REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The Directors of the Company present the audited financial statements for the year ended December 31, 2017.

BUSINESS REVIEW

In Compliance with SECP SRO 828(I)/2015 to meet the minimum Paid-up Capital requirements, the Company has raised further capital by Rs.80 million during the year duly subscribed by TPL Corp (formerly TPL Trakker Ltd.) and 20 million right shares subscription amount received in advance. Subsequently shares issued on January 18, 2018 and relevant statutory compliances have been made. Further the Parent Company i.e. TPL Corp Ltd. (formerly TPL Trakker Ltd.) has confirmed that it is cognizant of the regulatory capital and solvency requirements applicable to the Company and intends to ensure compliance with the applicable regulatory capital and solvency requirements at all times.

Company continued to build upon its legacy business of corporate health. Gross Premium from Accident and Health line of business has improved by more than 100% as compared to the same period of 2016. Life insurance products were launched in late December 2016 and we expect gradual growth in life portfolio in coming years.

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

Statutory Funds	**Gross Premium** Rs. in "000"		
	2017	**2016**	**Variance %**
Individual Life unit Linked	21,624	1,650	1211%
Conventional Business	26,056	1,374	1796%
Accident & Health Business	222,153	113,255	96%
Total	**269,833**	**116,279**	**132%**

The after tax profit for the year in the Shareholders' fund was Rs.10.235 million whereas statutory funds posted a deficit of Rs.181.947 million (2016: Rs.74.88 million). Reasons include building-up of the risk based solvency margin for life business and startup and revamping cost for life and health insurance operations. Main costs include organizational restructuring, HR, IT and Operational infrastructure cost.

Company has also improved claim ratio to 58% as compared to 69% last year via efficient claim management practices.

Investment income has reduced by Rs.11.9 million solely due to one-time gain on sale of investment during last year.

TPL Life Insurance Limited

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

	2017	2016	2015	2014	2013	2012
	Rs. in "000"					
Gross Premium	269,833	116,279	434,253	341,502	723,235	669,906
Gross Claim	85,451	154,649	383,837	270,548	679,218	593,522
Policy Acquisition Cost	32,455	8,577	23,941	17,867	29,643	19,877
Management Expenses	246,294	159,578	143,273	146,435	146,284	114,800
Investment Income	18,436	28,560	34,434	56,670	109,434	110,398
Profit /(Loss) before tax	(171,581)	(76,275)	(99,635)	(49,866)	15,038	8,966
Policyholder Liabilities	138,075	**39,179**	142,208	126,687	114,817	153,665
EPS (In Rupees)	0.15	(0.02)	0.03	0.28	1.11	1.2

To expand business operations, including Window Takaful, the Company is planning to offer 40 million shares at floor price of Rs.10 per shares to general public through initial public offer (IPO). In this regard the Company has received approval from Pakistan Stock Exchange (PSX) and The Securities & Exchange Commission of Pakistan (SECP). Company is planning to hold IPO by first quarter 2018.

The Company has 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 five years tenure of their engagement with the Company. On request by the Company to the SECP, extension has been granted to keep remain their engagement for another year. 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, 2018, subject to approval in Annual General Meeting of the Company.

TPL Life Insurance Limited

RETIREMENT BENEFITS

The Company has started un-funded Provident Fund Scheme whereby the staff and company share equally at 8.33% of basic salary. Further the Company is in process of getting approval for the Fund from Registrar and FBR. Balance of unfunded Provident Fund as at December 31, 2017 was 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 thereoff 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 sustainable, consumer centric and more likely to attract and hold both consumers and the best employees.

The Board of Directors feels that 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, responsible social attitude can build the loyalty and trust that ensure a bright sustainable future.

TPL Life Insurance Limited

BOARD OF DIRECTORS

The Board is comprised of following eight directors and a Chief Executive

Mr. Jameel Yusuf, Chairman	Mr. Yousuf Zohaib Ali
Mr. Muhammad Ali Jameel	Mr. Saad Nissar
Mr. Waqar Ahmed Malik	Mr. Farrukh Shauket Ansari
Mr. Muhammad Riaz	Mr. Ali Asgher
Mr. Faisal Shahzad Abbasi (CEO)	

During the year 2017, four 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	4
3	Mr. Waqar Ahmed Malik	Non-Executive	3
4	Mr. Mohammad Riaz	Executive	3
5	Mr. Yousuf Zohaib Ali	Non-Executive	4
6	Mr. Ali Asgher	Non-Executive	3
7	Mr. Saad Nisar	Non-Executive	4
8	Mr. Farrukh Shauket Ansari	Non-Executive	4

TRANSACTION OF SHARES

During the year Mr. Asif Reza Sana has purchased 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 Directors:

Mr. Muhammad Ali Jameel	Chairman	Non-Executive Director
Mr. Ali Asghar	Member	Non-Executive Director
Mr. Farrukh Shauket Ansari	Member	Independent Director
Mr. Yousuf Ali	Member & Secretary	Non-Executive Director

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.

TPL Life Insurance Limited

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 as periodically to comply with the regulation.

INVESTMENT IN ASSOCIATED UNDERTAKING

The Company has disinvested its shareholding of Rs. 36.25 million in TPL Properties Limited. Further the approval for investment in TPL Insurance Limited (Formerly TPL Direct Insurance Ltd.) for Rs. 500 million, TPL Properties Ltd. for Rs.100 million and Prime Life Insurance Limited (a company incorporated in Rwanda) approval for US$300,000 are unutilized at year end..

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 (formerly TPL Trakker Limited), which holds 86.03% shares of the Company.

COMPANY AND ECONOMY OUTLOOK

The 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:

Enhance market share: The Company would continue to focus on growth opportunities in the ever growing retail market with innovative and service centric initiatives to cement 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 core focus on digital/ insuretech based initiatives

Continue to deliver superior customer value: The Company would continue to focus on delivering value to consumers through competitive pricing and customer friendly service experience.

Strengthen multi-channel architecture: The Company would strengthen its multichannel distribution by developing Agency, Micro, Mass retail, Bancassurance, Digital/online channelsand focusing on quality third party distribution.

TPL Life Insurance Limited

The Directors are confident that with the induction of innovative products/ services of life insurance, with the support of its sister concerns and TPL Corp, holding company, and 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 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 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

TPL Life Insurance Limited

Karachi, February 17, 2018

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, 2017 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

TPL Life Insurance Limited

February 17, 2018

TPL Life Insurance Limited

PATTERN OF SHAREHOLDING
AS AT DECEMBER 31, 2017

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
1	shareholding from 9,500,001 to 68,000,000 shares	58,496,000
10	**Total**	68,000,000

Categories of shareholders	shares held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children.	4,504,000	6.62%
Associated Companies, undertakings and related parties.	58,496,000	86.03%
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
Individual	5,000,000	7.35%
Total	**68,000,000**	**100**

Shareholders having more than 10% holding

TPL Trakker Limited	58,496,000	86.03%

Information as required under Code of Corporate Governance

Categories of shareholders as at December 31, 2017

Category	Number of Shareholders	Number of Shares	Holding %
Associated Companies, undertakings and related parties			
TPL Trakker Limited	1	58,496,000	86.03
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	6.62
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
Total	**8**	**4,504,000**	**6.62**
Individual			
Mr. Asif Reza Sana	1	5,000,000	7.35
Total	**10**	**68,000,000**	**100%**

Building a better working world

TPL LIFE INSURANCE LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

EY
Building a better working world

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

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 as at 31 December 2017 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 2017 and of the profit, comprehensive income, 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;

EY

(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: 17 February 2018

Karachi

TPL LIFE INSURANCE LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2017

	Note	Shareholders' fund	Statutory funds: Individual life unit linked	Statutory funds: Conventional business	Statutory funds: Accident & health business	Aggregate: 31 December 2017	Aggregate: 31 December 2016
		(Rupees in '000)					
Share capital and reserves							
Authorized share capital							
80,000,000 ordinary shares of Rs. 10 each		1,200,000	-	-	-	**1,200,000**	800,000
Issued, subscribed and paid up share capital							
68,000,000 ordinary shares of Rs. 10 each	6	680,000	-	-	-	**680,000**	600,000
Accumulated deficit		(466,510)	-	-	-	**(466,510)**	(351,745)
Net shareholders' equity		213,490	-	-	-	**213,490**	248,255
Advance against issue of shares	1.3 (b)	20,000	-	-	-	**20,000**	-
Balance of statutory fund (including policyholders' liabilities Rs.138.075 million (December 31, 2016: Rs.39.179 million)	8	-	15,434	11,081	137,799	**164,314**	122,365
Deferred liabilities							
Staff retirement benefits	9	-	-	-	-	**-**	4,751
Creditors and accruals							
Outstanding claims		-	-	14,107	40,074	**54,181**	24,678
Premium received in advance		-	122	269	2,107	**2,498**	7,316
Amount due to other insurers / reinsurers		-	338	10,902	346	**11,586**	1,355
Amounts due to agents		-	412	362	7,874	**8,648**	4,323
Accrued expenses	10	10,706	10,696	-	2,059	**23,461**	4,438
Other creditors and accruals	11	20,798	-	-	-	**20,798**	9,081
		31,504	11,568	25,640	52,460	**121,172**	51,191
Other liabilities		11,664	1	-	915	**12,580**	6,440
TOTAL LIABILITIES		43,168	27,003	36,721	191,174	**298,066**	184,747
CONTINGENCIES AND COMMITMENTS	12						
TOTAL EQUITY AND LIABILITIES		276,658	27,003	36,721	191,174	**531,556**	433,002

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

CHAIRMAN | CHIEF EXECUTIVE | DIRECTOR | DIRECTOR

TPL LIFE INSURANCE LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2017

	Note	Shareholders' fund	Statutory funds: Individual life unit linked	Statutory funds: Conventional business	Statutory funds: Accident & health business	Aggregate: 31 December 2017	Aggregate: 31 December 2016
		(Rupees in '000)					
Cash and bank deposits	13						
Cash and others		15	407	13	11	**446**	594
Current and other accounts		33,918	9,313	20,275	31,348	**94,854**	111,169
Deposits maturing within 12 months		60,000	-	-	25,000	**85,000**	85,000
		93,933	9,720	20,288	56,359	**180,300**	196,763
Investments	14						
Government securities		68,568	6,932	-	67,096	**142,596**	124,988
Listed securities		29,000	-	-	8,360	**37,360**	7,239
Open end mutual funds		-	10,359	-	-	**10,359**	11,586
		97,568	17,291	-	75,456	**190,315**	143,813
Other assets							
Premiums due but unpaid	15	-	-	4,750	67,465	**72,215**	19,006
Amounts due from other insurers / reinsurers		-	-	11,138	-	**11,138**	-
Investment income accrued		2,320	29	-	916	**3,265**	2,543
Advances and deposits	16	11,173	-	495	8,181	**19,849**	11,396
Prepayments		1,353	-	-	-	**1,353**	5,292
Taxation - payments less provision		23,329	-	-	-	**23,329**	21,451
Inter fund balances		17,190	(37)	50	(17,203)	**-**	-
		55,365	(8)	16,433	59,359	**131,149**	59,688
Fixed assets	17						
Tangible assets							
Furniture & fixture, office equipment and computer equipment		20,214	-	-	-	**20,214**	23,265
Intangible assets							
Computer software		9,578	-	-	-	**9,578**	9,473
		29,792	-	-	-	**29,792**	32,738
TOTAL ASSETS		276,658	27,003	36,721	191,174	**531,556**	433,002

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

CHAIRMAN CHIEF EXECUTIVE DIRECTOR DIRECTOR

TPL LIFE INSURANCE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	December 31, 2017	December 31, 2016
		------(Rupees in '000)------	
Investment income not attributable to statutory funds			
Income from trading investments			
Dividend income		-	439
Gain on sale of investments		-	1,136
		-	1,575
Income from non - trading investments			
Return on Government securities		7,035	7,294
Return on other fixed income securities and deposits		4,739	1,926
		11,774	9,220
Gain (loss) on revaluation of trading investments			
Listed equities		-	-
Open end mutual funds		-	-
		-	-
Investment income		11,774	10,795
Less: Investment related expenses		771	1,426
Net Investment income		11,003	9,369
Other income		276	3
Gain on disposal of assets		1,192	13
Expenses not attributable to statutory funds	18	(2,105)	(10,772)
Profit / (loss) before tax		10,366	(1,387)
Taxation	19		
Current		(147)	(108)
Prior		16	704
		(131)	596
Profit / (loss) after tax		10,235	(791)
Earnings / (loss) per share - basic and diluted (rupees)	21	0.15	(0.02)

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

CHAIRMAN CHIEF EXECUTIVE DIRECTOR

TPL LIFE INSURANCE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

	December 31, 2017	December 31, 2016
	-----(Rupees in '000)-----	
Profit / (loss) after tax	**10,235**	(791)
Other comprehensive income for the year	-	-
Items not to be reclassified to profit and loss account in subsequent periods		
Acturial gain / (loss) on defined benfit plan	-	-
Total comprehensive income / (loss) for the year	**10,235**	(791)

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

CHAIRMAN CHIEF EXECUTIVE DIRECTOR DIRECTOR

TPL LIFE INSURANCE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017

	Issued, subscribed and paid-up capital	Accumulated surplus	Capital contribution to statutory fund	Accumulated deficit	Total
	(Rupees in "000")				
Balance as at January 1, 2016	500,000	277,858	574,312	(296,454)	203,546
Shares issued during the year	100,000	-	-	-	100,000
Total comprehensive income for the year ended December 31, 2016					
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	**600,000**	**277,067**	**628,812**	**(351,745)**	**248,255**
Right shares issued during the year	**80,000**	-	-	-	**80,000**
Total comprehensive income for the year ended December 31, 2017					
Profit after tax	-	**10,235**	-	**10,235**	**10,235**
Other comprehensive income	-	-	-	-	-
	-	**10,235**	-	**10,235**	**10,235**
Capital contributed during the year	-	-	**125,000**	**(125,000)**	**(125,000)**
Balance as at December 31, 2017	**680,000**	**287,302**	**753,812**	**(466,510)**	**213,490**

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

CHAIRMAN   CHIEF EXECUTIVE   DIRECTOR   DIRECTOR

TPL LIFE INSURANCE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Shareholders' fund	Statutory funds: Individual life unit linked	Statutory funds: Conventional business	Statutory funds: Accident & health business	Aggregate: December 31, 2017	Aggregate: December 31, 2016
	Rs in "000"					
Operating cash flows						
a) Underwriting activities						
Premiums received	-	21,746	20,676	168,042	**210,464**	193,464
Reinsurance premiums paid	-	-	-	-	**-**	-
Claims paid	-	-	(8,658)	(45,875)	**(54,533)**	(226,821)
Surrenders paid	-	(1,413)	-	-	**(1,413)**	-
Commission paid	-	(4,650)	(1,097)	(22,192)	**(27,939)**	(11,438)
Net cash flow from underwriting activities	-	15,683	10,921	99,975	**126,579**	(44,795)
b) Operating activities						
Income tax paid	(2,010)	-	-	-	**(2,010)**	(2,259)
General management expenses paid	14,084	(89,719)	(26,153)	(120,513)	**(222,301)**	(180,824)
Other operating payments	(7,249)	(5)	(495)	(3,248)	**(10,997)**	(6,350)
Other operating receipts	25,537	-	-	1,933	**27,470**	21,976
Interfund transactions	(7,190)	(9,964)	(50)	17,203	**(1)**	-
Net cash flow from other operating activities	23,172	(99,688)	(26,698)	(104,625)	**(207,839)**	(167,457)
Total cash flow from all operating activities	23,172	(84,005)	(15,777)	(4,650)	**(81,260)**	(212,252)
Investment activities						
Profit/return received	11,144	95	189	7,962	**19,390**	29,063
Dividends received	-	656	-	121	**777**	440
Payments for investments	(177,141)	(32,415)	-	(74,810)	**(284,366)**	(321,323)
Proceeds from disposal of investments	188,780	14,015	-	33,567	**236,362**	552,654
Capital expenditure	(10,837)	-	-	-	**(10,837)**	(38,010)
Proceeds from disposal of assets	3,471	-	-	-	**3,471**	4,679
Total cash flow from investing activities	15,417	(17,649)	189	(33,160)	**(35,203)**	227,503
Financing activities						
Share capital received	80,000	-	-	-	**80,000**	100,000
Advance received against right issue	20,000	-	-	-	**20,000**	-
Capital payments received by statutory fund	(132,000)	99,500	32,500	-	**-**	-
Total cash flow from financing activities	(32,000)	99,500	32,500	-	**100,000**	**100,000**
Net cash flow from all activities	6,589	(2,154)	16,912	(37,810)	**(16,463)**	115,251
Cash and cash equivalents at beginning of the year	87,344	11,874	3,376	94,169	**196,763**	81,512
Cash and cash equivalents at end of the year	93,933	9,720	20,288	56,359	**180,300**	196,763

Reconciliation to profit and loss account	December 31, 2017	December 31, 2016
Operating cash flows	**(81,260)**	**(212,252)**
Depreciation and amortization expense	**(11,504)**	(4,858)
Gain on disposal of fixed assets	**1,192**	13
Profit on disposal of investment	**1,644**	11,546
Increase / (decrease) in assets other than cash	**70,741**	(71,790)
Decrease / (increase) in liabilities	**(170,268)**	183,222
Dividend and other investment income	**19,245**	17,781
Unrealized gain on investment	**(1,502)**	659
Deficit of statutory fund	**181,947**	74,888
Profit / (loss) after taxation	**10,235**	(791)

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

CHAIRMAN | CHIEF EXECUTIVE | DIRECTOR | DIRECTOR

TPL LIFE INSURANCE LIMITED
REVENUE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	Statutory funds			Aggregate	
		Individual life unit linked	Conventional business	Accident & health business	December 31, 2017	December 31, 2016
		---------------- Rs in "000" ----------------				
Income						
Premium less reinsurances		21,294	9,580	222,135	**253,009**	114,924
Net investment income		(331)	189	7,433	**7,291**	19,191
Other Income		1	-	1,012	**1,013**	-
Total net income		20,964	9,769	230,580	**261,313**	134,115
Claims and expenditure						
Claims, including bonuses, net of reinsurance recoveries		1,413	5,036	61,271	**67,720**	154,649
Management expenses less recoveries		98,338	27,526	150,780	**276,644**	157,383
Total claims and expenditure		99,751	32,562	212,051	**344,364**	312,032
Deficit over claims and expenditure		(78,787)	(22,793)	18,529	**(83,051)**	(177,917)
Add: Policyholders' liabilities at beginning of the year		1,281	328	37,570	**39,179**	142,208
'.ess: Policyholders' liabilities at end of the year	7	15,002	5,013	118,060	**138,075**	39,179
Deficit		(92,508)	(27,478)	(61,961)	**(181,947)**	(74,888)
Movement in policyholders' liabilities		13,721	4,685	80,490	**98,896**	(103,029)
Transfers from shareholders' fund						
- Capital contributions from shareholders' fund		92,500	32,500	-	**125,000**	54,500
Balance of statutory fund at beginning of the year		1,721	1,374	119,270	**122,365**	245,782
Balance of statutory fund at end of the year		15,434	11,081	137,799	**164,314**	122,365
Represented by:						
Capital contributed by shareholders' fund		111,500	43,000	599,312	**753,812**	628,812
Policyholders' liabilities		15,002	5,013	118,060	**138,075**	39,179
Retained earnings on other than participating business		(111,068)	(36,932)	(579,573)	**(727,573)**	(545,626)
Balance of statutory fund at end of the year		15,434	11,081	137,799	**164,314**	122,365

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

CHAIRMAN | CHIEF EXECUTIVE | DIRECTOR | DIRECTOR

TPL LIFE INSURANCE LIMITED
STATEMENT OF PREMIUMS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Statutory funds			Aggregate	
	Individual life unit linked	Conventional business	Accident & health business	December 31, 2017	December 31, 2016
	Rs in "000"				
Gross Premiums					
Regular premium individual policies					
- First year	7,390	-	9,343	**16,733**	35,003
- Second year	850	-	-	**850**	-
- Single premiums	13,384	-	-	**13,384**	-
Group policies without cash value	-	26,056	212,810	**238,866**	81,276
Total Gross Premiums	21,624	26,056	222,153	**269,833**	116,279
Less: Reinsurance Premiums Ceded					
On individual life first year business	330	-	18	**348**	8
On group policies	-	16,476	-	**16,476**	1,347
Net Premiums	21,294	9,580	222,135	**253,009**	114,924

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

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

TPL LIFE INSURANCE LIMITED
STATEMENT OF CLAIMS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Statutory funds			Aggregate	
	Individual life unit linked	Conventional business	Accident & health business	December 31, 2017	December 31, 2016
	Rs in "000"				
Gross claims					
Claims under individual policies					
by insured event other than death	-	-	2,976	**2,976**	9,042
by surrender	1,413	-	-	**1,413**	-
Total gross individual policy claims	1,413	-	2,976	**4,389**	9,042
Claims under group policies					
by death	-	22,663	-	**22,663**	-
by insured event other than death	-	104	58,295	**58,399**	145,607
Total gross group policy claims	-	22,767	58,295	81,062	145,607
Total gross claims	1,413	22,767	61,271	**85,451**	154,649
Less: Reinsurance recoveries					
On group policies	-	17,731	-	**17,731**	-
Total reinsurance	-	17,731	-	17,731	-
Net claims	1,413	5,036	61,271	**67,720**	154,649

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

CHAIRMAN   CHIEF EXECUTIVE   DIRECTOR   DIRECTOR

TPL LIFE INSURANCE LIMITED
STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Statutory funds			Aggregate	
	Individual life unit linked	Conventional business	Accident & health business	December 31, 2017	December 31, 2016
	Rs in "000"				
Acquisition costs					
Remuneration to insurance intermediaries on individual policies:					
- Commission on first year premiums	4,431	-	1,572	**6,003**	6,000
- Commission on second year premiums	29	-	-	**29**	
- Commission on single premiums	462	-	-	**462**	-
	4,922	-	1,572	**6,494**	6,000
Remuneration to insurance intermediaries on group policies:					
- Commission	-	1,374	24,396	**25,770**	2,551
Other acquisition costs:					
Policy Stamps	78	25	-	**103**	26
Others	10	78	-	**88**	
Total acquisition cost	5,010	1,477	25,968	**32,455**	8,577
Administration expenses					
Salaries, allowances and other benefits	49,947	13,587	71,766	**135,300**	88,173
Travelling and conveyance	1,013	273	1,312	**2,598**	1,566
Software rentals	9,633	4,128	-	**13,761**	10,679
Communication	1,458	407	2,579	**4,444**	3,769
Utilities	1,841	500	2,667	**5,008**	2,699
Auditors' remuneration	1,347	340	695	**2,382**	545
Actuary's fee	1,455	401	2,344	**4,200**	3,000
Legal and professional	4,079	172	3,981	**8,232**	1,287
Printing and stationery	1,675	454	2,319	**4,448**	2,003
Advertisement	3,403	998	8,240	**12,641**	2,016
Vehicle running and maintenance	1,610	435	2,190	**4,235**	3,246
Fees, subscription and periodicals	773	216	1,398	**2,387**	723
Rent, rates and taxes	5,980	1,652	9,742	**17,374**	14,283
Repair and maintenance	2,357	649	3,740	**6,746**	6,913
Entertainment	2,182	557	1,424	**4,163**	512
Depreciation and amortization	3,879	1,076	6,549	**11,504**	4,435
Insurance	265	79	684	**1,028**	1,097
Bank charges	27	10	102	**139**	4
Car ijara rental	-	-	-	**-**	443
Provision for doubtful debts	-	-	2,285	**2,285**	1,099
Other expenses	404	115	795	**1,314**	314
	93,328	26,049	124,812	**244,189**	148,806
Gross management expenses	98,338	27,526	150,780	**276,644**	157,383
Commission from reinsurers	-	-	-	**-**	-
Net management expenses	98,338	27,526	150,780	**276,644**	157,383

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

CHAIRMAN	CHIEF EXECUTIVE	DIRECTOR	DIRECTOR

TPL LIFE INSURANCE LIMITED
STATEMENT OF INVESTMENT INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

	Statutory funds			Aggregate	
	Individual life unit linked	Conventional business	Accident & health business	December 31, 2017	December 31, 2016
	Rs in "000"				
Income from trading investments					
Dividend income	656	-	121	**777**	-
Gain / (loss) on sale of investments	(242)	-	1,886	**1,644**	10,410
	414	-	2,007	**2,421**	10,410
Income from non - trading investments					
On Government securities	-	-	945	**945**	1,687
On other fixed income securities and deposits	254	189	4,920	**5,363**	6,435
Amortization of discount relative to par	110	-	-	**110**	-
	364	189	5,865	**6,418**	8,122
(Loss) / gain on revaluation of investments					
Open end mutual funds	(1,109)	-	-	**(1,109)**	659
Listed securities	-	-	(393)	**(393)**	-
	(1,109)	-	(393)	**(1,502)**	659
Less: Investment related expenses	-	-	46	**46**	-
Net investment income	(331)	189	7,433	**7,291**	19,191

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

CHAIRMAN	CHIEF EXECUTIVE	DIRECTOR	DIRECTOR

TPL LIFE INSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. STATUS AND NATURE OF BUSINESS

1.1 TPL Life Insurance Limited (Formerly known as (the Company) was incorporated on March, 19 2008 under the Repealed 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, Centerpoint Building, Off Shaheed-e-Millat Expressway, Adjacent to KPT Interchange, Karachi-74900. The Company is a subsidiary of TPL Corp Limited - Holding Company (Formerly TPL Trakker Limited).

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 (a) The Board of Directors of the Company in its meeting held on February 06, 2017 authorized the Company to issue 48 million shares. Pursuant to this right issue, 8 million shares were subscribed by the existing shareholders and remaining 40 million shares were resolved to offer through Initial Public Offering. The Company has filed application with the Pakistan Stock Exchange Limited for initial public offering and is in process of completing necessary formalities for approval by the SECP.

1.3 (b) The Board of Directors of the Company in its meeting held on October 17, 2017 authorized the Company, where initial public offering not be held for any reason, to issue 2 million shares to meet the minimum capital requirements as at December 31, 2017, as per the SECP Circular 223(I)/2015 dated March 11, 2015. Accordingly, during the year, the Holding Company subscribed 2 million ordinary shares of Rs. 10 each aggregating to Rs.20 million which were transferred to Holding Company subsequent to year end. Hence, the Company has complied with minimum paid up capital requirments of Rs. 700 million on January 18, 2018.

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.

2.1.1 The Companies Ordinance, 1984 has been repealed after the enactment of Companies Act, 2017. However, as allowed by the SECP vide letter no. CLD/CCD/PR(11)/2017 Circular no 17 of 2017, these financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.1.2 During the period, the SECP vide its notifications SRO 88(1) and SRO 89(1) dated February, 09 2017 has issued "Insurance Accounting Regulations, 2017" and "Insurance Rules, 2017 respectively, which are applicable for financial statement for the periods ended after 31 March 2017. However, SECP, vide its letter dated August 04, 2017, has granted exemption to the Company from the application of Insurance Accounting Regulations, 2017 and Insurance Rules, 2017 till December 31, 2017.

2.2 Accounting Standards, IFRIC Interpretations and ammendments that are effective for the current year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except that the Company has adopted the following standards and amendment to IFRSs which became effective for the current period:

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12

The adoption of the above amendment to accounting standards did not have any effect on the financial statements.

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2.3 Accounting Standards, IFRIC Interpretations and ammendments 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:

	Effective date (annual periods beginning on or after)
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
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	January 01, 2018
IFRS 9 – Financial Instruments: Classification and Measurement	July 01, 2018
IFRS 9 Prepayment Features with Negative Compensation – (Amendments)	01 January 2019
IFRS 15 – Revenue from Contracts with Customers	January 01, 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23 Uncertainty over Income Tax Treatments	January 01, 2019

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 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019. 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.

Standard	IASB Effective date (annual periods Beginning on or after)
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 16 – Leases	January 01, 2019
IFRS 17 – Insurance Contract	January 01, 2021

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 polices. 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:

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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, 2017 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 polices 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.

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.

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. Calculation for premium deficiency reserve and claims incurred but not reported (IBNR) is calculated by the appointed actuary on the basis of assumptions that the claim pattern will follow the historical trend experience.

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.

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.
- 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.

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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 thereby 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.

6. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2017 (No. of shares)	2016 (No. of shares)		2017 (Rupees in '000)	2016 (Rupees in '000)
		Issued, subscribed and paid up Ordinary shares of Rs. 10 each issued for cash		
60,000,000	60,000,000	As at beginning of the year	600,000	600,000
8,000,000	-	Issued during the period	80,000	-
68,000,000	60,000,000	As at end of the year	680,000	600,000

6.1 As at December 31, 2017, 58.496 million shares were held by TPL Corp Limited (Formerly TPL Trakker Limited).

7. POLICY HOLDERS' LIABILITIES

	Statutory funds: Individual life unit linked	Statutory funds: Conventional business	Statutory funds: Accident & health business	Aggregate: December 31, 2017	Aggregate: December 31, 2016
	(Rupees in '000)				
Gross of reinsurance					
Actuarial liability relating to future events	15,027	11,326	113,612	139,965	35,661
Premium deficiency reserve	-	205	-	205	-
Provision for incurred but not reported claims	4	1,277	4,450	5,731	4,459
	15,031	12,808	118,062	145,901	40,120
Net of reinsurance					
Actuarial liability relating to future events	15,000	4,365	113,610	132,975	34,727
Premium deficiency reserve	-	205	-	205	-
Provision for incurred but not reported claims	2	443	4,450	4,895	4,452
	15,002	5,013	118,060	138,075	39,179

8. MOVEMENT IN EQUITY OF STATUTORY FUND

	Individual life unit linked	Conventional business	Accident & health business	December 31, 2017	December 31, 2016
Policyholder liabilities					
Balance at beginning of the year	1,281	328	37,570	39,179	142,208
Increase / (decrease) during the year	13,721	4,685	80,490	98,896	(103,029)
Balance at end of the year	15,002	5,013	118,060	138,075	39,179
Retained earnings on other than participating business					
Balance at beginning of the year	(18,560)	(9,454)	(517,612)	(545,626)	(470,738)
Deficit allocated in respect of the year	(92,508)	(27,478)	(61,961)	(181,947)	(74,888)
Surplus appropriated to shareholders' fund	-	-	-	-	-
Balance at end of the year	(111,068)	(36,932)	(579,573)	(727,573)	(545,626)
Capital contributed by shareholders' fund					
Balance at beginning of the year	19,000	10,500	599,312	628,812	574,312
Capital contributed during the year	92,500	32,500	-	125,000	54,500
Balance at end of the year	111,500	43,000	599,312	753,812	628,812
Balance of statutory fund	15,434	11,081	137,799	164,314	122,365

9. STAFF RETIREMENT BENEFITS

9.1 Effective May 30, 2016 the Company has discontinue the gratuity scheme and liability as at said date is freezed.

9.2 Effective June 01, 2016 the Company has started un-funded staff providend fund scheme thereby staff and Company share equally at 8.33% of basic salary.

10. ACCRUED EXPENSES

	Aggregate: December 31, 2017	Aggregate: December 31, 2016
	(Rupees in '000)	
Audit fee	1,632	432
Software rentals	7,913	-
Advertising and Promotion	1,679	-
Salaries payable	10,202	-
Others	2,035	4,006
	23,461	4,438

11. OTHER CREDITORS AND ACCRUALS

	Note	Shareholders' fund	Statutory funds: Individual life unit linked	Statutory funds: Conventional business	Statutory funds: Accident & health business	Aggregate: December 31, 2017	Aggregate: December 31, 2016
		(Rupees in '000)					
Payable to TPL Trakker Limited	11.1	13,757	-	-	-	13,757	4,697
Payable to TPL Insurance Limited		1,561	-	-	-	1,561	-
Other sundry creditors		5,480	-	-	-	5,480	4,384
		20,798	-	-	-	20,798	9,081

11.1 This includes shared service cost payable in respect of various services such as rent, utilities, etc.

12. CONTINGENCIES AND COMMITMENTS

	Shareholders' fund	Statutory fund: Individual life unit linked	Statutory fund: Conventional business	Statutory fund: Accident & health business	Aggregate: December 31, 2017	Aggregate: December 31, 2016
	(Rupees in '000)					
Commitment against purchase of fixed assets.	-	-	-	-	-	1,232

There is no contingencies and commitments as at 31 December 2017.

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13. CASH AND BANK DEPOSITS

	Note	Shareholders' fund	Statutory funds: Individual life unit linked	Statutory funds: Conventional business	Statutory funds: Accident & health business	Aggregate: December 31, 2017	Aggregate: December 31, 2016
		(Rupees in '000)					
Cash and other equivalents		15	407	13	11	446	594
Current and other accounts							
Current account		-	-	-	799	799	29
Saving account	13.1	33,918	9,313	20,275	30,549	94,055	111,140
Deposits maturing within 12 months	13.2	60,000	-	-	25,000	85,000	85,000
		93,933	9,720	20,288	56,359	180,300	196,763

13.1 These carry profit at rates ranging from 3.75% to 5.5% per annum (2016: 4% to 6.5% per annum).

13.2 These carry markup at rates ranging from 5% to 6.75% per annum (2016: 6.75% to 7%).

14. INVESTMENTS

	Note	Shareholders' fund	Statutory funds: Individual life unit linked	Statutory funds: Conventional business	Statutory funds: Accident & health business	Aggregate: December 31, 2017	Aggregate: December 31, 2016
		(Rupees in '000)					
Held to maturity							
Government securities	14.1	68,568	-	-	16,235	84,803	124,988
Fair value through profit and loss							
Government securities	14.2	-	6,932		50,861	57,793	
Listed equities	14.3	29,000	-	-	8,360	37,360	7,239
Open end mutual funds	14.4	-	10,359	-	-	10,359	11,586
		29,000	17,291	-	59,221	105,512	18,825
		97,568	17,291	-	75,456	190,315	143,813

14.1 Held to maturity

Government securities

	Note	Shareholders' fund	Individual life unit linked	Conventional business	Accident & health business	December 31, 2017	December 31, 2016
Pakistan Investment Bonds	14.1.1	68,568	-	-	16,235	84,803	60,814
Market Treasury Bills		-	-	-	-	-	64,174
		68,568	-	-	16,235	84,803	124,988

14.1.1 The Company has deposited 3 years Pakistan Investment Bonds having face value of Rs.68 million (2016: 3 years Pakistan Investment Bond having face value of Rs. 60 million) with State Bank of Pakistan under Section 29 of Insurance Ordinance, 2000. These carry coupon rate of Rs. 7% (2016: 7%) and will mature by 29 December 2019.

14.1.2 Market value of the government secuities carried at amortized cost amounted to Rs. 84.662 million (2016: Rs. 124.729).

	Note	Shareholders' fund	Statutory funds: Individual life unit linked	Statutory funds: Conventional business	Statutory funds: Accident & health business	Aggregate: December 31, 2017	Aggregate: December 31, 2016
		(Rupees in '000)					
14.2 Fair value through profit and loss							
Government securities							
6 months treasury bills	14.2.1	-	-	-	50,861	50,861	-
3 months treasury bills	14.2.2	-	6,932	-	-	6,932	-
		-	6,932	-	50,861	57,793	-

14.2.1 These carry yield of 5.9% and will matuer by 18 January 2018.

14.2.2 These carry yield of 5.9% and will matuer by 1 March 2018.

14.3 Listed equities

Listed securities in Shareholder Fund

No. of shares (Face value of Rs. 10 each) December 31, 2017	December 31, 2016		December 31, 2017	December 31, 2016
			------(Rs in '000)-------	
2,900,000	-	Summit Bank Limited (Con) B	29,000	-
			29,000	-

Listed securities in Statutory Funds

No. of shares (Face value of Rs. 10 each) December 31, 2017	December 31, 2016		December 31, 2017	December 31, 2016
			------(Rs in '000)-------	
-	3,000	Engro Fertilizer Limited	-	204
-	1,500	Fatima Fertilizer Company Limited	-	55
200	200	Rafhan Maize Products Company Limited	1,360	1,753
-	717	Glaxosmithkline Pakistan Limited	-	7
-	500,000	TPL Properties Limited	-	5,220
700,000	-	Summit Bank Limited (Con) B	7,000	-
			8,360	7,239

14.4 Open end mutual funds

	No. of units December 31, 2017	No. of units December 31, 2016	Cost	Carrying value December 31, 2017	Carrying value December 31, 2016
			(Rupees in '000)		
Statutory fund					
HBL Money Market Fund	-	-	-	-	-
ABL Government Securities Fund	-	-	-	-	-
HBL Energy Fund	98,881	-	1,450	1,401	-
MCB Cash Management Optimizer	-	-	-	-	-
Meezan Cash Fund	-	-	-	-	-
United Stock Advantage Fund	-	-	-	-	-
ABL Stock Fund	121,886	-	1,970	1,694	-
NAFA Stock Fund	121,988	-	1,968	1,715	-
MCB Pakistan Stock Market Fund	18,870	-	1,909	1,718	-
Alfalah GHP Stock Fund	12,861	-	1,928	1,687	-
JS Growth Fund	-	-	-	-	-
MCB Pakistan Sovereign Fund	-	-	-	-	-
Lakson Income Fund	-	-	-	-	-
ABL Income Fund	-	-	-	-	-
Atlas Stock Market Fund	2,100	-	1,200	1,221	-
Alfalah GHP Income Fund	-	-	-	-	-
NAFA Government Securities Liquid Fund	-	-	-	-	-
Meezan Islamic Fund	4,939	-	421	311	-
Meezan Islamic Income Fund	11,721	-	621	612	-
MCB DCF Income Fund	-	-	-	-	-
Alfalah GHP Money Market Fund	-	-	-	-	-
AKD Opportunity Fund	-	8,832	-	-	1,004
JS Income Fund	-	71,290	-	-	7,098
JS Islamic Fund	-	24,015	-	-	3,484
			11,467	10,359	11,586

15. PREMIUM DUE BUT UNPAID

	Statutory funds: Individual life unit linked	Conventional business	Accident & health business	Aggregate: December 31, 2017	December 31, 2016
			(Rupees in '000)		
Gross premium due but unpaid	-	4,750	78,495	83,245	27,751
Less: Provision for doubtful debts	-	-	11,030	11,030	8,745
	-	4,750	67,465	72,215	19,006

16. ADVANCES AND DEPOSITS

	Shareholders' fund	Statutory funds: Individual life unit linked	Conventional business	Accident & health business	Aggregate: December 31, 2017	December 31, 2016
			(Rupees in '000)			
Advances to staff, suppliers and contractors	4,477	-	-	-	4,477	3,254
IPO related transaction costs	3,966	-	-	-	3,966	
Deposits	2,730	-	495	8,181	11,406	8,142
	11,173	-	495	8,181	19,849	11,396

17 FIXED ASSETS

17.1 Operating Assets

Description	Cost				Accumulated Depreciation				Written down value	
	As at January 01	Additions	Disposals / Adjustments	As at December 31	As at January 01	Charge for the year	On Disposal	As at December 31	As at December 31, 2017	Rate %
					(Rupees in '000)					
Furniture and fixture	17,985	1,639	(7,099)	12,525	6,222	2,681	(5,491)	3,412	9,113	20
Office and electrical equipment	12,843	339	(4,658)	8,524	6,131	1,616	(4,293)	3,454	5,070	20
Computer equipment	10,879	1,361	(115)	12,125	10,000	781	(102)	10,679	1,446	33
Mobile phones	505	394	(216)	683	115	258	(51)	322	361	50
Lease improvements	3,581	1,822	(128)	5,275	60	991	-	1,051	4,224	33
2017	**45,793**	**5,555**	**(12,216)**	**39,132**	**22,528**	**6,327**	**(9,937)**	**18,918**	**20,214**	

Tangible assets

Description	Cost				Accumulated Depreciation				Written down value	
	As at January 01	Additions	Disposals / Adjustments	As at December 31	As at January 01	Charge for the year	On Disposal	As at December 31	As at December 31, 2016	Rate %
					(Rupees in '000)					
Furniture and fixture	6,370	11,615	-	17,985	5,292	930	-	6,222	11,763	20
Office and electrical equipment	6,368	6,475	-	12,843	5,318	813	-	6,131	6,712	20
Computer equipment	10,156	867	(144)	10,879	9,263	881	(144)	10,000	879	33
Mobile phones	-	505	-	505	-	115	-	115	390	50
Lease improvements	-	3,581	-	3,581	-	60	-	60	3,521	33
Motor vehicles	-	4,667	(4,667)	-	-	-	-	-	-	20
2016	**22,894**	**27,710**	**(4,811)**	**45,793**	**19,873**	**2,799**	**(144)**	**22,528**	**23,265**	

17.2 Intangibles assets

Description	Cost				Accumulated Depreciation				Written down value	Rate
	As at January 01	Additions	Disposals	As at December 31	As at January 01	Charge for the year	On Disposal	As at December 31	As at December 31, 2017	Rate %
									(Rupees in '000)	
Software	24,927	5,282	-	30,209	15,454	5,177	-	20,631	9,578	33

17.2.1 Intangibles assets

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

	December 31, 2017	December 31, 2016
	(Rupees in '000)	
18. EXPENSES NOT ATTRIBUTABLE TO STATUTORY FUND		
Salaries, allowances and other benefits	-	6,886
Legal and professional	**2,100**	1,367
Other expenses	**5**	2,519
	2,105	10,772
19. TAXATION		
Current	**147**	108
Prior	**(16)**	(704)
	131	(596)

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 2017 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, 2017 the carry forward tax loss amount to Rs.218.724 million (December 2016: 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.65.617 million debit (December 2016: Rs.83.822 million debit). Deferred tax asset has not been recognised in these financial statements due to uncertainty of realisibility 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:

	December 31, 2017		December 31, 2016	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees in '000)			
Managerial remuneration	**20,753**	**38,622**	24,962	30,039
Others	**-**	**-**	231	1,440
	20,753	**38,622**	25,193	31,479
Number of persons	**1**	**13**	2	12

Government securities are valued at PKRV rates.

20.1 During the year, the Directors have been paid an amount of Rs. 100,000 (2016: Rs.870,000) for attending meetings.

	December 31, 2017	December 31, 2016
	(Rupees in '000)	
21. (LOSS) / EARNINGS PER SHARE - basic and diluted		
(loss) / profit after tax	**10,235**	(791)
Weighted average number of ordinary shares (Number in '000)	**66,663**	50,000
(Loss) / earnings per share - basic and diluted (Rupees)	0.15	(0.02)

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 under-pricing 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.

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 under-pricing 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.

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)--------	
31 December 2017			
Current claims	+10%	5,418	(5,418)
	-10%	(5,418)	5,418
31 December 2016			
Current claims	+10%	2,468	(2,468)
	-10%	(2,468)	2,468

22.2.4 Claim development table

Following table shows the development of claims over a period of time on gross basis. For each class of business the uncertainty about the amount and timings of claims payment is usually resolved within a year. Further, claims with significant uncertainties are not outstanding as at December 31, 2017 therefore claim development table is not required to be presented. However, aging of outstanding claims and movement of outstanding claims is presented below:

	December 31, 2017	December 31, 2016
	(Rupees in '000)	
Ageing of outstanding claims		
Upto 1 Year	**43,561**	12,900
1-2 Years	**4,007**	10,368
2-3 Years	**5,923**	102
Over 3 Years	**690**	1,308
Total	**54,181**	24,678
Movement in outstanding claims		
Opening balance	**24,678**	96,850
Total gross claims	**85,451**	154,649
Claims paid	**(55,948)**	(226,821)
Closing balance	**54,181**	24,678

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)	
31 December 2017				
Cash flow sensitivity	1,791	(1,791)	1,791	(1,791)
31 December 2016				
Cash flow sensitivity	1,961	(1,961)	1,961	(1,961)

The information about Company's exposure to interest rate risk (other than relating to policyholders' liabilities) as of December 31, 2017 is as follows:

	31 December 2017					31 December 2016				
	Interest / markup bearing					Interest / markup bearing				
On balance sheet financial instruments	Within one year	More than one year	Sub Total	Non-interest bearing financial instruments	Total	Within one year	More than one year	Sub Total	Non-interest bearing financial instruments	Total
	(Rupees in '000)									
Financial assets										
Cash and others	-	-	-	446	446	-	-	-	594	594
Current and other Accounts	179,055	-	179,055	799	179,854	196,140	-	196,140	29	196,169
Investments	57,793	84,803	142,596	47,719	190,315	-	124,988	124,988	18,825	143,813
Premium due but unpaid	-	-	-	72,215	72,215	-	-	-	19,006	19,006
Amount due from other insurers reinsurers	-	-	-	11,138	11,138	-	-	-	-	-
Investment income accrued	-	-	-	3,265	3,265	-	-	-	2,543	2,543
Advances and deposits	-	-	-	19,849	19,849	-	-	-	11,396	11,396
	236,848	84,803	321,651	155,431	477,082	196,140	124,988	321,128	52,393	373,521
Financial liabilities										
Outstanding claims	-	-	-	54,181	54,181	-	-	-	24,678	24,678
Premiums received in advance	-	-	-	2,498	2,498	-	-	-	7,316	7,316
Amounts due to other insurers / reinsurers	-	-	-	11,586	11,586	-	-	-	1,355	1,355
Amounts due to agents	-	-	-	8,648	8,648	-	-	-	4,323	4,323
Accrued expenses	-	-	-	23,461	23,461	-	-	-	4,438	4,438
Other creditors and accruals	-	-	-	20,798	20,798	-	-	-	9,081	9,081
Other liabilities	-	-	-	12,580	12,580	-	-	-	6,440	6,440
	-	-	-	133,752	133,752	-	-	-	57,631	57,631
On balance sheet gap	236,848	84,803	321,651	21,679	343,330	196,140	124,988	321,128	(5,238)	315,890

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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. 1.172 million (2016: Rs. 1.828 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:

	31 December 2017		
	Fair value measurement using		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Government securities	-	142,596	-
Listed securities	37,360	-	-
Open end mutual funds	10,359	-	-
	47,719	142,596	-

	31 December 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	-	-
	18,825	124,988	-

Government securities are valued at PKRV rates.

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, 2017 is the carrying amount of the financial assets as set out below:

Nature of financial assets	December 31, 2017	December 31, 2016
	(Rupees in '000)	
Bank deposits	179,854	196,169
Investment - Open end mutual funds	10,359	11,586
Premiums due but unpaid	72,215	19,006
Amounts due from other insurers/reinsurers	11,138	-
Deposits	11,406	8,142
	296,110	234,903

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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 A-.

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	**68,080**	10,606
1 - 2 years	**4,135**	8,400
Impaired	**11,030**	8,745

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:

	December 31, 2017 (%)	December 31, 2016 (%)
Government organisation	**25.66**	-
Telecom	-	1.15
NGO	-	2.55
Financial Institution	-	6.60
Education	-	1.63
Automobile	**11.02**	-
Engineering	**12.64**	-
Media	**8.57**	-
Travel & Transport	**1.78**	8.08
Textile	**1.54**	-
Hotel	-	1.22
Oil & Gas	-	1.73
Engineering	-	15.41
Pharmaceutical	-	11.34
Automobile	-	-
Construction material	-	-
Others	**38.79**	50.29
	100.00	100.00

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.

As disclosed in note 1.3 (b) to the financial statements, the Holding Company has subscribed to 2 million ordinary shares aggregating to Rs. 20 million which were transferred to Holding Company subsequent to year end. Hence, the Company has complied with minimum paid up capital requirments of Rs. 700 million on January 18, 2018.

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.

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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:

	December 31, 2017					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Non-derivative Financial liabilities						
Outstanding Claims	**54,181**	**54,181**	**54,181**	-	-	-
Amount due to other insurer	**11,586**	**11,586**	**11,586**	-	-	-
Amount due to agents	**8,648**	**8,648**	**8,648**			
Creditors and accruals	**44,259**	**44,259**	**44,259**	-	-	-
Other liabilities	**12,580**	**12,580**	**12,580**	-	-	-
	56,839	**56,839**	**56,839**	-	-	-

	December 31, 2016					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Non-derivative Financial liabilities						
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	6,440	6,440	-	-	-
	50,315	50,315	50,315	-	-	-

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	December 31, 2017	December 31, 2016
		--------(Rupees in '000)--------	
Holding company	Charge for administrative services received	-	12,082
Associated undertaking	Charge for administrative services received	**55,395**	110
Associated undertaking	Insurance premium paid	**53**	-
Holding company	Premium written		-
Associated undertaking	Premium written	**4,084**	-
Associated undertaking	Claims incurred	**500**	-
Key Management Personnel	Remuneration	**59,375**	56,680
Directors	Fee	**100**	870

	Balances	December 31, 2017	December 31, 2016
		--------(Rupees in '000)--------	
Holding company	Playable against administrative services	-	4,697
Associated undertaking	Advances and deposits	**1,010**	-
Associated undertaking	Premiums due but unpaid	**235**	-
Associated undertaking	Playable against administrative services	**15,318**	
Associated undertaking	Outstanding claims	**500**	-
Associated undertaking	Investments	-	5,220

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 Dececmber 31, 2017 were 130 (31 December 2016: 67).

25. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 17/02/2018.

CHAIRMAN	CHIEF EXECUTIVE	DIRECTOR	DIRECTOR

EY
Building a better working world

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

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 2017 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 2017.

EY Ford Rhodes

Chartered Accountants

Date: 17 February 2018

Karachi

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

Name of Insurer: TPL Life Insurance Limited

Year Ended : December 31, 2017

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	Mr. Farrukh Shauket Ansari
Chief Executive Officer	Mr. Faisal Shahzad Abbasi
Non-Executive Director(s)	Mr. Jameel Yusuf Mr. Mohammad Ali Jameel Mr. Waqar Ahmed Malik Mr. Mohammad Riaz 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. There was no casual vacancies occurred on the Board.

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.

TPL Life Insurance Limited

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 for its directors on 17th February, 2018 to apprise them of their duties and responsibilities.

11. The Board had approved appointment of Head of Internal Audit and Company Secretary, including their remuneration and terms and conditions of employment. There is no change in Chief Financial Officer. .

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:

Name of the Member	Category
Mr. Faisal Abbasi	Chairman
Mr. Ali Jameel	Member
Dr. Sana Jafrani	Member and Secretary

Claim Settlement Committee:

Name of the Member	Category
Mr. Faisal Abbasi	Chairman
Mr. Hashim Sadiq Ali	Member
Mr. Yusuf Ali	Member
Dr. Muhammad Adnan Qadir	Member and Secretary

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Reinsurance and Co-insurance Committee:

Name of the Member	Category
Mr. Faisal Abbasi	Chairman
Mr. Ali Asgher	Member
Mr. Salman Khawaja	Member and Secretary

Risk Management & Compliance Committee:

Name of the Member	Category
Mr. Faisal Abbasi	Chairman
Mr. Ali Jameel	Member
Mr. Salman Khawaja	Member
Ms. Shayan Mufti	Member
Mr. Hashim Sadiq Ali	Member and Secretary

17. The Board has formed the following Board Committees:

Ethics, Human Resource, Remuneration And Nomination Committee

Name of the Member	Category
Mr. Mohammad Riaz	Chairman
Mr. Muhammad Ali Jameel	Member
Mr. Yousuf Ali	Member
Mr. Nader Nawaz	Secretary

Investment Committee:

Name of the Member	Category
Mr. Faisal Abbasi	Chairman
Mr. Ali Jameel	Member
Mr. Ali Asgher	Member
Mr. Hashim Sadiq Ali	Member
Mr. Shujaat Siddiqui	Member
Mr. Salman Khawaja	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:

Name of the Member	Category
Mr. Ali Jameel	Chairman (Non-Executive Director)
Mr. Farrukh Shauket Ansari	Member (Independent Director)
Mr. Ali Asgher	Member (Non-Executive Director)
Mr. Yousuf Ali	Secretary

19. 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

Life Insurance Limited

terms of references of the Committees have been formed and advised to the Committees for compliance.

20. 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.

21. 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, risk management and grievances 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):

Name of Person	**Designation**
Mr. Faisal Abbasi	Chief Executive Officer
Mr. Hashim Sadiq Ali	Chief Financial Officer
Ms. Shayan Mufti	Compliance Officer
Mr. Salman Khawaja	Head Actuarial Services and Reinsurance
Mr. Danish Qazi	Company Secretary
Mr. Yousuf Ali	Head of Internal Audit
Dr. Muhammad Adnan Qadir	Head of Operations Dept.
Mr. Taufeeq Hanif	Head of Claims Dept.
Ms. Kanwal Khandwala	Head of Grievances Dept.

The management has duly appointed the executives on resignation made by the following:

Position	**Executive Resigned**	**Executive Appointed**
Company Secretary	Ms. Mehar Ameer	Mr. Danish Qazi
Compliance Officer	Ms. Mehar Ameer	Ms. Shayan Mufti
Head Actuarial Services and Reinsurance	Mr. Shahraiz	Mr. Salman Khawaja
Head of Internal Audit	Mr. Naseer Khan	Mr. Yousuf Ali

22. 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.

TPL Life Insurance Limited

23. 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.

24. The Appointed Actuary of the Company has confirmed that he or his spouse and minor children do not hold shares of the insurer.

25. The Appointed Actuary complies with the requirements set out for him in the Code of Corporate Governance for Insurers, 2016.

26. The Board has drawn the Investment Policy of the Company in accordance with the provisions of Code of Corporate Governance for Insurers, 2016.

27. The Board ensured that the risk management system of the Company is in place as per the requirement of Code of Corporate Governance for Insurers, 2016.

28. The Board has setup risk management function which carries out its tasks as covered under the Corporate Governance for Insurers, 2016.

29. The Company has been rated by PACRA and the rating assigned by the rating agency on May 30, 2017 is A- with stable outlook.

30. The Board has set up a grievance department, in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016.

31. 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:

    - Appointment of Auditors for an additional year i.e 2018, on completion of tenure of 5 years.

32. 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

TPL Life Insurance Limited

Faisal Shahzad Abbasi
Chief Executive Officer

February 17, 2018