



STATE LIFE

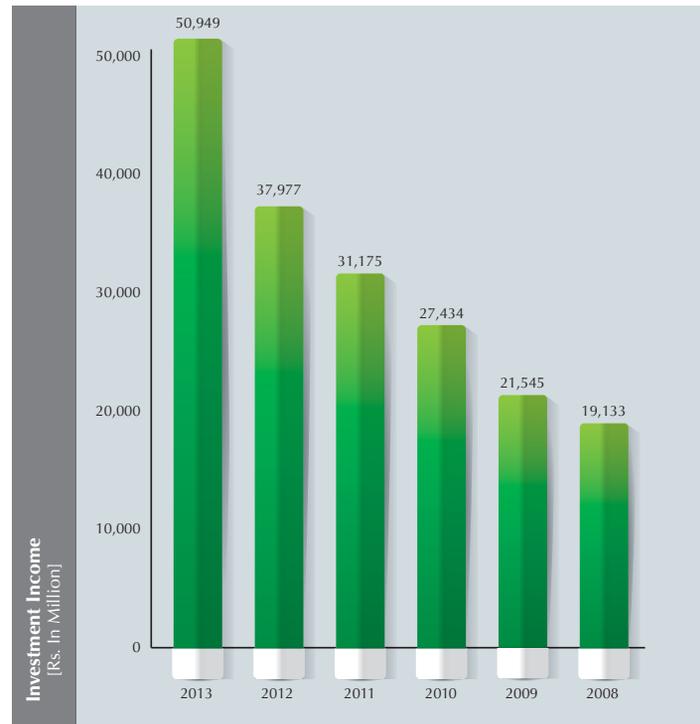
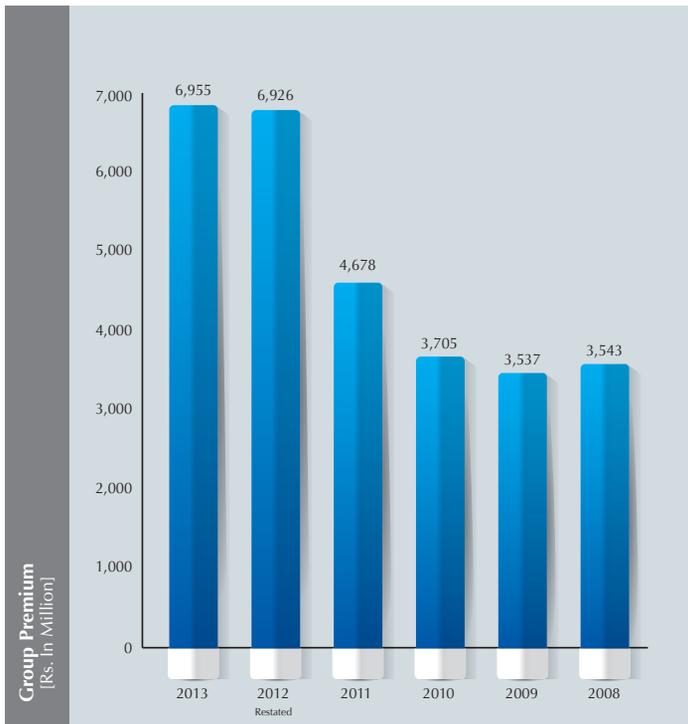
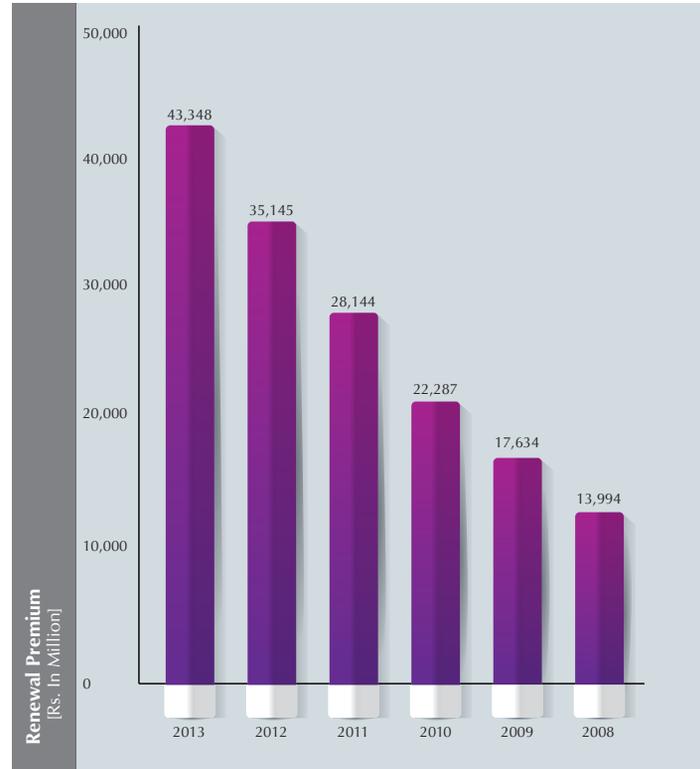
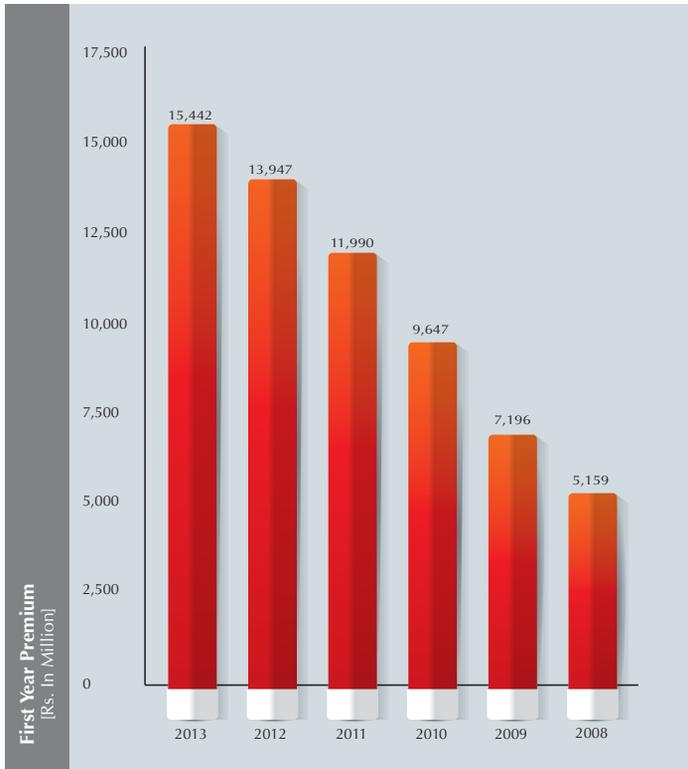
INSURANCE CORPORATION OF PAKISTAN



SHAPING THE FUTURE TOGETHER
ANNUAL REPORT 2013

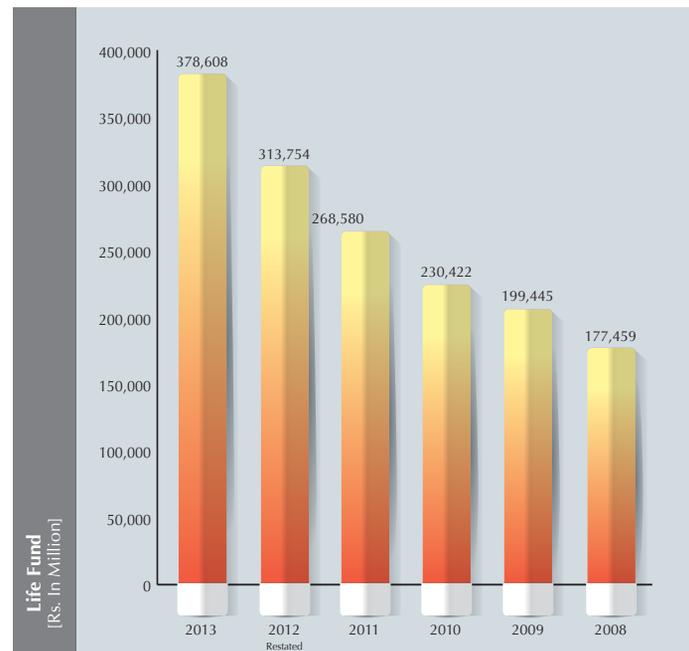
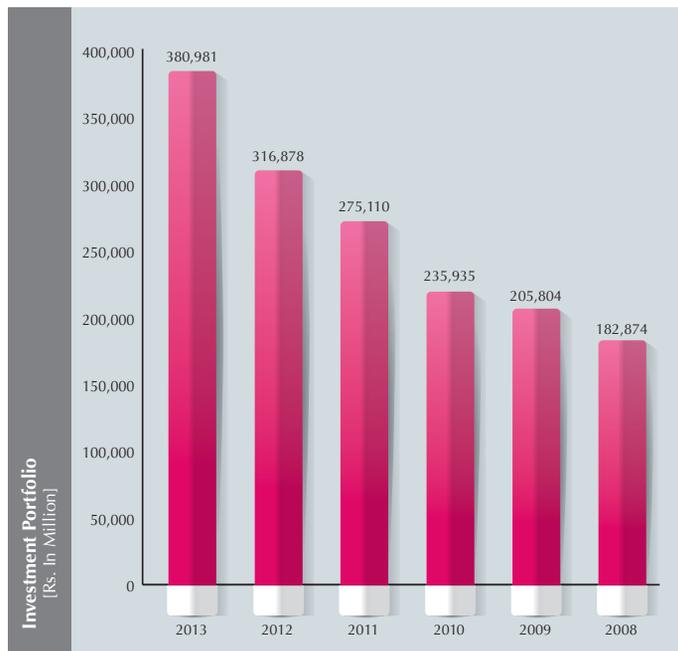
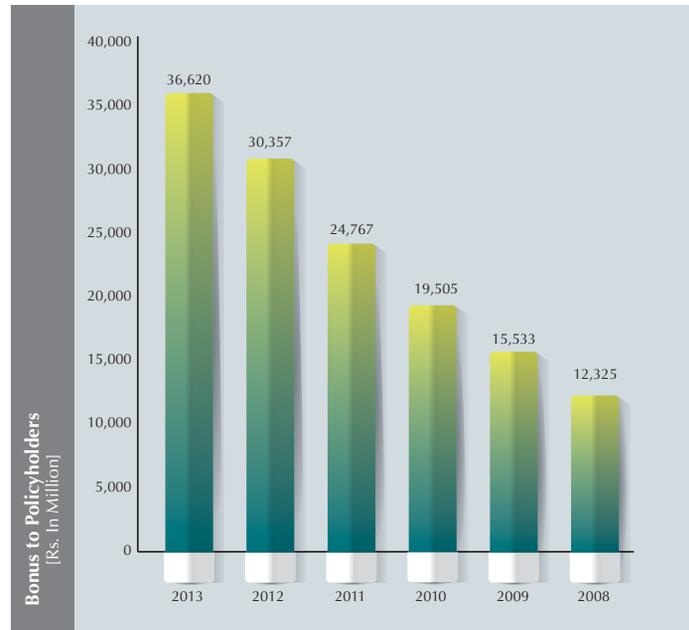
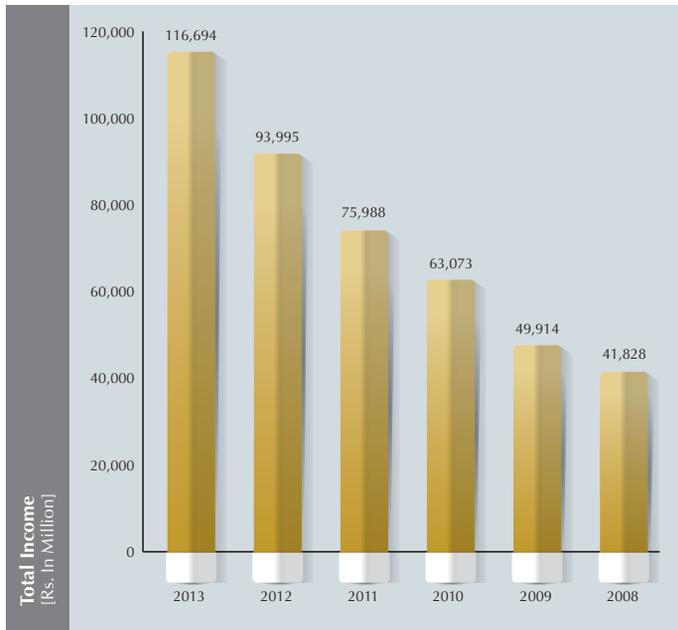


FINANCIAL HIGHLIGHTS





FINANCIAL HIGHLIGHTS







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Core Values

Objectives

To run life insurance business on sound lines. To provide more efficient services to the policyholders. To maximize the return to the policyholders by economizing expenses and increasing the yield on investment.

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

To widen the area of operation of life insurance and making it available to as large section of the population as possible, extending it from the comparatively more affluent sections of society to the common man in towns and villages.

To use the policyholders' fund in the wider interest of the community.

Mission Statement

To remain the 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 the nation.

Quality Policy

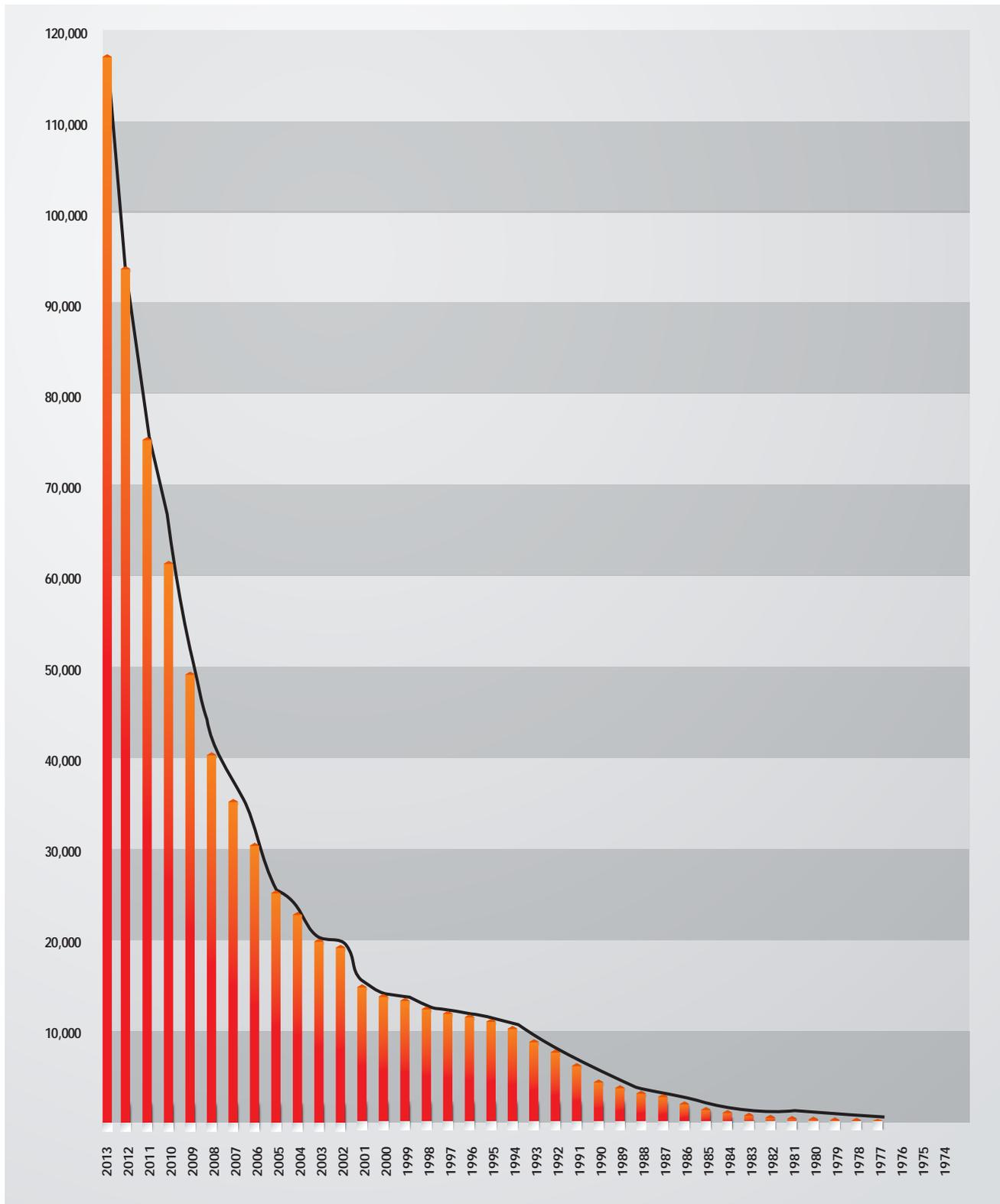
To ensure satisfaction of our valued policyholders in processing new business, providing after sales services and optimizing return on Life Fund through a quality culture and to maintain our position as the leading life insurer in Pakistan.





SLIC JOURNEY TO SUCCESS

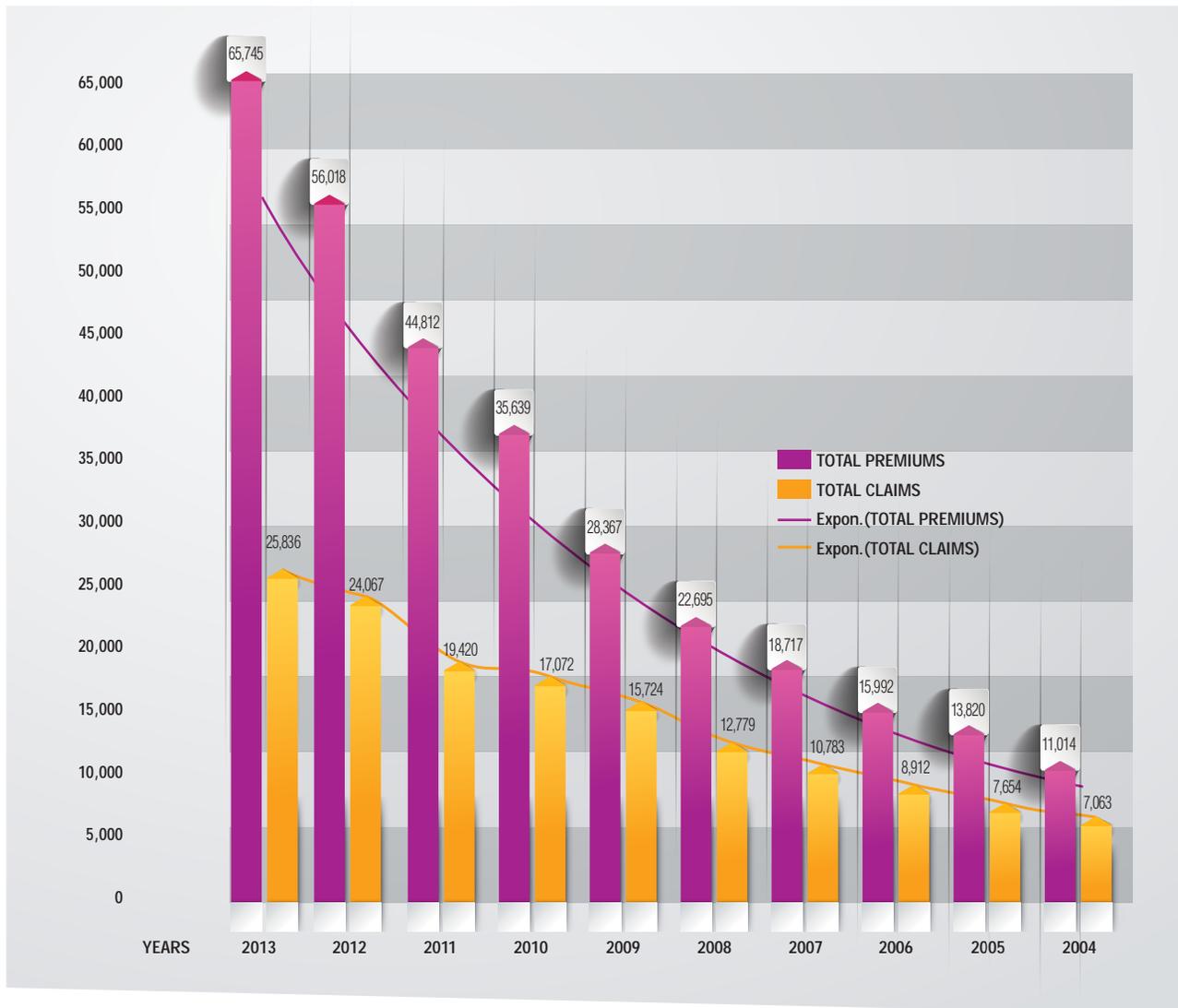
Total Income
(RS. IN MILLION)





TOTAL PREMIUMS VS. TOTAL CLAIMS (2004-2013)

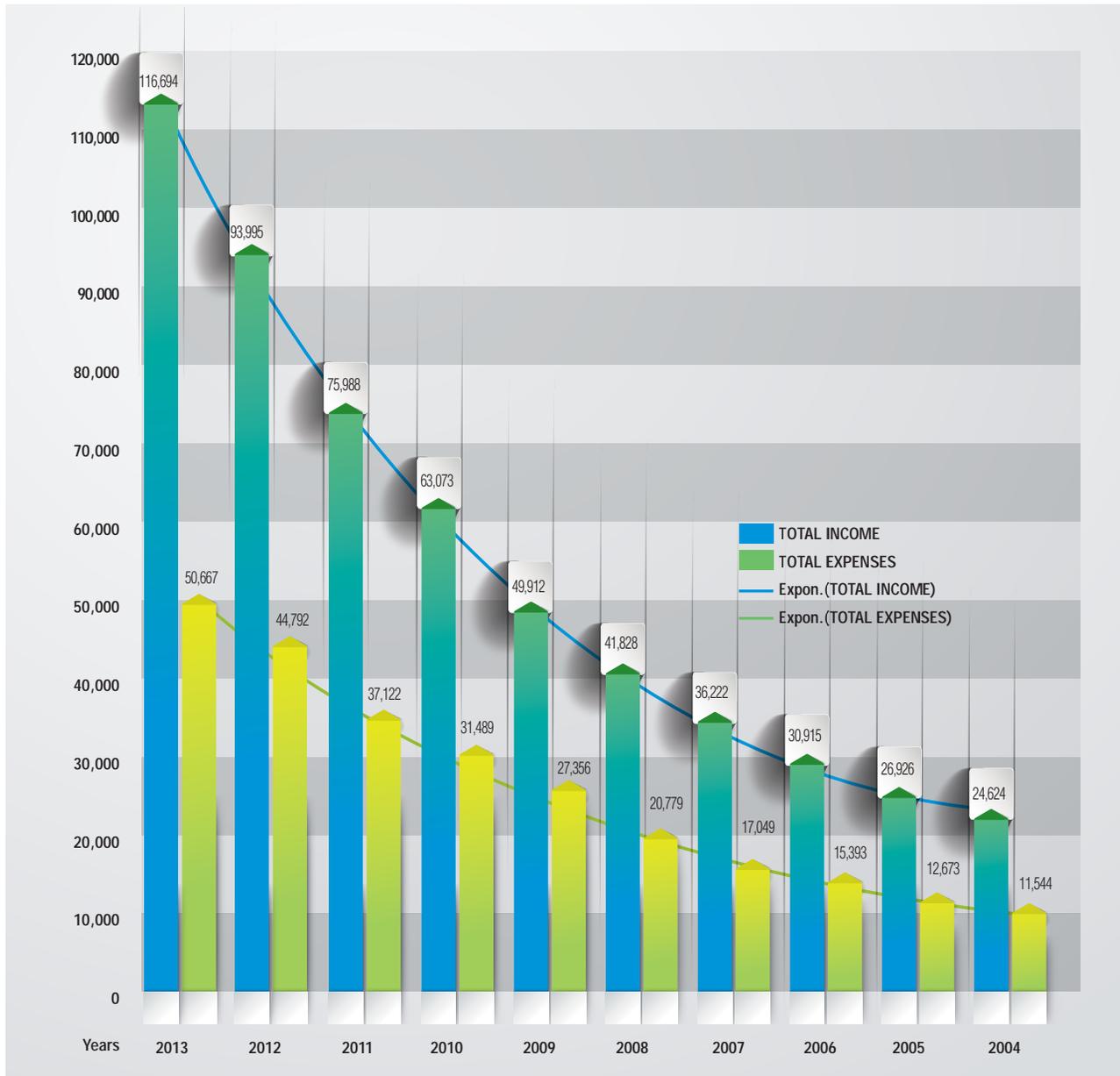
(RS. IN MILLION)





TOTAL INCOME VS. TOTAL EXPENSES (2004-2013)

(RS. IN MILLION)





HUMAN RESOURCE

1. SLIC Human Resource Management (HRM) is the strategic and coherent approach to management, its most 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 all five Regions and 27 Zones, G&P at PO and G&P Zones across Pakistan.
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/up-gradation, 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 commitments 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 meeting these obligations. SLIC HR Policies are also very effective in supporting and building the desired organizational culture.

POLICYHOLDER SATISFACTION

High quality policyholder service is an integral part of State Life's philosophy and it is our constant endeavor to provide greater services with wider accessibility.

Our corporate slogan is "Policyholder First". We always emphasize on providing the best quality service to our policyholders. We continuously develop and improve policyholder service oriented culture within State Life.

We understand that our commitment to satisfying policyholder needs must be fulfilled with a professional and ethical framework hence knowing our policyholders and their needs is the key to our business success, our managers are well equipped and well trained to provide the most efficient and personalized services to our policyholders.

Besides, we also feel that well updated IT infrastructure is one of the most important tools to provide best services to policyholders. State Life is continuously upgrading its IT infrastructure in line with modern technology in order to have efficient operations and speedy services for policyholders.

We shall continue to look forward to maintain high-level policyholder satisfaction through improvement of strength and values.



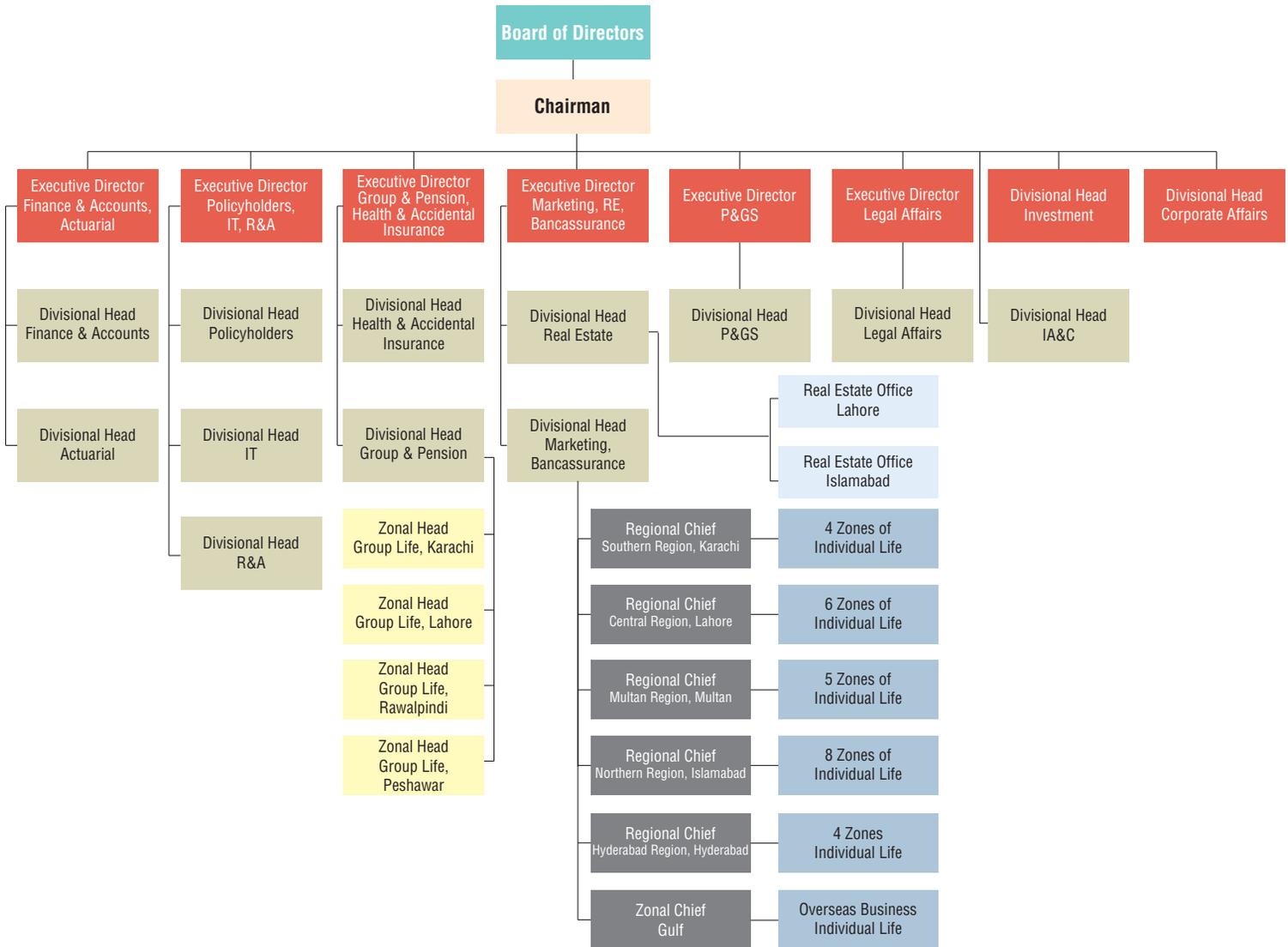
CORPORATE INFORMATION

As at December 31, 2013

<p>BOARD OF DIRECTORS</p> <p>Mr. Shahid Aziz Siddiqi Chairman</p> <p>Mr. Fazal Abbas Maken Director</p> <p>Mr. Husain Lawai Director</p> <p>Mr. Farooq Hadi Director</p> <p>Mr. Wazir Ali Khoja Director</p> <p>Mr. Nihal Anwar Director</p> <p>Mr. Tufail Shaikh Director</p> <p>Mr. Furqan A. Shaikh Director</p> <p>SECRETARY BOARD</p> <p>Mr. Akbar Ali Hussain</p> <p>AUDITORS PAKISTAN</p> <p>M/s. Anjum Asim Shahid Rahman, Chartered Accountants</p> <p>M/s. BDO Ebrahim & Co. Chartered Accountants</p> <p>GULF COUNTRIES</p> <p>M/s. Sajjad Haider & Co., Chartered Accountants</p> <p>APPOINTED ACTUARY</p> <p>Mr. Shujaat Siddiqui MA, FIA, FPSA,</p>	<p>EXECUTIVE COMMITTEE</p> <p>Mr. Shahid Aziz Siddiqi Chairman</p> <p>Mr. Fazal Abbas Maken Member</p> <p>Mr. Husain Lawai Member</p> <p>Mr. Wazir Ali Khoja Member</p> <p>Mr. Tufail Shaikh Member</p> <p>Mr. Akbar Ali Hussain Secretary</p> <p>BOARD AUDIT COMMITTEE</p> <p>Mr. Husain Lawai Chairperson</p> <p>Mr. Farooq Hadi Member</p> <p>Mr. Wazir Ali Khoja Member</p> <p>Mr. Nihal Anwar Member</p> <p>Mr. Altaf Ahmed Shaikh Secretary</p> <p>SOCIAL RESPONSIBILITY COMMITTEE</p> <p>Mr. Shahid Aziz Siddiqi Chairman</p> <p>Mr. Nihal Anwar Member</p> <p>Mr. Tufail Shaikh Member</p> <p>Mr. Furqan A. Shaikh Member</p> <p>Mr. Akbar Ali Hussain Secretary</p>	<p>HUMAN RESOURCE COMMITTEE</p> <p>Mr. Shahid Aziz Siddiqi Chairman</p> <p>Mr. Farooq Hadi Member</p> <p>Mr. Wazir Ali Khoja Member</p> <p>Mr. Furqan A. Shaikh Member</p> <p>Mr. Fazal Abbas Maken Member</p> <p>Mr. Muhammad Aslam Hayat Secretary</p> <p>REAL ESTATE AND INVESTMENT COMMITTEE</p> <p>Mr. Shahid Aziz Siddiqi Chairman</p> <p>Mr. Husain Lawai Member</p> <p>Mr. Wazir Ali Khoja Member</p> <p>Mr. Nihal Anwar Member</p> <p>Mr. Nasim-ul-Haq Member</p> <p>Mr. Attaullah A. Rasheed Member/Secretary</p> <p>PRINCIPAL OFFICE State Life Building No. 9, Dr. Ziauddin Ahmed Road, Karachi-75530 Tele: 021-99202800-9 Fax: 021-99202845 E-mail: edpgs@statelife.com.pk Website: www.statelife.com.pk</p>
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ORGANOGRAM OF THE CORPORATION





MANAGEMENT

CHAIRMAN/CHAIRPERSON

Mr. Shahid Aziz Siddiqi (as at 06-06-2013)
 Mr. Javed Iqbal (from 20-05-2013 to 10-06-2013)
 Mr. Alamuddin Bullo (from 09-09-2013 to 17-12-2013) Additional Charge
 Ms. Nargis Ghaloo (from 29-10-2014)

EXECUTIVE DIRECTORS

Mr. Shoaib Mir Memon
 Mr. Mohsin S.Haqani
 Ms. Talat Waseem
 Mr. Muhammad Aslam Hayat
 Mr. Abdul Hafeez Shaikh
 Mr. Mukhtar Hussain
 Mr. Alamuddin Bullo
 Mr. M. Raeesuddin Paracha
 Mr. Naseem-ul-Haq (on contract)

Charge look after of Executive Directors Portfolios

Mr. Muhammad Izqar Khan	Marketing	(from 17-01-2013)
Mr. Naseem-ul-Haq	Real Estate	(from 17-01-2013)
Mr. Muhammad Rashid	Finance & Accounts	(from 01-03-2013)
Mr. Fazal-ur-Rehman	Legal Affairs	(from 07-03-2013)
Mr. Saleem Khaliq	I.T.	(from 07-03-2013)
Mr. Sher Ali Khan	PHS	(from 18-09-2013)
Mr. Nadeem Bessey	G&P & Health Insurance	(from 23-09-2013)

DIVISIONAL HEADS

(Principal Office)

Mr. Sher Ali Khan	Legal Affairs	(upto 28-02-2013)
Mr. Naseem-ul-Haq	Real Estate	(upto 19-04-2013)
Mr. Muhammad Izqar Khan	Marketing	
Mr. Nadeem Bessey	Group & Pension & Health and Accidental Insurance	
Mr. Akbar Ali Hussain	Corporate Affairs	
Mrs. Dr. Ghazala Nafees	P&GS	
Mr. Saleem Khaliq	I.T.	
Mr. Muhammad Rashid	Finance & Accounts	
Mr. Attaullah A. Rasheed	Investment	
Mr. Altaf Ahmed Shaikh	Internal Audit & Compliance	
Mr. Faisal Mumtaz	Actuarial	
Mr. Mohsin Abbas	Research and Analysis	
Mr. Sher Ali Khan	PHS	(from 28-02-2013)
Mr. Fazal-ur-Rehman	Legal Affairs	(from 28-02-2013)
Mr. Nabil Ghafoor Zada	Real Estate	(from 20-04-2013)
Mr. Irfan Anwer Baloch	Bancassurance	(from 08.04.2013)

CHIEF MEDICAL OFFICER

Dr. Mrs. Ghazala Nafees



INDIVIDUAL LIFE

REGIONAL CHEIFS

Mr. Tahir Ahmad Khan	Central Region	- Lahore
Mr. Iftikhar Ahmed	Multan Region	- Multan
Mr. Khalid Mansoor	Northern Region	- Islamabad
Mr. S.H. Raza	Southern Region	- Karachi
Mr. Dur Muhammad Baladi	Hyderabad Region	- Hyderabad

Bancassurance

Mr. Irfan Anwer Baloch	General Manager
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ZONAL CHIEF

Gulf Countries	
Mr. Khalid Mehmood Shahid	Gulf Zone, UAE-Dubai

ZONAL HEADS

Central Region

Ch. Anjum Rashed	Lahore Zone (Central)
Mr. Tahir Mehmood Cheema	Lahore Zone (Western)
Mr. Abdul Sattar Javed	Faisalabad Zone
Ch. Abdul Nasir	Sargodha Zone
Ch. Inam Ullah	Gujranwala Zone
Mr. Sarfraz Ahmed	Sialkot Zone

Multan Region

Mr. M.Ramzan Shahid	Multan Zone
Ch. Muhammad Ashraf	Sahiwal Zone
Mr. Muhammad Anwar Shahid	Rahim Yar Khan Zone
Mr. Z.M.Kamran Shamsi	Dera Ghazi Khan Zone
Ch. Akhtar Hussain	Bahawalpur Zone

Northern Region

Mr. Azhar Hussain	Rawalpindi Zone
Ch. Muhammad Yousuf Farooqi	Mirpur (AK) Zone
Ch. Muhammad Arshad	Islamabad Zone
Mr. Namaish Khan	Peshawar zone
Mr. Anwar Ul Haq	Abbottabad Zone
Ch. Rukhsar A.Qaisar	Gujrat Zone
Mr. Muhammad Khan	Kohat Zone
Ch. Muhammad Ejaz	Swat Zone

Southern Region

Mr. M. Iqbal Gill	Karachi Zone (Southern)
Mr. M.Saeed Khan	Karachi Zone (Eastern)
Qazi Fawad Saleem	Karachi Zone (Central)
Mr. Kanaya Lal Shaheen	Quetta Zone

Hyderabad Region

Mr. Riaz Ahmed Arain	Hyderabad Zone
Mr. Zahoor A. Bhatti	Mirpurkhas Zone
Dr. Abdul Samad Shaikh	Sukkur Zone
Mr. Wazir Ali Hashmani	Larkana Zone

GROUP LIFE/HEALTH INSURANCE

Zonal Heads

Mr. Adnan Samiullah	Karachi Zone
Mr. M.Shoaib Khan	Lahore Zone
Mr. M.Abbas Kazmi	Rawalpindi Zone
Mr. Tahir Majeed	Peshawar Zone



CHAIRPERSON'S REVIEW

I feel pleasure in presenting the 41st Annual Report of State Life Insurance Corporation of Pakistan, together with the audited accounts for the year ended December 31, 2013 prepared in terms of Article 30 of the Life Insurance (Nationalization) Order, 1972, (President's Order No.10 of 1972).

Accounts for the year 2013 are prepared on the accounting formats in accordance with the accounting regulations issued by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 938 dated December 12, 2002 under the Insurance Ordinance 2000.

1. OVERALL PERFORMANCE:

During the period under review, State Life Insurance Corporation performed well in its core business operation. An overview of overall performance of State Life Insurance Corporation during the year 2013 as compared to 2012 is hereunder:

- 1.1** Total Income of the State Life Insurance Corporation of Pakistan increased to Rs.116,694 million in 2013 as against Rs.93,995 million in the preceding year, registering an increase of 24%.
- 1.2** Management expenses for the year 2013 were Rs.24,831 million as compared to Rs.23,231 million in 2012 showing an increase of 7%. Overall management expense ratio to total premium income for the year 2013 was 38% as against 41% for the year 2012.
- 1.3** Payments to policyholders in the year 2013 were Rs.25,836 million as against Rs.24,067 million in 2012, showing an increase of 7%.
- 1.4** Total amount of statutory funds of the State Life Insurance Corporation in 2013 was Rs.378,608 million as against Rs. 313,754 million in 2012, showing an increase of 21%.

2. BUSINESS PORTFOLIO WISE PERFORMANCE:

2.1 INDIVIDUAL LIFE BUSINESS – PAKISTAN'S OPERATIONS:

First year Gross premium income under Individual Life policies, during the year 2013 was Rs.14,977 million as compared to Rs.13,524 million in the year 2012, resulting in an increase of 11%. Gross Renewal premium was Rs.41,910 million in 2013 whereas it was Rs.34,031 million in 2012, resulting in an increase of 23%.

2.2 INDIVIDUAL LIFE BUSINESS – OVERSEAS OPERATIONS:

First year Gross premium income under Individual Life policies, during the year 2013 was Rs.500 million as compared to Rs.448 million in the year 2012, being an increase of 12%. Gross Renewal premium in 2013 was Rs.1,568 million as compared to Rs.1,219 million in 2012, showing an increase of 29%.

2.3 GROUP LIFE BUSINESS:

Gross premium under Group Life policies during the year 2013 was Rs.6,872 million as compared to Rs.6,941 million in the year 2012, showing decrease of 1%.

2.4 GROUP HEALTH INSURANCE BUSINESS:

Gross premium under Group Health Insurance policies during the year 2013 was Rs.103.588 million as compared to Rs.70.171 million in the year 2012, showing an increase of 48%.



2.5 REAL ESTATE:

In the year 2013 Real Estate Division (RED) performed better in the context of Real Estate Management with net increase in overall rental income, RED did well in timely completion of Gujranwala Building Project by adding a 53rd building in SLIC properties together with completion of grey structure of Islamabad project. Additionally RED has got approved provisional PCI's from Department Working Party (DWP) for construction of new buildings at Rahim Yar Khan, Sialkot and Sargodha and approval of SLIC Project Monitoring Unit (PMU).

2.6 INVESTMENT:

Net investment income including capital gains during the year 2013 was Rs. 50,647 million as compared to Rs. 37,620 million in 2012, showing an increase of 35%.

3. BUSINESS SUPPORTING ACTIVITIES:

3.1 Training plays an important role in development of manpower / human resources and success of an organization. State Life Insurance Corporation, a dynamic and leading public sector Corporation is maintaining the largest marketing network in Insurance Industry in the country and is continuously providing training for improving marketing skills of its manpower by arranging seminars and imparting various regular training courses. Region wise detail of the courses conducted in the year 2013 by Field Manpower Development (FMD) department is as under:-

Region	Foundation Course		M.O.S.C Course		M.M.S Course		Total	
	Courses	Participants	Courses	Participants	Courses	Participants	Courses	Participants
South	16	326	08	148	0	0	24	474
Hyderabad	45	696	14	286	01	27	60	1,009
Central	94	3,883	30	1,158	04	111	128	5,152
Multan	74	2,892	23	760	05	218	102	3,870
North	76	2,675	22	804	04	91	102	3,570
Total	305	10,472	97	3,156	14	447	416	14,075

The above training figures clearly indicates that State Life Insurance Corporation of Pakistan is committed to improve the skills of its manpower/human resources to ensure their success in the field of life insurance and to make them productive and proud members of the society.

3.2 The primary purpose of the Policyholders Services Division is to render quality service to the policyholders of the Corporation. In this regard, measures have been taken at the zonal offices level to improve services such as quality underwriting, prompt settlement of claims and handling of complaints of policyholders or their successors on priority basis. These steps not only have increased the level of customer satisfaction but have also contributed towards the retention of our existing policyholders. New and improved online access makes it quick, simple and secure to view and make queries to obtain feedback on policy related transactions. Policyholders can, register for online access, download forms, view policy status, make request for change in address, nomination and more.



- 3.3** Advertising plays significant role in business development; especially in large commercial organizations like State Life. In a situation where a large cross section of population is still without life insurance or unaware of the benefits of life insurance, the need of aggressive advertising cannot be understated. The management of State Life, fully aware of advertising needs of the Corporation has provided adequate funds and support to Corporate Communications Department (CCD); to implement its multimedia advertising programs/campaigns in consultation with the Marketing Division in the year under review. In 2013, CCD systematized many mix corporate and plan based campaigns on different prominent terrestrial and satellite T.V channels and newspapers (English/Urdu & regional) with an intention to highlight the robust business growth. In 2013, CCD also organized many versatile Chairman's interviews / briefings on different prominent T.V. channels and newspapers

Apart from these campaigns; Corporate Image Building, Popular Life Insurance plans, Bonus Announcement to Policyholders, Business Achievements, Recognition to Marketing Force etc., has also been launched on national and regional newspapers. Being assigned 'AAA' rating for the straight fourth year by PACRA; press publicity has been prominently expressed to highlight this achievement. Radio being the most popular medium of publicity especially in the rural and sub urban areas has also been fully utilized. Specially produced Radio Programs/campaigns in Urdu language have been broadcasted from Radio Pakistan and popular FM channels. All these multimedia campaigns were amicably concluded at the end of the year 2013. Under the slot of corporate social responsibility; State Life also sponsored some major sports and philanthropic events for corporate image building in 2013.

- 3.4** In the year 2013, we recruited 58,773 new Sales Representatives and provided the job opportunities. Our Field Force counts number 191,927 (Sales Representatives, Sales Officers and Sales Managers) who all are serving the country to provide protection with savings.

4. INSURER FINANCIAL STRENGTH RATING:

- 4.1** In 2009, a strategic decision was taken to obtain Insurer Financial Strength (IFS) rating for State Life. This task was assigned to the Pakistan Credit Rating Agency (PACRA). It is a matter of satisfaction for State Life that it has been assigned Insurer Financial Strength (IFS) rating of "AAA". The rating denotes State Life's exceptionally strong capacity to meet policyholder and contract obligations. The rating reflects State Life's leading position in life insurance business in Pakistan, its extensive distributions network, good management quality, comprehensive information system and growing business volumes. The rating also represents State Life's robust financial profile emanating from its sound investment portfolio and prudent system of risk management. State Life retains this rating in 2013.

- 4.2** A rating of "AAA" is the highest possible for an insurer to achieve and State Life stands alone in the life insurance industry to have been assigned this rating.

5. THE FUTURE:

- 5.1** Unit linked life insurance products were introduced in Pakistan with the entry of private sector life insurers. With increasing customer awareness, the market for these products has been growing in the country. State Life also plans to enter this line of business. With the implementation of IT infrastructure enhancements, which is in hand, State Life would be in a position to enter this market segment also.

- 5.2** Bancassurance is an alternate distribution channel to sell life insurance products through banks. This line of insurance business ensures wide coverage at lesser cost. During the last quarter of 2012, this channel started its operations after State Life signed an agreement with the United Bank Limited. During 2013, State Life signed agreements with First Women Bank Limited and Bank Alfalah. The commencement of this distribution channel would bring an all round improvement in the financial performance of State Life besides providing a new avenue for business growth.



- 5.3** State Life entered into an agreement with the Government of Pakistan to provide Life and Health Insurance services to families covered under the Benazir Income Support Programme (BISP). Under the first phase, life insurance coverage is being provided to head of the families of BISP recipient at a premium mutually agreed between the two parties.
- 5.4** Under the second phase, State Life successfully started a pilot project in 2012 providing Health Insurance to BISP families registered in Faisalabad. This is an entirely new dimension for State Life, and we intend to expand our Health Insurance Operations beyond the scope of BISP and provide competitive insurance packages that would ultimately provide diversification to benchmark services that define State Life Insurance Corporation as the largest insurance provider of the country.
- 5.5** Takaful insurance is another line of business which offers bright prospects in the future. The Takaful rules were published by the Securities and Exchange Commission of Pakistan (SECP) in 2005. In 2012, the SECP issued revised Takaful rules allowing Conventional Insurers to initiate window Takaful operations. State Life is planning to commence Takaful operations in 2015 and is in the process of applying to SECP for commencing Takaful Operations.
- 5.6** As part of implementation of IT Strategy of State Life, an integrated software solution pertaining to Core Insurance Business Applications and related ERP (Enterprise Resource Planning) software is being implemented. The initial phases of implementation of Core Insurance Business applications have been completed and the UAT (Users Acceptance Testing) phase is underway. A state-of-the-art Data Centre (Tier-2Plus level) has been established to facilitate real time on-line services on a 24/7 basis to Policy Holders Services, Marketing and other business functions of State Life. The implementation of ERP and completion of Data Center would result in better customer services, more effective MIS and healthy business growth in the Corporation.

6. ACTUARIAL VALUATION

As per 27th actuarial valuation as at 31st December 2013, the actuarial surplus arising during the inter-valuation period on participating policies was Rs.41,855 million. The details of bonuses declared are stated as an appendix.

7. DIVIDEND

Total dividend for the year 2013 is Rs. 810.123 million (2012: Rs.767.291 million) in which Rs. 712.908 million (2012: Rs.675.216 million) is payable to the Government of Pakistan after deduction of Rs. 97.215 million (2012: Rs. 92.075 million) share of dividend of Benazir Employees Stock Option Scheme (BESOS). However, the share of Government dividend for the year 2012 and 2013 will be adjusted for increase in paid up capital of the Corporation as allowed by the Ministry of Finance vide its Memo No. 4(1)/CF-III/91-92-252 dated April 3, 2012.

8. AUDITORS

The accounts for the year ended 31st December, 2013 were jointly audited by a panel of auditors comprising of (i) M/s. Anjum Asim Shahid Rahman, Chartered Accountants, Karachi and (ii) M/s. BDO Ebrahim & Co., Chartered Accountants, Karachi. The accounts of Gulf Countries zone were audited by M/s. Sajjad Haider & Co., Chartered Accountants, Dubai, and UAE.



9. APPROVAL OF ACCOUNTS

Accounts for the year 2013 were to be approved by the then Board of Directors, however, the Board was dissolved before the finalization of the accounts hence the accounts for the year 2013 were approved by the existing Board of Directors in its meeting held on December 9, 2014.

10. NOTE OF APPRECIATION

I am happy to place on record the deep appreciation on behalf of the Board of Directors and myself 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. May our future efforts continue to contribute to the nation's well being in the economic and fiscal fields.

Karachi,
Date: 09 December 2014

(Ms.Nargis Ghaloo)
Chairperson



ACTUARIAL VALUATION

Appendix

AS AT DECEMBER 31, 2013

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 2013:

a. Reversionary bonuses per thousand sum assured per annum (2012 figures are given for comparison).

	2012			2013		
	For first five policy years Rs.	From 6th policy year to 16th policy year Rs.	From 17th policy year onwards Rs.	For first five policy years Rs.	From 6th policy year to 16th policy year Rs.	From 17th policy year onwards Rs.
Whole Life	60	110	150	60	110	150
Endowments						
Term:						
20 years and over	50	94	130	50	94	130
15 to 19 years inclusive	35	81	81	35	81	81
14 years and less	20	66	-	20	66	-

- b. Interim Bonus will be allowed till the next Actuarial Valuation at the rates mentioned in I (a) above, subject to "C" below.
- c. Terminal Bonus will be paid on claims by death or maturity in 2014, 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. 1200 per thousand sum assured (same as 2012 valuation).
- d. Special Terminal Bonus will be paid on claims by maturity in 2014, where a Family Income Benefit (FIB) is in force 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 2012 valuation).
- e. Loyalty Terminal Bonus will be paid on claims by death or maturity in 2014 to policies with risk year 1994 or earlier. The rate will be Rs.200 per thousand sum assured (same as 2012 valuation).

Notes:

- Jeevan Sathi and Shadabad policies will be treated as Endowment policies.
- Big Deal policies will receive bonuses on 25% of the sum assured only.
- 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 2013:

- a. Reversionary bonuses per thousand sum assured per annum (2012 figures are given for comparison).



Term:	2012			2013		
	For first five policy years Rs.	From 6th policy year to 16th policy year Rs.	From 17th policy year onwards Rs.	For first five policy years Rs.	From 6th policy year to 16th policy year Rs.	From 17th policy year onwards Rs.
20 years and over	35	69	100	35	69	100
15 to 19 years inclusive	25	59	59	25	59	59
14 years and less	19	53	-	19	53	-

- 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 2014 to policies with risk year 1994 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 2014, which the policyholder opts to leave, Special Reversionary Bonuses will be allowed as follows (same as 2012 valuation).

Period between Survival Benefit due date and maturity date	Special Reversionary Bonus per Rs. 1000 Survival Benefit	Period between Survival Benefit due date and maturity date	Special Reversionary Bonus per Rs. 1000 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 2013:

- (a) Reversionary bonuses per thousand sum assured per annum would be as per following schedule (2012 figures are given for comparison):

Term:	2012		2013	
	For first five policy years Rs.	From 6th policy year to 16th policy year Rs.	For first five policy years Rs.	From 6th policy year to 16th policy year Rs.
20 years and over	44	86	44	86
15 to 19 years inclusive	31	74	31	74
14 years and less	24	66	24	66



- 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 2014 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.105 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 2014 shall be calculated at 10.72% per annum (10.6% per annum in 2012) 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 2014. This increase will also be available on pension payments commencing in 2014.
- 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 2013 valuation. This benefit is available to all with-profit policies, which have been in full force as at 31st December 2013 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 2013 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 2014 to 31st December 2014 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 2012 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 2015 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 2014.

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

- Terminal Bonus on Whole Life and Endowment paid-up policies will be paid on claims by death or maturity in 2014, 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. 1200 per thousand paid-up sum assured. Jeevan Sathi and Shadabad policies will be treated as Endowment policies.
- 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 2014.
- Loyalty Terminal Bonus on Whole Life and Endowment paid up policies will be paid on claims by death or maturity in 2014 to policies with risk year 1994 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.
- Loyalty Terminal bonus as mentioned above will also be paid to Anticipated Endowment paid-up policies on claims by death or maturity in 2014.

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

- Policies expressed in UAE Dirham:
Reversionary bonuses per thousand sum insured per annum (2012 figures are given for comparison).

	2012		2013	
	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	21	39	21	43
Endowments Term:				
20 years and over	17	33	17	36
15 to 19 years inclusive	10	24	10	26
14 years and less	5	17	5	19
Anticipated Endowments Term:				
20 years and over	8	26	8	29
15 to 19 years inclusive	5	18	5	20
14 years and less	3	14	3	15

- Policies expressed in US Dollar:

Reversionary bonuses per thousand sum insured per annum (2012 figures are given for comparison).



	2012		2013	
	For First Five Policy Years \$	From Sixth Policy Year Onwards \$	For First Five Policy Years \$	From Sixth Policy Year Onwards \$
Whole Life	23	42	23	46
Endowments Term:				
20 years and over	17	33	17	36
15 to 19 years inclusive	10	23	10	25
14 years and less	5	16	5	18
Anticipated Endowments Term:				
20 years and over	8	24	8	26
15 to 19 years inclusive	5	17	5	19
14 years and less	3	13	3	14

- c. 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 2014, 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 (compared to USD/AED 5 subject to a maximum of USD/AED 100 in 2012 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 2014, 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 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 2015 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 2014.

C. NO CASH VALUE OF BONUSES UNTIL THREE YEARS' PREMIUMS HAVE BEEN PAID

Surrender Value of Reversionary Bonuses on an in force 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 2014.



Rs. in Million

OPERATING AND FINANCIAL HIGHLIGHTS

FINANCIAL POSITION

Balance Sheet

	2013	2012	2011	2010	2009	2008
ASSETS						
Cash and Banks	33,112	30,722	30,426	25,522	14,944	18,176
Loans secured against life insurance policies	33,100	27,095	22,596	19,057	16,046	13,268
Loans to employee and field force	420	430	422	406	356	334
Investment properties	2,990	3,028	2,917	2,734	2,538	2,437
Investment in securities	319,279	262,884	218,152	192,539	174,735	151,424
Current assets and others	31,508	24,731	18,950	11,001	8,907	7,353
Fixed assets	397	307	250	219	158	124
Total assets	420,806	349,197	293,714	251,478	217,685	193,118

EQUITY AND LIABILITIES

Issued, subscribed and paid up capital	1,100	1,100	1,100	1,100	1,100	1,100
Reserve and surplus	1,932	1,214	508	407	319	96
Policy holders liability	378,608	313,754	267,848	230,422	199,445	177,459
Employees retirement benefit	2,156	1,688	1,261	1,424	1,269	1,118
Government grant for health insurance fund	-	-	362	-	-	-
Creditors and accruals	37,010	31,441	22,635	18,126	15,552	13,345
Total equity and liability	420,806	349,197	293,714	251,478	217,685	193,118

OPERATING AND FINANCIAL TRENDS

Profit and Loss

Net Investment Income	132	135	125	112	107	94
Surplus appropriated	1,046	1,019	642	499	390	352
Profit before Tax	1,178	1,155	767	611	496	446
Taxation	368	388	259	204	178	150
Profit After Tax	810	767	508	407	319	296

Revenue Account

Premium net of Reinsurance	65,745	56,018	44,812	35,639	28,367	22,695
Net Investment Income	50,817	37,842	31,050	27,323	21,438	19,039
Total Inflow	116,562	93,860	75,863	62,961	49,805	41,734
Total Outflow	50,662	47,296	37,119	31,486	27,354	20,777
Increase Policyholders liability	60,609	36,090	37,137	30,994	22,319	19,303
Surplus before Tax	5,290	10,474	1,606	482	132	1,654
Taxation	-	-	75	-	(75)	117
Surplus after Tax	5,290	10,474	1,681	482	57	1,771
Surplus transfer to P&L	1,046	1,019	642	499	390	352

Cash Flows

Operating activities	9,714	13,136	8,815	4,470	366	2,690
Investing activities	(7,357)	(13,220)	(3,631)	6,780	(3,582)	3,174
Financing activities	-	-	(358)	(319)	(96)	200
Cash and cash equivalents at the end of the year	31,531	29,265	29,350	24,525	13,594	16,906



FINANCIAL RATIOS

	2013	2012	2011	2010	2009	2008
Profitability						
Profit before tax / Gross Premium	1.79%	2.05%	1.70%	1.70%	1.74%	1.95%
Profit before tax / Net Premium	1.79%	2.06%	1.71%	1.71%	1.75%	1.97%
Profit after tax / Gross Premium	1.23%	1.36%	1.13%	1.14%	1.12%	1.30%
Profit after tax / Net Premium	1.23%	1.37%	1.13%	1.14%	1.12%	1.31%
Net Claims / Net Premium (IL)	33.49%	37.46%	37.87%	41.90%	48.13%	49.18%
Net Claims / Net Premium (GL)	88.41%	81.92%	90.26%	99.63%	107.05%	94.81%
Net Commission / Net Premium (IL)	25.65%	27.47%	28.34%	28.65%	27.32%	25.73%
Net Commission / Net Premium (GL)	0.06%	0.07%	0.10%	0.13%	0.09%	0.08%
Area Managers Costs / Net Premium	3.55%	3.52%	3.76%	3.53%	3.36%	3.55%
Total Acquisition Cost / Net Premium	30.60%	32.50%	33.81%	33.80%	32.34%	30.85%
Administration Expenses / Net Premium	10.23%	12.77%	9.14%	9.97%	12.56%	9.15%
Return to Shareholders						
Return on Equity (ROE) Net income / Avg Equity	30.30%	39.12%	32.62%	27.81%	24.38%	25.46%
Earnings / Loss per Share (Pre Tax)	Rs 107.14	104.99	69.71	55.53	45.12	40.56
Earnings / Loss per Share (After Tax)	Rs 73.65	69.75	46.18	36.99	28.98	26.93
Return on Assets (Net Income)/Avg total Assets	0.21%	0.24%	0.19%	0.17%	0.16%	0.16%
Paid up Capital / Total Assets	0.26%	0.32%	0.37%	0.44%	0.51%	0.47%
Market Value						
Face Value per Share	Rs 100	100	100	100	100	100
Break up Value per Share	Rs 173.65	169.75	146.18	136.99	128.98	126.93
Cash Dividend per Share	Rs 73.65	69.75	46.18	36.99	28.98	26.93
Dividend Yield - EPS/100*100	73.65%	69.75%	46.18%	36.99%	28.98%	26.93%
Dividend Pay out	100%	100%	100%	100%	100%	100%



VERTICAL ANALYSIS

Balance Sheet

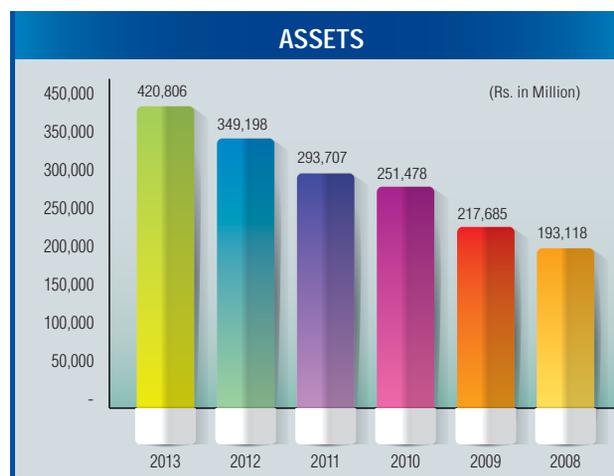
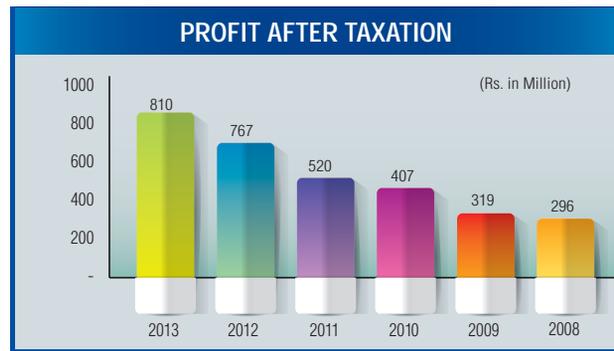
	2013		2012		2011		2010		2009		2008	
	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%
ASSETS												
Cash and Banks	33,112	7.87%	30,722	8.80%	30,426	10.36%	25,522	10.15%	14,944	6.87%	18,176	9.41%
Loans secured against life insurance policies	33,100	7.87%	27,095	7.76%	22,596	7.69%	19,057	7.58%	16,046	7.37%	13,268	6.87%
Loans to employee and field force	420	0.10%	430	0.12%	422	0.14%	406	0.16%	356	0.16%	334	0.17%
Investment properties	2,990	0.71%	3,028	0.87%	2,917	0.99%	2,734	1.09%	2,538	1.17%	2,437	1.26%
Investment in securities	319,279	75.87%	262,884	75.28%	218,152	74.27%	192,539	76.56%	174,735	80.27%	151,424	78.41%
Current assets and others	31,508	7.49%	24,731	7.08%	18,950	6.45%	11,001	4.37%	8,907	4.09%	7,353	3.81%
Fixed assets	397	0.09%	307	0.09%	250	0.09%	219	0.09%	158	0.07%	124	0.06%
Total assets	420,806	100%	349,197	100%	293,714	100%	251,478	100%	217,685	100%	193,118	100%
EQUITY AND LIABILITIES												
Issued, subscribed and paid up capital	1,100	0.26%	1,100	0.32%	1,100	0.37%	1,100	0.44%	1,100	0.51%	1,100	0.57%
Reserve and surplus	1,932	0.46%	1,214	0.35%	508	0.17%	407	0.16%	319	0.15%	96	0.05%
policy holders liability	378,608	89.97%	313,754	89.85%	267,848	91.19%	230,422	91.63%	199,445	91.62%	177,459	91.89%
employees retirement benefit	2,156	0.51%	1,688	0.48%	1,261	0.43%	1,424	0.57%	1,269	0.58%	1,118	0.58%
Government grant for health insurance fund	-	-	-	-	362	0.12%	-	-	-	-	-	-
Creditors and accruals	37,010	8.80%	31,441	9.00%	22,635	7.71%	18,126	7.21%	15,552	7.14%	13,345	6.91%
Total equity and liability	420,806	100.00%	349,197	100.00%	293,714	100.00%	251,478	100%	217,685	100%	193,118	100%
OPERATING AND FINANCIAL TRENDS												
Profit and Loss												
Net Investment Income	132	11%	135	12%	125	16%	112	18%	107	22%	94	21%
Surplus appropriated	1,046	89%	1,019	88%	642	84%	499	82%	390	78%	352	79%
Profit before Tax	1,178	100%	1,155	100%	767	100%	611	100%	496	100%	446	100%
Taxation	368	31%	388	34%	259	34%	204	33%	178	36%	150	34%
Profit After Tax	810	69%	767	66%	508	66%	407	67%	319	64%	296	66%
Revenue Account												
Premium net of Reinsurance	65,745	56%	56,018	60%	44,812	59%	35,639	57%	28,367	57%	22,695	54%
Net Investment Income	50,817	44%	37,842	40%	31,050	41%	27,323	43%	21,438	43%	19,039	46%
Total Inflow	116,562	100%	93,860	100%	75,863	100%	62,961	100%	49,805	100%	41,734	100%
Total Outflow	50,662	43%	47,296	50%	37,119	49%	31,486	50%	27,354	54.92%	20,777	49.78%
Increase Policyholders liability	60,609	52%	36,090	38%	37,137	49%	30,994	49%	22,319	44.81%	19,303	46.25%
Taxation	-	-	-	-	75	0.10%	-	-	75	0.15%	117	0.28%
Surplus after Tax	5,290	5%	10,474	11%	1,681	2%	482	1%	57	0.09%	1,771	4.24%



HORIZONTAL ANALYSIS

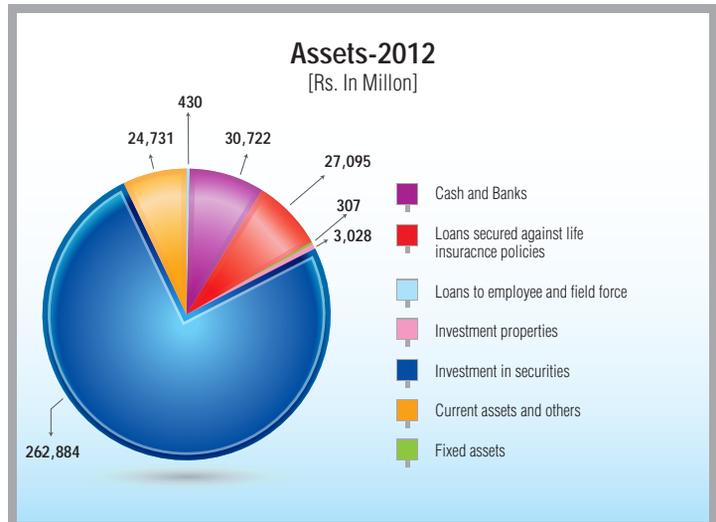
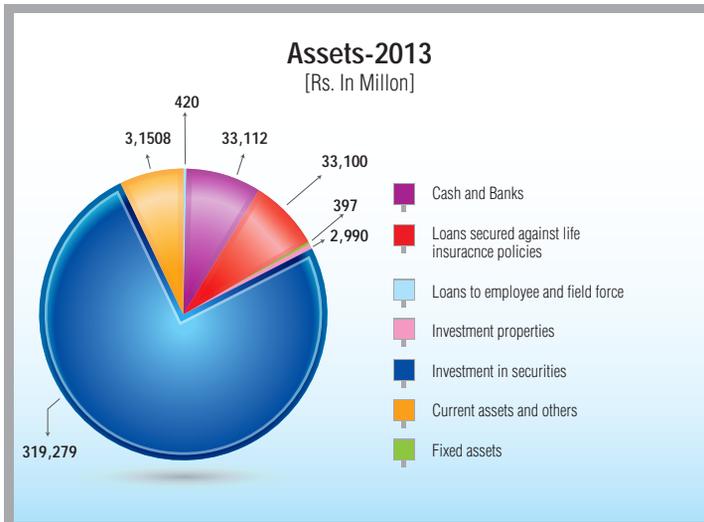
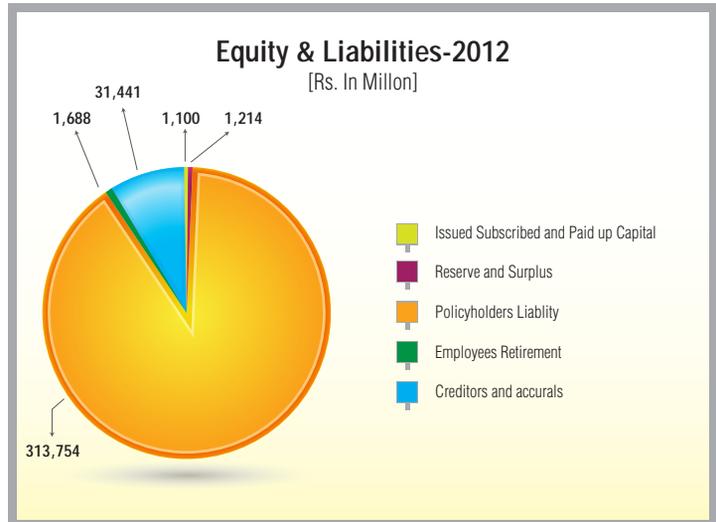
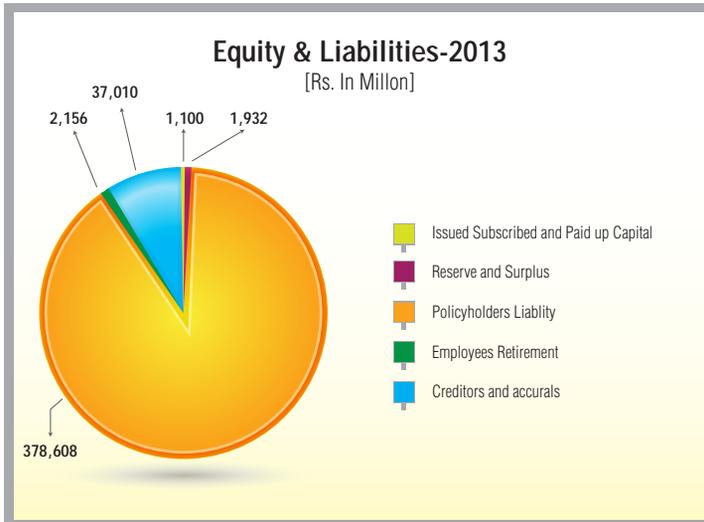
Balance Sheet

	Rupees in Million						% increase / decrease over preceding year					
	2013	2012	2011	2010	2009	2008	2013	2012	2011	2010	2009	2008
ASSETS												
Cash and Banks	33,112	30,722	30,426	25,522	14,944	18,176	8%	1%	19%	71%	-18%	55%
Loans secured against life insurance policies	33,100	27,095	22,596	19,057	16,046	13,268	22%	20%	19%	19%	21%	19%
Loans to employee and field force	420	430	422	406	356	334	-2%	2%	4%	14%	7%	1%
Investment properties	2,990	3,028	2,917	2,734	2,538	2,437	-1%	4%	7%	8%	4%	5%
Investment in securities	319,279	262,884	218,152	192,539	174,735	151,424	21%	21%	13%	10%	15%	10%
Current assets and others	31,508	24,731	18,950	11,001	8,907	7,353	27%	31%	72%	24%	21%	6%
Fixed assets	397	307	250	219	158	124	29%	23%	14%	39%	27%	79%
Total assets	420,806	349,197	293,714	251,478	217,685	193,118						
EQUITY AND LIABILITIES												
Issued, subscribed and paid up capital	1,100	1,100	1,100	1,100	1,100	1,100	0%	0%	0%	0%	0%	22%
Reserve and surplus	1,932	1,214	508	407	319	96	59%	139%	25%	28%	231%	-58%
Policy holders liability	378,608	313,754	267,848	230,422	199,445	177,459	21%	17%	16%	16%	12%	13%
Employees retirement benefit	2,156	1,688	1,261	1,424	1,269	1,118	28%	34%	-11%	12%	14%	9%
Government grant for health insurance fund	-	-	362					-100%				
Creditors and accruals	37,010	31,441	22,635	18,126	15,552	13,345	18%	39%	25%	17%	17%	22%
Total equity and liability	420,806	349,197	293,714	251,478	217,685	193,118						
OPERATING AND FINANCIAL TRENDS												
Profit and Loss												
Net Investment Income	132	135	125	112	107	94	-2%	8%	12%	4%	14%	12%
Surplus appropriated	1,046	1,019	642	499	390	352	3%	59%	29%	28%	11%	37%
Profit before Tax	1,178	1,155	767	611	496	446	2%	51%	26%	23%	11%	31%
Taxation	368	388	259	204	178	150	-5%	50%	27%	15%	18%	36%
Profit After Tax	810	767	508	407	319	296	6%	51%	25%	28%	8%	28%
Revenue Account												
Premium net of Reinsurance	65,745	56,018	44,812	35,639	28,367	22,695	17%	25%	26%	26%	25%	21%
Net Investment Income	50,817	37,842	31,050	27,323	21,438	19,039	34%	22%	14%	27%	13%	9%
Total Inflow	116,562	93,860	75,863	62,961	49,805	41,734	24%	24%	20%	26%	19%	15%
Total Outflow	50,662	47,296	37,119	31,486	27,354	20,777	7%	27%	18%	15%	32%	22%
Increase Policyholders liability	60,609	36,090	37,137	30,994	22,319	19,303	68%	-3%	20%	39%	16%	3%
Taxation	-	-	75	-	75	117		-100%	100%	-100%	-36%	113%
Surplus after Tax	5,290	10,474	1,681	482	57	1,771	-49%	523%	249%	749%	-97%	424%





BALANCE SHEET COMPOSITION





**FINANCIAL
STATEMENTS**

3.23



AUDITORS' REPORT

TO THE MEMBERS OF STATE LIFE INSURANCE CORPORATION OF PAKISTAN

We have audited the annexed financial statements comprising of:

- i) balance sheet;
- ii) profit and loss account;
- iii) statement of comprehensive income;
- iv) statement of changes in equity;
- v) cash flow statement;
- vi) revenue account;
- vii) statement of premiums;
- viii) statement of claims;
- ix) statement of expenses; and
- x) statement of investment income

of the State Life Insurance Corporation of Pakistan (the Corporation) as at December 31, 2013 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Corporation's Board of Directors / management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion and, after due verification we report that:



- a) proper books of accounts have been kept by the Corporation as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Corporation and are further in accordance with accounting policies consistently applied, except for the change as stated in Note 4 to the financial statements, with which we concur;
- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Corporation's affairs as at December 31, 2013 in accordance with International Accounting Standards as applicable in Pakistan, and the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- d) the apportionment of assets, liabilities, revenue and expenses between funds has been performed in accordance with the advice of the appointed actuary; 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 financial statements for the year ended December 31, 2012 were audited by Anjum Asim Shahid Rahman, Chartered Accountants and Riaz Ahmad & Co. Chartered Accountants, who expressed an unqualified opinion thereon, vide their report dated December 2, 2014.

Anjum Asim Shahid Rahman
Chartered Accountants

Name of the engagement partner:
Shahzada Saleem Chughtai

BDO Ebrahim & Co.
Chartered Accountants

Name of the engagement partner:
Zulfikar Ali Causer

Karachi

Date: 09 December 2014.



BALANCE SHEET

AS AT DECEMBER 31, 2013

Note	Shareholders' Fund	Statutory Funds				(Rupees in '000) Aggregate			
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund*	2013	2012 (Restated)	2011 (Restated)	
Share capital and reserves									
	1,500,000	-	-	-	-	1,500,000	1,500,000	1,500,000	
Issued, subscribed and paid up									
share capital	5	1,100,000	-	-	-	1,100,000	1,100,000	1,100,000	
Accumulated surplus		810,123	-	-	-	810,123	767,291	508,042	
Reserve for issue of share capital		1,122,293	-	-	-	1,122,293	447,077	-	
Net shareholders' equity		3,032,416	-	-	-	3,032,416	2,314,368	1,608,042	
Balance of statutory funds-including policyholders' liabilities									
Rs. 361,869 million (2012: Rs. 301,260 million)									
		-	368,727,859	9,042,190	246,355	591,366	378,607,770	313,754,425	267,847,614
Deferred liabilities									
Staff retirement benefits	6	-	2,137,452	18,750	-	-	2,156,202	1,688,000	1,261,414
Government grant for health insurance fund	7	-	-	-	-	-	-	-	362,056
		-	2,137,452	18,750	-	-	2,156,202	1,688,000	1,623,470
Creditors and accruals									
Outstanding claims	8	-	14,137,484	198,317	-	908	14,336,709	12,995,570	10,351,610
Premium received in advance		-	6,067,328	84,047	-	30,389	6,181,764	5,972,366	4,119,512
Amounts due to other insurers / reinsurers		-	120,314	6,240	-	-	126,554	205,998	230,458
Amount due to agents		-	3,964,942	83,636	-	-	4,048,578	3,546,628	2,904,371
Accrued expenses		-	1,930,912	66,073	284	772	1,998,041	1,908,409	1,692,396
Inter - fund balances		407,355	1,990,240	122,954	43,314	30,494	2,594,357	999,574	265,199
Others	9	201,865	7,498,392	23,299	511	-	7,724,067	5,812,598	3,071,079
		609,220	35,709,612	584,566	44,109	62,563	37,010,070	31,441,143	22,634,625
Total liabilities		609,220	406,574,923	9,645,506	290,464	653,929	417,774,042	346,883,568	292,105,709
Total equity and liabilities		3,641,636	406,574,923	9,645,506	290,464	653,929	420,806,458	349,197,936	293,713,751
Contingencies and commitments									
	10								

*Refer note 7 to the financial statements

The annexed notes from 1 to 34 form an integral part of these financial statements.

Nargis Ghaloo
ChairmanSaad Amanullah
DirectorSaeed Ahmad
DirectorMuhammad Rashid
Chief Financial Officer



BALANCE SHEET

AS AT DECEMBER 31, 2013

Note	Shareholders' Fund	Statutory Funds			(Rupees in '000) Aggregate				
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2013	2012 (Restated)	2011 (Restated)	
Cash and bank deposits	11								
Cash and others		85,627	-	-	-	85,627	83,693	203,081	
Current and other accounts		7,360,229	699,484	-	-	8,059,713	7,432,250	4,524,719	
Deposits maturing within 12 months		22,339,836	686,307	-	-	23,385,209	21,749,541	24,622,204	
Fixed deposits maturing after 12 months		1,710	1,324,845	-	254,405	1,580,960	1,456,400	1,075,679	
		359,066	29,787,402	2,710,636	-	254,405	33,111,509	30,721,884	30,425,683
Loans secured against life insurance policies	12	-	32,360,027	740,140	-	-	33,100,167	27,095,200	22,595,916
Loans secured against other assets									
To employees		230,995	4,534	-	-	235,529	246,602	248,325	
To agents		18,405	5,955	-	-	24,360	22,780	18,913	
Others		-	2,661	-	-	2,661	2,161	954	
		249,400	13,150	-	-	262,550	271,543	268,192	
Unsecured loans									
To employees		115,654	-	-	-	115,654	114,706	115,647	
To agents		41,101	813	-	-	41,914	43,792	38,545	
		156,755	813	-	-	157,568	158,498	154,192	
Investment properties	13								
Cost		-	4,642,671	-	-	4,642,671	4,606,093	4,430,699	
Less: Provision for impairment in value		-	(597)	-	-	(597)	(597)	(600)	
Less: Accumulated depreciation		-	(1,651,558)	-	-	(1,651,558)	(1,576,971)	(1,512,660)	
		-	2,990,516	-	-	2,990,516	3,028,525	2,917,439	
Investments	14								
Government securities		836,798	282,196,911	4,769,069	213,490	377,376	231,165,025	189,280,307	
Other fixed income securities		-	287,098	954,097	-	-	3,184,414	3,746,652	
Listed equities and mutual funds		-	28,775,469	-	-	-	27,429,570	24,071,092	
Unlisted equities and mutual funds		-	950,298	-	-	-	1,155,833	1,191,485	
Holding in subsidiary companies		-	241,609	-	-	-	241,609	141,609	
Less: Provision for diminution in value		-	(323,420)	-	-	-	(292,443)	(279,417)	
		836,798	312,127,965	5,723,166	213,490	377,376	262,884,008	218,151,728	
Current assets - others									
Premiums due but unpaid		-	10,092,768	280,364	68,803	2,892	8,021,001	6,865,373	
Amounts due from other insurers / reinsurers		-	260,227	-	-	-	208,239	156,212	
Agents balances		-	208	-	-	-	208	208	
Investment income due but outstanding		-	324,806	97,240	-	-	391,445	325,501	
Investment income accrued		26,519	14,122,167	62,816	8,171	17,549	12,129,962	9,239,586	
Taxation - payments less provision		-	2,770,251	-	-	-	2,454,363	1,500,375	
Prepayments		-	373,831	16,272	-	-	366,782	352,320	
Inter - fund balances		2,013,098	576,366	4,893	-	-	999,574	265,199	
Sundry receivables	15	-	335,097	3,540	-	22	121,742	215,104	
Others		-	50,680	-	-	-	37,960	30,524	
		2,039,617	28,906,401	465,125	76,974	20,463	24,731,276	18,950,402	
Fixed assets - tangible	16								
Furniture, fixtures, office equipment, computers and vehicles		-	1,185,270	27,030	-	3,000	1,034,306	909,126	
Less: Accumulated depreciation		-	(796,621)	(20,591)	-	(1,315)	(727,304)	(658,927)	
		-	388,649	6,439	-	1,685	307,002	250,199	
Total assets		3,641,636	406,574,923	9,645,506	290,464	653,929	420,806,458	349,197,936	293,713,751

The annexed notes from 1 to 34 form an integral part of these financial statements.


Nargis Ghalou
Chairman


Saad Amanullah
Director


Saeed Ahmad
Director


Muhammad Rashid
Chief Financial Officer



PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	2013	(Rupees in '000) 2012 (Restated)
Investment income not attributable to statutory funds			
Return on Government securities		114,757	116,076
Interest income on loans and advances to employees / agents		20,222	20,095
Interest income on bank deposits		1,269	1,744
Net investment income		136,248	137,915
Expenses not attributable to statutory funds		(4,135)	(2,481)
Surplus appropriated to shareholders' fund	22.4	1,046,373	1,019,407
Profit before tax		1,178,486	1,154,841
Taxation	17	(368,363)	(387,550)
Profit after tax		810,123	767,291
Earnings per share - basic and diluted	18	73.65	69.75

The annexed notes from 1 to 34 form an integral part of these financial statements.

Nargis Ghaloo
Chairman

Saad Amanullah
Director

Saeed Ahmad
Director

Muhammad Rashid
Chief Financial Officer



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	2013	(Rupees in '000) 2012 (Restated)
Profit after tax for the year		810,123	767,291
Other comprehensive income for the year			
Item that will not be reclassified to profit or loss		-	-
Item that will be reclassified to profit or loss		-	-
Total comprehensive income for the year		810,123	767,291

The annexed notes from 1 to 34 form an integral part of these financial statements.

Nargis Ghaloo
Chairman

Saad Amanullah
Director

Saeed Ahmad
Director

Muhammad Rashid
Chief Financial Officer



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2013

(Rupees in '000)

	Issued, subscribed and paid up share capital	Accumulated surplus	Reserve for issue of share capital	Net shareholders' equity
Balance as at January 01, 2012 - reported	1,100,000	520,223	-	1,620,223
Effect of change in accounting policy (refer note 4)	-	(12,181)	-	(12,181)
Balance as at January 01, 2012 - restated	1,100,000	508,042	-	1,608,042
Transactions with owners recorded directly in equity				
Dividend for the year ended December 31, 2011*	-	(62,427)	-	(62,427)
Transfer to reserve for issue of share capital **	-	(457,796)	457,796	-
Effect of change in accounting policy	-	12,181	(10,719)	1,462
	-	(508,042)	447,077	(60,965)
Total comprehensive income for the year ended December 31, 2012 - restated	-	767,291	-	767,291
Balance as at December 31, 2012 - restated	1,100,000	767,291	447,077	2,314,368
Transactions with owners recorded directly in equity				
Dividend for the year ended December 31, 2012*	-	(97,068)	-	(97,068)
Transfer to reserve for issue of share capital **	-	(711,834)	711,834	-
Effect of change in accounting policy	-	41,611	(36,618)	4,993
	-	(767,291)	675,216	(92,075)
Total comprehensive income for the year ended December 31, 2013	-	810,123	-	810,123
Balance as at December 31, 2013	<u>1,100,000</u>	<u>810,123</u>	<u>1,122,293</u>	<u>3,032,416</u>

* This represents the amount set aside for shareholders on account of dividend payable to BESOS trust.

** The Corporation has obtained approval from Ministry of Commerce for increase in authorized share capital from Rs. 1,500 million to Rs. 3,000 million and paid up share capital from Rs. 1,100 million to Rs. 2,700 million and for this purpose, the Corporation has set-aside profit for the year ended December 31, 2012 amounting to Rs. 711.834 million (2012: Rs. 457.796 million).

The annexed notes from 1 to 34 form an integral part of these financial statements.


Nargis Ghaloo
Chairman


Saad Amanullah
Director


Saeed Ahmad
Director


Muhammad Rashid
Chief Financial Officer



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

Figures in Rs. 000

	Statutory Funds					Aggregate	
	Shareholders' Fund	Pakistan Fund	Overseas Fund	Pension Fund	Health Fund	current 2013	Aggregate prior 2012
Operating Cash Flows							
a) Underwriting activities							
Premiums received	-	58,643,817	1,945,909	13,030	102,747	60,705,503	55,058,426
Reinsurance premiums paid	-	(197,371)	(67,890)	-	-	(265,261)	(238,190)
Claims paid	-	(16,601,748)	(345,574)	(24,499)	(7,467)	(16,979,289)	(15,310,502)
Surrenders paid	-	(7,454,860)	(298,871)	-	-	(7,753,731)	(6,302,308)
Reinsurance and other recoveries received	-	174,405	11,964	-	-	186,369	142,379
Commissions paid	-	(16,953,656)	(531,131)	-	(474)	(17,485,261)	(15,311,571)
Net cash flow from underwriting activities		17,610,587	714,407	(11,469)	94,805	18,408,330	18,038,234
b) Other operating activities							
Income tax (paid)/recovered	(368,363)	(315,209)	-	-	-	(683,572)	(1,341,537)
General management expenses paid	(4,135)	(4,680,106)	(209,815)	(2,606)	(13,149)	(4,909,811)	(4,414,101)
Loans advanced	(227,349)	(5,752,892)	(42,544)	-	-	(6,022,785)	(1,394,603)
Loan repayments received	255,888	2,802,879	-	-	-	3,058,767	2,093,837
Other payments on operating assets	(608,537)	410,076	28,073	12,527	21,086	(136,774)	154,024
Net cash flow from other operating activities	(952,496)	(7,535,252)	(224,286)	9,921	7,937	(8,694,176)	(4,902,380)
Total cash flow from all operating activities	(952,496)	10,075,334	490,121	(1,548)	102,742	9,714,154	13,135,854
Investment activities							
Profit / Return received	52,527	32,828,418	(286,637)	19,443	2,131	32,615,881	25,114,422
Dividends received	-	5,728,884	7,470	-	-	5,736,354	4,812,071
Rentals received	-	809,667	-	-	-	809,667	775,194
Payments for investments	(635,533)	(64,122,744)	(738,864)	(55,599)	(827,278)	(66,380,018)	(68,481,599)
Proceeds from disposal of investments	914,597	17,238,303	1,166,667	37,704	721,563	20,078,835	24,860,113
Fixed Capital Expenditure	-	(455,693)	(3,445)	-	-	(459,137)	(306,509)
Proceeds from disposal of fixed assets	-	241,406	-	-	-	241,406	5,934
Total cash flow from investing activities	331,591	(7,731,759)	145,191	1,548	(103,584)	(7,357,012)	(13,220,374)
Financing activities							
Government grant received by statutory fund	-	-	-	-	-	-	362,056
Government grant repaid by shareholders fund	-	-	-	-	-	-	(362,056)
Surplus appropriated to shareholders' fund	1,046,373	(1,034,196)	(12,177)	-	-	-	-
Dividends paid	(92,075)	-	-	-	-	92,075	-
Total cash flow from financing activities	954,298	(1,034,196)	(12,177)	-	-	(92,075)	-
Net cash inflow/outflow from all activities	333,394	1,309,379	623,135	-	(842)	2,265,066	(84,520)
Cash at the beginning of the year	25,673	28,476,313	762,656	-	842	29,265,484	29,350,004
Cash at the end of the year	359,066	29,785,692	1,385,791	-	-	31,530,550	29,265,484
Reconciliation to Profit and Loss Account							
Operating cash flows	(952,496)	10,075,335	490,121	(1,548)	102,742	9,714,155	13,135,854
Depreciation expense	-	(176,794)	(2,389)	-	(772)	(179,955)	(137,062)
Investment Income	136,248	49,560,043	1,175,595	28,843	52,419	50,953,148	37,975,749
Amortization/capitalization	(20,218)	587,623	5,568	-	-	572,974	481,544
Allocation of surplus	1,046,373	(1,034,196)	(12,177)	-	-	-	362,056
Non Cash Adjustments (APL)	-	-	-	-	-	-	(3,314,831)
Increase/(decrease) in assets other than cash	1,127,689	9,307,786	188,810	7,283	2,914	10,634,482	7,425,517
(Increase)/decrease in liabilities other than running finance	(527,474)	(5,402,963)	(70,646)	(11,255)	(24,794)	(6,037,132)	(9,253,567)
Other adjustments (please specify)	-	7,281	(1,487)	-	-	5,794	(1,158)
Profit or loss after taxation	810,123	62,924,115	1,773,395	23,322	132,509	65,663,465	46,674,102

Nargis Ghaloo
Chairman

Saad Amanullah
Director

Saeed Ahmad
Director

Muhammad Rashid
Chief Financial Officer



REVENUE ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2013

Note	Statutory Funds				(Rupees in '000) Aggregate	
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2013	2012 (Restated)
Income						
	63,600,458	2,020,319	20,318	103,588	65,744,683	56,018,338
Premium less reinsurance						
21	301,681	-	-	-	301,681	356,857
Rental income from investment properties						
	49,258,362	1,175,595	28,843	52,419	50,515,219	37,484,920
Net investment income						
Total net income	113,160,501	3,195,914	49,161	156,007	116,561,583	93,860,115
Claims and expenditure						
	25,166,042	636,885	24,499	8,375	25,835,801	24,067,041
Claims, including bonuses, net of reinsurance recoveries						
	24,036,828	773,456	1,340	15,123	24,826,747	23,228,912
Management expenses less recoveries						
Total claims and expenditure	49,202,870	1,410,341	25,839	23,498	50,662,548	47,295,953
Excess of income over claims and expenditure						
	63,957,631	1,785,573	23,322	132,509	65,899,035	46,564,162
Excess of income over claims and expenditure						
22.1	294,172,266	6,861,982	170,297	55,843	301,260,388	265,170,148
Add: Policyholders' liabilities at the beginning of year						
23	352,962,602	8,580,244	190,831	135,680	361,869,357	301,260,388
Less: Policyholders' liabilities at the end of year						
Surplus before tax	5,167,295	67,311	2,788	52,672	5,290,066	10,473,922
Tax chargeable to statutory funds						
	680	-	-	-	680	-
Current year						
Surplus after tax	5,167,975	67,311	2,788	52,672	5,290,746	10,473,922
Movement in policyholders' liabilities						
22.1	58,790,336	1,718,262	20,534	79,837	60,608,969	36,090,240
Movement in policyholders' liabilities						
Transfer from / (to) shareholders' fund						
	-	-	-	-	-	362,056
Transfer from shareholders' fund						
22.4	(1,034,196)	(12,177)	-	-	(1,046,373)	(1,019,407)
Surplus appropriated to shareholders' fund						
Balance of statutory fund at the beginning of year	305,803,744	7,268,794	223,033	458,857	313,754,428	267,847,614
Balance of statutory fund at the end of year	368,727,859	9,042,190	246,355	591,366	378,607,770	313,754,425
Represented by:						
23	352,962,602	8,580,244	190,831	135,680	361,869,357	301,260,388
Policyholders' liabilities						
22.2	15,765,257	461,946	-	-	16,227,203	12,038,289
Retained earnings attributable to policyholders						
22.5	-	-	55,524	455,686	511,210	455,747
Retained earnings on other than participating business						
Balance of statutory fund	368,727,859	9,042,190	246,355	591,366	378,607,770	313,754,424

The annexed notes from 1 to 34 form an integral part of these financial statements.

Nargis Ghaloo
ChairmanSaad Amanullah
DirectorSaeed Ahmad
DirectorMuhammad Rashid
Chief Financial Officer



STATEMENT OF PREMIUMS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Statutory Funds				(Rupees in '000) Aggregate	
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2013	2012
Gross premiums						
Regular premium individual policies *						
First year	14,977,003	499,871	-	-	15,476,874	13,971,536
Second year renewals	10,897,507	369,235	-	-	11,266,742	9,861,433
Subsequent year renewals	31,012,683	1,198,685	-	-	32,211,368	25,388,285
	56,887,193	2,067,791	-	-	58,954,984	49,221,254
Group policies with cash values	-	-	20,318	-	20,318	53,753
Group policies without cash values	6,851,610	-	-	103,588	6,955,198	6,957,061
Total gross premiums	63,738,803	2,067,791	20,318	103,588	65,930,500	56,232,068
Less: Reinsurance premiums ceded						
On individual life first year business	(22,677)	(12,564)	-	-	(35,241)	(24,286)
On individual life second year business	(17,824)	-	-	-	(17,824)	(10,933)
On individual life renewal business	(77,805)	(34,908)	-	-	(112,713)	(94,070)
On group policies	(20,039)	-	-	-	(20,039)	(84,441)
Total reinsurance premiums ceded	(138,345)	(47,472)	-	-	(185,817)	(213,730)
Net premiums	63,600,458	2,020,319	20,318	103,588	65,744,683	56,018,338

* Individual policies are those underwritten on an individual basis, and include joint life policies underwritten as such.

The annexed notes from 1 to 34 form an integral part of these financial statements.

Nargis Ghaloo
Chairman

Saad Amanullah
Director

Saeed Ahmad
Director

Muhammad Rashid
Chief Financial Officer



STATEMENT OF CLAIMS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Statutory Funds				(Rupees in '000) Aggregate	
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2013	2012
Gross claims						
Claims under individual policies						
by death	3,287,473	45,162	-	-	3,332,635	2,622,702
by insured event other than death	260,879	4,057	-	-	264,936	217,754
by maturity	8,247,418	300,759	-	-	8,548,177	9,278,932
by surrender	7,455,754	298,871	-	-	7,754,625	6,302,308
annuity payment	13,008	-	-	-	13,008	11,201
Total gross individual policy claims	19,264,532	648,849	-	-	19,913,381	18,432,897
Claims under group policies						
by death	5,653,910	-	24,499	-	5,678,409	5,189,772
by insured event other than death	56,263	-	-	8,375	64,638	55,510
by maturity	154	-	-	-	154	219
annuity payment	854	-	-	-	854	1,245
experience refund	416,722	-	-	-	416,722	581,804
Total gross group policy claims	6,127,903	-	24,499	8,375	6,160,777	5,828,550
Total gross claims	25,392,435	648,849	24,499	8,375	26,074,158	24,261,447
Less: Reinsurance recoveries						
On individual life first year business claims	(22,574)	-	-	-	(22,574)	5,418
On individual life second year business claims	(119,581)	-	-	-	(119,581)	(1,464)
On individual life renewal business claims	(73,132)	(11,964)	-	-	(85,096)	(47,823)
On group life claims	(11,106)	-	-	-	(11,106)	(150,537)
Total reinsurance recoveries	(226,393)	(11,964)	-	-	(238,357)	(194,406)
Net claims	25,166,042	636,885	24,499	8,375	25,835,801	24,067,041

The annexed notes from 1 to 34 form an integral part of these financial statements.


 Nargis Ghaloo
 Chairman


 Saad Amanullah
 Director


 Saeed Ahmad
 Director


 Muhammad Rashid
 Chief Financial Officer



STATEMENT OF EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	Statutory Funds				(Rupees in '000) Aggregate	
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2013	2012 (Restated)
Acquisition costs							
Remuneration to insurance intermediaries on individual policies:							
- commission on first year premiums		10,143,159	330,225	-	-	10,473,384	9,551,730
- commission on second year premiums		1,885,093	38,671	-	-	1,923,764	1,674,211
- commission on subsequent renewal premiums		1,413,955	59,171	-	-	1,473,126	1,159,324
- other benefits to insurance intermediaries		1,234,457	10,986	-	474	1,245,917	1,118,817
		14,676,664	439,053	-	474	15,116,191	13,504,082
Remuneration to insurance intermediaries on group policies:							
- commission		3,377	-	-	-	3,377	3,066
- other benefits to insurance intermediaries		939	-	-	-	939	1,636
		4,316	-	-	-	4,316	4,702
Branch overheads	24	1,990,666	99,037	-	-	2,089,703	1,729,436
Other acquisition cost							
Policy stamps and medical fee		772,833	4,171	-	-	777,004	715,609
Total acquisition cost		17,444,479	542,261	-	474	17,987,214	15,953,829
Administration expenses							
Salaries and other benefits		3,339,928	152,049	851	7,926	3,500,754	3,196,602
Traveling expenses		249,117	8,958	177	2,222	260,474	197,749
Auditors' remuneration	25	2,680	1,484	-	-	4,164	4,244
Legal expenses		23,487	2,405	-	-	25,892	21,742
Supervision fee		45,013	-	-	-	45,013	56,920
Advertisements		31,688	1,005	-	178	32,871	67,092
Printing and stationery		83,087	1,421	-	1,246	85,754	115,580
Postage and telephone		79,445	9,037	-	288	88,770	161,941
Utilities		363,505	1,499	117	528	365,649	314,906
Training		20,985	706	-	20	21,711	21,096
Computer expenses		12,207	218	-	737	13,162	12,985
Rental		172,780	8,679	-	122	181,581	172,336
Gratuity and pension expenses		1,954,850	4,410	-	121	1,959,381	2,698,745
Bank charges		20,569	13,186	6	-	33,761	30,723
Depreciation		101,806	2,389	-	772	104,967	78,339
Bad and doubtful debts		-	-	-	-	-	734
		6,501,147	207,446	1,151	14,160	6,723,904	7,151,734
Other management expenses		123,094	30,615	-	200	153,909	142,612
Gross management expenses		24,068,720	780,322	1,151	14,834	24,865,027	23,248,175
Commission from reinsurers		(20,159)	(13,986)	-	-	(34,145)	(16,782)
Management expenses recovered from / allocated to other funds		(11,733)	7,120	189	289	(4,135)	(2,481)
Net management Expenses		24,036,828	773,456	1,340	15,123	24,826,747	23,228,912

The annexed notes from 1 to 34 form an integral part of these financial statements.


Nargis Ghaloo
Chairman


Saad Amanullah
Director


Saeed Ahmad
Director


Muhammad Rashid
Chief Financial Officer



STATEMENT OF INVESTMENT INCOME OF STATUTORY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	Statutory Funds				(Rupees in '000) Aggregate	
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2013	2012
Investment income							
On Government securities		30,046,198	376,399	28,367	40,198	30,491,162	25,616,433
On other fixed income securities and deposits		2,583,100	92,717	469	12,221	2,688,507	2,802,724
Dividend income		5,734,756	7,470	-	-	5,742,226	4,813,112
On loans to policyholders		4,285,295	61,035	-	-	4,346,330	3,314,831
On loans to employees		238	-	-	-	238	381
Others	26	64,558	649,952	7	-	714,517	604,502
Total		42,714,145	1,187,573	28,843	52,419	43,982,980	37,151,983
Gain / (loss) on sale of investments		6,612,968	(6,410)	-	-	6,606,558	377,755
(Provision) / reversal of impairment in value of investments and receivables							
(Provision) for impairment in shares	27	-	-	-	-	-	(45,202)
Reversal of provision in receivables and shares		1,331	-	-	-	1,331	33,382
Investment related expenses		(70,082)	(5,568)	-	-	(75,650)	(32,998)
Net investment income		49,258,362	1,175,595	28,843	52,419	50,515,219	37,484,920

The annexed notes from 1 to 34 form an integral part of these financial statements.

Nargis Ghaloo
ChairmanSaad Amanullah
DirectorSaeed Ahmad
DirectorMuhammad Rashid
Chief Financial Officer



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

1 STATUS AND NATURE OF BUSINESS

- 1.1 State Life Insurance Corporation of Pakistan (the Corporation) was incorporated in Pakistan on November 1, 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 27 zones for individual life business, 4 zones for group life business and in the gulf countries {comprising United Arab Emirates (UAE), Kingdom of Saudi Arabia and Kuwait} through zonal office located at Dubai (UAE).
- 1.2 The Corporation is engaged in the life insurance business and health and accident insurance business.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the format prescribed under Securities and Exchange Commission (Insurance) Rules, 2002 {Vide SRO 938 (1)/2002 dated December 12, 2002}.

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.

The Securities and Exchange Commission of Pakistan (SECP) has allowed insurance companies to defer the application of International Accounting Standard - 39 (IAS 39) 'Financial Instruments: Recognition and Measurement' in respect of "available-for-sale" investments. Accordingly, the requirements of IAS 39, to the extent allowed by SECP, have not been considered in the preparation of these financial statements.

2.1.2 Implications of revised IFRS 2 - Share-based payment on Benazir Employees' Stock Option Scheme (BESOS)

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ("the Scheme") for employees of certain State Owned Enterprises (SOEs) and Non-State Owned Enterprises, where GoP holds significant investments (Non-SOEs). The Scheme is applicable to permanent and contractual employees who were in employment of these entities including the Corporation on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP has transferred 12% of its investment in such SOEs and Non-SOEs to a Trust Fund, established under a Trust Deed, created for the purpose by each of such entities. The eligible employees are entitled to be allotted units by each Trust Fund in proportion to their respective length of service and on retirement or termination, such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units, as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund, managed by the Privatisation Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.



The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of State Owned Enterprises, needs to be accounted for by the covered entities, including the Corporation, under the provisions of amended International Financial Reporting Standard-2, "Share-based Payments" (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the SECP, on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, has granted exemption vide SRO 587(I)/2011 dated June 07, 2011 to such entities including the Corporation from the application of IFRS 2 to the Scheme.

Had the exemption not been granted, Staff costs of the Corporation for the year would have been higher by Rs. 132 million, profit before taxation would have been lower by Rs. 132 million, earnings per share would have been lower by Rs. 12, accumulated surplus would have been lower by Rs. 132 million and reserves would have been higher by Rs. 132 million.

2.2 Accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2013

During the year amendment to the following new / revised standards, amendments and interpretations to accounting standards became effective:

IAS 1 Financial Statements Presentation - Presentation of items of Other Comprehensive Income (OCI)

The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon de-recognition or settlement) would be presented separately from items that will never be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendment affects presentation only and has no impact on the Corporation's financial position or performance.

IFRS 7 - Financial Instrument: Disclosure - (Amendments)

These amendments requires an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The amendments do not have any impact on the financial statements of the Corporation.

IAS 19 - Employee Benefits - (Amendments)

These amendments require an entity to immediately recognise all past service cost and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Corporation has applied this standard retrospectively in the current period in accordance with the transition provision given in the standard. Impacts on the financial statements due to these changes have been disclosed in note 4 of these financial statements.

Standards, amendments and interpretations to the published standards that are not yet effective

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

	Effective from accounting period beginning on or after
Amendments to IAS 32 Financial Instruments: Presentation offsetting financial assets and financial liabilities	January 01, 2014
IAS 36 Impairment of Assets - Recoverable Amount Disclosure for Non-Financial Assets	January 01, 2014
IAS 39 Financial Instruments: Recognition and Measurement Novation of Derivatives and Contingent of Hedge Accounting	January 01, 2014
IFRIC 21 - Levies	January 01, 2014



The Corporation expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Corporation's financial statements in the period of initial application.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 -	First Time Adoption of International Financial Reporting Standards
IFRS 9 -	Financial Instruments
IFRS 10 -	Consolidated Financial Statements
IFRS 11 -	Joint Arrangements
IFRS 12 -	Disclosure of Interest in Other Entities
IFRS 13 -	Fair Value Measurement
IAS 27 -	(Revised 2011) - Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11
IAS 28 -	(Revised 2011) - Investment in Associates and Joint Venture due to non-adoption of IFRS 10 and IFRS 11

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Corporation's financial statements for the year ended December 31, 2012 except as disclosed in note 4.2 to the financial statements:

3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies mentioned below.

The financial statements have been prepared following the accrual basis of accounting except for cash flow information.

3.2 Use of critical accounting estimates and judgments

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

The investments which are not classified as held to maturity are classified as available for sale.



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) Reinsurance recoveries against outstanding claims

Re-insurance recoveries against outstanding claims are accounted for on the basis of estimates of recoverable amounts which can vary upon eventual realization.

d) Provision for income taxes

In making estimates for income taxes 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.

e) Impairment - available-for-sale financial assets

The Corporation determines that investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Corporation evaluates among other factors, normal volatility in prices. In addition, impairment may be appropriate when there is an evidence of deterioration in financial health of the invested industry, sector performance, changes in technology and operational and financial cash flows. The Corporation tests impairment on an aggregated portfolio basis.

f) 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.

g) 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 financial year end.

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.

h) Staff retirement benefits

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



3.3 Funds

The Corporation maintains a shareholders' fund and four 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; and
- Health Insurance Fund

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

Apportionment of assets, liabilities, revenues and expenses, wherever required, between funds are made on a fair and equitable basis as considered appropriate by the Appointed Actuary.

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, individual universal life business, group insurance business and a small amount of annuity business. Most of the policies contain Discretionary Participation Feature (DPF).

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 Features (DPF).

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.

Health Insurance Fund

The Health Insurance Fund is established for the commencement of project of Health Insurance Scheme for Benazir Income Support Program (BISP). The Purpose of this fund is to initiate health insurance coverage for the recipients of BISP. The BISP scheme provides health insurance facilities up to Rs. 25,000 per family enrolled under BISP Waseela-e-Sehat Programme. The Corporation may undertake other health insurance policies in future.

3.4 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.

3.5 Reinsurance

The Corporation has re-insurance arrangements with Swiss Re. The net retention limit of the Corporation for individual life is Rs. 5 million (2012: Rs. 5 million) per policy and for group life Rs. 2 million (2012: Rs. 2 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.

3.6 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.

3.7 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.

3.8 Premiums due but unpaid

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

3.9 Amount due from other insurers / reinsurers

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

3.10 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.

3.11 Expenses of management

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

3.12 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 established a defined contribution plan, an approved gratuity fund w.e.f. January 01, 2000 in respect of all those officers of the Corporation who initially opted for unfunded gratuity scheme before that date. 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.

Staff

The Corporation also maintains an unfunded defined benefit plan for those staff members who opted for gratuity rules. On retirement, resignation, termination or on death they will be paid one month's pay for each completed year of service. Liability for the fund is based on the advice of appointed actuary.

c) Pension fund

The Corporation operates a defined benefit plan, a funded pension scheme for its employees opting for the pension scheme established in 1984 and payments are made annually to the extent allowed under the Income Tax Rules, 2002 to meet the obligations there-under on the basis of actuarial valuation. From the previous year pursuant to the order of Honourable Supreme Court of Pakistan, the Corporation has restored its pension scheme, as aforesaid, that was in effect before December 31, 1999 (also refer note 6.5). 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, 2013 amounting to Rs. 821.757 million (2012: Rs. 590.959 million) has been provided in these 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, 2013, liability for post retirement medical benefit as computed by the Appointed Actuary is estimated at Rs. 1,237.600 million (2012: Rs. 1,006.332 million - restated) and the same has been provided in these financial statements.

3.13 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.



3.14 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.

3.15 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
- available-for-sale 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.

Available for sale

Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held to maturity investments. Investments intended to be held for indefinite period of time, which may be sold on response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. The equity securities are stated at lower of cost or market value (market value being taken at lower if the fall is other than temporary) on aggregate portfolio basis. The fixed income securities and debt securities are stated at cost less redemption. Impairment loss is recognized if the fall is other than temporary, if any.

SECP vide letter No. DH/F&A/17-C/2011 dated May 12, 2011 allowed the Corporation to continue its practice of computing and recording impairment on its available for sale equity securities on aggregate portfolio basis.

The investments in subsidiary companies/entities have been classified as available for sale investments and are stated at cost. Provision is made for diminution, other than temporary, in the value of investment.

As per regulation 4(3) of the Securities and Exchange Commission (Insurance) Rules, 2002 issued by the Securities and Exchange Commission of Pakistan, where the insurer controls other entities as a result of investments made through statutory funds, consolidated published financial statements in respect of such entities are not required to be prepared. Accordingly, the Corporation has not prepared consolidated financial statements with reference to investments made in subsidiaries.



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 recognised.

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 profit and loss account immediately.

Off setting

Financial assets and liabilities are off set and the amount is reported in the balance sheet 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.

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.

3.16 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.

3.17 Fixed assets - tangible

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

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 16 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.

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 income currently.

An item of fixed asset is derecognised 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 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.



3.18 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 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.

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. The charge for the current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for the current tax also includes adjustments, where considered necessary, to the provision for tax made in previous years arising from assessments finalized during the current year for such years.

Deferred

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



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

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 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.

3.22 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 month.

3.25 Dividend distributions and appropriations

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

The Board of Directors of the Corporation in their meeting held on 09.12.2014 declared dividend of Rs. 810.123 million (2012: Rs. 808.902 million) which includes dividend pertaining to shareholders covered under the BESOS Trust amounting to Rs. 97.215 million (2012: Rs. 97.068 million), which would be recorded during the year ending December 31, 2014. However, as per directive received from Ministry of Commerce, the Corporation would retain share of dividend pertaining to Government of Pakistan to meet the capital requirement as stated in note 29.

3.26 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.

3.27 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 SEC (Insurance) Rules, 2002.

The Corporation's business segments are currently reported as shareholders' fund and four 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 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Corporation's functional (except for overseas business) and presentation currency.

3.30 Level of precision

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

4 CHANGE IN ACCOUNTING POLICY

Adoption of amendments in IAS 19, (Revised) 'Employee Benefits'

The International Accounting Standard Board ('IASB') in June 2011 made amendments in the International Accounting Standard 19 – Employee Benefits (IAS-19). The amended standard was required to be applied for annual periods beginning on or after 1st January 2013. The IASB requires to apply this standard retrospectively, in accordance with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors" with a few exceptions. The date of initial application is the beginning of the earliest period presented in the first financial statements in which the entity adopts this standard.

In compliance with revised IAS - 19, the Corporation's management has adopted the amendments for the first financial period ended on December 31, 2013. As a result of retrospective application, the opening balance of each affected component of equity and statutory funds for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented are adjusted as if the amended IAS-19 had always been applied.

The standard requires all the actuarial gains and losses to be recognised immediately in 'other comprehensive income'. Since all the employee benefits pertains to statutory funds, therefore current and past service costs, gains or losses on settlement, net interest income / (expense) and actuarial gains and losses are recognized in revenue account. This has resulted in unrecognised net actuarial losses aggregating to Rs. 3,256.988 million as at January 1, 2013 being recognised in 'policyholders liabilities'. The surplus appropriated to shareholders' fund for the year ended December 31, 2012 has been reduced by Rs. 62.656 million and taxation payments less provision has been increased by Rs. 21.045 million as the charge to policy holders liabilities has been increased by Rs. 3,256.988 million for recognition of previously unrecognised net actuarial losses.

	Note	(Rupees in '000) Shareholders' Fund
Effect of restatement on accumulated surplus before January 1, 2012		(18,769)
Impact of taxation		6,588
Effect of restatement net of taxation		(12,181)
Accumulated surplus as at December 31, 2012 - reported		808,902
Effect of restatement for the year ended December 31, 2012		(62,656)
Impact of taxation for the year ended December 31, 2012		21,045
Accumulated surplus as at December 31, 2012 - restated		767,291
		Pakistan Life Fund
Balance of Statutory fund as at December 31, 2012 - reported		316,929,988
Effect of restatement before January 1, 2012		(750,745)
Effect of restatement for the year ended December 31, 2012		(2,506,243)
Reduction in surplus appropriated to shareholders' fund due to increase in retirement benefits before January 1, 2012		18,769
Reduction in surplus appropriated to shareholders' fund due to increase in retirement benefits for the year ended December 31, 2012		62,656
Balance of Statutory fund as at December 31, 2012 - restated	22	313,754,425



	Note	(Rupees in '000) Pakistan Life Fund
Balance of Staff retirements benefits as at December 31, 2012 - reported		1,551,286
Effect of restatement before January 1, 2012		(204,937)
Effect of restatement for the year ended December 31, 2012		341,651
Balance of Staff retirements benefits and employees' pension fund as at December 31, 2012 - restated	6	<u>1,688,000</u>
Balance of employees' pension fund as at December 31, 2012 - reported		427,657
Effect of restatement before January 1, 2012		955,682
Effect of restatement for the year ended December 31, 2012		2,164,592
Balance of staff retirement benefits and employees' pension fund as at December 31, 2012 - restated	6.1	<u>3,547,931</u>
Taxation - payments less provision as at December 31 2012 - reported		2,426,730
Effect of restatement before January 1, 2012		6,588
Effect of restatement for the year ended December 31, 2012		21,045
Taxation - payments less provision as at December 31 2012 - restated		<u>2,454,363</u>

5 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL			(Rupees in '000)	
	2013	2012	2013	2012
Number of shares				
	<u>11,000,000</u>	<u>11,000,000</u>	Ordinary shares of Rs. 100 each	<u>1,100,000</u> <u>1,100,000</u>
6 STAFF RETIREMENT BENEFITS				
Defined benefit plans				
Pakistan Life Fund				
Staff gratuity scheme - unfunded	6.1	78,095	76,282	
Post retirement medical benefits - unfunded	6.1	1,237,600	1,006,331	
Compensated absences	6.2	821,757	590,959	
		<u>2,137,452</u>	<u>1,673,572</u>	
Overseas life fund				
Staff gratuity		18,750	14,428	
		<u>2,156,202</u>	<u>1,688,000</u>	

6.1 Reconciliation of payable to defined benefit plans and other benefits

	Note	(Rupees in '000)					
		Unfunded staff gratuity		Employees' pension fund		Post retirement medical benefits	
		2013	2012 (Restated)	2013	2012 (Restated)	2013	2012 (Restated)
Present value of defined benefit obligations	6.1.2	78,095	76,282	12,359,549	10,443,787	1,237,600	1,006,331
Fair value of plan assets	6.1.3	-	-	(7,340,597)	(6,895,856)	-	-
Net payable recognised as at the year-end	6.1.1	<u>78,095</u>	<u>76,282</u>	<u>5,018,952*</u>	<u>3,547,931*</u>	<u>1,237,600</u>	<u>1,006,331</u>

* The balance is classified as current liabilities under the head "others" as it represents the balance payable to the fund as at year end.



(Rupees in '000)

6.1.1 Movement in balance payable

Note	Unfunded staff gratuity		Employees' pension fund		Post retirement medical benefits	
	2013	2012 (Restated)	2013	2012 (Restated)	2013	2012 (Restated)
Opening balance of payable	76,282	66,404	3,547,931	1,324,986	1,006,331	629,867
Expense recognised	17,073	35,192	2,012,384	2,700,718	256,167	400,460
Contributions made during the year	-	-	(27,932)	(38,839)	-	-
Benefits paid	(15,260)	(25,314)	(513,431)	(438,934)	(24,898)	(23,996)
Closing balance of payable	78,095	76,282	5,018,952	3,547,931	1,237,600	1,006,331

6.1.2 Reconciliation of the present value of the defined benefit obligation

Present value of obligation as at January 01	76,282	66,404	10,443,787	7,014,725	1,006,331	629,867
Current service cost	2,404	1,909	463,709	224,092	42,379	19,125
Interest cost	8,684	8,264	1,222,971	904,044	116,853	80,230
Benefit paid	(15,260)	(25,314)	(513,431)	(438,934)	(24,898)	(23,996)
Actuarial losses	5,985	25,019	742,513	2,739,860	96,935	301,105
Present value of the defined benefit obligation as at December 31,	78,095	76,282	12,359,549	10,443,787	1,237,600	1,006,331

Employees' pension fund
2013 2012
(Restated)
(Rupees in '000)

6.1.3 Changes in fair values of plan assets

Net assets as at January 01,	6,895,856	5,689,739
Expected return on plan assets	815,905	728,797
Contributions received	27,932	38,839
Actuarial (losses) / gains	(399,096)	438,481
Net assets as at December 31,	7,340,597	6,895,856

6.1.4 Actual return on plan assets

Actual return on plan assets	416,809	1,167,278
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6.1.5 Charge for defined benefit plans

The following amounts have been charged in respect of defined benefit plans and other benefits:

(Rupees in '000)

	Unfunded staff gratuity		Employees' pension fund		Post retirement medical benefits	
	2013	2012 (Restated)	2013	2012 (Restated)	2013	2012 (Restated)
Current service cost	2,404	1,909	463,709	224,092	42,379	19,125
Interest cost	8,684	8,264	1,222,971	904,044	116,853	80,230
Expected return on plan assets	-	-	(815,905)	(728,797)	-	-
Actuarial losses recognised	5,985	25,019	1,141,609	2,301,379	96,935	301,105
	17,073	35,192	2,012,384	2,700,718	256,167	400,460



6.1.6 Fair value of plan assets at year end

	(Rupees in '000)	
	2013	2012
Government securities	7,243,967	6,805,080
Cash at banks	87,482	82,182
Others	9,148	8,594
	<u>7,340,597</u>	<u>6,895,856</u>

6.2 Movement in compensated absences payable

	Compensated absences	
	2013	2012
Balance as at the beginning of year	590,959	547,698
Provision during the year	450,463	228,459
Payments made during the year	(219,665)	(185,198)
Balance as at the end of year	<u>821,757</u>	<u>590,959</u>

6.3 Principal actuarial assumptions

The latest actuarial valuations of the employees' pension fund, unfunded staff gratuity and post retirement medical benefits were carried out as at December 31, 2013 by the appointed actuary. The principal actuarial assumptions used are as follows:

	Unfunded staff gratuity		Employees' pension fund		Post retirement medical benefits	
	2013	2012	2013	2012	2013	2012
	(%)	(%)	(%)	(%)	(%)	(%)
Discount rate	12.75	12.00	12.75	12	12.75	12
Expected rate of return on plan assets	-	-	12.75	12	-	-
Long term salary increase rate (staff only)	11.25	10.50	11.25	10.5	11.25	10.5
Future increase in pension (after retirement)	-	-	8.75	8	-	-
Pre-retirement mortality	SLIC(2001-05)- 1 year	SLIC(2001-05)	SLIC(2001-05)- 1 year	SLIC(2001-05)	SLIC(2001-05)- 1 year	SLIC(2001-05)
Post-retirement mortality		SLIC(2001-05)-	PA(90) + 1 year 1 year	SLIC(2001-05)	PA(90)-1 year 1 year	
Rates of employee turnover	Ultra-Light	Ultra-Light	Ultra-Light	Ultra-Light	Ultra-Light	Ultra-Light

The expected return on plan assets is based on market yields on high quality corporate bonds along with asset portfolio of the Corporation, at the beginning of the year, for returns over the entire life of related obligation.

6.4 Historical information

	2013	2012 (Restated)	2011 (Restated)
	(Rupees in '000)		
Unfunded staff gratuity			
Defined benefit obligation	78,095	76,282	66,404
Fair value of plan assets	-	-	-
Deficit	<u>78,095</u>	<u>76,282</u>	<u>66,404</u>
Employees' pension fund			
Defined benefit obligation	12,359,549	10,443,787	7,014,726
Fair value of plan assets	7,340,597	6,895,856	5,689,738
Deficit	<u>5,018,952</u>	<u>3,547,931</u>	<u>1,324,988</u>
Post retirement medical benefit			
Defined benefit obligation	1,237,600	1,006,331	629,868
Fair value of plan assets	-	-	-
Deficit	<u>1,237,600</u>	<u>1,006,331</u>	<u>629,868</u>



6.5 Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, and expected rate, and expected rate of salary increase. The sensitivity analysis below have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

	Unfunded staff gratuity		Employees' pension fund		Post retirement medical benefits	
	Present value of defined benefit obligations (Rupees in '000)	% change from Base	Present value of defined benefit obligations (Rupees in '000)	% change from Base	Present value of defined benefit obligations (Rupees in '000)	% change from Base
Base	78,095		12,359,549		1,237,600	
Discount rate						
Increase by 1%	75,142	-3.78%	10,984,014	-11.13%	1,119,267	-9.56%
Decrease by 1%	81,238	4.02%	14,037,451	13.58%	1,376,952	11.26%
Long term salary increase rate						
Increase by 1%	81,617	4.51%	13,173,650	6.59%	1,308,145	5.70%
Decrease by 1%	74,739	-4.30%	11,636,085	-5.85%	1,173,950	-5.14%
Future increase in pension rate						
Increase by 1%	-	-	13,247,685	7.19%	-	-
Decrease by 1%	-	-	11,594,405	-6.19%	-	-

6.6 General description

The Corporation faces the following risks on account of staff retirement benefits:

Mortality risks - The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities.

Final salary risks - The risk that the final salary at the time of cessation of service is higher than what we assumed. Since the benefits is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risks - The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

6.7 The charge in respect of staff gratuity scheme, employees pension fund and post retirement medical benefits for the year ending December 31, 2014 are estimated to be Rs. 11.826 million, Rs. 1,145.964 million and Rs. 218.042 million respectively.

6.8 In pursuance of the decision of Honourable Supreme Court of Pakistan dated February 09, 2011, in respect of Employee's Pension Scheme, 1984, which was frozen with effect from December 31, 1999, the Corporation has transferred assets of Employees' Contributory Provident Fund and Officers' Gratuity Fund to the Employees' Pension Fund having fair value of Rs. 627.871 million and Rs. 433.767 million respectively as on December 31, 2012 including contribution made by the Corporation till April 2012 in Provident fund and Gratuity Fund amounting to Rs. 16.382 million and Rs. 16.382 million, respectively.

7 GOVERNMENT GRANT FOR HEALTH INSURANCE FUND

In the year 2011, the Corporation received a grant of Rs. 350 million from Government of Pakistan. The Corporation obtained permission from the SECP to establish statutory fund for Health and Accident Business on May 11, 2011.



During February 2012, an agreement was signed between Benazir Income Support Program (BISP) and the Corporation for establishing and implementing the Waseela-e-Sehat Health Insurance Scheme for the benefit of beneficiaries and beneficiary families of the BISP. In the year 2012, the Corporation established Health Insurance Fund and transferred the amount of grant to such fund.

8 OUTSTANDING CLAIMS

	Statutory Funds				(Rupees in '000) Aggregate	
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund*	2013	2012
Outstanding claims at the beginning of year	12,801,657	193,913	-	-	12,995,570	10,351,610
Increase in liabilities due to current year claims	25,392,435	648,849	24,499	8,375	26,074,158	24,256,770
Cash paid during the year	(24,056,608)	(644,445)	(24,499)	(7,467)	(24,733,019)	(21,612,810)
Outstanding claims at the end of year	14,137,484	198,317	-	908	14,336,709	12,995,570

9 OTHERS

This includes an amount of Rs. 1,359.739 million (2012: Rs. 1,002.568 million) relating to amount payable to the Bureau of Emigration and Overseas Employment (the Bureau) as per 'Fund Management Agreement' which was signed in the previous years to retain and invest profit commission payable to the Bureau against the insurance policy issued in respect of the Emigrants, and to provide the Bureau with the agreed returns thereon. The said agreement terminated on April 20, 2012 and approval is awaited from Ministry of Commerce for payment of said amount to the Bureau.

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 The proceedings under section 122(5A) of the Income Tax Ordinance, 2001 were initiated by the Additional Commissioner / Taxation Officer-D, Audit Division, Large Taxpayers Unit (LTU), Karachi for tax years 2003 to 2007 vide notice dated August 12, 2008 on the ground that surplus attributable to policyholders during the said years has not been paid within a period of three years from the year of its appropriation to the policyholders and this should be added back under the provision of section 34 (5) of the Income Tax Ordinance, 2001.

The department proceeded to pass the order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2003 whereby demand of Rs. 2,126 million was raised out of which 25% has been paid under the directives of the Sindh High Court. The Corporation has filed Constitutional Writ Petition in October 2008 before the Honorable High Court of Sindh through its legal advisor to challenge the notice of the Additional Commissioner mainly on the ground that the proceedings initiated under section 122(5A) of the Income Tax Ordinance, 2001 by the Additional Commissioner are ab-initio void, being unlawful jurisdiction.

Further, the Fourth Schedule to 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. Therefore, the application of provision of section 34(5) of the Income Tax Ordinance, 2001 lacks legal sanctity. The Honorable High Court admitted the petition for regular hearing and stayed the proceedings till the judgment of the Court. In this respect, the Corporation has paid the amount of Rs. 531.562 million in June 2009 under section 137 of the Income Tax Ordinance, 2001 under the directive of the said Court. Further in 2011, the department has adjusted Rs. 308.211 million from the refund arising in tax year 2010 towards outstanding tax demand for tax year 2003.

The Honorable High Court of Sindh has dismissed the above petition. On the dismissal of petition, the balance 75% of outstanding demand was deposited in the State Treasury and no demand for tax year 2003 is outstanding as at December 31, 2012. However, Corporation had filed a parallel appeal before Commissioner Inland Revenue (Appeal) (CIR (A)) which has been decided in favor of the Corporation through order dated April 07, 2012 and the addition made under section 34(5) is deleted and assessment framed under section 122(5A) is annulled.



At present, the income tax department has filed appeal before the Appellate Tribunal Inland Revenue (ATIR) against the above order of CIR(A). Management and the legal advisor are confident that the ultimate outcome of these matters will be in the favour of the Corporation.

During the year, the Income Tax Department issued the refund amounting to Rs. 1,000 million out of Rs. 2,216 million on July 2, 2013 on the grounds of the appeal of the said tax year.

- 10.1.2** The Corporation has filed appeals on different issues in the Honorable High Court of Sindh contesting the decision of the ATIR for the income years 1992-93 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 income tax department added back the excess perquisites to the taxable income and tax liability was enhanced accordingly. Further, Income Tax 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.

Management of the Corporation, its tax advisor and legal counsel are confident that ultimate outcome of these matters will be decided in favour of the Corporation and accordingly, no provision is required in financial statements on account of these matters.

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

According to those notices, the Income Tax Authorities 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 the amount of premium received during the whole term of the policy which is a from of interest or profit on debt. Hence, the Corporation u/s 151 (1)(d) is liable for deducting withholding tax@ 10% on the amount of bonuses paid to policyholder on maturity. Therefore, the Income Tax Authorities raised demands of Rs. 710.124 million and Rs. 738.514 million as withholding tax for tax year 2008 and 2009 respectively.

The Corporation had filed parallel 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) has decided that subject appeals in favor of Corporation vide order No. 27 & 28 dated 29.09.2011 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 is not in force after above judgment of CIR (A), therefore, no payment was made against the demand as at 31.12.2013.

The Income Tax Department has filed appeals before the ATIR against the above orders of CIR (A) and the appeal is still pending. Subsequent to year end, the ATIR has also dismissed the appeal of Income Tax Department vide order No. 506-507/KB/2012 on April 17, 2014.

Management and legal counsel are optimistic that ultimate outcome of the cases shall be in favor of the Corporation. Accordingly no provision has been made regarding such demands in these financial statements.

- 10.1.4** Tax authorities served a notice for re-assessment for the tax year 2004, thereby requiring to explain the position related to proration of expenses under section 67 of the Income Tax Ordinance, 2001. Accordingly, a demand of Rs. 164.88 million was raised by tax authorities. The Corporation filed an appeal against the order issued in current year under section 122(5A) of the Income Tax Ordinance, 2001 and explained its stance with reference to section 67 read with rule 13 of Income Tax Ordinance, 2001 that proration of expenses is being done on reasonable basis as per aforesaid section and rule and that above demand raised was not justified.



Appellate Tribunal Inland Revenue (ATIR) has decided the above appeals in favor of Corporation vide order No/ 925/KB/2010 dated 24.07.2012; wherein the addition made u/s 67 has been deleted.

The said issue has already been decided by the Honourable High Court of Sindh, Karachi in an other appeal on the issue.

Presently, the Inland Revenue Department has filed appeal in the Honourable High Court of Sindh against the decision of ATIR in the above cases. Management of the Corporation, its tax advisor and its legal counsel are of the opinion that the action taken by the department is not viable and is against the law.

- 10.15** During the year, Income Tax Authorities issued similar notices to Corporation regarding withholding of tax on maturity proceeds of insurance policies as described in note 10.1.3. These notices were related to Tax Year 2010 to Tax Year 2012 stating that the Department holds a similar stance as described in the said note. Reply was filed by the Corporation through authorized representative which was not accepted by the Department and order of amendment u/s 161 and 205 of the Income Tax Ordinance was passed, resulting in an total demand of Rs. 1,577.456 million (Rs. 1,249.138 million as withholding tax and Rs. 328.318 million as default surcharge).

Corporation has paid the entire demand of Rs. 1,249.138 million of withholding tax under protest without prejudice to it's legal right to appeal. The Corporation then filed the appeal before CIR (A) which has not been upheld. At present, the Corporation has filed appeal before ATIR.

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.

- 10.16** In 1967, one of the defunct insurance company sold a property to certain persons on installments basis on certain agreed terms and conditions. However, later those vendees defaulted in payment of their installments on due dates which render the sale agreement nul and void. Although these defaults were committed before Life Insurance Nationalization Order 10, 1972 came into existence, property were was recorded in books of defunct insurance company at the time of Nationalization Order, which require all the assets and liabilities of defunct insurance companies to be vested in the Corporation. The matter remained pending till the vendees approached the Corporation in 2006 to execute the sale deed in their favor.

The Corporation had taken advice from their legal advisors who are of the view that since vendees had defaulted in making payment of their installments before Nationalization Order, 1972 came into existence, the above property is the property of the Corporation and vendees are in the possession of said property as licensees. However, management of the Corporation has not recognized the property, which has written down value of Rs. 42,000 as at the balance sheet date, in their books as the said assets does not met the definition of property, plant and equipment as it arises from past events and its existence will be confirmed by uncertain future events not wholly within the control of the entity.

10.2 Commitments

There were no commitments as at the balance sheet date (2012: Nil).



11 CASH AND BANK DEPOSITS

(Rupees in '000)
Aggregate

	Statutory Funds						
	Shareholders' Fund	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2013	2012
11.1 Cash and others							
Cash in hand	-	4,175	-	-	-	4,175	5,062
Cash in transit	-	81,452	-	-	-	81,452	78,631
	-	85,627	-	-	-	85,627	83,693
11.2 Current and other accounts							
Current accounts	-	6,814,854	600,005	-	-	7,414,859	6,767,715
PLS accounts	-	545,375	99,479	-	-	644,854	664,535
	-	7,360,229	699,484	-	-	8,059,713	7,432,250

11.3 Deposits maturing within 12 months

(Rupees in '000)
Aggregate

	Statutory Funds						
	Shareholders' Fund	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2013	2012
Call and SNTD							
Habib Bank Limited	359,066	2,524,050	-	-	-	2,883,116	6,291,983
United Bank Limited	-	67,388	686,307	-	-	753,695	281,904
Habib Metropolitan Bank Limited	-	1	-	-	-	1	-
National Bank of Pakistan	-	199,124	-	-	-	199,124	80
The Bank of Punjab	-	16	-	-	-	16	16
Al Baraka Bank (Pakistan) Limited	-	4	-	-	-	4	-
Bank Al-Falah Limited	-	-	-	-	-	-	25,183
PLS Unisaver							
United Bank Limited	-	3,722,462	-	-	-	3,722,462	1,072,025
Term Deposit Receipts							
Habib Bank Limited	-	4,000,000	-	-	-	4,000,000	3,058,338
National Bank of Pakistan	-	6,000,000	-	-	-	6,000,000	5,000,000
Allied Bank Limited	-	1,000,000	-	-	-	1,000,000	1,000,000
MCB Bank Limited	-	-	-	-	-	-	2,100,000
Summit Bank Limited	-	-	-	-	-	-	100,000
Soneri Bank Limited	-	-	-	-	-	-	200,000
Faysal Bank Limited	-	-	-	-	-	-	1,200,000
Bank Alfalah Limited	-	700,000	-	-	-	700,000	700,000
Special Saving Accounts							
Summit Bank Limited	-	-	-	-	-	-	400,000
Faysal Bank Limited	-	7	-	-	-	7	1
Al Baraka Bank (Pakistan) Limited	-	2	-	-	-	2	320,004
MCB Bank Limited	-	96	-	-	-	96	1
Soneri Bank Limited	-	-	-	-	-	-	6
Askari Bank Limited	-	2,315,647	-	-	-	2,315,647	-
Bank Al-Falah Limited	-	1,098	-	-	-	1,098	-
Allied Bank Limited	-	1,809,941	-	-	-	1,809,941	-
	359,066	22,339,836	686,307	-	-	23,385,209	21,749,541



11.4 Fixed deposits maturing after 12 months

Note	Shareholders' Fund	Statutory Funds				(Rupees in '000) Aggregate	
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2013	2012
Others	-	750	-	-	254,405	255,155	154,840
Abroad	11.4.1	960	1,324,845	-	-	1,325,805	1,301,560
		1,710	1,324,845	-	254,405	1,580,960	1,456,400

11.4.1 These include fixed deposits equivalent to Rs. 0.712 million (2012: Rs. 0.712 million) with the Kenya Commercial Bank Limited, Kenya, Rs. 0.248 million (2012: Rs. 0.248 million) with the Bank of Ceylon and Grindlays Bank Limited, Sri Lanka, as security for policyholders and Rs. 105.177 million (2012: Rs. 105.177 million) deposited as guarantees issued to the Ministry of Economy, Dubai (UAE) against permission for doing life insurance business in UAE.

12 LOANS SECURED AGAINST LIFE INSURANCE POLICIES

Note	Shareholders' Fund	Statutory Funds				(Rupees in '000) Aggregate	
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2013	2012
Cash loans	-	19,518,146	395,157	-	-	19,913,303	16,626,801
Automatic non-forfeiture provisions	-	12,841,881	344,983	-	-	13,186,864	10,468,399
		32,360,027	740,140	-	-	33,100,167	27,095,200

13 INVESTMENT PROPERTIES

	Note	Aggregate	
		2013	2012
Investment properties	13.1	2,481,762	2,307,328
Less: Provision for impairment in value	13.6	(597)	(597)
		2,481,165	2,306,731
Capital work in progress	13.2	509,351	721,794
		2,990,516	3,028,525

13.1 Investment Properties

2013	COST		DEPRECIATION / IMPAIRMENT				Written down value as at		Depreciation Rate (%)
	As at January 01 2013	Additions/ (Disposals) December 31, 2013	As at January 01 2013	As at January 01 2013	Charge for Adjustments the year	As at December 31, 2013	December 31, 2013		
	Freehold land	273,169	547	273,716	-	-	-	273,716	
Leasehold land	332,547	-	332,547	86,225	-	3,912	90,137	242,410	1 to 4.2
Leasehold improvements	13,086	564	13,650	7,675	-	405	8,080	5,570	5
Building, roads and structure	1,834,175	209,957	2,044,132	336,933	2	22,477	359,412	1,684,720	1
Electric installation and fittings	1,431,322	39,071	1,469,275	1,146,138	-	47,952	1,193,929	275,346	10
		(1,118)			(161)				
	3,884,299	250,139	4,133,320	1,576,971	2	74,746	1,651,558	2,481,762	
		(1,118)			(161)				



(Rupees in '000)

2012	COST			DEPRECIATION / IMPAIRMENT			Written down value as at December 31, 2012	Depreciation Rate (%)	
	As at January 01 2012	Additions/ (Disposals)	As at December 31, 2012	As at January 01 2012	Adjustments	Charge for the year			As at December 31, 2012
Freehold land	273,169	-	273,169	-	-	-	-	273,169	-
Leasehold land	332,547	-	332,547	82,313	-	3,912	86,225	246,322	1 to 4.2
Leasehold improvements	13,044	42	13,086	7,270	-	405	7,675	5,411	5
Building, roads and structure	1,826,299	7,876	1,834,175	318,633	2	18,298	336,933	1,497,242	1
Electric installation and fittings	1,401,446	30,328	1,431,322	1,104,444	(543)	42,237	1,146,138	285,184	10
		(452)							
	3,846,505	38,246	3,884,299	1,512,660	(541)	64,852	1,576,971	2,307,328	
		(452)							

- 13.2** This mainly represents the amount incurred for the renovation, electrical and civil works in the Corporation's properties located in Islamabad and Gujranwala.
- 13.3** The Corporation occupied approximately 22% (2012: 22%) of the total rentable area in the buildings classified as investment properties, which is used by the Corporation for administrative purposes.
- 13.4** The fair value of the investment properties, owned by the Corporation as determined by the independent valuers, amounted to Rs. 22,918 million (2012: Rs. 23,123 million).
- 13.5** 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 19 buildings / plots (2012: 19 buildings / plots) are still in the name of defunct insurance companies that were merged in the Corporation as per the LINO order.
- 13.6** There are properties costing Rs. 1.704 million (2012: Rs. 1.704 million) having written down value of Rs. 0.597 million (2012: Rs. 0.600 million) to which the Corporation's title is disputed. Against this, a provision of Rs. 0.597 million (2012: Rs. 0.597 million) exists for loss of assets, if any.
- 13.7** The Corporation has a plot at Rawalpindi costing Rs. 0.431 million (2012: Rs. 0.431 million) for which execution of title deed is pending due to dispute with the Cantonment Board, Rawalpindi.
- 13.8** The Corporation has a plot at Mirpur (Azad Kashmir) costing Rs. 0.242 million (2012: Rs. 0.242 million) for which execution of title deed remained pending.
- 13.9** The investment properties also include Rs. 23 million (2012: 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.

**14 INVESTMENTS****(Rupees in '000)
Aggregate**

	Note	2013	2012
Government securities	14.1	288,393,644	231,165,025
Other fixed income securities	14.2	1,241,195	3,184,414
Listed equity securities and mutual fund	14.3	28,775,469	27,429,570
Unlisted equity securities and mutual fund	14.4	950,298	1,155,833
Holding in subsidiary companies	14.5	241,609	241,609
Less: Provision for diminution in value	14.7	(323,420)	(292,443)
		<u>319,278,795</u>	<u>262,884,008</u>

Details of investment portfolio are as under:

14.1 Government securities**(Rupees in '000)
Aggregate**

	Statutory Funds								
	Maturity year	Effective yield	Shareholders Fund	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2013	2012
Held to maturity									
Pakistan Investment Bonds									
3 Years	2014 - 2016	12.00% - 12.10%	208,566	44,066,805	-	-	337,841	44,613,212	36,975,339
5 Years	2015 - 2018	12.48% - 12.58%	208,951	51,699,321	-	-	-	51,908,272	38,425,868
10 Years	2014 - 2022	12.81% - 12.91%	150,192	87,704,040	-	154,594	-	88,008,826	77,573,974
15 Years	2019 - 2023	12.92% - 12.99%		12,215,002	-	58,896	-	12,273,898	12,003,463
20 Years	2024 - 2028	12.85% - 13.00%		24,042,751	-	-	-	24,042,751	24,002,730
30 Years	2036 - 2038	13.00% - 13.15%	173,313	37,291,875	-	-	-	37,465,188	37,449,362
Treasury Bills	2014	8.90% - 11.95%	95,776	25,177,116	-	-	39,536	25,312,428	874,016
Islamic Republic of Pakistan-Bonds			-	-	4,769,069	-	-	4,769,069	3,860,273
			<u>836,798</u>	<u>282,196,910</u>	<u>4,769,069</u>	<u>213,490</u>	<u>377,377</u>	<u>288,393,644</u>	<u>231,165,025</u>

14.1.1 Accrued interest as at December 31, 2013 on PIBs pertaining to Pakistan Life Fund amounted to Rs. 9,523.3 million (2012: Rs. 7,600.2 million) and on PIBs pertaining to Shareholders' Fund amounted to Rs. 23.672 million (2012: Rs. 12.591 million). Balance of accrued interest purchased as at December 31, 2013 on PIBs pertaining to Pakistan Life Fund during the year amounted to Rs. 544.107 million (2012: Rs. 694.518 million).

14.1.2 Market value of the government securities carried at amortized cost amounted to Rs. 285,523 million (2012: Rs. 240,773 million).

14.1.3 Government securities include Rs. 110 million (2012: Rs. 110 million) placed with the State Bank of Pakistan, in accordance with Section 29 of the Insurance Ordinance, 2000.



14.2 Other fixed income securities

(Rupees in '000)
Aggregate

	Maturity year	Rate of Profit	Shareholders Fund	Statutory Funds				2013	2012
				Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund*		
Held to maturity									
Term Finance Certificates:									
Listed									
Pakistan Mobile Communication Limited (2nd Issue)	2013	KIBOR + 1.65%	-	-	-	-	-	-	211,860
Pakistan Mobile Communication Limited (3rd Issue)	2013	KIBOR + 2.85%	-	-	-	-	-	-	33,280
Pak Arab Fertilizer Limited	2013	KIBOR + 1.50%	-	-	-	-	-	-	64,729
Engro Chemical Pakistan Limited	2015	KIBOR + 1.55%	-	113,756	-	-	-	113,756	113,802
Engro Chemical Pakistan Limited	2015	KIBOR + 1.55%	-	42,832	-	-	-	42,832	42,820
Engro Chemical Pakistan Limited	2015	KIBOR + 1.55%	-	42,937	-	-	-	42,937	42,781
			-	199,525	-	-	-	199,525	509,272
Unlisted (Note 14.2.2)									
Government Guarantee Term Finance Facility									
National Investment Trust Limited	2013	KIBOR + 1.00	-	-	-	-	-	-	1,701,000
Certificates of Investments:									
First Dawood Investment Bank Limited	2009	17%	-	80,000	-	-	-	80,000	80,000
Debentures (Note 14.8)			-	7,573	-	-	-	7,573	7,573
Available for sale									
Foreign fixed income securities			-	-	954,097	-	-	954,097	886,569
			-	287,098	954,097	-	-	1,241,195	3,184,414

14.2.1 Accrued interest as at December 31, 2013 on TFCs pertaining to Pakistan Life Fund amounted to Rs. 1.881 million (2012: Rs. 112.237 million).

14.2.2 These represent Term Finance Facility provided to National Investment Trust Limited under market stabilization programme in 2009 which was a related party of the Corporation on the basis of common directorship. The facility was fully backed by the Government guarantee and subsequently rolled over till January 13, 2014 in 2012. However, this facility was matured during the year.

14.3 Listed equity securities and mutual funds

	Note	Statutory Funds			
		Shareholders Fund	Pakistan Life Fund	Overseas Life Fund	Pension Fund
Available for sale					
Ordinary shares and stocks *	14.3.1	-	25,866,111	-	-
Preference shares	14.3.2	-	113,743	-	-
Open ended mutual fund	14.3.3	-	2,795,615	-	-
		-	28,775,469	-	-



14.3.1 Ordinary share and stocks

Pakistan Life Fund	2013			2012		
	Number of shares	Book value	Market value	Number of shares	Book value	Market value
Oil and Gas*	91,911,934	9,750,904	26,477,860	80,233,292	9,274,553	18,749,630
Chemicals	153,275,997	3,875,358	16,916,813	151,810,997	3,713,830	16,010,420
Forestry and paper	7,640,329	63,605	487,607	6,518,371	63,605	262,419
Industrial metals and mining	2,881,927	73,540	129,940	2,690,604	73,540	89,992
Construction and materials	33,572,303	624,952	990,928	33,601,988	629,690	668,048
General industrials	5,681,662	239,450	1,277,178	5,600,720	238,803	781,262
Electronic and electric equipment	2,119,171	6,869	182,094	2,119,171	6,869	96,468
Industrial engineering	2,566,102	79,783	1,037,637	2,210,873	79,783	1,001,256
Industrial transportation	1,363,873	17,869	104,023	1,363,873	17,869	43,363
Automobile and parts	2,786,110	111,232	642,448	2,727,153	112,235	430,523
Beverages	62,726	1,740	46,137	57,024	1,740	24,107
Food producers	10,594,636	62,447	797,495	11,004,553	271,384	4,796,288
Household goods	7,217,525	120,257	89,956	7,517,525	125,159	59,057
Personal goods	34,574,953	589,466	2,825,711	35,919,405	615,261	1,508,098
Tobacco	343,710	3,699	179,970	343,710	3,699	26,384
Health care equipments and services	143,437	1,637	30	143,437	1,637	30
Pharma and bio tech	13,349,277	185,823	2,382,020	12,203,996	181,355	1,091,124
Travel and leisure	22,880	163	192	3,939,764	28,050	15,877
Fixed line telecommunication	57,847,677	1,715,232	1,675,443	58,063,381	1,721,081	1,037,497
Electricity	32,087,220	984,981	1,762,358	32,087,220	985,154	1,324,138
Gas water and multiutilities	85,237,316	763,188	1,974,956	82,239,850	754,117	1,755,197
Banks	498,857,221	5,424,686	13,096,981	480,678,903	5,041,925	9,511,545
Non-life insurance	94,541,740	94,804	2,795,035	94,062,270	94,804	2,348,706
Real estate investments and services	375,754	4,019	1,459	375,754	4,019	1,155
Financial services	35,025,557	459,301	191,352	35,021,359	459,301	178,227
Equity investment instruments	39,762,791	611,106	522,272	41,957,802	630,988	383,344
		<u>25,866,111</u>	<u>76,587,895</u>		<u>25,130,451</u>	<u>62,194,155</u>

* These include 4.904 million shares of Pakistan State Oil having market value of Rs. 1629.17 million which have been frozen by Government of Pakistan for the purpose of Privatization of the Pakistan State Oil.

14.3.2 Preference shares

Pakistan Life Fund	2013		2012	
	Number of shares	Book value	Number of shares	Book value
Arag Industries Limited	771,612	3,593	771,612	3,593
Saleem Sugar Mills Limited	1,501	150	1,501	150
Silk Bank Limited	44,000,000	110,000	-	-
		<u>113,743</u>		<u>3,743</u>



14.3.3 Open ended mutual funds

Pakistan Life Fund

	2013		2012	
	Number of shares	Book value	Number of shares	Book value
National Investment Trust Units	75,996,262	2,304,969	61,128,585	1,804,731
Pak Capital Market Fund	74,727	373	64,862	373
NIT Government Bond Fund	28,278,954	300,000	28,278,954	300,000
NIT Income Fund	9,831,295	100,000	9,831,295	100,000
HBL Money Market Fund	505,047	50,000	505,047	50,000
Al Meezan Mutual Fund	6,595,320	39,311	5,160,663	39,310
Pakistan Premier Fund	125,196	962	96,683	962
		<u>2,795,615</u>		<u>2,295,376</u>

14.4 Unlisted equities and mutual funds

	Note	Statutory Funds			
		Shareholders Fund	Pakistan Life Fund	Overseas Life Fund	Pension Fund
Available for sale					
Ordinary shares and stocks	14.4.1				
De-listed companies		-	82,273	-	-
Un-listed companies / institutions		-	132,186	-	-
Preference shares					
Open end mutual fund	14.4.2	-	735,839	-	-
		-	<u>950,298</u>		-

14.4.1 Ordinary shares and stocks

Pakistan Life Fund

De-listed companies

	2013		(Rupees in '000) 2012	
	Number of shares	Book value	Number of shares	Book value
Adamjee Industries Limited	174,597	2,001	174,597	2,001
Adamjee Paper Product Limited	120,242	1,047	120,242	1,045
Akbar Textile Mills Limited	39,900	383	39,900	383
Akber Cotton Mills Limited	31,360	314	31,360	314
Allied Textile Mills Limited	72,634	792	72,634	792
Arag Industries Limited	23,963	118	23,963	118
Automotive Equipment Limited	7,800	92	7,800	92
Baluchistan Foundry Limited	84,520	421	84,520	421
Baluchistan Textile Mills Limited	27,420	267	27,420	267
Bankers Equity Limited	538,995	15,415	538,995	15,415
Bawany Industries Limited	73,774	1,415	73,774	1,415
Chemical Limited	19,544	195	19,544	195
Chemphar Limited	100	1	100	1
Dost Muhammad Textile Mills Limited	14,150	225	14,150	225
Elmac Engineering Limited	100	1	100	1
Fullbrite Mills Limited	100	1	100	1
Ghafar Textile Mills Limited	1,000	10	1,000	10
Gillanders Limited	1,000	100	10,000	100
Grace Industries Limited	50	1	50	1
H.Sheikh M.H Limited	46,100	460	46,100	460
Karachi Road Transport Corporation	6,800	-	6,800	-



De-listed companies	2013		2012 (Rupees in '000)	
	Number of shares	Book value	Number of shares	Book value
Karachi Pipes Limited	20,800	416	20,800	416
Khairpur Textile Mills Limited	6,900	104	6,900	104
Kohinoor Cotton Mills Limited	33,468	324	33,468	324
Madina Textile Mills Limited	40,900	204	40,900	204
Mohib Textile Mills Limited	375,847	13,530	375,847	13,530
Northern Foundries Limited	95,050	1,001	95,050	1,001
Nowshera Engineering Limited	22,125	222	22,125	222
Ocean Industries Limited	2,000	-	2,000	-
Pak Chrome Limited	25,477	552	25,477	552
Pak Paper Corporation Limited	245,644	2,441	245,644	2,441
R C D Ball Bearing Limited	58,031	371	58,031	371
Refrigerator Manufacturing Limited	192,546	1,712	192,546	1,712
Sunshine Cloth Limited	103,200	1,578	103,200	1,578
Sun Publication Limited	2,042	-	2,042	-
Synthetic Chemical Limited	81,500	793	81,500	793
Universal Furnace Oil	29,818	294	29,818	294
LTV Capital Modaraba	458,200	2,192	458,200	2,192
Interasia Leasing Company Limited	115,600	2,863	115,600	2,863
Valika Wollen Mills Limited	20,094	293	20,094	293
Turbo Tec Limited	104,700	1,460	104,700	1,460
Alif Textile Mills Limited	10,000	119	10,000	119
Sind Alkali Limited	177,841	1,909	177,841	1,909
Harnai Woollen Mills Limited	4,900	53	4,900	53
Accord Textile Mills Limited	300,000	3,000	300,000	3,000
Sahrish Textile Mills Limited	62,148	109	62,148	109
Zahur Textile Mills Limited	150,000	2,395	150,000	2,395
MLC Construction	28,700	580	28,700	580
Fazal Vegetable Ghee Limited	49,500	631	-	-
JS Growth Fund	2,195,011	19,868	-	-
		<u>82,273</u>		<u>61,772</u>

Un-listed companies / institutions	2013		2012 (Rupees in '000)	
	Number of shares	Book value	Number of shares	Book value
Arabian Sea Country Club Limited	500,000	5,000	500,000	5,000
Baluchistan Fisheries Limited	20,000	200	20,000	200
Bank of Azad Jammu and Kashmir	10	-	10	-
Burma Soap Limited	2,000	20	2,000	20
Industrial Development Bank of Pakistan	78,337	8,298	78,337	8,298
Innovative Housing Finance Limited	12,673	14,800	12,673	14,800
Mercantile Enterprises Limited	100	1	100	1
Mercantile Fiber Limited	10,200	99	10,200	99
National Construction Limited	1	-	1	-
Pak Emerging Venture Limited	12,500,000	51,415	12,500,000	51,415
People Steel Mills Limited	1,998,967	19,990	1,998,967	19,990
Schon Refinery Limited	1,456,500	29,130	1,456,500	29,130
State Bank of Pakistan	29,458	3,221	29,458	3,221
Sukkar Commercial Limited	1,200	12	1,200	12
		<u>132,186</u>		<u>132,186</u>



14.4.2 Open ended mutual funds

Pakistan Life Fund

Unlisted

NIT Equity Market Opportunity Fund

2013		2012	
Number of units	Book value	Number of units	Book value
11,418,460	735,839	13,273,878	961,875

14.5 Holding in subsidiary companies

Alpha Insurance Company Limited*
State Life (Lakie Road)
Properties (Private) Limited**
State Life (Abdullah Haroon Road)
Properties (Private) Limited**

% of Holding	Number of shares	Net assets	2013 cost
94%	37,934,843	583,721	202,518
100%	414,916	(58)	12,909
100%	779,500	836	26,182
		584,499	241,609

* Net assets as of December 31, 2013

** Net assets as of June 30, 2013

The investments in State Life (Lackie Road) Properties (Private) Limited and State Life (Abdullah Haroon Road) Properties (Private) Limited have been carried at cost amounting to Rs. 12.909 million (2012: Rs. 12.909 million) and Rs. 26.182 million (2012: Rs. 26.182 million) respectively. These are wholly owned subsidiaries of the Corporation. As per the latest audited financial statements of these invested companies, the net assets / (liability) are Rs. (0.058) million (2012: Rs. 0.129 million) and Rs. 0.836 million (2012: Rs. 1.289 million) respectively. No provision for Rs. 38.255 million (2012: Rs. 37.673 million) being the difference of carrying value of the investments and net assets of the subsidiaries has been made in the financial statements, as management is of view that after taking into account the revalued amount of properties of the subsidiaries that has been carried out by an independent surveyor, net assets of the subsidiaries are higher than the carrying amount.

14.6 The Corporation has made provision for impairment, on certain equity securities, where the investee companies were transferred to the default counter in Karachi Stock Exchange Limited.

14.7 Provision for diminution in value

	Shareholders' Fund	Statutory Funds		
		Pakistan Life Fund	Overseas Life Fund	Pension Fund
Other fixed income securities- Certificate of Investment and Debentures	-	(57,573)	-	-
Listed equities (default counter)	-	(71,140)	-	-
Unlisted / delisted equities	-	(194,707)	-	-
	-	(323,420)	-	-

14.8 Debentures

Debentures include an amount of Rs. 6.894 million (2012: Rs. 6.894 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 (2012: Rs. 0.678 million). The Corporation had made full provision against these debentures.



14.9 Investments by classification

	(Rupees in '000)	
	Aggregate	
	2013	2012
Held-to-maturity		
Government securities	288,393,644	231,165,025
Other fixed income securities	287,098	2,297,845
	288,680,742	233,462,870
Available-for-sale		
Other fixed income securities	954,097	886,569
Listed equity securities and mutual fund units	28,775,469	27,429,570
Unlisted equity securities and mutual fund units	950,298	1,155,833
	30,679,864	29,471,972
Holding in subsidiary companies	241,609	241,609
Impairment in the value of equity securities and fixed interest securities	(323,420)	(292,443)
Total Investments - net of provision	319,278,795	262,884,008

15 SUNDRY RECEIVABLES

	(Rupees in '000)	
	2013	2012
Other receivables	571,627	375,085
Provision against other receivables	(232,968)	(253,343)
	338,659	121,742

16 FIXED ASSETS - tangible

2013	(Rupees in '000)								
	COST			DEPRECIATION / IMPAIRMENT			Written down value as at December 31, 2013	Depreciation Rate (%)	
	"As at January 01 2013	"Additions/ (Disposals)"	"As at December 31, 2013	"As at January 01 2013	Adjustments	Charge for the year Additions/ (Disposals)			"As at December 31, 2013
Furniture and fixtures	303,512	24,757 (814)	327,455	184,317	242	17,673	202,232	125,223	10
Office equipment	127,233	5,506 (145)	132,594	78,144	(9)	6,516	84,651	47,943	10 to 30
Computer installations - basic	441,019	156,209 (678)	596,550	346,466	374	58,002	404,842	191,708	30
Computer installations - peripherals	50,824	3,101 (54)	53,871	42,210	(53)	4,261	46,418	7,453	30
Vehicles	111,718	396 (7,284)	104,830	76,167	(7,020)	11,237	80,384	24,446	20
	1,034,306	189,969 (8,975)	1,215,300	727,304	(6,466)	97,689	818,527	396,773	



2012	(Rupees in '000)								
	COST			DEPRECIATION / IMPAIRMENT			Written down value as at December 31, 2012	Depreciation Rate (%)	
	As at January 01 2012	Additions/ (Disposals)	As at December 31, 2012	As at January 01 2012	Adjustments	Charge for the year Additions/ (Disposals)			As at December 31, 2012
Furniture and fixtures	272,637	32,359 (1,484)	303,512	169,843	(422)	14,896	184,317	119,195	10
Office equipment	104,250	23,167 (184)	127,233	73,529	(26)	4,641	78,144	49,089	10 to 30
Computer installations - basic	388,143	53,256 (380)	441,019	307,151	(170)	39,485	346,466	94,553	30
Computer installations - peripherals	47,499	3,461 (136)	50,824	8,357	(133)	3,986	42,210	8,614	30
Vehicles	96,597	18,418 (3,297)	111,718	70,047	(3,082)	9,202	76,167	35,551	20
	909,126	130,661 (5,481)	1,034,306	658,927	(3,833)	72,210	727,304	307,002	

16.1 Fixed Assets

	Shareholders' Fund	Statutory Funds				Aggregate	
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2013	2012
Furniture and fixtures							
Cost	-	314,839	12,016	-	599	327,454	303,512
Accumulated depreciation	-	(194,442)	(7,713)	-	(76)	(202,231)	(184,317)
Book value	-	120,397	4,303	-	523	125,223	119,195
Office equipment							
Cost	-	129,086	3,469	-	39	132,594	127,233
Accumulated depreciation	-	(82,680)	(1,966)	-	(5)	(84,651)	(78,144)
Book value	-	46,406	1,503	-	34	47,943	49,089
Computer installations - basic							
Cost	-	587,778	6,627	-	2,146	596,551	441,019
Accumulated depreciation	-	(397,213)	(6,509)	-	(1,121)	(404,843)	(346,466)
Book value	-	190,565	118	-	1,025	191,708	94,553
Computer installations - peripheral							
Cost	-	53,655	-	-	216	53,871	50,824
Accumulated depreciation	-	(46,305)	-	-	(113)	(46,418)	(42,210)
Book value	-	7,350	-	-	103	7,453	8,614
Vehicles							
Cost	-	99,912	4,918	-	-	104,830	111,718
Accumulated depreciation	-	(75,981)	(4,403)	-	-	(80,384)	(76,167)
Book value	-	23,931	515	-	-	24,446	35,551
Grand Total							
Cost	-	1,185,270	27,030	-	3,000	1,215,300	1,034,306
Accumulated depreciation	-	(796,621)	(20,591)	-	(1,315)	(818,527)	(727,304)
Book value	-	388,649	6,439	-	1,685	396,773	307,002

**17 TAXATION****(Rupees in '000)**

	2013	2012 (Restated)
Current	368,363	387,550
17.1 Relationship between tax expense and accounting profit		
Profit before tax	1,178,486	1,154,841
Tax at the applicable rate @ 34% (2012: 35%)	400,685	404,194
Tax effect of capital gain being exempt	(20,032)	(1,425)
Tax effect of dividend income being taxable at lower rate	(12,290)	(12,970)
Others	-	(2,249)
Tax expense for the year	368,363	387,550

17.2 There were no taxable or deductible temporary differences attributable to Shareholders' Fund. Therefore, no provision for deferred tax has been recognised.

18 EARNINGS PER SHARE - BASIC AND DILUTED**2013****2012**

Profit after tax	"Rupees in '000"	810,123	767,291
Weighted average number of ordinary shares	Numbers	11,000,000	11,000,000
Earnings per share - basic and diluted	Rupees	73.65	69.75

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.

19 REMUNERATION OF CHAIRMAN AND EXECUTIVE DIRECTORS**(Rupees in '000)**

	Chairman		Executive Director		Total	
	2013	2012	2013	2012	2013	2012
Managerial remuneration	2,118	2,880	2,053	3,598	4,171	6,478
House rent	771	1,260	815	1,508	1,586	2,768
Utilities	312	420	649	1,503	961	1,923
Other perquisites	1,142	72	2,224	5,868	3,366	5,940
	4,343	4,632	5,741	12,477	10,084	17,109
Number of persons	1	1	6	7	7	8

In addition to the above, chairman and executive directors are also entitled to the Corporation maintained vehicles and mobile phone facility.



20 CASH AND CASH EQUIVALENTS

For the purpose of cash flow statement, cash and cash equivalents balances include the following:

	Statutory Funds					(Rupees in '000) Aggregate	
	Shareholders' Fund	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2013	2012
	Cash in hand	-	4,175	-	-	-	4,175
Cash in transit	-	81,452	-	-	-	81,452	78,631
Cash at bank in:							
- Current accounts	-	6,814,854	600,005	-	-	7,414,859	6,767,715
- PLS accounts	-	545,375	99,479	-	-	644,854	664,535
Deposits maturing within 12 months	359,066	22,339,836	686,307	-	-	23,385,209	21,749,541
	<u>359,066</u>	<u>29,785,692</u>	<u>1,385,791</u>	<u>-</u>	<u>-</u>	<u>31,530,549</u>	<u>29,265,484</u>

21 RENTAL INCOME FROM INVESTMENT PROPERTIES

	Statutory Funds					(Rupees in '000) Aggregate	
	Shareholders' Fund	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2013	2012
	Rental income		811,270	-	-	-	811,270
Less: Investment property related expenses		(509,589)	-	-	-	(509,589)	(464,226)
Net rental income from investment property		<u>301,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>301,681</u>	<u>356,857</u>

22 MOVEMENT IN EQUITY OF STATUTORY FUND

	Statutory Funds					(Rupees in '000) Aggregate	
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2013	2012 (Restated)	
	Balance as at the beginning of year	294,172,266	6,861,982	170,297	55,843	301,260,388	265,170,148
Increase during the year	58,790,336	1,718,262	20,534	79,837	60,608,969	36,090,240	
Balance at the end of year	<u>352,962,602</u>	<u>8,580,244</u>	<u>190,831</u>	<u>135,680</u>	<u>361,869,357</u>	<u>301,260,388</u>	
22.2 Retained earnings attributable to policyholders (Ledger Account A)							
Balance at the beginning of year	11,631,477	406,812	-	-	12,038,289	2,638,871	
Surplus allocated in respect of the year	40,333,631	474,896	-	-	40,808,527	39,756,891	
Bonuses allocated during the year	(36,199,851)	(419,762)	-	-	(36,619,613)	(30,357,473)	
Balance at the end of year	<u>15,765,257</u>	<u>461,946</u>	<u>-</u>	<u>-</u>	<u>16,227,203</u>	<u>12,038,289</u>	
22.3 Retained earnings on par business attributable to shareholders (Undistributable - Ledger Account B)							
Balance at beginning of the year	-	-	-	-	-	-	
Surplus allocated in respect of the year	1,034,196	12,177	-	-	1,046,373	1,019,407	
Transfer to distributable profits	(1,034,196)	(12,177)	-	-	(1,046,373)	(1,019,407)	
Balance at the end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	



22.4 Retained earnings on par business attributable to shareholders (Distributable-Ledger Account C)

	Statutory Funds				(Rupees in '000) Aggregate	
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2013	2012 (Restated)
Balance as at beginning of the year	-	-	-	-	-	-
Transfer from undistributable profit	1,034,196	12,177	-	-	1,046,373	1,019,407
Surplus appropriated to shareholders' fund	(1,034,196)	(12,177)	-	-	(1,046,373)	(1,019,407)
Balance at end of the year	-	-	-	-	-	-

22.5 Retained earnings on other than participating business (Ledger Account D)

Balance at the beginning of year	-	-	52,736	403,011	455,747	38,595
Surplus allocated in respect of the year	-	-	2,788	52,675	55,463	417,152
Bonuses allocated during the year	-	-	-	-	-	-
Balance at the end of year	-	-	55,524	455,686	511,210	455,747

23 POLICYHOLDERS' LIABILITIES

	Statutory Funds				(Rupees in '000) Aggregate	
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2013	2012
Gross of Reinsurance						
Actuarial liability relating to future event	346,348,071	8,622,847	190,831	134,905	355,296,654	296,504,231
Provision for outstanding reported claims payable over a period exceeding 12 months	2,428,500	-	-	-	2,428,500	2,042,064
Provision for incurred but not reported (IBNR) claims	4,500,229	25,035	-	775	4,526,039	4,048,827
	<u>353,276,800</u>	<u>8,647,882</u>	<u>190,831</u>	<u>135,680</u>	<u>362,251,193</u>	<u>302,595,122</u>
Net of Reinsurance						
Actuarial liability relating to future events	346,033,873	8,555,209	190,831	134,905	354,914,818	295,169,497
Provision for outstanding reported claims payable over a period exceeding 12 months	2,428,500	-	-	-	2,428,500	2,042,064
Provision for incurred but not reported (IBNR) claims	4,500,229	25,035	-	775	4,526,039	4,048,827
	<u>352,962,602</u>	<u>8,580,244</u>	<u>190,831</u>	<u>135,680</u>	<u>361,869,357</u>	<u>301,260,388</u>



24 BRANCH OVERHEADS

	Statutory Funds				(Rupees in '000) Aggregate	
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2013	2012
	Salaries	699,140	12,772	-	-	711,912
Traveling expenses	549,230	376	-	-	549,606	433,311
Printing and stationeries	11,945	182	-	-	12,127	9,982
Medical expenses	34,154	3,467	-	-	37,621	34,662
Pension	66,908	-	-	-	66,908	42,518
Group insurance contribution	6,045	-	-	-	6,045	7,255
Postage and telegram	30,029	727	-	-	30,756	24,916
Utilities	83,054	-	-	-	83,054	72,421
Rent	24,487	12,119	-	-	36,606	33,654
Prize and awards	6,852	1,089	-	-	7,941	14,196
Conference and meetings	33,769	4,495	-	-	38,264	24,347
Repairs and maintenance	2,100	-	-	-	2,100	2,535
Incentive bonuses	413,912	11,906	-	-	425,818	365,656
Persistency bonuses	29,041	-	-	-	29,041	22,550
Others	-	-	-	-	-	7,395
Overriding commission of area manager	-	51,904	-	-	51,904	41,521
	<u>1,990,666</u>	<u>99,037</u>	<u>-</u>	<u>-</u>	<u>2,089,703</u>	<u>1,729,436</u>

25 AUDITORS' REMUNERATION

(Rupees in '000)

Business within Pakistan

Audit Fee

BDO Ebrahim & Company
Anjum Asim Shahid Rahman
Riaz Ahmed & Company

2013

2012

990	-
990	990
-	990
<u>1,980</u>	<u>1,980</u>

Out of Pocket Expenses

BDO Ebrahim & Company
Anjum Asim Shahid Rahman
Riaz Ahmed & Company

200	-
500	500
-	500
<u>700</u>	<u>1,000</u>
<u>2,680</u>	<u>2,980</u>

Business Outside Pakistan

Audit Fee

Sajjad Hyder & Company
Out of Pocket Expenses

1,187	1,011
297	253
<u>1,484</u>	<u>1,264</u>
<u>4,164</u>	<u>4,244</u>



26 INVESTMENT INCOME - Others

An amount of Rs. 649.785 million (2012: Rs. 519.172 million) appearing under Overseas Life Fund represents the resultant effect of translation of income, expenses, assets and liabilities of overseas operations business to Pak Rupees.

27 PROVISION FOR IMPAIRMENT IN SHARES

This includes provision against investments in shares of certain companies in default counter and unlisted companies.

28 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

28.1 Financial risk management, objectives and policies

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 balance sheet. 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.

28.2 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.

28.2.1 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.



28.2.2 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:

	2013		2012	
	UAE Dirhams	US Dollars	UAE Dirhams	US Dollars
Assets	78,325,055	108,162,550	67,341,132	95,325,019
Liabilities	7,477,353	41,027,014	10,930,633	35,377,013
Reserves	70,847,702	67,135,536	56,410,499	59,948,006

28.2.3 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 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.

28.3 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	2013	(Rupees in '000) 2012
Bank deposits	11	33,025,882	30,638,191
Loans		33,520,285	27,525,241
Investments	14	31,208,571	32,011,426
Premium due but unpaid		10,444,827	8,021,001
Amount due from other insurers / reinsurers		260,227	208,239

	Note	2013	(Rupees in '000) 2012
Agents balances		208	208
Investment income due but outstanding		422,046	391,445
Accrued investment income		14,237,222	12,129,962
Sundry receivables	15	338,659	121,742
Others		50,680	37,960
Total		123,508,607	111,085,415

Provision is made for receivables against premium due but unpaid in accordance with the Corporation'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.

The age analysis of premium due but unpaid:

Up to 1 year	9,652,162	7,540,074
1 -2 years	341,495	234,318
2 -3 years	163,007	236,265
Over 3 years	288,163	10,344
	10,444,827	8,021,001



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

Bank	Rating		Rating agency	(Rupees in '000)	
	Long term	Short term		2013	2012
Askari Commercial Bank Limited	AA	A1+	PACRA	2,315,647	-
Bank Alfalah Limited	AA	A1+	PACRA	701,098	725,183
MCB Bank Limited	AAA	A1+	PACRA	96	2,100,001
Habib Bank Limited	AAA	A-1+	JCR-VIS	9,040,508	11,047,916
National Bank of Pakistan	AAA	A-1+	JCR-VIS	6,199,124	5,000,178
United Bank Limited	AA+	A-1+	JCR-VIS	10,288,955	6,637,344
The Bank of Punjab	AA-	A1+	PACRA	16	107,319
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	1	-
Al Baraka Bank (Pakistan) Limited	A	A1+	JCR-VIS	6	320,004
Allied Bank of Pakistan	AA+	A1+	PACRA	2,899,464	1,404,580
Soneri Bank Limited	AA-	A1+	PACRA	-	200,006
Faysal Bank Limited	AA	A1+	PACRA	7	1,294,100
Summit Bank Limited	A-	A-3	JCR-VIS	-	500,000
Others	-	-	-	1,580,960	1,301,560
				<u>33,025,882</u>	<u>30,638,191</u>



The credit quality of the Corporation's investments in Term Finance Certificates can be assessed with reference to external credit ratings as follows:

	Rating	Rating agency	(Rupees in '000)	
			2013	2012
Term Finance Certificates:				
Pakistan Mobile Communication Limited	AA-	PACRA	-	245,140
Engro Fertilizers Limited	A	PACRA	199,525	199,403
Pak Arab Fertilizer Limited	AA	JCR-VIS	-	64,729
			<u>199,525</u>	<u>509,272</u>

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

Amount due from other insurers / reinsurers

A or above	<u>260,227</u>	<u>208,239</u>
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28.4 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.

The table below gives a break up of the Corporation's assets and liabilities with respect to asset-liability matching allocated to various classes of policyholder liabilities:



	Shareholders' Fund	Statutory Funds			(Rupees in '000) Aggregate		
		Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health Insurance Fund	2013	2012
Debt securities							
Available for Sale							
Listed Securities	-	-	954,097	-	-	954,097	886,569
Held to Maturity							
Listed Securities	-	199,525	-	-	-	199,525	509,272
Un Listed Securities	836,798	282,226,910	4,769,069	213,490	377,377	288,423,644	232,896,025
Equity securities							
Available for Sale							
Listed Securities	-	28,704,329	-	-	-	28,704,329	27,366,818
Un Listed Securities	-	997,200	-	-	-	997,200	1,225,324
Loans and Receivables							
Loans	406,155	32,373,990	740,140	-	-	33,520,285	27,525,241
Reinsurance Assets							
	-	260,227	-	-	-	260,227	208,239
Cash and bank deposits							
	359,066	29,787,402	2,710,636	-	254,405	33,111,509	30,721,884
Other Assets							
	2,039,617	32,025,340	471,564	76,974	22,147	34,635,642	27,858,564
Total Assets	3,641,636	406,574,923	9,645,506	290,464	653,929	420,806,458	349,197,936
Liabilities							
Fixed Term	-	336,528,523	8,322,973	-	-	344,851,496	286,221,812
Whole of Life	-	4,513,588	200,135	-	-	4,713,723	4,772,443
Short Term Insurance Contracts	-	6,815,093	-	-	-	6,815,093	5,592,105
Riders	-	5,004,375	57,136	-	-	5,061,511	4,372,117
Annuities	-	101,023	-	-	-	101,023	75,770
Granted Investment Contracts	-	-	-	190,831	-	190,831	170,297
Accident and Health Contracts	-	-	-	-	135,680	135,680	55,843
Others	3,641,636	53,612,321	1,065,262	99,633	518,249	58,937,101	47,937,549
TOTAL	3,641,636	406,574,923	9,645,506	290,464	653,929	420,806,458	349,197,936

The following are the contractual maturities of financial liabilities other than policyholders' liabilities, including estimated interest payments on an undiscounted cash flow basis:

	2013			(Rupees in '000) Aggregate
	Carrying amount	Contractual cash flow	Upto one year	More than one year
Financial liabilities				
Amounts due to other insurers / reinsurers	126,554	126,554	126,554	-
Amount due to agents	4,048,579	4,048,579	4,048,579	-
Accrued expenses	1,998,041	1,998,041	1,998,041	-
Others	3,201,176	3,201,176	3,201,176	-
	<u>9,374,350</u>	<u>9,374,350</u>	<u>9,374,350</u>	<u>-</u>
2012				
	<u>8,273,394</u>	<u>8,273,394</u>	<u>8,273,394</u>	<u>-</u>
Financial liabilities				
Amounts due to other insurers / reinsurers	205,998	205,998	205,998	-
Amount due to agents	3,546,628	3,546,628	3,546,628	-
Accrued expenses	1,908,409	1,908,409	1,908,409	-
Others	2,612,359	2,612,359	2,612,359	-
	<u>8,273,394</u>	<u>8,273,394</u>	<u>8,273,394</u>	<u>-</u>



28.5 Fair value

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

	(Rupees in '000)	
	2013	
	Carrying value	Fair value
Government securities	283,624,575	280,753,655
Other fixed income securities	199,525	198,432
Listed equity securities	28,704,329	80,990,591

29 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.

The Corporation is also subject to capital requirements of United Arab Emirates (UAE) where it maintains a branch office that issues insurance contracts. The Corporation complies fully with the minimum capital requirements imposed by insurance supervisory authority in UAE. The UAE Cabinet has issued cabinet resolution No. 42 of 2009 which came into force on January 31, 2010, requiring the insurance companies to increase their minimum paid-up share capital to AED 100 million within three years from the date of this resolution. The Corporation has taken up this matter with Ministry of Finance through Ministry of Commerce for enhancing the capital. Ministry of Finance advised the Corporation to approach the UAE Government for seeking permission to raise the required paid up share capital by the end of December 2014.

In pursuance of this requirement, the Corporation has obtained approval from Ministry of Commerce for increase in the Authorized Capital from Rs. 1,500 million to Rs. 3,000 million and paid up capital from Rs. 1,100 million to Rs. 2,700 million and for the purpose, the Corporation has set-aside the profit for the year ended December 31, 2011 and December 31, 2012 amounting to Rs. 457.796 million and Rs. 711.834 million, respectively, to reserve for issue of share capital.

The paid up capital of the Corporation is currently Rs. 1,100 million. However, subsequent to year end, the Federal Government has issued notification on April 1, 2014 that the Corporation shall have an authorized capital of four thousand million rupees and a paid up capital of three thousand million rupees which will be fully subscribed by the Federal Government.

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

Further details are given in the table below:

	(Rupees in '000)	
	2013	2012 Restated
Accumulated surplus	810,123	767,291
Reserve for issue of share capital	1,122,293	447,077
Issued, subscribed and paid-up capital	1,100,000	1,100,000
Shareholders' equity	3,032,416	2,314,368



30 INSURANCE RISK

30.1 Insurance contracts

30.1.1 Classification

The Corporation maintains four statutory funds which are as follows:

- Pakistan Life Fund
- Overseas Life Fund
- Pension Fund
- Health Insurance Fund

Within the Pakistan Life Fund the business can be further classified as individual life conventional business, individual universal life 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 on account of group pension deposit administration contracts.

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

Considering all the four statutory funds together, the bulk of Corporation's business consists of individual life conventional policies. Most of the remaining business consists of group insurance business. Individual universal life business and pension fund business are relatively less significant classes of business in terms of weight of their policy liabilities. Group Health and Accident is a new venture of the Corporation 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:

30.1.2 Contract details and measurement

The insurance contracts offered by the Corporation are described below:

30.1.2.1 Individual life policies

Individual life conventional products

These are long term contracts with either level or single premiums. These plans generally provide 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 providing benefits only in case of death benefits. Under these policies no benefit is due if the policyholder survived in the duration of the policy. The Corporation sells both level term insurance and decreasing term insurance also known as mortgage protection plans.



Annuities

The Corporation also has a small number of individual and group 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 is payable for a stipulated period and are 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 three tier system consisting of sales representatives, sales offices and sales managers. Each sales sector headed by a sector head is further grouped under nearly 900 area offices, more than 1200 sector / agencies offices, 28 zones and 5 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 policyholders of the Corporation come from all strata of society, with greater representation of the rural areas due to wider outreach of its field force. In most cases the new policyholders are below age of 56.

30.1.2.2 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 either 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.

301.2.3 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.

301.2.4 Group Health Business

In prior year, the Corporation has entered Health Insurance market by signing an agreement with the Benazir Income Support Programme (BISP) authorities for providing health insurance to beneficiaries enrolled under BISP Waseela Sehat Programme.

Insured event

The scheme is aimed at providing the underprivileged sector of the society the access to health care to cope with a variety of health shocks. The scheme provides health insurance facilities up to Rs. 25,000 per family enrolled under BISP Waseela Sehat Programme.

301.2.5 Group Accident Business

The Corporation started this business from October 2012. The Corporation is providing Accidental Life Insurance Coverage for a period of two years to persons applying for the Smart Card as a result of an agreement signed between the Corporation and NADRA.

Insured event

The insured event covered under this contract is accidental death.

30.1.3 Reserving method

30.1.3.1 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.



30.1.3.2 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.

30.1.3.3 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.

30.1.3.4 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.

30.1.3.5 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. The additional amount arising from the adoption of IRR valuation is being held as a separately identifiable reserve within the pension statutory fund.

30.1.3.6 Group accident and health policies

Group Accident and Health business consists of short duration one year renewable term insurance policies. 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.

30.2 Reserves for outstanding claims

The Corporation holds a reserve for all claims which have been reported but are still outstanding on the reporting date. Another estimated reserve is kept within the actuarial liability for claims which has been incurred but has 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.

30.3 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 upon the results of this test the Appointed Actuary considers that the liability being kept by the Corporation is adequate.

30.4 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 that it can safely hold on its own account.

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 re-insurer 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.

30.5 Accounting estimates and judgments and process used for deciding assumptions

30.5.1 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 results of this study are 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 feels that there is an adequate data for arriving at credible results.

30.5.2 Investment income

Due to long term nature of its individual life policies, the Corporation is exposed to the risk of adverse fluctuation of 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.

30.5.3 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 results of this study are utilized in the estimation of liability under realistic assumptions to ensure the adequacy of the reserves being held.



During current year, Corporation was not able to meet the prescribed renewal expense ratio of 18% and its management expense to renewal premium ratio exceeds 18% during the year ended December 31, 2013 after including the impact of staff retirement benefits resulting from retrospective application of amended IAS-19 since January 1, 2013. However, after considering the special circumstances and practical difficulties triggered by events which are beyond the control of Corporation, SECP has granted one time exemption of excluding past service cost and unrecognized actuarial loss of current year from the computation of actual management expense for the year 2013 in order to comply with the prescribed maximum management expense limits. After excluding actuarial loss and past service cost from the computation of management expense, revised renewal expense ratio for current year is within the limits prescribed by SECP.

30.6 Frequency and severity of claims

30.6.1 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.

30.6.2 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 27 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 89 % 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.

30.6.3 Claims development

The development of claims against insurance contracts issued is not disclosed as uncertainty as to the timing and amount of claims is usually resolved within a period of one year.

30.7 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.



30.8 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.

30.8.1 Financial risk

30.8.1.1 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 adds another layer of security against interest risk.

30.8.1.2 Expense risk

This is that the actual expenses of the Corporation are more than the provision in its premium rates. To ensure that adequate reserves are kept for the risk of expense overrun the net premiums used by the Corporation in its actuarial valuation are suitably reduced to give due allowance for the higher expense ratio of the Corporation.

30.8.1.3 Mortality risk

The mortality used in the reserving basis is the mortality prescribed by the SECP, which is the SLIC 2001-05 table. Due to advancements in health care technology the current mortality levels are significantly lower than the mortality rates of this table. Hence the reserving basis has adequate margins for absorbing the impact of adverse fluctuation in mortality.

30.8.1.4 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 is more than its surrender value. This ensures that the Corporation does not suffer any adverse impact in case any policies are surrendered.

30.8.1.5 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.



30.8.1.6 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 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 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 somewhat mitigated 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.

30.8.1.7 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.

30.8.2 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.

30.8.3 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 is automatically charged commensurating 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.

30.9 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%	0.25%
Decrease in mortality	10%	-0.27%
Increase in discount rate	0.5% addition in rate	-4.43%
Decrease in discount rate	0.5% reduction in rate	4.71%

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.

31 SEGMENT REPORTING

Class of Business wise assets, liabilities and operating results has been disclosed in the Balance Sheet, Profit and Loss account and Revenue account prepared in accordance with the requirements of the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002.

32 RELATED PARTY TRANSACTIONS

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 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:

	(Rupees in '000)	
	Aggregate	
	2013	2012
Profit oriented state-controlled entities-common ownership		
Premiums	1,070,758	414,151
Claims	444,255	88,998
Profit commission	229,343	144,818
Fixed deposits	6,000,016	5,000,016
Investment in shares- State Bank of Pakistan	3,221	3,221
Subsidiaries		
Rental income received	-	242
Right shares received at par	-	100,000
Staff retirement fund		
Contribution to provident fund	13,147	24,096
Contribution made directly by Corporation to pension fund	300,151	140,875
Contribution to funded gratuity	13,329	26,681
Expense charged for pension fund	513,431	536,125



	(Rupees in '000) Aggregate	
	2013	2012
Transactions with associated companies		
Bonus shares allotted:		
Askari Bank Limited	-	2,748
Bank Al-Habib Limited	-	8,708
Fauji Fertilizer Company Limited	-	37,112
Pakistan State Oil Company Limited	2,706	2,253
Sui Northern Gas Pipelines Company Limited	2,498	-
GlaxoSmithKline Pakistan	758	684
National Bank of Pakistan Limited	7,312	3,931
Security Papers Limited	698	-
Right shares subscribed:		
Alpha Insurance Company Limited	-	10,000
Dividend received during the year		
Pakistan Reinsurance Company Limited	183,081	219,697
Transactions with related parties - common directorship		
Investment in TDR's :		
National Bank of Pakistan Limited	6,000,000	5,000,000
Investment in units :		
National Investment Trust	500,000	1,704,731
Fixed deposits with:		
Summit Bank Limited	400,000	-
Investment in shares:		
Askari Bank Limited	-	1,860
Fauji Fertilizer Company Limited	1,465	3,322
Pakistan State Oil Company Limited	500	464
Sui Southern Gas Company Limited	499	7,246
Sui Northern Gas Pipelines Company Limited	-	5,442
GlaxoSmithKline Pakistan Limited	-	63
National Bank of Pakistan Limited	6,800	4,392
Hub Power Limited	-	2,618
	(Rupees in '000) Aggregate	
	2013	2012
Balances with related parties - common directorship		
Investment in shares:		
Askari Bank Limited	-	437,707
Bank Al-Habib Limited	-	78,626
Fauji Fertilizer Company Limited	-	2,342,908
Habib Metropolitan Bank Limited	-	15,019
Packages Limited	-	206,702
Pakistan State Oil Company Limited	-	2,117,546
Pak Suzuki Motors Company Limited	-	59,175
Sui Southern Gas Company Limited	-	543,233



(Rupees in '000)
Aggregate

	2013	2012
Sui Northern Gas Pipelines Company Limited	-	210,884
Thatta Cement Company Limited	-	138,346
Pakistan International Airlines Corporation	-	28,050
GlaxoSmithKline Pakistan Limited	-	112,615
Alpha Insurance Company Limited	-	202,518
International Industries Limited	-	11,399
Pak Cables Limited	-	4,521
National Bank of Pakistan Limited	-	1,176,506
Hub Power Limited	-	793,338
Orix Leasing Limited	-	69,257
Security Papers Limited	-	4,894
Fixed deposits with:		
Summit Bank Limited	-	500,000
33 NUMBER OF EMPLOYEES		
The number of employees as at December 31 are:		
Permanent employees	4,359	4,409
Area managers	934	907
	5,293	5,316

34 DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorized for issue on 09 Dec 2014 by the Board of Directors of the Corporation.

Nargis Ghaloo
Chairman

Saad Amanullah
Director

Saeed Ahmad
Director

Muhammad Rashid
Chief Financial Officer



Note	Effective yield / Mark-up rate	2013 Exposed to yield / interest rate risk							Non - interest bearing financial instruments	Total	
		Maturity upto one year	Maturity from one to two year	Maturity from two to three year	Maturity from three to four year	Maturity from four to five year	Over five year	Sub total			
(Rupees in 000)											
Financial Assets											
Fixed rate instruments											
Cash and others	11	-	-	-	-	-	-	-	85,627	85,627	
Current and other accounts		-	-	-	-	-	-	8,059,713		8,059,713	
Deposits		0.50% to 12.50%	23,385,209	1,580,960	-	-	-	24,966,169	-	24,966,169	
Loans secured against life insurance policies	12	12.50%	7,518,346	2,114,046	1,946,584	1,671,825	3,916,076	15,933,290	33,100,167	33,100,167	
Loan secured against other assets		6.00%-10.00%	60,389	53,822	52,509	51,197	44,633	-	262,550	262,550	
Unsecured loans		-	-	-	-	-	-	-	157,568	157,568	
Investments	14	8.00% to 13.75%	51,766,378	56,425,132	29,084,758	39,614,353	50,145,947	62,456,318	289,492,886	29,586,384	319,079,270
Premiums due but not paid		-	-	-	-	-	-	-	10,444,827	10,444,827	
Amount due from other insurers / reinsurers		-	-	-	-	-	-	-	260,227	260,227	
Agents balances		-	-	-	-	-	-	-	208	208	
Investment income due but outstanding		-	-	-	-	-	-	-	422,046	422,046	
Investment income accrued		-	-	-	-	-	-	-	14,237,222	14,237,222	
Sundry receivables	15	-	-	-	-	-	-	-	338,659	338,659	
Other current assets		-	-	-	-	-	-	-	50,680	50,680	
Floating rate instruments											
Term finance certificates	14	Kibor + 1.00% to 2.85%	-	199,525	-	-	-	-	199,525	-	199,525
Total Financial Assets			82,730,322	60,373,485	31,083,851	41,337,375	54,106,656	78,389,608	348,021,297	63,643,161	411,664,458
Financial Liabilities											
Fixed rate instruments											
Balance of Statutory Funds			-	-	-	-	-	-	378,607,770		378,607,770
Outstanding claims	8		-	-	-	-	-	-	14,336,709		14,336,709
Amount due to other insurers/reinsurers			-	-	-	-	-	-	126,554		126,554
Amount due to agents			-	-	-	-	-	-	4,048,578		4,048,578
Accrued expenses			-	-	-	-	-	-	1,998,041		1,998,041
Others creditors and accruals			-	-	-	-	-	-	7,724,067		7,724,067
Total Financial Liabilities			-	-	-	-	-	-	406,841,719		406,841,719
On balance sheet gap			82,730,322	60,373,485	31,083,851	41,337,375	54,106,656	78,389,608	348,021,297	(343,198,558)	4,822,739



Note	Effective yield / Mark-up rate	2012 Exposed to yield / interest rate risk							Non - interest bearing financial instruments	Total	
		Maturity upto one year	Maturity from one to two year	Maturity from two to three year	Maturity from three to four year	Maturity from four to five year	Over five year	Sub total			
(Rupees in 000)											
Financial Assets											
Fixed rate instruments											
Cash and others	11	-	-	-	-	-	-	-	83,693	83,693	
Current and other accounts		-	-	-	-	-	-	-	7,432,250	7,432,250	
Deposits		0.5% to 13.70%	21,749,541	1,456,400	-	-	-	23,205,941	-	23,205,941	
Loans secured against life insurance policies	12	12.50%	6,154,382	1,730,520	1,593,439	1,368,526	3,205,629	13,042,704	27,095,200	27,095,200	
Loan secured against other assets		6% to 10%	62,456	55,666	54,308	52,951	46,162	-	271,543	271,543	
Unsecured loans		-	-	-	-	-	-	-	158,498	158,498	
Investments	14	8.00% to 13.75%	9,109,044	20,134,690	16,354,846	29,102,161	14,083,016	143,355,411	232,139,168	28,534,568	260,673,736
Premiums due but not paid		-	-	-	-	-	-	-	8,021,001	8,021,001	
Amount due from other insurers / reinsurers		-	-	-	-	-	-	-	208,239	208,239	
Agents balances		-	-	-	-	-	-	-	208	208	
Investment income due but outstanding		-	-	-	-	-	-	-	391,445	391,445	
Investment income accrued		-	-	-	-	-	-	-	12,129,962	12,129,962	
Sundry receivables	15	-	-	-	-	-	-	-	40,316	40,316	
Other current assets		-	-	-	-	-	-	-	37,960	37,960	
Floating rate instruments											
Term finance certificates	14	KIBOR + 1% to 2.85%	309,869	1,900,403	-	-	-	-	2,210,272	-	2,210,272
Total Financial Assets			37,385,292	25,277,679	18,002,593	30,523,638	17,334,807	156,398,115	284,922,124	57,038,140	341,960,264
Financial Liabilities											
Fixed rate instruments											
Balance of Statutory Funds			-	-	-	-	-	-	313,754,425	313,754,425	
Outstanding claims	8		-	-	-	-	-	-	12,995,570	12,995,570	
Amount due to other insurers/reinsurers			-	-	-	-	-	-	205,998	205,998	
Amount due to agents			-	-	-	-	-	-	3,546,628	3,546,628	
Accrued expenses			-	-	-	-	-	-	1,908,409	1,908,409	
Others creditors and accruals			-	-	-	-	-	-	5,812,598	5,812,598	
Total Financial Liabilities			-	-	-	-	-	-	338,223,628	338,223,628	
On balance sheet gap			37,385,292	25,277,679	18,002,593	30,523,638	17,334,807	156,398,115	284,922,124	(281,185,488)	3,736,636



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 included in the balance sheet of State Life Insurance Corporation of Pakistan has been determined in accordance with the Provisions of the Insurance Ordinance,2000; and
- b. Each statutory fund of the Sate Life Insurance Corporation of Pakistan complies with the solvency requirements of the Insurance Ordinance, 2000.

(Shujaat Siddiqui)
(Appointed Actuary)



STATEMENT OF DIRECTORS

Form LN

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

Section 46(6)

- a. In our opinion the annual statutory accounts of the State Life Insurance Corporation of Pakistan set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, 2000, and the Insurance Rules, 2002: and
- b. State Life Insurance Corporation of Pakistan has at all times in the year complied with the provisions of the Insurance Ordinance, 2000, and the Insurance Rules, 2002, made there under relating to paid-up capital, solvency and re-insurance arrangements; and
- c. As at December 31, 2013 State Life Insurance Corporation of Pakistan continues to be in compliance with the provision of the Insurance Ordinance, 2000, and the Insurance Rules, 2002, made there under relating to paid-up capital, solvency and reinsurance arrangement.

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.

Nargis Ghaloo
Chairman

Saad Amanullah
Director

Saeed Ahmad
Director

Muhammad Rashid
Chief Financial Officer

PROGRESS AT A GLANCE SINCE INCEPTION





PROGRESS AT A GLANCE SINCE INCEPTION

(Rs. in Million)

	1973	1975	1978	1980	1981	1983	1985	1988	1990	1993	1995	1996	1997	1998
First Year Premium (Net)	48	50	80	110	135	228	341	678	846	918	2,026	1,698	1,490	1,306
Renewal Premium (Net)	219	244	305	365	405	606	847	1,515	2,267	3,284	3,935	4,694	4,364	4,413
Group Premium (Net)	50	61	114	164	192	294	347	880	642	930	1,178	1,266	1,413	1,244
Pension Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health & Accidental Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Premium (Net)	317	354	500	638	731	1,128	1,535	3,073	3,755	5,132	7,139	7,658	7,266	6,964
Investment Income	81	122	221	279	365	562	767	1,323	1,906	3,675	5,066	5,984	5,901	5,996
Total Income	391	504	727	920	1,096	1,690	2,307	4,406	5,674	8,814	12,231	13,650	13,177	12,976
Total Outgo	292	307	427	593	740	1,005	1,342	2,597	2,877	4,138	6,245	7,355	7,477	8,451
Life Fund	1,494	1,735	2,494	3,111	3,461	4,660	6,422	11,327	16,321	28,333	39,339	45,582	51,010	55,460
Yield on Life Fund (%)	7	8	10	10	12	14	14	14	14	15	15	15	13	12
Overall Expense Ratio (%)	33	33	31	34	34	34	36	34	35	34	43	43	43	54
Renewal Expense Ratio(%)	26	27	26	30	28	28	25	26	22	26	30	35	39	56
Investment Portfolio	1,401	1,766	2,512	3,155	3,537	4,691	6,367	11,140	15,980	27,601	37,969	43,084	48,289	54,017
Policy Benefits (Net)	141	191	271	375	470	596	796	1,560	1,565	2,391	3,146	4,097	4,341	4,715
No. of Policies in Force (Individual Life)	357,413	379,083	397,158	413,231	419,109	489,366	599,423	945,258	1,297,879	1,681,946	2,034,969	2,087,919	2,092,404	2,033,388
No. of Lives Covered (Group Life)	-	1,500,000	2,340,472	2,585,775	2,610,344	2,802,279	3,003,387	3,767,266	4,308,986	4,250,232	4,190,181	4,341,011	4,198,974	4,456,347
Total Business in Force (Sum Assured and Bonuses)	17,899	17,952	30,055	45,847	47,500	62,277	77,542	117,726	145,626	311,306	407,296	440,762	489,772	539,751



PROGRESS AT A GLANCE SINCE INCEPTION

(Rs. in Million)

**ANNUAL
Compound
Growth
Rates
(1973-2013)**

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	ANNUAL Compound Growth Rates (1973-2013)
1,275	1,041	1,124	1,350	1,797	2,348	2,806	3,327	3,854	5,159	7,196	9,647	11,990	13,947	15,442	16%
4,312	4,538	4,565	5,489	5,790	6,655	8,454	9,785	12,054	13,993	17,634	22,287	28,144	35,145	43,348	15%
1,251	1,102	1,249	1,518	2,281	1,997	2,548	2,866	2,796	3,532	3,514	3,676	4,645	6,802	6,832	13%
-	-	7	8	13	15	12	14	14	11	23	29	33	54	20	9%
-	-	-	-	-	-	-	-	-	-	-	-	-	70	104	48%
6,838	6,681	6,945	8,364	9,881	11,014	13,820	15,992	18,717	22,695	28,367	35,639	44,812	56,018	65,745	15%
8,406	7,873	8,492	11,200	10,202	13,610	13,106	14,924	17,505	19,133	21,545	27,434	31,175	37,977	50,949	18%
15,286	14,592	15,436	19,564	20,082	24,624	26,926	30,915	36,222	41,828	49,914	63,073	75,988	93,995	116,694	16%
8,060	8,745	8,342	8,165	9,938	11,544	12,673	15,393	17,049	20,779	27,356	31,489	37,122	47,296	50,663	14%
62,484	68,127	75,343	86,211	95,957	108,808	122,775	137,960	156,737	177,459	199,445	230,422	268,580	313,754	378,608	15%
15	13	13	15	12	14	12	12	13	12	12	14	13	14	16	-
46	54	40	38	39	41	36	41	33	35	41	40	39	41	38	-
45	57	37	34	35	34	28	34	9	11	19	18	17	16	17	-
59,933	64,829	74,029	86,203	96,415	110,488	124,984	142,159	161,966	182,874	205,804	235,935	275,110	316,878	380,981	15%
4,904	5,136	5,572	5,005	6,123	7,063	7,654	8,912	10,783	12,779	15,724	17,072	19,420	24,067	25,836	14%
1,963,723	1,878,139	1,806,476	1,801,919	1,849,125	1,926,254	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	7%
3,501,163	3,259,618	3,295,387	3,443,916	3,632,688	3,898,333	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	-
656,776	499,136	506,245	629,011	816,210	947,239	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	15%



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

Karachi Central

Al-Farhan Towers,
Plot # D-15, Block -H
N. Nazimabad, Karachi.
Tel. 021-99260011-13

Karachi Eastern

Jason Trade Centre,
7th Floor, 39-A-1,
PECHS, Sharah-e-Faisal,
Karachi.
Tel. 021-34539180-8095

Hyderabad

State Life Building,
Thandi Sarak.
Tel. 022-9200622-352

Quetta

2nd Floor,
PIA Building, Hali Road.
Tel. 081-9201520/30

Sukkur

State Life Building,
Minara Road.
Tel. 071-9310501-525

Mirpurkhas

M.A. Jinnah Road,
State Life Building, Near
D.C. Office, Mirpurkhas
Tel. 0233-9290205

Larkana

State Life Building,
Qaid-e-Awam Road.
Tel. 074-9410800-01

Gulf

P.O. Box # 11276,
Dubai, U.A.E.
Tel. 0097142729061
Fax 0097142729051

Regional Office (Central)

66-C/1, Gilberg-III,
Lahore.
Tel. 042-99205121-22

Lahore Central

State Life Square,
4- Lytton Road,
Lahore,
Tel. 042-99210269-70

Lahore Western

State Life Square,
4- Lytton Road,
Lahore,
Tel. 042-99211711-642

Faislabad

State Life Building # 2
Liaquat Road.
Tel. 041-9200390-636

Sargodha

40 Civil Lines,
Green Plaza Collage Road.
Tel. 048-9230311-319
Gujranwala
Din Plaza, G.T. Road.
Tel. 055-9200282-285

Sialkot

Paris Road.
Tel. 052-9250101-111

Real Estate

State Life Building # 9,
33-E, Blue Area,
Islamabad.
Tel. 051-9206017

Real Estate

State Life Building # 9,
15-A, Davis Road,
Lahore.
Tel. 042-9200396

Regional Office (North)

State Life Building # 9,
Bulund Markaz Plaza, 33-E,
4th Floor, Blue Area,
Islamabad.
Tel. 051-9204935-5047

Rawalpindi

State Life Building # 1,
The Mall.
Tel. 051-9271351-52

Peshawar

State Life Building,
34-The Mall.
Tel 091-9212312-314

Abbottabad

Farroqabad Plaza,
Mansehra Road.
Tel. 0992-380924-381090

Mirpur (AK)

Barry Mian Plaza, 36,
Sector C-1, Mirpur (AK).
Tel. 058610-33247

Swat

Dean Plaza Opp. Central
Hospital,
P.O.Box # 4, Saidu Sharif.
Tel. 0946-9240060

Gujrat

State Life Building,
5th Floor,
G.T Road.
Tel. 053-9260242

Islamabad

State Life Building # 9,
4th Floor, 33-E, Blue Area,
Jinnah Avenue, Islamabad
Tel. 051-9204749-5329

Kohat

Al - Madina Market,
Near, Dr. Gulshan Area
Clinic, Bannu Road,
ChakarKot, Kohat
Tel. 0992-512911

G&P Rawalpindi

State Life Building # 8,
Kashmir Road,
Rawalpindi.
Tel. 051-9272598

Regional Office (Multan)

4th Floor, State Life Building,
Chowk Nawan Shaher,
Abdali Road.
Tel. 061-9200670-770

Multan

State Life Building,
Chowk Nawan Shaher,
Abdali Road.
Tel. 061-9200676-801

Sahiwal

Sattar Complex,
Stadium Road.
Tel. 061-9200022-23

Rahim Yar Khan

2nd Floor Iqbal Complex
Model Town.
Tel. 068-92300270-28

Dera Ghazi Khan

1st Floor, Dubai Trade Center,
Jampur Road.
Tel. 064-2470612-9239130

Bahawalpur

Circular Road,
Al-Karim Plaza, 2nd Floor.
Tel. 062-9255171-72

G&P Peshawar

State Life Building
34 - The Mall,
Peshawar.
Tel. 091-9211596

G&P Karachi

State Life Building # 2,
Wallace Road,
Karachi.
Tel. 021-99217060-97

G&P Lahore

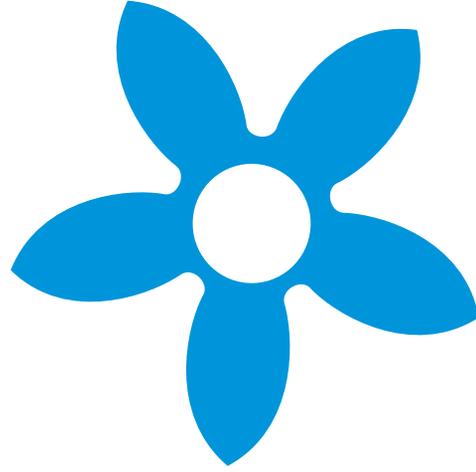
State Life Building,
15-A, Davis Road,
Lahore
Tel. 042-99200355-58

State Life The Only Insurance Corporation in Pakistan with a AAA Rating

The AAA Rating from PACRA reflects our exceptionally strong capacity to meet contractual obligations with our policyholders. It also denotes the leading position of State Life amongst insurance companies in Pakistan. Our extensive distribution network, good management, comprehensive information systems and growing business volumes are the basis for the ever-growing confidence that our policyholders repose in us.

State Life's senior management extends its gratitude to its policyholders for their unshakable trust and appreciates the hard work and dedication of its employees, officers and marketing force.

State Life's Insurance Policy
A Lasting Tradition for Every Generation



اسٹیٹ لائف کی بیمہ پالیسی - ایک تابندہ روایت نسل در نسل



STATE LIFE
INSURANCE CORPORATION OF PAKISTAN

www.statelife.com.pk

ارے خدا میرے ابو
سلامت رہیں...

Zindagi ke anmol rishton ko
lazawaal banaye

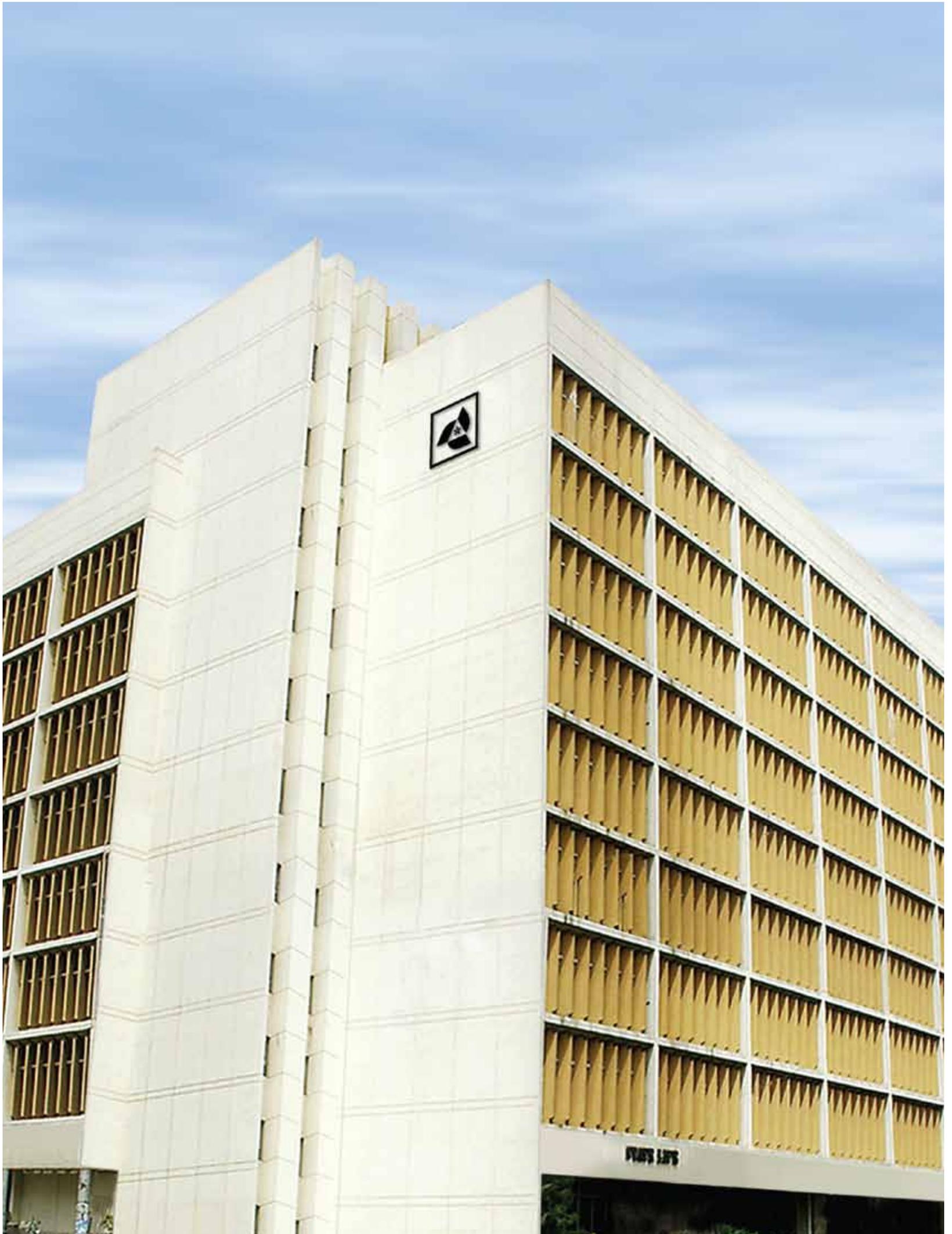
The Only
Insurance Corporation
in Pakistan with a
AAA Rating

اسٹیٹ لائف کی بیمہ پالیسی - ایک تابندہ روایت نسل در نسل



STATE LIFE
INSURANCE CORPORATION OF PAKISTAN

For further details, contact our sales representatives or visit www.statelife.com.pk





STATE LIFE

INSURANCE CORPORATION OF PAKISTAN

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