

## Directors' Report to the Shareholders

I am pleased to present the Directors' Report of State Life Insurance Corporation of Pakistan together with the condensed interim financial information (un-audited) for the half year ended 30<sup>th</sup> June, 2023.

### 1. OPERATING AND FINANCIAL PERFORMANCE:

During the period under review, overall financial performance of the Corporation remained satisfactory. An overview of the performance of State Life for the half year 2023 as compared to last period is summarized below:

- 1.1 Total Income of the State Life increased to Rs. 219,382 million in half year 2023 as against Rs. 160,636 million in the preceding period, registering an increase of 36.6%. If the impact of fair value loss of Rs. 4,387 million (2022: 3,477 million) is excluded; total income for period ended June 2023 would be Rs. 223,769 million as against Rs. 164,113 million in June 2022 up by 36.4%.
- 1.2 Acquisition expenses for the half year 2023 are Rs. 7,768 million as compared to Rs. 6,432 million in half year 2022 showing an increase of 20.8%. Management expenses for the half year 2023 are Rs. 6,922 million as compared to Rs. 5,669 million in half year 2022 showing an increase of 22.1%. Overall management expense ratio to gross total premium income for the half year 2023 is 11.8% as against 12.4% for corresponding period of 2022.
- 1.3 Payments to policyholders in the half year 2023 were Rs. 115,261 million as against Rs. 68,152 million in the corresponding period of 2022, showing an increase of 69.1%.
- 1.4 Statutory funds at the end of half year 2023 was Rs.1,517,436 million as against Rs. 1,346,889 million in the corresponding period 2022, showing an increase of 12.7%.
- 1.5 The basic and diluted Earnings Per Share (EPS) for the half year 2023 was Rs.95.85 as compared to Rs. 91.46 in the same period last year, showing rise of 4.8%.

### 2. BUSINESS PORTFOLIO WISE PERFORMANCE:

#### 2.1 INDIVIDUAL LIFE BUSINESS:

First year gross premium income under Individual Life policies, during the half year 2023 was Rs. 6,691 million as compared to Rs. 5,471 million in the last year corresponding period, showing an increase of 22.3%. Gross renewal premium was Rs. 45,344 million in half year 2023 whereas it was Rs. 36,889 million in the corresponding period of 2022, showing an increase of 22.9%.

## 2.2 GROUP LIFE BUSINESS:

Gross premium (including unearned premium) under Group Life policies during the half year 2023 was Rs. 8,529 million as compared to Rs. 9,344 million in the half year 2022, showing decrease of 8.7 percent.

## 2.3 TAKAFUL BUSINESS:

Premium under Takaful business during the first half of 2023 was Rs. 157 million as compared to Rs. 107 million in the same period last year showing an increase of 46.2 percent.

## 2.4 HEALTH INSURANCE BUSINESS:

Premium under Health and Accident Insurance business during the half year 2023 was Rs. 64,022 million as compared to Rs. 46,036 million in the preceding period, showing an increase of 39.1%, mainly due to health insurance agreements executed for providing health insurance coverage to entire population of Punjab, KP, GB, FATA, AJ&K and Tharparkar district of Sindh.

## 2.5 REAL ESTATE:

Breakup of rental income and expenses are stated hereunder:

	Half Year (Rs. in million)		
	2023	2022	% Inc./ (Dec.)
Rental Income	1,199	764	57
Expenses	389	369	6
Net	810	395	105

## 2.6 INVESTMENT:

Net investment income including capital gains and unrealized losses during the half year 2023 was Rs. 95,132 million as compared to Rs. 63,268 million in June 2022, showing an increase of 50.4%. If impact of unrealized loss of Rs. 4,387 million (2022: Rs. 3,477 million) is excluded; the net investment income would be Rs. 99,519 million as compared to Rs. 66,745 million in June 2022 showing an increase of 49.1%.

## 2.7 INSURER FINANCIAL STRENGTH RATING:

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

### **3. FUTURE OUTLOOK:**

#### **3.1 ECONOMIC OUTLOOK:**

Pakistan's economy continues to face strong headwinds in the wake of high inflationary environment, increase in interest rates by the State Bank, slowdown in economic activity, depreciation of Pakistani Rupee, etc. Performance of the Corporation remained strong during the period under review. However, if inflationary environment continues in coming months, we may witness an increase in the surrender of policies. Management of the Corporation is closely monitoring the macroeconomic factors and is committed to protect the interest of its policyholders and shareholders.

#### **3.2 HEALTH INSURANCE:**

Corporation is actively managing social health insurance programs, providing coverage to more than 170 million people across the country. These programs offer inpatient medical treatment covering entire population of Punjab, KP, GB, FATA, AJ&K and Tharparkar district in Sindh. The provision of medical services is assessed through a network of 1200 hospitals.

Initiatives are being undertaken to expand health insurance coverage to entire population of Balochistan. Moreover, Corporation has developed distinct health insurance products namely Sehat Salam, Sehat Zindagi, Sahara Family, Sinf-e-Aahan and Haari Plan, each tailored to cater the diverse requirements of various societal segments.

#### **3.3 FAMILY TAKAFUL:**

Bancatakaful operations has been started with Bank Al-Falah Ltd. Whereas, similar operations with some other prominent banks like UBL, Dubai Islamic Bank, Faysal Bank, Bank of Punjab are expected to be started shortly for enhancement of Takaful Business.

#### **3.4 BANCASSURANCE:**

The outreach of Corporation's Banca business, with the assistance of partner banks; is making its mark in banking industry. Also, non-partner banks are approaching Corporation with an aim to optimizing insurance cover for their clients. Plans are underway for addition of non-banking financial institutions for soliciting insurance business.

#### **3.5 GROUP AND PENSION:**

For enhancing 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 (both road and railway), re-launching of group insurance (with enhanced features) for bread earners of families registered under BISP. Besides, various options are being explored and offered to the Bureau of Emigration for group life insurance of emigrants moving abroad on job visa.

### 3.6 DIGITIZATION:

Plans are underway for digital transformation of the Corporation. Some of the initiatives include revamping of existing website to provide best level of customer engagement through various portals and apps, integration of compliant management system and mobile app (android and IOS) with the website, digitization of policy documents, launch of takaful application for issuance of policy, launch of application for digital insurance certificate for Bureau of Emigration policies, etc. Steps are being taken for providing, mobile app to the field workers for accessing information related to their policyholder's status.

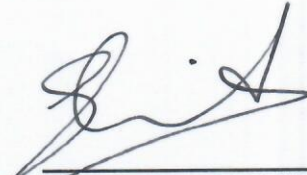
### PROFIT


Profit after tax for the period under review was Rs. 5,942.7 million (last period: Rs. 4,481.6 million) in which Rs. 4,480.1 million (preceding period: 3,274.1 million) has been transferred to Ledger Account "D" (Solvency reserve), on the advice of Appointed Actuary. No interim dividend is declared.

### NOTE OF APPRECIATION

We are pleased to place on record the deep appreciation on behalf of the Board of Directors for the efforts made by all the tiers of the field force and devotion to duty of the staff and officers for the overall performance of the Corporation. We are grateful to the Ministry of Finance, Ministry of Commerce, Insurance Division, Securities and Exchange Commission of Pakistan, State Bank of Pakistan, our reinsurers and business partners for their support for their continued guidance and assistance. May our future efforts continue to contribute to the nation's wellbeing in the economic and fiscal fields.

On behalf of the Board of Directors

  
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Chief Executive Officer  
Shoab Javed Hussain

  
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Chairman  
SULAIMAN S. MEHDI

Karachi,

Dated: 31<sup>st</sup> August, 2023