VCHOWK

ACKNOWLEDGEMENT

With the name of ALLAH the Most Beneficial and Merciful. I completed my internship in State Life Insurance Corporation of Pakistan. I am really pleased to have a professional learning experience in one of leading insurance organizations of country. In these six weeks I worked in different departments and I am truly thankful to all officers and staff who entirely give assistance to me.

I am also grateful to my honorable teachers Sir Fida Hussain Bukhari, Sir Irshad, Sir Riaz Ahmed Mian and all other teachers who motivated me to work hard and teach me technique to learn work.

The account of acknowledgement will remain incomplete if I do not express my sincere appreciation, indebtedness and gratitude to my parents. They have always been a source of encouragement for me.

EXECUTIVE SUMMARY:

I recently have completed my internship in State Life Insurance Corporation OF Pakistan, Group & Pension, Lahore Zone in which I got training from its different departments. The structure, the fashion of working & the dedication of the employees in SLIC is really commendable. State Life Insurance Corporation OF Pakistan (SLIC) has a solid foundation since 1972 in Pakistan, and main objective is to provide its customers with safe, secure and trustworthy service through wide range of products.

In this report I have given a very brief review of Profile of State Life Insurance Corporation OF Pakistan, all the products provided by the SLIC and in this regard I have tried to give all the information of SLIC.

Then I have discussed about my learning in entire internship in all departments of State Life Insurance Corporation OF Pakistan. During my internship I worked in Underwriting, Claims and Accounts department and I successfully completed all the task/duties that were assigned to me. I have made it possible to write each and every thing that I have learnt there. I have all my practical efforts in the form of this manuscript that's the asset for my prospect career.

Then I have done a detailed Financial Analysis as well as SWOT Analysis. Finally I have given some recommendations about State Life Insurance Corporation OF Pakistan.

Methodology

Methodology means way of collecting the data of report writing. There are two methods to conduct research. First methodology of research is primary data and other is secondary data base research. In this report I have methodology of primary data and secondary data.

I worked in Group & Pension (State Life Corporation of Pakistan, Lahore Zone) and about this department so less material was available and I had to collect most of data by discussions with officers.

Primary data:

- By meeting/asking questions to different personal of different departments. Mr. Tariq Munir (Deputy Manager, PHS), Mr. Khawar Majeed (Deputy Manager, (F&A), Mr. Muhammad Yaqoob (Zonal Head, F&A), MR. Shahid Khokhar (Sector Head, Marketing), MR.Sohail Yaseen (Manager P&GS),and many persons of staff cooperate with me and guide me about working procedure of their concerned departments.
- Practically working, carefully watching the working procedure of the organization.
- Visiting different departments of the organization.

Secondary Data:

- Study written material available about State Life
- Study different books of insurance, booklets, broachers.
- Study Annual Report of SLIC.
- Visiting website of SLIC
- Study previous internship reports available in college library.

Limitations

During my internship training I had face to many problems/limitations which were some times really discourage me to collect the basic and important information to make a strong and very good report on SLIC.

Despite of the following limitation I tried my best and honest effort to collect the data and interpreted in this report:-

- Due to lack of time it is very difficult to get all information of departments of SLIC.
- There were no special arrangements for internees. Thanks to all those officers who guided me and remained cooperative at all the time.
- Officers had not enough time to regularly help us.
- Most of staff members who are master of their work but they learnt this by doing in routine but they do not know basic concepts of it because they have no professional knowledge of insurance.

Contents

INSURANCE

DEFINTIONS:

“Financial protection against loss or harm”

"Insurance is a contract between two parties whereby one party called insurer Undertakes in exchange for a fixed sum called premiums, to pay the other party called insured a fixed amount of money on the happening of a certain event."

According to the U.S. Life Office Management Association Inc. (LOMA), life insurance is defined as follows: “Life insurance provides a some of money if the person who is insured dies whilst the policy is in effect”.

“Insurance is a contract between two parties whereby one party agrees to undertake the risk of another in exchange for consideration known as premium and promises to pay a fixed sum of money to the other party on happening of an uncertain event (death) or after the expiry of a certain period in case of life insurance or to indemnify the other party on happening of an uncertain event in case of general insurance. The party bearing the risk is known as the 'insurer' or 'assurer' and the party whose risk is covered is known as the 'insured' or 'assured'”

TYPES OF INSURANCE

There are two main types of insurance which are as follows.

1) Life insurance

2) General insurance

Life Insurance:

Life insurance provides a monetary benefit to a decedent's family or other designated beneficiary, and may specifically provide for income to an insured person's family, burial, funeral and other final expenses. Life insurance policies often allow the option of having the proceeds paid to the beneficiary either in a lump sum cash payment or an annuity.

Annuities provide a stream of payments and are generally classified as insurance because they are issued by insurance companies and regulated as insurance and require the same kinds of actuarial and investment management expertise that life insurance requires. Annuities and pensions that pay a benefit for life are sometimes regarded as insurance against the possibility that a retiree will outlive his or her financial resources. In that sense, they are the complement of life insurance and, from an underwriting perspective, are the mirror image of life insurance.

Certain life insurance contracts accumulate cash values, which may be taken by the insured if the policy is surrendered or which may be borrowed against. Some policies, such as annuities and endowment policies, are financial instruments to accumulate or liquidate wealth when it is needed.

General insurance:

General insurance is basically an insurance policy that protects you against losses and damages other than those covered by life insurance. For more comprehensive coverage, it is vital for you to know about the risks covered to ensure that you and your family are protected from unforeseen losses.

General insurance include following types of insurance.

- Vehicle insurance
- Health insurance
- Home insurance
- Property insurance
- Liability insurance
- Credit insurance
- Marine insurance
- Aviation insurance
- Travel insurance
- Professional indemnity

BASIC INSURANCE TERMINOLOGIES

Insured:

The person known as the policyholder, a person with insurance coverage.

Insurer:

A company licensed to transact the business of insurance and issue insurance policies.

Policy:

It's the written contract between an insurance company and its insured. It defines what the company agrees to cover for what period of time and describes the obligations and responsibilities of the insured.

Premium:

It's the amount of money a policyholder pays for insurance protection.

Claim:

It's the notice to the insurance company that under the terms of a policy, a loss maybe covered.

Indemnity:

Legal principle that specifies an insured should not collect more than the actual cash value of a loss but should be restored to approximately the same financial position as existed before the loss.

Agent:

A licensed person or organization that sells insurance and represents the insurance company to the policyholder.

Broker:

An organization or person paid by the policyholder to look for insurance on their behalf.

Deductible:

It's the amount of the loss, which the insured is responsible to pay before the insurance company pays the benefits.

Expiration Date:

This is the date on which the policy ends.

Grace Period:

A period (usually 30 or 31 days) following each insurance premium due date, other than the first due date, during which an overdue premium may be paid. All provisions of the policy remain in force throughout this period.

Limit:

It's the maximum amount paid by the insurance company under the terms of a policy.

Underwriting:

The process of classifying applicants for insurance by identifying characteristics such as age, gender, health, occupation and hobbies. People with similar characteristics are grouped together and are charged a premium based on the group's level of risk.

EVOLUTION OF INSURANCE

Insurance has its roots in so ancient times and it get ahead in different periods in different shapes and at last come into existence in modern form of this time and it is now popular in all over the world and it is a separate industry with billions Rs of capital and all over the world millions of people are getting benefit and earning livelihood from this industry.

Almost 4,500 years ago, in the ancient land of Babylonia, traders used to tolerate risk of the caravan trade by giving loans that had to be afterward repaid with interest when the goods arrived safely. In 2100 BC, the Code of Hammurabi granted legal status to the practice. I think perhaps it was time when insurance made its beginning.

As European civilization stepped forward, its social institutions and welfare practices also got more and more polished. With the discovery of new lands, sea routes and the subsequent growth in trade, medieval unions took it upon themselves to protect their member traders from loss on account of fire, shipwrecks and the like.

Since most of the trade took place by sea, there was also the fear of pirates. So these guilds even offered ransom for members held imprisoned by pirates. Burial expenses and support in times of sickness and poverty were other services obtainable. Basically, all these revolved around the concept of insurance or risk coverage.

In 1347, in Genoa, European maritime nations entered into the earliest known insurance contract and decided to accept marine insurance practice.

Insurance as we know it today owes its existence to 17th century England. Infect, it began taking shape in 1688 at a rather interesting place called Lloyd's Coffee House in London, where merchants, ship-owners and underwriters met to discuss and transact business. By the end of the 18th century, Lloyd's had prepared enough business to become one of the first modern insurance companies.

In 1693, astronomer Edmond Halley constructed the first mortality table to provide a link between the life insurance premium and the average life spans based on statistical laws of mortality and compound interest. In 1756, Joseph Dodson reworked the table, linking premium rate to age.

The first stock companies to get into the business of insurance were chartered in England in 1720. The year 1735 was the birth of the first insurance company in the American colonies in Charleston, SC. In 1759, the Presbyterian Synod of Philadelphia sponsored the first life insurance corporation in America for the benefit of ministers and their dependents. However, it was after 1840 that life insurance really took off in a big way.

The 19th century saw huge developments in the field of insurance, with newer products being devised to meet the growing needs of urbanization and industrialization.

In 1835, the well-known New York fire drew people's attention to the need to provide for sudden and large losses. Two years later, Massachusetts became the first state to require companies by law to maintain such reserves. The great Chicago fire of 1871 further stressed how fires can cause huge losses in densely populated modern cities. The practice of reinsurance, wherein the risks are spread among several companies, was devised specifically for such situations.

There were more branches of the process of industrialization. In 1897, the British government passed the Workmen's Compensation Act, which made it mandatory for a company to insure its employees against industrial accidents. With the advent of the automobile, public liability insurance, which first made its appearance in the 1880s, gained importance and acceptance?

In the 19th century, many societies were founded to insure the life and health of their members, while fraternal orders provided low-cost, members-only insurance. Even today, such fraternal orders continue to provide insurance coverage to members as do most labs our organizations. Many employers sponsor group insurance policies for their employees, providing not just life insurance, but sickness and accident benefits and old-age pensions. Employees contribute a certain percentage of the premium for these policies.

HISTORY OF INSURANCE INDUSTRY IN PAKISTAN

At the time of independence, the country had 5 domestic and 77 foreign insurance companies. These companies were regulated under the Insurance Act of 1938. The government in 1948 established the Department of Insurance within the domain of Ministry of Commerce to supervise the affairs of insurance industry and to safeguard the interests of the insured. The Act was amended in 1958 for the first time keeping in view the requirements of domestic market and to have effective control over the insurance premium rates. Since then, various amendments have been made in the Act. The Department of Insurance further created the Controller of Insurance for the same purpose that was abolished in 2000 when SECP was made responsible for supervising insurance business in the country.

Since the business of insurance companies is to spread the risk, therefore, the need for establishment of a domestic reinsurance company was felt that would eventually boost the profitability of national insurance companies and to allow companies to handle growing insurance demand. It was also aimed to reduce the outflow of foreign exchange that was earlier used as reinsurance premiums made to reinsurance companies mainly in the U.K. The Pakistan Reinsurance Corporation (presently called as Pakistan Reinsurance Company Limited) was established in 1953. In 1955, National Coinsurance Scheme (NCS) was initiated to promote insurance culture in Pakistan and to assist small insurance companies in meeting financial requirements. Moreover, it aimed to have checks and balances on government expenditure on insurance and to assist in settlement of claims in which the government was the beneficiary. The formation of NCS yielded favorable results, Moreover, economic growth in 1960s further promoted the insurance business in the country and the number of Pakistani insurance companies increased to 26 and reached to 47 by 1971. However, the number of foreign companies decreased from 77 in 1947 to 25 in 1972 due to political uncertainty and separation of East Pakistan.

The life insurance business (that grew very rapidly from a total sum assured of only Rs. 130 million in 1949 to Rs. 51.7 billion in 1972) was nationalized in 1972.Life Insurance Management Board managed the affairs of these newly nationalized life insurance companies. By consolidating the business of 41 nationalized insurance companies in 1973, the government created State Life Insurance Corporation with a purpose of encouraging life insurance business and to safeguard the interests of policyholders. The initial benefits were the reduction in premium rates by 33 percent and resolution of various outstanding disputes between the policyholders and the insurers.

Moreover in 1973, the government replaced NCS with National Insurance Fund (NIF) for the purpose to manage insurance of government and semi government property. The NIF reduced the premium rates for insuring government property; in addition it shifted all the profits of insurance companies to the government exchequer. As well to provide government a more conducive environment for undertaking insurance and to reduce its cost, National Insurance Corporation (presently National Insurance Company Limited) was established in 1976. Since then, it has been the sole insurer to the government and semi-government bodies.

In 1980s no significant development took place in the insurance industry until the financial sector reforms were initiated by the government in early 1990s that also encouraged investments in insurance business. The number of domestic insurance companies increased to 62 in 1995 while foreign participation was reduced to 9 insurance companies. One of the significant changes in insurance regulation was the abolition of the office of controller of insurance and after the conversion of corporate law Authority in to SECP, a new department was formed in SECP to look after the affairs of the insurance industry. Since the Insurance Act 1938 had become outdated, it was prudent to replace it with some new regulations. The new Insurance ordinance was promulgated in August 19, 2000 by the SECP that increased the minimum paid-up capital of non-life insurance companies to Rs. 80 million and for life insurance companies to Rs. 150 million.

COMPARISON WITH ASIAN COUNTRUES

Premium percentage of GDP (2008)			PREMIUM volume (million USD)			World market share
Country	**Ranking**	**Total Business**	**Ranking**	**2008**	**2007**	**2008**
India	31	4.6	14	56,190	57,782	1.32
Malaysia	33	4.3	34	9,335	8,633	0.22
China	43	3.3	6	140,818	92,483	3.30
Sri Lanka	71	1.4	78	623	469	0.01
Philippines	73	1.4	54	2,299	2,105	0.05
Indonesia	75	1.3	39	6,903	6,983	0.16
Iran	78	1.1	47	4,243	3,645	0.10
Bangladesh	80	0.9	75	717	617	0.02
Pakistan	83	0.8	63	1,133	1,094	0.03
Saudi Arabia	85	0.6	50	3,070	2,290	0.07

STATE LIFE INSURANCE CORPORATION OF PAKISTAN

STATE LIFE INSURANCE CORPORATION OF PAKISTAN

LOGO THEME

LEAF REPRESENTS Three Bema Units

STAR REPRESENTS Five Zones

BLUE	WHITE
SKY	Peace
PROTECTION	Brotherhood
UMBRELLA	Humbleness
SHELTER	Purity
	Truth

BRIEF HISTORY

The Life Insurance Business in Pakistan was nationalized during March 1972. Initially life insurance business of 32 insurance companies was combined and placed under three Beema Units named A, B and C Beema Units. Though, later these Beema Units were merged and from November 1, 1972 the management of the life insurance business was consolidated and entrusted to the State Life Insurance Corporation of Pakistan.
The major function of the State Life Insurance Corporation of Pakistan is to carry out life insurance business; however, it is also involved in the other related business activities such as investment of policyholders fund in Government securities, Stock market, Real estate etc It is the largest Life Insurance Corporation in Pakistan operating though 26 zones for individual insurance and four zones for group life insurance. It also operates in the Gulf countries (comprising of Kingdom of Saudi Arabia, Kuwait and United Arab Emirates) through the zonal office located in Dubai. The Government of Pakistan is the sole shareholder.

State Life Insurance Corporation of Pakistan is headed by a Chairman and assisted by the Executive Directors appointed by Federal Government. Up to July 2000 the Corporation was run by Board of Directors constituted under Life Insurance (Nationalization) Order 1972. In July 2000, under Insurance Ordinance 2000, the Federal Government reconstituted the Board of Directors of State Life which runs the affair of this Corporation.

Total income of the Corporation was 390.50 million rupees in 1973 which has gone up to 41,829.9 million rupees in 2008 (annual compound growth rate 13.30%). The corporation has shown a tremendous growth rate in all the sectors during the period from 1973 to 2010. Total number of policies in force (individual life) was 357,413 in 1973 and 2,568,698 in 2009, as shown in the annual report for the year ending 2009. First year premium has gone up from 48.2 (Year 1973) million rupees to 5,158.6 million rupees

(Year 2009). Total death claims paid by the corporation are 41092, amounting to 5071 million rupees between the period from 2002 to march 2009.

CORE VALUES

MISSION

To remain the leading insurer in the country by extending the benefits of insurance to all sections of society and meeting our commitments to our policy holders and the nation.

QUALITY POLICY

To ensure satisfaction of our valued policyholders in processing new business, providing after sales service and optimizing return on Life Fund through a quality culture and to maintain ourselves leading life insurer in Pakistan

OBJECTIVES

- To run life insurance business on sound line.
- To run life insurance business on sound line.
- To provide more efficient service to the policyholders.
- To maximize the return to the policyholders by economizing on expenses and increasing the yield on investment.
- To make life insurance a more effective means of mobilizing national savings.
- To widen the area of operation of life insurance and making it available to as large a section of the population as possible, extending it from the comparatively more affluent sections of society to the common man in towns and villages.
- To use the policyholders' fund in the wider interest of the community

MAJOR ACHIEVEMENTS:

The major achievements of State Life are as under:

- On the commencement of the operations, the Corporation took a very important step by effecting reduction up to 33% in the premiums on the past and potential Life Policies for the benefit of the Policyholders.
- State Life is profitable organization and is paying dividend to the Government of Pakistan since its inception in 1972.
- State Life has played very vital role in the economy by providing employment to the people of the country as permanent employees and as part of its marketing force and by investing the huge funds in different sectors of the economy.
- Investment portfolio also includes investment in Real Estate.
- The Paid up Capital increased from Rs.10 million in 1972 to Rs.1100million in 2008.
- Investment income including rental income increased from Rs.0.81 billion in 1972 to 19.186 billion in 2008.
- State Life is smoothly striving towards its objective of making life insurance available to large section of the society by extending it to common man.

ORGANIZATIONAL STRUCTURE

It is headed by chairman who is a CHIEF EXECUTIVE of the corporation and appointed by the government the other administrative level and authorities is given below

Board of directors:

It comprises of 7 members who are responsible for making plans and policies to achieve the set goals of the organization.

Executive Directors:

It comprises of 4 members responsible for implementation of policies and directives of the board of directors.

Regions:

There are 4 regions in Pakistan headed by regional chiefs responsible for looking after all the zones under his administration.

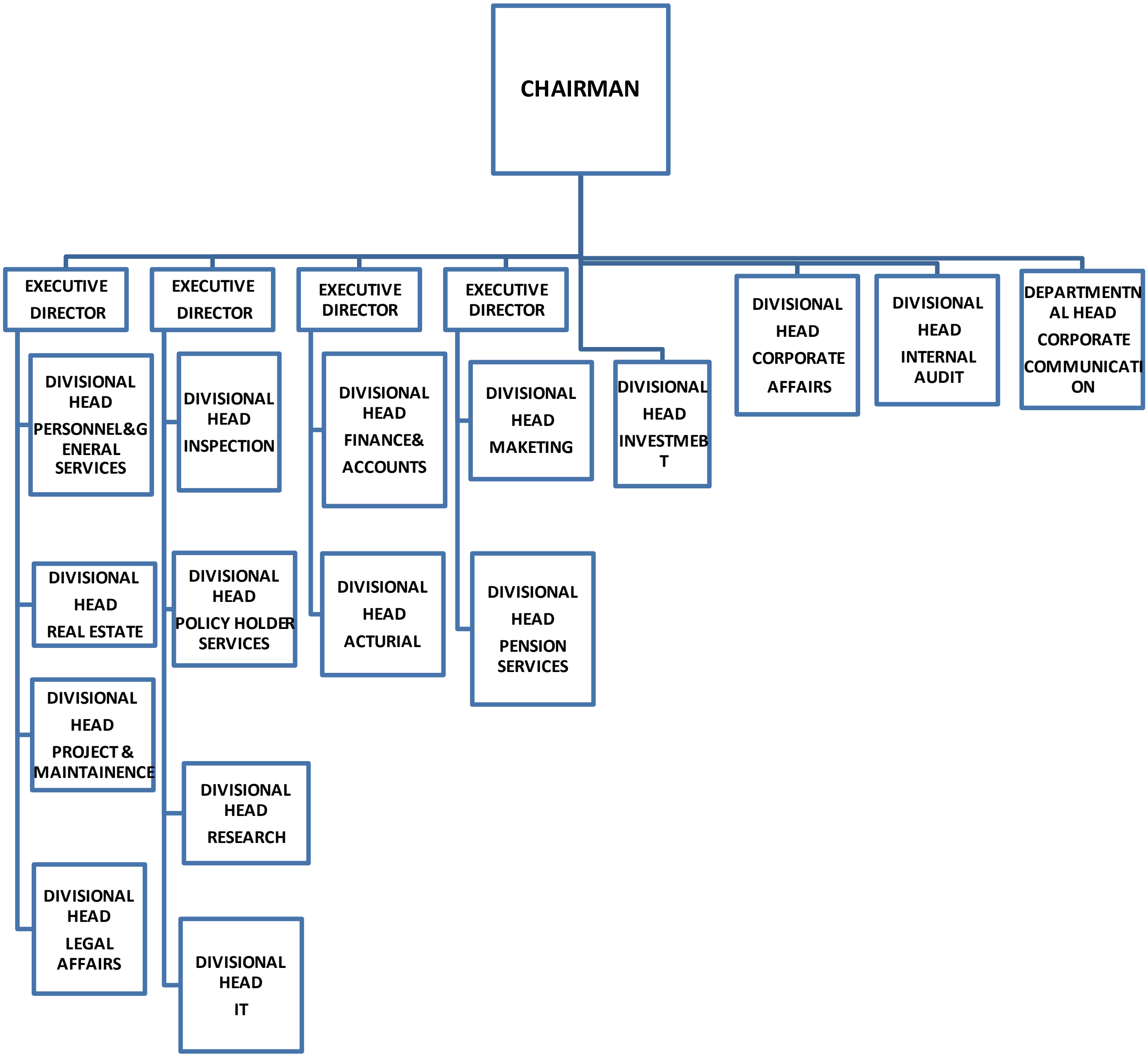
Zones:

There are 26 zones in Pakistan headed by the zonal head responsible for procurement of business to achieve the set business target of the organization.

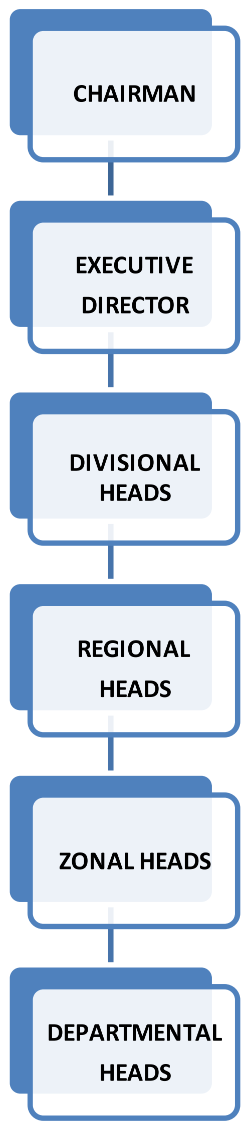
The basic structure of the Corporation consists of Four Regional Offices, Twenty-Six Zonal Offices, a few Sub-Zonal Offices, 111 Sector Offices, and a network of 461 Area Offices across the country for Individual Life Insurance; Four Zonal Offices and 6 Sector Offices with 20 Sector Heads for Group & Pension are involved in the Marketing of Life Insurance

Plans policies and products offered by State Life and a Principal Office. The Zonal Offices deal exclusively with Sales and Marketing. Underwriting of Life Insurance Policies and the Policyholder's Services. Regional Offices, each headed by a Regional Chief, supervise business activities of the Zones functioning under them. The Principal Office, based at Karachi, is responsible for corporate activities such as investment, real estate, actuarial, overseas operations, etc.

TOP MANAGEMENT ORGANORAM



Management hierarchy



BOARD OF DIRECTORS

Mr. Shahid Aziz Siddiqi	**Chairman**
Mr. Shahid Rahim Shaikh	Director
Mrs. Spenta Kandawalla	Director
Mr. Aslam Faruque	Director
Mr. Amin Qasim Dada	Director
Mr. Rasheed Y. Chinoy	Director
Syed A. Wahab Mehdi	Director
Syed Hur Riahi Gardezi	Director
Mr. Akbar Ali Hussain	Secretary Board

PLACES

HEAD OFFICE:

State Life Insurance Corporation Of Pakistan
Principal Office State Life Building No. 9,
Dr. Ziauddin Ahmed Road, Karachi-75530
PO BOX No 021-99202800-9 Lines

REGIONAL OFFICES:

There are 4 regions in Pakistan headed by regional chiefs responsible for looking after all the zones under his administration.

- Southern Region
- Central Region
- Multan Region
- North Region

ZONAL OFFICES:

There are 26 zones in Pakistan headed by the zonal head responsible for procurement of business to achieve the set business target of the organization.

- Karachi (Southern) Zone
- Karachi (Central) Zone
- Karachi (Eastern) Zone
- Hyderabad Zone
- Quetta Zone
- Sukkur Zone
- Mirpurkhas Zone

- Larkana Zone
- Lahore Central Zone
- Lahore Western Zone
- Gujranwala Zone
- Faisalabad Zone
- Sargodha Zone
- Sialkot Zone
- Multan Zone
- Sahiwal Zone
- RahimYar Khan Zone
- Dera Ghazi Khan Zone
- Bahawalpur Zone
- Peshawar Zone
- Rawalpindi Zone
- Abbottabad Zone
- Gujrat Zone
- Islamabad Zone
- Mirpur (AK) Zone
- Swat Zone

GROUP AND PENSION:

There are 4 zonal offices of Group &Pension and under these zones there are many sector offices.

- Group and Pension Rawalpindi Zone
- Group and Pension Peshawer Zone
- Group and Pension Karachi Zone
- Group and Pension Lahore Zone

PROMOTION:

Advertising plays a significant role in the promotion of life insurance business.

Product campaigns on Shadabad Plan & Child Education & Marriage Plan were launched in National and Regional dailies.

Advertisements to give recognition to the Area Managers on their business performance were also released in the print media.

A multi media advertising campaign on bonus announcement of policyholders in print & electronic media was also launched at the end of the year.

Specially produced radio programs in Urdu & Regional languages were broadcasted from Radio Pakistan and FM Channels.

State Life outdoor advertising made its presence on LCD screens placed at Karachi and Lahore international Airports besides screening of TV commercials on CCTV

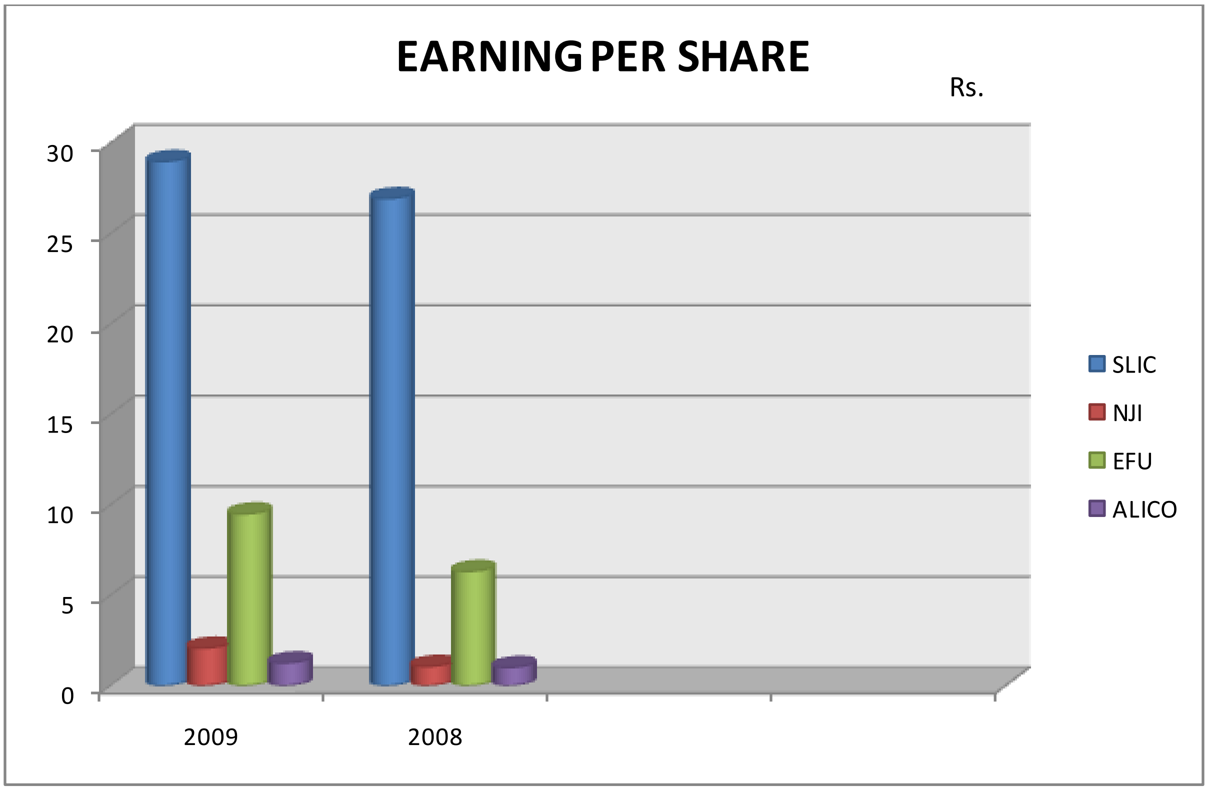
Well known media advertisement started with the prayer of a daughter

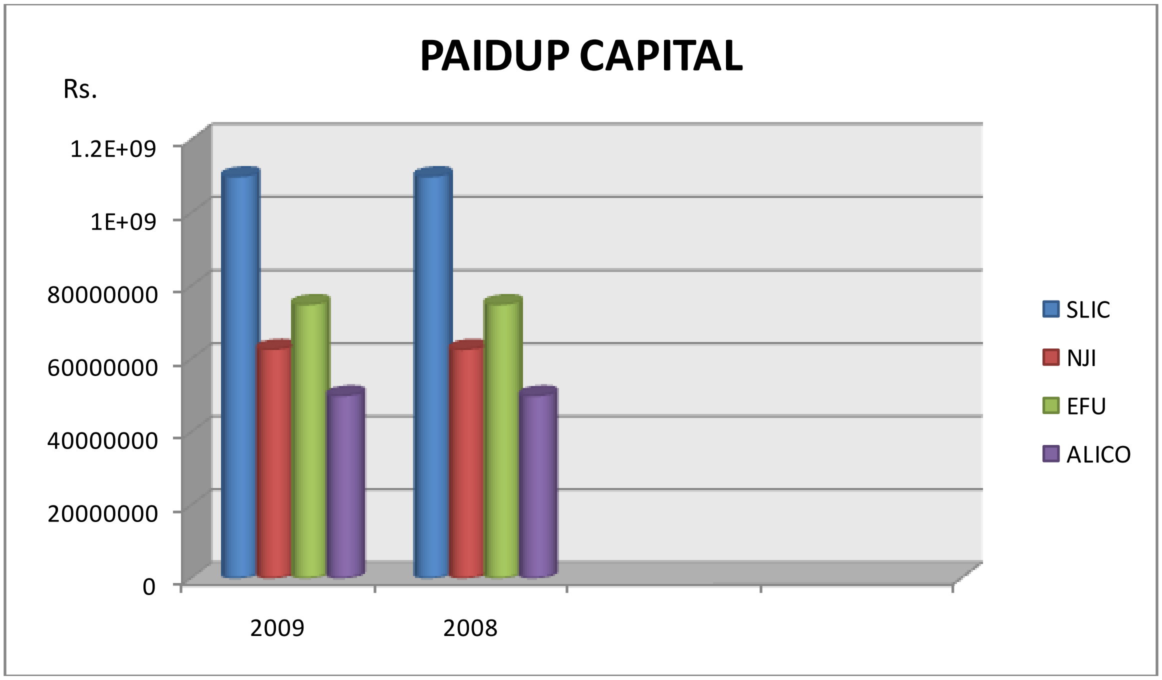
“A Khuda mara Abbu salamat Raheen”

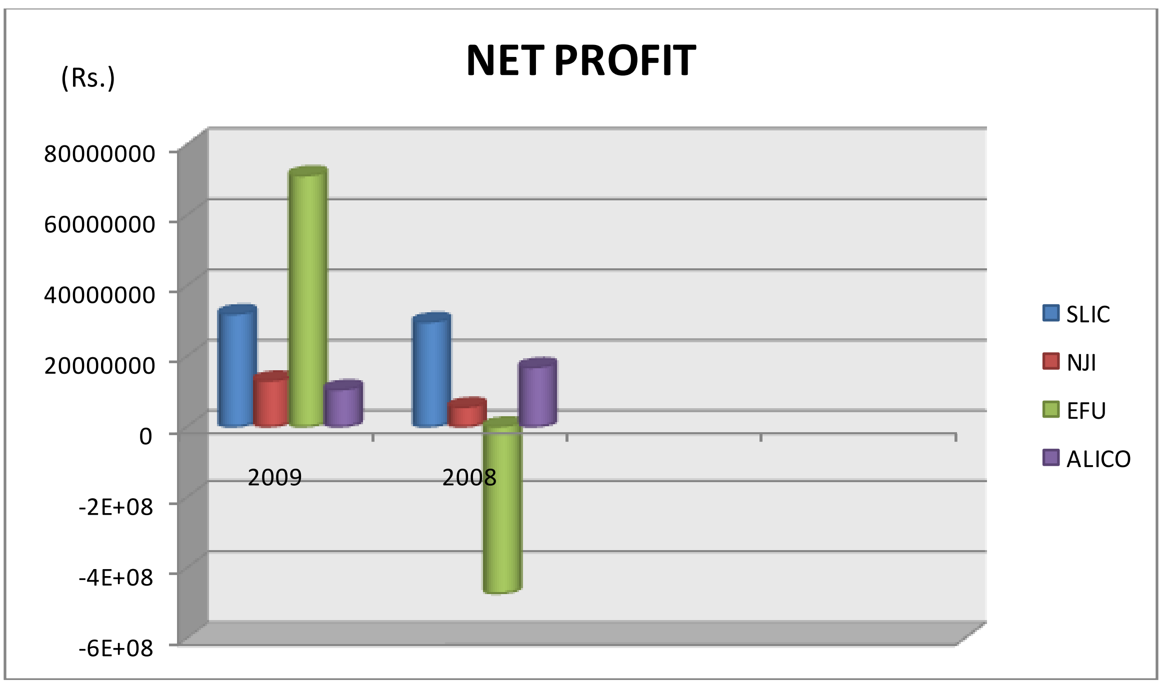
Traveled to wipe off the tears of a widow (Salma Waheed),

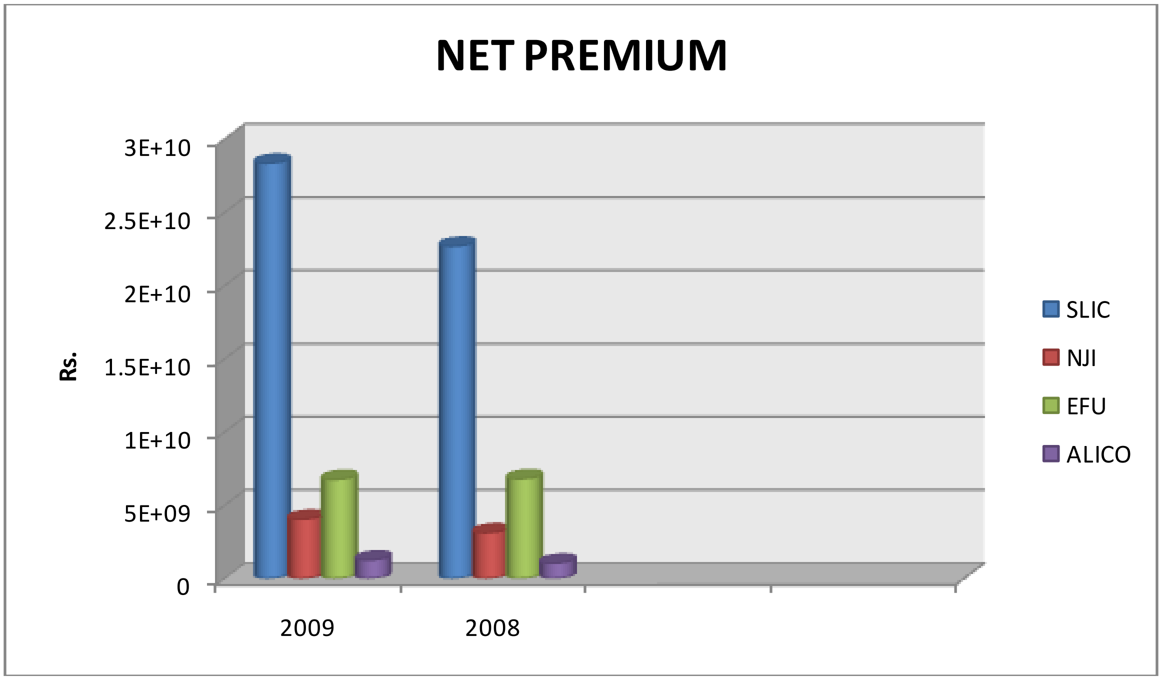
PERFORMANCE ANALYSIS

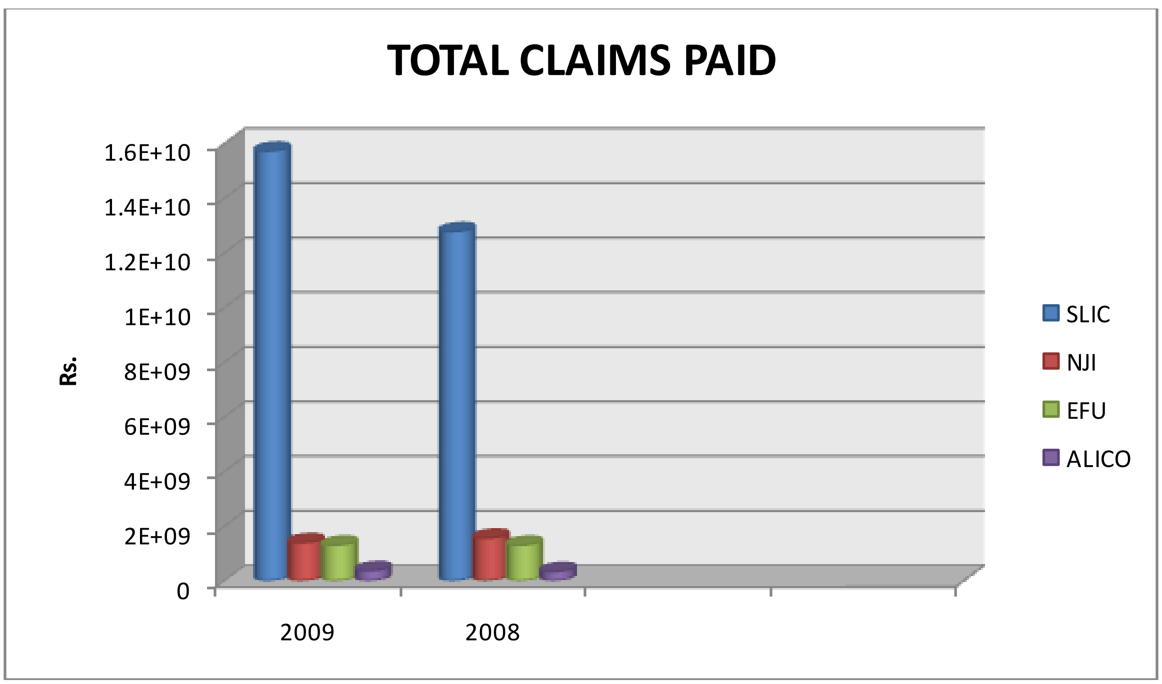
COMPARISON WITH OTHER COMPANIES




PAIDUP CAPITAL
Rs.
1.2E+09
1E+09
80000000
60000000
40000000
20000000
0
2009
2008
SLIC
NJI
EFU
ALICO


NET PROFIT
(Rs.)
80000000
60000000
40000000
20000000
0
-2E+08
-4E+08
-6E+08
2009
2008
SLIC
NJI
EFU
ALICO

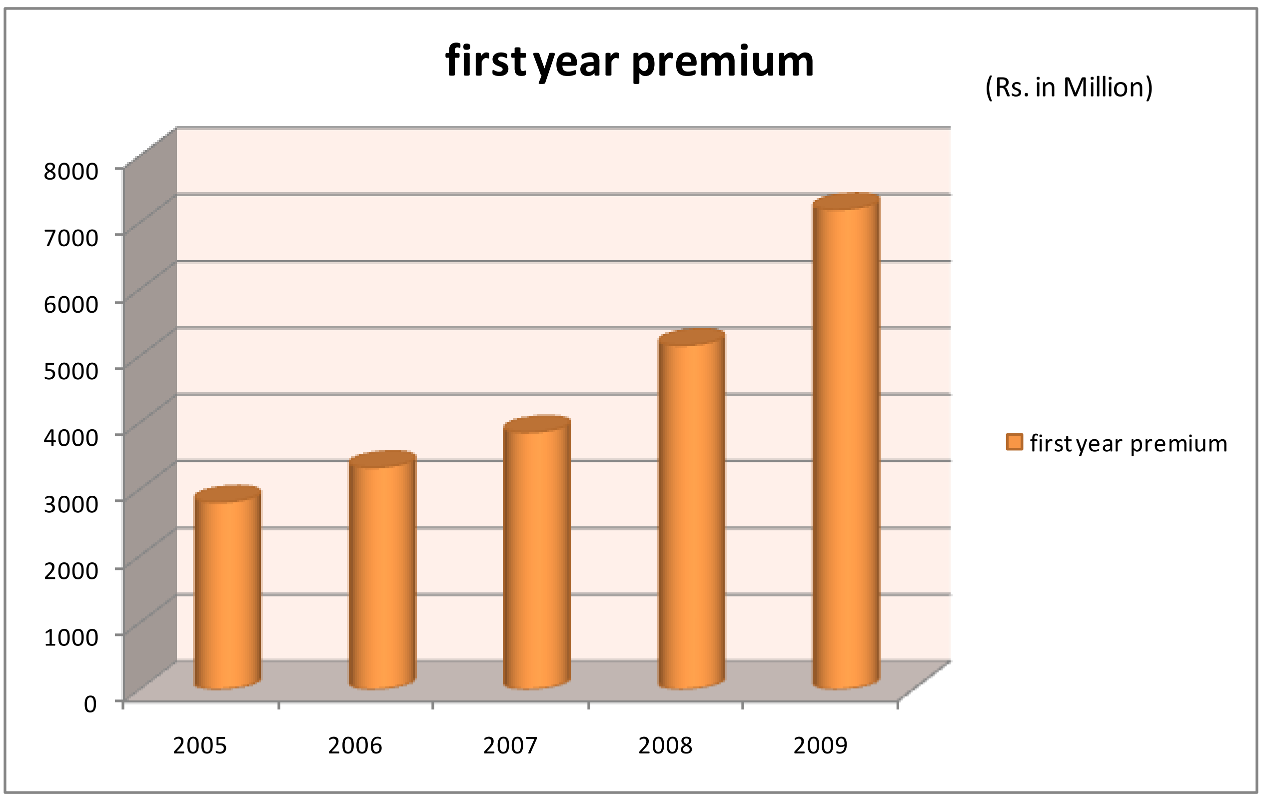

NET PREMIUM
3E+10
2.5E+10
2E+10
1.5E+10
1E+10
5E+09
0
Rs.
2009
2008
SLIC
NJI
EFU
ALICO


TOTAL CLAIMS PAID
1.6E+10
1.4E+10
1.2E+10
1E+10
8E+09
6E+09
4E+09
2E+09
0
Rs.
2009
2008
SLIC
NJI
EFU
ALICO

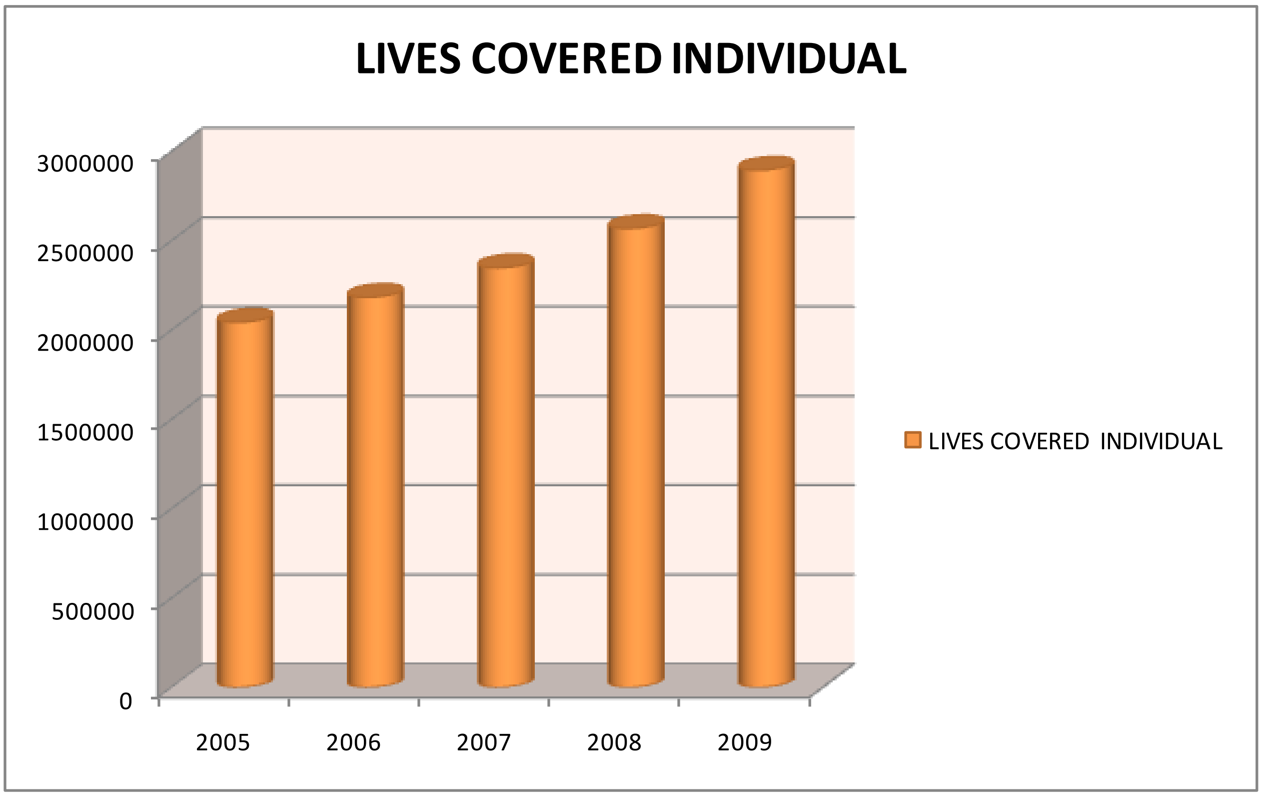
INDIVIDUAL PERFORMANCE

FIRST YEAR PREMIUM

FIRST YEAR PREMIUM	
	(Rs. In Million)
2005	2806
2006	3327
2007	3854
2008	5159
2009	7196

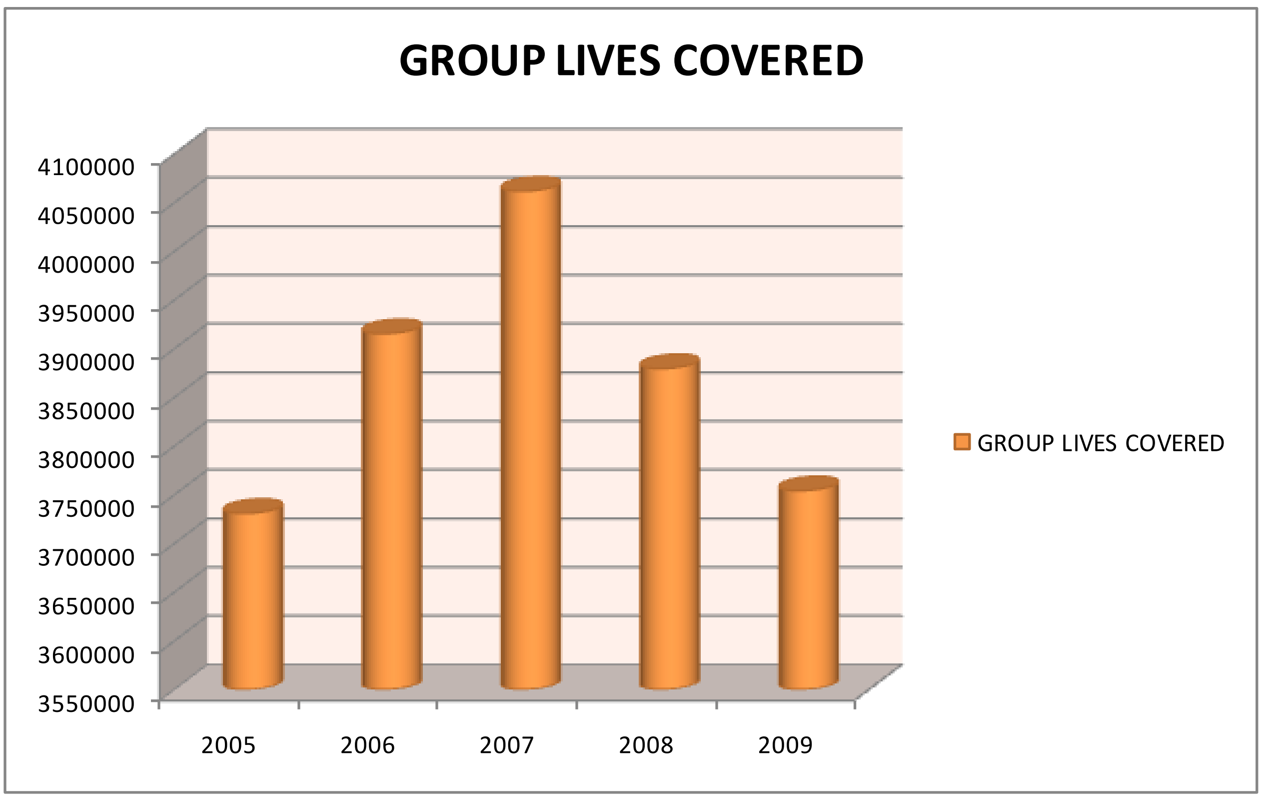


LIFE COVERED -INDIVIDUAL	
2005	2044015
2006	2183783
2007	2348791
2008	2568698
2009	2895354



GROUP LIVES COVERED

LIFE COVERED -GROUPS	
2005	3731002
2006	3915529
2007	4061865
2008	3879686
2009	3754296



PREMIUM INCOME –INDIVIDUAL LIFE

PREMIUM INCOME –INDIVIDUAL LIFE	
	(Rs. In Million)
2005	11,260.0
2006	13,112.0
2007	15,907.1
2008	19,152.1
2009	24,853.2

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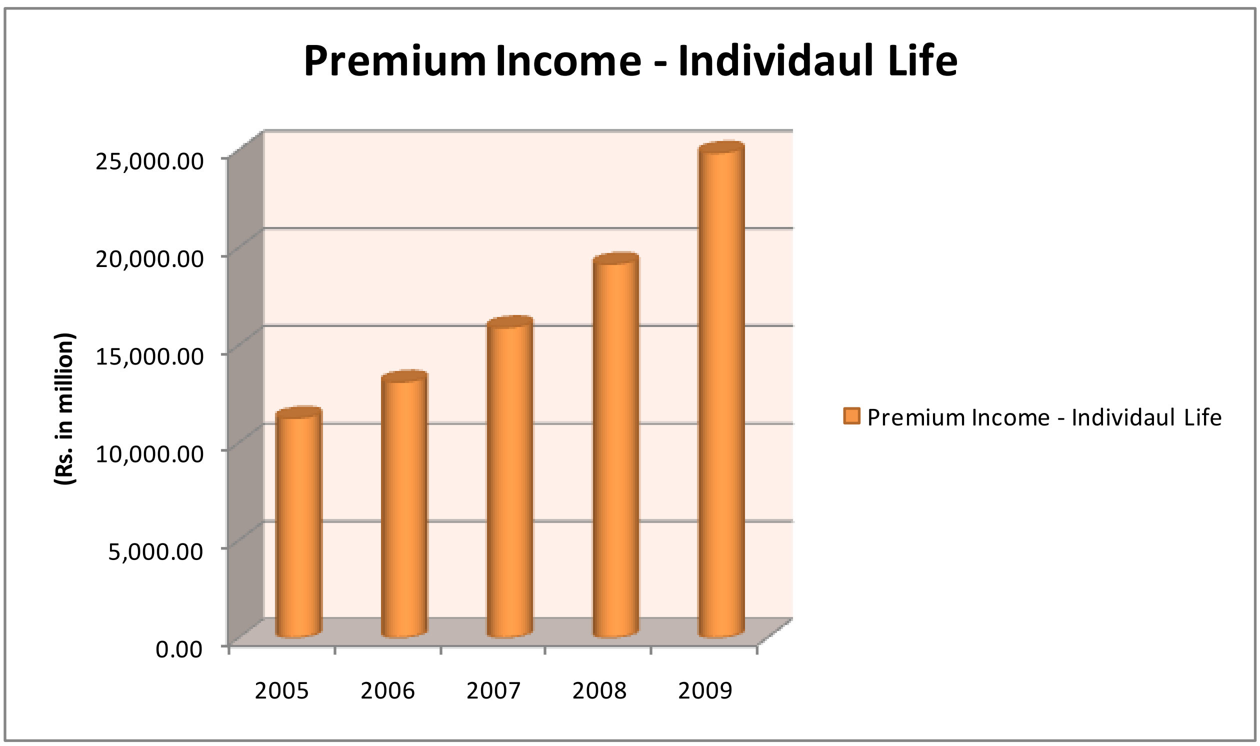
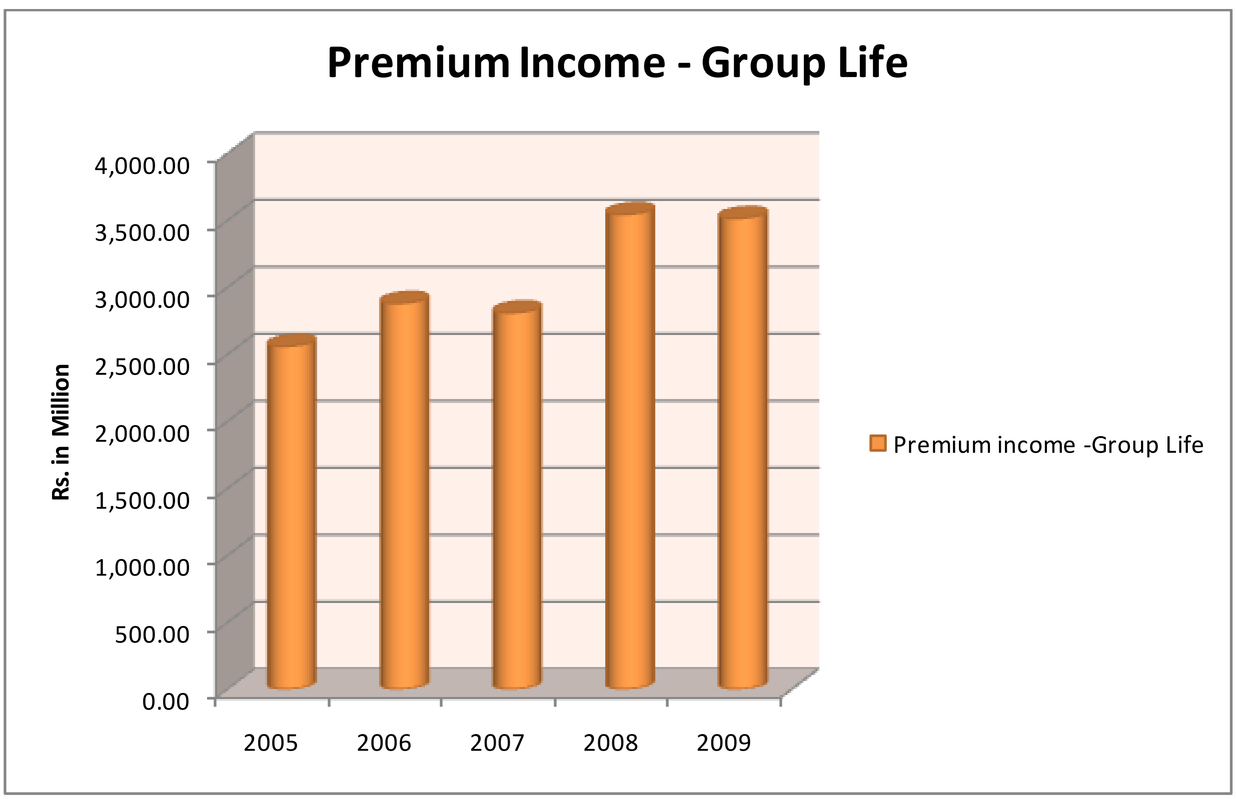


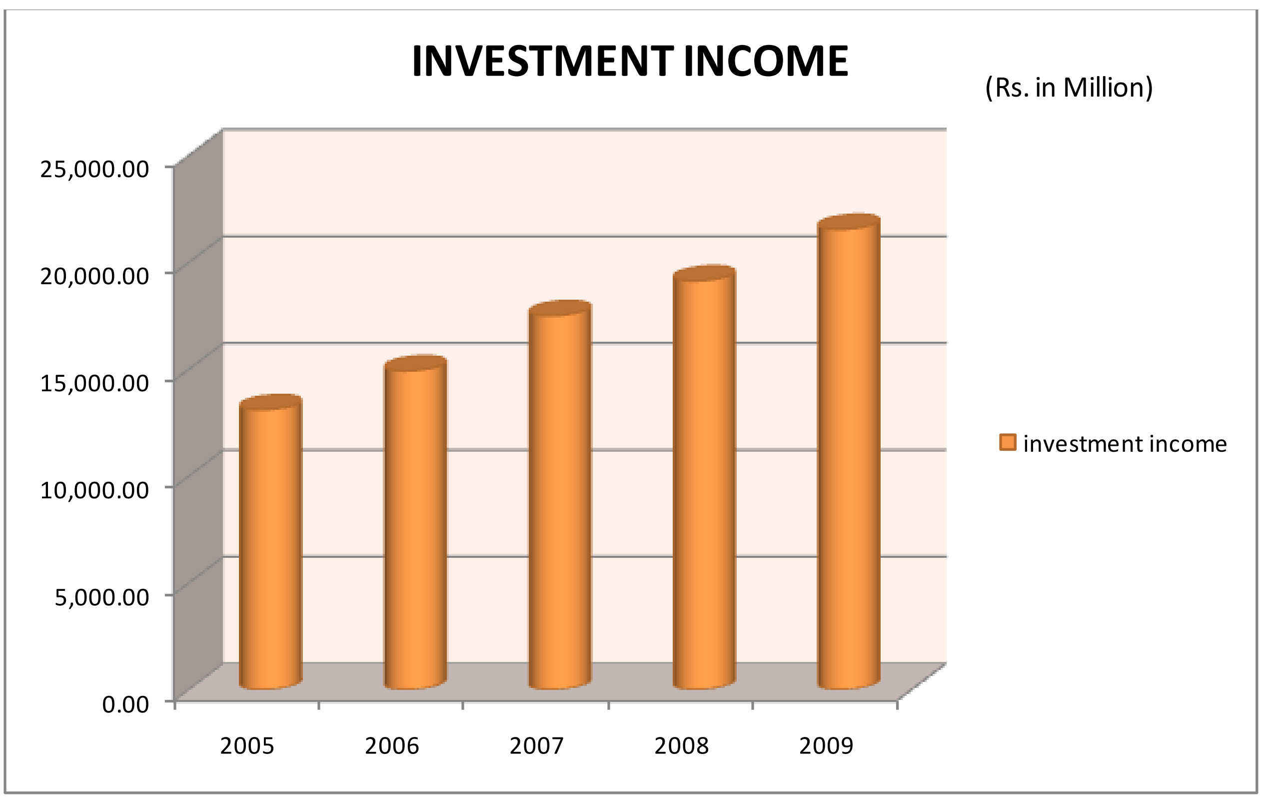
PREMIUM INCOME GROUP LIFE

PREMIUM INCOME –GROUP LIFE	
	(Rs. In Million)
2005	2,560.1
2006	2,879.6
2007	2,809.6
2008	3,543.2
2009	3,513.7



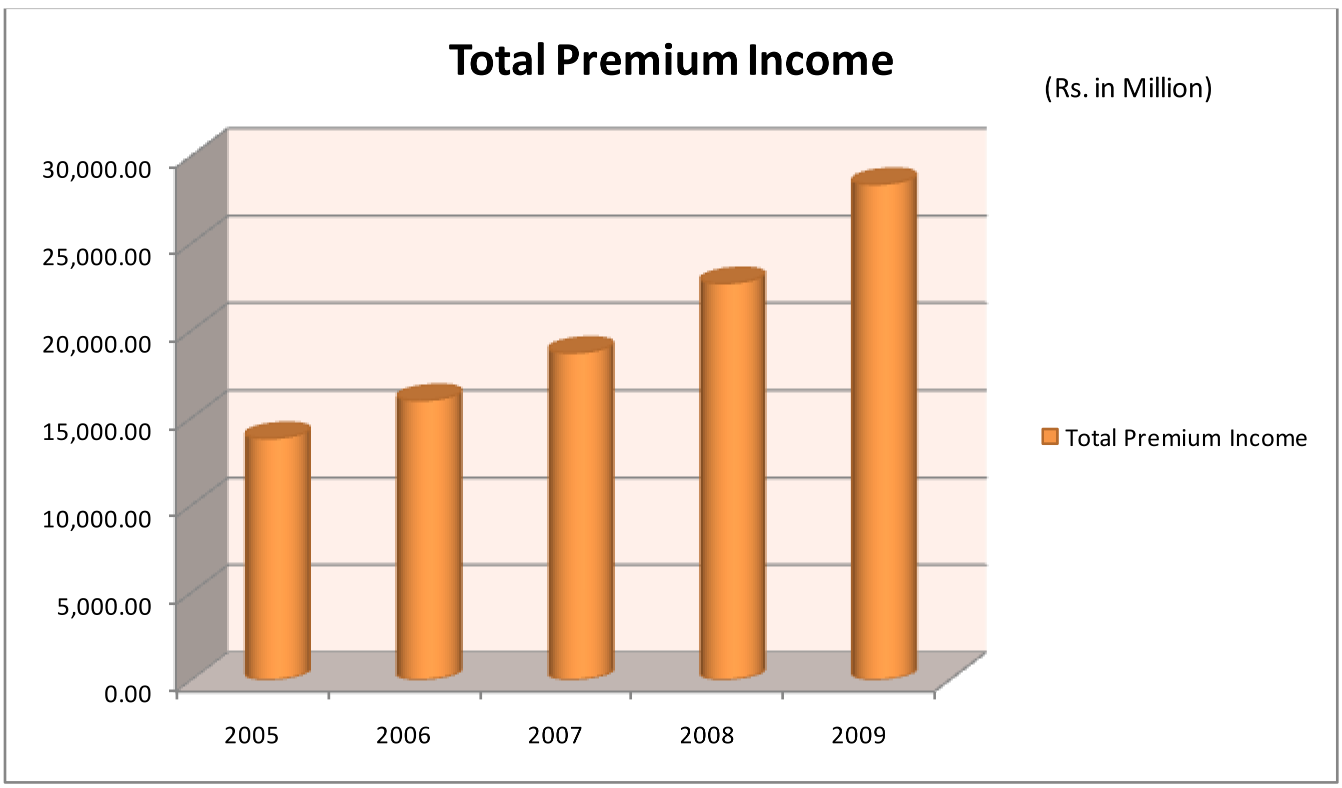
INVESTMENT INCOME

INVESTMENT INCOME	
	(Rs. In Million)
2005	13,105.5
2006	14,923.8
2007	17,505.2
2008	19,134.6
2009	21,544.7



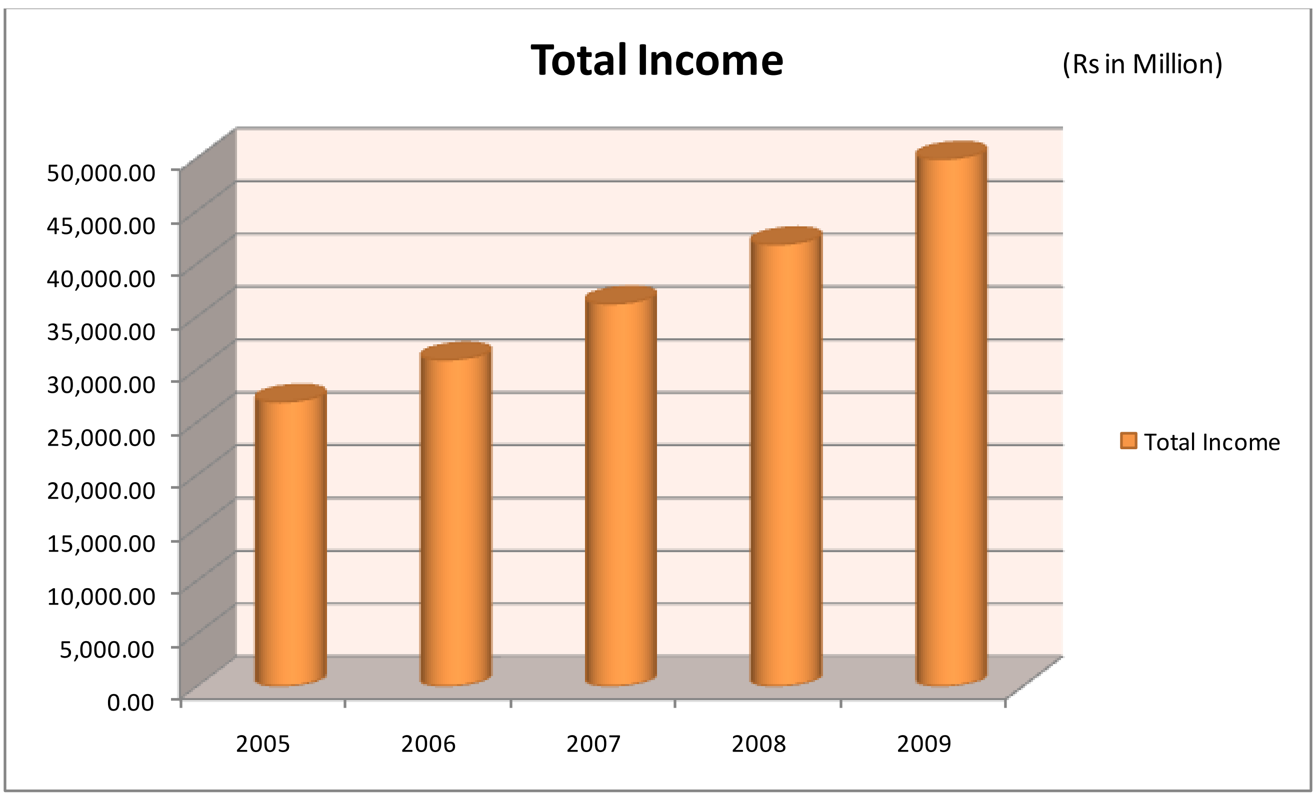
TOTAL PREMIUM INCOME

TOTAL PREMIUM INCOME	
	(Rs. In Million)
2005	13,820.1
2006	15,991.6
2007	18,716.7
2008	22,695.3
2009	28,366.9



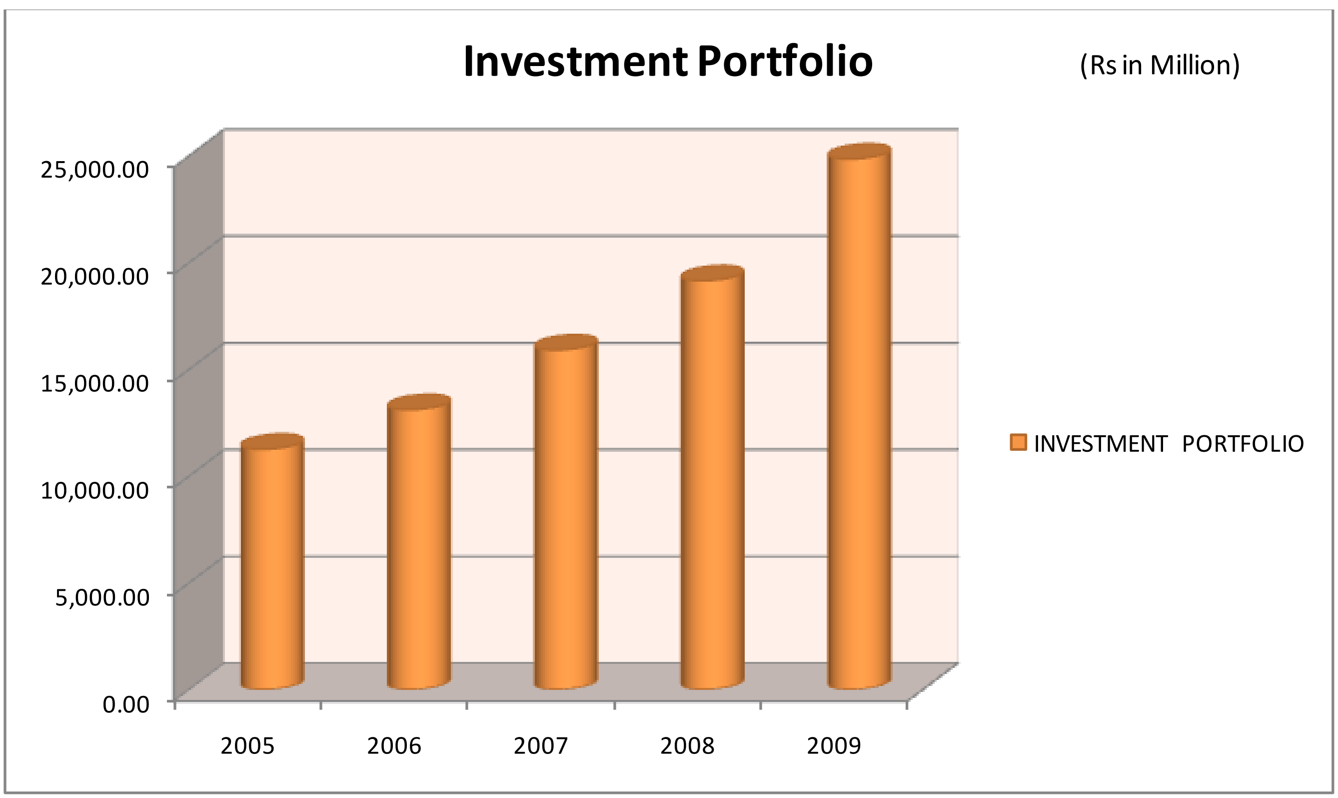
TOTAL INCOME

TOTAL INCOME	
	(Rs. In Million)
2005	26,925.6
2006	30,915.4
2007	36,221.9
2008	41,829.9
2009	49,911.6



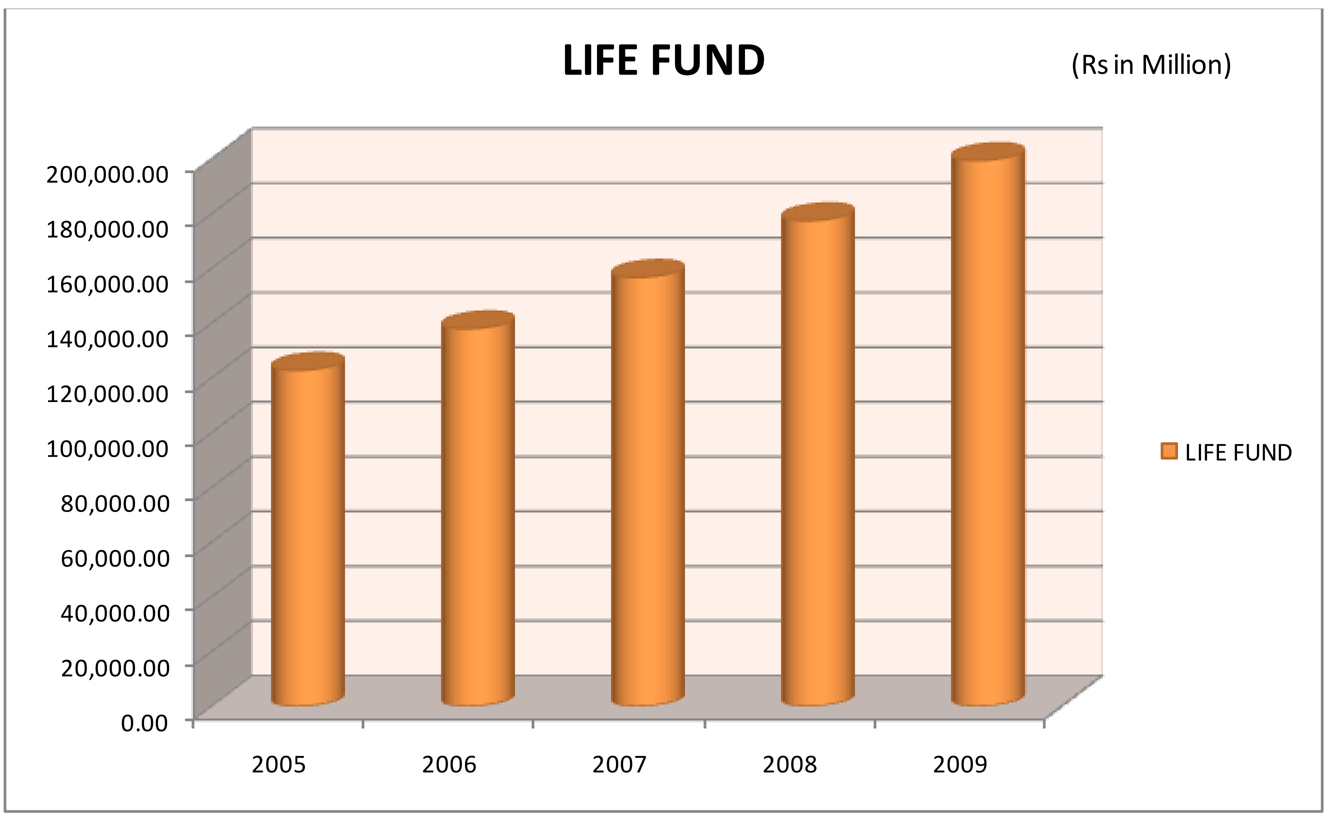
INVESTMENT PORTFOLIO

INVESTMENT PORTFOLIO	
	(Rs. In Million)
2005	11,260.0
2006	13,112.0
2007	15,907.1
2008	19,152.1
2009	24,853.2



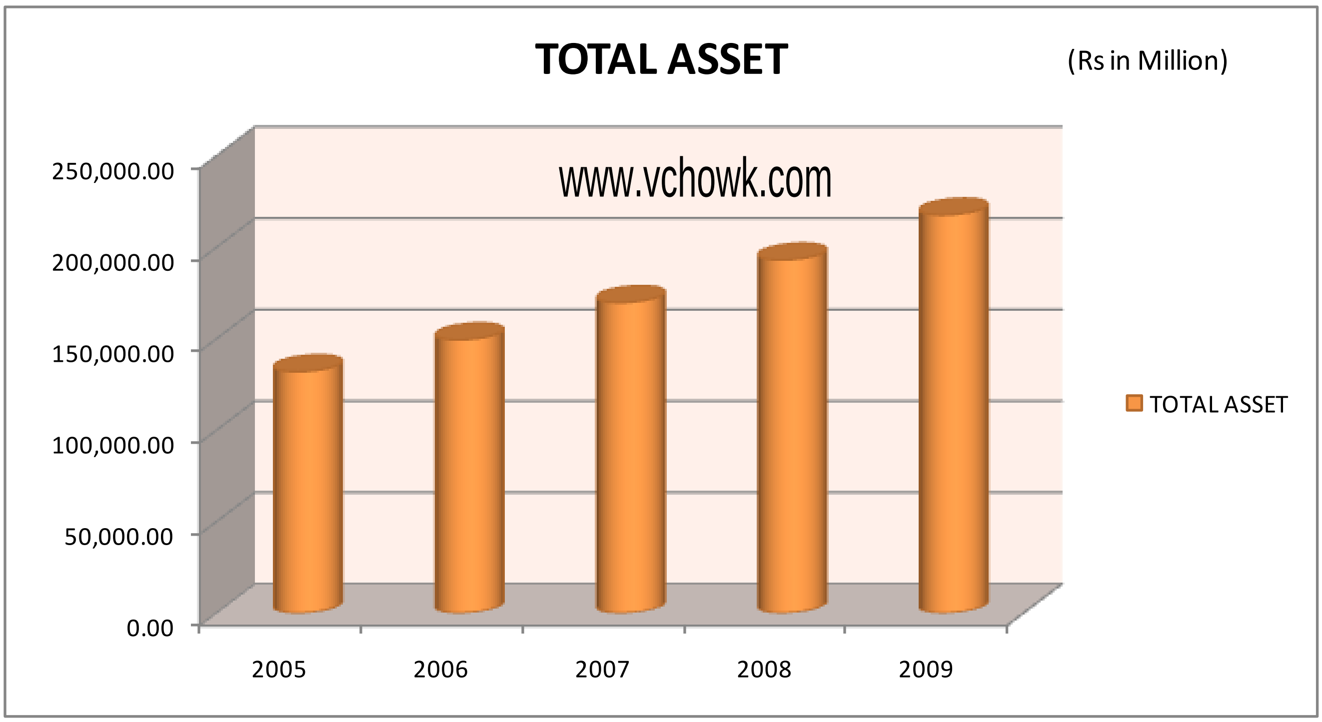
LIFE FUND

LIFE FUND	
	(Rs. In Million)
2005	122,775.2
2006	137,958.8
2007	156,737.3
2008	177,459.1
2009	199,445.3



TOTAL ASSETS

TOTAL ASSETS	
	(Rs. In Million)
2005	132,017.1
2006	149,448.6
2007	169,821.4
2008	193,117.6
2009	217,685.4



PRODUCTS

As we know that SLIC has dominated life insurance market and it acquires about 90%market share of life insurance. So it has introduced a great number of products and it is offering products appropriate for every inhabitant of Pakistan

Lets have a glance on products of SLIC which have take over market and are so presumed

INDIVIDUAL LIFE PLANS:

SLIC is offering a wide range of products for every class of persons which are as follows

WHOLE LIFE ASSURANCE:

It is a matchless arrangement of protection and savings at a very reasonable premium. Death at any time before age 85 years come to an end payment of premiums and the sum insured and attached bonuses become payable. In the event the insured survives to the policy anniversary at age 85 years, the policy matures and the sum insured plus bonuses become payable. Under this plan the rates of bonuses are usually much higher than the other plans and they help in increasing not only protection but also the investment element of the policy substantially. This plan is best suited for youngsters who have at initial stages of their careers and cannot afford to pay high premiums. Individuals who anticipate requirement of a lump sum in far future can also choose this plan.

SADABAHAR PLAN:

Features:

Sadabahar is an anticipated endowment type of plan and it is with-profit plan that provides lump sum benefit at certain stages during the premium-paying term or these all benefits are paid in earlier death. In addition, this plan has included Accidental Death Benefit (ADB) rider so that the policyholder gets an additional sum assured in case of death due to an accident.

This plan is a safe instrument for cash provision at the time of need. With this plan, the policyholder can secure greater protection and sustain prosperity for the family at an reasonable cost.

Admissible Ages and Terms this plan is available to all members of the general public, aged from 20 to 60 years nearest birthday. Both males and females may purchase this plan. Terms offered under this plan are 12, 15, 18, 21, 24, 27 and 30 years.

Survival Benefits:

On completion of one third of the policy term, 20% of basic sum assured can be taken by the policyholder. Another 20% of the sum assured can be taken on completion of two-third of the policy term and the remaining 60% of basic sum assured plus accrued bonuses (if any) shall be payable at the end of the policy term in the event of survival of the assured.

If the option to withdraw an installment of 20% sum assured is not exercised on the due or within 6 months after the due date, a special bonus will automatically be added to the policy at the end of 6 months. In this event on death of the assured while the policy is in force, the special bonus will be payable in addition to Basic Sum Assured ,Other Bonuses accrued on the policy and the amount of any installment left with State Life.

On the maturity date, the special bonus will be payable together with all the installments of the sum assured remaining with State Life, in addition to regular reversionary bonuses accrued on the policy.

So long as the policy remains in force, the policyholder may surrender the unclaimed installment of sum assured together with the related special bonus.

Death Benefits

The full basic sum insured plus accrued bonuses are payable on death of insured any time while the policy is in force. In addition, if death occurs as a result of an accident, additional amount equal to one basic sum assured, subject to maximum limit, will be paid. The usual maximum on the ADB of Rs. 4 million will apply and premium will be calculated accordingly

Bonuses

This policy will participate in State Life’s surplus. Rates of bonus applicable will be 25% higher than those on anticipated endowment plan.

ANTICIPATED ENDOWMENT ASSURANCE:

Features:

This is a modified form of endowment assurance and is also called ‘Three Payment Plan’. Besides satisfying the long term financial needs, it also helps in meeting the short-term financial requirements. As the name hints, the plan offers three payments throughout term of the policy.

The plan offers survival benefits equal to 25% of sum insured on completion of 1/3rd and 2/3rd term of the policy. If the policyholder does not withdraw the survival benefits, a very attractive special reversionary bonus is available. On completion of term of the policy, the remaining 50% sum insured plus accrued bonuses shall be payable. If the life insured expires during term of the policy, sum insured, accrued bonuses, unclaimed survival benefits and special reversionary bonuses are payable The plan is suitable for the individuals who have long-term financial needs but also anticipate requirement of money relatively earlier. Three Payment Plan helps satisfying these short term financial needs without terminating the actual contract.

SHAD ABAD ASSURANCE:

Features:

Shad Abad Plan is an extended form of endowment assurance. The benefits under the policy increase in the event of death of the life insured.

On completion of term of policy, sum insured plus bonuses attached to the policy are payable. However, on death during the policy term, the death benefit consists of double of sum insured with accrued bonuses will be paid . Incase of death due to accident, the death benefit consists of four times the sum insured plus bonuses. The coverage can be further widened by attaching supplementary covers with the policy. This plan meets the requirements of those people who appreciate the basic savings purpose of endowment assurance but also like some additional cover to protect loved ones in case they die, Allah forbids before maturity.

JEEVAN SATHI ASSURANCE:

Features:

This is a joint life plan and covers lives of two partners say husband and wife simultaneously. Premiums are payable till the end of the specified term or till death of either of the insured persons, if earlier. Jeevan Sathi Plan is best suited for those married couples who want to enjoy insurance coverage for a comparatively lesser premium. Moreover, housewives who are otherwise not insurable can also enjoy the benefits of insurance policy through this plan.

The plan contains extensive benefits; an overview of which appears as under:

On the death of the first life, the sum insured will be paid to the survivor. Further premiums under the policy will be waived, but the insurance protection of the second life will continue. Also, the policy will continue to participate in profits of the Corporation. On death of the second life, again the sum insured will be paid together with the attaching bonuses. In this event the policy will terminate.

If the second life survives the term of the policy, he or she will be paid sum insured together with the attached bonuses, even though the sum insured has been paid once, on the death of the first life. If both the lives survive the term of the policy, the sum insured will be paid to them jointly, only once, together with the attached bonuses. Different supplementary covers are also available for increasing coverage under the policy.

CHILD EDUCATION & MARRIAGE ASSURANCE:

Features:

Child Education & Marriage Assurance is a plan for the protection of child's future. It provides a lump sum benefit for the child at the completion of the policy term. On completion of term of the policy, full sum insured together with the accrued bonuses become payable to the policyholder. If the policyholder dies (Allah forbid) before completion of the term, a family income benefit of Rs 240 per 1000 sum insured per annum is paid to the child until the completion of policy term. Further, future premiums under the policy are waived and policy remains in force with full sum insured and continues to participate in State Life's surplus and receive bonuses. Upon the completion of policy term, the child gets two options of either getting the proceeds in a lump sum or in five equal installments.

Child Education & Marriage Plan is suited for the parents who are conscious about the future of their children. The term of the plan is such that the lump sum benefit becomes payable when the child attains a predetermined age of 18, 21 or 25 years. These ages may be selected considering the occasion at which children generally need financial assistance for higher education, marriage, or setting up business. Depending upon your individual needs, the plan is available in two separate versions of with and without built-in family income benefit. In addition to parent, this plan can also be affected by grandparents, uncles, aunts or any other person who is paying for the maintenance of the child.

CHILD PROTECTION ASSURANCE:

Features:

This is a joint life assurance and covers the lives of child and either of the parents. If the policyholder and the child both survive full term of the policy, sum insured and accrued bonuses become payable. If the policyholder dies before completion of term of the policy the payment of premiums ceases and the child is paid an income of Rs 100/- per thousand sum insured per annum till the completion of the policy term. On completion of policy term, sum insured inclusive of bonuses accrued till the death of the policyholder is paid to the child.

If the child dies (Allah forbid) before maturity of the policy and during lifetime of the policyholder, the death claim payable to the policyholder depends on the age at death of the child.

As the name hints, the plan is suitable for parents who want to cater future financial needs of their children incase of death of the breadwinner of the family. The plan has a unique feature of providing coverage on the life of child. The coverage of the policy can further be widened by attaching supplementary covers.

SUNEHRI POLICY:

Features:

Sunehri Policy is an innovative life insurance product. It is flexible, secure and meets the challenges of inflation quite economically. Under a special feature of this plan, from third policy year onwards, sum insured under the policy and premium will increase by 6% per annum without providing any evidence of insurability. From the third policy year onward, the policyholder is provided with a statement showing the build up of cash value of the policy and sum insured for the year. The policy also participates in the surplus of State Life and currently the rate of bonus is Rs 105 per thousand per annum of the adjusted opening cash value.

Death Benefit:

If the life insured dies during first two years of policy issue, then the initial basic sum insured will be payable. If the life insured expires in third or later policy years, the death benefit payable will be equal to sum insured applicable to the policy year of death plus adjusted opening cash value.

Maturity Benefit:

Policy matures on policy anniversary nearest to age 70 years of the life insured. The maturity benefit equals to cash value of the policy at age 70.

Suitable For:

The plan is suitable for individuals who have started their career and expect increase in their income over a certain period of time say a year or two. The increase in premium and sum insured helps them to meet their increased insurance requirement with increase in incomes.

SHEHNAI POLICY:

Features:

Shehnai Policy is an innovative life insurance product. It provides a solution to the problems of many concerned parents who want to save now in order to provide for their children's higher education, marriage and other expenses when the need arises. The term of the plan is such that the lump sum benefit becomes payable as the child attains the age of 25 years.

Shehnai Policy also caters from the ravages of inflation. This is done by the option of automatic increase of 6% per annum in sum insured and premium from third policy year onward. From the fourth policy year onward, the policyholder is provided with a statement showing the build up of cash value of the policy and sum insured for the year. The policy also participates in the surplus of State Life and currently the rate of bonus is Rs 105 per thousand per annum of the adjusted opening cash value.

Maturity Benefit:

The policy matures when the child attains age 25 years. At maturity the cash value of the policy is paid to the child. The cash value includes all the bonuses attached with the policy.

Death Benefit:

If the life insured dies during term of the policy, premium payments stop and the sum insured applicable to the policy year of death is deferred to be payable when the child attains age of 25. At the time of death of the life insured, the said sum insured is added to the 'adjusted opening cash value' to be called the 'enhanced cash value' and participates in State Life's surplus until it is paid out to the child when he or she attains the age of 25 years. The child will have an option of either collecting the benefit in a lump sum or in five equal annual installments.

OPTIONAL MATURITY ENDOWMENT:

Features:

It is an endowment assurance with a built in option to mature early. The plan is available for individuals aged 20 to 45 years. The policyholder has following options regarding maturity of this plan.

After the policy has been in force for 20 years or more, the policyholder gets an option to mature the policy for a proportionately reduced sum insured.

After the policy has been in force for 20 years or more, the policyholder, depending on his or her needs, can mature the policy in parts.

Let the policy mature at originally selected term. In this case the policyholder gets an additional bonus.

NIGEHBAN PLAN:

Features:

This plan provides term insurance cover for a period ranging from 5 to 10 years.

As the name suggests, this plan is meant to provide protection during the term of the policy only i.e. sum insured is payable on death if it occurs during the term of insurance while the policy is in force. The plan does not carry any survival benefits, maturity benefits, surrender values, loan values etc. The policies will be without profits. The plan is available in two versions namely, with single premium and with annual premiums.

MUHAFAZ PLUS ASSURANCE:

Features:

Muhafiz Plus provides a substantial sum of money on maturity or earlier death (Allah forbid) of the life insured. On maturity, the policyholder will receive sum insured plus bonuses attached with the policy.

However if the life insured dies before completion of term of the policy, basic sum insured plus attached bonuses will be paid to the dependants immediately. In case of death due to accident, the double of the sum insured is paid. In addition, the dependents will also be paid an income of Rs 240 per thousand sum insured per annum for a fixed period of 15 years. The first payment will fall due on the policy anniversary immediately after the death of the life insured.

SUPPLEMENTARY COVERS:

State Life offers a number of supplementary covers to enhance coverage under different plans. These supplementary covers can be attached with the main policy and are not available exclusively.

- Accidental Death & Indemnity Benefit (AIB)
- Accidental Death Benefit (ADB)
- Family Income Benefit (FIB)
- Waiver of Premium (WP)
- Special Waiver of Premium (SWP)
- Term Insurance (TI)
- Guaranteed Insurability (GI)
- Refund of Premium Rider (RPR)
- Hospital & Surgical Benefit (H&S)

Now I will explain some advantages which are available under all these Riders:

Accidental Death Benefit (ADB):

This supplementary cover will provide for payment of an additional amount equal to sum insured in the event of death by an accident as defined in the contract. On payment of a modest premium, a handsome accidental coverage is obtained through this supplementary cover. ADB is highly recommended for individuals who travel daily through road transport.

The cover is available to lives between 5 and 55 years of ages. Maximum term of this supplementary benefit is not allowed to exceed the premium paying term of the basic policy, or 60 years of age of the life proposed whichever is earlier.

ADB can be attached with following plans:

- Whole Life Assurance
- Endowment Assurance
- Anticipated Endowment Assurance
- Jeevan Sathi Assurance
- Child Education & Marriage Assurance
- Shehnai Policy
- Child Protection Assurance
- Muhafiz Plus Assurance
- Nigehban Plan
- Optional Maturity Plan

Family Income Benefit (FIB):

This supplementary cover provides that incase of death of the life insured during term of this cover, an annuity of 10% to 50% per annum of the basic sum insured will be payable till the completion of term of this cover. For instance, if a life insured has taken 25% FIB supplementary cover for 20 years on his policy having sum insured of Rs 1,000,000. If the life insured expires during term of FIB, say at the of fourth year, an annual sum of Rs 250,000 will be payable for rest of 16 years.

While the basic plan provides a lump sum, FIB provides a regular stream of income to the dependents and helps in meeting the day to day expenses. This supplementary cover is available to lives between 18 and 55 years of ages. It can be attached with following plans:

- Whole Life Assurance
- Endowment Assurance
- Anticipated Endowment Assurance
- Jeevan Sathi Assurance
- Child Education & Marriage Assurance
- Shad Abad Assurance
- Shehnai Policy
- Child Protection Assurance (For adult life only)
- Muhafiz Plus Assurance
- Optional Maturity Plan

Waiver of Premium (WP):

This supplementary cover provides for waiver of due premiums in the event of the life insured's Total and Permanent Disability caused by accident as defined in the contract. With the help of WP, the life insured gets relieved of vagaries of paying premiums incase of his or her being incapacitated as a result of accident. The rate of premium for standard risk will be Rs 0.50 to 1.00 per thousand of sum insured depending upon the age of life insured.

WP is available to lives between 18 and 55 years of ages. It can be attached with following plans:

- Whole Life Assurance
- Endowment Assurance
- Anticipated Endowment Assurance
- Jeevan Sathi Assurance
- Child Education & Marriage Assurance
- Child Protection Assurance (For adult life only)
- Muhafiz plus Assurance
- Optional Maturity Plan

Special Waiver of Premium (SWP):

This supplementary cover will provide for waiver of premiums under the policy incase of the life insured's Total and Permanent Disability due to accident or disease which renders him unable to engage in any occupation.

With the help of SWP, the life insured gets relieved of vagaries of paying premiums incase of his or her being incapacitated as a result of accident or disease. SWP is available to lives between 20 and 55 years of ages. SWP can be attached with following plans:

- Whole Life Assurance
- Endowment Assurance
- Anticipated Endowment Assurance
- Jeevan Sathi Assurance
- Child Education & Marriage Assurance
- Child Protection Assurance (For adult life only)
- Optional Maturity Plan

Term Insurance (TI):

In the event of death of the life insured during term of TI supplementary cover, the sum insured will be payable in addition to the benefits payable under the basic policy. Suppose, Mr. A, covered under a policy of Rs 1,000,000, and also attaches TI supplementary cover with his policy. Incase of his death during term of TI, a sum equal to Rs 1,000,000 will be payable under this supplementary cover. This will be in addition to the benefits payable under main policy.

This supplementary cover is an excellent opportunity for individuals who want to enhance coverage of their policy substantially on payment of a meager amount of premium. TI is available to lives between 18 and 55 years of age. TIR can be attached with following plans:

- Whole Life Assurance
- Endowment Assurance
- Anticipated Endowment Assurance
- Jeevan Sathi Assurance
- Child Education & Marriage Assurance
- Shad Abad Assurance
- Shehnai Policy
- Child Protection Assurance (For adult life only)
- Muhafiz Plus Assurance
- Optional Maturity Plan

Guaranteed Insurability (GI):

Under this supplementary cover, State Life gives the policyholder a right to purchase additional life insurance upto specified maximum amounts on specified further dates at standard rates, without evidence of insurability being required at such later dates.

The specific further dates on which additional insurance can be taken are the policy anniversaries of the basic policy nearest the 25th, 28th, 31st, 34th, 37th and 40th birthdays of the life insured.

This supplementary cover is available only to standard lives between 10 and 37 years of ages and who are not engaged in hazardous occupations. Only one GI will be issued on the life of any one person. GI is available only at the time of issue of the basic policy and can not be attached to the policy after its issuance.

Individuals who foresee increase in their insurance needs in the near future can get benefit from this supplementary cover. It saves them from providing any further evidence of insurability incase they desire to enhance coverage under the policy. GI can be attached with following plans:

- Whole Life Assurance
- Endowment Assurance
- Anticipated Endowment Assurance
- Child Education & Marriage Assurance
- Optional Maturity Plan

Refund of Premium Rider (RPR):

RPR provides for refund of premiums paid under the policy in the event of death of the life insured during term of the policy. It is an ideal form of enhancing the life cover under the policy with a modest increase in premium.

This supplementary cover is available to lives between 20 and 60 years of ages. The available term ranges from 10 to 25 years. RPR can be attached with following plans:

- Endowment Assurance
- Anticipated Endowment Assurance
- Shad Abad Assurance
- Child Protection Assurance (For adult life only)
- Optional Maturity Plan

Hospital and Surgical Benefits (H&S):

This supplementary cover provides benefits in case of hospitalization of the life insured, in State Life's approved hospitals, as a result of sickness or accident. On payment of double amount of premium specified for H&S, the benefits and their limits will also be doubled.

H&S is available to lives between 18 and 50 years of ages. The available term ranges from 10 to 25 years. RPR can be attached with following plans:

- Whole Life Assurance
- Endowment Assurance
- Anticipated Endowment Assurance
- Jeevan Sathi Assurance
- Shad Abad Assurance
- Child Protection Assurance (For adult life only)
- Optional Maturity Plan

GROUP LIFE INSURANCE PLANS

Group insurance plans provides life insurance coverage to the member of a group, such as the employees of an employer. The amount of coverage of each member is determined with reference to either his designation or salary or employment category or some other similar variables.

SLIC is offering a wide range of products for groups also and all these products are available with so many benefits and some Riders can also be attached with these products.

Group life insurance is also suitable for every class of employees. And all types of products can be availed by them. All over Pakistan Groups of only few employees to many thousand employees are insured by SLIC.

Let’s have a glance on Group insurance products of SLIC.

TERM INSURANCE SCHEME:

Group Term Insurance Plan provides life insurance coverage to the member of a group, such as the employees of an employer. The amount of coverage of each member is determined with reference to either his designation or salary or employment category or some other similar variable.

What need does it fulfill:

This plan provides insurance protection to the members of a group at a very affordable minimum possible cost, 24 hours coverage around the world.

By promoting a sense of financial security amongst the employees it contributes to improving the working environment for the employer resulting in higher productivity.

In most cases the employer is legally obliged to provide insurance cover to his employees. This plan helps the employer to fulfill this requirement.

Premiums are tax-deductible for the employer. Total premium under group term insurance is lower as compared to sum of premium of all policies if issued individually to each life, due to savings in expenses.

The Benefits of Plan

On death of any insured member the sum assured on his life is paid for the benefit of his surviving family. This benefit is payable regardless of the total number of the deaths even if the total amount paid out exceeds the total premiums received under the policy.

However, if in any three-year period State Life earns a net profit on any policy, then some share in the profit is passed on to the policyholder, depending upon the total number of members in the scheme. This share can go up to 90% in case of large sized schemes.

RIDERS:

Permanent & Total Disability PTD (Accident):

Under this rider the insured member is entitled to payment of the sum assured in case of any accident causing permanent and total disability, which includes loss of two limbs or two eyes or loss of hearing in both ears or severe facial disfigurement. If the disability is permanent but not total then some percentage of the sum assured is payable depending upon the severity of the disability. In this regards the same schedule of disabilities is applicable as is prescribed under the labor laws. In case of a temporary accidental disability causing absence from work a fortnightly benefit calculated at the rate of Rs. 3,000 per month or the monthly salary whichever is less is payable.

Accident Disability Benefit (A.D.B):

Under this rider the death benefit of an insured member is doubled if the death was caused by accident.

Natural Disability Rider :

Under this Rider if an, insured member is rendered incapable of pursuing any occupation or vocation for gainful employment due to permanent disability caused by disease or sickness then he is entitled to the sum assured as benefit.

Critical Illness Rider

If an employee contracts any of the following critical illnesses while insured under this rider then he is entitled to the rider sum assured as benefit.
Covered critical illnesses include.

Heart attack

Coronary Artery by-pass surgery

Stroke

Cancer

Kidney Failure

Major organ transplant such as heart, kidney or liver

The insured member must survive for at least 31 days after contracting the illness to become eligible for he benefit. Some restrictions apply during the first two years of coverage.

GROUP PROVIDENT FUND INSURANCE SCHEME:

Group Provident Fund Insurance Scheme provides life insurance coverage to the members of the provident fund scheme of an employer. The amount of coverage of each member depends upon his age and the amount of his provident fund balance at any time.

What Need Does It Fulfill?

Young employees normally have short service to their credit and consequently their Provident Fund balance is also quite meager. In case of unfortunate death of such a person the provident fund amount is not adequate for meeting the financial needs of the family such as schooling of the children, their marriage expenses and housing accommodation. Group Provident Fund Insurance Scheme is specially designed to meet such an eventually since the benefits under the scheme are on a sliding scale.

The benefits under a typical scheme are as follows:

AGE	BRACKET	BENEFIT
18	30	4 times fund balance
31	40	3times fund balance
41	50	2times fund balance
51	55	1times fund balance
56	59	1/2times fund balance

Benefits:

On the death of any member of the provident fund scheme his family is paid a lump sum amount equal to the amount of his fund balance on the date of his death multiplied by a factor depending upon the age of the employee at death. The factors applicable for a typical scheme are already given above however the employer in a particular case may adjust these factors to suit his own special requirements.

If the scheme has 200 or more members then at the end of three years the fund is also entitled to some share in the profits depending upon the size of the scheme.

Riders:

Any rider which can be added with group term insurance plan can also be added with this plan such ADB, PTD (Accident), NDB or Critical Illness Cover.

HOUSE BUILDING & PERQUISITES INSURANCE SCHEME:

Under this plan each member of the group is insured for the total amount of loan outstanding against him inclusive of accumulated interest. The amount of Insurance is the actual amount of loan outstanding on the date of death whereas the premium is charged on the average loan outstanding over the whole policy year.

What need does it fulfill?

It provides financial security to employers and financial institutions against the risk of untimely death of any of their indebted employee or client. Very often the family of the deceased person is not is a position to repay the loans taken out by him, especially if the deceased person was the sole breadwinning member of the family. In such a case the insurance coverage provides an assurance to the creditor that he would be able to recover his capital without causing hardship to the distressed family.

The creditor is also protected from the headache of constantly monitoring cases of delayed repayments of loan in hardship cases caused by unforeseen death of a bread winning family member. The premium due under this policy may be recovered by the creditor from the borrowers along with the loan repayment installments.

Benefits

In case of death of an insured member of the scheme the total amount of the loan outstanding against him including accumulated interest is payable to the policyholder. In case State Life earns a profit on any policy during a 3-year period, the policyholder is also entitled to some share in the profits depending upon the size of the group.

Riders:

PTD (Accident) and NDB rider may be attached with this plan. These riders provide insurance cover against permanent disability due to accidental and natural causes rendering the insured member unable to earn a livelihood for himself and his family.

PAY CONTINUATION SCHEME:

Manpower is still considered as one of the most important elements of productions inspite of the dramatic growth of microchip based automation in all walks of life, especially in commerce and industry. The overall efficiency of an organization therefore depends upon the quality of the manpower of its employees. The more devoted, hardworking and loyal the employees the higher the reward to the employer in the form of greater efficiency and profitability. Quality manpower can be attracted by offering a good employee benefits package based on ensuring security and peace of mind of the workforce so that a greater commitment is obtained from them. This is why the enlightened employer pays particular attention to the welfare and well being of their workforce through various employee benefits scheme.

One of the functions of such schemes is to provide protection to the employee's dependants in the event of his death. Progressive employers do provide group insurance which pays a lump sum to the dependants. This however does not last long. What is required in addition is a regular monthly income for a period of time. To meet this Requirement State Life proudly presents a plan, which offers invaluable protection to the employee's family during his working life. The family's regular monthly income is protected for 15 years or until age 60 witchever is earlier. In this way coverage is provided for pay upon the death of the employee. This is illustrated by the following example

Supposing the pay of an employee is Rs 2000 per month. If death takes place at age 47 then the benefits payable will be Rs 2000 per month up to age 60, i-e., for a period of 13 years. Total amount payable Rs.3,12,000

If death takes place at age 35 then the benefit payable will be 2,000 per month for a period of 15 years. Total amount payable Rs. 3,60,000

GROUP ENDOWMENT INSURANCE SCHEME:

Group Endowment Scheme is a unique saving and protection scheme through which the employees of an employer can enjoy insurance protection throughout their service and also get a lump sum cash amount upon their retirement if they survive upto retirement.

What Need Does It Fulfill?

In Pakistan most employers do not operate any pension scheme for their employees although some employers may have a provident fund scheme or a gratuity scheme. The expected benefits at retirement under a typical provident fund scheme and gratuity scheme combined are woefully inadequate for a retiring employee for maintaining his standard of living after retirement unless he supplements these benefits with his own personal savings. Keeping this in view some employers may wish to encourage a habit of saving amongst their employees for their own welfare. Group Endowment Insurance Scheme can be a means of introducing a compulsory saving scheme for the employees under the sponsorship of the employer. Participation in the scheme is usually compulsory. However, if participation in the scheme is voluntary, at least 75% of eligible employees must participate.

BENEFITS:

Under this scheme each employee is provided insurance protection for an amount which may be flat or depends upon the designation or salary of the employee. The amount of

insurance is payable on maturity or death if it occurs earlier. In most cases the term of the endowment insurance for each employee is determined in such a way that the policy matures at or near his retirement date.
This enables the maturity proceeds to coincide with retirement and supplement the retirement benefits.

Premium Rates:

The same premium rates are applicable as for individual endowment policy but with the added attraction that in group form some volume discounts are also applicable depending upon the size of the annual premium.

Surrender Value:

The policy acquires Surrender Value in respect of a member after insurance cover has been inforce for at least two years on that member and no premiums are in default.

Loan Facility:

Under this scheme if the member needs immediate liquidity and a policy has acquired Surrender Value in respect of member, he/she can avail a maximum loan of 80% of the net surrender value of the policy.

Continuation Privileges:

If an employee leaves the service of the employer, he can surrender his policy against the Net Surrender Value. He is also provided with the option of continuing his endowment insurance coverage in an individual capacity without any evidence of good health, for the same sum assured and term as he was enjoying during his service. The premium rates applicable to the policy are the same as are generally applicable to the same class of business in and individual capacity.

RIDERS:

The ADB, PTD (Accident) and NDB can be added to this policy if desired.

EDUCATION CONTINUATION SCHEME:

Education of children is clearly cherished by every parent. While parent is alive there is no problem. But unforeseen can happen sometimes disrupting the education of children.

To protect against these Eventualities State life has designed this plan.

AIM:

The purpose of this plan is to provide smooth continuation of education of child until he/she completes education.

BENEFITS:

In event of (God forbid) insured father or guardian death SLIC will provide following benefits:

School fee will be paid for remaining period of children education

In addition, an amount equivalent to 12 months fee be payable for uniform, books, stationery, and other expenses.

An increase of 5% per annum in payment will be given in order to cater inflation.

All payments will be made to school for benefits of children.

INSURANCE PLANS FOR GULF:

SLIC is not only operating in Pakistan but also out of country. In UAE SLIC is working so successfully and a wide range of products have been offered. And it is emerging in other countries of Gulf. It is need of hour to expand operations in other countries to compete in global market.

The products which are offered in Gulf States are as follows:

- Whole Life Assurance
- Endowment Assurance
- Anticipated Endowment Assurance
- Shad Abad Assurance
- Jeevan Sathi Assurance
- Child Education & Marriage Assurance
- Child Protection Assurance
- Wealth Builder Plan
- Supplementary Covers

My Experience in Group & Pension Lahore Zone

Group & Pension Lahore Zone

Mr. Zia-ur-Rehman Ghani
Zonal Head,
L. G. Floor, State Life Building,
15-A, Davis Road, Lahore.

I spent my six weeks of internship in Group and Pension Lahore Zone. In this time I worked in different departments and tried to work hard and learn more as I can. But SLIC is an established Government Corporation and it has capture market so well and it does not make public its key data to be there as market leader and even their was no written guidelines and procedures available. And website is only for formality and on website not much statistics available.

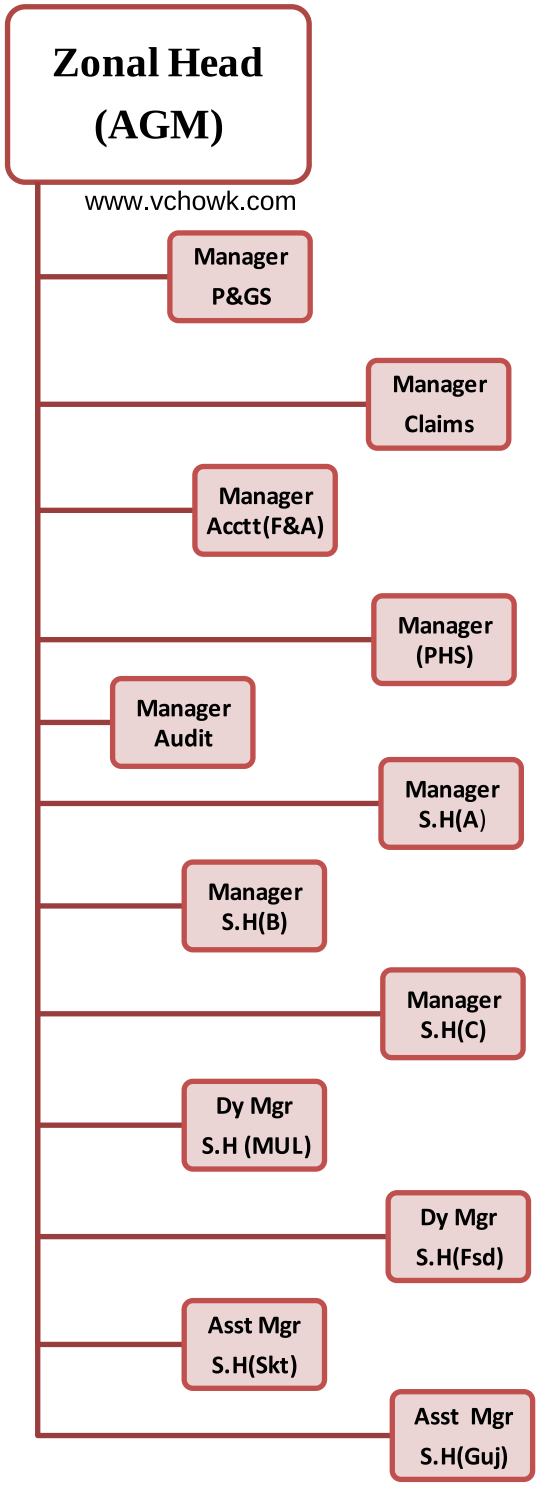
So to make my report I have to gather data by discussing with officers and staff members. And I write this all data by making notes on a daily basis and I tried my best to examine processes so carefully and compile it in my report. But still there were so many limitations to gather data because every body is busy every time and each one is not ready to guide at every time. So all this information is according to my own observation and in only six weeks nobody will be able to learn each and every thing about this large organization.

But I hope you will find this description of different departments moderately impressive, which I have described here and will not take into account if any mistake is done by me.

ORG ANOGRM

SLIC(G&P)

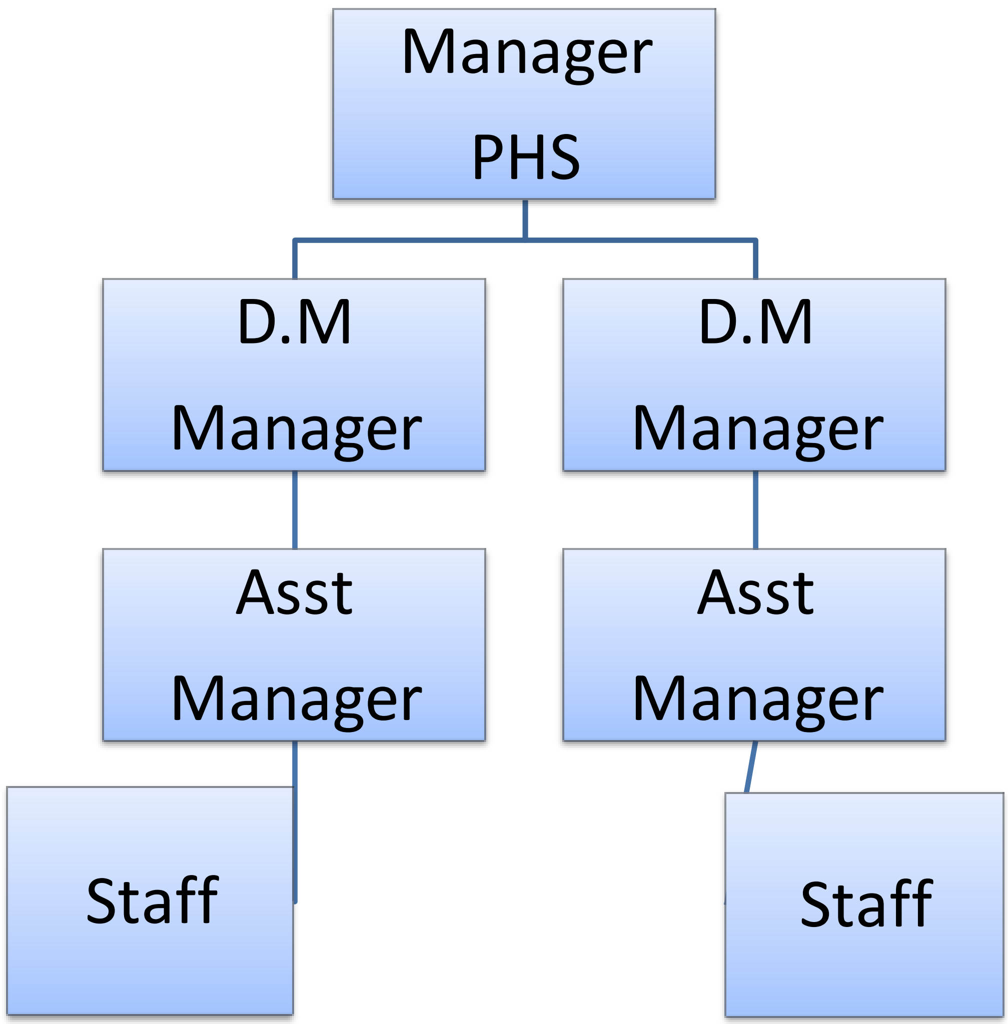
Lahore Zone



POLICY HOLDERS SERVICES DEPARTMENT

(PHS)

Management Hierarchy



Introduction:

PHS is underwriting department of State Life and PHS department of Group and Pension does all those works which are necessary to issue a policy, maintain all documentation of policies and renew policies and decide on terms and conditions of policy

Groups are only covered in this department and full time employees are covered in cover and a number of products are offered for groups and a numbers of riders can also be attached with it.

UNDERWRITING CONSIDERATIONS:

Underwriting is focused on characteristics of the group instead of on the insurability of individual members of group; the underwriter appraises the risk, decide on the conditions of groups acceptability, and establish a rating basis. General underwriting consideration include

The reason for group existence

The stability of group

The persistency of group

The method of determining benefits

The provisions for determining eligibility

The source and method of premium payment

The prior experience of plan

The size of group

The composition of group

The geographical location of group

Reason for Existence:

Probably the most fundamental group underwriting principles is that the group must have been formed for some purpose other to contain insurance for its members.

Stability:

Underwriter likes to see a reasonable steady flow of persons through the group.

A lower than average turnover often results in increasing average age for members of a group. High rate may cause the better risks to drop out of plan, if there are required to contribute to its cost and may ultimately force the employer to terminate the plan because of its increasing cost.

Persistency:

An underwriter is concerned with the length of time a group insurance contract will remain on the insurance company's books initial acquisition expenses, often including higher first year commissions, frequently case an insurance company to loss money during the first year the group insurance contract is in force, only through the renewal of contract for a period of time, often 3 or 4 years, can these acquisition expenses be recovered.

Determination of benefits:

In most types of group insurance the underwriter requires benefit levels for individual members of groups be determined in some manner that precludes individual selectin by either the employees or employers. If employees could chose their own benefit levels, there would be a tendency for the poorer risks to select greater amounts of coverage than the better risks would select, similarly adverse selection could also exist if the employer could choose a separate benefit level for each individual member of the group.

Determination of eligibility:

Group insurance plan contain probationary periods that must be satisfied before an employee is eligible for coverage. A probationary period will also discourage persons with known medical conditions for seeking employmentprimarily because firms group insurance benefits.

Premium payments:

Group insurance plans may be contributory or noncontributory. Members of plan pay a portion, or possibly all, of the cost of their coverage. Under noncontributory plans plicy owner pays the entire cost. Since all eligible employees are usually covered. This is desirable from an underwriter stand point because adverse selection is minimized.

Administration:

To minimize the expenses associated with group insurance, the underwriter require that certain functions to be carried out by employer. These commonly include communicating plan with employees, handling enrollment procedure, collecting employees contributions on payroll deduction absis and keeping certain types records. In addition, employers are often involved in claims process.

Prior experience:

For most insurance companies a large portion of newly written group insurance consists of a business that was previously covered by other companies. So under try to find cause of transfer.

Size:

The size of group is a significant factor in the underwriting process. With the large groups there is usually prior group insurance experience that can be used as a factor in determining the premium. In addition, adjustments for adverse claim experience can be made at future renewal dates under experience rating process.

Composition:

The age, sex and income of employees in group will affect the experience of the group. As employees age, mortaility rate increases. The frequency and duration of medical and disability claims also increases with age.

Industry:

The nature of industry represented by group is also a significant factor in underwriting process.

Geographical location:

The size of medical claims varies considerably among geographic regions and must be considered in determining a group insurance rate.

ELIGIBLE GROUPS:

The eligible groups for life insurance are classified as

- Individual employer groups
- Labor union groups
- Creditors & debtors groups
- Associations of public and private employees
- Association of teachers, lawyer's physician's dentist
- And other professional groups
- Saving account plan depositors
- Federal and provisional government employees groups
- Social and welfare groups
- State provident fund members
- House building finance groups

Minimum size:

Minimum size of group for which the group insurance plans are available is 10 lives.

Eligibility requirements:

Any person who is age group of 18-59 and is actively at work and has completed waiting period of 90 days is eligible for insurance.

Persons who are above 60 can also be provided cover if he is medically fit and policy holder is agree to pay extra premium to be determined by state life.

Maximum age:

The maximum age is 65 years uppto which life cover can be continued. On attaining 65 years the policy will terminate.

VARIOUS FUNCTIONS IN PHS

- Increase/ Decrease in sum Assured
- Increase/Decrease in term
- Change in mode of payment
- Special Revival Scheme
- Change of Plan
- Issuance of Duplicate Documents
- Calculation of premium
- Calculation of rate

My assignments:

When I start my internship first of all I was sent to PHS department to learn work. I worked here with Mr. Tariq Munir D.M PHS he was always so busy in his work but he really guided me well and most of time he spent to teach me different aspects to do work and advised me to learn more to be successful in future.

Study files:

In first 2/3 days different files of complete policy documentation were given to me for study and to understand working procedure and processing of policy issuance.

Checking endorsements:

I was assigned the work to check endorsement in policy contract files of last five years and note them on paper with policy number where endorsement is not attached.

Why endorsement is attached?

If sum assured of all or a class of employees is changed

If riders is removed or a new rider is attached

If terms of contract are changed

Mode of payment of premium is changed

If period of cover is changed

According to new rule now endorsements are sent to client for renewal of policy

Any other change in terms and conditions and scale of benefits of policy

CLAIMS DEPARTMENT

Management Hierarchy

Introduction:

Claims department handles all the claims and maintain all records of claims. And all working of claim handling and claims management is done here.

In claims department of P&GS there are different sections to handle claims. As

Commercial claims

Government claims

In house claims

Claims are also of different kinds

Death claims

Injury or disability claims

When there is any dispute on payment of claims as if policy was not in force or there was outstanding premium. So claims department stops payment of claim then case can be filed in court or ombudsman office by client or nominee. So all these cases are also handled separately and complete documentation is maintained for these files. All this type of claims are called **Legal claims**

So claims department all procedures of claims and it also works with complete coordination with other departments. if case required investigation it is investigated by by a staff member who is assigned by Manager.

Processing of claims:

When a claim occurs first of all a letter is sent to claims department from employer of that person about his injury or death. Then

Letter of condolence:

When death comes into notice of claims department first of all a letter of condolence is sent to employer and a set of claims forms is enclosed and some documents are initially required

- Death certificate issued by the municipality in original or its photocopy dually attested.
- Physicians' statement
- A copy of policy report if applicable
- Post mortem report if applicable
- Attested photocopy of NIC of deceased.

When all these requirements are completed end sent to claims department then

Duplication check:

It is checked first of all that it is a new claim and it is not alredy paid. If there is no duplication then

Intimate in computer:

For all new claims it is entered in computer data base and it is given a claim number and name of deceased and date of death is saved.

Prepare file:

Separate file of every alaim is prepared and all documents are attached in it

Entitlement certificate:

Then file is sent to PHS department for entitlement certificate which is issued by PHS.

It shows the position of policy, sum assured, name and department of deceased and policy is in force and premium up to date is paid.and if there is any requirement as

- Outstanding premium
- Attested documentation is not complete
- Any other requirement

It is intimated to employer to fulfill all requirements. And on completion of all requirements further processing starts

(Entitlement certificate is not required for government claims)

Approval:

If claim is payable and all requirements and documents are complete then it is approved by

- Claim committee: which involves three members DR Noor(manager claims), M.Yaqoob (Manager B&A), M.Iqram (Manager PHS).
- Audited
- Approved by zonal head

In case claim is exceeding Rs.1000000 then it is approved by Divisional Claim Committee in Karachi.

Prepare Cheque:

When claim is approved and ready for payment then it is sent to accounts department for preparation of cheque.

Dispatch:

When accounts department prepare cheque and sent to claims department then a cheque forwarding letter is sent to employer and cheque is dispatched to client

My Assignments:

In claim department I spend about 2 weeks and I worked with Mr. Ahmad in this department and he guided me so well about processing of policy and record keeping of claim files. And he teaches me so many things and also provide me opportunity to learn work.

He assigned me following works

Prepare legal case register:

Mr. Ahmad gives me work to prepare a legal case register. In this register all case were to be recorded according to there case No. and a serial number was also assigned to these cases. It was recorded in two ways first by serial number and other was by legal case number. And these were about 150 files which I recorded in register and Mr. Ahmad appreciate my work and there was no wrong entry.

Maintain claim ledger:

I was given work to record entries in claim ledger. All new claim are recorded in this ledger so it can be checked that there is no repetition of same claim. All groups are recorded in this ledger separately. Claims recorded in this way:

- Serial Number
- Date of intimation
- Date of death
- Name of deceased
- Age of deceased

Injury and accident claims are recorded in same ledger and there are separate columns on every page for injury claims.

FINANCIAL & ACCOUNTS DEPARTMENT

(F & A):

Accounts Department OF Group & Pension Lahore Zone handle all accounts work of P&GS Lahore Zone and also other sector offices under this zonal office. There are different sections of accounts department which handle following works: This department is responsible for all the accounting and finance related issues like preparing ledger and trial at the end of the month and sending these detail to principle office Karachi. This department is also responsible for transaction with bank relating to all kinds of payments and receipts.

Activities which I observe in accounts department are as under

- Budgeting
- Payroll
- Commission
- Reconciling with sector offices
- Prepare financial accounts
- Taxation
- Cash books

Management Hierarchy:

Payroll section:

Payroll section (under finance and accounts) is responsible for making salaries to the employees of the corporation after necessary deduction (like tax, pension fund, loan installments, allowances, group insurance premium etc).

The section deals in making cheques payable to staff, policy holder and any other payment which is necessary for the organization like: maturity, claim, surrender, medical, general etc. This section deals with the calculation and finalization of salary and allowances thereof payable to the employees of the organization.

Budgeting:

Every zone has its own budget which comes from the head office. The zonal head and zonal accountant with respective regional chief and regional accountant send a proposal to the head office; they critically analyze it and then decide. First calculation is made here, and then sent to head office.

Budgeted amount is written in a register and expenses are reduced gradually from it

For calculation of budgeting Zonal Head calls a meeting of all departmental Incharge. They all discuss the budget amount. Then budget is allocated to each department according to their needs and requirements.

If budget is in deficit, then an additional budget is demanded. The zones should give justification for additional budget. It happens when unexpected expenses occur like for AC plant or Compressor burnt etc.

Budgeting is done separately for every head as

- Claim expenses
- Basic salary

- Over time
- Bonuses
- Leave encashment
- Travelling
- Entertainment
- Medical
- Pension
- Utility
- Rent
- Misc expenses etc

Commission section:

Commission section is responsible for making commission payments to the field workers (SO, SR, SM). Here the calculation of commission is made and accordingly cheques are written in favor of field worker.

In B&A of Group and pension commission section is handled by Malik Gulham Rasool and he guided me well calculation of commission.

First of all it is checked that it's a direct or indirect underwriting case. If it is indirect its code is 684AA.

Code number of field officers are checked.

Commission is calculated on premium as follows:

First 10000*6% -----------

Next 15000*5% -------------

Next 50000*2.5%--------------

Next 75000*1%---------------

Above -----------*.5% -------------

SR commission ------------------- commission is calculated in all these slabs and then added

SO commission: SR commission *20---------------

SM commission: SR commission*5%-----------------

My Assignments:

I worked in accounts department about two weeks but these were so busy days and in Ramzan working hours were also up to 2o' clock. In accounts department I worked most of time with Mr. Kashif and he was most busy person of his department. He provides me so much opportunity to work but guidelines about different sections of accounts department was not available. But I tried my hard to collect data by discussing with officers and staff members. But in short time it was so difficult to collect data on each and every thing.

Daily collection sheets:

In accounts department daily collection sheets are prepared in which collection of premium is recorded on daily bases. Following particulars are recorded in daily collection sheets.

SLGP: it is policy number which is assigned to policy holder.

Name: name of department or institution paying premium is recorded.

Code 684: it means that it is renewal premium.

AA: it is indirect and agent is involved in it.

Receipt NO: it is also recorded as evidence that premium is received.

Prepare cheque issuance vouchers:

Most of time I spend in accounts department I prepared cheque vouchers for

- Claims
- Commission
- Allowances'
- While preparing vouchers following entries are done
- Voucher NO.
- Cheque NO.
- Bank code
- Date
- Signature

After preparation vouchers are got audited and verified by manager and then cheques are dispatched.

PERSONNEL AND GENERAL SERVICES DEPARTMENT (P&GS)

P&Gs department is human resource department and it does all those works which are necessary to handle personnel of all departments of Group & Pension. This deparment not only manages this office but also 8 sector offices from which 4 are in station and 4 are out staion. MR. Sohail is Manager of P&GS and he is so competent person and I find him so sincere to his job.

In P&GS I cannot work practically but I discussed working procedure with officers and they guided me well and on bases of these discussions I compile this data of different activities of P&Gs. This is as follows

- Daily attendance
- Record of employees
- Leave encashment
- Medical services
- Purchase tenders
- Overtime
- Tada
- Stock of stationery
- Promotions
- Dispatches
- Training

Management Hierarchy:

Daily attendance:

All the employees of Group and pension call there attendance before starting their duty.

If any employee is not at time than he will call late attendance and three late attendance will be considered a casual leave.

Record of employees:

There is complete record of employees who are at work or have retired.and all necessary data is maintained about every employee as date of appointment, date of retirement, promotions, medical services and all other data.

Leave encashment:

If employees do not consume there leaves then leave encashment is allowed to them. Rule of leave encashment is as follows:

Balance of leaves will be maintained 60

After these 60 leaves if leaves are available then 2/3 of these leaves will be encashed and 1/3 will be allowed to employees as leaves and these 1/3 will not be encashed.

Tenders:

If there is a purchase of any equipment amounts more than Rs. 100000 a tender is published in news papers and websites through PACRA. Then quotations are received. Which are studied so carefully, And ZONAL committee decide on most feasible one and negotiations are also done while finalizing any purchase. Some time extra budget is required from Divisional office for these purchase and it is also got verified from Divisional Head.

Promotions:

This department also responsible to conduct test and interviews for promotion of existing employees and also for new recruitments. And all these affairs Divisional office also participate and works with this department.

Stock of stationery:

A reasonable stock of stationery and other daily useable is maintained by P&Gs and all these things are provided to other departments one there demand.

P&Gs also involves in sop many activities as repair of computers, check on all employees, defining duties of officers and staff, staff rotation, staff motivation, over time, loans to employees up to limit, Surprise surveys to other sector offices working under group and pension. Providing all necessary facilities to sector offices.

AUDIT DEPARTMENT:

Audit department deals in examination of books of accounts whether they completely and correctly reflect the transactions to which they relate.It also checks the documentary evidence of the transactions whether it is original and conform with the rules and regulations.

Audit department audits certain departments as per rules and regulations. These departments.

Types:

Internal audit

This audit is done within the organization by the employees of the organization.

Pre- audit:

Audit before making payment is called pre audit.

Post audit:

Audit after making payment is called post audit.

In GROUP & PENSION mainly is pre audit is used.

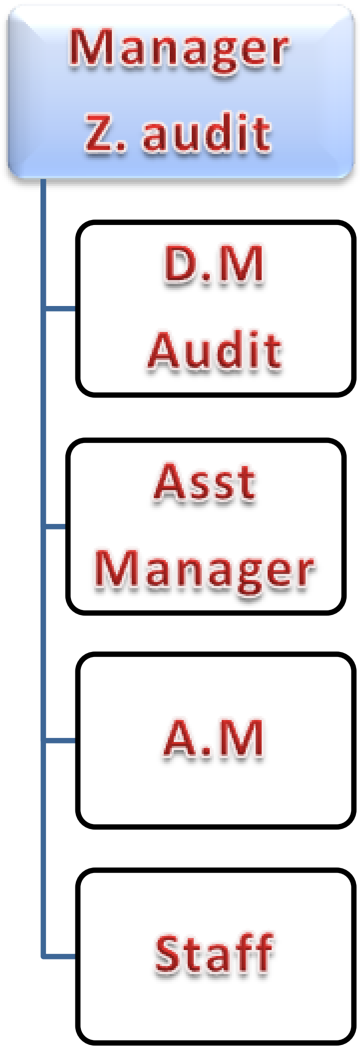
External audit:

The audit which is done through the external parties like chartered firms.

GOVT organization audit/Commercial Audit:

Audit of the Pakistani GOVT owned organization is done through the AGP.

Management Hierarchy:



I cannot also work in audit department but I collect some data but discussions with D.M. and he guided me with different angels how audit department works and what are its duties and responsibilities.

Here I explain some methods of working of claims department.

New policies:

New policies are audited at rate stage and it is verified that rate is according to given rules. Formulae of rate is also verified. Audit up to 200 persons is audit in this zonal office and there is any case of more than 200 persons proposal it is sent to Divisional office for audit.

Cheque collection:

When cheques are received for payment of premium it is also audited. Then every time when cheque is received for renewal it is audited every time.

Claims:

Every claim before payment is verified and every type of claims whether Government. Commercial, death or injury these all claims are audited before payments

Claims of up to Rs.1000000 are approved by claim committee and also by zonal head. And claims of more than Rs. 1000000 is sent to Divisional claim committee Karachi for approval.

Audit department checks all requirements of concerned documents with available evidence.

Audit of sector offices:

This audit department is responsible for audit of sector offices also. All rates of policies of sector offices is also audited here. And sometimes surprise visits are conducted to sector offices and books are verified. Sector offices are also visited quarterly and half yearly for audit.

All payments:

All types of payments are audited before payment and audit department is responsible for verification of payments and it confirms by all evidences.

Special assignment by principle office:

Audit department is also responsible for doing special tasks assigned by Principle office.

And audit is completed at end of year and then external audit is conducted by external auditors.

FINANCIAL ANALYSIS

Horizontal Analysis

Profit & Loss account (VALUES IN %)

	2009	2008
return on Govt securities	0.049800797	-5.192067721
interest income on loans and advances	-5.581345713	0.844188924
interest income on bank deposits	16.03521686	110.5030313
net investment income	55.65501674	12.34618588
expenses not attributable to statutory fund	13.97456512	15.03537736
surplus appropriated to shareholders fund	23.78267555	37.15045205
profit before tax	10.57853022	31.05036242
taxation	11.24970866	36.39835595
profit after tax	18.43	28.49904564
earning per share	7.613700813	5.154236626

Interpretation:

Return on GOVT securities decreased in 2008 which is a negative sign although the investment in these securities increased in 2008 but return decreased. And in 2009 return is increased which is a positive sign but investment is also increased in 2009.

Loans are increasing in 2008 and 2009 but interest on it is decreased in 2009 which is negative sign it means that loan is given on interest free bases.

Interest income from deposits increased it is positive sign and it is also a big sourse of income for organization.

Investment income is also increasing in both years it is also positive sign that Corporaton is increasing its investment which is also returning to it.

Profit before tax was increased 31% in 2008 which is so good and it means that performance of Corporation is improving with passage of time. And it also increased in 2009 which is also a good sign.

Taxation is also increasing proportionately with increasing in profit.

Profit after tax is also increasing it means profitability of company is increasing.

Earning per share is also good and it is also increasing .

Horizontal Analysis

Balance Sheet (Assets)

(VALUES IN %)

	2009	2008
cash & bank deposits		
cash & other	-51.4597	42.8337
current & other	-89.6214	277.449
deposits matura within 12 months	-23.3777	41.768
fixed deposit maturing after 12 month	6.32846	44.8521
	-17.7812	55.1081
loans secured against life insurance policies	20.9341	19.3778
loans accrued against other assets		
to employees	5.16671	-0.23036
to agents]	2.61582	-0.96005
others	-69.41	44.8557
	4.11354	0.09586
unsecured loans		
to employees	5.90121	0.95379
to agents	34.2262	3.99854
	11.7009	1.56261
investment properties	4.15037	4.54741
investments		
Govt Securities	15.4526	8.05983
fix income securities	244.301	82.2774
listed equities	2.24849	13.2557

Horizontal Analysis

Balance Sheet (Assets)

(VALUES IN %)

	2009	2008
Current assets		
Premium unpaid	-5.579518636	6.203228278
amout due from other insurers	80.65293476	177.1640604
agents balance	0	0
investment income outstanding	-22.98353312	-33.03274119
investment income accrued	16.63492987	17.57799995
taxation	1984.824591	#DIV/0!
prepayments	13.03633475	2.092474719
inter-fund balance	49.65079775	-36.01261323
sundry receivables	180.5361938	16.2533002
others	15.20245399	17.37596313
	21.13093259	6.360955518
Fixed assets- tangible		
furniture, fixture equipments	10.1921327	7.750257913
accumulated dep	6.215952239	-1.5186905
	27.0678685	79.4222786
Total assets	12.72165383	13.71803146

Interpretation:

Cash and bank balance increased in 2008 which increased liquidity of company but in 2009 Corporation invest it cash so cash decreased in 2009.

Loan secured to employees and agents is increasing it means that economic conditions of them is not good and they are acquiring more loans but it's a negative sign.

Unsecured loan to employees is showing partial increase but in 2009 it has increased 10% which is a negative sign.

Investment in property and in other securities is increasing it also a positive sign and corporation is increasing its investment which will increase returns on these securities.

Premium unpaid decreased in 2009 it is a positive sign it means that corporation is able to get premiums on timely manner from policy holders.

Amounts due from other insures and reinsures in increased in these two years so much which is negative sign. And it means that corporation is not able to clear account with them in timely manner.

Sundry receivables have increased in 2009 54% which is a negative sign. And it shows that net cash is decreasing and it is a negative sign.

Fixed assets of corporation increasing it show that it is enhancing its operations and it also acquire more buildings, furniture and other assets.

Horizontal Analysis

Balance Sheet (Liabilities)

(VALUES IN %)

	2009	2008
Share capital & reserves		
Issued subscribed & paid up capital	0	22
Accumulated surplus	23.3	--58.26
Net shareholders equity	113	5.8
Balance of statutory fund	46.2	12.7
Deferred liabilities		
Staff retirement benefit	13.5	8.6
Creditors& Accruals		
Outstanding claims	20	19.5
Premium received in advance	-38.5	15.4
Amount due to other insurers	75	38.45
Amount due to agents	41.2	41.5
Accrued expenses	31.17	34.56
Inter- fund balance	49.7	-36.28
Others	-29.4	109.95
	16.5	22.15
Total liabilities	13	13.77
Total equity& liabilities	12.72	13.7

Interpretation:

Issued, subscribed capital increased in 2009 which shows that corporation issued shares in 2009 it is also positive sign.

Accumulated surplus decreased in 2008 because there was increase in claims in this year and investments were also increased but in 2009 surplus increased which is positive sign.

Staff retirement benefits increased in 2009 it means that liability is increasing it is negative sign.

Outstanding claims are increasing it is a negative sign it means corporation is not paying in timely manner.

Premium received in advance increased in 2008 but in 2009 it does not increase in same manner which shows that savings of people are decreasing.

Amount due to agents is increasing which shows that corporation is also not paying commissions in timely manner and it is also a negative sign.

Accrued expenses are increasing which shows that corporation is trying to increase its liquidity that is why it is accrued expenses have increased.

Total liabilities have increased in 2009 and 2008 but it is so gradual increase with increase in volume of business and is a positive sign.

Vertical analysis

BALANCE SHEET (Liabilities) **(values in %)**

	2009	2008	2007
Issued subscribed capital to total equity	77.532	91.95664	79.60938
Accumulated surplus to total equity	22.468	8.043363	20.39062
Net shareholders equity to total liabilities	0.651752	0.619424	0.665711
Balance of statutory fund to total liabilities	91.62094	91.89173	92.29534
Deffered liabilities to total liabilities	0.583134	0.57875	0.605921
Outstanding claims to current liabilities	59.76986	58.03845	59.28862
Premium received in advance to current liabilities	16.21618	18.56871	19.64753
Amount due to other insurers to current liabilities	0.808755	0.540518	0.476656
Amount due to agents to current liabilities	10.61141	8.753735	7.555806
Accrued expenses to current liabilities	6.389284	5.672087	5.13681
Inter- fund balance to current liabilities	2.087374	1.625547	3.103154
Others to current liabilities	4.117135	6.800954	3.954439
Current liabilities to total liabilities	7.144224	6.910096	6.433026

Interpretation:

Share holders equity is so less as compared to total liabilities because corporation is working market from last 39 years and it is a government entity and it is also not listed in stock exchange that why its capital is so less as compared to total liabilities.

Balance of statutory fund is about 90% of total liabilities it means that so much provisions have been created.

Outstanding claims have also increased so much and half of current liabilities consists claims and it is a negative sign and claims are increasing more as compared to new business.

Amount due to agents is also increasing in current liabilities it is a negative sign and agents are not paid in imely manner but it is also increasing because volume of new policies is laso increasing

VERTICAL ANALYSIS

BALANCE SHEET (Assets) (values in %)

	2009	2008	2007
Cash & other to Total cash	0.361591	0.612472	0.665105
Current account to Total cash	17.09798	13.52828	5.55928
Deposits maturing in 12 months to Total cash	73.50107	78.86956	86.29103
Fixed deposits maturing after 12 months to Total cash	9.039344	6.989696	7.484586
Total cash & bank to Total Assets	6.865179	9.412139	6.900543
Loan secured against life policies to Total Assets	7.370983	6.870429	6.5447
Loan to employees to Total loan	93.43917	92.49546	92.7979
Loan to agents to Total loan	6.217905	6.308113	6.375366
Other loan to Total loan	0.351558	1.196428	0.826736
Loan secured against other assets to Total Assets	0.106365	0.115169	0.130843

VERTICAL ANALYSIS

BALANCE SHEET (Assets) (values in %)

	2009	2008	2007
Loan to employees to Un secured loan	**75.39558**	**79.5246**	**80.00419**
Loan to agents to Un secured loan	**24.60442**	**20.4754**	**19.99581**
Un secured loan to total assets	**0.057164**	**0.057686**	**0.06459**
Investment properties to total assets	**1.166079**	**1.262044**	**1.372747**
Investments			
Govt securities to Investments	**83.3757**	**83.33392**	**85.02527**
Fix income securities to Investments	**2.63143**	**0.88194**	**0.533454**
Listed equities to Investments	**13.07472**	**14.75575**	**14.36454**
Unlisted equities to Investments	**0.963625**	**1.116214**	**0.153792**
Holdings in subsidiaries to Investments	**0.093941**	**0.041573**	**0.045836**
Provisions for diminutions to Investments	**0.139414**	**0.129401**	**0.122897**
Investments to total assets	**80.26973**	**78.41031**	**80.87457**

VERTICAL ANALYSIS

BALANCE SHEET (Assets) **(values in %)**

	2009	2008	2007
Premium due but unpaid to Current assets	48.65717	62.42172	62.51442
Amount due from other insurer to Current assets	1.060453	0.711052	0.272864
Agent balance to Current assets	0.002335	0.002829	0.003009
Invest income outstanding to Current assets	1.578913	2.483303	3.944114
Investment income accrued to Current assets	23.03625	23.92424	21.64185
Taxation provision to Current assets	11.69561	0.679529	0
Prepayments to Current assets	3.498883	3.74944	3.906204
Inter fund balance to Current assets	3.644494	2.94994	4.903442
Receivable to Current assets	6.615081	2.856284	2.613234
Other to Current assets	0.210815	0.221664	0.200862
Current assets to total asset	4.091836	3.807768	4.071154
Fixed asset to total asset	0.072659	0.064456	0.040852

Ratio Analysis

Liquidity ratios:

Current ratio: current assets /current liabilities

Liquid ratio: liquid assets/ current liabilities

	2009	2008	2007
Current ratio:	**1.53**	**1.91**	**1.70**
Liquid ratio	**1.49**	**1.89**	**1.68**

Interpretation:

Current ratio is much better and it is a positive sign that corporations liquidity position is much better. It was near about 2 but in 2009 it decreases because in 2009 investments were increased and claims ratio also increased which decreased liquidity but it is more than 1 which is a positive sign.

Liquid ratio is changing accordingly and there is no extra ordinary change in it. It means that both current and liquidity ratios are better

Opportunity cost of capital:

(Investment income/ investments)*100

	2009	2008	2007
Opportunity cost of capital:	12.11%	12.34%	12.24%

Interpretation:

Investment return is about 12% in these three years and it is a good return on assets it means that opportunity cost of capital is much better. and it is more than interests of banks. It means corporation is investing in profitable business.

Claims ratio:

(Total claims/Business of Underwriting)* 100

	2009	2008	2007
Claims ratio	55.43%	56.30%	57.61%

Interpretation:

Claims ratio is decreasing gradually it is a positive sign and corporation must tried to decrease it more but it is much better and it cannot be said a negative sign and it is marginal but it must be decreased and corporation should try to accept those which have less mortality ratio.

Return on equity:

(Net profit after tax/total equity) *100

	2009	2008	2007
Return on equity	22.46%	24.76%	20.34

Interpretation:

Return on equity is so good and is so positive sign and in these three years it is more than 20% it means that profitability is so good it jumps 4 points in 2008 but its percentage decreased in 2009 because there was recession globally. But it survived so well and return on equity is much better in these three years.

Overall expense ratio:

(Management expenses/underwriting premium)*100

	2009	2008	2007
Overall expense ratio	41%	35%	33%

Interpretation:

Overall expenses are increasing with passage of time and it is a negative sign and corporation must try to decrease these expenses. Salaries and travelling expenses are increasing it means that it is overstaffing and is also huge amounts on travelling expenses.

Earning per share:

(Net profit after tax /number of shares)

	2009	2008	2007
Earning per share	**28.98**	**26.93**	**25.61**

Interpretation:

Earning per share is increasing and is so good sign that profitability of corporation is increasing and it shows that in condition of recession it is profitable institution of company and it survived well in period of recession also and it is so good.

Dividend rate:

(Dividend per share/face value of share)*100

	2009	2008	2007
Dividend rate	**8.7%**	**21.1%**	**25.7%**

Interpretation:

Dividend rate is much better in 2007 and 2008 but it decreases to 8.7% in 2009 which is negative sign it decreases in 2009 becauses profitability decreases in 2009. And there was high claim ratio in 2009.

Investment income to Underwriting income:

(Investment income /premium income)*100

	2009	2008	2007
Investment income to Underwriting income	74.6%	82%	91%

Interpretation:

Because SLIC is Insurance Corporation and its main business is insurance so underwriting income is more than investment income which is a positive sign. Because it is necessary for any company to earn more from it main business for which it is incorporated.


SWOT ANALYSIS
Helpful
to achieving the objective
Harmful
to achieving the objective
Internal origin
(attributes of the organization)
External origin
(attributes of the environment)
Strengths
Weaknesses
Opportunities
Threats
S
W
O
T

SWOT ANALYSIS

It is an important tools to analysis the overall situation in which an organization is conducting its affair. Each issue remains relevant and useful for corporate strategy formation

Strengths:

Adequate financial resources:

SLIC has adequate financial resource this is strength of SLIC. Because it can invest in different projects and can earn more, financially they have no problem.

Better advertising campaigns:

As SLIC is market leader, and big organization so it can afford a better advertisement campaign through any kind of media.

Adequate human resources:

As SLIC is a large organization, and there are large number of people who are working . So they have adequate human resource, and they can meet any challenge relate to human resource.

Capable top management:

As they follow strict rule for promotion, so the top management of SLIC in a very much competent experience. so their decision give benefit to organization.

Competitive skills of employees:

Employee of SLIC are very much competitive and very much skillful they know very will the corporation activities, which increase the efficiency of an organization.

Good will:

As SLIC is a old organization, so it develops a Goodwill, so policyholder built trust on it, and people want to invest in it.

Government security:

As SLIC is Government organization, it has complete government support to organization which also increase its, stability and Goodwill.

Market Share:

SLIC has dominated in life insurance market although there are also other companies operating but SLIC has more than 80% market share.

Natural monopoly:

SLIC is so large Corporation and it is only institution of GOVT which is a source of revenue for GOVT and it is also a profit making, and all other GOVT institutions are insured with SLIC. Such as Railway, PIA and Police these institutions have thousands of employees. These things make monopoly of SLIC in market.

Weakness:

Long processing of claims:

There is complicated and a long process of claims payments. It is cause of dissatisfaction of people. And sometimes it take months to pay a claim.

Out dated IT system:

Such a big organization should develop its own IT system with complete security. But unfortunately about all data in SLIC is maintained handily. There are some computer systems which are so slow and old and not capable to do work. There is also no backup of computer data and in any failure of computer system may loss all data.

Political recruitments:

SLIC is GOVT Corporation and working under Ministry of Commerce. Ministers cannot hinder in managerial decisions but some hiring are done on political pressure and ill competent people are handled which reduces proficiency of work.

Turnover of field force:

As field worker are commission based, so turn over in SLIC high because those who fail to bring business, leave the organization.

Increasing rate of surrender:

Because of economic condition, when the saving of people lower they cant continue their policy. so they surrender the policy, and this is one of the important weakness of SLIC.

Economic conditions:

Economic condition of Pakistan is not so good, due to which people has lass saving, so when saving will be lass they cant be able start a policy.

Less awareness of mass:

A large part of population is leaving in rural areas and people of that area is not aware about life insurance.

Weak marketing efforts:

As SLIC is market leader, and there is no other close competitor, so they not give proper attention to marketing activities.

Opportunities:

Growth of financial sector:

As financial sector of Pakistan is starting better which will make better the financial position of people and will increase saving of people. So this is an opportunities for SLIC to increase their business.

Diversification:

As SLIC is providing services in just only in life insurance, it can also start general insurance, like the insurance of property etc.

Favorable government policies:

As SLIC is a government organization, so all policies of government is in the favor of SLIC.

Innovation:

SLIC also bring so many innovations in their present product, like they decrease the maturity duration of policy or can decrease sun assured of policy etc

Modern IT system:

SLIC is working on so large scale and it can afford a modern IT system which is completely secure. And processing of operations can be increased by converting all system to computerized record.

Threats:

New competitors:

With the passage of time so many organization are coming to insurance business, so there will be tuff competition for SLIC to face in future.

Recession in economies:

As Pakistan economic condition is not so stable so recession in economy can effect its performance by increasing the surrender rate of policy by policy holder.

Changing customer needs:

As customer's needs are changing, like if they have saving they might use in some other business in stated investing in SLIC.

Cyber crimes:

Very large losses could also occur from an attack on online systems, as unless security increases proportionally, Without a doubt, computer viruses are a serious threat to all forms of modern business activities. Targeted attacks could cause companies extreme losses and the most severe scenarios (of extremely low probability) envision the destabilization of entire business sectors.

Catastrophic events:

Pakistan is under severe catastrophic and in last few years GOVT organizations and institutions are target of these attacks. It could not only cause damage to SLIC but it can also increase claims ratio with these catastrophic attacks.

RECOMMENDATIONS:

SLIC is market leader and it has so strong management structure and there is transparency of business management but I will like to give some recommendations because it is requirement of my report.

- Better training courses should be arranged for the up lifting and improving the quality of work of employees.
- There is also a problem of work overload for the employees and it should be control properly so that the employees are motivated. Responsibilities are also not equally divided between employees.
- System and operations should be more defined and organized.
- SLIC management should give more incentives to the staff because they are the asset of company. There are so many incentives for officers but staff is ignored that is why staff members looked some de motivated.
- IT draw backs should be improved.
- Expenditures must be control, which are very high.
- SLIC is advertising only on Pakistan TV and Radio Pakistan but now there are uncountable private channels where SLIC is not giving advertisement. It should properly advertise and Communicate to public about the products provided by it, so that more customers will be attracted.
- Islamic mode of insurance is emerging rapidly so SLIC should reorganize its strategies and introduce some pure Islamic products or invest only in interest free business.

CONCLUSION

It was splendid experience for me that make me familiar with business environment and culture of SLIC was so comfortable and it provides me real life working opportunity in short span of time. Management of SLIC is true asset of Corporation and such a competent and experienced people are working here who make a Government institute corruption free and the market leader. SLIC is providing a life Security coverage to about 6.00 million person of the country. Apart from this it provides self finance jobs to thousands of the countrymen, and mobilized the country economic and financial resources, and also contributes a lot to Government in terms of providing funds.

I feel pleasure that I have really gained a lot of knowledge during 6 weeks & enjoyed working with experienced, cooperative & intelligent staff.