

The Board of Directors of **Allianz EFU Health Insurance Limited** is pleased to present the Fifteenth Annual Report together with the Audited Financial Statements of the Company for the year ended December 31, 2014.

COMPANY PERFORMANCE

Total Gross Premium for the year was Rs. 1,493 million (USD 14.86 million) compared to Rs 1,294 million (USD 12.88 million) last year, an increase of 15.4%.

Of this total, Corporate Group Business was Rs. 1,446 million (USD 14.39 million) compared to Rs. 1,237 million (USD 12.31 million) in 2013, an increase of 16.9% and the Individual Business was Rs 47 million (USD 0.47 million), compared to Rs. 57 million (USD 0.57) in 2013.

PERSISTENCY

The Persistency (based on premium) for the year was 84% as compared to 91% of last year. During the year we lost some major clients due to aggressive price competition.

CLAIMS RATIO

The Claims Ratio (including Experience Refund) has slightly increased from 72.9% (2013) to 73.6% (2014).

MANAGEMENT EXPENSES

The Management expenses for the year were Rs. 206.5 million (USD 2.05 million) compared to Rs. 178.6 million (USD 1.78 million).

INVESTMENT

Karachi Stock Exchange (KSE)-100 index extended its bull run in 2014 and closed at 32,131 mark and allowed to post gains of 27.20 % (in local currency) for the year 2014.

The total investment at book value as on December 31, 2014 stood at Rs. 759 million (USD 7.55 million). On overall basis, market value of these investments is higher than the book value by Rs. 35.81 million (USD 0.36 million) and has not been recognized as gain in these financial statements in accordance with company's accounting policy.

During the period Company reported investment income of Rs. 101.23 million (USD 1.01 million) on its investments, as compared to Rs. 87.30 million (USD 0.87 million) during last year.

FINANCIAL RESULT

The Company made a pre-tax profit of Rs. 234.28 million (USD 2.33 million) as compared to Rs 183.05 million (USD 1.82 million) in 2013 and after tax profit of Rs 172.34 million (USD 1.71 million) as compared to Rs 131.62 million (USD 1.31 million).

APPROPRIATION AND DIVIDEND

Directors have recommended dividend of Rs. 5 i.e. 50% per share to the shareholders whose names appear in the register of the Company at the close of business on April 07, 2015.

FUTURE OUTLOOK

We will continue to focus on renewing cases which can be managed profitably and shed those which we feel we cannot.

As for the Individual health insurance line of business we will focus on identifying new distribution channels by broadening our bancassurance partnerships.

CODE OF CORPORATE GOVERNANCE

The requirement of the Code of Corporate Governance set out by Securities and Exchange Commission of Pakistan for non-listed Insurance Companies for the year ended December 31, 2014 have been duly complied with. A statement to this effect is annexed with the report.

As required under the Code of Corporate Governance for Insurance Companies, the Directors are pleased to state as follows:

- The financial statements, prepared by the management of the Company present fairly, its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The sound system of internal controls has been effectively implemented and monitored. These are being continuously reviewed so that any weakness in the controls could be removed immediately.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance.
- Key operating and financial data for the last 6 years is included in the report.
- The market value of investments made by the Staff Provident Fund as at 31 December 2014 was Rs 52.60 million.
- The statement of pattern of shareholding in the Company as at December 31, 2014 is annexed with the report.
- The earning per share for the year 2014 was Rs 5.74 (USD 0.06) {2013: earning per share of Rs 4.39 (USD 0.04)}.
- The number of meetings attended by each Director/CEO/CFO/Corporate Secretary was as follows:

Name	Position	Number of Meetings Attended
Saifuddin N. Zoomkawala	Chairman	4 out of 4
Taher G. Sachak	Vice Chairman	4 out of 4
Kamran Ansari	Chief Executive	4 out of 4
Heinz Walter Dollberg	Director	1 out of 4
Rafique R. Bhimjee	Director	4 out of 4
Jahangir Siddiqui	Director	2 out of 4
Shahabuddin C. Subjally	Director	3 out of 4
Hasanali Abdullah	Director	4 out of 4
Amjed Bahadur Ali	Chief Financial Officer & Corporate Secretary	4 out of 4

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

AUDIT COMMITTEE

The Audit Committee comprises of following 4 non-executive directors.

Name of Directors
Saifuddin N. Zoomkawala
Shahabuddin C. Subjally
Rafique R. Bhimjee
Hasanali Abdullah

COMPANY AUDITORS

On the recommendations of the Audit Committee, the Board of Directors proposes appointing M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants as statutory auditors of the company for the next term.

ACKNOWLEDGEMENT

The Directors would like to place on record their appreciation to all members of staff and field force for their support and contribution to the development and growth of the Company.

The Board of Directors would also like to thank its valued customers, Allianz SE, EFU General Insurance Limited and EFU Life Assurance Limited for their continuous guidance and support.

Taher G. Sachak

Director

Director

Kamran Ansari

Chief Executive Officer

Saifuddin N. Zoomkawala

Chairman

Pattern of Shareholding

Number of Shareholders	Shareholdings		Shares held
	From	To	
1	1	100	100
5	101	119	595
1	120	26,998	26,998
1	26,999	506,998	506,998
1	506,999	3,515,998	3,515,998
1	3,515,999	4,049,998	4,049,998
1	4,049,999	7,199,908	7,199,908
1	7,199,909	14,699,405	14,699,405
12		Total	30,000,000

Categories of Shareholders	Shareholders	Shares held	Percentage
Associated companies, undertaking and related Parties	2	21,899,313	73.0
CEO, Directors, their Spouses and minor children	6	8,100,211	27.0
Individuals/others	4	476	0.0
Total	12	30,000,000	100.00

Information as required under the Code of Corporate Governance

Categories of Shareholders	Shareholders	Shares held
Associated companies, undertakings and related parties		
Allianz SE	1	14,699,405
Nominees of Allianz SE	4	476
EFU Services (Private) Limited	1	7,199,908
CEO, Directors, their Spouses and minor children		
Saifuddin N Zoomkawala	1	3,515,998
Jahangir Siddiqui	1	4,049,998
Rafique R. Bhimjee	1	506,998
Hasanali Abdullah	1	26,998
Heinz Walter Dollberg	1	119
Shahabuddin C. Subjally	1	100
[Nominees of EFU Services (Private) Limited]		

Allianz EFU Health Insurance Limited



Comparison Over Last Six Years



KEY FINANCIAL DATA	Years					
	2014	2013	2012	2011	2010	2009
	PKR in '000					
Gross Premium Written	1,492,970	1,294,270	1,082,540	1,060,767	1,025,046	1,028,236
Net Premium Revenue	994,753	798,144	752,578	645,038	680,338	703,638
Investment Income	101,228	87,295	91,263	37,156	43,206	85,336
Profit before Tax	234,282	183,050	169,341	96,804	25,386	118,152
Investments	759,480	757,437	640,457	518,792	468,878	584,660
Cash & Bank Balances	41,511	33,816	26,152	35,969	38,272	57,757
Total Assets	1,349,190	1,265,851	1,077,793	1,026,582	959,990	980,088