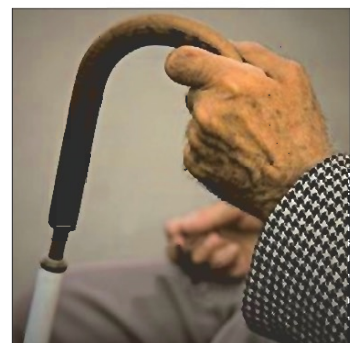
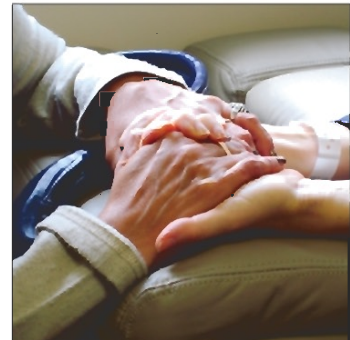


In the hands of protection

ANNUAL REPORT
2012



STATE LIFE
INSURANCE CORPORATION OF PAKISTAN

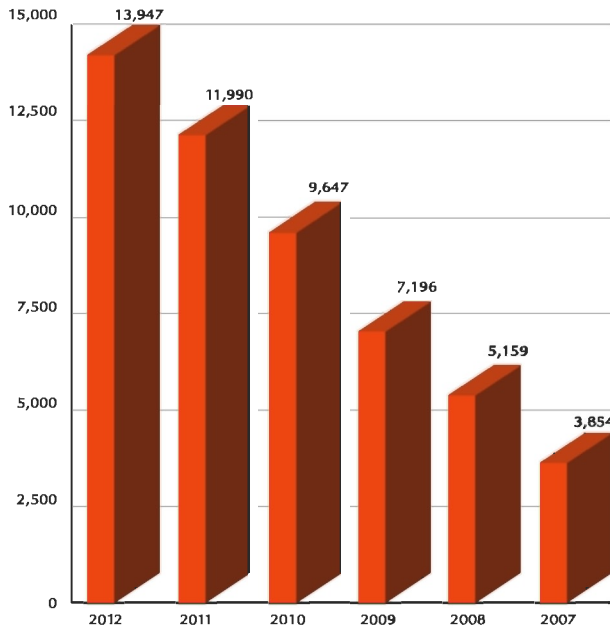
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2012

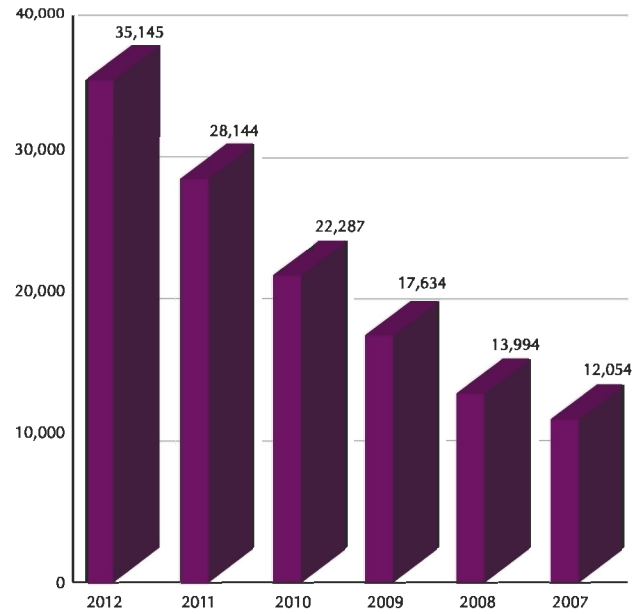


Financial Highlights

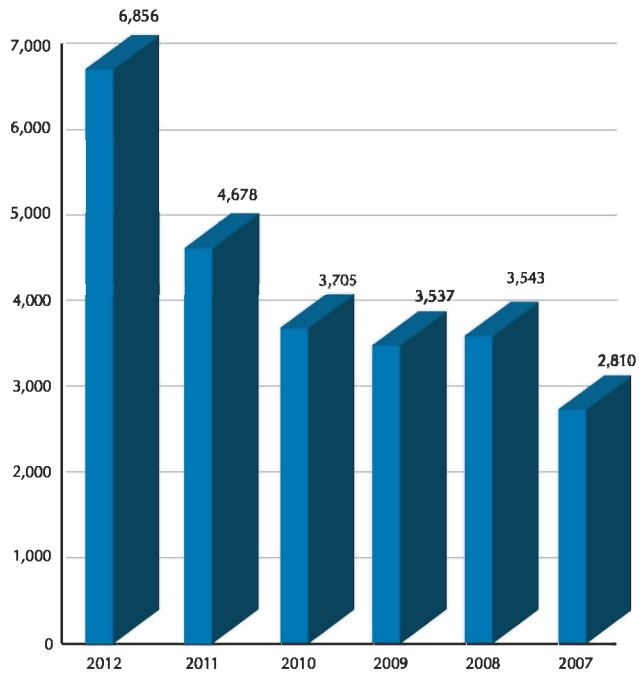
First Year Premium
[Rs. In Millions]



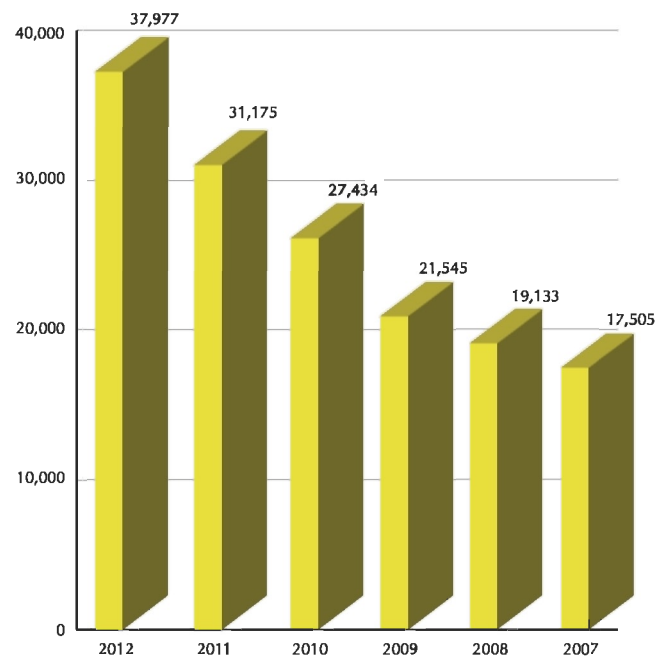
Renewal Premium
[Rs. In Millions]



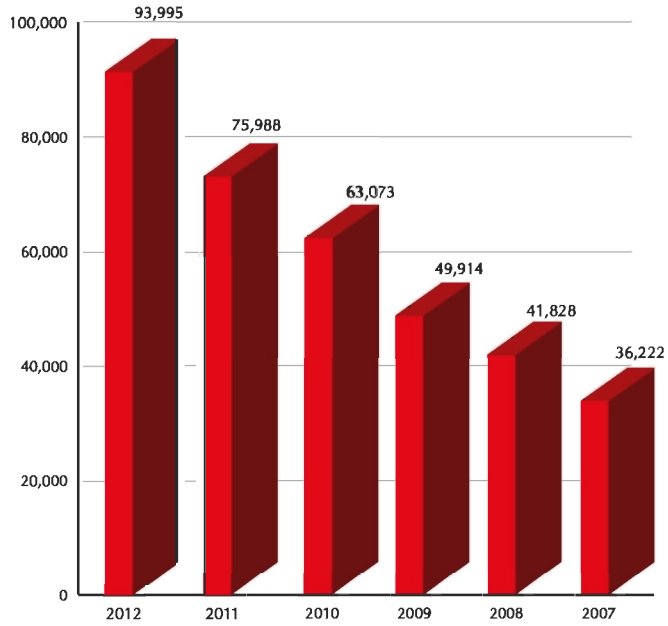
Group Premium
[Rs. In Millions]



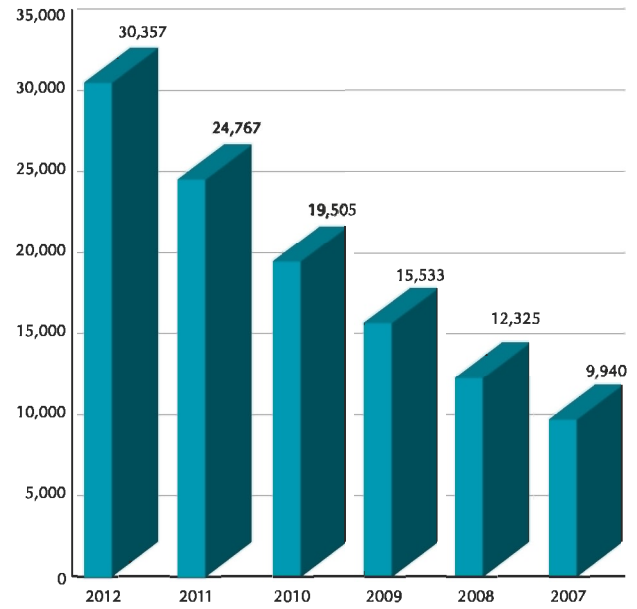
Investment Income
[Rs. In Millions]



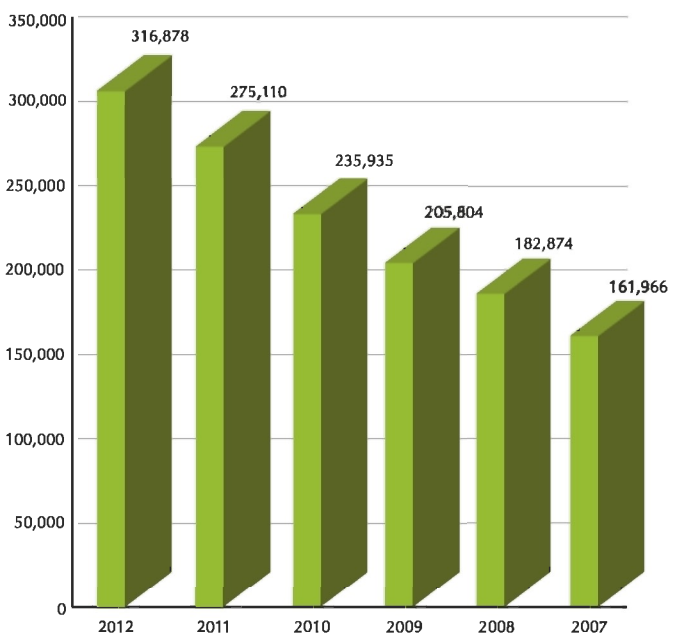
Total Income
[Rs. In Millions]



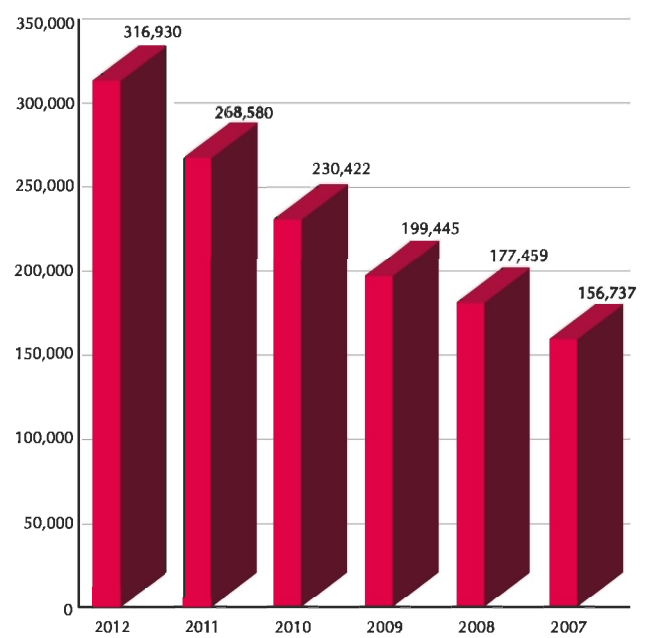
Bonus to Policyholders
[Rs. In Millions]



Investment Portfolio
[Rs. In Millions]



Life Fund
[Rs. In Millions]





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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 the yield on investment.

To make life insurance a more effective means of mobilizing national savings.

To widen the area of operation of life insurance and making it available to as large section of the population as possible, extending it from the comparatively more affluent sections of society to the common man in towns and villages.

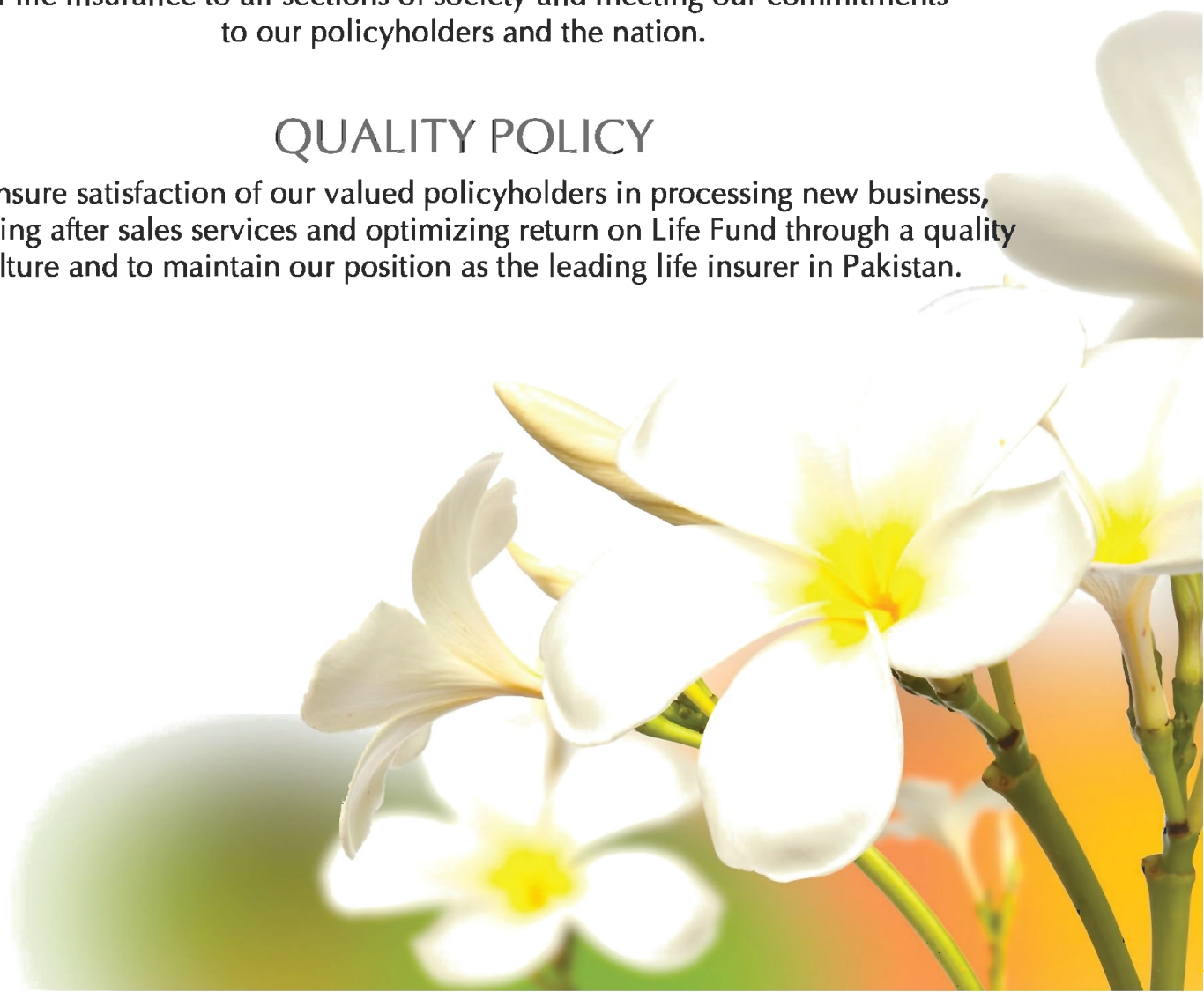
To use the policyholders' fund in the wider interest of the community.

MISSION STATEMENT

To remain the 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 the nation.

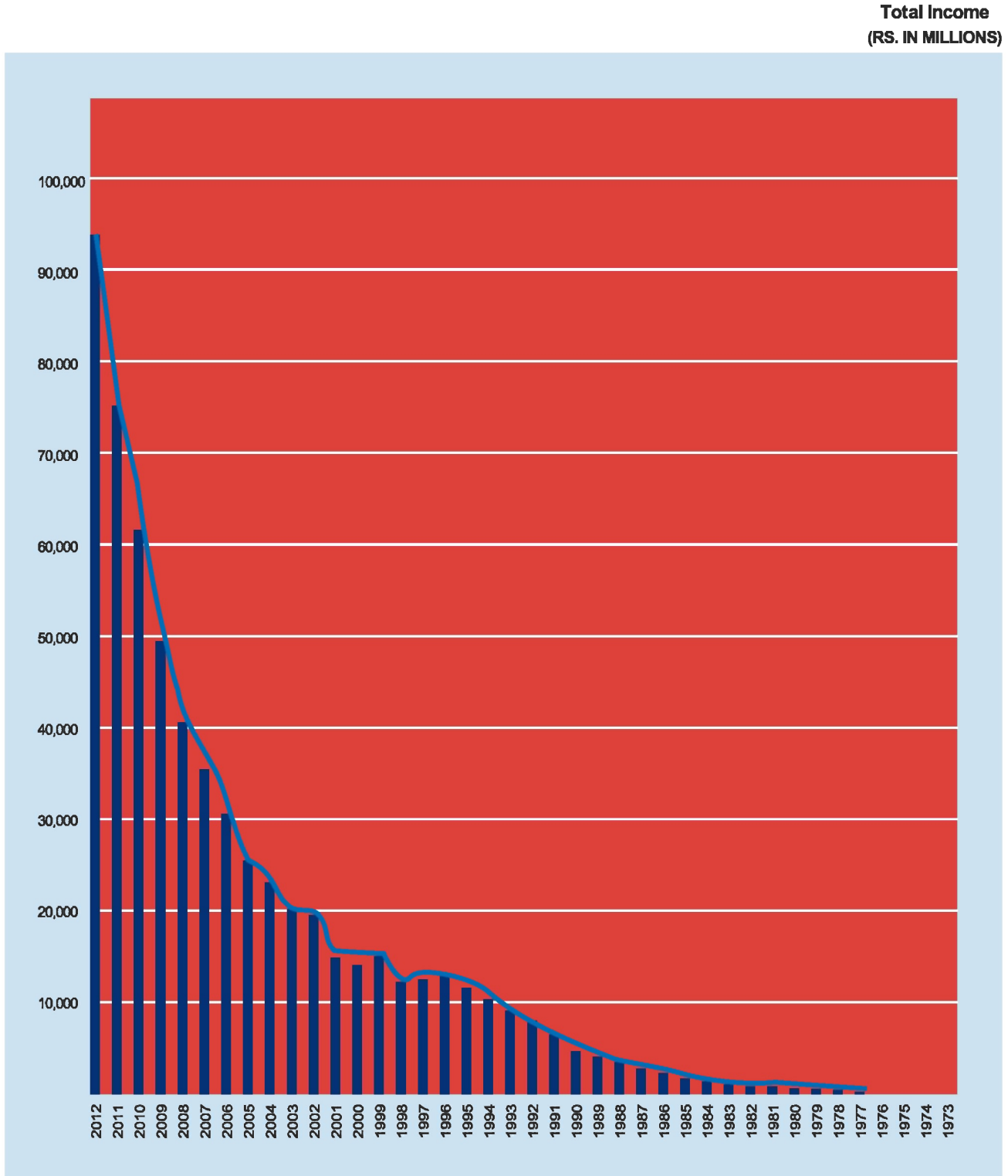
QUALITY POLICY

To ensure 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 life insurer in Pakistan.



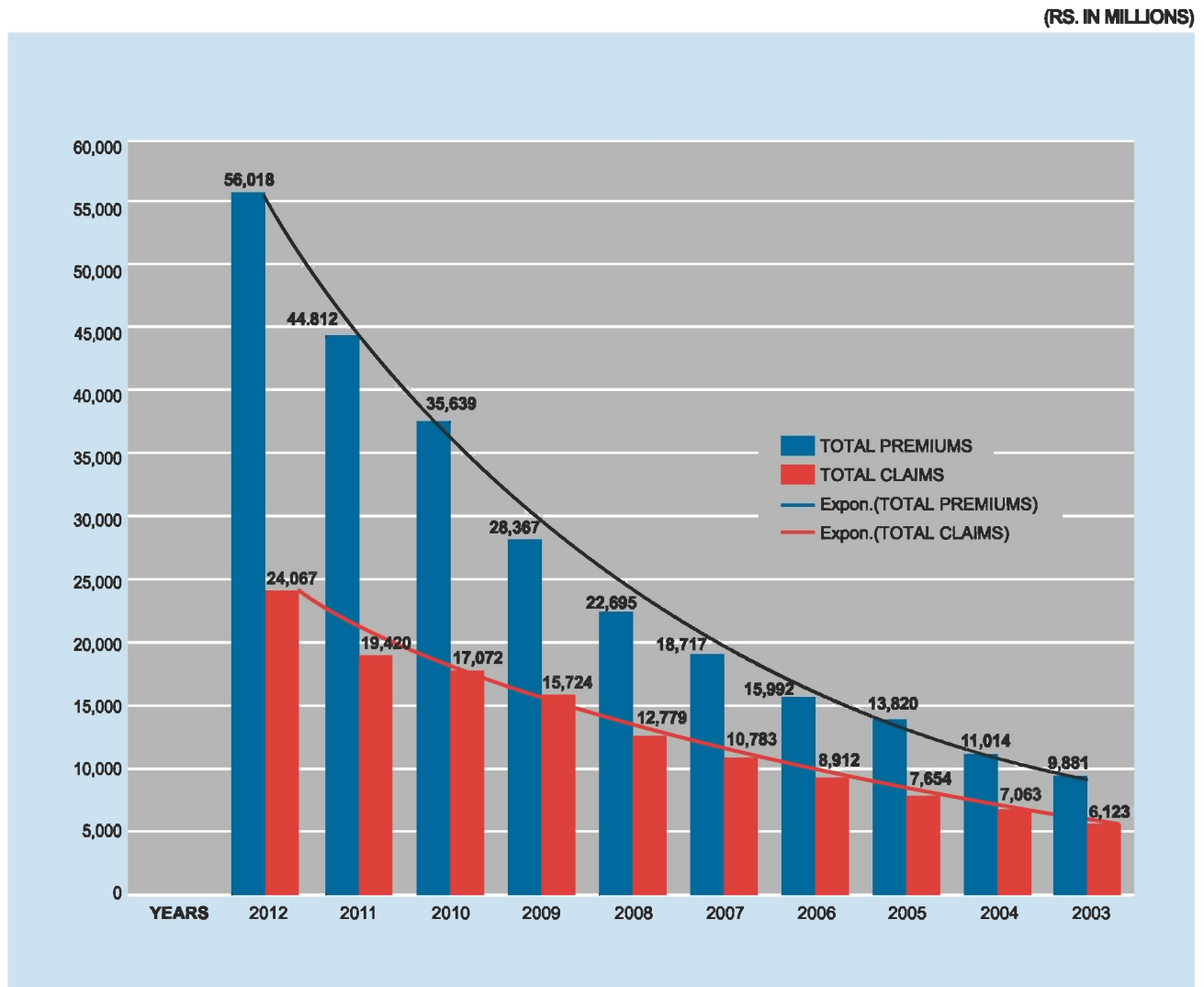


SLIC Journey to Success





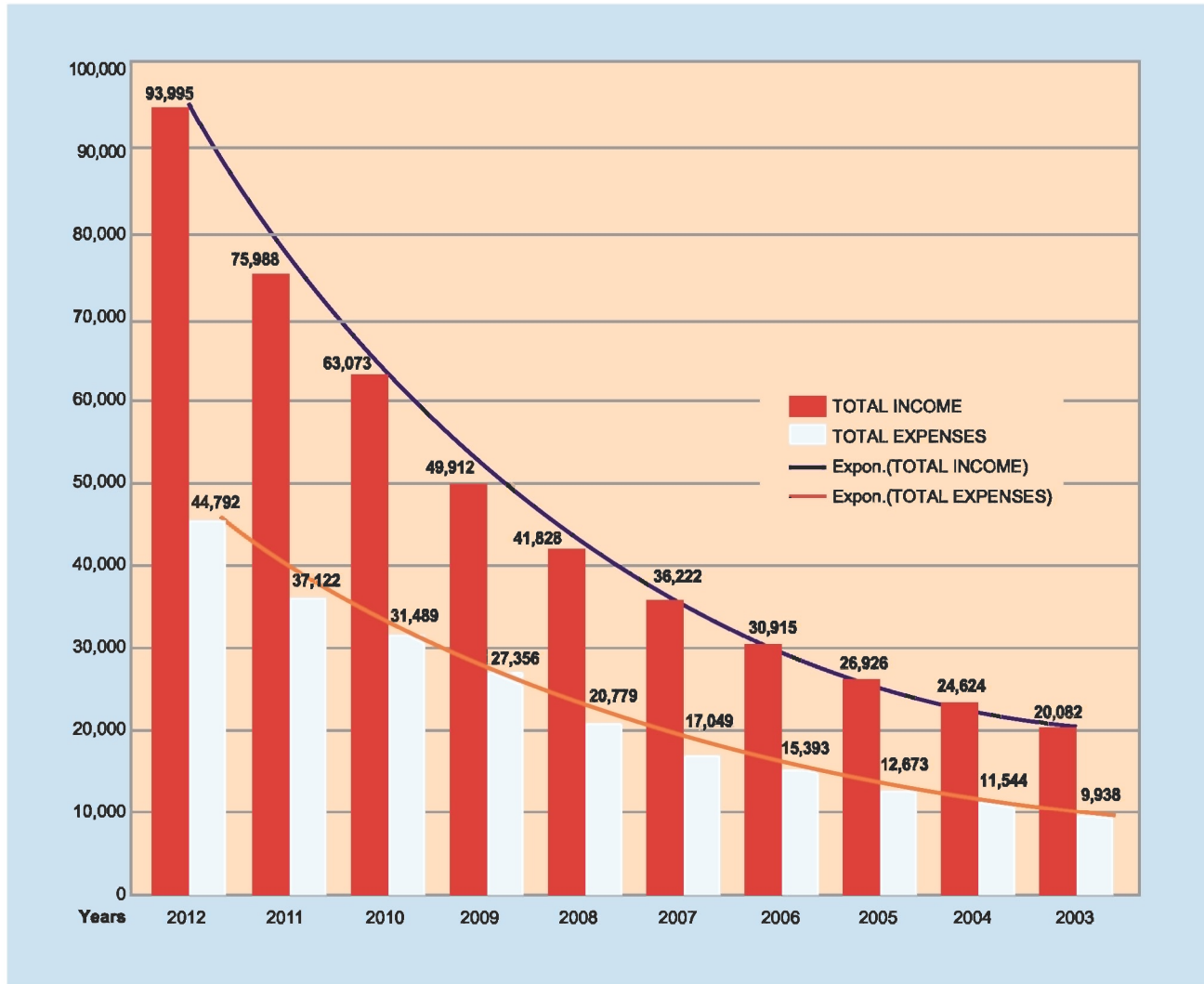
Total Premiums vs. Total Claims (2003-2012)





Total Income vs. Total Expenses (2003-2012)

(RS. IN MILLIONS)





Human Resource

1. SLIC Human Resource Management (HRM) is the strategic and coherent approach to management, its most valued asset. The people working there who individually and collectively contribute to the achievement of the objectives of the business. SLIC Personnel and General Services Division, Principal Office (i.e. Personnel Division, General Services Department, Medical Department and Staff Training Department) monitors and supports activities of P&GS in all four Regions and 26 Zones, G&P at PO and G&P Zones across Pakistan.
2. The HR policies provide SLIC with a mechanism to manage risk by staying up to date with current trends in employment standards and legislation. SLIC HR policies are framed in a manner to achieve the Corporation vision and the human resource helping the Corporation or work towards it at all levels to be benefited and at the same time without deviating from their main objective both development side and non development side of Corporation.
3. SLIC Human Resource Policies are established systems of codified decisions to support administrative personnel functions, performance management, employee relations and resource planning. State Life Employees (Service) Regulation 1973 embeds all the HR Policies and Procedures related to its employees which encompass the following areas:

Health, Safety and Security, Selection and Placement, Wage, Salary and Benefits, Leaves and Attendance, Loans and Advances, Move Over/up-gradation, Promotion, Special Pay and Allowances, Fixation of Pay, General Conduct and Discipline and Travelling Expenses.
4. SLIC Human Resources policies also cover Post Retirement Benefits of its Employees (i.e. Pension, Gratuity, Provident Funds, Compulsory Group Insurance, Voluntary Group Insurance and Medical Facilities for Officers).
5. The established policies help SLIC to demonstrate, both internally and externally, that it meets requirements for diversity, ethics and training as well as its commitments in relation to Collective Bargaining Agents of Unionized Staff, regulation and corporate governance. The established HR Policies set out obligations, standards of behavior and document disciplinary procedures, which is the standard approach to meeting these obligations. SLIC HR Policies are also very effective in supporting and building the desired organizational culture.

Policyholder Satisfaction

High quality policyholder service is an integral part of State Life's philosophy and it is our constant endeavor to provide greater services with wider accessibility.

Our corporate slogan is "Policyholder First". We always emphasize on providing the best quality service to our policyholders. We continuously develop and improve policyholder service oriented culture within State Life.

We understand that our commitment to satisfying policyholder needs must be fulfilled with a professional and ethical framework hence knowing our policyholders and their needs is the key to our business success, our managers are well equipped and well trained to provide the most efficient and personalized services to our policyholders.

Besides, we also feel that well updated IT infrastructure is one of the most important tools to provide best services to policyholders. State Life is continuously upgrading its IT infrastructure in line with modern technology in order to have efficient operations and speedy services for policyholders.

We shall continue to look forward to maintain high-level policyholder satisfaction through improvement of strength and values.



Corporate Information

As at December 31, 2012

BOARD OF DIRECTORS

Mr. Shahid Aziz Siddiqi
Chairman

Mr. Fazal Abbas Maken
Director

Mr. Husain Lawai
Director

Mr. Farooq Hadi
Director

Mr. Wazir Ali Khoja
Director

Mr. Nihal Anwar
Director

Mr. Tufail Shaikh
Director

Mr. Furqan A. Shaikh
Director

SECRETARY BOARD

Mr. Akbar Ali Hussain

AUDITORS PAKISTAN

M/s. Anjum Asim Shahid
Rahman,
Chartered Accountants

M/s. Riaz Ahmad & Company,
Chartered Accountants

GULF COUNTRIES

M/s. Sajjad Haider & Co.,
Chartered Accountants

APPOINTED ACTUARY

Mr. Shujaat Siddiqui
MA, FIA, FPSA,

EXECUTIVE COMMITTEE

Mr. Shahid Aziz Siddiqi
Chairman

Mr. Fazal Abbas Maken
Member

Mr. Husain Lawai
Member

Mr. Wazir Ali Khoja
Member

Mr. Tufail Shaikh
Member

Mr. Akbar Ali Hussain
Secretary

BOARD AUDIT COMMITTEE

Mr. Husain Lawai
Chairperson

Mr. Farooq Hadi
Member

Mr. Wazir Ali Khoja
Member

Mr. Nihal Anwar
Member

Mr. Altaf Ahmed Shaikh
Secretary

SOCIAL RESPONSIBILITY COMMITTEE

Mr. Shahid Aziz Siddiqi
Chairman

Mr. Nihal Anwar
Member

Mr. Tufail Shaikh
Member

Mr. Furqan A. Shaikh
Member

Mr. Akbar Ali Hussain
Secretary

HUMAN RESOURCE COMMITTEE

Mr. Shahid Aziz Siddiqi
Chairman

Mr. Farooq Hadi
Member

Mr. Wazir Ali Khoja
Member

Mr. Furqan A. Shaikh
Member

Mr. Fazal Abbas Maken
Member

Mr. Muhammad Aslam Hayat
Secretary

REAL ESTATE AND INVESTMENT COMMITTEE

Mr. Shahid Aziz Siddiqi
Chairman

Mr. Husain Lawai
Member

Mr. Wazir Ali Khoja
Member

Mr. Nihal Anwar
Member

Mr. Mohsin S. Haqqani
Member

Mr. Nasimul Haq
Member

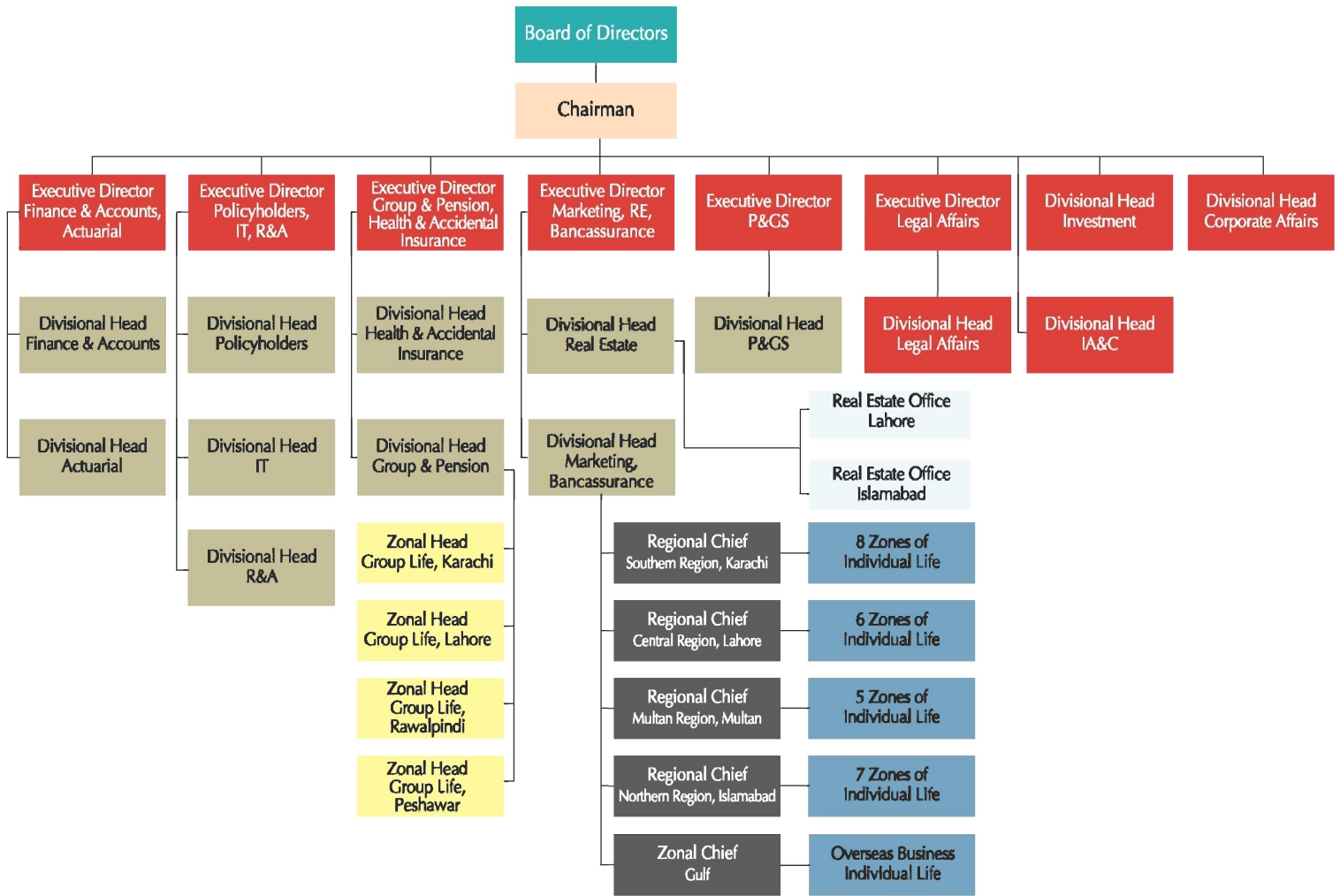
Mr. Attaullah A. Rasheed
Secretary

PRINCIPAL OFFICE

State Life Building No. 9,
Dr. Ziauddin Ahmed Road,
Karachi-75530
Tele: 021-99202800-9
Fax: 021-99202845
UAN: 111-111-888
E-mail: edpgs@statelife.com.pk
Website: www.statelife.com.pk



Organogram of the Corporation





Management

CHAIRMAN

Mr. Shahid Aziz Siddiqi (as at 06-06-2013)

Ms. Nargis Ghaloo (from 29-10-2014)

EXECUTIVE DIRECTORS

Mr. Shoaib Mir Memon

Mr. Mohsin S. Haqani

Mrs. Talat Waseem

Mr. Muhammad Aslam Hayat

Mr. Abdul Hafeez Shaikh

DIVISIONAL HEADS

(Principal Office)

Mr. Sher Ali Khan

Mr. Naseem-ul-Haq

Mr. Muhammad Izqar Khan

Mr. Nadeem Bessey

Mr. Akbar Ali Hussain

Mrs. Dr. Ghazala Nafees

Mr. Saleem Khaliq

Mr. Muhammad Rashid

Mr. Attaullah A. Rasheed

Mr. Altaf Ahmed Shaikh

Mr. Faisal Mumtaz

Mr. Mohsin Abbas

Legal Affairs Division

Real Estate

Marketing

Group & Pension & Health and Accidental Insurance

Corporate Affairs

P&GS

I.T

Finance & Accounts

Investment

Internal Audit & Compliance

Actuarial & PHS

Research & Analysis

CHIEF MEDICAL OFFICER

Dr. Mrs. Ghazala Nafees



INDIVIDUAL LIFE

REGIONAL CHIEFS

Mr. S.H. Raza	Southern Region - Karachi
Mr. Maqsood Ahmed Chaudhry	Central Region - Lahore
Mr. Khalid Mansoor	Northern Region - Islamabad
Mr. Tahir Ahmed Khan	Multan Region - Multan

Bancassurance

Mr. Muhammad Izqar Khan	General Manager
-------------------------	-----------------

ZONAL CHIEF

Gulf Countries

Mr. Khalid Mehmood Shahid	Gulf Zone, UAE-Dubai
---------------------------	----------------------

ZONAL HEADS

Southern Region

Mr. M. Iqbal Gill	Karachi Zone (Southern)
Mr. M.Saeed Khan	Karachi Zone (Eastern)
Qazi Fawad Saleem	Karachi Zone (Central)
Mr. Dur Muhammad Baladi	Hyderabad Zone
Mr. Zahoor A. Bhatti	Mirpurkhas Zone
Dr. Abdul Samad Shaikh	Sukkur Zone
Mr. Abdul Mannan Shaikh	Larkana Zone
Mr. Kanaya Lal Shaheen	Quetta Zone

Central Region

Mr. Najmul Hasan	Lahore Zone (Central)
Mr. Muhammad Dawood Nasir	Lahore Zone (Western)
Mr. Muhammad Ramzan Shahid	Faisalabad Zone
Mr. Tahir Mehmood Cheema	Sargodha Zone
Chaudhry Sarfraz Ahmad	Gujranwala Zone
Mr. Zulfiqar A. Gillani	Sialkot Zone

Northern Region

Mr. Azhar Hussain	Rawalpindi Zone
Mr. Muhammad Yousuf Farooqi	Mirpur (AK) Zone
Mr. Rukhsar A.Qaiser	Islamabad Zone
Chaudhry Muhammad Ejaz	Peshawar zone
Mr. Abdul Sattar Javed	Abbottabad Zone
Mr. Namaish Khan	Swat Zone
Chaudhry Abdul Nasir	Gujrat Zone

Multan Region

Chaudhry Akhtar Hussain	Multan Zone
Chaudhry Muhammad Ashraf	Sahiwal Zone
Mr. Muhammad Anwar Shahid	Rahim Yar Khan Zone
Mr. Mukhtar H. Awan	Dera Ghazi Khan Zone
Mr. Z. M. Kamran Shamsi	Bahawalpur Zone

GROUP LIFE

ZONAL HEADS

Mr. Adnan Samiullah	Karachi Zone
Mr. Shoaib Khan	Lahore Zone
Mr. M. Abbas Kazmi	Rawalpindi Zone
Mr. Tahir Majeed	Peshawar Zone



Chairman's Review

I feel pleasure in presenting the 40th Annual Report of State Life Insurance Corporation of Pakistan, together with the audited accounts for the year ended December 31, 2012 prepared in terms of Article 30 of the Life Insurance (Nationalization) Order, 1972, (President's Order No.10 of 1972).

Accounts for the year 2012 are prepared on the accounting formats in accordance with the accounting regulations issued by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 938 dated December 12, 2002 under the Insurance Ordinance 2000.

1. OVERALL PERFORMANCE:

During the period under review, State Life Insurance Corporation performed exceptionally well in its core business operation. An overview of overall performance of State Life Insurance Corporation during the year 2012 as compared to 2011 is hereunder:

- 1.1 Total Income of the State Life Insurance Corporation of Pakistan increased to Rs.93,995 million in 2012 as against Rs.75,988 million in the preceding year, registering an increase of 24%.
- 1.2 Management expenses for the year 2012 were Rs.20,725 million as compared to Rs.17,702 million in 2011 showing an increase of 17%. Overall management expense ratio to total premium income for the year 2012 was 37% as against 39% for the year 2011.
- 1.3 Payments to policyholders in the year 2012 were Rs.24,067 million as against Rs.19,420 million in 2011, showing an increase of 24%.
- 1.4 Total amount of statutory funds of the State Life Insurance Corporation in 2012 was Rs.316,930 million as against Rs. 268,580 million in 2011, showing an increase of 18%.

2. BUSINESS PORTFOLIO WISE PERFORMANCE:

2.1 Individual Life Business - Pakistan's Operations:

First year Gross premium income under Individual Life policies, during the year 2012 was Rs.13,524 million as compared to Rs.11,656 million in the year 2011, resulting in an increase of 16%. Gross Renewal premium was Rs.34,031 million in 2012 whereas Rs.27,264 million was in 2011, resulting in an increase of 25%.

2.2 Individual Life Business - Overseas Operations:

First year Gross premium income under Individual Life policies, during the year 2012 was Rs.448 million as compared to Rs.353 million in the year 2011, being an increase of 27%. Gross Renewal premium in 2012 was Rs.1,219 million as compared to Rs.990 million in 2011, showing an increase of 23%.

2.3 Group Life Business:

Gross premium under Group Life policies during the year 2012 was Rs.6,941 million as compared to Rs.4,772 million in the year 2011, showing an increase of 45%.

2.4 Group Health Insurance Business:

Gross premium under Group Health Insurance policies commenced during the year 2012 was Rs.70.17 million.



2.5 Real Estate:

In the year 2012 Real Estate Division (RED) performed better in the context of Real Estate Management with net increase in overall rental income, RED did well in timely completion of Gujranwala Building Project by adding 53rd building in SLIC properties together with completion of grey structure of Islamabad project. Additionally RED has got approved provisional PC1's from Department Working Party (DWP) for construction of new buildings at Rahim Yar Khan, Sialkot and Sargodha and approval of SLIC Project Monitoring Unit (PMU).

2.6 Investment:

Net investment income including capital gains during the year 2012 was Rs. 37,620 million as compared to Rs. 30,861 million in 2011, showing an increase of 22%.

3. BUSINESS SUPPORTING ACTIVITIES:

3.1 Training plays important role in the development of manpower / human resources and success of an organization. State Life Insurance Corporation, a dynamic and leading public sector Corporation is maintaining the largest marketing network in Insurance Industry in the country and is continuously providing training for improving marketing skills of its manpower by arranging seminars and imparting various regular training courses. Region wise detail of the courses conducted in the year 2012 by Field Manpower Development (FMD) department is as under:-

Region	Foundation Course		M.O.S.C Course		M.M.S Course		Total	
	Courses	Participants	Courses	Participants	Courses	Participants	Courses	Participants
South	58	1,242	22	447	2	67	82	1,756
Central	69	2,894	32	1,448	1	29	102	4,371
Multan	57	1,805	30	1,053	3	63	90	2,921
North	66	2,294	24	743	4	96	94	3,133
Total	250	8,235	108	3,691	10	255	368	12,181

The above training figures clearly indicates that State Life Insurance Corporation of Pakistan is committed to improve the skills of its manpower/human resources to ensure their success in the field of life insurance and to make them productive and proud members of the society.

3.2 The primary purpose of the Policyholders Services Division is to render quality service to the policyholders of the Corporation. In this regard, measures were taken at the zonal offices level to improve services such as quality underwriting, prompt settlement of claims and handling of complaints of policyholders or their successors on priority basis. These steps not only have increased the level of customer satisfaction but have also contributed towards the retention of our existing policyholders. New and improved online access makes it quick, simple and secure to view and make policy related transactions. Policyholders can, register for online access, download forms, view policy status, make request for change in address, nomination and more.

3.3 Advertising plays a very significant role in business development; especially in large commercial organizations like State Life. In a situation where a large cross section of population is still without life insurance or unaware of the benefits of life insurance, the need of aggressive advertising cannot be understated. The management of State Life, being fully aware of advertising needs of the Corporation has provided adequate funds and support to Corporate Communications Department (CCD); to implement its multimedia advertising programs/campaigns in consultation with the Marketing Division in the year under review. In 2012, CCD organized many versatile Chairman's interviews/briefing on different prominent TV channels English/Urdu & regional newspapers internationally and nationwide with an intention to highlight the robust business and growth.



Furthermore, different multimedia campaigns had been extensively aired on various terrestrial and satellite TV channels. Apart from these campaigns; Corporate Image Building, Popular Life Insurance plans, Bonus Announcement to Policyholders, Business Achievements, Recognition to Marketing Force etc., has also been launched on national and regional newspapers. Being assigned 'AAA' rating for the straight third year by PACRA; press publicity was prominently articulated to highlight this achievement. Radio being the most popular medium of publicity especially in the rural and sub urban areas has also been fully utilized. Specially produced Radio Programs/campaigns in Urdu language have been broadcasted from Radio Pakistan and popular FM channels. All these multimedia campaigns were amicably concluded at the end of the year 2012. Under the slot of corporate social responsibility; State Life also sponsored some major sports and philanthropic events for corporate image building in 2012.

- 3.4 In the year 2012, we recruited 51,364 new Sales Representatives and provided the job opportunities. Our Field Force count numbers 160,310 (Sales Representatives, Sales Officers and Sales Managers) who all are serving the country to provide protection with savings.

4. INSURER FINANCIAL STRENGTH RATING:

- 4.1 In 2009, a strategic decision was taken to obtain Insurer Financial Strength (IFS) rating for State Life. This task was assigned to the Pakistan Credit Rating Agency (PACRA). It is a matter of satisfaction for State Life that it has been assigned Insurer Financial Strength (IFS) rating of "AAA". The rating denotes State Life's exceptionally strong capacity to meet policyholder and contract obligations. The rating reflects State Life's leading position in life insurance business in Pakistan, its extensive distributions network, good management quality, comprehensive information system and growing business volumes. The rating also represents State Life's robust financial profile emanating from its sound investment portfolio and prudent system of risk management. State Life retains this rating in 2012.
- 4.2 A rating of "AAA" is the highest possible for an insurer to achieve and State Life stands alone in the life insurance industry in Pakistan to have been assigned this rating.

5. THE FUTURE:

- 5.1 Unit linked life insurance products were introduced in Pakistan with the entry of private sector life insurers. With increasing customer awareness, the market for these products has been growing in the country. State Life also plans to enter this line of business. With the implementation of IT infrastructure enhancements, which is in hand, State Life would be in a position to enter this market segment also.
- 5.2 Bancassurance is an alternate distribution channel to sell life insurance products through banks. This line of insurance business ensures wide coverage at lesser cost. During the last quarter of 2012, this channel started its operations after State Life signed an agreement with the United Bank Limited. With the inception of this distribution channel, it is expected that it would bring an all-round improvement in the financial performance of State Life besides providing a new avenue for business growth.
- 5.3 State Life entered into an agreement with the Government of Pakistan to provide Life and Health Insurance services to families covered under the Benazir Income Support Programme (BISP). Under the first phase, life insurance coverage is being provided to Heads of the families of BISP recipient at a premium mutually agreed between the two parties.
- 5.4 Under the second phase, State Life successfully started a pilot project in 2012 providing Health Insurance to BISP families registered in Faisalabad. State Life is currently in the process of making necessary arrangements for extending this project to the districts of Quetta, Badin, Nowshera, Muzaffarabad AJK and Gilgit. This is an entirely new dimension for State Life, and we intend to expand our Health Insurance Operations beyond the scope of BISP and provide competitive insurance packages that would ultimately provide diversification to benchmark services that define State Life Insurance Corporation as the largest insurance provider of the country.



5.5 Accidental Life Insurance is another major endeavor; State Life has achieved by signing an agreement with NADRA to provide accidental term insurance coverage to the persons holding Smart National Identity Card (SNIC) effective October 2012. The scheme is expected to provide insurance coverage to numerous citizens of our country. Besides, it will also stimulate financial growth of State Life.

5.6 Takaful insurance is another line of business which offers bright prospects in the future. The Takaful rules were published by the Securities and Exchange Commission of Pakistan (SECP) in 2005. In 2012, the SECP issued revised Takaful rules allowing Conventional Insurers to initiate window Takaful operations. Currently, the SECP has been restrained from enforcing the revised regulations by the honorable Sindh High Court due to the petition filed against the revised rules. If and when the amended rules are implemented, State Life would actively consider commencing Takaful operations.

In 2013, State Life is planning to further enhance the network of its zones in Pakistan. For this purpose, work is underway for further extension of zones. It is expected that these new centers will further contribute in expanding and carrying out the Pakistan business more convincingly.

5.7 As part of implementation of IT Strategy of State Life, an integrated software solution pertaining to Core Insurance Business Applications and related ERP (Enterprise Resource Planning) software is being implemented. The initial phases of implementation of Core Insurance Business applications have been completed and the UAT (Users Acceptance Testing) phase is underway. A state-of-the-art Data Centre (Tier-2Plus level) is being established to facilitate real time on-line services on a 24/7 basis to Policy Holders Services, Marketing and other business functions of State Life. The implementation of ERP and completion of DATA Center will result in better customer services, more effective MIS and healthy business growth in the Corporation.

6. ACTUARIAL VALUATION

As per 26th actuarial valuation as at 31st December 2012, the actuarial surplus arising during the interval period on participating policies was Rs. 43,283 million. The details of bonuses declared are stated as an appendix.

7. DIVIDEND

Total dividend for the year 2012 is Rs. 808.902 million (2011: Rs.520.223 million) in which Rs. 711.834 million (2011: Rs.457.796 million) is payable to the Government of Pakistan after deduction of Rs. 97.068 million (2011: Rs. 62.427 million) share of dividend of Benazir Employees Stock Option Scheme (BESOS). However, the share of Government dividend for the year 2011 and 2012 will be adjusted for increase in paid up capital of the Corporation as allowed by the Ministry of Finance vide its Memo No. 4(1)/CF-III/91-92-252 dated April 3, 2012.

8. AUDITORS

The accounts for the year ended 31st December, 2012 were jointly audited by a panel of auditors comprising of (i) M/s. Riaz Ahmad & Company, Chartered Accountants, Karachi and (ii) M/s. AnjumAsimShahidRahman, Chartered Accountants, Karachi. The accounts of Gulf Countries were audited by M/s. Sajjad Haider & Co., Chartered Accountants, Dubai, and UAE.

**9. APPROVAL OF ACCOUNTS**

Accounts for the year 2012 was to be approved by the then Board of Directors however, the Board was dissolved before the finalization of the accounts hence the accounts for the year 2012 were approved by the existing Board of Directors in its meeting held on December 1, 2014.

10. NOTE OF APPRECIATION

I am happy to place on record the deep appreciation on behalf of the Board of Directors and myself 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. May our future efforts continue to contribute to the nation's well being in the economic and fiscal fields.

Karachi,
Date: December 1st, 2014

(Ms. Nargis Ghaloo)
Chairperson