



## Annual Report 2016



**TPL LIFE INSURANCE LIMITED**

(Formerly Asia Care Health & Life Insurance Limited)

***Board of Directors and Board Committees***

<b>Board of Directors</b>		
Mr. Jameel Yusuf	Chairman	Non-Executive Director
Mr. Muhammad Ali Jameel	Director	Non-Executive Director
Mr. Waqar Ahmed Malik	Director	Non-Executive Director
Mr. Yousuf Zohaib Ali	Director	Non-Executive Director
Mr. Ali Asgher	Director	Non-Executive Director
Mr. Saad Nissar	Director	Non-Executive Director
Mr. Farrukh Shauket Ansari	Director	Independent Director
Mr. Muhammad Riaz	Director	Executive Director
Mr. Faisal Shahzad Abbasi	Chief Executive Officer	Executive Director

<b>Audit Committee</b>	
Mr. Muhammad Ali Jameel	Chairman
Mr. Yousuf Zohaib Ali	Member
Mr. Farrukh Shauket Ansari	Member
Mr. Naseer Khan (Head of Internal Audit)	Secretary

<b>Ethics, Human Resource, Remuneration and Nomination Committee</b>	
Mr. Mohammad Riaz	Chairman
Mr. Muhammad Ali Jameel	Member
Mr. Yousuf Zohaib Ali	Member
Mr. Nader Nawaz (Head of Human Resources)	Secretary

<b>Board Investment Committee</b>	
Mr. Muhammad Ali Jameel	Chairman
Mr. Yousuf Zohaib Ali	Member
Mr. Mohammad Riaz	Member
Mr. Faisal Shahzad Abbasi	Member
Mr. Hashim Sadiq Ali	Member
M/s Akhter & Hasan (Appointed Actuary)	Member
Head of Underwriting & Actuarial Services	Secretary

**Company Secretary**

Mehar Ameer

**Chief Financial Officer**

Hashim Sadiq Ali

**Head of Internal Audit**

Naseer Khan

**Legal Advisor**

Mohsin Tayebaly & Co.

**Appointed Actuary**

Shujaat Siddiqui  
*M/S Akhar & Hasan*

**Auditors**

EY Ford Rohdes  
Chartered Accountants

**Rating**

**A – (single A minus) by PACRA**

**Bankers**

Habib Bank Limited  
Bank Al-Habib Limited  
Silk Bank Limited  
Summit Bank Limited  
Bank Alfalah Limited  
MCB Bank Limited  
Khushhali Bank Limited

**Registered Office**

12<sup>th</sup> Floor, CenterPoint, Off Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi -74900  
website: [www.tpllife.com](http://www.tpllife.com)  
Phone # 021-35302072-5, 35302066-68  
Fax # 021-35302076

**Corporate Office**

33-C, Shahbaz Commercial Area,  
Lane 4, Phase VI, DHA,  
Karachi – 75500  
Phone +92-21- 111-272-273  
Fax +92-21-35316032

**Management Committees****Underwriting Committee**

Mr. Faisal Abbasi	Chairman
Mr. Muhammad Ali Jameel	Member
Head of Underwriting & Actuarial Services	Member & Secretary

**Reinsurance Committee**

Mr. Faisal Abbasi	Chairman
Mr. Muhammad Ali Jameel	Member
Head of Underwriting & Actuarial Services	Member & Secretary

**Claim Settlement Committee**

Mr. Faisal Abbasi	Chairman
Mr. Hashim Sadiq Ali	Member
Mr. Yusuf Zohaib Ali	Member
Head of Claims	Member & Secretary

**Risk Management Committee**

Mr. Farrukh Shauket Ansari	Chairman
Mr. Yusuf Zohaib Ali	Member
Mr. Mohammad Riaz	Member
Head of Underwriting & Actuarial Services	Member & Secretary

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The Directors of the Company present the audited financial statements as at and for the year ended December 31, 2016.

### BUSINESS REVIEW

During the year, TPL Trakker Limited (TPLT) has acquired entire shareholding of TPL Life Insurance Limited, formerly AsiaCare Health & Life Insurance Company Limited from M/s Noor Sehat Health Systems Limited (former sponsor and shareholder of the Company). In view of the same, the name of the Company has been changed to "TPL Life Insurance Limited with effect from July 11, 2016.

As a part of acquisition process by TPL Trakker Limited (TPLT), seven casual vacancies in the Board of Directors as well as the CEO arose and were duly filled by the Board and all the necessary regulatory approval were obtained.

In Compliance with SECP SRO 828(1)/2015 to meet the minimum Paid-up Capital requirements, the Company has raised further capital by Rs.100 million through issuance of right shares which were duly subscribed by TPLT and relevant statutory compliances have been made.

The Company has obtained approval from the SECP to start Ordinary Life Business and a Statutory Fund has been formed. New product lines i.e. Investment Link and Group Life have started to underwrite and management believes that these new product lines will contribute to improve the profitability of the Company.

During the period, the gross premium written as follows:

Statutory Funds	Gross Premium	
	2016	2015
Individual Life unit Linked	1,650	-
Conventional Business	1,374	-
Accident & Health Business	113,255	434,253
Total	116,279	434,253

The Gross Premium reduced mainly due to a rationalization exercise whereby management has opted not to renew the policies of those clients who were historically not profitable to the Company. Also during the transitory period of change of shareholders and management, prevailing position was maintained without taking any significant exposures. The loss for the period was of Rs.74.887 million in the Shareholders' fund and Rs.1.387 million in the Statutory Fund. This was mainly due to the following:

1. Higher claim costs due to high risk corporate health insurance operations
2. Being a startup life insurance operation, there were higher initial setup costs including restructured Management, IT and Operational infrastructure costs.

The financial highlights of the performance of the Company for the last six years are tabulated as follows:



	Shareholder Fund	Statutory Fund	Aggregate 2016	2015	2014	2013	2012	2011
Rupees in '000'								
Gross Premium		116,279	116,279	434,253	341,502	723,235	669,906	212,620
Gross Claim		154,649	154,649	383,837	270,548	679,218	593,522	178,482
Policy Acquisition Cost		8,577	8,577	23,941	17,867	29,643	19,877	5,016
Management Expenses	10,772	148,806	159,578	143,273	146,435	146,284	114,800	87,129
Investment Income	9,369	19,191	28,560	34,434	56,670	109,434	110,398	42,672
Profit/(Loss) before tax	(1,387)	(74,888)	(76,275)	(99,635)	(49,866)	15,038	8,966	(41,480)
Policyholder Liabilities		39,179	39,179	142,208	126,687	114,817	153,665	111,903
EPS (In Rupees)	(0.01)		(0.01)	0.03	0.28	1.11	1.2	0.4

During the year under review the Company has terminated the reinsurance arrangement with Chaucer Syndicate at Lloyds and has made an arrangement with Hannover Re. The new reinsurance company has been awarded "AA-" rating by Standard & Poor's. The management believes that the reinsurance support provides diversification of risk and depth to the underwriting capacity of the Company.

The Board is pleased to report that the Company has maintained IFS (Insurer Financial Strength) rating of Company A- (Single A minus) by PACRA.

## AUDITORS

The present auditors M/S Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants retire after completion of the present term. Being eligible, they have offered themselves for re-appointment. The Board on the recommendation of the Audit Committee has proposed their re-appointment as external auditor of the Company for the year ending December 31, 2017, subject to approval in Annual General Meeting of the Company.

## RETIREMENT BENEFITS

The Company has started un-funded Provident Fund Scheme thereby staff and company share equally at 8.33% of basic salary in place of un-funded Gratuity Scheme that was terminated and was frozen as of June 01, 2016. The provision for staff gratuity fund as per audited financial statements for the year ended December 31, 2016 is Rs.4.75 million.

## COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance have been duly complied with. The Directors are pleased to confirm the following:

1. The financial statements, prepared by the Company, present fairly its state of affairs, the results of its operation, cash flows and changes in equity.



2. The Company has maintained proper books of accounts.
3. The Company has consistently followed appropriate accounting policies in preparation of the financial statements. Changes wherever made, have been adequately disclosed and accounting estimates are on the basis of prudent and reasonable judgment.
4. International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure thereof has been adequately disclosed.
5. The Company has implemented a sound system of internal control, which has been effectively monitored.
6. The fundamentals of the Company are strong based on plans of potential investor(s) and there is no doubt about its ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance.
8. There are no outstanding taxes and duties, other than those disclosed in the financial statements.

## CORPORATE SOCIAL RESPONSIBILITY

We define Corporate Social Responsibility (CSR) as our commitment to work as partners with all our stakeholders to effectively improve the quality of life of our workforce, their families and the local communities.

TPL Life believes that a responsible attitude toward society and the environment can make business more competitive, more resilient to shocks, and more likely to attract and hold both consumers and the best employees.

The Board of Directors feels that social attitude is a significant part of its risk management and reputation strategy. In a world where brand value and reputation are increasingly seen as the Company's most valuable assets, responsible social attitude can build the loyalty and trust that ensure a bright sustainable future.

## BOARD OF DIRECTORS

The Board is comprised of eight directors and a Chief Executive. Further seven casual vacancies arose during the year on resignation by Directors and Chief Executive Officer that was filled by the Board within stipulated time by appointment of the following:

Directors Resigned	New Directors to fill the casual vacancy
Mr. Adeel Kazi	Mr. Jameel Yusuf
Mr. Khurshed Abul Khair	Mr. Muhammad Ali Jameel
Mr. Ali Aamir	Mr. Muhammad Riaz
Dr. Galina Bass	Mr. Yousuf Zohaib Ali
Mr. Basheer Ahmed Chowdry	Mr. Ali Asgher



Mr. Muhammad Rashid Zahir	Mr. Saad Nissar
Dr. Mahmood Mehdi Kazmi	Mr. Waqar Ahmed Malik
Dr. Mahmood Mehdi Kazmi (CEO)	Mr. Faisal Shahzad Abbasi (CEO)

During the year 2016, five meetings of the Board of Directors were held and attended as follows. Leave of absence was granted by the Board, to the Directors who could not attend the board meetings.

Serial #	Name of Directors	Executive / Non Executive	Meeting Attended
1	Mr. Jameel Yusuf Ahmed	Non-Executive	4
2	Mr. Muhammad Ali Jameel	Non-Executive	5
3	Mr. Waqar Ahmed Malik	Non-Executive	1
4	Mr. Mohammad Riaz	Executive	5
5	Mr. Yousuf Zohaib Ali	Non-Executive	5
6	Mr. Ali Asgher	Non-Executive	2
7	Mr. Saad Nisar	Non-Executive	2
8	Mr. Farrukh Shauket Ansari	Non-Executive	4
9	Mr. Basheer Ahmed Chowdry	Resigned	2
10	Mr. Muhammad Rashid Zahir	Resigned	2
11	Mr. Adeel Kazi	Resigned	1
12	Mr. Khurshed Abul Khair	Resigned	2
13	Dr. Galina Bass	Resigned	2
14	Dr. Mahmood Mehdi Kazmi	Resigned	5
15	Mr. Ali Aamir	Resigned	2

#### TRANSACTION OF SHARES

During the year Mr. Waqar Ahmed Malik has purchased 4.5 million shares of the Company from TPL Trakker Limited and same has been reported to SECP.

#### BOARD AUDIT COMMITTEE

In Compliance of Corporate Governance and to ensure effective management the Board has established the Board Audit Committee and it comprises of the following non-executive Directors:

Mr. Muhammad Ali Jameel, Mr. Yousuf Zohaib Ali and Mr. Farrukh Shauket Ansari.

The Board Audit Committee reviewed the quarterly, half yearly and annual financial statements before submission to the Board of Directors. The Board Audit Committee discussed in detail with the external auditors on the various issues. They have also reviewed internal audit reports and their findings as required under the Code of Corporate Governance.

An Internal Audit function reporting to the Board Audit Committee reviews the financial and internal reporting process, the system of internal control, the management of risks and internal audit process.

#### Investment in Associated Undertaking

The Company has invested in TPL Properties Limited IPO for Rs.6.25 million out of the approved amount of Rs.10 million. Balance remains unutilized due to lower than the expected strike price in the book building process.





## PATTERN OF SHAREHOLDING

A statement showing the pattern of shareholding is attached with this report

## HOLDING COMPANY

The Company is a subsidiary of TPL Trakker Limited, who holds 92.5% shares of the Company.

## COMPANY OUTLOOK

The Board of Directors are of the opinion that the visionary objectives, business model, innovative products and operational strategies of the Company has great potential in an environment in which health and life insurance has still not reached majority of population. The Directors are confident with the induction of new products of life insurance and with the support of TPL Group, with its existing market experience and operational capability, will undoubtedly optimize the enterprising efforts and hard work invested by the current management to achieve higher levels of success of Company's business.

There are no changes or commitments after the balance sheet date which could materially affect the financial position of the company on the balance sheet date.

## ACKNOWLEDGMENT

The Directors of the Company wish to express their profound gratitude to policyholders, business partners and shareholders who continue to repose their trust and confidence in the Company and assure them of best services and remain committed to do the utmost to ensure the best utilization of their investment in the Company.

We would also like to place on record our special thanks to the Securities & Exchange Commission of Pakistan for their support and guidance.

We would also like to thank the management team of the Company for its devotion and hard work and also the Reinsurers and Bankers of the Company for their support.

**For and on behalf of the Board**

  
Chairman

Karachi, February 06, 2017



## TPL LIFE INSURANCE LIMITED

### PATTERN OF HOLDING OF SHARES HELD BY THE SHAREHOLDERS AS AT DECEMBER 31, 2016

Number of Shareholders	Shareholding	Number of Shares held
8	From 1 to 4,504,000 shares	4,504,000
1	From 4,504,001 to 60,000,000 shares	59,996,000
9	<b>Total</b>	60,000,000

Categories of shareholders	shares held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children.	4,504,000	7.51
Associated Companies, undertakings and related parties.	55,496,000	92.49
NIT and ICP	NIL	NIL
Banks Development Financial Institutions, Non Banking Financial Institutions.	NIL	NIL
Insurance Companies	NIL	NIL
Modarabas and Mutual Funds	NIL	NIL
<b>Total</b>	<b>60,000,000</b>	<b>100</b>

#### Shareholders having more than 10% holding

TPL Trakker Limited	55,496,000	92.49
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## Information as required under Code of Corporate Governance

### Categories of shareholders as at December 31, 2016

Category	Number of Shareholders	Number of Shares	Holding %
<b>Associated Companies, undertakings and related parties</b>			
TPL Trakker Limited	1	55,496,000	92.49
<b>Directors, Chief Executive, and their spouse</b>			
Mr. Jameel Yusuf Ahmed	1	500	0.00
Mr. Muhammad Ali Jameel	1	500	0.00
Mr. Waqar Ahmed Malik	1	4,500,500	7.5
Mr. Mohammad Riaz	1	500	0.00
Mr. Yousuf Zohaib Ali	1	500	0.00
Mr. Ali Asgher	1	500	0.00
Mr. Saad Nisar	1	500	0.00
Mr. Farrukh Shauket Ansari	1	500	0.00
<b>Total</b>	<b>8</b>	<b>4,504,000</b>	<b>0.01</b>
<b>Total</b>	<b>9</b>	<b>60,000,000</b>	<b>100%</b>



## **REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of TPL Life Insurance Limited (the Company) for the year ended 31 December 2016 to comply with the requirements of Code of Corporate Governance for Insurers, 2016.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company'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 Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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 Company's corporate governance procedures and risks.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2016.

Further, we highlight following with respect to clause 30 in the Statement:

The Company has not formulated a comprehensive proxy voting policy for institutional investors for which the Company has sought exemption from the Securities and Exchange Commission of Pakistan.



**Chartered Accountants**

**Date: 06 February 2017**

**Karachi**



**STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE  
GOVERNANCE FOR INSURERS, 2016**

*Name of Insurer:* TPL Life Insurance Limited (formerly Asia Care Health and Life Insurance Limited)

*Year Ended* : December 31, 2016

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

TPL Life Insurance Limited (the Company) has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of Independent, Non-Executive Directors and Director representing minority interests on its Board of Directors. At present Board includes:

Category	Names
Independent Director(s)	Mr. Farrukh Shauket Ansari
Executive Director(s)	Mr. Faisal Shahzad Abbasi Mr. Mohammad Riaz
Non-Executive Director(s)	Mr. Jameel Yusuf Mr. Mohammad Ali Jameel Mr. Waqar Ahmed Malik Mr. Yousuf Zohaib Ali Mr. Ali Asgher Mr. Saad Nissar

Independent directors meet the criteria of independence as laid down under the Code of Corporate Governance for Insurers, 2016.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
4. The casual vacancies occurring on the Board was filled up by the directors as follows:



S#	Resigned	Dated	Appointment	Dated
1	Mr. Adeel Kazi	28-Apr-16	Mr. Jameel Yusuf	28-Apr-16
2	Mr. Khurshed Abul Khair	28-Apr-16	Mr. Muhammad Ali Jameel	28-Apr-16
3	Mr. Ali Aamir	28-Apr-16	Mr. Muhammad Riaz	28-Apr-16
4	Dr. Galina Bass	28-Apr-16	Mr. Yousuf Zohaib Ali	28-Apr-16
5	Mr. Basheer Ahmed Chowdry	15-Jul-16	Mr. Ali Asgher	15-Jul-16
6	Mr. Muhammad Rashid Zahir	15-Jul-16	Mr. Saad Nissar	15-Jul-16
7	Dr. Mahmood Mehdi Kazmi	24-Aug-16	Mr. Waqar Ahmed Malik	24-Aug-16
8	Dr. Mahmood Mehdi Kazmi (CEO)	15-Jul-16	Mr. Faisal Shahzad Abbasi (CEO)	15-Jul-16

5. The Company has prepared a Code of Conduct, which has been disseminated among all the directors and employees of the company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All 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 Chief Executive Officer, other executive directors and the key officers, have been taken by the Board.
8. The meetings of the Board were presided over the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.
10. The Board has arranged Orientation course for its directors on 06<sup>th</sup> February, 2017 to apprise them of their duties and responsibilities.
11. The Board has approved 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 Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
14. The directors, Chief Executive Officer and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
15. The Company 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:

**Underwriting Committee:**

<b>Name of the Member</b>	<b>Category</b>
Mr. Faisal Abbasi	Chairman
Mr. Muhammad Ali Jameel	Member
Mr. Shehraz Hussain (Head of Underwriting & Actuarial Services)	Member & Secretary

**Claim Settlement Committee:**

<b>Name of the Member</b>	<b>Category</b>
Mr. Faisal Abbasi	Chairman
Mr. Hashim Sadiq Ali	Member
Mr. Yusuf Zohaib Ali	Member
Dr. Muhammad Adnan Qadir (Head of Claims)	Member & Secretary

**Reinsurance and Co-insurance Committee:**

<b>Name of the Member</b>	<b>Category</b>
Mr. Faisal Abbasi	Chairman
Mr. Muhammad Ali Jameel	Member
Mr. Shehraz Hussain (Head of Underwriting & Actuarial Services)	Member & Secretary

**Risk Management Committee:**

<b>Name of the Member</b>	<b>Category</b>
Mr. Farrukh Shauket Ansari	Chairman
Mr. Yusuf Zohaib Ali	Member
Mr. Mohammad Riaz	Member
Mr. Shehraz Hussain (Head of Underwriting & Actuarial Services)	Secretary



17. The Board has formed the following Board Committees:

**Ethics, Human Resource, Remuneration And Nomination Committee**

<b>Name of the Member</b>	<b>Category</b>
Mr. Mohammad Riaz	Chairman
Mr. Muhammad Ali Jameel	Member
Mr. Yousuf Zohaib Ali	Member
Mr. Nader Nawaz (Head of Human Resources)	Secretary

**Investment Committee:**

<b>Name of the Member</b>	<b>Category</b>
Mr. Muhammad Ali Jameel	Chairman
Mr. Yousuf Zohaib Ali	Member
Mr. Mohammad Riaz	Member
Mr. Faisal Shahzad Abbasi	Member
Mr. Hashim Sadiq Ali	Member
M/s Akhter & Hasan (Appointed Actuary)	Member
Mr. Shehraz Hussain (Head of Underwriting & Actuarial Services)	Secretary

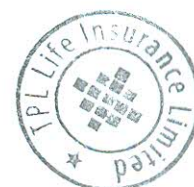
18. The Board has formed an Audit Committee. It comprises of four members, of whom one is an independent director and is a non-executive directors. The chairman of the Committee is a non-executive director. The composition of the Audit Committee is as follows:

**Audit Committee:**

<b>Name of the Member</b>	<b>Category</b>
Mr. Muhammad Ali Jameel	Chairman (Non-Executive Director)
Mr. Yousuf Zohaib Ali	Member (Non-Executive Director)
Mr. Farrukh Shauket Ansari	Member (Independent Director)
Mr. Naseer Khan (Head of Internal Audit)	Secretary

Meetings of the committees were held during the year as required. All committees were formed as per the requirements of Code of Corporate Governance for Insurer, 2016 and the terms of references of the audit Committee and Ethics, Human Resource, Remuneration and Nomination Committee have been formed and advised to the Committees for compliance.

19. The Board has set up an effective internal audit function / who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a regular basis.





20. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code of Corporate Governance for Insurers, 2016. The Appointed Actuary of the Company also meets the conditions as laid down in the said Code. Moreover, the persons heading the underwriting, claim, reinsurance and risk management departments possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

<b>Name of Person</b>	<b>Designation</b>
Mr. Faisal Abbasi	Chief Executive Officer
Mr. Hashim Sadiq Ali	Chief Financial Officer
Ms. Mehar Ameer	Compliance Officer
Mr. Shehraz Hussain	Head of Underwriting & Actuarial Services
Ms. Mehar Ameer	Company Secretary
Mr. Naseer Khan	Head of Internal Audit
Dr. Muhammad Adnan Qadir	Head of Claims

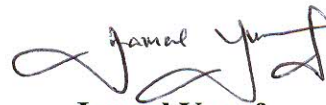
During the year, there were change in above positions as a result of change in holding company of the Company.

21. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the insurer and that the firm and all its partners are in compliance with the international Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
22. 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.
23. The Appointed Actuary of the insurer has confirmed that he or his spouse and minor children do not hold shares of the insurer.
24. The Board ensures that the Appointed Actuary complies with the requirements set out for him in the Code of Corporate Governance for Insurers, 2016.
25. The Company has an Investment Policy, however the Company will align the policy with the requirements of new Code of Corporate Governance for Insurers, 2016 within the prescribed timeline.



26. The Company already has Risk Management function. The tasks of new Risk Management and Compliance function as covered under new Code of Corporate Governance for Insurers, 2016 will be approved by the Board within the prescribed timeline.
27. The Company has been rated by PACRA and the rating assigned by the rating agency on April 18, 2016 is A- with stable outlook.
28. The Board shall set up a grievance department/function, which shall fully comply with the requirements of the Code of Corporate Governance for Insurers, 2016.
29. The Company has sought exemption(s) from the Securities and Exchange Commission of Pakistan in respect of the following requirement of the Code of Corporate Governance for Insurers, 2016:
- Formulation of a comprehensive proxy voting policy for institutional investors.
30. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 have been complied with.

By Order of the Board



**Jameel Yusuf**

**Chairman**



February 06, 2017



Building a better  
working world

EY Ford Rhodes  
Chartered Accountants  
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## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:

- (i) balance sheet;
- (ii) profit and loss account;
- (iii) statement of comprehensive income
- (iv) statement of changes in equity;
- (v) statement of cash flows;
- (vi) revenue account
- (vii) statement of premiums;
- (viii) statement of claims;
- (ix) statement of expenses; and
- (x) statement of investment income

of TPL Life Insurance Limited (Formerly Asia Care Health and Life Insurance Company Limited) as at 31 December 2016 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- (c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2016 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

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- (d) 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; and
- (e) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

*EY Ford Rhodes*

**Chartered Accountants**

**Audit Engagement Partner: Shaikh Ahmed Salman**

**Date: 06 February 2017**

**Karachi**

**TPL LIFE INSURANCE LIMITED**  
**(Formerly Asia Care Health and Life Insurance Company Limited)**  
**BALANCE SHEET**  
**AS AT DECEMBER 31, 2016**

Note	Shareholders' fund	Statutory funds			Aggregate		
		Individual life unit linked	Conventional business	Accident & health business	2016	2015	
----- (Rupees in '000) -----							
<b>Share capital and reserves</b>							
	Authorized share capital 80,000,000 ordinary shares of Rs. 10 each	800,000	-	-	-	800,000	800,000
	Issued, subscribed and paid up share capital 60,000,000 ordinary shares of Rs. 10 each	600,000	-	-	-	600,000	500,000
6	Accumulated deficit	(351,745)	-	-	-	(351,745)	(296,454)
	<b>Net shareholders' equity</b>	<b>248,255</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>248,255</b>	<b>203,546</b>
8	Balance of statutory fund (including policy holders' liabilities Rs.39.179 million (December 31, 2015: Rs.142.208 million))	-	1,721	1,374	119,270	122,365	245,782
<b>Deferred liabilities</b>							
9	Staff retirement benefits	4,751	-	-	-	4,751	26,980
<b>Creditors and accruals</b>							
	Outstanding claims	-	-	-	24,678	24,678	96,849
	Premium received in advance	-	-	1,723	5,593	7,316	4,633
	Amount due to other insurers / reinsurers	-	8	1,019	328	1,355	1,231
	Amounts due to agents	-	140	85	4,098	4,323	7,347
10	Accrued expenses	4,438	-	-	-	4,438	4,253
11	Other creditors and accruals	9,081	-	-	-	9,081	274
		13,519	148	2,827	34,697	51,191	114,587
	Other liabilities	6,067	6	-	367	6,440	1,007
	<b>TOTAL LIABILITIES</b>	<b>24,337</b>	<b>1,875</b>	<b>4,201</b>	<b>154,334</b>	<b>184,747</b>	<b>388,356</b>
12	<b>CONTINGENCIES AND COMMITMENTS</b>						
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>272,592</b>	<b>1,875</b>	<b>4,201</b>	<b>154,334</b>	<b>433,002</b>	<b>591,902</b>

The annexed notes from 1 to 25 form an integral part of these financial statements.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR

**TPL LIFE INSURANCE LIMITED**  
**(Formerly Asia Care Health and Life Insurance Company Limited)**  
**BALANCE SHEET**  
**AS AT DECEMBER 31, 2016**

	Note	Shareholders' fund	Statutory funds			Aggregate	
			Individual life unit linked	Conventional business	Accident & health business	2016	2015
------(Rupees in '000)-----							
<b>Cash and bank deposits</b>	13						
Cash and others		19	486	38	51	594	22
Current and other accounts		27,325	11,388	3,338	69,118	111,169	81,490
Deposits maturing within 12 months		60,000	-	-	25,000	85,000	-
		<u>87,344</u>	<u>11,874</u>	<u>3,376</u>	<u>94,169</u>	<u>196,763</u>	<u>81,512</u>
<b>Investments</b>	14						
Government securities		109,207	-	-	15,781	124,988	159,941
Listed securities		-	-	-	7,239	7,239	14,440
Open end mutual funds		-	-	-	11,586	11,586	200,105
		<u>109,207</u>	<u>-</u>	<u>-</u>	<u>34,606</u>	<u>143,813</u>	<u>374,486</u>
<b>Other assets</b>							
Premiums due but unpaid	15	-	-	825	18,181	19,006	95,889
Amounts due from other insurers / reinsurers		-	-	-	-	-	87
Investment income accrued		1,414	1	-	1,128	2,543	2,715
Advances and deposits	16	5,146	-	-	6,250	11,396	12,782
Prepayments		5,292	-	-	-	5,292	1,582
Taxation - payments less provision		21,451	-	-	-	21,451	18,596
Inter fund balances		10,000	(10,000)	-	-	-	-
		<u>43,303</u>	<u>(9,999)</u>	<u>825</u>	<u>25,559</u>	<u>59,688</u>	<u>131,651</u>
<b>Fixed assets</b>	17						
<b>Tangible assets</b>							
Furniture, fixture and office equipment		23,265	-	-	-	23,265	3,021
<b>Intangible assets</b>							
Computer software		9,473	-	-	-	9,473	1,232
		<u>32,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,738</u>	<u>4,253</u>
<b>TOTAL ASSETS</b>		<u>272,592</u>	<u>1,875</u>	<u>4,201</u>	<u>154,334</u>	<u>433,002</u>	<u>591,902</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

  
**CHAIRMAN**

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**DIRECTOR**

**TPL LIFE INSURANCE LIMITED**  
**(Formerly Asia Care Health and Life Insurance Company Limited)**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Note	2016	2015
------(Rupees in '000)-----			
<b>Investment income not attributable to statutory funds</b>			
<b>Income from trading investments</b>			
Dividend income		439	889
Gain on sale of investments		1,136	5,689
		<u>1,575</u>	<u>6,578</u>
<b>Income from non - trading investments</b>			
Return on Government securities		7,294	12,894
Return on other fixed income securities and deposits		1,926	1,645
		<u>9,220</u>	<u>14,539</u>
<b>Gain / (loss) on revaluation of trading investments</b>			
Listed equities		-	(1,663)
Open end mutual funds		-	1,064
		-	(599)
<b>Investment income</b>		<u>10,795</u>	<u>20,518</u>
Less: Investment related expenses		1,426	44
<b>Net Investment income</b>		<u>9,369</u>	<u>20,474</u>
Other income		3	-
Gain on disposal of assets		13	-
Expenses not attributable to statutory funds	18	(10,772)	(17,231)
<b>(Loss) / profit before tax</b>		<u>(1,387)</u>	<u>3,243</u>
<b>Taxation</b>			
Current	19	(108)	-
Prior		704	(1,906)
		<u>596</u>	<u>(1,906)</u>
<b>(Loss) / profit after tax</b>		<u>(791)</u>	<u>1,337</u>
(Loss) / earnings per share - basic and diluted (rupees)	21	<u>(0.02)</u>	<u>0.03</u>

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The annexed notes from 1 to 25 form an integral part of these financial

  
**CHAIRMAN**

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**DIRECTOR**

**TPL LIFE INSURANCE LIMITED**  
**(Formerly Asia Care Health and Life Insurance Company Limited)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016	2015
	----- (Rupees in '000) -----	
(Loss) / profit after tax	(791)	1,337
<b>Other comprehensive income for the year</b>		
<b>Items not to be reclassified to profit and loss account in subsequent periods</b>		
Actuarial gain on defined benefit plan	-	1,021
Total comprehensive (loss) / income for the year	(791)	2,358 <i>Exp</i>

The annexed notes from 1 to 25 form an integral part of these financial statements.

  
 CHAIRMAN

  
 CHIEF EXECUTIVE

  
 DIRECTOR

  
 DIRECTOR



**TPL LIFE INSURANCE LIMITED**  
**(Formerly Asia Care Health and Life Insurance Company Limited)**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Issued, subscribed and paid-up capital	Accumulated surplus	Capital contribution to statutory funds	Net accumulated deficit	Total
	------(Rupees in "000)-----				
Balance as at January 1, 2015	500,000	275,500	470,412	(194,912)	305,088
<b>Total comprehensive income for the year ended December 31, 2015</b>					
Profit after tax	-	1,337	-	1,337	1,337
Other comprehensive income	-	1,021	-	1,021	1,021
	-	2,358	-	2,358	2,358
Capital contributed during the year	-	-	103,900	(103,900)	(103,900)
Balance as at December 31, 2015	<u>500,000</u>	<u>277,858</u>	<u>574,312</u>	<u>(296,454)</u>	<u>203,546</u>
Shares issued on October 27, 2016 in the ratio of 1 ordinary share of every 10 shares held	50,000	-	-	-	50,000
Shares issued on December 30, 2016 in the ratio of 1 ordinary shares of every 11 shares held	50,000	-	-	-	50,000
<b>Total comprehensive income for the year ended December 31, 2016</b>					
(Loss) / profit after tax	-	(791)	-	(791)	(791)
Other comprehensive income	-	-	-	-	-
	-	(791)	-	(791)	(791)
Capital contributed during the year	-	-	54,500	(54,500)	(54,500)
Balance as at December 31, 2016	<u>600,000</u>	<u>277,067</u>	<u>628,812</u>	<u>(351,745)</u>	<u>248,255</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

  
CHAIRMAN

  
CHIEF EXECUTIVE

  
DIRECTOR

  
DIRECTOR

**TPL LIFE INSURANCE LIMITED**  
**(Formerly Asia Care Health and Life Insurance Company Limited)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Statutory funds			Aggregate		
	Shareholders' fund	Individual life unit linked	Conventional business	Accident & health business	2016	2015
----- Rs in "000" -----						
<b>Operating cash flows</b>						
<b>a) Underwriting activities</b>						
Premiums received	-	1,650	2,272	189,542	193,464	445,362
Reinsurance premiums paid	-	-	-	-	-	(1,750)
Claims paid	-	-	-	(226,821)	(226,821)	(352,548)
Commission paid	-	(161)	(50)	(11,227)	(11,438)	(24,472)
Net cash flow from underwriting activities	-	1,489	2,222	(48,506)	(44,795)	66,592
<b>b) Operating activities</b>						
Income tax paid	(2,259)	-	-	-	(2,259)	(2,393)
General management expenses paid	(33,094)	(18,686)	(9,348)	(119,696)	(180,824)	(129,840)
Other operating payments	(5,018)	-	-	(1,332)	(6,350)	(6,873)
Other operating receipts	15,048	6	-	6,922	21,976	6,123
Interfund transactions	(10,000)	10,000	-	-	-	-
Net cash flow from other operating activities	(35,323)	(8,680)	(9,348)	(114,106)	(167,457)	(132,983)
Total cash flow from all operating activities	(35,323)	(7,191)	(7,126)	(162,612)	(212,252)	(66,391)
<b>Investment activities</b>						
Profit/return received	11,606	65	2	17,390	29,063	32,209
Dividends received	440	-	-	-	440	888
Payments for investments	(162,506)	-	-	(158,817)	(321,323)	(606,197)
Proceeds from disposal of investments	245,232	-	-	307,422	552,654	633,409
Fixed capital expenditure	(38,010)	-	-	-	(38,010)	(485)
Proceeds from disposal of assets	4,679	-	-	-	4,679	-
Total cash flow from investing activities	61,441	65	2	165,995	227,503	59,824
<b>Financing activities</b>						
Share capital received	100,000	-	-	-	100,000	-
Capital payments received by statutory fund	(54,500)	19,000	10,500	25,000	-	-
Total cash flow from financing activities	45,500	19,000	10,500	25,000	100,000	-
Net cash flow from all activities	71,618	11,874	3,376	28,383	115,251	(6,567)
Cash at beginning of the year	15,726	-	-	65,786	81,512	88,079
Cash at end of the year	87,344	11,874	3,376	94,169	196,763	81,512
<b>Reconciliation to profit and loss account</b>						
Operating cash flows					(212,252)	(66,391)
Depreciation expense					(2,799)	(2,899)
(Loss) / profit on disposal of fixed assets					13	-
Amortization expense					(2,059)	(1,799)
Profit on disposal of investment					11,546	11,281
Decrease in assets other than cash					(71,790)	(9,800)
Decrease / (increase) in liabilities other than running finance					183,222	(55,130)
Dividend and other investment income					17,781	21,870
Unrealized gain on held for trading investment					659	1,327
Deficit of statutory fund					74,888	102,878
<b>(Loss) / profit after taxation</b>					<b>(791)</b>	<b>1,337</b>

The annexed notes from 1 to 25 form an integral part of these financial statements.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR

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**TPL LIFE INSURANCE LIMITED**  
**(Formerly Asia Care Health and Life Insurance Company Limited)**  
**REVENUE ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Statutory funds			Aggregate	
	Individual life unit linked	Conventional business	Accident & health business	2016	2015
	-----Rs in "000"-----				
<b>Income</b>					
Premium less reinsurances	1,642	355	112,927	<b>114,924</b>	432,503
Net investment income	66	2	19,123	<b>19,191</b>	13,960
<b>Total net income</b>	<b>1,708</b>	<b>357</b>	<b>132,050</b>	<b>134,115</b>	<b>446,463</b>
<b>Claims and expenditure</b>					
Claims, including bonuses, net of reinsurance recoveries	-	-	154,649	<b>154,649</b>	383,837
Management expenses less recoveries	18,987	9,483	128,913	<b>157,383</b>	149,983
<b>Total claims and expenditure</b>	<b>18,987</b>	<b>9,483</b>	<b>283,562</b>	<b>312,032</b>	<b>533,820</b>
<b>Deficit of income over claims and expenditure</b>	<b>(17,279)</b>	<b>(9,126)</b>	<b>(151,512)</b>	<b>(177,917)</b>	<b>(87,357)</b>
Add: Policyholders' liabilities at beginning of the year	-	-	142,208	<b>142,208</b>	126,687
Less: Policyholders' liabilities at end of the year	1,281	328	37,570	<b>39,179</b>	142,208
<b>Deficit</b>	<b>(18,560)</b>	<b>(9,454)</b>	<b>(46,874)</b>	<b>(74,888)</b>	<b>(102,878)</b>
Movement in policyholders' liabilities	1,281	328	(104,638)	<b>(103,029)</b>	15,521
<b>Transfers from shareholders' fund</b>					
Capital contributions from shareholders' fund	19,000	10,500	25,000	<b>54,500</b>	103,900
Balance of statutory fund at beginning of the year	-	-	245,782	<b>245,782</b>	229,239
<b>Balance of statutory fund at end of the year</b>	<b>1,721</b>	<b>1,374</b>	<b>119,270</b>	<b>122,365</b>	<b>245,782</b>
<b>Represented by:</b>					
Capital contributed by shareholders' fund	19,000	10,500	599,312	<b>628,812</b>	574,312
Policyholders' liabilities	1,281	328	37,570	<b>39,179</b>	142,208
Retained earnings on other than participating business	(18,560)	(9,454)	(517,612)	<b>(545,626)</b>	(470,738)
<b>Balance of statutory fund at end of the year</b>	<b>1,721</b>	<b>1,374</b>	<b>119,270</b>	<b>122,365</b>	<b>245,782</b>

The annexed notes from 1 to 25 form an integral part of these financial statements.

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CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR

**TPL LIFE INSURANCE LIMITED**  
**(Formerly Asia Care Health and Life Insurance Company Limited)**  
**STATEMENT OF PREMIUMS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Statutory funds			Aggregate	
	Individual life unit linked	Conventional business	Accident & health business	2016	2015
-----Rs in "000"-----					
<b>Gross Premiums</b>					
Regular premium individual policies					
- First Year	1,650	-	33,353	35,003	43,491
Group policies without cash value	-	1,374	79,902	81,276	390,762
<b>Total Gross Premiums</b>	1,650	1,374	113,255	116,279	434,253
<b>Less: Reinsurance Premiums Ceded</b>					
On individual life first year business	8	-	-	8	-
On group policies	-	1,019	328	1,347	1,750
<b>Net Premiums</b>	1,642	355	112,927	114,924	432,503

The annexed notes from 1 to 25 form an integral part of these financial statements.

  
CHAIRMAN

  
CHIEF EXECUTIVE


  
DIRECTOR

  
DIRECTOR

**TPL LIFE INSURANCE LIMITED**  
**(Formerly Asia Care Health and Life Insurance Company Limited)**  
**STATEMENT OF CLAIMS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Statutory funds			Aggregate	
	Individual life unit linked	Conventional business	Accident & health business	2016	2015
	----- Rs in "000" -----				
<b>Gross claims</b>					
Claims under individual policies by insured event other than death	-	-	9,042	<b>9,042</b>	12,031
<b>Total gross individual policy claims</b>	-	-	9,042	<b>9,042</b>	12,031
Claims under group policies by insured event other than death	-	-	145,607	<b>145,607</b>	371,806
<b>Total gross group policy claims</b>	-	-	145,607	<b>145,607</b>	371,806
<b>Total gross claims</b>	-	-	154,649	<b>154,649</b>	383,837
<b>Less: Reinsurance recoveries</b>					
On group policies	-	-	-	-	-
<b>Total reinsurance</b>	-	-	-	-	-
<b>Net claims</b>	-	-	154,649	<b>154,649</b>	383,837

The annexed notes from 1 to 25 form an integral part of these financial statements.

  
CHAIRMAN

  
CHIEF EXECUTIVE

  
DIRECTOR

  
DIRECTOR

**TPL LIFE INSURANCE LIMITED**  
**(Formerly Asia Care Health and Life Insurance Company Limited)**  
**STATEMENT OF EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Statutory funds			Aggregate	
	Individual life unit linked	Conventional business	Accident & health business	2016	2015
<b>Note</b>	----- Rs in "000" -----				
<b>Acquisition costs</b>					
Remuneration to insurance intermediaries on individual policies:					
- Commission on first year premiums	301	-	5,699	6,000	8,163
	301	-	5,699	6,000	8,163
Remuneration to insurance intermediaries on group policies:					
- Commission	-	135	2,416	2,551	15,778
Other acquisition costs:					
Policy Stamps	14	12	-	26	-
<b>Total acquisition cost</b>	315	147	8,115	8,577	23,941
<b>Administration expenses</b>					
Salaries, allowances and other benefits	6,317	3,158	78,698	88,173	75,434
Travelling and conveyance	208	104	1,254	1,566	3,354
Software rentals	7,119	3,560	-	10,679	-
Communication	233	117	3,419	3,769	5,187
Utilities	212	106	2,381	2,699	2,120
Auditors' remuneration	173	86	286	545	415
Actuary's fee	420	210	2,370	3,000	-
Legal and professional	51	26	1,210	1,287	5,893
Printing and stationery	246	123	1,634	2,003	3,039
Advertisement	140	70	1,806	2,016	4,940
Vehicle running and maintenance	220	110	2,916	3,246	4,690
Fees, subscription and periodicals	288	143	292	723	35
Rent, rates and taxes	1,791	896	11,596	14,283	7,041
Repair and maintenance	-	-	6,913	6,913	4,582
Entertainment	76	38	398	512	639
Depreciation / amortization	767	383	3,285	4,435	3,837
Insurance	373	187	537	1,097	2,299
Bank charges	-	-	4	4	20
Car ijara rental	-	-	443	443	1,196
Provision for doubtful debts	-	-	1,099	1,099	861
Other expenses	38	19	257	314	460
	18,672	9,336	120,798	148,806	126,042
<b>Gross management expenses</b>	18,987	9,483	128,913	157,383	149,983
Commission from reinsurers	-	-	-	-	-
<b>Net management expenses</b>	18,987	9,483	128,913	157,383	149,983

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The annexed notes from 1 to 25 form an integral part of these financial statements.

  
CHAIRMAN

  
CHIEF EXECUTIVE

  
DIRECTOR

  
DIRECTOR

**TPL LIFE INSURANCE LIMITED**  
**(Formerly Asia Care Health and Life Insurance Company Limited)**  
**STATEMENT OF INVESTMENT INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Statutory funds			Aggregate	
	Individual life unit linked	Conventional business	Accident & health business	2016	2015
	Rs in "000"				
<b>Income from trading investments</b>					
Gain on sale of investments	-	-	10,410	10,410	5,592
<b>Income from non-trading investments</b>					
On Government securities	-	-	1,687	1,687	2,357
On other fixed income securities and deposits	66	2	6,367	6,435	4,085
	66	2	8,054	8,122	6,442
<b>Gain on revaluation of investments</b>					
Open end mutual funds	-	-	659	659	1,926
<b>Less: Investment related expenses</b>	-	-	-	-	-
<b>Net investment income</b>	66	2	19,123	19,191	13,960

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The annexed notes from 1 to 25 form an integral part of these financial statements.

  
CHAIRMAN

  
CHIEF EXECUTIVE

  
DIRECTOR

  
DIRECTOR

**TPL LIFE INSURANCE LIMITED**  
**(Formerly Asia Care Health and Life Insurance Company Limited)**  
**NOTES TO THE FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**1. STATUS AND NATURE OF BUSINESS**

1.1 TPL Life Insurance Limited (Formerly known as Asia Care Health and Life Insurance Company Limited) (the Company) was incorporated on March, 19 2008 under the Companies Ordinance, 1984 as public limited company and is registered as a life insurance company by the Securities and Exchange Commission of Pakistan (SECP) under the Insurance Ordinance, 2000. The Company obtained license to carry on life and related lines of insurance business on March 2, 2009. The registered office of the Company is situated at 12th Floor, Centrepoint Building, Off Shaheed-e-Millat Expressway, Adjacent to KPT Interchange, Karachi-74900.

1.2 The Company is engaged in life insurance business including ordinary life business and accidental and health business.

In accordance with the requirement of Insurance Ordinance, 2000, the Company has established a Shareholder Fund and separate Statutory Funds. The Statutory Funds established by the Company, in accordance with the advice of Appointed Actuary are as follow:

- Individual Life Unit Linked
- Conventional Business
- Accidental and Health

1.3 During the year, on August 25, 2016, TPL Trakker Limited (the Holding Company) has completed the acquisition of the Company under a share purchase agreement, acquiring 100% shareholding of the Company from Noor Sehat Health Systems Limited. The Company's name has also been changed to TPL Life Insurance Limited effective July 11, 2016.

**2. BASIS FOR PRESENTATION**

These financial statements have been prepared in accordance with the format prescribed under Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002].

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 prevail.

**2.2 Standards, interpretations and amendments to approved accounting**

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year :

**Standard or Interpretation**

IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

**Improvements to Accounting Standards Issued by the IASB in September 2014**

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 Financial Instruments: Disclosures - Servicing contracts

IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 Employee Benefits - Discount rate: regional market issue

IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

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The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

#### **New accounting standards / amendments and IFRS interpretations that are not yet effective**

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

	<b>Effective date (annual periods beginning on or after)</b>
IFRS 2: Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	January 01, 2017
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 01, 2017
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	January 01, 2018
IAS 40 Investment Property: Transfers of Investment Property (Amendments)	January 01, 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 01, 2018

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2017. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standard</b>	<b>IASB Effective date (annual periods Beginning on or after)</b>
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2018
IFRS 16 – Leases	January 01, 2019

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

### **3. BASIS OF MEASUREMENT**

These financial statements have been prepared under the historical cost convention except as disclosed in accounting policies relating to investments.

### **4. ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and any future periods affected.

Significant areas where assumptions and estimates were exercised in application of accounting policies, otherwise that are disclosed in these financial statements, relate to:

*E-14*

a) **Policyholders' liabilities**

**Mortality, Morbidity and Interest Bases adopted**

SECP vide its circular 17/2013 dated September 13, 2013 has stipulated that SLIC(2001-05) Individual Life Mortality Table published by Pakistan Society of Actuaries be used as the minimum valuation basis prescribed under SECP's notification S.R.O 16(1)/2012. A test was previously conducted to compare the existing valuation basis i.e. EFU (1961-66) mortality table with the minimum valuation basis SLIC (2001-05) for the relevant reserves. The test revealed that the existing valuation basis was more prudent than the minimum valuation basis and therefore it was considered to be more appropriate to continue with the existing valuation basis.

The rate of discount was taken as 3.75% in line with the requirements under SECP's notification S.R.O 16(1)/2012, for determining reserves of traditional products and supplementary coverage. Any differential between the assumed rate and the actual rate is intended to be available to the Company for meeting its administrative expenses.

The general principles adopted in the actuarial valuation to estimate policyholders' liabilities as at December 31, 2016 are as follows:

- a) In respect of Unit Linked policies, the reserve for bid value of allocated units is calculated using the latest bid value of units and the total number of units belonging to policyholders' accounts as at the valuation date. The amount is held as a reserve since it represents the current value of amounts that will be payable to policyholders at the time when a maturity, death or surrender claim is filed. The latest bid value is the last "announced" bid price at the valuation date.
- b) Group Life Insurance, Individual Accident & Health Insurance and Group Accident & Health have been valued using Unearned Gross Premium.
- c) Unearned premium reserves have been maintained for all riders.
- d) Reinsurance premium reserves have been maintained on an unearned premium basis.
- e) Reserves have been maintained for Incurred But Not Reported (IBNR) claims, using the chain ladder method for IBNR reserves.
- f) For unit linked policies unearned premium reserves has been calculated for mortality charges only.
- g) If for any policy the reserve is negative, the negative value is excluded and the reserves for the policies is set equal to zero.

**Surrenders**

For the purpose of conventional business, no provision has been made for lapses and surrenders. This gives prudence to the value placed on the liability by not taking any credits for the profits made on surrenders.

**Claims provision**

- a) Provisions have been made in respect of all intimated claims. Most claims require lump sum payments, and reserves have been maintained in each Statutory Fund, where applicable.
- b) Adequate reserves have also been maintained for Incurred But Not Reported (IBNR) claims. The IBNR is determined based on chain ladder method that analyses the time lag between the claim occurrence date and claim reported date from the Company's own experience.

b) **Fixed assets and Intangibles - Depreciation and amortization**

In making estimates of depreciation / amortization method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Company. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method would be changed to reflect the change in pattern.

c) **Taxation**

Provision for taxation is based on the assumption that tax assessments will be finalized in accordance with the historical experience of the Company.

Deferred tax asset is recognised based on estimates of future taxable profit of the company.

d) **Impairment**

The Company assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds recoverable amount, assets are written down to the recoverable amounts and the resulting impairment loss is recognized as expense in the profit and loss account, unless the asset is carried at revalued amount. Any impairment loss of revalued assets is treated as revaluation decrease.

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## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

### 5.1 Insurance contracts

Insurance contracts represent contracts with policy holders and reinsurers.

Those contracts where the Company (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

Those insurance contracts that are issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant are reinsurance contracts.

The Company enters into insurance contracts with policyholders which are divided into following two major categories:

#### *Group Insurance contracts*

The Company offers group life and group health to its clients. The risk underwritten is mainly death, hospitalization and disability. The group insurance contracts are issued typically on yearly renewable term basis.

#### *Individual Insurance Contracts*

Individual life unit linked policies are regular life policies, where policy value is determined as per the underlying assets' value. Various types of riders (Accidental Death, Family Income Benefit, etc.) are also sold along with the basic policies.

Individual health contracts are mainly protection policies sold to a wide cross-section of population with different income levels. The risk underwritten is medical expenses related to outpatient services and hospitalization.

#### 5.1.1 Premiums

- First year individual life and individual accident & health premiums are recognized once the related policy have been issued and premiums received. Renewal premiums are recognized upon receipt of premium provided the policy is still in force.
- Premiums for group life, group health business are recognized as and when due. Receivables under insurance contracts are recognized 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 Company reduces the carrying amount of the receivable accordingly and recognizes it as impairment loss.

#### 5.1.2 Reinsurance contracts held

Reinsurance premiums are recognized at the same time when the premium income is recognized. It is measured in line with the terms and condition of the reinsurance treaties.

Reinsurance liabilities represent balances due to reinsurance companies. Reinsurance liabilities are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies which are stated on the basis of amounts receivable under the respective contract after considering any impairment in the value of such assets.

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contract are not offset against expenses or income from related insurance assets as required by Insurance Ordinance, 2000.

#### 5.1.3 Receivables and payables related to insurance contract

Receivables and payables are recognised when due. These include amounts due to and from agents and policyholders.

#### 5.1.4 Claims

Claim expenses are recognized on the date the insured event is intimated except for individual life unit linked where claim expenses are recognized earlier of the date the policy cease to participate in the earnings of the fund and the date insured event is intimated.

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A liability for outstanding claims is recognized in respect of all claims incurred up to the balance sheet date, as soon as reliable estimates of the claim amount can be made. The liability for claims "Incurred But Not Reported"(IBNR) is included in policyholders' liabilities.

#### **Claim recoveries**

Claims recoveries receivable from reinsurers are recognized as assets at the same time when the corresponding claims are recorded in accordance with the terms of the re-insurance contracts.

#### **5.1.5 Policyholders' liabilities**

Policyholders' liabilities including IBNR are stated at a value determined by the appointed actuary through an actuarial valuation / advice carried out at each balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000. In determining the value both acquired policy values as well as estimated values which will be payable against risks which the Company underwrites are considered. The basis used are applied consistently from year to year.

#### **5.1.6 Acquisition cost**

These comprise commission and other costs incurred in acquiring insurance policies and include without limitation all forms of remuneration paid to insurance agents.

These are recognized as an expense in the earlier of the financial year in which they are paid and financial year in which they become due and payable, except those which are directly referable to the acquisition or renewal of specific contracts that are recognised not later than the period in which the premium to which they refer is recognized as revenue.

#### **5.1.7 Premium deficiency reserve**

The Company is required as per SEC (Insurance) Rules, 2002 and IFRS-4, to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense and the same shall be recognized as a liability.

#### **5.1.8 Liability adequacy test**

At each balance sheet date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities. Any deficiency is immediately charged to profit or loss initially by writing off the deferred policy acquisition costs, if any, and by subsequently establishing a provision for losses arising from liability adequacy tests.

#### **5.1.9 Statutory funds**

The Company maintains statutory funds for Accident and Health business, Conventional business and Individual Life unit linked. Assets, liabilities, revenues and expenses are recorded in the fund, if referable or, on the basis of actuarial advice if not referable. Other assets, liabilities, revenue and expenses are allocated to shareholders' funds. Policyholders' liabilities have been included in statutory funds on the basis of actuarial valuation carried out by the appointed actuary of the Company on the balance sheet date as required by Section 50 of the Insurance Ordinance, 2000. A capital transfer provided to statutory funds by the shareholders' funds is recorded as a reduction in the shareholders' equity.

### **5.2 Taxation**

#### **Current**

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account rebates and tax credits available, if any in accordance with the Income Tax Ordinance, 2001.

#### **Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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### 5.3 Investments

All investments are initially recognized at cost, being the fair value of the consideration given and includes transaction costs except for investments designated at fair value through profit and loss.

#### *Held to maturity*

Investments with fixed or determinable payments and fixed maturity, where the Company has positive intent and ability to hold to maturity, are classified as Held-to-Maturity Subsequently, these are measured at amortized cost using the effective interest method and taking any discount or premium on acquisition.

#### *Available-for-sale*

Investments which are intended to be held for an indefinite period but may be sold in response to the need for liquidity are classified as available-for-sale. Subsequently measured at lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of the Securities and Exchange Commission(Insurance) Rules, 2002.

#### *Investments at fair value through profit and loss account*

Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price are classified as held-for-trading. Subsequent to initial recognition, these are remeasured at fair value. Gains or losses on investments on remeasurement of these investments are recognized in profit and loss account or the revenue account as the case may be.

### 5.4 Fixed assets

#### **Tangibles**

These are stated at cost less accumulated depreciation and any impairment in value. Maintenance and normal repairs are charged to income as and when incurred, whereas major renewals and replacements are capitalized.

Depreciation is charged on a straight-line basis over the estimated useful life of the asset, at the rate specified in note 17.1 to the financial statements. Depreciation on additions is charged for the full month in which an asset has been purchased and no depreciation is charged for the month in which the asset is disposed off or retired.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposal of assets, if any, are included in income currently.

#### **Capital work in progress**

Capital work in progress is stated at cost less any impairment losses, if any.

#### **Intangibles**

These are stated at cost less accumulated amortisation and any impairment in value. Costs incurred on the acquisition of intangible assets are capitalized and are amortized over the useful life of the related assets on straight line basis, at the rate specified in note 17.2 to the financial statements.

#### **Impairment of Non-financial assets**

The carrying values of the Company's fixed assets are reviewed at each balance sheet date for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

### 5.5 Investment income

- Mark-up / interest income on bank deposits and government securities is recognized on time proportion basis, using effective yield method.
- Interest on fixed income securities is recognized on time proportion basis using effective yield method.
- Dividend income is recognized when the Company's right to receive the payment is established.
- Gain or loss on sale of investments is included in profit and loss account and revenue account, for investments relating to shareholders fund and statutory funds respectively in the period in which the gain / loss arises.
- Revaluation gain/loss on investment held 'at fair value through profit and loss' is recognized as income/expense in the profit and loss / revenue account in the period in which the gain / loss arises.

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## 5.6 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Company.

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current estimate.

## 5.7 Staff retirement benefits

### Defined contribution plan

The Company operates an unfunded staff providend fund scheme whereby staff and Company share equally at 8.33% of basic salary.

## 5.8 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved.

## 5.9 Financial instruments

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expire or is transferred along with the risks and rewards of the asset. Financial liabilities are de-recognised when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial assets and liabilities is recognised in the profit and loss account of the current period.

## 5.10 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set-off and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

## 5.11 Foreign currencies

Transactions in foreign currencies are accounted for in Pak Rupees (functional currency) at the rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Rupees at the rates of exchange prevailing at the balance sheet date.

## 5.12 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting using the classes or sub classes of business (statutory funds) as specified under the Insurance Ordinance, 2000 and (Insurance) Rules, 2002.

Based on its classification of Insurance contracts issued, the Company has three business segments for reporting purposes namely individual life unit linked business, conventional business and accident and health business.

The Company maintains Statutory Funds in respect of each class of its life insurance business. Assets, liabilities, revenues and expenses of the Company are referable to respective Statutory Funds, however, wherever, these are not referable to

Apportionment of assets, liabilities, revenues and expenses, wherever required, between the funds are made on a fair and equitable basis and in accordance with the written advice of the Appointed Actuary.

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## 6. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2016		2015			2016		2015	
(No. of shares)					(Rupees in '000)			
<u>60,000,000</u>	<u>50,000,000</u>	Issued, subscribed and paid up Ordinary shares of Rs. 10 each issued for cash			<u>600,000</u>	<u>500,000</u>		

As at December 31, 2016: 55,496,000 ordinary shares of Rs.10/- each were held by M/s. TPL Trakker Limited (2015: 49,995,999 ordinary shares of Rs.10/- each held by M/s. Noorsehat Health Systems Limited, Cayman Islands)

## 7. POLICY HOLDERS' LIABILITIES

	Statutory funds			Aggregate	
	Individual life unit linked	Conventional business	Accident & health business	2016	2015
(Rupees in '000)					
<b>Gross of reinsurance</b>					
Actuarial liability relating to future events	1,287	1,254	33,120	35,661	126,600
Provision for incurred but not reported claims	-	9	4,450	4,459	16,337
	<u>1,287</u>	<u>1,263</u>	<u>37,570</u>	<u>40,120</u>	<u>142,937</u>
<b>Net of reinsurance</b>					
Actuarial liability relating to future events	1,281	326	33,120	34,727	125,871
Provision for incurred but not reported claims	-	2	4,450	4,452	16,337
	<u>1,281</u>	<u>328</u>	<u>37,570</u>	<u>39,179</u>	<u>142,208</u>

## 8. MOVEMENT IN EQUITY OF STATUTORY FUND

## Policyholder liabilities

Balance at beginning of the year	-	-	142,208	142,208	126,687
Increase / (decrease) during the year	1,281	328	(104,638)	(103,029)	15,521
Balance at end of the year	<u>1,281</u>	<u>328</u>	<u>37,570</u>	<u>39,179</u>	<u>142,208</u>

## Retained earnings on other than participating business

Balance at beginning of the year	-	-	(470,738)	(470,738)	(367,860)
Deficit allocated in respect of the year	(18,560)	(9,454)	(46,874)	(74,888)	(102,878)
Surplus appropriated to shareholders' fund	-	-	-	-	-
Balance at end of the year	<u>(18,560)</u>	<u>(9,454)</u>	<u>(517,612)</u>	<u>(545,626)</u>	<u>(470,738)</u>

## Capital contributed by shareholders' fund

Balance at beginning of the year	-	-	574,312	574,312	470,412
Capital contributed during the year	19,000	10,500	25,000	54,500	103,900
Balance at end of the year	<u>19,000</u>	<u>10,500</u>	<u>599,312</u>	<u>628,812</u>	<u>574,312</u>
<b>Balance of statutory fund</b>	<u>1,721</u>	<u>1,374</u>	<u>119,270</u>	<u>122,365</u>	<u>245,782</u>

## 9. STAFF RETIREMENT BENEFITS

9.1 Effective May 30, 2016 the Company discontinued the gratuity scheme and liability as at said date is frozen.

9.2 Effective June 1, 2016 the Company has started un-funded staff provident fund scheme thereby staff and Company share equally at 8.33% of basic salary.

## 10. ACCRUED EXPENSES

	Statutory funds			Aggregate		
	Shareholders' fund	Individual life unit linked	Conventional business	Accident & health business	2016	2015
(Rupees in '000)						
Audit fee	432	-	-	-	432	358
Other expenses	4,006	-	-	-	4,006	3,895
	<u>4,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,438</u>	<u>4,253</u>

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## 11. OTHER CREDITORS

Note	Statutory funds				Aggregate		
	Shareholders' fund	Individual life unit linked	Conventional business	Accident & health business	2016	2015	
	(Rupees in '000)						
Sundry creditors	11.1	9,081	-	-	-	9,081	274

11.1 This includes an amount of Rs. 4.69 million (2015: Rs. 0.274 million) payable to the Holding Company.

## 12. CONTINGENCIES AND COMMITMENTS

	Note	Statutory funds				Aggregate	
		Shareholders' fund	Individual life unit linked	Conventional business	Accident & health business	2016	2015
		(Rupees in '000)					
Commitment for purchase of fixed assets.		1,232	-	-	-	1,232	-
		1,232	-	-	-	1,232	-

## 13. CASH AND BANK DEPOSITS

	Note	Statutory funds				Aggregate	
		Shareholders' fund	Individual life unit linked	Conventional business	Accident & health business	2016	2015
		(Rupees in '000)					
Cash and other equivalents		19	486	38	51	594	22
Current and other accounts		-	-	-	29	29	1,215
Current account		-	-	-	-	-	-
Saving account	13.1	27,325	11,388	3,338	69,089	111,140	80,275
Deposits maturing within 12 months	13.2	60,000	-	-	25,000	85,000	-
		87,344	11,874	3,376	94,169	196,763	81,512

13.1 These carry profit at rates ranging from 3.75% to 5.5% per annum (2015: 4% to 6.5% per annum).

13.2 These carry markup at rates ranging from 5% to 6.75% per annum (2015: Nil).

## 14. INVESTMENTS

	Note	Statutory funds				Aggregate	
		Shareholders' fund	Individual life unit linked	Conventional business	Accident & health business	2016	2015
		(Rupees in '000)					
<b>Held to maturity</b>							
Government securities	14.1	109,207	-	-	15,781	124,988	159,941
<b>Held for trading</b>							
Listed equities	14.2	-	-	-	7,239	7,239	14,440
Open end mutual funds	14.3	-	-	-	11,586	11,586	200,105
		-	-	-	18,825	18,825	214,545
		109,207	-	-	34,606	143,813	374,486
<b>14.1 Held to maturity</b>							
<b>Government securities</b>							
3 years Pakistan Investment Bonds	14.1.1	60,814	-	-	-	60,814	51,772
3 Months treasury bills		-	-	-	-	-	29,679
6 Months treasury bills		-	-	-	-	-	78,490
1 year treasury bills		48,393	-	-	15,781	64,174	-
		109,207	-	-	15,781	124,988	159,941

14.1.1 The Company has deposited 3 years Pakistan Investment Bonds having face value of Rs.60 million (2015: 3 years Pakistan Investment Bond having face value of Rs. 52 million) with State Bank of Pakistan under Section 29 of Insurance Ordinance, 2000.

14.1.2 Market value of the government securities carried at amortized cost amounted to Rs. 124.729 million (2015: 161.471).

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## 14.2 Held for trading- Listed securities

## Statutory Funds

2016	2015		2016	2015
No. of shares (Face value of Rs. 10 each)			----- (Rs in '000) -----	
3,000	-	Engro Fertilizer Limited	204	-
1,500	-	Fatima Fertilizer Company Limited	55	-
200	-	Rafhan Maize Products Company Limited	1,753	-
717	-	Glaxosmithkline Pakistan Limited	7	-
500,000	-	TPL Properties Limited (a related party)	5,220	-
			<u>7,239</u>	-
		<b>Shareholders' Fund</b>	-	14,440
			<u>7,239</u>	<u>14,440</u>

## 14.3 Open end mutual funds

	No. of units 2016	No. of units 2015	Cost	Carrying value	
				2016	2015
	(Rupees in '000)				
<b>Statutory fund</b>					
HBL Money Market Fund	-	147,048	-	-	15,277
ABL Government Securities Fund	-	1,034,692	-	-	10,812
PICIC Cash Fund	-	168,064	-	-	17,383
MCB Cash Management Optimizer	-	119,707	-	-	12,342
Meezan Cash Fund	-	233,142	-	-	11,951
United Stock Advantage Fund	-	175,953	-	-	10,624
ABL Stock Fund	-	1,106,030	-	-	14,653
NAFA Stock Fund	-	1,184,442	-	-	14,688
MCB Pakistan Stock Market Fund	-	157,939	-	-	12,690
Alfalah GHP Money Market Fund	-	128,781	-	-	13,354
AKD Opportunity Fund	8,832	-	927	1,004	-
JS Income Fund	71,290	-	7,000	7,098	-
JS Islamic Fund	24,015	-	3,000	3,484	-
			<u>10,927</u>	<u>11,586</u>	133,774
<b>Shareholders' fund</b>					
			-	-	66,331
			<u>10,927</u>	<u>11,586</u>	<u>200,105</u>

## 15. PREMIUM DUE BUT UNPAID

	Statutory funds			Aggregate	
	Individual life unit linked	Conventional business	Accident & health business	2016	2015
	(Rupees in '000)				
Gross premium due but unpaid	-	825	26,926	27,751	103,535
Less: Provision for doubtful debts	-	-	8,745	8,745	7,646
	-	825	18,181	19,006	95,889

## 16. ADVANCES AND DEPOSITS

	Statutory funds			Aggregate		
	Shareholders' fund	Individual life unit linked	Conventional business	Accident & health business	2016	2015
	(Rupees in '000)					
Advances	3,254	-	-	-	3,254	83
Lease deposits	-	-	-	-	-	679
Other deposits	1,892	-	-	6,250	8,142	12,020
	<u>5,146</u>	-	-	<u>6,250</u>	<u>11,396</u>	<u>12,782</u>

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## 17 FIXED ASSETS

## 17.1 Tangible assets

Description	Cost			Accumulated Depreciation				Written down	Rate %	
	As at 01 Jan	Additions	Disposals	As at 31 Dec	As at 01 Jan	Charge for the year	On Disposal	As at 31 Dec		As at 31 Dec 2016
(Rupees in '000)										
<b>Owned</b>										
Furniture and fixture	6,370	11,615	-	17,985	5,292	930	-	6,222	11,763	20
Office and electrical equipment	6,368	6,370	-	12,738	5,318	813	-	6,131	6,607	20
Computer equipment	10,156	1,368	(144)	11,380	9,263	881	(144)	10,000	1,380	33
Mobile phones	-	505	-	505	-	115	-	115	390	50
Lease improvements	-	3,185	-	3,185	-	60	-	60	3,125	33
Motor vehicles	-	4,667	(4,667)	-	-	-	-	-	-	20
<b>2016</b>	<b>22,894</b>	<b>27,710</b>	<b>(4,811)</b>	<b>45,793</b>	<b>19,873</b>	<b>2,799</b>	<b>(144)</b>	<b>22,528</b>	<b>23,265</b>	

## 17.1.1 Tangible assets

Description	Cost			Accumulated Depreciation				Written down	Rate %	
	As at 01 Jan	Additions	Disposals	As at 31 Dec	As at 01 Jan	Charge for the year	On Disposal	As at 31 Dec		As at 31 Dec 2015
(Rupees in '000)										
<b>Owned</b>										
Furniture and fixture	6,355	15	-	6,370	4,521	771	-	5,292	1,078	20
Office and electrical equipment	6,368	-	-	6,368	4,609	709	-	5,318	1,050	20
Computer equipment	10,036	120	-	10,156	7,844	1,419	-	9,263	893	33
<b>2015</b>	<b>22,759</b>	<b>135</b>	<b>-</b>	<b>22,894</b>	<b>16,974</b>	<b>2,899</b>	<b>-</b>	<b>19,873</b>	<b>3,021</b>	

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## 17.2 Intangibles assets

Description	Cost			Accumulated Depreciation				Written down	Rate %	
	As at 01 Jan	Additions	Disposals	As at 31 Dec	As at 01 Jan	Charge for the year	On Disposal	As at 31 Dec		As at 31 Dec 2016 (Rupees in '000)
Software-2016	14,627	10,300	-	24,927	13,395	2,059	-	15,454	9,473	33

## 17.2.1 Intangibles assets

Description	Cost			Accumulated Depreciation				Written down	Rate %	
	As at 01 Jan	Additions	Disposals	As at 31 Dec	As at 01 Jan	Charge for the year	On Disposal	As at 31 Dec		As at 31 Dec 2015 (Rupees in '000)
Software-2015	14,277	350	-	14,627	11,596	1,799	-	13,395	1,232	33

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	2016 (Rupees in '000)	2015 (Rupees in '000)
<b>18. EXPENSES NOT ATTRIBUTABLE TO STATUTORY FUND</b>		
Salaries, allowances and other benefits	6,886	9,448
Travelling and conveyance	33	98
Communication	464	1,041
Utilities	246	490
Audit fee	23	104
Legal and professional	1,367	2,763
Printing and stationery	23	100
Advertising & promotion	6	26
Bank charges	7	8
Vehicle running and maintenance	148	299
Fees, subscription and periodicals	1	9
Rent, rates and taxes	445	388
Repair and maintenance	479	599
Entertainment	47	124
Depreciation	292	501
Amortization	131	360
Insurance	21	556
Car Ijara Rental	100	207
Other expenses	53	110
	<u>10,772</u>	<u>17,231</u>

**18.1 Audit fee**

	2016 (Rupees in '000)	2015 (Rupees in '000)
Audit fee	275	302
Fee for review of condensed interim financial statements	100	100
Review of statement of compliance with Code of Corporate Governance	25	28
Other Certifications	125	28
Sindh Sales Tax	14	22
Out of pocket expenses	29	39
	<u>568</u>	<u>519</u>
Less: Expenses not attributable to Statutory Fund	23	104
	<u>545</u>	<u>415</u>

**19. TAXATION**

	2016 (Rupees in '000)	2015 (Rupees in '000)
Current	108	1,906
Prior	(704)	-
	<u>(596)</u>	<u>1,906</u>

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- 19.1** Current tax charge represents minimum tax on turnover in accordance with the provisions of section 113 of the Income Tax Ordinance, 2001 (the Ordinance) The numerical reconciliation between the average tax rate and applicable tax rate has not been presented as the Company has accumulated tax losses in respect of prior periods.
- 19.2** The Company has e-filed the return of income for the tax year 2016 which is deemed to be an assessment order issued by the Commissioner under the provision of section 120 of the Ordinance.
- 19.3** As of December 31, 2016 the carry forward tax loss amount to Rs.270.394 million. Deferred tax arising due to carry forward tax losses and timing differences calculated at the current rate of taxation amounts to Rs. 83.822 million debit. Deferred tax asset has not been recognised in these financial statements due to uncertainty of realisability of the amount based on financial projections prepared by the Company.

## 20. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including all benefits, to the Directors, Chief Executive and Executives of the Company are as follows:

	2016		2015	
	Chief Executive	Executives	Chief Executive	Executives
	----- (Rupees in '000) -----			
Managerial remuneration	24,962	30,039	16,675	34,474
Others	231	1,440	561	3,532
	<u>25,193</u>	<u>31,479</u>	<u>17,236</u>	<u>38,006</u>
Number of persons	<u>2</u>	<u>13</u>	<u>1</u>	<u>14</u>

- 20.1** During the year Mr. Faisal Shahzad Abbasi appointed as CEO of the Company in place of Dr. Mahmood Mehdi Kazmi.
- 20.2** During the year, the Directors have been paid an amount of Rs. 870,000 (2015: 1,800,000) for attending meetings.

	2016	2015
	(Rupees in '000)	
<b>21. (LOSS) / EARNINGS PER SHARE - basic and diluted</b>		
(Loss) / profit after tax	<u>(791)</u>	<u>1,337</u>
Weighted average number of ordinary shares (Number in '000)	<u>50,928</u>	<u>50,000</u>
(Loss) / earnings per share - basic and diluted (Rupees)	<u>(0.02)</u>	<u>0.03</u>

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## 22. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### 22.1 Management of insurance and financial risk

The Company's overall risk management seeks to minimize potential adverse effects on the Company's financial performance of such risk.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. There are Board Committees and Management Committees for developing risk management policies and its monitoring.

The risks involved with financial instruments and the Company's approach to managing such risks are discussed below.

### 22.2 Insurance risk

The risk under an insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The principal risk that the Company faces under such contracts is that the occurrence of the insured events and the severity of reported claims. The Company's risk profile is improved by diversification of these risks of losses to a large portfolio of contracts as a diversified portfolio is less likely to be affected by an unexpected event in single subset.

#### 22.2.1 Individual life unit linked

The risk underwritten is mainly death and sometimes disability and/or critical illness. The risk of death and disability will vary from region to region. The Company may get exposed to poor risks due to unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on monies invested in the fund. The Company faces the risk of underpricing particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency may result in the Company being unable to recover expenses incurred at policy acquisition.

The Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Company has a well defined medical under-writing policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. Profit testing is conducted on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Company to limit the maximum exposure on any one policyholder. To avoid poor persistency the Company applies quality controls on the standard of service provided to policyholders and has placed checks to curb mis-selling and improvement in standard of service provided to the policyholders. For this, a regular monitoring of lapsation rates is conducted. On the claims handling side, the Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Company maintains adequate liquidity in each unit fund to cater for potentially sudden and high cash requirement. The Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under-pricing.

#### a) Frequency and severity of claims

The Company charges for mortality risk on a monthly basis for all insurance contracts. It has the right to alter these charges based on its mortality experience and hence minimises its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may reduce its mitigating effect. The Company manages these risks through its underwriting strategy and reinsurance arrangements.

#### b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long – term unit linked insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in policyholder's behavior.

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**c) Process used to decide on assumptions**

For long-term unit linked insurance contracts, assumptions are made in two stages. At inception of the contract, the Company determines assumptions on future mortality, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies.

**d) Changes in assumptions**

There has been no change in assumptions during the year.

**22.2.2 Group life**

The main risk written by the Company is mortality. The Company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, difficulty of verification of claims, fraudulent claims or a catastrophe. The Company also faces risk such as that of underpricing to acquire business in a competitive environment and of non-receipt of premium in due time. There also exists a potential risk of asset liability term mismatch due to liabilities being very short term in nature.

The Company manages these risks through underwriting, reinsurance, effective claims handling and other related controls. The Company has a well defined medical under-writing policy and avoids writing business for groups with overly hazardous exposure. Pricing is done in line with the actual experience of the Company. The premium charged takes into account the actual experience of the client and the nature of mortality exposure the group faces. The rates are certified by the appointed actuary for large groups. The Company also maintains an MIS to track the adequacy of the premium charged. Reinsurance contracts have been purchased by the Company to limit the maximum exposure to any life. At the same time, due caution is applied in writing business in areas of high probability of terrorism. The Company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor claim experience. Writing business of known hazardous groups is also avoided. On the claims handling side, the Company ensures that payment of any fraudulent claims is avoided. For this, a claims committee reviews all large claims for verification. Strict monitoring is in place in order to keep the outstanding balances of premium at a minimum, especially the ones that are overdue. The bulk of the assets held against liabilities of this line of business have a short duration, thus mitigating the risk of asset value deterioration.

**a) Frequency and severity of claims**

The risk is affected by several factors e.g. age, occupation, benefit structure and life style. The Company attempts to manage this risk through its underwriting, claims handling and reinsurance policy. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country.

**b) Sources of uncertainty in the estimation of future benefits payments and premium receipts**

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate mortality for future years because of the short duration of the contracts.

**c) Process used to decide on assumptions**

Statistical methods are used to adjust the rates to a best estimate of mortality. Where data is sufficient to be statistically credible, the statistics generated by the data is assigned appropriate credibility factors to account for the group's experience.

**d) Changes in assumptions**

There has been no change in assumptions during the year.

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### 22.2.3 Accident & Health

The main risk written by the Company is morbidity. The Company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of high exposure in a particular geographical areas, medical expense inflation, fraudulent claims and catastrophic event. The Company potentially faces the risk of lack of adequate claims control (such as for very large groups). The Company also faces a risk of under-pricing to acquire business in a competitive environment and of non-receipt of premium in due time.

The Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Company has a well defined medical under-writing policy and avoids writing business for groups with potentially high health related risk exposure such as Government Schemes. Any pre-existing conditions are screened at this stage. Pricing is done as per actual experience of the Company's portfolio. The premium charged takes into account the actual experience of the client and an MIS is maintained to track the adequacy of the premium charged.

**a) Frequency and severity of claims**

Company measures risk accumulation in terms of potentially high exposure concentration in a particular geographical area (such as micro insurance policy in northern areas).

**b) Sources of uncertainty in the estimation of future benefit payments and premium receipts**

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate morbidity for future years because of the short duration of the contracts.

**c) Process used to decide on assumptions**

An investigation into group's experience is performed periodically, and statistical methods are used to adjust the rates to a best estimate of morbidity. Where data is sufficient to be statistically credible, the statistics generated by the data are assigned appropriate credibility factors to account for the group's experience.

**d) Changes in assumptions**

There has been no change in assumptions.

Reserve risks are controlled by constantly monitoring the provisions for insurance claims that have been submitted but not yet settled and by amending the provision, if deemed necessary. There are several variable factors that affect the amount and timing of recognized claim liabilities. However the management considers that uncertainty about the amount and timing of claim payments is generally resolved within a year.

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below:

	Change in claims assumption	Impact on gross liabilities	Impact on revenue account
------(Rupees in '000)-----			
<b>2016</b>			
Current claims	+10%	2,468	(2,468)
	-10%	(2,468)	2,468
<b>2015</b>			
Current claims	+10%	9,685	(9,685)
	-10%	(9,685)	9,685

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## 22.3 Financial risk

### 22.3.1 Market risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

#### (a) Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short term deposits and deposits in profit and loss sharing accounts with banks.

#### Fair value sensitivity analysis for fixed rate instruments

Fixed rate financial assets are carried in held to maturity category. Therefore, a change in interest rates at reporting date would not affect profit and loss account.

#### Fair value sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates would have increased the profit and loss and equity by the amounts shown below. Reduction in interest rates by 100 basis points would have a vice versa impact. This analysis assumes that all variables remain constant.

	Profit and loss account		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	------(Rupees in '000)-----		------(Rupees in '000)-----	
<b>2016</b>				
Cash flow sensitivity	1,111	(1,111)	1,111	(1,111)
<b>2015</b>				
Cash flow sensitivity	803	(803)	803	(803)

The information about Company's exposure to interest rate risk (other than relating to policyholders' liabilities) as of December 31, 2015 is as follows:

On balance sheet financial instruments	2016					2015				
	Interest / markup bearing			Non-interest bearing financial instruments	Total	Interest / markup bearing			Non-interest bearing financial instruments	Total
	Within one year	More than one year	Sub Total			Within one year	More than one year	Sub Total		
------(Rupees in '000)-----										
<b>Financial assets</b>										
Cash and others	-	-	-	594	594	-	-	-	22	22
Current and other Accounts	111,140	-	111,140	29	111,169	80,275	-	80,275	1,215	81,490
Deposits maturing within 12 months	85,000	-	-	-	85,000	-	-	-	-	-
Investments	-	124,988	124,988	18,825	143,813	159,941	-	159,941	214,545	374,486
Premium due but unpaid	-	-	-	19,006	19,006	-	-	-	95,889	95,889
Amount due from other insurers / reinsurers	-	-	-	-	-	-	-	-	87	87
Sundry receivables	-	-	-	-	-	-	-	-	-	-
Investment income accrued	-	-	-	2,543	2,543	-	-	-	2,715	2,715
Advances and deposits	-	-	-	11,396	11,396	-	-	-	12,782	12,782
	<b>196,140</b>	<b>124,988</b>	<b>236,128</b>	<b>52,393</b>	<b>373,521</b>	<b>240,216</b>	<b>-</b>	<b>240,216</b>	<b>327,255</b>	<b>567,471</b>
<b>Financial liabilities</b>										
Outstanding claims	-	-	-	24,678	24,678	-	-	-	96,849	96,849
Premiums received in advance	-	-	-	7,316	7,316	-	-	-	4,633	4,633
Amounts due to other insurers / reinsurers	-	-	-	1,355	1,355	-	-	-	1,231	1,231
Amounts due to agents	-	-	-	4,323	4,323	-	-	-	7,347	7,347
Accrued expenses	-	-	-	4,438	4,438	-	-	-	4,253	4,253
Other creditors	-	-	-	9,081	9,081	-	-	-	274	274
Other liabilities	-	-	-	6,440	6,440	-	-	-	1,007	1,007
	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,631</b>	<b>57,631</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>115,594</b>	<b>115,594</b>
<b>On balance sheet gap</b>	<b>196,140</b>	<b>124,988</b>	<b>236,128</b>	<b>(5,238)</b>	<b>315,890</b>	<b>240,216</b>	<b>-</b>	<b>240,216</b>	<b>211,661</b>	<b>451,877</b>

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(b) **Foreign currency risk**

Foreign 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. The Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

(c) **Equity Price Risk**

The Company's investment in listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Company manages equity price risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity market. The Company is exposed to equity price risk with respect to its investments in quoted securities. Change of 10% in equity prices (NAV in case of mutual fund) will result in change in prices of respective equity instruments by Rs. 1.828 million (2015: Rs. 21.545 million).

**22.3.2 Fair value**

**22.3.2.1** IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**22.3.2.2** All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities  
 Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable  
 Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Following are the assets which are either measured at fair value or where fair value is only disclosed and is different from their carrying value:

	2016		
	Fair value measurement using		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Government securities	-	124,988	-
Listed securities	7,239	-	-
Open end mutual funds	11,586	-	-
	<u>18,825</u>	<u>124,988</u>	<u>-</u>
	2015		
	Fair value measurement using		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Government securities	-	161,471	-
Listed securities	14,440	-	-
Open end mutual funds	200,105	-	-
	<u>214,545</u>	<u>161,471</u>	<u>-</u>

**22.3.3 Credit risk**

Credit risk is the risk that the counter party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulator requirements.

The maximum exposure to credit risk before any credit enhancements as at December 31, 2016 is the carrying amount of the financial assets as set out below:

Nature of financial assets	2016	2015
	(Rupees in '000)	
Bank deposits	196,169	81,490
Investment - Open end mutual funds	11,586	200,105
Premiums due but unpaid	19,006	95,889
Amounts due from other insurers/reinsurers	-	87
Deposits	8,142	12,699
	<u>234,903</u>	<u>390,270</u>

## Bank balances

The Company maintained its funds with banks having strong credit rating. Currently the funds are kept with banks having rating ranging from AAA to C.

No assets of the Company are impaired, other than premium due but unpaid. The age analysis of premium due but unpaid is as follows:

### *Past due but not impaired*

Upto 1 year	10,606	89,029
1 - 2 years	8,400	6,860
<i>Impaired</i>	8,745	7,646

## Concentration of credit risk

Concentration is the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Company manages such risk by diversifying its portfolio and entering into transactions with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

Sector-wise analysis of premium due but unpaid at the reporting date was:

	2016 (%)	2015 (%)
Telecom	1.15	-
NGO	2.55	11.43
Financial Institution	6.60	8.03
Education	1.63	14.91
Travel & Transport	8.08	3.62
Hotel	1.22	11.22
Oil & Gas	1.73	-
Engineering	15.41	7.90
Pharmaceutical	11.34	5.51
Media	11.11	
Others	39.18	37.38
	<u>100</u>	<u>100</u>

## Capital risk managements

The Company's objective when managing capital is to safe guard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development its businesses. The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

Currently the Company has a paid up capital of Rs. 600 million against the minimum required paid-up capital of Rs. 600 million set by the SECP for the life insurance companies for year ended December 31, 2016.

In addition, the Company is also required to maintain minimum solvency in accordance with the rules and regulations set by the SECP, which are fully met by the Company.

### 22.3.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

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2016						
Carrying amount	Contractual cash flows	Six				
		months or less	Six to twelve months	Two to five years	More than five years	
<b>Non-derivative Financial liabilities</b>						
Outstanding Claims	24,678	24,678	24,678	-	-	-
Amount due to other insurer	1,355	1,355	1,355	-	-	-
Amount due to agents	4,323	4,323	4,323	-	-	-
Creditors and accruals	13,519	13,519	13,519	-	-	-
Other liabilities	6,440	-	-	-	-	-
	<b>50,315</b>	<b>43,875</b>	<b>43,875</b>	<b>-</b>	<b>-</b>	<b>-</b>
2015						
Carrying amount	Contractual cash flows	Six				
		months or less	Six to twelve months	Two to five years	More than five years	
<b>Non-derivative Financial liabilities</b>						
Outstanding Claims	96,849	96,849	96,849	-	-	-
Amount due to other insurer	1,231	1,231	1,231	-	-	-
Amount due to agents	7,347	7,347	7,347	-	-	-
Creditors and accruals	4,527	4,527	4,527	-	-	-
Other liabilities	1,007	-	-	-	-	-
	<b>110,961</b>	<b>109,954</b>	<b>109,954</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 23. TRANSACTION WITH RELATED PARTIES

The related parties comprise of holding Company, associated companies, staff retirement fund, Directors and key management personnel. The transactions with related parties are in normal course of business. Transactions with related parties and remuneration and benefits to key management personnel under the terms of their employment are as follows:

Relationship	Transactions	2016	2015
		----- (Rupees in '000) -----	
Holding company	Charge for administrative services received	12,082	-
Associated undertaking	Charge for administrative services received	110	-
Associated undertaking	Premium written	-	7,937
Associated undertaking	Claims incurred	-	3,063
Key Management Personnel	Remuneration	56,680	55,242
Directors	Fee	870	1,800
<b>Balances</b>			
Holding company	Other creditors	4,697	274
Associated undertaking	Premiums due but unpaid	-	5,011
Associated undertaking	Investments	5,220	-
Key Management Personnel	Accrued expenses	-	2,392

ETA

**24. GENERAL**

24.1 Figures have been rounded off to the nearest thousands of rupees.

24.2 Corresponding figures have been re-arranged and reclassified, wherever necessary. However, there were no significant reclassifications to report.

24.3 The number of employees as at December 31, 2016 were 67 (2015: 56).

**25. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue by the Board of Directors on \_\_\_\_\_.

*ETA*



**CHAIRMAN**



**CHIEF EXECUTIVE**



**DIRECTOR**



**DIRECTOR**

**STATEMENT OF DIRECTORS UNDER INSURANCE ORDINANCE 2000**

(As per the requirement of section 46(6) and section 52(2) of the Insurance Ordinance 2000)

Section 46(6)

- a) In our opinion the annual statutory accounts of the Company set out in the forms attached to the statement have been drawn up in accordance with the Ordinance and any rule made there under;
- b) The Company has at all times in the year complied with the provision with the Ordinance and the rules made there under relating to paid-up capital, solvency and reinsurance arrangements; and
- c) As at December 31, 2016 the Company continues to be in compliance with the provisions of the Ordinance and the rules made there under relating to paid-up capital, solvency and reinsurance arrangements.

Section 52(2)

- d) In our opinion the statutory fund of the Company complies with the solvency requirements of the Insurance Ordinance, 2000.

  
Chairman

  
Chief Executive

  
Director

  
Director

February 06, 2017





**Akhtar & Hasan (Pvt) Ltd**  
**Actuaries**

3<sup>rd</sup> Floor (Annexe), State Life No 1 Building, Chundrigar Road, Karachi 74000, Pakistan  
Phone (021) 111-00-00-53 Fax (021) 3241-7810 E-Mail actuaries@akhasan.com

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28<sup>th</sup> February 2017

**Certificate under Section 52(2)**  
**of the Insurance Ordinance, 2000**

I, Shujat Siddiqui, of Akhtar & Hasan (Private) Limited, being an Actuary duly qualified under the terms of the Insurance Ordinance, 2000, and being the Appointed Actuary of TPL Life Insurance Limited (formerly Asia Care Health & Life Insurance Company Limited), do hereby certify as under:

- (a) that in my opinion, the policyholders' liability included in the Company's balance sheet as at 31<sup>st</sup> December 2016 has been determined in accordance with the provisions of the Insurance Ordinance,
- (b) that the statutory funds of TPL Life Insurance Limited (formerly Asia Care Health & Life Insurance Company Limited), complies with the solvency requirements of the Insurance Ordinance as at 31<sup>st</sup> December 2016.

Shujat Siddiqui, MA, FIA, FPSA  
Appointed Actuary



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