

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The Directors of the Company present the audited financial statements for the year ended December 31, 2018.

BUSINESS REVIEW

The Company continued to build upon its core life and health insurance businesses. Gross Premium for the year ended 2018 was Rs. 435 million which has improved by 61% as compared to Rs.270 million last year. During the year, premium from corporate business is Rs. 396 million from Retail business is Rs. 39 million compared to Rs. 239 million & Rs. 31 million respectively for same period of 2017.

The Company has allotted respectively 2 million and 10 million Right shares at Rs. 10 per shares to TPL Corp Ltd. and Sindh Bank Limited to meet the minimum capital, solvency and working capital requirements.

Furthermore, another right offer for 10 million shares was duly subscribed by TPL Corp Ltd and subsequent to the year end the same has been allotted to them. The relevant statutory filings have been duly completed.

Further, the Parent Company i.e. TPL Corp Ltd. has confirmed that it is cognizant of the regulatory capital and solvency requirements applicable to the Company and intends to ensure compliance at all times.

During the year, the gross premium written was as follows:

Statutory Funds	Gross Premium		Variance %
	2018	2017	
Individual Life unit Linked	25,525	21,624	18.04
Conventional Business	57,360	26,056	120.14
Accident & Health Business	352,311	222,153	58.59
Total	435,197	269,833	61.28

The after tax loss for the year was Rs. 200.05 million (2017: Rs. 171.71 million). Reasons include building-up of the risk based solvency margin for life business as well as startup and revamping cost for life and health insurance operations. Main costs include organizational restructuring, HR, IT and Operational infrastructure cost.

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



	2018	2017	2016	2015	2014	2013
Rs. in "000"						
Gross Premium	435,197	269,833	116,279	434,253	341,502	723,235
Gross Claim	268,924	85,451	154,649	383,837	270,548	679,218
Policy Acquisition Cost	36,161	32,455	8,577	23,941	17,867	29,643
Management Expenses	260,386	246,294	159,578	143,273	146,435	146,284
Investment Income	20,818	18,436	28,560	34,434	56,670	109,434
Profit /(Loss) before tax	(199,906)	(171,582)	(76,275)	(99,635)	(49,866)	15,038
Policyholder Liabilities	207,499	138,075	39,179	142,208	126,687	114,817
EPS (In Rupees)	(2.73)	0.15	(0.02)	0.03	0.28	1.11

The company paid total health and life claims of Rs. 257 million during the period with health claims to the tune of Rs. 228 million and life insurance claims of Rs. 29 million with the single largest death claim amounting to Rs.6 million.

The Company has a reinsurance arrangement with Hannover Re having 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, Chartered Accountants have completed the tenure of their engagement with the Company. On request by the Company to the SECP, extension has been granted to keep their engagement for another term. The Board, on the recommendation of the Audit Committee, has proposed their re-appointment as external auditors of the Company for the year ending December 31, 2019, subject to approval of shareholders in the Annual General Meeting .

RETIREMENT BENEFITS

The Company has maintained un-funded Provident Fund Scheme whereby the staff and company share equally at 8.33% of basic salary. Further subsequent to the year end the Provident Fund has been registered with FBR and in process of approvals from Commissioner. Balance of unfunded Provident Fund as at December 31, 2018 was Rs. 15.068 million and 2017 Rs.9.836 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 we operate in.

TPL Life believes that a responsible attitude toward society and the environment can make businesses more sustainable, consumer-centric and attractive to the best employees.

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

BOARD OF DIRECTORS

The Board is comprised of the following seven directors and a Chief Executive. Directors were elected in the Annual General Meeting held on March 29, 2018.

Mr. Jameel Yusuf, Chairman	Mr. Asif Reza Sana
Mr. Muhammad Ali Jameel	Mr. Muhammad Aminuddin

Mr. Waqar Ahmed Malik	Mr. Farrukh Shauket Ansari
Mr. Muhammad Riaz	Mr. Faisal Shahzad Abbasi (CEO)

During the year 2018, six 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.

A casual vacancy in the Board of Directors arose upon resignation of Mr. Saad Nisar which was duly filled by the Board by appointing Mr. M. Aminuddin. All necessary regulatory approvals, including SECP approval under the Sound and Prudent Management Regulations 2012, were obtained.

Serial #	Name of Directors	Executive / Non Executive	Meeting Attended
1	Mr. Jameel Yusuf Ahmed	Non-Executive	4
2	Mr. Muhammad Ali Jameel	Non-Executive	6
3	Mr. Waqar Ahmed Malik	Non-Executive	4
4	Mr. Mohammad Riaz	Non-Executive	4
5	Mr. Yousuf Zohaib Ali	Non-Executive	2
6	Mr. Ali Asgher	Non-Executive	2
7	Mr. Saad Nisar	Non-Executive	3
8	Mr. Farrukh Shauket Ansari	Non-Executive	6
9.	Mr. Asif Reza Sana	Non-Executive	1
10.	Mr. Muhammad Aminuddin	Non-Executive	2

TRANSACTION OF SHARES

During the year 500 shares in the name of Mr. Saad Nisar has transferred to Mr. Muhammad Aminuddin being nominee of TPL Corp Limited.

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 Directors:

Mr. Farrukh Shauket Ansari	Chairman	Director
Mr. Muhammad Ali Jameel	Member	Director
Mr. Mohammad Riaz	Member	Director
Mr. Yousuf Ali	Secretary	Head of Internal Audit

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.

BOARD AND MANAGEMENT COMMITTEES

In compliance of Code of Corporate Governance, the Company has all requisites Board and Management Committees which are functional and have conducted their meetings periodically to comply with the regulation.

PATTERN OF SHAREHOLDING

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

HOLDING COMPANY

The Company is a subsidiary of TPL Corp Limited, which holds 75.62% shares of the Company.

COMPANY AND ECONOMY OUTLOOK

The new government policies are evolving to support investments in Pakistan and their results will be seen in a time frame of 2-3 years' The life insurance sector has been resilient to similar economic shocks in the past due to its low penetration in the masses. Due to massive devaluation, Medical inflation is expected to hit consumers severely and will also impact health insurance pricing significantly. However, this will translate into opportunity to sell health insurance as an affective risk hedging tool with ever rising health care costs.

For the retail line of business, the company will focus on increasing its digital footprint and will explore partnerships with digital platforms which will enable accelerated penetration as well as diversification of risk. HBL Konnect and Bank Alfalah have been engaged for digital offerings.

The Corporate business will continue to focus on enhancing portfolio via supreme customer services and maintaining an edge via tech based solutions. Engaging in a price war with competition is not the priority at this time.

The SECP has granted the license to start Window Takaful Operations and subsequent to year end company has launched its group Takaful products. Takaful line of business is also expected to bolster revenues in the coming year due to inherent need of Shariah based takaful solutions in the retail and corporate sectors.

Board of Directors are of the opinion that with the clear objectives, robust business model, innovative products and operational strategies, the Company has great potential in an environment in which health and life insurance has still not reached majority of population.

The Company would continue to focus on its strategic priorities, namely:

Market share: Even though it will take some time to challenge existing market players with some vintage. The Company would strive to capture growth opportunities in the ever growing





retail market with innovative and service centric initiatives to cement its position in the Corporate, Micro and retail life/ health insurance domains.

Expansion of Retail business: The Company is planning on expanding its retail foot print with its Agency, Micro, Mass retail and digital/ insuretech based initiatives .e.g TPL Life Muavin and TPL Sahulat platform to name a couple.

Leveraging on AI, Big Data and Digital Disruption: The Company would continue to focus on delivering value to consumers through smart use of AI tools, strategic partnerships and virtual customer experience to ensure top-of-mind recall when it comes to tech based insurance solutions. .

Strengthen multi-channel architecture: The Company would further enhance its multichannel distribution by developing Agency, Micro, Mass retail, Bancassurance, Digital/online channels and focusing on strong third party distribution.

The Directors are confident that with the induction of innovative products/ services of life and health insurance, with the support of its sister concerns and TPL Corp, holding company, the hard work of the management will achieve higher levels of success in future.

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. We 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 and Pakistan Stock Exchange 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 22, 2018

TPL Life Insurance Limited

PATTERN OF SHAREHOLDING AS AT DECEMBER 31, 2018

Number of Shareholders	Shareholding	Number of Shares held
7	shareholding from 1 to 3500 shares	3,500
2	shareholding from 3501 to 9,500,000 shares	9,500,500
2	shareholding from 9,500,001 to 80,000,000 shares	70,496,000
11	Total	80,000,000

Categories of shareholders	shares held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children.	9,503,000	11.88%
Associated Companies, undertakings and related parties.	60,496,000	75.62%
NIT and ICP	NIL	NIL
Banks Development Financial Institutions, Non Banking Financial Institutions.	10,000,000	12.50%
Insurance Companies	NIL	NIL
Modarabas and Mutual Funds	NIL	NIL
Individual	1,000	0.00%
Total	80,000,000	100

Shareholders having more than 10% holding

TPL Corp Limited	60,496,000	75.62%
Sindh Bank Limited	10,000,000	12.50%



Information as required under Code of Corporate Governance

Categories of shareholders as at December 31, 2018

Category	Number of Shareholders	Number of Shares	Holding %
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Associated Companies, undertakings and related parties

TPL Corp Limited	1	60,496,000	75.62%
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Directors, Chief Executive, and their spouse

Mr. Jameel Yusuf Ahmed	1	500	0.00%
Mr. Muhammad Ali Jameel	1	500	0.00%
Mr. Waqar Ahmed Malik	1	4,500,500	5.63%
Mr. Mohammad Riaz	1	500	0.00%
Mr. Muhammad Aminuddin	1	500	0.00%
Mr. Asif Reza Sana	1	5,000,000	6.25%
Mr. Farrukh Shauket Ansari	1	500	0.00%
Total	7	9,503,000	11.88%

Others

Mr. Yousuf Zohaib Ali	1	500	0.00%
Mr. Ali Asgher	1	500	0.00%
Sindh Bank Limited	1	10,000,000	12.50%
Total	10	80,000,000	100%

