

ANNUAL REPORT 2014

IGI for Life



IGI | Life

MetLife Alico Pakistan is now IGI | Life



On 10th April, 2014, with the acquisition of **American Life Insurance Company (Pakistan) Limited**, IGI has re-entered into Life insurance under the banner of **IGI Life Insurance Limited**. IGI Life combines over 200 years of collective heritage of Packages Group and MetLife.

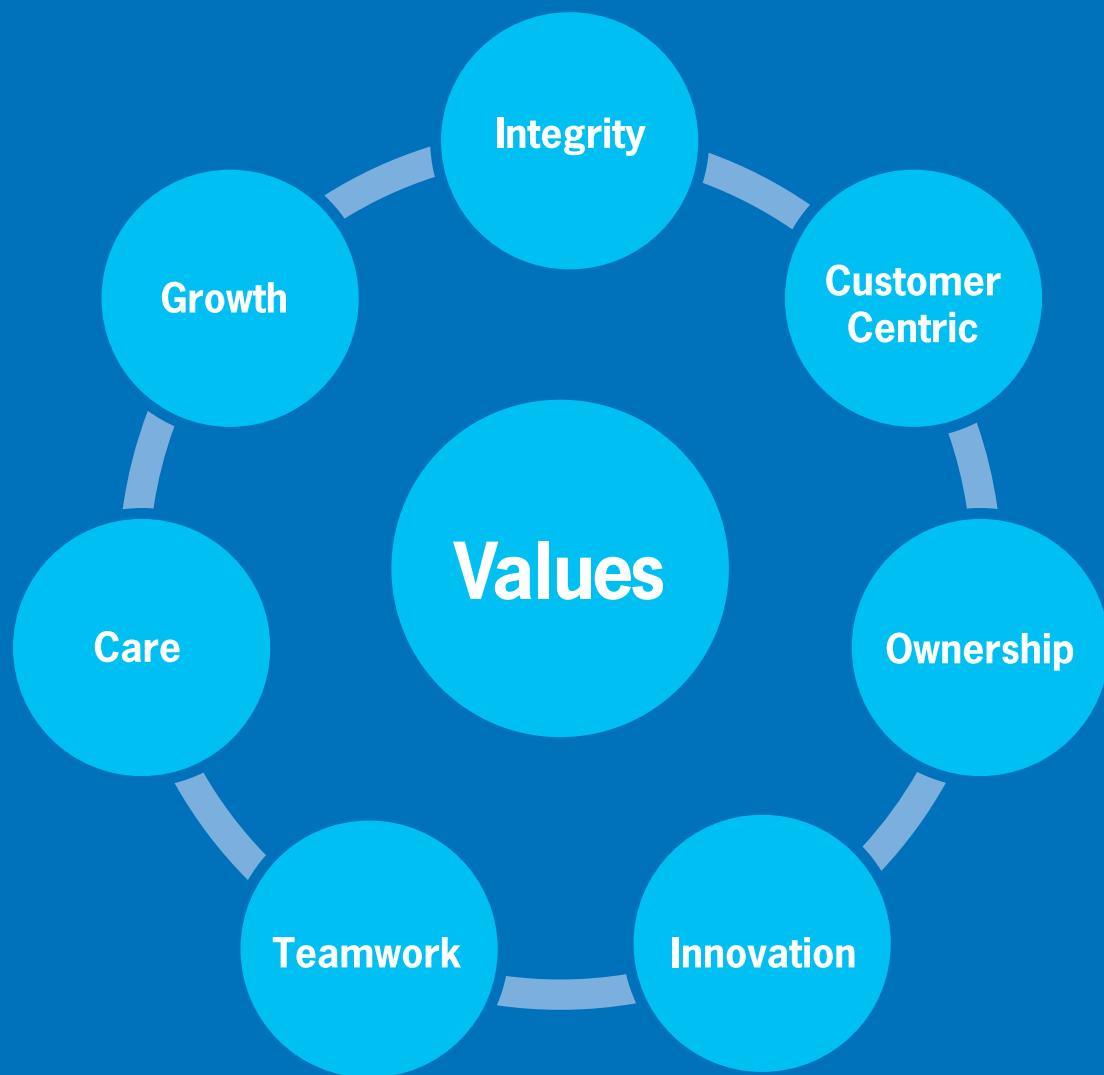
International General Insurance Company of Pakistan Limited (IGI), the flagship organization of the Packages Group, was established in 1953. It is listed on the Karachi and Lahore Stock Exchanges and is presently one of the leading quoted insurance companies of Pakistan with its AA rating for the last 13 years from PACRA. IGI has a market value of assets over PKR 13.5 billion as of December 2013.

MetLife is a leading global provider of insurance, annuities and employee benefits, serving 90 million customers in over 45 countries. With over 146 years of experience, MetLife is a leading innovator and a recognized leader in protection planning and retirement and savings solutions around the world.

American Life Insurance first started its operation in Pakistan in 1952 and continued till 1972 when the life insurance industry was nationalized. By 1972, it had issued 72,000 policies and had invested more than US\$36 million in the country's economy. In 1994, American Life Insurance was the first foreign life insurer to re-enter Pakistan. American Life Insurance brought to Pakistan an extensive international expertise and cutting edge technology being used in the most developed markets.

Believing in fair play and an adherence to high ethical standards, IGI Life will provide consumers and businesses with life insurance, accident and health insurance, retirement planning, and wealth management solutions.

At IGI Life, our covenant with the customers is to always provide the best risk management services in Pakistan. Thus, we continue to achieve success through a total commitment to customer satisfaction, a highly professional attitude towards underwriting risk and prudent management practices. By developing a long-term relationship with our clients, we strive to create value for our customers and shareholders alike.



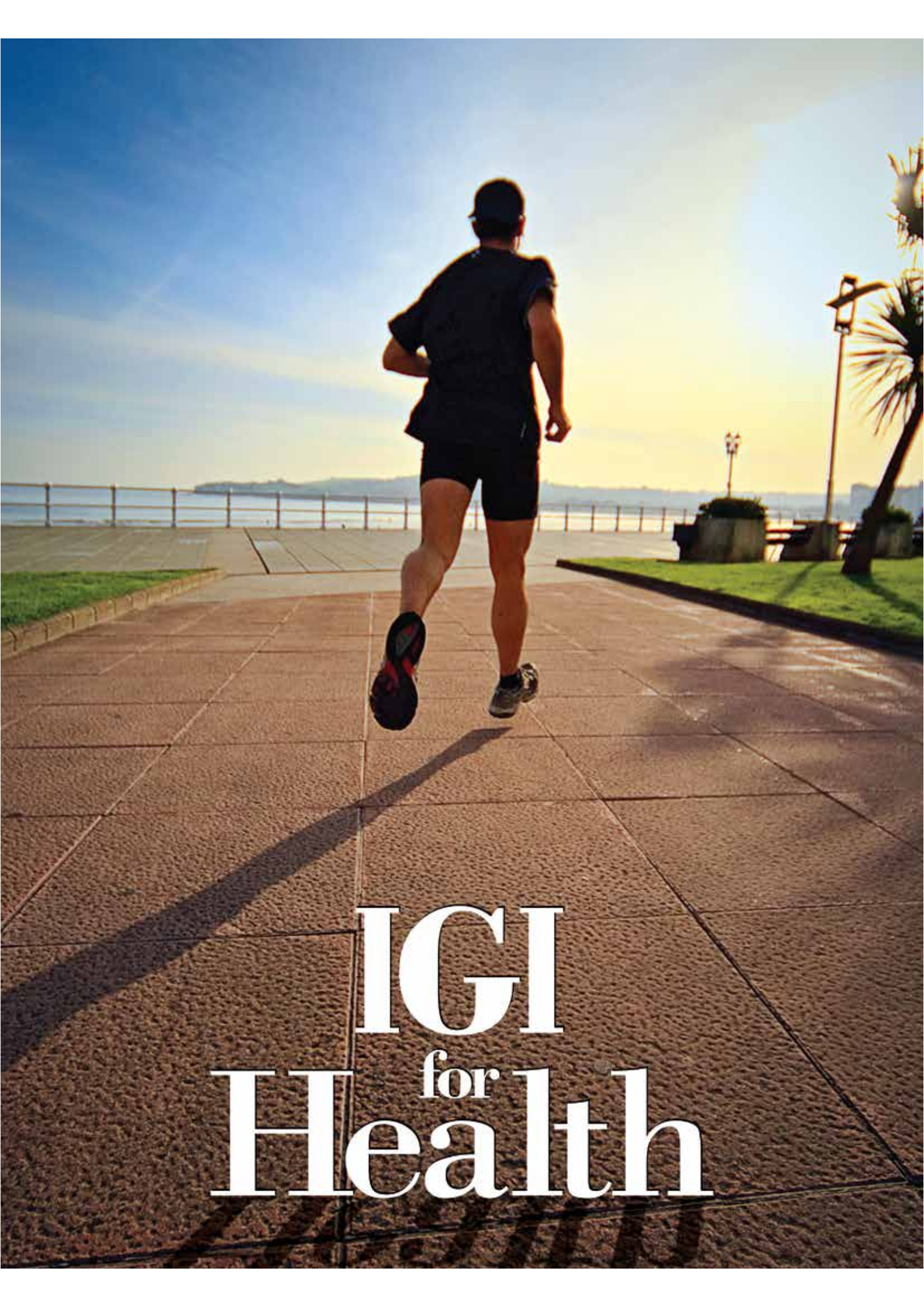
IGI | Life

VISION

Assure financial future today
for a better tomorrow

What We Do

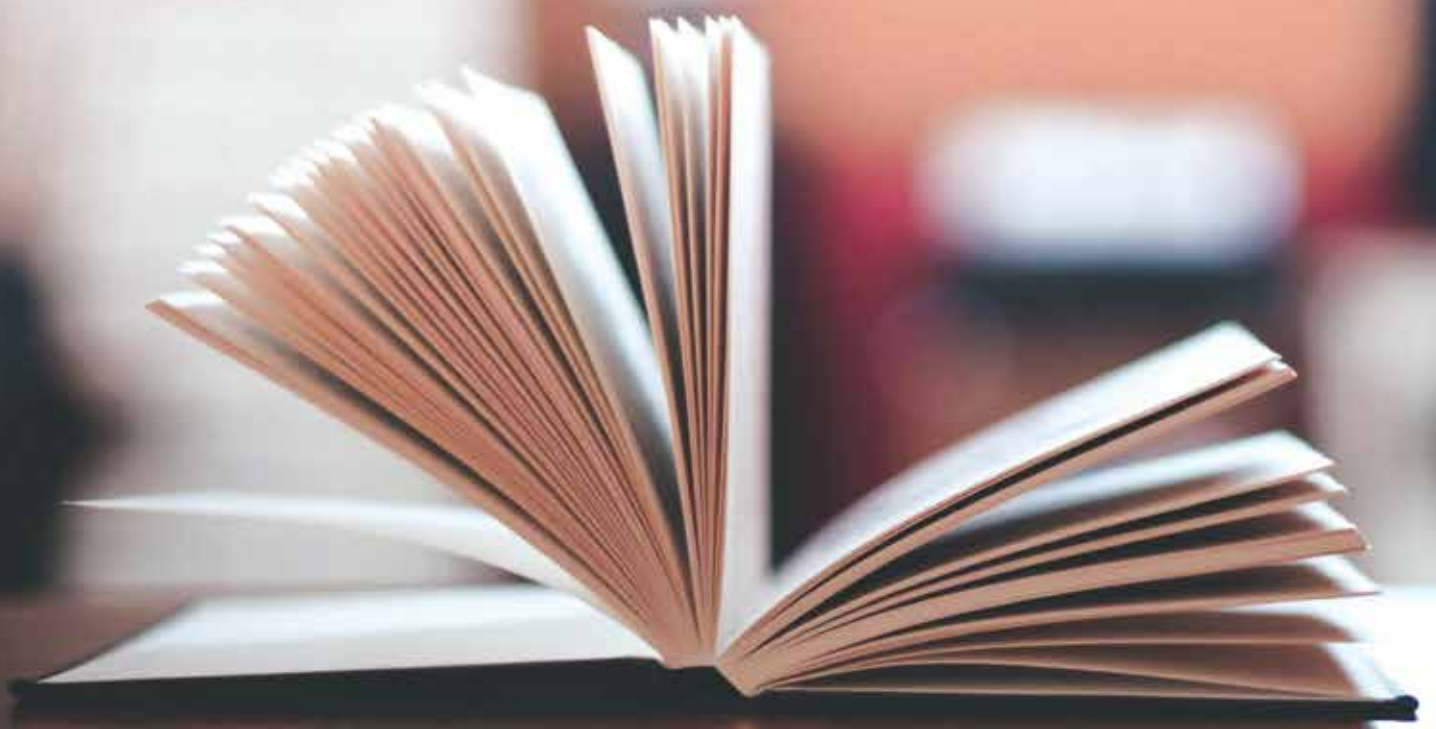
IGI Life provides innovative life and health insurance as well as investment solutions through groundbreaking innovation and exemplary customer service, leveraging different distribution channels.



IGI for Health

The wellbeing of our loved ones is our foremost priority and we aim to facilitate them with nothing but the best. IGI Life offers you a range of Accident and Health plans which are specifically designed to provide timely healthcare to you and your family.

Assuring financial future today
for a better tomorrow



IGI
for
Education



The present day and age requires our children to receive the best education in order to face the challenges of society. IGI Life offers you a comprehensive savings plan for your child's higher education that lets you make the right choices for security and stability of their future.

Assuring financial future today
for a better tomorrow

A vibrant beach scene under a bright blue sky with scattered white clouds. In the foreground, a sandy beach is dotted with a single orange starfish on the left and a yellow lounge chair with a wooden frame on the right. The ocean waves are visible in the middle ground. A seagull is perched on top of a large white sign that reads "IGI for Retirement".

IGI
• for
Retirement

Life is full of uncertainties, which is why planning years ahead can help you secure your future and let you live your life to the fullest. IGI Retirement Plan secures you during your golden years with a flexible life security plan that provides multiple saving strategies and generous loyalty bonuses.

Assuring financial future today
for a better tomorrow

A romantic dinner table setting with a gold tablecloth, lit candles, wine glasses, and bouquets of roses in various colors (yellow, pink, red, orange). The background is softly blurred with warm lighting.

IGI
for
Marriage

A daughter's marriage is one of the most momentous occasions in the parents' lives and they make every possible effort to fulfill the wishes of their child. IGI life empowers you financially to make your daughter's dreams come true and her wedding the most special event of her life.

Assuring financial future today
for a better tomorrow

TIME LINE

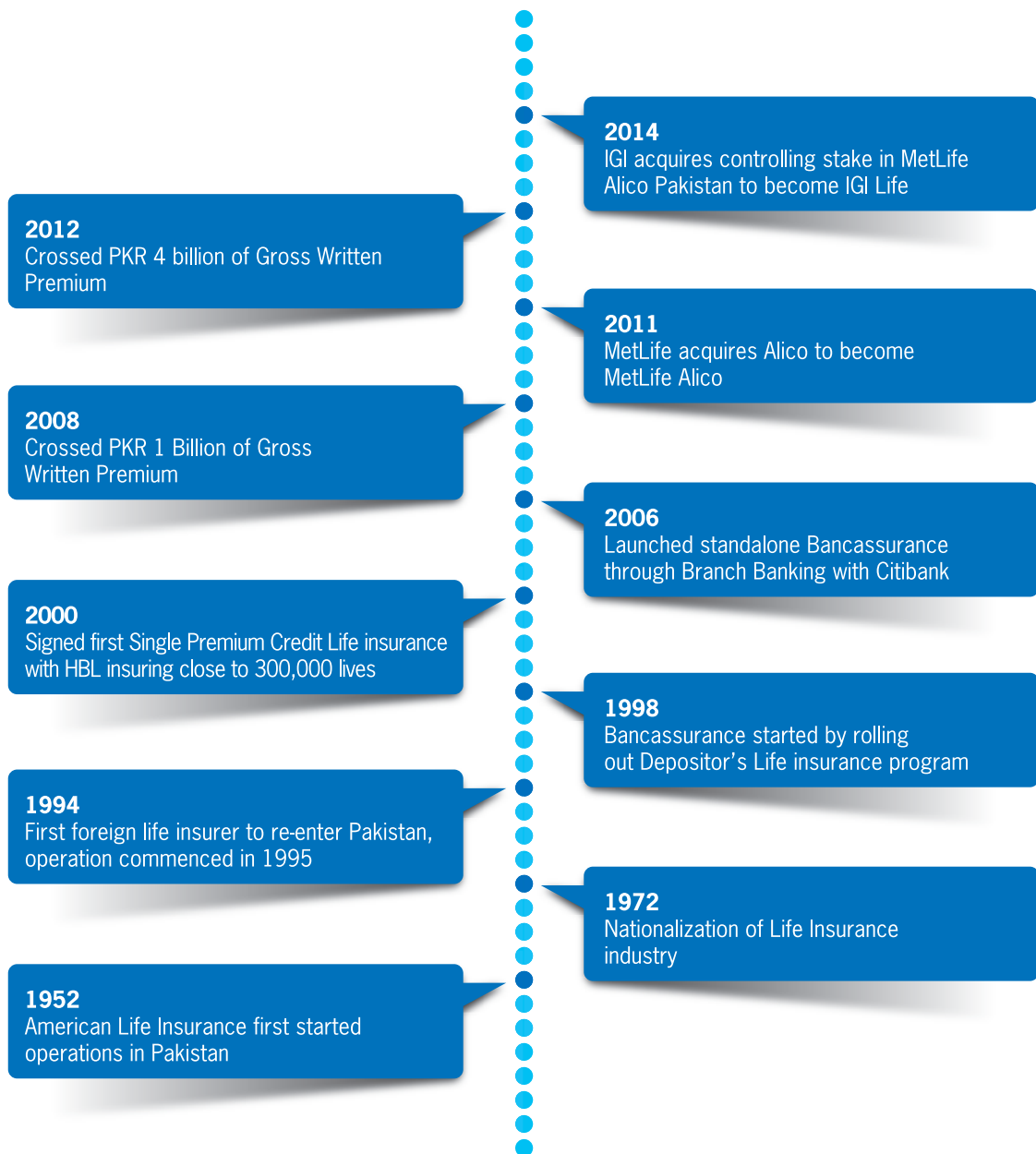
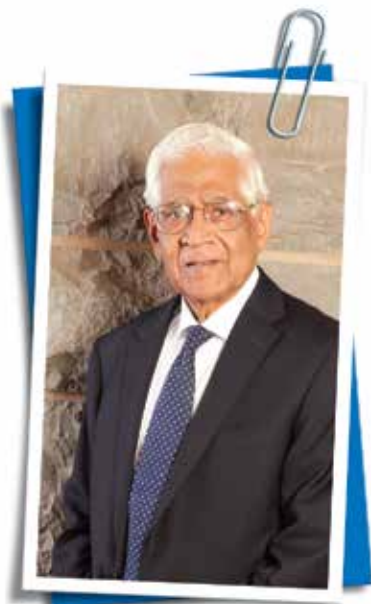


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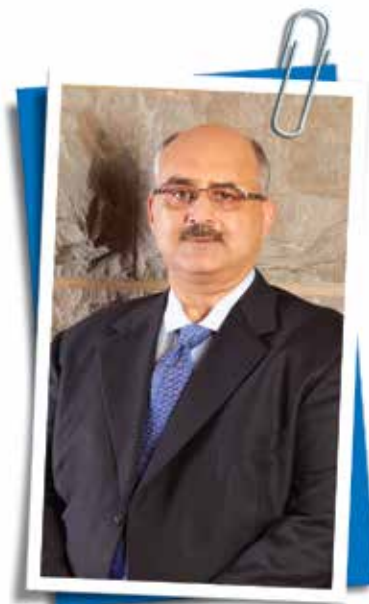
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BOARD OF DIRECTORS



SHAMIM AHMAD KHAN
Chairman

Mr. Shamim Ahmad Khan is the Chairman and Non-Executive director of the company. While serving as a civil servant, he held important public positions including those of Secretary, Ministry of Commerce and Chairman, Securities and Exchange Commission of Pakistan. He is presently serving as non-executive director of a number of listed companies namely, IGI Insurance, Packages and Abbott Laboratories, Pakistan. He is also associated with a number of nonprofit organizations. He is a member of Board of Governors of Sustainable Development Policy Institute as well as non-executive director of Karandaaz, a DFID sponsored nonprofit company and a member of Advisory Committee of Centre for International Enterprise.



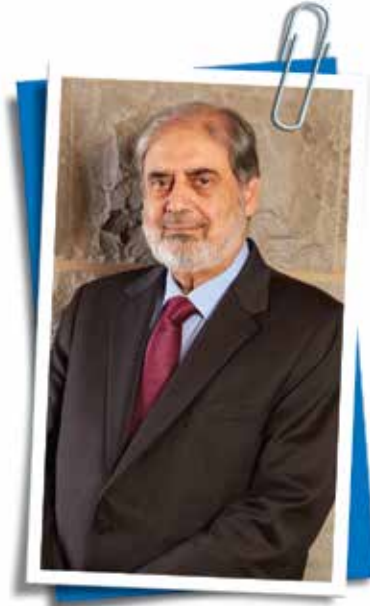
SYED HYDER ALI
Chief Executive Officer

Syed Hyder Ali is the Chief Executive Officer and Executive Director of the company. He is also the Chief Executive and Managing Director, Packages Ltd., Lahore, Pakistan. He graduated from University of Michigan, USA with a Bachelor of Science degree in Chemical Engineering in 1979. He completed his Master of Science in June 1981, specializing in Paper Chemistry from The Institute of Paper Chemistry, Lawrence University of Wisconsin, USA. In 1997, Mr. Ali also attended the program for Management Development at the Harvard Business School, Boston, USA. Mr. Ali serves on the Board of a number of companies like Bulleh Shah Packaging Private Ltd, IGI Insurance Ltd, Nestle Pakistan Ltd, Packages Lanka Pvt. Ltd, Sanofi-Aventis Pakistan Ltd, Tetra Pak Pakistan Ltd, Tri-Pack Films Ltd, KSB Pumps Company Ltd, and International Steels Ltd.



MUHAMMAD AMINUDDIN
Deputy Chief Executive Officer

Muhammad Aminuddin is the Executive Director and Deputy CEO of IGI Life and he has completed his Masters in Business Administration from Institute of Business Administration, Pakistan. He has over 20 years of experience in the banking industry and has served as Global Head of Oil & Gas Desk, Global Commodity Finance at ABN AMRO London and Amsterdam. He was also the Head of Portfolio & Risk Management at RBS London. Besides being the Global Chief Operating Officer, Trade at Barclays Corporate, London, he has put in a stint as Interim Regional Head Africa Trade & Working Capital ABSA. Subsequently, he was the Global Head Business Development at Barclays Corporate, London.



SYED YAWAR ALI

Syed Yawar Ali is associated with the company as a Non – Executive Director. He was educated at Aitchison College Lahore and got his Bachelors in Chemical Engineering and Masters in Management Science from the Stevens Institute of Technology in New Jersey (USA). He also completed the Advance Management Program from Harvard Business School in 1992. He is currently the Chairman of Nestlé Pakistan Limited, Wazir Ali Industries Limited, Agricultural Development Bank of Pakistan. He is also a Member of United Nations Committee on Contributions and member of World Bank’s Regional Trade Body. He has also been on the Board of Directors of State Bank of Pakistan and Chairman of Lahore Electric Supply Company.

BOARD OF DIRECTORS



MOHAMMAD KAMAL SYED

Mohammad Kamal is associated with the company as an Independent Director. He is also the Managing Director of Coutts & Co. He has a breadth of international experience spanning Investment Banking and the Fund Management industry. Prior to Coutts, he was CEO and founder of hedge fund group Axiom, and CEO of a leading multi-family office, MaxCap Partners. He spent nearly two decades working in Investment Banking in senior roles including Managing Director and Regional Head of Asia- Pacific at Barclays Capital. He was also Deputy Head of Global Derivatives and a member of the Management and Operations Committees of Barclays Capital. Subsequently, he ran Bank of Tokyo-Mitsubishi UFJ's investment bank and was Chairman of the Executive Committee and member of the Executive Board.



TAHIR MASAUD

Mr. Tahir Masaud is associated with the company as a Non-Executive Director. He is also the Chief Executive Officer of IGI Insurance Limited. He brings with him over 17 years of rich and varied experience gained in senior leadership positions within the general insurance sector in Pakistan and United Kingdom. He is a Chartered Insurer with an Advanced Diploma in Insurance (ACII) from Chartered Insurance Institute, United Kingdom. He has completed his post graduation in Computer Sciences and Business Administration from Lahore University of Management Sciences (LUMS), Pakistan. He has also attended numerous professional development programs in Pakistan, United Kingdom and Germany.



KHURRAM RAZA BAKHTAYARI

Khurram Raza Bakhtayari is associated with the company as a Non – Executive director. He did his Bachelors in Commerce in 1997 from the Hailey College of Commerce, University of the Punjab, Lahore. He completed his Chartered Accountancy in 2002 from the Institute of Chartered Accountants of Pakistan and became the fellow member of the Institute in January 2013. He is the Chief Financial Officer of Packages Limited. He holds directorship of Bulleh Shah Packaging (Private) Limited, DIC Pakistan Limited, Maxim Feeds (Private) Limited, Packages Lanka (Private) Limited, IGI Investment Bank Limited and various other companies.

CORPORATE INFORMATION



BOARD OF DIRECTORS

Shamim Ahmad Khan	Chairman	Non-Executive Director
Syed Hyder Ali	Chief Executive Officer	Executive Director
Muhammad Aminuddin	Deputy Chief Executive Officer	Executive Director
Syed Yawar Ali	Director	Non-Executive Director
Tahir Masuad	Director	Non-Executive Director
Khurram Raza Bakhtayari	Director	Non-Executive Director
Muhammad Kamal Syed	Director	Independent Director

COMPANY SECRETARY

Haider Raza *APFA*

CHIEF FINANCIAL OFFICER

Syed Fahad Subhan *ACA*

APPOINTED ACTUARY

Ali Nadim *FSA*

HEAD OF INTERNAL AUDIT

Rashid Ahmed *MBA, CICA*

COMPLIANCE OFFICER

Nizar Somani *APFA, CICA*

LEGAL ADVISOR

SurrIDGE & Beecheno

AUDITOR

M. Yousuf Adil Saleem & Co. Chartered Accountants,
Member of Deloitte Touche Tohmatsu Limited (DTTL)

INTERNAL AUDITOR

Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants

BANKS

MCB Bank Limited
Habib Bank Limited
Standard Chartered Bank (Pakistan) Limited
Meezan Bank Limited
National Bank of Pakistan Limited
NIB Bank Limited
Bank Al-Habib Limited
Barclays Bank PLC, Pakistan
Summit Bank Limited
Bank Alfalah Limited
KASB Bank Limited

SHARE REGISTRAR

FAMCO Associates (Pvt) Ltd 8-F, Next to Faran Hotel,
Block 6, P.E.C.H.S. Shahrah-e-Faisal, Karachi.
Tel: (9221) 34380101-5 Fax: (9221) 34380106

REGISTERED OFFICE

Floor 13, Dolmen Executive Tower,
Marine Drive, Block 4, Clifton,
Karachi 75600.
Tel: (9221) 35360040
Website: www.igilife.com.pk

MANAGEMENT PROFILE



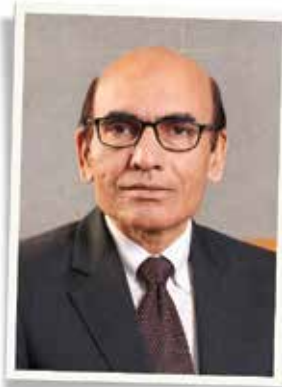
Syed Hyder Ali
Chief Executive Officer



Muhammad Aminuddin
Deputy CEO



Faisal Younus Bawany
Group Head of IT



Khaled Salam Agha
Chief Underwriting Manager



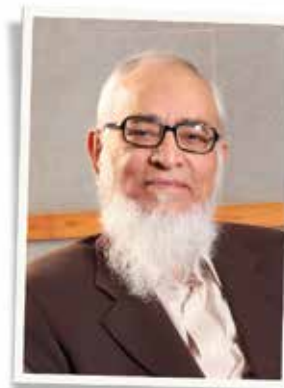
Kaiffee Siddiqui
Group Head of Human Resources



Syed Fahad Subhan
Chief Financial Officer



Muhammad Danial Khan
Manager Actuarial Services



Shahid Siddiqui
Operations Consultant

MANAGEMENT PROFILE



Taseer Y. Makhdoom
Director Agency Services



Nadeem Rehman Malik
*Chief Marketing Officer &
Head of Corporate Solutions*



Dr. Bakht Jamal
Head of Takaful



Irfan Amir
Manager Administration



Syed Ghous Mohyuddin
Head of Agency Operations



Nizar Somani
Compliance Officer



Haider Raza
Company Secretary



Sayed Azharuddin
Manager Claims

EXISTING IN TIMES OF NEED

Being one of the pioneers of providing Pakistan with life insurance, IGI Life is striving towards a better and stronger management by making itself available in most of the cities of Pakistan. Having a widespread network of IGI presence, we are making sure to be there in your times of need always.





IGI'S PRESENCE

BHAUN ROAD - CHAKWAL BRANCH

Floor 1, Al-Mahmood Centre, Near Islamia High School, Islamia Chowk, Bhaun Road, Chakwal
Tel: 0543-600994
Fax: 0543-600995
E-Mail: chakwal.branch@igi.com.pk

FAISAL COMPLEX - FAISALABAD BRANCH

Floor 2, Faisal Complex, Bilal Road, New Civil Lines, Faisalabad
Tel: 041-2618914
Fax: 041-2614761
E-Mail: fsd.arifagency@igi.com.pk

D-GROUND - FAISALABAD BRANCH

Floor 2, F. M. Plaza 15-D, D- Ground, Peoples Colony, Faisalabad
Tel: 041-8549540
Fax: 041-8549538
E-Mail: fsd.shakeelagency@igi.com.pk

G.T ROAD - GUJRANWALA BRANCH

Floor 4, Trade Centre, G. T. Road, Gujranwala
Tel: 055-4224454
Fax: 055-4444467
E-Mail: guj.asifagency@igi.com.pk

GHOURI CENTRE - GUJRANWALA BRANCH

Floor 3, Ghouri Centre, G. T. Road, Gujranwala
Tel: 055-3843585
Fax: 055-3843583
E-Mail: guj.directagency@igi.com.pk

G.T. ROAD - GUJRAT BRANCH

Floor 2, Faisal Plaza, G. T. Road, Gujrat
Tel: 053-3537091
Fax: 053-3523320
E-Mail: grt.ashrafagency@igi.com.pk

HYDERABAD BRANCH

Floor 2, Badri Manzil, C. S. # F-17, Risala Road, Hyderabad
Tel: 022-2783168
Fax: 022-2783168
E-Mail: hyderabad.branch@igi.com.pk

LAHORE – REGIONAL HEAD CENTRAL'S OFFICE

Floor 3, Al-Malik Plaza,
19-Davis Road, Lahore
Tel: 042-111-111-711
Fax: 042-36375589
E-Mail: zurre.atta@igi.com.pk

DAVIS ROAD - LAHORE BRANCH

Floor 3, Al-Malik Plaza,
19-Davis Road, Lahore
Tel: 042- 36302957
Fax: 042-36375589
E-Mail: lahore.main@igi.com.pk

WALTON ROAD- LAHORE BRANCH

Floor 1, 18-Main Walton Road,
Upper National Bank, Lahore Cantt.
Tel: 042-36626895
Fax: 042-36626750
E-Mail: lhr.adilagency@igi.com.pk

FEROZEPUR ROAD – LAHORE BRANCH

Floor 3, Rasheed Arcade,
204 – Ferozpur Road, Lahore.
Tel: 042-37594932
Fax: 042-37594934
E-Mail: lhr.rajaagency@igi.com.pk

MULTAN – REGIONAL HEAD MULTAN'S OFFICE

Floor 2, Khawar Centre,
Near S. P. Chowk, Nusrat Road,
Multan Cantt, Multan
Tel: 061-4517972
Fax: 061-4574043
E-Mail: kashif.riffat@igi.com.pk

MULTAN BRANCH

Floor 2, Khawar Centre,
Near S. P. Chowk, Nusrat Road,
Multan Cantt, Multan
Tel: 061-4574044
Fax: 061-4574043
E-Mail: multan.branch@igi.com.pk

RAWALPINDI – REGIONAL HEAD NORTH'S OFFICE

Floor 3, Umar Plaza, B-134,
Murree Road, Near Chandni Chowk,
Rawalpindi
Tel: 051-4572144
Fax: 051-4419395
E-Mail: khurram.awan@igi.com.pk

MURREE ROAD - RAWALPINDI BRANCH

Floor 2, Umar Plaza, B-134,
Murree Road, Near Chandni Chowk,
Rawalpindi
Tel: 051-4571360
Fax: 051-4571360
E-Mail: rwp.rustamagency@igi.com.pk

JINNAH AVENUE - ISLAMABAD BRANCH

Floor 4, East Dhody Building, Plot # 52,
Jinnah Avenue, Blue Area, Islamabad
Tel: 051-2878165
Fax: 051-2604994
E-Mail: islamabad.branch@igi.com.pk

SIALKOT BRANCH

Floor 1, Suit 7 & 8, Soni Square,
Khadim Ali Road, Mubarik Pura, Sialkot
Tel: 052-3259422
Fax: 052-3259424
Email: sialkot.branch@igi.com.pk

KARACHI – REGIONAL HEAD SOUTH'S OFFICE

Floor – 5, Room No. 512, Madina City Mall,
Abdullah Haroon Road, Saddar, Karachi
Tel: 021-35223735
Fax: 021-35651541
E-Mail: ali.mahar@igi.com.pk

MADINA CITY MALL – KARACHI BRANCH

Floor – 5, Room No. 522, Madina City Mall,
Abdullah Haroon Road, Saddar, Karachi
Tel: 021-35651534
Fax: 021-35651538
E-Mail: khi.babaragency@igi.com.pk

SHAHRAH-E-FAISAL – KARACHI BRANCH

Room No. 701, Park Avenue,
Shahrah-E-Faisal, Block-6, P.E.C.H.S., Karachi
Tel: 021-34312079
Fax: 021-34312079
E-Mail: khi.akbaragency@igi.com.pk

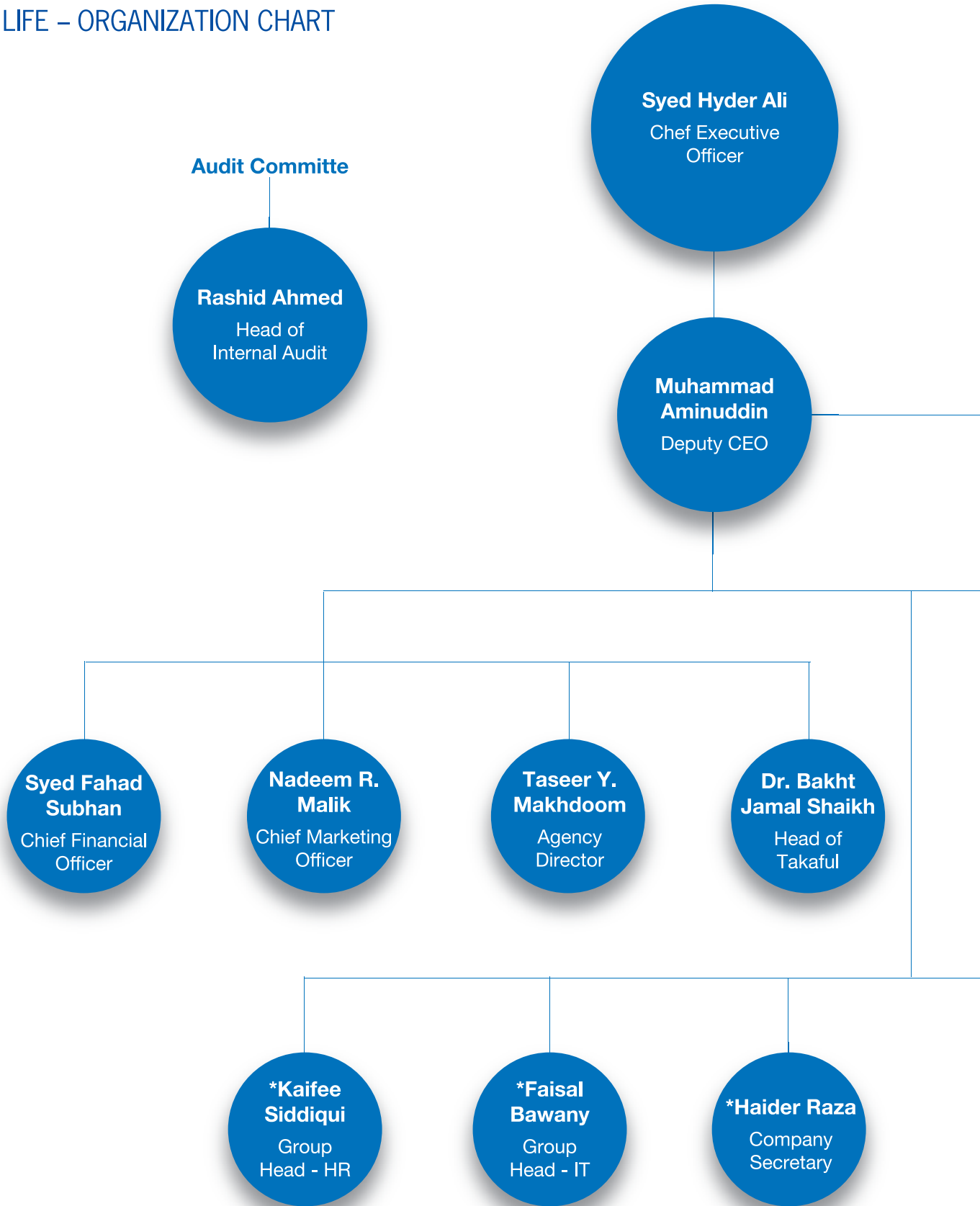
RASHID MINHAS ROAD – KARACHI BRANCH

Floor 2, Agha Khan Lab, Block 10-A,
Commercial Plot # 5, Rashid Minhas Road,
Gulshan-E-Iqbal, Karachi
Tel: 021-34802496
Fax: 021-34802494
E-Mail: khi.saimaagency@igi.com.pk

KASUR BRANCH

Floor 1, Upper Floor Ztbl Bank, Minhas Colony
Liaqat Road, Near Ranger Public School, Kasur
Tel: 049-2760984
Email: kasur.branch@igi.com.pk

IGI LIFE – ORGANIZATION CHART



*Group Shared Services

Board of Directors



BOARD COMMITTEES



AUDIT COMMITTEE

Muhammad Kamal Syed (Chairman)
Syed Yawar Ali (Member)
Khurram Raza Bakhtayari (Member)
Haider Raza (Secretary)

UNDERWRITING COMMITTEE

Syed Hyder Ali (Chairman)
Muhammad Aminuddin (Member)
Tahir Masuad (Member)
Khaled S. Agha (Secretary)

INVESTMENT COMMITTEE

M. Kamal Syed (Chairman)
Muhammad Aminuddin (Member)
Syed Hyder Ali (Member)
Syed Yawar Ali (Member)
Khurram Raza Bakhtayari (Member)
Muhammad Amin (Secretary)

REINSURANCE COMMITTEE

Syed Hyder Ali (Chairman)
Muhammad Aminuddin (Member)
Tahir Masuad (Member)
M. Kamal Syed (Member)
Muhammad Danial Khan (Secretary)

HUMAN RESOURCES & REMUNERATION COMMITTEE

Syed Yawar Ali (Chairman)
Muhammad Aminuddin (Member)
Tahir Masuad (Member)
Syed Hyder Ali (Member)
Kaifee Siddiqui (Secretary)

CLAIMS COMMITTEE

Shamim Ahmed Khan (Chairman)
Muhammad Aminuddin (Member)
Syed Yawar Ali (Member)
Tahir Masuad (Member)
Sayeed Azharuddin (Secretary)

The “Values” and “Principles” that the organization has developed over the years are adhered to by all employees within the organization.

Following are some salient features of the code of conduct:

The company’s operations and activities will be carried out in compliance with the law, regulations, statutory provisions and ethical integrity. All IGI employees are committed to fulfill their duties with utmost sincerity and fairness.

In conducting its business, IGI is inspired by acts in accordance with the principles of loyalty, fairness, transparency and efficiency.

All employees of IGI avoid conflict of interest while conducting IGI’s business and ensure that their judgment is not influenced whenever there is a prospect of direct or indirect personal gain.

The employees of IGI should not take advantage of the Company’s information or property for personal gains. Any member of IGI shall not disclose or reveal any information which is confidential in nature or any such information which may benefit the employee directly or indirectly.

The members of IGI are forbidden to pass on inside information at any time to any other person, inside or outside the company. Inside information refers to information about IGI, its business, or any other companies doing business that is generally not known to the public, but if known would affect the price of a company’s shares or influence a person’s investment decisions.

IGI has a culture of zero tolerance towards fraud and maintains the highest standards of prevention, detection and remediation. All IGI staff members are responsible for ensuring strong, robust and effective fraud control.

The employee shall not use company resources for the benefit of political parties or any association directly or indirectly connected to a political party.

It is the responsibility of all IGI members while dealing with government agencies, external agencies, suppliers, consultants and individuals to exercise good judgment, so as to act in a manner that will not damage the integrity and reputation of the organization.

Every employee of IGI has the right to work in an environment that is free from harassment, whether it is based on a person’s race, color, ethnic or national origin, age, gender or religion.

IGI is an equal opportunity employer. All phases of the employment relationship including recruitment, promotion, compensation, benefits, transfers, layoff and leaves are carried out by all managers without regard to race, color, ethnic and national origin, age, gender or religion.

All employees are responsible for the security of authorized access to and proper use of IGI physical and intangible assets any third party assets in custody with an employee.

DIRECTORS' REPORT TO THE MEMBERS

The Directors of your Company take pleasure in presenting to you the 20th Annual Report of the Company along with the audited financial statements for the year ended December 31, 2014.

On April 10 2014, IGI Insurance Limited assumed control of the Company by acquiring 69.677% of the issued and paid up capital of the Company from its majority shareholder ALICO USA (a Company incorporated under the laws of the State of Delaware, United States of America). After meeting regulatory requirements, the name of the Company was changed to IGI Life Insurance Limited with effect from June 12, 2014. Your Company is now a subsidiary of IGI Insurance Limited.

COMPANY PERFORMANCE REVIEW 2014

PROFITABILITY

Your Company has delivered better financial performance by generating a surplus of Rs. 204 million, 11% higher as compared to last year. After accounting for the Shareholders' Fund, your Company made a before tax profit of Rs. 287 million (2013: Rs 261 million), reflecting increase of 10% compared to last year.

Profit / Loss	2014	2013
	(Rs. in 000')	
Net Surplus of statutory funds	204,497	184,651
Profit before appropriation of surplus to Shareholders' Fund	82,615	76,897
Taxation	27,263	38,045
	(in Rupees)	
Earnings per share	1.11	1.48
Return per share before tax (including surplus in revenue account)	5.74	5.23
Break-up value per share (including amount retained in the statutory funds to meet the requirement of Insurance Ordinance)	25.61	21.88

APPROPRIATIONS

In accordance with the recommendation of the appointed actuary to the Board, the Board has approved capital transfer of Rs. 95 million from Shareholders' Fund to Statutory Funds. Although the aggregate solvency margin before the said transfer is significantly higher than the required solvency margin, the management decided to ensure fund wise solvency as a prudent measure. It may be stated that Securities and Exchange Commission of Pakistan (SECP) had granted special exemption to your Company from maintaining fund wise solvency.

GROSS PREMIUMS

In 2014, first year premium and renewals on individual policies increased by 23% and 8% respectively compared to last year. Company's group business also registered a growth of 30% during the current year. Premium on investment linked single premium policies declined by 89% during the current period which is mainly on account of realignment of Company's investment linked business.

A brief overview of fund wise gross premiums is as follows:

Individual Life and Accident & Health

During the current year gross premium increased on individual life (other than investment linked business) by 11% compared to last year. First year premium on individual life (other than investment linked business) increased by 20% during the current year. Renewals also registered an increase of 7% during the current year compared to last year.

Group Business

Your Company's Group Life and Group Accident and Health business has also registered a growth of 12% and 11% respectively during the current period compared to last year.

DIRECTORS' REPORT TO THE MEMBERS

Investment Linked Business

First year premium on investment linked business registered a growth of 28% during the current year. Renewals also registered an increase of 8% during the current year compared to last year. However, the single premium investment linked policies declined by 89% during the current year.

CLAIMS

The Company places strategic focus on efficient settlement of claims. Over the years, your Company has been consistently improving its claims settlement processes to introduce better controls over claim administration and to reduce turnaround time.

In the current year 2014, the Company paid death claims of Rs. 142 million (2013: Rs.177 million).

INVESTMENTS

Your Company maintains a strong balance sheet size with an investment portfolio of Rs. 10.3 billion representing 87% of the total assets of the Company.

Considering the nature of our life insurance products, the investment portfolio of Shareholders' Fund and Statutory Funds (other than investment linked) comprises mainly of government securities. During the year, the Company performed a review of the investment portfolio with a view to understand the characteristic, risk appetite, duration, and return and liquidity requirements of each Statutory Fund. Based on this analysis, the Company decided to rebalance its investment portfolio and dispose of around 50% of the government securities portfolio and reinvested the proceeds into longer duration government securities. This has led to an overall increase in the average rate of return on investments compared to last year.

UNDERWRITING, REINSURANCE AND RISK MANAGEMENT

Your Company continues to adhere to its prudent underwriting policy. The Company has made significant investment in the underwriting function to further strengthen its Human Capital, Technology and Infrastructure.

Your Company follows a policy for optimizing retention of risk through a carefully designed program of reinsurance. The Company has put in place reinsurance treaties with reputable international reinsurers to protect the Company from losses above our risk appetite.

CAPITAL MANAGEMENT AND LIQUIDITY

The Company maintains adequate capital to support its existing and planned business activities. The Company's paid-up capital and equity stands at Rs. 500 million and Rs. 825 million respectively.

The Company also has a framework in place to ensure that adequate liquidity is available for payment of claims and meeting operating expenses. The Company's cash and cash equivalents as of December 31, 2014 amounts to Rs.596.6 million (2013: Rs. 186.4 million).

RELATED PARTY TRANSACTIONS

At each Board meeting, the Board of Directors approves the Company's transactions made with associated companies and related parties based on the recommendations of the Audit Committee. All such transactions are executed at arm's length basis.

HUMAN RESOURCE MANAGEMENT

During the current year the Company strengthened its human capital through recruitment of professional and qualified personnel in various departments mainly Sales and Marketing, Underwriting, Claims, Finance, Actuarial, Human Resources and Customer Services. Also, during 2014, the Company carried out various training and development programs for staff and sales force.

INTERNAL AUDIT

Your Company has outsourced the internal audit function to a professional firm and has also appointed a Head of Internal Audit who is responsible for coordination.

DIRECTORS' REPORT TO THE MEMBERS

AUDITORS

The Audit Committee has considered the requirement of paragraph xxxvii of SECP Code of Corporate Governance 2012, which requires that all inter related companies/ institutions, engaged in business of providing financial services shall appoint the same firm of auditors to conduct the audit of their accounts. The parent company (IGI Insurance Limited) has appointed M/s. A.F. Ferguson and Co. Chartered Accountants as their external auditors.

Considering the regulatory requirement, the Audit Committee recommended the appointment of M/s. A.F. Ferguson and Co. Chartered Accountants as external auditors of the Company. Based on the suggestion of the Audit Committee, the Board of Directors have recommended the appointment of M/s. A.F. Ferguson & Co. Chartered Accountants as external auditors of the Company in place of the retiring auditors M/s. M. Yousuf Adil Saleem & Co. Chartered Accountants, a member firm of Deloitte.

MATERIAL EVENTS

With the advent of Family Takaful business in Pakistan, the shareholders of the Company through an extraordinary general meeting held on January 30, 2015 approved to undertake Family Takaful business as Window Takaful Operator, subject to grant of approval from SECP.

OUTLOOK

Your Company is optimistic about the long term opportunities while effectively meeting the short term challenges. Its main focus is on customer service and building an efficient and productive field force. As part of its ongoing strategy, it closely monitors the market situation and believes that its business model and prudent risk management practice, coupled with a strong customer base and client relationship will give it a sustainable long term competitive advantage.

GRATITUDE

We take this opportunity to express our appreciation to the Ministry of Commerce, Government of Pakistan, and the Department of Insurance under SECP for their invaluable assistance, support and guidance.

The Board of Directors would like to express its sincere thanks and wish to record its appreciation for the remarkable contribution made by the employees.

Lastly, our thanks go to thousands of our policyholders and shareholders whose confidence, continued commitment and support for the Company has been a source of encouragement and inspiration.

On behalf of the Board of Directors



Syed Hyder Ali
Chief Executive Officer
Dated: February 24, 2015



Shamim Ahmad Khan
Chairman
Dated: February 24, 2015

DIRECTORS' REPORT TO THE MEMBERS

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

Statement under the Code of Corporate Governance

The Board and the management are fully committed to good corporate governance. As required under the Code of Corporate Governance issued by Securities and Exchange Commission of Pakistan (SECP), the Directors are pleased to state the following:

- a) The financial statements along with notes forming an integral part of these financial statements have been prepared by the management of your Company and present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in Rule Book and Listing Regulations of the stock exchanges of Pakistan.
- h) There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at December 31, 2014, except as those disclosed in the financial statements.
- i) The value of investments by the staff retirement fund operated as per their respective unaudited financial statements as at December 31, 2014 are as follows:

Employee Provident Fund	Rs. 15.45 million
Employee Gratuity Fund	Rs. 65.5 million

- j) Three Directors of the Company have certification under the Directors training program offered by professional institutions that meet the criteria specified by SECP. The Chairman of the Board has obtained exemption from SECP as he is sufficiently experienced as per the criteria and requirement stated in the Code of Corporate Governance. Management is committed to provide training to the remaining members of the Board to ensure the compliance with the requirements till June 30, 2016.
- k) Key operating and financial data for last six years are attached to these financial statements.

As required under the Insurance Ordinance 2000, the Directors confirm that:

- In their opinion and to the best of their belief the annual statutory accounts of the Company set out in forms attached with this statement have been drawn up in accordance with Insurance Ordinance, 2000 and any rules made thereunder;
- The Company has at all times in the year complied with the provisions of the Ordinance and the rules made thereunder relating to the paid-up capital, solvency and re-insurance arrangements; and as at the date of the statement, the Company continues to be in compliance with provisions of the Ordinance and the rules thereunder as mentioned above.

Board Meetings and Change in Directorships

Subsequent to the acquisition, the Board of Directors appointed by ALICO resigned and new Board of Directors was appointed. Also, during the year one casual vacancy arose due to resignation of one Director of your Company. The casual vacancy was filled within the stipulated timeframe.

Meetings of the Board of Directors, Audit, Underwriting, Reinsurance, Claims, Investment and Human Resources and Remuneration Committee were held according to schedule. The meetings held and attendance by each Director in the meeting of the Board and its sub-committees are as follows:

DIRECTORS' REPORT TO THE MEMBERS

The Board granted leave of absence to those Directors who could not attend the Board Meetings.

Board / Sub Committees	Board Committee	Audit Committee	Underwriting Committee	Reinsurance Committee	Claims Committee	Investment Committee	Human Resources & Remuneration Committee
No. of meetings held	7	4	3	3	3	3	2
Attendance							
Arif Sultan Mufti*	3	-	-	-	-	-	-
Khalid Anis-ur-Rehman*	3	1	-	-	-	-	-
Arif Abdul Aziz*	3	1	-	-	-	-	-
Shahid Siddiqui*	3	1	-	-	-	-	-
Michel Khalaf*	-	-	-	-	-	-	-
Nurul Islam (Alternate Director Irfan Amir)*	1	-	-	-	-	-	-
Qasim Rabbani*	-	-	-	-	-	-	-
Shamim Ahmad Khan**	5	-	-	-	3	-	-
Syed Hyder Ali**	5	-	3	3	-	3	2
Muhammad Aminuddin**	5	-	3	3	2	3	2
Syed Yawar Ali**	4	3	-	-	1	2	1
Tahir Masaud joined w.e.f 10 Sept 2014	1	-	-	1	1	-	1
Jalees Ahmed Siddiqi** resigned w.e.f 10 Sept 2014	4	-	2	2	2	-	1
Khurram Raza Bakhtayari**	5	3	-	-	-	3	-
M. Kamal Syed**	4	2	-	2	-	2	-

*Resigned in the Board of Directors meeting held on April 10, 2014.

**Joined in the Board of Directors meeting held on April 10, 2014.

DIRECTORS' REPORT TO THE MEMBERS

Trade in shares by Directors, executives and their spouse(s) and minor children

During the year, trading in the shares of the Company carried out by the Directors, executives and their spouses and minor children was as follows:

Purchases

Name	Relationship	Purchase/Sale	Number of Shares
Syed Hyder Ali	CEO	Purchase	43,500
Syeda Nighat Ali	Spouse	Purchase	68,000
Khurram Raza Bakhtayari	Director	Purchase	500
Syed Yawer Ali	Director	Purchase	1,500
M. Kamal Syed	Director	Purchase	500
Muhammad Aminuddin	Deputy CEO	Purchase	10,500
Shamim Ahmad Khan	Director	Purchase	500
Tahir Masaud	Director	Purchase	500

AUDIT COMMITTEE

The Audit Committee comprises of three non-executive Directors including one independent Director. The term of reference of the Audit Committee are aligned with the Code of Corporate Governance. The Committee meets at least once in a quarter.

CLAIM SETTLEMENT COMMITTEE

This Committee makes the Claims Settlement policy of the Company. It oversees the claim position of the Company and ensures that adequate claim reserves are maintained. It pays particular attention to extraordinary claim cases or events, which could give rise to a series of claim. The Claim Settlement Committee determines the circumstances under which the claim matters should be brought to its attention and decides how to resolve them. It also oversees the implementation of the measures for combating fraudulent claim cases. The Committee meets at least once in a quarter.

REINSURANCE COMMITTEE

This Committee ensures that adequate reinsurance arrangements are in place for its businesses. It evaluates the proposed reinsurance arrangements prior to execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurer, makes appropriate adjustments as and when necessary. It also assesses the future effectiveness of the reinsurance program. The Committee meets at least once in a quarter.

UNDERWRITING COMMITTEE

The Underwriting Committee formulates the underwriting policy of the Company. It sets out the criteria for assessing various types of insurance risks. It regularly reviews the underwriting policies with due regard to its business portfolio and the market development. The Committee meets at least once in a quarter.

HUMAN RESOURCES AND REMUNERATION COMMITTEE

The Human Resources and Remuneration Committee is responsible to formulate the Human Resource policies of the Company. It is also responsible to recommend to the Board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit and succession planning of the CEO. It regularly reviews the Human Resources policies and set criteria for recruitment and selection. The Committee meets at least once in a year.

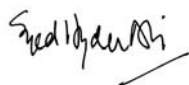
CODE OF CONDUCT

Your Company has been offering traditional life insurance, universal life and unit linked plans to its customers for their future financial security. We strictly comply with the Market Code of Conduct prescribed by SECP and accordingly disclose all the facts of our products before the prospect purchases our products.

We adhere to the highest standards of business conduct at all times and it is mandatory for all employees.

PATTERN OF SHAREHOLDING

The pattern of shareholding as at December 31, 2014 as required under section 236 of the Companies Ordinance, 1984 and the requirement of Code of Corporate Governance is included in the report.



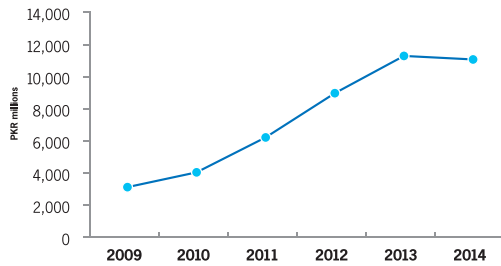
Syed Hyder Ali
Chief Executive Officer
Dated: February 24, 2015



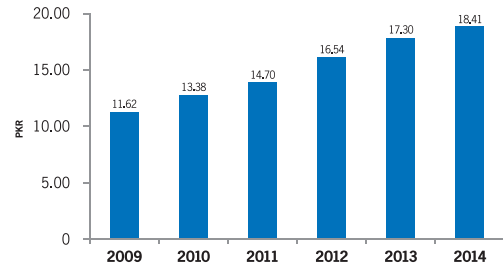
Shamim Ahmad Khan
Chairman
Dated: February 24, 2015

PERFORMANCE AT A GLANCE

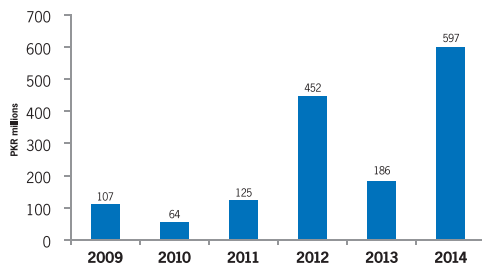
Total Assets Over the Years



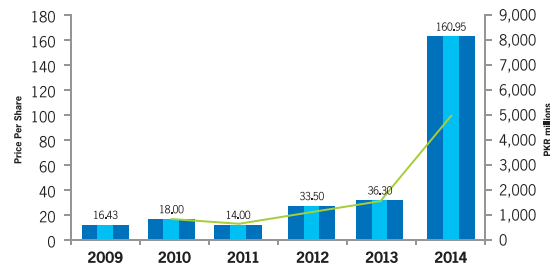
Book Value Per Share



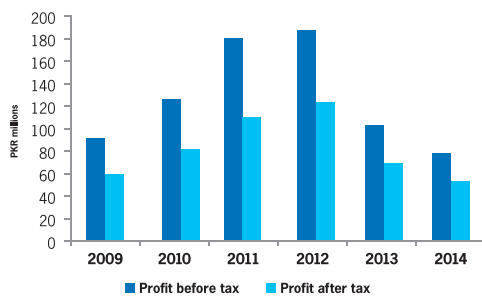
Cash and Bank Deposits



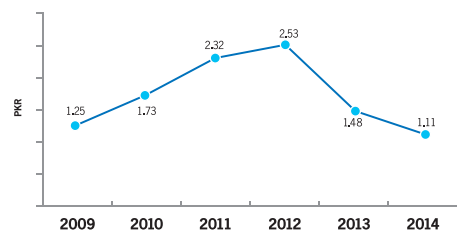
Market Capitalization



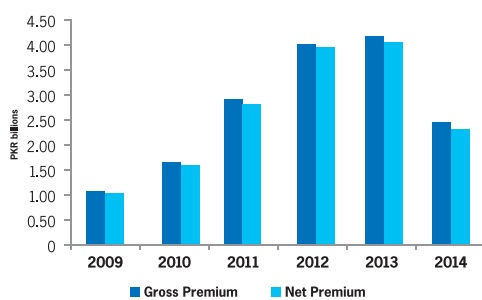
Profit Before and After Tax



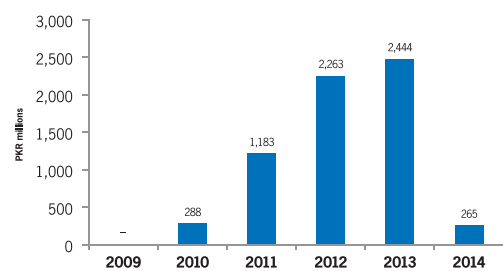
Earning Per Share (EPS)



Gross and Net Premium

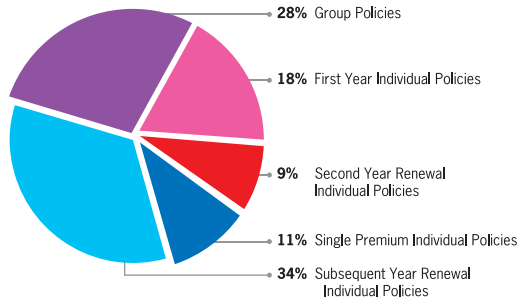


Single Premium - Investment Linked

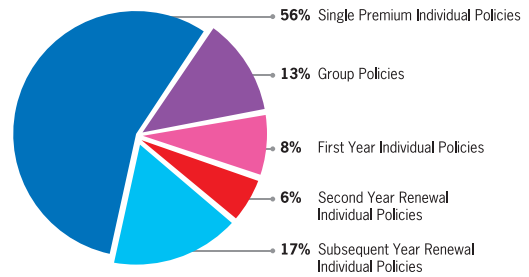


PERFORMANCE AT A GLANCE

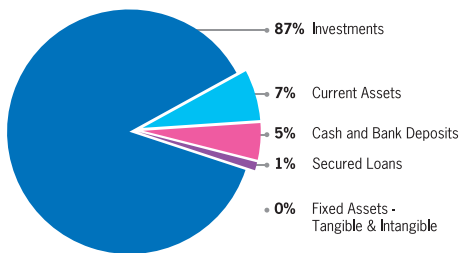
Premium 2014



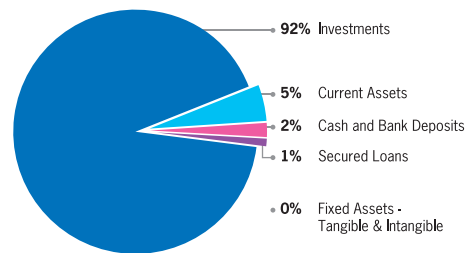
Premium 2013



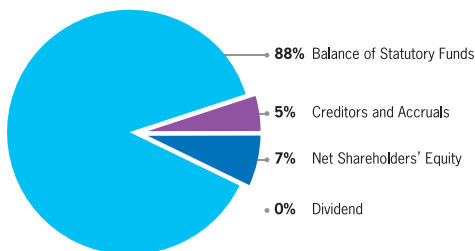
Assets 2014



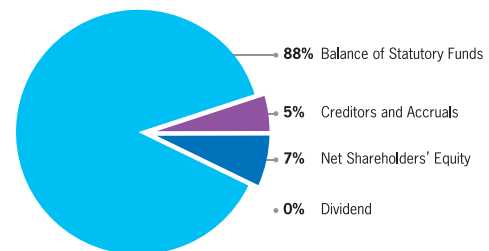
Assets 2013



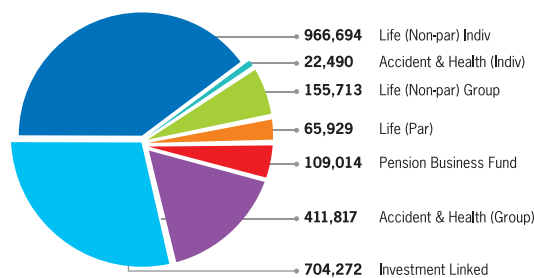
Equity & Liabilities 2014



Equity & Liabilities 2013



Composition of Premiums



KEY FINANCIAL DATA

Six years at Glance

Financial ratios

Profitability / Return to shareholders		2014	2013	2012	2011	2010	2009
Profit before tax / gross premium	%	3.26	2.55	4.71	6.13	7.04	7.12
Expenses / income	%	104.10	54.47	40.09	54.05	64.91	67.29
Return on assets	%	0.47	0.61	1.31	1.74	2.00	1.86
Return on equity	%	6.71	8.54	15.28	15.82	12.96	10.75
EPS	Rs.	1.11	1.48	2.53	2.32	1.73	1.25
Price earning ratio	times	145.39	24.53	13.26	6.03	10.38	13.14
Book value per share	Rs.	16.51	17.30	16.54	14.70	13.38	11.62

Market data

Face value per share	Rs.	10	10	10	10	10	10
Market value per share at year end	Rs.	160.9	36.3	33.5	14	18	16.4
Highest share price during the year	Rs.	197.6	36.3	37.4	19	21.9	41.6
Lowest share price during the year	Rs.	36.3	18.3	14	13.5	13	13.4
Market capitalization	'000	8,047,500	1,815,000	1,675,000	700,000	900,000	821,500

Performance / Liquidity

Earning asset to total asset ratio	%	93.06	94.61	94.53	94.09	90.67	90.85
Net premium / gross premium ratio	%	96.09	97.82	97.86	97.06	95.39	93.96
Net claims / net premium ratio	%	139.51	88.72	30.38	21.67	24.49	28.63
Management expenses / net premium ratio	%	32.79	32.17	18.62	25.11	38.44	49.72
Current ratio	times	1.34	0.98	0.80	0.84	0.93	0.80
Total assets turnover	times	0.34	0.45	0.54	0.55	0.53	0.50
Fixed assets turnover	times	93.10	123.00	82.25	60.55	39.23	25.61
Equity / total assets	%	6.96	7.15	8.56	11.02	15.42	17.33

KEY FINANCIAL DATA

Six years at Glance

Financial data

	2014	2013	2012	2011	2010	2009
	----- Rupees in ' 000 -----					
Paid-up capital	500,000	500,000	500,000	500,000	500,000	500,000
Net shareholders' equity	825,502	865,050	826,798	734,941	669,193	581,065
Investments	10,308,203	11,152,340	8,536,478	5,833,574	3,795,700	2,856,069
Cash and bank deposits	596,598	186,462	452,268	125,057	64,025	106,526
Total assets	11,862,586	12,097,502	9,614,582	6,670,453	4,338,682	3,352,656

Operating data

Gross premium revenue	2,535,167	4,388,535	4,170,408	2,993,466	1,893,849	1,349,482
Net premium revenue	2,435,929	4,292,671	4,081,149	2,905,583	1,806,525	1,267,953
Investments and other income	1,607,984	1,143,591	1,026,345	644,910	396,720	320,539
Profit before taxation	82,615	111,897	196,429	183,560	133,403	96,141
Taxation	27,263	38,045	70,072	67,312	46,691	33,649
Profit after taxation	55,352	73,852	126,357	116,248	86,712	62,492
EPS	1.11	1.48	2.53	2.32	1.73	1.25

Cash flow summary

Net cash flow from operating activities	(1,880,798)	1,258,411	2,095,960	1,596,738	590,201	762,793
Net cash flow from investing activities	2,290,936	(1,349,219)	(1,943,749)	(1,528,706)	(601,126)	(721,023)
Net cash flow from financing activities	-	-	-	-	(16,576)	-
Net cash flow from all activities	410,138	(90,808)	152,211	68,032	(34,501)	41,770
Cash and cash equivalents at the beginning of the year	186,460	277,268	125,057	57,025	91,526	49,756
Cash and cash equivalents at the end of the year	596,598	186,460	277,268	125,057	57,025	91,526

BALANCE SHEET AND PROFIT & LOSS ANALYSIS

Vertical

Balance Sheet	2014		2013	
	Rupees in '000	%	Rupees in '000	%
Net shareholders' equity	825,502	7	865,050	9
Balance of statutory funds	10,455,853	88	10,609,447	85
Creditors and accruals	581,204	5	622,978	6
Unclaimed dividend	27	0	27	0
Total equity and liabilities	11,862,586	100	12,097,502	100
Cash and bank deposits	596,598	5	186,460	2
Secured loans	134,711	1	107,033	1
Investments	10,308,203	87	11,152,340	92
Current assets	779,634	7	607,530	5
Fixed Assets - tangible & intangible	43,440	0	44,139	0
Total assets	11,862,586	100	12,097,502	100
Revenue and Profit & loss account				
Net income	4,044,378	100	5,441,275	100
Claims and Expenditures	(4,210,257)	(104)	(2,964,128)	(54)
Movement in policy holders' liability	452,991	11	(2,215,599)	(41)
Surplus / Profit before tax	287,112	7	261,548	5
Taxation	(27,263)	(1)	(38,045)	(1)
Surplus / Profit after tax	259,849	6	223,503	4

Horizontal

Balance Sheet	2014	2013	2012	2011
	Rupees in '000			
Net shareholders' equity	825,502	865,050	826,798	734,941
Balance of statutory funds	10,455,853	10,609,447	8,208,597	5,269,066
Creditors and accruals	581,204	622,978	579,160	666,419
Unclaimed dividend	27	27	27	27
Total equity and liabilities	11,862,586	12,097,502	9,614,582	6,670,453
Cash and bank deposits	596,598	186,460	452,268	125,057
Secured loans	134,711	107,033	99,963	90,096
Investments	10,308,203	11,152,340	8,536,478	5,833,574
Current assets	779,634	607,530	464,910	561,509
Fixed Assets - tangible & intangible	43,440	44,139	60,963	60,217
Total assets	11,862,586	12,097,502	9,614,582	6,670,453
Revenue and Profit & loss account				
Net income	4,044,378	5,441,275	5,197,350	3,646,437
Claims and Expenditures	(4,210,257)	(2,964,128)	(2,117,265)	(1,461,799)
Movement in policy holders' liability	452,991	(2,215,599)	(2,904,302)	(1,949,171)
Surplus / Profit before tax	287,112	261,548	175,783	235,467
Taxation	(27,263)	(38,045)	(70,072)	(67,312)
Surplus / Profit after tax	259,849	223,503	105,711	168,155

BALANCE SHEET AND PROFIT & LOSS ANALYSIS

2012		2011		2010		2009	
Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
826,798	9	734,941	11	669,193	15	581,065	17
8,208,597	85	5,269,066	79	3,238,863	75	2,318,142	69
579,160	6	666,419	10	430,599	10	436,846	13
27	0	27	0	27	0	16,603	0
9,614,582	100	6,670,453	100	4,338,682	100	3,352,656	100
452,268	2	125,057	5	64,025	2	106,526	1
99,963	1	90,096	1	83,051	1	68,306	2
8,536,478	92	5,833,574	89	3,795,700	87	2,856,069	87
464,910	5	561,509	5	337,353	8	255,923	8
60,963	0	60,217	1	58,553	1	65,832	1
9,614,582	100	6,670,453	100	4,338,682	100	3,352,656	100
5,197,350	100	3,646,437	100	2,297,224	100	1,685,754	100
(2,117,265)	(41)	(1,461,799)	(40)	(1,241,684)	(54)	(1,094,193)	(65)
(2,904,302)	(56)	(1,949,171)	(53)	(878,836)	(38)	(450,006)	(27)
175,783	3	235,467	6	176,704	8	141,555	8
(70,072)	(1)	(67,312)	(2)	(46,691)	(2)	(33,649)	(2)
105,711	2	168,155	5	130,013	6	107,906	6

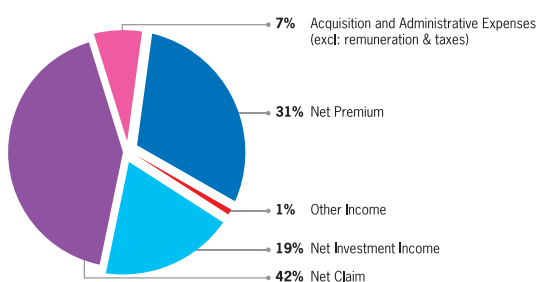
2010	2009	2014	2013	2012	2011	2010	2009
Rupees in '000		% increase / (decrease) over preceeding year					
669,193	581,065	(5)	5	12	10	15	53
3,238,863	2,318,142	(1)	29	56	63	40	18
430,599	436,846	(7)	8	(13)	55	(1)	12
27	16,603	0	0	0	0	(100)	0
4,338,682	3,352,656	(2)	26	44	54	29	22%
64,025	106,526	220	(59)	262	95	(40)	35
83,051	68,306	26	7	11	8	22	27
3,795,700	2,856,069	(8)	31	46	54	33	59
337,353	255,923	28	31	(17)	66	32	(61)
58,553	65,832	(2)	(28)	1	3	(11)	(9)
4,338,682	3,352,656	(2)	26	44	54	29	22
2,297,224	1,685,754	(26)	5	43	59	36	24
(1,241,684)	(1,094,193)	42	40	45	18	13	20
(878,836)	(450,006)	(120)	(24)	49	122	95	82
176,704	141,555	10	49	(25)	33	25	(28)
(46,691)	(33,649)	(28)	(46)	4	44	39	21
130,013	107,906	16	111	(37)	29	20	(36)

STATEMENT OF VALUE ADDITION

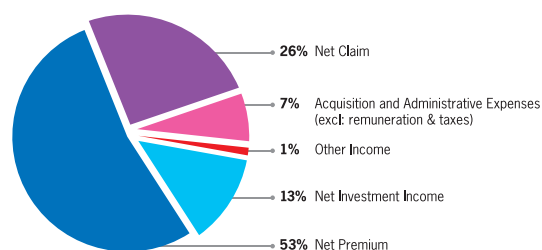
WEALTH GENERATION

	2014 Amount (000s)	%	2013 Amount (000s)	%
Net premium	2,435,929	60%	4,292,671	79%
Net investment income	1,535,849	38%	1,093,019	20%
Other income	72,135	2%	50,572	1%
Net claim	(3,398,383)	-85%	(2,161,218)	-78%
Acquisition and Administrative Expenses (excl: remuneration & taxes)	(588,501)	-15%	(594,056)	-22%
Net wealth generated	57,029		2,680,988	

WEALTH GENERATION 2014



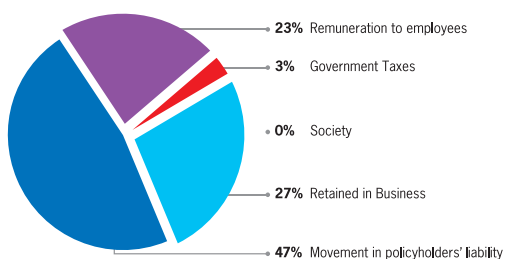
WEALTH GENERATION 2013



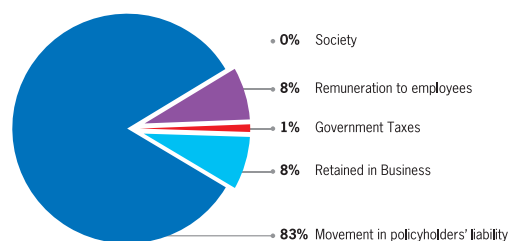
WEALTH DISTRIBUTION

	2014 Amount (000s)	%	2013 Amount (000s)	%
Movement in policyholders' liability	(452,991)	-794%	2,215,599	83%
Remuneration to employees	222,558	390%	203,591	8%
Government Taxes	27,263	48%	38,045	1%
Society	350	0%	250	0%
Retained in Business	259,849	456%	223,503	8%
Total	57,029	100.00%	2,680,988	100.00%

WEALTH DISTRIBUTION 2014



WEALTH DISTRIBUTION 2013



CORPORATE CALENDAR

Results / Events	Date
Financials for the three months ended March 31, 2014	25-Apr-14
Financials for the six months ended June 30, 2014	27-Aug-14
Financials for the nine months ended September 30, 2014	23-Oct-14
Financials for the year ended December 31, 2014	24-Feb-15
Extra Ordinary General Meeting	30-Jan-15
Notice to Shareholders with Financial Statements	31-Mar-15
Annual General Meeting	21-Apr-15

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2014

Numbers of Shareholders	Holding Shares		Total Number of Shares held
	From	To	
561	1	100	14,307
163	101	500	66,244
50	501	1,000	43,742
82	1,001	5,000	192,762
19	5,001	10,000	149,984
10	10,001	15,000	128,345
3	15,001	20,000	53,384
1	20,001	25,000	24,000
5	25,001	30,000	139,305
1	35,001	40,000	38,461
1	40,001	45,000	43,000
1	55,001	60,000	59,000
1	60,001	65,000	61,538
1	65,001	70,000	66,553
1	125,001	130,000	126,000
1	135,001	140,000	136,019
1	205,001	210,000	206,015
1	1,015,001	1,020,000	1,019,382
1	1,230,001	1,235,000	1,230,500
1	2,495,001	2,500,000	2,500,000
1	2,720,001	2,725,000	2,720,769
1	6,145,001	6,150,000	6,145,503
1	34,835,001	34,840,000	34,835,187
908	TOTAL		50,000,000

Categories of Shareholders	Number of Shareholders	No. of Shares	Percentage %
Directors, Chief Executive Officer, and their spouse and minor children.	12	125,500	0.25
Associated Companies, undertakings and related parties	2	40,980,690	81.96
NIT & ICP	-	-	-
Bank, Development Financial Institutions & Non Banking Financial Institutions.	3	2,502,100	5.00
Modarabas and Mutual Funds	1	1,230,500	2.46
General Public :			
a. Local	883	5,138,676	10.28
b. Foreign			
Others	7	22,534	0.05
Total	908	50,000,000	100.00

PATTERN OF SHAREHOLDING AS AT DECEMBER 31, 2014

Shareholder's category	Number of shareholders	Number of share held
i. Associated Companies, Undertakings and Related Parties		
IGI INSURANCE LIMITED	1	34,835,187
Total :	1	34,835,187
ii. Mutual Funds		
CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	1	1,230,500
Total :	1	1,230,500
iii. Directors and their spouse(s) and minor children		
TAHIR MASAUD	1	500
M. KAMAL SYED	1	500
KHURRAM RAZA BAKHTAYARI	1	500
SHAMIM AHMAD KHAN	1	500
MUHAMMAD AMINUDDIN	2	10,500
SYED HYDER ALI	2	43,500
SYED YAWAR ALI	2	1,500
SYEDA NIGHAT ALI	2	68,000
Total :	12	125,500
iv. Executives		
Total :	-	-
v. Public Sector Companies and Corporations		
Total :	-	-
vi. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds		
Total :	3	2,502,100
Total :	3	2,502,100
vii. Shareholders Holding five percent or more Voting Rights in the Listed Company		
AMERICAN LIFE INSURANCE COMPANY	1	6,145,503
GREGORY ALEXANDER	1	2,720,769
IGI INSURANCE LIMITED	1	34,835,187
NATIONAL BANK OF PAKISTAN	1	2,500,000
Total :	4	46,201,459

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE YEAR ENDED DECEMBER 31, 2014

The Board of Directors of IGI Life Insurance Limited [Formerly American Life Insurance Company (Pakistan) Limited] (the Company) has always supported and reconfirms its commitment to continued support and implementation of the highest standards of Corporate Governance at all times.

This statement is being presented to comply with the Code of Corporate Governance contained in rule book of Karachi and listing regulations of Lahore Stock Exchanges and Code of Corporate Governance applicable to listed insurance companies as issued by Securities and Exchange Commission of Pakistan (SECP), for the purpose of establishing a framework of good governance, whereby a listed Insurance Company is managed in compliance with the best practices of corporate governance.

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 directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Director	M. Kamal Syed
Executive Directors	Syed Hyder Ali Muhammad Aminuddin
Non-executive Directors	Shamim Ahmad Khan Syed Yawar Ali Tahir Masaud Khurram Raza Bakhtayari

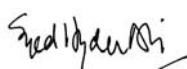
The independent director meets the criteria of independence under clause i (b) of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company have confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or Non-Banking Financial Institution. None of the directors or their spouses is engaged in business of stock exchange.
4. As a consequence of change in the majority shareholdings of the Company due to the acquisition of the Company by IGI Insurance Limited, the Board of Directors resigned in their meeting held on April 10, 2014 and in place, the new directors joined the Board. Moreover, a casual vacancy occurred on the Board of Directors on September 10, 2014 which was filled on the same date.
5. The Company has prepared a 'Code of Conduct' and has taken appropriate steps to disseminate it throughout the Company along with its supporting policies and procedures.
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.
7. All the 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 CEO, other executive and non-executive directors, have been taken by the Board/shareholders.
8. The meetings of the Board were presided over by the Chairman 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 days before the meetings. The minutes of the meetings 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 all the necessary aspects of internal control given in the Code.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE YEAR ENDED DECEMBER 31, 2014

10. The directors of the Company are individuals with vast diversified experience of the financial and corporate affairs and are acquaint with the Code, applicable laws, their duties, and responsibilities to enable them to effectively manage the affairs of the Company for and on behalf of shareholders. Three directors of the Company have certification under the directors training program offered by professional institutions that meet the criteria specified by SECP. The Chairman of the Board has obtained exemption from SECP as he is sufficiently experienced as per the criteria and requirement stated in the Code of Corporate Governance. Management is committed to provide training to the remaining members of the Board to ensure the compliance with the requirements till June 30, 2016.
11. The appointment, remuneration and terms and conditions of employment of the Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit are approved by the Board of Directors. During the year, the Board approved appointment of a new Company Secretary including terms of his remuneration and terms and conditions of employment.
12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code 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 CFO before approval of the Board.
14. The Directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholdings.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed an Audit Committee. It comprises of three members; all of whom are non-executive directors and the Chairman of the Committee is an independent director.
17. The meetings of the Audit Committee were held at least once every quarter, prior to approval of interim and final results of the Company, as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
18. The Board has formed a Human Resources and Remuneration Committee. It comprises of four members, of whom two are non-executive directors including the Chairman.
19. The Board has outsourced the internal audit function to a firm of Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.
23. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
24. The Board has formed Underwriting, Claim and Reinsurance Committees in line with Code of Corporate Governance for Insurance Companies. The meetings of these committees were held at least once in each quarter.
25. The actuary appointed by the Company has confirmed that he or his spouse and minor children do not hold shares of the Company.
26. The Board ensures that the appointed Actuary complied with the requirements set out for him in the Code for Insurance Companies.
27. We confirm that all other material principles enshrined in the Code have been complied with.

For and on behalf of the Board of Directors



Syed Hyder Ali
Chief Executive Officer
Dated: February 24, 2015



Shamim Ahmad Khan
Chairman
Dated: February 24, 2015

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE



We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **IGI Life Insurance Limited** [Formerly American Life Insurance Company (Pakistan) Limited] ("the Company") for the year ended December 31, 2014 to comply with the requirements contained in the rule book issued by the Karachi Stock Exchange and Listing Regulation No. 35 of the Lahore Stock Exchange where the Company is listed.

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 of Compliance 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 the 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the audit committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the status of 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 December 31, 2014.

M. Yousuf Adil Saleem & Co.

Chartered Accountants

Engagement Partner:

Mushtaq Ali Hirani

Date: February 24, 2015

Karachi

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) cash flow statement;
- (vi) revenue account;
- (vii) statement of premiums;
- (viii) statement of claims;
- (ix) statement of expenses; and
- (x) statement of investment income

of **IGI Life Insurance Limited** [Formerly American Life Insurance Company (Pakistan) Limited] ("the Company") as at December 31, 2014 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 Auditing Standards 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:

- (i) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (ii) 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;
- (iii) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2014 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 the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (iv) 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
- (v) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

M. Yousuf Adil Saleem & Co.

Chartered Accountants

Engagement Partner:

Mushtaq Ali Hirani

Date: February 24, 2015

Karachi

BALANCE SHEET

AS AT DECEMBER 31, 2014

Note	SHARE HOLDERS' FUND	STATUTORY FUNDS						AGGREGATE			
		Life (Participating)	Life (Non-participating) Individual Group		Investment Linked	Accident & Health Individual Group		Pension Business Fund	2014	2013	
----- (Rupees in '000) -----											
Share Capital and Reserves											
	Authorized share capital (50,000,000 ordinary shares of Rs. 10 each)	500,000	-	-	-	-	-	-	500,000	500,000	
6	Issued, subscribed and paid-up share capital (50,000,000 ordinary shares of Rs. 10 each)	500,000	-	-	-	-	-	-	500,000	500,000	
7	Accumulated surplus	796,954	-	-	-	-	-	-	796,954	741,602	
	Less: capital contributed by shareholders fund	(471,452)	-	-	-	-	-	-	(471,452)	(376,552)	
		325,502	-	-	-	-	-	-	325,502	365,050	
	Net Shareholders' Equity	825,502	-	-	-	-	-	-	825,502	865,050	
Balance of Statutory Fund											
8	[including policyholders' liabilities Rs. 9,594.542 million (2013: Rs. 10,047.533 million)]	-	1,505,386	4,114,310	102,886	4,384,767	27,490	246,713	74,301	10,455,853	10,609,447
Creditors and Accruals											
10	Outstanding claims	-	31,368	49,382	98,577	4,954	22,683	3,250	-	210,214	209,432
	Staff retirement benefits-payable	-	255	3,492	701	1,717	100	1,434	39	7,738	1,266
	Premiums received in advance	-	748	22,942	-	16,567	788	-	-	41,045	121,956
	Amount due to other insurers/reinsurers	-	-	-	-	24,169	-	-	-	24,169	11,239
	Amount due to agents	-	467	36,713	6,017	17,410	2,456	662	-	63,725	42,453
	Experience refund payable	-	-	-	41,749	-	-	-	-	41,749	42,393
	Accrued expenses	-	2,317	31,697	6,358	15,585	905	13,015	351	70,228	59,533
11	Other creditors and accruals	10,873	8,863	36,961	1,744	43,066	316	20,082	431	122,336	134,706
		10,873	44,018	181,187	155,146	123,468	27,248	38,443	821	581,204	622,978
Other liabilities											
27	Unclaimed dividend	-	-	-	-	-	-	-	-	27	27
	TOTAL LIABILITIES	10,900	1,549,404	4,295,497	258,032	4,508,235	54,738	285,156	75,122	11,037,084	11,232,452
	TOTAL EQUITY AND LIABILITIES	836,402	1,549,404	4,295,497	258,032	4,508,235	54,738	285,156	75,122	11,862,586	12,097,502

The annexed notes from 1 to 29 are an integral part of these financial statements.


CHAIRMAN


DIRECTOR


DIRECTOR


CHIEF EXECUTIVE OFFICER

BALANCE SHEET AS AT DECEMBER 31, 2014

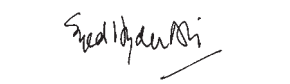
Note	SHARE HOLDERS' FUND	STATUTORY FUNDS					AGGREGATE		2014	2013
		Life (Participating)	Life (Non-participating) Individual Group		Investment Linked	Accident & Health Individual Group		Pension Business Fund		
----- (Rupees in '000) -----										
Cash and Bank Deposits										
	463	-	-	-	-	-	-	-	463	853
Cash and others	-	32,724	257,542	-	285,699	16,694	-	3,476	596,135	185,607
Current and other accounts	463	32,724	257,542	-	285,699	16,694	-	3,476	596,598	186,460
Loans secured against Life Insurance Policies										
	-	29,316	105,034	-	-	-	-	-	134,350	106,297
Loans secured against other assets										
To employees	92	-	-	-	-	-	-	-	92	351
To agents	269	-	-	-	-	-	-	-	269	385
Investments										
12	591,703	1,244,728	3,252,396	192,284	2,704,130	27,893	80,464	67,682	8,161,280	9,966,555
Government securities	86,677	172,387	468,540	27,501	1,375,991	4,095	11,732	-	2,146,923	1,185,785
Listed mutual funds	678,380	1,417,115	3,720,936	219,785	4,080,121	31,988	92,196	67,682	10,308,203	11,152,340
Current Assets - Others										
	-	-	-	32,293	-	-	88,513	-	120,806	120,942
Premiums due but unpaid										
Amount due from other										
insurers/reinsurers	13	-	5,827	20,880	18,238	-	4,876	757	-	50,578
Amount due from agents										
Prepayments										
Inter-fund balances										
Sundry receivables	14	-	1,219	4,367	73	4,719	25	13,516	78	23,997
Accrued interest										
Experience refund receivable										
Taxation - payments less provision										
	138,631	-	-	-	-	-	-	-	-	23,316
	126,608	66,554	205,327	37,476	141,447	5,955	192,469	3,798	779,634	607,530
Fixed Assets										
Tangible										
	26,958	3,695	6,658	771	968	101	491	166	39,808	43,695
Leasehold improvements, furniture & fixtures, office equipments, computers and vehicles	2,003	-	-	-	-	-	-	-	2,003	-
Capital work in progress										
Intangible										
	1,629	-	-	-	-	-	-	-	1,629	444
Softwares and licences	30,590	3,695	6,658	771	968	101	491	166	43,440	44,139
TOTAL ASSETS	836,402	1,549,404	4,295,497	258,032	4,508,235	54,738	285,156	75,122	11,862,586	12,097,502

The annexed notes from 1 to 29 are an integral part of these financial statements.


CHAIRMAN


DIRECTOR


DIRECTOR


CHIEF EXECUTIVE OFFICER

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2014

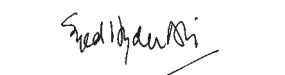
	2014	2013
Note	--- (Rupees in '000') ---	
Investment income not attributable to statutory funds		
Income from non-trading investment		
Return on government securities	86,294	85,463
Amortisation of premium on government securities	(264)	(275)
	<u>86,030</u>	<u>85,188</u>
Realised gain on sale of investments	3,359	1,551
	<u>89,389</u>	<u>86,739</u>
Net investment income	89,389	86,739
Return on saving accounts and term deposits	5,880	4,340
Interest income on loans to employees / agents	13	86
Expenses not attributable to statutory funds	19 (12,667)	(14,268)
	<u>82,615</u>	<u>76,897</u>
Profit before appropriation of surplus to shareholders' fund	82,615	76,897
Surplus appropriated to Shareholders' Fund from Ledger Account D	-	35,000
	<u>82,615</u>	<u>111,897</u>
Profit before tax	82,615	111,897
Taxation	21 (27,263)	(38,045)
	<u>55,352</u>	<u>73,852</u>
Profit after tax	<u>55,352</u>	<u>73,852</u>
	----- (Rupees) -----	
Earnings per share - basic and diluted	22 <u>1.11</u>	<u>1.48</u>

The annexed notes from 1 to 29 are an integral part of these financial statements.


CHAIRMAN


DIRECTOR


DIRECTOR



CHIEF EXECUTIVE OFFICER

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
	(Rupees in '000')	
Profit after tax for the year	55,352	73,852
Other comprehensive income	-	-
Total comprehensive income for the year	<u>55,352</u>	<u>73,852</u>

The annexed notes from 1 to 29 are an integral part of these financial statements.


CHAIRMAN


DIRECTOR


DIRECTOR


CHIEF EXECUTIVE OFFICER

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	Share capital	Accumulated surplus	Capital contributed to statutory funds	Net accumulated surplus	Total
----- (Rupees in '000) -----						
Balance as at January 1, 2013		500,000	667,750	(340,952)	326,798	826,798
Comprehensive income for the year						
Profit for the year		-	73,852	-	73,852	73,852
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	73,852	-	73,852	73,852
Transaction with owners recorded directly in equity						
Capital contributed during the year	8	-	-	(35,600)	(35,600)	(35,600)
Balance as at December 31, 2013		500,000	741,602	(376,552)	365,050	865,050
Comprehensive income for the year						
Profit for the year		-	55,352	-	55,352	55,352
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	55,352	-	55,352	55,352
Transaction with owners recorded directly in equity						
Capital contributed during the year	8	-	-	(94,900)	(94,900)	(94,900)
Balance as at December 31, 2014		500,000	796,954	(471,452)	325,502	825,502

The annexed notes from 1 to 29 are an integral part of these financial statements.


CHAIRMAN


DIRECTOR


DIRECTOR


CHIEF EXECUTIVE OFFICER

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2014

Note	SHARE	STATUTORY FUNDS					AGGREGATE			
	HOLDERS' FUND	Life (Participating)	Life (Non-participating) Individual	Life (Non-participating) Group	Investment Linked	Accident & Health Individual	Accident & Health Group	Pension Business Fund	2014	2013
----- (Rupees in '000) -----										
Operating Cash Flows										
a) Underwriting activities										
	-	74,605	998,405	193,617	645,958	31,598	401,195	109,014	2,454,392	4,384,269
	-	(15,647)	(27,758)	(59,782)	(5,245)	(8,330)	(2,955)	-	(119,717)	(151,037)
	-	(42,950)	(21,898)	(115,276)	(8,909)	-	(336,248)	-	(525,281)	(499,146)
	-	(60,503)	(298,466)	-	(2,499,708)	-	-	(48,400)	(2,907,077)	(1,691,392)
	-	2,019	21,850	32,363	2,947	3,755	81	-	63,015	41,771
	-	(2,406)	(160,323)	(22,788)	(85,566)	(8,875)	(11,784)	-	(291,742)	(331,583)
	-	6,259	11,103	23,913	2,098	3,332	1,182	-	47,887	50,699
Net cash (outflow) / inflow from underwriting activities	-	(38,623)	522,913	52,047	(1,948,425)	21,480	51,471	60,614	(1,278,523)	1,803,581
b) Other operating activities										
	(100,325)	-	-	-	-	-	-	-	(100,325)	(99,582)
	(10,945)	(23,588)	(228,113)	(82,721)	(88,944)	(4,585)	(67,895)	(203)	(506,994)	(455,074)
	17,014	2,587	3,285	8	534	3	8,557	734	32,722	16,556
	-	(3,219)	(24,834)	-	-	-	-	-	(28,053)	1,825
	375	-	-	-	-	-	-	-	375	(8,895)
	51,773	-	(3,790)	15,640	-	-	(63,623)	-	-	-
Net cash (outflow) / inflow from other operating activities	(42,108)	(24,220)	(253,452)	(67,073)	(88,410)	(4,582)	(122,961)	531	(602,275)	(545,170)
Total cash (outflow) / inflow from all operating activities	(42,108)	(62,843)	269,461	(15,026)	(2,036,835)	16,898	(71,490)	61,145	(1,880,798)	1,258,411
Investment activities										
	88,946	146,674	369,537	21,972	211,140	3,726	21,878	6,018	869,891	731,994
	-	-	-	-	-	-	-	-	-	175,000
	(448,918)	(910,154)	(2,682,652)	(52,318)	(2,539,806)	(18,599)	(81,049)	(166,851)	(6,900,347)	(5,550,941)
	501,139	857,613	2,261,377	45,323	4,494,425	9,390	70,251	100,160	8,339,678	3,299,538
	(23,501)	-	-	-	-	-	-	-	(23,501)	(7,454)
	(2,003)	-	-	-	-	-	-	-	(2,003)	-
	-	827	2,962	49	3,200	17	110	53	7,218	2,644
Total cash inflow / (outflow) from investing activities	115,663	94,960	(48,776)	15,026	2,168,959	(5,466)	11,190	(60,620)	2,290,936	(1,349,219)
Financing activities										
	(94,900)	-	-	-	-	-	-	-	(94,900)	(35,600)
	-	-	33,100	-	-	1,500	60,300	-	94,900	35,600
	-	-	-	-	-	-	-	-	-	-
Total cash flow from financing activities	(94,900)	-	33,100	-	-	1,500	60,300	-	-	-
Net cash inflow / (outflow) from all activities	(21,345)	32,117	253,785	-	132,124	12,932	-	525	410,138	(90,808)
Cash and cash equivalents at the beginning of the year	21,808	607	3,757	-	153,575	3,762	-	2,951	186,460	277,268
Cash and cash equivalents at the end of the year	463	32,724	257,542	-	285,699	16,694	-	3,476	596,598	186,460
Reconciliation to Profit and Loss Account										
									(1,880,798)	1,258,411
									(19,812)	(22,380)
									827	744
									79,417	119,854
									494,765	(2,259,417)
									1,535,849	1,093,019
									49,601	33,272
									(204,497)	(184,651)
									-	35,000
Profit after taxation									55,352	73,852

The annexed notes from 1 to 29 are an integral part of these financial statements.


CHAIRMAN


DIRECTOR


DIRECTOR


CHIEF EXECUTIVE OFFICER

REVENUE ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2014

Note	STATUTORY FUNDS						AGGREGATE			
	Life	Life (Non-participating)		Investment	Accident & Health		Pension	2014	2013	
	(Participating)	Individual	Group	Linked	Individual	Group	Business Fund			
----- (Rupees in '000) -----										
Income										
		65,929	966,694	155,713	704,272	22,490	411,817	109,014	2,435,929	4,292,671
		465	-	-	-	-	-	-	465	5,013
		170,350	432,408	22,242	798,849	4,098	8,426	10,087	1,446,460	1,006,280
	18	7,848	27,231	971	5,543	516	22,847	1,286	66,242	46,146
		244,592	1,426,333	178,926	1,508,664	27,104	443,090	120,387	3,949,096	5,350,110
Claims and expenditure										
		98,274	303,528	98,900	2,504,595	11,000	333,686	48,400	3,398,383	2,161,218
		-	465	-	-	-	-	-	465	5,013
		23,238	417,113	70,615	187,939	14,825	84,317	695	798,742	783,629
		121,512	721,106	169,515	2,692,534	25,825	418,003	49,095	4,197,590	2,949,860
		123,080	705,227	9,411	(1,183,870)	1,279	25,087	71,292	(248,494)	2,400,250
		1,049,262	3,224,581	69,457	5,554,825	23,224	126,142	42	10,047,533	7,831,934
	9	(1,098,827)	(3,936,955)	(65,374)	(4,253,665)	(22,770)	(146,692)	(70,259)	(9,594,542)	(10,047,533)
		(49,565)	(712,374)	4,083	1,301,160	454	(20,550)	(70,217)	452,991	(2,215,599)
		73,515	(7,147)	13,494	117,290	1,733	4,537	1,075	204,497	184,651
		49,565	712,374	(4,083)	(1,301,160)	(454)	20,550	70,217	(452,991)	2,215,599
Transfers (to) or from shareholders' fund										
		-	33,100	-	-	1,500	60,300	-	94,900	35,600
		-	-	-	-	-	-	-	-	(35,000)
		-	33,100	-	-	1,500	60,300	-	94,900	600
		1,382,306	3,375,983	93,475	5,568,637	24,711	161,326	3,009	10,609,447	8,208,597
		1,505,386	4,114,310	102,886	4,384,767	27,490	246,713	74,301	10,455,853	10,609,447
Represented by:										
	8	-	257,552	-	117,100	1,500	89,300	6,000	471,452	376,552
		1,098,827	3,936,955	65,374	4,253,665	22,770	146,692	70,259	9,594,542	10,047,533
		363,503	-	-	-	-	-	-	363,503	289,988
		43,056	-	-	-	-	-	-	43,056	43,056
		-	(80,197)	37,512	14,002	3,220	10,721	(1,958)	(16,700)	(147,682)
		1,505,386	4,114,310	102,886	4,384,767	27,490	246,713	74,301	10,455,853	10,609,447

The annexed notes from 1 to 29 are an integral part of these financial statements.


CHAIRMAN


DIRECTOR


DIRECTOR


CHIEF EXECUTIVE OFFICER

STATEMENT OF PREMIUMS FOR THE YEAR ENDED DECEMBER 31, 2014

Note	STATUTORY FUNDS						AGGREGATE		
	Life (Participating)	Life (Non-participating)		Investment Linked	Accident & Health		Pension Business Fund	2014	2013
		Individual	Group		Individual	Group			
----- (Rupees in '000) -----									
Gross premiums									
Regular premium individual policies*									
First year	-	263,700	-	152,622	28,579	-	-	444,901	362,140
Second year renewal	-	146,140	-	82,273	-	-	-	228,413	255,975
Subsequent year renewal	75,482	570,571	-	222,666	-	-	-	868,719	764,239
Single premium individual policies	-	5,191	-	264,709	-	-	-	269,900	2,449,649
Group policies without cash values	-	-	200,196	-	-	414,024	109,014	723,234	556,532
Total gross premiums	75,482	985,602	200,196	722,270	28,579	414,024	109,014	2,535,167	4,388,535
Less: Reinsurance premiums ceded									
On individual life first year business	-	5,926	-	4,885	-	-	-	10,811	17,830
On individual life second year business	-	2,647	-	3,538	-	-	-	6,185	6,561
On individual life subsequent renewal business	9,553	10,335	-	9,575	-	-	-	29,463	26,678
On individual accident and health first year	-	-	-	-	6,089	-	-	6,089	3,814
On group policies	-	-	44,483	-	-	2,207	-	46,690	40,981
	9,553	18,908	44,483	17,998	6,089	2,207	-	99,238	95,864
Net premiums	65,929	966,694	155,713	704,272	22,490	411,817	109,014	2,435,929	4,292,671

* Individual policies are those underwritten on an individual basis, and includes joint life policies underwritten as such.

The annexed notes from 1 to 29 are an integral part of these financial statements.


CHAIRMAN


DIRECTOR


DIRECTOR


CHIEF EXECUTIVE OFFICER

STATEMENT OF CLAIMS

FOR THE YEAR ENDED DECEMBER 31, 2014

Note	STATUTORY FUNDS						AGGREGATE		
	Life	Life (Non-participating)		Investment	Accident & Health		Pension	2014	2013
	(Participating)	Individual	Group	Linked	Individual	Group	Business Fund		
----- (Rupees in '000) -----									
Gross claims									
Claims under individual policies									
	28,009	22,896	-	7,834	1,779	-	-	60,518	109,133
by death	-	-	-	-	7,592	-	-	7,592	635
by insured event other than death	9,507	-	-	-	-	-	-	9,507	10,302
by maturity	60,503	298,466	-	2,499,708	-	-	-	2,858,677	1,625,642
by surrender	98,019	321,362	-	2,507,542	9,371	-	-	2,936,294	1,745,712
Total gross individual policy claims									
Claims under group policies									
	-	-	81,135	-	-	-	-	81,135	68,112
by death	-	-	76	-	-	329,552	-	329,628	318,941
by insured event other than death	-	-	-	-	-	-	48,400	48,400	65,750
by surrender	-	-	30,137	-	-	4,214	-	34,351	19,135
experience refund	-	-	111,348	-	-	333,766	48,400	493,514	471,938
Total gross group claims									
Total gross claims	98,019	321,362	111,348	2,507,542	9,371	333,766	48,400	3,429,808	2,217,650
Less: Re-insurance recoveries									
On individual life first year business claims	-	5,589	-	2,947	-	-	-	8,536	12,810
On individual life second year business claims	-	2,497	-	-	-	-	-	2,497	4,113
On individual life renewal business claims	(255)	9,748	-	-	-	-	-	9,493	14,586
On individual accident and health business claims	-	-	-	-	(1,629)	-	-	(1,629)	22,851
On group business claims	-	-	12,448	-	-	80	-	12,528	2,072
	(255)	17,834	12,448	2,947	(1,629)	80	-	31,425	56,432
Net claims	98,274	303,528	98,900	2,504,595	11,000	333,686	48,400	3,398,383	2,161,218

The annexed notes from 1 to 29 are an integral part of these financial statements.


CHAIRMAN


DIRECTOR


DIRECTOR


CHIEF EXECUTIVE OFFICER

STATEMENT OF EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2014

Note	STATUTORY FUNDS						AGGREGATE			
	Life	Life (Non-participating)		Investment	Accident & Health		Pension	2014	2013	
	(Participating)	Individual	Group	Linked	Individual	Group	Business Fund			
----- (Rupees in '000) -----										
Acquisition costs										
Remuneration to insurance intermediaries on individual policies:										
- Commission on first year premiums	-	144,604	-	70,691	11,270	-	-	226,565	177,203	
- Commission on second year premiums	-	8,038	-	2,484	-	-	-	10,522	12,251	
- Commission on subsequent renewal premiums	2,144	15,843	-	6,722	-	-	-	24,709	19,180	
- Commission on single premiums	-	-	-	9,609	-	-	-	9,609	96,955	
- Other benefits to insurance intermediaries	2,562	51,211	-	18,081	595	-	-	72,449	104,525	
	4,706	219,696	-	107,587	11,865	-	-	343,854	410,114	
Remuneration to insurance intermediaries on group policies:										
- Commission	-	-	28,805	-	-	12,446	-	41,251	39,826	
- Other benefits to insurance intermediaries	-	-	960	-	-	-	-	960	880	
	-	-	29,765	-	-	12,446	-	42,211	40,706	
Branch overheads										
- Salaries and other benefits	852	11,661	-	5,734	333	-	-	18,580	18,071	
- Other Operational cost	1,748	23,910	-	11,756	683	-	-	38,097	25,564	
	2,600	35,571	-	17,490	1,016	-	-	56,677	43,635	
Other acquisition cost										
- Policy stamps	-	1,009	-	684	60	-	-	1,753	6,502	
	7,306	256,276	29,765	125,761	12,941	12,446	-	444,495	500,957	
Administration expenses										
Salaries, allowances & other benefits	8,050	88,913	29,912	31,366	1,648	43,755	334	203,978	185,520	
Travelling expenses	191	2,158	642	796	43	939	7	4,776	2,670	
Directors' fees	71	801	238	295	16	348	3	1,772	-	
Auditors' remuneration	69	787	233	289	15	341	3	1,737	1,953	
Actuary's fees	394	4,454	1,325	1,643	88	1,938	15	9,857	-	
Medical fees	32	441	107	-	-	-	-	580	749	
Legal and professional charges	91	1,023	304	377	20	445	3	2,263	817	
Advertisement and publicity	461	5,205	1,548	1,920	103	2,265	17	11,519	456	
Computer expenses	155	1,756	522	648	35	764	6	3,886	4,256	
Printing and stationery	593	6,699	1,993	2,472	132	2,915	22	14,826	10,861	
Depreciation and amortization	2,269	8,130	135	8,783	47	303	145	19,812	22,378	
Rental	907	10,245	3,047	3,779	202	4,457	34	22,671	28,193	
	13,283	130,612	40,006	52,368	2,349	58,470	589	297,677	257,853	
Other management expenses	17	2,814	32,478	9,458	11,731	626	13,835	106	71,048	46,410
Gross management expenses		23,403	419,366	79,229	189,860	15,916	84,751	695	813,220	805,220
Commission from reinsurers		(165)	(2,253)	(8,614)	(1,921)	(1,091)	(434)	-	(14,478)	(21,591)
Net management expenses		23,238	417,113	70,615	187,939	14,825	84,317	695	798,742	783,629

The annexed notes from 1 to 29 are an integral part of these financial statements.


CHAIRMAN


DIRECTOR


DIRECTOR


CHIEF EXECUTIVE OFFICER

STATEMENT OF INVESTMENT INCOME

FOR THE YEAR ENDED DECEMBER 31, 2014

	STATUTORY FUNDS						AGGREGATE		
	Life (Participating)	Life (Non-participating)		Investment Linked	Accident & Health		Pension Business Fund	2014	2013
		Individual	Group		Individual	Group			
	----- (Rupees in '000) -----								
Investment income									
Return on government securities	157,339	400,344	22,745	374,248	3,968	8,780	9,295	976,719	947,267
Amortisation of premium	(1,659)	(3,890)	-	-	-	(142)	-	(5,691)	(3,574)
	155,680	396,454	22,745	374,248	3,968	8,638	9,295	971,028	943,693
Unrealized gain on revaluation of investment	5,630	15,302	-	377,154	-	-	-	398,086	48,707
Gain/(loss) on sale of securities	9,040	20,652	(503)	47,447	130	(212)	792	77,346	13,880
Net investment income	170,350	432,408	22,242	798,849	4,098	8,426	10,087	1,446,460	1,006,280

The annexed notes from 1 to 29 are an integral part of these financial statements.


CHAIRMAN


DIRECTOR


DIRECTOR


CHIEF EXECUTIVE OFFICER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

1. STATUS AND NATURE OF BUSINESS

- 1.1** IGI Life Insurance Limited (formerly American Life Insurance Company (Pakistan) Limited) ("the Company") was incorporated in Pakistan on October 9, 1994 as a public limited company under the Companies Ordinance, 1984. Its shares are quoted on the Karachi and Lahore Stock Exchanges. The Company commenced its operations on May 25, 1995 after registration with the Controller of Insurance on April 30, 1995. The registered office of the Company is situated at Floor 13, Dolmen City, Block - 4, Scheme - 5, Clifton, Karachi.
- 1.2** The Company is a subsidiary of IGI Insurance Limited that holds 69.677% (2013 : Nil) share capital of the Company. The ultimate parent of the Company is Packages Limited.
- 1.3** In pursuant to the Share Purchase Agreement dated January 21, 2013 between IGI Insurance Limited (IGI) and American Life Insurance Company – USA (a company incorporated under the laws of the State of Delaware, United States of America) (ALICO USA) ; IGI obtained control of American Life Insurance Company (Pakistan) Limited on April 10, 2014 by acquiring 34,838,687 ordinary shares (representing 69.677% of the issued and paid up capital) of the Company from its majority shareholder ALICO USA. As a consequence of this change, the Board of Directors resigned in the meeting held on April 10, 2014 and in their place, the new directors joined the Board of the Company. As part of change in major shareholdings, effective from June 12, 2014, the name of the Company has been changed to 'IGI Life Insurance Limited'.
- 1.4** The Company is engaged in life insurance, carrying on both participating and non-participating business. In accordance with the requirements of the Insurance Ordinance, 2000, the Company established a Shareholders' Fund and Separate Statutory Funds, in respect of each class of life insurance business. The Statutory Funds established by the Company, in accordance with the advice of the Appointed Actuary are as follows:
- Life (participating)
 - Life (non-participating) – Individual
 - Life (non-participating) – Group
 - Accident & Health – Individual
 - Accident & Health – Group
 - Pension Business Fund
 - Investment Linked
- 1.5** In March and April 2013, two suits were filed by some of the employees of the Company seeking protection for their employment from the consequences of the Share Purchase Agreement (SPA). The status quo order passed by the High Court was modified on July 05, 2013 whereby the transaction contemplated by the SPA was allowed to be consummated. The final disposal of the legal proceedings is pending. As per the advice of legal advisors of the Company, the chances of adverse financial implication on the Company are remote.

2. BASIS OF PRESENTATION

These financial statements have been presented in accordance with the requirements of S.R.O. 938 (I)/2002 dated December 12, 2002 issued by the Securities and Exchange Commission of Pakistan (SECP) through 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 the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) 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 shall prevail.

The Securities and Exchange Commission of Pakistan (SECP) has allowed the insurance companies to defer the application of International Accounting Standard (IAS 39) "Financial Instruments: Recognition and Measurement" in respect of valuation of investments classified as available-for-sale. Accordingly, the requirements of IAS 39 to the extent allowed by the SECP as aforesaid have not been considered in the preparation of these financial statements. (Note 12.1.2)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except as disclosed in accounting policies relating to investments and staff retirement gratuity.

3.1 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3.2 Use of estimates and judgments

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 requires management to make judgments / estimates and associated assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The judgments / estimates and associated assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making estimates about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected in accordance with the requirements of International Accounting Standard - 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

Significant areas where assumptions and estimates were exercised in application of accounting policies, otherwise that are disclosed in these financial statements, relate to:

3.2.1 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.

General Principles adopted for valuation

The general principles adopted in the actuarial valuation to estimate policyholders' liabilities as at December 31, 2014 are as follows:

- a) Reserves for Endowment Policies with term not less than 20 years have been calculated using Full Preliminary Term Method with EFU (1961-66) Ultimate Mortality Table at 3.75%.
- b) Reserves for Endowment Policies with term less than 20 years have been calculated using combination of Full Preliminary Term Method and Net Level Premium Method with EFU (1961-66) Ultimate Mortality Table at 3.75%.
- c) Term Policies are calculated using Net Level Premium Method with EFU (1961-66) Ultimate Mortality Table at 3.75%.
- d) Reduced Paid-ups and Extended Term insurances have been valued by Net Single Premium Method with EFU (1961-66) Ultimate Mortality Table at 3.75%.
- e) Bonus Reserves have been valued by Net Single Premium Method with EFU (1961-66) Ultimate Mortality Table at 3.75%.
- f) Loyalty Bonus Reserves have been valued by Net Single Premium Method at 3.75% for active policies with no partial withdrawal and all premiums paid when due for the preceding 5 years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

- g) 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 before the valuation date.
- h) Universal Life business has been valued using full Account values. No deduction has been made for surrender charges.
- i) Group Life Insurance, Individual Accident & Health Insurance and Group Accident & Health have been valued using Unearned Gross Premium.
- j) Pension business has been valued using full Account values.
- k) Unearned premium reserves have been maintained for all riders except Level Term rider reserve which is calculated using Net Level Premium Method with EFU (1961-66) Ultimate Mortality Table at 3.75%.
- l) Reinsurance premium reserves have been maintained on an unearned premium basis.
- m) Reserves have been maintained for Incurred But Not Reported (IBNR) claims, based on the claims lag pattern experienced over the past few years.
- n) Reserves for claims payable in installments have been kept at 3.75%.
- o) Unearned Premium Reserve is kept as half month of Cost of Insurance (COI) for Cost of Insurance (COI) of Universal Life and Unit Linked Policies.
- p) No policy is treated as an asset and in the system if the reserve is negative, the negative value is excluded and the reserves for the policies is set equal to zero.
- q) The Company does not have any insurance policy which is denominated in foreign currency.

The principles adopted in the previous valuation as at December 31, 2013, were the same as those followed in this valuation. Hence there is no impact of any change in valuation basis.

Surrenders

For the purpose of conventional and annuity 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) Reserves 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. In a small number of cases, claims are payable in installments over a period of more than twelve months after the valuation date. In respect of all such claims, reserves have been calculated using the minimum valuation basis.
- b) Adequate reserves have also been maintained for Incurred But Not Reported (IBNR) claims. The IBNR is determined based on statistical method that analyses the time lag between the claim occurrence date and claim reported date from the Company's own experience.

3.2.2 Classification of investment and provisions for impairment there against

In classifying investments as "held-to-maturity" the Company has determined financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Company evaluates its intention and ability to hold such investments to maturity.

The Company determines that available for sale investments are impaired when there has been significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

The Company has determined fair value of certain investment by using quotations from active market. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgment (e.g. valuation, interest rates, etc.) and therefore, can not be determined with precision.

3.2.3 Income tax

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.

3.2.4 Tangible and intangible assets, depreciation and amortization

In making estimates of the 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.

The carrying amounts are reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amounts.

3.2.5 Defined benefits plans and other benefits

Liability is determined on the basis of actuarial valuation carried out using the Projected Unit Credit Method.

3.2.6 Other assets

Judgment is also involved in assessing in realizability of the asset balances.

4. New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2014

The following standards, amendments and interpretations are effective for the year ended December 31, 2014. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after
Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	January 01, 2014
IAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets	January 01, 2014
IAS 39 Financial Instruments: Recognition and measurement - Novation of derivatives and continuation of hedge accounting	January 01, 2014
IFRIC 21 - Levies	January 01, 2014

New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

Effective from accounting period

beginning on or after

Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	January 01, 2016
IAS 27 (Revised 2011) – Separate Financial Statements	January 01, 2015
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	January 01, 2015
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers

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 including riders where the Company (the insurer) accepts significant insurance risk from another party i.e. group and individual policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders are insurance policy contracts.

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 reinsurance contracts with foreign reinsurers in the normal course of business in order to limit the potential for losses arising from certain exposures.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its period, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

The Company enters into insurance contracts with policyholders which are divided into following two major categories:

Group Insurance contracts

The Company offers group life, group accident & health and pension business to its clients. The Company also underwrites business for consumer banking related schemes. The risk underwritten is mainly death, hospitalization and disability. The group insurance contracts are issued typically on yearly renewable term basis (YRT). This business is written through direct sales force as well as bancassurance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

Individual Insurance Contracts

The Company offers Individual Life (Participating), Individual Life (Non-Participating), Individual Accident & Health and Investment Unit Linked Plans which provide the financial protection; protection against the financial consequences of death, disease and disability caused by accidents, sickness or old age and a substantial return at maturity. Investment 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. Some of these riders are charged through deduction from policyholders' fund value, while others are conventional i.e., additional premium is charged thereagainst. This business is written through direct sales force as well as bancassurance.

5.1.1 Premiums

- The initial premium is recognized when the policy is issued after receipt of that premium. Subsequent premiums falling due under the policy are recognized if received before expiry of the grace period, or if advanced by the Company under the Automatic Premium Loan (APL).
- Group premiums are recognized when due.
- Single premiums are recognized once the related policies are issued against the receipt of premium.

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 treaty.

Reinsurance liabilities represent balances due to reinsurance companies. Balances payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contract.

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.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired.

The Company assesses its reinsurance assets for impairment on balance sheet date. If there is an objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes it as impairment loss.

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 expense

Insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims and any adjustments to claims outstanding from previous years. Claims are recognized earlier of the policy ceases to participate in the earnings of the fund or insured event occurs except for accident and health claims which are recognized as soon as a reliable estimate of the claim amount can be made.

The outstanding claims liability includes amounts relating to unpaid reported claims and expected claims settlement costs. Full provision is made for the estimated cost of claims incurred to the date of the balance sheet. The liability for claims expenses relating to "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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

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.

5.1.6 Acquisition cost

These comprise commission and other costs incurred in acquiring and maintaining 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.

No provision has been made as the unearned premium reserve for each class of business as at the year end is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in force at balance sheet date as per the advice of appointed actuary.

5.2 Staff retirement benefits

5.2.1 Defined benefit plan

The Company operates an approved defined benefit gratuity scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. Contributions to the fund are made based on in-house actuarial valuation. The most recent in-house actuarial valuation was carried out for the year ended December 31, 2014 using the Projected Unit Credit Method.

Actuarial gains and losses are recognized in other comprehensive income (OCI) in the periods in which they occur. Amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the profit and loss account. In case employee benefits are charged to statutory funds, current and past service costs, gains or losses on settlements, net interest income / (expense) and actuarial gains and losses are recognized in revenue account.

In case the benefits paid under the scheme are reduced, it is treated as past service cost in the period in which change takes place.

5.2.2 Defined contribution plan

The Company operates an approved contributory provident fund which covers all permanent employees. Equal monthly contributions are made both by the Company and the employees to the Fund at the rate of 10 percent of basic salary.

5.3 Employees' compensated absences

The Company accounts for the liability in respect of employees' compensated absences in the period in which they are vested.

5.4 Taxation

Income tax comprises current and deferred tax. Income tax expense is recognized in the profit and loss account except to the extent that it relates to the items recognized directly in equity in which case it is recognized in equity.

5.4.1 Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing laws for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalized during the current year for such years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

5.4.2 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

5.5 Loans secured against life insurance policies

Interest bearing loans are available to policyholders of the Company to the extent of ninety percent of cash values built in their policies. These are recognized on disbursement.

5.6 Investments

Classification

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. Investments which are intended to be held for an indefinite period but may be sold in response to the need for liquidity or change in mark-up / interest rates are classified as available for sale. Investment designated at fair value through profit and loss are measured at fair value and changes in market value are recognized immediately in profit and loss / revenue account.

5.6.1 Initial recognition

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.

5.6.2 Subsequent measurement

Held to maturity

Subsequently, these are measured at amortized cost less provision for impairment, if any. Any premium paid or discount availed on acquisition of held to maturity investment is deferred and amortised over the term of investment using the effective interest method.

Available-for-sale

Shareholder's fund and statutory funds other than investment linked fund

Investments classified as available-for-sale are 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 and the difference if any, is recognized as provision for impairment in value of investment. Any change in the provision for impairment in value of an investment is recognized in the profit and loss account / revenue account.

Investment linked fund

Investments classified as available for sale, which are linked to the units of the investment linked fund, are marked to their market values. Any gain or loss on such available-for-sale investments is recognized in revenue account of the investment linked fund.

International Accounting Standard - 39 (IAS-39) "Financial Instruments - Recognition and Measurement" had been revised effective January 1, 2005. In the revised IAS-39 the option of taking the revaluation gain / loss on the available for sale securities to income / revenue account had been deleted and all such gain / loss was to be taken to equity. Further, after revision of IAS-1, this unrealised gain / loss is to be routed through Other Comprehensive Income (OCI). Since SECP through Insurance Rules, 2002 had prescribed the format of presentation and disclosure of financial statements, according to which the Statutory Funds have no equity or OCI accounts. Resultantly, the changes in IAS-39 and IAS-1 were not implemented.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

Fair value through profit & loss

Investment classified 'at fair value through profit and loss' category at inception, are subsequently measured at their fair value and gains and losses arising from changes in fair value are included in the profit & loss / revenue account.

Fair / market value measurement

For investment in Government securities, fair / market value is determined by reference to quotations obtained from Financial Market Association of Pakistan (FMAP) (PKRV) where applicable. The fair / market value of mutual fund units is determined as per the rates announced by the Mutual Funds Association of Pakistan (MUFAP).

Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognized at the settlement date. Settlement date is the date on which the Company has committed to purchase or sell the investment.

5.7 Fixed assets

5.7.1 Tangibles

These are initially stated at cost and subsequently at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 15 to the financial statements, after taking into account residual value and charged to revenue account.

Depreciation on additions is charged from the month in which the asset is available for use and on disposal, upto the month the asset is in use.

Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to revenue account.

An item of tangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the revenue account in the year the asset is derecognized.

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

5.7.2 Capital work in progress

Capital work in progress is stated at cost less any impairment in value. It includes advances to suppliers in respect of tangible fixed assets.

5.7.3 Intangibles

These are stated at cost less accumulated amortization and impairment loss, if any. Amortization is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 15 to the financial statements.

Amortization on additions is charged from the month in which the asset is acquired or capitalised and on disposal up to the month the asset is in use.

Software development costs are only capitalized to the extent that future economic benefits are expected to be derived by the Company.

5.8 Impairment of Non-financial assets

The carrying amount of assets (other than deferred tax asset) are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognized in profit and loss account or revenue account, as appropriate. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

5.9 Provisions

A provision is recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

5.10 Investment income

- Income from held to maturity investments is recognized on a time proportion basis using effective interest method. The difference between the redemption value and the purchase price of the held to maturity investments is amortized over the term of the investment and is taken to the profit and loss account and revenue account, for investments relating to shareholders fund and statutory funds respectively.
- Revaluation gain on investment held for available-for-sale in the investment linked fund is recognized as income in the revenue account.
- Dividend income on investments 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.
- Return on bank deposits, loans to employees and loans to policyholders are recognized on a time proportionate basis taking into account the effective yield.
- Revaluation gain/loss on investment held 'at fair value through profit and loss' in statutory fund is recognized as income/expense in the revenue account.

5.11 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components.

All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting provided to Strategy Committee and Board of Directors which are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of excess of income over claims and expenditure of each segment. The Company operates in Pakistan only.

The Company accounts for segment reporting using the classes or sub-classes of business(Statutory Funds) as specified under the Insurance Ordinance 2000 and SEC (Insurance) Rules,2002 as the primary reporting format.

- The Life (participating) segment provides life insurance coverage to individuals under individual life policies that are entitled to share in the surplus earnings of the statutory fund to which they are referable.
- The Life (non-participating) segment provides life insurance coverage to individuals under individual life policies that are not entitled to share in the surplus earnings of the statutory fund to which they are referable.
- The Life (non-participating) Group segment provides life insurance coverage to employer-employee (and similar) groups of employees / members under a single life policy issued to the employer. The Group policy is not entitled to share in the surplus earnings of the statutory fund to which it is referable.
- The Investment Linked business segment provides life insurance coverage to individuals, whereby the benefits are expressed in terms of units, the value of which is related to the market value of specified assets.
- The Accident and Health - Individual segment provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to individuals.
- The Accident and Health - Group segment provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to employer-employee (and similar) groups of employees / members under a single policy issued to the employer.
- The Pension Fund segment provides coverage for the purposes of a pension or a retirement scheme with or without the payments being guaranteed for a minimum period.

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 Statutory Funds, they are allocated to the Shareholders' Fund.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

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.

Actuarial valuation of life insurance business is required to be carried out annually at the balance sheet date. Policyholders' liabilities included in the statutory funds are based on the actuarial valuation carried out by the Appointed Actuary as at December 31, 2014.

The Company reviews the basis of estimation used in respect of allocation of assets, liabilities, income and expenses not referable to specific fund with the consultation of Company's appointed actuary.

5.12 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences, if any, are taken to profit and loss account / revenue account, as appropriate.

5.13 Statutory funds

The Company maintains statutory funds in respect of each class of life insurance business. Assets, liabilities, revenues, and expenses of the Company are usually referable to respective statutory funds, however, where these are not referable to statutory funds, these are allocated to shareholders' fund.

Apportionment of assets, liabilities, revenues and expenses, wherever required, between funds are made on a fair and equitable basis in accordance with the written advice of the appointed actuary.

5.14 Financial instruments

Financial instruments carried on the balance sheet include cash and bank deposits, loans secured against other assets, investment in government securities and listed mutual funds, premiums due but unpaid, amount due from / to agents, sundry receivables, accrued interest, accrued expenses, other creditors and accruals, and dividend payable.

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. These financial assets and liabilities are subsequently measured at fair market value or amortized cost as the case may be. Any gain or loss on derecognition of financial assets and financial liabilities is taken to profit and loss account or revenue account, as appropriate.

5.15 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet only when there is a legally enforceable right to set off the recognized amounts and the Company intends to settle either on a net basis, or to realize the assets and settle the liabilities simultaneously.

5.16 Cash and cash equivalents

For the purposes of cash flow statement cash and cash equivalents include the following:

- cash and stamps in hand
- cash at bank in current and other accounts
- deposits with original maturity of three months or less

5.17 Dividend and appropriation of reserve

Dividend and appropriation to reserve except appropriations required by the law or determined by the appointed actuary or allowed by the Insurance Ordinance 2000, are recognized in the year in which these are approved.

6. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2014	2013		2014	2013
(Number of shares in '000)			(Rupees in '000)	
<u>50,000</u>	<u>50,000</u>	Ordinary Shares of Rs. 10 each fully paid in cash	<u>500,000</u>	<u>500,000</u>

IGI Insurance Limited held 34,838,687 shares representing 69.677% (December 31, 2013 : Nil) of the Company's shares as at December 31, 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

2014 2013
(Rupees in '000)

7. ANALYSIS OF ACCUMULATED SURPLUS AS SHOWN IN THE BALANCE SHEET

Accumulated surplus in the statement of changes in equity ignoring effect of capital transfers at beginning of the year	741,602	667,750
Add: Surplus in profit and loss account for the year	<u>55,352</u>	<u>73,852</u>
Accumulated surplus in statement of changes in equity ignoring effect of capital transfers at end of the year	796,954	741,602
Less: Accumulated net capital transfers to statutory funds (note 8)	<u>(471,452)</u>	<u>(376,552)</u>
Accumulated surplus	<u><u>325,502</u></u>	<u><u>365,050</u></u>

7.1 In order to achieve compliance with the requirements of the Insurance Ordinance, 2000 relating to i) solvency; and ii) return of capital from statutory funds to shareholders' fund, the Company as at December 31, 2014 has retained an amount of Rs. 454.75 million (December 31, 2013: Rs. 228.87 million) in the statutory funds. This has resulted in the shareholders' equity being lower by this amount.

8. MOVEMENT IN EQUITY OF STATUTORY FUNDS

	STATUTORY FUNDS						AGGREGATE		
	Life (Participating)	Life (Non-participating)		Investment	Accident & Health		Pension Business Fund	2014	2013
	Individual	Group	Linked	Individual	Group				
----- (Rupees in '000) -----									
Policyholders' liabilities									
Balance at the beginning of the year	1,049,262	3,224,581	69,457	5,554,825	23,224	126,142	42	10,047,533	7,831,934
Increase/(decrease) during the year	49,565	712,374	(4,083)	(1,301,160)	(454)	20,550	70,217	(452,991)	2,215,599
Balance at end of the year	<u>1,098,827</u>	<u>3,936,955</u>	<u>65,374</u>	<u>4,253,665</u>	<u>22,770</u>	<u>146,692</u>	<u>70,259</u>	<u>9,594,542</u>	<u>10,047,533</u>
Retained earnings on participating business attributable to participating policyholders - Ledger Account A									
Balance at the beginning of the year	289,988	-	-	-	-	-	-	289,988	234,889
Surplus allocated during the year (note 8.1)	177,415	-	-	-	-	-	-	177,415	152,020
Surplus Adjustment	-	-	-	-	-	-	-	-	-
10% surplus transfer to Ledger Account B	-	-	-	-	-	-	-	-	-
Bonus allocated during the year	(103,900)	-	-	-	-	-	-	(103,900)	(96,921)
Closing balance at end of the year	<u>363,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>363,503</u>	<u>289,988</u>
Retained earnings on participating business attributable to shareholders but not distributable - Ledger Account B									
Balance at the beginning of the year	43,056	-	-	-	-	-	-	43,056	43,056
Surplus adjustment	-	-	-	-	-	-	-	-	-
10% surplus transfer from Ledger Account A	-	-	-	-	-	-	-	-	-
Closing balance at end of the year	<u>43,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,056</u>	<u>43,056</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	STATUTORY FUNDS						AGGREGATE		
	Life (Participating)	Life (Non-participating)		Investment Linked	Accident & Health		Pension Business Fund	2014	2013
		Individual	Group		Individual	Group			
----- (Rupees in '000) -----									
Retained earnings on other than participating business - Ledger Account D									
Balance at the beginning of the year	-	(73,050)	24,018	(103,288)	1,487	6,184	(3,033)	(147,682)	(242,234)
(Deficit) / surplus allocated during the year	-	(7,147)	13,494	117,290	1,733	4,537	1,075	130,982	129,552
Surplus appropriated to shareholders' fund	-	-	-	-	-	-	-	-	(35,000)
Closing balance at end of the year	<u>-</u>	<u>(80,197)</u>	<u>37,512</u>	<u>14,002</u>	<u>3,220</u>	<u>10,721</u>	<u>(1,958)</u>	<u>(16,700)</u>	<u>(147,682)</u>
Capital contributed by shareholders' fund									
Balance at the beginning of the year	-	224,452	-	117,100	-	29,000	6,000	376,552	340,952
Capital contributed during the year	-	33,100	-	-	1,500	60,300	-	94,900	35,600
Capital withdrawn during the year	-	-	-	-	-	-	-	-	-
Balance at end of the year	<u>-</u>	<u>33,100</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>60,300</u>	<u>-</u>	<u>94,900</u>	<u>35,600</u>
Balance at end of the year	<u>-</u>	<u>257,552</u>	<u>-</u>	<u>117,100</u>	<u>1,500</u>	<u>89,300</u>	<u>6,000</u>	<u>471,452</u>	<u>376,552</u>
Balance of statutory fund at year end	<u>1,505,386</u>	<u>4,114,310</u>	<u>102,886</u>	<u>4,384,767</u>	<u>27,490</u>	<u>246,713</u>	<u>74,301</u>	<u>10,455,853</u>	<u>10,609,447</u>

8.1 This represents surplus earned in life (participating) statutory fund before allocation of bonus. Amount of surplus appearing in the revenue account is net off bonus allocated during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

9. POLICYHOLDERS' LIABILITIES

As per actuary's advice, the policyholders' liabilities as at December 31, 2014 are as follows:

	STATUTORY FUNDS						AGGREGATE		
	Life (Participating)	Life (Non-participating)		Investment Linked	Accident & Health		Pension Business Fund	2014	2013
		Individual	Group		Individual	Group			
----- (Rupees in '000) -----									
Gross of reinsurance									
Actuarial liability relating to future events	1,099,236	3,935,092	36,458	4,248,441	13,949	103,006	70,259	9,506,441	9,974,160
Provision for outstanding reported claims payable over a period exceeding twelve months	-	6,938	3,873	-	8,481	915	-	20,207	21,766
Provision for incurred but not reported claims	4,100	3,073	42,180	5,894	2,445	43,491	-	101,183	82,217
Total	1,103,336	3,945,103	82,511	4,254,335	24,875	147,412	70,259	9,627,831	10,078,143
Net of reinsurance									
Actuarial liability relating to future events	1,095,355	3,928,380	21,886	4,247,771	11,918	102,286	70,259	9,477,855	9,949,797
Provision for outstanding reported claims payable over a period exceeding twelve months	-	6,157	3,873	-	8,481	915	-	19,426	18,569
Provision for incurred but not reported claims	3,472	2,418	39,615	5,894	2,371	43,491	-	97,261	79,167
Total	1,098,827	3,936,955	65,374	4,253,665	22,770	146,692	70,259	9,594,542	10,047,533

10. STAFF RETIREMENT BENEFITS

Defined benefit plan - gratuity fund

The in-house actuarial valuations are carried out annually and contributions are made accordingly. Following were the significant assumptions used for valuation carried out as at December 31, 2014:

	2014	2013
- Discount rate per annum (%)	10.5	11.06
- Expected rate of increase in the salaries of employees per annum (%)	10.5	11.06
- Expected interest rate on plan assets of the fund per annum (%)	10.5	12.81
- Expected remaining service length of employees	19 years	12 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

10.1 The fund typically exposes the Company to actuarial risks such as: salary risk, discount rate risk, mortality risk and investment risk defined as follow:

- **Salary increase risk**

This is the risk that the salary at the time of cessation of service is higher than that assumed by the Company. This is a risk because the benefits payable are based on the final salary; if the final salary is higher than what was estimated, the benefits will also be higher.

- **Discount rate risk**

The discount rate is based on the yield on government bonds. If the market yield of bonds varies, the discount rate would vary in the same manner and would affect the present value of obligation and fair value of assets.

- **Mortality / withdrawal risk**

This is the risk that the actual mortality/withdrawal experience is different than that assumed by the Company.

- **Investment risk**

This is the risk that the assets are underperforming and are not sufficient to meet the liabilities.

10.2 Number of employees under the fund

The number of employees covered under defined benefit fund is 120 (2013: 112).

	2014	2013
	(Rupees in '000)	
10.3 Balance sheet reconciliation		
Present value of defined benefit obligations (note 10.5)	87,269	99,916
Fair value of plan assets (note 10.6)	<u>(79,531)</u>	<u>(98,650)</u>
Net liability	<u>7,738</u>	<u>1,266</u>
10.4 Movement in liability during the year		
Opening balance	1,266	31,828
Charge for the year (note 10.7)	17,984	23,740
Contributions to the fund during the year	(11,512)	(54,050)
Contributions - benefit payments on behalf of the fund	-	(252)
Closing balance	<u>7,738</u>	<u>1,266</u>
10.5 Movement in present value of defined benefit obligations		
Present value of obligations as at January 1	99,916	83,297
Current service cost	9,288	9,568
Interest cost	10,491	9,213
Benefits paid during the year	(39,260)	(9,122)
Actuarial loss	6,834	6,960
Present value of obligations as at December 31	<u>87,269</u>	<u>99,916</u>
10.6 Movement in fair value of plan assets		
Fair value of plan assets as at January 1	98,650	51,469
Expected return on plan assets	10,358	6,593
Contribution to the fund	11,512	54,050
Contributions - benefit payments on behalf of the fund	-	252
Benefits paid during the year	(39,260)	(9,122)
Actuarial (loss) /gain	(1,729)	(4,592)
Fair value of plan assets as at December 31	<u>79,531</u>	<u>98,650</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
	(Rupees in '000)	
10.7 Charge for the year		
Current service cost	9,288	9,568
Net interest cost	133	2,619
Actuarial loss recognised during the year	8,563	11,553
	<u>17,984</u>	<u>23,740</u>

10.8 Actual return on plan assets		
Expected return on assets	10,358	6,593
Actuarial (loss) / gain on assets	(1,729)	(4,592)
	<u>8,629</u>	<u>2,001</u>

10.9 Composition of fair value of plan assets

	2014		2013	
	Fair value (Rs. in '000)	Percentage %	Fair value (Rs. in '000)	Percentage %
Unquoted				
Bonds	52,503	66.02	15,029	15.23
Mutual funds	13,030	16.38	11,987	12.15
Cash at bank	13,998	17.60	71,634	72.62
	<u>79,531</u>	<u>100</u>	<u>98,650</u>	<u>100</u>

10.10 Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, and expected rate of salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

		Present value of Obligation (Rs. in '000)	% change from Base
Base		87,269	
Discount rate	Increase by 0.5%	87,165	-0.12%
	Decrease by 0.5%	87,390	0.14%
Salary growth rate	Increase by 0.5%	87,390	0.14%
	Decrease by 0.5%	87,165	-0.12%
Mortality rate	50% of base assumption	87,321	0.06%
	150% of base assumption	87,218	-0.06%
Withdrawal rate	50% of base assumption	87,330	0.07%
	150% of base assumption	87,211	-0.06%

10.11 The estimated contribution to the Fund for the year ended December 31, 2015 is Rs. 15.718 million.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

11. OTHER CREDITORS AND ACCRUALS

	SHARE		STATUTORY FUNDS					AGGREGATE		
	HOLDERS' FUND	Life (Participating)	Life (Non-participating) Individual	Life (Non-participating) Group	Investment Linked	Accident & Health Individual	Accident & Health Group	Pension Business Fund	2014	2013
	----- (Rupees in '000) -----									
Withholding tax payable	-	227	3,100	622	1,524	88	1,273	34	6,868	3,092
Payable to workers' welfare fund	10,827	-	-	-	-	-	-	-	10,827	9,134
Compensated absences	-	264	3,610	724	1,775	103	1,482	40	7,998	34,545
Others	46	8,372	30,251	398	39,767	125	17,327	357	96,643	87,935
	<u>10,873</u>	<u>8,863</u>	<u>36,961</u>	<u>1,744</u>	<u>43,066</u>	<u>316</u>	<u>20,082</u>	<u>431</u>	<u>122,336</u>	<u>134,706</u>

12. INVESTMENTS

	SHARE		STATUTORY FUNDS					AGGREGATE		
	HOLDERS' FUND	Life (Participating)	Life (Non-participating) Individual	Life (Non-participating) Group	Investment Linked	Accident & Health Individual	Accident & Health Group	Pension Business Fund	2014	2013
	----- (Rupees in '000) -----									
12.1 Government securities										
Available for sale - lower of cost or market value										
Pakistan Investment Bonds (note 12.1.1)	591,703	1,244,728	3,252,396	192,284	-	27,893	80,464	67,682	5,457,150	-
Available for sale - at fair value										
Pakistan Investment Bonds (note 12.1.1)	-	-	-	-	2,704,130	-	-	-	2,704,130	975,121
Treasury Bills (note 12.1.1)	-	-	-	-	-	-	-	-	-	3,363,835
	-	-	-	-	2,704,130	-	-	-	2,704,130	4,338,956
Held to maturity - at amortized cost										
Pakistan Investment Bonds (note 12.1.1)	-	-	-	-	-	-	-	-	-	5,627,599
	<u>591,703</u>	<u>1,244,728</u>	<u>3,252,396</u>	<u>192,284</u>	<u>2,704,130</u>	<u>27,893</u>	<u>80,464</u>	<u>67,682</u>	<u>8,161,280</u>	<u>9,966,555</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

12.1.1 Particulars of Government Securities

	Tenure	Maturity Year	Rate of Return %	Profit Payment	2014 (Rupees in '000)	2013
Available for sale						
- lower of cost or market value						
Pakistan Investment Bonds	10 years	2019	12.00	Half Yearly	329,496	-
Pakistan Investment Bonds	15 years	2019	9.00	Half Yearly	42,304	-
Pakistan Investment Bonds	10 years	2020	12.00	Half Yearly	515,070	-
Pakistan Investment Bonds	10 years	2021	12.00	Half Yearly	495,409	-
Pakistan Investment Bonds	15 years	2021	10.00	Half Yearly	730,266	-
Pakistan Investment Bonds	15 years	2023	12.50	Half Yearly	33,748	-
Pakistan Investment Bonds	10 years	2024	12.00	Half Yearly	2,782,832	-
Pakistan Investment Bonds	20 years	2031	13.00	Half Yearly	528,025	-
					5,457,150	-
Available for sale						
- at fair value						
Pakistan Investment Bonds	3 years	2016	11.25	Half Yearly	461,435	-
Pakistan Investment Bonds	5 years	2018	11.50	Half Yearly	1,159,481	-
Pakistan Investment Bonds	10 years	2019	12.00	Half Yearly	135,073	122,511
Pakistan Investment Bonds	10 years	2020	12.00	Half Yearly	948,141	852,610
Treasury Bills	1 year	2014	8.95 to 9.95	On maturity	-	3,363,835
					2,704,130	4,338,956
Held to maturity						
- at amortized cost						
Pakistan Investment Bonds	3 years	2014	11.25	Half Yearly	-	251,692
Pakistan Investment Bonds	5 years	2014	11.50	Half Yearly	-	69,576
Pakistan Investment Bonds	10 years	2014	8.00	Half Yearly	-	29,481
Pakistan Investment Bonds	3 years	2015	11.25	Half Yearly	-	100,320
Pakistan Investment Bonds	5 years	2015	11.50	Half Yearly	-	169,021
Pakistan Investment Bonds	7 years	2015	11.75	Half Yearly	-	106,915
Pakistan Investment Bonds	5 years	2016	11.50	Half Yearly	-	1,214,179
Pakistan Investment Bonds	7 years	2016	11.75	Half Yearly	-	24,621
Pakistan Investment Bonds	10 years	2016	9.60	Half Yearly	-	471,717
Pakistan Investment Bonds	5 years	2017	11.50	Half Yearly	-	478,996
Pakistan Investment Bonds	10 years	2017	9.60	Half Yearly	-	231,974
Pakistan Investment Bonds	10 years	2018	12.00	Half Yearly	-	344,788
Pakistan Investment Bonds	10 years	2019	12.00	Half Yearly	-	327,978
Pakistan Investment Bonds	15 years	2019	9.00	Half Yearly	-	41,778
Pakistan Investment Bonds	10 years	2020	12.00	Half Yearly	-	511,193
Pakistan Investment Bonds	10 years	2021	12.00	Half Yearly	-	493,471
Pakistan Investment Bonds	15 years	2021	10.00	Half Yearly	-	726,221
Pakistan Investment Bonds	15 years	2023	12.50	Half Yearly	-	33,678
					-	5,627,599
					8,161,280	9,966,555

12.1.2 As per the Company's accounting policy and SECP's accounting regulations for life insurance companies, certain available-for-sale investments are stated at lower of cost or market value (market value being taken as lower if the reduction is other than temporary). However, International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurements" dealing with the recognition and measurement of financial instruments requires that these instruments should be measured at fair value. Accordingly, had these investments been measured at fair value, their carrying value as on December 31, 2014 would have been higher by Rs. 5,937.22 million (2013: Nil).

12.1.3 The Company has deposited 15 years Pakistan Investment Bond amounting to Rs. 50 million (2013: Rs. 50 million) with State Bank of Pakistan under section 29 of Insurance Ordinance, 2000.

12.1.4 During the last quarter the management of the Company rebalanced its 'Held to Maturity' (HTM) portfolio which were maturing within 5 years to longer term tenor. Consequently, the portfolio has now been classified to 'Available-for-sale' investments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	STATUTORY FUNDS							AGGREGATE		
	SHARE HOLDERS' FUND	Life (Participating)	Life (Non-participating) Individual	Group	Investment Linked	Accident & Health Individual	Group	Pension Business Fund	2014	2013
12.2 Listed Mutual Funds	----- (Rupees in '000) -----									
Available for sale - at fair value										
Listed Mutual Funds (Note 12.2.1)	-	-	-	-	1,375,991	-	-	-	1,375,991	1,185,785
Available for sale - lower of cost or market value										
Listed Mutual Funds (Note 12.2.1)	86,677	-	-	27,501	-	4,095	11,732	-	130,005	-
Fair value through profit & loss										
Listed Mutual Funds (Note 12.2.1)	-	172,387	468,540	-	-	-	-	-	640,927	-
	86,677	172,387	468,540	27,501	1,375,991	4,095	11,732	-	2,146,923	1,185,785

	STATUTORY FUNDS							AGGREGATE		
	SHARE HOLDERS' FUND	Life (Participating)	Life (Non-participating) Individual	Group	Investment Linked	Accident & Health Individual	Group	Pension Business Fund	2014	2013
12.2.1 Particulars of Listed Mutual Funds	----- (Rupees in '000) -----									
Available for sale - at fair value										
NAFA Stock Fund	-	-	-	-	11,625	-	-	-	11,625	8,311
NAFA Islamic Asset Allocation Fund	-	-	-	-	5,022	-	-	-	5,022	3,865
MCB - Arif Habib Savings Pakistan Income Fund	-	-	-	-	13,821	-	-	-	13,821	22,413
MCB - Arif Habib Savings Pakistan Stock Market Fund	-	-	-	-	114,294	-	-	-	114,294	72,243
MCB - Arif Habib Savings Pakistan International Element Islamic Asset Allocation Fund	-	-	-	-	3,677	-	-	-	3,677	2,862
United Growth & Income Fund	-	-	-	-	2,394	-	-	-	2,394	2,840
UBL Stock Advantage Fund	-	-	-	-	199,299	-	-	-	199,299	165,064
Al Ameen Islamic Income Fund	-	-	-	-	141,862	-	-	-	141,862	102,490
Faysal Money Market Fund	-	-	-	-	387,083	-	-	-	387,083	319,692
UBL Money Market Fund	-	-	-	-	452,090	-	-	-	452,090	458,668
ABL Stock Fund	-	-	-	-	44,824	-	-	-	44,824	27,337
	-	-	-	-	1,375,991	-	-	-	1,375,991	1,185,785

	STATUTORY FUNDS							AGGREGATE		
	SHARE HOLDERS' FUND	Life (Participating)	Life (Non-participating) Individual	Group	Investment Linked	Accident & Health Individual	Group	Pension Business Fund	2014	2013
Available for sale	----- (Rupees in '000) -----									
- at lower of cost or market value										
Al Ameen Islamic Principal Preservation Fund - IV	17,335	-	-	5,500	-	819	2,346	-	26,000	-
Al Meezan Principal Preservation Fund - MCPPI	17,335	-	-	5,500	-	819	2,346	-	26,000	-
Alfalah GHP Capital Preservation Fund	11,558	-	-	3,667	-	546	1,564	-	17,335	-
Al Ameen Islamic Principal Preservation Fund - V	5,779	-	-	1,834	-	274	783	-	8,670	-
NAFA Stock Fund	10,401	-	-	3,300	-	491	1,408	-	15,600	-
UBL Stock Advantage Fund	10,401	-	-	3,300	-	491	1,408	-	15,600	-
MCB - Arif Habib Savings Pakistan Income Fund	10,401	-	-	3,300	-	491	1,408	-	15,600	-
IGI Stock Fund	3,467	-	-	1,100	-	164	469	-	5,200	-
	86,677	-	-	27,501	-	4,095	11,732	-	130,005	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

SHARE HOLDERS' FUND	STATUTORY FUNDS						AGGREGATE		
	Life (Participating)	Life (Non-participating) Individual	Life (Non-participating) Group	Investment Linked	Accident & Health Individual Group		Pension Business Fund	2014	2013
----- (Rupees in '000) -----									
Fair value through profit & loss - at fair value									
Al Ameen Islamic Principal Preservation Fund - IV	-	34,178	92,896	-	-	-	-	127,074	-
Al Meezan Principal Preservation Fund - MCPPI	-	34,379	93,442	-	-	-	-	127,821	-
Alfalah GHP Capital Preservation Fund	-	23,055	62,663	-	-	-	-	85,718	-
Al Ameen Islamic Principal Preservation Fund - V	-	11,117	30,216	-	-	-	-	41,333	-
NAFA Stock Fund	-	21,044	57,197	-	-	-	-	78,241	-
UBL Stock Advantage Fund	-	20,627	56,062	-	-	-	-	76,689	-
MCB - Arif Habib Savings Pakistan Income Fund	-	21,095	57,336	-	-	-	-	78,431	-
IGI Stock Fund	-	6,892	18,728	-	-	-	-	25,620	-
	-	172,387	468,540	-	-	-	-	640,927	-

12.2.2 The aggregate market value of the units of open-end mutual funds carried at cost as at December 31, 2014 was Rs. 134.251 million (2013: Rs. 2.115 million).

12.2.3 Had the Company adopted International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" the investments of the Company would have been higher by Rs.4.251 million (2013: Rs. 0.318 million) and net equity would have been higher by the same amount.

12.2.4 The aggregate cost of the above units of open-end mutual funds in investment linked fund as at December 31, 2014 was Rs. 924.42 million (2013: Rs. 919.56 million)

13. AMOUNT DUE FROM OTHER INSURERS / REINSURERS

This represents balances due from reinsurers:

	STATUTORY FUNDS						AGGREGATE		
	Life (Participating)	Life (Non-participating) Individual	Life (Non-participating) Group	Investment Linked	Accident & Health Individual Group		Pension Business Fund	2014	2013
----- (Rupees in '000) -----									
Reinsurance recoveries against outstanding claims	7,604	27,247	62,978	-	7,894	1,500	-	107,223	107,240
Other reinsurance assets	1,002	15,470	9,852	1,032	-	143	-	27,499	30,404
Liability against net reinsurance premium	(2,779)	(21,837)	(54,592)	(1,032)	(3,018)	(886)	-	(84,144)	(57,687)
	5,827	20,880	18,238	-	4,876	757	-	50,578	79,957

14. SUNDRY RECEIVABLES

	STATUTORY FUNDS						AGGREGATE		
	Life (Participating)	Life (Non-participating) Individual	Life (Non-participating) Group	Investment Linked	Accident & Health Individual Group		Pension Business Fund	2014	2013
----- (Rupees in '000) -----									
Advances to employees against expenses									
- executives	35	126	2	137	1	5	2	308	141
- others	27	96	2	104	1	4	2	236	30
	62	222	4	241	2	9	4	544	171
Deposits	911	3,264	54	3,527	18	122	58	7,954	5,921
Receivable against claim administration services	-	-	-	-	-	13,354	-	13,354	17,557
Others	246	881	15	951	5	31	16	2,145	1,710
	1,219	4,367	73	4,719	25	13,516	78	23,997	25,359

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

15. FIXED ASSETS	Note	2014 (Rupees in '000)	2013
Tangible assets	15.1	39,808	43,695
Intangible assets	15.2	1,629	444
Capital work in progress		2,003	-
		<u>43,440</u>	<u>44,139</u>

15.1 Tangible assets

	Leasehold Improvements	Computers			Motor Vehicles	Furniture & Fixtures	Office Equipment	Total
		AS400	Personal Computers	Sub total				
----- (Rupees in '000) -----								
As at January 01, 2013								
Cost	42,409	23,769	19,382	43,151	37,127	28,987	14,616	166,290
Accumulated depreciation	(28,727)	(19,638)	(16,667)	(36,305)	(15,097)	(19,918)	(7,796)	(107,843)
Net book value	<u>13,682</u>	<u>4,131</u>	<u>2,715</u>	<u>6,846</u>	<u>22,030</u>	<u>9,069</u>	<u>6,820</u>	<u>58,447</u>
Year ended December 31, 2013								
Opening net book value	13,682	4,131	2,715	6,846	22,030	9,069	6,820	58,447
Additions	475	-	405	405	7,392	75	413	8,760
Disposals								
- Cost	4,843	-	73	73	3,615	673	101	9,305
- Accumulated depreciation	(4,331)	-	(73)	(73)	(2,339)	(586)	(76)	(7,405)
Depreciation charge	512	-	-	-	1,276	87	25	1,900
Depreciation charge	(2,945)	(1,407)	(2,150)	(3,557)	(11,943)	(1,889)	(1,278)	(21,612)
Closing net book value	<u>10,700</u>	<u>2,724</u>	<u>970</u>	<u>3,694</u>	<u>16,203</u>	<u>7,168</u>	<u>5,930</u>	<u>43,695</u>
As at December 31, 2013								
Cost	38,041	23,769	19,714	43,483	40,904	28,389	14,928	165,745
Accumulated depreciation	(27,341)	(21,045)	(18,744)	(39,789)	(24,701)	(21,221)	(8,998)	(122,050)
Net book value	<u>10,700</u>	<u>2,724</u>	<u>970</u>	<u>3,694</u>	<u>16,203</u>	<u>7,168</u>	<u>5,930</u>	<u>43,695</u>
Year ended December 31, 2014								
Opening net book value	10,700	2,724	970	3,694	16,203	7,168	5,930	43,695
Additions	4,013	-	2,892	2,892	9,778	2,585	2,424	21,692
Disposals								
- Cost	8,031	-	913	913	13,085	4,536	2,340	28,905
- Accumulated depreciation	(5,481)	-	(828)	(828)	(11,221)	(3,587)	(1,397)	(22,514)
Depreciation charge	2,550	-	85	85	1,864	949	943	6,391
Depreciation charge	(2,673)	(1,275)	(1,478)	(2,753)	(10,669)	(1,908)	(1,185)	(19,188)
Closing net book value	<u>9,490</u>	<u>1,449</u>	<u>2,299</u>	<u>3,748</u>	<u>13,448</u>	<u>6,896</u>	<u>6,226</u>	<u>39,808</u>
As at December 31, 2014								
Cost	34,023	23,769	21,693	45,462	37,597	26,438	15,012	158,532
Accumulated depreciation	(24,533)	(22,320)	(19,394)	(41,714)	(24,149)	(19,542)	(8,786)	(118,724)
Net book value	<u>9,490</u>	<u>1,449</u>	<u>2,299</u>	<u>3,748</u>	<u>13,448</u>	<u>6,896</u>	<u>6,226</u>	<u>39,808</u>
Annual rate of depreciation (%)	<u>10</u>	<u>20</u>	<u>33</u>		<u>33</u>	<u>10</u>	<u>10</u>	

15.2 Intangible assets

	Cost			Amortisation			Carrying value as at December 31, 2014	Amortisation rate (%)
	January 01, 2014	Additions	December 31, 2014	January 01, 2014	For the year	December 31, 2014		
----- (Rupees in '000) -----								
Computer software	4,571	1,500	6,071	4,232	497	4,729	1,342	33
Licences	1,499	309	1,808	1,394	127	1,521	287	33
2014	<u>6,070</u>	<u>1,809</u>	<u>7,879</u>	<u>5,626</u>	<u>624</u>	<u>6,250</u>	<u>1,629</u>	
2013	<u>6,055</u>	<u>15</u>	<u>6,070</u>	<u>4,862</u>	<u>764</u>	<u>5,626</u>	<u>444</u>	33

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15.3 Disposal of fixed assets

Disposal of fixed assets during the year 2014 are as follows:

	Cost	Accumulated Depreciation	Net book Value	Sale proceeds	Gain/ (loss)	Mode of sale	Name of buyer
	----- (Rupees in '000) -----						
Assets having WDV greater than Rs.50,000							
Furniture and fixtures	2,484	(1,730)	754	907	153	Negotiation	Miscellaneous
Furniture and fixtures	1,844	(1,677)	167	-	(167)	Company policy	Arif Sultan Mufti Ex-employee
Office equipment	1,074	(787)	287	309	22	Negotiation	Miscellaneous
Office equipment	1,266	(610)	656	-	(656)	Company policy	Arif Sultan Mufti Ex-employee
Leasehold improvements	8,031	(5,481)	2,550	3,050	500	Negotiation	Miscellaneous
Computer equipments	897	(812)	85	-	(85)	Company policy	Arif Sultan Mufti Ex-employee
Motor vehicles - Mercedes Benz Car E250 CGI	8,363	(6,941)	1,422	1,422	-	Company policy	Arif Sultan Mufti Ex-employee
Motor vehicles - Corolla GLI	1,689	(1,247)	442	1,095	653	Company policy	Hashim Sadiq Ali Ex-employee
	<u>25,648</u>	<u>(19,285)</u>	<u>6,363</u>	<u>6,783</u>	<u>420</u>		
Assets having WDV lower than Rs.50,000							
Furniture and fixtures	208	(180)	28	-	(28)	Write-off	-
Computer equipments	16	(16)	-	-	-	Write-off	-
Motor vehicles - Honda Civic VTI	1,833	(1,833)	-	-	-	Company policy	Arif Sultan Mufti Ex-employee
Motor vehicles - Honda City	1,200	(1,200)	-	435	435	Company policy	Salman Ghaffar Ex-employee
	<u>3,257</u>	<u>(3,229)</u>	<u>28</u>	<u>435</u>	<u>407</u>		
2014	<u>28,905</u>	<u>(22,514)</u>	<u>6,391</u>	<u>7,218</u>	<u>827</u>		
2013	<u>9,305</u>	<u>(7,405)</u>	<u>1,900</u>	<u>2,644</u>	<u>744</u>		

16. AUDITORS' REMUNERATION

Audit fee	
Fee for review of half yearly financial information	
Certifications and other services	
Out of pocket expenses	

2014 **2013**
(Rupees in '000)

	1,225	1,225
	230	230
	132	348
	150	150
	<u>1,737</u>	<u>1,953</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

17. OTHER MANAGEMENT EXPENSES

	STATUTORY FUNDS							AGGREGATE		
	Life	Life (Non-participating)		Investment	Accident & Health		Pension	2014	2013	
	(Participating)	Individual	Group	Linked	Individual	Group	Business Fund			
	----- (Rupees in '000) -----									
Vehicles and general repair and maintenance	263	2,969	883	1,095	58	1,292	10	6,570	6,761	
Utilities-electricity, water and gas	316	3,568	1,061	1,316	70	1,552	12	7,895	10,744	
Transportation	257	2,907	865	1,072	57	1,265	10	6,433	10,298	
Communication	215	2,427	722	895	48	1,056	8	5,371	6,666	
Consultancy fee	899	10,155	3,020	3,746	200	4,418	34	22,472	4,038	
Training and workshop	135	1,530	455	564	30	665	5	3,384	-	
Furniture and household appliances	10	108	32	40	2	47	-	239	159	
Insurance	12	140	42	51	3	61	-	309	399	
Interest on premium deposit in advance	-	683	-	-	-	-	-	683	691	
Social security	41	464	138	171	9	202	2	1,027	1,158	
Entertainment	39	438	130	162	9	191	1	970	533	
Books and subscriptions	3	33	10	12	1	14	-	73	128	
Miscellaneous expenses	624	7,056	2,100	2,607	139	3,072	24	15,622	4,835	
	2,814	32,478	9,458	11,731	626	13,835	106	71,048	46,410	

18. OTHER INCOME - NET

Return on savings accounts with banks	5,166	17,621	957	4,643	511	14,277	546	43,721	28,932
Gain on disposal of fixed assets	95	339	6	366	2	13	6	827	744
Interest on policy loans	2,450	8,777	-	-	-	-	-	11,227	9,991
Fee for claim administration services	-	-	-	-	-	8,539	-	8,539	5,556
Others	137	494	8	534	3	18	734	1,928	923
	7,848	27,231	971	5,543	516	22,847	1,286	66,242	46,146

19. EXPENSES NOT ATTRIBUTABLE TO STATUTORY FUND

	Note	2014 (Rupees in '000)	2013
Donation (note 19.1)		350	250
Workers' welfare fund		1,693	2,284
Regulators fee		8,916	6,619
Legal and professional		18	4,268
Fee and subscription		1,690	847
		12,667	14,268

19.1 None of the directors or their spouses had any interest in the donees.

20. DEFINED CONTRIBUTION PLAN - PROVIDENT FUND

The following information is based on un-audited financial statements of the fund as at December 31, 2014:

Size of the fund - total assets		43,461	45,576
Cost of investments made	20.1	14,683	24,028
Percentage of investments made		33.78%	52.72%
Fair value of investments		15,449	25,059

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	2014	2013
	(Rupees in '000)	
20.1 Breakup of investment		
Pakistan Investment Bonds	<u>14,683</u>	<u>24,028</u>
20.2 Number of employees		
Number of employees at the end of the year	<u>104</u>	<u>112</u>
Average number of employees during the year	<u>105</u>	<u>115</u>
20.3 During the year, Rs.12.785 million (2013: Rs. 12.972 million) has been recognized in the revenue account in respect of defined contribution plan.		
21. TAXATION		
Current - for the year	<u>27,263</u>	<u>38,045</u>
21.1 Relationship between tax expense and accounting profit		
Profit before tax	<u>82,615</u>	<u>111,897</u>
Tax at the applicable rate of 33% (2013: 34%)	<u>27,263</u>	<u>38,045</u>
21.2 Assessments upto assessment year 2002-2003 and tax year 2007 have been finalised. The income tax returns of the Company filed for tax years 2003 to 2006 and 2007 to 2013 are deemed to be assessed in accordance with section 120 of the Income Tax Ordinance, 2001.		
21.3 There are no taxable / deductible temporary differences between the tax bases and the carrying amounts of respective assets and liabilities, therefore, as such there is no deferred tax.		

	2014	2013
	(Rupees in '000)	
22. EARNINGS PER SHARE - basic and diluted		
Profit after tax	<u>55,352</u>	<u>73,852</u>
	(Number of shares)	
Weighted average number of ordinary shares	<u>50,000,000</u>	<u>50,000,000</u>
	(Rupees)	
Earnings per share - basic and diluted (note 22.1)	<u>1.11</u>	<u>1.48</u>
22.1 There were no convertible potential ordinary shares in issue as at December 31, 2013 and December 31, 2014.		

23. CASH AND CASH EQUIVALENTS

	SHARE		STATUTORY FUNDS					AGGREGATE		
	HOLDERS' FUND	Life (Participating)	Life (Non-participating) Individual	Group	Investment Linked	Accident & Health Individual	Group	Pension Business Fund	2014	2013
	----- (Rupees in '000) -----									
Cash and stamps in hand	463	-	-	-	-	-	-	-	463	853
Current and other accounts (note 23.1)	-	32,724	257,542	-	285,699	16,694	-	3,476	596,135	185,607
	<u>463</u>	<u>32,724</u>	<u>257,542</u>	<u>-</u>	<u>285,699</u>	<u>16,694</u>	<u>-</u>	<u>3,476</u>	<u>596,598</u>	<u>186,460</u>

23.1 This includes deposits and savings accounts that carry mark-up rates ranging from 6% to 8.25% (2013: 5% to 8%).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

24. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

	2014			2013		
	Chief Executive	Executives	Total	Chief Executive	Executives	Total
	----- (Rupees in '000) -----					
	(note 24.1)					
Managerial remuneration	14,031	149,254	163,285	19,396	101,486	120,882
Bonus and housing	9,061	4,127	13,188	7,636	2,014	9,650
Retirement benefits	1,398	16,974	18,372	4,688	16,256	20,944
Utilities / Telephone	45	360	405	180	360	540
Other benefits	131	828	959	522	813	1,335
	<u>24,666</u>	<u>171,543</u>	<u>196,209</u>	<u>32,422</u>	<u>120,929</u>	<u>153,351</u>
	----- (Number) -----					
Number of persons, including those who worked part of the year	<u>1</u>	<u>87</u>	<u>88</u>	<u>1</u>	<u>79</u>	<u>80</u>

In addition to the above remuneration, the Deputy Chief Executive, and two executives have been provided with Company maintained cars. One executive has been provided with free furnished accommodation and one executive has been provided with house rent. Twenty two executives have been provided with Company cars maintained by them.

24.1 This includes remuneration of ex-chief executive officer of the Company

25. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The Company issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Company manages them.

25.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim although the later one is not significant due to pre-determined amount of insurance in most of the cases or at least maximum limits.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits maybe greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy for careful selection of the risk and diversified the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Categories of insurance contracts

Insurance contracts issued by the Company are divided into:

- a) Short term insurance contracts
- b) Long term insurance contracts

25.1.1 Short term Insurance contracts

(a) Frequency and severity of claims

These contracts mostly pay a pre-determined amount on death and disability without any maturity or surrender values. These contracts are issued to individuals and also to employers to ensure their commitments to their employees in terms of their employees' benefit plans.

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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.

(b) Sources of uncertainty in the estimation of future claim payments

Other than for testing of adequacy of the liability representing the unexpired risk at the end of the reporting period, there is no need to estimate mortality rates or morbidity rates for future years because these contracts have short duration. However, for incurred disability income claims, it is necessary to estimate the rates of recovery from disability for future years. Standard recovery tables produced by reinsurers are used as well as the actual experience of the Company. The influence of economic circumstances on the actual recovery rate for individual contracts is the key source of uncertainty for these estimates.

(c) Process used to decide on assumptions

The assumptions used for the insurance contracts are as follows:

Mortality

An appropriate base table of standard mortality is chosen depending on the type of contract. An investigation into Company's experience is conducted from time to time. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table.

Morbidity

The rate of recovery from disability is derived from industry experience studies, adjusted where appropriate for the Company's own experience.

(d) Changes in assumptions

There has been no change in the assumptions during the year.

25.1.2 Long-term insurance contracts

(a) Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or widespread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

At present, these risks do not vary significantly in relation to the location of the risk insured by the Company. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted. For contracts with discretionary participation feature (DPF), the participating nature of these contracts results in a significant risk with the insured party.

The Company charges for mortality risk on reporting dates for all insurance contracts without a fixed term. It has the right to alter these charges based on its mortality experience and hence minimize its exposure to mortality risk. Delays in implementing in restraints over the extent of the increases may reduce its mitigating effect. The Company manages these risks through its underwriting strategy and reinsurance arrangements.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. The Company balances death risk and survival risk across its portfolio. The Company reinsures the excess of the insured benefit through an excess of loss reinsurance arrangement. Medically impaired lives are reinsured at lower levels.

Insurance risk for contracts is also affected by the contract holders' right to pay reduced or no future premiums, to terminate the contract completely, or to exercise a guaranteed annuity option. On the assumption that contract holders will make decisions rationally, overall insurance risk can be assumed to be aggravated by such behaviour.

(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 insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behaviour.

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The Company uses appropriate base tables of standard mortality according to the type of contract being written and the territory in which the insured person resides. An investigation into the actual experience of the Company is carried out and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. Where this is not based on standard industry tables adjusted for the Company's overall experience, for contracts that insure survival, an adjustment is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigation bodies. The impact of any historical evidence of selective termination behaviour will be reflected in this experience. The Company maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates. An allowance is then made for any trends in the data to arrive at a best estimate of future termination rates.

(c) Process used to decide on assumptions

For long-term insurance contracts with fixed and guaranteed terms and with DPF, estimates are made in two stages. At inception of the contract, the Company determines assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. These assumptions are used for calculating the liabilities during the life of the contract. A margin for risk and uncertainty is added to these assumptions. These assumptions are 'locked in' for the duration of the contract.

Subsequently, new estimates are developed at each reporting date to determine whether liabilities are adequate in the light of the latest current estimates. The initial assumptions are not altered if the liabilities are considered adequate. If the liabilities are not adequate, the assumptions are altered ("unlocked") to reflect the latest current estimates; no margin is added to the assumptions in this event. Improvements in estimates have no impact on the value of the liabilities and related assets, while significant enough deteriorations in estimates have an impact.

For long-term insurance contracts without fixed terms and for investment contracts with DPF, the assumptions used to determine the liabilities do not contain margins and are not locked in but are updated at each reporting date to reflect the latest estimates. Assumptions are considered to be 'best estimate' if, on average, the results are expected to be worse than the assumptions in 50% of possible scenarios and better in the other 50%.

The assumptions used for the insurance contracts are as follows:

Mortality

An appropriate base table of standard mortality is chosen depending on the type of contract. An investigation into Company's experience is performed from time to time, and statistical methods are used to adjust the rates reflected in the table to a best estimate of mortality for that year. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. For contracts insuring survivorship, an allowance is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies.

Morbidity

The rate of recovery from disability is derived from industry experience studies, adjusted where appropriate for the Company's own experience.

Persistency

A review of the Company's experience from time to time is made to determine an appropriate persistency rate. Persistency rates vary by product type and policy duration. An allowance is then made for any trends in the data to arrive at a best estimate of future persistency rates that takes into account the effective contract holders' behaviour.

Investment returns

Investment returns affect the assumed level of future benefits due to the contract holders and the selection of the appropriate discount rate. The Company's investment return assumptions are generally based on medium to long term expected rate of return on government fixed income securities e.g. PIBs with some margins.

Renewal expense level and inflation

The current level of expenses is taken as an appropriate expense base. Expense inflation assumption is based on general inflation. For some products, the Company also adjusts its expense assumptions considering significant growth in volume of business due to which expense ratio will be adjusted.

Tax

It has been assumed that current tax legislation and rates continue unaltered.

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d) Change in assumptions

There has been no change in the assumptions during the year.

(e) Sensitivity analysis

The liabilities under Universal Life, Unit Linked, Group Life, Group Accident and Health, Individual Accident and Health and Pension business are not dependent on assumptions related to mortality, persistency, expense or interest rates because the liabilities under these lines of business are either based on actual account values or unearned premium reserve. For the traditional endowment plans, no sensitivity testing is carried out because the liability basis prescribed by the regulations are too conservative and the liability under these plans are less than 5% of total liabilities.

25.1.3 Concentration of insurance risk

A concentration of risk may arise from a single insurance contract issued to a particular type of policyholder, within a geographical location or to types of commercial business. The Company minimizes its exposure to significant losses by obtaining reinsurance from foreign reinsurers.

To optimize benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks e.g. financial underwriting ensuring a reasonable relationship between the income and insurance amount of insured, determination of insurance amount through some mechanism which precludes individual choices and anti-selection.

The concentration of risk by type of contracts is summarised below by reference to liabilities.

	Gross sum insured		Reinsurance		Net	
	2014	2013	2014	2013	2014	2013
----- (Rupees in million) -----						
Life (participating)	10,733	11,984	3,474	3,947	7,259	8,037
Life (non-participating) – Individual	32,278	30,121	10,754	9,681	21,524	20,440
Life (non-participating) – Group	73,109	74,845	26,512	19,499	46,597	55,346
Investment Linked	16,390	23,988	12,319	19,794	4,071	4,194
Accident & Health – Individual	12,601	13,697	2,462	2,284	10,139	11,413
	<u>145,111</u>	<u>154,635</u>	<u>55,521</u>	<u>55,205</u>	<u>89,590</u>	<u>99,430</u>

25.1.4 Claims development tables

The 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, 2014 therefore claim development table is not required to be presented. However, aging of outstanding claims and movement of outstanding claims is presented below:

	2014	2013
	(Rupees in '000)	
Aging of outstanding claim		
Upto 1 year	78,991	79,890
1-2 years	40,332	19,576
2-3 years	9,967	71,420
Over 3 years	80,925	38,546
Total	<u>210,215</u>	<u>209,432</u>
Movement of outstanding claim		
Opening balance	209,432	194,795
Total gross claims	3,395,457	2,198,515
Claims paid /settled	(3,394,674)	(2,183,878)
Closing balance	<u>210,215</u>	<u>209,432</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

25.1.5 Assets - liabilities matching

	2014								
	Fixed and guaranteed insurance and investment contracts	Contract with DPF		Unit-linked contracts		Corporate			Total
		Insurance contract	Investment contract	Insurance contract	Investment contract	Short-term insurance contracts	Other financial assets and liabilities	Other assets and liabilities	
----- (Rupees in '000) -----									
Debt securities									
Held to maturity - unlisted securities	3,620,719	1,244,728	-	-	-	-	591,703	-	5,457,150
Available for sale - unlisted securities	-	-	-	-	2,704,130	-	-	-	2,704,130
Equity securities									
Available for sale - listed securities	43,328	-	-	-	1,375,991	-	86,677	-	1,505,996
FVTPL - listed securities	468,540	172,387	-	-	-	-	-	-	640,927
Loans and receivable									
-Loans secured against life insurance policies	105,034	29,316	-	-	-	-	-	-	134,350
-Other at amortised cost	-	-	-	-	-	-	361	-	361
Reinsurance assets	44,751	5,827	-	-	-	-	-	-	50,578
Cash and cash equivalents	277,712	32,724	-	-	285,699	-	463	-	596,598
Other assets	408,461	64,422	-	-	142,415	-	20,618	136,580	772,496
Total assets	<u>4,968,545</u>	<u>1,549,404</u>	<u>-</u>	<u>-</u>	<u>4,508,235</u>	<u>-</u>	<u>699,822</u>	<u>136,580</u>	<u>11,862,586</u>
Long-term insurance contracts and investment contracts with DPF:									
-Insurance contracts	3,936,955	1,098,827	-	-	4,253,665	-	-	-	9,289,447
Short-term insurance contracts	305,095	-	-	-	-	-	-	-	305,095
Amounts due to related parties, trade payables, and other provisions at amortised cost	98,174	2,784	-	-	57,164	-	-	-	158,122
Other liabilities	628,321	447,793	-	-	197,406	-	10,900	-	1,284,420
Total liabilities	<u>4,968,545</u>	<u>1,549,404</u>	<u>-</u>	<u>-</u>	<u>4,508,235</u>	<u>-</u>	<u>10,900</u>	<u>-</u>	<u>11,037,084</u>

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	2013								
	Fixed and guaranteed insurance and investment contracts	Contract with DPF		Unit-linked contracts		Corporate			Total
		Insurance contract	Investment contract	Insurance contract	Investment contract	Short-term insurance contracts	Other financial assets and liabilities	Other assets and liabilities	
	----- (Rupees in '000) -----								
Debt securities									
Held to maturity - unlisted securities	3,564,658	1,342,902	-	-	-	-	720,039	-	5,627,599
Available for sale - unlisted securities	-	-	-	-	4,338,956	-	-	-	4,338,956
Equity securities									
Available for sale - listed securities	-	-	-	-	1,183,988	-	1,797	-	1,185,785
Loans and receivable									
-Loans secured against life insurance policies	80,200	26,097	-	-	-	-	-	-	106,297
-Other at amortised cost	-	-	-	-	-	-	736	-	736
Reinsurance assets	71,856	8,101	-	-	-	-	-	-	79,957
Cash and cash equivalents	10,470	607	-	-	153,575	-	21,808	-	186,460
Other assets	317,413	59,806	-	-	64,645	-	23,060	106,788	571,712
Total Assets	<u>4,044,597</u>	<u>1,437,513</u>	<u>-</u>	<u>-</u>	<u>5,741,164</u>	<u>-</u>	<u>767,440</u>	<u>106,788</u>	<u>12,097,502</u>
Long-term insurance contracts and investment contracts with DPF:									
-Insurance contracts	3,224,581	1,049,262	-	-	5,554,825	-	-	-	9,828,668
Short-term insurance contracts	218,865	-	-	-	-	-	-	-	218,865
Amounts due to related parties, trade payables, and other provisions at amortised cost	67,314	3,225	-	-	42,686	-	-	-	113,225
Other liabilities	533,837	385,026	-	-	143,653	-	9,178	-	1,071,694
Total Liabilities	<u>4,044,597</u>	<u>1,437,513</u>	<u>-</u>	<u>-</u>	<u>5,741,164</u>	<u>-</u>	<u>9,178</u>	<u>-</u>	<u>11,232,452</u>

25.2 Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit function. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

25.2.1 Credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

25.2.1.1 Exposure to credit risk

Credit risk of the Company arises principally from the investments (except for government securities), premium due but unpaid, amount due from other insurers / reinsurers, reinsurance recoveries. To reduce the credit risk the Company has developed a formal approval process whereby credit limits are applied to its policyholders and other insurers / reinsurers. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery.

The carrying amount of financial assets represent the maximum credit exposure, as specified below:

	2014	2013
	(Rupees in '000)	
Bank deposits	596,135	185,607
Loans - secured		
against life insurance policies	134,350	106,297
to employees	92	351
to agents	269	385
Premiums due but unpaid	120,806	120,942
Amounts due from other insurers / reinsurers	50,578	79,957
Amounts due from agents	1,409	1,051
Sundry receivables	23,997	25,359
Experience refund receivable	23,316	22,839
	<u>950,952</u>	<u>542,788</u>

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating		Rating Agency
	Short term	Long term	
Bank Alfalah Limited	A1+	AA	PACRA
Bank Al-Habib Limited	A1+	AA+	PACRA
Barclays Bank Pakistan	P-1	A2	MOODY'S
Habib Bank Limited	A-1+	AAA	JCR-VIS
KASB Bank Limited	C	B	PACRA
MCB Bank Limited	A1+	AAA	PACRA
Meezan Bank Limited	A-1+	AA	JCR-VIS
National Bank of Pakistan Limited	A-1+	AAA	JCR-VIS
NIB Bank Limited	A1+	AA-	PACRA
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA
Summit Bank Limited	A-1	A-	JCR-VIS

Premium due but unpaid

Concentration of credit risk

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. Sector-wise analysis of premium due but unpaid at the reporting date was:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

	December 31, 2014		December 31, 2013	
	(Rupees in '000)	%	(Rupees in '000)	%
Banks	41,004	33.9	29,742	25.0
Insurance	458	0.4	1,544	1.3
Textiles	6,260	5.2	1,764	1.5
Food and allied industries	12,118	10.0	21,323	17.4
Chemical and pharmaceuticals	5,780	4.8	4,856	4.0
Technology & Communication	11,058	9.2	20,965	17.3
Oil and gas	27,945	23.1	9,399	7.7
Miscellaneous	16,183	13.4	13,019	10.7
Individuals	-	0.0	18,330	15.1
	120,806	100	120,942	100

The age of premium due but unpaid at the reporting date is less than one year.

Amount due from other insurers / reinsurers

The Company enters into re-insurance arrangements with re-insurers having sound credit ratings accorded by reputed credit rating agencies. The Company is required to comply with the requirements of Circular No. 32 / 2009 dated 27 October 2009 issued by SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. All reinsurance assets relating to outward treaty cessions are with reinsurer with rating of "A" or above.

The age of amount due from other insurers / reinsurers at the reporting date is less than one year.

In respect of the insurance and reinsurance assets, the Company takes in to account its past history / track record of recoveries and financial position of the counterparties while creating provision for impairment. Further, reinsurance recoveries are made when corresponding liabilities are settled.

The carrying value of the financial assets which are neither past due nor impaired are as under:

	2014	2013
	(Rupees in '000)	
Bank deposits	596,135	185,607
Loans secured against life insurance policies	134,350	106,297
Loans secured against other assets	361	736
Premiums due but unpaid	84,157	74,125
Amount due from other insurers/reinsurers	50,578	79,957
Amount due from agents	1,409	1,051
Sundry receivables	23,997	25,359
Experience refund receivable	23,316	22,839

The carrying value of the financial assets which are past due but not impaired are as under:

Premiums due but unpaid	36,649	46,817
-------------------------	---------------	---------------

25.2.2 Fair value estimation

The carrying amount of the financial assets and liabilities reflected in the financial statements approximate their fair values.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Company's financial assets that are:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	Level 1	Level 2	Level 3
December 31, 2014	----- (Rupees in '000) -----		
Assets carried at fair value			
Available-for-sale investments	4,080,121	-	-
Fair value through profit & loss investment	640,927	-	-
December 31, 2013			
Assets carried at fair value			
Available-for-sale investments	5,524,741	-	-
Fair value through profit & loss investment	-	-	-

25.2.3 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 stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected operational requirements. The Company also manages this risk by investing in deposit accounts that can be readily encashed. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

The following are the contractual maturities of financial liabilities:

	2014		2013	
	Carrying Amount	Contractual cash flows upto one year	Carrying Amount	Contractual cash flows upto one year
Non-derivative financial liabilities	----- (Rupees in '000) -----			
Outstanding claims	210,214	210,214	209,432	209,432
Staff gratuity	7,738	7,738	1,266	1,266
Amount due to other insurers / reinsurers	24,169	24,169	11,239	11,239
Amount due to agents	63,725	63,725	42,453	42,453
Experience refund	41,749	41,749	42,393	42,393
Accrued expenses	70,228	70,228	59,533	59,533
Other creditors and accruals	104,641	104,641	122,480	122,480
Unclaimed dividend	27	27	27	27
	<u>522,491</u>	<u>522,491</u>	<u>488,823</u>	<u>488,823</u>

25.2.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All transactions are carried in Pak Rupees therefore, the Company is not exposed to any significant foreign exchange risk and equity price risk. However, the Company is exposed to interest rate risk and other price risk.

25.2.4.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from balances held in profit and loss sharing accounts with reputable banks. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments is:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 Effective interest rate (in %)	2013 (6.45 to 14.86)	2014 (Rupees in '000)	2013
Fixed rate instruments				
- Government securities	(7.50 to 14.47)	(6.45 to 14.86)	<u>8,161,280</u>	<u>6,602,720</u>
Variable rate instruments				
- Savings accounts & deposit	(6 to 8.25)	(5 to 8)	<u>574,297</u>	<u>151,218</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account fixed rate financial assets at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account and equity of the Company.

Cash flow sensitivity analysis for variable rate instruments

The Company is exposed to cash flow interest rate risk in respect of its deposits with banks. In case 100 basis points (bp) increase / decrease in interest rates, assuming that all other variables in particular foreign currency rates remain constant, the net income and equity would have been higher / lower by Rs. 6.96 million (2013: 4.12 million).

25.2.42 Interest rate profile

At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments based on their maturities is:

	2014						
	Effective Yield/Interest rate %	Total	Upto one year	Over one year upto five years	Over five years upto ten years	Over ten years	Non-interest bearing financial instruments
----- (Rupees in '000) -----							
Balance sheet - financial instruments							
Financial Assets							
Cash and others		463	-	-	-	-	463
Current and other accounts	6 - 8.25	596,135	574,297	-	-	-	21,838
Loans - secured							
against life insurance policies		134,350	134,350	-	-	-	-
to employees		92	92	-	-	-	-
to agents		269	269	-	-	-	-
Investments - Government securities	7.50 - 14.47	8,161,280	-	2,127,789	505,466	528,025	5,000,000
Investments - Listed mutual funds		2,146,923	-	-	-	-	2,146,923
Premiums due but unpaid		120,806	-	-	-	-	120,806
Amount due from other insurers/ reinsurers		50,578	-	-	-	-	50,578
Amount due from agents		1,409	-	-	-	-	1,409
Sundry receivables		23,997	-	-	-	-	23,997
Accrued interest		389,712	-	-	-	-	389,712
Experience refund receivable		23,316	-	-	-	-	23,316
		<u>11,649,330</u>	<u>709,008</u>	<u>2,127,789</u>	<u>505,466</u>	<u>528,025</u>	<u>7,779,042</u>
Financial Liabilities							
Outstanding claims		210,214	-	-	-	-	210,214
Amount due to other insurers/ reinsurers		24,169	-	-	-	-	24,169
Amount due to agents		63,725	-	-	-	-	63,725
Experience refund payable		41,749	-	-	-	-	41,749
Accrued expenses		70,228	-	-	-	-	70,228
Other creditors and accruals		104,641	-	-	-	-	104,641
Unclaimed dividend		27	-	-	-	-	27
		<u>514,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>514,753</u>
Balance sheet gap		<u>11,134,577</u>	<u>709,008</u>	<u>2,127,789</u>	<u>505,466</u>	<u>528,025</u>	<u>7,264,289</u>
Total yield / interest rate risk sensitivity gap			<u>709,008</u>	<u>2,127,789</u>	<u>505,466</u>	<u>528,025</u>	
Cumulative yield / interest rate risk sensitivity gap			<u>709,008</u>	<u>2,836,797</u>	<u>3,342,263</u>	<u>3,870,288</u>	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

2013						
Effective Yield/Interest rate %	Total	Upto one year	Over one year upto five years	Over five years upto ten years	Over ten years	Non-interest bearing financial instruments
----- (Rupees in '000) -----						
Balance sheet - financial instruments						
Financial Assets						
Cash and others	853	-	-	-	-	853
Current and other accounts	185,607	151,218	-	-	-	34,389
Deposits maturing within 12 months	-	-	-	-	-	-
Loans - secured						
against life insurance policies	106,297	106,297	-	-	-	-
to employees	351	351	-	-	-	-
to agents	385	385	-	-	-	-
Investments -Government securities	9,966,555	3,714,584	3,634,798	2,617,173	-	-
Investments -Listed mutual funds	1,185,785	-	-	-	-	1,185,785
Premiums due but unpaid	120,942	-	-	-	-	120,942
Amount due from other insurers/reinsurers	79,957	-	-	-	-	79,957
Amount due from agents	1,051	-	-	-	-	1,051
Sundry receivables	25,359	-	-	-	-	25,359
Accrued interest	269,347	-	-	-	-	269,347
Experience refund receivable	22,839	-	-	-	-	22,839
	11,965,328	3,972,835	3,634,798	2,617,173	-	1,740,522
Financial Liabilities						
Outstanding claims	209,432	-	-	-	-	209,432
Amount due to other insurers/reinsurers	11,239	-	-	-	-	11,239
Amount due to agents	42,453	-	-	-	-	42,453
Experience refund payable	42,393	-	-	-	-	42,393
Accrued expenses	59,533	-	-	-	-	59,533
Other creditors and accruals	122,480	-	-	-	-	122,480
Unclaimed dividend	27	-	-	-	-	27
	487,557	-	-	-	-	487,557
Balance sheet gap	11,477,771	3,972,835	3,634,798	2,617,173	-	1,252,965
Total yield / interest rate risk sensitivity gap		3,972,835	3,634,798	2,617,173	-	
Cumulative yield / interest rate risk sensitivity gap		3,972,835	7,607,633	10,224,806	10,224,806	

25.3 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximate their fair values, except for investment in government securities held to maturity.

26. CAPITAL MANAGEMENT

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 of 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.

The Company currently meets the paid up capital requirement prescribed by Securities and Exchange Commission of Pakistan.

27. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

27.1 Related parties comprise of holding company, associated companies, retirement benefit funds, directors and key management personnel. Remuneration to the key personnel are determined in accordance with the terms of their appointments. All transactions involving related parties arise in the normal course of business. Transactions with the key management personnel are made under their terms of employment / entitlements. Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes and actuarial advice. There are few companies with certain common directors but not considered as related parties in accordance with the requirements of IAS 24 Related Party Disclosures. Accordingly, transaction with such companies have not been disclosed here.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

27.2 The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

Relationship with the company	Nature of transaction	2014	2013
		(Rupees in '000)	
i. -American Life Insurance Company - USA (From January 01, 2014 to April 09, 2014)	Reinsurance premium - net of commission	1,186	3,491
	Reinsurance recoveries against claims	-	22,288
	- IGI Insurance Limited (From April 10, 2014 to December 31, 2014)	585	-
	Premium received	371	-
ii. Associated undertaking	Premium paid	6,140	-
	Charges for administrative services provided	7,395	-
	Premium received	245	-
iii. Staff retirement funds	Brokerage charges	12,785	12,972
	Contribution made to provident fund	11,512	54,050
iv. Key management personnel	Contribution made to gratuity fund	97,896	83,686
	Remuneration paid	13	42
	Mark-up on loan	2,772	1,942
	Net book value of fixed assets sold / transfer		

Balances with related parties are as follows:

Relationship with the company	Nature of balance	2014	2013
i. Holding Company - American Life Insurance Company - USA (From January 01, 2014 to April 09, 2014)	Reinsurance premium payable	-	153
	Reinsurance recoveries receivable	-	12,321
	- IGI Insurance Limited (From April 10, 2014 to December 31, 2014)	Payable for administrative services provided	701
ii. Associated undertaking	Consultancy charges payable	-	234
iii. Key management personnel	Loans receivable	92	351

28. GENERAL

All figures have been rounded off to the nearest of thousand, except otherwise stated.

29. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 24, 2015 by the Board of Directors of the Company.


CHAIRMAN


DIRECTOR


DIRECTOR


CHIEF EXECUTIVE OFFICER

STATEMENT OF DIRECTORS

[As per the requirement of section 46(6) and section 52 (2) of Insurance Ordinance, 2000]

Section 46 (6)

- a) In our opinion the annual statutory accounts of **IGI Life Insurance Limited** [Formerly American Life Insurance Company (Pakistan) Limited] set out in the forms attached to the statement have been drawn up in accordance with the Ordinance and any rules made thereunder;
- b) **IGI Life Insurance Limited** [Formerly American Life Insurance Company (Pakistan) Limited] has at all times in the year complied with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and reinsurance arrangements; and
- c) As at December 31, 2014, **IGI Life Insurance Limited** [Formerly American Life Insurance Company (Pakistan) Limited] continues to be in compliance with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and reinsurance arrangements.

Section 52 (2)

- d) In our opinion each statutory fund of **IGI Life Insurance Limited** [Formerly American Life Insurance Company (Pakistan) Limited] complies with the solvency requirements of Insurance Ordinance, 2000 and the Insurance Rules, 2002.


CHAIRMAN


DIRECTOR


DIRECTOR


CHIEF EXECUTIVE OFFICER

STATEMENT OF ACTUARY

[As per the requirement of section 52(2) (a) & (b) of the Insurance Ordinance, 2000]

In my opinion:

- a) The policyholder liabilities included in the balance sheet of **IGI Life Insurance Limited** [Formerly American Life Insurance Company (Pakistan) Limited] as at December 31, 2014 have been determined in accordance with the provisions of the Insurance Ordinance, 2000; and
- b) Each statutory fund of **IGI Life Insurance Limited** [Formerly American Life Insurance Company (Pakistan) Limited] complies with the solvency requirements of the Insurance Ordinance, 2000 as on December 31, 2014.

Ali Nadim
Appointed Actuary
IGI Life Insurance Limited
[Formerly American Life Insurance Company
(Pakistan) Limited]

Date : February 24, 2015
Karachi

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twentieth Annual General Meeting of IGI Life Insurance Limited will be held at Suite No. 701-713, 7th Floor, The Forum, Khayaban-e- Jami, Block 9, Clifton, Karachi on Tuesday, April 21, 2015 at 9:30 a.m. to transact the following business: -

Ordinary Business

1. To confirm the minutes of the last Extraordinary General Meeting of the Company held on January 30, 2015.
2. To receive, consider and adopt the annual audited financial statements of the Company together with the Directors' and Auditors' report thereon for the year ended December 31, 2014.
3. To appoint auditors for the year ended December 31, 2015 and fix their remuneration.

As per clause xxxvii of Code of Corporate Governance (CCG) 2012 all listed companies in the financial sector, including Insurance/ Takaful companies, and are inter related with other companies which are engaged in business of providing financial services shall appoint the same firm of auditors to conduct the audit of their accounts. Therefore Audit Committee and Board have recommended to the shareholders to appoint M/S. A.F. Ferguson & Co. as External Auditors for the period ended December 31, 2015.

Furthermore, one of the member has given the Notice under section 253 of the Companies Ordinance 1984 proposing M/S. A.F. Ferguson & Co Chartered Accountants as external auditor of the Company in place of M/S Yousuf Adil Saleem & Co. Chartered Accountants.

ANY OTHER BUSINESS

4. To consider any other business with the permission of the Chairman.

By order of the Board

Date: March 30, 2015
Karachi

Haider Raza
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. The Share Transfer Books of the Company will remain closed from April 14, 2015 to April 21, 2015 (both days inclusive).
2. Any member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint another member as a proxy to attend, speak and vote on his/her behalf. A corporation being a member may, by means of a resolution of its directors, appoint a person who is not a member, as proxy or as its representative under section 162 of the Companies Ordinance, 1984.
3. The instrument appointing a proxy, in order to be valid, must be deposited at the office of Share Registrar, M/S FAMCO Associates (Pvt) Limited, 8-F, Next to Faran Hotel , Nursery , Block 6, P.E.C.H.S. Shakra-e-Faisal, Karachi, duly signed, stamped and witnessed, not less than forty-eight hours before the time of meeting. A member shall not be entitled to appoint more than one proxy. If more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
4. Members whose shares are deposited with Central Depository Company of Pakistan Limited (CDC) are requested to bring their original Computerized National Identity Cards (CNIC) along with the participant's I.D. number and their account numbers in CDC to facilitate identification at the time of Annual General Meeting. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless it has been provided earlier).
5. Members are requested to promptly notify to M/S FAMCO Associates (Pvt) Limited of any change in their address to ensure delivery of mail.
6. Disclosure under Para 3(a) of SRO 634(1)/2014 dated July 10, 2014

The financial statements and reports have been placed on website of the Company.
7. Disclosure of SRO No. 787(1)2014 dated September 8, 2014 for circulation of annual financial statements through e-mail.

The Securities and Exchange Commission of Pakistan vide SRO 787(1)/2014 dated September 8, 2014 has allowed companies to circulate annual balance sheet, profit & loss account, auditors report and directors report along with notice of annual general meeting to its members through email. Members who wish to avail this facility can give their consent to Company Secretary at his email address.
8. Disclosure of SRO No. 1027(1)2014 dated November 13, 2014 for video facility for AGM

Further to SECP SRO No.1027/(1)2014 dated November 13, 2014 clause 1(b) "The Company may provide video conference facility to its members for attending the general meeting at place other than the town in which general meeting is taking place after considering the geographical dispersal of its members: Provided that its' members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least 10 days prior to date of meeting, the Company shall arrange video conference facility in that city subject to availability of such facility in that city".
9. Members who have not yet submitted photocopy of their Computerized National Identity Cards to the Company are requested to send the same at the earliest.

PROXY FORM ANNUAL GENERAL MEETING

Shareholder's Folio No. _____ Number of shares held _____

I/We _____

of (full address) _____ being a member of

IGI Life Insurance Limited [Formerly American Life Insurance Company (Pakistan) Limited], hereby appoint

Mr./Ms. _____

of (full address) _____

_____ or failing him/her

Mr./ Ms. _____

of (full address) _____

as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, April 21, 2015 at 9:30 a.m. at 7th Floor, The Forum, Suite No. 701 - 713, G-20, Block - 9, Khayaban-e- Jami, Clifton, Karachi and at any adjournment thereof.

Signed this _____ day of _____ 2015

Signed by the member in the presence of:

Witness: _____

Address: _____

Please
affix Rupee Five
Revenue Stamp
Signature of Member

1. The Proxy Form, duly completed, to be effective, should be deposited at the Registrar of the Company "FAMCO Associates (Pvt) Ltd", at 8-F, Next to Hotel Faran, Nursery , Block -6, P.E.C.H.S, Shakra-e-Faisal, Karachi as soon as possible but not later than 48 hours before the time of holding the Meeting.
2. No person shall act as proxy unless he/she is a member of the Company except corporation being a member may appoint as its proxy any officer of such corporation whether a member of the Company or not.



A Packages Group Company

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IGI | Life

IGI Life Insurance Limited

**Formerly American Life Insurance
Company (Pakistan) Limited**

Floor 13, Dolmen Executive Tower,
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UAN: 111-111-711

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CORPORATE