

Annual Report

2017

*A Transformed Way  
for a Shiny Future*



**EAST WEST LIFE**  
ASSURANCE COMPANY LIMITED  
A Member of Army Welfare Trust (AWT)



## In Memory of Our Founder Chairman

Founder Chairman of our group, late Mr. Unus Khan, was born on December 27, 1927 in a respectable and cultured family. He received his basic education in Quetta and after graduation in Aeronautics and Meteorology in Great Britain, he adopted the field of Civil Aviation as his profession and remained associated with it for over 20 years. Subsequently, he took up the field of commerce/business in 1965 and a few years thereafter proceeded to the United States of America along with his family.

In the 70s, besides other ventures, he was associated with the field of insurance in the Middle East. He returned to Pakistan in 1982 and founded East West Insurance Company Limited, our sister concern, in 1983. Throughout the remaining years of his life, he remained dedicated to development of East West. He organized and strengthened the company on modern lines and, at the same time, encouraged the executives, field and office personnel of the company to face the challenges of the market with courage, sincerity and hard work. It was for his determined leadership, untiring efforts, honesty and sincerity of purpose that Almighty Allah gifted him with such an outstanding success that the company became one of the largest insurance companies of Pakistan during his lifetime.

After taking East West Insurance Company Limited to such heights, it was his desire to develop an insurance company for the life assurance sector so that East West Group of Companies could cater to all insurance related needs of every Pakistani. Unfortunately, private life insurance companies were not allowed to operate in the country during his lifetime. However, when the government permitted operation of life insurance companies in the private sector, the sponsors of East West Insurance Company Limited immediately applied for a license and commenced operations of The Metropolitan Life Assurance Company of Pakistan Limited in March of 1993. In 2008, the company changed its name to East West Life Assurance Company Limited in order to give a unified look of a group with a substantial financial base and to service the best interest of policyholders as well as shareholders.

Today, by the Grace of Allah, East West Group of Companies have become symbols of security for thousands of their policyholders and livelihood for their hundreds of hard-working personnel.



**LATE MR. UNUS KHAN**

Founder Chairman,  
East West Group of Companies

Mr. Unus Khan was endowed with piety, simplicity, sincerity, diligence and affection. He will always be remembered for his selfless devotion to the cause of combining profound cultural values of the EAST with the modern technological developments of the WEST. In order to give perpetuity to the late Chairman of our group, all of us have pledged to adopt his practices as guidelines for the future. Our beloved Chairman left us to join his heavenly abode on July 27, 1988. May Allah rest his soul in eternal peace.

(آمين)



*Enjoy your*  
**Colourful Life with us**

Everybody agree that efficient, skillful and cooperative efforts of both employer and employees are essential for the growth and profitability of any business operation. Satisfied employees, assured of a secure financial future of their families, tend to be more loyal to the organization and apply fully and devotedly to the work entrusted to them.

Our **Group Life** and **Health** insurance policies are ideal to manage employee growth. Being generous and customizable, our policies are the preferred choice for the corporate client interested in providing the best cover to the employees and their families.



**EAST WEST LIFE**  
ASSURANCE COMPANY LIMITED  
A Member of Army Welfare Trust (AWT)

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# Contents

<b>Company Introduction</b>	<b>02</b>
<b>Product Highlights</b>	<b>03</b>
<b>Board of Directors and Company Information</b>	<b>10</b>
<b>Management and Bankers</b>	<b>11</b>
<b>Committees</b>	<b>12</b>
<b>Our Mission, Vision and Principle Values</b>	<b>13</b>
<b>Code of Conduct</b>	<b>14</b>
<b>Chairman's Review</b>	<b>15</b>
<b>Directors' Report to the Shareholders</b>	<b>17</b>
<b>Key Financial Data for the Last Six Years</b>	<b>23</b>
<b>Notice of Annual General Meeting</b>	<b>24</b>
<b>Statement of Compliance with the Code of Corporate Governance for the Year Ended December 31, 2017</b>	<b>27</b>
<b>Review Report to the Members on Statement of Compliance with the Code of Corporate Governance</b>	<b>32</b>
<b>Auditors' Report to the Members of East West Life Assurance Company Limited</b>	<b>34</b>
<b>Balance Sheet</b>	<b>36</b>
<b>Profit and Loss Account</b>	<b>38</b>
<b>Statement of Comprehensive Income</b>	<b>39</b>
<b>Cash Flow Statement</b>	<b>40</b>
<b>Statement of Changes in Equity</b>	<b>41</b>
<b>Revenue Account</b>	<b>42</b>
<b>Statement of Premiums</b>	<b>43</b>
<b>Statement of Claims</b>	<b>44</b>
<b>Statement of Expenses</b>	<b>45</b>
<b>Statement of Investment Income</b>	<b>46</b>
<b>Notes to the Financial Statements</b>	<b>47</b>
<b>Statement of Directors</b>	<b>80</b>
<b>Statement by the Appointed Actuary</b>	<b>81</b>
<b>Pattern of Holding of the Shares</b>	<b>82</b>
<b>Branch Network</b>	<b>83</b>
<b>Directors' Report to the Shareholders (Urdu)</b>	<b>84-89</b>

# Company Introduction

East West Life Assurance Company Limited was established in the year 1992 at Quetta under the name of The Metropolitan Life Assurance Company of Pakistan Limited after the Federal Government's decision to allow privately owned life insurance companies to operate in the country. This was done to enable more and more Pakistani families to benefit from the protection and savings value of life insurance. The company commenced underwriting life insurance business in March of 1993 and made successful progress in the field of life and health insurance businesses both on the front of individual and corporate clients alike.

The authorized capital of our company is Rs. 750 million, out of which Rs. 601.720.140 million is currently paid-up. The large paid-up capital base allows us to better position ourselves to provide top-notch benefit and services to our individual and corporate clients.

The company's individual and corporate product-line offers security, flexibility and liquidity to the policyholders with higher investment returns. The company is also in the process of developing

new individual and corporate products commensurate with the current investment, protection and other needs of the insured. Moreover, with increase in health insurance market potential, the company has established a separate health division to cater the needs of its growing clientele.

During last quarter of 2017 the East West Life Assurance has been acquired by one of the country's largest conglomerate the Army Welfare Trust (AWT), and now the majority shareholding and management is controlled by the AWT. The AWT is very active in business and welfare activities for last 45 years with dozen of business entities under their umbrella in diverse fields including insurance, agriculture, pharmaceuticals, leasing, energy and information technology. Further, one of our sister concern the Askari General Insurance Company Limited (AGICO) is already engaged in general insurance business for last 23 years since 1995. We have firm belief that, together with the AGICO and other business associates we will better meet the expectations of all stakeholders including policyholders and shareholders.

East West Life's Registered Office is in Quetta, while the operational Head Office is in Karachi. With a wide network of additional zonal and branch offices throughout the country, East West Life is equipped to render prompt and efficient service to its policyholders and to the field force. It should also be noted that we are a member of the Insurance Association of Pakistan (IAP) and our share is publicly traded at the Pakistan Stock Exchange (PSX).

The company has various re-insurance arrangements with the world's leading re-insurers. The risk assumed by the company is reinsured with these financially sound reinsurers of international repute. Furthermore, all of our reinsurers are in the AA rating category indicating "very strong" capability to meet their financial commitments and comfortably fall within the secure range.

# MEHFOOZ SARMAYA

Life takes you in many directions.

- Marriage
- Business ventures
- Grandchildren
- Retirement

And with each new pathway, your life insurance policy should accompany you at every step. Mehfooz Sarmaya Plan is specifically designed to respond to changing needs.

In addition to flexible death benefits and premiums, the policy offers cash value growth potential. You can set the amount of each premium payment based on your policy's death benefit and financial objectives.

If the policy matures or you withdraw 100% of your cash value at an earlier age, you may choose one of the following options to receive your accumulated amount:

- Single Lump Sum
- Life Long Pension
- Combination of Lump Sum Payment and Life Long Pension

After two policy years have been completed and provided at least two full premiums have been paid, you can make withdrawals from your account value to meet your cash needs.

## **Benefits Payable on Death of life Insured**

On the death of the life insured (God forbid), provided the policy has not lapsed, the benefit payable will be either (i) or (ii), whichever is the higher amount:

- (i) The sum insured in respect of the policy year in which the death took place.
- (ii) The Account Value in the policy year in which the death took place.

Outstanding amounts due to us (if any) against loans given shall be deducted from any death benefit.

## **Sum Insured and Premium Amount Escalation**

Starting from the beginning of the second policy year, the yearly premium (excluding premiums for supplementary contracts) and sum insured will automatically increase each year by 5%. This can be thought of as a cushion against inflation. The policyholder can opt not to increase the premium and sum insured in the beginning of any given policy year. If the policyholder exercises this right more than three times, then medical evidence would be necessary.

## **Account Value**

The premium paid each year less any related expenses will be credited to your account. Cost of insurance, charges for management expenses and premium for any rider attached to your basic policy will be deducted. The amount in your account will be invested in secured investments. Your account will be credited with your share of investment income earned on the invested assets.

It should be noted here that the rate of increase in your account value is subject to the amount and timing of your premium payment and the investment income earned by the Company on the invested assets. Both of these variables are unpredictable in the long range.



## **Supplementary Riders**

The following supplementary riders can be attached to the policy:

- Accidental Death Benefit (ADB)
- Accidental Indemnity Benefit (AIB)
- Family Income Benefit (FIB)
- Term Insurance Rider (TIR)
- Major Surgical Benefit Rider (MSB)

## **Policy Loans**

After two policy years have been completed and provided at least two full premiums have been paid, you can take out a loan against the Net Cash Value of the policy. The amount of the loan will not be more than 90% of the said Net Cash Value.

## **Partial Termination**

In this plan, it is possible to terminate a portion of the policy. The reduced policy will continue for the remaining terms, all benefits and premiums being proportionately reduced.

## **Pension From an Age of Your Choice**

If the policy matures or you withdraw 100% at an earlier age, you will have the option to take a pension from an age of your choice in lieu of the lump sum money. The rate of pension will be decided at the time of maturity according to the financial and other conditions ruling at that time. At the chosen maturity date, you can elect to take a portion of your net cash surrender value in lump sum and apply the rest towards pension.



Sarmaya Gold is a single premium universal life product of choice when lump sum cash from a regular savings, business profits, an inheritance, an insurance payout, a gift or even a lottery windfall is to be invested together with life insurance coverage.

Sarmaya Gold is specifically designed to offer highest cash-value growth potential together with life insurance. In this policy, there is no ongoing premium commitment required, i.e. only one premium is enough for your policy to sustain and produce high cash values (more investment potential) for the full term of the policy.

You can set the amount of premium payment based on your policy's death benefit and financial objectives subject to a minimum premium depending on your age and choice of sum assured. The amount of single premium cannot be less than Rs. 100,000. You can choose a sum assured from 5% to 100% of the amount of single premium.

After two policy years have been completed, you can make withdrawals from your account value to meet your cash needs. The policy will result in much higher cash values if no amount is taken out of the policy as withdrawal. Hence, it is in your best interest not to make withdrawal from your policy unless there is really a genuine need.

#### **Benefits Payable on Natural Death of Life Insured**

On natural death of the life insured (God forbid), provided the policy has not terminated, the benefit payable will be sum of (i) and (ii):



- (i) The sum insured in respect of the policy year in which death (God forbid) took place.
- (ii) The Account Value in the policy year in which the death (God forbid) took place.

#### **Lump Sum Additional Premium:**

At any time during the term of the policy, you can pay additional lump sum premium in your account, which will increase the cash value. This additional premium can also be used to increase your sum assured, if you wish, after certain medical evidence.

#### **Account Value**

The premium paid less any related expenses will be credited to your account in the first year of the policy. Cost of insurance will be deducted each year. Any lump sum additional premium will be credited to your account.

The amount in your account will be invested in secured investments. Your account will be credited each year with your share of investment income earned on the invested assets. It should be noted here that the rate of increase in your account value is subject to the investment income earned by the Company on the invested assets, which cannot be predicted in the long range.

#### **Partial Withdrawals**

After two policy years have been completed and provided the policy has not terminated, you can make

partial withdrawals, by providing a written request, against the Net Cash Value of the policy. The amount of the withdrawal can be such that there should be a minimum residual balance in the account to continue the policy. The minimum residual balance criteria are as follows:

- (a) Minimum residual balance of a policy with initial premium between Rs. 100,000 and Rs. 299,999, should be equal to the initial single premium amount.
- (b) Minimum residual balance of a policy with initial premium of Rs. 300,000 or above, should be at least Rs. 300,000.

The policy will result in much higher cash values if no amount is withdrawn from the policy. Hence, it is in your best interest not to make withdrawal from your policy unless there is really a genuine need.

#### **Pension From an Age of Your Choice**

If the policy matures or you withdraw 100% of your cash value at an earlier age, you will have the option to take a pension from an age of your choice in lieu of lump sum payment. The rate of pension will be decided at the time of maturity according to the financial and other conditions ruling at that time. At the chosen maturity date, you can elect to take a portion of your net cash surrender value in lump sum and apply the rest towards the pension.



As a parent, your child's future and ability to fulfill your child's dreams and aspirations is always your prime concern.

Today, providing a good education, establishing a professional career or even a modest wedding is expensive. Costs are increasing rapidly. Just imagine how much you will need when your child takes these important steps in life!

East West Life's Scholar's Plan gives:

- (i) Invaluable financial support to your child.
- (ii) A choice to customize an ideal plan for your child.
- (iii) Multiple options for multiple benefits.

Our Scholar's Plan is designed to secure your child's future by giving your child (the beneficiary) a lump sum amount on maturity or in case of the payer's unfortunate demise early in the policy term. The premiums paid by you (less expenses and mortality charges) are invested by the company to provide excellent long-term returns.

Life has innumerable surprises in store for us. Parenthood is wonderful and it is such a stage, when you experience various emotions never thought possible. At the same time, parenthood also brings its own set of apprehensions and worries. What will your child grow up to be in the future? Will his/her future be as secure as you want it to be? Or more importantly, what can you do to make certain that his/her future is hassle-free and secure? Don't Worry! Now, by planning ahead, you have



the ability to answer these questions to your satisfaction.

East West Life's Scholar's Plan is especially designed to enable you to provide for higher education of your child and take care of your future needs in these times of spiraling costs.

This universal life child protection policy can be purchased on the life of the father or mother (i.e. the "Payer" of the policy), to provide for marriage and/or education of their child. The payer can also be a grandparent, brother, sister, real uncle or aunt of the child. This plan provides for the financial well-being of the child while offering cash value growth potential.

#### **Policy Maturity or Earlier Withdrawal**

If the policy matures or 100% of the cash value is withdrawn at an earlier age, the policyholder will have to choose one of the following options to receive their accumulated amount:

- Single Lump Sum
- Life Long Pension
- Combination of Lump Sum Payment and Life Long Pension

#### **Benefits Payable on Maturity of the Policy**

On survival of the both lives insured, i.e. the payer and the child, up to the maturity date, the Net Cash Value shall be payable. The Net Cash Value

Reserve of the policy LESS outstanding amounts due to us for loans given (if any).

#### **Benefits Payable on Death**

God forbid, if the payer dies before the maturity date, the premiums shall cease and the following benefits shall be payable:

- (i) The Sum Insured or the Net Cash Value (whichever is higher) shall be payable on the maturity date of the policy. Sum Insured here means the sum insured at the time of death of the payer (God forbid).
- (ii) 10% of initial sum insured (i.e. sum insured at policy issue) will be paid per year to the child from the date of death of adult life (God forbid) to the maturity date in monthly installments.

The first monthly payment shall fall due on the first day of the calendar month immediately after the date of death. The last monthly payment shall fall due on the first day of the calendar month immediately before the maturity date or when the payer would have turned 70.

Certain benefits are also payable in case of the child's death (God forbid) during the Policy Period.



Accidents are the leading cause of death for people under the age of 40 and the 5th leading cause for people of all ages. Most people may not think about additional insurance in the event of an accident. Accident insurance can help pay family expenses in the event of serious injury, disability, hospitalization or death as a result of an accident (God forbid).

Personal Accident insurance is an affordable supplement to life insurance. Accident insurance is important because it can help close the coverage gaps left by other insurance coverage programs, which usually has Accident insurance limitations.

With East West Life's Personal Accident Policy, a small premium can protect you from major financial crisis in case of accident. Together with Accidental Death Benefit, our product also offers Accidental Dismemberment & Disability Coverage and Reimbursement of Accidental In-Hospital Expenses. Our unique three-tier policy provides financial protection from the following most unfortunate consequences of an accident:

- Death (God forbid),
- Hospital Expenses, and
- Disability.

The description of benefits under each tier is given below:

#### **Accidental Death**

In case of one's Accidental Death (God forbid), we will pay a lump-sum amount to the designated nominee(s). This amount can be useful for the family's financial well-being.



#### **In-Hospital Accidental Medical Expense**

One of the major reasons for mental distress in case of hospitalization is heavy medical expenses. These expenses are increasing everyday and good medical services are becoming unreachable for normal middle class or even wealthy people. The medical expenses in case of hospitalization due to an accident are sudden and most of us are not prepared for such an expense. In case of an unfortunate event, you can always look towards East West Life. We can provide you with financial assistance when it is needed the most. By paying part of your accidental hospitalization expenses, we can share some of your distress. Total payment under this tier can be up to 20% of the principal sum assured.

The Accidental Disability benefits are as follows:

#### **Accidental Disability**

Suffering a disabling accident can take a heavy toll on every aspect of your life. Our Accidental Disability Insurance will help you and your family financially with lump sum or monthly payment depending upon the nature of the accidental disability.

It provides coverage for dismemberment, loss of sight, hearing, speech, etc., along with permanent and temporary as well as total and partial disability caused by an accidental injury.

*By Paying A Small Premium,  
You Can Secure Your Life From Major  
Aspects of Accidental Losses!*

Loss or Disability	Indemnity Benefit
Loss of Life	The Full Sum Insured
Loss of two or more Limbs	The Full Sum Insured
Total and irrecoverable loss of all sight in both Eyes	The Full Sum Insured
Total and irrecoverable loss of all sight in one Eye and loss of one limb by amputation at or above Wrist or Ankle	The Full Sum Insured
Loss of one Limb by amputation at or above Wrist or Ankle	One-Half of the Sum Insured
Total and irrecoverable loss of sight in one Eye	One-Third of the Sum Insured
Loss of Thumb and Index finger of either hand by amputation at or above the metacarpophalangeal joints	One-Fourth of the Sum Insured
Temporary Total Disability (unable to perform duties of occupation)	Weekly Indemnity
Partial Disability (unable to perform major part of duties of occupation)	One-Fourth of the Weekly Indemnity
Permanent, total and continuous disability (unable to do employment for wage or engage in any occupation)	Annual payment of 10% of sum insured payable monthly



Life insurance provides a degree of financial protection against the uncertainty of death and can help survivors (dependents) achieve specified financial objectives.

Accidents are sudden and can lead to financial crisis, if you are not prepared. Accidents can cause sudden death or disability of the primary earning member of the family, which can cause serious financial consequences for the family because of the great level of dependence on his or her earnings.

#### **Need for Regular Monthly Income Only in Case of Accidental Death and Disability (God Forbid)**

Life assurance is needed to provide for long and short terms income needs. In particular, these would include the need to pay installments of outstanding loans and/or mortgages; there would also be the need to provide a long term income for the surviving spouse and short term income for children or other dependants.

You can rely on our Accident Protection Plan to provide regular monthly income to you and your family to meet the basic necessities of life in case one dies by an accident (God forbid) or becomes disabled by an accident (God forbid). In addition to basic need of food, clothing and shelter, the income (being paid in case of an accident) can also be used for education of your children and ever growing medical needs.

#### **Regular Monthly Income Only In Case of Accidental Death and Disability (God Forbid)**

Rather than providing lump sum payment, East West Life's Accident Protection Plan pays a monthly income for 10 years only in case of death or disablement (God forbid) due to accident while the policy is in force. The monthly income will



continue at the level specified in the policy for 10 years following the claim.

This product is particularly attractive to those who would like to have a fixed and regular stream of monthly income in case of accidental death or disability (God forbid) and would rather not have to worry about complex investment decisions to make the most as a lump sum payout.

*Save Rs. 7 daily to assure your family's monthly income in case you are not here (God forbid) or become incapable to perform your duties due to an accident.*

#### **PROVIDE YOUR FAMILY A SECURE FUTURE!**

##### **General Conditions**

##### **Age Limit**

The age should be minimum of 18 years and maximum of 59 years at the time of policy commencement date.

##### **Claim Intimation**

Written notice of specified accidental event on which the claim is based

must be submitted to the company within 20 days after the date of such event.

##### **Termination**

The insurance under this contract shall terminate at the end of a complete policy year. No surrender value is payable under this contract in any circumstances.

ACCIDENTS ARE UNAVOIDABLE, BUT THE GOOD NEWS IS THAT WE CAN REDUCE THEIR FINANCIAL IMPACT.

##### **SALIENT FEATURES**

A REGULAR MONTHLY INCOME FOR 10 YEARS ONLY IN CASE OF ACCIDENTAL DISABILITY, GOD FORBID.

NO MEDICAL EXAMINATION REQUIRED.

24/7 COVERAGE.

WORLDWIDE COVERAGE (irrespective of where the Accident resulting in loss occurred).

*Future is Uncertain but you can secure it with our ACCIDENT PROTECTION PLAN!*

Basic Benefit Structure	Benefit
Accidental Event	Monthly
Loss of LIFE	Income for 10
Loss of one or more LIMBS by Amputation at above wrist or ankle	Years only in
Loss of all SIGHT in both EYES.	case of an
Loss of SPEECH	accidental
Loss of Hearing in both EARS	event stated
Permanent total and continuous DISABILITY	here



We are providing group life insurance coverage for the employees of all types of organizations. We have a separate division for management of group life insurance schemes. This division is supervised by some of the most experienced professionals in this business. Some major highlights of our Group Life Insurance Schemes are given below:

We are providing the following benefits under the group life insurance policy:

**(a) Death Benefit**

Single life sum assured is paid under this benefit in case of death by any cause.

**(b) Accidental Death Benefit (ADB)**

Under this benefit, an additional life sum assured is paid in case of accidental death.

**(c) Accidental Total and Permanent Disability (TPD) Benefit**

Under this benefit, certain portion of the life sum assured is paid in case of accidental injuries.

**(d) Accidental Temporary Disability Benefit**

Under this benefit, fortnightly income payments are made for temporary accidental disablement.

**(e) Natural Total and Permanent Disability Benefit**

Under this benefit, certain portion of the life sum assured is paid in case of complete natural disability.



**(f) Natural Partial Disability Benefit**

Under this benefit, certain portion of the life sum assured is payable in case of partial natural disability.

**(g) Diagnosis of Terminal Illness**

Within this coverage, 50% of sum assured is payable at the time of diagnosis of terminal illness. Remaining 50% of sum assured will be payable at the time of death provided that our group policy remains in force with the policyholder.

**(h) Post Retirement Benefit**

Under this benefit, the group life coverage is extended to retiring employees provided that the policy stays in force with us on a continuous basis.

**(i) Bereaved Family Benefit**

Under this benefit, in case of death of any employee, we will pay a certain amount and/or percentage of the basic sum assured for miscellaneous expenses related to a person's death and / or burial.

These benefits are provided to all types of establishments at extremely competitive premium rates.

Moreover, free sum assured, i.e. sum assured without medical examination, is allowed quite generously and profit sharing for group life contracts of 3 years or more is provided.

**Group Life Insurance of Finance Scheme Borrowers**

We are also providing death coverage to borrowers of all types of finance schemes, including:

- Consumer-Related Finance Schemes
- Home Finance Schemes
- Agricultural Finance Schemes, etc...
- Flexible age limits are usually provided to the borrowers according to the criteria of the finance scheme(s).
- High Sum Assured amounts are provided as per the requirement of the finance scheme(s).

The following benefits are available for the borrowers as an add-on to the main policy:

- Accidental Total and Permanent Disability Benefit, and
- Natural Total and Permanent Disability Benefit.

Claim settlement is very prompt and polite (within 24 hours in most cases) in both our normal group life insurance scheme and group life coverage for finance scheme borrowers.



Our company is an active member in the healthcare insurance sector. We have an independent division for management of the group health insurance business. This division is supervised by some of the most well-trained and experienced healthcare professionals in the industry. Some major highlights of our group health insurance scheme are given below:

The group health insurance policy is broken-up into the following three major sections:

**(a) Hospitalization Insurance:**

This section provides coverage for hospital stay due to sickness or accidental injuries. Eligible hospitalization expenses include:

- Daily room & board charges.
- Medicines & drugs.
- Consultant's fees.
- Surgeon's fees.
- Blood & Oxygen supplies.
- Anesthetist's fees.
- Diagnostic tests.
- Daycare surgeries/procedures.
- Specialized investigations.
- Operation Theater charges.
- Miscellaneous charges (ambulance charges, plaster casts, physiotherapy, etc.)

Besides this, we also provide coverage for the following expenses:

- i. Charges for pre-hospitalization diagnostic services, which includes specialized investigations (such as Endoscopy, Angiography, Lithotripsy, Hernia, MRT, CT Scan, etc.), specialist's fees for consultation, diagnostic x-ray and laboratory tests.
- ii. Charges for post-hospitalization treatment incurred after discharge from hospital.
- iii. Hospitalization charges for pre-existing conditions.



**(b) Maternity Insurance:**

This section provides coverage to female employees or spouse of male employees for hospital stay as a result of pregnancy, which includes normal birth, caesarean surgery or multiple births. Eligible maternity expenses are identical to those listed in the hospitalization insurance section along with miscarriage (on doctor's advice or accidental) and baby's nursing care.

Beside this, charges for pre-hospitalization diagnostic services and post-hospitalization treatment are also covered within maternity insurance along with circumcision expenses for baby boys. Further, separate hospitalization coverage for newborn babies is allowed from the date of birth.

**(c) Major Medical Expense Insurance:**

This coverage is provided under the Hospitalization Insurance section, which will be used in case the hospitalization limit is fully utilized and funds are remaining in the annual major medical benefit limit.

Besides the benefits listed above, the following highlights of the health insurance scheme are important to note:

- Benefits included in the group health policy are very generous and customizable to meet the needs of our corporate client. Coverage is provided to all employees of the client, their spouses, parents and children.

- Our group health policy does not restrict the covered individual to visit only panel listed hospitals or laboratories. The patient is free to visit ANY hospital and laboratory. Moreover, we have several hospitals on our panel throughout the country, which allows our clients to get treatment without payment. We are continuously in the process of enlisting additional hospitals and laboratories on our panel in all major cities of the country.

- OPD Treatment under the company's optional "Stay-Healthy" plan is also available, under which employees and their dependents can obtain healthcare services from hundreds of panel consultants, laboratories and pharmacies on credit basis.

- We offer optional Electronic Funds Transfer (EFT) service for reimbursement claim payments and SMS alerts during hospitalization and claim processing.
- Most importantly, we offer prompt and polite claim payment service.

# Board of Directors and Company Information

**Chairman**

Lt. Gen. Najibullah Khan (Retd)

**Chief Executive Officer (Interim CEO)**

Sohail Nazeer

**Directors**

Maj. Gen. Imtiaz Hussain Sherazi (Retd)

Maj. Gen. Akhtar Iqbal (Retd)

Malik Riffat Mahmood

Imran Ali Dodani

Chief Justice (R) Mian Mahboob Ahmad

Umeed Ansari

**Company Secretary**

Sohail Nazeer

**Appointed Actuary**

Shujat Siddiqui, MA, FIA, FPSA

**Consulting Actuaries**

Akhtar & Hasan (Private) Limited

**Legal Advisor**

Saiyed Younus Saeed

**Auditor**

Grant Thornton Anjum Rehman

(Chartered Accountants)

**Share Registrar**

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**E-mail**

info@eastwestlifeco.com

## Management and Bankers

<b>Chief Executive Officer (Interim CEO)</b> Sohail Nazeer	<b>Assistant General Managers</b> Tanveer Iqbal Naveed Ashraf Anjum Ghazali Ajaz Hussain
<b>Chief Operating Officer (COO)</b> Imran Ali Dodani	
<b>Chief Financial Officer (CFO) and Company Secretary</b> Sohail Nazeer	<b>Bankers</b> Allied Bank Limited Summit Bank Limited MCB Bank Limited The Bank of Punjab Habib Bank Limited Askari Bank Limited NIB Bank Limited Bank Al-Habib Limited JS Bank Limited The Karakoram Co-Operative Bank Ltd. Apna Microfinance Bank Limited Bank Alfalah Limited Sindh Bank Limited
<b>Zonal Head</b> Sheikh Khalid Mehmood	
<b>Deputy General Manager</b> Sana-ul-Haq Hashmi	
<b>Head of Internal Audit</b> Mohammad Zohaib	

# Committees

**Audit Committee**

Maj. Gen. Imtiaz Hussain Sherazi (Retd)  
Malik Riffat Mahmood  
Umeed Ansari  
Mohammad Zohaib, Secretary

**Investment Committee**

Malik Riffat Mahmood  
Chief Justice(R) Mian Mahboob Ahmad  
Sohail Nazeer  
Ajaz Hussain  
Imran Nadeem, Secretary

**Underwriting & Reinsurance / Risk Management Committee**

Maj. Gen. Akhtar Iqbal (Retd)  
Malik Riffat Mahmood  
Sohail Nazeer  
Ajaz Hussain, Secretary

**Claim Settlement Committee**

Maj. Gen. Imtiaz Hussain Sherazi (Retd)  
Umeed Ansari  
Imran Ali Dodani  
Saleha Usman, Secretary

**Nomination, Human Resources & Remuneration and Compliance Committee**

Maj. Gen. Akhtar Iqbal (Retd)  
Maj. Gen. Imtiaz Hussain Sherazi (Retd)  
Sohail Nazeer  
Anjum Ghazali, Secretary

# Our Mission, Vision and Principle Values

## Our Vision

Our vision is to be the number one provider of wide-ranging insurance solutions to all of Pakistan, a goal we will attain while observing the principle values that have served us well since inception.

## Our Mission

To provide high quality, competitive insurance products and services through qualified, professional and committed salespersons.

To maintain financial strength for the benefit of our corporate and individual insurers, shareholders, agents/salespersons and employees.

To earn and protect public trust of the communities where we live and work by supporting good works and contributing to charities.

To create a challenging environment and develop a sense of accomplishment for our employees through tools and training to achieve personal growth and contribute to our organization.

To serve the nation by increasing the rate of literacy through our East West Life Educational Security Schemes for children and their parents.

To provide the right solutions that are in tune with our customer's needs, while facing up to the emerging challenges in the industry.

To help individuals and families financially realize their hopes and dreams and be there when they need us most.

To develop awareness of insurance need, build confidence in the insurance industry and also to develop the concept of saving.

To innovate and develop ideas to design new products for our valued corporate and individual clients to effectively meet their ever-changing needs.

## Our Principle Values

- Safety and Security through expansion, development and profitability.
- Exceptional and flexible product-line to meet the needs of our clients.
- Respect and consideration for our policyholders, agents and employees.
- Vision as well as action to achieve our mission.
- Integrity and honesty in every aspects of our organization.
- Community improvement through participation.
- Excellent service.

## Code of Conduct

- The Company's policy is to conduct business with honesty and integrity and be ethical in all its dealings, showing respect for the interest of those with whom it has relationship.
- The Company complies with all laws and regulations. All employees are expected to familiarize themselves with laws and regulations governing their individual areas of responsibility, and not to transgress them. If in doubt, employees are expected to seek advice. The Company believes in fair competition, and supports appropriate competition laws.
- The Company does not support any political party nor contributes to the funds of groups whose activities promote party interests.
- The Company is committed to provide services, which consistently offer value in terms of price and quality and satisfy customer needs and expectations.
- The Company is committed to run its business in an environment that is sound and sustainable. As a good corporate citizen, the Company recognizes its social responsibilities, and will endeavor to contribute to community activities, for betterment of society as a whole.
- The Company believes in and fully adheres to the principles of reliability and credibility in its financial reporting and in transparency of business transactions.
- The Company is an equal opportunity employer. Its employee recruitment and promotional policies are free of any gender bias, and is merit as well as excellence oriented. It believes in providing its employees safe and healthy working conditions, and in maintaining good channels of communications.
- The Company expects its employees to abide by certain personal ethics, whereby Company information and assets are not used for any personal advantage or gain. Any conflict of interests should be avoided, where it exists it should be disclosed, and guidance sought.
- The Board to ensure that the above principles are complied with, for which the Board has constituted the Audit Committee, to be supportive of compliance.

# Chairman's Review

It is my distinct pleasure to place before you, on behalf of the Board of Directors of East West Life Assurance Company Limited, the 25th Annual Report together with the audited financial statements of the company for the year ended December 31st, 2017.

## THE ECONOMY

Pakistan's economic growth appears to be on track towards achieving its highest level in the last eleven years. Average headline inflation remains within the forecast range of 5BP, but core inflation has continued to increase. There has been visible improvement in export growth and remittances are marginally higher. However, largely due to the high level of imports, the Current Account Deficit continues to remain under pressure. Gross Domestic Product (GDP) growth for FY 2018 is projected to be around 5.8%, significantly higher than FY 2017.

## CAPITAL MARKET

The year 2017 witnessed a volatile capital market owing largely to political uncertainty, and the PSX 100 index posted a negative return of 15%. Starting from an index level of 47,807 points on December 31, 2016, the PSX 100 Index reached its highest level at 52,876 points in May 2017. Thereafter, it recorded a continuous decline in the 2nd half of 2017, mainly attributed to political uncertainty and the increasing gap in the Current Account Deficit; and closed at 40,471 points at year end. The year 2018 has commenced with positive outlook, and at February 14, 2018, the PSX index closed at 43,353

points, a recovery of 7%. I am hopeful that with the stability in political environment coming through after the elections and the expected abundance in liquidity in the market, the equity market will hold a strong upside potential for the policy holders.

## REGULATORY ENVIRONMENT

The year 2017 witnessed the implementation of various regulatory changes from the Securities and Exchange Commission of Pakistan (SECP), not only in the context of Company Law, but also in the specific context of the insurance industry. These include the Insurance Rules, 2017, implemented in February 2017, repealing the SEC Insurance Rules, 2002 and the Insurance Rules, 2002, the Insurance Accounting Regulations, 2017, the Companies Act, 2017, implemented with effect from May 30, 2017, and the Listed Companies (Code of Corporate Governance) Regulations, 2017, implemented through SRO 1216 (I) of 2017 dated November 22, 2017, which has become effective from accounting periods commencing on or after January 1, 2018. The Insurance Accounting Regulations, 2017 seek to align the presentation of the published financial statements of life/general insurance companies with the presentation requirements of the International Financial Reporting Standards (IFRS). The new presentation had been made effective by the SECP from the June 2017 Half yearly statements; however, the Company and other life insurance companies obtained the approval from the SECP to implement these from the commencement of the next

accounting period, i.e. from January 1, 2018.

## COMPANY'S FINANCIAL PERFORMANCE

In terms of profitability, 2017 was a difficult year for your company. However, despite of this fact, some important financial targets were achieved, including:

- Net Premium Income Showed a Unsatisfactory Decrease in 2017 by 17%.
- The management has taken serious action for reduction of claim expense by adopting rigorous policies, which have resulted in exceptional reduction of claim expenses by more than 25% in 2017 to Rs. 37.331 million from approximately 49.515 million in 2016.
- Total gross claims have decreased by more than 23% to go Rs. 39.6 million, which is an excellent achievement for Claims Officers of the company.
- Total Net Claims have decrease by 25% from 49.51 million in 2016 to 37.33 million in 2017
- The company's total net management expenses have decreased by almost 13% from Rs. 52,684 million in 2016 to approximately Rs. 45,749 million during 2017.
- As a result of premium income reduction, the company's total acquisition costs have also decreased by 21% in 2016 from Rs. 4.29 million to less than Rs. 3.40 million.

## Chairman's Review

- The amount of investment income decrease by 36% from 40.20 million in 2016 to 25.621 million in 2017.

It has become the key focus of the company to enhance profitability by increasing net premium results and further controlling expenses while keeping in view the essential task of continued improvement in claim result.

### FUTURE PROSPECTS OF THE COMPANY

In 2018 and beyond, the management is planning to focus on improving internal controls and constituting concrete policies to achieve continued reduction in claims, improve premium growth (especially on the front of individual and group life insurance) while instituting steps to further reduce expenditures.

It is expected that in order to achieve these tasks, the company will need to enhance marketing field force under close supervision, use new business procurement channels, develop unique target based products and improve Human Resource mobilization as well as utilization while promoting a professional environment and corporate culture. Moreover, necessary modification of departmental structures will also be implemented to maximize efficiency and enhancement of management tools.

Moreover, the focus of the company's management will be on the following areas for the future:

- Focus on development of new

products in line with principles of Microinsurance.

- Addition of value-added services to our individual and corporate clients using the company's Information Technology (IT) department.
- Implementation of controls through customized IT solutions in each area/level of transactions to improve overall working of the company.
- Improve cost management of company's branch offices throughout the country with focus on business procurement expense control.

With a view to further maximize returns for policyholders and shareholders of the company; the management's job in 2018 is to continue improvement in the financial results of the entity. The board is certain that, in view of the improving economic situation globally and within the country, your management is keenly focused on the above targets, which (InshaAllah) will result in further improvement of the financial results while developing an enhanced corporate culture within the organization. I am certain that the management's direction for the future will be mutually beneficial for the policyholders and shareholders of the organization.

### ACKNOWLEDGEMENT

I would like to take this opportunity to express my sincere thanks to The Ministry of Commerce, Government of Pakistan, and the Securities and Exchange Commission of Pakistan

(SECP) for their continued direction and support given in managing the affairs of the company in a prudent manner. The directors wish to record their appreciation for the tremendous contribution made by the able and eminent officers, staff and sales force of the company towards its development and growth. Their continuous commitment to high ethical standards, client service and hard work has helped your company emerge and maintain its position as a key member amongst private sector life insurers.

Moreover, we also wish to thank the Insurance Association of Pakistan (IAP) for their assistance and valued representation of our industry. We would also like to sincerely express our gratitude to the company's loyal policyholders and corporate clients for their continued support and confidence in our company.

Lastly, my thanks and appreciation to the thousands of our shareholders, whose enthusiasm for the company is a source of confidence for us to make East West Life a sound and reliable financial organization and a symbol of security for the marketplace.

May Almighty Allah bless us all (Ameen).

On behalf of the Board of Directors,

**Lt. GEN NAJIB ULLAH KHAN (RETD)**  
Chairman  
Karachi, March 27th, 2018

# Directors' Report to the Shareholders

The Directors of your company are pleased to present their report along with the Accounts and Auditors' Report for the year ended December 31st, 2017.

## PRINCIPAL ACTIVITY

The Company is actively engaged in life and health insurance business. We extend individual life insurance and group/corporate life, accidental and health insurance to companies all over Pakistan.

## OPERATING RESULTS

During 2017, our company's net loss for the year has increased by Rs. 13.54 million from a loss of almost Rs. 22.12 million at the end of 2016 to a loss Rs. 35.66 million as at December 31st, 2017. This is primarily due to a decrease in net premium and investment income of approximately 30%, which has occurred because of lower net premium by 17% as compared to the previous period.

However, it is important to note that the company's claims and expenditures have decreased by 19% compared to the previous period. This clearly shows that the company's expense reduction strategies are continuing to bear fruit.

Below you will find a financial comparison of several key figures between the year 2017 and 2016 for shareholders' and statutory funds combined:

All Amounts in Rupees	2017	2016
<b>Operating Income</b>		
Premiums Less Reinsurances	16,635,238	20,081,316
Net Investment Income	25,621,563	40,209,125
<b>Total Net Income</b>	<b>42,256,801</b>	<b>60,290,441</b>
<b>Operating Expenses</b>		
Claims, Including Bonuses, Net of Reinsurance	37,331,944	49,515,706
Recoveries		
Management Expense Less Recoveries	45,749,411	52,684,408
<b>Total Claims and Expenditures</b>	<b>83,081,355</b>	<b>102,200,114</b>
Deficit of Income Over Claims and Expenditure	(40,824,554)	(41,909,673)
Movement in Policyholders' Liability	5,751,609	19,958,724
<b>Loss Before Taxation</b>	<b>(35,072,945)</b>	<b>(21,950,949)</b>
Taxation	(589,116)	(166,006)
<b>Loss After Taxation</b>	<b>(35,662,061)</b>	<b>(22,116,955)</b>

The disappointing premium income figures have negated the positive net management expense and claim expense achievements to result in a loss in the excess of income over claims and expenditures figure. However, positive results in the movement in policyholders' liability and taxation have allowed the

company to reduce the amount of loss. The company's management has decided to focus on completely revamping its marketing department strategy to tackle the lackluster premium income results achieved during 2017. This will also include reviewing our rating and underwriting standards with the

company's actuaries as well as underwriting personnel to pinpoint the reasons for the drastic decrease in premium income along with implementation of steps that will allow our company to achieve higher business volume in the near future.

# Directors' Report to the Shareholders

## FINANCIAL PERFORMANCE

The results of our company's accomplishments are evident in a comparison of certain key figures for 2016 versus 2017, which are indicative of its performance for the year under review.

Below you will find a comparison of the key figures:

	2017	2016	% Inc.
Total 1st Year Individual Life Premium	Rs. 1,243,966	Rs. 1,111,975	12%
Total 2nd Year Individual Life Premium	Rs. 1,222,147	Rs. 1,257,332	-3%
Net Claims Expense	Rs. 37,331,944	Rs. 49,515,706	-25%
Total Gross Claims	Rs. 39,556,243	Rs. 50,398,620	-23%
Total Net Management Expenses	Rs. 45,749,411	Rs. 52,684,408	-13%
Total Acquisition Costs	Rs. 3,400,206	Rs. 4,299,932	-21%
Investments	Rs. 312,529,248	Rs. 259,525,658	20%
Investment Income	Rs. 25,621,563	Rs. 40,209,125	-36%
Total Premium Income	Rs. 16,635,238	Rs. 20,081,316	-17%
Total Claims & Expenses	Rs. 83,081,355	Rs. 102,200,114	-19%
Movement in Policy Holder's Liability	Rs. 5,751,609	Rs. 19,958,724	-71%

- First year individual life premium with increase of more than 12%.
  - The 2nd year individual life premium has shown a Unsatisfactory Decrease in 2017 by more than 3%.
  - The management has taken serious action for reduction of claim expense by adopting rigorous policies, which have resulted in exceptional reduction of claim expenses by more than 25% in 2017 to Rs. 37.331 million from approximately 49.515 million in 2016.
  - Total gross claims have decreased by more than 23% to go Rs. 39.6 million, which is an excellent achievement for Claims Officers of the company.
  - Total Net Claims have decrease by 25% from 49.51 million in 2016 to 37.33 million in 2017.
  - The company's total net management expenses have decreased by almost 13% from Rs. 52.684 million in 2016 to approximately Rs. 45.749 million during 2017.
  - As a result of premium income reduction, the company's total acquisition costs have also decreased by 21% in 2016 from Rs. 4.29 million to less than Rs. 3.40 million.
  - The amount of investment income decrease by 36% from 40.20 million in 2016 to 25.621 million in 2017.
- The management of the company would like to take this opportunity to thank the Securities and Exchange Commission of Pakistan (SECP) for the crucial part that the regulator plays in elevating the image of the life and entire insurance industry including their untiring efforts to advance corporate governance.

## CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board is mindful of its responsibilities as established by the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan (SECP). Accordingly, the following statements are given:

- The financial statements prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements

## Directors' Report to the Shareholders

and accounting estimates are based on reasonable and prudent judgment.

- International Financial Reporting Standards and International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored. The Board is ultimately responsible for the Company's system of internal control and reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve objectives, and by its nature can provide only reasonable and not absolute assurance against material misstatement or loss. The process used by the Board to review the effectiveness of system of internal control include, inter-alia, the following:
  - The audit committee has written terms of reference and reports to the Board. It reviews the approach adopted by the company's internal audit department and the scope of and the relationship with, the external auditors. It also receives reports from the internal audit department and the external auditors on the system of internal control and any material control weaknesses that have been identified. Further, the committee discusses the

actions to be taken in areas of concern with the relevant executive directors.

- There are no doubts upon the company's ability to continue as a going concern.
- An organization structure has been established, which supports clear lines of communication and tiered levels of authority with delegation of responsibility and accountability.
- Business strategies agreed to divisional level are approved by the Board. In addition, there is an annual budgeting and strategic planning process. Financial forecast are prepared quarterly and these strategies are reviewed during the year to reflect significant changes in the business environment.
- The principal features of control framework include:
  - Evaluation and approval procedures for major capital expenditure and other transactions.
  - Regular reporting and monitoring of financial performance of the divisions, and the group as a whole, using operating statistics and monthly management accounts, which highlight key performance indicators and variance from budgets and quarterly forecasts.
  - Review of the group's health, safety, environment contingency management processes and other significant policies.
- There has been no trading during the year in the shares of the Company carried out by the directors, CEO, COO, CFO, Company Secretary, Head of Internal Audit and their spouses and minor children.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the Karachi Stock Exchange (Guarantee) Limited.
- The key operating and financial data for the last six years is annexed.
- The statement of shareholding in the Company as December 31st, 2017 is included with the Report.
- The value of investment in the Provident Fund based on the respective financial statements as at December 31st, 2017 is Rs 5,776 million.

# Directors' Report to the Shareholders

## BOARD MEETINGS

During the year 2017 The Sponsors and directors of the Company are desirous to sell Controlling Stake in the Company. In this respect Army Welfare Trust (AWT) has been acquired 51% of the issued, subscribed and Paid-up capital of the Company in the last week of December 2017. The new management of the company has taken over the management and the board of the directors of the company has been reconstituted after the approval of their appointment from SECP.

- During the year, 6( Six) meetings of the Board of Directors were held and attendance position was as under (Most of the directors has resigned from their capacities on November 15, 2017 as the new management takeover controlling rights on same date.

Serial No.	Name of Director	Number of Meetings Attended
01	Chief Justice (R) Mian Mahboob Ahmad	05 out of 05
02	Mr. Maheen Yunus, CPCU	04 out of 05
03	Mr. Umeed Ansari	05 out of 05
04	Mr. Mohsin Ali Kanchwala	04 out of 05
05	Mr. Naved Yunus	05 out of 05
06	Mr. Pervez Yunus	04 out of 05
07	Mr. Javed Yunus	05 out of 05
08	Mr. Omar P. Yunus (Mr. Shabbir Ali Kanchwala, Alternate Director)	05 out of 05

Leave of absence was granted to Directors who could not attend the Board meetings.

## FUTURE OUTLOOK

In 2018 and beyond, the management of your company will focus on expansion of business and distribution to deliver due shareholder value. In view of such goals, the company's management is taking important steps shown below in order to keep the organization ahead within the competitive business environment being faced in the marketplace:

- The company will be renamed and relaunched in line with the brand philosophy of AWT group offering complete set of financial services under one "Askari" brand.
- Company will introduce updated Vision, Mission, and Brand values in line with the business philosophy of AWT group.

- Company is in the process of inducting management leadership for development and delivery of new business plan supported by additional investment to compete and acquire due share of the market.
- Company will develop a new business plan to capture decent share of market by introducing innovative and competitive product line with latest insurance benefits.
- A thorough revamping of the company's corporate sales department will be conducted to target group insurance business. This will be done in conjunction with a detailed review of our rating and underwriting standards with the company's actuaries as well as underwriting personnel to allow our company to achieve higher business volume in the near future.
- Development and expansion of individual life field force offices will be priority with focus to improve the procurement cost within the business portfolio. The individual life field force incentive structure will be aligned with market to acquire quality productive staff for distribution of new range of products.
- Continued efforts will be taken to achieve breakthrough within Bancassurance business procurement channel via agreements with prestigious banking institutions in order to expand the company's premium base and take advantage of this extremely efficient as well as cost effective marketing tool.

# Directors' Report to the Shareholders

- Policies will be further refined for the Human Resources department with assistance of Human Resources and Remuneration committee to enhance its efforts in appointing knowledgeable and capable personnel for all areas of the company, in order to maximize results/profitability.
- Enhancement in the company's internal technical structure will be performed to achieve early processing of professionalized underwriting with assistance of available skilled managers and staff.
- The company will further enhance the role of the company's Investment committee and the fund manager to refine the company's investment strategy and results in line with the latest opportunities being experienced in the business marketplace.
- Company will evaluate and implement latest ERP solution to reap benefits from technological advancement to bring efficiency in company administration and delivering satisfactory financial services for benefit of customers, shareholders fulfilling detailed regulatory reporting requirements.
- Company will continue to strive to service existing policy holders and aim to deliver high value for fulfillment of policy holder needs.

Besides taking these definite steps, in 2018, the company will, as always, continue its focus on further increasing its premium procurement

with regards to individual life marketing as well as group life insurance. In connection with this realization, the company will continue its efforts for premium growth in all business areas, further improvement in persistency figures especially related to renewal recoveries, sustained efforts to further reduce operating / management expenses and advancement of customer-oriented services.

In view of the improving economic situation globally and within the country, your management is certain that focus on the above targets will result in improvement of the financial results while developing an improved corporate culture within the organization. The company is very much focused on our targets / direction, which, we are confident, will be mutually beneficial for the policyholders and shareholders of the organization.

## AUDIT COMMITTEE

The Audit Committee comprises of the following members as on December 31, 2017

1. Maj. Gen. Imtiaz Hussain Sherazi (Retd)
2. Malik Riffat Mahmood
3. Umeed Ansari
4. Muhammad Zohaib , Secretary

## STATEMENT OF CODE OF CONDUCT

The Board has adopted the statement of Code of Conduct. All employees are informed of this statement and are required to observe these rules of conduct in relation to business and regulations.

## MATERIAL CHANGES

There have been no material changes since December 31, 2017 and the Company has not entered into any commitment, which would affect its financial position at that date.

## DIVIDEND

In the light of the adverse environment in the economic sector of the country, the Directors feel that no dividend can be declared for the year ended December 31, 2017.

## PATTERN OF SHAREHOLDING

The pattern of shareholding, as required by section 236 of the Companies Act 2017 and Code of Corporate Governance is enclosed.

## AUDITORS

The appointment of Auditors for the financial year 2018 and fix their remuneration, retiring auditors M/S Grant Thornton Anjum Rehman, (Chartered Accountants), being proposed for appointment by the Board of Directors on recommendation of Audit Committee.

## Directors' Report to the Shareholders

### ACKNOWLEDGEMENT

The directors would like to take this opportunity to extend their gratitude to the Securities and Exchange Commission of Pakistan (SECP) for their continued guidance and support to the company's management. The board would also like to thank The Ministry of Commerce and Government of Pakistan for their efforts in uplifting the insurance industry in the country.

The directors also wish to record their indebtedness for the extraordinary efforts of the able officers, staff and field force of the company towards its development and growth. Their

constant dedication to high ethical standards, client service and hard work has made your company an important member among the private sector life insurers.

Further, the board would like to record their appreciation to the Insurance Association of Pakistan (IAP) for their guidance, support and invaluable representation of our industry. The board also wishes to sincerely thank the company's loyal policyholders and corporate clients for their constant confidence and encouragement in our organization.

Finally, thanks to the thousands of our shareholders, whose loyalty and

dedication for the company is a source of encouragement for us to make East West Life a strong and dependable financial organization and a symbol of security for the marketplace.

For and on behalf of the Board of Directors,



**Sohail Nazeer**  
Acting Chief Executive Officer /  
Chief Financial Officer

## Key Financial Data for the Last Six Years

	2017	2016	2015	2014	2013	2012
<b>REVENUE ACCOUNT</b>						
Premium - Net of Reinsurance	16,635,238	20,081,316	31,583,733	142,581,803	219,575,818	181,273,234
Interest and Other Income	25,621,563	40,209,125	32,378,885	39,673,259	31,035,347	28,472,441
	<b>42,256,801</b>	<b>60,290,441</b>	<b>63,962,618</b>	<b>182,255,062</b>	<b>250,611,165</b>	<b>209,744,675</b>
Claims Less Reinsurance	37,331,944	49,515,706	73,712,032	120,970,732	118,444,648	162,132,539
Net Commission & Acquisition Cost	3,400,206	4,009,711	7,675,152	10,841,953	14,097,678	15,372,062
Other Administrative Cost	42,349,205	48,674,697	47,354,198	53,810,322	59,111,466	64,997,997
Movement in Policyholders' Liabilities	(5,751,609)	(19,958,724)	(33,650,944)	(15,673,092)	26,031,832	4,101,664
Profit/(Loss) Before Tax	(35,072,945)	(21,950,949)	(31,127,820)	12,305,147	32,925,541	(36,859,587)
Taxation	(589,116)	(166,006)	(1,084,891)	661,068	771,429	(2,801,730)
<b>Profit/(Loss) After Tax</b>	<b>(35,662,061)</b>	<b>(22,116,955)</b>	<b>(32,212,711)</b>	<b>12,966,215</b>	<b>33,696,970</b>	<b>(39,661,317)</b>
<b>BALANCE SHEET</b>						
Investments	312,529,248	259,245,140	305,099,242	284,900,323	277,686,388	202,034,877
Other Assets	197,071,028	197,735,331	218,421,192	275,747,928	246,999,029	179,028,416
Fixed Assets	17,128,781	19,291,389	21,301,629	24,973,540	28,316,213	32,806,644
	<b>526,729,057</b>	<b>476,271,860</b>	<b>544,822,063</b>	<b>585,621,791</b>	<b>553,001,630</b>	<b>413,869,937</b>
Issued, Subscribed and Paid-Up Capital	601,720,140	601,720,140	594,291,500	594,291,500	594,291,500	500,456,000
Advance Against Equity	100,000,000	-	-	-	-	24,000,000
Accumulated Surplus/(Loss)	(448,990,150)	(411,879,085)	(391,462,353)	(357,504,839)	(382,821,519)	(411,900,536)
Balance of Statutory Fund	189,444,745	193,747,350	215,406,297	247,312,438	269,041,765	238,391,980
Other Liabilities	84,554,322	92,683,455	126,586,619	101,522,692	72,489,884	62,922,493
	<b>526,729,057</b>	<b>476,271,860</b>	<b>544,822,063</b>	<b>585,621,791</b>	<b>553,001,630</b>	<b>413,869,937</b>

# Notice of Annual General Meeting

Notice is hereby given that the 25th Annual General Meeting of **EAST WEST LIFE ASSURANCE COMPANY LIMITED** will be held at Company's Registered Office (28, Regal Plaza, Jinnah Road, Quetta), on Wednesday, April 25, 2018 at 11.00a.m to transact the following business.

## **Ordinary Business:**

1. To confirm the minutes of the Annual General Meeting held on April 17, 2017.
2. To receive, consider and adopt the Audited Accounts for the year ended December 31st, 2017 along with Directors' and Auditors' Report thereon.
3. To appoint Auditors for the year 2018 and fix their remuneration, retiring Auditor M/s Grant Thornton Anjum Rehman, Chartered Accountants being eligible, offered themselves for re-appointment.
4. To elect Directors' of the Company in accordance with section 156 of the Companies Act 2017. The number of Directors to be elected has been fixed at eight by the Board of Directors.

The following existing directors, who retire and being eligible, have offered themselves for re-appointment:

- |   |   |
|---|---|
| 1) Lt. Gen Najib Ullah Khan(Retd)         | 5) Mr. Jehanzeb Zafar                   |
| 2) Maj. Gen Imtiaz Hussain Sherazi (Retd) | 6) Chief Justice( R) Mian Mahboob Ahmad |
| 3) Maj. Gen Akhtar Iqbal (Retd)           | 7) Mr. Umeed Ansari                     |
| 4) Mr. Malik Riffat Mehmood               | 8) Mr. Imran Ali Dodani                 |

## **Special Business**

1. To consider and adopt, if thought fit, to pass with or without modification the following resolution as special resolution as recommended by Board of Directors:

***RESOLVED*** that the Company sought approval by the members as required under section 12 of the Companies Act 2017 and is hereby authorized to change the Company's name to "Askari Life Assurance Company Limited".

***RESOLVED FURTHER*** that the Chief Executive and/or any one Director of the Company be and are hereby authorized to take the necessary actions to fulfill regulatory requirement as required by the Companies Act 2017.

2. To transact any other business that may be placed before the meeting with the permission of the Chairman.

By Order of the Board



Sohail Nazeer  
Company Secretary

Karachi  
March 27th, 2018

## **NOTES:**

- (a) The Share Transfer Books of the Company will remain closed from April 19, 2018 to April 25, 2018 (both days inclusive). No application for transfer of shares will be entertained during this period.
- (b) A member eligible to attend and vote at the meeting may appoint another person as his/her proxy to attend, Speak and vote instead of him/her. Proxies in order to be effective must be received in the office of the Company's

## Notice of Annual General Meeting

Share Registrar M/s THK Associates (Pvt) Limited, 1st Floor, 40-C, Block-6 P.E.C.H.S Karachi, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. A member shall not be entitled to appoint more than one proxy.

- (c) CDC account/sub account holders are requested to bring their original Computerized National Identity Cards (CNIC), Accounts/Sub-Account Number and Participant's ID Number in the Central Depository Company (CDC) for identification purpose when attending the meeting. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
- (d) Shareholders are requested to promptly notify the office of the Company's Share Registrar, in case of any change in their addresses.

### **Submission of copies of CNIC:**

In accordance with Securities and Exchange Commission of Pakistan (SECP) SRO 831(I)/2012 dated July 05, 2012 dividend warrant should bear CNIC number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholders. Members having physical shares are once again requested to immediately send a copy of their valid computerized national identity card (CNIC) to our above mentioned Share Registrar for updating of record.

### **Payment of Cash Dividend Electronically (Optional):**

As per directions to all Listed Companies through Securities and Exchange Commission of Pakistan (SECP) Circular Number 18/2012 dated June 05, 2012 that shareholder can instruct the company to directly transfer their dividend warrant portion to mandated concern bank simultaneously with a notice to shareholder registered address. Shareholders are once again requested to send their dividend mandate to our above mentioned Share Registrar in case of physical shareholding and to their participant/broker/CDC in case of CDC shareholding. Dividend Mandate Form can be downloaded from Company's web page by using this link [www.eastwestlifeco.com](http://www.eastwestlifeco.com).

### **Electronic Transmission of Financial Statements and Notices:**

Securities and Exchange Commission of Pakistan through SRO no.787(1)/2014 dated September 8, 2014 allowed the companies to circulate its Annual Audited Financial Statements along with companies notice of annual general meeting to its members through email. Those shareholders who wish to receive the companies annual report through email are requested to send email to company's secretary at [info@eastwestlifeco.com](mailto:info@eastwestlifeco.com), their name, CNIC number, folio number and email address at which they wish to receive annual report. Please note that annual report would also be available at company website: [www.eastwestlifeco.com](http://www.eastwestlifeco.com).

In case any member who has provided consent to receive audited Financial Statements and notices through email, subsequently request for hard copy of audited Financial Statements the same shall be provided free of cost within 7 days of the receipt of the request.

### **Election of Directors:**

The number of Directors to be elected at the Annual General Meeting has been fixed by the Board of Directors, at eight (8).

Any person who seeks to contest election for directorship of the Company shall file with the Company at its registered office:

- i) A Notice of his/her intention to offer himself for election 14 days before the date of the above said Annual General Meeting, in terms of Section 156 of the Companies Act 2017.

## Notice of Annual General Meeting

- ii) Form 28 (consent to Act as Director) prescribed under the Companies Act 2017.
- iii) Detailed profile along with office Address.
- iv) Declaration in respect of being compliant with the requirements of the Code of Corporate Governance 2012 and the eligibility criteria as set out in the Companies Act 2017 to act as director or an independent director of the listed companies.
- v) Attested copy of valid CNIC and NTN.

Detailed profile of the nominated Director along with office address to be placed on the Company's website seven days prior to the date of election in terms of SECP's SRO 634(I)2014 of July 10, 2014.

### **STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1) (b) OF THE COMPANIES ORDINANCE, 1984 REGARDING THE SPECIAL BUSINESS**

The Company is a public listed insurance company with equity of over Rs.600 Million as of December 31, 2017 and is desirous to change the name of company due to following reasons.

#### **Reasons for Change of Company Name**

- 1) To show and clarify that we are a large and sound insurance group working in the market for several decades.
- 2) The Company has been taking over by Army Welfare Trust (AWT) therefore, the name of Askari life insurance limited provides us a solid base to clarify that we are a professional and worthy group providing insurance and financial services in the market.
- 3) At present in the market, all groups having general and life companies are using similar/identical names, such as EFU Life, EFU General and Jubilee Life, Jubilee General. Therefore, the proposed name provides us the opportunity to meet the market trend in this regard.
- 4) The proposed name also facilities us in marketing activities and to build up cross-marketing tactics within the group.
- 5) Currently, the company will launch its new life insurance product with the help of a new marketing field force. Besides this, the company is also opening new branches in major cities of the country and has injected significant amount of capital. Therefore, in this scenario when the company is taking such major steps to reinvent itself in the market, it is important to bring a new company name in order to complete the rebirth of the organization.

## Statement of Compliance with the Code of Corporate Governance For the Year Ended December 31, 2017

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016(the Code) for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance and the Code of Corporate Governance 2012 (CCG 2012) as contained in Chapter 5 (Clause No. 5.19.24) of the Rule Book of Pakistan Stock Exchange.

The Company, being an insurer, has applied the principles contained in the Code and the CCG, 2012 in the following manner:

1. The Company encourages representation of non-executive directors and directors representing minority interests on its Board of Directors. At present, the Board includes:

Category	Name
Independent Director	-
Executive Director	Mr. Imran Ali Dodani
Non-Executive Directors	Mr. Lt Gen Najib Ullah Khan (Retd) Mr. Maj Gen Imtiaz Hussain Sherazi (Retd) Mr. Maj Gen Akhtar Iqbal (Retd) Mr. Malik Riffat Mahmood Chief Justice (R) Mian Mahboob Ahmad Mr. Umeed Ansari

No independent director has been appointed on Board.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the company have confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF. None of the director or their spouses is engaged in business of stock brokerage.
4. No casual vacancy occurred during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken 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 decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, and other key officers, have been taken by the Board.
8. The meetings of the Board were presided over the Chairman and in his absence by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has established a system of sound internal controls, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal

## Statement of Compliance with the Code of Corporate Governance For the Year Ended December 31, 2017

controls given in the Code.

10. No Directors of the Company have attended orientation courses to acquaint them with this Code, applicable laws and their duties and responsibilities.
11. The Board has not put in place a mechanism for an annual evaluation of the Board's own performance as required under the CCG, 2012.
12. None of the directors of the Company have attended Directors Training Program.
13. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
14. There was no change of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year.
15. The Director's Report for this year has been prepared in compliance with the requirements of the Code and the CCG, 2012 and fully describes the salient matters required to be disclosed.
16. The financial statements of the company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
17. The Directors, Chief Executive Officer and other executives do not hold any interest in shares of the company other than that disclosed in the pattern of shareholding.
18. The company has complied with all the corporate and financial reporting requirements of the Code and CCG, 2012 except for non-compliance reported in this statement.
19. The Board has formed an Audit Committee. It comprises of three (3) members; all of whom are non-executive Directors and the Chairman of the Committee is a non-executive director.

### I. Audit Committee:

Name of the Member	Category
Umeed Ansari	Chairman
Naveed Yunus	Member
Pervez Yunus	Member
Mohammad Zohaib	Secretary

Mr. Naveed Yunus and Mr. Pervez Yunus resigned from the Board of Directors on November 15, 2017 after which the committee was reconstituted subsequent to the year end and the new members of the committee are as follows:

Name of the Member	Category
Major General Imtiaz Hussain Sherazi (Retd)	Chairman
Malik Riffat Mahmood	Member
Umeed Ansari	Member
Mohammad Zohaib	Secretary

## Statement of Compliance with the Code of Corporate Governance For the Year Ended December 31, 2017

20. The Chairman of the Audit Committee should be an Independent Director, but the Chairman of Audit Committee is not an Independent Director.
21. Army Welfare Trust (AWT) acquired company on November 15, 2017 due to which most of the previous directors resigned on November 15, 2017. All the committees were dissolved, after which Mr. Sohail Nazeer (Interim CEO) proposed reconstitution of committees on December 29, 2017, which were approved on March 27, 2018 by the Board of Directors.
22. The meetings of the Audit Committee, except for those of Investment Committee, Human Resource & Remuneration, Ethics & Nomination Committee, were held at least once every quarter, prior to the approval of the interim and results of the Company, as required by the Code / CCG, 2012. However, the Investment, Human Resource & Remuneration, Ethics & Nomination Committee, Risk Management, Reinsurance, Claim & Underwriting Committee were reconstituted after November 15, 2017 and were duly approved by the board in the meeting held on March 27, 2018 and their meetings are due from the following year ending December 31, 2018. The terms of references of the Committees have been formed and advised to the committee for compliance.
23. An effective internal audit function is in place.
24. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code. The Appointed Actuary of the Company also meets the conditions as laid down in the said Code. Moreover, the persons heading the underwriting, claims, reinsurance and risk management functions/departments possess qualification and experience of direct relevance to their respective functions, as required under Section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Name of the Person	Designation
Sohail Nazeer	Interim Chief Executive Officer, Chief Financial Officer & Company Secretary
Mohammad Zohaib	Compliance Officer & Head of Internal Audit
Shujat Siddiqui	Actuary
Ajaz Hussain	Head of Underwriting
Saleha Usman	Head of Claim
Sana ul Haq Hashmi	Head of Reinsurance
Ajaz Hussain	Head of Risk Management

SECP disqualified Mr. Maheen Yunus before his resignation due to non-submission of Documents as per sound and prudent management regulation. Our newly appointed CEO, Mr. Jehanzeb Zafar was appointed as CEO on 21, March, 2018. As per Code of Corporate Governance rules audited financials must be signed by Chairman, two directors and Chief Executive officer of the company , that was the reason AWT nominate Mr. Sohail Nazeer as acting CEO on 27 December , 2017 just to supervise the matters and compliances of code .

## Statement of Compliance with the Code of Corporate Governance For the Year Ended December 31, 2017

25. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of Section 48 of the Insurance Ordinance, 2000 (Ordinance no. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the quality control review program of the 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.
26. 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.
27. The Appointed Actuary of the Company has confirmed that neither he nor his spouse and minor children do not hold shares of the Company.
28. The Board ensures that the appointed actuary complies with the requirements set out for him in the Code for Insurance Companies.
29. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.
30. The Company has not yet formulated any mechanism for the annual evaluation of the board's own performance.
31. Chief financial Officer and Company Secretary are not the different persons.
32. Head of Internal Audit & Head of Compliance are not the different persons.
33. The Board has not established risk management function / department in the Company as per requirements of the Code of Corporate for Insurers, 2016;
34. The Board has not ensured that as a part of the risk management system, the Company should get itself rated from credit rating agency;
35. The Board has not set up a grievance department / function, which doesn't comply with the requirements of the Code;
36. The "close 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 Pakistan stock exchange.
37. The Company has not obtained any exemptions from Securities and Exchange Commission of Pakistan in respect of any of the requirements of the code.
38. Material/price sensitive information has been disseminated among all market participants at once through Pakistan Stock Exchange;

## Statement of Compliance with the Code of Corporate Governance For the Year Ended December 31, 2017

39. The Company has continued to present the details of all related party transactions before the Audit Committee and upon their recommendation to the Board for review and approval. The definition of related party used is in accordance with repealed Companies Ordinance, 1984 and applicable financial reporting frame work, as the regulations under Section 208 of the Companies Act, 2017 have not yet been announced. The Company has prepared a Statement of Ethics and Business Practices, which has been signed by all the employees & directors of the Company.
41. The Company does not maintain register to enlist persons employed under contract or otherwise, who have access to inside information.
42. We confirm that all other material principles contained in the Code of Corporate Governance have been complied with.



**Sohail Nazeer**  
Acting Chief Executive Officer (CEO)

## Review Report to the Members on Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance for Insurers, 2016 and Code of Corporate Governance, 2012 as mentioned in the Regulation No. 5.19.24 of the Rule Book of Pakistan Stock Exchange (PSX) (collectively referred as 'the Code') as prepared by the Board of Directors (the Board) of East West Life Assurance Company Limited (the Company) for the year ended December 31, 2017 to comply with the requirements of Listing Regulations of PSX 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 a 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 Director's 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 approval of 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 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, 2017.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

S.No.	Paragraph Reference	Description
1.	1	The Company does not have any independent director.
2.	10	None of the directors of the Company have attended orientation courses.
3.	11	The Company does not have any mechanism for the annual evaluation of board's own performance.

## Review Report to the Members on Statement of Compliance with the Code of Corporate Governance

S.No.	Paragraph Reference	Description
4.	12	None of the directors of the Company have attended Directors Training Program.
5.	20	Chairman of the audit committee is not an independent director.
6.	21	Risk management, Reinsurance, Claim, Underwriting and Investment committees were formed and approved after year end.
7.	31	Chief Financial Officer and Company Secretary are the same personnel.
8.	32	Head of internal audit and Head of Compliance are the same personnel.
9.	33	The Company has not established risk management department which shall implement the relevant Board's strategies and policies.
10.	34	The Company did not get itself rated from a credit rating agency.
11.	35	The Company does not have a grievance department for settling issues of the policy holders.
12.	40	The Company does not maintain register to enlist persons employed under contract or otherwise, who have access to inside information.

KARACHI  
DATED: March 27th, 2018

**Grant Thornton Anjum Rahman**  
Chartered Accountants

## Independent Auditors' Report to the Members of East West Life Assurance Company Limited

We have audited the annexed financial statements comprising of:

- (i) balance sheet;
- (ii) profit and loss account;
- (iii) statement of other comprehensive income;
- (iv) statement of changes in equity;
- (v) statement of cash flows;
- (vi) revenue account;
- (vii) statement of premiums;
- (viii) statement of claims;
- (ix) statement of expenses; and
- (x) statement of investment income

of **EAST WEST LIFEASSURANCE COMPANY LIMITED** (the Company) as at December 31, 2017 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved Accounting Standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 the management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

### In our opinion:

- a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn upon in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2017 and of the loss, its cash flows and changes in equity for the year then ended in accordance with the approved Accounting Standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- d) the apportionment of assets, liabilities, revenue and expenses between two or more funds has been performed in accordance with the advice of the appointed actuary; and
- e) Zakat was 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.

### Emphasis of Matter

We draw attention to note 1.2 to the financial statements, which elaborate going concern issue and its mitigating factors. Our opinion is not qualified in this respect.

KARACHI

DATED: March 27th, 2018

**Grant Thornton Anjum Rahman**

Chartered Accountants

Engagement Partner: Muhammad Shaukat Naseeb

# FINANCIAL STATEMENTS

## Balance Sheet

As At December 31, 2017

Figures in Rupees

Notes	Shareholders' Fund	Statutory Funds			Aggregate	
		Ordinary Life	Universal Life	Accident & Health	2017	2016
<b>SHARE CAPITAL AND RESERVES</b>						
Authorized Share Capital (75,000,000 Ordinary Shares (2016: 75,000,000 shares of 10 each)	750,000,000	-	-	-	750,000,000	750,000,000
Issued, Subscribed and Paid-Up Share Capital	6	601,720,140	-	-	601,720,140	601,720,140
Accumulated Deficit	7	(448,990,150)	-	-	(448,990,150)	(411,879,085)
<b>Net Shareholders' Equity</b>		<b>152,729,990</b>	-	-	<b>152,729,990</b>	<b>189,841,055</b>
Advance against equity	8	100,000,000	-	-	100,000,000	-
<b>BALANCE OF STATUTORY FUND [Including Policyholders' Liabilities Rs. 183.554 Million (2016: Rs. 189.306 Million)]</b>						
	9	-	6,770,255	179,972,136	2,702,354	189,444,745
<b>DEFERRED LIABILITIES</b>						
Staff Retirement Benefits	10	9,055	77,195	-	86,250	86,250
<b>CREDITORS AND ACCRUALS</b>						
Outstanding Claims	11	-	18,779,467	42,579,618	4,515,144	65,874,229
Premiums Received in Advance	12	-	144,000	8,740,791	-	8,884,791
Amount Due To Other Insurers / Reinsurers	13	-	752,954	1,657,028	-	2,409,982
Accrued Expenses	14	740,823	1,726,176	2,516,272	182,706	5,165,977
Amount Due To Agents	15	-	27,000	1,995,414	5,000	2,027,414
Other Creditors and Accruals	16	19,317	55,525	14,146	16,691	105,679
		<b>760,140</b>	<b>21,485,122</b>	<b>57,503,269</b>	<b>4,719,541</b>	<b>84,468,072</b>
<b>TOTAL LIABILITIES</b>						
		<b>769,195</b>	<b>28,332,572</b>	<b>237,475,405</b>	<b>7,421,895</b>	<b>273,999,067</b>
<b>TOTAL EQUITY AND LIABILITIES</b>						
		<b>253,499,185</b>	<b>28,332,572</b>	<b>237,475,405</b>	<b>7,421,895</b>	<b>526,729,057</b>
<b>CONTINGENCIES AND COMMITMENTS</b>						
		17				

The annexed notes from 1 to 40 form an integral part of these financial statements.

Figures in Rupees

	Notes	Shareholders' Fund	Statutory Funds			Aggregate	
			Ordinary Life	Universal Life	Accident & Health	2017	2016
<b>CASH AND BANK DEPOSITS</b>							
Cash in Hand	18	-	-	4,844	-	4,844	17,616
Current and Other Accounts		26,976,339	3,656,652	23,907,020	680,306	55,220,317	65,942,508
Deposits Maturing within 12 Months		11,000,000	-	100,000,000	-	111,000,000	100,000,000
		37,976,339	3,656,652	123,911,864	680,306	166,225,161	165,960,124
<b>Loans Secured Against Life Insurance Policies</b>							
		-	4,106,762	5,845,039	-	9,951,801	9,938,766
<b>Unsecured Advances to Employees</b>							
		91,083	725,462	-	90,283	906,828	732,410
<b>INVESTMENTS</b>							
Government Securities	19	185,475,400	17,206,466	105,633,958	3,932,906	312,248,730	259,245,140
Listed Equities		280,518	-	-	-	280,518	280,518
		185,755,918	17,206,466	105,633,958	3,932,906	312,529,248	259,525,658
<b>CURRENT ASSETS - OTHERS</b>							
Premiums Due But Unpaid	20	-	-	617,664	427,320	1,044,984	1,084,458
Amount Due From Other Insurers / Reinsurers		-	1,438,068	-	-	1,438,068	3,557,871
Taxation - Payments Less Provision		9,748,926	-	-	-	9,748,926	8,975,450
Prepayments		-	-	89,331	-	89,331	-
Sundry Receivables	21	147,540	1,199,162	962,215	2,291,080	4,599,997	4,152,237
Investment Income Accrued		2,392,622	-	415,334	-	2,807,956	2,786,741
Stationery		257,976	-	-	-	257,976	266,756
		12,547,064	2,637,230	2,084,544	2,718,400	19,987,238	20,823,513
<b>FIXED ASSETS - TANGIBLE</b>							
Furniture, Fixtures, Office Equipment and Vehicles	22	17,128,781	-	-	-	17,128,781	19,291,389
		17,128,781	-	-	-	17,128,781	19,291,389
<b>TOTAL ASSETS</b>							
		253,499,185	28,332,572	237,475,405	7,421,895	526,729,057	476,271,860

The annexed notes from 1 to 40 form an integral part of these financial statements.


  
Chairman


  
Acting Chief Executive Officer


  
Director


  
Director

# Profit and Loss Account

For The Year Ended December 31, 2017

Figures in Rupees

	Notes	Aggregate	
		December 31, 2017	December 31, 2016
<b>Investment Income Not Attributable to Statutory Funds</b>			
<b>Income From Non-Trading Investments</b>			
<b>Held To Maturity Or Available For Sale</b>			
Return on Government Securities		10,889,028	10,919,957
Return on Other Fixed Income Securities and Deposits		534,032	1,072,287
Amortization of Discount/Premium		63,844	328,194
Dividend Income		-	333,384
		11,486,904	12,653,822
Gain on Sale of Investments		230,126	3,719,574
<b>Total Investment Income</b>		<b>11,717,030</b>	<b>16,373,396</b>
<b>Other Revenues</b>			
Gain on Sale of Fixed Assets		-	441,133
<b>Total Investment Income and Other Revenues</b>		<b>11,717,030</b>	<b>16,814,529</b>
Expenses Not Attributable to Statutory Funds	23	(11,818,979)	(21,565,255)
<b>Loss Before Tax</b>		<b>(101,949)</b>	<b>(4,750,726)</b>
Tax Expense	24	(589,116)	(166,006)
<b>Loss After Tax</b>		<b>(691,065)</b>	<b>(4,916,732)</b>
<b>Loss Per Share - Basic and Diluted</b>	25	<b>(0.0115)</b>	<b>(0.0817)</b>
<b>Profit and Loss Appropriation Account</b>			
Balance at commencement of year		(411,879,085)	(391,462,353)
Loss for the year		(691,065)	(4,916,732)
Transfers to / (from) reserves		(36,420,000)	(15,500,000)
<b>Balance At The End Of The Year</b>		<b>(448,990,150)</b>	<b>(411,879,085)</b>

The annexed notes from 1 to 40 form an integral part of these financial statements.



Chairman



Acting Chief Executive Officer



Director



Director

## Statement of Comprehensive Income

For The Year Ended December 31, 2017

Figures in Rupees

Notes	<b>Aggregate</b>	
	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Loss For The Year	(691,065)	(4,916,732)
Other Comprehensive Income	-	-
<b>Total Comprehensive Loss For The Year</b>	<b>(691,065)</b>	<b>(4,916,732)</b>

The annexed notes from 1 to 40 form an integral part of these financial statements.



Chairman



Acting Chief Executive Officer



Director



Director

# Cash Flow Statement

For The Year Ended December 31, 2017

Figures in Rupees

	Shareholders' Fund	Statutory Funds			Aggregate	
		Ordinary Life	Universal Life	Accident & Health	December 31, 2017	December 31, 2016
<b>Operating Cash Flows</b>						
a) Underwriting Activities						
Premium Received	-	1,355,546	15,674,736	1,335,278	18,365,560	19,448,582
Reinsurance Premium Net of Claims Received / (Paid)	-	(3,112,652)	1,549,186	-	(1,563,466)	
Claims Paid	-	(5,506,486)	(23,933,342)	(2,260,128)	(31,699,956)	(55,642,492)
Surrenders Paid	-	(250,396)	(8,905,977)	-	(9,156,373)	(18,492,902)
Commission Paid	-	(234,909)	(1,747,870)	(366,037)	(2,348,816)	(5,136,914)
<b>Net Cash Flow From Underwriting Activities</b>	-	<b>(7,748,897)</b>	<b>(17,363,267)</b>	<b>(1,290,887)</b>	<b>(26,403,051)</b>	<b>(59,823,726)</b>
b) Other Operating Activities						
Income Tax Paid	(1,362,592)	-	-	-	(1,362,592)	(1,899,788)
General Management Expenses Paid	(9,880,175)	(5,206,423)	(24,465,434)	(4,318,647)	(43,870,679)	(48,214,478)
<b>Net Cash Used in Other Operating Activities</b>	<b>(11,242,767)</b>	<b>(5,206,423)</b>	<b>(24,465,434)</b>	<b>(4,318,647)</b>	<b>(45,233,271)</b>	<b>(50,114,266)</b>
<b>Total Cash (Used in) All Operating Activities</b>	<b>(11,242,767)</b>	<b>(12,955,320)</b>	<b>(41,828,700)</b>	<b>(5,609,534)</b>	<b>(71,636,322)</b>	<b>(109,937,992)</b>
<b>Investment Activities</b>						
Profit / Return Received	7,308,755	-	5,830,452	-	13,139,207	15,108,989
Dividend Received	-	-	-	-	-	868,437
Payments For Investments	(135,885,152)	(34,055,823)	(193,817,238)	(7,784,188)	(371,542,400)	(744,391,486)
Proceeds From Disposal of Investments	88,406,703	34,985,913	198,958,356	7,996,780	330,347,752	807,820,357
Proceeds From Disposal of Fixed Assets	-	-	-	-	-	520,000
Purchase of Fixed Assets	(43,200)	-	-	-	(43,200)	(593,537)
<b>Total Cash Flow From Investing Activities</b>	<b>(40,212,894)</b>	<b>930,090</b>	<b>10,971,571</b>	<b>212,592</b>	<b>(28,098,642)</b>	<b>79,332,760</b>
<b>Financing Activities</b>						
Share Capital Issued	-	-	-	-	-	7,428,641
Capital Contribution From Shareholders' Fund	(36,420,000)	7,770,000	24,300,000	4,350,000	-	-
Advance Against Equity Received	100,000,000	-	-	-	100,000,000	-
<b>Total Cash Generated From All Operating Activities</b>	<b>63,580,000</b>	<b>7,770,000</b>	<b>24,300,000</b>	<b>4,350,000</b>	<b>100,000,000</b>	<b>7,428,641</b>
<b>Net Cash Inflow / (Outflow) From All Activities</b>	<b>12,124,339</b>	<b>(4,255,230)</b>	<b>(6,557,130)</b>	<b>(1,046,942)</b>	<b>265,037</b>	<b>(23,176,591)</b>
<b>Cash And Cash Equivalents At The Beginning Of The Year</b>	<b>25,852,000</b>	<b>7,911,882</b>	<b>130,468,994</b>	<b>1,727,248</b>	<b>165,960,124</b>	<b>189,136,715</b>
<b>Cash And Cash Equivalents At The End Of The Year</b>	<b>37,976,339</b>	<b>3,656,652</b>	<b>123,911,864</b>	<b>680,306</b>	<b>166,225,161</b>	<b>165,960,124</b>
<b>Reconciliation to Profit and Loss Account</b>						
Operating Cash Flows					(71,636,322)	(109,937,992)
Depreciation Expenses					(2,205,808)	(2,524,910)
Investment Income					24,969,364	39,413,010
Increase in Assets Other Than Cash					(670,037)	2,515,371
Increase in Liabilities Other Than Running Finance					13,880,742	48,417,566
Deficit of Statutory Funds					34,970,996	17,200,223
Loss After Tax					(691,065)	(4,916,732)

The annexed notes from 1 to 40 form an integral part of these financial statements.



Chairman



Acting Chief Executive Officer



Director



Director

# Statement of Changes in Equity

For The Year Ended December 31, 2017

Figures in Rupees

Note	Share Capital	Net Accumulated Deficit			Total
		Accumulated Losses	Capital Contributed to Statutory Fund	Accumulated Deficit	
Balance as at January 01, 2016	594,291,500	(81,756,927)	(309,705,426)	(391,462,353)	202,829,147
<b>Total Comprehensive Income For The Year</b>					
<b>Ended December 31, 2016</b>					
Loss for the Year	-	(4,916,732)	-	(4,916,732)	(4,916,732)
Other Comprehensive Income	-	-	-	-	-
<b>Total Comprehensive Loss</b>	-	(4,916,732)	-	(4,916,732)	(4,916,732)
<b>Transactions with Owners Directly Recorded</b>					
<b>in Equity</b>					
Capital Contributed to Statutory Fund	-	-	(15,500,000)	(15,500,000)	(15,500,000)
Right Share Issued During the Year	7,428,640	-	-	-	7,428,640
<b>Balance as at December 31, 2016</b>	<b>601,720,140</b>	<b>(86,673,659)</b>	<b>(325,205,426)</b>	<b>(411,879,085)</b>	<b>189,841,055</b>
Balance as at January 01, 2017	601,720,140	(86,673,659)	(325,205,426)	(411,879,085)	189,841,055
<b>Total Comprehensive Income For The Year</b>					
<b>Ended December 31, 2017</b>					
Loss for the Year	-	(691,065)	-	(691,065)	(691,065)
Other Comprehensive Income	-	-	-	-	-
<b>Total Comprehensive Loss</b>	-	(691,065)	-	(691,065)	(691,065)
<b>Transactions with Owners Directly Recorded</b>					
<b>in Equity</b>					
Capital Contributed to Statutory Fund	-	-	-	-	-
- requirement	9	-	(36,420,000)	(36,420,000)	(36,420,000)
<b>Balance as at December 31, 2017</b>	<b>601,720,140</b>	<b>(87,364,724)</b>	<b>(361,625,426)</b>	<b>(448,990,150)</b>	<b>152,729,990</b>

The annexed notes from 1 to 40 form an integral part of these financial statements.


  
Chairman


  
Acting Chief Executive Officer


  
Director


  
Director

## Revenue Account

For The Year Ended December 31, 2017

Notes	Statutory Funds			Aggregate	
	Ordinary Life	Universal Life	Accident & Health	December 31, 2017	December 31, 2016
<b>Income</b>					
Premium Less Reinsurances	341,262	15,060,552	1,233,424	16,635,238	20,081,316
Net Investment Income	993,430	12,684,034	227,069	13,904,533	23,394,596
<b>Total Net Income</b>	<b>1,334,692</b>	<b>27,744,586</b>	<b>1,460,493</b>	<b>30,539,771</b>	<b>43,475,912</b>
<b>Claims and Expenditure</b>					
Claims, Including Bonuses, Net of Reinsurance Recoveries	4,631,833	31,250,304	1,449,807	37,331,944	49,515,706
Management Expenses Less Recoveries:	4,624,704	25,348,216	3,957,512	33,930,432	31,119,153
<b>Total Claims and Expenditures</b>	<b>9,256,537</b>	<b>56,598,520</b>	<b>5,407,319</b>	<b>71,262,376</b>	<b>80,634,859</b>
<b>Excess / (Deficit) of Income Over Claims and Expenditure</b>	<b>(7,921,845)</b>	<b>(28,853,934)</b>	<b>(3,946,826)</b>	<b>(40,722,605)</b>	<b>(37,158,947)</b>
Add: Policyholders' Liabilities at Beginning of Year	5,147,610	184,156,102	2,339	189,306,051	209,264,775
Less: Policyholders' Liabilities at End of Year	26 4,047,825	179,506,617	-	183,554,442	189,306,051
<b>Surplus/(Deficit)</b>	<b>(6,822,060)</b>	<b>(24,204,449)</b>	<b>(3,944,487)</b>	<b>(34,970,996)</b>	<b>(17,200,223)</b>
<b>Movement in Policyholders' Liabilities</b>	<b>(1,099,785)</b>	<b>(4,649,485)</b>	<b>(2,339)</b>	<b>(5,751,609)</b>	<b>(19,958,724)</b>
<b>Transfer To or From Shareholders' Fund</b>					
Capital Contribution From Shareholders' Fund	9 -	24,300,000	4,350,000	36,420,000	15,500,000
Capital Returned to Shareholders' Fund	-	-	-	-	-
Surplus Appropriated to Shareholders' Fund	-	-	-	-	-
<b>Net Transfer To / From Shareholders' Fund</b>	<b>7,770,000</b>	<b>24,300,000</b>	<b>4,350,000</b>	<b>36,420,000</b>	<b>15,500,000</b>
Balance of Statutory Funds at The Beginning of Year	6,922,100	184,526,070	2,299,180	193,747,350	215,406,297
<b>Balance of Statutory Funds at End of Year</b>	<b>6,770,255</b>	<b>179,972,136</b>	<b>2,702,354</b>	<b>189,444,745</b>	<b>193,747,350</b>
<b>Represented By:</b>					
Capital Contributed by Shareholders' Fund	9 167,375,426	178,500,000	15,750,000	361,625,426	325,205,426
Accumulated Deficit	(164,652,996)	(178,034,481)	(13,047,646)	(355,735,123)	(320,764,127)
Policyholders' Liabilities	26 4,047,825	179,506,617	-	183,554,442	189,306,051
<b>Balance of Statutory Funds</b>	<b>6,770,255</b>	<b>179,972,136</b>	<b>2,702,354</b>	<b>189,444,745</b>	<b>193,747,350</b>

The annexed notes from 1 to 40 form an integral part of these financial statements.



Chairman



Acting Chief Executive Officer



Director



Director

## Statement of Premiums

For The Year Ended December 31, 2017

Notes	Statutory Funds			Aggregate	
	Ordinary Life	Universal Life	Accident & Health	December 31, 2017	December 31, 2016
<b>Gross Premiums</b>					
Regular Premium Individual Policies*					
First Year	-	1,243,966	-	1,243,966	1,111,975
Second Year Renewal	-	1,222,147	-	1,222,147	1,257,332
Subsequent Year Renewal	-	14,366,984	-	14,366,984	15,319,688
Single Premium Individual Policies	-	-	-	-	-
Group Policies	1,143,954	-	1,233,424	2,377,378	7,167,416
<b>Total Gross Premiums</b>	<b>1,143,954</b>	<b>16,833,097</b>	<b>1,233,424</b>	<b>19,210,475</b>	<b>24,856,411</b>
<b>Less: Reinsurance Premiums Ceded</b>					
On Individual Life First Year Business	-	(15,048)	-	(15,048)	(27,631)
On Individual Life Second Year Business	-	(28,040)	-	(28,040)	(77,251)
On Individual Life Renewal Business	-	(1,729,457)	-	(1,729,457)	(1,631,972)
On Group Policies	(802,692)	-	-	(802,692)	(3,038,241)
<b>Total Reinsurance Premiums Ceded</b>	<b>(802,692)</b>	<b>(1,772,545)</b>	<b>-</b>	<b>(2,575,237)</b>	<b>(4,775,095)</b>
<b>Net Premiums</b>	<b>341,262</b>	<b>15,060,552</b>	<b>1,233,424</b>	<b>16,635,238</b>	<b>20,081,316</b>

\* Individual policies are those underwritten on an individual basis and includes joint life policies underwritten.

The annexed notes from 1 to 40 from an integral part of these financial statements:



Chairman



Acting Chief Executive Officer



Director



Director

## Statement of Claims

For The Year Ended December 31, 2017

Figures in Rupees

	Statutory Funds			Aggregate	
	Ordinary Life	Universal Life	Accident & Health	December 31, 2017	December 31, 2016
<b>Gross Claims</b>					
Claims Under Individual Policies (Including Provisions for Claims Intimated or Incurred But Not Reported)					
By Death	235,165	3,211,739	-	3,446,904	3,190,332
By Insured Event Other Than Death	-	10,286	-	10,286	78,000
By Maturity	3,385,750	19,189,775	-	22,575,525	30,946,345
By Surrender	287,856	8,893,615	-	9,181,471	11,257,106
<b>Total Gross Individual Policy Claims</b>	<b>3,908,771</b>	<b>31,305,415</b>	<b>-</b>	<b>35,214,186</b>	<b>45,471,783</b>
Claims Under Group Policies (Including Provisions for Claims Intimated or Incurred But Not Reported)					
By Death	2,842,250	-	-	2,842,250	879,326
By Insured Event Other Than Death	50,000	-	1,449,807	1,499,807	4,047,511
<b>Total Gross Group Policy Claims</b>	<b>2,892,250</b>	<b>-</b>	<b>1,449,807</b>	<b>4,342,057</b>	<b>4,926,837</b>
<b>Total Gross Claims</b>	<b>6,801,021</b>	<b>31,305,415</b>	<b>1,449,807</b>	<b>39,556,243</b>	<b>50,398,620</b>
Less: Reinsurance Recoveries					
On Group Life Claims	(2,169,188)	(55,111)	-	(2,224,299)	(882,914)
<b>Net Claims</b>	<b>4,631,833</b>	<b>31,250,304</b>	<b>1,449,807</b>	<b>37,331,944</b>	<b>49,515,706</b>

The annexed notes from 1 to 40 from an integral part of these financial statements.



Chairman



Acting Chief Executive Officer



Director



Director

## Statement of Expenses

For The Year Ended December 31, 2017

Figures in Rupees

	Statutory Funds			Aggregate	
	Ordinary Life	Universal Life	Accident & Health	December 31, 2017	December 31, 2016
<b>Acquisition Costs</b>					
Remuneration to Insurance Intermediaries on Individual Policies:					
Commission on First Year Premiums	-	779,662	-	779,662	723,588
Commission on Second Year Premiums	-	129,957	-	129,957	142,398
Commission on Subsequent Renewal Premiums	-	587,704	-	587,704	598,391
Other Benefits to Insurance Intermediaries	-	533,575	-	533,575	436,523
Remuneration to Insurance Intermediaries on Group Policies:					
Commission	231,056	-	61,671	292,727	1,321,770
	<u>231,056</u>	<u>2,030,898</u>	<u>61,671</u>	<u>2,323,625</u>	<u>3,222,670</u>
<b>Branch Overhead</b>					
<b>Other Acquisition Cost</b>					
Policy Stamps	-	8,140	-	8,140	8,875
<b>Total Acquisition Cost</b>	<b>231,056</b>	<b>3,107,479</b>	<b>61,671</b>	<b>3,400,206</b>	<b>4,299,932</b>
<b>Administration Expenses</b>					
Salaries and Other Benefits	1,282,508	15,957,876	1,339,434	18,579,818	14,493,752
Travelling Expenses	217,188	737,674	195,588	1,150,450	1,166,872
Auditor Remuneration	338,504	338,504	338,504	1,015,512	709,305
Actuary's Fees	350,000	437,500	400,000	1,187,500	1,710,000
Advertisements	12,150	12,150	12,150	36,450	143,112
Printing and Stationary	84,337	102,155	84,337	270,829	307,733
Rentals	253,781	297,726	253,781	805,288	888,858
Provision for Doubtful Advance for Expense	-	-	-	-	1,916,400
	<u>2,538,468</u>	<u>17,883,585</u>	<u>2,623,794</u>	<u>23,045,847</u>	<u>21,336,032</u>
Other Management Expenses	1,915,382	4,417,558	1,272,047	7,604,987	5,773,410
<b>Gross Management Expenses</b>	<b>4,684,906</b>	<b>25,408,622</b>	<b>3,957,512</b>	<b>34,051,040</b>	<b>31,409,374</b>
Commission From Reinsurers	(60,202)	(60,406)	-	(120,608)	(290,221)
<b>Net Management Expenses</b>	<b>4,624,704</b>	<b>25,348,216</b>	<b>3,957,512</b>	<b>33,930,432</b>	<b>31,119,153</b>

The annexed notes from 1 to 40 form an integral part of these financial statements.



Chairman



Acting Chief Executive Officer



Director



Director

# Statement of Investment Income

For The Year Ended December 31, 2017

Figures in Rupees

	Statutory Funds			Aggregate	
	Ordinary Life	Universal Life	Accident & Health	December 31, 2017	December 31, 2016
<b>Investment Income</b>					
<b>Held To Maturity</b>					
On Government Securities	993,430	6,167,537	227,069	7,388,036	7,646,153
On Other Fixed Income Securities and Deposits	-	5,486,324	-	5,486,324	6,563,248
Amortization of Discount	-	4,533	-	4,533	4,546
Other Miscellaneous Income	-	795,514	-	795,514	7,108,099
	<b>993,430</b>	<b>12,453,908</b>	<b>227,069</b>	<b>13,674,407</b>	<b>21,322,046</b>
<b>Gain on Sale of Investments</b>	-	230,126	-	230,126	2,072,550
<b>Net Investment Income</b>	<b>993,430</b>	<b>12,684,034</b>	<b>227,069</b>	<b>13,904,533</b>	<b>23,394,596</b>

The annexed notes from 1 to 40 form an integral part of these financial statements.



Chairman



Acting Chief Executive Officer



Director



Director

## Notes to the Financial Statements

For The Year Ended December 31, 2017

### 1 STATUS AND NATURE OF BUSINESS

East West Life Assurance Company Limited (the Company) was incorporated in Pakistan on August 18, 1992 as a public limited company under the Companies Ordinance, 1984. Its shares are quoted on Pakistan Stock Exchange. The Company commenced life insurance business on February 22, 1993 after registration with Controller of Insurance on February 14, 1993. The addresses of its registered and principal office are 57 Regal Plaza, M.A. Jinnah Road, Quetta and 802, 8th Floor, Lakson Square Building No.1, Karachi, respectively.

- 1.1 The Company is engaged in life insurance business. In accordance with the requirements of Insurance Ordinance, 2000, the Company has established shareholders' fund and statutory funds in respect of its each class of life insurance business namely, Ordinary Life, Universal Life and Accident and Health.
- 1.2 The Company incurred loss after tax of Rs. 691,065 (2016: Rs. 4,916,732), thereby increasing accumulated deficit to Rs. 448,990,150 (2016: Rs. 411,879,085). Further, insurance operations of the Company have reduced and the amount of 'Premiums less reinsurance' for the year amounted to Rs. 16,635,238 (2016: Rs. 20,081,316) and have resulted in net deficit in statutory funds of Rs. 34,970,996 (2016: Rs. 17,200,223), thereby increasing the accumulated deficit to Rs. 355,735,123 (2016: Rs. 320,764,127). Above cited facts/ factors indicate that there are material uncertainties that may cast doubt on the Company's ability to continue as a going concern, and the Company may not be able to realize its assets and discharge liabilities in the normal course of business.

The Company has a shortfall of Rs. 98.27 million as on December 31, 2017 in meeting the minimum capital requirement (MCR) of Rs. 700 million as required under SRO 225 (I)/2015 dated March 13, 2015 pursuant to section 28 of the Insurance Ordinance, 2000. However, an amount of Rs. 100 million has been injected in the business by Army Welfare Trust (AWT). The minimum equity requirement of the Company will be complied after issuance of right shares.

During the year, 51% shareholding of the Company was transferred to Army Welfare Trust (AWT) under share purchase agreement dated July 11, 2017 made among the parties.

The directors of the Company have explicitly provided a commitment to provide necessary financial support to the Company, if need arises, to address any liquidity and solvency issues to enable the Company to continue its business. We have further been given to understand that the directors and shareholders have both the intention and the ability to operate in the foreseeable future, and will be able to realize its assets and to discharge its liabilities in the normal course of the business. The management, therefore, believes that going concern assumption is appropriate, and has prepared the financial statements accordingly.

The Company has sufficient assets in excess of the solvency margin required to be maintained under the Insurance Ordinance, 2000 and will be able to discharge its liabilities in the normal course of business and consequently these annual financial statement has been prepared on going concern basis.

### 2 BASIS OF PRESENTATION

These financial statements have been prepared on the format of financial statements issued by Securities and Exchange Commission of Pakistan (SECP) through Securities and Exchange Commission (SEC) (Insurance) Rules, 2002.

### 2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued

by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.

The Companies Ordinance, 1984 was repealed by enactment of the Companies Act, 2017 (the Act) on May 30, 2017. However, as allowed by Securities and Exchange Commission of Pakistan (SECP) vide its Circular No. 17 of 2017 dated July 20, 2017, companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. In continuation to the above mentioned Circular, the SECP in view of the difficulties faced by the companies to comply with the provisions of the Act has advised vide Circular No. 23/ 2017 dated October 04, 2017 that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

During the year, Securities and Exchange Commission of Pakistan ("SECP") issued Insurance Accounting Regulations, 2017 and Insurance Rules, 2017 which were applicable with effect from April 1, 2017. However, the Company applied for the extension till December 31, 2017. The SECP vide his letter ID/OSM/EWLA/2017/12321, dated October 12, 2017 allowed the Company to prepare its annual accounts for the year ended December 31, 2017 in accordance with the requirement of the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002.

### **3 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO APPROVED ACCOUNTING STANDARDS**

#### **3.1 Standards, amendments and interpretations to the published standards that are relevant to the company and adopted in the current year**

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

<b>Amendments</b>	<b>Effective Date (Annual Periods Beginning On or After)</b>
IAS 7 Disclosure Initiative (Amendments to IAS 7)	January 01, 2017
IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	January 01, 2017
IFRS 12 Annual Improvements to IFRS 2014-2016	January 01, 2017

Adoption of the above revisions, amendments and interpretations of the standards have no significant effect on the amounts for the year ended December 31, 2016 and 2017.

#### **3.2 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company**

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

<b>Interpretation and amendments</b>	<b>Effective Date (Annual Periods Beginning On or After)</b>
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10)	Postponed
IFRS 2 Classification and Measurement of Share-based Payment Transaction (Amendments to IFRS 2)	January 01, 2018

<u>Interpretation and amendments</u>		<u>Effective Date (Annual Periods Beginning On or After)</u>
IFRS 1 and IAS 28 - Annual Improvements to IFRSs 2014-2016		January 01, 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration		January 01, 2018
IAS 40 Transfers of Investment Property (Amendments to IAS 40)		January 01, 2018
IFRS 15 Revenue from Contracts with Customers		July 01, 2018
IFRS 9 Financial Instruments		July 01, 2018
IFRIC 23 Uncertainty over Income Tax Treatments		January 01, 2019
IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)		January 01, 2019
Annual Improvements to IFRSs 2015 - 2017 Cycle		January 01, 2019
IFRS 9 Prepayment Features with Negative Compensation (Amendments to IFRS 9)		January 01, 2019

The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.

### **3.3 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)**

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<u>Standard or Interpretation</u>	<u>Effective Date (Annual Periods Beginning On or After)</u>
IFRS 14 Regulatory Deferral Accounts	January 01, 2016
IFRS 16 Leases	January 01, 2019
IFRS 17 Insurance Contracts	January 01, 2021

## **4. BASIS OF MEASUREMENT**

The financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are stated at fair value or amortized cost as applicable.

## **5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented except as stated otherwise.

### **5.1 Use of Critical Accounting Estimates and Judgments**

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan

and the requirements of the Insurance Ordinance, 2000, the Securities and Exchange Commission (Insurance) Rules, 2002 and the Companies Ordinance, 1984, requires the use of certain critical accounting estimates.

It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continuously evaluated and are based on historical experience including expectation of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year are disclosed in the following notes:

- Provision for Compensated Absences	5.3
- Claims (IBNR)	5.4
- Policyholders' Liabilities	5.5
- Taxation	5.6
- Useful Life of Depreciable / Amortizable Assets	5.8
- Impairment of Assets	5.10
- Reinsurance Recoveries Against Outstanding Claims	5.4

## 5.2 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 referable to respective statutory fund. Wherever these are not referable to statutory funds, these are allocated to the shareholders' fund.

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

Policyholders' liabilities have been included in statutory funds on the basis of the actuarial valuation carried out by the appointed actuary of the Company on the balance sheet date as required by Section 50 of the Insurance Ordinance, 2000.

## 5.3 Staff Retirement Benefits

### Defined Contribution Plan

The Company operates an approved contributory provident fund scheme for all its permanent employees. Equal monthly contributions are made both by the Company and its employees to the fund at the rate of 10% of basic salary.

### Accumulated Compensated Absenses

The Company makes provision in the financial statements for its liabilities towards vested compensated absences accumulated by its employees, estimated on the basis of actuarial valuation carried out by the Company's actuary.

## 5.4 Claims

A liability for outstanding claims is recognized in respect of all claims incurred up to the balance sheet date, except for accident and health claims which are recognized as soon as reliable estimates of the claims amount can be made. Claims where intimation of the event giving rise to the claim is received are reported as claims in the revenue account. The liability for claims incurred but not reported at the year end is determined by the appointed actuary and are included in the policyholders' liabilities.

Experience refund of premium calculated by appointed actuary is included in outstanding claims. Experience refund of premium receivable from reinsurers is included in the reinsurance recoveries of claim.

Claim recoveries receivable from the reinsurers are recognized at the same time as the claim which gives rise to the right of recovery and are measured at the amount expected to be recovered.

### **5.5 Policyholders' Liabilities**

Policyholders' liabilities are stated at a value determined by the appointed actuary through an actuarial valuation / advice carried out as at each balance sheet date. In determining the value, both acquired policy values (which forms the bulk of policyholders' liabilities) 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.

### **5.6 Income Tax Expense**

#### **Current**

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing laws of taxation on income. The charge for the current tax is calculated using the rate enacted or substantively enacted at the balance sheet date.

#### **Deferred**

Deferred tax is recognized using the balance sheet liability method on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amount used for the taxation purposes. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available and the credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

### **5.7 Investments**

#### **Classification**

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rate are classified as available for sale. Investments acquired principally for the purpose of generating a profit from short-term fluctuation in price are classified as held for trading. 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.

#### **Initial Recognition**

All investments are initially recognized at fair value including the transaction costs. All purchases and sales of investments which require delivery within time frame established by the regulations or market convention are accounted for at the settlement date. Settlement date is the date that an asset is delivered to or by the Company.

#### **Subsequent Measurement**

Investments classified as held-to-maturity are subsequently measured at amortized cost, taking into account any discount or premium on acquisition using the effective interest method.

Available for sale investments are subsequently measured at lower of cost or market value (market value being taken as lower if the fall is other than temporary) in accordance with Securities and Exchange Commission (Insurance) Rules, 2002 and is recognized as provision due to impairment in the value of investment. Any change in the provision for impairment in the value of investment held for sale is recognized in profit and loss / revenue account in which it arises.

### **Fair / Market Value Measurement**

For investments in government securities fair/market value is determined by reference to quotation obtained from Reuters page (PKRV). For investments in quoted marketable securities, fair/market value is determined by reference to stock exchange quoted market price at the close of business on balance sheet date. The fair / market value of the term finance certificates are determined by the average rates quoted by brokers.

### **Impairment of 'Available for Sale' Equity Investments**

The Company determines that 'available-for-sale' equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The 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, the impairment may be appropriate when there is an evidence of deterioration in the financial health of the invested industry and sector performance, changes in technology and operational/financial cash flow.

## **5.8 Fixed Assets**

### **Tangible Assets**

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is calculated on the reducing balance method at rates mentioned in note 22.1.

Depreciation on all assets available for use during the year is charged from the month of addition to the month of disposal. When parts of an item of asset have different useful lives, they are accounted for as separate items in fixed assets.

Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to profit and loss account as and when incurred. However, major repairs and renewals are capitalized.

Depreciation rates and method are reviewed at each balance sheet date and adjusted, if required.

Gains or losses on disposal of fixed assets are determined by comparing proceeds with the carrying amount. These are included in the profit and loss account.

### **Intangible Assets**

These include computer software and are recorded initially at cost and subsequently carried at cost less any accumulated amortization and any accumulated impairment losses, if any.

These are amortized over their useful lives and amortization is charged to profit and loss account using the straight line method.

## **5.9 Cash and Cash Equivalents**

For the purpose of statement of cash flows, cash and cash equivalents consists of cash in hand, stamps in hand and deposits with banks maturing within 12 months.

## **5.10 Impairment**

The carrying amount of each asset is 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.

#### **5.11 Insurance Contract**

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

#### **5.12 Revenue Recognition**

##### **Premium**

Individual life first year premiums are recognized once related policies have been issued against receipt of premium. Subsequent premium falling due under the policy are recognized if received before expiry of the grace period.

Group life premiums are recognized as and when due. The Company continues to provide coverage even if the contribution is received after grace period.

##### **Accident and Health**

Group accident and health premiums are recognized as and when due. In respect of certain group policies, the Company continues to provide cover even if the premium is received after the grace period.

##### **Dividend Income**

Dividend income is recognized when right to receive such dividend is established.

##### **Interest / Mark-up Income**

Interest/mark-up income on securities is recognized using effective interest method. Income on bank deposits is recognized on accrual basis.

#### **5.13 Related Party Transactions**

All transactions with related parties are carried out by the Company at arm's length prices using the comparable uncontrolled valuation method.

#### **5.14 Amount Due (From) / to Reinsurers**

These are net amount (receivable) / payable against recovery of claims, reinsurance commissions receivable and premiums ceded to reinsurers and claims payable or premiums receivable from other insurers. These are recognized at fair value.

#### **5.15 Reinsurance Premiums Ceded**

For reinsurance contracts operating on a proportional basis, or for which the term of the reinsurance contract is directly referable to the term of the underlying policy (ies), premium ceded to reinsurers is recognized as liability at the same point at which the premium of the underlying policy(ies) is recognized as revenue. At the same point premium ceded is recognized as expense over the period of reinsurance. Reinsurance premiums ceded not yet recognized are recognized as prepayments and are disclosed in "amount due (from) / to other insurers / reinsurers". In case if at the reporting date, reinsurance accounts are under finalization process then estimated figure is incorporated for preparation of financial statement.

### 5.16 Acquisition Cost

These are cost incurred in acquiring insurance policies, maintaining such policies, and include without limitation all forms of remuneration paid to insurance agents.

Commission and other expenses are recognized as an expense in the earlier of the financial year in which they are paid or financial year in which they become due and payable, except that commission and other expenses which are directly referable to the acquisition or renewal of specific contracts are recognized not later than the period in which the premium to which they refer is recognized as revenue.

### 5.17 Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments and derecognized when the Company loses control of contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the de-recognition of financial asset or financial liabilities is included in the profit and loss or revenue account currently, as the case may be.

### 5.18 Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting using the classes or sub classes of business (statutory funds) as specified under the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002.

Based on its classification of insurance contracts issued, the Company has three business segments for reporting purposes namely ordinary life business, universal life business and accident and health business.

### 5.19 Off-Setting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### 5.20 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

### 5.21 Foreign Currency Transactions

Transactions in foreign currencies are translated into reporting currency at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling on the balance sheet date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences are included in the profit and loss account.

### 5.22 Dividend and Appropriation to Reserves

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

### 5.23 Premium Due But Unpaid

#### **Individual Life**

These are recognized against individual life insurance policies which are subsequently received within three month from the balance sheet date.

#### **Group Life & Health**

These are initially recognized at fair value. Provision for impairment on premium receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivable.

### 5.24 Loan Secured Against Life Insurance Policies

#### **Cash Loan**

The Company provides loans to their policyholders on the basis of payment of premium for three consecutive years. The maximum limit of disbursement is 90 percent of the surrender value and carries a mark-up rate determined by the Company from time to time.

#### **Auto Paid-up Loan**

These non-interest bearing loans are available to policyholders of the Company to the extent of cash value built in their policies.

## 6 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

<b>Number of Shares</b>		<b>2017</b>	<b>2016</b>	<b>Rupees</b>	<b>2017</b>	<b>2016</b>
<b>2017</b>	<b>2016</b>					
60,172,014	60,172,014	Ordinary Shares of Rs. 10/- Each Fully Paid in Cash		601,720,140	601,720,140	

#### **Reconciliation of Issued, Subscribed and Paid-Up Share Capital**

<b>Number of Shares</b>	
<b>2017</b>	<b>2016</b>
60,172,014	59,429,150
-	742,864
60,172,014	60,172,014

## 7 ANALYSIS OF ACCUMULATED DEFICIT AS SHOWN IN BALANCE SHEET

	<b>2017</b>	<b>2016</b>
	<b>Rupees</b>	<b>Rupees</b>
Accumulated Deficit in Statement of Changes in Equity Ignoring Effect of Capital Transfers at Start of the Year	(86,673,659)	(81,756,927)
Add: Loss for the Year	(691,065)	(4,916,732)
Accumulated Deficit in Statement of Changes in Equity Ignoring Effect of Capital Transfers at End of the Year	(87,364,724)	(86,673,659)
Less: Accumulated Net Capital Transferred in Statutory Funds	(361,625,426)	(325,205,426)
<b>Total Accumulated Deficit as Shown in Balance Sheet</b>	<b>(448,990,150)</b>	<b>(411,879,085)</b>

**8 ADVANCE AGAINST EQUITY**

This represents amount received from Army Welfare Trust (AWT) against right issue of shares to be offered by the Company. The amount is non-refundable and has been reserved against equity.

**9 MOVEMENTS IN EQUITY OF STATUTORY FUNDS**

	Statutory Funds			Aggregate	
	Ordinary Life	Universal Life	Accident & Health	December 31, 2017	December 31, 2016
<b>9.1 Policyholder Liabilities</b>					
Balance at Beginning of the Year	5,147,610	184,156,102	2,339	189,306,051	209,264,775
Increase / (Decrease) During the Year	(1,099,785)	(4,649,485)	(2,339)	(5,751,609)	(19,958,724)
<b>Balance at End of the Year</b>	<b>4,047,825</b>	<b>179,506,617</b>	-	<b>183,554,442</b>	<b>189,306,051</b>
<b>9.2 Capital Contributed by Shareholder's Fund</b>					
Balance at Beginning of the Year	159,605,426	154,200,000	11,400,000	325,205,426	309,705,426
Capital Contributed During the Year	7,770,000	24,300,000	4,350,000	36,420,000	15,500,000
<b>Balance at End of the Year</b>	<b>167,375,426</b>	<b>178,500,000</b>	<b>15,750,000</b>	<b>361,625,426</b>	<b>325,205,426</b>
<b>9.3 Accumulated Deficit</b>					
Balance at Beginning of the Year	(157,830,936)	(153,830,032)	(9,103,159)	(320,764,127)	(303,563,904)
Deficit Allocated in Respect of the Year	(6,822,060)	(24,204,449)	(3,944,487)	(34,970,996)	(17,200,223)
<b>Balance at End of the Year</b>	<b>(164,652,996)</b>	<b>(178,034,481)</b>	<b>(13,047,646)</b>	<b>(355,735,123)</b>	<b>(320,764,127)</b>
<b>Balance of Statutory Fund at End of the Year</b>	<b>6,770,255</b>	<b>179,972,136</b>	<b>2,702,354</b>	<b>189,444,745</b>	<b>193,747,350</b>

**10 DEFERRED LIABILITIES - GRATUITY**

Unfunded gratuity scheme for the permanent employees of the Company had been discontinued since 2003. Outstanding balance represents the liability of the Company pertaining to the employees who rendered their services at the time of discontinuation and allowed the members to withdraw their balances at the time of completion / termination of their employment. Consequently, no further charge and contribution has been accounted for since then.

	2017 Rupees	2016 Rupees
<b>11 OUTSTANDING CLAIMS</b>		
Opening Balance	67,174,315	91,361,089
Add: Claims Incurred During the Year	39,556,243	50,398,620
Less: Claims Paid During the Year	(40,856,329)	(74,585,394)
<b>Closing Balance</b>	<b>65,874,229</b>	<b>67,174,315</b>

**12 PREMIUMS RECEIVED IN ADVANCE**

Opening Balance	9,756,145	14,960,914
Add: Received During The Year	17,122,853	17,665,422
Less: Adjusted During The Year	(16,833,097)	(17,688,995)
Less: Refund During The Year	(1,161,110)	(5,181,196)
<b>Closing Balance</b>	<b>8,884,791</b>	<b>9,756,145</b>

	Note	2017 Rupees	2016 Rupees
<b>13 AMOUNT DUE TO REINSURERS</b>			
Opening Balance		6,432,342	2,879,505
Add: Premium Ceded During The Year		2,394,215	4,775,096
Less: Claims Recoveries During The Year		(55,111)	(567,811)
Commission Recoveries During The Year		(107,030)	(290,220)
Adjustment During The Year		(569,421)	(364,228)
Amount Paid During The Year		(5,685,013)	-
<b>Closing Balance</b>		<b>2,409,982</b>	<b>6,432,342</b>

**14 ACCRUED EXPENSES**

Salary and Other Benefits Payable	14.1	197,551	890,474
Compensated Absences Payable		1,604,175	1,554,238
Expense Payable		445,511	450,773
Other Accrued Expenses		2,918,740	4,258,885
		<b>5,165,977</b>	<b>7,154,370</b>

14.1 This includes provision made against accumulated compensation absences on the basis of actuarial assumptions taken by Company's actuary.

The main assumptions used for actuarial valuation are as under :

<b>Principal Actuarial Assumption</b>	<b>2017</b>	<b>2016</b>
Discount factor used per annum	8.25%	8.00%
Expected increase in eligible pay per annum	8.25%	8.00%

**Movement in Payable to Accumulated Compensation Absences**

Opening Balance	1,554,238	1,662,008
Addition / (Reversal) During The Year	49,937	(107,770)
<b>Closing Balance</b>	<b>1,604,175</b>	<b>1,554,238</b>

**15 AMOUNT DUE TO AGENTS**

Opening Balance	2,071,054	4,126,898
Add: Incurred During The Year	2,323,625	3,222,670
Less: Paid During The Year	(2,348,816)	(5,136,914)
Less: Adjustment for Agent Balances Twice Recorded	(18,449)	(141,600)
<b>Closing Balance</b>	<b>2,027,414</b>	<b>2,071,054</b>

## 16 OTHER CREDITORS AND ACCRUALS

	Shareholders' Fund	Statutory Funds			Aggregate	
		Ordinary Life	Universal Life	Accident & Health	December 31, 2017	December 31, 2016
Rupees						
Sundry Creditors	2,468	2,250	573	676	5,967	4,079
Provident Fund Payable	16,849	53,275	13,573	16,015	99,712	4,900
	<b>19,317</b>	<b>55,525</b>	<b>14,146</b>	<b>16,691</b>	<b>105,679</b>	<b>8,979</b>

## 17 CONTINGENCIES AND COMMITMENTS

### Contingencies

There is a matter outstanding in respect of a person, who was previously working on contract basis at the Company's Hyderabad Branch. The management of the Company, on the basis of legal advice obtained, is confident that there is no legal or potential obligation of the Company regarding this matter.

### Commitments

There were no commitments as at balance sheet date (2016: Nil)

	Note	2017 Rupees	2016 Rupees
<b>18 CASH AND BANK DEPOSITS</b>			
Cash and Other Equivalents		4,844	17,616
Current and Other Accounts	18.1	55,220,317	65,942,508
Deposits Maturing Within 12 Months	18.2	<b>111,000,000</b>	<b>100,000,000</b>
		<b>166,225,161</b>	<b>165,960,124</b>

18.1 This include amount placed with local currency savings accounts carrying mark-up rates ranging from 3.00% to 6.00% (2016: 3% to 6%) per annum.

### 18.2 DEPOSITS MATURING WITHIN 12 MONTHS

This represents Term Deposit Receipts (TDRs) in local currency carrying mark-up rates ranging from 3.00% to 6.25% (2016: 3% to 7%) per annum.. These deposits are due to mature within 12 months of the year end.

	Shareholders' Fund	Statutory Funds			Aggregate	
		Ordinary Life	Universal Life	Accident & Health	December 31, 2017	December 31, 2016
Rupees						
The Bank of Punjab	11,000,000	-	-	-	11,000,000	25,000,000
Summit Bank Limited	-	-	25,000,000	-	25,000,000	25,000,000
Bank Alfalah Limited	-	-	25,000,000	-	25,000,000	25,000,000
Bank Al Habib Limited	-	-	25,000,000	-	25,000,000	25,000,000
Bank Islami Limited	-	-	25,000,000	-	25,000,000	-
	<b>11,000,000</b>	<b>-</b>	<b>100,000,000</b>	<b>-</b>	<b>111,000,000</b>	<b>100,000,000</b>

**19 INVESTMENTS**

	Note	Shareholders' Fund	Statutory Funds			Aggregate	
			Ordinary Life	Universal Life	Accident & Health	December 31, 2017	December 31, 2016
Rupees							
Government Securities	19.1	185,475,400	17,206,466	105,633,958	3,932,906	312,248,730	259,245,140
Listed Equities	19.2	280,518	-	-	-	280,518	280,518
		<b>185,755,918</b>	<b>17,206,466</b>	<b>105,633,958</b>	<b>3,932,906</b>	<b>312,529,248</b>	<b>259,525,658</b>

**19.1 Government Securities**

	Shareholders' Fund	Statutory Funds			Aggregate	
		Ordinary Life	Universal Life	Accident & Health	December 31, 2017	December 31, 2016
Rupees						
<b>Held-to-Maturity</b>						
10 Year Pakistan Investment Bonds	1,996,746	-	-	-	1,996,746	1,991,837
10 Year Pakistan Investment Bonds	3,901,787	-	-	-	3,901,787	3,863,407
10 Year Pakistan Investment Bonds	15,815,428	-	-	-	15,815,428	15,764,622
10 Year Pakistan Investment Bonds	-	-	1,196,212	-	1,196,212	1,194,731
10 Year Pakistan Investment Bonds	9,670,792	-	586,111	-	10,256,903	10,203,483
10 Year Pakistan Investment Bonds	8,043,230	-	-	-	8,043,230	8,008,779
10 Year Pakistan Investment Bonds	23,456,192	-	-	-	23,456,192	23,571,263
01 Year Treasury Bills	-	-	-	-	-	96,686,299
06 Months Treasury Bills	-	17,206,466	77,183,289	3,932,906	98,322,661	97,960,719
06 Months Treasury Bills	72,840,410	-	26,668,346	-	99,508,756	-
03 Months Treasury Bills	49,750,815	-	-	-	49,750,815	-
	<b>185,475,400</b>	<b>17,206,466</b>	<b>105,633,958</b>	<b>3,932,906</b>	<b>312,248,730</b>	<b>259,245,140</b>

The particulars of investments are as follows:

	2017	2016	Maturity	Principal Repayment	Coupon Percentage	Coupon Payment
<b>Held-to-Maturity</b>						
10 Year Pakistan Investment Bonds	1,996,746	1,991,837	August 2018	on Maturity	12%	Semi-Annually
10 Year Pakistan Investment Bonds	3,901,787	3,863,407	July 2020	on Maturity	12%	Semi-Annually
10 Year Pakistan Investment Bonds	15,815,428	15,764,622	August 2021	on Maturity	12%	Semi-Annually
10 Year Pakistan Investment Bonds	1,196,212	1,194,731	July 2020	on Maturity	12%	Semi-Annually
10 Year Pakistan Investment Bonds	10,256,903	10,203,483	July 2020	on Maturity	12%	Semi-Annually
10 Year Pakistan Investment Bonds	8,043,230	8,008,779	July 2022	on Maturity	12%	Semi-Annually
10 Year Pakistan Investment Bonds	23,456,192	23,571,263	April 2026	on Maturity	8.75%	Semi-Annually
01 Year Treasury Bills	-	96,686,299	August 2017	on Maturity	5.87%	on Maturity
06 Months Treasury Bills	98,322,661	97,960,719	April 2018	on Maturity	5.95%	on Maturity
06 Months Treasury Bills	99,508,756	-	February 2018	on Maturity	5.85%	on Maturity
03 Months Treasury Bills	49,750,815	-	February 2018	on Maturity	5.85%	on Maturity
	<b>312,248,730</b>	<b>259,245,140</b>				

**19.2 Listed Equities**

	Shareholders' Fund	Statutory Funds			Aggregate	
		Ordinary Life	Universal Life	Accident & Health	December 31, 2017	December 31, 2016
Rupees						
<b>Available for Sale</b>						
East West Insurance Company Limited	280,518	-	-	-	280,518	280,518

	Note	2017 Rupees	2016 Rupees
<b>20 AMOUNT DUE FROM REINSURERS</b>			
Opening Balance		3,557,871	2,952,479
Add: Premium Ceded During The Year		(181,022)	-
Amount Received During The Year		(4,121,546)	-
		(4,302,568)	-
Less: Claims Recoveries During The Year		2,169,188	315,104
Commission Recoveries During The Year		13,577	-
Adjustment During The Year		-	290,288
		2,182,765	605,392
<b>Closing Balance</b>		<b>1,438,068</b>	<b>3,557,871</b>

### 31 SUNDAY RECEIVABLES

Note	Shareholders' Fund	Statutory Funds			Aggregate	
		Ordinary Life	Universal Life	Accident & Health	December 31, 2017	December 31, 2016
Rupees —						
21.1	97,540	-	261,115	986,080	1,344,735	896,975
	50,000	1,199,162	701,100	1,305,000	3,255,262	3,255,262
	<b>147,540</b>	<b>1,199,162</b>	<b>962,215</b>	<b>2,291,080</b>	<b>4,599,997</b>	<b>4,152,237</b>
21.2	-	-	-	-	-	10,717,400
	-	-	-	-	-	(10,717,400)
	<b>147,540</b>	<b>1,199,162</b>	<b>962,215</b>	<b>2,291,080</b>	<b>4,599,997</b>	<b>4,152,237</b>

21.1 The Movement for Provision for Doubtful Advances is given below:

<b>Opening Balance as at January 1</b>	-	-	-	-	-	
<b>Provisions/(Reversals) made</b>	-	-	-	-	-	10,717,400
<b>Closing Balance as at December 31</b>	-	-	-	-	-	10,717,400

**22 FIXED ASSETS****22.1 Tangible Assets**

	Furniture and Fixtures	Office Equipment	Computers Equipments	Vehicle Equipment	Vehicles	Total
Rupees						
<b>At January 01, 2017</b>						
Cost	38,966,832	11,161,085	5,088,457	564,240	12,985,645	68,766,259
Accumulated Depreciation	(25,527,205)	(7,851,940)	(4,710,732)	(366,782)	(11,018,211)	(49,474,870)
<b>Net Book Value</b>	<b>13,439,627</b>	<b>3,309,145</b>	<b>377,725</b>	<b>197,458</b>	<b>1,967,434</b>	<b>19,291,389</b>
<b>Year Ended December 31, 2017</b>						
Opening Net Book Value	13,439,627	3,309,145	377,725	197,458	1,967,434	19,291,389
Additions	-	30,100	13,100	-	-	43,200
Depreciation Charge	(1,343,964)	(333,172)	(115,440)	(19,746)	(393,487)	(2,205,808)
<b>Closing Net Book Value</b>	<b>12,095,663</b>	<b>3,006,073</b>	<b>275,385</b>	<b>177,712</b>	<b>1,573,947</b>	<b>17,128,781</b>
<b>At December 31, 2017</b>						
Cost	38,966,832	11,191,185	5,101,557	564,240	12,985,645	68,809,459
Accumulated Depreciation	(26,871,169)	(8,185,112)	(4,826,172)	(386,528)	(11,411,698)	(51,680,678)
<b>Net Book Value</b>	<b>12,095,663</b>	<b>3,006,073</b>	<b>275,385</b>	<b>177,712</b>	<b>1,573,947</b>	<b>17,128,781</b>
<b>At January 01, 2016</b>						
Cost	38,452,395	11,161,085	5,009,357	564,240	13,649,295	68,836,372
Accumulated Depreciation	(24,033,913)	(7,484,257)	(4,574,514)	(344,842)	(11,097,217)	(47,534,743)
<b>Net Book Value</b>	<b>14,418,482</b>	<b>3,676,828</b>	<b>434,843</b>	<b>219,398</b>	<b>2,552,078</b>	<b>21,301,629</b>
<b>Year Ended December 31, 2016</b>						
Opening Net Book Value	14,418,482	3,676,828	434,843	219,398	2,552,078	21,301,629
Additions	514,437	-	79,100	-	-	593,537
Disposals						
Cost	-	-	-	-	663,650	663,650
Depreciation	-	-	-	-	(584,783)	(584,783)
	-	-	-	-	78,867	78,867
Depreciation Charge	(1,493,292)	(367,683)	(136,218)	(21,940)	(505,777)	(2,524,910)
<b>Closing Net Book Value</b>	<b>13,439,627</b>	<b>3,309,145</b>	<b>377,725</b>	<b>197,458</b>	<b>1,967,434</b>	<b>19,291,389</b>
<b>At December 31, 2016</b>						
Cost	38,966,832	11,161,085	5,088,457	564,240	12,985,645	68,766,259
Accumulated Depreciation	(25,527,205)	(7,851,940)	(4,710,732)	(366,782)	(11,018,211)	(49,474,870)
<b>Net Book Value</b>	<b>13,439,627</b>	<b>3,309,145</b>	<b>377,725</b>	<b>197,458</b>	<b>1,967,434</b>	<b>19,291,389</b>
<b>Rate of Depreciation</b>	10%	10%	30%	10%	20%	

Notes	2017	2016
	Rupees	
<b>23 EXPENSES NOT ATTRIBUTABLE TO STATUTORY FUNDS</b>		

Salaries and Other Benefits	3,383,674	4,100,481
Staff Welfare	1,679,361	1,203,718
Travelling	181,188	224,661
Advertisement	12,150	47,705
Telephone	105,164	146,189
Electricity	239,472	241,717
Entertainment	128,186	191,606
Vehicle Maintenance	1,544,838	1,415,717
Fees and Subscription	824,356	773,637
Professional and Consultancy	166,628	180,000
Supervision Fees	132,436	479,569
Professional Tax	-	103,300
Depreciation	22.1	2,205,808
Auditors' Remuneration	23.1	338,503
Actuary Fees		62,500
Rent Expense		253,781
Printing and Stationery		84,337
Insurance Association of Pakistan - Membership Fees		31,250
Miscellaneous Expenses		445,347
Provision for Doubtful Advance for Expense		8,801,000
	<b>11,818,979</b>	<b>21,565,255</b>

The above expenses represent allocation in accordance with the advice of the appointed actuary as approved by the Board of Directors.

23.1 It includes penalty amounting to Rs. 500,000 paid to the Securities & Exchange Commission of Pakistan (SECP).

Notes	2017	2016
	Rupees	
<b>23.2 AUDITORS' REMUNERATION</b>		
Audit Fee	400,000	400,000
Half Yearly Review	100,000	100,000
Others	630,000	50,000
Out of Pocket Expenses	224,015	395,739
23.1.1	<b>1,354,015</b>	<b>945,739</b>

#### 23.2.1 Allocation of the Auditors' Remuneration is as Follows:

Expense Not Attributable to Statutory Funds	338,503	236,434
Administration Expenses - Ordinary Life Business	338,504	236,435
Administration Expenses - Universal Life Business	338,504	236,435
Administration Expenses - Accident and Health Business	338,504	236,435
	1,015,512	709,305
	<b>1,354,015</b>	<b>945,739</b>

2017	2016
	Rupees

**24 TAX EXPENSE****Provision For Taxation**

Current	128,580	166,006
Prior	460,536	-
	<b>589,116</b>	<b>166,006</b>

**24.1 Relationship Between Tax Expense and Accounting Profit**

Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented as the Company's tax computation gives rise to a tax loss. Provision for current year income tax consists of tax on government securities and minimum tax on turnover.

2017	Rupees	2016
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**25 LOSS PER SHARE - BASIC AND DILUTED**

Loss for The Year - Rupees	<u>(691,065)</u>	<u>(4,916,732)</u>
Weighted Average Number of Ordinary Shares	<u>60,172,014</u>	<u>60,172,014</u>
<b>Loss Per Share - Rupees</b>	<b>(0.0115)</b>	<b>(0.0817)</b>

**26 POLICYHOLDERS' LIABILITIES AS PER ACTUARY**

	Statutory Funds						Aggregate December 31, 2017	Aggregate December 31, 2016		
	Ordinary life		Universal Life		Accident & Health					
	Individual	Group	Individual	Group	Individual	Group				

**Gross of Reinsurance**

Actuary Liability Relating to Future Events	3,644,185	558,496	177,549,340	-	-	181,752,021	187,924,845
Provision for Outstanding Reported Claims Payable Over the Period Exceeding Twelve Months	187,674	-	1,711,883	-	-	1,899,557	1,930,896
Provision for Claims Incurred But Not Reported (IBNR)	100,000	118,015	715,230	-	-	933,245	1,165,087
<b>Total</b>	<b>3,931,859</b>	<b>676,511</b>	<b>179,976,453</b>	<b>-</b>	<b>-</b>	<b>184,584,823</b>	<b>191,020,828</b>

	Statutory Funds						Aggregate December 31, 2017	Aggregate December 31, 2016		
	Ordinary life		Universal Life		Accident & Health					
	Individual	Group	Individual	Group	Individual	Group				
Rupees										
<b>Net of Reinsurance</b>										
Actuary Liability Related to Future Events	3,644,185	90,518	177,179,504	-	-	-	180,914,207	186,413,620		
Provision for Outstanding Reported Claims payable Over the Period Exceeding Twelve Months	187,674	-	1,711,883	-	-	-	1,899,557	1,930,896		
Provision for Claims Incurred But Not Reported (IBNR)	100,000	25,448	615,230	-	-	-	740,678	961,535		
<b>Total</b>	<b>3,931,859</b>	<b>115,966</b>	<b>179,506,617</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>183,554,442</b>	<b>189,306,051</b>		

## 27 REMUNERATION OF CHEIF EXECUTIVE AND OTHER EXECUTIVES

	2017			2016		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
Managerial Remuneration	724,500	-	1,515,000	828,000	-	1,395,000
Directors' Fees	-	140,000	-	-	160,000	-
Chairman's Honorarium	-	45,000	-	-	85,000	-
House Rent Allowance	325,500	-	638,556	372,000	-	584,556
Utilities	-	-	222,000	-	-	180,000
Retirement Benefits	-	-	151,500	-	-	139,500
Reimbursement of Expenses	1,357,580	-	1,295,112	282,391	-	1,082,147
	<b>2,407,580</b>	<b>185,000</b>	<b>3,822,168</b>	<b>1,482,391</b>	<b>245,000</b>	<b>3,381,203</b>

**Number of Person(s)**

1

2

2

1

2

2

Certain Employees are provided with free use of Company maintained cars.

## 28 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprises East West Insurance Limited and Army Welfare Trust, directors of the Company, key management personnel, associated undertakings, entities with common directors, statutory funds and employees' funds.

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

	2017			2016							
	Provident Fund	Key Management Personnel	Associated Companies & Common Directorship	Provident Fund	Key Management Personnel	Associated Companies & Common Directorship					
Rupees											
<b>Transactions</b>											
Payment Made to Share Registrar	-	-	-	-	-	150,000					
Contribution During The Year	762,464	-	-	746,767	-	-					
<b>Balances</b>											
Investment	-	-	280,518	-	-	280,518					

## 29 BUSINESS SEGMENTS

A segment is a distinguishable component of the Company that is engaged in business activities from which the Company earns revenues and incurs expenses and its results are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Further, discrete financial information is available for each segment. The Company accounts for segment reporting using the classes of business as specified under the Insurance Ordinance, 2000 and the Securities and Exchange Commission (Insurance) Rules, 2002 as the reporting format based on the Company's practice of reporting to the management on the same basis.

The Company's reportable segments under IFRS 8 are as follows:

a) **Statutory Funds**

**Ordinary Life**

The ordinary life segment provides life assurance coverage to individuals under conventional policies issued by the Company. It also provides life insurance coverage to members of business enterprises, corporate entities and common interest groups under life insurance schemes issued by the Company.

**Universal Life**

Universal life segment provides life assurance coverage to individuals under universal life policies issued by the Company.

**Accident and Health**

Accident and health business segment provides health coverage to individuals members of enterprises, corporate entities and common interest groups under health insurance scheme issued by the Company.

b) **Shareholders' Fund**

Assets, liabilities, expenses and revenues that are not attributable to other segments are managed under shareholders' fund.

All segments assets, liabilities, income and expenses are allocable to reportable segments. Assets and liabilities of each segment are disclosed in balance sheet while expenses and revenues of shareholders' fund are presented in profit and loss account and that of other segments are presented in revenue account.

**30 FINANCIAL INSTRUMENTS BY CATEGORY**

	<b>Loans and Receivables</b>	<b>Available for Sale</b>	<b>Held to Maturity</b>	<b>Total</b>
		Rupees		
<b>Assets</b>				
Cash in Hand	4,844	-	-	4,844
Current and Other Accounts	55,220,317	-	-	55,220,317
Deposits Maturing Within 12 Months	111,000,000	-	-	111,000,000
Loans Secured Against Life				
Insurance Policies	9,951,801	-	-	9,951,801
Unsecured Advances to Employees	906,828	-	-	906,828
Government Securities	-	-	312,248,730	312,248,730
Listed Equities	-	280,518	-	280,518
Premiums Due But Unpaid	1,044,984	-	-	1,044,984
Amount Due From Reinsurer	1,438,068	-	-	1,438,068
Sundry Receivables	4,599,997	-	-	4,599,997
Investment Income Accrued	2,807,956	-	-	2,807,956
	<b>186,974,795</b>	<b>280,518</b>	<b>312,248,730</b>	<b>499,504,043</b>
<b>2017</b>				
	<b>Others</b>	<b>At Fair Value Through Profit and Loss</b>	<b>Total</b>	
		Rupees		
<b>Financial Liabilities</b>				
Outstanding Gratuity	-	86,250	86,250	
Outstanding Claims	-	65,874,229	65,874,229	
Amount Due To Reinsurers	-	2,409,982	2,409,982	
Accrued Expenses	-	5,165,977	5,165,977	
Amount Due To Agents	-	2,027,414	2,027,414	
Other Creditors and Accruals	-	105,679	105,679	
		<b>75,669,531</b>	<b>75,669,531</b>	
<b>2016</b>				
<b>Loans and Receivables</b>	<b>Available for Sale</b>	<b>Held to Maturity</b>	<b>Total</b>	
		Rupees		
<b>Assets</b>				
Cash in Hand	17,616	-	-	17,616
Current and Other Accounts	65,942,508	-	-	65,942,508
Deposits Maturing Within 12 Months	100,000,000	-	-	100,000,000
Loans Secured Against Life				
Insurance Policies	9,938,766	-	-	9,938,766
Unsecured Advances to Employees	732,410	-	-	732,410
Government Securities	-	-	259,245,140	259,245,140
Listed Equities	-	280,518	-	280,518
Premiums Due But Unpaid	1,084,458	-	-	1,084,458
Amount Due From Reinsurer	3,557,871	-	-	3,557,871
Sundry Receivables	4,152,237	-	-	4,152,237
Investment Income Accrued	2,786,741	-	-	2,786,741
	<b>188,212,607</b>	<b>280,518</b>	<b>259,245,140</b>	<b>447,738,265</b>

	2016	
	At Fair Value Through Profit and Loss	Total
	Rupees	
<b>Financial Liabilities</b>		
Outstanding Gratuity	86,250	86,250
Outstanding Claims	67,174,315	67,174,315
Amount Due To Reinsurers	6,432,342	6,432,342
Accrued Expenses	7,154,370	7,154,370
Amount Due To Agents	2,071,054	2,071,054
Other Creditors and Accruals	8,979	8,979
	<b>82,927,310</b>	<b>82,927,310</b>

### 31 FINANCIAL RISK MANAGEMENT

The Company is primarily exposed to credit risk, liquidity risk and market risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risk arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous year in the manner described in notes below. The Board of Directors has overall responsibility for establishing an oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

#### 31.1 Credit Risk and Concentration of Credit Risk

Credit risk is the risk that one party to financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly effected by changes in economics, political and other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company manages its credit risk by monitoring credit exposure, limiting transaction with specific counter party and continually assessing the credit worthiness of counter parties. Management considers that all the financial assets that are neither past due nor impaired are of good credit quality. The maximum exposure of the Company to credit risk at reporting date without taking into account any collateral held or other credit enhancements is as follows:

	2017 Rupees	2016 Rupees
<b>Cash and Cash Equivalent</b>		
Current and Other Accounts	55,220,317	65,942,508
Deposits Maturing Within 12 Months	111,000,000	100,000,000
<b>Loans and Receivables</b>		
Loans Secured Against Life Insurance Policies	9,951,801	9,938,766
Unsecured Advances to Employees	906,828	732,410
Premiums Due But Unpaid	1,044,984	1,084,458
Amount Due From Insurer / Reinsurer	1,438,068	3,557,871
Investment Income Accrued	2,807,956	2,786,741
Sundry Receivables	4,599,997	4,152,237
<b>Available For Sale Financial Assets</b>		
Investments	<b>280,518</b>	280,518
	<b>187,250,469</b>	<b>188,475,509</b>

The credit risk to cash and cash equivalent is negligible, since the counter parties are reputable banks with high quality external credit rating. The Company did not hold any collateral against above assets except loans secured against life insurance policies that are secured against reserve balance of the policyholders. There is no impairment against past due balances as they relate to a number of policyholders and other insurers/reinsurers for whom there is no recent history of defaults. The Company maintained its funds with banks having strong credit rating. Currently the funds are kept with banks having rating ranging from BBB to AAA. The credit quality of Company's bank balances can be assessed with reference to external credit rating as follows:

<b>Bank</b>	<b>Rating</b>		<b>Rating Agency</b>
	<b>Short Term</b>	<b>Long Term</b>	
Allied Bank Limited	A1+	AA+	PACRA
The Bank of Punjab	A1+	AA	PACRA
Summit Bank Limited	A1+	AA+	PACRA
Askari Bank Limited	A1+	AA+	PACRA
Habib Bank Limited	A-1+	AAA	PACRA

<b>Bank</b>	<b>Rating</b>		<b>Rating Agency</b>
	<b>Short Term</b>	<b>Long Term</b>	
Muslim Commercial Bank Limited	A1+	AAA	PACRA
Summit Bank Limited	A-1	A-	JCR-VIS
Bank Al Habib Limited	A1+	AA+	PACRA
Bank Al-Falah Limited	A1+	AA	PACRA
Apna Microfinance Bank Limited	A3	BBB+	JCR-VIS
JS Bank Limited	A1+	AA-	JCR-VIS
Bank Islami Limited	A1+	AA-	PACRA
Sindh Bank Limited	A-1+	AA	PACRA

	<b>2017 Rupees</b>	<b>2016 Rupees</b>
The Age Analysis of Premium Due But Unpaid is as Follows:		
Upto One Year	402,466	896,564
More Than One Year	642,518	187,894
	<b>1,044,984</b>	<b>1,084,458</b>

Store Wise Analysis of Premium Due But Unpaid is as Follows:

<b>Miscellaneous</b>	<b>1,044,984</b>	<b>1,084,458</b>
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### 31.2 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 difficulties 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 following are the contractual maturities of financial liabilities, including interest payments and excluding impact of netting agreements:

**Financial Liabilities**

	2017	2016		
	Carrying Amount	Contractual Cash Flow upto One Year	Carrying Amount	Contractual Cash Flow upto One Year
<b>Financial Liabilities</b>				
Deferred Liabilities - Gratuity	86,250	86,250	86,250	86,250
Outstanding Claims	65,874,229	65,874,229	67,174,315	67,174,315
Amounts Due to Other Insurer / Reinsurer	2,409,982	2,409,982	6,432,342	6,432,342
Accrued Expenses	5,165,977	5,165,977	7,154,370	7,154,370
Amount Due to Agents	2,027,414	2,027,414	2,071,054	2,071,054
Other Creditors and Accruals	105,679	105,679	8,979	8,979
	<b>75,669,531</b>	<b>75,669,531</b>	<b>82,927,310</b>	<b>82,927,310</b>

**31.3 Market Risk**

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in interest rates or market prices due to a change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company's investments are primarily in long term Government Bonds.

**31.4 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 arise from balances held in saving accounts with reputable banks. At the balance sheet date profile of the Company's interest bearing instrument is:

	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
<b>Fixed Rate Instruments</b>				
- Government Securities	(5.85%-12%)	(5.87%-12%)	<b>312,248,730</b>	<b>259,245,140</b>
<b>Variable Rate Instruments</b>				
- Saving Accounts and Deposits	(3%-6.25%)	(3%-7%)	<b>166,220,317</b>	<b>165,942,508</b>

**31.5 Fair value sensitivity analysis for fixed rate instrument**

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

**31.6 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 difficulties 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 following are the contractual maturities of financial liabilities, including interest payments and excluding impact of netting agreements:

**Financial Liabilities**

	Effective Interest Rate	Total	2017							
			Up to 1 Month	Over 1 to 3 Month	Over 3 to 12 Month	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Non Interest Bearing Financial	
<b>On Balance Sheet</b>			<b>Rupees</b>							
<b>Financial Assets</b>										
Cash in Hand		4,844	4,844	-	-	-	-	-	17,616	
Current and Other Account	3% to 6%	55,220,317	55,220,317	-	-	-	-	-	-	
Deposits Maturing Within 12 Months	3% to 6.25%	111,000,000	61,000,000	50,000,000	-	-	-	-	-	
Loans Secured Against Life Insurance Policies		9,951,801	9,951,801	-	-	-	-	-	9,951,801	
Unsecured Advances to Employees		906,828	906,828	-	-	-	-	-	906,828	
Investments	5.85% to 12%	312,529,248	280,518	149,259,570	100,319,407	-	15,354,902	47,314,850	280,518	
Premiums Due But Unpaid		1,044,984	1,044,984	-	-	-	-	-	1,044,984	
Amounts Due From Other Insurer and Reinsurer		1,438,068	1,438,068	-	-	-	-	-	1,438,068	
Investment Income Accrued		2,807,956	-	2,807,956	-	-	-	-	2,807,956	
Deposits		3,255,262	-	-	3,255,262	-	-	-	3,255,262	
		498,159,308	129,847,360	202,067,526	100,319,407	3,255,262	15,354,902	47,314,850	19,703,033	
<b>Financial Liabilities</b>										
Deferred Liabilities - Gratuity		86,250	86,250	-	-	-	-	-	86,250	
Outstanding Claims		65,874,229	65,874,229	-	-	-	-	-	65,874,229	
Amounts Due to Insurer / Reinsurer		2,409,982	2,409,982	-	-	-	-	-	2,409,982	
Accrued Expenses		5,165,977	5,165,977	-	-	-	-	-	5,165,977	
Amount Due to Agents		2,027,414	2,027,414	-	-	-	-	-	2,027,414	
Other Creditors and Accruals		105,679	105,679	-	-	-	-	-	105,679	
		75,669,531	75,669,531	-	-	-	-	-	75,669,531	
<b>On Balance Sheet Gap</b>		<b>422,489,777</b>	<b>54,177,829</b>	<b>202,067,526</b>	<b>100,319,407</b>	<b>3,255,262</b>	<b>15,354,902</b>	<b>47,314,850</b>	<b>(55,966,498)</b>	

2016

	Effective Interest Rate	Total	2016							
			Up to 1 Month	Over 1 to 3 Month	Over 3 to 12 Month	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Non Interest Bearing Financial	
<b>On Balance Sheet</b>			<b>Rupees</b>							
<b>Financial Assets</b>										
Cash in Hand		17,616	17,616	-	-	-	-	-	17,616	
Current and Other Accounts	3% to 6%	65,942,508	65,942,508	-	-	-	-	-	-	
Deposits Maturing Within 12 Months	3% to 7%	100,000,000	75,800,000	25,000,000	-	-	-	-	-	
Loans Secured Against Life Insurance Policies		9,938,766	9,938,766	-	-	-	-	-	9,938,766	
Unsecured Advances to Employees		732,410	732,410	-	-	-	-	-	732,410	
Investments	5.87% to 12%	259,525,658	280,518	-	194,647,018	1,991,837	-	31,026,243	280,518	
Premiums Due But Unpaid		1,084,458	1,084,458	-	-	-	-	-	1,084,458	
Amounts Due From Other Insurer and Reinsurer		3,557,871	3,557,871	-	-	-	-	-	3,557,871	
Investment Income Accrued		2,786,741	-	2,786,741	-	-	-	-	2,786,741	
Deposits		3,255,262	-	3,255,262	-	-	-	-	3,255,262	
		446,841,290	156,554,147	31,042,003	194,647,018	1,991,837	-	31,026,243	21,653,642	

Effective Interest Rate	Total	2016							
		Up to 1 Month	Over 1 to 3 Month	Over 3 to 12 Month	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Non Interest Bearing Financial	
Rupees									
<b>Financial Liabilities</b>									
Deferred Liabilities-Gratuity	86,250	86,250	-	-	-	-	-	86,250	
Outstanding Claims	67,174,315	67,174,315	-	-	-	-	-	67,174,315	
Amounts Due to Reinsurer	6,432,342	6,432,342	-	-	-	-	-	6,432,342	
Accrued Expenses	7,154,370	7,154,370	-	-	-	-	-	7,154,370	
Agent's Balances	2,071,054	2,071,054	-	-	-	-	-	2,071,054	
Other Creditors and Accruals	8,979	8,979	-	-	-	-	-	8,979	
	<b>82,927,310</b>	<b>82,927,310</b>	-	-	-	-	-	<b>82,927,310</b>	
On Balance Sheet Gap	<b>363,913,980</b>	<b>73,626,837</b>	<b>31,042,003</b>	<b>194,647,018</b>	<b>1,991,837</b>	-	<b>31,026,243</b>	<b>(61,273,668)</b>	

### 31.7 Other price risk

The Company is not exposed to this risk.

## 32 INSURANCE RISK

### 32.1 Insurance Contract

The Company issues contracts that are classified as insurance contracts as they transfer significant insurance risk (against death, disability and sickness) from the policyholder to the Company. The Company classifies its contracts (policies) into group life, group accident and health, individual life and individual accident and health business. None of the contracts of the Company contains discretionary participation feature. The Company also offers some supplementary benefits attached in the form of riders with individual life contracts.

### 32.2 General Terms of the Insurance Contracts Issued by the Company are as Follows:

#### (a) Group Policies

##### Group Life

The group life policies are generally one year renewable term insurance contracts. In most of the cases they provide group coverage to the employees of an employer. Group policies are issued to lending agencies such as banks to provide group coverage to their borrowers. In many cases supplementary coverage is also provided which may include accidental or natural disability benefits and additional accidental death benefit.

Under the group life insurance policies in most cases the insured event is either death due to any cause. In case of supplementary coverage the insured event can include accidental death or disability or natural disability.

All the group insurance contracts are non participatory and have no cash value. Company has its own market personnel to sell group policies.

##### Group Health

The group health policies of the Company provide cover against accidental death, disability, sickness and critical illness. These are generally one year renewable term insurance contracts which are non participatory and have no cash value. In most of the cases they provide group coverage to the employees of an employer. The Company has its own market personnel to sell these polices.

### **(b) Individual Policies**

#### **Individual Conventional Life Products**

The Company stopped selling conventional type business since 2007. All pre-existing conventional policies were converted to universal life policies. Hence, in conventional life business, there are only non-participating paid-up conventional policies.

#### **Individual Accident and Health Products**

The Company, in its accidental and health statutory fund, offers two individual one-year renewable term non-participating accidental products which provide cover against accidental death, disability, sickness and critical illness. These products are distributed through in-house agency of the Company.

### **(c) Universal Life Products**

Under these plans a certain amount is set aside from the premium for expenses and meeting the mortality cost and the remainder of the premium is invested to earn some investment return. Investment return is allocated to these products on an annual basis keeping in view the investment earnings of the 'Universal Life fund'.

Particulars of insurance contracts provided by the Company under universal life are as follows:

Type of Insurance Contracts	Insurance Risks	Type of Customers	Insured Event	Method Used to Distribute
Mehfooz Sarmaya Plan	Mortality Risk, Investment Risk	From age 18 to age 60 years (in good health)	Death	In-House Agency
Sarmaya Gold Plan (Single Premium)	Mortality Risk, Investment Risk, Accidental Death Risk	From age 18 to age 60 years (in good health)	Death	In-House Agency
Scholar's Plan	Mortality Risk of Payer and Child, Investment Risk	Children from age 1 to age 17 with related payer from age 18 to 60 (in good health)	Death	In-House Agency

The following riders are offered by the Company which can be added to its periodic premiums for universal life products:

- 1 - Accidental Death Benefit
- 2 - Accidental Indemnity Benefit
- 3 - Terms Insurance Rider
- 4 - Major Surgery Benefit
- 5 - Family Income Benefit Rider

### **32.3 Policyholders' Liabilities**

The general principles adopted in the valuation of policy holder liabilities for various classes of business and the reasons for adopting them are described below:

#### **Group Policies**

The liability in respect of group life and accidental and health insurance, and riders of all types, was set using the unearned premium method. Unearned premium reserve is held for that portion of premium which has not yet accrued at the balance sheet date. Due provision was made for claims incurred but not reported ("IBNR"). The Company has to record a premium deficiency reserve on the advice of the appointed actuary if the Company's group business claim ratio (claims divided by net earned premiums) is adverse.

### **Individual Accidental Policies**

The liability in respect individual accidental policies was set using the unearned premium method as described above for group business.

### **Individual Conventional Life Policies**

The liability under individual conventional life assurances is calculated by deducting from the present value of the sums assured, ninety per cent of the present value of the net premiums. Net premiums are calculated under the modified preliminary term method, to be the level net premiums on the valuation basis plus adjustments to allow for the first year expenses at 5% of net premiums for each year of the premium paying term (e.g. 50% for a term of 10 years), limited to 100% for a term of 20 years or more. SLIC (2001-05) Mortality Table and a valuation interest rate of 3.75% are used for valuation of liabilities. As at the balance sheet date (valuation date), all conventional policies are either paid-up or are in benefit stage where the premiums have been ceased.

### **Individual Universal Life Policies**

The liability for universal life business was calculated by summing up individual mathematical reserves of the policies. The mathematical reserves as at the valuation date were calculated individually in accordance with the bases outlined in the policy document. LIC (1994-96) Mortality Table is used as the base for deducting mortality charges. Suitable provisions were made for the unexpired mortality charges, expense charges, unexpired linked riders and investment income to be credited to each policy account in respect of the period from the policy anniversary date of the said calendar year up to the valuation date.

#### **32.4 Liability Adequacy Test**

The adequacy of liability held by the Company has been tested using an alternative reserving method based upon realistic estimates of future mortality, expenses, lapses and investment return. Based upon the results of this test the appointed actuary considers that the liability being kept by the Company is adequate.

#### **32.5 For the frequency and severity of claims**

In individual life business, the frequency and severity of claims is restricted because of underwriting strategies which does not permit higher sum assureds to higher age groups. Secondly, high sum assureds are reinsured. The mortality risk is well diversified because the insurees are spread all over Pakistan where the Company has established branches.

In group life business, the number of groups and number of lives insured are enough to treat the business as well diversified. Hence, frequency of claims is controlled through diversification. The severity of claims is restricted due to reinsurance and requirement of medical underwriting for high sum assured insurees in the groups.

In group health business, the frequency and severity of claims is controlled through proper claim investigation processes and pacts between panel hospitals and the Company. The severity is also controlled through upper limits on claims and exclusions of some high expense diseases. Additional premium is charged per thousand of a limit which covers some dreaded diseases.

However, the frequency can be affected in case there is a variation in the mortality rates experienced by the group of lives insured by the Company. An unusual catastrophic event such as a disease epidemic, flash floods or a major earthquake can produce a sudden spike in the frequency.

### 32.6 Accounting Estimates and Judgments

#### Mortality and Morbidity Experience

State Life Insurance Corporation of Pakistan (SLIC) Mortality table based on mortality experience of 2001 to 2005 is used to price group life business. This assumption varies due to the volume of the group and nature of industry to which that group belongs.

Group health business is priced based on 60% of the UK Hospital In-patient Enquiry (HIPE) rates for year 1984. The assumptions vary due to change in medical inflation rates and other miscellaneous factors.

#### Persistency Rates for Long Term Individual Policies

The valuation of individual conventional paid up policies has been carried out using 100% persistency (i.e. the liabilities contain no recognition of lapses) as per the guidelines of SECP.

#### Expense Levels and Inflation

The following assumptions are used to value unexpired expenses for periodic premium individual universal life products:

- 95% of the first year expense charge (90% of premium) occurs on the day of issuance of policy. The remaining 5% is reserved for unexpired term proportionately;
- 30% of the second year expense charge (15% of premium) occurs on the first anniversary of the policy. The remaining 70% is reserved for unexpired term proportionately;
- From third policy year onwards, the expense charge (5% of premium) is entirely reserved for unexpired term proportionately.
- For group life and health, the basic premium is loaded by 7.5% to 10% to cover administration expenses, excluding commission expense which is separately factored in. In group health, the assumption of average hospitalization expense per day is updated periodically based of medical inflation rates; and
- In individual accidental policies, approximately 40% of premium is allocated to expenses and commission payments.

#### Investment Returns

The valuation of individual conventional paid up policies has been carried out using 3.75% discount rate assumption as per the guidelines of SECP. The account values of universal life policies depends upon historical investment returns earned on these policies. Hence, the liability incorporates investment return distributed to the policyholder up to the valuation date. Due provision is made for earned investment income. The future investment returns are not sensitive to the liability as at the valuation date in respect of universal life policies.

#### Tax

There is no major impact of taxes on valuation of liabilities, future benefit payments and premium receipts.

### 32.7 Process Used to Decide on Assumptions

The assumptions are used only to value Individual Conventional Paid up Policies. These assumptions are fixed according to the SECP guidelines.

Mortality Assumption: SLIC (2001-05) Tables  
 Interest Rate: 3.75% Per Annum  
 Expenses and Persistency: No Explicit Assumptions

No assumptions have been made to value Universal Life Policyholder's liabilities since the liabilities are based on actual account values as at the valuation date i.e. Retrospective valuation method has been used.

### 32.8 Sources of Uncertainty in Estimation of Future Benefit Payments and Premium Receipts

The uncertainty with respect to future premiums and benefits may arise due to unexpected changes in mortality or disability experience. Adverse mortality experience will result in excess benefit payments, and reduced future premium income. Likewise, unexpected changes in surrenders and lapses could also have a significant impact on future realized premiums. Estimates of lapses and surrenders are based on internal experience studies carried out annually. Factors that could affect policyholder behavior include, market factors such as interest rates, policyholder preferences in terms of the monetary value that a policyholder relates with the insurance policy, the frequency of premium payments and the age of the individual.

### 32.9 Process for Estimation of IBNR and Its Provisioning Mechanism

Due provision was made for claims incurred but not reported ("IBNR") by analyzing claims incurred after the valuation date till the reporting date and past pattern of claim intimation lag from the date of occurrence of claim. The claims actually intimated in January 2017 and February 2017 which pertains to calendar year 2016 were taken as IBNR reserve after adjusting the amount for unreported claims pertaining to 2016. For adjustment, the history of lags between the date of claim occurrence (e.g. death) and date of intimation was analyzed. The lag factors were developed and applied to total claims.

### 32.10 Sensitivity Analysis

	Variables	Change in Variable	Change in Liability 2017	Change in Liability 2016
<b>a) Long Term Insurance with Fixed Guaranteed Terms (Individual Life Conventional Paid Ups)</b>				
	Worsening of Mortality and/or Morbidity Rates for Risk Policies	5% 10%	1,931 3,821	2,346 4,648
	Improvement of Mortality rates for annuities	N/A	N/A	N/A
	Worsening of Persistency Rates for Long Term Individual Policies		No assumption of persistency in estimating policyholders' liability	
	Increase in Expense Levels and Inflation		No assumption of expenses in estimating policyholders' liability	
	Decrease in Investment Returns		The discount rate of 3.75% p.a. is fixed by SECP.	

b) **Long Term Insurance Contracts Without Fixed Terms  
(Individual Life Universal Life)**

The policyholder's liability in respect of individual universal life business is based on accumulated account value with provision for unexpired charges. The liability does not have any explicit underlying assumptions and do not contain any uncertain item. Therefore, no sensitivity analysis is required.

### **32.11 Claim Development**

Development of claims against insurance contracts issued is not disclosed as uncertainty about the amount and timing of claim settlement is usually resolved within one year.

### **32.12 Management of Insurance Risk**

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of resulting claim. By the very nature of the contract the risk is random and unpredictable. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under contracts.

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Adequate reinsurance is arranged to mitigate the effect of potential loss to the Company for large insured events. Further, the Company adopts strict claim review policies including active management and prompt perusing of the claims, regular detail review of claims handling procedures and frequent investigation of false claims to review the insurance risk.

The underwriter's freedom to underwrite is paramount. Therefore, the underwriter will have the discretion to decline, reduce, or modify the proposal or cut out a rider even if the case appears to be acceptable. Those risks subject to a higher than normal mortality are said to be sub-standard or impaired risk as their chances of surviving from year to year are impaired. Such lives are either accepted only with extra premium or with some restriction, or postponed or declined as the merits of individual case warrant. Free cover limit in case of group insurance business is set with the consultation of the appointed actuaries on case to case basis.

The insurance law has laid down some minimum criteria for insurance risk management, which is mandatory for all insurers. This includes guidance regarding minimum capital requirement for insurers, requirement to submit a financial condition report on an annual basis, minimum reserving basis for the financial condition report, minimum solvency requirements and requirement to match the currency of assets and liabilities. Also the law lays down certain restrictions on the assets that may be counted as admissible assets, prescribes guidelines for valuation of assets and liabilities, prescribes reinsurance arrangements and prescribes guidelines for investment of funds. Strategy of the Company to manage insurance risk meets the regulatory requirements in this regard in addition to internal Company specific practices.

### **32.13 Other Risks**

The Company faces a number of financial risks in its assets and liabilities, apart from insurance risk. These risks can be broadly categorized as expense risk, lapse risk, market risk, credit risk and liquidity risk. This section describes these risks on the Company level and identifies and describes the processes and strategy of management to manage these risks.

#### **Expense Risk**

The risk that the Company faces is that future expenses may be higher than those used in pricing of products causing an expense overrun. The Company mitigates this risk by incorporating a certain level of acceptable conservatism in building future policy expense factors in pricing and expects to maintain its actual expenses

within these limits. Regular monitoring of policy expense factors in pricing and expects to maintain its actual expenses within these limits. Regular monitoring of expenses allows the Company to adjust its pricing in time to account for higher than expected expenses.

#### **Lapse Risk**

The risk the Company faces is that future persistency rates may be lower than assumed in pricing, thus impacting the emergence of profit from its portfolio of individual life policies. The Company places tremendous emphasis on quality customer services and retention of clients by making persistency standard an integral part of the sales force culture. It has robust systems in place to regularly monitor the lapse experience. Regular focus on persistency is embedded in the Company's culture and is an integral part of the monitoring of the sales force performance and remuneration.

#### **Surrenders Risk**

The reserving basis used by the Company does not assume any surrenders. However, the Company ensures that the reserves kept by it for each policy is more than its surrender value. This ensures that the Company does not suffer any adverse impact in case any policies are surrendered.

#### **Catastrophe Risk**

The business of the Company is spread in different geographical areas of the country. However the insurance penetration rate in the country is very low. This means for any localized segment of the population only a small proportion of the people would be covered under life insurance. The proportion covered by the Company's policies is expected to be even smaller. As a result any localized catastrophic event is not expected to have any significant impact on the Company.

The situation is a bit different on the group insurance side where there is a higher concentration of risk because by its very nature this business often covers a large number of persons located within a restricted geographical area, such as a building or a factory premises. This risk is somewhat mitigated due to the presence of reinsurance cover for the individual and group policies. In addition the premium rates of the Company are designed to adequately cater for this risk. Premium deficiency reserve held by the Company for its group business provides an extra layer of security against this risk.

#### **Operational Risk or Pricing Risk**

The Company utilizes industry recognized underwriting practices to ensure that only standard risks are written on standard rates. Any sub-standard risks identified during the underwriting process are charged suitable extra premiums. This ensures fair and equitable treatment between various risk categories and helps in keeping its standard rates competitive by the insurance industry standards. This practice also protects the Company against the risk of large number of sub-standard impaired lives accumulating on its policy portfolio, since extra premium is automatically charged commensurate with such risk.

### **33 REINSURANCE RISK**

Reinsurance ceded do not relieve the Company from its obligation to policy holder and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that reinsurer fails to meet the obligation under the reinsurance agreement.

In order to minimize the financial exposure arising from large claims, the Company, in normal course of business, enters into agreement with other reinsurers.

In order to manage this risk, the Company obtains reinsurance cover only from companies with sound financial health. The Company has reinsurance arrangements with "A or above" rated companies to cover the individual policies and group life insurance policies.

### 34 CAPITAL MANAGEMENT

The Company's capital management objectives are:

- to comply with minimum paid-up capital requirement prescribed by SECP
- to ensure the Company's ability to continue as a going concern;
- to provide an adequate return to shareholders, and;
- by pricing its insurance premium commensurately with the level of risk.

The Company's objective in capital management is to maintain a balance between shareholders' capital to overall financing and statutory funds to the investments. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid to shareholders and issue new shares. Further, the Company ensures to comply with all the regulatory requirements regarding capital and its management.

Capital requirements applicable to the Company are set and regulated by the Securities and Exchange Commission of Pakistan (SECP). These requirements are put in place to ensure sufficient solvency margins. The Company manages its capital requirement by assessing its capital structure against the required capital level on a regular basis. Minimum capital requirement for the Company as required by Notification through S.R.O.225(I)/2015 dated March 13, 2015 is Rs.700 million at year end December 31, 2017 and the Company has a shortfall of Rs. 98.27 million in meeting the said requirement (refer note 1.2)

SECP vide its letter dated February 10, 2014 has granted permission to Company for maintaining solvency margin in the Company's shareholders fund on aggregate basis instead of maintaining the solvency margin in each statutory fund separately. As per the terms and conditions of the approval the risk based solvency margins shall be maintained in the shareholders'fund for a period of ten years, and no dividend shall be declared, without the express written consent of the appointed actuary of the Company.

### 35 DEFINED CONTRIBUTION PLAN

- 35.1 The Company has contributory provident fund scheme for benefit of all its permanent employees under the title of (Company name) - Employees Contributory Provident Fund". The fund is maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees independent of the Company.
- 35.2 The Trustees have intimated that the size of the fund at year end was Rs. 5.776 million (2016 Rs. 7.339 million).
- 35.3 As intimated by the Trustees, the cost of the investments made at year end was Rs. 5.776 million (2016 Rs. 7.339 million) which is equal to 100% of the total fund size. The entire investment amount is invested in bank deposit. The category wise break up of investment as per section 218 of the Companies Act, 2017 is given below:

	Rupees	Percentage
Bank Deposit	5,776,000	100.00%
	<b>5,776,000</b>	<b>100.00%</b>

- 35.4 According to the Trustees, investments out of provident fund have been made in accordance with the provisions of section 218 of Companies Act, 2017 and the rules made thereunder.

### 36 NUMBER OF EMPLOYEES

	2017	2016
As at December 31st	34	38
Average No. of Employees During the Year	36	40

### 37 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at December 31, 2017 and December 31, 2016:

December 31, 2017	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Listed Securities	280,518	-	-	280,518
	<u>280,518</u>	<u>-</u>	<u>-</u>	<u>280,518</u>
<b>December 31, 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>				
Listed Securities	280,518	-	-	280,518
	<u>280,518</u>	<u>-</u>	<u>-</u>	<u>280,518</u>

#### 37.1 Fair Value Hierarchy

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

The fair value hierarchy has the following levels:

- 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).

#### 37.2 Fair Value of Financial Assets

The fair value of all financial assets and financial liabilities is estimated to approximate their carrying value.

### 38 GENERAL

Amounts have been presented and rounded off to the nearest Rupee.

### 39 EVENTS OCCURRING AFTER BALANCE SHEET DATE

There are no event or transactions subsequent to balance sheet date that requires disclosure or adjustment in the financial statements.

### 40 DATE OF AUTHORIZATION FOR ISSUE

These financial statements are authorized for issue on March 27, 2018 by the Board of Directors of the company.



Chairman



Acting Chief Executive Officer



Director



Director

## Statement of Directors

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

### Section 46(6)

- (a) In our opinion the annual statutory accounts of East West Life Assurance Company Limited set out in the forms attached to the statement have been drawn up in accordance with the Ordinance and any rules made there under;
- (b) East West Life Assurance Company Limited has at all times in the year complied with the provisions of the Ordinance and the rules made there under relating to paid-up capital, solvency and reinsurance arrangements; and
- (c) As at December 31st, 2017, East West Life Assurance Company Limited continues to be in Compliance with provisions of the Ordinance and the rules made there under relating to paid-up capital, solvency and reinsurance arrangements.

### Section 52(2)c

- (d) In our opinion, each statutory fund of East West Life Assurance Company Limited complies with the Solvency requirements of the Insurance Ordinance, 2000 and the Insurance Rules, 2002.



Chairman



Acting Chief Executive Officer



Director



Director

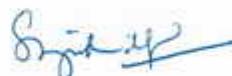
## Statement by the Appointed Actuary

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

### In my opinion

- (a) the Policyholders' Liabilities included in the balance sheet of East West Life Assurance Company Limited as at December 31, 2017 have been determined in accordance with the provisions of the Insurance Ordinance, 2000; and
- (b) the Shareholders' Fund and Statutory Funds of East West Life Assurance Company Limited meet the solvency requirements of the Insurance Ordinance, 2000 as at December 31st, 2017.

Karachi  
Dated: March 27th, 2018



**Shujat Siddiqui, MA, FIA, FPSA**  
Appointed Actuary

## Pattern of Holding of the Shares

Held by the Shareholders of East West Life Assurance Company Limited  
As at December 31, 2017

Number of Shareholders	From	Shareholding	To	Total Shares Held	Percentage
60	From	1	To	100	1,720
123	From	101	To	500	53,972
66	From	501	To	1,000	56,452
75	From	1,001	To	5,000	188,933
23	From	5,001	To	10,000	171,083
10	From	10,001	To	15,000	123,099
2	From	15,001	To	20,000	37,725
2	From	20,001	To	25,000	42,579
5	From	25,001	To	30,000	135,975
1	From	35,001	To	40,000	38,530
2	From	40,001	To	45,000	89,000
1	From	80,001	To	85,000	83,539
2	From	110,001	To	115,000	219,587
1	From	120,001	To	125,000	123,977
1	From	135,001	To	140,000	136,562
1	From	165,001	To	170,000	169,862
1	From	180,001	To	185,000	180,119
1	From	195,001	To	200,000	198,653
2	From	225,001	To	230,000	458,900
1	From	260,001	To	265,000	263,323
1	From	265,001	To	270,000	265,405
2	From	305,001	To	310,000	615,082
1	From	345,001	To	350,000	347,083
1	From	395,001	To	400,000	396,773
1	From	450,001	To	455,000	453,650
1	From	490,001	To	495,000	491,821
1	From	595,001	To	600,000	595,817
1	From	850,001	To	900,000	852,531
1	From	900,001	To	950,000	907,375
1	From	1,130,001	To	1,135,000	1,134,557
1	From	1,175,001	To	1,180,000	1,179,265
1	From	1,185,001	To	1,190,000	1,187,500
1	From	1,765,000	To	1,770,000	1,765,489
1	From	3,185,001	To	3,190,000	3,186,174
1	From	4,170,000	To	4,175,000	4,171,025
1	From	9,100,000	To	9,500,000	9,161,150
1	From	300,000,000	To	31,000,000	30,687,727
<b>398</b>				<b>60,172,014</b>	<b>100.000%</b>

398

No. of Shareholders	Number	Shares Held	Percentage
CEO, Directors and their Spouses and Minor Children	3	406,700	0.676%
Joint Stock Companies, Insurance Companies,	2	41,720,453	69.335%
Investment Companies & Modarabas	1	1,000	0.002%
Individuals	392	18,043,861	29.987%
<b>398</b>		<b>60,172,014</b>	<b>100.000%</b>

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
<b>Associated Company</b>			
M/s. East West Insurance Company Limited	1	9,267,237	15.401%
<b>Other Company</b>			
National Development Finance	1	1,000	0.002%
<b>Shareholding 5% or more Voting Interest</b>			
Trustees of Army Welfare Trust	1	30,687,727	51.000%
Syed Arshad Ali	1	4,171,025	6.932%
Samina Pervaiz Yunus	1	3,186,174	5.295%
<b>CEO, Directors, their Spouses and Minor Childrens</b>			
Chief Justice (R) Mian Mahboob Ahmed	1	7,427	0.012%
Umeed Ansari	1	2,500	0.004%
Imran Ali Dodani	1	396,773	0.659%
Individual	390	12,452,151	20.694%
<b>Total</b>	<b>398</b>	<b>60,172,014</b>	<b>100.000%</b>

## Branch Network

### **Lahore**

Punjab Zone\*  
 2nd Floor, Naqi Arcade,  
 71, Shahrah-e-Quaid-e-Azam, Lahore.  
 Tel.: (042) 36370717, 36362033  
 Fax: (042) 36370711  
 E-Mail:  
 Lahore.zone@eastwestlifeco.com

### **Sialkot**

Office No-3, 2nd Floor,  
 Sharif Centre,  
 Feteh Garh, Agency Chowk,  
 Defence Road, Sialkot  
 Tel: (052) 3560260

### **Sahiwal**

1st Floor, Mansha Plaza,  
 Lahore Commercial Centre,  
 Near General Bus Stand,  
 G.T. Road, Sahiwal.  
 Mobile: (0333) 3757700

### **Layyah**

Arian Plaza, Near Indus Petrol  
 Pump, Chowak Azam Road,  
 Layyah.  
 Mobile: (0300) 6765756

### **Rawalpindi**

Corporate/Group Marketing  
 55-A, Bank Road, Rawalpindi Cantt.  
 Rawalpindi.  
 Tel: (051) 5514322, Fax: (051) 5564809  
 E-Mail:  
 rawalpindi.zone@eastwestlifeco.com

### **Gujrat**

Near Grid Station / Police Chowki,  
 Sargodha Road, Gujrat.  
 Mobile: (0333) 5835787

### **Chakwal**

1st Floor, Bait-ul-Mukarram Masjid,  
 Talagang Road, Chakwal.  
 Tel.: (0543) 553226

### **Jhelum**

F-1, 3rd Floor, Shabbir Plaza,  
 Shandar Chowk, Jhelum.  
 Tel.: (0544) 623261

### **Bhimber (Azad Kashmir)**

Ch. Barkat Plaza, Samahni Road,  
 Bhimber (A.K.).  
 Tel.: (058650) 43551

### **Note:**

*Besides the company's head office corporate (group life and group health) insurance services are also offered at the above individual life sales offices marked with an asterisk (\*).*

کمپنی کے نامور اور قابل آفیسرز، عہدے اور فیلڈ فورس کی طرف سے، کمپنی کی نشوونما اور فردوغ کے لئے، ان کی قابل قدر اور زبردست شراکت کے لئے، کمپنی کے ڈائریکٹرز نکلہ ہائے تیسین تکمبلنڈ کرنا چاہیں گے۔ ان کی اعلیٰ اخلاقی اقدار سے مسلسل وابستگی، صارف کو دی جانے والی خدمات اور جانشناختی اور محنت سے کام کرنے کے باعث آپ کی کمپنی کو ابھر کر سامنے آنے میں مدد و دی اور تجھی شبیہ کے یہود اروں کے درمیان ایک شفاف مارکیٹ لیڈر کی نیشیت سے اس کو برقرار رکھا۔

آخر میں، ہم اپنے صارفین کا شکریہ دا کرتے ہیں جنہوں نے ہم پر اپنے بھروسے کا اظہار کیا اور یکجہہ ریٹریٹ ڈائیکٹ کمیشن آف پاکستان کے انسورنس ذوجہن کے سمجھ گزار ہیں جنہوں نے تمام سال میں مناسب رہنمائی اور تعادن فراہم کیا۔

بورو آف ڈائریکٹرز کی جانب سے

چیف ایگزیکیوٹیو آفیسر (عارضی)

تاریخ: 27 مارچ 2018

## آڈٹ کمیٹی

کمپنی کے آڈٹ کمیٹی میں شامل افراد کے نام مندرجہ ذیل ہیں:

- ۱۔ مجھر بجز امتیاز حسین شیرازی (رئیس)
- ۲۔ جناب ملک رفعت
- ۳۔ جناب امید انصاری
- ۴۔ محمد وہبیب سیکریٹری

## کاروباری اخلاقیات:

کمپنی کے بورڈ نے ایک کاروباری اخلاقیات کا بیان جاری کر دیا ہے۔ اور کمپنی کے تمام ملازمین اس کا جائزہ لے سکتے ہیں۔

اہم تبدیلیاں

31 دسمبر 2017 سے لے کر اب تک کمپنی کی اہم تبدیلی میں شامل نہیں ہوتی ہے۔

## ڈویڈنڈ

کمپنی کے مالیاتی حالت کو دیکھتے ہوئے کمپنی کے ڈاٹریکٹرز نے کسی بھی ڈیونڈنڈ دینے کا فیصلہ کیا ہے۔

## حصص یافتگان کا جدول

کمپنی آڑ دینش 1984ء کے شیشن 236 کے تحت شیئر ہولڈرز کے شیئر ہولڈنگ کا جدول ان کتاب کے ساتھ ملک ہے۔

## آڈیٹر

مالیاتی 2018 کے لئے کمپنی کے آئینی آڈیٹر کا اختاب کرتا ہے اور ساتھ ہی اُن کے معاوضہ کو طے کرنا، جارے آڈیٹر سیسرز گرو اٹ تھورن شن ائم

رجمن چارزڈ اکاؤنٹنٹس مدت پوری ہونے پر بیان ہونے کے بعد وہ بارہ اس ذمہ داری کے خواباں ہیں اور ان کو آڈٹ کمیٹی کے تجویز پر 2018

کے لئے کمپنی کے آڈیٹر کے طور پر دوبارہ تقریبی کے لئے سفارش پیش کر دی گئی ہے۔

## کمپنی کے شیئر ہولڈنگ کا جدول

کمپنی آڑ دینش کی شیشن نمبر 236 کے تحت کمپنی کے شیئر ہولڈنگ کے بیان روپورٹ میں شامل ہیں۔

## اطہار شکر

کمپنی کی جملہ محنت عملی پر اپنے قابل قدر مشورے کے لئے اور ان کے کروار کے لئے ہم اپنے مقرر کردہ ایکجھ ری کے ملکوں و ممنون ہیں۔

ہم اپنے ری انشوئرنس کے بھی ممنون اور شکر گزار ہیں جنہوں نے آپ کی کمپنی کو مکمل حمایت فراہم کرنا جاری رکھا۔

## مستقبل پر نظر

2018ء اور اسکے بعد کمپنی کی انتظامیہ کی تمام ترقیات کا رو باری معاملات میں اضافہ اور تعمیم کاری کے ذریعہ ہو گی۔

- 2018ء اور اسکے بعد کمپنی اپنے منافع بنانے کی صلاحیت کو ہڑھائے گی اور اس کے لئے اپنے انتظامی صلاحیت کو استعمال کرتے ہوئے اخراجات اور کمیم سیکنی کرے گی۔

- اس کے علاوہ کمپنی کے پریمیم کو ہڑھانے کے لئے اقدامات کئے جائیں گے۔ ان تمام مقاصد کے لئے مندرجہ ذیل اقدامات اٹھانے کا فیصلہ کیا گیا ہے تاکہ مارکیٹ میں اپنا ایک مقام بنایا جائے۔

- کمپنی کے تمام مارکیٹنگ فورسز مشمول گروپ لاائف اور ہیلتھ کی اس سرویس تکمیل کرنی ہے۔ اس کے علاوہ تجزیہ کاری کے عمل کو کمپنی کے اکچھے روپ سے ساتھ مل کر ایسی حکمت عملی ہاتھی ہے تاکہ کمپنی کے کاروباری صلاحیت میں اضافہ کیا جاسکے۔

- کمپنی کے خراجات کو اس طرح کنٹرول میں رکھنا ہے کہ افراط از کری اثر کے بعد بھی اخراجات میں اضافہ نہ ہو۔ اور اخراجات 2017ء اور اس کے بعد بھی کم ہی ہوں۔

- کمیشن کا حجم موجودہ تکمیل میں پہنچا کر 2018ء میں اس کے ثمرات حاصل کئے جائیں۔
- کاروباری لاگت کو کنٹرول کرنے کے لئے تمام مارکیٹنگ فورسز کو بکٹریزڈ کرنا ہے۔

- Bancassurance کے لئے چدہ جہد کرنی ہے تاکہ اس کا مایاب تجیہ کرے ذریعے کمپنی کے پریمیم میں اضافہ کیا جاسکے۔

- ان شورنس کی لئی لائس Micro Insurance پر کام کرنا ہے۔ ان شورنس کی اس نئی پروڈاکٹ سے کمپنی کے کاروبار میں اضافہ ہو گا۔

- کمپنی کی افرادی قوت میں اضافہ کرنا ہے۔ اس مقاصد کے لئے افرادی قوت کے کمپنی کے ساتھ مل کر نئے جذبے سے بھرے ہوئے افراد کی بھرمنی کرتا ہے تاکہ تجزیہ کار، پڑھنے لکھنے اور ہمدرد افراد کمپنی کے تمام شعبوں میں بھرتی کئے جائیں۔ جو یہی افراد کمپنی کی ترقی میں اہم کردار ادا کریں گے۔

- کمپنی کے تمام شعبوں میں بھرتی جائیں، ان کی دوبارہ تکمیل نو، اور بہترین رو اپلے کے لئے ذریعے کمپنی کے اندر وطنی معاملات کو موڑ کرنا ہے۔

- کمپنی کے سرمایہ کاری کی کمپنی کے کاروبار کو ہمیہ ٹاؤن ہاتھی ہے تاکہ مارکیٹ میں موجود سرمایہ کاری کے موقعوں سے زیادہ فائدہ اٹھانا جاسکے۔

ان تمام اقدامات کے بعد 2018ء میں کمپنی اپنے پریمیم میں اضافہ کرے گی۔

- کمپنی کے بہتری کے لئے کمپنی کے پریمیم رہت۔ اس کے لگاتار پریمیم کی شرح میں اضافہ کرنا ہوگا اور اخراجات میں کی اور پالیسی ہولڈرز کو بہترین خدمات فراہم کرنا ہوں گی۔ اس سلسلے میں کمپنی کی انتظامیہ مندرجہ ذیل اقدامات پر گہری نظر رکھے ہوئے ہے۔

Bancassurance کی نئی پالیسیاں بنانے پر وہ کٹ کو موڑ بھاننا۔

- کمپنی کے جدید کمپیوٹر صلاحیت کے ذریعے کمپنی کے پالیسی ہولڈرز میں اضافہ کرنا۔۔۔

کمپیوٹر اسماول کے ذریعے کمپنی کے تمام شعبوں میں بہتری پیدا کرنا۔

- کمپنی کے برائی خی کے اخراجات کو کنٹرول کرنے کے لئے برائی خی کی لاگت کا تجزیہ کرنا۔

- مندرجہ بالا اقدامات کے ذریعے کمپنی کی انتظامیہ پر امید ہے کہ کمپنی غیر قابل کے میابی کے راستے پر پہل جائے گی اور بہترین معائشی ما حل اور موثر حکمت عملی سے کمپنی کے پالیسی ہولڈرز اور شرکر ہولڈرز اور اسٹاف سب کی بہترین محکم ہو سکے گی۔

## کار پوریت اور مالیاتی رپورٹنگ کا فریم ورک:

- کمپنی کی انتظامیہ کے تیار کردہ مالیاتی بیانات اس کے امور کو، اس کے آپریشنز کے نتائج، انقدر قوم کے بھاؤ اور ایکوئینی میں تبدیلیاں، واضح طور پر پیش کرتے ہیں۔
- کمپنی نے تمام تر کھاتے صحیح طور پر مرتب کئے ہیں۔
- مالیاتی بیانات کی تیاری میں منابع اکاؤنٹنگ پائیسوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ تجھیے مناسب اور ذات دینیلے پہنچی ہیں۔
- میں ان الاقوامی اکاؤنٹنگ استانڈرڈز، جیسے ان کا اطلاق پاکستان میں ہوتا ہے، مالیاتی بیانات کے تیاری میں ان پر عمل کیا گیا ہے اور اگر کسی باعث کہیں ان سے اختلاف ہوا ہے تو اسکو مناس طور پر عیاں کر دیا گیا ہے۔
- داخلی کنٹرول کا کشم اپنے ڈھانچے کے اخبار سے کافی متوازن ہے اور موثر طور پر اطلاق شدہ اور زیر گرفتاری ہے۔
- کمپنی کو یہ کاروبار جاری رکھنے کے لئے اس کی تابعیت کے متعلق کوئی واضح شکوہ و شہادت نہیں ہیں۔
- کار پوریت گورنمنس کے ہترین طریقہ کار سے، جن کی تفصیل ریگولیٹریز میں دی گئی ہے، کہیں بھی کوئی ماذی اختلاف نہیں کیا گیا ہے۔
- پچھلے چھ سالوں کا کلیدی آپریشنگ اور مالیاتی مودا مسلک ہے۔
- 31 دسمبر 2017ء کو تقریباً آٹھ شدہ مکاتبوں کی بنیاد پر، پر ویٹنٹ فنڈرز کی سرمایہ کاری 5.776 ملین روپی۔
- چیف ایگزیکٹو، ڈائریکٹر، چیف فنڈشل آفیسر، کمپنی سکریٹری، ان کے زوں اور اتفاقاً اور حقیقی حصہ کندگان کی جانب سے حصہ کی کوئی خرید و فروخت نہیں کی گئی۔

2017ء کے دوران کمپنی کے گزشتہ ڈائریکٹر اور مالکان نے اپنی انتخارات کو فرودخت کر دیا۔ اس سطے میں آری ڈیکٹریٹر فرست (AWT) نے کمپنی کے 51 فیصد سرمائے کے شیرز کو خرید لیا۔ یہ معاملہ 31 دسمبر 2017ء کے آخری میتھے میں ٹے پایا ہے۔ تجارتی انتظامیہ کمپنی کا اعتمام حوالہ لیا ہے اور SECP سے اجازت نام حاصل کرنے کے بعد ہر ڈاٹ ڈائریکٹر اور ڈیکٹریٹر فرست کا تکمیل پاپکا ہے۔

### ڈائریکٹریٹر کی میئنگز

سال کے دوران ڈائریکٹریٹر کی پچھہ (6) میئنگز ہوئی ہیں جنکی حاضری کی صورت حال درج ذیل ہے۔

نمبر شار	ڈائریکٹر کا نام	میئنگ میں حاضری کی تعداد
01	چیف ہنس (رجیسٹرڈ) میاں محمد احمد	06 میں سے 06
02	جناب ماجن یونس (چیف ایگزیکٹو آفیسر)	06 میں سے 04
03	جناب امید انصاری	06 میں سے 06
04	جناب عحسن علی کاظمی والا	05 میں سے 06
05	جناب نوید یونس	06 میں سے 06
06	جناب پرویز یونس	06 میں سے 06
07	جناب جاوید یونس	06 میں سے 06
08	(جناب شیر علی کاظمی والا، تبادل ڈائریکٹر)	06 میں سے 06

جو ڈائریکٹریٹر غیر حاضر ہیں ان کی غیر حاضری کی چھٹی منظور ہو گئی ہے۔

کمپنی کے غیر اطمینان بخش تباہی کا اثر کسی حد تک کلیم اور اخراجات میں ہونے والی کمی نے پورا کیا ہے۔ جبکہ پائی ہو لدر ز ذمہ داری کی رقم اور لگس کی رقم سے کمپنی کے نقصان کو کم کیا ہے۔ کمپنی کی انتظامیہ نے اپنی ماہیہ حکمت عملی کو تبدیل کرنے کا فصلہ کیا ہے۔ تاکہ 2018ء میں پریمیم کی کمی کو پورا کیا جاسکے۔ اسکے علاوہ کمپنی کے اچھی روی کے ساتھ میں ایک ایسی حکمت عملی بنا لی جائے۔ تاکہ پریمیم کی سطح کو بلند کیا جاسکے۔

## مالیاتی کارکردگی

2017ء اور 2016ء کے مالیاتی کارکردگی کا موازنہ یہ یہ ڈیا گیا ہے۔

تبدیلی فیصد میں	2016	2017	
12%	Rs. 1,111,975	Rs. 1,243,966	پہلے سال انفرادی لاٹک کا پریمیم
-3%	Rs. 1,257,332	Rs. 1,222,147	دوسرے سال کا انفرادی سال کا لاٹک پریمیم
-25%	Rs. 49,515,706	Rs. 37,331,944	نافاضٹی
-23%	Rs. 50,398,620	Rs. 39,556,243	نافاضٹی
-13%	Rs. 52,684,408	Rs. 45,749,411	خالص انتظامی اخراجات
-21%	Rs. 4,299,932	Rs. 3,400,206	کارڈ باری لاگت
20%	Rs. 259,525,658	Rs. 312,529,248	سرمایہ کارڈی
-36%	Rs. 40,209,125	Rs. 25,621,563	سرمایہ کارڈی کی آمدنی
-17%	Rs. 0,081,316	Rs. 16,635,238	کل پریمیم آمدنی
-19%	Rs. 102,200,114	Rs. 83,081,355	کل پریمیم اور اخراجات
-71%	Rs. 19,958,724	Rs. 5,51,609	پائی ہو لدر کے کھاتے میں تبدیلی

- پہلے سال کے پریمیم میں 12% کا اضافہ ہوا ہے۔
- دوسرے سال کے پریمیم میں 3% کی کمی ہوئی ہے۔
- کمپنی کے کلیم اور اخراجات میں خست پائی ہی اپانے کی وجہ سے 25% کی کمی ہوئی ہے۔ جو کہ 2017ء میں 37.33 میلین ہے۔ جبکہ 2016ء میں 49.515 میلین تھا۔

- کمپنی کے نافاضٹی کلیم میں 25% کی کمی ہوئی ہے۔ جو کہ کمپنی کے کلیم افران کی بہترین کارکردگی کا نتیجہ ہے۔
- کمپنی کے نافاضٹی میں 23% کی کمی ہوئی ہے۔ جو 2016ء میں 39.6 میلین تھا۔ جو بہترین کارکردگی کا ثبوت ہے۔
- کمپنی کے پریمیم میں کمی کی وجہ سے کارڈ باری لاگت میں بھی 21% کی کمی ہوئی ہے۔ جبکہ 2016ء میں 4.299 میلین سے کم ہو 40.34 میلین تھا۔
- کمپنی کی سرمایہ کارڈی کی آمدنی میں 36% کی کمی ہوئی ہے۔ جو کہ 2016ء میں 40.209 میلین تھا اور 2017ء میں 25.621 میلین تھا۔

اس موقع پر اچھی روٹی اور اچھی کمیشن آف پاکستان کے متواتر اور بہترین رہنمائی کا شکریہ ادا کرتے ہیں۔ ان کا کردار پوری صنعت میں ایک مؤثر ماحول پیدا کرنے کے لئے بہت اہم ہے۔

## ممبران کوڈ ایکٹشرز کی رپورٹ

آ پوکمپنی کے ڈائریکٹر، آ پوکمپنی کی سالانہ رپورٹ برائے سال 2017 جو انتظام 31 دسمبر 2017 کو ہوا۔ پیش کرنے میں سرت  
محسوس کرتے ہیں۔

### کمپنی کی بنیادی صلاحیت:

کمپنی کا بنیادی کاروبار لائف اور ہمیتو انشورس ہے اور کمپنی انفرادی اور اجتماعی طور پر لائف، ایکسٹر نفت اور ہمیتو کی انشورس پورے پاکستان میں  
فروخت کر رہی ہے۔

### کاروبار کی کارکردگی:

2017 میں کمپنی کا نقصان 13.94 ملین سے کم رہا جو کہ 2016 کے انتظام پر 22.12 ملین تھا اور یہی نقصان 2017 میں 35.66 ملین  
ہے۔ اس نقصان کی بنیادی وجہ پر بیکم اور سرمایکاری کی آمدی میں 30% سے زائد کی کمی ہے اور 17% سے زائد کی کمی پر بیکم میں ہے۔ جبکہ گروپ کا  
کاروبار کا پر بیکم 68% سے کم ہوا ہے یہ بہت ابہت رکھتا ہے کہ کمپنی کے کلیم اور اخراجات میں 19% سے زائد کی کمی ہے۔ جو یہ ظاہر کرتا ہے کہ کمپنی کو اپنی  
حکمت عملی کا بچھل رہا ہے۔ جبکہ پالیسی ہولڈرز ذمہداری کی رقم اور ٹکس کی رقم سے کمپنی کے نقصان کو کم کیا ہے۔

2016 اور 2017 کے کچھ اعداد کا موازنہ یہی ظاہر کئے گئے ہیں۔

جنوری سے دسمبر	
<b>2016</b>	<b>2017</b>
20,081,316	16,,635,238
40,209,125	25,621,563
<b>60,290,441</b>	<b>42,256,801</b>
آمدی کے ذریعے:	
خالص پر بیکم	
سرمایکاری کی آمدی	
<b>کل آمدی</b>	
اخراجات و ادائیگیاں:	
خالص کلیم	
خالص اخراجات	
<b>کل کلیم و اخراجات</b>	
اخراجات سے زائد آمدی	
پالیسی ہولڈرز کی ذمہداری کا حساب	
ٹکس سے قبل خسارہ	
ٹکس	
<b>ٹکس کے بعد خسارہ</b>	



## Grow in Safe Hand

All of us dream the same dreams and start making plans accordingly, but life is never short of surprises.

Let **East West Life** take the worry out of your saving and insurance needs. Our comprehensive range of **Life Insurance, Health Insurance and Investment Solutions** let you protect your family while giving you real peace of mind.



**EAST WEST LIFE**  
ASSURANCE COMPANY LIMITED  
A Member of Army Welfare Trust (AWT)

Head Office: Room No. 802, 8th Floor, Lakson Square, Building No. 1, Opp. Press Club, Karachi, Pakistan.  
Tel: (021) 35630421, 35630422, 35630423 Fax: (021) 35630429 E-mail: [info@eastwestlifeco.com](mailto:info@eastwestlifeco.com)

# FORM OF PROXY

25th Annual General Meeting

I/We ..... of .....

in the district of .....

being a member of East West Life Assurance Company Limited, hereby appoint .....

..... of .....

another member of the company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 25th Annual General Meeting to be held on Wednesday, April 25th, 2018 at 11:00 am at 28 - Regal Plaza, M.A. Jinnah Road, Quetta and at any adjournment thereof.

Signed this ..... day of ..... 2018

1) Witness: .....

Signature .....

Name .....

Address .....

CNIC No. or .....

Passport No. .....

Please  
Affix Rupees  
Five Revenue  
Stamp

2) Witness: .....

Signature .....

Name .....

Address .....

CNIC No. or .....

Passport No. .....

.....  
Signature of Member

**IMPORTANT:** This instrument appointing a proxy, duly completed, must be received at the office of the Company's Share Registrar, M/s. THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi, not later than 48 hours before the time of holding the meeting.

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# ایسٹ ویسٹ لائف اشورنس کمپنی لمبینڈ

پاکسی فارم

میں / ہم

برائے ایسٹ ویسٹ لائف اشورنس کمپنی لمبینڈ کا / کی امبری شیشیت سے بذریعہ بذا

کے ای

جانب اخترم

یا

ان کی جگہ

کے ای

کو

جانب اخترم

کمپنی کے 25 دس سالانہ اجلاس عام میں اپنی جگہ شرکت کرنے اور ووٹ دینے کے لئے اپنا / ہمارا پاکسی تقریر کرنا اکرتی ہوں اکرتے ہیں۔ یہ اجلاس ہر دو بہمن 25 رابریل 2018 کو صبح 11 بجے دن، ہر قام 28 ریگل پاکزدہ، ایم اے جناح روڈ، کونک یا اتو اکی صورت میں کسی بھی دنگر وقت متفرہ پر منعقد ہو گا۔

دھنکا کروہ بروز تاریخ: 2018ء

کوہاٹ:

- 1 - دھنکا:

نام:

پختہ:

یا CNIC

پاکستانی شہری:

شہری ہولڈر کا فول نمبر 2 - دھنکا:

3: اور / یا CDC شریک کا آئی ڈی نمبر

پختہ:

یا CNIC

پاکستانی شہری:

اہم نوٹ:

☆ پاکستانی ملک شہری پاکسی فارم کمپنی کے رہنماء افسی ہر قام فرست نومر C-40، بلاک 6، پی ای ہی ایچ ایس، کراچی میں اجلاس کے وقت سے 48 گھنٹیں پہنچ جاتا چاہے۔

☆ CDC شہری ہولڈر اور ان کے پاکسی سے درخواست ہے کہ کمپنی کو یہ پاکسی فارم ٹھیک کروانے سے قبل اس کے ساتھ اپنے کمپیوٹر ایڈریوئی شناختی کارڈ (CNIC) یا پاکستانی شہری کی تصدیق شدہ نسلک کریں۔

☆ CDC شہری ہولڈر اور ان کے پاکسی سے درخواست ہے کہ وہ اپنی شناخت میں سہولت کے لئے سالانہ اجلاس عام میں شرکت کے وقت شرکت کنندہ کے ID نمبر اور اپنے اکاؤنٹ نمبر کے ساتھ اپنے اصل کمپیوٹر ایڈریوئی شناختی کارڈ یا پاکستانی شہری کا رہنما نمبر بھی اہم رہا اگریں۔

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*The Company Secretary*

**EAST WEST LIFE  
ASSURANCE COMPANY LIMITED**

AFFIX  
CORRECT  
POSTAGE

Fold Here

Share Registrar's Office  
1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi-75400  
UAN: +92 (021) 111-000-322  
Dir: +92 (021) 34168266-68-70  
Fax: +92 (021) 34168271

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## Change your Life with Shiny Future

All of us dream the same dream and start making plans accordingly, but life is never short of surprises.

Let **East West Life** take the worry out of your saving and life insurance needs. Our comprehensive range of life insurance and investment products like **Mehfooz Sarmaya**, **Scholar's Plan**, **Sarmaya Gold**, **Personal Accident** and **Accident Protection** plans let you protect your family while giving you real peace of mind.



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