



**REPORT OF THE DIRECTORS TO THE SHAREHOLDERS**  
**February 21, 2022**



The Board of Directors of the Company are pleased to present the audited financial statements for the year ended December 31, 2021.

## BUSINESS REVIEW

This year has been quite instrumental in strategic direction of the business. The Company was primarily pursuing both Health and Life insurance businesses. It has now strategized to follow Life Insurance and Health Insurance (Retail only) as its core developing businesses in future with Retail and Digital Channels being main contributors to the topline.

The positive and sustainable impact of this development is reflecting in bottom line of the P&L where increasing losses have been reigned and will show positive outcome in coming years. Due to material shift of business from Corporate Health sector, which had major share of the book and had an average deal size higher than life insurance, the topline has shown negative growth (43%) but acquisition cost and admin expenses have shown tremendous improvement (improved by 42% and 12% respectively).

Company booked GWP of Rs. 640 million, 43% lower than corresponding period last year. Corporate book has shown decline of 53% by clocking revenue of Rs. 442 million. Retail book has shown 1.5% growth.

During the year ended, Rs. 545 million have been received against share capital from parent company, TPL Corp Limited, against 54.5 million shares at Rs. 10 per shares, to meet the solvency requirements. The company has issued 42.5 million shares where the balance 12 million shares is in process of issuance.

Company is looking at various options including but not limited to private investor and Initial public offering. Further, as an abundant caution, the Holding Company has also provided a financial commitment to continue its financial support to the Company, if required, for the purposes of ensuring sustainable operations in the foreseeable future and also to meet the minimum solvency requirements.

Based on the above capital injection during the year and financial support from the Holding Company, the management and the Board of Directors of the Company are confident that the Company will continue to operate on sustainable basis.

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

Statutory Funds	Gross Premium / Contribution Rs. In "000"		Variance %
	2021	2020	
Individual Life unit Linked	9,897	20,718	-52%
Group Life Business	187,665	247,779	-24%
Accident & Health Business	352,107	669,267	-47%
Group Family Takaful	39,596	29,484	34%
Accident & Health Business – Takaful	50,981	162,916	-69%
<b>Total</b>	<b>640,247</b>	<b>1,130,164</b>	<b>-43%</b>



The after tax loss for the year was Rs. 192 million (2020: loss of Rs. 352 million). Major contributors are the claim expenses which have shown decline due to change in business strategy. Company is constantly reviewing its major cost centers and sources of losses and realigning business / operational strategies to reign in major cost heads.

The financial highlights of the performance of the Company are tabulated as follows:

	2021	2020
	Amount in “000”	
Gross Premium	640,247	1,130,164
Gross Claim	789,175	866,250
Policy Acquisition Cost	108,976	187,844
Management Expenses	321,894	361,586
Investment Income	64,252	48,247
Profit /(Loss) before tax	(186,472)	(351,340)
Policyholder Liabilities	138,838	435,692
EPS (In Rupees)	(1.4)	(2.94)

The company paid total health and life claims of Rs.838 million during the year with health claims to the tune of Rs.676 million and life insurance claims of Rs.162 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 resigned prior to the expiry of their term. The prospective auditors have not given their consent as yet.

## RETIREMENT BENEFITS

Balance of Provident Fund as at December 31, 2021 was Rs. 27.18 million and 2020 was Rs. 19.89 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, 2021.

Mr. Jameel Yusuf, Chairman	Mr. Asif Reza Sana
Mr. Muhammad Ali Jameel	Mr. Muhammad Aminuddin
Mr. Andrew Borda	Mr. Farrukh Shauket Ansari
Ms. Muneeza Kassim	Mr. Faisal Shahzad Abbasi (CEO)

During the year 2021, seven 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

Sr. #	Name of Directors	Executive / Non-Executive	Meetings Attended
1.	Mr. Jameel Yusuf Ahmed	Non-Executive	7
2.	Mr. Muhammad Ali Jameel	Executive	7
3.	Ms. Muneeza Kassim	Independent Non-Executive	5
4.	Mr. Farrukh Shauket Ansari	Independent Non-Executive	7
5.	Mr. Asif Reza Sana	Non-Executive	6
6.	Mr. Muhammad Aminuddin	Non-Executive	7
7.	Mr. Faisal Shahzad Abbasi	Executive	7
8.	Mr. Andrew Borda	Non-Executive	7

#### **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
Ms. Muneeza Kassim	Member	Director
Mr. Muhammad Asif	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 88.85% shares of the Company.

## **COMPANY AND ECONOMY OUTLOOK**

The economy and geopolitical situation of Pakistan is passing through a challenging phase. Fiscal discipline, FATF Compliance, stabilization of equity market, as well as interest rates, stability of economic and taxation policies, and improved governance will ultimately lead to better economic growth. Whilst the measures being taken by the government to document the economy are appreciable, these will take their due time to yield positive results.

Life insurance industry is facing various challenges, the overall regulatory environment is quickly changing e.g. introduction of new corporate agent regulations where restrictions have been placed on the minimum allocation and commission on ULIPs and introduction of draft regulations for digital insurers. These will have long lasting impact on the business. Other significant development is the imposition of provincial sales taxes on the business of life and health insurance as well as on commission of insurance agents. In a country like Pakistan having one of the lowest insurance penetrations in the world, the support from the Government for the development of insurance sector will play a key role in increasing penetration and resolving the current issues being faced. Company, along with other life insurance companies, has filed constitutional petition and writ petition respectively in High Court of Sind and Lahore High Court challenging the levy of sales tax on life and health premium.

Due to its strategic decision of not pursuing Corporate Health Insurance business, the Company's top line showed a decline as revenues from corporate health insurance are significantly higher than corporate life insurance. However, the bottom line impact of such strategy is positive and company experienced and will show positive impact of this decision in coming years.

TPL life, being a front runner in tech led solutions, is ideally positioned to capitalize on the future market distribution models. With digital platforms in place, focus will now be on aggressive go-to-market strategies and increase awareness about insure tech solutions.

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. Jazz, Bancassurance and fintech channels will be core development areas in coming months.

The Company's Takaful line of business has contributed 16% of the total premium revenue and we are expecting premium from Takaful line of business to grow steadily in future as well due to inherent need of Shariah based Takaful solutions in the retail and corporate sectors.

Through continuous evolution in products, services and insurtech platforms, TPL life has positioned itself to carve its niche among the existing club of life insurance players. With the support of its sister concerns and TPL Corp, the holding company and with prudent management, 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.



## **ACKNOWLEDGMENT**

We wish to express our 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 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 "Jawid Yousaf", is written over a faint, illegible printed name.

Chairman

Karachi, February 21, 2022



## TPL Life Insurance Limited

### PATTERN OF SHAREHOLDING AS AT DECEMBER 31, 2021

Number of Share holder	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 132,500,000 shares	165,496,000
11	<b>Total</b>	175,000,000

Categories of Shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children.	5,002,500	2.86%
Associated Companies, Undertakings and related parties.	169,996,500	97.14%
NIT and ICP	NIL	0.00%
Banks Development Financial Institutions, Non-Banking Financial Institutions.	NIL	0.00%
Insurance Companies	NIL	0.00%
Modarabas and Mutual Funds	NIL	0.00%
Others	1,000	0.00%
<b>Total</b>	<b>175,000,000</b>	<b>100.00%</b>

#### Shareholders having more than 10% holding

TPL Corp Limited	169,996,500	97.14%
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## Information as required under Code of Corporate Governance

### Categories of shareholders as at December 31, 2021

Category	Number of Shareholders	Number of Shares	Holding %
<b>Associated Companies, undertakings and related parties</b>			
TPL Corp Limited	1	169,996,500	97.14%

### Directors, Chief Executive, and their spouse

Mr. Jameel Yusuf Ahmed	1	500	0.00%
Mr. Muhammad Ali Jameel	1	500	0.00%
Mr. Mohammad Riaz	1	500	0.00%
Mr. Muhammad Aminuddin	1	500	0.00%
Mr. Asif Reza Sana	1	5,000,000	2.86%
Mr. Farrukh Shauket Ansari	1	500	0.00%
<b>Total</b>	<b>6</b>	<b>5,002,500</b>	<b>2.86%</b>

### Others

Mr. Yousuf Zohaib Ali	1	500	0.00%
Mr. Ali Asgher	1	500	0.00%
<b>Total</b>	<b>4</b>	<b>1,000</b>	<b>0.00%</b>

<b>Total</b>	<b>11</b>	<b>175,000,000</b>	<b>100%</b>
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