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General Insurance

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General Insurance

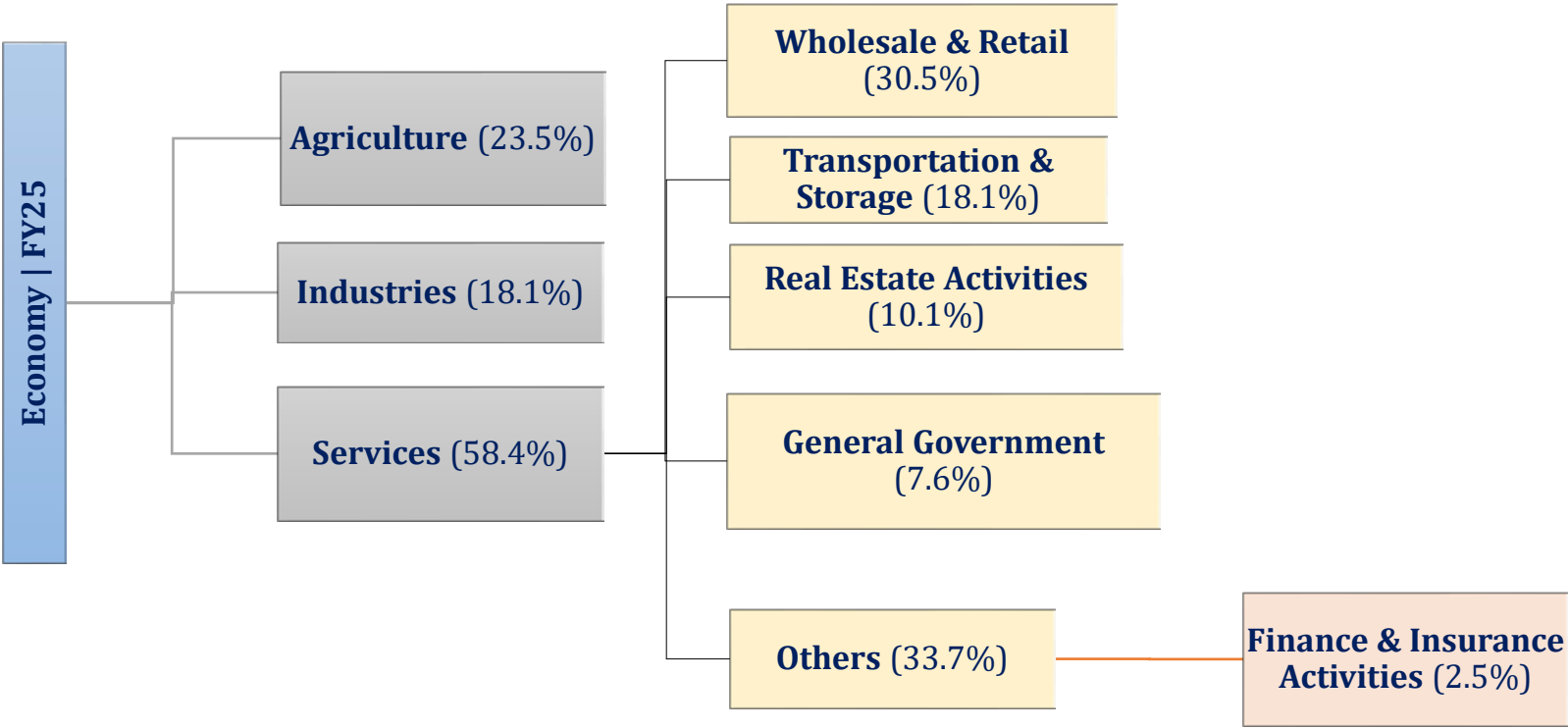
Global | Outlook

- In terms of Gross Premium Written (GPW), 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~6.5trn 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 growth rates of ~10.4%, ~8.2% and ~7.0% YoY, respectively, during the year in terms of premiums collected. This growth was likely reflective of higher natural hazards, increased reinsurance costs, and the overall inflationary pressures across the globe.
- Property & Casualty segment was second to life insurance in contributing to premium income in CY24, where it recorded ~7.7% YoY growth amounting to USD~2,240bln. This was observed across all regions around the globe. The demand for P&C segment was driven by North America where the premiums increased by ~8.2%. It is worth noting that the North American market accounts for half of the premiums of the world.
- Health Insurance segment which grew by ~7.0% YoY, amounting to USD~1,554bln, globally, remained a strong segment. The demand for health insurance was majorly driven by the Asian region which still has low insurance penetration due to weak healthcare and social security systems therefore, Asia is yet to exercise full potential in the non-life insurance sector.
- Going forward, the expectation of increasing frequency and severity of natural hazards, expected boom in defense and infrastructure, rising reinsurance costs, supply chain issues and labor shortages will continue to put upwards pressure on the premiums pricing. It is anticipated that, on average, the global insurance industry is expected to grow at an annual rate of ~5.3% for the next ten years amounting to USD~4,915bln. The P&C segment is expected to dominate and register a robust growth of ~4.5% up to CY35, while the health insurance segment is expected to grow by ~6.7%.

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Local | Overview

- In FY25*, Pakistan’s GDP (nominal) stood at PKR~114.7trn (FY24: PKR~106.0trn), increasing, in real terms, by ~2.7% YoY (FY24: ~2.5% 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. The IMF forecast for FY26 stands at ~3.6%.
- 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.*

General Insurance

Local | Overview

- The sector’s total Gross Premium Written (GPW) (including conventional and takaful segments) stood at PKR~214.9bln as of End-CY24 (SPLY: PKR~181.7bln), up ~18.1% YoY. During the year, the share of conventional segment in overall GPW was recorded at ~87.8%, (SPLY: ~85.7%) while the rest comprised takaful segment.
- This study classifies the sector into three broad categories; Large Market Players with individuals market share >~5.0%, (in terms of GPW), Medium Market Players (market share >~2.0% and <~5.0%) and Small Market Players (market share <~2.0%).
- As of CY24, six companies comprised the ‘large players’ category (~71.6% market share in CY24) with GPW amounting to PKR~135.0bln, marking a YoY growth of ~29.8% .
- Meanwhile, six companies (~19.5% market share in CY24) remained in the ‘medium players’ category, with gross premium amounting to PKR~36.8bln, a ~10.7% YoY decline, while ~14 companies made up the ‘small players’ category capturing ~8.9% of the market by writing gross premium of PKR~16.8bln, up ~54.1% YoY.

GPW figures in PKR mln		
Sector Snapshot	CY23	CY24
Contribution to GDP (%)	1.8	2.5
No. of Companies* (%)	28	26
Gross Premium Written	181,678	214,972
Net Premium Revenue Growth (%)	14.1%	30.3%
Large Market Players		
Companies (No.)	5	5
Market Share (%)	67.7%	71.6%
Medium Market Players		
Companies (No.)	6	6
Market Share (%)	27.4%	19.5%
Small Market Players		
Companies (No.)	15	14
Market Share (%)	6.9%	8.9%
Regulator	Securities And Exchange Commission Of Pakistan (SECP)	
Association	Insurance Association Of Pakistan (IAP)	

Note: GDP contribution is based on ‘Financial & Insurance Activities’ share in Nominal GDP. GPW and NPR includes Takaful segment. *Recent data for EFU Health and Salaam Takaful not available, hence the decline in no. of players.

General Insurance

Local | Overview

- Gross Premium Written (GPW) for conventional segment stood at PKR~188.8bln, up ~20.6% YoY. GPW for large sector players amounted to PKR~135.2bln in CY24 (CY23: PKR ~104.0bln), whereas, for the medium and small players, it amounted to PKR~36.8bln and PKR~16.8bln, respectively (CY23: PKR~41.2bln and PKR~10.9bln, respectively).
- Segment's overall investment income rose ~96.9% YoY to register at PKR~36.6bln. Investment income for large players was ~4.0x that of medium market players in CY24 (SPLY: ~2.2x) and ~7.6x that of small players (SPLY: ~4.6x). Meanwhile, underwriting (U/W) profit for the segment increased by ~194.1% YoY in CY24 (SPLY: ~46.0% growth).
- Highest chunk of the segment's profit before tax (PBT) was recorded by large players in CY24, ~3.8x and ~9.0x that of medium and small players' (SPLY: ~2.2x and ~3.7x), while the segment's combined PBT stood at PKR~55.7bln in CY24 (CY23: PKR~28.3bln), rising by ~96.8% YoY. Moreover, combined equity of segment players stood at PKR~230.0bln, up ~82.3% YoY.
- The segment's combined Liquid Assets (Investment, Cash and Balance) increased ~79.5% YoY in CY24 to PKR~313.9bln (CY23: PKR~174.9bln). Of these, large players comprised ~71.2% during the year (SPLY: ~59.1%), ~2.5x of collective liquid assets of medium and small players (SPLY: ~2.5x).

Figures in PKR mln, unless stated otherwise

Sector Snapshot (CY24)	Total	Large	Medium	Small
No. of Companies (No.)	26	06	06	14
Market Share*	100%	71.6%	19.5%	8.9%
Gross Premium Written* (GPW)	188,757	135,166	36,800	16,790
Investment Income (Inv. Income)*	36,634	26,528	6,625	3,482
Underwriting Profit/Loss (UP&L)	13,906	10,479	2,924	502
Profit Before Tax (PBT)	55,704	40,560	10,626	4,518
Equity	230,047	160,958	46,579	22,510
Investment+ Cash & Balance (IC&B)	313,862	223,501	64,222	26,138

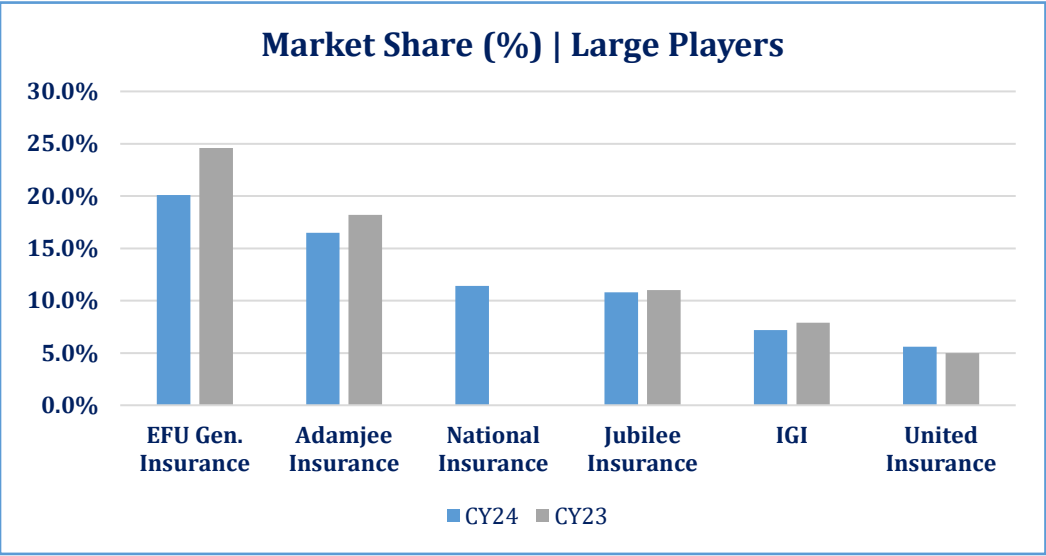
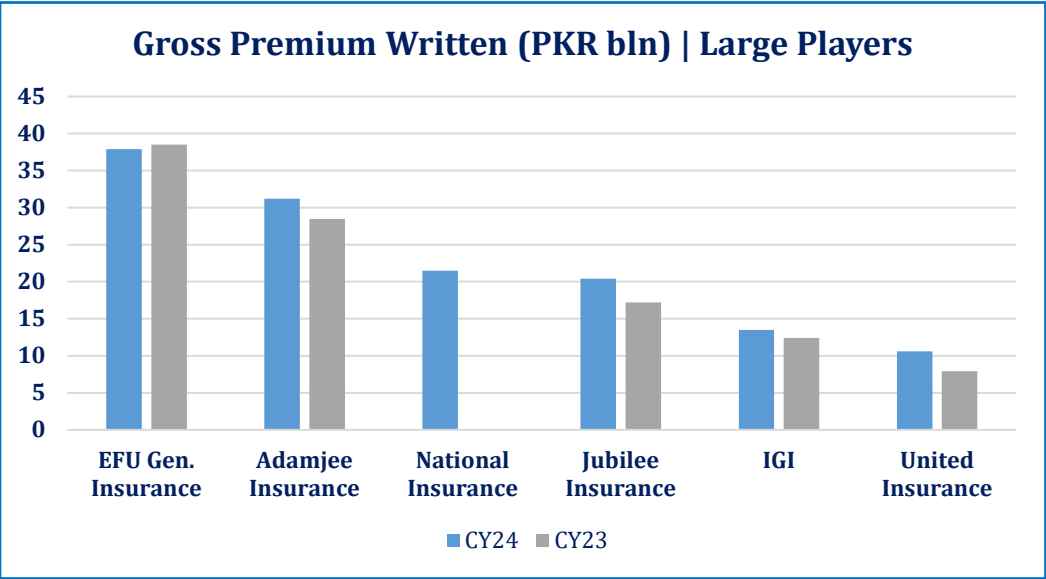
Note: Market Share, GPW, and Investment Income stated are only for the conventional segment.

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Sector Dynamics | Large Players

Figures in PKR mln

Sr.	Large Players	Market Share	GPW	Inv. Income	UP&L	Equity	IC&B	PBT
1	EFU General Insurance	20.1%	37,910	3,152	2,418	24,170	37,053	6,082
2	Adamjee Insurance	16.5%	21,225	5,583	152	40,625	62,105	6,708
3	National Insurance	11.4%	21,497	11,400	4,432	68,687	84,580	17,319
4	Jubilee Insurance	10.8%	20,386	4,806	821	18,808	31,774	5,818
5	IGI	7.2%	13,530	1,060	523	3,232	5,117	1,840
6	United Insurance	5.6%	10,615	528	2134	5,436	2,872	2,792
Total		71.6%	135,166	26,528	10,479	160,958	223,501	40,560



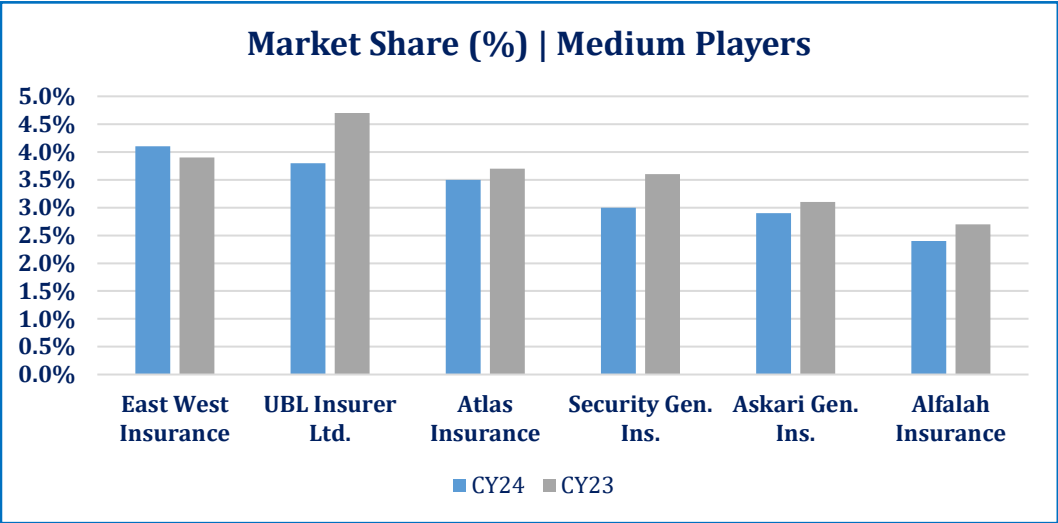
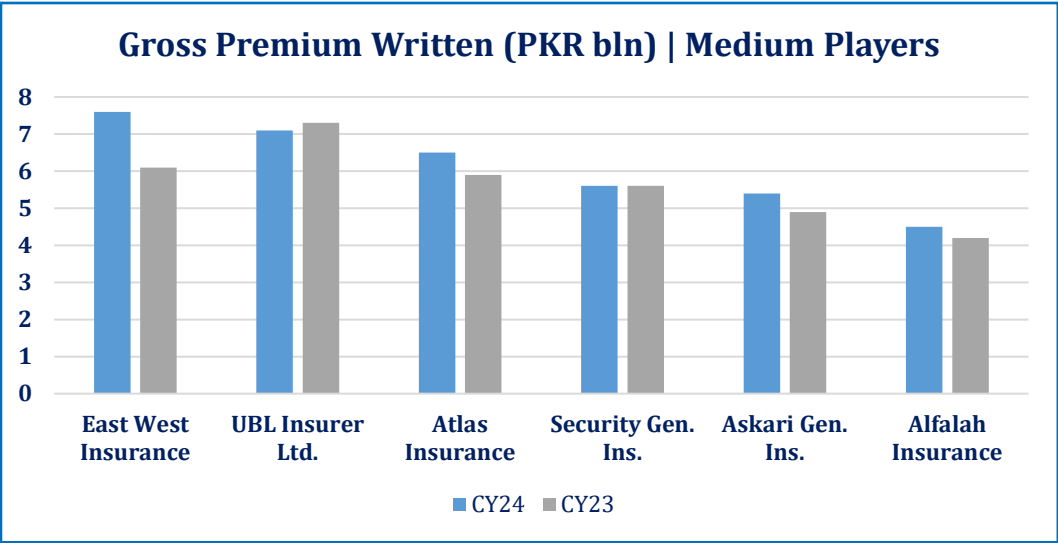
Note: Data depicts conventional segment. Large Players own market share greater than 5% in terms of GPW. Only local contribution of GPW is included for Adamjee Insurance.

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Sector Dynamics | Medium Players

Figures in PKR mln

Sr.	Medium Players	Market Share	GPW	Inv. Income	UP&L	Equity	IC&B	PBT
1	East West Insurance	4.1%	7,676	284	584	4,671	5,601	1,089
2	UBL Insurer Ltd.	3.8%	7,119	245	319	2,863	5.693	1,026
3	Atlas Insurance	3.5%	6,545	236	1,035	8,167	13,506	3,111
4	Security General Insurance	3.0%	5,571	405	761	24,410	30,904	3.108
5	Askari General	2.9%	5,429	33	198	3.172	4,206	1,060
6	Alfalah Insurance	2.4%	4,458	78	28	3,295	4,313	1,231
Total		19.5%	36,800	1,281	2,924	46,579	64.222	10,626

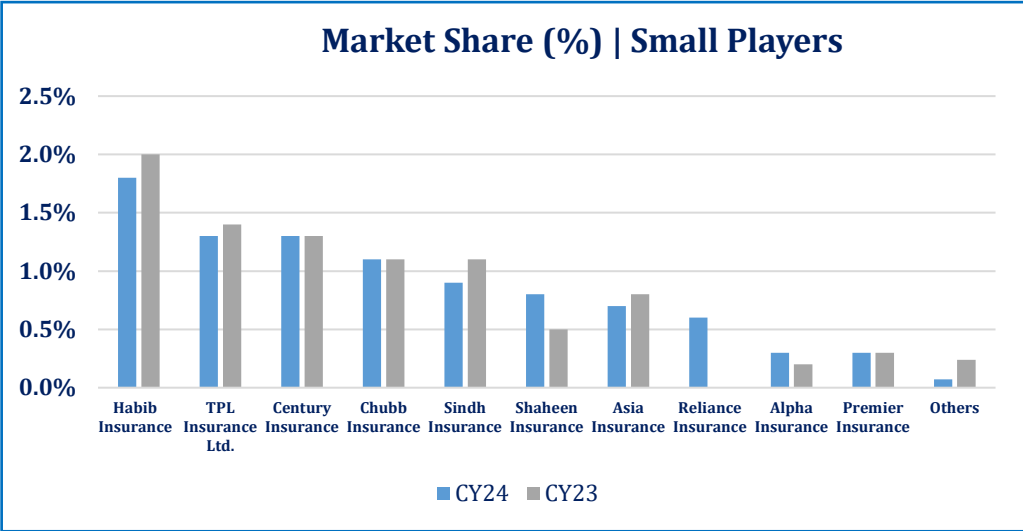
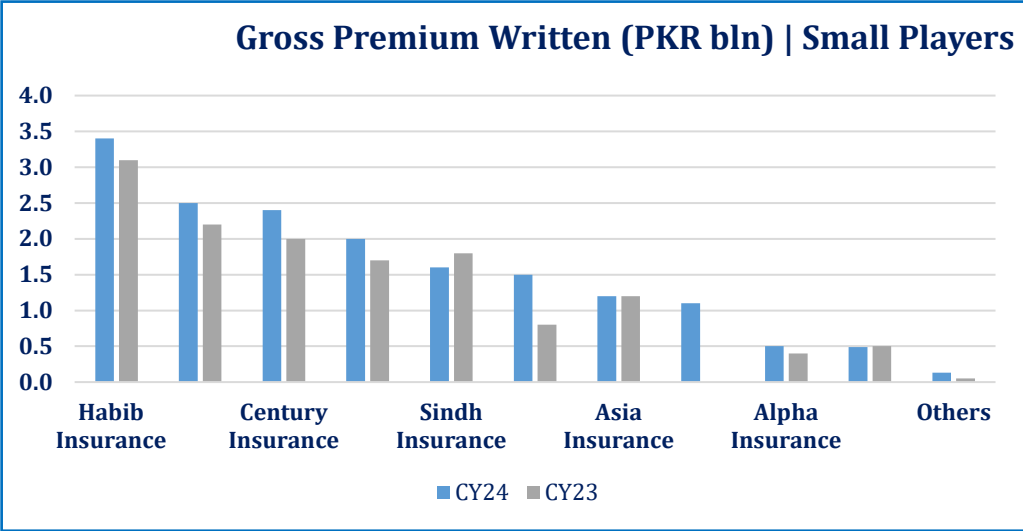


Note: Data depicts conventional segment. Medium Players own market share greater than 2% and in terms of GPW.

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Sector Dynamics | Small Players

Sr.	Small Players	Market Share	GPW	Inv. Income	UP&L	Equity	IC&B	PBT
1	Habib Insurance	1.8%	3,370	459	(227)	2,055	2,786	376
2	TPL Insurance	1.3%	2,496	237	37	2,743	4,554	145
3	Century Insurance	1.3%	2,362	572	211	3,263	3,666	942
45	Chubb Insurance	1.1%	2,018	380	464	2,032	2,778	825
6	Sindh Insurance	0.9%	1,629	769	91	3,914	4,706	892
7	Shaheen Insurance	0.8%	1,463	97	66	1,008	1,040	226
8	Asia Insurance	0.7%	1,234	152	16	1,037	833	243
9	Reliance	0.6%	1,060	409	84	1,572	1,416	425
10	Alpha Insurance	0.3%	527	159	(128)	827	994	55
11	Premier Insurance	0.3%	498	212	(136)	693	995	100
12	Others	0.1%	133	11	124	2,636	1100	78
Total		8.9%	16,790	3,458	479	21,781	24,869	4,307



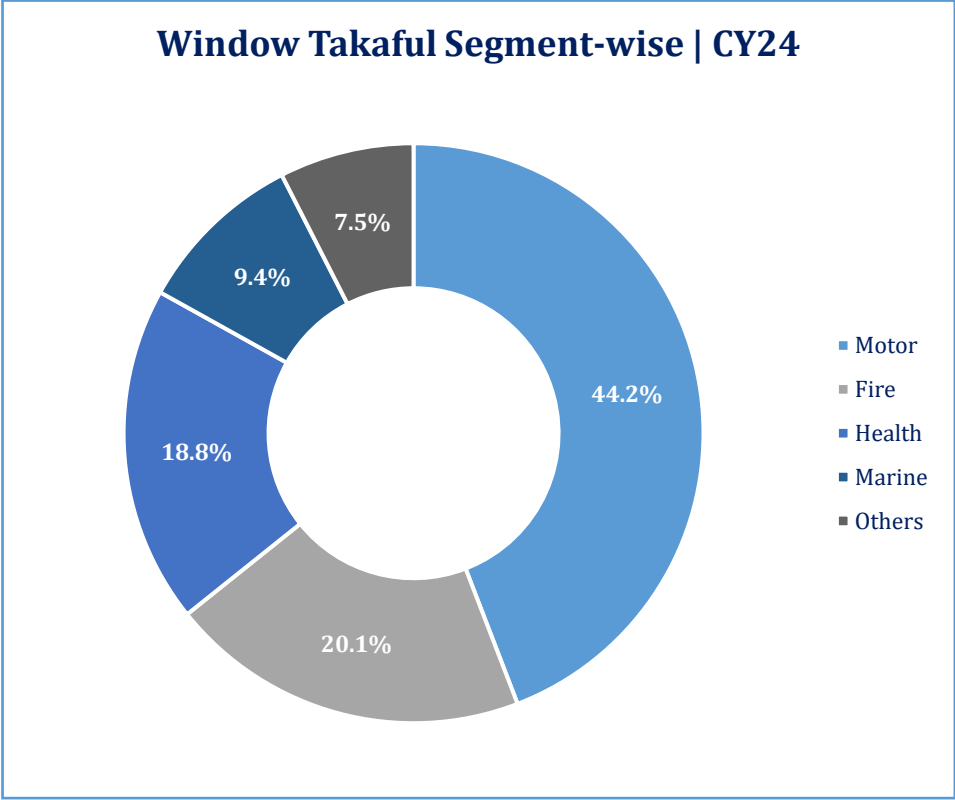
Note: Sdata depicts conventional segment. Small Players own market share less than 2% in terms of GPW.

General Insurance

Local | Takaful Overview

- Out of the ~26 insurance companies, ~20 also operate Window Takaful (Shariah-compliant services). However, ~10 companies out of these captured ~85.2% of the market share in CY24 (CY23~85.3%). The Window Takaful’s combined GPW (Contribution Underwritten) amounted to PKR~26,215mln in CY24 (CY23: PKR~25,061mln), marking YoY growth of ~4.6%.
- A significant proportion of the Window Takaful segment (~44.2% in CY24; CY23: ~55.4%), in terms of GPW, was attributed to motor insurance, while ~18.8% was allotted to health insurance in CY24 (CY23: ~23.6%).

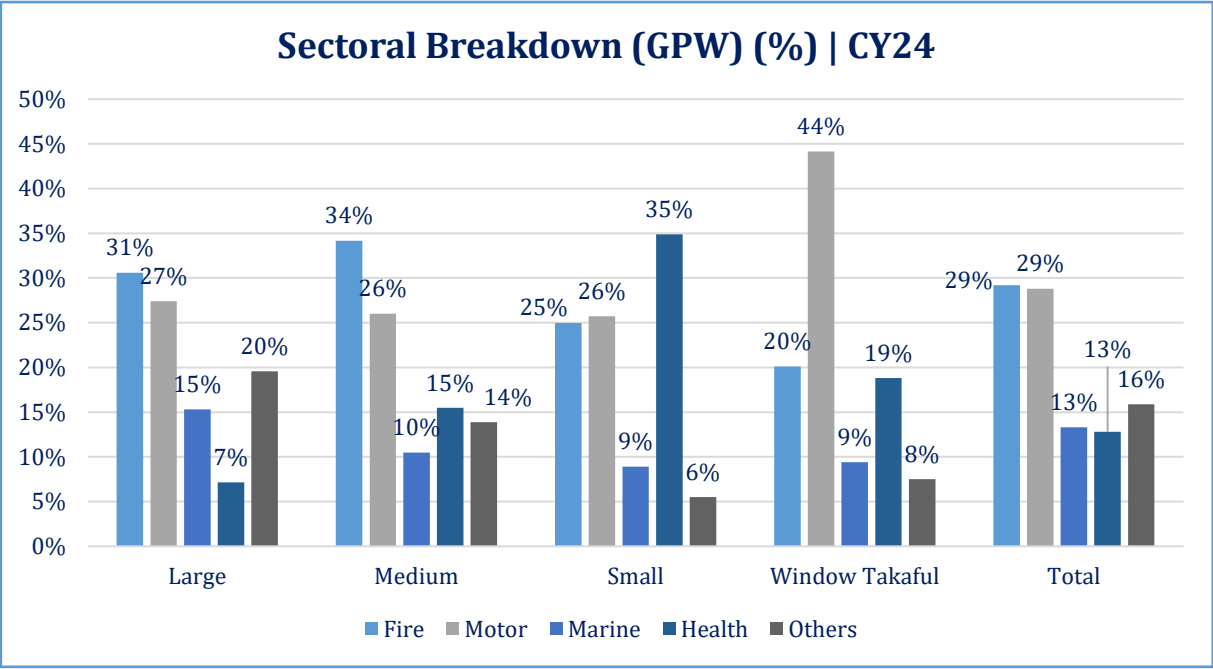
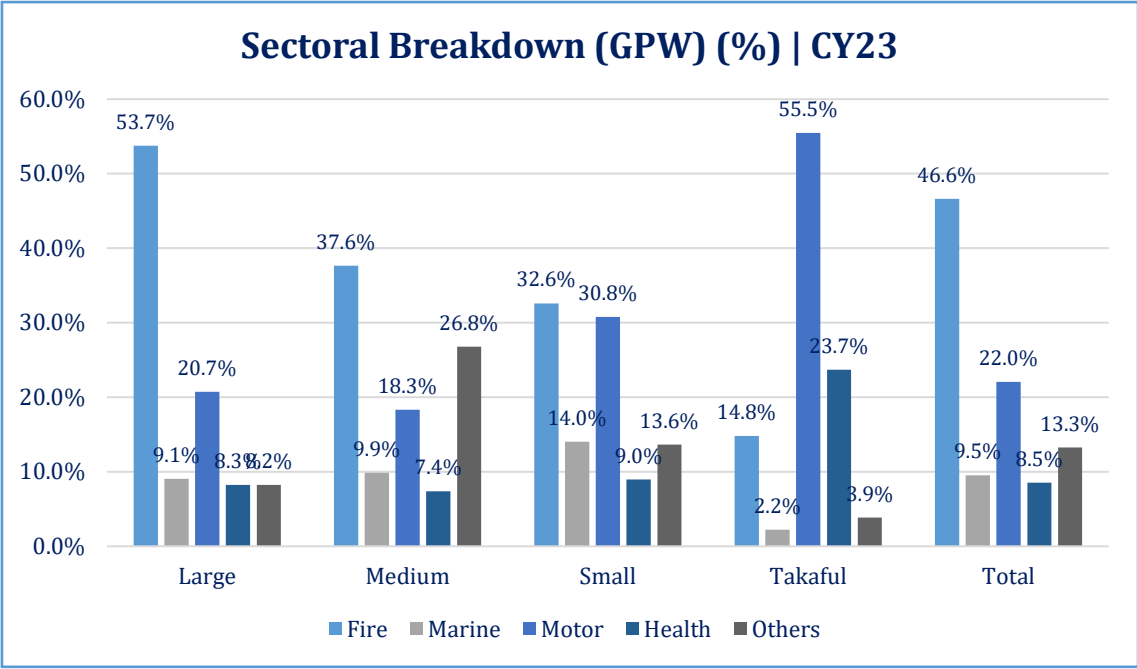
Top 10 Takaful Players – CY24 (PKR mln)				
Sr.	Companies	GPW	Investment Income	Market Share (based on GPW)
1	Adamjee Insurance	3,897	193	14.9%
2	EFU General	3,358	655	12.8%
3	Jubilee Insurance	2,669	95	10.2%
4	TPL Insurance	2,524	151	9.6%
5	IGI	2,523	16	9.6%
6	United Insurance	2,411	42	9.2%
7	UBL Insurer Ltd.	1,887	262	7.2%
8	Pak Qatar Takaful	1,175	161	4.5%
9	Askari Gen. Insurance	1,082	44	4.1%
10	East West Insurance	805	60	3.1%
	Others	3,884	311	14.8%
Total		26,215	1,990	100.0%



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Local | Segment Breakdown

- The sector’s proportionate shares of different business segments have shown notable changes in CY24 as against SPLY. Overall, fire insurance led the way with a share of ~29% in CY24 (CY23: ~46.60%), contributing PKR~60,726mln in CY24 (SPLY: PKR~81,417mln), a YoY decline of ~25.4%.
- The share of motor insurance increased to ~29.0% in CY24 (CY23: ~22.0%), with overall GPW amounting to PKR~59,879mln in CY24 (SPLY: PKR~38,504mln), an increase of ~55.5% YoY. Meanwhile the marine sector recorded ~66.0% increase in GPW which amounted to PKR~27,660mln, whereas GPW towards the health sector registered ~78.6% YoY increase to stand at PKR~26,613mln.
- Within the conventional segment, the highest share of overall GPW was booked in the Fire sector forming ~30.1% (SPLY: ~47.1%), while the takaful segment recorded the highest share within the motor sector.

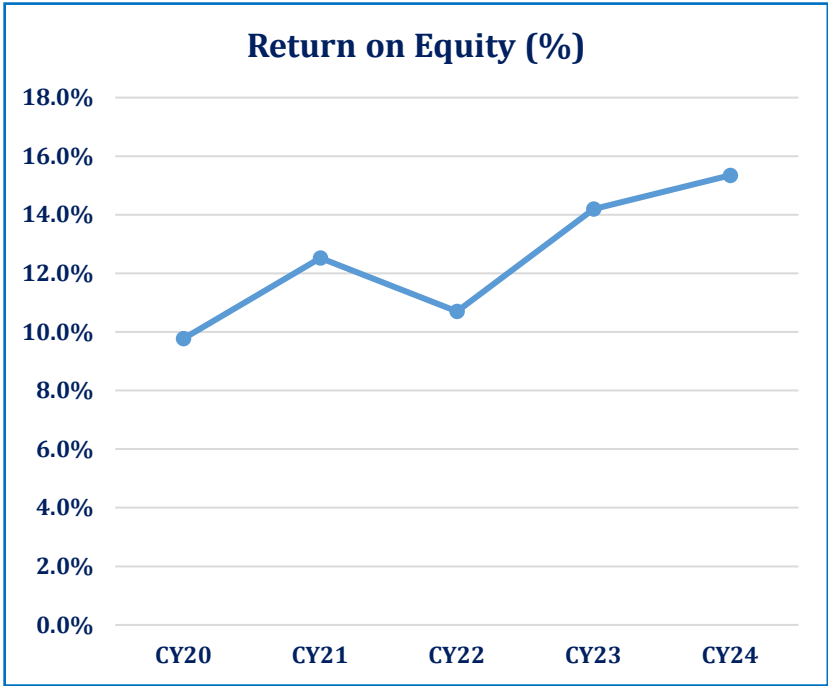
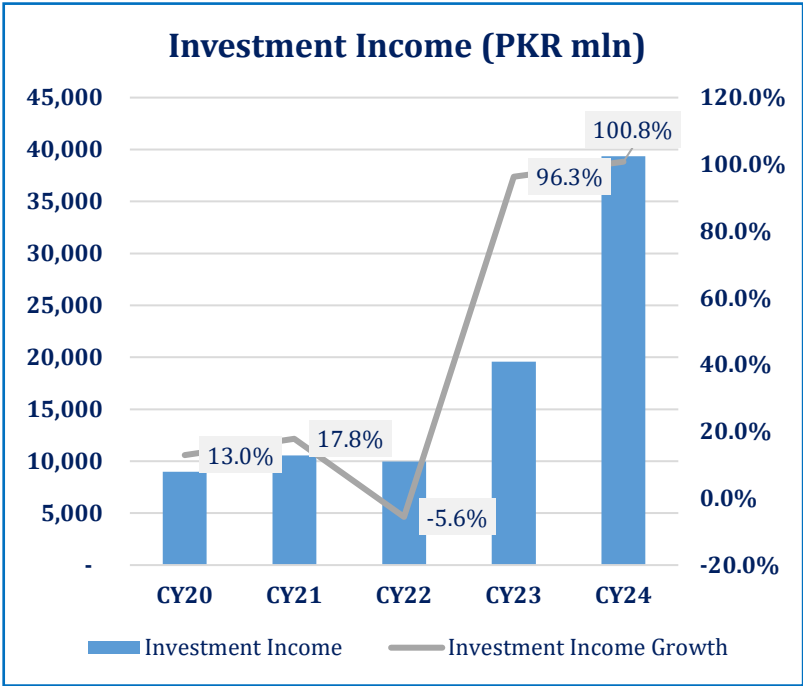
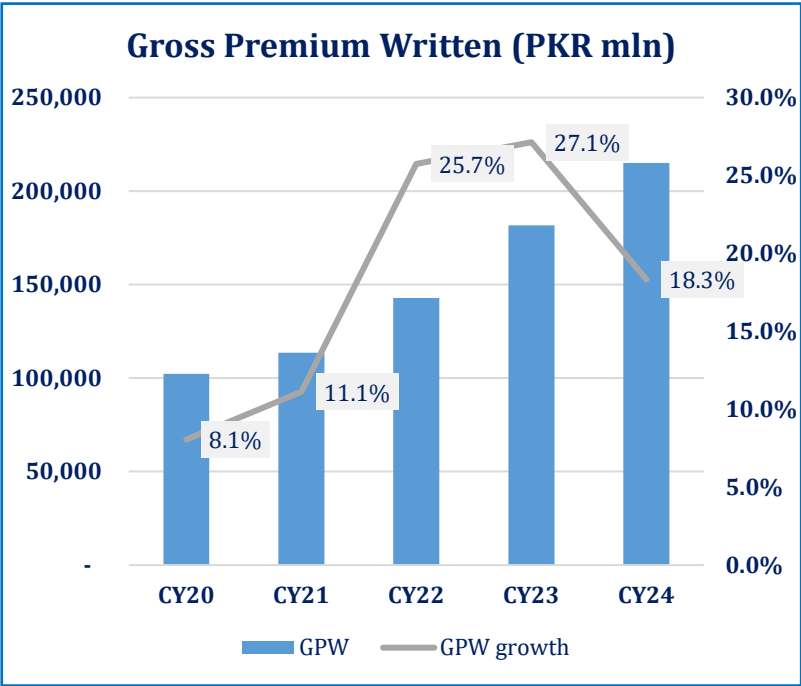


Note: Data includes Takaful contribution.

General Insurance

Business Risk | Profitability

- The Gross Premium Written (GPW) for the sector witnessed a growth of ~18.1% YoY and recorded at PKR~214.9bln (CY23: PKR~181.7bln). On the other hand, the sector’s investment income for CY24 was recorded at PKR~39,345mln, an increase of ~100.8% YoY (CY23: ~96.3% increase). This likely came about due to increased investments in government securities. The significant growth can be attributed to increased dividend income and returns on debt securities purchased in prevailing years.
- The sector’s profitability, in terms of Return on Equity (ROE), exhibited an upwards trend, where average ROE increased to ~15.3% in CY24 (CY23: ~14.2%).

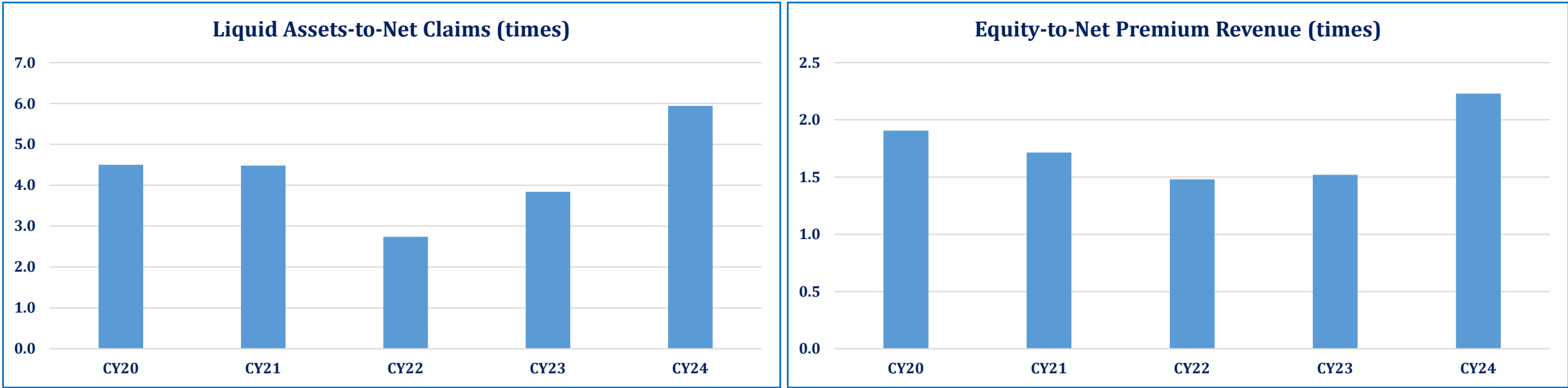


Note: Data includes Takaful contribution.

General Insurance

Local | Financial Risk

- The ratio of Liquid Assets-to-Net Claims remained largely stable during CY20-21, averaging at ~4.6x. However, it dropped to ~2.7x in CY22 in response to increased claim costs due to inflation and rising interest rates. In CY23, the ratio recovered to its stable level at ~3.8x while in CY24, it stood at ~5.9x. This reflected ~79.5% YoY increase in liquid assets (Investment and Cash & Bank Deposits), in-line with adequate returns on investment. On the other hand, net claims also increased by ~15.8% YoY to PKR~52,822mln in CY24 (CY23: PKR~45,559mln). Thus, the coverage of net claims through liquid assets registered an improvement during the year, signalling better liquidity for sector players.
- The sector’s underwriting strength depicted an improvement in CY24, recording a growth of ~82.5% YoY in its equity base, which amounted to PKR~230.1bln (CY23: PKR~126.3bln). However, the sector’s net premium revenue increased by ~24.1% YoY in CY24 and was recorded at PKR~103.2bln (CY23~83bln). Therefore, average equity-to-net premium ratio recorded at ~2.2x in CY24 (CY23: ~1.5x).

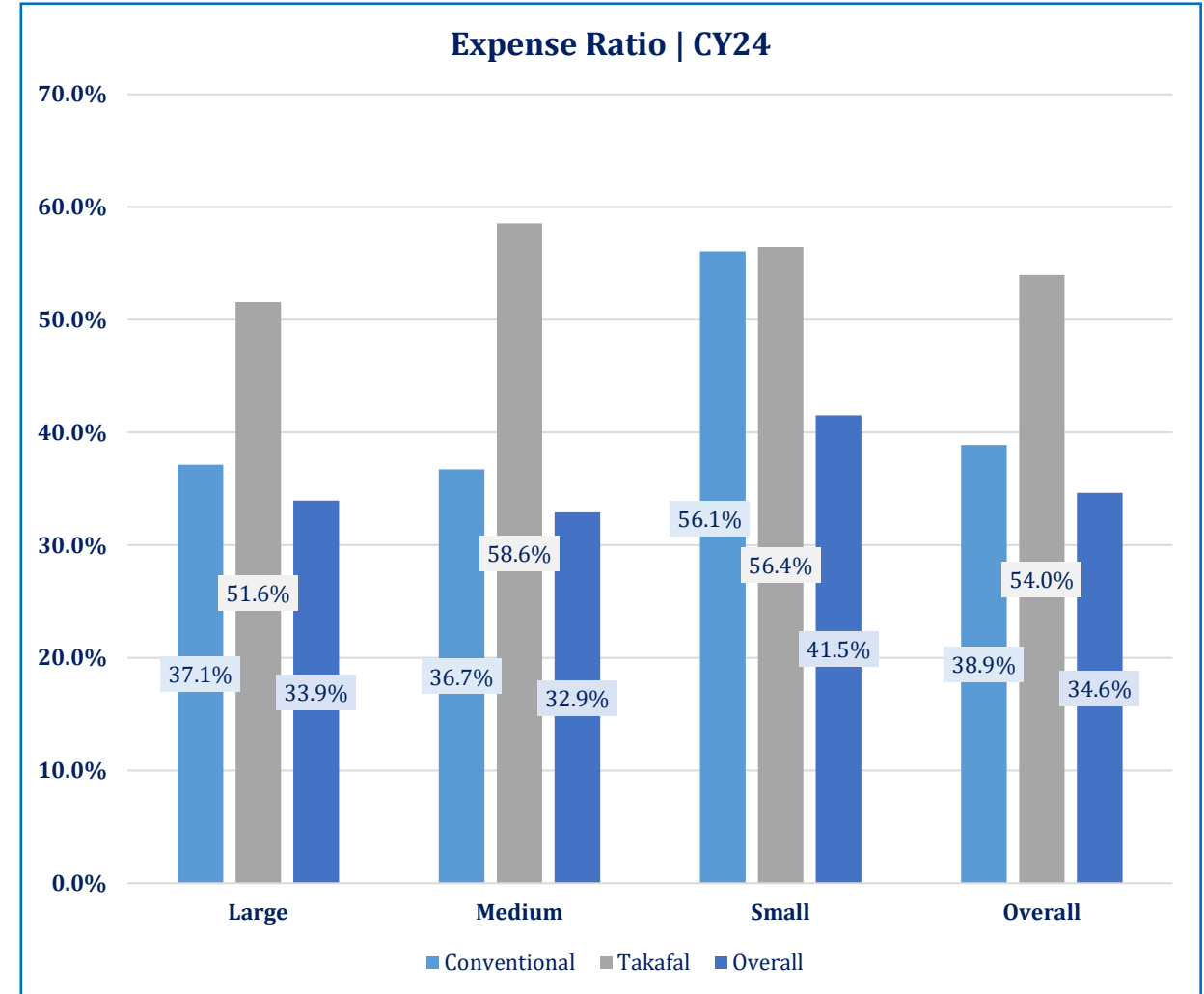


Note: Data includes Takaful contribution.

General Insurance

Financial Risk | Expense Ratio

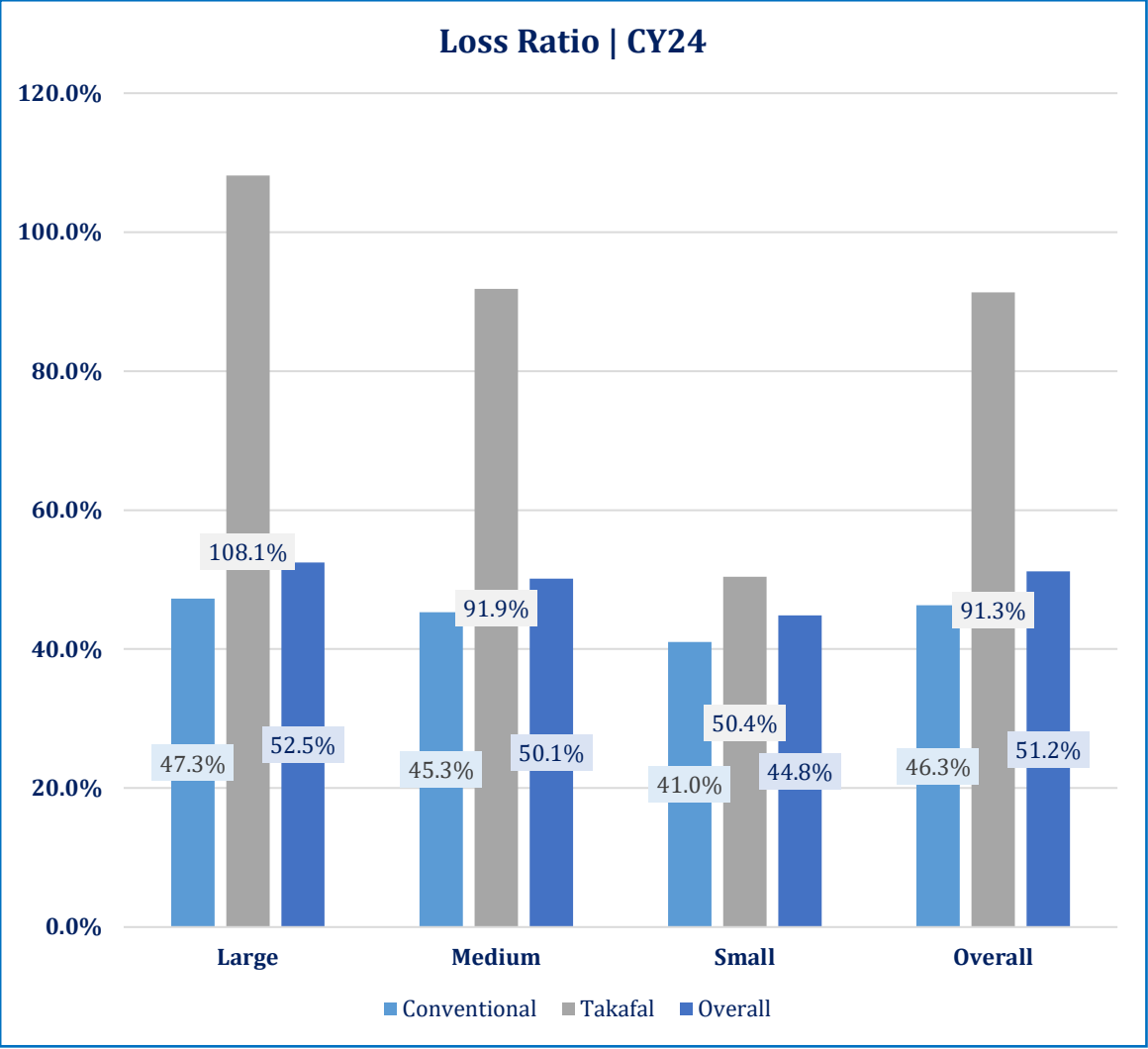
- The sector's expense ratio generally exhibits an inverse relationship with size of the insurance company indicating that large companies are usually able to better manage their expenses.
- This is attributable to economies of scale alongside a better quality of resources being employed by large-sized companies as compared to the smaller and/or medium-sized companies. The high expense ratio for smaller companies leads to underwriting losses or negligible profitability through core operations.
- Medium and small-sized companies in the Takaful segment had significantly high expense ratios, recording at ~58.6% and ~46.4% respectively, in CY24 (CY23: ~20.9% and ~42.6%). For the conventional segment, these clocked in at ~36.7% and ~56.1%, respectively, during CY24 (CY23~36.1% and ~46.0%).
- The overall expense ratio for Takaful operations stood at ~54.0% in CY24 (CY23: ~60.3%), while that for conventional operations, this stood at ~38.9% during the same period (CY23: ~39.4%).



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Financial Risk | Loss Ratio

- On an overall basis, the Takaful business exhibited a significant loss ratio across all sector players, depicting higher net claims paid out against motor insurance through banking channels.
- Takaful operations of large-sized companies recorded a high loss ratio of ~108.1% in CY24 (CY23: ~104.5%).
- Loss ratio for Takaful operations across sector players stood at ~91.3% in CY24 (CY23: ~92.4%), whereas the loss ratio for conventional operations stood at ~46.3% during the period (CY23: ~53.5%).
- The overall loss ratio, for both conventional and Takaful operations, as of CY24, stood at ~51.2% (CY22: ~54.9%) decreasing as compared to the CY23 level.



General Insurance

Regulatory Framework

- The insurance sector is regulated by the Securities & Exchange Commission of Pakistan (SECP) which has promulgated several regulations or rules to govern the industry. These largely include the following:
 1. Insurance Ordinance, 2000 (amended up to Nov 2011)
 2. Insurance Rules, 2017 (amended up to Mar 2025)
 3. Corporate Insurance Agents Regulations, 2020
- As per these regulations, the Minimum Capital Requirement for Non-Life Insurers has been increased to PKR~2bln which is to be implemented in phases till 2030, while for Digital Non-Life Insurer is PKR~25.0mln for up to CY24 alongside which insurance companies are required to maintain a deposit with the State Bank of Pakistan (SBP) with 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 non-life insurance business are also required at all times to have admissible assets in Pakistan in excess of its liabilities in Pakistan of an amount greater than or equal to the minimum solvency requirement.
- The minimum solvency requirement is the greatest of:
 1. PKR~150.0mln;
 2. ~20% of its earned premium revenue in the preceding 12 months, net of reinsurance expense subject to a maximum deduction for reinsurance of fifty per cent of the gross figure; or
 3. ~20% of the sum of its liability for unexpired risk and its liability for outstanding claims, net of reinsurance subject to a maximum deduction for reinsurance in each case of 50% of the gross figure.
- The Corporate Insurance Agents Regulations, 2020 were notified by the SECP in Dec'20 and aimed at strengthening the regulatory regime for distribution of insurance through corporate insurance agents. These 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.

General Insurance

Regulatory Framework | SECP Five-Year Strategic Plan

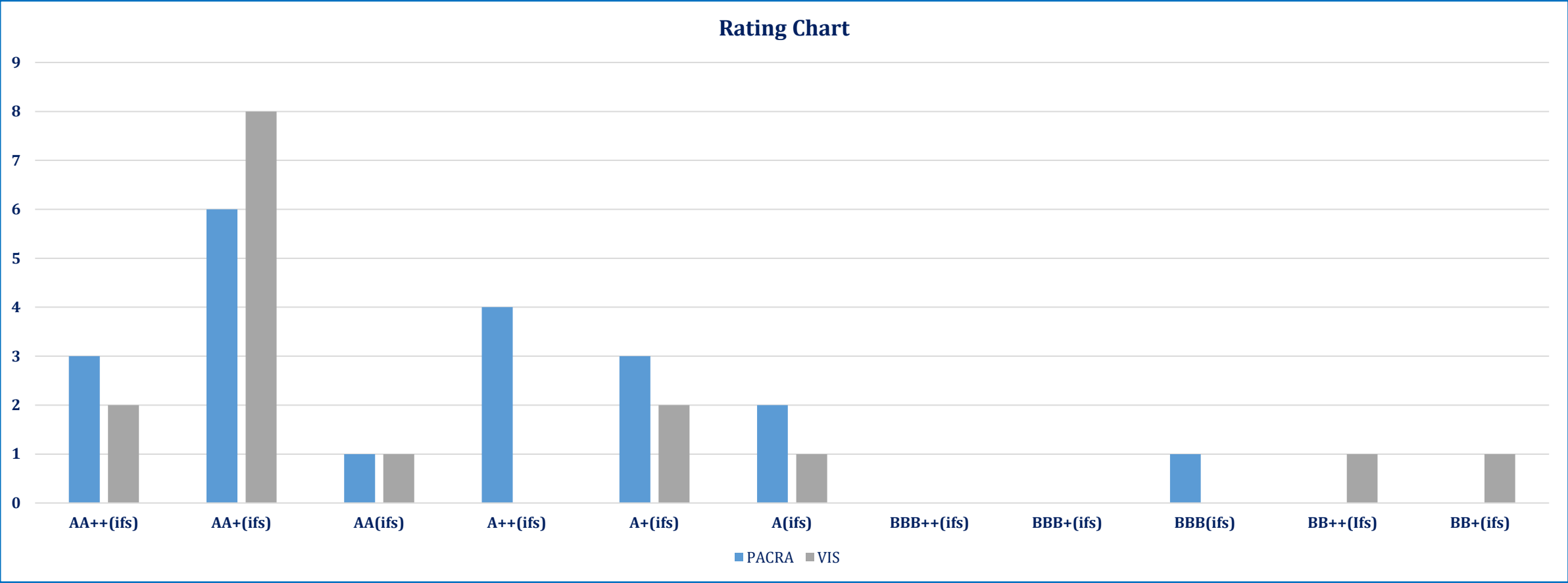
- Realizing the importance of having long term vision with a clear strategic direction, the SECP in Mar’23, started to work on the strategic direction “Journey to Insured Pakistan” with an aim of strengthening the three pillars of the insurance sector such as policyholders, insurance providers and development of insurance intermediaries. Targeted outcomes of five-year plan are mainly focused on operational and strategic outcomes.

Operational Outcomes	Strategic Outcomes
Elevate the Individual lives covered under individual life policies to greater than 15.	Achieve premium growth from PKR~553bln to PKR~1,221bln by CY28.
Enhance the Insurance Penetration Rate from current rate of 0.87% to 1.5%.	Effectively lower the overall cost associated with regulatory compliances.
Increase in Takaful contribution to more than 30%.	Successfully implement Risk-Based Capital (RBC).
Expand the coverage of Motor Third-Party Liability (MTPL) insurance to encompass more than 20%.	Amended Insurance Ordinance.
Raise the Local Retention to exceed more than 60%.	Settlement of Sales Tax issue.
Augment the digital distribution channel's market share to surpass 5%	Digitalized regulatory approval.
Facilitate the availability of agriculture insurance for non-loanee farmers.	Successfully implementation of International Financial Reporting Standards 17 (IFRS-17).
Promote the introduction of disaster insurance products.	Substantially reduce the ratio of customer complaints.

General Insurance

Rating Curve

- PACRA rates 20 General Insurance companies under the Insurer Financial Stability Rating (IFS) Assessment Framework in the bandwidth of AA++ (ifs) and BBB (ifs).



General Insurance

SWOT Analysis

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

- Unstable macroeconomic environment
- Declining purchasing power and lower demand
- Lower insurance penetration and awareness.



- Inadequate awareness about insurance policies among some segments of the population.
- Natural disasters due to environmental changes may impact adversely.

- Sufficient room for growth.
- Improved sector investment activity due to higher interest rates.
- Employing digital technology infrastructure.

General 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 the government's target of real GDP growth of 4.2% for FY26, while the IMF forecast for the same stands at ~3.6%.
- Although Gross Premium Written (GPW) for the conventional segment increased by ~20.6% during CY24 (CY23 growth: ~28.0%), the Takaful segment underwriting witnessed a slower growth of ~4.6% (CY23 Increase: ~21.6%). The lower growth for both segments can be attributed to the inflationary pressures. While the CPI has reduced over the last year, the peak inflation during CY23, i.e., ~37.9% has left long-lasting pressure on the purchasing power of the consumers. Furthermore, the digitization of the sector by SECP has also contributed to the lower growth as the insurers and consumers are slowly adapting to the "Insurtech".
- In terms of the sector's profitability, the underwriting results for the sector grew by ~195.7% in CY24 (CY23 ~46.1%), increasing to PKR~13.9bln in CY24 against PKR~4.7bln during CY23.
- In terms of investments, an increase of ~96.9% has been observed during CY24, combined for both conventional and takaful segments. The profit before tax (PBT) for the sector also increased to PKR~55.7bln in CY24 as against PKR~28.2bln during CY23.
- The sector's liquidity performance to cover net claims has improved during CY24. The ratio between the Liquid Assets and Net Claims (including Takaful) increased to ~5.9x, reflecting a ~79.5% increase in liquid assets (Investment and Cash & Bank Deposits). Liquid assets for the sector clocked in at PKR~313.9bln in CY24, as against PKR~174.9bln during CY23.
- With the easing of monetary policy by 100 bps in June'25 and inflation falling to 3.5% in May'25, it is likely to have the upward trajectory of the sector's overall performance during CY25. However, investment returns and the SECP's policy can play a crucial role in the trajectory insurance sector. The sector contributed ~2.5% to the GDP during FY24. There is still room for reforms in the sector to encourage more firms to enter the market. This also calls for an awareness of the shariah-compliant and digital options available so that the market can be further expanded.

General Insurance

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- Pakistan Economic Survey

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