



The Board of Directors of **Allianz EFU Health Insurance Limited** is pleased to present the Seventeenth Annual Report together with the Audited Financial Statements of the Company for the year ended December 31, 2016.

### **COMPANY PERFORMANCE**

Total Gross Premium for the year was Rs. 2,005 million (USD 19.15 million) compared to Rs 1,665 million (USD 15.90 million) last year, an increase of 20 %.

Of this total, Corporate Group Business was Rs. 1,976 million (USD 18.87 million) compared to Rs. 1,603 million (USD 15.31 million) in 2015 and the Individual Business was Rs 29 million (USD 0.28 million), compared to Rs. 62 million (USD 0.59) in 2015.

### **PERSISTENCY**

The Persistency (based on premium) for the year was 100% as compared to 90% last year.

### **CLAIMS RATIO**

The Claims Ratio (including Experience Refund) has increased to 81 % compared to 75 % last year

### **MANAGEMENT EXPENSES**

The Management expenses for the year were Rs. 242 million (USD 2.31 million) compared to Rs. 230 million (USD 2.20 million).

### **INVESTMENT**

The total investment at book value as on December 31, 2016 stood at Rs. 840 million (USD 8.02 million). On an overall basis, the market value of these investments is higher than the book value by Rs. 48 million (USD 0.46 million) and has not been recognized as gain in these financial statements in accordance with company's accounting policy.

The investment income was Rs. 111 million (USD 1.06 million) compared to Rs. 123 million (USD 1.17 million) during last year. This drop in investment income is due to reduced interest rates as your Company primarily invests in fixed income government securities and low-risk mutual funds.

### **FINANCIAL RESULT**

During the year under review, Government of Pakistan has changed the tax structure of insurance companies whereby income from all sources are taxed at 31% of income. Earlier Dividend Income was taxed at 12.5 %. Capital Gains were previously taxed at various rates from zero to 12.5 % depending on the holding period of securities. The additional tax impact for the year is Rs. 11.7 million (USD 0.11 million).

The Supreme Court of Pakistan in its recent decision held that the changes made in Workers Welfare Fund Ordinance via Finance Act 2006 and Finance Act 2008 were not valid. Consequently, the Company is not required to contribute toward Workers Welfare Fund and has reversed the provision for Worker Welfare Fund (WWF) for the years 2014-2015 of Rs 9.47 million (USD 0.09 million).

