

TPL LIFE INSURANCE LIMITED

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD ENDED
MARCH 31, 2022 (UNAUDITED)**

TPL LIFE INSURANCE LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022

	Note	March 31, 2022 (Un-audited)	December 31, 2021 (Audited)
(Rupees in '000)			
Assets			
Property and equipment	5	9,527	11,437
Intangible assets	6	17,682	13,765
Investments			
Government securities	7	235,758	237,662
Mutual funds	8	14,085	14,178
Term deposits receipts	9	85,000	235,000
Insurance / reinsurance receivables		134,795	136,017
Other loans and receivables		29,459	81,936
Taxation - payments less provision		32,982	31,688
Prepayments		2,481	603
Cash & Bank	10	375,549	238,421
Total Assets		937,317	1,000,708
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Authorized share capital			
190,000,000 ordinary shares (2021: 190,000,000) of Rs. 10 each		1,900,000	1,900,000
Ordinary share capital		1,750,000	1,750,000
Accumulated losses of participatory business (Ledger account C & D)		(1,886,851)	(1,844,061)
Unappropriated profit		364,197	389,007
		227,346	294,946
Advance against right shares	11.3	120,000	120,000
Total Equity		347,346	414,946
Liabilities			
Insurance Liabilities	12	222,973	301,332
Premium received in advance		14,605	11,376
Insurance / reinsurance payables		185,856	134,923
Other creditors and accruals	13	166,537	138,132
Total Liabilities		589,971	585,762
Total Equity and Liabilities		937,317	1,000,708
Contingency and commitment	14		

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

Chairman

Chief Executive
Officer

Director

Director

TPL LIFE INSURANCE LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

	Note	Three months period ended March 31,	
		2022	2021
(Rupees in '000)			
Premium Revenue	15	104,211	315,725
Premium ceded to reinsurers		(51,127)	(41,713)
Net premium revenue		53,084	274,013
Investment income		(19,389)	9,682
Net fair value gain on financial assets at fair value through profit or loss		(92)	331
Other income / (loss)		2,385	4,169
		(17,097)	14,182
Net income		35,988	288,195
Insurance benefits	16	68,203	253,704
Recoveries from reinsurers		(22,098)	(41,755)
Net Insurance benefits		46,105	211,948
Net change in insurance liabilities (other than outstanding claims)	19.1	(17,716)	4,727
Acquisition expenses		3,677	47,968
Marketing and administration expenses		70,907	83,920
Other expenses		477	120
Total Expenses		57,344	136,734
Results of operating activities		(67,462)	(60,488)
Financial costs		(36)	(164)
(Loss) / profit before tax		(67,497)	(60,652)
Income tax expense	17	(102)	(120)
(Loss) / profit for the period		(67,600)	(60,771)
Other comprehensive income		-	-
Total comprehensive (loss) / profit for the period		(67,600)	(60,771)
(Loss) / earnings (after tax) per share - Rupees		(0.39)	(0.46)

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

Chairman

Chief Executive
Officer

Director

Director

TPL LIFE INSURANCE LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

	Three months period ended March 31,	
	2022	2021
	(Rupees in '000)	
Operating Cash flows		
(a) Underwriting activities		
Insurance premium received	108,663	253,228
Reinsurance premium paid	-	-
Claims paid	(105,222)	(276,983)
Surrenders paid	(1,718)	(755)
Commission paid	(14,472)	(54,452)
Marketing and administrative expenses paid	(24,790)	(127,947)
Net cash used in underwriting activities	(37,541)	(206,909)
(b) Other operating activities		
Income tax paid	(1,396)	(1,352)
Other operating receipts	50,354	3,973
Net cash flow from / (used in) other operating activities	48,958	2,621
Total cash used in all operating activities	11,418	(204,288)
Investment activities		
Profit/ return received	9,288	8,897
Payment for investments	(86,632)	-
Proceeds from investments	208,906	-
Fixed capital expenditure	(5,032)	-
Proceeds from sale of property and equipment	3	5,767
Total cash used in investing activities	126,533	14,664
Financing activities		
Repayment of lease liabilities	(823)	(823)
Advance against right shares	-	100,000
Total cash flow from financing activities	(823)	99,177
Net cash flow from / (used in) all activities	137,128	(90,447)
Cash and cash equivalents at beginning of period	238,421	352,226
Cash and cash equivalents at end of period	375,549	261,781
Reconciliation to Profit and Loss Account		
Operating cash flows	11,418	(204,287)
Depreciation / amortization expense	(3,026)	(3,273)
Amortization of lease liability	(36)	(164)
Profit on disposal of property and equipment	3	4,169
Dividend and other investment income	(19,482)	10,013
(Decrease) / increase in assets other than cash	(29,577)	65,640
Decrease / (increase) in liabilities other than borrowings	(26,901)	67,130
Loss after taxation	(67,600)	(60,771)

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

Chairman

Chief Executive
Officer

Director

Director

TPL LIFE INSURANCE LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

Attributable to equity holders of the Company					
	Share Capital	Unappropriated profit	Accumulated losses of participating business (ledger account C & D)	Advance against right issue	Total
(Rupees in '000)					
Balance as at January 1, 2021					
At beginning of period	1,325,000	352,752	(1,616,196)	-	61,556
Advance against issuance of shares	-	-	-	100,000	100,000
Total comprehensive income for the period					
Deficit for the period retained in statutory fund	-	-	(72,531)	-	(72,531)
Profit for the other than participating business	-	11,760	-	-	11,760
	-	11,760	(72,531)	-	(60,771)
Balance as at March 31, 2021					
	1,325,000	364,512	(1,688,727)	100,000	100,785
Balance as at January 1, 2022					
At beginning of period	1,750,000	389,007	(1,844,061)	120,000	414,946
Total comprehensive income for the period					
Deficit for the period retained in statutory fund	-	-	(42,789)	-	(42,789)
Profit for the other than participating business	-	(24,810)	-	-	(24,810)
	-	(24,810)	(42,789)	-	(67,599)
Balance as at March 31, 2022					
	1,750,000	364,197	(1,886,851)	120,000	347,346

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

Chairman

Chief Executive Officer

Director

Director

TPL LIFE INSURANCE LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

1. STATUS AND NATURE OF BUSINESS

1.1 TPL Life Insurance Limited (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 20th Floor, Sky Tower-East Wing, Dolmen City, HC-3, Block-4, Abdul Sattar Edhi Avenue, Clifton – Karachi. The Company is a subsidiary of TPL Corp Limited - the Holding Company.

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 in respect of each class of life insurance and family takaful business. 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
- Family Takaful Business
- Accidental and Health Takaful

1.3 As at three months ended March 31, 2022, the accumulated losses of the Company are Rs. 1,522.654 million and loss for the three months period ended is Rs. 67.600 million.

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

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

2. BASIS FOR PRESENTATION AND STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under Companies Act 2017; and
- Provisions of and directives issued under Companies Act 2017, Insurance Ordinance 2000, Insurance Rules 2017.

Where the provisions of and directives issued under Companies Act 2017, Insurance Ordinance 2000, Insurance Rules 2017 differ with the requirements of IAS 34, the provisions and directives issued under Companies Act 2017, Insurance Ordinance 2000, Insurance Rules 2017 have been followed.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2021.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the annual audited financial statements for the year ended December 31, 2021. Following are the standards, interpretations and amendments and improvements to accounting standards and interpretation that became effective during the current period:

- IFRS 16 and IAS 39 - Interest Rate Benchmark Reform Phase 2 (Amendments)
- Covid-19 related rent concessions beyond 30 June 2021 (Amendment to IFRS 16)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

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

- 3.1 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective in the current period

Standard or Interpretation	Effective date (annual periods beginning on or after)
- Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2023
- Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 01, 2023
- IFRS 3 - Reference to the Conceptual Framework (Amendments)	January 01, 2022
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	January 01, 2022
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

The above standards, amendments and interpretations are not expected to have any material 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.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 - Insurance Contracts	January 01, 2023

4. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimating uncertainty were same as those that applied to the financial statements for the year ended 31 December 2021.
- 4.2 The Company's financial and insurance risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended 31 December 2021.

		March 31, 2022 (Un-audited)	December 31, 2021 (Audited)
	Note	(Rupees in '000)	
5. PROPERTY AND EQUIPMENT			
Operating Assets	5.1	9,258	10,363
Right of Use Asset		269	1,074
		9,527	11,437
5.1 Operating Assets			
Written down value at the beginning of the period		10,363	8,059
Additions and transfers during the period - at cost			
- Leasehold improvements		-	-
- Furniture and fixtures		-	-
- Computer equipments		184	8,685
- Office equipments		-	17
- Mobile Phones		32	567
		216	9,269
Written down value of disposals / write-offs during the period / year		(11)	(1,876)
Depreciation for the period / year		(1,310)	(5,089)
		(1,321)	(6,965)
Written down value at the end of the period / year		9,258	10,363
6. INTANGIBLE ASSETS			
Opening book value		13,765	5,699
Additions		-	3,393
Amortization		(910)	(4,552)
Work-in-Progress		4,827	9,225
Closing book value		17,682	13,765
7. GOVERNMENT SECURITIES			
Held to maturity			
Pakistan Investment Bonds	7.1 & 7.2	198,251	197,458
Fair value through profit and loss			
Treasury Bills	7.3	37,507	40,204
		235,758	237,662
7.1	The Company has deposited 3 years, 5 years and 10 years Pakistan Investment Bonds having face value of Rs.50.00 million, 126.80 million and 10.00 million respectively (2021: 3 years, 5 years and 10 years Pakistan Investment Bonds having face value of Rs.50.00 million, 126.80 million and 10.00 million respectively) with State Bank of Pakistan under Section 29 of Insurance Ordinance, 2000. These carry coupon rate of 7.00% to 12.00% (2021: 7.00% to 12.00%) and will mature by 19 July 2022, 12 July 2023, 20 August 2023, 19 September 2024 and 15 October 2025.		
7.2	The market value of held-to-maturity securities was Rs.191.669 million (2021: Rs.192.948 million) as at period end.		
7.3	These carry yield of 7.60% (2021: 7.60%).		
8. INVESTMENTS IN MUTUAL FUNDS			
Fair value through profit and loss			
Open end mutual funds		14,085	14,178

Note	March 31, 2022 (Un-audited)	December 31, 2021 (Audited)
	(Rupees in '000)	
12.2 Incurred But Not Reported Claims		
Gross of Reinsurance	33,017	30,418
Reinsurance Recoveries	(9,799)	(9,972)
Net of Reinsurance	<u>23,218</u>	<u>20,446</u>
12.3 Investment Component of Unit Linked and Account Value Policies		
Investment Component of Unit Linked Policies	38,822	38,033
Investment Component of Account Value Policies	-	-
	<u>38,822</u>	<u>38,033</u>
12.4 Liabilities under Group Insurance Contracts (other than investment linked)		
Gross of Reinsurance	113,080	110,830
Reinsurance Recoveries	(53,999)	(30,471)
Net of Reinsurance	<u>59,081</u>	<u>80,359</u>
13. OTHER CREDITORS AND ACCRUALS		
Agents commission payable	39,998	56,558
Payable to related parties	51,855	31,654
Accrued expenses	20,871	18,939
Income tax liabilities	9,631	1,829
Sales tax liabilities	-	384
Payable to vendors	26,678	12,358
Liabilities against right to use asset	270	1,057
Staff provident fund	2,743	-
Other liabilities	14,492	15,352
	<u>166,537</u>	<u>138,131</u>
14. CONTINGENCY AND COMMITMENT		
14.1.1	<p>During the year 2019, Sindh Revenue Board (SRB) vide notification no. SRB 3-4/5/2019 dated 8 May 2019 extended the exemption on life insurance till 30 June 2019. Subsequent to it, life insurance was made taxable from 1 July 2019 at the rate of 3% and group life insurance at the rate of 13%. However, during the year 2020, SRB vide notification no. SRB 3-4/13/2020, extended the exemption on life insurance till 30 June 2020, after which sales tax will be applicable on the said businesses at the same rates as directed in the previous notification. Further, SRB extended exemption on health insurance till 30 June 2022 vide notification no. SRB-3-4/17/2021. With effect from 1 November 2018, the Punjab Revenue Authority (PRA) withdrew its exemption on life and health insurance and made the same subject to Punjab Sales Tax (PST). The Company collectively through the forum of Insurance Association of Pakistan ("IAP") had filed a constitutive petition in the Lahore High Court (LHC) and in the High Court of Sindh at Karachi on 28 September 2019 and 28 November 2019 against PRA and SRB respectively, the proceedings of which are still ongoing.</p> <p>According to the grounds of the petition the Insurance premium does not fall under the definition of service rather an insurance policy is a financial arrangement, which is in the nature of a contingent contract, and not a service upon which sales tax can be levied (and that an insurance company is not rendering a service).</p> <p>In view of the above the Company has not started billing sales tax to its customers. The amount of sales tax involved is around Rs. 8.804 million (2021: Rs. 76.839 million).</p> <p>Based on the legal opinion obtained, the Company considers that it has a reasonably strong case on the merits in the constitution petition and the writ petition filed in the High Courts.</p>	

- 14.1.2** On January 30, 2020, the Company received a show cause notice from SRB for sales tax demand aggregating to Rs.459,680 against reinsurance premium ceded in years 2012-2013, falling under the tariff heading 98.13. The Company was able to obtain extension against this notice up till February 2022. However, on January 18, 2022, the Company has received another show cause notice for sales tax demand aggregating to Rs.457,730 against reinsurance premium ceded in years 2014-2015, falling under the same tariff.

The Company had challenged these show cause notices and had collectively filed a petition through the forum of Insurance Association of Pakistan ("IAP") in Sindh High Court (SHC) against SRB, to obtain a stay order. Pursuant to this, the SHC as per its order issued on February 14, 2022, had restrained SRB from passing any final order.

On March 29, 2022, SHC disposed of CP No. 1014/22. The Petitioners were asked to file a stay application in their respective appeals before the Commissioner (Appeals) within three days of the hearing and the department was restricted from taking any coercive measures for recovery till the decision. Accordingly, the Company has filed the said stay application.

- 14.2** There are no commitments as at the period ended 30 September 2021.

	March 31, 2022 (Un-audited)	March 31, 2021 (Un-audited)
	(Rupees in '000)	
15. NET INSURANCE PREMIUM REVENUE		
Gross Premiums		
Regular Premium Individual Policies		
First year	34,003	67,405
Second year renewal	100	1,425
Subsequent year renewal	2,155	1,013
Single Premium Individual Policies	-	-
Group Policies without Cash Value	67,953	245,882
Total Gross Premiums	104,211	315,725
Less: Reinsurance Premiums Ceded		
On individual policies	4,184	6,293
On group policies	46,944	35,420
	51,127	41,713
Net Premiums	53,084	274,013
16. NET INSURANCE BENEFITS		
Gross Claims		
Claims under individual policies		
by death	1,500	-
by insured event other than death	40	9,779
by surrender	218	755
Total gross individual policy claims	1,759	10,533
Claims under group policies		
by death	32,130	58,845
by insured other than death	34,313	184,325
Total gross group policy claims	66,443	243,170
Total Gross Claims	68,203	253,704
Less:- Reinsurance Recoveries		
On Group Life claims	22,098	41,755
Net insurance benefit expense	46,105	211,948

17. TAXATION

- 17.1** The Company makes provision for taxation on profits of shareholder funds only and based on tax advisor's recommendation, the profits of the statutory funds are not liable to taxation unless appropriated to shareholders, accordingly losses of statutory fund are not taken into account for the purpose of tax computations.
- 17.2** 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 Company has e-filed the return of income for the tax year 2021 which is deemed to be an assessment order issued by the Commissioner under the provision of section 120 of the Ordinance.

18 RELATED PARTY TRANSACTIONS

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	March 31, 2022	March 31, 2021
		(Un-audited)	(Un-audited)
(Rupees in '000)			
Holding company	Administrative cost charged	8,632	13,786
Associated undertaking	Administrative cost charged	6,620	13,248
Holding company	Premium written	3	70
Associated undertaking	Premium written	1,750	885
Holding company	Claims incurred	-	-
Associated undertaking	Claims incurred	500	674
Holding company	Administrative cost incurred	-	2
Associated undertaking	Commission income / administrative cost incurred	2,198	4,334
Key Management			
Personnel	Remuneration	10,396	18,294
Directors	Fee	-	120

	Balances	March 31, 2022	December 31, 2021
		(Un-audited)	(Audited)
(Rupees in '000)			
Holding company	Other creditors	38,501	24,869
Associated undertaking	Other creditors	12,980	6,785
Associated undertaking	Other receivables	2,203	13,894
Associated undertaking	Insurance liabilities	15,502	15,079
Holding company	Insurance / reinsurance receivables	(118)	(121)
Associated undertaking	Insurance / reinsurance receivables	757	(619)

- 18.1** Charges for administrative services is based on the actual cost incurred by the service provider whereas all other transactions with related parties are on arms length basis comparable with market quote.

19. SEGMENT INFORMATION

19.1 Revenue Account by Statutory Fund

	For the period ended March 31, 2022 (Un-audited)					Total
	Individual life unit linked	Conventional business	Accident & health business	Family takaful Business	Accident and health takaful business	
------(Rupees in '000)-----						
Income						
Premium less Reinsurances	2,236	14,867	27,220	5,915	2,846	53,084
Net Investment Income	771	125	3,714	64	48	4,721
Other income	51	-	2,327	-	-	2,378
Total Net Income	3,058	14,994	33,261	5,980	2,893	60,183
Insurance benefits and Expenditures						
Insurance benefits, including bonuses, net of reinsurance re	1,718	10,543	33,355	1,187	(698)	46,105
Management expenses less recoveries	18,592	16,663	40,162	695	(1,528)	74,584
Total Insurance benefits and Expenditures	20,311	27,206	73,516	1,883	(2,226)	120,689
Deficit of income over Insurance benefits and Expenditures	(17,254)	(12,212)	(40,255)	4,097	5,119	(60,507)
Net Change in Insurance Liabilities (other than outstanding claims)	(790)	4,142	17,192	9,337	(22,265)	7,617
Surplus / (Deficit) retained in PTF	-	-	-	10,300	(20,399)	(10,099)
(Deficit) / Surplus Before Tax	(18,043)	(8,070)	(23,062)	3,134	3,254	(42,791)
Movement in policyholders' liabilities	790	(4,142)	(17,192)	963	1,865	(17,716)
Transfer from Shareholders' Fund						
- Capital contributions from Shareholders' Fund	17,000	7,300	3,100	-	-	27,400
Balance of Statutory Fund at Beginning of the Period	39,181	33,371	86,637	33,801	18,799	211,790
Balance of Statutory Fund at End of the Period	38,927	28,459	49,482	37,899	23,918	178,682

	For the period ended March 31, 2021 (Un-audited)					Total
	Individual life unit linked	Conventional business	Accident & health business	Family takaful Business	Accident and health takaful business	
------(Rupees in '000)-----						
Income						
Premium less Reinsurances	2,268	40,218	199,125	5,197	27,205	274,013
Net Investment Income	762	33	901	99	224	2,019
Other income	-	-	-	-	-	-
Total Net Income	3,030	40,251	200,026	5,295	27,429	276,031
Insurance benefits and Expenditures						
Insurance benefits, including bonuses, net of reinsurance re	755	17,525	148,985	450	44,234	211,948
Management expenses less recoveries	21,207	28,747	77,271	1,536	3,127	131,888
Total Insurance benefits and Expenditures	21,962	46,272	226,256	1,986	47,361	343,836
Deficit of income over Insurance benefits and Expenditures	(18,931)	(6,021)	(26,230)	3,310	(19,932)	(67,805)
Net Change in Insurance Liabilities (other than outstanding claims)	2,178	17,953	612	7,298	(23,314)	4,727
Surplus / (Deficit) retained in PTF	-	-	-	(4,844)	(32,502)	(37,346)
(Deficit) / Surplus Before Tax	(16,754)	11,932	(25,617)	15,452	(10,745)	(25,732)
Movement in policyholders' liabilities	(2,178)	(17,953)	(612)	(12,142)	(9,187)	(42,073)
Transfer from Shareholders' Fund						
- Capital contributions from Shareholders' Fund	21,000	24,000	16,000	-	-	61,000
- Cede Money - Waqf	-	-	-	-	-	-
Balance of Statutory Fund at Beginning of the Period	37,965	24,412	326,301	5,905	76,727	471,309
Balance of Statutory Fund at End of the Period	40,033	42,391	316,071	9,215	56,794	464,504

19.2. Segment Statement of financial position

As of March 31, 2022 (Un-audited)						
Shareholders' fund	Individual life unit linked	Conventional business	Accident & health business	Family takaful Business	Accident and health takaful business	Total
(Rupees in '000)						
Property and equipment	9,527	-	-	-	-	9,527
Intangible assets	17,682	-	-	-	-	17,682
Investments	150,146	39,085	-	145,612	-	334,843
Insurance / reinsurance receivables	-	-	66,653	41,402	13,069	134,795
Other loans and receivables	17,035	739	866	10,737	81	29,459
Taxation - payments less provision	29,925	386	140	2,182	86	32,982
Prepayments	2,481	-	-	-	-	2,481
Cash and bank	245,183	2,414	30,510	92,505	4,528	375,549
Interfund balances	(86,477)	(361)	115,549	(72,157)	24,005	0
Total assets	385,501	42,264	213,718	220,281	41,766	937,317
Insurance liabilities net of reinsurance recoveries	-	38,823	50,665	130,727	15,675	222,973
Premium received in advance	-	1,799	3,525	7,558	662	14,605
Insurance / reinsurance payables	-	2,816	145,907	30,412	6,721	185,856
Other creditors and accruals	95,718	(1,278)	13,454	51,269	1,119	166,537
Total Liabilities	95,718	42,161	213,551	219,966	24,177	589,971
As of December 31, 2021 (Audited)						
Shareholders' fund	Individual life unit linked	Conventional business	Accident & health business	Family takaful Business	Accident and health takaful business	Total
(Rupees in '000)						
Property and equipment	11,437	-	-	-	-	11,437
Intangible assets	13,765	-	-	-	-	13,765
Investments	252,428	39,177	25,000	170,235	-	486,840
Insurance / reinsurance receivables	-	-	39,885	65,874	14,521	136,017
Other loans and receivables	70,605	24	34	11,192	81	81,936
Taxation - payments less provision	28,743	364	121	2,127	76	31,688
Prepayments	603	-	-	-	-	603
Cash and bank	179,653	2,914	25,882	25,726	2,666	238,421
Interfund balances	(151,708)	1,175	88,024	15,625	24,543	-
Total assets	405,526	43,654	178,946	290,779	41,887	1,000,707
Insurance liabilities net of reinsurance recoveries	-	38,034	58,039	189,107	21,696	301,332
Premium received in advance	-	2,106	689	6,812	805	11,376
Insurance / reinsurance payables	-	2,797	101,991	26,248	3,887	134,923
Other creditors and accruals	63,532	(429)	17,289	48,334	1,040	138,132
Total Liabilities	63,532	42,508	178,008	270,501	27,428	585,763

19.3. Window Takaful Operation

19.3.1 Revenue Account

19.3.1.1 Participants' Takaful Fund (PTF)

	TAKFUL STATUTORY FUND		Aggregate	
	Group Family Takaful	Accident & Health Takaful	March 31, 2022 (un-audited)	March 31, 2021 (un-audited)
	------(Rupees in '000)-----			
Income				
Contribution less Retakaful	5,915	2,846	8,761	32,401
Net Investment Income	57	46	103	291
Total net income	5,973	2,891	8,862	32,692
Insurance benefits and Expenditures				
Insurance benefits net of re-takaful recoveries	1,187	(698)	489	44,684
Takaful Operator's fee (wakalah)	4,843	1,390	6,233	3,893
Mudarib fee	-	-	-	-
Other expenses	-	-	-	1
Total Insurance benefits and Expenditures	6,030	691	6,721	48,578
Excess income over Insurance benefits and Expenditure	(58)	2,200	2,142	(15,885)
Technical reserves at beginning of the period	16,818	(18,957)	(2,138)	55,275
Technical reserves at end of the period	6,461	3,642	10,103	76,736
Surplus / (Deficit) retained in PTF	10,300	(20,399)	(10,099)	(37,346)
	58	(2,200)	(2,142)	15,885
Surplus / (Deficit) Before Tax	-	-	-	-
Movement in technical reserves	(58)	2,200	2,142	(15,885)
Transfers from (to)				
Qard-e-Hasna contributed by Window Takaful Operator	-	-	-	-
Balance of PTF at Beginning of the Period	19,127	1,273	20,400	62,814
Balance of PTF at end of the Period	19,069	3,473	22,542	46,929

19.3.1.2 Operators' Sub Fund (OSF)

	TAKFUL STATUTORY FUND		Aggregate	
	Group Family Takaful	Accident & Health Takaful	March 31, 2022 (un-audited)	March 31, 2021 (un-audited)
	------(Rupees in '000)-----			
Income				
Takaful Operators' Fee	4,843	1,390	6,233	3,893
Mudarib Fee	-	-	-	-
Investment Income	7	2	9	32
Total Net Income	4,849	1,392	6,241	3,924
Less: Expenditure				
Acquisition cost	71	(2,154)	(2,083)	3,413
Administration cost	624	626	1,250	1,249
Total Management cost	695	(1,528)	(833)	4,662
Excess of income over expenditure	4,154	2,920	7,074	(737)
Technical reserves at beginning of the period	2,524	1,626	4,150	6,657
Technical reserves at end of the period	3,545	1,292	4,837	6,526
	(1,021)	334	(687)	13,183
Surplus / (Deficit) Before Tax	3,133	3,255	6,388	(606)
Movement in technical reserves	1,021	(334)	687	(132)
Contribution received from Shareholder's Fund	-	-	-	-
Qard-e-Hasna contributed to Participants' Takaful Fund	-	-	-	-
Balance of Operator's Fund at Beginning of the Period	16,874	27,425	44,299	31,917
Balance of Operator's Fund at End of the Period	21,028	30,346	51,374	31,180

20. FAIR VALUE

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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 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 for which fair value is only disclosed and is different from their carrying value:

	As of March 31, 2021		
	Fair value measurement using		
	Level 1	Level 2	Level 3
	----- (Rupees in '000) -----		
Government securities (fair value only disclosed)	-	198,251	-
Government securities (measured at fair value)	-	37,507	-
Open end mutual funds (measured at fair value)	14,085	-	-
	14,085	235,758	-

	As of December 31, 2021		
	Fair value measurement using		
	Level 1	Level 2	Level 3
	----- (Rupees in '000) -----		
Government securities (fair value only disclosed)	-	197,458	-
Government securities (measured at fair value)	-	40,204	-
Open end mutual funds (measured at fair value)	14,178	-	-
	14,178	237,662	-

21. GENERAL

Figures have been rounded off to the nearest thousands.

22. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company on **April 20, 2022**.

Chairman

Chief Executive
Officer

Director

Director

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The Board of Directors of the Company are pleased to present the unaudited financial statements for the first quarter ended March 31, 2022.

BUSINESS REVIEW

The Company has shown growth in its bancassurance and digital health and corporate life insurance business line. Gross Premium for the three months period ended on March 31, 2022 was recorded at Rs. 104 million.

Due to material shift of business from Corporate Health sector, which had major share of the book up till last year and had an average deal size higher than life insurance, the topline has shown negative growth (67%) but admin expenses have shown tremendous improvement (15% respectively).

The life business comprised of 67% of the total GWP. Further, the corporate business comprised of 64% of the total GWP.

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

Based on the above, the management and the Board of Directors of the Company are confident that the Company will continue to operate on sustainable basis.

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

Statutory Funds	Gross Premium / Contribution Rs. in "000"		
	2022	2021	Variance %
Individual Life unit Linked	2,255	2,525	-11%
Group Life Business	58,977	72,023	-18%
Accident & Health Business	31,385	203,974	-85%
Group Family Takaful	8,749	9,998	-12%
Accident & Health Business – Takaful	2,845	27,205	-90%
Total	104,211	315,725	-67%



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

	Three months ended March 31	
	2022	2021
	Rupees in '000	
Gross Premiums	104,211	315,725
Gross Claims	68,203	253,704
Policy Acquisition Cost	3,677	47,968
Management and other Expenses	71,384	84,040
Investment and other (loss) / income	(17,097)	14,182
Movement in Policyholder Liabilities	(17,716)	4,728
Loss after tax	(67,600)	(60,772)
EPS (In Rupees)	(0.39)	(0.46)

The after tax loss for the period was Rs. 67 million (2021: loss of Rs. 61 million). Major contributors are the decline in corporate health business and loss on redemption of equity investment. The Company is otherwise constantly reviewing its major cost centers and realigning business / operational strategies to reign in major cost heads, which is evitable from the decline in acquisition cost and administrative expenses in this quarter as compared to last.

The company paid total health and life claims of Rs. 105 million during the period with health claims to the tune of Rs. 83 million and life insurance claims of Rs. 22 million.

The Company has a reinsurance arrangement with Hannover Re and AXA 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) by PACRA.

COMPANY AND ECONOMY OUTLOOK

The economy of Pakistan is currently confronting critical challenges viz. impact global COVID, the recent Russian invasion of Ukraine; pressure on dollar and enhanced bank rate at 12.25%; coupled with ouster of Imran Khans government. Trade deficit currently stands at \$3.1b whilst inflation has toughed 12.2% in February.

Life insurance industry is facing various challenges, the most important of which is the imposition of provincial sales taxes on the business of life and health insurance as well as on commission of insurance agents. In a country like Pakistan having one of the lowest insurance penetrations in the world, the support from the Government for the development of insurance sector will play a key role in increasing penetration and resolving the current issues being faced. Company, along with other life insurance companies, has filed constitutional petition and writ petition respectively in



High Court of Sind and Lahore High Court challenging the levy of sales tax on life and health premium.

With a refocused approach towards scaling Retail & Life business for the year 2022, the Company has performed relatively for the first quarter 2022.

The Company however continues being a front runner in tech led solutions within the Pakistani market and is ideally positioned to capitalize on the future market distribution models & growth through its upcoming platforms & new collaborations. The company is all set to be introducing an aggressive go-to-market strategy and increase awareness about insurtech solutions.

For the retail line of business, the Company will focus on increasing its digital footprint and will continue to explore & sign new partnerships with digital platforms that will enable accelerated penetration as well as diversification of risk for the company. Alternate retail channels, Bancassurance and fintech channels will be core development areas for the remaining quarters of the year.

The Corporate business will continue to focus on balancing portfolio profitability by regularly reviewing claims experience and retaining profit bearing corporate life relationships. The Company continues to look ahead on tapering off the health insurance risk that will be tapered off till Q2 2022. Company continues towards the retention of clients in corporate life insurance domain especially in profitable buckets and review its loss making clients portfolio on regular basis.

The Company's Takaful line of business has performed consistently and it is expected to grow with bancatakaful partnerships launching further products in retail / digital domain.

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

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

ACKNOWLEDGMENT

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

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

For and on behalf of the Board

Chairman

Karachi, April 20, 2022