

Directors' Report to the Shareholders

I am pleased to present the Directors' Report and Chairman's Review of State Life Insurance Corporation of Pakistan together with the condensed interim financial information (un-audited) for the half year ended 30th June 2019.

OPERATING AND FINANCIAL PERFORMANCE:

- 1.1 During the period under review, financial performance of the Corporation remained balanced. An overview of the performance of State Life during the half year 2019 as compared to half year 2018 is given hereunder:
- 1.2 Total Income of the State Life decreased to Rs.73,633 million in half year 2019 as against Rs. 82,303 million in the preceding half year, registering a decrease of 10.5%. If the impact of unrealized gains / (Losses) is excluded, total income at period ended June 2019 would be Rs.84,474 million as against Rs. 75,554 million in June 2018 up by 11.80%.
- 1.3 Acquisition, Marketing and Administration expenses for the half year 2019 were Rs.9,338 million as compared to Rs.11,286 million in half year 2018 showing a decrease of 17%. Overall management expense ratio to total premium income for the half year 2019 was 22.5% as against 28.5% for corresponding period of 2018.
- 1.4 Insurance benefits in the half year 2019 were Rs. 26,369 million as against Rs. 22,138 million in the corresponding period 2018, showing an increase of 19%.
- 1.5 Insurance liabilities at the end of half year 2019 was Rs.924,943 million as against Rs. 890,676 million in the corresponding period 2018, showing an increase of 3.85%.
- 1.6 The earnings per share for the half year ended June 30, 2019 amount to Rs. 39.74 per share, which is 9% higher than the corresponding figure of Rs. 36.47 per share during the same period last year.

1. BUSINESS PORTFOLIO WISE PERFORMANCE:

1.1 INDIVIDUAL LIFE BUSINESS:

First year gross premium income under Individual Life policies, during the half year 2019 was Rs.3,980 million as compared to Rs. 6,392 million in the last year corresponding period, resulting a decrease of 38%, the reason of declined first year premium is, management has restructured business distribution channel in order to bring the management expenses within the prescribed limits of SECP. Gross renewal premium was Rs. 30,764 million in half year 2019 whereas it was Rs. 28,389 million in the corresponding period of 2018, resulting in an increase of 8.4%.

1.2 GROUP LIFE BUSINESS:

Gross premium under Group Life policies during the half year 2019 was Rs 2,775 million as compared to Rs. 2,223 million in the half year 2018, showing an increase of 25%.

1.3 HEALTH INSURANCE BUSINESS:

Gross premium under Health Insurance policies during the half year 2019 was Rs.4,066 million as compared to Rs. 2,568 million in the preceding period 2018, showing an increase of 58%, mainly due to health insurance policies undertaken for the Prime Minister's National Health Insurance Program.

1.4 REAL ESTATE:

In the half year 2019, Real Estate Division (RED) performed satisfactorily in the context of Real Estate Management, breakup of rental income and expenses are stated hereunder:

	Half Year (Rs. In million)		
	2019	2018	Inc/(Dec)
Rental Income etc.	597	598	(1)
Expenses	282	296	14
Net	315	302	13

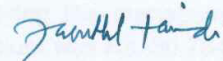
1.5 INVESTMENT:

Net investment income including capital gains and unrealized gains/(losses) during the half year 2019 was Rs. 32,119 million as compared to Rs. 42,790 million in June 2018, showing a decrease of 25%; excluding unrealized gains/(losses) the net investment income stood at Rs. 42,960 million in June 2019 as compared to Rs.36,042 in June 2018 showing an increase of 19%.

2. NOTE OF APPRECIATION:

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. We are grateful to the Insurance Division, Securities and Exchange Commission of Pakistan for their continued guidance and assistance. May our future efforts continue to contribute to the nation's wellbeing in the economic and fiscal fields.

On behalf of the Board of Directors



Chairman

Farrukh Ahmad Hamid

Karachi,
Date: August 31, 2019