

Directors' Report to the Shareholders

The Board of Directors are delighted to present the audited financial statements for the year ended 31st December 2022 in its 50th Annual Report of the Corporation.

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

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

1. The financial statements, prepared by the management of State Life Insurance Corporation of Pakistan (the Corporation), present the result of its operations, cash flows and changes in equity.
2. Proper books of 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) 2022 as compared to last year is summarized below:

Total Income of the Corporation including unrealized capital loss of Rs. 13,539 million (2021: Rs. 8,555) increased to Rs. 383,270 million in 2022 as against Rs. 271,258 million in the preceding year, registering an increase of 41.3 percent.

Acquisition expenses for FY 2022 were Rs. 22,669 million as compared to Rs. 19,995 million in FY 2021 showing increase of 13.4 percent; Marketing and Administrative expenses were Rs. 14,759 million in FY 2022 as compared to Rs. 13,073 million (restated) in the preceding year showing an increase of 12.9 percent. Overall management expense ratio to total premium income for FY 2022 was 15.33 percent as against 20.35 percent (restated) to last year.

Insurance benefits paid to policyholders in the year 2022 were Rs. 175,321 million as against Rs. 98,038 million last year, registering an increase of 78.8 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 2022 was Rs. 19,624 million as compared to Rs. 16,100 million in the year 2021, showing an increase of 21.9 percent. Gross renewal premium was Rs. 109,306 million in FY 2022, whereas it was Rs. 97,146 million in FY 2021, resulting an increase of 12.5 percent.

3.2 Individual Life Business – Overseas Operations:

For overseas business, first year gross premium under Individual Life policies, during the year 2022 was Rs. 223 million as against Rs. 150 million in the year 2021, showing an increase of 48.3 percent. Gross renewal premium in FY 2022 was Rs. 2,361 million as compared to Rs. 2,025 million in 2021, showing an increase of 16.6 percent.

3.3 Takaful Operations:

During the year under review, Takaful operations of the Corporation have received contributions of Rs. 450 million as against Rs. 190 million in the year 2021 showing robust growth of 136.6 percent.

3.4 Group Life Business:

Premium under Group Life policies including unearned premium during the year 2022 was Rs. 11,108 million as compared to Rs. 14,854 million in the corresponding year, showing decrease of 25.2 percent. Experience refund during the year 2022 was Rs. 346 million as compared to Rs. 162 million in 2021 showing increase of 113.5 percent.

3.5 Health Insurance Business:

Premium under Health and Accident Insurance business including unearned premium during the year 2022 was Rs. 143,261 million as compared to Rs. 40,487 million in 2021, showing a remarkable increase of 253.8 percent mainly due to health insurance policies undertaken for the Prime Minister’s National Health Insurance Program. Experience refund during the year 2022 was Rs. 41,836 million as compared to Rs. 8,311 million in 2021 showing increase of 403.4 percent.

3.6 Real Estate:

Break up of rental income and expenses are:

	Rs. in million		
	2022	2021	Inc/(Dec)
Rental and other income	1,415	1,202	18
Expenses	707	790	(10)
Net Income	708	412	72

3.7 Investment:

Net investment income for FY 2022 was Rs. 140,059 million including unrealized capital loss of Rs. 13,539 million (FY 2021: 8,555 million) higher by 27.9 percent over the previous year's investment income of Rs. 109,469 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 Dec 31, 2022 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, 2022, the audit of which are in progress, are as follows:

	Rs. in Million
Pension Fund	30,984
Gratuity Fund – Officers	-
Provident Fund	5,910

6. Number of Meetings of the Board

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

S. No.	Director's Name	Meetings Attended
1	Mr. Shoaib Javed Hussain, Chairman	10
2	Mr. Anwar Mansoor Khan	7
3	Dr. Ahmed Mujtaba Memon	4
4	Mr. Humayun Bashir	10
5	Mr. Moin M. Fudda	10
6	Mr. Muhammad Aslam Ghauri	5
7	Mr. Muhammad Bashir Khetran	8
8	Mrs. Pouruchisty Sidhwa	10

6.1 Pattern of Shareholding:

As at December 31, 2022

Categories of Shareholders	No. of Shares Held
Government of Pakistan through Ministry of Commerce (100 percent)	62 million
Total	62 million

7. Advertisement

On the occasion of golden jubilee, Corporation revamped its memorable jingle “Aay Khuda Mere Abbu Salamat Rahain” and enhanced it with “Aay Khuda Mere Ammi Salamat Rahain” and “Aay Khuda Meri Dharti Salamat Rahe” and produced TV commercials which were extensively telecasted on various media platforms. In line with this, Corporation's sponsored cricket series “Pakistan T20 World Cup 2022” & “Pakistan Junior League 2022” were aggressively telecasted on PTV Sports channel and other national channels.

Corporation also engaged in corporate social responsibility to help flood-stricken victims in the country by arranging more than 60 medical camps in flood affected areas.

8. Human Resource Development

Human resource is the most valuable asset of an organization. During the year under review, Corporation has arranged 2,138 courses (2021: 1,257) for enhancing skill of its marketing force and its employees which were attended by 97,294 participants (2021: 94,453).

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 Health Insurance:

Corporation is managing mega social health programs covering more than 170 million population across the country. Corporation is managing Federal Sehat Sahulat Program which covers more than 38 million families in the designated districts. This constitutes more than 60% population of Pakistan. Plans are underway to start a scheme to cover 100% population of Balochistan. Besides managing social health programs, Corporation has developed various corporate & individual health insurance products like Sehat Salamat, Sehat Zindagi, Sahara Family, Sinf-e-Aahan, Haari Plan etc.

10.2 Group Business:

For enhancement of group business, Corporation is introducing new plans like term insurance for government employees of KP, financial assistance and retirement benefits scheme for employees of Sindh Government, travel insurance, re-launching of group insurance (with enhanced features) for bread earners of families registered under BISP. Besides, various options have also been explored and offered to Bureau of Emigration for group life insurance of emigrants moving abroad on job visa.

10.3 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, Bank of Punjab, Dubai Islamic Bank, Bank Alfalah and Faysal Bank. Efforts are being made for growth in the Takaful Business.

10.4 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 Bank of Punjab for expanding foot prints in Banca business.

10.5 Digitization:

Plans are underway to expand digital footprints to deliver hassle-free online digital services to policyholders. In this regard, digital apps have been launched facilitating policyholders in online premium payment. Corporation has also established a dedicated DR Site to cater IT logistics at health insurance offices, hospitals to provide real time and swift services to the beneficiaries of the social health Program. Corporation has also introduced e-claim payments system. Plans for empowering agent network with digital tools and digitization of policy documents are also underway.

11. Actuarial Valuation

As at 31st December 2022, the actuarial surplus arising during the inter-valuation period on participating policies was Rs. 130,837 million (2021: Rs. 100,043 million - restated). The details of bonuses declared are stated as an appendix.

12. Dividend

Profit after tax (PAT) attributable to Shareholders for FY 2022 and FY 2021 was Rs. 13,728.269 million and Rs. 6,556.446 million (restated) respectively in which an amount of Rs. 11,614.663 million (FY 2021: 4,601.609 million) has been transferred to Ledger Account "D" Solvency reserve on the advice of Appointed Actuary; profit available to shareholders is Rs. 2,113.606 million (2021: 2,023.866 million). Rs. 113.606 (2021: 303.580 million) will be retained in General Reserve. Rest of the profit of Rs. 2,000 million (2021: Rs. 1,720.286 million) is payable Share of Dividend to Government of Pakistan.

13. Statutory Auditors

The accounts for the year ended 31st December, 2022 were jointly audited by a panel of auditors comprising of (i) M/s. BDO Ebrahim & Company, Chartered Accountants, Karachi and (ii) M/s. Grant Thornton Anjum Rahman, Chartered Accountants, Karachi. The accounts of Gulf Zone were audited by M/s. Sajjad Haider & Co. Chartered Accountants, Dubai, UAE.

The Auditors Report for the financial year 2022 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 31-12-2022:

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

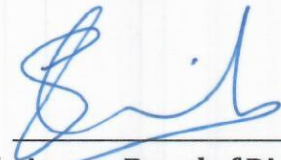
16. Acknowledgement

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



Chairman, Board of Directors

Shoalb Javed Hussain

Karachi,

Dated: 18th April, 2023

Appendix-A

Key Operating and financial data:

	<u>Rs. in Million</u>					
	2022	2021 (restated)	2020	2019	2018	2017 (restated)
FIRST YEAR PREMIUM (NET)	19,828	16,343	14,019	12,876	18,918	17,688
RENEWAL PREMIUM (NET)	111,540	98,950	93,037	91,087	85,998	74,462
GROUP PREMIUM INCLUDING HEALTH (NET)	111,843	46,496	12,112	8,584	10,100	8,610
INVESTMENT INCOME (NET)	140,059	109,469	105,598	95,802	70,277	51,015
INSURANCE BENEFITS	175,321	98,038	64,688	57,049	50,249	44,955
SURPLUS APPROPRIATED TO SHAREHOLDERS' FUND	2,839	2,339	2,138	1,878	1,738	1,580
PROFIT BEFORE TAX	20,664	9,265	5,926	2,797	2,675	2,256
TAXATION	6,936	2,708	1,720	813	883	709
PROFIT AFTER TAX	13,728	6,556	4,206	1,984	1,792	1,546
EARNINGS PER SHARE (in Rs.) Rs. 100 each	279.36	141.75	97.78	51.61	56.6	51.55
BONUS TO POLICY HOLDERS	98,980	86,974	77,371	69,753	62,046	57,231
TOTAL ASSETS	1,601,488	1,366,112	1,203,383	1,058,836	930,231	829,462