



**REPORT OF
DIRECTORS TO THE
SHAREHOLDERS**

DECEMBER 31, 2019



REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The Directors of the Company present the audited financial statements for the year ended December 31, 2019.

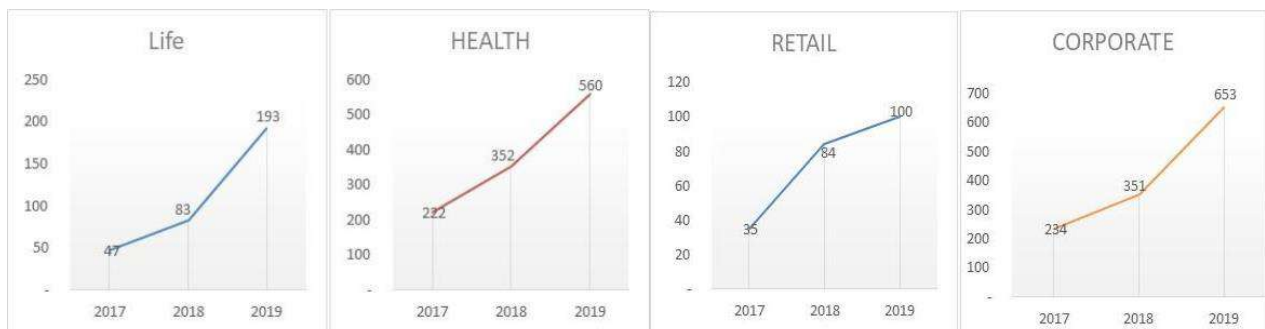
BUSINESS REVIEW

The Company has shown marked growth in its core life and health insurance businesses. Gross Premium for the year ended 2019 was Rs. 753 million which has improved by 73% as compared to Rs. 435 million last year.

The life business has shown growth of 134% in GWP and Health business has grown by 59% in GWP as compared to last year.

During the year, corporate business has shown growth of 86% in GWP as compared to year whereas Retail business has grown by 19% in GWP.

A 3 years' comparison for top line growth in LOBs is as below.



To fuel solvency and working capital requirements, the Company has allotted 30 million Right shares at Rs. 10 per shares to TPL Corp Ltd.

Furthermore, advance against another right offer for 10 million shares has been received from TPL Corp Limited which, subsequent to year end, duly subscribed by TPL Corp Ltd. 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		
	Rs. in "000"		
	2019	2018	Variance %
Individual Life unit Linked	38,190	25,525	50%
Group Life Business	143,085	57,360	149%
Accident & Health Business	478,877	352,311	36%
Group Family Takaful	12,306	-	N/A
Accident & Health Business – Takaful	80,652	-	N/A
Total	753,110	435,196	73%

The after tax loss for the year was Rs. 271 million (2018: loss of Rs. 200 million). Core reasons include build-up of the risk based solvency margin for growing Life & Health business as well as costs for life and health insurance operations. SIT and Operational infrastructure costs are the main components of such costs.

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

	2019	2018	2017	2016	2015	2014
Rs. in "000"						
Gross Premium	753,110	435,196	269,833	116,279	434,253	341,502
Gross Claim	411,684	268,924	85,451	154,649	383,837	270,548
Policy Acquisition Cost	87,219	36,161	32,455	8,577	23,941	17,867
Management Expenses	332,963	260,386	246,294	159,578	143,273	146,435
Investment Income	42,163	20,818	18,436	28,560	34,434	56,670
Profit /(Loss) before tax	(270,214)	(199,906)	(171,582)	(76,275)	(99,635)	(49,866)
Policyholder Liabilities	342,326	207,499	138,075	39,179	142,208	126,687
EPS (In Rupees)	(2.90)	(2.73)	0.15	(0.02)	0.03	0.28

The company paid total health and life claims of Rs. 339 million during the period with health claims to the tune of Rs. 311 million and life insurance claims of Rs. 28 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 as per their latest review.

AUDITORS

The present auditors M/S Ernst & Young Ford Rhodes, Chartered Accountants being eligible, offered themselves for reappointment. 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, 2020, subject to approval of shareholders in the Annual General Meeting.

RETIREMENT BENEFITS

Balance of Provident Fund as at December 31, 2019 was Rs. 15.280 million (2018 was Rs. 15.068 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 2019, 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.

Name of Directors	Executive / Non Executive	Meeting Attended
Mr. Jameel Yusuf Ahmed	Non-Executive	5
Mr. Muhammad Ali Jameel	Non-Executive	3
Mr. Waqar Ahmed Malik	Non-Executive	4
Mr. Mohammad Riaz	Non-Executive	4
Mr. Farrukh Shauket Ansari	Non-Executive Independent Director	5
Mr. Asif Reza Sana	Non-Executive	5
Mr. Muhammad Aminuddin	Non-Executive	5

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. Asif Reza Sana	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 82.27% shares of the Company.

COMPANY OUTLOOK

The life insurance sector has shown decline in new business YoY growth trajectory in 2019 due to decline in overall bancassurance business coupled with economic slowdown and strict implementation of AML and KYC guidelines. Exploring new channels and diversification in product offerings may provide much needed boost to new business statistics.

Company consolidated on its insurtech offerings and launched in-app tele health solution with HBL Konnect. Further bancassurance partnership was launched with JS Bank for the TPL-AXA International offering 'Globewell'. In addition, company is also upgrading its virtual agent offering 'Rehbar' which will enable individuals to manage their teams via remote location through smart portals.

For the retail line of business, the company will focus on increasing its digital footprint and will explore partnerships with fintech platforms which will enable accelerated penetration as well as diversification of risk. Solutions like TPL Sahulat and Rehbar will be the flag bearers of this shift.

The Corporate business will continue to focus on enhancing portfolio via supreme customer services and maintaining an edge via tech based solutions. The company is focusing on enhancing its operational edge over incumbents and improve bottom line impact from this segment.

Top line contribution from Takaful line of business has increased by 100% from last year which is also promising and will be a driver of growth due to increasing acceptance of Shariah compliant life insurance solutions.

For the year ended December 31, 2019, gross written premium of the Company showed promising growth of 73% despite depressed growth statistics for other local life insurance players.



The Directors are confident that with the continuous evolution in products, services and insurtech platforms, TPL life will carve its niche among the existing club of life insurance players. With the support of its sister concerns and TPL Corp, the holding company, the hard work of the management will achieve further 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.

Company, along with the Insurance Industry has filed Constitutional petition and writ petition respectively in High Court of Sind and Lahore High Court to contest against levy of sales tax on insurance premium. Based on the lawyer's advice, company believes that Insurance is a financial arrangement which is in the nature of contingent contract and not a service upon which sales tax can be levied. Company has disclosed the same in the financial statements as contingent liability.

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/ insurtech 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

A handwritten signature in black ink, appearing to be "J. K.", written over a light grey circular stamp.

Chief Executive Officer

A handwritten signature in black ink, appearing to be "A. M. J.", written over a light grey circular stamp.

Chairman/Director

Karachi, February 24, 2020



TPL Life Insurance Limited

PATTERN OF SHAREHOLDING AS AT DECEMBER 31, 2019

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 110,000,000 shares	100,496,000
11	Total	110,000,000

Categories of shareholders	shares held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children.	9,503,000	8.64%
Associated Companies, Undertakings and related parties.	90,496,000	82.27%
NIT and ICP	NIL	NIL
Banks Development Financial Institutions, Non-Banking Financial Institutions.	10,000,000	9.09%
Insurance Companies	NIL	NIL
Modarabas and Mutual Funds	NIL	NIL
Individual	1,000	0.00%
Total	110,000,000	100

Shareholders having more than 10% holding

TPL Corp Limited	90,496,000	82.27%
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Information as required under Code of Corporate Governance

Categories of shareholders as at December 31, 2019

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

TPL Corp Limited	1	90,496,000	82.27%
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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	4.09%
Mr. Mohammad Riaz	1	500	0.00%
Mr. Muhammad Aminuddin	1	500	0.00%
Mr. Asif Reza Sana	1	5,000,000	4.55%
Mr. Farrukh Shauket Ansari	1	500	0.00%
Total	7	9,503,000	8.64%

Others

Mr. Yousuf Zohaib Ali	1	500	0.00%
Mr. Ali Asgher	1	500	0.00%
Sindh Bank Limited	1	10,000,000	9.09%
Total	3	10,001,000	9.09%

Total	11	110,000,000	100%
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