



Life Insurance

Research Team

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Life Insurance

Global | Overview

- Life insurance is a contract between a policy holder and an insurance company under which, in exchange for premium payments, the insurance company will pay a lump sum amount, known as a death benefit, to the beneficiaries after the death of the insured.
- There are two primary types of life insurance: term and permanent life. Permanent life insurance can provide lifetime coverage, while term life insurance provides protection for a certain period.
- Globally, top 50 life insurance companies recorded cumulative claim reserves amounting to USD~13.1trn as of End-Nov’24. The adjacent table depicts the top 10 companies operating globally, with these forming ~33.5% of top 50 companies recorded reserve levels during the period.

Global Top 10 Companies (CY24)			
Rank	Company	Country	Reserves (USD bln)
1	Allianz SE.	Germany	807.4
2	China Life Insurance Co. Ltd.	China	685.3
3	Ping An Insurance (Group) Co. of China Ltd.	China	586.7
4	Life Insurance Corp. of India	India	538.2
5	Legal & General Group PLC	UK	520.4
6	Nippon Life Insurance Co.	Japan	490.9
7	MetLife Inc.	USA	438.9
8	AXA SA	France	433.6
9	Prudential Financial Inc.	USA	427.2
10	Association Generali SPA	Italy	422.4

***Note:** Companies are ranked by CY24 life and accident & health reserves. Life and accident & health reserves generally represent a liability to provide for future commitments under outstanding policies.*

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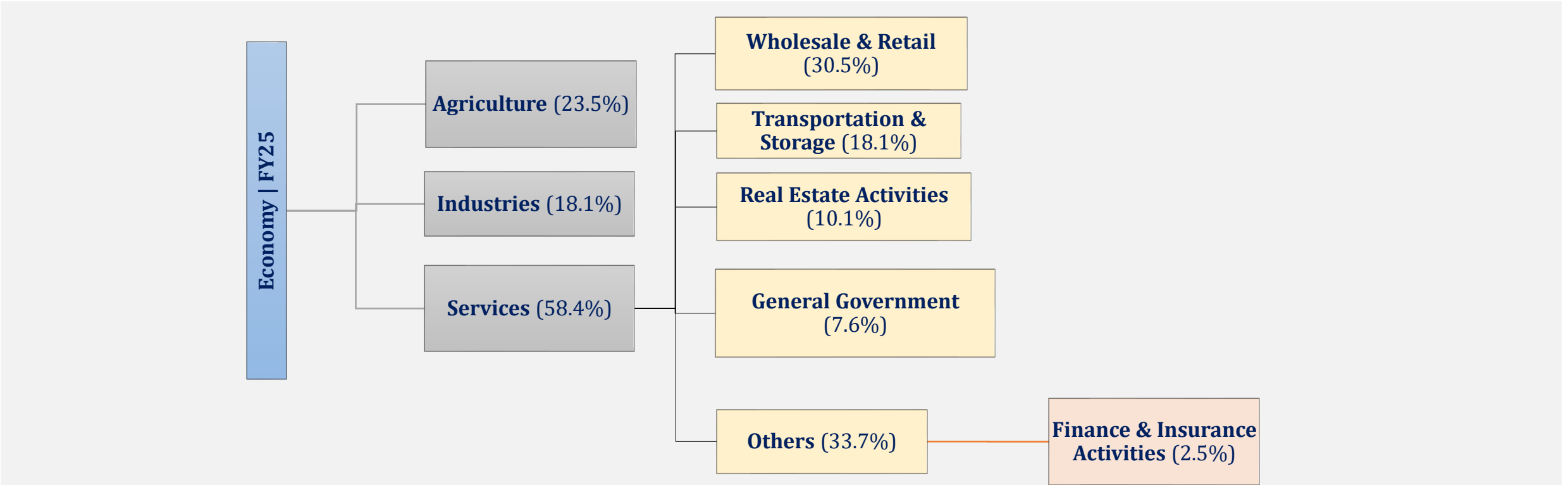
Global | Outlook

- The global insurance sector grew by ~8.6% YoY in CY24, having previously recorded a CAGR of ~4.9% during CY13-23. Globally, insurers collected USD~6.2trn in premiums during the year, with life insurance premiums amounting to USD~2,612bln, property & casualty (P&C) recording at USD~2,182bln and health insurance at USD~1,514bln. The three segments recorded YoY growth rates of ~10.4%, ~8.2% and ~7.0% YoY, respectively, in terms of premiums collected.
- In CY24, Asia remained the largest life insurance market, contributing ~39.0% of global premiums, with ~14.9% YoY growth, primarily driven by China and India. Western Europe ranked second with total premium collection of USD~698bln and accounted for ~29.6% of the global market share. This was followed by North America which generated USD~698bln in premiums, showing a lower growth rate of ~5.3% YoY as compared to SPLY rate of ~9.3%.
- Life insurance forms an important part of the social compact in most countries across the globe. However, increasing inequality, demographic changes and migration pose comprise a few major challenges facing the sector. Moreover, new technologies like Artificial Intelligence (AI) are likely to have a tremendous impact on the business model, transforming the entire value chain from underwriting to claims handling.
- The global insurance is expected to maintain its growth industry where the global insurance market is expected to grow at an annual rate of ~5.3% and the global premium pool expected to grow by USD~4,787bln over the next ten years. Asia and China are predicted to generate ~50.1% of the pool. The P&C segment is expected to dominate and register a robust growth of ~4.5% up to CY35.

Life Insurance

Local | Overview

- In FY25*, Pakistan’s GDP (nominal) stood at PKR~114.7trn (FY24: PKR~106.0trn), increasing, in real terms, by ~2.68% YoY (FY22: ~6.3% growth). The Service segment held ~58.4% share in GDP during the year. However, the country’s nominal GDP during FY26 is projected to clock in at PKR~119.5trn with ~4.2% YoY growth in real GDP, depicting an improved economic activity compared with SPLY.
- During FY25, ‘Financial and Insurance Activities’ sector is provisioned to contribute ~1.5% to the country’s GDP (nominal) (SPLY: ~1.5%).



**FY25 values are Provisional – Sectoral Shares in real GDP.*

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Local | Overview

- The market size of local life insurance sector, in terms of Gross Premium Written (GPW), was recorded at PKR~492.4bln in CY24, up ~22.0% YoY (SPLY: ~8.0% YoY growth). The public (Conventional) life insurance segment, during CY24, accounted for ~65.7% share, with GPW amounting to PKR~323.5bln, a YoY growth of ~20.1%. Meanwhile, private segment's share (Conventional and Takaful) clocked in at ~34.3%, with GPW amounting to PKR~168.9bln, up ~25.2% YoY.
- The sector, as of End-Dec'24, comprises eleven (~11) operational companies, nine (~09) of which cater the private segment while two are public sector companies (covered later).
- Although all private companies also offer Window Takaful Operations, three (~03) of these are dedicated Family Takafuls, while six (~06) operate as conventional life insurance companies, with Takaful windows.
- The sector has, in terms of GPW, exhibited robust growth in CY24, primarily because of shariah-compliant offerings and digital innovation. Although cultural alignment is growing, public awareness and regulatory barriers add to limitations.

Figures in PKR mln, unless stated otherwise

Sector Overview	CY23	CY24
Gross Premium Written (GPW)	404,191	492,425
Growth (YoY)	8.0%	22%
Public Sector (Share in GPW) (%)	66.6%	65.7%
Private Sector (Share in GPW) (%)	33.4%	34.3%
No. of Firms By Type		
Private - Conventional	06	06
Private – Takaful	03	03
Private – Total	09	09
Public – Conventional	02	02
Total No. of Companies	11	
Regulator	Securities & Exchange Commission Of Pakistan (SECP)	
Association	The Insurance Association of Pakistan (IAP)	

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Sector Dynamics | Overview

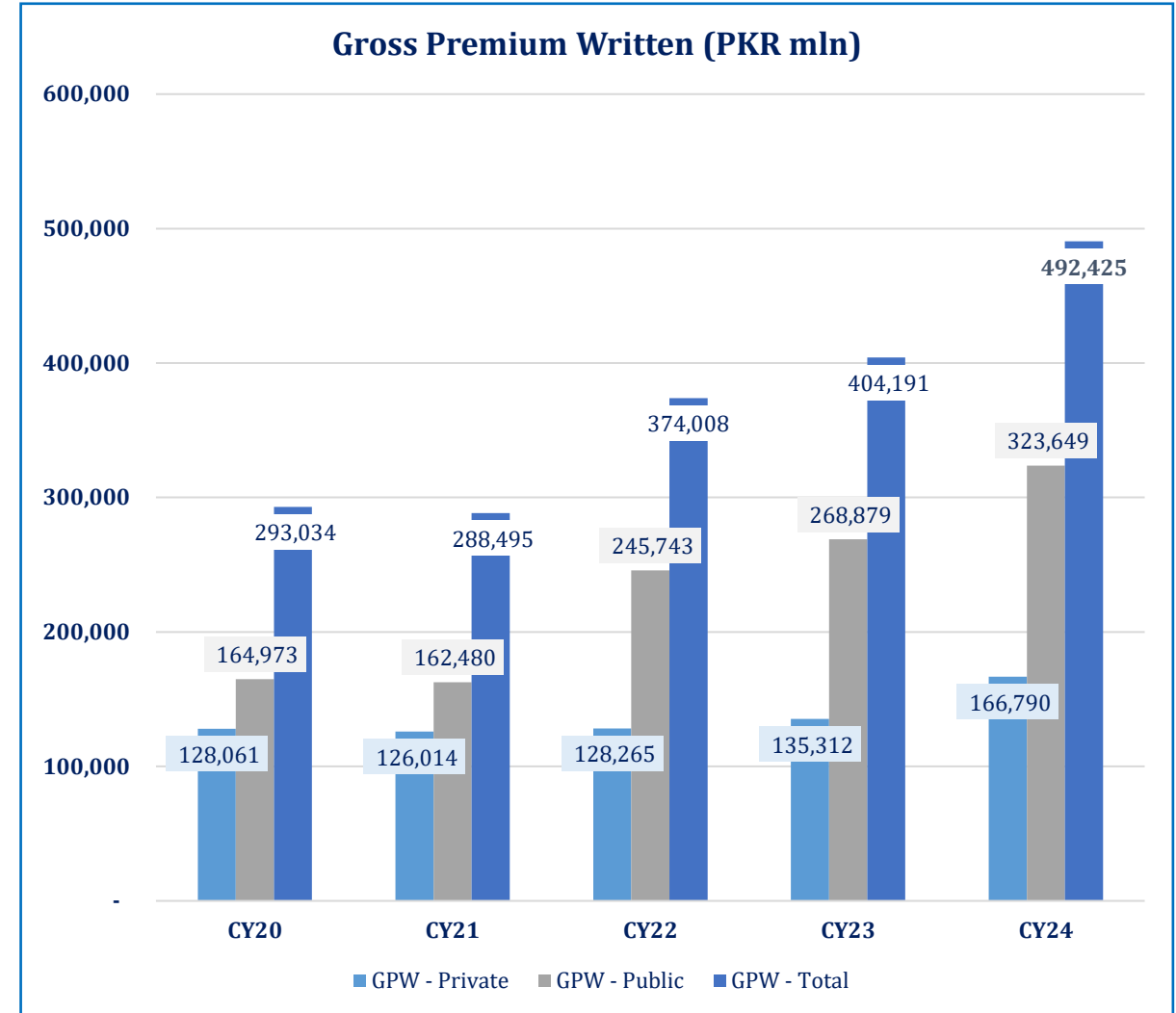
Sr.	Insurance Companies	CY22			CY23			CY24		
		GPW	YoY Growth (%)	Market Share (%)	GPW	YoY Growth (%)	Market Share (%)	GPW	YoY Growth (%)	Market Share (%)
		(PKR mln)			(PKR mln)			(PKR mln)		
Private - Conventional										
1	Jubilee Life	47,343	-4.1%	12.7%	46,113	-2.6%	11.5%	48,713	5.6%	9.9%
2	EFU Life	39,883	6.6%	10.7%	37,443	-6.1%	9.3%	41,835	11.7%	8.5%
3	Adamjee Life	20,970	1.1%	5.6%	23,351	11.4%	5.8%	30,969	32.6%	6.3%
4	IGI Life	6,072	-14.0%	1.6%	7,992	31.6%	2.0%	13,493	68.8%	2.7%
5	Askari Life	1,302	55.9%	0.3%	1,614	24.0%	0.4%	2,018	25.0%	0.4%
6	TPL Life	337	-47.3%	0.1%	436	29.4%	0.1%	386	-11.5%	0.1%
	Sub-total	115,907	-0.1%	31.0%	116,948	0.9%	28.9%	137,413	17.5%	27.9%
Public - Conventional										
7	State Life	244,150	50.3%	65.3%	268,879	10.1%	66.9%	323,649	20.0%	65.7%
8	Postal Life	1,593	-36.1%	0.4%	NIL			NIL		
	Sub-total	245,743	49.00%	65.7%	268,879	9.4%	66.6%	323,649	20%	65.7%
Private – Takaful										
9	Pak Qatar Family	10,236	2.5%	2.7%	16,297	59.2%	4.1%	28,817	77.0%	5.9%
10	Dawood Family	2,070	1.1%	0.6%	1,887	-8.8%	0.0%	1,986		0.4%
11	5th Pillar Takaful	52	0.0%	0.0%	180	246.0%	0.0%	560	211.1%	0.1%
Sub-total		12,358	2.7%	3.3%	18,364	48.6%	4.5%	31,363	92.0%	6.4%
Grand Total		374,008	27.6%	100.0%	404,191	7.5%	100.0%	492,425	22%	100.0%

Note: Data labeled as NIL has not been reported by respective sector players. State Life numbers have been pro-rated on 9MCY24 basis.

Life Insurance

Local | Premium Growth

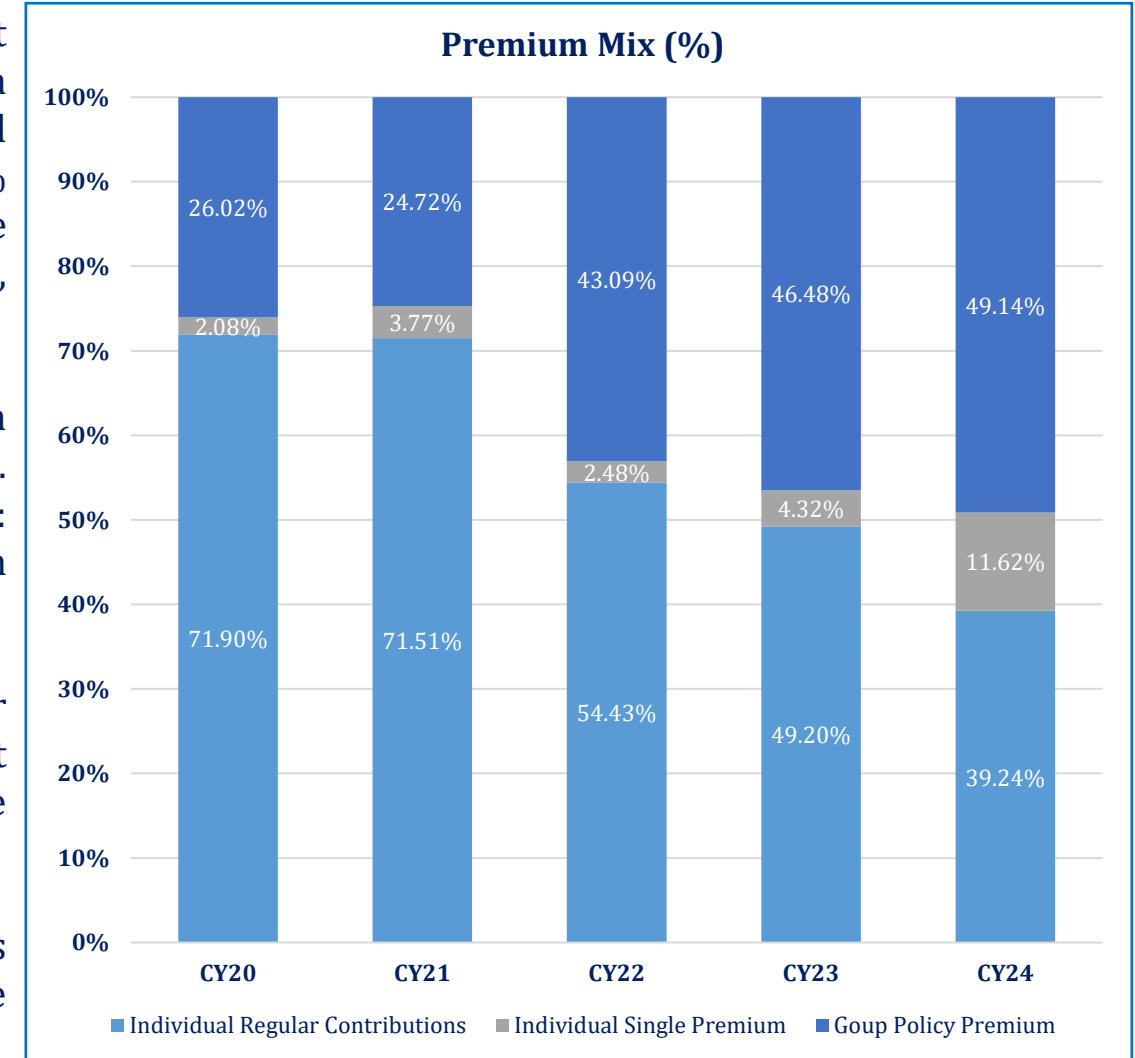
- The sector's overall GPW exhibited a YoY growth of ~22.0% in CY24 (CY23: ~7.5%) and was recorded at PKR~492.4bln.
- Over the past five years (CY20-24), the upward trend in the sector's GPW has been mainly driven by increase in public segment's GPW. The public segment's GPW exhibited a CAGR of ~18.3% during this timeframe while the private segment reported the same at ~6.8%.



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Local | Premium Mix

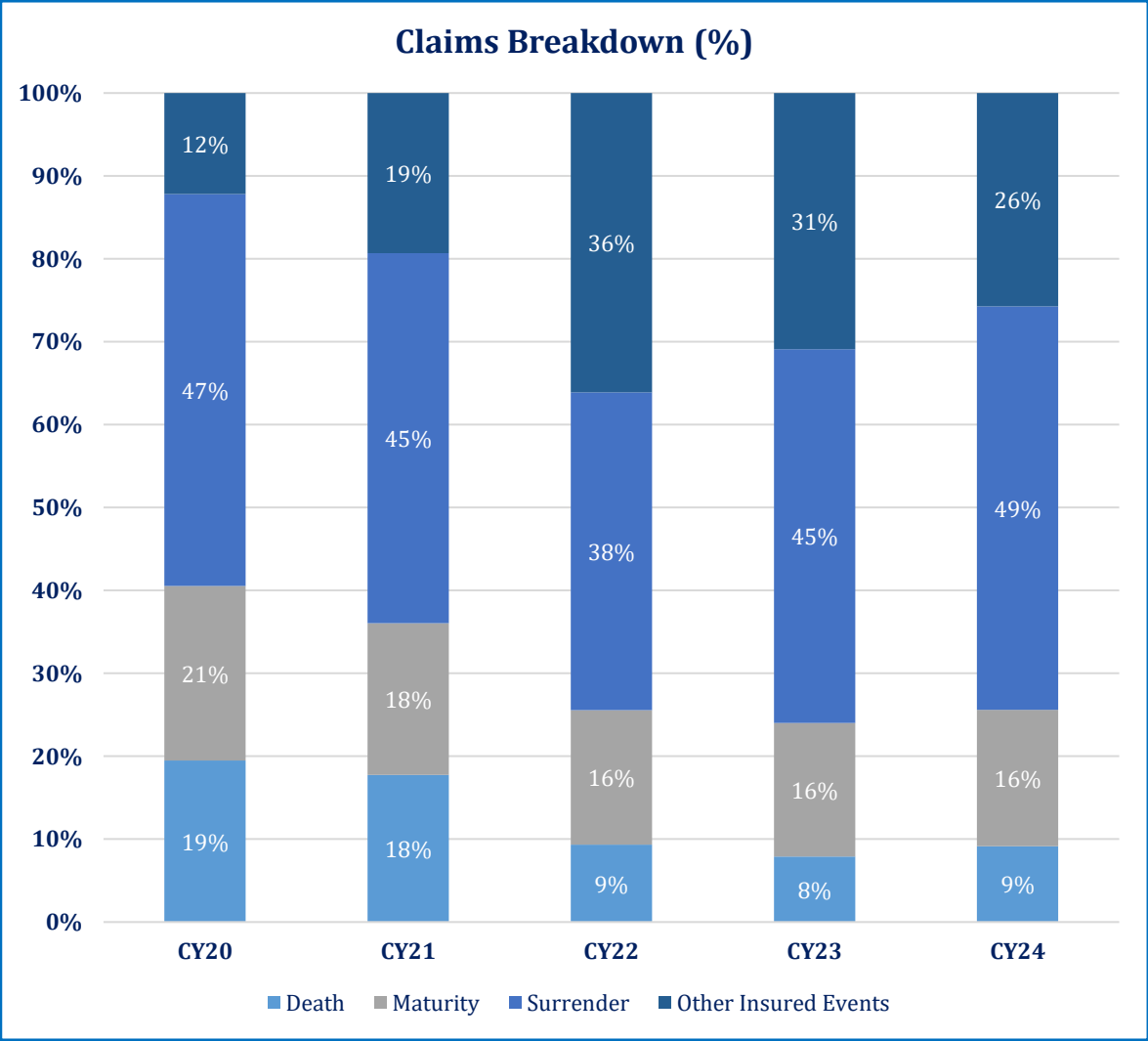
- Historically (CY20-21), individual regular premium formed the highest chunk of total premiums, at an average of ~71.7%. However, these traced a downward trend during CY22, likely reflecting a reduced household consumption and low purchasing power (national CPI averaged ~22.7% during the year; SPLY: ~9.5%). This trend had persisted in CY23, where average national CPI levels (inflation) registered at ~30.9% while in CY24, despite average inflation easing to ~13.1%, it maintained momentum.
- In CY24, individual regular premium made up ~39.2% of the total premium mix, clocking in at PKR~197.2bln, however, registered ~15.6% YoY decline. Individual single premiums, however, were up ~184.3% YoY (SPLY: ~100.0% YoY). These trends correspond with aforementioned changes in inflationary pressures.
- Meanwhile, the proportional share of group policy premiums accounted for ~49.1% of sector's total premiums, while in absolute terms, these stood at PKR~246.9bln (SPLY: PKR~220.8bln). Group policy premiums have exhibited a CAGR of ~17.2% during the period under review.
- The increase for private segment in terms of group policy premiums was ~34.1% YoY in CY24, which recorded at PKR~36.7bln, whereas that for the public segment was ~8.6% YoY at PKR~210.3bln.



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Local | Claims Breakdown

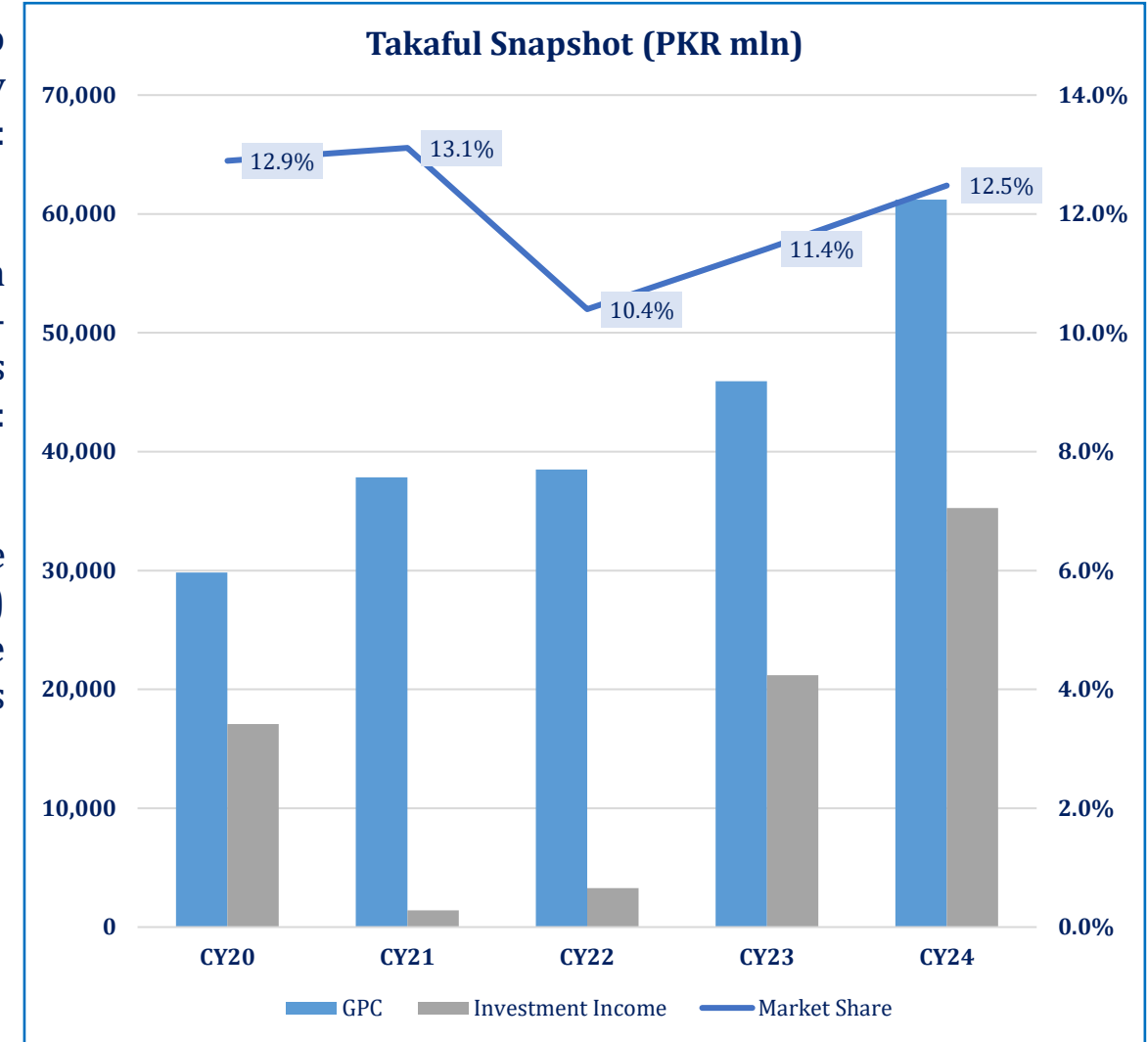
- Gross claims of the sector marginally declined by ~0.1% YoY in CY24, amounting to ~365.1bln. During the year, surrender claims formed the highest share of total claims (as has been the case during CY20-23) at ~49.0% (SPLY: ~45.0%; 5-year historical average: ~21.9%) and increased by ~6.5% YoY. In absolute terms, these stood at PKR~177.7bln. Meanwhile, claims by death recorded the highest yearly increase, rising by ~13.6% YoY (SPLY: ~69.9% YoY increase).
- Private segment’s surrender claims accounted for ~52.8% of total surrender claims during the year (CY23: ~47.2%) and registered ~19.0% YoY increase (SPLY: ~58.5%). Player-wise, Jubilee and Adamjee Life Insurance accounted for ~18.0% and ~16.5% of total claims by surrender, while individually, these were up ~19.7% and ~20.8% YoY, respectively. Surrender claims reported by the public segment, on the other hand, fell by ~5.2% YoY.
- The share of claims due to other insured events clocked in at ~26.0% in CY24 (SPLY: ~31.0%) and fell by ~18.3% YoY. In absolute terms, these stood at PKR~93.9bln during the year (SPLY: PKR~114.7bln). Meanwhile, the share of maturity claims stood at ~16.3%, amounting to PKR~60.0bln during the year.



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Takaful Snapshot

- While all sector players offer Window Takaful Operations, there are two dedicated Takaful life insurance companies in Pakistan, cumulatively contributing ~47.1% to the overall Takaful business as of CY24 (SPLY: ~58.0%) in terms of Gross Premium Contribution.
- Overall, the Takaful segment formed ~12.4% of the sector's total GPW in CY24 (SPLY: ~4.1%), likely reflecting a greater preference for Shariah-compliant products. The overall Gross Premium Contribution (GPC is equivalent to GPW) for the Takaful segment grew by ~33.2% YoY (SPLY: ~19.2% YoY) and stood at PKR~61.2bln (SPLY: PKR~45.9bln).
- The segment's investment income, including other comprehensive income, also increased by ~66.3% YoY in CY24 (SPLY: ~545.1% growth) and recorded at PKR~35.2bln (SPLY: PKR~21.2bln). The increase can be attributed to high interest rates in 1HCY24; however, the policy rate was reduced from ~20.5% as of End-Jun'24 to ~13.0% as of End-Dec'24.

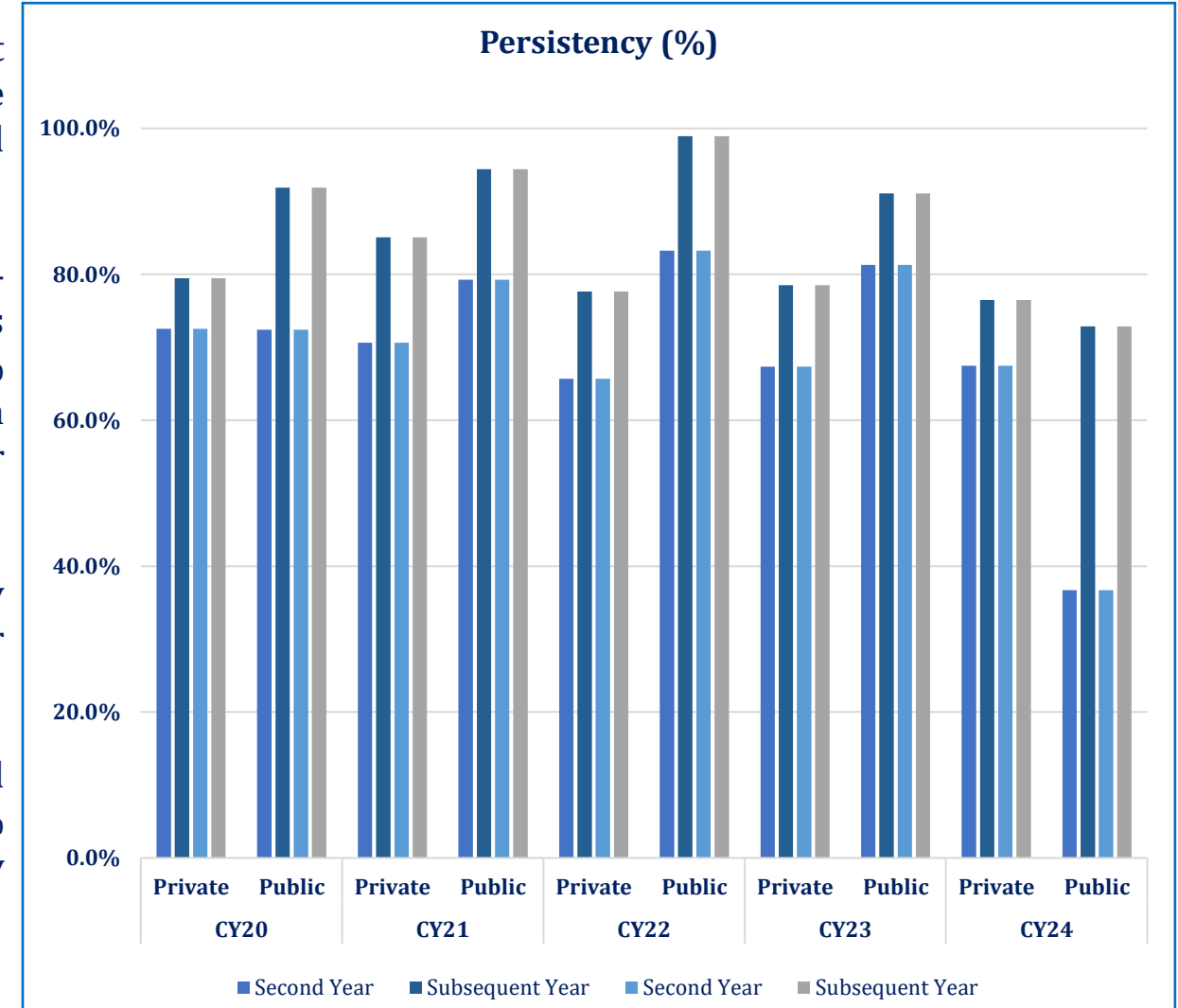


Note: The chart reflects GPC of the dedicated Takaful as well as Takaful window operations.

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Local | Persistency

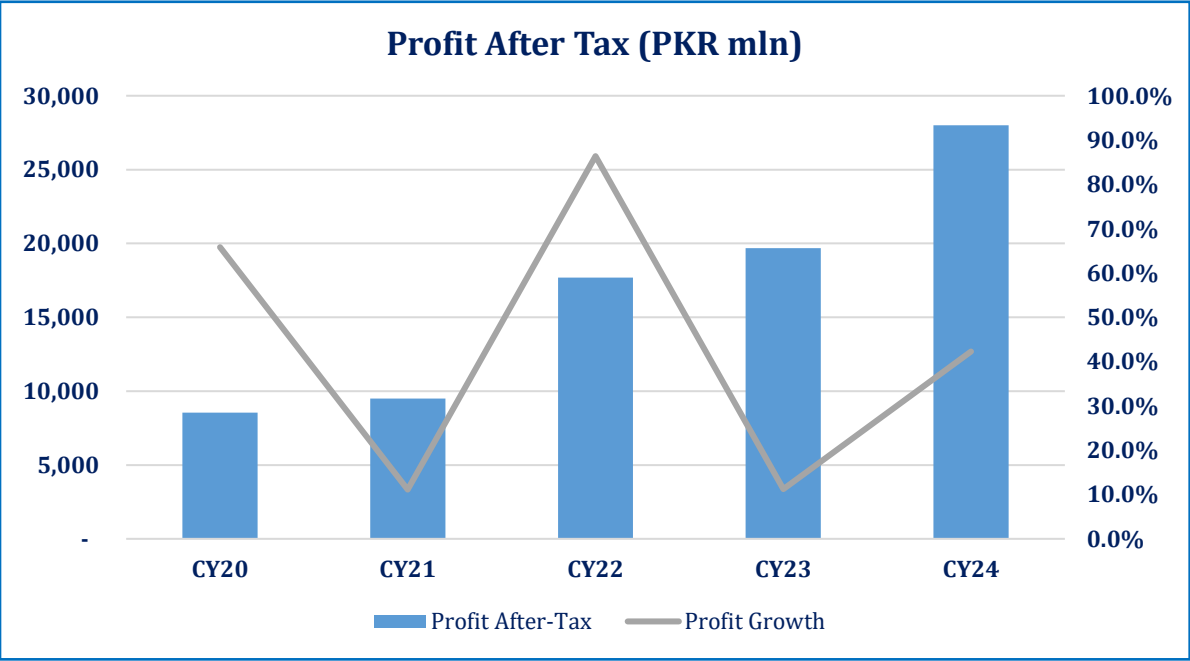
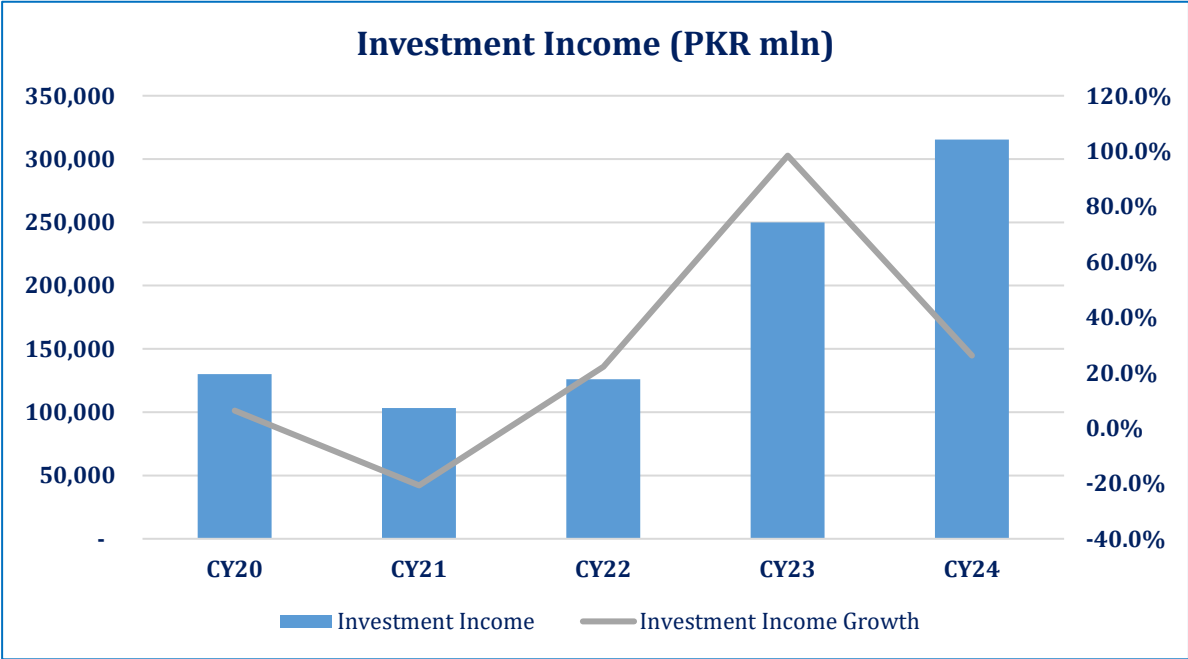
- Persistency is a measure of customer retention and an important performance metric for sector players. In other words, it is the proportion of policyholders who continue to pay their renewal premium.
- From the adjacent chart, it can be deduced that, historically (CY19-23), the public segment has had, on average, higher persistency levels than those recorded by the private segment (~1.6% and ~0.9% respective deltas for second and subsequent years). However, in CY24, the trend reversed, with private segment recording higher persistency levels for both second and subsequent year.
- Private segment's persistency for the second year increased slightly to ~67.5% in CY24 (SPLY: ~65.3%) while subsequent-year persistency recorded at ~76.5% for the same period (SPLY: ~78.5%).
- On the other hand, the public segment's persistency for the second year declined significantly by ~44.6% and clocked in at ~36.7% (SPLY: ~81.3%) while the subsequent year persistency decreased by ~18.2% in CY24 to ~72.9% (SPLY: ~91.1%)



Life Insurance

Local | Business Risk

- Sector’s total investment income stood at PKR~315.3bln in CY24 (SPLY: PKR~250.0bln), up by ~26.1% YoY (SPLY: ~98.4% growth). The slower growth rate can be corroborated against declining interest rates, especially during 2HCY24 (End-Dec’24 MPR: ~13.0%; End-Dec’23 MPR: ~22.0%).
- On the other hand, Profit-After-Tax (PAT) for the sector rose ~53.1% YoY in CY24 (SPLY: up ~11.3% YoY), recording at PKR~30.1bln (SPLY: PKR~19.7bln). This increase can be attributed to realized gains on investments and net gains on financial assets.

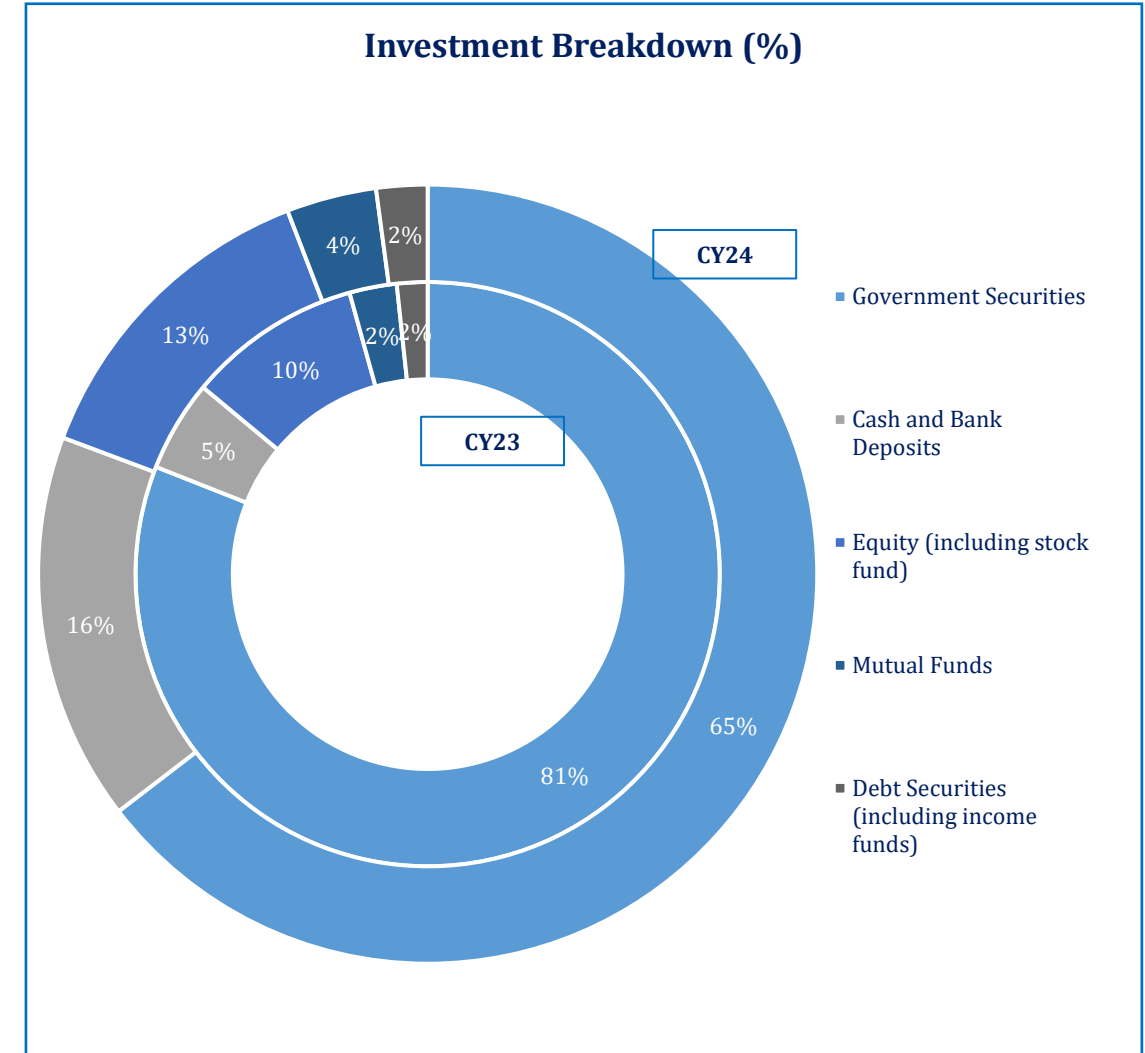


Note: State Life numbers have been pro-rated on 9MCY24 basis.

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Business Risk | Investment Portfolio

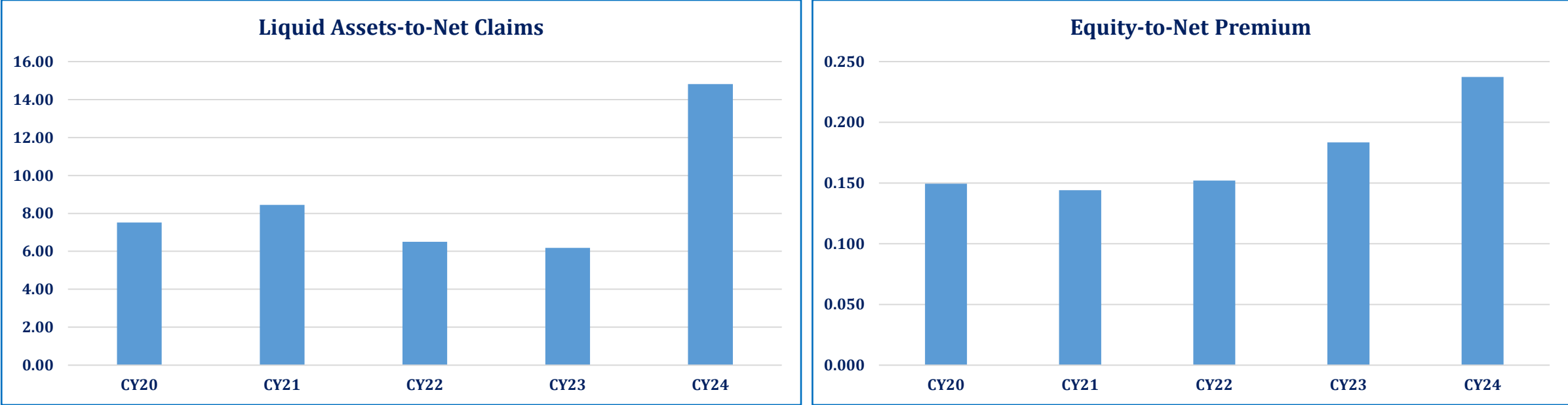
- The sector's total investments went up by ~40.8% YoY in CY24 (SPLY: ~57.1% growth YoY), clocking in at PKR~2,827bln. These investments, in turn, are largely concentrated in government securities including Treasury Bills, Pakistan Investment Bonds (PIBs) and Sukuks.
- Investments in government securities formed ~65.0% of the total investments in CY24 (SPLY: ~81.0%). In absolute terms, these increased by ~12.2% YoY in CY24, amounting to PKR~1,826bln (SPLY: PKR~1,627mln.)
- The second-highest share of investments was in cash and bank deposits which contributed ~16.0% towards the sector's total investments during CY24 (SPLY: ~5.0%). In absolute terms, these stood at PKR~456bln, up ~351.5% YoY. Player-wise, IGI Life Insurance recorded ~162.6% YoY increase in cash and bank deposits (SPLY: down ~55.5% YoY), owing to ~35.0% increase in T-Bills with maturity of less than 3 months.
- Meanwhile, investments in mutual funds and debt securities both contributed ~4.0% and ~2.0%, respectively, to the total investments in CY24. In absolute terms, these stood at PKR~106bln and PKR~60bln, respectively, during the year.



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Local | Financial Risk

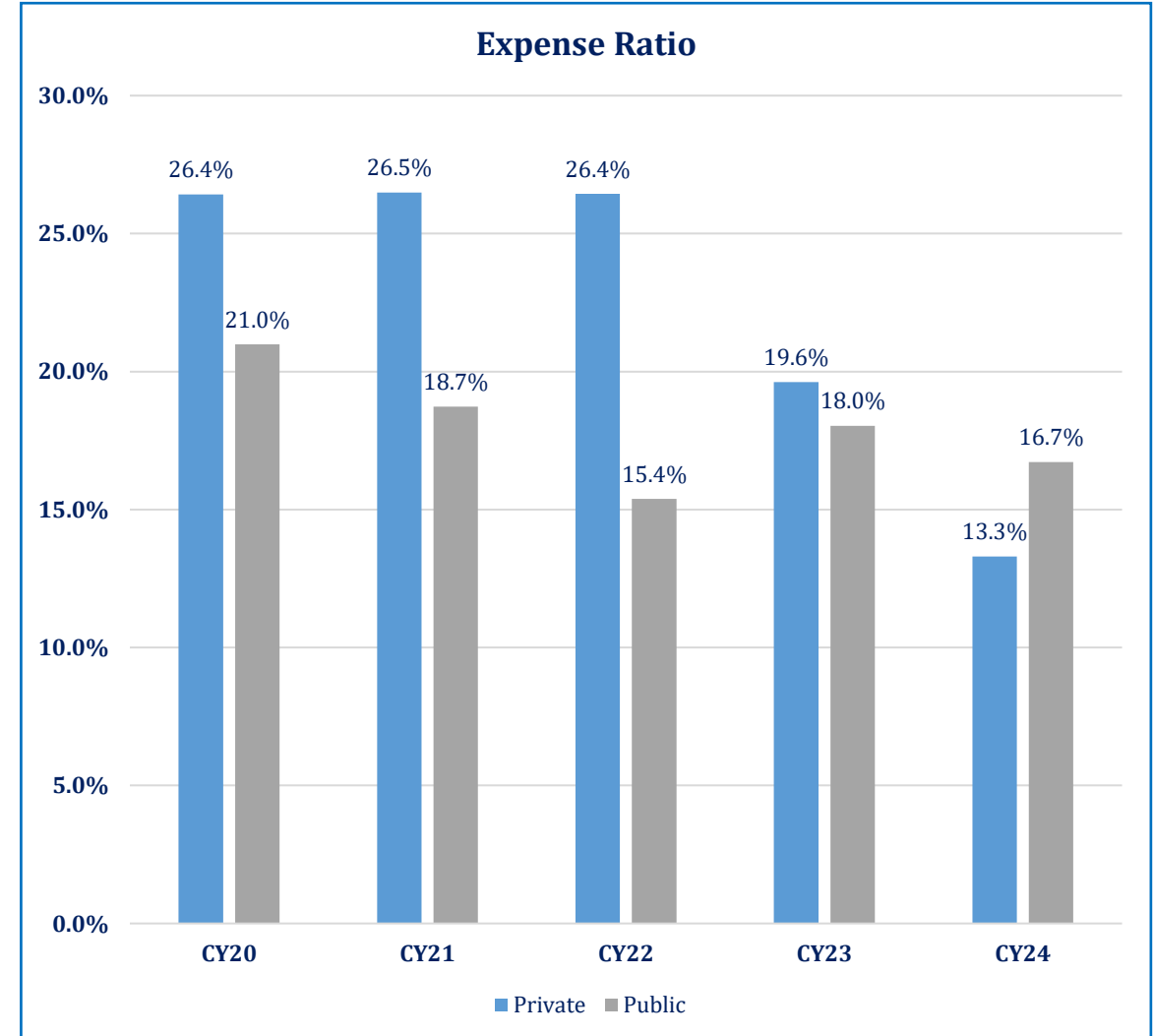
- Sector’s liquid assets increased by ~40.7% YoY to PKR~2,828bln in CY24 (CY23: PKR~2,008bln). Meanwhile, overall Net Claims declined by ~55.1% YoY during the said period (CY23: ~204% YoY rise). Therefore, with the increase in liquid assets outpacing that of net claims, the sector’s average Liquid Assets-to-Net Claims ratio rose to ~14.8x in CY24 (SPLY: ~6.1x). In terms of segments, private segment’s liquid assets comprised ~22.1% of the sector’s total liquid assets (SPLY: ~26.8%), while those pertaining to the public segment comprised ~77.9% (SPLY: ~73.2%).
- The sector’s equity base registered an increase of ~23.2% YoY from PKR~72,696mln in CY23 to PKR~89,919mln in CY24. On the other hand, the overall net premium revenue declined by ~4.1% YoY in CY24 (SPLY: ~8.5% YoY increase), clocking in at PKR~378.8bln. Therefore, the equity-to-net premium ratio ,marginally rose to ~0.24x in CY23 from ~0.18x in CY23.



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Financial Risk | Expense Ratio

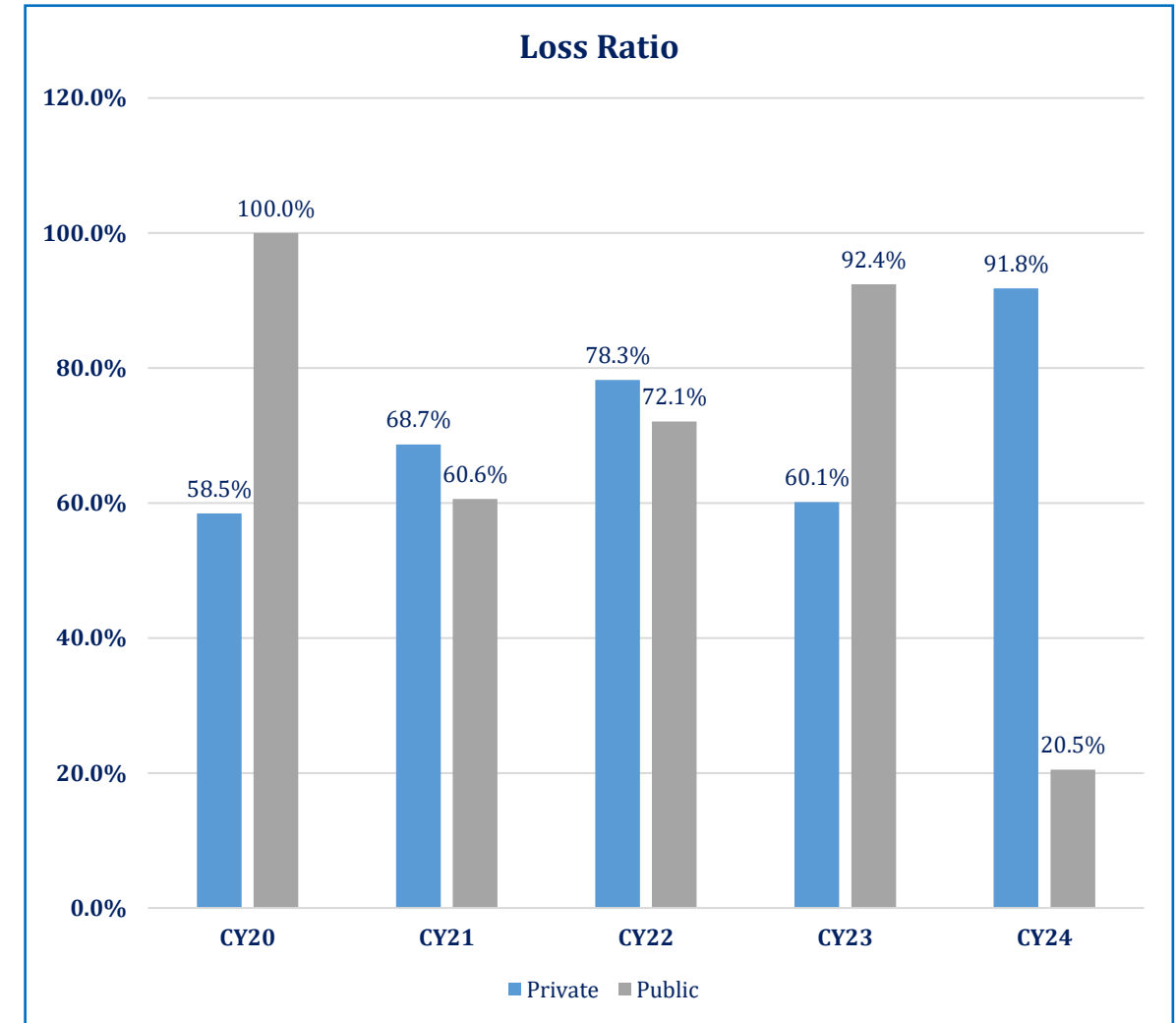
- Expense ratio compares the expenses incurred by an insurance company while underwriting an insurance policy against net revenues (or net premiums) it receives as a result.
- Sector's average expense ratio traced a downward trend during CY20-22, especially that in the public segment, depicting better expense management (these expenses are exclusive of money paid out in investment claims or investment income/ losses).
- For CY24, average expense ratio clocked in at ~16.7% for the public segment (SPLY: ~18.0%) whereas for the private segment, it declined to ~13.3% in CY24 (SPLY: ~19.6%). This implies that private sector outperformed the public sector in terms of managing expenses and generating net revenues.
- During CY24, aggregate expenses for the private segment amounted to PKR~21.1bln (SPLY: PKR~25.1bln), a YoY decline of ~19.0%, against the Net Premium of PKR~158.8bln (SPLY: PKR~128.4bln), YoY increase of ~23.7%.
- Similarly, for the public segment, expenses during CY24 came in at PKR~36.8bln (SPLY: PKR~48.3bln), down by ~23.8% YoY, against Net Premium registering at PKR~220.0bln (SPLY: PKR~267.8bln), a YoY decline of ~17.6%.



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Financial Risk | Loss Ratio

- The loss ratio of an insurance company measures the overall number of incurred losses against the total amount of earned premium and can be considered a good metric to assess the health and profitability of an insurance company. Generally, the lower the ratio, the better it is.
- The sector's loss ratio, with respect to the private segment, has been gradually rising as net claims are growing more rapidly compared to net revenues. The segment's loss ratio increased to ~91.8% in CY24 as against ~60.1% recorded during SPLY.
- Public segment's loss ratio, on the other hand, clocked in at ~20.5% during the year (SPLY: ~92.4%) where net claims dropped from PKR~247.5bln in CY23 to PKR~45.0bln in CY24.
- A further breakdown reveals that for the private segment, net claims rose by ~89.7% YoY in CY24, clocking in at PKR~145.8bln, while those for the public segment dropped ~81.8% YoY.



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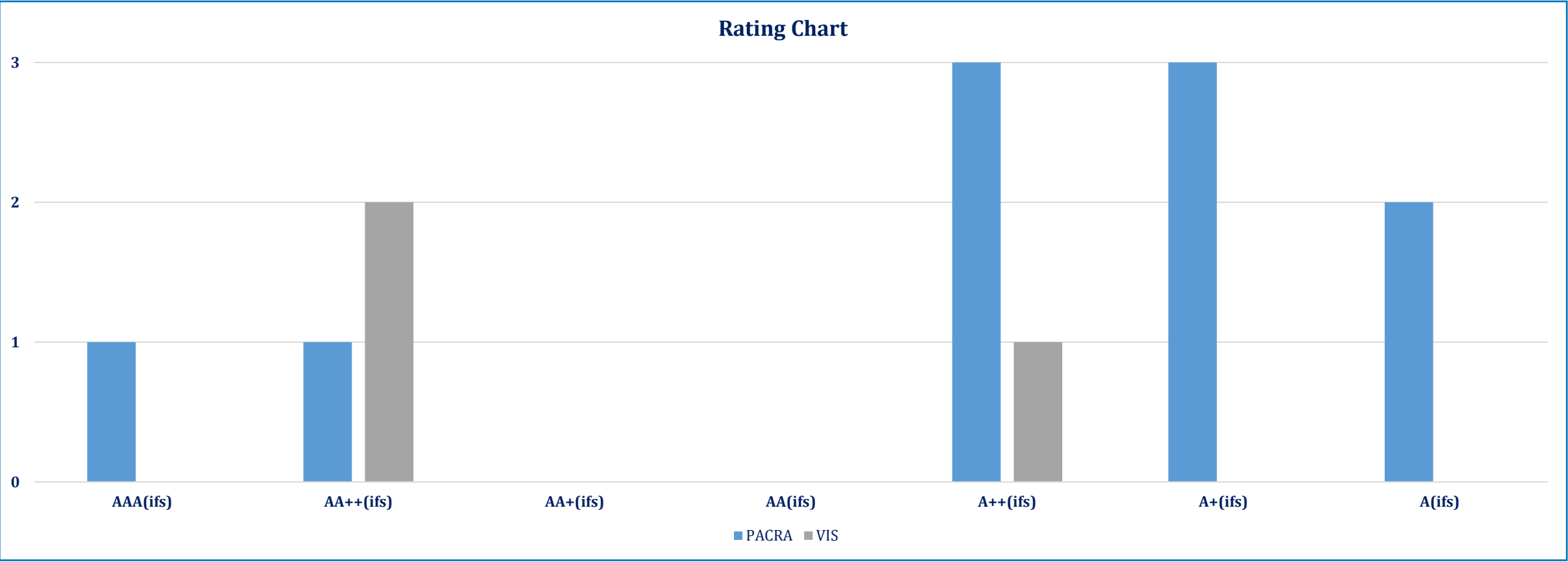
Regulatory Framework

- The insurance industry is regulated by the Securities & Exchange Commission of Pakistan (SECP) which has promulgated several regulations or rules to govern the industry. These include: Insurance Ordinance, 2000 (amended up to Nov 2011); Insurance Rules, 2017 (amended 2025); Corporate Insurance Agents Regulations, 2020
- As per these regulations, the Minimum Paid-up Capital Requirement for Life Insurers stands at PKR~3.0bln, implementation will be phased till 2030, alongside which insurance companies are required to maintain a deposit with the State Bank of Pakistan (SBP) with a minimum amount being 10% of the insurer's paid-up capital or any amount that may be specified by the SECP.
- In addition, insurance companies carrying out life insurance business are also required at all times to maintain minimum net admissible assets of PKR~165mln in the Shareholder's Fund. Furthermore, the Insurance Ordinance specifies requirements and procedures for establishment of statutory and other funds specific to life insurance companies.
- The Corporate Insurance Agents Regulations, 2020 were notified by the SECP in Dec'20 and are aimed at strengthening the regulatory regime for distribution of insurance through corporate insurance agents. They include a code of conduct for agents to clearly define their responsibilities while dealing with policyholders. The regulations are also aimed at curtailing the issue of mis-selling and ensure provision of maximum and clear information regarding company's term and conditions of an insurance policy.
- According to the Finance Bill 2025, the insurance sector is liable to pay super tax under Section 4C with a revised slab structure. The applicable super tax rates are as follows: ~1.0% on income PKR~150mln-200mln; ~1.5% on PKR~200mln-250mln; ~2.5% on PKR~250mln-300mln; ~3.5% on PKR~300mln-350mln; ~5.5% on PKR~350mln-400mln; ~7.5% on PKR~400mln-500mln, and ~10.0% on income exceeding PKR~500mln. These revised tax rates are applicable for Tax Year 2026.

Life Insurance

Rating Curve

- PACRA rates ten (10) clients from the Life Insurance sector. The overall rating bandwidth lies between AAA(ifs) and A(ifs) with no change in the ratings of any client compared to the last year.



Life Insurance

SWOT Analysis

- Strong regulatory oversight from Securities & Exchange Commission of Pakistan (SECP)
- The industry is organized and has strong representation in the form of the Insurance Association of Pakistan (IAP)

- Deteriorating macro-economic indicators and rising interest rates can hamper the growth of financial sector in the country.
- Political uncertainty.
- Resistance on conventional policies due to religious sentiments.



- Inadequate awareness about insurance policies among various segments of the population.
- High barriers to entry due to customer retention and effective distribution channels.
- Lack of access to the target segments of the society where life insurance can benefit the most.

- Sufficient room for growth.
- Growth potential in shariah-compliant offerings.
- Abundance of capacity in the re-insurance market.

Life Insurance

Outlook: Stable

- In FY25, Pakistan's GDP (nominal) stood at PKR~114.7trn (FY24: PKR~106.1trn), increasing, in real terms, by ~2.7% YoY (FY24: ~2.38% growth). The Service segment held ~58.4% share in GDP during the year. The SBP endorses government's target of real GDP growth of 4.2% for FY26, while IMF forecast for the same stands at ~3.6%.
- However, the market size of the Life Insurance sector with respect to the Gross Premiums Written (GPW) stood at PKR~492.4bln in CY24 (CY23: PKR~404.2bln), up ~22.0% YoY (CY23: ~8.0% YoY growth). Gross claims of the sector marginally declined by ~0.1% YoY in CY24 (CY23: ~20.2% increase YoY) and amounted to PKR~365.1bln. During the year, surrender claims formed the highest share of total claims (as has been the case during CY20-23) at ~49.0% (CY23: ~45.0%), up ~6.5% YoY. In absolute terms, these stood at PKR~177.7bln (CY23: PKR~147.3bln).
- Moreover, the sector's loss ratio, with respect to the private segment, has been gradually rising. For the private segment, the loss ratio to ~91.8% in CY24 as against ~60.1% recorded during SPLY. The public sector loss ratio during the year clocked in at ~20.5% (SPLY: ~92.4%). The sector's total investments went down by ~40.8% in CY24 (CY23: ~57.1% growth YoY), clocking in at PKR~2,827bln. Private segment's persistency for the second year remained stable at ~67.5% in CY24 (SPLY: ~65.3%) while subsequent-year persistency recorded at ~76.5% for the same period (SPLY: ~78.5%).
- Thus, in terms of the financial strength, the sector is expected to remain resilient and maintain its current momentum. It is generally so because most of the sector's clientele belongs to the segment of the market which is comparatively less affected by higher inflation and rising interest rates.

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- Pakistan Bureau of Statistics (PBS)
- S&P Global

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