

ANNUAL  
REPORT  
**T**WO thousand  
**fifteen**

*Join us for a  
Rising Future*



**EAST WEST LIFE**  
ASSURANCE COMPANY LIMITED

the 1990s, the number of people in the world who are under 15 years of age is projected to increase from 1.1 billion to 1.5 billion.

As the world's population grows, the demand for food and other resources will increase. This will put pressure on the environment and on the world's food supply.

One way to meet this demand is to increase the amount of food that is produced. This can be done by using more land for agriculture, by using more water, or by using more fertilizers and pesticides.

Another way to meet this demand is to reduce the amount of food that is wasted. This can be done by improving the way that food is stored and distributed, or by encouraging people to eat less meat.

There are many other ways to meet the world's growing demand for food and other resources. It is up to us to decide which way is best.

One of the most important things we can do is to make sure that everyone has access to the resources they need to live a healthy and productive life.

This means that we need to make sure that everyone has access to clean water, to food, and to education. It also means that we need to make sure that everyone has the opportunity to work and to earn a living.

Only by making sure that everyone has access to these basic resources can we hope to meet the world's growing demand for food and other resources.

It is our responsibility to make sure that everyone has access to these resources. We must work together to make sure that everyone has the opportunity to live a healthy and productive life.

Only by making sure that everyone has access to these basic resources can we hope to meet the world's growing demand for food and other resources.

It is our responsibility to make sure that everyone has access to these resources. We must work together to make sure that everyone has the opportunity to live a healthy and productive life.

Only by making sure that everyone has access to these basic resources can we hope to meet the world's growing demand for food and other resources.

It is our responsibility to make sure that everyone has access to these resources. We must work together to make sure that everyone has the opportunity to live a healthy and productive life.

Only by making sure that everyone has access to these basic resources can we hope to meet the world's growing demand for food and other resources.

It is our responsibility to make sure that everyone has access to these resources. We must work together to make sure that everyone has the opportunity to live a healthy and productive life.

Only by making sure that everyone has access to these basic resources can we hope to meet the world's growing demand for food and other resources.

It is our responsibility to make sure that everyone has access to these resources. We must work together to make sure that everyone has the opportunity to live a healthy and productive life.

Only by making sure that everyone has access to these basic resources can we hope to meet the world's growing demand for food and other resources.

It is our responsibility to make sure that everyone has access to these resources. We must work together to make sure that everyone has the opportunity to live a healthy and productive life.

## 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.

(آمین)



*Plan ahead to **Protect**  
your **Bright Future***

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 East West Group of Companies

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)



# Contents

Company Introduction	02
Product Highlights	03
Board of Directors and Company Information	10
Management and Bankers	11
Committees	12
Our Mission, Vision and Principle Values	13
Code of Conduct	14
Chairman's Review	15
Directors' Report to the Shareholders	17
Key Financial Data for the Last Six Years	23
Notice of Annual General Meeting	24
Statement of Compliance with the Code of Corporate Governance for the Year Ended December 31, 2015	26
Review Report to the Members on Statement of Compliance with the Code of Corporate Governance	28
Auditors' Report to the Members of East West Life Assurance Company Limited	29
Balance Sheet	30
Profit and Loss Account	32
Statement of Comprehensive Income	33
Cash Flow Statement	34
Statement of Changes in Equity	35
Revenue Account	36
Statement of Premiums	37
Statement of Claims	38
Statement of Expenses	39
Statement of Investment Income	40
Notes to the Financial Statements	41
Statement of Directors	75
Statement by the Appointed Actuary	76
Pattern of Holding of the Shares	77
Branch Network	78

## 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. 600 million, out of which Rs. 594.2915 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.

East West Life is a member of a large financial group, which includes our sister concern, specializing in general insurance business with over 80 branches throughout the country, M/s East West Insurance Company Limited. With joint paid-up capital of nearly Rs. 995.8 million and worth in billions, the group, as a whole, has substantial resources to meet its financial requirements and obligations effectively. The group has a combined insurance business experience of 50 years. Thus, we are fully aware of the service needs of insurance clients. We are making endeavors to make our group a one-stop solution for all insurance needs of an individual or corporate entity with a special focus on being the best service provider.

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 Karachi Stock Exchange (KSE).

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.



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.

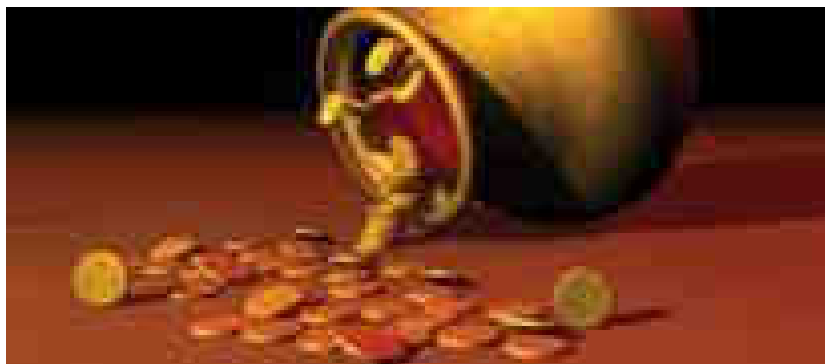
Sarmaya Gold is specifically designed to offer highest cash-value growth potential together with life insurance. In this policy, there is no ongoing premium commitment required, i.e. only one premium is enough for your policy to sustain and produce high cash values (more investment potential) for the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



## ACCIDENT PROTECTION PLAN

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



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

Chief Justice (R) Mian  
Mahboob Ahmad

## Chief Executive Officer

Maheen Yunus, CPCU

## Directors

Mohsin Ali Kanchwala  
Umeed Ansari  
Javed Yunus  
Pervez Yunus  
Naved Yunus  
Omar P. Yunus

## Company Secretary

Sohail Nazeer

## Appointed Actuary

Shujat Siddiqui, MA, FIA, FPSA

## Consulting Actuaries

Akhtar & Hasan (Private) Limited

## Legal Advisor

Saiyed Younus Saeed

## Auditor

BDO Ebrahim & Company  
Chartered Accountants

## Share Registrar

THK (Pvt.) Limited  
2nd Floor, State Life Building No. 3  
Dr. Ziauddin Ahmed Road,  
Karachi, Pakistan.  
UAN: (021) 111-000-322  
Phone: (021) 35693094-95  
Fax: (021) 35655595

## Registered Office

28 Regal Plaza, M. A. Jinnah  
Road, Quetta.  
Phone: (081) 2822913, 2821397  
Fax: (92-81) 2821460

## Head Office

Room No. 802, 8th Floor,  
Lakson Square Building No. 1,  
Opp. Karachi Press Club,  
Karachi, Pakistan.  
Phone: (021) 35630421  
35630422, 35630423  
Fax: (92-21) 35630429

## Website

www.eastwestlifeco.com

## E-mail

info@eastwestlifeco.com

# Management and Bankers

## Chief Executive Officer (CEO)

Maheen Yunus, CPCU

## Chief Operating Officer (COO)

Imran Ali Dodani

## Chief Financial Officer (CFO) and Company Secretary

Sohail Nazeer

## Advisor to CEO

Raja Gustasab Khan

## Zonal Head

Sheikh Khalid Mehmood

## Chief Medical Officer (CMO)

Dr. Muhammad Aslam, MBBS,  
MD (USA), FCPS (Part 1)

## Deputy General Managers

Nauman Mughal

Aqeel Ansari

Sana-ul-Haq Hashmi

## Assistant General Managers

Tanveer Iqbal

Naveed Ashraf

Anjum Ghazali

Ajaz Hussain

## Bankers

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

# Committees

## Executive Committee

Pervez Yunus  
Maheen Yunus, CPCU  
Naved Yunus  
Javed Yunus  
Sohail Nazeer, Secretary

## Audit Committee

Umeed Ansari  
Naved Yunus  
Pervez Yunus  
Mohsin Ali Kanchwala  
Muhammad Aamir Khan, Secretary

## Underwriting Committee

Pervez Yunus  
Mohsin Ali Kanchwala  
Javed Yunus  
Ajaz Hussain, Secretary

## Claim Committee

Javed Yunus  
Naved Yunus  
Mohsin Ali Kanchwala  
Saleha Usman, Secretary

## Reinsurance Committee

Naved Yunus  
Maheen Yunus, CPCU  
Mohsin Ali Kanchwala  
Sana-ul-Haq Hashmi, Secretary

## Investment Committee

Mohsin Ali Kanchwala  
Naved Yunus  
Maheen Yunus, CPCU  
Sohail Nazeer, Secretary

## Human Resources and Remuneration Committee

Naved Yunus  
Pervez Yunus  
Imran Ali Dodani  
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 23rd Annual Report together with the audited financial statements of the company for the year ended December 31st, 2015.

### THE ECONOMY

Pakistan is at an important juncture of its history. But sometime it is quite contrary to one's expectations what is happening in the world economy these days as the fight between the oil giants is getting worse. Oil prices in the world market are facing the worst slump of recent history. From a high of \$115 per barrel in June 2014 and maintaining nosedived trend of price cut, the prices have gone down to \$40 in December 2015.

The present reduction simply means boon for all developing economies while the increase in the consumer's pockets raises demand for almost everything. It also means lower cost of production and prices that are affordable by more people from farmers sowing wheat for home consumption to industrialists filling apparel export orders passing benefit to almost everyone. It is also good news for Government of Pakistan looking to weather the ever worsening energy crisis. It can reap its benefits in both economic and political spheres. The oil prices will help reduce cost of energy and is likely to ease out load-shedding.

The fight against terrorism in Pakistan has gone into top gear and it seems the pressure has been

released to quite an extent for the law enforcing agencies. It is finally moving forward and has shown ample signs of force and resolve with which it intends to march ahead. But let us not be deceived. Terrorism as we Pakistani have lived through over past decades is not about a group of rouge, violent and misguided elements. It has taken deep roots in society, its polity and its economy as well. However, we have to define the way we perceive nationalism and decide for us which Pakistan we wish to live in.

### COMPANY'S FINANCIAL PERFORMANCE

In terms of profitability, 2015 was a difficult year for your company. However, despite of this fact, some important financial targets were achieved, including:

- The first year individual life premium grew more than 49%. This is good news for the company as the 1st year portfolio had been shrinking for the last few years.
- The 2nd year individual life premium increased in 2015 by more than 22% with 2nd year persistency of 60%.
- The claim expenses of the company have reduced by more than 39% in 2015 to Rs. 73.7 million from approximately Rs. 121 million in 2014.
- Total gross claims have decreased by more than 51%, which is an excellent achievement for Claims Officers

of the company.

- The company's total net management expenses have reduced by almost 15% from Rs. 64.65 million in 2014 to approximately Rs. 55 million during 2015.
- The management's persistent hard work to control excessive costs has resulted in exceptional reduction of statutory fund management expenses exceeding 13% in 2015.
- The management's cost controlling efforts have also resulted in reduction of shareholders' fund expenses by more than 19% in 2015 to Rs. 13.9 million from Rs. 17.24 million in 2014.
- As a result of premium income reduction, the company's total acquisition costs have also decreased by 50% in 2015 from Rs. 16.97 million to less than Rs. 8.5 million.
- The amount of investment has increased by 7.1% in 2015 from Rs. 284.9 million to Rs. 305.1 million, which indicates the strong base of your company.

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



## Chairman's Review

### FUTURE PROSPECTS OF THE COMPANY

In 2016 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 2016 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.

Further, the Army Welfare Trust has also shown its intention to acquire majority share holding of the company.

### 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,



**CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD**  
Chairman

Karachi, March 28th, 2016



## 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, 2015.

### 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 2015, our company's net profit for the year has, unfortunately, decreased by Rs. 42 million from a profit of almost Rs. 13 million at the end of 2014 to a loss exceeding Rs. 29 million as at December 31st, 2015. This is primarily due to a decrease in net premium and investment income of approximately 65%, which has occurred because of lower gross premium by 81% driven by a decrease in overall group life

premium by almost 90% as compared to the previous period. However, it is important to note that the company's claims and expenditures have decreased by more than 30% 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 2015 and 2014 for shareholders' and statutory funds combined:

All Amounts in Rupees	2015	2014
Net Premium Income	31,583,733	142,581,803
Investment Income	32,378,885	39,673,259
Total Net Income	63,962,618	182,255,062
Net Claims Expense	73,712,032	120,970,732
Net Management Expense	55,029,350	64,652,275
Total Claims and Expenditures	128,741,382	185,623,007
Excess of Income Over Claims and Expenditures	(64,778,764)	(3,367,945)
Movement in Policyholders' Liability	33,650,944	15,673,092
Taxation	2,062,409	661,068
<b>Net Profit for the Year</b>	<b>(29,065,411)</b>	<b>12,966,215</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 2015. 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 2015 versus 2014, which are indicative of its performance for the year under review.

Below you will find a comparison of the key figures:

	2015	2014	% Chg.
Total 1st Year Individual Life Premium	Rs. 4,630,776	Rs. 3,105,675	49.1%
Total 2nd Year Individual Life Premium	Rs. 1,854,629	Rs. 1,518,366	22.1%
Net Claims Expense	Rs. 73,712,032	Rs. 120,970,732	-39.1%
Total Gross Claims	Rs. 99,226,086	Rs. 203,166,182	-51.2%
Total Net Management Expenses	Rs. 55,029,350	Rs. 64,652,275	-14.9%
Statutory Fund Management Expenses	Rs. 41,099,891	Rs. 47,410,609	-13.3%
Shareholders' Fund Expenses	Rs. 13,929,459	Rs. 17,241,666	-19.2%
Total Acquisition Costs	Rs. 8,476,395	Rs. 16,968,300	-50.0%
Investments	Rs. 305,099,242	Rs. 284,900,323	7.1%

- The individual life insurance marketing team of the company has continued to make excellent strides in first year individual life premium with growth of more than 49%. This portfolio of the company had been shrinking two years ago. Therefore, this is very good news as it sets the stage for overall individual life portfolio growth in the future.

- The 2nd year individual life premium has shown a satisfactory increase in 2015 by more than 22%, achieving 2nd year persistency of 60%.

- 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 39% in 2015 to Rs. 73.7 million from approximately Rs. 121 million in 2014.

- Total gross claims have decreased by more than 51% to go below

Rs. 100 million, which is an excellent achievement for Claims Officers of the company.

- The company's total net management expenses have reduced by almost 15% from Rs. 64.65 million in 2014 to approximately Rs. 55 million during 2015.

- The management's persistent hard work to control excessive costs in the company have resulted in exceptional reduction of statutory fund management expenses by more than 13% in 2015 to Rs. 41.1 million from Rs. 47.4 million in 2014.

- The management's cost controlling efforts have also resulted in reduction of shareholders' fund expenses by more than 19% in 2015 to Rs. 13.9 million from Rs. 17.24 million in 2014.

- As a result of premium income reduction, the company's total acquisition costs have also

decreased by 50% in 2015 from Rs. 16.97 million to less than Rs. 8.5 million.

- The amount of investment has increased by 7.1% in 2015 from Rs. 284.9 million to Rs. 305.1 million, which indicates the strong base of your company.

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:

## Directors' Report to the Shareholders

- 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 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.
    - An organizational 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 are no doubts upon the company's ability to continue as a going concern.
  - 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, 2015 is included with the Report.
  - The value of investment in the Provident Fund based on the respective financial statements as at December 31st, 2015 is Rs. 5,510,037/-.
  - 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.

# Directors' Report to the Shareholders

## BOARD MEETINGS

- During the year, four (4) meetings of the Board of Directors were held and attendance position was as under:

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

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

## FUTURE OUTLOOK

In 2016 and beyond, the management of your company will continue focus on improving internal controls and constitute concrete policies to achieve reduction in claims, improve overall premium growth while taking steps to further reduce expenditures. 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:

- A thorough revamping of the company's corporate/group marketing department will be conducted. 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.
- Strict internal controls are being further examined to continue

reduction in management expenses. Accordingly, despite of increased inflation, it is forecasted that the company's expense will continue to decrease in 2016 and beyond.

- The individual life field force compensation package and structure are being continued without modification as it has continued to bear fruit in 2015.
- Consolidations of individual life field force offices are continuing with focus to improve the procurement cost within the business portfolio.
- 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. Our efforts will be supplemented towards other similar procurement channels, such as

salary based selling and direct marketing.

- The company has achieved some success in the front of Microinsurance. However, steps will be taken to make further inroads on the front of Microinsurance via introduction of additional products to expand the company's market exposure in this field.
- 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, especially sales/marketing team, in order to maximize results/profitability.
- Further improvement in the company's internal structure will be performed to achieve early processing of professionalized underwriting with assistance and co-ordination of available skilled managers and staff.

## Directors' Report to the Shareholders

- 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.

Besides taking these definite steps, in 2016 (the 24th year of the organization), 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 and health insurance. The company's management continues to face the challenge of permanent and long-term betterment. 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 this regard, few areas where the management will focus their attention in the future are given below:

- Focus on development of new products in line with principles of Bancassurance.
- Further addition of value-added services to our individual and corporate clients using the company's Information Technology (IT) department.
- The 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.

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:

1. Umeed Ansari
2. Naved Yunus
3. Pervez Yunus
4. Mohsin Ali Kanchwala
5. Muhammad Aamir Khan, 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, 2015 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, 2015.

### PATTERN OF SHAREHOLDING

The pattern of shareholding, as required by section 236 of the Companies Ordinance 1984 and Code of Corporate Governance is enclosed.

### AUDITORS

The appointment of Auditors for the financial year 2016 and fix their remuneration, retiring auditors M/s BDO Ebrahim & Company (Chartered Accountants), in compliance with the Code of Corporate Governance, stand retired after completing five years of their services for the company. M/s Grant Thornton Anjum Rahman (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,



**Maheen Yunus, CPCU**  
Chief Executive Officer



# Key Financial Data for the Last Six Years

	2015	2014	2013	2012	2011	2010
<b>REVENUE ACCOUNT</b>						
Premium - Net of Reinsurance	31,583,733	142,581,803	219,575,818	181,272,234	178,686,939	183,761,428
Interest and Other Income	32,378,885	39,673,259	31,035,347	28,472,441	33,851,073	34,126,030
	63,962,618	182,255,062	250,611,165	209,744,675	212,538,012	217,887,458
Claims Less Reinsurance	73,712,032	120,970,732	118,444,648	162,132,539	124,524,654	109,356,851
Net Commission & Acquisition Cost	7,675,152	10,841,953	14,097,678	15,372,062	20,762,238	37,817,904
Other Administrative Cost	47,354,198	53,810,322	59,111,466	64,997,997	63,469,139	64,837,298
Movement in Policyholders' Liabilities	(33,650,944)	(15,673,092)	26,031,832	4,101,664	16,876,406	54,636,597
Profit/(Loss) Before Tax	(31,127,820)	12,305,147	32,925,541	(36,859,587)	(13,094,425)	(48,761,192)
Taxation	2,062,409	661,068	771,429	(2,801,730)	(2,218,754)	(2,052,165)
<b>Profit/(Loss) After Tax</b>	<b>(29,065,411)</b>	<b>12,966,215</b>	<b>33,696,970</b>	<b>(39,661,317)</b>	<b>(15,313,179)</b>	<b>(50,813,357)</b>
<b>BALANCE SHEET</b>						
Investments	305,099,242	284,900,323	277,686,388	202,034,877	186,588,230	194,145,942
Other Assets	215,274,262	269,453,698	246,999,029	179,028,416	194,501,337	167,156,454
Fixed Assets	21,301,629	24,973,540	28,316,213	32,806,644	37,213,987	42,571,385
	541,675,133	579,327,561	553,001,630	413,869,937	418,303,554	403,873,781
Issued, Subscribed and Paid-Up Capital	594,291,500	594,291,500	594,291,500	500,456,000	500,456,000	500,456,000
Advance Against Equity	-	-	-	24,000,000	-	-
Accumulated Surplus/(Loss)	(394,609,283)	(363,799,069)	(382,821,519)	(411,900,536)	(376,330,613)	(353,497,796)
Balance of Statutory Fund	215,406,297	247,312,438	269,041,765	238,391,980	238,381,710	213,985,666
Other Liabilities	126,586,619	101,522,692	72,489,884	62,922,493	55,796,457	42,929,911
	541,675,133	579,327,561	553,001,630	413,869,937	418,303,554	403,873,781

## Notice of Annual General Meeting

Notice is hereby given that the 23rd Annual General Meeting of the shareholders of East West Life Assurance Company Limited will be held on Wednesday, April 27, 2016 at 12.30 pm at Company's Registered Office (28, Regal Plaza, Jinnah Road, Quetta), to transact the following business:

1. To confirm the minutes of the annual general meeting held on April 3, 2015.
2. To receive, consider and adopt the Audited Accounts for the year ended December 31st, 2015 along with Directors' and Auditors' Report thereon.
3. To appoint Auditors for the year 2016 and fix their remuneration, M/s Grant Thornton Anjum Rehman, (Chartered Accountants) being eligible, and offered themselves for appointment.
4. To transact any other business that may be placed before the meeting with the permission of the Chairman.

Karachi  
March 28th, 2016

By Order of the Board

  
Sohail Nazeer  
Company Secretary

### NOTES:

- (a) The Share Transfer Books of the Company will remain closed from April 21, 2016 to April 27, 2016 (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 Share Registrar M/s THK Associates (Pvt) Limited. 2nd Floor, State Life Building No 3, Ziauddin Ahmed Road, 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 (CNIC) to our above mentioned Share Registrar for updating of record.



# Notice of Annual General Meeting

## Payment of Cash Dividend Electronically (Optional):

As per directions to all Listed of 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/company\\_information.htm](http://www.eastwestlifeco.com/company_information.htm).

## 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.

## STATUS OF DECISION MADE IN ANNUAL GENERAL MEETING FOR INVESTMENT IN ASSOCIATED COMPANY

The last Annual General Meeting was held on May 31st, 2013 and following status is produced under regulation number 4(2) of SRO No. 27(I)/2012 dated January 16, 2012 called the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012:

1	Total Investment Approved	Rs. 10 million (Rupees Ten Million Only) in the Ordinary Shares of the East West Insurance Company Limited (an associated company) until fully utilized
2	Amount of Investment Made to Date	No investment is made till to date.
3	Reason for Not Making Investment	Due to unstable political and financial condition of country and market, company did not implement its decision.
4	Material Changes in the Financial Statements of Associated Investee Company	There is no material change in the financial statement of the Associated Investee Company.

## Statement of Compliance with the Code of Corporate Governance For the Year Ended December 31, 2015

This statement is being presented to comply with the Code of Corporate Governance contained in regulation No. 35 of listing regulations of The Karachi Stock Exchange and Code of Corporate Governance applicable to listed companies issued by SECP, for the purpose of establishing a framework of good governance, whereby an insurance company is managed in compliance with the best practices of Corporate Governance.

The company has applied the principles contained in the Code of Corporate Governance in the following manner:

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

Category	Name
Independent Director	Mr. Mohsin Ali Kanchwala
Executive Director	Mr. Maheen Yunus, CPCU (CEO/Director)
Non-Executive Directors	Chief Justice (R) Mian Mahboob Ahmad Mr. Pervez Yunus Mr. Javed Yunus Mr. Naved Yunus Mr. Umeed Ansari Mr. Omar P. Yunus

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No Casual Vacancy Occurred during the year 2015.
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 and other executive directors, have been taken by the Board.
8. The meetings of the Board were preside over by 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 during the year. 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. Board of Directors comprised of seven directors out of which four directors have obtained "Orientation Course" organized by recognized institutions and two directors are experienced and educated enough that exempted them from certification course.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment.
11. The Director's Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.

## Statement of Compliance with the Code of Corporate Governance For the Year Ended December 31, 2015

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest-in shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
15. The Board has formed an Underwriting Committee. It comprises of three members of whom all are non-executive directors including Chairman of the committee.
16. The Board has formed a Claim Settlement Committee. It comprises of three members of whom all are non-executive directors including Chairman of the committee.
17. The Board has formed a Reinsurance Committee. It comprises of three members of whom two is a non-executive director being Chairman of the committee.
18. The Board has formed a Human Resources and Remuneration Committee. It comprises of three members, of whom, all are non-executive directors including Chairman of the committee.
19. The Board has formed an Audit Committee. It comprises of four members of whom all are non-executive directors including Chairman of the committee.
20. The meetings of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the company as required by the Code of Corporate Governance. The terms of reference of the committee have been formed and advised to the committee for compliance.
21. The Board has set up an effective internal audit function, which are conversant with the policies and procedures of the company.
22. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold the 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 Institute of Chartered Accountants of Pakistan.
23. 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 International Federation of Accountants guidelines in this regard.
24. The "close period" prior to the announcement of inter/final results and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
25. The actuary appointed by the company has confirmed that neither he nor his spouse and minor children hold shares of the company.
26. The Board ensures that the appointed actuary complies with all requirements set for him in the Code for Insurance Companies.
27. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
28. We confirm that all other material principles contained in the Code of Corporate Governance have been complied with.



**Maheen Yunus, CPCU**  
Chief Executive Officer

## 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 (the Code) prepared by the Board of Directors of **East West Life Assurance Company Limited** for the year ended December 31, 2015 to comply with the requirements of listing Regulation No. 35 of Karachi Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company, Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement of internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the 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, 2015.

Future, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph 28 of the Statement of Compliance.

S.No.	Reference	Description
1.	Regulation No. 35(xiv) of listing regulations	<p>The Head of Internal Audit of a listed company to have 3 years of relevant experience in audit or finance and is:</p> <ul style="list-style-type: none"> <li>a) a member of a recognized body of professional accountants; or</li> <li>b) a Certified Internal Auditor; or</li> <li>c) a Certified Fraud Examiner; or</li> <li>d) a Certified Internal Control Auditor</li> </ul> <p>However, the Head of Internal Audit does not meet the qualification and experience criteria as required by the listing regulations.</p>

KARACHI

DATED: March 28th, 2016



**BDO Ebrahim & Company**  
 CHARTERED ACCOUNTANTS  
 Engagement Partner: Zulfikar Ali Causer

## 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 comprehensive income;
- iv. statement of changes in equity;
- v. cash flow statement;
- vi. revenue account;
- vii. statement of premiums;
- viii. statement of claims;
- ix. statement of expenses; and
- x. statement of investment income.

of **EAST WEST LIFE ASSURANCE COMPANY LIMITED** ("the Company") as at December 31, 2015 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors / management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved International 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 Auditing Standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluation of the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) Proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) The financial statements together with the notes thereon have been drawn up in conformity with the insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- c) The financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2015 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended in accordance with approved International 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 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.

Without modifying our opinion we draw attention to note 1.2 to the financial statements which inter alia states that the gross premium of the Company has decreased by Rs. 182.172 million as compared to prior year. The Company has incurred a net loss of Rs. 0.160 million and the accumulated deficit as at December 31, 2015 amounted to Rs. 394.609 million (2014: Rs. 363.799 million). These matters cast significant doubt about the ability of the Company to continue as a going concern. These Financial statements have been prepared on a going concern basis for reasons as stated in Note 1.2 to the financial statements.

KARACHI

DATED: March 28th, 2016



**BDO Ebrahim & Company**

CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer

## Balance Sheet

As At December 31, 2015

Figures in Rupees

Notes	Shareholders' Fund	Statutory Funds			Aggregate December 31, 2015	Aggregate December 31, 2014
		Ordinary Life	Universal Life	Accident & Health		
<b>SHARE CAPITAL AND RESERVES</b>						
Authorized Share Capital (60,000,000 Ordinary Shares (2014: 60,000,000) of Rs. 10 each)	600,000,000	-	-	-	600,000,000	600,000,000
Issued, Susbcribed and Paid-Up Share Capital	6 594,291,500	-	-	-	594,291,500	594,291,500
Accumulated Deficit	7 (394,609,283)	-	-	-	(394,609,283)	(363,799,069)
<b>Net Shareholders' Equity</b>	<b>199,682,217</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199,682,217</b>	<b>230,492,431</b>
<b>Balance of Statutory Fund [Including Policyholders' Liabilities Rs. 209.265 Million (2014: Rs. 242.916 Million)]</b>						
	-	16,102,701	197,063,548	2,240,048	215,406,297	247,312,438
<b>DEFERRED LIABILITIES</b>						
Outstanding Gratuity	8 9,055	77,195	-	-	86,250	90,550
<b>CREDITORS AND ACCRUALS</b>						
Outstanding Claims	9 -	21,915,767	61,953,721	7,491,601	91,361,089	71,322,337
Premiums Received in Advance	10 -	-	14,960,914	-	14,960,914	15,512,593
Amount Due To Reinsurers	11 -	2,001,054	878,451	-	2,879,505	154,270
Accrued Expenses	12 1,109,419	2,585,034	9,168,802	273,612	13,136,867	12,130,889
Agent's Balances	13 -	752,380	2,995,575	378,943	4,126,898	2,176,412
Other Creditors and Accruals	15 5,933	18,754	4,775	5,634	35,096	135,641
	<b>1,115,352</b>	<b>27,272,989</b>	<b>89,962,238</b>	<b>8,149,790</b>	<b>126,500,369</b>	<b>101,432,142</b>
<b>TOTAL LIABILITIES</b>	<b>1,124,407</b>	<b>43,452,885</b>	<b>287,025,786</b>	<b>10,389,838</b>	<b>341,992,916</b>	<b>348,835,130</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	16					
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>200,806,624</b>	<b>43,452,885</b>	<b>287,025,786</b>	<b>10,389,838</b>	<b>541,675,133</b>	<b>579,327,561</b>

The annexed notes from 1 to 39 form an integral part of these financial statements.



Figures in Rupees

			Statutory Funds			Aggregate	Aggregate
	Notes	Shareholders' Fund	Ordinary Life	Universal Life	Accident & Health	December 31, 2015	December 31, 2014
<b>CASH AND BANK DEPOSITS</b>							
Cash in Hand		-	-	4,667	-	4,667	17,872
Current and Other Accounts		8,193,940	20,142,944	75,397,541	397,623	104,132,048	124,800,780
Deposits Maturing within 12 Months	17	-	-	85,000,000	-	85,000,000	82,500,000
		<b>8,193,940</b>	<b>20,142,944</b>	<b>160,402,208</b>	<b>397,623</b>	<b>189,136,715</b>	<b>207,318,652</b>
<b>Loans Secured Against Life Insurance Policies</b>							
	5.23	-	<b>4,225,789</b>	<b>5,132,473</b>	-	<b>9,358,262</b>	<b>8,158,364</b>
<b>Unsecured Advances to Employees</b>							
		<b>59,572</b>	<b>472,334</b>	-	<b>59,814</b>	<b>591,720</b>	<b>198,524</b>
<b>INVESTMENTS</b>							
Government Securities	18	131,409,473	17,114,961	101,294,273	7,726,184	257,544,891	284,116,177
Listed Equities and Mutual Funds		32,549,018	-	15,005,333	-	47,554,351	784,146
		<b>163,958,491</b>	<b>17,114,961</b>	<b>116,299,606</b>	<b>7,726,184</b>	<b>305,099,242</b>	<b>284,900,323</b>
<b>CURRENT ASSETS - OTHER</b>							
Premiums Due But Unpaid		-	-	823,451	638,451	1,461,902	40,652,174
Amount Due From Reinsurers	11	-	297,695	2,654,784	-	2,952,479	5,351,441
Taxation		4,094,738	-	-	-	4,094,738	286,671
Prepayments		-	-	81,210	-	81,210	-
Sundry Receivables	19	50,000	1,199,162	1,421,100	1,567,766	4,238,028	4,847,439
Investment Income Accrued		2,880,946	-	210,954	-	3,091,900	2,348,878
Stationery		267,308	-	-	-	267,308	291,555
		<b>7,292,992</b>	<b>1,496,857</b>	<b>5,191,499</b>	<b>2,206,217</b>	<b>16,187,565</b>	<b>53,778,158</b>
<b>FIXED ASSETS</b>							
<b>Tangible</b>							
Furniture, Fixtures, Office Equipment and Vehicles	20	21,301,629	-	-	-	21,301,629	24,973,540
		<b>21,301,629</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,301,629</b>	<b>24,973,540</b>
<b>TOTAL ASSETS</b>							
		<b>200,806,624</b>	<b>43,452,885</b>	<b>287,025,786</b>	<b>10,389,838</b>	<b>541,675,133</b>	<b>579,327,561</b>

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chairman



Chief Executive Officer



Director



Director

# Profit and Loss Account

For The Year Ended December 31, 2015

Figures in Rupees

		Aggregate	
	Notes	December 31, 2015	December 31, 2014
<b>Investment Income Not Attributable to Statutory Funds</b>			
Return on Government Securities		12,324,504	11,954,902
Return on Other Fixed Income Securities and Deposits		1,891,199	581,374
Amortization of Discount/Premium Relative to Par		729,569	718,337
Provision for impairment in the value of available for sale investments		(8,399,462)	-
		6,545,810	13,254,613
Gain on Sale of Investment - net		3,306,656	5,468,735
Net Investment Income		9,852,466	18,723,348
<b>Other Revenue</b>			
Gain on Sale of Fixed Asset		461,520	-
Dividend Income		1,392,850	29,700
<b>Total Investment Income and Other Revenue</b>		<b>11,706,836</b>	<b>18,753,048</b>
Expenses Not Attributable to Statutory Funds	21	(13,929,459)	(17,241,666)
<b>Loss / Profit Before Appropriation of Surplus to Shareholders' Fund</b>		<b>(2,222,623)</b>	<b>1,511,382</b>
Surplus Transferred from Statutory Fund		-	26,875,000
<b>Loss / Profit Before Tax</b>		<b>(2,222,623)</b>	<b>28,386,382</b>
Taxation	23	2,062,409	661,068
<b>Loss / Profit After Tax</b>		<b>(160,214)</b>	<b>29,047,450</b>
<b>Loss / Earning Per Share - Basic and Diluted</b>	24	<b>(0.0027)</b>	<b>0.4888</b>

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chairman



Chief Executive Officer



Director



Director



# Statement of Comprehensive Income

For The Year Ended December 31, 2015

Figures in Rupees

	Notes	Aggregate	
		December 31, 2015	December 31, 2014
Loss / Profit For The Year		(160,214)	29,047,450
Other Comprehensive Income		-	-
<b>Total Comprehensive Loss / Income For The Year</b>		<b>(160,214)</b>	<b>29,047,450</b>

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chairman



Chief Executive Officer



Director



Director

# Cash Flow Statement

For The Year Ended December 31, 2015

Figures in Rupees

	Statutory Funds			Aggregate		
	Shareholders' Fund	Ordinary Life	Universal Life	Accident & Health	December 31, 2015	December 31, 2014
<b>Operating Cash Flows</b>						
<b>a) Underwriting Activities</b>						
Premium Received	-	41,771,268	20,607,024	17,918,902	80,297,194	223,524,770
Reinsurance Premium Net of Claims Received / (Paid)	-	21,820,900	(1,633,962)	-	20,186,938	5,084,785
Claims Paid	-	(49,441,363)	(6,981,269)	(18,698,582)	(75,121,214)	(169,811,507)
Surrenders Paid	-	(136,895)	(3,873,828)	-	(4,010,723)	(5,241,130)
Commission Paid	-	(2,205,798)	(2,136,143)	(831,703)	(5,173,644)	(14,231,290)
<b>Net Cash Generated From / (Used In) Underwriting Activities</b>	<b>-</b>	<b>11,808,112</b>	<b>5,981,822</b>	<b>(1,611,383)</b>	<b>16,178,551</b>	<b>39,325,628</b>
<b>b) Other Operating Activities</b>						
Income Tax Paid	(1,745,658)	-	-	-	(1,745,658)	(1,417,875)
General Management Expenses Paid	(12,139,675)	(10,631,979)	(13,799,987)	(7,590,826)	(44,162,467)	(47,714,545)
<b>Net Cash Used in Other Operating Activities</b>	<b>(13,885,333)</b>	<b>(10,631,979)</b>	<b>(13,799,987)</b>	<b>(7,590,826)</b>	<b>(45,908,125)</b>	<b>(49,132,420)</b>
<b>Total Cash (Used in) / Generated From All Operating Activities</b>	<b>(13,885,333)</b>	<b>1,176,133</b>	<b>(7,818,165)</b>	<b>(9,202,209)</b>	<b>(29,729,574)</b>	<b>(9,806,792)</b>
<b>Investment Activities</b>						
Profit / Return Received	7,959,105	-	5,302,565	-	13,261,670	13,536,755
Dividend Received	1,392,850	-	-	-	1,392,850	27,500
Payments For Investments	(356,109,514)	(51,373,959)	(962,952,267)	(27,679,137)	(1,398,114,877)	(740,488,788)
Proceeds From Disposal of Investments	343,254,168	53,666,292	966,217,611	30,658,761	1,393,796,832	755,472,525
Proceeds From Disposal of Fixed Assets	1,217,762	-	-	-	1,217,762	-
Fixed Capital Expenditure	(6,600)	-	-	-	(6,600)	(244,000)
<b>Total Cash (Used in) / Generated From Investing Activities</b>	<b>(2,292,229)</b>	<b>2,292,333</b>	<b>8,567,909</b>	<b>2,979,624</b>	<b>11,547,637</b>	<b>28,303,992</b>
<b>Financing Activities</b>						
Capital Contribution from Shareholders' Fund	(30,650,000)	13,250,000	12,000,000	5,400,000	-	-
<b>Total Cash (Used In) / Generated From Financing Activities</b>	<b>(30,650,000)</b>	<b>13,250,000</b>	<b>12,000,000</b>	<b>5,400,000</b>	<b>-</b>	<b>-</b>
<b>Net Cash (Outflow) / Inflow From All Activities</b>	<b>(46,827,562)</b>	<b>16,718,466</b>	<b>12,749,744</b>	<b>(822,585)</b>	<b>(18,181,937)</b>	<b>18,497,200</b>
Cash At The Beginning of The Year	55,021,502	3,424,478	147,652,464	1,220,208	207,318,652	188,821,452
<b>Cash At The End of The Year</b>	<b>8,193,940</b>	<b>20,142,944</b>	<b>160,402,208</b>	<b>397,623</b>	<b>189,136,715</b>	<b>207,318,652</b>
<b>Reconciliation to Profit and Loss Account</b>						
Operating Cash Flows					(29,729,574)	(9,806,792)
Depreciation Expenses					(2,922,269)	(3,586,673)
Investment Income					31,739,936	36,030,169
(Decrease) / Increase in Assets Other Than Cash					(36,740,521)	3,689,227
Increase in Liabilities Other Than Running Finance					8,587,017	13,515,284
Surplus / (Deficit) of Statutory Funds					28,905,197	(10,793,765)
<b>(Loss) / Profit After Taxation</b>					<b>(160,214)</b>	<b>29,047,450</b>

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chairman



Chief Executive Officer



Director



Director

## Statement of Changes in Equity

For The Year Ended December 31, 2015

Figures in Rupees

	Share Capital	Net Accumulated Surplus/(Deficit)			Total
		Accumulated (Deficit)	Capital Contributed to Statutory Fund	Net Accumulated Surplus/(Deficit)	
Balance as at January 01, 2014	594,291,500	(113,791,093)	(269,030,426)	(382,821,519)	211,469,981
Total Comprehensive Income for the Year	-	29,047,450	-	29,047,450	29,047,450
Capital Contributed to Statutory Fund	-	-	(10,025,000)	(10,025,000)	(10,025,000)
<b>Balance as at December 31, 2014</b>	<b>594,291,500</b>	<b>(84,743,643)</b>	<b>(279,055,426)</b>	<b>(363,799,069)</b>	<b>230,492,431</b>
Balance as at January 01, 2015	594,291,500	(84,743,643)	(279,055,426)	(363,799,069)	230,492,431
Total Comprehensive (loss) for the Year	-	(160,214)	-	(160,214)	(160,214)
Capital Contributed to Statutory Fund	-	-	(30,650,000)	(30,650,000)	(30,650,000)
<b>Balance as at December 31, 2015</b>	<b>594,291,500</b>	<b>(84,903,857)</b>	<b>(309,705,426)</b>	<b>(394,609,283)</b>	<b>199,682,217</b>

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chairman



Chief Executive Officer



Director



Director

# Revenue Account

For The Year Ended December 31, 2015

Figures in Rupees

Notes	Statutory Funds			Aggregate	
	Ordinary Life	Universal Life	Accident & Health	December 31, 2015	December 31, 2014
<b>Income</b>					
Premium Less Reinsurances	3,178,950	20,883,317	7,521,466	31,583,733	142,581,803
Net Investment Income	1,270,541	18,638,922	762,586	20,672,049	20,920,211
<b>Total Net Income</b>	<b>4,449,491</b>	<b>39,522,239</b>	<b>8,284,052</b>	<b>52,255,782</b>	<b>163,502,014</b>
<b>Claims and Expenditure</b>					
Claims, Including Bonuses, Net of Reinsurance Recoveries	15,710,291	33,924,074	24,077,667	73,712,032	120,970,732
Management Expenses Less Recoveries	8,881,010	22,942,348	9,276,533	41,099,891	47,410,609
Total Claims and Expenditure	24,591,301	56,866,422	33,354,200	114,811,923	168,381,341
<b>Deficit of Income Over Claims and Expenditure</b>	<b>(20,141,810)</b>	<b>(17,344,183)</b>	<b>(25,070,148)</b>	<b>(62,556,141)</b>	<b>(4,879,327)</b>
Add: Policyholders' Liabilities at Beginning of The Year	20,285,432	202,167,391	20,462,896	242,915,719	258,588,811
Less: Policyholders' Liabilities at End of The Year	12,853,870	196,409,514	1,391	209,264,775	242,915,719
	7,431,562	5,757,877	20,461,505	33,650,944	15,673,092
<b>(Deficit)/Surplus</b>	<b>(12,710,248)</b>	<b>(11,586,306)</b>	<b>(4,608,643)</b>	<b>(28,905,197)</b>	<b>10,793,765</b>
<b>Movement in Policyholders' Liabilities</b>	<b>(7,431,562)</b>	<b>(5,757,877)</b>	<b>(20,461,505)</b>	<b>(33,650,944)</b>	<b>(15,673,092)</b>
<b>Transfer From Shareholders' Fund</b>					
Capital Contribution From Shareholders' Fund	13,250,000	12,000,000	5,400,000	30,650,000	10,025,000
Transfer of Surplus to Shareholders' Fund	-	-	-	-	(26,875,000)
	<b>13,250,000</b>	<b>12,000,000</b>	<b>5,400,000</b>	<b>30,650,000</b>	<b>(16,850,000)</b>
Balance of Statutory Funds at The Beginning of The Year	22,994,511	202,407,731	21,910,196	247,312,438	269,041,765
<b>Balance of Statutory Funds at End of The Year</b>	<b>16,102,701</b>	<b>197,063,548</b>	<b>2,240,048</b>	<b>215,406,297</b>	<b>247,312,438</b>
<b>Represented By:</b>					
Capital Contributed by Shareholders' Fund	159,205,426	145,100,000	5,400,000	309,705,426	279,055,426
Accumulated (Deficit)	(155,956,595)	(144,445,966)	(3,161,343)	(303,563,904)	(274,658,707)
	3,248,831	654,034	2,238,657	6,141,522	4,396,719
Policyholders' Liabilities	12,853,870	196,409,514	1,391	209,264,775	242,915,719
<b>Balance of Statutory Funds</b>	<b>16,102,701</b>	<b>197,063,548</b>	<b>2,240,048</b>	<b>215,406,297</b>	<b>247,312,438</b>

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chairman



Chief Executive Officer



Director



Director

# Statement of Premiums

For The Year Ended December 31, 2015

Figures in Rupees

Notes	Statutory Funds			Aggregate	
	Ordinary Life	Universal Life	Accident & Health	December 31, 2015	December 31, 2014
<b>Gross Premiums</b>					
Regular Premium Individual Policies*					
First Year	-	4,618,276	12,500	4,630,776	3,105,675
Second Year Renewal	-	1,854,629	-	1,854,629	1,518,366
Subsequent Year Renewal	-	16,148,327	-	16,148,327	19,712,351
Group Policies	12,715,801	-	7,508,966	20,224,767	200,694,502
<b>Total Gross Premiums</b>	<b>12,715,801</b>	<b>22,621,232</b>	<b>7,521,466</b>	<b>42,858,499</b>	<b>225,030,894</b>
<b>Less: Reinsurance Premiums Ceded</b>					
On Individual Life First Year Business	-	(75,616)	-	(75,616)	(49,364)
On Individual Life Second Year Business	-	(49,378)	-	(49,378)	(8,271)
On Individual Life Renewal Business	-	(1,612,921)	-	(1,612,921)	(1,716,283)
On Group Policies	(9,536,851)	-	-	(9,536,851)	(80,675,173)
<b>Total Reinsurance Premiums Ceded</b>	<b>(9,536,851)</b>	<b>(1,737,915)</b>	<b>-</b>	<b>(11,274,766)</b>	<b>(82,449,091)</b>
<b>Net Premiums</b>	<b>3,178,950</b>	<b>20,883,317</b>	<b>7,521,466</b>	<b>31,583,733</b>	<b>142,581,803</b>

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

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chairman



Chief Executive Officer



Director



Director

# Statement of Claims

For The Year Ended December 31, 2015

Figures in Rupees

	Statutory Funds			Aggregate	
	Ordinary Life	Universal Life	Accident & Health	December 31, 2015	December 31, 2014
<b>Gross Claims</b>					
Claims Under Individual Policies					
By Death	143,587	3,550,258	-	3,693,845	6,885,169
By Insured Event Other Than Death	-	-	-	-	16,250
By Maturity	6,592,549	23,516,351	-	30,108,900	18,478,488
By Surrender	469,472	6,857,465	-	7,326,937	6,758,633
<b>Total Gross Individual Policy Claims</b>	<b>7,205,608</b>	<b>33,924,074</b>	<b>-</b>	<b>41,129,682</b>	<b>32,138,540</b>
<b>Claims Under Group Policies</b>					
By Death	33,716,823	-	-	33,716,823	105,771,420
By Insured Event Other Than Death	301,914	-	24,077,667	24,379,581	65,256,222
<b>Total Gross Group Policy Claims</b>	<b>34,018,737</b>	<b>-</b>	<b>24,077,667</b>	<b>58,096,404</b>	<b>171,027,642</b>
<b>Total Gross Claims</b>	<b>41,224,345</b>	<b>33,924,074</b>	<b>24,077,667</b>	<b>99,226,086</b>	<b>203,166,182</b>
<b>Less: Reinsurance Recoveries</b>					
On Group Life Claims	(25,514,054)	-	-	(25,514,054)	(79,540,666)
On Individual Life Claims	-	-	-	-	(2,654,784)
<b>Net Claims</b>	<b>15,710,291</b>	<b>33,924,074</b>	<b>24,077,667</b>	<b>73,712,032</b>	<b>120,970,732</b>

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chairman



Chief Executive Officer



Director



Director



# Statement of Expenses

For The Year Ended December 31, 2015

Figures in Rupees

	Statutory Funds			Aggregate	
	Ordinary Life	Universal Life	Accident & Health	December 31, 2015	December 31, 2014
<b>Acquisition Costs</b>					
Remuneration to Insurance Intermediaries on Individual Policies:					
Commission on First Year Premiums	-	3,120,216	3,250	3,123,466	1,663,794
Commission on Second Year Premiums	-	189,870	-	189,870	134,453
Commission on Subsequent Renewal Premiums	-	483,748	-	483,748	377,311
Other Benefits to Insurance Intermediaries	-	306,804	-	306,804	218,484
Remuneration to Insurance Intermediaries on Group Policies:					
Commission	1,957,061	-	1,063,181	3,020,242	12,903,974
	1,957,061	4,100,638	1,066,431	7,124,130	15,298,016
<b>Branch Overhead</b>					
Salaries, Allowances and Other Benefits	-	441,900	-	441,900	533,900
Other Operational Costs	-	902,590	-	902,590	1,123,904
	-	1,344,490	-	1,344,490	1,657,804
Other Acquisition Cost					
Policy Stamps	-	7,775	-	7,775	12,480
<b>Total Acquisition Cost</b>	<b>1,957,061</b>	<b>5,452,903</b>	<b>1,066,431</b>	<b>8,476,395</b>	<b>16,968,300</b>
<b>Administration Expenses</b>					
Salaries and Other Benefits	2,831,929	9,739,055	5,284,698	17,855,682	19,946,372
Travelling Expenses	268,510	669,469	326,010	1,263,989	1,354,346
Auditor Remuneration	186,206	186,206	186,207	558,619	566,345
Actuary's Fees	900,000	630,000	180,000	1,710,000	1,710,000
Medical Fees	-	-	-	-	33,180
Advertisements	15,100	15,100	15,100	45,300	514,470
Printing and Stationary	78,332	102,563	76,983	257,878	600,418
Operating Lease Rentals	154,912	446,379	154,912	756,203	1,008,435
Staff Welfare	695,718	1,250,793	335,727	2,282,238	3,002,016
Postage, Telegram & Telephone	114,810	301,049	115,321	531,180	743,759
Electricity and Gas	596,129	642,654	596,129	1,834,912	1,605,873
Entertainment Expense	709,629	337,265	202,751	1,249,645	2,322,288
Consultancy Charges	607,223	433,731	260,237	1,301,191	1,114,871
Miscellaneous Expenses	480,716	2,821,159	476,027	3,777,902	2,046,283
	7,639,214	17,575,423	8,210,102	33,424,739	36,568,656
<b>Gross Management Expenses</b>	<b>9,596,275</b>	<b>23,028,326</b>	<b>9,276,533</b>	<b>41,901,134</b>	<b>53,536,956</b>
Commission From Reinsurers	(715,265)	(85,978)	-	(801,243)	(6,126,347)
<b>Net Management Expenses</b>	<b>8,881,010</b>	<b>22,942,348</b>	<b>9,276,533</b>	<b>41,099,891</b>	<b>47,410,609</b>

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chairman



Chief Executive Officer



Director



Director

## Statement of Investment Income

For The Year Ended December 31, 2015

Figures in Rupees

	Statutory Funds			Aggregate	
	Ordinary Life	Universal Life	Accident & Health	December 31, 2015	December 31, 2014
<b>Investment Income</b>					
On Government Securities	1,248,331	7,716,591	707,189	9,672,111	9,393,399
on other Fixed Income Securities and Deposits	-	5,165,492	-	5,165,492	6,266,397
Amortization of Premium	-	-	-	-	-
Amortization of Discount	-	4,533	-	4,533	4,567
Other Miscellaneous Income	22,210	561,342	55,397	638,949	3,762,741
	<b>1,270,541</b>	<b>13,447,958</b>	<b>762,586</b>	<b>15,481,085</b>	<b>19,427,104</b>
Gain on Sale of Investments	-	5,190,964	-	5,190,964	1,493,107
<b>Net Investment Income</b>	<b>1,270,541</b>	<b>18,638,922</b>	<b>762,586</b>	<b>20,672,049</b>	<b>20,920,211</b>

The annexed notes from 1 to 39 form an integral part of these accounts.



Chairman



Chief Executive Officer



Director



Director

# Notes to the Financial Statements

For The Year Ended December 31, 2015

## 1 STATUS AND NATURE OF BUSINESS

1.1 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 the Pakistan Stock Exchange. The Company commenced its operations 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. The Company is engaged in life insurance business in accordance with the requirements of Insurance Ordinance, 2000. The Company has established a shareholders' fund and following statutory funds in respect of each class of its life insurance business:

- Ordinary Life
- Universal Life and
- Accident and Health

1.2 During the year, the gross premium of the Company has decreased by Rs. 182.172 million as compared to prior year. The Company has incurred a net loss of Rs. 0.160 million and the accumulated deficit as at December 31, 2015 is Rs. 394.609 million (2014: Rs. 363.799 million). These matters cast doubt about the Company's ability to continue as a going concern. Management is in the process of identifying avenues to enhance the business through collaboration. Further, as per the actuary's advice, the Sponsors have committed to provide capital injections to enhance the capital and maintain the solvency margin of the Company. The Company is compliant with respect to all regulatory capital requirements as at December 31, 2015. Accordingly, these financial statements have been prepared on a 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 (Insurance) Rules, 2002 (the Rules) vide SRO 938(1)/2002 dated December 12, 2002.

## 3 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.

### 3.1 Standards or interpretations that are effective in current year but not relevant to the Company

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB) which have been adopted locally by the Securities and Exchange Commission of Pakistan vide SRO 633(I)/2014 dated July 10, 2014 with effect from following dates. The Company has adopted these accounting standards and interpretations which do not have significant impact on the Company's financial statements other than certain disclosure requirement about fair value of financial instruments as per IFRS 13 "Fair Value Measurement".

	<b>Effective Date (Annual Periods Beginning On or After)</b>
IFRS 10 Consolidated Financial Statements	January 01, 2015
IFRS 11 Joint Arrangements	January 01, 2015
IFRS 12 Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 Fair Value Measurement	January 01, 2015
IAS 28 Investments in Associates and Joint Ventures (Revised 2011)	January 01, 2015

### 3.2 Amendments that are effective in current year but not relevant to the Company

The Company has adopted the amendments to the following accounting standards which became effective during the year:

IAS 19 Employee Benefits - Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.	July 1, 2014
--	--------------

The Annual Improvements to IFRSs that are effective for annual periods beginning on or after 1 January 2015 are as follows:

#### Annual Improvements to IFRSs (2010 - 2012) Cycle:

IFRS 2 Share - based payments
IFRS 3 Business Combinations
IFRS 8 Operating Segments
IFRS 13 Fair Value Measurement
IAS 16 Property Plant and Equipment
IAS 24 Related Party Disclosures
IAS 38 Intangible Assets

#### Annual Improvements to IFRSs (2011 – 2013 Cycle):

IFRS 3 Business Combinations
IFRS 13 Fair Value Measurement
IAS 40 Investment Property

### 3.3 Amendments not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

	<b>Effective Date (Annual Periods Beginning On or After)</b>
IFRS 10 Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture and application of the consolidation exception	January 01, 2016
IFRS 11 Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation	January 01, 2016

		Effective Date (Annual Periods Beginning On or After)
IFRS 12	Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception	January 01, 2016
IAS 1	Presentation of Financial Statements - Amendments resulting from the disclosure initiative	January 01, 2016
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation and amendments bringing bearer plants into the scope of IAS 16	January 01, 2016
IAS 27	Separate Financial Statements (as amended in 2011) - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements	January 01, 2016
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation	January 01, 2016
IAS 41	Agriculture - Amendments bringing bearer plants into the scope of IAS 16	January 01, 2016

The Annual Improvements to IFRSs that are effective for annual periods beginning on or after 1 January 2016 are as follows:

Annual Improvements to IFRSs (2012 - 2014) Cycle:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures
- IAS 19 Employee Benefits
- IAS 34 Interim Financial Reporting

### 3.4 Standards or Interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

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

The effects of IFRS 15 - Revenues from Contracts with Customers and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have a significant effect on the Company's future financial statements.

The effects of IFRS 15 - Revenues from Contracts with Customers and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have a significant effect on the Company's future financial statements.

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

#### 4. BASIS OF MEASUREMENT

##### 4.1 Accounting Convention

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.

The financial statements have been prepared following the accrual basis of accounting except for the cash flow information.

##### 4.2 Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

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

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. Latest actuarial valuation was carried out as at December 31, 2015. For details of basis of assumptions taken by the actuary refer to note 12.1.

### 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 recognised 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 amortised 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 20.1.

Depreciation on additions and disposals 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 income as and when incurred. However, major repairs and renewals are capitalised.

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 currently.

### **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 income using the straight line method. (Refer note 20.2)

## **5.9 Cash and Cash Equivalents**

For the purpose of statement of cashflows, cash and cash equivalents consists of cash in hand, stamps in hand and deposits with banks.

## **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.

### **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 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 recognised at fair value.

**5.14 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 recognised as liability at the same point at which the premium of the underlying policy(ies) is recognised as revenue. At the same point premium ceded is recognised as expense over the period of reinsurance. Reinsurance premiums ceded not yet recognised are recognised as prepayments and are disclosed in "amount due from / (to) other insurers / reinsurers".

**5.15 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.

**5.16 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.

**5.17 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.

### 5.18 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.

### 5.19 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.

### 5.20 Foreign Currencies

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 income currently.

### 5.21 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.

### 5.22 Premium Due But Unpaid

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.

### 5.23 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>2015</b>	<b>2014</b>
<b>2015</b>	<b>2014</b>		<b>Rupees</b>	<b>Rupees</b>
59,429,150	59,429,150	Ordinary Shares of Rs. 10/- Each Fully Paid in Cash	594,291,500	594,291,500

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

	<b>Number of Shares</b>	
	<b>2015</b>	<b>2014</b>
Number of Shares at Beginning of the Year	59,429,150	59,429,150
Number of Shares at End of the Year	59,429,150	59,429,150

**6.1 The shares held by associated undertakings are as follows:**

East West Insurance Company Limited	1,351,400	300,000
-------------------------------------	-----------	---------

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

Accumulated Deficit in Statement of Changes in Equity Ignoring Effect of Capital Transfers at Start of the Year	(84,743,643)	(113,791,093)
Add: Profit in Profit and Loss Account for the Year	(160,214)	29,047,450
Accumulated Deficit in Statement of Changes in Equity Ignoring Effect of Capital Transfers at End of the Year	(84,903,857)	(84,743,643)
Less: Accumulated Net Capital Transferred in Statutory Funds	(309,705,426)	(279,055,426)
<b>Total Accumulated Deficit as Shown in Balance Sheet</b>	<b>(394,609,283)</b>	<b>(363,799,069)</b>

**8 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.

	<b>2015</b>	<b>2014</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>9 OUTSTANDING CLAIMS</b>		
Opening Balance	71,322,337	43,208,792
Add: Claims Incurred During the Year	(99,226,086)	203,166,182
Less: Claims Paid During the Year	(79,187,334)	(175,052,637)
<b>Closing Balance</b>	<b>91,361,089</b>	<b>71,322,337</b>



	Note	2015 Rupees	2014 Rupees
<b>10 PREMIUMS RECEIVED IN ADVANCE</b>			
Opening Balance		15,512,593	12,320,414
Add: Received During The Year		22,082,053	27,528,571
Less: Adjusted During The Year		(22,633,732)	(24,336,392)
<b>Closing Balance</b>		<b>14,960,914</b>	<b>15,512,593</b>
<b>11 AMOUNT DUE FROM REINSURERS</b>			
Opening Balance		5,351,441	4,521,979
Add: Premium Ceded During The Year		(5,519,618)	(54,687,516)
Amount Received During The Year		(21,346,727)	(10,089,717)
		(26,866,345)	(64,777,233)
Less: Claims Recoveries During The Year		24,073,722	61,372,775
Commission Recoveries During The Year		413,971	4,077,350
Adjustment During The year		(20,310)	156,570
		24,467,383	65,606,695
<b>Closing Balance</b>		<b>2,952,479</b>	<b>5,351,441</b>
<b>Amount Due To Reinsurer</b>			
Opening Balance		154,270	474,659
Add: Premium Ceded During The Year		5,755,147	27,761,574
Less: Claims Recoveries During The Year		(1,440,331)	(20,822,673)
Commission Recoveries During The Year		(387,270)	(2,048,998)
Adjustment During The Year		-	(205,360)
Amount Paid During The Year		(1,202,311)	(5,004,932)
		(3,029,912)	(28,081,963)
<b>Closing Balance</b>		<b>2,879,505</b>	<b>154,270</b>
<b>12 ACCRUED EXPENSES</b>			
Salary and Other Benefits Payable		981,551	1,004,559
Compensated Absences Payable	12.1	1,662,008	1,454,750
Expense Payable		6,456,918	6,395,932
Other Accrued Expenses		4,036,390	3,275,648
		<b>13,136,867</b>	<b>12,130,889</b>

12.1 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 :

Principal Actuarial Assumption	2015	2014
Discount factor used per annum	10.50%	10.50%
Expected increase in eligible pay per annum	10.50%	10.50%

	2015 Rupees	2014 Rupees
<b>Movement in Payable to Accumulated Compensation Absences</b>		
Opening Balance	1,454,750	1,368,614
Addition / (Reversal) During The Year	207,258	86,136
<b>Closing Balance</b>	<b>1,662,008</b>	<b>1,454,750</b>

**13 AGENTS' BALANCES**

Opening Balance	2,176,412	1,109,686
Add: Incurred During The Year	7,124,130	15,298,016
Less: Paid During The Year	(5,173,644)	(14,231,290)
<b>Closing Balance</b>	<b>4,126,898</b>	<b>2,176,412</b>

**14 MOVEMENTS IN EQUITY OF STATUTORY FUNDS**

	Statutory Funds			Aggregate	
	Ordinary Life	Universal Life	Accident & Health	December 31, 2015	December 31, 2014
	Rupees				
<b>Policyholders' Liabilities</b>					
Balance at Beginning of The Year	20,285,432	202,167,391	20,462,896	242,915,719	258,588,811
(Decrease) During The Year	(7,431,562)	(5,757,877)	(20,461,505)	(33,650,944)	(15,673,092)
<b>Balance at End of The Year</b>	<b>12,853,870</b>	<b>196,409,514</b>	<b>1,391</b>	<b>209,264,775</b>	<b>242,915,719</b>
<b>Capital Contributed by Shareholders' Fund</b>					
Balance at Beginning of The Year	145,955,426	133,100,000	-	279,055,426	269,030,426
Capital Contributed from Shareholders' Fund	13,250,000	12,000,000	5,400,000	30,650,000	10,025,000
Capital Returned to Shareholders' Fund	-	-	-	-	-
<b>Balance at End of The Year</b>	<b>159,205,426</b>	<b>145,100,000</b>	<b>5,400,000</b>	<b>309,705,426</b>	<b>279,055,426</b>
<b>Accumulated (Deficit) / Surplus</b>					
Balance at Beginning of The Year	(143,246,347)	(132,859,660)	1,447,300	(274,658,707)	(258,577,472)
(Deficit)/Surplus Allocated in Respect of The Year	(12,710,248)	(11,586,306)	(4,608,643)	(28,905,197)	10,793,765
Surplus Appropriated to Shareholders' Fund	-	-	-	-	(26,875,000)
<b>Balance at End of The Year</b>	<b>(155,956,595)</b>	<b>(144,445,966)</b>	<b>(3,161,343)</b>	<b>(303,563,904)</b>	<b>(274,658,707)</b>

**15 OTHER CREDITORS AND ACCRUALS**

		Statutory Funds			Aggregate	
	Shareholders' Fund	Ordinary Life	Universal Life	Accident & Health	December 31, 2015	December 31, 2014
			Rupees			
Sundry Creditors	2,611	8,254	2,102	2,480	15,446	16,039
Provident Fund Payable	3,322	10,500	2,673	3,154	19,650	119,602
	<b>5,933</b>	<b>18,754</b>	<b>4,775</b>	<b>5,634</b>	<b>35,096</b>	<b>135,641</b>

## 16 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at balance sheet date (2014: Nil).

There is a matter outstanding in respect of a person, who was working previously 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 present or potential liability of the Company regarding this matter.

## 17 DEPOSITS MATURING WITHIN 12 MONTHS

	Shareholders' Fund	Statutory Funds			Aggregate	
		Ordinary Life	Universal Life	Accident & Health	December 31, 2015	December 31, 2014
Rupees						
The Bank of Punjab	-	-	25,000,000	-	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
Apna Microfinance Bank Ltd.	-	-	-	-	-	7,500,000
Bank AlHabib Limited	-	-	10,000,000	-	10,000,000	-
Sindh Bank Limited	-	-	-	-	-	25,000,000
	-	-	85,000,000	-	85,000,000	82,500,000

17.1 These deposits carry interest at the rate of 6% (2014: 7%) per annum.

## 18 INVESTMENTS

Note		Shareholders' Fund	Statutory Funds			Aggregate	
			Ordinary Life	Universal Life	Accident & Health	December 31, 2015	December 31, 2014
Rupees							
Government Securities	18.1	131,409,473	17,114,961	101,294,273	7,726,184	257,544,891	284,116,177
Listed Equities and Mutual Fund	18.2	32,549,018	-	15,005,333	-	47,554,351	784,146
		<b>163,958,491</b>	<b>17,114,961</b>	<b>116,299,606</b>	<b>7,726,184</b>	<b>305,099,242</b>	<b>284,900,323</b>

### 18.1 Government Securities

Government Securities		Statutory Funds			Aggregate	
	Shareholders' Fund	Ordinary Life	Universal Life	Accident & Health	December 31, 2015	December 31, 2014
Rupees						
<b>Held-to-Maturity</b>						
10 Year Pakistan Investment Bonds	19,788,789	-	-	-	19,788,789	19,238,133
10 Year Pakistan Investment Bonds	1,986,913	-	-	-	1,986,913	1,982,004
10 Year Pakistan Investment Bonds	3,824,921	-	-	-	3,824,921	3,786,541
10 Year Pakistan Investment Bonds	15,713,677	-	-	-	15,713,677	15,662,871
10 Year Pakistan Investment Bonds	-	-	1,193,245	-	1,193,245	1,191,764
10 Year Pakistan Investment Bonds	9,569,920	-	579,997	-	10,149,917	10,096,496
10 Year Pakistan Investment Bonds	7,974,235	-	-	-	7,974,235	7,939,785
03 Months Treasury Bills	-	-	-	-	-	112,069,613
06 Months Treasury Bills	72,551,018	17,114,961	99,521,031	7,726,184	196,913,194	-
12 Months Treasury Bills	-	-	-	-	-	112,148,970
	<b>131,409,473</b>	<b>17,114,961</b>	<b>101,294,273</b>	<b>7,726,184</b>	<b>257,544,891</b>	<b>284,116,177</b>

The particulars of investments are as follows:

	Amount in Rupees	Maturity	Principal Repayment	Coupon Percentage	Coupon Payment
<b>Held-to-Maturity</b>					
10 Year Pakistan Investment Bonds	19,788,789	May 2016	on Maturity	9.6%	Semi-Annually
10 Year Pakistan Investment Bonds	1,986,913	August 2018	on Maturity	12%	Semi-Annually
10 Year Pakistan Investment Bonds	3,824,921	July 2020	on Maturity	12%	Semi-Annually
10 Year Pakistan Investment Bonds	15,713,677	August 2021	on Maturity	12%	Semi-Annually
10 Year Pakistan Investment Bonds	1,193,245	July 2020	on Maturity	12%	Semi-Annually
10 Year Pakistan Investment Bonds	10,149,917	July 2020	on Maturity	12%	Semi-Annually
10 Year Pakistan Investment Bonds	7,974,235	July 2022	on Maturity	12%	Semi-Annually
06 Months Treasury Bills	99,113,782	February 2016	on Maturity	6.37%	on Maturity
06 Months Treasury Bills	97,799,782	May 2016	on Maturity	6.37%	on Maturity
	<b>257,544,891</b>				

18.1.1 The Company has deposited 10 years Pakistan Investment Bonds having face value of Rs. 61.900 million (2014: Rs. 61.900 million) with State Bank of Pakistan under Section 29 of Insurance Ordinance, 2000.

## 18.2 Listed Equities

Shareholders' Fund	Statutory Funds			Aggregate	
	Ordinary Life	Universal Life	Accident & Health	December 31, 2015	December 31, 2014
Rupees					
<b>Available for Sale</b>					
Listed Equities	40,948,480	-	-	40,948,480	784,146
Mutual Funds	-	15,005,333	-	15,005,333	-
Provision for impairment	(8,399,462)	-	-	(8,399,462)	-
	<b>32,549,018</b>	<b>15,005,333</b>	<b>-</b>	<b>47,554,351</b>	<b>784,146</b>

18.2.1 Investments in listed equities includes investment in 2,707 shares (2014: 2,420) of East West Insurance Company Limited (an associated undertaking) with carrying values of Rs. 0.281 million (2014: Rs. 0.281 million). The market value of investments in listed securities and mutual funds amounted to Rs. 32.268 million and Rs. 15.005 million (2014: Rs. 0.926 million).

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

## 19 SUNDRY RECEIVABLES

Shareholders' Fund	Statutory Funds			Aggregate	
	Ordinary Life	Universal Life	Accident & Health	December 31, 2015	December 31, 2014
Rupees					
Advance for Expenses	-	720,000	262,766	982,766	257,105
Deposits	50,000	1,199,162	1,305,000	3,255,262	4,590,334
	<b>50,000</b>	<b>1,421,100</b>	<b>1,567,766</b>	<b>4,238,028</b>	<b>4,847,439</b>

## 20 FIXED ASSETS

### 20.1 Tangible Assets

	Furniture and Fixtures	Office Equipment	Computers Equipments	Vehicle Equipment	Vehicles	Total
	Rupees					
At January 01, 2015						
Cost	38,832,831	11,860,685	5,002,757	596,240	14,451,395	70,743,908
Accumulated Depreciation	22,521,199	7,431,321	4,389,096	335,132	11,093,622	45,770,368
Net Book Value	16,311,632	4,429,364	613,661	261,108	3,357,773	24,973,540
Year Ended December 31, 2015						
Opening Net Book Value	16,311,632	4,429,364	613,661	261,108	3,357,773	24,973,540
Additions	-	-	6,600	-	-	6,600
Disposals						
Cost	380,436	699,600	-	32,000	802,100	1,914,136
Depreciation	111,172	373,045	-	16,260	657,419	1,157,894
	269,264	326,555	-	15,740	144,681	756,242
Depreciation Charge	1,623,886	425,981	185,418	25,970	661,014	2,922,269
<b>Closing 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>
At December 31, 2015						
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>
At January 01, 2014						
Cost	38,832,831	11,860,685	4,758,757	596,240	14,451,395	70,499,908
Accumulated Depreciation	20,708,794	6,939,169	4,150,295	306,120	10,254,178	42,358,556
Net Book Value	18,124,037	4,921,516	608,462	290,120	4,197,217	28,141,352
Year Ended December 31, 2014						
Opening Net Book Value	18,124,037	4,921,516	608,462	290,120	4,197,217	28,141,352
Additions	-	-	244,000	-	-	244,000
Depreciation Charge	1,812,405	492,152	238,801	29,012	839,443	3,411,812
<b>Closing Net Book Value</b>	<b>16,311,633</b>	<b>4,429,364</b>	<b>613,661</b>	<b>261,108</b>	<b>3,357,774</b>	<b>24,973,540</b>
<b>Rate of Depreciation</b>	<b>10%</b>	<b>10%</b>	<b>30%</b>	<b>10%</b>	<b>20%</b>	

	Notes	2015	2014
		Rupees	
<b>21 EXPENSES NOT ATTRIBUTABLE TO STATUTORY FUNDS</b>			
Salaries and Other Benefits		4,590,571	5,806,687
Staff Welfare		1,500,174	1,913,406
Travelling		200,510	171,779
Advertisement		15,100	171,490
Telephone		114,810	170,859
Electricity, Gas and Water		596,129	496,697
Entertainment		811,004	1,508,597
Vehicle Maintenance		694,537	1,039,494
Fees and Subscription		500,000	89,624
Professional and Consultancy Fee		180,000	180,000
Supervision Fees		521,198	470,731
Professional Tax		206,600	103,300
Depreciation	20.1	2,922,269	3,411,812
Amortization		-	174,861
Auditors' Remuneration	22.1	186,206	188,782
Actuary Fees		90,000	90,000
Rent Expense		154,912	71,199
Printing and Stationery		76,982	112,552
Insurance Association of Pakistan - Membership Fees		47,131	25,000
Workers' Welfare Fund		-	589,820
Miscellaneous Expenses		521,326	454,976
		<b>13,929,459</b>	<b>17,241,666</b>

The above expenses represent allocation in accordance with the advice of the appointed actuary.

	2015	2014
	Rupees	
<b>22 AUDITORS' REMUNERATION</b>		
Audit Fee	400,000	400,000
Half Yearly Review	89,500	78,750
Others	-	50,000
Out of Pocket Expenses	255,325	226,377
	<b>744,825</b>	<b>755,127</b>

**22.1 Allocation of the Auditors' Remuneration is as Follows:**

Expense Not Attributable to Statutory Funds	21	186,206	188,782
Administration Expenses - Ordinary Life Business		186,206	188,781
Administration Expenses - Universal Life Business		186,206	188,782
Administration Expenses - Accident and Health Business		186,207	188,782
		558,619	566,345
		<b>744,825</b>	<b>755,127</b>



	Notes	2015	2014
		Rupees	
<b>23 TAXATION</b>			
Prior Year Tax		2,204,566	1,054,431
Current Tax		(142,157)	(393,363)
		<b>2,062,409</b>	<b>661,068</b>

#### 23.1 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.

The Company's deferred tax computation gives rise to deferred tax asset of Rs. 19.391 million (2014: Rs. 20.910 million) which has not been recognised in these financial statements.

	2015	2014
<b>24 PROFIT PER SHARE - BASIC AND DILUTED</b>		
(Loss) / Profit for The Year - Rupees	(160,214)	29,047,450
Weighted Average Number of Ordinary Shares	59,429,150	59,429,150
(Loss) / Earning Per Share - Rupees	<b>(0.0027)</b>	<b>0.4888</b>

#### 25 POLICYHOLDERS' LIABILITIES AS PER ACTUARY

	Statutory Funds					Aggregate December 31, 2015	Aggregate December 31, 2014
	Ordinary life		Universal Life	Accident & Health			
	Individual	Group		Individual	Group		
Rupees							
Gross of Reinsurance							
Actuary Liability Relating to Future Events	9,241,040	11,315,636	194,959,209	1,391	-	215,517,276	246,704,276
Provision for Outstanding Reported Claims Payable Over the Period Exceeding Twelve Months	297,529	-	1,495,974	-	-	1,793,503	2,343,400
Provision for Claims Incurred But Not Reported (IBNR)	100,000	1,545,568	451,328	-	-	2,096,896	12,559,493
Total	9,638,569	12,861,204	196,906,511	1,391	-	219,407,675	261,607,169

	Statutory Funds					Aggregate December 31, 2015	Aggregate December 31, 2014
	Ordinary life		Universal Life	Accident & Health			
	Individual	Group		Individual	Group		
	Rupees						
Net of Reinsurance							
Actuary Liability Related to Future Events	9,241,040	2,828,909	194,561,475	1,391	-	206,632,815	236,551,983
Provision for Outstanding Reported Claims payable Over the Period Exceeding Twelve Months	297,529	-	1,495,974	-	-	1,793,503	2,343,400
Provision for Claims Incurred But Not Reported (IBNR)	100,000	386,392	352,065	-	-	838,457	4,020,336
Total	9,638,569	3,215,301	196,409,514	1,391	-	209,264,775	242,915,719

## 26 REMUNARATION OF CHEIF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

	2015		2014	
	Chief Executive	Directors	Chief Executive	Directors
	Rupees			
Managerial Remuneration	828,000	-	828,000	-
Directors' Fees	-	60,000	-	280,000
Chairman's Honorarium	-	35,000	-	75,000
House Rent Allowance	372,000	-	372,000	-
Utilities	421,838	-	942,361	-
Retirement Benefits	165,600	-	165,600	-
Reimbursement of Expenses	2,108,137	250,150	4,018,688	-
	<b>3,895,575</b>	<b>345,150</b>	<b>6,326,649</b>	<b>355,000</b>

**Number of Person(s)** 1 2 1 3

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

## 27 TRANSACTIONS WITH RELATED PARTIES

The related parties comprises East West Insurance Company Limited (Associated Company), directors of the company, key management personnel, associated undertakings, entities with common directors, statutory funds and employees' funds. Following are the balances and transactions with related parties:

	2015			2014		
	Provident Fund	Key Management Personnel	Associated Companies & Common Directorship	Provident Fund	Key Management Personnel	Associated Companies & Common Directorship
	Rupees					
<b>Transactions During The Year</b>						
Payment made for settlement	-	-	3,650,000	-	-	-
Purchase of Vehicle	-	-	-	-	-	-
Disposal of Vehicle	-	-	-	-	-	-
Contribution During The Year	866,182	-	-	867,218	-	-
<b>Balances As At Year End</b>						
Investment	-	-	280,518	-	-	280,518

## 28 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 or 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.

**29 FINANCIAL INSTRUMENTS BY CATEGORY**

	2015			
	Loans and Receivables	Available for Sale	Held to Maturity	Total
	Rupees			
<b>Assets</b>				
Cash in Hand	4,667	-	-	4,667
Current and Other Accounts	104,132,048	-	-	104,132,048
Deposits Maturing Within 12 Months	85,000,000	-	-	85,000,000
Loans Secured Against Life				
Insurance Policies	9,358,262	-	-	9,358,262
Unsecured Advances to Employees	591,720	-	-	591,720
Government Securities	-	-	257,544,891	257,544,891
Listed Equities	-	47,554,351	-	47,554,351
Premiums Due But Unpaid	1,461,902	-	-	1,461,902
Amount Due From Reinsurer	2,952,479	-	-	2,952,479
Sundry Receivables	4,238,028	-	-	4,238,028
Investment Income Accrued	3,091,900	-	-	3,091,900
	<b>210,831,006</b>	<b>47,554,351</b>	<b>257,544,891</b>	<b>515,930,248</b>

	2015		
	Others	At Fair Value Through Profit and Loss	Total
	Rupees		
<b>Liabilities</b>			
Outstanding Gratuity	-	86,250	86,250
Outstanding Claims	-	91,361,089	91,361,089
Amount Due To Reinsurers	-	2,879,505	2,879,505
Accrued Expenses	-	13,136,867	13,136,867
Agent's Balances	-	4,126,898	4,126,898
Other Creditors and Accruals	-	35,096	35,096
	<b>-</b>	<b>111,625,705</b>	<b>111,625,705</b>

	2014			
	Loans and Receivables	Available for Sale	Held to Maturity	Total
	Rupees			
<b>Assets</b>				
Cash in Hand	17,872	-	-	17,872
Current and Other Accounts	124,800,780	-	-	124,800,780
Deposits Maturing Within 12 Months	82,500,000	-	-	82,500,000
Loans Secured Against Life				
Insurance Policies	8,158,364	-	-	8,158,364
Unsecured Advances to Employees	198,524	-	-	198,524
Government Securities	-	-	284,116,177	284,116,177
Listed Equities	-	784,146	-	784,146
Premiums Due But Unpaid	40,652,174	-	-	40,652,174
Amount Due From Reinsurer	5,351,441	-	-	5,351,441
Sundry Receivables	4,847,439	-	-	4,847,439
Investment Income Accrued	2,348,878	-	-	2,348,878
	<b>268,875,472</b>	<b>784,146</b>	<b>284,116,177</b>	<b>553,775,795</b>

	2014		
	Others	At Fair Value Through Profit and Loss	Total
		Rupees	
<b>Liabilities</b>			
Outstanding Gratuity	-	90,550	90,550
Outstanding Claims	-	71,322,337	71,322,337
Amount Due To Reinsurers	-	154,270	154,270
Accrued Expenses	-	12,130,889	12,130,889
Agent's Balances	-	2,176,412	2,176,412
Other Creditors and Accruals	-	135,641	135,641
	-	<b>86,010,099</b>	<b>86,010,099</b>

## 29.1 FAIR VALUE OF FINANCIAL INSTRUMENTS

### 29.1.1 Carrying Amount Versus Fair Value

The following table compares the carrying amounts and fair values of the Company's financial assets and financial liabilities as at December 31, 2015.

The Company considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value:

	As at December 31, 2015		As at December 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>				
Cash in Hand	4,667	4,667	17,872	17,872
Cash and Other Accounts	104,132,048	104,132,048	124,800,780	124,800,780
Deposits Maturing Within 12 Months	85,000,000	85,000,000	82,500,000	82,500,000
Investments				
Available-for-Sale				
Mutual Funds Units	15,005,333	15,005,333	-	-
Ordinary Shares - Listed	32,549,018	32,677,555	784,146	925,538
Held-to-Maturity				
Government Securities	257,544,891	257,544,891	284,116,177	284,116,177
	305,099,242	305,227,779	284,900,323	285,041,715
Loans Secured Against Life Insurance Policies	9,358,262	9,358,262	8,158,364	8,158,364
Unsecured Advances to Employees	591,720	591,720	198,524	198,524
Premiums Due But Unpaid	1,461,902	1,461,902	40,652,174	40,652,174
Amount Due From Reinsurer	2,952,479	2,952,479	5,351,441	5,351,441
Sundry Receivables	4,238,028	4,238,028	4,847,439	4,847,439
Investment Income Accrued	3,091,900	3,091,900	2,348,878	2,348,878
<b>Financial Liabilities</b>				
Outstanding Gratuity	86,250	86,250	90,550	90,550
Outstanding Claims	91,361,089	91,361,089	71,322,337	71,322,337
Amount Due To Reinsurers	2,879,505	2,879,505	154,270	154,270
Accrued Expenses	13,136,867	13,136,867	12,130,889	12,130,889
Agent's Balances	4,126,898	4,126,898	2,176,412	2,176,412
Other Creditors And Accruals	35,096	35,096	135,641	135,641

### 29.1.2 Fair Value Hierarchy

The level in the fair value hierarchy within which the financial asset or financial liability is categorised 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).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	As at December 31, 2015	Level 1	Level 2	Level 3
<b>Financial Assets Measured At Fair Value</b>				
Investments At Fair Value-Available For Sale				
Government Securities	257,544,891	-	257,544,891	-
Ordinary Shares - Listed	32,549,018	32,677,555	-	-
Mutual Fund Units	15,005,333	15,005,333	-	-
	<u>305,099,242</u>	<u>47,682,888</u>	<u>257,544,891</u>	<u>-</u>
<b>Financial Assets Measured At Fair Value</b>				
Investments At Fair Value-Available For Sale				
Government Securities	284,116,177	-	284,116,177	-
Ordinary Shares - Listed	784,146	925,538	-	-
Mutual Fund Units	-	-	-	-
	<u>284,900,323</u>	<u>925,538</u>	<u>284,116,177</u>	<u>-</u>

### 29.1.3 Transfers During The Period

During the 6 month period to December 31, 2015:

- There were no transfers between Level 1 and Level 2 fair value measurements
- There were no transfers into or out of Level 3 fair value measurements

### 29.1.4 Valuation Techniques

#### Investments at fair value through profit or loss - held for trading

For Level 2 investments at fair value through profit or loss - held for trading, the Fund uses the closing market price as per MUFAP, in respect of T bills and PIBs, and as per rates derived from PKRV rates, in respect of Government securities at reporting date per certificates multiplied by the number of certificates held.

### 30 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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 minimise 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 period 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.

#### 30.1 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 affected 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:

	2015 Rupees	2014 Rupees
<b>Cash and Cash Equivalent</b>		
Current and Other Accounts	104,132,048	124,800,780
Deposits Maturing Within 12 Months	85,000,000	82,500,000
<b>Loans and Receivables</b>		
Loans Secured Against Life Insurance Policies	9,358,262	8,158,364
Unsecured Advances to Employees	591,720	198,524
Premiums Due But Unpaid	1,461,902	40,652,174
Amount Due From Reinsurer	2,952,479	5,351,441
Investment Income Accrued	3,091,900	2,348,878
Sundry Receivables	4,238,028	4,847,439
<b>Available for Sale</b>		
Investments	47,554,351	784,146
	<b>258,380,690</b>	<b>269,641,746</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 reinsurers for whom there is no recent history of defaults. The Company maintained it's funds with banks having strong credit rating. Currently, funds are kept with banks having ranging from BBB to AAA.



The age analysis of Premiums Due But Unpaid is as follows:

	Note	2015 Rupees	2014 Rupees
Upto One Year		1,119,685	40,557,276
More Than One Year		342,217	94,898
		<b>1,461,902</b>	<b>40,652,174</b>

Sector Wise Analysis of Premium Due But Unpaid is as follows:

Financial Institutions	-	1,299,702
Transport and Communication	-	27,735,615
Education	-	9,878,536
Others	1,461,902	1,738,321
	<b>1,461,902</b>	<b>40,652,174</b>

### 30.2 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 Assets and Liabilities

2015											
Effective Interest Rate	Exposed to Interest Rate Risk									Non Interest Bearing Financial Instruments	
	Total	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	Over 5 to 10 Years	Above 10 Years		
Rupees											
On Balance Sheet											
Financial Assets											
Cash in Hand		4,667	-	-	-	-	-	-	-	-	4,667
Current and											
Other Account	4% to 5%	104,132,048	104,132,048	-	-	-	-	-	-	-	-
Deposits Maturing											
Within 12 Months	6%	85,000,000	85,000,000	-	-	-	-	-	-	-	-
Loans Secured Against											
Life Insurance Policies		9,358,262	-	-	-	-	-	-	-	-	9,358,262
Unsecured Advances											
to Employees		591,720	-	-	-	-	-	-	-	-	591,720
Investments	8% to 12%	305,099,242	-	114,118,745	117,588,571	-	1,986,913	15,168,083	23,687,912	-	32,549,018
Premiums Due But											
Unpaid		1,461,902	-	-	-	-	-	-	-	-	1,461,902
Amounts Due From											
Reinsurer		2,952,479	-	-	-	-	-	-	-	-	2,952,479
Investment Income											
Accrued		3,091,900	-	-	-	-	-	-	-	-	3,091,900
Sundry Receivables		4,238,028	-	-	-	-	-	-	-	-	4,238,028
		515,930,248	189,132,048	114,118,7453	117,588,571	-	1,986,913	15,168,083	23,687,912	-	54,247,976

## 2015

Effective Interest Rate	Exposed to Interest Rate Risk									Non Interest Bearing Financial Instruments
	Total	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	Over 5 to 10 Years	Above 10 Years	

Rupees

## Financial Liabilities

Deferred Liabilities - Gratuity	86,250	-	-	-	-	-	-	-	-	86,250
Outstanding Claims	91,361,089	-	-	-	-	-	-	-	-	91,361,089
Amounts Due to Reinsurer	2,879,505	-	-	-	-	-	-	-	-	2,879,505
Accrued Expenses	13,136,867	-	-	-	-	-	-	-	-	13,136,867
Agent's Balances	4,126,898	-	-	-	-	-	-	-	-	4,126,898
Other Creditors and Accruals	35,096	-	-	-	-	-	-	-	-	35,096
	111,625,705	-	-	-	-	-	-	-	-	111,625,705

## On Balance Sheet Gap

	404,304,543	189,132,048	114,118,745	117,588,571	-	1,986,913	15,168,083	23,687,912	-	(57,377,729)
--	-------------	-------------	-------------	-------------	---	-----------	------------	------------	---	--------------

## Financial Assets and Liabilities

## 2014

Effective Interest Rate	Exposed to Interest Rate Risk									Non Interest Bearing Financial Instruments
	Total	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	Over 5 to 10 Years	Above 10 Years	

Rupees

## On Balance Sheet

## Financial Assets

Cash in Hand	17,872	-	-	-	-	-	-	-	-	17,872
Current and										
Other Account	4% to 5%	124,800,780	124,800,780	-	-	-	-	-	-	-
Deposits Maturing										
Within 12 Months	7%	82,500,000	82,500,000	-	-	-	-	-	-	-
Loans Secured Against										
Life Insurance Policies		8,158,364	-	-	-	-	-	-	-	8,158,364
Unsecured Advances										
to Employees		198,524	-	-	-	-	-	-	-	198,524
Investments	8% to 12%	284,900,323	-	224,218,583	-	19,238,133	-	1,982,004	38,677,457	784,146
Premiums Due But Unpaid		40,652,174	-	-	-	-	-	-	-	40,652,174
Amounts Due From Reinsurer		5,351,441	-	-	-	-	-	-	-	5,351,441
Investment Income										
Accrued		2,348,878	-	-	-	-	-	-	-	2,348,878
Sundry Receivables		4,847,439	-	-	-	-	-	-	-	4,847,439
		553,775,795	207,300,780	224,218,583	-	19,238,133	-	1,982,004	38,677,457	62,358,838

## Financial Liabilities

Deferred Liabilities - Gratuity	90,550	-	-	-	-	-	-	-	-	90,550
Outstanding Claims	71,322,337	-	-	-	-	-	-	-	-	71,322,337
Amounts Due to Reinsurer	154,270	-	-	-	-	-	-	-	-	154,270
Accrued Expenses	12,130,889	-	-	-	-	-	-	-	-	12,130,889
Agent's Balances	2,176,412	-	-	-	-	-	-	-	-	2,176,412
Other Creditors and Accruals	135,641	-	-	-	-	-	-	-	-	135,641
	86,010,099	-	-	-	-	-	-	-	-	86,010,099

## On Balance Sheet Gap

	467,765,696	207,300,780	224,218,583	-	19,238,133	-	1,982,004	38,677,457	-	(23,651,261)
--	-------------	-------------	-------------	---	------------	---	-----------	------------	---	--------------

### 30.3 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 is not exposed to currency risk as it is not involved in foreign currency transactions. However, it is exposed to interest rate risk and market price risk.

### 30.4 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. Management considers that fluctuation in market interest rate will have no significant impact.

### 30.5 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.

### 30.6 Other Price Risk

The Company is not exposed to this risk.

## 31 FAIR VALUE OF FINANCIAL ASSETS

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

## 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:

#### 32.2.1 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, 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 policies.

### 32.2.2 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

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.

#### 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

### 32.2.3 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.

### 32.3 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, appointed actuary considers that the liability being kept by the Company is adequate.

### 32.4 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 assured to higher age groups. Secondly, high sum assureds are reinsured. The mortality risk is well diversified because the insureds 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 insureds 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.

### 32.5 Accounting Estimates and Judgements

#### 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:

#### Individual Universal Life Policies

- a) 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;
- b) 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;
- c) For group life and health, basic premium is loaded by 10% to 15% 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
- d) 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.

### 32.6 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 Policyholders' Liabilities since the liabilities are based on actual account values as at the valuation date i.e. Retrospective valuation method has been used.

### 32.7 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 behaviour 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.

### 32.8 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 2016 and February 2016 which pertains to calendar year 2015 were taken as IBNR reserve after adjusting the amount for unreported claims pertaining to 2015. 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.

### 32.9 Sensitivity Analysis

Variables	Change in Variable	Change in Liability 2014	Change in Liability 2013
a) Long Term Insurance with Fixed Guaranteed Terms (Individual Life Conventional Paid Ups)			
Worsening of Mortality and/or Morbidity Rates for Risk Policies	5% 10%	3,086 6,127	3,588 7,149
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.

32.10 **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.

32.11 **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 pursuing 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.

32.12 **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 commensuration 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. Amount of Rs. 2,879,505 and Rs. 2,952,417 is "amount due to reinsurers" and "amount due from reinsurers" (2014: Rs. 154,270 and Rs. 5,351,441) respectively as on December 31, 2015. In addition to the above, the Company has obtained facultative reinsurance in respect of specific customer.

### 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; and
- to provide an adequate return to shareholders
- 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 Circular no. 03 of 2007 dated April 10, 2007 is Rs. 500 million.

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

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.

- 35.1 The Trustees have intimated that the size of the Fund at year end was Rs. 5.510 million (2014: Rs. 8.067 million).
- 35.2 As intimated by the Trustees, the cost of the investments made at year end was Rs. 5.510 million (2014: Rs. 8.067 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 227 of the Companies Ordinance, 1984 is given below:

	<u>Rupees</u>	<u>Percentage</u>
Bank Deposit	10,037	0.18
Term Deposit Receipt	5,500,000	99.82
	<u><b>5,510,037</b></u>	<u><b>100.00</b></u>

35.3 According to the Trustees, investments out of provident fund have been made in accordance with the provisions of section 227 of Companies Ordinance, 1984 and the rules made thereunder.

### 36 NUMBER OF EMPLOYEES

	2015	2014
As at December 31st	38	44
Average No. of Employees During the Year	41	38

### 37 SUBSEQUENT EVENTS

Subsequent to the balance sheet date, Army Welfare Trust jointly with Elixir Securities Pakistan (Private) Limited, the Manager to the Offer for acquisition, has written to Securities and Exchange Commission of Pakistan vide letter dated March 28, 2016 to submit Public Announcement of Intention by Army Welfare Trust to acquire 30,308,867 ordinary shares of East West Life Assurance Company Limited constituting 51.00% shares of the total issued and paid up share capital of East West Life Assurance Company Limited.

### 38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements are authorized for issue on March 28th, 2016 by the Board of Directors of the Company.

### 39 GENERAL

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



Chairman



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, 2015, 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



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, 2015 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, 2015.

Karachi  
Dated: March 28th, 2016



**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, 2015

As at 31 December 2016

Number of Shareholders	Shareholding		Total Shares Held	Percentage
	From	To		
85	From 1	To 100	4,564	0.0077
509	From 101	To 500	241,871	0.4070
92	From 501	To 1,000	84,697	0.1425
56	From 1,001	To 2,000	97,519	0.1641
26	From 5,001	To 3,000	70,219	0.1182
15	From 10,001	To 4,000	55,800	0.0939
23	From 15,001	To 5,000	113,200	0.1905
10	From 20,001	To 6,000	57,794	0.0972
7	From 30,001	To 7,000	47,500	0.0799
9	From 50,001	To 8,000	69,791	0.1174
3	From 100,001	To 9,000	25,900	0.0436
12	From 200,001	To 10,000	119,500	0.2011
12	From 500,001	To 20,000	177,121	0.2980
5	From 700,001	To 30,000	129,350	0.2177
3	From 1,000,001	To 50,000	123,530	0.2079
3	From 1,200,001	To 100,000	275,800	0.4641
3	From 1,300,001	To 400,000	847,174	1.4255
2	From 1,600,001	To 600,000	992,248	1.6696
3	From 1,700,001	To 1,300,000	3,544,532	5.9643
4	From 2,500,001	To 1,800,000	6,196,934	10.4274
2	From 2,700,001	To 3,000,000	5,323,636	8.9580
3	From 3,000,001	To 4,500,000	11,541,705	19.4209
2	From 4,000,001	To 6,000,000	11,646,539	19.5974
2	From 5,000,001	To 9,200,000	17,642,226	29.6861
<b>891</b>			<b>59,429,150</b>	<b>100.0000</b>

No. of Shareholders	Number	Shares Held	Percentage
CEO, Directors and their Spouses and Minor Children	13	42,695,045	71.8419
Joint Stock Companies, Insurance Companies, Investment Companies & Modarabas	2	1,352,400	2.2757
Individuals	876	15,381,205	25.8824
	<b>891</b>	<b>59,429,150</b>	<b>100.0000</b>

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
<b>Associated Company</b>			
M/s. East West Insurance Company Limited	1	1,351,400	2.2740
<b>Other Company</b>			
National Development Finance	1	1,000	0.0017
<b>Shareholding 5%</b>			
Naved Yunus	1	9,179,300	15.4458
Javed Yunus	1	8,462,926	14.2404
Pervez Yunus	1	5,710,651	9.6092
Maheen Yunus	1	4,157,804	6.9962
Samina Yunus	1	3,146,839	5.2951
Shamaila Yunus	1	5,935,888	9.9882
Syed Arshad Ali	1	4,237,062	7.1296
<b>CEO, Directors, their Spouses and Minor Childrens</b>			
Omer Yunus	1	2,600,309	4.3755
Chief Justice (R) Mian Mahboob Ahmed	1	7,427	0.0125
Rubina Yunus	1	485,750	0.8174
Ambreen Yunus	1	342,799	0.5768
Samad Yunus	1	2,660,352	4.4765
Umeed Ansari	1	2,500	0.0042
Mohsin Ali Kanchwala	1	2,500	0.0042
Individuals	875	16,505,786	18.7528
<b>Total</b>	<b>891</b>	<b>59,429,150</b>	<b>100.0000</b>



## Branch Network

### Lahore

*Punjab Zone\**

1st Floor, Naqi Arcade,  
71, Shahrah-e-Quaid-e-Azam, Lahore.  
Tel.: (042) 36370717  
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: (0346) 7505655

### Multan

2nd Floor, Ghaffar Plaza, Bohra Street,  
Multan Cantt., Multan.  
Tel.: (061) 4504345

### Layyah

1st Floor of Khan Plaza,  
Main Choubara Road,  
Layyah.  
Tel.: (060) 6410372

### Gujrat

1st Floor, Jabbar Center,  
Opp. Allied Bank Limited, Faisal Plaza,  
G.T. Road, Gujrat City, Gujrat.  
Tel.: (053) 3535658

### 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

### Rawalpindi

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

### Note:

*Besides the company's head office (stated on page number 10), and the group marketing office in Rawalpindi shown above, corporate (group life and group health) insurance services are also offered at the above individual life sales offices marked with an asterisk (\*).*

# FORM OF PROXY

## 23rd 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 23rd Annual  
General Meeting to be held on Wednesday, April 27th, 2016 at 12:30 am at 28 - Regal Plaza, M.A. Jinnah Road, Quetta and at any adjournment  
thereof.

Signed this ..... day of ..... 2016

[illegible]

Please  
Affix Rupees  
Five Revenue  
Stamp

[illegible]

-----  
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, 2nd Floor, State Life Building No. 3, Ziauddin Ahmed Road, Karachi, not later than 48 hours before the time of holding the meeting.

Fold Here



*The Company Secretary*

**EAST WEST LIFE**  
**ASSURANCE COMPANY LIMITED**

**Share Registrar's Office**

2nd Floor, State Life Building No. 3, Ziauddin Ahmed Road,  
Karachi-Pakistan.

Tel. Off: (021) 35693094-95

Fax: (92-21) 35655595

AFFIX  
CORRECT  
POSTAGE

Fold Here

Fold Here

Fold Here

Fold Here

Fold Here



## ***Fly** without **Worries***

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 East West Group of Companies

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)



**EAST WEST LIFE**  
ASSURANCE COMPANY LIMITED

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