

Annual Report 2014

Realise your **Dreams**
for a **Bright Future**



EAST WEST LIFE
ASSURANCE COMPANY LIMITED



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)

Realise your **Dreams** for a **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: 310-EFU House, 3rd Floor, M.A. Jinnah Road, Karachi-74000, Pakistan.
Tel: (021) 32311662/5, 32310904, 32310726, Fax: (021) 32311667 E-mail: info@eastwestlifeco.com

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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 clientage.

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.

SCHOLAR'S PLAN

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 as a lump sum payout.

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

PROVIDE YOUR FAMILY A SECURE FUTURE!

General Conditions Age Limit

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

Claim Intimation

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

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

Termination

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

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

SALIENT FEATURES

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

NO MEDICAL EXAMINATION REQUIRED.

24/7 COVERAGE.

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

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

Basic Benefit Structure	Benefit
Accidental Event	Monthly Income for 10 Years only in case of an accidental event stated here
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

A. K. M. Sayeed
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

Bema Associates (Private) Limited
515 EFU House, M. A. Jinnah Road,
Karachi, Pakistan.

Phone: (021) 32316087

Fax: (92-21) 32316187

Registered Office

28 Regal Plaza, M. A. Jinnah
Road, Quetta.

Phone: (081) 2822913, 2821397

Fax: (92-81) 2821460

Head Office

310 EFU House, 3rd Floor, M. A. Jinnah
Road, Karachi, Pakistan.

Phone: (021) 32311662/5

32310726, 32310904,

32310375, 32315723

Fax: (92-21) 32311667

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)

Medical Officer

Dr. Muhammad Alam Soomro, MBBS

Deputy General Managers

Nauman Mughal

Aqeel Ansari

Sana-ul-Haq Hashmi

Assistant General Managers

Tanveer Iqbal

Naveed Ashraf

Anjum Ghazali

Kashif Naeem

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
A. K. M. Sayeed
Muhammad Aamir Khan, Secretary

Underwriting Committee

Pervez Yunus
A. K. M. Sayeed
Javed Yunus
Ajaz Hussain, Secretary

Claim Committee

Javed Yunus
Naved Yunus
A. K. M. Sayeed
Kashif Naeem, Co-Secretary
Saleha Usman, Co-Secretary

Reinsurance Committee

Naved Yunus
Maheen Yunus, CPCU
A. K. M. Sayeed
Sana-ul-Haq Hashmi, Secretary

Investment Committee

A. K. M. Sayeed
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 privilege to place before you, on behalf of the Board of Directors of East West Life Assurance Company Limited, the 22nd Annual Report together with the audited financial statements of the company for the year ended December 31st, 2014.

THE ECONOMY

Pakistan's economic outlook, which looked to be improving somewhat after the nationwide elections, was marred during 2014 as a result of mass protests and sit-ins conducted by several political parties. Moreover, Pakistan's role in the global war against terror has been overshadowing its economy and economic policy for many years, including 2014. Despite these issues, the fiscal year ending on June 30th, 2014 saw slightly improved performance with GDP growth of 4.14% as opposed to 3.7% a year before. The target for the upcoming year might be too aggressive as 4.2% GDP growth is projected. Nevertheless, inflation has stayed in single digits, which is quite promising, and the new government has achieved some notable successes during 2014, such as fiscal deficit reduction, attaining GSP (Generalized System of Preferences) plus status from the European Union (EU), home remittances from overseas Pakistanis reached record figures, Euro Bonds were successfully launched, lucrative 3G and 4G licenses auction was completed, foreign exchange reserves rose

impressively, rupee was strengthened against the US dollar and stock market created new history where the benchmark 100 index closed at almost 32,000 points in 2014.

Even at the end of 2014, it seemed that the global economy is stuck at the turnaround stage. This has created stagnation in Pakistan with regards to FDI and increased lending by banks. However, the finance team of the new government is taking positive steps to achieve best possible advantages from the actual ground situation and it is expected that the encouraging results being realized in 2014 will continue in 2015 as well. However, certain challenges still remain for Pakistan to achieve optimal economic growth, including resolution of the deep energy crises, proper management of gas distribution, financing of the war on terror, upgrading of the country's infrastructure, etc. It is hoped that the government will increase their focus on these areas, which will, undoubtedly, lead to betterment in the day-to-day lives of all Pakistanis while creating a fruitful environment for business growth, including the insurance industry.

Accordingly, with improvement in the general business environment, it is hoped that the insurance industry will also prosper with significant increase in the overall size of the industry. This will definitely lead to improved

penetration within the population throughout the country while increasing the size of the pie available to all members of the industry. With reasonable results being reported by your company in 2014, it has become necessary to take steps to expand our client base along with creating a unique product-line needed for desired premium growth.

COMPANY'S FINANCIAL PERFORMANCE

In 2014, your company has achieved some important targets in its financial results, including a sizeable increase in net shareholders' equity, which has reached Rs. 230.5 million thus recording gain of 9%. Accordingly, the accumulated deficit has also reduced in 2014 by 5% to less than Rs. 363.8 million. This has taken the per share break-up value of the company to Rs. 3.88, an increase of 32 paisas over 2013. Further, the Gross Corporate/Group Life Insurance Premium has crossed Rs. 107.5 million while net management expenses reduced by 11.7%. Moreover, the after tax profit in the Shareholders' Fund increased by almost 483% to more than Rs. 29 million. This has been achieved due to a record surplus being appropriated to the Shareholders' Fund by the Accident and Health Statutory Fund in the amount of Rs. 26.875 million. Accordingly, the substantial surplus appropriation and resultant profit in the Shareholders' Fund has led to per

Chairman's Review

share profit and loss earning of 49 paisas, an increase of 390% over last year.

Further, your company has comfortably met the revised solvency margins as at December 31st, 2014 in accordance with SECP's instructions. This revision has increased required margins in each fund as compared to last year, including an increase of Rs. 30 million in just the Shareholders' Fund of the company. Even after meeting the revised margins amounting to more than Rs. 194.2 million, the company still has excess admissible assets of almost Rs. 11 million in just its Shareholders' Fund.

Although overall claim expense has increased slightly, the management has taken serious action for reduction of health-related claim expense, which has resulted in exceptional decrease of health insurance claim expenses by more than 25% in 2014 to less than Rs. 65 million. The efforts of our Fund Managers to identify high return opportunities on a timely basis have allowed the company to achieve total investment income increase of 27.8% in 2014 to more than Rs. 39.67 million. In line with the overall gain, the net investment income has increased by 7% in the Shareholders' Fund and 55% in the Statutory Funds of the company.

Despite important achievements in our earnings, the company is still focusing keenly on enhancing net

premium results with still further expense control while keeping in view the essential task of sustained improvement in profitability.

FUTURE PROSPECTS OF THE COMPANY

In 2015 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 health 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.

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 Bancassurance.

- 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 2015 is to develop sustained improvement in the financial results of the entity. The Board is certain that, in view of the healthier economic situation globally and within the country, your management will keenly focus on the above targets, which (InshaAllah) will result in continuous improvement by keeping a stringent focus on customer-services, timely as well as friendly claim payment service, development of new business procurement opportunities, introduction of new/unique products in the marketplace and expenditure management.

Chairman's Review

ACKNOWLEDGEMENT

Before concluding my review, I would like to avail this opportunity to express my deep gratitude to The Ministry of Commerce, Government of Pakistan, and the Securities and Exchange Commission of Pakistan (SECP) for their continued guidance and assistance to the management in running the affairs of the company in a prudent manner.

My thanks also to the competent and dedicated officers, staff and field force of the company for the outstanding contribution made by them towards its development and growth. Their pledge to ethical

standards, client service and hard work has helped our company emerge and maintain its position as a significant member amongst private sector life insurers.

Moreover, I would also like to acknowledge the assistance of Insurance Association of Pakistan (IAP) for their support and invaluable representation of our industry. I also place on record my deep gratitude to the company's dedicated policyholders and corporate clients for their continued support and confidence.

Lastly, my thanks and appreciation to the thousands of our shareholders, whose 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.

May Almighty Allah bless us all (Ameen).

On behalf of the Board of Directors,



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

Karachi, March 6th, 2015

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, 2014.

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 2014, our company's net profit for the year has, unfortunately, decreased by Rs. 20.7 million from a

profit exceeding Rs. 33.69 million at the end of 2013 to approximately Rs. 12.97 million as at December 31st, 2014. This is primarily due to a decrease in net premium income of more than 35%, which has occurred because of lower health-related premium by more than 48% as well as decrease in overall individual life premium by almost 8% as compared to the previous period.

However, it is important to note that this result does not include the amount of surplus appropriated from the Accident and Health Statutory Fund of the company to the Shareholders' Fund in the

amount of Rs. 26.875 million in 2014 as compared to only Rs. 4.1 million in the previous period, which is an increase of more than 555% or Rs. 22.775 million. This has increased the per share profit and loss earning to 49 paise in 2014 from only 10 paise during 2013, an improvement of 39 paise or almost 390%. Moreover, the company's expense reduction strategies are continuing to bear fruit by resulting in a decrease of management expense by nearly 11.7% in 2014 and the investment income has also increased by approximately Rs. 8.64 million or 27.8% to more than Rs. 39.67 million at the end of the reporting period.

Below you will find a financial comparison of several key figures between the year 2014 and 2013 for Shareholders' and Statutory Funds combined:

All Amounts in Rupees	2014	2013
Net Premium Income	142,581,803	219,575,818
Investment Income	39,673,259	31,035,347
Total Net Income	182,255,062	250,611,165
Net Claims Expense	120,970,732	118,444,648
Net Management Expense	64,652,275	73,209,144
Total Claims and Expenditures	185,623,007	191,653,792
Excess of Income Over Claims and Expenditures	(3,367,945)	58,957,373
Movement in Policyholders' Liability	15,673,092	(26,031,832)
Taxation	661,068	771,429
Net Profit for the Year	12,966,215	33,696,970

The disappointing premium income figures have negated the positive investment income and net management 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 achieve profit for the year of almost Rs. 12.97 million. The company's management has decided to focus on completely revamping its marketing department strategy to tackle the lackluster premium income results achieved during 2014. 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 the following key figures for 2014 versus 2013, which are indicative of its performance for the year under review:

	2014	2013	% Chg.
Net Shareholders' Equity	Rs. 230,492,431	Rs. 211,469,981	9.0%
Accumulated (Deficit)	Rs. 363,799,069	Rs. 382,821,519	-5.0%
Total Gross Group Life Premium	Rs. 107,566,897	Rs. 54,251,558	98.3%
Total 1st Year Individual Life Premium	Rs. 3,105,675	Rs. 1,845,315	68.3%
Net Accident and Health Fund Claims	Rs. 64,973,422	Rs. 87,092,629	-25.4%
Total Net Management Expenses	Rs. 64,652,275	Rs. 73,209,144	-11.7%
Statutory Fund Management Expenses	Rs. 47,410,609	Rs. 55,784,297	-15.0%
Shareholders' Fund Expenses	Rs. 17,241,666	Rs. 17,424,847	-1.1%
Total Investment Income	Rs. 39,673,259	Rs. 31,035,347	27.8%
Shareholders' Fund Net Investment Income	Rs. 18,753,048	Rs. 17,537,435	6.9%
Statutory Fund Net Investment Income	Rs. 20,920,211	Rs. 13,497,912	55.0%
Shareholders' Fund After Tax Profit	Rs. 29,047,450	Rs. 4,984,017	482.8%
Surplus Appropriated to Shareholders' Fund from Accident & Health Statutory Fund	Rs. 26,875,000	Rs. 4,100,000	555.5%
Total Assets	Rs. 579,327,561	Rs. 553,001,630	4.8%
Investments	Rs. 284,900,323	Rs. 277,686,388	2.6%
Government Securities	Rs. 284,116,177	Rs. 275,960,444	3.0%
Cash and Bank Deposits	Rs. 207,318,652	Rs. 188,821,452	9.8%
Shareholders' Fund Per Share Profit	Rs. 0.49	Rs. 0.10	390.0%

- Company's Net Shareholders' Equity has increased by 9% during 2014 from Rs. 211.47 million in 2013 to Rs. 230.5 million, which is a substantial growth and also an excellent news for the company's shareholders as it takes the per share break-up value to Rs. 3.88, an increase of 32 paisas over 2013.

- Due to the profitable results in the company's Revenue Account and Profit & Loss Account, the accumulated deficit of the company decreased in 2014 by 5% from Rs. 382.8 million in 2013 to less than Rs. 363.8 million in 2014, which is a decrease of over Rs. 19 million.

- The company achieved remarkable growth in corporate/group life insurance premium during 2014 by attaining level exceeding Rs. 107.5 million as compared to Rs. 54.25 million in the previous year, which is a significant increase exceeding 98% during the year 2014. This growth has been achieved due to tireless efforts of our marketing personnel and penetration within large clientage base.

- The individual life insurance marketing team of the company has also made excellent strides in first year individual life premium with growth of more than 68%.

This portfolio of the company had been shrinking over the past few years. Therefore, this is very good news as it sets the stage for overall individual life portfolio growth in the future.

- The management has taken serious action for reduction of health-related claim expense by adopting rigorous policies, which have resulted in exceptional reduction of health insurance claim expenses by more than 25% in 2014 to less than Rs. 65 million from approximately Rs. 87.1 million in 2013.

Directors' Report to the Shareholders

- The company's total net management expenses have decreased by 11.7% from Rs. 73.2 million in 2013 to approximately Rs. 64.65 million during 2014.
 - The management's persistent hard work to control excessive costs in the company have resulted in exceptional reduction of statutory fund management expenses by 15% in 2014 to Rs. 47.4 million from Rs. 55.8 million in 2013.
 - The management's cost controlling efforts have also resulted in slight reduction of shareholders' fund expenses by more than 1% in 2014 to Rs. 17.24 million from Rs. 17.42 million in 2013.
 - The total investment income has increased by 27.8% in 2014 from Rs. 31 million to more than Rs. 39.67 million as a result of prudent investment activities pinpointing opportunities for high returns.
 - The net investment income within the company's Shareholders' Fund has increased by almost 7% in 2014 from Rs. 17.5 million to more than Rs. 18.75 million as a result of intelligent investment activities by the management of the company focused on balancing high returns with low risk.
 - In line with the excellent overall investment income results, the statutory fund investment income of the company has increased by 55% from Rs. 13.5 million in 2013 to more than Rs. 20.92 million during 2014.
 - The company outstanding performance in the Shareholders' Fund shows an improvement of more than Rs. 24 million or 482.8% from a profit of almost Rs. 5 million in 2013 to more than Rs. 29 million during 2014.
 - The excellent overall profitability in the company's profit and loss account has been achieved primarily due to appropriation of surplus to the shareholders' fund from the accident and health statutory fund in the amount of Rs. 26.875 million during 2014, which is an increase of 555.5% or Rs. 22.775 million when compared to the previous period.
 - The total assets of your company, indicating its net worth, have increased by 4.8% in 2014 from Rs. 553 million to more than Rs. 579.3 million.
 - The amount of investment has increased by 2.6% in 2014 from Rs. 277.6 million to more than Rs. 284.9 million, which indicates the strong base of your company.
 - Accordingly, the amount of government securities has increased by 3% in 2014 from Rs. 275.96 million to more than Rs. 284.11 million.
 - Company's liquidity and ability to pay off claims and expenditure is reflected from increase in cash and bank deposits of 9.8% in 2014 from Rs. 188.8 million to more than Rs. 207.3 million resulting in a favorable current ratio.
 - The Shareholders' Fund per share earning has achieved gain of 39 paisas from a profit of only 10 paisas in 2013 to 49 paisas during the current period.
- We feel it is important to highlight the key achievements of your company in its financial results during 2014, which are given below:
- Net Shareholders' Equity has reached Rs. 230.5 million.
 - Gross Group Life Related Premium crosses Rs. 107.5 million.
 - Net Management Expenses reduce by 11.7% to approximately Rs. 64.65 million.
 - Shareholders' Fund After-Tax Profit increasing by 482.8% to more than Rs. 29 million.
 - Surplus appropriated to Shareholders' Fund by Accident & Health Statutory Fund in the amount of Rs. 26.875 million, and
 - Per Share Shareholders' Fund Profit increasing by 390% to 49 paisas.
- 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 organization structure has been established, which supports clear lines of communication and tiered levels of authority with delegation of responsibility and accountability.
- Business strategies agreed to divisional level are approved by the Board. In addition, there is an annual budgeting and strategic planning process. Financial forecast are prepared quarterly and these strategies are reviewed during the year to reflect significant changes in the business environment.

The principal features of control framework include:

- Evaluation and approval procedures for major capital expenditure and other transactions.
- Regular reporting and monitoring of financial performance of the divisions,

and the group as a whole, using operating statistics and monthly management accounts, which highlight key performance indicators and variance from budgets and quarterly forecasts.

- Review of the group's health, safety, environment contingency management processes and other significant policies.
- There 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, 2014 is included with the Report.
- The value of investment in the Provident Fund based on the respective financial statements as at December 31st, 2014 is Rs. 8,066,553/-.
- 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, five (5) 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 05
02	Mr. Maheen Yunus, CPCU	05 out of 05
03	Mr. Umeed Ansari	05 out of 05
04	Mr. A. K. M. Sayeed	05 out of 05
05	Mr. Naved Yunus	05 out of 05
06	Mr. Pervez Yunus	04 out of 05
07	Mr. Javed Yunus	04 out of 05
08	Mr. Omar P. Yunus (Mr. Shabbir Ali Kanchwala, Alternate Director)	05 out of 05

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

FUTURE OUTLOOK

In 2015 and beyond, the management of your company will continue focus on improving internal controls and constitute concrete policies to achieve reduction in claims, improve premium growth (especially on the front of individual and group health insurance) 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, especially on the front of group health insurance business procurement. 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 2015 and beyond.
- The individual life field force compensation package and structure are being continued without modification as it has started to bear fruit in 2014.
- 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.

Directors' Report to the Shareholders

- 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.
- 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 2015 (the 23rd 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 Board's Audit Committee comprises of the following members:

1. Umeed Ansari
2. Naved Yunus
3. Pervez Yunus
4. A. K. M. Sayeed
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, 2014 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, 2014.

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 retiring auditors, M/s BDO Ebrahim & Company (Chartered Accountants), being eligible, have offered themselves for reappointment. The Audit Committee has recommended their reappointment.

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

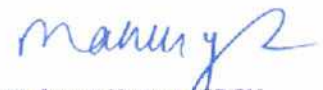
extraordinary efforts of the able officers, staff and field force of the company towards its development and growth. Their constant dedication to high ethical standards, client service and hard work has made your company an important member among the private sector life insurers.

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

	2014	2013	2012	2011	2010	2009
REVENUE ACCOUNT						
Premium - Net of Reinsurance	142,581,803	219,575,818	181,272,234	178,686,939	183,761,428	154,488,668
Interest and Other Income	39,673,259	31,035,347	28,472,441	33,851,073	34,126,030	(191,904,242)
	182,255,062	250,611,165	209,744,675	212,538,012	217,887,458	(37,415,574)
Claims Less Reinsurance	120,970,732	118,444,648	162,132,539	124,524,654	109,356,851	94,895,323
Net Commission & Acquisition Cost	10,841,953	14,097,678	15,372,062	20,762,238	37,817,904	66,544,967
Other Administrative Cost	53,810,322	59,111,466	64,997,997	63,469,139	64,837,298	64,806,415
Movement in Policyholders' Liabilities	(15,673,092)	26,031,832	4,101,664	16,876,406	54,636,597	37,742,264
Profit/(Loss) Before Tax	12,305,147	32,925,541	(36,859,587)	(13,094,425)	(48,761,192)	(301,404,543)
Taxation	661,068	771,429	(2,801,730)	(2,218,754)	(2,052,165)	(1,236,232)
Profit/(Loss) After Tax	12,966,215	33,696,970	(39,661,317)	(15,313,179)	(50,813,357)	(302,640,775)
BALANCE SHEET						
Investments	284,900,323	277,686,388	202,034,877	186,588,230	194,145,942	197,559,818
Other Assets	269,453,698	246,999,029	179,028,416	194,501,337	167,156,454	100,490,640
Fixed Assets	24,973,540	28,316,213	32,806,644	37,213,987	42,571,385	50,265,367
	579,327,561	553,001,630	413,869,937	418,303,554	403,873,781	348,315,825
Issued, Subscribed and Paid-Up Capital	594,291,500	594,291,500	500,456,000	500,456,000	500,456,000	454,960,000
Advance Against Equity	-	-	24,000,000	-	-	-
Accumulated Surplus/(Deficit)	(363,799,069)	(382,821,519)	(411,900,536)	(376,330,613)	(353,497,796)	(305,591,480)
Balance of Statutory Fund	247,312,438	269,041,765	238,391,980	238,381,710	213,985,666	162,256,110
Other Liabilities	101,522,692	72,489,884	62,922,493	55,796,457	42,929,911	36,691,195
	579,327,561	553,001,630	413,869,937	418,303,554	403,873,781	348,315,825

Notice of Annual General Meeting

Notice is hereby given that the 22nd Annual General Meeting of the shareholders of East West Life Assurance Company Limited will be held on Friday, April 3rd, 2015 at 11:00 am 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 March 31, 2014.
2. To receive, consider and adopt the Audited Accounts for the year ended December 31st, 2014 alongwith Directors' and Auditors' Report thereon.
3. To appoint Auditors for the year 2014 and fix their remuneration, retiring Auditor M/s BDO Ebrahim & Company, Chartered Accountants being eligible, offered themselves for re-appointment.
4. To elect Directors' of the Company in accordance with section 178 of the Companies Ordinance 1984. The number of Directors to be elected has been fixed at eight by the Board of Directors.

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

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

Karachi
March 6th, 2015

By Order of the Board


Sohail Nazeer
Company Secretary

NOTES:

- (a) The Share Transfer Books of the Company will remain closed from March 27th, 2015 to April 3rd, 2015 (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 Bema Associates (Pvt.) Ltd. 515, EFU House, M.A. Jinnah 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 Card (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 the link 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 along with 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/financial_stat.htm

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 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, 2014

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	To take effect in the forthcoming election of directors Mr. Maheen Yunus, CPCU (CEO)
Non-Executive Directors	Chief Justice (R) Mian Mahboob Ahmad Mr. A. K. M. Sayeed 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 NBFIs 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 2014.
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, 2014

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 considered suitably qualified and experienced for the purpose and 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, 2014 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, 2014.

KARACHI
DATED: March 6th, 2015



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, 2014 to 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, 2014 and of the profit, comprehensive income, 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.

KARACHI

DATED: March 6th, 2015



BDO Ebrahim & Company
CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer

Balance Sheet

As At December 31, 2014

Figures in Rupees

			Statutory Funds				
	Notes	Shareholders' Fund	Ordinary Life	Universal Life	Accident & Health	Aggregate December 31, 2014	Aggregate December 31, 2013
SHARE CAPITAL AND RESERVES							
Authorized Share Capital (60,000,000 Ordinary Shares (2013: 60,000,000) of Rs. 10 each)		600,000,000	-	-	-	600,000,000	600,000,000
Issued, Subscribed and Paid-Up Share Capital	6	594,291,500	-	-	-	594,291,500	594,291,500
Accumulated (Deficit)	7	(363,799,069)	-	-	-	(363,799,069)	(382,821,519)
Net Shareholders' Equity		230,492,431	-	-	-	230,492,431	211,469,981
Balance of Statutory Fund [Including Policyholders' Liabilities Rs. 242.916 Million (2013: Rs. 258.589 Million)]							
		-	22,994,511	202,407,731	21,910,196	247,312,438	269,041,765
DEFERRED LIABILITIES							
Outstanding Gratuity	8	9,055	81,495	-	-	90,550	90,550
CREDITORS AND ACCRUALS							
Outstanding Claims	9	-	30,269,680	38,884,744	2,167,913	71,322,337	43,208,792
Premiums Received in Advance	10	-	-	15,512,593	-	15,512,593	12,320,414
Taxation		-	-	-	-	-	1,792,272
Amount Due To Reinsurers	11.2	-	154,270	-	-	154,270	474,659
Accrued Expenses	12	2,159,833	5,238,729	4,199,656	532,671	12,130,889	13,216,246
Agent's Balances	13	-	1,001,117	1,031,080	144,215	2,176,412	1,109,686
Other Creditors and Accruals	15	22,931	72,482	18,457	21,771	135,641	277,265
		2,182,764	36,736,278	59,646,530	2,866,570	101,432,142	72,399,334
TOTAL LIABILITIES		2,191,819	59,812,284	262,054,261	24,776,766	348,835,130	341,531,649
CONTINGENCIES AND COMMITMENTS	16						
TOTAL EQUITY AND LIABILITIES		232,684,250	59,812,284	262,054,261	24,776,766	579,327,561	553,001,630

The annexed notes from 1 to 38 form an integral part of these financial statements.

Figures in Rupees

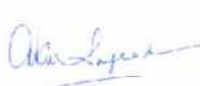
			Statutory Funds			Aggregate	Aggregate
	Notes	Shareholders' Fund	Ordinary Life	Universal Life	Accident & Health	December 31, 2014	December 31, 2013
CASH AND BANK DEPOSITS							
Cash in Hand		-	-	17,872	-	17,872	10,016
Current and Other Accounts		45,021,502	3,424,478	75,134,592	1,220,208	124,800,780	113,811,436
Deposits Maturing within 12 Months	17	10,000,000	-	72,500,000	-	82,500,000	75,000,000
		55,021,502	3,424,478	147,652,464	1,220,208	207,318,652	188,821,452
Loans Secured Against Life Insurance Policies							
	5.23	-	4,245,939	3,912,425	-	8,158,364	8,124,528
Unsecured Advances to Employees		20,252	158,820	-	19,452	198,524	693,766
INVESTMENTS							
Government Securities	18	149,089,733	18,158,963	106,868,862	9,998,619	284,116,177	275,960,444
Listed Equities		784,146	-	-	-	784,146	1,725,944
		149,873,879	18,158,963	106,868,862	9,998,619	284,900,323	277,686,388
CURRENT ASSETS - OTHER							
Premiums Due But Unpaid		-	29,035,317	580,970	11,035,887	40,652,174	35,987,707
Amount Due From Reinsurers	11.1	-	3,557,133	1,794,308	-	5,351,441	4,521,979
Taxation		286,671	-	-	-	286,671	-
Sundry Receivables	19	-	1,231,634	1,113,205	2,502,600	4,847,439	6,441,924
Investment Income Accrued		2,216,851	-	132,027	-	2,348,878	2,080,636
Stationery		291,555	-	-	-	291,555	327,037
		2,795,077	33,824,084	3,620,510	13,538,487	53,778,158	49,359,283
FIXED ASSETS							
Tangible							
Furniture, Fixtures, Office Equipment and Vehicles	20	24,973,540	-	-	-	24,973,540	28,141,352
Intangible Assets							
Computer Software		-	-	-	-	-	174,861
		24,973,540	-	-	-	24,973,540	28,316,213
TOTAL ASSETS		232,684,250	59,812,284	262,054,261	24,776,766	579,327,561	553,001,630

The annexed notes from 1 to 38 form an integral part of these financial statements.


CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD
 Chairman


MAHEEN YUNUS, CPCU
 Chief Executive Officer


UMEED ANSARI
 Director


A. K. M. SAYEED
 Director

Profit and Loss Account

For The Year Ended December 31, 2014

Figures in Rupees

		Aggregate	
	Notes	December 31, 2014	December 31, 2013
Investment Income Not Attributable to Statutory Funds			
Return on Government Securities		11,954,902	7,771,949
Return on Other Fixed Income Securities and Deposits		581,374	1,920,555
Amortization of Discount/Premium Relative to Par		718,337	674,583
		13,254,613	10,367,087
Gain on Sale of Investment - net		5,468,735	6,013,917
Net Investment Income		18,723,348	16,381,004
Other Revenue			
Gain on Sale of Fixed Asset		-	1,156,431
Dividend Income		29,700	-
Total Investment Income and Other Revenue		18,753,048	17,537,435
Expenses Not Attributable to Statutory Funds	21	(17,241,666)	(17,424,847)
Profit Before Appropriation of Surplus to Shareholders' Fund		1,511,382	112,588
Surplus Transferred from Statutory Fund		26,875,000	4,100,000
Profit Before Tax		28,386,382	4,212,588
Taxation	23	661,068	771,429
Profit After Tax		29,047,450	4,984,017
Earning Per Share - Basic and Diluted	24	0.49	0.10

The annexed notes from 1 to 38 form an integral part of these financial statements.



CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD
Chairman



MAHEEN YUNUS, CPCU
Chief Executive Officer



UMEED ANSARI
Director



A. K. M. SAYEED
Director

Statement of Comprehensive Income

For The Year Ended December 31, 2014

Figures in Rupees

	Notes	Aggregate	
		December 31, 2014	December 31, 2013
Profit For The Year		29,047,450	4,984,017
Other Comprehensive Income		-	-
Total Comprehensive Income For The Year		29,047,450	4,984,017

The annexed notes from 1 to 38 form an integral part of these financial statements.



CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD
Chairman



MAHEEN YUNUS, CPCU
Chief Executive Officer



UMEED ANSARI
Director



A. K. M. SAYEED
Director

Cash Flow Statement

For The Year Ended December 31, 2014

Figures in Rupees

	Statutory Funds			Aggregate		
	Shareholders' Fund	Ordinary Life	Universal Life	Accident & Health	December 31, 2014	December 31, 2013
Operating Cash Flows						
a) Underwriting Activities						
Premium Received	-	82,872,949	28,556,371	112,095,450	223,524,770	246,709,481
Reinsurance Premium Net of Claims Received / (Paid)	-	5,765,948	(681,163)	-	5,084,785	24,718,205
Claims Paid	-	(97,425,713)	(5,791,198)	(66,594,596)	(169,811,507)	(163,670,308)
Surrenders Paid	-	(57,309)	(5,183,821)	-	(5,241,130)	(5,447,467)
Commission Paid	-	(4,606,004)	(2,472,648)	(7,152,638)	(14,231,290)	(14,705,258)
Net Cash (Used In) / Generated From Underwriting Activities	-	(13,450,129)	14,427,541	38,348,216	39,325,628	87,604,653
b) Other Operating Activities						
Income Tax Paid	(1,417,875)	-	-	-	(1,417,875)	(1,749,597)
General Management Expenses Paid	(12,822,866)	(4,754,815)	(13,492,542)	(16,644,322)	(47,714,545)	(58,493,252)
Net Cash Used in Other Operating Activities	(14,240,741)	(4,754,815)	(13,492,542)	(16,644,322)	(49,132,420)	(60,242,849)
Total Cash (Used in) / Generated From All Operating Activities	(14,240,741)	(18,204,944)	934,999	21,703,894	(9,806,792)	27,361,804
Investment Activities						
Profit / Return Received	6,740,938	967,593	5,781,299	46,925	13,536,755	8,726,005
Dividend Received	27,500	-	-	-	27,500	-
Payments For Investments	(302,040,272)	(65,645,840)	(331,585,118)	(41,217,558)	(740,488,788)	(507,347,202)
Proceeds From Disposal of Investments	300,203,843	72,150,000	335,668,682	47,450,000	755,472,525	452,631,131
Proceeds From Disposal of Fixed Assets	-	-	-	-	-	1,985,000
Fixed Capital Expenditure	(244,000)	-	-	-	(244,000)	(431,000)
Total Cash Generated From / (Used in) Investing Activities	4,688,009	7,471,753	9,864,863	6,279,367	28,303,992	(44,436,066)
Financing Activities						
Right Shares Issued During the Year	-	-	-	-	-	93,835,500
Capital Contribution from Shareholders' Fund	(10,025,000)	2,625,000	7,400,000	-	-	-
Surplus Appropriated to Shareholders' Fund	26,875,000	-	-	(26,875,000)	-	-
Payment of Advance Against Equity	-	-	-	-	-	(24,000,000)
Total Cash Generated From / (Used in) Financing Activities	16,850,000	2,625,000	7,400,000	(26,875,000)	-	69,835,500
Net Cash Inflow/(Outflow) From All Activities	7,297,268	(8,108,191)	18,199,862	1,108,261	18,497,200	52,761,238
Cash At The Beginning of The Year	47,724,234	11,532,669	129,452,602	111,947	188,821,452	136,060,214
Cash At The End of The Year	55,021,502	3,424,478	147,652,464	1,220,208	207,318,652	188,821,452
Reconciliation to Profit and Loss Account						
Operating Cash Flows					(9,806,792)	27,361,804
Depreciation Expenses					(3,586,673)	(4,092,862)
Investment Income					36,030,169	31,035,752
Increase in Assets Other Than Cash					3,689,227	14,991,499
Increase / (Decrease) in Liabilities Other Than Running Finance					13,515,284	(31,499,223)
Deficit of Statutory Funds					(10,793,765)	(32,812,953)
Profit After Taxation					29,047,450	4,984,017

The annexed notes from 1 to 38 form an integral part of these financial statements.


CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD
 Chairman


MAHEEN YUNUS, CPCU
 Chief Executive Officer


UMEED ANSARI
 Director


A. K. M. SAYEED
 Director

Statement of Changes in Equity

For The Year Ended December 31, 2014

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, 2013	500,456,000	(118,775,110)	(293,125,426)	(411,900,536)	88,555,464
Total Comprehensive Income for the Year	-	4,984,017	-	4,984,017	4,984,017
Capital Contributed to Statutory Fund	-	-	(11,200,000)	(11,200,000)	(11,200,000)
Capital Returned to Shareholders' Fund	-	-	35,295,000	35,295,000	35,295,000
Right Shares Issued During the Year	93,835,500	-	-	-	93,835,500
Balance as at December 31, 2013	594,291,500	(113,791,093)	(269,030,426)	(382,821,519)	211,469,981
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)
Balance as at December 31, 2014	594,291,500	(84,743,643)	(279,055,426)	(363,799,069)	230,492,431

The annexed notes from 1 to 38 form an integral part of these financial statements.



CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD
Chairman



MAHEEN YUNUS, CPCU
Chief Executive Officer



UMEED ANSARI
Director



A. K. M. SAYEED
Director

Revenue Account

For The Year Ended December 31, 2014

Figures in Rupees

Notes	Statutory Funds			Aggregate	
	Ordinary Life	Universal Life	Accident & Health	December 31, 2014	December 31, 2013
Income					
Premium Less Reinsurances	26,891,724	22,562,474	93,127,605	142,581,803	219,575,818
Net Investment Income	2,620,199	17,213,930	1,086,082	20,920,211	13,497,912
Total Net Income	29,511,923	39,776,404	94,213,687	163,502,014	233,073,730
Claims and Expenditure					
Claims, Including Bonuses, Net of Reinsurance Recoveries	31,795,425	24,201,885	64,973,422	120,970,732	118,444,648
Management Expenses Less Recoveries	5,167,852	16,481,269	25,761,488	47,410,609	55,784,297
Total Claims and Expenditure	36,963,277	40,683,154	90,734,910	168,381,341	174,228,945
(Deficit) / Excess of Income Over Claims and Expenditure	(7,451,354)	(906,750)	3,478,777	(4,879,327)	58,844,785
Add: Policyholders' Liabilities at Beginning of The Year	24,092,268	195,385,836	39,110,707	258,588,811	232,556,979
Less: Policyholders' Liabilities at End of The Year	20,285,432	202,167,391	20,462,896	242,915,719	258,588,811
	3,806,836	(6,781,555)	18,647,811	15,673,092	(26,031,832)
(Deficit)/Surplus	(3,644,518)	(7,688,305)	22,126,588	10,793,765	32,812,953
Movement in Policyholders' Liabilities	(3,806,836)	6,781,555	(18,647,811)	(15,673,092)	26,031,832
Transfer From Shareholders' Fund					
Capital Contribution From Shareholders' Fund	2,625,000	7,400,000	-	10,025,000	11,200,000
Capital Contribution To Shareholders' Fund	-	-	-	-	(35,295,000)
Transfer of Surplus to Shareholders' Fund	-	-	(26,875,000)	(26,875,000)	(4,100,000)
	2,625,000	7,400,000	(26,875,000)	(16,850,000)	(28,195,000)
Balance of Statutory Funds at The Beginning of The Year	27,820,865	195,914,481	45,306,419	269,041,765	238,391,980
Balance of Statutory Funds at End of The Year	22,994,511	202,407,731	21,910,196	247,312,438	269,041,765
Represented By:					
Capital Contributed by Shareholders' Fund	145,955,426	133,100,000	-	279,055,426	269,030,426
Accumulated (Deficit) / Surplus	(143,246,347)	(132,859,660)	1,447,300	(274,658,707)	(258,577,472)
	2,709,079	240,340	1,447,300	4,396,719	10,452,954
Policyholders' Liabilities	20,285,432	202,167,391	20,462,896	242,915,719	258,588,811
Balance of Statutory Funds	22,994,511	202,407,731	21,910,196	247,312,438	269,041,765

The annexed notes from 1 to 38 form an integral part of these financial statements.



CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD
Chairman



MAHEEN YUNUS, CPCU
Chief Executive Officer



UMEED ANSARI
Director



A. K. M. SAYEED
Director

Statement of Premiums

For The Year Ended December 31, 2014

Figures in Rupees

Notes	Statutory Funds			Aggregate	
	Ordinary Life	Universal Life	Accident & Health	December 31, 2014	December 31, 2013
Gross Premiums					
Regular Premium Individual Policies*					
First Year	-	3,105,675	-	3,105,675	1,850,315
Second Year Renewal	-	1,518,366	-	1,518,366	1,931,455
Subsequent Year Renewal	-	19,712,351	-	19,712,351	22,638,081
Group Policies	107,566,897	-	93,127,605	200,694,502	234,179,282
Total Gross Premiums	107,566,897	24,336,392	93,127,605	225,030,894	260,599,133
Less: Reinsurance Premiums Ceded					
On Individual Life First Year Business	-	(49,364)	-	(49,364)	(9,342)
On Individual Life Second Year Business	-	(8,271)	-	(8,271)	(64,499)
On Individual Life Renewal Business	-	(1,716,283)	-	(1,716,283)	(1,603,105)
On Group Policies	(80,675,173)	-	-	(80,675,173)	(39,346,369)
Total Reinsurance Premiums Ceded	(80,675,173)	(1,773,918)	-	(82,449,091)	(41,023,315)
Net Premiums	26,891,724	22,562,474	93,127,605	142,581,803	219,575,818

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

The annexed notes from 1 to 38 form an integral part of these financial statements.



CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD
Chairman



MAHEEN YUNUS, CPCU
Chief Executive Officer



UMEED ANSARI
Director



A. K. M. SAYEED
Director

Statement of Claims

For The Year Ended December 31, 2014

Figures in Rupees

	Statutory Funds			Aggregate	
	Ordinary Life	Universal Life	Accident & Health	December 31, 2014	December 31, 2013
Gross Claims					
Claims Under Individual Policies					
By Death	178,920	6,706,249	-	6,885,169	3,258,512
By Insured Event Other Than Death	-	16,250	-	16,250	87,857
By Maturity	4,925,587	13,552,901	-	18,478,488	6,495,502
By Surrender	177,364	6,581,269	-	6,758,633	9,758,382
Total Gross Individual Policy Claims	5,281,871	26,856,669	-	32,138,540	19,600,253
Claims Under Group Policies					
By Death	105,771,420	-	-	105,771,420	76,932,465
By Insured Event Other Than Death	282,800	-	64,973,422	65,256,222	87,767,229
Total Gross Group Policy Claims	106,054,220	-	64,973,422	171,027,642	164,699,694
Total Gross Claims	111,336,091	26,856,669	64,973,422	203,166,182	184,299,947
Less: Reinsurance Recoveries					
On Group Life Claims	(79,540,666)	-	-	(79,540,666)	(65,255,299)
On Individual Life Claims	-	(2,654,784)	-	(2,654,784)	(600,000)
Net Claims	31,795,425	24,201,885	64,973,422	120,970,732	118,444,648

The annexed notes from 1 to 38 form an integral part of these financial statements.



CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD
Chairman



MAHEEN YUNUS, CPCU
Chief Executive Officer



UMEED ANSARI
Director



A. K. M. SAYEED
Director

Statement of Expenses

For The Year Ended December 31, 2014

Figures in Rupees

	Statutory Funds			Aggregate	
	Ordinary Life	Universal Life	Accident & Health	December 31, 2014	December 31, 2013
Acquisition Costs					
Remuneration to Insurance Intermediaries on Individual Policies:					
Commission on First Year Premiums	-	1,663,794	-	1,663,794	1,040,299
Commission on Second Year Premiums	-	134,453	-	134,453	155,806
Commission on Subsequent Renewal Premiums	-	377,311	-	377,311	486,566
Other Benefits to Insurance Intermediaries	-	218,484	-	218,484	98,781
Remuneration to Insurance Intermediaries on Group Policies:					
Commission	5,607,121	-	7,296,853	12,903,974	12,189,111
	5,607,121	2,394,042	7,296,853	15,298,016	13,970,563
Branch Overhead					
Salaries, Allowances and Other Benefits	-	533,900	-	533,900	1,327,500
Other Operational Costs	-	1,123,904	-	1,123,904	1,802,568
	-	1,657,804	-	1,657,804	3,130,068
Other Acquisition Cost					
Policy Stamps	-	12,480	-	12,480	6,730
Total Acquisition Cost	5,607,121	4,064,326	7,296,853	16,968,300	17,107,361
Administration Expenses					
Salaries and Other Benefits	2,028,780	4,754,167	13,163,425	19,946,372	23,896,203
Travelling Expenses	272,779	753,588	327,979	1,354,346	1,462,227
Auditor Remuneration	188,781	188,782	188,782	566,345	514,365
Actuary's Fees	900,000	630,000	180,000	1,710,000	1,710,000
Medical Fees	-	33,180	-	33,180	62,200
Advertisements	171,490	171,490	171,490	514,470	86,329
Printing and Stationary	114,802	214,095	271,521	600,418	704,516
Operating Lease Rentals	71,199	866,037	71,199	1,008,435	1,176,225
Staff Welfare	318,388	1,679,120	1,004,508	3,002,016	3,479,301
Postage, Telegram & Telephone	170,859	399,672	173,228	743,759	968,357
Electricity and Gas	496,697	612,479	496,697	1,605,873	1,253,148
Entertainment Expense	188,575	623,816	1,509,897	2,322,288	2,779,957
Consultancy Charges	94,280	525,624	494,967	1,114,871	1,146,345
Miscellaneous Expenses	594,739	1,040,602	410,942	2,046,283	2,447,446
	5,611,369	12,492,652	18,464,635	36,568,656	41,686,619
Gross Management Expenses	11,218,490	16,556,978	25,761,488	53,536,956	58,793,980
Commission From Reinsurers	(6,050,638)	(75,709)	-	(6,126,347)	(3,009,683)
Net Management Expenses	5,167,852	16,481,269	25,761,488	47,410,609	55,784,297

The annexed notes from 1 to 38 form an integral part of these financial statements.


CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD
 Chairman


MAHEEN YUNUS, CPCU
 Chief Executive Officer


UMEED ANSARI
 Director


A. K. M. SAYEED
 Director

Statement of Investment Income

For The Year Ended December 31, 2014

Figures in Rupees

	Statutory Funds			Aggregate	
	Ordinary Life	Universal Life	Accident & Health	December 31, 2014	December 31, 2013
Investment Income					
On Government Securities	1,544,509	6,809,733	1,039,157	9,393,399	9,607,697
on other Fixed Income Securities and Deposits	964,306	5,255,166	46,925	6,266,397	1,235,227
Amortization of Premium	-	-	-	-	(7,908)
Amortization of Discount	-	4,567	-	4,567	5,229
Other Miscellaneous Income	111,384	3,651,357	-	3,762,741	313,601
	2,620,199	15,720,823	1,086,082	19,427,104	11,153,846
Gain on Sale of Investments	-	1,493,107	-	1,493,107	2,344,066
Net Investment Income	2,620,199	17,213,930	1,086,082	20,920,211	13,497,912

The annexed notes from 1 to 38 form an integral part of these accounts.



CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD
Chairman



MAHEEN YUNUS, CPCU
Chief Executive Officer



UMEED ANSARI
Director



A. K. M. SAYEED
Director

Notes to the Financial Statements

For The Year Ended December 31, 2014

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. It's shares are quoted on the Karachi 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 310 EFU House, M.A. Jinnah Road 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

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 prevail.

3.1 Standards, Interpretations and Amendments to Approved Accounting Standard That Are 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:

Standard or Interpretations

Effective Date (Annual Periods Beginning On or After)

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 1	Presentation of Financial Statements-Disclosure Initiative	January 01, 2016

		Effective Date (Annual Periods Beginning On or After)
IAS 16 & 38	Property, Plant and Equipment & Intangible Assets Clarification of Acceptable Method of Depreciation and	January 01, 2016
IAS 16 & 41	Property, Plant and Equipment & Agriculture: Agriculture Bearer Plants (Amendments)	January 01, 2016
IAS 19	Employees Benefits Defined benefits Plans: Employee Contributions (Amendments)	July 01, 2014

The Company is currently evaluating the impact of the above standards and amendments on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after July 1, 2014. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

IFRS 9	Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with Customers	January 01, 2017

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, 2014. 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 Cash Flow Statement 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

Number of Shares			2014 Rupees	2013 Rupees
2014	2013			
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

	Number of Shares	
	2014	2013
Number of Shares at Beginning of the Year	59,429,150	50,045,600
Right Shares Issued During the Year	-	9,383,550
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	300,000	-
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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	(113,791,093)	(118,775,110)
Add: Profit in Profit and Loss Account for the Year	29,047,450	4,984,017
Accumulated Deficit in Statement of Changes in Equity Ignoring Effect of Capital Transfers at End of the Year	(84,743,643)	(113,791,093)
Less: Accumulated Net Capital Transferred in Statutory Funds	(279,055,426)	(269,030,426)
Total Accumulated Deficit as Shown in Balance Sheet	(363,799,069)	(382,821,519)

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.

	2014 Rupees	2013 Rupees
9 OUTSTANDING CLAIMS		
Opening Balance	43,208,792	28,026,620
Add: Claims Incurred During the Year	203,166,182	184,299,947
Less: Claims Paid During the Year	(175,052,637)	(169,117,775)
Closing Balance	71,322,337	43,208,792

	Note	2014 Rupees	2013 Rupees
10 PREMIUMS RECEIVED IN ADVANCE			
Opening Balance		12,320,414	12,842,569
Add: Received During The Year		27,528,571	25,897,696
Less: Adjusted During The Year		(24,336,392)	(26,419,851)
Closing Balance		15,512,593	12,320,414
11 AMOUNT DUE (FROM) / TO REINSURERS			
11.1 Amount Due From Reinsurers			
Opening Balance		4,521,979	2,510,104
Add: Premium Ceded During The Year		(54,687,516)	(38,893,073)
Amount Received During The Year		(10,089,717)	(27,117,333)
		(64,777,233)	(66,010,406)
Less: Claims Recoveries During The Year		61,372,775	58,205,299
Commission Recoveries During The Year		4,077,350	9,816,982
Adjustment During The year		156,570	-
		65,606,695	68,022,281
Closing Balance		5,351,441	4,521,979
11.2 Amount Due To Reinsurer			
Opening Balance		474,659	3,544,478
Add: Premium Ceded During The Year		27,761,574	2,130,242
Less: Claims Recoveries During The Year		(20,822,673)	(750,000)
Commission Recoveries During The Year		(2,048,998)	(92,702)
Adjustment During The Year		(205,360)	(1,958,232)
Amount Paid During The Year		(5,004,932)	(2,399,127)
		(28,081,963)	(5,200,061)
Closing Balance		154,270	474,659
12 ACCRUED EXPENSES			
Salary and Other Benefits Payable		1,004,559	88,646
Compensated Absences Payable	12.1	1,454,750	1,368,614
Expense Payable		6,395,932	8,827,055
Other Accrued Expenses		3,275,648	2,931,931
		12,130,889	13,216,246

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	2014	2013
Discount factor used per annum	10.50%	12.75%
Expected increase in eligible pay per annum	10.50%	12.75%

	2014 Rupees	2013 Rupees
Movement in Payable to Accumulated Compensation Absences		
Opening Balance	1,368,614	1,459,855
Addition / (Reversal) During The Year	86,136	(91,241)
Closing Balance	1,454,750	1,368,614

13 AGENTS' BALANCES

Opening Balance	1,109,686	1,844,381
Add: Incurred During The Year	15,298,016	13,970,563
Less: Paid During The Year	(14,231,290)	(14,705,258)
Closing Balance	2,176,412	1,109,686

14 MOVEMENTS IN EQUITY OF STATUTORY FUNDS

	Statutory Funds			Aggregate	
	Ordinary Life	Universal Life	Accident & Health	December 31, 2014	December 31, 2013
	Rupees				
Policyholders' Liabilities					
Balance at Beginning of The Year	24,092,268	195,385,836	39,110,707	258,588,811	232,556,979
(Decrease)/Increase During The Year	(3,806,836)	6,781,555	(18,647,811)	(15,673,092)	26,031,832
Balance at End of The Year	20,285,432	202,167,391	20,462,896	242,915,719	258,588,811
Capital Contributed by Shareholders' Fund					
Balance at Beginning of The Year	143,330,426	125,700,000	-	269,030,426	293,125,426
Capital Contributed from Shareholders' Fund	2,625,000	7,400,000	-	10,025,000	11,200,000
Capital Returned to Shareholders' Fund	-	-	-	-	(35,295,000)
Balance at End of The Year	145,955,426	133,100,000	-	279,055,426	269,030,426
Accumulated (Deficit) / Surplus					
Balance at Beginning of The Year	(139,601,829)	(125,171,355)	6,195,712	(258,577,472)	(287,290,425)
(Deficit)/Surplus Allocated in Respect of The Year	(3,644,518)	(7,688,305)	22,126,588	10,793,765	32,812,953
Surplus Appropriated to Shareholders' Fund	-	-	(26,875,000)	(26,875,000)	(4,100,000)
Balance at End of The Year	(143,246,347)	(132,859,660)	1,447,300	(274,658,707)	(258,577,472)

15 OTHER CREDITORS AND ACCRUALS

	Statutory Funds				Aggregate	
	Shareholders' Fund	Ordinary Life	Universal Life	Accident & Health	December 31, 2014	December 31, 2013
	Rupees					
Sundry Creditors	2,711	8,571	2,182	2,574	16,039	132,579
Provident Fund Payable	20,220	63,911	16,275	19,197	119,602	144,686
	22,931	72,482	18,457	21,771	135,641	277,265

16 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at balance sheet date (2013: Nil).

There is a matter outstanding in respect of a person, who was working previously on contract basis at the Company's Hyderabad Branch. This matter is presently under review by the regulatory authorities and government agencies. 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, 2014	December 31, 2013
Rupees						
The Bank of Punjab	-	-	-	-	-	10,000,000
Summit Bank Limited	10,000,000	-	15,000,000	-	25,000,000	22,500,000
Bank Alfalah Limited	-	-	25,000,000	-	25,000,000	7,500,000
Apna Microfinance Bank Ltd.	-	-	7,500,000	-	7,500,000	10,000,000
Bank AlHabib Limited	-	-	-	-	-	25,000,000
Sindh Bank Limited	-	-	25,000,000	-	25,000,000	-
	10,000,000	-	72,500,000	-	82,500,000	75,000,000

17.1 These deposits carry interest at the rate of 7% (2013: 7%) per annum.

18 INVESTMENTS

Note	Shareholders' Fund	Statutory Funds			Aggregate		
		Ordinary Life	Universal Life	Accident & Health	December 31, 2014	December 31, 2013	
Rupees							
Government Securities	18.1	149,089,733	18,158,963	106,868,862	9,998,619	284,116,177	275,960,444
Listed Equities	18.2	784,146	-	-	-	784,146	1,725,944
		149,873,879	18,158,963	106,868,862	9,998,619	284,900,323	277,686,388

18.1 Government Securities

Government Securities	Shareholders' Fund	Statutory Funds			Aggregate	
		Ordinary Life	Universal Life	Accident & Health	December 31, 2014	December 31, 2013
	Rupees					
Held-to-Maturity						
10 Year Pakistan Investment Bonds	-	-	-	-	-	5,000,000
10 Year Pakistan Investment Bonds	-	-	-	-	-	2,999,966
10 Year Pakistan Investment Bonds	19,238,133	-	-	-	19,238,133	18,687,477
10 Year Pakistan Investment Bonds	1,982,004	-	-	-	1,982,004	1,977,095
10 Year Pakistan Investment Bonds	3,786,541	-	-	-	3,786,541	3,748,161
10 Year Pakistan Investment Bonds	15,662,871	-	-	-	15,662,871	15,612,065
10 Year Pakistan Investment Bonds	-	-	1,191,764	-	1,191,764	1,190,283
10 Year Pakistan Investment Bonds	9,519,553	-	576,943	-	10,096,496	10,043,076
10 Year Pakistan Investment Bonds	7,939,785	-	-	-	7,939,785	-
03 Months Treasury Bills	-	-	-	-	-	123,544,644
03 Months Treasury Bills	71,963,608	-	40,106,005	-	112,069,613	93,157,677
12 Months Treasury Bills	18,997,238	10,998,619	59,991,719	9,998,619	99,986,195	-
12 Months Treasury Bills	-	7,160,344	5,002,431	-	12,162,775	-
	149,089,733	18,158,963	106,868,862	9,998,619	284,116,177	275,960,444

The particulars of investments are as follows:

	Amount in Rupees	Maturity	Principal Repayment	Coupon Percentage	Coupon Payment
Held-to-Maturity					
10 Year Pakistan Investment Bonds	19,238,133	May 2016	on Maturity	9.6%	Semi-Annually
10 Year Pakistan Investment Bonds	1,982,004	August 2018	on Maturity	12%	Semi-Annually
10 Year Pakistan Investment Bonds	3,786,541	July 2020	on Maturity	12%	Semi-Annually
10 Year Pakistan Investment Bonds	15,662,871	August 2021	on Maturity	12%	Semi-Annually
10 Year Pakistan Investment Bonds	1,191,764	July 2020	on Maturity	12%	Semi-Annually
10 Year Pakistan Investment Bonds	10,096,496	July 2020	on Maturity	12%	Semi-Annually
10 Year Pakistan Investment Bonds	7,939,785	July 2022	on Maturity	12%	Semi-Annually
03 Months Treasury Bills	112,069,613	February 2015	on Maturity	9.18%	on Maturity
12 Months Treasury Bills	99,986,195	April 2015	on Maturity	9.25%	on Maturity
12 Months Treasury Bills	12,162,775	March 2015	on Maturity	9.25%	on Maturity
	284,116,177				

18.1.1 The Company has deposited 10 years Pakistan Investment Bonds having face value of Rs. 61.900 million (2013: Rs. 62.300 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, 2014	December 31, 2013
Rupees					
Available for Sale					
Listed Equities	784,146	-	-	784,146	1,725,944
	784,146	-	-	784,146	1,725,944

18.2.1 Investments in listed equities includes investment in 2,420 shares (2013: 2,000) of East West Insurance Company Limited (an associated undertaking) with carrying values of Rs. 0.281 million (2013: Rs. 0.281 million). The market value of investments in listed securities amounted to Rs. 0.926 million (2013: Rs. 1.819 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, 2014	December 31, 2013
Rupees					
Advance for Expenses	-	257,105	-	257,105	167,390
Deposits	1,231,634	856,100	2,502,600	4,590,334	6,274,534
	1,231,634	1,113,205	2,502,600	4,847,439	6,441,924

20 FIXED ASSETS

20.1 Tangible Assets

	Furniture and Fixtures	Office Equipment	Computers Equipments	Vehicle Equipment	Vehicles	Total
Rupees						
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	1,812,404	492,152	238,801	29,012	839,443	3,411,812
Closing Net Book Value	16,311,633	4,429,364	613,661	261,108	3,357,774	24,973,540
At December 31, 2014						
Cost	38,832,831	11,860,685	5,002,757	596,240	14,451,395	70,743,908
Accumulated Depreciation	22,521,198	7,431,321	4,389,096	335,132	11,093,621	45,770,368
Net Book Value	16,311,633	4,429,364	613,661	261,108	3,357,774	24,973,540
At January 01, 2013						
Cost	38,832,831	11,829,685	4,758,757	695,810	16,491,685	72,608,768
Accumulated Depreciation	18,695,012	6,395,204	3,889,526	327,348	10,797,099	40,104,189
Net Book Value	20,137,819	5,434,481	869,231	368,462	5,694,586	32,504,579
Year Ended December 31, 2013						
Opening Net Book Value	20,137,819	5,434,481	869,231	368,462	5,694,586	32,504,579
Additions	-	31,000	-	-	400,000	431,000
Disposals						
Cost	-	-	-	99,570	2,440,290	2,539,860
Depreciation	-	-	-	56,537	1,654,754	1,711,291
Depreciation Charge	2,013,782	543,965	260,769	35,309	1,111,833	3,965,658
Closing Net Book Value	18,124,037	4,921,516	608,462	290,120	4,197,217	28,141,352
Rate of Depreciation	10%	10%	30%	10%	20%	

20.2 Intangible Assets

	Cost			Accumulated Amortization				Net Book Value As At December 31, 2014	Useful Life	
	As at January 01, 2014	Additions	Disposal	As at December 31, 2014	As at January 01, 2014	For the Year	Disposal			As at December 31, 2014
Rupees										
Computer Software	319,400	-	-	319,400	144,539	174,861	-	319,400	-	2 Years
December 2013	319,400	-	(885,115)	319,400	902,450	127,204	(885,115)	144,539	174,861	2 Years

	Notes	2014	2013
		Rupees	
21 EXPENSES NOT ATTRIBUTABLE TO STATUTORY FUNDS			
Salaries and Other Benefits		5,806,687	6,172,282
Staff Welfare		1,913,406	1,936,388
Travelling		171,779	215,880
Advertisement		171,490	24,444
Telephone		170,859	182,208
Electricity, Gas and Water		496,697	349,230
Entertainment		1,508,597	889,903
Vehicle Maintenance		1,039,494	1,214,184
Insurance to Vehicles		-	15,898
Fees and Subscription		89,624	152,115
Professional and Consultancy Fee		180,000	180,000
Supervision Fees		470,731	523,547
Professional Tax		103,300	153,300
Depreciation	20.1	3,411,812	3,965,658
Amortization	20.2	174,861	127,204
Auditors' Remuneration	22.1	188,782	171,455
Actuary Fees		90,000	90,000
Rent Expense		71,199	71,199
Printing and Stationery		112,552	200,060
Insurance Association of Pakistan - Membership Fees		25,000	50,000
Workers' Welfare Fund		589,820	85,971
Miscellaneous Expenses		454,976	653,921
		17,241,666	17,424,847

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

	2014	2013
	Rupees	
22 AUDITORS' REMUNERATION		
Audit Fee	400,000	400,000
Half Yearly Review	78,750	93,600
Others	50,000	50,000
Out of Pocket Expenses	226,377	142,221
	755,127	685,821

22.1 Allocation of the Auditors' Remuneration is as Follows:

Expense Not Attributable to Statutory Funds	21	188,782	171,455
Administration Expenses - Ordinary Life Business		188,781	171,455
Administration Expenses - Universal Life Business		188,782	171,455
Administration Expenses - Accident and Health Business		188,782	171,455
		566,345	514,365
		755,127	685,820

	Notes	2014	2013
		Rupees	
23 TAXATION			
Current		(393,363)	(137,925)
Prior		1,054,431	909,354
		661,068	771,429

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. 20.910 million (2013: Rs. 20.570 million) which has not been recognised in these financial statements.

	2014	2013
24 PROFIT PER SHARE - BASIC AND DILUTED		
Profit for The Year - Rupees	29,047,450	4,984,017
Weighted Average Number of Ordinary Shares	59,429,150	52,398,888
Earning Per Share - Rupees	0.49	0.10

25 POLICYHOLDERS' LIABILITIES AS PER ACTUARY

	Statutory Funds					Aggregate December 31, 2014	Aggregate December 31, 2013	
	Ordinary life		Universal Life	Accident & Health				
	Individual	Group		Individual	Group			
	Rupees							
Gross of Reinsurance								
Actuary Liability Relating to Future Events	13,838,162	12,987,165	199,977,053	12,665	19,889,231	246,704,276	270,197,945	
Provision for Outstanding Reported Claims Payable Over the Period Exceeding Twelve Months	427,925	-	1,915,475	-	-	2,343,400	1,577,519	
Provision for Claims Incurred But Not Reported (IBNR)	100,000	11,195,894	702,599	-	561,000	12,559,493	9,523,556	
Total	14,366,087	24,183,059	202,595,127	12,665	20,450,231	261,607,169	281,299,020	

	Statutory Funds					Aggregate December 31, 2014	Aggregate December 31, 2013
	Ordinary life		Universal Life	Accident & Health			
	Individual	Group		Individual	Group		
	Rupees						
Net of Reinsurance							
Actuary Liability Related to Future Events	13,838,162	3,120,372	199,691,553	12,665	19,889,231	236,551,983	253,169,187
Provision for Outstanding Reported Claims payable Over the Period Exceeding Twelve Months	427,925	-	1,915,475	-	-	2,343,400	1,577,519
Provision for Claims Incurred But Not Reported (IBNR)	100,000	2,798,973	560,363	-	561,000	4,020,336	3,842,105
Total	14,366,087	5,919,345	202,167,391	12,665	20,450,231	242,915,719	258,588,811

26 REMUNARATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

	2014		2013	
	Chief Executive	Directors	Chief Executive	Directors
	Rupees			
Managerial Remuneration	828,000	-	828,000	-
Directors' Fees	-	280,000	-	415,000
Chairman's Honorarium	-	75,000	-	45,000
House Rent Allowance	372,000	-	372,000	-
Utilities	942,361	-	1,216,178	-
Retirement Benefits	165,600	-	165,600	-
Reimbursement of Expenses	4,018,688	-	3,544,905	-
	6,326,649	355,000	6,126,683	460,000
Number of Person(s)	1	3	1	2

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:

	2014			2013		
	Provident Fund	Key Management Personnel	Associated Companies & Common Directorship	Provident Fund	Key Management Personnel	Associated Companies & Common Directorship
	Rupees					
Transactions During The Year						
Purchase of Vehicle	-	-	-	-	-	400,000
Disposal of Vehicle	-	-	-	-	-	925,000
Contribution During The Year	867,218	-	-	1,073,953	-	-
Balances As At Year End						
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

	2014			
	Loans and Receivables	Available for Sale	Held to Maturity	Total
	Rupees			
Assets				
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
	268,875,472	784,146	284,116,177	553,775,795

	2014		
	Others	At Fair Value Through Profit and Loss	Total
	Rupees		
Liabilities			
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
	-	86,010,099	86,010,099

	2013			
	Loans and Receivables	Available for Sale	Held to Maturity	Total
	Rupees			
Assets				
Cash in Hand	10,016	-	-	10,016
Current and Other Accounts	113,811,436	-	-	113,811,436
Deposits Maturing Within 12 Months	75,000,000	-	-	75,000,000
Loans Secured Against Life				
Insurance Policies	8,124,528	-	-	8,124,528
Unsecured Advances to Employees	693,766	-	-	693,766
Government Securities	-	-	275,960,444	275,960,444
Listed Equities	-	1,725,944	-	1,725,944
Premiums Due But Unpaid	35,987,707	-	-	35,987,707
Amount Due From Reinsurer	4,521,979	-	-	4,521,979
Sundry Receivables	6,441,924	-	-	6,441,924
Investment Income Accrued	2,080,636	-	-	2,080,636
	246,671,993	1,725,944	275,960,444	524,358,380

	Others	2013	Total
		At Fair Value Through Profit and Loss	
		Rupees	
Liabilities			
Outstanding Gratuity	-	90,550	90,550
Outstanding Claims	-	43,208,792	43,208,792
Amount Due to Reinsurers	-	474,659	474,659
Accrued Expenses	-	13,216,246	13,216,246
Agent's Balances	-	1,109,686	1,109,686
Other Creditors and Accruals	-	277,265	277,265
	-	58,377,198	58,377,198

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:

	2014 Rupees	2013 Rupees
Cash and Cash Equivalent		
Current and Other Accounts	124,800,780	113,811,436
Deposits Maturing Within 12 Months	82,500,000	75,000,000
Loans and Receivables		
Loans Secured Against Life Insurance Policies	8,158,364	8,124,528
Unsecured Advances to Employees	198,524	693,766
Premiums Due But Unpaid	40,652,174	35,987,707
Amount Due From Reinsurer	5,351,441	4,521,979
Investment Income Accrued	2,348,878	2,080,636
Sundry Receivables	291,555	6,441,924
Held to Maturity Financial Assets		
Investment	284,116,177	275,960,444
	548,417,893	522,622,420

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 its 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	2014 Rupees	2013 Rupees
Upto One Year		40,652,174	35,987,707
More Than One Year		94,898	-
		40,652,174	35,987,707

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

Financial Institutions	1,299,702	2,482,513
Transport and Communication	27,735,615	1,813,185
Education	9,878,536	19,000,000
Others	1,738,321	12,692,009
	40,652,174	35,987,707

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

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	128,800,780	-	-	-	-	-	-	-
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

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										
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)

2013

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		10,016	-	-	-	-	-	-	-	10,016
Current and Other Accounts	4% to 5%	113,811,436	113,811,436	-	-	-	-	-	-	-
Deposits Maturing Within 12 Months	7%	75,000,000	75,000,000	-	-	-	-	-	-	-
Loans Secured Against Life Insurance Policies		8,124,528	-	-	-	-	-	-	-	8,124,528
Unsecured Advances to Employees	8% to 12%	693,766	-	-	-	-	-	-	-	693,766
Investments		277,686,388	-	216,702,321	7,999,966	-	18,687,477	1,977,095	30,593,585	1,725,944
Premiums Due But Unpaid		35,987,707	-	-	-	-	-	-	-	35,987,707
Amounts Due From Reinsurer		4,521,979	-	-	-	-	-	-	-	4,521,979
Investment Income Accrued		2,080,636	-	-	-	-	-	-	-	2,080,636
Sundry Receivables		6,441,924	-	-	-	-	-	-	-	6,441,924
		524,358,380	188,811,436	216,702,321	7,999,966	-	18,687,477	1,977,095	30,593,585	59,586,500
Financial Liabilities										
Deferred Liabilities - Gratuity		90,550	-	-	-	-	-	-	-	90,550
Outstanding Claims		43,208,792	-	-	-	-	-	-	-	43,208,792
Amounts Due To Other Reinsurer		474,659	-	-	-	-	-	-	-	474,659
Accrued Expenses		13,216,246	-	-	-	-	-	-	-	13,216,246
Agent's Balances		1,109,686	-	-	-	-	-	-	-	1,109,686
Other Creditors and Accruals		277,265	-	-	-	-	-	-	-	277,265
		58,377,198	-	-	-	-	-	-	-	58,377,198
On Balance Sheet Gap		465,981,182	188,811,436	216,702,321	7,999,966	-	18,687,477	1,977,095	30,593,585	1,209,302

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 has 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 policyholders' 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 percent 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 2015 and February 2015 which pertains to calendar year 2014 were taken as IBNR reserve after adjusting the amount for unreported claims pertaining to 2014. 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%	3,588 7,149	4,661 9,294
Improvement of Mortality	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 policyholders' 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 it's actual expenses within these limits. Regular monitoring of expenses allows the Company to adjust it's 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 it's 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 it's 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 it's 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 it's obligation to policyholder 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. 154,270 and Rs. 5,351,441 is "amount due to reinsurers" and "amount due from reinsurers" (2013: Rs. 474,659 and Rs. 4,521,979) respectively as on December 31, 2014.

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 number 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 "East West Life Assurance Company Limited - Employees Contributory Provident Fund". The Fund is maintained by the Trustees and all decisions regarding investments, 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. 8.067 million (2013: Rs. 8.400 million).
- 35.2 As intimated by the Trustees, the cost of the investments made at year end was Rs. 8.067 million (2013: Rs. 8.400 million) which is equal to 100% of the total fund size. The entire amount is invested in bank deposit and term deposit receipt. The category wise break up of investment as per section 227 of the Companies Ordinance, 1984 is given below:

	Rupees	Percentage
Bank Deposit	66,553	0.83
Term Deposit Receipt	8,000,000	99.17
	8,066,553	100.00

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

	2014	2013
As at December 31st	44	57
Average No. of Employees During the Year	38	54

37 DATE OF AUTHORIZATION FOR ISSUE

These financial statements are authorized for issue on March 6th, 2015 by the Board of Directors of the Company.

38 GENERAL

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



CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD
Chairman



MAHEEN YUNUS, CPCU
Chief Executive Officer



UMEED ANSARI
Director



A. K. M. SAYEED
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, 2014, 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.



CHIEF JUSTICE (R) MIAN MAHBOOB AHMAD
Chairman



MAHEEN YUNUS, CPCU
Chief Executive Officer



UMEED ANSARI
Director



A. K. M. SAYEED
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, 2014 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, 2014.

Karachi

Dated: March 6th, 2015



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, 2014

As at December 31, 2014						
Number of Shareholders	From	Shareholding	To	Total Shares Held	Percentage	
85	From	1	To	100	4,686	0.0079
511	From	101	To	500	242,116	0.4074
99	From	501	To	1,000	89,223	0.1501
115	From	1,001	To	5,000	307,410	0.5173
37	From	5,001	To	10,000	288,661	0.4857
7	From	10,001	To	15,000	87,480	0.1472
4	From	15,001	To	20,000	74,200	0.1249
1	From	20,001	To	25,000	72,200	0.0374
3	From	25,001	To	30,000	81,850	0.1377
2	From	35,001	To	40,000	71,000	0.1195
1	From	40,001	To	45,000	44,000	0.0740
1	From	60,001	To	65,000	63,530	0.1069
1	From	90,001	To	95,000	92,000	0.1548
1	From	95,001	To	100,000	100,000	0.1683
1	From	110,001	To	115,000	112,500	0.1893
1	From	125,001	To	130,000	125,800	0.2117
1	From	295,001	To	300,000	300,000	0.5048
1	From	340,001	To	345,000	342,799	0.5768
1	From	390,001	To	395,000	391,875	0.6594
1	From	485,001	To	490,000	485,750	0.8174
1	From	505,001	To	510,000	506,498	0.8523
1	From	1,095,001	To	1,100,000	1,095,188	1.8248
1	From	1,215,001	To	1,220,000	1,218,392	2.0502
1	From	1,395,001	To	1,400,000	1,396,451	2.3498
1	From	1,665,001	To	1,670,000	1,666,871	2.8048
1	From	1,780,001	To	1,785,000	1,782,212	2.9989
1	From	2,580,001	To	2,585,000	2,582,352	4.3453
1	From	2,600,001	To	2,605,000	2,600,309	4.3755
2	From	2,720,001	To	2,725,000	2,723,327	4.5825
1	From	3,145,001	To	3,150,000	3,146,839	5.2951
1	From	3,935,001	To	3,940,000	3,937,062	6.6248
1	From	4,155,001	To	4,160,000	4,157,804	6.9962
1	From	5,710,001	To	5,715,000	5,710,651	9.6092
1	From	5,935,001	To	5,940,000	5,935,888	9.9882
1	From	8,460,001	To	8,465,000	8,462,926	14.2404
1	From	9,175,001	To	9,180,000	9,179,300	15.4458
891				59,429,150	100.0000	

No. of Shareholders	Number	Shares Held	Percentage
CEO, Directors and their Spouses and Minor Children	13	42,618,764	71.7136
Joint Stock Companies, Insurance Companies, Investment Companies & Modarabas	2	301,000	0.5065
Individuals	876	16,509,386	27.7799
891		59,429,150	100.0000

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
Associated Company			
M/s. East West Insurance Company Limited	1	300,000	0.5048
Other Company			
National Development Finance	1	1,000	0.0017
NIT & ICP			
ICP A/c. Mr. Yasin	1	100	0.0002
ICP A/c. Mst. Nasima	1	400	0.0007
ICP A/c. Mr. Mohammad Ashfaq	1	100	0.0002
ICP A/c. Mr. Zafar	1	100	0.0002
ICP A/c. Haji Sher Afghan	1	400	0.0007
Shareholding 10%			
Naved Yunus	1	9,179,300	15.4458
Javed Yunus	1	8,462,926	14.2404
CEO, Directors, their Spouses and Minor Children			
Maheen Yunus, CPCU	1	4,157,804	6.9962
Pervez Yunus	1	5,710,651	9.6092
Omer P. Yunus	1	2,600,309	4.3755
Chief Justice (R) Mian Mahboob Ahmed	1	7,427	0.0125
Umeed Ansari	1	2,500	0.0042
A. K. M. Sayeed	1	4,219	0.0071
Rubina Yunus	1	482,750	0.8174
Samina Yunus	1	3,146,839	5.2951
Ambreen Yunus	1	342,799	0.5768
Shamaila Yunus	1	5,935,888	9.9882
Samad Yunus	1	2,582,352	4.3453
Individuals	871	16,508,286	27.7781
Total	891	59,429,150	100.0000



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EAST WEST LIFE
ASSURANCE COMPANY LIMITED
A Member of East West Group of Companies

Head Office: 310-EFU House, 3rd Floor, M.A. Jinnah Road, Karachi-74000, Pakistan.
Tel: (021) 32311662/5, 32310904, 32310726, Fax: (021) 32311667 E-mail: info@eastwestlifeco.com

Branch Network

Lahore

*Punjab Zone**

1st Floor, Naqi Arcade,
71, Shahrah-e-Quaid-e-Azam, Lahore.
Tel.: (042) 36370717, 36362033
Fax: (042) 36370711
E-Mail:
lahore.zone@eastwestlifeco.com

Sialkot

Office No-3, 2nd Floor,
Sharif Centre,
Feteah 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

Near Grid Station/Police Chowki,
Sargodha Road, 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 ().*

22nd 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 22nd Annual General Meeting to be held on Friday, April 3rd, 2015 at 11:00 am at 28 - Regal Plaza, M.A. Jinnah Road, Quetta and at any adjournment thereof.

Signed this day of 2015

1) Witness:

Signature

Name

Address

[illegible]

Passport No.

2) Witness:

Signature

Name

Address

[illegible]

Passport No.

Please
Affix Rupees
Five Revenue
Stamp

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. Bema Associates (Pvt.) Limited, 515 EFU House, M.A. Jinnah 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

515, EFU House, M.A. Jinnah Road, Karachi.

Tel. Off.: (021) 32316087

Fax: (92-21) 32316187

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Follow your Dreams with US

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

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



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