

# Directors' Report to the Shareholders

The Board of Directors are delighted to present the audited financial statements for the year ended 31<sup>st</sup> December, 2023 in its 51<sup>st</sup> Annual Report of the Corporation.

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

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

1. The financial statements, prepared by the management of State Life Insurance Corporation of Pakistan (the Corporation), present the result of its operations, cash flows and changes in equity.
2. Proper books of account of the Corporation have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, International Financial Reporting Standards or any other regulation or law (including but not limited to the Shariah guidelines/principles) as applicable in Pakistan, have been followed in preparation of financial statements and any deviation from them have been disclosed.
5. The system of internal controls is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts about the Corporation's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance.

## 2. Financial Performance and Operating Results

Overall performance of the Corporation remained satisfactory. An overview of the performance of Corporation for Financial Year (FY) 2023 as compared to last year is summarized below:

Total Income of the Corporation including unrealized capital gain of Rs. 33,216 million (2022: Capital Loss Rs. 13,539) increased to Rs. 525,696 million in 2023 as against Rs. 383,270 million in the preceding year, registering an increase of 37.2 percent.

Acquisition expenses for FY 2023 were Rs. 29,522 million as compared to Rs. 22,680 million in FY 2022 showing an increase of 30.2 percent; Marketing and Administrative expenses were Rs. 18,792 million in FY 2023 as compared to Rs. 14,748 million in the preceding year showing an increase of 27.4 percent. Overall management expense ratio to total premium income for FY 2023 was 17.97 percent as against 15.33 percent to last year.

Insurance benefits paid to policyholders in the year 2023 were Rs. 247,513 million as against Rs. 175,321 million last year, registering an increase of 41.2 percent.

### 3. Business Portfolio Wise Performance

#### 3.1 Individual Life Business – Pakistan’s Operations:

First year gross premium under Individual Life policies during the year 2023 was Rs. 25,701 million as compared to Rs. 19,624 million in the year 2022, showing an increase of 31.0% percent. Gross renewal premium was Rs. 114,716 million in FY 2023, whereas it was Rs. 109,306 million in FY 2022, resulting in an increase of 4.9 percent.

#### 3.2 Individual Life Business – Overseas Operations:

For overseas business, first year gross premium under Individual Life policies, during the year 2023 was Rs. 427 million as against Rs. 223 million in the year 2022, showing an increase of 91.9 percent. Gross renewal premium in FY 2023 was Rs. 3,203 million as compared to Rs. 2,361 million in 2022, showing an increase of 35.6 percent.

#### 3.3 Takaful Operations:

During the year under review, Takaful operations of the Corporation have received contributions of Rs. 1,123 million as against Rs. 450 million in the year 2022 showing tremendous growth of 149.6 percent.

#### 3.4 Group Life Business:

Premium under Group Life policies including unearned premium during the year 2023 was Rs. 11,841 million as compared to Rs. 11,108 million in the corresponding year, showing an increase of 6.6 percent. Experience refund during the year 2023 was Rs. 551 million as compared to Rs. 346 million in 2022 showing an increase of 59.2 percent.

#### 3.5 Health Insurance Business:

Premium under Health and Accident Insurance business including unearned premium during the year 2023 was Rs. 181,689 million as compared to Rs. 143,261 million in 2022, showing a significant increase of 26.8 percent. Experience refund during the year 2023 was Rs. 69,271 million as compared to Rs. 41,836 million in 2022 showing an increase of 65.6 percent.

#### 3.6 Real Estate:

Break up of rental income and expenses are:

	<u>Rs. in million</u>		
	<u>2023</u>	<u>2022</u>	<u>Inc/(Dec)</u>
Rental and other income	1,813	1,415	28
Expenses	971	707	37
Net Income	842	708	19

### 3.7 Investment:

Net investment income for FY 2023 was Rs. 257,852 million including unrealized capital gain of Rs. 33,216 million (FY 2022: Capital Loss of Rs. 13,539 million) higher by 84.1 percent over the previous year's investment income of Rs. 140,059 million.

## 4. Key Operating and Financial Data

Summarized financial performance for the last six years is annexed as **Appendix-A**.

## 5. Others Disclosures

- There is no statutory payment outstanding as on December 31, 2023 on account of taxes, duties, levies, and charges except as disclosed in notes to the Financial Statements.
- The value of investment made by the employees' retirement funds, operated by the Corporation, as per their financial statements as of December 31, 2023, are as follows:

	Rs. in Million
Pension Fund	34,904
Gratuity Fund – Officers	-
Provident Fund	6,560

## 6. Number of Meetings of the Board

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

S. No.	Director's Name	Status	Date of Appointment	Total Meetings	Meetings Attended
1	Mr. Sulaiman S. Mehdi	Chairman	17.08.2023	11	5
2	Mr. Shoaib Javed Hussain	Chairman	07.03.2023	11	5
3	Mr. Shoaib Javed Hussain	CEO	17.08.2023	11	5
4	Dr. Ahmed Mujtaba Memon	Elected Chairman for 296 <sup>th</sup> meeting of the Board	14.07.2022	11	1
5	Dr. Ahmed Mujtaba Memon	Non-Independent Director	14.07.2022	11	3
6	Mr. Anwar Mansoor Khan	Independent Director	07.03.2022	11	7
7	Ms. Sarah Saeed	Non-Independent Director	19.09.2023	11	3
8	Mr. Humayun Bashir	Independent Director	07.03.2022	11	11
9	Mr. Sheharyar Iftikhar Khan	Independent Director	08.08.2023	11	4
10	Mr. Muhammad Iqbal	Non-Independent Director	13.12.2022	11	10
11	Mrs. Pouruchisty Sidhwa	Independent Director	07.03.2022	11	10

## Pattern of Shareholding:

As at December 31, 2023

Categories of Shareholders	No. of Shares Held
Government of Pakistan through Ministry of Commerce (100 percent)	80 million
Total	80 million

## 7. Corporate Communication & CSR

Corporation spearheaded range of impactful initiatives spanning employee engagement, community outreach, media and public relations and executed advertising campaigns across diversified media platforms.

Corporation sponsored inauguration of pioneering café managed by differently-abled students, marking a significant stride in community empowerment. Corporation also launched a market awareness campaign of its newly launched products during the prominent ICC's Men's Cricket World Cup 2023, capitalizing on its primetime exposure. Due to strategic positioning at prominent industry conferences, Corporation's brand experienced a notable resurgence, reassuring its prominence in the market.

## 8. Human Resource Development

Human resource is the most valuable asset of an organization. During the year under review, Corporation has arranged 2,254 courses (2022: 2,138) for enhancing skill of its marketing force and its employees which were attended by 110,567 participants (2022: 97,294).

## 9. Insurer Financial Strength Rating

State Life Insurance Corporation of Pakistan is the only Insurer in the Pakistan's insurance industry that is continuously maintaining 'AAA' rating by Pakistan Credit Rating Agency (PACRA). The 'AAA' rating represents SLIC's exceptionally strong capacity to meet policyholders and contractual obligations.

## 10. Future Outlook

### 10.1 Economic Outlook:

During the year under review, Pakistan's economy faced challenging situation due to sky rocketing inflation and other macroeconomics factors. As a result of severe economic challenges, insurance industry registered negative growth during 2023. Despite these challenges, Corporation's financial performance witnessed tremendous growth. However, if soaring inflationary pressure persists, we may witness slowdown in business growth. Management of the Corporation is closely monitoring the economic situation and is committed to protect the interest of its policyholders and shareholders.

## **10.2 Health Insurance:**

Corporation is efficiently managing social health insurance initiatives providing impatient medical care for more than 180 million individuals across Pakistan. The Provision of medical services is accessed through network of 1200+ hospital.

Active initiatives have been taken to expand health insurance coverage to entire Baluchistan. Corporation is entering into corporate health insurance segment and introduced hybrid health product like Sehat Salamat Health Insurance Plan to cater the diversified need of corporate clients. Similarly, to cater the individual need of different segments of society, the Corporation introduced valuable individual plan like Sinf-e-Aahan Cancer Protection Plan for Women, Hari Plan, Sahara Family Health Insurance Plan and Sehat Zindagi Health Insurance Plan. Corporation anticipates the reduction in group health insurance premium in the coming years due to reduction in coverage of government funded health insurance schemes.

## **10.3 Group Business:**

For enhancement of group life portfolio, Corporation has introduced new plans like term insurance for government employees of KP, financial assistance and retirement benefits scheme for employees of Sindh Government, travel insurance (both road and railways). The group insurance for the employees and passengers of Pakistan Railways has also been commenced.

Besides, various avenues are being explored and offered to Bureau of Emigration for group life insurance of emigrants moving abroad on job visa.

## **10.4 Family Takaful:**

Corporation is planning for Bancatakaful operations and for this purpose it has entered into Bancatakaful agreement with prominent banks of Pakistan like UBL, BoP and HBL. Plans are underway for enhancement of takaful business through individual family takaful, group health takaful & group family takaful products in the coming years.

## **10.5 Bancassurance:**

The outreach of Corporation's Banca business, with the assistance of partner banks; is making its mark in banking industry. Also, non-partner banks are approaching Corporation with an aim to optimizing insurance cover for their clients. Recently, Corporation has joined hands with HBL for expanding foot prints in Banca business.

## **10.6 Digitization:**

For delivering hassle-free online digital services to policyholders, multiple initiatives have been taken which includes launch of digital insurance policy portal, online premium payment through e-pay, verification through NADRA Verisys, online compliant management system, etc. Some of the other initiatives to improve policyholder's experience include revamping of the existing website, upgradation of centralized database, integration of mobile app (android and IOS) with the website, digitization of policy documents, etc. Steps are being taken for providing mobile app to the field workers for accessing information related to their policyholder's status.

## **11. Actuarial Valuation**

As at 31<sup>st</sup> December 2023, the actuarial surplus arising during the inter-valuation period on participating policies was Rs. 159,814 million (2022: Rs. 130,837 million). The details of bonuses declared are stated as an appendix.

## **12. Dividend**

Profit after tax (PAT) attributable to Shareholders for FY 2023 and FY 2022 was Rs. 14,719.723 million and Rs. 13,728.269 million respectively in which an amount of Rs. 10,009.875 million (FY 2022: 11,614.664 million) has been transferred to Ledger Account "D" Solvency reserve on the advice of Appointed Actuary; profit available to shareholders is Rs. 4,709.848 million (2022: 2,113.605 million). Rs. 410 million (2022: 113.606 million) will be retained in General Reserve. Dividend of Rs. 2,500 million (2022: Rs. 2,000 million) will be paid to Government of Pakistan.

## **13. Statutory Auditors**

The accounts for the year ended 31<sup>st</sup> December, 2023 were jointly audited by a panel of auditors comprising of (i) M/s. BDO Ebrahim & Co. Chartered Accountants, Karachi and (ii) M/s. Riaz Ahmed & Co. Chartered Accountants, Karachi. The accounts of Gulf Zone were audited by M/s. Sajjad Haider & Co. Chartered Accountants, Dubai, UAE.

The Auditors Report for the financial year 2023 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in this Annual Report.

## **14. Consolidated Accounts**

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

## **15. Subsidiary Companies:**

The Corporation has three subsidiaries as on 31.12.2023:

- i. State Life (Lackie Road) Properties (Private) Limited
- ii. State Life (Abdullah Haroon Road) Properties (Private) Limited
- iii. Alpha Insurance Company Limited

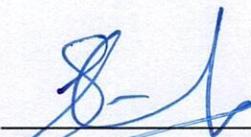
## 16. Acknowledgement

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

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

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

On behalf of the Board of Directors



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Shoaib Javed Hussain  
Chief Executive Officer



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Sulaiman S. Mehdi  
Chairman

Karachi,  
Dated: 30<sup>th</sup> April, 2024

**Appendix-A****Key Operating and Financial Data:**

	<b><i>Rs. in Million</i></b>					
	<b>2023</b>	<b>2022</b>	<b>2021</b> <b>(restated)</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<i>FIRST YEAR PREMIUM (NET)</i>	26,611	19,828	16,343	14,019	12,876	18,918
<i>RENEWAL PREMIUM (NET)</i>	117,925	111,540	98,950	93,037	91,087	85,998
<i>GROUP PREMIUM INCLUDING HEALTH (NET)</i>	123,071	111,740	46,468	11,962	8,500	7,117
<i>INVESTMENT INCOME (NET)</i>	257,852	140,059	109,469	105,598	95,802	70,277
<i>INSURANCE BENEFITS</i>	247,513	175,321	98,038	64,688	57,049	50,249
<i>SURPLUS APPROPRIATED TO SHAREHOLDERS' FUND</i>	7,485	2,839	2,339	2,138	1,878	1,738
<i>PROFIT BEFORE TAX</i>	24,480	20,664	9,265	5,927	2,797	2,675
<i>TAXATION</i>	9,760	6,936	2,708	1,720	813	883
<i>PROFIT AFTER TAX</i>	14,720	13,728	6,556	4,207	1,984	1,792
<i>EARNINGS PER SHARE (in Rs.) Rs. 100 each</i>	184	171.6	141.75	97.78	51.61	56.6
<i>BONUS TO POLICY HOLDERS</i>	119,723	97,491	85,650	75,968	69,753	62,046
<i>TOTAL ASSETS</i>	1,930,683	1,602,588	1,366,112	1,203,383	1,058,836	930,231