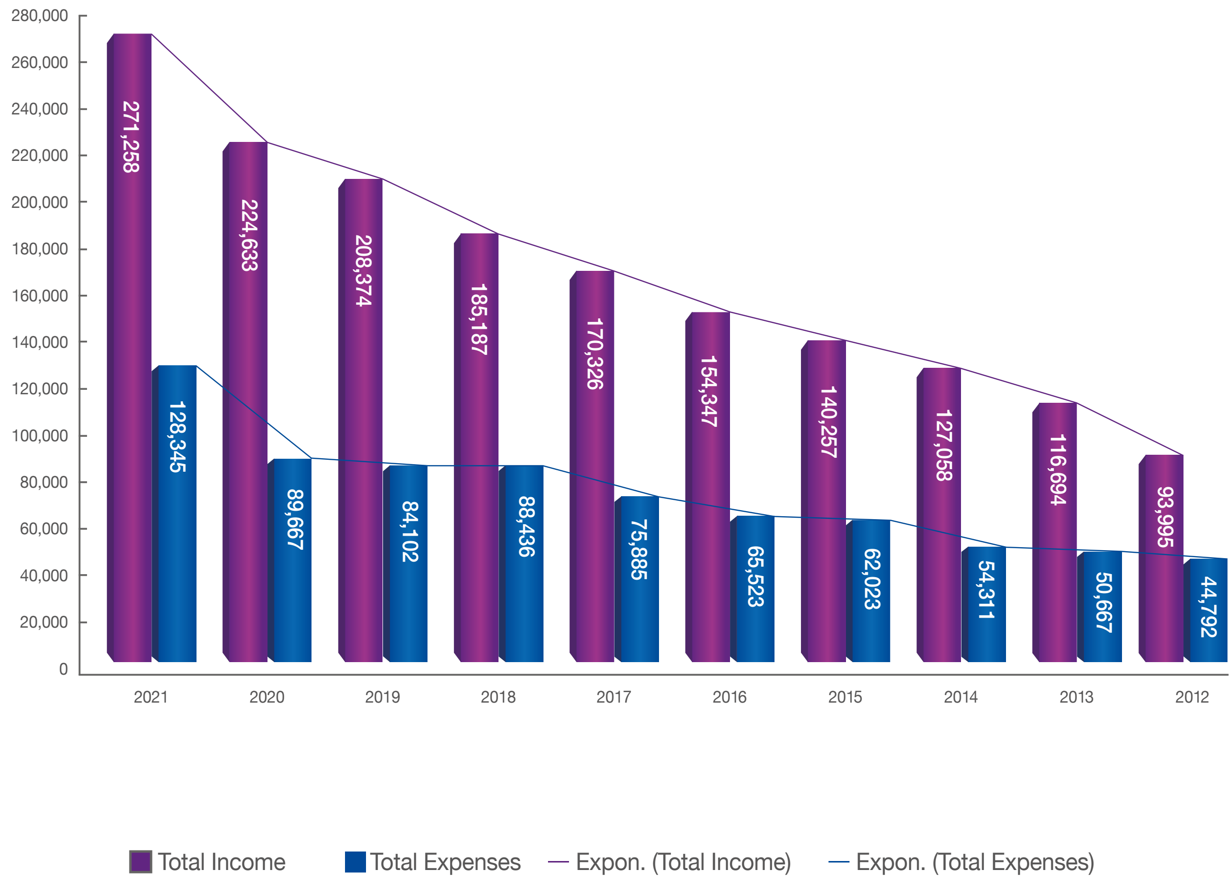




Total Premiums Vs Total Claims 2012-2021 (Rs. in Million)



Total Income Vs Total Expenses 2012-2021 (Rs. in Million)



Corporate Information

Board of Directors

Mr. Shoaib Javed Hussain
Chairman

Ms. Pouruchisty Sidhwa
Director

Mr. Muhammad Aslam Ghouri
Director

Mr. Humayun Bashir
Director

Dr. Ahmed Mujtaba Memon
Director

Mr. Anwar Mansoor Khan
Director

Mr. Muhammad Bashir Khetran
Director

Mr. Moin M. Fudda
Director

Previous Board of Directors (Dissolved on 31st May 2021)

Mr. Shoaib Javed Hussain
Chairman

Mr. Iftikhar-ul-Hassan Shah
Director

Mr. M. Saeed Ullah Khan Niazi
Director

Mr. Ghiasuddin Ahmed
Director

Mr. Ali Mubashar Kazmi
Director

Mr. Abdul Qadir Memon
Director

Company Secretary

Mr. Mushtaq Ahmed

Auditors - Pakistan

M/s. BDO Ebrahim & Co
Chartered Accountants

M/s. Grant Thornton
Anjum Rahman
Chartered Accountants

Gulf Countries

Sajjad Haider and Co.
Public Accountants
DMCC

Appointed Actuary

Mr. Shujaat Siddiqui
MA, FIA, FPSA,

Risk Management, Compliance & I.T. Committee

Mr. Ali Mubashir Kazmi
Chairman

Mr. Ghiasuddin Ahmed
Member

Mr. Saeedullah Khan Niazi
Member

Mr. Faisal Mumtaz
Non-Member/Secretary/DH (ACT)

Mr. M. Naseeruddin
Non-Member/Secretary/Compliance Officer

Mr. Muhammad Ali
Non-Member/Secretary/DH IT

Takaful Committee

Mr. Abdul Qadir Memon
Chairman

Mr. Ghiasuddin Ahmed
Member

Mr. M. Saeedullah Khan Niazi
Member

Mr. Muhammad Izqar Khan
Member

Mr. Muhammad Hassaan Kaleem
Member/Shariah Advisor

Mr. Faisal Mumtaz
Member

Mr. Azhar Hussain
Non-Member/Secretary/DH (Takaful)

Board Audit Committee

Mr. Abdul Qadir Memon
Chairman

Mr. Ghiasuddin Ahmed
Member

Mr. Iftikhar-ul-Hassan Shah
Member

Mr. M. Saeed Ullah Khan Niazi
Member

Real Estate Committee

Mr. Ali Mubashar Kazmi
Chairman

Mr. Ghiasuddin Ahmed
Member

Mr. Manzoor Ali Shaikh
Member/Executive Director (RE)

Mr. Nabil Ghafoorzada
Non-Member/Secretary/DH (RE)

Investment Committee

Mr. Abdul Qadir Memon
Chairman

Mr. Ali Mubashar Kazmi
Member

Mr. Ghiasuddin Ahmed
Member

Mr. Shujaat Siddiqui
Member/Appointed Actuary

Mr. Manzoor Ali Shaikh
Member/Executive Director (Investment)

Mr. Muhammad Rashid
Member/CFO

Mr. Mushtaq Ahmed
Non-Member/Secretary/DH (Inv)

Claims Settlement Committee

Mr. M. Saeedullah Khan Niazi
Chairman

Mr. Ali Mubashar Kazmi
Member

Mr. Iftikhar-ul-Hassan Shah
Member

Divisional Head (H&AI)
Member

Deputy General Manager
Non-Member/Secretary/PHS (Claims)

Ethics, Human Resource & Remuneration Committee

Mr. Ali Mubashar Kazmi
Chairman

Mr. Abdul Qadir Memon
Member

Mr. Iftikhar-ul-Hassan Shah
Member

Mr. Manzoor Ali Shaikh
Member/ED (P&GS)

Mr. Dr. Nisar Ahmed Shah
Non-Member/Secretary/DH (P&GS)

Standing Committee

Mr. Shoaib Javed Hussain
Chairman

Mr. Ali Mubashar Kazmi
Member

Mr. Iftikhar-ul-Hassan Shah
Member

Mr. Dr. Nisar Ahmed Shah
Non-Member/Secretary/DH (P&GS)

Underwriting/Reinsurance & Co-Insurance Committee

Mr. Abdul Qadir Memon
Chairman

Mr. Ghiasuddin Ahmed
Member

Mr. Faisal Mumtaz
Member /DH (Actuarial)

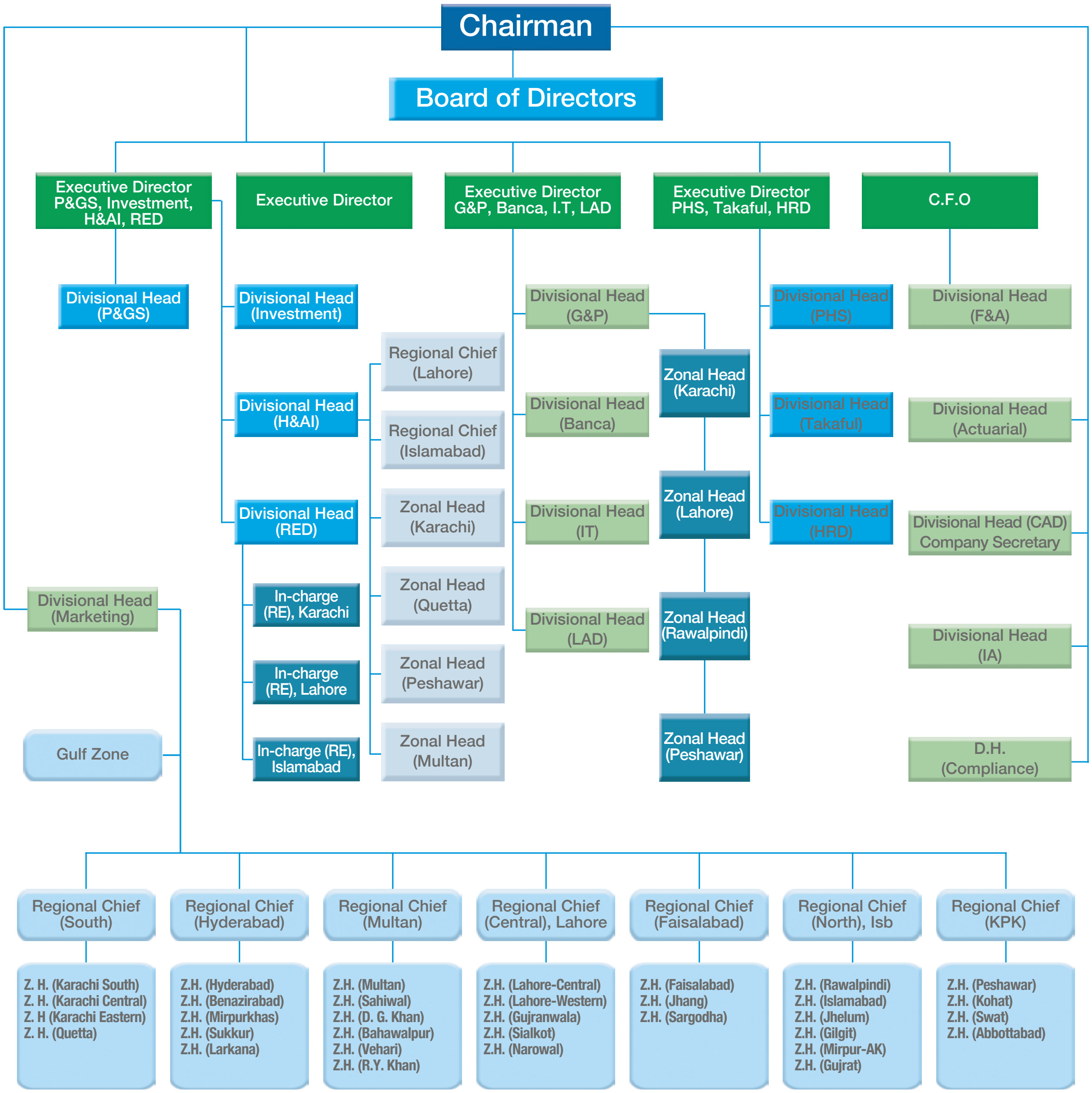
Dr. Arshad Hameed Iraqi
Member /DH (PHS)

Dr. M. Suhail Abdullah
Non-Member/Secretary/DGM (PHS)

Principal Office

State Life Building No. 9, Dr. Ziauddin Ahmed Road, Karachi-75530. Tel: 021-99202800-9 Fax: 021-99202845
Email: edpgs@statelife.com.pk www.statelife.com.pk

Organogram


Chairman
Board of Directors
Executive Director P&GS, Investment, H&AI, RED
Executive Director
Executive Director G&P, Banca, I.T, LAD
Executive Director PHS, Takaful, HRD
C.F.O
Divisional Head (P&GS)
Divisional Head (Investment)
Divisional Head (H&AI)
Divisional Head (RED)
In-charge (RE), Karachi
In-charge (RE), Lahore
In-charge (RE), Islamabad
Regional Chief (Lahore)
Regional Chief (Islamabad)
Zonal Head (Karachi)
Zonal Head (Quetta)
Zonal Head (Peshawar)
Zonal Head (Multan)
Divisional Head (G&P)
Divisional Head (Banca)
Divisional Head (IT)
Divisional Head (LAD)
Zonal Head (Karachi)
Zonal Head (Lahore)
Zonal Head (Rawalpindi)
Zonal Head (Peshawar)
Divisional Head (PHS)
Divisional Head (Takaful)
Divisional Head (HRD)
Divisional Head (F&A)
Divisional Head (Actuarial)
Divisional Head (CAD) Company Secretary
Divisional Head (IA)
D.H. (Compliance)
Divisional Head (Marketing)
Gulf Zone
Regional Chief (South)
Regional Chief (Hyderabad)
Regional Chief (Multan)
Regional Chief (Central), Lahore
Regional Chief (Faisalabad)
Regional Chief (North), Isb
Regional Chief (KPK)
Z. H. (Karachi South)
Z. H. (Karachi Central)
Z. H (Karachi Eastern)
Z. H. (Quetta)
Z.H. (Hyderabad)
Z.H. (Benazirabad)
Z.H. (Mirpurkhas)
Z.H. (Sukkur)
Z.H. (Larkana)
Z.H. (Multan)
Z.H. (Sahiwal)
Z.H. (D. G. Khan)
Z.H. (Bahawalpur)
Z.H. (Vehari)
Z.H. (R.Y. Khan)
Z.H. (Lahore-Central)
Z.H. (Lahore-Western)
Z.H. (Gujranwala)
Z.H. (Sialkot)
Z.H. (Narowal)
Z.H. (Faisalabad)
Z.H. (Jhang)
Z.H. (Sargodha)
Z.H. (Rawalpindi)
Z.H. (Islamabad)
Z.H. (Jhelum)
Z.H. (Gilgit)
Z.H. (Mirpur-AK)
Z.H. (Gujrat)
Z.H. (Peshawar)
Z.H. (Kohat)
Z.H. (Swat)
Z.H. (Abbottabad)

Management

Chairman
Mr. Shoaib Javed Hussain

Executive Directors
Mr. Manzoor Ali Shaikh

Dr. Faiz Illahi Memon

Mr. Muhammad Izqar Khan

Chief Financial Officer
Mr. Muhammad Rashid

Divisional Heads
(Principal Office)

Mr. Attaullah A. Rasheed
Marketing

Mr. Faisal Mumtaz
Actuarial

Mr. Nabil Ghafoorzada
Real Estate

Mr. Muhammad Sohaib Usmani
Internal Audit

Mr. Muhammad Ashraf Bhatti
Health & Accidental Insurance

Mr. Mushtaq Ahmad
Investment

Mr. Muhammad Ali
Information Technology

Mr. Muhammad Amjad
Finance & Accounts

Mr. S. Faisal Tehzeeb
HRD

Dr. Arshad H. Iraqi
PHS

Mr. Mushtaq Ahmad
Company Secretary

Dr. Nisar Ahmed Shah
P&GS

Mr. Muhammad Naseeruddin
Compliance

Ch. Anjum Rasheed
Bancassurance

Mr. Azhar Hussain
Takaful

Dr. Mushtaq Ahmad
Group & Pension

Mr. Mahmood Alam
Legal Affairs

Chief Medical Officer
Dr. Mukkaram Ali Khan

Individual Life

Regional Chiefs
Mr. Khalid Mehmood Shahid
Central Region (Lahore)

Mr. Gian Chand
Southern Region (Karachi)

Ch. M. Yousuf Farooqi
Northern Region (Islamabad)

Mr. M. Ramzan Shahid
Multan Region (Multan)

Mr. Dur Muhammad Baladi
Hyderabad Region (Hyderabad)

Ch. Sarfaraz Ahmed
KPK Region (Peshawar)

Mr. Muhammad Dawood Nasir
Faisalabad Region (Faisalabad)

Bancassurance
Ch. Anjum Rasheed
Divisional Head

Zonal Chief
Gulf Countries

Mr. Abdul Manan Shaikh
Gulf Zone, UAE-Dubai

Zonal Heads
Central Region

Mr. Mian Rizwan Majeed
Lahore Zone (Central)

Mr. Ch. Inam Ullah
Lahore Zone (Western)

Mr. Tariq Mehmood Cheema
Gujranwala Zone

Ch. Altaf Mehmood
Sialkot Zone

Mr. Shehbaz Ali Sian
Narowal Zone

Faisalabad Region
Mr. Muhammad Nadeem
Faisalabad Zone

Mr. Mehmood Jaffer
Sargodha Zone

Mr. M. Akber Mughal
Jhang Zone

Multan Region
Ch. M. Yousuf Mukhtar
Multan Zone

Ch. M. Ashraf
Sahiwal Zone

Mr. Allah Ditta Shahid
Rahim Yar Khan Zone

Multan Region
Mr. Muhammad Ramzan Bhatti
Dera Ghazi Khan Zone

Mr. Malik Ather Saeed
Bahawalpur Zone

Ch. Muhammad Tariq Siddique
Vehari Zone

Northern Region
Mr. Rukhsar A. Qaiser
Rawalpindi Zone

Mr.Jalil A. Hashmi
Mirpur (AK) Zone

Mr. Noor Muhammad Javed
Islamabad Zone

Ch. Muhammad Arshad
Gujrat Zone

Raja Zafar Iqbal
Jhelum Zone

Mr. Sakhi Madad
Gilgit Zone

KPK Region
Mr. Shaukat Ali Bhatti
Peshawar Zone

Mr. Muhammad Khalid
Abbottabad Zone

Mr. Muzaffar Khan
Swat Zone

Mr. Muhammad Jan
Kohat Zone

Southern Region
Mr. Latif Kayani
Karachi Zone (Southern)

Mr. M. Nadeem Qadri
Karachi Zone (Eastern)

Mr. Zahoor A. Bhatti
Karachi Zone (Central)

Mr. Muhammad Hanif
Quetta Zone

Hyderabad Region
Mr. Abdul Hussain Kapri
Hyderabad Zone

Mr. Syed Anis Ahmed Shah
Mirpurkhas Zone

Mr. Asghar Ali Khushk
Sukkur Zone

Mr. Syed Noor Shah Bukhari
Larkana Zone

Mr. Akhtar Ali Kalwar
Benazirabad Zone

Group Life

Zonal Heads
Mr. Ejaz Hussain Soomro
Karachi Zone

Dr. Sajjad Hassan Zaidi
Lahore Zone

Mr. Jehan Badshah Khattak
Rawalpindi Zone

Mr. Shafqat Hussain Jafri
Peshawar Zone

Health and Accidental Insurance

Regional Chief
Mr. Muhammad Ashar
Islamabad

Dr. Noor Ul Haq
Lahore

Zonal Heads
Mr. Tajamul Hussain Khattak
Peshawar Zone

Mr. Khawar Majeed
Multan Zone

Mr. Hafeezuddin
Karachi Zone

Directors' Report to the Shareholders

The Board of Directors are delighted to present the audited financial statements for the year ended 31st December 2021 in its 49th Annual Report of the Corporation.

1. Compliance with the Code of Corporate Governance for Insurers, 2016

In accordance with SRO 1045(1)/2016 dated 9th November 2016, issued by Securities & Exchange Commission of Pakistan (SECP) on Corporate Governance rules for Insurers, 2016, the Board of Directors are pleased to confirm the following:

1. The financial statements, prepared by the management of State Life Insurance Corporation of Pakistan (the Corporation), present the result of its operations, cash flows and changes in equity.

2. Proper books of accounts of the Corporation have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.

4. International Accounting Standards, International Financial Reporting Standards or any other regulation or law (including but not limited to the Shariah guidelines/principles) as applicable in Pakistan, have been followed in preparation of financial statements and any deviation from them has been disclosed.

5. The system of internal controls is sound in design and has been effectively implemented and monitored.

6. There are no significant doubts about the Corporation's ability to continue as a going concern.

7. There has been no material departure from the best practices of corporate governance.

2. Financial Performance and Operating Results:

Overall performance of the Corporation remained satisfactory. An overview of the performance of State Life for FY 2021 as compared to last year is summarized below:

Total Income of the Corporation including unrealized capital loss of Rs. 8,555 million (2020: Rs. 615 million capital gain) increased to Rs. 271,258 million in 2021 as against Rs. 224,633 million in the preceding year, registering an increase of 20.8 percent.

Acquisition expenses for FY 2021were Rs.19,995 million as compared to Rs.16,597 million in FY 2020 showing increase of 20.5 percent; Marketing and Administrative expenses were Rs. 10,312 million in FY 2021 as compared to Rs. 8,381 million in the preceding year showing an increase of 23.0 percent. Overall management expense ratio to total premium income for FY 2021 was 18.65 percent as against 20.92 percent to last year.

Insurance benefits paid to policyholders in the year 2021 were Rs. 98,038 million as against Rs.64,688 million last year, registering an increase of 51.6 percent.

3. Business Portfolio Wise Performance

3.1 INDIVIDUAL LIFE BUSINESS – PAKISTAN'S OPERATIONS:

First year gross premium under Individual Life policies during the year 2021 was Rs. 16,100 million as compared to Rs.13,838 million in the year 2020, showing an increase of 16.4 percent. Gross renewal premium was Rs. 97,147 million in FY 2021, whereas it was Rs. 91,227 million in FY 2020, resulting an increase of 6.5 percent.

3.2 INDIVIDUAL LIFE BUSINESS – OVERSEAS OPERATIONS:

Our overseas business, first year gross premium under Individual Life policies, during the year 2021 was Rs. 150 million as against Rs. 221 million in the year 2020, showing a decline of 32.2 percent. Gross renewal premium in FY 2021 was Rs. 2,025 million as compared to Rs. 2,016 million in 2020, showing a meager increase of 0.4 percent.

3.3 GROUP LIFE BUSINESS:

Premium under Group Life policies during the year 2021 was Rs. 14,692 million net of experience refund/ERF as compared to Rs. 4,137 million in the corresponding year, showing increase of 255.1 percent.

3.4 HEALTH INSURANCE BUSINESS:

Premium under Health and Accident Insurance business during the year 2021 was Rs. 32,176 million net of experience refund/ERF as compared to Rs. 7,975 million in 2020, showing a remarkable increase of 303.4 percent mainly due to health insurance policies undertaken for the Prime Minister's National Health Insurance Program.

3.5 REAL ESTATE:

Break up of rental income and expenses are:

	Rs. in million		
	2021	2020	Inc/(Dec)
Rental and other income	1,202	1,060	13
Expenses	790	501	58
Net Income	412	559	(26)

3.6 INVESTMENT:

Net investment income for FY 2021 was Rs. 109,469 million including capital loss of Rs. 8,555 million (FY 2020:615 million capital gain) higher by 3.7 percent over the previous year's investment income of Rs. 105,598 million.

4. Key Operating and Financial Data

Summarized financial performance for the last six years is at **Appendix-A**

5. Others Disclosures

- There is no statutory payment outstanding as on Dec 31, 2021 on account of taxes, duties, levies, and charges except as disclosed in notes to the Financial Statements.

- The value of investment made by the employees' retirement funds, operated by the Corporation, as per their financial statements as at December 31, 2021, the audit of which are in progress, are as follows:

	Rs. in Million
Pension Fund	28,724
Gratuity Fund – Officers	87
Provident Fund	5,801

6. Number of Meetings of the Board

Four meetings of the Board were held during the year under review and attended by the following members:

S. No.	Director's Name	Meetings Attended
1	Mr. Shoaib Javed Hussain, Chairman (from 17.03.2021)	2
2	Dr. Muhammad Sohail Khan Rajput, Chairman (till 16.03.2021)	2
3	Mr. Iftikhar ul Hasan Shah	4
4	Mr. M. Saeedullah Khan Niazi	3
5	Mr. Ghiasuddin Ahmed	4
6	Mr. Ali Mubashir Kazmi	4
7	Mr. Abdul Qadir Memon	4

6.1 Pattern of Shareholding

As at December 31, 2021

Categories of Shareholders	No. of Shares Held
Government of Pakistan through Ministry of Commerce (100 percent)	49 million
Total	49 million

7. Advertisement

Advertising is communication and the introduction of non-specific products or services through various carriers; it may be through press media, social media or TV and radio. Improving consumer insurance literacy is important, better consumer knowledge would also help avoid unrealistic consumer expectations and disappointment. Since we have large population of the country which are still unaware of insurance benefits therefore reluctant to invest in. Although State Life Insurance Corporation is covering major share in insurance industry but we cannot understate the power of aggressive advertising.

The year 2021 was difficult for the CCD as well due to 2nd phase of Covid-19 but the management of State Life is always being supportive to Corporate Communications Department (CCD) when it comes to advertising by providing enough funds to implement its multi-media advertising campaigns. Despite of facing Covid-19 pressure, we kept our presence on social media i.e. Facebook, LinkedIn, Instagram, YouTube and Twitter through multiple GIFs, Motion Graphics and commemorating posts on different public occasions/National holidays as well as to enhance the brand image of SLIC.

State Life stepped forward to resolve public grievances via E-Kacheri for the very first time in the history of the Corporation. We conducted CSR activity by plantation drive. We have signed multiple MoUs with Bykea, Banca and Health (Sehat Sahulat Card Scheme) for better customer experience. CCD ran a radio campaign on Sehat Sahulat scheme. In December 2021 CCD also launched short corporate press campaign on leading National newspaper in English/Urdu with an intention to highlight the robust business growth. Since we have stepped in 50 years of excellence CCD is working on multiple projects and events coming ahead in year 2022.

State Life is the only player in the insurance industry that continuously maintains ‘AAA` rating by PACRA. CCD also released casual advertisements to keep the presence in literary circles as well as in diversified social weekly/monthly magazines and sponsorships of multiple events throughout the year 2021.

8. Human Resource Development

Human resource development remained the most valuable asset of the organization. Training plays a vital role in development of human resource; it is a continuous process that leads an organization to achieve its goals. State Life, holds trainings, workshop, seminars and courses through Human Resource Development Division (HRDD) for the skill development of their largest marketing network in Insurance Industry and for their employees to provide better services to their policyholders. Training and development of human resource is a continuous process and works on the concept “Return on training investment” strategy.

In FY 2021, following courseswere conducted, physically as well as via internet:

	Courses	Participants	Courses	Participants
Staff /Officers Training	191	5,876	151	6,194
Sales Force Training	728	25,772	323	6,008
Various Courses via Zoom	338	62,805	96	73,671
Total	1,257	94,453	570	85,873

In the year 2021, we provided job opportunities to 19,344 (2020: 21,636) new Sales Representatives. Our Field Force, the largest in the country stands 123,880 (Sales Representative and Sales Manager) as on 31-12-2021.

9. Insurer Financial Strength Rating

The rating takes into account State Life Insurance Corporation of Pakistan's (SLIC) sound market position within the Life Insurance industry emanating from extensive and well-penetrated distribution network, experienced management team and robust financial profile. The rating reflects State Life Insurance Corporation's robust risk absorption capacity on the back of Government of Pakistan's (GoP) guarantee for policyholders' liabilities. The sum insured including bonuses (if any) declared by State Life insurance Corporation are guaranteed as to payment in cash by GoP under article 35 of the Life Insurance (Nationalization) Order, 1972. The Corporation in spite of challenging economic climate and global pandemic has been able to grow its GPW by approximately 6%. With an emphasis on existing business lines, the organization pursues a growth strategy that seeks to broaden its product offerings - Health Insurance, Bancassurance, and Window Takaful.

During CY20, the total GPW of the industry grew by 4.6% to PKR 233 billion in CY20 as against a decline of 1.2% to PKR 223 billion in CY19. COVID-19 is an ongoing challenge. While it has taken a toll on many businesses, its ramifications are still unfolding. However, due to present pandemic situation, the demand for Life Insurance products is expected to increase over near term which in turn is expected to result in new business growth for the industry.

State Life Insurance Corporation of Pakistan's ability to maintain its leadership in the life insurance sector is important. In this regard, successful execution of the envisaged business strategy including diversification and continued growth is essential. Additionally, implementation of core insurance ERP system will enable efficient business operations with the real time provision of services to all stakeholders.

10. Future Outlook

We continue to have a positive outlook on the long-term growth potential of the business; however, we do presage certain headwinds in the short-term owing to coronavirus crises in the form of rupee depreciation and higher inflation which might have an impact on the future results.

The management remains fully committed to managing these challenges and delivering sustainable profitable growth capitalizing on our strong brands, management capabilities and operational excellence. We intend to grow our business by developing innovative products, efficient delivery channels and state of the art contact center.

Federal Sehat Sahulat Program

The Federal Government's Sehat Sahulat Program formerly known as the Prime Minister National Health Programme has been implemented in more than 90 districts across Pakistan and provides protection against catastrophic health expenditures to its designated beneficiaries.

The scheme was started in 2016, which was based on BISP data to approximately three million families. Later in 2019, the coverage was further expanded to cover the entire population of AJK, FATA, 7 districts of Punjab, Tharparkar and also to transgender and disabled community, registered with NADRA.

Under this scheme, a total of 1,066,000+ patients have been provided the health care services up-to Rs. 60,000/- for secondary procedures and Rs. 300,000/- for tertiary procedures per family per annum from 850+ empaneled hospitals across Pakistan.

State Life has incurred more than Rs. 25 billion of claims in lieu of the provided services.

As per recent 3rd party satisfactory survey more than 97.38 percent of families have shown satisfaction upon the services provided under the program.

In 2021, State Life has won the competitive bidding for implementing the universal Health Coverage across Pakistan. Starting from January 2022, the scheme will be implemented for entire population having permanent address of Islamabad, GB, AJK, FATA, Tharparkar and Punjab. In this phase, the tertiary coverage has been increased to Rs. 400,000/- per family per annum. This phase of scheme has a worth of around 440 billion in the next three years.

Sehat Sahulat Program-KP

The Social Health Protection Initiative (SHPI) which started in four districts of Khyber Pakhtunkhwa has been extended to all the districts of KP Province. The target population of beneficiaries which was 2.1 million families has been further expanded in 2020.

The Program has entered into new phase where the hospitalization coverage under the program has been increased to Rs. 40,000 per person for secondary procedures and Rs. 400,000 for tertiary care treatments. The program also provides maternity & tertiary transport and funeral expense.

State Life has won the competitive bidding for extension of coverage to 100 percentpopulation of KP, where more than 7 million families would be covered. This scheme has a worth of around 100 billion in the next five years.

Starting from the end of 2020, the implementation of the KP program throughout the province to cover the 100 percent population (round 7 million families) took a record time of only seven months.

Under KP scheme, a total of 959,000+patients have been provided the health care services and more than Rs. 24 billion of claims have been incurred in lieu of the services provided.

State Life is committed to operate practices with the highest possible service standards delivered ethically and professionally. State Life, as an implementation partner of universal health coverage, will strive its best to successfully implement the largest social health protection schemes across Pakistan in a swift manner. In addition, H&AI division has also stared the corporate health business and soon will capture the major clients in Pakistan.

Family Takaful

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 based on the principles of Wakala Waqf Model. Under a Takaful arrangement, individual comes together and contribute towards the common objectives of protecting each other against financial losses by sharing the risk on the basis of mutual assistance.

The obligation of Waqf for Waqf participant’s 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 surplus 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.

State life has launched Takaful Operations under Family Takaful Fund and during FY 2021 an amount of Rs. 181.484 million has been made is respect of Takaful business. Efforts are being made for enhancement of business in the upcoming FY 2022.

Bancassurance

The State backed and guaranteed products are witnessing robust growth with the passage of each day. The outreach of Bancassurance Division is making its mark in banking industry where not only the partner banks namely United Bank Limited (UBL), Bank Alfalah (BAFL), National Bank of Pakistan (NBP), Silk Bank, First Women Bank (FWBL) and Samba Bank are forth coming but non partner banks are also approaching SLIC with a view to optimizing insurance cover for their clients. With 29% growth in the year 2021, the Banca Division is gearing up its efforts to roll out more client friendly products along with assured return and it is also contemplating to curb unhealthy practices prevailing in the market initiated by insurance concerns who are compromising on local laws and regulations.

The future of Bancassurance Division is expected to strengthen in the months to come keeping pace with the vision of Chairman SLIC.

11. Actuarial Valuation

Actuarial valuation as at 31st December 2021, the actuarial surplus arising during the inter-valuation period on participating policies was Rs. 96,323 million (2020: Rs. 85,521 million). The details of bonuses declared are stated as an appendix.

12. Dividend

Profit after tax (PAT) attributable to Shareholders for FY 2021 and FY 2020 was Rs.6,625.472 million and Rs. 4,206.342 million respectively in which an amount of Rs. 4,601.606 million (FY 2020: 2,386.156 million) has been transferred to Ledger Account "D" Solvency reserve on the advice of Appointed Actuary; profit available to shareholders is Rs. 2,023.866 million (2020: 1,820.186 million). 15% of PAT which is Rs. 303.580 million is retained in General Reserve. Rest of the profit of Rs. 1720.286 million (2020: Rs. 1,460.496 million) is payable Share of Dividend to Government of Pakistan.

13. Statutory Auditors

The accounts for the year ended 31st December, 2021 were jointly audited by a panel of auditors comprising of (i) M/s. BDO Ebrahim& Company, Chartered Accountants, Karachi and (ii) M/s. Grant Thornton Anjum Rahman, Chartered Accountants, Karachi. The accounts of Gulf Zone were audited by M/s. Sajjad Haider & Co. Chartered Accountants, Dubai, UAE.

The Auditors Report for the financial year 2021 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in this Annual Report.

14. Consolidated Accounts

The Consolidated Accounts of the Corporation are annexed in this Annual Report.

15. Subsidiary Companies:

The Corporation has three subsidiaries as on 31-12-2021:

i. State Life (Lackie Road) Properties (Private) Limited

ii. State Life (Abdullah Haroon Road) Properties (Private) Limited

iii. Alpha Insurance Company Limited

16. Acknowledgement

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

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

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

On behalf of the Board of Directors

Shoaib Javed Hussain
Chairman

Karachi,
Dated: 28 April, 2022

Key Operating and Financial Data:

Appendix-A

Rs. in Million

	2021	2020	2019	2018	2017 (restated)	2016 (restated)
First Year Premium (Net)	16,343	14,019	12,876	18,918	17,688	17,036
Renewal Premium (Net)	98,977	93,037	91,087	85,998	74,462	66,708
Group Premium Including Health (Net)	46,469	12,112	8,584	10,100	8,610	6,078
Investment Income (Net)	109,469	105,598	95,802	70,277	51,015	64,526
Policy Benefits	98,038	64,688	57,049	50,249	44,955	37,939
Surplus Appropriated To Shareholders' Fund	2,408	2,138	1,878	1,738	1,580	1,519
Profit Before Tax	9,334	5,926	2,797	2,675	2,256	1,831
Taxation	2,708	1,720	813	883	709	618
Profit After Tax	6,625	4,206	1,984	1,792	1,546	1,212
Earnings per Share (Rs.) 100 Each	143.24	97.78	51.61	56.6	51.55	40.41
Bonus To Policyholders	86,974	77,371	69,753	62,046	57,231	55,433
Total Assets	1,366,112	1,203,383	1,058,836	930,231	829,462	749,001

Statement of Compliance with the Code of Corporate Governance for Insurers, 2016

Name of the Insurer: **State Life Insurance Corporation of Pakistan (SLIC)**
Year ended: **December 31, 2021**

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 for the purpose of establishing a framework of good governance, whereby the Corporation is managed in compliance with the best practices of corporate governance.

The Corporation has applied the principles contained in the Code in the following manner:

1. The Corporation encourages representation of independent and non-executive directors on its Board of Directors. The composition of the Board is as follows

Independent Directors	i. Mr. Ghiasuddin Ahmed ii. Mr. Ali Mubashar Kazmi iii. Mr. Abdul Qadir Memon
Executive Directors	i. Mr. Shoaib Javed Hussain, Chairman
Non – Executive Directors	i. Mr. Iftikhar-ul-Hassan Shah Gilani ii. Mr. Muhammad Saeedullah Khan Niazi

   All independent Directors meet the criteria of independence as laid down under the Code of Corporate Governance for Insurers, 2016.

   The directors are appointed by the Federal Government in terms of Article 12 (1) of the LINO, 1972.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, excluding the listed subsidiaries of a listed holding companies, including the Corporation.

3. All the resident directors of the Corporation have confirmed that they are registered as taxpayers & none of them has defaulted in payment of any loan to banking company, DFI, or NBFI. None of directors has been declared defaulter being member by Stock Exchange.

4. No casual vacancy occurred on the Board. However, the Board of the Corporation has retired after completing its 3 years' period on May 31, 2021.

5. The Corporation has prepared a Code of Conduct which has been disseminated among all the employees and directors of the Corporation.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Corporation. A complete record of significant policies along with the date on which they were approved has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment, remuneration and terms & conditions of employment of key officers have been taken by the Board of Directors.The decisions regarding appointment and determination of remuneration and terms & conditions of Directors are made by the Federal Government. The Chairman shall be Chief Executive of the Corporation under LINO, 1972. The Chairman of the Board is appointed by the Federal Government as per LINO, 1972 who is an Executive Director.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter except for 3rd and 4th quarters. Written notices of the Board meetings, along with agenda were circulated at least seven (7) days before the meetings. The minutes of the meetings are appropriately recorded & circulated in the stipulated time.

9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the corporation. The corporation has adopted and complied with all the necessary aspects of internal controls given in the code.

10. The corporation had already conducted orientation courses for all its directors except one director who joined later.

11. The Board has approved the appointment of Chief Financial Officer, Company Secretary and Head of internal audit including their remuneration and terms and conditions of employment.

12. The Directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016 and fully describes the salient matters required to be disclosed.

13. The financial statements of the Corporation are duly endorsed by the Chairman and CFO before approval of the Board.

14. The Directors, Chairman and other executives do not hold any interest in the shares of the Corporation.

15. The Corporation has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.

16. The Board has formed the following management committees.

Underwriting/Re-insurance and Co. Insurance Committee

Name of Member	Category
Mr. Abdul Qadir Memon	Non-Executive/Chairman
Mr. Ghiasuddin Ahmed	Independent Director/Member
Mr. Faisal Mumtaz	Divisional Head/Member
Mr. Arshad Hameed Iraqi	Divisional Head/Member

Claim Settlement Committee:

Name of Member	Category
Mr. Muhammad Saeedullah Khan Niazi	Non-Executive Director/Chairman
Mr. Ali Mubashar Kazmi	Independent Director/Member
Mr. Iftikharul Hassan Shah Gilani	Non-Executive Director/Member
Mr. M. Ashraf Bhatti	Divisional Head/Member

Risk Management and Compliance Committee:

Name of Member	Category
Mr. Ali Mubashar Kazmi	Independent Director/Chairman
Mr. Muhammad Saeedullah Khan Niazi	Non-Executive Director/Member
Mr. Ghiasuddin Ahmed	Independent Director/Member

17. The Board has formed the following Board Committees.

Ethics, Human Resource / Remuneration Committee:

Name of Member	Category
Mr. Ali Mubashar Kazmi	Independent Director/Chairman
Mr. Syed Iftikharul Hussain Shah Gilani	Non-Executive Director/Chairman
Mr. Abdul Qadir Memon	Independent Director/Member
Mr. Abdul Khaliq Shaikh	Executive Director/Member

Nomination Committee:

Nomination committee was not constituted by the Board separately. However, its functions and responsibilities have been assigned to Ethics, Human Resource/Remuneration Committee. continued guidance and assistance. We extend our gratitude to our reinsurers, business partners and the State Bank of Pakistan for their support.

Investment Committee

Name of Member	Category
Mr. Abdul Qadir Memon	Independent Director/Chairman
Mr. Ghiasuddin Ahmed	Independent Director/Member
Mr. Ali Mubashar Kazmi	Independent Director/Member
Mr. Shujaat Siddiqui	Appointed Actuary/Member
Mr. Muhammad Rashid	CFO/Member
Mr. Manzoor Shaikh	Executive Director/Member

18. The board has formed an Audit Committee. It comprises of four members, of whom two are independent directors and two are non-executive directors. The Chairman of the committee is an independent director. The composition of audit committee is as follows:

Name of Member	Category
Mr. Abdul Qadir Memon	Independent Director/Chairman
Mr. Muhammad Saeedullah Khan Niazi	Non-Executive Director/Member
Mr. Ghiasuddin Ahmed	Independent Director/Member
Dr. Iftikhar-ul-Hassan Shah Gilani	Non-Executive Director/Member

19. The meetings of Board and Management committees were not held as per required frequency as required by the Code of Corporate Governance, 2016 due to retirement of Board of Directors on May 31, 2021. The terms of the references of all committees have been formulated and approved by the Board on recommendation of the respective Board and Management Committees and have been advised to the Committees for compliance.

20. The Board has setup an effective internal audit function and the members of internal audit functions are considered suitably qualified experienced for the purpose and are conversant with policies and procedures of the corporation and they are involved in the internal audit function on a regular basis.

21. The Chairman, Chief Financial Officer, Compliance Officer, Head of Internal Audit, Actuary are qualified & experienced as required under the Code of Corporate Governance for Insurers, 2016. The appointed actuary of the insurer meets the condition as laid down in the said Code. Moreover, the person heading the underwriting, claim, reinsurance, risk management and grievance function/ department possesses qualification and experience of direct relevance to their respective functions as required under section 12 of the Insurance Ordinance, 2000.

Name of Person	Designation
Mr. Shoaib Javed Hussain*	Chairman
Mr. Muhammad Rashid	Chief Financial Officer
Mr. Muhammad Naseeruddin	Compliance Officer
Mr. Faisal Mumtaz	Actuary
Mr. Mushtaq Ahmad	Secretary Board
Mr. Muhammad Sohaib Usmani	Head of Internal Audit
Dr. Sohail Abdullah	Head of Underwriting
Dr. Zulfiqar Laghari	Head of Claims
Mr. Muhammad Asif	Head of Re-insurance
Mr. Faisal Mumtaz	Head of Risk Management
Dr. Zulfiqar Laghari	Head of Grievance Dept.

*During the year, Mr. Shoaib Javed Hussain (Chairman) has been appointed as Chairman of the Board on March 17,2021.

22. The statutory auditors of the Corporation have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000. The statutory auditors have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountant of Pakistan, that they or any of the partner of the firm, their spouses and minor children do not hold shares of the Corporation and that the firm and all its partner are in compliance with the International Federation of Accountants (IFAC) guidelines on Code of the Ethics as adopted by the ICAP.

23. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.

24. The appointed actuary of Corporation has confirmed that neither he nor his spouse and minor children hold shares of the Corporation.

25. The Board ensures that the Appointed Actuary complies with the requirements set out for him in the Code of Corporate Governance for Insurers, 2016.

26. The Corporation has an investment policy approved by the Board in its 256th meeting held on January 1, 2018. However, the revisions have already been incorporated in revised investment policy which is currently under evaluation by independent advisors.

27. The Board ensures that the risk management system of the insurer is in place as per the requirements of the Code of Corporate Governance for Insurers, 2016.

28. The Corporation has set up a risk management function, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.

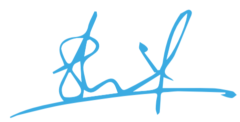
29. The Board ensures that as a part of risk management system, the insurer gets itself rated from Pakistan Credit Rating Agency (PACRA) which is being used by the respective committees as a risk monitoring tool. The rating assigned by the said rating agency at July 19, 2021 is AAA with stable outlook.

30. The Board has setup a Grievance Department. The grievance policy has been deliberated to the Board for approval. Reporting requirement to SECP as regards to unresolved complaints is being followed except few instances.

31. The Corporation has not obtained exemption from the Securities and Exchange Commission of Pakistan in respect of any requirement of the Code of Corporate Governance for Insurers, 2016

32. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 have been complied.

For and On behalf of the Board of Directors



CNIC: 42301-0834083-1
Date: April 28, 2022

Shoaib Javed Hussain
Chairman

Independent Auditors' Review Report

To the Members of State Life Insurance Corporation of Pakistan

Review Report on Statement of Compliance contained in Code of Corporate Governance for Insurers, 2016

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance for Insurers, 2016 (the Code) prepared by the Board of Directors (the Board) of State Life Insurance Corporation of Pakistan (the Corporation) for the year ended December 31, 2021.

The responsibility for compliance with the Code is that of the Board of the Corporation. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Corporation's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Corporation's personnel and review of various documents prepared by the Corporation to comply with the Code.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Boards' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Corporation's corporate governance procedures and risks.

The Code requires the Corporation to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Corporation's compliance, in all material respects, with the best practices contained in the Code as applicable to the Corporation for the year ended December 31, 2021.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the following paragraphs where these are stated in the Statement of Compliance:

Paragraph Reference	Description
Paragraph 4	The term of the Board completed on May 31, 2021, however, the Board has not been formulated as at December 31, 2021.
Paragraph 8	The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter except for 3rd and 4th quarter.
Paragraph 10	The Corporation had conducted orientation courses for all its directors except one director who joined during the year.
Paragraph 19	Meetings of Board and management committees were not held as per the required frequency specified by the Code due to the retirement of the Board on May 31, 2021.
Paragraph 26	The updated investment policy is not approved by the Board as required under the clause (xlvi) of the Code because the updates are currently being evaluated by independent advisors.
Paragraph 30	The Board has set up a Grievance Department. The grievance policy has been deliberated to the Board for approval. Reporting requirement to SECP as regards to certain unresolved complaints are not being followed.

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants

Name of the engagement partner
Muhammad Khalid Aziz

Karachi
Dated: April 28, 2022
UDIN: CR202110154pVQa0E1Kx

BDO Ebrahim & Co
Chartered Accountants

Name of the engagement partner
Qasim E. Causer

Karachi
Dated: April 28, 2022
UDIN: CR202110067waHh1EC8J

Profile of Mufti Muhammad Hassaan Kaleem
Shariah Advisor State Life Insurance Corporation of Pakistan— Window Takaful Operations

Mufti Muhammad Hassaan Kaleem sb. has completed his Dars-e-Nizami **(8 years Alim course) + Takhassus (3 years Mufti course) from Jamia Darul Uloom, Karachi.** He is a renowned figure in the field of Shariah, particularly in Islamic Finance. He is currently acting as a member of Shariah Board and Country Head of Shariah in Dubai Islamic Bank Pakistan Limited. He holds vast experience in matters of Shariah teachings and advisory as he has been teaching various courses in Islamic Studies and Arabic at Jamia Dar-ul-Uloom, Karachi for the last 17 years.

Contributions in the field of Takaful industry:

He has the distinction of being one of the earliest proponents of Wakala-Waqf model in the Takaful Industry of Pakistan, under the guidance of **Mufti Muhammad Taqi Usmani sb.** Being one of the pioneer members of this industry, he has been instrumental in the growth of Takaful not only in Pakistan but across the globe.

Related affiliations:

Ex-Chairman, Shariah Board of Securities & Exchange Commission of Pakistan (SECP)

- Shariah Board Member of Pak Kuwait Takaful Company Limited, Pakistan
- Shariah Board Member of Pak Qatar Family Takaful Limited, Pakistan
- Shariah Board Mamber of Hanover Re-Takaful Bahrain
- Shariah Board Member of Takaful Emirate, UAE
- Shariah Consultant for Deloitte (Global Islamic Finance Team)

Moreover, he is also affiliated with:

- Shariah Board Member of Amana Bank Limited, Sri Lanka
- Shariah Council Member of Al-Ameen UBL Funds
- Shariah Advisor of Pakistan Mercantile Exchange
- Permanent faculty member of Centre for Islamic Economics Karachi
- Trainer of Shariah standards at Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) Bahrain
- Visiting faculty member of National Institute of Banking and Finance (State Bank of Pakistan)

He is also a frequent speaker/trainer on the concept and issues related to Islamic banking and finance, world-wide.

Shariah Advisor's Report to the Board of Directors For the Year Ended 31st December 2021

I have reviewed the accompanying financial statements, Takaful products including all related documents, as well as, the Participant Takaful Fund Policy, Investment Policy, Re-Takaful arrangements and the related transactions of State Life Insurance Corporation-Window Takaful Operations (hereafter referred to as “Takaful Operator”) for the year ended 31st December 2021.

I acknowledge that as Shariah Advisor of State Life Insurance Corporation - Window Takaful Operations, it is my responsibility to approve the above mentioned documents and ensure that the financial arrangements, Re-Takaful arrangements, contracts and transactions entered into by the Takaful Operator with its participants and stakeholders are in compliance with the requirements of Shariah rules and principles.

It is the responsibility of the Takaful Operator to ensure that the rules, principles and guidelines set by the Shariah Advisor and Takaful Rules 2012 are complied with, and that all investments done, products and services being offered are duly approved by the Shariah Advisor.

The primary objective of Shariah Advisor's report is to inform about the Takaful Operator's compliance with Shariah Guidelines, including the transactions undertaken by the Takaful Operator during the year ended 31st December 2021 and to express his opinion on the transactions and operational aspects of Window Takaful Operations.

Progress of the Year:

During the year under review;

State Life - Window Takaful Operations has achieved significant successes, details of which are as follow:

I. Alhamdulillah, State Life - Window Takaful Operations has commenced Takaful Operations

2. Under the guidance of the undersigned, State Life - Window Takaful Operations has developed & launched different Family Takaful Products, focusing on savings and Investment-based plans.

3. The existing agency distribution channel (conventional) of State Life have performed well and underwritten significant business in Takaful.

Shariah Certification:

In my opinion and to the best of my understanding based on the provided information and explanations:

i. Transactions undertaken by the Takaful Operator for the period ended 31st December 2021 were in accordance with the guidelines issued by Shariah Advisor, as well as the requirements of Takaful Rules 2012;

ii. The investments have been made from the Participant Takaful Fund (PTF), Participant Investment Fund(PIF) and Operator's Fund, Into Shariah Compliant avenues only, including Islamic Banks, Sukuk, andShariah with prior Shariah approval. Further all bank accounts related to Window Takaful Operations have been opened in Islamic Banking Institutions (IBIs) or Islamic Branches/Windows of conventional banks with prior Shariah approval;

iii. Segregation of Window Takaful Operations is the essential part of valid Takaful contracts. I am pleased to state that State Life - Window Takaful Operations has realized its criticality and Alhamdulillah, all the Takaful Funds, investments, Bank Accounts, Systems and other related issues are kept completely separate from its conventional insurance business, as per requirement of Shariah and Takaful Rules 2012.

iv. The transactions and activities of State Life Insurance Corporation - Window Takaful Operations are in accordance with the Shariah principles, while considering the accompanying financial statements of the Participants' Takaful Fund (Waqf Fund), Participants' Investment Fund, and the Operator's Sub Fund (0SF).

While concluding; I state that the Shariah principles were followed in every aspect of practical implementation of State Life - Window Takaful Operations during the year. I am grateful to the Board of Directors of State Life, Management and all relevant departments who cooperated with the Shariah Compliance function and provided every possible support to ensure Shariah Compliance in our Takaful practices.

"AndAllah Knows best"

Mufti Muhammad Hassan Kaleem
Shariah Advisor

Date: April 28, 2022

Management's Statement of Compliance with the Shariah Principles

The financial arrangements, contracts and transactions entered into by State Life Insurance Corporation- Window Takaful Operations for the year ended December 31, 2021 are in compliance with the Takaful Rules, 2012.

Further, we confirm that:

i. The Corporation has developed and implemented all policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules. 2012 in their overall operations with zero tolerance.

ii. The governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the Board of Directors have been implemented.

iii. The Corporation has imparted trainings/orientations and ensured availability of all manuals/agreements approved by Shariah Advisor/ Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff and management.

iv. All the products and policies have been approved by Shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions, entered into by Window Takaful Operations are in accordance with the polices approved by Shariah Advisor.

v. The assets and liabilities of Window Takaful Operations (Participant Takaful Fund and Operator's Sub Fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

This has been duly confirmed by the Shariah Advisor of the Corporation.

Dated: April 28, 2022

Shoaib Javed Hussain
Chairman
State Life Insurance Corporation of Pakistan

Appendix

Actuarial Valuation as at 31st December 2021

As per 35th actuarial valuation as at 31st December 2021, the actuarial surplus arising during the inter-valuation period on participating policies was Rs. 96,324 million. The details of bonuses declared are stated as an appendix.

The bonus rates declared are as under:

A. Pakistan Rupee Policies

I. Whole Life and Endowment Assurance

Subject to the Notes, for with profit Whole Life and Endowment policies in force for the full sum assured as at 31st December 2021:

a. Reversionary bonuses per thousand sum assured per annum (2020 figures are given for comparison).

	2020			2021		
	For first five policy years	**From 6th policy year to 16th policy year**	**From 17th policy year onwards**	**For first five policy years**	**From 6th policy year to 16th policy year**	**From 17th policy year onwards**
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Whole Life	49	106	162	49	106	162
Endowments Term:						
20 years and over	41	91	140	41	91	140
15 to 19 years inclusive	28	77	88	28	77	88
14 years and less	16	63	-	16	63	-

b. Interim Bonus will be allowed till the next Actuarial Valuation at the rates mentioned in II (a) above, subject to "C" below.

c. Terminal Bonus will be paid on claims by death or maturity in 2022, where more than 10 years' premiums have been paid. The rate has been maintained at Rs. 60 per thousand sum assured for each year's premium paid in excess of 10 years subject to a maximum of Rs. 1,200 per thousand sum assured (same as 2020 valuation).

d. Special Terminal Bonus will be paid on claims by maturity in 2022, where a Family Income Benefit (FIB) is inforce at maturity as a supplementary contract, or as a built-in benefit, and has been in force for more than 10 years. The rate will be Rs. 10 per thousand basic sum assured under the policy for each year in excess of 10 years that the FIB has been in force, subject to a maximum of Rs. 200 per thousand basic sum assured (same as 2020 valuation).

e. Loyalty Terminal Bonus will be paid on claims by death or maturity in 2022 to policies with risk year 2002 or earlier. The rate will be Rs. 200 per thousand sum assured (same as 2020 valuation).

Notes:

1. Jeevan Sathi and Shadabad policies will be treated as Endowment policies.
2. Big Deal policies will receive bonuses on 25% of the sum assured only.
3. For Whole Life by limited payments, bonuses will be allowed at the same rate as for Whole Life. The bonuses are admissible even after the completion of premium paying period for each year the policy has been in force for full sum assured.

II. Anticipated Endowment Assurance

For with profits Anticipated Endowments/Three stage/Three payment policies (excluding Sada Bahar Plan) in force for the full sum assured as at 31st December 2021:

a. Reversionary bonuses per thousand sum assured per annum (2020 figures are given for comparison).

	2020			2021		
	For first five policy years	**From 6th policy year to 16th policy year**	**From 17th policy year onwards**	**For first five policy years**	**From 6th policy year to 16th policy year**	**From 17th policy year onwards**
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Term:						
20 years and over	28	67	108	28	67	108
15 to 19 years inclusive	20	57	63	20	57	63
14 years and less	15	50	-	15	50	-

b. Interim Bonus will be allowed till the next Actuarial Valuation at the rates mentioned in II (a) above, subject to “C” below.

c. Terminal Bonus will not be paid on these policies.

d. Special Terminal Bonus, as mentioned in I(d) above, will be paid on cases having Family Income Benefit supplementary contract. The Special Terminal Bonus will be calculated on the basic sum assured under the policy, and not on the residual survival benefit.

e. Loyalty Terminal Bonus, as mentioned in I(e) above, will be paid on claims by death or maturity in 2022 to policies with risk year 2002 or earlier. The Loyalty Terminal Bonus will be calculated on the basic sum assured under the policy, and not on the residual survival benefit.

f. If the policyholder lets a Survival Benefit remain with State Life, a Special Reversionary Bonus will be added six months after the due date of the Survival Benefit. For Survival Benefits falling due in 2022, which the policyholder opts to leave, Special Reversionary Bonuses will be allowed as follows (same as 2020 valuation).

Period between Survival Benefit due date and maturity date	Special Reversionary Bonus per Rs.1,000 Survival Benefit	Period between Survival Benefit due date and maturity date	Special Reversionary Bonus per Rs.1,000 Survival Benefit
20 years	Rs. 3,165	9 years	Rs. 1,005
18 years	Rs. 2,765	8 years	Rs. 845
16 years	Rs. 2,350	7 years	Rs. 695
14 years	Rs. 1,940	6 years	Rs. 555
12 years	Rs. 1,545	5 years	Rs. 420
10 years	Rs. 1,175	4 years	Rs. 300

Note: Policies under Family Pension Plan (Table 12) will not be eligible for Special Reversionary Bonuses.

III. Sada-Bahar Plan

Sada-Bahar Plan was launched during 2006. For policies in force for the full sum assured as at 31st December 2021:

(a) Reversionary bonuses per thousand sum assured per annum would be as per following schedule (2020 figures are given for comparison):

	2020		2021	
	For first five policy years Rs.	From 6th policy year to 16th Rs.	For first five policy years Rs.	From 6th policy year to 16th policy Rs.
Term:				
20 years and over	36	82	36	82
15 to 19 years inclusive	25	71	25	71
14 years and less	19	63	19	63

b. Interim Bonus will be allowed till the next Actuarial Valuation at the rates mentioned in III (a) above, subject to "c" below.

c. Special Reversionary Bonus will also be paid to all policies under this plan whose Survival Benefits have fallen due in 2022 subject to the rates and conditions mentioned in II (f) above.

IV. Super (Table 72), Sunehri (Table 73) & Shehnai (Table 77) policies

a. Bonuses under these policies are credited to the policy after the policy has acquired an Adjusted Opening Cash Value. The bonus is credited on the Adjusted Opening Cash Value and not on minimum guaranteed surrender value. Bonuses will be credited at the end of the policy year. These bonuses are payable when the Cash Value under the policy is payable.

b. The rate of bonus is Rs. 85 per thousand per annum of the Adjusted Opening Cash Value. This bonus rate will be allowed till the next valuation.

c. Reversionary, Terminal or any other bonuses declared as a result of this valuation will not be payable under these policies. However, bonus mentioned under “VIII” below, if applicable, will be allowed.

V. Committee Policy (Table 79)

a. Investment Return under this policy is credited to the policy after the policy has acquired an Adjusted Opening Cash Value. The return is credited on the Adjusted Opening Cash Value and not on minimum guaranteed surrender value. This return will be credited at the end of each quarter. These returns are payable when the Cash Value under the policy is payable.

b. The credit rate for each of the quarters falling due in 2022 shall be calculated at 8.00% per annum (same as 2020 valuation) of the Adjusted Opening Cash Value. This rate will be allowed till the next valuation.

c. Reversionary, Terminal or any other bonus declared as a result of this valuation will not be payable under these policies.

VI. Personal Pension Scheme (Table 71)

a. Bonuses under Personal Pension Scheme where “Pension is being paid” will be allowed on Pension Payments. Pension payments will be increased by bonus from the policy anniversary falling in the year 2022. This increase will also be available on pension payments commencing in 2022.

b. The rate of bonus is Rs. 80 per thousand per annum of the pension payments.

c. Reversionary, Terminal or any other bonuses declared as a result of this valuation, will not be payable under these policies.

VII. Specified Major Surgical Benefit

a. Specified Major Surgical Benefit was announced for the first time in 1992 Actuarial valuation. This benefit has been retained in 2021 valuation. This benefit is available to all with-profit policies, which have been in full force as at 31st December 2021 and have been continuously in force for at least five complete policy years at the date of surgery. The maximum benefit for such policies is Rs. 250,000. However, if the with-profit policies have been in full force as at 31st December 2021 and have been continuously in force for at least ten complete policy years at the date of surgery then the maximum benefit for these policies will be Rs.500,000.

b. Under such policies, if the life assured undergoes specified major surgery during the inter-valuation period i.e. from 1st January 2022 to 31st December 2022 on account of a specified dread disease, the Corporation would pay 50% of the basic sum assured (in case of Anticipated Endowment plans, 50% of the remaining sum assured after deducting any due survival benefit(s)), subject to above given maximum amounts. The amount payable will be adjusted against future survival benefit payments, maturity or death claims.

c. If the insured is covered under more than one policy, the maximum amount paid on all the policies together will depend on the number of years the policies have been continuously in full force. For policies that have been continuously in full force for at least five years but less than 10 years, the maximum benefit paid under all such policies together will be limited to Rs.250,000. For policies that are continuously in full force for at least ten years, the maximum benefit payable under each policy is limited to Rs.500,000 or 50% of the sum assured, whichever is less.

d. The specified surgeries and all other related conditions are the same as those announced in 2020 bonus declaration.

VIII. Family Income Benefits Where Life Assured Has Died

Family Income Benefit to heirs or nominees of deceased life assureds will be increased by 7.5% from policy anniversaries in the year 2023 under with profit policies.

Note: The percentage increase will be allowed on the actual benefit paid on policy anniversaries (including any prior increases) in the year 2022.

IX. Terminal/Loyalty Terminal Bonus for (with profit Tables/Plans) paid-up policies.

a. Terminal Bonus on Whole Life and Endowment paid-up policies will be paid on claims by death or maturity in 2022, where the policy has been on the books for more than 10 years. The rate will be Rs. 60 per thousand paid-up sum assured for each year in excess of 10 years subject to a maximum of Rs.1,200 per thousand paid-up sum assured. Jeevan Sathi and Shadabad policies will be treated as Endowment policies.

b. The above terminal bonus will also be paid to Anticipated Endowment paid-up policies on claims by death only. No terminal bonus will be paid to anticipated endowment policies on claims by maturity in 2022.

c. Loyalty Terminal Bonus on Whole Life and Endowment paid up policies will be paid on claims by death or maturity in 2022 to policies with risk year 2002 or earlier. The rate will be Rs.200 per thousand paid-up sum assured. Jeevan Sathi and Shadabad policies will be treated as Endowment policies.

d. Loyalty Terminal bonus as mentioned above will also be paid to Anticipated Endowment paid-up policies on claims by death or maturity in 2022.

Note: Terminal/Loyalty Terminal bonus for paid-up policies will be calculated on the paid-up sum assured and not on the basic sum assured.

X. East West Mutual etc.

Policies issued by the East West Mutual, Grand Mutual, I.G.I., Pakistan Mutual, Standard and Union Insurance and former East Pakistani companies will not get Terminal Bonuses, Special Terminal Bonuses, Loyalty Terminal Bonuses and Specified Major Surgical Benefit.

B. Policies Expressed in UAE Dirham and US Dollar

a. Policies expressed in UAE Dirham:

Reversionary bonuses per thousand sum insured per annum (2020 figures are given for comparison).

	2020		2021	
	For First Five Policy Years Dh	From Sixth Policy Year Onwards Dh	For First Five Policy Years Dh	From Sixth Policy Year Onwards Dh
Whole Life	7	16	8	19
Endowments				
Term:				
20 years and over	6	14	7	16
15 to 19 years inclusive	4	10	5	12
14 years and less	3	7	3	7
Anticipated Endowments				
Term:				
20 years and over	3	10	4	11
15 to 19 years inclusive	3	7	3	8
14 years and less	3	5	3	6

b. Policies expressed in US Dollar:

Reversionary bonuses per thousand sum insured per annum (2020 figures are given for comparison).

	2020		2021	
	For First Five Policy Years $	From Sixth Policy Year Onwards $	For First Five Policy Years $	From Sixth Policy Year Onwards $
Whole Life	7	17	8	19
Endowments				
Term:				
20 years and over	6	14	7	16
15 to 19 years inclusive	4	10	5	12
14 years and less	3	7	3	7
Anticipated Endowments				
Term:				
20 years and over	3	10	4	11
15 to 19 years inclusive	3	7	3	8
14 years and less	3	5	3	6

Interim Bonus on death and maturity claims will be allowed till the next bonus declaration, at the rates mentioned in B(a) and B(b) above.

d. Terminal Bonus will be paid on claims by death or maturity in 2022, where more than 10 years' premiums have been paid. The rate will be USD/AED 10 per thousand sum assured for each year's premium paid in excess of 10 years subject to a maximum of USD/AED 200 (same as 2020 valuation) per thousand sum assured. This bonus shall only be payable on Whole Life and Endowment policies and not Anticipated Endowment policies.

e. Special Terminal Bonus will be paid to Anticipated Endowment policies on claims by maturity in 2022, where a Family Income Benefit (FIB) is in force at maturity as a supplementary contract and has been in force for more than 10 years. The rate will be 5 per thousand basic sum assured under the policy for each year in excess of 10 years that the FIB has been in force, subject to a maximum of 100 (same as 2020 valuation) per thousand basic sum assured. This bonus is applicable for both Dollar and Dirham policies.

f. Family Income Benefit to heirs or nominees of deceased lives assured will be increased by 4% from policy anniversaries in the year 2023 under with profit policies.

Note: The percentage increase will be allowed on the actual benefit paid on policy anniversaries (including any prior increases) in the year 2022.

C. No Cash Value of Bonuses until Three Years' Premiums have been Paid

Surrender Value of Reversionary Bonuses on an inforce policy will be payable if at least one of the following two conditions has been fulfilled:

i) The policyholder has actually paid at least three full years' premiums

ii) The policy has completed at least three policy years.

However, these conditions will be waived in case of Single Premium policies. These conditions will also be waived in the case of a death claim and all bonuses whether declared or interim will be payable. Also, in the case of a death claim in the first three policy years, where the premiums are in arrears, in order to determine whether the policy could have been kept in force, the surrender value of bonuses will be taken into account.

"Actual payment" means payment in cash/pay order/bank draft/cheque after it has been realized.

Caution:

Terminal, Special Terminal, Loyalty Terminal bonuses and the Specified Major Surgical Benefits are especially sensitive to the future surplus of State Life. Hence, no indication can or should be given of Terminal, Special Terminal, Loyalty Terminal bonuses and Specified Major Surgical Benefit, if any, which may be allowed after the year 2022.

Operating and Financial Highlights

Financial Position

Balance Sheet

Rupees in Million

	2021	2020	2019	2018	2017	2016
ASSETS						
Cash and Banks	101,002	56,185	91,860	33,298	38,452	31,349
Loans secured against life insurance policies	151,464	129,181	111,874	93,313	76,675	62,803
Loans to employee and field force	1,001	1,009	1,035	985	898	803
Investment properties	3,619	3,638	3,375	3,657	3,185	2,975
Investment in securities	1,011,953	927,273	777,884	738,586	585,906	514,447
Current assets and others	96,191	85,246	71,888	59,977	50,419	47,025
Fixed assets	881	851	920	414	437	409
Total assets	**1,366,112**	1,203,383	1,058,836	930,231	755,973	659,811
EQUITY AND LIABILITIES						
Issued, subscribed and paid up capital	4,900	4,600	4,300	3,500	3,000	3,000
Reserve and surplus	1,929	1,765	642	1,121	377	948
Policy holders liability	1,268,311	1,128,152	996,401	873,813	707,388	614,177
Employees Retirement Benefit	3,484	2,096	4,722	6,368	3,926	3,401
Deferred capital grant	16	37	45	14	22	27
Creditors and accruals	87,473	66,733	52,726	45,416	41,259	38,258
Total equity and liability	**1,366,112**	1,203,383	1,058,836	930,231	755,973	659,811
OPERATING AND FINANCIAL TRENDS						
Profit and Loss						
Net Investment Income	445	428	363	311	314	311
Surplus appropriated	2,408	2,138	1,878	1,738	1,580	1,519
Profit before Tax	2,853	2,566	2,234	2,675	1,894	1,830
Taxation	829	746	649	883	624	618
Profit After Tax	**2,024**	1,820	1,585	1,792	1,270	1,212
Revenue Account						
Premium net of Reinsurance	161,789	119,035	112,572	114,914	100,761	89,821
Net Investment Income	109,469	105,598	95,802	69,961	69,251	64,214
Total Inflow	271,258	224,633	208,374	184,875	170,012	154,035
Total Outflow	128,345	89,667	84,102	88,436	75,885	65,523
Increase Policyholders liability	126,638	129,039	117,331	94,075	87,800	83,286
Surplus before Tax	9,334	5,927	2,797	2,364	6,326	5,226
Taxation	2,708	1,720	813	-	85	43
Surplus after Tax	6,625	4,206	1,984	2,364	6,241	5,183
Surplus transfer to P&L	**2,408**	2,138	1,878	1,738	1,580	1,519
Cash Flows						
Operating activities	28,696	30,895	12,636	21,068	19,025	17,029
Investing activities	19,720	(64,719)	41,271	(25,566)	(15,747)	(11,307)
Financing activities	(1,461)	(1,047)	(714)	(1,270)	(1,091)	(943)
Cash and cash equivalents at the end of the year	**92,895**	45,939	80,810	27,617	33,385	31,197

Financial Ratios

		2021	2020	2019	2018	2017	2016
Profitability							
Profit before tax / Gross Premium		**5.74%**	4.96%	2.48%	2.38%	1.87%	2.03%
Profit before tax / Net Premium		**5.77%**	4.98%	2.48%	2.39%	1.88%	2.04%
Profit after tax / Gross Premium		**4.08%**	3.52%	1.76%	1.60%	1.26%	1.35%
Profit after tax / Net Premium		**4.10%**	3.52%	1.76%	1.60%	1.26%	1.35%
Net Claims / Net Premium (IL)		**54.17%**	51.75%	48.38%	41.29%	39.44%	37.70%
Net Claims / Net Premium (GL)		**76.54%**	77.51%	78.38%	96.20%	100.01%	104.71%
Net Commission / Net Premium (IL)		**12.75%**	11.06%	12.46%	18.50%	20.15%	20.64%
Net Commission / Net Premium (GL)		**0.01%**	0.04%	0.07%	0.07%	0.08%	0.08%
Area Managers Costs / Net Premium		**2.83%**	2.81%	2.20%	2.65%	2.66%	2.78%
Total Acquisition Cost / Net Premium		**17.34%**	15.50%	15.87%	22.75%	23.80%	24.46%
Administration Expenses / Net Premium		**6.37%**	7.04%	9.37%	10.29%	8.98%	7.91%
Return to Shareholders							
Return on Equity (ROE) Net income / Avg Equity		**51.40%**	48.19%	30.46%	31.91%	34.67%	29.65%
Earnings / (Loss per Share) - Pre Tax	Rs.	**201.79**	137.78	72.74	84.49	63.14	61.02
Earnings / (Loss per Share) - After Tax	Rs.	**143.24**	97.78	51.61	56.60	42.33	40.41
Return on Assets (Net Income)/Avg total Assets		**0.52%**	0.37%	0.20%	0.20%	0.18%	0.20%
Paid up Capital / Total Assets		**0.36%**	0.38%	0.41%	0.38%	0.40%	0.45%
Market Value							
Face Value per Share	Rs.	**100**	100	100	100	100	100
Break up Value per Share	Rs.	**315.79**	224.10	166.26	167.95	112.57	131.60
Cash Dividend per Share	Rs.	**49.37**	39.57	31.33	40.39	42.33	36.37
Dividend Yield - (DPS/100*100)		**49.37%**	39.57%	31.33%	40.39%	42.33%	36.37%
Dividend Pay out		**34.47%**	40.47%	60.70%	71.36%	100%	90%

Vertical Analysis

Balance Sheet

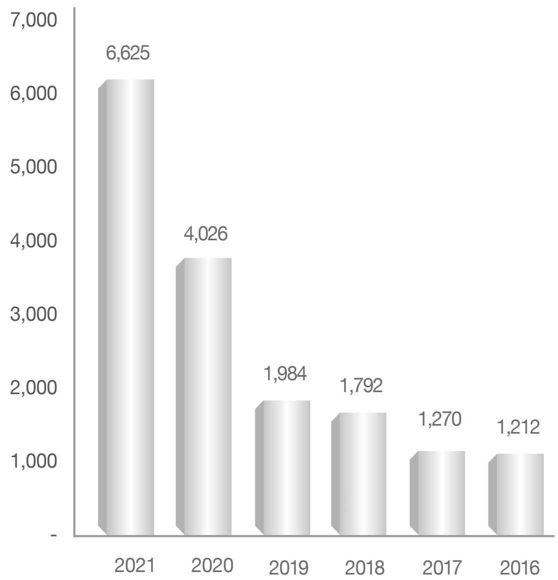
	2021		2020		2019		2018		2017		2016	
	Rs in million	%	Rs in million	%	Rs in million	%	Rs in million	%	Rs in million	%	Rs in million	%
ASSETS												
Cash and Banks	101,002	7.39%	56,185	4.67%	91,860	8.68%	33,298	3.58%	38,452	5.09%	31,349	4.75%
Loans secured against life insurance policies	151,464	11.09%	129,181	10.73%	111,874	10.57%	93,313	10.03%	76,675	10.14%	62,803	9.52%
Loans to employee and field force	1,001	0.07%	1,009	0.08%	1,035	0.10%	985	0.11%	898	0.12%	803	0.12%
Investment properties	3,619	0.26%	3,638	0.30%	3,375	0.32%	3,657	0.39%	3,185	0.42%	2,975	0.45%
Investment in securities	1,011,953	74.08%	927,273	77.06%	777,884	73.47%	738,586	79.40%	585,906	77.50%	514,447	77.97%
Current assets and others	96,191	7.04%	85,246	7.08%	71,888	6.79%	59,977	6.45%	50,419	6.67%	47,025	7.13%
Fixed assets	881	0.06%	851	0.07%	920	0.09%	414	0.04%	437	0.06%	409	0.06%
Total assets	**1,366,112**	**100%**	1,203,383	100%	1,058,836	100%	930,231	100%	755,973	100%	659,811	100%
EQUITY AND LIABILITIES												
Issued, subscribed and paid up capital	4,900	0.36%	4,600	0.38%	4,300	0.41%	3,500	0.38%	3,000	0.40%	3,000	0.45%
Reserve and surplus	1,929	0.14%	1,765	0.15%	642	0.06%	1,121	0.12%	377	0.05%	948	0.14%
Policy holders liability	1,268,311	92.84%	1,128,152	93.75%	996,401	94.10%	873,813	93.94%	707,388	93.57%	614,177	93.08%
Employees retirement benefit	3,484	0.26%	2,123	0.17%	4,722	0.45%	6,368	0.68%	3,926	0.52%	3,401	0.52%
Deferred capital grant	16	0.001%	37	0.003%	45	0.004%	14	0.002%	22	0.003%	27	.004%
Creditors and accruals	87,473	6.40%	66,733	5.55%	52,726	4.98%	45,416	4.88%	41,259	5.46%	38,258	5.80%
Total equity and liability	**1,366,112**	**100%**	1,203,383	100%	1,058,836	100%	930,231	100%	755,973	100%	659,811	100%
OPERATING AND FINANCIAL TRENDS												
Profit and Loss												
Net Investment Income	445	16%	428	17%	363	16%	311	12%	314	17%	311	17%
Surplus appropriated	2,408	84%	2,138	83%	1,878	84%	1,738	65%	1,580	83%	1,519	83%
Profit before Tax	2,853	100%	2,566	100%	2,234	100%	2,675	100%	1,894	100%	1,830	100%
Taxation	829	29%	746	29%	649	29%	883	33%	624	33%	618	34%
Profit After Tax	**2,024**	**71%**	1,820	71%	1,585	71%	1,792	67%	1,270	67%	1,212	66%
Revenue Account												
Premium net of Reinsurance	161,789	60%	119,035	53%	112,572	54%	114,914	62%	100,761	59%	89,821	58%
Net Investment Income	109,469	40%	105,598	47%	95,802	46%	69,961	38%	69,251	41%	64,214	42%
Total Inflow	271,258	100%	224,633	100%	208,374	100%	184,875	100%	170,012	100%	154,035	100%
Total Outflow	128,345	47%	89,667	40%	84,102	40%	88,436	48%	75,885	45%	65,523	43%
Increase Policyholders liability	126,638	47%	129,039	57%	117,331	56%	94,075	51%	87,800	52%	83,286	54%
Taxation	2,708	1%	1,720	1%	0	0%	0	0%	85	0%	43	0%
Surplus after Tax	**6,625**	**2%**	4,206	2%	1,984	1%	2,364	1%	6,241	4%	5,183	3%

Horizontal Analysis

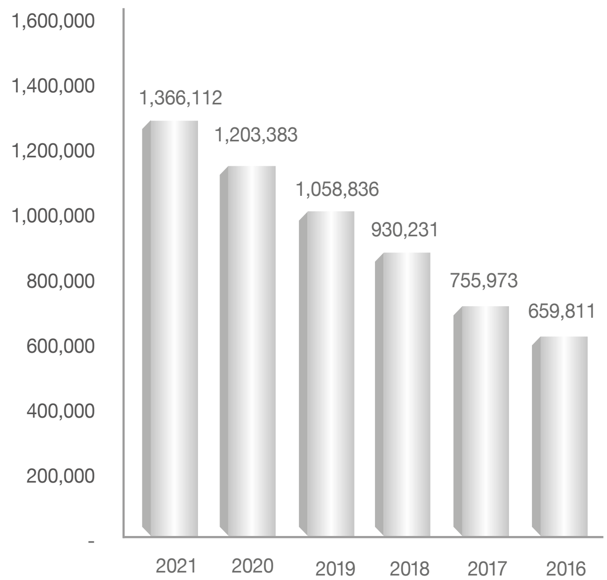
Balance Sheet

	Rs in million						% increase/decrease over preceding year					
	2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016
ASSETS												
Cash and Banks	101,002	56,185	91,860	33,298	38,452	31,349	80%	-39%	176%	-13%	23%	13%
Loans secured against life insurance policies	151,464	129,181	111,874	93,313	76,675	62,803	17%	15%	20%	22%	22%	24%
Loans to employee and field force	1,001	1,009	1,035	985	898	803	-1%	-2%	5%	10%	12%	46%
Investment properties	3,619	3,638	3,375	3,657	3,185	2,975	-1%	-8%	-8%	15%	7%	1%
Investment in securities	1,011,953	927,273	777,884	738,586	585,906	514,447	9%	19%	5%	26%	14%	15%
Current assets and others	96,191	85,246	71,888	59,977	50,419	47,025	13%	19%	20%	19%	7%	8%
Fixed assets	881	851	920	414	437	409	4%	-8%	122%	-5%	7%	20%
Total assets	**1,366,112**	1,203,383	1,058,836	930,231	755,973	659,811	14%					
EQUITY AND LIABILITIES												
Issued, subscribed and paid up capital	4,900	4,600	4,300	3,500	3,000	3,000	7%	7%	23%	17%	0%	0%
Reserve and surplus	1,929	1,765	642	1,121	377	948	9%	175%	-43%	197%	-60%	-23%
Policy holders liability	1,268,311	1,128,152	996,401	873,813	707,388	614,177	12%	13%	14%	24%	15%	17%
Employees retirement benefit	3,484	2,096	4,722	6,368	3,926	3,402	64%	-56%	-26%	62%	15%	20%
Deferred capital grant	16	37	45	14	22	27	-57%	-17%	219%	-36%	100%	100%
Creditors and accruals	87,473	66,733	52,726	45,416	41,259	38,258	31%	27%	16%	10%	8%	1%
Total equity and liability	**1,366,112**	1,203,383	1,058,836	930,231	755,973	659,811	14%					
OPERATING AND FINANCIAL TRENDS												
Profit and Loss												
Net Investment Income	445	428	363	311	314	311	4%	20%	17%	-1%	1%	-3%
Surplus appropriated	2,408	2,138	1,878	1,738	1,580	1,519	13%	14%	8%	10%	4%	20%
Profit before Tax	2,853	2,566	2,234	2,050	1,894	1,830	11%	15%	9%	41%	3%	15%
Taxation	829	746	649	636	624	618	11%	15%	2%	41%	1%	14%
Profit After Tax	**2,024**	1,820	1,585	1,414	1,270	1,212	11%	15%	12%	41%	5%	16%
Revenue Account												
Premium net of Reinsurance	161,789	119,035	112,572	112,123	100,761	89,821	35.92%	5.74%	0.40%	14%	12%	12%
Net Investment Income	109,469	105,598	95,802	70,277	69,251	64,214	4%	10%	36%	1%	8%	7%
Total Inflow	271,258	224,633	208,374	182,401	170,012	154,035	21%	8%	14%	9%	10%	10%
Total Outflow	128,345	89,667	84,102	85,650	75,885	65,523	43%	7%	-2%	17%	16%	6%
Increase Policyholders liability	126,638	129,039	117,331	94,075	87,800	83,286	2%	10%	25%	7%	5%	11%
Taxation	2,708	1,720	813	883	85	43	57%	112%	-8%	-100%	99%	-
Surplus after Tax	**6,625**	4 2,06	1,984	1,792	6,241	5 183	58%	112%	11%	-62%	20%	77%

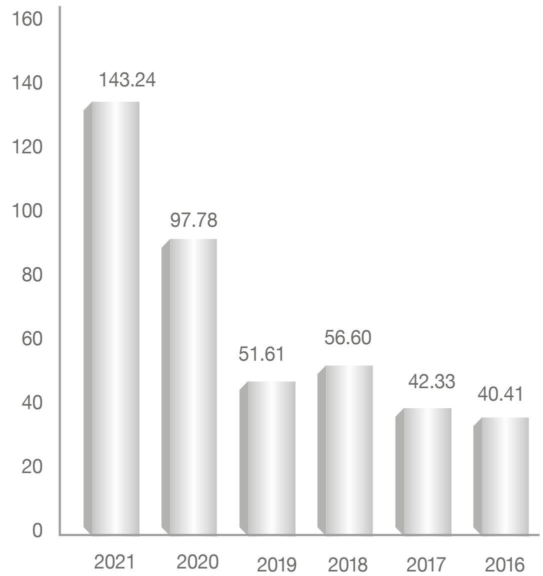
Profit After Tax (Rs. in Million)



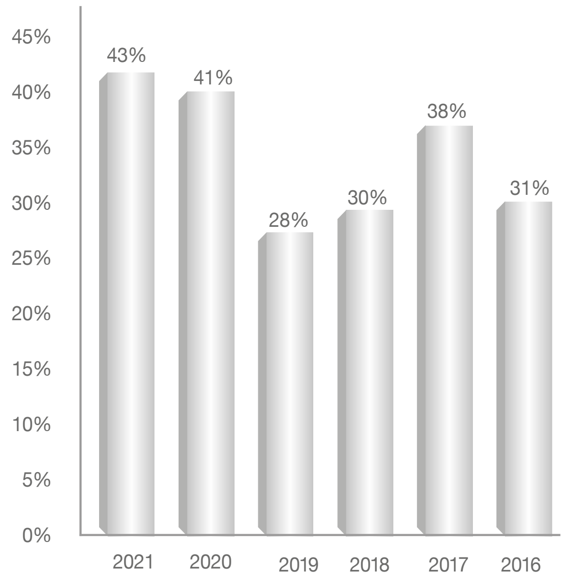
Total Assets (Rs. in Million)



Earning Per Share

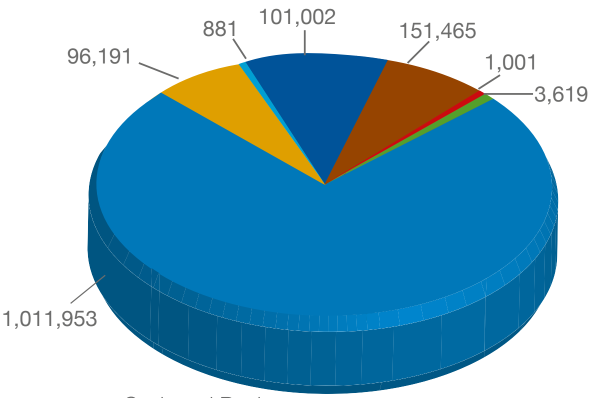


Return on Equity %



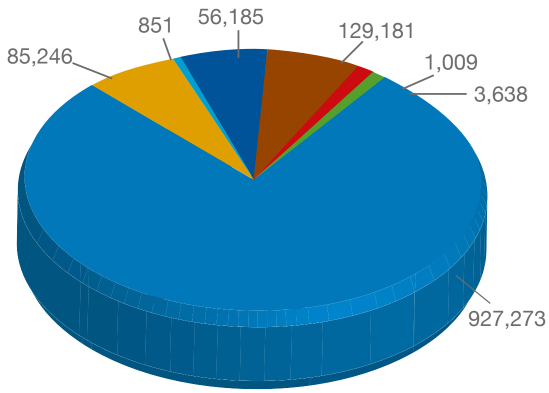
Balance Sheet Composition

Assets - 2021
(Rupees in Millions)



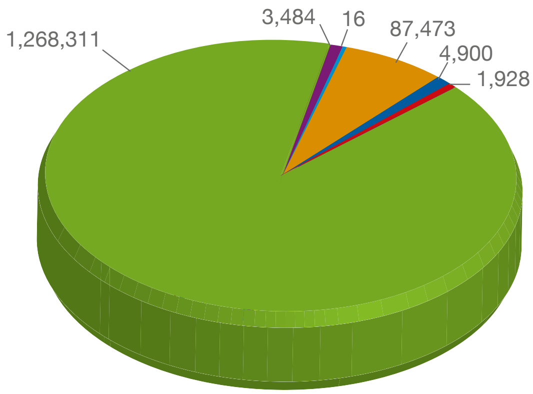
- Cash and Banks
- Loans to employee and field force
- Investment in securities
- Fixed assets
- Loan secured against life insurance policies
- Investment properties
- Current assets and others

Assets - 2020
(Rupees in Millions)



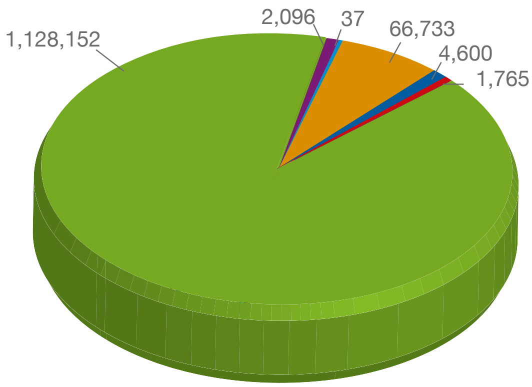
- Cash and Banks
- Loans to employee and field force
- Investment in securities
- Fixed assets
- Loan secured against life insurance policies
- Investment properties
- Current assets and others

Equity and Liabilities - 2021
(Rupees in Millions)



- Issued, subscribed and paid up capital
- Reserve and surplus
- Policy holders liability
- Employees retirement benfit
- Deferred capital grant
- Creditors and accruals

Equity and Liabilities - 2020
(Rupees in Millions)



- Issued, subscribed and paid up capital
- Reserve and surplus
- Policy holders liability
- Employees retirement benfit
- Deferred capital grant
- Creditors and accruals

FINANCIAL STATEMENTS UNCONSOLIDATED

Independent Auditors' 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 December 31, 2021, and the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies 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 the unconsolidated statement of cash flows 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 December 31, 2021 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 22.1.13 to the unconsolidated financial statements that describes the chargeability of sales tax on premium by provincial revenue authorities.

Our opinion is not modified in respect of the above matters.

Information Other than the Unconsolidated Financial Statements and Auditors' 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 unconsolidated financial statements 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 and the requirements of Insurance Ordinance, 2000 and Companies Act, 2017 (XIX of 2017) 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 the 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, the Companies Act, 2017 (XIX of 2017), 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

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.

The engagement partners on the audit resulting in this independent auditors' report are Muhammad Khalid Aziz and Qasim E. Causer on behalf of Grant Thornton Anjum Rahman and BDO Ebrahim & Co. respectively.

Grant Thornton Anjum Rahman.

Grant Thornton Anjum Rahman
Chartered Accountants

Karachi
Dated: April 28, 2022
UDIN: AR202110154c2KTfDYqj

BDO Ebrahim & Co
Chartered Accountants

Karachi
Dated: April 28, 2022
UDIN: AR202110067y2WFTgJbk

Unconsolidated
Statement of Financial Position
As at December 31, 2021

	Note	2021	2020
		------------- (Rupees in '000) -------------	
ASSETS			
Property and equipment	4	881,186	850,816
Investment properties	5	3,618,967	3,638,142
Investments in subsidiaries	6	323,618	323,618
Investments			
Equity securities	7	88,913,774	92,918,024
Mutual funds	8	8,554,292	8,686,126
Government securities	9	910,069,819	821,691,138
Debt securities	10	4,091,596	3,654,344
Loans secured against life insurance policies		151,464,401	129,180,723
Insurance / reinsurance receivables	11	37,430,191	32,574,359
Loans and other receivables	12	56,221,789	49,925,310
Taxation - payments less provision		3,474,427	3,693,190
Prepayments	13	66,367	62,120
Cash & bank	14	101,002,030	56,184,733
TOTAL ASSETS		1,366,112,457	1,203,382,643
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES ATTRIBUTABLE TO CORPORATION'S EQUITY HOLDERS			
Ordinary share capital	15	4,900,000	4,600,000
Ledger account C & D		8,544,917	3,943,311
Reserves	16	4,725	304,725
Unappropriated profit		1,923,866	1,460,496
Capital contributed to statutory fund		100,000	-
TOTAL EQUITY		15,473,508	10,308,532
LIABILITIES			
Insurance liabilities	17	1,310,641,293	1,157,476,582
Retirement benefit obligations	18	3,483,912	2,095,926
Deferred capital grant		15,886	36,957
Deferred taxation	19	3,489,579	1,610,642
Premium received in advance		5,569,399	8,644,311
Insurance / reinsurance payables	20	521,942	566,647
Other creditors and accruals	21	26,916,938	22,643,046
TOTAL LIABILITIES		1,350,638,949	1,193,074,111
TOTAL EQUITY AND LIABILITIES		1,366,112,457	1,203,382,643
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Shoaib Javed Hussain	Humayun Bashir	Pouruchisty Sidhwa	Muhammad Rashid
Chairman	Director	Director	Chief Financial Officer

Unconsolidated
Statement of Comprehensive Income

For the year ended December 31, 2021

	Note	2021	2020
		------------- (Rupees in '000)	--------------
Premium revenue		162,480,351	119,414,632
Premium ceded to reinsurers		(691,665)	(380,092)
Net premium revenue	23	161,788,686	119,034,540
Investment income	24	96,101,249	87,207,086
Net realised fair value gain on financial assets	25	58,719	207,639
Net fair value (loss)/gain on financial assets at fair value through profit and loss	26	(8,555,366)	614,755
Net rental income	27	412,385	559,518
Other income	28	21,452,436	17,009,232
		109,469,423	105,598,230
Net income		271,258,109	224,632,770
Insurance benefits		98,348,335	64,886,618
Recoveries from reinsurers		(324,854)	(211,907)
Claim related expense		14,410	13,715
Net Insurance Benefits	29	98,037,891	64,688,426
Net Change Insurance Liabilities (other than outstanding claims)		133,579,212	129,039,485
Acquisition expenses	31	19,995,160	16,596,807
Marketing and administration expenses	32	9,881,631	7,953,025
Other expenses	33	430,318	428,417
Total expenses		163,886,321	154,017,734
Profit before tax		9,333,897	5,926,610
Income tax expense	34	(2,708,425)	(1,720,268)
Profit for the year		6,625,472	4,206,342
Other comprehensive income		-	-
Total comprehensive income for the year		6,625,472	4,206,342
Earning (after tax) per share - Rupees	35	143.24	97.78

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Shoaib Javed Hussain	**Humayun Bashir**	**Pouruchisty Sidhwa**	**Muhammad Rashid**
Chairman	Director	Director	Chief Financial Officer

Unconsolidated
Statement of Cash Flow
For the year ended December 31, 2021

		Note	2021	2020
			------------ (Rupees in '000)	-------------
	Operating Cash flows			
(a)	Underwriting activities			
	Insurance premium received		154,323,542	100,820,347
	Reinsurance premium paid		(763,675)	(293,629)
	Claims paid		(48,714,429)	(23,128,233)
	Surrenders paid		(30,062,818)	(30,046,296)
	Reinsurance and other recoveries received		539,561	158,402
	Commissions paid		(13,330,913)	(12,299,413)
	Other underwriting payments, if any		(5,286,340)	(4,749,131)
	Net cash flow from underwriting activities		56,704,928	30,462,047
(b)	Other operating activities			
	Income tax paid		(610,726)	(563,140)
	Other operating payments		(1,500,742)	-
	General management expense paid		(5,727,123)	(6,439,122)
	Other operating receipts		-	284,198
	Loans secured against life insurance policies - advanced		(22,351,163)	(5,847,788)
	Loans secured against life insurance policies - repayments received		2,181,049	12,998,612
	Net cash flow used in other operating activities		(28,008,705)	432,760
	Total cash flow from all operating activities		28,696,223	30,894,807
	Investment activities			
	Profit / return received		96,959,697	69,015,765
	Dividend received		7,347,504	4,572,291
	Rental received		1,170,773	1,050,715
	Payment for investments		(368,507,053)	(245,604,897)
	Proceeds from disposal of investments		283,186,785	106,611,187
	Fixed capital expenditure		(439,452)	(364,221)
	Proceeds from sale of property and equipment		1,861	-
	Total cash flow generated from / (used in) investing activities		19,720,115	(64,719,160)
	Financing activities			
	Dividends paid		(1,460,501)	(1,046,880)
	Total cash flow used in financing activities		(1,460,501)	(1,046,880)
	Net cash flow generated from / (used in) all activities		46,955,837	(34,871,233)
	Cash and cash equivalents at beginning of year		45,938,842	80,810,075
	Cash and cash equivalents at end of year	14.1	92,894,679	45,938,842
	Reconciliation to Profit and Loss Account			
	Operating cash flows		28,696,222	30,894,807
	Depreciation expense		(102,992)	(115,193)
	Investment income		109,470,878	105,598,230
	Amortization/capitalization		872,480	561,435
	Non Cash Adjustments (APL)		(2,067,304)	(14,045,545)
	Increase in assets other than cash		28,420,763	22,049,696
	Decrease in liabilities other than running finance		(23,204,947)	(11,372,965)
	Allocation of surplus		-	-
	Other adjustments		(1,880,415)	(324,638)
	Net change in insurance liabilities (other than outstanding claims)		(133,579,212)	(129,039,485)
	Profit for the year		6,625,472	4,206,342

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Shoaib Javed Hussain	Humayun Bashir	Pouruchisty Sidhwa	Muhammad Rashid
Chairman	Director	Director	Chief Financial Officer

Unconsolidated
Statement of Changes In Equity

For the year ended December 31, 2021

	Attributable to equity holders of the Corporation					
	Share capital	Capital contributed to Statutory Fund	Revenue reserves General reserves	Ledger Account C & D [Refer Note]	Unappropriated profit	Total
	----------(Rupees in '000)----------					
Balance as at January 1, 2020	4,300,000	(650,000)	7,043	2,207,145	1,284,882	7,149,070
Dividend paid for the year December 31, 2019	-	-	-	-	(1,046,880)	(1,046,880)
Total comprehensive income for the year	-	-	-	-	4,206,342	4,206,342
Surplus for the year retained in statutory funds-net of tax	-	-	-	1,736,166	(1,736,166)	-
Capital contributed to statutory fund	-	-	-	-	-	-
Capital received from statutory fund	-	650,000	-	-	(650,000)	-
Transfer to General reserve	-	-	497,682	-	(497,682)	-
Transfer for the issuance of share capital	300,000	-	(200,000)	-	(100,000)	-
Balance as at December 31, 2020	4,600,000	-	304,725	3,943,311	1,460,496	10,308,532
Dividend paid for the year December 31, 2020	-	-	-	-	(1,460,496)	(1,460,496)
Total comprehensive income for the year	-	-	-	-	6,625,472	6,625,472
Surplus for the year retained in statutory funds-net of tax	-	-	-	4,601,606	(4,601,606)	-
Capital contributed to statutory fund	-	100,000	-	-	(100,000)	-
Capital received from statutory fund	-	-	-	-	-	-
Transfer to General reserve	-	-	-	-	-	-
Transfer for the issuance of share capital	300,000	-	(300,000)	-	-	-
Balance as at December 31, 2021	4,900,000	100,000	4,725	8,544,917	1,923,866	15,473,508

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 46 form an integral part of these unconsolidated financial statements.

Shoaib Javed Hussain	Humayun Bashir	Pouruchisty Sidhwa	Muhammad Rashid
Chairman	Director	Director	Chief Financial Officer

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 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) through zonal office located at Dubai (UAE).

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

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 vide letter no. 0097, dated September 22, 2016. 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 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 January 28, 2021.

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 State Life Insurance Corporation of Pakistan 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. Subsequently, Ministry of Commerce vide letter No.1(7)/2013-SLIC-INS dated 10-09-2020 informed that the Senate of Pakistan passed the Bill with certain amendments. The amended Bill, as passed by the Senate, was forwarded to the National Assembly as per Article 70(2) of the Constitution of Pakistan. The National Assembly did not pass the amended Bill within 90 days, therefore, 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 dissolution of Assembly at 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. After detailed deliberation on the issue between Privatization Commission and Ministry of Commerce, it was agreed that view/comments/input from SLIC may first be obtained in the matter.

Ministry of commerce conveyed the decision of Cabinet Committee dated September 10, 2021 vide MoC letter No. 1(1)/2020-Ins.Mise./Service dated September 22, 2021 requesting to prepare draft amendments in LINO for the divestment of State Life Insurance Corporation of Pakistan and share it with ministry of commerce. The amendments in LINO were sent to MoC vide letter dated October 06, 2021.

1.5 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 3.4.

1.6 Summary of significant events and transactions

During the year the Corporation has introduced new product called "Sehat Card" in collaboration with Government of Pakistan in whole KPK and Punjab province.

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 approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017 and the 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.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies mentioned below (refer note 3).

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.

2.4 Standards, amendments and interpretations to the published standards that are relevant to the Corporation and adopted in the current year

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

Standard or Interpretation	Effective Date (Annual period beginning on or after)
IBOR Reform and its Effects on Financial Reporting—Phase 2	January 1, 2021

Adoption of the above standard have no significant effect on the amounts for the year ended December 31, 2021.

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'. 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	2021					
	Fail the SPPI test			Pass the SPPI test		
	Fair Value	Impairment	Change in unrealised Gain / loss during the year	Carrying Value	Impairment	Change in unrealised Gain / loss during the year
	Rupees in '000					
Cash at bank	101,002,030	-	-	-	-	-
Investment in equity securities	88,913,774	-	-	-	-	-
Investment in government securities	-	-	-	910,069,819	-	-
Investment in debt securities	-	-	-	4,099,169	7,573	-
Investment in mutual funds	8,554,292	-	-	-	-	-
Loans and other receivables	56,221,789	-	-	-	-	-
Loans secured against life insurance policies	-	-	-	151,464,401	-	-

Description	2021								
	Gross Carrying amount ofdebt instrument that pass the SPPI test								
	AA	A+	A	AA-	AAA	A-	A-1	A-2	Unrated
	Rupees in '000								
Investment in Debt Securities	-	-	4,099,169	-	-	-	-	-	7,573
Investment in Govt Securities	-	-	-	-	-	-	-	-	910,069,819
Loans secured against life insurance policies	-	-	-	-	-	-	-	-	151,464,401

2.5 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 01, 2021 are considered not to be relevant or to have any significant effect on the Corporation's financial reporting and operations and are therefore not presented here.

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

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date (Annual period beginning on or after)
Fees in the '10 percent' Test for Derecognition of Financial Liabilities (Amendment to IFRS 9)	January 1, 2022
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
Subsidiary as a First-time Adopter (Amendment to IFRS 1)	January 1, 2022
Taxation in Fair Value Measurements (Amendment to IAS 41)	January 1, 2022
Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2022
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023
Disclosure Initiative—Accounting Policies	January 1, 2023

The management of the Corporation is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the unconsolidated financial statements of the Corporation.

2.7 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 period beginning on or after)
IFRS 1	First Time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17	Insurance Contract (Amendment to Insurance Contract)	January 1, 2023

2.8 Critical accounting estimates and judgments

The preparation of these unconsolidated financial statements in conformity with 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 recognised 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 "amortized cost", 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) Provision for outstanding claims (including IBNR)

The Corporation records claims based on the sum assured or other basis set by the Corporation. However, settlement of all the claims is made based on the nature of insured event.

Provision of claims incurred but not reported (IBNR) is made on the basis of actuarial valuation. Actuarial valuation is made on the basis of past trend and pattern of reporting of claims. Actual amount of IBNR may materially differ from the actuarial estimates.

c) Provision for taxation

In making estimates for taxation currently payable by the Corporation, management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

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 amortisation

In making estimates of depreciation / amortisation, 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies 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 December 31, 2020.

3.1 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 currently.

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 4 to the 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 fixed assets is charged on a proportionate basis.

Gain and losses on disposal

An item of fixed asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of fixed assets are included in current year's income and expenses respectively.

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.

3.2 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 December 12, 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.

3.3 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.

3.4 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;
- 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 investment 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 and KP Sehat Sahulat Program. These programs covered the 80 million population of Pakistan across 90+ districts to provide them with health insurance coverage through a vast network of 450+ panel hospitals. The Federal Sehat Sahulat Program, with expansion to target more than 68 districts across Pakistan, is covering around 10 million families (i.e. 50 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. 300,000/- 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 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 GB, 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. 40,000/- per member and Rs. 400,000/- 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.

3.5 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). 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.

During the year the Corporation has fully operated Family Takaful Operations effective from February 2021.

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.

Contract details and measurement

The insurance contracts offered by the Corporation are described below:

3.5.1 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 organised under a two tier system consisting of sales representatives and sales managers. Each sales sector headed by a sector head is further grouped over 1000 area offices, more than 1,200 area 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.

3.5.2 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. 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.

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.

3.6 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.

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

a) any reserve required for premiums;

b) reserve for incurred but not reported (IBNR) claims;

c) reserve for income benefit in course of payment; and

d) reserve for potential losses on a policy to policy basis.

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

3.7 Re-insurance contracts held

The Corporation has re-insurance arrangements with Swiss Re. The net retention limit of the Corporation for individual life is Rs. 5 million (2020: Rs. 5 million) per policy and for group life is Rs. 5 million (2020: Rs. 5 million) per person of risk. Re-insurance premium is recorded as an expense evenly over the period of the re-insurance contract and is off-set against the premium income of the respective year.

The claim recoveries arising out of re-insurance contracts are off-set against the claims expenses of respective year.

3.8 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 May 19, 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 May 22, 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.

3.9 Amount due to other insurers / reinsurers

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

3.10 Premiums due but unpaid

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

3.11 Amount due from other insurers / reinsurers

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

3.12 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.

3.13 Expenses of management

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

3.14 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

Officers

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.

Staff

The Corporation maintains a unfunded defined benefit plan for those staff 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.

Previously, the Corporation maintained a defined contribution plan in respect of all those officers of the Corporation who initially opted for the unfunded gratuity scheme. At the end of each month, starting from the effective date of admission of a member to the fund, the Corporation used to make a contribution equal to 8.33% of the member's basic salary. However, pursuant to decision of the Board of Directors taken in their 241st meeting held on October 20, 2015, the gratuity scheme of the officers of the Corporation has been revamped from defined contribution plan to defined benefit plan.

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 December 31, 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 upto 60 days can be carried forward upto the date of retirement and can be encashed at retirement. Similarly, in respect of staff leaves upto 180 days can be carried forward upto the date of retirement and can be encashed at retirement.

The liability in respect of compensated absences as at December 31, 2021 amounting to Rs.1,805 million (2020: Rs. 1,613 million) has been provided in these unconsolidated financial statements based on actuarial valuation.

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 December 31, 2021, liability for post retirement medical benefit as computed by the appointed actuary is estimated at Rs. 2,799 million (2020: Rs. 2,792 million) and the same has been provided in these unconsolidated financial statements.

3.15 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.

3.16 Revenue recognition

Premium

(a) Individual life policies

The initial 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 Non-Forfeiture provisions. However, premiums due in the month of December but not received by 31st December are recognized if the grace period is to expire after the next 1st January.

(b) Group life policies

The premium on group life policies is recognized on a proportionate basis.

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.

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.

Income on future transactions is taken to income as the difference between ready market purchase price and future sale at settlement of future transactions. Income on reverse repurchase transactions is taken to income at the date of settlement.

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.

Others

All other income are recognised on accrual basis.

3.17 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 recognised 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.

3.18 Bad and doubtful debts

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

3.19 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.

3.20 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 recognised, 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).

3.21 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.

3.22 Cash and cash equivalents

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

3.23 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

3.24 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.

3.25 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 are currently reported five statutory funds, separately in respect of each class of life insurance business.

3.26 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.

3.27 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 amortised 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 profit or loss 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 recognised as an expense on a straight-line basis over the lease term.

3.28 Financial instruments

Financial assets and financial liabilities are recognised when the Corporation becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are recognised 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:

- Loans and receivables;
- Held to maturity; and
- Fair value through profit or loss financial assets.

Loans and receivables

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 are investment are initially recognised at cost being the fair value the of consideration given and its related transaction cost are charged to profit and loss account. These investment 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 amortised 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.

3.29 Investment in subsidiaries

Investment in subsidiaries has been carried at cost less provision for impairment (if any).

	Note	2021	2020
4 PROPERTY AND EQUIPMENT		------------ (Rupees in '000)	-------------
Operating assets	4.1	881,186	850,816

4.1 Operating assets

	2021											
	Cost					Depreciation					Written down value as at 31 December 2021	Depreciation Rate (%)
Description	As at 1 January	Additions/ (disposals)	Adjustment	Transfer from Investment Property	As at 31 December	As at 1 January	For the year/ (disposal)	Adjustment	Transfer from Investment Property	As at 31 December		
	---------- (Rupees in '000) ----------											
Building, roads and structure	630,484	4,384 -	-	-	634,868	148,850	6,626	-	-	155,476	479,392	1
Electric installation and fittings	487,411	196,762 (367)	-	-	683,806	453,243	145,699 (331)	-	-	598,611	85,195	10
Furniture and fixture	591,059	40,982 (203)	-	-	631,838	396,543	43,268 (182)	-	-	439,629	192,209	10
Office equipment	211,023	10,433 (526)	-	-	220,930	157,813	14,096 (473)	-	-	171,436	49,494	10 to 30
Computer installations-basic	848,940	27,690 (2,169)	-	-	874,461	781,579	29,455 (1,952)	-	-	809,082	65,379	30
Computer installations-peripherals	85,627	3,550 (11)	-	-	89,166	77,681	4,340 (10)	-	-	82,011	7,155	30
Vehicles	198,334	993 -	-	-	199,327	186,353	10,612 -	-	-	196,965	2,362	20
	3,052,878	284,794 (3,276)	-	-	3,334,396	2,202,062	254,096 (2,948)	-	-	2,453,210	881,186	

Description	2020											
	Cost					Depreciation					Written down value as at 31 December 2020	Depreciation Rate (%)
	As at 1 January	Additions/ (disposals)	Adjustment	Transfer from Investment Property	As at 31 December	As at 1 January	For the year / (disposals)	Adjustment	Transfer from Investment Property	As at 31 December		
	(Rupees in '000)											
Building, roads and structure	627,488	3,744 (748)	-	-	630,484	143,310	6,440 (900)	-	-	148,850	481,634	1
Electric installation and fittings	478,789	8,622	-	-	487,411	440,241	18,116 (5,114)	-	-	453,243	34,168	10
Furniture and fixture	565,050	25,291 (43)	-	761	591,059	352,212	35,367	8,627	337	396,543	194,516	10
Office equipment	203,697	7,416 (90)	-	-	211,023	142,500	14,972	341	-	157,813	53,210	10 to 30
Computer installations-basic	834,575	14,387 (47)	25	-	848,940	746,281	33,641	1,657	-	781,579	67,361	30
Computer installations-peripherals	82,488	3,164	(25)	-	85,627	73,754	5,394 (1,467)	-	-	77,681	7,946	30
Vehicles	199,688	291 (1,645)	-	-	198,334	173,242	14,911 (1,800)	-	-	186,353	11,981	20
	2,991,775	62,915 (2,573)	-	761	3,052,878	2,071,540	128,841 (9,281)	10,625	337	2,202,062	850,816	

4.2 Assets with zero value

Description of Assets	2021			2020		
	Cost	Net book value	Number of items	Cost	Net book value	Number of items
	-----(Rupees in '000)-----		--(in '000)--	-----(Rupees in '000)-----		--(in '000)--
Furniture and fixtures	31,926	-	46	28,023	-	44
Office equipment	17,203	-	47	16,382	-	128
Computer installation - basic	366,473	-	93	361,678	-	69
Computer installation - peripheral	17,651	-	119	16,398	-	31
Vehicles	79,424	-	91	71,628	-	92

5 INVESTMENT PROPERTIES

	Note	2021	2020
		------------ (Rupees in '000)	-------------
Investment properties	5.1	3,222,331	1,749,139
Less: Provision for impairment in value	5.4	(2,757)	(895)
		3,219,574	1,748,244
Capital work in progress	5.8	399,393	1,889,898
		3,618,967	3,638,142

5.1 Investment Properties

	2021									
	Cost				Depreciation				Written down value as at December 31, 2021	Depreciation (Rate%)
	As at 1 January	Additions/ (Disposals)	Transfer to Property and Equipment	As at 31 December	As at 1 January	For the year	Transfer to Property and Equipment	As at 31 December/		
	(Rupeesin '000)									
Freehold land	274,616	-	-	274,616	-	-	-	-	274,616	-
Leasehold land	332,697	-	-	332,697	117,217	3,864	-	121,081	211,616	1 to 5
Leasehold improvements	19,279	-	-	19,279	10,987	248	-	11,235	8,044	5
Building, roads and structure	1,510,258	1,170,643	-	2,680,901	356,201	44,393	-	400,594	2,280,307	1
		-								
Electric installation and fittings	1,151,983	474,023	-	1,626,006	1,055,289	122,969	-	1,178,258	447,748	10
	3,288,833	1,644,666	-	4,933,499	1,539,694	171,474	-	1,711,168	3,222,331	

	2020									
	Cost				Depreciation				Written down value as at December 31, 2020	Depreciation (Rate%)
	As at 1 January	Additions/ (Disposals)	Transfer to Property and Equipment	As at 31 December	As at 1 January	For the year	Transfer to Property and Equipment	As at 31 December/ (Disposal)		
	(Rupeesin '000)									
Freehold land	274,616	-	-	274,616	-	-	-	-	274,616	-
Leasehold land	332,697	-	-	332,697	113,353	3,864	-	117,217	215,480	1 to 5
Leasehold improvements	20,040	-	(761)	19,279	11,064	260	(337)	10,987	8,292	5
Building, roads and structure	1,503,200	8,851	-	1,510,258	341,174	15,027	-	356,201	1,154,057	1
		(1,793)								
Electric installation and fittings	1,146,981	5,002	-	1,151,983	1,038,325	16,964	-	1,055,289	96,694	10
	3,277,534	12,060	(761)	3,288,833	1,503,916	36,115	(337)	1,539,694	1,749,139	

5.2 The market value of the investment properties, owned by the Corporation as determined by the independent valuers, amounted to Rs. 64,951 million (2020: Rs. 59,666 million). The forced sale value of the investment properties, owned by the Corporation as determined by the independent valuers (i.e. Fair Water Property Valuer and Surveyors (Private) Limited) as at December 31, 2021, amounted to Rs. 63,002 million (2020: Rs. 57,876 million).

5.3 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 November 01, 1972 and have been transferred in the name of the Corporation. The title deeds 12 buildings / plots (2020: 12 buildings / plots) are still in the name of defunct insurance companies that were merged in the Corporation as per the LINO order.

5.4 There are properties costing Rs. 4.269 million (2020: Rs. 2.250 million) having written down value of Rs. 2.757 million (2020: Rs. 0.895 million) to which the Corporation's title is disputed. Against this, a provision of Rs. 2.757 million (2020: Rs. 0.895 million) exists.

5.5 The Corporation has a plot at Rawalpindi costing Rs. 0.581 million (2020: Rs. 0.581 million) for which execution of title deed is pending due to dispute with the Cantonment Board, Rawalpindi.

5.6 The Corporation has a plot at Mirpur (Azad Kashmir) costing Rs. 1.192 million (2020: Rs. 1.192 million) for which execution of title deed remain pending.

5.7 The investment properties also include Rs. 23 million (2020: 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.

		Note	2021	2020
			------------ (Rupees in '000)	-------------
5.8	Capital work in progress			
	Opening balance		1,889,898	1,602,444
	Additions	5.8.1	141,686	287,454
	Transfer		(1,632,191)	-
	Closing balance		399,393	1,889,898

5.8.1 This mainly represents the amount incurred in respect of Islamabad and Rahim Yar Khan projects.

6 INVESTMENTS IN SUBSIDIARIES

	Note	2021	2020
Alpha Insurance Company Limited*	6.1	298,918	298,918
State Life (Lakie Road) Properties (Private) Limited**	6.1	12,910	12,910
Less provision for impairment		(12,910)	(12,910)
State Life (Abdullah Haroon Road) Properties (Private) Limited**	6.1	26,182	26,182
Less: provision for impairment		(1,482)	(1,482)
		323,618	323,618

6.1 Investment in Subsidiaries

2021	2020	Face value	Company Name	2021	2020
------- (Number of shares)	-------	Rs.		-------- (Rupees in '000)	--------
47,574,843	47,574,843	10	Alpha Insurance Company Limited Equity held 95.15% (2020:95.15%)	298,918	298,918
414,916	414,916	10	State Life (Lakie Road) Properties (Pvt) Limited Equity held 100% (2020:100%)	12,910	12,910
779,500	779,500	10	State Life (Abdullah Haroon Road) Properties (Pvt) Limited Equity held 100% (2020:100%)	26,182	26,182
				338,010	338,010

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

2021

Name	Country of Incorporation	Assets	Liabilities	Revenues	Profit / (Loss)	% of interest held
		---------------------- (Rupees in '000)			------------------------	
Alpha Insurance Company Limited*	Pakistan	1,077,606	364,564	102,878	18,256	95.15%
State Life (Lakie Road) Properties (Private) Limited**	Pakistan	3,057	5,568	121	(293)	100%
State Life (Abdullah Haroon Road) Properties (Private) Limited**	Pakistan	31,189	1,100	2,500	1,422	100%
Total at the end of 2021		1,111,852	371,232	105,499	19,385	

2020

Name	Country of Incorporation	Assets	Liabilities	Revenues	Profit / (Loss)	% of interest held
		--------------------- (Rupees in '000)			----------------------	
Alpha Insurance Company Limited*	Pakistan	1,082,927	382,809	70,318	1,835	95.15%
State Life (Lakie Road) Properties (Private) Limited**	Pakistan	3,111	5,392	121	(223)	100%
State Life (Abdullah Haroon Road) Properties (Private) Limited**	Pakistan	25,801	1,100		871	100%
Total at the end of 2020		1,111,839	389,301	70,439	2,483	

The Board of Directors in their meeting held on March 25, 2015 decided to liquidate State Life (Abdullah Haroon Road) Properties (Private) Limited. The Board of Directors in their 240th meeting held on August 11, 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.

7 INVESTMENTS IN EQUITY SECURITIES

		2021			2020		
	Note	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
FAIR VALUE THROUGH PROFIT AND LOSS		(Rupees in '000)					
Related parties							
Listed shares	7.1	3,517,424	-	15,980,374	3,517,424	-	18,192,482
Unlisted shares		5,000	-	5,000	5,000	-	5,000
Others							
Listed shares	7.2	30,414,748	-	72,867,269	26,072,745	-	74,659,605
Unlisted shares	7.3	276,511	(216,855)	59,655	275,897	(217,553)	58,344
Unlisted preference shares		3,743	(2,267)	1,476	3,743	(1,150)	2,593
		34,217,426	(219,122)	88,913,774	29,874,809	(218,703)	92,918,024

7.1 This includes carrying value of Pakistan Reinsurance Company Limited (associated company) amounting to 1,640 million (2020: Rs. 2,015 million).

7.2 This includes 653,995 shares (2020: 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. 22.58 millions (2020: Rs. 28.10 millions).

7.3 Name of the chief executives of companies which forms majority portion of total investment in unlisted equities has been given below :

Company	Chief Executive	Shareholding	No of Shares	Carring Value in Rupees
Peoples Steels Mills Limited	Dr Munir Ahmed	N/A	1,998,967	12,681,714
Al Baraka Bank (Pakistan) Ltd.	Ahmed Shuja	1.10%	4,941,176	48,243,275
Arabian Sea Country Club Limited	Arif Ali Khan	N/A	500,000	351,049
State Bank of Pakistan	Raza Baqir	N/A	29,458	3,221,374
Pakistan Emerging Ventures limited	Saeed Khan	3.33%	12,500,000	157,744

8 INVESTMENTS IN MUTUAL FUNDS

	Note	2021 Cost	2021 Impairment / provision for the year	2021 Carrying value	2020 Cost	2020 Impairment / provision for the year	2020 Carrying value
		---------- (Rupees in '000) ----------					
FAIR VALUE THROUGH PROFIT AND LOSS							
Listed - Others							
Open & close ended mutual fund	8.1	3,282,446	-	6,627,281	3,282,446	-	6,669,127
Unlisted - Others							
Close end mutual fund	8.2	594,190	-	1,927,011	594,190	-	2,016,999
		3,876,636	-	8,554,292	3,876,636	-	8,686,126

8.1 Open & close ended mutual fund

	2021 Number of units	2021 Cost (Rs. in '000)	2021 Carrying value (Rs. in '000)	2020 Number of units	2020 Cost (Rs. in '000)	2020 Carrying value (Rs. in '000)
Open ended mutual funds						
Pakistan Life Fund	---------- (Rupees in '000) ----------					
National Investment Trust Units	75,996,262	2,304,969	5,278,700	75,996,262	2,304,969	5,276,420
Pak Capital Market Fund	124,603	373	1,458	119,630	373	1,436
NIT Government Bond Fund	28,278,954	300,000	288,666	28,278,954	300,000	283,010
NIT Income Fund	9,831,295	100,000	104,084	9,831,295	100,000	101,726
NIT Islamic Equity Fund	23,217,566	200,000	197,814	22,665,909	200,000	205,126
HBL Growth Fund"B"(PICIC Growth Fund)	12,384,663	-	211,902	12,384,663	-	226,144
HBL Investment Fund -Class"B"	1,663,367	-	14,538	1,663,367	-	15,702
HBL Money Market Fund	610,029	50,000	65,352	610,029	50,000	64,529
Al Meezan Mutual Fund	9,143,431	39,311	156,444	9,143,431	39,311	151,690
Pakistan Premier Fund	34,348	962	3,402	34,348	962	3,367
JS Growth Fund	281,952	19,867	46,810	281,952	19,867	50,718
Close ended mutual funds						
HBL Growth Fund"A"(PICIC Growth Fund)	12,024,904	243,312	246,150	12,024,904	243,311	275,851
HBL Investment Fund-Class"A"	1,607,710	23,653	11,961	1,607,710	23,653	13,408
		3,282,446	6,627,281		3,282,446	6,669,127

8.2 Close ended mutual funds

	2021 Number of units	2021 Cost (Rs. in '000)	2021 Carrying value (Rs. in '000)	2020 Number of units	2020 Cost (Rs. in '000)	2020 Carrying value (Rs. in '000)
Pakistan Life Fund	---------- (Rupees in '000) ----------					
NIT Equity Market Opportunity Fund	10,179,666	594,190	1,927,011	10,179,666	594,190	2,016,999
		594,190	1,927,011		594,190	2,016,999

9 INVESTMENTS IN GOVERNMENT SECURITIES

	2021					2020	
	Maturity Year	Effective Yield (%)	Amortized Cost	Principal Payment	Carrying Value	Effective Yield (%)	Carrying Value
			(Rupees in '000)				(Rupees in '000)
HELD TO MATURITY							
Pakistan Investment Bond							
3 year Pakistan Investment Bonds	2022 - 2023	11.35% - 11.41%	53,457,214	54,090,000	53,457,214	7.22% - 7.89%	147,001,163
5 year Pakistan Investment Bonds	2023 -2025	11.38% - 11.44%	148,924,146	154,850,000	148,924,146	7.75% - 8.83%	127,195,587
10 year Pakistan Investment Bonds	2022 - 2030	11.35% - 11.59%	467,877,767	474,746,600	467,877,767	7.22% - 9.93%	390,955,891
15 year Pakistan Investment Bonds	2023 -2035	11.38% - 13.55%	115,420,011	113,377,100	115,420,011	7.26% - 10.21%	50,886,975
20 year Pakistan Investment Bonds	2024 - 2039	11.37% - 12.63%	70,604,408	69,461,000	70,604,408	8.32% - 10.43%	60,206,205
30 year Pakistan Investment Bonds	2036 - 2038	12.20% -12.47%	37,726,056	40,050,000	37,726,056	10.29% - 10.38%	37,680,832
Sukuk Bonds (Takaful)	2025		174,886	178,900	174,886		40,000
Islamic Republic of Pakistan Bond			9,170,935	-	9,170,935		7,724,485
Treasury Bills							
1 year Pakistan Treasury Bills	2022	7.40% - 11.11%	6,714,396	7,000,000	6,714,396		-
			910,069,819	913,753,600	910,069,819		821,691,138

9.1 Government securities include Rs. 485 million (2020: Rs. 485 million) placed with the State Bank of Pakistan, in accordance with Section 29 of the Insurance Ordinance, 2000.

9.2 Market value of government securities carried at amortized cost amounted to Rs. 847,081 million (2020: Rs. 842,952 million).

10 INVESTMENT IN DEBT SECURITIES

		2021			2020		
	Note	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
HELD TO MATURITY - OTHERS		(Rupees in '000)					
Debentures	10.1	7,573	(7,573)	-	7,573	(7,573)	-
Foreign fixed income securities		4,091,596	-	4,091,596	3,654,344	-	3,654,344
		4,099,169	(7,573)	4,091,596	3,661,917	(7,573)	3,654,344

10.1 Debentures include an amount of Rs. 7.573 million (2020: 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 (2020: Rs. 0.678 million). The Corporation had made full provision against these debentures.

	2021	2020
	(Rupees in '000)	
11 INSURANCE / REINSURANCE RECEIVABLES		
Unsecured and considered good		
Due from insurance contract holders	37,056,058	32,151,773
Less: provision for impairment of receivables from Insurance contract holders	-	-
Due from other insurers / reinsurers	374,133	422,586
Less: provision for impairment of due from other insurers/ reinsurers	-	-
	37,430,191	32,574,359

		Note	2021	2020
			(Rupees in '000)	
12	LOANS AND OTHER RECEIVABLES			
	Accrued investment income		52,173,604	46,598,010
	Loans to agents		81,736	78,493
	Loans to employees	12.1	953,738	949,821
	Advance to contractors & security deposit		432,265	464,561
	Other receivables		2,034,446	1,388,425
	Deposit against bank guarantee		546,000	446,000
			56,221,789	49,925,310

12.1 This represent interest free loans provided to employees repayable within 12 months.

		Note	2021	2020
13	PREPAYMENTS			
	Prepaid miscellaneous expenses		50,438	46,692
	Prepaid rent		15,929	15,428
			66,367	62,120
14	CASH AND BANK			
	Cash and cash equivalent			
	- Cash in hand		9,635	12,838
	- Cash in transit		33,118	190,000
	Cash and bank			
	- Current account		30,491,571	14,693,173
	- Saving account	14.1	62,360,355	31,042,831
	- Fixed deposits maturing after 12 months		8,107,351	10,245,891
			101,002,030	56,184,733
14.1	Cash and cash equivalent include the following for the purposes of the statement of cash flows:			
	Cash and cash equivalent			
	- Cash in hand		9,635	12,838
	- Cash in transit		33,118	190,000
	Cash and bank			
	- Current account		30,491,571	14,693,173
	- Saving account		62,360,355	31,042,831
	Cash and cash equivalent		92,894,679	45,938,842

14.2 These carry mark-up ranging from 6.6% to 18.00% (2020: 6.46% to 12.66%) per annum.

15 ORDINARY SHARE CAPITAL

15.1 AUTHORIZED CAPITAL

2021	2020		2021	2020
Number of shares			(Rupees in '000)	
50,000,000	50,000,000	Ordinary shares of Rs. 100 each.	5,000,000	5,000,000

15.2 Issued, subscribed and paid up share capital

2021	2020		Note	2021	2020
Number of shares				------------- (Rupees in '00)0 -------------	
46,000,000	43,000,000	Ordinary shares of Rs. 100 each fully paid in cash		4,600,000	4,300,000
3,000,000	3,000,000	Issued during the year fully paid in cash	15.3	300,000	300,000
49,000,000	46,000,000			4,900,000	4,600,000

15.3 During the year, the Corporation issued share capital amounting to Rs. 300 Million with the approval of Finance Division wing of Government of Pakistan with the letters dated December 01, 2021.

		Note	2021	2020
16	RESERVES		------------- (Rupees in '00)0 -------------	
	Revenue reserves			
	General reserve		4,725	304,725
17	INSURANCE LIABILITIES			
	Reported outstanding claims (including claims in payment)	17.1	54,464,424	34,878,925
	Incurred but not reported claims (IBNR)	17.2	7,264,935	4,081,391
	Investment Component of Unit Linked and Account Value Policies	17.3	73,839	-
	Liabilities under individual conventional insurance contracts	17.4	1,240,729,899	1,116,847,629
	Liabilities under group insurance contracts (other than investment linked)	17.5	6,859,785	1,462,422
	Other insurance liabilities (premium deficiency reserve)	17.6	1,248,411	206,215
			1,310,641,293	1,157,476,582
17.1	Reported outstanding claims (including claims in payment)			
	Gross of Reinsurance			
	Payable within one year		54,464,424	34,878,925
	Payable over a period of time exceeding one year		-	-
			54,464,424	34,878,925
	Recoverable from Reinsurance			
	Receivable within one year		-	-
	Receivable over a period of time exceeding one year		-	-
			-	-
	Net reported outstanding claims		54,464,424	34,878,925

		Note	2021	2020
			------------- (Rupees in '00)0	--------------
17.2	Incurred but not reported claims (IBNR)			
	Gross of reinsurance		7,264,935	4,081,391
	Reinsurance recoveries		-	-
	Net of reinsurance		7,264,935	4,081,391
17.3	Investment Component of Unit Linked and Account Value Policies			
	Investment Component of Unit Linked Policies		73,839	-
17.4	Liabilities under individual conventional insurance contracts			
	Gross of reinsurance		1,241,768,840	1,117,793,101
	Reinsurance credit		(1,038,941)	(945,472)
	Net of reinsurance		1,240,729,899	1,116,847,629
17.5	Liabilities under group insurance contracts (other than investment linked)			
	Gross of reinsurance		6,859,785	1,462,422
	Reinsurance credit		-	-
	Net of reinsurance		6,859,785	1,462,422
17.6	Other insurance liabilities (premium deficiency reserve)			
	Gross of reinsurance		1,250,941	206,215
	Reinsurance recoveries		(2,530)	-
	Net of reinsurance		1,248,411	206,215
18	RETIREMENT BENEFIT OBLIGATIONS			
	Post retirement benefit	18.1	1,678,912	482,926
	Accumulated Compensation Absences	18.2	1,805,000	1,613,000
			3,483,912	2,095,926

As stated in note 3.14, the Corporation operates Employees' Pension Fund, Officers' Gratuity Funds, Employees' Unfunded Gratuity Scheme and Employees' Post Retirement Medical benefits.

The latest acturial valuation of the scheme as at December 31, 2021 was carried out using the projected unit credit method. The results of the acturial valuation are as follows:

18.1 Post retirement benefit

	Employees' Pension Funds		Officers Gratuity Funds		Employees' Unfunded Gratuity Scheme		Employees' PRMB Scheme	
	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in '000)							
Balance Sheet Reconciliation								
Fair value of plan assets	29,813,680	27,954,967	97,996	140,216	-	-	-	-
Present value of defined benefit obligations	(28,678,678)	(25,688,071)	(76,328)	(98,509)	-	-	(2,798,837)	(2,791,529)
Arrears from July 1, 2021 to December, 31 2021	(36,745)	-	-	-	-	-	-	-
Recognised liability	1,098,257	2,266,897	21,668	41,707	-	-	(2,798,837)	(2,791,529)
Movement in the fair value of plan assets								
Fair value as at January 1	27,954,967	23,995,544	140,216	131,224	-	-	-	-
Expected return on plan assets	2,848,596	2,803,588	12,550	11,986	-	-	-	-
Actuarial gains / (losses)	1,267,859	1,163,027	(1,107)	15,066	-	-	-	-
Employer contributions	(2,257,742)	(7,192)	(39,789)	605	-	-	-	-
Benefits paid	-	-	(13,874)	(18,665)	-	-	-	-
Fair value as at December 31	29,813,680	27,954,967	97,996	140,216	-	-	-	-
Movement in the defined benefit obligations								
Obligation as at January 1	25,688,070	24,697,350	98,509	153,970	-	10,032	2,791,529	2,445,488
Service cost	834,538	825,917	2,238	3,438	-	178	108,629	101,172
Interest cost	2,630,244	2,901,811	8,478	14,654	-	761	283,592	284,893
Liability in respect of promotees	-	-	-	-	-	-	-	-
Settlement and Curtailment	-	-	-	-	-	-	-	-
Actuarial losses / (gains)	865,247	(1,680,393)	14,068	(9,169)	-	(5,863)	(287,203)	44,147
Benefits paid	(1,339,421)	(1,056,614)	(46,965)	(64,384)	-	(5,108)	(97,710)	(84,171)
Obligation as at December 31	28,678,678	25,688,070	76,328	98,509	-	-	2,798,837	2,791,529
Cost								
Current service cost	834,538	825,917	2,238	3,438	-	178	108,629	101,172
Interest cost	2,630,244	2,901,811	8,478	14,654	-	761	283,592	284,893
Expected return on plan assets	(2,848,596)	(2,803,588)	(12,550)	(11,986)	-	-	-	-
Settlement and curtailment	-	-	-	-	-	-	-	-
Recognition of actuarial loss	(402,613)	(2,843,420)	15,174	(24,235)	-	(5,863)	(287,203)	44,147
Expense	213,573	(1,919,280)	13,340	(18,129)	-	(4,924)	105,018	430,212
Actual return on plan assets	4,116,517	3,966,615	11,443	27,052	-	-	-	-

	Employees' Pension Funds		Officers Gratuity Funds		Employees' Unfunded Gratuity Scheme		Employees' PRMB Scheme	
	2021	2020	2021	2020	2021	2020	2021	2020
Principal actuarial assumptions used are as follows:								
Discount rate & expected return on plan assets	12.25%	10.25%	12.25%	10.25%	-	-	12.25%	10.25%
Salary increase rate	10.75%	8.75%	10.75%	8.75%	-	-	10.75%	8.75%
Pension increase rate	8.25%	6.25%	-	-	-	-	-	-

Comparison for five years:	2021	2020	2019	2018	2017
As at December 31	(Rupees in '000)				
Fair value of plan assets	(29,911,676)	(28,095,183)	(24,126,768)	(18,427,926)	(19,230,452)
Benefit obligations	31,553,843	28,578,109	27,306,840	23,280,703	22,224,922
Arrears from July 1, 2021 to December, 31 2021	36,745				
Deficit	1,678,913	482,926	3,180,072	4,852,777	2,994,470
Experience adjustments					
Gain / (loss) on plan assets (as percentage of plan asssets)	-6%	-2%	-13%	-26%	-16%
Gain / (loss) on plan obligations (as percentage of plan obligations)	5%	2%	12%	21%	13%

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

	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in '000)							
Impact on the defined benefit obligation								
Increase in assumption of discount rate	24,981,307	23,095,263	75,556	97,089	-	-	2,560,923	2,531,573
Decrease in assumption of discount rate	30,958,537	28,820,747	77,116	99,969	-	-	3,076,234	3,098,082
Increase in assumption of long term salary increase	29,038,485	27,004,660	77,467	100,434	-	-	2,915,345	2,916,497
Decrease in assumption of long term salary increase	26,473,584	24,498,067	75,197	96,609	-	-	2,692,424	2,677,664
Increase in assumption of pension increase rate	29,690,339	27,573,172	-	-	-	-	-	-
Decrease in assumption of pension increase rate	25,975,814	24,068,843	-	-	-	-	-	-

Expected contribution for the year.	2022	2022	2022	2022
	(Rs. in '000)	(Rs. in '000)	(Rs. in '000)	(Rs. in '000)
Current services cost	893,385	1,471	-	104,023
Interest cost - net	(120,741)	(2,506)	-	337,829
	772,644	(1,035)	-	441,852

Plan assets comprise of the following:	Employees' Pension Fund				Officers Gratuity Fund			
	2021		2020		2021		2020	
	(Rs. in '000)	%	(Rs. in '000)	%	(Rs. in '000)	%	(Rs. in '000)	%
Equity	-	-	-	-	-	-	-	-
Debt	29,573,972	99%	27,730,203	99%	84,798	87%	121,331	87%
Others (including cash and bank balances)	239,708	1%	224,764	1%	13,199	13%	18,885	13%
	29,813,680	100%	27,954,967	100%	97,997	100%	140,216	100%

	2021	2020
	------------- (Rupees in '000) -------------	
18.2 Accumulated Compensation Absences Movement in Payable		
Opening Balance	1,613,000	1,542,000
Addition / (Reversal) during the year	192,000	71,000
Closing balance of compensated absences	1,805,000	1,613,000

19 DEFERRED TAXATION

	2021	2020
Deffered tax credit arising in respect of		
On retained balance on Ledger Account D	3,489,579	1,610,642

	Balance as at January 1, 2021	Recognised in the statement ofprofit and loss	Recognised in other comprehensive income	Balance as at December 31, 2021
	---------------------------- (Rupees in '000)		--------------------------------	
Deferred credit arising in respect of:				
- on retained balance on Ledger Account D	1,610,642	1,878,937	-	3,489,579

	Balance as at January 1, 2020	Recognised in the statement ofprofit and loss	Recognised in other comprehensive income	Balance as at December 31, 2020
	---------------------------- (Rupees in '000)		--------------------------------	
Deferred credit arising in respect of:				
- on retained balance on Ledger Account D	636,015	974,627	-	1,610,642

	2021	2020
	------------- (Rupees in '000) -------------	
20 INSURANCE / REINSURANCE PAYABLES		
Due to other insurers / reinsurers	521,942	566,647
21 OTHER CREDITORS AND ACCRUALS		
Agents commission payable	4,928,208	3,550,301
Accrued expenses	10,499,148	9,936,450
Other liabilities	11,489,582	9,156,295
	26,916,938	22,643,046

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

22.1.1 The Corporation had filed nine appeals on different issues before 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.

Out of nine appeals, Sindh High Court vide judgement reference dated November 24, 2020 decided four appeals against the Corporation. Corporation has filed CPLAs before the Honorable Supreme Court of Pakistan against judgement of the Sindh High Court. No next date for hearing has been fixed as of yet due to unavailability of Bench of Honourable Supreme Court at Karachi Registry. The Management of the Corporation and its tax advisor are of the opinion that the Company has a strong case and it will be most likely be decided in favour of the Corporation.

22.1.2 In the year 2010, the Inland Revenue Department 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. Those notices were related to tax years 2008 and 2009.

According to those notices, the Inland Revenue Department were of opinion that Corporation was required to withhold Income Tax on maturity claims by virtue of the said section. 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 of 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 151 (1)(d) is liable for deducting withholding tax at the rate 10% on the amount of bonuses paid to policyholder on maturity. Therefore, the Inland Revenue Department raised demands of Rs. 710.12 million and Rs. 738.51 million as withholding tax for tax year 2008 and 2009 respectively. The Corporation had filed appeals before CIR(A) on the grounds that policy contract as a debt instrument lacks legal sanctity and the definition of debt is being misinterpreted by the tax authorities.

CIR(A) decided the subject appeals in favor of Corporation vide order No. 27 & 28 dated September 29, 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 bonus 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 Department 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 April 17, 2014.

Inland Revenue Department has 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 is required in these financial statements on account of this matter.

22.1.3 Inland Revenue Department served a legal notice u/s 122 (5A) on apportionment of expenses under section 67 of the Income Tax Ordinance, 2001 to the dividend income for tax year 2004. The said notice was replied by Corporation but not agreed by the concerned ACIR. Subsequently amended assessment order was passed u/s 122 (5A) which resulted in tax demand of Rs. 164.88 million. The Corporation was not in agreement with said order and preferred appeal before CIR(A). Said appeal was not upheld at this forum. Next appeal was filed before ATIR. Meanwhile the Department adjusted demand amount from the pending refunds for tax year 2010.

Appellate Tribunal Inland Revenue (ATIR) decided the above appeal in favor of Corporation vide order No/ 925/KB/2010 dated July 24, 2012; wherein the addition made u/s 67 has been deleted.

The said issue has already been decided by the Honorable High Court of Sindh, Karachi in an other appeal on the issue reported as Commissioner (Legal) Inland Revenue v/s EFU General Insurance Ltd 2011-PTD-2042.

Inland Revenue Department has passed an order u/s 124 of the Income Tax Ordinance, 2001 to give effect to the appeal Ref. Document # 11/54 dated June 24, 2014 and also issued refund of Rs. 153.75 million to the Corporation. The Corporation had adjusted Rs. 8.80 million against demand for Tax year 2014. The refund amounting to Rs. 2.33 million is still pending with the Department. In the year 2013, the Inland Revenue Department filed appeal in the Honorable High Court of Sindh against the decision of ATIR which was dismissed by the High Court of Sindh, Karachi vide order dated August 30, 2016. Inland Revenue Department has filed civil appeal before Honorable Supreme Court of Pakistan against the judgement of Honorable High Court of Sindh, Karachi. The case was heard at February 16, 2022 on which no decision was taken, Further the next date of hearing is not yet fixed by the court. The Legal advisor is expecting that the ultimate outcome of the cases shall be decided in favor of the Corporation.

22.1.4 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 22.1.2. These notices were related from Tax Year 2010 to 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 principal demand of Rs. 1,249.14 million was paid 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 February 21, 2017.

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 polices 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 in terms of alleged withholding tax on bonus paid to the policy holders. The Corporation filed an appeal before CIR(A) who annulled the impugned order passed by DCI(R) through its order no.34 dated March 30, 2015.

The tax department has filed an appeal against the order passed by the CIR(A) before the ATIR. The appeal is pending before the ATIR.

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, 12.58 million and Rs. 56.37 million respectively against pending appeal effect of tax year 2013. As at December 31 2021, appeal effect amounting to Rs. 29.48 million is still pending with the Inland Revenue Department. Inland Revenue Department has filed an appeal before ATIR against the said order of the CIR(A) which is pending till to date.

The management and legal counsel are optimistic that ultimate outcome of the cases 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.

22.1.5 While assessing the income and tax liability thereon for assessment years 2000-01, 2001-02 and 2002-03, Income Tax Department, AJK disallowed excess perquisites u/s 24(i) of the Income Tax Ordinance, 1979 (repealed) as inadmissible business expense of Corporation. Disallowance of said expense increased taxable income for all the three years and tax liability was worked out accordingly which resulted in additional tax demand. The aggregate additional tax demand involved due to addition of excess perquisites to Corporation's taxable income was Rs. 12.67 million (Assessment year 2000-01 to 2002-03 Rs. 1.46 million, Rs. 9.04 million, Rs. 2.17 million respectively).

In addition, Corporation's assessments were also made at higher tax rate of 43% for assessment year 2000-01 and 2001-02 and at 45% for 2002-03 instead at the rate 5% being entire dividend income. These assessments at higher rates also multiplied Corporation's tax liability for each assessment year.

Being aggrieved, Corporation preferred appeal before CIR(A), Mirpur-AJK against the alleged assessment orders. Corporation's appeals before CIR(A), Mirpur AJK were not upheld. Thereafter, Corporation had challenged the orders of CIR(A) before Appellate Tribunal Inland Revenue, Mirpur AJK. The learned ATIR upheld all the appeals of the Corporation vide order # ITAT/969-73 dated August 20, 2009.

Income Tax Department, AJK had filed reference against the order of ATIR-AJK before Honorable High Court of AJK. At present, Departmental references are still pending before High Court of Mirpur, Azad Jammu and Kashmir and fixed for final arguments on 29 April 2022. The Legal advisor expects that the matter will be decided in favour of Corporation.

22.1.6 Assessment of the Corporation for assessment years 2000-01 and 2001-02 were finalized at tax liability of Rs. 141.06 million and Rs. 216.83 million respectively. Subsequently, above assessments were revised vide orders passed u/s 221 of the Income Tax Ordinance, 2001 on the grounds that surcharge at the rate 5% as per Part III of First Schedule of the repealed Ordinance was not levied on the tax worked out u/s 80-D of the repealed Ordinance. Accordingly, surcharge amounting to Rs. 7.05 million and Rs. 10.84 million was levied for assessment years 2000-01 and 2001-02 respectively. Corporation, being aggrieved filed appeals before CIR-A against above impugned departmental orders on the grounds that surcharge at the rate 5% was not leviable in the instant case as tax has been worked out u/s 80-D of the repealed Ordinance. However, CIR-A decided the appeals against Corporation. Thereafter, Corporation filed appeals before ATIR against above judgement of CIR-A which were also decided against Corporation. Subsequently, Corporation filed reference applications before Honorable Sindh High Court, Karachi which has been decided in favor of Corporation. Inland Revenue Department has filed civil appeals before Honorable Supreme Court of Pakistan which are pending adjudication. No next date for hearing has been fixed yet by the court. The Legal advisor expects that the matter will be decided in favour of Corporation.

22.1.7 Inland Revenue Department initiated monitoring of withholding of taxes from Tax Years 2009 to 2013 vide notices issued u/s 161/205 of the Income Tax Ordinance, 2001.

Based on the reply submitted by Corporation, IR Department passed orders u/s 161/205 of the Ordinance whereby tax demand amounting to Rs. 494.16 million was raised for above Tax Years (Tax Year 2009: Rs. 48.08 million, Tax Year 2010: Rs. 57.43 million, Tax Year 2011: Rs. 53.44 million, Tax Year 2012: Rs. 258.18 million and Tax Year 2013: Rs. 77.03 million). Without prejudice to the legal rights to appeal, Corporation paid above demand under protest.

Being aggrieved, Corporation filed appeals against above departmental orders before Commissioner Inland Revenue - Appeals. CIR(A) has vacated the orders passed by DCIR and directed the concerned DCIR to re-visit the case.

On the directive of CIR(A), DCIR issued notices afresh for above Tax Years. Corporation referred those notices to its tax consultant for compliance. On the basis of reply submitted by Corporation through consultant, DCIR passed revised orders for Tax Years 2009 to 2013 whereby tax demand of Rs. 403.18 million was created (Tax Year 2009: Rs. 58.88 million, Tax Year 2010: Rs. 70.01 million, Tax Year 2011: Rs. 64.09 million, Tax Year 2012: Rs. 100.38 million and Tax Year 2013: Rs. 109.82 million). Corporation filed appeals against aforesaid orders before CIR(A). Tax demand on account of alleged short deduction on salary and incorrect CPRs and penalty / default surcharge has either been deleted or set-aside by CIR(A). Corporation’s appeals are pending before Appellate Tribunal Inland Revenue in respect of above Tax Years.

Further, Inland Revenue Department issued show cause notices for monitoring of withholding taxes on similar lines for Tax Year 2014 and 2015. On the basis of reply submitted by Corporation, Inland Revenue Department passed orders whereby tax demand amounting to Rs. 449.94 million and Rs. 572.14 million was raised for the Tax Year 2014 and 2015 respectively. Above orders were subsequently rectified and revised tax demand of Rs. 212.86 million and Rs. 166.42 million was determined for Tax Year 2014 and 2015 respectively.

Without prejudice to the legal right to appeal, Corporation has offered adjustment of tax demand for Tax Year 2014 from available refunds and tax demand for Tax Year 2015 was paid in cash.

Being aggrieved from the order of DCIR for tax year 2014 and 2015, Corporation has filed an appeal before CIR(A) on alleged non-provision of tax payment challans and levy of default surcharge and Penalty on account of absence of mens rea and also because of availability of significant tax refunds due to the Corporation during the default period. CIR(A) has set-aside the orders and directed taxation officer to revisit the issue and levy default surcharge and penalty. Corporation had challenged tax recovery of Rs. 71.31 million and Rs. 11.35 million on arbitrary basis for alleged non provision of tax payment challans in respect of tax year 2014 and 2015 respectively. CIR(A) has remanded back the issue for adjudication being rectificatory matter. The Corporation has written to the taxation officer to pass appeal effect orders and evidence of tax refunds were also provided, however, appeal effect orders are not yet passed. The Legal advisors expects that there will be favourable outcomes of these appeals.

22.1.8 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi has served legal notice u/s 122 (9) of the Income Tax Ordinance, 2001 dated January 02, 2017 to Corporation for tax year 2016 whereby certain issues regarding deduction claimed on account of provision for impairment in the value of investment properties, deduction claimed on account of gratuity and pension, deduction claimed on account of provision for impairment in shares, rationale for deduction of investment property related expenses, foreign tax credit u/s 103 of the Ordinance claimed in the annual tax return, taxation of dividend income as single basket income, etc. were confronted. Corporation has engaged tax consultant for responding said notice.

Subsequent to the reply filed by Corporation through its counsel, ACIR proceeded to amend an assessment and passed an amended assessment order dated March 06, 2017 u/s 122 (5A) of the Income Tax Ordinance, 2001 whereby demand of Rs. 23.78 million was raised u/s 137 of the Income Tax Ordinance.

Since, Corporation has pending refunds towards Inland Revenue Department, therefore; without prejudice to the legal right to appeal; Corporation through its tax consultant in said case has requested to adjust the above demand against pending refunds.

Corporation filed appeal against the impugned order before CIR(A). Issue related to subjecting dividend income (single basket income) to normal tax rate is decided in favor of Corporation whereas issues related to deduction claimed on account of real estate expenses, provision for impairment in value of shares and value of investment properties and provision for diminution in value of investment are decided against Corporation. Further, issue of refund adjustment amounting to Rs. 220 million against pending appeal effect of tax year 2003 were remanded back to concerned ACIR. Inland Revenue Department as well as Corporation filed appeals before ATIR against order of CIR(A) which are pending till to date. No date for the next hearing has been fixed till date.

22.1.9 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi has served legal notice u/s 122 (9) of the Income Tax Ordinance, 2001 dated March 13, 2017 to Corporation for tax year 2015 whereby almost similar issues as stated in note 22.1.8 were raised. Subsequent to the reply filed by Corporation through its counsel, ACIR proceeded to amend an assessment and passed an amended assessment order dated April 13, 2017 u/s 122 (5A) of the Income Tax Ordinance, 2001 whereby demand of Rs. 163.5 million was raised u/s 137 of the Income Tax Ordinance. In said order, ACIR has incorrectly adjusted Rs. 446.61 million against demand raised u/s 161 / 205 of the Ordinance.

Corporation, not in agreement with above order, filed application for rectification u/s 221 dated April 24, 2017 through tax consultant which was rejected by concerned ACIR vide letter dated April 28, 2017. Corporation tax consultant vide letter dated May 05, 2017 again requested for rectification of order. DCIR passed rectified order vide letter DC # 03/117 dated December 21, 2017 whereby refund of Rs. 316.74 million is determined as refundable to Corporation.

Corporation filed appeal against the impugned order before CIR(A). Issues related to subjecting dividend income (single basket income) to normal tax rate and disallowance on account of exchange loss related to foreign currency balances are decided in favor of Corporation whereas issues related to deduction claimed on account of real estate expenses, provision for impairment in value of shares and provision for bad debts are decided against Corporation. Further, issue of alleged tax adjustment of Rs. 446.61 million was remanded back to taxation officer. Inland Revenue Department as well as Corporation filed appeals before ATIR against order of CIR(A) which are pending till to date. No date for the next hearing has been fixed till date.

22.1.10 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi has served legal notice u/s 122 (9) of the Income Tax Ordinance, 2001 dated December 31, 2014 to Corporation for tax year 2012 whereby certain issues regarding reconciliation of commission expense between cash flow statement and monthly withholding tax statements, short withholding of tax under various provisions of the Ordinance, taxation of dividend income as single basket income, provision for IBNR, etc. were confronted. Tax consultant responded said notice on behalf of Corporation. Additional information/explanation were also called vide letters dated February 24, 2015, September 22, 2015 and January 25, 2017. Subsequent to the reply filed by tax consultant ACIR proceeded to amend an assessment and passed an amended assessment order dated March 10, 2017 u/s122 (5A) of the Income Tax Ordinance, 2001 whereby outstanding refund for same year was utilized to adjust the demand of Rs. 32.67 million. After adjustment, balance refunds stands at Rs. 100.004 million.

Corporation has filed appeal against the impugned order before CIR(A). Issue of subjecting dividend income (single basket income) to normal tax rate, foreign tax credit claimed u/s 103, disallowance of provision for IBNR and disallowance of amount pertaining to investment arrangement between Corporation and Bureau of Emigration and Overseas Employment has been decided by CIR(A) in favor of Corporation vide order dated May 22, 2017. However, CIR(A) has decided the issue relating to disallowance of provision for impairment in value of shares against the Corporation. Further, issues of alleged non-deduction of tax on commission payments, payment for goods and prizes were remanded back to concerned taxation officer. Inland Revenue Department as well as Corporation has filed cross appeal before Appellate Tribunal Inland Revenue against above order of CIR(A) which is still pending till to date. No date for the next hearing has been fixed till date.

22.1.11 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi also issued notices u/s 122 of the Ordinance to Corporation related to tax years 2011, 2013 and 2014. Vide Said notices, ACIR confronted almost similar issues as stated at note 22.1.8 and 22.1.9. Corporation engaged its advisor for responding 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. Corporation, being aggrieved from above orders of ACIR, filed appeals before CIR(A). Issues related to subjecting dividend income (single basket 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 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 SLIC. 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 Corporation filed appeals before ATIR against the orders of CIR(A). Further, on the directives of CIR(A), ACIR issued notice dated April 17, 2020 in respect of remand back issues in respect of tax year 2014. 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.

22.1.12 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi served notice u/s 122 of the Income Tax Ordinance, 2001 dated January 10, 2018 to Corporation for tax year 2017. Vide Said notice, ACIR confronted issues like investment arrangement between Corporation and Bureau of Emigration and Overseas Employment, deduction claimed on account of provision for diminution in value of investments, provision for impairment in the value of investment properties, provision for impairment in the value of shares, loans/ advances to employees and agents, short withholding of tax under various provisions of the Ordinance. The Corporation engaged its advisor for responding the notice.

Subsequently, ACIR passed amended order whereby demand of Rs. 480.25 million was raised. Corporation, being aggrieved from above amended order, file appeal before CIR(A). Further, Corporation, through its tax consultant, also file application for stay of tax demand vide letter dated April 05, 2018 along with application for out of turn hearing vide letter dated March 28, 2018 before CIR(A). Hearing before CIR(A) was held on April 26, 2018. CIR(A) vide order No. 6 dated May 03, 2018 decided issues which involves major tax impact at Rs. 357.1 million like tax on Bureau Fund, disallowance on account of inter-company rent expenses in favour of Corporation. However, issue of disallowance on account of real estate expenses and provision against other receivables are decided against Corporation. Further, issues of interest free loans to employees, alleged short withholding on training expenses and adjustment of tax liability against pending appeal effect for tax year 2010 were remanded back to concerned ACIR. Inland Revenue Department as well as Corporation filed appeals before ATIR against order of CIR(A) which are pending till to date. No date for the next hearing has been fixed till date.

22.1.13 According to the Sindh Sales Tax on Services Act 2011, sales tax is payable on premium of life and health insurance policies written in the province of Sindh. The Punjab and Baluchistan 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.

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, life insurance companies collectively filed Constitutional Petitions (CPs) before Hon'ble High Courts of Lahore (writ petition no. 55421/ 2019) and Sindh (C.P. No. D.7677 of 2019) against the levy of sales tax on life and health insurance in Punjab and levy of sales tax on life insurance in Sindh respectively that are pending adjudication. As far as Baluchistan Revenue Authority (BRA) is concerned, no notice or communication has been received by the Corporation in this respect and hence, no petition was filed before any court.

The Hon'ble LHC in its order dated October 03, 2019 has restrained Punjab Revenue Authority (PRA) from taking any coercive measures against applicants. The Corporation has filed another petition at Hon'ble LHC against impugned show cause notice no. PRA/LIFE/PREMIUM/SLCP/1592 issued by the PRA on October 02, 2019. The Hon'ble LHC, in its order dated December 15, 2021, has directed that no final order shall be passed in pursuance of the impugned show cause by PRA and shall not take any coercive measures. This and the connected petitions are then disposed of accordingly.

Hearing in the main petition related to PRA i.e. WP. 55421 of 2019 was fixed for 28 February 2022 when the legal counsel partly argued the matter. The case was then adjourned to come up after the Eid holidays.

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, shall be considered by the Sindh Revenue Board (SRB), in accordance with the law. Further, the Hon'ble SHC through its interim order dated December 08, 2020 impleaded that the Federal Government be also added as one of the respondents.

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, through notification no. SRB-3-4/17/2021 dated June 30, 2021.

Through the Khyber Pakhtunkhwa Finance Act, 2021, the exemption in respect of the sales tax on services of life and health insurance in the province of Khyber Pakhtunkhwa (KP) has been withdrawn from July 01, 2021. As a consequence, life insurance is taxable at the rate of 15% and health insurance is taxable at a reduced rate of 1% without any input tax adjustment. This withdrawal of the exemption was intimated by Khyber Pakhtunkhwa Revenue Authority (KPRA) on July 29, 2021 vide letter no. F.No. 7(10)/KPRA/ADC(HQ)/2021/12114. In reply, the Corporation most respectfully requested KPRA to exempt the levy of sales tax on life and health insurance vide letter no. F&A/KPRA/ST/47 Dated: 9th August, 2021. Moreover, in October 05, 2021, the Corporation sent a letter to the Ministry of Finance, Government of KP, in which the Corporation requested to allow the permanent exemption from sales tax on services under Khyber Pakhtunkhwa Sales Tax on Services Act, 2013.

In view of the opinion of legal advisor the Corporation has calculated estimated aggregated amount of sales tax liability amounting to Rs. 3,882.37 million (December 31, 2020: Rs. 2,082.07 million), which is calculated based on risk premium and excluding the investment amount allocated to policies.

22.1.14 Additional Commissioner Inland Revenue, Audit Range B, Zone-III, LTU Karachi served notice u/s 122(9) of the Ordinance dated November 26, 2019 to Corporation in respect of tax year 2019. Vide above notice, ACIR confronted certain issues like deduction claimed on account of unrealized loss on investment, investment in value, investment related expenses, advances to employees at interest rate lower than benchmark rate and adjustment of tax liability against outstanding appeal effect of prior year.

Based on the reply filed by Corporation through tax consultant, ACIR passed amended order u/s 122(5A) of the Ordinance dated March 13, 2020 and raised demand of Rs. 164.68 million.

Since Corporation has pending refunds/appeal effects towards Inland Revenue Department, therefore Corporation through its authorized representative filed application for stay of demand. Further, being aggrieved from above amended order, Corporation also filed appeal before CIR-A. CIR(A) has passed order dated April 20, 2020 wherein issue related to deduction claimed on account of impairment in value of investment has been decided in favor of Corporation. However, issue of disallowance on account of real estate expenses has been decided against Corporation. Further, matters related to unrealized loss on financial assets, loans/advances to employees, adjustment of tax liability against prior year appeal effect has been remanded back to concerned ACIR for re-adjudication. Inland Revenue Department as well as Corporation filed appeals before ATIR against order of CIR(A) which are pending till to date. No date for the next hearing has been fixed till date.

22.1.15 Additional Commissioner Inland Revenue, Audit Range B, Zone-III, LTU Karachi served notice u/s 122(9) of the Ordinance dated April 29, 2020 to 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/explanation submitted by Corporation to tax authorities against above notice, ACIR passed an amended assessment order u/s 122 (5A) whereby tax refundable position of is determined Rs. 1,007.84 million instead of Rs.1,176.06 million for tax year 2018.

Corporation has filed appeal before CIR(A) against above assessment order which is not yet fixed for hearing.

22.1.16 Additional Commissioner Inland Revenue, Audit Range B, Zone-III, LTU Karachi served notice u/s 122(9) of the Ordinance dated December 10, 2020 to 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/expalanation submitted by Corporation to tax authorities against above notice, ACIR passed an amended assessment order u/s 122 (5A) whereby tax demad 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. Corporation has filed appeal before CIR-A against amended assessment order which is pending adjudication.

22.2 Commitments

The Corporation is committed in respect of capital expenditure contract aggregating to Rs. 627.5 million (2020: Rs. Rs. 100 million). There were no other commitments as at the reporting date.

	2021	2020
	------------- (Rupees in '000)	--------------
Letter of Guarantee	546,000	446,000

		2021	2020
		(Rupees in '000)	
23	NET PREMIUM REVENUE		
	Gross Premium		
	Regular premium individual policies		
	First year	16,440,728	14,059,221
	Second year renewal	11,141,186	9,348,287
	Subsequent year renewal	88,030,192	83,894,776
	Group policies with cash values	46,037	45,312
	Group policies without cash values	55,295,480	21,813,492
	Less: experience premium refund	(8,473,272)	(9,746,456)
	Total Gross Premium	162,480,351	119,414,632
	Less: Reinsurance Premium Ceded		
	On individual life first year business	(97,763)	(40,314)
	On individual life second year business	(34,725)	(28,012)
	On individual life renewal business	(186,524)	(178,430)
	On group policies	(399,957)	(149,962)
	-Less: Reinsurance commission on risk premium	27,304	16,626
		(691,665)	(380,092)
	Net Premium revenue	161,788,686	119,034,540
24	INVESTMENT INCOME		
	Income from equity securities		
	Fair value through profit or loss		
	- Dividend income	7,384,070	4,721,727
	Income from government and debt securities		
	Held to maturity		
	- Return on government and debt securities	88,717,179	82,485,359
		96,101,249	87,207,086
25	NET REALISED FAIR VALUE GAIN ON FINANCIAL ASSETS		
	Fair value through profit or loss		
	Realised gain on equity securities	58,719	207,639
26	NET FAIR VALUE (LOSS) /GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
	Net unrealised (loss) / gain on investments at fair value through profit and loss	(8,479,407)	670,560
	Reversal in value	1,385	5,738
	Reversal related to the appreciation on shares held by LICI	5,520	222
	Investment related expenses	(82,864)	(61,765)
		(8,555,366)	614,755
27	NET RENTAL INCOME		
	Rental income	1,202,038	1,060,590
	Less: Expenses of investment property	(789,653)	(501,072)
		412,385	559,518

		2021	2020
		(Rupees in '000)	
28	OTHER INCOME		
	Return on bank balances	3,675,735	1,970,015
	Gain on sale of property and equipment	120	19
	Return on loans to employees	52,402	52,504
	Return on loans to policyholders	14,762,419	14,045,562
	Exchange gain on revaluation	2,758,751	738,689
	Miscellaneous income	203,009	202,443
		21,452,436	17,009,232
29	NET INSURANCE BENEFITS		
	Gross Claims		
	Claims under individual policies		
	- by death	10,362,961	8,340,396
	- by insured event other than death	360,587	372,682
	- by maturity	21,719,324	16,693,302
	- by surrender	30,062,818	30,046,297
	- annuity payments	13,571	11,297
	- Bonus in cash	140	-
	Total gross individual policy claims	62,519,401	55,463,974
	Claims under group policies		
	- by death	9,400,445	3,094,936
	- by insured event other than death	26,426,423	6,326,503
	- by maturity	283	-
	- by surrender	1,550	658
	- annuity payments	233	547
	Total gross group policy claims	35,828,934	9,422,644
	Total gross claims	98,348,335	64,886,618
	Less: Reinsurance Recoveries		
	-on individual life claims	(83,551)	(73,703)
	-on group life claims	(241,303)	(138,204)
		(324,854)	(211,907)
	Claim related expenses	14,410	13,715
	Net insurance benefit expense	98,037,891	64,688,426

29.1 There are various cases pertaining to policyholders in relation to individual and group insurance policies, claiming amount due as per policy amounting to Rs. 490.42 million (December 31, 2020: 581.14 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 410 cases out of which 22 cases are in the Supreme Court of Pakistan, 219 cases are pending in different High Courts of Pakistan and remaining in the lower courts.

29.2 Claim Development

Accident years	2017	2018	2019	2020	2021
Estimate of ultimate claims cost: -	(Rupees in '000)				
At the end of accident year	3,151,939	3,183,132	3,983,390	5,568,549	8,592,766
One year later	4,699,001	4,730,194	5,791,503	6,811,201	-
Two years later	4,941,658	4,853,501	6,142,388	-	-
Three years later	4,976,747	4,980,092	-	-	-
Four years later	5,024,237	-	-	-	-
Current estimate of cumulative claims	5,024,237	4,980,092	6,142,388	6,811,201	8,592,766
Cumulative payments	(5,388,510)	(5,998,685)	(6,963,095)	(7,058,046)	(10,222,442)
	(364,273)	(1,018,593)	(820,707)	(246,845)	(1,629,676)
Claim prior to 2017					6,425,055
Liability recognized in the statement of financial position					4,795,379

30 UNCLAIMED INSURANCE BENEFIT

Circular 11 of 2014 dated May 19, 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
	(Rupees in '000)					
Unclaimed maturity benefits	10,221,898	6,951,195	1,121,769	1,228,717	920,217	-
Unclaimed death benefits	4,795,379	2,968,519	733,198	657,818	435,844	-
Unclaimed disability benefits	425,351	182,791	59,054	92,831	90,675	-
Claims not encashed	-	-	-	-	-	-
Other unclaimed benefits	39,021,796	10,491,422	10,191,834	11,232,988	7,105,552	-
	54,464,424	20,593,927	12,105,855	13,212,354	8,552,288	-

		Note	2021	2020
31	ACQUISITION EXPENSES		------------- (Rupees in '000)	-------------
	Remuneration to insurance intermediaries on individual policies:			
	- commission to agent on first year premiums		9,184,111	7,045,281
	- commission to agent on second year premiums		1,660,417	1,288,341
	- commission to agent on subsequent renewal premiums		3,248,820	3,116,500
	- other benefits to insurance intermediaries		607,733	392,909
	- branch overhead	31.1	3,267,127	3,009,559
	Total		17,968,208	14,852,590
	Remuneration to insurance intermediaries on group policies:			
	- commission		3,642	3,708
	- other benefits to insurance intermediaries		586	936
			4,228	4,644
	Other acquisition costs:			
	- Stamp duty		1,909,498	1,638,921
	- Initial medical fees		113,226	100,652
			2,022,724	1,739,573
			19,995,160	16,596,807
31.1	Branch overhead			
	Employee benefit cost		2,675,292	2,598,761
	Traveling expense		390,220	243,428
	Printing & stationary		11,244	9,907
	Postage & telephone		32,635	26,266
	Electricity, gas and water		24,345	19,735
	Rent		78,155	74,118
	Prize & awards		18,250	14,100
	Conference & meetings		30,857	19,659
	Repair & maintenance		6,129	3,585
			3,267,127	3,009,559

		Note	2021	2020
32	MARKETING AND ADMINISTRATION EXPENSES			
	Employee benefit cost	32.1	7,809,531	6,299,934
	Travelling expenses		308,987	271,173
	Advertisements and sales promotion		21,919	11,504
	Printing and stationery		129,849	110,476
	Depreciation		102,993	114,990
	Rent, rates and taxes		124,289	115,078
	Legal and professional charges - business related		795,502	516,260
	Electricity, gas and water		263,147	217,735
	Office repairs and maintenance		63,898	36,983
	Bank charges		46,704	34,286
	Postages, telegrams and telephone		109,845	119,728
	Appointed Actuary fees		7,111	6,802
	Training expense		47,856	48,076
	Annual Supervision fees SECP		50,000	50,000
			9,881,631	7,953,025

		Note	2021	2020
			(Rupees in '000)	
32.1	Employee benefit cost			
	Salaries, allowances and other benefits		7,710,390	8,406,571
	Charges for post employment benefit		99,141	(2,106,637)
			7,809,531	6,299,934
33	OTHER EXPENSES			
	Auditors' remuneration	33.1	15,548	9,301
	Revenue stamps		63,900	56,677
	Conference and meetings		43,206	34,105
	Insurance charges		148,082	174,831
	Office maintenance		91,185	88,393
	Entertainment		20,943	16,333
	Other expenses		47,454	48,777
			430,318	428,417
33.1	Auditors' remuneration			
	Business within Pakistan			
	Annual audit and half yearly review fee			
	BDO Ebrahim & Co.		3,650	2,484
	Grant Thornton Anjum Rahman		4,652	2,961
			8,302	5,445
	Out of Pocket			
	BDO Ebrahim & Co.		825	650
	Grant Thornton Anjum Rahman		825	900
			1,650	1,550
	Business Outside Pakistan			
	Audit fee			
	Sajjad Haider and Co		5,596	2,306
	Out of pocket expenses		-	-
			5,596	2,306
			15,548	9,301
34	INCOME TAX EXPENSE			
	For the year			
	Current		829,221	745,133
	Deferred		1,878,937	974,627
			2,708,158	1,719,760
	For the prior year			
	Current		267	508
	Total income tax charge for the year		2,708,425	1,720,268
34.1	Relationship between tax expense and accounting profit			
	Profit before tax		9,333,897	5,926,610
	Tax at the applicable rate @ 29% (2020: 29%)		2,706,830	1,718,717
	Reconciliation:			
	Education cess for the year		1,328	1,043
	Recognition of prior year provision		267	508
	Tax expense for the year		2,708,425	1,720,268

		Note	2021	2020
35	**Earning (after tax) per share - Rupees**		------------- (Rupees in '000)	-------------
	Profit (after tax) for the year		6,625,472	4,206,342
			------------ Numbers in '000	------------
	Weighted average number of ordinary shares outstanding as at year end		46,255	43,016
			----------------- (Rupees)	-----------------
	Earnings per share		143.24	97.78

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.

36 REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chairman		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	--Rs in '000--					
Fees	-	-	-	-	-	-
Managerial remuneration	18,000	-	6,053	3,807	411,001	329,254
House rent allowance	-	-	4,996	1,715	212,518	146,422
Utilities	-	-	2,942	1,408	161,352	113,924
Special allowance	-	-	-	-	-	-
Medical	-	-	-	-	-	-
Car allowance	-	-	-	-	-	-
Others	-	-	8,275	3,156	79,352	59,285
Reimbursements	-	-	-	-	-	-
Retirement benefits	-	-	-	-	-	-
Staff provident fund	-	-	-	-	-	-
	18,000	-	22,266	10,086	864,223	648,885
Number of persons	1	-	3	3	284	239

36.1 In addition to the above, Chairman, Directors and Executives are also entitled to the Corporation maintained vehicles and mobile phone facility.

36.2 Fee paid to Non-Executive Directors during the year amounted to Rs. 2.11 Million (2020: Rs. 2.96 Million).

36.3 Chariman has taken charge as an additional duty as appointed by the ministry.

37 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 made at arms length prices. 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:

	Note	2021	2020
		------------- (Rupees in '000) -------------	
Profit oriented state-controlled entities		Aggregate	
common ownership			
Investment in shares - State Bank of Pakistan		3,221	3,221
PIBs deposited with State Bank of Pakistan		485,000	485,000
Subsidiaries			
Rental income received - Alpha Insurance Company Limited (95.15% holding)		4,642	3,976
Staff retirement fund			
Contribution to provident fund		2,532	3,152
Contribution to pension fund		223,219	534,231
Contribution to funded gratuity		2,963	3,056
Expense charged for pension fund		1,339,421	1,056,614
Transactions with associated companies			
Dividend received during the year			
Pakistan Reinsurance Company Limited (24.41% of holding)		183,081	146,464
Transactions with related parties:			
Dividend received during the year			
Fauji Fertilizer Company Limited		1,548,175	1,288,452
Sui Northern Gas Pipelines Company Limited		164,899	54,966
Security Papers Limited		45,203	45,203
Pak Data Communication		1,248	756
Pak Cables Limited		20,091	-
Balances with related parties - common directorship			
Investment in units:			
NIT Islamic Equity Fund		200,000	200,000
Balances with related parties			
Retirement benefit obligation		3,483,913	2,095,926

Balances with related parties - common directorship	2021	2020
	(Rupees in '000)	
Investment in shares:		
Fauji Fertilizer Company Limited	11,714,718	12,677,508
Sui Southern Gas Company Limited	536,536	838,591
Sui Northern Gas Pipelines Company Limited	919,311	1,220,801
Alpha Insurance Company Limited	298,918	298,918
Pakistan Cables Limited	394,707	337,448
Security Papers Limited	602,148	889,034
Shahtaj Sugar Mills Limited	40,272	48,417
Pak Data Communication Limited	48,958	99,106
Premier Insurance Company Limited	32,519	26,552
Pakistan Reinsurance Company Limited	1,640,401	2,015,350
Arabian Sea Country Club Limited	5,000	5,000
PICIC Insurance Limited	4,208	6,234
Nina Industries Limited	4,500	4,500
Mirpurkhas Sugar Mills Ltd.	42,096	28,942
State Life Abdullah Haroon Road Property (Private) Limited (Subsidiary Company) (100% holding)	26,182	26,182
State Life Lackie Road Property (Private) Limited (Subsidiary Company) (100% holding)	12,910	12,910

38 SEGMENTAL INFORMATION

38.1 Revenue account by statutory fund

	Statutory Funds					Aggregate
For the year ended December 31, 2021	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Accidental and Health Insurance Fund	Family Takaful	2021
	(Rs in '000)					
Income						
Premium less reinsurances	127,270,554	2,145,712	46,037	32,136,624	189,759	161,788,686
Rental income from investment property	412,385	-	-	-	-	412,385
Net investment income	102,001,332	3,848,299	43,134	2,701,818	11,550	108,606,133
Total net income	229,684,271	5,994,011	89,171	34,838,442	201,309	270,807,204
Insurance benefits and expenditure						
Insurance beneifits, including bonuses, net ofre insurance recoveries	69,185,780	2,452,456	22,713	26,376,942	-	98,037,891
Management expenses less recoveries	28,756,928	411,849	604	988,678	143,412	30,301,471
Total insurance benefits and expenditure	97,942,708	2,864,305	23,317	27,365,620	143,412	128,339,362
Excess/(Shortfall) of income over insurance benefits and expendituires	131,741,563	3,129,706	65,854	7,472,822	57,897	142,467,842
Net change in insurance liabilities (other than outstanding claims)	(123,438,728)	(2,083,246)	10,160	(1,041,924)	(84,270)	(126,638,008)
Surplus/(deficit) before tax	8,302,835	1,046,461	76,014	6,430,897	(26,373)	15,829,834
Movement in policyholders' liabilities	123,438,728	2,083,246	(10,160)	1,041,924	84,270	126,638,008
Transfers to and from shareholders' fund						
- Surplus appropriated to shareholders' fund	(2,372,183)	(35,901)	-	-	-	(2,408,084)
- Capital returned to shareholders' fund		-	-	-	-	-
- Capital contributions from shareholders' fund	-	-	-	-	100,000	100,000
Net transfer to/from shareholders' fund	-	-	-	-	-	-
Balance of statutory fund at beginning of the year	1,099,097,119	23,294,315	436,128	5,284,382	39,664	1,128,151,608
Balance of statutory fund at end of the year	1,228,466,499	26,388,121	501,982	12,757,203	197,561	1,268,311,366

Revenue account by statutory fund	Statutory Funds					Aggregate
For the year ended December 31, 2020	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Accidental and Health Insurance Fund	Family Takaful	2020
	(Rs in '000)					
Income						
Premium less reinsurances	108,808,617	2,205,268	45,312	7,975,343	-	119,034,540
Rental income from investment property	559,518	-	-	-	-	559,518
Net investment income	101,194,724	1,745,990	45,780	1,607,865	11,170	104,605,529
Total net income	210,562,859	3,951,258	91,092	9,583,208	11,170	224,199,587
Insurance benefits and expenditure						
Insurance beneifits, including bonuses, net of reinsurance recoveries	56,084,643	2,301,149	20,717	6,281,917	-	64,688,426
Management expenses less recoveries	23,799,535	478,295	227	664,262	30,549	24,972,868
Total insurance benefits and expenditure	79,884,178	2,779,444	20,944	6,946,179	30,549	89,661,294
Excess/(Shortfall) of income over insurance benefits and expendituires	130,678,681	1,171,814	70,148	2,637,029	(19,379)	134,538,293
Net change in insurance liabilities (other than outstanding claims)	(122,724,172)	(977,049)	46,478	(23,483)	-	(123,678,226)
Surplus/(deficit) before tax	7,954,509	194,765	116,626	2,613,546	(19,379)	10,860,067
Movement in policyholders' liabilities	122,724,172	977,049	(46,478)	23,483	-	123,678,226
Transfers to and from shareholders' fund						
- Surplus appropriated to shareholders' fund	(2,125,598)	(12,417)	-	-	-	(2,138,015)
- Capital returned to shareholders' fund		(650,000)	-	-	-	(650,000)
- Capital contributions from shareholders' fund	-	-	-	-	-	-
Net transfer to/from shareholders' fund						
Balance of statutory fund at beginning of the year	970,544,036	22,784,918	365,980	2,647,353	59,043	996,401,330
Balance of statutory fund at end of the year	1,099,097,119	23,294,315	436,128	5,284,382	39,664	1,128,151,608

38.2 Segmental results by line of business

Income	Statutory Funds					Aggregate
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Accidental and Health Insurance Fund	Family Takaful	2021
	(Rs in '000)					
Gross premium						
- First year	16,100,449	150,118	-	-	190,161	16,440,728
- Second year	10,974,249	166,937	-	-	-	11,141,186
- Subsequent year renewal	86,172,321	1,857,871	-	-	-	88,030,192
Group policies with cash value	-	-	46,037	-	-	46,037
Group policies without cash value	14,808,378	-	-	40,487,102	-	55,295,480
Less experience premium refund	(161,972)	-	-	(8,311,300)	-	(8,473,272)
Total gross premium	127,893,425	2,174,926	46,037	32,175,802	190,161	162,480,351
Less: reinsurance premium ceded						
On individual life first year business	(56,190)	(1,993)	-	(39,178)	(402)	(97,763)
On individual life second year business	(34,725)	-	-	-	-	(34,725)
On individual life renewal business	(144,350)	(42,174)	-	-	-	(186,524)
On group policies	(399,957)	-	-	-	-	(399,957)
Less : Reinsurance commission on risk premium	12,351	14,953				27,304
	(622,871)	(29,214)	-	(39,178)	(402)	(691,665)
Net Premium	127,270,554	2,145,712	46,037	32,136,624	189,759	161,788,686
Rental income from investment property	412,385	-	-	-	-	412,385
Net investment income	102,001,332	3,848,299	43,134	2,701,818	11,550	108,606,133
Total net income	229,684,271	5,994,011	89,171	34,838,442	201,309	270,807,204
Insurance benefits and expenditures						
Claims, including bonuses, net of reinsurance recoveries	69,185,780	2,452,456	22,713	26,376,942	-	98,037,891
Management expenses less recoveries	28,756,928	411,849	604	988,678	143,412	30,301,471
Total insurance benefits and expenditures	97,942,708	2,864,305	23,317	27,365,620	143,412	128,339,362
Excess/(Shortfall) of income over insurance benefits	131,741,563	3,129,706	65,854	7,472,822	57,897	142,467,842
Add : Policyholder liabilities at the beginning of year	1,057,342,675	19,588,962	131,214	75,001	-	1,077,137,852
Less : Policyholder liabilities at the end of year	1,180,781,403	21,672,207	121,054	1,116,926	84,270	1,203,775,860
Surplus/(deficit) before tax	8,302,835	1,046,460	76,014	6,430,897	(26,373)	15,829,834

Segmental results by line of business	Statutory Funds					Aggregate
Income	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Accidental and Health Insurance Fund	Family Takaful	2020
Gross premium	---------- Rs in '000 ----------					
- First year	13,837,942	221,279	-	-	-	14,059,221
- Second year	9,157,923	190,364	-	-	-	9,348,287
- Subsequent year renewal	82,069,311	1,825,465	-	-	-	83,894,776
Group policies with cash value	-	-	45,312	-	-	45,312
Group policies without cash value	4,333,980	-	-	17,479,512	-	21,813,492
Less experience premium refund	(242,287)	-	-	(9,504,169)	-	(9,746,456)
Total gross premium	109,156,869	2,237,108	45,312	7,975,343	-	119,414,632
Less: reinsurance premium ceded						
On individual life first year business	(37,252)	(3,062)	-	-	-	(40,314)
On individual life second year business	(28,012)	-	-	-	-	(28,012)
On individual life renewal business	(135,079)	(43,351)	-	-	-	(178,430)
On group policies	(149,962)	-	-	-	-	(149,962)
Less : Reinsurance commission on risk premium	2,053	14,573	-	-	-	16,626
	(348,252)	(31,840)	-	-	-	(380,092)
Net Premium	108,808,617	2,205,268	45,312	7,975,343	-	119,034,540
Rental income from investment property	559,518	-	-	-	-	559,518
Net investment income	101,194,724	1,745,990	45,780	1,607,865	11,170	104,605,529
Total net income	210,562,859	3,951,258	91,092	9,583,208	11,170	224,199,587
Insurance benefits and expenditures						
Claims, including bonuses, net of reinsurance recoveries	56,084,643	2,301,149	20,717	6,281,917	-	64,688,426
Management expenses less recoveries	23,799,535	478,295	227	664,262	30,549	24,972,868
Total insurance benefits and expenditures	79,884,178	2,779,444	20,944	6,946,179	30,549	89,661,294
Excess/shortfall of income over insurance benefits	130,678,681	1,171,814	70,148	2,637,029	(19,379)	134,538,293
Add : Policyholder liabilities at the beginning of year	934,618,503	18,611,913	177,692	51,518	-	953,459,626
Less : Policyholder liabilities at the end of year	(1,057,342,675)	(19,588,962)	(131,214)	(75,001)	-	(1,077,137,852)
Surplus/(deficit) before tax	7,954,509	194,765	116,626	2,613,546	(19,379)	10,860,067

38.3 Segment Statement of financial position

	Statutory Funds	Shareholders Fund	2021	Statutory Funds	Shareholders Fund	2020
	----------(Rs in '000)----------					
Assets						
Property and equipment	881,186	-	881,186	850,816	-	850,816
Investment property	3,618,967	-	3,618,967	3,638,142	-	3,638,142
Investments in subsidiaries	323,618	-	323,618	323,618	-	323,618
Investments	1,007,180,734	4,448,747	1,011,629,481	922,804,838	4,144,794	926,949,632
Loans secured against life insurance policies	151,464,401	-	151,464,401	129,180,723	-	129,180,723
Insurance / reinsurance receivables	37,430,191	-	37,430,191	32,574,359	-	32,574,359
Other loans and receivables	55,165,237	1,056,552	56,221,789	47,693,932	2,231,378	49,925,310
Taxation - payments less provision	3,474,427	-	3,474,427	3,693,190	-	3,693,190
Prepayments	66,367	-	66,367	62,120	-	62,120
Cash & Bank	101,002,030	-	101,002,030	56,184,666	67	56,184,733
Total assets	1,360,607,158	5,505,299	1,366,112,457	1,197,006,404	6,376,239	1,203,382,643
Liabilities						
Insurance liabilities net of reinsurance recoveries	1,310,641,293	-	1,310,641,293	1,157,476,582	-	1,157,476,582
Retirement benefit obligations	3,483,912	-	3,483,912	2,095,926	-	2,095,926
Deferred capital grant	15,886	-	15,886	36,957	-	36,957
Premium received in advance	5,569,399	-	5,569,399	8,644,311	-	8,644,311
Insurance / reinsurance payables	521,942	-	521,942	566,647	-	566,647
Deferred tax	1,610,642	1,878,937	3,489,579	(2)	1,610,644	1,610,642
Other creditors and accruals	26,916,938	-	26,916,938	22,643,046	-	22,643,046
Total Liabilities	1,348,760,012	1,878,937	1,350,638,948	1,191,463,467	1,610,644	1,193,074,111

39 MOVEMENT IN INVESTMENTS

	Held to Maturity	Fair value through profit and loss	Total
	--------------------------Rs in '000--------------------------		
At beginning of previous year	825,345,482	101,604,150	926,949,632
Additions	363,322,605	4,392,735	367,715,340
Disposals (sale and redemptions)	(280,995,025)	(53,221)	(281,048,246)
Amortization of premium	6,488,352	-	6,488,352
Reversal during the year	-	698	698
Unrealised fair value gain	-	(8,476,296)	(8,476,296)
	914,161,414	97,468,066	1,011,629,480

40 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

40.1 Insurance risk

40.1.1 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.

40.1.2 Contract details and measurement

The insurance contracts offered by the Corporation are described below:

40.1.2.1 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 organised under a two tier system consisting of sales representatives 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.

40.1.2.2 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.

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.

40.1.2.3 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.

40.1.2.4 Group Health Business

In 2012, the Corporation entered the Health Insurance Market by signing an agreement with the Benazir Income Support Programme (BISP) authorities for providing Health Insurance to the beneficiaries enrolled under BISP Waseela-e-Sehat Programme. This contract terminated on June 30, 2015. However, settlement of the Equalisation 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.

40.1.3 Reserving method

40.1.3.1 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.

40.1.3.2 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.

40.1.3.3 Group life policies

Group life business consists of short duration one year renewable term insurance policies. Besides, it contains a two 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.

40.1.3.4 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.

40.1.3.5 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.

40.1.4 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.

40.1.5 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.

40.1.6 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 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.

40.1.7 Accounting estimates and judgments and process used for deciding assumptions

40.1.7.1 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.

40.1.7.2 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 analysed 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.

40.1.7.3 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.

40.1.8 Frequency and severity of claims

40.1.8.1 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.

40.1.8.2 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.

40.1.9 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.

40.1.10 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.

40.1.10.1Financial 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:

	UAE Dirhams	US Dollars
December 31, 2021		
10% increase	766,319	1,894,072
10% decrease	(766,319)	(1,894,072)
December 31, 2020		
10% increase	662,531	1,664,787
10% decrease	(662,531)	(1,664,787)

40.1.10.2 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.

40.1.10.3 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 commensurates 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.

40.1.11 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%	0.10%
Decrease in mortality	10%	-0.10%
Increase in discount rate	0.5% addition in rate	-3.94%
Decrease in discount rate	0.5% reduction in rate	4.15%

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.

40.2 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.

40.2.1 Interest rate risk

		2021						
		Interest / Markup bearing			Non-interest / Non-markup bearing			
		Maturity upto one year	Maturity after year	Sub total	Maturity upto one year	Maturity after year	Sub total	Total
	Note	---(Rupeesin '000)	---					
Financial Assets								
Investments								
Equity securities	7	-	-	-	88,913,774	-	88,913,774	88,913,774
Government securities	9	124,015,575	786,054,244	910,069,819	-	-	-	910,069,819
Debt securities	10	-	4,091,596	4,091,596	-	-	-	4,091,596
Mutual funds	8			-	8,554,292	-	8,554,292	8,554,292
Loans secured against life insurance policies		-	151,464,401	151,464,401	-	-	-	151,464,401
Insurance / reinsurance receivables	11	-	-	-	37,056,058	374,133	37,430,191	37,430,191
Loans and other receivables	12	-	-	-	54,754,050	-	54,754,050	54,754,050
Cash & bank	14	62,360,355	8,107,351	70,467,706	30,534,324	-	30,534,324	101,002,030
As at December 31, 2021		186,375,930	949,717,592	1,136,093,522	219,812,498	374,133	220,186,631	1,356,280,153
Financial Liabilities								
Insurance liabilities	17	-	-	-	54,464,424	1,256,176,869	1,310,641,293	1,310,641,293
Premium received in advance		-	-	-	5,569,399	-	5,569,399	5,569,399
Insurance / reinsurance payables	20	-	-	-	521,942	-	521,942	521,942
Other creditors and accruals	21	-	-	-	25,384,289	-	25,384,289	25,384,289
As at December 31, 2021		-	-	-	85,940,054	1,256,176,869	1,342,116,923	1,342,116,923
Off Balance Sheet Financial Instrument								
As at December 31, 2021		186,375,930	949,717,592	1,136,093,522	133,872,444	(1,255,802,736)	(1,121,930,292)	14,163,230

		2020						
		Interest / Markup bearing			Non-interest / Non-markup bearing			
		Maturity upto one year	Maturity after year	Sub total	Maturity upto one year	Maturity after year	Sub total	Total
	Note	---(Rupees in '000)	---					
Financial Assets								
Investments								
Equity securities	7	-	-	-	92,918,024	-	92,918,024	92,918,024
Government securities	9	201,152,699	620,538,439	821,691,138	-	-	-	821,691,138
Debt securities	10	-	3,654,344	3,654,344	-	-	-	3,654,344
Mutual funds	8	-		-	8,686,126	-	8,686,126	8,686,126
Loans secured against life insurance policies		14,617,187	114,563,536	129,180,723	-	-	-	129,180,723
Insurance / reinsurance receivables	11	-	-	-	32,151,774	422,585	32,574,359	32,574,359
Loans and other receivables	12	-	-	-	48,896,996	-	48,896,996	48,896,996
Cash & bank	14	31,042,831	10,245,891	41,288,722	14,896,011	-	14,896,011	56,184,733
As at December 31, 2020		246,812,717	749,002,210	995,814,927	197,548,931	422,585	197,971,516	1,193,786,443

		2020						
		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 Liabilities								
Insurance liabilities	17	-	-	-	34,878,925	1,122,597,657	1,157,476,582	1,157,476,582
Premium received in advance		-	-	-	8,644,311	-	8,644,311	8,644,311
Insurance / reinsurance payables	20	-	-	-	-	566,647	566,647	566,647
Other creditors and accruals	21	-	-	-	21,489,457	-	21,489,457	21,489,457
As at December 31, 2020		-	-	-	65,012,693	1,123,164,304	1,188,176,997	1,188,176,997
Off Balance Sheet Financial Instrument								
As at December 31, 2020		246,812,717	749,002,210	995,814,927	132,536,238	(1,122,741,719)	(990,205,481)	5,609,446

40.2.2 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.

40.2.3 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.

40.2.4 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:

	2021		2020	
	UAE Dirhams	US Dollars	UAE Dirhams	US Dollars
	('000)		('000)	
Assets	214,359	140,378	213,293	129,824
Liabilities	59,547	34,623	61,037	25,667
Reserves	154,812	105,755	152,256	104,157

40.2.5 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.

40.2.6 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	2021	2020
		(Rupees in '000)	
Bank deposits		100,959,277	55,981,895
Loans		152,499,875	130,209,037
Investments		1,011,629,481	926,949,632
Insurance / reinsurance receivables	11	37,430,191	32,574,359
Other receivables		54,208,050	47,986,435
Total		1,356,726,874	1,193,701,358
The age analysis of insurance/reinsurance receivable:			
Up to 1 year		37,056,058	32,151,773

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	2021	2020
				------------- (Rupees in '000)	--------------
Allied Bank Limited	AAA	A1+	PACRA	1,395	1,382
AL Habib bank Limited	AAA	A1+	JCR-VIS	1,500,298	-
Bank Al Falah Limited	AA+	A1+	PACRA	4,239,881	1,783,772
Dubai Islamic Bank	AA	AA+	JCR-VIS	69,123	100,925
First Women Bank Limited	A-	A2	PACRA	6,993	6,502
Habib Bank Limited	AAA	A1+	JCR-VIS	65,166,027	16,233,469
MCB Bank Limited	AAA	A1+	PACRA	1,500,335	-
National Bank of Pakistan	AAA	A1+	PACRA	71,839	80,246
Barclays Banks	-	-	-	23,249	20,845
NIB Bank Limited	AAA	A1+	PACRA	16,267	11,689
The Bank of Punjab	AA	A1+	PACRA	1,513,565	25
Faysal Bank Limited	AA+	A1+	JCR-VIS	1,556,651	-
Samba Bank Limited	AA	A-1	PACRA	8,999	5,404
Silk Bank Limited	A-	A-2	JCR-VIS	5,492	9,928
Sindh Bank Limited	A+	A1+	JCR-VIS	1	1
Soneri Bank Limited	AA	A1+	PACRA	1,513,248	54,789
Standard Chartered Bank Limited	AAA	A1+	PACRA	-	150
Summit Bank Limited	BBB-	A-3	JCR-VIS	17,347	47,951
United Bank Limited	AAA	A1+	JCR-VIS	21,965,211	32,856,045
Habib Metropolitan Bank	AA+	A1+	PACRA	10,796	2
Julius Bar Bank	-	-	-	73,341	3,418,774
Al Ahli Bank Kuwait	-	-	-	43,365	1,255,654
Emirates NBD	-	-	-	-	358
Bank of Singapore	-	-	-	1,655,854	93,985
				100,959,277	55,981,895

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

	2021	2020
	------------- (Rupees in '000)	--------------
Amount due from other insurers / reinsurers		
A or above	374,133	422,586

40.2.7 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.

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

	2021	
	Carrying value	Fair value
	------------- (Rupees in '000)	--------------
Government securities	910,069,819	847,081,346

	2020	
	Carrying value	Fair value
	------------- (Rupees in '000)	--------------
Government securities	821,691,138	842,952,048

41 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:

	2021	2020
	------------- (Rupees in '000)	--------------
Accumulated surplus	1,923,866	1,460,496
Ledger account C & D	8,544,917	3,943,311
General reserve	4,725	304,725
Capital contributed to statutory fund	100,000	-
Issued, subscribed and paid-up capital	4,900,000	4,600,000
Sharholders' equity	15,473,508	10,308,532

42 FAIR VALUE OF FINANCIAL INSTRUMENTS

42.1 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 December 31, 2021.

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 December 31, 2021		As at December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	(Rupees in '000)			
Financial Assets				
- Cash and bank deposits	101,002,030	101,002,030	56,184,733	56,184,733
- Loans secured against life insurance policies	151,464,401	151,464,401	129,180,723	129,180,723
- loan to agents	81,736	81,736	78,493	78,493
- loan to employees	953,738	953,738	949,821	949,821
Investments				
Fair value through Profit and loss				
Listed equity securities and mutual fund units	95,474,924	95,474,924	99,523,806	99,523,806
Unlisted equity securities and mutual fund units	1,993,141	1,993,141	2,080,343	2,080,343
Held to maturity				
Government securities	910,069,819	847,081,346	821,691,138	842,952,048
Holding in subsidiary companies	323,618	323,618	323,618	323,618
Other fixed income securities	3,654,344	4,348,878	3,654,344	4,348,878
	1,011,515,846	949,221,907	927,273,249	949,228,693
- Other receivable- excluding taxation	91,638,241	91,638,241	79,407,508	79,407,508
Financial Liabilities				
- Balance of statutory funds-including policyholders' liabilities	1,310,641,293	1,310,641,293	1,157,476,582	1,157,476,582
- Creditors and accruals	25,384,289	25,384,289	21,489,457	21,489,457
- Premium received in advance	5,569,399	5,569,399	8,644,311	8,644,311
- Insurance / reinsurance payables	521,942	521,942	566,647	566,647

42.2 FAIR VALUE HIERARCHY

The level in the fair value hierarchy within which the asset or liability is categorised 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 categorised:

	As at December 31, 2021	Level 1	Level 2	Level 3
	---------------------------	(Rupees in '000)	---------------------------	
Financial Assets at carrying value				
Investments at carrying value Fair value through Profit and loss				
Listed equity securities and mutual fund units	95,476,400	95,476,400	-	-
Unlisted equity securities and mutual fund units	1,991,666	-	1,991,666	
Holding in subsidiary companies	325,100	-	-	325,100
	97,793,166	95,476,400	1,991,666	325,100

	As at December 31, 2020	Level 1	Level 2	Level 3
	---------------------------	(Rupees in '000)	---------------------------	
Financial Assets at carrying value				
Investments at carrying value Fair value through Profit and loss				
Listed equity securities and mutual fund units	99,523,806	99,523,806	-	-
Unlisted equity securities and mutual fund units	2,080,343	-	2,080,343	
Holding in subsidiary companies	323,618	-	-	323,619
	101,927,767	99,523,806	2,080,343	323,619

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

42.3 Transfers during the period

During the year to December 31, 2021:

- 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.

42.4 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 exchange.
- Unlisted equity securities are carried at cost.
- Investments in subsidiary companies are being carried at cost.

43 SUBSEQUENT EVENTS

a) The Board of Directors of the Corporation in their meeting held on April 28, 2022 declared dividend of Rs. 1,720.286 million.

These unconsolidated financial statements for the year ended December 31, 2021 do not include the effect of these appropriations and these will be accounted in the unconsolidated financial statements for the year ending December 31, 2022.

44 NUMBER OF EMPLOYEES

The details of number of employees are as follows:

	2021	2020
Permanent employees as at year end	3,650	3,831
Area managers	1,247	1,242
	4,897	5,073
Average number of employees during the year	4,985	5,178

45 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue by the Board of Directors of the Corporation on 28 April 2022.

46 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.

Shoaib Javed Hussain	Humayun Bashir	Pouruchisty Sidhwa	Muhammad Rashid
Chairman	Director	Director	Chief Financial Officer

FINANCIAL STATEMENTS CONSOLIDATED

INDEPENDENT AUDITORS' REPORT

To the members of State Life Insurance Corporation of Pakistan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **State Life Insurance Corporation of Pakistan** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 *Auditors' Responsibilities for the Audit of the Consolidated Financial statements section of our report.* We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of the 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 22.1.13 to the consolidated financial statements, which describes the chargeability of sales tax on premium by provincial revenue authorities.

Our opinion is not modified in respect of the above matters.

Information Other than the Consolidated Financial Statements and Auditors' 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 consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 the Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

The engagement partners on the audit resulting in this independent auditors' report are Muhammad Khalid Aziz and Qasim E. Causer on behalf of Grant Thornton Anjum Rahman and BDO Ebrahim & Co. respectively.

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants

Karachi
Dated: April 28, 2022
UDIN: AR202110154FqpylGm6d

BDO Ebrahim & Co
Chartered Accountants

Karachi
Dated: April 28, 2022
UDIN: AR202110067mBqeYbUhQ

Consolidated
Statement of Financial Position
As at December 31, 2021

	Note	2021	2020
		------------- (Rupees in '000) -------------	
ASSETS			
Property and equipment	4	901,696	876,030
Intangible asset	5	-	-
Investment properties	6	3,618,967	3,638,141
Investments			
Equity securities	7	89,130,282	93,141,078
Mutual funds	8	8,554,292	8,686,127
Government securities	9	910,517,568	822,222,734
Debt securities	10	4,091,596	3,654,344
Loans secured against life insurance policies		151,464,401	129,180,723
Insurance / reinsurance receivables	11	37,495,543	32,600,487
Loans and other receivables	12	56,275,367	49,928,402
Reinsurance recoveries against outstanding claims		78,372	120,357
Salvage recoveries accrued		12	8
Deferred commission expense/acquisition cost		12,579	7,434
Taxation - payments less provision		3,547,747	3,769,038
Prepayments	13	99,466	78,774
Cash & bank	14	101,071,513	56,231,120
TOTAL ASSETS		1,366,859,401	1,204,134,797
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES ATTRIBUTABLE TO GROUP'S EQUITY HOLDERS			
Ordinary share capital	15	4,900,000	4,600,000
Ledger account C & D		8,544,917	3,943,311
Group reserves	16	2,309,926	2,038,409
Capital contributed to statutory fund	16	100,000	-
		15,854,843	10,581,720
Non-controlling interest		35,668	35,041
TOTAL EQUITY		15,890,511	10,616,761
LIABILITIES			
Insurance liabilities	17	1,310,855,701	1,157,735,301
Retirement benefit obligations	18	3,483,729	2,094,747
Deferred capital grant		15,886	36,957
Deferred taxation	19	3,479,317	1,600,906
Premium received in advance		5,576,324	8,650,137
Insurance / reinsurance payables	20	575,782	604,454
Other creditors and accruals	21	26,982,151	22,795,534
TOTAL LIABILITIES		1,350,968,890	1,193,518,036
TOTAL EQUITY AND LIABILITIES		1,366,859,401	1,204,134,797
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Shoaib Javed Hussain	Humayun Bashir	Pouruchisty Sidhwa	Muhammad Rashid
Chairman	Director	Director	Chief Financial Officer

Consolidated
Statement of Comprehensive Income

For the year ended December 31, 2021

	Note	2021	2020
		------------- (Rupees in '000)	--------------
Premium revenue		162,623,333	119,519,330
Premium ceded to reinsurers		(731,768)	(414,472)
Net insurance premium revenue	23	161,891,565	119,104,858
Investment income	24	96,160,030	87,267,438
Net realised fair value gain on financial assets	25	58,719	207,639
Net fair value (loss) / gain on financial assets at fair value through profit or loss	26	(8,565,698)	602,728
Net rental income	27	414,885	559,518
Other income	28	21,559,620	17,019,283
		109,627,556	105,656,606
Net income		271,519,121	224,761,464
Insurance benefits		98,363,868	64,938,331
Recoveries from reinsurers		(314,117)	(219,070)
Premium deficiency		1,705	(25,989)
Claim related expense		14,410	13,715
Net insurance benefits	29	98,065,866	64,706,987
Net change in insurance liabilities (other than outstanding claims)		133,579,212	129,039,485
Acquisition expenses	31	20,020,841	16,617,255
Marketing and administration expenses	32	9,968,370	8,042,085
Other expenses	33	433,309	432,083
Total expenses		164,001,732	154,130,908
Results of operating activities		9,451,523	5,923,569
Finance cost	34	(1,582)	(2,159)
Profit before tax		9,449,941	5,921,410
Income tax expense	35	(2,715,695)	(1,718,038)
Profit for the year		6,734,246	4,203,372
Other comprehensive income		-	-
Total comprehensive income for the year		6,734,246	4,203,372
Profit for the year attributable to:			
Equity holder of parent		6,733,619	4,203,634
Non-controlling interest		627	(262)
		6,734,246	4,203,372
Earnings per share - Rupees	36	145.58	97.72

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Shoaib Javed Hussain	**Humayun Bashir**	**Pouruchisty Sidhwa**	**Muhammad Rashid**
Chairman	Director	Director	Chief Financial Officer

Consolidated
Statement of Cash Flow

For the year ended December 31, 2021

		Note	2021	2020
	Operating Cash flows		------------- (Rupees in '000)	--------------
(a)	Underwriting activities			
	Premium received		154,499,448	100,918,344
	Reinsurance premium paid		(834,675)	(294,901)
	Claims paid		(48,807,863)	(23,163,653)
	Surrenders paid		(30,062,818)	(30,046,296)
	Reinsurance and other recoveries received		570,809	163,674
	Commissions paid		(13,355,714)	(12,316,617)
	Commission received		1,411	434
	Other underwriting payments, if any		(5,358,855)	(4,824,757)
	Net cash flow from underwriting activities		56,651,743	30,436,228
(b)	Other operating activities			
	Income tax paid		(621,082)	(571,702)
	Other operating payments		(1,549,770)	-
	General management expense paid		(5,727,123)	(6,449,953)
	Other operating receipts		11	284,198
	Other loans		(873)	(287)
	Loans secured against life insurance policies - advanced		(22,351,163)	(5,847,788)
	Loans secured against life insurance policies - repayments received		2,181,049	12,998,612
	Net cash flow used in other operating activities		(28,068,951)	413,080
	Total cash flow from all operating activities		28,582,792	30,849,308
	Investment activities			
	Profit / return received		97,006,091	69,074,711
	Dividends received		7,360,959	4,579,688
	Rentals received		1,170,773	1,050,715
	Payments for investments		(368,978,009)	(246,043,992)
	Proceeds from disposal of investments		283,740,489	106,939,236
	Fixed capital expenditure		(440,463)	(365,017)
	Proceeds from disposal of fixed assets		1,861	487
	Total cash flow generated from / (used in) investing activities		19,861,701	(64,764,172)
	Financing activities			
	Unclaimed dividend paid during the period		-	-
	Lease payments		(5,064)	(5,082)
	Dividends paid		(1,460,496)	(1,046,880)
	Total cash flow used in financing activities		(1,465,560)	(1,051,962)
	Net cash flow generated from / (used in) all activities		46,978,933	(34,966,826)
	Cash and cash equivalents at beginning of the year		45,985,229	80,952,055
	Cash and cash equivalents at end of the year	14.1	92,964,162	45,985,229
	Reconciliation to profit or loss account			
	Operating cash flows		28,582,795	30,849,308
	Depreciation expense		(108,523)	(120,719)
	Gain on disposal of fixed assets		-	408
	Investment income		109,526,265	105,605,628
	Amortization/capitalization		872,480	561,434
	Non-Cash Adjustments (APL)		(2,067,304)	(14,045,545)
	Other income		12,916	58,885
	Increase in assets other than cash		28,474,592	22,016,544
	Increase in liabilities other than running finance		(23,188,284)	(11,351,484)
	Allocation of surplus		-	-
	Other adjustments		(1,791,479)	(331,602)
	Net change in insurance liabilities (other than outstanding claims)		(133,579,212)	(129,039,485)
	Profit after taxation		6,734,246	4,203,372

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Shoaib Javed Hussain	Humayun Bashir	Pouruchisty Sidhwa	Muhammad Rashid
Chairman	Director	Director	Chief Financial Officer

Consolidated
Statement of Changes In Equity
For the year ended December 31, 2021

	Attributable to equity holders of the parent					
	Ordinary share capital	Capital contributed to Statutory Fund	Ledger Account C & D*	Group reserves	Non Controlling Interest	Total
	(Rupees in '000)					
Balance as at January 1, 2020	4,300,000	(650,000)	2,207,145	1,567,821	35,303	7,460,269
Dividend paid for the year ended December 31, 2019	-	-	-	(1,046,880)	-	(1,046,880)
Total comprehensive income for the year	-	-	-	4,203,634	(262)	4,203,372
Surplus for the year retained in statutory funds-net of tax	-	-	1,736,166	(1,736,166)	-	-
Capital contributed to statutory fund	-	650,000	-	(650,000)	-	-
Transfer for the issuance of share capital	300,000	-	-	(300,000)	-	-
Balance as at December 31, 2020	4,600,000	-	3,943,311	2,038,409	35,041	10,616,761
Balance as at January 1, 2021	4,600,000	-	3,943,311	2,038,409	35,041	10,616,761
Dividend paid for the year ended December 31, 2020	-	-	-	(1,460,496)	-	(1,460,496)
Total comprehensive income for the year	-	-	-	6,733,619	627	6,734,246
Surplus for the year retained in statutory funds-net of tax	-	-	4,601,606	(4,601,606)	-	-
Capital contributed to statutory fund	-	100,000	-	(100,000)	-	-
Transfer for the issuance of share capital	300,000	-	-	(300,000)	-	-
Balance as at December 31, 2021	4,900,000	100,000	8,544,917	2,309,926	35,668	15,890,511

* 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 47 form an integral part of these consolidated financial statements.

Shoaib Javed Hussain	Humayun Bashir	Pouruchisty Sidhwa	Muhammad Rashid
Chairman	Director	Director	Chief Financial Officer

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

The Group consists of:

Holding Corporation: State Life Insurance Corporation of Pakistan

Subsidiary companies:

1 State Life (Lakie road) properties (Private) Limited

2 State Life (Abdullah Haroon Road) Properties (Private) Limited

3 Alpha Insurance Company Limited

a) State Life Insurance Corporation of Pakistan

The State Life Insurance Corporation of Pakistan (the Holding Corporation) was incorporated in Pakistan on November 1, 1972 under the Life Insurance Nationalization Order, 1972 (LINO). The Holding 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).

The Holding Corporation is engaged in the life insurance business and accident and health insurance business.

b) State Life (Lakie road) properties (Private) Limited

State Life (Lakie road) properties (Private) Limited (the Company) was incorporated in Pakistan in the month of July 1979 as Private Limited Company under the Companies Ordinance 1984. The Company was incorporated to deal in Real Estate including Renting, Purchase & Sale of properties. The Company is wholly owned subsidiary of the Holding Corporation. The geographical location and address of the Company's registered office and business unit is situated at 6th Floor State Life Building No. 09, Dr. Ziauddin Road, Karachi.

c) State Life (Abdullah Haroon Road) Properties (Private) Limited

State Life (Abdullah Haroon Road) Properties (Pvt) Limited (the Company) was incorporated in Pakistan in the month of June 1979 as Private Limited Company under the Companies Ordinance 1984. The Company is wholly owned subsidiary of the Holding Corporation. The Company was incorporated to deal in Real Estate including Renting, Purchase & Sale of properties. The geographical location and address of the Company's registered office and business unit is situated at 6th Floor State Life Building No. 09, Dr. Ziauddin Road, Karachi.

d) Alpha Insurance Company Limited

Alpha Insurance Company Limited (the Company) was incorporated in Pakistan on December 24, 1951 under the Indian Companies Act VII of 1913 as a public limited company and registered as a non-life insurance company by the Securities and Exchange Commission of Pakistan (SECP) under the Insurance Ordinance, 2000. The Company is engaged in providing non-life insurance business comprising fire and property, marine, motor, health, credit and suretyship and miscellaneous. The Company commenced its commercial operations on January 23, 1952.

The registered office of the Company is situated at 4th Floor, Building # 1-B, State Life Square, I. I. Chundrigar Road, Karachi. The Company has 11 (December 31, 2020: 12) branches in Pakistan. The parent entity of the Company is State Life Insurance Corporation of Pakistan holding 95.15% (31 December 2020: 95.15%) shares of the Company.

1.1 The Holding 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 September 22, 2016. For the purpose of carrying on the takaful business, the Holding Corporation has formed an Individual Family Participant Takaful Fund (IFPTF) on August 18, 2017 under the Waqf deed and ceded Rs. 1 million to the IFPTF. The Waqf deed governs the relationship of Holding Corporation and participants for management of takaful operations. The Holding Corporation launched the Window Takaful Operations on January 28, 2021.

1.2 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 State Life Insurance Corporation of Pakistan 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. Subsequently, Ministry of Commerce vide letter No.1(7)/2013-SLIC-INS dated 10-09-2020 informed that the Senate of Pakistan passed the Bill with certain amendments. The amended Bill, as passed by the Senate, was forwarded to the National Assembly as per Article 70(2) of the Constitution of Pakistan. The National Assembly did not pass the amended Bill within 90 days, therefore, 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 dissolution of Assembly at 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. After detailed deliberation on the issue between Privatization Commission and Ministry of Commerce, it was agreed that view/comments/input from SLIC may first be obtained in the matter.

Ministry of Commerce conveyed the decision of cabinet committee dated September 10, 2021 vide MoC letter No. 1(1)/2020-Ins.Misc/Services dated 22 September, 2021 requesting to prepare draft amendments in LINO for divestment of SLIC and share it with Ministry of Commerce at the earliest. The Corporation has prepared draft amendment after obtaining the expert advice from its legal Counsel and has sent the draft amendments in LINO to MoC on October, 6 2021.

1.3 The Group 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 3.4.

1.4 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS

During the year the Holding Corporation has introduced new product called "Sehat Card" in collaboration with Government of Pakistan in whole KPK and Punjab province.

2 BASIS OF PREPARATION

These consolidated 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 February 09, 2017.

2.1 BASIS OF CONSOLIDATION

Subsidiaries are those entities over which the Holding Corporation has control. Control is achieved when the Holding Corporation is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Holding Corporation controls an investee if, and only if, the Holding Corporation has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);

- exposure, or rights, to variable returns from its involvement with the investee; and

- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Holding Corporation has less than a majority of the voting or similar rights of an investee, the Holding Corporation considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;

- rights arising from other contractual arrangements; and

- the Holding Corporation's voting rights and potential voting rights.

The Holding Corporation re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one.

Subsidiaries are consolidated from the date on which the Holding Corporation obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated statement of profit or loss account from the date the Holding Corporation gains control until the date the Holding Corporation ceases to control the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition is recorded as goodwill. If the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of comprehensive income.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill acquired in a business combination is, on the acquisition date, allocated to each of the Holding Corporation's cash generating units that are expected to benefit from the combination. Goodwill is tested annually or whenever there is an indication of impairment exists. Impairment loss in respect of goodwill is recognized in consolidated statement of comprehensive income and is not reversed in future periods.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and the carrying value of investments held by the Holding Corporation is eliminated against the subsidiaries' shareholders' equity in these consolidated financial statements.

All intra-Group transactions, balances, income, expenses and unrealized gains and losses on transactions between Group companies are eliminated in full.

Subsidiaries have same reporting period as that of the Holding Corporation. The accounting policies of subsidiaries have been changed to confirm with accounting policies of the Holding Corporation, wherever needed.

2.2 STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017 and the 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.

2.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies mentioned below (refer note 3).

2.4 Functional and presentation currency

These consolidated financial statements have been presented in Pakistani Rupee, which is the Group's functional and presentation currency. Amounts have been rounded off to the nearest thousand.

2.5 Standards, amendments and interpretations to the published standards that are relevant to the Group and adopted in the current year

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

Standard or Interpretation	Effective Date (Annual period beginning on or after)
IBOR Reform and its Effects on Financial Reporting—Phase 2	January 1, 2021

Adoption of the above standard have no significant effect on the amounts for the year ended December 31, 2021.

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'. 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 or loss account the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

The Group has determined that it is eligible for the temporary exemption option since the Group 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 Group doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Group can defer the application of IFRS 9 until the application 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	2021					
	Fail the SPPI test			Pass the SPPI test		
	Fair Value	Impairment	Change in unrealised Gain / loss during the year	Carrying Value	Impairment	Change in unrealised Gain / loss during the year
	---------- (Rupees in '000) ----------					
Cash at bank	101,027,564	-	-	-	-	-
Investment in equity securities	89,130,282	-	-	-	-	-
Investment in government securities	-	-	-	910,517,568	-	-
Investment in debt securities	-	-	-	4,091,596	7,573	-
Investment in mutual funds	8,554,292	-	-	-	-	-
Loans and other receivables	56,275,367	-	-	-	-	-
Loans secured against life insurance policies	-	-	-	151,464,401	-	-

Description	2021								
	Gross Carrying amount ofdebt instrument that pass the SPPI test								
	AA	A+	A	AA-	AAA	A-	A-1	A-2	Unrated
	---------- (Rupees in '000) ----------								
Investment in Debt Securities	-	-	4,091,596	-	-	-	-	-	7,573
Investment in Govt Securities	-	-	-	-	-	-	-	-	910,517,568
Loans secured against life insurance policies	-	-	-	-	-	-	-	-	151,464,401

2.6 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 01, 2021 are considered not to be relevant or to have any significant effect on the Corporation's financial reporting and operations and are therefore not presented here.

2.7 Standards, interpretations and amendments to published accounting and reporting standards that are relevant but not yet effective and nor early adopted by the Group

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date (Annual period beginning on or after)
Fees in '10 percent' Test for Derecognition of Financial Liabilities (Amendment to IFRS 9)	January 1, 2022

Standard or Interpretation	Effective Date (Annual period beginning on or after)
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
Subsidiary as a First-time Adopter (Amendment to IFRS 1)	January 1, 2022
Taxation in Fair Value Measurements (Amendment to IAS 41)	January 1, 2022
Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022

	Effective Date (Annual period beginning on or after)
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2022
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023
Disclosure Initiative—Accounting Policies	January 1, 2023

The management of the Corporation is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the consolidated financial statements of the Group.

2.8 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 1	First Time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17	Insurance Contract (Amendment to Insurance Contract)	January 1, 2023

2.9 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with 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 recognised 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 and estimates were exercised in application of accounting policies relate to:

a) Classification of investments

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

b) Provision for outstanding claims (including IBNR)

The Group records claims based on the sum assured or other basis set by the Group. However, settlement of all the claims is made based on the nature of insured event.

Provision of claims incurred but not reported (IBNR) is made on the basis of actuarial valuation. Actuarial valuation is made on the basis of past trend and pattern of reporting of claims. Actual amount of IBNR may materially differ from the actuarial estimates.

c) Provision for income taxes

In making estimates for income taxes currently payable by the Group, management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

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

The Group 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 amortisation

In making estimates of depreciation / amortisation, management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Group. 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 financial year end.

The Group 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of this consolidated financial statement are same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2020.

3.1 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 Group and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to income currently.

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 4 to the 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 balance sheet date. Depreciation on fixed assets is charged on a proportionate basis.

Gain and losses on disposal

An item of fixed asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of fixed assets are included in current year's income and expenses respectively.

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.

3.2 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 December 12, 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.

3.3 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.

3.4 Funds

The Group 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;

– 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 investment 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 Group is implementing mega health insurance programs, i.e. Federal Sehat Sahulat Program and KP Sehat Sahulat Program. These programs covered the 80 million population of Pakistan across 90+ districts to provide them with health insurance coverage through a vast network of 450+ panel hospitals. The Federal Sehat Sahulat Program, with expansion to target more than 68 districts across Pakistan, is covering around 10 million families (i.e. 50 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. 300,000/- 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 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 GB, 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. 40,000/- per member and Rs. 400,000/- 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 Group 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.

3.5 Insurance contracts - classification

The Group 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 Group 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 Group 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 Group which started in 2012 and has yet to register any significant growth. The Group 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 Group are described below:

3.5.1 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 Group 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 Group sells both level term insurances and decreasing term insurances also known as mortgage protection plans.

Annuities

The Group 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 Group 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 Group 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 Group 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 Group is sold through its dedicated sales force which is present all over the country. This field force is organised under a two tier system consisting of sales representatives and sales managers. Each sales sector headed by a sector head is further Grouped over 1000 area offices, more than 1,200 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 Group 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.

3.5.2 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. 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 Group. Each zone has its own marketing force consisting of sector heads who are full time salaried employees of the Group, however, some of the Group business is also procured through individual life field force of the Group.

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

3.6 Insurance contracts (Non Life Business)

Insurance contracts are those contracts under which the Holding Corporation, as insurer, has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

Insurance contracts are classified into the following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

- Fire and property damage;
- Marine, aviation and transport;
- Motor;
- Accident and health;
- Credit and suretyship; and
- Miscellaneous.

(a) Fire and property damage insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

(b) Marine, aviation and transport insurance covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired or held between the points of origin and final destination.

(c) Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident.

(d) Accident and health insurance covers unforeseen cash flows and financial hardships arising due to ailments, accidents and other natural causes necessitating hospitalization.

(e) Credit and suretyship insurance covers performance bonds in which surety assures the oblige that the principal can perform the task.

(f) Other types of insurance contracts are classified in the miscellaneous category which includes mainly engineering, terrorism, worker compensation, and travel insurances, etc.

These contracts are provided to individuals as well as commercial organizations with various tenures according to the nature and terms of the contract and the needs of the insurer.

3.7 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.

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

a) any reserve required for premiums;

b) reserve for incurred but not reported (IBNR) claims;

c) reserve for income benefit in course of payment; and

d) reserve for potential losses on a policy to policy basis.

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

3.8 Re-insurance contracts held

The Group has re-insurance arrangements with Swiss Re. The net retention limit of the Group for individual life is Rs. 5 million (2020: Rs. 5 million) per policy and for Group life is Rs. 5 million (2020: Rs. 5 million) per person of risk. Re-insurance premium is recorded as an expense evenly over the period of the re-insurance contract and is off-set against the premium income of the respective year.

The claim recoveries arising out of re-insurance contracts are off-set against the claims expenses of respective year.

Alpha Insurance Company Limited enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums is accounted for in the same period as the related premium for the direct business being reinsured. Reinsurance premium is recognised as expense after taking into account the proportion of deferred premium expense which is calculated using pattern similar to calculation of premium income for the same policy. The deferred portion of premium expense is recognised as prepaid reinsurance premium ceded.

3.9 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 May 19, 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 Group 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 Group has received letter dated May 22, 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.

3.10 Amount due to other insurers / reinsurers

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

3.11 Premiums due but unpaid

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

3.12 Amount due from other insurers / reinsurers

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

3.13 Premium deficiency

The cumulative unearned premium reserve for any classes of business is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the reporting date in respect of policies in that class of business in force at the reporting date, a premium deficiency reserve is recognised as a liability to meet the deficit. The movement in premium deficiency reserve is recorded as an expense / income in the profit or loss account for the year.

3.14 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.

3.15 Expenses of management

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

3.16 Staff retirement benefits

a) Provident fund

The Group 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 Group. However, in respect of employees who have opted for the pension scheme, no contribution is made by the Group to the provident fund.

b) Gratuity fund

Officers

The Group 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.

Staff

The Group maintains a unfunded defined benefit plan for those staff 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.

Previously, the Group maintained a defined contribution plan in respect of all those officers of the Group who initially opted for the unfunded gratuity scheme. At the end of each month, starting from the effective date of admission of a member to the fund, the Group used to make a contribution equal to 8.33% of the member's basic salary. However, pursuant to decision of the Board of Directors taken in their 241st meeting held on October 20, 2015, the gratuity scheme of the officers of the Group has been revamped from defined contribution plan to defined benefit plan.

c) Pension fund

The Group 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 Group has restored its pension scheme, as aforesaid, that was in effect before December 31, 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.

The liability in respect of compensated absences as at December 31, 2021 amounting to Rs.1,805 million (2020: Rs. 1,613 million) has been provided in these unconsolidated financial statements based on actuarial valuation.

e) Post retirement medical benefits

The Group provides medical facilities to its retired officers and their spouses in accordance with the service regulations. As at December 31, 2021, liability for post retirement medical benefit as computed by the appointed actuary is estimated at Rs. 2,799 million (2020: Rs. 2,792 million) and the same has been provided in these unconsolidated financial statements.

3.17 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.

3.18 Revenue recognition

Premium

(a) Individual life policies

The initial 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 Group under the Automatic Non-Forfeiture provisions. However, premiums due in the month of December but not received by 31st December are recognized if the grace period is to expire after the next 1st January.

(b) Group life policies

The premium on Group life policies is recognized on a proportionate basis.

Premium - General insurance

Premium received / receivables under a policy is recognised as written from the date of attachment of the policy to which it relates. Premium income under a policy for direct businesses is recognised over the period of insurance from inception to expiry evenly over the period of the policy.

Receivables under insurance contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Holding Corporation reduces the carrying amount of the receivable accordingly and recognizes that impairment loss in the profit or loss account.

Premium income under a policy is recognised over the period of insurance contract from the date of inception of the policy to which it relates till the expiry in case of marine cargo business whereas, for all other cases of premium, income is recognised as a difference between total premium written and provision for unearned premium.

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.

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 Group'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.

Income on future transactions is taken to income as the difference between ready market purchase price and future sale at settlement of future transactions. Income on reverse repurchase transactions is taken to income at the date of settlement.

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.

Others

All other income are recognised on accrual basis.

3.19 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 Group 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 recognised 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.

3.20 Bad and doubtful debts

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

3.21 Provisions

Provisions are recognized when the Group 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.

3.22 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 recognised, 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).

3.23 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.

3.24 Cash and cash equivalents

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

3.25 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

3.26 Earnings per share

The Group 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 Group 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 Group's reported net profits.

3.27 Segment reporting

Operating segment is a distinguishable component of the Group that is engaged in providing services that are subject to risks and returns that are different from those of other operating segments. The Group 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 Group's business segments are currently reported as shareholders' fund and five statutory funds, separately in respect of each class of life insurance business.

3.28 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.

3.29 Leases

The Group 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 Group 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 Group's incremental borrowing rate. Generally, the Group 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 Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group 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 profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group 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 recognised as an expense on a straight-line basis over the lease term.

3.30 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are recognised 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:

- loans and receivables;
- held to maturity; and
- fair value through profit or loss financial assets.

Loans and receivables

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

Off setting

Financial assets and liabilities are off set and the amount is reported in the balance sheet if the Group 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 balance sheet 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 PROPERTY AND EQUIPMENT

	Note	2021	2020
		------------- Rupees in '000	--------------
Operating assets	4.1	894,836	865,588
Right-of-use assets	4.2	6,860	10,442
		901,696	876,030

4.1 Operating assets

2021												
	Cost					Depreciation					Written down value as at 31 December	Depreciation Rate (%)
Description	As at 1 January	Additions/ (disposals)	Adjustment	Transfer from Investment Property	As at 31 December	As at 1 January	For the year / (disposals)	Adjustment	Transfer from Investment Property	As at 31 December		
	Rupees in '000											
Building, roads and structure	630,484	4,384 -	-	-	634,868	147,958	6,677	-	-	154,635	480,233	1
Electric installation and fittings	488,832	197,306 (367)	-	-	685,771	488,498	146,074 (331)	-	-	634,241	51,530	10
Furniture and fixture	605,699	41,155 (203)	-	-	646,651	271,102	44,036 (182)	-	-	314,956	331,695	10
Office equipment	216,218	10,433 (526)	-	-	226,125	191,597	15,751 (473)	-	-	206,875	19,250	10 to 30
Computer installations-basic	858,444	27,984 (2,169)	-	-	884,259	858,215	27,996 (1,952)	-	-	884,259	-	30
Computer installations-peripherals	85,627	3,550 (11)	-	-	89,166	77,743	4,474 (11)	-	-	82,206	6,960	30
Vehicles	234,668	992 -	-	-	235,660	219,271	11,221 -	-	-	230,492	5,168	20
	3,119,972	285,804 (3,276)	-	-	3,402,500	2,254,384	256,229 (2,949)	-	-	2,507,664 -	894,836	

2020												
	Cost					Depreciation					Written down value as at 31 December	Depreciation Rate (%)
Description	As at 1 January	Additions/ (disposals)	Adjustment	Transfer from Investment Property	As at 31 December	As at 1 January	For the year / (disposals)	Adjustment	Transfer from Investment Property	As at 31 December		
	Rupees in '000											
Building, roads and structure	627,488	3,744 (748)	-	-	630,484	142,418	6,440	(900)	-	147,958	482,526	1
Electric installation and fittings	479,681	9,151	-	-	488,832	475,747	18,427	(5,676)	-	488,498	334	10
Furniture and fixture	579,481	25,501 (43)	-	760	605,699	221,503	36,161	13,101	337	271,102	334,597	10
Office equipment	208,892	7,416 (90)	-	-	216,218	176,113	15,007	477	-	191,597	24,621	10 to 30
Computer installations-basic	844,021	14,445 (47)	-	25	858,444	826,637	33,789	(2,215)	4	858,215	229	30
Computer installations-peripherals	82,488	3,164	-	(25)	85,627	73,816	5,394	(1,463)	(4)	77,743	7,884	30
Vehicles	236,898	291 (2,521)	-	-	234,668	206,217	15,494 (640)	(1,800)	-	219,271	15,397	20
	3,058,949	63,712 (3,449)	-	760	3,119,972	2,122,452	130,712 (640)	1,524	337	2,254,384 -	865,588	

4.2 Right-of-use assets

	Note	2021	2020
		Rupees in '000	
Balance at 1 January		10,442	16,212
Depreciation charge		(3,582)	(3,664)
Less: Disposal - *written down value*		-	(2,106)
Balance at 31 December		6,860	10,442

	2021									
	Cost				Depreciation / Impairment				Written down value as at 31 December	Depreciation rate %
	As at 1 January	Additions/ (disposals)	Adjustment	As at 31 December	As at 1 January	For the year / (disposals)	Adjustment	As at 31 December		
	Rupees in '000									
Right-of-use assets	17,634	-	-	17,634	7,192	3,582	-	10,774	6,860	20 & 33
		-				-				
	17,634	-	-	17,634	7,192	3,582	-	10,774	6,860	

	2020									
	Cost				Depreciation / Impairment				Written down value as at 31 December	Depreciation rate %
	As at 1 January	Additions/ (disposals)	Adjustment	As at 31 December	As at 1 January	For the year / (disposals)	Adjustment	As at 31 December		
	Rupees in '000									
Right-of-use assets	20,385	-	-	17,634	4,173	3,664	-	7,192	10,442	20 & 33
		(2,751)				(645)				
	20,385	(2,751)	-	17,634	4,173	3,019	-	7,192	10,442	

4.3 Assets with zero values

Description of Assets	2021 Cost	2021 Net book value	2021 Number of items	2020 Cost	2020 Net book value	2020 Number of items
	(Rupees in '000)			(Rupees in '000)		
Furniture and fixtures	31,926	-	46	28,023	-	44
Office equipment	17,203	-	47	16,382	-	128
Computer installation - basic	366,473	-	93	361,678	-	69
Computer installation - peripheral	17,651	-	119	16,398	-	31
Vehicles	79,424	-	91	71,628	-	92

5 INTANGIBLE

	2021									
	Cost				Amortization				Written down value as at 31 December	Amortization rate %
	As at 1 January	Additions/ (disposals)	Adjustments	As at 31 December	As at 1 January	For the year / (disposals)	Adjustments	As at 31 December		
	Rupees in '000									
Computer software	2,411,912	-	-	2,411,912	2,411,912	-	-	2,411,912	-	30%

	2020									
	Cost				Amortization				Written down value as at 31 December	Amortization rate %
	As at 1 January	Additions/ (disposals)	Adjustments	As at 31 December	As at 1 January	For the year / (disposals)	Adjustments	As at 31 December		
	Rupees in '000									
Computer software	2,411,912	-	-	2,411,912	2,411,912	-	-	2,411,912	-	30%

6 INVESTMENT PROPERTIES

	Note	2021	2020
		Rupees in '000	
Investment properties	6.1	3,222,332	1,749,139
Less: Provision for impairment in value	6.4	(2,757)	(895)
		3,219,575	1,748,244
Capital work in progress	6.8	399,392	1,889,897
		3,618,967	3,638,141

6.1 Investment properties

	2021									
	Cost				Depreciation				Written down value as at December 31, 2021	Depreciation Rate %
	As at 1 January	Additions/ (Disposals)/ Adjustments	Transfer to Property and Equipment	As at 31 December	As at 1 January	For the year	Transfer to Property and Equipment/ Adjustment	As at 31 December/ (Disposal)		
	Rupeesin '000									
Freehold land	274,616	-	-	274,616	-	-	-	-	274,616	1
Leasehold land	332,697	-	-	332,697	113,353	3,864	-	117,217	215,480	1 to 5
Leasehold improvements	27,913	-	-	27,913	10,386	249	-	10,635	17,278	5
Building,roads and structure	1,520,821	1,170,643 -	-	2,691,464	357,115	44,391	-	401,506	2,289,958	1
Electric installation and fittings	1,156,983	474,023	-	1,631,006	1,083,037	122,969	-	1,206,006	425,000	10
	3,313,030	1,644,666	-	4,957,696	1,563,891	171,473	-	1,735,364	3,222,332	

	2020									
	Cost				Depreciation				Written down value as at December 31, 2020	Depreciation Rate %
	As at 1 January	Additions/ (Disposals)/ Adjustments	Transfer to Property and Equipment	As at 31 December	As at 1 January	For the year	Transfer to Property and Equipment/ Adjustment	As at 31 December/ (Disposal)		
	Rupeesin '000									
Freehold land	274,616	-	-	274,616	-	-	-	-	274,616	1
Leasehold land	332,697	-	-	332,697	109,489	3,864	-	113,353	219,344	1 to 5
Leasehold improvements	28,673	-	(760)	27,913	10,462	261	(337)	10,386	17,527	5
Building, roads and structure	1,503,199	19,415 (1,793)	-	1,520,821	342,088	14,946	81	357,115	1,163,706	1
Electric installation and fittings	1,146,981	10,002	-	1,156,983	1,066,073	16,964	-	1,083,037	73,946	10
	3,286,166	27,624	(760)	3,313,030	1,528,112	36,035	(256)	1,563,891	1,749,139	

6.2 The market value of the investment properties, owned by the Group as determined by the independent valuers, amounted to Rs. 64,951 million (2020: Rs. 59,666 million). The forced sale value of the investment properties, owned by the Group as determined by the independent valuers (i.e. Fair Water Property Valuer and Surveyors (Private) Limited) as at December 31, 2021, amounted to Rs. 63,002 million (2020: Rs. 57,876 million).

6.3 The above includes, title deeds of 61 land/buildings, that were taken over by the Group under the Life Insurance (Nationalization) Order, 1972 (LINO) dated November 01, 1972 and have been transferred in the name of the Group. The title deeds 12 buildings / plots (2020: 12 buildings / plots) are still in the name of defunct insurance companies that were merged in the Group as per the LINO order.

6.4 There are properties costing Rs. 4.269 million (2020: Rs. 2.250 million) having written down value of Rs. 2.757 million (2020: Rs. 0.895 million) to which the Group's title is disputed. Against this, a provision of Rs. 2.757 million (2020: Rs. 0.895 million) exists.

6.5 The Group has a plot at Rawalpindi costing Rs. 0.581 million (2020: Rs. 0.581 million) for which execution of title deed is pending due to dispute with the Cantonment Board, Rawalpindi.

6.6 The Group has a plot at Mirpur (Azad Kashmir) costing Rs. 1.192 million (2020: Rs. 1.192 million) for which execution of title deed remain pending.

6.7 The investment properties also include Rs. 23 million (2020: Rs. 23 million) paid by the Group 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 Group 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 Group is of the opinion that under irrevocable General Power of Attorney, the Group is in a position to freely transfer the title of said property in its own name.

	Note	2021	2020
		Rupees in '000	
6.8 Capital work in progress			
Opening balance		1,889,897	1,602,444
Additions	6.8.1	141,686	287,453
Transfer		(1,632,191)	-
Closing balance		399,392	1,889,897

6.8.1 This mainly represents the amount incurred in respect of Islamabad and Rahim Yar Khan projects.

7 INVESTMENTS IN EQUITY SECURITIES

	Note	2021 Cost	2021 Impairment / provision	2021 Carrying value	2020 Cost	2020 Impairment / provision	2020 Carrying value
Fair value through profit or loss account		Rupees in '000					
Related parties							
Listed shares		3,517,424	-	15,980,374	3,517,424	-	18,192,482
Unlisted shares		5,000	-	5,000	5,000	-	5,000
Others							
Listed shares		30,542,003	(25,575)	73,083,776	26,198,613	(22,180)	74,882,659
Unlisted shares	7.1	276,511	(216,855)	59,656	275,897	(217,553)	58,344
Unlisted preference shares		3,743	(2,267)	1,476	3,743	(1,150)	2,593
		34,344,681	(244,697)	89,130,282	30,000,677	(240,883)	93,141,078

7.1 This includes 653,995 shares (2020: 653,995) owned by Group in National Bank of Pakistan on behalf of Life Insurance Corporation of India (LICI) which has a carrying value of Rs. 22.58 millions (2020: Rs. 28.10 millions).

7.2 Name of the chief executives of companies which forms majority portion of total investment in unlisted equities has been given below :

Company	Chief Executive	Shareholding	No of Shares	Carrying value in Rupees
Peoples Steels Mills Limited	Dr Munir Ahmed	N/A	1,998,967	12,681,714
Al Baraka	Ahmed Shuja	1.10%	4,941,176	48,243,275
Arabian Sea Country Club Limited	Arif Ali Khan	N/A	500,000	351,049
State Bank of Pakistan	Raza Baqir	N/A	29,458	3,221,374
Pakistan Emerging Ventures limited	Saeed Khan	3.33%	12,500,000	157,744

8 INVESTMENTS IN MUTUAL FUNDS

	Note	2021 Cost	2021 Impairment / provision for the year	2021 Carrying value	2020 Cost	2020 Impairment / provision for the year	2020 Carrying value
FAIR VALUE THROUGH PROFIT OR LOSS		Rupees in '000					
Listed - Others							
Open end mutual fund	8.1	3,282,447	-	6,627,281	3,282,446	-	6,669,128
Unlisted - Others							
Closed end mutual fund	8.2	594,190	-	1,927,011	594,190	-	2,016,999
		3,876,637	-	8,554,292	3,876,636	-	8,686,127

8.1 Open end mutual funds

	2021			2020		
	Number of units	Cost Rs. in '000	Carrying value Rs. in '000	Number of units	Cost Rs. in '000	Carrying value Rs. in '000
Pakistan Life Fund						
National Investment Trust Units	75,996,262	2,304,969	5,278,700	75,996,262	2,304,969	5,276,420
Pak Capital Market Fund	124,603	373	1,458	119,630	373	1,436
NIT Government Bond Fund	28,278,954	300,000	288,666	28,278,954	300,000	283,010
NIT Income Fund	9,831,295	100,000	104,084	9,831,295	100,000	101,727
NIT Islamic Equity Fund	23,217,566	200,000	197,814	22,665,909	200,000	205,126
HBL Growth Fund"B"(PICIC Growth Fund)	12,384,663	-	211,902	12,384,663	-	226,144
HBL Investment Fund -Class"B"	1,663,367	-	14,538	1,663,367	-	15,702
HBL Money Market Fund	610,029	50,000	65,352	610,029	50,000	64,529
Al Meezan Mutual Fund	9,143,431	39,311	156,444	9,143,431	39,311	151,690
Pakistan Premier Fund	34,348	962	3,402	34,348	962	3,367
JS Growth Fund	281,952	19,867	46,810	281,952	19,867	50,718
Close ended mutual funds						
HBL Growth Fund"A"(PICIC Growth Fund)	12,024,904	243,312	246,150	12,024,904	243,311	275,851
HBL Investment Fund-Class"A"	1,607,710	23,653	11,961	1,607,710	23,653	13,408
		3,282,447	6,627,281		3,282,446	6,669,128

8.2 Closed end mutual funds

	2021			2020		
Pakistan Life Fund	Number of units	Cost Rs. in '000	Carrying value Rs. in '000	Number of units	Cost Rs. in '000	Carrying value Rs. in '000
NIT Equity Market Opportunity Fund	10,179,666	594,190	1,927,011	10,179,666	594,190	2,016,999
		594,190	1,927,011		594,190	2,016,999

9 INVESTMENTS IN GOVERNMENT SECURITIES

	2021					2020	
	Maturity Year	Effective Yield (%)	Amortized Cost	Principal Payment	Carrying Value	Effective Yield (%)	Carrying Value
	Rupees in '000						
HELD TO MATURITY							
Pakistan Investment Bond							
3 year Pakistan Investment Bonds	2022 - 2023	11.35% - 11.41%	53,457,214	54,090,000	53,457,214	7.22% - 7.89%	147,001,163
5 year Pakistan Investment Bonds	2023 -2025	11.38% - 11.44%	149,113,195	155,040,000	149,113,195	7.75% - 8.83%	127,325,423
10 year Pakistan Investment Bonds	2022 - 2030	11.35% - 11.59%	467,916,234	474,796,600	467,916,234	7.22% - 9.93%	391,050,884
15 year Pakistan Investment Bonds	2023 -2035	11.38% - 13.55%	115,420,011	113,377,100	115,420,011	7.26% - 10.21%	50,886,975
20 year Pakistan Investment Bonds	2024 - 2039	11.37% - 12.63%	70,604,408	69,461,000	70,604,408	8.32% - 10.43%	60,206,205
30 year Pakistan Investment Bonds	2036 - 2038	12.20% -12.47%	37,726,056	40,050,000	37,726,056	10.29% - 10.38%	37,680,832
Sukuk Bonds (Takaful)	2025		174,886	178,900	174,886		40,000
Islamic Republic of Pakistan Bond			9,170,935	-	9,170,935		7,724,485
Treasury Bills							
1 year Pakistan Treasury Bills	2022	7.40% - 11.11%	6,934,629	157,075,000	6,934,629	14.17%	306,767
			910,517,568	1,064,068,600	910,517,568		822,222,734

9.1 Government securities include Rs. 545 million (2020: Rs. 485 million) placed with the State Bank of Pakistan, in accordance with Section 29 of the Insurance Ordinance, 2000.

9.2 Market value of government securities carried at amortized cost amounted to Rs. 847,081 million (2020: Rs. 842,952 million).

10 INVESTMENT IN DEBT SECURITIES

		2021			2020		
	Note	Cost	Impairment / provision for the year	Carrying value	Cost	Impairment / provision for the year	Carrying value
HELD TO MATURITY - OTHERS		Rupees in '000					
Debentures	10.1	7,573	(7,573)	-	7,573	(7,573)	-
Foreign fixed income securities		4,091,596	-	4,091,596	3,654,344	-	3,654,344
		4,099,169	(7,573)	4,091,596	3,661,917	(7,573)	3,654,344

10.1 Debentures include an amount of Rs. 7.573 million (2020: 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 (2020: Rs. 0.678 million). The Corporation had made full provision against these debentures.

		Note	2021	2020
			Rupees in '000	
11	INSURANCE / REINSURANCE RECEIVABLES			
	Unsecured and considered good			
	Due from insurance contract holders		37,150,846	32,247,250
	Less: provision for impairment of receivables from insurance contract holders		(88,178)	(90,798)
	Due from other insurers / reinsurers		461,885	479,294
	Less: provision for impairment of due from other insurers / reinsurers		(29,010)	(35,259)
			37,495,543	32,600,487
12	LOANS AND OTHER RECEIVABLES			
	Accrued investment income		52,180,053	46,604,703
	Loans to agents		81,736	78,489
	Agent commission receivable		73	73
	Loans to employees	12.1	955,642	950,853
	Other receivables		2,029,269	1,383,208
	Federal insurance fees		63	249
	Advance to contractors		432,264	464,561
	Security deposits and bank guarantee		546,266	446,266
	Window takaful operations		50,001	-
			56,275,367	49,928,402

12.1 This represents interest free short term loan to employees including chief executive officer.

		Note	2021	2020
13	PREPAYMENTS			
	Prepaid reinsurance premium ceded		32,414	16,242
	Prepaid miscellaneous expenses		50,825	46,901
	Prepaid rent		16,227	15,631
			99,466	78,774
14	CASH AND BANK			
	Cash and cash equivalent			
	- Cash in hand		9,635	12,925
	- Cash in transit		33,118	190,000
	- Policy and Revenue stamps, Bond papers		1,196	188
	Cash at bank			
	- Current account		30,511,492	14,702,419
	- Saving account	14.2	62,408,721	31,079,697
	- Fixed deposits maturing after 12 months		8,107,351	10,245,891
			101,071,513	56,231,120
14.1	Cash and cash equivalent include the following for the purposes of the statement of cash flows:			
	Cash and cash equivalent			
	- Cash in hand		9,635	12,925
	- Cash in transit		33,118	190,000
	- Policy and revenue stamps, bond papers		1,196	188
	Cash at bank			
	- Current account		30,511,492	14,702,419
	- Saving account		62,408,721	31,079,697
	Cash and cash equivalent		92,964,162	45,985,229

14.2 These carry mark-up ranging from 6.6% to 18.00% (2020: 8% to 12.55%) per annum.

15 ORDINARY SHARE CAPITAL

15.1 Authorized share capital

2021 (Number of shares)	2020 (Number of shares)		Note	2021	2020
				------------- Rupees in '000 -------------	
50,000,000	50,000,000	Ordinary shares of Rs. 100 each		5,000,000	5,000,000

15.2 Issued, subscribed and paid up share capital

2021	2020		Note	2021	2020
46,000,000	43,000,000	Ordinary shares of Rs. 100 each		4,600,000	4,300,000
3,000,000	3,000,000	Issued during the year fully paid in cash	15.3	300,000	300,000
49,000,000	46,000,000			4,900,000	4,600,000

15.3 During the year, the Group issued share capital amounting to Rs. 300 Million with the approval of Finance Division wing of Government of Pakistan with the letters dated December 1, 2021

16 RESERVES

	Note	2021	2020
		------------- Rupees in '000 -------------	
Capital reserves			
Capital contributed to Statutory Fund		100,000	-
Revenue reserve			
Group reserves		2,309,926	2,038,409
		2,409,926	2,038,409

17 INSURANCE LIABILITIES

	Note	2021	2020
Reported outstanding claims (including claims in payment)	17.1	54,464,424	34,878,925
Incurred but not reported claims (IBNR)	17.2	7,264,935	4,081,391
Investment component of Unit Linked and Account Value Policies	17.3	73,839	-
Liabilities under individual conventional insurance contracts	17.4	1,240,729,899	1,116,847,629
Liabilities under Group insurance contracts (other than investment linked)	17.5	6,859,785	1,462,422
Other insurance liabilities (premium deficiency reserve)	17.6	1,248,411	206,215
		1,310,641,293	1,157,476,582
Underwriting provisions			
Outstanding claims including IBNR		138,206	216,107
Unearned premium reserves		72,255	41,115
Premium deficiency reserves		2,967	1,263
Unearned reinsurance commission		980	234
		214,408	258,719
		1,310,855,701	1,157,735,301

		2021	2020
		Rupees in '000	
17.1	Reported outstanding claims (including claims in payment)		
	Gross of Reinsurance		
	Payable within one year	54,464,424	34,878,925
	Payable over a period of time exceeding one year	-	-
	Balance carry forward	54,464,424	34,878,925
	Balance brought forward	54,464,424	34,878,925
	Recoverable from Reinsurance		
	Receivable within one year	-	-
	Receivable over a period of time exceeding one year	-	-
		-	-
	Net reported outstanding claims	54,464,424	34,878,925
17.2	Incurred but not reported claims (IBNR)		
	Gross of reinsurance	7,264,935	4,081,391
	Reinsurance recoveries	-	-
	Net of reinsurance	7,264,935	4,081,391
17.3	Investment Component of Unit Linked and Account Value Policies		
	Investment component of Unit Linked Policies	73,839	-
17.4	Liabilities under individual conventional insurance contracts		
	Gross of reinsurance	1,241,768,840	1,117,793,101
	Reinsurance credit	(1,038,941)	(945,472)
	Net of reinsurance	1,240,729,899	1,116,847,629
17.5	Liabilities under Group insurance contracts (other than investment linked)		
	Gross of reinsurance	6,859,785	1,462,422
	Reinsurance credit	-	-
	Net of reinsurance	6,859,785	1,462,422
17.6	Other insurance liabilities (premium deficiency reserve)		
	Gross of reinsurance	1,250,941	206,215
	Reinsurance recoveries	(2,530)	-
	Net of reinsurance	1,248,411	206,215
17.7	Underwriting provisions		
	Outstanding claims including IBNR		
	Claims paid	93,434	35,420
	Add: Outstanding claims including IBNR closing	138,206	216,107
	Less: Outstanding claims including IBNR opening	(216,107)	(199,814)
	Claims expense	15,533	51,713
	Reinsurance and other recoveries received	(31,248)	(5,272)
	Add: Reinsurance and other recoveries received in respect of outstanding claims opening	120,357	118,466
	Less: Reinsurance and other recoveries received in respect of outstanding claims closing	(78,372)	(120,357)
	Reinsurance and other recoveries revenue	10,737	(7,163)
		26,270	58,876

	2021	2020
	------------- Rupees in '000	--------------
Unearned premium reserves		
Written Gross Premium	174,121	97,043
Add: Unearned premium reserve opening	41,115	48,770
Less: Unearned premium reserve closing	(72,255)	(41,115)
Premium earned-carry forward	142,981	104,698
Premium earned-brought forward	142,981	104,698
Less:		
Reinsurance premium ceded	56,276	35,897
Add: Prepaid reinsurance premium opening	16,242	14,724
Less: Prepaid reinsurance premium closing	(32,414)	(16,242)
Reinsurance expense	40,104	34,379
	102,877	70,318
Unearned reinsurance commission		
Commission paid or payable	31,491	17,423
Add: Deferred commission expense opening	7,434	10,889
Less: Deferred commission expense closing	(12,579)	(7,434)
Net Commission	26,346	20,878
Less:		
Commission received or recoverable	1,411	434
Add: Unearned reinsurance commission opening	234	228
Less: Unearned reinsurance commission closing	(980)	(234)
Commission from reinsurers	665	428
	25,681	20,450

18 As Stated in note 3.16, the Group operate Employees' Pension Fund, Officers Gratuity Scheme and Employees' and Post Retirement Medical benefits.

The latest acturial valuation of the scheme as at December 31, 2021 was carried out using the projected unit credit method. The results of the acturial valuation are as follows:

	Employees' Pension Funds		Officers' Gratuity Funds		Employees' Unfunded Gratuity Scheme		Employees' PRMB Scheme	
	2021	2020	2021	2020	2021	2020	2021	2020
	----------	----------	----------	---------- Rupees in '000	----------	----------	----------	----------
Balance Sheet Reconciliation								
Fair value of plan assets	29,813,680	27,954,967	106,230	148,448	-	-	-	-
Present value of defined benefit obligations	(28,678,679)	(25,688,072)	(84,380)	(105,561)	-	-	(2,798,836)	(2,791,529)
Arrears from July 1, 2021 to December, 31 2021	(36,745)	-	-	-	-	-	-	-
Recognised (liability) / Asset	1,098,257	2,266,895	21,850	42,887	-	-	(2,798,836)	(2,791,529)
Movement in the fair value of plan assets								
Fair value as at January 1	27,954,967	23,995,544	148,449	137,924	-	-	-	-
Expected return on plan assets	2,848,596	2,803,588	13,291	12,856	-	-	-	-
Actuarial gains / (losses)	1,267,859	1,163,027	(1,721)	15,946	-	-	-	-
Employer contributions	(2,257,742)	(7,192)	(39,789)	605	-	-	-	-
Benefits paid	-	-	(14,001)	(18,883)	-	-	-	-
Fair value as at December 31	29,813,680	27,954,967	106,230	148,448	-	-	-	-

	Employees' Pension Funds		Officers' Gratuity Funds		Employees' Unfunded Gratuity Scheme		Employees' PRMB Scheme	
	2021	2020	2021	2020	2021	2020	2021	2020
	Rupees in '000							
Movement in the defined benefit obligations								
Obligation as at January 1	25,688,071	24,697,350	105,562	160,348	10,032	10,032	2,791,529	2,445,488
Service cost	834,538	825,918	2,770	3,978	178	178	108,629	101,172
Interest cost	2,630,244	2,901,811	9,113	15,483	761	761	283,592	284,893
Liability in respect of promotees	-	-	-	-	-	-	-	-
Settlement and Curtailment	-	-	-	-	-	-	-	-
Actuarial losses / (gains)	865,247	(1,680,393)	14,027	(9,647)	(5,863)	(5,863)	(287,203)	44,147
Benefits paid	(1,339,421)	(1,056,614)	(47,091)	(64,601)	(5,108)	(5,108)	(97,710)	(84,171)
Obligation as at December 31	28,678,679	25,688,072	84,380	105,561	-	-	2,798,836	2,791,529
Cost								
Current service cost	834,538	825,918	2,770	3,978	-	178	108,629	101,172
Interest cost	2,630,244	2,901,811	9,113	15,483	-	761	283,592	284,893
Expected return on plan assets	2,848,596	2,803,588	(13,291)	(12,856)	-	-	-	-
Settlement and curtailment	-	-	-	-	-	-	-	-
Recognition of actuarial (gain) / loss	(1,387,358)	(2,843,420)	15,174	(25,593)	-	(5,863)	(287,203)	44,147
Expense / (gain)	4,926,021	(1,919,279)	13,767	(18,988)	-	(4,924)	105,018	430,212
Actual return on plan assets	1,858,713	3,966,615	11,570	28,802	-	-	-	-

	Employees' Pension Funds		Officers' Gratuity Funds		Gratuity Scheme Employees' Unfunded		Scheme Employees' PRMB	
	2021	2020	2021	2020	2021	2020	2021	2020
Principal actuarial assumptions used are as follows:								
Discount rate & expected return on plan assets	12.25%	10.25%	12.25%	10.25%	-	-	12.25%	10.25%
Future plan increases (if applicable)	10.75%	8.75%	10.75%	8.75%	-	-	10.75%	8.75%
Pension increase rate	8.25%	6.25%	-	-	-	-	-	-

Comparision for five years:	2021	2020	2019	2018	2017
As at December 31	Rupees in '000				
Fair value of plan assets	29,919,910	28,103,415	24,133,468	18,435,386	20,492,750
Benefit obligations	(31,561,895)	(28,585,161)	(27,313,218)	(23,286,753)	(22,230,446)
Deficit	(1,641,985)	(481,746)	(3,179,750)	(4,851,367)	(1,737,696)
Experience adjustments					
Loss on plan assets (as percentage of plan asssets)	-5.49%	-1.71%	-13.18%	-26.32%	-8.48%
Gain on plan obligations (as percentage of plan obligations)	5.20%	1.69%	11.64%	20.83%	7.82%

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

	2021	2020	2021	2020	2021	2020	2021	2020
	----	----	----	Rupees in '000	----	----	----	----
Impact on the defined benefit obligation								
Increase in assumption of discount rate	24,981,307	23,095,263	75,556	97,089	-	-	2,560,923	2,531,573
Decrease in assumption of discount rate	30,958,537	28,820,747	77,116	99,969	-	-	3,076,234	3,098,082
Increase in assumption of long term salary increase	29,038,485	27,004,660	77,467	100,434	-	-	2,915,345	2,916,497
Decrease in assumption of long term salary increase	26,473,584	24,498,067	75,197	96,609	-	-	2,692,424	2,677,664
Increase in assumption of pension increase rate	29,690,339	27,573,172	-	-	-	-	-	-
Decrease in assumption of pension increase rate	25,975,814	24,068,843	-	-	-	-	-	-
Expected contribution for the year.	2022			2022			2022	
	Rs. '000			Rs. '000			Rs. '000	
Current services cost	893,385			1,471			-	
Interest cost - net	(120,741)			(2,506)			-	
	772,644			(1,035)			-	

Plan assets comprise of the following:	Employees' Pension Fund				Officers Gratuity Fund			
	2021		2020		2021		2020	
	Rs. In 000	%	Rs. In 000	%	Rs. In 000	%	Rs. In 000	%
Equity	-	-	-	-	-	-	-	-
Debt	29,515,543	99%	27,675,417	99%	92,420	87%	129,150	87%
Others (including cash and bank balances)	298,137	1%	279,550	1%	13,810	13%	19,298	13%
	29,813,680	100%	27,954,967	100%	106,230	100%	148,448	100%

18.1 Movement in Payable to Accumulated Compensation Absences

	2021	2020
	Rupees in '000	
Opening Balance	1,613,000	1,542,000
Addition / (Reversal) during the year	192,000	71,000
Closing balance of compensated absences	1,805,000	1,613,000

18.2 The Group's contributions towards the provident fund for the year ended December 31, 2021 amounted to Rs. 3.664 million (2020:4.259 million).

19 DEFERRED TAX

	2021	2020
	Rupees in '000	
Deferred debit arising in respect of		
Accelerated depreciation on fixed asset	(1,310)	(1,296)
Lease liability	(2,421)	(3,431)
Provision against premium due but unpaid	(25,572)	(26,332)
Provision for diminution in value of investment	(7,417)	(6,432)
Provision against amount due from other insurers/reinsurers	(8,412)	(10,225)
Minimum tax	-	(107)
	(45,132)	(47,823)
Deferred credit arising in respect of		
On Retained balance on Ledger C&D Account	3,489,579	1,610,644
Right-of-use assets	1,989	3,026
Provision for employees benefit plan	277	443
Unrealized gain or loss on revaluation of AFS	32,604	34,616
Net deferred tax liability	3,524,449	1,648,729
	3,479,317	1,600,906

		Note	2021	2020
			Rupees in '000	
20	INSURANCE / REINSURANCE PAYABLES			
	Due to other insurers / reinsurers		565,464	593,849
	Cash margins against performance bonds		10,318	10,605
			575,782	604,454
21	OTHER CREDITORS AND ACCRUALS			
	Agents commission payable		4,973,812	3,589,216
	Accrued expenses		10,502,660	9,938,832
	Lease liability	21.1	8,348	11,831
	Sindh Workers' Welfare Fund	21.2	2,198	2,198
	Federal Excise Duty / Sales tax		18,451	14,639
	Salaries & wages payable		1,016	1,793
	Compensated absences		2,466	2,266
	Income tax liabilities		382	181
	Other tax payables		61	61
	Unpaid and unclaimed dividend		3,002	3,001
	Accounts payable for goods & services		1,151	205
	Other liabilities		11,468,604	9,231,311
			26,982,151	22,795,534
21.1	Lease liability			
	Current		3,482	3,483
	Non - current		4,866	8,348
			8,348	11,831

21.2 The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court.

The Honorable Supreme Court of Pakistan vide its judgment dated November 10, 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated November 10, 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

In view of the above, on prudent basis the management has decided not to reverse charge for WWF recorded for the years up to 2015 amounting to Rs. 2.198 million.

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

22.1.1 The Group had filed nine appeals on different issues before 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 Group 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.

Out of nine appeals, Sindh High Court vide judgement reference dated November 24, 2020 decided four appeals against the group. Group has filed CPLAs before the Honorable Supreme Court of Pakistan against judgement of the Sindh High Court. No next date for hearing has been fixed as of yet due to unavailability of Bench of Honorable Supreme Court at Karachi Registry. The Management of The Group and its tax advisor are of the opinion that the Group has a strong case and it will be most likely be decided in favour of the Group.

22.1.2 In the year 2010, the Inland Revenue Department served legal notices to The Group, 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. Those notices were related to tax years 2008 and 2009.

According to those notices, the Inland Revenue Department were of opinion that group was required to withhold Income Tax on maturity claims by virtue of the said section. 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 of the amount of premium received during the whole term of the policy which is a form of interest or profit on debt. Hence, The Group u/s 151 (1)(d) is liable for deducting withholding tax at the rate 10% on the amount of bonuses paid to policyholder on maturity. Therefore, the Inland Revenue Department raised demands of Rs. 710.12 million and Rs. 738.51 million as withholding tax for tax year 2008 and 2009 respectively. The Group had filed appeals before CIR(A) on the grounds that policy contract as a debt instrument lacks legal sanctity and the definition of debt is being misinterpreted by the tax authorities.

CIR(A) decided the subject appeals in favor of group vide order No. 27 & 28 dated September 29, 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 bonus 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 Department 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 April 17, 2014.

Inland Revenue Department has filed appeals before High Court of Sindh, Karachi against the orders of ATIR. Management of The Group and its tax advisor are confident that ultimate outcome of this matter will be in favor of The Group and accordingly, no provision is required in these financial statements on account of this matter.

22.1.3 Inland Revenue Department served a legal notice u/s 122 (5A) on apportionment of expenses under section 67 of the Income Tax Ordinance, 2001 to the dividend income for tax year 2004. The said notice was replied by group but not agreed by the concerned ACIR. Subsequently amended assessment order was passed u/s 122 (5A) which resulted in tax demand of Rs. 164.88 million. The Group was not in agreement with said order and preferred appeal before CIR(A). Said appeal was not upheld at this forum. Next appeal was filed before ATIR. Meanwhile the Department adjusted demand amount from the pending refunds for tax year 2010.

Appellate Tribunal Inland Revenue (ATIR) decided the above appeal in favor of group vide order No/ 925/KB/2010 dated July 24, 2012; wherein the addition made u/s 67 has been deleted.

The said issue has already been decided by the Honorable High Court of Sindh, Karachi in an other appeal on the issue reported as Commissioner (Legal) Inland Revenue v/s EFU General Insurance Ltd 2011-PTD-2042.

Inland Revenue Department has passed an order u/s 124 of the Income Tax Ordinance, 2001 to give effect to the appeal Ref. Document # 11/54 dated June 24, 2014 and also issued refund of Rs. 153.75 million to The Group. The Group had adjusted Rs. 8.80 million against demand for Tax year 2014. The refund amounting to Rs. 2.33 million is still pending with the Department. In the year 2013, the Inland Revenue Department filed appeal in the Honorable High Court of Sindh against the decision of ATIR which was dismissed by the High Court of Sindh, Karachi vide order dated August 30, 2016. Inland Revenue Department has filed civil appeal before Honorable Supreme Court of Pakistan against the judgement of Honorable High Court of Sindh, Karachi. The case was heard at February 16, 2022 on which no decision was taken, further the next date of hearing is not yet fixed by the court. The Legal advisor is expecting that the ultimate outcome of the cases shall be decided in favor of The Group

22.1.4 In the year 2013, Inland Revenue Department issued similar notices to group regarding withholding of tax on maturity proceeds of insurance policies as described in note 22.1.2. These notices were related from Tax Year 2010 to 2012 stating that the Department holds a similar stance as described in the said note. Reply was filed by The Group 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 principal demand of Rs. 1,249.14 million was paid under protest and without prejudice to its legal right to appeal. The Group filed appeals before CIR(A) which was not upheld. The Group then filed appeal before ATIR against the above order which has been decided in favour of group vide consolidated order dated February 21, 2017.

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 Group on the amount of bonus paid to the policyholders on the maturity of the polices 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 March 30, 2015. The Group filed an appeal before CIR(A) who annulled the impugned order passed by DCI(R) through its order no.34 dated March 30, 2015.The tax department has filed an appeal against the order passed by the CIR(A) before the ATIR. The appeal is pending before the ATIR."

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, 12.58 million and Rs. 56.37 million respectively against pending appeal effect of tax year 2013. As at December 31 2021, appeal effect amounting to Rs. 29.48 million is still pending with the Inland Revenue Department. Inland Revenue Department has filed an appeal before ATIR against the said order of the CIR(A) which is pending till to date.

The management and legal counsel are optimistic that ultimate outcome of the cases shall be decided in favor of The Group as ATIR has decided the appeals related to similar issue in previous years in favour of The Group.

22.1.5 While assessing the income and tax liability thereon for assessment years 2000-01, 2001-02 and 2002-03, Income Tax Department, AJK disallowed excess perquisites u/s 24(i) of the Income Tax Ordinance, 1979 (repealed) as inadmissible business expense of group. Disallowance of said expense increased taxable income for all the three years and tax liability was worked out accordingly which resulted in additional tax demand. The aggregate additional tax demand involved due to addition of excess perquisites to group's taxable income was Rs. 12.67 million (Assessment year 2000-01 to 2002-03 Rs. 1.46 million, Rs. 9.04 million, Rs. 2.17 million respectively).

In addition, group's assessments were also made at higher tax rate of 43% for assessment year 2000-01 and 2001-02 and at 45% for 2002-03 instead at the rate 5% being entire dividend income. These assessments at higher rates also multiplied group's tax liability for each assessment year.

Being aggrieved, group preferred appeal before CIR(A), Mirpur-AJK against the alleged assessment orders. group's appeals before CIR(A), Mirpur AJK were not upheld. Thereafter, group had challenged the orders of CIR(A) before Appellate Tribunal Inland Revenue, Mirpur AJK. The learned ATIR upheld all the appeals of The Group vide order # ITAT/969-73 dated August 20, 2009.

"Income Tax Department, AJK had filed reference against the order of ATIR-AJK before Honorable High Court of AJK. At present, Departmental references are still pending before High Court of Mirpur, Azad Jammu and Kashmir and fixed for final arguments on 29 April 2022. The Legal advisor expects that the matter will be decided in favour of group.

22.1.6 Assessment of The Group for assessment years 2000-01 and 2001-02 were finalized at tax liability of Rs. 141.06 million and Rs. 216.83 million respectively. Subsequently, above assessments were revised vide orders passed u/s 221 of the Income Tax Ordinance, 2001 on the grounds that surcharge at the rate 5% as per Part III of First Schedule of the repealed Ordinance was not levied on the tax worked out u/s 80-D of the repealed Ordinance. Accordingly, surcharge amounting to Rs. 7.05 million and Rs. 10.84 million was levied for assessment years 2000-01 and 2001-02 respectively. Group, being aggrieved filed appeals before CIR-A against above impugned departmental orders on the grounds that surcharge at the rate 5% was not leviable in the instant case as tax has been worked out u/s 80-D of the repealed Ordinance. However, CIR-A decided the appeals against group. Thereafter, group filed appeals before ATIR against above judgement of CIR-A which were also decided against group.

Subsequently, group filed reference applications before Honorable Sindh High Court, Karachi which has been decided in favor of group. Inland Revenue Department has filed civil appeals before Honorable Supreme Court of Pakistan which are pending adjudication. No next date for hearing has been fixed yet by the court. The Legal advisor expects that the matter will be decided in favour of group.

22.1.7 Inland Revenue Department initiated monitoring of withholding of taxes from Tax Years 2009 to 2013 vide notices issued u/s 161/205 of the Income Tax Ordinance, 2001.

Based on the reply submitted by group, IR Department passed orders u/s 161/205 of the Ordinance whereby tax demand amounting to Rs. 494.16 million was raised for above Tax Years (Tax Year 2009: Rs. 48.08 million, Tax Year 2010: Rs. 57.43 million, Tax Year 2011: Rs. 53.44 million, Tax Year 2012: Rs. 258.18 million and Tax Year 2013: Rs. 77.03 million). Without prejudice to the legal rights to appeal, group paid above demand under protest.

Being aggrieved, group filed appeals against above departmental orders before Commissioner Inland Revenue - Appeals. CIR(A) has vacated the orders passed by DCIR and directed the concerned DCIR to re-visit the case.

On the directive of CIR(A), DCIR issued notices afresh for above Tax Years. group referred those notices to its tax consultant for compliance. On the basis of reply submitted by group through consultant, DCIR passed revised orders for Tax Years 2009 to 2013 whereby tax demand of Rs. 403.18 million was created (Tax Year 2009: Rs. 58.88 million, Tax Year 2010: Rs. 70.01 million, Tax Year 2011: Rs. 64.09 million, Tax Year 2012: Rs. 100.38 million and Tax Year 2013: Rs. 109.82 million). group filed appeals against aforesaid orders before CIR(A). Tax demand on account of alleged short deduction on salary and incorrect CPRs and penalty / default surcharge has either been deleted or set-aside by CIR(A). group's appeals are pending before Appellate Tribunal Inland Revenue in respect of above Tax Years.

Further, Inland Revenue Department issued show cause notices for monitoring of withholding taxes on similar lines for Tax Year 2014 and 2015. On the basis of reply submitted by group, Inland Revenue Department passed orders whereby tax demand amounting to Rs. 449.94 million and Rs. 572.14 million was raised for the Tax Year 2014 and 2015 respectively. Above orders were subsequently rectified and revised tax demand of Rs. 212.86 million and Rs. 166.42 million was determined for Tax Year 2014 and 2015 respectively.

Without prejudice to the legal right to appeal, group has offered adjustment of tax demand for Tax Year 2014 from available refunds and tax demand for Tax Year 2015 was paid in cash.

Being aggrieved from the order of DCIR for tax year 2014 and 2015, group has filed an appeal before CIR(A) on alleged non-provision of tax payment challans and levy of default surcharge and Penalty on account of absence of mens rea and also because of availability of significant tax refunds due to The Group during the default period. CIR(A) has set-aside the orders and directed taxation officer to revisit the issue and levy default surcharge and penalty. group had challenged tax recovery of Rs. 71.31 million and Rs. 11.35 million on arbitrary basis for alleged non provision of tax payment challans in respect of tax year 2014 and 2015 respectively. CIR(A) has remanded back the issue for adjudication being rectificatory matter. We have written to the taxation officer to pass appeal effect orders and evidence of tax refunds were also provided, however, appeal effect orders are not yet passed. The Legal advisors expects that there will be favourable outcomes of these appeals.

22.1.8 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi has served legal notice u/s 122 (9) of the Income Tax Ordinance, 2001 dated January 02, 2017 to group for tax year 2016 whereby certain issues regarding deduction claimed on account of provision for impairment in the value of investment properties, deduction claimed on account of gratuity and pension, deduction claimed on account of provision for impairment in shares, rationale for deduction of investment property related expenses, foreign tax credit u/s 103 of the Ordinance claimed in the annual tax return, taxation of dividend income as single basket income, etc. were confronted. Group has engaged tax consultant for responding said notice.

Subsequent to the reply filed by group through its counsel, ACIR proceeded to amend an assessment and passed an amended assessment order dated March 06, 2017 u/s 122 (5A) of the Income Tax Ordinance, 2001 whereby demand of Rs. 23.78 million was raised u/s 137 of the Income Tax Ordinance.

Since, group has pending refunds towards Inland Revenue Department, therefore; without prejudice to the legal right to appeal; group through its tax consultant in said case has requested to adjust the above demand against pending refunds.

Group filed appeal against the impugned order before CIR(A). Issue related to subjecting dividend income (Single Basket income) to normal tax rate is decided in favor of group whereas issues related to deduction claimed on account of real estate expenses, provision for impairment in value of shares and value of investment properties and provision for diminution in value of investment are decided against group. Further, issue of refund adjustment amounting to Rs. 220 million against pending appeal effect of tax year 2003 were remanded back to concerned ACIR. Inland Revenue Department as well as group filed appeals before ATIR against order of CIR(A) which are pending till to date. No date for the next hearing has been fixed till date.

22.1.9 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi has served legal notice u/s 122 (9) of the Income Tax Ordinance, 2001 dated March 13, 2017 to group for tax year 2015 whereby almost similar issues as stated in note 22.1.8 were raised. Subsequent to the reply filed by group through its counsel, ACIR proceeded to amend an assessment and passed an amended assessment order dated April 13, 2017 u/s 122 (5A) of the Income Tax Ordinance, 2001 whereby demand of Rs. 163.5 million was raised u/s 137 of the Income Tax Ordinance. In said order, ACIR has incorrectly adjusted Rs. 446.61 million against demand raised u/s 161 / 205 of the Ordinance.

The group, not in agreement with above order, filed application for rectification u/s 221 dated April 24, 2017 through tax consultant which was rejected by concerned ACIR vide letter dated April 28, 2017. Our tax consultant vide letter dated May 05, 2017 again requested for rectification of order. DCIR passed rectified order vide letter DC # 03/117 dated December 21, 2017 whereby refund of Rs. 316.74 million is determined as refundable to group.

The Group filed appeal against the impugned order before CIR(A). Issues related to subjecting dividend income (Single Basket income) to normal tax rate and disallowance on account of exchange loss related to foreign currency balances are decided in favor of group whereas issues related to deduction claimed on account of real estate expenses, provision for impairment in value of shares and provision for bad debts are decided against group. Further, issue of alleged tax adjustment of Rs. 446.61 million was remanded back to taxation officer. Inland Revenue Department as well as group filed appeals before ATIR against order of CIR(A) which are pending till to date. No date for the next hearing has been fixed till date.

22.1.10 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi has served legal notice u/s 122 (9) of the Income Tax Ordinance, 2001 dated December 31, 2014 to group for tax year 2012 whereby certain issues regarding reconciliation of commission expense between cash flow statement and monthly withholding tax statements, short withholding of tax under various provisions of the Ordinance, taxation of dividend income as single basket income, provision for IBNR, etc. were confronted. Tax consultant responded said notice on behalf of group. Additional information/explanation were also called vide letters dated February 24, 2015, September 22, 2015 and January 25, 2017. Subsequent to the reply filed by tax consultant ACIR proceeded to amend an assessment and passed an amended assessment order dated March 10, 2017 u/s122 (5A) of the Income Tax Ordinance, 2001 whereby outstanding refund for same year was utilized to adjust the demand of Rs. 32.67 million. After adjustment, balance refunds stands at Rs. 100.004 million.

group has filed appeal against the impugned order before CIR(A). Issue of subjecting dividend income (Single Basket Income) to normal tax rate, foreign tax credit claimed u/s 103, disallowance of provision for IBNR and disallowance of amount pertaining to investment arrangement between group and Bureau of Emigration and Overseas Employment has been decided by CIR(A) in favor of group vide order dated May 22, 2017. However, CIR(A) has decided the issue relating to disallowance of provision for impairment in value of shares against The Group. Further, issues of alleged non-deduction of tax on commission payments, payment for goods and prizes were remanded back to concerned taxation officer. Inland Revenue Department as well as group has filed cross appeal before Appellate Tribunal Inland Revenue against above order of CIR(A) which is still pending till to date. No date for the next hearing has been fixed till date.

22.1.11 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi also issued notices u/s 122 of the Ordinance to group related to tax years 2011, 2013 and 2014. Vide Said notices, ACIR confronted almost similar issues as stated at note 22.1.8 and 22.1.9. group engaged its advisor for responding 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. group, being aggrieved from above orders of ACIR, filed appeals before CIR(A). Issues related to subjecting dividend income (Single Basket 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 group 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 SLIC. 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 group filed appeals before ATIR against the orders of CIR(A). Further, on the directives of CIR(A), ACIR issued notice dated April 17, 2020 in respect of remand back issues in respect of tax year 2014. group 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.

22.1.12 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi served notice u/s 122 of the Income Tax Ordinance, 2001 dated January 10, 2018 to group for tax year 2017. Vide Said notice, ACIR confronted issues like investment arrangement between group and Bureau of Emigration and Overseas Employment, deduction claimed on account of provision for diminution in value of investments, provision for impairment in the value of investment properties, provision for impairment in the value of shares, loans/ advances to employees and agents, short withholding of tax under various provisions of the Ordinance. group engaged the legal advisor for responding the notice.

Subsequently, ACIR passed amended order whereby demand of Rs. 480.25 million was raised. group, being aggrieved from above amended order, file appeal before CIR(A). Further, group, through its tax consultant, also file application for stay of tax demand vide letter dated April 05, 2018 along with application for out of turn hearing vide letter dated March 28, 2018 before CIR(A). Hearing before CIR(A) was held on April 26, 2018. CIR(A) vide order No. 6 dated May 03, 2018 decided issues which involves major tax impact at Rs. 357.1 million like tax on Bureau Fund, disallowance on account of inter-company rent expenses in favour of group. However, issue of disallowance on account of real estate expenses and provision against other receivables are decided against group. Further, issues of interest free loans to employees, alleged short withholding on training expenses and adjustment of tax liability against pending appeal effect for tax year 2010 were remanded back to concerned ACIR. Inland Revenue Department as well as group filed appeals before ATIR against order of CIR(A) which are pending till to date. No date for the next hearing has been fixed till date.

22.1.13 According to the Sindh Sales Tax on Services Act 2011, sales tax is payable on premium of life and health insurance policies written in the province of Sindh. The Punjab and Baluchistan 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.

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, life insurance companies collectively filed Constitutional Petitions (CPs) before Hon'ble High Courts of Lahore (writ petition no. 55421/ 2019) and Sindh (C.P. No. D.7677 of 2019) against the levy of sales tax on life and health insurance in Punjab and levy of sales tax on life insurance in Sindh respectively that are pending adjudication. As far as Baluchistan Revenue Authority (BRA) is concerned, no notice or communication has been received by The Group in this respect and hence, no petition was filed before any court.

The Hon'ble LHC in its order dated October 03, 2019 has restrained Punjab Revenue Authority (PRA) from taking any coercive measures against applicants.The Group has filed another petition at Hon'ble LHC against impugned show cause notice no. PRA/LIFE/PREMIUM/SLCP /1592 issued by the PRA on October 02, 2019. The Hon'ble LHC, in its order dated December 15, 2021, has directed that no final order shall be passed in pursuance of the impugned show cause by PRA and shall not take any coercive measures. This and the connected petitions are then disposed of accordingly.

Hearing in the main petition related to PRA i.e. WP. 55421 of 2019 was fixed for 28 February 2022 when the legal counsel partly argued the matter. The case was then adjourned to come up after the Eid holidays.

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, shall be considered by the Sindh Revenue Board (SRB), in accordance with the law. Further, the Hon'ble SHC through its interim order dated December 08, 2020 impleaded that the Federal Government be also added as one of the respondents.

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, through notification no. SRB-3-4/17/2021 dated June 30, 2021.

Through the Khyber Pakhtunkhwa Finance Act, 2021, the exemption in respect of the sales tax on services of life and health insurance in the province of Khyber Pakhtunkhwa (KP) has been withdrawn from July 01, 2021. As a consequence, life insurance is taxable at the rate of 15% and health insurance is taxable at a reduced rate of 1% without any input tax adjustment. This withdrawal of the exemption was intimated by Khyber Pakhtunkhwa Revenue Authority (KPRA) on July 29, 2021 vide letter no. F.No. 7(10)/KPRA/ADC(HQ)/2021/12114. In reply, The Group most respectfully requested KPRA to exempt the levy of sales tax on life and health insurance vide letter no. F&A/KPRA/ST/47 Dated: 9th August, 2021. Moreover, in October 05, 2021, The Group sent a letter to the Ministry of Finance, Government of KP, in which The Group requested to allow the permanent exemption from sales tax on services under Khyber Pakhtunkhwa Sales Tax on Services Act, 2013.

In view of the opinion of legal advisor The Group has calculated estimated aggregated amount of sales tax liability amounting to Rs. 3,882.37 million (December 31, 2020: Rs. 2,082.07 million), which is calculated based on risk premium and excluding the investment amount allocated to policies.

22.1.14 Additional Commissioner Inland Revenue, Audit Range B, Zone-III, LTU Karachi served notice u/s 122(9) of the Ordinance dated November 26, 2019 to group in respect of tax year 2019. Vide above notice, ACIR confronted certain issues like deduction claimed on account of unrealized loss on investment, investment in value, investment related expenses, advances to employees at interest rate lower than benchmark rate and adjustment of tax liability against outstanding appeal effect of prior year.

Based on the reply filed by group through tax consultant, ACIR passed amended order u/s 122(5A) of the Ordinance dated March 13, 2020 and raised demand of Rs. 164.68 million.

Since group has pending refunds/appeal effects towards Inland Revenue Department, therefore group through its authorized representative filed application for stay of demand. Further, being aggrieved from above amended order, group also filed appeal before CIR-A. CIR(A) has passed order dated April 20, 2020 wherein issue related to deduction claimed on account of impairment in value of investment has been decided in favor of group. However, issue of disallowance on account of real estate expenses has been decided against group. Further, matters related to unrealized loss on financial assets, loans/advances to employees, adjustment of tax liability against prior year appeal effect has been remanded back to concerned ACIR for re-adjudication. Inland Revenue Department as well as group filed appeals before ATIR against order of CIR(A) which are pending till to date. No date for the next hearing has been fixed till date.

22.1.15 Additional Commissioner Inland Revenue, Audit Range B, Zone-III, LTU Karachi served notice u/s 122(9) of the Ordinance dated April 29, 2020 to group 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/explanation submitted by group to tax authorities against above notice, ACIR passed an amended assessment order u/s 122 (5A) whereby tax refundable position of is determined Rs. 1,007.84 million instead of Rs.1,176.06 million for tax year 2018. The group has filed appeal before CIR(A) against above assessment order which is not yet fixed for hearing.

22.1.16 Additional Commissioner Inland Revenue, Audit Range B, Zone-III, LTU Karachi served notice u/s 122(9) of the Ordinance dated December 10, 2020 to group 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 group 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 group has filed appeal before CIR-A against amended assessment order which is pending adjudication.

22.1.17 Various claims amounting to Rs. 62.88 million (2020:Rs. 93.08 million) has been lodged by various parties against the Group. the Group has not acknowledge these claims as the management considers that the Group is not liable to settle the amount.

22.1.18 The deemed assessment under section 120 of Income Tax Ordinance, 2001 of the Group have been finalized up to tax year 2020. Matters of disagreement exist between the Group and the tax authorities for the tax year 2009, 2011, 2012, 2013, 2014, 2015 and 2016. In prior years, the Commissioner has passed amended assessment orders for the these tax years under section 122(5A), wherein tax on dividend income has been charged at corporate tax rate by treating such income as business income of the Group under Fourth Schedule to the Ordinance. Further, certain disallowances were made in respect of provision for IBNR claims, non-withholding of tax on commission expenses and payment of certain expenses in cash. The management is contesting these matters with the tax authorities and has filed appeals with the Appellate Tribunal Inland Revenue (ATIR), the Honorable High Court of Sindh (the Court) and with the Commissioner Inland Revenue Appeals (CIRA) and is confident that these matters will be decided in favour of the Group. Consequently, no provision has been made in these financial statements in respect of the above matters.

For tax years 2009, 2013 and 2014, the ACIR has passed amended assessment order under section 122(5A) of the Income Tax Ordinance, 2001 wherein tax on dividend income has been charged at corporate tax rate by treating such income as business income of the Group under Fourth Schedule to the Ordinance. As a result of the amended assessment order for tax year 2009, demand of Rs. 4.63 million was created, for tax year 2013, demand of Rs. 1.79 million and for tax year 2014, demand of Rs. 18.58 million was created against which the Group has paid Rs. 9.74 million. the Group has filed appeals before CIRA and if the appeal is decided against the Group, a tax liability of Rs. 15.26 million would arise, however the management believes that the case will be decided in favour of the Group.

For tax years 2015 and 2016, the ACIR passed an amended assessment order under section 122(5A), wherein tax on dividend income has been charged at corporate tax rate by treating such income as business income of the Group under Fourth Schedule to the Ordinance. Further, certain disallowances were made in respect of non-withholding of tax on commission expenses and payment of certain expenses in cash. Consequently, tax demand of Rs. 2.30 million and Rs. 6.83 million was created respectively. Against the amended assessment order, an appeal was filed before the CIRA, who vide combined appellate order dated 21 November 2017 allowed relief in respect chargeability of dividend at corporate tax rates and levy of Worker's Welfare Fund whereas additions on account of non-withholding of tax commission expense and cash expenses made by the Group were confirmed. the Group has filed a further appeal before the ATIR on the issues confirmed by the CIRA. Moreover, the department has also filed appeal before the ATIR challenging the relief granted by the CIRA. If the appeal is decided against the Group, a tax liability of Rs. 9.12 million would arise, however the management believes that the case will be decided in favour of the Group.

During 2017, the ACIR issued notice dated 16 May 2017, under section 122(5A) for passing an amended order on certain issues for the tax year 2011. However, the Group has filed a writ petition before the Honorable High Court of Sindh challenging the validity of the notice being barred by limitation of time. The Court has granted an order and the said order is operating. Based on tax advisor opinion the management is confident of favourable outcome of the said appeal. Accordingly, no tax provision has been recorded in these financial statements.

The Deputy Commissioner Inland Revenue (DCIR), Enforcement & Collection Unit-3, Range-B, Zone III, Large tax payers Unit, Karachi finalized the monitoring proceedings 161/205 of the Income Tax Ordinance, 2001. The DCIR, while passing the order, levied tax on account of rent, insurance commission, re-insurance premium, insurance claims and payment of various expenses aggregating to Rs.16.64 million including default surcharge and penalty. Against the order, the Group filed an appeal before the CIR(A), wherein the CIR(A) deleted the tax demand against rent payments, remanded back the issues of insurance commission, insurance claims and payment of various expenses. Further, the CIR(A) confirmed the levy of tax in respect of re-insurance premium. Moreover, against the order of CIR(A), the Group filed an appeal before the ATIR which is pending adjudication.

22.1.19 Show-cause notice dated 19 December 2018 was instituted after the Group's audit for the tax periods from January 2015 to December 2015 was carried out under Section 28(2) of the Sindh Sales Tax on Services Act, 2011. The instant notice called upon the Group to show cause as to why not the Sindh sales tax amounting to Rs. 152.26 million may not be assessed as short payment of Sindh sales tax. the Group submitted various arguments, evidence and reconciliations. The Assistant Commissioner SRB vide Order-in-Original dated 13 November 2019 held that the Group has received re-insurance services from foreign re-insurance companies and is, therefore, liable to deposit the Sindh sales tax amount of Rs. 7.56 million along with penalty of Rs. 0.38 million. the Group being aggrieved preferred an appeal before the Commissioner Appeals – SRB. Various hearings have been conducted; however, the case is pending adjudication. The management is very confident with regard to the merits of the issue involved and suggest favorable outcome for instant case.

22.1.20 In year 2020, the Sindh Revenue Board through a show cause order dated 27th February 2020, raised a demand of Rs. 85.60 million on account of the short declaration of output tax amounting to Rs. 29.99 million, re-insurance services having sales tax impact of Rs. 43.48 million and commission received from re-insurance having a tax impact of Rs. 11.45 million including penalty of Rs. 0.68 million. These issues pertain to the tax period 2012 and 2013. In response to the aforesaid notice, the Group through its legal advisor filed a Constitutional Petition # D-1890/20 in the High Court of Sindh (HCS)challenging the aforesaid notice for having been issued after expiry of the specified period. In similar cases pending before the HCS, notices have been issued to respondents who have been restrained from passing any final adverse order. The appeal is pending before Honorable High Court of Sindh, Karachi, and management of the Group is confident that the ultimate outcome of this matter will be in favour of the Group, and accordingly, no provision is charged in these financial statements on account of these matters.

22.1.21 During the year 2019, the Assistant Commissioner, Sindh Revenue Board ("ACSRB") had issued a show cause notice No. SRB-COM-I/Unit- 10/SNC/11/2018/000492 ("SCN") dated 22th June 2019, to the Group on various issues specified in the SCN including short payment of Sindh sales tax amount of Rs. 7.44 million. These issues pertain to the tax period 2011. In response to the aforesaid notice, the Group through its legal advisor filed a Constitutional Petition # D-4743 of 2019 in the High Court of Sindh (HCS) challenging the aforesaid notice and obtained interim stay order and case was decided in favor of SRB.

Subsequently the ACSRB fixed the date of hearing on similar SCN on which the Group has decided to challenge the decision of Sindh High Court in the Honorable Supreme Court of Pakistan. Meanwhile, the Group has also requested the ACSRB to extend the date of compliance for instant case. However, the ACSRB passed an Order in Original No. 309 of 2021 dated 01 July 2021 in urgency and whimsical manner which created a demand of Rs. 7.82 million inclusive of penalty. In this regard, the Group decided to file an appeal before the Commissioner Appeals, Sindh Revenue Board. The management cannot predict about its outcome with certainty, but strong believe that the merits of the issue involved suggest favorable outcome for instant case.

22.1.22 Subsequent to the year end, the Sindh Revenue Board through a show cause order No. SRB-COM-I/AC-10/Ins./Alpha/2014-15/2022/27/74688 dated 18th January 2022 ("SCN"), was issued against the Group whereby it was observed that during scrutiny of the financial statements for the calendar years 2014 and 2015 the Group has ceded reinsurance premiums and also received commission from reinsurers. Accordingly, it was alleged that the Group has short paid Sindh Sales Tax of amounting to Rs. 48.39 million under section 23 (1) and (2) of the Sindh Sales Tax on Services Act, 2011.

The Group, being aggrieved by the aforesaid SCN, preferred filing petition before the Honorable High Court of Sindh. The Honorable High Court after hearing the submissions, granted stay against the show cause proceedings and directed SRB not to pass any final adverse order. The interim stay order vide C.P No. D-804 of 2022 dated 14 February 2022 was granted. Although, the management cannot predict about its outcome with certainty, but believe that the merits of the issue involved suggest favorable outcome for instant case.

22.1.23 "Subsequent to the year end, the Sindh Revenue Board through a show cause order No. SRB-COM-I/AC-10/Ins./AIC/2014-15/2022/81757 dated 27th January 2022, ("SCN") was issued against the Group whereby it was observed during scrutiny of the financial statements of the Group that the Group has written insurance premium worth Rs. 179.99 million which is taxable wherein Sindh Sales Tax (SST) amounting to Rs. 26.10 million for the tax periods from January 2015 to December 2015 is involved. It was further mentioned that the Group has written insurance premium worth Rs. 219.65 million wherein Sindh Sales Tax (SST) amount involved is Rs. 34.05 million for the tax periods from January 2014 to December 2014. The assessing officer alleged that the Group has failed to deposit the Sindh Sales Tax (SST) recoverable against cited taxable services and has also failed to declare the same in the Sindh Sales Tax (SST) returns. Further, it was alleged that the Group has claimed illegal/unlawful input tax adjustment amounting to Rs. 1.32 million on account of certain purchases which are inadmissible according to Section 15 and 15A of the Sindh Sales Tax (SST) on Services Act, 2011 ("the SSTSA, 2011"). Accordingly, the Group was required to show cause as to why Sindh Sales Tax (SST) amounting to Rs. 61.46 million may not be assessed under Section 23(1) and 23(2) of the SSTSA, 2011.

In this regard, the Group, being aggrieved by this SCN, filed petition before Honorable Sindh High Court (SHC) bearing CP No. 1166 of 2022. Sindh High Court (SHC) has suspended operation of impugned order till next date of hearing. Management is having a strong believe that the merits of the issue involved suggest favorable outcome for instant case.

22.2 Commitments

	2021	2020
	Rupees in '000	
22.2.1 Commitment in respect of operating leases		
Commitment in respect of operating leases	154,200	171,500
Not later than one year.	-	-
Later than one year and not later than five year	-	-
	154,200	171,500
22.2.2 Letter of Guarantee	546,000	446,000

22.2.3 The Group is committed in respect of capital expenditure contract aggregating to Rs. 627.5 million (2020: Rs. Rs. 100 million). There were no other commitments as at the balance sheet date.

23 NET INSURANCE PREMIUM REVENUE

	2021	2020
	Rupees in '000	
Gross premiums		
Regular premium individual policies		
First year	16,440,728	14,059,221
Second year renewal	11,141,186	9,348,287
Subsequent year renewal	88,030,192	83,894,776
Group policies with cash values	46,037	45,312
Group policies without cash values	55,295,480	21,813,492
Health insurance	-	-
Less: experience premium refund	(8,473,272)	(9,746,456)
	162,480,351	119,414,632
Non-life business		
Written Gross Premium	142,982	104,698
Total Gross Premiums	162,623,333	119,519,330

		2021	2020
		------------- Rupees in '000	--------------
	Less: Reinsurance Premiums Ceded		
	On individual life first year business	(97,763)	(40,314)
	On individual life second year business	(34,725)	(28,012)
	On individual life renewal business	(186,524)	(178,430)
	On Group policies	(399,957)	(149,962)
	-Less: Reinsurance commission on risk premium	27,304	16,626
		691,665	380,092
	Non-life business		
	Less :Re-insurance premium ceded	(40,103)	(34,380)
	Net Premiums	161,891,565	119,104,858
24	INVESTMENT INCOME		
	Income from equity securities		
	Fair value through profit or loss account		
	- Dividend income	7,397,525	4,729,126
	Income from government and debt securities		
	Held to maturity		
	- Return on government and debt securities	88,762,505	82,538,312
		96,160,030	87,267,438
25	NET REALISED FAIR VALUE GAIN ON FINANCIAL ASSETS		
	Fair value through profit or loss		
	Realized gain on equity securities	58,719	207,639
26	NET FAIR VALUE (LOSS) / GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ACCOUNT		
	Net unrealized gain on investments at fair value through profit or loss account	(8,486,344)	659,224
	Impairment in value	(2,010)	(6,208)
	Expense related to the appreciation on shares held by LICI	5,520	(28,096)
	Less: Investment related expenses	(82,864)	(22,192)
		(8,565,698)	602,728
27	NET RENTAL INCOME		
	Rental income	1,204,538	1,060,590
	Less: Expenses of investment property	(789,653)	(501,072)
		414,885	559,518

	2021	2020
	------------- Rupees in '000	--------------
28 OTHER INCOME		
Return on bank balances	3,679,244	1,975,066
Gain on sale of fixed assets	120	427
Return on loans to employees	52,402	52,504
Return on loans to policyholders	14,762,419	14,045,562
Exchange gain on revaluation	2,758,762	738,689
Reversal of bad and doubtful debts	8,869	-
Miscellaneous income	297,804	207,035
	21,559,620	17,019,283
29 NET INSURANCE BENEFITS		
Gross Claims		
Claims under individual policies		
- by death	10,362,961	8,340,396
- by insured event other than death	360,587	372,682
- by maturity	21,719,324	16,693,302
- by surrender	30,062,818	30,046,297
- annuity payments	13,571	11,297
- bonus in cash	140	-
Total gross individual policy claims	62,519,401	55,463,974
Claims under Group policies		
- by death	9,400,445	3,094,936
- by insured event other than death	26,426,423	6,326,503
- by maturity	283	-
- by surrender	1,550	658
- annuity payments	233	547
Total gross Group policy claims	35,828,934	9,422,644
Non-life business		
Gross Claims	15,533	51,713
Total gross claims	98,363,868	64,938,331
Less: Reinsurance Recoveries		
-on individual life claims	(83,551)	(73,703)
-on Group life claims	(241,303)	(138,204)
	(324,854)	(211,907)
Non-life business		
Less: Reinsurance Recoveries	10,737	(7,163)
Premium deficiency	1,705	(25,989)
Claim related expenses	14,410	13,715
Net insurance benefit expense	98,065,866	64,706,987

29.1 There are various cases pertaining to policyholders in relation to individual and group insurance policies, claiming amount due as per policy amounting to Rs. 553.30 million (December 31, 2020: 674.21 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 421 cases out of which 23 cases are in the Supreme Court of Pakistan, 223 cases are pending in different High Courts of Pakistan and remaining in the lower courts.

29.2 Claim Development

Accident years	2017	2018	2019	2020	2021
Estimate of ultimate claims costs:	-------------	-------------	Rupees in '000	-------------	-------------
At the end of accident year	3,488,648	3,232,990	4,003,715	5,598,050	8,634,467
One year later	5,020,472	4,771,556	5,816,639	6,845,896	-
Two years later	5,226,767	4,895,197	6,170,910	-	-
Three years later	5,274,564	5,015,383	-	-	-
Four years later	5,293,713	-	-	-	-
Current estimate of cumulative claims	5,293,713	5,015,383	6,170,910	6,845,896	8,634,467
Cumulative payments	(5,565,096)	(6,032,686)	(6,989,958)	(7,074,198)	(10,240,318)
	(271,383)	(1,017,303)	(819,048)	(228,302)	(1,605,851)
Claim Prior to 2017					6,425,055
Liability recognised in the statement of financial position					4,819,204

30 UNCLAIMED INSURANCE BENEFIT

Circular 11 of 2014 dated May 19, 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
	-------------	-------------	Rupees in '000	-------------	-------------	-------------
Unclaimed maturity benefits	10,221,898	6,951,195	1,121,769	1,228,717	920,217	-
Unclaimed death benefits	4,795,379	2,968,519	733,198	657,818	435,844	-
Unclaimed disability benefits	425,351	182,791	59,054	92,831	90,675	-
Claims not encashed	-	-	-	-	-	-
Other unclaimed benefits	39,021,796	10,491,422	10,191,834	11,232,988	7,105,552	-
	54,464,424	20,593,927	12,105,855	13,212,354	8,552,288	-

31 ACQUISITION EXPENSES

	Note	2021	2020
		Rupees in '000	
Remuneration to insurance intermediaries on individual policies:			
- commission to agent on first year premiums		9,184,111	7,045,281
- commission to agent on second year premiums		1,660,417	1,288,341
- commission to agent on subsequent renewal premiums		3,248,820	3,116,500
- other benefits to insurance intermediaries		607,733	392,909
- branch overhead	31.1	3,267,127	3,009,559
		17,968,208	14,852,590
Remuneration to insurance intermediaries on Group policies:			
- commission		3,642	3,708
- other benefits to insurance intermediaries		586	936
		4,228	4,644
Other acquisition costs:			
- Stamp duty		1,909,498	1,638,921
- Initial medical fees		113,226	100,652
		2,022,724	1,739,573
Non-Life business			
Acquisition expense		25,681	20,448
		20,020,841	16,617,255

		Note	2021	2020
			Rupees in '000	
31.1	**Branch overhead**			
	Employee benefit cost		2,675,292	2,598,761
	Traveling expense		390,220	243,428
	Printing & stationary		11,244	9,907
	Postage & telephone		32,635	26,266
	Electricity, gas and water		24,345	19,735
	Rent		78,155	74,118
	Prize & awards		18,250	14,100
	Conference & meetings		30,857	19,659
	Repair & maintenance		6,129	3,585
			3,267,127	3,009,559
32	**MARKETING AND ADMINISTRATION EXPENSES**			
	Employee benefit cost	32.1	7,811,090	6,349,470
	Travelling expenses		309,589	273,179
	Advertisements and sales promotion		22,567	12,021
	Printing and stationery		130,834	111,253
	Depreciation and amortization		108,613	120,569
	Rent, rates and taxes		126,835	116,603
	Legal and professional charges - business related		802,211	529,788
	Electricity, gas and water		313,683	218,995
	Office repairs and maintenance		64,525	1,161
	Bank charges		47,030	6,160
	Postages, telegrams and telephone		111,542	37,737
	Appointed Actuary fees		7,110	34,614
	Annual Supervision fees SECP		50,248	121,611
	Entertainment		1,280	50,312
	Vehicle running expenses		7,353	9,379
	Bad and doubtful debts		-	1,157
	Insurance expense		24	-
	Training expense		47,856	48,076
	Advance tax written off		5,024	-
	Miscellaneous		956	-
			9,968,370	8,042,085
32.1	**Employee benefit cost**		-	
	Salaries, allowances and other benefits		7,710,390	8,455,853
	Charges for post employment benefit		100,700	(2,106,383)
			7,811,090	6,349,470
33	**OTHER EXPENSES**			
	Auditors' remuneration	33.1	16,440	10,193
	Directors' fee		2,100	1,840
	Training expense		-	630
	Revenue stamps		63,900	56,677
	Conference and meetings		43,206	34,105
	Insurance charges		148,082	174,831
	Office maintenance		91,185	88,393
	Entertainment		20,943	16,333
	Other expenses		47,453	49,081
			433,309	432,083

		Note	2021	2020
			------------- Rupees in '000 -------------	
33.1	Auditors' remuneration			
	Business within Pakistan			
	Annual audit and half yearly review fee			
	BDO Ebrahim & Co.		3,650	2,484
	Grant Thornton Anjum Rahman		5,388	3,853
			9,038	6,337
	BDO Ebrahim & Co.		825	650
	Grant Thornton Anjum Rahman		980	900
			1,805	1,550
	Business Outside Pakistan			
	Audit fee			
	Sajjad Haider and Co		5,597	2,306
			16,440	10,193
34	FINANCE COST			
	Lease finance charges		1,582	2,159
35	TAXATION			
	For the year			
	Current		837,075	747,189
	Deferred		1,878,411	970,520
			2,715,486	1,717,709
	For the prior year			
	Current		209	329
	Deferred		-	-
			209	329
	Total income tax charge for the year	35.1	2,715,695	1,718,038
35.1	Relationship between tax expense and accounting profit			
	Profit before tax		9,449,941	5,921,410
	Tax at the applicable rate @ 29% (2020: 29%)		2,740,483	1,719,579
	Reconciliation:			
	Education cess for the year		1,328	1,043
	Tax effect of minimum tax		(107)	-
	Recognition of prior year provision		267	329
	Others		(26,276)	(2,913)
	Tax expense for the year		2,715,695	1,718,038
36	EARNINGS PER SHARE			
	Profit (after tax) for the year		6,733,619	4,203,634
			------- Number of shares -------	
	Weighted average number of ordinary shares outstanding as at year end		46,255	43,016
			------- Rupees -------	
	Earnings per share		145.58	97.72

The Group 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.

37 REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chairman/Chief Executive		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	----------	----------	---------- Rs in '000	----------	----------	----------
Fees	-	-	2,100	1,840	-	-
Managerial remuneration	22,200	4,200	6,053	3,807	418,187	335,864
House rent allowance	-	-	4,996	1,715	212,518	149,344
Utilities	-	240	2,942	1,408	161,897	114,411
Leave encashment	700		-	-	-	-
Ex-gratia allowance	-	175	-	-	15	428
Rent and house allowance	-	-	-	-	3,268	-
Conveyance	-	-	-	-	45	43
Others	-	120	8,275	3,156	79,655	60,135
Entertainment	720	600	-	-	-	-
Staff provident fund	-	-	-	-	-	406
	23,620	5,335	24,366	11,926	875,585	660,631
Number of persons	2	2	14	11	246	246

37.1 In addition to the above, Chairman, Directors and Executives are also entitled to the Corporation maintained vehicles and mobile phone facility.

37.2 Fee paid to Non-Executive Directors during the year amounted to Rs. 2.11 Million (2020: Rs. 4.8 Million).

37.3 Chairman has taken charge as an additional duty as appointed by the ministry.

38 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Group 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 Group 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 Group 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 executives directors are disclosed in the relevant notes.

Terms and conditions of transactions with related parties

Transactions with related parties are made at arms length prices. 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:

	2021	2020
	------------- Rupees in '000	-------------
	Aggregate	
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	-	485,000

	2021	2020
	Rupees in '000	
Staff retirement fund		
Contribution to provident fund	3,664	4,259
Contribution to pension fund	223,219	534,231
Contribution to funded gratuity	2,963	3,056
Expense charged for pension fund	1,339,421	1,056,614
Others - Transactions		
Remuneration to key management personnel	59,348	27,758
Others - Balances		
Receivable from gratuity fund	181	1,180
Payable to retirement benefit obligations - net	3,483,729	2,094,747
Transactions with associated companies		
Dividend received during the year		
Fauji Fertilizer Company Limited	1,548,175	1,288,452
Sui Northern Gas Pipelines Company Limited	164,899	54,966
Security Papers Limited	45,203	45,203
Pakistan Reinsurance Company Limited-*associated company (24.41%)*	183,081	146,461
Pak Data Communication	1,248	756
Pak Cables Limited	20,091	-
Balances with related parties - common directorship		
Investment in Units:		
NIT Islamic Equity Fund	200,000	200,000
Balances with related parties - common directorship		
Investment in shares:		
Fauji Fertilizer Company Limited	19,698,121	21,317,038
Sui Southern Gas Company Limited	536,536	838,591
Sui Northern Gas Pipelines Company Limited	919,311	1,220,801
Pakistan Cables Limited	394,707	337,448
Security Papers Limited	602,148	889,034
Shahtaj Sugar Mills Limited	40,272	48,417
Pak Data Communication Limited	48,958	99,106
Premier Insurance Company Limited	32,519	26,552
Pakistan Reinsurance Company Limited-*associated company (24.41%)*	1,640,401	2,015,350
Arabian Sea Country Club Limited	5,000	5,000
PICIC Insurance Limited	4,208	6,234
Nina Industries Limited	4,500	4,500
Mirpurkhas Sugar Mills Ltd.	42,096	28,942

39 SEGMENTAL INFORMATION

39.1 Revenue account by statutory fund

For the year ended December 31, 2021	Statutory Funds: Pakistan Life Fund	Overseas Life Fund	Pension Fund	Accidental and Health Insurance Fund	Family Takaful	Aggregate: 2021
	----------------	----------------	Rs in '000	----------------	----------------	
Income						
Premium less reinsurances	127,270,553	2,145,712	46,037	32,136,623	189,759	161,788,684
Rental income from investment property	412,385	-	-	-	-	412,385
Net investment income	102,001,336	3,848,299	43,134	2,701,818	11,550	108,606,137
Total net income	229,684,274	5,994,011	89,171	34,838,441	201,309	270,807,206
Insurance benefits and expenditure						
Insurance benefits, including bonuses, net of reinsurance recoveries	69,185,780	2,452,456	22,713	26,376,942	-	98,037,891
Management expenses less recoveries	28,756,930	411,849	604	988,678	143,412	30,301,473
Total insurance benefits and expenditure	97,942,710	2,864,305	23,317	27,365,620	143,412	128,339,364
Excess/(Shortfall) of income over insurance benefits and expenditures	131,741,564	3,129,706	65,854	7,472,821	57,897	142,467,842
Net change in insurance liabilities (other than outstanding claims)	(123,438,728)	(2,083,208)	10,160	(1,041,925)	(84,270)	(126,637,971)
Surplus/(deficit) before tax	8,302,836	1,046,498	76,014	6,430,896	(26,373)	15,829,871
Movement in policyholders' liabilities	123,438,728	2,083,208	(10,160)	1,041,925	84,270	126,637,971
Transfers to and from shareholders' fund						
- Surplus appropriated to shareholders' fund	(2,372,185)	(35,902)	-	-	-	(2,408,087)
- Capital returned to shareholders' fund		-	-	-	-	-
- Capital contributions from shareholders' fund	-	-	-	-	100,000	100,000
Net transfer to/from shareholders' fund	-	-	-	-	-	-
Balance of statutory fund at beginning of the year	1,099,097,119	23,294,315	436,128	5,284,382	39,664	1,128,151,608
Balance of statutory fund at end of the year	1,228,466,498	26,388,119	501,982	12,757,203	197,561	1,268,311,363

Revenue account by statutory fund For the year ended December 31, 2020	Statutory Funds: Pakistan Life Fund	Overseas Life Fund	Pension Fund	Accidental and Health Insurance Fund	Family Takaful	Aggregate: 2020
	----------------	----------------	Rs in '000	----------------	----------------	
Income						
Premium less reinsurances	108,808,617	2,205,268	45,312	7,975,343	-	119,034,540
Rental income from investment property	559,518	-	-	-	-	559,518
Net investment income	101,194,724	1,745,990	45,780	1,607,865	11,170	104,605,529
Total net income	210,562,859	3,951,258	91,092	9,583,208	11,170	224,199,587
Insurance benefits and expenditure						
Insurance benefits, including bonuses, net of reinsurance recoveries	56,084,643	2,301,149	20,717	6,281,917	-	64,688,426
Management expenses less recoveries	23,799,535	478,295	227	664,262	30,549	24,972,868
Total insurance benefits and expenditure	79,884,178	2,779,444	20,944	6,946,179	30,549	89,661,294
Excess/(Shortfall) of income over insurance benefits and expenditures	130,678,681	1,171,814	70,148	2,637,029	(19,379)	134,538,293
Net change in insurance liabilities (other than outstanding claims)	(122,724,172)	(977,049)	46,478	(23,483)	-	(123,678,226)
Surplus/(deficit) before tax	7,954,509	194,765	116,626	2,613,546	(19,379)	10,860,067
Movement in policyholders' liabilities	122,724,172	977,049	(46,478)	23,483	-	123,678,226
Transfers to and from shareholders' fund						
- Surplus appropriated to shareholders' fund	(2,125,598)	(12,417)	-	-	-	(2,138,015)
- Capital returned to shareholders' fund		(650,000)	-	-	-	(650,000)
- Capital contributions from shareholders' fund	-	-	-	-	-	-
Net transfer to/from shareholders' fund						
Balance of statutory fund at beginning of the year	970,544,036	22,784,918	365,980	2,647,353	59,043	996,401,330
Balance of statutory fund at end of the year	1,099,097,119	23,294,315	436,128	5,284,382	39,664	1,128,151,608

39.2 Segmental results by line of business

Income	Statutory Funds					Aggregate
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Accidental and Health Insurance Fund	Family Takaful	2021
	------------------------------- Rs in '000 -------------------------------					
Gross premium						
- First year	16,100,449	150,118	-	-	190,161	16,440,728
- Second year	10,974,249	166,937	-	-	-	11,141,186
- Subsequent year renewal	86,172,321	1,857,871	-	-	-	88,030,192
Group policies with cash value	-	-	46,037	-	-	46,037
Group policies without cash value	14,808,378	-	-	40,487,101	-	55,295,479
Less experience premium refund	(161,973)	-	-	(8,311,300)	-	(8,473,273)
Total gross premiums	127,893,424	2,174,926	46,037	32,175,801	190,161	162,480,349
Less: reinsurance premiums ceded						
On individual life first year business	(56,190)	(1,993)	-	(39,178)	(402)	(97,763)
On individual life second year business	(34,725)	-	-	-	-	(34,725)
On individual life renewal business	(144,350)	(42,174)	-	-	-	(186,524)
On group policies	(399,957)	-	-	-	-	(399,957)
Less : Reinsurance commission on risk premium	12,351	14,953	-	-	-	27,304
	(622,871)	(29,214)	-	(39,178)	(402)	(691,665)
Net Premiums	127,270,553	2,145,712	46,037	32,136,623	189,759	161,788,684
Rental income from investment property	412,385	-	-	-	-	412,385
Net investment income	102,001,336	3,848,299	43,134	2,701,818	11,550	108,606,137
Total net income	229,684,274	5,994,011	89,171	34,838,441	201,309	270,807,206
Insurance benefits and expenditures						
Claims, including bonuses, net of reinsurance recoveries	69,185,780	2,452,456	22,713	26,376,942	-	98,037,891
Management expenses less recoveries	28,756,930	411,849	604	988,678	143,412	30,301,473
Total insurance benefits and expenditures	97,942,710	2,864,305	23,317	27,365,620	143,412	128,339,364
Excess/(Shortfall) of income over insurance benefits	131,741,564	3,129,706	65,854	7,472,821	57,897	142,467,842
Add : Policyholder liabilities at the beginning of year	1,057,342,674	19,589,00	131,214	75,001	-	1,077,137,889
Less : Policyholder liabilities at the end of year	1,180,781,402	21,672,208	121,054	1,116,926	84,270	1,203,775,860
Surplus/(deficit) before tax	8,302,836	1,046,498	76,014	6,430,896	(26,373)	15,829,871

Segmental results by line of business

Income	Statutory Funds					Aggregate
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Accidental and Health Insurance Fund	Family Takaful	2020
	------------------------------- Rs in '000 -------------------------------					
Gross premium						
- First year	13,837,942	221,279	-	-	-	14,059,221
- Second year	9,157,923	190,364	-	-	-	9,348,287
- Subsequent year renewal	82,069,311	1,825,465	-	-	-	83,894,776
Group policies with cash value	-	-	45,312	-	-	45,312
Group policies without cash value	4,333,980	-	-	17,479,512	-	21,813,492
Less experience premium refund	(242,287)	-	-	(9,504,169)	-	(9,746,456)
Total gross premiums	109,156,869	2,237,108	45,312	7,975,343	-	119,414,632
Less: reinsurance premiums ceded						
On individual life first year business	(37,252)	(3,062)	-	-	-	(40,314)
On individual life second year business	(28,012)	-	-	-	-	(28,012)
On individual life renewal business	(135,079)	(43,351)	-	-	-	(178,430)
On group policies	(149,962)	-	-	-	-	(149,962)
Less : Reinsurance commission on risk premium	2,053	14,573	-	-	-	16,626
	(348,252)	(31,840)	-	-	-	(380,092)
Net Premiums	108,808,617	2,205,268	45,312	7,975,343	-	119,034,540
Rental income from investment property	559,518	-	-	-	-	559,518
Net investment income	101,194,724	1,745,990	45,780	1,607,865	11,170	104,605,529
Total net income	210,562,859	3,951,258	91,092	9,583,208	11,170	224,199,587
Insurance benefits and expenditures						
Claims, including bonuses, net of reinsurance recoveries	56,084,643	2,301,149	20,717	6,281,917	-	64,688,426
Management expenses less recoveries	23,799,535	478,295	227	664,262	30,549	24,972,868
Total insurance benefits and expenditures	79,884,178	2,779,444	20,944	6,946,179	30,549	89,661,294
Excess/shortfall of income over insurance benefits	130,678,681	1,171,814	70,148	2,637,029	(19,379)	134,538,293
Add : Policyholder liabilities at the beginning of year	934,618,503	18,611,913	177,692	51,518	-	953,459,626
Less : Policyholder liabilities at the end of year	1,057,342,675	19,588,962	131,214	75,001	-	1,077,137,852
Surplus/(deficit) before tax	7,954,509	194,765	116,626	2,613,546	(19,379)	10,860,067

39.3 Segment information of General Insurance

Following segment information prepared in accordance with the requirements of Insurance Ordinance, 2000 and the Insurance Rules, 2017 for Class of business wise revenues, results, assets and liabilities:

The class wise revenues and results are as follows:

2021	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Bond	Miscellaneous	Total
	(Rupees'000')						
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	79,973	29,023	42,264	11,659	-	28,785	191,704
Less: Federal Excise Duty	4,990	2,767	4,477	-	-	2,969	15,203
Federal Insurance Fee	350	239	324	2	-	192	1,107
Others	15	1,218	26	-	-	14	1,273
Gross written premium (inclusive of administrative surcharge)	74,618	24,799	37,437	11,657	-	25,610	174,121
Gross direct premium	34,216	22,986	31,530	11,655	-	18,973	119,360
Facultative inward premium	39,680	918	5,048	-	-	6,450	52,097
Administrative surcharge	722	895	859	2	-	187	2,665
	74,618	24,799	37,437	11,657	-	25,610	174,121
Insurance premium earned	59,259	25,696	31,898	11,735	-	14,394	142,982
Insurance premium ceded to reinsurers	(21,338)	(9,917)	(4,656)	-	(32)	(4,161)	(40,103)
Net insurance premium	37,921	15,779	27,242	11,735	(32)	10,233	102,878
Commission income	297	9	231	-	5	123	665
Net underwriting income	38,218	15,788	27,473	11,735	(27)	10,356	103,543
Insurance claims	6,452	(1,474)	(8,857)	(8,874)	6,425	(9,205)	(15,533)
Insurance claims recovered from reinsurer	(7,974)	-	1,092	-	(3,855)	-	(10,737)
Net claims	(1,522)	(1,474)	(7,765)	(8,874)	2,570	(9,205)	(26,270)
Commission expense	(13,854)	(5,392)	(4,175)	(587)	0	(2,339)	(26,346)
Management expense	(34,247)	(11,382)	(17,182)	(5,350)	0	(16,778)	(84,939)
Premium deficiency expense	535	-	-	157	-	(2,397)	(1,705)
Net insurance claims and expenses	(49,087)	(18,248)	(29,123)	(14,654)	2,570	(30,719)	(139,260)
Underwriting result	(10,869)	(2,460)	(1,650)	(2,919)	2,543	(20,363)	(35,717)
Net investment income							55,387
Other income							12,916
Other expenses							(3,241)
Finance cost							(1,582)
Profit before tax							27,763

2021	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Bond	Miscellaneous	Total
	(Rupees'000')						
Segment assets	66,520	32,663	44,339	11,931	455	35,367	191,276
Unallocated assets							886,330
	66,520	32,663	44,339	11,931	455	35,367	1,077,606
Segment liabilities	153,171	23,945	41,829	18,750	3,625	33,853	275,173
Unallocated liabilities							89,392
	153,171	23,945	41,829	18,750	3,625	33,853	364,564

Following are the major customers of the group segment that represents more than 10% of the business.

Client Name	2021 Gross Premium	2021 %age of Premium	2020 Gross Premium	2020 %age of Premium
EFU General Insurance Limited - Multan	28,989	17%	6,414	6610%
Australian High Commission	11,568	10%	12,485	12866%
	40,557		18,900	

2020	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Bond	Miscellaneous	Total
	(Rupees'000')						
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	33,152	25,920	27,873	12,542	1,819	8,168	109,474
Less: Federal Excise Duty / Sales Tax	3,738	2,414	3,277	-	222	880	10,531
Federal Insurance Fee	263	210	244	2	16	55	790
Others	33	996	57	-	6	20	1,112
Gross written premium (inclusive of administrative surcharge)	29,118	22,300	24,295	12,540	1,575	7,214	97,041
Gross direct premium	25,698	20,219	23,578	12,538	1,563	5,372	88,968
Facultative inward premium	2,865	1,337	(38)	-	-	1,715	5,879
Administrative surcharge	555	788	756	2	12	127	2,240
	29,118	22,344	24,296	12,540	1,575	7,214	97,087

2020	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Bond	Miscellaneous	Total
	(Rupees'000')						
Insurance premium earned	32,250	23,905	26,445	11,401	1,622	9,076	104,698
Insurance premium ceded to reinsurers	(18,633)	(8,818)	(3,554)	-	(109)	(3,266)	(34,380)
Net insurance premium	13,617	15,087	22,891	11,401	1,513	5,810	70,318
Commission income	246	7	113	-	19	43	429
Net underwriting income	13,863	15,094	23,004	11,401	1,532	5,853	70,747
Insurance claims	(15,358)	(8,102)	(12,367)	(11,226)	-	(4,659)	(51,713)
Insurance claims recovered from reinsurer	4,401	(408)	3,260	-	-	(90)	7,163
Net claims	(10,957)	(8,510)	(9,107)	(11,226)	-	(4,749)	(44,550)
Commission expense	(7,675)	(7,642)	(2,986)	(569)	(112)	(1,893)	(20,877)
Management expense	(26,766)	(20,498)	(22,333)	(11,527)	(1,448)	(6,631)	(89,203)
Premium deficiency expense	9,674	5,002	6,907	2,602	-	1,804	25,989
Net Insurance Claims and expenses	(35,725)	(31,649)	(27,518)	(20,720)	(1,560)	(11,470)	(128,641)
Underwriting result	(21,862)	(16,555)	(4,514)	(9,319)	(28)	(5,617)	(57,895)
Net investment income							59,882
Other income							6,808
Other expenses							(3,666)
Finance cost							(2,159)
Profit before tax							2,971
Segment assets	56,480	33,794	43,349	11,952	488	24,105	170,167
Unallocated assets							912,760
	56,480	33,794	43,349	11,952	488	24,105	1,082,927
Segment liabilities	207,064	21,447	34,766	15,967	9,034	14,077	302,356
Unallocated liabilities							80,453
	207,064	21,447	34,766	15,967	9,034	14,077	382,809

39.4 Segment Statement of financial position

	Statutory Funds	Shareholders Fund	2021	Statutory Funds	Shareholders Fund	2020
	Rs in '000					
Assets						
Property and equipment	901,696	-	901,696	876,030	-	876,030
Investment property	3,618,967	-	3,618,967	3,638,141	-	3,638,141
Investments	1,007,844,991	4,448,747	1,012,293,738	923,559,489	4,144,794	927,704,283
Loans secured against life insurance policies	151,464,401	-	151,464,401	129,180,723	-	129,180,723
Insurance / reinsurance receivables	37,495,543	-	37,495,543	32,600,487	-	32,600,487
Other loans and receivables	55,218,815	1,056,552	56,275,367	49,858,058	70,344	49,928,402
Taxation - payments less provision	3,547,747	-	3,547,747	3,769,038	-	3,769,038
Prepayments	99,466	-	99,466	78,774	-	78,774
Reinsurance recoveries against outstanding claims	78,372	-	78,372	120,357	-	120,357
Salvage recoveries accrued	12	-	12	8	-	8
Deferred commission expense/acquisition cost	12,579	-	12,579	7,434	-	7,434
Cash & Bank	101,071,513	-	101,071,513	56,231,053	67	56,231,120
Total assets	1,361,354,102	5,505,299	1,366,859,401	1,199,919,591	4,215,205	1,204,134,796
Liabilities						
Insurance liabilities net of reinsurance recoveries	1,310,855,701	-	1,310,855,701	1,157,735,301	-	1,157,735,301
Retirement benefit obligations	3,483,729	-	3,483,729	2,094,747	-	2,094,747
Deferred capital grant	15,886	-	15,886	36,957	-	36,957
Premium received in advance	5,576,324	-	5,576,324	8,650,137	-	8,650,137
Insurance / reinsurance payables	575,782	-	575,782	604,454	-	604,454
Deferred tax	1,600,380	1,878,937	3,479,317	-	1,600,906	1,600,906
Other creditors and accruals	26,982,151	-	26,982,151	22,795,534	-	22,795,534
Total Liabilities	1,349,089,953	1,878,937	1,350,968,890	1,191,917,130	1,600,906	1,193,518,036

40 MOVEMENT IN INVESTMENTS

	Held to Maturity	Fair value through profit or loss	Total
	--------------Rs in '000--------------		
At beginning of previous year	825,877,078	101,827,204	927,704,282
Additions	363,789,774	4,396,522	368,186,296
Disposals (sale and redemptions)	(281,548,729)	(53,221)	(281,601,950)
Amortization of premium	6,491,040	-	6,491,040
Reversal / Provision during the year	-	(2,697)	(2,697)
Unrealized fair value gain	-	(8,483,234)	(8,483,234)
	914,609,163	97,684,574	1,012,293,738

41 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

41.1 Insurance Risk

41.1.1 Insurance contracts - classification

The Group 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 Group 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 Group 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 Group which started in 2012 and has yet to register any significant growth. The Group 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.

41.1.2 Contract details and measurement

The insurance contracts offered by the Group are described below:

41.1.2.1 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 Group 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 Group sells both level term insurances and decreasing term insurances also known as mortgage protection plans.

Annuities

The Group 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 Group 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 Group 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 Group 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 Group is sold through its dedicated sales force which is present all over the country. This field force is organized under a two tier system consisting of sales representatives, and sales managers. Each sales sector headed by a sector head is further Grouped over 1000 area offices, more than 1,200 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 Group 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.

41.1.2.2 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 Group. Each zone has its own marketing force consisting of sector heads who are full time salaried employees of the Group, however, some of the Group business is also procured through individual life field force of the Group.

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

41.1.2.3 Pension business

The pension portfolio of the Group 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 Group does not retain any insurance risk apart from a nominal investment return guarantee. The services offered by the Group include benefit administration, funding advice and investment of the funds.

These contracts do not transfer any significant insurance risk from the policyholders to the Group. 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.

41.1.2.4 Group Health Business

In 2012, the Group entered the Health Insurance Market by signing an agreement with the Benazir Income Support Programme (BISP) authorities for providing Health Insurance to the beneficiaries enrolled under BISP Waseela-e-Sehat Programme. This contract terminated on June 30, 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 Group 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.

41.1.3 Reserving method

41.1.3.1 Individual life policies

The Group values its individual life policy liabilities by a modified net level premium method. Under this method the Group'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.

41.1.3.2 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.

41.1.3.3 Group life policies

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

The Group 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.

41.1.3.4 Supplementary riders

For the supplementary riders attached to individual life policies the Group 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.

41.1.3.5 Pension plans

The Group 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.

41.1.3.6 Reserves for outstanding claims

The Group 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.

41.1.3.7 Liability adequacy test

The adequacy of liability held by the Group 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 Group is adequate.

41.1.3.8 Reinsurance contracts held

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

There is a similar surplus treaty arrangement for reinsurance of the Group's Gulf business. The retention level of the Gulf business is fixed by the Group 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 Group on a facultative basis.

The reinsurers of the Group 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 Group assesses impairment on its reinsurance assets on a regular basis to identify any losses in recoveries. As of now, the Group'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.

41.1.4 Accounting estimates and judgments and process used for deciding assumptions

41.1.4.1 Mortality and disability

Due to nature of its business the Group is exposed to the risk of mortality. The reserving basis utilizes a conservative estimate of mortality. The Group 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 Group also has a small exposure to disability risk covered by some of its supplementary contracts. The Group constantly monitors its disability experience and an investigation is carried out whenever it feels that there is an adequate data for arriving at credible results.

41.1.4.2 Investment income

Due to the long term nature of its individual life policies the Group 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 Group. To some extent this risk is mitigated by the Group'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 Group 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.

41.1.4.3 Expenses

The Group 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 Group 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.

41.1.5 Frequency and severity of claims

41.1.5.1 Frequency

Since the Group 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 Group. An unusual catastrophic event such as a disease epidemic, flash floods or a major earthquake can produce a sudden spike in the frequency.

41.1.5.2 Severity

To some extent the Group 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 Group 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 Group naturally reflects the same pattern. Nearly 88 % of the Group'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.

41.1.6 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 Group in the form of lower new business growth and higher lapse rates of existing policies.

41.1.7 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 Group'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 Group.

41.1.7.1 Financial risk

a) Interest risk

The Group 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 Group 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 Group to absorb any impact of adverse fluctuation in the interest rates.

As a further security mechanism all the guaranteed liabilities of the Group 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 Group 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 Group does not assume any surrenders. However, the Group ensures that the reserves kept by it for each policy are more than its surrender value. This ensures that the Group 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 Group 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 Group 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 Group'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 Group.

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 Group are designed to adequately cater for this risk. Premium deficiency reserve held by the Group for its Group business provides an extra layer of security against this risk.

g) Currency risk

The Group 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 Group 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 up to 10% on the net assets to the revenue account will be as follows:

	UAE Dirhams	US Dollars
December 31, 2021		
10% increase	766,319	1,894,072
10% decrease	(766,319)	(1,894,072)
December 31, 2020		
10% increase	662,531	1,664,787
10% decrease	(662,531)	(1,664,787)

41.1.7.2 Credit risk and asset risk

Management of credit risk and asset risk deals with risks emanating from the assets side of the balance sheet. 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.

41.1.7.3 Operational risk or pricing risk

The Group 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 Group 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 Group 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 bypasses normal underwriting in return for a suitable extra premium and waiting period.

41.1.8 Sensitivity analysis

Mortality rates and the discounting factor are the two most significant variables which can have an impact on the policyholder liabilities. The Group 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%	0.10%
Decrease in mortality	10%	-0.10%
Increase in discount rate	0.5% addition in rate	-3.94%
Decrease in discount rate	0.5% reduction in rate	4.15%

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.

41.2 Financial risk

The Group 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 balance sheet. The Group's risk management program is geared to ensure the survival of the Group 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 Group's financial performance.

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

41.2.1 Interest rate risk

	Note	2021 Interest / Markup bearing: Maturity up to one year	Interest / Markup bearing: Maturity after year	Interest / Markup bearing: Sub total	Non-interest / Non-markup bearing: Maturity up to one year	Non-interest / Non-markup bearing: Maturity after year	Non-interest / Non-markup bearing: Sub total	Total
		(Rupees in '000)						
Financial Assets								
Investments								
Equity securities	7	-	-	-	89,130,282	-	89,130,282	89,130,282
Government securities	9	124,235,808	786,281,760	910,517,568	-	-	-	910,517,568
Debt securities	10	-	4,091,596	4,091,596	-	-	-	4,091,596
Mutual funds	8				8,554,292	-	8,554,292	8,554,292
Loans secured against life insurance policies		-	151,464,401	151,464,401	-	-	-	151,464,401
Insurance / reinsurance receivables	11	-	-	-	37,121,410	374,133	37,495,543	37,495,543
Loans and other receivables	12	-	-	-	54,887,398	-	54,887,398	54,887,398
Cash & bank	14	62,408,721	8,107,351	70,516,072	30,555,441	-	30,555,441	101,071,513
As at December 31, 2021		186,644,529	949,945,108	1,136,589,637	220,248,823	374,133	220,622,956	1,357,212,593

	Note	2021 Interest / Markup bearing: Maturity up to one year	Interest / Markup bearing: Maturity after year	Interest / Markup bearing: Sub total	Non-interest / Non-markup bearing: Maturity up to one year	Non-interest / Non-markup bearing: Maturity after year	Non-interest / Non-markup bearing: Sub total	Total
		(Rupees in '000)						
Financial Liabilities								
Insurance liabilities	17	-	-	-	54,326,218	1,256,529,483	1,310,855,701	1,310,855,701
Insurance / reinsurance payables	20	-	-	-	575,782	-	575,782	575,782
Other creditors and accruals	21	-	-	-	26,961,059	-	26,961,059	26,961,059
As at December 31, 2021		-	-	-	81,863,059	1,256,529,483	1,338,392,542	1,338,392,542
Off Balance Sheet Financial Instrument								
As at December 31, 2021		186,644,528	949,945,108	1,136,589,637	138,385,763	(1,256,155,350)	(1,117,769,587)	18,820,050

	Note	2020 Interest / Mark up bearing: Maturity up to one year	Interest / Mark up bearing: Maturity after one year	Interest / Mark up bearing: Sub total	Non-interest / Non-mark up bearing: Maturity up to one year	Non-interest / Non-mark up bearing: Maturity after one year	Non-interest / Non-mark up bearing: Sub total	Total
		(Rupees in '000)						
Financial Assets								
Investments								
Equity securities	7	-	-	-	93,141,078	-	93,141,078	93,141,078
Government securities	9	201,459,466	620,763,268	822,222,734	-	-	-	822,222,734
Debt securities	10	-	3,654,344	3,654,344	-	-	-	3,654,344
Mutual funds	8	-	-	-	8,686,127	-	8,686,127	8,686,127
Loans secured against life insurance policies		14,617,187	114,563,536	- 129,180,723	-	-	-	129,180,723
Insurance / reinsurance receivables	11	-	-	-	32,177,900	422,587	32,600,487	32,600,487
Other loans and receivables	12			-	49,928,402	-	49,928,402	49,928,402
Cash and Bank	14	31,079,697	10,245,891	41,325,588	14,905,532	-	14,905,532	56,231,120
As at December 31, 2020		247,156,350	749,227,039	996,383,389	198,839,039	422,587	199,261,626	1,195,645,015

	Note	2020 Interest / Mark up bearing: Maturity upto one year	Interest / Mark up bearing: Maturity after one year	Interest / Mark up bearing: Sub total	Non-interest / Non-mark up bearing: Maturity upto one year	Non-interest / Non-mark up bearing: Maturity after one year	Non-interest / Non-mark up bearing: Sub total	Total
		(Rupees in '000)						
Financial Liabilities								
Insurance liabilities	17	-	-	-	34,878,925	1,122,856,376	1,157,735,301	1,157,735,301
Insurance / reinsurance payables	20	-	-	-	-	604,454	604,454	604,454
Other creditors and accruals	21	-	-	-	22,795,534	-	22,795,534	22,795,534
As at December 31, 2020		-	-	-	57,674,459	1,123,460,830	1,181,135,289	1,181,135,289
Off balance sheet financial instruments								
As at December 31, 2020		247,156,350	749,227,039	996,383,389	141,164,580	(1,123,038,243)	(981,873,663)	14,509,726

41.2.2 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 Group's investments are primarily in long term Government bonds. In addition, the Group 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.

41.2.3 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 Group 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 Group 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 Group's liabilities and assets is possible.

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

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

41.2.4 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 Group within Pakistan are in Pakistan rupees. This business is therefore not exposed to any currency risk.

The Group's Overseas Life Fund undertakes business in US Dollars and UAE Dirhams. It is policy of the Group 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 Group's foreign currency denominated assets, liabilities and reserves are as follows:

	2021		2020	
	UAE Dirhams	US Dollars	UAE Dirhams	US Dollars
	'000		'000	
Assets	214,359	140,378	213,293	129,824
Liabilities	59,547	34,623	61,037	25,667
Reserves	154,812	105,755	152,256	104,157

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

41.2.6 Credit risk

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

The Group 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 Group 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 Group uses other publicly available financial information and its own trading records to rate its major policyholders and reinsurers. The Group'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 Group extends policy loans to its policyholders. These loans are entirely backed by the cash values of their policies.

The Group 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 Group does not invest in derivative financial instruments.

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

	Note	2021	2020
		------------- Rupees in '000	--------------
Bank deposits		101,027,564	56,028,007
Loans		152,501,779	130,210,065
Investments		1,012,293,738	927,704,283
Insurance / reinsurance receivables	11	37,495,543	32,600,487
Other receivables		54,887,398	47,515,530
Total		1,358,206,022	1,194,058,372

Provision is made for receivables against premium due but unpaid in accordance with the Group's policies. The remaining past due balances were not impaired as they relate to a number of policyholders from whom there is no history of default.

	2021	2020
	------------- Rupees in '000	--------------
The age analysis of insurance/reinsurance receivable:		
Up to 1 year	37,121,410	32,247,250

Subsequent years premium falling due under the policy are recognized if received before expiry of the grace period, or if advanced by the Group 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 Group's bank balances can be assessed with reference to external credit ratings as follows:

Bank name	Long term	Short term	Rating Agency	2021	2020
				------------- Rupees in '000	--------------
Allied Bank Limited	AAA	A1+	PACRA	1,524	1,382
Bank Al Habib Limited	AAA	A1+	PACRA	1,500,298	-
Bank Al Falah Limited	AA+	A1+	PACRA	4,239,881	1,829,894
Dubai Islamic Bank	AA-	F1+	FITCH	69,123	100,925
First Women Bank Limited	A-	A2	PACRA	6,993	6,502
Habib Bank Limited	AAA	A1+	JCR-VIS	65,234,183	16,233,469
MCB Bank Limited	-	-	-	1,500,335	-
National Bank of Pakistan	AAA	A1+	PACRA	71,839	80,246
Barclays Banks	-	-	-	23,249	20,845
NIB Bank Limited	AAA	A1+	PACRA	16,267	11,689
The Bank of Punjab	-	-	-	1,513,565	25
Faysal Bank Limited	AA	A1+	JCR-VIS	1,556,651	-
Samba Bank Limited	AAA	A1+	PACRA	8,999	5,404
Silk Bank Limited	AA	A1+	PACRA	5,492	9,928
Sind Bank Limited	AA+	A1+	JCR-VIS	1	1
Soneri Bank Limited	A-	A-2	JCR-VIS	1,513,248	54,789
Standard Chartered Bank Limited	A+	A1+	JCR-VIS	1	150
Summit Bank Limited	AA	A1+	PACRA	17,347	47,950
United Bank Limited	AAA	A1+	PACRA	21,965,211	32,856,035
Habib Metropolitan Bank	BBB-	A-3	JCR-VIS	10,796	2
Julius Bar Bank	AAA	A1+	JCR-VIS	73,341	3,418,774
Al Ahli Bank Kuwait	AA+	A1+	PACRA	43,365	1,255,654
Emirates NBD	-	-	-	-	358
Bank of Singapore	-	-	-	1,655,845	93,985
				101,027,564	56,028,007

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

	2021	2020
	------------- Rupees in '000	--------------
Amount due from other insurers / reinsurers		
A or above	461,886	479,294

41.2.7 Liquidity risk

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

The Group has adopted an appropriate liquidity risk management framework for the management of the Group's liquidity requirements. The Group 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 Group is exposed to liquidity risk arising from clients on its insurance and investment contracts. The Group maintains adequate liquid reserves to meet any eventuality arising from a catastrophe.

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

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

	2021	
	Carrying value	Fair value
	------- Rupees in '000 -------	
Government securities	910,069,819	847,081,346

	2020	
	Carrying value	Fair value
	------- Rupees in '000 -------	
Government securities	822,222,734	842,952,000

42 CAPITAL RISK MANAGEMENT

The Group 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 Group consists of equity attributable to the Government which is the sole shareholder of the Group 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:

	2021	2020
	------------- Rupees in '000 -------------	
Issued, subscribed and paid-up capital	4,900,000	4,600,000
Ledger account C & D	8,544,917	3,933,282
Group reserve	2,309,926	2,048,438
Capital contributed to statutory fund	100,000	-
Non controlling interest	35,668	35,041
	15,890,511	10,616,761

43 FAIR VALUE OF FINANCIAL INSTRUMENTS

43.1 Carrying amount versus fair value

The following table compares the carrying amounts and fair values of the Group's financial assets and financial liabilities as at December 31, 2021.

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

	As at December 31, 2021		As at December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	---------Rupees in '000-------		---------Rupees in '000-------	
Financial Assets				
- Cash and bank deposits	101,071,513	101,002,030	56,231,120	56,231,120
- Loans secured against life insurance policies	151,464,401	151,464,401	129,180,723	129,180,723
- loan to agents	81,736	81,736	78,489	78,489
Investments				
Fair value through Profit or loss				
Listed equity securities and mutual fund units	95,691,431	95,691,431	99,744,269	99,744,269
Unlisted equity securities and mutual fund units	1,993,142	1,993,142	2,082,936	2,082,936
Held to maturity				
Government securities	910,517,568	910,517,568	822,222,734	842,952,000
Other fixed income securities	4,091,596	4,091,596	3,654,344	3,654,344
	1,012,293,737	1,012,293,737	927,704,283	948,433,549
Other receivables excluding loans	54,805,662	54,805,662	80,116,017	80,116,017
Financial Liabilities				
- Balance of statutory funds-including policyholders' liabilities	1,310,855,701	1,310,855,701	1,157,735,301	1,157,735,301
- Creditors and accruals	26,961,059	26,961,059	22,795,534	22,795,534
- Insurance / reinsurance payables	575,782	575,782	604,454	604,454

43.2 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 December 31, 2021	Level 1	Level 2	Level 3
	-----------------------Rupees in '000----------------------			
Financial Assets at carrying value				
Investments at carrying value Fair value through profit or loss account				
Listed equity securities and mutual fund units	95,691,431	95,691,431	-	-
Unlisted equity securities and mutual fund units	1,993,142	-	1,993,142	-
	97,684,573	95,691,431	1,993,142	-

	As at December 31, 2020	Level 1	Level 2	Level 3
	-----------------------Rupees in '000----------------------			
Financial Assets at carrying value				
Investments at carrying value Fair value through profit or loss account				
Listed equity securities and mutual fund units	99,744,269	99,744,269	-	-
Unlisted equity securities and mutual fund units	2,082,936	-	2,082,936	-
	101,827,205	99,744,269	2,082,936	-

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

43.3 Transfers during the period

During the year to December 31, 2021:

- 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

43.4 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 exchange.
- Unlisted equity securities are carried at cost.
- Investments in subsidiary companies are being carried at cost.

44 SUBSEQUENT EVENTS

a) The Board of Directors of the Group in their meeting held on 28, April 2022 declared dividend of Rs. 1,720,286 million.

These consolidated financial statements for the year ended December 31, 2021 do not include the effect of these appropriations and these will be accounted in the consolidated financial statements for the year ending December 31, 2022.

45 NUMBER OF EMPLOYEES

The details of number of employees are as follows:

	2021	2020
	------------- Rupees in '000	--------------
Permanent employees as at year end	3,710	3,900
Area managers	1,247	1,242
	4,957	5,142
Average number of employees during the year	5,050	5,248

46 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors of the Group on 28, April 2022.

47 GENERAL

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

Shoaib Javed Hussain	**Humayun Bashir**	**Pouruchisty Sidhwa**	**Muhammad Rashid**
Chairman	Director	Director	Chief Financial Officer

Statement by the Appointed Actuary Form LM

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, 2021 have been determined in accordance with the provisions of the Insurance Ordinance, 2000; and

b. Each statutory fund of State Life Insurance Corporation of Pakistan complies with the solvency requirements of the Insurance Ordinance, 2000.

(Shujaat Siddiqui)
Appointed Actuary of the Corporation
MA, FIA, FPSA

Dated: April 28, 2022

Statement of Directors Form LN

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

Section 46 (6)

a. In our opinion the annual audited financial statements of State Life Insurance Corporation of Pakistan for the year ended December 31, 2021, set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, 2000 and any rules made thereunder;

b. State Life Insurance Corporation of Pakistan has at all times in the year complied with the provisions of the Insurance Ordinance and the rules made thereunder relating to paid-up-capital, solvency and re-insurance arrangements; and

c. As at December 31, 2021, State Life Insurance Corporation of Pakistan continues to be in compliance with the provisions of the Insurance Ordinance and the rules made thereunder relating to paid-up-capital, solvency and reinsurance arrangements.

Section 52 (2) (C)

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.

Dated: April 28, 2022

Shoaib Javed Hussain Chairman	Humayun Bashir Director	Pouruchisty Sidhwa Director	Muhammd Rashid Chief Financial Officer

FINANCIAL STATEMENTS TAKAFUL

Independent Assurance Report

On the Statement of Management's Assessment of Compliance with the Shariah Principles

To the Board of Directors of State Life Insurance Corporation of Pakistan

We were engaged by the Board of Directors of State Life Insurance Corporation of Pakistan ("the Corporation") to report on the Management's Assessment of Compliance of the Window Takaful Operations ("Takaful Operations") of the Corporation, as set out in the annexed statement prepared by the management for the year ended December 31, 2021, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement reflects the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects. This engagement was conducted by a multidisciplinary team including assurance practitioners and independent Shariah Scholars.

Applicable Criteria

The criteria for the assurance engagement against which the annexed statement has been assessed comprises of the Takaful Rules, 2012, issued by the Securities Exchange Commission of Pakistan (SECP).

Management's Responsibilities

The management of the Corporation are responsible for the preparation and designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Takaful Operations with the Takaful Rules, 2012.

The management of the Corporation are also responsible for preventing and detecting fraud and for identifying and ensuring that the Takaful Operations comply with laws and regulations applicable to its activities. They are also responsible for ensuring that the management, where appropriate, those charged with governance, and personnel involved with the Takaful Operations compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities and summary of work performed

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents reflects the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material Non-compliances with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Takaful Operations' compliance with the Takaful Rules. 2012, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Corporation's internal control over the Takaful Operation's compliance with the Takaful Rules, 2012.

A system of internal control, because of its nature, may not prevent or detect all instances of non¬compliance with Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with Takaful Rules, 2012, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail. Reasonable assurance is less than absolute assurance.

In this connection, we have designed and performed necessary verification procedures on various financial arrangements, contracts, classes of transactions and related policies and procedures based on judgmental and systematic samples with regard to the compliance with the Takaful Rules, 2012 and Shariah guideline issued by the Shariah Advisor of the Company. In performing our audit procedures necessary guidance on Shariah matters was provided by independent Shariah scholars.

Our conclusion has been formed on the basis of, and is subject to, the matters outlined In this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, the annexed statement, for the year ended December 31, 2021, presents fairly the status of compliance of the Takaful Operations 'with the Takaful Rules, 2012, in all material respects.

Grant Thornton Anjum Rahman
Chartered Accountants

BDO Ebrahim & Co
Chartered Accountants

Karachi
Date: April 28, 2022

Statement of Financial Position

Window Takful Operations (Un-audited)

As At December 31, 2021

	Note	2021 Operators' Sub Fund	2021 Participant's Fund	2021 Total
		----Rupees 000'----		
ASSETS				
Property and equipment	4	3,357	-	3,357
Investment in Government Securities	5	274,886	-	274,886
Other receivables	6	6,536	321	6,857
Receivable from PTF/OSF	7	51,719	-	51,719
Cash & bank	8	21,930	135,668	157,598
TOTAL ASSETS		358,428	135,989	494,417
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES ATTRIBUTABLE TO CORPORATION'S EQUITY HOLDERS				
Capital Contributed from Shareholder Fund		100,000	-	100,000
Money Ceded to Waqf Fund		-	-	-
Retained Earning arising from other than participating business (Ledger Account D)		13,291	-	13,291
TOTAL EQUITY		113,291	-	113,291
LIABILITIES				
Takaful Liabilities	9	-	84,270	84,270
Contribution received in advance		-	-	-
Takaful/retakaful payables	10	-	-	-
Other creditors and accruals	11	34,112	-	34,112
Inter Account Balances		211,025	-	211,025
Payable to PTF/OSF		-	51,719	51,719
TOTAL LIABILITIES		245,137	135,989	381,126
TOTAL EQUITY AND LIABILITIES		358,428	135,989	494,417
CONTINGENCIES AND COMMITMENTS	12			

The annexed notes from 1 to 22 form an integral part of these financial statements.

Shoaib Javed Hussain	Humayun Bashir	Pouruchisty Sidhwa	Muhammad Rashid
Chairman	Director	Director	Chief Financial Officer

Statement of Comprehensive Income

Window Takful Operations (Un-audited)

For the year ended December 31, 2021

	Note	2021 Operator's Sub Fund	2021 Participant's Fund
		------------- Rupees in '000	--------------
Contribution revenue		110,866	79,295
Contibution ceded to retakaful		-	(402)
Net contribution revenue	13	110,866	78,893
Takaful Operator's Fee/ Wakala Fee	18	1,798	(1,798)
Mudarib Fees	19	1	(1)
Surplus before investment income		112,665	77,094
Investment Income	15	4,412	-
Other income	16	5,196	1,942
Net income		122,273	79,036
Net changes in takaful liabilities		-	84,270
Acquisition expenses	17	88,162	-
General administrative and management expenses	14	55,250	-
Total expenses		143,412	84,270
Loss for the year		(21,139)	(5,234)
Other comprehensive income		-	-
Total comprehensive loss for the year		(21,139)	(5,234)

The annexed notes from 1 to 22 form an integral part of these financial statements.

Shoaib Javed Hussain	**Humayun Bashir**	**Pouruchisty Sidhwa**	**Muhammad Rashid**
Chairman	Director	Director	Chief Financial Officer

Statement of Cash Flows

Window Takful Operations (Un-audited)

For the year ended December 31, 2021

		Note	2021
	Operating Cash flows		---Rupees in '000---
(a)	Takaful Activities		
	Takaful contributions received		190,161
	ReTakaful contributions paid		(402)
	Claims paid		-
	Surrenders paid		-
	ReTakaful and other recoveries received		-
	Commissions paid		(88,162)
	Other underwriting payments, if any		-
	Net cash flow from underwriting activities		101,597
(b)	Other operating activities		
	Income tax paid		-
	Other operating payments		-
	General management expense paid		(20,497)
	Other payment on operating assets		104,607
	Net cash flow used in other operating activities		84,110
	Total cash flow from all operating activities		185,707
	Investment activities		
	Profit / return received		10,923
	Dividends received		-
	Payment for investments		(134,881)
	Proceeds from disposal of investments		-
	Fixed capital expenditure		(256)
	Proceeds from sale of property and equipment		-
	Total cash flow used in investing activities		(124,214)
	Financing activities		
	Dividends paid		-
	Total cash flow used in financing activities		-
	Net cash flow generated from all activities		61,493
	Cash and cash equivalents at beginning of year		96,105
	Cash and cash equivalents at end of year	8	157,598

The annexed notes from 1 to 22 form an integral part of these financial statements.

Shoaib Javed Hussain	Humayun Bashir	Pouruchisty Sidhwa	Muhammad Rashid
Chairman	Director	Director	Chief Financial Officer

Statement of Changes in Equity

Window Takful Operations (Un-audited)

For the year ended December 31, 2021

	Attributable to equity holders of the Corporation			
	Money ceded to waqf fund	Capital contributed from Shareholder Fund	Retained Earning arising from other than participating business (Ledger Account D) [Refer Note]	Total
	------------------------------Rupees in '000------------------------------			
Balance as at January 1, 2021	-	-	39,664	39,664
Transfer from Shareholder's Fund	-	100,000	-	100,000
Total comprehensive loss for the year				139,664
loss for the year	-	-	(26,373)	(26,373)
Other Comprehensive Income for the year - net of tax	-	-	-	-
Balance as at December 31, 2021	-	100,000	13,291	113,291

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 22 form an integral part of these financial statements.

Shoaib Javed Hussain	Humayun Bashir	Pouruchisty Sidhwa	Muhammad Rashid
Chairman	Director	Director	Chief Financial Officer

Notes to the Financial Statements

Window Takful Operations (Un-audited)

For the year ended December 31, 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) through zonal office located at Dubai (UAE).

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

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 vide letter no. 0097, dated September 22, 2016. 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 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 January 28, 2021.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial statements for Window Takaful Operations of the Company have been prepared to comply with the requirement of Securities and Exchange Commission of Pakistan (SECP) vide its Circular No. 15 of 2019 dated November 18, 2019 in which Life Insurers carrying out Window Takaful Operations are required to prepare separately, the financial statements for Family Takaful Operations as if these are carried out by a standalone Takaful Operator.

These financial statements of the Window Takaful Operations 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 Standards (IFS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017 and the 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, have been followed.

2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies mentioned below (refer note 3).

2.2 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.

2.3 Standards, amendments and interpretations to the published standards that are relevant to the Corporation and adopted in the current year

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

Standard or Interpretation	Effective Date (Annual period beginning on or after)
IBOR Reform and its Effects on Financial Reporting—Phase 2	January 1, 2021

Adoption of the above standard have no significant effect on the amounts for the year ended December 31, 2021.

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'. 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

Description	2021					
	Fail the SPPI test			Pass the SPPI test		
	Fair Value	Impairment	Change in unrealised Gain / loss during the year	Carrying Value	Impairment	Change in unrealised Gain / loss during the year
	---------- Rupees in '000 ----------					
Cash at bank	156,708	-	-	-	-	-
Investment in equity securities	-	-	-	-	-	-
Investment in government securities	-	-	-	274,886	-	-
Investment in debt securities	-	-	-	-	-	-
Investment in mutual funds	-	-	-	-	-	-
Loans and other receivables	6,857	-	-	-	-	-

Description	2021								
	Gross Carrying amount ofdebt instrument that pass the SPPI test								
	AA	A+	A	AA-	AAA	A-	A-1	A-2	Unrated
	---------- Rupees in '000 ----------								
Investment in Govt Securities	-	-	-	-	-	-	-	-	274,886

2.4 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 01, 2021 are considered not to be relevant or to have any significant effect on the Corporation's financial reporting and operations and are therefore not presented here.

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

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

	Effective Date (Annual period beginning on or after)
Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to IFRS 9)	January 1, 2022
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
Subsidiary as a First-time Adopter (Amendment to IFRS 1)	January 1, 2022
Taxation in Fair Value Measurements (Amendment to IAS 41)	January 1, 2022
Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2022
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023
Disclosure Initiative—Accounting Policies	January 1, 2023

The management of the Corporation is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the unconsolidated financial statements of the Corporation.

2.6 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 1	First Time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17	Insurance Contract (Amendment to Insurance Contract)	January 1, 2023

2.7 Critical accounting estimates and judgments

The preparation of these financial statements in conformity with 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 recognised 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 "amortized cost", 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) Provision for outstanding claims (including IBNR)

The Corporation records claims based on the sum assured or other basis set by the Corporation. However, settlement of all the claims is made based on the nature of insured event.

Provision of claims incurred but not reported (IBNR) is made on the basis of actuarial valuation. Actuarial valuation is made on the basis of past trend and pattern of reporting of claims. Actual amount of IBNR may materially differ from the actuarial estimates.

c) Provision for taxation

In making estimates for taxation currently payable by the Corporation, management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

d) Impairment of other assets, including contribution 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 amortisation

In making estimates of depreciation / amortisation, 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of this financial statement is same as those applied in the preparation of the annual financial statements of the Corporation for the year ended December 31, 2021 except stated below.

3.1 Window Takaful Operations

Family Takaful Contracts

The company offers Family takaful Contracts. Family Takaful Contract is an arrangement which restson 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 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 deficit. The loan shall be repayable from the future surpluses generated in waqf fund, without any excess of actual amount given to it. Repayment of Qard e Hasna shall receive priority over surplusdistricution to participant of waqf fund.

Repayment of Qard e Hasna shall receive priority over surplus distribution to participant of waqf fund.

- Individual Family Takaful Contract Unit Linked

  The Company offers Unit Linked Takaful Plans which provide Shariah Compliant financial protection and investment vehicle to individual participants. These plans carry cash value and offer investment choices to the participants to direct their investment related contributions based on their risk/return objectives. The investment risk is borne by the participants.

3.2 Recognition of Policy Holders' Liability/Technical reserves

a) Reserve for claims incurred but not reported - Takaful Contracts

The liability for claims - IBNR, is determined by the Appointed Actuary and is included in the technical reserves. The IBNR is expressed on the basis of past claims reporting pattern as a percentage of earned contribution.

b) Reserve for unearned contribution - Takaful Contracts

The unearned portion of gross contribution, net off wakala fee, is set aside as a reserve and included in the technical reserves. Such reserve is calculated as a portion of the gross contribution of each policy, determined according to the ratio of the unexpired period of the policy and the total period, both measured to the nearest day.

c) Contribution deficiency reserve - Takaful Contracts

The Company maintains a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after retakaful claims and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. Provision for contribution deficiency reserve is made as per the advice of the appointed actuary.

3.3 Retakaful contracts held

Retakaful Contribution

These contracts are entered into by the Company 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.

Retakaful Expenses

Retakaful expenses are recognised as liabilities.

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 derecognised when the contractual rights are extinguished or expired.

3.4 Receivable and payable related to takaful contracts

Receivables ad payables are recognised when due.

3.5 Cash and cash Equivalent

Cash and cash equivalents for the purpose of cash flow statement, cash and cash equivalents include the following:

- Cash at bank in current and saving account.
- Cash and stamps in hand.
- Term deposit receipts with original maturity upto three months.
- Certificate of islamic investment with original maturity upto three months.

3.6 Revenue recognition

3.6.1 Contributions

Individual Life family Takaful

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

3.6.2 Reinsurance Commission

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

3.7 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.

3.8 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 recognised, 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).

3.9 Financial Instruments

Financial assets and financial liabilities are recognised when the Corporation becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are recognised 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:

- Loans and receivables;

- Held to maturity; and

Loans and receivables

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.

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 amortised 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.

3.10 Acquisition costs

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

3.11 Claim Expenses

Claim expenses are recognised on the date the insured event is intimated except for individual life unit linked where claim expenses are recognised earlier of the date the policy cease to participate in the earnings of the fund and the date insured event is intimated

Surrenders of individual life unit linked are recognised after these have been approved in accordance with the Company's policy.

Liability for outstanding claims is recognised in respect of all claims intimated up to the balance sheet date. Claims liability includes amounts in relation to unpaid reported claims.

Liability for claims "Incurred But Not Reported" (IBNR) is included in policyholders' liabilities.

3.12 Takaful Operators' Fee

The shareholders of the Company manage the Window Takaful operations for the participants, Accordingly, the Company 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 recognised upfront.

4 PROPERTY AND EQUIPMENT

	Note	2021 ---Rupees in '000---
Operating assets	4.1	3,357

4.1 Operating assets

2021

	Cost - As at 1 January	Cost - Additions	Cost - As at 31 December	Depreciation - As at 1 January	Depreciation - For the year	Depreciation - As at 31 December	Written down value as at 31 December	Depreciation Rate (%)
	Rupees in '000							
Furniture and fixture	1,572	54	1,626	143	157	300	1,326	10%
Office equipment	768	202	970	106	77	183	787	10%
Computer installations- basic	2,612	-	2,612	728	784	1,512	1,101	30%
Computer installations- peripherals	410	-	410	143	123	266	144	30%
	5,363	256	5,618	1,120	1,141	2,261	3,357	

5 INVESTMENT IN GOVERNMENT SECURITIES

	Note	2021 Cost	2021 Discount	Carrying value
Operator's Sub Fund		Rupees in '000		
Held to maturity				
GOP Ijarah Sukkuks		178,900	4,014	174,886
Capital Contribution		100,000	-	100,000
		278,900	4,014	274,886

6 OTHER RECEIVABLES

	Note	2021 Operator's Sub Fund	2021 Participant's Fund
		Rupees in '000	
Accrued investment income		5,445	-
Accrued Interest on Bank Deposit		791	321
Security Deposit		300	-
		6,536	321
7 RECEIVABLE FROM PIF / PAYABLE TO OSF			
Wakala fee receivable		1,798	1,798
Modarib share receivable		1	1
Allocated Contribution Receivable		49,920	49,920
		51,719	51,719
8 CASH AND BANK			
Cash and Cash Equivalent			
-Cash in hand		-	-
-Franking Machine Deposit		1,290	(400)
Cash at bank			
-Saving Account	8.1	20,640	136,068
		21,930	135,668

8.1 These saving accounts carry profit ranging from 2.6% to 7.5% per annum.

	Note	2021 Operator's Sub Fund	2021 Participant's Fund
		--------------Rupees in '000--------------	
9 TAKAFUL LIABILITIES	9.1		
Participant Takaful Fund balance		-	84,270

9.1 This comprises of surplus of Individual Family Takaful - Participant Takaful Fund, which relates exclusively to participants of the Individual Family Takaful Fund and is not available for distribution to shareholders. Under the Waqf Deed of Individual Family Takaful Fund read with Rule 21 of Takaful Rules, 2012, the surplus arising in the Participants Sub Fund can only be distributed to the Participants of that Fund based on approval of the Appointed Actuary. The surplus has been classified under takaful liabilities as clarified by SECP in Circular No. 15 of 2019 dated November 18, 2019.

	2021 Operator's Sub Fund	2021 Participant's Fund
10 TAKAFUL / RETAKAFUL PAYABLES	--------------Rupees in '000--------------	
Retakful Payables	-	401,877
	-	401,877
11 OTHER CREDITORS AND ACCRUALS		
Accrued commission	26,914	-
Accrued expenses	7,198	-
	34,112	-

12 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments related to window takaful operations.

	2021 Operator's Sub Fund	2021 Participant's Fund
13 NET CONTRIBUTION REVENUE	--------------Rupees in '000--------------	
Written Contribution	110,866	79,295
Less: Wakala Fee	-	-
Contribution net of wakala fee	110,866	79,295
Add: Unearned contribution reserve opening	-	-
Less: Unearned contribution reserve closing	-	-
Contribution Earned	110,866	79,295
Retakaful contribution ceded	-	(402)
Add: Prepaid retakaful contribution opening	-	-
Less: Prepaid retakaful contribution closing	-	-
Retakaful expense	-	(402)
Net Contribution	110,866	78,893

14 GENERAL ADMINISTRATIVE AND MANAGEMENT EXPENSES

	Note	2021 Operator's Sub Fund
		--Rupees in '000--
Salaries, allowances and other benefits		24,729
Travelling expenses		3,929
Advertisements and sales promotion		175
Printing and stationery		3,183
Depreciation		1,141
Rent, rates and taxes		4,862
Legal and professional charges - business related		3,016
Electricity, gas and water		6,906
Office repairs and maintenance		2,187
Bank charges		1
Postages, telegrams and telephone		668
Conference and meetings		1,254
Training expense		420
Entertainment		178
Other Expenses		120
Revenue Stamp		3
Insurance Charges		59
Allocation of expenses from PO		2,419
		55,250

15 INVESTMENT INCOME

	2021	
	Operator's Sub Fund	Participant's Fund
	--------------Rupees in '000--------------	
Income from government securities		
Held to maturity		
-Return on debt securities	4,412	-
	4,412	-

16 OTHER INCOME

Return on bank balances	5,196	1,942
	5,196	1,942

17 ACQUISITION EXPENSES

	2021 Operator's Sub Fund
Remuneration to takaful intermediaries on individual policies:	--Rupees in '000--
- commission to agent on first year contributions	81,051
- other benefits to takaful intermediaries	3,600
Other Acquisition Cost:	
- Policy stamps	3,511
- Initial medical fees	-
	88,162

18 WAKALA FEE

	Note	
Wakala fees	18.1	1,797,850
		1,797,850

18.1 The Operator manages the family takaful operations for the participants and charges Rs.100/- per month for each policy. The operator entitled for Takaful operator's fee (Wakala Fee) for the management of takaful operation under Waqf Fund to meet its general and administrative expense. The takaful operator fee is recognised upfront. The operator also entitled to Investment Wakala Fee at the rate of 1.5% of Participant Investment Account Balance for managing the affairs of Participant Investment Account.

		2021
		Operator's Sub Fund
19 MODARIB'S FEE	Note	--Rupees in '000--
Modarib's fees	19.1	1,242
		1,242

19.1 The operator manages the participants' investments as a Modarib and charge 20% Modarib's share of the investment income and profit on bank deposits earned by PTF in Saving and Child Education & Marriage Plans and 2.5% of Modarib's share on distributable surplus of Endowment Plan.

20 MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK

The company is responsible for managing contracts that result in the transfer of Takaful and Financial Risk from the participant to the respective PTF. This section summarizes the risk and the way the company manages them as part of Window Takaful Operations.

The PTF only issues Individual Family Takaful contracts

20.1 Individual Family Takaful

The risk covered is mainly death and/or disability. The risk of death and disability will vary from region to region. The PTF may get exposed to poor risk due unexpected experience in terms of claims severity or frequency. This can be a result anti selection, fraudulent claim, and catastrophe on poor persistency.

The PTF may also face the risk of poor investment return and liquidity issues on monies invested in the fund. The risk of poor persistency can lead to an impact on the size of PTF. A larger PTF may allow for a greater degree of cross submission of mortality risk, increasing the probability of convergence between the actual and mortality experience.

The Corporation manages these risks through its underwriting, re-takaful, claims handling policy and other related controls. The Corporation has well-defined medical underwriting policies, which puts a check on anti-selection.

On the claims handing side the Corporation has a procedure in place to ensure that payment of fraudulent claim is avoided for this purpose a claim with variable materiality limits review/consider all claims for verification and specific and detailed investigation of all apparently doubtful claims.

20.2 Financial Risk

Liquidity risk

This is the risk of losses in the event of insufficient liquid assets to meet cash flows requirement for participant’s obligation. To guard against the risk, the corporation manages its keeping in view liquidity threshold in order to ensures obligation are made in timely manner.

Interest rate risk

Interest rate risk to the Corporation is the risk of changes in the market interest rates reducing the overall interest on its interest bearing securities. The Corporation limits its risk by monitoring interest rates in the currencies in which cash and investment are denominated.

20.3 Market Risk

Market risk is the risk that the value of the Financial Instrument will fluctuate as a result of change in market prices, whether those change a caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market. The Corporation limits its risk by maintaining investments in minimal fluctuating securities.

21. NUMBER OF EMPLOYEES

	2021
Number of employees at the end of the year	11
Average number of employees	11

22 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorised for issue on 28, April 2022 by board of directors of the Corporation

Shoaib Javed Hussain	Humayun Bashir	Pouruchisty Sidhwa	Muhammad Rashid
Chairman	Director	Director	Chief Financial Officer

Progress at a Glance since Inception

(Rupees in Million)

	1973	1975	1978	1980	1985	1988	1993	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
First Year Premium (Net)	48	50	80	110	341	678	918	2,026	1,698	1,490	1,306	1,275	1,041	1,124	1,350	1,797	2,348
Renewal Premium (Net)	219	244	305	365	847	1,515	3,284	3,935	4,694	4,364	4,413	4,312	4,538	4,565	5,489	5,790	6,655
Group Premium (Net)	50	61	114	164	347	880	930	1,178	1,266	1,413	1,244	1,251	1,102	1,249	1,518	2,281	1,997
Pension Premium	–	–	–	–	–	–	–	–	–	–	–	–	–	7	8	13	15
Health & Accidental Premium	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Premium (Net)	317	354	500	638	1,535	3,073	5,132	7,139	7,658	7,266	6,964	6,838	6,681	6,945	8,364	9,881	11,014
Investment Income	81	122	221	279	767	1,323	3,675	5,066	5,984	5,901	5,996	8,406	7,873	8,492	11,200	10,202	13,610
Total Income	391	504	727	920	2,307	4,406	8,814	12,231	13,650	13,177	12,976	15,286	14,592	15,436	19,564	20,082	24,624
Total Outgo	292	307	427	593	1,342	2,597	4,138	6,245	7,355	7,477	8,451	8,060	8,745	8,342	8,165	9,938	11,544
Life Fund	1,494	1,735	2,494	3,111	6,422	11,327	28,333	39,339	45,582	51,010	55,460	62,484	68,127	75,343	86,211	95,957	108,808
Yield on Life Fund (%)	7	8	10	10	14	14	15	15	15	13	12	15	13	13	15	12	14
Overall Expense Ratio (%)	33	33	31	34	36	34	34	43	43	43	54	46	54	40	38	39	41
Renewal Expense Ratio(%)	26	27	26	30	25	26	26	30	35	39	56	45	57	37	34	35	34
Investment Portfolio	1,401	1,766	2,512	3,155	6,367	11,140	27,601	37,969	43,084	48,289	54,017	59,933	64,829	74,029	86,203	96,415	110,488
Policy Benefits (Net)	141	191	271	375	796	1,560	2,391	3,146	4,097	4,341	4,715	4,904	5,136	5,572	5,005	6,123	7,063
No. of Policies in Force (Individual Life)	357,413	379,083	397,158	413,231	599,423	945,258	1,681,946	2,034,969	2,087,919	2,092,404	2,033,388	1,963,723	1,878,139	1,806,476	1,801,919	1,849,125	1,926,254
No. of Lives Covered (Group Life)	–	1,500,000	2,340,472	2,585,775	3,003,387	3,767,266	4,250,232	4,190,181	4,341,011	4,198,974	4,456,347	3,501,163	3,259,618	3,295,387	3,443,916	3,632,688	3,898,333
Total Business in Force (Sum Assured and Bonuses)	17,899	17,952	30,055	45,847	77,542	117,726	311,306	407,296	440,762	489,772	539,751	656,776	499,136	506,245	629,011	816,210	947,239

	2005	2006	2007	2008	2009	2010	2011	2012 Restated	2013	2014	2015	2016	2017	2018	2019	2020	2021	Annual Compound Growth Rates (1973-2021)
First Year Premium (Net)	2,806	3,327	3,854	5,159	7,196	9,647	11,990	13,947	15,442	16,156	16,271	17,036	17,688	18,918	12,876	14,019	16,383	13%
Renewal Premium (Net)	8,454	9,785	12,054	13,993	17,634	22,287	28,144	35,145	43,348	53,363	57,729	66,707	74,462	85998	91,087	93,037	98,950	14%
Group Premium (Net)	2,548	2,866	2,796	3,532	3,514	3,676	4,645	6,802	6,832	6,728	5,854	5,597	4,634	4,627	3,759	3,958	14,274	13%
Pension Premium	12	14	14	11	23	29	33	54	20	10	49	59	65	31	45	45	46	10%
Health & Accidental Premium	–	–	–	–	–	–	–	70	104	85	38	422	3,912	2,549	4,805	7,975	32,136	98%
Total Premium (Net)	13,820	15,992	18,717	22,695	28,367	35,639	44,812	56,018	65,745	76,342	79,941	89,821	100,761	112,123	112,572	119,035	161,789	14%
Investment Income	13,106	14,924	17,505	19,133	21,545	27,434	31,175	37,977	50,949	50,715	60,316	64,526	69,566	70,277	95,802	105,598	109,469	17%
Total Income	26,926	30,915	36,222	41,828	49,914	63,073	75,988	93,995	116,694	127,057	140,257	154,347	170,326	182,400	208,374	224,633	271,258	15%
Total Outgo	12,673	15,393	17,049	20,779	27,356	31,489	37,122	47,296	50,663	54,307	62,019	65,523	75,885	85,650	84,102	89,667	128,345	14%
Life Fund	122,775	137,960	156,737	177,459	199,445	230,422	268,580	313,754	378,608	450,025	526,676	614,177	707,388	873,813	996,401	1,128,152	1,268,311	15%
Yield on Life Fund (%)	12	12	13	12	12	14	13	14	16	13	13	12	11	8.87	10.80	10.46	9.57	-
Overall Expense Ratio (%)	36	41	33	35	41	40	39	41	38	31	33	31	31	31	24	21	19	-
Renewal Expense Ratio(%)	28	34	9	11	19	18	17	16	17	13	16	15	17	18	15	11	12	-
Investment Portfolio	124,984	142,159	161,966	182,874	205,804	235,935	275,110	316,878	380,981	445,381	513,293	598,271	688,721	852,043	965,780	1,101,381	1,268,038	16%
Policy Benefits (Net)	7,654	8,912	10,783	12,779	15,724	17,072	19,420	24,067	25,836	30,505	35,961	37,939	44,955	50,249	57,049	64,688	98,038	14%
No. of Policies in Force (Individual Life)	2,044,015	2,183,783	2,348,791	2,568,698	2,895,354	3,317,192	3,774,293	4,202,171	4,641,854	4,996,805	5,251,732	5,478,460	5,694,670	5,907,669	5,823,921	5,752,180	5,856,332	6%
No. of Lives Covered (Group Life)	3,731,002	3,915,529	4,061,865	3,879,686	3,754,296	3,835,712	6,043,553	8,421,667	8,644,577	8,732,453	5,023,906	4,104,990	3,266,814	**2,901,531**	2,505,860	3,784,257	105,715,069	-
Total Business in Force (Sum Assured and Bonuses)	1,040,556	1,143,770	1,289,079	1,602,159	1,674,745	2,013,298	2,690,594	3,786,440	4,281,206	4,438,510	4,713,080	4,664,333	5,244,282	**5,661,397**	6,937,712	12,041,555	6,023,190	13%

STATE LIFE OFFICES IN PAKISTAN AND U.A.E.

Regional Office (South)
State Life Building # 2
10th Floor, wallace Road Karachi.
Tel. 021-99217035-36

Karachi South
State Life Building # 2
11th Floor, wallace Road, Karachi.
Tel. 021-99217023-24 & 26

Karachi Central
State Life Building #11
7th Floor, Abdullah Haroon Road, Opp. Zainab Market Saddar, Karachi.
Tel. 021-99205123-24

Karachi Eastern
Bunglow # 2, Block 7 & 8
Maqboolabad Fine House Stop
Sharah-e-Faisal, Karachi
Tel. 021-34538095,34535760

Quetta
2nd Floor PIA Building, Hali Road
Tel. 081-9201520/30

Regional Office (Hyderabad)
State Life Building
3rd Floor, R.C. Sectt.
Thandi Sarak, Hyderabad
Tel. 022-9200352

Hyderabad
State Life Building 5th Floor
Thandi Sarak,
Tel. 022-9200622

Sukkur
State Life Building
Minara Road
Tel. 071-9310501

Mirpurkhas
State Life Building
M.A. Jinnah Road Near D.C. Office
Tel. 0233-9290295

Larkana
State Life Building
Qaim Shah Bukhari Road,
Tel. 074-9410801

Benazirabad Zonal Office
State Life Building
Near Ali Resturant Butchery Road
Nawabshah
Tel. 0244-9370572

Gulf
P.O. Box # 11278 Dubai U.A.E.
Tel. 0097142729061
Fax 0097142729051

Regional Office (Central)
Ground Floor, 15-A, Davis Road Lahore
Tel. 042-99205121-22

Lahore Central
5th Floor 4 Ghazi Ilmuddin
Shaheed Road, Lahore.
Tel. 042-99210269-70

Lahore Western
4 Ghazi Ilmuddin Shaheed Road,
Lahore
Tel. 042-99211642-711

Gujranwala
Opp. Quaid-e-Azam Divisional
Public School, G.T. Road
Tel. 055-9200282-285

Sialkot
Siddique Plaza, Paris Road
Tel. 052-9250101-111

Narowal
City Tower Building
1st Floor New Lahore Road
Tel. 0542-411901-411902

Regional Office (Faisalabad)
State Life Bldg. 2, 7th Floor
Liaquat Road
Tel. 041-9201482-83

Faisalabad
State Life Bldg. 2
10th Floor, Liaquat Road
Tel. 041-9200390

Sargodha
M.M.Plaza, Opp. Hut's Hotel
Queen's Road, Sargodha
Tel. 053-3215517

Jhang
Katheri Road, Civil Lines, Jhang
Saddar
Tel. 047-9200390

Real Estate (Division)
State Life Building # 9
5th Floor, Ziauddin A. Road, Karachi
Tel. 021-99202816

Real Estate (Islamabad)
State Life Building # 5, Basement
Blue Area, Jinnah Avenue, Islamabad
Tel. 051-9203347

Real Estate (Lahore)
State Life Building # 11
First Floor, 15-A Davis Road, Lahore
Tel. 042-99200396

Regional Office (North)
State Life Building # 9, 4th Floor
33-E, Blue Area Islamabad.
Tel. 051-9205047

Rawalpindi
State Life Building # 1
The Mall Road, Saddar Rawalpindi
Cantt Tel. 051-9271351-9272188

Mirpur (AK)
Barry Mian Plaza,
Sector F-1, Kotli Road
Tel. 05827-927465

Islamabad
State Life Bldg No.9, 3rd Floor,
33-E, Blue Area,
Tel. 051-9206162

Gujrat
State Life Building 5th Floor, G.T. Road Tel. 053-9260252-242

Jhelum
Ch. Ghulam Ahmed Plaza #1,
G.T. Road, Jeddah, Jhelum
Tel. 0544-974094

Gilgit
Shahra-e-Quaid Azam
Jubilee Marketing, Jutial, Gilgit
Tel. 05811-922621

Regional Office (KPK)
State Life Building, 2nd Floor
34-The Mall, Peshawar Cantt.
Tel. 091-9210918-19

Peshawar
State Life Building, 3rd Floor
34-The Mall, Peshawar Cantt.
Tel. 091-9212314

Abbottabad
Mir Alam Shopping Plaza,
P.O. Mansehra Road, Abbottabad
Tel. 0992-9310384

Swat
State Life, Royal Campus
Saidu Sharif
Tel. 0946-710046

Kohat
Shah Trade Centre, St # 6(KCB)
University Road, Kohat
Tel. 0922-933600

Health & Accident Ins. (Div.)
State Life Building # 9
6th Floor, Ziauddin A. Road, Karachi.
Tel. 021-99204941

Bancassurance Division
State Life Building # 9, 2nd Floor
Dr. Ziauddin Ahmed Road Karachi.
Ph: 021-99206796

Regional Office (Multan)
4th Floor, State Life Building,
Chowk Nawan Shaher. Abdali Road, Tel. 061-9200670

Multan
State Life Building
Chowk Nawan Shaher. Abdali Road, Tel. 061-9200676

Sahiwal
Room#35, 2nd Floor Sattar Complex, Stadium Road
Tel. 040-9200022

Rahim Yar Khan
3rd Floor Iqbal Complex
Model Town Tel. 068-9230027

Dera Ghazi Khan
Dubai Trade Center Near Pull Daat Jam pur Road Tel. 064-9260048

Bahawalpur
Barq Poly Complex
Ahmed Pur Road Dubai Chowk
Tel. 062-9255717

Vehari
ZTBL Building-V Chowk Vehari
Tel. 067-9201131-32

G&P (Division)
State Life Building # 9
7th Floor, Ziauddin A. Road
Karachi. Tel. 021-99202890

G&P Peshawar
State Life Building, 2nd Floor
34- The Mall Peshawar cantt
Tel. 091-9211596

G&P Karachi
State Life Building # 2
Wallace Road Karachi.
Tel. 021-99217060 & 99217097

G&P Lahore
State Life Building
15-A, Sir Agha Khan Road Lahore
Tel. 042-99200355-58

G&P Rawalpindi
State Life Building # 8
Kashmir Road Rawalpindi Cantt
Tel. 051-9272598

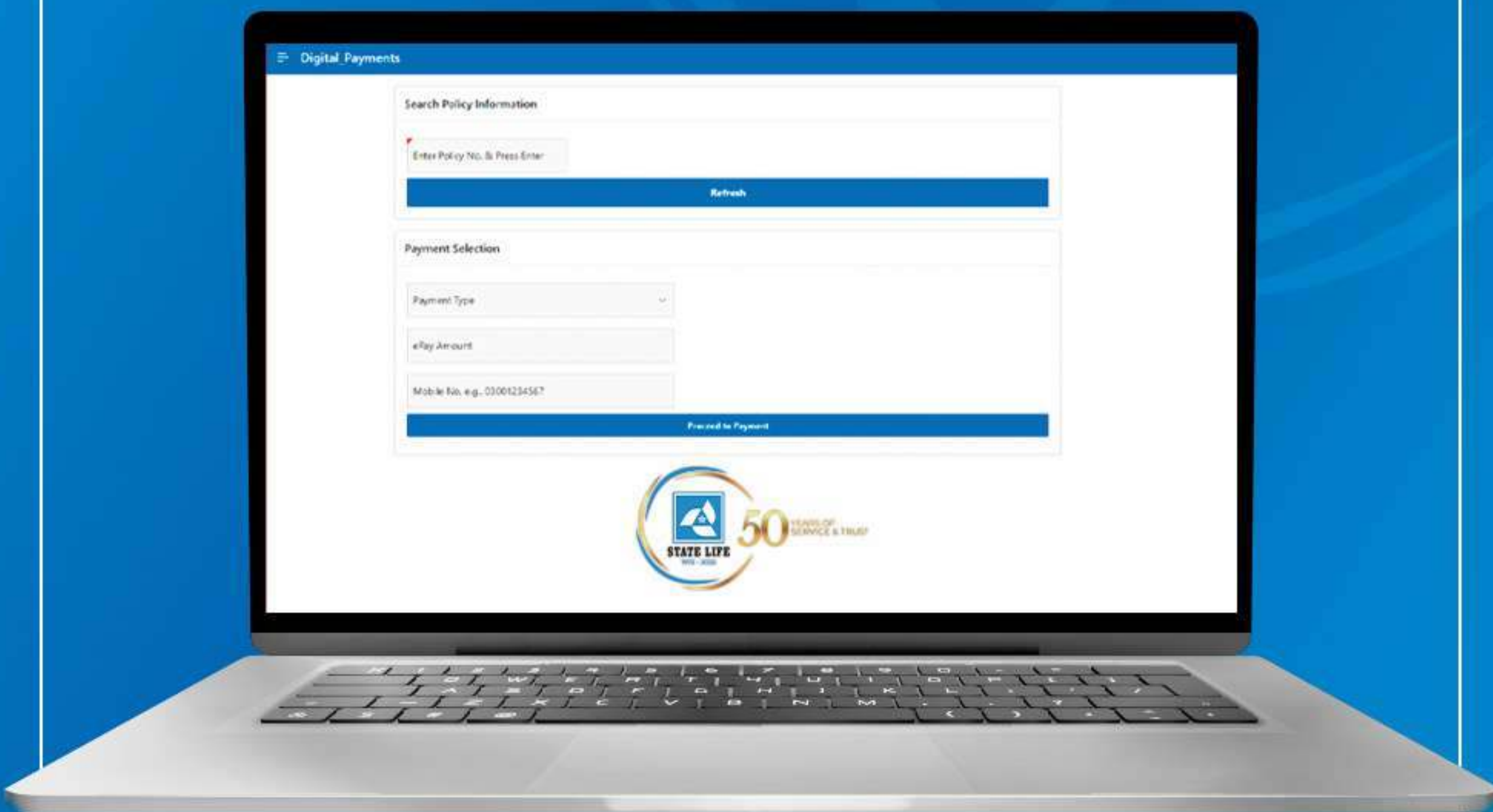
Takaful Division
State Life Building # 1, 8th Floor
I.I.Chundrigar Road, Karachi
Ph: 021-99217281-92

#ProtectionInYourHands

STATE LIFE
INSURANCE CORPORATION OF PAKISTAN

PAY YOUR PREMIUM OR LOAN VIA DIGITAL PAYMENTS

Now you can pay your premium or loan installments by the ease of your debit or credit card



Pay Via Our Website www.statelife.com.pk

50 YEARS OF SERVICE & TRUST
STATE LIFE
1972 - 2022
ہے فخر میرا اور شان میری
وہ شاد و آباد رہے
سلامت رہے
STATE LIFE
INSURANCE CORPORATION OF PAKISTAN
www.statelife.com.pk
www.digital.statelife.com.pk


جس سے ہے پہچان میری،
قائم دنیا میں
اے خدا میری
75
عزمِ عالی شان شاد رہے پاکستان
statelifeinsurancecorporation
statelifeofficial
StateLifeInsur4

STATE LIFE
INSURANCE CORPORATION OF PAKISTAN

Principal Office:
State Life Building No. 9, Dr. Ziauddin Ahmed Road,
Karachi-75530, PABX No.: 021-99202800-9 Lines | E-mail: dhgp@statelife.com.pk
facebook.com/statelifeinsurancecorporation

www.statelife.com.pk