STATE LIFE
INSURANCE CORPORATION OF PAKISTAN

Partners In Life's Journey

50th ANNUAL REPORT
2022

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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 investment.
To make life insurance a more effective means of mobilizing national savings.
To widen the area of operations of life insurance and make it available to as large a section of the population as possible, extending it from comparatively more affluent sections of society to the common man in towns and villages. To use policyholders' fund in the wider interest of the community.

Mission

To remain a 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 nation.

Quality Policy

To ensure the 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 insurer in Pakistan.

Chairman’s Message

Mr. Shoaib Javed Hussain
Chairman

“This year State Life Insurance Corporation of Pakistan celebrated 50 years and I take great pride in continuing its long lasting legacy of service and trust. Despite challenges posed by macro-economic and market volatility, SLIC delivered the strongest business numbers in its history and grew its premium revenue to Rs.279 billion, increasing by 64 percent from last year and market share has been increased from 57% to 69% - making SLICs 50th year a truly golden year! I want to thank our policyholders, business partners, and shareholders for putting their trust in State Life and I am confident that with their support we will continue to lead the evolving life and health insurance landscape.

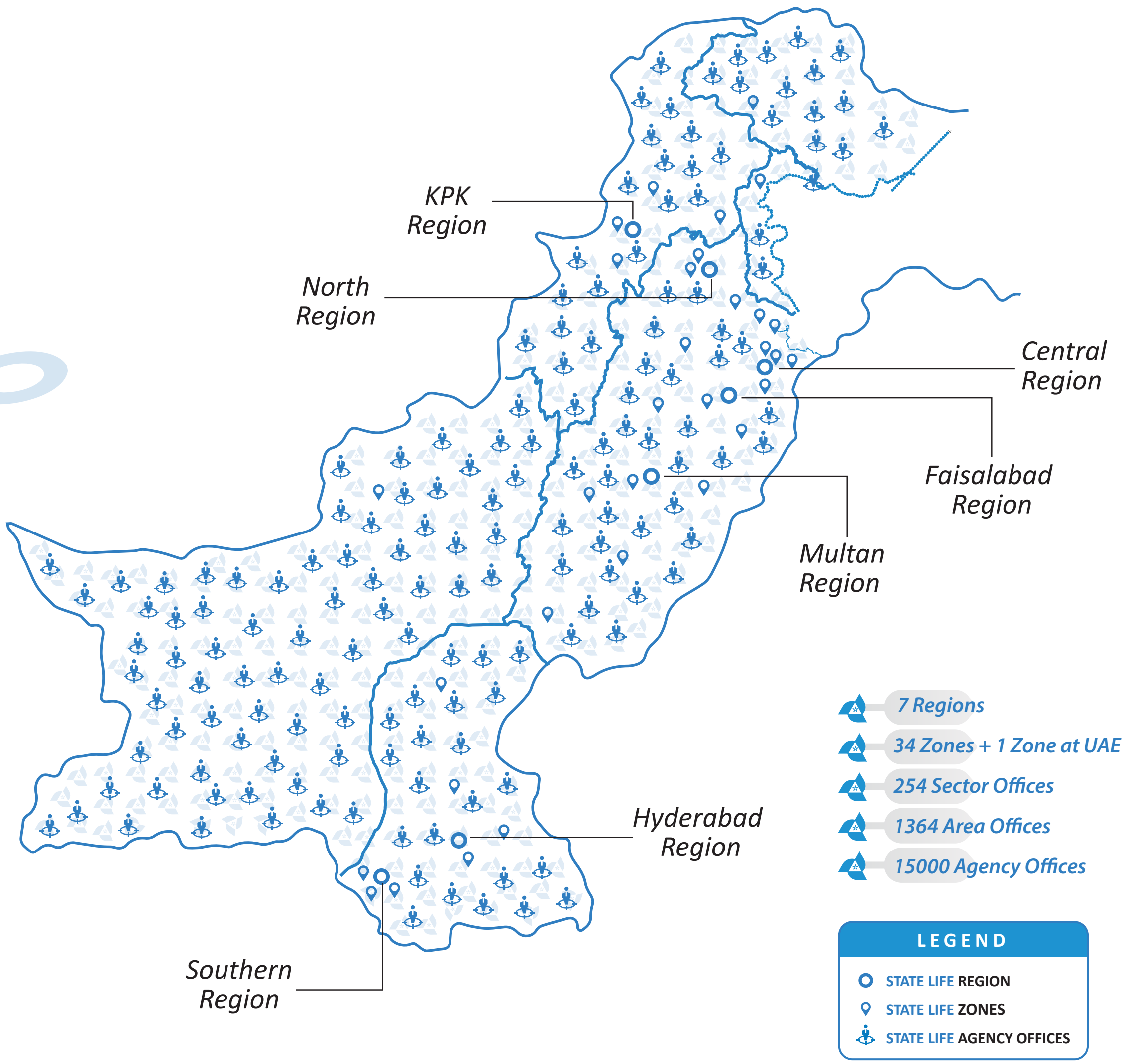
The insurance industry plays a vital role in the economic development of a country. It provides financial security to individuals and businesses, encouraging investment and growth. State Life's exceptional results in 2022 not only reflect its commitment to service and trust but also its contribution to the overall economic prosperity of the nation. The significant growth is a testament to the dedication and hard work of the entire State Life family including our professional workforce across our officers, staff, area managers and sales force cadres. It's clear that the innovative vision and competitive strategy implemented by the corporation have paid off substantially.

Insurance becomes even more important during challenging times and difficult circumstances. Behind these incredible business results lie the true essence of our work, which is to provide security and protection to our policyholders. Whether it is for health, saving, children’s education or retirement, State Life is a partner in an individual’s life journey, and we are here to be their support in making key life decisions.

We have continued to work our way through economic uncertainties prevailing globally and it will be essential to continue adapting to evolving market dynamics, staying ahead in terms of technological advancements, and maintaining a strong focus on customer satisfaction. These factors will be crucial in achieving long-term success and contributing positively to the nation's economy.

Through the collective vision of State Life’s leadership team and support of the Board of Directors and Shareholders, our focus continues to fully integrate digital services, ensure efficient delivery and plan overall expansion to achieve operational excellence in policyholder care to meet the needs of every citizen and wider diaspora of Pakistan.”

Serving the entire Pakistan, protecting more than **175 million** Pakistanis



OVER 11,000 AGENCY OFFICES COVERING EVERY PART OF PAKISTAN.

ZONES

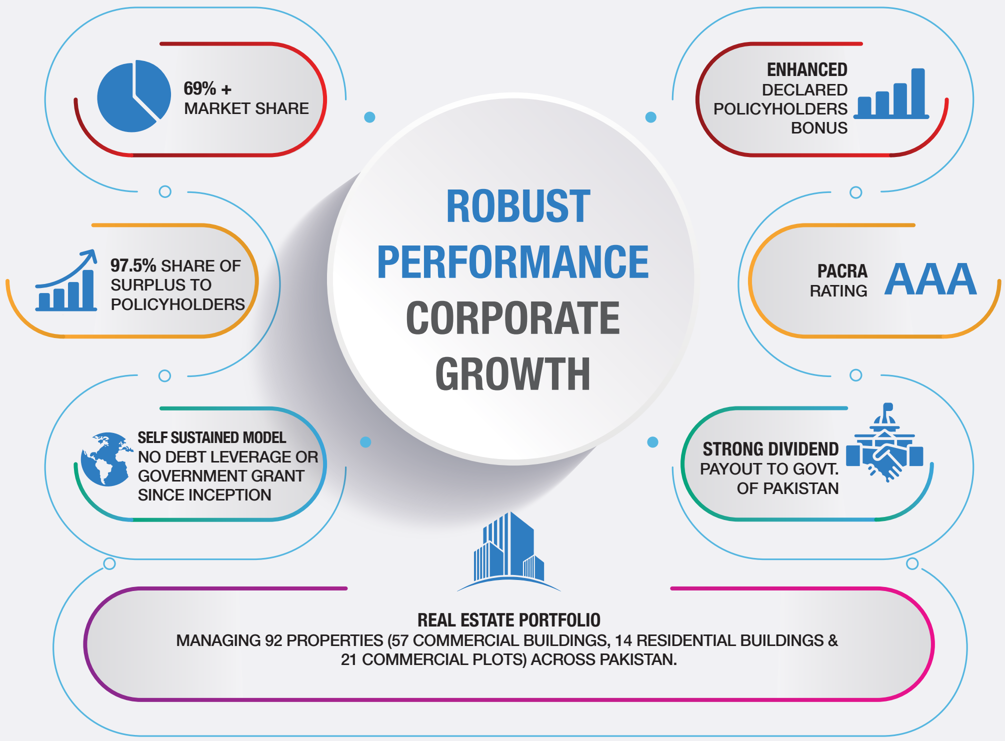
- Abbottabad Zone
- Benazirabad (Nawabshah) Zone
- Bahawalpur Zone
- Dera Ghazi Khan Zone
- Faisalabad Zone
- Gujranwala Zone
- Gujrat Zone
- Gilgit Zone
- Hyderabad Zone
- Islamabad Zone
- Jhang Zone
- Jhelum Zone
- Karachi Southern Zone
- Karachi Eastern Zone
- Karachi Central Zone
- Kohat Zone
- Larkana Zone
- Lahore Central Zone
- Lahore Western Zone
- Mirpurkhas Zone
- Multan Zone
- Mirpur AK Zone
- Narowal Zone
- Peshawar Zone
- Quetta Zone
- Rawalpindi Zone
- Rahim Yar Khan Zone
- Sargodha Zone
- Sahiwal Zone
- Sialkot Zone
- Sukkur Zone
- Swat Zone
- Vehari Zone
- Gulf Zone

Our Journey

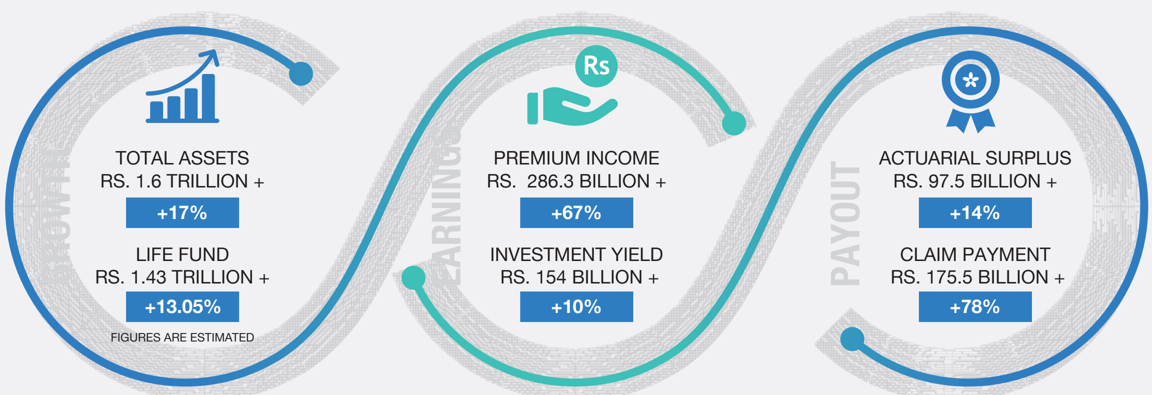
The consolidation of the insurance business at the state level in 1972 marked a significant step forward, leading to the establishment of the State Life Insurance Corporation of Pakistan (SLIC). This move centralized the management of insurance services under SLIC, which operates under the leadership of a Chairman, supported by Executive Directors appointed by the Federal Government. The oversight of SLIC's operations is carried out by a Board of Directors, which is formed in accordance with the nationalization order of 1972 and the insurance ordinance of 2000.

The Board of Directors, functioning independently, plays a crucial role in making decisions aimed at advancing the Corporation's progress and betterment. This commitment to continuous improvement has contributed to SLIC's impressive achievement of maintaining AAA rating within the insurance industry. Additionally, the Corporation's assets, valued at over Rs. 1.6 Trillion, underscore its financial strength and stability.

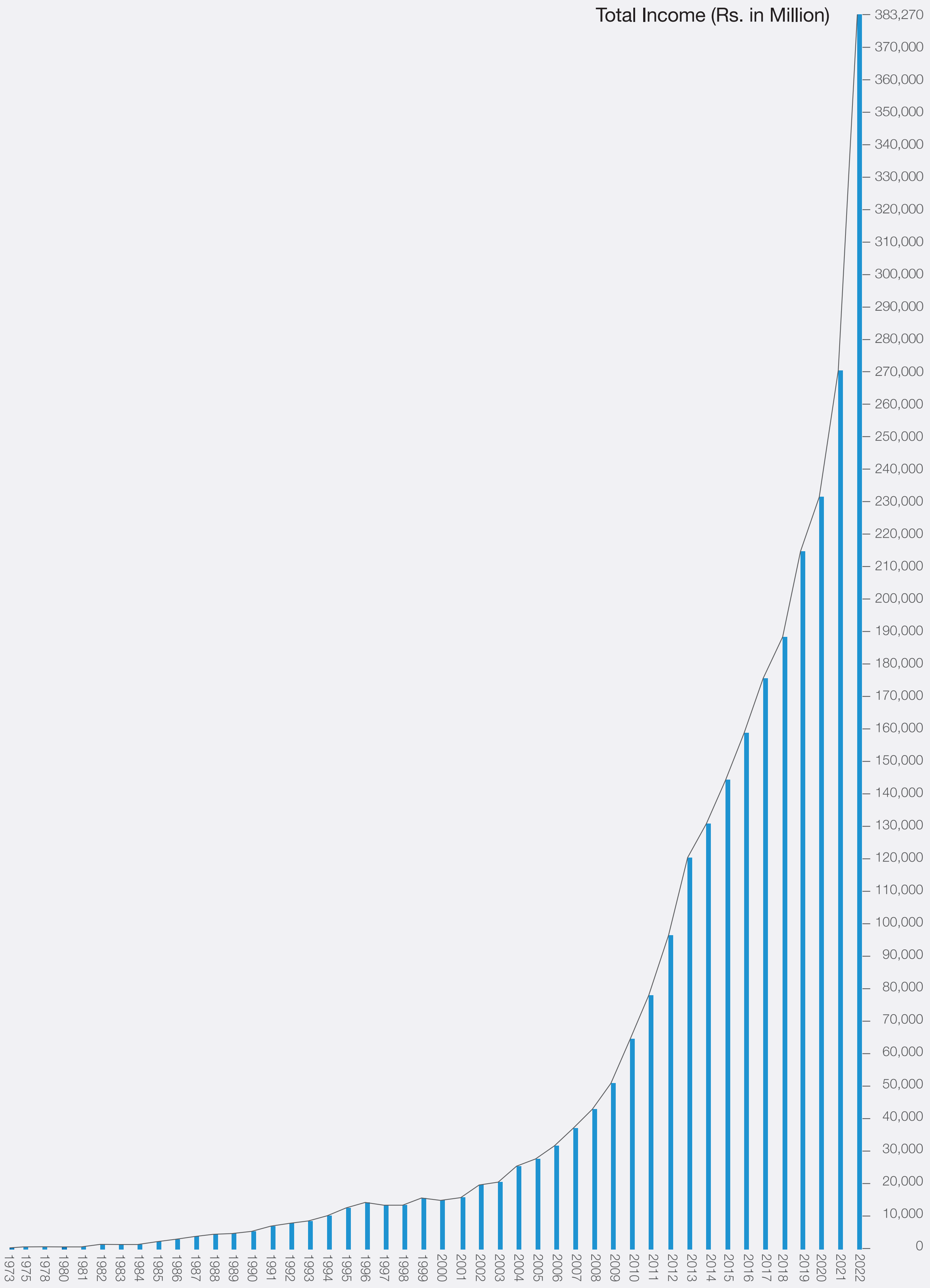
Looking forward, SLIC's forward-thinking strategy is focused on anticipating and embracing emerging opportunities in the insurance landscape. This proactive approach is set to propel the Corporation towards further expansion and innovation. By keeping an eye on unexplored areas and seeking avenues for growth, SLIC aims to continue its legacy of excellence and contribute positively to Pakistan's insurance sector and economy.



BUSINESS HIGHLIGHTS
STRONG PERFORMANCE FOR THE YEAR 2022



SLIC Journey to Success



Customer Care

STRONG
CLAIM PAYOUT RATIO

15,000+ AGENCY OFFICES TO SERVE POLICYHOLDERS

175 MILLION+
LIVES COVERED

140,000+
CONVENTIONAL FIELD FORCE

INTEREST FREE LOAN TO POLICYHOLDERS FOR MAJOR SURGERIES

PARTNERSHIP WITH BANKS FOR PREMIUM & LOAN COLLECTION

LARGEST SOCIAL HEALTH INSURANCE
PROVIDED 97.5% CUSTOMER SATISFACTION IN SEHAT SAHULAT

OUR CORPORATE OFFICES
7 REGIONS, 34 ZONES

POLICY BENEFITS
GUARANTEED BY GOVERNMENT OF PAKISTAN

State Life Plans

Individual Life Plans

Whole Life Assurance
Endowment Assurance
Sadabahar Plan
Jeevan Saathi Assurance
Child Education & Marriage Plan

Group Life & Pension Plans

Term Insurance Scheme
Group Endowment Insurance Scheme
Group Pension Scheme
State Life Ride Protection Plan

Bancassurance Plans

Endowment Plan
Three Payment Plan
Sadabahar Plan

Takaful Plans

Takaful Child Education and Marriage Plan
Takaful Endowment Plan

Health Insurance Plans

Sehat Salamat Health Insurance Plan (Group Health Insurance)
Sehat Zindagi Health Insurance Plan
Sahara Family Health Insurance Plan
Sinf-e-Aahan Cancer Protection (SACP) Plan for Women
Haari Plan
Sehat Sahulat Program

Board of Directors

Mr. Shoaib Javed Hussain
Chairman

Mr. Shoaib is the Chairman of State Life Insurance Corporation of Pakistan. He has over 20 years of management experience at leading Global Insurance Groups & Consultancies in the United Kingdom and in Asia. Through his global engagements across Europe, North America and Asia, he brings on board his deep understanding and knowledge of finance, audit, risk and strategy matters with a proven track record of proactive, dynamic, driven leadership with effective delivery from the conceptual stage to successful implementation.

He has managed and delivered strategic projects, such as mergers and acquisitions, due diligence investigations, and capital and liquidity management, by applying his expert analysis & decision-making skills, as well as his technical knowledge and strategic depth. Extensive background directing financial audits & risk management programs, implementing new policies and controls, and driving initiatives to improve governance and control. Extensive background lobbying with foreign regulatory and supervisory agencies and participating in industry discussions about global supervisory developments.

Mr. Shoaib is a Fellow of the Institute of Actuaries (UK) and holds an MSc in Actuarial Management from Cass Business School, City University, London.

Mr. Anwar Mansoor Khan
Board Member

Mr. Anwar Mansoor Khan is a Member Board of State Life Insurance Corporation of Pakistan. He joined the Pakistan Army in 1969, passed out in 1971, participated in the 71 war in the East Pakistan. Resigned from Army in 1974 and completed law. Eventually in 1999 he was elevated as a Judge of the High Court of Sindh and then resigned in 2000. Joined as the Advocate General of Sindh in 2002 and remained as such till 2007.

Mr. Anwar Mansoor Khan Advocate Supreme Court of Pakistan, a retired judge of the High Court, has been associated in drafting of the Companies Ordinance 1984, the establishment of the Islamic Banking Systems in Pakistan, in drawing up various documentation of the Banking System, the establishment of Lease financing in Pakistan, drafting of the Recovery Laws for Banks. Mr. A. M. Khan has delivered series of lectures on Banking Systems, Corporate matters, Leasing Laws, Taxation Laws, matters relating to Mercantile Laws and other allied subjects. Whilst a judge of the High Court of Sindh, Mr. A.M. Khan has delivered numerous judgments on banking practice in Pakistan, Company Law, Trade Marks, Patents and designs, Specific Relief, Rent matters and other subjects of Civil Law. Mr. A.M. Khan has been involved in international negotiation and drawing of various agreements in consequence thereof. He has advised on takeovers, acquisitions and buyouts of various companies and has and continues to conduct various merger proceedings.

Mr. Humayun Bashir
Board Member

Mr. Humayun is a Member Board of State Life Insurance Corporation of Pakistan. Former IBM PAK CEO, Chairman NCCPL & Eocean, Serving on Corporate Boards. Engaged with Fintechs, Startups, on strategy, Corporate Governance. Independent Director on Boards of Khushali Microfinance Bank, NCCPL, SLIC, SME & Advisory for IT strategy, Security, DIGITAL/ AI / Analytics and Payment solutions journey.

He has 40 years of diversified experience with IBM (up to June 2016) for Pakistan, Afghanistan, Iran, and MEA headquarters Dubai. IBM Pakistan CEO for 16 years. Started multiple new lines of services businesses, outsourcing etc. Lead roles in Financial, capital markets automation, and setup 500 consultants DELIVERY CENTER to serve IBM Middle East Africa and software services export.

In recent past he served as Chair PSX IT Steering committee. Independent Director on Boards of NBP funds, SILKBANK, Linde/POL, Karachi Port- KPT, Export Processing Zone Authority, Foree Fintech, MIT-EP and ICCBS Incubator. Elected President of American Business Council (ABC) 2011 and President of Overseas Investors Chamber of Commerce & industry (OICCI) 2012.

Dr. Ahmed Mujtaba Memon
Board Member

Dr. Memon is a Member Board of State Life Insurance Corporation of Pakistan. He was serving as Director General Input Output Co-efficient Organization, Federal Bureau of Revenue, in Karachi. He joined Pakistan Customs and Excise Group (currently Pakistan Customs Service) in November 1987 and has worked in various capacities in Central Excise, Sales Tax, Valuation, Adjudication and Customs functional areas. He has also worked on Asian Development Bank's Trade, Export Promotion and Industrialization (TEPI) loan project as Secretary TEPI in FBR. He brings with him a rich professional and academic background. His educational qualifications are MBBS, MA (Economics) and MBA Finance. Presently, he is working as Additional Finance Secretary (CF/HR) in Finance Division since, March 2018. He is also a member on the board of NESPAK & K-Electric.

Mrs. Pouruchisty Sidhwa

Board Member

Mrs. Pouru is a Member Board of State Life Insurance Corporation of Pakistan. She is an experienced, motivated professional with 35 years of diversified experience in the financial sector ranging from Credit, Risk, Finance to Human Resources. Experienced in Banking, Manufacturing, Pharmaceutical, FMCG, Retail & Textile sectors. She has excellent people and negotiation skills and proven record of change management along with building new teams and refreshing organizational structures.

She is a highly enthusiastic team player with the ability to work steadily under stress and to meet tight deadlines using her well-established technical expertise in the areas of processes and controls. Worked effectively on cross-functional projects across borders while developing exceptional peer and team relationships. Exemplified leadership by fostering a setting that encourages growth and adaptability within the group. She is an exceptional business partner with a track record of delivering leadership in terms of bolstering the human resources of companies. She has also held the position of Senior Banker and shown her ability to work with cross-functional product and regional teams.

Mr. Muhammad Iqbal

Board Member

Mr. Muhammad Iqbal is a Member Board of State Life Insurance Corporation of Pakistan. In his over 23 years of active service career as an officer of Secretariat Group, he has served in different Federal Government Organizations i.e. Statistics Division, M/o Housing and Works, Prime Minister's Secretariat (Public) and M/o Industries and Production under various capacities. Nowadays, he is working as Joint Secretary (Admin & Finance), Ministry of National Health Services, Regulations & Coordination since July, 2019.

He has substantial administrative experience and is gifted with the relevant skill sets that remain a prerequisite for policy making at the ex-ante stage, through implementation, monitoring and evaluation of public policy at the ex-post stage in the divisions where he served in different positions. Coupled with his expertise in contractual negotiations at the Bilateral, Plurilateral and Multilateral levels, during his tenure in M/o Industry and Production, he closely liaised with Public Sector Development Programme, CPEC related assignments and dealing with administrative as well as operational matters of the Export Processing Zone Authority, National Industrial Parks Development and Management Company and MD Industry Facilitation Center (IFC). With his vast service experience in administrative, financial, infrastructural development and negotiator at the national and international levels.

Mr. Iqbal also participated in multiple local as well as international training Programme namely China Pakistan Economic Corridor China, Agriculture Entrepreneurship in Fiji, International short course on "Strategic Human Resource Management" Queen Margaret University, Edinburg, Scotland, Eastern Mediterranean WHO training programme on Primary Health Care for Universal Health Coverage and Health Security, Egypt.

Mr. Moin M Fudda
Board Member

Mr. Fudda is a Member Board of State Life Insurance Corporation of Pakistan. He has over 45 years of professional experience, which encompasses working for the corporate sector and performing diplomatic duties. He holds B.S. in Insurance & Economics from the RCD International School of Insurance, Tehran and MBA in Insurance & Risk Management from St. Jones University, New York where after post-graduation he joined the faculty as an Adjunct Assistant Professor and also worked for the American International Group (AIG) in New York as a Controller – Reinsurance. In his former role as Managing Director of Karachi Stock Exchange (KSE) (now Pakistan Stock Exchange), he was elected as Chairman of the Corporate Governance Task Force of Federation of European and Asian Stock Exchanges (FEAS). He has helped in creation of Pakistan Institute of Corporate Governance (PICG) and has also served on its Board.

He is a Certified Corporate Governance Trainer by International Finance Corporation and is a Member of PICG's Faculty. He has contributed significantly towards development of Governance Rules for Public Sector Enterprises and has published Corporate Governance Guide for Family Owned Businesses as well as several other articles on a number of economic topics including the 2008 world financial crisis.

In 1989, he was presented with the Best Managers Award by Institute of Business Administration (IBA). In 1990, NZ Commemoration Medal was conferred on him by the Queen of New Zealand and in 2002, he was recognized as the Honorary Officer of the New Zealand Order of Merit (ONZM). In 2006, he was conferred the coveted Sitara-e-Imtiaz (S.I.) by the President of Pakistan.

Mr. Muhammad Aslam Ghauri
Board Member

Mr. Ghouri is a Member Board of State Life Insurance Corporation of Pakistan. Presently he is serving as Joint Secretary, Internal Finance Wing, Ministry of Finance, Government of Pakistan.

Mr. Aslam has over 27 years of extensive experience in public sector with the Federal and the Provincial Governments as well as in Pakistan Mission abroad. He has previously served as Secretary to the Government of Sindh in various provincial departments such as Environment, Climate Change & Coastal Development Department, Information Department and the Training Management & Research Wing of Services and General Administration Department.

Mr. Aslam holds Masters of Sciences (M.Sc.) in Social Policy and Planning in Developing Countries from the London School of Economics and Political Science, United Kingdom. He also holds M.B.A. (Information Technology), Gold Medalist, from Shaheed Zulfikar Ali Bhutto Institute of Science and Technology, (SZABIST) Karachi as well as Bachelor of Engineering in Electronics from NED University of Engineering and Technology, Karachi.

Health Insurance

Sehat Sahulat Program

Sehat Sahulat Program is a milestone towards social welfare reforms; ensuring that the identified under-privileged citizens across the country get access to their entitled medical health care in a swift and dignified manner without any financial obligations.

FEDERAL SEHAT SAHULAT PROGRAM
Entire Population ICT, GB, FATA, AJK & Tharparkar

KPK SEHAT SAHULAT PROGRAM
Entire Population of Khyber Pakhtunkhwa

PUNJAB SEHAT SAHULAT PROGRAM
Entire Population of Punjab

Sehat Sahulat Mobile App

Your Health care Now is in Your Hands

- With User Friendly UI Design
- Find All Empanelled Hospitals Nearby You
- Get All Treatment History
- Send Your Health Related Complaints
- Get All The Updates About The Program
- Regular Animated Videos About Program

GET IT ON Google Play | Play Video

Program Coverage

ACCIDENTS & EMERGENCIES	GENERAL MEDICINE	GENERAL SURGERY	ORTHOPEDICS	ENT
PEDIATRICS	NEUROSURGICAL DISEASES	GYNAE AND OBSTETRICS	ALL TYPES OF CANCERS	BREAST CANCER SCREENING
CARDIOVASCULAR	DIABETES COMPLICATIONS	GENITO-URINARY DISEASES	ARTIFICIAL LIMBS (PROSTHETICS)	OPHTHALMOLOGY (EYE CONDITIONS)

Collaboration Partners of Health Insurance Program

NADRA PAKISTAN BISP

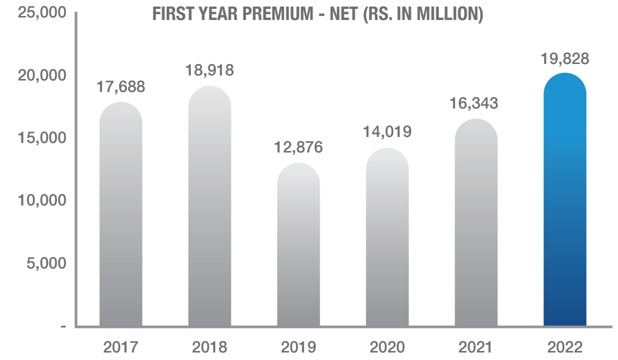
Customer Care for Sehat Sahulat Health Program

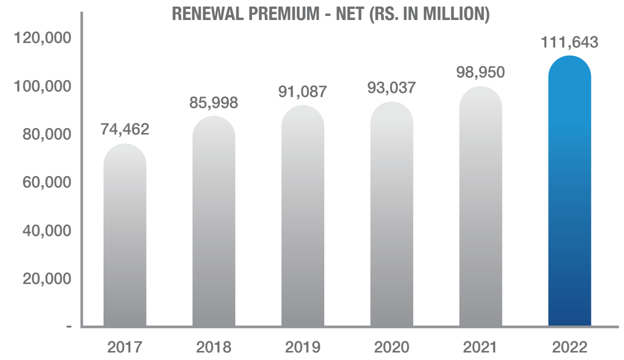
Helpline: 0800-09009 | 0800 89898 **Email:** info@statehealth.com.pk

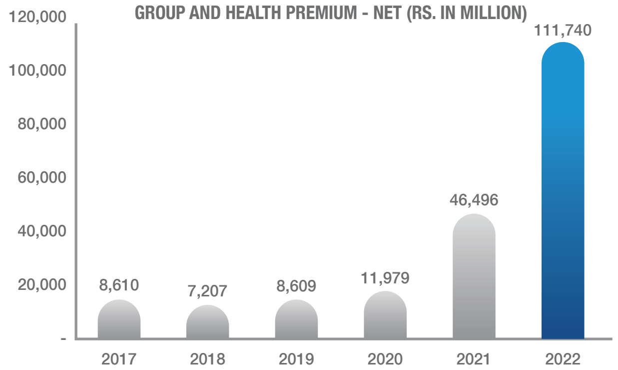
State Life Customer Care

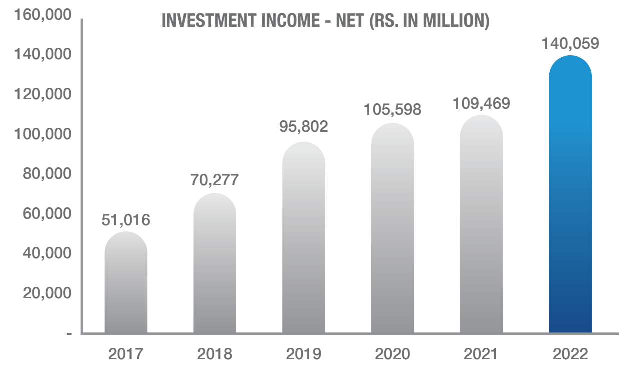
Now you can register your Queries/Suggestions/Complaints by using SLIC's "COMPLAINTS MANAGEMENT SYSTEM" at www.statelife.com.pk or
Call: 021-99206868 or 0800-09099, (Toll Free Number) by landline
Email: complaints@statelife.com.pk Direct Lines: 021-99202800-9, 021-111111888

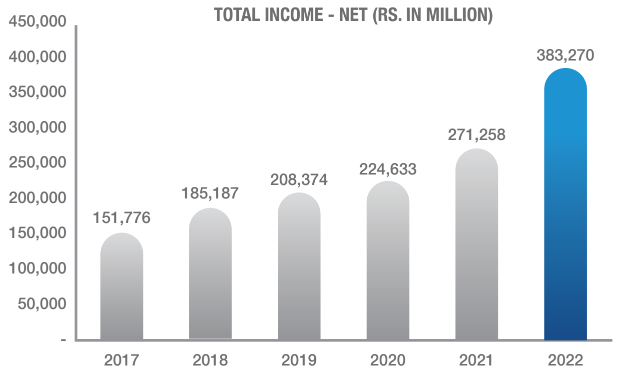
Financial Highlights

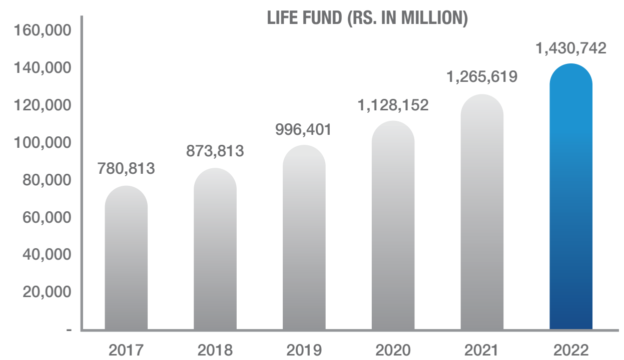


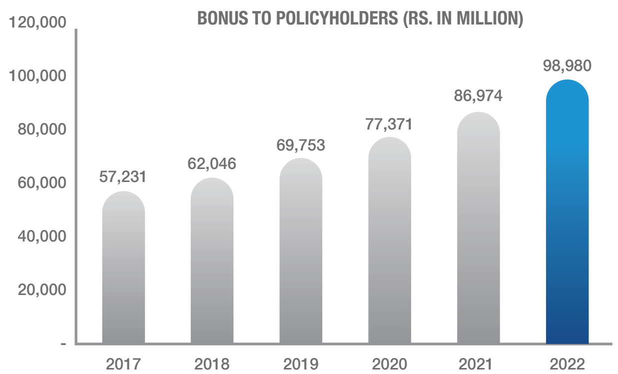


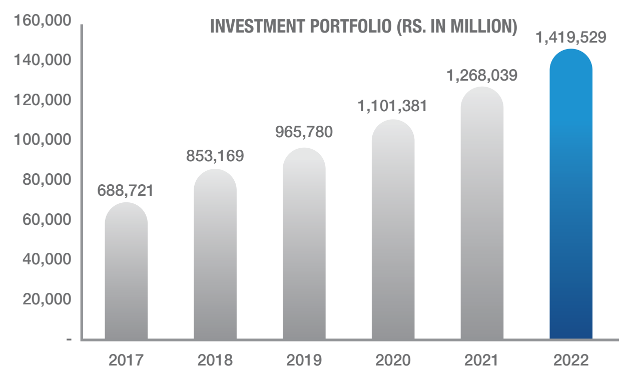




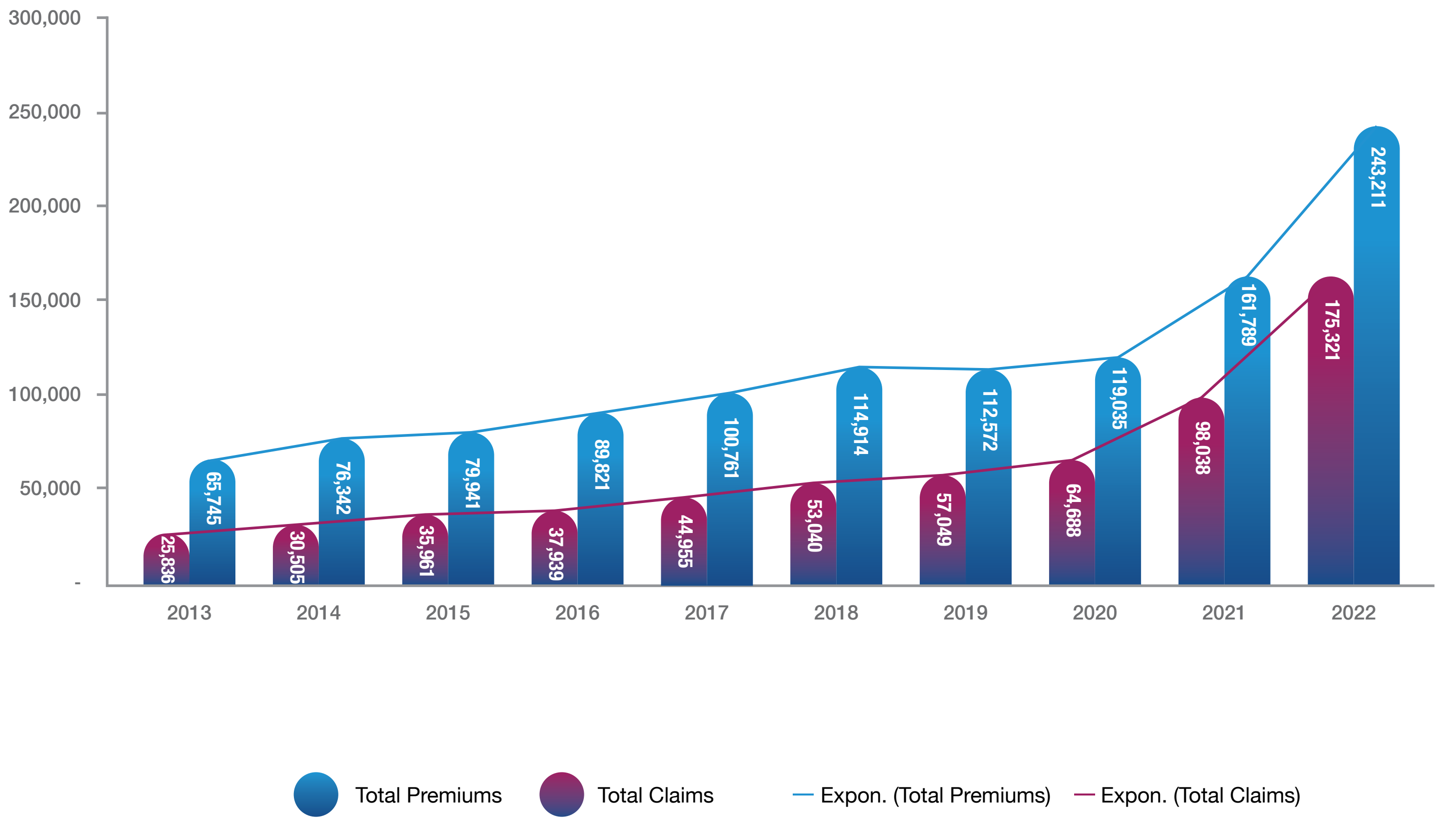




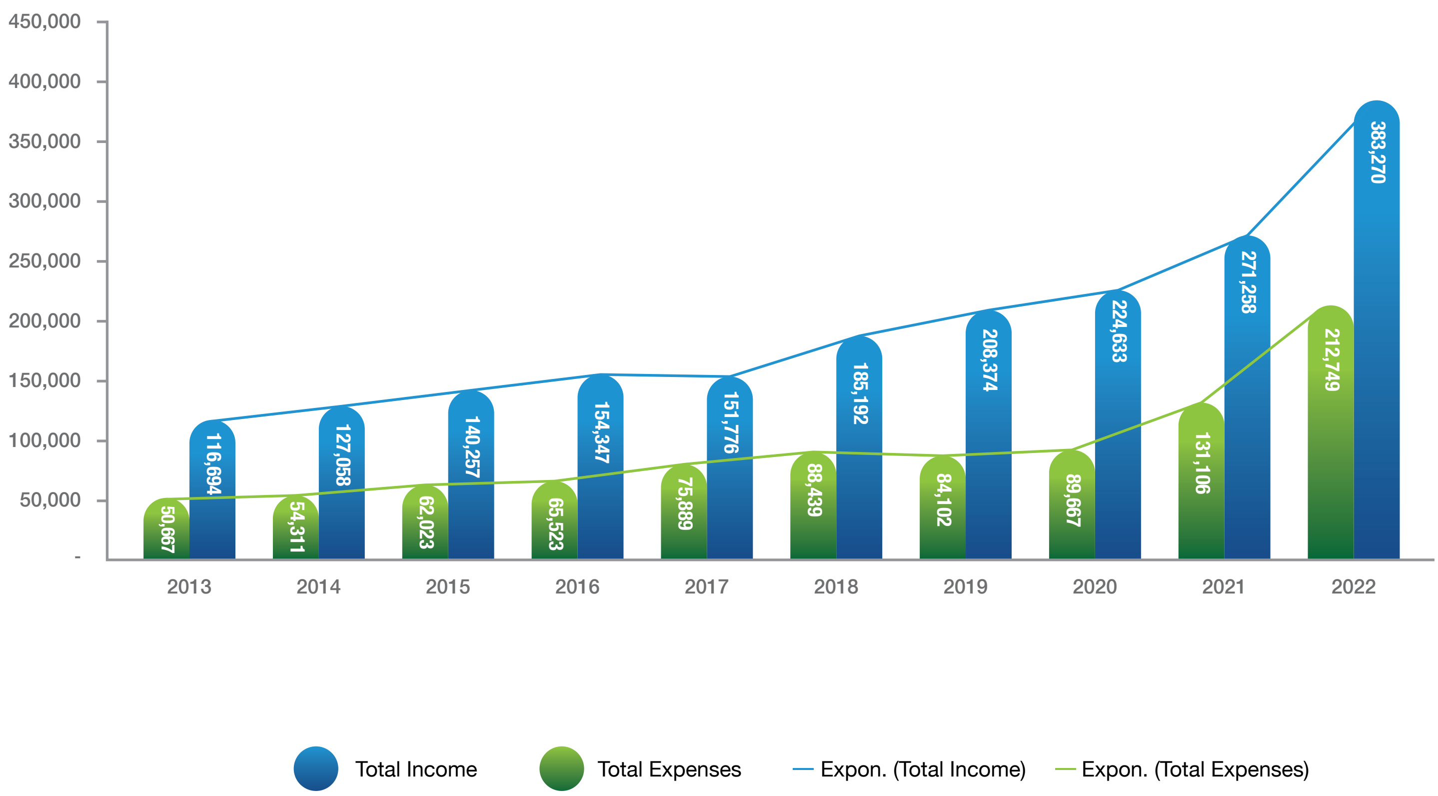




Total Premium Vs Total Claims 2013-2022 (Rs. in Million)



Total Income Vs Total Expenses 2013-2022 (Rs. in Million)



Corporate Information

Board of Directors

Mr. Shoaib Javed Hussain
Chairman

Mr. Anwar Mansoor Khan
Director

Dr. Ahmed Mujtaba Memon
Director

Mr. Moin M. Fudda
Director

Mr. Humayun Bashir
Director

Mrs. Pouruchisty Sidhwa
Director

Mr. Muhammad Aslam Ghauri
Director

Mr. Muhammad Iqbal
Director

Company Secretary

Mr. Mushtaq Ahmed

Auditors - Pakistan

M/s. BDO Ebrahim & Co.
Chartered Accountants

M/s. Grant Thornton Anjum Rehman
Chartered Accountants

Gulf Countries

M/s. Sajjad Haider & Co.
Chartered Accountants

Appointed Actuary

Mr. Shujaat Siddiqui
MA, FIA, FPSA,

Risk Management, Compliance & Litigation Committee

Mr. Anwar Mansoor Khan
Chairman

Mrs. Pouruchisty Sidhwa
Member

Mr. Muhammad Aslam Ghauri
Member

Dr. Arshad Iraqi
Non-Member/Secretary/DH (PHS)

I.T Committee

Humayun Bashir
Chairman

Dr. Ahmed Mujtaba Memon
Member

M Bashir Khetran
Member

Ch. Anjum Rashid
Member / DH (I.T)

Board Audit Committee

Mr. Moin M. Fudda
Chairman

Mr. Humayun Bashir
Member

Mr. Muhammad Bashir Khetran
Member

Mr. Muhammad Aslam Ghauri
Member

Mr. Muhammad Sohaib Usmani
Non-Member/Secretary/DH (Internal Audit)

Real Estate Committee

Mr. Anwar Mansoor Khan
Chairman

Mr. Manzoor Ali Shaikh
ED (RE/ Investment) / Member

Mr. Muhammad Rashid
CFO/ Member

Mr. Attaullah A. Rasheed
DH(RE) (Standing Secretary)

Mr. M. Bashir Khetran
Member

Dr. Ahmed Mujtaba Memon
Member

Mr. Shujaat Siddiqui
Appointed Actuary / Member

Investment Committee

Mr. Anwar Mansoor Khan
Chairman

Dr. Ahmed Mujtaba Memon
Member

Mr. Muhammad Iqbal
Member

Mr. Manzoor Ali Shaikh
ED (RE/ Investment) / Member

Muhammad Rashid
C.F.O

Mr. Shujaat Siddiqui
Member/Appointed Actuary

Mr. Mushtaq Ahmed
Non-Member/Secretary/DH (Inv)

Mr. Attaullah A. Rasheed
Non-Member/Standing Secretary/DH (RE)

Claims Settlement Committee

Dr. Ahmed Mujtaba Memon
Chairman

Mr. Izqar Khan
Member

Mr. Muhammad Ashar
Member / DH(H&AI)

Mr. Abdul Salaam
Sercretary / DH (PHS)

Ethics, Human Resource & Remuneration Committee

Mrs. Pouruchisty Sidhwa
Chairman

Mr. Humayun Bashir
ED / Member

Shakoor Shaikh
ED / Member

Mr. Nisar Ahmed Shah
Non-Member/Secretary/DH (P&GS)

Standing Committee

Mr. Shoaib Javed Hussain
Chairman, State Life

Mr. Anwar Mansoor Khan
Member

Mrs. Pouruchisty Sidhwa
Member

Mr. Nisar Ahmed Shah
Non-Member/Secretary/DH (P&GS)

Underwriting/Reinsurance & Co-Insurance Committee

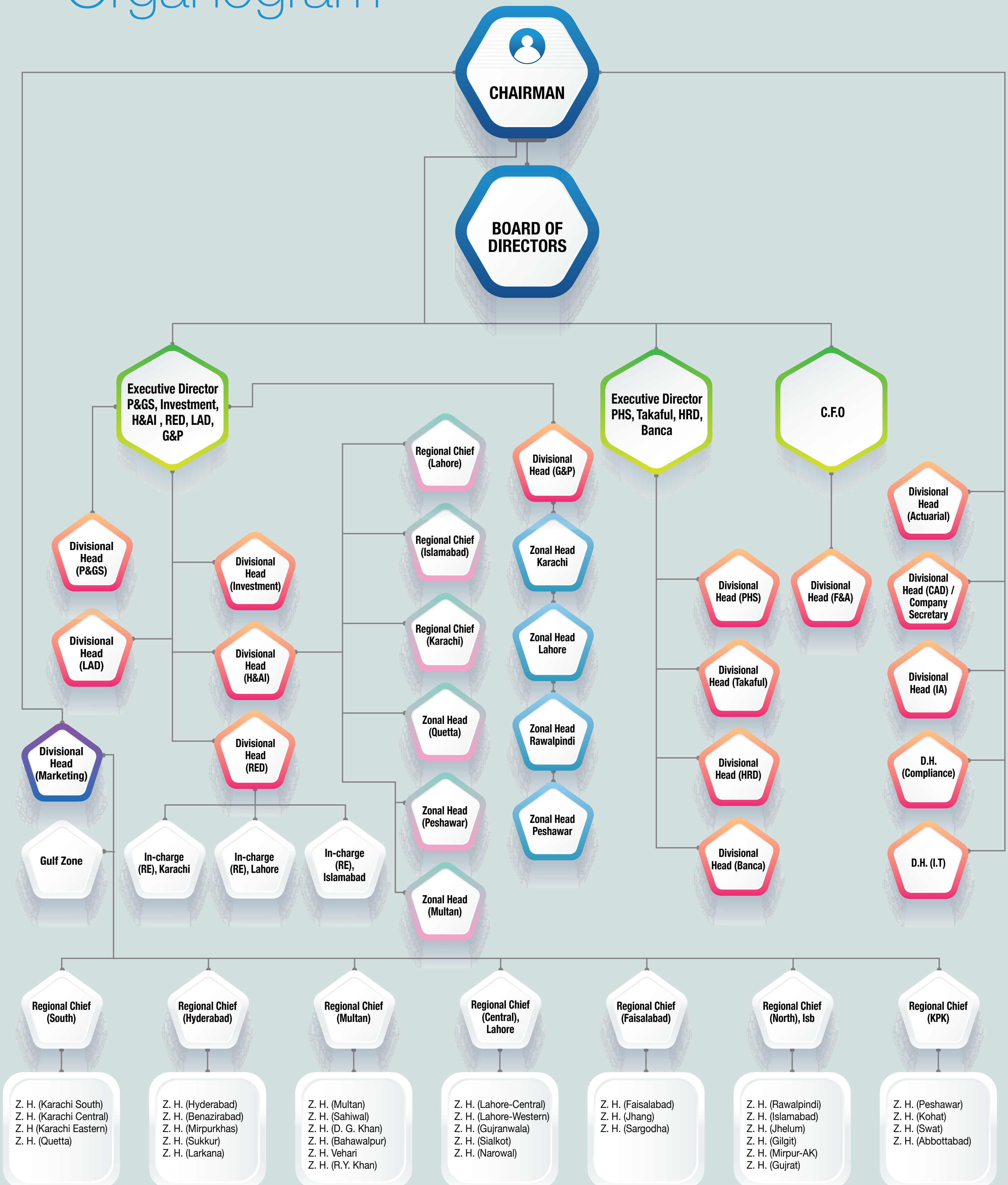
Mr. Muhammad Aslam Ghauri
Chairman

Mr. Faisal Mumtaz
Member / DH (Actuarial)

Mr. Abdul Salaam
Member /DH (PHS)

Dr. M. Suhail Abdullah
Non-Member/Secretary/DGM (PHS)

Organogram


CHAIRMAN
BOARD OF DIRECTORS
Executive Director P&GS, Investment, H&AI , RED, LAD, G&P
Executive Director PHS, Takaful, HRD, Banca
C.F.O
Divisional Head (P&GS)
Divisional Head (LAD)
Divisional Head (Marketing)
Gulf Zone
Divisional Head (Investment)
Divisional Head (H&AI)
Divisional Head (RED)
In-charge (RE), Karachi
In-charge (RE), Lahore
In-charge (RE), Islamabad
Regional Chief (Lahore)
Regional Chief (Islamabad)
Regional Chief (Karachi)
Zonal Head (Quetta)
Zonal Head (Peshawar)
Zonal Head (Multan)
Divisional Head (G&P)
Zonal Head Karachi
Zonal Head Lahore
Zonal Head Rawalpindi
Zonal Head Peshawar
Divisional Head (PHS)
Divisional Head (Takaful)
Divisional Head (HRD)
Divisional Head (Banca)
Divisional Head (F&A)
Divisional Head (Actuarial)
Divisional Head (CAD) / Company Secretary
Divisional Head (IA)
D.H. (Compliance)
D.H. (I.T)
Regional Chief (South)
Regional Chief (Hyderabad)
Regional Chief (Multan)
Regional Chief (Central), Lahore
Regional Chief (Faisalabad)
Regional Chief (North), Isb
Regional Chief (KPK)
Z. H. (Karachi South)
Z. H. (Karachi Central)
Z. H (Karachi Eastern)
Z. H. (Quetta)
Z. H. (Hyderabad)
Z. H. (Benazirabad)
Z. H. (Mirpurkhas)
Z. H. (Sukkur)
Z. H. (Larkana)
Z. H. (Multan)
Z. H. (Sahiwal)
Z. H. (D. G. Khan)
Z. H. (Bahawalpur)
Z. H. Vehari
Z. H. (R.Y. Khan)
Z. H. (Lahore-Central)
Z. H. (Lahore-Western)
Z. H. (Gujranwala)
Z. H. (Sialkot)
Z. H. (Narowal)
Z. H. (Faisalabad)
Z. H. (Jhang)
Z. H. (Sargodha)
Z. H. (Rawalpindi)
Z. H. (Islamabad)
Z. H. (Jhelum)
Z. H. (Gilgit)
Z. H. (Mirpur-AK)
Z. H. (Gujrat)
Z. H. (Peshawar)
Z. H. (Kohat)
Z. H. (Swat)
Z. H. (Abbottabad)

Management

Chairman
Mr. Shoaib Javed Hussain

Executive Directors
Mr. Manzoor Ali Shaikh
Mr. Muhammad Izqar Khan

Chief Financial Officer
Mr. Muhammad Rashid

Divisional Heads
(Principal Office)
Mr. Khalid Mehmood Shahid
Marketing

Mr. Faisal Mumtaz
Actuarial

Mr. Attaullah A. Rasheed
Real Estate

Mr. Muhammad Sohaib Usmani
Internal Audit

Mr. Muhammad Ashar
Health & Accidental Insurance

Mr. Mushtaq Ahmad
Investment

Ch. Anjum Rasheed
Information Technology

Mr. Muhammad Amjad
Finance & Accounts

Mr. S. Faisal Tehzeeb
HRD

Mr. Abdul Salam
PHS

Mr. Mushtaq Ahmad
Company Secretary

Dr. Nisar Ahmed Shah
P&GS

Mr. Altaf Hussain Maitlo
Compliance

Ch. Anjum Rasheed
Bancassurance

Mr. M. Dawood Nasir
Takaful

Dr. Mushtaq Ahmad
Group & Pension

Mr. Mahmood Alam
Legal Affairs

Chief Medical Officer
Dr. Mukkaram Ali Khan

Individual Life

Regional Chiefs
Mr. Zulfiqar A. Gillani
Central Region (Lahore)

Mr. Gian Chand
Southern Region (Karachi)

Mr. Rukhsar A Qaiser
Northern Region (Islamabad)

Mr. M. Ramzan Shahid
Multan Region (Multan)

Mr.Siddique Akbar
Hyderabad Region (Hyderabad)

Ch. Sarfaraz Ahmed
KPK Region (Peshawar)

Ch. Inam Ullah
Faisalabad Region (Faisalabad)

Zonal Chief
Gulf Countries
Mr. Abdul Manan Shaikh
Gulf Zone, UAE-Dubai

Zonal Heads
Central Region
Mr. Mian Rizwan Majeed
Lahore Zone (Central)

Mr. M. Akbar Mughal
Lahore Zone (Western)

Mr. Tariq Mehmood Cheema
Gujranwala Zone

Mr. Tariq Mehmood Sheikh
Sialkot Zone

Mrs. Fehmida Ashraf
Narowal Zone

Faisalabad Region
Mr. Muhammad Yousuf Mukhtar
Faisalabad Zone

Mr. Muhammad Sarwar
Sargodha Zone

Mr. Mehmood ul Hassan Ch.
Jhang Zone

Multan Region
Mr. M. Tariq Siddique Chaudhry
Multan Zone

Ch. M. Ashraf
Sahiwal Zone

Mr. Saeed Ahmed Malik
Rahim Yar Khan Zone

Mr. M Ramzan Bhatti
Vehari Zone

Multan Region
Mr. Mehboob Alam
Dera Ghazi Khan Zone

Mr. Malik Ather Saeed
Bahawalpur Zone

Northern Region
Mr. Mian Munir Abid
Rawalpindi Zone

Mr. Jalil A. Hashmi
Mirpur (AK) Zone

Mr. Noor Muhammad Javed
Islamabad Zone

Raja Zafar Iqbal
Gujrat Zone

Qaiser Nawaz
Jhelum Zone

Mr. Sakhi Madad
Gilgit Zone

KPK Region
Mr. Muhammad Jan
Peshawar Zone

Mr. Muhammad Khalid
Abbottabad Zone

Mr. Muzaffar Khan
Swat Zone

Mr. Javed Irfan
Kohat Zone

Southern Region
Mr. Latif Kayani
Karachi Zone (Southern)

Mr. Zahoor A. Bhatti
Karachi Zone (Eastern)

Mr. Muhammad Ilyas
Karachi Zone (Central)

Mr. Muhammad Abdul Shaikh
Quetta Zone

Hyderabad Region
Mr. Abdul Hussain Kapri
Hyderabad Zone

Mr. Syed Anis Ahmed Shah
Mirpurkhas Zone

Mr. Asghar Ali Khushk
Sukkur Zone

Mr. Syed Noor Shah Bukhari
Larkana Zone

Mr. Akhtar Ali Kalwar
Benazirabad Zone

Group Life

Zonal Heads
Mr. Ejaz Hussain Soomro
Karachi Zone

Dr. Sajjad Hassan Zaidi
Lahore Zone

Mr. Jehan Badshah Khattak
Rawalpindi Zone

Mr. Shafqat Hussain Jafri
Peshawar Zone

Health and Accidental Insurance

Regional Chief
Mr. Hafeezuddin
Karachi

Dr. Saleem Akber
Islamabad

Dr. Noor Ul Haq
Lahore

Zonal Heads
Mr. Fayyaz Noor
Peshawar Zone

Mr. Khawar Majeed
Multan Zone

Mr. Ijaz Ahmed
Swat Zone

Mr. Ubaid ur Rehman
Faisalabad Zone

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 the 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 resources is the most valuable asset of an organization. During the year under review, Corporation has arranged 2,138 courses (2021: 1,257) for enhancing the 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 the banking industry. Also, non-partner banks are approaching Corporations with the aim of optimizing insurance coverage for their clients. Recently, Corporation has joined hands with Bank of Punjab for expanding footprints 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

Shoaib Javed Hussain
Chairman

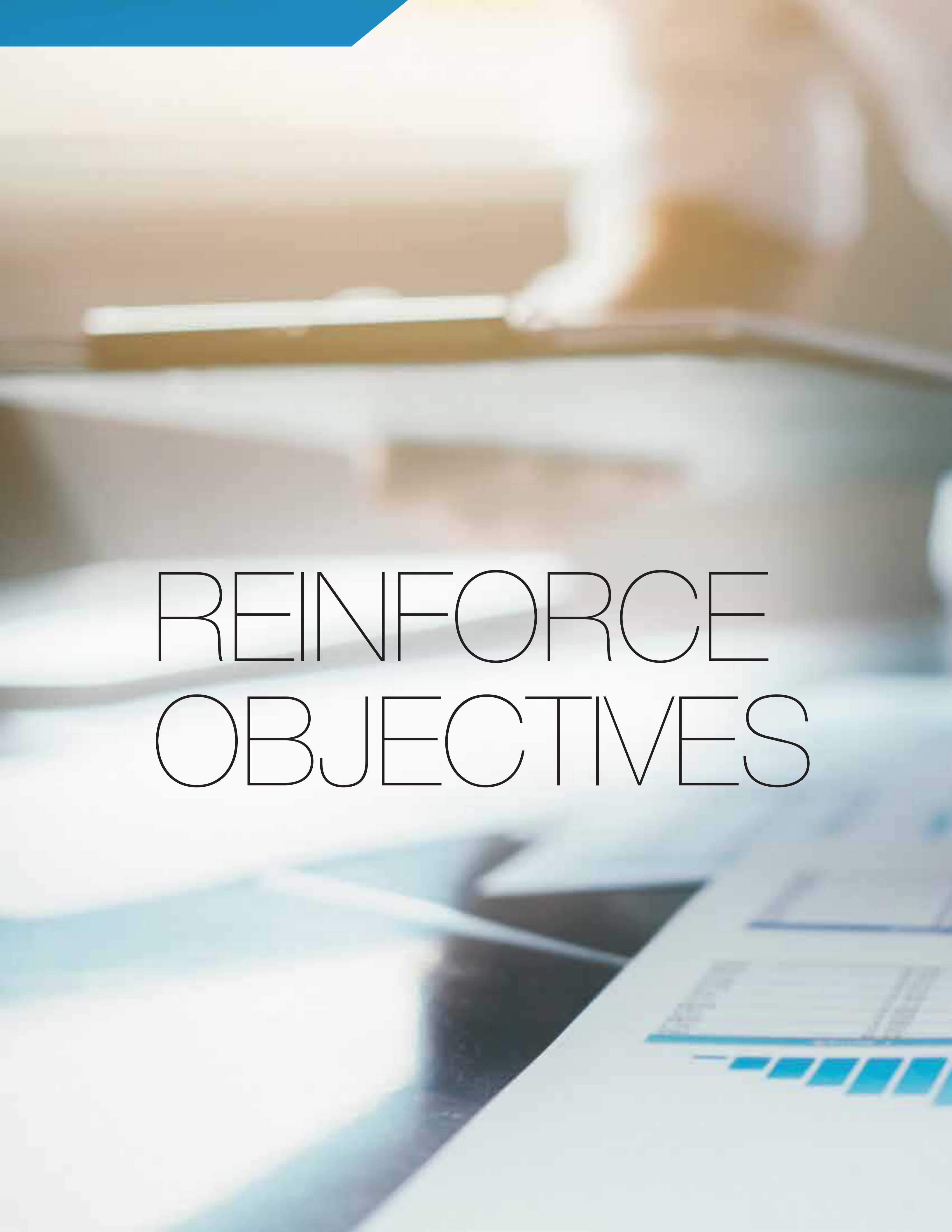
Karachi,
Dated: April 18th, 2023

Key Operating and Financial Data

Appendix-A

	Rs. in Million					
	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 POLICYHOLDERS	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

REINFORCE OBJECTIVES



Statement Of Compliance With The Code Of Corporate Governance For Insurers, 2016

Name of the Insurer: **State Life Insurance Corporation of Pakistan (the Corporation)**
Year ended: **December 31, 2022**

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 for the purpose of establishing a framework of good governance, whereby the Corporation is managed in compliance with the best practices of corporate governance.

The Corporation has applied the principles contained in the Code in the following manner:

1. The Corporation ensures representation of independent non-executive directors and facilitates directors representing minority interests on its Board of Directors. At present the Board includes:

Independent Directors	i.	Mr. Anwar Mansoor Khan
	ii.	Mr. Humayun Bashir
	iii.	Mr. Moin M. Fudda
Female Independent Directors	i.	Mrs. Pouruchisty Sidhwa
Executive Directors	i.	Mr. Shoaib Javed Hussain, Chairman
Non – Executive Directors	i.	Mr. Muhammad Aslam Ghauri
	ii.	Dr. Ahmed Mujtaba Memon
	iii.	Mr. M. Bashir Khetran

All independent Directors meet the criteria of independence as laid down under the Code of Corporate Governance for Insurers, 2016.

The directors are appointed by the Federal Government in terms of Article 12 (1) of the LINO,1972.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, excluding the listed subsidiaries of listed holding companies, including the Corporation.

3. All the resident directors of the Corporation have confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to banking company, a DFI, or NBFI. None of directors has been declared defaulter being member by Stock Exchange.

4. The Board of the Corporation has been reconstituted during the year dated March 7, 2022, after the completion of the last tenure of the Board on May 31st 2021. A casual vacancy occurring on the Board on 28th October, 2022 was filled up by the directors within 45 days thereof.

5. The Corporation has prepared a Code of Conduct which has been disseminated among all the employees and directors of the Corporation.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Corporation. A complete record of significant policies along with the date on which they were approved has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the Chairman, other executive directors and the key officers have been taken by the Board of Directors. The decision regarding appointment and determination of remuneration and terms & conditions of Directors are made by the Federal Government. The corporation has no CEO as the LINO, 1972 has no provision for CEO. The Chairman of the Board is appointed by the Federal Government as per LINO, 1972 who is an Executive Director.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda were circulated at least seven (7) days before the meetings. The Minutes of the meetings are appropriately recorded and circulated.

9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the corporation. The corporation has adopted and complied with all the necessary aspects of internal controls given in the code.

10. The corporation has arranged orientation and training programs for its directors during the year to apprise them of their duties and responsibilities.

11. The Board has approved the appointment of Chief Financial Officer, Company Secretary and Head of internal audit including their remuneration and terms and conditions of employment.

12. The Directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016 and fully describes the salient matters required to be disclosed.

13. The financial statements of the Corporation are duly endorsed by the Chairman and Chief Financial Officer before approval of the Board.

14. The Directors, Chairman and other executives do not hold any interest in the shares of the Corporation.

15. The Corporation has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.

16. The Board has formed the following management committees. These committees have been formed under the Code of Corporate Governance for Insurers, 2016 notified vide S.R.O 1045 (I)/2016 dated November 09, 2016.

Underwriting, Re-insurance and Co. Insurance Committee

Name of Member	Category
Mr. Muhammad Aslam Ghauri	Non-Executive Director/Chairman
Mr. Faisal Mumtaz	Divisional Head (Actuary)/Member
Mr. Abdul Salam	Divisional Head(PHS)/Member

Claim Settlement Committee:

Name of Member	Category
Dr. Ahmed Mujtaba Memon	Non-Executive Director/Chairman
Mr. Bashir Khetran	Non-Executive Director/ Member
Mr. Muhammad Izqar Khan	Executive Director/ Member
Divisional Head (H&AI)	Member

Risk Management, Compliance and Litigation Committee:

Name of Member	Category
Mr. Anwar Mansoor Khan	Independent Director/Chairman
Mrs. Pouruchisty Sidhwa	Independent Director/Member
Mr. Muhammad Aslam Ghauri	Non-Executive Director/ Member

Standing Committee:

Name of Member	Category
Mr. Shoaib Javed Hussain	Executive Director/Chairman
Mr. Anwar Mansoor Khan	Independent Director/Member
Mrs. Pouruchisty Sidhwa	Independent Director/Member

IT Committee:

Name of Member	Category
Mr. Humayun Bashir	Independent Director/Chairman
Dr. Ahmed Mujtaba Memon	Non-Executive Director/ Member
Mr. M. Bashir Khetran	Non-Executive Director/ Member
Information Technology	Executive Director

17. The Board has formed the following Board Committees.

Ethics, Human Resources, Remuneration & Nomination Committee:

Name of Member	Category
Mrs. Pouruchisty Sidhwa	Independent Director/Chairperson
Mr. Humayun Bashir	Independent Director/Member
Mr. Manzoor Ali Shaikh	Executive Director/Member

Investment Committee

Name of Member	Category
Mr. Anwar Mansoor Khan	Independent Director/ Chairman
Dr. Ahmed Mujtaba Memon	Non-Executive Director/Member
Mr. M.Bashir Khetran	Non-Executive Director/Member
Mr. Manzoor Ali Shaikh	Executive Director (Investment)/Member
Chief Financial Officer (CFO)	Member
Appointed Actuary	Member

18. The Board has formed an Audit Committee. It comprises of four members, of whom two are independent directors and two are non-executive directors. The Chairman of the committee is an independent director. The composition of Audit Committee is as follows:

Name of Member	Category
Mr. Moin M. Fudda	Independent Director/Chairman
Mr. Humayun Bashir	Independent Director/Member
Mr. Muhammad Aslam Ghauri	Non-Executive Director/Member
Mr. M. Bashir Khetran	Non-Executive Director/Member

19. The terms of the references of the Committees have been formed and advised to the Committees of compliance The frequency of meetings (Quarterly/Half yearly/yearly) of committees were as follows:

(a)	Ethics, Human Resources, Remuneration & Nomination Committee	Yearly
(b)	Investment Committee	Half Yearly
(c)	Audit Committee	Quarterly*
(d)	Underwriting, Re-insurance and Co. Insurance Committee	Yearly
(e)	Claim Settlement Committee	Yearly
(f)	Risk Management, Compliance and Litigation Committee	Yearly

Note: Management Committees are required to meet on need basis as per COCG-2016.

* The meetings of the Board committees were held as per required frequency except in first quarter.

20. The Board has setup an effective internal audit function and the members of internal audit functions are considered suitably qualified experienced for the purpose and are conversant with policies and procedures of the corporation and they are involved in the internal audit function on a regular basis.

21. The Chairman, Chief Financial Officer, Compliance Officer, Head of Internal Audit, Actuary are qualified and experienced as required under the Code of Corporate Governance for Insurers, 2016. The appointed actuary of the insurer meets the condition as laid down in the said Code. Moreover, the person heading the underwriting, claim, reinsurance, risk management and grievance function/department possess qualification and experience of direct relevance to their respective functions as required under section 12 of the Insurance Ordinance, 2000.

Name of Person	Designation
Mr. Shoaib Javed Hussain	Chairman
Mr. Muhammad Rashid	Chief Financial Officer
Mr. Mr. Naseeruddin / Mr. Altaf Hussain Maitlo	Compliance Officer
Mr. Faisal Mumtaz	Actuary
Mr. Mushtaq Ahmad	Secretary Board
Mr. Muhammad Sohaib Usmani	Head of Internal audit
Dr. Sohail Abdullah	Head of Underwriting
Mr. Asif	Head of Claims
Mr. Muhammad Asif	Head of Re-insurance
Mr. Faisal Mumtaz	Chief Risk Officer (CRO)
Dr. Zulfiqar Laghari	Head of Grievance Dept.

Note: During the year Mr. Naseeruddin, Compliance Officer took premature retirement dated 1st April 2022 for which the casual vacancy for the position of compliance officer was filled up by Mr. Altaf Hussain Maitlo dated 6th April, 2022.

22. The statutory auditors of the Corporation have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000. The statutory auditors have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountant of Pakistan, that they or any of the partner of the firm, their spouses and minor children do not hold shares of the Corporation and that the firm and all its partner are in compliance with the International Federation of Accountants (IFAC) guideline on Code of the Ethics as adopted by the Institute of Chartered Accountants of Pakistan.

23. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.

24. The appointed actuary of Corporation has confirmed that neither he nor his spouse and minor children hold shares of the Corporation.

25. The Board ensures that the Appointed Actuary complies with the requirements set out for him in the Code of Corporate Governance for Insurers, 2016.

26. The updated Investment Policy approved is not approved by the Board as required by the Code. However, it is being reviewed by the management after having being evaluated by independent advisors.

27. The Board ensures that the risk management system of the insurer is in place as per the requirements of the Code of Corporate Governance for Insurers, 2016.

28. The Corporation has set up a risk management function, which carries out its tasks as covered under the Code of Corporate Governance for Insurer, 2016.

29. The Board ensures that as a part of risk management system, the insurer gets itself rated from Pakistan Credit Rating Agency (PACRA) which is being used by the respective committees as a risk monitoring tool. The rating assigned by the said rating agency on 19th July, 2022 is AAA with stable outlook.

30. The Board has set up a Grievance Department. The grievance policy has been deliberated to the Board for approval.

31. The Corporation has not obtained exemption from the Securities and Exchange Commission of Pakistan in respect of any requirement of the Code of Corporate Governance for Insurers, 2016.

32. We confirm that all other material principles contained in the Code of Corporate Governance for Insurer, 2016 have been complied except for the following:

    a. (lxxv) The Claims Settlement Committee has overseen the activities of the grievance function of an insurer but not presented summary results of the complaints lodged, resolved and outstanding, to the Board of directors at least on a quarterly basis.

For and On behalf of the Board of Directors

Shoaib Javed Hussain
Chairman

CNIC: 42301-0834083-1
Date: April 18th, 2023

Independent Auditors' Review Report

TO THE MEMBERS OF STATE LIFE INSURANCE CORPORATION OF PAKISTAN

Review Report on Statement of Compliance contained in Code of Corporate Governance for Insurers, 2016

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance for Insurers, 2016 (the Code) prepared by the Board of Directors (the Board) of State Life Insurance Corporation of Pakistan (the Corporation) for the year ended December 31, 2022 in accordance with the requirements of the Code.

The responsibility for compliance with the Code is that of the Board of the Corporation. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Corporation's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Corporation's personnel and review of various documents prepared by the Corporation to comply with the Code.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Corporation's corporate governance procedures and risks.

The Code requires the Corporation to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Corporation's compliance, in all material respects, with the best practices contained in the Code as applicable to the Corporation for the year ended December 31, 2022.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the following paragraphs where these are stated in the Statement of Compliance:

Paragraph Reference	Description
Paragraph 4	The term of the Board completed on May 31, 2021. However, the Board has been reconstituted during the year dated March 07, 2022.
Paragraph 19	Meetings of Board Audit Committees were not held as per the required frequency specified by the Code due to late constitution of the Board dated March 7, 2022.
Paragraph 26	The updated investment policy is not approved by the Board as required under the clause (xlvi) of the Code because it is currently being reviewed by the management after having being evaluated by independent advisors.
Paragraph 32	The Claims Settlement Committee has overseen the activities of the grievance function of an insurer but not presented summary results of the complaints lodged, resolved and outstanding, to the board of directors at least on a quarterly basis.

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants

Name of the engagement partner:
Muhammad Khalid Aziz

Karachi
Dated: June 22nd, 2023
UDIN: CR202210154RONkFWywc

BDO Ebrahim & Co
Chartered Accountants

Name of the engagement partner:
Tariq Feroz Khan

Karachi
Dated: June 22nd, 2023
UDIN: CR2022101668ItYsZMX9

ENABLING THE FUTURE

Profile Of Mufti Muhammad Hassan Kaleem

Shariah Advisor State Life Insurance Corporation of Pakistan – Window Takaful Operations

Mufti Muhammad Hassan Kaleem Sb. has completed his Dars-e-Nizami (8 years Alim course) + Takhassus **(3 years Mufti course)** from **Jamia Darul Uloom Karachi**. He is a renowned figure in the field of Shari'ah, particularly in Islamic Finance. He is currently acting as a member of Shari'ah Board and Country Head of Shari'ah in Dubai Islamic Bank Pakistan Limited. He holds vast experience in matters of Shari'ah teachings and advisory as he has been teaching various courses in Islamic Studies and Arabic at Jamia Dar-ul-Uloom, Karachi for the last 17 years.

Contributions in the field of Takaful industry:

He has the distinction of being one of the earliest proponents of Wakala-Waqf model in the Takaful industry of Pakistan, under the guidance of **Mufti Muhammad Taqi Usmani Sahab**. Being one of the pioneer members of this industry, he has been instrumental in the growth of Takaful not only in Pakistan but across the globe.

Related affiliations:

- Ex-Chairman, Shari'ah Board of Securities & Exchange Commission of Pakistan (SECP)
- Shari'ah Board Member of Pak Kuwait Takaful Company Ltd, Pakistan
- Shari'ah Board Member of Pak Qatar Family Takaful Ltd, Pakistan
- Shari'ah Board Member of Hanover Re Takaful Bahrain
- Shari'ah Board Member of Takaful Emirates UAE
- Shari'ah Consultant for Deloitte (Global Islamic Finance Team)

Moreover, he is also affiliated with:

- Shari'ah Board Member of Amana Bank Limited, Sri Lanka
- Shari'ah Council Member of Al-Ameen UBL Funds
- Shari'ah Advisor of Pakistan Mercantile Exchange
- Permanent faculty member of Center for Islamic Economics Karachi
- Trainer of Shari'ah standards at Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) Bahrain
- Visiting faculty member of National Institute of Banking and Finance (State Bank of Pakistan)

He is also a frequent speaker/trainer on the concept and issues related to Islamic banking and finance, world-wide.

Shariah Advisor's Report to the Board of Directors

For the year ended 31 December 2022

I have reviewed the accompanying financial statements, Takaful products including all related documents, as well as, the Participant Takaful Fund Policy, Investment Policy, Re-Takaful arrangements and the related transactions of State Life Insurance Corporation -Window Takaful Operations (hereafter referred to as "Takaful Operator") for the year ended 31st December 2022.

I acknowledge that as Shariah Advisor of State Life Insurance Corporation - Window Takaful Operations, it is my responsibility to approve the above mentioned documents and ensure that the financial arrangements, Re-Takaful arrangements,- contracts and transactions entered into by the Takaful Operator with its participants and stakeholders are in compliance with the requirements of Shariah rules and principles.

It is the responsibility of the Takaful Operator to ensure that the rules, principles and guidelines set by the Shariah Advisor and Takaful Rules 2012 are complied with, and that all investments done, products and services being offered are duly approved by the Shariah Advisor.

The primary objective of Shariah Advisor's report is to inform about the Takaful Operator's compliance with Shariah Guidelines, including the transactions undertaken by the Takaful Operator during the year ended 31st December 2022 and to express his opinion on the transactions and operational aspects of Window Takaful Operations.

Progress of the Year:

During the year under review;
State Life - Window Takaful Operations has achieved significant successes, details of which are as follow:

1. Alhamdulillah, State Life - Window Takaful Operations has progressed in its 2nd year of Takaful Operations

2. Under the guidance of the undersigned, State Life - Window Takaful Operations has refined further its already developed different Family Takaful Products, focusing on savings and investment-based plans.

3. The existing agency distribution channel (conventional) of State Life have performed well and underwritten significant business in Takaful.

Shariah Certification

In my opinion and to the best of my understanding based on the provided information and explanations:

i. Transactions undertaken by the Takaful Operator for the period ended 31st December 2022 were in accordance with the guidelines issued by Shariah Advisor, as well as the requirements of Takaful Rules 2012;

ii. The investments have been made from the Participant Takaful Fund (PTF), Participant Investment Fund (PIF) and Operator's Fund, into Shariah Compliant avenues only, including Islamic Banks, Sukuks and Shariah with prior Shariah approval. Further all bank accounts related to Window Takaful Operations have been opened in Islamic Banking Institutions (IBIs) or Islamic Branches/Windows of conventional banks with prior Shariah approval;

iii. Segregation of Window Takaful Operations is the essential part of valid Takaful contracts. I am pleased to state that State Life - Window Takaful Operations has realized its criticality and Alhamdulillah, all the Takaful Funds, Investments, Bank Accounts, Systems and other related issues are kept completely separate from its conventional insurance business, as per requirement of Shariah and Takaful Rules 2012.

iv. The transactions and activities of State Life Insurance Corporation - Window Takaful Operations are in accordance with the Shariah principles, while considering the accompanying financial statements of the Participants' Takaful Fund (Waqf Fund), Participants' Investment Fund, and the Operator's Sub Fund (OSF).

While concluding; I state that the Shariah principles were followed in every aspect of practical implementation of State Life - Window Takaful Operations during the year. I am grateful to the Board of Directors of State Life, Management and all relevant departments who cooperated with the Shariah Compliance function and provided every possible support to ensure Shariah Compliance in our Takaful practices.

"And Allah Knows best"

Mufti Muhammad Hassan Kaleem
Shariah Advisor

Date: April 18th, 2023

Management's Statement of Compliance with the Shariah Principles

The financial arrangements, contracts, and transactions entered into by State Life Insurance Corporation – Window Takaful Operations for the year ended December 31, 2022 are in compliance with the Takaful Rules, 2012.

Further, we confirm that:

i. The Corporation has developed and implemented all policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules, 2012 in their overall operations with zero tolerance.
ii. The governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee/ Shariah Advisor and the Board of Directors have been implemented.
iii. The Corporation has imparted trainings / orientations and ensured availability of all manuals/agreements approved by Shariah Advisor/ Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff, management.
iv. All the products and policies have been approved by Shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions, entered into by Window Takaful Operations are in accordance with the polices approved by Shariah Advisor.
v. The assets and liabilities of Window Takaful Operations (Participant Takaful Fund and Operator's Sub Fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

This has been duly confirmed by the Shariah Advisor of the Corporation.

Shoaib Javed Hussain
Chairman
State Life Insurance Corporation of Pakistan

Date: April 18th, 2023

Actuarial Valuation

as at 31st December 2022

As per 36th actuarial valuation as at 31st December 2022, the actuarial surplus arising during the inter-valuation period on participating policies was Rs. 113,571 million. The details of bonuses declared are stated as an appendix.

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 2022:

a. Reversionary bonuses per thousand sum assured per annum (2021 figures are given for comparison).

	2021			2022		
	For first five policy years	From 6th policy year to 16th policy year	From 17th policy year	For first five policy years	From 6th policy year to 16th policy year	From 17th policy year
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Whole Life	49	106	162	49	106	162
Endowments Term:						
20 years and over	41	91	140	41	91	140
15 to 19 years inclusive	28	77	88	28	77	88
14 years and less	16	63	-	16	63	-

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 2023, 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 2021 valuation).

d. Special Terminal Bonus will be paid on claims by maturity in 2023, where a Family Income Benefit (FIB) is inforce 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 2021 valuation).

e. Loyalty Terminal Bonus will be paid on claims by death or maturity in 2023 to policies with risk year 2003 or earlier. The rate will be Rs. 200 per thousand sum assured (same as 2021 valuation).

Notes:

1. Jeevan Sathi and Shadabad policies will be treated as Endowment policies.
2. Big Deal policies will receive bonuses on 25% of the sum assured only.
3. 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 2022:

a. Reversionary bonuses per thousand sum assured per annum (2021 figures are given for comparison).

	2021			2022		
	For first five policy years	From 6th policy year to 16th policy year	From 17th policy year onwards	For first five policy years	From 6th policy year to 16th policy year	From 17th policy year onwards
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Term: 20 years and over	28	67	108	28	67	108
15 to 19 years inclusive	20	57	63	20	57	63
14 years and less	15	50	-	15	50	-

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 2023 to policies with risk year 2003 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 2023, which the policyholder opts to leave, Special Reversionary Bonuses will be allowed as follows (same as 2021 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

Notes: 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 2022:

(a) Reversionary bonuses per thousand sum assured per annum would be as per following schedule (2021 figures are given for comparison):

	2021		2022		
	For first five policy years	From 6th policy year to 16th policy year	For first five policy years	From 6th policy year to 16th policy year	From 17th policy year onwards
	Rs.	Rs.	Rs.	Rs.	Rs.
Term: 20 years and over	36	82	36	82	162
15 to 19 years inclusive	25	71	25	71	140
14 years and less	19	63	19	63	88

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 2023 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. 85 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 2022 shall be calculated at 9.00% per annum (8.00% in 2021 valuation) 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 2023. This increase will also be available on pension payments commencing in 2023.

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 2022 valuation. This benefit is available to all with-profit policies, which have been in full force as at 31st December 2022 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 2022 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 2023 to 31st December 2023 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 2021 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 2023 under with profit policies.

Notes: The percentage increase will be allowed on the actual benefit paid on policy anniversaries (including any prior increases) in the year 2023.

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

a. Terminal Bonus on Whole Life and Endowment paid-up policies will be paid on claims by death or maturity in 2023, 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.

b. 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 2023.

c. Loyalty Terminal Bonus on Whole Life and Endowment paid up policies will be paid on claims by death or maturity in 2023 to policies with risk year 2003 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.

d. Loyalty Terminal bonus as mentioned above will also be paid to Anticipated Endowment paid-up policies on claims by death or maturity in 2023.

Notes: 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

a. Policies expressed in UAE Dirham:

Reversionary bonuses per thousand sum insured per annum (2021 figures are given for comparison).

	2021		2022	
	For first five policy years	From 6th policy year to 16th policy year	For first five policy years	From 6th policy year to 16th policy year
	Dh	Dh	Dh	Dh
Whole Life	8	19	16	38
Endowments				
Term:				
20 years and over	7	16	14	32
15 to 19 years inclusive	5	12	10	24
14 years and less	3	7	6	14
Anticipated Endowments				
Term:				
20 years and over	4	11	8	22
15 to 19 years inclusive	3	8	6	16
14 years and less	3	6	6	12

b. Policies expressed in US Dollar:

Reversionary bonuses per thousand sum insured per annum (2021 figures are given for comparison).

	2021		2022	
	For first five policy years	From 6th policy year to 16th policy year	For first five policy years	From 6th policy year to 16th policy year
	$	$	$	$
Whole Life	8	19	16	38
Endowments				
Term:				
20 years and over	7	16	14	32
15 to 19 years inclusive	5	12	10	24
14 years and less	3	7	6	14
Anticipated Endowments				
Term:				
20 years and over	4	11	8	22
15 to 19 years inclusive	3	8	6	16
14 years and less	3	6	6	12

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 2023, 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 (same as 2021 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 2023, 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 (same as 2021 valuation) 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 2024 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 2023.

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

Surrender Value of Reversionary Bonuses on an inforce 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 2023.

Operating and Financial Highlights

Financial Position

Balance Sheet

Rupees in Million

	2022	2021 Restated	2020	2019	2018	2017 Restated
ASSETS						
Cash and Banks	48,345	101,002	56,185	91,860	33,298	38,452
Loans secured against life insurance policies	171,823	151,464	129,181	111,874	93,313	76,675
Loans to employee and field force	1,023	1,001	1,009	1,035	985	898
Investment properties	3,573	3,619	3,638	3,375	3,657	3,185
Investment in securities	1,229,728	1,011,953	927,273	777,884	738,587	658,731
Current assets and others	145,962	96,192	85,246	71,888	59,977	51,084
Fixed assets	1,034	881	851	920	414	437
Total assets	**1,601,488**	1,366,112	1,203,383	1,058,836	930,231	829,462
EQUITY AND LIABILITIES						
Issued, subscribed and paid up capital	6,200	4,900	4,600	4,300	3,500	3,000
Reserve and surplus	3,022	1,859	1,765	642	1,121	377
Policy holders liability	1,430,742	1,265,619	1,128,152	996,401	873,812	780,213
Employees Retirement Benefit	6,114	6,245	2,096	4,722	6,368	3,909
Deferred capital grant	27	16	37	45	14	22
Creditors and accruals	155,383	87,473	66,733	52,726	45,416	41,941
Total equity and liability	**1,601,488**	1,366,112	1,203,383	1,058,836	930,231	829,462
OPERATING AND FINANCIAL TRENDS						
Profit and Loss (Shareholder)						
Net Investment Income	490	445	428	356	311	314
Surplus appropriated	2,839	2,339	2,138	1,878	1,738	1,580
Profit before Tax	3,329	2,784	2,566	2,234	2,049	1,894
Taxation	1,216	829	746	649	636	624
Profit After Tax	2,113	1,955	1,820	1,585	1,413	1,270
Comprehensive Income						
Premium net of Reinsurance	243,211	161,789	119,035	112,572	114,914	100,761
Net Investment Income	140,059	109,469	105,598	95,802	70,277	51,016
Total Inflow	383,270	271,258	224,633	208,374	185,191	151,777
Total Outflow	212,749	131,106	89,667	84,102	88,441	75,890
Increase Policyholders liability	149,856	130,887	129,040	121,476	94,075	73,631
Surplus before Tax	20,665	9,265	5,926	2,796	2,675	2,256
Taxation	6,936	2,708	1,720	812	883	710
Profit After Tax	13,729	6,557	4,206	1,984	1,792	1,546
Surplus transfer to P&L	2,839	2,339	2,138	1,878	1,738	1,580
Cash Flows						
Operating activities	56,968	28,696	30,895	12,636	21,068	19,025
Investing activities	103,442	19,720	(64,719)	41,271	(25,566)	(15,747)
Financing activities	(1,720)	(1,461)	(1,047)	(714)	(1,270)	(1,091)
Cash and cash equivalents at the end of the year	44,702	92,895	45,939	80,810	27,617	33,385

Financial Ratios

	2022	2021 Restated	2020	2019	2018	2017 Restated
Profitability						
Profit before tax / Gross Premium	**8.46%**	5.70%	4.96%	2.48%	2.32%	2.23%
Profit before tax / Net Premium	**8.50%**	5.73%	4.98%	2.48%	2.33%	2.24%
Profit after tax / Gross Premium	**5.62%**	4.04%	3.52%	1.76%	1.56%	1.53%
Profit after tax / Net Premium	**5.64%**	4.05%	3.53%	1.76%	1.56%	1.53%
Net Claims / Net Premium (IL)	**61.55%**	54.17%	51.75%	48.38%	41.20%	39.44%
Net Claims / Net Premium (GL)	**84.46%**	76.54%	77.51%	78.40%	98.17%	100.01%
Net Commission / Net Premium (IL)	**12.68%**	12.75%	11.06%	12.46%	18.53%	20.20%
Net Commission / Net Premium (GL)	**0.01%**	0.01%	0.04%	0.07%	0.05%	0.08%
Area Managers Costs / Net Premium	**2.82%**	2.83%	2.81%	2.20%	2.65%	2.09%
Total Acquisition Cost / Net Premium	**17.26%**	17.34%	15.50%	15.87%	22.75%	23.23%
Administration Expenses / Net Premium	**6.07%**	8.08%	7.04%	9.37%	10.04%	9.46%
Return to Shareholders						
Return on Equity (ROE) Net income / Avg Equity	**100.10%**	51.00%	48.19%	30.46%	31.91%	30.16%
Earnings / (Loss per Share) - Pre Tax	**420.50**	200.29	137.78	72.74	84.48	75.20
Earnings / (Loss per Share) - After Tax	**279.36**	141.75	97.78	51.61	56.60	42.33
Return on Assets (Net Income)/Avg total Assets	**0.93%**	0.62%	0.37%	0.20%	0.20%	0.20%
Paid up Capital / Total Assets	**0.39%**	0.36%	0.38%	0.41%	0.38%	0.36%
Market Value						
Face Value per Share	**100**	100	100	100	100	100
Break up Value per Share	**442.14**	314.38	224.10	166.26	167.95	178.54
Cash Dividend per Share	**32.26**	35.11	31.75	24.35	20.39	40.47
Dividend Yield - (DPS/100*100)	**32.26%**	35.11%	31.75%	24.35%	20.39%	40.47%
Dividend Pay out	**11.55%**	24.77%	32.47%	47.17%	36.02%	95.60%

Vertical Analysis

Balance Sheet

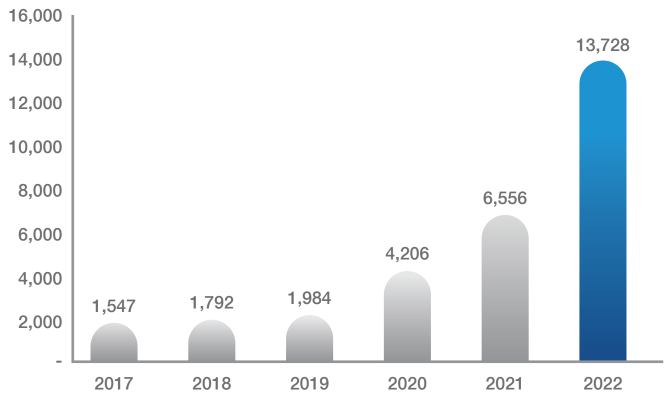
	2022 Rs in million	2022 %	2021 Rs in million Restated	2021 %	2020 Rs in million	2020 %	2019 Rs in million	2019 %	2018 Rs in million	2018 %	2017 Rs in million Restated	2017 %
ASSETS												
Cash and Banks	48,345	3.02%	101,002	7.39%	56,185	4.67%	91,860	8.68%	33,298	3.58%	38,452	4.64%
Loans secured against life insurance policies	171,823	10.73%	151,464	11.09%	129,181	10.73%	111,874	10.57%	93,313	10.03%	76,675	9.24%
Loans to employee and field force	1,023	0.06%	1,001	0.07%	1,009	0.08%	1,035	0.10%	985	0.11%	898	0.11%
Investment properties	3,573	0.22%	3,619	0.26%	3,638	0.30%	3,375	0.32%	3,657	0.39%	3,185	0.38%
Investment in securities	1,229,728	76.79%	1,011,953	74.08%	927,273	77.06%	777,884	73.47%	738,587	79.40%	658,731	79.42%
Current assets and others	145,962	9.11%	96,192	7.04%	85,246	7.08%	71,888	6.79%	59,977	6.45%	51,084	6.16%
Fixed assets	1,034	0.06%	881	0.06%	851	0.07%	920	0.09%	414	0.04%	437	0.05%
Total assets	**1,601,488**	**100%**	1,366,112	100%	1,203,383	100%	1,058,836	100%	930,231	100%	829,462	100%
EQUITY AND LIABILITIES												
Issued, subscribed and paid up capital	6,200	0.39%	4,900	0.36%	4,600	0.38%	4,300	0.41%	3,500	0.38%	3,000	0.36%
Reserve and surplus	3,022	0.19%	1,859	0.14%	1,765	0.15%	642	0.06%	1,121	0.12%	377	0.05%
Policy holders liability	1,430,742	89.34%	1,265,619	92.64%	1,128,152	93.75%	996,401	94.10%	873,812	93.93%	780,213	94.06%
Employees retirement benefit	6,114	0.38%	6,245	0.46%	2,096	0.17%	4,722	0.45%	6,368	0.68%	3,909	0.47%
Deferred capital grant	27	0.002%	16	0.00%	37	0.00%	45	0.00%	14	0.00%	22	0.00%
Creditors and accruals	155,383	9.70%	87,473	6.40%	66,733	5.55%	52,726	4.98%	45,416	4.88%	41,941	5.06%
Total equity and liability	**1,601,488**	**100%**	1,366,112	100%	1,203,383	100%	1,058,836	100%	930,231	100%	829,462	100%
OPERATING AND FINANCIAL TRENDS												
Profit and Loss (Shareholder)												
Net Investment Income	490	15%	445	16%	428	17%	356	16%	311	15%	314	17%
Surplus appropriated	2,839	85%	2,339	84%	2,138	83%	1,878	84%	1,738	85%	1,580	83%
Profit before Tax	3,329	100%	2,784	100%	2,566	100%	2,234	100%	2,049	100%	1,894	100%
Taxation	1,216	37%	829	30%	746	29%	649	29%	636	31%	624	33%
Profit After Tax	**2,113**	**63%**	1,955	70%	1,820	71%	1,585	71%	1,413	69%	1,270	67%
Comprehensive Income												
Premium net of Reinsurance	243,211	63%	161,789	60%	119,035	53%	112,572	54%	114,914	62%	100,761	66%
Net Investment Income	140,059	37%	109,469	40%	105,598	47%	95,802	46%	70,277	38%	51,016	34%
Total Inflow	383,270	100%	271,258	100%	224,633	100%	208,374	100%	185,191	100%	151,777	100%
Total Outflow	212,749	56%	131,106	48%	89,667	40%	84,102	40%	88,441	48%	75,890	50%
Increase Policyholders liability	149,856	39%	130,887	48%	129,040	57%	121,476	58%	94,075	51%	73,631	49%
Taxation	6,936	2%	2,708	1%	1,720	1%	812	0%	883	0%	710	0%
Profit After Tax	13,729	4%	6,557	2%	4,206	2%	1,984	1%	1,792	1%	1,546	1%

Horizontal Analysis

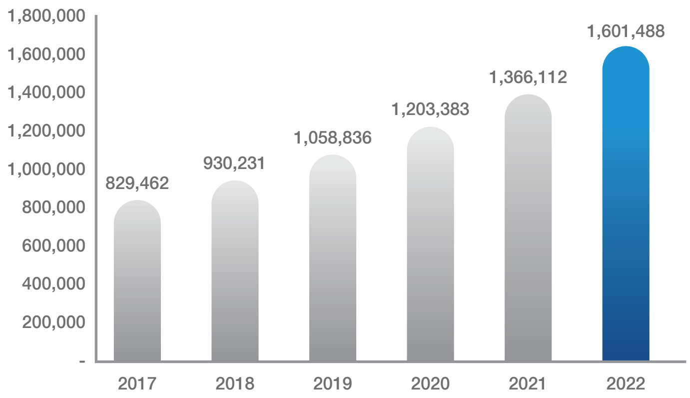
Balance Sheet

	Rs in million						% Increase / Decrease over preceding year					
	2022	2021 Restated	2020	2019	2018	2017 Restated	2022	2021 Restated	2020	2019	2018	2017 Restated
Profitability												
Cash and Banks	48,345	101,002	56,185	91,860	33,298	38,452	-52%	80%	-39%	176%	-13%	23%
Loans secured against life insurance policies	171,823	151,464	129,181	111,874	93,313	76,675	13%	17%	15%	20%	22%	22%
Loans to employee and field force	1,023	1,001	1,009	1,035	985	898	2%	-1%	-3%	5%	10%	12%
Investment properties	3,573	3,619	3,638	3,375	3,657	3,185	-1%	-1%	8%	-8%	15%	7%
Investment in securities	1,229,728	1,011,953	927,273	777,884	738,587	658,731	22%	9%	19%	5%	12%	28%
Current assets and others	145,962	96,192	85,246	71,888	59,977	51,084	52%	13%	19%	20%	17%	9%
Fixed assets	1,034	881	851	920	414	437	17%	4%	-8%	122%	-5%	7%
Total assets	1,601,488	1,366,112	1,203,383	1,058,836	930,231	829,462						
EQUITY AND LIABILITIES												
Issued, subscribed and paid up capital	6,200	4,900	4,600	4,300	3,500	3,000	27%	7%	7%	23%	17%	0%
Reserve and surplus	3,022	1,859	1,765	642	1,121	377	63%	5%	175%	-43%	197%	-60%
Policy holders liability	1,430,742	1,265,619	1,128,152	996,401	873,812	780,213	13%	12%	13%	14%	12%	27%
Employees retirement benefit	6,114	6,245	2,096	4,722	6,368	3,909	-2%	198%	-56%	-26%	63%	15%
Deferred capital grant	27	16	37	45	14	22	69%	-57%	-18%	221%	-36%	-19%
Creditors and accruals	155,383	87,473	66,733	52,726	45,416	41,941	78%	31%	27%	16%	8%	10%
Total equity and liability	1,601,488	1,366,112	1,203,383	1,058,836	930,231	829,462						
OPERATING AND FINANCIAL TRENDS												
Profit and Loss (Shareholder)												
Net Investment Income	490	445	428	356	311	314	10%	4%	20%	14%	-1%	1%
Surplus appropriated	2,839	2,339	2,138	1,878	1,738	1,580	21%	9%	14%	8%	10%	4%
Profit before Tax	3,329	2,784	2,566	2,234	2,049	1,894	20%	8%	15%	9%	8%	3%
Taxation	1,216	829	746	649	636	624	47%	11%	15%	2%	2%	1%
Profit After Tax	2,113	1,955	1,820	1,585	1,413	1,270	8%	7%	15%	12%	11%	5%
Comprehensive Income												
Premium net of Reinsurance	243,211	161,789	119,035	112,572	114,914	100,761	50%	36%	6%	-2%	14%	12%
Net Investment Income	140,059	109,469	105,598	95,802	70,277	51,016	28%	4%	10%	36%	38%	-21%
Total Inflow	383,270	271,258	224,633	208,374	185,191	151,777	41%	21%	8%	13%	22%	-3%
Total Outflow	212,749	131,106	89,667	84,102	88,441	75,890	62%	46%	7%	-5%	17%	6%
Increase Policyholders liability	149,856	130,887	129,040	121,476	94,075	73,631	14%	1%	6%	29%	28%	-11%
Taxation	6,936	2,708	1,720	812	883	710	156%	57%	112%	-8%	24%	15%
Profit ater tax	13,729	6,557	4,206	1,984	1,792	1,546	109%	56%	112%	11%	16%	28%

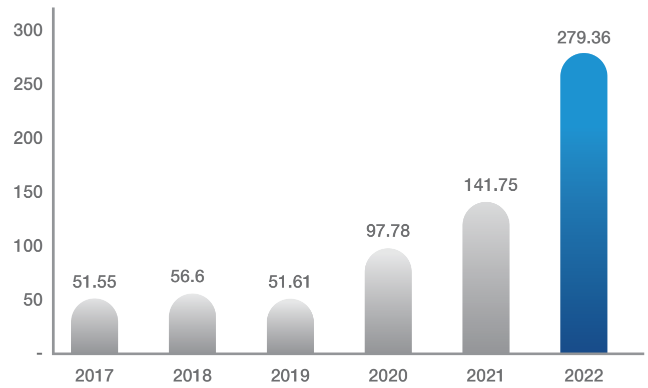
PROFIT AFTER TAX (RS. IN MILLION)



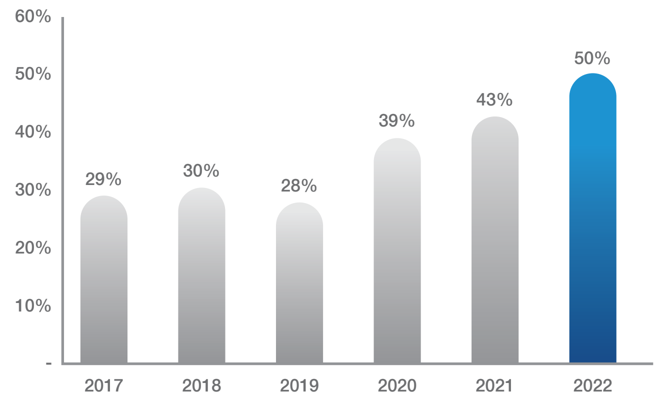
TOTAL ASSETS (RS. IN MILLION)



EARNING PER SHARE

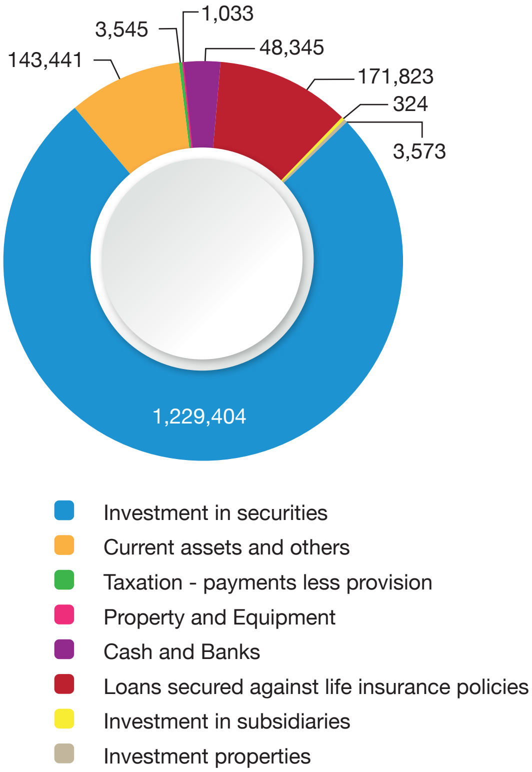


RETURN ON EQUITY %

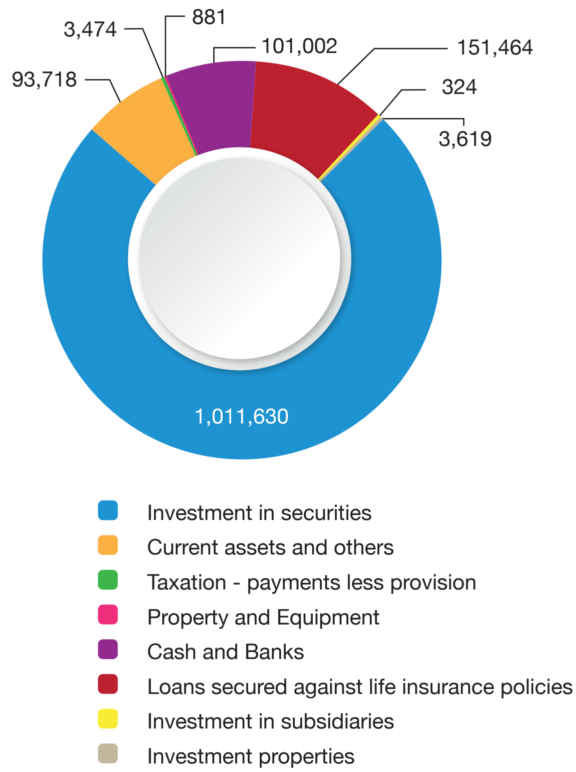


Balance Sheet Composition

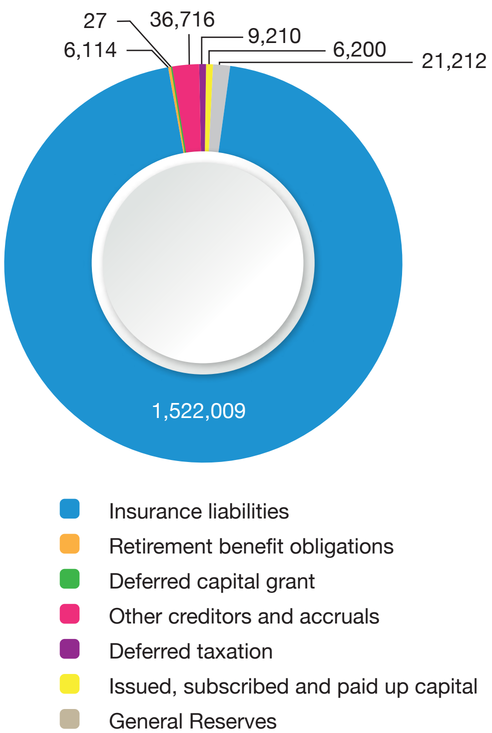
ASSETS - 2022
(Rupees in Millions)



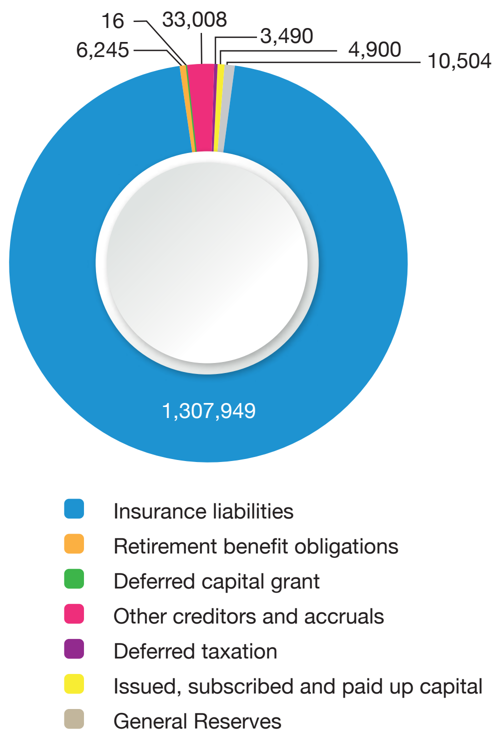
ASSETS - 2021
(Rupees in Millions)



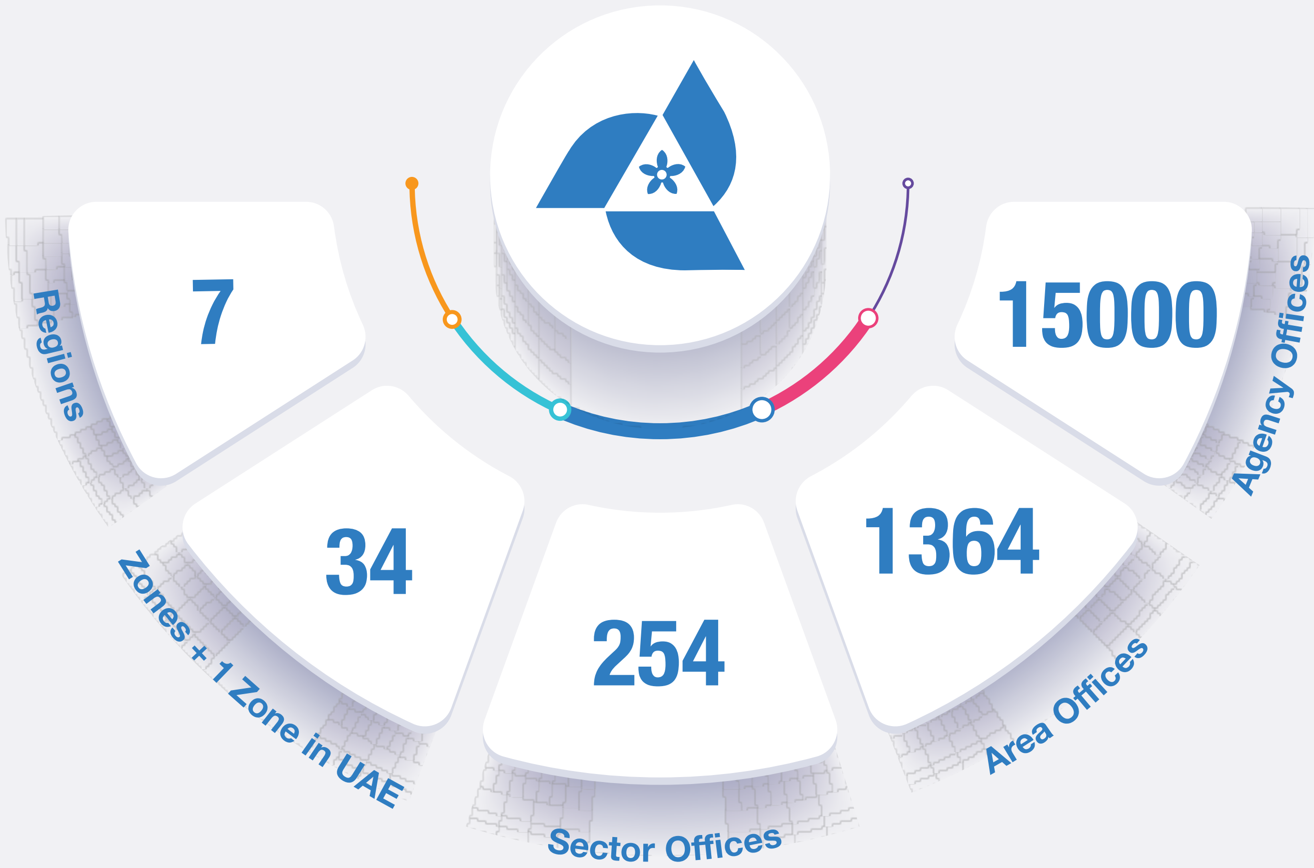
EQUITY AND LIABILITIES - 2022
(Rupees in Millions)



EQUITY AND LIABILITIES - 2021
(Rupees in Millions)



Our Network



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FINANCIAL STATEMENTS UNCONSOLIDATED


STATE LIFE

INDEPENDENT AUDITORS' REPORT

To the members of State Life Insurance Corporation of Pakistan

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **State Life Insurance Corporation of Pakistan** (the Corporation), which comprise the unconsolidated statement of financial position as at December 31, 2022, and the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Corporation's affairs as at December 31, 2022 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

We draw attention to the following:

- note 4 to the unconsolidated financial statements in respect of restatement on account of error; and
- note 23.1.13 to the unconsolidated financial statements that describes the chargeability of sales tax on premium by provincial revenue authorities.

Our opinion is not modified in respect of the above matters.

Information Other than the Unconsolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated financial statements and our auditors' report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Corporation as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account;

c) the apportionment of assets, liabilities, revenue and expenses between two or more funds has been performed in accordance with the advice of the appointed actuary;

d) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Corporation's business; 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 engagement partners on the audit resulting in this independent auditors' report are Muhammad Khalid Aziz and Tariq Feroz Khan on behalf of Grant Thornton Anjum Rahman and BDO Ebrahim & Co. respectively.

Grant Thornton Anjum Rahman.

Grant Thornton Anjum Rahman
Chartered Accountants

Karachi
Dated: June 22nd, 2023
UDIN: AR202210154G7o8OA3Pj

BDO Ebrahim & Co
Chartered Accountants

Karachi
Dated: June 22nd, 2023
UDIN: AR202210166iIvA7uko2

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	Note	2022	2021 Restated
		---------- (Rupees in '000) ----------	
ASSETS			
Property and equipment	5	1,033,492	881,186
Investment properties	6	3,573,082	3,618,967
Investments in subsidiaries	7	323,618	323,618
Investments			
Equity securities	8	77,799,314	88,913,774
Mutual funds	9	7,169,767	8,554,292
Government securities	10	1,133,671,503	910,069,819
Debt securities	11	10,763,786	4,091,596
Loans secured against life insurance policies		171,822,531	151,464,401
Insurance / reinsurance receivables	12	78,092,696	37,430,191
Other loans and receivables	13	65,281,569	56,221,789
Taxation - payments less provision		3,544,796	3,474,427
Prepayments	14	66,105	66,367
Cash & bank	15	48,345,441	101,002,030
TOTAL ASSETS		1,601,487,700	1,366,112,457
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES ATTRIBUTABLE TO CORPORATION'S EQUITY HOLDERS			
Ordinary share capital	16	6,200,000	4,900,000
Ledger account C & D		18,190,546	8,544,917
Reserves	17	808,314	4,725
Unappropriated profit		2,113,605	1,854,840
Capital contributed to statutory fund		100,000	100,000
TOTAL EQUITY		27,412,465	15,404,482
LIABILITIES			
Insurance liabilities	18	1,522,008,512	1,307,949,157
Retirement benefit obligations	19	6,113,662	6,245,074
Deferred capital grant		26,692	15,886
Deferred taxation	20	9,210,234	3,489,579
Premium received in advance		5,326,067	5,569,399
Insurance / reinsurance payables	21	1,154,322	521,942
Other creditors and accruals	22	30,235,746	26,916,938
TOTAL LIABILITIES		1,574,075,235	1,350,707,975
TOTAL EQUITY AND LIABILITIES		1,601,487,700	1,366,112,457
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

Shoaib Javed Hussain	Moin M. Fudda	Muhammad Aslam Ghauri	Muhammad Rashid
Chairman	Director	Director	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021 Restated
		---------- (Rupees in '000)	----------
Premium revenue		244,150,373	162,480,351
Premium ceded to reinsurers		(939,680)	(691,665)
Net premium revenue	24	243,210,693	161,788,686
Investment income	25	114,690,704	96,101,249
Net realized fair value gain on financial assets	26	440,311	58,719
Net fair value loss on financial assets at fair value through profit or loss	27	(13,538,825)	(8,555,366)
Net rental income	28	708,099	412,385
Other income	29	37,758,962	21,452,436
		140,059,251	109,469,423
Net income		383,269,944	271,258,109
Insurance benefits		175,557,029	98,348,335
Recoveries from reinsurers		(261,501)	(324,854)
Claim related expense		25,353	14,410
Net insurance benefits	30	175,320,881	98,037,891
Net change in insurance liabilities (other than outstanding claims)		149,856,354	130,887,076
Acquisition expenses	32	22,668,775	19,995,160
Marketing and administration expenses	33	13,994,407	12,642,793
Other expenses	34	765,000	430,318
Total expenses		187,284,536	163,955,347
Profit before tax		20,664,527	9,264,871
Income tax expense	35	(6,936,258)	(2,708,425)
Profit for the year		13,728,269	6,556,446
Other comprehensive income		-	-
Total comprehensive income for the year		13,728,269	6,556,446
Earning (after tax) per share - Rupees	36	279.36	141.75

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

Shoaib Javed Hussain	Moin M. Fudda	Muhammad Aslam Ghauri	Muhammad Rashid
Chairman	Director	Director	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021 Restated
	---------- (Rupees in '000)	----------
Operating Cash flows		
(a) Underwriting activities		
Insurance premiums received	194,632,942	154,323,542
Reinsurance premiums paid	(307,299)	(763,675)
Claims paid	(67,289,302)	(48,714,429)
Surrenders paid	(44,064,726)	(30,062,818)
Reinsurance and other recoveries received	(59,931)	539,561
Commissions paid	(13,978,550)	(13,330,913)
Other underwriting payments, if any	(7,096,397)	(5,286,340)
Net cash flow from underwriting activities	61,836,737	56,704,928
(b) Other operating activities		
Income tax paid	(1,285,969)	(610,726)
Other operating payments	(4,703,101)	(1,500,742)
General management expense paid	(12,074,441)	(5,727,123)
Other operating receipts	-	-
Loans secured against life insurance policies - advanced	(5,707,326)	(22,351,163)
Loans secured against life insurance policies - repayments received	18,903,882	2,181,049
Net cash flow used in other operating activities	(4,866,955)	(28,008,705)
Total cash flow from all operating activities	56,969,782	28,696,223
Investment activities		
Profit / return received	94,388,013	96,959,697
Dividends received	8,957,406	7,347,504
Rentals received	1,379,319	1,170,773
Payment for investments	(527,251,160)	(368,507,053)
Proceeds from disposal of investments	319,427,779	283,186,785
Fixed capital expenditure	(331,132)	(439,452)
Proceeds from sale of property and equipment	(12,148)	1,861
Total cash flow (used in) / generated from investing activities	(103,441,923)	19,720,115
Financing activities		
Dividends paid	(1,720,286)	(1,460,501)
Total cash flow used in financing activities	(1,720,286)	(1,460,501)
Net cash flow (used in) / generated from all activities	(48,192,427)	46,955,837
Cash and cash equivalents at beginning of year	92,894,679	45,938,842
Cash and cash equivalents at end of year	44,702,252	92,894,679
Reconciliation to Profit and Loss Account		
Operating cash flows	56,969,782	28,696,223
Depreciation expense	(121,756)	(102,992)
Investment income	140,059,251	109,470,878
Amortization/capitalization	541,043	872,480
Non Cash Adjustments (APL)	(24,592,135)	(2,067,304)
Increase in assets other than cash	62,045,624	28,420,763
Decrease in liabilities other than running finance	(65,596,529)	(25,966,109)
Other adjustments	(5,720,657)	(1,880,417)
Net change in insurance liabilities (other than outstanding claims)	(149,856,354)	(130,887,076)
Profit for the year after taxation	13,728,269	6,556,446

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

Shoaib Javed Hussain	Moin M. Fudda	Muhammad Aslam Ghauri	Muhammad Rashid
Chairman	Director	Director	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

	Attributable to equity holders of the Corporation					
	Share capital	Capital contributed to Statutory Fund	Revenue reserves General reserves	Ledger Account C & D [Refer Note]	Unappropriated profit	Total
	(Rupees in '000)					
Balance as at January 1, 2021	4,600,000	-	304,725	3,943,311	1,460,496	10,308,532
Dividend paid for the year December 31, 2020	-	-	-	-	(1,460,496)	(1,460,496)
Total comprehensive income for the year - (Restated)	-	-	-	-	6,556,446	6,556,446
Surplus for the year retained in statutory funds - net of tax	-	-	-	4,601,606	(4,601,606)	-
Capital contributed to statutory fund	-	100,000	-	-	(100,000)	-
Transfer for the issuance of share capital	300,000	-	(300,000)	-	-	-
Balance as at December 31, 2021 (Restated)	**4,900,000**	**100,000**	**4,725**	**8,544,917**	**1,854,840**	**15,404,482**
Dividend paid for the year December 31, 2021	**-**	**-**	**-**	**-**	**(1,720,286)**	**(1,720,286)**
Transferred to reserve	**-**	**-**	**172,615**	**30,965**	**(203,580)**	**-**
Transfer to unappropriated profit (refer note 4)	**-**	**-**	**(69,026)**	**-**	**69,026**	**-**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**13,728,269**	**13,728,269**
Surplus for the year retained in statutory funds - net of tax	**-**	**-**	**-**	**11,614,664**	**(11,614,664)**	**-**
Transferred from ledger to shareholder	**-**	**-**	**2,000,000**	**(2,000,000)**	**-**	**-**
Transfer for the issuance of share capital	**1,300,000**	**-**	**(1,300,000)**	**-**	**-**	**-**
Balance as at December 31, 2022	**6,200,000**	**100,000**	**808,314**	**18,190,546**	**2,113,605**	**27,412,465**

Note: This includes balances maintained in accordance with the requirements of Section 35 of the Insurance Ordinance, 2000 read with Rule 14 of the Insurance Rules, 2017 (previously the SEC Insurance Rules, 2002) to meet solvency margins, which are mandatorily maintained for the carrying on of the life insurance business.

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

Shoaib Javed Hussain Chairman	**Moin M. Fudda** Director	**Muhammad Aslam Ghauri** Director	**Muhammad Rashid** Chief Financial Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 State Life Insurance Corporation of Pakistan (the Corporation) was incorporated in Pakistan on November 01, 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 33 zones for individual life business alongwith 7 Regions, 4 zones for group life business and in the gulf countries comprising United Arab Emirates (UAE) through zonal office located at Dubai (UAE).

1.2 The Corporation is engaged in the life insurance business, health, accident insurance business and takaful business.

1.3 The Corporation was issued the certificate of authorization for commencement of Window Takaful Operation under rule 6 of the Takaful rules, 2012 by Securities Exchange Commission of Pakistan vide letter no. 0097, dated September 22, 2016. For the purpose of carrying on the takaful business, the Corporation has formed an Individual Family Participant Takaful Fund (IFPTF) on August 18, 2017 under the Waqf deed and ceded Rs. 1 million to the IFPTF. The Waqf deed governs the relationship of Corporation and participants for management of takaful operations. The Corporation launched the Window Takaful Operations on January 28, 2021.

1.4 In prior year, Privatization Commission (PC) has envisioned to divest the shares of Government of Pakistan held by Ministry of Commerce through an Initial Public Offer (IPO). For this purpose, PC sent the Term of Reference (ToR) to the Corporation vide letter no. PC/SLIC-IPO/B&U/04 dated June 24, 2015 regarding the appointment of lead manager and book runner for public offering through domestic stock exchange transaction, which was been approved by the Board on August 11, 2015.

Moreover, PC also constituted an Evaluation Committee to evaluate technical and financial proposals of bids received. Based on the evaluation process of the Committee, the Board of PC appointed consortium of Habib Bank Limited, Bank Alfalah Limited, Arif Habib Limited and Elixir Securities Pakistan (Private) Limited as lead manager and book runner for IPO as mentioned in the 243rd meeting of the Board of Directors held on February 20, 2016.

The Presidential Order dated April 06, 2016 in respect of State Life (Reorganization and Conversion), 2016 was issued by Government of Pakistan Ministry of Law and Justice to provide for the re-organization and conversion of the State Life Insurance Corporation of Pakistan into a Public Limited Company.

After the commencement of this Ordinance, the Federal Government established a Company to be known as State Life Insurance Company Limited by shares under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The National Assembly converted the said Ordinance into bill for the conversion of State Life Insurance Corporation to State Life Insurance Company Limited and sent the bill to Senate for approval and the Senate, instead of passing the bill, proposed few amendments in the bill. For the consideration of the proposed amendments, the matter was moved to National Assembly Standing Committee on Commerce.

Ministry of Commerce (MoC), vide letter No.1(7)/2013-SLIC-INS dated September 10, 2020, informed that the Senate of Pakistan passed the Bill with certain amendments. The Bill was forwarded to the National Assembly (the Assembly), however, the Assembly did not pass the amended Bill within 90 days. Therefore, a request was made to the Ministry of Parliamentary Affairs to the place the same before the Joint Session of the Parliament for consideration. However, Bill was not passed by the Joint Session due to end of Assembly session that day. Hence, in terms of Article 76(3) of the Constitution of Pakistan said Bill has been lapsed, despite the fact that it had been passed by the Senate.

Subsequent to year end, a detailed discussion was held on January 25, 2023 in a Committee Room of MoC, it was unanimously decided that now the Finance Division shall draft a new legislation with the technical support of legal advisors, to enable the requisite amendments/changes In the legal/regulatory framework of the five selected State Owned Entities (SOEs). The draft shall be shared with the Line Ministries/(SOEs) for their views/concurrence before its submission to the Federal Cabinet and subsequently to the Parliament.

1.5 The Corporation maintains a shareholders' fund and five statutory funds, separately in respect of its each class of life insurance business. The details relating to each fund has been described in note 3.4.

1.6 Summary of significant events and transactions

During the year the Corporation implemented Phase III of Sehat Sahulat Program in the province of Punjab, FATA, Azad Jammu & Kashmir, Tharparkar and Islamabad Capital Territory (ICT) in agreement with Federal and KP Government which aimed to provide health facilities to all the families residing in these areas. Sehat Sahulat Program Phase-III resulted in increase in premium revenue of Rs. 106,597.19 million during the year.

2 BASIS OF PREPARATION

These unconsolidated financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through the Insurance Rules, 2017 vide its S.R.O. 89(1) / 2017 dated February 09, 2017.

2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017 and the Takaful Rules, 2012. In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and the Takaful Rules, 2012, shall prevail.

As required by Circular 15 of 2019 dated November 18, 2019 issued by the Securities & Exchange Commission of Pakistan (the Commission), the Corporation has prepared and annexed to these financial statements, a standalone set of financial statements for Window Takaful Operations of the Corporation, as if these are carried out by a standalone Takaful Operator.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies mentioned below (refer note 3).

2.3 Functional and presentation currency

These unconsolidated financial statements have been presented in Pakistani Rupee, which is the Corporation’s functional and presentation currency. Amounts have been rounded off to the nearest thousand, unless otherwise stated.

2.4 Standards, amendments and interpretations to the published standards that may be relevant to the Corporation and adopted in the current year.

The Corporation has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Standard or Interpretation	Effective Date (Annual period beginning on or after)
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
Subsidiary as a First-time Adopter (Amendment to IFRS 1)	January 1, 2022

Taxation in Fair Value Measurements (Amendment to IAS 41)	January 1, 2022
Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022

Adoption of the above standards have no significant effect on the amounts for the period ended December 31, 2022.

2.5 Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the Corporation.

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date (Annual period beginning on or after)
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023
Disclosure Initiative—Accounting Policies	January 1, 2023
Sale and leaseback transactions (Amendments to IFRS 16)	January 1, 2024

The Corporation is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Corporation.

2.6 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	Effective Date (Annual period beginning on or after)
IFRS 17 Insurance Contract (Amendment to Insurance Contract)	January 1, 2023
IFRS 1 'First-time adoption of International Financial Reporting Standard'	January 1, 2024

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts' to be implemented for annual reporting periods on or after January 01, 2023 as per IASB. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 01 July 2018 onwards to remove from profit and loss account the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

The Corporation has determined that it is eligible for the temporary exemption option since the Corporation has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Corporation doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Corporation can defer the application of IFRS 9 until the application of IFRS 17.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

IFRS 9 defines the terms "principal" as being the fair value of the financial asset at initial recognition, and the "interest" as being compensation for (i) the time value of money, and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

The tables below set out the fair values as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

a) financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding, excluding any financial asset that meets the definition of held-for-trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis; and

b) all other financial assets

Description	2022					
	Fail the SPPI test			Pass the SPPI test		
	Fair Value	Impairment	Change in unrealised Gain / loss during the year	Carrying Value	Impairment	Change in unrealised Gain / loss during the year
	(Rupees in '000)					
Cash at bank	48,345,441	-	-	-	-	-
Investment in equity securities	77,799,314	(214,778)	42,819,518	-	-	-
Investment in government securities	-	-	-	1,133,671,503	-	-
Investment in debt securities	-	-	-	10,771,359	7,573	-
Investment in mutual funds	7,169,767	-	3,293,130	-	-	-
Other loans and receivables	65,281,569	-	-	-	-	-
Insurance / reinsurance receivables	78,092,696	-	-	-	-	-
Loans secured against life insurance policies	-	-	-	171,822,531	-	-

Description	2022								
	Gross Carrying amount of debt instrument that pass the SPPI test								
	AA	A+	A	AA-	AAA	A-	A-1	A-2	Unrated
	(Rupees in '000)								
Investment in Debt Securities	-	-	10,771,359	-	-	-	-	-	7,573
Investment in Govt Securities	-	-	-	-	-	-	-	-	1,133,671,503
Loans secured against life insurance policies	-	-	-	-	-	-	-	-	171,822,531

2.7 Critical accounting estimates and judgments

The preparation of these unconsolidated 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 recognized 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, estimates and judgments 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.

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) Provision for taxation

In making estimates for taxation 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.

d) 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.

e) Fixed assets, investment properties, depreciation and amortization

In making estimates of depreciation / amortization, 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 reporting date.

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.

f) Staff retirement benefits

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these unconsolidated financial statement are same as those applied in the preparation of the annual unconsolidated financial statements of the Corporation for the year ended December 31, 2021.

3.1 Property and equipment

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

Subsequent costs

Subsequent costs are included in the assets carrying amount or recognized as separate asset, as appopriate, 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 statement of comprehensive income currently.

Depreciation

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 4 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 reporting date. Depreciation on addition is charged from the month in which the asset is available for use while no depreciation is charged in the month of disposal.

Gain and losses on disposal

An item of fixed asset is derecognized 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

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.

3.2 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.

3.3 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.

3.4 Funds

The Corporation maintains a shareholders' fund and five 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;
– Health and Accidental Insurance Fund; and
– Family Takaful Fund.

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

Expenses of principal office are distributed among all funds on fair and equitable basis.

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

b) 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 comprehensive income. Most of the new business written under the Overseas Life Fund contains a Discretionary Participation Feature (DPF).

c) 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.

d) Health and Accidental Insurance Fund

The Corporation is implementing mega health insurance programs, i.e. Federal Sehat Sahulat Program and KP Sehat Sahulat Program. These programs covered the 150 million population of Pakistan across 90+ districts to provide them with health insurance coverage through a vast network of 1000+ empaneled hospitals. The Federal Sehat Sahulat Program, with expansion to target more than 68 districts across Pakistan, is covering around 30 million families (i.e. 120 million individuals). The growth in the scheme has a massive impact on the quality of health care available to the poor. The scheme is providing the secondary coverage of Rs. 60,000 and Rs. 300,000 under tertiary coverage per annum. The beneficiaries are also paid additional benefits such as cash payments of transportation and funeral charges. Besides pure BISP data, the entire FATA, FR Region, Tharparkar, GB and AJK regions have been covered under this scheme. The coverage was further extended to all the disabled person and registered transgender community of Pakistan. Plans are underway to expand the scheme to cover 100% population of Islamabad and Punjab. The KP Sehat Card Plus Program has covered the entire population of Khyber Pakhtunkhwa, where more than 7 million families would be covered. This scheme has a worth of around 87+ billion in the next five years. The scheme provides inpatient hospitalization secondary coverage of Rs. 40,000 per member and Rs. 400,000 under tertiary coverage per annum. State Life being a public sector organization would strive to extend its services to manage social health programs most efficiently and economically.

e) Family Takaful Fund

The Corporation on receipt of license to start Window Takaful Operations, established a statutory fund namely 'Family Takaful Fund' to offer Family Takaful Contracts. Family Takaful Contract is an arrangement which rests on key Shariah principles of mutual cooperation, solidarity and well-being of a community, and is based on the principles of Wakala Waqf Model. Under a Takaful arrangement, individuals come together and contribute towards the common objective of protecting each other against financial losses by sharing the risk on the basis of mutual assistance.

The obligation of Waqf for Waqf participants' liabilities is limited to the amount available in the Waqf fund. In case there is a deficit in the Waqf Fund, the Window Takaful Operator shall grant an interest free loan (Qard-e-Hasna) to make good the deficit. The loan shall be repayable from the future surpluses generated in the Waqf Fund, without any excess of the actual amount given to it. Repayment of Qard-e-Hasna shall receive priority over surplus distribution to Participants from the Waqf Fund.

3.5 Insurance contracts - classification

The Corporation maintains five statutory funds which are as follows:

- Pakistan Life Fund
- Overseas Life Fund

- Pension Fund
- Health and Accidental Insurance Fund
- Family Takaful Fund

Within the Pakistan Life Fund the business can be further classified as individual life conventional 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). DPF indicates policies in which the investor receives an additional payment, the amount or timing of which is contractually at the discretion of the issuer.

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 administered under Group Pension Deposit Administration contracts.

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

Family Takaful Operations effective from the date as mentioned in note 1.3.

Considering all the five statutory funds together, the bulk of Corporation business consists of individual life conventional policies. Most of the remaining business consists of group life insurance business. Group Health is a relatively new venture of the Corporation which 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.

Contract details and measurement

The insurance contracts offered by the Corporation are described below:

3.5.1 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 plans providing benefits only in case of death. Under these policies no benefit is due if the policy holder survives the duration of the policy. The Corporation sells both level term insurances and decreasing term insurances also known as mortgage protection plans.

Annuities

The Corporation also has a small number of individual and group life-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 benefit is payable for a stipulated period and is 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 organized under a three tier system consisting of sales representatives, sales officers and sales managers. Each sales sector headed by area manager and a sector head. Presently there are 1,127 area managers and 150 sector heads who are working in 33 different zones and 7 regions throughout country in addition to this there is one zone in Gulf region who is head by Zonal Chief, Gulf. The Gulf zone has it s own marketing team of sector heads, Area Managers and Sales Force.

The individual life policy holders of the Corporation come from all strata of society, with greater representation of the rural areas due to wider outreach of its field force. New policyholders have an average age of around 34 years.

3.5.2 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 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.

3.6 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.

The unearned premium liability in respect of group life and health insurance schemes is included in actuarial liability.

3.7 Re-insurance contracts held

3.7.1 Conventional

The Corporation has re-insurance arrangements with Swiss Re. The net retention limit of the Corporation for individual life is Rs. 5 million (2021: Rs. 5 million) per policy and for group life is Rs. 5 million (2021: Rs. 5 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.

3.7.2 Takaful

3.7.2.1 Retakaful Contribution

These contracts are entered into by the Corporation with the retakaful operator under which the retakaful operator cedes the Takaful risk assumed during normal course of its business, and according to which the Waqf is compensated for losses on contracts issued by it.

Retakaful contribution is recorded at the time the retakaful is ceded.

Retakaful liabilities represent balances due to retakaful companies. Amounts payable are calculated in a manner consistent with the associated retakaful treaties.

3.7.2.2 Retakaful Expenses

Retakaful expenses are recognized through liability.

Retakaful assets represent balances due from retakaful operator. Recoverable amounts are estimated in a manner consistent with the associated retakaful treaties.

Retakaful assets are offset against related Retakaful liabilities under the circumstances only that there is a clear legal right of off-set of the amounts. Income or expenses from retakaful contract are not offset against expenses or income from related Retakaful contracts as required by the Insurance Ordinance, 2000. Retakaful assets and liabilities are derecognized when the contractual rights are extinguished or expired.

3.8 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.

On May 19, 2014, Securities and Exchange Commission of Pakistan (SECP) has issued Circular No. 11 of 2014 in which they have prohibited all life insurers from writing back the unclaimed insurance benefit amount in any circumstances. The unclaimed insurance benefits are the amount which have become payable in accordance with the terms and conditions of an insurance policy but have not been claimed by the policyholders or their beneficiaries. Such unclaimed amounts include unclaimed maturity benefits, long outstanding claims and un-intimated or unclaimed death or disability claims. The Corporation has a practice of writing back claims which are outstanding for more than three years from the date from which the claims become payable and an equivalent amount has been placed in 'reserve for unpaid insurance benefits' within the policyholders' liabilities. The Corporation has received letter dated May 22, 2015 from SECP clarifying that the practice to retain the unclaimed insurance benefits in its actuarial reserve is in compliance with the clause 3 of the aforementioned Circular.

3.9 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.

3.10 Premiums due but unpaid

Premiums due but unpaid are recognized at cost, which is the fair value of consideration to be received less provision for impairment, if any.

3.11 Amount due from other insurers / reinsurers

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

3.12 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.

3.13 Expenses of management

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

3.14 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 maintains a funded defined benefit plan for those officers who opted for gratuity rules. On retirement, resignation, termination or on death they will be paid last month's drawn salary for each completed year of service. Liability for the fund is based on the advice of appointed actuary.

Staff

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

Previously, the Corporation maintained a defined contribution plan in respect of all those officers of the Corporation who initially opted for the unfunded gratuity scheme. 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. However, pursuant to decision of the Board of Directors taken in their 241st meeting held on October 20, 2015, the gratuity scheme of the officers of the Corporation has been revamped from defined contribution plan to defined benefit plan.

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 a previous year pursuant to the order of Honorable Supreme Court of Pakistan, the Corporation has restored its pension scheme, as aforesaid, that was in effect before December 31, 1999. 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, 2022 amounting to Rs.1,915 million (2021: Rs. 1,805 million) has been provided for in these unconsolidated 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, 2022, liability for post retirement medical benefit as computed by the appointed actuary is estimated at Rs. 2,503 million (2021: Rs. 2,799 million) and the same has been provided in these unconsolidated financial statements.

3.15 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.

3.16 Revenue recognition

3.16.1 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.

3.16.2 Reinsurance Commission

Commission from reinsurers is recognized as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Commission, if any, under the terms of reinsurance arrangements is recognized when the Corporation's right to receive the same is established.

3.16.3 Individual Life Family Takaful

First year, renewal and single contributions are recognized once the related policies are issued / renewed against receipt of contribution.

3.16.4 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.

3.16.5 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.

3.16.6 Deferred capital grant

Grants received for capital expenditure is credited to “Deferred liabilities”. Amount equal to the depreciation charged during the year as per rate applicable to the respective assets is transferred to other income. Grants received in cash for revenue expenditure are treated as income on the basis of expenditure incurred.

3.16.7 Others

All other income are recognized on accrual basis.

3.17 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. All sources of income of the Corporation are taxed as one basket income using prevailing tax rate 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.

3.18 Bad and doubtful debts

Known bad debts are written off and impairment loss is recognized for debts / receivables considered doubtful.

3.19 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.

3.20 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 recognized, 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).

3.21 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.

3.22 Cash and cash equivalents

These include cash and bank balances and deposits maturing within twelve months.

3.23 Dividend distributions and appropriations

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

3.24 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.

3.25 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 Insurance Regulations, 2017.

The Corporation’s business segments are currently reported five statutory funds, separately in respect of each class of life insurance business.

3.26 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.

3.27 Leases

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is depreciated on a straight-line method over the lease term as this method most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Corporation is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Corporation has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component and not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

3.28 Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are recognized 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:

- Other loans and receivables;
- Held to maturity; and
- Fair value through profit or loss.

Other loans and receivables

Other 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.

Fair value through profit or loss

These are investment are initially recognized at cost being the fair value the of consideration given and its related transaction cost are charged to profit and loss account. These investment are subsequently measured at their market value with any gain or loss in statement of comprehensive income.

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 recognized.

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 statement of comprehensive income immediately.

Off setting

Financial assets and liabilities are off set and the amount is reported in the statement of financial position 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.

Fair / market value measurements

For investments in Government securities, fair / market value is determined by reference to quotations obtained from Reuters page (PKRV) / (PKISRV) where applicable. For investments in quoted marketable securities, other than Term Finance Certificates / Corporate Sukuks, fair / market value is determined by reference to Stock Exchange quoted market price at the close of business on reporting date. The fair market value of Term Finance Certificates / Corporate Sukuks and investment in Mutual Fund is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP).

Financial liabilities

For the purpose of subsequent measurement, financial liabilities are measured at amortized 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.

3.29 Investment in subsidiaries and associates

Investment in subsidiaries has been carried at cost less provision for impairment (if any).

The Corporation carries its invesmtent in associates at fair value through profit or loss, considering the investment made through investment-linked insurance funds.

3.30 Takaful Operator's Fee

The shareholders of the Corporation manage the Window Takaful operations for the participants. Accordingly, the Corporation is entitled to Takaful Operator's Fee for the management of Window Takaful Operations under the Waqf Fund, to meet its general and administrative expenses. The Takaful Operator's fee, termed Wakala Fee, is recognized upfront.

4 RESTATEMENT OF FINANCIAL STATEMENT (RECTIFICATION OF ERROR)

As of reporting date December 31, 2021, the Corporation had incorrectly valued the plan assets of its Employees' Pension Fund. Consequently, the Retirement Benefit Obligations as of December 31, 2021 was understated by Rs. 2,761.16 million and related expense was also understated by the same amount. As of the reporting date, the Corporation has corrected the error made in the last year and accounted for the same retrospectively in accordance with the requirements of IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’ and revised actuarial report.

The effect of change is summarized below:

Effect of error on financial statements for the year ended December 31, 2021.	**Previously Reported**	**Revised Reported**	**Restatement**
Statement of financial position	-------------------- (Rupees in ‘000)	--------------------	
Equity			
Unappropriated profit	1,923,866	1,854,840	(69,026)
Liabilities			
Retirement benefit obligation	3,483,912	6,245,074	2,761,162
Insurance liabilities	1,310,641,293	1,307,949,157	(2,692,136)
Statement of profit or loss			
Net change insurance liabilities	133,579,212	130,887,076	(2,692,136)
Marketing and administration expenses	9,881,631	12,642,793	2,761,162
Profit before tax	9,333,897	9,264,871	(69,026)
Income tax expense	(2,708,425)	(2,708,425)	-
Profit after tax	6,625,472	6,556,446	(69,026)
Number of shares	46,255	46,255	-
EPS	143.24	141.75	1.49
Statement of changes in equity			
Total comprehensive income for the year	6,625,472	6,556,446	(69,026)
Unappropriated profit	1,923,866	1,854,840	(69,026)

5 PROPERTY AND EQUIPMENT

	Note	2022	2021
		---------- (Rupees in ‘000)	----------
Operating assets	5.1	1,033,492	881,186

5.1 Operating assets

Description	Cost					Depreciation					Written down value as at December 31, 2022	Depreciation Rate
2022	As at 1 January	Additions/ (disposals)	Adjustment	Transfer from Investment Property	As at 31 December	As at 1 January	For the year/ (disposal)	Adjustment	Transfer from Investment Property	As at 31 December		
	-- (Rupees in '000) --											(%)
Building, roads and structure	634,868	13,604	-	-	648,472	155,476	14,809	-	-	170,285	478,187	1
		-					-					
Electric installation and fittings	683,806	40,858	-	-	719,727	598,611	32,964	-	-	626,638	93,089	10
		(4,937)					(4,937)					
Furniture and fixture	631,838	102,342	-	-	729,278	439,629	41,831	-	-	476,562	252,716	10
		(4,902)					(4,898)					
Office equipment	220,930	16,839	-	-	236,925	171,436	15,206	-	-	185,803	51,122	10 to 30
		(844)					(839)					
Computer installations-basic	874,461	123,208	-	-	994,367	809,082	38,889	-	-	844,698	149,669	30
		(3,302)					(3,273)					
Computer installations-peripherals	89,166	5,332	-	-	93,822	82,011	3,822	-	-	85,157	8,665	30
		(676)					(676)					
Vehicles	199,327	2,564	-	-	201,884	196,965	4,882	-	-	201,840	44	20
		(7)					(7)					
	3,334,396	304,747	-	-	3,624,475	2,453,210	152,403	-	-	2,590,983	1,033,492	
		(14,668)					(14,630)					

Description	Cost					Depreciation					Written down value as at December 31, 2021	Depreciation Rate
2021	As at 1 January	Additions/ (disposals)	Adjustment	Transfer from Investment Property	As at 31 December	As at 1 January	For the year/ (disposal)	Adjustment	Transfer from Investment Property	As at 31 December		
	-- (Rupees in '000) --											(%)
Building, roads and structure	630,484	4,384	-	-	634,868	148,850	6,626	-	-	155,476	479,392	1
		-										
Electric installation and fittings	487,411	196,762	-	-	683,806	453,243	145,699	-	-	598,611	85,195	10
		(367)					(331)					
Furniture and fixture	591,059	40,982	-	-	631,838	396,543	43,268	-	-	439,629	192,209	10
		(203)					(182)					
Office equipment	211,023	10,433	-	-	220,930	157,813	14,096	-	-	171,436	49,494	10 to 30
		(526)					(473)					
Computer installations-basic	848,940	27,690	-	-	874,461	781,579	29,455	-	-	809,082	65,379	30
		(2,169)					(1,952)					
Computer installations-peripherals	85,627	3,550	-	-	89,166	77,681	4,340	-	-	82,011	7,155	30
		(11)					(10)					
Vehicles	198,334	993	-	-	199,327	186,353	10,612	-	-	196,965	2,362	20
		-					-					
	3,052,878	284,794	-	-	3,334,396	2,202,062	254,096	-	-	2,453,210	881,186	
		(3,276)					(2,948)					

5.2 Assets with zero value

Description of Assets	2022			2021		
	Cost	**Net book value**	**Number of items**	Cost	Net book value	Number of items
	------ (Rupees in '000) ------		-- (in '000) --	------ (Rupees in '000) ------		-- (in '000) --
Furniture and fixture	**209,269**	**-**	**31,473**	185,702	-	33,662
Office equipment	**104,932**	**-**	**4,409**	76,917	-	4,354
Computer installation - basic	**571,812**	**-**	**4,963**	559,680	-	4,753
Computer installation - peripheral	**60,166**	**-**	**1,765**	61,493	-	1,920
Vehicles	**114,800**	**-**	**121**	101,426	-	118
	1,060,979	**-**	**42,731**	985,218	-	44,807

5.3 There are no assets held by third parties as at reporting date.

		Note	2022	2021
			---------- (Rupees in '000) ----------	

6 INVESTMENT PROPERTIES

	Note	2022	2021
Investment properties	6.1	3,175,533	3,222,331
Less: Provision for impairment in value	6.4	(2,715)	(2,757)
		3,172,818	3,219,574
Capital work in progress	6.8	400,264	399,393
		3,573,082	3,618,967

6.1 Investment Properties

2022

	Cost				Depreciation				Written down value as at December 31, 2022	Depreciation Rate
	As at 1 January	Additions/ (disposals)	Transfer to Property and Equipment	As at 31 December	As at 1 January	For the year	Transfer to Property and Equipment	As at 31 December		
	(Rupees in '000)									(%)
Freehold land	274,616	-	-	274,616	-	-	-	-	274,616	-
Leasehold land	332,697	-	-	332,697	121,081	3,865	-	124,946	207,751	1 to 5
Leasehold improvements	19,279	-	-	19,279	11,235	850	-	12,085	7,194	5
Building, roads and structure	2,680,901	13,210	-	2,694,111	400,594	22,909	-	423,503	2,270,608	1
Electric installation and fittings	1,626,006	12,304	-	1,638,310	1,178,258	44,688	-	1,222,946	415,364	10
	4,933,499	25,514	-	4,959,013	1,711,168	72,312	-	1,783,480	3,175,533	

2021

	Cost				Depreciation				Written down value as at December 31, 2021	Depreciation Rate
	As at 1 January	Additions/ (disposals)	Transfer to Property and Equipment	As at 31 December	As at 1 January	For the year	Transfer to Property and Equipment	As at 31 December		
	(Rupees in '000)									(%)
Freehold land	274,616	-	-	274,616	-	-	-	-	274,616	-
Leasehold land	332,697	-	-	332,697	117,217	3,864	-	121,081	211,616	1 to 5
Leasehold improvements	19,279	-	-	19,279	10,987	248	-	11,235	8,044	5
Building, roads and structure	1,510,258	1,170,643	-	2,680,901	356,201	44,393	-	400,594	2,280,307	1
Electric installation and fittings	1,151,983	474,023	-	1,626,006	1,055,289	122,969	-	1,178,258	447,748	10
	3,288,833	1,644,666	-	4,933,499	1,539,694	171,474	-	1,711,168	3,222,331	

6.2 The market value of the investment properties, owned by the Corporation as determined by the independent valuers, amounted to Rs. 109,852 million (2021: Rs. 64,951 million). The forced sale value of the investment properties, owned by the Corporation as determined by the independent valuers (i.e. K.G Traders (Private) Limited) as at December 31, 2022, amounted to Rs. 98,867 million (2021: Rs. 63,002 million).

6.3 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 13 buildings / plots (2021: 14 buildings / plots) are still in the name of defunct insurance companies that were merged in the Corporation as per the LINO order.

6.4 There are properties costing Rs. 4.269 million (2021: Rs. 4.269 million) having written down value of Rs. 2.715 million (2021: Rs. 2.757 million) to which the Corporation's title is disputed. Against this, a provision of Rs. 2.715 million (2021: Rs. 2.757 million) exists.

6.5 The Corporation has a plot at Rawalpindi costing Rs. 0.581 million (2021: Rs. 0.581 million) for which execution of title deed is pending due to dispute with the Cantonment Board, Rawalpindi.

6.6 The Corporation has a plot at Mirpur (Azad Kashmir) costing Rs. 1.192 million (2021: Rs. 1.192 million) for which execution of title deed remain pending.

6.7 The investment properties also include Rs. 23 million (2021: 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.

6.8 Capital work in progress

	Note	2022	2021
		(Rupees in '000)	
Opening balance		399,393	1,889,898
Additions	6.8.1	871	141,686
Transfer		-	(1,632,191)
Closing balance		400,264	399,393

6.8.1 This mainly represents the amount incurred in respect of Rahim Yar Khan projects.

7 INVESTMENTS IN SUBSIDIARIES

	Note	2022	2021
Alpha Insurance Company Limited	7.1	298,918	298,918
State Life (Lakie Road) Properties (Private) Limited	7.1	12,910	12,910
Less provision for impairment		(12,910)	(12,910)
State Life (Abdullah Haroon Road) Properties (Private) Limited	7.1	26,182	26,182
Less: provision for impairment		(1,482)	(1,482)
		323,618	323,618

7.1 Investment in Subsidiaries

2022	2021	Face value	Company Name	2022	2021
Number of shares		Rs.		(Rupees in '000)	
47,574,843	47,574,843	10	Alpha Insurance Company Limited Equity held 95.15% (2021:95.15%)	298,918	298,918
414,916	414,916	10	State Life (Lakie Road) Properties (Pvt) Limited Equity held 100% (2021:100%)	12,910	12,910
779,500	779,500	10	State Life (Abdullah Haroon Road) Properties (Pvt) Limited Equity held 100% (2021:100%)	26,182	26,182
				338,010	338,010

7.2 The Corporation's interests in its subsidiaries were as follows:

		2022					
Name	**Country of Incorporation**	**Assets**	**Liabilities**	**Break up value per share**	**Revenues**	**(Loss) / Profit**	**% of interest held**
		(Rupees in '000)					
Alpha Insurance Company Limited	Pakistan	1,154,685	466,485	13.76	182,580	(14,283)	95.15%
State Life (Lakie Road) Properties (Private) Limited	Pakistan	3,004	9,444	(15.52)	121	(3,961)	100%
State Life (Abdullah Haroon Road) Properties (Private) Limited	Pakistan	33,934	1,100	42.12	2,500	1,232	100%
Total at the end of 2022		1,191,623	477,029		185,201	(17,012)	

Name	Country of Incorporation	Assets	Liabilities	Break up value per share	Revenues	(Loss) / Profit	% of interest held
		2021					
		(Rupees in '000)					
Alpha Insurance Company Limited	Pakistan	1,077,606	364,564	14.26	102,878	18,256	95.15%
State Life (Lakie Road) Properties (Private) Limited	Pakistan	3,057	5,568	6.05	121	(293)	100%
State Life (Abdullah Haroon Road) Properties (Private) Limited	Pakistan	31,189	1,100	38.60	2,500	1,422	100%
Total at the end of 2021		1,111,852	371,232		105,499	19,385	

The Board of Directors in their meeting held on March 25, 2015 decided to liquidate State Life (Abdullah Haroon Road) Properties (Private) Limited. The Board of Directors in their 240th meeting held on August 11, 2015 approved the above said transaction and authorized certain persons to appear in all matters concerning purchase and transfer of property. As of the reporting date, the transaction is in the process of being executed.

8 INVESTMENTS IN EQUITY SECURITIES

	Note	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
		2022			2021		
FAIR VALUE THROUGH PROFIT OR LOSS		(Rupees in '000)					
Related parties							
Listed shares	8.1	3,531,054	-	15,684,413	3,517,424	-	15,980,374
Unlisted shares		5,000	-	5,000	5,000	-	5,000
Others							
Listed shares	8.2	31,378,679	-	62,044,839	30,414,748	-	72,867,269
Unlisted shares	8.3	276,097	(212,295)	63,802	276,511	(216,855)	59,655
Unlisted preference shares		3,743	(2,483)	1,260	3,743	(2,267)	1,476
		35,194,573	(214,778)	77,799,314	34,217,426	(219,122)	88,913,774

8.1 This includes carrying value of Pakistan Reinsurance Company Limited (associated company) amounting to Rs. 1,507 million (2021: Rs. 1,640 million).

8.2 This includes 653,995 shares (2021: 653,995) owned by Corporation in National Bank of Pakistan on behalf of Life Insurance Corporation of India (LICI) which has a carrying value of Rs. 15.43 million (2021: Rs. 22.58 million).

8.3 Name of the Chief Executives of companies which forms majority portion of total investment in unlisted equities is given below:

Company	Chief Executive	Shareholding	No of Shares	Carring Value in Rupees
Peoples Steels Mills Limited	Brig. Shuja Hassan	N/A	1,998,967	12,681,714
Al Baraka Bank Pakistan Limited	Mr.Ahmed Shuja	1.10%	4,941,176	52,522,921
Arabian Sea Country Club Limited	Mr. Arif Ali Khan	N/A	500,000	351,049
State Bank of Pakistan	Mr. Jameel Ahmed	N/A	29,458	3,221,374
Pakistan Emerging Ventures Limited	Mr. Saeed Khan	3.33%	12,500,000	24,771

9 INVESTMENTS IN MUTUAL FUNDS

	Note	2022 Cost	2022 Impairment / provision for the year	2022 Carrying value	2021 Cost	2021 Impairment / provision for the year	2021 Carrying value
FAIR VALUE THROUGH PROFIT OR LOSS		(Rupees in '000)					
Listed - Others							
Open & close ended mutual fund	9.1	3,282,447	-	5,613,601	3,282,446	-	6,627,281
Unlisted - Others							
Close end mutual fund	9.2	594,190	-	1,556,166	594,190	-	1,927,011
		3,876,637	-	7,169,767	3,876,636	-	8,554,292

9.1 Open & close ended mutual fund

	2022 Number of units	2022 Cost Rs. in '000	2022 Carrying value Rs. in '000	2021 Number of units	2021 Cost Rs. in '000	2021 Carrying value Rs. in '000
Open ended mutual funds						
Pakistan Life Fund						
National Investment Trust Units	75,996,262	2,304,969	4,394,103	75,996,262	2,304,969	5,278,700
Pak Capital Market Fund	124,603	373	1,302	124,603	373	1,458
NIT Government Bond Fund	28,278,954	300,000	296,847	28,278,954	300,000	288,666
NIT Income Fund	9,831,295	100,000	106,647	9,831,295	100,000	104,084
NIT Islamic Equity Fund	24,320,164	200,000	175,105	23,217,566	200,000	197,814
HBL Growth Fund"B"(PICIC Growth Fund)	12,384,663	-	150,474	12,384,663	-	211,902
HBL Investment Fund -Class"B"	1,663,367	-	9,997	1,663,367	-	14,538
HBL Money Market Fund	610,029	50,000	67,140	610,029	50,000	65,352
Al Meezan Mutual Fund	9,143,431	39,311	142,912	9,143,431	39,311	156,444
Pakistan Capital Market Fund	34,348	962	2,741	34,348	962	3,402
JS Growth Fund	281,952	19,867	39,755	281,952	19,867	46,810
Close ended mutual funds						
HBL Growth Fund"A"(PICIC Growth Fund)	12,024,904	243,312	216,208	12,024,904	243,312	246,150
HBL Investment Fund-Class"A"	1,607,710	23,653	10,370	1,607,710	23,653	11,961
		3,282,447	5,613,601		3,282,447	6,627,281

9.2 Close ended mutual funds

	2022 Number of units	2022 Cost Rs. in '000	2022 Carrying value Rs. in '000	2021 Number of units	2021 Cost Rs. in '000	2021 Carrying value Rs. in '000
Pakistan Life Fund						
NIT Equity Market Opportunity Fund	10,179,666	594,190	1,556,166	10,179,666	594,190	1,927,011
		594,190	1,556,166		594,190	1,927,011

10 INVESTMENTS IN GOVERNMENT SECURITIES

	2022 Maturity Year	2022 Effective Yield (%)	2022 Amortized Cost	2022 Principal Payment	2022 Carrying Value	2021 Effective Yield (%)	2021 Carrying Value
			(Rupees in '000)				(Rupees in '000)
HELD TO MATURITY							
Pakistan Investment Bond							
3 year Pakistan Investment Bonds	2023 - 2025	15.93% - 16.99%	67,234,614	72,500,000	67,234,614	11.35% - 11.41%	53,457,214
5 year Pakistan Investment Bonds	2023 -2027	14.60% - 16.99%	232,657,424	246,075,000	232,657,424	11.38% - 11.44%	148,924,146
10 year Pakistan Investment Bonds	2024 - 2030	13.87% - 16.65%	432,458,978	447,833,300	432,458,978	11.35% - 11.59%	467,877,767
15 year Pakistan Investment Bonds	2023 -2035	13.62% - 16.99%	115,332,892	113,377,100	115,332,892	11.38% - 13.55%	115,420,011
20 year Pakistan Investment Bonds	2024 - 2039	13.86% - 16.96%	70,655,625	69,461,000	70,655,625	11.37% - 12.63%	70,604,408
30 year Pakistan Investment Bonds	2036 - 2038	13.77% - 13.78%	37,766,082	40,050,000	37,766,082	12.20% - 12.47%	37,726,056
			956,105,615	989,296,400	956,105,615		894,009,602
Sukuk Bonds (Takaful)	2027		511,333	513,600	511,333		174,886
Islamic Republic of Pakistan Bond			14,700,870	-	14,700,870		9,170,935
Treasury Bills							
1 year Pakistan Treasury Bills	2023	12.95% - 16.99%	162,353,685	167,755,000	162,353,685		6,714,396
			1,133,671,503	1,157,565,000	1,133,671,503		910,069,819

10.1 Government securities include Rs. 501.5 million (2021: Rs. 485 million) placed with the State Bank of Pakistan, in accordance with Section 29 of the Insurance Ordinance, 2000.

10.2 Market value of government securities carried at amortized cost amounted to Rs. 999,073 million (2021: Rs. 847,081 million), which has been done based on PKRV valuation technique taken by MUFAP.

11 INVESTMENT IN DEBT SECURITIES

		2022			2021		
	Note	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
HELD TO MATURITY - OTHERS		(Rupees in '000)					
Debentures	11.1	7,573	(7,573)	-	7,573	(7,573)	-
Foreign fixed income securities	11.2	10,763,786	-	10,763,786	4,091,596	-	4,091,596
		10,771,359	(7,573)	10,763,786	4,099,169	(7,573)	4,091,596

11.1 Debentures include an amount of Rs. 7.573 million (2021: Rs. 7.573 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 (2021: Rs. 0.678 million). The Corporation had made full provision against these debentures.

11.2 It represents investments made by gulf zone of the Corporation.

12 INSURANCE / REINSURANCE RECEIVABLES

Unsecured and considered good

	Note	2022	2021
		(Rupees in '000)	
Due from insurance contract holders		77,397,131	37,056,058
Less: provision for impairment of receivables from Insurance contract holders		-	-
Due from other insurers / reinsurers / retakaful		695,565	374,133
Less: provision for impairment of due from other insurers / reinsurers		-	-
		78,092,696	37,430,191

13 OTHER LOANS AND RECEIVABLES

	Note	2022	2021
Accrued investment income		58,152,076	52,173,604
Loans to agents		86,441	81,736
Loans to employees	13.1	936,969	953,738
Advance to contractors & security deposit		379,491	432,265
Other receivables		5,278,891	2,034,446
Deposit against bank guarantee		447,701	546,000
		65,281,569	56,221,789

13.1 This represents unsecured interest free short-term advances and loans to employees amounting to Rs. 326.779 million (2021: Rs. 320.128 million). Further, this also includes secured loans to employees amounting to Rs. 610.190 million (2021: Rs. 633.610 million) bearing interest rate of 8% per annum which are secured against documents of property / vehicle.

14 PREPAYMENTS

	2022	2021
	(Rupees in '000)	
Prepaid miscellaneous expenses	42,011	50,438
Prepaid rent	24,094	15,929
	66,105	66,367

		Note	2022	2021
			---------- (Rupees in '000) ----------	
15	CASH & BANK			
	Cash and cash equivalent			
	- Cash in hand		644	1,568
	- Cash in transit		3,207,642	33,118
	- Policy & Revenue stamps, Bond papers		9,608	8,067
	Cash and bank			
	- Current account		30,399,795	30,491,571
	- Saving account	15.2	11,084,563	62,360,355
	- Fixed deposits maturing after 12 months		3,643,189	8,107,351
			48,345,441	101,002,030
15.1	Cash and cash equivalent include the following for the purposes of the statement of cash flows:			
	Cash and cash equivalent			
	- Cash in hand		644	1,568
	- Cash in transit		3,207,642	33,118
	- Policy & Revenue stamps, Bond papers		9,608	8,067
			3,217,894	42,753
	Cash and bank			
	- Current account		30,399,795	30,491,571
	- Saving account		11,084,563	62,360,355
	Cash and cash equivalent		44,702,252	92,894,679

15.2 These carry mark-up ranging from 9.00% to 15.10% (2021: 6.6% to 18.00%) per annum.

16 ORDINARY SHARE CAPITAL

16.1 AUTHORIZED CAPITAL

2022	2021		Note	2022	2021
Number of shares				---------- (Rupees in '000) ----------	
80,000,000	50,000,000	Ordinary shares of Rs. 100 each		8,000,000	5,000,000

16.2 Issued, subscribed and paid up share capital

2022	2021		Note	2022	2021
Number of shares					
49,000,000	46,000,000	Ordinary shares of Rs. 100 each fully paid in cash		4,900,000	4,600,000
13,000,000	3,000,000	Issued during the year.	16.3	1,300,000	300,000
62,000,000	49,000,000			6,200,000	4,900,000

16.3 During the year, the Corporation issued share capital amounting to Rs. 1,300 million (2021: 300 million) with the approval of Finance Division wing of Government of Pakistan vide letters dated December 28, 2022.

		Note	2022	2021
			---------- (Rupees in '000) ----------	
17	RESERVES			
	Revenue reserves			
	General reserve		808,314	4,725

		Note	2022	Restated 2021
18	INSURANCE LIABILITIES		---------- (Rupees in '000) ----------	
	Reported outstanding claims (including claims in payment)	18.1	118,667,425	54,464,424
	Incurred but not reported claims (IBNR)	18.2	7,672,373	7,264,935
	Investment Component of Unit Linked and Account Value Policies	18.3	300,962	73,839
	Liabilities under individual conventional insurance contracts	18.4	1,385,674,040	1,238,037,763
	Liabilities under group insurance contracts (other than investment linked)	18.5	8,285,685	6,859,785
	Other insurance liabilities (premium deficiency reserve)	18.6	1,408,027	1,248,411
			1,522,008,512	1,307,949,157

		2022	2021
18.1	Reported outstanding claims (including claims in payment)		
	Gross of Reinsurance		
	Payable within one year	118,667,425	54,464,424
	Payable over a period of time exceeding one year	-	-
		118,667,425	54,464,424
	Recoverable from Reinsurance		
	Receivable within one year	-	-
	Receivable over a period of time exceeding one year	-	-
		-	-
	Net reported outstanding claims	118,667,425	54,464,424
18.2	Incurred but not reported claims (IBNR)		
	Gross of reinsurance	7,672,373	7,264,935
	Reinsurance recoveries	-	-
	Net of reinsurance	7,672,373	7,264,935
18.3	Investment Component of Unit Linked and Account Value Policies		
	Investment Component of Unit Linked Policies	300,962	73,839
18.4	Liabilities under individual conventional insurance contracts		
	Gross of reinsurance	1,386,839,056	1,239,076,704
	Reinsurance credit	(1,165,016)	(1,038,941)
	Net of reinsurance	1,385,674,040	1,238,037,763
18.5	Liabilities under group insurance contracts (other than investment linked)		
	Gross of reinsurance	8,285,685	6,859,785
	Reinsurance credit	-	-
	Net of reinsurance	8,285,685	6,859,785
18.6	Other insurance liabilities (premium deficiency reserve)		
	Gross of reinsurance	1,421,187	1,250,940
	Reinsurance recoveries	(13,160)	(2,529)
	Net of reinsurance	1,408,027	1,248,411

		Note	2022	2021
19	**RETIREMENT BENEFIT OBLIGATIONS**		---------- (Rupees in '000)	----------
	Post retirement benefit	19.1	4,198,662	4,440,074
	Accumulated Compensation Absences	19.2	1,915,000	1,805,000
			6,113,662	6,245,074

As stated in note 3.14, the Corporation operates Employees' Pension Fund, Officers' Gratuity Funds, Employees' Unfunded Gratuity Scheme and Employees' Post Retirement Medical benefits.

The latest actuarial valuation of the scheme as at December 31, 2022 was carried out using the projected unit credit method. The results of the actuarial valuation are as follows:

19.1 Post retirement benefit

	Employees' Pension Funds		Officers Gratuity Funds		Employees' Unfunded Gratuity Scheme		Employees' PRMB Scheme	
	2022	Restated 2021	2022	2021	2022	2021	2022	2021
	----------------	----------------	----------------	---------------- (Rupees in '000)	----------------	----------------	----------------	----------------
Balance Sheet Reconciliation								
Fair value of plan assets	27,601,890	29,813,680	68,621	97,996	-	-	-	-
Effect of restatement	-	(2,761,162)						
Present value of defined benefit obligations	(29,328,783)	(28,678,679)	(37,293)	(76,328)	-	-	(2,503,097)	(2,798,837)
Arrears	-	(36,745)	-	-	-	-	-	-
Recognized liability	(1,726,893)	(1,662,906)	31,328	21,668	-	-	(2,503,097)	(2,798,837)
Movement in the fair value of plan assets								
Fair value as at January 1	27,052,518	27,954,967	97,996	140,216	-	-	-	-
Expected return on plan assets	3,591,343	2,848,596	9,103	12,550	-	-	-	-
Actuarial gains / (losses)	(2,948,449)	(1,493,303)	(4,436)	(1,107)	-	-	-	-
Employer contributions	(93,522)	(2,257,742)	(19,535)	(39,789)	-	-	-	-
Benefits paid	-	-	(14,508)	(13,874)	-	-	-	-
Fair value as at December 31	27,601,890	27,052,518	68,620	97,996	-	-	-	-
Movement in the defined benefit obligations								
Obligation as at January 1	28,678,678	25,688,070	76,326	98,509	-	-	2,798,838	2,791,529
Service cost	923,897	834,538	1,505	2,238	-	-	106,418	108,629
Interest cost	3,549,174	2,630,244	6,801	8,478	-	-	342,874	283,592
Liability in respect of promotees	-	-	-	-	-	-	-	-
Settlement and Curtailment	-	-	-	-	-	-	-	-
Actuarial losses / (gains)	(2,448,309)	865,247	(13,988)	14,068	-	-	(640,870)	(287,203)
Benefits paid	(1,374,656)	(1,339,422)	(33,351)	(46,965)	-	-	(104,163)	(97,710)
Obligation as at December 31	29,328,783	28,678,677	37,293	76,328	-	-	2,503,097	2,798,837
Cost								
Current service cost	923,897	834,538	1,505	2,238	-	-	106,418	108,629
Interest cost	3,549,174	2,630,244	6,801	8,478	-	-	342,874	283,592
Expected return on plan assets	(3,591,343)	2,848,596	(9,103)	(12,550)	-	-	-	-
Settlement and curtailment	-	-	-	-	-	-	-	-
Recognition of actuarial loss	500,140	(1,387,358)	(9,552)	15,174	-	-	(640,870)	(287,203)
Expense	1,381,868	4,926,020	(10,349)	13,340	-	-	(191,578)	105,018
Actual return on plan assets	642,894	29,310,260	4,667,501	11,443	-	-	-	-

	Employees' Pension Funds		Officers Gratuity Funds		Employees' Unfunded Gratuity Scheme		Employees' PRMB Scheme	
	2022	2021	2022	2021	2022	2021	2022	2021
	----------------	----------------	----------------	---------------- (Rupees in '000)	----------------	----------------	----------------	----------------
Principal actuarial assumptions used are as follows:								
Discount rate & expected return on plan assets	14.50%	12.25%	14.50%	12.25%	-	-	14.50%	12.25%
Salary increase rate	12.00%	10.75%	12.00%	10.75%	-	-	12.00%	10.75%
Pension increase rate	9.50%	8.25%	-	-	-	-	-	-

Comparison for five years:	2022	Restated 2021	2020	2019	2018
As at December 31	----------------	----------------	(Rupees in '000)	----------------	----------------
Fair value of plan assets	(27,670,511)	(27,150,515)	(28,095,183)	(24,126,768)	(18,427,926)
Benefit obligations	31,869,173	31,553,844	28,578,109	27,306,840	23,280,703
Arrears	-	36,745	-	-	-
Deficit	4,198,662	4,440,074	482,926	3,180,072	4,852,777
Experience adjustments					
Gain / (loss) on plan assets (as percentage of plan assets)	-15%	-6%	-2%	-13%	-26%
Gain / (loss) on plan obligations (as percentage of plan obligations)	13%	5%	2%	12%	21%

The effect of a 1% movement in actuarial assumptions are as follows:

	Employees' Pension Funds		Officers Gratuity Funds		Employees' Unfunded Gratuity Scheme		Employees' PRMB Scheme	
		Restated						
	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in '000)							
Impact on the defined benefit obligation								
Increase in assumption of discount rate	26,707,808	24,981,307	36,968	75,556	-	-	2,309,106	2,560,923
Decrease in assumption of discount rate	32,312,530	30,958,537	37,625	77,116	-	-	2,726,686	3,076,234
Increase in assumption of long term salary increase	30,337,398	29,038,485	37,463	77,467	-	-	2,603,856	2,915,345
Decrease in assumption of long term salary increase	28,360,784	26,473,584	37,124	75,197	-	-	2,410,679	2,692,424
Increase in assumption of pension increase rate	31,262,640	29,690,339	-	-	-	-	-	-
Decrease in assumption of pension increase rate	27,586,407	25,975,814	-	-	-	-	-	-

Expected contribution for the year.	2023	2023	2023	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Current services cost	841,843	679	-	95,538
Interest income / (cost) - net	266,153	(4,495)	-	356,438
	1,107,996	(3,816)	-	451,976

Plan assets comprise of the following:	Employees' Pension Funds				Officers Gratuity Funds			
	2022		2021		2022		2021	
	Rs. In 000	%	Rs. In 000	%	**Rs. In 000**	%	Rs. In 000	%
Equity	-	-	-	-	-	-	-	-
Debt	27,379,965	99%	29,573,972	99%	59,379	87%	84,798	87%
Others (including cash and bank balances)	221,925	1%	239,708	1%	9,242	13%	13,199	13%
	27,601,890	100%	29,813,680	100%	68,621	100%	97,997	100%

19.2 Accumulated Compensation Absences

Movement in Payable

	2022	2021
	(Rupees in '000)	
Opening Balance	1,805,000	1,613,000
Addition during the year	110,000	192,000
Closing balance of compensated absences	1,915,000	1,805,000

20 DEFERRED TAXATION

Deferred tax credit arising in respect of		
On retained balance on Ledger Account D	9,210,234	3,489,579

	Balance as at January 1, 2022	**Recognised in the statement of profit or loss**	**Recognised in other comprehensive income**	**Balance as at December 31, 2022**
	(Rupees in '000)			
Deferred credit arising in respect of:				
- on retained balance on Ledger Account D	3,489,579	5,720,655	-	9,210,234

	Balance as at January 1, 2021	Recognised in the statement of profit or loss	Recognised in other comprehensive income	Balance as at December 31, 2021
	(Rupees in '000) (Restated)			
Deferred credit arising in respect of:				
- on retained balance on Ledger Account D	1,610,642	1,878,937	-	3,489,579

21 INSURANCE / REINSURANCE PAYABLES

	2022	2021
	---------- (Rupees in '000) ----------	
Due to other insurers / reinsurers	1,154,322	521,942

22 OTHER CREDITORS AND ACCRUALS

	2022	2021
Agents commission payable	5,815,203	4,928,208
Accrued expenses	13,012,469	10,499,148
Other liabilities	11,408,074	11,489,582
	30,235,746	26,916,938

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 The Corporation had filed nine appeals on different issues before the Honorable High Court of Sindh contesting the decision of the ATIR for the income years 1992-1993 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 Inland Revenue Department added back the excess perquisites to the taxable income and tax liability was enhanced accordingly. Further, Inland Revenue 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.

Out of nine appeals, Sindh High Court vide judgement dated November 24, 2020 decided four appeals against the Corporation. Corporation has filed CPLAs before the Honorable Supreme Court of Pakistan against judgement of the Sindh High Court. Honourable Supreme Court of Pakistan has granted leave to appeal in Civil Petitions filed by the Corporation. Management of the Corporation and its tax advisor are confident that ultimate outcome of these matters will be in favour of the Corporation.

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

According to those notices, the Inland Revenue Department 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 form 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 Inland Revenue Department raised demands of Rs. 710.12 million and Rs. 738.51 million as withholding tax for tax year 2008 and 2009 respectively. The Corporation had filed 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) decided the subject appeals in favor of Corporation vide order No. 27 & 28 dated September 29, 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 has not been enforced after above judgment of CIR (A), therefore, no payment was made against the demand. Inland Revenue Department filed appeals before the ATIR against the above orders of CIR (A) which were dismissed by learned ATIR vide order No. 506-07/KB/2012 on April 17, 2014.

Inland Revenue Department has filed appeals before High Court of Sindh, Karachi against the orders of ATIR. Management of the Corporation and its tax advisor are confident that ultimate outcome of this matter will be in favor of the Corporation and accordingly, no provision is required in these financial statements on account of this matter.

23.1.3 Inland Revenue Department served a legal notice u/s 122 (5A) on apportionment of expenses under section 67 of the Income Tax Ordinance, 2001 to the dividend income for tax year 2004. The said notice was replied by Corporation but not agreed by the concerned ACIR. Subsequently amended assessment order was passed u/s 122 (5A) which resulted in tax demand of Rs. 164.88 million. The Corporation was not in agreement with said order and preferred appeal before CIR(A). Said appeal was not upheld at this forum. Next appeal was filed before ATIR. Meanwhile the Department adjusted demand amount from the pending refunds for tax year 2010.

Appellate Tribunal Inland Revenue (ATIR) decided the above appeal in favor of Corporation vide order No/925/KB/2010 dated July 24, 2012; wherein the addition made u/s 67 has been deleted.

The said issue has already been decided by the Honorable High Court of Sindh, Karachi in an other appeal on the issue reported as Commissioner (Legal) Inland Revenue v/s EFU General Insurance Ltd 2011-PTD-2042.

Inland Revenue Department has passed an order u/s 124 of the Income Tax Ordinance, 2001 to give effect to the appeal Ref. Document # 11/54 dated June 24, 2014 and also issued refund of Rs. 153.75 million to the Corporation. Balance refund of 11.13 million has also been adjusted against tax liability of other tax years. In the year 2013, the Inland Revenue Department filed appeal in the Honorable High Court of Sindh against the decision of ATIR which was dismissed by the High Court of Sindh, Karachi vide order dated August 30, 2016. Inland Revenue Department has filed civil appeal before Honorable Supreme Court of Pakistan against the judgement of Honorable High Court of Sindh, Karachi which is pending adjudication.

23.1.4 In the year 2013, Inland Revenue Department issued similar notices to Corporation regarding withholding of tax on maturity proceeds of insurance policies as described in note 22.1.2. 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 u/s 161 and 205 of the Income Tax Ordinance was passed, resulting in total demand of Rs. 1,577.46 million (Rs. 1,249.14 million as withholding tax and Rs. 328.32 million as default surcharge).

The entire principal demand of Rs. 1,249.138 million was paid under protest and without prejudice to its legal right to appeal. The Corporation filed appeals before CIR (A) which was not upheld. The Corporation then filed appeal before ATIR against the above order which has been decided in favour of Corporation vide consolidated order dated February 21, 2017.

Further, LTU, Karachi had also issued notice u/s 161/205 of the Income Tax Ordinance, 2001 similar to the notices issued in the previous years to invoke the section 151 (1)(d) of the Ordinance to recover withholding tax from the Corporation on the amount of bonus paid to the policyholders on the maturity of the polices during the tax year 2013. Reply was filed through tax consultant which was not agreed by Department and order u/s 161/205 was passed and tax demand amounting to Rs. 609.23 million including default surcharge of Rs. 99.11 million was raised which was discharged without prejudice to legal rights to appeal. Appeal was filed before CIR (A) against said order which was upheld vide order # 34 dated March 30, 2015.

Inland Revenue Department has issued refund amounting to Rs. 500 million from appeal effect of Tax Year 2013 in July, 2015. Further, IR Department has adjusted outstanding demand for tax year 2009, 2010 and 2011 at Rs. 10.8 million, 12.58 million and Rs. 56.37 million respectively against pending appeal effect of tax year 2013. As at December 31 2022, appeal effect amounting to Rs. 29.48 million is still pending with the Inland Revenue Department. Inland Revenue Department has filed an appeal before ATIR against the said order of the CIR (A) which is pending till to date.

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.

23.1.5 While assessing the income and tax liability thereon for assessment years 2000-01, 2001-02 and 2002-03, Income Tax Department, AJK disallowed excess perquisites u/s 24(i) of the Income Tax Ordinance, 1979 (repealed) as inadmissible business expense of Corporation. Disallowance of said expense increased taxable income for all the three years and tax liability was worked out accordingly which resulted in additional tax demand. The aggregate additional tax demand involved due to addition of excess perquisites to Corporation's taxable income was Rs. 12.67 million (Assessment year 2000-01 to 2002-03 Rs. 1.46 million, Rs. 9.04 million, Rs. 2.17 million respectively).

In addition, Corporation's assessments were also made at higher tax rate of 43% for assessment year 2000-01 and 2001-02 and at 45% for 2002-03 instead @ 5% being entire dividend income. These assessments at higher rates also multiplied Corporation's tax liability for each assessment year.

Being aggrieved, Corporation preferred appeal before CIR(A), Mirpur-AJK against the alleged assessment orders. Corporation's appeals before CIR(A), Mirpur AJK were not upheld. Thereafter, Corporation had challenged the orders of CIR(A) before Appellate Tribunal Inland Revenue, Mirpur AJK. The learned ATIR upheld all the appeals of the Corporation vide order # ITAT/969-73 dated August 20, 2009.

Income Tax Department, AJK had filed reference against the order of ATIR-AJK before Honorable High Court of AJK. Honorable High Court of AJK vide order dated December 06, 2022 decided these reference applications in favour of the Corporation. Income Tax Department, AJK has filed CPLAs before Honorable Supreme Court of AJK against the judgement of High Court of AJK which are pending adjudication.

23.1.6 Assessment of the Corporation for assessment years 2000-01 and 2001-02 were finalized at tax liability of Rs. 141.06 million and Rs. 216.83 million respectively. Subsequently, above assessments were revised vide orders passed u/s 221 of the Income Tax Ordinance, 2001 on the grounds that surcharge @ 5% as per Part III of First Schedule of the repealed Ordinance was not levied on the tax worked out u/s 80-D of the repealed Ordinance. Accordingly, surcharge amounting to Rs. 7.05 million and Rs. 10.84 million was levied for assessment years 2000-01 and 2001-02 respectively. Corporation, being aggrieved filed appeals before CIR-A against above impugned departmental orders on the grounds that surcharge @ 5% was not leviable in the instant case as tax has been worked out u/s 80-D of the repealed Ordinance. However, CIR-A decided the appeals against the Corporation. Thereafter, the Corporation filed appeals before ATIR against above judgement of CIR-A which were also decided against the Corporation. Subsequently, the Corporation filed reference applications before Honorable Sindh High Court, Karachi which has been decided in favor of the Corporation. Inland Revenue Department has filed civil appeals before Honorable Supreme Court of Pakistan which are pending adjudication. Last hearing in these cases were fixed on February 20, 2020. Next date of hearing is not yet announced.

23.1.7 Inland Revenue Department initiated monitoring of withholding of taxes from tax years 2009 to 2013 vide notices issued u/s 161/205 of the Income Tax Ordinance, 2001.

Based on the reply submitted by Corporation, IR Department passed orders u/s 161/205 of the Ordinance whereby tax demand amounting to Rs. 494.15 million was raised for above tax years (tax year 2009: Rs. 48.08 million, tax year 2010: Rs. 57.43 million, tax year 2011: Rs. 53.44 million, tax year 2012: Rs. 258.17 million and tax year 2013: Rs. 77.03 million). Without prejudice to the legal rights to appeal, Corporation paid above demand under protest.

Being aggrieved, Corporation filed appeals against above departmental orders before Commissioner Inland Revenue -Appeals. CIR (A) has vacated the orders passed by DCIR and directed the concerned DCIR to re-visit the case.

On the directive of CIR (A), DCIR issued notices afresh for above tax years. Corporation referred those notices to its tax consultant for compliance. On the basis of reply submitted by Corporation through consultant, DCIR passed revised orders for tax years 2009 to 2013 whereby tax demand of Rs. 403.18 million was created (tax year 2009: Rs. 58.88 million, tax year 2010: Rs. 70.01 million, tax year 2011: Rs. 64.09 million, tax year 2012: Rs. 100.38 million and tax year 2013: Rs. 109.82 million). Corporation filed appeals against aforesaid orders before CIR-A. Tax demand on account of alleged short deduction on salary and incorrect CPRs and penalty / default surcharge has either been deleted or set-aside by CIR-A. Corporation’s appeals are pending before Appellate Tribunal Inland Revenue in respect of above tax years.

Further, Inland Revenue Department issued show cause notices for monitoring of withholding taxes on similar lines for tax year 2014 and 2015. On the basis of reply submitted by Corporation, Inland Revenue Department passed orders whereby tax demand amounting to Rs. 449.94 million and Rs. 572.14 million was raised for the tax year 2014 and 2015 respectively. Above orders were subsequently rectified and revised tax demand of Rs. 212.86 million and Rs. 166.42 million was determined for tax year 2014 and 2015 respectively.

Without prejudice to the legal right to appeal, Corporation has offered adjustment of tax demand for tax year 2014 from available refunds and tax demand for tax year 2015 was paid in cash.

Being aggrieved from the order of DCIR for tax year 2014 and 2015, Corporation has filed an appeal before CIRA on alleged non-provision of tax payment challans and levy of default surcharge and Penalty on account of absence of mens rea and also because of availability of significant tax refunds due to the Corporation during the default period. CIRA has set-aside the orders and directed taxation officer to revisit the issue and levy default surcharge and penalty. Corporation had challenged tax recovery of Rs. 71.31 million and Rs. 11.35 million on arbitrary basis for alleged non provision of tax payment challans in respect of tax year 2014 and 2015 respectively. CIRA has remanded back the issue for adjudication being rectificatory matter. We have written to the taxation officer to pass appeal effect orders and evidence of tax refunds were also provided, however, appeal effect orders are not yet passed.

23.1.8 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi served notice u/s 122(9) of the Income Tax Ordinance, 2001 dated January 02, 2017 to the Corporation for tax year 2016 whereby certain issues regarding deduction claimed on account of provision for impairment in the value of investment properties, deduction claimed on account of gratuity and pension, deduction claimed on account of provision for impairment in shares, rationale for deduction of investment property related expenses, foreign tax credit u/s 103 of the Ordinance claimed in the annual tax return, taxation of dividend income as single basket income, etc were confronted. The Corporation has engaged tax consultant for responding said notice.

Subsequent to the reply filed by the Corporation through its counsel, ACIR proceeded to amend an assessment and passed an amended assessment order dated March 06, 2017 u/s 122 (5A) of the Income Tax Ordinance, 2001 whereby demand of Rs. 23.78 million was raised u/s 137 of the Income Tax Ordinance.

Since, the Corporation has pending refunds towards Inland Revenue Department, therefore; without prejudice to the legal right to appeal; the Corporation through its tax consultant in said case has requested to adjust the above demand against pending refunds.

the Corporation filed appeal against the impugned order before CIR (A). Issue related to subjecting dividend income to normal tax rate is decided in favor of the Corporation whereas issues related to deduction claimed on account of real estate expenses, provision for impairment in value of shares and value of investment properties and provision for diminution in value of investment are decided against the Corporation. Further, issue of refund adjustment amounting to Rs. 220 million against pending appeal effect of tax year 2003 were remanded back to concerned ACIR. Inland Revenue Department as well as the Corporation filed appeals before ATIR against order of CIR (A) which are pending till to date. Date of the hearing is not fixed till date.

23.1.9 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi served notice u/s 122 (9) of the Income Tax Ordinance, 2001 dated March 13, 2017 to the Corporation for tax year 2015 whereby almost similar issues as stated in note 23.1.8 were raised. Subsequent to the reply filed by the Corporation through its counsel, ACIR proceeded to amend an assessment and passed an amended assessment order dated April 13, 2017 u/s 122 (5A) of the Income Tax Ordinance, 2001 whereby demand of Rs. 163.5 million was raised u/s 137 of the Income Tax Ordinance. In said order, ACIR has incorrectly adjusted Rs. 446.61 million.

The Corporation, not in agreement with above order, filed application for rectification u/s 221 dated April 24, 2017 through tax consultant which was rejected by concerned ACIR vide letter dated April 28, 2017. Our tax consultant vide letter dated May 05, 2017 again requested for rectification of order. DCIR passed rectified order vide letter DC # 03/117 dated December 21, 2017 whereby refund of Rs. 316.74 million is determined as refundable to the Corporation.

The Corporation filed appeal against the impugned order before CIR (A). Issues related to subjecting dividend income to normal tax rate and disallowance on account of exchange loss related to foreign currency balances are decided in favor of the Corporation whereas issues related to deduction claimed on account of real estate expenses, provision for impairment in value of shares and provision for bad debts are decided against the Corporation. Further, issue of alleged tax adjustment of Rs. 446.61 million was remanded back to taxation officer. Inland Revenue Department as well as the Corporation filed appeals before ATIR against order of CIR (A) which are pending till to date. No date for the hearing is fixed till date.

23.1.10 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi served notice u/s 122 (9) of the Income Tax Ordinance, 2001 dated December 31, 2014 to the Corporation for tax year 2012 whereby certain issues regarding reconciliation of commission expense between cash flow statement and monthly withholding tax statements, short withholding of tax under various provisions of the Ordinance, taxation of dividend income as single basket income, provision for IBNR, etc were confronted. Tax consultant responded said notice on behalf of the Corporation. Additional information/explanation were also called vide letters dated Febraury 24, 2015, September 22, 2015 and January 25, 2017. Subsequent to the reply filed by tax consultant ACIR proceeded to amend an assessment and passed an amended assessment order dated March 10, 2017 u/s 122 (5A) of the Income Tax Ordinance, 2001 whereby tax amount of Rs. 100.004 million is determined as refundable.

The Corporation has filed appeal against the impugned order before CIR (A). Issue of subjecting dividend income to normal tax rate, foreign tax credit claimed u/s 103, disallowance of provision for IBNR and disallowance of amount pertaining to investment arrangement between Corporation and Bureau of Emigration and Overseas Employment has been decided by CIR (A) in favor of Corporation vide order dated May 22, 2017. However, CIR (A) has decided the issue relating to disallowance of provision for impairment in value of shares against the Corporation. Further, issues of alleged non-deduction of tax on commission payments, payment for goods and prizes were remanded back to concerned taxation officer. Inland Revenue Department as well as Corporation has filed cross appeal before Appellate Tribunal Inland Revenue against above order of CIR (A) which is still pending till to date. No date for the hearing is fixed till date.

23.1.11 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi also issued notices u/s 122 of the Ordinance to the Corporation related to tax years 2011, 2013 and 2014. Vide Said notices, ACIR confronted almost similar issues as stated at note 23.1.7 and 23.1.9. the Corporation engaged tax advisor for responding these notices. Subsequently, ACIR passed amended orders whereby demand of Rs. 520.63 million was raised (Tax Year 2011: Rs. 56.37 million, Tax Year 2013 Rs. 107.12 million and Tax Year 2014: Rs. 357.14 million). Inland Revenue Department adjusted the demand related to tax year 2011 from pending appeal effect related to tax year 2013. Further, demand related to tax years 2013 and 2014 was adjusted by Inland Revenue Department from pending refund related to tax year 2015. the Corporation, being aggrieved from above orders of ACIR, filed appeals before CIR (A). Issues related to subjecting dividend income to normal tax rate, addition on account of inter-office rent expense, provision for diminution in value of investments and tax on Bureau Fund has been decided in favor of the Corporation by CIR (A). However, issues related to deduction claimed on account of real estate expenses and provision for bad and doubtful debts are decided against the Corporation. Further, issues of interest free loans to employees, alleged short withholding of tax on advertisement and training expenses and reduction in tax liability due to reduction in taxable surplus for tax years 2012 and 2013 were remanded back to concerned ACIR for re-adjudication. Inland Revenue Department as well as the Corporation filed appeals before ATIR against the orders of CIR (A). Further, on the directives of CIR (A), ACIR issued notice dated April 17, 2020 in respect of remand back issues in respect of tax year 2014. the Corporation has duly submitted relevant information along with supporting documents to the ACIR. The ACIR has not yet passed an order in respect of the same.

23.1.12 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi served notice u/s 122 of the Income Tax Ordinance, 2001 dated January 10, 2018 to the Corporation for tax year 2017. Vide Said notice, ACIR confronted issues like investment arrangement between the Corporation and Bureau of Emigration and Overseas Employment, deduction claimed on account of provision for diminution in value of investments, provision for impairment in the value of investment properties, provision for impairment in the value of shares, loans / advances to employees and agents, short withholding of tax under various provisions of the Ordinance. the Corporation engaged tax advisor for responding the notice. Subsequently, ACIR passed amended order whereby demand of Rs. 480.25 million was raised. Corporation, being aggrieved from above amended order, file appeal before CIR (A). Further, Corporation, through its tax consultant, also file application for stay of tax demand vide letter dated April 05, 2018 along with application for out of turn hearing vide letter dated March 28, 2018 before CIR (A). Hearing before CIR (A) was held on April 26, 2018. CIR (A) vide order No. 6 dated May 03, 2018 decided issues which involves major tax impact at Rs. 357.21 million like tax on Bureau Fund, disallowance on account of inter-company rent expenses in favour of the Corporation. However, issue of disallowance on account of real estate expenses and provision against other receivables are decided against the Corporation. Further, issues of interest free loans to employees, alleged short withholding on training expenses and adjustment of tax liability against pending appeal effect for tax year 2010 were remanded back to concerned ACIR. Inland Revenue Department as well as the Corporation filed appeals before ATIR against order of CIR (A) which are pending till to date. No date for the hearing is fixed till date.

23.1.13 According to the Sindh Sales Tax on Services Act 2011, sales tax is payable on premium of life and health insurance policies written in the province of Sindh. The Punjab and Baluchistan Revenue Authorities have also introduced sales tax on life and health insurance premium effective from November 01, 2018 and July 03, 2015 respectively.

This being a collective issue of the industry, the Insurance Association of Pakistan (IAP) has actively taken up the matter with the provincial revenue authorities for the exemption on sales tax. The industry's main contention is that life insurance is not a service, but in fact, in sum and substance, a contingent contract under which payment is made on occurrence of an event, specified in the terms of contract or policy and thus is a financial arrangement. Superior courts in foreign jurisdiction have held that insurance is not a service.

In this relation, the tax advisor have also opined that an insurance contract is essentially a financial transaction, which is unrelated to the sale of any identifiable consumer goods or service, and as such, in leading jurisdictions, it has been widely held that insurance is not a service and hence, does not fall within the scope of taxability under the provincial sales tax laws.

Subsequently, life insurance companies collectively filed Constitutional Petitions (CPs) before Hon'ble High Courts of Lahore (writ petition no. 55421/ 2019) and Sindh (C.P. No. D.7677 of 2019) against the levy of sales tax on life and health insurance in Punjab and levy of sales tax on life insurance in Sindh respectively that are pending adjudication. As far as Baluchistan Revenue Authority (BRA) is concerned, no notice or communication has been received by the Corporation in this respect and hence, no petition was filed before any court.

The Hon'ble LHC in its order dated October 03, 2019 has restrained Punjab Revenue Authority (PRA) from taking any coercive measures against applicants. The Corporation has filed another petition at Hon'ble LHC against impugned show cause notice no. PRA/LIFE/PREMIUM/SLCP /1592 issued by the PRA on October 02, 2019. The Hon'ble LHC, in its order dated December 15, 2021, has directed that no final order shall be passed in pursuance of the impugned show cause by PRA and shall not take any coercive measures. This and the connected petitions are then disposed of accordingly.

Hearing in the main petition related to PRA i.e. WP. 55421 of 2019 was fixed on May 12, 2022 and directed the Federation to submit the reply on the subject matter of the petition. Next date of hearing is yet to be announced.

The Hon'ble SHC, in its interim order dated December 02, 2019, directed that the request of the petitioners, seeking exemption in terms of Section 10 of the Sindh Sales Tax Act, 2011, shall be considered by the Sindh Revenue Board (SRB), in accordance with the law

Sindh Revenue Board (SRB) vide notification No.3-4/13/2020 dated June 22, 2020, has exempted life insurance from levy of service tax up to June 30, 2020 subject to the condition that person providing insurance services commences e-depositing the amount of Sindh sales tax due on such services from July, 2020 onwards. The exemption to health insurance has been extended by the SRB up to June 30, 2023, through notification no. SRB-3-4/19/2022 dated June 28, 2022.

Through the Khyber Pakhtunkhwa Finance Act, 2021, the exemption in respect of the sales tax on services of life and health insurance in the province of Khyber Pakhtunkhwa (KP) has been withdrawn from July 01, 2021. As a consequence, life insurance is taxable at the rate of 15% and health insurance is taxable at a reduced rate of 1% without any input tax adjustment. This withdrawal of the exemption was intimated by Khyber Pakhtunkhwa Revenue Authority (KPRA) on July 29, 2021 vide letter no. F. No. 7(10)/KPRA/ADC(HQ)/2021/12114. In reply, the Corporation most respectfully requested KPRA to exempt the levy of sales tax on life and health insurance vide letter no. F&A/KPRA/ST/47 Dated: 9th August, 2021. Moreover, on October 05, 2021, the Corporation sent a letter to the Ministry of Finance, Government of KP, in which the Corporation requested to allow the permanent exemption from sales tax on services under Khyber Pakhtunkhwa Sales Tax on Services Act, 2013. Consequently, the Government of Khyber Pakhtunkhwa has allowed the exemption on health insurance premium vide notification dated 10th August, 2022. However, the exemption related to life insurance is yet to be decided.

In view of the opinion of tax advisor the Corporation has calculated estimated aggregated amount of sales tax liability amounting to Rs. 5,985.72 million (December 31, 2021: Rs. 3,882.37 million), which is calculated based on risk premium and excluding the investment amount allocated to policies. The management contends that should the administrative efforts fail, the amount will be charged to the policyholders.

23.1.14 Additional Commissioner Inland Revenue, Audit Range B, Zone-III, LTU Karachi served notice u/s 122(9) of the Ordinance dated November 26, 2019 to the Corporation in respect of tax year 2019. Vide above notice, ACIR confronted certain issues like deduction claimed on account of unrealized loss on investment, investment in value, investment related expenses, advances to employees at interest rate lower than benchmark rate and adjustment of tax liability against outstanding appeal effect of prior year.

Based on the reply filed by the Corporation through tax consultant, ACIR passed amended order u/s 122(5A) of the Ordinance dated March 13, 2020 and raised demand of Rs. 164.68 million.

Since the Corporation has pending refunds/appeal effects towards Inland Revenue Department, therefore the Corporation through its authorized representative filed application for stay of demand. Further, being aggrieved from above amended order, the Corporation also filed appeal before CIR-A. CIR (A) has passed order dated April 20, 2020 wherein issue related to deduction claimed on account of impairment in value of investment has been decided in favor of Corporation. However, issue of disallowance on account of real estate expenses has been decided against the Corporation. Further, matters related to unrealized loss on financial assets, loans/advances to employees, adjustment of tax liability against prior year appeal effect has been remanded back to concerned ACIR for re-adjudication. Inland Revenue Department as well as the Corporation filed appeals before ATIR against order of CIR (A) which are pending till to date. No date for the hearing is fixed till date.

A notice dated June 09, 2022, was issued by the ACIR under section 124 of the Ordinance, initiating the remand back proceedings against which detailed explanation / information along with relevant supporting documents were submitted. Consequently, the ACIR proceeded to pass an order dated June 28, 2022, under section 124 of the Ordinance giving effect to the first appeal and created an Income Tax demand of Rs. 164.02 million. An appeal against the said order was filed before the CIRA on July 20, 2022. The CIRA vide order dated December 15, 2022, remanded the matter back to the assessing officer with directions to re-analyse the matter as per directions of the CIRA in the first appellate order.

23.1.15 Additional Commissioner Inland Revenue, Audit Range B, Zone-III, LTU Karachi served notice u/s 122(9) of the Ordinance dated April 29, 2020 to the Corporation in respect of tax year 2018. Vide above notice, ACIR confronted certain issues like deduction claimed on account of unrealized loss on financial assets and investment property related expenses, advances to employees at interest rate lower than benchmark rate and difference between profit as per financial statements and as per tax return.

Based on the information/expalanation submitted by the Corporation to tax authorities against above notice, ACIR passed an amended assessment order u/s 122 (5A) whereby tax refundable position of Rs. 1,007.84 million is determined for tax year 2018.

An appeal against all the above-mentioned assessments made by the ACIR was filed by the Corporation before the CIRA on September 29, 2020. The CIRA, on the basis of the facts of the case and the arguments submitted, passed an order dated December 21, 2021. Through the said order, issue of impairment in value of shares is decided in favour of Corporation whereas issue of investment property related expenses is decided against the Corporation. Further, issues of unrealized loss on investments, investment related expenses and interest on loans / advances to employees were remanded back to the concered taxation officer for reassessment. Cross appeals were filed by both the Inland Rvenue Department and the Corporation before the Appellate Tribunal Inland Revenue against the order of the CIRA, which are still pending for hearing. No date for the hearing has been fixed till date.

23.1.16 Additional Commissioner Inland Revenue, Audit Range B, Zone-III, LTU Karachi served notice u/s 122(9) of the Ordinance dated December 10, 2020 to the Corporation in respect of tax year 2020. Vide above notice, ACIR confronted certain issues like deduction claimed on account of investment property related expenses, advances to employees at interest rate lower than benchmark rate, difference between profit as per financial statements and as per tax return, alleged short withholding of tax on commission and advertisement/sales promotion, etc. Based on the information/expalanation submitted by the Corporation to tax authorities against above notice, ACIR passed an amended assessment order u/s 122 (5A) whereby tax demad of Rs. 458.25 million was raised. Out of aforesaid tax demand, recovery of Rs. 306.04 million was not enforced by Inland Revenue Department as Lahore High Court has granted stay to Field Worker's Federation of Pakistan. Balance tax demand amounting to Rs. 152.21 million has been adjusted against tax refund pertaining to tax year 2012. the Corporation has filed appeal before CIR-A against amended assessment order which was fixed for hearing on February 24, 2023.

CIR-A vide order dated March 09, 2023 decided the issues of WHT on sales field office expenses, commission paid outside Pakistan, advertisement expenses paid outside Pakistan, electricity and telephone bills, other benefits to insurance intermediaries (group life business) in favour of the Corporation. However, issue related to additions on account of investment propery related expenses is decided against the Corporation. Further, issues of adjustment of tax liability against prior year refund, loans/advances to employees are remanded back to the concerned tax officer.

23.1.17 Returns of taxable income, being a deemed assessment order u/s 120(1) of the Income Tax Ordinance, 2001 were duly submitted by the Corporation to FBR for tax year 2003 and 2006.

Notices dated August 12, 2008 and May 22, 2012 were issued by the ACIR to the Corporation u/s 122(5A)/122(9) of the Ordinance for tax year 2003 and 2006 respectively for amendment of abovementioned deemed assessment orders on the grounds that surplus attributable to the policyholders was not paid within three years from the year of its appropriation and hence it should be added back in the taxable income of the Corporation under the provisions of section 34(5) of the Ordinance.

The Corporation submitted detailed explanation/information along with relevant supporting documents against above notices to the tax authorities. ACIR passed amended assessment orders u/s 122(5A) of the Ordinance dated September 29, 2008 and June 30, 2012 and determined tax demand of Rs. 2,126.25 million and Rs. 1,401.20 million for tax year 2003 and 2006 respectively.

Appeals against amended assessment orders passed by the ACIR were filed by the Corporation before the CIRA. The CIRA deleted the above tax demands vide orders dated July 04, 2012 and October 31, 2012 for tax years 2003 and 2006 respectively.

Inland Revenue Department filed appeals before Appellate Tribunal Inland Revenue against the orders of CIRA which were also decided in favour of the Corporation vide consolidated order dated September 21, 2016. Inland Revenue Department has filed Income Tax Reference Applications before Honorable High Court of Sindh, Karachi against the order of ATIR which are pending adjudication. Next date of hearing in theses reference applications is June 01, 2023.

23.1.18 Assistant Commissioner, Circle-02 (Companies), Inland Revenue Department Mirpur AJ&K issued notices all dated February 25, 2022 u/s 161 of the Income Tax Ordinance, 2001 to the Corporation for tax years 2014 to 2018. Vide aforesaid notices, it was alleged that Corporation had short deducted withholding tax to the extent of Rs. 19.24 million under various provisions of the Ordinance (Tax Year 2014: Rs. 4.05 million, Tax Year 2015: Rs. 1.07 million, Tax Year 2016: Rs.3.64 million, Tax Year 2017: Rs. 3.57 million and Tax Year 2018: Rs. 6.91 million).

The Corporation raised a legal objection that proceeding for tax years 2014 to 2016 have become time barred. Without prejudice to the legal objection raised with respect to the notices issued for tax years 2014 to 2016, Corporation submitted responses along with supporting documents against all the notices from tax years 2014 to 2018.
Subsequently, Assistant Commissioner passed orders u/s 161 of the Ordinance and raised impugned tax demand of Rs. 13.53 million (Tax Year 2014: Rs. 4.41 million, Tax Year 2015: Rs. 1.15 million, Tax Year 2016: Rs. 2.92 million, Tax Year 2017: Rs. 1.78 million and Tax Year 2018: Rs. 3.27 million).

Being aggrieved, the Corporation has filed appeals before Commissioner Inland Revenue – Appeals, Mirpur AJ&K against above referred impugned orders passed u/s 161 of the Ordinance which are pending adjudication.

23.2 As of reporting date, there are several suits in the nature of civil services of employees, rental disputes etc, where the Corporation is defendant these suits are nominal in value , and has no matarial impact on these unconsolidated financial statements.

23.3 Commitments

The Corporation is committed in respect of capital expenditure contract aggregating to Rs. 500 million (2021: Rs. 627.50 million). There were no other commitments at the reporting date.

	2022	2021
	---------- (Rupees in '000)	----------
Letter of Guarantee	447,701	546,000

		2022	2021
		---------- (Rupees in '000) ----------	
24	**NET PREMIUM REVENUE**		
	Gross Premiums		
	Regular premium individual policies		
	First year	20,169,568	16,440,728
	Second year renewal	13,686,054	11,141,186
	Subsequent year renewal	98,108,060	88,030,192
	Group policies with cash values	62,963	46,037
	Group policies without cash values	154,305,262	55,295,480
	Less: experience premium refund	(42,181,534)	(8,473,272)
	Total Gross Premiums	244,150,373	162,480,351
	Less: Reinsurance Premiums Ceded		
	On individual life first year business	(341,876)	(97,763)
	On individual life second year business	(53,364)	(34,725)
	On individual life renewal business	(200,896)	(186,524)
	On group policies	(446,461)	(399,957)
	-Less: Reinsurance commission on risk premium	102,917	27,304
		(939,680)	(691,665)
	Net Premiums revenue	243,210,693	161,788,686
25	**INVESTMENT INCOME**		
	Income from equity securities		
	Fair value through profit or loss		
	- Dividend income	8,875,700	7,384,070
	Income from government and debt securities		
	Held to maturity		
	- Return on government and debt securities	105,815,004	88,717,179
		114,690,704	96,101,249
26	**NET REALISED FAIR VALUE GAIN ON FINANCIAL ASSETS**		
	Fair value through profit or loss		
	Realized gain on equity securities		
		440,311	58,719
27	**NET FAIR VALUE LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**		
	Net unrealized loss on investments at fair value through profit or loss	(13,466,390)	(8,479,407)
		4,693	1,385
	Reversal in value		
	Reversal related to the (loss) / appreciation on shares held by LICI	(7,148)	5,520
	Investment related expenses	(69,980)	(82,864)
		(13,538,825)	(8,555,366)
28	**NET RENTAL INCOME**		
	Rental income	1,415,340	1,202,038
	Less: Expenses of investment property	(707,241)	(789,653)
		708,099	412,385

		2022	2021
		---------- (Rupees in '000) ----------	

29 OTHER INCOME

	2022	2021
Return on bank balances	5,589,446	3,675,735
Gain on sale of property and equipment	4,865	120
Return on loans to employees	52,217	52,402
Return on loans to policyholders	24,592,275	14,762,419
Exchange gain on revaluation	7,328,083	2,758,751
Miscellaneous income	192,076	203,009
	37,758,962	21,452,436

30 NET INSURANCE BENEFITS

	2022	2021
Gross Claims		
Claims under individual policies		
- by death	10,305,093	10,362,961
- by insured event other than death	351,804	360,587
- by maturity	26,195,186	21,719,324
- by surrender	44,064,726	30,062,818
- annuity payments	8,895	13,571
- Bonus in cash	1,200	140
Total gross individual policy claims	80,926,904	62,519,401
Claims under group policies		
- by death	7,858,082	9,400,445
- by insured event other than death	86,769,620	26,426,423
- by maturity	1,574	283
- by surrender	281	1,550
- annuity payments	568	233
Total gross group policy claims	94,630,125	35,828,934
Total gross claims	175,557,029	98,348,335
Less: Reinsurance Recoveries		
- on individual life claims	(99,055)	(83,551)
- on group life claims	(162,446)	(241,303)
	(261,501)	(324,854)
Claim related expenses	25,353	14,410
Net insurance benefit expense	175,320,881	98,037,891

30.1 There are various cases pertaining to policyholders in relation to individual and group insurance policies, claiming amount due as per policy amounting to Rs. 2,163.91 million (December 31, 2021: 1,233.35 million) but the Corporation is of the view that such claims are not valid based on the criteria provided in the policy issued. In total there are 183 cases out of which 5 cases are in the Supreme Court of Pakistan, 49 cases are pending in different High Courts of Pakistan and remaining in the lower courts.

30.2 Claim Development

Accident years Estimate of ultimate claims cost:-	2018	2019	2020	2021	2022
	(Rupees in '000)				
At the end of accident year	3,604,515	5,925,268	7,375,218	8,931,670	7,786,580
One year later	5,224,038	7,807,899	10,267,204	11,850,302	-
Two years later	5,368,949	8,118,495	10,679,255	-	-
Three years later	5,449,955	8,241,852	-	-	-
Four years later	5,494,623	-	-	-	-
Current estimate of cumulative claims	5,494,623	8,241,852	10,679,255	11,850,302	7,786,580
Cumulative payments	(5,998,685)	(6,963,095)	(7,058,046)	(10,390,879)	(10,292,762)
	(504,062)	1,278,757	3,621,209	1,459,423	(2,506,182)
Claim prior to 2018					7,145,455
Liability recognized in the statement of financial position					4,639,273

31 UNCLAIMED INSURANCE BENEFIT

Circular 11 of 2014 dated May 19, 2014 issued by the Securities and Exchange Commission of Pakistan (SECP) has established requirement for all insurers to disclose age wise break up of unclaimed insurance benefits in accordance with format prescribed in the annexure to the said circular.

The unclaimed benefits are described in the circular as the amounts which have become payable in accordance with the terms and conditions of an insurance policy but have not been claimed by the policyholders or their beneficiaries. Such unclaimed amounts may fall into the following categories:

Description	Total Amount	1-6 Months	7-12 Months	13-24 Months	25-36 Months	Beyond 36 Months
	(Rupees in '000)					
Unclaimed maturity benefits	10,910,528	611,787	6,781,453	2,314,140	1,203,148	-
Unclaimed death benefits	4,639,273	53,033	2,715,250	1,333,923	537,067	-
Unclaimed disability benefits	507,969	4,609	192,969	178,085	132,306	-
Claims not encashed	-	-	-	-	-	-
Other unclaimed benefits	102,609,655	79,915,532	3,086,098	8,212,414	11,395,612	-
	118,667,425	80,584,961	12,775,770	12,038,562	13,268,133	-

32 ACQUISITION EXPENSES

	Note	2022	2021
		---------- (Rupees in '000) ----------	
Remuneration to insurance intermediaries on individual policies:			
- commission to agent on first year premiums		10,344,479	9,184,111
- commission to agent on second year premiums		1,861,253	1,660,417
- commission to agent on subsequent renewal premiums		3,360,919	3,248,820
- other benefits to insurance intermediaries		1,095,217	607,733
- branch overhead	32.1	3,701,908	3,267,127
Total		20,363,776	17,968,208
Remuneration to insurance intermediaries on group policies:			
- commission		4,342	3,642
- other benefits to insurance intermediaries		1,385	586
		5,727	4,228
Other acquisition costs:			
- Stamp duty		2,192,217	1,909,498
- Initial medical fees		107,055	113,226
		2,299,272	2,022,724
		22,668,775	19,995,160

32.1 Branch overhead

		2022	2021
Branch overhead		2,710,581	2,675,292
Employee benefit cost		773,768	390,220
Travelling expense		10,727	11,244
Printing & stationary		35,789	32,635
Postage & telephone		25,469	24,345
Electricity, gas and water		85,171	78,155
Rent		18,495	18,250
Prize & awards		38,968	30,857
Conference & meetings		2,940	6,129
Repair & maintenance		3,701,908	3,267,127

33 MARKETING AND ADMINISTRATION EXPENSES

	Note	2022	Restated 2021
		---------- (Rupees in '000) ----------	
Employee benefit cost	33.1	10,013,132	10,570,693
Travelling expenses		457,585	308,987
Advertisements and sales promotion		217,359	21,919
Printing and stationery		257,144	129,849
Depreciation		121,756	102,993
Rent, rates and taxes		142,154	124,289
Legal and professional charges - Business related		2,007,015	795,502
Electricity, gas and water		387,289	263,147
Office repairs and maintenance		62,793	63,898
Bank charges		48,143	46,704
Postages, telegrams and telephone		151,154	109,845
Appointed Actuary fees		8,759	7,111
Training expense		69,853	47,856
Annual Supervision fees SECP		50,271	50,000
		13,994,407	12,642,793

33.1 Employee benefit cost

		2022	2021
Salaries, allowances and other benefits		8,650,543	7,710,390
Charges for post employment benefit		1,362,589	2,860,303
		10,013,132	10,570,693

		Note	2022	2021
			---------- (Rupees in '000)	----------
34	**OTHER EXPENSES**			
	Auditors' remuneration	34.1	17,928	15,548
	Revenue stamps		59,037	63,900
	Conference and meetings		137,049	43,206
	Insurance charges		333,143	148,082
	Office maintenance		112,317	91,185
	Entertainment		24,215	20,943
	Other expenses		81,311	47,454
			765,000	430,318
34.1	**Auditors' remuneration**			
	Business within Pakistan			
	Annual audit and half yearly review fee			
	BDO Ebrahim & Co.		4,028	3,650
	Grant Thornton Anjum Rahman		5,050	4,652
			9,078	8,302
	Out of Pocket			
	BDO Ebrahim & Co.		840	825
	Grant Thornton Anjum Rahman		840	825
			1,680	1,650
	Business Outside Pakistan			
	Audit fee			
	Sajjad Haider and Co		7,170	5,597
	Out of pocket expenses		-	-
			7,170	5,597
			17,928	15,549
35	**INCOME TAX EXPENSE**			
	For the year			
	Current		1,100,804	829,221
	Deferred		5,720,655	1,878,937
			6,821,459	2,708,158
	For the prior year			
	Current		114,799	267
	Total income tax charge for the year		6,936,258	2,708,425
35.1	**Relationship between tax expense and accounting profit**			
	Profit before tax		20,664,527	9,264,871
	Tax at the applicable rate @ 29% (2021: 29%)		5,992,713	2,686,813
	Reconciliation:			
	Education cess for the year		2,165	1,327
	Super Tax @ 4%		826,581	-
	Recognition of prior year provision		114,799	267
	Others		-	20,018
	Tax expense for the year		6,936,258	2,708,425

	2022	2021 Restated
	---------- (Rupees in '000) ----------	

36 EARNING (AFTER TAX) PER SHARE - RUPEES

	2022	2021 Restated
Profit (after tax) for the year	13,728,269	6,556,446
	---------- (Rupees in '000) ----------	
Weighted average number of ordinary shares outstanding as at year end	49,142	46,255
	-------------- (Rupees) --------------	
Earnings per share	279.36	141.75

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.

37 REMUNERATION OF CHAIRMAN, DIRECTORS AND EXECUTIVES

	Chairman		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	---------- (Rupees in '000) ----------					
Fees	-	-	-	-	-	-
Managerial remuneration	24,000	18,000	5,713	6,053	488,662	411,001
House rent allowance	-	-	3,503	4,996	275,527	212,518
Utilities	-	-	2,745	2,942	206,268	161,352
Special allowance	-	-	-	-	-	-
Medical	-	-	-	-	-	-
Car allowance	-	-	-	-	-	-
Others	-	-	15,014	8,275	85,197	79,352
Reimbursements	-	-	-	-	-	-
Retirement benefits	-	-	-	-	-	-
Staff provident fund	-	-	-	-	-	-
	24,000	18,000	26,975	22,266	1,055,654	864,223
Number of persons	1	1	3	3	326	284

37.1 In addition to the above, Chairman, Directors and Executives are also entitled to the Corporation maintained vehicles and mobile phone facility.

37.2 Fees paid to Non Executive Directors during the year amounting to Rs. 5.50 million (2021: Rs. 2.11 million).

38 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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 executive directors are disclosed in the relevant notes.

Terms and conditions of transactions with related parties

Transactions with related parties are carried out at the agreed terms as approved by the Board of Directors. 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:

	2022	2021
	---------- (Rupees in '000)	----------
Profit oriented state-controlled entities common ownership		
Investment in shares - State Bank of Pakistan	3,221	3,221
PIBs deposited with State Bank of Pakistan	501,500	485,000
Subsidiaries		
Alpha Insurance Company Limited (95.15% holding)		
Rental income received	3,769	4,642
Group insurance	203	-
Staff retirement fund		
Contribution to provident fund	1,530	2,532
Contribution to pension fund	93,522	2,257,742
Contribution to funded gratuity	19,535	39,789
Expense charged for pension fund	1,381,868	4,926,020
Transactions with associated companies - common directorship		
Dividend received during the year		
Pakistan Reinsurance Company Limited (24.41% of holding)	146,464	183,081
Fauji Fertilizer Company Limited	1,592,575	1,548,175
Sui Northern Gas Pipelines Company Limited	206,124	164,899
Security Papers Limited	50,225	45,203
Pak Data Communication	5,491	1,248
Pak Cables Limited	22,602	20,091
Shahtaj Sugar Mills Limited	3,785	-
Wah-Nobel Chemicals Limited	4,310	-
Reinsurance premium ceded		
Pakistan Reinsurance Company Limited	265,310	39,178
Balances with related parties - common directorship		
Investment in units:		
NIT Islamic Equity Fund	175,105	200,000
Balances with related parties		
Retirement benefit obligation - Restated	6,113,662	6,245,074
Balances with related parties - common directorship		
Reinsurance payable		
Reinsurance payable - PRCL	-	-

Balances with related parties - common directorship

	2022	2021
	---------- (Rupees in '000) ----------	
Investment in shares:		
Fauji Fertilizer Company Limited	11,533,611	11,714,718
Sui Southern Gas Company Limited	532,494	536,536
Sui Northern Gas Pipelines Company Limited	1,031,992	919,311
Alpha Insurance Company Limited	298,818	298,918
Pakistan Cables Limited	311,013	394,707
Security Papers Limited	469,856	602,148
Shahtaj Sugar Mills Limited	27,743	40,272
Pak Data Communication Limited	52,152	48,958
Premier Insurance Company Limited	33,997	32,519
Pakistan Reinsurance Company Limited	1,507,119	1,640,401
Arabian Sea Country Club Limited	5,000	5,000
PICIC Insurance Limited	3,156	4,208
Nina Industries Limited	4,500	4,500
Mirpurkhas Sugar Mills Ltd.	39,719	42,096
State Life Abdullah Haroon Road Property (Private) Limited (Subsidiary) (100% holding) - net of provision	24,700	24,700
State Life Lackie Road Property (Private) Limited (Subsidiary) (100% holding) - net of provision	-	-
Wah-Nobel Chemicals Ltd	137,062	-

39 SEGMENTAL INFORMATION

39.1 Revenue account by statutory fund

	Statutory Funds					Aggregate
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health and Accidental Insurance Fund	Family Takaful	2022
For the year ended December 31, 2022	(Rupees in '000)					
Income						
Premium less reinsurances	138,987,218	2,554,619	62,963	101,159,575	446,318	243,210,693
Rental income from investment property	708,099	-	-	-	-	708,099
Net investment income	124,261,836	9,047,832	46,617	5,443,693	50,109	138,850,087
Total net income	263,957,153	11,602,451	109,580	106,603,268	496,427	382,768,879
Insurance benefits and expenditure						
Insurance benefits, including bonuses, net of reinsurance recoveries	85,837,673	2,765,486	14,377	86,702,319	1,026	175,320,881
Management expenses less recoveries	34,071,340	507,178	1,729	2,585,078	251,719	37,417,044
Total insurance benefits and expenditure	119,909,013	3,272,664	16,106	89,287,397	252,745	212,737,925
Excess of income over insurance benefits and expenditures	144,048,140	8,329,787	93,474	17,315,871	243,682	170,030,954
Net change in insurance liabilities (other than outstanding claims)	(131,646,225)	(6,071,686)	(1,266)	(55,466)	(330,008)	(138,104,651)
Surplus/ (deficit) before tax	12,401,915	2,258,101	92,208	17,260,405	(86,326)	31,926,303
Movement in policyholders' liabilities	131,646,225	6,071,686	1,266	55,466	330,008	138,104,651
Transfers to and from shareholders' fund						
- Surplus appropriated to shareholders' fund	(2,759,219)	(80,062)	-	-	-	(2,839,281)
- Capital returned to shareholders' fund	-	-	-	-	-	-
- Fund transferred to general reserve	(69,035)	-	-	(2,000,000)	-	(2,069,035)
- Capital contributions from shareholders' fund	-	-	-	-	-	-
Net transfer to/from shareholders' fund	(2,828,254)	(80,062)	-	(2,000,000)	-	(4,908,316)
Balance of statutory fund at beginning of the year	1,225,774,366	26,388,120	501,981	12,757,203	197,559	1,265,619,229
Balance of statutory fund at end of the year	1,366,994,252	34,637,845	595,455	28,073,074	441,241	1,430,741,867

Revenue account by statutory fund	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health and Accidental Insurance Fund	Family Takaful	Aggregate 2021
	Statutory Funds					Aggregate
For the year ended December 31, 2021	(Rupees in '000)					
Income						
Premium less reinsurances	127,270,554	2,145,712	46,037	32,136,624	189,759	161,788,686
Rental income from investment property	412,385	-	-	-	-	412,385
Net investment income	102,001,332	3,848,299	43,134	2,701,818	11,550	108,606,133
Total net income	229,684,271	5,994,011	89,171	34,838,442	201,309	270,807,204
Insurance benefits and expenditure						
Insurance benefits, including bonuses, net of reinsurance recoveries	69,185,780	2,452,456	22,713	26,376,942	-	98,037,891
Management expenses less recoveries	31,518,090	411,848	604	988,677	143,411	33,062,630
Total insurance benefits and expenditure	100,703,870	2,864,304	23,317	27,365,619	143,411	131,100,521
Excess of income over insurance benefits and expenditures	128,980,401	3,129,707	65,854	7,472,823	57,898	139,706,683
Net change in insurance liabilities (other than outstanding claims)	(123,438,728)	(2,083,208)	10,160	(1,041,924)	(84,270)	(126,637,970)
Surplus/(deficit) before tax	5,541,673	1,046,499	76,014	6,430,899	(26,372)	13,068,712
Movement in policyholders' liabilities	123,438,728	2,083,208	(10,160)	1,041,924	84,270	126,637,970
Transfers to and from shareholders' fund						
- Surplus appropriated to shareholders' fund	(2,303,156)	(35,902)	-	-	-	(2,339,058)
- Capital returned to shareholders' fund		-	-	-	-	-
- Capital contributions from shareholders' fund	-	-	-	-	100,000	100,000
Net transfer to/from shareholders' fund	-	-	-	-	-	-
Balance of statutory fund at beginning of the year	1,099,097,115	23,294,315	436,128	5,284,382	39,664	1,128,151,604
Balance of statutory fund at end of the year	1,225,774,360	26,388,120	501,982	12,757,205	197,562	1,265,619,229

39.2 Segmental results by line of business

Income	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health and Accidental Insurance Fund	Family Takaful	Aggregate 2022
	Statutory Funds					Aggregate
	(Rupees in '000)					
Gross premiums						
- First year	19,623,655	222,594	-	-	323,319	20,169,568
- Second year	13,414,235	145,236	-	-	126,583	13,686,054
- Subsequent year renewal	95,892,124	2,215,936	-	-	-	98,108,060
Group policies with cash value	-	-	62,963	-	-	62,963
Group policies without cash value	11,044,665	-	-	143,260,598	-	154,305,262
Less: experience premium refund	(345,821)	-	-	(41,835,712)	-	(42,181,534)
Total gross premiums	139,628,858	2,583,766	62,963	101,424,886	449,902	244,150,373
Less: reinsurance premiums ceded						
On individual life first year business	(70,608)	(2,375)	-	(265,310)	(3,583)	(341,876)
On individual life second year business	(53,364)	-	-	-	-	(53,364)
On individual life renewal business	(156,784)	(44,112)	-	-	-	(200,896)
On group policies	(446,461)	-	-	-	-	(446,461)
Less : Reinsurance commission on risk premium	85,577	17,340	-	-	-	102,917
	(641,640)	(29,147)	-	(265,310)	(3,583)	(939,680)
Net Premiums	138,987,218	2,554,619	62,963	101,159,576	446,319	243,210,693
Rental income from investment property	708,099	-	-	-	-	708,099
Net investment income	124,261,837	9,047,831	46,617	5,443,693	50,109	138,850,087
Total net income	263,957,154	11,602,450	109,580	106,603,269	496,428	382,768,879
Insurance benefits and expenditures						
Claims, including bonuses, net of reinsurance recoveries	85,837,673	2,765,486	14,377	86,702,319	1,026	175,320,881
Management expenses less recoveries	34,071,340	507,178	1,729	2,585,078	251,719	37,417,044
Total insurance benefits and expenditures	119,909,013	3,272,664	16,106	89,287,397	252,745	212,737,925
Excess of income over insurance benefits	144,048,141	8,329,786	93,474	17,315,872	243,683	170,030,954
Add : Policyholder liabilities at the beginning of year	1,180,781,402	21,672,208	121,054	1,116,926	84,270	1,203,775,861
Less : Policyholder liabilities at the end of year	1,312,427,629	27,743,894	122,320	1,172,393	414,278	1,341,880,514
Surplus/(deficit) before tax	12,401,914	2,258,101	92,209	17,260,405	(86,326)	31,926,303

Segmental results by line of business	Statutory Funds					Aggregate
Income	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health and Accidental Insurance Fund	Family Takaful	2021
	(Rupees in '000)					
Gross premiums						
- First year	16,100,449	150,118	-	-	190,161	16,440,728
- Second year	10,974,249	166,937	-	-	-	11,141,186
- Subsequent year renewal	86,172,321	1,857,871	-	-	-	88,030,192
Group policies with cash value	-	-	46,037	-	-	46,037
Group policies without cash value	14,808,378	-	-	40,487,102	-	55,295,480
Less: experience premium refund	(161,972)	-	-	(8,311,300)	-	(8,473,272)
Total gross premiums	127,893,425	2,174,926	46,037	32,175,802	190,161	162,480,351
Less: reinsurance premiums ceded						
On individual life first year business	(56,190)	(1,993)	-	(39,178)	(402)	(97,763)
On individual life second year business	(34,725)	-	-	-	-	(34,725)
On individual life renewal business	(144,350)	(42,174)	-	-	-	(186,524)
On group policies	(399,957)	-	-	-	-	(399,957)
Less : Reinsurance commission on risk premium	12,351	14,953				27,304
	(622,871)	(29,214)	-	(39,178)	(402)	(691,665)
Net Premiums	127,270,554	2,145,712	46,037	32,136,624	189,759	161,788,686
Rental income from investment property	412,385	-	-	-	-	412,385
Net investment income	102,001,332	3,848,299	43,134	2,701,818	11,550	108,606,133
Total net income	229,684,271	5,994,011	89,171	34,838,442	201,309	270,807,204
Insurance benefits and expenditures						
Claims, including bonuses, net of reinsurance recoveries	69,185,780	2,452,456	22,713	26,376,942	-	98,037,891
Management expenses less recoveries	31,518,090	411,848	604	988,677	143,411	33,062,630
Total insurance benefits and expenditures	100,703,870	2,864,304	23,317	27,365,619	143,411	131,100,521
Excess of income over insurance benefits	128,980,401	3,129,707	65,854	7,472,823	57,898	139,706,683
Add : Policyholder liabilities at the beginning of year	1,057,342,636	19,589,000	131,214	75,001	-	1,077,137,851
Less : Policyholder liabilities at the end of year	1,180,781,403	21,672,207	121,054	1,116,926	84,270	1,203,775,860
Surplus/(deficit) before tax	5,541,634	1,046,500	76,014	6,430,898	(26,372)	13,068,674

39.3 Segment Statement of financial position

	Statutory Funds	Shareholders Fund	2022	Statutory Funds	Shareholders Fund	2021
	(Rupees in '000)					
Assets						
Property and equipment	1,033,492	-	1,033,492	881,186	-	881,186
Investment property	3,573,082	-	3,573,082	3,618,967	-	3,618,967
Investments in subsidiaries	323,618	-	323,618	323,618	-	323,618
Investments	1,229,399,921	4,449	1,229,404,370	1,007,180,734	4,448,747	1,011,629,481
Loans secured against life insurance policies	171,822,531	-	171,822,531	151,464,401	-	151,464,401
Insurance / reinsurance receivables	78,092,696	-	78,092,696	37,430,191	-	37,430,191
Other loans and receivables	65,280,512	1,057	65,281,569	55,165,237	1,056,552	56,221,789
Taxation - payments less provision	3,544,796	-	3,544,796	3,474,427	-	3,474,427
Prepayments	66,105	-	66,105	66,367	-	66,367
Cash & bank	48,345,441	-	48,345,441	101,002,030	-	101,002,030
Total assets	1,601,482,194	5,506	1,601,487,700	1,360,607,158	5,505,299	1,366,112,457
Liabilities						
Insurance liabilities net of reinsurance recoveries	1,522,008,512	-	1,522,008,512	1,307,949,157	-	1,307,949,157
Retirement benefit obligations	6,113,663	-	6,113,663	6,245,074	-	6,245,074
Deferred capital grant	26,692	-	26,692	15,886	-	15,886
Premium received in advance	5,326,067	-	5,326,067	5,569,399	-	5,569,399
Insurance / reinsurance payables	1,154,322	-	1,154,322	521,942	-	521,942
Deferred tax	3,489,579	5,720,655	9,210,234	1,610,642	1,878,937	3,489,579
Other creditors and accruals	30,235,746	-	30,235,746	26,916,938	-	26,916,938
Total Liabilities	1,568,354,581	5,720,655	1,574,075,236	1,348,829,038	1,878,937	1,350,707,975

40 MOVEMENT IN INVESTMENTS

	Held to Maturity	Fair value through profit and loss	Total
	(Rupees in '000)		
At beginning of previous year	914,161,415	97,468,066	1,011,629,481
Additions	530,712,373	1,001,765	531,714,138
Disposals (sale and redemptions)	(319,403,125)	(24,618)	(319,427,743)
Amortization of premium	18,964,627	-	18,964,627
Reversal during the year	-	4,561	4,561
Unrealized fair value gain	-	(13,480,694)	(13,480,694)
	1,144,435,290	84,969,080	1,229,404,370

41 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

41.1 Insurance risk

41.1.1 Insurance contracts - classification

The Corporation maintains five statutory funds which are as follows:

- Pakistan Life Fund
- Overseas Life Fund
- Pension Fund
- Accidental and Health Insurance Fund
- Family Takaful Fund

Within the Pakistan Life Fund the business can be further classified as individual life conventional 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 administered under Group Pension Deposit Administration Contracts.

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

Family Takaful Fund consists of individual family takaful business.

Considering all the five statutory funds together, the bulk of Corporation business consists of individual life conventional policies. Most of the remaining business consists of group life insurance business. Group Health is a relatively new venture of the Corporation which 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.

41.1.2 Contract details and measurement

The insurance contracts offered by the Corporation are described below:

41.1.2.1 Individual Life Policies

Individual Life Conventional Products

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

Annuities

The Corporation also has a small number of individual and group life-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 benefit is payable for a stipulated period and is 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 organized under a three tier system consisting of sales representatives, sales officers and sales managers. Each sales sector headed by a sector head is further grouped over 1243 area offices, more than 166 sector offices, 33 zones and 7 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 policy holders of the Corporation come from all strata of society, with greater representation of the rural areas due to wider outreach of its field force. New policyholders have an average age of around 34 years.

41.1.2.2 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 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, armed forces etc.

41.1.2.3 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.

41.1.2.4 Group Health Business

In 2012, the Corporation entered the Health Insurance Market by signing an agreement with the Benazir Income Support Program (BISP) authorities for providing Health Insurance to the beneficiaries enrolled under BISP Waseela-e-Sehat Program. This contract terminated on June 30, 2015. However, settlement of the Equalization Reserve Fund (ERF) balance is still pending. Consequently, a provision for this has been kept in the Actuarial Reserves.

In the year 2015, the Corporation entered into two other agreements, namely Prime Minister's National Health Insurance Scheme (PMNHIS) and KPK Micro Health Insurance Scheme. However, no health cards were issued under either scheme in 2015. Therefore, no specific liability was kept for these contracts.

Insured event

The PMNHIS and the KPK schemes are aimed at providing the underprivileged sector of the society the access to health care to cope with a variety of health shocks. The schemes provide in-patient health insurance facilities to enrolled families, subject to Rupee limits prescribed under the respective agreements.

41.1.3 Reserving method

41.1.3.1 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.

41.1.3.2 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.

41.1.3.3 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.

41.1.3.4 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.

41.1.3.5 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.

41.1.4 Reserves for outstanding claims

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

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

41.1.6 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 optimum and safe.

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 reinsurer 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.

41.1.7 Accounting estimates and judgments and process used for deciding assumptions

41.1.7.1 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 result of this study 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 assesses that there is an adequate data for arriving at credible results.

41.1.7.2 Investment income

Due to the long term nature of its individual life policies the Corporation is exposed to the risk of adverse fluctuations in 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 analyzed 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.

41.1.7.3 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 result of this study is utilized in the estimation of liability under realistic assumptions to ensure the adequacy of the reserves being held.

41.1.8 Frequency and severity of claims

41.1.8.1 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.

41.1.8.2 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 33 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 87 % 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.

41.1.9 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.

41.1.10 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.

41.1.10.1 Financial risk

a) 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 add another layer of security against interest risk.

b) Expense risk

Expense risk is the risk that the actual expenses of the Corporation will exceed the expense margins built in the premium rates. To cover this risk, a specific provision is kept in the actuarial reserves.

c) Mortality risk

The mortality used in the reserving basis is the mortality prescribed by the SECP, which is the SLIC 2001-2005 table. Due to advancement in health care technology the current mortality levels are lower than the mortality rates of this table. Hence, the reserving basis has adequate margins for absorbing the impact of adverse fluctuation in mortality.

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

e) 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.

f) 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 that 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's 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 mitigated to an extent 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.

g) 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.

The effect of fluctuation of currency risk upto 10% on the net assets to the revenue account will be as follows:

	UAE Dirhams	US Dollars
December 31, 2022		
10% increase	999,711	2,474,017
10% decrease	(999,711)	(2,474,017)
December 31, 2021		
10% increase	766,319	1,894,072
10% decrease	(766,319)	(1,894,072)

41.1.10.2 Credit risk and asset risk

Management of credit risk and asset risk deals with risks emanating from the assets side of the statement of financial position. 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.

41.1.10.3 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 automatically charged to commensurate 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 and waiting period.

41.1.11 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%	0.07%
Decrease in mortality	10%	-0.08%
Increase in discount rate	0.5% addition in rate	-3.49%
Decrease in discount rate	0.5% reduction in rate	3.65%

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.

41.2 Financial risk

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 statement of financial position. 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.

41.2.1 Interest rate risk

		2022						
		Interest / Markup bearing			**Non-interest / Non-markup bearing**			
	Note	**Maturity upto one year**	**Maturity after one year**	**Sub total**	**Maturity upto one year**	**Maturity after one year**	**Sub total**	**Total**
		(Rupees in '000)						
Financial Assets								
Investments								
Equity securities	8	-	-	-	77,799,314	-	77,799,314	77,799,314
Government securities	10	212,412,158	921,259,345	1,133,671,503	-	-	-	1,133,671,503
Debt securities	11	-	10,763,786	10,763,786	-	-	-	10,763,786
Mutual funds	9	-	-	-	7,169,767	-	7,169,767	7,169,767
Loans secured against life insurance policies		-	171,822,531	171,822,531	-	-	-	171,822,531
Insurance / reinsurance receivables	12	-	-	-	77,397,131	695,565	78,092,696	78,092,696
Other loans and receivables	13	-	-	-	64,902,078	-	64,902,078	64,902,078
Cash & bank	15	11,084,563	3,643,189	14,727,752	33,608,081	-	33,608,081	48,335,834
As at December 31, 2022		223,496,721	1,107,488,851	1,330,985,572	260,876,371	695,565	261,571,936	1,592,557,509
Financial Liabilities								
Insurance liabilities	18	-	-	-	118,667,425	1,403,341,087	1,522,008,512	1,522,008,512
Premium received in advance		-	-	-	5,326,067	-	5,326,067	5,326,067
Insurance / reinsurance payables	21	-	-	-	1,154,322	-	1,154,322	1,154,322
Other creditors and accruals	22	-	-	-	30,234,214	-	30,234,214	30,234,214
As at December 31, 2022		-	-	-	155,382,027	1,403,341,087	1,558,723,115	1,558,723,115
Off Balance Sheet Financial Instrument								
As at December 31, 2022		223,496,721	1,107,488,851	1,330,985,572	105,494,344	(1,402,645,522)	(1,297,151,179)	33,834,394

		2021						
		Interest / Markup bearing			Non-interest / Non-markup bearing			
	Note	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
		(Rupees in '000)						
Financial Assets								
Investments								
Equity securities	8	-	-	-	88,913,774	-	88,913,774	88,913,774
Government securities	10	124,015,575	786,054,244	910,069,819	-	-	-	910,069,819
Debt securities	11	-	4,091,596	4,091,596	-	-	-	4,091,596
Mutual funds	9	-	-	-	8,554,292	-	8,554,292	8,554,292
Loans secured against life insurance policies		-	151,464,401	151,464,401	-	-	-	151,464,401
Insurance / reinsurance receivables	12	-	-	-	37,056,058	374,133	37,430,191	37,430,191
Other loans and receivables	13	-	-	-	55,789,524	-	55,789,524	55,789,524
Cash & bank	15	62,360,355	8,107,351	70,467,706	30,534,324	-	30,534,324	101,002,030
As at December 31, 2021		186,375,930	949,717,592	1,136,093,522	220,847,972	374,133	221,222,105	1,357,315,627
Financial Liabilities								
Investments								
Insurance liabilities	18	-	-	-	54,464,424	1,256,176,869	1,310,641,293	1,310,641,293
Premium received in advance		-	-	-	5,569,399	-	5,569,399	5,569,399
Insurance / reinsurance payables	21	-	-	-	521,942	-	521,942	521,942
Other creditors and accruals	22	-	-	-	25,384,289	-	25,384,289	25,384,289
As at December 31, 2021		-	-	-	85,940,054	1,256,176,869	1,342,116,923	1,342,116,923
Off Balance Sheet Financial Instrument								
As at December 31, 2021		186,375,930	949,717,592	1,136,093,522	134,907,918	(1,255,802,736)	(1,120,894,817)	15,198,704

41.2.2 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.

41.2.3 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.

41.2.4 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:

	2022		2021	
	UAE Dirhams	**US Dollars**	UAE Dirhams	US Dollars
	(Rupees in '000)		(Rupees in '000)	
Assets	171,079	145,529	214,359	140,378
Liabilities	9,130	36,325	59,547	34,623
Reserves	161,949	109,204	154,812	105,755

41.2.5 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 investment in 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.

41.2.6 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	2022	2021
		---------- (Rupees in ‘000)	----------
Bank deposits		45,127,548	100,959,277
Loans secured against life insurance policies		171,822,531	151,464,401
Investments		1,229,404,370	1,011,629,481
Insurance / reinsurance receivables	12	78,092,696	37,430,191
Other loans and receivables		64,902,078	55,789,524
Total		1,589,349,223	1,357,272,874

The age analysis of insurance/reinsurance receivable:

Up to 1 year		78,092,695	37,430,191

Subsequent years premium 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 are recognized if the grace period is to expire after the next 1st January. Hence the age of outstanding premium is always less than one year.

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

Bank name	Long term	Short term	Rating Agency	2022	2021
				---------- (Rupees in '000)	----------
Allied Bank Limited	AAA	A1+	PACRA	1,384	1,395
AL Habib Bank Limited	AAA	A1+	JCR-VIS	-	1,500,298
Bank Al Falah Limited	AA+	A1+	PACRA	6,589,001	4,239,881
Dubai Islamic Bank	AA	A1+	JCR-VIS	125,670	69,123
First Women Bank Limited	A-	A2	PACRA	9,893	6,993
Habib Bank Limited	AAA	A1+	JCR-VIS	16,503,855	65,166,027
MCB Bank Limited	AAA	A1+	PACRA	2	1,500,335
Mobilink Micro Finance Bank	-	-	-	33,900	-
National Bank of Pakistan	AAA	A1+	PACRA	87,423	71,839
Barclays Banks	-	-	-	20,754	23,249
NIB Bank Limited	AAA	A1+	PACRA	23,246	16,267
The Bank of Punjab	AA+	A1+	PACRA	3,398,515	1,513,565
Faysal Bank Limited	AA	A1+	JCR-VIS	1,545,427	1,556,651
Samba Bank Limited	AA	A-1	PACRA	8,191	8,999
Silk Bank Limited	A-	A-2	JCR-VIS	15,984	5,492
Sindh Bank Limited	A+	A1+	JCR-VIS	1	1
Soneri Bank Limited	AA	A1+	PACRA	3,016,150	1,513,248
Standard Chartered Bank Limited	AAA	A1+	PACRA	159	-
Summit Bank Limited		SUSPENDED		9,469	17,347
United Bank Limited	AAA	A1+	JCR-VIS	12,395,464	21,965,211
Habib Metropolitan Bank	AA+	A1+	PACRA	9,578	10,796
Julius Bar Bank	-	-	-	52,244	73,341
Al Ahli Bank Kuwait	-	-	-	18,723	43,365
Bank of Singapore	-	-	-	1,262,516	1,655,854
				45,127,549	100,959,277

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

Rating Status	2022	2021
	---------- (Rupees in '000)	----------
A or above	43,729,943	99,146,121

41.2.7 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.

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

	2022	
	Carrying value	**Fair value**
	---------- (Rupees in '000) ----------	
Government securities	1,133,671,503	999,072,761

	2021	
	Carrying value	Fair value
	---------- (Rupees in '000) ----------	
Government securities	910,069,819	847,081,346

42 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.

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

Further details are given in the table below:

	2022	2021
	---------- (Rupees in '000) ----------	
Accumulated surplus	2,113,605	2,113,605
Ledger account C & D	18,190,546	8,544,917
General reserve	808,314	4,725
Capital contributed to statutory fund	100,000	100,000
Issued, subscribed and paid-up capital	6,200,000	1,854,840
Shareholders' equity	27,412,465	2,124,110

43 FAIR VALUE OF FINANCIAL INSTRUMENTS

43.1 Carrying amount versus fair value

The following table compares the carrying amounts and fair values of the Corporation's financial assets and financial liabilities as at December 31, 2022.

The Corporation considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value:

	As at December 31, 2022		As at December 31, 2021	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
	(Rupees in '000)			
Financial Assets				
- Cash and bank deposits	48,345,441	48,345,441	101,002,030	101,002,030
- Loans secured against life insurance policies	171,822,531	171,822,531	151,464,401	151,464,401
- loan to agents	86,441	86,441	81,736	81,736
- loan to employees	936,969	936,969	953,738	953,738
- Other loans and receivables	63,878,669	63,878,669	54,754,050	54,754,050
Investments				
Fair value through Profit and loss				
Listed equity securities and mutual fund units	83,342,853	83,342,853	95,474,924	95,474,924
Unlisted equity securities and mutual fund units	1,626,228	1,626,228	1,993,141	1,993,141
Held to maturity				
Government securities	1,133,671,503	999,072,761	910,069,819	847,081,346
Holding in subsidiary companies	323,618	323,618	323,618	323,618
Other fixed income securities	3,654	4,349	3,654,344	4,348,878
	1,218,967,856	1,084,369,809	1,011,515,846	949,221,907
- Insurance / reinsurance receivables	78,092,696	78,092,696	37,430,191	37,430,191
Financial Liabilities				
- Balance of statutory funds-including policyholders' liabilities	1,522,008,512	1,522,008,512	1,310,641,293	1,310,641,293
- Creditors and accruals	30,234,214	30,234,214	25,384,289	25,384,289
- Premium received in advance	5,326,067	5,326,067	5,569,399	5,569,399
- Insurance / reinsurance payables	1,154,322	1,154,322	521,942	521,942

43.2 FAIR VALUE HIERARCHY

The level in the fair value hierarchy within which the asset or liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement.

Assets and liabilities are classified in their entirety into only one of the three levels.

The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses assets measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	As at December 31, 2022	**Level 1**	**Level 2**	**Level 3**
	----------------------------	(Rupees in '000)	----------------------------	
Financial Assets at carrying value				
Investments at carrying value Fair value through Profit and loss				
Listed equity securities and mutual fund units	83,342,853	83,342,853	-	-
Unlisted equity securities and mutual fund units	1,626,228	-	1,626,228	-
Holding in subsidiary companies	323,618	-	-	323,618
	85,292,699	83,342,853	1,626,228	323,618

	As at December 31, 2021	Level 1	Level 2	Level 3
	----------------------------	(Rupees in '000)	----------------------------	
Financial Assets at carrying value				
Investments at carrying value Fair value through Profit and loss				
Listed equity securities and mutual fund units	95,476,400	95,476,400	-	-
Unlisted equity securities and mutual fund units	1,991,666	-	1,991,666	-
Holding in subsidiary companies	325,100	-	-	325,100
	97,793,166	95,476,400	1,991,666	325,100

Carrying values of all other financial assets and liabilities approximate their fair value.

43.3 Transfers during the period

During the year to December 31, 2022:

- There were no transfers between Level 1 and Level 2 fair value measurements.
- There were no transfers into or out of Level 3 fair value measurements.

43.4 Valuation techniques

Fair value of investments is determined as follows:

- Fair value of listed equity securities is determined on the basis of closing market prices quoted on the respective stock exchange.
- Unlisted equity securities are carried at cost.
- Investments in subsidiary companies are being carried at cost.
- Fair value of open-ended mutual fund is determined on the basis of closing net assets value taken from MUFAP.

44 CORRESPONDING FIGURES

The corresponding figures of these unconsolidated financial statements has been reclassified for better presentation. Following reclassification is made during the year.

Reclassification From	**Reclassified To**	**----- (Rupees in '000) -----**
- Cash in hand	- Policy & Revenue stamps, Bond papers	8,067

45 SUBSEQUENT EVENTS

The Board of Directors of the Corporation in their meeting held on April 18, 2023 declared dividend of Rs. 2,000 million (2021: Rs. 1,720.286 million).

These unconsolidated financial statements for the year ended December 31, 2022 do not include the effect of these appropriations and these will be accounted in the unconsolidated financial statements for the year ending December 31, 2023.

46 NUMBER OF EMPLOYEES

The details of number of employees are as follows:

	2022	2021
Permanent employees as at year end	3,756	3,650
Area managers	1,127	1,247
	4,883	4,897
Average number of employees during the year	4,890	4,985

47 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Corporation on April 18, 2023.

48 GENERAL

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

Shoaib Javed Hussain	**Moin M. Fudda**	**Muhammad Aslam Ghauri**	**Muhammad Rashid**
Chairman	Director	Director	Chief Financial Officer

FINANCIAL STATEMENTS CONSOLIDATED

INDEPENDENT AUDITORS' REPORT

To the members of State Life Insurance Corporation of Pakistan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of State Life Insurance Corporation of Pakistan and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

We draw attention to the following:

- note 4 to the consolidated financial statements in respect of restatement on account of error; and
- note 23.1.13 to the consolidated financial statements that describes the chargeability of sales tax on premium by provincial revenue authorities.

Our opinion is not modified in respect of the above matters.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and Companies Act, 2017 pIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Ms as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if; individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements,

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partners on the audit resulting in this independent auditors' report are Muhammad Khalid Aziz and Tariq Feroz Khan on behalf of Grant Thornton Anjum Rahman and BDO Ebrahim & Co. respectively.

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants

Karachi
Dated: June 22nd, 2023
UDIN: AR202210154xwAz7TSYE

BDO Ebrahim & Co
Chartered Accountants

Karachi
Dated: June 22nd, 2023
UDIN: AR202210166X4gpuI2yK

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	Note	2022	2021 Restated
		---------- (Rupees in '000)	----------
ASSETS			
Property and equipment	5	1,049,424	901,696
Intangible asset	6	497	-
Investment properties	7	3,573,082	3,618,967
Investments			
Equity securities	8	77,990,966	89,130,282
Mutual funds	9	7,169,767	8,554,292
Government securities	10	1,134,162,759	910,517,568
Debt securities	11	10,763,786	4,091,596
Loans secured against life insurance policies		171,822,531	151,464,401
Insurance / reinsurance receivables	12	78,199,817	37,495,543
Other loans and receivables	13	65,280,415	56,225,366
Reinsurance recoveries against outstanding claims		91,694	78,372
Salvage recoveries accrued		862	12
Deferred commission expense/acquisition cost		15,115	12,579
Taxation - payments less provision		3,622,728	3,547,747
Prepayments	14	93,623	99,466
Cash & bank	15	48,470,888	101,121,514
TOTAL ASSETS		1,602,307,954	1,366,859,401
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES ATTRIBUTABLE TO GROUP'S EQUITY HOLDERS			
Ordinary share capital	16	6,200,000	4,900,000
Ledger account C & D		18,190,546	8,544,917
Group reserves	17	3,278,432	2,240,900
Capital contributed to statutory fund	17	100,000	100,000
		27,768,978	15,785,817
Non-controlling interest		34,463	35,668
TOTAL EQUITY		27,803,441	15,821,485
LIABILITIES			
Insurance liabilities	18	1,522,305,774	1,308,163,565
Retirement benefit obligations	19	6,113,692	6,244,891
Deferred capital grant		26,692	15,886
Deferred taxation	20	9,200,076	3,479,317
Premium received in advance		5,333,943	5,576,324
Insurance / reinsurance payables	21	1,223,216	575,782
Other creditors and accruals	22	30,301,120	26,982,151
TOTAL LIABILITIES		1,574,504,513	1,351,037,916
TOTAL EQUITY AND LIABILITIES		1,602,307,954	1,366,859,401
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

Shoaib Javed Hussain	Moin M. Fudda	Muhammad Aslam Ghauri	Muhammad Rashid
Chairman	Director	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021 Restated
		---------- (Rupees in '000) ----------	
Premium revenue		244,392,607	162,623,333
Premium ceded to reinsurers		(999,538)	(731,768)
Net insurance premium revenue	24	243,393,069	161,891,565
Investment income	25	114,752,803	96,160,030
Net realised fair value gain on financial assets	26	440,311	58,719
Net fair value loss on financial assets at fair value through profit or loss	27	(13,563,680)	(8,565,698)
Net rental income	28	713,099	414,885
Other income	29	37,772,192	21,559,620
		140,114,725	109,627,556
Net income		383,507,794	271,519,121
Insurance benefits		175,695,661	98,363,868
Recoveries from reinsurers		(283,556)	(314,117)
Premium deficiency		(1,834)	1,705
Claim related expense		25,353	14,410
Net insurance benefits	30	175,435,624	98,065,866
Net change in insurance liabilities (other than outstanding claims)		149,856,354	130,887,076
Acquisition expenses	32	22,709,726	20,020,841
Marketing and administration expenses	33	14,095,323	12,729,532
Other expenses	34	768,031	433,309
Total expenses		187,429,434	164,070,758
Results of operating activities		20,642,736	9,382,497
Finance cost	35	(997)	(1,582)
Profit before tax		20,641,739	9,380,915
Income tax expense	36	(6,939,497)	(2,715,695)
Profit for the year		13,702,242	6,665,220
Other comprehensive income		-	-
Total comprehensive income for the year		13,702,242	6,665,220
Profit / (loss) for the year attributable to:			
Equity holder of parent		13,703,447	6,664,593
Non-controlling interest		(1,205)	627
		13,702,242	6,665,220
Earnings per share - Rupees	37	278.85	144.08

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

Shoaib Javed Hussain Chairman	**Moin M. Fudda** Director	**Muhammad Aslam Ghauri** Director	**Muhammad Rashid** Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021 Restated
		---------- (Rupees in '000) ----------	
Operating Cash flows			
(a) Underwriting activities			
Premiums received		194,890,375	154,499,448
Reinsurance premiums paid		(401,951)	(834,675)
Claims paid		(67,355,810)	(48,807,863)
Surrenders paid		(44,064,726)	(30,062,818)
Reinsurance and other recoveries received		(51,199)	570,809
Commissions paid		(14,014,272)	(13,355,714)
Commission received		1,026	1,411
Other underwriting payments, if any		(7,096,397)	(5,286,340)
Net cash flow from underwriting activities		61,907,046	56,724,258
(b) Other operating activities			
Income tax paid		(1,293,781)	(621,082)
Other operating payments		(4,696,283)	(1,499,769)
General management expense paid		(12,168,743)	(5,799,638)
Other operating receipts		54	11
Other loans		900	(873)
Loans secured against life insurance policies - advanced		(5,707,326)	(22,351,163)
Loans secured against life insurance policies - repayments received		18,903,882	2,181,049
Net cash flow used in other operating activities		(4,961,297)	(28,091,465)
Total cash flow from all operating activities		56,945,749	28,632,793
Investment activities			
Profit / return received		94,449,381	97,006,091
Dividends received		8,965,905	7,360,959
Rentals received		1,384,319	1,170,773
Payments for investments		(527,511,881)	(368,978,009)
Proceeds from disposal of investments		319,648,011	283,740,489
Fixed capital expenditure		(332,364)	(440,463)
Proceeds from disposal of fixed assets		(10,538)	1,861
Total cash flow generated from / (used in) investing activities		(103,407,167)	19,861,701
Financing activities			
Lease payments		(4,760)	(5,064)
Dividends paid		(1,720,286)	(1,460,496)
Total cash flow used in financing activities		(1,725,046)	(1,465,560)
Net cash flow (used in) / generated from all activities		(48,186,464)	47,028,934
Cash and cash equivalents at beginning of the year		93,014,163	45,985,229
Cash and cash equivalents at end of the year	15.1	44,827,699	93,014,163
Reconciliation to profit and loss account			
Operating cash flows		56,945,749	28,632,793
Depreciation expense		(126,905)	(108,523)
Financial charges expense		(997)	-
Proceeds on disposal of property and equipment		6,510	120
Investment income		140,107,306	109,526,265
Amortization/capitalization		540,936	872,480
Non-Cash Adjustments (APL)		(24,592,135)	(2,067,304)
Other income		11,343	12,916
Increase in assets other than cash		62,101,183	28,424,591
Increase in liabilities other than running finance		(65,702,412)	(25,949,446)
Other adjustments		(5,731,982)	(1,791,596)
Net change in insurance liabilities (other than outstanding claims)		(149,856,354)	(130,887,076)
Profit after taxation		13,702,242	6,665,220

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

Shoaib Javed Hussain	**Moin M. Fudda**	**Muhammad Aslam Ghauri**	**Muhammad Rashid**
Chairman	Director	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

	Attributable to equity holders of the parent					
	Ordinary share capital	Capital contributed to Statutory Fund	Ledger Account C & D*	Group reserves	Non Controlling Interest	Total
	(Rupees in '000)					
Balance as at January 1, 2021	4,600,000	-	3,943,311	2,038,409	35,041	10,616,761
Dividend paid for the year ended December 31, 2020	-	-	-	(1,460,496)	-	(1,460,496)
Total comprehensive income for the year - Restated	-	-	-	6,664,593	627	6,665,220
Surplus for the year retained in statutory funds-net of tax	-	-	4,601,606	(4,601,606)	-	-
Capital contributed to statutory fund	-	100,000	-	(100,000)	-	-
Transfer for the issuance of share capital	300,000	-	-	(300,000)	-	-
Balance as at December 31, 2021 (Restated)	4,900,000	100,000	8,544,917	2,240,900	35,668	15,821,485
Balance as at January 1, 2022	4,900,000	100,000	8,544,917	2,240,900	35,668	15,821,485
Dividend paid for the year ended December 31, 2021	-	-	-	(1,720,286)	-	(1,720,286)
Transferred to group reserves	-	-	30,965	(30,965)	-	-
Total comprehensive income for the year	-	-	-	13,703,447	(1,205)	13,702,242
Surplus for the year retained in statutory funds-net of tax	-	-	11,614,664	(11,614,664)	-	-
Transferred from ledger to shareholder			(2,000,000)	2,000,000	-	-
Transfer for the issuance of share capital	1,300,000	-	-	(1,300,000)	-	-
Balance as at December 31, 2022	6,200,000	100,000	18,190,546	3,278,432	34,463	27,803,441

* This includes balances maintained in accordance with the requirements of Section 35 of the Insurance Ordinance, 2000 read with Rule 14 of the Insurance Rules, 2017 (previously the SEC Insurance Rules, 2002) to meet solvency margins, which are mandatorily maintained for the carrying on of the life insurance business.

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

Shoaib Javed Hussain	Moin M. Fudda	Muhammad Aslam Ghauri	Muhammad Rashid
Chairman	Director	Director	Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

The Group consists of:

Holding Corporation: State Life Insurance Corporation of Pakistan

Subsidiary Companies:

1 State Life (Lakie road) Properties (Private) Limited

2 State Life (Abdullah Haroon Road) Properties (Private) Limited

3 Alpha Insurance Company Limited

State Life Insurance Corporation of Pakistan

The State Life Insurance Corporation of Pakistan (the Holding Corporation) was incorporated in Pakistan on November 01, 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 33 zones for individual life business alongwith 7 Regions, 4 zones for group life business and in the gulf countries comprising United Arab Emirates (UAE) through zonal office located at Dubai (UAE).

The Holding Corporation is engaged in the life insurance business and accident and health insurance business.

State Life (Lakie road) Properties (Private) Limited

State Life (Lakie road) properties (Private) Limited (the Company) was incorporated in Pakistan in the month of July 1979 as Private Limited Company under the Companies Ordinance 1984. The Company was incorporated to deal in Real Estate including Renting, Purchase & Sale of properties. The Company is wholly owned subsidiary of the Holding Corporation. The geographical location and address of the Company's registered office and business unit is situated at 6th Floor State Life Building No. 09, Dr. Ziauddin Road, Karachi.

State Life (Abdullah Haroon Road) Properties (Private) Limited

State Life (Abdullah Haroon Road) Properties (Pvt) Limited (the Company) was incorporated in Pakistan in the month of June 1979 as Private Limited Company under the Companies Ordinance 1984. The Company is wholly owned subsidiary of the Holding Corporation. The Company was incorporated to deal in Real Estate including Renting, Purchase & Sale of properties. The geographical location and address of the Company's registered office and business unit is situated at 6th Floor State Life Building No. 09, Dr. Ziauddin Road, Karachi.

Alpha Insurance Company Limited

Alpha Insurance Company Limited (the Company) was incorporated in Pakistan on December 24, 1951 under the Indian Companies Act VII of 1913 as a public limited company and registered as a non-life insurance company by the Securities and Exchange Commission of Pakistan (SECP) under the Insurance Ordinance, 2000. The Company is engaged in providing non-life insurance business comprising fire and property, marine, motor, health, credit and suretyship and miscellaneous. The Company commenced its commercial operations on January 23, 1952.

The registered office of the Company is situated at 4th Floor, Building # 1-B, State Life Square, I. I. Chundrigar Road, Karachi. The Company has 09 (December 31, 2021: 12) branches in Pakistan. The parent entity of the Company is State Life Insurance Corporation of Pakistan holding 95.15% (31 December 2021: 95.15%) shares of the Company.

1.1 The Holding Corporation was issued the certificate of authorization for commencement of Window Takaful Operation under rule 6 of the Takaful rules, 2012 by Securities Exchange Commission of Pakistan vide letter no. 0097, dated September 22, 2016. For the purpose of carrying on the takaful business, the Holding Corporation has formed an Individual Family Participant Takaful Fund (IFPTF) on August 18, 2017 under the Waqf deed and ceded Rs. 1 million to the IFPTF. The Waqf deed governs the relationship of Holding Corporation and participants for management of takaful operations. The Holding Corporation launched the Window Takaful Operations on January 28, 2021.

1.2 In prior year, Privatization Commission (PC) has envisioned to divest the shares of Government of Pakistan held by Ministry of Commerce through an Initial Public Offer (IPO). For this purpose, PC sent the Term of Reference (ToR) to the Holding Corporation vide letter no. PC/SLIC-IPO/B&U/04 dated June 24, 2015 regarding the appointment of lead manager and book runner for public offering through domestic stock exchange transaction, which was been approved by the Board on August 11, 2015.

Moreover, PC also constituted an Evaluation Committee to evaluate technical and financial proposals of bids received. Based on the evaluation process of the Committee, the Board of PC appointed consortium of Habib Bank Limited, Bank Alfalah Limited, Arif Habib Limited and Elixir Securities Pakistan (Private) Limited as lead manager and book runner for IPO as mentioned in the 243rd meeting of the Board of Directors held on February 20, 2016.

The Presidential Order dated April 06, 2016 in respect of State Life (Reorganization and Conversion), 2016 was issued by Government of Pakistan Ministry of Law and Justice to provide for the re-organization and conversion of the State Life Insurance Corporation of Pakistan into a Public Limited Company.

After the commencement of this Ordinance, the Federal Government established a Company to be known as State Life Insurance Company Limited by shares under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The National Assembly converted the said Ordinance into bill for the conversion of State Life Insurance Corporation to State Life Insurance Company Limited and sent the bill to Senate for approval and the Senate, instead of passing the bill, proposed few amendments in the bill. For the consideration of the proposed amendments, the matter was moved to National Assembly Standing Committee on Commerce.

Ministry of Commerce (MoC), vide letter No.1(7)/2013-SLIC-INS dated September 10, 2020, informed that the Senate of Pakistan passed the Bill with certain amendments. The Bill was forwarded to the National Assembly (the Assembly), however, the Assembly did not pass the amended Bill within 90 days. Therefore, a request was made to the Ministry of Parliamentary Affairs to the place the same before the Joint Session of the Parliament for consideration. However, Bill was not passed by the Joint Session due to end of Assembly session that day. Hence, in terms of Article 76(3) of the Constitution of Pakistan said Bill has been lapsed, despite the fact that it had been passed by the Senate.

Subsequent to year end, a detailed discussion was held on January 25, 2023 in a Committee Room of MoC, it was unanimously decided that now the Finance Division shall draft a new legislation with the technical support of legal advisors, to enable the requisite amendments/changes in the legal/regulatory framework of the five selected State Owned Entities (SOEs). The draft shall be shared with the Line Ministries/(SOEs) for their views/concurrence before its submission to the Federal Cabinet and subsequently to the Parliament.

1.3 The Group maintains a shareholders' fund and five statutory funds, separately in respect of its each class of life insurance business. The details relating to each fund has been described in note 3.4.

1.4 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS

During the year, the Holding Corporation has introduced new product called "Sehat Card" in collaboration with Government of Pakistan in whole KPK and Punjab province.

2 BASIS OF PREPARATION

These consolidated financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through the Insurance Rules, 2017 vide its S.R.O. 89(1) / 2017 dated February 09, 2017.

2.1 Basis of Consolidation

Subsidiaries are those entities over which the Holding Corporation has control. Control is achieved when the Holding Corporation is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Holding Corporation controls an investee if, and only if, the Holding Corporation has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);

- exposure, or rights, to variable returns from its involvement with the investee; and

- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Holding Corporation has less than a majority of the voting or similar rights of an investee, the Holding Corporation considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;

- rights arising from other contractual arrangements; and

- the Holding Corporation's voting rights and potential voting rights.

The Holding Corporation re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one.

Subsidiaries are consolidated from the date on which the Holding Corporation obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated statement of profit or loss account from the date the Holding Corporation gains control until the date the Holding Corporation ceases to control the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition is recorded as goodwill. If the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of comprehensive income.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill acquired in a business combination is, on the acquisition date, allocated to each of the Holding Corporation's cash generating units that are expected to benefit from the combination. Goodwill is tested annually or whenever there is an indication of impairment exists. Impairment loss in respect of goodwill is recognized in consolidated statement of comprehensive income and is not reversed in future periods.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and the carrying value of investments held by the Holding Corporation is eliminated against the subsidiaries' shareholders' equity in these consolidated financial statements.

All intra-Group transactions, balances, income, expenses and unrealized gains and losses on transactions between Group companies are eliminated in full.

Subsidiaries have same reporting period as that of the Holding Corporation. The accounting policies of subsidiaries have been changed to confirm with accounting policies of the Holding Corporation, wherever needed.

2.2 Statement of compliance

These consolidated financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board

(IASB) as are notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017 and the Takaful Rules, 2012. In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and the Takaful Rules, 2012, shall prevail.

As required by Circular 15 of 2019 dated November 18, 2019 issued by the Securities & Exchange Commission of Pakistan (the Commission), the Group has prepared and annexed to these consolidated financial statements, a standalone set of financial statements for Window Takaful Operations of the Group, as if these are carried out by a standalone Takaful Operator.

2.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies mentioned below (refer note 3).

2.4 Functional and presentation currency

These consolidated financial statements have been presented in Pakistani Rupee, which is the Group's functional and presentation currency. Amounts have been rounded off to the nearest thousand.

2.5 Standards, amendments and interpretations to the published standards that are relevant to the Group and adopted in the current year

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for accounting periods which began on January 1, 2022. However, these do not have any significant impact on the consolidated financial statements.

2.6 Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the Group

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date (Annual period beginning on or after)
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2023

Standard or Interpretation	Effective Date (Annual period beginning on or after)
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023
Disclosure Initiative—Accounting Policies	January 1, 2023
Sale and leaseback transactions (Amendments to IFRS 16)	January 1, 2024

The Group is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the consolidated financial statements.

2.7 Standards, amendments and interpretations to the published standards that may be relevant to the Group and adopted in the current year

There are certain other amendments in standards and interpretations that are mandatory for the Group's accounting periods beginning on of after on January 1, 2022, but are considered not to be relevant or will not have significant effect on the Group's operations and therefore not stated in these consolidated financial statements.

2.8 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	Effective Date (Annual period beginning on or after)
IFRS 17 Insurance Contract (Amendment to Insurance Contract)	January 1, 2023
IFRS 1 'First-time adoption of International Financial Reporting Standerd'	January 1, 2024

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 01 July 2018 onwards to remove from profit and loss account the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

The Corporation has determined that it is eligible for the temporary exemption option since the Corporation has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Corporation doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Corporation can defer the application of IFRS 9 until the application of IFRS 17.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding (“SPPI”) i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

IFRS 9 defines the terms “principal” as being the fair value of the financial asset at initial recognition, and the “interest” as being compensation for (i) the time value of money, and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

The tables below set out the fair values as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

a) financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding, excluding any financial asset that meets the definition of held-for-trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and

b) All other financial assets

Description	2022					
	Fail the SPPI test			Pass the SPPI test		
	Carrying Value	Impairment	Change in unrealised gain during the year	Carrying Value	Impairment	Change in unrealised gain during the year
	(Rupees in '000)					
Cash at bank	48,470,888	-	-	-	-	-
Investment in equity securities	77,990,966	254,396	(42,921,134)	-	-	-
Investment in mutual funds	7,169,767	-	(3,293,130)	-	-	-
Investment in government securities	-	-	-	1,134,162,759	-	-
Investment in debt securities	-	-	-	10,763,786	7,573	-
Other loans and receivables	65,280,415	-	-	-	-	-
Insurance / reinsurance receivables	78,199,817	-	-	-	-	-
Loans secured against life insurance policies	-	-	-	171,822,531	-	-

Description	2022								
	Gross Carrying amount of debt instrument that pass the SPPI test								
	AA	A+	A	AA-	AAA	A-	A-1	A-2	Unrated
	(Rupees in '000)								
Investment in government securities	-	-	-	-	-	-	-	-	1,134,162,759
Investment in debt securities	-	-	10,763,786	-	-	-	-	-	-
Loans secured against life insurance policies	-	-	-	-	-	-	-	-	171,822,531

2.9 Critical accounting estimates and judgements

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

b) Provision for outstanding claims (including IBNR)

The Group records claims based on the sum assured or other basis set by the Group. 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) Provision for income taxes

In making estimates for income taxes currently payable by the Group, management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

d) Impairment of other assets, including premium due but unpaid

The Group 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.

e) Property and equipment, intangibles, investment properties, depreciation, amortisation and impairment

In making estimates of depreciation / amortisation, management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Group. 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 Group 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.

f) Staff retirement benefits

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of this consolidated financial statement are same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2021.

3.1 Property and equipment

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

Subsequent costs

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 Group and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to income currently.

Depreciation

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 4 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.

Gain and losses on disposal

An item of fixed asset is derecognized 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

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.

3.2 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.

3.3 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.

3.4 Funds

The Group maintains a shareholders' fund and five 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;
- Health and Accidental Insurance Fund; and
- Family Takaful Fund.

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

Expenses of principal office are distributed among all funds on fair and equitable basis.

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, BANCA 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 Feature (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 and Accidental Insurance Fund

The Group is implementing mega health insurance programs, i.e. Federal Sehat Sahulat Program and KP Sehat Sahulat Program. These programs covered the 80 million population of Pakistan across 90+ districts to provide them with health insurance coverage through a vast network of 450+ panel hospitals. The Federal Sehat Sahulat Program, with expansion to target more than 68 districts across Pakistan, is covering around 10 million families (i.e. 50 million individuals). The growth in the scheme has a massive impact on the quality of health care available to the poor. The scheme is providing the secondary coverage of Rs. 60,000 and Rs. 300,000 under tertiary coverage per annum. The beneficiaries are also paid additional benefits such as cash payments of transportation and funeral charges. Besides pure BISP data, the entire FATA, FR Region, Tharparkar and AJK regions have been covered under this scheme. The coverage was further extended to all disabled person and registered transgender community of Pakistan. Plans are underway to expand the scheme to cover 100% population of GB, Islamabad and Punjab. The KP Sehat Card Plus Program has covered the entire population of Khyber Pakhtunkhwa, where more than 7 million families would be covered. This scheme has a worth of around 87+ billion in the next five years. The scheme provides inpatient hospitalization secondary coverage of Rs. 40,000 per member and Rs. 400,000 under tertiary coverage per annum. State Life being a public sector organization would strive to extend its services to manage social health programs most efficiently and economically.

Family Takaful Fund

The Group on receipt of license to start Window Takaful Operations, established a statutory fund namely 'Family Takaful Fund' to offer Family Takaful Contracts. Family Takaful Contract is an arrangement which rests on key Shariah principles of mutual cooperation, solidarity and well-being of a community, and is based on the principles of Wakala Waqf Model. Under a Takaful arrangement, individuals come together and contribute towards the common objective of protecting each other against financial losses by sharing the risk on the basis of mutual assistance.

The obligation of Waqf for "Waqf participants" liabilities is limited to the amount available in the Waqf fund. In case there is a deficit in the Waqf Fund, the Window Takaful Operator shall grant an interest free loan (Qard-e-Hasna) to make good the deficit. The loan shall be repayable from the future surpluses generated in the Waqf Fund, without any excess of the actual amount given to it. Repayment of Qard-e-Hasna shall receive priority over surplus distribution to Participants from the Waqf Fund.

3.5 Insurance contracts - classification

The Group maintains five statutory funds which are as follows:

- Pakistan Life Fund
- Overseas Life Fund
- Pension Fund
- Health and Accidental Insurance Fund
- Family Takaful Fund

Within the Pakistan Life Fund the business can be further classified as individual life conventional business, Group insurance business and a small amount of annuity business.

Most of the new individual life conventional policies written by the Group contain a Discretionary Participation Feature (DPF). DPF indicates policies in which the investor receives an additional payment, the amount or timing of which is contractually at the discretion of the issuer.

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 administered under Group Pension Deposit Administration contracts.

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

Considering all the five statutory funds together, the bulk of Group business consists of individual life conventional policies. Most of the remaining business consists of Group life insurance business. Group Health is a relatively new venture of the Group which started in 2012 and has yet to register any significant growth. The Group 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.

Contract details and measurement

The insurance contracts offered by the Group are described below:

3.5.1 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 Group are term insurance plans providing benefits only in case of death. Under these policies no benefit is due if the policy holder survives the duration of the policy. The Group sells both level term insurances and decreasing term insurances also known as mortgage protection plans.

Annuities

The Group also has a small number of individual and Group life-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 Group offers annuity-certain plans under which periodic income benefit is payable for a stipulated period and is not dependent on the life of the policyholder.

Supplementary riders

The Group 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 Group 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 organized under a three tier system consisting of sales representatives, sales manager, senior sales manager. Each sales sector headed by area manager and a sector head. Presently there are 1,127 area managers and 150 sector heads who are working in 33 different zones and 7 regions throughout country in addition to this there is one zone in Gulf region who is head by Zonal Chief, Gulf. The Gulf zone has it s own marketing team of sector heads, Area Managers and Sales Force.

The individual life policy holders of the Corporation come from all strata of society, with greater representation of the rural areas due to wider outreach of its field force. New policyholders have an average age of around 34 years.

3.5.2 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 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 Group. Each zone has its own marketing force consisting of sector heads who are full time salaried employees of the Group, however, some of the Group business is also procured through individual life field force of the Group.

Most of the lives covered under the Group insurance consist of industrial and office workers, civil servants and employees of Groups, banks, other financial institutions, army, navy etc.

3.6 Insurance contracts (Non Life Business)

Insurance contracts are those contracts under which the Group, as insurer, has accepted significant insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insurance contract holder under the terms and conditions of the contract.

Contracts are issued to multiple types of clients with business in engineering, automobiles, cement, power, textile, paper, agriculture, services and trading sectors etc. and individuals as well. The tenure of these insurance contracts depends upon terms of the policies written and varies accordingly. Nonetheless, once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

Insurance contracts are classified into the following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

- Fire and property damage;
- Marine, aviation and transport;
- Motor;
- Accident and health;
- Credit and suretyship; and
- Miscellaneous.

a) Fire and property damage insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

b) Marine, aviation and transport insurance covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired or held between the points of origin and final destination.

c) Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident.

d) Accident and health insurance covers unforeseen cash flows and financial hardships arising due to ailments, accidents and other natural causes necessitating hospitalization.

e) Credit and suretyship insurance covers performance bonds in which surety assures the oblige that the principal can perform the task.

f) Other types of insurance contracts are classified in the miscellaneous category which includes mainly engineering, terrorism, worker compensation, and travel insurances, etc.

These contracts are provided to individuals as well as commercial organizations with various tenures according to the nature and terms of the contract and the needs of the insurer.

3.7 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.

The unearned premium liability in respect of group life and health insurance schemes is included in actuarial liability.

3.8 Re-insurance contracts held

3.8.1 Conventional

The Group has re-insurance arrangements with Swiss Re. The net retention limit of the Group for individual life is Rs. 5 million (2021: Rs. 5 million) per policy and for Group life is Rs. 5 million (2021: Rs. 5 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.

The subsidiary company - Alpha Insurance Company Limited enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums is accounted for in the same period as the related premium for the direct business being reinsured. Reinsurance premium is recognised as expense after taking into account the proportion of deferred premium expense which is calculated using pattern similar to calculation of premium income for the same policy. The deferred portion of premium expense is recognised as prepaid reinsurance premium ceded.

3.8.2 Takaful

3.8.2.1 Retakaful Contribution

These contracts are entered into by the Group with the retakaful operator under which the retakaful operator cedes the Takaful risk assumed during normal course of its business, and according to which the Waqf is compensated for losses on contracts issued by it.

Retakaful contribution is recorded at the time the retakaful is ceded.

Retakaful liabilities represent balances due to retakaful companies. Amounts payable are calculated in a manner consistent with the associated retakaful treaties.

3.8.2.2 Retakaful Expenses

Retakaful expenses are recognised through liability.

Retakaful assets represent balances due from retakaful operator. Recoverable amounts are estimated in a manner consistent with the associated retakaful treaties.

Retakaful assets are offset against related Retakaful liabilities under the circumstances only that there is a clear legal right of off-set of the amounts. Income or expenses from retakaful contract are not offset against expenses or income from related Retakaful contracts as required by the Insurance Ordinance, 2000. Retakaful assets and liabilities are derecognised when the contractual rights are extinguished or expired.

3.9 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.

On May 19, 2014, Securities and Exchange Commission of Pakistan (SECP) has issued Circular No. 11 of 2014 in which they have prohibited all life insurers from writing back the unclaimed insurance benefit amount in any circumstances. The unclaimed insurance benefits are the amount which have become payable in accordance with the terms and conditions of an insurance policy but have not been claimed by the policyholders or their beneficiaries. Such unclaimed amounts include unclaimed maturity benefits, long outstanding claims and un-intimated or unclaimed death or disability claims. The Group has a practice of writing back claims which are outstanding for more than three years from the date from which the claims become payable and an equivalent amount has been placed in ‘reserve for unpaid insurance benefits’ within the policyholders’ liabilities. The Group has received letter dated May 22, 2015 from SECP clarifying that the practice to retain the unclaimed insurance benefits in its actuarial reserve is in compliance with the clause 3 of the aforementioned Circular.

3.10 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.

3.11 Premiums due but unpaid

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

3.12 Amount due from other insurers / reinsurers

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

3.13 Premium deficiency

The cumulative unearned premium reserve for any classes of business is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the reporting date in respect of policies in that class of business in force at the reporting date, a premium deficiency reserve is recognised as a liability to meet the deficit. The movement in premium deficiency reserve is recorded as an expense / income in the profit or loss account for the year.

3.14 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.

3.15 Expenses of management

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

3.16 Staff retirement benefits

3.16.1 Provident fund

The Group 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 Group. However, in respect of employees who have opted for the pension scheme, no contribution is made by the Group to the provident fund.

3.16.2 Gratuity fund

Officers

The Group maintains a funded defined benefit plan for those officers who opted for gratuity rules. On retirement, resignation, termination or on death they will be paid last month's drawn salary for each completed year of service. Liability for the fund is based on the advice of appointed actuary.

Staff

The Group maintains a unfunded defined benefit plan for those staff who opted for gratuity rules. On retirement, resignation, termination or on death they will be paid last month's drawn salary for each completed year of service. Liability for the fund is based on the advice of appointed actuary.

Previously, the Group maintained a defined contribution plan in respect of all those officers of the Group who initially opted for the unfunded gratuity scheme. At the end of each month, starting from the effective date of admission of a member to the fund, the Group used to make a contribution equal to 8.33% of the member's basic salary. However, pursuant to decision of the Board of Directors taken in their 241st meeting held on October 20, 2015, the gratuity scheme of the officers of the Group has been revamped from defined contribution plan to defined benefit plan.

Pension fund

The Group 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 a previous year pursuant to the order of Honorable Supreme Court of Pakistan, the Group has restored its pension scheme, as aforesaid, that was in effect before December 31, 1999. Liability for the fund is based on the advice of appointed actuary.

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 up to 60 days can be carried forward up to the date of retirement and can be encashed at retirement. Similarly, in respect of staff leaves up to 180 days can be carried forward up to the date of retirement and can be encashed at retirement.

The liability in respect of compensated absences as at December 31, 2022 amounting to Rs.1,915 million (2021: Rs. 1,805 million) has been provided in these consolidated financial statements based on actuarial valuation.

Post retirement medical benefits

The Group provides medical facilities to its retired officers and their spouses in accordance with the service regulations. As at December 31, 2022, liability for post retirement medical benefit as computed by the appointed actuary is estimated at Rs. 2,503 million (2021: Rs. 2,798 million) and the same has been provided in these consolidated financial statements.

3.17 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.

3.18 Revenue recognition

3.18.1 Premium

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 Group 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.

Group life policies

The premium on Group life policies is recognized on a proportionate basis.

General insurance

Premium received / receivables under a policy is recognised as written from the date of attachment of the policy to which it relates. Premium income under a policy for direct businesses is recognised over the period of insurance from inception to expiry evenly over the period of the policy.

Receivables under insurance contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Holding Corporation reduces the carrying amount of the receivable accordingly and recognizes that impairment loss in the profit or loss account.

Premium income under a policy is recognised over the period of insurance contract from the date of inception of the policy to which it relates till the expiry in case of marine cargo business whereas, for all other cases of premium, income is recognised as a difference between total premium written and provision for unearned premium.

3.18.2 Reinsurance Commission

Commission from reinsurers is recognised as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Commission, if any, under the terms of reinsurance arrangements is recognised when the Group's right to receive the same is established.

3.18.3 Individual Life Family Takaful

First year, renewal and single contributions are recognised once the related policies are issued / renewed against receipt of contribution.

3.18.4 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.

3.18.5 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 Group’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.

3.18.6 Deferred capital grant

Grants received for capital expenditure is credited to “Deferred liabilities”. Amount equal to the depreciation charged during the year as per rate applicable to the respective assets is transferred to other income. Grants received in cash for revenue expenditure are treated as income on the basis of expenditure incurred.

3.18.7 Others

All other income are recognised on accrual basis.

3.19 Taxation

3.19.1 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. All sources of income of the Group are taxed as one basket income using prevailing tax rate 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.

3.19.2 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 recognised 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 Group 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 months.

3.25 Dividend distributions and appropriations

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

3.26 Earnings per share

The Group 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 Group 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 Group's reported net profits.

3.27 Segment reporting

Operating segment is a distinguishable component of the Group that is engaged in providing services that are subject to risks and returns that are different from those of other operating segments. The Group accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Regulations, 2017.

The Group’s business segments are currently reported as shareholders' fund and five 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 Leases

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is depreciated on a straight-line method over the lease term as this method most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component and not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight-line basis over the lease term.

3.30 Financial instruments

Financial assets and financial liabilities are recognised when the Group 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:

3.30.1 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
- fair value through profit or loss.

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 Group has a positive intent and ability to hold these investments till maturity. After initial recognition, these are carried at amortized cost.

Fair value through profit or loss

These are investment are initially recognised at cost being the fair value of the consideration given and its related transaction cost are charged to profit or loss account. These investment are subsequently measured at their market value with any gain or loss in consolidated statement of comprehensive income.

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 recognized.

Derecognition

Financial assets are derecognized at the time when the Group 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 consolidated statement of comprehensive income immediately.

Off setting

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

Fair / market value measurements

For investments in Government securities, fair / market value is determined by reference to quotations obtained from Reuters page (PKRV) / (PKISRV) where applicable. For investments in quoted marketable securities, other than Term Finance Certificates / Corporate Sukuks, fair / market value is determined by reference to Stock Exchange quoted market price at the close of business on balance sheet date. The fair market value of Term Finance Certificates / Corporate Sukuks and investment in Mutual Fund is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP).

3.30.2 Financial liabilities

For the purpose of subsequent measurement, financial liabilities are measured at amortized 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.

3.31 Investment in subsidiaries and associates

Investment in subsidiaries has been carried at cost less provision for impairment (if any).

The Group carries its invesmtent in associates at fair value through profit or loss, considering the investment made through investment-linked insurance funds.

3.32 Takaful Operator's Fee

The shareholders of the Group manage the Window Takaful operations for the participants. Accordingly, the Corporation is entitled to Takaful Operator's Fee for the management of Window Takaful Operations under the Waqf Fund, to meet its general and administrative expenses. The Takaful Operator's fee, termed Wakala Fee, is recognized upfront.

4 RESTATEMENT OF FINANCIAL STATEMENT (RECTIFICATION OF ERROR)

As of reporting date December 31, 2021, the Corporation had incorrectly valued the plan assets of its Employees' Pension Fund. Consequently, the Retirement Benefit Obligations as of December 31, 2021 was understated by Rs. 2,761.16 million and related expense was also understated by the same amount. As of the reporting date, the Corporation has corrected the error made in the last year and accounted for the same retrospectively in accordance with the requirements of IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’ and revised actuarial report.

The effect of change in is summarized below:

Effect of error on financial statements for the year ended December 31, 2021	Previously Reported	Revised Reported	Restatement
	-------------------- (Rupees in ‘000) --------------------		
Statement of financial position			
Equity			
Group reserves	2,309,926	2,240,900	(69,026)
Liabilities			
Retirement benefit Obligation	3,483,729	6,244,891	2,761,162
Insurance Liabilities	1,310,855,701	1,308,163,565	(2,692,136)
Statement of Comprehensive Income			
Net Change Insurance Liabilities	133,579,212	130,887,076	(2,692,136)
Marketing and administration expenses	9,968,370	12,729,532	2,761,162
Profit before tax	9,449,941	9,380,915	(69,026)
Profit after tax	6,734,246	6,665,220	(69,026)
Profit for the year attributable to:			
Equity holder of parent	6,733,619	6,664,593	(69,026)
Non-controlling interest	627	627	-
	6,734,246	6,665,220	(69,026)
No of shares in '000	46,255	46,255	-
Earning per share	145.58	144.08	1.49
Statement of changes in equity			
Group reserves	2,309,926	2,240,900	(69,026)

		Note	2022	2021
			---------- (Rupees in '000) ----------	
5	PROPERTY AND EQUIPMENT			
	Operating assets	5.1	1,046,076	894,836
	Right-of-use assets	5.2	3,348	6,860
			1,049,424	901,696

5.1 Operating assets

2022

Description	Cost			Depreciation			Written down value as at December 31, 2022	Depreciation Rate (%)
	As at January 01, 2022	Additions/ (disposals)	As at December 31, 2022	As at January 01, 2022	For the year / (disposals)	As at 31 December 2022		
	---------- (Rupees in '000) ----------							
Building, roads and structure	638,612	13,604	652,216	154,635	14,986	169,621	482,595	1
Electric installation and fittings	682,027	41,034 (4,937)	718,124	634,241	33,371 (4,937)	662,675	55,449	10
Furniture and fixture	646,651	102,342 (4,902)	744,091	314,956	42,077 (4,898)	352,135	391,956	10
Office equipment	226,125	16,839 (844)	242,120	206,875	15,222 (839)	221,258	20,862	10 to 30
Computer installations-basic	884,259	123,660 (3,302)	1,004,617	884,259	39,130 (3,273)	920,116	84,501	30
Computer installations-peripherals	89,166	5,332 (676)	93,822	82,206	3,820 (676)	85,350	8,472	30
Vehicles	235,660	2,564 (1,581)	236,643	230,492	5,491 (1,581)	234,402	2,241	20
	3,402,500	305,375 (16,242)	3,691,633	2,507,664	154,097 (16,204)	2,645,557 -	1,046,076	

2021

Description	Cost			Depreciation			Written down value as at December 31, 2021	Depreciation Rate (%)
	As at January 01, 2021	Additions/ (disposals)	As at December 31, 2021	As at January 01, 2021	For the year / (disposals)	As at 31 December 2021		
	---------- (Rupees in '000) ----------							
Building, roads and structure	630,484	8,128 -	638,612	147,958	6,677	154,635	483,977	1
Electric installation and fittings	488,832	193,562 (367)	682,027	488,498	146,074 (331)	634,241	47,786	10
Furniture and fixture	605,699	41,155 (203)	646,651	271,102	44,036 (182)	314,956	331,695	10
Office equipment	216,218	10,433 (526)	226,125	191,597	15,751 (473)	206,875	19,250	10 to 30
Computer installations-basic	858,444	27,984 (2,169)	884,259	858,215	27,996 (1,952)	884,259	-	30
Computer installations-peripherals	85,627	3,550 (11)	89,166	77,743	4,474 (11)	82,206	6,960	30
Vehicles	234,668	992	235,660	219,271	11,221	230,492	5,168	20
	3,119,972	285,804 (3,276)	3,402,500	2,254,384	256,229 (2,949)	2,507,664	894,836	

		Note	2022	2021
			---------- (Rupees in '000) ----------	
5.2	Right-of-use assets			
	Balance at 1 January		6,860	10,442
	Depreciation charge		(3,348)	(3,582)
	Less: Disposal - written down value		(164)	-
	Balance at December 31	5.2.1	3,348	6,860

5.2.1

Description	2022							
	Cost			Depreciation			Written down value as at December 31, 2022	Depreciation Rate
	As at January 01, 2022	Additions/ (disposals)	As at December 31, 2022	As at January 01, 2022	For the year / (disposals)	As at 31 December 2022		
	(Rupees in '000)							(%)
Right-of-use assets	17,634	-	17,225	10,774	3,348	13,877	3,348	20 & 33
		(409)			(245)			
	17,634	-	17,225	10,774	3,348	13,877	3,348	
		(409)			(245)			

Description	2021							
	Cost			Depreciation			Written down value as at December 31, 2021	Depreciation Rate
	As at January 01, 2021	Additions/ (disposals)	As at December 31, 2021	As at January 01, 2021	For the year / (disposals)	As at 31 December 2021		
	(Rupees in '000)							(%)
Right-of-use assets	17,634	-	17,634	7,192	3,582	10,774	6,860	20 & 33

5.3 Assets with zero value

Description of Assets	2022 Cost	2022 Net book value	2022 Number of items	2021 Cost	2021 Net book value	2021 Number of items
	(Rupees in '000)			(Rupees in '000)		
Furniture and fixtures	209,269	-	31,473	185,702	-	33,662
Office equipment	104,932	-	4,409	76,917	-	4,354
Computer installation - basic	571,812	-	4,963	559,680	-	4,753
Computer installation - peripheral	60,166	-	1,765	61,493	-	1,920
Vehicles	114,800	-	121	101,426	-	118
	1,060,979	-	42,731	985,218	-	44,807

5.4 There are no assets held by third parties as at reporting date.

6 INTANGIBLE ASSET

Description	2022							
	Cost			Amortization			Written down value as at December 31, 2022	Amortization rate
	As at January 01, 2022	Additions	As at December 31, 2022	As at January 01, 2022	For the year	As at 31 December 2022		
	(Rupees in '000)							(%)
Computer software	2,412	604	3,016	2,412	107	2,519	497	30

Description	2021							
	Cost			Amortization			Written down value as at December 31, 2021	Amortization rate
	As at January 01, 2021	Additions	As at December 31, 2021	As at January 01, 2021	For the year	As at 31 December 2021		
	(Rupees in '000)							(%)
Computer software	2,412	-	2,412	2,412	-	2,412	-	30

	Note	2022	2021
7 INVESTMENT PROPERTIES		---------- (Rupees in '000)	----------
Investment properties	7.1	3,175,533	3,222,331
Less: Provision for impairment in value	7.4	(2,715)	(2,757)
		3,172,818	3,219,574
Capital work in progress	7.8	400,264	399,393
		3,573,082	3,618,967

7.1 Investment properties

2022

	Cost			Depreciation			Written down value as at December 31, 2022	Depreciation Rate
	As at January 01, 2022	Additions adjustments	As at December 31, 2022	As at January 01, 2022	For the year / (disposals)	As at 31 December 2022		
	(Rupees in '000)							(%)
Freehold land	274,616	-	274,616	-	-	-	274,616	1
Leasehold land	332,697	-	332,697	121,081	3,865	124,946	207,751	1 to 5
Leasehold improvements	19,279	-	19,279	11,235	850	12,085	7,194	5
Building, roads and structure	2,680,901	13,210	2,694,111	400,594	22,909	423,503	2,270,608	1
Electric installation and fittings	1,626,006	12,304	1,638,310	1,178,258	44,688	1,222,946	415,364	10
	4,933,499	25,514	4,959,013	1,711,168	72,312	1,783,480	3,175,533	

2021

	Cost			Depreciation			Written down value as at December 31, 2021	Depreciation Rate
	As at January 01, 2021	Additions adjustments	As at December 31, 2021	As at January 01, 2021	For the year / (disposals)	As at 31 December 2021		
	(Rupees in '000)							(%)
Freehold land	274,616	-	274,616	-	-	-	274,616	1
Leasehold land	332,697	-	332,697	117,217	3,864	121,081	211,616	1 to 5
Leasehold improvements	19,279	-	19,279	10,987	248	11,235	8,044	5
Building, roads and structure	1,510,258	1,170,643	2,680,901	356,201	44,393	400,594	2,280,307	1
Electric installation and fittings	1,151,983	474,023	1,626,006	1,055,289	122,969	1,178,258	447,748	10
	3,288,833	1,644,666	4,933,499	1,539,694	171,474	1,711,168	3,222,331	

7.2 The market value of the investment properties, owned by the Corporation as determined by the independent valuers, amounted to Rs. 109,852 million (2021: Rs. 64,951 million). The forced sale value of the investment properties, owned by the Corporation as determined by the independent valuers (i.e. KG Traders (Private) Limited) as at December 31, 2022, amounted to Rs. 97,259 million (2021: Rs. 63,002 million).

7.3 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 of 13 buildings / plots (2021: 14 buildings / plots) are still in the name of defunct insurance companies that were merged in the Corporation as per the LINO order.

7.4 There are properties costing Rs. 4.269 million (2021: Rs. 4.269 million) having written down value of Rs. 2.715 million (2021: Rs. 2.757 million) to which the Corporation's title is disputed. Against this, a provision of Rs. 2.715 million (2021: Rs. 2.757 million) exists.

7.5 The Corporation has a plot at Rawalpindi costing Rs. 0.581 million (2021: Rs. 0.581 million) for which execution of title deed is pending due to dispute with the Cantonment Board, Rawalpindi.

7.6 The Corporation has a plot at Mirpur (Azad Kashmir) costing Rs. 1.192 million (2021: Rs. 1.192 million) for which execution of title deed remain pending.

7.7 The investment properties also include Rs. 23 million (2021: 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.

7.8 Capital work in progress

	Note	2022	2021
		---------- (Rupees in '000) ----------	
Opening balance		399,393	1,889,898
Additions	7.8.1	871	141,686
Transfer		-	(1,632,191)
Closing balance		400,264	399,393

7.8.1 This mainly represents the amount incurred in respect of Rahim Yar Khan projects.

8 INVESTMENTS IN EQUITY SECURITIES

	Note	2022 Cost	2022 Impairment / provision	2022 Carrying value	2021 Cost	2021 Impairment / provision	2021 Carrying value
Fair value through profit or loss		------------------- (Rupees in '000) -------------------					
Related parties							
Listed shares	8.1	3,531,057	-	15,688,072	3,517,423	-	15,980,374
Unlisted shares		5,000	-	5,000	5,000	-	5,000
Others							
Listed shares	8.2	31,508,331	(39,618)	62,232,832	30,542,003	(25,575)	73,083,776
Unlisted shares	8.3	276,097	(212,295)	63,802	276,511	(216,855)	59,656
Unlisted preference shares		3,743	(2,483)	1,260	3,743	(2,267)	1,476
		35,324,228	(254,396)	77,990,966	34,344,680	(244,697)	89,130,282

8.1 This includes carrying value of Pakistan Reinsurance Company Limited (associated company) amounting to Rs. 1,507 million (2021: Rs. 1,640 million).

8.2 This includes 653,995 shares (2021: 653,995) owned by Corporation in National Bank of Pakistan on behalf of Life Insurance Corporation of India (LICI) which has a carrying value of Rs. 15.43 million (2021: Rs. 22.58 million).

8.3 Name of the chief executives of companies which forms majority portion of total investment in unlisted equities has been given below:

Company	Chief Executive	Shareholding	No of Shares	Carring Value in Rupees
Peoples Steels Mills Limited	Brig. Shuja Hassan	N/A	1,998,967	12,681,714
Al Baraka	Mr. Ahmed Shuja	1.10%	4,941,176	52,522,921
Arabian Sea Country Club Limited	Mr. Arif Ali Khan	N/A	500,000	351,049
State Bank of Pakistan	Mr. Jameel Ahmed	N/A	29,458	3,221,374
Pakistan Emerging Ventures limited	Mr. Saeed Khan	3.33%	12,500,000	24,771

9 INVESTMENTS IN MUTUAL FUNDS

	Note	2022 Cost	2022 Impairment / provision for the year	2022 Carrying value	2021 Cost	2021 Impairment / provision for the year	2021 Carrying value
Fair value through profit or loss		(Rupees in '000)					
Listed - Others							
Open & close ended mutual fund	9.1	3,282,447	-	5,613,601	3,282,447	-	6,627,281
Unlisted - Others							
Close end mutual fund	9.2	594,190	-	1,556,166	594,190	-	1,927,011
		3,876,637	-	7,169,767	3,876,637	-	8,554,292

9.1 Open & close ended mutual fund

	2022 Number of units	2022 Cost Rs. in '000	2022 Carrying value Rs. in '000	2021 Number of units	2021 Cost Rs. in '000	2021 Carrying value Rs. in '000
Open ended mutual funds						
Pakistan Life Fund						
National Investment Trust Units	75,996,262	2,304,969	4,394,103	75,996,262	2,304,969	5,278,700
Pak Capital Market Fund	124,603	373	1,302	124,603	373	1,458
NIT Government Bond Fund	28,278,954	300,000	296,847	28,278,954	300,000	288,666
NIT Income Fund	9,831,295	100,000	106,647	9,831,295	100,000	104,084
NIT Islamic Equity Fund	24,320,164	200,000	175,105	23,217,566	200,000	197,814
HBL Growth Fund"B"(PICIC Growth Fund)	12,384,663	-	150,474	12,384,663	-	211,902
HBL Investment Fund -Class"B"	1,663,367	-	9,997	1,663,367	-	14,538
HBL Money Market Fund	610,029	50,000	67,140	610,029	50,000	65,352
Al Meezan Mutual Fund	9,143,431	39,311	142,912	9,143,431	39,311	156,444
MCB Pakistan Stock Market Fund	34,348	962	2,741	34,348	962	3,402
JS Growth Fund	281,952	19,867	39,755	281,952	19,867	46,810
Close ended mutual funds						
HBL Growth Fund"A"(PICIC Growth Fund)	12,024,904	243,312	216,208	12,024,904	243,312	246,150
HBL Investment Fund-Class"A"	1,607,710	23,653	10,370	1,607,710	23,653	11,961
		3,282,447	5,613,601		3,282,447	6,627,281

9.2 Close ended mutual funds

	2022 Number of units	2022 Cost Rs. in '000	2022 Carrying value Rs. in '000	2021 Number of units	2021 Cost Rs. in '000	2021 Carrying value Rs. in '000
Pakistan Life Fund						
NIT Equity Market Opportunity Fund	10,179,666	594,190	1,556,166	10,179,666	594,190	1,927,011

10 INVESTMENTS IN GOVERNMENT SECURITIES

	2022 Maturity Year	2022 Effective Yield (%)	2022 Amortized Cost	2022 Principal Payment	2022 Carrying Value	2021 Effective Yield (%)	2021 Carrying Value
	(Rupees in '000)						
HELD TO MATURITY							
Pakistan Investment Bond							
3 year Pakistan Investment Bonds	2023 - 2025	15.93% - 16.99%	67,234,614	72,500,000	67,234,614	11.35% - 11.41%	53,457,214
5 year Pakistan Investment Bonds	2023 - 2027	9.5% - 16.99%	232,792,188	246,202,219	232,792,188	11.38% - 11.44%	149,113,195
10 year Pakistan Investment Bonds	2024 - 2030	10.00% - 16.65%	432,554,749	447,927,871	432,554,749	11.35% - 11.59%	467,916,234
15 year Pakistan Investment Bonds	2023 -2035	13.62% - 16.99%	115,332,892	113,377,100	115,332,892	11.38% - 13.55%	115,420,011
20 year Pakistan Investment Bonds	2024 - 2039	13.86% - 16.96%	70,655,625	69,461,000	70,655,625	11.37% - 12.63%	70,604,408
30 year Pakistan Investment Bonds	2036 - 2038	13.77% - 13.78%	37,766,082	40,050,000	37,766,082	12.20% - 12.47%	37,726,056
Sukuk Bonds (Takaful)	2027		511,333	513,600	511,333		174,886
Islamic Republic of Pakistan Bond			14,700,870	-	14,700,870		9,170,935
Treasury Bills							
1 year Pakistan Treasury Bills	2022	12.46% - 16.99%	162,614,406	167,993,453	162,614,406	14.17%	6,934,629
			1,134,162,759	1,158,025,243	1,134,162,759		910,517,568

10.1 Government securities include Rs. 561.5 million (2021: Rs. 485 million) placed with the State Bank of Pakistan, in accordance with Section 29 of the Insurance Ordinance, 2000.

10.2 Market value of government securities carried at amortized cost amounted to Rs. 999,304 million (2021: Rs. 843,309 million), which has been done based on PKRV valuation technique taken by MUFAP.

11 INVESTMENT IN DEBT SECURITIES

	Note	2022			2021		
		Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
HELD TO MATURITY - OTHERS		(Rupees in '000)					
Debentures	11.1	7,573	(7,573)	-	7,573	(7,573)	-
Foreign fixed income securities	11.2	10,763,786	-	10,763,786	4,091,596	-	4,091,596
		10,771,359	(7,573)	10,763,786	4,099,169	(7,573)	4,091,596

11.1 Debentures include an amount of Rs. 7.573 million (2021: Rs. 7.573 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 (2021: Rs. 0.678 million). The Group had made full provision against these debentures.

11.2 It represents investments made by gulf zone of the Group.

12 INSURANCE / REINSURANCE RECEIVABLES

Unsecured and considered good

	Note	2022	2021
		(Rupees in '000)	
Due from insurance contract holders		77,490,942	37,150,846
Less: provision for impairment of receivables from insurance contract holders		(86,800)	(88,178)
Due from other insurers / reinsurers / retakaful		827,433	461,885
Less: provision for impairment of due from other insurers / reinsurers / retakaful		(31,758)	(29,010)
		78,199,817	37,495,543

13 OTHER LOANS AND RECEIVABLES

	Note	2022	2021
Accrued investment income		58,158,770	52,180,053
Loans to agents		86,441	81,736
Agent commission receivable		73	73
Loans to employees	13.1	937,974	955,642
Other receivables		5,269,660	2,029,269
Federal insurance fees		-	63
Advance to contractors & security deposit		379,796	432,530
Deposit against bank guarantee		447,701	546,000
		65,280,415	56,225,366

13.1 This represents unsecured interest free short-term advances and loans to employees amounting to Rs. 327.78 million (2021: Rs. 322.01 million). Further, this also includes secured loans to employees amounting to Rs. 610.19 million (2021: Rs. 633.61 million) bearing interest rate of 8% per annum which are secured against documents of property / vehicle.

14 PREPAYMENTS

	Note	2022	2021
		(Rupees in '000)	
Prepaid reinsurance premium ceded		27,074	32,414
Prepaid miscellaneous expenses		42,220	50,825
Prepaid rent		24,329	16,227
		93,623	99,466

15 CASH & BANK

	Note	2022	2021
		(Rupees in '000)	
Cash and cash equivalent			
- Cash in hand		10,252	9,635
- Cash in transit		3,207,642	33,118
- Policy & Revenue stamps, Bond papers		207	1,196
Cash at bank			
- Current account		30,405,186	30,511,492
- Saving account	15.2	11,151,805	62,408,721
- Fixed deposits maturing after 12 months		3,643,189	8,107,351
Window takaful operations	15.3	52,607	50,001
		48,470,888	101,121,514

15.1 Cash and cash equivalent include the following for the purposes of the cash flow statement:

	2022	2021
Cash and cash equivalent		
- Cash in hand	10,252	9,635
- Cash in transit	3,207,642	33,118
- Policy and revenue stamps, bond papers	207	1,196
Cash at bank		
- Current account	30,405,186	30,511,492
- Saving account	11,151,805	62,408,721
Window takaful operations	52,607	50,001
Cash and cash equivalent	44,827,699	93,014,163

15.2 These carry mark-up ranging from 8.25% to 15.10% (2021: 6.6% to 18.00%) per annum.

15.3 This represents amount deposited in separate savings bank accounts of subsidiary company - Alpha Insurance Company Limited for window takaful operations. It further includes bank account opened during the year for Participant Takaful Fund amounting to Rs. 10,000 (2021: Nil). The subsidiary Company was granted authorisation on November 21, 2022 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations (WTO) in respect of General Takaful products by the Securities and Exchange Commission of Pakistan (SECP) and the Company has not commenced Window Takaful Operations to date.

16 ORDINARY SHARE CAPITAL

16.1 Authorized share capital

2022	2021		Note	2022	2021
Number of shares				(Rupees in '000)	
80,000,000	50,000,000	Ordinary shares of Rs. 100 each		8,000,000	5,000,000

16.2 Issued, subscribed and paid up share capital

2022	2021		Note	2022	2021
49,000,000	46,000,000	Ordinary shares of Rs. 100 each fully paid in cash		4,900,000	4,600,000
13,000,000	3,000,000	Issued during the year.	16.3	1,300,000	300,000
62,000,000	49,000,000			6,200,000	4,900,000

16.3 During the year, the Group issued share capital amounting to Rs. 1,300 million (2021: Rs. 300 million) with the approval of Finance Division wing of Government of Pakistan vide letters dated December 28, 2022 (2021: December 01, 2021).

17	RESERVES	2022	2021
		---------- (Rupees in '000) ----------	
	Capital reserves		
	Capital contributed to statutory fund	100,000	100,000
	Revenue reserve		
	Group reserves	3,278,432	2,240,900
		3,378,432	2,340,900

18	INSURANCE LIABILITIES	Note	2022	Restated 2021
			---------- (Rupees in '000) ----------	
	Reported outstanding claims (including claims in payment)	18.1	118,667,425	54,464,424
	Incurred but not reported claims (IBNR)	18.2	7,672,373	7,264,935
	Investment component of Unit Linked and Account Value Policies	18.3	300,962	73,839
	Liabilities under individual conventional insurance contracts	18.4	1,385,674,040	1,238,037,763
	Liabilities under Group insurance contracts (other than investment linked)	18.5	8,285,685	6,859,785
	Other insurance liabilities (premium deficiency reserve)	18.6	1,408,027	1,248,411
			1,522,008,512	1,307,949,157
	Underwriting provisions			
	Outstanding claims including IBNR	18.7	210,329	138,206
	Unearned premium reserves	18.8	85,324	72,255
	Premium deficiency reserves		1,133	2,967
	Unearned reinsurance commission	18.9	476	980
			297,262	214,408
			1,522,305,774	1,308,163,565

18.1 Reported outstanding claims (including claims in payment)

	2022	2021
Gross of Reinsurance		
Payable within one year	118,667,425	54,464,424
Payable over a period of time exceeding one year	-	-
Recoverable from Reinsurance		
Receivable within one year	-	-
Receivable over a period of time exceeding one year	-	-
	-	-
Net reported outstanding claims	118,667,425	54,464,424

18.2 Incurred but not reported claims (IBNR)

	2022	2021
Gross of reinsurance	7,672,373	7,264,935
Reinsurance recoveries	-	-
Net of reinsurance	7,672,373	7,264,935

18.3 Investment Component of Unit Linked and Account Value Policies

	2022	2021
Investment component of Unit Linked Policies	300,962	73,839

18.4 Liabilities under individual conventional insurance contracts

	2022	2021
Gross of reinsurance	1,386,839,056	1,239,076,704
Reinsurance credit	(1,165,016)	(1,038,941)
Net of reinsurance	1,385,674,040	1,238,037,763

		2022	2021
		---------- (Rupees in '000) ----------	
18.5	**Liabilities under Group insurance contracts (other than investment linked)**		
	Gross of reinsurance	8,285,685	6,859,785
	Reinsurance credit	-	-
	Net of reinsurance	8,285,685	6,859,785
18.6	**Other insurance liabilities (premium deficiency reserve)**		
	Gross of reinsurance	1,421,187	1,250,941
	Reinsurance recoveries	(13,160)	(2,530)
	Net of reinsurance	1,408,027	1,248,411
18.7	**Underwriting provisions**		
	Outstanding claims including IBNR		
	Claims paid	66,508	93,434
	Add: Outstanding claims including IBNR closing	210,329	138,206
	Less: Outstanding claims including IBNR opening	(138,206)	(216,107)
	Claims expense	138,631	15,533
	Reinsurance and other recoveries received	(8,732)	(31,248)
	Add: Reinsurance and other recoveries received in respect of outstanding claims opening	78,372	120,357
	Less: Reinsurance and other recoveries received in respect of outstanding claims closing	(91,694)	(78,372)
	Reinsurance and other recoveries revenue	(22,054)	10,737
		116,577	26,270
18.8	**Unearned premium reserves**		
	Written Gross Premium	255,507	174,121
	Add: Unearned premium reserve opening	72,255	41,115
	Less: Unearned premium reserve closing	(85,324)	(72,255)
	Less:		
	Reinsurance premium ceded	54,518	56,276
	Add: Prepaid reinsurance premium opening	32,414	16,242
	Less: Prepaid reinsurance premium closing	(27,074)	(32,414)
	Reinsurance expense	59,858	40,104
		182,580	102,877
18.9	**Unearned reinsurance commission**		
	Commission paid or payable	45,017	31,491
	Add: Deferred commission expense opening	12,579	7,434
	Less: Deferred commission expense closing	(15,115)	(12,579)
	Net Commission	42,481	26,346
	Less:		
	Commission received or recoverable	1,026	1,411
	Add: Unearned reinsurance commission opening	980	234
	Less: Unearned reinsurance commission closing	(476)	(980)
	Commission from reinsurers	1,530	665
		40,951	25,681

19 RETIREMENT BENEFIT OBLIGATIONS

	Note	2022	2021
		(Rupees in '000)	
Post retirement benefit	19.1	4,198,692	4,439,891
Accumulated Compensation Absences	19.2	1,915,000	1,805,000
		6,113,692	6,244,891

As stated in note 3.16, the Group operates Employees' Pension Fund, Officers' Gratuity Funds, Employees' Unfunded Gratuity Scheme and Employees' Post Retirement Medical benefits.

The latest acturial valuation of the scheme as at December 31, 2022 was carried out using the projected unit credit method. The results of the acturial valuation are as follows:

19.1 Post retirement benefit

	Employees' Pension Funds		Officers Gratuity Funds		Employees' Unfunded Gratuity Scheme		Employees' PRMB Scheme	
	2022	Restated 2021	2022	2021	2022	2021	2022	2021
	(Rupees in '000)							
Balance Sheet Reconciliation								
Fair value of plan assets	27,601,890	27,052,518	76,639	106,230	-	-	-	-
Present value of defined benefit obligations	(29,328,783)	(28,678,678)	(45,341)	(84,380)	-	-	(2,503,097)	(2,798,836)
Arrears	-	(36,745)	-	-	-	-	-	-
Recognized liability	(1,726,893)	(1,662,905)	31,298	21,850	-	-	(2,503,097)	(2,798,836)
Movement in the fair value of plan assets								
Fair value as at January 1	27,052,518	30,716,129	106,230	148,449	-	-	-	-
Effect of restatement	-	(2,761,162)	-	-	-	-	-	-
Expected return on plan assets	3,591,343	2,848,596	9,926	13,291	-	-	-	-
Actuarial losses	(2,948,449)	(1,493,303)	(4,070)	(1,721)	-	-	-	-
Employer contributions	(93,522)	(2,257,742)	(19,535)	(39,789)	-	-	-	-
Benefits paid	-	-	(15,912)	(14,000)	-	-	-	-
Fair value as at December 31	27,601,890	27,052,518	76,639	106,230	-	-	-	-
Movement in the defined benefit obligations								
Obligation as at January 1	28,678,678	25,688,070	84,380	105,562	-	-	2,798,836	2,791,529
Service cost	923,897	834,538	2,091	2,770	-	-	106,418	108,629
Interest cost	3,549,174	2,630,244	7,606	9,113	-	-	342,874	283,592
Liability in respect of promotees	-	-	-	-	-	-	-	-
Settlement and Curtailment	-	-	-	-	-	-	-	-
Actuarial losses / (gains)	(2,448,309)	865,247	(13,980)	14,027	-	-	(640,870)	(287,203)
Benefits paid	(1,374,657)	(1,339,421)	(34,756)	(47,092)	-	-	(104,161)	(97,711)
Obligation as at December 31	29,328,783	28,678,678	45,341	84,380	-	-	2,503,097	2,798,836
Cost								
Current service cost	923,897	834,538	2,091	2,770	-	-	106,418	108,629
Interest cost	3,549,174	2,630,244	7,606	9,113	-	-	342,874	283,592
Expected return on plan assets	(3,591,343)	(2,848,596)	(9,926)	(13,291)	-	-	-	-
Settlement and curtailment	-	-	-	-	-	-	-	-
Recognition of actuarial loss	500,140	2,358,550	(9,910)	15,748	-	-	(640,870)	(287,203)
Expense	1,381,868	2,974,736	(10,139)	14,340	-	-	(191,578)	105,018
Actual return on plan assets	642,894	1,355,293	5,856	11,570	-	-	-	-

	Employees' Pension Funds		Officers Gratuity Funds		Employees' Unfunded Gratuity Scheme		Employees' PRMB Scheme	
	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in '000)							
Principal actuarial assumptions used are as follows:								
Discount rate & expected return on plan assets	14.50%	12.25%	14.50%	12.25%	-	-	14.50%	12.25%
Salary increase rate	12.00%	10.75%	12.00%	10.75%	-	-	12.00%	10.75%
Pension increase rate	9.50%	8.25%	-	-	-	-	-	-

Comparison for five years:	2022	Restated 2021	2020	2019	2018
As at December 31	(Rupees in '000)				
Fair value of plan assets	27,678,529	27,158,748	28,103,415	24,133,468	18,435,386
Benefit obligations	(31,877,221)	(31,561,894)	(28,585,161)	(27,313,218)	(23,286,753)
Arrears	-	(36,745)	-	-	-
Deficit	(4,198,692)	(4,439,891)	(481,746)	(3,179,750)	(4,851,367)
Experience adjustments					
Loss on plan assets (as percentage of plan asssets)	-15.17%	-16.35%	-1.71%	-13.18%	-26.32%
Gain on plan obligations (as percentage of plan obligations)	13.17%	14.05%	1.69%	11.64%	20.83%

The effect of a 1% movement in actuarial assumptions are as follows:

	Employees' Pension Funds		Officers Gratuity Funds		Employees' Unfunded Gratuity		Employees' PRMB Scheme	
	2022	Restated 2021	2022	2021	2022	2021	2022	2021
	(Rupees in '000)							
Impact on the defined benefit obligation								
Increase in assumption of discount rate	26,707,808	24,981,307	37,419	75,556	-	-	2,309,106	2,560,923
Decrease in assumption of discount rate	32,312,530	30,958,537	38,140	77,116	-	-	2,726,686	3,076,234
Increase in assumption of long term salary increase	30,337,398	29,038,485	38,007	77,467	-	-	2,603,856	2,915,345
Decrease in assumption of long term salary increase	28,360,784	26,473,584	37,608	75,197	-	-	2,410,679	2,692,424
Increase in assumption of pension increase rate	31,262,640	29,690,339	-	-	-	-	-	-
Decrease in assumption of pension increase rate	27,586,407	25,975,814	-	-	-	-	-	-

Expected contribution for the year.	2023	2023	2023	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Current services cost	841,843	1,266	-	95,538
Interest cost - net	266,153	(4,491)	-	356,438
	1,107,996	(3,225)	-	451,976

Plan assets comprise of the following:	Employees' Pension Funds				Officers Gratuity Funds			
	2022		2021		2022		2021	
	Rs. In 000	%	Rs. In 000	%	Rs. In 000	%	Rs. In 000	%
Equity	-	0%	-	0%	-	0%	-	0%
Debt	27,379,965	99%	26,812,810	99%	59,379	85%	84,798	86%
Others (including cash and bank balances)	221,925	1%	239,708	1%	10,323	15%	14,308	14%
	27,601,890	100%	27,052,518	100%	69,702	100%	99,106	100%

19.2 Accumulated Compensation Absences

Movement in Payable

	2022	2021
	(Rupees in '000)	
Opening Balance	1,805,000	1,613,000
Addition during the year	110,000	192,000
Closing balance of compensated absences	1,915,000	1,805,000

20 DEFERRED TAXATION

	2022	2021
Deferred debit arising in respect of		
Accelerated depreciation on fixed asset	(1,310)	(1,310)
Lease liability	(2,421)	(2,421)
Provision against premium due but unpaid	(25,572)	(25,572)
Provision for diminution in value of investment	(7,417)	(7,417)
Provision against amount due from other insurers/reinsurers	(8,412)	(8,412)
	(45,132)	(45,132)
Deferred credit arising in respect of		
On Retained balance on Ledger C&D Account	9,210,234	3,489,579
Right-of-use assets	1,989	1,989
Provision for employees benefit plan	381	277
Unrealized gain or loss on revaluation of AFS	32,604	32,604
	9,245,208	3,524,449
Net deferred tax liability	9,200,076	3,479,317

	Balance as at January 1, 2022	Recognised in the statement of profit or loss	Recognised in other comprehensive income	Balance as at December 31, 2022
	(Rupees in '000)			
Deferred credit arising in respect of:				
- on retained balance on Ledger Account D	3,479,317	5,720,759	-	9,200,076

	Balance as at January 1, 2021	Recognised in the statement of profit or loss	Recognised in other comprehensive income	Balance as at December 31, 2021
	(Rupees in '000) (Restated)			
Deferred credit arising in respect of:				
- on retained balance on Ledger Account D	1,600,906	1,878,411	-	3,479,317

			2022	2021
21	INSURANCE / REINSURANCE PAYABLES	Note	---------- (Rupees in '000) ----------	
	Due to other insurers / reinsurers		1,201,826	565,464
	Cash margins against performance bonds		21,390	10,318
			1,223,216	575,782
22	OTHER CREDITORS AND ACCRUALS			
	Agents commission payable		5,870,102	4,973,812
	Accrued expenses		13,015,406	10,502,660
	Lease liability	22.1	4,386	8,348
	Sindh Workers' Welfare Fund	22.2	2,198	2,198
	Federal Excise Duty / Sales tax		17,642	18,451
	Federal Insurance Fee		77	-
	Salaries & wages payable		1,246	1,016
	Compensated absences		2,613	2,466
	Other tax payables		97	61
	Unpaid and unclaimed dividend		3,001	3,002
	Accounts payable for goods & services		467	1,151
	Other liabilities		11,383,885	11,468,986
			30,301,120	26,982,151
22.1	Lease liability			
	Current		3,483	3,482
	Non - current		903	4,866
			4,386	8,348

22.2 The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court.

The Honorable Supreme Court of Pakistan vide its judgment dated November 10, 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated November 10, 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

In view of the above, on prudent basis the Group has decided not to reverse charge for WWF recorded for the years up to 2015 amounting to Rs. 2.198 million.

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 The Group had filed nine appeals on different issues before the Honorable High Court of Sindh contesting the decision of the ATIR for the income years 1992-1993 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 Inland Revenue Department added back the excess perquisites to the taxable income and tax liability was enhanced accordingly. Further, Inland Revenue 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 Group 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.

Out of nine appeals, Sindh High Court vide judgement dated November 24, 2020 decided four appeals against the Group. The Group has filed CPLAs before the Honorable Supreme Court of Pakistan against judgement of the Sindh High Court. Honourable Supreme Court of Pakistan has granted leave to appeal in Civil Petitions filed by the Group. Management of the Group and its tax advisor are confident that ultimate outcome of these matters will be in favour of the Group.

23.1.2 In the year 2010, the Inland Revenue Department served legal notices to The Group, requiring it to explain why the withholding tax under section 151(1)(d) of the Income Tax Ordinance, 2001 has not been deducted on payments made to the policyholders on the maturity. Those notices were related to tax years 2008 and 2009.

According to those notices, the Inland Revenue Department were of opinion that group 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 of the amount of premium received during the whole term of the policy which is a form of interest or profit on debt. Hence, The Group u/s 151 (1)(d) is liable for deducting withholding tax at the rate 10% on the amount of bonuses paid to policyholder on maturity. Therefore, the Inland Revenue Department raised demands of Rs. 710.12 million and Rs. 738.51 million as withholding tax for tax year 2008 and 2009 respectively. The Group had filed 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) decided the subject appeals in favor of group vide order No. 27 & 28 dated September 29, 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 has not been enforced after above judgment of CIR(A), therefore, no payment was made against the demand. Inland Revenue Department filed appeals before the ATIR against the above orders of CIR(A) which were dismissed by learned ATIR vide order No. 506-07/KB/2012 on April 17, 2014.

Inland Revenue Department has filed appeals before High Court of Sindh, Karachi against the orders of ATIR. Management of The Group and its tax advisor are confident that ultimate outcome of this matter will be in favor of The Group and accordingly, no provision is required in these consolidated financial statements on account of this matter.

23.1.3 Inland Revenue Department served a legal notice u/s 122 (5A) on apportionment of expenses under section 67 of the Income Tax Ordinance, 2001 to the dividend income for tax year 2004. The said notice was replied by group but not agreed by the concerned ACIR. Subsequently amended assessment order was passed u/s 122 (5A) which resulted in tax demand of Rs. 164.88 million. The Group was not in agreement with said order and preferred appeal before CIR(A). Said appeal was not upheld at this forum. Next appeal was filed before ATIR. Meanwhile the Department adjusted demand amount from the pending refunds for tax year 2010.

Appellate Tribunal Inland Revenue (ATIR) decided the above appeal in favor of group vide order No/ 925/KB/2010 dated July 24, 2012; wherein the addition made u/s 67 has been deleted.

The said issue has already been decided by the Honorable High Court of Sindh, Karachi in an other appeal on the issue reported as Commissioner (Legal) Inland Revenue v/s EFU General Insurance Ltd 2011-PTD-2042.

Inland Revenue Department has passed an order u/s 124 of the Income Tax Ordinance, 2001 to give effect to the appeal Ref. Document # 11/54 dated June 24, 2014 and also issued refund of Rs. 153.75 million to the Group. Balance refund of 11.13 million has also been adjusted against tax liability of other tax years. In the year 2013, the Inland Revenue Department filed appeal in the Honorable High Court of Sindh against the decision of ATIR which was dismissed by the High Court of Sindh, Karachi vide order dated August 30, 2016. Inland Revenue Department has filed civil appeal before Honorable Supreme Court of Pakistan against the judgement of Honorable High Court of Sindh, Karachi which is pending adjudication.

23.1.4 In the year 2013, Inland Revenue Department issued similar notices to group regarding withholding of tax on maturity proceeds of insurance policies as described in note 23.1.2. These notices were related from Tax Year 2010 to 2012 stating that the Department holds a similar stance as described in the said note. Reply was filed by The Group through authorized representative which was not accepted by the Department and order u/s

161 and 205 of the Income Tax Ordinance was passed, resulting in total demand of Rs. 1,577.46 million (Rs. 1,249.14 million as withholding tax and Rs. 328.32 million as default su

The entire principal demand of Rs. 1,249.14 million was paid under protest and without prejudice to its legal right to appeal. The Group filed appeals before CIR(A) which was not upheld. The Group then filed appeal before ATIR against the above order which has been decided in favour of group vide consolidated order dated February 21, 2017.

Further, LTU, Karachi had also issued notice u/s 161/205 of the Income Tax Ordinance, 2001 similar to the notices issued in the previous years to invoke the section 151 (1)(d) of the Ordinance to recover withholding tax from the Group on the amount of bonus paid to the policyholders on the maturity of the polices during the tax year 2013. Reply was filed through tax consultant which was not agreed by Department and order u/s 161/205 was passed and tax demand amounting to Rs. 609.23 million including default surcharge of Rs. 99.11 million was raised which was discharged without prejudice to legal rights to appeal. Appeal was filed before CIR (A) against said order which was upheld vide order # 34 dated March 30, 2015.

Inland Revenue Department has issued refund amounting to Rs. 500 million from appeal effect of Tax Year 2013 in July, 2015. Further, IR Department has adjusted outstanding demand for tax year 2009, 2010 and 2011 at Rs. 10.8 million, 12.58 million and Rs. 56.37 million respectively against pending appeal effect of tax year 2013. As at December 31 2022, appeal effect amounting to Rs. 29.48 million is still pending with the Inland Revenue Department. Inland Revenue Department has filed an appeal before ATIR against the said order of the CIR (A) which is pending till to date.

The management and legal counsel are optimistic that ultimate outcome of the cases shall be decided in favor of The Group as ATIR has decided the appeals related to similar issue in previous years in favour of the Group.

23.1.5 While assessing the income and tax liability thereon for assessment years 2000-01, 2001-02 and 2002-03, Income Tax Department, AJK disallowed excess perquisites u/s 24(i) of the Income Tax Ordinance, 1979 (repealed) as inadmissible business expense of group. Disallowance of said expense increased taxable income for all the three years and tax liability was worked out accordingly which resulted in additional tax demand. The aggregate additional tax demand involved due to addition of excess perquisites to group's taxable income was Rs. 12.67 million (Assessment year 2000-01 to 2002-03 Rs. 1.46 million, Rs. 9.04 million, Rs. 2.17 million respectively).

In addition, group's assessments were also made at higher tax rate of 43% for assessment year 2000-01 and 2001-02 and at 45% for 2002-03 instead at the rate 5% being entire dividend income. These assessments at higher rates also multiplied group's tax liability for each assessment year.

Being aggrieved, group preferred appeal before CIR(A), Mirpur-AJK against the alleged assessment orders. group's appeals before CIR(A), Mirpur AJK were not upheld. Thereafter, group had challenged the orders of CIR(A) before Appellate Tribunal Inland Revenue, Mirpur AJK. The learned ATIR upheld all the appeals of The Group vide order # ITAT/969-73 dated August 20, 2009.

Income Tax Department, AJK had filed reference against the order of ATIR-AJK before Honorable High Court of AJK. Honorable High Court of AJK vide order dated December 06, 2022 decided these reference applications in favour of the Group. Income Tax Department, AJK has filed CPLAs before Honorable Supreme Court of AJK against the judgement of High Court of AJK which are pending adjudication.

23.1.6 Assessment of the Group for assessment years 2000-01 and 2001-02 were finalized at tax liability of Rs. 141.06 million and Rs. 216.83 million respectively. Subsequently, above assessments were revised vide orders passed u/s 221 of the Income Tax Ordinance, 2001 on the grounds that surcharge @ 5% as per Part III of First Schedule of the repealed Ordinance was not levied on the tax worked out u/s 80-D of the repealed Ordinance. Accordingly, surcharge amounting to Rs. 7.05 million and Rs. 10.84 million was levied for assessment years 2000-01 and 2001-02 respectively. The Group, being aggrieved filed appeals before CIR-A against above impugned departmental orders on the grounds that surcharge @ 5% was not leviable in the instant case as tax has been worked out u/s 80-D of the repealed Ordinance. However, CIR-A decided the appeals against the Group. Thereafter, the Group filed appeals before ATIR against above judgement of CIR-A which were also decided against the Group. Subsequently, the Group filed reference applications before Honorable Sindh High Court, Karachi which has been decided in favor of the Group. Inland Revenue Department has filed civil appeals before Honorable Supreme Court of Pakistan which are pending adjudication. Last hearing in these cases were fixed on February 20, 2020. Next date of hearing is not yet announced.

23.1.7 Inland Revenue Department initiated monitoring of withholding of taxes from Tax Years 2009 to 2013 vide notices issued u/s 161/205 of the Income Tax Ordinance, 2001.

Based on the reply submitted by group, IR Department passed orders u/s 161/205 of the Ordinance whereby tax demand amounting to Rs. 494.16 million was raised for above Tax Years (Tax Year 2009: Rs. 48.08 million, Tax Year 2010: Rs. 57.43 million, Tax Year 2011: Rs. 53.44 million, Tax Year 2012: Rs. 258.18 million and Tax Year 2013: Rs. 77.03 million). Without prejudice to the legal rights to appeal, group paid above demand under protest.

Being aggrieved, group filed appeals against above departmental orders before Commissioner Inland Revenue - Appeals. CIR(A) has vacated the orders passed by DCIR and directed the concerned DCIR to re-visit the case.

On the directive of CIR(A), DCIR issued notices afresh for above Tax Years. group referred those notices to its tax consultant for compliance. On the basis of reply submitted by group through consultant, DCIR passed revised orders for Tax Years 2009 to 2013 whereby tax demand of Rs. 403.18 million was created (Tax Year 2009: Rs. 58.88 million, Tax Year 2010: Rs. 70.01 million, Tax Year 2011: Rs. 64.09 million, Tax Year 2012: Rs. 100.38 million and Tax Year 2013: Rs. 109.82 million). group filed appeals against aforesaid orders before CIR(A). Tax demand on account of alleged short deduction on salary and incorrect CPRs and penalty / default surcharge has either been deleted or set-aside by CIR(A). group's appeals are pending before Appellate Tribunal Inland Revenue in respect of above Tax Years.

Further, Inland Revenue Department issued show cause notices for monitoring of withholding taxes on similar lines for Tax Year 2014 and 2015. On basis of reply submitted by group, Inland Revenue Department passed orders whereby tax demand amounting to Rs. 449.94 million and Rs. 572.14 million was raised for Tax Year 2014 and 2015 respectively. Above orders were subsequently rectified and revised tax demand of Rs. 212.86 million and Rs. 166.42 million was determined for Tax Year 2014 and 2015 respectively.

Without prejudice to the legal right to appeal, group has offered adjustment of tax demand for Tax Year 2014 from available refunds and tax demand for Tax Year 2015 was paid in cash.

Being aggrieved from the order of DCIR for tax year 2014 and 2015, the Group has filed an appeal before CIRA on alleged non-provision of tax payment challans and levy of default surcharge and Penalty on account of absence of mens rea and also because of availability of significant tax refunds due to the Group during the default period. CIRA has set-aside the orders and directed taxation officer to revisit the issue and levy default surcharge and penalty. The Group had challenged tax recovery of Rs. 71.31 million and Rs. 11.35 million on arbitrary basis for alleged non provision of tax payment challans in respect of tax year 2014 and 2015 respectively. CIRA has remanded back the issue for adjudication being rectificatory matter. We have written to the taxation officer to pass appeal effect orders and evidence of tax refunds were also provided, however, appeal effect orders are not yet passed.

23.1.8 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi has served legal notice u/s 122 (9) of the Income Tax Ordinance, 2001 dated January 02, 2017 to group for tax year 2016 whereby certain issues regarding deduction claimed on account of provision for impairment in the value of investment properties, deduction claimed on account of gratuity and pension, deduction claimed on account of provision for impairment in shares, rationale for deduction of investment property related expenses, foreign tax credit u/s 103 of the Ordinance claimed in the annual tax return, taxation of dividend income as single basket income, etc. were confronted. group has engaged tax consultant for responding said notice.

Subsequent to the reply filed by group through its counsel, ACIR proceeded to amend an assessment and passed an amended assessment order dated March 06, 2017 u/s 122 (5A) of the Income Tax Ordinance, 2001 whereby demand of Rs. 23.78 million was raised u/s 137 of the Income Tax Ordinance.

Since, group has pending refunds towards Inland Revenue Department, therefore; without prejudice to the legal right to appeal; group through its tax consultant in said case has requested to adjust the above demand against pending refunds.

The Group filed appeal against the impugned order before CIR(A). Issue related to subjecting dividend income (Single Basket income) to normal tax rate is decided in favor of group whereas issues related to deduction claimed on account of real estate expenses, provision for impairment in value of shares and value of investment properties and provision for diminution in value of investment are decided against group. Further, issue of refund adjustment amounting to Rs. 220 million against pending appeal effect of tax year 2003 were remanded back to concerned ACIR. Inland Revenue Department as well as group filed appeals before ATIR against order of CIR(A) which are pending till to date. No date for the next hearing has been fixed till date.

23.1.9 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi served notice u/s 122 (9) of the Income Tax Ordinance, 2001 dated March 13, 2017 to the Group for tax year 2015 whereby almost similar issues as stated in note 23.1.8 were raised. Subsequent to the reply filed by the Group through its counsel, ACIR proceeded to amend an assessment and passed an amended assessment order dated April 13, 2017 u/s 122 (5A) of the Income Tax Ordinance, 2001 whereby demand of Rs. 163.5 million was raised u/s 137 of the Income Tax Ordinance. In said order, ACIR has incorrectly adjusted Rs. 446.61 million.

The Group, not in agreement with above order, filed application for rectification u/s 221 dated April 24, 2017 through tax consultant which was rejected by concerned ACIR vide letter dated April 28, 2017. Our tax consultant vide letter dated May 05, 2017 again requested for rectification of order. DCIR passed rectified order vide letter DC # 03/117 dated December 21, 2017 whereby refund of Rs. 316.74 million is determined as refundable to group.

The Group filed appeal against the impugned order before CIR(A). Issues related to subjecting dividend income (Single Basket income) to normal tax rate and disallowance on account of exchange loss related to foreign currency balances are decided in favor of group whereas issues related to deduction claimed on account of real estate expenses, provision for impairment in value of shares and provision for bad debts are decided against group. Further, issue of alleged tax adjustment of Rs. 446.61 million was remanded back to taxation officer. Inland Revenue Department as well as group filed appeals before ATIR against order of CIR(A) which are pending till to date. No date for the next hearing has been fixed till date.

23.1.10 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi served notice u/s 122 (9) of the Income Tax Ordinance, 2001 dated December 31, 2014 to the Group for tax year 2012 whereby certain issues regarding reconciliation of commission expense between cash flow statement and monthly withholding tax statements, short withholding of tax under various provisions of the Ordinance, taxation of dividend income as single basket income, provision for IBNR, etc were confronted. Tax consultant responded said notice on behalf of the Group. Additional information/explanation were also called vide letters dated Febraury 24, 2015, September 22, 2015 and January 25, 2017. Subsequent to the reply filed by tax consultant ACIR proceeded to amend an assessment and passed an amended assessment order dated March 10, 2017 u/s 122 (5A) of the Income Tax Ordinance, 2001 whereby tax amount of Rs. 100.004 million is determined as refundable.

The Group has filed appeal against the impugned order before CIR(A). Issue of subjecting dividend income (Single Basket Income) to normal tax rate, foreign tax credit claimed u/s 103, disallowance of provision for IBNR and disallowance of amount pertaining to investment arrangement between group and Bureau of Emigration and Overseas Employment has been decided by CIR(A) in favor of group vide order dated May 22, 2017. However, CIR(A) has decided the issue relating to disallowance of provision for impairment in value of shares against The Group. Further, issues of alleged non-deduction of tax on commission payments, payment for goods and prizes were remanded back to concerned taxation officer. Inland Revenue Department as well as group has filed cross appeal before Appellate Tribunal Inland Revenue against above order of CIR(A) which is still pending till to date. No date for the next hearing has been fixed till date.

23.1.11 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi also issued notices u/s 122 of the Ordinance to the Group related to tax years 2011, 2013 and 2014. Vide Said notices, ACIR confronted almost similar issues as stated at note 23.1.7 and 23.1.9. the Group engaged A.F. Ferguson & Co. for responding these notices. Subsequently, ACIR passed amended orders whereby demand of Rs. 520.63 million was raised (Tax Year 2011: Rs. 56.37 million, Tax Year 2013 Rs. 107.12 million and Tax Year 2014: Rs. 357.14 million). Inland Revenue Department adjusted the demand related to tax year 2011 from pending appeal effect related to tax year 2013. Further, demand related to tax years 2013 and 2014 was adjusted by Inland Revenue Department from pending refund related to tax year 2015. the Group, being aggrieved from above orders of ACIR, filed appeals before CIR (A). Issues related to subjecting dividend income to normal tax rate, addition on account of inter-office rent expense, provision for diminution in value of investments and tax on Bureau Fund has been decided in favor of the Group by CIR (A). However, issues related to deduction claimed on account of real estate expenses and provision for bad and doubtful debts are decided against the Group. Further, issues of interest free loans to employees, alleged short withholding of tax on advertisement and training expenses and reduction in tax liability due to reduction in taxable surplus for tax years 2012 and 2013 were remanded back to concerned ACIR for re-adjudication. Inland Revenue Department as well as the

Group filed appeals before ATIR against the orders of CIR (A). Further, on the directives of CIR (A), ACIR issued notice dated April 17, 2020 in respect of remand back issues in respect of tax year 2014. the Group has duly submitted relevant information along with supporting documents to the ACIR. The ACIR has not yet passed an order in respect of the same.

23.1.12 Additional Commissioner Inland Revenue, Audit Range-B, Zone-III, LTU, Karachi served notice u/s 122 of the Income Tax Ordinance, 2001 dated January 10, 2018 to the Group for tax year 2017. Vide Said notice, ACIR confronted issues like investment arrangement between the Group and Bureau of Emigration and Overseas Employment, deduction claimed on account of provision for diminution in value of investments, provision for impairment in the value of investment properties, provision for impairment in the value of shares, loans / advances to employees and agents, short withholding of tax under various provisions of the Ordinance. the Group engaged A.F. Ferguson & Co. for responding the notice. Subsequently, ACIR passed amended order whereby demand of Rs. 480.25 million was raised. The Group, being aggrieved from above amended order, file appeal before CIR (A). Further, the Group, through its tax consultant, also file application for stay of tax demand vide letter dated April 05, 2018 along with application for out of turn hearing vide letter dated March 28, 2018 before CIR (A). Hearing before CIR (A) was held on April 26, 2018. CIR (A) vide order No. 6 dated May 03, 2018 decided issues which involves major tax impact at Rs. 357.21 million like tax on Bureau Fund, disallowance on account of inter-company rent expenses in favour of the Group. However, issue of disallowance on account of real estate expenses and provision against other receivables are decided against the Group. Further, issues of interest free loans to employees, alleged short withholding on training expenses and adjustment of tax liability against pending appeal effect for tax year 2010 were remanded back to concerned ACIR. Inland Revenue Department as well as the Group filed appeals before ATIR against order of CIR (A) which are pending till to date. No date for the hearing is fixed till date.

23.1.13 According to the Sindh Sales Tax on Services Act 2011, sales tax is payable on premium of life and health insurance policies written in the province of Sindh. The Punjab and Baluchistan Revenue Authorities have also introduced sales tax on life and health insurance premium effective from November 01, 2018 and July 03, 2015 respectively.

This being a collective issue of the industry, the Insurance Association of Pakistan (IAP) has actively taken up the matter with the provincial revenue authorities for the exemption on sales tax. The industry's main contention is that life insurance is not a service, but in fact, in sum and substance, a contingent contract under which payment is made on occurrence of an event, specified in the terms of contract or policy and thus is a financial arrangement. Superior courts in foreign jurisdiction have held that insurance is not a service.

In this relation, the legal advisors have also opined that an insurance contract is essentially a financial transaction, which is unrelated to the sale of any identifiable consumer goods or service, and as such, in leading jurisdictions, it has been widely held that insurance is not a service and hence, does not fall within the scope of taxability under the provincial sales tax laws.

Subsequently, life insurance companies collectively filed Constitutional Petitions (CPs) before Hon’ble High Courts of Lahore (writ petition no. 55421/ 2019) and Sindh (C.P. No. D.7677 of 2019) against the levy of sales tax on life and health insurance in Punjab and levy of sales tax on life insurance in Sindh respectively that are pending adjudication. As far as Baluchistan Revenue Authority (BRA) is concerned, no notice or communication has been received by the Group in this respect and hence, no petition was filed before any court.

The Hon’ble LHC in its order dated October 03, 2019 has restrained Punjab Revenue Authority (PRA) from taking any coercive measures against applicants. The Group has filed another petition at Hon’ble LHC against impugned show cause notice no. PRA/LIFE/PREMIUM/SLCP /1592 issued by the PRA on October 02, 2019. The Hon’ble LHC, in its order dated December 15, 2021, has directed that no final order shall be passed in pursuance of the impugned show cause by PRA and shall not take any coercive measures. This and the connected petitions are then disposed of accordingly.

Hearing in the main petition related to PRA i.e. WP. 55421 of 2019 was fixed on May 12, 2022 and directed the Federation to submit the reply on the subject matter of the petition. Next date of hearing is yet to be announced.

The Hon’ble SHC, in its interim order dated December 02, 2019, directed that the request of the petitioners, seeking exemption in terms of Section 10 of the Sindh Sales Tax Act, 2011, shall be considered by the Sindh Revenue Board (SRB), in accordance with the law.

Sindh Revenue Board (SRB) vide notification No.3-4/13/2020 dated June 22, 2020, has exempted life insurance from levy of service tax up to June 30, 2020 subject to the condition that person providing insurance services commences e-depositing the amount of Sindh sales tax due on such services from July, 2020 onwards. The exemption to health insurance has been extended by the SRB up to June 30, 2023, through notification no. SRB-3-4/19/2022 dated June 28, 2022.

Through the Khyber Pakhtunkhwa Finance Act, 2021, the exemption in respect of the sales tax on services of life and health insurance in the province of Khyber Pakhtunkhwa (KP) has been withdrawn from July 01, 2021. As a consequence, life insurance is taxable at the rate of 15% and health insurance is taxable at a reduced rate of 1% without any input tax adjustment. This withdrawal of the exemption was intimated by Khyber Pakhtunkhwa Revenue Authority (KPRA) on July 29, 2021 vide letter no. F. No. 7(10)/KPRA/ADC(HQ)/2021/12114. In reply, the Group most respectfully requested KPRA to exempt the levy of sales tax on life and health insurance vide letter no. F&A/KPRA/ST/47 Dated: 9th August, 2021. Moreover, on October 05, 2021, the Group sent a letter to the Ministry of Finance, Government of KP, in which the Group requested to allow the permanent exemption from sales tax on services under Khyber Pakhtunkhwa Sales Tax on Services Act, 2013. Consequently, the Government of Khyber Pakhtunkhwa has allowed the exemption on health insurance premium vide notification dated 10th August, 2022. However, the exemption related to life insurance is yet to be decided.

In view of the opinion of legal advisor the Group has calculated estimated aggregated amount of sales tax liability amounting to Rs. 5,985.72 million (December 31, 2021: Rs. 3,882.37 million), which is calculated based on risk premium and excluding the investment amount allocated to policies. The management contends that should the administrative efforts fail, the amount will be charged to the policyholders.

23.1.14 Additional Commissioner Inland Revenue, Audit Range B, Zone-III, LTU Karachi served notice u/s 122(9) of the Ordinance dated November 26, 2019 to group in respect of tax year 2019. Vide above notice, ACIR confronted certain issues like deduction claimed on account of unrealized loss on investment, investment in value, investment related expenses, advances to employees at interest rate lower than benchmark rate and adjustment of tax liability against outstanding appeal effect of prior year.

Based on the reply filed by group through tax consultant, ACIR passed amended order u/s 122(5A) of the Ordinance dated March 13, 2020 and raised demand of Rs. 164.68 million.

Since group has pending refunds/appeal effects towards Inland Revenue Department, therefore group through its authorized representative filed application for stay of demand. Further, being aggrieved from above amended order, group also filed appeal before CIR-A. CIR(A) has passed order dated April 20, 2020 wherein issue related to deduction claimed on account of impairment in value of investment has been decided in favor of group. However, issue of disallowance on account of real estate expenses has been decided against group. Further, matters related to unrealized loss on financial assets, loans/advances to employees, adjustment of tax liability against prior year appeal effect has been remanded back to concerned ACIR for re-adjudication. Inland Revenue Department as well as group filed appeals before ATIR against order of CIR(A) which are pending till to date. No date for the next hearing has been fixed till date.

A notice dated June 09, 2022, was issued by the ACIR under section 124 of the Ordinance, initiating the remand back proceedings against which detailed explanation / information along with relevant supporting documents were submitted. Consequently, the ACIR proceeded to pass an order dated June 28, 2022, under section 124 of the Ordinance giving effect to the first appeal and created an Income Tax demand of Rs. 164.02 million. An appeal against the said order was filed before the CIRA on July 20, 2022. The CIRA vide order dated December 15, 2022, remanded the matter back to the assessing officer with directions to re-analyse the matter as per directions of the CIRA in the first appellate order.

23.1.15 Additional Commissioner Inland Revenue, Audit Range B, Zone-III, LTU Karachi served notice u/s 122(9) of the Ordinance dated April 29, 2020 to group in respect of tax year 2018. Vide above notice, ACIR confronted certain issues like deduction claimed on account of unrealized loss on financial assets and investment property related expenses, advances to employees at interest rate lower than benchmark rate and difference between profit as per the Holding Corporation's financial statements and as per tax return.

Based on the information/expalanation submitted by the Group to tax authorities against above notice, ACIR passed an amended assessment order u/s 122 (5A) whereby tax refundable position of Rs. 1,007.84 million is determined for tax year 2018.

An appeal against all the above-mentioned assessments made by the ACIR was filed by the Group before the CIRA on September 29, 2020. The CIRA, on the basis of the facts of the case and the arguments submitted, passed an order dated December 21, 2021. Through the said order, issue of impairment in value of shares is decided in favour of Group whereas issue of investment property related expenses is decided against the Group. Further, issues of unrealized loss on investments, investment related expenses and interest on loans / advances to employees were remanded back to the concered taxation officer for reassessment. Cross appeals were filed by both the Inland Rvenue Department and the Group before the Appellate Tribunal Inland Revenue against the order of the CIRA, which are still pending for hearing. No date for the hearing has been fixed till date.

23.1.16 Additional Commissioner Inland Revenue, Audit Range B, Zone-III, LTU Karachi served notice u/s 122(9) of the Ordinance dated December 10, 2020 to group in respect of tax year 2020. Vide above notice, ACIR confronted certain issues like deduction claimed on account of investment property related expenses, advances to employees at interest rate lower than benchmark rate, difference between profit as per Holding Corporation's financial statements and as per tax return, alleged short withholding of tax on commission and advertisement/sales promotion, etc. Based on the information/explanation submitted by group to tax authorities against above notice, ACIR passed an amended assessment order u/s 122 (5A) whereby tax demand of Rs. 458.25 million was raised. Out of aforesaid tax demand, recovery of Rs. 306.04 million was not enforced by Inland Revenue Department as Lahore High Court has granted stay to Field Worker's Federation of Pakistan. Balance tax demand amounting to Rs. 152.21 million has been adjusted against tax refund pertaining to tax year 2012. The group has filed appeal before CIR-A against amended assessment order which is pending adjudication.

CIR-A vide order dated March 09, 2023 decided the issues of WHT on sales field office expenses, commission paid outside Pakistan, advertisement expenses paid outside Pakistan, electricity and telephone bills, other benefits to insurance intermediaries (gropu life business) in favour of the Group. However, issue related to additions on account of investment propery related expenses is decided against the Group. Further, issues of adjustment of tax liability against prior year refund, loans/advances to employees are remanded back to the concerned tax officer.

23.1.17 Various claims amounting to Rs. 60.48 million (2021: Rs. 62.88 million) has been lodged by various parties against the Group. The Group has not acknowledged these claims as the management considers that the Group is not liable to settle the amount.

23.1.18 The deemed assessment under section 120 of Income Tax Ordinance, 2001 of the Group have been finalised up to tax year 2022. Matters of disagreement exist between the Group and the tax authorities for the tax year 2009, 2011, 2012, 2013, 2014, 2015 and 2016. In prior years, the Commissioner has passed amended assessment orders for the these tax years under section 122(5A), wherein tax on dividend income has been charged at corporate tax rate by treating such income as business income of the Group under Fourth Schedule to the Ordinance. Further, certain disallowances were made in respect of provision for IBNR claims, non-withholding of tax on commission expenses and payment of certain expenses in cash. The management is contesting these matters with the tax authorities and has filed appeals with the Appellate Tribunal Inland Revenue (ATIR), the Honourable High Court of Sindh (the Court) and with the Commissioner Inland Revenue Appeals (CIRA) and is confident that these matters will be decided in favour of the Group. Consequently, no provision has been made in these consolidated financial statements in respect of the above matters.

Tribunal Inland Revenue (ATIR), the Honourable High Court of Sindh (the Court) and with the Commissioner Inland Revenue Appeals (CIRA) and is confident that these matters will be decided in favour of the Group. Consequently, no provision has been made in these consolidated financial statements in respect of the above matters.

For tax years 2009, 2011, 2012 and 2013, the ACIR has passed amended assessment order under section 122(5A) of the Income Tax Ordinance, 2001 wherein tax on dividend income has been charged at corporate tax rate by treating such income as business income of the Group under Fourth Schedule to the Ordinance. As a result of the amended assessment order for the tax year 2009, demand of Rs. 4.63 million was created, for the tax years 2011 and 2012, demand of Rs. 18.58 million was created against which the Company has paid Rs. 9.74 million and for the tax year 2013, demand of Rs. 1.79 million. The Group has filed appeals before CIRA and if the appeal is decided against the Group, a tax liability of Rs. 15.26 million would arise, however the management believes that the case will be decided in favour of the Group.

During 2017, the ACIR issued notice dated 16 May 2017, under section 122(5A) for passing an amended order on certain issues for the tax year 2011. However, the Group has filed a writ petition before the Honorable High Court of Sindh challenging the validity of the notice being barred by limitation of time. The Court has granted an order and the said order is operating. Based on tax advisor opinion the management is confident of favourable outcome of the said appeal. accordingly, no tax provision has been recorded in these consolidated financial statements.

For tax years 2015 and 2016, the ACIR passed an amended assessment order under section 122(5A), wherein tax on dividend income has been charged at corporate tax rate by treating such income as business income of the Group under Fourth Schedule to the Ordinance. Further, certain disallowances were made in respect of non-withholding of tax on commission expenses and payment of certain expenses in cash. Consequently, tax demand of Rs. 2.30 million and Rs. 6.83 million was created respectively. Against the amended assessment order, an appeal was filed before the CIRA, who vide combined appellate order dated 21 November 2017 allowed relief in respect chargeability of dividend at corporate tax rates and levy of Worker's Welfare Fund whereas additions on account of non-withholding of tax commission expense and cash expenses made by the Group were confirmed. The Group has filed a further appeal before the ATIR on issues confirmed by CIRA. Moreover, the department has also filed appeal before the ATIR challenging the relief granted by the CIRA. If the appeal is decided against the Group, a tax liability of Rs. 9.12 million would arise, however the management believes that the case will be decided in favour of the Group.

The Company has filed a further appeal before the ATIR on the issues confirmed by the CIRA. Moreover, the department has also filed appeal before the ATIR challenging the relief granted by the CIRA. If the appeal is decided against the Company, a tax liability of Rs. 9.12 million would arise, however the management believes that the case will be decided in favour of the Company.

The Deputy Commissioner Inland Revenue (DCIR), Enforcement & Collection Unit-3, Range-B, Zone III, Large tax payers Unit, Karachi finalized the monitoring proceedings 161/205 of the Income Tax Ordinance, 2001. The DCIR, while passing the order, levied tax on account of rent, insurance commission, re-insurance premium, insurance claims and payment of various expenses aggregating to Rs.16.64 million including default surcharge and penalty. Against the order, the Group filed an appeal before the CIR(A), wherein the CIR(A) deleted the tax demand against rent payments, remanded back the issues of insurance commission, insurance claims and payment of various expenses. Further, the CIR(A) confirmed the levy of tax in respect of re-insurance premium. Moreover, against the order of CIR(A), the Group filed an appeal before the ATIR which is pending adjudication.

23.1.19 Show-cause notice dated 19 December 2018 was instituted after the Group's audit for the tax periods from January 2016 to December 2016 was carried out under Section 28(2) of the Sindh Sales Tax on Services Act, 2011. The instant notice called upon the Group to show cause as to why not the Sindh sales tax amounting to Rs. 152.26 million may not be assessed as short payment of Sindh sales tax. The Company submitted various arguments, evidence and reconciliations. The Assistant Commissioner SRB vide Order-in-Original dated 13 November 2019 held that the Group has received re-insurance services from foreign re-insurance companies and is, therefore, liable to deposit the Sindh sales tax amount of Rs. 7.56 million along with penalty of Rs. 0.38 million. The Group being aggrieved preferred an appeal before the Commissioner Appeals – SRB. Various hearings have been conducted; however, the case is pending adjudication. The management is very confident with regard to the merits of the issue involved and suggest favorable outcome for instant case.

23.1.20 During the year 2019, the Assistant Commissioner, Sindh Revenue Board ("ACSRB") had issued a show cause notice No. SRB-COM-I/Unit- 10/SNC/11/2018/000492 ("SCN") dated 22th June 2019, to the Group on various issues specified in the SCN including short payment of Sindh sales tax amount of Rs. 7.44 million. These issues pertain to the tax period 2011. In response to the aforesaid notice, the Group through its legal advisor filed a Constitutional Petition # D-4743 of 2019 in the High Court of Sindh (HCS) challenging the aforesaid notice and obtained interim stay order and case was decided in favor of SRB.

Subsequently the ACSRB fixed the date of hearing on similar SCN on which the Group has decided to challenge the decision of Sindh High Court in the Honorable Supreme Court of Pakistan. Meanwhile, the Group has also requested the ACSRB to extend the date of compliance for instant case. However, the ACSRB passed an Order in Original No. 309 of 2021 dated 01 July 2021 in urgency and whimsical manner which created a demand of Rs. 7.82 million inclusive of penalty. In this regard, the Group decided to file an appeal before the Commissioner Appeals, Sindh Revenue Board. The management cannot predict about its outcome with certainty, but strong believe that the merits of the issue involved suggest favorable outcome for instant case.

23.1.21 During the year 2022, the Sindh Revenue Board through a show cause order No. SRB-COM-I/AC-10/Ins./Alpha/2014-15/2022/27/74688 dated 18th January 2022 ("SCN"), was issued against the Group whereby it was observed that during scrutiny of the Alpha Insurance Company Limited's financial statements for the calendar years 2014 and 2015 the Group has ceded reinsurance premiums and also received commission from reinsurers. Accordingly, it was alleged that the Group has short paid Sindh Sales Tax of amounting to Rs. 48.39 million under section 23 (1) and (2) of the Sindh Sales Tax on Services Act, 2011.

The Group, being aggrieved by the aforesaid SCN, preferred filing petition before the Honorable High Court of Sindh. The Honorable High Court after hearing the submissions, granted stay against the show cause proceedings and directed SRB not to pass any final adverse order. The interim stay order vide C.P No. D-804 of 2022 dated 14 February 2022 was granted. Although, the management cannot predict about its outcome with certainty, but believe that the merits of the issue involved suggest favorable outcome for instant case.

23.1.22 During the year 2022, the Sindh Revenue Board through a show cause order No. SRB-COM-I/AC-10/Ins./AIC/2014-15/2022/81757 dated 27th January 2022, ("SCN") was issued against the Group whereby it was observed during scrutiny of the financial statements of the Alpha Insurance Company Limited that the Group has written insurance premium worth Rs. 179.99 million which is taxable wherein Sindh Sales Tax (SST) amounting to Rs. 26.10 million for the tax periods from January 2015 to December 2015 is involved. It was further mentioned that the Group has written insurance premium worth Rs. 219.65 million wherein Sindh Sales Tax (SST) amount involved is Rs. 34.05 million for the tax periods from January 2014 to December 2014. The assessing officer alleged that the Group has failed to deposit the Sindh Sales Tax (SST) recoverable against cited taxable services and has also failed to declare the same in the Sindh Sales Tax (SST) returns. Further, it was alleged that the Group has claimed illegal/unlawful input tax adjustment amounting to Rs. 1.32 million on account of certain purchases which are inadmissible according to Section 15 and 15A of the Sindh Sales Tax (SST) on Services Act, 2011 ("the SSTSA, 2011"). Accordingly, the Group was required to show cause as to why Sindh Sales Tax (SST) amounting to Rs. 61.46 million may not be assessed under Section 23(1) and 23(2) of the SSTSA, 2011.

In this regard, the Group, being aggrieved by this SCN, filed petition before Honorable Sindh High Court (SHC) bearing CP No. 1166 of 2022. Sindh High Court (SHC) has suspended operation of impugned order till next date of hearing. Management is having a strong believe that the merits of the issue involved suggest favorable outcome for instant case.

		2022	2021
		---------- (Rupees in '000) ----------	
23.2	**Commitments**		
23.2.1	Commitment in respect of operating leases		
	Commitment in respect of operating leases		
	Not letter than one year.	-	154
	Later than one year and not later than five year	-	-
	Letter than five year.	-	-
		-	154
23.2.2	Letter of Guarantee	447,701	546,000

23.2.3 The Group is committed in respect of capital expenditure contract aggregating to Rs. 500 million (2021: Rs. 627.5 million).

23.2.4 There were no other commitments as at the reporting date.

		2022	2021
		---------- (Rupees in '000) ----------	
24	**NET INSURANCE PREMIUM REVENUE**		
	Gross premiums		
	Regular premium individual policies		
	First year	20,169,568	16,440,728
	Second year renewal	13,686,054	11,141,186
	Subsequent year renewal	98,108,060	88,030,192
	Group policies with cash values	62,760	46,037
	Group policies without cash values	154,305,262	55,295,480
	Health insurance	-	-
	Less: experience premium refund	(42,181,534)	(8,473,272)
		244,150,170	162,480,351
	Non-life business		
	Written Gross Premium	242,437	142,982
	Total Gross Premiums	244,392,607	162,623,333
	Less: Reinsurance Premiums Ceded		
	On individual life first year business	(341,876)	(97,763)
	On individual life second year business	(53,364)	(34,725)
	On individual life renewal business	(200,896)	(186,524)
	On Group policies	(446,461)	(399,957)
	-Less: Reinsurance commission on risk premium	102,917	27,304
		(939,680)	(691,665)
	Non-life business		
	Less :Re-insurance premium ceded	(59,858)	(40,103)
	Net Premiums	243,393,069	161,891,565
25	**INVESTMENT INCOME**		
	Income from equity securities		
	Fair value through profit or loss		
	- Dividend income	8,884,199	7,397,525
	Income from government and debt securities		
	Held to maturity		
	- Return on government and debt securities	105,868,604	88,762,505
		114,752,803	96,160,030

		2022	2021
		---------- (Rupees in '000)	----------
26	NET REALISED FAIR VALUE GAIN ON FINANCIAL ASSETS		
	Fair value through profit or loss		
	Realized gain on equity securities	440,311	58,719
27	NET FAIR VALUE LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
	Net unrealized gain on investments at fair value through profit or loss account	(13,477,202)	(8,486,344)
	Impairment in value	(9,350)	(2,010)
	Expense related to the appreciation on shares held by LICI	(7,148)	5,520
	Less: Investment related expenses	(69,980)	(82,864)
		(13,563,680)	(8,565,698)
28	NET RENTAL INCOME		
	Rental income	1,420,340	1,204,538
	Less: Expenses of investment property	(707,241)	(789,653)
		713,099	414,885
29	OTHER INCOME		
	Return on bank balances	5,600,478	3,679,244
	Gain on sale of fixed assets	6,510	120
	Return on loans to employees	52,217	52,402
	Return on loans to policyholders	24,592,275	14,762,419
	Exchange gain on revaluation	7,328,137	2,758,762
	Reversal of bad and doubtful debts	-	8,869
	Miscellaneous income	192,575	297,804
		37,772,192	21,559,620

	2022	2021
	---------- (Rupees in '000) ----------	

30 NET INSURANCE BENEFITS

	2022	2021
Gross Claims		
Claims under individual policies		
- by death	10,305,093	10,362,961
- by insured event other than death	351,804	360,587
- by maturity	26,195,186	21,719,324
- by surrender	44,064,726	30,062,818
- annuity payments	8,895	13,571
- bonus in cash	1,200	140
Total gross individual policy claims	80,926,904	62,519,401
Claims under Group policies		
- by death	7,858,082	9,400,445
- by insured event other than death	86,769,620	26,426,423
- by maturity	1,574	283
- by surrender	281	1,550
- annuity payments	568	233
Total gross Group policy claims	94,630,125	35,828,934
Non-life business		
Gross Claims	138,632	15,533
Total gross claims- carried forward	175,695,661	98,363,868
Less: Reinsurance Recoveries		
- on individual life claims	(99,055)	(83,551)
- on Group life claims	(162,446)	(241,303)
	(261,501)	(324,854)
Non-life business		
Less: Reinsurance Recoveries	(22,055)	10,737
Premium deficiency	(1,834)	1,705
Claim related expenses	25,353	14,410
Net insurance benefit expense	175,435,624	98,065,866

30.1 There are various cases pertaining to policyholders in relation to individual and group insurance policies, claiming amount due as per policy amounting to Rs. 2,163.91 million (December 31, 2021: Rs. 1,233.35 million) but the Group is of the view that such claims are not valid based on the criteria provided in the policy issued. In total there are 183 cases out of which 5 cases are in the Supreme Court of Pakistan, 49 cases are pending in different High Courts of Pakistan and remaining in the lower courts.

30.2 Claim Development

Accident years Estimate of ultimate claims cost: -	2018	2019	2020	2021	2022
	(Rupees in '000)				
At the end of accident year	3,654,373	5,945,593	7,404,719	8,973,371	7,786,580
One year later	5,265,400	8,059,260	10,301,899	11,886,730	-
Two years later	5,410,645	8,147,016	10,714,292	-	-
Three years later	5,485,246	8,270,394	-	-	-
Four years later	5,528,635	-	-	-	-
Current estimate of cumulative claims	5,528,635	8,270,394	10,714,292	11,886,730	7,786,580
Cumulative payments	(6,056,212)	(6,990,213)	(7,074,157)	(10,425,550)	(10,342,057)
	(527,577)	1,280,181	3,640,135	1,461,180	(2,555,477)
Claim prior to 2018					7,145,455
Liability recognized in the statement of financial position					4,589,978

31 UNCLAIMED INSURANCE BENEFIT

Circular 11 of 2014 dated May 19, 2014 issued by the Securities and Exchange Commission of Pakistan (SECP) has established requirement for all insurers to disclose age wise break up of unclaimed insurance benefits in accordance with format prescribed in the annexure to the said circular.

The unclaimed benefits are described in the circular as the amounts which have become payable in accordance with the terms and conditions of an insurance policy but have not been claimed by the policyholders or their beneficiaries. Such unclaimed amounts may fall into the following categories:

Description	Total Amount	1-6 Months	7-12 Months	13-24 Months	25-36 Months	Beyond 36 Months
	(Rupees in '000)					
Unclaimed maturity benefits	10,910,528	611,787	6,781,453	2,314,140	1,203,148	-
Unclaimed death benefits	4,639,273	53,033	2,715,250	1,333,923	537,067	-
Unclaimed disability benefits	507,968	4,608	192,969	178,085	132,306	-
Claims not encashed	-	-	-	-	-	-
Other unclaimed benefits	102,610,516	79,915,532	3,086,958	8,212,414	11,395,612	-
	118,668,285	80,584,960	12,776,630	12,038,562	13,268,133	-

32 ACQUISITION EXPENSES

	Note	2022	2021
		(Rupees in '000)	
Remuneration to insurance intermediaries on individual policies:			
- commission to agent on first year premiums		10,344,479	9,184,111
- commission to agent on second year premiums		1,861,253	1,660,417
- commission to agent on subsequent renewal premiums		3,360,919	3,248,820
- other benefits to insurance intermediaries		1,095,217	607,733
- branch overhead	32.1	3,701,908	3,267,127
		20,363,776	17,968,208
Remuneration to insurance intermediaries on Group policies:			
- commission		4,342	3,642
- other benefits to insurance intermediaries		1,385	586
		5,727	4,228
		20,369,503	17,972,436
Other acquisition costs:			
- Stamp duty		2,192,217	1,909,498
- Initial medical fees		107,055	113,226
		2,299,272	2,022,724
Non-Life business			
Acquisition expense		40,951	25,681
		22,709,726	20,020,841

32.1 Branch overhead

	Note	2022	2021
		---------- (Rupees in '000) ----------	
Employee benefit cost		2,710,581	2,675,292
Traveling expense		773,768	390,220
Printing & stationary		10,727	11,244
Postage & telephone		35,789	32,635
Electricity, gas and water		25,469	24,345
Rent		85,171	78,155
Prize & awards		18,495	18,250
Conference & meetings		38,968	30,857
Repair & maintenance		2,940	6,129
		3,701,908	3,267,127

33 MARKETING AND ADMINISTRATION EXPENSES

	Note	2022	2021
Employee benefit cost	33.1	10,067,834	10,572,252
Travelling expenses		458,708	309,589
Advertisements and sales promotion		217,620	22,567
Printing and stationery		258,417	130,834
Depreciation and amortization		126,905	108,613
Rent, rates and taxes		145,186	126,835
Legal and professional charges - business related		2,016,944	802,211
Electricity, gas and water		390,282	313,683
Office repairs and maintenance		64,430	64,525
Bank charges		48,511	47,030
Postages, telegrams and telephone		152,784	111,542
Appointed Actuary fees		8,759	7,110
Annual Supervision fees SECP		50,270	50,248
Entertainment		751	1,280
Vehicle running expenses		12,219	7,353
Bad and doubtful debts		1,370	-
Insurance expense		194	24
Training expense		69,853	47,856
Advance tax written off		-	5,024
Miscellaneous		4,286	956
		14,095,323	12,729,532

33.1 Employee benefit cost

	Note	2022	Restated 2021
		---------- (Rupees in '000) ----------	
Salaries, allowances and other benefits		8,703,310	10,471,552
Charges for post employment benefit		1,364,524	100,700
		10,067,834	10,572,252

34 OTHER EXPENSES

	Note	2022	2021
	34.1		
Auditors' remuneration		18,871	16,440
Directors' fee		1,740	2,100
Revenue stamps		59,037	63,900
Conference and meetings		137,049	43,206
Insurance charges		333,143	148,082
Office maintenance		112,317	91,185
Entertainment		24,215	20,943
Other expenses		81,659	47,453
		768,031	433,309

		Note	2022	2021
			---------- (Rupees in '000) ----------	
34.1	Auditors' remuneration			
	Business within Pakistan			
	Annual audit and half yearly review fee			
	BDO Ebrahim & Co.		4,028	3,650
	Grant Thornton Anjum Rahman		5,786	5,388
			9,814	9,038
	Out of pocket			
	BDO Ebrahim & Co.		840	825
	Grant Thornton Anjum Rahman		1,047	980
			1,887	1,805
	Business Outside Pakistan			
	Audit fee			
	Sajjad Haider and Co		7,170	5,597
			18,871	16,440
35	FINANCE COST			
	Lease finance charges		997	1,582
36	INCOME TAX EXPENSE			
	For the year			
	Current		1,104,004	837,075
	Deferred		5,720,759	1,878,411
			6,824,763	2,715,486
	For the prior year			
	Current		114,734	209
	Deferred		-	-
			114,734	209
	Total income tax charge for the year	36.1	6,939,497	2,715,695
36.1	Relationship between tax expense and accounting profit			
	Profit before tax		20,641,739	9,380,915
	Tax at the applicable rate @ 29% (2021: 29%)		5,986,104	2,720,465
	Reconciliation:			
	Education cess for the year		2,165	1,327
	Super tax @ 4%		826,581	-
	Tax effect of minimum tax		(3,200)	(107)
	Recognition of prior year provision		114,734	267
	Others		13,113	(6,257)
	Tax expense for the year		6,939,497	2,715,695
37	EARNINGS PER SHARE			
	Profit (after tax) for the year (Rupees in '000)		13,703,447	6,664,593
	Weighted average number of ordinary shares outstanding as at year end (Numbers in '000)		49,142	46,255
	Earnings per share (Rupees)		278.85	144.08

The Group 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.

38 REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chairman/Chief Executive		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Fees	-	-	-	-	-	-
Managerial remuneration	25,890	18,000	5,713	6,053	457,559	418,187
House rent allowance	-	-	3,503	4,996	279,755	215,786
Utilities	-	-	2,745	2,942	206,981	161,897
Leave encashment	-	-	-	-	-	-
Ex-gratia allowance	-	-	-	-	120	15
Rent and house allowance	-	-	-	-	-	-
Conveyance	-	-	-	-	95	45
Others	-	-	15,014	8,275	85,878	79,655
Entertainment	-	-	-	-	-	-
Staff provident fund	-	-	-	-	-	-
	25,890	18,000	26,975	22,266	1,030,388	875,585
Number of persons	2	1	12	3	333	303

38.1 In addition to the above, Chairman, Directors and Executives are also entitled to the Holding Corporation maintained vehicles and mobile phone facility.

38.2 Fee paid to Non-Executive Directors during the year amounted to Rs. 7.24 million (2021: Rs. 4.21 million).

39 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Group 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 Group 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 Group 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:

	2022	Restated 2021
	(Rupees in '000)	
Profit oriented state-controlled entities common ownership		
Investment in shares - State Bank of Pakistan	3,221	3,221
PIBs deposited with State Bank of Pakistan	561,500	485,000
Staff retirement fund		
Contribution to provident fund	2,896	3,664
Contribution to pension fund	399,064	223,219
Contribution to funded gratuity	1,154	2,963
Expense charged for pension fund	1,374,656	1,339,421

	2022	2021
	---------- (Rupees in '000) ----------	
Transactions with associated companies		
Common ownership		
Dividend received during the year		
Fauji Fertilizer Company Limited	1,593,660	1,549,230
Sui Northern Gas Pipelines Company Limited	206,124	164,899
Security Papers Limited	50,225	45,203
Pakistan Reinsurance Company Limited		
-associated company (24.41%)	146,819	183,525
Pak Data Communication	5,491	1,248
Pak Cables Limited	22,602	20,091
Shahtaj Sugar Mills Limited	3,785	-
Wah-Nobel Chemicals Limitedt	4,310	-
Reinsurance premium ceded		
Pakistan Reinsurance Company Limited	265,310	39,178
Others - Transactions		
Remuneration to key management personnel	69,398	59,348
Actuary Fee to M/s Akhtar & Hassan (Private) Limited	350	-
Balances with related parties - common directorship		
Investment in units of NIT Islamic Equity Fund	175,105	200,000
Investment in shares of		
Fauji Fertilizer Company Limited	11,541,471	11,722,701
Sui Southern Gas Company Limited	532,494	536,536
Sui Northern Gas Pipelines Company Limited	1,031,992	919,311
Pakistan Cables Limited	311,013	394,707
Security Papers Limited	469,856	602,148
Shahtaj Sugar Mills Limited	27,743	40,272
Pak Data Communication Limited	52,152	48,958
Premier Insurance Company Limited	33,997	32,519
Pakistan Reinsurance Company Limited	1,510,778	1,644,383
Arabian Sea Country Club Limited	5,000	5,000
PICIC Insurance Limited	3,156	4,208
Nina Industries Limited	4,500	4,500
Mirpurkhas Sugar Mills Ltd.	39,719	42,096
Wah-Nobel Chemicals Ltd	137,062	-
Others- Balances		
Payable to retirement benefit obligations - net	6,113,692	6,244,891
Payable to M/s Akhtar & Hassan (Private) Limited	350	-

40 SEGMENTAL INFORMATION

40.1 Revenue account by statutory fund

	Statutory Funds					Aggregate
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health and Accidental Insurance Fund	Family Takaful	2022
For the year ended December 31, 2022	(Rupees in '000)					
Income						
Premium less reinsurances	138,987,218	2,554,619	62,963	101,159,575	446,318	243,210,693
Rental income from investment property	708,099	-	-	-	-	-
Net investment income	124,261,836	9,047,832	46,617	5,443,693	50,109	138,850,087
Total net income	263,957,153	11,602,451	109,580	106,603,268	496,427	382,768,879
Insurance benefits and expenditure						
Insurance benefits, including bonuses, net of reinsurance recoveries	85,837,673	2,765,486	14,377	86,702,319	1,026	175,320,881
Management expenses less recoveries	34,071,340	507,178	1,729	2,585,078	251,719	37,417,044
Total insurance benefits and expenditure	119,909,013	3,272,664	16,106	89,287,397	252,745	212,737,925
Excess of income over insurance benefits and expenditures	144,048,140	8,329,787	93,474	17,315,871	243,682	170,030,954
Net change in insurance liabilities (other than outstanding claims)	(131,646,225)	(6,071,686)	(1,266)	(55,466)	(330,008)	(138,104,651)
Surplus/ (deficit) before tax	12,401,915	2,258,101	92,208	17,260,405	(86,326)	31,926,303
Movement in policyholders' liabilities	131,646,225	6,071,686	1,266	55,466	330,008	138,104,651
Transfers to and from shareholders' fund						
- Surplus appropriated to shareholders' fund	(2,759,219)	(80,062)	-	-	-	(2,839,281)
- Capital returned to shareholders' fund	-	-	-	-	-	-
- Fund transferred to general reserve	(69,035)	-	-	(2,000,000)	-	(2,069,035)
- Capital contributions from shareholders' fund	-	-	-	-	-	-
Net transfer to/from shareholders' fund	(2,828,254)	(80,062)	-	(2,000,000)	-	(4,908,316)
Balance of statutory fund at beginning of the year	1,225,774,366	26,388,120	501,981	12,757,203	197,559	1,265,619,229
Balance of statutory fund at end of the year	1,366,994,252	34,637,845	595,455	28,073,074	441,241	1,430,741,867

Revenue account by statutory fund	Statutory Funds					Aggregate
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health and Accidental Insurance Fund	Family Takaful	2021
For the year ended December 31, 2021	(Rupees in '000)					
Income						
Premium less reinsurances	127,270,554	2,145,712	46,037	32,136,624	189,759	161,788,686
Rental income from investment property	412,385	-	-	-	-	412,385
Net investment income	102,001,332	3,848,299	43,134	2,701,818	11,550	108,606,133
Total net income	229,684,271	5,994,011	89,171	34,838,442	201,309	270,807,204
Insurance benefits and expenditure						
Insurance benefits, including bonuses, net of reinsurance recoveries	69,185,780	2,452,456	22,713	26,376,942	-	98,037,891
Management expenses less recoveries	31,518,090	411,848	604	988,677	143,411	33,062,630
Total insurance benefits and expenditure	100,703,870	2,864,304	23,317	27,365,619	143,411	131,100,521
Excess of income over insurance benefits and expenditures	128,980,401	3,129,707	65,854	7,472,823	57,898	139,706,683
Net change in insurance liabilities (other than outstanding claims)	(123,438,728)	(2,083,208)	10,160	(1,041,924)	(84,270)	(126,637,970)
Surplus/(deficit) before tax	5,541,673	1,046,499	76,014	6,430,899	(26,372)	13,068,713
Movement in policyholders' liabilities	123,438,728	2,083,208	(10,160)	1,041,924	84,270	126,637,970
Transfers to and from shareholders' fund						
- Surplus appropriated to shareholders' fund	(2,303,156)	(35,902)	-	-	-	(2,339,058)
- Capital returned to shareholders' fund		-	-	-	-	-
- Capital contributions from shareholders' fund	-	-	-	-	100,000	100,000
- Capital contributions from shareholders' fund	-	-	-	-	-	-
Net transfer to/from shareholders' fund	-	-	-	-	-	
Balance of statutory fund at beginning of the year	1,099,097,115	23,294,315	436,128	5,284,382	39,664	1,128,151,604
Balance of statutory fund at end of the year	1,225,774,360	26,388,120	501,982	12,757,205	197,562	1,265,619,229

40.2 Segmental results by line of business

Income	Statutory Funds					Aggregate
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health and Accidental Insurance Fund	Family Takaful	2022
	(Rupees in '000)					
Gross premiums						
- First year	19,623,655	222,594	-	-	323,319	20,169,568
- Second year	13,414,235	145,236	-	-	126,583	13,686,054
- Subsequent year renewal	95,892,124	2,215,936	-	-	-	98,108,060
Group policies with cash value	-	-	62,963	-	-	62,963
Group policies without cash value	11,044,665	-	-	143,260,598	-	154,305,262
Less: experience premium refund	(345,821)	-	-	(41,835,712)	-	(42,181,534)
Total gross premiums	139,628,858	2,583,766	62,963	101,424,886	449,902	244,150,373
Less: reinsurance premiums ceded						
On individual life first year business	(70,608)	(2,375)	-	(265,310)	(3,583)	(341,876)
On individual life second year business	(53,364)	-	-	-	-	(53,364)
On individual life renewal business	(156,784)	(44,112)	-	-	-	(200,896)
On group policies	(446,461)	-	-	-	-	(446,461)
Less : Reinsurance commission on risk premium	85,577	17,340	-	-	-	102,917
	(641,640)	(29,147)	-	(265,310)	(3,583)	(939,680)
Net Premiums	138,987,218	2,554,619	62,963	101,159,576	446,319	243,210,693
Rental income from investment property	708,099	-	-	-	-	708,099
Net investment income	124,261,837	9,047,831	46,617	5,443,693	50,109	138,850,087
Total net income	263,957,154	11,602,450	109,580	106,603,269	496,428	382,768,879
Insurance benefits and expenditures						
Claims, including bonuses, net of reinsurance recoveries	85,837,673	2,765,486	14,377	86,702,319	1,026	175,320,881
Management expenses less recoveries	34,071,340	507,178	1,729	2,585,078	251,719	37,417,044
Total insurance benefits and expenditures	119,909,013	3,272,664	16,106	89,287,397	252,745	212,737,925
Excess of income over insurance benefits	144,048,141	8,329,786	93,474	17,315,872	243,683	170,030,956
Add : Policyholder liabilities at the beginning of year	1,180,781,402	21,672,208	121,054	1,116,926	84,270	1,203,775,861
Less : Policyholder liabilities at the end of year	1,312,427,629	27,743,894	122,320	1,172,392	414,278	1,341,880,514
Surplus/(deficit) before tax	12,401,914	2,258,101	92,209	17,260,405	(86,326)	31,926,303

Segmental results by line of business

Income	Statutory Funds					Aggregate
	Pakistan Life Fund	Overseas Life Fund	Pension Fund	Health and Accidental Insurance Fund	Family Takaful	2021
	(Rupees in '000)					
Gross premiums						
- First year	16,100,449	150,118	-	-	190,161	16,440,728
- Second year	10,974,249	166,937	-	-	-	11,141,186
- Subsequent year renewal	86,172,321	1,857,871	-	-	-	88,030,192
Group policies with cash value	-	-	46,037	-	-	46,037
Group policies without cash value	14,808,378	-	-	40,487,102	-	55,295,480
Less: experience premium refund	(161,972)	-	-	(8,311,300)	-	(8,473,272)
Total gross premiums	127,893,425	2,174,926	46,037	32,175,802	190,161	162,480,351
Less: reinsurance premiums ceded						
On individual life first year business	(56,190)	(1,993)	-	(39,178)	(402)	(97,763)
On individual life second year business	(34,725)	-	-	-	-	(34,725)
On individual life renewal business	(144,350)	(42,174)	-	-	-	(186,524)
On group policies	(399,957)	-	-	-	-	(399,957)
Less : Reinsurance commission on risk premium	12,351	14,953				27,304
	(622,871)	(29,214)	-	(39,178)	(402)	(691,665)
Net Premiums	127,270,554	2,145,712	46,037	32,136,624	189,759	161,788,686
Rental income from investment property	412,385	-	-	-	-	412,385
Net investment income	102,001,332	3,848,299	43,134	2,701,818	11,550	108,606,133
Total net income	229,684,271	5,994,011	89,171	34,838,442	201,309	270,807,204
Insurance benefits and expenditures						
Claims, including bonuses, net of reinsurance recoveries	69,185,780	2,452,456	22,713	26,376,942	-	98,037,891
Management expenses less recoveries	31,518,090	411,848	604	988,677	143,411	33,062,630
Total insurance benefits and expenditures	100,703,870	2,864,304	23,317	27,365,619	143,411	131,100,521
Excess of income over insurance benefits	128,980,401	3,129,707	65,854	7,472,823	57,898	139,706,683
Add : Policyholder liabilities at the beginning of year	1,057,342,636	19,589,000	131,214	75,001	-	1,077,137,851
Less : Policyholder liabilities at the end of year	1,180,781,403	21,672,207	121,054	1,116,926	84,270	1,203,775,860
Surplus/(deficit) before tax	5,541,634	1,046,500	76,014	6,430,898	(26,372)	13,068,674

40.3 Segment information of General Insurance

Following segment information prepared in accordance with the requirements of Insurance Ordinance, 2000 and the Insurance Rules, 2017 for Class of business wise revenues, results, assets and liabilities:

The class wise revenues and results are as follows:

2022	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Bond	Miscellaneous	Total
	(Rupees in '000)						
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	121,094	45,463	53,094	26,710	2,029	28,348	276,738
Less: Federal Excise Duty	6,121	4,240	5,876	-	259	1,871	18,367
Federal Insurance Fee	432	362	415	2	17	128	1,356
Others	15	1,453	25	-	4	10	1,507
Gross written premium (inclusive of administrative surcharge)	114,526	39,408	46,778	26,708	1,749	26,339	255,508
Gross direct premium	42,294	35,097	40,421	12,643	-	12,554	143,009
Facultative inward premium	71,399	3,203	5,261	14,063	-	13,572	107,498
Administrative surcharge	833	1,106	1,095	2	-	214	3,250
	114,526	39,406	46,777	26,708	-	26,340	253,757
Insurance premium earned	103,686	38,847	41,311	26,130	263	32,201	242,438
Insurance premium ceded to reinsurers	(25,727)	(10,285)	(5,994)	-	(986)	(16,866)	(59,858)
Net insurance premium	77,959	28,562	35,317	26,130	(723)	15,335	182,580
Commission income	427	89	371	-	4	639	1,530
Net underwriting income	78,386	28,651	35,688	26,130	(719)	15,974	184,110
Insurance claims	(88,225)	(14,212)	(15,584)	(11,065)	-	(9,545)	(138,631)
Insurance claims recovered from reinsurer	16,181	5,033	788	-	-	52	22,054
Net claims	(72,044)	(9,179)	(14,796)	(11,065)	-	(9,493)	(116,577)
Commission expense	(21,125)	(8,834)	(4,675)	(2,010)	(24)	(5,813)	(42,481)
Management expense	(42,025)	(14,461)	(17,165)	(9,801)	(642)	(10,536)	(94,630)
Premium deficiency expense	(665)	(150)	-	571		2,079	1,835
Net insurance claims and expenses	(135,859)	(32,624)	(36,636)	(22,305)	(666)	(23,763)	(251,853)
Underwriting result	(57,473)	(3,973)	(948)	3,825	(1,385)	(7,789)	(67,743)
Net investment income							37,244
Other income							12,988
Other expenses							(3,029)
Finance cost							(997)
Profit before tax							(21,537)

2022	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Bond	Miscellaneous	Total
	(Rupees in '000)						
Segment assets	78,802	45,228	59,950	16,217	2,353	39,395	241,946
Unallocated assets							902,580
	78,802	45,228	59,950	16,217	2,353	39,395	1,144,526
Segment liabilities	229,750	29,840	52,128	22,393	6,094	32,644	372,849
Unallocated liabilities							83,477
	229,750	29,840	52,128	22,393	6,094	32,644	456,326

Following are the major customers of the group segment that represents more than 10% of the business.

Client Name	2022 Gross Premium	2022 %age of Premium	2021 Gross Premium	2021 %age of Premium
EFU General Insurance Limited - Multan	25,993	10.17%	28,989	17%
Australian High Commission	12,549	4.91%	11,568	7%
	38,542		40,557	

2021	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Bond	Miscellaneous	Total
	----------	----------	----------	(Rupees in '000)	----------	----------	----------
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	79,973	29,023	42,264	11,659	-	28,785	191,704
Less: Federal Excise Duty / Sales Tax	4,990	2,767	4,477	-	-	2,969	15,203
Federal Insurance Fee	350	239	324	2	-	192	1,107
Others	15	1,218	26	-	-	14	1,273
Gross written premium (inclusive of administrative surcharge)	74,618	24,799	37,437	11,657	-	25,610	174,121
Gross direct premium	34,216	22,986	31,530	11,655	-	18,973	119,360
Facultative inward premium	39,680	918	5,048	-	-	6,450	52,096
Administrative surcharge	722	895	859	2	-	187	2,665
	74,618	24,799	37,437	11,657	-	25,610	174,121

2021	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Bond	Miscellaneous	Total
	----------	----------	----------	(Rupees in '000)	----------	----------	----------
Insurance premium earned	59,259	25,696	31,898	11,735	-	14,394	142,982
Insurance premium ceded to reinsurers	(21,338)	(9,917)	(4,656)	-	(32)	(4,161)	(40,104)
Net insurance premium	37,921	15,779	27,242	11,735	(32)	10,233	102,878
Commission income	297	9	231	-	5	123	665
Net underwriting income	38,218	15,788	27,473	11,735	(27)	10,356	103,543
Insurance claims	6,452	(1,474)	(8,857)	(8,874)	6,425	(9,205)	(15,533)
Insurance claims recovered from reinsurer	(7,974)	-	1,092	-	(3,855)	-	(10,737)
Net claims	(1,522)	(1,474)	(7,765)	(8,874)	2,570	(9,205)	(26,270)
Commission expense	(13,854)	(5,392)	(4,175)	(587)	-	(2,338)	(26,346)
Management expense	(34,247)	(11,382)	(17,182)	(5,350)	-	(16,778)	(84,939)
Premium deficiency expense	535	-	-	157	-	(2,397)	(1,705)
Net Insurance Claims and expenses	(49,088)	(18,248)	(29,122)	(14,654)	2,570	(30,718)	(139,260)
Underwriting result	(10,870)	(2,460)	(1,649)	(2,919)	2,543	(20,362)	(35,717)
Net investment income							55,387
Other income							12,916
Other expenses							(3,241)
Finance cost							(1,582)
Profit before tax							27,763
Segment assets	66,520	32,663	44,339	11,931	455	35,367	191,275
Unallocated assets							886,331
	66,520	32,663	44,339	11,931	455	35,367	1,077,606
Segment liabilities	153,171	23,945	41,829	18,750	3,625	33,853	275,173
Unallocated liabilities							89,392
	153,171	23,945	41,829	18,750	3,625	33,853	364,565

40.4 Segment Statement of Financial Position

	Statutory Funds	Shareholders Funds	2022	Statutory Funds	Shareholders Funds	Restated 2021
	(Rupees in '000)					
Assets						
Property and equipment	1,049,424	-	1,049,424	901,696	-	901,696
Intangible asset	497	-	497	-	-	-
Investment property	3,573,082	-	3,573,082	3,618,967	-	3,618,967
Investments	1,225,638,531	4,448,747	1,230,087,278	1,007,844,991	4,448,747	1,012,293,738
Loans secured against life insurance policies	171,822,531	-	171,822,531	151,464,401	-	151,464,401
Insurance / reinsurance receivables	78,199,817	-	78,199,817	37,495,543	-	37,495,543
Other loans and receivables	64,223,863	1,056,552	65,280,415	55,168,814	1,056,552	56,225,366
Taxation - payments less provision	91,694	-	91,694	78,372	-	78,372
Prepayments	862	-	862	12	-	12
Reinsurance recoveries against outstanding claims	15,115	-	15,115	12,579	-	12,579
Salvage recoveries accrued	3,622,728	-	3,622,728	3,547,747	-	3,547,747
Deferred commission expense/acquisition cost	93,623	-	93,623	99,466	-	99,466
Cash & Bank	48,470,888	-	48,470,888	101,121,514	-	101,121,514
Total assets	1,596,802,655	5,505,299	1,602,307,954	1,361,354,102	5,505,299	1,366,859,401
Liabilities						
Insurance liabilities net of reinsurance recoveries	1,522,305,774	-	1,522,305,774	-	-	1,308,163,565
Retirement benefit obligations	6,113,692	-	6,113,692	-	-	6,244,891
Deferred capital grant	26,692	-	26,692	-	-	15,886
Deferred tax	3,479,421	5,720,655	9,200,076	-	1,878,937	3,479,317
Premium received in advance	5,333,943	-	5,333,943	-	-	5,576,324
Insurance / reinsurance payables	1,223,216	-	1,223,216	-	-	575,782
Other creditors and accruals	30,301,120	-	30,301,120	-	-	26,982,151
Total Liabilities	1,568,783,858	5,720,655	1,574,504,513	-	1,878,937	1,351,037,916

41 MOVEMENT IN INVESTMENTS

	Held to Maturity	Fair value through profit and loss	Total
	(Rupees in '000)		
At beginning of previous year	914,609,164	97,684,574	1,012,293,738
Additions	530,973,094	1,001,765	531,974,859
Disposals (sale and redemptions)	(319,623,357)	(24,618)	(319,647,975)
Amortization of premium- net	18,967,644	-	18,967,644
Reversal / Provision during the year	-	4,561	4,561
Unrealized fair value gain	-	(13,491,506)	(13,491,506)
Impairment loss	-	(14,043)	(14,043)
	1,144,926,545	85,160,733	1,230,087,278

42 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

42.1 Insurance Risk

42.1.1 Insurance contracts - classification

The Group majorly maintains five statutory funds which are as follows:

- Pakistan Life Fund

- Overseas Life Fund

- Pension Fund

- Health and Accidental Insurance Fund

- Family Takaful Fund

Within the Pakistan Life Fund the business can be further classified as individual life conventional business, Group insurance business and a small amount of annuity business.

Most of the new individual life conventional policies written by the Group 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 administered under Group Pension Deposit Administration contracts.

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

Family Takaful Fund is consist of individual family takaful business.

Considering all the above together, the bulk of Group business consists of individual life conventional policies. Most of the remaining business consists of Group life insurance business. Group Health is a relatively new venture of the Group which started in 2012 and has yet to register any significant growth. The Group 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.

42.1.2 Contract details and measurement

The insurance contracts offered by the Group are described below:

42.1.2.1 Individual life policies

Individual life conventional products

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

Annuities

The Group also has a small number of individual and Group life-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 Group offers annuity-certain plans under which periodic income benefit is payable for a stipulated period and is not dependent on the life of the policyholder.

Supplementary riders

The Group 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 Group 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 Group is sold through its dedicated sales force which is present all over the country. This field force is organized under a three tier system consisting of sales representatives, sales officers and sales managers. Each sales sector headed by a sector head is further Grouped over 1000 area offices, more than 1,200 sector offices, 33 zones and 7 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 policy holders of the Group come from all strata of society, with greater representation of the rural areas due to wider outreach of its field force. New policyholders have an average age of around 34 years.

42.1.2.2 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 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 Group. Each zone has its own marketing force consisting of sector heads who are full time salaried employees of the Group, however, some of the Group business is also procured through individual life field force of the Group.

Most of the lives covered under the Group insurance consist of industrial and office workers, civil servants and employees of Groups, banks, other financial institutions, armed forces etc.

42.1.2.3 Pension business

The pension portfolio of the Group 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 Group does not retain any insurance risk apart from a nominal investment return guarantee. The services offered by the Group include benefit administration, funding advice and investment of the funds.

These contracts do not transfer any significant insurance risk from the policyholders to the Group. 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.

42.1.2.4 Group Health Business

In 2012, the Group entered the Health Insurance Market by signing an agreement with the Benazir Income Support Programme (BISP) authorities for providing Health Insurance to the beneficiaries enrolled under BISP Waseela-e-Sehat Programme. This contract terminated on June 30, 2015. However, settlement of the Equalization Reserve Fund (ERF) balance is still pending. Consequently, a provision for this has been kept in the Actuarial Reserves.

In the year 2015, the Group entered into two other agreements, namely Prime Minister's National Health Insurance Scheme (PMNHIS) and KPK Micro Health Insurance Scheme. However, no health cards were issued under either scheme in 2015. Therefore, no specific liability was kept for these contracts.

Insured event

The PMNHIS and the KPK schemes are aimed at providing the underprivileged sector of the society the access to health care to cope with a variety of health shocks. The schemes provide in-patient health insurance facilities to enrolled families, subject to Rupee limits prescribed under the respective agreements.

42.1.3 Reserving method

42.1.3.1 Individual life policies

The Group values its individual life policy liabilities by a modified net level premium method. Under this method the Group'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.

42.1.3.2 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.

42.1.3.3 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 Group's policy to record only the earned premium in the revenue account. The Group holds reserve for claims incurred but not reported up to the valuation date and provision for experience refunds where applicable.

The Group 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.

42.1.3.4 Supplementary riders

For the supplementary riders attached to individual life policies the Group 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.

42.1.3.5 Pension plans

The Group 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.

42.1.3.6 Reserves for outstanding claims

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

42.1.3.7 Liability adequacy test

The adequacy of liability held by the Group has been tested using an alternative reserving method based upon realistic estimates of future mortality, expenses, lapses and investment return. Based on the results of this test the Appointed Actuary considers that the liability being kept by the Group is adequate.

42.1.3.8 Reinsurance contracts held

The Group 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 Group at a level which it considers optimum and safe.

There is a similar surplus treaty arrangement for reinsurance of the Group's Gulf business. The retention level of the Gulf business is fixed by the Group 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 reinsurer as specified in the respective treaty. Such cases are reinsured by the Group on a facultative basis.

The reinsurers of the Group 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 Group assesses impairment on its reinsurance assets on a regular basis to identify any losses in recoveries. As of now, the Group'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.

42.1.4 Accounting estimates and judgments and process used for deciding assumptions

42.1.4.1 Mortality and disability

Due to nature of its business the Group is exposed to the risk of mortality. The reserving basis utilizes a conservative estimate of mortality. The Group 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 result of this study 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 Group also has a small exposure to disability risk covered by some of its supplementary contracts. The Group 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.

42.1.4.2 Investment income

Due to the long term nature of its individual life policies the Group is exposed to the risk of adverse fluctuations in interest rates. In particular a long term declining trend in the interest rates can produce a financial strain for the Group. To some extent this risk is mitigated by the Group'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 Group 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 analyzed 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.

42.1.4.3 Expenses

The Group 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 Group carries out an annual expense analysis to keep track of its expenses. The result of this study is utilized in the estimation of liability under realistic assumptions to ensure the adequacy of the reserves being held.

In prior year, Group 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 Group, SECP had granted one time exemption of excluding past service cost and unrecognized actuarial loss of December 31, 2013 from the computation of actual management expense for the year 2013 in order to comply with the prescribed maximum management expense limits.

42.1.5 Frequency and severity of claims

42.1.5.1 Frequency

Since the Group 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 Group. An unusual catastrophic event such as a disease epidemic, flash floods or a major earthquake can produce a sudden spike in the frequency.

42.1.5.2 Severity

To some extent the Group 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 Group is represented by 33 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 Group naturally reflects the same pattern. Nearly 88 % of the Group'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.

42.1.6 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 Group in the form of lower new business growth and higher lapse rates of existing policies.

42.1.7 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 Group'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 Group.

42.1.7.1 Financial risk

a) Interest risk

The Group 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 Group 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 Group to absorb any impact of adverse fluctuation in the interest rates.

As a further security mechanism all the guaranteed liabilities of the Group 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 add another layer of security against interest risk.

b) Expense risk

Expense risk is the risk that the actual expenses of the Group will exceed the expense margins built in the premium rates. To cover this risk, a specific provision is kept in the actuarial reserves.

c) Mortality risk

The mortality used in the reserving basis is the mortality prescribed by the SECP, which is the SLIC 2001-2005 table. Due to advancement in health care technology the current mortality levels are lower than the mortality rates of this table. Hence, the reserving basis has adequate margins for absorbing the impact of adverse fluctuation in mortality.

d) Surrenders risk

The reserving basis used by the Group does not assume any surrenders. However, the Group ensures that the reserves kept by it for each policy are more than its surrender value. This ensures that the Group does not suffer any adverse impact in case any policies are surrendered.

e) 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 Group on the valuation date. This provides a mechanism of adjusting for any unanticipated movements in the inflation rate.

f) Catastrophe risk

The business of the Group is spread all over the country. However the insurance penetration rate in the country is still very low. This means that 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 Group's policies is expected to be even smaller. As a result any localized catastrophic event is not expected to have any significant impact on the Group.

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 mitigated to an extent due to the presence of reinsurance cover for the individual and Group policies. In addition the premium rates of the Group are designed to adequately cater for this risk. Premium deficiency reserve held by the Group for its Group business provides an extra layer of security against this risk.

g) Currency risk

The Group 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 Group 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.

The effect of fluctuation of currency risk up to 10% on the net assets to the revenue account will be as follows:

	UAE Dirhams	US Dollars
December 31, 2022		
10% increase	999,711	2,474,017
10% decrease	(999,711)	(2,474,017)
December 31, 2021		
10% increase	766,319	662,531
10% decrease	(766,319)	(662,531)

42.1.7.2 Credit risk and asset risk

Management of credit risk and asset risk deals with risks emanating from the assets side of the statement of financial position. 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.

42.1.7.3 Operational risk or pricing risk

The Group 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 Group against the risk of large number of sub-standard impaired lives accumulating on its policy portfolio, since extra premium automatically charged to commensurate with such risk.

For lives which are otherwise uninsurable, the Group 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 bypasses normal underwriting in return for a suitable extra premium and waiting period.

42.1.8 Sensitivity analysis

Mortality rates and the discounting factor are the two most significant variables which can have an impact on the policyholder liabilities. The Group 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%	0.10%
Decrease in mortality	10%	-0.10%
Increase in discount rate	0.5% addition in rate	-3.94%
Decrease in discount rate	0.5% reduction in rate	4.15%

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.

42.1.9 Insurance contracts - Non life business

The Group accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquakes, transit, theft, third party liabilities and other catastrophes. For health insurance contracts significant risks arise from epidemics.

The Group's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate reinsurance is arranged to mitigate the effect of the potential loss to the Group from individual to large or catastrophic insured events. Further, the Group adopts strict claim review policies including active management and prompt pursuing of the claims and regular detailed review of claim handling procedures.

42.2 Financial risk

The Group 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 Group’s risk management program is geared to ensure the survival of the Group 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 Group's financial performance.

The Board of Directors has the overall responsibility for establishment and oversight of the Group's risk management framework and is responsible for developing risk management policies and its monitoring.

42.2.1 Interest rate risk

	Note	2022						
		Interest / Markup bearing			**Non-interest / Non-markup bearing**			
		Maturity upto one year	**Maturity after year**	**Sub total**	**Maturity upto one year**	**Maturity after year**	**Sub total**	**Total**
		------ (Rupees in '000) ------						
Financial Assets								
Investments								
Equity securities	8	-	-	-	77,990,966	-	77,990,966	77,990,966
Government securities	9		921,489,880	1,134,162,759	-	-	-	1,134,162,759
Debt securities	10	212,672,879	10,763,786	10,763,786	-	-	-	10,763,786
Mutual funds	11	-			7,169,767	-	7,169,767	7,169,767
Loans secured against life insurance policies		-	171,822,531	171,822,531	-	-	-	171,822,531
Insurance / reinsurance receivables	12	-	-	-	77,372,384	827,433	78,199,817	78,199,817
Other loans and receivables	13	-	-	-	64,900,619	-	64,900,619	64,900,619
Cash & bank	15	11,204,412	3,643,189	14,847,601	33,623,287	-	33,623,287	48,470,888
As at December 31, 2022		223,877,291	1,107,719,386	1,331,596,677	261,057,023	827,433	261,884,456	1,593,481,133
Financial Liabilities								
Insurance liabilities	18	-	-	-	118,877,754	1,403,341,087	1,522,218,841	1,522,218,841
Premium received in advance		-	-	-	5,333,943	-	5,333,943	5,333,943
Insurance / reinsurance payables	21	-	-	-	1,223,216	-	1,223,216	1,223,216
Other creditors and accruals	22	-	-	-	30,272,999	-	30,272,999	30,272,999
As at December 31, 2022		-	-	-	155,707,912	1,403,341,087	1,559,048,999	1,559,048,999
Off Balance Sheet Financial Instrument		223,877,291	1,107,719,386	1,331,596,677	105,349,111	(1,402,513,654)	(1,297,164,543)	34,432,134

	Note	2021 (Restated)						
		Interest / Markup bearing			Non-interest / Non-markup bearing			
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
		------ (Rupees in '000) ------						
Financial Assets								
Investments								
Equity securities	8	-	-	-	89,130,282	-	89,130,282	89,130,282
Government securities	9		786,281,761	910,517,568	-	-	-	910,517,568
Debt securities	10	124,235,807	4,091,596	4,091,596	-	-	-	4,091,596
Mutual funds	11	-	-	-	8,554,292	-	8,554,292	8,554,292
Loans secured against life insurance policies		-	151,464,401	151,464,401	-	-	-	151,464,401
Insurance / reinsurance receivables	12	-	-	-	37,033,658	461,885	37,495,543	37,495,543
Other loans and receivables	13	-		-	55,792,836	-	55,792,836	55,792,836
Cash & bank	15	62,458,722	8,107,351	70,566,073	30,555,441	-	30,555,441	101,121,514
As at December 31, 2021		186,694,529	949,945,109	1,136,639,638	221,066,509	461,885	221,528,394	1,358,168,032
Financial Liabilities								
Insurance liabilities	18	-	-	-	54,602,630	1,253,484,733	1,308,087,363	1,308,087,363
Premium received in advance		-	-	-	5,576,324	-	5,576,324	5,576,324
Insurance / reinsurance payables	21	-	-	-	575,782	-	575,782	575,782
Other creditors and accruals	22	-	-	-	25,425,944	-	25,425,944	25,425,944
As at December 31, 2021		-	-	-	86,180,680	1,253,484,733	1,339,665,413	1,339,665,413
Off Balance Sheet Financial Instrument		186,694,529	949,945,109	1,136,639,638	134,885,829	(1,253,022,848)	(1,118,137,019)	18,502,619

42.2.2 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 Group's investments are primarily in long term Government bonds. In addition, the Group 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.

42.2.3 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 Group 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 Group 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 Group's liabilities and assets is possible.

Interest rate risk exposures from options and guarantees embedded in insurance liabilities

The Group’s deposit administration pension contracts have certain guarantees that transfer interest rate risk to the Group. These guarantees include a minimum guaranteed investment return of 0.375% per month on the pension funds being managed by the Group. The pension liabilities of the Group are a very insignificant proportion of overall liabilities of the Group and historically investment return earned on the assets backing these liabilities has never been below the amount of the guaranteed return.

42.2.4 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 Group within Pakistan are in Pakistan rupees. This business is therefore not exposed to any currency risk.

The Group’s Overseas Life Fund undertakes business in US Dollars and UAE Dirhams. It is policy of the Group 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 Group’s foreign currency denominated assets, liabilities and reserves are as follows:

	2022		2021	
	UAE Dirhams	**US Dollars**	UAE Dirhams	US Dollars
	----------- (Rupees in ‘000) -----------		----------- (Rupees in ‘000) -----------	
Assets	171,079	145,529	214,539	140,378
Liabilities	9,130	36,325	59,547	34,623
Reserves	161,949	109,204	154,992	105,755

42.2.5 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 Group's listed securities are exposed to market price risk arising from uncertainties about the future value of investment securities. The Group limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity. In addition, the Group actively monitors the key factors that affect stock market.

42.2.6 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Group. The key areas of exposure to credit risk for the Group are in relation to its investment portfolio, reinsurance program and to a lesser extent amounts due from policyholders and intermediaries.

The Group 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 Group 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 Group uses other publicly available financial information and its own trading records to rate its major policyholders and reinsurers. The Group'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 Group extends policy loans to its policyholders. These loans are entirely backed by the cash values of their policies.

The Group 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 Group does not invest in derivative financial instruments.

The carrying amount of financial assets represents the maximum credit exposure, as specified below:

	Note	2022	2021
		---------- (Rupees in '000)	----------
Bank deposits		45,252,787	101,077,565
Loans secured against life insurance policies		171,822,531	151,464,401
Investments		1,230,087,278	1,012,293,738
Insurance / reinsurance receivables	12	78,199,817	37,495,543
Other loans and receivables		64,900,619	55,792,836
Total		1,590,263,032	1,358,124,083

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

	2022	2021
	---------- (Rupees in '000)	----------
The age analysis of insurance/reinsurance receivable:		
Up to 1 year	78,199,817	37,495,543

Subsequent years premium falling due under the policy are recognized if received before expiry of the grace period, or if advanced by the Group under the Automatic Non-forfeiture provisions. However, premiums due in the month of December but not received are recognized if the grace period is to expire after the next 1st January. Hence the age of outstanding premium is always less than one year.

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

Bank name	Long term	Short term	Rating Agency	2022	2021
				---------- (Rupees in '000) ----------	
Allied Bank Limited	AAA	A1+	PACRA	1,512	1,524
AL Habib Bank Limited	AAA	A1+	JCR-VIS	-	1,500,298
Bank Al Falah Limited	AA+	A1+	PACRA	6,589,001	4,239,881
Dubai Islamic Bank	AA	A1+	JCR-VIS	125,670	69,123
First Women Bank Limited	A-	A2	PACRA	9,893	6,993
Habib Bank Limited	AAA	A1+	JCR-VIS	16,503,855	65,166,027
MCB Bank Limited	AAA	A1+	PACRA	41	1,500,670
Mobilink Micro Finance Bank	A	A11	PACRA	33,900	-
National Bank of Pakistan	AAA	A1+	PACRA	87,493	71,909
Barclays Banks	-	-	-	20,754	23,249
NIB Bank Limited	AAA	A1+	PACRA	23,246	16,267
The Bank of Punjab	AA+	A1+	PACRA	3,398,515	1,513,565
Faysal Bank Limited	AA	A1+	JCR-VIS	1,545,427	1,556,651
Samba Bank Limited	AA	A-1	PACRA	8,191	8,999
Silk Bank Limited	A-	A-2	JCR-VIS	15,984	5,492
Sindh Bank Limited	A+	A1+	JCR-VIS	1	1
Soneri Bank Limited	AA	A1+	PACRA	3,016,242	1,513,340
Standard Chartered Bank Limited	AAA	A1+	PACRA	159	-
Summit Bank Limited		SUSPENDED		9,469	17,347
United Bank Limited	AAA	A1+	JCR-VIS	12,466,564	22,032,341
JS Bank Limited	AA-	A1+	JCR-VIS	1,202	531
Meezan Bank Limited	AAA	A1+	PACRA	52,607	50,001
Habib Metropolitan Bank	AA+	A1+	PACRA	9,578	10,796
Julius Bar Bank	-	-	-	52,244	73,341
Al Ahli Bank Kuwait	-	-	-	18,723	43,365
Bank of Singapore	-	-	-	1,262,516	1,655,854
				45,252,787	101,077,565

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

Amount due from other insurers / reinsurers	2022	2021
	---------- (Rupees in '000) ----------	
A or above	827,433	461,885

42.2.7 Liquidity risk

Liquidity risk is the risk that the Group cannot meet its obligations associated with financial liabilities as they fall due.

The Group has adopted an appropriate liquidity risk management framework for the management of the Group's liquidity requirements. The Group 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 Group is exposed to liquidity risk arising from clients on its insurance and investment contracts. The Group maintains adequate liquid reserves to meet any eventuality arising from a catastrophe.

Liquidity management ensures that the Group has sufficient access to funds necessary to cover insurance claims, surrenders, withdrawals and maturing liabilities. In practice, most of the Group's assets are marketable securities which could be converted into cash when required.

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

	2022	
	Carrying value	**Fair value**
	---------- (Rupees in '000) ----------	
Government securities	1,134,162,759	999,304,000

	2021	
	Carrying value	Fair value
	---------- (Rupees in '000) ----------	
Government securities	910,517,568	843,309,000

43 CAPITAL RISK MANAGEMENT

The Group 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 Group consists of equity attributable to the Government which is the sole shareholder of the Group and accumulated surplus.

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

Further details are given in the table below:

	2022	Restated 2021
	---------- (Rupees in '000) ----------	
Issued, subscribed and paid-up capital	6,200,000	4,900,000
Ledger account C & D	18,190,546	8,544,917
Group reserve	3,278,432	2,240,900
Capital contributed to statutory fund	100,000	100,000
Non controlling interest	34,463	35,668
Shareholders' equity	27,803,441	15,821,485

44 FAIR VALUE OF FINANCIAL INSTRUMENTS

44.1 Carrying amount versus fair value

The following table compares the carrying amounts and fair values of the Group's financial assets and financial liabilities as at December 31, 2022.

The Group considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value:

	As at December 31, 2022		As at December 31, 2021 Restated	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	------------------------------ (Rupees in '000)	------------------------------		
Financial Assets				
Cash and bank deposits	48,470,888	48,470,888	101,121,514	101,121,514
Loans secured against life insurance policies	171,822,531	171,822,531	151,464,401	151,464,401
Insurance / reinsurance receivables	78,199,817	78,199,817	37,495,543	37,495,543
Other loans and receivalbles	64,900,619	64,900,619	55,792,836	78,489
Investments				
Fair value through Profit and loss				
Listed equity securities and mutual fund units	83,534,505	83,534,505	95,691,431	99,744,269
Unlisted equity securities and mutual fund units	1,626,228	1,626,228	1,993,143	2,082,936
Held to maturity				
Government securities	1,134,162,759	999,304,000	910,517,568	843,309,000
Other fixed income securities	-	-	3,654,344	3,654,344
	1,219,323,492	1,084,464,733	1,011,856,486	948,790,549
Financial Liabilities				
Insurance liabilities	1,522,218,841	1,522,218,841	1,308,087,363	1,308,087,363
Premium received in advance	5,333,943	5,333,943	5,576,324	5,576,324
Insurance / reinsurance payables	1,223,216	1,223,216	575,782	575,782
Other creditors and accruals	30,272,999	30,272,999	25,425,944	25,425,944

44.2 FAIR VALUE HIERARCHY

The level in the fair value hierarchy within which the asset or liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement.

Assets and liabilities are classified in their entirety into only one of the three levels.

The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses assets measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	Total	**Level 1**	**Level 2**	**Level 3**
	------------------------------ (Rupees in '000)	------------------------------		
December 31, 2022				
Financial Assets at carrying value				
Investments at carrying value Fair value through profit or loss account				
Listed equity securities and mutual fund	83,534,505	78,147,482	5,387,023	-
Unlisted equity securities and mutual fund	1,626,228	-	1,626,228	-
	85,160,733	78,147,482	7,013,251	-

	Total	Level 1	Level 2	Level 3
	------------------------------ (Rupees in '000)	------------------------------		
December 31, 2021				
Financial Assets at carrying value				
Investments at carrying value Fair value through profit or loss account				
Listed equity securities and mutual fund	95,691,431	89,322,261	6,369,170	-
Unlisted equity securities and mutual fund	1,993,143	-	1,993,143	-
	97,684,574	89,322,261	8,362,313	-

Carrying values of all other financial assets and liabilities approximate their fair value.

44.3 Transfers during the period

During the year to December 31, 2022:

- There were no transfers between Level 1 and Level 2 fair value measurements
- There were no transfers into or out of Level 3 fair value measurements

44.4 Valuation techniques

Fair value of investments is determined as follows:

- Fair value of listed equity securities is determined on the basis of closing market prices quoted on the respective stock exchange.
- Unlisted equity securities are carried at cost.
- Fair value of open-ended mutual fund is determined on the basis of closing net assets value taken from MUFAP.

45 CORRESPONDING FIGURES

The corresponding figures of these consolidated financial statements has been reclassified for better presentation. Following reclassification is made during the year.

Reclassification From	Reclassified To	----- (Rupees in '000) -----
Cash & bank	**Cash & bank**	
- Cash in hand	- Policy & Revenue stamps, Bond papers	8,067
Other loans and receivables	**Cash & bank**	
Window takaful operations	Window takaful operations	50,001

46 SUBSEQUENT EVENTS

The Board of Directors of the Group in their meeting held on April 18, 2023 declared dividend of Rs. 2,000 million (2021: 1720.286 million).

These consolidated financial statements for the year ended December 31, 2022 do not include the effect of these appropriations and these will be accounted in the consolidated financial statements for the year ending December 31, 2023.

47 NUMBER OF EMPLOYEES

The details of number of employees are as follows:

	2022	2021
Permanent employees as at year end	3,812	3,710
Area managers	1,127	1,247
	4,939	4,957
Average number of employees during the year	4,948	5,050

48 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors of the Group on April 18, 2023.

49 GENERAL

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

Shoaib Javed Hussain	Moin M. Fudda	Muhammad Aslam Ghauri	Muhammad Rashid
Chairman	Director	Director	Chief Financial Officer

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 / technical liabilities included in the balance sheet of State Life Insurance Corporation of Pakistan as at December 31, 2022 have been determined in accordance with the provisions of the Insurance Ordinance, 2000; and

b. Each statutory fund of State Life Insurance Corporation of Pakistan complies with the solvency requirements of the Insurance Ordinance, 2000.

(Shujaat Siddiqui)
Appointed Actuary of the Corporation
MA, FIA, FPSA

Dated: April 18, 2023

Statement of Directors

Form LN

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

Section 46 (6)

a. In our opinion the annual audited financial statements of State Life Insurance Corporation of Pakistan for the year ended December 31, 2022, set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, 2000 and any rules made thereunder;

b. State Life Insurance Corporation of Pakistan has at all times in the year complied with the provisions of the Insurance Ordinance and the rules made thereunder relating to paid-up-capital, solvency and re-insurance arrangements; and

c. As at December 31, 2022, State Life Insurance Corporation of Pakistan continues to be in compliance with the provisions of the Insurance Ordinance and the rules made thereunder relating to paid-up-capital, solvency and reinsurance arrangements.

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, and the Insurance Rules, 2017.

Dated: April 18, 2023

Shoaib Javed Hussain	Moin M. Fudda	Muhammad Aslam Ghauri	Muhammad Rashid
Chairman	Director	Director	Chief Financial Officer

FINANCIAL STATEMENTS TAKAFUL

INDEPENDENT ASSURANCE REPORT

on the Statement of Management's Assessment of Compliance with the Shariah Principles

To the Board of Directors of State Life Insurance Corporation of Pakistan

We were engaged by the Board of Directors of State Life Insurance Corporation of Pakistan ("the Corporation") to report on the management's assessment of compliance of the Window Takaful Operations ("Takaful Operations") of the Corporation, as set out in the annexed statement of compliance ("statement') prepared by the management for the year ended December 31, 2022, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement reflects the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects. This engagement was conducted by a multidisciplinary team including assurance practitioners and independent Shariah scholars.

Applicable Criteria

The criteria for the assurance engagement against which the annexed statement has been assessed comprises of the Takaful Rules, 2012, issued by the Securities Exchange Commission of Pakistan (SECP).

Management's Responsibilities

The management of the Corporation is responsible for the preparation and designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Takaful Operations with the Takaful Rules, 2012.

The management of the Corporation are also responsible for preventing and detecting fraud and for identifying and ensuring that the Takaful Operations comply with laws and regulations applicable to its activities. They are also responsible for ensuring that the management, where appropriate, those charged with governance, and personnel involved with the Takaful Operations compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.
The firm applies International Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities and Summary of Work Performed

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents reflects the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Takaful Operations' compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Corporation's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012.

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with Takaful Rules, 2012, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail. Reasonable assurance is less than absolute assurance.

In this connection, we have designed and performed necessary verification procedures on various financial arrangements, contracts, classes of transactions and related policies and procedures based on judgmental and systematic samples with regard to the compliance with the Takaful Rules, 2012 and Shariah guidelines issued by the Shariah Advisor of the Company. In performing our audit procedures necessary guidance on Shariah matters was provided by independent Shariah scholars.

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, the annexed statement, for the year ended December 31, 2022, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants

Karachi
Dated: June 22nd, 2023

BDO Ebrahim & Co
Chartered Accountants

Karachi
Dated: June 22nd, 2023

STATEMENT OF FINANCIAL POSITION

WINDOW TAKAFUL OPERATIONS (UN-AUDITED)

AS AT DECEMBER 31, 2022

		2022			2021
		Operators' Sub Fund	**Participant's Fund**	**Total**	**Total**
	Note	(Rupees in '000)			
ASSETS					
Property and equipment	4	2,375	-	2,375	3,357
Investments					
Investment - Government Securities	5	272,493	338,839	611,333	274,886
Other receivables	6	9,478	5,496	14,974	6,857
Receivable from PTF/OSF	7	197,606	-	197,606	51,719
Cash & bank	8	38,524	286,062	324,586	157,598
TOTAL ASSETS		520,477	630,397	1,150,874	494,417
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES ATTRIBUTABLE TO CORPORATION'S EQUITY HOLDERS					
Capital Contributed from Shareholder Fund		99,000	-	99,000	100,000
Money Ceded to Waqf Fund			1,000	1,000	-
Retained Earning arising from other than participatin business (Ledger Account D)		(73,037)	-	(73,037)	13,291
TOTAL EQUITY		25,963	1,000	26,963	113,291
LIABILITIES					
Takaful Liabilities	9	-	414,278	414,278	84,270
Contribution received in advance		-	12,574	12,574	-
Takaful/retakaful payables	10	-	3,583	3,583	-
Other creditors and accruals	11	83,017	1,356	84,373	34,112
Inter Account Balances		411,497	-	411,497	211,025
Payable to PTF/OSF		-	197,606	197,606	51,719
TOTAL LIABILITIES		494,514	629,397	1,123,911	381,126
TOTAL EQUITY AND LIABILITIES		520,477	630,397	1,150,874	494,417
CONTINGENCIES AND COMMITMENTS	12				

The annexed notes from 1 to 22 form an integral part of these unconsolidated financial statements.

Shoaib Javed Hussain	Moin M. Fudda	Muhammad Aslam Ghauri	Muhammad Rashid
Chairman	Director	Director	Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

WINDOW TAKAFUL OPERATIONS (UN-AUDITED)

FOR THE YEAR ENDED DECEMBER 31, 2022

		2022			2021		
		Operator's Sub Fund	**Participant's Fund**	**Total**	**Operator's Sub Fund**	**Participant's Fund**	**Total**
	Note	------ (Rupees in '000) ------			------ (Rupees in '000) ------		
Contribution revenue		212,860	237,042	449,901	110,866	79,295	190,161
Contibution ceded to retakaful		-	(3,583)	(3,583)	-	(402)	(402)
Net contribution revenue	13	212,860	233,459	446,318	110,866	78,893	189,759
Takaful Operator's Fee/ Wakala Fee	18	7,831	(7,831)	-	1,798	(1,798)	-
Mudarib Fees	19	991	(991)	-	1	(1)	-
claim expenses			(955)	(955)		-	-
Surplus before investment income		221,682	223,682	445,364	112,665	77,094	189,759
Investment Income	15	16,596	9,829	26,425	4,412	-	4,412
Other income	16	6,701	16,982	23,683	5,196	1,942	7,138
Net income		244,979	250,493	495,472	122,273	79,036	201,309
Net changes in takaful liabilities		-	330,008	330,008	-	84,270	84,270
Acquisition expenses	17	185,470	-	185,470	88,162	-	88,162
General administrative and management expenses	14	66,322	-	66,322	55,250	-	55,250
		-	-	-	-	-	-
Total expenses		251,792	330,008	581,800	143,412	84,270	227,682
(Loss)/Profit for the year		(6,813)	(79,515)	(86,328)	(21,139)	(5,234)	(26,373)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		(6,813)	(79,515)	(86,328)	(21,139)	(5,234)	(26,373)

The annexed notes from 1 to 22 form an integral part of these unconsolidated financial statements.

Shoaib Javed Hussain	Moin M. Fudda	Muhammad Aslam Ghauri	Muhammad Rashid
Chairman	Director	Director	Chief Financial Officer

STATEMENT OF CASH FLOW

WINDOW TAKAFUL OPERATIONS (UN-AUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		---------- (Rupees in '000) ----------	
Operating Cash flows			
(a) Takaful Activities			
Takaful contributions received		458,405	190,161
ReTakaful contributions paid		(3,583)	(402)
Claims paid		-	-
Surrenders paid		-	-
ReTakaful and other recoveries received		-	-
Commissions paid		(164,054)	(88,162)
Other underwriting payments, if any		(21,344)	-
Net cash flow from underwriting activities		269,424	101,597
(b) Other operating activities			
Income tax paid		-	-
Other operating payments		-	-
General management expense paid		(8,249)	(20,497)
Other payment on operating assets		194,661	104,607
Net cash flow used in other operating activities		186,412	84,110
Total cash flow from all operating activities		455,836	185,707
Investment activities			
Profit / return received		47,801	10,923
Dividends received		-	-
Payment for investments		(336,447)	(134,881)
Proceeds from disposal of investments		-	-
Fixed capital expenditure		(202)	(256)
Proceeds from sale of property and equipment		-	-
Total cash flow used in investing activities		(288,848)	(124,214)
Financing activities			
Dividends paid		-	-
Total cash flow used in financing activities		-	-
Net cash flow generated from all activities		166,988	61,493
Cash and cash equivalents at beginning of year		157,598	96,105
Cash and cash equivalents at end of year	8	324,586	157,598

The annexed notes from 1 to 22 form an integral part of these financial statements.

Shoaib Javed Hussain	**Moin M. Fudda**	**Muhammad Aslam Ghauri**	**Muhammad Rashid**
Chairman	Director	Director	Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

WINDOW TAKAFUL OPERATIONS (UN-AUDITED)

FOR THE YEAR ENDED DECEMBER 31, 2022

	Attributable to equity holders of the Corporation			
	Money ceded to waqf fund	Capital contributed from Shareholder Fund	Retained Earning arising from other than participating business (Ledger Account D)	Total
	(Rupees in '000)			
Balance as at January 1, 2021	-	-	39,664	39,664
Transfer from Shareholder's fund	-	100,000		100,000
Other Comprehensive Income / (Loss) for the year	-		(26,373)	(26,373)
Balance as at December 31, 2021	-	100,000	13,291	113,291
Transfer from Shareholder's fund to waqf fund	1000	(1,000)	-	-
Other Comprehensive Income / (Loss) for the year	-	-	(86,328)	(86,328)
Balance as at December 31, 2022	1,000	99,000	(73,037)	26,963

Note: This includes balances maintained in accordance with the requirements of Section 35 of the Insurance Ordinance, 2000 read with Rule 14 of the Insurance Rules, 2017 (previously the SEC Insurance Rules, 2002) to meet solvency margins, which are mandatorily maintained for the carrying on of the life insurance business.

The annexed notes from 1 to 22 form an integral part of these unconsolidated financial statements.

Shoaib Javed Hussain	Moin M. Fudda	Muhammad Aslam Ghauri	Muhammad Rashid
Chairman	Director	Director	Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

WINDOW TAKAFUL OPERATIONS (UN-AUDITED)

FOR THE YEAR ENDED DECEMBER 31, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 State Life Insurance Corporation of Pakistan (the Corporation) was incorporated in Pakistan on November 01, 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 33 zones for individual life business, 4 zones for group life business and in the gulf countries through zonal office located at Dubai (UAE).

1.2 The Corporation is engaged in the life insurance business, health, accident insurance business and takaful business.

1.3 The Corporation was issued the certificate of authorization for commencement of Window Takaful Operation under rule 6 of the Takaful rules, 2012 by Securities Exchange Commission of Pakistan vide letter no. 0097, dated September 22, 2016. For the purpose of carrying on the takaful business, the Corporation has formed an Individual Family Participant Takaful Fund (IFPTF) on August 18, 2017 under the Waqf deed and cede Rupees 1 million to the IFPTF. The Waqf deed governs the relationship of Corporation and participants for management of takaful operations. Subsequently to the year end, the Corporation launched the Window Takaful Operations from February 2021.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial statements for Window Takaful Operations of the Company have been prepared to comply with the requirement of Securities and Exchange Commission of Pakistan (SECP) vide its Circular No. 15 of 2019 dated November 18, 2019 in which Life Insurers carrying out Window Takaful Operations are required to prepare separately, the financial statements for Family Takaful Operations as if these are carried out by a standalone Takaful Operator

These financial statements of the Window Takaful Operations have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan, The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFS) issued by the International Accountigg Standards Board (IASB) as are notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, InsuranceRules 2017 and Insurance Accounting Regulations, 2017 and the Takaful Rules, 2012

In case requirements differ, the provisions or directives of the Companies, Act, 2017, the Insurance Ordinance,2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and the Takaful Rules, 2012, have been followed.

2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies mentioned below (refer note 3).

2.2 Functional and presentation currency

These unconsolidated financial statements have been presented in Pakistani Rupee, which is the Corporation's functional and presentation currency. Amounts have been rounded off to the nearest thousand, unless otherwise stated.

2.3 Standards, amendments and interpretations to the published standards that are relevant to the Corporation and adopted in the current year

The Corporation has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Standard or Interpretation	Effective Date (Annual period beginning on or after)
IBOR Reform and its Effects on Financial Reporting—Phase 2	January 1, 2021

Adoption of the above standard have no significant effect on the amounts for the year ended December 31, 2021.

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 01 July 2018 onwards to remove from profit and loss account the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

The Corporation has determined that it is eligible for the temporary exemption option since the Corporation has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Corporation doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Corporation can defer the application of IFRS 9 until the application of IFRS 17.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

IFRS 9 defines the terms "principal" as being the fair value of the financial asset at initial recognition, and the "interest" as being compensation for (i) the time value of money, and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

The tables below set out the fair values as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

a) financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding, excluding any financial asset that meets the definition of held-for-trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis.

2.4 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 01, 2021 are considered not to be relevant or to have any significant effect on the Corporation's financial reporting and operations and are therefore not presented here.

2.5 Standards, interpretations and amendments to published accounting and reporting standards that are relevant but not yet effective and not early adopted by the Corporation

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date (Annual period beginning on or after)
Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to IFRS 9)	January 1, 2022
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
Subsidiary as a First-time Adopter (Amendment to IFRS 1)	January 1, 2022
Taxation in Fair Value Measurements (Amendment to IAS 41)	January 1, 2022
Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2022
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023
Disclosure Initiative—Accounting Policies	January 1, 2023

The management of the Corporation is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the unconsolidated financial statements of the Corporation.

2.6 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation		IASB effective date (Annual periods beginning on or after)
IFRS 1	First Time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17	Insurance Contract (Amendment to Insurance Contract)	January 1, 2023

2.7 Critical accounting estimates and judgments

The preparation of these 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, estimates and judgments were exercised in application of accounting policies relate to:

a) Classification of investments

In investments classified as "amortized cost", 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.

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) Provision for taxation

In making estimates for taxation 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.

d) Impairment of other assets, including contribution 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.

e) 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 reporting date.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of this financial statement is same as those applied in the preparation of the annual financial statements of the Corporation for the year ended December 31, 2022 except stated below.

3.1 Window Takaful Operations

Family Takful Contracts

The company offers Family Takaful Contracts. Family Takaful Contract is an arrangement which rests on key Shariah principles of mutual cooperation, solidarity and well bieng of a community, and is based on the principles of wakala waqf model. Under a Takaful arrangement, individuals come tgether and contribute towards the common objective of protecting each other against financial losses by sharing the risk on basis of mutual assistance.

The obligation of waqf for waqf participants' liabilities is limited to the amount available in the Waqf fund. In case there is a deficit in the waqf Fund, the Window Takaful Operator shall grant an interest free loan (Qard e Hasna) to make good deficit. The loan shall be repayable from the future surpluses generated in waqf fund, without any excess of actual amount given to it. Repayment of Qard e Hasna shall receive priority over surplus districution to participant of waqf fund.

Repayment of Qard e Hasna shall receive priority over surplus distribution to participant of waqf fund.

- Individual Family Takaful Contract Unit Linked

The Company offers Unit Linked Takaful Plans which provide Shariah Compliant financial protection and investment vehicle to individual participants. These plans carry cash value and offer investment choices to the participants to direct their investment related contributions based on their risk/return objectives. The investment risk is borne by the participants.

3.2 Recognition of Policy Holders' Liability/Technical reserves

a) Reserve for claims incurred but not reported - Takaful Contracts

The liability for claims - IBNR, is determined by the Appointed Actuary and is included in the technical reserves. The IBNR is expressed on the basis of past claims reporting pattern as a percentage of earned contribution.

b) Reserve for unearned contribution - Takaful Contracts

The unearned portion of gross contribution, net off wakala fee, is set aside as a reserve and included in the technical reserves. Such reserve is calculated as a portion of the gross contribution of each policy, determined according to the ratio of the unexpired period of the policy and the total period, both measured to the nearest day.

c) Contribution deficiency reserve - Takaful Contracts

The Company maintains a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after retakaful claims and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. Provision for contribution deficiency reserve is made as per the advice of the appointed actuary.

3.3 Retakaful contracts held

Retakaful Contribution

These contracts are entered into by the Company with the retakaful operator under which the retakaful operator cedes the Takaful risk assumed during normal course of its business, and according to which the Waqf is compensated for losses on contracts issued by it.

Retakaful contribution is recorded at the time the retakaful is ceded.

Retakaful liabilities represent balances due to retakaful companies. Amounts payable are calculated in a manner consistent with the associated retakaful treaties.

Retakaful Expenses

Retakaful expenses are recognised as liabilities.

Retakaful assets represent balances due from retakaful operator, Recoverable amounts are estimated in a manner consistent with the associated retakaful treaties.

Retakaful assets are offset against related Retakaful liabilities under the circumstances only that there is a clear legal right of off-set of the amounts. Income or expenses from retakaful contract are not offset against expenses or income from related Retakaful contracts as required by the Insurance Ordinance, 2000. Retakaful assets and liabilities are derecognised when the contractual rights are extinguished or expired.

3.4 Receivable and payable related to takaful contracts

Receivables ad payables are recognised when due.

3.5 Cash and cash Equivalent

Cash and cash equivalents for the purpose of cash flow statement, cash and cash equivalents include the following:

- Cash at bank in current and saving account.
- Cash and stamps in hand.
- Term deposit receipts with original maturity upto three months.
- Certificate of islamic investment with original maturity upto three months.

3.6 Revenue recognition

3.6.1 Contributions

Indivudual Life family Takaful

First year, renewal and single contributions are recognised once related policiess are issued/ renewed against receipt of contribution

3.6.2 Reinsurance Commission

Commission from reinsurers is recognized as revenue in accordance with the pattern of recognition of the reinsurance contribution to which it relates. Commission, if any, under the terms of reinsurance arrangements is recognised when the Company's right to receive the same is established.

3.7 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.

3.8 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).

3.9 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

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.

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 recognized.

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 statement of comprehensive income immediately.

Off setting

Financial assets and liabilities are off set and the amount is reported in the statement of financial position 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.

Fair / market value measurements

For investments in Government securities, fair / market value is determined by reference to quotations obtained from Reuters page (PKRV) / (PKISRV) where applicable. For investments in quoted marketable securities, other than Term Finance Certificates / Corporate Sukuks, fair / market value is determined by reference to Stock Exchange quoted market price at the close of business on reporting date. The fair market value of Term Finance Certificates / Corporate Sukuks and investment in Mutual Fund is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP).

Financial liabilities

For the purpose of subsequent measurement, financial liabilities are measured at amortized 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.

3.10 Acquisition costs

These are costs incurred in acquiring and maintaining takaful policies and include without limitation all forms of remuneration paid to agents and certain field force staff.

3.11 Claim Expenses

Claim expenses are recognised on the date the insured event is intimated except for individual life unit linked where claim expenses are recognised earlier of the date the policy cease to participate in the earnings of the fund and the date insured event is intimated

Surrenders of individual life unit linked are recognised after these have been approved in accordance with the Company's policy.

Liability for outstanding claims is recognised in respect of all claims intimated up to the balance sheet date. Claims liability includes amounts in relation to unpaid reported claims.

Liability for claims "Incurred But Not Reported" (IBNR) is included in policyholders' liabilities.

3.12 Takaful Operators' Fee

The shareholders of the Company manage the Window Takaful operations for the participants accordingly. The Company is entitled to Takaful Operator's Fee for the management of Window Takaful Operations under the Waqf Fund, to meet its general and administrative expenses. The Takaful Operator's fee, termed Wakala Fee, is recognised upfront.

4 PROPERTY AND EQUIPMENT

	2022	2021
	---------- (Rupees in '000) ----------	
Operating assets	2,375	3,357

4.1 Operating assets

OSF 2022

Description	Cost: As at 1 January	Cost: Additions/ (disposals)	Cost: Adjustment	Cost: As at 31 December	Depreciation: As at 1 January	Depreciation: For the year	Depreciation: Adjustment	Depreciation: As at 31 December	Written down value as at December 31	Depreciation Rate (%)
	---- (Rupees in '000) ----									
Furniture and fixture	1,626	-	-	1,626	300	162	-	462	1,164	10%
Office equipment	970	203	-	1,173	183	116	-	299	874	10%
Computers	2,612	-	-	2,612	1,512	784	-	2,296	316	30%
Computer Peripherals	410	-	-	410	266	123	-	389	21	30%
	5,618	203	-	5,821	2,261	1,185	-	3,446	2,375	

OSF 2021

Description	Cost: As at 1 January	Cost: Additions/ (disposals)	Cost: Adjustment	Cost: As at 31 December	Depreciation: As at 1 January	Depreciation: For the year	Depreciation: Adjustment	Depreciation: As at 31 December	Written down value as at December 31	Depreciation Rate (%)
	---- (Rupees in '000) ----									
Furniture and fixture	1,572	54	-	1,626	143	157	-	300	1,326	10%
Office equipment	768	202	-	970	106	77	-	183	787	10%
Computers	2,612	-	-	2,612	728	784	-	1,512	1,100	30%
Computer Peripherals	410	-	-	410	143	123	-	266	144	30%
	5,362	256	-	5,618	1,120	1,141	-	2,261	3,357	

5 INVESTMENT IN DEBT SECURITIES

	Note	2022 Cost	2022 Discount	2022 Carrying value	2021 Cost	2021 Discount	2021 Carrying value
		(Rupees in '000)			(Rupees in '000)		
Operators's Sub Fund & PTF							
Held to maturity							
GOP Ijarah Sukkuks		513,600	2,267	511,333	178,900	4,014	174,886
Capital Contribution		100,000	-	100,000	100,000	-	100,000
		613,600	2,267	611,333	278,900	4,014	274,886

6 OTHER RECEIVABLES

	Note	2022 Operator's Sub Fund	2022 Participant's Takaful Fund	2022 Total	2021 Total
		(Rupees in '000)			
Accrued investment income		7,493	3,527	11,020	5,445
Accrued Interest on Bank Deposit		1,451	1,969	3,420	1,112
Security Deposit		300	-	300	300
other receivables-Agents		234	-	234	-
		9,478	5,496	14,974	6,857

7 RECEIVABLE FROM PIF / PAYABLE TO OSF

Wakala fee receivable/ (Payable)		7,831	-	7,831	1,798
Modarib share receivable/ (Payable)		991	-	991	1
Allocated Contribution Receivable		188,784	-	188,784	49,920
		197,606	-	197,606	51,719

8 CASH AND BANK

Cash and Cash Equivalent					
- Cash in hand		-	-	-	-
Franking Machine Deposit		-	-	-	890
Cash at bank					
- Saving Account	8.1	38,524	286,062	324,586	156,708
		38,524	286,062	324,586	157,598

8.1 These saving accounts carry profit ranging from 5.0% to 15.0% per anum; 2.6% to 7.5%(2021).

9 TAKAFUL LIABILITIES

	Note	2022 Operator's Sub Fund	2022 Participant's Takaful Fund	2022 Total	2021 Total
	9.1	(Rupees in '000)			
Participant Takaful Fund balance		-	414,278	-	84,270
		-	414,278	-	84,270

9.1 This comprises of surplus of Individual Family Takaful - Participant Takaful Fund, which relates exclusively to participants of the Individual Family Takaful Fund and is not available for distribution to shareholders. Under the Waqf Deed of Individual Family Takaful Fund read with Rule 21 of Takaful Rules, 2012, the surplus arising in the Participants Sub Fund can only be distributed to the Participants of that Fund based on approval of the Appointed Actuary. The surplus has been classified under takaful liabilities as clarified by SECP in Circular No. 15 of 2019 dated November 18, 2019.

	2022			2021
	Operator's Sub Fund	Participant's Fund	Total	Total
10 TAKAFUL / RETAKAFUL PAYABLES	(Rupees in '000)			
Retakful Payables	-	3,583	3,583	-
	-	3,583	3,583	-
11 OTHER CREDITORS AND ACCRUALS				
Accrued commission & incentives	69,798	-	69,798	26,914
Accrued expenses	9,830	1,356	11,186	7,198
Misc Payables	3,389	-	3,389	-
	83,017	1,356	84,373	34,112

12 CONTIGENCIES AND COMMITMENT(S)

There are no contigencies and commitments related to window takaful operations.

13 NET CONTRIBUTION REVENUE

	2022			2021
	Operator's Sub Fund	Participant's Fund	Total	Total
	(Rupees in '000)			
Written Contribution	212,860	237,042	449,901	190,161
Less: Wakala Fee	-	-	-	-
Contribution net of wakala fee	212,860	237,042	449,901	190,161
Add: Unearned contribution reserve opening	-	-	-	-
Less: Unearned contribution reserve closing	-	-	-	-
Contribution Earned	212,860	237,042	449,901	190,161
Retakaful contribution ceded	-	-	-	-
Add: Prepaid retakaful contribution opening	-	-	-	-
Less: Prepaid retakaful contribution closing	-	(3,583)	(3,583)	(402)
Retakaful expense	-	(3,583)	(3,583)	(402)
Net Contribution	212,860	240,265	446,318	189,759

14 GENERAL ADMINISTRATIVE AND MANAGEMENT EXPENSES

	2022	2021
	(Rupees in '000)	
	Operator's Sub Fund	Operator's Sub Fund
Salaries, allowances and other benefits	41,615	24,729
Travelling expenses	2,545	3,929
Advertisements and sales promotion	123	175
Printing and stationery	3,194	3,183
Depreciation	1,185	1,141
Rent, rates and taxes	4,862	4,862
Legal and professional charges - business related	3,001	3,016
Electricity, gas and water	695	6,906
Office repairs and maintenance	1,623	2,187
Bank charges	6	1
Postages, telegrams and telephone	684	668
Conference and meetings	2,647	1,254
Training expense	11	420
Entertainment	255	178
Other expenses	-	120
Revenue expenses	-	3
Insurance Charges	33	59
Allocation of expenses from PO	3,843	2,419
	66,322	55,250

15 INVESTMENT INCOME

	2022 Operator's Sub Fund	2022 Participant's Fund	2022 Total	2021 Total
	------------------------ (Rupees in '000)			------------------------
Income from debt securities				
Held to maturity				
- Return on debt securities	16,596	9,829	26,425	4,412
	16,596	9,829	26,425	4,412

16 OTHER INCOME

	2022 Operator's Sub Fund	2022 Participant's Fund	2022 Total	2021 Total
Return on bank balances	6,701	16,982	23,683	7,138
	6,701	16,982	23,683	7,138

17 ACQUISITION EXPENSES

	Note	2022 Operator's Sub Fund	2021 Operator's Sub Fund
		---------- (Rupees in '000)	----------
Remuneration to takaful intermediaries on individual policies:			
- commission to agent on first & 2nd year contributions		156,431	81,051
- other benefits to takaful intermediaries		6,500	3,600
- other incentive and bonuses		16,070	-
Other Acquisition Cost:			
- Stamp duty		6,279	3,511
- Initial medical fees		189	-
		185,470	88,162

18 WAKALA FEE

	Note	2022 Operator's Sub Fund	2021 Operator's Sub Fund
Wakala fees	18.1	7,831	1,798
		7,831	1,798

18.1 The Operator manages the family takaful operations for the participants and charges Rs.100/- per month for each policy. The operator entitled for Takaful operator's fee (Wakala Fee) for the management of takaful operation under Waqf Fund to meet its general and administrative expense.The takaful operator fee is recognised upfront.

19 MODARIB'S FEE

	Note	2022 Operator's Sub Fund	2021 Operator's Sub Fund
		---------- (Rupees in '000)	----------
Modarib's fees	19.1	991	1,242
		991	1,242

19.1 The operator manages the participants' investments as a Modarib and charge 20% Modarib's share of the investment income and profit on bank deposits earned by PTF.

20 MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK

The company is responsible for managing contracts that result in the transfer of Takaful and Financial Risk from the participant to the respective PTF. This section summarizes the risk and the way the company manges them as part of Window Takaful Operations.

The PTF only issues Individual Family Takaful contracts

20.1 Individual Family Takaful

The risk covered is mainly death and/or disability. The risk of death and disability will vary from region to region. The PTF may get exposed to poor risk due unexpected experience in terms of claims severity or frequency. This can be a result anti selection, fraudulent claim, and catastrophe on poor persistency.

The PTF may also face the risk of poor investment return and liquidity issues on monies invested in the fund. The risk of poor persistency can lead to an impact on the size of PTF. A larger PTF may allow for a greater degree of cross submission of mortality risk, increasing the probability of convergence between the actual and mortality experience.

The Company manages these risks through its underwriting, re-takaful, claims handling policy and other related controls. The Corporation has well-defined medical underwriting policies, which puts a check on anti-selection.

On the claims handling side the Corporation has a procedure in place to ensure that payment of fraudulent claim is avoided for this purpose claim with variable materiality limits review/consider all claims for verification and specific and detailed investigation of all apparently doubtful claims.

20.2 Financial Risk

Liquidity risk

This is the risk of losses in the event of insufficient liquid assets to meet cash flows requirement for participant's obligation. To guard against the risk, the corporation manages its keeping in view liquidity threshold in order to ensures obligation are made in timely manner.

Interest rate risk

Interest rate risk to the Corporation is the risk of changes in the market interest rates reducing the overall interest on its interest bearing securities. The Corporation limits its risk by monitoring interest rates in the currencies in which cash and investment are denominated.

20.3 Market Risk

Market risk is the risk that the value of the Financial Instrument will fluctuate as a result of change in market prices, whether those change a caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market.

The company limits its risk by maintaining investments in minimal fluctuating securities.

21 NUMBER OF EMPLOYEES

	2022	2021
Number of employees at the end of the year	11	11
Average number of employees	11	11

22 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorised for issue on April 18, 2023 by board of directors of the company

Shoaib Javed Hussain	**Moin M. Fudda**	**Muhammad Aslam Ghauri**	**Muhammad Rashid**
Chairman	Director	Director	Chief Financial Officer

PROGRESS AT A GLANCE SINCE INCEPTION

(Rs.in Million)

	1973	1975	1978	1980	1981	1983	1985	1988	1990	1993	1995	1996	1997	1998	1999	2000	2001	2002	2003
First Year Premium (Net)	48	50	80	110	135	228	341	678	846	918	2,026	1,698	1,490	1,306	1,275	1,041	1,124	1,350	1,797
Renewal Premium (Net)	219	244	305	365	405	606	847	1,515	2,267	3,284	3,935	4,694	4,364	4,413	4,312	4,538	4,565	5,489	5,790
Group Premium (Net)	50	61	114	164	192	294	347	880	642	930	1,178	1,266	1,413	1,244	1,251	1,102	1,249	1,518	2,281
Pension Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7	8	13
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	6,838	6,681	6,945	8,364	9,881
Investment Income	81	122	221	279	365	562	767	1,323	1,906	3,675	5,066	5,984	5,901	5,996	8,406	7,873	8,492	11,200	10,202
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	15,286	14,592	15,436	19,564	20,082
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	8,060	8,745	8,342	8,165	9,938
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	62,484	68,127	75,343	86,211	95,957
Yield on Life Fund (%)	6.60	8.00	10.30	10.00	12.10	13.90	13.80	13.50	13.60	15.20	14.90	15.16	13.01	11.94	15.35	12.83	12.58	14.80	11.86
Overall Expense Ratio (%)	33	33	31	34	34	34	36	34	35	34	43	43	43	54	46	54	40	38	39
Renewal Expense Ratio (%)	26	27	26	30	28	28	25	26	22	26	30	35	39	56	45	57	37	34	35
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	59,933	64,829	74,029	86,203	96,415
Policy Benefits (Net)	141	191	271	375	470	596	796	1,560	1,565	2,391	3,146	4,097	4,341	4,715	4,904	5,136	5,572	5,005	6,123
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	1,963,723	1,878,139	1,806,476	1,801,919	1,849,125
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	3,501,163	3,259,618	3,295,387	3,443,916	3,632,688
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	656,776	499,136	506,245	629,011	816,210

(Rs.in Million)

2004	2005	2006	2007	2008	2009	2010	2011	2012 Restated	2013	2014	2015	2016	2017 Restated	2018	2019	2020	2021 Restated	2022	ANNUAL Compound Growth Rates (1973-2022)
2,348	2,806	3,327	3,854	5,159	7,196	9,647	11,990	13,947	15,442	16,156	16,271	17,036	17,688	18,918	12,876	14,019	16,383	19,828	13%
6,655	8,454	9,785	12,054	13,993	17,634	22,287	28,144	35,145	43,348	53,363	57,729	66,707	74,462	85,998	91,087	93,051	98,950	111,540	14%
1,997	2,548	2,866	2,796	3,532	3,514	3,676	4,645	6,802	6,832	6,728	5,854	5,597	4,634	4,627	3,759	3,944	14,274	10,355	12%
15	12	14	14	11	23	29	33	54	20	10	49	59	65	31	45	45	46	63	9%
-	-	-	-	-	-	-	-	70	104	85	38	422	3,912	2,549	4,805	7,975	32,136	101,425	85%
11,014	13,820	15,992	18,717	22,695	28,367	35,639	44,812	56,018	65,745	76,342	79,941	89,821	100,761	112,123	112,572	119,035	161,789	243,211	14%
13,610	13,106	14,924	17,505	19,133	21,545	27,434	31,175	37,977	50,949	50,715	60,316	64,526	51,016	70,277	95,802	105,598	109,469	140,059	16%
24,624	26,926	30,915	36,222	41,828	49,914	63,073	75,988	93,995	116,694	127,057	140,257	154,347	170,326	182,400	208,374	224,633	271,258	383,270	15%
11,544	12,673	15,393	17,049	20,779	27,356	31,489	37,122	47,296	50,663	54,307	62,019	65,523	75,885	85,650	84,102	89,667	131,106	212,749	14%
108,808	122,775	137,960	156,737	177,459	199,445	230,422	268,580	313,754	378,608	450,025	526,676	614,177	780,213	873,813	996,401	1,128,152	1,265,619	1,430,742	15%
14.24	12.00	12.14	12.60	12.15	12.13	13.63	13.33	13.95	15.89	13.04	13.16	11.99	10.50	8.87	10.80	10.46	9.58	10.96	-
41	36	41	33	35	41	40	39	41	38	31	33	31	31	31	24	21	20	15	-
34	28	34	9	11	19	18	17	16	17	13	16	15	17	18	15	11	12	12	-
110,488	124,984	142,159	161,966	182,874	205,804	235,935	275,110	316,878	380,981	445,381	513,293	598,271	688,721	852,043	965,780	1,101,381	1,268,038	1,453,468	15%
7,063	7,654	8,912	10,783	12,779	15,724	17,072	19,420	24,067	25,836	30,505	35,961	37,939	44,955	50,249	57,049	64,688	98,038	175,321	14%
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	4,996,805	5,251,732	5,478,460	5,694,670	5,907,669	5,823,921	5,752,180	5,856,332	5,860,938	6%
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	8,732,453	5,023,906	4,104,990	3,266,814	2,901,531	2,505,860	3,784,257	105,715,069	167,523,233	-
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	4,438,510	4,713,080	4,664,333	5,244,282	5,661,397	6,937,712	12,041,555	6,023,190	6,817,525	13%

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 & 26

Karachi Central
State Life Building #11
7th Floor, Abdullah Haroon
Road, Opp. Zainab Market
Saddar Karachi.
Tel. 021-99205123-24

Karachi Eastern
Bunglow # 2, Block 7 & 8
Maqboolabad, Fine House Stop
Sharah-e-Faisal, Karachi.
Tel. 021-34538095,34535760

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

Regional Office (Hyderabad)
State Life Building
3rd Floor, R.C. Sectt,
Thandi Sarak, Hyderabad.
Tel. 022-9200352

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State Life Building, 5th Floor,
Thandi Sarak,
Tel. 022-9200622

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Minara Road.
Tel. 071-9310501

Mirpurkhas
State Life Building, M.A. Jinnah
Road, Near D.C. Office.
Tel. 0233-9290295

Larkana
State Life Building
Qaim Shah Bukhari Road.
Tel. 074-9410801

Benazirabad
Zonal Office
State Life Building, Near Ali Resturant,
Butchery Road, Nawabshah.
Tel. 0244-9370572

Gulf
P.O. Box # 11278
Dubai, U.A.E.
Tel. 0097142729061
Fax 0097142729051

Regional Office (Central)
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Davis Road, Lahore.
Tel. 042-99205121-22

Lahore Central
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Tel. 042-99210269-70

Lahore Western
State Life
Ghazi Ilmuddin Shaheed Road
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Tel. 053-3215517

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Saddar.
Tel. 017-9200390

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Blue Area, Jinnah Avenue,
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Tel. 051-9203347

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Floor, 15-A Davis Road, Lahore.
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Tel. 051-9205047

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Cantt.
Tel. 051-9271315 - 9272188

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Sector F-1, Kotli Road.
Tel. 05827-927465

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3rd Floor, 33-E, Blue Area,
Tel. 051-9206162

Gujrat
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Tel. 053-9260252-242

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Ch. Ghulam Ahmed Plaza #01,
G.T. Road, Jeddah.
Tel. 0544-974094

Gilgit
Shahra-e-Quaid Azam
Jubilee Market, Jutial, Gilgit.
Tel. 05811-922621

Regional Office (KPK)
State Life Building, 2nd Floor
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Tel. 091-9210918-19

Peshawar
State Life Building, 3rd Floor,
34-The Mall, Peshawar Cantt.
Tel. 091-9212314

Abbottabad
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P.O. Mansehra Road Abbottabad.
Tel. 0992-9310384

Swat
State Life, Royal Campus
Saidu Sharif.
Tel. 0946-710046

Kohat
Shah Trade Centre ST#06 (KCB)
University Road, Kohat.
Tel. 0922-933600

Health & Accident Ins. (Div.)
State Life Building # 9,
6th Floor, Ziauddin A. Road, Karachi.
Tel. 021-99204941

Bancassurance Division
State Life Building # 9, 2nd Floor,
Dr. Ziauddin Ahmed Road, Karachi.
Ph: 021-99206796

Regional Office (Multan)
4th Floor, State Life Building,
Chowk Nawan Shaher, Abdali Road.
Tel. 061-9200670

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

Sahiwal
Room # 35, 2nd Floor
Sattar Complex, Stadium Road.
Tel. 040-9200022

Rahim Yar Khan
3rd Floor Iqbal Complex
Model Town.
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Dera Ghazi Khan
Dubai Trade Center
Near Pull Daat Jam pur Road.
Tel. 064-9260048

Bahawalpur
Barq Poly Complex
Ahmed Pur Road, Dubai Chowk.
Tel. 062-9255717

Vehari
ZTBL Building-V
Chowk Vehari.
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G&P (Division)
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Tel. 021-99202890

G&P Peshawar
State Life Building, 2nd Floor,
34- The Mall, Peshawar cantt.
Tel. 091-9211596

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State Life Building # 2,Wallace
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Tel. 021-99217060 & 99217097

G&P Lahore
State Life Building,
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Tel. 042-99200355-58

G&P Rawalpindi
State Life Building # 8,
Kashmir Road,
Rawalpindi Cantt.
Tel. 051-9272598

Takaful Division
State Life Building # 1, 8th Floor,
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Ph: 021-99217281-92

STATE LIFE
SURANCE CORPORATION OF PAKISTAN

2022 - Truly A Golden Year

Total Assets	Total Premium Sales	New Business Sales	Total Policyholders' Claims	Policyholder Bonus	Shareholders' surplus
Dec 2022	Dec 2022	Dec 2022	Dec 2022	Dec 2022	Dec 2022
Rs. 1.6 Trillion	Rs. 286.3 Billion	Rs. 174.5 Billion	Rs. 175.5 Billion	Rs. 97.5 Billion	Rs. 13.73 Billion
GROWTH	GROWTH	GROWTH	GROWTH	GROWTH	GROWTH
17%	67%	143%	78%	14%	107%

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