

DIRECTORS' REPORT

For the first quarter ended
March 31, 2024

The Directors are pleased to present the Directors' Report of State Life Insurance Corporation of Pakistan (Corporation) along with its Condensed interim financial statements (Un-audited) for the first quarter ended March 31, 2024.

1. FINANCIAL PERFORMANCE AND OPERATING RESULTS:

During the period under review, overall performance of the Corporation remained satisfactory, showing positive growth compared to last year. An overview of the performance of State Life Insurance Corporation, for the period ended March 2024 compared with same period of last year is summarized below:

- 1.1 Total Income of the Corporation increased to Rs. 124,157 million in the first quarter of 2024 as against Rs. 109,551 million in the corresponding quarter-2023, registering an increase of 13.3 percent.
- 1.2 Acquisition expenses for March 2024 quarter were Rs. 3,584 million as compared to Rs. 3,502 million in the same quarter of last year, showing increase of 2.3 percent; Marketing and Administrative expenses were Rs. 3,817 million as compared to Rs. 3,400 million in the preceding period showing an increase of 12.3 percent. Overall management expense ratio to gross premium income for the March quarter 2024 was 13.5 percent as against 11 percent in the corresponding period last year. The increase in overall management expense ratio is attributed to increase in experience refund and management expenses.
- 1.3 Insurance benefits paid to policyholders in the first quarter of 2024 were Rs. 44,348 million as against Rs. 51,688 million last period; registering a decrease of 14.2 percent.
- 1.4 Statutory funds as at March 2024 was Rs. 1,723,496 million as against Rs. 1,480,167 million in the last period, showing an increase of 16.4 percent.
- 1.5 The basic and diluted Earnings Per Share (EPS) for the quarter ended March 31, 2024 was Rs. 73.73 as compare to Rs. 54.08, showing an increase of 36.3 percent.

2. BUSINESS PORTFOLIO WISE PERFORMANCE:

2.1 INDIVIDUAL LIFE BUSINESS:

First year gross premium income under Individual Life policies during quarter ended March 2024 was Rs. 3,261 million as compared to Rs. 2,935 million in the corresponding period, showing increase of 11.1 percent. Gross renewal premium was Rs. 27,586 million in the first quarter 2024 in comparison with Rs. 24,616 million in the corresponding period, showing an increase of 12.1 percent.

2.2 GROUP LIFE BUSINESS:

Gross premium under Group Life policies including unearned premium during the first quarter of 2024 was Rs. 3,294 million as compared to Rs. 2,425 million in the same quarter last year, showing an increase of 35.8 percent. However, group premium under group life policies net of experience refund was 2,734 million during the period under review as compared to Rs. 2,421 million in the corresponding period of 2023 showing an increase of 12.9%.

2.3 TAKAFUL BUSINESS:

Premium under Takaful business during the first quarter of 2024 was Rs. 205 million as compared to Rs. 52 million in the same period last year showing a remarkable increase of 297.4 percent.

2.4 HEALTH INSURANCE BUSINESS:

Gross premium under Health Insurance policies including unearned premium during the first quarter 2024 was Rs. 54,654 million as compared to Rs. 40,479 million in the corresponding period of 2023, showing an increase of 35 percent. Experience refund during the first quarter of 2024 was Rs. 33,485 million as compared to Rs. 7,702 million during the corresponding period of 2023 showing an increase of 334.7%. Group health premium net of experience refund during the first quarter of 2024 was Rs. 21,170 million as compared to 32,777 million during the corresponding period of 2023 showing decrease of 35.4 percent.

2.5 INVESTMENT:

Net investment income increased to Rs. 69,523 million during the first quarter of 2024 as compared to income of Rs. 46,995 million in the corresponding period of 2023 registering an increase of 47.9 percent.

2.6 REAL ESTATE:

Breakup of rental income and expenses are stated hereunder:

First Quarter March 2024 – Rs. In million

	<u>2024</u>	<u>2023</u>	<u>% Inc. / (Dec.)</u>
Rental Income	516	558	(8)
Expenses	230	162	42
Net	286	396	(28)

2.7 INSURER FINANCIAL STRENGTH RATING:

State Life 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.

3. OUTLOOK:

ECONOMIC OUTLOOK:

Pakistan's economy is facing challenging situation amidst inflationary pressure and other macroeconomics factors. As a result of severe economic challenges, insurance industry is facing challenge of new business growth. Despite these challenges, Corporation's performance remained satisfactory. Corporation foresees ease in inflationary pressure due to government's strong resolve of curbing the same by instituting enhanced administrative measures. Nevertheless, Management of the Corporation is closely monitoring the economic situation and is committed to protect the interest of its policyholders and other stakeholders.

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, 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.

TAKAFUL:

Corporation has started Bancatakaful Operation with United Bank Ltd whereas the Bancatakaful operations with Bank of Punjab and Habib Bank Limited shall be commenced shortly. Plans are underway for enhancement of takaful business through individual family takaful, group health takaful & group family takaful products in the coming years.

HEALTH INSURANCE:

Corporation is efficiently managing social health insurance initiatives providing inpatient 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 Salamet 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.

GROUP AND PENSION:

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.

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. Corporation is also planning to add non-banking financial institutions to solicit banca business.

4. PROFIT AND LOSS ACCOUNT:

Profit after tax (PAT) attributable to Shareholders for the period under review was Rs. 5,898.595 million (last period: 4,326.712 million) in which Rs. 4,765.346 million (preceding period: 3,366.908 million) has been transferred to Ledger Account "D" (Solvency reserve), on the advice of Appointed Actuary. No interim dividend is declared.

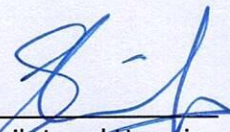
5. ACKNOWLEDGEMENT:


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


Shoaib Javed Hussain
Chief Executive Officer


Sulaiman S. Mehdi
Chairman

Karachi,
Dated: 15th May, 2024